

THE DANGERS OF DELAY.

WITHIN two months of the onset of the German crisis the Bankers' Committee, which met at Basle last August, declared with the utmost emphasis that immediate steps must be taken by the Governments to bring about "such conditions as will allow financial operations to bring to Germany—and thereby to the whole world—sorely needed assistance." Three months later the German Government, in making to the Bank for International Settlements its application for the convening of the Special Advisory Committee, specifically declared that it did so in order to "pave the way for comprehensive and joint measures on the part of the Governments"; these measures, in its opinion, required to be taken "with the utmost dispatch." A month later the Advisory Committee itself, in one of its most emphatic conclusions, asserted that the adjustment of all inter-governmental war indebtedness to the existing troubled situation of the world should take place without delay if new disasters were to be avoided.

The course of past events is clear. There is room for considerable difference of opinion as to the precise part which reparations and war debts have played in creating or contributing to the present deplorable economic condition of the world; but that they have been a factor of major importance is almost universally admitted. Both the Committees to which we have referred called attention to the disharmony in a system which requires payments of large debts between one country and another, but at the same time puts obstacles in the way of the movement of goods by which such debts must be paid. Once the flow of capital ceases or the direction of the stream is reversed, as has happened in the last two years, the course of trade under such conditions of disability must adjust itself to vast consequential changes in the balance of international payments. As a result, gold is concentrated in the hands of the chief net creditors; prices come tumbling down, and the world is landed in a crisis of unexampled severity.

In this crisis the interests involved far exceed in magnitude the actual amounts of the political debts. As compared with a total sum of £80 millions paid by Germany in a year, the export trade of seven of the chief countries of the world—as shown in an article on a later page—has shrunk since 1930 by £800 millions, or ten times the amount of the Young Plan annuity. Or, look at the matter from the budgetary point of view. In September of last year Viscount (then Mr) Snowden had the unexampled task in time of peace of filling a gap in the British Budget of £170 millions, while the anticipated deficit in the current Budget of the United States amounts to \$2,100 millions. Finally, consider the commercial debts of nations one to another which have been imperilled by the slump in prices and the trade depression. According to the last report of the Economic Section of the League of Nations, the interest and amortisation receipts of the five chief creditor nations of the world in 1929 amounted to about £500 millions. These, as well as a vastly greater volume of internal interest payments have been jeopardised by the crisis.

Now it is true that, whatever might have been the case many months ago, to-day even a final arrangement regarding reparation and war debt payments which would remove all fear of these obligations becoming a source of danger would not at once re-create confidence. The world's economic machinery has broken down so badly that it needs to be repaired in many other vital spots. But the point of immediate importance is that a solution of the debt question must first be found, since headway cannot be made in other directions until that is done. And for this reason it is bitterly disappointing that the statesmen have been unable to see any possibility of making headway by meeting at Lausanne, but, at the time of writing, appear to have allowed the Conference, on which so many hopes were based, to be postponed without any clear indication even of the future programme.

It may be said that there are better prospects of reaching agreement after the coming elections have been held in Prussia and in France than before or during those contests. But in view of the heavy price that is being paid for every day of delay—a price to be reckoned not merely in money but in the human terms of unemployment and economic inactivity—it is vital that political difficulties in this or that country should not be made an excuse for procrastination or for putting off the duty of facing unpleasant truths. The British Government took the initiative in proposing the assembly of the Lausanne Conference: it can agree to its postponement only on condition that arrangements are made in other ways to regularise the situation that will occur in July, and that there will be no break in other efforts than those of open conference to prepare the ground. It is essential that by June a radical solution should be found, and any conference that meets after the French election should be the end and not the beginning of discussions aimed at a final settlement.

That all the world fully appreciates the difficulties with which Europe is faced is illustrated by the notable article of Mr Walter Lippman, reproduced in Thursday's *Times*, portraying the dilemma of the European nations called upon to scale down their receipts from Germany without any assurance as to the attitude that will be taken by their American creditors. It is, however, significant that he sees no advantage in mere delay, but emphasises that short of a disaster which would perforce make the payment of debts to America impossible, there is only one general course open to Europe which affords substantial hope, and that is "to face the problem in Europe on the principle of European solidarity." Mr Lippman urges that the European Powers should proceed immediately "to apply the principles of the two Basle Reports, to revise reparations, to reduce tariffs, to unite for the strengthening of the machinery of peace, to reduce armaments, and to prepare for common action to stabilise their currencies." In the months immediately ahead they should, in fact, behave as if by some miracle the Congress of the United States were enlightened and sympathetic. Then let them submit the results to the conscience of the American people. We agree: there is no other sound line of policy, and no excuse for not pursuing it without delay.

Meanwhile, we have thought that it would be a convenience to our readers to bring up to date the record of reparations chronicled in earlier Supplements to the *Economist* published in 1924 (the Dawes Report), in 1925 (the Dawes Plan in Operation), and in 1929 (The Hague Conference). In the Supplement published this week we have endeavoured to present as briefly and lucidly as possible the essential factors in the history of the past thirteen years' endeavours to collect from Germany some part of the cost of the war. In addition, we set forth the liabilities which each of the European Allied and Associated Powers incurred on war account to the United States, and the arrangements variously entered into for the repayment both of these debts and of those similarly due to Great Britain. Those who are so minded can study at leisure in our Supplement's pages this ledger of victory and defeat. We venture to believe that few readers who trace carefully this "tragic bookkeeping of the war" will fail to reach the conclusion that in the aftermath of Allied "victory" all alike have been vanquished.

For while the statesmen of the creditor nations have kept in being this vast fabric of inter-governmental obligations—growing yearly more difficult to discharge with every fall in prices, every shrinkage of trade—their peoples have lost much more than money; they have forfeited the chance of an appeasement of the national phobias and hatreds which the war let loose, sixteen years ago, and which are still poisoning the wells of Europe's political and social life.

BRITAIN'S FISCAL RESPONSIBILITY.

FISCAL history will be written in 1932; and there is little doubt that Britain, if she frames her policy wisely, is better able than any other country to ensure that the record will mark a new revival not merely of our own trade but of that of the world. It has been confidently assumed by many, to whom the wish is father to the thought, that British fiscal policy has already entered irrevocably upon the slippery slope of Protection. To this premature belief a timely corrective was recently given by Sir John Simon, who, in a statement to the representatives of the foreign Press, emphasised the fact that measures hitherto taken were of a purely emergency character and that the permanent fiscal policy of Britain had not yet been decided. It is, however, clear that important decisions are under consideration, and the circumstances of the political situation render it inevitable that some statement should be made by the Prime Minister within a short time after the reassembly of the House of Commons on February 2nd.

Meanwhile, Mr Runciman and Sir John Gilmour have paused for the moment in their game of issuing schedules of selected commodities favoured with prohibitive import duties. Their activities were perhaps inevitable, in view of the strong protectionist pressure exercised upon the Cabinet both inside and outside Parliament; but unless they are to be regarded as merely temporary essays they would bear a sinister and threatening character. For not only are they based upon an entirely erroneous conception of the nature of the balance of payments problem, but they are also calculated to aggravate in no small degree the general strangulation of international trade which is the gravest symptom in the world to-day. We trust, therefore, that the Cabinet Committee which has been studying the question of fiscal policy will avoid the fatal mistake of adopting these emergency measures as the basis of a permanent policy. The considerations which that Committee have had before them are of a far broader nature than any which can apply to *ad hoc* measures to meet a passing emergency. The profound meaning of the 1931 figures of Britain's overseas trade which we reviewed in our last issue is not that imports require to be shut out, but that the heavy and continuous fall of exports requires to be checked and the tendency reversed. It is as true to-day as it was in the days of Joseph Chamberlain that a high level of export trade is indispensable to this country if the standard of living is to be maintained at anything approaching the level to which our great industrial population has become accustomed.

How are we to export more to a world in which high tariff walls and exchange restrictions are progressively damming up the flow of products? Lord Beaverbrook's answer is that we should form an Empire economic union, snap our fingers at the world outside, transfer our trade from foreigners to our own kith and kin, make the undeveloped lands of distant Empire areas flourish like a green bay tree, and all live happily ever afterwards. We yield to none in our desire to see trade within the Empire increased, and hope sincerely that the Ottawa Conference will succeed in easing the passage of goods between the various component parts of the Commonwealth. But realities have to be faced, and it does not help us to face realities to be constantly regaled with fairy stories as to the possibility of a sudden and vast diversion of trade built up upon centuries of experience, or with unfounded assumptions as to the willingness of the self-governing Dominions to scrap at one blow their own deliberately devised policies of Protection, which, as often as not, are aimed at sheltering their own secondary industries from the competition of goods made in the mother country.

Much though we may hope that Ottawa will be fruitful, we cannot afford to sit idle and trust either that the Conference will solve our trade difficulties or that there is no other direction in which the influence of sane British policy may not be exerted with sound practical effect. Although on the surface it may appear that all the efforts of Geneva to stem the tide of tariff madness in Europe have failed, there can be no doubt that every

Government is viewing with increasing alarm the steady intensification of the difficulty of exporting their commodities, both to meet their obligations and to procure from other countries necessities for the life of their people. Every Government, therefore, is constrained by the tragic march of economic events to study very carefully the obstacles which stand in the way of lower tariffs and freer trade and the way in which these obstacles may be surmounted. In this connection deep interest attaches to the conference recently initiated at Copenhagen between the representatives of the Scandinavian countries, who met to survey any possible ground for a low-tariff Customs Union. They, like other countries, find formidable difficulties in the way. The road to lower tariffs is obstructed not merely, as is commonly supposed, by such influences as nationalistic tempers, vested interests or Exchequer revenue necessities, but by many other factors as well. Among these other factors, one that merits attention is the operation of the "most-favoured-nation" clause. As hitherto interpreted, the existence of this clause in commercial treaties has had the effect of obliging any country, which wishes to reduce the imposts on goods coming from its neighbour, to give the full benefit of such reduction also to any other country with whom it enjoys commercial treaties. Hitherto, also, British policy has strongly supported this unrestricted interpretation of the clause. As a Free Trade country, Great Britain has not attempted to criticise or to dictate the nature of other countries' tariffs; but has been content to claim that, whatever tariffs they may adopt, they must not discriminate against her. And she has succeeded. British goods enter markets all over the world on as favourable terms as those of any of our competitors, and tariff discrimination has largely disappeared from the world of international trade.

But it is little comfort to be treated like everybody else if all trade is unduly restricted. It has become increasingly recognised in recent years that the old strict interpretation of the "most-favoured-nation" clause has tended to prevent the lowering of trade barriers; and the opinion is gaining ground that re-interpretation of the clause has become a necessity, not only because of its practical effect in obstructing tariff reversion, but also because it has become unjust in its application. It does not conform to the generally accepted idea of international justice that country "A" cannot make concessions to country "B," which treats its commerce on liberal lines, without making the same concession to country "C," which does its best to shut out imports by high tariff walls. Is it fair or reasonable that a European country should be unable to make concessions, let us say to low-tariff Holland, without being obliged to make the same concession to high-tariff countries like the United States?

It appears to be not impossible that along the lines of the re-interpretation of this clause something might be done at an early date to pave the way for the negotiation of low tariff agreements open to those States who are prepared to participate. If that is so, the ground should be explored without delay. Britain and Europe cannot afford to throw away chances of betterment by waiting idly for developments at Ottawa. Nor, indeed, need any progress made towards saner fiscal policy in Europe be in any way detrimental to the chances of progress at the Imperial Economic Conference. Quite the reverse. Progress anywhere may help towards progress all along the line. At the same time, with new possibilities apparently opening out, it would clearly be an act of disastrous folly for our Government to tie its hands at this juncture by the declaration of a permanent policy of high or general tariffs. Many convinced protectionists will, we think, realise that the present moment is exceptionally unpropitious for jumping wildly off the political spring-board into the raging waters of tariff warfare.

We hope, therefore, that the Cabinet Committee and the Cabinet itself are keeping two main objectives in view. The first is to lend all possible support to any movement which, by removing existing obstacles, will increase the general volume of international trade. The second is to frame our policy so that the competitive capacity of our own exporters is such as to enable them to obtain an adequate share of a reviving stream of international

commerce. If our statesmen are contemplating any permanent form of tariff system, they are confronted also, as have been the tariff makers of all countries, with a number of narrower yet vitally important problems. Many of these have recently been frankly examined in a series of articles in the *Times*. How are we to secure that a tariff is not made a shelter for industrial inefficiency? How are we to check the intrusion of log-rolling and corruption into our public life? How is it to be arranged that no price rise takes place sufficient to cause a serious addition to the costs of production and consequently a serious impediment to our export trade? Unfortunately, neither the *Times* correspondent nor anyone else can answer these questions satisfactorily. No one has yet explained how tariffs, if they are to be effective in reserving the home market for the home producer, can fail to cause a rise in prices. Again, on the point of efficiency, the proposal put forward by the *Times* writer that no industry should be granted a tariff unless it can prove its own efficiency is not practical; for precisely the same condition was inserted in the famous White Paper which governed the applications for safeguarding duties—with what result we all know. Any measure which hid the sins of ineffective production, or lessened the urgency of practical rationalisation and reconstruction, would do a grave disservice to the industrial life of this country.

Amid this welter of difficulties, dangers, false doctrines and possible new opportunities, it behoves our statesmen, whether protectionists or free traders, to maintain a clear perspective, realising, on the one hand our vital dependence upon exports, and on the other hand the strength of our position in helping to guide international policies into saner channels, so long as we keep our hands reasonably free.

POLAND'S WESTERN FRONTIER.

THE financial stability and political security which the world is desperately seeking to recover to-day are elusive will-o'-the-wisps. They are not only objective material facts but also subjective states of mind; and the spirit bloweth where it listeth. The faith on which the salvage of our civilisation depends cannot be conjured back merely by outward acts—shipments of gold or signatures of by-treaties or readjustments of boundary lines. A psycho-logical malady will only yield to psychological treatment; and the first step towards treating our present failure of nerve is not simply to translate the problem into material terms in which its essence is lost sight of, but rather to proceed, without leaving the psychological plane, from the general sense of disquiet and apprehension to the particular "complexes" round which it clusters. In this political psycho-analysis we cannot go very far without coming up against the Polish-German complex. It is coming up against this particular political problem will find safe to say that this particular political problem will find its place, willy-nilly, on the agenda of the World Disarmament Conference which is to meet at Geneva the week after next. It may, therefore, be opportune to take a preliminary glance at a problem which is one of the many causes of the world's present malaise.

A fair measure of the viciousness of the Polish-German feud is given by the mere volume of the controversial discussion which it evokes. On November 14th last, the *Economist* printed a letter on the subject, headed "An Eastern Locarno," from a British sympathiser with the German point of view, together with a brief comment of our own. The week after, we printed a reply from the Polish Press Bureau in London; and since then the flow of correspondence has not ceased. There now lie before us a pamphlet—entitled "Moral Disarmament or Chaos"—by the writer of the original letter, Mr R. G. Warmaley; a letter from the Russian publicist, Mr V. Poliakov-Augur; a letter from Professor W. Caldwell, of McGill University, Montreal; and an interesting communication from Professor Wladislaw Grabski, the President of the Polish Economic and Statistical Society of Warsaw, who tells us that the Note and letter published in the *Economist* last November have been the subject



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of a discussion at a meeting of the Society—a debate which the President sums up in his letter for our information.

This correspondence is illuminating; and we much regret that lack of space precludes us from printing it. But we cannot help ourselves; for most of the communications are long, and this for an identical reason. Whichever of the two opposing causes they happen to be advocating, they all tend to employ the same method. They seek to overwhelm their adversaries by sheer weight of metal—discharging against the enemy an accumulated mass of selected material facts. The statements of fact which are thus brought into action on either side are not for the most part incompatible with one another. An impartial critic would probably find that most of the facts marshalled in this correspondence are substantially true, and would decide that the upshot of the correspondence is inconclusive. The Polonophiles can demolish the German case, and the Germanophiles the Polish case to their respective satisfaction; but the world's case still has to be met by both parties; and the world's case is that this local dispute in Eastern Europe is one of the major obstacles to the world's recovery.

The Poles can show that, in all the *ci-devant* German territories that have been assigned to Poland under the Peace Treaty of Versailles, the population contains a respectable Polish majority. Indeed, as the Warsaw Statistical Society triumphantly points out to us, the Polish majority amounts in "the Corridor," of all places, to no less than 80.4 per cent., whereas the figure is only 69 per cent. for Poland as a whole. On the other side, the Germans can show that the pre-war "Ostmark" of the Reich was a social and economic unity which the peace settlement has crudely broken up. The present political map may do ethnographical justice, but it is none the less an economic enormity.

What is to be done? Something must be done unless we mean to let this Polish-German obstacle lie blocking the path to the world's recovery. But the Polish and the German prescriptions seem equally unpromising. *Noli me tangere*, say the Poles. "If you want to remove this source of insecurity, the way to do it is to erase the word 'Revision' from the dictionary. Once convince the Germans that the Versailles Peace settlement is going to be maintained, just as it is, *ad infinitum*, and the Germans will cease from troubling. They will tacitly and sullenly but decidedly resign themselves to the inevitable." To this the Germans reply that, on the contrary, if Europe continues to be organised as a prison-house for Germany, they will take a leaf out of Samson's book and pull the whole house down about their gaolers' ears. For our part, we take this threat seriously enough to have no desire at all to call the Germans' bluff; and we notice that the Polish Economic and Statistical Society, for their part, confess to being haunted by "a terrible ghost, a factor which would aggravate the present evil from which mankind is suffering instead of diminishing it." They give this ghost a name: it is an alliance between Germany and Russia. And therewith, in our opinion, they condemn their own prescription as incapable of effecting a cure.

Then are we to adopt the German prescription? The Germans ask us to heal a social and economic wound by restoring the pre-war frontiers, or at any rate removing the worst economic enormities of the present political map. They ask us to undo the partition of the industrial

basin of Upper Silesia, to undo the excision of Danzig from the body-politic of Germany, to wipe out the Polish corridor which now isolates East Prussia from the rest of the Reich. Very well; but the Poles assure us that they would fight to the death in order to keep the political map as it now is; and, what is more, the French and the Czechs and the Jugoslavs and the Roumanians make it clear that they would regard any attack on "the regime of the peace treaties," in any corner of Europe, as a *casus belli* for themselves. We are no more disposed to call their bluff than to call Germany's; and even if, by some miracle, the German revisionists could get their way without another general European conflagration, would the resulting situation be much better from the world's point of view? We should have removed the post-war German economic irredeat by restoring the pre-war Polish irredenta which poisoned the life of Europe throughout the nineteenth century. We should be putting back under German rule a solid block of territory inhabited by a Polish peasantry; and this would not help the German minority that is dispersed through the interior of Poland; for this German minority in Poland is urban, and its present plight—which is admittedly cruel—could not be mended by taking German lawyers and doctors and commercial travellers out of the cities of Thorn and Posen and planting them in West Prussian villages which had been reincorporated in Germany.

No; the German prescription is no good. We cannot put the clock back. But the Polish prescription is no good either; for, equally, we cannot for ever keep the hands marking time at 11 a.m., 1918—the hour at which a vanquished Germany surrendered to a victorious Entente. Victory is essentially a wasting asset. *Tempora mutantur*, and the only hope of a solution lies in moving on. We suggest, then, with all deference, that neither the Polish nor the German way of looking at the East-European peace settlement is practical politics, and that a third and more excellent way lies open for Germany and Poland and the world to follow. The East-European settlement is to be regarded neither as a permanently tenable position nor as a false step to be retraced but rather as a transitional step towards a wholly new organisation of Europe. Already there have been heard whispers of a Franco-German economic partnership—the only true cure for the ancient Franco-German political quarrel. We suggest that the partnership, when it comes, will have to be tripartite: Poland must be included. If these three countries went into closer economic partnership, there would be the germ of a nucleus round which the rest of the Continent could range itself. In that event, the fantastic outlines of military frontiers and militant tariff walls would—not vanish by magic, but gradually grow faint, fading, like the Cheshire cat in *Alice in Wonderland*. That is the prescription for the Polish-German malady as we see it.

BRITISH COAL EXPORTS IN 1931.

The fortunes of the coal industry are a sensitive barometer of the state of industry in general, and British coal exports are affected in an especially high degree by the fluctuations in world trade. They directly reflect the situation of the heavy industries abroad and the activity of the shipping industry, which, together, constitute a large part of the export demand for British coal, and they reflect also the degree of freedom or impediment obtaining in international commerce, by which this demand is met. The year which has just closed, therefore, furnished ample reason, even if account be taken only of causes which lay outside the industry itself, for the slump in coal exports, whose extent is shown in the following table:—

COAL EXPORTS.					
Monthly Average.	Quantity Thou. tons.	Av. Value per ton. s. d.	Monthly Average.	Quantity Thou. tons.	Av. Value per ton. s. d.
1913	6,116	13 11	1929	5,023	16 2
1925	4,235	19 10	1930	4,573	16 7
1927	4,262	17 9	1931	3,562	16 3
1928	4,171	15 7			

Total exports were 41½ per cent. below the pre-war level and 22 per cent. below even the depression level of 1930. The quantity shipped abroad was less than in any year, other than 1926, since 1921. A fuller analysis, based on figures for which we are indebted to the *Colliery Guardian* is given below:—

EXPORTS OF COAL, COKE AND MANUFACTURED FUEL.							
Description.	1929.		1930.		1931.		
	Quantity.	Average Value per ton.	Quantity.	Average Value per ton.	Quantity.	Average Value per ton.	
Coal:—							
Anthracite	4,217,326	24 0-7	4,105,578	26 7-4	3,406,454	27 7-9	
Steam	40,805,453	15 7-9	36,501,048	15 11-1	28,217,809	15 3-8	
Gas	7,316,673	14 10-5	6,534,906	15 4-4	5,222,319	14 7-6	
Household	1,855,364	19 10-1	1,931,683	19 8-3	1,799,391	20 1-4	
Other sorts	6,071,802	14 0-5	5,706,258	14 6-2	4,103,767	13 3-1	
Total and average	60,266,618	16 1-6	54,879,479	16 7-7	42,749,740	16 2-5	
Coke:—							
Gas	1,243,377	20 0-9	916,973	20 10-7	977,340	19 7-7	
Other sorts	1,660,460	20 1-8	1,547,245	20 2-6	1,421,927	17 9-6	
Manufactured fuel	1,230,566	19 6-9	1,006,431	20 4-8	760,179	19 5-6	
Total fuel exported and average	64,401,015	16 3-1	58,350,128	16 10-4	45,909,186	16 4-7	
Coal shipped in bunkers	16,419,627	...	15,616,691	...	14,609,545	...	

The decline in exports of steam coal is particularly marked, but with the exception of coke, every category shows a substantial drop. The reduction of one million tons in exports of bunker coal is, perhaps, less than might have been expected, but it constitutes a sufficiently melancholy comment on the state of the shipping industry.

Many of the causes of this decline are only too painfully familiar. Coal consumption throughout the world has been severely contracted by the deepening industrial depression, and most of the principal coal-producing countries have shared our experience. Moreover, the panic-stricken attempt by one country after another to dispense as far as possible with imported goods has built up a series of barriers which are increasingly difficult to surmount, and in some instances these barriers differentiate in effect against British coal. The same spirit which has led importing countries to starve themselves of foreign materials for fear of finding themselves unable to meet their commitments abroad, has also impelled exporting countries to adopt all manner of measures to expand their sales abroad. Poland, Holland and Belgium have contrived to maintain their output, and Germany, though her production is many million tons lower than in 1930, has more than held her own against British coal in certain export markets. The geographical distribution of British exports is as under:—

AVERAGE MONTHLY EXPORTS.									
Destination.	Tonnage (000's omitted).				Value per ton f.o.b.				
	1925.	1929.	1930.	1931.	1925.	1929.	1930.	1931.	
Scandinavia (a)	605	498	407	276	s. d.	s. d.	s. d.	s. d.	
Germany	347	460	411	314	17 2	14 1	15 0	14 2	
Holland	127	260	238	189	15 6	13 9	13 10	13 4	
Belgium	207	345	287	165	16 2	14 2	14 7	13 8	
France	853	1,087	1,081	879	19 9	13 7	13 10	12 11	
Italy	568	591	597	492	20 4	15 11	16 7	16 4	
S. America (b) ..	351	420	350	252	23 4	16 11	17 3	16 9	
Spain	146	149	143	109	21 10	18 1	18 5	18 1	
Egypt	164	189	151	126	21 10	16 6	17 0	16 5	

(a) Norway, Sweden, Denmark. (b) Brazil, Chile, Uruguay, Argentina.

Our losses in all the principal European markets have thus been substantial. In South America the loss was relatively greatest in our exports to Brazil, which fell from 1,204,000 tons in 1930 to 663,000 tons in 1931. Exports to the Argentine were down from 2,687,000 to 2,091,000 tons, and the Chilean market, which is very small, alone showed improvement. Hopes of better trade in the Canadian market have been disappointed.

The working of the vast machine which is at present so desperately disordered is so far beyond the power of any one country, let alone a single industry within a country, to restore, that the habit is dangerously growing of regarding the effects of the crisis on any one industry as an "act of God" due to outside causes beyond that industry's control. A glance at the columns in our first table showing average values per ton suggests, however, a reflection. The

price of coal exported from this country in 1931 was, on the average, only 4d. lower than in 1930, and almost 1d. higher than in 1929. Thus, for all the decline in the volume of coal exported, coal formed, in value, 8.9 per cent. of our exports in 1931, against about 8 per cent. in 1930, and only 6.6 per cent. in 1929. In fact, though the world market was contracting and our competitors were taking desperate steps to increase their shares of it, we were either unable or unwilling to attempt to meet this intensification of competition by a substantial reduction in prices. It is possible that the working of the quota system has in some cases been partly responsible for this rigidity, but the fundamental reason lies in our comparatively high level of costs, an obstinate problem which grows more acute with every passing year.

There is, however, some excuse for the view that in present conditions a reduction of prices only forms part of a vicious circle of international cut-throat competition. Germany has already effected substantial price reductions by means of a drastic cut in wages, and might possibly react to similar action on the part of Great Britain by a repetition of this course. A gleam of hope is afforded in this connection by the League Economic Committee on coal, in their report this week to the coming meeting of the Council, in which it is stated that the prospects of international agreement, which in 1929 was considered to be premature, are now very much brighter. The recent meeting of coal experts was unanimous in considering such an agreement to be desirable, and did not believe the obstacles presented by existing political measures to be insuperable. Recognising, however, that the negotiations involved will necessarily be of a very complicated character, the Economic Committee proposes that the committee of experts as at present constituted should be retained in being for this purpose. In view of the peculiar position occupied in industry and international trade by coal, the case for an agreement which would check the unhealthy forms of competition at present obtaining is exceptionally strong. The trade is already the subject of so much political interference that the arguments against restriction lose in this case much of their force, and there can be little doubt that a system of international non-political regulation which gave producers in each country some degree of certainty as to the output they could safely undertake might prove to give an impetus to internal reorganisation in this country. Unfortunately the British coal-owners have so far adopted the attitude that any international agreement made during the present abnormally depressed state of the British mining industry would necessarily be unduly unfavourable to them. We suggest, however, that at a time when the British share in world exports is falling, and seems likely to continue to fall, the British coal-owners might have much to gain by grasping the substance of the quota which an international association would be willing to allocate to them at present, rather than waiting for the shadow of a larger share which they have no certainty of ever regaining.

BULGARIA AND THE CRISIS.

The Financial Committee of the League of Nations have this week been considering the submissions of the Bulgarian Government with reference to the financial difficulties of that country. In the following despatch our Sofia correspondent describes the effects on Bulgaria of the impact of the world crisis.

ALTHOUGH the position of the Bulgarian Treasury has been, in recent years, a source of constant preoccupation to the Government and to public opinion, the full gravity of the problem and all its implications have become particularly obvious and disquieting since the effects of the world financial crisis began to extend in their full weight to Bulgaria. For it would hardly be an overstatement to say that, after much debating and protracted discussions, the grave issue of balancing expenditure with receipts has made no real headway since the end of the war. There has been, in the whole post-war period, almost no trace of effective attempts at systematically reducing ex-

penses to a level in keeping with the actual resources of the Budget, or at adjusting the fiscal policy of the country to the real needs of the State. Occasional legislation in this direction has consisted mainly of isolated and rather haphazard measures.

The proceeds of the Refugee Loan of 1926 and of the Stabilisation Loan of 1928 were rapidly spent, and this temporary relief has no longer been available to supplement the receipts of recent Budgets. The accounts for 1930-31 closed with a deficit of leva 1,284 millions, and according to official data, the period April 1-November 30, 1931, shows a further deficiency of leva 340 millions. In these eight months receipts fell by leva 180.6 millions, in comparison with the corresponding actual figures of the previous year, while expenditure decreased by only 90.9 millions. The total deficit accumulated at the end of the calendar year amounts, according to preliminary estimates, to some 1,730 millions. The Budget estimates for 1931-32, as voted by Parliament, provided for receipts and expenditure of leva 6,400 millions, but this revenue calculation was described at the time in the *Economist* as optimistic.

The shortage of resources of the Treasury has become severe in recent months, and salaries to State employees have been only partially paid for the month of November, 1931. The payment of pensions is creating great difficulties, and the funds for other current needs of the Treasury are almost completely exhausted. Although coupons on bonds and other fixed State indebtedness abroad have been punctually met until now, it becomes more and more clear that, unless urgent measures are taken on an extensive scale, the situation will unavoidably end in serious trouble.

The Government have prepared a financial plan for dealing with the emergency, including drastic retrenchment, suppression of whole services, cutting down of pensions and salaries, suspension of certain public works, and the imposition of new taxes. These proposals are on the agenda for the next meeting of Parliament after the New Year recess. What the eventual results will be remains an open question; a vote in favour of serious fiscal sacrifices to be spread over a large part of the population will hardly be a practical possibility, given the composition of the present majority, in which agricultural and so-called Left elements undoubtedly hold a dominating place.

The outlook is hardly more encouraging with respect to the balance of foreign payments. According to the authoritative estimates of Messrs. Dr. A. Tchakaloff and Dr. St. Zagoroff, the balance of payments resulted in a debit of 415 millions in 1930. Preliminary estimates, based on the data now available, indicate a debit balance of foreign payments for 1932 of between 500 and 550 million leva, in spite of still relatively good results of foreign trade (surplus, say, leva 850 millions). Payments abroad for State's account totalled, in 1930, about leva 1,177 millions, and the official report of the Public Debt Administration shows the foreign indebtedness of the State, on November 30th last, at 20,964 millions, including 4,607 millions due on reparations account. The interest and redemption service of a large portion of this debt (the pre-war loans) will gradually increase with the augmentation of the percentage of gold valorisation of the debt, according to agreement with foreign bondholders.

The situation is, naturally enough, having serious effects on the National Bank's reserves of foreign exchange which, on December 23rd last, stood at:—

	Leva
Gold currencies	103,175,162
Other currencies	121,114,160

The Bank's holding in gold stood at leva 1,511,315,852, which, together with the gold exchange, makes a ratio of 37.01 per cent. to its notes (Leva 2,894,073,845) and other sight liabilities.

Under existing circumstances, there appears to be no escape from the alternatives of either gradually parting with the gold holding or resorting to a still stricter apportioning of foreign exchange for payments abroad. According to trustworthy information, the first solution is out

(Continued on page 165.)

ECONOMIC DATA OF BULGARIA.

WE have assembled below a selection of available data designed to illustrate the economic situation of Bulgaria. Between the end of the war and 1928, Bulgaria had a continuous series of Budget deficits, but fiscal stability was momentarily obtained thanks to the proceeds of the 1928 Stabilisation Loan. These resources, however, as our correspondent observes in his dispatch on the previous page, have been rapidly exhausted and the deficit on Budget account at November 30, 1931, amounted to 1,624 million leva. From the Budget estimates for 1931-32, which we print below, it will be seen that the charge for the public debt amounts to approximately one-third of the total expenditure.

With regard to Bulgaria's balance of payments, Mr

Pasvolsky, in "Bulgaria's Economic Position" (The Brookings Institution, 1930), publishes an estimate of Dr. Zagoroff that in the five years 1924-28 there was a total debit balance of 7,800 million leva which was made good partly out of the proceeds of the Refugee and Stabilisation Loans (see below), partly by foreign long-term investment, estimated to amount to some 900 million leva, and partly by foreign short-term credits. Apart from the balance of merchandise trade, Bulgaria appears to have a trifling net income from emigrant remittances against which her present annual liability for interest and amortisation of foreign debts (including an annual charge of 270 million leva on reparations account) is probably in the region of 2,000 million leva.

STATISTICAL TABLES.

BULGARIA'S PUBLIC DEBT.

At November 30, 1931.

Milliard leva.

External Debt:	
Funded debt	15.8*
Reparations debt.....	4.6†
Unfunded debt	0.6
Total external debt	21.0
Internal Debt:	
Funded debt	2.5
Unfunded debt:	
National Bank of Bulgaria	3.3
Other	0.4
Total internal debt	6.2
Total debt	27.2
Deduct funded debt charged to the Agricultural Bank, the Central Co-operative Bank and various municipalities.....	0.4
Public Debt charged to the State.....	26.8

* Pre-war loans are calculated on the basis of percentages agreed under the Convention of December 11, 1926.

† In accordance with The Hague Agreement of January 20, 1930, the reparations debt is calculated at 171.6 million gold francs on April 1, 1930, payable over thirty-six years, with interest at 5½ per cent. per annum.

(Source: Bulgarian Ministry of Finance, Monthly Bulletin.)

REPARATION LIABILITY UNDER HAGUE AGREEMENT, 1930.

	Million gold francs.
Annuities.	
April 1, 1930-March 31, 1940.....	10
" 1940- " 1950.....	11.5
" 1950- " 1966.....	12.5

BULGARIA'S POST-WAR LOANS.

Refugee Loan, 1926.	Stabilisation Loan, 1928.
Nominal amount of issue, £2,400,000 and \$4,500,000, rate of interest 7 per cent., price of issue 92.	Nominal amount of issue, £5,518,000, issued in eight different countries, rate of interest 7½ per cent., issue price 96 to 98.2, according to country of issue.
Proceeds.....	Net proceeds
£ 2,873,091	£5,006,000
Less repayment of 1912-13 Treasury Bills abroad	Whereof £1,100,000 allocated to liquidation of Budget arrears.
625,890	
2,247,201	

BUDGET ESTIMATES, 1931-32.

RECEIPTS.	Mill. leva.	EXPENDITURE.	Mill. leva.
Direct taxation	894	Central Government.....	69.8
Indirect taxation	2,460	Public debt	2,150.4
Other taxes	745	Foreign Affairs	152.4
Fines and confiscations.....	85	Home Office and Public Health.....	437.3
Railways and ports (net profit)	125	Education	874.3
Posts, telegraphs and telephones	303	Finances	192.8
Domains, &c.....	530	Justice	239.0
Municipal contribution to maintenance of educational staff	412	War.....	1,109.6
Sundry revenues	606	Trade, Industry and Labour.....	111.3
Revenue from closed exercises.....	240	Agriculture	322.0
		Public works, roads, &c.	371.4
		Posts, telegraphs, telephones and air.....	315.7
		Other expenditure.....	53.7
	6,400		6,399.7

POSITION OF NATIONAL BANK OF BULGARIA.

(Million leva.)

ASSETS.	Dec. 31, 1928.	Dec. 31, 1929.	Dec. 31, 1930.	Nov. 30, 1931.
Gold	1,323	1,389	1,455	1,510
Foreign exchange:				
Gold currencies	2,736	1,063	424	263
Other currencies	534	256	481	215
Commercial bills	588	907	362	372
Advances	700	517	427	509
Treasury debt	3,735	3,470	3,162	3,030
Other assets	776	784	843	1,382
LIABILITIES.				
Paid-up capital	500	500	500	500
Reserves.....	1,149	1,201	1,168	1,184
Notes in circulation	4,173	3,609	3,296	2,981
Demand deposits	3,390	2,175	1,547	1,460
Time deposits	473	359	270	245
Liabilities in foreign currencies	484	152	112	212
Other liabilities	223	390	260	699

BULGARIA'S FOREIGN TRADE.

(Million leva.)

Year.	Imports.	Exports.	Excess of Exports (+) or Imports (-).
1924	5,557.3	4,902.2	- 655.1
1925	7,399.8	6,214.3	- 1,185.5
1926	5,546.9	5,566.3	+ 19.4
1927	6,173.7	6,684.2	+ 510.5
1928	7,040.9	6,231.2	- 809.7
1929	8,324.6	6,397.1	- 1,927.5
1930	4,589.7	6,191.1	+ 1,601.4
1931 (ten months) ...	3,996.4	4,856.9	+ 860.5

(Source: National Bank of Bulgaria, Monthly Bulletin.)

PRINCIPAL IMPORTS.

(Million leva.)

	1929.	1930.	1931.*
Textiles	2,573.1	1,271.5	1,272.2
Metals and manufactures thereof	1,284.2	777.9	816.8
Machinery and implements.....	1,187.7	650.0	570.5
Mineral oils, gums, &c.	308.2	273.2	141.8
Rolling stock, vehicles and boats	218.5	176.4	98.4
Paper.....	236.9	169.4	144.9
Skins, hides, furs, &c.	368.1	159.3	183.3

PRINCIPAL EXPORTS.

(Million leva.)

	1929.	1930.	1931.*
Tobacco	2,896.3	2,654.2	1,984.4
Eggs.....	734.5	887.3	782.5
Cereals	525.1	852.3	1,003.5
Skins and hides.....	298.6	236.7	107.3
Attar of roses	266.8	194.4	78.6
Oil cake.....	111.2	108.4	58.5
Fruit and vegetables	61.4	86.1	12.8†

* Ten months. † Seven months.

(Source: National Bank of Bulgaria, Monthly Bulletin.)

of the question as things stand at present. The Government appear to be determined to continue meeting their foreign obligations so long as there is foreign exchange available. If some sort of accommodation with Bulgaria's foreign creditors proves impossible, as will very likely be the case, the authorities will have to choose between private commercial payments and payments of State obligations abroad. It is hardly possible to continue both for more than a couple of months.

It would appear that the Government intend to make a full statement of the financial and exchange position at Geneva and to ask the Financial Committee of the League for their advice. For all practical purposes the course adopted will most probably be that debts in foreign currency will be paid in leva to be deposited in special accounts out of which a gradual apportioning of foreign exchange and its transfer abroad will take place, when and in so far as foreign means of payment accumulate and become available. Whether precedence will be given to State or to private commercial payments cannot be safely foretold at this stage, as the whole issue will be decided upon at Geneva. At any rate, there is every reason to believe that the gold reserve will not be touched for payments abroad.

While a gradual adjustment of the Budget to the effective balancing of revenue and expenditure could be reached at the price of a determined political effort, in which the present Cabinet would take the risk of losing much of its popularity, the weakness of the foreign exchange position is of a lasting and more disquieting nature. There is no valid chance of overcoming the difficulty on the basis of the country's own unaided resources and efforts.

WORLD TRADE IN 1931.

THE preliminary estimates of the foreign trade of the principal countries during the past year have now been published. The figures show that the economic storm which was raging over the world in 1930 had grown into a devastating hurricane by 1931:—

VALUATION OF MERCHANDISE TRADE.

(In millions.)

Period.	Net Imports.		Domestic Exports.		Balance.
	Value.	Percentage change on previous Year.	Value.	Percentage change on previous Year.	Export Surplus (+) or Import Surplus (-).
FRANCE.					
1929	Fr. 58,221	%	Fr. 50,139	%	Fr. 8,082
1930	52,344	- 10.1	42,829	- 14.6	- 9,515
1931	42,199	- 19.4	30,421	- 29.0	- 11,778
GERMANY.					
1929	Rm. 13,447	%	Rm. 12,663	%	Rm. 784
1930	10,393	- 22.7	11,328	- 10.5	+ 935
1931	6,721	- 35.3	9,205	- 18.8	+ 2,484
ITALY.					
1929	Lire. 21,665	%	Lire. 15,236	%	Lire. 6,429
1930	17,325	- 20.0	12,115	- 29.5	- 5,210
1931	11,620	- 33.0	10,040	- 8.3	- 1,580
SWITZERLAND.					
1929	Fr. 2,724	%	Fr. 2,098	%	Fr. 626
1930	2,565	- 5.8	1,763	- 16.0	- 802
1931	2,251	- 12.2	1,349	- 23.5	- 902
UNITED KINGDOM.					
1929	£ 1,111	%	£ 729	%	£ 382
1930	957	- 13.9	571	- 21.7	- 386
1931	798	- 16.6	389	- 31.9	- 409
UNITED STATES.*					
1929	\$ 4,399	%	\$ 5,241	%	\$ 842
1930	3,061	- 30.4	3,843	- 26.7	+ 782
1931	2,090	- 31.8	2,424	- 36.9	+ 334
CANADA.*					
1929	\$ 1,299	%	\$ 1,208	%	\$ 91
1930	1,008	- 22.4	905	- 25.1	- 103
1931	628	- 37.7	609	- 32.7	- 19

* Includes transit trade.

With the exception of Italian exports, the contraction in the value of the foreign trade of the principal countries in the past year has been much greater than during the first year of the economic depression. The extent of the decline in world trade is shown in the following table, in which we have expressed the imports and exports during 1930 and 1931 as a percentage of 1929:—

FOREIGN TRADE INDICES.

(1929 = 100.)

Country.	1930.		1931.	
	Net Imports.	Domestic Exports.	Net Imports.	Domestic Exports.
France.....	90	85	72	61
Germany.....	77	90	50	73
Italy.....	80	79	54	66
Switzerland.....	94	84	82	64
United Kingdom.....	85	78	72	53
United States*.....	70	73	48	46
Canada*.....	78	75	48	50

* Includes Transit Trade.

The above seven countries combined accounted in 1930 for over 50 per cent. of the total external trade of the world. It appears, therefore, that the value of international trade has fallen by at least 40 per cent. since 1929. This shrinkage is, of course, largely due to the fall in prices. On the other hand, though precise figures are not yet available, there can be no doubt also that there has been a great shrinkage in the volume of international trade.

It will be seen that the decline has been most pronounced in the two North American countries, whose trade in 1931 was less than one-half of the 1929 total. The contraction in European countries has on the whole been less severe. Germany is an exceptional case. Owing to her inability to buy abroad, her imports have fallen by 50 per cent., while, as the result of the steps she has taken to maintain her sales and of pressure to withdraw money, her exports show the least decline of all countries. Her "forced" export surplus is now, however, progressively diminishing. The explanation of the greater resilience of the trade of the Continental countries is to be found partly in its previous distribution:—

DIRECTION OF EXPORTS IN 1929.

Exports to:	Exports from:					
	France.	Germany.	Italy.	U.K.	U.S.A.	Canada.
Europe.....	% (a) 66.5	% 73.7	% (b) 59.8	% 34.7	% 41.7	% 36.4
North America.....	7.0	8.0	10.9	11.3	18.3	47.6
Latin America.....	5.5	7.5	11.8	11.0	18.6	5.6
Africa.....	14.5	2.3	7.4	11.2	2.5	1.6
Asia.....	5.9	7.7	9.4	21.4	12.3	5.6
Oceania.....	0.6	0.8	0.7	10.4	3.6	3.2
All countries	100	100	100	100	100	100

(a) 1927. (b) 1928.

It will be seen that by far the biggest outlet for the exports of France, Germany and Italy is Europe itself. In the case of Great Britain and North America, a much larger proportion of exports are destined normally for the raw-material producing countries, which have been relatively more impoverished through the catastrophic fall in the prices of primary products.

A significant feature disclosed by Table I. is the increase in the unfavourable balance of trade of France, the United Kingdom and Switzerland, and the decline in the surplus of the United States. On the other hand, Italy and Canada have reduced their excess of imports over exports to a considerable extent. This, however, has been at the expense of an enormous reduction in imports.

The most disquieting fact revealed is that during recent months the downward trend in foreign trade has been gravely accelerated, largely because of the increase in the obstacles placed against the movement of goods by tariffs, import restrictions and foreign exchange control. The situation has been admirably summed up in the report of the Economic Committee of the League of Nations to the Council of the League. "From a general standpoint," the Committee says, "we are forced to the conclusion that the general result of national measures to cope with the effect of the crisis is almost inevitably to prolong and seriously to aggravate the latter." The question is how acute the crisis must become before political conditions favourable to international co-operative efforts at solution will materialise.

Notes of the Week.

Japan's Answer to America.—The Manchurian affair continues to move along its—not “destined” but permitted—course. One point to the good is the definite constitution of the Commission of Inquiry in pursuance of the League Council's resolution of December 10th. The names were announced on January 14th. The chairman is Lord Lytton (Great Britain); and his colleagues are General Claudel (France), Major-General McCoy (U.S.A.), Dr. Schnee (Germany), and Count Aldrovandi-Marescotti (Italy). Thus all the Great Powers other than Japan are represented (except the U.S.S.R.); and the members of the Commission, as individuals, are persons of standing and experience. Unfortunately, they can hardly be expected to arrive on the scene of their labours till late in February, and after that many more weeks must pass before even a preliminary report can reach the Council. We discuss below the question whether the Manchurian affair will come again before the Council in the meantime. Last Sunday the text of the Japanese answer to the American Note was made public in Washington. The ironies in the drafting of the document may be passed over. On points of substance, the Japanese Note refers to “the Open Door” as “the cardinal feature of the politics of the Far East,” and goes on to declare that “this policy will always be maintained in Manchuria, as in China Proper,” so far as the Japanese Government “can secure it.” In the matter of the integrity of China, it is stated that, “While it need not be repeated that Japan entertains in Manchuria no territorial aims or ambitions,” yet . . . the welfare and safety of Manchuria and its accessibility to general trade are matters of the deepest interest and of quite extraordinary importance to the Japanese people.” The last point is true; and the world will recognise Japan's claim under this head if and when it is satisfied that Japan's assurances about China's integrity and about “the Open Door” are more than diplomatic catchwords. As regards the Washington Treaty, the Japanese Note asserts that “the present unsettled and distracted state of China is not what was in the contemplation of the high contracting parties at the time.” On this point we join issue. For the precise object of the Nine Power Treaty was to “hold the ring” in China, and to prevent her territory from becoming an arena for foreign imperialisms, so long as the present state of confusion in China continues. The further contention of the Japanese Note that the situation in China was not so bad ten years ago as it is now is surely not borne out by the facts. Meanwhile, Mr Yoshizawa, whose name has become notorious as that of the Japanese protagonist during the proceedings of the League Council last autumn, has returned to Japan to receive, as his reward, the post of Foreign Minister. On his way through Moscow he is reported to have received a proposal for a neutrality treaty from the Soviet Government; but at present the indications are that Japan does not wish to tie her hands in this way—at any rate, not until her arrangements in Manchuria are complete. The latest report of Japanese intentions is that the three Manchurian provinces of China, together with the Province of Jehol, in Eastern Inner Mongolia, are to be created into a “Free State,” with its police, defence and foreign policy under Japanese control. This sounds more like the late King Leopold's former “Free State” in the Congo than those Free States in Ireland and South Africa, which enjoy the reality of freedom as well as the name.

The League Council.—When the League Council meets next week there are two questions which seem likely to stand out as important among the mass of routine business on the agenda. One of these questions relates to Iraq and the other to Manchuria. As regards Iraq, the Council will have before it the special report (already dealt with in the *Economist*) from the Permanent Mandates Commission on the termination of the British

mandate and the admission of Iraq to membership of the League. In view of the tenor of the Commission's report, it is almost a foregone conclusion that the Council will decide to terminate the mandate this session and that the Assembly will admit Iraq in September. Nevertheless, this is an occasion of a certain historic importance, since Iraq is the first mandated territory to complete the intended evolution of territories under “A” mandates into League members; and the procedure will constitute a precedent for future applications from other mandated territories of the same class (*e.g.*, Palestine, Lebanon and Syria). Moreover, there are certain points on which several members of the Council may possibly wish for precision. How, for example, will Great Britain's position *vis-à-vis* Iraq under the new dispensation compare with her position up to date? Exactly what arrangements are needed for safeguarding the rights of non-Arab minorities? And what is to be the juridical and the commercial status of foreigners? These questions will presumably be decided, if they are raised, on the lines of the Mandates Commission's report; but the Council may perhaps go further than the Commission felt itself entitled to go. As for Manchuria, it is not yet certain that it will be on the Council's agenda. In fact, the advocates of inaction may plead for delay until the League Commission of Inquiry, which was only appointed last week and which will hardly be able to start for Manchuria till some ten days hence, has arrived and sent back at least a preliminary report. The advocates of delay, however, do not include the Chinese; and the Chinese may find a fresh opening in the fact that several important European Council members, who are also parties to the Washington Nine Power Treaty, have seen fit to dissociate themselves from the American Government's action under the Washington Treaty and the Kellogg Pact. It is conceivable that, when the Council meets, the Chinese may ask these members for further light on their attitude towards the Washington Treaty. It is also not inconceivable that the Chinese may now, at last, raise the Manchurian question under the drastic Article 16 instead of the sedative Article 11. In that event, the Manchurian question might again dominate the business of the Council.

Fresh Disturbances in Spain.—It looks as though the testing time of the new regime in Spain were at hand. Will Madrid be able to come to an understanding with Catalonia, the Basque country, Galicia and other regions which are determined to have local self-government in various degrees? And will the forces of order be able to hold their own against the subversive tendencies on the extreme Left and Right wings? The Catalan question, which is by far the most serious of all the “regional” questions in Spain, was brought to a head by an attack on the Statute of Catalonia in the Cortes at Madrid on the part of Señor Maura. Last Saturday the Assembly of the Generalitat of Catalonia retorted by passing an unanimous vote of confidence in the Catalan Government and in President Macia. On Sunday there was a shooting incident in the Basque country in the industrial town of Bilbao. It began with Communist and Socialist demonstrations against a meeting of “Traditionalists” (extreme Catholic Royalists). It ended in attacks on a Catholic newspaper office and a convent; and it was followed by a local general strike next morning. On the same day (Monday) a general strike was declared at Valencia, and there were attacks on churches and convents at several places in the Valencian countryside. Isolated disturbances and acts of violence are reported from other places; so that the unrest is manifestly widespread. The fact is that the upheaval produced by the Spanish political revolution is aggravated by the local effects in Spain of the world-wide economic depression. The number of unemployed in Spain is said now to be over 500,000; and the unemployment is agricultural as well as industrial. Spanish statesmanship is facing a heavy task.

American Finances.—The announcement that President Hoover has appointed General Dawes to the Presidency of the new Reconstruction Finance Corporation suggests a desire on the part of Mr Hoover's administration that the conduct of this new undertaking should be in strong hands. General Dawes will have associated with him Mr Eugene Meyer, Governor of the Federal Reserve Board, who will act as chairman of directors of the new organisation, and also other leading bankers and financiers. Congress has still to agree on the final form of the Act setting up the new Corporation; in particular, the Senate has so far successfully resisted the desire of the Lower House to make the obligations of the Corporation eligible for rediscount at the Federal Reserve Banks. The Corporation, however, in addition to its more general powers and duties outlined in last week's *Economist*, is apparently to provide machinery to facilitate the exportation of certain commodities, such as wheat and cotton, while the *Times* Washington correspondent states that the banks are contemplating establishing export corporations, which will be authorised to borrow from the Reconstruction Finance Corporation. The Corporation will also, it appears, have power to extend loans to receivers of closed and insolvent banks, in place of a special corporation for that purpose which was to have been set up under a separate Bill, which presumably will now be dropped. All the indications are that both official and public opinion favours the initiation of a period of “controlled inflation,” and it will be of interest to see how far it proceeds, to what extent it succeeds in stimulating business, and what its reactions are at home and abroad. Meanwhile, American municipal finance is in a parlous state, largely because the task of providing for the unemployed is left in the main to the great American cities. The difficulties of Chicago and Philadelphia have been notorious for some time, but this week the financial affairs of New York City suddenly reached a critical stage. On Monday it became known that the authorities had been unable to obtain from the banks a loan of \$32.5 millions required to meet short-term obligations maturing two days later, while further accommodation up to \$150 millions required during the next four months was also being sought in vain. The bankers insisted that the New York City should be made self-supporting, a reform which would entail the abolition of the cherished flat-rate fare of one nickel. Two days later a New York bank granted a loan of \$12.5 millions, and this—together with further drafts on cash resources—enabled the obligations maturing on that day to be met. The City, however, is by no means out of the wood, for further commitments due this week will reduce its cash balance to the insignificant sum of \$2 millions, while over \$50 millions have to be found next week. The while over \$50 millions have to be found next week. The banks, it is reported, are now prepared to grant loans upon certain undisclosed conditions, so that this corner may be turned, though at a price. It is clear from this and similar episodes in other cities that the American governmental and social structure is ill-equipped to deal with an economic and unemployment crisis of the present magnitude.

Xenophobia Artistica.—Of various unwise acts of the present Government of this sceptred isle the recent decisions of the Minister of Labour, to bar from ingress and, in some cases, to eject from the country certain artistes of foreign nationality engaged by *entrepreneurs* in the entertainment industry, is the most lamentably foolish. Let us concede that the Ministry, in an epoch when “patriotism” is made to serve as substitute for value in purchasing, may elect to ignore the enrichment which any artist—the Peace Treaties and the Balance of Payments notwithstanding—confers on humanity at large. Let us admit that Sir Henry Betterton, battling for King and country against all alien imports—be they carrots or Kreisleriana—may fail to have learned that no country has attained to greatness in which the arts have not been welcome visitors. Even so, in these days of purblind economic nationalism have we fallen so low that our rulers cannot even see that a foreign artist, by attracting the public, may provide employment, which would otherwise be lacking, for ten times more of “the profession” than

his engagement is supposed, illogically, to displace? If this be our attitude, let us at least proceed to the logic of our policy: regardless of the consequential expulsion of every British actor and musician from foreign soil, let us deny the theatre, the music-hall, the concert room and the ether to every author, composer and performer who cannot produce, by grace of the Empire Marketing Board, a Foreign Office passport. A referendum, on strictly party lines, might be taken on the burning issue whether, to meet the case, say, of Beethoven, without prejudice to the reparations problem, a *laissez passer* might be issued occasionally to the dead.

Foreign Bonds in Default.—The report of the Foreign Policy Association on recent defaults of Government loans makes gloomy reading. Three years ago only one of all the Government loans listed on the New York Stock Exchange was in default, whereas now the number has reached 49, and there is grave danger that others will be added in the near future. The defaulters—not by any means all of them repudiators—range literally from China to Peru, but the greater number are in Latin America. Last year began with the suspension by Bolivia of interest payments on her external debts, and she was followed by Peru, Chile, Brazil and other countries, of which Hungary is the latest covered by the report. The latter largely exonerates the debtor Governments from responsibility for the present unfortunate situation, ascribing their insolvency to unwise lending and to the severe decline in the prices of raw materials and food-stuffs, with disastrous effects on the revenues and on the external trade balances of the debtor countries. “In addition to the danger involved in unproductive individual investments, there is an even greater menace in the too liberal extension of credit during a boom period, especially when followed, as boom periods usually are, by an abrupt reduction in the volume of available loans in a period of depression.” As a result of the fall in prices the debtor countries are being asked to pay, in terms of commodities, more in both principal and interest than is consistent with the value they received. Meanwhile the erection of tariff barriers makes payment even more difficult, and thus “it is not surprising that a number of countries have found it impossible to repay their obligations to the United States.” The following table summarises the list of Government loans in default:—

Issue.	Original Amount.	Amount Outstanding.	Interest in Arrears.
Argentina.....	1,984,125	1,487,600	178,500
Bolivia.....	68,400,000	61,103,500	3,974,400
Brazil.....	552,929,350	469,136,615	71,580,104
Chile.....	603,144,800	559,099,250	17,165,532
China.....	356,019,035	327,537,435	170,197,500
Colombia.....	12,000,000	11,230,000	361,730
Ecuador.....	17,054,050	14,492,400	12,210,800
Guatemala.....	...	...	366,300
Jugoslavia.....	1,250,000	1,003,500	75,250
Latvia.....	7,308,600	7,303,000	5,305,500
Mexico.....	738,651,231	629,163,875	479,283,050
Peru.....	128,371,068	124,175,360	3,955,625
Turkey.....	413,500,000*	372,151,850	15,431,710
United States..	95,474,000	95,474,000	297,181,250
Uruguay.....	6,000,000	5,649,000	197,715
Total.....	3,002,086,259*	2,679,007,385	1,095,464,966
Russia.....	18,758,743,500*	17,053,494,050	8,868,100,000
Grand total....	21,760,829,759	19,732,501,435	9,963,564,966

* Partly estimated.

The United States loans in default, forming roughly 4 per cent. of the total excluding Russia, include the Confederate States 7 per cent. cotton loan (\$12 millions) and obligations of eight Southern States.

The “More Looms” Question.—Important developments have taken place this week in the “more looms to a weaver” dispute in the Lancashire cotton industry. Last Saturday, writes our Manchester correspondent, a meeting of the General Council of the Operative Weavers' Amalgamation was held. The Burnley representatives advocated

calling a strike at all the Burnley mills irrespective of whether they were working the "more looms" system or not. No decision was taken, and the meeting was adjourned until January 23rd. In the meanwhile, informal discussions took place between Mr John Grey and Mr T. Ashurst, the Chairman and Secretary respectively of the Cotton Spinners' and Manufacturers' Association, and Mr James Hindle and Mr A. Naesmith, the President and Secretary of the Operative Weavers' Amalgamation. This conference was held on Monday, and it is evident that much good resulted, for on Tuesday it was announced that both sides had agreed to continue negotiations. A more hopeful view is held regarding the possibility of a settlement, and, now that the representatives from both sides have got together again, every effort will be made to prevent another deadlock arising.

Employment and the Cost of Living in December.—In addition to the usual seasonal increase before Christmas, employment in most industries showed an improvement during December. According to the *Ministry of Labour Gazette*, among the insured workers in Great Britain and Northern Ireland the percentage unemployed at December 21st was 20.9, as compared with 21.4 per cent. at November 23rd, and 20.2 per cent. at December 22nd, 1930. It is estimated that there were approximately 9,592,600 insured persons in work at December 21st, this being 82,000 more than a month ago, but 118,000 less than in December, 1930. The number of persons registered as wholly unemployed at December 21st amounted to 2,002,464, as compared with 2,070,442 at November 23rd, and 1,681,146 at year ago. Those temporarily without work totalled 403,432 on December 21st—32,273 less than a month ago and 223,296 less than a year ago—while the unemployed among persons usually in casual employment amounted to 104,025 at December 21st, as compared with 108,968 at November 23rd, and 100,497 a year ago. With regard to the cost of living, a slight fall was recorded during the month. At January 1st the index of the Ministry of Labour stood at 47 per cent. above the level of July, 1914, as compared with 48 per cent. at December 1st and 53 per cent. a year ago. For food alone the corresponding percentages were 31, 32 and 38 respectively.

Wages in 1931.—The *Ministry of Labour Gazette* for January contains the usual summary of wage changes during the past year, from which it appears that wages on the average underwent a greater decline during 1931 than in any year since 1922. In all the industries and services for which statistics are available there was an aggregate net decrease of nearly £405,000 in the weekly full-time rates of about 3 million workpeople, and a net increase of about £5,000 in those of 46,000 workpeople. The net changes, analysed by industries, are shown below:—

	Estimated net Weekly Increase (+) or Decrease (−) in Rates of Wages of all Workpeople affected.			Estimated net Weekly Increase (+) or Decrease (−) in Rates of Wages of all Workpeople affected.	
	1930.	1931.		1930.	1931.
Coal Mining	+ 325	− 39,700	Woodworking, Furniture, &c.	− 875	− 10,600
Other Mining and Quarrying	− 1,300	− 3,010	Paper, Printing, &c.	− 2,575	− 1,400
Brick, Pottery, Glass, Chemical, &c.	− 325	− 21,050	Building, Public Works Contracting, &c.	− 37,200	− 47,400
Iron and Steel	− 450	− 12,650	Gas, Water and Electricity Supply	+ 50	− 3,040
Engineering	+ 9,225	− 65,800	Transport	+ 26,850	− 46,450
Shipbuilding	+ 4,850	− 3,800	Public Administration	+ 2,750	− 20,800
Other Metal	− 125	− 24,950	Other	− 3,050	− 11,525
Textile	− 52,450	− 62,375			
Clothing	− 650	− 22,900			
Food, Drink and Tobacco	− 1,650	− 2,050			
			Total	− 56,600	− 399,500

The average decrease for all industries combined, including agriculture, is estimated at over 2 per cent. of the rates in operation at the beginning of the year. The Ministry observes that the changes in men's wages have been greater than those in the wages of women, boys and girls.

Among the most important reductions were those in the wages of engineering employees, railwaymen, woollen operatives and Scottish and Welsh miners. Miners' wages in many districts were unchanged, as were also those of employees in a long list of important industries. Among the workpeople not covered by the statistics, Government employees underwent wage reductions, and so did agricultural labourers in a few English counties and a large number of districts in Scotland. Of the total decrease of wages per week, nearly £155,000 was effected under joint standing bodies representing workpeople and employers; £37,600 under cost-of-living sliding scales other than those included under the preceding head; £41,300 was the result of arbitration or mediation; over £17,600 was effected under sliding scales based on prices or proceeds, and the rest was the result of direct negotiations or of independent action by employers. Only £30,700 of the total consisted of reductions preceded by a stoppage of work, and this was largely accounted for by the South Wales coal dispute.

National City Bank.—While the accounts of the National City Bank of New York reflect to some extent the contraction in American banking resources and the strain thrown upon the system by the crisis, they equally show the way in which this great institution is maintaining its strength in face of the existing untoward circumstances. It is true that the management have thought it wise to strengthen the bank's internal reserves, for the contingencies fund has been raised from \$8.5 to \$25.5 millions. On the other hand, deposits have only fallen by 2.8 per cent., and the 1931 ratio of cash (including money due from other banks) to deposits is 25.3 per cent. against 26.8 per cent. in 1930. The shrinkage is almost nominal and the latest figure is fully adequate. The salient features in the accounts, of which only a condensed and cable version is as yet available, are summarised below:—

	December 31st.	1930.	1931.
Liabilities:—		\$ mill.	\$ mill.
Capital		110	124
Surplus		90	90
Undivided profits		25	11
Reserves for contingencies, &c.		23	47
Deposits	1,460	1,419	1,419
Acceptances and other engagements	237	167	167
Assets:—			
Cash		170	175
Due from banks		221	184
Loans, discounts and bankers' acceptances	1,015	913	913
Investments:—			
(a) U.S. Govt. bonds, &c.		177	251
(b) State and municipal bonds		22	8
(c) Other bonds and securities		82	107
(d) Shares in other banks		15	15
Items in transit with branches		34	10
Customers' liability on acceptances		148	127

The accounts show that the National City Bank has had the same experience as many other leading banks, for there is less outlet for the bank's resources in the direction of loans and discounts, and so more money has had to be invested in securities. Acceptances are definitely lower and there has been a sharp contraction in items in transit, which points to a decreased velocity of circulation of money in New York, and so to business financial depression and stagnation.

Anglo-French Banking Corporation.—This institution has felt the untoward effects of the world financial crisis to the full, for its deposits were almost exclusively derived from abroad, mainly from France, the United States, Holland and Switzerland, and during the last six months of 1931 nearly 95 per cent. of them were withdrawn. This contraction, in addition to diminishing the earning power of the bank, threw a sudden and intolerable strain upon it, which was only met as a result of the policy of the board in maintaining in England assets roughly equivalent to its deposit and current account liabilities. Even so, the forced realisation of these assets, consisting chiefly of British Government short-term and kindred securities, involved the bank in heavy loss. Acceptances

have also been heavily reduced by the crisis, and owing to the narrowing of the discount market, the bank has been forced to withdraw the bulk of its credits other than those covered by standstill agreements. Fortunately, these withdrawals were effected without a hitch. As will be seen from the appended summary of the accounts, the bank is not at the moment free to realise many of its assets or to terminate many of the engagements of its customers. These restricted assets cover discounts and advances and also balances with or engagements by banks and other customers in countries subject to extended credit arrangements or exchange restrictions; and in the balance sheet itself, German, Austrian, Hungarian and Chilean assets and engagements are specifically mentioned. The directors state that it is not practicable for them to express any views on such assets as depend for their ultimate value upon a solution of problems connected with the liabilities of Central European and other countries to their foreign creditors, but they add that they are assured that the necessary discount facilities will be forthcoming for bills drawn against acceptances credits which the bank is bound to continue under standstill agreements.

	December 31st.	1929.	1930.	1931.
Liabilities:—		£'000.	£'000.	£'000.
Capital		1,250	1,250	1,250
Reserve		10	30	258
Deposits		2,719	3,812	3,812
Acceptances, &c.		2,950	3,522	1,844
Assets:—				
Cash		52	52	60
Call money		725	1,080	400
Balances with banks abroad:—				
(a) "Free"		104	115	30
(b) "Restricted"		256	1,538	123
Investments*				
Discounts*				
(a) "Free"		225	620	303
(b) "Restricted"		1,239	659	...
Fixed deposits with other banks				
Advances:—				
(a) "Free"		693	1,297	106
(b) "Restricted"				278
Customers' liability for acceptances, &c.:—				
(a) "Free"		2,950	3,522	1,636
(b) "Restricted"		66	72	73†
Net Profits		10	20	− 40
To or from reserve		...	10	...
To contingencies		...	...	253
To various losses, &c.		+ 3	+ 3	− 142
Balance carried to balance sheet		...	3%	...
Dividend		...	...	...

* British Treasury bills were included under investments in 1929.
† Described as trading profit.

As regards the 1931 results, a net trading profit of £73,000 was earned, but provision had to be made as to £49,000 for bad and doubtful debts; £147,000 for the loss in the hurried realisation of British Government and kindred securities, presumably at last autumn's depressed prices; and £42,000 for the depreciation of various securities; and £15,000 for loss in closing dollar positions opened against maturing assets in Reichsmarks covered by gold or dollar guarantees. Here the bank was caught between the standstill agreement and the British suspension of the gold standard. To meet these losses the bank has drawn £40,000 from reserve and contingencies, and is having to carry forward a loss of £142,000. The bank is apparently left with cash, call money and free assets and customers' engagements amounting to about £1,000,000 against deposits of £258,000 and the bank's own engagements of £1,844,000. Clearly it is essential that all concerned in the standstill agreements, from the German banks to the London discount market, should continue to function along their present lines until a final solution of German and other Central European difficulties can be found.

The Bank of Poland.—Our Warsaw correspondent writes:—A great deal of curiosity not unmixed with concern has been aroused by the announcement, made a few days ago, of the appointment of Colonel Koc as Commissar of the Bank of Poland. According to the semi-official Press, Colonel Koc will act as a liaison officer between the Government and the bank of issue in all matters concerning financial policy. Colonel Koc, who is publicly associated

with the so-called "Colonels Group," the governing power in Poland under Marshal Pilsudski, was named Vice-Minister of Finance a year or so ago. He now leaves the Ministry of Finance for the Bank of Poland, where he has been appointed to the Board of Directors. The assumption in financial circles is that Colonel Koc's mission at the Bank will be to keep a close watch on foreign exchange transfers in view of the far-reaching regulations made effective at the beginning of 1932 for restricting imports and facilitating exports by means of Government interference in foreign trade. If these Decrees fail to stop the gold (or foreign *devisen*) drain which has been going on steadily for several years, it is expected that Colonel Koc will supervise the enforcement of more drastic measures for controlling the movement of foreign exchange.

Barclays Bank Meeting.—Some of the wider aspects of Mr Goodenough's address to Barclays Bank shareholders on Thursday may fitly be reserved for comment in conjunction with the speeches of his colleagues yet to be delivered. There were, however, one or two minor specific points mentioned by him of considerable importance. Prominent among these was his statement concerning the bank's commitments in Germany. With the sole exception of certain Treasury bills issued by two German States where the bank has important connections, all advances granted by Barclays Bank were made solely for financing trade. Mr Goodenough expressed his confidence that all these debts would be liquidated in due course as soon as the exchange difficulties had been overcome; but even if the German position turned out badly, besides its reserve fund the bank possessed other reserves sufficient to meet any contingency that might occur. He also justified the decision of Barclays Bank to provide for the depreciation of the investments out of the investment reserve account instead of out of published reserves. This account, he explained, is largely built up out of profits realised on sales of investments from time to time, as well as profits on maturing bonds. On the same day the annual meeting was held of Barclays Bank (Dominion, Colonial and Overseas). On this occasion Mr Goodenough alluded to South African monetary policy, and described how Barclays Bank (D.C.O.), in conjunction with the Reserve Bank and the Standard Bank of South Africa, assisted in the formation of an exchange pool. He added that the Union Government were confident that with their assistance the exchange position would be successfully met, and that there would be no difficulty in remaining on the gold standard. At both meetings Mr Goodenough referred to the great loss the bank had sustained through the death of the deputy chairman, Sir Herbert Hambling, a loss which extends far beyond Barclays Bank.

Gold, Prices and Employment.—As a result of an invitation given by the Employers' Group of the Melchett-Turner Conference, the Industrial Institute has been conducting an investigation into the relation between world monetary gold stocks, and fluctuations in wholesale prices and unemployment in Great Britain over the period 1850-1912. Both long-term and short-term movements were investigated along mathematical lines, and certain tentative conclusions were reached. At this stage the work of the Institute began to receive some publicity, and was also brought to the notice of the Royal Statistical Society, who finally decided to make a paper prepared in the Industrial Institute their subject for discussion at their ordinary meeting, held on January 19th. The discussion, writes a correspondent, duly took place, and centred mainly round the mathematical methods employed by the Institute, which received somewhat severe criticism from such authorities as Mr Adney Yule, Dr. Wishart, Dr. Rhodes, Dr. Isserlis, and Dr. Greenwood. It was perhaps a pity that these criticisms, justifiable though they were, were carried to so great a length, for, as Sir Josiah Stamp pointed out at the close of the proceedings, they occupied time which the economists present at the meeting would have used to some advantage. Moreover,

even though the mathematical tools used by the authors of the paper may have been faulty or unsuitable, some interesting economic ideas were at least thrown to the surface, including such matters as whether an increase in unemployment precedes or succeeds a fall in commodity prices. Another question that might well have been explored still further is how far a historical investigation into the trend of events in 1850-1912 is of any value as a basis for investigating post-war economic and monetary problems. The general impression left by the discussion is that the mathematicians had too great a field-day, and that if the Institute and its investigators took further expert advice on their technique and then carried on their work on more suitable lines, they would almost certainly bring to the surface many problems of interest and importance.

International Cartels.—The four experts who, rather more than a year ago, submitted to the Economic Committee of the League of Nations their monographs on industrial agreements have now published a summary of their further investigations into the subject.* The report deals mainly with temporary agreements of the kind commonly known as cartels; what little space is given to trusts and other forms of close amalgamation is devoted to a discussion of the respects in which they offer the advantages of cartels in an intensified form. The conclusion reached by the experts with respect to international agreements is that they offer inducements to, and facilities for, a reduction in costs; that they help to maintain equilibrium between production and consumption; and that they tend to promote stability of prices. They also consider that it is in the interest of the members themselves to pursue a moderate price policy, in view of the potential competition both of outside producers and of substitutes. A further advantage which the experts ascribe to international cartels is the abolition of dumping, and while they do not claim that such agreements can lead to the abolition of customs duties, they suggest that their effect is to lead to the stabilisation of these duties on a moderate level. The effect on labour conditions is spoken of with unqualified approval, as leading to greater stability both of employment and wages. While the final paragraphs contain a warning against expecting too much from international agreement, Dr. Lammers and his colleagues have evidently found little in their investigations to offset the great advantages which they detect in such agreements, especially when they are concluded for long periods, and they maintain that so swift a Nemesis overtakes the cartel which pursues a mistaken policy (they instance the copper agreement) that repetition is highly improbable. The report, it will be gathered, is pitched in a key of optimism.

The Outlook for Copper.—A correspondent writes:—It is rather unfortunate for the copper producers that their newly-devised marketing scheme should have been launched at a time when international uncertainties are weighing so heavily on the business situation, for buyers all over the world are holding back in their anxiety to avoid committing themselves even a few weeks ahead. No official announcement has been made by Exporters Incorporated, but it appears that a certain amount of opposition to the new plan is being experienced in Europe, and that it may be a week or two yet before complete unanimity is reached. On the whole it seems that, although many of the old restrictions will be retained, there will be less stress laid upon the observance of the daily sales quota, and individual members will have the right to make sales at a price below the "official" quotation. If this provision allows consumers of copper to cover their sales without difficulty on any market day, then it will be a step in the right direction, for in the past the strict application of the quota rule has proved to be a great hardship to manufacturers. On the strength of a very moderate increase in export sales, the Copper Cartel

advanced its price recently to 7½ cents c.i.f. European ports, but at this level sales have been negligible, and latterly the downward trend of the London market has to some extent been reflected in New York, where custom smelters are reported to have pressed sales at 7½ cents. This is below the "official" figure and has occasioned some surprise and uneasiness; for one of the strong points in the new marketing scheme is understood to be an arrangement which allows the custom smelters priority in offering, both on the home market and abroad. If this is so, then there should not be any need for price cutting to attract business, since, bad as things are, present-day demand should be sufficient to absorb smelter output.

New Life Assurance Business, 1931.—The further figures which have appeared of new business transacted in 1931 have been of a more favourable character than those commented on in our issue of a fortnight ago. Seven additional offices have published their figures, which we print:—

	1930.	1931.	Difference.
	£	£	£
Alliance	3,210,646	3,222,795	+ 12,149
Caledonian	1,566,915	1,197,488	- 369,427
Co-operative	1,314,006	1,641,300	+ 327,294
Law Union and Rock	1,646,429	2,048,000	+ 401,571
Scottish Amicable	1,309,849	1,196,320	- 113,529
Scottish Life	1,161,741	1,407,668	+ 245,927
United Kingdom Provident	3,079,723	3,503,351	+ 423,628
	13,289,309	14,216,922	+ 927,613

In the aggregate, the new business of these seven offices shows a small increase, whereas the corresponding figures of the twenty-seven offices whose results appeared previously showed an aggregate decline of approximately 5 per cent.

Transvaal Gold Output in 1931.—In every month with the exception of May a larger output was recorded in the statistics issued by the Transvaal of mines during 1931. It is, therefore, not surprising to note that the 1931 total creates a fresh record. The 1931 total amounts to 10,874,145 ounces of fine gold, as compared with 10,719,760 ounces produced in 1930. The December output was 923,353 ounces, as against 900,510 ounces produced in November and 908,492 ounces produced in December, 1930. In the following table we show the monthly output since the beginning of 1925:—

Month of	1925.	1926.	1927.	1928.	1929.	1930.	1931.
	Fine Oza.	Fine Oza.	Fine Oza.	Fine Oza.	Fine Oza.	Fine Oza.	Fine Oza.
January	823,692	796,270	839,782	843,857	875,452	882,801	914,576
February	753,925	753,924	779,339	816,135	815,284	818,188	839,937
March	825,479	834,340	860,511	877,380	866,529	889,370	910,998
April	787,519	803,303	824,014	825,907	872,123	868,606	882,337
May	813,249	849,214	859,479	886,186	897,598	916,213	910,279
June	780,251	852,145	855,154	862,363	856,029	887,867	897,750
July	818,202	860,134	851,861	867,211	889,480	912,652	916,843
August	808,218	843,854	863,345	891,863	889,601	921,081	916,425
September	797,247	839,939	842,118	857,731	849,553	903,176	916,024
October	812,832	853,296	855,743	897,720	888,690	926,561	945,113
November	787,633	840,276	848,059	872,484	861,593	884,753	900,510
December	791,455	836,157	851,225	859,761	851,134	908,492	923,353
Total..	9,599,702	9,962,852	10,130,630	10,358,596	10,414,066	10,719,760	10,874,145

The following table shows the number of natives employed at the mines during the past nine months:—

	Apr., 1931.	May, 1931.	June, 1931.	July, 1931.	Aug., 1931.	Sept., 1931.	Oct., 1931.	Nov., 1931.	Dec., 1931.
Gold mines	206,770	207,109	207,209	208,155	209,409	209,424	208,987	209,270	211,552
Coal mines	13,242	13,305	13,286	13,512	13,563	13,776	13,061	12,882	12,260
Diamond mines	4,030	3,689	3,345	1,817	1,705	1,626	1,517	1,429	1,402
	224,042	224,103	223,840	223,484	224,677	224,726	223,565	223,581	225,214

The native labour force of the gold mines increased by 8,079 during the year, the total of 211,552 at December 31st comparing with 203,473 at the end of December, 1930.

* Official Number E736. Allen & Unwin, 1s.

Overseas Correspondence.

UNITED STATES.

Industry — Banking — Reconstruction Corporation — Budget.

(FROM OUR CORRESPONDENT.)

NEW YORK, January 12.

THE improvement in security prices and the prospect of early aid for industry have done much to improve sentiment, but as yet no real recovery has taken place in business. Along with the hardening of security prices, which has been most marked in the railroad and foreign bond list, commodity prices have shown greater firmness. Revision of the selling rules for the Copper Export Association was followed by a better price for the metal, though it remains to be seen how long this will last.

A reduction in oil output, due to the new practice of Sunday closing of wells, also has helped matters somewhat in that industry. After its year-end decline, the steel industry has improved slightly, but is still operating at not more than 25 per cent. of capacity and the unfilled orders of the United States Steel Corporation fell over 180,000 tons in December. Railroad traffic fails to increase and, while some members of the automobile industry expect to do better than last year, the consensus of opinion is that an output corresponding to that of 1931 is the most that can be anticipated. Public interest in the

national exhibit of new models held here this week is nevertheless lively.

A considerable impression has been made by the great liquidity of the year-end bank statements just published. In some cases the liquidity was more apparent than real, since a number of institutions discounted heavily at the Federal Reserve Banks in order to show large cash reserves, but much of it was actual, either in cash or United States Government bond holdings. Deposits were lower and some of the large institutions wrote down capital heavily (usually of their security-holding affiliates) to balance losses on investments. The banks themselves are blamed for the loss of deposits because of their over-emphasis on liquidity, and partly to offset this tendency some observers feel that conditions are shaping for a reduction in the next few weeks of one-half per cent. in the New York Federal Reserve Bank's discount rate. This would give notice to the banks that the central authorities wish to see a little expansion and greater liberality in making loans to industry. Open market rates have just been cut an eighth to three-eighths per cent., and the Federal Reserve Bank has also reduced its buying rate.

A sharp reduction in Federal Reserve Bank credit outstanding (\$297 millions) was shown by the statement as of January 6th, largely a reaction from the year-end expansion. Of this deflation more than two-thirds was accounted for by repayment of member bank borrowings, which still stand at \$818 millions, compared with \$292 millions a year ago. The gold outflow is now negligible, apart from frequent small shipments to France; these



The National City Bank of New York

(Incorporated with limited liability under the National Bank Act of the United States of America)

including

Domestic and Foreign Offices

Condensed Statement of Condition as of December 31, 1931.

CAPITAL,
SURPLUS
and
UNDIVIDED
PROFITS
\$225,347,466.11

Head Office :
55 Wall Street,
New York
Eighty-one
Offices in
Greater New York

One Hundred
Offices in
twenty-four
Foreign Countries

London Offices :
36 Bishopsgate,
E.C.2 ;
11 Waterloo Place,
S.W.1

ASSETS

Cash in Vault and in Federal Reserve Bank	...	...	\$174,642,878.70
Due from Banks and Bankers	...	...	183,551,727.68
Loans, Discounts and Bankers' Acceptances	...	...	\$358,194,606.38
United States Government Bonds and Certificates	...	...	913,237,064.08
State and Municipal Bonds	...	...	\$250,611,950.54
Stock in Federal Reserve Bank	...	...	8,485,995.63
Other Bonds and Securities	...	...	6,600,000.00
	...	...	106,892,429.76
			372,590,375.93

Ownership of :

International Banking Corporation	...	...	8,000,000.00
Bank Buildings	...	...	61,523,248.12
Items in Transit with Branches	...	...	9,846,619.36
Customers' Liability Account of Acceptances...	...	...	126,849,742.60
Other Assets	...	...	7,733,764.87

TOTAL

\$1,857,975,421.34

LIABILITIES

Capital	...	...	\$124,000,000.00
Surplus	...	...	90,000,000.00
Undivided Profits...	...	...	11,347,466.11
			\$225,347,466.11
Reserves for :			
Contingencies	...	...	\$25,534,154.61
Accrued Interest, Discount and Other Unearned Income	...	...	4,411,279.24
Taxes, Accrued Expenses, &c.	...	...	11,058,409.64
Dividend Payable January 2, 1932	...	...	6,200,000.00
Liability as Acceptor, Endorser or Maker on Acceptances and Bills	...	...	166,721,252.20
Deposits	...	...	1,418,702,859.54
			\$1,857,975,421.34

Figures of Foreign Offices which are included herein are as of December 24, 1931.

are evidently being used for hoarding, since part of it is coin and none justified by current exchange rates. On the other hand, owing to the policies agreed upon at the Lima conference last month, the closer co-operation of South American Central Banks with commercial banks and the Federal Reserve Banks here is expected to shift gold reserves for these banks to New York from London.

It is expected that the proposed Reconstruction Credit Corporation will be passed this week, and the rise in markets has partly discounted it. Assured that the new credit body, which will be permitted to use capital of \$2,000 millions, probably obtained in part from the Federal Treasury and in part from the banks, with Government backing, will be under highly competent management—probably the same as guided the War Finance Corporation, it is looked forward to with high hopes. It is not expected that the Reconstruction Corporation will cure depression, but it is designed in this emergency to supply a much-needed chain connecting the still unused banking resources of the country with the needs of industry.

It will supply a fundamental defect in the country's banking system, due to legislation which prevents natural growth along territorial and economic lines and restricts operations to cramped areas, thus preventing mobilisation of resources. The 25,000 banks of the country are perforce operated as separate units in the interests of depositors and stockholders, without regard to the needs of large regions or of the country as a whole. By mobilising this unused bank credit and sending it where it is most needed, as, for instance, to railroads, much will be done to restore confidence if nothing else. Apparently agriculture is also to get some help, but it will probably be along sounder lines than that given by the Federal Farm Board.

As the time grows near for the railroad conference on wages, the expectation strengthens that voluntary reductions of 10 per cent. will be made. A few roads have already announced voluntary reductions for a portion of the union labour, and there is little hint of effective opposition to the demands of railroad management for lower wages.

Wall Street was particularly pleased this week with the decided stand taken by Mr Garner, Speaker of the House, and leader of the majority Democratic Party in the Lower House of Congress, and by President Hoover on Budget balancing. Mr Garner, speaking for his party's committee on taxation and the Budget, emphasised the necessity for burying party differences in an earnest effort to cut down expenditure and to balance the Budget for the next fiscal year. President Hoover, who in his annual message to Congress suggested a balanced Budget for 1934, has now firmly stated the need for a balance in the 1932 fiscal year and has told the country that "we cannot squander ourselves into prosperity." This determination among leaders at Washington to reject schemes for new expenditure, to reduce the old scale and to balance the Budget next June has had a decidedly heartening effect on those who above all else wish to see the country's credit maintained.

An early announcement on German short-term credits is expected here, inasmuch as Mr Wiggin is planning to return next week. It is taken for granted, of course, that an extension of the standstill agreement will be made, and that probably still another extension will be necessary, regardless of what may be done with reparations. Two of the largest banks have published the amount of their German short-term loans. The Chase Bank shows \$74 millions and the National City \$60 millions. On maturity of the Federal Reserve Bank's portion of the Reichsbank's loan next month, renewal will, of course, be given. Few on this side profess to foresee the outcome of reparations.

FRANCE.

Politics — Trade — Prices — Industry.

(FROM OUR CORRESPONDENT.)

PARIS, January 20.

THE solution of the Ministerial crisis which followed the death of M. Maginot, the War Minister, and the resignation of M. Briand—ostensibly on grounds of ill-health—of the post which he has for so long held at the Quai d'Orsay, was found by M. Laval with characteristic promptitude. The youthful Premier, in the Cabinet which he reconstituted after his failure to induce M. Herriot and the rest of the Radical Party to share in the duties and responsibilities of office, has himself taken charge of the leadership of French foreign policy, and his place at the Home Office has been filled by the former Under-Secretary, M. Cathala. M. Tardieu has been promoted to the post left vacant by M. Maginot's death, and has been succeeded as Minister for Agriculture by his former Under-Secretary, M. Achille Fould. The remainder of the former Ministers and Under-Secretaries have returned to their former posts, and the Ministry now numbers two posts fewer than before; the two Under-Secretaryships whose former holders have received promotion have been suppressed.

M. Herriot, it is now known, refused for purely electoral reasons to return to power, and thus enable a really national Cabinet to be brought into existence to deal with the numerous thorny problems confronting the country in the immediate future. M. Laval, it is also known, went so far as to offer the Radicals no fewer than five Ministerial posts, including the Foreign Ministry and other of the most important offices, in return for their co-operation. In spite of the fact that he and his friends formerly filled exactly similar posts in a Poincaré Cabinet, M. Herriot steadfastly declined the offer made—for reasons, it is alleged, which involve the possibility of a Socialist and Radical alliance at the pending General Elections. It is said to be thought possible that the elections may lead to the return of a majority really composed of the parties of the Left.

M. Herriot's decision has been the subject of a large amount of criticism, even among those who sympathise with his general programme, and he has been widely accused of having subordinated Party to national interests. His attitude is regarded as all the more inexplicable as he and most of his more prominent followers have not hesitated recently to voice exactly the same views on reparations and disarmament as those proclaimed by M. Laval and his principal supporters. A section of political opinion considers it possible that M. Herriot is basing, to some extent, his aspirations for the future on the possibility of co-operation between himself and M. Briand, after the elections, with the help of a renewal of the Socialist support which he enjoyed after the 1924 electoral contest. The combination that then resulted, however, although it succeeded in driving M. Millerand from the Elysée and M. Poincaré and his Cabinet from office—only to recall the latter back to power and undisputed authority during the second half of the life of the Chamber elected expressly for the purpose of ejecting him—had an unhappy history, which, it is to be hoped, will not be repeated.

The Second Laval Ministry's declaration of policy, although it contained nothing new, entirely reaffirmed recent French policy in regard both to reparations and to disarmament: "We will not allow the right of France to reparations to be denied," and "As to disarmament, we stand by the policy laid down in the French memorandum of July 15th last, which sets forth the national policy and which all parties have endorsed and will maintain." The declaration has been received with marked approval by the country at large, and there is little doubt as to its endorsement by a substantial majority.

The December wholesale price index of the Statistique Générale indicates a further drop in quotations for both

French and imported products. Detailed figures (1913=100) are as follows:—

	Dec., 1930.	Oct., 1931.	Nov., 1931.	Dec., 1931.
General index figure.....	498	423	417	413
French products	565	484	475	471
Imported goods	377	314	313	308
Foodstuffs (general figure)	525	460	456	463
Vegetable foods	481	467	470	475
Meats.....	602	453	438	448
Sugar, coffee, cacao.....	443	459	465	466
Raw materials (general figure)	475	392	383	370
Minerals and metals	437	374	369	367
Textiles	355	290	279	264
Various	568	465	456	436

The weighted index figure representing prices in Paris of 13 commodities of common household use (July, 1914, = 100) are returned as 523 (wholesale), against 639 in December, 1930, and 557 (retail), against 649 twelve months ago.

Industrial production index figures for November show slight declines in eight of the nine categories covered. The general figure (1913=100) is returned as 115, against 117 in October and 135 in November, 1930. Mining industries (the figure for which improved two points in October, added a further point in November. The figure for December, it is announced in advance, has been fixed at 105, however, thus cancelling out the improvement for the previous two months. The engineering figure for November shows a drop of four points (to 124), that for metallurgical trades of five points (to 89), rubber trades of 26 (to 854), and motor cars of two (to 490), against a drop of 22 points in October. Building is returned as unchanged at 121 for November (as in the previous three months), and it is announced that the December figure has advanced a point. The metallurgical, leather and textile industries are now all below their 1913 volume, although the textile figure (62 for November, against 86 in the corresponding month of 1930) is the only category seriously lower.

"In view of the many statements, often misleading and sometimes distinctly erroneous, that have been given currency respecting the balance of commercial exchanges between Great Britain and France," the British Chamber of Commerce in Paris yesterday issued on the subject an important statement which is especially interesting at the present juncture. In this statement it is pointed out that, although it is widely known that French exports to Great Britain fell off by 1,042,000,000 francs between 1928 and 1930, the proportion of the total French exports taken by Great Britain actually rose, during the same period, from 15 to 16 per cent. On the other hand, French imports from Great Britain were only 10 per cent. of the total value of French imports as a whole.

Another factor of great importance is the nature of the commodities exchanged. Two-thirds of French imports from Great Britain consist of raw materials for industry, while the exact converse is true of French exports to Great Britain, two-thirds of which consist of manufactures, a very large proportion of which are in the luxury class. In 1929, the last year for which exact details are available, out of a total of 5,828,000,000 francs of British exports to France, 3,356,000,000 francs consisted of raw materials (including coal, 1,749 millions; wool, raw rubber, hides and pelts, and pearls and precious stones in the rough), which were largely exempt from Customs duties. Manufactured goods, on the other hand, formed 64.6 of French exports to Great Britain in 1929, 69 per cent. in 1930 and 66.8 per cent. in the first ten months of 1931. Great Britain took 38.1 per cent. of French silk fabric exports (the principal French export) in 1929, 35.7 per cent. in 1930 and 39.9 per cent. in the first ten months of last year. Similarly, during the same period Great Britain took from 25½ to over 31 per cent. of the total French exports of woollen fabrics, and from 42 to 51 per cent. of French underwear and ready-made clothing exports, etc., etc. Practically one-third of French exports of table fruit, 30 per cent. of exports of potatoes and other vegetables, and one-fourth of the exports of French wines, spirits and liqueurs go to Great Britain.

GERMANY.

Agriculture — New Duties — Shares — Reichsbank.

(FROM OUR CORRESPONDENT.)

BERLIN, January 19.

THE agricultural crisis in Germany has been greatly intensified during the last few weeks. In addition to the difficulties of the grain-growing districts of the East—which may be regarded as permanent, since the poor soil of those provinces can no longer compete, even with the aid of high custom duties, against the grain-growing areas of Russia and the overseas countries, with their modern technique—there has arisen a crisis, as the result of the trade depression, among the stock farmers in the West and South, where until recently the state of agriculture was relatively satisfactory. The price of butter in the German market is far below the pre-war level, even the market for fresh milk is unprofitable, and cheese production no longer pays. The farmers can only dispose of their cattle and pigs at very low prices, and not infrequently the market is unable to absorb them at all.

The principal cause of this state of affairs is the reduced purchasing power of the town population. Butter, cheese and meat have become rare luxuries for the unemployed, and even for short-time workers; they have to content themselves with potatoes and margarine. The effect of this upon the stock farmers is evident. At the same time the policy of grain protection has reacted unfavourably upon them: in the interest of the rye market, the import of fodder barley was subjected to a very high duty, and the import of maize reduced to a minimum by means of a monopoly. Now many peasant farmers are obliged to buy barley and maize, as they have not enough grain of their own cultivation to keep their pigs and poultry, so that the increased cost of these fodder grains has greatly intensified their difficulties. Lastly, the depreciation of the Scandinavian currencies has recently contributed to the intensification of the competition of imported butter on the German market. The peasant organisations are now demanding that the effects of the crisis be counteracted by restriction of the import of foreign dairy products. Germany imports no cattle worth mentioning, but she imports large quantities of butter, chiefly from Holland and Denmark, but also from Finland, Latvia, Estonia, Sweden and Poland. In the last few weeks butter from Australia and New Zealand has also appeared on the German markets.

The Government have now decided to yield to the demands of the farmers and to raise the butter duty. The increase will, however, probably not be general. A Presidential Decree gives the Government the right "to raise compensatory duties on individual products or groups of products imported from countries whose currencies have fallen below gold parity." This power will be made use of to impose duties on butter from Denmark, the Scandinavian countries, the Border States, Australia and New Zealand. Among the important exporting countries, Holland will not be affected, as the guilder is still at par. This is very important for German commercial policy, as Holland has so far shown consideration for German interests in the quota system which she introduced recently, and if her butter exports were made more difficult she might very well undertake reprisals against German exports. The form in which these increased duties have been introduced suggests a desire to stress the transitory character of the measure and to avoid allowing it to develop into a general revision of the principles of German trade policy, which, apart from grain protection, has so far been relatively liberal. All the same, there is a danger that the countries affected, especially Denmark, may try to introduce compensatory measures, and that thus a mutual intensification of protection may come about. At the time of writing the Cabinet is still discussing the amount of the additional compensatory duty and the question whether there should not be an all-round increase in the butter duty at the same time. The effect on commercial policy will largely depend on this decision; if the additions are not prohibitive,

Denmark will not be able to raise any objection, as she herself has just introduced substantial increases in her tariff.

The wording of the new Order would permit the levying of compensatory duties on other goods, as, for example, English industrial goods, but the Government has no such intention. The majority of German industrialists desire no further concessions to the advocates of a policy of self-sufficiency, and are thankful if the farmers refrain from demanding any; they will not demand the application of the Order to foreign manufactures. That is the present situation, but the wave of protectionism which has broken over the world may, of course, bring about a change.

In the first two weeks of January the prices of German shares and loans recovered substantially. The Berlin Stock Exchange has been closed since September 18th, and the publication of the prices at which the active trade in securities, carried on by telephone among banks and brokers, is conducted is forbidden. The authorities have so far not ventured to permit the reopening of the stock exchanges, as they are afraid that an extension of the trade in securities and the publication of the present quotations might unsettle economic life in general. It is, therefore, possible to report only on general tendencies. The best German fixed-interest securities, especially the mortgage bonds of the mortgage banks, the interest on which was reduced by the December emergency decree from 8 to 6 per cent., recovered from just over 60 to 75; among leading equities, I.G. Farbenindustrie, Siemens and Halske, and Reichsbank shares rose substantially, though Farbenindustrie and Reichsbank are still well below par and Siemens less than 20 points above. The rise was due to the improved tendency in foreign markets and to the recovery in quotations for German bonds abroad. Speculative purchases in anticipation of reparation and standstill agreements, and covering purchases by "bears" coincided with purchases by the German public. There are no new issues, and the banks are only paying low rates on deposits, so that an extra demand for sound existing issues has developed. The upward movement of shares during the last few days may also be connected with the terms of the standstill agreement, though at the time of writing this has not been definitely concluded. The agreement is to give foreign creditors the option of investing a small part of their German claims in Germany, and further purchases of German shares are anticipated in consequence.

Conditions on the German money market have also resumed some degree of normality. There is once more a lively trade in short-term money; day-to-day money was dealt in last week at 7-8½ per cent.; 30-day money at something over 7 per cent., and bank acceptances at 6½-7 per cent. The condition of the Reichsbank is satisfactory as far as the claims on it of German banks and business firms are concerned. Between December 31st and January 15th its discounts fell from Rm. 4,144 millions to Rm. 3,588 millions, the lowest level since last September. The rumours of a forthcoming reduction in discount rate to which these circumstances have given rise are, however, undoubtedly premature. The reduction from 8 to 7 per cent. on December 9th was an experiment whose results cannot yet be fully estimated, and, further, the Reichsbank must take account, in its discount policy, of the state of its gold and foreign exchange reserves. In spite of all attempts to commandeer the proceeds of German exports as completely as possible, it has so far proved impossible to prevent a slow but steady drain on the reserves. The Reichsbank lost Rm. 20 millions gold and foreign exchange in December, and has lost 35 millions since the beginning of January, as it had to part with large quantities of foreign exchange to meet interest payments due abroad and capital repayments provided for by the standstill agreement. Only Rm. 1,021 millions are left of the entire German gold and foreign reserve, and against this the Reichsbank owes Rm. 630 millions abroad on short term. In these conditions the creditors will be obliged, in the next standstill agreement, to forego any claim upon the Reichsbank in respect of the repayment of further short-term credits.

ITALY.

Public Finance — Stock Exchange — Cartellisation.

(FROM OUR CORRESPONDENT.)

TURIN, January 18.

LAST week the attention of the public was focussed on the articles inspired, or rather written, by Signor Mussolini in his "personal" newspaper *Il Popolo d'Italia*. The general optimism diffused by the policy of cancellation of German reparations and inter-Allied debts had the effect of throwing into relief such unfavourable facts as are daily disclosed by official statistics or statements. The last Cabinet Council, for instance, fixed at 20,059.9 million lire the public expenditure for 1932-33, which is 736.2 millions higher than the original estimates for 1931-32. As supplementary variations have increased these 1931-32 estimates from 19,323.7 to 21,120.9 million lire, and these, in their turn, are exceeded in fact, it is to be feared that the new estimates for 1932-33 will prove insufficient. On the other hand, the revenue estimates for 1932-33 are put at 18,647.2 million lire, which is 252.3 millions lower than the original 18,899.5 million lire and 1,525.5 millions lower than the revised 20,172.7 million lire estimates for 1931-32. How the resulting deficit of 1,412.7 million lire will be provided for is not stated; the official *communiqué* is content to state that before June 30, 1933, means will be found, according to the changing general situation, to balance the Budget. Hopes are abroad that the situation will change for the better and that no further drastic cuts in the salaries of public servants or other turns of the financial screw will be necessary.

The increase of unemployment almost to the million mark—972,321 at December 31, 1931, against 878,267 at the end of November and 642,169 on the last day of 1930—failed to shake the newly-born optimism. It is, indeed, an optimism on a slender basis. Bank of Italy shares, which at January 9th were as low as 1,381 lire, closed on January 16th at 1,430; Monte Amiata (quicksilver) rose from 50 to 69; Fiat from 130 to 145; Edison (electricity) from 440 to 483; Beni Stabili (real estate) from 560 to 573. There are significant exceptions, mainly in shipping; the Cosulich (Trieste) Company sank further from 56 to 49, the General Navigation Company from 230 to 224. The public is absent from the market; or rather is devoted to fixed interest securities; for instance, 5 per cent. State nine-year bonds are as high as 101.40, and the 6 per cent. mortgage bonds of the Milan Savings Bank are also above par at 509.50. If a reaction occurs, it will not beget havoc, as nothing savouring of a boom has happened. Recent figures published by the Joint Stock Companies Association show that during 1931 reductions of capital (from winding-up, losses, devaluations) amounted to 5,760.8 million lire, thus exceeding investments, which totalled only 4,332.4 million lire. The total capitalisation of joint-stock companies thus decreased during the year from 52,280.8 to 50,852.9 million lire.

The Corporative system is being more and more utilised for purposes of industrial cartellisation. The National Rice Institute, which began its life on October 13, 1931, sold 100,000 tons of rice at an average price 200 lire per ton higher than the 450-480 lire quotations of August last. The General Confederations of Industry and Commerce have ratified the pact between machinery producers' and merchants' associations for the regulation of sales of industrial and agricultural machinery. The interesting point is that conditions of sale are now the result, not of free bargains between the interested parties, but of decisions of semi-public bodies. An even more important step in this direction was made by a legislative decree which gives authority to the Minister for Corporations to create compulsory consortiums between industrialists in the iron and steel industry aimed at the regulation of the production and sale of their products. A syndicate in this field was formed in August, 1929, but dissolved on December 31, 1931, owing to the opposition of what is described as a small minority representing 2 per cent. of

the total production. After the publication of the Minister's decree, the General Confederation of Industry is to convene a general meeting of all industrialists in this branch of production. The meeting is to be deemed valid if two-thirds of members representing four-fifths of total production are present, either personally or by proxies. The meeting will discuss regulations of the consortium; which, if unanimously voted, will become immediately operative. If unanimity is not forthcoming, the President of the General Confederation of Industry will decide finally and without appeal. The life of the compulsory consortium will be limited to September 30, 1932. It is hoped that, before that date, the industry will be reorganised. The problem is the usual one of excessive production and capitalisation, of too numerous firms, of high costs fostered by very high protection. Except during the war period, the iron and steel industry has hitherto led a chequered life, mainly at the expense of taxpayers and consumers. To lift the industry to higher productive plan, without new sacrifices for taxpayers and consumers, would be, indeed, a great feat. Meanwhile, the corporative system is being carried to its logical conclusion. Its action cannot be limited to the regulation of wages and other relations between employers and employees; it is perforce being extended to the regulation of prices, production and distribution. Wages are only one factor in the general economic equilibrium: and their public regulation implies a regulation of all other factors.

AUSTRIA.

Exchange Regulations — Banking — Credit-Anstalt — Industry.

(FROM OUR CORRESPONDENT.)

VIENNA, January 18.

NEGOTIATIONS abroad have brought no help for Austria. The 60 million credit, of which hopes were so often raised, has not been accorded, and the prolongation of the advance from the Bank of International Settlements and of that from the Bank of England was a foregone conclusion. Neither the Government nor the National Bank would have had the means to pay back the 190 million schillings, so that prolongation was inevitable.

It may now be assumed that the present strict regulation of the exchanges will be made still more rigorous, as the clearing agreements made with various countries have not brought the result anticipated. In some respects they are, indeed, very unsatisfactory. It was hoped that in clearing traffic with Switzerland an improvement would be introduced through the intervention of the Swiss Government. Up to the present, Swiss merchants who have purchased goods in Austria have done their utmost to get the invoices in terms of Austrian schillings and not in Swiss francs. A Bill is now being passed in Switzerland for the purpose of enforcing payment at the Swiss National Bank for supplies of goods drawn from Austria, and infringement of the law is punishable with fines and imprisonment up to one year. The clearing arrangements with Yugoslavia are also unsatisfactory.

These arrangements have the further disadvantage of encouraging foreigners to send to Austria those goods which they cannot sell in other countries, instead of raw materials and semi-manufactured goods. For instance, Austria delivers to Switzerland cotton goods and timber, crude and scrap metal in exchange for articles of luxury such as clocks and watches, cheese and lace. The position in regard to the clearing treaties with Hungary and Yugoslavia is somewhat better, as, although Austria gets from these countries no raw materials for its industries, it gets part of the foodstuffs it requires. Under the clearing treaties at most only 5 to 10 per cent. of the really necessary articles of importation are secured, while the remaining 90 per cent. cannot be covered in this manner. It is, therefore, impossible in the long run for Austria to secure its requirements of raw materials through clearing treaties alone. Furthermore, the clearing treaties do not afford the possibility of arranging any sort of order of precedence in imports or of excluding certain articles, whereas it is

very important for Austria to import only such articles as are absolutely necessary. This is demanded by the National Bank, whose holdings of foreign exchange have to be defended with the utmost energy. At the end of December the cover percentage of the National Bank receded to 24.2 per cent., so that any further recession would render the National Bank liable to the banknote tax. The last few weeks have, however, brought a certain relaxation of tension, and the bill portfolio has been reduced.

One of the most important questions for the Austrian National Bank, namely, that of the further management of the Oesterreichische Credit-Anstalt, is still obscure, and banking business is suffering in consequence. The men who are at present at the head of the bank do not themselves know to what extent they can take on commitments and whether or not a new general manager would cancel their plans. It is a vital matter for the Credit-Anstalt and also for Austrian economy that clarity should be obtained in regard to the management of the institution. Either the present directors should be left in office or they should be replaced by new directors; but something must be done. Within the last few days there was an unhappy reminder of the past of one of the big industrial subsidiaries of the Credit-Anstalt, namely, the general meeting of the Mitterberg Copper Works, in which the liquidation of the company was decided upon, as there is no prospect at all of saving the enterprise or of paying even a fraction of the debts.

Further progress has been made in the taxation of houses and flats. On account of the increase of the housing tax by the Municipality of Vienna the tenants are burdened with more than 11 million schillings. A further supplement has also been decided upon to cover the costs of the State housing scheme, and this is to bring in about six million schillings. The increase of rents has occurred at an unfortunate moment, as salary cuts and dismissals are still the order of the day. The textile industry is the only branch displaying any animation, and it is also working more smoothly owing to the improvement in supplies of raw material. This is due to the fact that a number of foreign suppliers of raw material are according credit to the Austrian mills and are prepared to wait for payment. However, in view of the latest foreign exchange regulations, the National Bank will certainly be more careful to see that these debts do not become too heavy, especially as the standstill agreements of the Vienna banks and firms, which are to be prolonged with the co-operation of the National Bank, have not yet been settled. Even the old debts will bear heavily upon Austria if no help is available from abroad.

HUNGARY.

Politics — Transfer Moratorium.

(FROM OUR CORRESPONDENT.)

BUDAPEST, January 18.

PARLIAMENT reassembled after the Christmas recess on January 14th, and, in the absence of urgent business, adjourned on the following day until February 4th. The Opposition, however, which has been strengthened lately by some dissentients from the Government Party, secured the necessary 50 members' signatures asking for an earlier resumption of parliamentary business, and thus succeeded in summoning the House of Deputies for January 26th. The move of the Opposition is without political significance, and demonstrates only that at last they can convoke the House, which they have not been able to do for years, if they choose to do so. Count Károlyi, who, to the great surprise of everybody, is still in power, having successfully struggled through a none too friendly Parliament for five months, has little to fear from the Opposition. The real test for his Government will be the budget debate on the estimates for 1932-33. The financial year begins on July 1st in Hungary, and the preliminaries will probably be presented to the House of Deputies in February, when members will have to decide either to vote the unpopular measures necessary to make both ends

meef or to risk the dissolution of Parliament. The travels of Count Bethlen, who is the staunchest supporter of the present Government, have attracted considerable attention. His recent meeting with Signor Mussolini in Rome and his long talk with King Carol of Roumania, though private in character, are none the less significant, as they show that Count Bethlen's eyes are cast on the future.

As Hungary's representatives were heard at the recent meeting of the Financial Committee in Geneva, public opinion here is awaiting with great interest the first quarterly report of the League's representative, Mr Royall Tyler. According to the domestic Press, Baron Korányi, the Finance Minister, had some informal parleys with certain creditors in Geneva, and discussed the situation arising out of the transfer moratorium. Unfortunately, the provisions of the transfer moratorium, notably the priority given therein to State obligations over private debts, were resented by certain creditors, especially in America. According to the *New York Times*, the American creditors have refused to sign the standstill agreement, which has been under negotiation ever since July, 1931, covering the \$35 million short-term credits lent to Hungary, and have decided to seize Hungarian banks' balances with them. An official *communiqué* which was issued to-night by the Hungarian Standstill Committee in Budapest states that equal treatment will be afforded to all foreign creditors, and the hope is expressed that American creditors will realise that Hungary had no choice but to declare the transfer moratorium, as the National Bank could not place any more foreign exchange at the disposal of the debtors without menacing the basic financial structure of the country.

As to the priorities given to certain foreign debts, it is difficult to blame the Hungarian Government for the continuance of the 1924 State Loan service (commonly known as the League Reconstruction Loan). To this loan's service (30-35 million pengő) a great part of the Treasury receipts are pledged, so that they cannot be disposed of without the assent of the League representative resident in Budapest. Next to the League Loan, the £3.2 millions Treasury bonds issued in November, 1930, and renewed afterwards, and the £3.3 millions Treasury bonds issued in August, 1931, are to receive special consideration, because they rank after the League Loan on the pledged revenues. The interest service of these bonds amounts approximately to 12 million pengő per annum. It should be borne in mind that it is out of the proceeds of the second portion of the Treasury bonds—taken up mainly by the French Government in August, 1931—that Hungary was able to meet interest and sinking fund payment on her foreign debts from August to December, 1931. Without the French loan the transfer moratorium would have had to be declared in August, 1931, and, therefore, the American and British creditors who received interest and sinking fund service from that source could hardly object to the preferential treatment of these bonds, the service of which, incidentally, is not due until August, 1932, as interest for the first year was deducted in advance. Apart from the League Loan and the Treasury bonds, the Government is anxious to meet the service of the Hungarian pre-war rentes, commonly known as the Caisse Commune, the interest rate of which is at present 1.3 per cent. The reason for this low rate is that, under the stipulations of the Innsbruck and Paris agreements, Hungary pays only about one-third of the pre-war interest rates, which ranged from 4 to 4½ per cent. The total service of the Caisse Commune amounts to 13.5 million pengő, and its discontinuance would have deprived Hungary of the favourable settlements of the agreements described above, and would, no doubt, have caused other Succession States to suspend payment on this international loan, the service of which was only resumed in 1924 after lengthy negotiations.

Though it is not mentioned either in the Government Decree or in the appended explanations, the National Bank will, of course, not fail to transfer interest on the \$20 millions rediscount credit of the B.I.S., which has just been renewed for three months, and which serves as gold cover of the National Bank's note circulation. The

annual service of the League Loan of 1924 (interest and sinking fund) and the Treasury bonds, Caisse Commune and the B.I.S. loans (interest only) amount to 65-70 million pengő, and Hungary will have done very well if she can transfer this sum in 1932.

The preferential order on other foreign services of importance has no practical significance, because their transfer prospects are very remote. Foreign creditors will soon be obliged not to quarrel about priorities of doubtful practical value, but to co-operate in their own interest to save the financial structure of the country, temporarily upheld by the application of the provisions of the transfer moratorium. The country is collectively insolvent so far as transference of the full debt service and the thawing out of frozen short-term loans are concerned. Nothing can be more disastrous both to Hungarians and their creditors than to ignore unpleasant facts—as one cannot help feeling has so far been done—and to go on waiting for miracles. The history of the last two years has clearly demonstrated that in Hungary, as well as in other countries, the various measures taken by the Government have invariably been too late to have the desired effects. It is for the foreign creditors to see that this does not happen with the transfer moratorium, the advantages of which can only be secured if Hungary's capacity to transfer is investigated, within the next six months, by the creditors, preferably in collaboration with the League and the B.I.S. under the leadership of an unbiased chairman.

HOLLAND.

Foreign Trade — Shipping — Revenue — Money.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, January 20.

THE state of trade in the Netherlands is best illustrated by the sharp decline in our exports in December, shown, with comparisons, in the following table:—

(Million guilders).

	December. 1930.	January. 1931.	December. 1930.	January. 1931.	No vember 1931.
Imports	165	141	2,418	1,893	140
Exports	117	81	1,719	1,312	101

The steep decline in exports reflects strikingly the influence of the great difficulties which Dutch industries are encountering as a result of the currency depreciation in many countries, the high import duties in England, and the obstacles to international payments resulting from foreign exchange restrictions in Central European countries. In Austria and Hungary, in particular, the severe foreign exchange restrictions render imports almost impossible. As a result of pleas made to the Government by many classes of parties interested, a Bill is being drawn up with the object of obviating the difficulties by means of a clearing system through the Central Bank, such as has already been established in some other countries. The drafting of the Bill is understood to be well in hand.

The advisory committee under the new quota law has been constituted, and it was announced a few days ago that the Dutch Government will shortly take steps to impose quota measures on a number of articles, although possibly only for a short period. In issuing import permits to a Dutch importer for a given article under a quota Order, stocks which appear to have been bought speculatively, in anticipation of the Order, will be deducted from the permit. The movement of prices, both in the wholesale and retail trade, is to be closely observed by the committee; a rise in price would be liable to influence the quota percentage fixed for the next period.

The tariff negotiations with Belgium provide another possibility of affording some relief in the present situation. The discussions in Brussels, which are expected to lead to a satisfactory solution, are to be resumed at The Hague in a few days' time.

The Dutch Association of Shipowners has brought to the notice of the Government the great distress prevailing in Dutch shipping in consequence of the crisis. In their

appeal, based upon an inquiry among all the owners represented by the Association (comprising 96 per cent. of the entire Dutch mercantile fleet), it was pointed out that the tonnage under the Dutch flag laid up on January 1, 1930, consisted of one vessel of 3,683 gross tons, whereas at the end of December, 1931, the laid-up tonnage comprised 167 vessels, totalling 781,514 gross tons. The financial position of many of the shipping companies, in consequence of the crisis, was described as very critical. For most of the companies there is not the slightest question of profit; the heavy losses suffered can hardly be covered by reserves, and the near future is regarded as very disquieting. In conclusion, the Association pointed out that in addition to the general effects of the economic crisis, two kinds of measures adopted by other sea-faring countries are menacing the existence of Dutch shipping, namely (1) the abandonment of the gold standard in Great Britain and some parts of its Empire overseas, and in the Scandinavian and other countries; and (2) the subsidising of the national shipping in one form or another in a large number of countries, notably in France, Italy, Japan, Spain and the United States. The Association finally laid special emphasis on the great importance of Dutch shipping in the general welfare of the nation, and submitted proposals for measures which are regarded as being urgently desirable in the interests of the industry.

Activity in the building trade in the Netherlands has also suffered a reverse in consequence of the general crisis, and, as a result, a very large part of the Dutch brick industry has decided to close down entirely for three months, with the intention of then resuming operations only at a greatly reduced rate of output. This, naturally, also involves still more distress in the earthenware industry of Maastricht, for now the outlet in the home market for sanitary earthenware and wall tiling is thereby diminished too. The export outlet had already practically disappeared through the depreciation of sterling and the English import duties. The industry is accordingly invoking the assistance of the Government.

The all-round unsatisfactory state of affairs is also reflected in the State revenue. The yield for the year 1931 amounted to 452.7 million guilders, as against an estimate of 469.8 millions and a yield of 504.5 millions in 1930. To provide for cash requirements, subscriptions have again been opened for 100 million guilders' worth of Exchequer bonds, part of which funds are to serve for the redemption of Exchequer bonds and warrants falling due on February 2, 1932. The new Exchequer bonds to be issued bear interest at the rate of 4½ per cent. per annum.

SPAIN.

Stock Exchange — Budget — Crops — Banking.

(FROM OUR CORRESPONDENT.)

MADRID, January 17.

THE improvement which took place on the Stock Exchange during December was not fully maintained, and the year ended with quotations below the average for the month, although higher than those of the previous months. Political uncertainty and social troubles throughout the provinces were responsible for the reaction, but the undertone is decidedly optimistic and it is generally anticipated that the New Year will see continued improvement in conditions on the Stock Exchange.

In view of the impossibility of terminating the Budget by the end of the year, a decree has been published authorising the extension of the 1931 Budget for a maximum of three months. No new credits may, however, be authorised until the 1932 Budget has been approved by the Congress. The mere threat of an increase in the tax on motor cars has caused a large number of vehicles to be withdrawn from use, and although it is now denied that the said tax is to be increased the number of automobiles in service continues to diminish.

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The number of unemployed in Spain continues its upward trend and now exceeds 500,000. While recognising the urgency of the problem, Parliament has so far done little to mitigate this evil, the measures proposed being subordinated to the balancing of the Budget. The new Finance Minister, who is credited with being a practical business man, is averse from any attempt to "socialise" industry at the present moment and this fact has inspired confidence in banking and financial circles to an extent which makes the successful issue of Government bonds more feasible than was the case a month ago. It is not probable, however, that Señor Carner will attempt to place an issue with the public in the near future; on the contrary, he has intimated that the deficit will have to be covered principally by direct taxation. While in the present economic crisis such an increase of charges is likely to be unpopular, especially in view of the advantages obtained of late by workmen and employees, there is no doubt that taxation per head is lower in Spain than in other European countries and further sacrifices will have to be made in this direction in order to balance the Budget.

The 1932 harvest of grain is likely to be poor, as social troubles have diminished the acreage sown. The same applies to the olive crop, which is an important item in Spanish exports.

Spanish banks were able to close their balance sheets in a more happy frame of mind than had been anticipated, partly owing to the rise in the quotations of the stock held in portfolio, and partly owing to the facilities afforded by the recent ruling of the Superior Banking Council in the matter of the depreciation of their reserves. The Bank of Spain increased its dividend by 5 pesetas, but it was intimated at the last general meeting of the shareholders that this measure is exceptional and that future results may be affected by the application of the new Banking Law. The shares of the national banking institution have lately been subject to fluctuations to a degree without precedent in the history of the bank.

Among the relatively few enterprises which show excellent results in spite of the economic crisis are those connected with cinemas. The films shown during the past year were practically all imported and, as regards nationality, were divided up as follows:—United States, 260; Germany, 102; Spanish films made abroad, 43; France, 36; Spanish films made in the country, three; sundries, 56. Of the latter, the proportion of British films is deplorably low.

The Municipality of Madrid is considering a project of annexation of a certain number of villages surrounding the capital, in connection with an extensive scheme of public works which includes a circular railway round the city. It is estimated that the inclusion of these villages will increase the population of Madrid by about 150,000 and will give the capital a definite lead in this respect over

Barcelona. At the present moment the number of inhabitants in both cities is slightly over 1,000,000.

The time limit for the stamping of banknotes is again to be extended, although no date has yet been given. This limit has been extended so many times that the general public has ceased to take any interest in the matter. It is probable also that the operation does not now present the same importance for the Government, as the banknotes which were being hoarded in large quantities are now coming out of their hiding places and being deposited in the banks. The current accounts of the Bank of Spain increased by 33 million pesetas between December 26th last and January 9th, and in a lesser proportion, private banks have also benefited by the gradual return of confidence.

GREECE.

Bank of Greece — Exchange Regulations — Revenue.

(FROM OUR CORRESPONDENT.)

ATHENS, January 14.

THE yearly balance sheet of the Bank of Greece has just been published. In comparison with that of last year it presents the following differences: bank notes in circulation have decreased from 4,803 million drachmas to 4,003 million drachmas; sight deposits in drachmas from 1,728 million drachmas to 702 million drachmas, and deposits in foreign exchange from 780 million drachmas to 217 million drachmas, while deposits at fixed dates in drachmas have increased from 140 million drachmas to 1,261 million drachmas. On the other hand, the gold held by the Bank has increased from 510 million drachmas to 869 million drachmas, while foreign gold exchange has declined from 3,279 million drachmas to 1,263 million drachmas. Credits granted by the Bank increased from 182 million drachmas to 380 million drachmas. The debt of the State and investments show also a small decrease.

The loss of the Bank from the depreciation of sterling is given as 175 million drachmas. The proportion of the cover to the circulation and the sight liabilities of the Bank was 40.73 per cent. on December 31st, as against 46.11 per cent. a year ago. It has since fallen to 40.04 per cent., and is expected to be less than the legal minimum of 40 per cent. in the next statement.

Owing to this decline of the reserve, the official rate of discount was again raised on January 13th from 11 to 12 per cent. On the other hand, it is anticipated that at the forthcoming International Conference of Lausanne Mr. Venizelos will ask for financial assistance in order that the country may be enabled to continue meeting its external obligations, since the moratorium on reparations is adversely affecting the financial situation of Greece.

New regulations concerning the granting of foreign exchange for the import of goods have been issued by the Bank of Greece. The aim of these regulations is to avoid complaints of the unfair granting of foreign exchange to applicants and at the same time to prevent abnormal imports. Revenue receipts for the first ten months of the current financial year amounted to 5,964 million drachmas, as compared with 6,988 million drachmas for the corresponding period of last year.

CANADA.

Business — Coal Mining — Exchange — Trade Treaty — Imperial Economic Conference — Insurance — Legislation — Gold.

(FROM OUR CORRESPONDENT.)

OTTAWA, January 12.

CANADA has entered the New Year in a confident belief that it cannot possibly produce worse troubles and embarrassments than those of 1930. So far, the winter has been the mildest for many years, with no severe temperatures and little snowfall recorded in the Eastern Provinces, a condition which has helped to mitigate the

hardships of the unemployed. The Prairie Provinces have experienced low temperatures, but the absence of any substantial snowfall, such as would help to remove the peril of another drought, is deplored.

There is no change to report in the general business situation, and retail merchants are experiencing the effects of the usual post-holiday lull in buying. Wholesale firms are resuming their normal activities and sending out their travellers with fresh samples. In the manufacturing fields, only the footwear and textile plants profess any satisfaction with conditions, and the metal industries are very short of orders. The coal industry is in a very depressed plight, to which the mildness of the winter has contributed, and the miners in Nova Scotia are resisting a cut of 12 per cent. in wages proposed by the mineowners. The provincial Government of Nova Scotia has decided to appoint a Royal Commission to investigate the whole question of coal production and marketing in the province, and it has offered the chairmanship of the Commission to Sir Andrew Duncan, who, as the result of his service on earlier Commissions, has a thorough knowledge of industrial conditions in the Maritime Provinces. Unfortunately, the news-print industry has recently received a further setback through a fresh cut in prices by the International Paper and Power Company, and its troubles are now desperate. There is a more hopeful outlook in the mining areas other than the coalfields, and even a modest rise in the price of base metals would stimulate considerable additional activity.

The past two weeks have witnessed some improvement in the exchange situation in New York, but it still continues to worry Government and private interests which have obligations maturing in New York. The total face value of such maturities in 1932 is estimated at about 350 million dollars, and, as the New York market is now virtually closed to Canadian loans, the problem of meeting them with the additional heavy premium now demanded is not simple. The province of Manitoba recently had considerable trouble in meeting certain obligations in New York, and had to receive help from the Federal Treasury in liquidating them. Apparently other provinces have decided to follow the example of Ontario and try to raise domestic loans for the purpose of coping with their foreign obligations, as there is obviously a limit to the drain which the Federal Treasury can endure with equanimity for the succour of the provinces.

Cables from Honolulu report that the negotiations which have been in progress there between Mr Stevens, Canada's Minister of Trade and Commerce, and Mr Downie Stewart, New Zealand's Minister of Finance, have resulted in a preliminary agreement about the terms of a new commercial treaty between the two Dominions. The exact terms have not been disclosed, as they await the approval of the two Ministries concerned and will be submitted for ratification to the two Parliaments, but it is understood that Canada makes concessions to New Zealand in regard to butter, wool, meats and certain other natural products of New Zealand, and New Zealand in return restores some of the tariff privileges which Canadian manufacturers formerly enjoyed but lost when the New Zealand Government initiated fiscal reprisals for Canada's treatment of New Zealand's butter. When Mr Stevens and his experts return to Ottawa, they will address themselves seriously to the problem of adequate preliminary preparations for the approaching Imperial Economic Conference. Parliament has been summoned to meet in February, and apparently the plan of the Bennett Ministry is to prorogue in May in order that the Conference may take place in June or July, and to hold a second session in the autumn at which the tariff changes necessary to give effect to the decisions of the Conference and the railway problem could be dealt with.

Meanwhile representatives of the Canadian Manufacturers' Association were recently summoned to Ottawa and requested to survey the general tariff position and make suggestions for concessions to encourage British imports, without endangering the fortunes of domestic industries. Subsequently the executive of the Manufacturers' Association issued a statement in which they expressed the view that the Conference would have a great effect upon

Canadian trade and trade policies. It pointed out that in the past two months 42 countries had raised their tariffs, and that this increasing difficulty of entering foreign markets made it all the more important to develop more trade between British countries. The statement also asserted that the experts of the association were studying every branch of Canadian industry for the purpose of discovering what it could do to promote the success of the Conference. Meanwhile it is an open secret in Ottawa that as the result of a lengthy series of orders-in-council about fixed valuations for Customs purposes and special dumping duties, the administration of the tariff has become involved in such confusion and uncertainty that importers and Customs agents often find themselves completely baffled by its complications, and there are frequent complaints voiced by importers that their business is being slowly strangled.

There has been some anxiety about the position of a leading Canadian insurance company, and the Federal Government, acting under the emergency powers conferred upon it last session, has seen fit to amend by orders-in-council the basis upon which insurance companies licensed by Ottawa may value securities for the year ending December 31, 1931. The new regulations permit bonds and debentures, held on December 31, 1930, and not since disposed of, defaulted or intrinsically depreciated, to be given the market value of December 31, 1930; and bonds acquired since that date the value of December 31, 1931. For preferred and common stocks held on June 30, 1931, the market values are to be of that date, and for stocks acquired since that date the value is to be of December 31, 1931. The *Financial Post* of Toronto thinks there is nothing alarming in these changes, which have had four precedents in Canada in the last fifteen years and eight in the United States in the last thirty years, and declares that it is only a formal acknowledgment by the authorities that the present market values of millions' worth of bonds and stocks purchased as long-term investments do not reflect the intrinsic value of these securities. The Government has also announced that it proposes to try to cure the situation created by a recent decision of the Privy Council, which declared *ultra vires* the present Insurance Act, embodying the provisions for the Federal supervision of insurance companies, and that its law officers profess their ability to draft a statute within the legislative competence of the Federal Parliament.

Figures issued by the Department of Finance covering up to the end of November show that the gold backing behind Canada's note issue has reached the lowest ebb since the end of 1929. At the end of November the Dominion note issue totalled \$197,262,136, and against these notes \$68,623,851 worth of gold, or 34.79 per cent., was held. Now there are two statutory authorities for the issuance of notes. One, the Dominion Notes Act, requires a gold reserve equivalent to 25 per cent. of the first 50 million dollars' worth of notes issued and dollar for dollar thereafter. Under this Act notes to the value of \$104,762,036 have been issued, and the gold held against them, \$12,500,000 plus \$54,762,036, makes a total of \$67,262,036, or roughly a million and a half dollars less than the whole amount held. But a second authority exists in the Finance Act which permits the issuance of Dominion notes up to any amount against the deposit of acceptable securities. Consequently there is virtually no restriction on the issue of notes, and there can be a margin of almost any dimensions between the notes outstanding and the actual gold holdings. This margin at the end of November was roughly \$128,600,000, and according to Professor C. A. Curtis, of Queen's University, Kingston, this inflation is to a large extent indirectly responsible for the weakening of Canada's monetary situation and the departures from the gold standard which have been undertaken.

Letters to the Editor.

THE CRISIS.

TO THE EDITOR OF THE ECONOMIST.

SIR,—Sir Henry Strakosch in his interesting memorandum tells us that the fall in the general level of prices, which he, like other authorities, tells us is the "root cause" of our present economic troubles, is "in the main" due to the collection of reparations and war debts and to the payment for these in gold. He does not tell us what the other factors are which he has in mind, and his statement that the export trade of the whole civilised world has "declined sharply" gives room for doubt whether, with all due respect, he fully realises the effect on prices, anyhow in this market, of Russian exports, artificially and uneconomically stimulated by the Five Years' Plan. While the exports of this and many other countries have decreased in the last two years, Russia's exports have greatly increased, though the extent of the increase tends to be masked by the continual drop in price.

The increase of Russian imports in our market in particular has been obscured by the fact that Russian exports since the Revolution had become so uncertain until the inauguration of the Five Years' Plan that very few are detailed separately in our monthly Board of Trade returns. The annual returns for 1930, however, with their much more detailed specification, have now been published, and a study of these, along with a parliamentary reply given me by the President of the Board of Trade on July 22nd last, shows clearly the effect of Russian imports on the prices of such important commodities as wheat, barley, oats, poultry, eggs, butter, timber, oil and many other foodstuffs, raw materials and commodities partly or mainly manufactured—too numerous to mention here. The following figures are an illustration:—

AVERAGE PRICES (in shillings and decimals thereof).

Commodity.	Country.	1929.	1930.	1931.
Wheat (per cwt.)	Soviet Union ... No imports	6.1	4.5	
	Canada ...	10.4	8.6	5.2
	Argentina ...	10.09	8.9	4.8
	United States... 10.5	8.6	5.3	
Barley (per cwt.)	Soviet Union ... No imports	4.4	3.5	
	United States... 9.9	8.4	7.6	
	Roumania ... 8.5	4.8	3.8	

* Latest figures available for Soviet Union.

It is important to note that the fall in price in wheat and barley did not occur until Bank rate was well on the downward trend, and it should also be mentioned that Russian oil had begun to fall on our market as far back as 1926, and Russian timber in 1927. These four important instances, therefore, were quite unconnected with the rise in Bank rate in 1929.

The returns also make clear the scale on which we have been importing from Russia. Though she sent us neither barley nor wheat in 1929 and only a trifling quantity of oats, in 1930 she was the main importer of barley on our market, and the second for oats and wheat. To the end of November, 1931, she was actually our chief source of supply for wheat. She has become our main importer of poultry, of hewn and sawn soft timber, and one of our chief importers of oil. But many and varied are the categories in which her imports are pushing up from an insignificant place to one of importance, and elbowing out our former customers.

A study of the annual returns for 1930 and of the parliamentary reply of July 22nd makes clear the tremendous influence Russian exports to the United Kingdom have had in lowering prices here, and in causing loss not only to our home producers of like commodities, but to countries both within and without the Empire from which we are wont to buy. And no one, I think, can deny the influence which prices here, in particular of the main primary products, exercise elsewhere in the civilised world.

While, therefore, I do not wish to dispute the importance of a settlement of debts and reparations and of a more equal distribution of gold, I venture to urge that much more study be given to the question I have raised. If this be done, many, I think, will be driven to the conclusion that if prices, more especially of primary products, are to be restored in the world at large, there must be limitation on this and other important purchasing markets of the artificial and uneconomic exports caused by the Five Years' Plan.—Yours, etc.,

Blair Atholl.

January 13, 1932.

KATHARINE ATHOLL.

[We agree with the Duchess of Atholl that, as things are going, the impingement of the export surplus of the U.S.S.R.

the general problems of industrial life which are characteristic of the work as a whole.

The book nowhere plunges into great depths, its psychological basis is that of enlightened common sense, and even if it shows a tendency to repetition, it is throughout eminently clear and readable. For the lucid exposition of the principles upon which firm hopes for the future progress of mankind may be based, no less than for a sane exposure of follies such as protective tariffs in countries like Great Britain and the United States, it is to be hoped that the book will find the wide circle of readers which it merits.

BOOKS RECEIVED.

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

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

England in Palestine. By Norman Bentwich. (London) Kegan Paul, Trench, Trubner and Company, Ltd., 68-74, Carter Lane. 12s. 6d. net.

An interesting and valuable account of the development of Palestine under British administration since 1917.

The Germans at Versailles, 1919. By Victor Schiff. Translated by Geoffrey Dunlop. (London) Williams and Norgate, Ltd., 38, Great Ormond Street. 7s. 6d. net.

Writing in 1929, the author discusses very fully, from the German point of view, the events at Versailles ten years before. In his opinion, they were the expression of an insanity born of the war, and he holds that surprising progress towards mental recovery has subsequently been made.

The New York Money Market. Vol. I. Origins and Development. By Margaret G. Myers. (London) Oxford University Press, Warwick Square, 33s. 6d. net.

A handsome illustrated volume which should be of the greatest interest to students and City men. The writer has contrived to present an abundance of detail in an admirably lucid and readable manner.

Economics in the Twentieth Century. By Theo. Suranyi-Unger. Edited by E. R. A. Seligman. (London) George Allen and Unwin, Ltd., 40, Museum Street. 21s. net.

A treatise of remarkable erudition, in which the author discusses the development of modern economic theory in the German-speaking, Romance, and Anglo-Saxon countries.

Questions Relating to Manchuria. By Shuhsi Hsü. (Shanghai) Chiao-Tung University.

A short paper, prepared for last autumn's session of the Institute of Pacific relations, which is especially useful in view of recent events.

Nos Grands Financiers Contre la Nation. By Albert Aymé-Martin. (Paris) Alexis Redier, 11, Rue de Sévres. 15 francs.

An attack, in the name of the small saver, upon the abuses which, in the opinion of the author, are committed by financiers in respect of the funds entrusted to them.

Le Bilan de la Guerre pour la France. By Charles Gide and William Oualid. (London) Oxford University Press, Warwick Square. 12s. net.

A Carnegie Endowment publication in which the economic cost to France of the war is discussed and her recovery examined.

The Present Position of Monetary Science. By Sir Josiah Stamp. (Manchester) Manchester University Press, 23, Lime Grove. 1s. net.

A reprint of the Ludwig Mond lecture.

Die Ursachen des Österreichischen Agrarkrisis und deren Behebung. By Leo Gestetner and Ekkehard Hauer. (Vienna and Leipzig) Verlag von Carl Gerold's Sohn.

An analysis of the causes of agricultural depression in Austria, with suggestions for its removal.

Scritti Vari di Economia e Finanza. (Firenze) Libreria Internazionale Seeker, Via Tornabuoni, 20.

A collection of articles on a wide variety of economic subjects, ranging from "Ricardo's Letters to Malthus" to "Banking Concentration in England." The text is in Italian.

International Industrial Agreements. (London) George Allen and Unwin, Ltd., 38, Great Ormond Street. 1s. net.

A report prepared for the Economic Committee of the League by Signor Benni, Dr. Lammers, M. Marlio and M. Meyer.

The South and East African Year Book and Guide, 1932. Edited by A. Samler Brown and G. Gordon Brown. (London) Sampson Low, Marston and Company, Ltd. 2s. 6d.

A reference book for the business man, the tourist and the emigrant which offers exceptional value for the money. In addition to a wide range of information and statistics, there are also maps and a bibliography.

"England Shall Stand." By Captain C. B. Lochner. Published by the author from the Oakenshaw Private Hotel, Surbiton. 1s.

A suggestion, by a visitor from New Zealand, for the reconstruction of our monetary system on the lines of a managed currency.

International Labour Review, December, 1931. (London) George Allen and Unwin, 30, Museum Street. 2s. 6d.

Includes M. Maurette's article—discussed in the *Economist* last week—on "Is Unemployment Insurance a Cause of Permanent Unemployment?"

Saggio di Commercio Estero. By C. R. Maranzana (Crema) C. Cazzamelli di G. Cattaneo e Figli.

A treatise on foreign commerce, from the Fascist point of view. *Handbook of Labor Statistics.* 1931 edition. (Washington) Superintendent of Documents. \$1.25.

A most comprehensive book of reference, containing official statistics and reports on every aspect of labour in the United States.

The Economic Record, November, 1931. (Melbourne) Macmillan and Company, Ltd. 5s. net.

Includes, among a wide range of contributions, a review of Australian monetary policy by Roland Wilson, and an article on the reports of the sugar inquiry committee by J. M. Garland.

The Hibbert Journal, January, 1932. (London) Constable and Company, Ltd., Orange Street. 2s. 6d. net.

Includes an article by Dr. L. P. Jacks on "Our Present Need for 'the Moral Equivalent for War.'"

Great Western Ports, 1932. (London) Great Western Railway, Cardiff.

An illustrated book of reference containing full information on the facilities, traffic, charges, etc., of each port. The volume is abundantly furnished with maps.

History of the Great Western Railway. By E. T. MacDermot. Vol. I., 1833-63. 21s. net; Vol. II., 1863-1921. 10s. 6d. net. (London) Great Western Railway Company, Paddington Station.

An extremely detailed chronicle.

Grossraum-Wirtschaft. By Dr. Gurge and Dr. Grotkopp. (Berlin) Organisation Verlagsgesellschaft, Leipziger Strasse, 115/116. Rm. 7.50.

A discussion of the problems which have to be solved before European unity is attained.

The Monetary Crisis. By S. Evelyn Thomas. (London) Simpkin Marshall, Ltd., Stationers' Hall Court. 6d. net.

A pocket summary of the causes and effects of the crisis.

Income Tax Guide, 1931-32. Compiled by Charles W. Chivers. (London) Jordan and Sons, Ltd., Chancery Lane. 6d.

A simple pocket guide for the individual taxpayer.

European Bills of Exchange. By C. A. Sibley. Second edition. (London) Sir Isaac Pitman and Sons, Ltd., Parker Street, Kingsway. 7s. 6d. net.

A reference book of regulations and stamp duties.

The Gold Standard. Selected Articles. By W. H. Waller. Published by the Author at 26, Corporation Street, Manchester.

OFFICIAL PUBLICATIONS.

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

Imperial Institute: Mineral Industry of the British Empire and Foreign Countries—China-Clay (Kaolin). 1s. 6d. net.

Kenya Colony and Protectorate: Native Affairs Department, Annual Report, 1930. 3s. net.

British Commonwealth Merchant Shipping Agreement, London, December 10, 1931. Cmd. 3994. 2d. net.

The Stock Exchange.

INVESTMENT TRUSTS.

LIKE the building society and the insurance company, the investment trust company claims to secure a high degree of safety of capital for the investor by the art, or science, of "spreading" risks. In the case of the building society, this risk-spreading is confined to one class of property, and, in the case of the insurance company, more or less to loans, mortgages and fixed-interest securities. The investment trust company, however, goes further afield, and spreads its investment risks among both fixed-interest and variable-dividend securities in varying proportions. Some of its advocates have claimed that it offers the investor not only safety of capital, but the prospect of capital appreciation, as far as the market value of its ordinary stocks is concerned.

The reports of investment trust companies which are now in course of publication, covering a full year of depression, will no doubt provoke some controversy as to how far the views of their less conservative supporters must be permanently modified in the light of experience during the severest trial of investment trust principles in the present century. Two unpleasant facts must be squarely faced. First, the market values of investment trust company ordinary stocks have fallen. Second, substantial depreciation has taken place in the investments carried in the portfolios of many companies.

Taking these two points in order, we may consider, first, the present position in the investment trust market. The Actuaries Investment Index shows a decline in the index of seventeen investment trust ordinary stocks over the period from December 30, 1930, to January 12, 1932, of nearly 29 per cent. — i.e., from 84.8 to 60.4 (December 31, 1928 = 100). The following table shows the extent of the slump which has overtaken the market prices of the ordinary stocks of various leading companies—pre-war and post-war—and the relatively high yields obtainable on 1931 dividends:—

	High 1930.	High 1931.	Present Price.	Divs.	Div. Yield.
<i>Pre-War.</i>					
Army and Navy Investment def.	355½	358	275	15	5.45
British Investment def.	443	416	343	21	6.12
General Investors and Trustees ord.	322	306½	185	17	9.19
Guardian Investment ord.	211	186	159	11	6.92
Industrial and General ord.	365	327	210	18	8.57
Investment Trust def.	486	427	320	20	6.25
Mercantile Investment and General ord.	344	315	240	16½	6.87
Metropolitan ord.	407	380	323	20	6.19
U.S. Debenture ord.	264	243	187	15	8.02
<i>Post-War.</i>					
Abbotts Investment, £1 shares	18/9	15/-	9s. 6d.	4	8.42
Anglo-Celtic ord.	156½	149	94½	7½	7.94
English and New York ord.	100	85	50	5	10.00
Grange ord.	122½	73½	72	6	8.33
Independent Investment ord.	141	70	44	5	11.36
London and General ord.	102	60½	45	5	11.11
London and Holyrood ord.	120	114	92	4	4.35
Nineteen-Twenty-Eight ord.	117	93	53	5	9.43
Nineteen-Twenty-Nine ord.	103½	88	53	4	7.55

As regards the above prices and yields, it should be observed that, at the present time, the market in investment trust company stocks is in some cases of a largely "nominal" character—in other words, that a potential seller may experience difficulty in finding a buyer for a reasonable amount of stock, within a relatively short time, at anything like the quoted market price. It should not be inferred, of course, that an unduly pessimistic view is taken of the future of investment trust company "equities." The market in these stocks has always been narrow, partly because promoters of new trust companies have not infrequently placed considerable parcels of stock within a restricted circle of their own friends and connections, and partly because the companies, in the past, have taken fewer pains, possibly, than certain other types of concerns, to advertise their wares to the investing public at large.

In the recent past it has been customary to make a distinction as regards safety of capital between trusts formed in pre-war and post-war years respectively, to the dis-

advantage of the latter. It has been argued that the pre-war companies, by their conservative practice of refraining from paying out in dividends the whole of their income, have had time to build up adequate reserves to meet the abnormal depreciation in values which has fallen upon all the security markets. Further, it has been pointed out that the post-war companies, for the most part, purchased their holdings during a period of inflation of security values in this country and in America, so that their assets necessarily show larger depreciation than those of the older companies. As regards the respective ratios of reserves to issued capital, the former contention has, of course, much force; but it should not be forgotten that reserves have not been held in cash, but have been invested, and are therefore subject to the same market risks as other investments. Again, the extent of asset depreciation must depend upon the distribution of holdings, and not merely on the "age" of a given company. If a pre-war trust, for example, instead of widely distributing its portfolio in a scientific manner, had amassed disproportionately large holdings of, say, Argentine railway stocks, its assets might show, to-day, a depreciation equal to, if not greater than, that of a post-war company which had distributed its risks more evenly.

Whether certain investment trust companies should take exceptional measures to provide for the heavy depreciation of their assets by cutting dividends drastically or passing them altogether will, no doubt, become a matter for controversy as the 1931 reports are published in the next few weeks. Mr George Glasgow, author of "English Investment Trust Companies," has pointed out, in a letter to the *Times*, that the present position of the post-war investment trust companies is not without parallel. The companies which were new at the time of the Baring crisis went through exactly the same difficulties as many trust companies are experiencing to-day. Mr Glasgow instances cases where book values after that crisis were above market values for ten years, but where dividends were earned and paid throughout on the junior stocks. Some of these companies, on a hypothetical winding-up, would have shown a minus quantity for the break-up value of the junior stocks. But their stocks continued to earn and pay dividends. Mr Glasgow, in fact, rightly claims that the junior stock of an investment trust company has a market value of its own, which may be based on its position as an earner of dividends.

From this point of view it is interesting to examine certain recently published reports of various companies. In the next table, accordingly, we give an analysis of the figures of ten companies—the seven marked with an asterisk being pre-war companies—showing the book value of the investments, the present market value and percentage of depreciation, the total loan and preference capital, the total ordinary capital and the percentage of ordinary capital covered by the assets on a hypothetical winding-up:—

	Year ending	Book Value of Investments.	Market Value of Investments.	% Depreciation.	Total Loan and Pref. Capital.†	Total Ord. Capital.	% of Ord. Capital covered by Assets at Market Value.‡
(In thousands of £'s.)							
Southern Stockholders	15.9.31	1,285	735	42.7	270	1,000	46.5
Second Edinburgh*	30.9.31	1,813	1,406	22.4	1,307	300	33.0
Clydesdale*	30.9.31	2,304	1,842	20.1	1,654	400	47.0
Trans-Oceanic	31.10.31	1,368	877	35.9	945	400	Nil
London Scottish & American*	31.10.31	2,116	1,637	22.7	1,141	500	99.2
Great Northern	30.11.31	3,314	2,299	24.0	2,551	600	Nil
Omnia*	31.12.31	2,677	2,061	23.0	1,909	632	24.0
Governments Stock and Other*	31.12.31	2,281	1,673	26.6	1,621	588	8.9
Metropolitan*	1.1.32	3,224	2,839	11.9	1,894	625	151.2
N.Yorkland General*	3.1.32	1,247	794	36.2	989	240	Nil

* Pre-war companies.

† No credit is given for any surplus of current assets over current liabilities.

‡ It will be seen that the age of any company is no decisive criterion of the cover (on a winding-up basis) for its equity

stocks. Some of the pre-war companies—notably Metropolitan and London Scottish and American—emerge from this analysis very satisfactorily, but as regards others, like New York and General, and Government Stock and Other, there is little to choose in the matter of results in a comparison with the post-war concerns. An insufficient number of this group of companies give an analysis of their holdings to enable us to conclude how and where the less successful companies have been unfortunate.

Our analysis illustrates Mr George Glasgow's point that an investment trust ordinary stock which is not fully or even partially covered by assets on a hypothetical winding-up, nevertheless has a value of its own as an earner of dividends. The next table shows the amount of dividends earned and paid by the ordinary stocks of the companies whose recent reports we have been considering. The figures cover the last two financial years:—

	Net Revenue available for Ord. Stock.		Per cent. earned on Ord. Stock.		Per cent. paid on Ord. Stock.	
	1930	1931	1930	1931	1930	1931
Southern Stockholders	£ 43,959	£ 37,452	5.6	5.0	5.0	4.0
Second Edinburgh*	53,984	32,684	23.2	14.1	15.0	12.0
Clydesdale*	64,427	54,661	20.6	17.9	15.0	14.0
Trans-Oceanic	26,054	15,071	8.4	4.9	5.0	3.5
London Scottish American*	62,313	53,232	16.1	14.0	12.5	12.5
Great Northern	48,003	28,044	10.1	6.2	9.0	6.0
Omnium*	66,378	29,869	13.5	7.0	10.0	10.0
Government Stock and Other*	54,496	27,686	11.9	6.3	10.0	10.0
Metropolitan*	120,144	109,562	24.8	23.0	20.0	20.0
New York and General*	19,549	6,030	10.5	3.3	10.0	4.0

* Pre-war companies.

It will be seen that the three ordinary stocks (Trans-Oceanic, Great Northern and New York and General), whose break-up values are at present minus quantities, are, nevertheless, still covered by moderate earnings. In a final table we show the highest market prices of these stocks in 1930 and 1931, the present market prices and the yields obtainable on the basis of 1931 dividends:—

	High 1930.	High 1931.	Present Market Price.	Earnings Yield Per cent.	Dividend Yield Per cent.
Southern Stockholders ord. £1..	19/3	16/0	13/9	7.1	5.81
Second Edinburgh def.*	4/0	3/0	2/0	7.1	6.00
Clydesdale*	33/1	31/4	22 1/2	8.0	6.26
Trans-Oceanic ord.	106	74 1/2	64	7.7	5.47
London Scottish American def.* ..	221	206	185	7.6	6.76
Great Northern ord.	238	210	150	4.1	4.00
Omnium def.*	182	170	95	7.4	10.52
Government Stock & Other def.* ..	215	177	112	5.6	8.93
Metropolitan ord.*	407	380	323	7.2	6.19
New York and General ord.* ..	157	131	77	4.3	5.19

* Pre-war companies.

It will be seen that the post-war companies in this table are returning lower dividends than the old-established companies which we showed in our first table. The market, on the whole, would appear to be taking a conservative view as to prospects of a further reduction of earnings and dividends in 1932. If a larger number of companies published details as to the distribution of their investment holdings, investors could form a truer idea of the extent to which defaults, actual or potential, in interest payments on foreign securities, which came too late to be fully reflected in the accounts for 1931, will affect the figures for the present year. There is, in any case, a significant time-lag between a change for the better or the worse in general economic conditions, and its adequate reflection in the published statements of investment trust companies. The policy of the less fortunately situated companies, it may be presumed, will be mainly governed by the future extent and intensity of economic depression. For the present, it may be, they will continue to follow the precedent set by similar companies during and after the Baring crisis, and will refrain from definite measures, e.g., for a readjustment of their issued capital, so long as they find it possible to pay even small dividends on their ordinary stocks. Whether more drastic measures, in some instances, will eventually be found necessary will depend on numerous factors, bound up with the world's ability to settle its major international problems on a rational basis, which are beyond the control of the board of any individual concern.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET. ACCOUNT.
February 2. February 4.

AFTER four or five days of reactionary prices, the stock markets revived this week under the stimulus of Continental buying. No explanation was given of this turn in events other than the doubtful one of the firm stand taken by M. Laval over reparations. As usual, the international securities led the advance, Royal Dutch, Brazilian Traction, Krueger and Toll and Swedish Match being prominent. The gilt-edged market also moved upward on further talk of a possible reduction in Bank rate (which was not borne out) and a lowering of the rediscount rate of the New York Federal Reserve Bank. The improved tone in the New York Stock Exchange was also a helpful factor.

British funds suffered an early setback, but improved materially in mid-week, satisfactory income-tax returns being a favourable factor. Business showed some expansion, with War Loan and Funding in good demand. Indian loans recovered after initial weakness. The new Mauritius loan was heavily over-subscribed, and went to a premium.

Foreign bonds were relatively firm, German loans improving in mid-week. An unexpectedly strong demand arose for Czechoslovakian Eight per Cents. Brazilians enjoyed some popularity. San Paulo Coffee were active on the large surplus of resources over service requirements shown in the return for December.

Home rails were virtually unaltered by another batch of disappointing traffic returns. Argentine railways, however, derived advantage from improved gross traffic and a rally in the peso.

The Industrial market had a less satisfactory appearance at the outset. International issues, however, which opened under appreciable selling pressure, were the first to recover, buying orders being received for the Swedish issues, Brazilian Traction and Hydro-Electric on Paris and New York account. Breweries were a little better on unofficial talk of a possible reconsideration of the beer duty. Tobacco shares were assisted by the favourable Imperial Tobacco dividend announcement, to which reference is made on page 190. Textiles were dullish, pending a clarification of the main factors in an uncertain labour position. Electrical supply shares were in fair request, and newspaper shares had a sizeable recovery on provincial buying. Bank shares remained steady to firm, the published balance sheets giving a satisfactory impression. Insurance shares, however, suffered from slight profit-taking after last week's rise.

Little business was done in the oil share market at the start, but a marked recovery occurred subsequently in the leading issues. Royal Dutch and Shell advanced on Continental buying. Rubber shares were characteristically idle, the complete lack of news regarding the future of the industry and the fall in the price of rubber below 8d. tending to leave prices lower where changed. Tea shares advanced on Monday, but interest was not maintained.

The mining share market had an irregular trend with rather quiet conditions. Kaffirs fluctuated uncertainly, but eventually strengthened on a renewal of Paris interest, Central Mining and "Johnnies" being in request. A small turnover was recorded in "Chartered," but otherwise the Rhodesian market was stagnant. Tin shares were dull, after a mild accession of interest. Rio Tintos advanced sharply on Wednesday, largely as a result of Paris orders, but closed below the best.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	Jan. 14, 1932.	Jan. 15, 1932.	Jan. 16, 1932.	Jan. 18, 1932.	Jan. 19, 1932.	Jan. 20, 1932.	Jan. 21, 1932.
Government and Municipal Loans	1,472	1,447	642	1,386	1,483	1,530	1,320
Transport, Communications, and Public Utilities	808	840	348	707	621	634	670
Commercial and Industrial*	1,552	1,565	589	1,512	1,282	1,128	1,259
Banks, Insurance and Financial	544	571	174	428	411	449	351
Mines (including Nitrate)	449	441	167	464	376	294	338
Oil	141	102	47	117	59	93	112
Rubber, Tea and Coffee	133	106	22	98	83	79	63
Total	5,099	5,072	1,989	4,712	4,315	4,207	4,113

* Including iron and steel and breweries.

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

Highest of 1932. (Jan. 14.)	Lowest of 1932. (Jan. 5.)	Jan. 14, 1932.	Jan. 15, 1932.	Jan. 16, 1932.	Jan. 18, 1932.	Jan. 19, 1932.	Jan. 20, 1932.	Jan. 21, 1932.
61.2	58.8	61.2	61.1	61.1	60.9	60.8	60.5	60.5

FOREIGN STOCK EXCHANGES.

NEW YORK.

Markets opened hesitantly, with a tendency to drift to lower levels. After a day or two of unsettlement, however, sentiment rallied, and, although the volume of business remained restricted, prices turned upward till Tuesday's session, when irregularity developed in some quarters into pronounced weakness. The chief factor in the change was the progress made with the Reconstruction Finance Corporation, the acceptance by General Dawes of its presidency, and the hope that the settlement of differences of view between the Senate and the House of Representatives would permit of the Presidential signature to the Bill before the end of the week. Government bonds showed greater strength, gold withdrawals for Europe (including \$3,251,000 consigned to London) and reported European sales of American holdings exercising little or no effect on sentiment. More favourable reports of the industrial situation, evidenced by a rise of three points in the percentage of steel productive capacity employed, improved the quotations of a number of leading shares, a mild "bear squeeze" occurring in U.S. Steel. Although railroad issues participated to some extent in the better tendency, the course of the Chicago negotiations between the leaders of the companies and the unions was regarded as disappointing. The Labour representatives laid down as a definite condition of a wage reduction the production of figures affording clear evidence of the weakness of the revenue condition of particular railroads. They announced, indeed, that they could not consider a wage reduction for any other purpose than to enable the weaker roads to cover their fixed charges. The discussions were adjourned to allow of the compilation of the desired returns, though the market refused to abandon its belief in a favourable final outcome. Though New York City has obtained temporary banking accommodation, the financial plight of some of the larger cities, whose payments for unemployed relief have been considerable, remains precarious in the extreme. Commodity prices continue to show reassuring evidence of stability. Oil prices in the Mid-Continent market are still tending to rise. Freight-car loadings for the week ended January 9th were 572,593, as compared with 503,414 for the previous week, 714,251 in the corresponding week of 1931, and an average of 909,266 for the corresponding week over the seven-year period 1924-30. According to Bradstreets, business failures for 1931 reached the record total of 26,381, the aggregate liabilities being \$2,281 millions, against \$1,441 millions in 1930 and \$628 millions in 1929.

	Jan. 7, 1932.	Jan. 14, 1932.	Jan. 21, 1932.	Jan. 7, 1932.	Jan. 14, 1932.	Jan. 21, 1932.
U.S. 3 1/2% T. Bds. ...	92 1/2	92	92 1/2	Natl. Biscuit	40 1/2	43 1/2
Lb. Ln. 3 1/2% ...	96 1/2	95 1/2	96 1/2	Phelps Dodge	7 1/2	7 1/2
Do. 4 1/2% ...	99 1/2	98 1/2	99 1/2	Fullman	17 1/2	23 1/2
Do. 4 1/2% '35-38	99 1/2	99 1/2	99 1/2	Sears-Robinson	33 1/2	35 1/2
Atchafalpa	82 1/2	91 1/2	91	Studebaker	11 1/2	11 1/2
Ches. & Ohio	27 1/2	31 1/2	30 1/2	Un. Fruit	22 1/2	24 1/2
Erie	6 1/2	9 1/2	9 1/2	U.S. Leather	2 1/2	2 1/2
Illinois Central	12 1/2	16 1/2	17 1/2	U.S. Rubber	4 1/2	4 1/2
N.Y. Central	30 1/2	34 1/2	34 1/2	U.S. Steel	40 1/2	44 1/2
Pennsylvania	19 1/2	22 1/2	23 1/2	Westinghouse	24 1/2	28 1/2
Southern Pacific	28 1/2	36 1/2	35 1/2	Woolworth	40 1/2	43 1/2
Southern Ry.	9 1/2	12 1/2	12 1/2	Am. Tel. & Tlg.	115	123 1/2
Union Pacific	74 1/2	84 1/2	80 1/2	Interboro R.T.	6 1/2	8 1/2
Am. Can.	60 1/2	64 1/2	63 1/2	Int. Tel. Teleg.	8 1/2	10 1/2
Amer. Smelting	14 1/2	17 1/2	16 1/2	Radio Corp.	6 1/2	8 1/2
Anaconda	10 1/2	11 1/2	10 1/2	Utilities P. & L.	9 1/2	10 1/2
Bethlehem Steel	19 1/2	22 1/2	21 1/2	W. Union Tlg.	38 1/2	42 1/2
Chrysler Motor	13 1/2	15 1/2	14 1/2	Associated Gas "A" ..	4 1/2	4 1/2
Corn Produce Ed.	4 1/2	4 1/2	4 1/2	Pan. Amer. B.	18 1/2	18 1/2
Eastman Kodak	79 1/2	84 1/2	86 1/2	Shell	5 1/2	9 1/2
Gen. Electric (New) ..	24 1/2	25 1/2	21 1/2	Shell Union	3 1/2	3 1/2
Gen. Motors	21 1/2	23 1/2	22 1/2	Sinclair Oil	6 1/2	6 1/2
Int. Harvester	25 1/2	26 1/2	26 1/2	Std. California	24 1/2	26 1/2
Montg. Ward	9 1/2	9 1/2	9 1/2	Do. N.J.	27 1/2	29 1/2

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

	1930.		1931.		1932.	
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	Jan. 13.
337 Industrials ...	98.2	174.1	51.4	114.7	52.2	56.7
33 Rails	89.1	145.6	31.7	105.7	32.2	38.2
34 Utilities	153.2	267.4	90.6	187.6	91.8	97.9
Total, 404 stocks...	105.5	184.2	54.7	124.6	55.5	60.4
Average yield of 50 Industrial Common Stocks	4.15%	5.95%	9.37%	5.11%	9.29%	8.48%

(Continued on page 188.)



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

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LONDON ACTIVE SECURITY PRICES AND YIELDS.

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

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

Prices Year 1930.	Prices Year 1931.	Name of Security.	Price Jan. 13, 1932.	Price Jan. 20, 1932.	Rise or Fall.	Present Yield.	Prices Year 1930.	Prices Year 1931.	Name of Security.	Price Jan. 13, 1932.	Price Jan. 20, 1932.	Rise or Fall.	Present Yield.
High- est.	Low- est.					£ s. d.	High- est.	Low- est.					£ s. d.
59 1/2	52 1/2	60 1/2	49 1/2				59 1/2	52 1/2	60 1/2	49 1/2			
54 1/2	52 1/2	57 1/2	47 1/2				54 1/2	52 1/2	57 1/2	47 1/2			
103 1/2	104 1/2	104 1/2	93 1/2				103 1/2	104 1/2	104 1/2	93 1/2			
106 1/2	102 1/2	108 1/2	93 1/2				106 1/2	102 1/2	108 1/2	93 1/2			
96 1/2	85 1/2	97 1/2	78 1/2				96 1/2	85 1/2	97 1/2	78 1/2			
102 1/2	98 1/2	102 1/2	93 1/2				102 1/2	98 1/2	102 1/2	93 1/2			
103 1/2	100 1/2	103 1/2	93 1/2				103 1/2	100 1/2	103 1/2	93 1/2			
97 1/2	91 1/2	98 1/2	85 1/2				97 1/2	91 1/2	98 1/2	85 1/2			
105 1/2	100 1/2	104 1/2	90 1/2				105 1/2	100 1/2	104 1/2	90 1/2			
69 1/2	61 1/2	70 1/2	57 1/2				69 1/2	61 1/2	70 1/2	57 1/2			
49 1/2	40 1/2	46 1/2	29 1/2				49 1/2	40 1/2	46 1/2	29 1/2			
59 1/2	54 1/2	55 1/2	41 1/2				59 1/2	54 1/2	55 1/2	41 1/2			
90 1/2	86 1/2	86 1/2	55 1/2				90 1/2	86 1/2	86 1/2	55 1/2			
106 1/2	100 1/2	106 1/2	94 1/2				106 1/2	100 1/2	106 1/2	94 1/2			
109 1/2	104 1/2	110 1/2	90 1/2				109 1/2	104 1/2	110 1/2	90 1/2			
99 1/2	87 1/2	99 1/2	87 1/2				99 1/2	87 1/2	99 1/2	87 1/2			
95 1/2	76 1/2	85 1/2	58 1/2				95 1/2	76 1/2	85 1/2	58 1/2			
95 1/2	86 1/2	96 1/2	75 1/2				95 1/2	86 1/2	96 1/2	75 1/2			
106 1/2	102 1/2	106 1/2	97 1/2				106 1/2	102 1/2	106 1/2	97 1/2			
105 1/2	101 1/2	105 1/2	92 1/2				105 1/2	101 1/2	105 1/2	92 1/2			
105 1/2	101 1/2	104 1/2	92 1/2				105 1/2	101 1/2	104 1/2	92 1/2			
92 1/2	70 1/2	80 1/2	46 1/2				92 1/2	70 1/2	80 1/2	46 1/2			
105 1/2	99 1/2	102 1/2	81 1/2				105 1/2	99 1/2	102 1/2	81 1/2			
92 1/2	70 1/2	81 1/2	48 1/2				92 1/2	70 1/2	81 1/2	48 1/2			
104 1/2	99 1/2	105 1/2	82 1/2				104 1/2	99 1/2	105 1/2	82 1/2			
98 1/2	93 1/2	100 1/2	85 1/2				98 1/2	93 1/2	100 1/2	85 1/2			
89 1/2	82 1/2	88 1/2	53 1/2				89 1/2	82 1/2	88 1/2	53 1/2			
105 1/2	100 1/2	105 1/2	87 1/2				105 1/2	100 1/2	105 1/2	87 1/2			
96 1/2	81 1/2	98 1/2	33 1/2				96 1/2	81 1/2	98 1/2	33 1/2			
61 1/2	51 1/2	56 1/2	29 1/2				61 1/2	51 1/2	56 1/2	29 1/2			
113 1/2	108 1/2	112 1/2	83 1/2				113 1/2	108 1/2	112 1/2	83 1/2			
92 1/2	74 1/2	83 1/2	36 1/2				92 1/2	74 1/2	83 1/2	36 1/2			
87 1/2	62 1/2	75 1/2	28 1/2				87 1/2	62 1/2	75 1/2	28 1/2			
99 1/2	94 1/2	99 1/2	79 1/2				99 1/2	94 1/2	99 1/2	79 1/2			
55 1/2	27 1/2	52 1/2	33 1/2				55 1/2	27 1/2	52 1/2	33 1/2			
69 1/2	54 1/2	70 1/2	55 1/2				69 1/2	54 1/2	70 1/2	55 1/2			
115 1/2	109 1/2	113 1/2	78 1/2				115 1/2	109 1/2	113 1/2	78 1/2			
82 1/2	78 1/2	86 1/2	77 1/2				82 1/2	78 1/2	86 1/2	77 1/2			
96 1/2	81 1/2	87 1/2	58 1/2				96 1/2	81 1/2	87 1/2	58 1/2			
80 1/2	70 1/2	85 1/2	66 1/2				80 1/2	70 1/2	85 1/2	66 1/2			
92 1/2	73 1/2	76 1/2	35 1/2				92 1/2	73 1/2	76 1/2	35 1/2			
100 1/2	94 1/2	102 1/2	70 1/2				100 1/2	94 1/2	102 1/2	70 1/2			
21 1/2	19 1/2	31 1/2	20 1/2				21 1/2	19 1/2	31 1/2	20 1/2			
21 1/2	20 1/2	30 1/2	20 1/2				21 1/2	20 1/2	30 1/2	20 1/2			
109 1/2	99 1/2	106 1/2	53 1/2				109 1/2	99 1/2	106 1/2	53 1/2			
90 1/2	68 1/2	81 1/2	37 1/2				90 1/2	68 1/2	81 1/2	37 1/2			
93 1/2	86 1/2	93 1/2	59 1/2				93 1/2	86 1/2	93 1/2	59 1/2			
104 1/2	100 1/2	104 1/2	73 1/2				104 1/2	100 1/2	104 1/2	73 1/2			
104 1/2	98 1/2	103 1/2	72 1/2				104 1/2	98 1/2	103 1/2	72 1/2			
96 1/2	91 1/2	111 1/2	83 1/2				96 1/2	91 1/2	111 1/2	83 1/2			
102 1/2	96 1/2	102 1/2	77 1/2				102 1/2	96 1/2	102 1/2	77 1/2			
92 1/2	82 1/2	104 1/2	74 1/2				92 1/2	82 1/2	104 1/2	74 1/2			
94 1/2	82 1/2	98 1/2	78 1/2				94 1/2	82 1/2	98 1/2	78 1/2			
106 1/2	98 1/2	104 1/2	83 1/2				106 1/2	98 1/2	104 1/2	83 1/2			
92 1/2	77 1/2	86 1/2	52 1/2				92 1/2	77 1/2	86 1/2	52 1/2			
107 1/2	101 1/2	104 1/2	94 1/2				107 1/2	101 1/2	104 1/2	94 1/2			
88 1/2	77 1/2	89 1/2	39 1/2				88 1/2	77 1/2	89 1/2	39 1/2			
96 1/2	81 1/2	76 1/2	75 1/2				96 1/2	81 1/2	76 1/2	75 1/2			
19 1/2	7 1/2	10 1/2	4 1/2				19 1/2	7 1/2	10 1/2	4 1/2			
89 1/2	73 1/2	80 1/2	45 1/2				89 1/2	73 1/2	80 1/2	45 1/2			
94 1/2	74 1/2	84 1/2	24 1/2				94 1/2	74 1/2	84 1/2	24 1/2			
106 1/2	99 1/2	107 1/2	96 1/2				106 1/2	99 1/2	107 1/2	96 1/2			
106 1/2	99 1/2	107 1/2	96 1/2				106 1/2	99 1/2	107 1/2	96 1/2			
100 1/2	87 1/2	95 1/2	63 1/2				100 1/2	87 1/2	95 1/2	63 1/2			
101 1/2	96 1/2	101 1/2	83 1/2				101 1/2	96 1/2	101 1/2	83 1/2			
103 1/2	98 1/2	105 1/2	97 1/2				103 1/2	98 1/2	105 1/2	97 1/2			
69 1/2	60 1/2	71 1/2	37 1/2				69 1/2	60 1/2	71 1/2	37 1/2			
105 1/2	98 1/2	107 1/2	94 1/2				105 1/2	98 1/2	107 1/2	94 1/2			
111 1/2	104 1/2	112 1/2	87 1/2				111 1/2	104 1/2	112 1/2	87 1/2			
93 1/2	75 1/2	77 1/2	52 1/2				93 1/2	75 1/2	77 1/2	52 1/2			
94 1/2	62 1/2	69 1/2	38 1/2				94 1/2	62 1/2	69 1/2	38 1/2			
13 1/2	15 1/2	19 1/2	13 1/2				13 1/2	15 1/2	19 1/2	13 1/2			
94 1/2	80 1/2	84 1/2	58 1/2				94 1/2	80 1/2	84 1/2	58 1/2			
97 1/2	81 1/2	94 1/2	64 1/2				97 1/2	81 1/2	94 1/2	64 1/2			
73 1/2	54 1/2	55 1/2	25 1/2				73 1/2	54 1/2	55 1/2	25 1/2			
75 1/2	67 1/2	68 1/2	34 1/2				75 1/2	67 1/2	68 1/2	34 1/2			
79 1/2	72 1/2	77 1/2	57 1/2				79 1/2	72 1/2	77 1/2	57 1/2			
32 1/2	21 1/2	23 1/2	9 1/2				32 1/2	21 1/2	23 1/2	9 1/2			
96 1/2	83 1/2	66 1/2	36 1/2				96 1/2	83 1/2	66 1/2	36 1/2			
96 1/2	83 1/2	66 1/2	36 1/2				96 1/2	83 1/2	66 1/2	36 1/2			
25 1/2	20 1/2	24 1/2	17 1/2				25 1/2	20 1/2	24 1/2	17 1/2			
88 1/2	38 1/2	51 1/2	15 1/2				88 1/2	38 1/2	51 1/2	15 1/2			
100 1/2	64 1/2	71 1/2	27 1/2				100 1/2	64 1/2	71 1/2	27 1/2			
83 1/2	46 1/2	55 1/2	21 1/2				83 1/2	46 1/2	55 1/2	21 1/2			
89 1/2	61 1/2	65 1/2	29 1/2				89 1/2	61 1/2	65 1/2	29 1/2			
85 1/2	49 1/2	46 1/2	19 1/2				85 1/2	49 1/2	46 1/2	19 1/2			
58 1/2	37 1/2	46 1/2	15 1/2				58 1/2	37 1/2	46 1/2	15 1/2			
71 1/2	64 1/2	71 1/2	63 1/2				71 1/2	64 1/2	71 1/2	63 1/2			
10 1/2	16 1/2	4 1/2	1 1/2				10 1/2	16 1/2	4 1/2	1 1/2			
76 1/2	28 1/2	29 1/2	11 1/2				76 1/2	28 1/2	29 1/2	11 1/2			
43 1/2	17 1/2	22 1/2	5 1/2				43 1/2	17 1/2	22 1/2	5 1/2			
32 1/2	28 1/2	29 1/2	23 1/2				32 1/2	28 1/2	29 1/2	23 1/2			
85 1/2	77 1/2	70 1/2	32 1/2				85 1/2	77 1/2	70 1/2	32 1/2			
96 1/2	86 1/2	90 1/2	56 1/2				96 1/2	86 1/2	90 1/2	56 1/2			
59 1/2	55 1/2	54 1/2	42 1/2				59 1/2	55 1/2	54 1/2	42 1/2			
4 1/2	1 1/2	1 1/2	1 1/2				4 1/2	1 1/2	1 1/2	1 1/2			

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Jan. 13, 1932.	Price, Jan. 20, 1932.
Central Electricity Board 5% "A" Stk.	...	...	96-98	96-98
Cole (B. K.) Ord. 5/-	5/-	...	12/6-13/3	15/6-16/3x
Do., 7% Red. Pref. £1	£1	...	15/3-16/0	16/-
Electrical Finance Co. 5½% Debts.	...	...	10/-	10/-
Electricity Supply New Ord. £1	...	...	10/-	10/-
Galloway Water Power 5% Deb. 1947-91	...	...	10/-	10/-
Groveton Prop. Mines	...	...	10/-	10/-
London and Thames Haven Oil New Ord.	...	...	10/-	10/-
L.G.O. New 5% Inc. Deb.	...	...	10/-	10/-
Metropolitan Electric Supply New Ord. £1	...	...	10/-	10/-
Midland Counties Electric Supply New Ord. £1	...	...	10/-	10/-
Ord. £1	...	...	10/-	10/-
Odhams Press New 7% "B" Deb.	...	...	10/-	10/-
Savory and Moore 7½% Deb.	...	...	10/-	10/-
Tilling (Thos.) New Ord. £1	...	...	10/-	10/-
Westminster Electric New Ord.	...	...	10/-	10/-

(Continued from page 185.)

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

Highest of 1932 (Jan. 14).	Lowest of 1932 (Jan. 5).	Jan. 13, 1932.	Jan. 14, 1932.	Jan. 15, 1932.	Jan. 16, 1932.	Jan. 18, 1932.	Jan. 19, 1932.	Jan. 20, 1932.
68.8	68.0	67.9	68.8	68.7	67.1	65.6	65.3	66.3

TOTAL DEALINGS IN NEW YORK.

	Jan. 15, 1932.	Jan. 16, 1932.	Jan. 18, 1932.	Jan. 19, 1932.	Jan. 20, 1932.	Jan. 21, 1932.
Stock Exchange—Shares (Thous.)	1,600	700	1,400	1,100	1,200	1,200
Bonds (Value Thous. \$)	15,065	7,076	14,646	10,151	10,600	10,958
Curb—Shares (Thous.)	240	137	200	180	220	240

* 2-hour session.

CANADA.

The Canadian stock markets opened the year in hesitant mood, but quickly regained a measure of vitality in sympathy with New York. It was held that the establishment of President Hoover's Reconstruction Finance Corporation and an improvement in grain prices would help the general business situation all over North America. The recovery was not spectacular, but most issues experienced a steady rise, including Canadian Pacific, Brazilian Traction, Ford Canada "A", Goodyear Tire preferred, International Nickel, and some of the oil issues. Numerous stocks are now above their "pegged" level, and in some cases the "pegs" have been withdrawn. Trading, however, has remained light in volume, and one result of the request of the Government for the cessation of the purchase of foreign securities has been the development of a free "street market" in "pegged" and "banned" stocks. The bond market has been firmer, and the mining market has shared in the revival of interest.

	Nov. 3, 1931.	Nov. 25, 1931.	Jan. 20, 1932.
Albitri Power & Paper	33	34	22
Bank of Montreal	12	11	13
Brazilian Traction	9	7	7
Canadian Pac.	7	7	6
Canadian Cement	2	2	1
Can. Indus. Alcohol "A"	1	1	1
Canada Power & Paper	6	5	5
Cochran Flow	...	...	...

PARIS.

After the buoyant tone of last week a rush of profit-taking occurred on Monday, and wiped out many of the previous gains. Sentiment subsequently tended to become erratic and nervous, although fresh buyers appeared to steady the market at the lowest levels. The publication of the text of the French declaration of current policy did not help sentiment. On Wednesday, however, renewed buying occurred of the more popular issues, particularly German bonds, bank shares, and electrical and chemical shares. Suez Canal were strong, and Tintos advanced sharply, but an all-round reaction occurred on Thursday which took Bank of France and other issues well below the best of the week.

	Jan. 14, 1932.	Jan. 18, 1932.	Jan. 21, 1932.
Bank of France	11,925	11,615	11,850
Ord. L. Lyonnais	1,820	1,752	1,762
Suez Canal	13,710	13,525	13,650
Chargeurs Réunis	206	235	227
Rio Tinto	1,430	1,325	1,360
Royal Dutch	13,050	12,700	12,750

AMSTERDAM.

Apathetic conditions ruled early in the week, prices generally trending downwards on a marked absence of support. Royal Dutch, Unilever, Philips Lamps and Amsterdam Trading were all marked lower, and the bond market remained listless. In mid-week, however, more activity developed. Rubber shares became firmer, and tobacco shares recovered their earlier losses. In the industrial market, small advances were fairly well distributed.

	Jan. 14, 1932.	Jan. 18, 1932.	Jan. 21, 1932.
5½% German	39	37	38
Unilever N.V.	115	106	106
Philips Lamps	93	85	87
Netherlands Ship Union	69	63	63
Java Outfitter	127	125	124

OTHER CENTRES.

Irregular conditions ruled on the other European bourses. At Stockholm bonds opened strong, and bank shares were favoured on the satisfactory reports for 1931. Kreuger and Toll were also more active. A heavy profit-taking reaction marked the opening of the Brussels Bourse, but a firmer tone supervened. Milan rallied after initial depression. Changes in unofficial quotations in Berlin had an irregular appearance. Dye Trust was done at 84.50 (against 84.75), Siemens at 116.00 (against 114.75), General Electric at 31.50 (against 33.25), and Reichsbank at 85.75 (unchanged).

INVESTMENT NOTES.

Stock Exchange Management.—Much interest has been aroused this week, writes a "House" correspondent, by the announcement of the retirement from the Stock Exchange of five partners in the large stockbroking firm of Buckmaster and Moore. The resigning parties, it is announced, will set up an investment banking business outside the "House" under the style of O. T. Falk and Company, while the three remaining partners of the firm will continue business on the Stock Exchange under the same title as before. A certain extraneous interest attaches to the decision as a result of the involuntary publicity secured some months ago by a circular to the firm's clients, which expressed a forthright opinion as to the relative merits of British and American stocks, made to the firm's client, and also by reason of the personality and reputation of some of the retiring partners, one of whom, for instance, is a well-known polo player, while another is a son-in-law of the late Lord Oxford. More important, however, is the bearing of the decision on certain questions of Stock Exchange membership and control. During the present century various firms, from time to time, have resigned their Stock Exchange membership in order to practise allied branches of business unshackled by the rules and regulations of the Stock Exchange. The "House," incidentally, stands within a couple of months of the end of its financial year. Its £36-paid shares are quoted at 152. Nominations, which fell recently to £170, and rose three years ago to £1,800, now stand at about £200. It may appear to the outsider somewhat anomalous that, although the Stock Exchange has been in being, in its present premises, for well over a century, the amount of "service" given by the Stock Exchange to its members has not appreciably increased during the last fifty years. Expenses have risen, in the meantime, and entrance fees, subscriptions and office expenses are much higher, while salaries and everything appertaining to Stock Exchange business, may be said to have increased in price by at least 50 per cent. *Per contra*, the rules of the "House" have been tightened up, increased difficulties have been thrown in the way of those who deliberately attempt to defraud or hood-

wink the "House" and the public, and telephone facilities are better, as, indeed, they are in practically every business. On the other hand, the scale of commissions, which has frequently been accused of being anomalous and lop-sided, has been altered a little here and a little there, but nothing has been done determinedly to readjust and rearrange charges admittedly inconsistent and perplexing. The method of voting for the Committee remains the same as always, although many members have not hesitated to declare their conviction that a whole-time paid Committee is necessary to the maximum efficiency in Stock Exchange affairs. Again, there is no guarantee fund, which, incidentally, might enable the Stock Exchange to show a firmer front vis-à-vis the banks on the "split commission" question. There is an impressive consensus of agreement that the real *fons et origo* of these complaints is the present Deed of Settlement, decades old, which stands in the way of every major attempt to modernise Stock Exchange methods. The Deed can be altered only by the consent of members who are also shareholders. Such an announcement as has been made this week may cause many members seriously to ask themselves whether the "House" should be content merely to await the time when, by mere effluxion of old members, and their substitution by others who hold, compulsorily, a fixed number of shares, the question of reform can be seriously considered.

Australian and New Zealand Stocks.—A disparity continues to be shown between the yields obtainable on Australian and on New Zealand stocks, the prices of the latter standing, on an average, about 10 points above those of Australian stocks. Improving Australian conditions, however, and the determination of the new National Government to rid itself of all budgetary deficits are tending to change market sentiment. The latest monthly bulletin of the National Bank of Australia even suggests that the trade depression in Australia may have passed its lowest point. Unemployment has fallen, a wheat harvest of 170 million bushels is expected, and higher prices are being obtained at the wool auctions. The visible trade balance for the last five months has been favourable to the extent of nearly £12 millions sterling. The return of the National Government has eliminated two possibilities which had oppressed the market, namely, currency inflation and political control of banking. The possibility of an Australian default is no longer discussed. The external interest requirements of the Commonwealth, State Governments and the public authorities are now about £31½ millions (allowing for the war debts holiday), and the exchange pool requires the Commercial Banks in London to credit the Commonwealth Bank with £3 millions per

month out of the funds accruing to Australian nationals. New Zealand has now formed an exchange pool on similar lines. The service of the New Zealand external Government debt amounts to £8 millions per annum and that of the public authorities to less than £1 million per annum. New Zealand exports for the first nine months of 1931 amounted to £27.2 millions and imports to £19.0 millions, leaving an export surplus of £8.2 millions. If the exchange pool gives priority to Government claims over commercial debts, as is the case with the Australian, there is no doubt that ample cover will be provided for the New Zealand external debt. The next table shows the comparative prices and yields obtainable on New Zealand and Australian stocks at the end of last year and to-day:—

	Prices, Dec. 31, 1931.	Jan. 21, 1932.	Flat Yield %
New Zealand 5% 1949	88	93	5 8 0
Australia 5% 1935-45	78½	84½	6 0 6
New Zealand 3½% 1940	78	79	4 9 0
Victoria 3½% 1929-49	63	65	5 9 0

Although Australian stocks had enjoyed a considerable recovery this year, New Zealand stocks have simultaneously responded to the formation of the exchange pool, so that no lessening of the disparity in the yields on the two classes of stocks has resulted.

Defaulting States and Municipalities.—During the past year the "black list" of States and municipalities which have failed to meet their external obligations has rapidly lengthened. At a time when financial integrity hinges even more on ability than inclination, it may be of interest to record which States and cities have already fallen by the way. In the following table an attempt is made to show some of the most important municipal defaulters at the present time, together with the chief loans concerned:—

Name of Municipality.	Description of Loan.
Antofagasta	5% Sterling Loan 1914.
Bahia	5% Loan 1912.
Bello-Horizonte (Brazil)	6% Bonds 1905.
Budapest	4% Sterling Bonds.
"	4½% Loan 1914.
Lima	Prov. Council 5% Bonds.
Manaos	5½% Sterling Bonds.
Mexico	5% Sterling Bonds.
Para	5% Sterling Bonds 1905.
"	5% Funding 1915.
"	6% Treasury Notes 1919.
Pelotas	5% Sterling Loan 1911.
Pernambuco	5% Sterling Bonds.
Rio de Janeiro	4½% Cons. Sterling Loan 1912.
"	Ext. 6½% Secured Loan 1953.
"	4½% Cons. Sterling Loan 1912.
"	(Fed. Dist.) 5% Gold Bonds.
Valparaiso	5½% Water Board 1912.



DISTRICT BANK

LIMITED

Established 1829.

HEAD OFFICE: Spring Gardens, MANCHESTER

LONDON OFFICES: 75 Cornhill, E.C.3
West End Branch: 46 Old Bond St., W.1

LIVERPOOL OFFICE: 3 Water Street

FOREIGN DEPARTMENT:
13 Spring Gardens, Manchester
2 Castle Street, Liverpool
76 Cornhill, London, E.C.3TRUSTEE DEPARTMENT:
13 Spring Gardens, Manchester
46 Old Bond Street, London, W.1

400 BRANCHES. AGENTS EVERYWHERE

Subscribed Capital £9,796,000	Paid-up Capital £2,212,000
Reserve Fund £2,000,000	Deposits £50,322,360
Total Assets	£56,722,109
	31st December, 1931

Current and Business Accounts.

Home Safes Issued.

Savings Accounts opened.

Travellers Cheques and Circular Letters of Credit issued payable throughout the British Isles and abroad. Every description of Foreign and Colonial business transacted.

The Bank acts as Executor and Trustee either alone or with an individual.

Below we give a list of some defaulting States and the loans upon which service is in arrears:—

Name of State.	Description of Loan.
Alagoas ...	5% Bonds.
Bahia ...	5% Gold Loan 1904.
" ...	5% Gold Loan 1913.
" ...	5% Funding 1915.
" ...	5% Funding 1928.
Brazil ...	(See text.)
Bolivia ...	7% Loan 1927.
" ...	7% Loan 1928.*
" ...	Ext. 5% Sinking Fund Bonds.†
Ceara ...	8% Secured Ext. Bonds 1922.
Chile ...	(See text.)
China ...	(See text.)
Corrientes ...	6% Gold Loan 1910.
Egypt ...	(See text.)
Mexico ...	(See text.)
Para ...	5% Gold Bonds.
" ...	5% Sterling Bonds 1907.
" ...	5% Funding 1915.
Peru ...	(See text.)
Rio de Janeiro ...	5½% Conversion Loan Bonds.
" ...	7½% Sterling Bonds 1927.
Russia and Southern States of U.S.A. ...	(See text.)

* Coupon "postponed." † Partial default.

The outcome of the negotiations between the Ethelburga Syndicate and the State of Bahia was outlined in last week's *Economist*, when it was indicated that the State had deposited 1,189 contos of reis with the Bank of London and South America on account of interest on the English loans. Brazil announced in October last that interest on her external loans could no longer be paid in cash, except on the 5 per cent. funding loan of 1898 and the 5 per cent. funding loan of 1914, and that funding bonds in two series would be issued against outstanding loans. Chile recently declared a moratorium on all her external debts. Mexico has just signed an interim agreement with the International Committee of Bankers postponing the beginning of annuity payments, as decided by previous agreements, until 1934. The position in China has gone from bad to worse during the past few months, the Salt loans and all but one of the railway loans being in arrears. Discussions with regard to the service of the Egyptian external debt have not so far resulted in any definite decision. Peru defaulted in April last after prolonged political disturbances, while the Uruguayan Government has just asked Parliament to sanction a moratorium on the country's foreign debt. Among Brazilian municipalities, the City of Santos has deferred payment of interest and sinking fund till June, 1933, interest on the 7 per cent. consolidated sterling loan of 1927 being paid in local currency into a Brazilian bank. The City of Niotheroy has decided to make payments in sterling rather than in dollars. In the meantime, the long-standing disputes regarding the foreign obligations of the Soviet Government and of eight states of the U.S.A. appear to be no nearer settlement. The debt position of the Central European States is in a condition of flux, and the extent of the unfulfilled obligations of these countries may not be clear for some few weeks. Further "default" statistics are reproduced in a "Note" on page 167.

Boot and Shoe Company Results.—If the accounts of those footwear manufacturers and traders which have so far been made public may be regarded as a fair sample, the industry would seem once again to have vindicated its reputation for stability of earnings. Of the three companies whose results we summarise below, two have maintained their ordinary dividend rate while showing slightly reduced net profits. The third, Weber and Phillips, has reduced its distribution from 12½ per cent. to 10 per cent. as a precautionary measure, but has transferred £9,000 to reserve.

Name of Company.	Date of Balance Sheet.	Net Profit.	Pref. Div.	Ord. Div.	Rate %	Other Allocations.	Inc. or Dec. in Carry-forward.
Stead and Simpson	31.xii.30 31.xii.31	£45,487 £45,259	9,794 9,794	14,000 14,000	10 10	20,000 10,000	+ 1,693 + 11,465
William Timpson	31.xii.30 31.xii.31	71,496 69,130	20,394 19,735	33,796 32,706	15 15	12,500 12,500	+ 4,806 + 4,189
Weber and Phillips	31.xii.30 31.xii.31	22,216 21,895	...	23,250 18,600	12½ 10	2,000 9,000	- 3,034 - 5,705

The report of Stead and Simpson declares that lower prices and restricted purchasing power have affected the turnover, but economy in all departments has enabled the profits to be maintained. The balance sheet reveals a not over-liquid position, but reserves total £303,226, and are equal to the issued share capital. The report of William Timpson states that in order to enable the company's subsidiary (Timpson's Properties) to repay the whole of the mortgages on its properties, the directors took up 34,000 further £1 fully-paid shares for cash at par, and lent to that company £7,000 at interest. William Timpson has a capital reserve of £108,367, which is augmented annually under the articles of association. Weber and Phillips value their "shares in a subsidiary company" at a figure which calls forth a comment from the auditors, but they hold £85,000 of 5 per cent. War Loan, and appear to be amply provided with liquid reserves. Their 10s. ordinary shares, at 9s., yield about £11 15s. per cent.

Jute Industries.—Another unsatisfactory report has been issued by Jute Industries, Limited, the post-Armistice Dundee combine, for the year ending September, 1931, although the loss for the year (£8,086) is smaller than that of the previous year (£36,498). On an average the mills operated in the last financial year at only 39 per cent. of full capacity. The policy of the Board has been to close the less efficient units and to concentrate the orders available in the lowest cost units. In spite, however, of these efforts to reduce the cost of production, it has been impossible to run plant economically on the small amount of orders available. As no useful purpose has been served by keeping the manufacturing companies in existence as separate entities, they have been liquidated voluntarily, the opportunity having been taken of writing off bad debts. The chairman, in his speech to shareholders on January 18th, stated that the company had benefited very little so far from the suspension of the gold standard, owing to the lack of purchasing power in foreign countries. Exchange restrictions in South America and elsewhere had also been an adverse factor. The jute trade had suffered for many years, he said, from Calcutta competition, but the company had been almost immune owing to the finer class of goods which it made. Imports from the Continent before 1931 had never been of large dimensions, but shipments in the first six months of last year had been in excess of the highest yearly total recorded during the last ten years. The chairman, naturally, hailed with joy the emergency tariffs recently placed on jute carpets, and also derived encouragement from the greater activity in the woollen carpet trade, the base of most carpets being composed of jute. The greatest need of the jute industry, however, he declared was to cheapen its costs of production. The average rate of wages paid per hour to-day was still more than 100 per cent. above the pre-war level. The debt balance carried forward by the company at September 31, 1931, was £36,789. The company's capital consists of £1,500,000 in 8 per cent. non-cumulative preference shares of 10s. and £150,000 in ordinary shares of 2s., and was reduced in 1929.

B.A.T. and Imperial Tobacco.—At the annual meeting of the British American Tobacco Company, on Monday last, Sir Hugo Cunliffe-Owen tempered frankness over the trials of "the most difficult year that he could remember" with a modicum of hope for the future. Sir Hugo dwelt feelingly on the tendency of Governments to seek financial relief by taxing tobacco and cigarettes, the fluctuations in exchange and the decline in the purchasing power of Eastern countries following the collapse in the value of silver. On the other hand, he declared, the prices of all commodities that the company used, including leaf tobacco, had fallen substantially, and the replacement of stocks at lower prices largely accounted for the fact that they appeared in the balance sheet at £1,377,959 less than last year. Sir Hugo's relative cheerfulness was emphasised a few hours later by the announcement by the Imperial Tobacco Company of a final dividend of 8 per

cent. and a bonus of 7½ per cent., tax free, making a total distribution for the year to October 31st last of 22½ per cent., tax free, against 23½ per cent., tax free, for 1930. The statement also indicated that £500,000 would be carried to general reserve (as last year), and that £1,278,000 (against £1,190,538) would be carried forward. Allowing for changes in taxation, the figures suggest that the company's profits have been very close to those of 1930. The dividend was, if anything, better than market expectations, and the £1 ordinary shares rose to £4. At this price their yield is about £5 16s. 6d. per cent., tax free.

Leyland Motors.—This large commercial vehicle manufacturing company announces a decline in trading profits of nearly 24 per cent. for the year to September 30th last. Net profit is struck after the inclusion of certain non-recurring items, £52,985 being allowed for an amount of directors' remuneration written back and £6,384 for profit on the sale of investments. The net figure then stands at £305,083, as compared with £366,250. The ordinary dividend rate is halved at 10 per cent. :—

Year to September 30th.	1929.	1930.	1931.
Gross profit.....	£758,295	£690,172	£525,172
Net profit	559,374	366,245	305,083
Brought forward	44,573	159,347	66,011
6% preference dividend.....	9,600	9,300	9,000
7½% preference dividend	315,000*	130,781†	42,188
Ordinary dividend—			
Amount	Nil	139,500	67,500
Paid %	Nil	20	10
Reserve	120,000	180,000	150,000
Carried forward	159,347	66,011	95,406

* Seven years to December 31, 1927.

† Including all arrears.

The balance sheet shows stock in trade at £973,159, against £949,477. A liquid position is disclosed, debtors being £580,290 and cash £219,701, while outstanding liabilities are no more than £430,727. At 32s. 6d., the £1 ordinary shares yield about £6 11s. per cent.

Gestetner and the American Market.—D. Gestetner, Limited, the well-known manufacturers of duplicating machines and other office equipment, have suspended operations in the United States market. An American subsidiary was organised in the autumn of 1929 in the belief that such a venture would be profitable in a market attuned to the advantages of highly efficient business equipment, and, therefore, specially qualified to appreciate Gestetner products. Unfortunately, as the chairman stated in his speech at the last general meeting, on September 30th, the actual start coincided with the original Wall Street break. At the end of one year's operations the cost of the American venture appeared in the balance sheet of the parent company at £20,000. The indications at the time were that the peak of the depression had been passed, and it was decided to continue an aggressive sales campaign in the belief that perseverance would bring success. Unfortunately, these hopes were not borne out. Depression increased, and the parent company's last balance sheet allotted the sum of £75,000 towards the maintenance of an efficient sales organisation in the United States throughout a year when the company's business there was greatly handicapped. In his speech at the last general meeting, Mr Sigmund Gestetner described a working agreement that had been made with the Remington Rand Company, one of the biggest American operators in the same field. According to this arrangement Gestetner products and salesmen were to be distributed among the two hundred branches of the Remington Rand Company throughout the United States, and a mutual interchange of business leads and contracts was provided for. Whether this arrangement did not prove successful, or whether, proving successful, it failed to stimulate the company's business in the American market sufficiently is not known, but the Gestetner Company, it is understood, has decided to withdraw from America. One of the directors of the

company recently returned from a visit to the United States and announced the disposal of the company's patent rights in that country to the A. V. Vick Company. Business, he stated, was too bad for them to feel well advised to proceed further with a venture which, striking against the adverse side of the wheel of fortune, had cost the company £100,000.

The Rubber Position.—The rubber market is becoming somewhat discouraged as the weeks pass without official news of any definite progress as regards output restriction negotiations, and the spot price of the commodity has fallen this week below 3d. a pound. For rubber shareholders the story of last year was largely one of hope deferred. According to the securities index of *The Investors' Chronicle*, representative rubber company shares declined from 56.7 at the end of December, 1930 (December 31st, 1923=100), to 30.0 at the end of August last, and showed a modest recovery to 42.3 by the end of the year. The market, indeed, is waiting upon the world's statesmen to resolve major economic problems whose solution is a necessary condition of the revival of general prosperity, of which the price of rubber, in the last resort, is a function. The abandonment of the gold standard has afforded British growers a certain differential advantage in competition with producers in the Dutch areas. In the main, however, the epitaph on the year just past in the rubber plantation industry should be that in it the gods did little to help the industry and the industry did even less to help itself. The world's total shipments, as estimated by Messrs S. Figgis and Company, were 3.3 per cent. below the figures for 1930, which, in turn, were 4.3 per cent. below those for 1929. But the reduction was entirely insufficient to bring production anywhere near a balance with consumption, which Messrs S. Figgis estimated at 669,000 tons. The detailed figures for the last five years are shown:—

Exported from—	1927.	1928.	1929.	1930.	1931.
Ceylon (excluding re-exports)	56,000	58,000	80,500	75,600	62,300
Malaya, etc. (including re-exports)	371,000	409,000	577,000	544,400	517,800
Java (direct shipments)	53,000	57,000	63,500	67,500	75,000
Sumatra (East Coast), direct shipments	59,000	60,000	66,000	65,000	69,000
Other N.E.I. ports, direct shipments	10,000	23,000	27,500	26,500	31,000
India, Burma, Fr. Indo-China and B.N. Borneo*	18,000	19,000	18,500	17,500	15,000
Total	567,000	626,000	833,000	796,500	770,100

* Direct shipments.



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The inelasticity of supply is attributable to the decision of many directors, who have reduced costs to a low figure, to tap their most prolific areas rather than to put their estates on a care and maintenance basis. Demand from two countries—Russia and Japan—actually showed a large increase last year, and absorption in Great Britain, contrary to expectation, was maintained at rather more than the 1930 figure. The financial burden of carrying the additions made last year to the world's "surplus" of rubber, however, has chiefly been shouldered by America, who has increased her visible stocks by over 120,000 tons in the last twelve months. Her stocks, it is significant to note, are mainly of raw rubber, not of manufactured goods. Her inventories of tyre covers and tubes actually declined from 19,202,000 to 16,621,000 during the first ten months of 1931. A revival in American industry, would, therefore, be quickly reflected in increased demand from the large tyre manufacturers, but it is by no means certain that even a moderate rise in rubber prices would not reveal the existence of a significantly large "reserve" of productive capacity on the plantation side. Apart from the untapped capacity of British and Dutch estates, Messrs Figgis believe that the native grower in Malaya and the Dutch East Indies has now adjusted himself to the low price of rubber. He does not appear likely to be forced out of production, and it is difficult to get correct information regarding the assertion that his trees have suffered from over-tapping. Though there appears to have been little fresh planting of rubber during 1931, the heavy plantings of 1924-28 are coming progressively into bearing, and Messrs Figgis estimate that the area held by natives and Asiatics generally now exceeds that in European ownership, the figures being put at 4 million acres and 3½ million acres respectively.

Tea Position.—Although the year 1931 was one of the least profitable for tea producers in the annals of the trade, the commodity at least escaped the disastrous conditions which afflicted producers in the rubber plantation industry. Tea shares in the London market declined steadily during the first eight months of the year, rose on the average by approximately 25 per cent. in September and October, declined again, and finished at approximately the lowest point for the year. These movements broadly followed the price of the commodity, which slumped badly in the spring, after the decision to rescind the reconstruction scheme which had been operative in 1930, and the flooding of the London market in June by large quantities of Ceylon tea diverted from its normal outlet in Australia owing to the latter's economic collapse and the imposition of increased Customs duties. Early in July the London average sales' price for Northern Indian teas touched the low level of 7.58d. per pound, as compared with production costs of about 9d. shown by the most favourably situated of all the Indian producing companies in 1930. Fortunately, this level did not last long, and by the end of September the London average had touched 1s. 3.74d. per pound, while the Ceylon average had recovered from a low point of 10.28d. to 1s. 6.57d. by the middle of October. The later stages of the rise were associated with abnormal purchases in anticipation of a possible reimposition of a tea duty in the British September Budget. Costs on the gardens have been stringently reduced, wages, for example, being now at a subsistence minimum, but it is doubtful whether many even of the best producers in Assam and the Hill districts of Ceylon are making profits, while in Cachar and Sylhet, where the competition of supplies from the Dutch East Indies is keenly felt, the whole industry is probably working at a loss. Shareholders in tea companies, indeed, still have before them the possibility of lean times. The gap between world supply and demand, however, remains smaller than in the case of many other industries, and a world revival would probably find the market responsive to a moderate quickening of demand. Whether the conditions of even a few years ago can be expected to recur, even under a considerably improved world trade regime, is another matter, in view of the incalculable effect on the market, in the future, of permanently increased supplies of tea from Dutch sources.

Ashanti Goldfields.—Our mining correspondent writes: This West African enterprise goes from strength to strength. Not even the most sanguine of the general body of shareholders could have anticipated that the share bonus of a year ago would within twelve months be followed by another—at a lower nominal rate than before, but upon an increased capital. In our Note covering the report for 1929-30 the conclusion was arrived at that the dividend for 1930-31 might conservatively be calculated at 80 per cent. The actual total is 90 per cent. Two months ago the directors made a new departure in declaring a second interim distribution, the amount being 20 per cent. The final of 30 per cent., together with the scrip bonus of one in three, is included in the price of the shares—now just under 40s. The further expansion in last year's earnings arose from a trinity of favourable factors: the increase in both the tonnage of ore milled and in the average yield, concurrently with a reduction in the cost ratio. Pension and benevolent funds receive £15,000, against £13,000; and in place of the £30,000 last year transferred to an exploring account, £30,700 is now applied in writing down to market value the company's holding of Government stock. The latter stands at £343,500. A five-year comparison is appended:—

	Year ended September 30.				
	1927.	1928.	1929.	1930.	1931.
Net profit	£ 141,437	£ 163,440	£ 203,584	£ 320,560	£ 422,510
Brought forward	111,799	83,236	59,176	63,260	48,410
Ordinary dividends:					
Amount paid	125,000	137,500	162,500	250,000	337,500
Earned per cent.	56.5	65.3	81.4	120.8	112.7
Paid per cent.	50	55	65	100†	90‡
To reserve	45,000	50,000	37,000*	78,000*	47,280*
Carried forward	83,236	59,176	63,260	48,410*	86,140

* Including Pensions and Benevolent Fund.
† With capital bonus of 50%.
‡ With capital bonus of 33½%.

The one part of the report which may arouse mild disappointment is the ore reserves position. At 667,400 tons the quantity shows a growth of 59,800 tons, but the difference appears to be accounted for by the inclusion of low-grade material formerly unpayable. To this may be, in part, attributed the shrinkage of 1.6 dwts. to 23.1 dwts. in the average value. As regards the prospects for the current year, it may be taken that the decline in the value of the ore reserves will be more than counterbalanced by the gold premium. The latter in December contributed nearly £23,000 towards the total net profit of £58,000. The Ashanti is taking a leading part in the financing of the resuscitated Bibiani, which is considered by the joint consulting engineer to possess the "makings of a mine."

Mining Trusts and Depreciation.—The annual statements of two mining finance concerns issued during the past week exhibit the feature of substantial realised profits swallowed up by depreciation on investments. In the case of the Fanti Consolidated, the revenue exceeded the 1930 total by £28,600, the sum of £44,450 being this time contributed by the difference on realisation of investments as against nothing previously. But the net profit of £70,200, together with the small balance brought forward, and £10,000 from reserve, falls to be applied towards depreciation on holdings. The latter still figure at £531,600, against a valuation of £467,900. In respect of 1930 a dividend of 6d. per 8s. share was disbursed. The principal changes in the portfolio comprise a substantial reduction in the amount of African Manganese debenture stock and of South-West Africa shares; the acquisition of £25,000 Rhodesian Anglo-American debentures, and an increase in the number of Bwana M'Kubwa and "Chartered" shares. In the case of the second undertaking—the Rand Selection Corporation—the operating profit amounts to £150,400, a decrease of £88,600 on the year. Taxation calls for only £3,070, against £29,800; but a further £200,000 falls to be written off the shares of interests held. This rather more than

wipes out the year's earnings, together with £42,500, the balance of the share premium account, leaving £92,500 to go forward, or £10,200 less than brought in. The balance sheet at September 30th shows surplus assets to the tune of about a million and a half; but the amount of actual cash is negligible. The chief interests of the Corporation are in the Eastern Rand gold-mining enterprises, De Beers and the Diamond Corporation of Rhodesia. The first-named are faring pretty well; but the rest are under a cloud. In respect of 1929-30, a dividend of 10 per cent. was paid.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies: Barclays Bank, Barclays Bank (Dominion, Colonial and Overseas), Alexanders Discount, Union Discount Company of London, National Building Society, British American Tobacco, S.T.D. Motors, Michael Nairn and Greenwich, Liebig's Extract of Meat, and British American Tobacco. Presiding at the annual meeting of Alexanders Discount Company, Mr C. F. Campbell said that since the abandonment of the gold standard high money rates had naturally been followed by a heavy fall in the price of gilt-edged securities, so that the position of discount companies had not been easy. The one redeeming feature had been the better margin they had obtained between money rates and bill rates in the second than in the first six months of the year. At the annual meeting of the National Building Society, the chairman said he was proud to know that, whereas two years ago the National was among the first twelve of the fifty larger building societies, it was now the fourth, having total assets of £17 millions. Reference is made to the meeting of the British American Tobacco Company in a Note on page 190 of this issue.

CAPITAL ISSUES.

A single public issue has been made this week, on behalf of the *Mauritius Government*, in the form of a 5 per Cent. Stock repayable 1951-71, and offering, at the issue price of 98½, a running yield of £5 1s. 6d. per cent. and a yield, presuming redemption on the latest date, of £5 1s. 9d. per cent. The proceeds are to be used for reconstruction of property damaged in the hurricane of March last. The loan is fully guaranteed by the British Treasury, and, as a trustee issue, offers an attractive yield, even at the present depressed level of Gilt-edged prices. Its amount, being relatively small, was actually subscribed between three and four times, and dealings opened at par to a small premium.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Total recorded, January 1 to January 16, 1932, excluding conversions, £223,375.
Total recorded, January 1 to January 16, 1932, including conversions, £223,375.

National Savings Certificates.
Net receipts, January 1 to January 16, 1932, Dr. £800,000.
Total net receipts, April 1, 1931, to January 16, 1932, £3,300,000.

	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscription.	First Payment.	Further Liability.
To the Public.					
Mauritius Government, £600,000 5% guaranteed stock, red. 1951-Aug. 1, 1971, issued at 98½%	600,000	...	591,000	60,000	531,000
Total offered to public, week ended January 23, 1932.....	600,000	...	591,000	60,000	531,000
To Shareholders only.					
Nil	Nil	Nil	Nil	Nil	Nil
Total Offered for Subscription—					
Including Conversions.	£	£	£	£	£
Jan. 1 to date—	14,375†	14,375†	1931	114,290,666	102,044,291
1932	9,395,013	8,423,870	1930	454,888,784	267,800,700
1931	6,527,460	6,527,460	1929	488,764,940	285,239,400
1930	52,463,741	39,553,741	1928	693,100,056	369,058,073
1929	...	104,913,970	1927	...	355,165,970
1928	...	89,470,654	1926	...	230,782,600
1927	...	25,438,504	1925	...	232,214,500
1926	...	14,362,040	1924	...	209,326,101
1925	...	...	...	...	...

† Total offered £814,375 less excess of encashments over sales of National Savings Certificates, £800,000.

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—	£	£	£	£
1932	14,375	Nil	Nil	14,375
1931	6,753,357	338,571	1,331,942	8,488,870
1930	5,007,725	650,000	229,735	6,037,460
Whole year—				
1931	74,835,599	6,911,859	20,296,833	102,044,291
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	98,881,400	355,165,600
1926	145,180,000	39,393,200	46,209,400	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	Nil	...	Nil
Protectorate of Northern Rhodesia, 5% stock, 1950-1970, £100,000 at 94%	94,000	96½	96,500
Total to date, 1932	94,000	...	96,500
Total to date, 1931	2,456,375	...	2,502,632

Mauritius Government.—Issue of £600,000 5 per cent. guaranteed stock, 1951-71, at £98½ per cent. The principal and interest is guaranteed by the British Treasury. If not previously redeemed, the stock will be repaid at par on August 1, 1971, but the Mauritius Government reserve the right to redeem the stock at par, in whole or part, on or after August 1, 1951, on three months' notice. The issue is made to provide funds for the reparation of hurricane damage.

Particulars of the following have been issued "for information only" with a view to Stock Exchange introduction. **Herts and Essex Waterworks Company.** Particulars of £25,000 5 per cent. debentures, redeemable at par on January 1, 1962, or at the option of the company on or after January 1, 1957, at par on six months' notice.

Further Stock Exchange information, including the latest summary of balance sheets, traffic returns, reports and notices, profit and loss accounts and dividend announcements, will be found on page 209 under the heading "Company News."

OIL OUTPUTS.

BRITISH CONTROLLED OILFIELDS, LTD.—Production for the week ended January 13th: Venezuela, 29,073 barrels; Trinidad, 37,516 barrels; total, 66,589 barrels.

THE MEXICAN EAGLE OIL COMPANY, LTD.—Production for the week ended January 9, 1932, was 234,000 barrels.

TAMPICO OIL, LTD.—The total production on the company's properties in Mexico during December was 17,944 barrels, in respect of which the royalty due to Tampico Oil, Ltd., amounted to 1,346 barrels.

TRINIDAD LEASEHOLDS, LTD.—Oil produced during September, 18,600 tons; oil purchased during September from other companies, 55,550 tons. Oil produced during October, 16,550 tons; oil purchased during October from other companies, 64,300 tons. Produced during November, 13,050 tons; purchased during November from other companies, 45,900 tons. Produced during December, 13,650 tons; oil purchased during December from other companies, 47,200 tons.

VENEZUELAN OIL CONCESSIONS, LIMITED.—Production for the week ended October 24th was:—Bolívar District, 81,399 m. tons; Maracaibo District, 9,578 m. tons; total, 90,977 m. tons. Production for the week ended November 7th was:—Bolívar district, 84,529 m. tons; Maracaibo District, 8,627 m. tons; total, 93,156 m. tons. Production for the week ended November 14th was:—Bolívar district, 82,917 m. tons; Maracaibo district, 9,396 m. tons; total, 92,313 m. tons. Production for the week ended November 21st was:—Bolívar District, 83,333 m. tons; Maracaibo District, 8,838 m. tons; total, 92,171 m. tons. Production for the week ended November 28th was:—Bolívar District, 84,341 m. tons; Maracaibo District, 8,351 m. tons; total, 92,692 m. tons. Production for the week ended December 5th was:—Bolívar District, 85,800 m. tons; Maracaibo District, 7,844 m. tons; total, 93,644 m. tons. Production for the week ended December 12th was:—Bolívar district, 84,671 m. tons; Maracaibo district, 8,019 m. tons; total, 92,690 m. tons. Production for the week ended December 19th was:—Bolívar district, 82,111 m. tons; Maracaibo district, 8,737 m. tons; total, 90,848 m. tons. Production for the week ended January 2nd was:—Bolívar district, 84,538 m. tons; Maracaibo district, 7,825 m. tons; total, 92,363 m. tons. Production for the week ended January 9th was:—Bolívar District, 84,678 m. tons; Maracaibo District, 7,562 m. tons; total, 92,240 m. tons.

.COMPANY MEETINGS, &c.

BARCLAYS BANK LIMITED.

YEAR OF WORLD WIDE DEPRESSION.

MAINTENANCE OF DIVIDENDS.

THE GERMAN DEBTS.

INTERNATIONAL TRADE AND TARIFFS.

GREAT BRITAIN AND OVERSEAS INVESTMENTS.

The thirty-seventh ordinary general meeting of the shareholders of Barclays Bank, Limited, was held, on the 21st instant, at Southern House, Cannon Street, London, E.C.4, Mr Frederick Crauford Goodenough (the chairman of the bank) presiding.

The Chairman, who was received with cheers, said:—My Lords, Ladies and Gentlemen,—I will call upon the secretary to read the notice convening the meeting and the certificate of the auditors which appears at the foot of the balance sheet that has been submitted to you.

The Secretary (Mr W. N. Seeley) then read the formal notice convening the meeting and the report of Messrs. Kemp, Chatteris, Nichols, Sendell and Company, and Messrs Price, Waterhouse and Company.

The Chairman: My Lords, Ladies and Gentlemen,—I propose with your permission to take the report and accounts as read. (Agreed.)

Before I proceed to deal with the ordinary business of the meeting, I wish to make special reference to the very sudden death of the deputy-chairman, Sir Herbert Hambling, Bart., which occurred on Tuesday morning last without warning of any kind. We all have a feeling of profound regret at the loss which we have sustained, but all those who knew him will feel thankful that he was spared any suffering or illness. Sir Herbert Hambling rendered great service to the bank as deputy-chairman during the last thirteen years, since he joined our board upon our taking over the London Provincial and South Western Bank. He was a man of great ability and experience as a banker, and he had a remarkable career, having entered the London and South Western Bank at the bottom of the ladder when he was a boy, and, subsequently, made his way to the position which he lately held. He gained well-earned distinctions through the services which he rendered during and since the war. He was a man of very lovable character, and, speaking on my own behalf and that of my colleagues, we greatly deplore his death.

I wish, also, to refer to the retirement of Sir James Smith, who decided to relinquish his seat on the board, as well as the chairmanship of our local board at Birmingham, on the ground of advancing years. His decision has been received with great regret, and I desire to place on record our appreciation of his valuable services to the bank, both in Birmingham and in London.

Mr William Henry Wiggin, D.S.O., has succeeded Sir James Smith as chairman of the local board in Birmingham, and we have also elected him to a seat on the board; his name will be duly submitted to you for confirmation.

I am also pleased to inform you that we have appointed during the year two additional general managers, namely, Mr Anthony William Tuke and Mr Norman Shillingford Jones.

THE PROFIT AND LOSS ACCOUNT.

As you will see from the report and profit and loss account in your hands, the net profit for the year ended December 31st last amounted to £1,794,825 4s., to which has to be added the sum of £559,363 12s. 6d. brought forward from the preceding year, making a total sum to be dealt with of £2,354,188 16s. 6d. During the first half of the year the profit earned by the bank was a somewhat low figure, but in the latter half the position in that respect was more satisfactory. This has enabled us, after providing out of the profits of the year for all debts considered to be doubtful and not already fully provided for in previous years, to make an addition of £200,000 to our contingency account and at the same time to maintain our dividend. The directors declared interim dividends of 10 per cent. per annum on the "A" shares and 14 per cent. per annum on the "B" and "C" shares, less income tax, for the half-year ended in June last, and they now recommend to the shareholders the payment of final dividends at the same rates on the respective classes of shares. Out of the profits for the year, therefore, after making these appropriations, there remains a balance of £565,950 0s. 5d. to be carried forward, which is slightly more than the amount brought in from 1930. Taking the results of the year as a whole, I think that the shareholders will feel that

these have been very satisfactory, and they would have been even better but for the need of making large provision for doubtful accounts.

The shareholders will notice that in respect of the interim dividend, the bank is bearing the cost of the extra 6d. in the £ in income tax, imposed in the supplementary Budget in September last.

All debts known to be bad have been written off, either out of the profits earned during the past year or out of profits which had been set aside in previous years to provide for the debts now written off, which were then considered to be doubtful, and, in addition, all debts now considered to be doubtful have been amply provided for.

THE INVESTMENTS.

The investments of the bank stand in the balance sheet at or below their market price on December 31st last, full provision for depreciation having been made out of the investment reserve account. After a setback in February, there was a substantial rise during the early part of the year in the market price of British Government securities and gilt-edged investments generally, largely as the result of the low rates then prevailing for money, and this gave us a large unrealised margin between the market value and the book value of our holdings. In the latter part of the year, owing to sales which took place from abroad and to the altered monetary conditions, there was a heavy decline in these securities, and a depreciation between the book value and the then market value of our investments. This depreciation, as I have already stated, has been met out of investment reserve account, to which we have credited for many years past the profits realised on sales of investments from time to time, as well as profits on maturing bonds as they were paid off. The shareholders will recollect that in the years 1925 and 1926 we added substantial amounts to the reserve fund out of investment reserve account.

PREMISES ACCOUNT.

I will now refer to the premises account, which stands in the balance sheet at the sum of £6,749,581 1s. 10d., being an increase of £429,434 18s. 10d. as compared with a year ago. This increase is due to the acquisition of new premises in many localities, chiefly in and around London, where we have found it necessary to open new branches for the purpose of following the development of business in those parts. It also includes a portion of the cost of the alterations and extensions now being made to our head office buildings, to which I referred in my speech to the shareholders a year ago. Part of the outlay has been added to the premises account, and a substantial portion has been written off out of profits. We have also added to the premises account the cost of the freehold of certain other portions of our head office premises, which we considered it advisable to purchase, and it is our intention shortly to rebuild on those portions. Some of this rebuilding will be paid for out of profits and the balance will be added in due course to the premises account, which will therefore show a further increase at the end of this year. Our head office premises stand in our books at a safe figure, and the premises account, taken as a whole, represents a very conservative valuation.

The shareholders will realise from what I have just said and also from my remarks on previous occasions, that in addition to setting aside to investment reserve account special profits of the character which I have mentioned, we also constantly make transfers out of the ordinary banking profits for the purpose of creating reserves to meet bad and doubtful debts and other contingencies. It is, of course, understood that dividends can only be paid out of the profits of the year after making provision for losses and depreciation out of profits or reserves. I think that it will be agreed that many of the assets of a bank are liable to fluctuate in value with the credit of its customers, and, in the case of investments, with market conditions, so that it is essential that a bank should build up and maintain strong reserves. I feel confident that the shareholders will fully

endorse the policy which the directors have consistently maintained, both in regard to dividends and also reserves, which policy, I venture to think, has fully justified itself in the difficult times through which we are now passing.

THE GERMAN DEBTS.

I wish to refer, at this stage of my remarks, to the German debts, in which we, in common with other banks all over the world, are interested. We hold certain Treasury bills issued by two of the States in Germany, where we have important banking connections. These bills will certainly, in our opinion, be paid, although the repayment will be delayed, owing to the difficulty of obtaining the necessary foreign exchange, which is one of the chief problems of the Reichsbank at the present time. In addition to these bills, we have granted accommodation on ordinary banking lines to some of the leading German banks and to a few private firms for trade purposes between the two countries. There is apparently an idea that the banks in this country have lent large sums of money to Germany for purposes of development of one sort or another and often unwisely. I do not think that such is the case. So far as we ourselves are concerned, with the exception of the Treasury bills mentioned, all our advances are granted solely for financing trade. We feel confident that these debts should be regarded as good, and that they will be liquidated in due course as soon as the exchange difficulties have been overcome, whatever may be the result of the forthcoming negotiations in regard to German war debts. Should, however, the German position turn out badly, which we do not anticipate, then, besides our reserve fund, we have other substantial surplus reserves sufficient to meet any contingency that might occur.

THE WORLD FINANCIAL CRISIS.

I will now refer to the long series of catastrophic events which occurred during the past year in many widely different parts of the world, and to the effect which they have had upon the general economic situation and upon the conditions in the London Money Market. There have been banking failures in many countries, the suspension of payments by Governments, currency and credit difficulties, and, in more than one instance, a moratorium for the payment of commercial and financial debts, besides other disturbing factors of a far-reaching character, unprecedented in number and magnitude.

I will not attempt to enumerate these events in detail, they being already a matter of common knowledge.

So far, however, as the London Money Market is concerned, in the first half of the year, money was, on the whole, plentiful and the Bank of England Rate, which, at the commencement of 1931, was 3 per cent., was reduced in May to 2½ per cent., whilst the Bank of England's stock of gold was substantially increased. In July, a rapid change occurred, and a feeling of nervousness and want of confidence led to very large withdrawals of gold, mainly to France, but also to other countries, where banks were taking steps to strengthen their liquid resources. As a result of these losses, the Bank rate was raised to 4½ per cent. by July 30th last. The inability of the Reichsbank to provide exchange for the repayment of German commercial and financial foreign debts, which eventually led to the conclusion of the Moratorium for short-term obligations, had the effect of holding back payments due from Germany in the ordinary course of business. The reaction of these developments on other centres, including the shortage of money through the non-receipt of German payments, caused a selling of sterling securities, which always have a ready market, and the consequent fall in the price of British Government securities was probably one of the reasons for the lack of confidence in sterling, which was accentuated by the serious budgetary position disclosed by the Report of the Committee on National Expenditure. An attempt was made by the British Government and the Bank of England to strengthen the position of sterling, with the help of credits arranged in Paris and New York, but, ultimately, on September 21st last, the Gold Standard was suspended and the Bank of England rate was increased to 6 per cent. with the object of checking inflation and any speculative tendency in industrial securities. Before the end of the year, however, the Bank of England was very helpful towards making comfortable conditions in the Money Market by buying bills. Several other countries have since adopted a similar decision to ourselves and have suspended the Gold Standard, partly with the object of protecting themselves against any undue loss of foreign trade, owing to the altered economic situation. These countries include Northern and Southern Rhodesia, Sweden, Norway, Denmark, Finland, Portugal and Japan, whilst many parts of the British Empire, the currencies of which had been already based on sterling, followed Great Britain. In many other countries the exchange regulations are so drastic that their currencies cannot be considered to be effectively on the Gold Standard.

SOUNDNESS OF BRITISH BANKS.

The foregoing remarks give a brief outline of the many difficulties which have been encountered and have had to be dealt with during the past year, and I think that it may be regarded as a matter for congratulation that British Government securities did not suffer an even greater depreciation than actually happened, as the result of the heavy sales that took place from abroad. There is no doubt that the ready marketability of sterling securities throughout this period of crisis proved a most remarkable and satisfactory feature. I think also that the strength, reliability and soundness of the British banks may be regarded as having been an important factor in the situation, enabling them not only to meet the requirements of the crisis, but also to stretch out a helping hand in many directions, both at home and abroad, which was of immense service to the country at that time.

The immediate cause which brought about this chapter of disasters has been undoubtedly the fall in gold prices of commodities, and it is possible that this fall may now be checked as the result of so many countries having been driven off the Gold Standard. The fundamental causes, however, are to be found in the problems of tariffs and the payment of War Debts and Reparations, which latter are about must soon be again considered at an International Conference. In this regard, there is good ground for hope, owing to the fact that there is now a much wider understanding and appreciation on the part of all Governments concerned, of the issues which are involved, and this understanding has undoubtedly produced a much better feeling between them. There is certainly a great desire on the part of the American and French Governments to endeavour to solve the problems so as to meet the situation and to help to restore the world as a whole to a sound economic basis. I feel satisfied myself that it is the desire of the French Government to co-operate in this important matter, although they have naturally their own interests to consider. If France should see her way to make a gesture to the world as great as that contained in the Balfour Note, it would, in my opinion, lead the world a long way towards the settlement of its economic problems. Having regard to existing tariff barriers, full payment under the Young Plan is clearly impossible of achievement, and, therefore, any final settlement must involve goodwill and sacrifice.

THE BRITISH TRADE POSITION.

I will now turn to our trading position, which is of special interest, owing to the recent changes in our economic situation as the result of the suspension of the Gold Standard, and of the alteration in our fiscal system. It will be understood that in the case of the latter, there has not yet been sufficient time for the full effect to be ascertained. The tendency will obviously be to curtail imports. In regard to the former, some benefit has accrued to certain industries as the result of the depreciation of sterling, but it has been less than was anticipated, due partly to the high tariffs and other restrictions imposed abroad and partly to the departure of other countries from the Gold Standard. There has been a considerable improvement in the cotton and woollen industries and in certain other directions, assisted, to some extent, by the political differences between China and Japan and the boycotting of Japanese goods by the former. There have also been signs of somewhat greater activity in internal trade, accompanied by a reduction in unemployment, and altogether there is generally a rather more hopeful feeling in regard to the outlook.

Speaking in terms of value, imports and exports for the year 1931 were substantially lower than for the preceding year, but the falling off in the value of the exports was much more pronounced than in the case of the imports. The lower level of prices, particularly of imports, was an important cause of this decline, which is confirmed by the statistics prepared by the Board of Trade, which show that the volume of imports was slightly greater than in 1930; on the other hand, the volume of total exports was about 21 per cent. lower. The reduction in exports in both value and volume is not surprising when we remember the almost prohibitive tariff barriers and other restrictions which have been raised by certain countries, with the object of excluding the entrance of foreign-made goods. The existence of these tariff barriers, especially those erected by creditor nations, also explains, in part, why the volume of our imports has been maintained at so high a figure. Many debtor countries, in order to obtain funds for the settlement of their international obligations, have been compelled to use every endeavour to sell their goods abroad, and as, until recently, Great Britain was the most important free trade country, their efforts have been mainly concentrated upon British markets. Instead, however, of using the sums received from the sale of these goods in the purchase of commodities from Great Britain, they have expended them in satisfying the debts due to other foreign creditors, largely because the latter have been unwilling to accept payment in goods and have established trade barriers. The general fall in prices has added greatly to the burden of all debtor countries, whose

commitments of principal and interest payments have been thereby greatly increased in terms of goods, and this has been an additional cause of the high level of imports sold in British markets. Moreover, it is important to understand how imports have been stimulated by the inflation of credit arising out of too large a fiduciary issue. As a result, much harm has been done to our industrial interests, and an immense amount of money has thereby been lost.

TARIFF BARRIERS.

I think it is necessary to realise the extent to which the difficulties of all kinds which are now experienced in the settlement of international debts have been caused by the tariff barriers imposed by creditor nations, and why it became necessary, in many instances, to restrict the free import of foreign goods into this country, for it was essential that, to meet the exigencies of the moment, we should safeguard our own interests and prevent the exploitation of our market by other countries to the detriment of ourselves. It becomes increasingly clear that, looking to the future, it would be wholly impossible to substantial reparation and war debt payments to continue to be made otherwise than in goods, which must therefore be allowed free access to the creditor countries (which have hitherto been receiving payment largely in gold) for their own use and consumption.

Setting aside the considerations of the moment, it is evident, from the position to which international trade has been reduced during the last two years, that the traditional free trade policy of Great Britain as a great creditor nation was justified, and that the unreasonably high protectionist attitude adopted by other creditor nations is doing immense harm. To-day many debtor nations are in actual default, whilst others are only meeting their engagements with great difficulty. These developments are due, to a considerable degree, to the unwillingness of certain of the principal creditor countries of the world to accept payment in the only form in which debts can now be paid, that is to say, in goods. The alternative method, of making payment in gold, has become virtually impossible, owing to a very large part of the available stocks of monetary gold being now concentrated in the hands of the United States and France. Unless some means can be found for gold to be circulated more freely it would seem that gold to be circulated more freely, it would seem that gold will no longer be capable of being put to its normal use as a basis of currency and credit and as a measurement of world prices. In that case, gold will lose its value and those countries must inevitably be faced with enormous losses.

INDUSTRIAL AND TRADING INTERESTS.

It is now more generally recognised that the industrial and trading interests of the world are better served by the greatest possible encouragement being given to the exchange of goods for goods, and that there is little advantage to be gained by accumulating balances abroad repayable on demand or short-notice, as distinct from permanent investment. In many cases, such short-term lending has given rise to much difficulty whenever the lending country decided to withdraw its balances. On the other hand, permanent investment of a sound character is greatly needed. In any circumstances, it would be in the interests of international trade that there should be a general reduction in tariffs, and this might even extend eventually to the tariffs imposed or about to be imposed on some imports into this country, although safeguards should be continued to avoid Great Britain again being exploited through foreign goods being thrust upon us below the cost of production. The ties of Empire could, no doubt, be strengthened to a considerable extent by the granting of some preference in certain articles to the great advantage of the Empire, the peoples of which receive so much benefit from the community of ideas and interests and also banking and financial facilities, which give opportunities for extending greater preference even than tariffs. It would also be an advantage if the war debts and reparations, which have no commercial value behind them, could be satisfactorily dealt with, as this would lead probably to a re-distribution of gold to form the basis of fresh currency and credit. Then should follow an automatic rise in prices of commodities, which would help the return to normal conditions, and to a situation in which all the peoples of the world would be in a position to trade freely with each other, which is in the best interests of mankind. The recognition and application of these facts, particularly by certain of the principal creditor Powers, would soon lead to a real and permanent improvement in international trade.

GREAT BRITAIN AND TARIFFS.

Although, for the reasons I have given, a tariff system in Great Britain may prove unavoidable for a long time to come, care should be exercised in the imposition of duties, and their effects will have to be carefully watched, as indiscriminate use of them would do us

an immeasurable amount of harm. The necessity for avoiding the creation of any obstruction in the way of our debtors and our customers discharging their obligations to us must be borne in mind, and, whenever possible, we should exert our full influence in the direction of reciprocal action for the removal of trade barriers, so as to stimulate the exchange of goods for goods, which is the essence of international trade. The size of the population of this country and our dependence upon overseas supplies make it essential for our own prosperity to have a large and growing export trade.

OVERSEAS INVESTMENT.

Our policy in the past towards our debtors has been not merely to accept goods from them in payment of the amounts due to us, but we have also provided facilities through the London money market, whereby long-term credit could be obtained by overseas borrowers, whenever it was justified. We therefore utilised our favourable balance of trade for the development of other and more backward parts of the world, to the mutual advantage of both borrowers and lenders, the investment in itself providing the means of meeting the interest, and, ultimately, of repaying the loan. The favourable trade balance was the result of our exports, together with our large net earnings in the nature of "invisible" receipts, proceeding from shipping, foreign investments, and financial and other services, exceeding our imports. The decline in the income from these invisible receipts, which formerly enabled us to invest large sums abroad, is a contributory cause of the present widespread depression and the absence during the past two years of such large sums as we were in the habit of investing for world development and new enterprise has undoubtedly had a far-reaching and paralysing effect. It is only through a return to the fuller measure of international trade that the revenue from these sources can be regained. Until that takes place, the need by overseas countries of a continuous supply of fresh capital for development will certainly make itself felt, and this will, in turn, react upon industry, not only in this country, but also elsewhere. It is to our own interests, as well as to those of the rest of the world, that we should rapidly regain the ability to make these investments overseas, which have been one of the greatest fertilising influences on the world's economic system, as well as an important factor in building up our position as a great industrial nation.

INTERNAL AFFAIRS.

Turning to our domestic affairs it will be generally acknowledged that the Report of the Committee on National Expenditure has done untold good by bringing the country face to face with incontrovertible facts in regard to our own position. I think that the evils of inflation are clearly recognised and the connection between the volume of currency and credit on the one hand, and prices and costs of production on the other, is more generally appreciated. There is ample evidence to show that the workmen and workwomen of this country are the most capable in the world, and that they have only to be given a chance under sound economic conditions to prove their skill and ability and to secure a market for their output. It must, however, be realised that it is essential, in order to achieve success, that the level of wages and other costs of production according to the quality of the goods produced must not differ widely from the corresponding level in other countries, leaving it to the skill and energy, which we certainly possess to a greater degree than any other people, to give us the advantage in the markets of the world.

We have experienced a great amount of unsound economic argument during the last thirteen years, which has largely arisen from a desire to find a short and easy road to prosperity before the actual foundations of our financial structure had been made good, following the world shocks and dislocations due to the war. Many of the suggestions made have been based upon methods of inflation, but I believe that there is now a much clearer understanding as to our real needs. There is also a greater realisation of the fact that it is essential to economise and to save wherever it is possible to do so without unduly restricting public or private expenditure of a productive and profitable character.

A HOPEFUL OUTLOOK.

There has been a great cry regarding the disinclination to work, which it is claimed exists in many directions, but I do not myself believe that much fault can be found in this respect. On the contrary, I believe that the desire to work has been both genuine and great, and that it has only been the lack of opportunity which has prevented work being done. This lack of opportunity to work has been due, in part, to the failure of the resources for world development which this country used consistently to earn and to invest abroad, and which opened up fresh markets for industry and trade. It has also been due to the foreign tariffs, which, by some means or another, must be reduced in the interests of the whole world. The adverse effects of these foreign tariffs upon world

trade are now making themselves increasingly felt and are being understood. If they can be reduced and if war debts and reparations can be dealt with, I feel that the two principal causes of the present depression will have been removed, and that we may then confidently look forward to a period of increasing prosperity. (Applause.)

I now beg to move:—"That the report of the directors produced, together with the annexed statement of the company's accounts as at December 31, 1931, duly audited, be received, approved and adopted, and that a final dividend at the rate of 10 per cent. per annum on the 'A' shares and 14 per cent. per annum on the 'B' and 'C' shares, less income tax, be declared, payable on the 1st proximo, to the shareholders registered in the books of the company on December 31 last." I will now call upon Mr W. Favill Tuke, the vice-chairman, to second that resolution. (Applause.)

THE LATE DEPUTY CHAIRMAN.

Mr W. Favill Tuke (vice-chairman): My Lords, Ladies and Gentlemen,—Before seconding the resolution I should like to associate myself with the chairman's warm words of appreciation of our late deputy-chairman's services to the bank.

I feel that the shareholders would like to hear the few remarks which the late Sir Herbert Hambling had prepared, and which he would have made to you had he been able to be present himself to-day. I will therefore read to you some notes which he wrote on Monday night last.

In rising to second the resolution moved by the chairman, I feel sure that it is your wish that I should congratulate him on his masterly and able address. In dealing with the figures for the past year he has explained item by item with great clearness and, if I may say so, the result, after a year of depression unequalled in my memory, is remarkable. You are getting the same dividend as in the past two years, the bank's investments are standing at a figure exceeding £60,000,000 written down at or below market price; bad and doubtful debts are amply provided for, leaving your reserves practically intact and the earning capacity of the bank unimpaired. More than ordinary praise is due to our chairman for the way he has navigated our bank through the troubled waters of 1931. I do not intend to say more than a few words, but I ask you carefully to study the chairman's address, which is both logical and convincing.

Settle the question of war debts and reparations. Do all that is possible to foster world trade by pulling down the high tariff walls and let loose the hoarded gold, or it will suffer the fate of any other commodity that is kept too long, rot and lose its value; if this could be done we should soon be on the high road to better times."

Those are the words that our late deputy-chairman left behind him when he passed away on Tuesday morning. I now beg to second the resolution that is before you.

SHAREHOLDERS' CONGRATULATIONS.

Mr E. T. Hargraves, after congratulating the chairman on his address, said he thought that it would be an excellent thing for this country if Chancellors of the Exchequer dealt with the national funds in the way in which the chairman and his colleagues had dealt with the funds of Barclays Bank, for they would never be guilty of not balancing their balance sheet and would never be guilty of spending capital as though it were income. Every politician could with benefit, he thought, have in front of him where he could always see it, the maxim "Whatever is economically unsound is politically inexpedient."

Mr D. M. Evans Bevan, after also expressing the shareholders' appreciation of the chairman's speech, which, he said, gave more than a glimmer of light upon the reasons for the impregnable position in which the bank found itself in spite of the severe depression experienced in all parts of the world, added that they all trusted that Mr Goodenough might be blessed with good health to preside over the destinies of the bank for years to come. He felt he must associate himself with the sentiments which had been expressed by the chairman upon the lamentable death of their deputy-chairman, Sir Herbert Hambling. At a time of stress such as the present, the benefit of so experienced a hand would have been of great value in steering them through the difficult times ahead. Sir Herbert Hambling had rendered most valuable service to the bank over many years, and his presence and wise words at their annual meetings would be much missed.

In the past Great Britain had been widely known as "A nation of shopkeepers," and British goods had been sold in every corner of the earth. In recent years, however, this country had not secured its full share of the volume of world trade, and, in some markets, had been outstripped by its competitors. As H.R.H. the Prince of Wales had plainly told the nation we must recapture the courage and enterprise of those great merchant adventurers of

the past, not, perhaps, by using their weapons, but by employing those more fitted for the work we now had to do.

He could speak with some little knowledge of one of our great industries—the coal industry. That industry had suffered severely in the post-war years as the result of the operation of factors outside its own control, and he felt that until it was revived the country would never recover its old-time prosperity. He was in entire agreement with the chairman when he stated that in this country the desire to work had been both genuine and great. He was daily in close contact with many workmen in one branch of the coal industry, and he declined to believe that they preferred to draw unemployment pay rather than to secure honestly-earned wages. Speaking of trade generally, he thought it behoved the country not to rely altogether on traditions, but to equip its industries, whether manufacturing or extractive, in the most modern and scientific way possible, so that it might compete successfully in the world's markets. He felt that our future prosperity depended very largely on sound finance and upon enterprise, both of which, working together, could bring progress.

MISTAKEN CRITICISM.

He felt that the tendency recently to criticise the policy of the banks had been unjustified and had arisen largely through lack of knowledge. It was certainly significant that the advances of their bank at the end of December last showed an increase of £2½ millions in comparison with the figure of a year earlier. He was sure he was voicing the unanimous opinion of the shareholders in offering to the chairman and the board of directors, as well as the management, their deepest gratitude for the care and assiduity which they must have exercised to produce such results, and he congratulated them most heartily upon the reward of their magnificent efforts. As to the staff, he could not imagine a more willing, helpful and efficient body of officials than the bank possessed. The attention given to every detail of a business men's requirements was beyond praise, and the goodwill thus engendered undoubtedly reflected itself in the ever-increasing number of customers who desired to place their financial affairs in its hands.

SUGGESTED CUSTOMS UNION.

The Right Hon. Lord Amulree, P.C., Q.B.E., said that they had listened to a striking address from the chairman. Bad as trade was it might have been worse. We had a narrow escape last autumn. The chairman had spoken of the soundness of British banks. That soundness was indeed remarkable, and the more so when we recollected what had happened to many banks in other countries. The chairman had also spoken of the ties of Empire being strengthened by granting some preference in certain articles to the great advantage of the Empire. He would remark that the time had come when we should devote more attention—business and political—to the affairs of our own Empire and less to the politics of Europe. We had within our Empire markets which were capable of great expansion and steady development, and the suggestion of the chairman was a step in the right direction. But it was only a step. In this hour of our distress we must seize every opportunity to extend our trade. A preference with the Dominions was right, but we should go a step further with our Crown Colonies. We should embrace them all—Great Britain and the Colonies—in one Customs Union, so that there would be free, unrestricted trading between the Mother Country and her Colonies. We had unrestricted trading within Great Britain; let us have it within Greater Britain. This was a business problem rather than a political one, and he would suggest that business men should give it their attention and consideration. He would like to draw attention to what the chairman had said about war debts and reparations, and to express the hope that the postponed Conference would meet at an early date and that some satisfactory readjustment would be brought about.

Mr Frederick Tomkinson thanked the chairman for his lucid and admirable speech, and associated himself with the remarks of the chairman regarding the loss they had sustained in the death of Sir Herbert Hambling.

The Chairman, after thanking the speakers for their references to himself and the board, reminded Lord Amulree that the bank, by establishing their Dominion, Colonial and Overseas Bank not only in certain Dominions but also in the Colonies, were contributing very largely in the direction of fostering the interchange of goods between the Colonies and the Mother Country which he so much desired to see. They looked upon that as being a definite step in the promotion of trade between the various parts of the Empire and the Mother Country.

The resolution was then put to the meeting and carried unanimously.

RE-ELECTION OF DIRECTORS.

Mr W. Favill Tuke then proposed:—"That Mr Cosmo Bevan, Mr Henry Anthony Birkbeck, M.C., Sir Frederick Charles Bowring, Mr Frederick George Hugh Clayton, Sir James Fortescue Flannery, Bart., Mr Frederick Craufurd Goodenough, Mr Follett Holt, Sir William Edgar Nicholls, Colonel the Right Hon. Lord Rochdale, and Mr William Henry Wiggin, D.S.O., the retiring directors, be re-elected directors of the company."

Mr. H. E. Seeborn seconded the resolution, which was carried unanimously.

The Right Hon. Lord Ebbisham, G.B.E., proposed the re-appointment of Messrs Kemp, Chatteris, Nicholls, Sendell and Company and Messrs Price, Waterhouse and Company as auditors.

Mr E. T. Hargraves seconded the motion, and it was unanimously adopted.

TRIBUTE TO SIR HERBERT HAMBLING.

Lord Ebbisham said that he was sure there was no one in the hall who had not been deeply touched by the references of the chairman and Mr Favil Tuke to the late Sir Herbert Hambling. He felt his death very much indeed, as he was a great personal friend whom he had known for over forty years. The reason he was making these remarks was that a letter had been received from a shareholder suggesting that the shareholders at the meeting might care to pay a tribute to their late deputy-chairman by subscribing for a wreath and that any funds remaining should be devoted to the Bank Clerks' Orphanage, an institution which Sir Herbert Hambling had very much at heart.

Mr Hargraves supported the suggestion, and the Chairman, on behalf of himself and his colleagues, associated himself with the proposal and commended it to the meeting.

THANKS TO THE GENERAL MANAGERS AND STAFF.

Lt.-Col. E. H. W. Bolitho, D.S.O., said that it was a very great pleasure to him to have the honour of proposing a vote of thanks to the staff. They had heard during the last hour the manner in which that great ship their bank had been navigated through very troubled waters. However brilliant a skipper might be, unless the officers and crew pulled together the ship got nowhere. The general managers—the officers of the ship—had been on watch many, many hours more than they had ever had to be before. The crew had pulled together, and they were what he believed all seamen wanted more than anything else—a very happy ship. He therefore begged formally to move "That the cordial appreciation and thanks of the shareholders be given to the general managers and the whole of the staff for the manner in which they had carried out their duties during the past year."

Mr J. H. Simonds seconded the motion, and it was carried unanimously.

A BIG ASSET.

Mr H. T. Mitchell (one of the general managers), in acknowledging the vote, said that in anxious and uncertain times one could generally find reassuring features which allayed to some extent any misgivings caused by adverse circumstances. Such a feature, to his mind, was present on this occasion in the fact that the shareholders appreciated that amid all the fluctuations of our commercial life one thing was stable and unchanging, and that was the quality of the staff of the bank. (Hear, hear.) The unflagging energy and the constant loyalty with which the staff performed their duties at all times, whether those times were easy or difficult, constituted an asset of the bank which was not affected by changing conditions. The possession of that asset had been a source of satisfaction in the past; it was a matter for congratulation in the present, and it was also, he ventured to think, a justification for feelings of confidence in the future. (Hear, hear.) The shareholders' recognition of that as signified by the resolution they had just passed, was a great incentive and a distinct encouragement to every member of the staff. (Applause.)

THANKS TO THE CHAIRMAN AND DIRECTORS.

Lord Amulree proposed a vote of thanks to the chairman and directors, which was seconded by Lord Ebbisham and carried unanimously.

The chairman having replied on behalf of himself and his colleagues, the proceedings terminated.

Orders for the publication in these columns of the reports of Company Meetings should be addressed to the Reporting Manager of THE ECONOMIST, 8, Bouverie Street, Fleet Street, London, E.C.4.

MICHAEL NAIRN AND GREENWICH, LIMITED.

GRATIFYING RESULTS—DIVIDEND MAINTAINED.

The tenth annual general meeting of the shareholders of Michael Nairn and Greenwich, Limited, was held, on the 18th instant, at Winchester House, Old Broad Street, London, Sir Michael Nairn, Bart. (chairman of the company), presiding.

The Chairman, in moving the adoption of the report and accounts, having referred to the loss the board had sustained by the recent death of Mr Andrew Sherran Thomson, said:—"When I addressed you at our annual meeting last year I referred to the difficult trading conditions which existed in the years 1929 and 1930, and while making no attempt to forecast the future I suggested then that the immediate business outlook was not encouraging. That has, unfortunately, proved to be correct and is fully confirmed by the experience of virtually all industrial companies in this country to-day. It was only to be expected that in the year now under review the trading results of our associated companies would be adversely affected. The balance sheet of the Greenwich Inlaid Linoleum Company, Limited, has already been published. The profits were reduced, as compared with those of the previous year, and a lower dividend paid, but the balance sheet disclosed a strong financial position, and as one of the directors of that company you may accept my assurance that when trade conditions revive, the modern works at Greenwich are well equipped to take the fullest advantage of the first signs of returning prosperity."

THE ASSOCIATED COMPANIES.

So far as the Australian company—a subsidiary company of Michael Nairn and Company, Limited—is concerned there is nothing special to say at the moment. You all know the prevailing economic conditions there, and the difficulties connected with exchange. It is clear, however, that the Commonwealth Government are making the most resolute efforts to get the country back on a sound financial basis, and those best qualified to judge are satisfied that ere long that desired result will be achieved. I mention last, but not least, our principal associated company—Michael Nairn and Company, Limited. They also have had to face heavy weather in 1931, but have stood up to the storm successfully and find themselves in the position to pay us out of the earnings in their last financial year a rate of dividend which enables this company to declare the same dividend as last year. I feel sure that our shareholders will regard this as an extremely gratifying result. The dividend declared by Michael Nairn and Company, which is a private limited company, was decided upon after proper provision had been made by them for depreciation and various forms of reserves. I have pointed out before, and at the risk of repetition I venture to mention again that the Nairn Company has, from the point of view of finance, been managed along strictly conservative lines, and it is the intention of the directors of that company to adhere to that policy.

THE FUTURE.

It is as difficult as ever to say anything definite about the future. The cloud of trade depression still hangs over the world, and no country remains unaffected by its influence. It cannot, however, last for ever, and, unfortunate as its effects have been, it is bringing home to many the much-needed lesson of the essential interdependence of the nations of the world. No nation can live to itself or long remain prosperous if other nations find themselves in financial and economic difficulties. It is not too much to hope that the realisation of this fact may eventually bring about an enlightened policy which will result in removing some of the obstacles such as reparations and international war debts, which definitely stand in the way of progress and the trade revival of which the world stands in such urgent need. I do not wish to labour this point, but I refer to it because, in my opinion as a business man, it is a most important element in the present international situation, which has such a direct bearing on world trade generally.

I referred last year to the question of national and municipal expenditure, and suggested that it was absolutely essential for our country to adopt a policy of rigid economy. A step has undoubtedly been taken in that direction by the National Government, and I sincerely hope that the policy of economy will be continued. It is only the ruthless cutting down of unnecessary expenditure which will restore the prestige of the pound sterling among the currencies of the world and pave the way for that expansion in industry which means so much to us as a manufacturing country.

The report and accounts were unanimously adopted, and the formal business having been transacted, a vote of thanks to the chairman, directors and staff terminated the proceedings.

BARCLAY'S BANK (DOMINION, COLONIAL AND OVERSEAS).

WORLD-WIDE DIFFICULTIES.

The sixth ordinary general meeting of Barclays Bank (Dominion, Colonial and Overseas) was held, on the 21st instant, at Southern House, Cannon Street, London, E.C.

Mr Frederick Craufurd Goodenough, who presided, said:—"Before I proceed to deal with the ordinary business of the meeting, I wish to refer, with deep regret, to the great loss which the bank has sustained in the sudden death of Sir Herbert Hambling, Bart., our deputy-chairman, which took place on the 19th instant."

Sir Herbert Hambling has held the position of deputy-chairman of our bank since the year 1925, when the present company was formed, and prior to that date he was a director of the Colonial Bank, now incorporated with our bank. He has rendered valuable service to the bank, and we shall feel very greatly the loss of his sound judgment and wide experience, which were of great benefit to us at all times.

I wish to refer also to the loss sustained by the bank through the death of Mr John Emrys Evans, C.M.G., which occurred at Cape Town in November last. Mr Emrys Evans was the vice-chairman of the South African local board, and his services were of great value to the bank in South Africa.

Mr Edwin Fisher, a general manager of Barclays Bank Limited, has been elected to a seat on our board, and you will be asked to confirm his election in accordance with the articles of association.

Mr Charles Norman Lewis, formerly chief agent in East Africa, has been appointed as a local director for that territory. In this position he will have more time than hitherto in which to visit the various branches and localities where we are interested, and he will be able, therefore, to give more active supervision to our East African business, which, I may add, is making steady progress.

BALANCE SHEET

Turning to the balance sheet, it should be remembered, when comparing the figures with those of the previous year, that a considerable proportion of our business is transacted in South Africa. The assets and liabilities in that country which are in South African pounds, have therefore been converted into sterling at the rate of exchange current at the date upon which the balance sheet was made up, namely, September 30, 1931. This involves an increase, when expressed in pounds sterling, of both liabilities and assets in South Africa, with the exception only of the bank's premises there, which have not been written up.

This adjustment to sterling value explains the increase in the total figures at September 30, 1931, which exceed £79,000,000, as compared with £74,000,000 in 1930. It also accounts for the increase in current and deposit accounts from £62,000,000 to £68,000,000. At the same time, it should be mentioned that as the result of the decision of the Government of the Union to remain on the gold standard, the balances with the banks in South Africa have been considerably reduced, and there is no doubt that money has been transferred out of the country during the past four months with the object of securing conversion into sterling. The amount of the notes in circulation shows some reduction, at £781,000 as against £918,000, whilst on the assets side, cash in hand, at £13,600,000, shows an increase of approximately £1,800,000, but by money at call, at £2,075,000, is less than in the previous year by almost £1,000,000. Bills discounted amount to £13,000,000, against £14,000,000, and this reduction indicates the shrinkage in the value and volume of the commodities which are being financed by the bank. Advances total £29,000,000, an increase of £4,000,000, which is partly explained by the conversion from South African pounds into sterling already referred to. I may mention that the normal credit requirements of our customers have not been curtailed.

INVESTMENTS

Investments show an increase of £1,539,000 and stand at £14,509,000. I wish to draw your attention to the note in the profit and loss account that depreciation upon these investments has been provided out of our reserve for contingencies. The bank's investments are almost entirely in securities of the British, Dominion or Colonial Governments, and a large proportion are short-dated. These securities have been taken in the balance sheet at the value on September 30th last, since which date, however, there has been some appreciation in value.

The "bank premises account" during the year ended September 30, 1931, has been increased by £148,000 to £2,235,000. The increase represents necessary items of expenditure, and I would refer particularly to the rebuilding of our local head office in Cape Town. We hope that these new premises will be completed during the present year.

PROFIT AND LOSS ACCOUNT.

The net profit for the year ended September 30, 1931, after making full provision for bad and doubtful debts, amounted to the sum of £402,753, being £63,000 less than in the preceding year. In view of the further fall in commodity prices and the world-wide depression in business, we consider that the earnings of the bank may be regarded as satisfactory, especially in view of the fact that during the greater portion of the year our liquid funds have been employed at lower rates of interest than has been the case for several years past.

Having regard to the very conservative policy which we have consistently followed since the bank was formed, both in the matter of reserves and of dividends, the board have decided to recommend the payment of dividends at the same rates as for last year.

An interim dividend on the "A" and "B" shares at the rate of 4½ per cent. per annum, was paid in July last. It is now proposed to pay a final dividend on these shares at the rate of 5 per cent. per annum, and in the case of both "A" and "B" shares the final dividend will be subject to deduction of income tax at 4s. 2d. in the £. The final dividend on the preference shares will be subject to deduction of income tax at 4s. 8d. in the £.

You are, of course, fully aware of the difficult conditions by which business has been affected in almost every country in the world during the past year, arising chiefly from the continued fall in commodity prices. These difficulties have been experienced in all the territories in which the bank is established. I have referred to the present world economic situation in the speech which I have delivered earlier to-day at the annual general meeting of shareholders of the parent company.

Of those countries in which Barclays Bank (Dominion, Colonial and Overseas) is particularly concerned, perhaps the Union of South Africa was the least affected during the early part of the year by these unfavourable conditions, but latterly there has been a contraction in the export trade and in business generally. In order to assist the South African exchange position in providing cover for remittances, we agreed to join with the Reserve Bank and the Standard Bank of South Africa in the formation of an exchange pool. The Union Government are confident that, with this assistance, the exchange position will be successfully met, and they are also confident that they will find no difficulty in continuing on the Gold Standard and that the interests of the exporters, as well as of business generally, will not suffer in the long run.

APPRECIATION OF STAFF.

The board desire to record their very cordial recognition of the services rendered to the Bank by its local boards, which have resulted in the adequate protection of the bank's resources with the continuance of reasonable credit facilities. They also wish to express their appreciation of the loyal support of the staff throughout the bank during a period of great difficulty, which has called for unremitting attention.

A summary of conditions which have prevailed in the various areas in which the bank is established will be circulated for the information of shareholders, together with a copy of the report of proceedings at this meeting, and of my address to the shareholders of the parent company.

The chairman concluded by moving the adoption of the report and accounts.

Mr R. H. Foa seconded the resolution.

The resolution was carried unanimously.

The retiring directors, Mr C. F. Wood, Mr G. C. Cassels, Mr F. C. Goodenough and Mr Edwin Fisher were re-elected.

SHAREHOLDERS' THANKS.

The Rt. Hon. Lord Ebbisham, in proposing the reappointment of the auditors, Messrs. Deloitte, Plender, Griffiths and Company, Messrs. Price, Waterhouse and Company, Messrs. Peat, Marwick, Mitchell and Company, and Messrs. Cooper Brothers and Company, said that he would like to take the opportunity of expressing the appreciation of the shareholders of the interesting address of the chairman. The chairman and the board were to be congratulated on the success which they had achieved.

Dr H. L. Carre-Smith seconded the resolution, and it was unanimously approved.

The Rt. Hon. Earl Buxton, G.C.M.G., proposed a vote of thanks to the staff. Sir Harold E. Snagge, K.B.E., seconded this vote and it was unanimously accorded.

Sir John Caulcutt (general manager) thanked the mover and seconded for their appreciative remarks and the meeting for the manner in which those remarks had been received. The year under review, he said, had been one of many difficulties, requiring the closest attention on the part of the managers and the staff generally. Loyalty and zeal had been shown by all.

A vote of thanks to the chairman concluded the meeting.

ALEXANDERS DISCOUNT COMPANY, LIMITED.

SATISFACTORY RESULTS DESPITE YEAR'S DIFFICULTIES.

WORLD CRISIS AND ITS EFFECTS.

MR COLIN F. CAMPBELL'S REVIEW.

The sixty-fourth ordinary general meeting of shareholders of Alexanders Discount Company, Limited, was held, on the 20th instant, at the office of the company, 24, Lombard Street, London, E.C.

Mr Colin Frederick Campbell (the chairman of the company) presided.

The Secretary (Mr P. C. Tong) having read the notice convening the meeting and the auditors' report,

The Chairman said:—Gentlemen,—I assume you will take the report as read as usual? (Agreed.)

When we last met we little anticipated that the year 1931 was to witness a financial crisis of the magnitude of the one we are now experiencing. Indications then pointed to a period of cheap money, and we were mainly concerned with the narrow margin existing between money and bills. At that time, however, even the most optimistic of us had some misgivings. We certainly felt anxious about the continued strain on the sterling exchange, and we were beginning to realise the dangerous situation which the payment of war debts and reparations was eventually bound to bring about. At the same time, we hoped that we could weather the storm in view of the position of our national finances in comparison with that existing in other countries, and more especially the vast resources of this country. It is true that our national finances were far from what they had been, but, when the danger was realised, energetic and satisfactory steps were taken to place our Budget position on a sound basis.

The depression in our export industries and the world fall in prices, however, continued, and, with no improvement in sight, confidence gradually declined. Business enterprise was greatly discouraged and such conditions caused money to flow into gilt-edged securities, resulting in material rises in Treasury bonds, which are specially attractive to the discount market.

CONDITIONS IN GERMANY.

The first real shock came in May, when it was announced that Austria's leading bank, the Credit Anstalt, was in difficulties. Lack of confidence throughout the world was thereby intensified, and one of its earliest reactions was felt in Germany. The credit crisis which had been simmering there since the elections in September, 1930, came to a head, and an unparalleled situation faced not only Germany but the whole world. A gleam of hope appeared in June when President Hoover made his great suggestion of a year's moratorium in respect of war debts. For various reasons this welcome gesture did not afford the measure of relief anticipated, and those foreign banks which had granted credits to Germany had no alternative but to agree to an extension of their credits for six months; otherwise Germany would have been bound to take the disastrous step of an open default. The Standstill Agreement expires on February 29th, and we are now awaiting with no little interest the results of the negotiations which are taking place in Berlin.

ABANDONMENT OF THE GOLD STANDARD.

You are only too familiar with the events of the summer months—how the crisis in Germany was followed by a lack of confidence on the part of the Continent in the financial stability of this country; the heavy withdrawals of foreign funds from London; the efforts and failure to support the exchange rate with the help of the French and American credits, culminating on September 21st in the suspension of the gold standard. This outstanding event was forced on us by the withdrawal of foreign funds from London. It is estimated that over £200,000,000 was withdrawn before the suspension, and that possibly a like amount still remained in this country. No gold standard system could withstand this strain.

The abandonment of the gold standard, of course, means that we are faced again with a period of fluctuating exchange rates, which in itself is bound to create anxiety and uncertainty. I will not dwell at length on such a vast and far-reaching subject as the working of the gold standard, but I should like to say that there is no comparison between conditions in this country arising from the important step we took in September and those which existed a few years ago in Germany, France and other countries when their exchange rates moved so adversely to them. The position here is quite different. The exchange rate of those countries reached such high figures owing to inflation, whereas in this country the internal value of the £ has been steadily maintained. As long as we are able to maintain this value the future can be faced with the highest degree of confidence.

These events, of course, led to higher money rates; Bank rate was raised from 2½ per cent. to 3½ per cent. on July 23rd, a week later to 4½ per cent., and on September 20th to 6 per cent., the rate now in force.

High money rates have naturally been followed by a heavy fall in the price of gilt-edged securities, so that our position, like that of other financial institutions, has been by no means an easy one. The one redeeming feature has been the better margin we have obtained between money rates and bill rates than existed during the first six months of the year.

What the future may bring forth no one can tell, but I have every confidence that a solution of our present financial difficulties will be arrived at.

COMPANY'S LIQUID POSITION.

Our own position is quite liquid; our securities, amounting in all to £5,139,220, consist wholly of short-dated bonds of the British and Indian Governments, of which 60 per cent. fall due within two years and the balance within five years. In our bill case the total amount of foreign domiciled bills is insignificant, the bulk being Treasury bills and first-class London acceptances.

The experiences of the last few months have possibly revealed some defects in our financial system and methods of business in London. Independence and individuality, which have been for so long characteristics of the British nation and which have played so large a part in making London the financial centre of the world, have probably been too much to the fore. In view of the developments in other countries this independence becomes a danger, and I feel sure that in future it will be necessary to maintain a closer co-operation between those who control the world of finance in London.

PROFIT AND LOSS ACCOUNT.

If we turn now to the statement of accounts, which has been sent to every shareholder, you will notice in the first place that a slight change has been made in the way the profit and loss account has been set out. This is due to the company's auditors having expressed the view that, in their opinion, the change would state the position a little more clearly.

The alteration has reference to the figure of rebate, which in past years has appeared on the debit side of the account, whereas you will see it is deducted now from the gross profit on the credit side of the account. You will also observe a note to the effect that the gross profit includes surplus on rebate at December 31, 1930, now taken credit for. This implies no change in our procedure as compared with past years, for the figure shown year by year as rebate in the profit and loss account has always included a surplus with fluctuates according to the Bank rate ruling at the end of any one year. This year, notwithstanding the high Bank rate, there is a margin in the rebate carried forward.

It is elementary, and indeed obvious, that when the Bank rate is low the surplus is greater than when the Bank rate stands at a higher figure.

VALUE OF THE SECURITIES.

The next matter to which I have to draw your attention relates to our securities and the manner in which we have dealt with the depreciation. The cost price of the securities amounted in all to £5,139,220 and, as I have already stated, they consist wholly of short-dated bonds of the British and Indian Governments, of which no less than 60 per cent. fall due within two years and the balance within five years. The market value of these securities on December 31st last was £4,995,235, so that there was a depreciation of £143,985 to be dealt with.

It could be done in several ways and your directors had to decide which, in all the circumstances, was the better course to adopt. Had the investments included War Loan or long-dated British Government securities we should have written off the amount of the depreciation definitely, but, inasmuch as the depreciation is recoverable in any case within a few years, we considered we were justified in looking upon it as being a temporary matter and that the position would be fully secured by earmarking £150,000 from the published reserve fund of £1,000,000.

Since December 31st a considerable rise in the value of short-dated securities has taken place, and to-day the depreciation on

those we hold is less by 75 per cent. than it was on that date, which in itself is an encouraging feature. (Hear, hear.)

That is to say, if you take the depreciation at £140,000, £109,000 has been recovered if you take to-day's valuation.

We could, of course, have drawn upon our contingency account and the balance in our profit and loss account for this purpose, but, in view of all the uncertainties, both political and financial, existing at the present time, we were determined to maintain these resources intact.

Before leaving this question of the published reserve, shareholders will no doubt remember that when the capital was increased in 1930 £425,000 was added to the reserve fund, thus bringing it up to £1,000,000, being the same amount as the capital.

THE DIVIDEND.

The gross profit for last year was £470,022, against £474,421 in 1930, and, after providing for the dividend which we now suggest to you, the balance to be carried forward to the next account is £62,784, against £60,396, being an increase of £2,388.

On this occasion we suggest to the shareholders that the bonus of 1s. per share, free of income tax, which has been paid for a number of years in addition to the dividend of 15 per cent., less income tax, should be dropped, and we feel sure that this policy of caution will be approved of by shareholders generally.

This company has made steady and consistent progress during recent years, which is due in great measure to a conservative and cautious policy having been maintained, and certainly this is not the moment to make any departure from it.

The total balance-sheet figures of about 29 millions show little change from those of a year ago, and the profits of the business continue to be satisfactory, so that whenever the situation appears to the directors to be more established there is no reason to suppose that the return to the shareholders will be less favourable in the future than has been the case in the past.

CLEARING HOUSE FIGURES.

The transactions of the London Bankers' Clearing House for last year give a striking illustration of the depression in trade and of the stagnation in the new capital market. The clearings were £36,236,000,000 in 1931, against £43,558,000,000 in 1930, showing a drop of over £7,000,000,000, or 16.8 per cent. Each of the eleven provincial clearing houses showed a decrease, the highest falling off recorded being in the Nottingham figures, with a reduction of 25.3 per cent. The new capital issues amounted only to £102,000,000, against £267,000,000 in 1930.

I have already given you the changes that took place in the Bank rate during the course of last year. The average rate for money was £3 3s. 11d., against £2 10s. 2d. in 1930, and for bills £3 10s. 4d., against £2 12s. 7d., and the margin between money and bills during the year averaged 6s. 4½d., against 2s. 5d. in 1930.

I hope the shareholders will be satisfied with the statement we have been able to place before them to-day, and that they will agree with the directors that very great credit is due to Mr Newcomb and those working with him for the way they have managed the business in a year of unexampled difficulty. (Cheers.)

If anybody has any questions to ask before I propose the adoption of the report and accounts, I shall be pleased to answer them.

THE RESOLUTION.

I now beg to propose:—"That the report and accounts be received, adopted and entered on the minutes, and that dividends for the half-year ended December 31st last be declared at the rate of 6 per cent. per annum on the £200,000 preference capital, and at the rate of 15 per cent. per annum on the £800,000 ordinary capital, both less income tax, payable on and after the 21st instant, and that the balance of £62,784 6s. 11d. be carried forward to next account." I will ask Sir Austin Harris to second that resolution and after that, if any shareholder wishes to ask any questions, I will endeavour to answer them before putting the resolution.

Sir Austin E. Harris, K.B.E.: I beg to second the resolution.

The Chairman: If there are no questions to be asked, those in favour of the resolution will please signify by holding up their hands; on the contrary; that is carried unanimously. The next resolution is for the re-election of directors and, as I retire, I will ask someone else to propose the resolution.

RE-ELECTION OF DIRECTORS.

Sir Austin Harris: I beg to move: "That Mr Colin Frederick Campbell and Mr Frank Newcomb be re-elected directors of the company."

Mr George C. Alexander: I have pleasure in seconding that.

The Chairman: Those in favour; on the contrary; carried unanimously. Thank you, gentlemen. I now ask a shareholder to move the reappointment of the auditors.

Mr E. D. Spring-Rice: I have pleasure in moving: "That Messrs Price, Waterhouse and Company be reappointed auditors of the company at a fee of 300 guineas."

Mr S. Herbert Alexander: I am very pleased to second that.

The Chairman: That has been proposed and seconded. Those in favour please hold up their hands; to the contrary; that is carried unanimously, and that, gentlemen, concludes our business for to-day.

VOTE OF THANKS.

Mr Herbert Alexander: Gentlemen, I should like to propose a vote of thanks to our chairman and directors, especially, if I may say so, to Mr Newcomb, for the very able way in which they have carried on the business during a most difficult time. I also wish to include the staff, who, I am sure, have done much to bring about the satisfactory results. (Hear, hear.)

Mr E. B. Baggallay: I should like to second that. (Applause.)

The Chairman: Gentlemen, on behalf of the directors and myself and also on behalf of Mr Newcomb and the staff I am extremely obliged to you for this indication of your confidence. I can only hope that the year 1932 will not be quite so troublous as the year 1931. (Hear, hear.)

The proceedings then terminated.

UNION DISCOUNT COMPANY OF LONDON, LIMITED.

A MOST EVENTFUL AND DIFFICULT YEAR.

SIR WILLIAM GOSCHEN ON THE OUTLOOK.

The seventy-fourth ordinary general meeting of the shareholders of the Union Discount Company of London, Ltd., was held, on the 21st instant, at Southern House, Cannon Street, London, E.C., the Hon. Sir William H. Goschen, K.B.E., presiding.

The Secretary (Mr C. W. Holliday) having read the notice convening the meeting and the auditors' report,

The Chairman said: Gentlemen,—I presume that you will take the accounts as read. I think that you will agree with me that the past year, which we are now reviewing, has been the most eventful year in the post-war monetary history of the whole world.

ABANDONMENT OF GOLD STANDARD.

The outstanding fact that will remain in our memories is that we witnessed the breaking down of the attempt which was made in 1925 to restore the monetary system to a gold basis. What we know as the gold standard was abandoned on September 21st last. The preceding months had all tended towards this breaking point.

The serious trouble began in May, when the failure of the Credit Anstalt became known, only to be followed by the Danat Bank suspension, and the German banking crisis in July. At this time foreign banking centres began to draw on their London balances, as fears arose that difficulties might be put in the way of the withdrawal of funds in case of need.

During July the bank lost 30 millions of gold, and the bank rate rose to 4½ per cent. So events passed rapidly on to the historic September 21st, when the bank rate rose to 6 per cent. and the pound fell to a discount of about 20 per cent.

A RETURN OF CONFIDENCE.

The formation of the National Government brought about a return of confidence, but the gravity of the situation in Central Europe, and the immobilisation of funds under the "stand still" arrangement, narrowed business down to a very considerable degree.

November showed a further depreciation in currency, and money became tight until the payment of the War Loan dividend, which was not re-invested to the usual extent but was kept in readiness for income-tax payments.

The year closed in an atmosphere of doubt and wonderment as to what the solution of the pressing problems might be.

This survey of the year, necessarily short as it has had to be, has reminded you of the abnormal difficulties which we have had to encounter.

BALANCE-SHEET ITEMS.

Proceeding now to our own account: Our capital and reserve remain at £3,000,000, as in 1930.

Our loans, deposits and other liabilities, and provision for contingencies at December 31st, were £30,300,271, against £47,521,082 at December 31, 1930.

Bills re-discounted were £9,480,539, against £15,527,440 at December 31, 1930. Rebate on bills discounted was £600,567, against £678,183.

On the other side of the balance sheet, cash in hand stands at £1,086,835, comparing with £1,350,870.

Our holding of British Government, India Government and other securities is £5,992,400, against £8,601,575. Loans on securities at call and short dates and other accounts were £212,007, against

£516,521. Bills discounted were £42,311,352, against £56,595,142. Debtors were £124,539, against £22,389.

We show freehold and leasehold premises at £75,000, the same figure as last year.

Coming to the profit and loss account, the items of directors' fees and current expenses, taken together, are £80,598, against £79,037. The rebate of £600,567 I have already referred to.

THE RISE IN BANK RATE.

The necessity for any provision for writing down our short-term securities was caused by the unprecedented rise in bank rate from 2½ per cent. to 6 per cent. in five months, and you will see from the inserted note that this depreciation has been met by contingency accounts (which were created for this very purpose), and partly out of profits made during the year.

As the average maturity date of these short-term securities of ours is well under two years, when these bonds are due for repayment at par most of the depreciation provided should then be set free again for protective purposes in the future, and obviously any reduction in the present bank rate of 6 per cent. would have an immediate effect in bringing the prices of these securities nearer to their redemption value.

The appropriation account becomes credited with the balance from profit and loss account, viz., £203,856, and to this has to be added the balance of undivided profit from the previous year, which was £299,656, which gives a total of £503,512, the allocation of which is as follows:—

	£
Trustees of the provident fund.....	10,000
Interim dividend paid in July	72,656
Proposed dividend for the final half-year at the rate of 15 per cent. less income tax	70,312
Bonus of 2s. 6d. per share, less income tax	46,875
Balance to be carried forward	303,668

This carry-forward compares favourably with the £299,656 of last year.

THE DIVIDEND.

I might add that the rate of distribution you will receive for the year is not 15 per cent., but actually 15½ per cent., as the company itself has borne the additional income tax of 6d. in the £, subsequently imposed, in respect of the interim dividend paid in July.

In reviewing the operations of the year, I should like to call your attention to the fact that, while the stock of bills on hand at December 31st last shows a reduction of £8,237,000, as compared with December 31, 1930, the turnover in bills in 1931, notwithstanding this reduction, was practically unchanged with that during 1930.

This, gentlemen, is an account of our stewardship, and I hope that you will think that, under the circumstances, the account is not unsatisfactory.

THE CURRENT YEAR.

So far as our own country is concerned, the present year opens on a much more solid foundation for building hopes of better times than was the case a year ago.

It is true that, from an international banking point of view, the London market has temporarily suffered a reverse by being driven off the gold standard. But that event may prove to be the turning point in our overseas trade relations, particularly with our own kith and kin.

It is to be hoped that the unique opportunity which the Conference at Ottawa affords this summer will be fruitful in results to ourselves and the Dominions.

With our overseas trade increased and in equilibrium once more, the old supremacy of the London market will follow as a matter of course, for its prestige and efficiency have never really been in dispute.

The report and accounts were unanimously adopted.

OFFER TO NEW READERS.

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

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

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

Name.....

Address.....

LIEBIG'S EXTRACT OF MEAT COMPANY, LIMITED.

TRADE WELL MAINTAINED.

The sixty-seventh annual general meeting of Liebig's Extract of Meat Company, Limited, was held, on the 21st instant, at Southern House, London.

Mr Kenneth M. Carlisle (Chairman and Managing Director) said that the world's commerce and industry in general had been passing through a period of severe deflation of values, and this circumstance was reflected in a reduction in the total figures of the balance sheet. The reduction arose partly from their policy, in a period of declining prices for produce, of reducing their stocks both quantitatively and in valuation, and partly from the manner in which they had dealt with the situation arising from the heavy depreciation in the value of the Argentine currency, which had necessitated a transfer from reserve of £476,689.

Since the close of the financial year, however, there had been a considerable improvement in the quotation of Argentine currency in terms of sterling, so that a substantial proportion of the allocation made might to-day be regarded as unnecessary. They had also made a special transfer from reserve of £173,310 to meet the depreciation in market value of stocks, and the provisions they had made allowed them to go forward and face the future with a strong balance sheet. The financial and cash position, he was pleased to say, was in a very sound and satisfactory state. The profit and loss account showed a balance available of £283,077, as compared with £368,390 for the previous year, and the directors recommended a final dividend of 5s. per share, free of income tax, carrying forward £183,077.

POPULARITY OF COMPANY'S PRODUCTS.

The trade in their proprietary lines had not only been well maintained, but had in certain cases shown an encouraging increase, thus testifying to the high popularity in which the company's products were held by the consuming public. This feature, which applied both at home and in certain of their overseas markets, could be viewed with no small degree of satisfaction, having regard to the effect of industrial depression on the purchasing power of the people.

Prices for hides, tallow and other of their by-products had recently shown some tendency to improve, and, although they had since again declined, he hoped they would show some improvement in the future, thus allowing the cattle producer a reasonable return for his labours. The farming branch of their enterprise in the River Plate had been conducted under favourable conditions in respect of weather and grazing, but the low range of values prevailing for all farm produce had not been conducive of profitable returns from their estancias. The marketing of stock from their ranches in Southern Rhodesia had undergone a decline, reacting adversely on the year's results.

It was a hazardous venture in these times of economic disequilibrium and uncertainty to embark upon any forecast, but there were certain features which gave them cause to be of good heart. Some comfort could be derived from the knowledge that the numbers and quality of their breeding herds and flocks were well maintained; the producing capacity of their lands was unimpaired; and the industrial efficiency of their factories and selling organisations was as good as, if not better than, it had ever hitherto been.

They were engaged in production of some of the most primary necessities of civilised man, and when the barriers to the free exchange of commodities were removed they could look forward with confidence to enjoying a fair share of the increased trade which would follow the restoration of more prosperous conditions. The trade in their proprietary articles of long standing afforded every sign of being well established on sound foundations; the sales of last year and those in the current financial year would appear to add weight to this assumption. Owing to the drastic writing down, their trading stocks figured at values which, unless a further heavy decline in the price-level supervened, should leave a satisfactory margin of profit.

In "Oxo" they had what had become a household word throughout the length and breadth of the land, and its users were numbered by the million. This magic word spelt food in a concentrated and nourishing form which, in the guise of the Oxo cube, was within the purchasing capacity of all at a penny and was handy, requiring no expenditure of time or trouble in its preparation.

In conclusion the Chairman expressed the hope that some settlement of the difficulties and restrictions which clouded and hampered the conduct of international trade and payments might not be beyond the wit of statesmen to devise, so that the return of confidence which was so essential to pave the way to a general recovery might ease their path in this new year.

The report was unanimously adopted.

BRITISH-AMERICAN TOBACCO COMPANY, LIMITED.

RESULTS OF A DIFFICULT YEAR.

INDIA'S GOLD STANDARD—SILVER FACTOR.

SIR HUGO CUNLIFFE-OWEN ON POSITION AND PROSPECTS.

The twenty-ninth annual general meeting of British-American Tobacco Company, Limited, was held, on the 18th instant, at the Registered Offices of the Company, Westminster House, 7, Millbank, London, Sir Hugo Cunliffe-Owen, Bt. (the chairman), presiding.

The notice convening the meeting was taken as read, and the assistant secretary (Mr E. A. Blockley) read the certificate of Lord Plender, of Messrs. Deloitte, Plender, Griffiths and Company, chartered accountants.

The Chairman, in the course of his address, after referring with deep regret to the death of Mr J. D. Gilliam, a deputy chairman, said: Ladies and Gentlemen, Taking the assets side of the balance sheet first, you will observe that the item of real estate and buildings at cost less provision for amortisation of leaseholds, £912,621, shows an increase of £33,172, as compared with last year. Plant, machinery, furniture and fittings at cost or under, £769,200, shows a decrease of £117,322. This decrease is due to the transfer of certain machinery to a subsidiary company and the writing off of certain obsolete machinery. Goodwill, trade mark and patents remain at the same figure as last year, viz., £200,000, and in view of the great value of the company's trade marks, the directors remain of the opinion that this item should appear on the balance sheet even if only at the nominal value of £200,000. Investments at cost or under in (1) shares in subsidiary companies, £17,982,033; (2) shares and bonds in associated companies, £4,114,487; and (3) Dominion Government and other investments, £582,865, making a total of £22,679,386, shows an increase over last year of £704,505, and is the largest item on the assets side. This increase is accounted for by the increase in Dominion Government and other securities of £567,000, there being small increases of £85,000 and £52,480 in investments in subsidiary and associated companies respectively. Loans to and current accounts with your (1) subsidiary companies (less provision for doubtful accounts), £4,742,558, show a decrease of £201,675, and (1) associated companies (less provision for doubtful accounts) £2,093,878, show a decrease of £450,331. The combined loans and current accounts with subsidiary or associated companies show a decrease of £652,006. Stocks of leaf, manufactured goods, and materials at cost or under now stand at £6,739,287, a decrease of £1,377,959. This is mainly accounted for by the fact that we have replaced our usings of tobacco at lower prices. I may mention that our stocks of leaf are in excess of the stocks held last year. Sundry debtors, less provision for doubtful debts, and short loan deposits (£1,400,000) stand at £2,532,989, showing a decrease of £1,135,786, of which £500,000 is in respect of short loan deposits. Cash at bankers, in transit and at call, £5,886,298, as compared with £4,479,773 under this heading last year, shows an increase of £1,406,525. This increase is reflected in the decreased value of our leaf.

LIABILITIES.

Turning to the liabilities side of the balance sheet, the issued capital of £4,500,000 5 per cent. preference stock, £8,000,000 6 per cent. second preference stock, and £23,582,761 ordinary stock remains the same. Creditors, i.e., subsidiary companies, £2,197,544, associated companies, £1,632,456, and other creditors, £4,181,684, making a total of £8,001,684, represents an increase of £1,412,421. The greater portion of these balances consists of provision for payment of taxation due to British, Dominion and foreign Governments, and moneys deposited by your subsidiary and associated companies.

Employees' Benevolent Fund.—This consists of the £100,000 allocated at the general meeting held in 1930, plus the balance of the amount of interest received on this money, after charging the payments made to employees during the year.

The item of reserves for buildings and machinery now stands at £600,000, an increase of £25,000.

Premium on ordinary stock issued remains at £580,808, the same figure as last year.

Provision for redemption of coupons now stands at £81,312, an increase of £16,643.

Special reserve remains at £1,924,070. As your chairmen have stated in speeches in previous years, this account was created in which to carry profits of a capital nature.

NET PROFIT.

Profit and loss account. The accounts show a net profit for the year, after deducting all charges and expenses and providing for income tax, of £5,334,448, a decrease of £1,167,112, which under the very exceptional world conditions I trust you will find satisfactory. Last year we carried forward a balance of £1,800,144. To

this must be added the profits for the year as previously mentioned, £5,334,448, less the dividend on the 5 per cent. preference stock of £225,000, on the 6 per cent. second preference stock of £360,000, and the four interim dividends paid on the ordinary stock for the year, amounting to £3,930,460, leaving a disposable balance of £2,619,132, out of which the directors recommend the distribution on January 25 of a final dividend (free of British income tax) on the issued ordinary stock of 8d. per £1 of stock, amounting to £786,092, leaving £1,833,040 to be carried forward. The only other item I need refer to is the note with regard to a contingent liability of £669,874 8s. on shares not fully paid. There is no likelihood of any further calls being made on these shares, anyhow for the present.

DIFFICULT YEAR.

When I had the pleasure of addressing you last year—what I will term the storm of depression—was just about hitting us, and I thought it my duty to paint the picture to you as I then saw it and to sound a warning note as to the future. From a world tobacco manufacturing point of view, I do not remember a more difficult year than that which has just closed. The economic depression has continued with unabated severity practically everywhere, and Governments all over the world faced with deficits have, I regret to say, as is their custom, sought what looked to be the easiest way out of replenishing their revenue, and placed additional taxation on cigarettes. There have been more changes in this one year in taxation of cigarettes than I ever remember in any similar period. Governments, however, are beginning to realise that they cannot tax cigarettes appreciably more than other forms of tobacco without jeopardising the growth of the cigarette business and finding in the end that they get less revenue from a higher tax. Then, again, we have been hit by fluctuations in exchange, which were much worse during the year we are now reviewing as regards sterling than they are at the present time. In the last month of the financial year are at the present time. In the last month of the financial year consequence, in terms of sterling, the currencies of most countries where we sell our goods have improved in value.

EFFECT OF INDIA GOING ON GOLD STANDARD.

The prices of all commodities which the company uses, including leaf tobacco, have fallen very substantially. Our largest purchases of tobacco are made in America, but we buy very substantial supplies from other countries whose exchange has not been affected by our having gone off the gold standard. With regard to America I may say that at the time of our abandonment of the gold standard we were rather particularly well supplied with dollars. As you see by the balance-sheet figures we have ample cash resources to meet any expansion of business if and when opportunity arises. You will have noticed in the Press that there is a growing realisation in this country of the unfortunate results of India going on to the gold standard in 1927. We, as a country, with our export trade to Asia, and our enormous Eastern interests, have more to gain from stable silver at a reasonable price than any country in the world, and yet we have done more to ruin the price of silver than any other nation. Furthermore, the immediate result of India going on the gold standard was the dumping of enormous quantities of Indian surplus silver on the market, an example which was quickly followed by Indo-China, France, and in a lesser degree by other countries. The Indian peasants, whose savings have been in silver, have thus become impoverished, and our business is affected by their diminished purchasing power. The same is true of many other silver using countries.

SILVER FACTOR.

The Indian troubles are, I dare to say, very largely due to this one silver factor, and the drop in the general export business to China can also be laid at the same door. I cannot impress upon you too strongly that silver and its fair treatment is not only a matter of very great importance to you as stockholders in this company, but is of vital interest to you as British subjects.

No man to-day would, I think, dare to prophesy as to the future, but with a better world understanding of the causes of the frightful depression through which the world has passed, but which, I trust, is now lifting, I, personally, whilst, as I say, not daring to prophesy, do regard our prospects for the current year with a degree of cheerfulness that was lacking last year.

I now beg formally to move the adoption of the report and balance sheet for the year ended September 30, 1931, including the payment on January 25th instant of a final dividend of 8d. per £1 of stock upon the issued ordinary stock, free of British income tax. I may also mention that the directors have declared for the year 1931-32 an interim dividend of 10d. for £1 of stock, free of British income tax, also payable on January 25th, so that the stockholders will receive on that date 1s. 6d. per £1 of stock.

Mr S. J. Gilchrist (one of the deputy chairmen) seconded the resolution, and a cordial vote of thanks to the chairman, directors and staff terminated the proceedings.

S.T.D. MOTORS, LIMITED.**IMPROVED POSITION AND OUTLOOK.**

The twenty-sixth ordinary general meeting of S.T.D. Motors, Limited, was held, on the 8th instant, at Southern House, Cannon Street, London, E.C.

Sir Travers Clarke, G.B.E., K.C.B., K.C.M.G. (the chairman), said that in April last he had told the shareholders that the board had felt it to be necessary, in order to give shareholders a clear review of the whole financial position of their undertaking, that the financial years of the parent company and its subsidiaries should be made to synchronise. It was most important for shareholders each year to have a clear knowledge of the exact position, and, so far as S.T.D. was concerned, the board intended that there should be no uncertainties such as had been recently criticised as arising in the accounts of holding companies, but that shareholders should know the financial position in its totality. In future the accounts would cover the trading results of all the subsidiaries for a full twelve months.

The board wished that the report and accounts could have told of an immediate resumption of dividends commensurate with the past heavy sacrifices of the shareholders, but nevertheless the board asked the shareholders to believe with them that, taking into account various circumstances, the report and statement of accounts were by no means discouraging. They showed for the period under review a net loss of £4,753. After providing £58,000 for depreciation of investments in subsidiaries, a writing down which the board considered to be strictly necessary, there remained a small balance to carry forward.

With regard to the subsidiaries, there were nine trading companies, of which five had made trading profits in the period under review, and four losses. It was pleasant to learn that, in spite of adverse conditions, the Clement Talbot Company had come out on the right side. In the previous year only two subsidiaries had made a profit, so that, taking the position all round, a distinct ray of light was showing on the previous very gloomy horizon. He had said that the position in all the circumstances was not discouraging. First, they should consider the general trade position.

The company had ample proof that, as regards the Sunbeam and Talbot cars, they possessed assets with potentialities, both cars having an unsurpassed reputation as "quality" cars. He was not at all nervous that the mass production of cheap cars would have any permanently injurious effect on the production of the company's cars. Furthermore, the board were developing, and with some success, a constructive policy of seeking new outlets for the full productive capacity of the company's various plants.

The report and accounts were unanimously adopted.

APEX (TRINIDAD) OILFIELDS, LIMITED.**A HIGH RECORD OUTPUT.**

The twelfth ordinary general meeting of Apex (Trinidad) Oilfields, Limited, was held, on the 21st instant, at Winchester House, London.

Mr Walter MacLachlan (chairman and one of the managing directors) said that the net profit for the year was £188,390. That had been obtained in spite of the continued general fall in the market value of oil, mainly by reason of the increased production from their oil wells. They now proposed the payment of a final dividend of 12½ per cent., making a total dividend of 20 per cent. for the year.

The output for the year was 522,194 tons, which had been produced from 132 wells. That showed an increase of 97,000 tons over the previous year, and was thus a high record output for the property. The rate of production had followed the course of the natural development of the oilfield, and would have been greater had they not found it advisable to regulate the output in accordance with marketing conditions. It was their intention that the production for the current financial year should be maintained at approximately the same rate as that for the year under review, the necessary tonnage for which purpose was well assured.

The casing-head gasoline plant had been in operation since November, 1930, and the result of the first year's working had exceeded all the expectations which had attended its installation. Its production amounted to 889,700 gallons of high-grade petrol spirit, which had been mainly delivered under their contract with the United British Refineries. The results fully justified the extension of the plant which was now in progress, and should be completed within the next three months, when the gasoline production would be increased to between 5,000 and 6,000 gallons per day.

In accordance with their amortisation policy, £139,272 had been written off the wells during the year, and up to date 90 per cent. of the original cost of all their oil wells had been amortised. The

sound and satisfactory position of the company was to be directly attributed mainly to the amortisation policy which had been maintained since the commencement of the undertaking.

It was extremely difficult to give any serviceable expression of their views regarding the outlook for the current financial year. Overproduction, with resultant low prices for oil products, still dominated the position and, although efforts continued to be made to bring about a relief of the situation, it was hard to say whence and when that could be expected. However, with efficiency and economy in their operations, combined with the satisfactory financial position they had established, they continued to regard the immediate future with every confidence.

The report and accounts were adopted.

NATIONAL BUILDING SOCIETY.**FURTHER PROGRESS.****EXPANSION IN ALL DEPARTMENTS.**

The annual general meeting of the National Building Society, founded in 1849, was held, on Friday, January 15th, at Southern House, London, E.C.

Mr George Elkington, J.P., F.R.I.B.A. (the chairman), congratulated the members on an extremely satisfactory year's working, which, he said, had been marked by great, steady and continued progress in all departments despite the anxious and trying times through which the country was passing. The National, however, was not alone in its prosperity, for the building societies as a whole had done well during the past year. There had been a large increase in their assets and investment capital, the total assets, according to the published figures, amounting to £371,164,961 in 1930. During the recent critical period the English people had kept their heads, while millions of them, through the building societies, had also kept a roof over their heads and the wolf from the door.

TOTAL ASSETS £17,217,579.

He was proud to say that, whereas two years ago, among the fifty larger building societies in the United Kingdom, the National was in the first twelve, it was now the fourth. Its total assets were £17,217,579. Members' capital stood at £15,661,706, a net increase for the year of £4,424,216. Mortgage advances showed an increase of £1,881,352, the average loan made during the year having been approximately £700. The gross revenue amounted to £955,086, and, after providing for interest on completed and uncompleted shares at 5 per cent., free of income tax (equal to £6 13s. 4d. per cent. where the full standard rate of tax was borne), an amount of £114,142 was appropriated to reserves, this figure being £22,835 better than that of the previous year. Investments in trustee securities amounted to £911,886, and, in addition to these and other liquid assets, the society possessed the well-secured freehold ground rent of National House, which now produced £11,000 per annum.

The reserve funds now totalled £552,026.

The chairman concluded his speech by appreciative references to the staff and to his colleagues on the board.

The report and accounts were adopted, and the proceedings terminated with a cordial vote of thanks to the chairman.

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

The total ordinary revenue for the week ended January 16 1932, amounted to £43,002,100 against ordinary expenditure of £8,765,600. After allocating £620,000 to Sinking Fund and having allowed for a decrease in Exchequer Balances of £39,260, the operations for the week, as shown below, decreased the National Debt by £33,656,000 to £7,737,430,000:—

(000's omitted.)

	£	£	£	£	£
Road Fund	+ 4,000				
Treasury Bills		19,944			
Public Department Advances ..		15,300			
National Savings Certificates ..		800			
British Government Loans ..		1,210			
P.O. and Telegraph		400			
Sundries		2			
	+ 4,000	37,656			

A complete analysis of the National Debt at December 31, 1931, was printed in the *Economist* of January 9, 1932.

REVENUE.	Revised Estimate for the year 1931-32.	Total Receipts into the Exchequer.				
		April 1, 1931, to Jan. 16, 1932.	April 1, 1930, to Jan. 17, 1931.	Week ended Jan. 16, 1932.	Week ended Jan. 17, 1931.	
ORDINARY REVENUE.						
Inland Revenue—						
Income Tax	272,000,000	126,325,000	101,551,000	28,500,000	10,434,000	
Sur-tax, including Arrears of Super-Tax	73,000,000	36,620,000	25,850,000	7,350,000	2,450,000	
Estate, &c., Duties	83,000,000	50,420,000	64,160,000	930,000	2,480,000	
Stamps	20,000,000	11,070,000	14,180,000	70,000	200,000	
Excess Profits Duty and Corporation Profits Tax ..	2,200,000	...	...	...	...	
Land Tax and Mineral Rights Duty	800,000	250,000	190,000	60,000	...	
Total Inland Revenue	451,000,000	224,685,000	205,931,000	36,910,000	15,564,000	
Customs and Excise—						
Customs	131,770,000	106,210,000	95,933,000	2,013,000	1,359,000	
Excise	121,230,000	93,720,000	101,240,000	1,620,000	4,540,000	
Total Customs and Excise ..	253,000,000	199,930,000	197,173,000	3,630,000	5,899,000	
Motor Vehicle Duties (Exchequer Share)	5,000,000	4,101,000	4,458,041	1,994,000	2,030,000	
Post Office (Net Receipt) ..	12,200,000	10,850,000	9,650,000	350,000	100,000	
Crown Lands	1,300,000	1,010,000	1,050,000	...	...	
Receipts from Sundry Loans ..	15,400,000	13,532,942	29,749,587	117,057	1,375,000	
Miscellaneous Receipts	42,800,000	16,057,915	24,609,295	1,064	1,220,166	
Appropriation from Rating Relief Suspense Account ..	4,000,000	3,900,000	16,000,000	...	...	
Total Ordinary Revenue	784,700,000	474,066,857	488,620,923	43,002,121	26,188,166	
SELF-BALANCING REVENUE.						
Post Office	58,232,000	43,850,000	45,150,000	850,000	1,200,000	
Motor Vehicle Duties apportioned to Road Fund	23,350,000	14,563,000	16,148,959	4,300,000	5,264,000	
Total Self-Balancing Revenue ..	81,582,000	58,413,000	61,298,959	5,150,000	6,464,000	
Total		532,479,857	549,919,882	48,152,121	32,652,166	

EXPENDITURE.	Revised Estimate for the year 1931-32.	Total Issues out of the Exchequer to meet payments.				
		April 1, 1931, to Jan. 16, 1932.	April 1, 1930, to Jan. 17, 1931.	Week ended Jan. 16, 1932.	Week ended Jan. 17, 1931.	
ORDINARY EXPENDITURE.						
Interest and Management of National Debt	289,400,000	264,474,904	265,793,138	1,365,060	1,358,236	
Payments to Northern Ireland Exchequer	6,350,000	4,080,575	4,178,852	...	45,313	
Other Consolidated Fund Service	3,000,000	2,242,904	2,091,695	500	...	
Total	298,750,000	270,798,383	272,063,685	1,366,560	1,403,549	
Total Supply Services (excluding Post Office)	451,829,000	335,501,592	336,987,467	7,400,000	7,850,000	
Total ordinary expenditure ..	750,579,000	606,299,975	609,051,152	8,765,560	9,253,549	
SELF-BALANCING EXPENDITURE.						
Post Office	58,232,000	43,850,000	45,150,000	850,000	1,200,000	
Road Fund	23,350,000	14,563,000	16,148,959	4,300,000	5,264,000	
Total Self-Balancing Expenditure	81,582,000	58,413,000	61,298,959	5,150,000	6,464,000	
Total Ordinary and Self-Balancing Expenditure	832,161,000	664,712,975	670,350,111	13,915,560	15,717,549	
New Sinking Fund (1928)	32,600,000	24,771,631	40,401,623	620,000	620,000	
Total, including New Sinking Fund		689,484,606	710,751,734	14,535,560	16,337,549	

The aggregate revenue and expenditure to January 16, 1932, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1ST TO JANUARY 16, 1932.

(000's omitted.)

	£	£	£	£	£
Expenditure	606,300				474,067
New Sinking Fund	24,772				2,674
	631,072				154,331
					631,072

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Out- standing—	Jan. 17, '31.	Mar. 31, '31.	Jan. 16, '32.	Jan. 16, '32.
Advances by Bank of England	33,050,000	24,500,000	26,450,000	—15,300,000
Advances by Public Departments ..	697,095,000	569,825,000	652,940,000	—19,945,000
Treasury Bills outstanding				
Total Floating Debt	730,145,000	594,325,000	679,390,000	—35,245,000

* Includes £17,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £30,000,000 in Treasury Bills were opened on January 15, 1932, and the total amount applied for was £39,515,000. Tenders were accepted for bills at three months, dated Monday to Saturday at £98 15s. 6d., about 76 per cent. and above in full. The amount allotted was £27,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1931.			
December 24	40,000,000	56,070,000	5 10 2-66
December 31	40,000,000	50,320,000	5 8 4
1932.			
January 7	35,000,000	59,490,000	5 5 9-97
January 14	30,000,000	39,515,000	4 17 11-5

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

Return for Week ended Wednesday, January 20, 1932.

ISSUE DEPARTMENT.

	£	£	£	£
Notes Issued—				
In Circulation	347,878,781			11,015,100
In Banking Department	47,883,733			243,453,813
				16,583,526
				3,847,561
Amount of Fiduciary Issue ..				275,000,000
Gold Coin and Bullion				120,762,514
	£395,762,514			£395,762,514

BANKING DEPARTMENT.

	£	£	£	£
Proprietors' Capital	14,553,000			52,430,906
Reserve	3,531,847			...
Public Deposits	20,813,259			...
Other Deposits	£77,481,720			...
Bankers'	£38,443,989			...
Other Accounts	115,925,709			...
7-Day and other Bills	1,045			...
	£154,824,860			£154,824,860

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

Both Departments.	Amount, Jan. 20, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	347,878,781	— 6,865,028	+ 1,416,882
Public Deposits	20,813,259	+ 1,547,860	— 1,510,593
Bankers' Deposits	77,481,720	+ 8,780,041	+ 8,668,140
Other deposits	38,443,989	+ 2,308,084	+ 5,059,440
Seven-day bills	1,045	— 356	— 405
Total, outside liabilities	484,618,794	+ 898,881	+ 13,634,474
Capital and rest	18,084,847	+ 21,175	+ 7,366
Government debt and securities ..	308,899,819	— 773,690	+ 13,492,317
Discounts and advances	14,031,271	— 1,814,856	+ 5,036,426
Other securities	56,603,819	+ 3,513,487	+ 19,167,668
Silver coin in issue department	3,847,561	— 1,221	— 513,966
Coin and bullion (bank's reserve) ..	121,321,171	— 9,664	— 21,540,596
Reserve of notes and coin in banking department	48,442,390	+ 6,855,364	— 7,957,477
Proportion of reserve to outside liabilities—			
(a) Banking department only ("proportion")	35½ %	+ 3½ %	— 9½ %
(b) Gold stocks to deposits and notes ("reserve ratio") ..	25½ %	— ½ %	— 4½ %

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Bank Rate.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1931.	\$	\$	\$	\$	\$	\$	%
Dec. 16	395,714	363,534	12,027	73,338	38,179	NI	6
23	395,719	370,031	14,641	72,282	38,721	NI	6
30	395,746	364,150	7,733	126,398	40,341	NI	6
1932.							
Jan. 6	395,750	362,859	15,681	81,824	38,503	NI	6
13	395,762	354,764	22,361	68,702	37,912	NI	6
20	395,762	347,879	20,813	77,482	38,444	NI	6

BANKERS' CLEARING RETURNS (000's omitted).

	Town.	Metropolitan.	Country.	Total.
1932.				
January 1 to January 6	406,612	37,426	57,901	501,939
Week ended January 13	448,701	36,666	58,959	544,326
Week ended January 20	486,522	35,001	59,538	581,061
Total to date, 1932	1,341,835	109,093	176,398	2,627,326
Total to date, 1931	2,298,865	120,548	191,791	2,611,204
Increase or decrease in 1932	-957,030	-11,455	-15,393	-983,878
	= 41.7%	= 9.5%	= 8.0%	= 37.7%
Total for year, 1931	31,815,808	1,667,852	2,752,209	36,235,869
Do. 1930	38,782,577	1,812,146	2,963,631	43,558,354
Increase or decrease in 1931	-6,966,769	-144,294	-211,422	-7,322,485
	= 17.9%	= 7.9%	= 7.1%	= 17.8%

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

	Week ended January 16.		Month of December.				Aggregate Totals, January 1 to January 16.	
	1931.	1932.	1930.	1931.	Inc. or Dec.	1931.	1932.	
Number of working days				25				
	£	£		£	£	£	£	
BIRMINGHAM	2,066	2,089	10,588	9,471	-10.5	6,428	6,396	
BRADFORD	612	568	3,192	3,736	+17.0	1,707	1,905	
BRISTOL	1,127	1,090	4,524	4,612	-0.2	2,751	2,906	
DUBLIN	4,973	4,914	...	...	...	16,297	15,552	
HULL	1,020	926	3,151	3,064	-2.7	2,117	2,188	
LEEDS	1,022	1,107	3,395	3,641	+7.2	2,560	2,595	
LIVERPOOL	825	859	3,042	2,983	-1.9	2,114	2,091	
MANCHESTER	6,274	5,694	26,006	23,281	-10.4	11,826	11,450	
NEWCASTLE	10,127	10,235	41,420	40,077	-3.2	25,308	24,116	
NOTTINGHAM	1,353	1,237	5,507	5,465	-0.7	3,392	2,816	
SHEFFIELD	500	492	2,779	1,774	-36.1	1,696	1,592	
	825	791	3,368	3,161	-6.1	2,418	2,120	
Total	30,724	29,992	106,972	101,165	-5.4	78,614	75,727	

OVERSEAS BANK RETURNS.

NOTE.—The latest return of the Bank of Portugal appeared in the *Economist* of August 8; Canadian Banks in January 2; National Bank of Egypt, Bulgaria, Greece, Russia, Finland, and Denmark in January 9. Norway, Spain, Roumania, Netherlands, Bank for International Settlements, and Lithuania in January 16.

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

	Jan. 21, 1931.	Dec. 31, 1931.	Jan. 7, 1932.	Jan. 14, 1932.	Jan. 21, 1932.
RESOURCES.					
Total gold reserve	3,074,150	2,987,560	2,985,550	3,001,840	3,005,910
Total bills discounted	229,880	1,024,130	818,220	818,340	818,990
Bills bought in open market	151,620	326,970	275,310	213,800	188,040
Total U.S. Govt. securities	624,590	803,230	765,940	751,570	751,470
Total bills and securities	1,006,750	2,185,220	1,888,310	1,813,450	1,795,340
Total resources	4,957,390	5,985,820	5,716,330	5,637,730	5,620,660
LIABILITIES.					
Federal Reserve notes in actual circulation	1,517,840	2,613,100	2,651,030	2,635,770	2,642,140
Deposits—Memberbank—reserve account	2,440,730	2,322,790	2,036,070	1,994,350	1,971,560
Deposits—Memberbank—current account	2,481,150	2,480,110	2,169,420	2,130,110	2,105,920
Capital paid in and surplus	444,350	435,190	420,030	419,260	418,880
Total liabilities	4,957,390	5,985,820	5,716,330	5,637,730	5,620,660
Ratio of total resources to deposits and Federal Reserve note liabilities combined	81.2%	61.9%	65.5%	66.9%	67.3%

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

	Jan. 21, 1931.	Dec. 31, 1931.	Jan. 7, 1932.	Jan. 14, 1932.	Jan. 21, 1932.
RESOURCES.					
Total gold reserve	1,123,730	880,310	899,030	960,260	983,450
Total bills discounted	42,770	431,830	198,230	191,210	187,560
Bills bought in open market	38,600	160,580	128,990	128,400	56,700
Total U.S. Govt. securities	213,930	302,060	288,900	284,400	284,440
Total bills and securities	295,400	900,620	650,520	557,510	528,000
Deposits—Memberbank—reserve account	1,061,780	1,121,540	883,160	856,720	852,280
Ratio of total resources to deposits and Federal Reserve note liabilities combined	85.0%	52.8%	62.7%	67.6%	69.6%

FEDERAL RESERVE MEMBER BANKS.

In \$'s (000,000's omitted).

	Jan. 7, 1931.	Dec. 9, 1931.	Dec. 16, 1931.	Dec. 23, 1931.	Dec. 30, 1931.	Jan. 6, 1932.
Loans	16,074	15,237	13,212	13,199	13,104	13,077
Investments	5,712	7,427	7,751	7,615	7,428	7,302
Demand deposits	13,821	12,105	12,168	11,771	11,871	11,781
Time deposits	7,043	6,073	6,004	5,947	5,892	5,854
Due from banks	1,596	928	1,012	939	995	987
Due to banks	3,597	2,387	2,540	2,385	2,472	2,572
Federal reserve borrowings	126	428	392	567	685	483

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

	Dec. 24, 1931.	Nov. 27, 1931.	Dec. 4, 1931.	Dec. 11, 1931.	Dec. 18, 1931.	Dec. 24, 1931.
ASSETS.						
Gold coin and bullion	6,717	7,700	7,714	8,512	8,684	8,421
Subsidiary coin	169	402	393	401	408	411
Bills discounted	8,249	3,784	3,338	2,660	2,656	2,928
Investments	1,639	1,143	1,407	1,203	1,054	976
LIABILITIES.						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	720	802	802	802	802	802
Notes in circulation	8,038	8,067	8,204	7,068	7,389	7,874
Government deposits	1,394	1,872	800	1,058	1,759	1,561
Bankers' deposits	4,689	4,115	4,650	4,255	4,406	4,055
Ratio of cash reserves to liabilities to public	43.9%	55.1%	57.5%	62.3%	63.0%	61.4%

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

	Dec. 26, 1931.	Nov. 27, 1931.	Dec. 4, 1931.	Dec. 11, 1931.	Dec. 18, 1931.	Dec. 25, 1931.
ASSETS.						
Total securities	29,32,710	31,72,035	31,15,720	31,09,370	31,04,790	31,08,780
Loans	15,13,535	8,53,713	8,56,684	8,99,465	8,80,890	8,85,560
Cash credits	25,09,700	23,99,370	25,13,970	24,08,135	23,80,120	24,01,070
Inland bills	3,17,680	4,27,250	4,35,540	4,66,890	4,66,890	4,66,890
Foreign bills	36,920	22,090	32,560	35,840	36,200	24,900
Dead stock	2,78,560	2,74,050	2,74,100	2,74,250	2,73,920	2,72,820
Bal. with other banks	14,000	10,210	9,890	18,800	15,980	31,220
Cash	12,02,530	10,04,820	9,33,670	8,86,130	8,78,040	8,04,870
LIABILITIES.						
Capital paid up	5,62,500	5,62,500	5,62,500	5,62,500	5,62,500	5,62,500
Reserve	5,37,500	5,42,500	5,42,500	5,42,500	5,42,500	5,42,500
Total deposits	81,32,050	70,47,570	68,62,300	69,88,250	69,18,090	69,23,070
The above includes—						
Deposits in London	6,786	721	736	1,023	1,075	1,227
Advances in London	6,582	769	756	955	1,075	1,136
Cash, &c., at other						
Banks in London	107	79	76	143	122	237

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

	Jan. 15, 1931.	Dec. 24, 1931.	Dec. 30, 1931.	Jan. 8, 1932.	Jan. 15, 1932.
ASSETS.					
Gold	54,402,710	68,481,174	68,863,040	69,273,466	69,846,823
Foreign assets—					
Sight deposits	7,032,727	13,039,983	12,354,220	11,131,240	10,405,672
Bills, &c.	19,330,196	8,460,326	8,756,771	9,922,424	...
Home bills	7,381,290	7,069,124	7,388,787	5,899,793	...
Advances against sec.	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
To the State	2,986,761	2,717,477	2,729,921	2,862,374	2,866,732
Negotiable bonds	5,252,399	7,157,189	7,157,189	6,898,658	6,898,658
Sinking Fund Dept.	3,752,107	5,193,463	5,345,325	5,557,555	...
Other assets (excluding forward exch.)	76,992,418	83,546,912	85,724,954	84,921,658	84,008,409
LIABILITIES.					
Notes in circulation	13,479,538	5,873,852	5,898,455	6,045,103	6,475,785
Public deposits	9,988,504	23,152,070	21,652,684	20,986,144	21,274,497
Private deposits	2,877,751	2,745,902	2,519,160	2,798,606	...
Other liabilities	...	...	...	...	...

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

	Jan. 15, 1931.	Dec. 31, 1931.	Jan. 7, 1932.	Jan. 15, 1932.
ASSETS.				
Of which deposited abroad	2,215,828	983,955	979,043	966,241
Reserve in foreign currencies	222,445	111,916	106,890	93,912
Bills of exchange and cheques	1,678,737	1,272,998	1,62,252	154,843
Silver and other coin	189,723	4,241,914	3,871,122	3,610,979
Notes of other German banks	18,034	2,068	140,053	177,529
Advances	114,948	244,633	5,470	8,082
Investments	102,519	160,682	160,682	108,486
Other assets	514,303	981,409	929,971	937,904
LIABILITIES.				
Share capital	122,788	150,000	150,000	150,000
Reserve	371,139	337,331	337,331	337,331
Notes in circulation	3,962,289	4,775,778	4,575,551	4,381,554
Other daily maturing obligations	322,757	754,870	417,212	384,316
Other liabilities	323,204	850,497	867,479	871,508
Cover of note circulation	62.6%	24.2%	24.9%	25.6%

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

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

	Position, May 28, 1931.	Jan. 15, 1931.	Dec. 22, 1931.	Dec. 30, 1931.	Jan. 7, 1932.	Jan. 14, 1932.
ASSETS.						
Gold	232,650	1,373,421	2,553,095	2,549,755	2,549,867	2,550,366
Foreign Bills and Balances abroad	932,272	5,619	41,488	41,755	39,592	40,138
Silver and other coin	697,600	828,662	930,112	975,988	945,669	946,707
LIABILITIES.						
Notes in circulation	934,150	3,235,803	3,575,588	3,653,931	3,709,302	3,702,892
Current accounts	112,125	209,861	301,087	321,261	188,655	202,136

(b) In thousand francs.

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

	Position, May 30, 1931.	Jan. 17, 1931.	Dec. 26, 1931.	Jan. 2, 1932.	Jan. 9, 1932.	Jan. 16, 1932.
ASSETS.						
Gold	22,971	138,170	159,600	158,800	159,200	158,500
Silver	29,785	41,055	...	...	...	...
Discounts, advances, and other investments	77,567	103,478	83,500	85,100	86,700	84,000
LIABILITIES.						
Notes in circulation	109,499	251,313	229,600	232,000	236,400	232,400
Deposits and bills payable	11,250	46,979	27,600	25,600	22,300	22,800

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

	Position, May 31, 1931.	Jan. 15, 1931.	Dec. 23, 1931.	Dec. 31, 1931.	Jan. 7, 1932.	Jan. 15, 1932.
ASSETS.						
Gold	171,175	654,654	2,298,596	2,346,893	2,400,785	2,404,792
Foreign Bills and Balances abroad	...	376,137	131,804	103,974	100,286	97,544
Discounts	...	44,888	35,561	34,572	34,229	31,599
Advances	103,000	37,271	53,977	64,469	63,150	53,796
LIABILITIES.						
Notes in circulation	275,925	913,760	1,539,687	1,609,353	1,538,410	1,489,477
Deposits	33,750	319,997	992,885	962,126	1,067,812	1,106,391

OVERSEAS BANK RATES.

Changed.	From To	Changed.	From To
Albania.....	July 1, 1931	Madrid.....	July 8, 1931
Amsterdam.....	Sept. 29, 1931	Oslo.....	Oct. 17, 1931
Athens.....	Jan. 12, 1932	Paris.....	Oct. 9, 1931
Batavia.....	Mar. 10, 1930	Prague.....	Dec. 22, 1931
Belgrade.....	July 20, 1931	Reval.....	Nov. 13, 1931
Berlin.....	Dec. 9, 1931	Riga.....	Sept. 1, 1931
Bucharest.....	Jan. 13, 1932	Rome.....	Oct. 1, 1930
Budapest.....	Mar. 31, 1931	Sofia.....	Sept. 28, 1931
Calcutta.....	Jan. 14, 1932	Stockholm.....	Sept. 30, 1931
Copenhagen.....	Sept. 26, 1931	Swiss Bank	Oct. 17, 1931
Danzig.....	Nov. 24, 1931	places.....	Jan. 22, 1931
Heidelberg.....	Oct. 26, 1931	Tokio.....	Nov. 4, 1931
Kyovo.....	Oct. 3, 1931	Vienna.....	Nov. 11, 1931
Lisbon.....	Aug. 8, 1931	Warsaw.....	Oct. 3, 1930
New York Federal Reserve.....	Oct. 15, 1931	Irish.....	Sept. 29, 1931

Central Bank of Chile.—Discount rate for member banks, 6%; discount rate for the public, 7%.
 a 6% applied to banks and credit institutions.
 b 7% applied to private persons and firms.

CURRENT PRICES IN NEW YORK.

The Irving Trust Company cable the following money and exchange rates in New York:—

	Jan. 21, 1931.	Dec. 21, 1931.	Dec. 30, 1931.	Jan. 6, 1932.	Jan. 13, 1932.	Jan. 20, 1932.
Call money.....	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4
Time money (90 days) mixed coll.....	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4
Bank acceptances.....	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4
Members—eligible, 90 days.....	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Non-members—eligible, 90 days.....	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Ineligible, 90 days.....	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4
Commercial accept., 90 days.....	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4

Rates of Exchange, New York on—	Par Level.	Jan. 21, 1931.	Jan. 6, 1932.	Jan. 13, 1932.	Jan. 20, 1932.
London.....		4-86 1/2	4-85 1/2	4-85 1/2	4-85 1/2
60 days.....		4-86 1/2	4-85 1/2	4-85 1/2	4-85 1/2
Cable.....		4-86 1/2	4-85 1/2	4-85 1/2	4-85 1/2
Cheques.....		4-86 1/2	4-85 1/2	4-85 1/2	4-85 1/2
Paris.....		3-91 1/2	3-91 1/2	3-91 1/2	3-91 1/2
Brussels.....		13-90	13-90	13-90	13-90
Switzerland.....		19-30	19-30	19-30	19-30
Italy.....		5-26 1/2	5-26 1/2	5-26 1/2	5-26 1/2
Berlin.....		23-82	23-75 1/2	23-70	23-68
Vienna.....		14-07	14-06	14-06	14-06
Madrid.....		19-30	10-55	8-44	8-43
Amsterdam.....		40-195	40-21 1/2	40-14	40-20
Copenhagen.....		26-80	26-71	18-45	18-85
Stockholm.....		26-80	26-71	19-10	19-08
Athens.....		1-237	12-92 1/2	12-77 1/2	12-87 1/2
Montreal.....		100	11-40	11-40	11-40
Yokohama.....		49-85	43-40	35-12 1/2	36-00
Hong Kong.....		24-62 1/2	25-25	25-25	25-25
Shanghai.....		32-12 1/2	32-12 1/2	32-12 1/2	32-12 1/2
Calcutta.....		36-50	35-88	25-75	26-12 1/2
Buenos Aires.....		103-65	144-55	...	...
Rio de Janeiro.....		11-96	9-00	...	...
Valparaiso.....		12-125	12-01	...	...

SOUTH AFRICAN EXCHANGE RATES.

BUYING RATES.	T.T.	Sight.	30 days' sight.	60 days' sight.	90 days' sight.
London on—					
Rhodesia.....	1 1/2 dis.	1 1/2 dis.	1 1/2 dis.	2 1/2 dis.	3 1/2 dis.
South Africa.....	1 1/2 dis.	1 1/2 dis.	1 1/2 dis.	2 1/2 dis.	3 1/2 dis.
SELLING RATES PER £100 (STERLING).					
London on—					
Rhodesia.....	9 s. d.	9 s. d.	9 s. d.	9 s. d.	9 s. d.
South Africa.....	73 0 0	72 15 0	72 15 0	72 15 0	72 15 0

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.

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

Country.	Method of Quoting.	Par Value.	Usance.	Latest Rate.
Buenos Aires.....	Sucre to £	24-3325	Sight London	17-61 1/2
Venezuela.....	Bolivares to £	25-2215	"	24-75 1/2
Colombia (Bogota).....	Pesos to £	5-40	"	3-65 1/2
El Salvador.....	Colonos to £	4-8665	"	4-96
El Salvador.....	Colonos to £	9-73	"	7-78
Bolivia.....	Bolivianos to £	13-33	"	13-03 1/2

OVERSEAS DOMINION RATES.

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND.

	London on Australia and New Zealand.	Australia and New Zealand on London.
	Buying.	Selling.
	Aus. tra.	New Zealand.
T.T.	125 1/2	125 1/2
Sight	125 1/2	125 1/2
30 days	125 1/2	125 1/2
60 days	125 1/2	125 1/2
90 days	125 1/2	125 1/2

All rates (Australia and New Zealand) now based on £100—LONDON.

INDIA: REMITTANCES TO THE HOME TREASURY.

	From Apr. 1, 1931	During the week ending to Jan. 16, 1932.
Sterling purchased in India.....	1,988,000	23,758,000
Net transfer to Home Treasury.....	...	23,047,804
Less sales of sterling.....	1,988,000	46,805,804
Net remittance to Home Treasury.....	1,988,000	32,758,000

The following statistics of imports and exports of gold for week ended January 21, 1932, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.	Exported from Great Britain and Northern Ireland.
From—	To—
Netherlands.....	Sweden.....
Iraq.....	Poland.....
U.S.A.....	Germany.....
Irish Free State.....	Netherlands.....
British S. Africa.....	France.....
Anglo-Egyptian Sudan.....	Switzerland.....
British India.....	Italy.....
Straits Settlements.....	U.S.A.....
Australia.....	Other countries.....
New Zealand.....	
British Guiana.....	
Other countries.....	
Total declared value of imports.....	Total declared value of exports.....

Messrs. Samuel Montagu and Company write on January 20, 1932, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £120,761,529 on the 13th inst., as compared with £120,749,775 on the previous Wednesday. France has again been the chief taker of the comparatively small amounts available in the market. The shipments of gold from India have continued on a large scale, the s.s. "Rawalpindi" having left Bombay on Saturday last bearing about £2,750,000. Large quantities of gold have been engaged for shipment from U.S.A. to France.

Quotations during the week:—

January 14	Per fine ounce.	Equivalent value of £ sterling.
" 15	120s. 4d.	14s. 1-4d.
" 16	117s. 11d.	14s. 4-9d.
" 18	118s. 6d.	14s. 4-1d.
" 19	118s. 8d.	14s. 3-8d.
" 20	120s. 0d.	14s. 1-9d.
Average	120s. 0d.	14s. 1-9d.

SILVER.

The improvement in sterling attributed to a more favourable reparations outlook, and also moderate sales by the Indian Bazaars led to successive falls in the early part of the week, until quotations of 18 1/2d. and 19 1/2d. were quoted for cash and forward deliveries respectively on the 18th. Yesterday, with a slight reaction in sterling, prices recovered a fraction, but the improvement has not been maintained. Sales having been mainly for cash, the difference has widened, and it will be seen that both yesterday and to-day cash is quoted at a discount of 1/2d. The tone is steady for the moment.

The following were the United Kingdom imports and exports of silver registered from midday on the 11th inst. to midday on the 18th inst.:—

Imports.	Exports.
U.S.A.....	Palestine.....
Other countries.....	Malta.....
	Other countries.....

Quotations during the week:—

In London.	In New York.
Bar silver per oz. std. delivery.	Cash Two Months' delivery.
January 14.....	January 13.....
" 15.....	" 14.....
" 16.....	" 15.....
" 18.....	" 16.....
" 19.....	" 18.....
" 20.....	" 19.....
Average.....	

The highest rate of exchange on New York recorded during the period from the 14th to the 20th inst. was \$3-50 1/2, and the lowest \$3-41 1/2.

INDIAN CURRENCY RETURNS (in lacs of rupees).

	Jan. 15.	Jan. 7.	Dec. 31.
Notes in circulation.....	18,113	17,764	17,930
Silver coin and bullion in India.....	11,933	12,142	12,299
Gold coin and bullion in India.....	477	456	456
Securities (Indian Government).....	5,453	5,016	4,925
Bills of exchange.....	250	150	250

The stocks in Shanghai on the 16th inst. consisted of about 55,500,000 ounces in sycee, 169,000,000 dollars and 4,040 silver bars, as compared with about 55,700,000 ounces in sycee, 169,000,000 dollars and 3,320 silver bars on the 9th inst.

GOLD AND SILVER PRICES.

	Gold Per Ounce.	Silver—Per Ounce.	Date.	Silver.
		Cash	Forward	Cash.
1932.				
Jan. 15.....	117 11	19 1/2	19 1/2	32
" 16.....	118 6	19 1/2	19 1/2	26 1/2
" 18.....	118 8	19 1/2	19 1/2	26 1/2
" 19.....	120 0	19 1/2	19 1/2	26 1/2
" 20.....	120 0	19 1/2	19 1/2	20 1/2
" 21.....	120 5	19 1/2	19 1/2	13 1/2

Company News.

SUMMARY OF BALANCE SHEETS.

MIDLAND BANK LIMITED.
 The audited balance sheet of the Midland Bank Limited, made up on December 31, 1931, compares as follows with the position shown by the Bank on December 31, 1930 and 1929:—

	Dec. 31, 1929.	Dec. 31, 1930.	Dec. 31, 1931.
LIABILITIES.			
Capital paid up.....	13,432,968	14,248,012	14,248,012
Reserve fund.....	13,432,968	14,248,012	11,500,000
Current, deposit and other accounts.....	376,703,193	395,632,143	357,454,098
Balances due to affiliated companies.....	2,919,564	3,973,406	2,793,400
Profit, balance, &c., and dividend payable.....	1,826,432	1,845,086	1,704,897
Acceptances and confirmed credits on account of customers.....	19,779,218	16,271,676	9,146,354
Engagements on account of customers.....	17,695,148	9,058,516	10,073,925
	445,789,491	455,256,851	406,922,686
ASSETS.			
Coin, bank notes and balances with the Bank of England.....	46,918,243	47,219,369	38,505,969
Balances with, and cheques in course of collection on other banks in Great Britain and Ireland.....	18,375,202	15,119,408	15,205,876
Money at call and short notice.....	21,670,909	21,716,360	16,129,800
Investments.....	32,928,891	38,671,575	42,190,262
Bills discounted.....	58,783,657	83,922,558	57,132,250
Advances to customers and other accounts.....	210,374,230	203,582,971	197,637,464
Midland Bank Executor and Trustee Co., Ltd.: Loans on behalf of clients.....	164,444	87,196	248,392
Belfast Banking Co., Ltd.: Govt. of Northern Ireland Guaranteed Call Loan.....	1,800,000	1,800,000	1,800,000
Liabilities of Customers for Acceptances, Confirmed Credits and Engagements.....	37,474,366	25,310,192	19,222,279
Bank Premises.....	8,964,535	8,978,290	9,584,861
Other Properties and work in progress for extension of the business.....	1,213,349	1,568,301	1,221,452
Shares in Yorkshire Penny Bank, Ltd.....	...	...	750,000
Capital, Reserve and Undivided Profits of—			
Belfast Banking Co., Ltd.....	7,121,665	7,280,631	7,294,061
The Clydesdale Bank, Ltd.....	...	...	...
North of Scotland Bank, Ltd.....	...	...	...
Midland Bank Executor & Trustee Co., Ltd.....	...	...	...
	445,789,491	455,256,851	406,922,686

COUTTS AND CO.

	December 31, 1931.	December 31, 1930.	December 31, 1929.
LIABILITIES.			
Capital issued & paid up.....	1,000,000	1,000,000	1,000,000
Reserve fund.....	1,000,000	1,000,000	1,000,000
Current, deposit and other accounts.....	17,030,427	2,456,744	36,702
Acceptances, &c.....	497,316	...	...
	19,527,743	2,493,446	...
ASSETS.			
Coin, bank notes and balances with Bank of England.....	1,802,874	428,868	...
Balances with other banks.....	642,181	77,972	...
Money at call and notice.....	2,213,000	1,312,920	...
Investments in British Govt. stocks.....	3,375,002	136,560	...
Colonial Govt. stocks, corporation stocks and other investments.....	526,794	7,121	...
Bills discounted.....	1,220,312	322,120	...
Advances.....	8,870,764	458,545	...
Bank premises.....	379,500	...	...
Acceptances, &c.....	497,316	36,702	...
	19,527,743	2,493,446	...

DISTRICT BANK, LIMITED.

LIABILITIES.	December 31, 1931.	ASSETS.	December 31, 1931.
Amount.	Compared with Dec. 31, 1930.	Amount.	Compared with Dec. 31, 1930.
"A" shares.....	1,896,000	Cash in hand and in Bank of England.....	7,108,669 - 740,528
"B" shares.....	516,000	Money at call and notice.....	4,274,545 - 135,125
Reserve fund.....	2,000,000	Bills of exchange.....	3,887,727 - 2,911,258
Dividend for half year, subject to tax.....	173,800 - 15,800	Investments: Govt. Securities.....	18,216,249 + 2,193,283
Balance of profit and loss.....	217,904 + 16,640	British Railways Debentures, Corporation stocks, &c.....	578,957 + 48,376
Current deposit, and other accounts.....	50,322,361 - 2,121,591	Other investments.....	97,600
Acceptances.....	564,815 + 68,662	Investments in subsidiary co.s.....	400
Endorsements.....	1,231,230 + 655,437	Advances in current and other accounts.....	19,952,329 - 624,791
	56,722,110 - 1,396,652	Acceptances.....	1,796,045 + 724,100
		Bank property.....	809,589 + 49,201
			56,722,110 - 1,396,652

NATIONAL PROVINCIAL BANK, LIMITED.

LIABILITIES.		December 31, 1931.	ASSETS.	
Amount.	Compared with Dec. 31, 1930.		Amount.	Compared with Dec. 31, 1930.
£	£	£	£	£
120,000 shares, £25, with £3½ paid	420,000	...	Cash and notes Balances and cheques.....	29,704,901 — 3,561,149
1,972,564 shares, £20, with £4 paid	7,889,416	...	Money at call and notice.....	9,343,080 — 123,948
234,000 shares, £5, fully pd.	1,170,000	...	Bills dis'nted	18,792,624 — 1,505,910
Reserve fund.....	8,000,000	— 1,479,416	Investments... Stk. in Coutts & Co.....	36,689,130 — 14,371,959
Current, de- posit and other accts.	261,503,042	— 30,702,526	2,000,000	5,468,420
Acceptances...	9,229,529	— 860,194	Shrs. in Grind- lay & Co. ...	2,000,000
Due to subor- diary co's...	422,498	+ 248,273	Shrs. in Bank of British West Africa	514,000
Profit and loss	804,116	+ 130,302	Shrs. in Bank of British West Africa	514,000
			Lloyds & Nat. Provincial... Yorkshire Penny Bank	50,000 — 50,000
			Advances	600,000
			Bank premisses	...
			Acceptances...	...
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WEEKLY TRAFFIC RETURNS. RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended Jan. 15, 1932. (c) Week ended Jan. 16, 1932.	Miles Open.	Week ended Jan. 17, 1932. (000's omitted.)					Aggregate, 2 weeks (000's omitted.)				
		Passen- ger, &c.	Merchandise, &c.	Coal and Lignite	Total Goods.	Total Receipts.	Passen- ger, &c.	Merchandise, &c.	Coal and Lignite	Total Goods.	Total Receipts.
Great Western 1932	3,761	168	172	107	279	447	335	332	212	544	879
(c) L. & N. 1932	3,761	188	185	67	252	440	375	361	126	487	862
Eastern 1932	6,349	250	313	254	567	817	503	597	490	1,087	1,590
L. M. & S. 1932	6,349	276	348	288	636	912	554	675	545	1,220	1,774
Scottish 1932	6,956	373	440	254	694	1,067	745	842	496	1,338	2,083
Southern 1932	6,956	401	473	317	790	1,191	802	915	613	1,528	2,339
Total 1932	2,180	239	60	33	332	476	476	115	63	178	254
1931	2,179	258	69	36	105	363	517	136	64	200	717
Total 1931	19,244	1,030	985	648	1,663	2,663	2,059	1,886	1,261	3,147	5,206
(c) Metro- politan 1932	59	29.6	...	...	3.9	33.5	59.7	...	...	7.8	67.5
(c) Under- ground R.R. 1932	59	31.8	...	...	3.9	35.7	64.6	...	...	7.8	72.4
(c) Green- wich & C. 1932	...	285.6	...	...	285.6	665.3	...	...	...	...	665.3
(c) Buses, &c. 1932	...	26.2	...	...	26.2	60.8	...	...	...	...	60.8
(c) L. & S. 1932	...	41.8	...	...	41.8	98.2	...	...	...	...	98.2
(c) Belfast 1932	...	42.5	...	...	42.5	98.7	...	...	...	...	98.7
(c) O. & D. 1932	...	0.7	...	...	0.7	4.3	...	...	...	...	4.3
(c) O. & D. 1931	...	0.8	...	...	0.8	4.7	...	...	...	...	4.7
(b) Great 1932	562	8.8	...	...	11.8	20.6	18.3	...	...	22.2	40.5
(b) Northern 1932	562	9.7	...	...	14.5	24.2	19.8	...	...	26.0	45.8
(b) Great 1931	2,182	19.2	...	...	33.1	52.3	37.8	...	...	63.2	105.0
(b) Southern 1931	2,182	21.8	...	...	45.6	65.6	42.5	...	...	80.3	122.8

* The operations of these Companies were extended during 1931.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.	Total Gross Receipts.
				1931. + or -	1931. + or -
INDIAN.					
Assam Bengal.....	38	Dec. 19	1,330	Rs. 3,52,200 -	Rs. 1,38,30,737 -
Bamri Lt. Ry.	39	26	202	44,000 +	10,300
Bengal & N. Western	13	26	2,114	6,46,014 +	68,722
Bombay, Bar. & C. I.	37	12	3,199	14,09,000 -	1,42,366
Madras & S. Mahr.	41	Jan. 16	3,084	21,63,000 -	26,000
† Rohilk. & Kumaon	13	Dec. 26	3,230	15,23,000 -	3,19,492
South Indian.....	39	26	572	1,30,124 +	1,788
				9,91,243 -	2,24,460
				4,13,02,537 -	51,00,279

† Including Lucknow-Bareilly State Railway.

CANADIAN.

		1932.	\$	\$	\$	\$
Canadian National	1	Jan. 7	20441	2,381,077	— 394,607	...
Canadian Pacific...	2	14	16117	2,001,000	— 537,000	4,005,000 — 1,000,000

SOUTH AMERICAN.

Antofagasta (Chili and Bolivia)	3	Jan. 17	804	15,340 -	13,410	\$
Argentine N.E.	29	16	753	12,400 -	1,300	\$
Argentine Trans. dn.	29	16	111	1,659 -	1,421	\$
B.A. and Pacific	29	16	2,806	13,000 +	4,000	\$
B.A. Central.....	29	16	768	11,566 -	3,179	\$
B.A. Gt. Southern	29	16	5,076	300,000 +	42,000	\$
B.A. Western.....	29	16	1,926	90,000 +	20,000	\$
Central Argentine.....	29	16	3,505	244,000 +	9,000	\$
Central Uruguayana	29	16	273	15,935 -	4,723	\$
O. U. (East Ext.)	29	16	311	3,981 -	610	\$
O. U. (N. Ext.)	29	16	185	1,779 -	612	\$
O. U. (W. Ext.)	29	16	211	1,884 -	128	\$
G. Western of Brazil	29	16	1,218	46,000 -	7,000	\$
Ordoba Central.....	29	16	810	34,100 -	1,800	\$
Huancabamba.....	2	16	1,052	14,600 -	2,500	\$
Leopoldina.....	2	16	1,918	25,313 +	608	\$
Leopoldina Term.	2	16	...	Me 277,000 +	7,000	\$
Nitrate.....	11	15	411	5,048 -	8,385	\$
Paraguay Central	29	16	274	2,510 -	660	\$
Salvador.....	29	16	...	4,681 +	763	\$
San Paulo.....	2	10	153	35,325 +	4,559	\$
United of Havana	29	16	1,367	17,813 -	9,234	\$

† Months.

OTHER OVERSEAS.

GROSS EARNINGS									
Egyptian Delta Light Railways	39	1931. Dec. 31	620	£8,231	—	1,019	194,893	—	34,662
Egyptian Markets	1	Jan. 7	...	22,330	—	142	2,330	—	142
Gt. Southern of Spain	2	1	104	Pes. 67,018	—	38,125	67,018	—	38,125
Mexican Railway	2	14	483	£160,000	—	66,400	310,800	—	94,000

TRAMWAYS WEEKLY GROSS RECEIPTS.

TRAMWAYS WORKING GROUPS							
		1932.		£		£	£
Anglo-Argentine ...	2	Jan. 14	329	67,928	-	10,383	17,431
B. Aires Laocore ...	29	17	...	11,087	-	1,628	35,681
Isle of Thanet Elec.	1	6	...	2,445	-	674	674
Liverpool Corp.	41	13	124	29,720	+	1,751	5,787
Madras Electric	1	15	...	Rs. 54,651	-	1,406	1,406
L.C.C. Tramways	41	13	166	76,686	-	1,509	93,465

† Months.

MONTHLY TRAFFICS.

Company.	Months.	Ending.	Description.	Receipts for Month.	Receipts to Date.
				1931. + or -	1931. + or -
British Columbia Power	6	Dec. 31	Gross	\$1,205,047 -	52,182
			Net	\$426,441 -	17,209
Costa Rica Ry.	5	Nov. 30	Gross	\$19,508 -	6,769
Hydro-Electric Securities	12	Oct. 31	Gross	\$11,925,382 -	963,748
			Net	\$5,660,043 -	283,162
International Ry. of Central Africa	12	Dec. 31	Gross	\$107,673 -	32,155
			Net	\$41,314 -	17,980
Mashonaland Ry.	1	Nov. 30	Gross	\$73,832 -	49,773
Rhodesia Ry.	1	Nov. 30	Gross	\$121,666 -	77,816

REPORTS AND NOTICES.

Mr W. Ross Munro, general manager of the National Bank of India, Ltd., has been elected chairman of the committee of the British Overseas Banks' Association for the ensuing year.

The Governor and Committee of the Hudson's Bay Company announce that Sir Frederick Richmond, Bart., has resigned his appointment of deputy governor of the company, and that Sir George Ernest May, Bart., K.B.E., has been elected to the vacancy.

GOVERNMENT, &c.

STATE OF BAHIA EXTERNAL LOANS.—Ethelburga Syndicate, Ltd., announce that bondholders of the above loans who assent to the scheme, as set out in their previous announcement in the Press on 14th instant, should deposit their bonds to be stamped as assenting on or after February 5, 1932, as follows: Holders of 1904 and 1913 loans, Bank of London and South America, Ltd., 6 Tokenhouse Yard, E.C.; holders of 1915, 1928 loans and 1918 Treasury bills, Anglo-South American Bank, Ltd., 117 Old Broad Street, London, E.C. Holders of 1918 Treasury bills who deposit their bonds for assenting will receive new coupon sheets. Provincial and foreign holders must forward their bonds through their bankers or agents, as in no circumstances will bonds be dealt with by post. Due notice will be given in the Press by the usual paying agents as and when coupons are payable. The Ethelburga Syndicate announces the deposit by the State of Bahia of 200 contos, being the January portion of the service of the English Loans under the proposed scheme recently published in the press.

BANKS.

STANDARD BANK OF SOUTH AFRICA, LTD.—The directors have declared an interim dividend payable in British currency, of 6s. per share (being at the rate of 12 per cent. per annum), subject to income tax. This compares with a dividend of 7s. per share (being at the rate of 14 per cent. per annum), subject to income tax, for corresponding period of 1930. The balance sheet, dated September 30, 1931, shows total assets, £87,060,800, as compared with total assets, £70,212,390, on September 30, 1930. Total cash has declined from £8,585,437 to £8,329,382, but investments are at £6,987,268, against £5,226,398. It is pointed out that these investments appear at, or under, cost and in the aggregate below market value at September 30, 1931, depreciation having been met out of contingencies account. Bills discounted, advances, &c., amount to £34,894,672, against £36,818,283 on September 30, 1930. Deposits are at £50,404,572, as against £52,124,481 a year ago.

ULSTER BANK, LTD.—The accounts just issued are for a period of thirteen months to December 31, 1931. The net profits for that period amounted to £198,981, comparing with £215,472 for the year ended November 29, 1930. The sum of £80,122 was brought in to the accounts from November 29, 1930, thus making £259,103 available. The ordinary dividend absorbed £138,667, against £128,000. The sum of £50,000 is again put to reserve fund. Nothing is put to contingent fund, against £40,000 last year. The carry-forward is £70,436, against £60,122 brought in. All ascertained bad and doubtful debts have been written off or fully provided for. Total assets are £24,734,625, as against £24,741,316 at November 29, 1930. Cash is higher, at £2,716,570, against £2,293,351. Bills discounted, advances, &c., are lower at £10,445,891, against £10,887,468. Bank premises are higher at £256,530, against £233,585. Investments in Government stocks, at £10,333,950, compare with £10,309,354 a year ago. Deposits show little change at £21,467,434, compared with £21,444,824. The meeting will be held at Belfast, on January 26th, at 12.15 p.m.

MINES.

BRAKPAN MINES, LIMITED (Acquisition of all assets of Witpoort Gold Areas).—A provisional agreement has been reached whereby Brakpan Mines, Ltd., will acquire all the assets of the Witpoort Gold Areas, Ltd. The purchase price is £200,000 (South African currency), payable in four six-monthly instalments of £50,000 each, the first of which is due on June 30 next. It is a condition of the agreement that in the event of the Union of South Africa leaving the gold standard or devaluing its currency before the payments are completed, half the purchase price, or of so much of it as is still outstanding, will be paid in gold or its equivalent in British currency in Johannesburg. Brakpan Mines, Ltd., will not be responsible for any of the liabilities of the Witpoort Company. Conclusion of the agreement is subject to confirmation by Witpoort shareholders—for this purpose an extraordinary general meeting of shareholders is being held in March next—and to Government consent. Brakpan has obtained provisional consent to the agreement from Minister of Mines and Industries. Pending final confirmation of the agreement, Brakpan, with the consent of the Government and the Witpoort company, has taken over the working of the Witpoort mine, and is continuing development.

MISCELLANEOUS.

THE LONDON STOCKHOLDERS INVESTMENT TRUST, LTD.—For the year ended December 31, 1931, the gross revenue was £30,774 (against £35,678); net revenue was £13,168 (against £20,175). The board recommends a final ordinary dividend of 1 per cent. (against 2½ per cent.), making 2½ per cent. (against 5 per cent.) for the year. Carry-forward, £3,056 (against £2,927). £4,000 has been transferred from contingency reserve account to write off the balance of expenses of increase of capital. Valuation of investments shows a depreciation of 47.95 per cent. Classifications showing the distribution and a full list of the investments are in the report.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Dividend Interest.	Amount Available for Distribution.	Appropriation.				Corresponding Period Last Year.		
					Dividend.			Carried to Reserve, Depreciation, &c.	Balance Forward.	Net Profit.	Dividend.
					Prefere.	Ordinary.					
						Amount.	Amount.				
		£	£	£	£	£	%	£	£	£	%
Banks.											
Anglo-French Banking Corp.	Dec. 31	2,578	Dr 184,815	Dr 182,237	...	...	...	Dr. 40,000	Dr 142,237	72,450	17½
Bank of Ireland	Dec. 31	81,481	512,172	593,653	...	402,836	17½	100,000	90,817	537,145	17½
Belfast Banking	Dec. 31	97,962	111,394	209,356	...	66,000	...	100,000	43,356	118,054	...
District Bank	Dec. 31	201,264	424,239	625,503	...	347,600	{ 16½ A 10 B }	60,000	217,903	451,239	{ 18½ A 10 B }
Hibernian Bank	Dec. 31*	41,246	43,892	85,138	...	36,250	14½	15,000	33,888	55,261	14½
Isle of Man Bank	Dec. 31	11,370	23,282	34,652	...	11,000	22	12,000	11,652	23,629	22
Manchester & County Bank	Dec. 31	83,300	154,312	237,612	...	150,156	13½	...	87,456	171,255	15
Midland Bank	Dec. 31	851,287	2,056,986	2,908,273	...	1,738,257	16	320,000	850,016	2,318,690	18
Munster and Leinster Bank	Dec. 31*	45,903	91,223	137,126	...	52,500	14½	40,000	44,626	93,336	14
National Discount Co.	Dec. 31	176,188	131,524	307,712	...	{ 31,750 4/11 psA 103,656 11/10 psB }	...	...	172,306	219,414	{ 10 A 24 B }
National Provincial Bank...	Dec. 31	673,815	1,747,007	2,420,822	...	1,516,707	16	100,000	804,115	1,930,855	18
Northern Bank	Dec. 31	47,064	(s) 34,333	81,397	...	23,438	{ 15 A 7½ B }	10,402	47,557	...	...
North of Scotland Bank ...	Dec. 31	101,748	254,414	356,162	...	193,970	17	95,000	67,192	281,473	18
Provincial Bank of Ireland	Dec. 31*	38,706	48,347	87,053	...	29,363	14½	20,000	37,690	55,376	14½
Royal Bank of Ireland	Dec. 31	10,662	(m) 80,910	91,572	...	33,392	10	48,000	10,180	...	...
Ulster Bank	Dec. 31	60,122	(t) 198,981	259,103	...	138,667	18	50,000	70,436	215,472	20
Westminster Bank	Dec. 31	464,301	1,601,822	2,066,123	...	1,184,867	{ 18 12½ }	450,000	431,256	1,821,888	{ 20 12½ }
Williams Deacon's Bank ...	Dec. 31	25,478	275,465	300,943	...	234,375	12½	40,000	26,568	278,627	12½
Breweries.											
Crown Brewery	Dec. 31	6,710	24,669	31,379	...	16,767	15	5,000	9,612	27,631	20
Davenport (John) and Sons' Brewery	Oct. 31	30,817	24,719	55,536	2,875	11,050	20	...	41,611	23,736	25
Canals and Docks.											
Smith's Dock Co.	Sept. 30	31,922	Dr. 47,215	Dr. 15,293	10,000	...	...	Dr. 55,000	29,707	80,754	6
Electric Lighting, &c.											
Adelaide Electric Supply ...	Aug. 31	31,500	318,491	349,991	172,500	42,500	8½	100,569	34,422	313,970	12
Melbourne Electric Supply..	Aug. 31	348	109,133	109,481	40,000	60,045	7½†	9,000	436	132,620	10†
Financial Land, &c.											
Law Debenture Corporation	Dec. 31	—	41,821	41,821	7,500	37,287	12½	Dr. 2,966	—	63,859	12½
Lennards Real Property Co.	Dec. 31	15,284	29,733	45,017	18,750	11,250	7½	...	15,017	30,004	7½
Mortgage Co. of The River Plate	Dec. 31	102,352	68,387	170,739	15,000	45,000	15	10,000	100,739	78,196	18
Iron, Coal and Steel.											
Steel Developments	Dec. 31	3,871	4,539	8,410	...	4,494	6†	...	3,916	4,578	6†
Motor and Cycle.											
Leyland Motors	Sept. 30	59,011	305,083	364,094	51,187	67,500	10	150,000	95,407	366,245	20
Rubber, &c.											
Bila (Sumatra) Rubber	Aug. 31	23,958	Dr. 6,848	17,110	...	...	...	...	17,110	Dr. 412	...
Escof Rubber	Sept. 30	6,926	Dr. 2,249	4,673	...	...	...	...	4,673	189	...
Sedenak Rubber	Oct. 31	2,952	15,718	18,670	...	3,846	2½	...	14,824	3,851	...
Sendayan (F.M.S.) Rubber	Sept. 30	10,005	37	10,042	...	...	...	...	10,042	225	...
Shops and Stores.											
Stead and Simpson	Dec. 31	51,596	45,260	96,856	9,794	14,000	10	10,000	63,062	47,487	10
Weber (L. & J.) & Phillips	Dec. 31	13,713	21,895	35,608	...	18,600	10	9,000	8,008	22,216	12½
Textiles.											
Hollins Mill Co.	Nov. 30	12,478	Dr. 22,802	Dr. 10,324	...	...	...	...	Dr 10,324	Dr 49,344	...
Trickett (Sir H. W.)	Nov. 30	Dr. 244	Dr. 33,965	Dr. 34,209	...	...	...	...	Dr 34,209	Dr. 1,642	...
Wilkinson and Riddell	Dec. 31	22,440	59,920	82,360	6,500	45,000	10†	8,000	22,860	66,838	10†
Tramways and Omnibuses.											
Birmingham and Midland Motor Omnibus	Dec. 31	28,556	184,496	213,052	8,000	120,000	15	56,263	28,789	179,497	15
Trusts.											
Charter Trust and Agency Government Stock and Other Securities Investment ...	Nov. 30	9,755	27,847	37,602	18,750	11,437	3	...	7,415	42,368	6
London Stockholders Investment	Dec. 31	...	46,000	46,000	18,313	44,308	9½	Dr. 16,621	...	73,415	10
Metropolitan Trust	Dec. 31	2,927	13,169	16,096	7,425	5,164	2½	451	3,056	20,175	5
New York and General Trust	Jan. 1	43,607	137,687	181,294	28,125	94,844	20	...	58,325	148,269	20
Omnium Investment Co. ...	Jan. 3	14,416	19,530	33,946	13,500	7,350	4	...	13,096	33,499	10
River Plate & Gen. Invest.	Dec. 31	27,146	56,819	83,965	23,840	47,671	10	...	12,454	91,008	10
Traction and General Investment	Dec. 31	42,244	62,250	104,494	12,375	44,000	16	5,000	43,119	76,633	20
Cleveland Water Co.	Dec. 31*	5,635	3,124	8,759	...	3,400	{ 10 7 }	...	5,179	3,450	{ 10 7 }
Other Companies.											
Angus (George) and Co	Dec. 31	21,917	Dr. 40,802	Dr. 18,885	6,000	10,750	2½	Dr. 45,000	10,365	6,243	2½
Australian Pastoral Co	June 30	610	22,531	23,141	...	20,000	2†	...	3,141	Dr. 8,162	Nil
Bell and Nicolson	Dec. 31	26,273	32,323	58,596	2,100	30,000	15†	1,500	24,996	44,296	15†
Blundell, Spence and Co	Oct. 31	...	15,148	15,148	7,500	...	...	...	7,648	Dr. 6,195	...
Cork Improved Dwellings...	Dec. 31*	1,537	1,385	2,922	...	1,125	7½	180	1,617	1,364	7½
Davenport C.B., &c. Holdgs.	Oct. 31	5,379	38,493	43,872	...	30,375	8	5,700	7,797	40,804	9
Hall (J. & E.)	Sept. 30	3,469	21,844	25,313	9,000	22,400	4	Dr. 9,500	3,413	30,793	5
London Produce Clearing House	Dec. 31	28,843	29,463	58,306	...	33,750	15	...	24,556	34,797	15
Lunt (Richard) and Co.	Dec. 31	20,115	18,574	38,689	800	16,750	12½	500	20,639	21,693	15
Miller (A.) and Co	Oct. 31	6,996	6,218	13,214	2,507	3,759	3	...	6,948	6,376	3
Pratt (J. Alfred) and Co. ...	Oct. 31	16,944	16,414	33,358	7,500	4,750	5	3,000	18,108	29,919	10
Rogers (R. H. and S.)	Oct. 31	8,293	13,069	21,362	3,750	9,000	10	2,500	6,112	19,189	10
Timpson (William)	Dec. 31	5,531	69,130	74,661	19,735	32,706	15	12,500	9,720	71,496	15
Wembley Stadium	Dec. 31	4,368	34,273	38,641	15,375	13,125	17½	5,707	4,434	38,540	17½

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash.		Dividend for Whole Years.	
	Interim or Final.	Date of Payment.	Latest Year.	Previous Year.
BANKS.				
Bank of Ireland	...	...	17½	17½
North of Scotland Bank	...	...	17	18
Royal Bank of Canada	3%*	...	10	10
Royal Bank of Ireland	...	...	10	10
TEA AND RUBBER.				
Sidenak Rubber	...	Jan. 29	2½	2½
MINING.				
Ashanti Goldfields	40%†	...	90	100
OTHER COMPANIES.				
Adelaide Electric	4½%†	...	8½	12
A. Millar and Co.	...	...	3	...
Benn Brothers (Ord.)	6%*	Feb. 15	15	15
Bell and Nicholson	5%*	...	...	...
Capital and National Trust	2½%*	...	2½	4
Coldstream Investment Trust	1%*	...	7½	7½
Cork Improved Dwellings	6½%†	...	15	20
Crown Brewing	5%*	...	8	9
Davenport C. B. and Brewery (Holdings)	6%*	...	10	10
Debuture Corporation	6%*	...	...	...
Dublin Artisans' Dwellings	10%†	...	...	...
East Indian Coal	5%*	...	...	...
East Indian Coal	5%*	...	...	...
Freehold and Leasehold Invest.	7½%†	...	15	17½
General Guarantee Corporation	5%*	...	10	10
George Outram and Co.	5%*	...	...	...
Government Stock and Other	5%*	...	...	...
Gravesend and Milton Gas	8%†	...	13½	29½
Illustrated Newspapers	8%†	...	22½	23½
Imperial Tobacco	8%†	...	5	10
J. Alfred Pratt	10%†	...	20	25
J. and E. Hall	10%†	...	10	12½
John Davenport Brewery	10%†	...	12½	12½
John Wales and Co.	10%†	...	7½	7½
L. and J. Weber and Phillips	10%†	...	10	20
Law Debenture Corporation	10%†	...	3	5
Lennards Real Property	10%†	...	7½	7½
Leyland Motors	10%†	...	7½	7½
London Scottish Investment Trust (Def.)	10%†	...	7½	7½
Manchester Corn Grocery	10%†	...	7½	7½
Mayfair and General Property Trust	10%†	...	7½	7½
Melbourne Electric	10%†	...	7½	7½
Metropolitan Trust	10%†	...	7½	7½
Milton Proprietary	10%†	...	7½	7½
Omnium Investment (Def.)	10%†	...	7½	7½
Openshaw Brewery	10%†	...	7½	7½
Owen and Robinson	10%†	...	7½	7½
Parker's Burslem Brewery	10%†	...	7½	7½
Parsons and Leaf	10%†	...	7½	7½
Price and Pierce	10%†	...	7½	7½
R. H. and S. Rogers	10%†	...	7½	7½
Richard Lunt and Co.	10%†	...	7½	7½
River Plate and General Trust (Def.)	10%†	...	7½	7½
Romney Trust	10%†	...	7½	7½
S. C. Larkins	10%†	...	7½	7½
Scottish United Investors	10%†	...	7½	7½
Second Clydesdale Inv.	10%†	...	7½	7½
Second Scottish Western Inv.	10%†	...	7½	7½
Standard Trust	10%†	...	7½	7½
Steel Developments	10%†	...	7½	7½
Stead and Simpson	10%†	...	7½	7½
Sterling Trust	10%†	...	7½	7½
S. Symons and Co.	10%†	...	7½	7½
Thefall's Brewery	10%†	...	7½	7½
Tilling and British Automobile	10%†	...	7½	7½
Town Properties of Bulawayo	10%†	...	7½	7½
Traction and General Investment	10%†	...	7½	7½
Union Grinding Wheel	10%†	...	7½	7½
Wembley Stadium (Def.)	10%†	...	7½	7½
Westminster Chambers Assoc.	10%†	...	7½	7½
Wilkinson and Riddell	10%†	...	7½	7½
William Timpson	10%†	...	7½	7½
Wimbren	10%†	...	7½	7½

(a) Plus bonus of 2s.
(b) Plus bonus of 2s. 8d.

ASHANTI GOLDFIELDS.—A final dividend of 40 per cent. will be paid to shareholders registered January 7th. This makes 90 per cent. for the year. The directors also recommend that reserve account be capitalised to the extent of £125,000 and that the capital be increased by that amount. The 625,000 shares of 4s. each thus created are to be issued to shareholders as fully-paid bonus shares in proportion of one bonus share for every three shares held.

MUNICIPALITY OF PELOTAS 5% STERLING LOAN OF 1911.—Erlangers, Ltd., have received a telegraphic request from the Prefect of the Municipality of Pelotas to publish the following announcement: "With reference to cables exchanged with you Municipality of Pelotas and State of Rio Grande do Sul regret that owing to the existing exchange situation in Brazil they are unable to remit necessary funds for the service of the Municipality of Pelotas 5 per cent. sterling loan of 1911 due for payment December 31, 1931. The amount in local currency which at the rate of six pence would be sufficient meet service has been deposited in a special account at the Banco do Brasil to be remitted as soon as exchange situation allows."

Commercial Reports.

MARKET SUMMARY.

In the absence of any encouraging feature, the principal international commodity markets have been characterised by dullness. Movements in gold prices have been irregular, and there are as yet no signs of a definite upward movement. There has been little buying of non-ferrous metals. Nevertheless, the New York quotations for copper have been well maintained, while tin has advanced a few points. On the other hand, spelter has been easier, and lead has been barely maintained. The strength of raw cotton has been a noteworthy feature. Among cereals wheat has been dearer while maize, oats and barley have scarcely changed on the week. Coffee has again been firm, but sugar is slightly easier. In view of the latest information on rubber, which shows a further decrease in consumption and an increase in stocks, the commodity was flat. Sterling quotations of commodities, which lend themselves to grading and therefore to international arbitrage, are moving largely in sympathy with international prices. Transactions have generally been on a small scale in this country. A feature has been the falling tendency in the price of meat and dairy produce. According to reports from various industrial centres, there has been little improvement in the situation of the coal trade. On the other hand, the iron and steel industry is a little more active. The wool industry appears to be fairly well occupied, but activity in the cotton manufacturing industry has fallen off. Unless the demand for jute goods increases soon, the recent expansion in manufacturing activity will not be maintained.

THE COAL TRADE.

SHEFFIELD.—The depreciation in the value of the £ is improving the outlook for South Yorkshire steam coal in certain of the overseas markets, but there is little change in the general position of the industry. Best steams continue firm round about 17s. f.o.b. The industrial demand tends to expand slightly, but the tonnage of

domestic fuel going out has fallen considerably during the present mild spell. Rather more blast furnace coke is going into consumption than at any time last year, and prices have been steady for some months.

GLASGOW.—Business has become quieter in the Scottish coal trade, and as a result prices are inclined to droop. The collieries, however, are not pressing the market. Nuts are all readily obtainable at a shade under recent prices, and steam coals are also now favouring buyers. Lanarkshire splint coal is a firm spot. There is little forward inquiry circulating in the shipping market. Current prices for shipment are approximately as follows:—LANARKSHIRE.—Ell best, 14s. 6d.; splint best, 16s.; splint second, 14s. 3d.; navigation, 15s.; navigation second, 14s. 6d.; Hartley, 15s. 6d.; steam, 13s. 9d.; trebles, 15s. 6d.; doubles, 13s. 6d.; singles, 10s. 9d.; pearls, 9s. 6d.; dross, 9s. FIVE.—Screened navigation, 17s.; first-class steam, 13s. 6d. 13s. 9d.; third-class steam, 12s. 6d.; trebles, 16s.; doubles, 13s. 6d.; singles, 10s. 6d.; pearls, 9s. 6d. LOTHIANS.—Prime steam, 13s.; secondary steam, 12s. 3d.; trebles, 15s. 6d.; doubles, 13s. 6d.; singles, 10s. 9d.; pearls, 9s. 6d. AYLESBURY.—Unscreened navigation, 16s.; jewel, 17s.; steam, 13s. 6d.; trebles, 15s. 6d.; doubles, 13s. 6d.; singles, 10s. 9d.; pearls, 9s. 6d.; dross, 9s. 7d.

CARDIFF.—Dull conditions prevail in the South Wales coal trade, and new orders for all grades are scarcer than for a long while. Business with the Continent is impeded by import restrictions, and severe subsidised competition, and the protracted slackness in shipping is keeping the demand for bunker coals at a low ebb. In spite of the recent decline, production is excessive for immediate requirements, and most collieries are working short time. All grades are easily available at the minimum schedule prices. Proposals are under consideration for an improvement in the coal trimming system, and it is hoped as a result of amendments that shipments will be expedited, and a greater volume of bunker business attracted to South Wales. Exports last week, including cargo and bunkers shipped foreign and coastwise totalled 375,925 tons, as against 313,580 tons in the previous week, and 111,925 tons a year ago (when the pits were idle owing to the miners' strike). The following are the current approximate quotations:—BEST ADMIRALTIES, 19s. 6d.; seconds, 18s. 9d. to 19s. 4½d.; best dry, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small 17s. 9d. to 18s.; coking smalls, 13s. 6d. to 13s. 9d.; cargo smalls, 13s. 6d.; 22s. 6d. to 27s. 6d.; machine-made cobbles, 40s. to 48s. 6d.; large, 22s. 6d. to 27s. 6d.; French nuts, 40s. to 48s. 6d.; stove nuts, 39s. 6d. to 43s. 6d.; rubbly culm, 8s. 3d. to 8s. 9d.; foundry coke, 32s. 6d. to 36s.; patent fuel, 18s.; pitwood, ex ship, 23s. to 25s.

IRON AND STEEL.

MIDDLESBROUGH.—The market continues quiet. Since the last weekly market purchases of Cleveland iron have been of small quantities by local consumers for early delivery, but very little has been bought for export. Scotch foundries have purchased very sparingly since the holidays, probably owing to the fact that they have stocks on hand and that Midland irons are offering at about 2s. below Cleveland on trucks at Grangemouth. Similar conditions prevailed at Tuesday's market this week, the business reported being of small dimensions. Official prices were again unchanged, viz.: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s. f.o.b. or f.o.t. In hematite there is the same disinclination to buy more iron than is required for immediate needs, but home requirements are on a fair scale, and a few export orders are being received. There are only four furnaces producing hematite on the North-East Coast at present, so that stocks overhead are said to have been gradually declining. Towards the end of this week, however, Dorman Long and Co., Ltd., are starting a furnace on hematite at their Cleveland Iron Works, South Bank, but the production of this will be practically all absorbed for their own requirements. Mixed numbers are still quoted by makers at 65s. for delivery up to end of March, but prompt lots have been sold down to 64s. 6d. and can still be obtained at this figure. In the finished trades new business is on a disappointing scale and the scarcity of fresh orders is causing considerable anxiety in many instances. It is expected that if satisfactory safeguarding measures are adopted by the Government a brighter era of trade will be established. In the meantime prices of steel for home use will be unchanged, viz.: Plates, £8 15s.; under the rebate scheme are unchanged, viz.: 24-gauge black heavy steel rails, £8 10s.; iron crown bars, £10; 24-gauge black sheets, £7 17s. 6d.; 24-gauge galvanised corrugated sheets, £9 5s., all for home use. There is no movement in the ore trade and dealers find it impossible to make sales. Best rubio remains nominally 16s. 6d. c.i.f. and the freight for early tonnage Bilbao/Middlesbrough is about 5s. Very little demand exists locally for coke, but producers report a somewhat better blast-furnace qualities are now asking 16s. 9d. to 17s. for ordinary blast-furnace qualities delivered works. The number of furnaces blowing in the district is so far unchanged at 17.

SHEFFIELD.—Increased trade is being experienced by individual firms, notably in alloy steels, magnets, cold wrought steel strip, and certain classes of tools, whereas the position of crude steels remains as sluggish as ever, both in the home and export markets. Nevertheless two blast furnaces which had been idle most of last year have been restarted, one in Leeds and one in Derbyshire. Imports of dutiable tools and goods are heavily down and exports tend to shrink. While selling prices remain remarkably steady, every week sees some addition to the costs of materials used in descriptions of paper and cardboard used for making cases to hold plate and cutlery have gone up substantially. Cutlery and plate

makers report demand as rather below that of a year ago, but a small proportion of firms are fairly busy. The production of steel ingots and castings in the Sheffield area last year amounted to 786,300 tons, compared with 965,700 tons in 1930 and 1,217,000 tons in 1929. The Lincolnshire area produced 393,300 tons of steel last year, against 689,000 tons in 1930.

GLASGOW.—While conditions are still quiet at the steel-making plants in the West of Scotland, there is on the whole a little more business being done, but orders placed have as a rule been for small quantities for immediate requirements. There is no material change in the position at the tube-making plants. Sheet-makers have booked a considerable tonnage of both black and galvanised and there is an increased export demand, but buyers are offering business at prices which are quite unacceptable to makers and unremunerative. There is very little new work coming in to the Clyde shipbuilders, the only new order reported this week being for a vessel which the Dumbarton firm of Messrs. William Denny and Brothers, Ltd., have secured from the Southern Railway Co., in conjunction with the French State Railway, for service on their Newhaven-Dieppe route.

CARDIFF.—A firm tone is maintained on the Welsh tinplate market and shipments are brisk, totalling 8,097 tons last week. Prices range from 14s. to 14s. 6d. Welsh bars are slow at £5 per ton delivered, while imports of foreign bars continue fairly heavy at 82s. 6d. to 85s. per ton. Galvanised sheets meet a steady enquiry at £9 to £9 5s. per ton f.o.b. Mr Frank Rees has been unanimously re-elected president of the Swansea Metal Exchange. In his presidential address he made a strong plea for protection, and urged the adoption of a co-operative scheme in the tinplate trade.

OTHER METALS.

TIN.—Tin opened easily this week, but despite the dullness of demand the metal improved slightly until Wednesday. New York quotations were somewhat higher in proportion to the appreciation in the gold value of sterling. In New York the metal was quoted at 22-25 cents per lb. on Wednesday, against 21-70 cents per lb. a week ago, and 22-00 a month ago. Wednesday's official closing quotations in London in terms of sterling for "standard" cash, at £141 10s. to £141 12s. 6d. per ton, compares with £142 2s. 6d. at £142 5s. 6d. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 31,868 tons, show an increase of 482 tons on the week.

COPPER.—The markets in copper in London and New York have been very quiet, but in New York the recent improvement in prices has been maintained. On Wednesday, "Domestic" spot was quoted officially at 7-50 cents per lb. in New York, against 7-50 cents a week ago, and 7-25 cents a month ago. Wednesday's official closing price for "standard cash" in London, in terms of sterling, at £39 15s. to £39 17s. 6d., compares with £42 2s. 6d. to £42 5s. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 21,332 tons, show an increase of 661 tons, while stocks of rough copper, at 640 tons, were 55 tons smaller.

LEAD.—Little interest was shown in the market for lead this week. In New York prices have been maintained, but in London holders had to make concessions in order to effect sales. In New York the metal was quoted at 3-75 cents per lb. on Wednesday, against 3-75 cents a week ago and 3-75 cents a month ago. Wednesday's official closing quotation for "soft foreign" in London in terms of sterling, at £15 1s. 3d. to £15 1s. 3d. per ton, compares with £15 10s. to £15 10s. 6d. on the corresponding day last week.

SPELTER.—The market in spelter has been dull during the past week. Despite the absence of sellers, the metal declined in value, both in London and in New York. Wednesday's quotation in New York, at 3-00 cents per lb., compares with 3-05 cents a week ago and 3-15 cents a month earlier. Wednesday's official closing quotations in London in terms of sterling for "good ordinary brands" were £14 10s. to £14 16s. 3d. per ton, against £14 11s. 3d. to £15 1s. 3d. a week ago.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, the quotation for aluminium has been maintained at £95 per ton. Nickel was slightly easier at £240 to £245 per ton against £245 per ton a week ago. Foreign antimony at £28 per ton shows a further decline of 5s. per ton. Quicksilver was cheaper at £18 per flask, against £18 5s. to £18 10s. a week ago.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Imports for the week January 14 to 20 (inclusive) are 33,411 bales, of which 32,527 bales are American, 47 Peruvian, 122 Argentine, 580 East Indian, and 135 sundries.

Manchester.—The larger inquiry experienced last week in the market has been maintained, and a fair amount of business has been done in small lots. A substantial part of the demand, however, has been at unworkable rates, and sellers are finding it very difficult to get buyers to come up in price. The greater firmness in raw material rates is giving confidence in some quarters, but there is a good deal of uncertainty as to the effect of international affairs. In cloth for India the business offering has shown some improvement, and rather more sales have occurred in light fabrics and fancies for Calcutta, Madras and Karachi, but reports from Bombay are unsatisfactory. Certain fine goods have again been purchased for Rangoon. Very little has been done for China, the decline in the turnover being partly due to the fall in exchange rates, but cloths for dyeing have moved off rather more freely for Java and the Straits Settlements. Not more than retail lots have been sold for

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Egypt and the Near East. In printing styles, the offtake for the Continent has been rather better. There has been very little life in home trade fabrics. Quotations in American and Egyptian yarns have been firmer, and some spinners have reported an improved turnover, but prices all round are less satisfactory.

Cotton Prices.

	1931.				1932.				Corresponding Date.	
	Dec. 30.	Jan. 6.	Jan. 13.	Jan. 20.	Dec. 30.	Jan. 6.	Jan. 13.	Jan. 20.	1930.	1931.
Raw Cotton—Mid. American..... per lb.	5.34	5.28	5.44	5.47	9.47	5.51				
" Sakellaridis Fully Good Fair..... per lb.	7.10	7.05	7.20	7.20	14.55	8.45				
Yarns—32's twist..... per lb.	9.1	9.1	9.1	9.1	13.1	9.1				
" 40's twist..... per lb.	9.1	9.1	9.1	9.1	14.1	9.1				
" 60's twist (Egyptian)..... per lb.	15.1	15.1	15.1	15.1	23.1	16.1				
32-in. Printers, 116 yds., 16 by 16, 32's and 50's.....	17.1	17.1	17.1	17.1	23.1	17.1				
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's.....	19.1	19.1	19.1	19.1	26.1	20.1				
38-in. ditto, 38 yds., 18 by 18, 10 lb.....	10.1	10.1	10.1	10.1	14.1	11.1				
39-in. ditto, 37 yds., 16 by 16, 8 lb.....	9.1	9.1	9.1	9.1	13.1	10.1				

THE WOOL TRADE.—Bradford.—It is a long time, writes our correspondent, since a series of London sales proceeded in such a satisfactory fashion as the current one. During the first week the offerings were exceptionally small, and though they have been larger this week, the market has not been overfaced. The strike of dockside workers has been largely responsible, though some wools are being kept back in the hope of better prices eventually being forthcoming. There are very few withdrawals at the auctions, and prices for greasy merinos and fine crossbreds are maintained at the highest point. There is every indication of these wools continuing to find a ready outlet, for requirements are large. For good greasy New South Wales merino combing 13d. is the best price noticed this week. Many lots are changing hands at 9½d. to 11½d. Medium and low crossbreds are virtually unchanged. Low prices have to be accepted for tops, and this means that though Bradford is prepared to buy crossbred wool, the pace is not being forced. French buyers are showing more interest, and this has helped prices for both merinos and fine crossbreds. Anything of combing length is selling the best, clothing descriptions still being comparatively cheap. Fine crossbred staples are scarce, and halfbred lambs are realising up to 11½d. The position in Bradford does not call for much comment. Topmakers are impressed by the firmness of wool, and 24½d. is quoted for standard warp 64's. Really speaking, however, the market is rather slack, spinners refusing to pay more for tops. Spinning machinery is running well, and dress goods manufacturers are well placed.

THE JUTE TRADE.—Dundee.—There is very little business going on in the jute industry, and spinners and manufacturers are badly in need of orders to maintain their output. Unless matters improve in the near future, and of this there is still no sign, there will be a general return to curtailment of production. Though there are many orders on the books for yarns and cloth, specifications are slow to come in. The whole industry has lapsed into a very inactive state. Spinners have no incentive to purchase the raw material, and shippers are tired of sending offers of shipment jute, with the result that a purely nominal situation prevails. The value of Daisee assortment for January-February shipment is £18 10s. for the full group, but Madan Daisee assortment afloat can be bought at £18. White jute is very sparingly offered, and Mitsui marks are about the only Firsts and Lightnings named. Fuji-M First Mark is reduced to £21 7s. 6d., Asahi Lightning to £20 12s. 6d., and Asahi Hearts to £19 17s. 6d., while Mitsui Tossa-4 is quoted at £19 12s. 6d., and Mitsui Daisee-3 at £19 17s. 6d., January-February. A considerable quantity of jute has arrived here recently, and the total since August 1 last has reached 572,000 bales, compared with only 249,000 bales at this date last year. A fair proportion of recent arrivals is unsold, and sellers are now mainly interested in disposing of their consignments. Very little is taking place in jute yarns, and prices are more or less nominal. Common 8 lb. cops are obtainable easily at 2s. 3d. and 8 lb. spools at 2s. 4d., but buyers are not offering to pay even less, though these rates are unprofitable. Twist is being sold in small quantities at from 3½d. to 4d. for 3-ply 8 lb., and sacking yarns are practically idle at 2½d. for 24-lb. warp, and 3½d. for 8 lb. chains. Carpet yarns are of more importance, and from 3½d. to 3¾d. for 14 lb. warp, while rove is obtainable at from £20 10s. for 48 lb. and from £18 10s. for 200 lb. Fine yarns are quiet, and sellers would shade their rates to 2s. 11d. for second quality 8 lb. Rio warp, 2s. 8d. for third, and 2s. 6d. for fourth. The cloth market continues dull, and prices are not being properly tested. According to width and weight wanted, and the suitability of the order, values rule from 3½d. for 10½ oz. 40 in. hessians, and from 2½d. for 8 oz., only the narrow widths being obtainable at these limits mentioned. Linoleum hessians are very quiet, and there is very little doing in heavy goods. The Calcutta goods market has been quiet, with prices showing a tendency to decline. Sellers are naming 20s. 9d. for 10 oz. 40 in., and 16s. 3d. for 8 oz., January-March, and 21s. and 16s. 6d. for April-June. Spot values are 20s. 6d. for 10 oz. and 17s. for 8 oz.

THE GRAIN MARKETS.

WHEAT.—No developments of any importance can be recorded this week in the international wheat situation. Markets are at the present time very much influenced by reports on the condition of the winter crops, by the demand for wheat and by general conditions. Despite heavy shipments from Australia and Argentina, prices in Chicago continued to improve. Europe is not buying on

a large scale just now, but the import restrictions of several Continental countries are expected to be lessened soon, as supplies of native wheat are beginning to run short. Russia has been exporting on a larger scale recently, but as that country is not expected to ship again on the scale of last autumn during the remainder of this season, these exports did not influence the market adversely. Owing to the warm weather the British winter crop is in advance, but it appears that the plant has been attacked by diseases in some parts of the country. According to Mr G. Broomhall, the acreage sown this year is not more than 100,000 acres above that of last year. On Wednesday, "March" futures were quoted at 57½ cents per bushel in Chicago, against 55½ cents on the corresponding day last week, and 52½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 33s. 9d. per 996 lbs., as compared with 33s. 3d. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 31s., against 30s. 9d.; No. 3 Northern Manitoba, Vancouver, ex ship, 29s. 9d., against 29s. 9d.; Russian, on sample, 25s. 6d. to 28s. 6d., against 26s. to 28s. 6d.; Australian, ex ship, 28s. 3d. to 30s., against 29s. 3d. to 30s. a week ago.

WHEAT FLOUR.—Business in flour has been quiet. In this country quotations have been reduced 1s. per cwt. North American shipments, at 158,000 sacks, showed an increase of 19,000 sacks as compared with the previous week. Of this total, only 24,000 sacks have been consigned to Europe. Quotations in London, Wednesday: Straight run, delivered country, 25s. per sack of 280 lbs., as compared with 26s. last week; delivered London, 24s., against 25s. Manitoba patents, ex store, 25s. 6d. to 28s. 6d., against 25s. 6d. to 28s. 6d.; and Australian, ex store, 20s. to 21s., against 20s. 6d. to 21s. a week ago.

BARLEY.—The market in barley has remained quiet. Argentina continues to ship heavily, and as Russia has now appeared as a competitor, prices have been barely maintained. On Wednesday, "May" futures were quoted at 41½ cents per bushel in Winnipeg, against 41 cents last week and 40 cents a month ago. Quotations in London, Wednesday: "English feeding," f.o.b., per 48 lbs., 26s. to 27s., as compared with 26s. to 27s.; Russian, landed, 23s. per 400 lbs., against 24s. a week ago.

OATS.—Little interest has been shown in oats during the past week. Argentina, by offering at very low prices, has almost driven other exporting countries off the field. "May" futures, which last week stood at 25½ cents per bushel in Chicago, sold at 25½ cents per bushel on Wednesday this week, against 23½ cents a month ago. Quotations in London, Wednesday: "River Plate," landed, 18s. 9d. per 320 lbs., as compared with 18s. 9d. last week; "River Plate," ex ship, 17s. 9d., against 17s. 9d.; "Chilean White," landed, 27s., against 27s. 6d. a week ago.

MAIZE.—The demand for maize has been on a small scale during the past week. Argentine shipments, which were larger than expected, exercised a depressing influence on prices. Wednesday's quotation in Chicago for "March" futures, at 39½ cents, shows a rise of ½ cent per bushel on the week, and a rise of 4½ cents as compared with the price a month earlier. Quotation in London, Wednesday: "Plate," landed, 19s. per 480 lbs., as compared with 19s. 3d. last week; "Plate," ex ship, 17s. 9d., as against 18s.; "Plate," January-February, 18s. 3d., as against 18s. 6d. Yellow maize meal, ex wharf, was quoted at £5 10s. per ton, against £5 10s. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1931-32, 1930-31, 1929-30, 1928-29:—

	1931-1932.	1930-1931.	1929-1930.	1928-1929.
Estimated sales of home-grown wheat—				
1 week to January 16.....	83,039	101,963	317,925	233,871
20 weeks to January 16.....	1,442,709	2,454,407	5,206,173	5,323,551
Average price of English wheat per cwt.....	5 10	5 7	9 7	9 6

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1928 to 1931:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Jan. 9, 1932.....	53,298	179,826	42,631	5 6	8 5	6 11
Jan. 16, 1932.....	83,039	267,093	56,021	5 10	8 5	6 11
Jan. 14, 1928.....	227,205	314,858	74,856	9 11	11 4	9 5
Jan. 19, 1929.....	233,871	419,853	86,108	9 6	10 3	9 3
Jan. 18, 1930.....	317,925	374,958	55,236	9 7	8 6	6 11
Jan. 17, 1931.....	101,963	256,912	36,612	5 7	8 1	5 9

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks, with comparative figures for 1930:—

NEAREST FUTUR.	Jan. 2, 1930.	Jan. 2, 1931.	Jan. 21, 1931.	Jan. 4, 1932.	Jan. 13, 1932.	Jan. 20, 1932.
Winnipeg (No. 1 Manitoba).....	148½	56½	56½	62½	63	63½
Chicago (No. 2 Winter).....	130½	79½	80½	56½	56½	57½

The visible supply of wheat in Canada, at 61,532,000 bushels, shows an increase on the week of 252,000 bushels. Supplies a year ago stood at 42,425,000 bushels.

OTHER FOODS.

SUGAR.—The raw sugar markets in London and New York have been lifeless during the past week. No real change is expected in the situation before the Conference of the International Sugar Council is held. Sterling quotations have been a little lower this week, but no alteration was made in the price of "British refined" sugar. "January" futures in New York were quoted at 1.03 cents per lb. on Wednesday, against 1.05 cents per lb. a week ago, and 0.99 cents per lb. a month earlier. Wednesday's sales of "raws" include "March delivery" at 6s. 10½d. to 6s. 11½d. per cwt., against 7s. 0½d., and "May," 1932, at 7s. 0½d. to 7s. 1d., against 7s. 2d. to 7s. 2½d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1932.	1931.	1932.	1931.	1932.	1931.
Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London.....	197	...	1,323	1,330	3,320	32,470
Liverpool.....	25,993	9,550	16,883	12,408	85,422	144,314
Total.....	26,190	9,550	18,206	13,738	88,742	176,784
Last week.....	6,707	27,911	19,100	13,406	80,758	180,972

COFFEE.—Coffee has again been one of the few commodities with a firm tendency. The recent improvement in coffee is, of course, largely ascribed to the stringent measures taken by Brazil in order to keep up its value. Last week's movements of coffee in London were as follows: Brazilian, landed, 140 bags; delivered for home consumption, 239 bags; exported, 18 bags; stocks, 2,529 bags, against 2,421 bags last year. Central American, landed, 3,958 packages; delivered for home consumption, 3,575; exported, 2,328; stocks, 53,057 packages, against 69,570 a year ago. Other kinds, landed, 2,107 packages; delivered for home consumption, 3,361; exported, 760; stocks, 49,335 packages, against 64,146 a year ago.

COCOA.—Cocoa has been slightly dearer in New York during the past week. The market in London was dull and easier. "January" futures were quoted at 4.02 cents per lb. in New York on Wednesday, against 3.96 cents per lb. a week ago. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, new crop, February-April, at 22s. 3d. per cwt. f.o.b., London contract, shows a fall of 3d. per cwt. on the week. Last week's movements of cocoa in London were as follows: Landed, 2,688 bags; delivered for home consumption, 8,029 bags; exported, 101 bags; stocks, 128,335 bags, as against 164,667 last year.

TEA.—The quantities catalogued for this week's auction comprised 56,503 packages of Indian, 27,955 packages of Ceylon, and 15,586 packages of Java and Sumatra tea. The demand for Indian tea at Monday's auctions was quite good, but, with the exception of teas under 8d. per lb., prices show no improvement on last week. Tuesday's Ceylon sales passed quietly, the outstanding feature being poor quality of the tea. On Wednesday, the demand for common Indian teas was again strong, but medium qualities were quiet. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account:—

Week ending	AVERAGE PRICE PER LB.						Total.
	Northern India.	Southern India.	Ceylon.	Java.	Sumatra.	Nyassa-land.	
Jan. 15, 1931	s. d. 1 2-09	s. d. 1 2-80	s. d. 1 5-62	s. d. 0 10-94	s. d. 0 10-62	s. d. 0 9-84	1 2-62
Dec. 10 "	0 10-56	1 0-27	1 4-70	0 8-95	0 7-77	0 7-21	1 0-16
Dec. 17 "	0 10-18	1 0-07	1 4-03	0 8-59	0 8-17	0 7-36	0 11-99
Jan. 7, 1932	0 10-16	1 0-28	1 2-90	0 8-72	0 8-01	0 7-35	0 11-31
Jan. 14, "	0 10-32	0 11-13	1 2-75	0 8-33	0 7-45	0 6-94	0 11-16

RICE.—The market in rice, which has remained steady during the last few weeks, has suddenly become dull. Prices, both "spot" and "forward," were easier. Wednesday's "spot" quotation for Burma No. 2, cleaned, at 9s. 6d. per cwt., showed a fall of 3d. per cwt., as compared with last week. Movements in London during the past week were as follows: Landed, 5 tons; delivered, 142 tons; stocks, 1,366 tons, as against 442 tons last year.

POTATOES.—The demand for potatoes has been smaller this week, but despite large supplies, the recent advance in prices was maintained. At the Borough Market, "Best King Edward" sold from 12s. to 13s. per cwt., as compared with 12s. to 13s. per cwt. a week ago.

SPICES.—The market in spices has been quiet. "Spot" pepper was slightly cheaper. Wednesday's quotation for "Black Singapore" pepper, at 6½d. per lb., shows a fall of ¼d. per lb. on the week. Movements of pepper in London during the past week were as follows: Black, landed, 1 ton; delivered, 8 tons; stocks, 267 tons, against 461 tons last year. White, landed, 19 tons; delivered, 49 tons; stocks, 568 tons, against 390 tons a year ago.

MEAT.—The downward movement in meat prices has continued during the past week. Since December last the fall has been

considerable. It is ascribed mainly to the increase in supplies. On Wednesday, Argentine beef (chilled hindquarters) was sold at 3s. to 3s. 6d. per 8 lbs., against 3s. to 3s. 8d. on the corresponding day last week, while New Zealand frozen mutton realised 2s. 6d. to 3s., as against 2s. 6d. to 3s. 2d. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 9,910 tons, as compared with 9,997 tons in the corresponding week last year. Imported beef, principally Argentine, formed 84.6 per cent. of the supplies, as against 82.7 per cent. a year ago; and imported mutton, mainly New Zealand, formed 74.0 per cent. of the total supply, as against 74.5 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OIL SEEDS.—A somewhat firmer tone has developed in the markets for oilseeds and their products. The demand for linseed, both here and on the Continent, has improved, and a good business was done in new crop Plate on passage and early shipment at £8 12s. 6d., since when values have hardened, afloat near at hand being held for £8 17s. 6d., with shipment to March quoted £8 15s. The new seed is now being shipped in fair volume and the quantity afloat for Europe has increased to 154,000 tons, or 24,000 tons more than last week, the total including 8,100 tons from India. Cottonseed is quiet on lack of demand, Egyptian (black) on spot and forward to February quoting £8 2s. 6d. In the oil section linseed oil has recovered from the low level touched last week, when as low as £13 10s. was accepted for spot and February delivery ex Hull, current value of raw oil on spot being £14 15s. and February £14 5s. Forward positions continue to maintain a good premium over near. Demand from consumers is only moderate. Crude Egyptian cotton oil is slightly steadier and offers at £17 15s., while refined is unchanged at £20. Oilseeds and meals are not so active, but mill prices are without alteration.

HIDE, LEATHER AND ALLIED TRADES.—Prices for most descriptions of hides and skins from home-slaughtered cattle remain weak, ox and heifers at the Manchester sales held this week again being from ½d. to ½d. per lb. cheaper. The bottom weight in cows also realised ½d. per lb. less money, while there was a weaker tendency in regard to the calfskin market. Slightly more interest has been shown in foreign hides, and for some sorts a fair amount of business has been passing. In the Frigorifico market Argentine ox have changed hands at 4½d., while seconds have been sold at a fraction over 4½d. Uruguays in the same selection have realised 5½d. and 4½d., and Frigorifico cows 5½d. Business in dry South Americans has been confined to small parcels only, with M.V. Americans fetching 6½d., B.As. 6½d., Cuyabanos 5½d., and B.A. Inseparables 3½d.

The Financial News

of Monday next, January 25,
will include a special survey of

EGYPT

Principal Contents:

THE FUTURE OF EGYPT.

By H.E. Ismail Sidky Pasha, Prime Minister.

TO CUT OR NOT TO CUT?

By H.E. Ahmed Abdel Wahab Pasha, Under-Secretary of Finance.

THE WELFARE OF THE PEOPLE.

By H.E. Hilmy Issa Pasha, Minister of Education.

THE NILE IN DOUBLE HARNESS.

By H.E. Ibrahim Fahmy Karem Pasha, Minister of Public Works.

TOO MANY EGGS IN ONE BASKET.

By H.E. Hafez Hassan Pasha, Minister of Agriculture.

WHERE EAST AND WEST MEET.

By H.E. Tewfik Doss Pasha, Minister of Communications.

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COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Market Hides, London—			
GRAIN, &c.—				Irish bladders				English Southdown, washed				Best heavy ox and heifer			
Wheat—	s. d.	s. d.		58	0	72	0	per lb.	13	1	1	0	4	0	5
No. 2, N. Man. 496 lb.	31	0	0	American, boxes, 56 lbs.	45	0	47	3	13	1	1	0	3	0	0
Eng. Gaz. av., per cwt.	5	10	0	POTATOES—				Queensland, s.d. super cmbg.	22			0	4	0	8
Barley, Eng. Gaz. av.	8	2	0	Good English, per cwt.	12	0	13	0	11			0	3	0	0
Oats, " "	6	11	0	SPICES—				N.S.W. greasy, super	11			0	4	0	8
Maize, La Plata, landed	19	0	0	Pepper, per lb.—				N.Z., gray, half-bred 50-56	11			5	6	6	6
480 lb. " "	19	0	0	Muntok, fair White	0	8	0	Crossbred 40-44	5						
Flour, Lon. stan. ex mill,	22	9	0	Black Lampong	0	7	0	Merinos 70's	25			1	2	2	4
280 lb. " "	22	9	0	Cinnamom—1st sort, per lb.	0	8	0	" 64's	24			2	4	3	0
Rice, No. 2 Burma, per cwt.	8	6	0	Cloves—Zanzibar	0	8	0	Crossbred 48's	11			0	6	0	8
Taploca, per cwt.—				Ginger—per cwt.	31	0	0	" 46's	10			0	6	0	9
Fine Java, spot	24	0	0	Jamaica, ord. to good	57	6	90	0				1	3	1	8
Fair Flake, Singapore..	11	0	0	Mace	0	9	1	8				2	6	3	9
MEAT—				Nutmegs 65s	1	6	0	0				1	0	1	5
Beef, per 8 lbs.—				SUGAR—											
English long sides	4	4	5	(Duty, 11s. 8d. per cwt.)											
Argentine chilled hinds	3	0	3	Java, white, c. & f. India	18	9	0								
Mutton, per 8 lbs.—				January—March	8	10	0								
English wethers	4	0	5	REFINED—London—											
N.Z. frozen	2	6	3	Yellow Crystals	19	7	0								
Pork, English, per 8 lbs.	5	2	5	Cubes	24	0	24	6							
OTHER FOODS.				Crushed	22	6	23	0							
BACON—				Granulated	20	4	21	1							
Irish—per cwt.	79	0	0	Home Grown	1	0	20	3							
Danish	52	0	0	TEA—											
Dutch	49	0	0	Indian—per lb.—											
HAMS—Irish	0	0	0	Pekoe	0	6	1	6							
Canadian	70	0	0	Broken Pekoe	0	6	1	11							
American	68	0	72	Orange Pekoe	0	7	1	12							
BUTTER—				Broken Orange Pekoe	0	7	2	11							
Irish creamery per cwt.	0	0	0	Ceylon—per lb.—											
Australian	93	0	95	Pekoe	0	7	2	11							
New Zealand	95	0	96	Broken Pekoe	0	8	1	11							
Danish	118	0	0	Orange Pekoe	0	9	1	12							
CHEESE—				Broken Orange	0	9	1	12							
Canadian—per cwt.	68	0	70	TOBACCO—											
New Zealand	5	0	0	(Duty 9/6-10/6 per lb.)											
English Cheddars	90	0	108	Entire growths, 7/5											
Dutch	63	0	74	8/3 per lb.											
COCOA—				Virginia leaf	0	10	3	0							
(Duty, British grown,				Common to fine	0	10	3	0							
11s. 8d.; foreign, 14s. cwt.)				Rhodesian leaf	0	10	1	6							
Acra, f.f., per cwt.	23	0	28	Nyasaland leaf	0	9	1	6							
Trinidad	42	0	49	strips	0	10	1	8							
Grenada	32	0	37	East Indian leaf	0	4	0	8							
COFFEE—				strips	0	5	1	2							
(Duty, British grown,				COTTON—											
11s. 8d.; foreign, 14s. cwt.)				Mid-American—per lb.	5	47									
Santos sup., c. & f. cwt.	62	0	0	Sakellaris, f.g.f.	7	20									
Colombian, good	80	0	102	Yarns, 32's twist	9										
Costa Rica, med. to good	90	0	132	" 60's twist	15										
East Indian	85	0	130	FLAX—											
Kenya, medium	95	0	115	Livonian ZK	0	0	0	0							
EGGS—				Pernau HD	37	0	0	0							
English—per 120	13	6	16	Slavet Medium 1st sort	43	10	0	0							
Danish	15	6	0	HEMP—											
FRUIT—				Italian P.C.	40	0	0	0							
Oranges				Manila, Jan.-Mar.	19	10	0	0							
South African boxes	0	0	0	N.Z.	nom.										
Lemons, Sicilian boxes	8	0	12	Sisal, African, Jan.-March	14	5	15	0							
" cases	11	0	20	Mexican	nom.										
Malaga cases 420 No. 1	0	0	0	JUTE—											
Apples Amer. (var.) bris.	22	0	42	Native 1st mks. per ton											
" (var.) boxes	10	0	14	c.i.f. H.A.R.B.											
" Australian	0	0	0	January-February	19	5	0								
Onions—				Daisee 2/3 c.i.f. Dundee	21	10	0								
Valencia, case, 4s.	13	0	0	SILK—											
Egyptian Bags	0	0	0	Canton	9	0	12	0							
Grapes, Lisbon boxes	0	0	0	Tussah	4	0	6	0							
" Almeria bris.	0	0	0	Japan	10	0	13	6							
				Italian—raw, fr.	10	6	13	0							

Sales of African hides have been moderate, and for some descriptions prices are inclined to be weaker. First and second dry Capes have sold at 4½d. and 5½d. respectively, while drysalted are quoted at 5½d. and 4½d. Unbathed Adia Abes has sold at from 4½d. to 5½d., and Mombasas at 5½d. Hardly any business has transpired in regard to Australians, and prices for the time being are unchanged. Rather more interest has been taken in sole leather, and the turnover has perhaps shown an improvement on that of recent weeks. The repairing section of the shoe trade is a fairly regular customer for English and wet-salted bends in the medium and heavy weights, in addition to which manufacturers of footwear have taken more interest in dry hide bends. In the latter description, light and medium weights are the best sale, and the quantities which have gone into consumption have shown a slight increase. Offer does not make much headway; bellies have been a rather better sale, but against this the turnover in regard to shoulders has been small. Sales of upper leathers have been confined to small quantities of certain lines, the chief of which are willow calf and glacé kid. There has been an increase in the inquiry for patent and reptiles, but so far actual sales in regard to these have not shown any great expansion. As a matter of fact, orders being received for footwear at present do not warrant large purchases of upper stock, and until there is some improvement in the latter direction business is expected to remain rather restricted.

RUBBER.—The slight improvement in rubber last week has given way to an easier tendency. Ever since Friday last week the price of this commodity has been steadily declining, and on Wednesday it fell below 3d. per lb. The main reason is, of course, the absence of any encouraging news. The statistical position continues to deteriorate. Consumption in the United States during December, at 21,408 tons, shows a further decline of 1,535 tons on the previous month. Meanwhile, world stocks are still rising. In New York, Wednesday's spot price for rubber, at 4½ cents per lb., shows a fall of ½ cent on the week. Wednesday's official closing price for standard ribbed smoked sheet in London, at 2½d. per lb., shows a fall of ½d. as compared with the corresponding day last week. In forward positions business has been done at 3½d. to 3½d. for April-

June, against 3½d.; and at 3½d. to 3½d. for July-September, 1932, as against 3½d. to 3½d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 1,957 tons; delivered, 1,642 tons; stocks at the end of last week, at 126,934 tons, show an increase of 315 tons as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.

(New York quotations, unless otherwise stated.)

	Dec. 23, 1931.	Jan. 13, 1932.	Jan. 20, 1932.
Wheat, No. 2, Winter, nearest future,	52½	55½	57½
Chicago, per bushel			
Maize, nearest future, Chicago, per bushel	35½	38½	39½
Oats, nearest future, Chicago, per bushel	23½	25½	25½
Rye, nearest future, Chicago, per bushel	40	44½	45½
Coffee, Rio No. 7, cash, per lb.	82-9½	9-9½	7-7½
" Santos No. 4, cash, per lb.	3-90	3-96	4-02
Cocoa, Accra, nearest future, per lb.	3-10	3-16	3-10
Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	6-14	6-51	6-61
Cotton, New Orleans, middling, spot, per lb.	4½	4½	4½
Rubber, smoked sheet, spot, per lb.	155-170	155-170	155-170
Petroleum, Pennsylvania crude, standard grades, per barrel	7-25	7-50	7-50
Copper, "Electrolytic," Domestic, spot, per lb.	7-50	6-25	7-625
Copper, "Electrolytic," Copper Exporters, Inc., spot, per lb.	3-15	3-05	3-00
Spelter, East St. Louis, spot, per lb.	3-75	3-75	3-75
Lead, spot, per lb.	22	21-70	22-25
Tin, "Strait," spot, per lb.			

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TABLE OF CONTENTS.

The Money Market	217	Investment Notes—	
Leading Articles—		End of Stock Exchange	
The Fiscal Fog.....	219	Restrictions.....	246
The World Disarmament		U.S. Steel and the	
Conference.....	220	American Markets.....	246
The Bankers and Germany	221	South American Bond	
British Banking Results...	222	Negotiations.....	246
Saturation in Motor		Chinese Customs Loans...	247
Transport.....	223	Imperial Tobacco.....	247
The Standstill Agreement	224	Cables and Wireless Pros-	
		pects.....	248
Notes of the Week—		Krenger and Toll Earnings	249
The Reassembly of Parlia-		Parent Trust's Difficulties	249
ment.....	228	African and Eastern	
Dartmoor.....	228	Proposals.....	249
The Viceroy's Speech.....	228	Premier Oil Capital	
Japan and Shanghai.....	228	Reduction.....	249
Foreign Bonds in Default	229	Rand Ore Reserves.....	249
The Spanish Government's		Company Meetings of the	
Ordeal.....	229	Week.....	250
The Bank of England		Capital Issues.....	250
Credits.....	229	Company Meetings, &c. ...	252
Professor Rist and British		Government Returns, &c.—	
Monetary Policy.....	229	National Accounts.....	268
Sir Basil Blackett's Views	230	Treasury Bills by Public	
The "Managed" Stan-		Tender.....	268
dard.....	230	The Bankers' Gazette—	
Storm Clouds over Lan-		Bank of England.....	268
cashire.....	230	Bankers' Clearing Re-	
American Cotton Crop ...	231	turns.....	269
Sterling and Gold Prices...	231	Provincial Clearing Re-	
The Volume of Overseas		turns.....	269
Trade.....	231	Overseas Bank Returns...	269
Finances of Uruguay.....	231	Monthly Statement of Lon-	
War Debts—a Correction	232	don Clearing Banks.....	270
Overseas Correspondence—		Loan and Discount Rates	271
League of Nations.....	232	Rates of Exchange.....	271
United States.....	233	Overseas Bank Rates.....	271
France.....	234	Bullion.....	272
Germany.....	235	Gold and Silver Prices...	272
Austria.....	235	Company News—	
Hungary.....	236	Dividend Announcements	272
Jugoslavia.....	237	Summary of Balance	
Greece.....	238	Sheets.....	273
Letters to the Editor—		Weekly Traffic Returns...	273
The Crisis.....	239	Reports and Notices.....	274
Books Received	239	Profit and Loss Accounts	274
The Stock Exchange—		Commercial Reports—	
The British Capitalist ...	240	Market Summary.....	275
The Week in the Markets	241	The Coal Trade.....	275
London Active Security		Iron and Steel.....	277
Prices and Yields.....	244	Other Metals.....	277
New Issue Prices.....	246	Textiles.....	277
Foreign Stock Exchanges—		The Grain Markets ...	277
New York.....	242	Other Foods.....	278
Paris.....	242	Miscellaneous Commodi-	
Amsterdam.....	242	ties.....	278
Other Centres.....	242	Commodity Prices in the	
		United States.....	280
		Prices Current.....	280

and balances again remained unlent at the end of the day. The extreme ease and inordinately low rates continued on Tuesday, but on that day it was decided that action was needed to make money less plentiful, and special sales of March bills at $4\frac{1}{2}$ per cent. were reported. At first it appeared that these were having no effect, but by Wednesday afternoon money had become more usable, and the rate for new money ran up to $3\frac{1}{2}$ and in places to 4 per cent., while renewals were also effected at 4 per cent. On Thursday, calling was in evidence for the first time this week, and money was distinctly more usable at $4\frac{1}{2}$ per cent. Market opinion was inclined to think that the corner had been turned, and that, despite excess Treasury bill maturities and Government dividend payments next week, the era of very cheap money had passed.

Once more the top was cut off the maximum offer of Treasury bills, for while the offer was originally for £30 millions, only £26 millions were allotted. Applications amounted to £40 millions, and this week the market were more on their guard lest they should partially miss the tender, and so the average rate fell from £4 17s. 11.5d. to £4 14s. 6.63d. per cent. Discount rates have sagged in sympathy with the lower Treasury bill tender rate, the abundance of money, and the strength of sterling as evidenced by the successful repayment of the Bank of England's credits without resource to the Bank's gold reserves. The rate on "hot" Treasury bills is reported to have fallen at one time to as low as $4\frac{1}{2}$ per cent., and first-class three-months' bank bills were dealt in at $4\frac{1}{2}$ per cent. or even lower rates. German "renewals" were quoted at $5\frac{1}{2}$ per cent. The clearing banks were buyers of March bills at $4\frac{1}{2}$ and $4\frac{3}{4}$ per cent. and Februaries at $4\frac{3}{4}$ and $4\frac{1}{2}$ per cent., and there was a keen demand for bills of all maturities. Discount rates were firmer on Thursday, with "hot" Treasuries quoted at $4\frac{1}{2}$ per cent.

The Bank return records a further small contraction in the note circulation, but for this week it was one of only £2.0 millions, and as the circulation is now down to £345.9 millions, it is clear that the New Year contraction is now at an end. The Reserve has risen by £2.0 millions and now stands at £49.9 millions, against £26.2 millions at the peak of the Christmas note circulation. Allowing for transfers of Government and Other Securities between the Issue and Banking Departments, there has been a net contraction of £5.4 millions in Government Securities and of £4.4 millions in Other Securities. Part of the former contraction probably represents maturities of Treasury bills held by the Bank, but the Bank has also been selling bills on the open market, and that helps to explain the shrinkage in these items. Discounts and Advances are lower by £1.1 millions. Among the Bank's liabilities, Public Deposits have been reduced by £5.5 millions. Here the rapid reduction of the volume of outstanding Treasury bills is pulling against the influx of revenue, and the position is further complicated by the fact that tax collections are first deposited with the joint-stock banks and only transferred to the Treasury's account with the Bank of England at a later date. Bankers' Deposits have fallen by £3.1 millions.

	Jan. 7, 1932.	Jan. 14, 1932.	Jan. 21, 1932.	Jan. 28, 1932.	Previous Rate and Date Changed.
Bank Rate	6%	6%	6%	6%	4½ (Sept. 21, '31)
Banks' Deposit Rate	4	4	4	4	2½ (Sept. 21, '31)
Discount of Call	4	4	4	4	2½ (Sept. 21, '31)
Houses' Notice	4½	4½	4½	4½	2½ (Sept. 21, '31)
Market rate (3 months' bills)	5½-6	5½-7	5½-7	4½-5½	...

The December averages of the nine English clearing banks reflect both the War Loan dividend payments early in the month and the preparations for the end of the year.

	December, 1930.	September, 1931.	October, 1931.	November, 1931.	December, 1931.
Capital and reserves	132.2	132.1	132.1	132.1	132.1
Acceptances	117.4	118.3	111.2	102.5	102.5
Deposits (including undivided profits, &c.)	1,839.1	1,675.7	1,687.8	1,670.4	1,700.0
Total liabilities	2,088.7	1,926.1	1,931.1	1,905.0	1,932.6
Coin, notes, balance at bank, and cheques in course of collection	263.0	218.2	223.5	221.3	237.1
Money at call	140.6	104.2	111.7	106.6	116.6
Investments	235.7	313.4	313.0	309.0	305.9
Discounts	319.7	234.6	235.0	238.2	244.1
Loans and advances	912.2	895.0	894.4	884.6	884.0
Cover for accept., premises, &c.	158.5	160.8	153.5	145.3	144.9
Total assets	2,088.7	1,926.1	1,931.1	1,905.0	1,932.6

The increase in deposits over November is due to several causes. First comes the War Loan dividend, which had a greater effect than usual owing to the fact that it was not so freely reinvested as in previous years. Next came the relative curtailment of Christmas trade and the Christmas note expansion, which meant that the public drew less money than usual out of the banks. The expansion in the banks' cash reflects probably the release of the War Loan dividend, whose effects are spread over the first few weeks of the month, rather than the year-end making-up, which affected only one day of the month, and this suggestion is confirmed by the corresponding increase in call money. The increase in discounts may reflect the continued purchasing by the banks of end-December maturities, and it will be natural to look for a contraction in January. The remaining items call for little comment.

No further reductions have occurred in New York money rates, and call money is still quoted at $2\frac{1}{2}$ per cent., and 90-day bankers' acceptances at $3\frac{1}{2}$ per cent. On the other hand there is a definite impression that easier money conditions are favoured by the Government as the counterpart to the establishment of the Reconstruction Finance Corporation, and while too much significance should not be attached to the move, the Richmond and Dallas Reserve Banks have this week reduced their rediscount rates from 4 to $3\frac{1}{2}$ per cent. This now brings all the twelve Reserve Banks into line with New York, while it is very common for rediscount rates in the interior to be above the New York level. Gold imports for the week ended January 20th totalled \$8.3 millions, mainly from Latin America. Exports came to \$36.3 millions, of which \$24.2 millions went to France and \$8.2 millions to Belgium. Earmarkings on foreign account were reduced by \$16.1 millions.

Quiet but steady trading characterised the foreign exchange market this week, with sterling showing a decidedly firmer tendency. New York moved in our favour by $\frac{1}{4}$ to 3.47. Montreal went to 4.00, against 4.02 last week. Paris was unchanged on balance at 88½, and Brussels gained $\frac{1}{4}$ at 24½. Milan weakened from 68½ to 69½, and Madrid lost $\frac{1}{4}$ at 41.50. Amsterdam was little changed on balance at 8½, while Berlin was a trifle weaker at 14½. Switzerland remained unmoved at 17.75. The Scandinavian exchanges tended to move at one time in our favour, but were not much changed on balance. The South American exchanges are still largely nominal in the absence of normal trading, Rio being unchanged at 4½d., as was Montevideo at 31d., whilst Buenos Aires gained $\frac{1}{4}$ d. at 40d. In the Far East the rupee was firm at 1s. 6½d., but the yen lost $\frac{1}{4}$ d. at 2s. 1d. Batavia was fractionally weaker at 8.70. In the forward market one month's dollars were less offered at $\frac{1}{2}$ cent discount, three months' remaining at last week's quotation of $\frac{1}{2}$ cent. discount. Paris was at slightly reduced premiums of $\frac{1}{2}$ franc and $\frac{1}{4}$ franc for one and three months respectively. One month's Brussels was at par and three months' at $\frac{1}{8}$ belga premium. Three months' Milan was weaker at $\frac{1}{4}$ lire discount, one month's being unchanged. Madrid was at $\frac{1}{4}$ peseta and $\frac{1}{2}$ peseta discount. Amsterdam was firmer at 1 cent and 3 cents discount. No quotation was available for Berlin, and Switzerland was unchanged at $\frac{1}{4}$ franc and $\frac{1}{2}$ franc premium. Silver prices advanced by $\frac{1}{4}$ d. for cash and $\frac{1}{8}$ d. for forward to 19½d. and 19½d. respectively. Hong Kong and Shanghai silver exchanges were higher in sympathy, both gaining $\frac{1}{4}$ d. at 1s. 5½d. and 1s. 10½d. respectively.

THE FISCAL FOG.

SINCE the official announcement, a week ago, that the Cabinet had been unable to reach unanimity on proposals to implement the recommendations of its Committee on the Balance of Trade, and that a minority of the Ministers were, with the Cabinet's consent, to be at liberty to oppose by speech and vote the majority's chosen policy, much fine fury has been expended in attacking and (less vehemently) defending this innovation in Ministerial practice. Precedents have been invoked and challenged; Lord Melbourne's famous dictum has been made to work overtime; the Crisis and the Constitution, like Tweedledum and Tweedledee, have been set to fight each other might and main. The situation obviously lent itself to dramatization—be it by way of ironic comedy or high falutin' rhetoric concerning "larger loyalties"—and the Government's friends and foes alike have made full use of their opportunities.

Into this constitutional controversy we do not propose to enter deeply. The British Constitution is an essentially flexible instrument of Government, and can stand the shock of a good many innovations and experiments without cracking. Theorising as to the nice application of the doctrine of undivided Cabinet responsibility may well await a less critical juncture in the nation's affairs. Our concern and, we believe, the concern of the great majority of the electorate, irrespective of party, is rather to apply to the decision of the dissentient Ministers the pragmatic test: is their continued participation in the "National" Government to the public interest?

In asking this question, we make the not unreasonable assumption that Sir Herbert Samuel and his fellow "dissenters" intend, so far as in them lies, to make the agreed procedure "work." Patently, if polemics against the Cabinet's policy were to be delivered by the Home Secretary in the House, or active opposition mobilised by him against the Government in the constituencies, the experiment would break down forthwith. A reasoned statement of the grounds of their dissent is all that circumstances can, in practice, allow the minority Ministers; and to this extent they recognise, we presume, that they have forfeited the complete liberty of action which their resignations would have secured.

The real issues, then, are (1) why did they not resign? and (2) what good will come of their retention of Ministerial responsibility? In both cases, we suggest, judgment must be reserved until the Government's statement of "majority" trade policy is announced next week. For by the character of that statement—if it is candid and precise, as the nation is entitled to expect—Sir Herbert Samuel's apologia will be vindicated or condemned.

Let us briefly recall his arguments. The proposals which a majority of the Cabinet favoured for dealing with the balance of trade by fiscal measures were not endorsed by Lord Snowden, Sir Donald Maclean, Sir Archibald Sinclair, or himself. They considered that a case had not been established for such proposals, and that "they were open to grave objections in the national interests." On the other hand, there was no disagreement in the Cabinet over other issues—such as disarmament, reparations, currency, India and national economy—and resignations would have placed the Prime Minister in an embarrassing position. In short, Sir Herbert Samuel's implication is that Mr MacDonald, since "another Dissolution of Parliament could not be justified by the present circumstances," would either have resigned (perhaps involving Mr Baldwin and other "moderates" in his fall?) or have continued uneasily to ride a tiger now of unmitigated Tory temper. "Any change of Government that is now practicable," declared the Home Secretary to the Press, "would not weaken, but strengthen, the tendencies to which we take exception."

There is, *ceteris non obstantibus*, an undeniable element of Jesuitry in Sir Herbert's attitude. After all, fiscal policy is not a side-issue, but a question which, in the present economic crisis, is fundamental. If the forth-

coming measures are really "open to grave objections in the national interest," but are none the less to be enforced by the majority vote of the Cabinet, we are not greatly impressed by the argument that the present Ministry should be kept intact lest even worse "tendencies" prevail. (It resembles too much a plea that "good Germans" should vote Communist in order to defeat Hitlerism.) Nor is there much to be said for papering the cracks in the façade of a "National" Government, if, in fact, the real basis for coalition between Conservative and Liberal Ministers has disappeared.

The question is, has it disappeared, and, if so, why? We repeat: no satisfactory answer can be given until Parliament meets and the fiscal cards are on the table. All that the country has to go on, so far, is the unofficial, though generally accepted statement, given wide publicity in this week's Press, that it is proposed to supplement the Abnormal Importation Duties, already imposed under Mr Runciman's *ægis*, by a 10 per cent. *ad valorem* duty on a wide range of imports, including, apparently, most foodstuffs. There are rumours, too, of a Tariff Commission; but whether this is to be a mere puppet-show to amuse Lord Beaverbrook, a serious attempt to study tariff possibilities—and this would be at least a year's work—or, as has also been suggested, an indecent device for foisting some travesty of "scientific" tariff-making on to next April's Budget, the public have yet no means of knowing.

In these circumstances, we suggest, the fullest and frankest possible *exposé* is required, not merely of the immediate results which the majority of the Cabinet hope to secure by their Bill, but of the ultimate economic objectives which they have in view. Indeed, if such an explanation be not forthcoming, the dissentient Ministers will run the risk of being involved in a common discredit unless they force a candid disclosure. For in the present critical emergency there is only one thing that matters absolutely and without qualification in the attitude of statesmen to fiscal policy: is the aim self-preservation from the immediate storm and the attainment thereafter of the maximum expansion of free, international trade? Or is the annihilation of imports sought as a thing "good in itself"?

We do not profess ability to diagnose the present attitude to these questions of either the majority of the Cabinet or of the generality of more thoughtful Conservatives. The Abnormal Importation Duties, in which the Free Traders in the Cabinet acquiesced, can in no sense be regarded as indicative of permanent fiscal policy. The coming 10 per cent. tariff is not conclusive evidence—though the edge of a slippery slope is nearer—of a definitely mercantilist attitude. It is conceivable that the intention is to use such a tariff as a base from which to negotiate reciprocal agreements with as many countries as are willing to enter, with Great Britain, a large economic bloc of countries with free trade or at most low fiscal duties on their mutual trade—a policy which need not exclude the joint use of discriminatory duties against non-participants. If this be so—and some colour is lent to this interpretation by indications that erstwhile Protectionists in the Conservative ranks are becoming genuinely alarmed by the object lesson of the effects of import restriction on the Continent and elsewhere—it would clearly weaken the case for the Free Trade Ministers' dissent from the majority's policy. For though opinions may differ as to the merits of the means, the end is one desired by every Free Trader; and, in the exceptional circumstances of the crisis, some latitude for experiments may fairly be allowed. Have the "dissenters" sought and been unable to secure assurances on the ultimate objective?

That these speculations as to motives and intentions should force themselves on the mind, as they do, illustrates the confusion of thought which is befogging the whole fiscal issue in this country. Until ultimate aims are stated without ambiguity, the confusion is likely to continue; and if the dissentient Ministers decided to dis-

sociate themselves from the majority of their colleagues simply in order to ensure that the objectives of the Government should be clearly defined in Parliament, they did well. It would be an outrage on the electorate to plant a policy of progressive Protection on British trade under guise of "revenue duties," or on an insincere plea of "bargaining" necessity, or danger to the pound. The Government's conception of trade policy, not only during the crisis, but afterwards, requires urgent definition. If it prove to be the case that the majority of the Cabinet are intent—despite the spectacle of European paralysis in the fetters of import contraction—on endeavouring to suppress, not encourage, our foreign trade, then the continuance of the Government in its present form will violate every canon of political honesty.

THE WORLD DISARMAMENT CONFERENCE.

THE Conference which is to meet at Geneva next Tuesday, under the chairmanship of Mr Arthur Henderson will be more nearly representative of the nations of the world than any conference that has ever yet assembled. Its official title is "The First General Conference for the Limitation and Reduction of Armaments"; and all the words in the title are significant. The task which it is the business of the Conference to undertake is exceptionally difficult and exceptionally urgent. It is recognised, accordingly, that if a first attempt fails, or if it produces results which are good as far as they go but do not go far enough, the effort must be maintained and further World Disarmament Conferences called—always supposing that the political situation of the world, and particularly the situation which will arise if the First Disarmament Conference is a fiasco, still leaves open the possibility of reducing armaments by the leisurely tactics of attrition.

As for the difficulty of securing a limitation and reduction of armaments through an agreement between the armed Governments, it is manifestly greater to-day than it has ever been. The difficulty is inherent in certain features—all recent, but all now fundamental—in the constitution of modern society. These features are our latter-day democracy, our latter-day organising power, and our latter-day command over the tremendous forces of physical nature. Before these recent developments—in the generation, for example, of Frederick the Great—armaments almost automatically limited themselves. In an age when war was still "the sport of Kings," and had not yet become the deadly earnest of nations, a king could not safely take from his subjects more than a trifling toll of their blood and treasure for the sake of a destructive hobby in which the people who had to pay the bill felt little or no personal concern. The situation has been revolutionised by a century and a-half of "progress." The French Revolution brought the *levée en masse*; the Industrial Revolution (a British achievement) has done the rest. The two revolutions, between them, have transformed "la Guerre" into "la Guerre Totale." The motto of the modern General Staff is "*Nihil humanum a me alienum puto*"; and what this means in cold fact for men, women and children may be realised by a study of the French "Law for the Mobilisation of the National Resources in Time of War," which was passed in 1928. It is impossible to read this law without being shocked—not, be it said, at the conduct of the French Parliament in passing such a law in the situation of the world as it is. (The French were merely looking the existing facts in the face and making their preparations accordingly.) What is shocking is the situation itself; and it is against this appalling background that the World Disarmament Conference is meeting next week.

In the foreground there are other elements which are important because they loom large here and now. For example, there is the inequality of armaments-power between the ex-victorious and the ex-vanquished States in the war of 1914-18—an inequality which is the product of the peace treaties. The whole soul of the German people is now set upon recovering equality of national status with the other leading peoples of the world; and this national state of mind has governed the

policy of the German delegates on the Preparatory Commission for the Disarmament Conference, which was at work off and on during five years ending in December, 1930. The German point of view is shared to a considerable extent by the Italians and the Russians; and an ominous feature of the First Session of the Preparatory Commission was a marked tendency for the Powers to divide into two opposing camps, with Germany, Italy and Russia on one side, France and her Continental European military allies on the other, and Great Britain among the neutrals.

The Franco-Italian, as well as the Franco-German feud, bears closely upon the prospects of the Disarmament Conference. The Franco-Italian rivalry in land-power on the Continent is reflected in a Franco-Italian naval competition in the Western Mediterranean; and this affects the naval position of the British Empire. If French and Italian naval armaments increase beyond a certain point, Great Britain may feel obliged to take advantage of the "escalator clause" in the London Naval Treaty of 1930; and that might undo the comprehensive naval limitation agreement between the three "Oceanic" naval Powers—the British Empire, the United States and Japan—which has been provisionally achieved. This three-Power naval limitation agreement is vitally important because it offers a secure framework for dealing with the outstanding problem of European armaments on land. But if the Oceanic naval limitation agreement were to break down, the whole problem of disarmament would be thrown back into the melting-pot.

At this moment a tremendous strain is being put upon the three-Power naval agreement of 1930 by the action of Japan in the Far East. The essential facts, first, that Japan is employing armed force on the territory, and against the citizens of another Power as an instrument of national policy and, secondly, that neither the Covenant of the League nor the Kellogg Pact have availed to restrict her, lend formidable support to the fatal argument that the only true security lies in a decisive superiority of armaments.

The World Disarmament Conference will have before it the Draft Convention, roughed out by the Preparatory Commission, which has been on the stocks since 1927. To quote the concise and carefully-weighted words of the pamphlet published by the Information Section of the League of Nations Secretariat, "the Draft Convention is not an agreed document, but represents the nearest approach to agreement which the Preparatory Commission was able to reach." Moreover, "it prescribes" only "the ways and means; it does not prescribe figures." Thus the work of the Preparatory Commission has led up to, but not got over, the real difficulties; and it is the task of the Conference now to tackle them. The magnitude of the task is brought out by a comparison between the contents of the Convention and the outstanding controversies.

Described briefly, the Convention opens with a general article in which States agree to limit, and as far as possible to reduce, their respective armaments in accordance with its terms. It provides for the limitation of effectives in time of peace and the limitation of the period of service in conscript armies; indirect limitation of land material by means of a limitation of expenditure; the direct limitation by tonnage and gun-calibre of naval material; the limitation of expenditure on material for naval armaments; the limitation of the total number, horse-power and volume for dirigibles; the limitation of the total number and horse-power of aeroplanes; and the limitation of total annual expenditure on land, sea and air armed forces and formations organised on a military basis. It provides for publicity and exchange of information, for the prohibition of the use of chemical arms, for the creation of a Permanent Disarmament Commission, and for procedure regarding complaints.

The main outstanding controversies are whether trained reserves should be included in the limitation of personnel; whether war material for land forces should be limited directly by numbers and weight, by annual expenditure, or by some combination of these methods; and whether the provisions of previous treaties (e.g., the Versailles Treaty) in which certain States (e.g., Germany) have

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agreed to limit their land, sea and air armaments are or are not to stand as they are, whatever the definitive terms of the Disarmament Conference may be.

Clearly, then, the Chairman of the Disarmament Conference, Mr Arthur Henderson, has a labour of Hercules to perform. But he will have one potent factor working on his side, which does not appear on his agenda, and that is the rapidly growing urgency of the need to surmount the world economic crisis. The economic crisis cannot be surmounted without a restoration of financial credit; financial credit cannot be restored without the establishment of political security; and political security cannot be established without a reduction of armaments. This is a powerful chain.

THE BANKERS AND GERMANY.

THE Report of the Foreign Creditors' Standstill Committee announcing the conclusion of an agreement, which we publish in summarised form in later columns, between the foreign banks which have extended short-term credits to Germany and the German Committee representing the debtor interests, is at pains to emphasise the Committee's recognition that their work can constitute no permanent solution of Germany's financial crisis. "The credit problem," it observes, "is not solved when reluctant creditors agree to prolong credits out of consideration for the debtor who is embarrassed and out of consideration for the general economic situation of the world in which the debtor occupies a vitally important place. The credit problem is solved when the creditors cheerfully and confidently continue credits which they might withdraw at their own convenience." Obviously, under existing political circumstances no such solution was attainable by means of international banking co-operation, no matter how close and well-concerted.

With the problem of Germany's future reparation obligations still unsolved, and with no arrangements yet made for a conference of Governments on the question, Germany's banking creditors could do no more than conclude an arrangement of a contingent character and for a limited period of time. The existing Standstill Agreement is therefore prolonged only for twelve months, and provision is made whereby the creditors may terminate the arrangement if the rediscount credits granted to the Reichsbank by the B.I.S. and the three leading central banks are withdrawn, or if other international developments materially endanger the Stillhalte plan. Nevertheless, the essential feature of the new scheme is its recognition that if world impoverishment and collapse are to be avoided, the aim of international banking must be not a general liquidation of the credit system, on whose basis the world's present economic structure has developed, but the maintenance and re-establishment of credits at a level permitting and facilitating economic recovery.

The Committee have decided that it is essential in the creditors' interests not to weaken the structure of Ger-

many further by any immediate repayments, but to allow, for the time being, German recuperative powers to work to strengthen it. Germany's short-term debts, they observe, represent funds which were used for business purposes and which on the whole were soundly used. That the credits were for the most part carefully given and represent strong names is demonstrated by the magnitude of repayments already made, amounting to 5 milliard marks, since the autumn of 1930. This abnormal rate of repayment forced by the crisis has weakened the Reichsbank and the whole credit structure and has affected German liquidity. Hence the Committee have aimed at a flexible plan to permit further repayments on standstill account when and as the transfer facilities of the Reichsbank permit. Credit lines, in the first instance, are to be reduced by 10 per cent., a reduction which will occasion no demands on the Reichsbank for exchange. Thereafter, instead of a fixed schedule of repayments, the future determination of what can be repaid is left to an advisory committee representative of the creditors who will from time to time consult with the German authorities. The German Government is creating a Committee for Foreign Debts to exercise, under the authority of the Government and the Reichsbank, a general control over all payments in respect of all German external indebtedness whether within or without the Standstill Agreement.

These arrangements, which have clearly an air of permanency, are supplemented by the provision of machinery for the conversion at the creditors' option of the cash advances to German banks into ten-year notes bearing interest at 6 per cent., and there are numerous other minor modifications of the original Stillhalte scheme, including a provision whereby, subject to certain very necessary restrictions, unsecured cash advances may be converted into "blocked" investments in Germany. But, as we have said, the really important feature of the agreement is the bankers' display of determination not primarily to devise machinery for an orderly "get-out" from their German commitments, but to justify the claim which they make that they are doing all that is possible to ensure that Germany shall have a period of recuperation.

Will Germany's recuperative powers, to whose magnitude the Committee pay proper tribute, have a chance to work effectively? The answer to this question, say the Committee, depends on "positive action by Governments and peoples in the sphere of international co-operation." Reviewing the present stage of the crisis, the Committee cogently observe that with international trade obstructed by growing tariff barriers and with the nations of the world contending "each for a disproportionate share of a dwindling world trade," Germany's ability to maintain the large export surplus which she has recently created is being progressively restricted. Her international liabilities cannot be liquidated in gold, and though international payments may be made by borrowing from a new creditor to pay off an old one, Germany cannot now find new creditors.

"The all-important thing is to restore the basis of credit. It is obvious that a settlement of Germany's international payments,

which are now under discussion between the Governments, is a vital element in this problem, as indeed are the inter-allied debts, which are in intimate economic connection with them. But these questions, though they profoundly affect private credit, cannot be solved by bankers. The Committee can only repeat that they endorse all that has been said by both Basle Committees on these problems. . . . The present extreme crisis must bring home to all peoples of the world the fact that all countries grow poor together. The obverse is as true. All countries grow rich together. A lightening of burdens and a greater freedom of trade, enriching one country, will enrich all."

This plea that the statesmen should work for a final settlement of the reparations and war debts problem finds powerful backing in the speeches delivered by the chairmen of the great British banks this week. Thus, Mr McKenna, at the Midland Bank meeting, emphasised that though the Hoover moratorium marked a great advance towards the fuller appreciation of the vital effects of reparations and war debts on all countries, "the world can never attain the level of prosperity justified by its own productive powers until this unhappy chapter of post-war history is finally closed." Again, addressing the shareholders of the Westminster Bank, Mr Rupert Beckett stated roundly that in the cancellation of war debts "lies our only hope" of breaking the vicious circle of increasing depression and national economic isolation. In fact, from every leader of the banking world comes an exhortation to Governments to make their essential contribution to the groundwork on which confidence can be rebuilt. If they will listen and act accordingly, the great recuperative powers, not only of Germany, but of the world as a whole, may yet be brought into play with rapid effect—though it is as well to bear in mind that the elimination of insupportable inter-governmental indebtedness would still leave to be faced the enormous problems represented by the increase in the burden of commercial indebtedness created by the price fall of the past five years. But if the first approach to the world's insistent economic problems is obstructed by policies of delay and of refusal to face facts, by insistence on barren "rights" which cannot be enforced, or by animosities which prefer revenge to co-operation, there is no magic in the hands of bankers which will suffice to save civilisation from destruction at the hands of its Governments.

BRITISH BANKING RESULTS.

BAD trade, falling commodity prices, and the general contraction of credit due to gold losses combined, last year, to reduce the resources of the big British banks, and, with low money rates in force until July, it is not surprising that the banks' earnings show a substantial falling off in comparison with previous years. Precisely how great the decline was it is impossible to say, for it is not known how great were the economies effected in administration expenses, while the banks invariably make large appropriations to reserves for bad and doubtful debts, to contingencies, and to other inner reserves before declaring their profits. In view of the troubles and uncertainties of the year it is likely that these appropriations in 1931 were larger than usual.

Be that as it may, the following table compares declared bank profits and their allocation for the years 1930 and 1931.

PROFITS AND APPROPRIATIONS.
(000's omitted.)

	Net Profits.		Dividend.		Contingencies.		Other Appropriations.	
	1930.	1931.	1930.	1931.	1930.	1931.	1930.	1931.
Barclays	£ 1,821	£ 1,795	£ 1,614	£ 1,588	£ Nil	£ 200	£ 207	£ 7
Lloyds	2,129	1,927	1,727	1,516	Nil	200	202	11
Midland	2,319	2,057	1,976	1,738	Nil	320	331	— 1
National Provincial	1,931	1,747	1,706	1,517	200	Nil	25	230
Westminster	1,822	1,602	1,314	1,185	200	250	308	167
Martins	794	703	666	582	150	100	— 22	21
District	459	432	379	348	Nil	Nil	80	84
Manchester and County	171	154	164	150	Nil	Nil	7	4
Union of Manchester	146	140	76	69	Nil	Nil	70	71
Williams Deacon's	279	275	234	234	50	40*	— 6	— 199†

* Includes investment depreciation account.
† Includes £200,000 transfer from reserve fund.

It should be noted that the National Provincial Bank's profits and dividends include income tax at the standard rate. In every case a substantial decrease is recorded, and in most instances the directors thought it a prudent gesture to make a slight reduction in the dividend. Shareholders and others who are inclined to deplore this decision should contrast the present strength of the British banking system with the numerous banking failures and difficulties prevalent all over the world. It is only by their traditional caution, of which their present dividend policy is the latest example, that British bankers have through many years built up their present position of exceptional strength.

One abnormal source of loss has been dealt with in an abnormal way, namely, the depreciation of the banks' investments. Judged by the total magnitude of the banks' holdings of securities, this loss is doubtless small, but it is large in comparison with the year's profits, and most of the banks have quite justifiably regarded it as a loss which could properly be met by a draft on their published reserves. There is no ground for any criticism of this decision. A subsequent table shows that even after these drafts the banks' reserve funds stand at an adequate figure, apart altogether from their undisclosed reserves. So far as can be foreseen, there is no reason why this loss should recur, and the reserve funds can be, and presumably will be, replenished in subsequent and more fortunate years. An improvement in the prices of British Government stocks, which form the bulk of the banks' investments, would at once provide the banks with a new addition to their inner reserves, for British banks never write up their investments when they appreciate. Finally, at a time when many American banks are having to obtain special leave not to write down their investments to current market values, shareholders and customers of British banks can rest assured that full allowance for the depreciation of the banks' investments has not only been made, but declared to the public in the clearest possible way.

The actual appropriations from reserve funds for this purpose, together with the banks' reserve funds (before making these appropriations) and the investments to which they are applied, are shown below:—

	Reserve Fund, end 1930.	Appropriation, £'000.	Reserve Fund, end 1931.	Investments, £'000.
Lloyds	10,000	2,500	7,500	51,327
Midland	14,248	2,748	11,500	42,190
Nat. Provincial	9,479	1,479	8,000	32,859
Westminster	9,320	1,820	7,500	51,452
Manchester & County	1,092	342	750	4,858
Martins	3,508	608	2,900	18,816
Union of Manchester	675	175	500	2,756
Williams Deacon's ...	1,000	200	800	7,409

While these appropriations amount to about 15 to 20 per cent. of last year's reserve funds—and in two cases to rather more—they rarely exceed 5 per cent. of the banks' investments. The fact that in every case these appropriations reduce the banks' published reserves to round figures suggests that transfers have also been made between inner reserves and investment depreciation accounts, and it is, therefore, of little advantage to make any comparison between these revealed appropriations, the size of the banks' investments, and the fall in the market value of gilt-edged stocks.

Coming now to the salient features of the balance sheets, as recorded in the main table at the foot of the next page, the first point noticeable is the general fall in deposits, amounting to a total figure of £155 millions. This may be ascribed to such factors as the year's gold losses of £25 millions and withdrawal of foreign funds, the contraction in public and private credit as shown by the year's reduction of £26 millions in Treasury bills, the further contraction in the supply of commercial bills and the reduction of £30 millions in the total of bank advances. Contingent liabilities, as represented by acceptances, have also fallen heavily, this being due to bad trade, lower world prices and perhaps a certain hesitancy to draw on London

SATURATION IN MOTOR TRANSPORT.

(BY A CORRESPONDENT.)

THE resistance of motor transport to the depression continues to be one of the most remarkable features of the situation in this country. The consumption of petrol for 1931 showed a small increase, in the order of 5 per cent., over the figure for 1930, which itself was 9 per cent. higher than the pre-slump record of 1929. Registrations of private cars in September, the month of highest registrations, numbered 1,083,457, compared with 1,056,214 in September, 1930, while goods vehicles numbered 860,614, compared with 348,441 in 1930. Hackney vehicles, with a reduction of 13.5 per cent. in registrations, show a rather different result, but this is largely attributable to the restrictions on omnibuses and motor coaches imposed by the Area Traffic Commissioners appointed under the Road Traffic Act, and is also partly counterbalanced by the tendency for vehicles of small seating capacity to be replaced by those of larger seating capacity.

The cry of "Wolf!" has been raised so frequently with regard to saturation point for motor vehicles that there is a risk that when saturation is approached the fact will be disbelieved and manufacturers will be led to embark on too ambitious programmes of production. A careful analysis of the latest returns seems, however, to establish definitely the fact of approaching saturation in the existing state of affairs. The general refusal of the Area Traffic Commissioners to license fresh omnibus services has established a compulsory saturation point for hackney vehicles. Goods vehicles owned by haulage contractors do not number more than 70,000, and, as their competitive position vis-à-vis the railways has not changed materially over the last two years, they may be assumed to have been handicapped by the same circumstances which caused the amalgamated railways' receipts from goods traffic to decline by 17 per cent. between 1929 and 1931. The increase in goods vehicles has probably been confined in the main to vehicles operated by firms owning their own means of transport, and there is no obvious reason why much further increase should at present be anticipated. The balance between motor and horse transport may have shifted a little in favour of the motor through greater attention being paid to the reduction of costs in times of depression; on the other hand, motor transport has been called upon to shoulder a fresh burden of taxation which horse transport does not share. The approaching saturation point for private cars is indicated by the fact that the annual increase over registrations for the previous year, as at the end of September, has fallen from 103,000 in 1927 to 96,000 in 1929, 75,000 in 1930 and 27,000 for 1931, while for November, 1931, it had fallen as low as 18,000;

since the suspension of gold payments. No information is available as to what proportion of the banks' acceptance liabilities, and also of their bill portfolios and advances, represent credits granted to nationals of such countries as Germany, Austria, Hungary and Chile, where standstill agreements or other restrictions on withdrawals of funds are in force; but in so far as acceptances are concerned, their total of all kinds bears so small a proportion to the banks' cash and liquid assets as to remove all ground for anxiety. A categorical assurance to this effect was given by Mr Goodenough at Barclays Bank meeting.

An aggregate fall of £38 millions in the banks' cash holdings probably arises from a diminution in the quantity of currency held in their tills; for, so far as can be told, bankers' deposits were as large on December 31, 1931, as a year ago. It is known that less currency was needed by the public last December than in December, 1930, and so the banks equally could operate on a smaller reserve. This lower currency demand enabled the Christmas season requirements to be met without recourse to an increase in the fiduciary note issue.

Little can be deduced from fluctuations in call money, for this item represents the margin between the banks' available resources and immediate needs, and, like every other margin, is subject to fortuitous variations. The big reduction in the banks' bill portfolio arises from the repayment of Treasury bills and the shortage of commercial paper. The banks have had to adjust their purchases of bills to the dwindling supply.

Advances are in most cases somewhat lower on the year. This again is the natural consequence of inactive trade and a lower price level. Also, the banks are more than ever having to exercise care and discrimination in respect of every individual application for accommodation, while it is conceivable that further and more stringent provision for bad and doubtful debts has affected the total.

With fewer bills available and less scope for advances, most of the banks have had to add to their holdings of securities in order to find full employment for their resources. This need was not altogether welcome at a time when even the highest grade of securities were losing part of their value, as the banks' appropriations from their published reserves bear full witness. Still, the recent improvement in British Government stocks should have offset much of last year's loss, and given the banks some addition to their inner resources. In any case, the balance sheets show that even in so difficult a year as 1931 the banks could operate without suffering any more harm than could easily be covered out of the great reserves built up through long years of traditional caution and conservatism.

	LIABILITIES.						ASSETS.									
	Capital and Reserves.		Deposits.		Acceptances.		Cash.		Call Money.		Discounts.		Investments.		Advances.	
	1930.	1931.	1930.	1931.	1930.	1931.	1930.	1931.	1930.	1931.	1930.	1931.	1930.	1931.	1930.	1931.
Barclays	£ 26.1	£ 26.1	£ 349.3	£ 335.6	£ 12.7	£ 10.8	£ 63.1	£ 56.9	£ 22.3	£ 21.8	£ 50.9	£ 40.8	£ 56.1	£ 56.6	£ 169.7	£ 172.2
Lloyds	25.8	23.3	365.9	335.0	42.5	36.1	55.8	49.6	22.0	22.2	53.7	42.6	52.6	51.3	175.9	167.5
Midland	28.5	25.7	401.4	361.9	25.3	19.2	62.3	53.7	21.7	16.1	83.9	57.1	38.7	42.2	203.6	197.6
Nat. Provincial	18.9	17.5	293.1	262.7	10.1	9.2	42.8	39.0	20.3	18.8	51.1	36.7	38.3	32.8	149.5	142.3
Westminster ...	18.6	16.8	292.7	273.4	17.8	18.6	46.0	40.9	25.7	23.6	48.4	34.2	50.6	51.4	131.9	131.4
Total	117.9	109.4	1,702.4	1,568.6	108.4	93.9	270.0	240.1	119.0	102.5	288.4	211.4	236.3	234.3	830.6	811.0
Coutts	2.0	2.0	19.5	17.0	0.5	0.5	2.9	2.4	3.5	2.2	1.5	1.2	3.8	3.9	9.3	8.9
Glyn, Mills	1.8*	1.8*	39.5	32.1	2.5	2.3	8.8	7.4	8.2	6.1	1.5	0.5	6.6	7.1	15.6	12.1
Martins	7.7	7.1	79.0	76.3	5.6	4.7	12.0	11.2	6.7	7.0	7.4	7.3	18.7	18.9	37.4	34.6
District	4.2	4.2	52.8	50.7	1.1	1.8	7.8	7.1	4.4	4.3	6.8	3.9	16.6	18.9	20.6	19.9
Manchester and County	2.2	1.8	17.9	16.3	0.1	0.1	4.6†	2.8†	...	...	0.6	0.3	4.2	4.9	10.2	9.6
Union of Manchester	1.4	1.3	17.9	15.6	0.5	0.6	7.3†	5.4†	...	...	0.4	0.3	2.3	2.8	8.8	8.0
Williams Deacon's	2.9	2.7	32.0	29.1	0.7	1.6	5.2	4.2	2.5	3.3	2.5	2.0	7.9	7.0	15.6	13.9
Total	140.1	130.3	1,961.0	1,805.7	119.4	105.5	318.6	280.6	144.3	125.4	309.1	226.9	296.4	297.8	948.1	918.9

* Includes "reduction of bank premises account."

† Includes call money.

for the current quarter there will probably be no increase at all.

Apart from the improbable removal of official restrictions on omnibuses and motor coaches, motor transport can postpone the coming of saturation point and accommodate an expanding manufacturing industry either by the return of a period of comparative prosperity or by a sensible reduction in the cost of motoring; but neither of these are likely in the immediate future. In other directions, the best results could be obtained from the organisation of the replacement demand and the arrangement of taxation and insurance in such a way as to have the least possible hampering effect on the use of motor vehicles, and more particularly of private cars.

The average life of a private car is calculated at seven years, and of a commercial goods vehicle at eight years. Assuming normal age distribution, this will give a replacement demand of 150,000 cars and 45,000 goods vehicles annually. Until recently, an abnormal proportion of the vehicles, and especially of the private cars registered, have been comparatively new on account of the rapid increase in the popularity of motoring, but the replacement demand has grown steadily from 57,000 in 1928 to 114,000 in 1931; and, unless the need for economy leads to an increase in the average length of life of cars, may reach nearly 150,000 in the current year. This, in conjunction with exports, will provide a fair output for British factories, although probably rather less than the record output of 182,347 reached in 1929. Commercial vehicle production, including omnibuses, reached its record of 66,859 in 1930. With a steady replacement demand for some 45,000 goods vehicles and probably 8,000 omnibuses and motor coaches annually, apart from exports, the motor industry, in spite of saturation in the home market and the restriction of exports through trade depression, has the opportunity of enjoying a very fair degree of prosperity in the current year. The chief risk is that this may be thrown away as a result of intense and uneconomic competition. British motor manufacturers might do well to study the possibilities in the domestic market of some modification of the scheme proposed for international application by M. André Citroën for relieving the pressure on the market of old vehicles by a co-operative plan for buying up and scrapping old cars. A good deal is already done unofficially by car distributors, who make generous allowances for used cars taken in part exchange for new; but a scheme which would systematise these unofficial transactions and prevent the oldest of the used cars thus taken in part exchange from finding their way into the second-hand car markets, would be far more effective.

Over a large part of the world the question for the motor industry to-day is not so much what to do to push back saturation point as how to check the reduction in the registrations and use of motor vehicles, and the possibility of this becoming the problem here also must not be overlooked. Petrol is being sold, apart from duty, at 4d. a gallon below its pre-slump price, and it would be unwise to regard the position as anything but temporary. The cost of petrol amounts to about 20 per cent. of the total cost of operating motor vehicles, so that an increase of 30 per cent. in this item would increase the total cost of motor transport by 6 per cent. Omnibuses are in a position to recoup themselves by increasing fares, while pleasure motorists can reduce their mileage, but the increase would be a serious matter for many operators of goods vehicles and react unfavourably on the road transport of merchandise. It is therefore of particular importance to all interested in motor transport to explore every avenue both for reducing commercial costs and encouraging private car traffic.

One of the most important factors limiting the use of private cars and motor-cycles is the system of collecting the tax, either in a lump sum at the beginning of the year or in equal quarterly instalments. Insurance also is a heavy item when paid in a lump sum, and cannot be economically spread over the year. The result is that 20 per cent. of motorists and 60 per cent. of motor-cyclists do not register their vehicles for the winter quarter, when the stimulus to use them is least and other financial demands greatest. This involves the Treasury in a loss of revenue, both in respect of the licence fee for the quarter and also of the lost duty on petrol which has not been

used, while it also reduces the replacement rate for old vehicles. There is no obvious reason why the payment for the quarterly licence should not be substantially reduced for the autumn and winter quarters, when the mileage run is comparatively small, and correspondingly increased for the spring and summer quarters. The insurance companies might also introduce a similar system of graded quarterly payments.

THE STANDSTILL AGREEMENT.

THE new "standstill" agreement is essentially a prolongation and modification of the agreement for the maintenance of short-term banking credits to Germany which came into force on September 17, 1931 (referred to as the "1931 agreement"). Its principal provisions are set out below, with the numbers of the clauses in which they are couched.

The Agreement has been executed by the Foreign Bankers' Committees upon condition that so long as the Agreement remains in force, the decrees of the German Reich shall render its provisions effective and in particular that there shall be no discrimination on the part of banking, commercial or industrial concerns in Germany in the making of repayment or the giving of security as between their foreign banking creditors whether adhering to this Agreement or not, or in the giving of security as between the latter and their creditors in Germany; that unauthorised movements of capital shall be prevented, and that all banking, commercial and industrial concerns in Germany who are subject to any form of indebtedness falling within the 1931 Agreement or this Agreement shall adhere to such respective Agreements.

Scope and Duration.

1. In this Agreement "Short-term credit lines" means and includes all acceptances, time deposits, cash advances and/or any other form of indebtedness arising from special agreements in currencies other than Reichsmarks in respect of which adherence to the 1931 Agreement has been or shall have been effected, together with any further such credits in currencies other than Reichsmarks actually used, existing and outstanding at any time between the 31st July, 1931 and the 8th October, 1931 (both dates inclusive) for a period of time extending beyond the 29th February, 1932 but expiring within the period of this Agreement.

2. The provisions of this Agreement shall (except in any cases where they are specifically expressed to come into force at an earlier date) come into force on the 1st March, 1932 and shall remain in force for a period of twelve calendar months from that date, subject, however, to earlier determination by the Foreign Bankers' Committees, in addition to the grounds specified in Clause 16 of this Agreement, in any of the following events, namely

- (i) if there be declared in Germany a moratorium which affects any obligation of German Bank Debtors to Foreign Bank Creditors dealt with in this Agreement, or
- (ii) if the Central Banks' advances to Germany granted under the auspices of the Bank for International Settlements be discontinued in whole or in part, or
- (iii) if in the future international decisions of a financial or economic character create a situation in which, in the opinion of the Foreign Bankers' Committees, the carrying out of this Agreement becomes seriously endangered,
- (iv) if any of the terms contained in the preamble above have not been complied with.

The declaration in Germany of a general foreign moratorium in whatever form shall *ipso facto* determine this Agreement.

Maintenance of Credits.

3. Each Foreign Bank Creditor shall maintain during the continuance of this Agreement *vis-a-vis* his German Debtor short-term credit lines upon the following terms:

- (a) The terms and conditions shall be at least as favourable to the Foreign Bank Creditor as those existing in regard to each respective short-term credit line at any time between the 31st July and the 8th October, 1931, inclusive.
- (b) Credit balances shall during the continuance of this Agreement be maintained by German Debtors with their corresponding Foreign Bank Creditors at sufficient figures for the working of the accounts concerned, so that the Creditors can operate such accounts without extending overdraft on their regular accounts with their German Debtors.

(c) Nothing in this Agreement shall prejudice the exercise by Foreign Bank Creditors of any statutory or contractual rights vested in them in respect of short-term credit lines in so far as the exercise of such rights would not be inconsistent with the terms of this Agreement.

With regard to security (shares, bonds, merchandise or other security) nothing in this Agreement shall prejudice any right, which a Foreign Bank Creditor may have, to require delivery of, sell or otherwise deal with such security held by him or by third parties for his account prior to the coming into force of the 1931 Agreement or the present Agreement in respect of short-term credit lines included in each Agreement except that the mere fact that, in

consequence of the provisions of either Agreement, repayment has not been made on the original due date, shall not in itself constitute a sufficient reason for selling or otherwise dealing with security.

In the case excepted above, a Foreign Bank Creditor having the right to do so may nevertheless sell outside Germany, upon giving seven days' notice to his German Debtor, any security held by him or for his account prior to the coming into force of the 1931 Agreement or of this Agreement respectively, as specific collateral for credit facilities held by him at the disposal of any of his German Debtors. Provided, however, that he may not sell (i) any security which at the time of the pledge was known to the parties concerned to represent an interest or participation in a Company which is essential to the conduct of the pledger's business, or (ii) any security which was pledged as collateral for the carrying out of a commercial transaction, and Provided that he shall be obliged to secure the best possible terms and conditions reasonably obtainable in the interest of the German Debtor.

Call money loans and other short-dated advances made against stock exchange securities and against mortgages on property which by their nature may be liquidated in whole or in part through the sale of the collateral security do not fall under this Agreement.

(d) So far as commitment credits had prior to the 8th October, 1931, been arranged for a fixed period of time for which a commitment charge had been paid in whole or in part, they shall remain in force but upon terms that they shall in all cases be available only to the German Debtors for whom they were originally opened, for the purposes originally contemplated and solely for their legitimate business requirements. To the extent to which bills drawn under such credits fell due or other availments thereunder matured, within the period of the 1931 Agreement, they were included and shall be deemed always to have been included in the 1931 Agreement. To the extent to which bills drawn under such credits fall due or other availments thereunder mature after the 29th February, 1932, but prior to the 1st March, 1933, they are included in this Agreement. Upon expiration of the period for which a commitment credit was originally opened, the Foreign Bank Creditor shall maintain such credit to the greatest extent to which it had at any one time been availed of within the period of this Agreement.

(e) Campaign credits (i.e., credits financing crop-growing) are not included in this Agreement.

Reduction of Credits.

4. (a) (i) Each Foreign Bank Creditor shall have the right to require an initial permanent reduction by 10 per cent. as at the 1st March, 1932, of the total amount of the short-term credit lines held at the disposal of his German Debtors on the 8th October, 1931 (excluding the amount of the further short-term credit lines not included in the 1931 Agreement but included in this Agreement) to the extent to which such reduction can be effected by cancellation of unavailed portions of their short-term credit lines. The right to reduce the total of the short-term credit lines by 10 per cent. may be exercised by the Creditor by applying such aggregate reduction right to the unavailed portion of such short-term credit lines held at the disposal of any one or more of his German Debtors as he may elect. Notice in writing shall be given by the Foreign Bank Creditor to each of his German Debtors as to whether or not his short-term credit lines are to be so reduced, and if so to what extent, at any time prior to the 16th March, 1932. A notice when effective shall restrict the German Debtor from thereafter availing himself of an unavailed portion of any short-term credit line to such an extent as would prevent the reduction specified in the notice from becoming effective.

(ii) If owing to the fact that the total of the unavailed portions of the short-term credit lines held at the disposal of his German Debtors is on the said 1st March, 1932, less than 10 per cent. of such short-term credit lines so that the Foreign Bank Creditor cannot to that extent benefit by the provisions of paragraph (i) of this sub-clause, he shall have preferential reduction rights pro rata with other Foreign Bank Creditors similarly situated until in all cases the initial deficiency has been made up.

(c) Each Foreign Bank Creditor shall have the right to require periodical permanent reduction by each of his German Debtors in respect of the short-term credit lines held at the disposal of such German Debtor by such amounts and within such periods as shall be determined in accordance with the provisions of the next succeeding sub-clause. The Foreign Bank Creditor shall be entitled to allocate his reduction rights to any one or more of the short-term credit lines held at the disposal of such German Debtor.

(d) (i) The delegates representing the Foreign Bankers' Committees, at their meetings on the 1st July, 1932, the 1st October, 1932, and the 4th January, 1933, after consultation with the German Committee and the Reichsbank, shall fix the amount of any reduction to be made in respect of the ensuing period and the date upon which such reduction is to become effective.

(e) A Foreign Bank Creditor shall be entitled to require increased periodical permanent reduction of a short-term credit line held at the disposal of a German Bank Debtor, which is in the nature of a cash advance, time deposit or other form of indebtedness entailing advance of money, by applying to such German Bank Debtor the whole or any part of his percentage rights in respect of any German Commercial or Industrial Debtor or Debtors, but any percentage rights so transferred shall be prorated against all short-term credit lines of the nature aforesaid held at the disposal of all his German Bank Debtors.

(f) The Foreign Bank Creditor shall give to each of his German Debtors at least thirty days' notice of the extent to which he intends to reduce their short-term credit lines. If the German Debtor is unable to pay he shall forthwith notify all his Foreign Bank Creditors of his inability to do so and thereupon, unless the majority in face value of his Foreign Bank Creditors shall waive

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such default upon such terms as they think fit, such German Debtor shall, at the expiration of fourteen days from the notified date of payment, cease to enjoy any benefits and privileges under this Agreement.

Trust Fund for Cash Advances.

5 (a) (i) Each German Bank Debtor shall on the date on which this Agreement comes into effect deliver to the Reichsbank particulars of all cash advances granted by Foreign Bank Creditors existing on the 29th February, 1932, unsecured by guarantee or otherwise. There shall be delivered to the Reichsbank on the same date by each German Bank Debtor, for the creation of a trust fund, assets equal in value to 15 per cent. of such unsecured cash advances (taken at their face value), which assets are estimated to represent an aggregate value of approximately two hundred million Reichsmarks. So long as any of the certificates hereinafter referred to remain outstanding, the said trust fund shall at all times be maintained by the Debtors at its full original value of 15 per cent. of the amount of unsecured cash advances existing on 29th February, 1932. Provided that, so soon as the unsecured cash advances to any German Bank Debtor have been reduced to one-half of their face value at that date, the Reichsbank shall return to such Debtor any assets contributed by it to the said trust fund in excess of 15 per cent. of its then outstanding unsecured cash advances. The Debtor may from time to time, with the sanction of the Reichsbank, substitute for assets in the trust fund other assets of at least equivalent value. If at the expiration of two years from the creation of the said trust fund no certificates in respect of a German Bank Debtor shall be issued and outstanding, such Debtor shall be entitled to the return of such assets contributed by it to the said trust fund as are in excess of an amount equal in value to 15 per cent. of its then outstanding unsecured cash advances, taken at their face value.

(ii) The Reichsbank shall create collateral trust certificates containing an unconditional acknowledgement of indebtedness signed by or on behalf of the respective German Bank Debtors, of a principal amount equivalent to the aggregate amount of their respective unsecured cash advances.

(iii) If at any time a Foreign Bank Creditor wishes to receive certificates in respect of an outstanding unsecured cash advance, he shall be entitled to require the Reichsbank to issue to him certificates of the appropriate series of an aggregate nominal value equivalent to the amount of such unsecured cash advance.

(iv) Each certificate shall be redeemable by half-yearly percentage repayments of 5 per cent. of the nominal amount of the certificate, the first of such payments commencing on the 1st September, 1932, which percentage shall however be liable to reduction so as to ensure that, so long as this Agreement or any supplementary Agreement remains in force, the aggregate repayment to a certificate holder in any one year shall not be proportionately greater than the amount which the Foreign Bank Creditor would have received had he not been a certificate holder. Any portion of the indebtedness represented by a certificate not previously repaid shall be due and payable on the 28th February, 1942. The respective German Bank Debtors shall provide the Reichsbank in advance with sufficient foreign exchange to enable it to make such redemption payments.

(v) A Foreign Bank Creditor may surrender such certificate and resume direct dealings with the German Bank Debtor.

(vi) The certificates whilst issued and outstanding shall carry interest at the rate of 6 per cent. per annum.

(x) In order to comply with the provisions of this Clause, the German Bank Debtor shall deliver to the Reichsbank assets, whether promissory notes drawn by the Bank's clients, bonds, shares, bills, notes, Reichsmarks, mortgages or other assets as the Reichsbank shall approve.

(b) (i) Any German Commercial or Industrial Debtor may in respect of unsecured cash advances from Foreign Bank Creditors existing on the 29th February, 1932, take advantage of the machinery for the creation of a trust fund and issue of certificates, provided that the consent in writing of all his Foreign Bank Creditors must be obtained.

Collateral Security.

6. (a) Every German Bank Debtor which from time to time holds from any of its clients any security, whether general or specific, as collateral for credit facilities based on foreign short-term credit lines shall hold such security in valid and effectual trust for the Foreign Bank Creditors upon the same terms as those upon which it is held by the German Bank Debtor.

(d) The German Bank Debtors agree to continue their policy, whenever it appears to them necessary for the protection of their

credits, of obtaining security from their clients and of maintaining it at an appropriate amount.

7. In respect of bills accepted for account of German Bank Debtors the following provisions shall apply:

(a) Each German Bank Debtor shall obtain from its client at the option of the relative Foreign Bank Creditor either (i) a promissory note signed by such client in negotiable form for the like principal amount, in the same effective currency and of the same due date as the corresponding bill accepted by the Foreign Bank Creditor and shall hold the same in trust for the Foreign Bank Creditor by way of collateral security, or (ii) a letter addressed by such client to the Foreign Bank Creditor unconditionally guaranteeing to the Foreign Bank Creditor the payment by the German Bank Debtor when due of its obligation in respect of the bill, and undertaking to pay such obligation in the same effective currency as the corresponding bill.

If the promissory note or letter of guarantee shall not have been signed by the client within ten days of request by the German Bank Debtor, the latter shall forthwith obtain the signing of the same by the President of the local Landesfinanzamt.

The sub-clause proceeds to lay down the conditions under which the German Bank Debtor shall obtain from its client additional security in favour of the Foreign Bank Creditor as collateral for the promissory note or letter of guarantee.

This Clause shall not be construed as impairing in any way the primary liability of the German Bank Debtor.

(b) If the Bank's client is declared bankrupt, the promissory note or letter of guarantee and all obligations thereunder shall forthwith become due and payable without demand or notice and thereupon, pending maturity of the bill, the German Bank Debtor shall deposit and maintain with the Reichsbank, as collateral security, for account of the Foreign Bank Creditor, sufficient Reichsmarks to purchase the necessary foreign exchange to cover the bill at maturity, or shall pledge other satisfactory collateral security. If the Debtor fails to do so, the Foreign Bank Creditor shall be entitled to realise any specific security held by it in respect of such bill and the German Bank Debtor shall, upon request from the Creditor, realise any specific security held by it in trust for the Creditor in respect of such bill and pay to him the proceeds of such realisation.

Liquidation of Bills.

(c) Each German Bank Debtor shall, unless the Creditor elects to go under cash advance, duly cover at maturity every bill accepted for its account by its Foreign Bank Creditor, but without thereby affecting the right of the German Bank Debtor to maintenance of its short-term credit line under Clause 3 of this Agreement.

(d) Any sums realised in connection with the transaction financed by the bill prior to maturity, shall if in the requisite foreign currency be remitted immediately to the Foreign Bank Creditor or if in any other currency be utilised in purchasing forthwith the requisite foreign exchange for immediate remittance to the Foreign Bank Creditor, but without thereby affecting the right of the German Bank Debtor to maintenance of its short-term credit line under Clause 3 of this Agreement. If it is not possible immediately to obtain the requisite foreign exchange, all such sums shall forthwith be deposited with the Reichsbank for account of the Foreign Bank Creditor (but as collateral security only and not as payment) to be converted into the requisite foreign exchange at the earliest possible date and in any case (unless replacement drafts are provided) not later than the maturity date of the relative bill.

(e) Each German Bank Debtor shall provide its Foreign Bank Creditor, for acceptance, with either eligible bills or external trade bills or other bills drawn by commercial or industrial concerns. Every bill must be drawn by or for account of a solvent client of good credit standing. In the event of any dispute arising as to the good credit standing of a client, the question shall be referred for final decision to a Committee of three persons to be nominated by the President of the Reichsbank.

(f) In the case of a cash advance resulting from an acceptance credit, the German Bank Debtor shall offer to the Foreign Bank Creditor for acceptance, upon request, bills complying with the requirements of the preceding sub-clause of this Clause.

(g) The German Bank Debtor shall, at the request of the Foreign Bank Creditor, substitute a drawer of good credit standing for a drawer who during the period that a bill is outstanding has become of notoriously bad credit standing.

(h) If owing to the bankruptcy of a client the German Bank Debtor finds itself under obligation to provide cover of so considerable an amount that it cannot be expected immediately to produce sufficient replacement bills, the German Bank Debtor shall deposit and maintain with the Reichsbank sufficient Reichsmarks, calculated at the official Berlin middle rate, to purchase the necessary foreign exchange to cover such bills. The German Bank Debtor shall then be allowed forty-five days after the date of such bankruptcy within which to provide the necessary replacement bills; otherwise it shall forthwith cover the outstanding bills by cash payment in the requisite foreign currency.

Clause 8 lays down similar provisions for covering bills at maturity, remitting sums received from the transactions financed by the bills, and providing collateral security for the creditors, where the debtor is a German commercial or industrial firm.

Conversion of Credits.

9. (a) If a German Debtor is, owing to the nature of his business, unable for the time being to avail himself in whole or in part of a short-term credit line held at his disposal, he shall not be prevented from repaying the same, but if he does so he shall be entitled subsequently, during the continuance of this Agreement, to re-avail himself of the credit.

(b) Every Foreign Bank Creditor shall have the right to arrange with his German Debtor for repayment of any time deposit or cash advance, on condition that he shall hold a corresponding amount at the disposal of the Debtor in the form of acceptance credit facilities and a Foreign Bank Creditor may at any time, in agreement with his German Debtor, convert an acceptance credit into a cash advance.

10. Foreign Bank Creditors shall have the right to convert into Reichsmarks their unsecured cash advances existing and outstanding on the 29th February, 1932 and such unsecured cash advances as were not included in the 1931 Agreement but are included in this Agreement, for investment in long-term investments in Germany of one or more of the categories mentioned below.

(a) Mortgages on German real estate, the mortgages to run for at least five years.

(b) Shares, mortgage certificates, bonds and debentures and other securities of whatever description, with the provision that these same securities shall be blocked for five years.

(c) Real estate, fixed plant and property, with a similar provision.

A condition of exercising such right is that no Foreign Bank Creditor may, unless his German Debtor agrees, convert in any consecutive six-monthly period more than 25 per cent. of his outstanding credit balances with any German Bank Debtor and as to any German Commercial or Industrial Debtor, more than 15 per cent. of his outstanding credit balances in any consecutive six-monthly period during the first two years and 20 per cent. in any consecutive six-monthly period during the third year.

All such transactions must have the approval of the Reichsbank which may withhold its approval if it considers that Germany's economic interests would be injured by any such transaction.

Commission and Interest.

11. All commission and discounting charges in keeping with usual banking practice, together with bill stamp duty, shall be paid in advance and interest shall be paid monthly in the currency in which the respective credit is maintained.

13. No guarantor, endorser or credit insurer in Germany in respect of any short-term credit line held at the disposal of a German Debtor by a Foreign Bank Creditor shall obtain any release from obligations under his guarantee, endorsement or insurance by reason of the operation of this Agreement.

Breach or Insolvency.

14. (a) If at any time during the continuance of this Agreement a Foreign Bank Creditor is of opinion that a German Debtor has failed to remedy, upon request by the creditor, a breach of any of the provisions of this Agreement (other than failure to make payment in accordance with the provisions of sub-clauses (c) or (e) of Clause 4 of this Agreement, which is specially provided for in that Clause), the Creditor may submit such claim to his Foreign Bankers' Committee. If the Committee is of opinion that such claim is justified, the Creditor shall be entitled thereupon to give to the German Debtor formal notice in writing that in his opinion such breach has been committed. If the German Debtor fails within six days of receipt of such formal notice to remedy the breach or to submit the matter to the Arbitration Committee hereinafter mentioned, the Foreign Bank Creditor may notify the Reichsbank. If after a further period of six days the German Debtor still fails to remedy the breach he shall forthwith cease to enjoy any benefits or privileges under this Agreement in respect of the short-term credit line or lines held at his disposal by the Foreign Bank Creditor. A Foreign Bank Creditor may, instead of adopting the aforesaid procedure, himself submit in the ordinary way to the Arbitration Committee a claim that a German Debtor has committed a breach of the provisions of this Agreement. If the Arbitration Committee shall give a decision adverse to the German Debtor, the above procedure shall continue as from the point of formal notification to the debtor.

(b) If at any time during the period of this Agreement a German Debtor becomes insolvent or is declared bankrupt he shall forthwith cease to enjoy any benefits and privileges under this Agreement. The question of insolvency may likewise be referred to the Arbitration Committee.

15. All figures and facts disclosed to the Reichsbank or to the Deutsche Golddiskontbank pursuant to the terms of or in consequence of this Agreement are to be treated as strictly confidential.

Responsibility of the Reichsbank.

16. (a) The Foreign Bank Creditors recognise that it is essential in the mutual interest both of Foreign Bank Creditors and of German Debtors to strengthen the Reichsbank.

(b) The Reichsbank recognises (i) the vital necessity in the interest both of Germany and of her foreign creditors generally that the international short-term credit machinery be maintained and that an adequate supply of good bills for acceptance by Foreign Bank Creditors be forthcoming, and (ii) the special nature of the claims of Foreign Bank Creditors.

(c) & (d) The Reichsbank, having had centralised in its hands the entire control of foreign exchange, shall do its best to make

available, at all times during the period of this Agreement, the necessary foreign exchange to enable the German Debtors punctually to discharge the obligations assumed by them under this Agreement.

(e) If the Reichsbank shall at any time during the period of this Agreement claim to be unable, without thereby endangering its financial position, to continue to provide the necessary foreign exchange it shall forthwith give notice to the Central Bank in each creditor country.

(f) Upon receipt of any such notice, the Foreign Bankers' Committee shall consult together to consider whether this Agreement is to continue in force upon terms that its provisions concerning the providing of foreign exchange for any one or more of the purposes hereunder shall be temporarily suspended or modified in accordance with the claim made by the Reichsbank or whether this Agreement shall be determined. Notice of any such modification must be subscribed to by representatives of Foreign Bankers' Committees constituting a majority in face value of short-term credit lines then outstanding. A notice subscribed to by such a majority shall be binding upon all parties to this Agreement.

Foreign Bankers' Committees.

17. For the purpose of conferring from time to time with the German Committee and keeping the Foreign Bankers' Committees informed of matters arising during the period of this Agreement and of performing such other duties as shall be entrusted to them, delegates representing the Foreign Bankers' Committees shall hold meetings on the 1st July, 1932, the 1st October, 1932, and the 4th January, 1933, and shall hold other meetings at such time, as the delegates may arrange. Each Foreign Bankers' Committee signatory to this Agreement shall be entitled to nominate a delegate.

All decisions of the delegates shall be taken by the vote of delegates present and representing a majority in face value of the short-term credit lines then outstanding.

18. If a German Debtor ceases at any time to enjoy any benefits or privileges under this Agreement by reason of insolvency or bankruptcy (or by reason of a breach of any of the terms of the Agreement), his indebtedness to all his Foreign Bank Creditors (or those affected by such breach) shall forthwith become due and payable and thereupon nothing shall prevent any of his Foreign Bank Creditors (or those affected) from prosecuting and enforcing his claims against the German Debtor on the same footing as any German national.

19. All indebtedness arising under short-term credit lines covered by this Agreement shall mature on the expiration hereof and Foreign Bank Creditors shall thereupon be entitled to debit the accounts of German Debtors with the amount of all bills accepted for account of such German Debtors notwithstanding the fact that the bills themselves are drawn for later maturity but so that no interest shall be chargeable until the bills mature. Special terms are laid down for the application of the clause to confirmed credits.

Arbitration.

20. In case any dispute shall occur between Foreign Bank Creditors and German Debtors or the Deutsche Golddiskontbank as to the interpretation of this Agreement or as to any matter or thing arising thereout, the same shall be referred to an Arbitration Committee constituted as follows:

(a) The Bank for International Settlements shall nominate three persons to serve as permanent members, designating one of such persons as Chairman of the Committee and a second person as Vice-Chairman.

(b) In addition, the Bank for International Settlements shall nominate three persons who shall be available to serve as alternate members of the Arbitration Committee in place of any one or more of the permanent members.

22. Adherence to this Agreement shall be effected by each Foreign Bank Creditor notifying to his German Debtor or Debtors, on or before the 1st March, 1932, his willingness to adhere, by means of a letter in standard form (specifying the short-term credit line or lines held at the disposal of such German Debtor or Debtors in respect of which adherence is made). Every German Debtor shall forward, within four days of receipt of a letter of adherence from any of his Foreign Bank Creditors, a letter confirming his adherence in standard form.

Any Foreign Bankers' Committee may, with the consent of the German Committee, extend the time within which any one or more Foreign Bank Creditors in its country may adhere to this Agreement.

The Golddiskontbank.

23. The Deutsche Golddiskontbank having, in exercise of the right reserved to it by clause 6 of the Schedule to the 1931 Agreement, required an arrangement for repayment of its obligations by three equal yearly instalments, the Deutsche Golddiskontbank's obligations shall be fulfilled as follows:

(i) Foreign Bank Creditors shall have the right at any time within the period of this Agreement to make demands upon the Deutsche Golddiskontbank within the percentages and subject to the terms and conditions contained in the 1931 Agreement, to the extent to which such demands shall not have been made prior to the 29th February, 1932. The aggregate amount upon which such percentages are calculated may be increased by the amount of any further short-term credit lines included in this Agreement but not included in the 1931 Agreement. Demands may be made for guarantee of such further short-term credit lines based upon the aggregate amount provided for in the 1931 Agreement and demands may be made for guarantee of short-term credit lines included in the 1931 Agreement

based upon the additional aggregate amount provided for in this sub-clause.

(ii) In lieu of taking-over short-term credit lines or parts thereof pursuant to the provisions of the 1931 Agreement the Deutsche Golddiskontbank shall guarantee, and be deemed always to have been liable as guarantors of, the obligations of German Debtors in respect of such short-term credit lines or parts thereof.

(iii) All security held by Foreign Bank Creditors in respect of short-term credit lines or parts thereof guaranteed by the Deutsche Golddiskontbank at the date of adherence to this Agreement shall forthwith be delivered to the Deutsche Golddiskontbank to be held by it as agents for the respective Foreign Bank Creditors. The Deutsche Golddiskontbank shall be entitled in its discretion to administer and to realise such security to the best advantage at such time or times as it thinks fit. If, however, the Deutsche Golddiskontbank realises such security, it shall forthwith pay over the proceeds of the realisation thereof to the respective Foreign Bank Creditors by way of acceleration of payment of its obligations.

(iv) The indebtedness to Foreign Bank Creditors in respect of every short-term credit line or part thereof guaranteed by the Deutsche Golddiskontbank pursuant to demands based upon the aggregate amount provided in the 1931 Agreement shall be discharged by three equal yearly instalments.

(v) The indebtedness to Foreign Bank Creditors in respect of short-term credit lines or parts thereof guaranteed by the Deutsche Golddiskontbank, pursuant to demands based upon the additional aggregate amount provided for in sub-clause (i) of this Clause, shall be discharged in the years 1935 and 1936 on a *pro rata* basis as between Foreign Bank Creditors, but the Deutsche Golddiskontbank can only be called upon to pay in the year 1935 a total amount in the relative foreign currencies which, based on the official Berlin middle rate quoted on the 2nd January, 1932, could have been purchased for two hundred million Reichsmarks, after taking into account the amounts, if any, payable in that year under the provisions of the last preceding sub-clause and of sub-clause (vii) of this Clause.

(vi) Any Foreign Bank Creditor instead of requiring repayment of the full amount of any instalment falling due within the period of this Agreement in respect of any short-term credit line guaranteed by the Deutsche Golddiskontbank may, at his option, allow payment of up to 50 per cent. of such instalment to be postponed. He shall then be entitled to require immediate repayment to an equivalent extent of other short-term credit lines not guaranteed by the Deutsche Golddiskontbank.

(vii) To the extent to which a Foreign Bank Creditor elects not to require repayment of the full amount of any instalment in respect of any short-term credit lines guaranteed by the Deutsche Golddiskontbank as aforesaid, the Deutsche Golddiskontbank shall continue as a guarantor thereof but so that it cannot be called upon to make any payment as guarantor until the primary debtor is himself under obligation to repay.

(ix) The Deutsche Golddiskontbank shall, as agent for the Foreign Bank Creditor, be entitled to collect in advance from the German Debtor whose short-term credit line or part thereof has been guaranteed by it, the instalments from time to time payable to Foreign Bank Creditors.

(x) When the contingent liability of the Deutsche Golddiskontbank in respect of any of its guarantees has become an actual liability by reason of the bankruptcy of or default in payment at the due date by the primary debtor, the Foreign Bank Creditor shall have the right to require the Deutsche Golddiskontbank, pending repayment, to carry its indebtedness in the form of an acceptance credit.

Signature.

27. This Agreement shall become effective when signed by the German Committee, the Reichsbank, the Deutsche Golddiskontbank and by Foreign Bankers' Committees constituting a majority in face value of the short-term credit lines outstanding.

New Foreign Debts Committee.

At the time of the initialling of the agreement, the German Minister of Finance wrote to Mr Wiggan, Chairman of the Foreign Bankers' Committee, as follows:—

A "Foreign Debts Committee" is to be created, one member of the Committee to be nominated by the Government as its representative, a second member by the Reichsbank as its representative, and the other three members by the Government in conjunction with the Reichsbank as representatives of the entire body of German debtors to foreign countries, i.e., not only of the debtors participating in the negotiations now in process under your chairmanship. The Government and the Reichsbank are already agreed as to the three persons to be nominated; it is intended to nominate Messrs Kastl, Jeidels and Schlieper, who have declared their readiness to accept such appointment. In order to be in a position to fulfil its objects efficiently, the Committee will have a special manager who will devote himself entirely to this task, such manager to be appointed by the Committee itself. Should a person be selected who is not a member of the Committee, he will be appointed to be a further member of the Committee.

The activities of the Foreign Debts Committee above described shall cover the entire field of the German foreign debts in such a manner that all fundamental and important matters and problems of the said foreign debt are included. It follows that the Committee will co-operate in an advisory capacity both with the Government

and with the Reichsbank, the own responsibility of the Government and the Reichsbank thereby, however, not being affected. It will be one of the tasks immediately to be taken up by the Committee to investigate into those sections of the German foreign debts, disclosed by the statistics, the individual character of which it has not yet been possible adequately to clear up. In general, the Committee will have to exercise its influence toward the adoption of a uniform policy in the treatment of foreign debts, among other things particularly by segregating the various groups of debts from each other. The Committee will further have to exercise its influence toward the starting and carrying through in good time before maturity and through suitable intermediaries of negotiations which may be necessitated by the Devisen situation in respect of such groups of debts or important single debts which are not covered by the German credit Agreement of 1932.

In welcoming this development on behalf of his Committee, Mr Wiggin observed that:—

In view of the existing exchange difficulties, no immediate cash repayments of the short-term banking credits are provided for in the new Agreement. For this reason the Foreign Bank Creditors assume that no capital repayments of other creditors will take place save such as are deemed by the new "Ausschuss für Auslands-schulden" to be absolutely essential for the maintenance of German credit. They take it that this is, in fact, what you mean in your letter by the "uniform policy in the treatment of foreign debts," and it is on this assumption that they welcome it.

Notes of the Week.

The Reassembly of Parliament.—Parliament meets again on Tuesday with a fairly heavy programme of business before it. Apart from "crisis" legislation, there is to be the Children Bill, the Town and Country Planning Bill, and possibly a Rent Bill. In addition, with Easter falling unusually early, much necessary financial business will have to be put through before the recess, and it is understood that the Government will take the whole time of the House until Easter. The outstanding issue, of course, will be the Tariff Bill, with which we have dealt in a leading article. If a Wheat Quota Bill is to be included on the agenda there will be ample room for controversy. But however closely party attention may be concentrated on Westminster, the crisis will by no means consent to be neatly confined within national boundaries; and the real centre of interest will be in Geneva and the capitals of the Continent. Parliament, when it meets, would do well to ponder over the recent conclusion of the Economic Committee of the League of Nations "that the general result of national measures to cope with the effect of the crisis is almost inevitably to prolong and seriously to aggravate it." The Speaker might do worse than chasten the spirits of some of the Government's supporters by setting up this text, duly emblazoned, above his chair.

Dartmoor.—The sensational events last week-end at Dartmoor Convict Prison, culminating in a serious riot and the burning of the administrative block of buildings, naturally made a vivid impression on the public mind. The revolt was quelled with an absence of serious casualties which says much for the steadiness and forbearance of the prison guards and their police reinforcements; and lurid tales of a vast underworld conspiracy to storm the prison from without may probably be discounted as wild exaggerations. Nevertheless, the fact that incarcerated men should have been driven to make this desperate assault on authority must leave an uncomfortable impression. However true it may be that Dartmoor is now a concentration of the worst of our imprisoned "hard cases," the question remains unanswered why long traditions of more or less orderly behaviour have now been so violently broken. The causes of the outbreak require searching investigation; and, in the interest of the community, as well as of the convicts and the prison administration, it would, we think, have been well had the Home Office decided that the official inquiry, which is being conducted by Mr Herbert du Parcq, K.C., should have been held in public.

The Viceroy's Speech.—In opening the session of the Legislative Assembly at Delhi, Lord Willingdon took the opportunity to review at length the political and economic situation in India. He spoke optimistically, more optimistically perhaps than observers in this country would have dared to speak. The budgetary position, as a result of the labours of the Retrenchment Committee, was sound enough for him to assure the Assembly that they would not be asked to consider a new Finance Bill this session. The general economic situation in India compared most favourably with that of any other country in the world. The Viceroy claimed that the decision to link the rupee to sterling had worked indisputably to the benefit of India. The floating debt had been reduced from 84 crores to 61 crores, and there had been a marked improvement in the credit of the Government of India, especially in London. Bank rate had gone down, the rise in rupee prices had considerably helped producers, and the expansion of currency was altogether normal and healthy. The export of gold, negligible in comparison with India's vast hoards, was definitely and decisively to the advantage of the country. Of the political situation Lord Willingdon said: "We are meeting to-day at a time which is perhaps the most anxious and critical this country has ever passed through, a time which is full of possibilities for future peaceful advance and prosperity in India." He then delivered a cogent justification of the Government's attitude towards the Congress. The latter had regarded the Irwin-Gandhi pact "not as a settlement at all, but as a means for consolidating their position and for making preparations for a further attack on constitutional authority." In the United Provinces and on the Frontier the Congress leaders had stirred up class hatred and insurrection in defiance of the Government's efforts to maintain peace. The reply of Congress to the counter-measures of the Government was to revive civil disobedience.

"No government worthy of the name could hesitate to accept this challenge; failure to do so would make all government in this country impossible. . . . I and my Government are determined to use to the full the resources of the State in fighting and defeating a movement which would otherwise remain a perpetual menace to orderly government and individual liberty, while the Government will take all requisite steps to guard against any abuse of the special power it has been necessary to take."

After these stern utterances the Viceroy spoke hopefully of the work being done, and to be done with all speed, to implement the programme of constitutional reform outlined by the Prime Minister. It is a remarkable comment on the generous spirit in which, in spite of the rebuffs that it has received from the Congress and others, the British Government is guiding the destinies of India, that the Viceroy can still declare it to be his privilege "to be leading India on to her promised position as an absolutely equal partner with the other Dominions under the Crown."

Japan and Shanghai.—While the Council of the League of Nations is in impotent session in Geneva, a new act has opened in the swiftly-moving Far Eastern drama. The scene has shifted from Manchuria to Shanghai—a point of extreme danger, owing to the importance and the number of the interests involved in this great international port and mart. The flame now burning in Shanghai—and already threatening a conflagration—has been lit, of course, by a Manchurian spark. The only effective Chinese retort to Japanese armed force has been a boycott of Japanese goods; and the focus of this boycott has, naturally, been Shanghai, the main gateway through which foreign goods are imported into China, not to speak of the goods manufactured for consumption in China by Japanese and other foreign mills in the Shanghai International Settlement. The boycott has led to rioting. On January 18th, in Chapei, a Chinese-administered quarter of Shanghai, five Japanese monks were attacked and two of them mortally injured by a Chinese mob. Two days later, in revenge, a Japanese mob attacked a Chinese factory and eventually police. From this point onwards, history begins to repeat itself. On January 21st, the Foreign Office at Tokyo announced that the difficulties at Shanghai were to be re-

garded as a local problem which could be settled between the Japanese Consul-General and the Chinese Mayor of Great Shanghai. On the same day, the Admiral commanding the Japanese fleet in Chinese waters issued a formal demand to the Chinese authorities for the dissolution of anti-Japanese associations and an indemnity for the attack on the monks, under threat of drastic action by the Japanese Navy to protect Japanese rights and interests in Shanghai failing a satisfactory answer. The Japanese squadron on the spot has now been reinforced and the whole business has been placed in the Japanese Admiralty's hands by the Emperor. The naval action proposed amounts to an armed occupation of all parts of Shanghai under Chinese administration: i.e., everything outside the French and the International Settlements. The Japanese naval authorities have informed the municipal council of the International Settlement that they will avoid interference with the Settlement if they can help it, and if the municipal council succeeds in safeguarding Japanese interests effectively within its jurisdiction. But these are almost impossible conditions; for the Council has a police force, but no court of law—the local court is Chinese—and, as for avoiding interference, to make war in Chapei and promise immunity to the Settlement is like promising immunity to the City of London if one is making war in Whitechapel. Shanghai is one huge continuous ant-heap; and the bounds between the International, French and Chinese municipal administrations are as invisible as those between our London boroughs. Shanghai is threatened at this moment with the fate of Smyrna. Are the Western Powers going to stand by passively at Shanghai, now, as they did at Smyrna ten years ago, and see their cherished property burnt to cinders in a dog-fight between two local nationalities?

Foreign Bonds in Default.—Some misunderstanding appears to have arisen in connection with our note last week on foreign bonds in default. The table showing by countries the capital and accrued interest on which default has occurred included, as might have been deduced from the mention of State loans in the United States, not only the indebtedness of central governments but also that of states and cities. In particular, our attention has been drawn to the figure given for Latvia, which comprised the City of Riga loan of 1924 and the Wolmar Railway loan of 1910, both incurred under the Imperial Russian régime. Similar observations would apply to the Montenegrin loans included under the head of Yugoslavia.

The Spanish Government's Ordeal.—The trouble brewing in Spain, on which we commented last week, came rapidly to a head. On January 20th, there were organised Syndicalist outbreaks at Manresa, Solient, and Berga in the interior of Catalonia. Railway lines were torn up, and for a few hours these places were isolated, under Syndicalist control, from the rest of Spain. It appears, however, that these outbreaks were confined to the industrial element in the population, which is a minority even in the most highly industrialised parts of Spain. Only two villages are reported to have taken part in the *émeute*. Thus the trouble did not spread before the Government crushed it by a prompt concentration of troops from all quarters. At the approach of the troops, the insurrectionary movement collapsed, and the Syndicalist organisation only made matters worse for itself by calling for a general strike to begin on Monday, January 25. In Bilbao and Barcelona the strike was abortive, and Seville seems to be the only place where anything like a complete cessation of work has been achieved. The Government has shown great energy and efficiency, and the net result of the events of the last few days seem likely to be a setback to the Syndicalist cause. In fact, that cause can hardly succeed so long as the Socialists, who are in chronic contention with the Syndicalists for the allegiance of the Spanish industrial workers, remain the strong supporters of the Republic that they have been hitherto. It is not to be expected that this will be the last outbreak of the kind in Spain. All that can be said is that, every time an out-

break of revolutionary disorder boils up and dies down again without the Government being overthrown, the Government's prospects of survival are distinctly improved.

The Bank of England Credits.—Early this week it was announced that the Bank of England was proposing to repay the balance of its Paris and New York credits opened in defence of sterling at the end of July. It will be recalled that originally the equivalent in francs and dollars of £50,000,000 was so raised, and that on the maturity of the original credits at the end of October, £20,000,000 were repaid (mainly by shipping £15,000,000 of gold), and the balance was renewed for three months. This balance, amounting to £30,000,000 at the par of exchange, and to considerably more at current rates, is now to be repaid, and the Bank has further announced that all the necessary exchange has been covered and that no further gold shipments will be necessary, thus obviating any need to increase further the fiduciary issue. This decision has rightly been hailed, both at home and abroad, as welcome evidence of our financial strength, and is a curious commentary on the thesis that our balance of payments is still dangerously adverse. While full tribute must be paid to the authorities for their skill in making the necessary arrangements for transferring so large a sum without affecting the stability of the pound, there is no doubt that a factor of prime importance in the operation is to be found in India's gold shipments. Just as last week it became apparent that India's gold shipments to London had enabled her to cover current debt maturities, so the reshipment of the same gold to France has helped to enable us to repay our debts to Paris and New York. In addition, repayments of loans due to London on acceptance credits by German and other debtors have doubtless been a contributory factor. It would be natural to look for an improvement in sterling now that this special need for purchasing foreign exchange is removed, especially as there is every prospect that the movement of gold will continue. It must be remembered, however, that the Treasury credits of £80,000,000 are still outstanding, and, doubtless, preparations for their repayment will now engage the attention of the authorities. There is, however, no immediate urgency here; and it may not be unduly optimistic to look for a moderate recovery in the pound during coming weeks.

Professor Rist and British Monetary Policy.—Professor Rist has retaliated on Sir Henry Strakosch and other critics who have attributed the world's difficulties to French and American monetary policy. In an article in *L'Information* he carries the war into the enemy's country and bluntly attributes the world crisis to the false monetary policy which Great Britain has pursued in the last decade. Our false pride in desiring to return to gold on the old parity—when it had become patent to "all unprejudiced observers" that our "towering war debt and the inflation . . . produced by (our) issues of currency notes made it impossible of attainment"—was responsible for the accumulation of gold in New York, a falsification of world price levels and the unparalleled Stock Exchange boom. Finally, the multiplication of foreign credits by London—when all efforts should have been devoted to strengthening our internal situation—"by upsetting the English balance of payments, ultimately put an end to the gold standard, established some years before with such great difficulty." Now, no one would care to say that our monetary policy has been blameless; but this thesis, both in its assertions and its judgments, is so extreme that it destroys its own effect. Our towering war debt—greatly swollen by the financial help given to France, Italy and Russia, and piled up in spite of the fact that we met a much larger proportion of our war expenditure out of taxation than any of our Allies—has undoubtedly been a grave incubus. But it was not Britain that allowed gold to go to the United States in the years after the war. Between 1920 and 1925 our gold reserves rose from £112 millions to £156 millions. Those of European countries, whose currencies were in chaos, were stationary or fell. Was it not

France and Italy who at Genoa refused to consider the possibility of stabilisation at anything other than the pre-war par of the franc and the lira, and the Bank of France which for years resisted all idea of stabilisation in the belief that the franc would return to 25 to the £? In 1922 the *Economist* took the view that, if there could be a general agreement on stabilisation, it would be wise for Great Britain to consider fixing the £ on a new basis. But with the march of events—of which the most important was the determination of France to obtain reparations, even if it involved occupying the Ruhr—the opportunity slipped; and three years later this country was able—and, we think, in the then existing circumstances, rightly decided—to return to gold. There was at that time no reason to doubt that it would be possible to maintain the world price level then obtaining. It is of great importance to know why this did not happen. To blame Great Britain's excessive foreign lending is hardly to the point. In recent years we have lent abroad less than before the war; though the total lent to Germany by all countries was exceptionally large, British banking advances to German trade, which has traditionally been financed in London, were not abnormal in amount; and, even if we look at the balance of trade, it leaps to the eye that it is the reduced earnings of our foreign investments and lower shipping earnings (caused by tariff-strangled trade and subsidised competition) which have turned the balance. Unless Professor Rist can show that this country—which has maintained its purchases from abroad at a higher level than any other—is responsible for the world decline of prices, his thesis fails. We can find no single argument in his article that supports such a doctrine.

Sir Basil Blackett's Views.—A more balanced view of the decade through which we have passed was given by Sir Basil Blackett in a speech at Brighton at the end of last week. "It may be," he said, "that, politically and socially and internationally, we set ourselves too hard a task in trying to manage the gold standard, but it remains true that the failure to manage it in the conditions which existed is the cause of our trouble. If the return to gold was inevitable and the return to the old parity at least defensible, subsequent action in regard to the gold standard has been a long series of national and international failures. Had the gold standard been properly worked, had the conditions been more sensible, had gold not become immobilised, the world price level would have remained reasonably stable." But the effort has failed; and now the first need of the world is a recovery in wholesale prices. Unfortunately, Sir Basil sees no early prospect of the gold standard countries taking effective steps to stop the fall. What then is to be done in view of the fact that chaos threatens a great diminution of international trade on which modern civilisation, and in particular that of Great Britain, depends? Sir Basil's solution, for the time being at all events, is to try to organise what he calls a "sterling area"—though whether the name is best suited for the international arrangement which he has in mind is a matter which might well be considered. The essence of the conception is that the countries which have left the gold standard, including the Empire, Argentina and Denmark—indeed, practically all of Scandinavia and several South American countries—Egypt, Japan and Portugal, should endeavour to reach an understanding by which they would endeavour to devise arrangements under which they would maintain both the stability of their purchasing power and their local currencies and stability of their mutual exchanges. They would thus endeavour to provide a large part of the inhabitants of the world with both stabilities, and so make it possible for these countries to make far-reaching arrangements for mutual credits and at any rate some diminution in the height of tariff walls. The plan has obvious difficulties. Few people understand the meaning of stable purchasing power unrelated to any specific commodity such as gold or silver, there is a not unnatural distrust of the mysteries of Index numbers, and no one has worked out the technique of adjusting a number of currencies to such a standard. If part of the

gold reserve leaves the country, everyone understands that unpleasant steps may have to be taken; it would be much less easy to allay dissatisfaction if credit had to be restricted because of some change in price or foreign trade statistics. Few countries are confident that in such circumstances they could resist inflation, and none of them could be expected to take an external currency such as sterling as their sheet anchor without a very clear understanding of the rules of the game. If the gold standard has, as Sir Basil Blackett asserts, been mismanaged, assurances will be doubly necessary to guard against mismanagement of a much more complex system. That is why most of the countries concerned are anxiously looking for signs of a return by Great Britain to some form of gold standard—modified it may be as compared with that which has broken down. But the world moves fast under the pressure of events, and every avenue must be explored if the world is to turn its back on the chaos with which it is threatened.

The "Managed Standard."—It was only natural that, in his annual address to Midland Bank shareholders, Mr McKenna should have concentrated upon the suspension of the gold standard, and, indeed, should have welcomed it as final confirmation of his well-known views on currency matters. There is no doubt that, in many respects, he has been proved right, especially as he has now made it clear that his real quarrel is not with a well-managed gold standard, but with the gold standard as mismanaged during recent years. In this connection he emphasised forcibly the contrast between Britain's pre-war readiness as the world's leading creditor nation to lend abroad and so keep gold in circulation, and the reluctance of the chief post-war creditor nations to re-lend their accumulations of funds in such a way as to prevent the hoarding and maldistribution of gold. Again, in preferring the phrase "a managed standard," rather than a "managed currency," as the alternative to the gold standard, Mr McKenna has given a new and better perspective to these questions, for no one will dispute that to-day currency plays a minor part in the world monetary machine. He was, perhaps, inclined to deduce a little too much from our brief experience of the past four months, but from his main conclusion few reasonable men can differ. "The immediate choice," he said, "is inescapable; either we must have a soundly managed gold standard, which can only be secured by well ordered international action, or we must definitely abandon gold and rely on a managed standard without any metallic basis at all. In either event one thing is certain: the art of monetary management will have to be relied upon more and more to obviate such catastrophes in economic life as we are witnessing to-day. We must not delude ourselves once again into thinking that if we return to gold all will be well; renewed indulgence in that comfortable idea would be fatal. Deliberate, skilled and resolute monetary management, with or without gold, is a *sine qua non* of steady economic progress." The corollary of this train of thought is that we in conjunction with other nations must agree upon and work out the necessary technique for the conduct of the world's monetary affairs, before there can be any question of permanently establishing the pound upon a new basis.

Storm Clouds over Lancashire.—As we go to press, the industrial outlook in Lancashire is menacing. A ballot of the weaving operatives in the Burnley area appears to have resulted in an overwhelming majority for a strike, and though the final decision has yet to be made by the Central Board of the Textile Trades Federation, the chance of a stoppage at the beginning of next week is unhappily far from remote. The object of the strike would be to compel the observation of agreements by the employers. Breaches of collective agreements are never defensible; and the employers who have enforced extensions of the number of looms worked by a weaver, extensions of hours, and, in some cases, wage reductions, even in respect to four loom weavers, have incurred a heavy

responsibility. At the same time, the attitude of the Weavers' Union to the "more looms" system has amounted in the past three years to a deliberate policy of procrastination and evasion. If a number of employers, in the grip of stern economic necessity to reduce costs, have been constrained to make separate settlements with their workers, the weavers' organisation has itself largely to blame. Strike action at this juncture would do nothing but injure all concerned in the industry. The best way for the organised weavers to regain their authority would be for them to come constructively to grips with the task of negotiating a really workable settlement on the "more looms to a weaver" question.

American Cotton Crop.—The United States Government has announced that up to January 15th, 15,992,000 bales of cotton have been ginned, against 15,358,000 bales a month earlier, and 13,594,000 bales at the same time last year. The report, writes our Manchester correspondent, was about equal to expectations and did not cause any change in values. There is some doubt in trading circles whether the Government estimate of the yield of 16,918,000 bales will be reached; for, during the last few weeks, the weather in the belt has not been favourable for picking and harvesting. Owing to the big supplies available, however, there is no probability of any violent price movement in world markets, and the attention of operators is now centred on the question of consumption, which shows signs of increasing. It is too early for anything to be said as to the prospects for the new cotton season in America and much difference of opinion prevails as to the curtailment in the acreage. Planting preparations by farmers will depend to some extent upon the course of prices during the next month or two.

Sterling and Gold Prices.—After a fortnight of comparative stability the course of world prices, as measured by our index, turned downwards during the second half of January, and their fall was outdistanced by the decline in sterling prices:—

SEPTEMBER 18TH, 1931 = 100.

Date.	Economist Indices.			Irving Fisher, U.S.A.	Statistique Générale, France.	Milan Chamber of Commerce, Italy.	Statistische Reichsanst., Germany.
	Complete Index (sterling).	Primary Products (sterling).	Gold Prices.				
Sept. 30th ...	107.8	112.0	94.7	98.7	96.9	98.8	98.9
Oct. 14th ...	108.3	114.3	95.7	98.9	96.9	99.7	98.0
Oct. 28th ...	108.4	114.4	101.4	99.3	95.6	99.9	98.7
Nov. 11th ...	110.3	119.3	103.5	99.3	96.0	99.3	98.3
Nov. 25th ...	109.1	114.8	98.0	98.3	94.2	98.8	97.6
Dec. 9th ...	110.3	117.3	93.0	97.3	93.3	97.1	96.1
Dec. 30th ...	108.9	117.1	94.4	96.1	93.4	96.9	94.6
1932.							
Jan. 13th ...	109.6	117.7	94.5	94.5	93.8	96.3	92.5
Jan. 27th ...	108.3	115.7	93.8	...	...	...	...

It will be observed from the four foreign indices, for which we are indebted to the *Financial Times*, that the downward movement of wholesale prices is most pronounced in Germany, followed at a short interval by France. In the next table we give the comparative figures of our complete index in greater detail:—

"ECONOMIST" INDEX.
(1927 = 100.)

	Sept. 18, 1931.	Jan. 13, 1932.	Jan. 27, 1932.
Cereals and meat	64.5	70.7	69.7
Other foods	62.2	65.9	66.1
Textiles	43.7	53.2	52.5
Minerals	67.4	77.7	76.2
Miscellaneous	65.8	65.5	64.6
Complete Index ...	60.4	66.2	65.4
1913 = 100	83.1	91.1	90.0
1924 = 100	52.2	57.2	56.5

The fall during the past fortnight is spread over all the groups with the exception of "Other foods," in whose case a fractional increase took place.

The Volume of Overseas Trade.—A fortnight ago we recorded a sharp decline in the value of the foreign trade of the United Kingdom in the past year as compared with 1930. The change in the volume of imports and exports has been estimated in last week's *Board of Trade Journal*. Previously the Board's calculations, in which variations in prices are eliminated, have been based on average values in 1924. Important changes in the structure of our foreign trade have, however, necessitated the shortening of the interval between the original base year and the present time. The year 1930, though abnormal in many respects, has been selected because in that year the fourth Census of Production was taken. The figures for 1924 have been re-calculated on the basis of the weights adopted for 1930:—

VOLUME AND VALUE OF IMPORTS AND EXPORTS.

Period.	Retained Imports.				Exports of Domestic Produce.			
	Declared Values.	Index of Average Values.	Values in terms of 1930 Values.	Index of Volume.	Declared Values.	Index of Average Values.	Values in terms of 1930 Values.	Index of Volume.
	Million £.	1930 = 100.	Million £.	1930 = 100.	Million £.	1930 = 100.	Million £.	1930 = 100.
1924	1,137	135.0	842	88.0	801	120.8	663	116.2
1930	957	100.0	957	100.0	571	100.0	571	100.0
1931	798	81.0	985	102.9	389	89.4	435	76.2

The salient features disclosed by this calculation are the growing divergence between the indices of the average values and between the volume of retained imports and that of British exports since 1930. The index of average import values has fallen 19 per cent., while export values have declined only 10.6 per cent. This is, of course, a natural reflection of the character of British foreign trade, imports consisting chiefly of food and raw materials, which have fallen more in price than the manufactured goods, which constitute the largest proportion of exports. Despite a decrease of 16.6 per cent. in the declared value of retained imports, the volume index actually shows a rise of 2.9 per cent. On the other hand, the decline of 31.9 per cent. in the declared value of exports has been accompanied by a contraction of 23.8 per cent. in the quantity. The next table shows the changes which have taken place in the various classes of retained imports and domestic exports:—

RETAINED IMPORTS.

Period.	Food, Drink and Tobacco.			Raw Materials.			Manufactures.		
	Declared Values.	Index of Average Values.	Index of Volume.	Declared Values.	Index of Average Values.	Index of Volume.	Declared Values.	Index of Average Values.	Index of Volume.
	Mn. £.	1930 = 100.	1930 = 100.	Mn. £.	1930 = 100.	1930 = 100.	Mn. £.	1930 = 100.	1930 = 100.
1924	511	135.5	88.5	324	153.3	99.6	266	122.5	76.8
1930	451	100.0	100.0	212	100.0	100.0	283	100.0	100.0
1931	397	81.3	108.2	148	74.1	93.9	244	84.9	101.7

EXPORTS OF DOMESTIC PRODUCE.

Period.	Declared Values.	Index of Average Values.	Index of Volume.	Declared Values.	Index of Average Values.	Index of Volume.
	Mn. £.	1930 = 100.	1930 = 100.	Mn. £.	1930 = 100.	1930 = 100.
1924	57	116.8	101.1	106	140.3	119.0
1930	48	100.0	100.0	64	100.0	100.0
1931	36	88.6	83.1	47	90.0	82.1

There has been a marked expansion in the volume of food imports, amounting to no less than 22.8 per cent. since 1924. The sharp contraction in the quantity of raw materials purchased by this country reflects the shrinkage in industrial activity. The story of depression in the British coal industry is told by the volume figure of raw material exports, while, as compared with 1924, the volume of manufactured exports has declined by 36.5 per cent.

Finances of Uruguay.—A correspondent writes from Montevideo:—The financial outlook in Uruguay, despite the stagnation of business, appears to be taking a turn for the better. Such a statement may seem to be contradicted by the recent decision of the Administrative Council of the Republic to suspend the sinking fund, but it is generally felt in business circles here that only by so doing can the country obtain the necessary breathing space it requires. Suspension of that fund for the year

1932 will make it unnecessary to remit an amount calculated at approximately \$4,200,000 U.S. currency. Deterioration of the export trade, coupled with the diminution of revenues based largely upon imports, has put this advanced little country into an unusually unpleasant position. Nevertheless, all who are well acquainted with Uruguayan affairs have confidence in the financial conduct of the actual Administration. An internal loan has been arranged to a total amount of \$2,000,000 for six months, renewable for a further six months. All the banks working in Montevideo have agreed to take up Treasury bills in this connection, and it has been established that such bills may, at need, be rediscounted as to 50 per cent. of their face value with the Banco de la Republica. It has been stated that the original intention was to make an issue of Treasury bills to a total amount of \$4,000,000, of which part would be used for the present operation and part taken up by the same banks in the course of a few months' time. Furthermore, approval has been given to a measure under which the Banco de la Republica is authorised to buy bonds of the Uruguayan national debt up to a total face value of \$20,000,000. These bonds can now be obtained very cheaply in the foreign markets, and will be used as currency backing at their purchase value or at their current quotation, whichever may be the lowest; such bonds will be held as part of the 40 per cent. effective guarantee referred to in Article 1 of the Bank's Statutes. It is officially declared that, thanks to stringent economies, the financial year ending on June 30th will close without a deficit, while expenditure on future administration purchases has been ruthlessly cut down. Thus, although no immediate recovery in Uruguay's trade can reasonably be expected, it would appear that her affairs are now on a sounder foundation, and she should be in a position to share in the improvement that is looked for by Argentina when world trade as a whole takes a turn for the better.

War Debts—A Correction.—A correspondent has drawn our attention to an error in the table showing the postponable portions of the war debts to the United States, published in last week's Special Supplement on war debts and reparations. The main change is the omission of any postponable allowance for Belgium, whose payments of principal, as we regret we did not observe, are not subject to postponement until after June, 1935, but in some copies there appears also to have been a printer's error in the British figure. The following are the revised figures, relating to the year July, 1932, to June, 1933:—

Debtor.	Postponable Portion. \$'000.	Remainder Payable. \$'000.
Poland	1,125	5,502
Belgium	...	8,250
Finland	58	276
Hungary	12	60
Lithuania	37	173
Latvia	37	178
Estonia	90	425
Italy	12,300	2,491
France	21,477	38,523
Great Britain	30,000	141,500

As mentioned in the Supplement, Roumania, Czechoslovakia and Jugo-Slavia have no postponement rights until 1937 or later.

Overseas Correspondence.

LEAGUE OF NATIONS.

Disarmament Conference — Difficulties and Prospects.

(FROM OUR SPECIAL CORRESPONDENT.)

GENEVA, January 27.

THE Disarmament Conference will open, next Tuesday, not only with the problem of reparations and war debts unsettled; it will open with 200,000 square miles of Chinese territory under the military occupation of Japan, and with the complete failure of the British and other

Governments on the Council to make any serious effort to observe their obligations to maintain the principles of the Covenant, not to mention the Paris Pact and the Washington Nine-Power Treaty. The Conference will thus be down to the naked question of the possibility of reduction of armaments in a world where States cannot be expected to have much confidence in the covenants to which they have been exhorted to adhere.

The second general consideration is that, even taking the chances of achievement at their best, it is well to understand at once that Germany will in any circumstances declare the results to be inadequate. It is out of the question that the Conference will succeed sufficiently to satisfy German claims of equality, by which Germany means not necessarily equality in numbers but equality in conditions; that is to say, she should be a participant on equal conditions in any new international armaments convention in place of the armaments clauses imposed upon her in the Versailles Treaty. This cannot be considered unreasonable from Germany's point of view as a member of the League and thirteen years after the war, but quite definitely it will not be accepted. If one thing is plain, it is that neither France nor any of her Allies will consent to any convention without having as its foundation the continued observance by Germany of the peace treaty conditions on armaments, and this condition is in fact embodied in the Draft Convention.

The third point is that as the time of the Conference has approached there has been a distinct hardening of the attitude of most of the Governments. Most, if not all, claim that they alone have really reduced their arms to the lowest point consistent with their security, and those who do not make this claim say that they have not yet had time to arm themselves sufficiently to be secure. Each State believes that she alone makes the claim with justification. Great Britain finds it quite impossible to understand why any foreigner should contest her peaceful need of the greatest fleet in the world, and fails to see any parallel in the French claim to superiority on land. The United States has withdrawn more and more into her Middle West shell. She is disinterested in land armaments; she will not participate in any way in strengthening the means of security; she apparently will be content, like Great Britain, to invite other Powers to follow her good example. Japan has decided that with neighbours such as Russia and China she can do nothing; Italy and France are at loggerheads, and Italy, while preparing to go to any length in reduction of armaments, makes everything depend upon her ratio not being below that of any other European Power, meaning France.

France conceives of no possible contribution unless her security is guaranteed to her satisfaction. This seems to mean an undertaking (which she will never get) that the British fleet will always be on her side. France's effort at the Conference will be to revive the Protocol of 1924. There is no hope in this direction. Russia, dissatisfied with everything that has so far been attempted, will again propose complete disarmament; the sincerity of the offer will not be acknowledged, and its acceptance is out of the question. All the Powers bordering on Russia make whatever they may do dependent upon their estimate of what Russia is doing or may be trusted to do. Great Britain is credited with some ideas about the reduction in the size of war vessels, to which America is apparently opposed. Both have equal interest in the abolition of submarines, to which all the other naval Powers object. But there is no indication from any responsible quarter of positive proposals except from Russia, Germany, and one or two smaller Powers with little influence on large policy.

One of the more serious difficulties is likely to be the question of budgetary limitation. The United States Government declines for itself any form of budgetary limitation, but is prepared to consider means of direct limitation and full publicity if other Powers accept budgetary limitation and some way can be found for measuring the equivalents. France does not accept budgetary limitation of naval material, as she considers direct limitation, together with the limitation of the

aggregate expenditure on armaments, is sufficient; Japan takes the same line as France. Great Britain and Italy make their acceptance of budgetary limitation dependent upon the attitude finally adopted by other maritime Powers. As one of the main hopes lies in some limitation of expenditure (there is no other method proposed for land material), these obstacles are serious, though there seems to be a feeling that they may be overcome.

The general prospects in any event are not bright. It would be foolish to prophesy, and it is just as well to put expectations low. So much depends upon something being done, and so profound would be the gravity of definite failure, that it must be hoped that, as a minimum, the Powers will be frightened into some measure of progress which will not be too serious a disappointment. The Conference will begin with a general debate lasting several weeks, followed probably by an Easter adjournment, after which five Commissions—Political, Budget, Military, Naval and Air—will sit. There may be other adjournments, and there will certainly be alarms, excursions and deadlocks.

UNITED STATES.

Reconstruction Corporations — Banking — Trade.

(FROM OUR CORRESPONDENT.)

NEW YORK, January 16.

THE new Reconstruction Corporation, now virtually through Congress and assured of Presidential blessing, is generally hailed as a means of arresting the rapid course of deflation, but opinions differ as to the amount of inflation which may ensue. In most quarters, particularly among the large banks and the Federal Reserve Banks, the view is held that fears of inflation are greatly exaggerated, particularly on your side of the water. Admittedly much will depend on the character of the management.

Although the new corporation will have an authorised lending power of \$2,000 millions, it is expected that it will take at the start only \$500 millions, and it is hoped that this sum may suffice for its needs during its life, especially since the main goal of the new body is the restoration of confidence. The \$500 millions will probably be provided by the Treasury, which will obtain the money from short-term borrowings among the banks. This will, of course, mean a write-up of bank credit, but in so far as the credit is used to liquidate existing frozen bank credit, no net gain will take place. Banking authorities hope to limit the Corporation's activities largely to this scope. However, in addition to making loans to banks, it is counted on to provide money to some railroads for re-funding bond issues. While banks may hold part of these issues, which cannot be refunded through public offerings, owing to the bad state of the bond market, part also are held by the public. Substitution of bank credit for public savings to some extent is therefore likely, but that will not be allowed to run far. The point emphasised here is not that inflation is desirable, but that deflation for the moment has gone far enough and certainly fast enough.

So far, the new credit-easing campaign of the Federal Reserve Banks has not been reflected in the statements of condition. Bill rates have been cut three times in the past week, the asking rate on 90-day documents being 2½ per cent., compared with a discount rate of 3½ per cent. Such a wide spread has seldom lasted long without a change in discount rate. This week, total Reserve Bank credit in use fell \$87 millions. Member bank borrowings were unchanged, for in spite of the large seasonal inflow of funds, the drop in currency circulation was only \$42 millions, whereas usually at this time it is over \$100 millions, and the Reserve system reduced its bill holdings by \$61 millions and its Government securities by \$14 millions. Next week's statement is expected to reflect more clearly the new operations, which are designed to stiffen bond prices and will at least have the effect of

making easier the credit operations of the Reconstruction Corporation and Treasury borrowing generally.

In spite of the rise in bond and stock prices to about 20 per cent. above the low levels of January 5, the market for new capital issues has not yet been tested. Offerings are very small and mostly of a Government nature. This week's new issues were \$15,140,000, against \$3,422,000 in the previous week and \$282,815,000 in the previous year. Federal Intermediate Credit Bank borrowing made up \$12 millions of the total. The week's gold movement was marked by two large transactions, one of which added \$12 millions to the earmarked stock and the other of which took \$15 millions out of earmark. Exports were \$17 millions and imports \$4 millions. January imports to date are \$20 millions, more than offset by exports of \$25 millions, with a net decrease from earmark of \$3,500,000.

An interesting summary of savings bank deposits for this district for December has just been published. Deposits of \$110 millions show a decline of \$2,897,000, whereas there is almost invariably a rise in December. Some interpret this as meaning that many depositors are now beginning to live on their capital, owing to widespread unemployment, and the explanation is also given that the low level of prices has brought some increased buying of goods, but statistics of wholesale and retail trade, industrial production and the distribution of goods do not as yet confirm this. However, none of the money is going into the securities market, so far as can be ascertained.

No alarm is yet felt lest an exodus of foreign balances on the scale of last autumn should take place, but loss of gold shows the direction of the wind. Foreign balances here are now estimated at from \$600 to \$800 millions, and the amount of gold held under earmark at the Federal Reserve Banks is about \$40 millions. This gold could be spared without appreciable effect on the money market, inasmuch as it already has been taken out of reserves.

An echo of bank failures is heard in the January 2nd report of the Comptroller of the Currency on national bank capital and circulation. The capital of all national banks was \$1,644 millions, compared with \$1,736 millions a year ago. Some of the shrinkage is, of course, due to transfer from national to State charters. In spite of the numerous small bank failures, each with its small bank note circulation, total national bank note circulation has risen to \$710 millions from \$698 millions. The national banks have found it profitable to exercise their circulation privilege at current prices for Government bonds.

Industrial news is indicative of continued slackness, with only mild seasonal rises. The steel industry is working around 23 per cent. of capacity, and buying by the motor and railroad companies fails to increase. Railroad traffic is practically at a standstill. Interest in the national motor show was gratifying, but it is yet too early to gauge public buying response to the new models offered for inspection. Most motor makers hope for at least as large an output for 1932 as was obtained in 1931.

Foreign trade figures for December show exports of \$184 millions, the smallest since September, 1914, and the smallest for December since 1909. Imports of \$153 millions were the poorest since October, 1915. They compare with exports of \$274 millions and imports of \$208 millions in the previous year. For the full year 1931 exports of \$2,424 millions and imports of \$2,090 millions compared with \$3,841 millions and \$3,060 millions for 1930. Exports were the smallest since 1914 and imports were the smallest since 1915.

After some delay the Chicago conference on railroad wages has begun. It is expected that railroad labour will wish to bargain for concessions in the matter of employment and working conditions, but will, nevertheless, be willing to accept a 10 per cent. reduction in wages rather than take their chances through arbitration on the 15 per cent. reduction formally asked by the railroads. Meanwhile arrangements are being made to make loans from the Railroad Credit Corporation available shortly, without waiting for an accumulation of surplus from the higher freight rates.

Some interest was aroused in the final consummation of the Sinclair-Prairie Oil and Prairie Pipe Line merger, which has been under negotiation for the past year. The union ought to help strengthen the oil production and price situation. American Petroleum Institute officials are planning a conference for next week in an effort to curtail output another 200,000 barrels daily, the Sunday closings not having brought down production enough to offset the recent sharp drop in consumption.

Publication this week of bank statements at the annual stockholders' meetings passed off quietly, although some surprises were given by the extent of the writings down made necessary by the drastic reduction in market value of bank investments. The strongest institutions were not immune, but the reductions have not, of course, in any way hurt their standing. All that has happened is that stockholders have had to see a shrinkage in assets. As yet, dividends have not been affected. In the next few months it is believed that the movement to eliminate security affiliates from the large banks will go so far as to leave no more than one or two important institutions maintaining security investing and trading companies.

FRANCE.

Reparations — Revenue — Agriculture.

(FROM OUR CORRESPONDENT.)

PARIS, January 27.

THE German developments in regard to a further reparations moratorium have apparently had a greater effect on French opinion of all categories than perhaps any happening since the war. The French are now visibly nervous as to the immediate future. The public statements made by Senator Eccard with regard to Germany's alleged secret expenditure on preparations for war have roused uncomfortable interest among all classes, and the man in the street has had his imagination stirred by the idea that a Russo-German onslaught against the Western nations has now become rather more than a possibility. For the time being attention is closely focussed (and this not merely on the part of the less-well-informed section of the public) on the line France may be expected to take if Germany persists in refusing to resume reparation payments.

M. Stéphane Lauzanne, in the *Matin*, suggests that the first thing to be done is for the Bank of France to refuse to renew its share of \$25,000,000 in the \$100,000,000 of credits extended to the Reichsbank through the B.I.S. (which fall due for reimbursement on February 4th), and thus put the mark in peril. "When M. Moret hinted at this at Basle a week or so ago," writes M. Lauzanne, "Dr. Luther cried out that such a course would put the mark in danger; but what does the fate of the mark henceforth matter to us?" As a second step M. Lauzanne urges that the Franco-German Customs Treaty of 1927 should be denounced, and German imports into France be subjected, in addition to the French general tariff duties, to a 26 per cent. supertax, the yield from which would be utilised to compensate France for unpaid reparation debt. M. Léon Bailby, in the *Intransigeant*, while approving these suggestions, points out that a third means of compensation might be found by France taking permanent possession of the Saar area.

How far the French leaders are in sympathy with such proposals is highly questionable. It has been asserted by several newspapers during the past few days, however, without provoking any kind of official *démenti*, that the refusal of the bankers at Basle last week to give more than a conditional promise to renew the \$100,000,000 credit was directly due to the intervention of M. Moret, the Governor of the Bank of France. Paris is now eagerly awaiting the decision of the Bank of France, which may possibly be arrived at during to-morrow's usual weekly meeting of the Regents, or, as to-night seems more probable, may be deferred "until a date in closer proximity to February 4th," when the whole amount becomes due for reimbursement.

The question of exactly what amount France has received on account of reparations has now become one of the crucial factors in the controversy between the two Governments directly interested. German official statements assert that France has already received more in actual payments on reparation account than the reconstitution of the devastated regions has cost her or will cost her at the end of the account. It is made public to-day that M. Flandin, the Finance Minister, in a statement to the Chamber Finance Commission yesterday, asserted that down to June 30th last German reparation payments totalled (payments in cash, merchandise, cessions of territory, etc., included) 21,413,383,882 gold marks, of which the French share has been 8,151,060,569 gold marks gross, or, after deducting cost of the armies of occupation and other charges, 5,165,144,047 gold marks net, or rather over 31,000,000,000 francs. In respect of compensation for losses of property, the Minister asserted, France had expended down to April 1st last 97,881,000,000 francs, which still left a further sum of between 5,000 and 6,000 millions unpaid. These figures leave out of account interest payments on sums paid by France. Further, a large proportion of the expenditure was made, it is stated, in francs of a value higher than the present currency. "In other words," the Finance Minister concluded, "reparation expenditure has cost us 175,000,000,000 francs in capital alone, the total cost, including capital and simple interest, having been effectively 250,000,000,000 francs."

The revenue returns for December are the most unfavourable registered since the beginning of the current financial year. The total recoveries from "normal and permanent" sources were 3,350,583,000 francs, against 3,910,000,000 francs in the previous month, 3,630,000,000 francs in December, 1930, and 3,842,000,000 francs in the same month of 1929. The total for the month was 166,800,000 francs less than Budget estimates (whereas for the whole of the previous months of the financial year—with the exception of May, when there was a deficit of 77,500,000 francs—there has been a surplus, due to recent increases in many of the Customs rates). Total recoveries, for the first nine months of the financial year, although 1,187,000,000 francs below those for the corresponding period of 1930, were over 49,000,000 francs above Budget estimates for the period covered. The yield from turnover taxes in December (which concerned business transactions in November) was 563,341,000 francs, or 14 per cent., less than in December, 1930. Of the other leading categories of imposts, taxes on securities alone showed a substantial increase as compared with December, 1930, the yield being 113,000,000 francs, or nearly 30 per cent. more than in the last-named month. Customs duties produced 440,000,000 francs, or 9,708,000 francs less than in the corresponding month of 1930. Registration duties were over 13 per cent. smaller. The largest decline during December was in income-tax receipts, which were 171,000,000 francs less than in December, 1930. The yield from this source for the nine months was 8,819,000,000 francs, or 769,600,000 francs below that for the previous corresponding period.

Official returns of the potato crop in 1931 state that the entire yield was 26,429,000 quintals, as compared with 11,954,000 quintals in 1930. The embargo placed on French vegetables and other agricultural products by Great Britain has had a serious effect on sowings for the new crop of potatoes. In Brittany, where some thousands of acres have for many years been devoted to raising potatoes for the British market, the closing of the latter against them has been philosophically accepted by many of the growers as permanent, and large numbers of them are reported to have already decided to devote themselves in future to the culture of tobacco. For this there is a steadily growing and constant market in France, under the direct control of the Government, home-grown supplies being always largely smaller than demand, so that the loss to the national revenue from the closing of the British potato market seems likely to be compensated for to some extent by a reduction in the tonnage of imported tobacco,

GERMANY.

Standstill Agreement — Washington Scheme — Bourse Question.

(FROM OUR CORRESPONDENT.)

BERLIN, January 26.

THE conclusion of the new standstill agreement is regarded in Germany as the one ray of light in the otherwise gloomy outlook for international politics. The fact is not overlooked that the new agreement has a great many unsatisfactory features from the German point of view: the unsolved interest problem; the linking of the extension of the agreement with the prolongation of the issue banks' credits to the Reichsbank, for example, and the compulsion upon the German banks to share the security received from their customers with the foreign lenders where these customers are granted credit out of the banks' own funds and from foreign loans. Nor, naturally, does Germany like the right which had to be accorded to foreign creditors to terminate the agreement in the event of disagreement with the Reichsbank as to the possibility of transfer. All these points involve dangers if political or economic conditions grow still more acute.

All the same, the new treaty, which is no longer officially called a standstill agreement, but "German Credit Agreement, 1932," is regarded as an important advance, not only because it frees the Reichsbank from further payments, but, above all, because it is an attempt to pave the way for a final solution of the question of the frozen credits. With the aid of a little optimism it is even possible to imagine that this agreement might be the last of its kind, for even if the representatives of the foreign banks were not in a position to make any concession for a consolidation of German short-term credits, the agreement provides for the possibility of the foreign creditors converting, on their own initiative, the short-term demands which are for the time being uncancellable into a long-term obligation. The inducement to such a course will certainly be in many cases substantial. If such transactions become frequent, Germany's short-term debt would be so much reduced that special standstill arrangements would no longer be necessary, but such an issue could not be expected for some time.

The reports of the Creditors' Committee has confirmed the estimates of the Wiggan Report as to the amount of Germany's short-term indebtedness (8 milliard marks). The four milliards by which the Reichsbank statistics exceeded this sum are believed by the Committee to consist, as to by far the greater part, of debts of German firms to foreign subsidiaries, or of German subsidiaries to their foreign parent firms, or of other forms of industrial participations which only theoretically constitute short-term indebtedness. The world-wide sensation which was caused a few months ago, when Dr. Schacht accused the Reichsbank of withholding the results of its investigations from the public, will still be remembered. It is now evident how fully justified the Reichsbank has been in the foresight which would not allow it to publish these figures without the most careful examination of their economic significance.

The President of the National Bureau of Statistics, Professor Wagemann, last week published a scheme for the reform of the constitution of the Reichsbank and for profound changes in the regulation of private banking which has attracted considerable attention. Professor Wagemann proposes to limit the requirements for gold and foreign exchange cover to notes of denominations exceeding 50 marks, but to extend them to bankers' balances at the Reichsbank. This extension, on the one hand, and limitation, on the other, do not, however, cancel out, as notes of less than 50 marks constitute 7 per cent. of the entire issue. If the Wagemann scheme were put into practice, therefore, the cover percentage of the Reichsbank would be greatly improved without any change in the Bank's real resources. Although Herr Wagemann himself is strongly opposed to any scheme of inflation, such a reform can only have the object of enabling the Reichsbank to extend its advances in a manner which might

involve danger to the currency. For this reason the proposal has found practically no supporters in Germany, but has met almost everywhere with reserve or decided negation.

The remainder of Herr Wagemann's plan is aimed at securing especial safety for the bank balances at the Central Bank which are only used for clearing purposes, and at keeping them apart from ordinary banking business so that there can be no question of the use of these short-term deposits for long-term credits. He has a series of devices for making good the sums which will thus be withdrawn from the long-term capital market. In the first place, the Reichsbank is to hold securities (the intention is that these should be principally redemption loans issued by the communes in respect of their short-term debt) against the notes of small denominations, and the purchase and sale of these securities at the same time to enable the Reichsbank to pursue a species of open-market policy. In the second place, he proposes, by the payment of extremely low interest on balances and other short-term deposits with the banks to give an inducement to every depositor to transfer from bank deposits to securities. Finally, Herr Wagemann would like to follow the example of Switzerland and empower the German banks to issue bonds and grant long-term credits out of the proceeds. This part of the scheme contains valuable suggestions, but it is very doubtful whether the transformation of balances at the banks into securities ought to be encouraged at the present moment. Welcome as a rise in German security values would be, it is even more important to maintain the liquidity of the banks, which would be reduced by the withdrawal of deposits even if this were only for the purpose of purchasing securities.

Professor Wagemann did not inform either the Reichsbank or the Government of his project before he published it. There is little doubt that the Reichsbank is completely opposed to it, and the Government is very anxious that the completely unofficial character of the document should be impressed upon the public.

Now that the new standstill agreement has been concluded, the question of reopening the stock exchange has once more been raised, as the Reparations Conference is now not likely to take place before the French elections, and the exchanges can hardly be kept closed for so long. The trading by telephone which is going on at present cannot be controlled, and as it gives rise to lack of confidence it can be no complete substitute for the stock exchanges. The Government and the Reichsbank are still afraid that violent fluctuations in security prices may have serious disturbing effects both at home and abroad, but all the same, it is probable, not that official Stock Exchange trading will be resumed, but that there will soon be private trading on the stock exchange premises, in which prices will be established and published, whereas at present the publication of prices is forbidden. Such a relaxation would suffice as a beginning, it would not be a bold experiment, and it would give time to see if any of the fears were realised. Meanwhile prices in the transactions between banks have again shown a firm tendency.

AUSTRIA.

Banking — Industry — Railways.

(FROM OUR CORRESPONDENT.)

VIENNA, January 25.

THE fight of the economic corporative bodies, which is being carried on against the restrictions on foreign currency, still continues. The main association of industrialists and the tradesmen's association have passed strongly-worded resolutions, in which they point out that export trade will cease altogether and that further closing down of factories and business will become necessary, if the present foreign exchange policy is continued. The tradesmen's association has specifically declared that it regards the statements of the head of the Government, concerning the negotiations in Geneva and the general economic situation, as far too optimistic, and that it is facing the future with the gravest concern. On the other

hand, the National Bank still adheres to the view that in accordance with the recommendations of the Financial Committee in Geneva it must deal still more stringently with the matter of foreign exchange. It also points out that it is constantly parting with foreign means of payment and that outgoings are greater than incomings. Consequently it suggested to the committees of foreign creditors that until further notice under the second standstill agreement for the banks and firms only 5 per cent. of the sums due should be repaid. It withdrew this suggestion later, and, instead, it inserted the advice that for the time being no capital repayments should be made on short-term credits, and that any fresh agreement which might be made should have a duration of at least six months. It is certain that the foreign exchange restrictions and the developments of last year have brought the National Bank but little advantage. It has large reserves at its disposal, but it wants to increase them, especially as it is necessary to write off the Credit-Anstalt shares which it took over, as the shares have really become valueless. There must also be some writing off of the bill portfolio, whereas in previous years it was the pride of the National Bank that it never had to take such action. Further, reservations are necessary on account of the various credits which the National Bank has raised; and in view of this it is the intention of the Bank greatly to reduce its dividend. There is even talk of a reduction amounting to as much as 50 per cent.

In regard to the balance sheets of the other banks, it is not yet possible to say whether the Bankverein and the Escompte-Gesellschaft will refrain from distributing dividends and strengthen their reserves or whether they will consider a curtailment of their dividends sufficient. Last year the dividend of the Bankverein was one schilling and that of the Escompte-Gesellschaft 10.50 schillings. In the case of the Länderbank, the views of the French money market come into consideration. In general, the balance sheets of the banks and of the industrial enterprises will not be easy to make up this year, and the Government, too, may see itself compelled to give guidance by special legislation for the making up of balance sheets. Several managements of enterprises demand that the losses which have been sustained on investments and shares should not be written off at once, but only over a period of several years. Again, the foreign exchange restrictions are also causing difficulties in relation to the balance sheets, as the question must be considered at what rate conversions are to be made. Current business is very poor at the banks. Issue business and the stock exchange are completely stagnant, and business in foreign exchange is centralised at the National Bank, so that there remains only the margin of profit between rates of interest for debits and credits. The consequence is that most of the banks are further cutting down their staffs. This, again, gives rise to further unemployment. There are now 350,000 unemployed in receipt of the dole in Austria, and in Vienna itself a high record has been reached.

The clearing treaties, which were expected to stimulate business, have proved a great disappointment. During the past few weeks exports have declined greatly, so that the supply of foreign means of payment has also dwindled. The conflicts arising even in the National Bank itself in regard to the treatment of the foreign-value questions, have caused the general manager, Dr. Brauneis, to hand in his resignation. It is well known that right from the beginning he was opposed to undertaking such an onerous guarantee for the Credit-Anstalt, and that he also objected to having the bill portfolio increased to its present volume. It is characteristic of the analysis of the note circulation that the greatest increase is observable in the 1,000-schilling notes, which now comprise nearly 20 per cent. of the whole circulation. This shows that the large notes are mostly being saved privately, otherwise it would be impossible to explain the increase of 150 per cent. in notes of this denomination.

Company floating stopped completely last year. There were only eight joint-stock companies and 84 limited companies founded. This illustrates the complete stagnation of financial business. On the other hand, more and more enterprises are being liquidated, especially those belonging

to the Credit-Anstalt syndicate. Negotiations are at present in progress at the Krupp Works at Berndorf for the purpose of inducing the German relatives of the head of the firm to participate financially or, at least, to take over a portion of the commitments. These negotiations are, however, very difficult, and it is therefore probable that further reduction of output will be necessary at this works. The Minister of Finance lately declared in Parliament that the position of the Federal Railways is difficult, and that, in accordance with the wishes of the Geneva Financial Committee, a stricter control of the railways is to be exercised by the Government. Further retrenchment is being practised, but the unfavourable results of the first eleven months show that the drop in transportation is greater than the possibility of saving. Revenue from passenger and luggage traffic amounted to 178.8 millions (202.3 in the year 1930), and that from goods traffic to 297.1 (against 337.4) million schillings. The Federal Railways do some repair work on wagons and locomotives under their own management. Private works have suffered on this account, but there is reluctance to give up these repair works of the Federal Railways completely, because this would mean further dismissals of employees. The Federal Railways are compelled to effect the greatest savings, because the two credits, which were raised abroad, are to come under the standstill agreement, so that a further influx of foreign capital seems hardly likely in view of the present situation of Austria in regard to foreign commitments.

HUNGARY.

Foreign Trade — Transfer Moratorium — Foreign Debt Problems.

(FROM OUR CORRESPONDENT.)

BUDAPEST, January 25.

HARDLY a day passes in Central Europe without a fresh severe blow to foreign trade. Restrictive measures to protect the currency are almost daily announced by the Danubian countries. Under such circumstances it is not difficult to forecast that, unless a miracle happens, the volume of foreign trade will further decrease. Almost simultaneously with the publication of the greatly diminished foreign trade returns for the past year, Hungary was compelled to restrict the free importation of certain commodities—ranging from cheese and apples to silk and timber—in defence of the pengő. The development of foreign trade in the last four years is as follows:—

	(In million pengő.)			
	Imports.	Exports.	Balance.	Total value of trade.
1928	1,211.4	826.0	— 385.4	2,037.4
1929	1,063.7	1,038.5	— 25.2	2,102.2
1930	832.9	910.4	+ 77.5	1,743.3
1931	543.5	572.2	+ 28.7	1,115.7

The catastrophic fall in the prices of agricultural commodities is amply demonstrated by the sudden shrinkage of the total value of trade. And yet a favourable balance of trade is the only means whereby Hungary can pay the service of her huge external debt. Even if, under the transfer moratorium, the service of the "sacrosants," amounting to 65-70 million pengő, can be transferred, there still remains 220-230 million pengő, the future of which is much discussed now in Hungary.

Before dealing with the future use of the non-transferable amounts, it must be pointed out that the priorities given to the League Loan of 1924, the Treasury Bonds of 1931, the Caisse Commune pre-war rentes, and the B.I.S. credit services are more and more resented by the other creditors. It is pointed out by the antagonists of the preferential treatment accorded to the State loans, that it would have been more equitable to transfer a fraction of the interest due on all loans, be it as low as 1 per cent. There is little doubt, however, that any fresh discrimination between the creditors at this stage would only make more difficult the final settlement arising out of the financial plight of the country.

Though Hungary was not directly interested in the Lausanne Conference, its postponement is viewed with great concern, because it is generally believed that Hungary's creditors cannot be approached to agree to a scaling down of the unbearable interest rates on Hungary's foreign debts until after the settlement of the German problem. Unfortunately, Hungary cannot afford to wait. The unsolved problems arising out of the provisions of the transfer moratorium need urgent and statesmanlike solution, which can only be arrived at after a thorough investigation of the country's capacity to pay in the next one or two years. The uneasiness displayed by the American creditors about the priorities of transfer accorded in the Decree of December 23rd makes it imperative that no further decision of importance should be made by Hungary without consulting such representatives as the creditors may, as a body, nominate.

As a matter of fact, Baron Korányi, the Finance Minister, who has just returned from Geneva, has declared in the Emergency Committee of Parliament that he has suggested to the League Financial Committee that the creditors in each country should form a group and that these groups should send delegates to negotiate with the Hungarian Government. He stated that every effort will be made to use the non-transferable amount of 220-230 million pengő in such a manner that no inflationary or deflationary consequences may follow. It would be a fatal error, however, to believe that the collection of nearly 300 million pengő of interest and sinking fund due to foreigners, whether transferred in part or not at all, is feasible without some inflationary or deflationary consequences in a country which is collectively insolvent as a result of the radical change in the price level and the partial misuse of borrowed foreign funds. It follows that the country's capacity to pay must be investigated and certain guiding principles established as to the fate of the non-transferable sums until a general scaling down of interest rates and the general recovery of the world liberate Hungary from her present paralysed state.

In the last quarter of 1931 the note circulation has oscillated between 350-450 million pengő, or 10-15 per cent. less than a year ago. On the other hand, the bill portfolio of the bank, including the rediscounts through the B.I.S. and other central banks, has more than doubled, ranging from 500-589 million pengő. The fact that the bill portfolio of the central bank is considerably higher than its note circulation is in itself a sign of extraordinary pressure on the bank, and it is a warning that this abnormal discrepancy should not be allowed to grow. Though the National Bank has reduced its discount rate on January 19th from 8 per cent. to 7 per cent., it is hoped that the decrease will not bring about an undesirable increase of the swollen bill portfolio, as the whole credit system is cut off from external influences, so that the machinery of the Bank rate has lost its regulating effect on the volume of credit. But the danger still remains that the huge interest and sinking fund service due to the foreign creditors, amounting to nearly 300 million pengő, and the considerable sums due to internal lenders, amounting to several hundred millions, cannot be met otherwise than by increasing, at least partly, the principal; and this will, of course, bring further pressure on the National Bank.

Extraordinary measures are bound to bring extraordinary results, and Hungary will soon experience the phenomenon—hitherto unknown in modern banking practice—of an inflated bill portfolio as the result of inability to meet the debt charges from current income, and, at the same time, a deflated circulation due to the piling up of the non-transferable debt service, which, if allowed to be used for reinvestment, will undoubtedly inflate the price level. But other evils will also arise from reinvestment. For instance, how can Hungary ever hope to transfer the interest on the accrued debt of the phantom pengő, which do not represent real value, if she is unable to pay now? The present foreign debt of 4,094 million pengő would grow to 5,000 millions in three or four years if there is no corresponding export surplus to meet the present debt service. Wiser counsels begin to point to the

fact that the annual merchandise surplus available for the debt service will be about 100-150 million pengő at best, so that a scaling down of the 7 and 8 per cent. interest rate to 3 per cent. is the only way to avoid a complete collapse.

There can be few optimists, either in Hungary or abroad, who believe that any merchandise trade balance of importance could be realised so long as the present paralysis of foreign trade and the control of foreign exchanges continues. In face of such tremendous difficulties, which no nation can hope to remedy without international co-operation, it would be very mischievous to undermine the economic and financial system of the country by ignoring the unsolved problems arising out of the transfer moratorium. The dangers of delay in the case of Hungary, owing to its smaller forces of resistance, are even greater than in that of Germany.

JUGOSLAVIA.

Debt Question — Finance — Trade — Prices.

(FROM OUR CORRESPONDENT.)

BELGRADE, January 16th.

DR. BRUNING's declaration regarding reparations gave rise to considerable pessimism in Yugoslavia, as evinced by the heavy fall in State securities during last week. It is felt here that his declaration was tantamount to prejudging the issue, and was therefore both a grave tactical blunder and an act of bad faith. For, it is argued, if international agreements can be repudiated by any one signatory without general consent, will not all agreements run the danger of being considered merely "scraps of paper"? General public opinion had already realised that reparation payments on the scale in force hitherto were, apart from any political and moral issue, an economic impossibility, and that a general reduction was bound to follow. But Dr. Brüning's declaration may be said to have rather stiffened Yugoslav opinion than otherwise. There can be no doubt that Yugoslavia unreservedly endorses the French attitude.

The need is strongly felt here of maintaining at least such a minimum of reparations as would ensure the service of war debts (unless these are remitted) and would cover such Government obligations as result directly from reconstruction needs (service of internal Reparation Bonds, service of Blair loan concluded in U.S.A., and war pensions), which amount annually to about £1,900,000 at par. The total present debt service of Yugoslavia amounts to 1,200,000,000 dinars, of which 400 millions are needed for internal loans, 600 millions for foreign loans, and 200 millions for war debts. This would work out for the year 1931-32 at 85 dinars per head with an income per head of 4,500 dinars, if we estimate income at 25 per cent. below that of three years ago. This in itself could hardly be called a crushing debt service if it were not that, with the cancellation of reparation payments by Germany, the Government would be faced with the problem of finding gold for transfer to the amount of 600 (or with war debts 800) million dinars annually. This, again, without adequate credits, is, in view of the present international trade war and restriction in bills, no easy matter.

The actual drain of gold from the country may be calculated from the weekly statements of the National Bank. The gold and bill cover on June 28th, the date when the first statement after the stabilisation of the dinar was issued, was 2,291,500,000 dinars, while that on December 31st was 2,096,800,000 millions. If to this difference of 200 million dinars we add the amount received from France, 550 millions, and other credits which appear to be between 150 and 200 million dinars, then the actual deficit in the balance of payments for the second half-year would equal about 900. to 950 millions. This, at a rough guess, would place the deficit in the country's balance of payment for the whole year at about 1,600 to 1,700 million dinars, which would agree fairly well with the figures for 1930 as supplied by the Zagreb Chamber of

Labour, when the deficit was estimated at 1,890 million dinars.

Other interesting sidelights on national finance are also thrown by the end-of-the-year statement of the National Bank. The increase in the circulation from 4,563,800,000 to 5,172,200,000 dinars during the second half-year clearly shows the tightness of credit and need for cash, while the increase of credits from 1,458,600,000 to 2,252,800,000 is a proof of the seriousness of the run on banks during the last quarter. It may be remarked as a tribute to the work of the National Bank that not a single bank failure was recorded. Finally, the decrease of foreign bills in the cover from 742 to 332 millions, and the increase in gold from 1,540 to 1,758 million dinars give evidence that the Belgrade National Bank has followed the lead of other banks in turning their cover into gold. During the second half-year the total cover has fallen from 41.10 per cent. to 37.51 per cent., but the gold cover has risen from 27.63 per cent. to 31.46 per cent.

Regarding Government finances, which form the central problem, we have no complete and reliable end-of-year figures. It may be noticed, however, that the Treasury has withstood the strain of the last quarter better than expected. No new cuts in salaries or new impositions have been announced since October 1st, while on the other hand the Treasury had returned by December 31st its credit of 500 million dinars advanced to it by the National Bank. That this could have been achieved only by very strict economy and by an increase in the floating debt goes practically without saying. It is interesting, however, to learn that the loss on the export of 30,000 trucks of wheat was not more than 185 million dinars. With the right of using a credit of 600 million dinars from the National Bank and the gain of 200 to 300 million dinars from the minting of silver dinars probably in the spring, the Government should be in a slightly easier position during the coming months.

Trade is practically at a standstill, and is 30 per cent. lower than in 1930. During the first eleven months of 1931 exports amounted to 3,087,000 tons, worth 4,419 million dinars, as against 4,426,000 tons, worth 6,286 million dinars; imports, on the other hand, were 1,047,000 tons, worth 4,502 millions, as compared with 1,392 tons, worth 6,437 millions, in 1930. Some small satisfaction may be had from the fact that the deficit during this period is not greater than 82 million dinars, whereas the deficit in 1930 was 151 millions. It may be remarked as of interest that, although the large majority in the country is protectionist, the free trade minority has of late been given a much more careful hearing.

With such trade conditions it is no wonder that the index of prices continues to fall. According to the *Priredni Pregled*, the end of the year index for the last five years was:—December, 1927, 1,578; December, 1928, 1,523; December, 1929, 1,413; December, 1930, 1,175; and December, 1931, 1,025. The last figure is misleading, however, as it includes wheat, which is maintained at an artificially high level through the introduction of Government monopoly. This will be obvious if we compare the index figures of the various groups separately at the end of 1930 and 1931; stock-raising products fell from 1,292 to 929, fruit from 1,040 to 780, industrial goods from 1,471 to 1,183, and groceries from 1,081 to 1,031, as against a rise in agricultural produce from 808 to 1,100.

GREECE.

Financial Situation — Debt Service — Commercial Policy.

(FROM OUR CORRESPONDENT.)

ATHENS, January 22.

BARELY a month has elapsed since the late Governor of the Bank of Greece, Mr Diomède, expressed his emphatic disagreement with Mr Maximo's plan for meeting the financial and exchange difficulties (reported in the *Economist* of December 19th last, page 1180), which he characterised as dangerous and detrimental to the interests and the credit of the country. To-day, Mr Diomède pro-

poses a similar plan, differing from the other in that it concerns the sinking fund of the public debt, instead of the interest on the external debt of the country, which was the object of Mr Maximo's plan.

In an address delivered at a meeting of the Technical Chamber of Greece, Mr Diomède, speaking on the international crisis and the economic difficulties of Greece, made a series of suggestions for remedying the situation, analogous to those expounded in recent years by economists in every country. Among these suggestions, the most effective in its immediate reaction on the financial situation of the country would be that regarding the service of the debt. On this point, after declaring that it is uneconomic to burden the present generation with too high a sinking fund, calculated to redeem within 12 years about two-fifths of the public debt, he added that the amortisation of the debt may be spread over a longer period without prejudice to anybody. The annual sinking fund is 1,100 million drachmas, not including the war debts. Of this amount, a sum of £1,200,000 is paid abroad. About 11 per cent. of the Budget expenditure represents sinking fund payments, a huge proportion, according to Mr Diomède, and one not to be found in the budgets of other States. This leaves a margin, he said, in respect of which an agreement might be reached, which, without damaging the credit of the country or injuring anybody's interests, would relieve the monetary position of the Treasury and bring about a saving in foreign exchange in a period of scarcity. It would at the same time provide funds for meeting any expenditure the suspension of which would injure the economy of the country.

Before the news of the postponement of the Lausanne Conference was received, Mr Venizelos had left for Rome and Paris. In a statement to the Press, explaining the reasons for his journey, he said that he wished to discuss with the responsible statesmen the situation created by the world crisis in every country, and particularly in Greece. For, after ascertaining the intentions of the financially stronger States, the further policy of this country will be fixed. "In any case," he stated, "I must declare that Greece, though struggling against great difficulties and believing that she is entitled to assistance, will not, even if assistance is not forthcoming, take any unilateral decision, which might be construed as a breach of engagements freely undertaken by her. The expression of such intentions, whatever its origin, does not represent the policy of the Government." The Vice-President of the Council and Minister for Foreign Affairs, in an interview with the correspondents of the foreign Press, declared that "Greece will fulfil her international obligations up to the last minute." The Government would ask at Lausanne for certain combinations and facilities which would lighten the position of the country, rendered serious on account of the moratorium on reparations and the world crisis. Asked to specify these facilities and combinations, he declined to mention them. As to the reports that Greece might suspend the sinking fund instalments on her debt, he stated that, in the present international circumstances, should any country adopt such a course it could not be blamed nor accused of bad faith. In the case of Greece, he hoped that if the Finance Minister's plans materialised the necessity of taking such a measure would be avoided.

Meanwhile the receipts of the revenues assigned for the service of the Greek debt for the first 11 months of the past year reached a total of Drs. 3,622 millions, as against Drs. 3,611 millions for the corresponding period of 1930. The receipts of November, however, taken alone, show a slight falling off as compared with November, 1930. On the other hand, public revenue as a whole is declining, and, should this tendency continue, an embarrassing situation might be created. Should Mr. Venizelos be able to secure a foreign advance, the effect would be doubly good; for, on the one hand, the foreign exchange reserve of the issuing bank will be strengthened, while, on the other hand, a breathing time will be given to the Treasury, pending a settlement of the international economic anomaly.

The proportion of the reserve of the Bank of Greece stood, on January 15th, at 39.12 per cent. of its sight liabilities, having fallen for the first time below the minimum statutory ratio of 40 per cent. In order to econo-

mise foreign exchange, the opinion is gaining ground that the import from abroad of certain articles should be prohibited. Moreover, Greek representatives in foreign countries have been instructed by the Ministry for Foreign Affairs to notify the Governments to which they are accredited that Greece wishes to conclude "compensation" agreements with them and that, to this effect, she is even prepared to denounce existing commercial agreements. At the same time plans for a monopoly of the importation of wheat and sugar are under consideration, while delegates will be sent to a conference in Constantinople between Turkey, Bulgaria and Greece for a concerted policy in the production and trade of tobacco, this country's chief export product.

Letters to the Editor.

THE CRISIS.

TO THE EDITOR OF THE ECONOMIST.

SIR,—The Duchess of Atholl's dislike of the Soviet political system appears to have drawn her into conclusions as to the effect of Russia's foreign trade upon world economic conditions, to which a dispassionate survey of the facts lends no support whatever. Your editorial note, last week, pointed out that a country which supplies only some 2 per cent. of the world's total exports cannot have any considerable effect upon world prices. What is true of Russian exports as a whole is equally true of particular commodities.

In regard to wheat, Russia in 1930-31 exported only some 100 million bushels out of a total world trade of 800 million bushels, and at a time when unsold stocks in North America available for export amounted to fully 400 million bushels. Much of the considerable drop in wheat prices during 1930 occurred, in fact, before the grain trade became aware even of the likelihood of appreciable Russian exports; thus the price in London of No. 2 Manitoba fell from 57s. per quarter at the beginning of 1930 to 39s. in the third week of July, whereas samples of the new Russian crop did not appear until the following week.

What is true of wheat is even more true of other commodities. Russia's butter exports form only about 2 per cent. of total world exports, and about 3 per cent. of British imports. Russia contributes some 1 per cent. of our total imports of eggs, and in 1930 the proportion was even smaller.

And there is not a shadow of foundation for the charge that the Russian exporting organisations or the British firms acting for them dispose of their produce at specially low prices. They frame their selling programme with due regard to their expectation of probable market conditions and get the best price the market will pay. For what conceivable reason should they make free gifts of part of the market price of their goods, to importers or distributors who would naturally resell at the full market price? In fact, if the grain market records, e.g., for the last year, are examined, it is not at all difficult to demonstrate that the selling policy of the Russians has been far more successful commercially than that of the Canadian Pools or the American Farm Board.

Nor is it irrelevant to point out that the Russian exporting organisations have not been unwilling to enter into mutual agreements with other countries for stabilising prices on a reasonable basis. This has happened in the case of mineral oils, platinum and timber, and might have happened last year in the case of wheat but for the opposition of the U.S.A.

The Duchess speaks of Russia "elbowing out our former customers." This is the very reverse of the true situation. The economic disorganisation during and since the war gave North and South America the opportunity of monopolising European consuming markets which had previously been supplied with foodstuffs from Russia and Eastern Europe in return for exports of manufactured goods. The failure of America correspondingly to expand her purchases from Europe is a major cause of the present exchange disorganisation. The recovery of Russia is now ending this situation; for she is reducing Europe's need to buy from America and at the same time is expanding her purchases from abroad concurrently with her sales.

Finally, it is significant that the prices of those goods which Russia exports have not fallen on the average any more than the prices of other goods of which she is a buyer and not a seller; for instance, tea, coffee, tin, various vegetable oils, jute, cotton, rubber and copper.—Yours, etc.,

Hazlitt House,
Southampton Buildings, W.C.2.
January 27, 1932.

E. F. WISE.

TO THE EDITOR OF THE ECONOMIST.

SIR,—May I point out that the prices of barley from the Soviet Union, the United States and Roumania, which I gave in my letter in your last week's issue were, so far as they related to 1931, for the first three months of that year only? I had inserted a heading to that effect, but it was omitted in print. No official figures are so far available for Russian barley beyond March 31st last.

May I also say, with all due respect, that the fact that Russian exports so far have borne only a small proportion to the exports of the world as a whole, seems to me to make no difference to the effect that certain important Russian exports have had on the prices of these commodities in the British market? These effects are clear to anyone who studies the Board of Trade returns, and it seems to be inevitable that the fall here must have had a considerable influence on the prices of these commodities in other countries. German exports, though larger in volume, have not affected the prices of these commodities here, so far as our trade returns show, except possibly in the case of oats in 1929 and 1930. In both of these years, however, and in the first three months of 1931 (again the latest period for which Russian figures are available), the Russian prices were far below the German; and in 1931 imports of German oats to our market became negligible.

If, Sir, as I believe, your paper exists to extend information on economic facts, would it not be better worth while to encourage a study of the figures in the Board of Trade Returns, as I suggested, rather than to dismiss as "prejudice" an attempt to bring before your readers official figures which I believe are likely to be new to many of them, and which it seems to me impossible to ignore if it be recognised that the fall in prices is the "root cause" of our present economic troubles? We may ultimately differ in our interpretation of the figures in the Returns, but surely it should be the part of the *Economist* to encourage their study?—Yours, etc.,

KATHARINE ATHOLL.

98, Park Elm Gardens, S.W. 10.

[Our suggestion was that our correspondent's inferences from the given data were "prejudiced." The conclusion, we regret, still seems to us unescapable.—Ed., *Econ.*]

BOOKS RECEIVED.

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

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

The Banks and Prosperity. By Lionel D. Edie. (London) Harper and Bros., 90, Great Russell Street. 7s. 6d. net.

A discussion of the part played in the economic system by the great central banks of issue, and the contributions they might make towards the restoration of prosperity.

Essays in Persuasion. By J. M. Keynes. (London) Macmillan and Co., St. Martin's Street. 10s. 6d. net.

A collection of essays taken from Mr Keynes' published work.

International Review of Agriculture, December, 1931. (Rome) Treves, Treccani, Tumminelli, 32, Via Michelangelo Caetani.

Contains the usual crop statistics, the conclusion of the article on "Land Reform in Hungary," and an article on the International Agricultural Mortgage Credit Company.

Employment and Labour Costs. By Gilbert Beard. (Manchester) Sherratt and Hughes. 6d.

A pocket booklet in which the author sets forth the causes which, in his opinion, are responsible for Lancashire's loss of trade.

Economics of the Industrial System. By H. A. Silverman. (London) Sir Isaac Pitman and Sons, Ltd., Parker Street, Kingsway. 7s. 6d. net.

A text-book on production, values and distribution.

OFFICIAL PUBLICATIONS.

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

Workmen's Compensation: Statistics of Compensation and Proceedings under the Workmen's Compensation Acts and the Employers' Liability Act, 1880, in Great Britain during the Year 1930. Cmd. 4000. 6d. net.

Colonial Report, No. 1558: Hong Kong, 1930. 1s. 3d. net.

The Stock Exchange.

THE BRITISH CAPITALIST.

BEFORE Mr Runciman's brow became sicklied over with the pale cast of abnormal importations it was his custom, at annual meetings of the United Kingdom Provident Institution, to dwell upon the large extent of the holdings of small capitalists in savings banks, National Savings Certificates, friendly societies and the like. Two years ago another writer estimated the total accumulated resources of the small investor in various "thrifty" institutions at approximately £1,700 millions.* This is an impressive total, but it tells less than the whole story, because it includes no holdings of Stock Exchange securities.

That the British are a nation of small holders, in the investment sense, has long been realised, *inter alia*, by company secretaries, stockbrokers and trustees for deceased estates. A preliminary investigation made in the *Economist*, six years ago, suggested that the ramifications of small capital ownership went considerably farther than had been generally realised. This conclusion has been confirmed by the results of extended research recently undertaken by the *Financial News*. The latter's inquiry was based on a sample of every tenth holding of the ordinary shares of ten of the best-known British industrial companies, whose securities enjoyed a free market on the Stock Exchange, some 44,276 separate holdings being examined in the course of the investigation. A summary of the resulting figures is shown in a table at the foot of this column, which affords much the most detailed picture so far presented of the distribution of industrial capital ownership in this country.

Some conclusions suggested by the figures may be briefly summarised. Apart from duplication of holdings (the net effect of which is believed to be almost negligible), the returns show that, on the average, ownership is so diffused that 40 per cent. of the total proprietors of these companies each hold less than £100 of nominal capital, while 67½ per cent. hold less than £200, and nearly 90 per cent. hold less than £500. Holders of over £5,000 represent less than 1 per cent. of the total. Some of these latter holdings are very considerable, but if the somewhat arbitrary figure of 50,000 shares be taken as the lower limit of a "major holding," it appears that only in one out of the ten companies do the owners of such shares jointly control a majority of votes. In no other case is as much as one-third of the whole capital in the hands of very large shareholders. The proportion for the whole ten companies is under 24 per cent.

The qualifications attaching to these figures do not seriously detract from their value. All prudent investors

* Mr. Hargreaves Parkinson in "The Small Investor." (Blackie and Son.)

SHAREHOLDINGS IN TEN BRITISH COMPANIES.

Company.	Nature of Shares.	Denomination.	Amount of Paid-up Capital.	Approx. Number of Shareholders.	Proportion of Total Shareholders with								Large Holdings (50,000 Shares or over).		
					1 to 9 Shares.	10 to 99 Shares.	100 to 999 Shares.	200 to 499 Shares.	500 to 999 Shares.	1,000 to 4,999 Shares.	5,000 Shares or over.	No. of Holders.	Total held.	Percentage of Total Capital in hands of Large Holders.	
Imperial Chemical	Ordinary	£1	43,589,538	124,690	5.5	34.9	24.1	22.1	8.4	4.5	0.5	17	4,326,273	9.9	
Imperial Tobacco	Ordinary	£1	37,492,625	94,690	1.1	46.3	26.4	16.4	5.8	3.4	0.6	70	11,754,171	31.3	
Courtaulds	Ordinary	£1	24,000,000	59,940	0.9	42.3	25.8	19.9	5.5	5.0	0.6	42	7,321,433	30.5	
Dunlop Rubber	Ordinary	6s. 8d.*	7,551,046	52,620	1.2	27.2	27.5	25.7	9.7	7.7	1.0	21	2,694,954	12.0	
J. and P. Coats	Ordinary	£1	14,750,000	49,570	1.1	47.2	27.2	16.1	4.9	3.0	0.5	17	2,417,789	16.4	
Unilever, Ltd.	Ordinary	£1	11,318,750	19,420	1.3	46.8	27.3	16.4	4.7	3.0	0.5	8	6,472,041	57.2	
Fine Spinners	Ordinary	£1	4,410,000	17,160	5.1	37.4	27.7	19.5	5.9	4.0	0.4	2	198,000	4.5	
Quarant	Ordinary	£1	5,570,241	13,860	0.4	27.3	30.9	25.8	9.4	5.2	1.0	7	516,504	9.3	
Wesley Coal	Shares	£1	3,385,356	6,290	0.9	26.9	22.6	26.2	12.9	9.7	0.8	4	355,342	10.5	
Wesley, Combe, Reid	Def. Ord.	£1†	3,185,410	4,520	0.2	24.8	29.0	26.3	9.3	8.0	2.4	5	722,117	22.7	
Total 10 companies	...	...	155,552,966	442,760	2.5	38.9	26.1	20.2	7.1	4.6	0.6	193	36,778,624	23.6	

* £1 shares reduced to 6s. 8d. in 1924, consolidated into stock in 1931.

† £1 units of stock.

"spread" their holdings over as large a number of companies as possible, but the incidental expenses of acquiring a small holding are relatively heavy. In any event, the disinclination of wealthy individuals or institutions with, say, £250,000 to invest, to go to the trouble of finding, e.g., 1,250 separate concerns and putting £200 into each, imposes a limit on "spreading" which is reached at an average investment per company appreciably higher than that of the majority of shareholders shown in the table. Motives of secrecy, again, no longer require the troublesome splitting up of large holdings. Any student of British share registers will discover that an increasing number of large-sized holdings tend to appear, nowadays, in the name of "nominee" concerns. The smallness of the normal shareholding in a British company more probably reflects the efforts of investors of moderate means to minimise their risks by as wide a "spread" as possible of a moderate aggregate investment. Our own earlier inquiry, finally, suggested that the distribution of ownership of fixed-interest capital did not differ greatly from that of equity capital, to which the present investigation has been confined.

The implications of the figures deserve careful consideration by all who are concerned either to tap the springs of British capital or to secure the maximum of protection for investors. The Companies Acts, in one respect, have done their work well. Their success in drawing innumerable rivulets of capital into company reservoirs has been an indispensable condition of the enormous expansion of material wealth in the last hundred years. The very extent of this success, however, has given rise to numerous problems which have been, possibly, insufficiently appreciated, and have certainly not been satisfactorily resolved. Many social reformers have spoken and written on the subject of unequal distribution of income. The extent of inequalities, however, is not generally appreciated. Official research has shown that, in the matter of savings bank deposits, and other forms of capital generally regarded as more especially pertaining to the smaller investor, a majority of owners possess a less than proportionate share of the total. The figures now under consideration disclose the application of the same "law" to the ownership of industrial capital.

As all statesmen are painfully aware, the existence of large bodies, whose influence is disproportionate to their numerical strength, raises many perplexing questions. In the company world, this condition threatens to render nugatory the basic principle of ultimate control of affairs by shareholders in general meeting. Apart from the fact that investors are widely scattered geographically, no building in the country could contain the 49,570 ordinary

shareholders of J. and P. Coats, still less the 124,690 holders of Imperial Chemical ordinary shares, if all were to exercise their undoubted right to attend each year's meeting. The system at present functions (or fails to function) under an unsatisfactory compromise. A mere handful of shareholders attend each meeting, and the remainder, in most cases, have the choice either of doing nothing or of giving their proxies in support of the directors' policy before they have heard the chairman's exposition. The inevitable result is a state of inertia, which explains the fact, to which the figures in the present table bear witness, that although control of practical affairs is known to rest with various small and compact groups (sometimes even with individuals) these groups are rarely found on examination to possess anything like a nominal voting majority. On the whole, British shareholders are well served by their directors. The system affords, however, disquieting opportunities for abuse in the hands of unscrupulous, autocratic or inefficient controllers, and is the ultimate cause of the unedifying disclosures of well-meaning but costly mismanagement, inordinate ambition and deliberate bad faith which periodically disfigure British company records.

Quis custodiet custodes? is a question whose difficulty has been enhanced rather than decreased by the wide diffusion of capital ownership. The indirect result of the so-called Kysant case may be a check upon a tendency for directorial administration to encroach upon the traditional rights of shareholders, even to the extent of claiming virtual power to withhold from proprietors knowledge of the true state of affairs. All men of goodwill rejoice that the troubling of the waters, as a result of this *cause célèbre*, has stimulated the leaders of the accounting profession—with whose specialised knowledge and functions the safeguarding of the investor's interests is so intimately bound up—to search for a closer definition of the equitable limits of disclosure in company accounts.

The roots of the problem, however, of securing the maximum coincidence between ownership and control of capital appear to go much deeper. It may be that if the vast majority of British shareholders, whose stake in any one company is small, are to be neither a functionless mass of individuals nor a howling mob, but a coherent body expressing a rational corporate will, some more effective system of elective representation must be devised. Experience in the sphere of national politics suggests numerous precedents for effective action on these lines, when a democracy becomes too unwieldy for direct action.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.
February 2.

ACCOUNT.
February 4.

THOUGH the volume of business showed no sign of early expansion, the tone of the markets was good. The extension of the "standstill" agreement was fairly well received, but a much more definitely helpful influence was the announcement that the credits due by the Bank to America and France would be repaid without drawing on the gold reserve. The repeal of the rule prohibiting contango business, though it failed to induce any appreciable increase in dealings, was not the less welcome for being overdue. Money was plentiful, but hopes of a reduction in Bank rate had become less widespread before Thursday's "no change" decision.

Gilt-edged stocks improved on Tuesday, after a hesitant period, War Loan being prominent, while Funding Loan and Victory Bonds also advanced. The movement was checked by the postponement of the MacDonald-Laval debt conversations. India loans responded strongly to Lord Willingdon's speech at the opening of the Legislative Assembly, the Four-and-a-Half per Cents. being especially sought after. The Uganda issue was popular, market dealings opening, after over-subscription, at ½ premium.

Foreign stocks were irregular, but well maintained, on

the whole. The good effect on Chinese bonds of the publication of eminently satisfactory Customs figures was offset by fears of complications at Shanghai. Japanese stocks were irregular. Among Brazilians, San Paulo Coffee was supported. The position as regards Mexican State of Bahia, and Uruguayan Bonds is discussed in a separate Note on page 246. Greek loans were nominal on Monday, following the request from the League of Nations that Sir Otto Niemeyer should visit the country. German bonds were a shade stronger.

Home rail stocks were easier, the publicity given to the attendance of the railway managers at the Ministry of Transport being a bear point, while the traffic figures again made an indifferent showing. The market was disappointed by the reduced Metropolitan dividend of 2½ per cent. for the year against 3½ per cent. Argentine rails reflected the strength of the exchange and the relatively satisfactory traffic returns.

Industrial shares moved within narrow limits, despite the removal of "carry over" restrictions. International issues attracted greatest attention, on Continental buying. Brazil Traction and Hydro Electric being in demand from Brussels. Kreuger and Toll advanced on satisfactory earnings figures (set out on page 248). Cables and Wireless improved on the December traffic returns, though the market expressed little faith in a full preference payment. There was some buying of iron and steel shares from the provinces, but brewery shares were inclined to be dull on the reduced interim dividend announcement of Watney Combe. Tobaccos strengthened, Imperial Tobacco attracting renewed investment demand. The company's position is analysed on page 247. Turner and Newall were helped by rumours of enhanced business. Among motor shares, Austin improved on modest provincial dividends. Spillers were better in anticipation of higher dividends. British bank shares, running true to form, followed the firmer trend of the Funds, but insurance shares showed little change.

The restoration of normal "carry over" conditions had singularly little effect on the speculative markets. Oil shares suffered from lack of interest in the earlier sessions, and subsequent activity from Paris was of a dilettante character. The rubber share market was oppressed by the parlous state of the industry, though a slight accession of activity followed a newspaper revival of restriction rumours. Tea shares remained dull.

The mining share market was taken by surprise by the statement of General Hertzog that a commission would be set up to consider the question of maintaining or abandoning the gold standard in South Africa. Kaffir shares were generally firmer, but no particular enthusiasm was aroused by the announcement. The greatest benefits of a possible South African departure from gold, it was recognised, would accrue to the "short life" mine. Daggafontein and Randfontein were in demand, and the Brakpan group advanced. Rhodesian copper shares were steady, but Rio Tinto reacted. Tin shares temporarily improved with the metal, but the market remained largely inactive.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.
(Approximate number of Bargains recorded in Stock Exchange Lists.)

	Jan. 21, 1932.	Jan. 22, 1932.	Jan. 23, 1932.	Jan. 25, 1932.	Jan. 26, 1932.	Jan. 27, 1932.	Jan. 28, 1932.
Government and Municipal Loans	1,320	1,324	568	1,089	1,412	1,424	1,428
Transport, Communications, and Public Utilities	670	621	242	561	709	727	335
Commercial and Industrial*	1,259	1,116	402	1,073	1,168	1,390	1,200
Banks, Insurance and Financial	351	299	147	363	398	440	394
Mines (including Nitrates)	338	398	142	272	263	320	389
Oil	112	65	19	61	64	72	76
Rubber, Tea and Coffee	63	89	15	43	70	73	79
Total	4,113	3,912	1,535	3,462	4,084	4,446	3,901

* Including iron and steel and breweries.

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

Highest of 1932. (Jan. 14.)	Lowest of 1932. (Jan. 5.)	Jan. 21, 1932.	Jan. 22, 1932.	Jan. 23, 1932.	Jan. 25, 1932.	Jan. 26, 1932.	Jan. 27, 1932.	Jan. 28, 1932.
61.2	58.8	60.5	60.5	60.5	60.4	60.8	60.9	60.8

FOREIGN STOCK EXCHANGES.

NEW YORK.

Markets opened in quiet fashion, the total share transactions on Monday, and again on Tuesday, being equal only to those of a normal Saturday. The psychological effect of the enactment of the Reconstruction Finance Measure having had time to wear off, operators adopted a waiting attitude, pending the dividend declarations of the largest corporations. These, made in mid-week, were a decidedly mixed bag. The reduction in the dividend of U.S. Steel to 50 cents, coupled with the revelation that the Corporation's current trading earnings were negligible, and the intimation that the maintenance of dividend depended upon improved trade, caused some weakness on Wednesday. In other cases, however, company announcements made a better showing. The Pennsylvania Railroad declared a regular quarterly dividend of 50 cents, though a warning was given that it would not be maintained in the absence of an improvement in earnings, the company having earned only \$2 per share last year. The New York, New Haven and Hartford Railroad earned \$3.04 per share against \$7.33. The Delaware and Hudson declared a regular quarterly payment of \$3.25. The Illinois Central made a net loss, after charges, of \$3,582,112, against a profit of \$9,289,590. The Norfolk and Western net earnings per share were \$14.39, against \$21.96. Among trading concerns, General Motors earned \$2.43 on its common stock, against \$3.25, but deducted non-recurring losses of \$20,639,000 from surplus. Woolworth's net earnings were \$4 per share, against \$3.56. Railroad shares showed some resistance to the downward movement, sentiment having swung round in favour of a satisfactory solution of the wages issue. The reduction of the rediscount rate of the Dallas National Bank, a member of the Federal Reserve System, from 4 to 3½ per cent. was regarded as a further official step in the direction of the expansion of credit. Meanwhile, exports of earmarked gold for France and Belgium continued. The Federal Treasury statement showed a deficit, up to January 25th, of \$1,501 millions, income tax payments being \$499 millions below the corresponding figures for 1930-31, while expenditure showed an increase of approximately \$600 millions. General trade reports indicated an absence of expansion in most industries and retail trade. Steel mill activity was disappointing, and the output of electric power reached a new low level. Freight car loadings for the week ended January 16th were 573,865, as compared with 572,593 for the previous week, 725,938 for the corresponding week of last year, and an average of 907,196 over the seven years 1924-30. The business index of *The New York Times* for the same week stood at 63.0, as compared with 64.4 in the previous week.

	Jan. 14, 1932.	Jan. 21, 1932.	Jan. 28, 1932.	Jan. 14, 1932.	Jan. 21, 1932.	Jan. 28, 1932.
U.S. 3½% T. Bds.	92	92½	91½	Natl. Biscuit	43½	42½
Do. 4½% 32-47	95½	94½	94½	Phelps Dodge	7	7
Do. 4½% 32-47	99	98½	98½	Pullman	23½	23½
Do. 4½% 33-38	99½	99½	99½	Sears-Roebuck	35½	35½
Atchafalpa	91½	91	85½	Stadler	12½	11½
Chas. & Ohio	31	30½	28	Un. Fruit	24	23½
Erie	9½	9½	9	U.S. Leather	2	2
Illinois Central	16½	17	15½	U.S. Rubber	4½	4½
N.Y. Central	34½	34½	31½	U.S. Steel	44½	45
N.Y. Central	22½	23	21½	Westinghouse	28½	27½
Pennsylvania	36½	35½	34	Woolworth	43	41½
Southern Pacific	12	12½	11½	Am. Tel. & Tlg.	123½	121
Southern Ry.	84	80½	76	Interboro R.T.	8½	10½
Union Pacific	64½	63½	59½	Int. Tel. Tlg.	10½	10
Am. Can.	17½	16½	14½	Radio Corp.	8½	7½
Amer. Smelting	22	21	16½	Utilities P. & L.	10½	9½
Anaconda	15½	14½	13½	W. Union Tlg.	42½	44
Bethlehem Steel	45	42½	40½	Associated Gas "A"	4½	4½
Chrysler Motor	84½	86	80	Pan. Amer. B.	18	18
Corn Producers Rf.	25½	21½	20½	Shell	9	8½
Eastman Kodak	23½	22½	20½	Shell Union	3½	3½
Gen. Electric (New)	26½	26	25	Shell Oil	6½	5½
Gen. Motors	26½	26	25	Std. California	26	25
Int. Harvester	9½	9½	8½	Do. N.J.	29½	28½
Montg. Ward	9½	9½	8½			

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

	1930.		1931.		1932.		
	Lowest.	Highest.	Lowest.	Highest.	Be- ginning of Year.	Jan. 20.	Jan. 27.
337 Industrials ...	98.2	174.1	51.4	114.7	52.2	55.8	52.7
33 Rails	89.1	145.6	31.7	105.7	32.2	38.6	37.6
34 Utilities	153.2	267.4	90.6	187.6	91.8	96.3	91.4
Total, 404 stocks...	105.5	184.2	54.7	124.6	55.5	59.6	56.5
Average yield of 50 Industrial Common Stocks	4.15%	5.95%	9.37%	5.11%	9.29%	8.62%	9.20%

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

	Highest of 1932 (Jan. 14.)	Lowest of 1932 (Jan. 5.)	Jan. 20, 1932.	Jan. 21, 1932.	Jan. 22, 1932.	Jan. 23, 1932.	Jan. 25, 1932.	Jan. 26, 1932.	Jan. 27, 1932.
68.8	58.0	66.3	65.6	62.6	62.3	62.5	63.5	62.1	

TOTAL DEALINGS IN NEW YORK.

	Jan. 22, 1932.	Jan. 23, 1932.*	Jan. 25, 1932.	Jan. 26, 1932.	Jan. 27, 1932.	Jan. 28, 1932.
Stock Exchange— Shares (Thous.)	1,600	800	800	800	1,300	1,100
Bonds (Value Thous. \$)	11,249	6,309	8,956	9,941	9,266	9,743
Over- Shares (Thous.)	270	111	180	180	200	150

* 2-hour session.

PARIS.

Indeterminate conditions ruled on the Paris Bourse during the earlier sessions, but quotations quickly hardened. On Tuesday a buoyant tone developed, marked activity being shown in issues dealt in on the London Stock Exchange, on the announcement that the French and American credits would be repaid without recourse to the gold-reserve of the Bank of England. Rio Tinto improved after a poor start, and De Beers, Royal Dutch and Shell were all firmer. Disquieting rumours induced a recession on Wednesday in a number of local bank shares. Rentes became weaker on reports of a fresh Franco-British deadlock on Reparations. Renewed strength developed in Thursday's sessions, quotations of Banque de France, Suez Canal and the "Dawes" loan being prominent in the general advance.

	Jan. 21, 1932.	Jan. 25, 1932.	Jan. 28, 1932.	Jan. 21, 1932.	Jan. 25, 1932.	Jan. 28, 1932.
Banque de France	11,850	11,875	12,100	Wagons Lits	113	115
Crédit Lyonnais	1,762	1,796	1,838	Mexican Eagle	30	30
Suez Canal	13,650	13,555	13,925	"Chartered"	82	79
Chargeurs Réunis	227	231	271	Ford	127	121
Rio Tinto	1,360	1,275	1,350	De Beers	351	348
Royal Dutch	12,750	12,600	13,000	"Johnnies"	99	96

AMSTERDAM.

Business on the Amsterdam Bourse was of relatively small volume. Slight increases were recorded, at the outset, in such favourites as Royal Dutch and Unilever, but prices tended to crumble in mid-week. Sugar shares were lower on the drop in Java sugar prices. Rubber shares, however, showed greater resistance, an actual improvement taking place in Amsterdam Rubber. Tobacco and Shipping shares, however, were more depressed.

	Jan. 21, 1932.	Jan. 25, 1932.	Jan. 28, 1932.	Jan. 21, 1932.	Jan. 25, 1932.	Jan. 28, 1932.
5½% German	38½	36½	41½	Steel Common	46½	42½
Unilever N.V.	106	103	107½	A. K. U.	42	41½
Philips' Lamp	87½	86½	85½	Ford Motor	180	175
Netherlands Ship	63½	62½	61½	Dell Batavia	148	140
Java Cultuur	124½	124	124	Royal Dutch	123½	120½

OTHER CENTRES.

Irregular conditions prevailed in most other European centres, though Brussels had a more cheerful aspect on Tuesday, and recorded an appreciable increase of activity. Profit taking, however, occurred subsequently. Milan became erratic after opening firm for the new account. Stockholm similarly deteriorated after showing strength in mid-week. Berlin unofficial quotations enjoyed a further rise, Dye Trust being done at 95.75 (against 84.50 a week ago), Siemens at 125.00 (against 116.00), General Electric at 34.00 (against 31.50), and Reichsbank at 100.25 (against 85.75).

DISCOUNT CORPORATION OF NEW YORK

This Corporation discounts and resells Bankers' Acceptances and approved Bank endorsed Trade Acceptances, deals in United States Treasury Certificates of Indebtedness, Treasury Notes and other Short Term Government Obligations, and receives funds repayable on demand or at fixed maturity against the security of Bankers' Acceptances, or Government Obligations.

Statement of Condition.

December 31, 1931

ASSETS		
Acceptances:		
On Hand	\$3,637,049.03	
Pledged as Collateral	14,762,447.32	
Sold under Re-purchase Agreements	48,649,774.53	
Acceptors' Liability on Endorsed Bills Sold	80,499,637.14	\$147,548,908.62
United States Bonds, Treasury Notes and Certificates of Indebtedness, and Treasury Bills, at par:		
On Hand	1,947,700.00	
Pledged as Collateral	58,447,570.00	
Bought under Re-sale and Sold under Re-purchase Agreements	21,017,430.00	
	857,781.55	80,554,918.45
Less Discount on above		
Deposit with the New York State Banking Department New York State Bond, Par Value \$1,000.00, at Cost		985.00
Interest Receivable Accrued		199,096.96
Interest and Expenses Paid in Advance		123,215.44
Cash in Banks		4,718,001.42
Cash on Hand and in Transit		32,376.89
		\$233,177,502.18
LIABILITIES		
Capital:		
Authorized and Issued—50,000 Shares of \$100.00 each		\$5,000,000.00
Surplus		4,000,000.00
Undivided Profits:		
Balance as at December 31, 1930	\$ 759,544.86	
Add Net Profits for Year ended December 31, 1931	1,346,191.31	
	2,105,736.17	
Less Dividends	550,000.00	1,555,736.17
		10,555,736.17
Unearned Discount		440,527.19
Reserves:		
Taxes (Estimated), Etc.	122,414.07	
Interest Payable and Expenses Accrued	27,951.29	150,365.36
Loans Payable:		
Secured by Acceptances	14,175,000.00	
Secured by United States Government Securities	28,700,000.00	42,875,000.00
United States Government Deposit Account		
(Subscription U.S. Treasury Certificates and Notes)		28,813,200.00
Due to Banks and Customers		831.79
Dividends Payable January 2, 1932		175,000.00
Re-purchase Agreements on Acceptances Sold, per contra:		48,649,774.53
Acceptances Re-discounted and Sold with endorsement, per contra:		80,499,637.14
United States Government Securities bought under Re-sale and Sold under Re-purchase Agreements, per contra:		21,017,430.00
		\$233,177,502.18

To the Board of Directors, Discount Corporation of New York.

We have examined the accounts relating to the Statement of Condition of the Discount Corporation of New York as at December 31, 1931. In our opinion, based on our examination, the foregoing statement sets forth the financial condition of the Corporation as at that date.

PEAT, MARWICK, MITCHELL & CO.

DIRECTORS

George W. Davison, President Central Hanover Bank & Trust Company
Walter E. Frew, Chairman of the Board, Corn Exchange Bank Trust Company
John McHugh, Chairman of the Board, Chairman of the Executive Committee, The Chase National Bank of the City of New York
Dudley H. Mills, Vice-President and Secretary
Charles E. Mitchell, Chairman of the Board, The National City Bank of New York

J. P. Morgan, J. P. Morgan & Co.
Seward Prosser, Chairman of the Managing Committee, Bankers Trust Company
Gordon S. Rentschler, President The National City Bank of New York
Charles H. Sabin, Chairman of the Board, Guaranty Trust Company of New York
Ernest C. Wagner, President
Albert H. Wiggins, Chairman of the Governing Board, The Chase National Bank of the City of New York

OFFICERS

John McHugh, Chairman of the Board.
Ernest C. Wagner, President.
Dudley H. Mills, Vice-President-Secretary.

M. Greacen Briggs, Vice-President.
Charles W. Belmer, Vice-President.
Edward E. Anderson, Treasurer.
John L. MacFarlane, Asst. Treasurer.

Robert M. Coon, Asst. Treasurer.
Herbert N. Repp, Asst. Treasurer.
Thomas G. Schaedle, Asst. Treasurer.

DISCOUNT CORPORATION OF NEW YORK
TELEPHONE: John 4-0010
OFFICES: FIFTY-EIGHT PINE STREET
FORWARD RATES AND SPECIAL OFFERINGS ON REQUEST.

LONDON ACTIVE SECURITY PRICES AND YIELDS.

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

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

Prices Year 1930.	Prices Year 1931.	Name of Security.	Price Jan. 20, 1932.	Price Jan. 27, 1932.	Rise or Fall.	Present Yield.	Prices Year 1930.	Prices Year 1931.	Name of Security.	Price Jan. 20, 1932.	Price Jan. 27, 1932.	Rise or Fall.	Present Yield.
High- est.	Low- est.						High- est.	Low- est.					
594	524	604	494	55	56	+1	4	9	3	534	584	124	534
94	824	974	774	844	85	+4	14	14	0	574	184	264	11
103	744	854	674	754	76	+4	14	14	0	584	584	19	19
106	1034	1044	934	954	96	+1	5	0	0	974	454	554	154
107	854	974	784	1004	1024	+14	4	18	0	424	19	21	8
108	984	1024	934	984	994	+10	4	13	0	854	654	704	704
109	984	1024	934	984	994	+10	4	13	0	854	654	704	704
110	984	1024	934	984	994	+10	4	13	0	854	654	704	704
111	984	1024	934	984	994	+10	4	13	0	854	654	704	704
112	984	1024	934	984	994	+10	4	13	0	854	654	704	704
113	984	1024	934	984	994	+10	4	13	0	854	654	704	704
114	984	1024	934	984	994	+10	4	13	0	854	654	704	704
115	984	1024	934	984	994	+10	4	13	0	854	654	704	704
116	984	1024	934	984	994	+10	4	13	0	854	654	704	704
117	984	1024	934	984	994	+10	4	13	0	854	654	704	704
118	984	1024	934	984	994	+10	4	13	0	854	654	704	704
119	984	1024	934	984	994	+10	4	13	0	854	654	704	704
120	984	1024	934	984	994	+10	4	13	0	854	654	704	704
121	984	1024	934	984	994	+10	4	13	0	854	654	704	704
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123	984	1024	934	984	994	+10	4	13	0	854	654	704	704
124	984	1024	934	984	994	+10	4	13	0	854	654	704	704
125	984	1024	934	984	994	+10	4	13	0	854	654	704	704
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127	984	1024	934	984	994	+10	4	13	0	854	654	704	704
128	984	1024	934	984	994	+10	4	13	0	854	654	704	704
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130	984	1024	934	984	994	+10	4	13	0	854	654	704	704
131	984	1024	934	984	994	+10	4	13	0	854	654	704	704
132	984	1024	934	984	994	+10	4	13	0	854	654	704	704
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134	984	1024	934	984	994	+10	4	13	0	854	654	704	704
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181	984	1024	934	984	994	+10	4	13	0	854	654	704	704
182	984	1024	934	984	994	+10	4	13	0	854	654	704	704
183	984	1024	934	984	994	+10	4	13	0	854	654	704	704
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189	984	1024	934	984	994	+10	4	13	0	854	654	704	704
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194	984	1024	934	984	994	+10	4	13	0	854	654	704	704
195	984	1024	934	984	994	+10	4	13	0	854	654	704	704
196	984	1024	934	984	994	+10	4	13	0	854	654	704	704
197	984	1024	934	984	994	+10	4	13	0	854	654	704	704
198	984	1024	934	984	994	+10	4	13	0	854	654	704	704
199	984	1024	934	984	994	+10	4	13	0	854	654	704	704
200	984	1024	934	984	994	+10	4	13	0	854	654	704	704

† Free of Income Tax.

Prices Year 1930.		Prices Year 1931.		Name of Security.	Price Jan. 20, 1932.	Price Jan. 27, 1932.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931.		Name of Security.	Price Jan. 20, 1932.	Price Jan. 27, 1932.	Rise or Fall.	Present Yield.
High- est.	Low- est.	High- est.	Low- est.						High- est.	Low- est.	High- est.	Low- est.					
7 1/4	2/9	6 1/4	2/-	Coal, Iron and Steel.	3/9	3/9	...	NH	20 1/2	9/9	11 1/4	5 1/4	Anglo-Egyptian B.L...	6/-	6/-	...	NH
16/-	11 1/2	14 7/8	7/-	Amal. Anthracite £1	11 1/3	11 1/3	...	NH	53 1/2	25/-	48 1/2	20/-	Anglo-Egyptian B.L...	21 1/3	23 1/9	+2 1/6	14 10 0
10 1/2	4 1/2	5 1/2	2 1/2	7 1/2 % Cum. Pref. £1	6d	6d	...	NH	95/-	53 1/4	56 1/10	26 1/10	Anglo-Persian £1	36 1/3	37 1/6	+1 1/3	8 0 0
6 1/2	4 1/2	5 1/2	2 1/2	Baldwins 4 1/2 %	45/-	43 1/2	-1 1/2	6 8 0	28 1/2	11/-	12 1/6	5/-	Apex (Trinidad) 5/-	10 1/3	10 1/6	+3d	10 0 0
4 1/4	1/9	3/4	...	Baldwins 4 1/2 %	3/3	3/3	...	NH	40 7/8	16 1/3	20/-	9 1/2	Attock £1	13 1/4	12 1/6	-7 1/2	NH
13 1/4	10 1/3	17/-	8/9	Bengal Iron £1	3 1/4	3 1/4	...	NH	95 1/2	65 11 1/2	72 1/2	30 1/2	Brit. Cont. Oils (V.T.O.)	1 1/4	1 1/4	...	NH
3 1/4	1 1/4	3/4	...	Beyr Peacock £1	12 1/2	12 1/2	...	12 16 0	14 1/2	6 1/2	3/4	4 1/4	Bureau of Ind. £1	37 1/3	37 1/3	+4 1/2	12 0 0
10 1/3	5/6	9 1/10	2/6	Brown (John) Ord. 6/-	2/2	1/6	-6d	NH	9 1/2	6 1/2	3/4	1 1/4	Canadian Eagle, par	5 1/2	5 1/2	...	NH
3 1/4	11 1/4	3 1/4	9d	Cammell Laird £1	6 1/2	6 1/2	...	-3d	54 1/2	24 1/4	30/-	12 1/6	Kern River Oil 10/-	2 1/3	2 1/4	+1 1/2	NH
10 1/3	5/6	9 1/10	2/6	Consett Iron £1	52 1/2	52 1/2	...	6 13 3	15 1/4	6 1/4	10 1/9	5/6	Mexican Eagle (£1/10)	19 1/3	22/-	+2 1/2	9 3 0
3 1/4	54 1/2	63 1/4	4 1/2	Cory, William, £1	4 1/3	4 1/3	...	NH	14 1/4	6 1/3	8/-	3/6	Phoenix Oil £1	4/-	4 1/4	+1 1/2	25 0 0
7 1/3	3 1/4	7 1/3	2 1/2	Dorman, Long & Co. £1	5 1/3	5 1/3	+3d	NH	35 1/2	23 1/2	26 1/2	9/-	Royal Dutch (£84)	14 1/4	14 1/4	...	9 14 0
12 1/2	5/-	9/-	2 1/2	Dr. 8 1/2 % Non-Cum. P.F. £1	1/6	1/6	...	NH	99 1/4	69 1/4	76 1/3	26 1/3	Shell £1	38 1/3	38 1/3	+6d	8 18 0
1 1/4	6d	2 1/2	2d	Edw. Vale Ord. £1	1/-	1/-	...	NH	78 1/2	18 1/2	30 1/4	10/-	Trinidad Lenseshield £1	25/-	26 1/3	+1 1/3	3 16 0
1 1/4	4d	2 1/2	2d	Do. 7 % Cum. Pref. £1	16 1/2	16 1/2	+3d	NH	62 1/2	27	35 11 1/2	15 1/6	V.O.G. Ord. £1	19 1/3	21 1/3	+2/-	16 10 0
36 10 1/2	23 1/9	24 1/3	10 1/4	Geed Keen, & Co. £1	5 1/6	5 1/6	...	NH	21 1/3	16 1/4	20 1/6	16 1/7	Aerated Bread £1	18 1/9	18 1/9	...	5 6 9
10/-	5/-	8 1/3	3 1/4	Huddell £1	3/9	3/9	...	NH	62 1/2	28 1/9	33 1/3	15/-	Agar Cross £1	17 1/6	17 1/6	...	NH
12 1/2	4 10 1/4	5 1/4	1 1/4	Har. & Wif. 6 1/2 % Cm. Pf.	18 1/9	18 1/4	-7 1/2	5 10 9	33 1/9	17 1/3	17 1/9	7 1/3	Allied Newspapers £1	8 1/9	10/-	+1 1/3	5 0 0
23 1/4	17 1/3	23 1/4	12 1/6	Horden Collieries £1	25/-	25/-	...	8 0 0	4 1/6	3/-	3 1/2	2 1/2	Amal. Dental Def. 5/-	3 1/3	2 1/4	-4 1/2	10 0 0
39 1/4	29/-	33/-	20 7/8	Lambert Bros. £1	5/-	5/-	...	NH	24 1/4	18 1/6	20/-	11/-	Amal. Press (10/-)	11 1/3	12 1/6	+1 1/3	12 0 0
9 1/4	2 1/6	8 1/4	2 1/6	Millom & Ashken. £1	9 1/4	9 1/4	...	8 11 0	4 1/6	36/-	38 1/6	21 1/3	Army & Navy 10/-	25 1/3	23 1/9	-1 1/3	9 10 0
12 1/2	8 1 1/4	13 1/4	6 1/3	Ocean & Partners £1	1 1/9	1 1/9	...	NH	35 1/2	19 1/6	20 1/9	9 1/9	Assoc. Newspapers £1	11 1/3	12 1/6	+1 1/3	16 0 0
14 1/2	5 1/6	10 1/3	7 1/4	Powell Duffryn £1	6 1/6	6 1/6	-3d	NH	27 1/2	22/-	27 1/2	52 1/2	Barclay's Bank £1	25 1/2	25 1/6	...	6 0 0
12 1/2	17 1/6	28 1/9	8 1/9	S. Durban Steel £1	20/-	20/-	...	4 0 0	27 1/2	22/-	27 1/2	52 1/2	Barker (John) £1	56 1/3	56 1/3	...	7 0 0
11 1/4	4 1/4	10 1/4	3 1/4	Do. B. Ord. £1	7 1/6	7 1/6	...	4 11 6 1/2	41 1/4	41 1/4	43 1/4	21 1/3	Barry & Staines Lino.	27 1/6	30/-	+2 1/6	5 0 0
22/-	18 1/6	30/-	16 1/9	Staveley Coal, & Co. £1	26 1/3	26 1/3	-4 1/2	4 6 9	16/-	7 1/3	14 1/3	7/-	Borax Deferred £1	8 1/4	8 1/4	...	NH
28/-	20 1/4	22 1/9	10 1/9	Stewarts & Lloyds £1	13 1/9	13 1/9	...	8 15 0	40 1/9	36 1/3	37 1/6	29 1/4	Borax Deferred £1	32 1/6	32 1/6	...	8 0 0
34 1/4	18 1/9	19 1/3	11 1/3	Swan, Hunter £1	1 1/9	1 1/9	...	NH	48 1/9	29 1/6	31 1/3	18 1/9	British Aluminium £1	23 1/9	23 1/4	-7 1/2	8 12 0
3 1/4	1 1/4	3 1/4	6d	Thomas (Richard) £1	7/-	7/-	+6d	NH	27 1/3	22/-	26/-	20 1/3	British Match £1	22 1/6	22 1/6	...	5 6 9
7 1/2	5 1/6	8 1/9	2 1/6	6 1/2 % Cum. Pref. £1	13 1/9	13 1/9	...	NH	119 1/3	94 1/4	105 1/2	65 1/2	Brit. Am. Tobacco £1	80/-	80 7/8	+7 1/2	4 18 0
10 1/2	28 1/3	31 1/6	13 1/9	G. States Steel, John, £1	8 1/2	8 1/2	-3d	11 15 3	37 1/6	21 1/3	24 1/6	9 1/2	Carlton Hotel £1	11 1/3	11 1/3	...	10 0 0
78 1/2	33 1/3	39 1/6	5 1/2	G. States Steel, John, £1	8 1/2	8 1/2	+6d	6 2 0	15 1/2	27 1/6	37/-	25 1/2	Chinese Eng. £1	28 1/9	27 1/6	-1 1/3	1 9 0
9 1/3	6 1/3	8 1/3	6 1/2	Victors 6 1/2 %	20/-	20/-	...	6 0 0	31 1/4	16 1/6	20 1/6	17 1/2	Ortital Manufg. £1	11 1/3	10/-	-1 1/3	5 0 0
20/-	15 10 1/4	23 1/9	14 1/4	Wardle & Co. £1	3 1/3	3 1/3	...	NH	11 1/2	4 1/9	5 1/7	1 1/6	Debenhams Sec. (5/-)	2/-	2/-	...	NH
6 1/3	3 1/4	5/-	2/-	B. Ctn. & Wool Dis. 5s.	11 1/9	11 1/4	-7 1/2	NH	46 1/6	28 1/9	39/-	14 1/2	Dunlop £1	13 1/9	14/-	+3d	8 11 0
33 1/4	14 1/9	18/-	5 1/6	Bleachers £1	18 1/9	18 1/9	...	4 6 9	...	...	...	...	Electric and Musical	...	...	...	NH
24 1/2	17 1/9	25 1/4	11 1/3	Bradford Dyers £1	10 1/4	10 1/4	+4 1/2	NH	21 1/6	15 1/9	23 1/6	17 1/6	Ever Ready Co. 5/-	20 7/8	20 7/8	...	NH
15 1/6	6 1/3	14 1/4	3 1/4	Brit. Celanese Ord. (10/-)	8 1/9	8 1/6	-3d	NH	96 1/6	66 1/3	71 1/3	21 1/2	Finlay (James) & Co.	21 1/3	21 1/3	+4 1/6	8 17 3
14 1/6	5 10 1/2	9 10 1/2	4 1/2	Do. 10 1/2 % Non-Cum. P.F. £1	7 1/3	7 1/6	+3d	NH	12 1/2	7 1/2	9 10 1/2	14 1/6	Fraser & Neave 7 1/2 %	3 1/3	3 1/4	...	6 17 3
16 1/3	7 1/6	13 1/6	6 1/6	Galico Printers £1	8 1/4	8 1/4	...	7 10 0	138 1/2	6 1/6	7 1/3	25 1/6	Gaumont-Brit. (10/-)	9 1/6	9 1/6	...	6 8 6
47 1/2	52 1/9	55 1/6	34/-	Coats, J. and P. (£1)	40/-	40/-	+1 1/2	8 0 0	21 1/4	12 1/4	15 1/3	6 1/3	Harrisons & Cross. Def.	40/-	40/-	...	6 8 6
52 1/2	35/-	45 1/4	24 1/4	Courtauld £1	34 1/4	34 1/4	...	7 8 0	74 1/6	51 1/3	59 1/9	42 1/6	Harrods (B.A.) 15/-	7 1/6	7 1/6	...	NH
29 1/4	17 1/3	25 1/4	13 1/4	English Sew. Ctn. £1	15 1/2	15 1/2	...	7 8 0	17 10 1/4	11 1/4	15 1/6	11 1/3	Harrods £1	47 1/6	47 1/6	...	8 8 0
29 1/4	17 1/3	25 1/4	13 1/4	English Velvet, & Co. £1	15 1/2	15 1/2	-7 1/2	NH	17 10 1/4	11 1/4	15 1/6	11 1/3	Home Colonial Stores 4/-	13 1/3	13 1/3	+3d	6 0 0
29 1/4	17 1/3	25 1/4	13 1/4	Fine Cotton Spinning £1	23 1/9	23 1/9	...	5 1 0	29 1/2	16 1/7	17 1/4	11 1/3	Imperial Airways £1	13 1/9	13 1/9	+3d	6 0 0
19 1/9	11 1/3	18 1/9	16 1/6	Linen Thread £1	13 1/9	13 1/9	-7 1/2	NH	29 1/2	16 1/7	17 1/4	11 1/3	Imperial Airways £1	13 1/9	13 1/9	+3d	6 0 0
26 1/3	16 1/3	31 10 1/4	17 1/3	Lines & Baldwin £1	27 1/6	27 1/6	...	1 16 0	9 10 1/6	47 1/6	56 11 1/2	72 1/6	Imperial Airways £1	13 1/9	13 1/9	+3d	6 0 0
15 1/3	6 1/3	8 1/6	6 1/2	Sa. Viscosa Lire 40	8 1/6	8 1/6	+6d	NH	101 1/6	84 1/4	95 11 1/2	72 1/6	Imperial Airways £1	13 1/9	13 1/9	+3d	6 0 0
51 1/9	39 10 1/4	50 10 1/4	41 1/4	Whitworth & Mitchell £1	49 1/4	50/-	+7 1/2	9 0 0	8 1/2	8 1/2	8 1/2	8 1/2	International Holdings	8 1/2	8 1/2	...	NH
32/-	19 1/9	25 10 1/4	15/-	Associated Elec. (£1)	20 7/8	20 7/8	...	5 16 6	27 1/4	17 1/9	22/-	18 1/2	Inter. Nickel of Can.	11 1/2	11 1/2	...	NH
80 1/9	64/-	67 1/6	47 1/6	British Insulated (£1)	52 1/6	53 1/9	+1 1/3	5 11 9	35 1/2	21 1/9	22 1/2	25 1/2	International Tea 5/-	22 1/2	22 1/2	+9d	6 13 3
78 1/9	62/-	63 1/9	46 1/3	Callenders (£1)	48 1/9	48 1/9	...	6 3 0	24 1/9	21 1/9	24 1/3	20 1/3	Kreuger & Toll (Kr. 100)	22 1/2	22 1/2	+8 1/2	6 13 3
25 1/9	19/-	23 1/6	17 1/6	Crompton Parkinson £1	18 1/9	18 1/9	...	8 0 0	25 1/2	21 1/9	23 1/9	19 1/3	Lever 7 1/2 % Cum. £1	21 1/3	21 1/9	+3d	6 8 0
56 1/6	31 1/2	35 1/6	2 1/9	English Electric (£1)	42/-	42/-	...	4 15 6	58 1/2	46/-	52/-	34 1/6	Bros. 7 1/2 % Cum. "A" P.F. £1	20 1/6	20 1/9	+3d	7 15 0
6 1/2	5 1/2	6 1/4	5 1/4	General Electric (£1)	42/-	42/-	...	4 15 6	58 1/2	46/-	52/-	34 1/6	Do. 20 1/2 % Cum. P.F. £1	41 1/3	41 1/3	...	8 1 0
40 1/3	33 1/3	37 1/3	23 1/9	Johnson & Phillips (£1)	23 1/9	23 1/9	...	8 8 0	102 1/6	91 1/6	101 1/3	101 1/3	London Brick £1	96 1/3	96 1/3	+6d	11 10 0
26 1/4	20/-	25 1/9	18 1/9	Siemens £1	21 1/3	21 1/3	...	7 1 3	130 1/2	85 1/4	95 7/8	68 1/4	Marble and Garton £1	26 1/2	28 1/2	+1 1/6	9 8 0
54 1/6	20 1/2	22 1/2	10 1/4	Electric Light, & Co.	11 1/2	11 1/2	...	8 1/6	3/-	6 1/6	8 1/2	2 1/3	Marble and Spencer 10 1/3	93 1/9	93 1/9	...	3 4 0
54 1/6	20 1/2	22 1/2	10 1/4	Brazil Trac. no par	57 1/6	57 1/6	...	5 4 3	9 1/3	3/-	8 1/2	2 1/3	Maypole Dairy 2/-	3 1/9	3 1/9	...	8 15 0
52 1/2	42 1/2	45 1/2	27 1/2	Bournemouth & Poole	32 1/3	32 1/3	+6d	8 13 0	52 1/4	34 10 1/2	38 1/2	20 1/3	Millars Timber £1	5/-	5/-	...	NH
28 1/4	25 1/2	30 1/6	28 1/9	Calcutta Electric £1	27 1/6	27 1/6	...	5 19 0	108 1/2	97	106 1/2	60	Platt Brothers £1	5/-	5/-	-1 1/3	NH
34 1/9	31 1/9	36 1/3	34 1/6	Charing Cross Elec. £1	33 1/9	33 1/9	...	5 18 6	102	93 1/2	102 1/2	50	Pinchin Johnson 10/-	23 1/9	25/-	+1 1/3	9 0 0
39 1/6	33 1/9	35 1/6	28 1/9	City of London Elec. £1	51 1/3	51 1/3	...	5 2 5	81 10 1/4	75 1/8	78 1/8	73 1/4	Potash Sym. 7 1/2 % Gd.	75	75	...	9 9 3
51 1/3	42 1/9	49 1/6	34 1/6	County of London Elec.	43 1/4	43 1/4	+6d	4 19 0	30 7/8	24 1/4	24 1/4	24 1/4	(Germany) of 7 1/2 % Bds.	70	70	...	9 9 3
57	22 1/2	33 1/4	10 1/4	Hydro-Elec. Com. Stk.	11 1/2	11 1/2	...	5 6 6	39 1/9	27 1/6	32 1/6	17 1/6	Reckitt & Sons Ord. £1	75 1/2	75 1/2	...	4 12 0
28 1/2	2 10 1/2	26 1/2	20 1/6	Lancashire Electric £1	38 1/9	38 1/9	...	5 3 3	38 1/3	28 1/3	29 1						

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Jan. 20, 1932.	Price, Jan. 27, 1932.
Central Electricity Board 5% "A" Stk.	5/-	ty. pd.	96-98	96-98
Cole (H. K.) Ord. 5/-	5/-	ty. pd.	12/6-13/-	12/9-13/3
Do., 7% Red. Pref. £1	£1	ty. pd.	15/6-16/3x	15/9-16/3x
Electrical Finance Co. 5½% Debts.	21/-	10/-	par-1 pm	par-1 pm
Furness Withy New Ord. £1	93	10/-	8/9-9/6	8/-9/-
Galloway Water Power 5% Deb. 1947-91	93	50	47-50	49-51
Grootvlei Prop. Mines	...	...	1½-1½	1½-1½
L.G.O. New 5% Inc. Deb.	...	...	93-95	94-96
Mauritius 5% 1951-1971	98½	58½	...	1½-1½ pm
Metropolitan Electric Supply New Ord. £1	...	...	36/6-38/-	36/6-38/-
Midland Counties Electric Supply New Ord. £1	24/-	ty. pd.	25/-26/-	25/-26/-
Odams Press New 7% "B" Deb.	98	ty. pd.	96-98	96-98
Savory and Moore 7½% Deb.	99½	ty. pd.	99-101	101-102
Tilling (Thos.) New Ord. £1	30/-	30/-	2½-2½	2½-2½
Westminster Electric New Ord.	£1	...	24/6-25/6	24/3-25/-

INVESTMENT NOTES.

End of Stock Exchange Restrictions.—On Tuesday afternoon last the Stock Exchange Committee issued an official announcement that the regulation prohibiting the transaction of fresh continuation business had been repealed. This decision was widely welcomed as an indication that the Treasury (at whose instance the "House" regarded the regulations as having been imposed and gradually relaxed) was no longer in fear of either panic selling or unhealthy speculation in British securities, at home or abroad. Curiosity was expressed, at the same time, as to whether the restoration of normal Stock Exchange facilities might be viewed as a logical prelude to the alleviation of restrictions on foreign exchange business. The original "ban on speculation" by the Stock Exchange Committee was imposed, with every appearance of haste, on the third day after the re-opening of the "House," following its two-day suspension of business when Britain left the gold standard. At that time, the coincidence of a sharp decline in gilt-edged and a jump in equity prices suggested the beginning of an unhealthy "flight" from fixed-interest securities, based on the dread of currency inflation. The course of subsequent events is epitomised by the following table:—

Week ended	No. of bargains marked (Sats. excl. "Financial News")	Level on each Tuesday of Actuarial Index "All Trials."	Level of Gilt-edged (Brit. Govt.) Actuarial Index	Week ended	No. of bargains marked (Sats. excl. "Financial News")	Level on each Tuesday of Actuarial Index "All Trials."	Level of Gilt-edged (Brit. Govt.) Actuarial Index
Aug. 27	Average 100	Average 100-0	100	Nov. 26	117	117-9	89-8
Sept. 17	100	100-0	100	Dec. 3	124	111-2	...
Sept. 24	162	102-6*	...	Dec. 10	115	109-3	...
Sept. 26	All dealings for cash. No day-to-day carry-over. No fresh option business. Existing contingencies not to be increased or transferred.	...	...	Dec. 17	106	106-8	...
Oct. 1	155	109-1	91-9	Dec. 21	Ban on option business repealed.	...	...
Oct. 8	125	105-9	...	Dec. 24	77	104-0	...
Oct. 15	136	112-2	...	Dec. 31	74	103-2	90-9
Oct. 22	157	117-1	...	Jan. 7	111	102-8	...
Oct. 29	167	121-6	96-4	Jan. 14	126	105-3	...
Nov. 5	152	123-2	...	Jan. 21	123	106-5	...
Nov. 12	162	125-8	...	Jan. 26	Ban on contingencies repealed.	...	...
Nov. 16	Dealings for account again permitted, but ban on option business and carry-over continued.	...	...	Jan. 28	109	106-5	...
Nov. 19	139	122-4	...				

* Wednesday.

The dangerous movement which caused the imposition of the "ban" was quickly checked in October, but it is doubtful to what extent the regulations contributed to this desirable tendency, seeing that, during the month of October, the recovery in gilt-edged prices was accompanied by a rise both in the volume of total business and the level of equity share prices. The latter movement was near its maximum when dealings for the account (without carry-over facilities) were reinstated in the middle of November. Far from stimulating business, the latter decision was followed by a period of declining activity and prices in all markets, which the removal of the ban on option business, just before Christmas, failed immediately to check. By that time, presumably, all concerned realised

that Stock Exchange dealings stood in need of a stimulus rather than of limitation, and the final removal of restrictions came, appropriately, during a phase of slow but healthy expansion of dealings which began about the turn of the year. The available evidence, in short, is inconclusive as regards the part played by the regulations during the abnormal period at the end of September, but suggests that, during subsequent weeks, they have tended rather to handicap normal business during a sluggish phase than sensibly to modify underlying tendencies.

U.S. Steel and the American Markets.—The dividend of 50 cents per share declared this week by the U.S. Steel Corporation on its common stock for the first quarter of 1932 (compared with \$1 per share for the final quarter of 1931) was not unexpected, but came, none the less, as a shock to the New York stock markets. Dividends on the common stock in 1931 totalled \$5½ per share, as against \$7 in 1930. Last July the annual rate of dividend was reduced from 7 per cent. to 4 per cent., and whether it will be maintained at even 2 per cent. depends on the trade situation in the next few months. The unpleasant truth is that the Corporation, operating below 30 per cent. of capacity, is earning nothing at all. The preliminary report for 1931 shows that net profits amounted to only \$12.9 millions (including \$19.3 millions special income), which was equivalent to \$3.60 on the 7 per cent. preferred shares. In 1930 the net earnings were \$104.4 millions. Excluding the special income of \$19.3 millions, the net loss for 1931 was \$6.3 millions. The final deficit after payment of dividends was \$49.2 millions, against a surplus of \$18.8 millions. On the publication of the report, the market took a downward tendency, but average prices, according to the Dow Jones indices, remained well above the low level reached on January 5th:—

Date, 1931.	20 Rails.	30 Industrials.
January 5	31-36*	71-24†
" 14	41-28†	85-35†
" 21	40-92	83-42
" 22	39-12	78-81
" 23	38-60	77-98
" 25	39-15	78-66
" 26	39-22	79-76
" 27	39-31	77-82

* Lowest ever recorded.
† Lowest since October, 1921.
‡ Highest for 1932.

It is expected in some quarters that before long the New York market will move upward, especially if the outcome of the railroad wage discussions is favourable. The Reconstruction Finance Corporation, which has now been authorised by both Houses of Congress, will come into operation next month. That a recovery in quotations will be maintained, however, is uncertain, failing a decided improvement in trade in the next few months. Not only U.S. Steel, but Pennsylvania Railroad and other leading companies are maintaining dividend rates which are not covered by earnings. Unless the latter improve, there is a danger that dividends may be passed by entirely by many important companies. It is this shadow over the stock markets which may restrain bullish enthusiasm.

South American Bond Negotiations.—Although provisional settlements have been effected regarding the future of the Mexican and State of Bahia external debt services—in the one case by the International Committee of Foreign Bankers and in the other by the Ethelburga Syndicate—the respective schemes have failed so far to give entire satisfaction to bondholders. Criticism of the activities of the International Committee has been voiced during the past week on the ground (a) that it is concerned far more with American commercial interests in Mexico than with the protection of the interests of international bondholders, and (b) that in its negotiations with the Mexican Government it has been unduly lenient. A suggestion for the formation of a British committee has

obtained some support. In the meantime, a deputation from the foreign market of the London Stock Exchange was understood to have waited on the Ethelburga Syndicate with a view to urging a modification of the plan discussed in the *Economist* of January 16th, page 134. Bondholders maintain that it is inexpedient to conclude a final settlement with the State at a time when her economic prosperity is considerably below normal, and that the scheme by which she will be allowed to meet the service on her loans not in sterling, as under the terms of her contract, but in Brazilian currency, is a dangerous precedent. The validity of the former argument, at a time when elsewhere debtors are pressing for an immediate settlement of their obligations as the only alternative to bankruptcy, is not unchallengeable, though a case may be made for limiting any agreement to a stated number of years. The latter claim is urged on stronger ground, since bondholders have every reason to refuse *de jure* recognition to a *de facto* situation, under which the less prosperous borrowers of many States are temporarily meeting their debt service by paying local currency into local banks. In the circumstances, Uruguay appears to have chosen the lesser of two evils. Under a Bill which has just been passed by the Uruguayan Senate, the Government is authorised to suspend the sinking fund service on foreign loans. In September, 1931, the Banco de la Republica was permitted to export five million pesos of its gold stocks, of which three millions were applied to public debt services. In the last two years, however, the bank's gold reserves have dropped from sixty-six to fifty millions, and it is considered that any further reduction would seriously imperil the stability of the note currency. The annual amortisation payments on the external debt are now Pesos 3,875,256 (excluding the Uruguayan 5 per cent. gold loan of 1896) and the total interest service Pesos 6,404,905, so that even if the amortisation funds are released for interest payment it will still be necessary for the State to find the difference, amounting to Pesos 2,529,649.

Chinese Customs Loans.—The Chinese Maritime Customs figures for 1931 have, generally, evoked favourable comment. Following the practice begun in 1930, the Inspector-General for Chinese Customs has issued the figures in Haikwan taels without giving the sterling equivalent. For purposes of comparison we have converted these figures into the sterling equivalents at the average rate of exchange for the year. We give the record of the Maritime Customs revenues since 1928:—

Year.	Haikwan taels.	Average Rate of Exchange.	Sterling equivalent.
1928 ...	85,968,000	2/11½	12,028,000
1929 ...	152,760,000	2/7½	20,248,600
1930 ...	180,570,000	1/10½	16,834,395
1931 ...	248,314,000	1/6½	19,011,541

Actually in 1930 the Haikwan tael started at a high level and declined steadily, and in 1931 it started at a low level and improved sharply after Great Britain suspended the gold standard. In any case, the publication of figures in Haikwan taels is somewhat of a formality. In January, 1930, a Government Decree enacted that the Haikwan tael was to be discontinued as the basis of duties on imports from abroad, and a new gold unit substituted equal to 19.7265 pence sterling. The general effect of this measure was to restore the import duties to the same percentage of dutiable value as at the time when the new tariff of February, 1929, came into force and to stabilise these duties on a gold basis irrespective of any fluctuations in the exchange value of the tael. Of course, where duties are actually paid in taels at so many taels to the gold unit (the original rate fixed was 1½ taels per gold unit, and the present rate is now 1½) an exchange operation will be involved if the taels are subsequently converted into sterling; but a large part of the duties is paid (always on the basis of the gold unit) by means of demand drafts on London, and to this extent exchange operations are not involved. The actual sterling receipts for the 1930 Maritime Customs were probably higher, and for 1931 probably lower, than the figures shown in our table. As

regards the cover for the loans secured on the Chinese Maritime Customs, the first charge will be that of the 4½ per cent. Gold Loan, 1898, after the final drawing of the 5 per cent. Gold Loan of 1896 has taken place on April 1st. Ranking after the 4½ per cent. Gold Loan of 1898 come the Boxer Indemnity obligations, which are also secured on the Maritime Customs. The French share of the Boxer indemnities is used as security for the 5 per cent. Gold Dollar Bonds, 1925-47, the service of which will, therefore, rank as a second charge on the Maritime Customs revenue after the 4½ per cent. Gold Loan of 1898. The Boxer Indemnity payment in 1931 was approximately £3,272,278. For the years 1932-40 the Boxer Indemnities rise to a total of £4,724,525 by reason of the saving of £1,745,579 in the service of the 4 per cent. Gold Loan, 1895, and the 5 per cent. Gold Loan, 1896. This enhances the security of the 5 per cent. Gold Dollar Bonds, 1925-47. For the period 1941-45 the indemnities revert to the present figure of £3,272,278, after which they finally cease, except for the French portion, which runs until 1947. Present prices and yields are shown below:—

	Prices, 1931.			Present	Approx. Yields %					
	High.	Low.		Price.	Flat.			Final Redn.		
					£	s.	d.	£	s.	d.
4½% Gold Loan 1898	90½	70½	84½		5	8	9	6	14	0
5% Boxer 1925/47 ...	88½	74	86		8	8	0*	10	4	0*
5% Reorganisation 1913	71	55	60½		5	19	6†	6	14	0†
					8	6	5	8	17	0

* Rate of exchange taken at \$3.47 to £1.
 † Rate of exchange taken at \$4.86 to £1.

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The interest on the 5 per cent. Boxer Loan, 1925-47, may be paid in New York in United States gold dollars, which accounts for the relatively high level at which the loan is quoted in sterling.

Imperial Tobacco.—Depression serves only to emphasise the inherent strength of this great enterprise. Net profits for the year to October 31, 1931, at £9,876,064, are nominally 3 per cent. below the level of the previous year, but as the figures are shown after taxation, gross earnings appear to have been much the same in both

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Capital Paid Up and Reserves - £7,190,866
Deposits, etc., at 31st Dec., 1931 £75,927,392

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periods. The accounts, as usual, are laconic, but it is probably still true to say that the larger part of the company's profits accrue from its own trading operations in the United Kingdom rather than from shareholdings in other concerns. It is known that its holding in the British American Tobacco Company consists of 6,526,074 of the latter's ordinary £1 shares. The reduction in the B.A.T. dividend rate from 25 to 20 per cent. (both tax free) was made only with the final dividend for 1931, declared last month, so that the amount received by the Imperial from this source in the twelve months ended October last was the same as in earlier years, viz., £1,631,518. If the company's income from its holding of Government and other "outside" securities, the book value of which rose over the past year from £10,000,672 to £11,246,985, were taken at 5 per cent. of the mean of these two figures, it would amount, after tax, to about £400,000. These two sources, therefore, account for about £2,000,000 net, or rather more than one-fifth of the Imperial Company's earnings last year. As regards the company's own trading, the total unmanufactured tobacco imports into this country for home consumption declined from 204 million lbs. in 1930 to 192 million lbs. in 1931, but the average untaxed price of all unmanufactured imports dropped from 1s. 3d. to 1s. 1d. per lb. A slightly wider profit margin would appear to have largely compensated the company for any decline in its turnover. What variations have taken place in the company's large stocks of leaf it is impossible to say, the necessary information being hidden in a composite stock-in-trade item which has declined over the last twelve months from £28,945,520 to £28,123,907. The appropriation of profits for the last three years is shown:—

(Years to October 31st.)			
	1929.	1930.	1931.
	£	£	£
Profit (after taxation and directors' fees)	9,967,098	10,177,046	9,876,064
5½% Pref. dividend	272,759	272,759	272,759
6% Pref. dividend	315,628	315,628	315,628
10% Pref. dividend	263,822	263,822	263,822
Ordinary { Amount earned	9,114,889	9,324,837	9,023,855
{ Amount paid	8,619,594	8,810,767	8,435,841
{ Rate earned†	24.3%	24.8%	24.0%
{ Rate paid†	23%	23½%	22½%
To general reserve	487,925	500,000	500,000
Inc. or dec. in carry-forward	+ 7,370	+ 14,070	+ 88,015
† Free of tax.			

The liquidity of the balance sheet has increased beyond even the high standard of a year ago, funds realised from stocks and debtors having been used to enhance outside investments and cash, which together stand at £16,304,515 against £14,868,310. The £1 ordinary shares, at 81s. 3d., (including 15½ per cent. tax free final dividend and bonus), yield £5 15s. 6d. tax free. The company has been assisted in meeting difficult external conditions by its internal strength and strong tactical market position, and by the "inelasticity" of the demand for its products in the fall of reduced national income and high taxation. Over the last two decades a decline in pipe tobacco consumption has been more than offset by the increased popularity of the cigarette—a higher-priced product—to which the profound social change attested by the growth of smoking among women has substantially contributed. Though the national tobacco consumption as a whole has not shown a decline comparable with that, e.g., of beer consumption, a significant increase, under contemporary conditions, can scarcely be forecast. Any future enhancement of the company's profits, therefore, would appear to depend upon the level of taxation and the price of leaf tobacco. As the latter is only a small part of the taxed price paid by the retail purchaser, who generally prefers to buy in small quantities, its recent downward tendency has benefited the company's shareholders.

Kreuger and Toll Earnings.—In a preliminary statement issued this week, the directors of this Swedish world-finance concern announce that net earnings for the past year, before deducting interest on funded debt, amount to approximately Kr. 123,600,000, compared with Kr. 125,977,391. After deducting interest on the secured debentures there remains, roughly, Kr. 110,500,000, compared with Kr. 122,348,054 in 1930. This sum corresponds to approximately \$10.95 for every participating debenture of Kr. 100 and Kr. 40.86 per share of Kr. 100, as against \$15.30 and Kr. 56.72, respectively, for 1930. Some 90 per cent. of the company's gross income for 1931 was of a recurring nature. In accordance with the usual custom the dividend recommendation is withheld, pending the publication of the full accounts. All the company's marketable securities and foreign Government and other bonds are carried in the balance sheet at prices equivalent to their market value on December 31st last, this involving a writing down of values which has been provided for partly out of undivided profits and partly out of reserves, which now stand at Kr. 421,000,000. Holdings of foreign Government bonds are carried at, roughly, Kr. 263,000,000. The net assets of the company as on December 31, 1931, represent about \$80.00 per participating debenture or share of Kr. 100, while the present value is somewhat greater as a result of subsequent security appreciation. The company has exercised its right under an option of acquiring important mining properties in the Northern part of Sweden, including the Boliden gold mine, which was discovered in 1924, and is considered to be one of the largest single gold deposits in the world. The company has arranged to take an 80 per cent. interest in the Boliden Mining Company against delivery of 4,041,667 Kreuger and Toll participating debentures of Kr. 20 each, with the right reserved for Kreuger and Toll to reacquire these debentures at any time before December 31, 1934, and to substitute therefor cash in the same amount at which the company to-day holds the option. The Kr. 100 shares of Kreuger and Toll are quoted at £10, against a high level in 1931 of £27½.

Cables and Wireless Prospects.—Opinion is divided as to whether Cables and Wireless will pay its 5½ per cent. preference dividends in respect of last year. The directors stated last August that the full dividend for the half-year ending June 30th had not been earned, and that they had decided to await the result of the financial year before committing themselves to any preference payment. The estimated traffic receipts of the operating subsidiary, Imperial and International Communications, Ltd., for the year have just been issued. The figures are:—

	1930.	1931.*	Rise or Fall.
	£	£	£
January	519,485	412,908	— 106,577
February	460,052	390,461	— 69,591
March	492,316	447,668	— 44,648
April	456,120	386,706	— 69,414
May	466,279	371,704	— 94,575
June	413,471	374,502	— 38,969
July	437,220	377,774	— 59,446
August	411,090	334,326	— 76,764
September	424,138	401,216	— 13,922
October	446,097	454,279	+ 8,182
November	402,886	427,062	+ 24,176
December	436,407	451,831	+ 15,424
Total	5,365,561	4,839,437	— 526,124

* In making a comparison with 1930, the following amounts must be deducted from the 1931 monthly receipts, owing to changed conditions of sharing traffic: December, £21,000; November, £21,000; October, £24,000; September, £22,000; August, £18,500; July, £21,000; June, £21,500; May, £22,000; April, £21,500; March, £22,500. After making these adjustments, the year's receipts came out at £4,624,437, a decline of £741,124, or 13.8 per cent., as compared with 1930.

The only comfort which can be derived from these figures is that the last few months showed an improved tendency. Allowing for a decline of 13.8 per cent. in traffic receipts and for a decline of, say, 20 per cent. in investment income, which in 1930 amounted to £611,941, it would appear that Cables and Wireless should earn approximately 3½ per cent. on its preference stock. What dividends it can pay will depend upon the dividends it receives from its

operating subsidiary, from cable companies in respect of their investments and from the Marconi company in respect of its manufacturing and investment earnings. The market is inclined to regard a payment of 2½ per cent. for the year on Cables and Wireless preference stock as the maximum which can be expected. The company, however, showed a strong financial position at December 31, 1930, possessing a very considerable holding of British Government and other securities. Further, the stockholders may be assured that at the first sign of a trade revival there will be an immediate increase in cable receipts. The fall in the market capitalisation of Cables and Wireless stocks since 1930 has been severe:—

Stock.	High, 1930.	Present Price.
	£	£
5½% cumulative preference stock	23,160,741	11,232,959
7½% "A" ordinary stock	15,928,878	3,827,068
"B" ordinary stock	3,419,111	995,437
	42,508,730	16,055,464

Stockholders as a whole have suffered a depreciation of 62.3 per cent. on their investment since the "peak" of 1930.

Parent Trust's Difficulties.—The balance sheet and profit and loss account, published after an interval of twenty-nine months, show how gravely this company was involved in the "Hatry" losses. Its previous history had not been uneventful. Registered in 1896 as the Dunlop Pneumatic Tyre Co., it decided, in 1906, to transfer its goodwill and trade marks to the Dunlop Rubber Co., the bulk of whose ordinary shares it held until 1917, when the interest was sold, so far as it carried control. At the end of 1922, when a policy of broadening the basis of the company was inaugurated, its name was changed to Parent Trust and Finance, and a general financial business was undertaken. For the five years to April, 1929, the company was prosperous, the deferred shares receiving regular 20 per cent. dividends. In the autumn of 1929, however, its dealings with the Hatry group produced heavy losses, accentuated by the subsequent depression. No balance sheet was published last year, but in their report for the year ended April 30, 1930, the directors announced a loss to that date of £2,871,093. The present accounts show a loss of £4,689,278, of which it is estimated that £3 millions are due to transactions concerned with the guarantees and loans to the Hatry group and the balance to depreciation of investments, losses, and expenses. Where securities have a market quotation, their value has been reckoned at the price quoted on September 30, 1931. These amount to £619,573. The unquoted securities have been valued by the directors "at what they consider a fair price" and amount to £1,478,571, making a total of £2,098,144, spread over sixty investments. Of the unquoted securities, preference shares in Steel Industries of Great Britain account for £466,610 at par and ordinary shares for £112,000 at par. Investments in subsidiary companies are valued at £747,251. The sum of £720,655, which stood to the credit of reserve account on April 30, 1929, has been appropriated, while the credit balance brought forward from that date amounts to £118,766. There remains to be carried forward a net loss of £3,848,856. The company's losses are a commentary on the risks of finance business, and of the identification of a substantial share of resources with the fortunes of a single individual.

African and Eastern Proposals.—The directors of the African and Eastern Trade Corporation are making an effort to meet the terms of the "ultimatum," under which they must bind their company, on or before February 29th, either to subscribe £1,700,000 of new capital to the United Africa Company, or to subscribe only £500,000 and suffer a diminution of its voting power in United Africa from 45 per cent. to 20 per cent. The African and Eastern proprietors have received details of a scheme under which it is proposed that they should subscribe for £1,200,000 of convertible income stock, to be charged exclusively upon the shares of the United Africa Company retained as a result of the operation. Holders are to be

entitled to convert, at par for par, into ordinary stock of the African and Eastern at any time. The latter will have the right to redeem the income stock at 110 on six months' notice after April, 1940. On repayment, holders will be entitled to use the proceeds in taking up ordinary shares at par. The attractions of the new stock will naturally depend upon its effective yield, which, in turn, will be a function of the date and extent of improved conditions in West Africa, the ability of United Africa, with its new capital, to exploit these conditions profitably, and the extent to which the United Africa board decides to distribute future earnings. It has been proposed that, if the African and Eastern is unable to subscribe its full rateable share of new capital, and thus loses its present 45 per cent. interest, a majority of its remaining representatives on the United Africa board should have the right, in case of disagreement as to dividend policy, to appeal for a final binding decision to an outside accounting authority. This scarcely seems a workable proposition. It may be presumed that members of the accounting profession will be loth to assume responsibility for what has always been regarded as an indispensable directorial function, and to risk being placed in an invidious position if they are impelled to give a decision contrary to the feeling of a majority of the board.

Premier Oil Capital Reduction.—In a circular to shareholders, the directors of this company, which has a controlling interest in some half-dozen businesses engaged in seed cake manufacture and seed crushing, recommend a reduction of capital in accordance with a revaluation of investments in subsidiaries. A careful examination has been made of the "intrinsic value" of each of these investments. The freehold land has been taken at its approximate original cost, and the buildings and plant at a somewhat lower figure than that at which they are insured, this valuation being confirmed by the management. The goodwill and similar items have been written off, with the exception of an amount of £27,000 for goodwill in the case of John L. Seaton and Co. Taking these assets as revalued, and after adding the surplus of liquid assets over liabilities and providing for contingencies, a valuation has been arrived at as at December 31, 1930, the date of the last balance sheet, of £948,111, of which total "land, buildings and machinery" account for £705,537, "goodwill" for £27,000, and "surplus liquid assets" for £215,574. This total amount is exclusive of gilt-edged securities, standing at £112,223, and was represented in the last balance sheet by a net amount of £1,510,611. To remove this discrepancy it will be necessary to reduce the ordinary capital from £750,000 in £1 shares to £187,500 in 5s. shares. As there are also 750,000 preference shares of £1, of which £491,874 are issued and fully paid, the total capital is to be reduced from £1,500,000 to £937,500, and is then to be immediately increased to £1,500,000 by the creation of 2,250,000 5s. ordinary shares. It is estimated that the profits for the year to December 31st last should be adequate to permit the payment of the preference dividend for the year, and to leave a small credit balance to be carried forward. The preference dividend was six months in arrear at the date of the last balance sheet, but has since been met. No ordinary dividend has been paid since 1924. Ordinary shareholders may accept the inevitable with a good grace, seeing that their "sacrifice" is purely nominal, their equity rights being unchanged.

Rand Ore Reserves.—Our mining correspondent writes:—For some time past several of the Kaffir groups have published their ore reserve estimates in advance of their annual reports. Though this policy has tended somewhat to lessen the market's interest in the latter documents, it has had the merit of placing shareholders in prompt possession of vital information. Hitherto, however, the figures of the Rand gold-mining subsidiaries of the Johannesburg Consolidated Investment Company have not been available on these lines, but a new departure has now been made by the publication of the estimates with the

reports for the December quarter. The figures reveal a substantial increase in the tonnage of the Randfontein, accompanied by a small expansion in both the value and the stoping width, with a generally contrary movement in the case of the Langlaagte Estate. The estimates issued by different groups, as at December 31st, are tabulated below, with the corresponding figures for 1930:—

"JOHNNIES" GROUP.				
		Quantity. Tons.	Value. dwt.	Width. Ins.
Government Mines	1930	10,840,000	8.9	61
	1931	10,510,000	8.9	60
Langlaagte Estate	1930	1,530,000	7.4	43
	1931	1,190,000	7.2	44
New State Areas	1930	2,716,000	8.9	50
	1931	2,737,000	8.9	50
Randfontein	1930	5,293,000	6.0	41
	1931	6,324,000	6.2	42
Van Ryn Deep	1930	2,854,000	7.0	48
	1931	2,669,000	6.7	48
Witwatersrand (Knights)	1930	391,000	5.5	54
	1931	265,000	5.5	52

RAND MINES GROUP.				
		Quantity. Tons.	Value. dwt.	Width. Ins.
City Deep	1930	1,268,200	5.98	42.4
	1931	1,323,800	6.08	42.9
Crown Mines*	1930	9,974,980	6.56	46.6
	1931	10,578,940	6.53	47.8
East Rand Propy.*	1930	3,255,550	6.2	58.0
	1931	3,519,480	6.3	59.0
Geldenhuis Deep*	1930	479,700	5.60	50.1
	1931	448,200	5.48	49.5
Modder B*	1930	1,112,100	6.90	51.6
	1931	1,034,710	6.55	49.2
Rose Deep*	1930	841,900	4.80	59.0
	1931	762,700	4.5	58.0

* Available.

A feature, in the case of the Rand Mines group, is the fresh expansion of the tonnage at the Crown, where the small decline in value is fully counterbalanced by the increase in the stoping width. An improvement is revealed by the City Deep and the East Rand; but the rapidly shortening lives of some of the properties is not without influence on the figures in the table.

GOLD FIELDS GROUP.				
		Quantity. Tons.	Value. dwt.	Width. Ins.
Robinson Deep	1930	2,379,000	5.9	58
	1931	2,592,000	5.9	60
Simmer and Jack	1930	1,625,000	6.0	51
	1931	1,558,700	6.0	50
Sub Nigel	1930	1,206,000	17.3	27
	1931	1,261,000	17.3	28

ANGLO-AMERICAN GROUP.				
		Quantity. Tons.	Value. dwt.	Width. Ins.
Brakpan	1930	2,543,420	7.80	53.74
	1931	2,520,890	7.78	51.59
Daggafontein	1930	1,233,802	8.37	44.00
	1931	2,003,174	8.09	44.16
Springs	1930	3,311,370	9.34	49.36
	1931	3,452,983	9.14	48.40
West Springs	1930	2,756,150	6.00	54.37
	1931	2,737,020	5.85	53.15

No striking changes are indicated by the figures of the Gold Fields subsidiaries. With the Robinson Deep and the Sub Nigel there is some advance; with the Simmer and Jack a slight set-back. In the case of the Anglo-American group a general tendency to reduction is shown at the old mines; but a striking expansion in tonnage is shown by the figures relative to the Daggafontein, which has just started crushing.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies: National Provincial Bank, Westminster Bank, Martins Bank, Provincial Bank of Ireland, The National Bank, Canadian Bank of Commerce, Anglo-French Banking Corporation, Hungarian Commercial Bank of Pest, National Discount, Metropolitan Trust, Sedenak Rubber Estates, Ashanti Goldfields Corporation and Illustrated Newspapers. At the annual meeting of Martins Bank Mr A. A. Paton said it would be difficult to exaggerate the value to Great Britain and the Empire of the formation of an immediate Currency Union with those nations which have departed from the gold standard and are prepared to seek stability through definite co-operation to that end. Presiding at the annual meeting of the Anglo-French

Banking Corporation, Mr F. A. Szarvasy said that the Banque de France had kept its discount rate as low as was possible during the past year, sometimes almost at a nominal figure, but movements in Bank rates under present-day conditions had ceased to exercise the same effect as at a time when balanced economic conditions ruled all over the world. At the annual meeting of the Sedenak Rubber Estates, the chairman affirmed that any Government scheme to regulate supplies would have to include very strict control over further plantings, so as to prevent excessive opening of further areas under rubber, as happened during the last short-lived boom.

CAPITAL ISSUES.

Last week's successful issue by the Mauritius Government has been followed, this week, by the offer of a larger amount of trustee stock on behalf of the *Uganda Government*. The loan represents an indispensable step in the development of this East African Protectorate. Its attractive yield of £5 4s. 2d. flat and £5 4s. 8d. presuming redemption in 1971 secured it a favourable reception, larger applicants being allotted only 40 to 50 per cent. of their requirements. Incidentally, it should be pointed out that the loan involves no "exchange" transfer problem.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Total recorded, January 1 to January 23, 1932, excluding conversions, £14,375.
Total recorded, January 1 to January 23, 1932, including conversions, £14,375.
National Savings Certificate.
Net receipts, Week ended January 23, 1932, Dr. £450,000.
Total net receipts, April 1, 1931, to January 23, 1932, £2,450,000.

	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Liabilities.	Further Liabilities.
To the Public.					
Uganda Government £1,600,000 5% Inscribed Stock, 1951-1971 at 96%	1,600,000	Nil	1,536,000	80,000	1,456,000
Total offered to Public, week ended January 30, 1932	1,600,000	Nil	1,536,000	80,000	1,456,000
To Shareholders only.	Nil	Nil	Nil	Nil	Nil
Total Offered for Subscription—					
Including Conversions.					
Jan. 1 to date—					
1932	1,100,375†	1,100,375†	114,250,666	102,044,291	
1931	10,207,563	9,236,420	454,888,784	267,800,700	
1930	13,988,985	13,988,985	488,764,940	285,239,400	
1929	56,520,116	43,610,116	693,100,056	369,058,073	
1928	...	116,554,763	...	355,165,970	
1927	...	96,205,780	...	230,782,600	
1926	...	28,710,551	...	232,214,500	
1925	...	17,293,290	...	209,326,101	

† Total offered £1,550,375 less excess of encashments over sales of National Savings Certificates, £450,000.

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1932	1,100,375	Nil	Nil	1,100,375
1931	7,453,357	338,571	1,444,492	9,236,420
1930	12,306,725	763,262	342,997	13,988,985
Whole year—				
1931	74,835,599	6,911,859	20,296,833	102,044,291
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	115,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	96,381,400	355,165,600
1926	145,180,000	39,393,200	46,209,400	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	94,000	...	96,500
Total to date, 1932	94,000	...	96,500
Total to date, 1931	2,456,375	...	2,508,632

Uganda Government.—Issue of £2,000,000 5 per cent. inscribed stock, 1951-71, of which £600,000 was placed in the terms of the prospectus. Trustees are authorised to invest in this stock, which is raised to meet the cost of railways, roads, water supply and other public works. The loan is secured on the general revenues and assets of the Government of Uganda. The principal will be repaid at par on March 1, 1971, but the Government will have the option of redemption at par, on or after March 1, 1951, on six months' notice.

Metropolitan Water Board.—Issue by tender of bills to an amount not exceeding £2,000,000 in replacement of bills falling due. No minimum price specified.

Kreuger & Toll Company

(AKTIEBOLAGET KREUGER & TOLL)

The Chairman of the Board of Directors of Kreuger and Toll Company has issued the following statement:—

1. The net earnings of the Company for the past year before interest on funded debt amounted to approximately \$23,500,000 (Kr. 123,600,000). After deducting interest on the Secured Debentures, there remains approximately \$21,000,000 (Kr. 110,500,000) compared with \$32,789,279 (Kr. 122,348,054) for the year 1930 before providing for interest on the Participating Debentures and dividends. This corresponds to approximately \$10.95 for every Participating Debenture of Kr. 100 and Kr. 40.86 per share of Kr. 100, as against \$15.20 and Kr. 56.72 respectively for the year 1930. Of the gross income of the Company in 1931, approximately 90 per cent. was of a recurring nature. There has been excluded from the earnings reported above a small amount of income in foreign currencies the transfer of which could not be effected by the Company during 1931.

2. Interest on the Participating Debentures is dependent upon the dividend paid on the common shares and is payable the 1st of July, 1932, in dollars at par of exchange. In accordance with the usual custom, the recommendation of the Board of Directors in regard to dividends will be made when the annual report for the Company is published.

3. All marketable securities owned and foreign Government and other bonds are carried in the balance sheet at prices equivalent to market value as of 31st December, 1931. This has involved a writedown of securities which has been provided for partly out of undivided profits and partly out of reserves, which latter after this process stand at about \$80,000,000 (Kr. 421,000,000).

4. The Company's holdings of foreign Government Bonds are now carried on the books at approximately \$50,000,000 (Kr. 263,000,000). The net assets of the Company as at 31st December, 1931, correspond to about \$80.00 per Participating Debenture or share of Kr. 100, and on account of the appreciation which has taken place in securities owned by the Company since this date the present value is somewhat larger.

5. The Chairman simultaneously announces that the Company, which for a number of years has had the option of acquiring some important mining properties in the northern part of Sweden, has exercised its right under this option. The most important of the mines involved in this option is the Boliden gold mine, which was discovered in 1924 but the real importance of which as a gold-producing unit has not been fully recognised until very lately. The district of Sweden in which Boliden is located has of old shown indications of valuable minerals, but the fact that the mineral-bearing rock is covered by a heavy layer of soil has made it practically impossible to carry on any successful prospecting in this part of the country until some years ago when an invention for electrical prospecting was made by some young Swedish engineers. This invention was financed by a powerful Swedish group, which arranged a methodical prospecting of the above-mentioned district in Sweden. This work has led to the discovery of a number of mines containing valuable metals, such as gold, silver, copper, zinc, &c., the most important of these mines being the Boliden gold mine which has given its name to the company owning the other mines.

6. The Boliden mine is, as a single gold deposit, one of the largest and richest in the world. The ore contains an average of 20 grams

of gold and 60 grams of silver a ton, and has a copper content of 2 per cent., while the South African ores average 9 grams of gold per ton, and the Hollinger mines of Canada and the Homestake mines of South Dakota, U.S.A., 10 grams per ton. Part of the ore body contains large quantities of arsenic, so that the Boliden mine contains by far the largest known deposit of arsenic ore in the world. This fact presented some serious technical problems which, however, now are fully solved. When the Boliden mine was first opened, the ore was shipped for treatment in existing smelters. On account of the high contents of arsenic of the ore, only a few plants in the world had the technical equipment for treating the ore, one being in Freiberg, Germany, and another being the American Smelting and Refining Company's plant in Tacoma, U.S.A. To start with, the ore from the Boliden mine was transported in motor trucks to the coast and from there shipped to Germany or the Pacific coast. The not inconsiderable profit derived from the sale of this ore has been used to develop the mine. In 1927, however, it was decided to erect a plant at Rönnskär, on the Baltic coast about 30 English miles from Boliden, with which the plant is connected through a standard-gauge railway since 1929. The first part of this plant was completed in 1930 and has since been continually running, during which time it has been fully proved that the technical problems of treating the ore have been successfully solved. The present capacity of the plants at Boliden and Rönnskär is about 300,000 tons a year. A further extension to 600,000 tons is expected to be completed during this year. When the plant is running in full, the monthly production of gold is estimated to be about one ton with a value of \$667,000.

7. Before exercising the option, the Company has consulted prominent American, English and Swedish mining engineers, who unanimously declare that the Boliden ore deposits are of great extension and may be considered as very valuable. There are further indications that a number of the ore deposits which are owned by the Boliden Mining Company but which have not yet been fully investigated are of considerable value. There is a reasonable chance that further mines may be found to such an extent as to make Sweden a factor in the gold production of the world. Through control of methods used in the prospecting, Boliden Mining Company has a decided advantage on possible competitors in this part of Sweden.

8. The option of Kreuger & Toll Company to acquire an interest in Boliden Mining Company expires in January, 1932, and the Board of Directors of Kreuger & Toll Company considered it to be greatly to the advantage of the Company to exercise the option. At the same time it seemed hardly justified for the Company under present conditions to make a cash outlay of the importance which the exercising of the option would involve. The Company has, however, been successful in making arrangements, whereby an approximately 80 per cent. interest in the shares of Boliden Mining Company will be acquired against delivery of 4,041,667 Kreuger & Toll Company Participating Debentures of Kr. 20 each, with the right reserved by Kreuger & Toll Company to re-acquire these debentures at any time before 31st December, 1934, and substitute therefor cash in the same amount at which the Company to-day holds the option.

Copies of the above Statement can be obtained from:—

HIGGINSON & CO.

Fiscal Agents of Kreuger & Toll Company,

80, LOMBARD STREET AND

12, CORNHILL, LONDON, E.C.3.

28th January, 1932.

COMPANY MEETINGS, &c.

NATIONAL PROVINCIAL BANK, LIMITED.

REVIEW OF A MOMENTOUS YEAR.
TRADE AND THE GOLD STANDARD.
BRITAIN'S IMPROVED OUTLOOK.
CONFIDENCE IN THE FUTURE.
SIR HARRY GOSCHEN'S SPEECH.

The annual general meeting of the National Provincial Bank, Limited, was held, on the 28th instant, at Southern House, Cannon Street, London, E.C.

Sir Harry Goschen, Bart., K.B.E. (the chairman), presided.

Sir Alfred Lewis, K.B.E. (chief general manager) read the notice convening the meeting and the report of the auditors.

The chairman, in opening, referred with much regret to the absence of Lord Inchcape and Lord Reading, but said he was very pleased to inform the shareholders that he had that morning had good reports of their progress towards convalescence.

Continuing, he said:—Ladies and Gentlemen,—In submitting to you an account of our stewardship for the past year, I wish to refer in the first place in a little more detail to one or two paragraphs of our report.

LOSSES OF PERSONNEL.

It is with sincere sorrow that we have to record the loss by death during the past year of two of our colleagues. Mr Fitz-Gerald had been a director of the bank for 45 years, during which time he had devoted himself to the interests of the bank in all directions. Not only was he possessed of a profound knowledge of our business and traditions, but he had an intimate acquaintance with all matters appertaining to the staff of the bank and was deeply interested in all that concerned their welfare, social life, and especially athletic activities. He is greatly missed by us all, and by none more than by the members of our various clubs and other associations.

In Sir George Marjoribanks we lose a worthy representative of our friends Messrs Coutts and Company, of which bank he had been the chairman for many years. He was a typical banker, and was respected and admired by all who knew him. We deeply regret that we have been deprived, after so comparatively short a time, of the services of so courteous and charming a personality.

We have also to deplore the death of our friend, Mr D. J. H. Cunliffe, a local director for Bexhill and district, and formerly a senior general manager of the bank, who, during his long service in one capacity or another, had rendered the bank yeoman service. By the death of Mr E. T. Laine, a local director in Guernsey and formerly a director of the Guernsey Banking Company, Limited, and of Mr G. H. Shipley, who also served us as a local director in Lincolnshire, we lose valuable and esteemed friends.

THE NEW PRINCE'S STREET BUILDING.

As you will see by the report, our branches and agencies now number 1,374, and I would like to remind you since our last meeting our new Princes Street building has been completed and is now in full occupation. It may interest you to know that, notwithstanding a cession of part of our site to the Corporation of the City of London for public purposes (for which we received suitable compensation), we are able not only to accommodate a larger staff than formerly, but to house them in a more convenient and economical manner, to provide them with good and natural light, and with the latest improvements for healthy and comfortable working.

The architect, Sir Edwin Cooper, A.R.A., has, I think, designed a building not only worthy of the most prominent site in the City, but one admirably adapted for its purpose.

TRIBUTE TO OFFICERS AND STAFF.

I should like this year to pay a special tribute to the whole personnel of the bank for the part they have played in achieving the results I am able to lay before you, and I can assure you this is no conventional statement that I make. This has been a year of exceptional anxiety and difficulty, and, day by day, the chief general manager, our general managers and high officials have been confronted with important problems and situations of an entirely new character, many of which demanded an immediate solution and decision. The hours have been long, the work arduous, and the responsibility serious, but each problem has been faced with a cheer-

fulness, ability and courage which deserve our highest appreciation. Throughout the service our managers and staff have ably seconded their efforts, and by the steady and careful attention with which, notwithstanding the turmoil of the past year, they have efficiently carried on the business of the bank, they have maintained the best traditions of our institution.

THE ACCOUNTS.

I have now to refer to our accounts, a copy of which with the accompanying report of the directors, has already been delivered to you. The paid-up capital of the bank remains at the figure of £9,479,416, but we have transferred from the reserve fund a sum of £1,479,416 to investments depreciation fund, leaving the reserve fund at £8,000,000. By the foregoing transfer we have been enabled to show in our accounts the investments of the bank at a price equivalent to or below the market value as at December 31st last.

I might remind you that many of the gilt-edged stocks have a redemption value in excess of the present market price, and the margin of redemption value over the market value of our holdings is more than sufficient to offset the amount of depreciation in the whole of the bank's investments provided for in the accounts before you. I need hardly add that as the improvement in the market value of our investments materialises, which I anticipate must coincide with the return of more normal conditions generally, the investments depreciation fund will again become available for inclusion among the free funds of the bank.

CURRENT, DEPOSIT AND OTHER ACCOUNTS.

The current, deposit and other accounts stand at £261,503,042, being £30,702,525 less than the corresponding figures twelve months ago.

During the same period there was a contraction in the monthly averages of the deposits of the clearing banks for December, 1931, amounting to £139,000,000, compared with December, 1930. In the early months of the year the usual decline in deposits, due to the collection of taxes, was experienced by the clearing banks as a whole as well as by ourselves. But the recovery in deposits that usually happens in the latter part of the year did not show itself in 1931, owing to the withdrawals by overseas depositors and to a contraction in advances and discounts due to lower prices and slack trade which diminished the demand for credit.

Our subsidiary companies had with us balances amounting to £422,497, and the liability of the bank for acceptances and engagements shows a fall of over £860,000, mainly arising from the contraction in overseas business.

ASSETS SIDE ITEMS.

On the assets side the amount of cash in hand and with the Bank of England represents slightly over 11 per cent. of our deposits. Cheques in course of collection and money at call are slightly lower, and there is a fall of some £14,300,000 in bills held, made up of about £8,800,000 Treasury bills and about £5,500,000 commercial bills.

Our investments, to which I have already referred, are also lower, the reduction being over £5,400,000.

The investments in the affiliated banks stand at £868,750, showing a reduction amounting to £50,000 in the values at which they have been taken. Our investments in subsidiary companies are the same at £2,514,000.

THE TWO SUBSIDIARIES.

We are pleased to say that our two subsidiary companies, Coutts and Grindlays, continue to give us the fullest satisfaction, and you will be glad to know that notwithstanding the unrest in India, Grindlays' business in that great Dependency continues to enjoy unimpaired strength. This is highly creditable to those engaged in the administration of that bank.

I now come to the next important item of our assets, namely, the advances to customers. These, you will observe, show a reduction of slightly over £7,000,000, which reduction reflects a diminished demand by our customers through the various sections of the bank's business.

The net profit is £1,747,007, against £1,930,854 for the previous year, and you will also observe that the wording of the profit statement is somewhat fuller than has previously been the case. With regard to the profits, I should mention that the average level of the bank's deposits was lower than during 1930. In other words, the bank had less current resources at its disposal, combined with which the continuous depression, as reflected in reduced turnovers in so many sections of industry, affected the bank's earning capacity. On the other hand, we gained an advantage owing to the higher Bank rate which prevailed during the latter half of the year. The average Bank rate for the year was £3 19s. 5d. per cent., compared with £3 8s. per cent. for the previous year.

ALLOCATION OF PROFITS.

Including the sum of £673,814 brought forward from last year, the accounts show an amount available for distribution of £2,420,822. The sum of £758,353 has already been applied in payment of the interim dividend in July last. We have allotted £100,000 to our pension fund, and, after providing for a final dividend of 8 per cent., making 18 per cent. for the year, there remains £804,115 to be carried forward to the next account. The dividend declared represents a fall of 2 per cent. compared with the dividends which have been paid since 1924.

For the first half-year income tax was deducted at 4s. 6d. in the £, and for the last half-year tax will be deducted at the standard rate of 5s., the bank having decided to bear the extra cost of 6d. in the £ on the first half-year's dividend imposed under the provisions of the Finance (No. 2) Act, 1931. The average rate of deduction in respect of 1931 is therefore 4s. 9d., giving those shareholders who receive both dividends the benefit of 3d. in the £ on their dividends in the whole year. This slight benefit makes the dividends for the whole year before the deduction of income tax £16 5s. 4d. per cent.

You will observe that, although we have not appropriated from the profits now announced any sums for premises or contingencies, we have substantially increased the amount of the balance carried forward to next year's accounts.

GERMAN CREDITS.

A great deal was said at the time of the German crisis at the end of July regarding the amount lent to that country, and I am sure you would like me to give you some information regarding our relative position.

The amount of cash involved was quite insignificant, and, including commercial credits granted to German institutions by way of acceptances, the total amount of our claims was approximately only 2 per cent. of the whole of the amount owing to this country, as set forth under the German Standstill Agreement, and we see no reason whatsoever to doubt the solvency of our debtors.

I am glad to see that the negotiations for the extension of the Standstill Agreement have apparently reached a successful conclusion, and I should like to congratulate the representatives of the Foreign Creditors' Committee, to whose painstaking and anxious efforts this is due; I am sure you will join with me in an expression of the hope that it may materially contribute to the restoration of confidence generally.

At the end of the year we had in hand, as, indeed, is usually the case, for account of our overseas customers and correspondents, more than double the amount due to us by them, including their liability on commercial bills and foreign Government Treasury bills discounted, so that our overseas connections amply provided us, in the aggregate, with all the funds necessary to carry on that important part of our business. In other words, it was fully self-supporting.

CURRENT ACCOUNTS.

As regards the turnover on current accounts, I am pleased to say our proportion of the different sections shows a very favourable comparison with the aggregate figures of the Bankers' Clearing House returns, and, taking the whole of our figures, our fall in 1931 compared with 1930 was 12.8 per cent., compared with the fall of 16.8 per cent. in the grand total figures of the Bankers' Clearing House. The number of customers has shown a satisfactory increase, and it is also very gratifying to record the fact that our savings department has continued to show very satisfactory progress during the year.

ACTIVITY CURTAILED.

In reviewing conditions in our industries in 1931, we find little cause for satisfaction. The world-wide fall in wholesale prices, which had been such a marked feature in 1930, has continued, and industrial activity, not only in the United Kingdom, but throughout the world, has been greatly curtailed. The difficult financial situa-

tion and exchange position of many countries led to measures such as the prohibition of imports, exchange regulations and many forms of restriction, each of which has added to the already serious dislocation in international trade. Under the conditions ruling throughout the year, with one crisis following another, there was little, until the late autumn, to give encouragement to industry and commerce in this country.

When the financial events of the summer forced the Government to suspend the gold standard, to which I will refer more fully later on, it was hoped that some of the serious consequences would be partially offset by an improvement in export trade arising from the fall in the sterling exchange. There have been, however, many factors which have prevented any revival of international trade. It has been extremely difficult to conduct business operations in view of the general uncertainty, lack of confidence and restrictions in free dealing in exchange.

At present our great basic industries, such as coal, iron and steel, engineering and shipbuilding, have shown little response to the new situation, but we can draw some small measure of comfort from the fact that employment has been steadily increasing in recent weeks, in place of the continued rise in the unemployment figures which had been our unfortunate experience during the last two years. The textile trades have actually experienced some definite improvement. In September the wool and wool textile industries were in the depths of depression, and wool values had returned to about the lowest point of the year.

A DRAMATIC CHANGE.

A dramatic and immediate change came into the situation as a consequence of the decision of the Government to suspend the gold standard, followed by the introduction of the anti-dumping duties. Wool values rose 20 per cent. to 25 per cent., machinery activity increased and the position of manufacturers, woolcombers and spinners improved. Whilst the improvement was not uniform throughout the industry, many sections were exceedingly busy, and by the close of the year the numbers of unemployed in the industry had fallen by over 60 per cent. Whilst this improvement is welcome, it has yet to be seen, of course, whether or not the present activity is only a temporary phase.

In the case of the cotton industry, the immediate effect of the depreciation in sterling was an inflow of orders from the home trade, and, in addition, many export houses found that they were able to recapture some of their lost foreign markets. This trade has also derived benefit in the Far Eastern markets from the rise in the price of silver, and we trust that such relief as has been experienced in Lancashire may be of a lasting nature.

A number of other industries have also derived material benefit from the depreciation in sterling, notably the boot and shoe trade and the hosiery trade. In the case of boots and shoes, however, manufacturers were only busy throughout October and November, but in the hosiery trade the activity in recent months was greater than has been seen for two years. Orders have come in freely since the fall in sterling and many firms are working full time. We must hope that the improvements to which I have referred will continue, and that similar improvements may extend to other trades.

THE GOLD STANDARD.

The past year has certainly been the most momentous, and in some ways the most disastrous, since the war, both for this country and for the rest of the world. It has seen England forced off the gold standard, Germany first brought into a position from which she had to be rescued by the forbearance of her short-term creditors, and then obliged to declare her inability to fulfil the obligations of the Young Plan, and the whole of the world suffering from an almost continuous fall in the prices of commodities and of securities. This fall has impaired the solvency of debtors, and weakened the security of creditors. It has brought the banking system of many countries under suspicion on the part of their customers, reduced the volume of internal and international trade, raised unemployment figures to unprecedented heights, and caused a general lowering of profits and diminution or disappearance of dividends.

But out of these disastrous events our country has been able to achieve changes in its position and outlook that give us good grounds for hope and confidence, if only international statesmanship can apply the needful remedies to the appalling situation in which Europe stands to-day. Under a hail of misfortunes we have righted our ship, cleared our decks, and set a new course with new officers in command, in whom the whole country has confidence. The fall in the pound, deplorable as it is in many respects, has given us, at least for a time, an exchange advantage that should enable our industries to compete with success whenever there is any recovery in the buying power of our overseas customers.

DRASTIC MEASURES.

We have effected drastic economies and submitted to still more severe taxation, and the combined effect of these measures will, we are assured, cover the gap between revenue and expenditure that has,

under previous administrations, been met by borrowing. We have cut down public and private extravagance. We have reformed the abuses of the dole. By anti-dumping measures, we have to some extent freed our industry from the nightmare of unfair competition; and we now hold a weapon in our hands which, if wisely used, should do good service in bringing down the height of the tariff walls abroad, which have obstructed the progress of our industry and paralysed the trade of all the world. And the most satisfactory feature is the fact that these sacrifices and privations have been endorsed and welcomed by all classes of the community, and that those who suffered most from the reductions in pay, salaries and unemployment benefits, were as ready as those in a more fortunate position, to support by their votes the National Government that found it necessary to impose them.

LONDON'S POSITION.

From the point of view of the City, the fact that the pound sterling is no longer a gold pound is naturally the most momentous event of the year; and all over the world this change was received as a portentous and almost incredible disaster. That London, always priding herself as a place of deposit for foreign funds, the owners of which could rely with certainty on turning them into gold, should be forced to suspend this right, is an event that we must all deplore. But, on the other hand, we can claim in the first place that it was forced upon us by external influences, and was not due to any weaknesses in our banking methods; and, in the second, that we did our very utmost to prevent it, and only accepted the necessity for it when all possibility of avoiding it had been found to be denied to us.

A FRENCH VIEW.

In support of the first claim I should like to remind you of the statement that has often been quoted before, of Mr Charles Rist, a well-known French monetary expert and at one time vice-president of the Bank of France. He, in an article that appeared in the *Economist* of October 3rd, said that "the pound fell as a result of the unjustifiable panic; the forces which led to its fall were largely external to England itself." He went on to explain that the assistance which London had rendered Germany, Austria, etc., had greatly hampered her in making good the withdrawals of foreign balances from London by calling in foreign credits and that London was having to "carry" not only its own currency, but that of a large part of Europe.

EFFECTS OF PANIC.

These withdrawals of foreign balances from London were chiefly due to panic on the Continent and in America. Ever since the general election in Germany in the autumn of 1930, which was marked by an alarming increase in the strength of the National and Communist parties, there had been a flight from the mark on the part of Germans and rapid withdrawals of credits from that country by Continental and American banks and firms. These banks and firms were alarmed not only concerning the situation in Germany, but also concerning their own position, because of the mistrust shown by their own people and customers, evidenced by withdrawals and hoarding of cash. In America, especially, the weakness and many failures among the smaller banks were the causes of considerable anxiety. These adverse influences were made more acute by the suspension, last May, of the Credit-Anstalt, Austria's principal bank, and, as we all remember, the Continental position then became so serious that, in June, President Hoover made the generous and statesmanlike suggestion that there should be a year's suspension of all payments on account of reparations and war debts. This proposal was hailed as an immense and timely relief, but, unfortunately, delay in accepting the proposal hindered the benefit that might have resulted from its prompt adoption.

Withdrawals of credit from Germany continued, and the London Conference of Statesmen, summoned to relieve the position, could only suggest that the banks of the countries that had money deposited in Germany and claims against her should arrange among themselves to stop the run on her and endeavour to clear up the position. This extremely difficult task, involving an immense amount of labour and co-operation, was accomplished by what is known as the Standstill Pact, by which Germany was given a six months' breathing space.

MISTRUST CENTRED ON LONDON.

But mistrust then became centred on London; because British banking was known to have treated Germany with more leniency than had been shown by other creditors; and foreign bankers, with their own difficulties increased by the Standstill Agreement, began to doubt the ability of London to repay funds that had been placed there. They therefore began to withdraw credits from this

country, more than £30,000,000 in gold being taken from the Bank of England in the last two weeks of July. Obviously, international banking can only be carried on in a sane and reasonable world. When people abroad all want to see their money and hold it in their own hands, and proceed to draw it all at once from the chief place of deposit, no banking system, however sound, could stand the pressure, unless it held cash assets against all its foreign liabilities, which would mean that it was not fulfilling its proper function as a banker in supplying credit.

DOMESTIC INFLUENCES.

At the same time, candour compels us to admit that weaknesses in our own country's financial and trade position had something to do with the mistrust of our foreign creditors. Our budgetary position, to which emphatic attention was called by the publication, at the end of July, of the May Report, and our dwindling trade balance, had long been matters of discussion in Parliament and in the Press. Criticisms of the extravagance of Governments of all parties, and especially of the Socialist administration that was in power until last August, had long been, very properly, rife.

These criticisms were echoed abroad at more than their face value, owing to the disturbed state of foreign nerves. In normal times they would have attracted little attention; for everyone knew that we could and should balance our Budget when we made up our minds to it; and an adverse balance of trade, at a time when the markets of the world were all impoverished, was a serious but not terrifying experience for a country with accumulated resources such as England possessed. Had it not been for panic abroad, our seeming weaknesses would never have led to the demands that were concentrated on us last summer.

OUR DEFENCE OF THE POUND.

That we did our best to defend the pound most of our foreign critics have admitted. The Bank of England borrowed £50,000,000, and a new Government, formed by the patriotic co-operation and self-sacrifice of all parties, with Mr MacDonald as Prime Minister, borrowed £80,000,000; both these loans were raised in Paris and New York, where the authorities readily afforded assistance, and, to diverge for one moment, may I say how gratifying it is to all of us to learn a few days ago that the Bank of England had arranged to repay on February 1st the balance remaining of the £50,000,000 Loan, and this without, as the official announcement indicates, "involving any reduction of the Bank of England's Gold Reserves." It indicates in a striking manner the country's responsiveness to sound methods in the conduct of national affairs. I am sure I shall be voicing your feelings in expressing our warm appreciation of the success attending the management of the monetary position, which has made such an achievement possible during a time of extraordinary difficulty; but, to resume, simultaneously when effecting these loans our Government, alive to the necessity of restoring the confidence of those who had entrusted us with their money in the soundness of our national finances, and in the credit of the country, at once took the unpleasant but necessary steps to carry out the financial reforms for the balancing of the Budget. The only sin of omission with which we have been charged, was leaving Bank rate at 4½ per cent. But it is pretty certain that in the then existing state of nervous hysteria abroad, a rise in the Bank rate would only have been taken as a sign of weakness, and would have increased the alarm of our creditors.

VAIN EFFORTS.

What more could we have done to save the honour of the pound? As it was, all these efforts were in vain. The criticisms of our economy measures, uttered by members of the former Government who had retired from office, made our foreign creditors still doubtful concerning the country's sentiment, and these criticisms were reflected in the exaggerated statements of a highly inflammatory nature which reached the Press in certain important centres. About this time and during the third week in September, when this event happened, acute panic was prevalent on the Continental Bourses and in Wall Street. On September 18th, the French and American Governments were consulted as to the possibility of further credits. They were, as reported by Mr Snowden to the House of Commons, friendly and sympathetic; but their replies gave no prospect of assistance on the scale necessary to rehabilitate the position. More than £200,000,000 had been withdrawn from the London Market since the middle of July, and the only thing to be done was to suspend the Gold Standard and allow the pound to find its own level.

WAS THE OLD PARITY A MISTAKE?

Now that this has happened, those who criticised our return to the Gold Standard at the old parity in 1925 have been claiming that

they were right, and that it was a mistake for us to have made this effort, which, they maintain, under the newly existing circumstances, inflicted difficulties on our industries by making our goods dear in foreign competitive markets. These contentions ignore the chief reason why the London money market, and public opinion throughout the country, favoured our return to the old parity. This country returned to gold at the old parity as a matter of common honesty.

England, having been left in charge of large sums by foreigners, had to make an effort to pay them back, if they wanted their money, in pounds as good as they had deposited here. It may have been a quixotic action on our part, but most of us who believe that England's reputation as an honest banker was an asset above all price, will agree that the effort was well worth making, though it has failed now, after years of harassing endeavour, owing to pressure of external events. Any disabilities which may have been inflicted on British trade by the restoration of the Gold Standard, might have been overcome if our industries had shown more elasticity in adapting their cost of production to conditions prevailing in the markets of the world. As we know, rigidity in wages and difficulties arising from high taxation and foreign dumping that hampered reconstruction, were against this elasticity. Now that the pound has been forced off the Gold Standard by the action of our foreign creditors, those disabilities are in a measure cleared away. As producer and trader, our country is in a stronger position, as compared with its competitors, than at any other time since the war, and can go forward with confidence and renewed strength as soon as the difficult international problems that threaten the stability of Europe and the world have been settled in a way that will restore the confidence that is essential to prosperity.

OUR CUSTOMERS' CONFIDENCE.

By far the most gratifying feature in the history of the fall of the pound from gold was the quiet calm with which it was accepted by the public in England. Nothing surprised, and one might almost say thrilled, foreign observers more than the fact that on the day after the gold standard was suspended the British banks were all open as usual, and that there was no trace or suspicion of panic on the part of their customers. We bankers have been freely criticised in recent years—sometimes by gentlemen who have not much practical acquaintance with the problems with which we have to deal; but with this magnificent proof in our hands that we have conducted our business in a way that has been approved by those who have entrusted their funds to our keeping at a time when banking difficulties were rife all over the world, we can feel that British banking methods have been endorsed by those whose opinion is most important to us.

A GREAT EFFORT TO BE MADE.

The British banks and their customers have thus every right to be proud of one another for the way in which this crisis has been met; and it gives us confidence in facing the great effort that the nation has to make in overcoming, and helping other countries to overcome, the terrible difficulties that lie in the path to recovery. The fine response made by the income tax payers to the demand for prompt payment of increased burdens is of good augury for the balancing of the Budget. Balancing our trade account is a more difficult and serious matter, because it is hard to increase exports with high tariffs, exchange restrictions and the poverty of our foreign customers impeding us on every hand; and at the same time to decrease imports does not assist the recovery of our customers and of world trade, so important to our shipping and shipbuilding industries. We want to see England still a great market, but judiciously regulated in such a way that our manufacturers, by expanding production and reducing overhead charges, may be restored to their old power to compete abroad, and so may make larger demands on those countries which supply us with many of our necessary raw materials and other products.

It may be that in the past we have relied too much on our "invisible" exports to balance our trade account. The weakness of a country that trusts to foreign investments as a source of revenue at a time when many foreign nations have been unable, owing to the fall in commodity prices, to meet the service of their debts, has been brought home to us by a series of defaults which, two years ago, would have been hardly regarded as possible. The firmest foundation for a country's financial position is, and must be, its power to sell its goods (including such commodities as shipping and other services) abroad and to meet the needs of its population as far as possible out of its own resources.

A STRONG GOVERNMENT.

With a strong and resolute Government in power, and with all classes alive to the need for determined effort, we have no need to fear that we shall not surmount our present difficulties in so far as the action of this country can ensure success. The steadiness of our internal prices, in spite of the fall in the pound, shows that

the policy of economy, glibly criticised as it has been in some quarters, has kept us from stepping on the slippery slope of inflation with its *facilis descensus Averno*.

Free spending, as a remedy for unemployment, is attractive to many who do not follow out its consequences, but what would the position of this country have been when the crisis came upon us if we had followed the advice of certain economists and politicians and embarked on huge schemes of expenditure on road making and so on financed by Government loans? Such expenditure might possibly, as is argued by its skilful champions, have indirectly and in the very long run improved our transport system and industrial equipment; but its immediate effect would have meant the locking up of capital on expenditure that could not be immediately productive and a considerable increase in imports of materials, so making our balance of foreign payments still more adverse, and further, in all probability, leading to a certain degree of inflation. If we had adopted such a policy we should have been emphasising the mistakes of extravagance and borrowing to pay our way that contributed to foreign mistrust of our financial position, and weakened our claim, so handsomely endorsed by Professor Rist, that the pound fell owing to forces largely external.

OVERSEAS PROBLEMS

This point brings us back to foreign affairs. Just as outside influences forced the pound off gold, so they now threaten to impair the effects of any effort that we may make to right our financial position and trade. We have every confidence that our Government and our monetary authorities will apply those principles of co-operation that have been their guiding policy ever since the war to the solution of the problems of Germany's commercial obligations, of reparations and of war debts.

The fall in commodity prices has made the revision of the obligations of certain debtors essential; but it is clear that commercial obligations, on the fulfilment of which all business must depend, must take precedence of inter-Governmental contracts. In fact, it cannot be denied that the charges involved by reparations and war debts are essentially different from those which result from credits and capital put into industry and development. The latter provide assets which produce revenue indirectly or directly; the former are an uncompensated burden, and the effect produced by the charges arising from them is detrimental both to those who pay and those who receive them, especially when the creditors close their markets to goods and take payment in the form of gold. These payments have been an important, perhaps the chief, cause of the maldistribution of gold and its disastrous effect on prices. I feel very strongly that there can be little expectation of real recovery in trade, and in the confidence that means everything to business, until this problem of reparations and war debts has been settled definitely in a way that is recognised as fair by all parties.

HOPES FOR THE FUTURE.

But while the political situation on the Continent and the reparations question dominate the present and future prospects of recovery or disaster, and while the affairs of Europe are difficult and threatening, we have good grounds for hope in other directions. The firm policy and determination to uphold law and order displayed by the Indian Administration, coupled with the desire to satisfy as far as possible the legitimate aspirations of the Indian people, must surely result in better opportunities for trade with that country to our mutual advantage. We look forward with keen anticipation to the forthcoming Ottawa Conference, when I trust the great ideal of Imperial Unity and Imperial Preference may be realised and result in a large increase in the trade of all members of our Empire one with another.

With these hopes, with the fresh chance which is at present being given to our manufacturing industries by the fall in the pound and by the expectation of the establishment of a scientifically designed tariff on the importation of foreign manufactured goods, and last but not least, with the prospect of recovery in our agriculture through measures which will enable it to secure reasonable profits without inflicting hardship on consumers, we may look forward to the present year with calm determination to do our utmost to meet its difficulties.

I now beg to move: "That the report and accounts, as presented, be received and adopted."

Mr Colin Frederick Campbell (deputy chairman) seconded the motion, and, the chairman having replied to shareholders' remarks, it was carried unanimously.

The Chairman then proposed the re-election of the Rt. Hon. Lord Illingworth, P.C., Mr Francis Alexander Johnston, the Most Hon. the Marquess of Reading, P.C., "G.C.B., G.C.S.I., G.C.I.E., G.C.V.O., and Sir Felix Schuster, Bt., as directors.

Mr C. G. Hamilton seconded the motion and it was unanimously adopted.

On the proposition of the Rt. Hon. Lord Ebbisham, G.B.E., seconded by Mr H. Carron Scrimgeour, Sir Nicholas Edwin Waterhouse, K.B.E. (of Messrs. Price, Waterhouse and Company) and Sir William Henry Peat, K.B.E. (of Messrs. Peat, Marwick, Mitchell and Company) were re-appointed auditors for the current year.

Mr J. Theodore Goddard moved a vote of thanks to the directors, general managers, branch managers, and other officers of the bank for their efficient management and services.

Mr H. J. Mulrenan seconded the vote, which was cordially passed, and a brief acknowledgment was made by Sir Alfred Lewis.

A vote of thanks to Sir Harry Goschen for his able conduct in the chair, proposed by Mr A. Kingsford Wilson and seconded by Mr A. W. Card, concluded the proceedings.

CANADIAN BANK OF COMMERCE.

CONDITIONS IN CANADA.

The sixty-fifth annual meeting of the Canadian Bank of Commerce was held in Toronto, on Tuesday, January 12, 1932, and Mr S. H. Logan, the general manager, in the course of his address, said:—

The financial statement just presented shows the bank to be in an even stronger position than a year ago. I refer especially to the high degree of liquidity which characterises our statement.

The outstanding feature of the assets side of the balance sheet is the high ratio of quick assets to liabilities to the public. A year ago the ratio was 55 per cent. This year it has been increased to 57 per cent., and that of quick assets to all liabilities from 50 to 51 per cent.

With full provision made for all bad and doubtful debts, our net profits for the year were \$4,775,000, and, after the payment of the regular 12 per cent. dividend and the customary appropriations, we have been able to carry forward into the current year a slightly larger surplus than a year ago.

It should be a matter of national pride that this country, of necessity in the past a large borrower, has been able to meet its external debts, increased by the premium on American funds, at a time when at least two billion dollars of other foreign Government securities and interest payments are in default, and also that, following large-scale liquidation of securities, those issued by the Dominion Government stand among the highest on the New York quotation list.

PRESIDENT'S ADDRESS.

Sir John Aird, President, in the course of his address, said:—

Canada seems to be moving steadily, though slowly, toward economic improvement and recovery.

It is a real cause for thankfulness that, while severe financial storms raged in Continental Europe, Great Britain and the United States, the Canadian banking structure has stood firm and unshaken.

Canadian banks, through adherence to sound principles of banking, not only in the extension of credit, but in the maintenance of strong liquid reserves, have saved this country from serious financial disturbance, and present again an illustration of the stability of the branch banking system in times of world depression, not less marked than its flexibility and adaptability to all reasonable requirements in periods of expansion.

I hold to my prediction, expressed a few months ago through the press, that the value of Canadian gold production will be about \$100,000,000 ten years hence, almost double that for 1931. Within the past year only a few of the world's important gold-producing countries increased their output of this metal, the largest increase being in Canada, which has not reached the limit of its productive capacity from the mines now operated, and which offers the best opportunities for new discoveries of gold. Canada's gold production has proven and will continue to be a factor of inestimable value to the Dominion in enabling us to redress our international trade balances, and in meeting the burden of our external obligations in a period when fresh borrowing is practically prohibited owing to prevailing credit conditions in foreign money markets.

I reaffirm my faith in Canada. It is a faith based not upon mere patriotic motives, but mainly upon the more than sixty years that I have spent as a servant of business and finance, which has been a period of great, though occasionally interrupted, progress.

Orders for the publication in these columns of the reports of Company Meetings should be addressed to the Reporting Manager of THE ECONOMIST, 8, Bowrie Street, Fleet Street, Londn, E.C.4.

THE NATIONAL BANK, LIMITED.

MR J. B. MEERS ON CONDITIONS IN IRELAND.

The annual general meeting of the National Bank, Limited, was held, on the 28th instant, at 13 Old Broad Street, London.

Mr J. B. Meers, C.B. (Chairman of the Bank), in the course of his speech, said:—Our deposits are up by some £694,000, which is a very satisfactory feature. There is practically no change in our total of acceptances, £23,000.

I feel sure you will agree with me when I say we have reason to congratulate ourselves upon the outcome of the operations of the bank for the past half-year.

The present state of the world is common knowledge. On several occasions during the past five years, when addressing you, it has been pointed out that there could not be any revival towards general prosperity until the war debts settlements were revised, and finally dealt with. The troubles of the majority of nations can, of course, be traced directly to the effects of the Great War: depleted resources, inflation, over-production, selling under cost of production, over-borrowing from non-productive purposes, and last, but not least, high tariffs; and until these vexed questions have been dealt with, we shall not be able to return to normal conditions.

As is usual, I will now briefly review conditions in the sister isle—Ireland, in which, as you are aware, we are so closely interested.

The coincidence of a further inclement season with the general economic depression has had its inevitable effect upon the Irish farming community during the past year, and trade generally throughout the country has been adversely affected in consequence.

AGRICULTURAL CONDITIONS.

The cattle trade, for which the year opened hopefully, collapsed badly in later months, prices dropping to levels that returned little or no profit, and graziers, who suffered particularly, have been forced to approach the New Year with caution, thus bringing about a decline in the demand for grazing land. Sheep were definitely unremunerative, and no improvement in the wool market has manifested itself. A note of liveliness has been restored to the pig trade by the recent tariff order, prior to which slump conditions prevailed. Whilst it is perhaps early to anticipate the influence of the tariff, it may be welcomed as tending to conserve stocks which, though well maintained, were threatened with depletion under pre-tariff conditions.

Despite bad weather, cattle generally maintained a healthy condition, and the mildness of the late season facilitated the carrying over of stocks and ensured adequate fodder supplies. The lower cost of feeding stuffs is a further fortuitous factor which, however, is off-set by a reduction in the season's potato yield. The tillage harvest, however, was better than might have been expected, due mainly to an improvement in the weather about gathering time. Grain crops were lower in yield and quality, and hay, while plentiful, was to a large extent indifferently saved. The acreage under beet was largely reduced owing to the dispute in the industry, and the disappointing returns from alternative crops were felt all the more severely in consequence.

Dairy farming, which was much depressed earlier in the year, showed improvement later. Milk yields were maintained up to a late season, with an improvement in commodity prices generally.

Signs of revival are still regrettably absent in the fishing industry, but kelp and carrageen are giving employment to increasing numbers at not unfavourable returns. Small-scale industries throughout the country would appear to be holding their own, and in some cases giving increased employment, but the larger industries concentrated mainly in Northern Ireland are still feeling the effects of the unprecedented depression in world markets.

FALL IN TOTAL TRADE.

In the latest available statistics for the country's external trade, and in the Exchequer returns, the degree of encroachment of the economic crisis on Ireland is indicated more clearly perhaps than elsewhere. The total trade of the country has fallen very materially, with a relapse in the adverse balance which, for years, has been under steady reduction. In view of conditions in world markets, however, some such disimprovement was to be expected; the occasion for surprise being rather that it should have been staved off so long, but it is clear from the recent trend of her external trade that Ireland is intimately and immediately concerned with the world crisis, and that while a measure of self-sufficiency derived from the agricultural character of her economy may be expected to ward off the extremes of depression that beset communities mainly industrial, there is no clear prospect of recovery or progress until world conditions return to a more normal footing.

There must, of course, always be healthy competition between banks, but it is very encouraging to be able to record the satisfactory increase during this difficult year both in our deposits and number of clients.

The reports and accounts were unanimously adopted.

WESTMINSTER BANK LIMITED.

SATISFACTORY RESULTS—BALANCE-SHEET CHANGES.

WORLD ECONOMIC PROBLEMS.

WAR DEBTS AND REPARATIONS—INTERNATIONAL CO-OPERATION NECESSARY.

THE GOLD CRISIS.

THE HON. RUPERT E. BECKETT'S INTERESTING SURVEY.

The annual general meeting of Westminster Bank, Limited, was held, on January 27, 1932, at the head office, 41, Lothbury, London, E.C.2.

The Hon. Rupert E. Beckett (the chairman) presided.

The notice convening the meeting and the auditors' report having been read by the secretary (Mr F. Mytton), the directors' report, the balance sheet, and the profit and loss account, were taken as read.

The Chairman (who was received with cheers) said:—My Lords, Ladies and Gentlemen,—It is my first duty to refer to the changes in the personnel of your board which have taken place since we last met here. The directors in their report record the death of Mr C. J. Cater Scott, though this sad event occurred just prior to the annual meeting last year, and I made reference in my speech upon that occasion to the loss the bank had sustained.

I am sorry to say that owing to continued bad health Mr Oswald Magniac retired from the board in October last, after twenty-six years' service, having joined the board of the London and County Bank in 1905.

We have lost, too, the eminent services of Mr Walter Runciman, who was appointed to this board in 1924. He, as you all know, has been translated to a higher sphere of activity, namely, the Presidency of the Board of Trade, an office that he held once before in the years 1914-16. We certainly congratulate him on his appointment, with perhaps the somewhat rueful reservation that what is the country's gain is undoubtedly the bank's loss.

I am pleased to be able to say that the chief executive officers of the bank have held their posts uninterruptedly during the past strenuous year.

THE BANK'S BALANCE SHEET.

The balance sheet for the year 1931, though presented in its usual form, shows some important changes upon which it is my duty to comment. You will notice that our current and deposit accounts are down on the year by just over £19 millions. This drop in money lodged with us commenced, as usual, with the tax-gathering of the first quarter of last year, and continued in a greater or less degree throughout the succeeding months until the end of September, during which month we touched our lowest average monthly figures for the year. Towards the close of the year, however, our figures improved, finishing at the total which appears in the balance sheet. The fall in deposits has not been peculiar to the Westminster Bank, as may be seen from the fact that our own fall over the year is 6½ per cent., and that of the Big Five 8 per cent. It is interesting to observe the similar experience of American banks, which has been, indeed, considerably more adverse. Figures for four of the largest of them have recently been published, showing a fall in total deposits of 21½ per cent. over the year. I would ask you to keep this lower level of our deposits in mind when we come to consider the profit and loss position for the year, as obviously a diminution in our trading funds must affect the bank's capacity to earn profits.

You will observe, however, that the total of our advances to customers is practically unchanged, but the low Bank rate ruling for the greater part of the year naturally had its effect upon this particular profit-earning item in the balance sheet.

MARKET VALUE OF INVESTMENTS.

An important question that your directors had to decide was the manner in which the depreciation of the market value of the bank's investments should be dealt with in the accounts. Our investments are considerable, and include short-dated securities, by which I mean Treasury bonds, as well as long-dated in the shape of War Loan and Conversion Loans. The "shorts" are all due for repayment at par at various dates between 1933 and 1936, and if they are held until maturity the bank will obviously recover the difference between the market price of December 31st last and parity. Such an early recovery in the "longs" is, of course, less definitely assured. We decided then to deal with what I trust may be but a temporary decline of value by means of a transfer from the reserve fund of £1,820,157, thus bringing the investments

into the balance sheet at or below market value. In view of the uncertainties that lie ahead, your board decided to follow this course rather than to draw upon the inner reserves of the bank for the purpose of meeting investment depreciation, and I may say that our funds for contingencies are to-day as large as when we last met.

You have no doubt noticed with satisfaction, as has your board, that during this new year the price of gilt-edged securities has continued to improve, and a substantial portion of the depreciation for which provision was made has already been recovered. We can only trust that this improvement may be maintained and even increased.

PROFIT AND LOSS ACCOUNT.

Now as regards our profit and loss account. The profit for the year 1931 amounts to £1,601,822 against £1,821,888 earned during 1930—a diminution of £220,066, or 12.1 per cent. Considering all things, and bearing in mind the decline in our current and deposit accounts to which I have already referred, I think these results may be deemed satisfactory. Perhaps with the 6 per cent. Bank rate that has been in force since September 21st last, it may have passed out of the minds of some that, during the greater portion of the year, rates were prevalent that offered narrower margins of profit to banks. Thus, with the year opening with a 3 per cent. Bank rate, the average discount rate for three months' bank bills during the first quarter was £2 9s. 5d. For the second quarter it was £2 6s. 2d., and it was not until July 23rd that an appreciable advance in the bill rate occurred, Bank rate being then increased to 3½ per cent., and the bill rate rising to £3 8s. 1d. Thereafter there were further increases in Bank rate, to 4½ per cent. on July 30th, and to 6 per cent. on September 21st, the average bill rate for the third quarter being £3 17s. 1d., and for the last quarter £5 15s. 4d. But during the year our funds available for employment in the discount market showed a substantial fall, and as the balance sheet reveals, we finished the year with the item bills discounted down by no less than £14½ millions, as compared with 1930, so that the higher discount rates ruling during the last quarter of the year did not result in any considerable increase of income. This diminution of funds available for employment in the purchase of bills was, of course, a natural consequence of the fall in our deposits.

ALLOCATION OF PROFITS.

I come now to the allocation of the available balance on profit and loss account, £2,066,123, and the question of the payment of dividends. When I met you a year ago, I indicated that although the usual dividends had been paid for 1930, it would have to be a matter for the earnest consideration of your directors whether they would be justified in maintaining in the ensuing year the same rate upon the partly-paid £4 shares. In July last, when we had to decide the question of the payment of an interim dividend, the results for the first half of the year showed a definitely declining tendency, and we deemed it prudent to reduce the dividend for the half-year from 10 per cent., less tax, to 9 per cent., less tax. For the second half-year, we have declared a dividend of 9 per cent., less tax, making 18 per cent. for the year. On the fully-paid £1 shares, we have declared a final dividend of 6½ per cent., less tax, which, with the interim dividend at the same rate, makes 12½ per cent. for the year. Over the past thirteen years 20 per cent. has been paid consistently on the partly-paid shares, and naturally it was with reluctance that we decided to depart from the standard that has prevailed for so long. In view of the diminution of profits and the general state of uncertainty, however, no other course would have been compatible with the usual conservatism of our banking practice. To officers' pension fund we have placed £200,000, the same amount as last year, which sum, as has been indicated on previous occasions, is essential to the sound actuarial upbuilding of this fund, and to contingent fund we have transferred £250,000, or £50,000 more than last year. These dispositions leave us with £431,256 to carry forward to next account, this being some £33,000 less than the amount brought in.

COMPLETION OF HEAD OFFICE BUILDING.

Last year I remarked that 1931 should see the completion of our head office building. This has been successfully accomplished, and there are now housed at Lothbury all the control offices of the bank, with the exception of the Premises Department, which remains at Threadneedle Street. In addition, as the report informs you, the foreign branch office, having long outgrown the premises at Cornhill, is also now domiciled in this building. The Bartholomew Lane office, originally the head office of the old Alliance Bank which was subsequently absorbed by Parrs Bank and made their head office, has now been closed, and the business transferred, practically in its entirety, to our Threadneedle Street office. This step saves the bank a considerable annual sum in rent and rates, and so far as I can judge has been carried through without inconvenience to our customers. The business of the bank hitherto carried on in five main City offices is therefore now concentrated in three—at our fine building here, at our recently completed Threadneedle Street office, and at 21, Lombard Street, the old head office of the London and County Bank.

I am glad to be able to report that the expenditure on head office rebuilding is now practically at an end, but one could have wished that the final payments had fallen in a prosperous year, so that they could have been met by direct allocations out of profits—a course that it has not been possible to follow for 1931. However, shareholders may be reassured when I tell them that after providing for these final payments our head office premises stand in our books at but one-third of the sum expended upon them in connection with their rebuilding.

OUR ASSOCIATED INSTITUTIONS.

Now a word with regard to our two subsidiary undertakings, Ulster Bank, Limited, and Westminster Foreign Bank, Limited.

The balance sheet and profit and loss account of the former appear on a separate print enclosed with the accounts of the parent bank, from which you will observe that owing to the fact that the accounting period has been brought to a close on December 31st instead of November 30th as hitherto, thirteen months are covered by the period under review. The result of this change in practice—which has been occasioned by the necessity of the Irish banks' having a common balance sheet date, in order to comply with the wishes expressed by the Currency Commission appointed under the Currency Act, 1927, of the Irish Free State—has been that we have been able to bring into our accounts the dividend only for the six months to May 30, 1931, as the dividend for the final seven months of the year (£74,666 13s. 4d., free of tax) has been declared in January and will therefore be brought into the next year's accounts. I am glad to report that the bank continues to contribute satisfactorily to the earnings and service of the parent institution.

As regards Westminster Foreign Bank, Limited: in view of the present state of affairs and the outlook on the Continent we have thought fit to maintain that bank in a state of complete liquidity. We are satisfied with its general position and that it continues to afford useful and adequate services to its clientele.

THE WORLD ECONOMIC POSITION.

Having given you a short review of the position and prospects of your own bank, I propose with your permission, to spend a few minutes in considering the recent trend of those broad economic and financial tendencies which have left no country, no institution, no individual, unaffected by their grave development. The year 1931 will be remembered in history, I suppose, mainly on account of one day—September 21st—on which Great Britain, after a struggle against an abnormal combination of forces, abandoned the gold standard.

The story of the stages by which the strain on London reached intolerable limits has been told and retold. The catastrophic fall in commodity prices; the proportionate aggravation of debt burdens and all fixed contractual obligations; the consequent development of the need, starting in Central Europe and spreading North, South, East and West, of country after country to repatriate the resources held on their behalf by London, the great banking centre of the world; the birth of realisation abroad that London, living by international trade, and short-term debtor to the world, was vulnerable to the abnormal economic forces; the fostering of nervousness among London's creditors by foreign propaganda; the disclosure by the reports of the Macmillan and May Committees of weaknesses in the monetary position and of a large prospective Budget deficit—all these developments, superimposing distrust of the pound upon our short-term creditors' need for cash at home, merged into a tide so formidable that neither the formation of the National Government and the balancing of the Budget, nor the assistance of New York and Paris in furnishing the Treasury and the Bank of England with large credits, could prevent the pound from being swept from its gold moorings.

CRITICISM OF BANKING POLICY.

The criticism has been made abroad that by bolder banking policy, and by stern use of the Bank rate weapon, the pound might have been saved. I do not believe that such criticism has any validity. Indeed, it seems certain that to have raised the Bank rate to an emergency figure would have been but to make a useless and wholly ineffective gesture. A steep increase in the rate would have accentuated the nervousness already apparent among foreign creditors, whilst any fresh balances attracted would have been so precariously held as to serve no useful purpose.

In my judgment, what has been called the "gold crisis" arises in a large measure from the fact that gold has been required to fulfil a purpose for which it was never designed. Gold is a token of exchange: it is the international counter, accepted by the nations as a standard, through which variations in the quantity and value of goods and services passing from country to country can be adjusted. Gold should therefore be the instrument of commerce. It should not be regarded as a commodity of commerce; yet in these post-war years the nations have tended so to treat it. In effect, country "A" says to country "B"—"You owe me many millions: please pay, but I will not take payment in goods—indeed, I have erected tariff barriers on purpose to prevent your goods from coming into my country. I will not take your paper or your promises to pay, because I do not think they are good enough, so you must give me the only other means of payment which you have, namely, gold itself." Obviously, if this process were developed indefinitely, and an attempt were made to settle all international war debts and reparations in gold, the stocks of the metal would be entirely insufficient for the purpose, and if there were gold in sufficient abundance then I anticipate that gold itself would depreciate in value.

MALDISTRIBUTION OF GOLD AND INTERNATIONAL PAYMENTS.

The connection between the maldistribution of gold and international payments is abundantly clear. Two sets of simple statistics are sufficient to illustrate it. In the years 1922-31, the net receipts in respect of war debts and reparations by France and America were approximately 650 million gold pounds: during the same period the net influx of gold into those two countries was approximately 550 millions. The close correspondence between these two figures is not a fortuitous coincidence.

The upset of the system should be regarded as one of the most conspicuous outward and visible signs of the deep-seated economic maladies from which the whole world is suffering. In a world abundantly supplied with natural resources, in an age in which science and invention have equipped man as he has never been equipped before for the efficient production and rapid transport and interchange of commodities, trade is dwindling away under a progressive process of strangulation; the spectre of unemployment is stalking throughout the earth; and there are fear and apprehension everywhere.

IMPOVERISHMENT DUE TO THE WAR.

What is the meaning of all this? How has the world got into the position in which universal plenty co-exists with general distress? In my view the explanation has, in the light of years of painful experience, been made clear. The war of 1914-18 impoverished the world. The hysteria which prevailed in the succeeding years caused the Governments and the business communities of all countries to live in a fool's paradise and prevented them from getting down to the hard work of reconstruction. If the world had spent the years from 1918 to 1922, not in playing with vast and meaningless figures of the debts that they were going to extract one from another, not with the idea that higher standards of life could easily be supported by countries whose wealth had largely been destroyed, but in realising that wealth destroyed had got to be replaced by hard work and hard living, then perhaps we should have entered ten years ago upon a phase of recovery which would have prevented the gradual development of the present crisis. But realism dawned too late upon the world and, what is even more important, the creation of amity and confidence among the nations, which was an indispensable basis for the process of recuperation—moral, economic and social—was not achieved. In spite of a score of international conferences, in spite of persistent and unceasing efforts concentrated at and radiating from Geneva, the world war is still going on, and though now located in the economic sphere, its devastating effects have not been greatly minimised.

CREATION OF VAST INTER-GOVERNMENTAL DEBTS.

The troubles which we face to-day are due not to the events of 1930 nor to the developments of 1931; their origin lies farther back. Out of the Great War came not only inevitable poverty and burdens, but, even more formidable, the spirit and policy of

narrow nationalism begotten of war fever. The victors yielded to the natural impulse to demand that the vanquished should pay the cost of the war; minorities hitherto living under alien rule demanded their own freedom, their own boundaries, their own flags, and their own commercial systems. The results were the creation of vast inter-governmental debts requiring the transference of huge sums from nation to nation without any relation to the trade passing between them, and the erection at the same time of trade barriers, so dear to nationalistic aspirations, which effectively impeded that very flow of commerce through which alone such a huge scheme of international obligations might conceivably have been carried out. Thanks to modifications and readjustments, and such as those made in the case of Reparations by the Dawes and Young Committees, Europe managed to stagger along under this load until there set in two years ago an unprecedented fall in commodity prices, which rendered the burden increasingly hard to bear.

ATTITUDE OF AMERICA.

The vital fact in the history of 1931 is that the breaking point arrived. In the early months of the summer, the bankruptcy of Central Europe became by general recognition a matter of weeks, and the whole credit system of Europe tottered on the edge of a precipice. At this critical moment there came a most welcome promise of relief from across the Atlantic in the shape of President Hoover's suggestion of a year's complete holiday from all war debt repayments. Here at last was a hope of the beginning of inter-national co-operation such as might solve the deep economic problems of the world. But seven or eight months have passed, and the hope of full co-operation has once more been deferred. The Congress of the United States has effectively checked President Hoover's international aspirations, and that great creditor country has moved with alarming rapidity back towards the repudiation of President Wilson by his people. Congress, and apparently American public opinion, will not at the moment stand either for debt cancellation or even for a prolongation of the Hoover moratorium. France clings to her rights to receive Reparations from Germany. Germany, whose ability to pay Reparations has depended largely upon the constant flow of American investment, finds that that flow has ceased entirely.

There is another aspect of the general position. In face of the world-wide economic depression, almost every country finds itself threatened not only with an unbalanced Budget, but also with an unfavourable movement in the balance of payments. There are two ways of rectifying the unfavourable movement in the balance of payments. One is to increase exports, and the other to decrease imports. The first and preferable method is precluded to countries living among neighbours whose tariff walls rise higher and higher, and therefore throughout Europe the latter course has been pursued.

INTERNATIONAL TRADE RESTRICTIONS.

This country has been compelled to impose Customs duties for the protection of her home industries. It must be borne in mind, however, that one country's imports are another's exports, and to restrict one obviously restricts the other. If this development be carried to excess, international trade is threatened with extinction. Every decrease in exports renders it more difficult for a country to obtain the means whereby to meet external obligations, and to nearly every Government has been compelled to weave a web of exchange restrictions, which in their turn add another hampering difficulty to the passage of commerce.

METHODS OPEN TO EUROPE.

That, roughly, is the situation which we face to-day. How is this vicious circle to be broken? If Washington persists in her present policy of war debts maintenance and high tariffs, what are the means by which Europe can conceivably continue to meet her liabilities? It would be possible if that were done we should sooner or later again reach the *impasse*, now evident in Germany, by which a debtor country, grown dependent on loans from the creditor, finds that the onset of suspicion and distrust at a crucial moment dries up the capital flow upon which her solvency depends. In economic theory there is another method. The industrial nations of Europe, by depressing their standard of life far below that to which they are accustomed, might be able to produce goods which would surmount any tariff barrier. But this possibility exists in economic theory alone. It is no more likely that the American public, or any other, would allow such an inflow of cheaply-produced goods to continue than that the democracies of Europe would submit to a strain which would involve the abandonment of every social advance laboriously won during centuries of progress.

A QUESTION FOR STATESMEN.

To these arguments one may perhaps add a question—and I add it because current problems cannot usefully be examined except in the light of economic and political probabilities. Is it likely that the democratically elected parliament of this country, or of France, or of Belgium, would vote the passage of a Budget, on the expenditure side of which figured full war debt payments to America, while from the revenue side were deleted all receipts from war debtors? It is for the statesmen and not for the banker to answer that question. But I may be permitted a further query, and it is this: If, as President Hoover avowed in his recent message to Congress, the grave economic and financial troubles with which the United States is at present beset arise from the great depression which has engulfed the outside world, how is it possible for the United States to achieve the ambition of many of her present legislators, namely, to seek her individual prosperity through the policy of insular isolation?

BRITAIN'S WAR DEBT RECORD.

In this matter of war debts our country and our successive Governments have nothing to be ashamed of. Britain early proposed to America the cancellation of all the war debts between the Allies. America refused. It therefore became necessary to attempt settlements of these vast international obligations, and in those settlements Britain has been more than generous to her debtors. Indeed, she remitted approximately 70 per cent. of the debts to her war allies, whereas the remission made by America to Great Britain in respect of the Anglo-American debt was something less than 18 per cent. Then again, having failed to carry the policy of all-round cancellation, this country declared, in the Balfour note, that Britain would not take from her Continental debtors more than she was required to pay to America. This declaration has been firmly adhered to; in fact, Britain has so far paid away nearly £200 millions more than she has received. Into the reconsideration of this problem, which economic forces have thrust upon the world, our country undoubtedly enters in a strong position and with a clean record.

But lest it be thought that the elimination of war debts and Reparations would create a new heaven upon earth, I must utter a word of warning. It would be misleading to suppose that such a development would enable all nations to start from scratch. There are some which, in the coming negotiations, have all to gain and nothing to lose, and others which, *directly*, have nothing to gain and all to lose. Great Britain occupies a position between these extremes. I have already referred to the provision whereby we have undertaken to demand from our debtors no more than is necessary to satisfy the claims of our creditors. If both sides of the account are expunged, then our position, so far as net indebtedness is concerned, will be unchanged—and our colossal internal debt, our burdensome taxation, will remain, whilst certain of our commercial and industrial competitors will have secured relief from their already comparatively light obligations. Sir Walter Layton has calculated that Great Britain's internal debt, per head of the population, will then amount to £150, France's to £56, Germany's to £8, and even that of the United States, the heaviest sufferer from cancellation, to only £27. These remarks are not to be construed as an argument against cancellation of war debts. On the contrary, I firmly believe that therein lies our only hope. If such a step will restore prosperity to the world, then Great Britain, even though she may gain a smaller advantage than other nations, will find her own welfare enhanced.

MEASURES OF SELF-HELP.

Insistence upon the vital importance of the internal aspect of present problems should not render us oblivious to the measures of self-help that can be adopted within our own sphere of action, and it is desirable, I think, that we in this country should take stock of our domestic position and see what has been done during the past year both to allay the uneasiness of the outside world and to rectify a position which, as we now all admit, was developing in a way that was unsatisfactory and fraught with grave danger in the light of economic law.

A certain amount has been accomplished. A National Government has been returned by an overwhelming majority of the British electorate. The Budget, which was threatened with a very serious deficit, has, as the Chancellor of the Exchequer assures us, been definitely balanced not only on paper but in actual fact. Expenditure is under control; economies are in train, adequate increased taxes are being successfully collected. Borrowing by the State for the purpose of financing unemployment relief, which in the early part of last year was becoming a menace to our financial stability, has definitely ceased; transitional benefit—popularly known as "the dole"—is being met out of current revenue. Those who are not satisfied that the freeing of the pound from gold will automatically

restore the proper balance of payments may be reassured by the prompt action which Mr Runciman, President of the Board of Trade, is taking to check such imports as the Government considers to be either unnecessary or excessive. Stability of the internal price level has been maintained; inflation has been studiously avoided; the strength and liquidity of our banking system have not been impaired. In not a few hard-pressed industries wage reductions have been put through without resort to strife. In every walk of life there is a generous response to the call for personal sacrifice to help the nation out of its difficulties. In fact, another assurance has been given, if ever it were needed, that whenever the British people are convinced that a crisis exists they rally strongly to the national cause.

NEED FOR FURTHER EFFORT.

From this we may legitimately derive some measure of satisfaction. But the time for relaxation of effort is not yet at hand. We cannot afford to assume that all that needs to be done at home has already been done, and that our own recovery merely depends upon the renewal of better international conditions. Even if the Gordian knot of world problems were to be cut to-morrow, the need for a prolonged national effort would remain. The year 1931 has rammed home the hard economic fact that a nation cannot indefinitely live beyond its means or consume more than it produces. In the year or years that lie ahead there may be other stern lessons to learn, and sacrifices may be called for from citizens of all classes, be they manufacturers, wage-earners, capitalists or rentiers. The willingness with which those sacrifices will be made will depend upon the degree of success achieved by our leaders in inculcating economic truths, and in pursuing a policy which will ensure, as far as may be, that such sacrifices are equally shared among all sections of the community.

THE FUTURE.

As to monetary policy, no forecast can serve any purpose until the major complications of reparations, debts and tariffs have been brought within manageable proportions. If and when a beginning can be made with the restoration of normal world trade, the pound sterling will quickly and naturally find its own proper economic level. There will ensue a period of *de facto* stabilisation and, after that has persisted for a time, the policy to be pursued by the Government will be made clear. Whether that policy will entail a return to a gold standard will depend partly upon whether we are assured that the main causes responsible for the unsatisfactory functioning of that standard in recent years have been removed.

Never before has Great Britain been subjected to so much critical examination, both by her own nationals and by observers abroad, as during the past memorable year. Weaknesses have certainly been revealed, and perhaps over-emphasised, but on the other side this much may be said: that in a world which has been blown out of all recognised courses by the storm of economic depression, this nation yet occupies a position which challenges comparison, financial and economic, and, I might add, in its fundamental attributes of character, with that of any other nation in the world.

INTERNATIONAL CO-OPERATION.

In closing my address to you last year I emphasised that the greatest need of that particular time was a co-operative effort on the part of the whole nation. Teamwork is as necessary to-day in our national affairs as ever it was.

But I would go further than that. The year's events have served very definitely to demonstrate an even greater need—for the spirit of co-operation to be extended to the wider international sphere. The times are critical, and momentous decisions hang in the balance. Are the foundations of a world trade revival about to be laid, or is the world to be allowed to drift into even worse chaos than exists at present? Let us hope that the statesmen of the nations, whenever and wherever assembled, will subordinate national prejudices to the greater issue of world progress, and will unite to work for the common weal. Thus and thus only will there be born anew that hope and confidence of which the world stands in such desperate need, and the weary peoples of the earth will be enabled to raise their eyes to the dawn of promise and prosperity.

The Chairman then moved the adoption of the report and accounts, and Sir Montagu C. Turner, deputy chairman, seconded the resolution, which was carried.

The retiring directors were re-elected, and Messrs. Turquand, Youngs and Company, Messrs. Kemp, Chatteris, Nichols, Sendell and Company, Messrs. Price, Waterhouse and Company, and Messrs. Stead, Taylor and Stead, were reappointed auditors for the year 1932.

VOTES OF THANKS.

A vote of thanks to the directors for the able manner in which

they had conducted the affairs of the bank was carried, and to a vote of thanks to the staff for their admirable work during the past year Mr Charles Lidbury (chief general manager) responded. Other formal votes were carried and the proceedings terminated.

HUNGARIAN COMMERCIAL BANK OF PEST.

The balance sheet for the year 1931—as approved by the board of directors in their meeting of January 20th—shows, including the amount brought forward from 1930, a net profit of P. 5,597,359.27 against P. 5,938,510.63, last year. Following an old practice, profits realised on several transactions already carried out have not been accounted for in this balance sheet.

The board of directors will submit a motion to the ninetyeth ordinary general meeting of the shareholders, to be held on February 3rd, to allocate from the net profit an amount of P. 2,500,000 for the payment of a dividend of P. 5 per share (last year P. 7), and to add P. 1,000,000 to the ordinary reserve fund. The benevolent funds of the staff are to receive P. 60,000, as last year. P. 200,000 are to be allocated to the reserve for the depreciation of the real estates, and P. 997,370.81 are to be brought forward to 1932, against P. 463,605.95 in the previous year.

The board of directors believe it to be advisable to increase considerably the amount carried forward to next year, as the earnings on interest account will probably decrease in consequence of the expected lowering of the interest rates. Profits from foreign exchange and Stock Exchange transactions probably will be less than in 1931, in consequence of Government regulations restricting dealings in foreign currencies and due to the closing of the Budapest Stock Exchange.

The securities owned by the bank were valued as in former years—in accordance with our time-honoured principles—very conservatively. The decline in the prices of the securities, which in several cases has been very heavy, was fully considered.

Net profits declined by 6 per cent. against last year. This is due, first of all, to the fact that a larger amount had to be written off for bad debts than last year. The principal reason for this decrease, however, was the necessity of holding for emergencies large cash balances leading to a considerable decrease in interest earnings.

Owing to the restrictions, and the fact that the Stock Exchange has been closed, profits on both foreign exchange and Stock Exchange business decreased.

A compensation for the fall-off in the earnings as described above was partly provided by the fact that, owing to the great confidence towards the bank, deposits began to increase already at the beginning of the year. The upward tendency was even more marked during the second half of the year, when considerable funds were received for foreign account. The savings effected in overhead expenses helped also to set off the decrease in the earnings.

The figures of the balance sheet for 1931 compare with the year 1930 as follows:—

Deposits in savings accounts increased from P. 133,968,748 to P. 156,642,121. Deposits in current accounts rose from P. 117,379,446 to P. 146,558,181. The aggregate increase of the two items is P. 51,852,000, or nearly 21 per cent. The item of other creditors, consisting only of reimbursement credits opened abroad on behalf of the clients of the bank, fell from P. 6,329,823 to P. 2,356,200.

From the assets, deposits with banks decreased from P. 27,627,656 to P. 25,515,400. On the other hand, cash on hand rose from P. 12,973,375 to P. 45,107,412, and bills discounted from P. 119,759,678 to P. 143,156,299. The three items together show an increase of P. 53,418,000, or about 33 per cent., against a rise of 21 per cent. of the deposits.

The turnover as shown on the side of the general ledger increased from P. 13,212,846,000 to P. 13,604,678,000. The turnover of the cash department also increased from P. 3,219,673,000 to P. 3,830,547,000, and that of the deposit department from P. 3,069,572,000 to P. 3,131,154,000. On the other hand, the turnover of the foreign exchange department declined from P. 5,225,654,000 to P. 4,856,395,000. The turnover of mortgage bonds and communal bonds has also increased, the bonds in circulation amounting at the end of the year to P. 52,368,390 against P. 49,804,776 at December 31, 1930.

In the meeting of the board, Mr John de Teleszky, vice-chairman, addressed Mr Philip Weiss, the chairman of the board of directors, who joined the staff of the bank fifty years ago, congratulated the jubilant warmly on behalf of his colleagues, and expressed the high appreciation of the board of directors of the remarkable services Mr Weiss rendered during half a century in connection with the development of the bank.

MARTINS BANK LIMITED.

INVESTMENTS AND RESERVES.

BRITISH TRADE OPPORTUNITY.

MR A. A. PATON ON VALUE OF CURRENCY UNION.

STEADINESS DURING CRISIS.

Turning to the events of the past year, the outstanding features were the German crisis leading to the moratorium in respect of war debts proposed by President Hoover, the suspension of the gold standard in this country, and the election by an overwhelming majority of the National Government.

It is with some measure of satisfaction that we can look back on the steadiness shown by our people throughout the crisis, as compared with the world-wide nervousness, and their response, amidst a confusion of issues, to the call to elect a Government pledged to economy and a balanced Budget.

The Government has been invested with power and freedom to an extent not known before, and has a strong weight of public opinion supporting it in the attempt to reduce expenditure, thereby leading the way towards a more widespread reduction of costs. It is not only by national and municipal effort that we can effect an improvement. Until we can reduce substantially our expenditure in all directions there can be no recovery.

IMPORTANT FACTOR.

The diminution in production costs in industry, which have increased to a point beyond our capacity to pay, is a very important factor in any effort to rehabilitate ourselves, and will do far more than curtailment of imports or other suggested measures to achieve this result.

How great is the task before the Government and the nation is evident from a review of the principal industries of our country. I will summarise now, as is my custom, the situation in those industries in which this bank is especially interested.

COTTON TRADE.

The greater part of the past year proved most difficult for spinners and manufacturers, who had many adverse factors to combat. Internally, employers have been unable to agree on any scheme of organisation or mutual co-operation; and the operatives have not been wholly willing to co-operate with employers in an attempt to find a solution of the industry's problems.

The external factors over which the industry has had no control have been very detrimental. The world crisis increased in severity as the year advanced and the cost of manufacture and distribution could not be regulated to keep pace with the continued fall in the price of basic commodities. Additional tariff walls were raised against Lancashire products, and the Indian boycott was intensified, while our trade in China was affected by the disturbances in that country.

It is clear that we have a surplus both of spindles and looms in relation to world consumptive power for some time to come, and a scheme has been proposed for the purchase and scrapping of redundant machinery. I confess to doubt whether, even if unanimity be obtained, the scheme can be financed by means of the proposed levy.

In September a definite improvement took place in the sales of yarn and cloth following the abandonment of the gold standard, but Japan's embargo on gold exports has counteracted this gain to some extent. At the same time, many spinning mills have good order books, and the immediate outlook is brighter than it has been for some years.

It is to be hoped that employers and employees will at this critical period come together in a resolute effort to save the industry.

WOOL TEXTILE INDUSTRY.

At the opening of the year wool values were below the level ruling immediately before the war, and the products were available at prices which normally should have stimulated demand. Both at home and abroad, however, the trade continued to show disappointing results.

It is true that, early in the year, some speculative activity caused an extensive buying movement for tops and yarns, which resulted in a rapid rise in prices. But with an inadequate demand for finished products prices again declined, and business became restricted in all branches.

The suspension of the gold standard acted as a stimulus and created an improvement, the effect becoming apparent during October. The depreciation in sterling placed West Riding spinners in a

The hundred-and-first annual meeting of shareholders of Martins Bank, Limited, was held on the 26th instant, at the Exchange Hotel, Liverpool.

Mr Alex. Allan Paton, C.B., presided over a large attendance.

The Chairman, in proposing the adoption of the report of the directors and the accounts for the year ending December 31st, said:—The report and accounts are in your hands, and with your permission we will take them as read. For various reasons, we departed slightly from precedent this year in making the figures available to the Press before the report could reach the hands of shareholders.

We record in the report the severe loss we sustained through the death in March of Sir George H. Fisher-Smith, chairman of the Leeds District Board, who, as stated, had rendered valuable service to the bank.

In my speech last year I referred to 1930 as the most anxious of all the post-war years, but its anxieties have easily been eclipsed by those of 1931. Let us hope it has witnessed the lowest point of the economic and financial depression which has afflicted the whole of the civilised world.

DIVIDEND 14 PER CENT.

It was difficult to employ our funds at remunerative rates in the first six months of the year, and profits were greatly reduced. The second half enabled us to regain some of the lost ground, but the improvement was insufficient to justify anything more than the maintenance of our dividend at 14 per cent., to which figure it was reduced in July last. In such difficult times it is very necessary to conserve our resources, and after making an allocation to contingency fund before arriving at our profits, we have considered it advisable to place an additional sum of £100,000 to this fund.

Our profits at £703,154 show a decrease of £90,396. We carry forward the increased amount of £130,824 to the next account after making the above-mentioned transfer and paying the dividend.

Deposits stand at £75,927,392, against £78,562,603 a year ago, and advances have contracted by £2,799,640. Acceptances are also less at £1,684,590, the figures all giving the same evidence of reduced trade in spite of the improvement in the latter half of the year.

Cash in hand gives a ratio of 11.5 per cent. to liabilities to the public. The ratio to liabilities of cash in hand, money at call and short notice, balances with other British banks, and cheques in course of collection is 24 per cent., a very satisfactory figure.

Treasury bills stand at £5,350,000, an increase of £635,000, and British bills of exchange amount to £1,730,808, against £2,436,634 at the end of 1930.

INVESTMENT VALUES.

The bulk of our investments consists of Government stocks and short-term Treasury bonds, the latter of which all mature within four years, and are shown separately on this occasion. As is well known, the price of gilt-edged securities have suffered considerable depreciation, and to provide for the shrinkage in market values of our investments we have transferred £607,872 from the reserve fund in preference to reducing our investment reserve. Our investments now stand materially below current quotations, and there will be a substantial recovery on our short-term bonds at maturity. I need hardly tell you that it will be our first care in future years again to build up our reserve fund, which in the meantime remains at the substantial figure of £2,900,000.

Immediately below investments in the balance sheet, it will be seen that we have specified our holding of Yorkshire Penny Bank shares previously grouped under other assets and accounts. The shares at cost are conservatively valued and constitute a sound and remunerative investment.

The item of premises has been increased by £230,319 during the year, principally due to the balance of the cost of rebuilding our London office and to further outlay on our new head office, which we had hoped to occupy this month. Various difficulties have delayed completion of the building, but we expect to transfer our business within the next few months. Several tenants are already in occupation of offices, and lettings so far have reached 50 per cent. of the rentable space.

more, favourable position for meeting French competition in the hosiery yarn trade, and a largely increased volume of business was done in the Midlands.

An improvement took place also in the dress-goods trade, and the general result was a substantial increase in machinery activity, with a steady reduction in the number of unemployed operatives.

The improvement in business has been largely confined to the home market, as the expectations of an increased export trade, due to the depreciation in the value of the £ sterling, have not yet been fulfilled.

The future of this industry, as of all the others by which we live, depends upon the restoration of international trade.

GRAIN TRADE.

Abundant supplies in wheat-producing countries have enabled millers to obtain their stocks on advantageous terms. Liverpool has had an increasing share of the world trade in wheat, largely owing to the popularity of the Futures market and the facilities it affords for insurance against loss caused by any large fluctuations in world prices. This applies equally to the trade in maize.

Prospects in the home markets for both grain and flour seem brighter, owing to the successful agreements made with the Government.

COAL, IRON AND STEEL.

Imports of steel have exceeded exports by no less than 715,000 tons, and there is an urgent demand by many sections of the trade for a protected home market in consequence.

The coal trade has been seriously affected, partly by the depression amongst the coal-consuming industries and also by restrictions on imports of coal by several countries. The prospects for the coming year are slightly more encouraging, as we have been better able to meet the competition of Poland in the Scandinavian countries since we went off the gold standard. There is also some improvement in the demand for bunkering coal.

SHIPPING.

Conditions have been most unfavourable.

Since September a certain number of vessels have been taken back into commission, but outward cargoes have been light in most cases.

At one time the seas were a busy highway for our trade, and the outlet which first established our commercial prosperity in the world. Now these highways are empty, due to high tariff walls, and our ships have returned home to be laid up in idleness.

It is primarily the lack of exports which has produced stagnation in the shipping industry, and whereas exports may be stimulated through the fall in sterling, they may be seriously impeded by the tariffs of this country which are likely to increase costs, and by the tariffs of other countries raised in retaliation.

AGRICULTURE.

Owing to the fall in price of live stock, and the wet weather, which made harvesting difficult, the farmers in the North of England have experienced a bad year.

Potatoes and turnips were seriously affected by the abnormal rain and lack of sunshine. Oats alone brought a better return than previously. In Cheshire conditions have not been unfavourable as compared with recent years, and dairy products improved a little towards the end of the year.

INTERNATIONAL CONDITIONS.

From the foregoing it is seen that the industries under review have without exception suffered to a degree probably unparalleled in their history. The future may, we hope, be less desperate than the past, yet there is a long effort before each industry if it is to emerge effectively from the depression.

The features of uncertainty which still overcloud our situation are mainly international. Until the War Debts and Reparations questions have been settled there can be no recovery of confidence among foreign investors, and no easing of monetary conditions in this country.

Recently the defences of our money market were considered so impregnable that international obligations in the interest of Germany and other countries were assumed which proved too burdensome, and we were forced off the gold standard. Now we suffer the double difficulty of having to meet these obligations and preserve British credit in the face of a depreciated £ sterling.

PRESSURE ON GERMANY.

It is of the utmost urgency, therefore, that the pressure on Germany and other countries in which British resources are in jeopardy should be raised, and that there should be an effective settlement of the War Debts problem. The recent meeting at Basle was primarily to discover the best method of re-establishing confidence, and to ascertain what, if anything, could be done to restore the world's faith. Apparently, it may be deemed expedient to

extend the moratorium, and to postpone the War Debts and Reparations Conference.

A further international difficulty is that foreign lending by British investors is being curtailed, partly owing to our adverse balance of trade and partly to the high value of foreign currencies. As a result, we are not only less able to assist the industrial recovery of our chief foreign customers, but we cannot provide them with funds for the purchase of British exports. This, coupled with the intensification of the tariff war, may prove a serious barrier to the recovery of the key exporting industries of Great Britain.

OPENINGS FOR SALESMANSHIP.

Against these handicaps we may set certain opportunities which, if widely used, may speed this country more certainly on its way to recovery. As is well known, every unsheltered industry previously the butt of foreign competition has now secured a form of bonus or protection through the decline of sterling. The wide campaign in favour of British goods has been reinforced through a 40 per cent. increase in the price of foreign goods in terms of sterling. There are thus exceptional openings for expert salesmanship both at home and in the foreign markets, and the future of British industry depends more than at any previous time on the energy and efficiency of its commercial arm.

This exchange advantage has been diminished recently by the suspension of the gold standard in other countries, but the loss is largely offset by the tendency of those countries to ally themselves to Great Britain and to restore confidence in British currency. Were there a strong movement towards the acceptance of sterling as a basis for the stabilisation of other currencies, the pressure on London would be lifted, and there would result a situation in which discount and interest rates might permanently be reduced. It seems, then, that although the departure of other countries from the gold standard deprives Great Britain of an exchange advantage, it none the less paves the way for our closer union with them; and it may be possible to link them together into a "Sterling Area" so that over large tracts of the international market there will be stability of exchange rates, interest rates and price levels.

SUGGESTED CURRENCY UNION.

Among the more general, though not in the long run less significant, signs of new hope, is the apparent weakening among important nations of the intensely nationalistic attitude to which much of the world's present distress is due. Great Britain has suffered grievously through its willingness to remain in association with others less ready to co-operate in the creation of stable world conditions. Nevertheless, some degree of unity of action is still essential. In a country, whose foreign trade is 25 per cent. of the whole, recovery depends above all on the development of a positive and permanent system of world co-operation. Its own attempts should no doubt be confined henceforth to forming an alliance with those countries to which it is united by a common aim. In this direction there is prospect of fairly immediate progress as is shown by the joint action of Scandinavian countries in proposing a closer alliance among northern European nations. It would be difficult to exaggerate the value to Great Britain and the Empire of forming an immediate Currency Union with those nations which have departed from the gold standard and are prepared to seek stability through definite co-operation to this end.

It is my earnest hope that the industrial position now reached, which may justly rank as one of opportunity, may be converted through the calm and energy of our people, into one of large promise.

THANKS TO EXECUTIVE AND STAFF.

Before moving the adoption of the report I would like you to join with me in expressing to the general manager and all the executive officers of the bank our appreciation of their skill and unremitting labour during the last twelve months. Their united efforts, together with the helpful co-operation of all the staffs, have evidenced a whole-hearted interest in the welfare and progress of the bank and helped materially to lighten our task.

The Chairman concluded by moving the adoption of the report of the directors.

Lord Colwyn seconded, and the motion was carried unanimously.

RE-ELECTION OF DIRECTORS.

Lord Ebbisham proposed the re-election of Lord Colwyn, Mr W. R. Glazebrook, Sir James E. Haggas and Mr. Alex. Allan Paton as directors. It was very gratifying, he said, that, during the most difficult banking years ever experienced, the directors, general manager and staff had so successfully maintained and increased the strength of the bank.

Mr J. A. Tinne second the motion, which was approved.

On the motion of Mr John H. Grey, seconded by Mr G. S. Lloyd Davies, the auditors, Harwood Banner and Son, Liverpool, Peat, Marwick, Mitchell and Company, of London, and Thomas Bowden Sons and Nephew, of Newcastle-upon-Tyne, were re-appointed.

VOTES OF THANKS.

Mr A. E. Leaf moved a vote of thanks to the directors, committee of management, the general manager and other officers of the bank for their valuable services during the past year. He described it as a resolution which deserved a floodlight of illumination after experiences such as they had recently gone through.

Mr F. Brocklehurst having seconded, the motion was carried with acclamation.

Mr A. F. Shawyer, general manager, who was cordially received, responded. They would have to go a long way back in the history of the country, he remarked, to find a more anxious time than the one recently experienced, and rarely had chairman and directors given more freely of their services. From his colleagues he had received splendid co-operation and most loyal support. (Applause.)

On the motion of Colonel James Walker, a cordial vote of thanks was passed to the chairman, whose acknowledgment terminated the meeting.

ILLUSTRATED NEWSPAPERS, LIMITED.

FINANCES ON SOUND BASIS.

The sixth annual general meeting of Illustrated Newspapers, Limited, was held on Thursday, at Southern House, Cannon Street, London.

Mr William Graham (the chairman) said that the accounts disclosed a profit for the year of £182,772, which, he regretted to say, was substantially less than the profits of the previous year. The financial position of the company was on a sound basis, and they were hopeful that in time the investments would substantially improve in value.

Continuing, the Chairman said: It is, of course, a matter of great regret to the directors that the trading shows a substantial shrinkage on the trading of previous years, but regard must be had to the exceptional condition that has prevailed in all matters commercial, financial and international, which could not but have a very serious effect upon the revenues earned by our shilling illustrated papers. It cannot be denied that they appeal to a class which has been very severely affected. Moreover, the principal source from which they draw advertisements are businesses dealing in quality products.

As you all know from reports and reduction of dividends paid by other publishing concerns, there has been a heavy shrinkage in profits, and your directors have reason to think there is some good ground for congratulation on the fact that we have done as well as we have. The experience of all engaged in the newspaper business is that the year 1931 was the worst for very many years.

GOOD RESULTS FROM TRADE EXPERTS.

I am very glad to be able to inform you that our trade papers have stood up in this world's crisis in a remarkable manner. You will observe from the balance sheet that the dividends to be received by this company from that source are very little below the dividends received for the previous year. You have, in the trade papers, stable assets of very great value.

It is difficult and dangerous to express any opinion as to the prospects in the early future, but there is a general belief growing in extent, that we have been through the worst. There is no doubt a greater confidence in trade circles and a general improvement in trade must bring with it an improvement in our revenue.

The efforts that are now being made for the purpose of balancing imports and exports and raising revenue by the imposition of tariffs and we are confident must increase production in this country, and advertising must follow in the wake of increased production, and our papers, which hold a unique position and are without competition, will be recognised, as they have been in the past, as most reliable media for advertising. It is always to be remembered that our papers pass from hand to hand—the sales of our papers, though large, are no measure of the circulation. In that respect, they are on an entirely different footing from daily and the cheaper class of journals.

CONSIDERABLE ECONOMIES EFFECTED.

Considerable economies have already been made, and we are actively engaged on a scheme for a closer centralisation of the commercial departments of our business, which will produce further savings, the benefit of which will be reflected in this year's trading. Our papers have maintained their reputation. We have paid attention in every direction to making economies where those economies do not affect the character and standard of our journals, which we are determined to maintain.

The report and accounts were adopted.

ANGLO-FRENCH BANKING CORPORATION, LIMITED.

INHERENT VITALITY OF THE ORGANISATION.

The ordinary annual general meeting of the Anglo-French Banking Corporation, Limited, was held, on the 26th instant, at River Plate House, Finsbury Circus, London.

Mr F. A. Szarvazy (the chairman), in moving the adoption of the report and accounts, said: The past year will be remembered by the business community of the world, and in particular by bankers, as one of the most anxious periods in the present generation. That our young institution has emerged from this crisis with no greater damage than is revealed by the accounts is a proof that its affairs have been conducted throughout according to the best established rules of British banking practice. When you consider that in a brief period of six months nearly 95 per cent. of our deposits were withdrawn and that at the same time we had to provide for the orderly contraction of our acceptance business by over 50 per cent., you will appreciate the strain put upon our resources, and at the same time you can judge the inherent vitality of our organisation and the soundness of our methods of management.

It is not as if these deposits, which at one time reached nearly £3,800,000, had been taken from us through want of confidence in our institution. They were withdrawn as a consequence of the flight from the £ and the after-effects of that move, which culminated in Great Britain being forced to abandon the gold standard. That is, by causes entirely outside our control, but, unfortunately, just at a moment when our bank had not yet had time to accumulate reserves for contingencies such as other old-established institutions possess, and by virtue of which the banking community as a whole has been able to weather the storm so successfully in this country.

THE OUTLOOK.

In spite of the setback suffered during the past year, I look to the future with confidence, in the knowledge that as soon as conditions return to normal our bank will be able to renew its activities and develop lucrative business.

I think, speaking in general terms, that we have seen the worst and that the outlook, more particularly in this country, is gradually getting brighter. Had it not been for the necessity imposed upon us of realising investments consisting mostly of British Government securities in order to repay deposits, and thereby incurring heavy sacrifices, the year's result, in spite of the catastrophic disorganisation of business all the world over, would have been comparatively favourable, leaving a fair trading profit, while our bad and doubtful debts, having regard to the world crisis, were quite moderate.

You notice in the profit and loss account that £98,000 of the total loss was caused by the realisation of British Treasury bonds, which, after all, must be looked upon by every banker as the highest class of security in which to invest funds, the liquidity of which must be his main concern.

Our acceptance commitments in Central Europe look heavy when compared with the reduced total of our balance sheet, but the explanation is that practically all other credit commitments have been liquidated in view of restrictions in the discount market, and that the scope in other directions where credit was required and could, in the judgment of the board, be extended with reasonable safety, was throughout very limited.

However, as a result, our commitments in other parts of the world, where critical financial situations have developed, are very moderate.

In the circumstances, little if any fresh business can be undertaken, but, on the other hand, commissions on acceptance business have been raised all round, and even at the reduced level of our acceptance circulation, our earnings from this source should not fall far short of the normal return.

At the same time, business in foreign exchange has become more profitable owing to the wider margins obtainable, and we are developing a very satisfactory connection in investment securities, for which we are favourably placed through our special connections here and abroad.

So much has been said and written in recent months about the gold reserves and monetary policy of France that it is hardly necessary for me to touch upon the subject, except to say that, in my opinion, it has not been the deliberate policy of the French monetary authorities to attract gold. The metal has flowed to that centre automatically as a result of the unsettled economic conditions, aggravated by the fact that the gold standard is not adapted to the functions which it has had to perform since the war.

The Banque de France has kept its discount rate as low as it was possible during the whole year, sometimes almost at a nominal figure, but movements in Bank rates under present-day conditions have ceased to exercise the same effect as at a time when balanced economic conditions ruled all the world over.

The report and accounts were unanimously adopted.

PROVINCIAL BANK OF IRELAND, LIMITED.

DIVIDEND MAINTAINED.
BANK'S STRONG POSITION.
CONDITIONS IN THE FREE STATE.
MR R. D. TROTTER'S SPEECH.

The half-yearly general meeting of the shareholders of the Provincial Bank of Ireland, Limited, was held, on the 27th instant, at the office of the company, 8, Throgmorton Avenue, London, E.C.

Mr Richard Durant Trotter (the chairman) presided.
The Secretary (Mr Francis S. Forde) having read the notice convening the meeting and the auditors' report,

The Chairman said:—Gentlemen,—It is my privilege to move the adoption of the report and statement of accounts for the half-year to December 31st last. The report has been in the hands of the shareholders for some time, and I trust that as usual, you will take it as read.

You will first, however, wish me to make some remarks on the statement we place before you to-day. Comparing the figures with those of a year ago, you will see we have a smaller balance available for distribution, but this was to be expected, in view of the present world-wide depression from which Ireland has not escaped.

Note circulation shows an increase of £25,000, while our deposits are higher by just over £100,000—though this is probably due to some extent to an influx of American money towards the close of last year.

BALANCE SHEET—ASSETS.

Turning to the assets side of the sheet, we find advances to customers stand at £6,720,800, practically the same as a year ago. Our cash shows the appreciable increase of £273,000. We have again introduced British Government Treasury bills which, as you know, have a three months' currency, and these with the amount at call, show an increase of £220,000 on the relative figure of twelve months ago, and I think you will agree this discloses a strong cash position, and with investments at £7,815,000 our liquid assets give the high proportion of 62½ per cent. against our liability to the public. I feel sure that you will regard this as very satisfactory. We believe that full provision has been made for all bad and doubtful debts.

We distribute the same dividend as we have done for many years past, at the rate of 1½ per cent. per annum, and you will note that income tax at 5s. only has been deducted—the bank defraying the additional sixpence in respect of the dividend for the half-year to June 30th last, imposed by the Second Finance Act, so that the shareholders have benefited accordingly. While on the subject of dividends, you will have noted that during the past year the majority of the banking institutions at this side have found it necessary to reduce their distributions to their shareholders and though we in Ireland have been able so far to keep the dividend at the old figure, we must bear in mind that this may not continue to be possible, seeing that the charges falling on the banks are steadily moving upward, with no really compensating benefit to put against them.

ABNORMAL DEPRECIATION.

You will see by reference to the report that we in common with other banks have dealt with what we regard as an abnormal situation in the depreciation which has occurred in gilt-edged securities, and your board have considered it advisable to withdraw from the reserve fund the sum of £250,000, which was more than sufficient to bring the investments into the balance sheet at or below the market price as at 31st ultimo. We could have arranged the matter by setting aside this amount from the reserve in a special account, but we decided it was better to make a clean withdrawal, and I feel confident you will agree this is the proper course to adopt, as more clearly showing the true position.

It is very satisfactory to be able to record, however, as you will have observed, that prices have since appreciated and a considerable portion of the depreciation has been recovered, and apart from this a large proportion of the bank's investments are of short date repayable at par. As I am referring to the subject of the general depreciation, it is very gratifying to find that the Free State loans maintain so consistently their par value, indicating a high standard of credit.

Meanwhile, we have added £20,000 to the reserve fund, making the present total £440,000. Our bank premises account stands at £206,000, at which figure we regard them as much undervalued.

SITUATION IN THE FREE STATE.

Turning to matters in the Free State, the various reports received from our branches indicate that, on the whole, the results of the harvest have been disappointing, and generally speaking it has been a bad year for the farmers, particularly those who have had to employ outside labour. Prices for produce have been in many cases unremunerative, while cattle have also proved a disappointing market, and, unfortunately, the export of livestock from the Free State for 1931 shows a considerable falling off both in value and in numbers from the figures of 1930.

It has, however, to be borne in mind that the exports of the majority of the world's producers show a decrease due to present world conditions, but we are confident that the Free State Government will endeavour to see that her farmers are placed, as far as possible, in a protected position, and on a remunerative scale of prices, and in this connection, it is of interest to note that some of the Free State Ministers had recently a preliminary discussion with Mr Runciman, the President of the Board of Trade, and it is to be hoped that goods results will ensue.

NORTHERN IRELAND.

Turning to Northern Ireland, we learn the demand for linen manufactures shows a considerable expansion, especially since Great Britain moved off the gold standard, with the result that spinning mills and weaving factories are better provided with orders than they have been for several years past, and I am sure we all trust this improvement may continue.

The largest ship launched from British yards in 1931 was launched at Belfast, and the fitting out of this and two other large ships launched during the year is still providing a considerable amount of employment.

The recent burning of the fine ship "Bermuda" while undergoing an overhaul at Belfast is to be greatly deplored as having thrown a large number of men out of work, and it is unfortunate that the replacement order in the matter has gone elsewhere.

There is no doubt that, when the hoped-for revival in shipbuilding materialises, the Belfast yards will be in a strong position to take immediate advantage of it, and the quality and splendid performance of the ships built there should prove a good advertisement for the North of Ireland shipbuilders.

A VERY DIFFICULT HALF-YEAR.

I do not think I need make any further comment in regard to our business, save to say that the past half-year has been a very difficult one. Political and economic causes have led to a series of such rapid changes in many parts of the world that it has been well-nigh impossible for the ordinary individual to follow them. The Austrian and German difficulties of last summer were followed by Great Britain going off the gold standard in September, when several other countries closely connected with her in trade adopted the same policy. Owing to the narrow market, exchange fluctuations became so wide that in many cases resort was had to the ancient system of barter.

The trade depression has become almost universal, and nations have adopted the policy of refusing to buy, which must, in the long run, result in their being unable to sell. War debts and reparation payments, which have led to the huge accumulation of gold in America and France, where tariffs have prevented debtor countries discharging their liabilities in goods, are blamed for most of the trouble. The consequent rise in the price of gold has led to the world-wide fall in commodity prices, and what the world needs at the present time is an increase in purchasing power. Sir Robert Horne said recently "We must raise prices to a level justifying our debts or reduce debts to a level not out of accord with prices—of the two alternatives there are few who would not choose the former."

CURRENT YEAR'S PROSPECTS.

The immediate prospects for the year on which we have just entered do not yet show any great signs of improvement, but, despite the difficulties we have had to meet and are still meeting, I feel sure you will agree that the bank has maintained its sound position.

This is in no small degree due to the efforts of our staff. In times like those through which we are now passing the value of a loyal and energetic staff to an institution such as this is very great. The

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board desire to record their cordial appreciation of the services rendered to the bank by all ranks of the staff in their unremitting attention to their duties.

I now beg to move that the report and statement of accounts for the half-year to December 31st last be confirmed and adopted, and I will ask Sir William Goschen to second this proposition.

The Hon. Sir William H. Goschen, K.B.E.: I beg to second the resolution.

The resolution was then put to the meeting and carried unanimously.

RE-ELECTION OF DIRECTORS.

The Chairman: I now have to propose the re-election of Mr John Charles Denton Carlisle as a director. Mr Carlisle's knowledge of the discount market has been of great service to the board, and he is well known to you.

Mr A. B. Leslie-Melville: I have pleasure in seconding that. The motion was unanimously approved.

The Chairman: I now beg to propose the re-election of Mr Edward Ralph Douro Hoare as a director. Mr Hoare perpetuates a very old connection on the board of this bank.

Mr Robert J. Fitzgerald: I beg to second that.

The resolution was passed unanimously.

Mr Charles Montefiore: I have very much pleasure in proposing the appointment for the ensuing year as auditors of Mr Stuart R. Cooper, F.C.A., and Mr G. Brock, F.C.A., at the fee of 400 guineas.

Mr Steward: I beg to second that.

The motion was unanimously agreed to.

VOTE OF THANKS.

Mr Montefiore: I think there remains only one other matter, which I should like to put before the meeting, and that is to propose a vote of thanks to the chairman and directors. As the chairman has so rightly said, the past year has been a most difficult one for everyone engaged in banking, and that the board has been able to put before us such a satisfactory account of their stewardship is a matter on which we, as shareholders, can congratulate ourselves most sincerely. As he has indicated, there are many questions unsolved and many difficulties both for this country and for the country in which we are particularly interested, and, indeed, in all parts of the Empire, but I feel certain we can safely leave our affairs in the hands of our directors. On behalf of the shareholders I would, therefore, like to move a hearty vote of thanks to the chairman and his co-directors for the work which they have done for us during the past year.

Mr William H. Corker: I have much pleasure, sir, in seconding that vote of thanks, for the report which you have submitted is a most excellent one. As regards the Irish Free State, in which I am particularly interested, it seems to me that the most serious matter over there is the position of the Great Southern Railways, to which up to the present the Government have not been very sympathetic. It is to be hoped that they will take some measures to relieve the Railways Company from its heavy liabilities and the unfair competition of the 'buses on the road. If that were done, gentlemen, I think it would help very much to relieve some of the depression in the Irish Free State. All the same, sir, we are much obliged to you and your co-directors and also to the staff for what you have done.

The vote was unanimously accorded.

The Chairman: Mr Montefiore and Mr Corker, on behalf of my colleagues and myself I thank you very much for the kind remarks which you have made, and I can assure you that we will endeavour to continue to deserve them.

The proceedings then terminated.

ASHANTI GOLDFIELDS CORPORATION, LIMITED.

INCREASED PROFITS AND ORE RESERVE.

CAPITAL BONUS IN SHARES.

The thirty-fifth ordinary general meeting of the Ashanti Goldfields Corporation, Limited, was held, on the 28th instant, at the Holborn Restaurant, London.

Mr James H. Batty (the Chairman) said that the total profit earned was £422,509, an increase of £101,947 over last year. Investments in Government securities had increased by £27,621, after writing off about £30,000 depreciation in market value as at September 30th last. On the basis of to-day's price a substantial portion of this amount had been recovered. Cash in hand showed an increase of £64,691, practically all of which was represented by money on deposit. Two interim dividends had been paid out of the year's profit, totalling 50 per cent., and the directors now recommended a final dividend of 40 per cent., making 90 per cent. for the year.

The year under review showed a still further reduction of 3s. 11d. per ton on the working costs, and they hoped to effect savings again this year.

In calculating the ore reserves this year at 667,400 tons, Mr Watkins included some lower-grade ore in the Ashanti Mine, which the reduction in working costs had brought into the payable zone. In doing so, he had no regard to the present enhanced price of gold. The result of this decision was reflected in the increase of 60,000 tons, and a somewhat lower grade, as compared with last year.

He would shortly ask the shareholders to sanction the payment of the final dividend, and took this opportunity of informing them that in future the board proposed to pay three dividends a year; the approximate dates would be June 1st, October 1st and, say, January 31st, the last being the final dividend, which would naturally depend on the date of the annual general meeting.

It might interest them to know that during the company's existence it had paid a total of £3,466,000 in dividends, which was equal to an average of 49.6 per cent. per annum for the 35 years the company had been in existence.

CAPITALISATION OF RESERVES.

He would also ask them to pass a resolution to increase the capital of the company to £500,000 by capitalising £125,000 from the reserve account. In recommending this course, the directors had in mind the probable expenditure on a new shaft within the next two or three years. They considered it wise definitely to set aside this capital now, particularly as, so far as they could foresee at the moment, it would in no way impair the prospects of future dividends. He was confident they would approve of the precaution the board was taking at a time when liberal dividends were being paid. He also thought they would agree with the directors' action in writing off the market depreciation in Government investments at September 30th, notwithstanding the fact that, but for this, the final dividend might have been larger. The uncertain outlook in Europe and its possible influence on sterling must necessarily be taken into account in distributing profits. He hoped it might be possible at some future date to open a dividend equalisation account in their books, by which they could put aside, in the days of prosperity, sums of money which could be drawn upon, should occasion arise in the future from causes quite unseen at present.

LARGE INTEREST IN BIBIANI.

Referring to the company's interest in the Bibiani Mine, the Chairman said that they not only had a large holding in shares in that company, but they had advanced them sums to enable them to carry on development work. They had felt and still felt greatly responsible for the success of this venture. The consulting engineer's report, published last month, indicated that the development had reached a stage when he could advise the directors that they were justified in providing the capital required to erect a first unit of plant for treating 100 tons a day, and he was of opinion that this could be worked to show a margin of profit and so contribute funds for further development expenditure. This was to be a first unit of plant, to be added to as future developments warranted.

It was estimated that there were some 180,000 tons ore reserves of 8 to 10 dwt. in value now available for stoping. The nominal capital of the company was being increased from £100,000 to £400,000 in 4s. shares. The Bibiani directors were about to invite subscriptions for 750,000 shares at par, with the right to call for a further number of shares at 4s. 6d. (a premium of 6d. per share), at any time up to February 28, 1933, in the ratio of one share for every share allotted in the present issue. Shareholders of the Corporation would be given an opportunity of applying for any surplus shares.

The report and accounts were unanimously adopted, and resolutions were passed authorising the increase of capital and the proposed capitalisation of reserves and distribution of bonus shares.

NATIONAL DISCOUNT COMPANY.

A YEAR OF DIFFICULT CONDITIONS.

THE HON. SIDNEY PEEL ON INTERNATIONAL PROBLEMS.

The ordinary annual general meeting of the National Discount Company, Limited, was held at Southern House, Cannon Street, London, E.C., on Wednesday, January 27th, Colonel the Hon. Sidney Peel, C.B., D.S.O. (the chairman), presiding.

The Secretary (Mr Charles H. Gough) read the notice and the report of the auditors.

The Chairman said:—Gentlemen,—I presume that you will, as usual, take the report and accounts which have been circulated as read. (Agreed.)

In view of recent events with which we are all familiar, you will not be surprised if I tell you that we have found the past year not only a difficult one, but also one which has been less prosperous than its predecessor. Our gross profits for the year were £671,000, against £691,000, not such a bad result considering adverse factors, but that is only part of the story. With the high Bank rate now prevailing, and not a very clear future in front of us, we have to make a larger allowance for rebate, namely, £497,000, against £429,000 brought in from the previous year, and that gives us a sum of £174,000, compared with £262,000, the corresponding figure for 1930, to be added to the carry forward, and available for payment of our ordinary expenses, dividend, etc.

BANK AND DEPOSIT RATES.

We had last year to face a condition of things, namely, the rises in the Bank rate, and consequent rises in deposit rates, which always produces a loss of profit for discount houses in two directions, first, by their being forced to carry a stock of bills for some time at unremunerative rates, and, secondly, by a depreciation of gilt-edged securities. However clearly you can foresee a coming change, you can only palliate its effect. You can only slightly contract your holdings. You have to go on taking bills and taking deposits, otherwise you may lose them for good. Last year I said that a change of rates in the upward direction was inevitable some time, hoping that it would be produced by the absorption of money in improving trade, and not in the least foreseeing the actual causes which have produced the change.

Like a temperature chart of a patient, the agitated movements of the Bank of England rate form a very good graph of the troubles in which this country found itself during 1931.

We began the year with a 3 per cent. rate. A further fall was confidently expected, but did not occur until May 14th, when it fell to 2½ per cent. At this figure it remained for two months, and the fine bill rate of June was hardly over 2 per cent. Then followed two dramatic changes on July 23rd and July 30th, of 1 per cent. each time, and finally another rise from 4½ per cent. to 6 per cent. on September 21st. The rate for three months' fine bills in December was just under 5½ per cent., as against 2 per cent. in June.

DEPRECIATION OF SECURITIES.

I come now to the second question which we had to decide with regard to our year's accounts, namely, the question of the depreciation of securities. We began the year with some £4,000,000 of securities; although we had already some reserves allocated for that particular purpose, and although we had opportunely diminished our holdings before the crisis began, there was still a margin required to meet the cost of writing down securities to market price or under. This margin was not, in the circumstances, a very large one, but it had to be met. Three courses were open to us. One was to take it from the general reserve fund. This is, in my opinion, a very proper course if the depreciation is large, and has been adopted by many of the banks. The second was to provide the sum required out of inner reserve, that is, the contingency fund. This is the course we have adopted, and it seems to us the right one, first, because the amount is not so great as to cripple the efficiency of these inner reserves, and, second, because of the nature of the depreciation. As explained in the report, practically all these securities are British Government or L.C.C. short-dated bonds, and we have a right to assume that they will be paid off at par on due dates. That will more than restore the amount now applied from the contingency fund. The third course was to find the sum required out of the year's profits. This could have been done, but it would have meant a reduction of dividend. We felt, taking all circumstances into account, that the shareholders were entitled to benefit by the foresight they had exercised in previous years. Taking all these facts and figures into consideration, we came to the conclusion that we were justified in recommending a distribution of a dividend equal in amount to that of last year, and we ask you to confirm that decision to-day.

So far I have been dealing with the results of the last year, and I think we can regard these results as not at all bad under the circumstances, but I cannot, of course, conceal from myself that the

existing state of the world gives great cause for anxious thoughts about the future. The solution of the main problems lie out of our control, and belong to the sphere of international co-operation.

TRADE AND EXCHANGE SYSTEM.

The machinery of international trade and the system of exchanges have been, and are, unduly burdened by reparations and war debts. It is a commonplace, in this country at least, that the machinery can only be set going again if some steps are taken to produce a removal of this impossible burden. Unless trade flourishes, none of the other category of debts can be paid in any degree. All will perish together. We are already suffering from the inability of many nations to meet their contractual obligations. Any further failures on a large scale would have disastrous effects for us all, for we are all part of one economic whole. We must sink or swim together. I do not for one moment believe that the statesmen, who are now responsible, will allow any such disaster to occur. It seems to me a more hopeful atmosphere prevails than has prevailed for some time past. The duty of this company, then, as an important factor in the financial machinery of a great institution, is to go on doing our usual business in our own sphere as faithfully and prudently as we can, on the assumption that the world is not absolutely insane, not, I hope, a very difficult assumption. Even those who cultivate a vineyard on the slopes of a volcano proceed on the assumption that the eruption, however inevitable eventually, may be indefinitely postponed; but our dangers, though real enough, can be averted, unlike those of the volcano-dwellers, by a moderate display of human sagacity.

We are asking you to-day to confirm the election to the board of Lieut.-Colonel G. Akers-Douglas, a member of one of the most distinguished houses in the City of London. He has already proved himself a most useful and hard-working director. We have also, under the powers conferred on us by Article 59 of our articles of association, elected Mr F. Goldsmith, our manager, to be a director of the company. During the six years since his accession to the post of manager, Mr Goldsmith has not only won the confidence of his particular colleagues, but had gained a great reputation in the money market as a whole. His election, which I am sure you will cordially approve, is intended to be a small mark of appreciation, by his colleagues, of his valuable work in difficult times.

I have only to add that, in our opinion, your staff, from the manager downwards, including those whose names do not appear on the front page of the report, as well as those who do, have worked with all the skill and energy of which they are capable. I do not believe that any company possesses a more able and loyal staff than our own. From that point of view we can regard the future with great confidence.

I beg to move—"That the report and accounts now read, be received, adopted and entered on the minutes."

The resolution was seconded by Sir Sigismund F. Mendl, K.B.E. and carried unanimously.

The formal business was duly transacted.

SEDENAK RUBBER ESTATES, LIMITED.

CONSERVATIVE TAPPING POLICY.

The twenty-second ordinary general meeting of Sedenak Rubber Estates, Limited, was held, on the 27th instant, at the offices, 7, Great Winchester Street, London, Mr Philip C. Turnbull, O.B.E. (chairman of the company), presiding.

The Chairman, in moving the adoption of the report and accounts, said: In spite of the price of rubber, your estate has been able to show a profit on the year's trading, and the result is consistent with efficiency and proper upkeep of the estate.

The crop for the year is down by over 200,000 lb., but this is the result of our deliberate policy to tap conservatively, and not go "all out" for rock bottom costs by overtapping and producing maximum crops. We leave that to others who still apparently believe in the survival of the fittest.

Rubber is one of the most difficult of the world's crops to adjust in this manner, owing to the length of time it takes new areas to come into bearing, and although the Stevenson scheme was called a restriction scheme, it should have been designated as one for the regulation of output, and its chief fault was that in working it hardly proved sufficiently elastic to meet a sudden increase in demand.

For the past year the question of some scheme of output regulation has been the subject of investigation, but we do not yet know whether the Dutch and British Governments will co-operate in putting into force some effective measure.

For this perhaps the rubber trade themselves are partly to blame, as even to-day there are producers so short-sighted as to oppose the initiation and operation of such a measure. Until consumption can be extended, either by increased demands for present uses or by the application of new uses, it is hopeless to expect an improvement in the market, so long as excessive crops are being produced.

Any Government scheme to regulate supplies should include very strict control over further plantings, so as to prevent excessive opening of further areas under rubber, as happened during the last short-lived boom.

Some years ago we co-operated with the development of latex sales and made contracts in that form, and we have recently concluded agreements to manufacture a considerable portion of this company's output in a form of concentrated latex known as Revertex. Revertex itself is being utilised successfully in various new applications and will, we have no doubt, contribute its share to the expansion of the world's demand for rubber.

One item in the accounts to which I would draw your attention is the investments of £25,216, against which we are in the very fortunate position of not having to provide depreciation, for their market value to-day is £25,446, being £230 over their book value.

The resolution was carried unanimously.

METROPOLITAN TRUST COMPANY, LIMITED.

MR ROBERT FLEMING AND THE CHAIRMANSHIP.

DEPRECIATION AMPLY COVERED BY RESERVES.

MR HENRY A. VERNET'S ADDRESS.

The thirty-fourth ordinary general meeting of the Metropolitan Trust Company, Limited, was held, on the 26th instant, at the company's offices, Gresham House, Old Broad Street, London, E.C. Mr Henry A. Vernet (the chairman) presided.

The Secretary (Mr H. Carlisle) having read the notice convening the meeting and the auditors' report,

The Chairman said:—Gentlemen,—Unfortunately I am the only director present to-day. Mr Fleming is on a voyage to the West Indies, and Lord St. Davids, I regret to say, has been suffering from influenza and is unable to come out to-day. Before proceeding to the business of the meeting I ask you to allow me to refer to the retirement of Mr Robert Fleming from the chairmanship of this company. As the report tells you, Mr Fleming is in his eighty-seventh year. In spite of this, he continues to take a constant and regular interest in the doings of our company, and the practice of nearly one-third of a century is being maintained—I mean that of conferring with him on questions relating to investments, as they arise. Mr Fleming has indeed played lead for a long period with signal success and with corresponding advantage to the company: to follow him in the chair is not easy, especially in these stormy times. We have learnt much from him during our long and pleasant business and personal association, and we shall endeavour to act on the principles which he has inculcated.

I may remind you that the first report of this company, covering the period from August 9, 1899, to January 19, 1901, showed a share capital in ordinary stock amounting to £289,733 and a balance sheet adding up to a total of £361,180 ls. 6d. The dividend for that first period was at the rate of approximately £5 7s. per cent. per annum. Since then the capital has grown to £1,250,000, in equal amounts of 4½ per cent. preferred stock and ordinary stock; 4 per cent. debenture stock has been issued to an amount equal to the share capital, and the total of the balance sheet has grown to £3,293,981 8s. 5d. The rate of dividend paid on the ordinary stock has gradually risen from £5 7s. per cent. to 20 per cent., which latter rate has been paid for the last three years. This record needs no emphasising, and it is with feelings of great regret that we have accepted Mr Fleming's resignation from the chair, which he has occupied with distinction for thirty-three years.

THE BALANCE SHEET AND INVESTMENTS.

I now refer briefly to the balance sheet. The accounts of a trust company, as you know, fall naturally into two categories.

Dealing first with capital. Our investments stand in the balance sheet at £3,224,452, and the valuation made on January 1 indicated a depreciation on this figure of approximately £385,000, say, 12 per cent., upon the book cost. It has been our custom to give you, year by year, an approximate figure of appreciation or depreciation as the case might be, and we do so on the present occasion, although it must be admitted that to make an accurate valuation at this time has been a difficult and troublesome undertaking. Indeed, I do not remember a time when quotations of so many reputable securities have stood, as they do now, at figures so low as to represent an absurdity; moreover, in a large number of cases, prices are nominal. I notice that the depreciation figure of 12 per cent. is about the same as was shown on January 1, 1921. It is amply covered by the reserve and revenue balances, amounting together to £683,324. We have no loan from our bankers, and, at the date of the balance sheet, we had £57,737 of cash items. Thus our ship is well found, with ample power to keep its head to the rough seas, and to steam ahead again whenever the financial weather moderates.

REVENUE ACCOUNT.

Turning to revenue account. A decrease is shown in the gross revenue of £12,908, or rather more than 5 per cent., and when the broad geographical distribution of our securities and the world-wide troubles are considered this percentage of decline is not a matter for surprise. We have earned 23.10 per cent. on our ordinary stock and are thus able to pay the same dividend, 20 per cent., and to increase the amount carried forward on revenue account from £43,606 to £58,324. It should be mentioned that revenue last year benefited to the extent of about £5,000 through the depreciation in the £ sterling.

The total amount saved up upon revenue account since the company was founded has amounted to £289,347, of which some £180,000 has been accumulated during the past ten years. Thus, we have lived well within our income.

PROSPECTS FOR THE COMING YEAR.

Unless and until some change for the better takes place we cannot look for an increase in revenue. Indeed, some further reductions are indicated during the coming year; thus, it is not practicable to make any prediction as to what the dividend may be a year hence. Estimates of revenue are but a poor guide in prevailing circumstances. This, however, is not an occasion for recounting, at length, the trials and troubles of the year 1931, nor for enlarging upon the difficulties with which the world is faced to-day. These are well known and are the subject of constant public discussion. During the coming weeks important and weighty conferences upon reparations and disarmament are due to take place between the nations. Upon the decisions reached at these meetings much indeed will turn. For many months past the business world has been overshadowed by that worst of all obstacles, uncertainty. Take, for example, the uncertainty which has existed since September 21st as to the exchanges, particularly the value of the pound sterling. It is the fashion in some quarters to hail the departure from the gold standard as a favourable event, almost an unmixed blessing; it has undoubtedly had the effect of stimulating certain industries in this country, to some extent. The gold standard may be as bad as its many detractors make out: impracticable it undoubtedly is, if it is to be mishandled as during the past year; but a question worthy of consideration is whether a gold standard is not better than no standard. We have seen the pound sterling, as expressed in dollars, rush down from parity, \$4.8665 to (approximately) \$3.20 or fully 34 per cent. discount, which is about the same level as was touched shortly after the war. Up to the present time the depreciation of the pound has scarcely affected the cost of living in this country, owing, mainly, to the general over-supply of commodities and to the low level of world prices. How long can the pound continue depreciated—the present rate is between 28 and 29 per cent. under parity—without forcing up the cost of living? Surely a depreciation in the pound sterling furnishes but a precarious anchorage for our exporting industries. Other countries have abandoned the gold standard, other currencies can depreciate; some of our good customers abroad are worse off than we are.

Let us maintain equanimity, eschew pessimism, and take all practicable steps to improve our position; but remember that in this country, as in others, a return of prosperity is closely dependent upon improvement in conditions in the world at large.

I now beg to move:—"That the report and accounts, as presented, be and they are hereby received, approved and adopted, and that dividends of £2 5s. per cent., less income tax, on the preferred stock, making, with the interim dividend, £4 10s. per cent. for the year, and £13 per cent., less income tax, on the ordinary stock, making, with the interim dividend £20 per cent. for the year, be and the same are hereby declared."

Mr W. K. Whigham seconded the resolution, which was carried unanimously.

The retiring director (Viscount St. Davids) having been re-elected, and the auditors (Messrs. Deloitte, Plender, Griffiths and Company) having been reappointed, the proceedings terminated.

OFFER TO NEW READERS.

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

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

Name.....

Address.....

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended January 23, 1932, amounted to £34,912,400 against ordinary expenditure of £11,470,100. After allocating £485,000 to Sinking Fund and having allowed for a decrease in Exchequer Balances of £396,334, the operations for the week, as shown below, decreased the National Debt by £23,354,000 to £7,714,076,000:—

(000's omitted.)

	£	Revenue	£	Expenditure	£
Public Department Advances...	+ 3,700	Treasury Bills	- 26,850		
Road Fund	+ 4,400	Nat. Debt Commissioners	- 450		
		British Government Loans	- 3,227		
		Sundries	- 221		
	+ 8,100		- 31,454		

A complete analysis of the National Debt at December 31, 1931, was printed in the *Economist* of January 9, 1932.

REVENUE.	Revised Estimate for the year 1931-32.	Total Receipts into the Exchequer.			
		April 1, 1931, to Jan. 23, 1932.	April 1, 1930, to Jan. 24, 1931.	Week ended Jan. 23, 1932.	Week ended Jan. 24, 1931.
ORDINARY REVENUE.					
Inland Revenue—					
Income Tax	272,000,000	143,393,000	111,434,000	17,068,000	9,883,000
Excise	73,000,000	40,370,000	28,050,000	3,750,000	2,200,000
Stamps	83,000,000	52,430,000	66,210,000	2,010,000	2,050,000
Excise Profits Duty and Corporation Profits Tax	20,000,000	11,270,000	14,360,000	200,000	180,000
Land Tax and Mineral Rights Duty	2,200,000	...	...	...	...
Total Inland Revenue	451,000,000	247,783,000	220,324,000	23,098,000	14,393,000
Customs and Excise—					
Customs	131,770,000	109,178,000	98,211,000	2,968,000	2,278,000
Excise	121,230,000	101,000,000	104,800,000	7,280,000	5,560,000
Total Customs and Excise	253,000,000	210,178,000	203,011,000	10,248,000	5,838,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	4,664,000	8,053,041	563,000	3,595,000
Post Office (Net Receipts)	12,200,000	11,800,000	10,250,000	950,000	600,000
Crown Lands	1,300,000	1,010,000	1,210,000	...	160,000
Receipts from Sundry Loans	15,400,000	13,532,942	29,749,587	...	...
Miscellaneous Receipts	42,800,000	16,111,301	24,704,826	53,386	95,531
Appropriation from Rating Relief Suspense Account	4,000,000	3,900,000	16,000,000	...	...
Total Ordinary Revenue	784,700,000	508,979,243	513,302,454	34,912,386	24,681,531
SELF-BALANCING REVENUE.					
Post Office	58,232,000	44,700,000	46,350,000	850,000	1,200,000
Motor Vehicle Duties apportioned to Road Fund	23,350,000	20,103,000	17,237,959	5,540,000	1,089,000
Total Self-Balancing Revenue	81,582,000	64,803,000	63,587,959	6,390,000	2,289,000
Total		573,782,243	576,890,413	41,302,386	26,970,531

EXPENDITURE.	Revised Estimate for the year 1931-32.	Total Issues out of the Exchequer to meet payments.			
		April 1, 1931, to Jan. 23, 1932.	April 1, 1930, to Jan. 24, 1931.	Week ended Jan. 23, 1932.	Week ended Jan. 24, 1931.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt	289,400,000	265,438,555	266,489,012	963,651	695,874
Payments to Northern Ireland Exchequer	6,350,000	4,102,575	4,196,852	22,000	...
Other Consolidated Fund Services	3,000,000	2,477,402	2,091,695	234,498	...
Total	298,750,000	272,018,532	272,777,559	1,220,149	713,874
Total Supply Services (excluding Post Office)	451,829,000	345,751,592	345,887,467	10,250,000	8,900,000
Total ordinary expenditure ..	750,579,000	617,770,124	618,665,026	11,470,149	9,613,874
SELF-BALANCING EXPENDITURE.					
Post Office	58,232,000	44,700,000	46,350,000	850,000	1,200,000
Road Fund	23,350,000	20,103,000	17,237,959	5,540,000	1,089,000
Total Self-Balancing Expenditure	81,582,000	64,803,000	63,587,959	6,390,000	2,289,000
Total Ordinary and Self-Balancing Expenditure	832,161,000	682,573,124	682,252,985	17,860,149	11,902,874
New Sinking Fund (1928)	32,600,000	25,256,631	41,356,623	485,000	955,000
Total, including New Sinking Fund		707,829,755	723,609,608	18,345,149	12,857,874

The aggregate revenue and expenditure to January 23, 1932, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1ST TO JANUARY 23, 1932.			
(000's omitted.)			
Expenditure	£ 617,770	Revenue	£ 508,979
New Sinking Fund	25,257	Decreases in balances	3,071
		Net amount borrowed	130,977
	643,027		643,027

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Outstanding—	Jan. 24, '31.	Mar. 31, '31.	Jan. 31, '32.	Jan. 23, '32.	Week ended Jan. 23, '32.
Advances by Bank of England	30,550,000	24,500,000	30,150,000	+ 3,700,000	
Advances by Public Departments	686,710,000	569,825,000	626,070,000	- 26,870,000	
Treasury Bills outstanding	717,260,000	594,325,000	656,220,000	- 23,170,000	
Total Floating Debt					

* Includes £7,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £30,000,000 in Treasury Bills were opened on January 22, 1932, and the total amount applied for was £40,020,000. Tenders were accepted for bills at three months, dated Monday to Saturday at £98 16s. 4d., about 35 per cent. and above in full. The amount allotted was £26,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 1 Month Average Rate.
1932.			
January 1	40,000,000	50,320,000	5 8 4
January 8	35,000,000	59,490,000	5 5 9-97
January 15	30,000,000	39,515,000	4 17 11-5
January 22	30,000,000	40,020,000	4 14 6-53

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, January 27, 1932.

ISSUE DEPARTMENT.

Notes Issued—	£	Government Debt	£
In Circulation	345,868,570	Other Government Securities	11,015,100
In Banking Department	49,894,768	Other Securities	245,151,821
		Silver Coin	14,982,502
		Amount of Fiduciary Issue	275,000,000
		Gold Coin and Bullion	120,763,338
	£395,763,338		£395,763,338

BANKING DEPARTMENT.

Proprietors' Capital	£	Government Securities	£
Reserve	14,553,000	Other Securities	45,310,906
Public Deposits	15,321,152	Discounts and Advances	812,946,728
Other Deposits	...	Securities	37,196,207
Bankers'	£74,304,019	Notes	50,142,935
Other Accounts	£38,208,098	Gold and Silver Coin	49,894,768
1-Day and other Bills	1,017		586,495
	£145,935,104		£145,935,104

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

Both Departments.	Amount, Jan. 27, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	345,868,570	- 2,010,211	- 955,685
Public deposits	15,321,152	- 5,492,107	- 4,038,426
Bankers' deposits	74,304,019	- 3,177,701	+ 19,141,263
Other deposits	38,208,098	- 235,891	+ 4,839,996
Seven-day bills	1,017	- 28	- 1,139
Total, outside liabilities	473,702,856	- 10,915,938	+ 18,986,009
Capital and rest	18,100,818	+ 15,971	+ 19,676
Government debt and securities	301,477,827	- 5,421,992	+ 17,230,577
Discounts and advances	12,946,728	- 1,084,543	+ 3,198,814
Other securities	52,178,709	- 4,425,110	+ 17,878,812
Silver coin in issue department	3,850,577	+ 3,016	- 511,115
Coin and bullion (bank's reserve)	121,349,833	+ 28,662	- 18,791,403
Reserve of notes and coin in banking department	50,481,263	+ 2,038,873	- 2,835,718
Proportion of reserve to outside liabilities—			
(a) Banking department only	39 1/4 %	+ 4 %	- 10 %
(b) Gold stocks to deposits and notes ("reserve ratio")	25 1/2 %	+ 1 1/2 %	- 5 1/2 %

(000's omitted.)									
Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Bank Rate.	£	%
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.				
1931.									
Dec. 31.	395,719	370,031	14,641	72,282	38,721	Nil	6		
Jan. 6.	395,746	364,150	7,733	126,398	40,341	Nil	6		
1932.									
Jan. 6.	395,750	362,859	15,681	81,824	38,503	Nil	6		
13.	395,762	354,744	22,361	68,702	37,912	Nil	6		
20.	395,763	347,879	20,813	77,482	38,444	Nil	6		
27.	395,763	345,869	15,321	74,304	38,208	Nil	6		

(000's omitted.)									
Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Bank Rate.	£	%
	Govt. Debt and Securities.	Other Securities.	Govt. Debt and Securities.	Govt. Securities.	Other Securities.				
1931.									
Dec. 31.	253,136	17,814	121,353	24 1/2	67,606	13,537	26,322	20 1/2	
Jan. 6.	253,725	17,222	121,349	24 1/2	67,541	13,537	26,322	20 1/2	
1932.									
Jan. 6.	253,982	17,167	121,324	24 1/2	64,891	13,537	26,322	20 1/2	
13.	254,113	17,039	121,331	25 1/2	53,561	13,537	26,322	20 1/2	
20.	254,469	16,684	121,321	25 1/2	52,431	13,537	26,322	20 1/2	
27.	256,167	14,983	121,350	25 1/2	45,311	12,947	37,196	50,481	29 1/2

BANKERS' CLEARING RETURNS (000's omitted).

	Town.	Metropolitan.	Country.	Total.
1932.				
January 1 to January 13	855,313	74,092	116,860	1,046,265
Week ended January 20	486,522	35,001	59,538	581,061
Week ended January 27	467,364	31,176	49,580	548,120
Total to date, 1932	1,809,199	140,269	225,978	2,175,446
Total to date, 1931	2,894,788	149,049	234,729	3,278,566
Increase or decrease in 1932	-1,085,589	- 8,780	- 8,751	- 1,103,120
	- 35.7 %	- 5.9 %	- 3.7 %	- 33.8 %
Total for year, 1931	31,815,808	1,667,852	2,752,209	36,235,869
Do. 1930	38,782,577	1,812,146	2,963,631	43,558,354
Increase or decrease in 1931	- 6,966,769	- 144,294	- 211,422	- 7,322,485
	- 17.9 %	- 7.9 %	- 7.1 %	- 17.8 %

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

	Week ended January 23.		Month of December.			Aggregate Totals, January 1 to January 23.	
	1931.	1932.	1930.	1931.	Inc. or Dec.	1931.	1932.
Number of working days	25	25	25	25			
BIRMINGHAM	2,556	2,236	10,588	9,471	- 10.5	8,984	8,632
BRADFORD	689	779	3,192	3,736	+ 17.0	2,396	2,683
BRISTOL	929	995	4,524	4,512	- 0.2	3,680	3,901
DUBLIN	4,690	4,511				20,987	20,065
HULL	749	891	3,151	3,064	- 2.7	29,398	30,794
LEEDS	931	837	3,395	3,641	+ 7.2	3,490	3,432
LIVERPOOL	576	832	3,042	2,983	- 1.9	2,923	2,690
LIVERPOOL	576	832	26,006	23,281	- 10.4	17,713	17,599
MANCHESTER	8,866	9,323	41,420	40,077	- 3.2	34,173	33,459
NEWCASTLE	1,474	1,328	5,507	5,465	- 0.7	4,866	4,144
NOTTINGHAM	508	500	2,779	1,774	- 36.1	2,204	2,092
SHEFFIELD	820	766	3,568	3,161	- 6.1	3,238	2,886
Total	28,675	29,147	106,972	101,165	- 5.4	134,052	132,355

OVERSEAS BANK RETURNS.

NOTE.—The latest return of the National Bank of Egypt, and the Banks of Bulgaria, Russia and Denmark appeared in the *Economist* of January 9; Roumania and Bank for International Settlements in January 16; Italy

MONTHLY STATEMENT OF LONDON CLEARING BANKS.

(000's omitted.)

Average Weekly Balances. NOVEMBER, 1931.	Barclays Bank Limited.	Coutts and Co.	Glyn, Mills and Co.	Lloyds Bank Limited.	Martins Bank Limited.	Midland Bank Limited.	National Bank Limited.	National Provin- cial Bank Limited.	West- minster Bank Limited.	Williams Deacons Bank Limited.	Aggre- gate.
ASSETS.	£	£	£	£	£	£	£	£	£	£	£
Coin, bank and currency notes and balances with the Bank of England	37,255	1,506	3,646	35,497	7,970	37,322	3,310	26,812	28,130	2,931	184,379
Balances with and cheques in course of collection on other banks in the United Kingdom ..	8,422	545	1,019	9,320	2,238	12,742	188	8,156	7,677	911	51,218
Items in transit	...	...	...	3,991	...	...	...	...	...	...	4,932
Money at call and short notice ..	21,408	2,599	6,886	22,049	7,341	14,404	2,808	17,990	21,082	2,797	119,364
Bills discounted	49,277	1,274	781	45,753	7,224	60,484	2,318	37,469	39,799	2,001	246,380
Investments	57,396	4,017	6,972	53,690	19,424	43,520	15,803	35,119	52,805	7,720	296,466
Advances to customers and other "accounts"	172,145	9,029	12,546	173,380	35,206	198,748	15,801	139,983	129,254	13,758	899,850
Liabilities of customers for ac- ceptances, endorsements, &c....	11,224	509	2,150	35,211	4,439	19,327	29	9,119	18,836	1,274	102,118
Bank premises account	6,552	380	695	7,896	2,792	10,865	769	7,064	5,657	1,018	43,688
Investments in affiliated banks ..	6,844	...	...	5,600	...	7,284	...	2,514	2,992	...	25,234
	370,523	19,859	34,695	392,387	87,575	404,696	41,026	284,226	306,232	32,410	1,973,629
Ratio of cash to current, deposit and other accounts	11.18	8.68	11.86	10.69	10.56	10.43	8.97	10.45	10.44	10.35	10.61
LIABILITIES.											
Capital paid up	15,858	1,000	1,060	15,810	4,160	14,248	1,500	9,479	9,320	1,875	74,310
Reserve fund	10,250	1,000	530	9,500	3,508	13,561	1,365	9,110	8,865	950	58,639
Current, deposit and other accounts	333,191	17,350	30,726	331,860	75,451	357,560	36,886	256,518	269,196	28,311	1,737,049
Acceptances, endorsements, &c....	11,224	509	2,150	35,211	4,439	19,327	29	9,119	18,836	1,274	102,118
Notes in circulation	...	...	...	6	...	...	1,246	...	15	...	1,284
Reduction of bank premises account	...	...	229	...	...	...	...	...	...	...	229
	370,523	19,859	34,695	392,387	87,575	404,696	41,026	284,226	306,232	32,410	1,973,629

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

ASSETS.	Position, May 31, 1931.	Jan. 23, 1931.	Dec. 31, 1931.	Jan. 7, 1932.	Jan. 15, 1932.	Jan. 23, 1932.
Gold	171,175	654,516	2,346,893	2,400,785	2,404,792	2,425,465
Foreign Bills and Bal- ances abroad	...	376,294	103,974	100,286	97,544	122,163
Discounts	103,000	35,847	34,572	34,229	31,599	30,450
Advances	...	64,669	63,150	53,796	52,885	...
LIABILITIES.						
Notes in circulation	275,925	789,178	1,609,353	1,538,410	1,489,477	1,467,766
Deposits	33,750	317,854	962,126	1,067,812	1,106,391	1,167,059

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

ASSETS.	Position, May 31, 1931.	Jan. 15, 1931.	Dec. 31, 1931.	Jan. 7, 1932.	Jan. 15, 1932.	Jan. 23, 1932.
Coin and bullion—Gold	44,224	146,434	118,074	118,074	118,074	118,074
Balance abroad and foreign bill- ing	28,533	24,300	15,762	16,160	16,160	18,085
Advances	8,816	48,293	37,813	31,441	31,441	31,441
Discounts	76,911	182,597	255,799	246,841	247,545	247,545
LIABILITIES.						
Notes in circulation	113,484	290,309	334,435	319,631	313,434	313,434
Deposits at sight	7,188	82,709	66,619	63,457	67,275	67,275

* In addition the Bank has at its free disposal abroad Kr. 34,881,000.

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

ASSETS.	Position, May 31, 1931.	Jan. 17, 1931.	Dec. 26, 1931.	Jan. 2, 1932.	Jan. 7, 1932.	Jan. 16, 1932.
Gold	521,775	2,440,157	2,247,192	2,247,505	2,247,783	2,248,022
Silver	728,600	703,151	517,430	515,357	514,674	518,139
Loans and Discounts	800,725	2,065,669	3,258,468	3,281,706	3,274,198	3,208,264
Advances to Treasury	344,475	344,475	344,475	344,475	344,475	344,475
LIABILITIES.						
Circulation	801,550	4,726,466	4,949,176	4,992,227	4,995,034	4,952,493
Deposits	477,500	876,570	1,107,093	1,130,502	1,140,052	1,122,316

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

ASSETS.	Sept. 16, 1931.	Sept. 23, 1931.	Sept. 30, 1931.	Oct. 7, 1931.
Gold	220,360	220,719	220,870	220,902
Balance abroad	549,138	532,025	536,913	536,076
Discounts	368,986	366,644	366,567	365,950
Government loans	1,058,290	1,058,290	1,058,290	1,058,290
LIABILITIES.				
Notes in circulation	1,860,059	1,863,803	1,938,169	1,953,764
Government deposits	132,253	109,982	78,980	92,696
Bankers' deposits	137,164	147,279	...	167,065
Other deposits	20,138	34,701	36,388	34,346

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K.

(000's omitted).

ASSETS.	Jan. 15, 1931.	Dec. 23, 1931.	Jan. 7, 1932.	Jan. 15, 1932.
Gold	1,644,320	1,615,461	1,648,793	1,649,684
Balance abroad and foreign currency	2,328,213	1,089,507	1,059,915	1,016,837
Discounts and advances	408,238	2,175,512	2,315,551	2,050,108
State notes and balances	3,440,943	2,158,572	3,121,403	3,119,901
Other assets	881,068	600,255	761,259	673,716
LIABILITIES.				
Bank notes in circulation	6,224,547	6,874,293	7,679,170	6,983,118
Check account balances	1,658,183	360,628	360,628	360,628
Other liabilities	204,128	360,628	360,628	360,628

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

ASSETS.	Dec. 31, 1931.	Jan. 8, 1932.	Jan. 15, 1932.	Jan. 22, 1932.
Cash reserve	1,758,403	1,758,431	1,758,501	1,758,582
Foreign exchange	338,411	339,261	323,755	346,160
Other foreign exchange	86,458	87,946	92,306	86,799
Bills and advances against security ..	2,252,869	2,243,070	2,229,776	2,224,226
Government advances	1,799,243	1,799,317	1,799,370	1,799,720
LIABILITIES.				
Notes in circulation	5,172,271	5,206,267	5,054,546	4,911,733
Sight deposits	416,504	436,423	658,277	828,973

BANK OF GREECE.—In drachmas (000's omitted).

ASSETS.	Jan. 15, 1931.	Dec. 23, 1931.	Dec. 31, 1931.	Jan. 7, 1932.	Jan. 15, 1932.	Jan. 23, 1932.
Gold	511,070	869,326	869,332	869,333	869,334	869,334
Gold exchange	3,022,707	1,283,573	1,262,977	1,111,681	1,035,864	1,035,864
Other foreign exchange	2,809	5,478	5,276	5,045	2,292	2,292
Bills discounted	144,145	155,368	152,684	148,749	148,126	148,126
Advances	184,557	365,617	380,102	583,890	609,815	609,815
Debt to the State	3,388,763	3,125,542	3,125,542	3,115,042	3,114,192	3,114,192
LIABILITIES.						
Capital paid up	400,000	400,000	400,000	400,000	400,000	400,000
Notes in circulation	4,630,472	4,021,694	4,002,999	3,972,431	3,835,251	3,835,251
Deposits and current ac- counts	1,695,077	669,625	682,946	644,382	693,354	693,354
Foreign exchange liabilities	712,750	214,412	217,498	127,869	125,745	125,745

BANK OF FINLAND.—In F. Marks (000's omitted).

ASSETS.	Position, May 30, 1931.	Jan. 8, 1931.	Dec. 23, 1931.	Dec. 31, 1931.	Jan. 7, 1932.	Jan. 15, 1932.
Gold	301,074	301,074	301,074	301,074	301,074	301,074
Balance abroad and foreign bill- ing	90,379	974,508	303,685	303,701	303,701	303,701
Finland and Foreign Govern- ment securities	21,826	370,803	380,448	358,832	358,732	358,732
Discounts and loans	105,151	945,556	1,376,685	1,309,171	1,306,407	1,306,407
LIABILITIES.						
Notes in circulation	123,941	1,221,200	1,275,779	1,292,915	1,237,557	1,237,557
Deposits at notice	21,235	242,556	144,979	107,199	136,826	136,826

BANK OF ESTONIA.—In Est. kroones (000's omitted).

ASSETS.	Jan. 15, 1931.	Dec. 23, 1931.	Dec. 31, 1931.	Jan. 7, 1932.	Jan. 15, 1932.
Gold coin and bullion	6,560	6,561	6,561	6,561	6,561
Net foreign exchange	15,496	14,614	6,559	6,556	6,560
Subsidiary Estonian coin	1,950	1,554	14,933	14,420	14,427
Home bills discounted	12,341	11,365	1,736	1,843	1,916
Loans and advances	12,358	12,052	12,991	10,770	10,828
Thereof loans to Government	...	3,100	3,100	3,100	3,100
LIABILITIES.					
Notes in circulation	30,982	37,155	35,159	34,079	33,404
Sight deposits and current liabilities ..	15,482	11,362	14,705	13,929	13,430
Ratio of reserve to current liabilities ..	47.47%	43.63%	43.10%	43.69%	44.81%

* Includes Est. 4,240,052.59 guaranteed by the Government.

BANK OF LITHUANIA.—In lt. (000's omitted).

ASSETS.	Jan. 15, 1931.	Oct. 31, 1931.	Nov. 15, 1931.	Nov. 30, 1931.	Dec. 31, 1931.	Jan. 15, 1932.
Gold	39,389	47,610	47,621	47,625	47,625	47,625
Foreign exchange	2,584	2,418	2,293	2,466	2,609	2,762
State Treasury bonds	1,404	1,286	1,286	1,295	1,323	1,351
Foreign currency	76,518	42,494	40,154	40,187	33,172	30,646
Discount and credit	99,511	123,850	124,310	117,033	109,109	103,483
LIABILITIES.						
Capital	12,000	12,000	12,000	12,000	12,000	12,000
Reserve	1,553	1,553	1,553	1,553	1,553	1,553
Banknotes in circulation	110,602	120,648	114,681	113,355	108,881	102,599
Deposits	96,749	83,947	84,377	79,980	77,988	76,653

BANK OF LATVIA.—In late (gold francs) (000's omitted).

ASSETS.	Jan. 21, 1931.	Dec. 21, 1931.	Dec. 28, 1931.	Jan. 4, 1932.	Jan. 11, 1932.	Jan. 18, 1932.
Gold bullion and coins.....	24,070	31,545	31,548	31,550	31,552	31,556
Silver coin.....	6,174	11,773	14,553	14,625	14,622	14,624
Balance abroad.....	33,030	13,041	13,420	13,662	14,030	14,121
Treasury notes and sm. change.	14,716	10,881	11,226	12,268	13,073	13,404
Short term bills.....	85,909	77,523	77,782	77,656	76,847	77,109
Loans against securities.....	69,761	58,993	58,609	58,582	58,554	58,830
Other assets.....	21,015	17,342	17,423	17,942	17,632	17,128
LIABILITIES.						
Notes in circulation.....	47,758	41,151	41,080	40,854	39,696	38,965
Capital paid up.....	18,758	19,676	19,676	19,676	19,676	19,676
Reserve.....	4,352	4,729	4,729	4,729	4,729	4,729
Special reserve.....	3,500	3,500	3,500	3,500		3,500
Deposits.....	20,562	11,710	17,404	17,553	17,797	17,578
Current accounts.....	30,650	67,020	69,951	71,580	72,943	73,870
Government accounts.....	85,059	56,810	58,045	57,471	57,915	58,198
Other liabilities.....	12,394	10,400	10,178	10,921	10,311	10,257

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Debenture Interest.	Amount Available for Distribution.	Appropriation.						Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Depreciation, &c.	Balance Forward.	Net Profit.	Dividend.	
					Prefce.	Ordinary.						
						Amount	Amount					Rate.
Banks.		£	£	£	£	£	%	£	£	£	%	
British Mutual Banking...	Dec. 31	8,758	24,315	33,073	...	14,400	12	10,000	8,673	27,190	12	
Lloyds Bank	Dec. 31	511,199	1,926,904	2,438,103	...	1,461,250	13½A	} 400,000	522,055	2,129,516	15 A	
Union Bank of Manchester	Dec. 31	12,358	104,097	116,455	...	54,798	5B		13			
Breweries.												
City of London Brewery ...	Dec. 31	29,666	199,026	228,692	67,327	88,450	20(t)	30,000	42,915	218,297	20(t)	
Lloyd and Yorath	Nov. 30	9,004	3,755	12,759	3,000	...	...	...	9,759	10,652	2½	
Financial Land, &c.												
Cordova Land Co.	Dec. 31	35,172	19,385	54,557	...	25,361	3	...	29,196	38,756	4½	
National Dominion and Gen. Investment Corporation	Dec. 31	1,447	7,638	9,085	5,625	2,250	3	...	1,210	12,094	8	
Parent Trust and Finance...	Sept. 30	119,766	Dr 468,927	Dr 468,912	...	...	...	Dr 720,656	D 348,856	...	...	
Hotels, Restaurants, &c.												
Park Hall and Hotel	Dec. 31	1,974	8,521	10,495	...	6,300	9†	2,000	2,195	...	...	
Rubber, &c.												
Garing (Malacca) Rubber ...	Sept. 30	4,673	Dr. 193	4,480	...	...	...	...	4,480	1,514	...	
Langen (Java) Rubber	Aug. 31	13,961	365	14,326	...	...	...	...	14,326	547	...	
Sedenak Rubber Estates (m)	Oct. 31	15,718	2,952	18,670	...	3,846	2½	...	14,824	3,851	2½	
Tamiam Rubber	Sept. 30	17,976	Dr. 6,040	11,936	...	...	...	Dr. 8,500	20,436	3,605	...	
United Serdang (Sumatra) Rubber	Aug. 31	95,393	Dr. 22,466	72,928	...	...	...	...	72,928	38,732	4	
Textiles.												
Huddersfield Fine Worsteds	Dec. 31	7,161	10,375	17,536	9,482	...	...	...	8,054	24,751	2½	
Stapley and Smith	Nov. 19	5,060	22,830	27,890	17,062	4,375	2½	...	6,453	30,698	4½	
Tramways and Omnibuses.												
Singapore Traction Co. ...	Sept. 30	3,725	37,134	40,859	14,000	...	...	22,864	3,995	41,944	...	
Trusts.												
Debenture Corporation ...	Dec. 31	14,430	135,242	149,672	37,500	76,000	10	15,000	21,172	141,362	10	
Equatorial Trust	Dec. 31	37,105	Dr. 1,489	35,616	...	...	...	...	35,616	11,051	...	
Mayfair and General Property Trust	Sept. 30	2,618	17,082	19,700	13,314	5,625	7½	Dr. 3,575	4,336	21,277	10	
Romney Trust	Dec. 31	10,819	22,510	33,329	9,375	9,562	5	...	14,392	28,202	7	
United States and General Trust	Dec. 31	27,256	103,791	131,047	40,500	57,407	14	...	33,140	112,273	14	
Waterworks.												
York Waterworks	Dec. 31	18,104	16,534	34,638	3,603	10,800	{ 10 } 7	1,500	18,735	17,557	{ 10 } 7	
Other Companies.												
Consolidated Signal Co. ...	Sept. 30	307	15,268	15,575	10,201	4,780	4	...	594	24,468	12½	
Crossley (John) and Sons ...	Dec. 5	2,751	Dr. 12,375	Dr. 9,624	29,699	...	...	Dr. 41,000	1,677	Dr 49,949	...	
Darnell (J.) and Son	Dec. 31	111	27,838	27,949	...	23,750	12½	...	4,199	42,065	16	
Dublin (South) City Market	Dec. 31*	7,034	4,570	11,604	...	4,000	4†	500	7,104	4,573	4	
Fore Street Warehouse Co.	Dec. 31	8,205	18,054	26,259	...	18,000	5	...	8,259	13,317	5	
Imperial Tobacco Co. (Gt. B. and I.)	Oct. 31	1,190,539	9,876,064	11,066,603	852,208	8,435,841	22½†	500,000	1,278,554	10,177,046	23½†	
Larkins (S. C.) and Sons ...	Dec. 31	17,051	28,481	45,532	2,812	16,875	11½	5,500	20,345	40,063	12½†	
Lotus, Ltd.	Dec. 31	17,876	48,084	65,960	17,762	26,552	5	...	21,646	54,717	5	
Loveys (John), and Co.	Dec. 31	2,773	4,024	6,797	3,600	2,500	2½	...	697	6,798	5	
McIntyre, Hogg, Marsh and Co.	Nov. 30	51,844	53,405	105,249	12,900	38,326	17½	3,000	51,023	59,563	17½	
Metropolitan Gas Meters ...	Sept. 30	8,447	11,939	20,386	...	7,436	15	...	12,950	15,764	15	
Pawsons and Leafs	Dec. 24	37,587	7,181	44,768	...	6,900	2½	...	37,868	Dr. 2,490	2½	
Phillips Rubber Soles	Nov. 30	14,957	77,042	91,999	13,500	40,950	15	22,501	15,048	96,955	15	
Price and Pierce	Sept. 30	62,423	80,965	143,388	12,000	37,500	15	40,000	53,888	76,870	12½	
Sparrow, Hardwick and Co.	Dec. 31	16,655	25,174	41,829	14,000	10,000	5	...	17,829	20,346	2½	
Victoria Palace, Ltd.	Nov. 5	1,403	Dr. 18,407	Dr. 17,004	...	...	...	Dr. 17,004	...	6,982	7½	
Zambrene, Ltd.	Oct. 31	1,970	5,763	7,733	2,400	1,600	8	1,000	2,733	8,056	12½	

(m) Sedanak Rubber. We regret that in January 23rd issue, page 211, we showed net profit for year ended October 31, 1931, as £15,718, and balance from last account £2,952. It should have been net profit £2,952 and balance from last account £15,718. We also gave no dividend for year ended October 31, 1930. It should have been 2½ per cent.
* For half-year.
(s) 29 months.
(t) On preferred ordinary.

REPORTS AND NOTICES.

Dr W. S. McCann has been appointed joint manager of New Consolidated Gold Fields, Ltd., in South Africa.

The National Provident Institution for Mutual Life Assurance announce that the board have elected Mr Robert E. Dickinson to be chairman to fill the vacancy caused by the death of the Hon. Vicary Gibbs.

We are informed that Mr Thomas Ormiston Callender, the son of Sir Thomas Octavius Callender, deputy chairman and managing director of Callender's Cable and Construction Company, Ltd., has also been appointed a director of the company.

Mr C. G. Hamilton having retired from the chairmanship of the Law Union and Rook Insurance Company, Ltd., Mr F. W. Pascoe Rutter has been appointed chairman, and the Marquis of Reading deputy chairman. Mr Hamilton had occupied the chair for 18 years, and remains a member of the board.

It is announced that Mr H. B. G. Morgan, M.C., has resigned his seat on the board of the British Oak Insurance Company, Ltd., and that Mr Edgar Wheeler, F.C.I.L., general manager of the company, has been elected in his place. Mr Wheeler retains his general management of the company.

An amalgamation has been arranged as from January 1, 1932, between the two old-established firms of Messrs Keen, Cobb and Lee (12 Copthall Court) and Messrs Laurence, Sons and Gardner (11 Copthall Court). All partners of these two firms will join the combined firm, which will carry on business under the style of Laurence, Keen and Gardner, at 11 Copthall Court, London, E.C.2.

Messrs Brown, Shipley and Company announce that Mr H. J. D. Clerk, the manager of their West End office at 123 Pall Mall, retires as from December 31, 1931, and that they have appointed Mr Hubert Johnston, hitherto assistant manager at Pall Mall, to succeed him. Messrs Brown, Shipley and Company also announce that they have granted their full power of attorney to Mr Roger Leigh-Wood, son of their Sir James Leigh-Wood.

We are officially informed that the firm of Messrs Mathewson, McLennan and Company (who have been members of the Montreal Stock Exchange for over forty years) have amalgamated with Messrs Pitfield, Scott and Company, as from December 15, 1931. The title of the new firm is Messrs Pitfield, Mathewson and Company, with head office at 235 St. James Street, Montreal, and branch offices at Ottawa, Quebec, St. John and Halifax. It has been decided that the new firm will take over the London office of Messrs Pitfield, Scott and Company at 7 Gracechurch Street, E.C.3, and that the business will be continued at the above address under the joint management of Messrs J. R. Sorsbie and E. T. Tatham.

MISCELLANEOUS.

CUNARD STEAMSHIP COMPANY.—In a circular issued to shareholders by the board of the Cunard Steamship Co., with regard to suspension of construction of Ship No. 534, it is stated that "during the post-war years 1919-30, depreciation to the extent of £15,267,287 has been written off the Cunard Company's own ships. In the case of subsidiary companies figuring in the Cunard Company's balance sheet, depreciation has been dealt with on similar lines. During the post-war years the ship depreciation written off by the subsidiary companies has amounted to £16,133,902. Between the years 1919 and 1930 the Cunard Company and its subsidiaries have paid over £6,000,000 in income tax. No receipts from returns of excess profits' duty have been brought into the profit and loss accounts of the Cunard Company or its subsidiaries. Supported by a long history of adequate depreciation earnings, the directors felt justified when organising the financial programme for the construction of No. 534 in relying on the company's own finance without Government assistance. That her construction is at this moment suspended depends not on factors inherent in the North Atlantic trade; not on factors domestic to the company, but on international factors, which are hampering the ordinary financial machinery of commerce."

GESTETNER AND THE AMERICAN MARKET.—With reference to the Investment Note, appearing in *The Economist*, January 23rd, page 191, Messrs D. Gestetner have issued a statement giving later information as follows: "The Gestetner Duplicator Corporation of Bloomfield, New Jersey, after an exhaustive study of all the factors, decided in November last that, in view of the continuing crisis prevailing in the United States of America, the prudent course was to discontinue their operations. Arrangements which your directors regard as satisfactory, have been made with the A.B. Dick Company, of Chicago, for the acquisition by them of the U.S.A. interests. Final accounts have not yet been drawn up, but the information before your directors enables them to state that it will be unnecessary to make any further provision for losses arising out of the U.S.A. undertaking."

IMPERIAL AND INTERNATIONAL COMMUNICATIONS, LTD.—The following are the estimated traffic receipts for 12 months ended December 31, 1930 and 1931:—

	1930.	1931.	Rise or Fall.
January	£ 519,485	£ 412,908	- 106,577
February	460,052	390,461	- 69,591
March	432,316	447,668	+ 15,352
April	456,120	386,706	- 69,414
May	466,279	371,704	- 94,575
June	413,471	374,502	- 38,969
July	437,220	377,774	- 59,446
August	411,090	334,326	- 76,764
September	424,138	410,216	- 13,922
October	446,097	454,279	+ 8,182
November	402,886	427,062	+ 24,176
December	436,407	451,831*	+ 15,424
Aggregate for 12 months, January to December, 1930 and 1931	5,365,561	4,839,437†	- 526,124

* The sum of £21,000 must be deducted from the message receipts for December, 1931, in making a comparison with December, 1930, owing to changed conditions of sharing traffic.

† In comparing aggregates, regard must be had to the notes issued with the traffic figures for March to December, 1931.

OIL OUTPUTS.

BRITISH CONTROLLED OILFIELDS, LTD.—Production for the week ended January 20th: Venezuela, 28,681 barrels; Trinidad, 34,621 barrels; total, 63,302 barrels.

THE MEXICAN EAGLE OIL COMPANY, LTD.—Production for the week ended January 16, 1932, was 245,000 barrels.

SERVICE PETROLEUM COMPANY, LTD.—Returns from Romano-Africana S.A.R. show the production from the company's oil wells at Gura-Onitzi, Moreni and Captura for the weeks ended: December 27, 1931, totalling 3,160 tons (22,120 barrels); January 3, 1932, totalling 4,318 tons (30,226 barrels); January 10, 1932, totalling 4,392 tons (30,744 barrels); January 17, 1932, totalling 4,379 tons (30,653 barrels).

Commercial Reports.

MARKET SUMMARY.

There have been no signs of an expansion in the consumption of primary products. The principal international commodity markets have therefore been quiet while gold prices showed an irregular tendency. Transactions in non-ferrous metals have been small in volume, and New York prices of copper, tin and spelter have been slightly easier. Raw cotton, though losing a few points has remained relatively steady. In view of increasing world stocks and decreasing consumption rubber was flat. Cereals generally have fluctuated within narrow limits, but on balance they are scarcely changed on the week. Sterling quotations of commodities which lend themselves to grading and therefore to

OVER ONE HUNDRED YEARS OF SERVICE.
SCOTTISH UNION & NATIONAL
INSURANCE COMPANY.
ASSETS EXCEED - £15,600,000
FIRE. LIFE. ACCIDENT. MARINE.
Edinburgh: 35, St. Andrew Square.
London: 5, Walbrook, E.C.4, and 4, St. James's Street, S.W.1

international arbitrage continue to move largely in sympathy with international prices. Business has again been quiet in this country. Dairy produce has not increased in price, but meat has shown a slightly steadier tendency. The tone at the tea auctions has been less firm this week. Hides have shown a downward tendency. Petroleum products remained unchanged. According to reports from various industrial centres, there has been a slight improvement in the situation of the coal trade at Sheffield and Cardiff. On the other hand, the iron and steel industries are unable to record an expansion in activity. The demand for cotton goods is slow to expand, but Bradford manufacturers have been able to maintain the increased volume of business.

THE COAL TRADE.

SHEFFIELD.—A better tone in the export market is reported. The demand for washed doubles and singles is brisk at the moment. Association hards maintain their position for immediate shipment at 16s. 6d. and 17s. f.o.b. The call for industrial coal drags, and is below the tonnages of December, while sales of domestic fuel have fallen off considerably this month. Demand for blast-furnace coke is being maintained at previous levels, although less is being sold for central heating. Best ordinary South Yorkshire house coal is quoted at from 22s. to 24s. at pits.

GLASGOW.—The Scottish coal trade remains quiet, with the Continental as well as the home demand adversely affected by the mild weather conditions. The foreign trade is, of course, also affected by the import duties ruling in certain countries on the Continent. Practically all classes of coal are now easily obtained for early shipment, and prices generally have an easier tendency, the larger sizes of nuts being particularly dull. Lanarkshire splints are a firm spot, the collieries being well sold for this quality over the next month. Current prices for the shipping trade are approximately as follows: LANARKSHIRE.—Ell best, 14s.-14s. 3d.; splint best, 16s.; splint second, 14s. 3d.; navigation, 15s.; navigation second, 14s. 6d.; Hartley, 15s. 6d.; steam, 13s. 6d.; trebles, 15s.; doubles, 13s.; singles, 10s. 3d.; pearls, 9s. 3d.; dross, 9s. FIRM.—Screened navigation, 17s.; first-class steam, 13s. 6d.-13s. 9d.; third-class steam, 12s. 6d.; trebles, 15s.; doubles, 12s. 9d.; singles, 10s.; pearls, 9s. 3d. LOTRIANS.—Prime steam, 12s. 9d.; secondary steam, 12s. 3d.; trebles, 15s.; doubles, 12s. 9d.; singles, 10s.; pearls, 9s. AYRSHIRE.—Unscreened navigation, 16s.; jewel, 17s.; steam, 13s. 6d.; trebles, 15s. 3d.; doubles, 13s.; singles, 10s.; pearls, 9s.; dross, 9s.

CARDIFF.—There has been a slight expansion during the past week or so in the volume of shipments at the South Wales ports. In the week ended January 23rd last they totalled 477,430 tons, compared with only 375,925 tons the previous week. Business is being helped slightly by the depreciation of the sterling, and among orders diverted from the United States to this country have been some representing a fairly substantial quantity for export to Havana. On the whole, however, the market continues quiescent and the collieries are finding it difficult to find outlets for their quotas. The owners are being circumscribed by the Marketing Association with a view to finding out their attitude in their individual capacities towards the question of output and price regulation. It will be recalled that in December last the Executive Committee of the Marketing Association adopted resolutions to the effect that no control of prices could be effective without statutory authority, and that control of output was not necessary to the effective control of prices. These decisions, however, were not regarded as sufficiently indicative of the views of the individual owners, and they are, therefore, being asked (1) whether they consider that Part I of the Coal Mines Act (1930) should be discontinued or continued with amendments; (2) if Part I is discontinued whether they would join a voluntary scheme for the control of prices which would be legally binding on all owners; (3) if the answer to (2) is in the affirmative what percentage of the output of the coalfield they consider must join the scheme; and (4) if they consider that Part I should be continued whether they are in favour of its continuance (a) in its entirety, (b) control of output, and (c) fixation of minimum prices. Replies to this questionnaire must be returned not later than February 13th, and it is understood that similar inquiries are being made in other coalfields. Part I of the Act expires at the end of the present year unless Parliament otherwise decides, but the Government will be compelled to deal legislatively with the industry in the course of the next few months owing to the expiration on July 8th of the clauses suspending the operation of the 7-hour day. The following are the current approximate quotations: Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 4½d.; best drys, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams, 13s. 6d.; cargo smalls, 11s. 6d. to 12s. 6d.; coking smalls, 15s. 6d. to 13s. 9d.; anthracite, best large, 36s. to 38s. 6d.; Red Vein, large, 22s. 6d. to 27s. 6d.; machine-made cobbles, 40s. to 43s. 6d.; French nuts, 40s. to 48s. 6d.; stove nuts, 39s. 6d. to 43s. 6d.; rubbly culm, 8s. 3d. to 8s. 9d.; foundry coke, 32s. 6d. to 36s.; patent fuel, 19s.; pitwood, ex ship, 23s. to 25s.

IRON AND STEEL.

MIDDLESBROUGH.—No change has yet taken place in the situation of pig iron. Business is still restricted in volume and confined to parcels for early delivery. Owing to the uncertainty about the Government's fiscal policy, sufficient confidence has not yet been aroused to create a demand for forward delivery, but it is expected that the position will now improve in this respect. The consumption locally continues on a fair scale and the production of the furnaces after providing for makers' own requirements is practically all absorbed, but shipments are disappointing, particularly to Scotland, and prospects of expansion in that direction are not immediately encouraging. Only a moderate business was reported at Tuesday's weekly market and official prices of Cleveland were unchanged, viz.: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s., f.o.b. or f.o.t. In the hematite department orders have been none too plentiful lately and makers have been rather pressing for business. Second hands who hold fair quantities of iron have also been offering concessions to try and get their holdings reduced, with the result that there is a general weakening in quotations, and ordinary mixed numbers are not now more than 64s. 6d. for early delivery, and might even be secured at a little less. In the finished trade there is no substantial improvement in business to report so far, but an expansion is looked for under the proposed tariff conditions. In the meantime prices are unchanged, except that 24-gauge galvanized corrugated sheets are firmer at 99 10s. In the ore market there is no new business doing and matters are unsettled owing to the troubles in Spain. Best rubio is purely nominal at 16s. 6d. c.i.f., and the freight Bilbao-Middlesbrough for early tonnage is about 5s. Coke freight Bilbao-Middlesbrough for ordinary blast-furnace qualities, is 16s. 9d. delivered works for ordinary blast-furnace qualities, although the demand locally continues only on a moderate scale. The furnace on hematite at Dorman's Cleveland Iron Works has got into operation, but as one producing ferro-manganese there is now out of blast, the number operating in the district remains at seventeen.

SHEFFIELD.—Reports from the local steelworks continue to be unfavourable, and the position of the heavy branches has been steadily weakening since the beginning of the year. Output and booking of orders are appreciably below the pre-holiday level, and unemployment is greater than a year ago. Quietude is general, although certain sections of the trade are rather more active. Makers of permanent magnets have experienced a rush of work from the wireless trade. Tool makers are rather busier, and business is good in the file department. Rollers of bright strip are moderately employed. Plate and cutlery factories have not resumed normal working since the holiday. More trade is expected when the travellers get out on the road next week. Prices of materials continue steady on the whole, with advances here and there. The upward tendency is expected to continue and expand.

GLASGOW.—Business is likely to remain quiet here, writes our correspondent, until a definite announcement is made regarding tariffs on iron and steel. While at some works preparations are on foot for putting more plant in operation in expectation of an increased demand, there is at the moment practically no new business being placed. Any activity that is in evidence is in the lighter branches and at the works of small machinery makers. Steel makers, makers of semis and re-rollers generally are obtaining very little new work. While sheet makers have still a fair amount of work on hand, bookings this week are below that of recent preceding weeks. Export business, however, is being offered at somewhat more attractive figures.

CARDIFF.—Comparatively quiet conditions are prevailing in the South Wales tinplate trade, but the industry is continuing to benefit slightly from the depreciation of sterling, one or two important North Pacific orders having latterly been diverted from the United States. Prices are firmer at from 14s. 3d. to 14s. 9d. per basis box. Welsh steel bars are stationary at 45 per ton, less rebates, but foreign bars are easier and are now quoted at from 80s. to 82s. 6d. per ton delivered. There was no appreciable improvement in the condition of the galvanized sheet trades.

OTHER METALS.

TIN.—In the absence of any encouraging news about the consumption of tin, the market has been weak and prices slightly easier. In New York the metal was quoted at 22 cents per lb. on Wednesday, against 22.25 cents per lb. a week ago, and 21.75 a month ago. Wednesday's official closing quotations in London in terms of sterling for "standard" cash, at £139 15s. to £139 17s. 6d. per ton, compares with £141 10s. to £141 12s. 6d. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 32,281 tons, show an increase of 413 tons on the week.

COPPER.—The lack of demand for copper has caused a slight weakening in prices this week. Nevertheless, copper is now on a considerably higher level than it was before the restriction scheme was adopted. On Wednesday, "Domestic" spot was quoted officially at 7.25 cents per lb. in New York, against 7.50 cents a week ago, and 7.25 cents a month ago. Wednesday's official closing price for "standard cash" in London, in terms of sterling, at £38 15s. to £38 16s. 3d., compares with £39 15s. to £39 17s. 6d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 21,030 tons, show a decrease of 302 tons, while stocks of rough copper, at 645 tons, were 5 tons larger.

LEAD.—Although New York prices for lead have been maintained, the metal declined further in value in London. Even at the reduced level of prices, turnover remained small. In New York the metal was quoted at 3.75 cents per lb. on Wednesday, against 3.75 cents

a week ago and 3.75 cents a month ago. Wednesday's official closing quotation for "soft foreign" in London in terms of sterling, at £14 16s. 3d. to £14 17s. 6d. per ton, compares with £15 1s. 3d. to £15 1s. 3d. on the corresponding day last week.

SPELTER.—The downward tendency in the gold price of spelter continued during the past week. A new low level was touched this week in New York. Despite the low price, buyers are not forthcoming to any marked extent. Wednesday's quotation in New York, at 2.90 cents per lb., compares with 3.00 cents a week ago and 3.15 cents a month earlier. Wednesday's official closing quotations in London in terms of sterling for "good ordinary brands" were £14 6s. 3d. to £14 15s. per ton, against £14 10s. to £14 6s. 3d. a week ago.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotations for aluminium and nickel have been maintained at £95 per ton and at £240 to £245, respectively. Foreign antimony declined from £28 per ton to £27-£27 10s. per ton. Quicksilver, too, shows a reduction in the price per flask from £18 to £17 15s. £18.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Imports for the week January 21st to 27th (inclusive) are 74,433 bales, of which 63,127 American, 122 Brazilian, 461 Peruvian, 616 Egyptian, 1,587 African, 1,442 East Indian, 5,720 Russian, 367 Argentine and 991 sundries.

Manchester.—The market has continued steady, and the firmness of raw material prices has caused some comment. The business done has consisted largely of small lots and buyers have not been in the mood to place bulk lines with producers. Inquiry in cloth for India has continued rather more encouraging and a fair number of offers have been met with in light fabrics for Calcutta, but only occasional sales have taken place. Some useful orders have been booked for Madras and Karachi. Owing to the approach of the Chinese New Year, very little demand has come through for Shanghai, but fine goods and fancies have been in request for Java and Singapore. Not more than a retail business has been done for Egypt and the Near East. Printing and finishing styles have again attracted a moderate amount of attention for the Continent. A fair miscellaneous business has been done in home-trade fabrics. There is some nervousness in the weaving branch with regard to labour matters. Inquiry in American and Egyptian yarns has been of moderate extent, but home users and exporters have not been prepared to operate with any freedom. The turnover, however, continues rather larger than a week or two ago.

Cotton Prices.

	1932.				Corresponding Date.	
	Jan. 6.	Jan. 13.	Jan. 20.	Jan. 27.	1930.	1931.
Raw Cotton—Mid. American..... per lb.	d. 5.28	d. 5.44	d. 5.47	d. 5.54	d. 9.23	d. 5.70
" Sakellandis Fully Good Fair Egyptian..... per lb.	7.05	7.20	7.20	7.40	14.40	8.90
Yarns—32's twist..... per lb.	9 1/2	9 1/2	9 1/2	9 1/2	13 1/2	9 1/2
" 40's twist..... per lb.	15 1/2	15 1/2	15 1/2	15 1/2	23 1/2	16 1/2
" 60's twist (Egyptian)..... per lb.	15 1/2	15 1/2	15 1/2	15 1/2	23 1/2	16 1/2
32-in. Printers, 116 yds., 16 by 16, 32's and 50's.....	s. d. 17 7 1/2	s. d. 17 9	s. d. 17 9	s. d. 18 0	s. d. 23 3	s. d. 18 2
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's.....	19 4 1/2	19 6	19 6	19 9	26 3	20 3
38-in. ditto, 38 yds., 18 by 16, 10 lb.....	10 10	10 10	10 10	10 11	14 3	11 4
39-in. ditto, 37 1/2 yds., 16 by 15, 8 1/2 lb.....	9 9	9 9	9 9	9 10	12 10 1/2	10 3

THE WOOL TRADE.—Bradford.—The date of the termination of the first series of London sales is still uncertain, one auction having been abandoned this week owing to fog. The position of the raw material, writes our correspondent, is, however, unmistakably sound. There is a very firm tendency in all overseas centres, the prices realisable for both merino and crossbred wool being such as to indicate that there is no wisdom at all in selling forward in tops or yarns at even a fraction below current prices. This week competition in London has been quite as good as earlier in the series, and prices have held their own. This is partly due to the increased buying for the Continent. France has taken a larger share of merinos and fine crossbreds, and as these qualities were already popular, the best prices of the series had been fully sustained. There has also been further buying for Germany. Good medium classes of scoured merinos are selling at 17 1/2d. to 22d. All greasy wools have done quite well, 11 1/2d. to 12 1/2d. being realised for representative lots, though on one occasion 13 1/2d. was touched. Some good new clip from New Zealand has also been offered, fine crossbred selling up to 11 1/2d. Slipper halfbred lambs have sold more freely, mostly realising 10 1/2d. to 11 1/2d. Three-quarter-bred lambs are quite 5 per cent. dearer than last sales. The Bradford market is still comparatively quiet. No big weight of new business is being done in any quality of tops, and the transactions in merinos are chiefly for export. It is possible to sell at replacement cost to the Continent, and as there is a strong probability of wool values holding their own, there is no justification in selling tops at what spinners are bidding to-day—23 1/2d. to 24d. for warp. The big lower qualities are disappointing. About 1d. per lb. clean, c.i.f. Liverpool, separates sellers and buyers of South American 40-44's.

THE GRAIN MARKETS.

WHEAT.—So far, international wheat prices have well withstood the pressure of heavy Argentine and Australian shipments. Throughout the week, despite a slow trade, quotations in Chicago

have fluctuated within narrow limits. On balance, prices are scarcely changed on the week. It is improbable that international wheat prices will again decline to the low level prevailing last summer, for there are two safety valves. Australia is finding an important outlet for her export surplus in Eastern countries. Secondly, European countries are expected to relax their import restrictions before long. It appears that Italy has already started buying in view of the fact that from next Monday millers will be permitted to use 30 per cent. imported soft wheat and 80 per cent. foreign hard wheat. According to Mr G. Broomhall, the world's visible supply on January 1st, at 608,850,000 bushels, shows an increase of 25,610,000 as compared with the corresponding date a year ago. On Wednesday, "March" futures were quoted at 55 1/2 cents per bushel in Chicago, against 57 1/2 cents on the corresponding day last week, and 54 1/2 cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 33s. per 996 lbs., as compared with 33s. 9d. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 30s. 3d., against 31s.; No. 3 Northern Manitoba, Vancouver, ex ship, 28s. 9d., against 29s. 9d.; Russian, on sample, 25s. 6d. to 28s. 6d., against 26s. 6d. to 28s. 6d.; Australian, ex ship, 28s. 3d. to 29s. 6d., against 28s. 3d. to 30s. a week ago.

WHEAT FLOUR.—Business in flour has been a little more active during the past week. The increase in demand was promptly followed by an advance in prices in North America and in this country. North American shipments, at 209,000 sacks, showed an increase of 51,000 sacks as compared with the previous week. Of this total, only 26,000 sacks have been consigned to Europe. Quotations in London, Wednesday: Straight run, delivered country, 25s. 6d. per sack of 280 lbs., as compared with 25s. last week; delivered London, 24s. 6d., against 24s. Manitoba patents, ex store, 25s. 6d. to 28s. 6d., against 25s. 6d. to 28s. 6d.; and Australian, ex store, 20s. to 20s. 6d., against 20s. to 21s. a week ago.

BARLEY.—International trade in barley is still mainly confined to Argentine supplies. Russia's offers have been too high to secure her an important share in transactions. On Wednesday, "May" futures were quoted at 39 1/2 cents per bushel in Winnipeg, against 41 1/2 cents last week and 39 1/2 cents a month ago. Quotations in London, Wednesday: "English feeding," f.o.r., per 48 lbs., 26s. to 27s., as compared with 26s. to 27s.; Russian, landed, 23s. per 400 lbs., against 23s. a week ago.

OATS.—The market in oats has been quiet. Argentine qualities are still favoured because of the low price at which they can be bought. On the other hand, Russia is now shipping considerable quantities. "May" futures, which last week stood at 25 1/2 cents per bushel in Chicago, sold at 25 1/2 cents per bushel on Wednesday this week, against 25 1/2 cents a month ago. Quotations in London, Wednesday: "River Plate," landed, 19s. per 320 lbs., as compared with 18s. 9d. last week; "River Plate," ex ship, 17s. 3d., against 17s. 9d.; "Chilean White," landed, 27s., against 27s. 3d. a week ago.

MAIZE.—Maize continues to be in good demand for feeding purposes because of its cheapness. Prices have remained steady during the past week. Argentine shipments are now decreasing, so that despite the expansion in Danubian exports, the total weekly supplies are scarcely likely to increase. Wednesday's quotation in Chicago for "March" futures, at 38 1/2 cents, shows a rise of 1/2 cent per bushel on the week, and a rise of 1 1/2 cents as compared with the price a month earlier. Quotations in London, Wednesday: "Plate," landed, 19s. per 480 lbs., as compared with 19s. last week; "Plate," ex ship, 17s. 9d., as against 17s. 9d.; "Plate," February-March, 18s. 9d., as against 18s. 3d. Yellow maize meal, ex wharf, was quoted at 25 10s. per ton, against 25 10s. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1931-32, 1930-31, 1929-30, 1928-29:—

	1931-1932.	1930-1931.	1929-1930.	1928-1929.
Estimated sales of home-grown wheat—				
1 week to January 23.....	Cwts. 105,294	Cwts. 117,320	Cwts. 310,308	Cwts. 291,230
21 weeks to January 23.....	1,548,003	2,571,727	5,516,481	5,614,781
Average price of English wheat per cwt.....	s. d. 5 10	s. d. 5 6	s. d. 9 6	s. d. 9 8 1/2

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1928 to 1931:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Jan. 16, 1932.....	Cwts. 83,039	Cwts. 267,093	Cwts. 56,021	s. d. 5 10	s. d. 8 2	s. d. 6 11
Jan. 23, 1932.....	105,294	281,392	69,640	5 10	8 3	7 2
Jan. 21, 1928.....	308,706	412,776	82,104	9 11	11 2	9 7
Jan. 26, 1929.....	291,230	393,327	122,248	9 8	10 3	9 5
Jan. 25, 1930.....	310,308	357,415	56,606	9 6	8 5	6 11
Jan. 24, 1931.....	117,320	270,015	50,868	5 6	8 7	5 10

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks, with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Jan. 2, 1931.	Jan. 28, 1931.	Jan. 4, 1932.	Jan. 20, 1932.	Jan. 27, 1932.
Winnipeg (No. 1 Manitoba) Cents per 60 lb.	148 1/2	56 1/2	57	62 1/2	63 1/2	61 1/2
Chicago (No. 2 Winter) Cents per 60 lb.	130 1/2	79 1/2	80 1/2	55 1/2	57 1/2	55 1/2

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THE TIMBER TRADE.—The year opened with stocks of sawn building and joinery woods lighter than in January, 1931. Receipts for last year show a decrease of 582,413 loads (of 50 cubic feet) on a total incoming of 4,266,746 loads. The deficiency in planed and dressed varieties amounted to 34,227 loads on a total import of 588,779 loads. Thus the trade had an encouraging start this year, but, writes our correspondent, the lack of spot demand during the past four weeks has upset many calculations. Forward

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MIDLAND BANK EXECUTOR & TRUSTEE CO. LTD.

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Market Hides, London—			
GRAIN, &c.—				American, boxes, 56 lbs. 44				English Southdown, washed				Dry and Drysalted Cape...			
Wheat—	s. d.	s. d.													
No. 2, N. Man. 496 lb.	30	3													
Eng. Gaz. av., per cwt.	5	10													
Barley, Eng. Gaz. av.	8	3													
Oats, "	7	2													
Maize, 1st Plate, landed	19	0													
480 lb., "	19	0													
Flour, Lon. stan. ex mill,	22	9													
280 lb., "	22	9													
Rice, No. 2 Burma, per cwt.	8	7½													
Tapoca, per cwt.	24	0													
Fine Java, spot	24	0													
Fair Flake, Singapore.	11	6													
MEAT—				SUGAR—				IRON AND STEEL—				VEGETABLE OILS—			
Beef, per 8 lbs.—															
English long sides	4	6	5 4												
Argentine chilled hinds	3	6	3 10												
Mutton, per 8 lbs.—															
English wethers	4	0	5 0												
N.Z. frozen "	2	4	3 4												
Pork, English, per 8 lbs.	5	5	5 8												
OTHER FOODS.				TEA—				CHEMICALS—				PETROLEUM PRODUCTS—			
Irish	79	0	0 0												
Danish	49	0	0 0												
Dutch	46	0	0 0												
HAMS—Irish	0	0	0 0												
Canadian	70	0	0 0												
American	68	0	72 0												
BUTTER—				COTTON—				ROBIN—				RUBBER—			
Irish creamery per cwt.	0	0	0 0												
Australian	96	0	98 0												
New Zealand	98	0	100 0												
Danish	118	0	0 0												
CHEESE—				TOBACCO—				SHELLS—				SHALLS—			
Canadian	68	0	70 0												
New Zealand	59	0	0 0												
English Cheddar	90	0	108 0												
Dutch	64	0	73 0												
COCOA—				COPPER—				TIMBER—				IRON—			
(Duty, British grown,															
11s. 8d.; foreign, 14s. cwt.)															
Acara, f.f. per cwt.	23	0	27 0												
Trinidad	42	0	49 0												
Grenada	32	0	37 0												
EGGS—				SILK—				WET SALT—				WET SALT—			
Danish	13	0	14 9												
English	13	3	14 6												
FRUIT—				JUTE—				WET SALT—				WET SALT—			
Oranges—															
South African boxes	0	0	0 0												
Jaffa	13	0	15 0												
Lemons, Sicilian boxes	7	0	11 0												
Malaga cases 420 No. 1	9	0	20 0												
Apples: Amer. (var.) boxes	20	0	41 0												
" (var.) boxes	10	0	16 0												
" Australian	0	0	0 0												
ONIONS—				WET SALT—				WET SALT—				WET SALT—			
Valencia, case, 4s.	13	0	0 0												
Egyptian Bags	0	0	0 0												
Grapes, Lisbon boxes	0	0	0 0												
" Almeria bris.	0	0	0 0												

business, too, has been almost at a standstill on account of uncertainty with regard to the handling of the Russian supplies to come forward this year—whether by a syndicate or uncontrolled. Section of the softwood trade at home or abroad can operate safely until official news is forthcoming as to the volume of supplies to come forward this year, its handling, and the rising c.i.f. prices. There are but few signs of any appreciable immediate growth in the demand for building and joinery woods, although of course the Government's fiscal intentions may help to send the timber ball rolling once more. Many important timber traders, however, continue to have poor opinions of the prospects of building and joinery woods consumption this year. The hardwood section of the trade, too, continues to be depressed. Mahogany has just passed through its worst year on record; it is not difficult to prophesy better times because the demand could hardly go lower. The rise in imports of States lumber in December was a surprise, but it is a moot point how much of it was purchased at the high dollar rates. An analysis of the Board of Trade figures for December arrivals of States lumber gives the c.i.f. price per cubic foot as 4s. 2.9d., as against 3s. 8.5d. the previous December. Plywood was much more largely imported last month compared with December 1930, but for the year the deficiency was 19.3 million square feet on a total import of 362.7 million square feet. Stocks are lighter than a year ago, and operators on the whole are more cheerful than are those in solid woods. In plywood, of course, there are also exchange difficulties, but the most popular material that reaches this country is not much affected thereby.

RUBBER.—The markets in rubber have been dull during the past week. Few purchases were made and prices showed an easier tendency. Although no official statement has been issued, it appears that discussions have taken place on Wednesday at the Hague between Government officials and advocates of rubber restriction. In New York, Wednesday's spot price for rubber, at 4½ cents per lb., shows no change on the week. Wednesday's official closing price for standard ribbed smoked sheet in London, at 2½d. per lb., shows a fall of ½d. as compared with the corre-

sponding day last week. In forward positions business has done at 3d. to 3½d. for April-June, against 3½d. to 3½d.; and at 3½d. to 3½d. for October-December, as against 3½d. to 3½d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 815 tons; delivered, 1,876 tons; stocks at the end of last week, at 125,873 tons, show a decrease of 1,061 tons as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.

(New York quotations, unless otherwise stated.)

	Dec. 30, 1931.	Jan. 20, 1932.	Jan. 27, 1932.
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	54½	57½	57½
Maize, nearest future, Chicago, per bushel	36½	39½	39½
Oats, nearest future, Chicago, per bushel	25½	25½	25½
Rye, nearest future, Chicago, per bushel	41½	45½	45½
Coffee, Rio No. 7, cash, per lb.	7	7½	7½
" Santos No. 4, cash, per lb.	8½-9½	9½	9½
Cocoa, Accra, nearest future, per lb.	4	4-02	4-02
Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	3-15	3-10	3-10
Cotton, New Orleans, middling, spot, per lb.	6-38	6-61	6-61
Rubber, smoked sheet, spot, per lb.	5	4½	4½
Petroleum, Pennsylvania crude, standard grades, per barrel	155-170	155-170	155-170
Copper, "Electrolytic," Domestic, spot, per lb.	7-25	7-50	7-25
Copper, "Electrolytic," Copper Exporters, Inc., spot, per lb.	7-50	7-625	7-62
Spelter, East St. Louis, spot, per lb.	3-15	3-00	2-90
Lead, spot, per lb.	3-75	3-75	3-75
Tin, "Straits," spot, per lb.	21-75	22-25	22

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WEEKLY COMMERCIAL TIMES,

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A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

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ALLIANCE

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TABLE OF CONTENTS.

The Money Market	281	Foreign Stock Exchanges—	
Leading Articles—		New York	310
Stark and Unashamed	283	Paris	311
Japan Against the World	284	Amsterdam	311
Diary of the Shanghai		Other Centres	311
Crisis	285	Investment Notes—	
Reality on the Danube	286	An Australian Default	311
What Germany has Paid	287	The Course of Share	
The Slump in Shipbuilding	288	Values	312
Economic Progress of		Metropolitan Railway	
Russia	289	Dividend	312
Protection in Insurance	290	London Quotations of	
Notes of the Week—		American Stocks	313
Britain and Reparations	292	F. W. Woolworth	313
The New Ambassador	292	South Metropolitan Gas	314
The Russo-Polish Pact	292	Insurance Share Index	314
Fresh Trouble in Kashmir	292	Company Registrations in	
The Change of Govern-		1931	314
ment in Austria	293	New Issues in January	315
Fiscal Casuistries	293	Oil Share Outlook	315
The Strangulation of		Premier (Transvaal) Dia-	
Trade	293	mond	315
The Means Test	293	San Francisco	316
The Provincial Newspaper		Panama Corporation	316
Truce	294	Company Meetings of the	
Cotton Trade Labour		Week	316
Crisis	294	Capital Issues	316
Shipping Freights	294	Company Meetings, &c.	317
Bank of England Statis-		Government Returns, &c.—	
tics	294	National Accounts	325
Census of Production—		Treasury Bills by Public	
Metals	295	Tender	325
The New South Wales		The Bankers' Gazette—	
Default	295	Bank of England	326
The Reichsbank Credits	295	Bankers' Clearing Returns	326
Japan's Overseas Trade	295	Provincial Clearing Re-	
Budget and Tariffs in		turns	326
Australia	296	Overseas Bank Returns	326
Prudential Assurance	296	Loan and Discount Rates	328
Overseas Correspondence—		Rates of Exchange	328
United States	296	Overseas Bank Rates	328
France	297	India: Remittances to the	
Germany	298	Home Treasury	329
Austria	299	Bullion	329
Hungary	300	Gold and Silver Prices	330
Italy	301	Company News—	
Holland	301	Dividend Announcements	330
Poland	302	Weekly Traffic Returns	330
Argentina	303	Profit and Loss Accounts	331
Irish Free State	303	Reports and Notices	331
Letters to the Editor—		Commercial Reports—	
The Crisis	304	Market Summary	332
Disarmament and War		The Coal Trade	332
Debts	305	Iron and Steel	332
Britain's Fiscal Respon-		Other Metals	333
sibility	305	Textiles	333
Books Received	305	The Grain Markets	334
The Stock Exchange—		Other Foods	335
Investments in China	306	Miscellaneous Commodi-	
The Week in the Markets	307	ties	335
London Active Security	308	Commodity Prices in the	
Prices	308	United States	336
New Issue Prices	310	Prices Current	336

THE MONEY MARKET.

ALTHOUGH Saturday was the last working day of the month, money was as easy as usual over the week-end, with balances finally on offer at rates as low as 2½ per cent. On Monday, money was again very easy, as, although in this month, as in last, there are no Treasury bill maturities on Mondays, their absence was offset by the release of funds in the form of Government dividend payments. On Tuesday the ease became more pronounced through the absence of calling by the clearing banks, and

by the afternoon money was again unobtainable at 2 per cent., but on the next day the clearing banks were calling and money became a little more usable, at 4 and 3 per cent. On Thursday rather heavier calling took place and a fair amount of tax money was turned over to the Treasury. Money consequently hardened to 4-4½ per cent. Renewals were effected at 4 per cent. during the whole week. In addition to this week's dividend payments, a potent cause of the prevailing ease is the big excess of Treasury bill maturities over payments. It is impossible to estimate the actual margin, as a proportion of Treasury bills are always held outside the market and so do not affect the supply of funds. Still, it is relevant to point out that this week's maturities amounted to £45.0 millions, against new bills to be paid for of only £29.5 millions.

Application for Treasury bills amounted to £42.8 millions, against £40.0 millions last week. The original amount offered was again £30.0 millions, but this week practically the whole amount was allotted, only the top £480,000 being cut off. The average tender rate fell sharply to £4 7s. 6.99d., against £4 14s. 6.63d. per cent. last week. The absence of any reduction in Bank rate has brought out more commercial bills into the market, as holders are unwilling to wait any longer. Discount rates again weakened, and on Thursday of this week "hot" Treasury bills were dealt in down to 4½ per cent. or 1½ per cent. below Bank rate. The market rate on three-months' bank bills was also lower for the more acceptable classes of paper. Bills endorsed by the Eastern exchange banks changed hands at 4½ per cent., while "clearing bank" bills were dealt in at 4½ per cent. and, at times, lower rates. German standstill bills were still dealt in at 5½ per cent. The clearing banks have again been buyers of February and March Treasury bills, the former at 4 per cent. and the latter at 4½ and 4¾ per cent. March Treasuries, however, were not easy to secure. On Thursday the Bank of England sold some March bills at 4½ per cent., and this helped to contract the supply of money.

	Jan. 14, 1932.	Jan. 21, 1932.	Jan. 28, 1932.	Feb. 4, 1932.	Previous Rate and Date Changed.
Bank Rate	6	6	6	6	4½ (Sept. 21, '31)
Banks' Deposit Rate..	4	4	4	4	2½ (Sept. 21, '31)
Discount Call	4	4	4	4	2½ (Sept. 21, '31)
Houses (Notice ...	4½	4½	4½	4½	2½ (Sept. 21, '31)
Market rate (3 months' bills)	5½-7	5½-7	4½-5½	4½-5½	...

The repayment of the balance of the Bank of England's New York and Paris credits has only had a limited effect upon the Bank return. There was a decline of £5.4 millions in other Deposits (other accounts) which is almost certainly traceable to that operation, especially as a similar decline occurred when the first £20 millions was repaid three months ago. Still £5.4 millions is far too small a figure to account for the whole of an operation involving £30 millions at the par of exchange, and there is no doubt that the bulk of the repayment has been effected in other ways, spread almost certainly over a period of several weeks. It may be remarked that the Bank of England never publishes in its return a separate item giving its holdings of *devises*, and there is little doubt that big changes in the size of this item occurred at various times during the past year without having any apparent effect upon the aggregate figures published in the return.

The post-Christmas contraction in the note circulation has now definitely ceased, for this week the circulation has expanded by £1.8 millions. Public Deposits are practically unchanged, the influx of revenue having been offset by current expenditure, interest payments and the redemption of Treasury bills. The last factor probably explains also the reduction of £3.2 millions in Government securities. Other Securities and Discounts and Advances were both a very little higher on the week, and Bankers' Deposits have risen by £3.0 millions. The Proportion is 89.9 per cent., against 89.4 per cent. the week before.

Inasmuch as a powerful factor contributing to the successful repayment of the Bank of England's credits was to be found in the Indian gold arrivals and re-sales, it may be timely to cite the actual figures. From September 21, 1931, up to January 25, 1932, gold imports into England amounted to £50.0 millions, of which £19.2 millions came from South Africa and £25.2 millions from India. Exports came to £65.4 millions, this total including the Bank of England's own shipment of £15 millions at the end of last October. Of this total, £39.5 millions went to France, £11.1 millions to Holland, £8.9 millions to Switzerland, and £4.9 millions to the United States. From the point of view of our short-term position, the net result has been the very favourable one of substituting Indian for foreign sterling balances, and India has already put part of her sterling acquisitions to good use in redeeming maturing debt. On Thursday it was announced in the House of Commons that the Treasury credits of £80 millions would be duly redeemed in August next, and doubtless preparations will be made as opportunity arises. They may be facilitated by the present tendency of French interests to sell part of their dollar holdings.

Some disappointment was caused on Wall Street by last week's decision of the New York Reserve Bank not to reduce its rediscount rate, as it had been hoped that its rate would have been lowered in pursuance of the general easy money policy supposed to have been adopted early in January. Money rates are unchanged. The inside rate on call loans is still 2½ per cent., though at the end of last week money was obtainable outside at 2½ per cent. Gold movements for the six days up to February 3rd include shipments of \$20.4 millions to France, \$5.1 millions to Holland, and \$8.3 millions to Belgium. Most of these shipments were made out of gold already under earmark on foreign account. Complete figures of gold movements for January are now available. They record exports of \$107.0 millions and imports of \$22.0 millions.

The foreign exchange market was quiet this week, and the strength of sterling was on the whole well maintained. New York went against from 3.47 to 3.45, and Montreal from 4.00 to 3.95. Paris improved from 88½ to 87½, Brussels was little changed at 24½, and Milan gained 2½ at 66½. Madrid was again weaker at 44.15, as against 41.50. Amsterdam was fractionally better at 8½, Berlin was at 14.55 and Switzerland at 17.70, both little changed on the week. The Scandinavian exchanges were all fractionally better, Stockholm at 17.80 and Oslo at 18½. Helsingfors gained six points at 227. The South American currencies remain at nominal quotations, Rio at 4¾d., Buenos Aires at 39½d. and Montevideo at 31d. In the Far East the rupee was firmer at 1s. 6½d., but the yen weakened by ½d. to 2s. 0½d. Batavia was better at 8.60. In the forward market one month's dollars remained at a discount of ½ cent, but three months' were rather more offered at ¾ and discount. Paris was at premiums of 10 and 40 centimes, and Brussels at par for one month and ½ belga premium for three. Milan at ½ lira and 1½ lire discount was little changed, as was Madrid at ½ peseta and ¾ peseta discount. Amsterdam was at wider discounts of 2 cents for one month and 4 cents for three. Berlin is still not quoted and Switzerland was at rather lowered premiums of ½ franc and ¾ franc. The silver market was quiet and small transactions were sufficient to influence prices, which rose by ½d. to 19½d. for cash and by ½d. to 19½d. for forward under the influence of some China and speculative buying. Shanghai advanced in sympathy by ½d. to 1s. 5½d., but Hong Kong remained at last week's level of 1s. 10½d.

ECONOMIST INTELLIGENCE BRANCH.

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STARK AND UNASHAMED.

If, under the inscrutable decrees of Providence, it was predestined that the day should dawn when Britain would abandon Free Trade and adopt Protection, then it was only fitting that the proposals for the first British tariff should be introduced by one who is the son of Joseph Chamberlain. From the personal angle we can offer our hearty congratulations to Mr Neville Chamberlain on the reward which Thursday's great occasion in the House of Commons has brought to him for his consistent and unwearying filial piety. But there, we must confess at once, our willingness to congratulate comes to an abrupt and final conclusion. The speech which he delivered to the House of Commons on Thursday was at one and the same time a radically false analysis of the position that we have to face, an almost incredibly naïve review of the probable results of protective measures, a betrayal of the "national" mandate, an exploitation of emergency to perpetuate a purely party policy, and an unrepentant plunge, sword in hand, in the midst of the tariff battle which is fast bringing the world to bankruptcy.

As a preliminary to examining the details of Britain's new tariff system, it is as well to glance back over the period which has elapsed since the "national" Government was formed. That Government was formed to meet a recognised emergency, and its avowed purpose was to achieve three great national objectives. The first was to balance the Budget; the second was to save the pound; the third was to correct by any measures which the emergency might seem to demand the unfavourable trend in Britain's balance of payments. The first objective, we believe with Mr Chamberlain, has been accomplished. In its second objective the co-operation of the "national" Government and the monetary authorities failed because the forces arrayed against them were too strong. The failure to maintain the gold standard and the consequent depreciation of sterling to a level at which, as recent events have proved, it can be comfortably held, should in itself have removed the third objective from the programme of the Government. For it cannot be too often repeated that, with the pound no longer tied to gold, the balance of payments cannot do otherwise than adjust itself automatically. Nevertheless, even after the abandonment of the gold standard, there remained a large body of opinion which refused to believe that energetic artificial measures were not required to adjust the balance. And so it has come about that political thought and political pressure have been concentrated on this third objective. Bowing to this political pressure, Mr Runciman and Sir John Gilmour led off with emergency tariff schedules of a drastic nature, but whose redeeming feature was that they were avowedly and frankly temporary and emergency measures. Such was the position when Mr Neville Chamberlain rose in the House of Commons on Thursday. When he sat down, with the assurance of a large Parliamentary majority behind him, Britain knew that she was faced with a permanent tariff system starting on a so-called "revenue" basis at the comparatively low level of 10 per cent., but with all the antique paraphernalia for building upon this basis a tariff of any height or absurdity that may result from the pressure of vested interests or the clamour of partisans.

Mr. Chamberlain's method of procedure was to introduce three resolutions into the House of Commons. The first declares that as from March 1 a 10 per cent. *ad valorem* duty shall be established on all goods imported into the United Kingdom, with the following exceptions: (a) goods already dutiable; (b) goods specially excepted. Among these initial exceptions, as Mr Chamberlain explained, are to be wheat, meat, bacon, British-caught fish, raw wool and raw cotton. The second resolution refers to the establishment of a Committee which is to be set up "for the purpose of giving advice and assistance to the Treasury." This Committee may recommend any additional duties, temporary or permanent, on any imported goods which may appear to them "to be either articles of luxury or articles of a kind which are being

produced, or likely within a reasonable time to be produced, in the United Kingdom, in quantities which are substantial in relation to United Kingdom consumption." Upon receiving such recommendations the Treasury may make a direct order for additional duties to be enforced. The third resolution is designed to give the Board of Trade the power of imposing retaliatory duties up to 100 per cent. (over and above other duties already imposed) on any goods coming from countries which are "discriminating" against exports from the United Kingdom. Under a fourth heading come some "general provisions with respect to new Customs duties." Here it is laid down that Acts for giving validity to these resolutions shall provide that Treasury or Board of Trade orders for new duties shall expire unless ratified by Parliament within twenty-eight days. That, though a necessary constitutional safeguard, is of little value in a House of Commons of the present complexion. Other provisions refer to "drawbacks," Imperial Preferences, preferences for other countries, and powers for extorting information from unwilling manufacturers.

So we are to have a general 10 per cent. tariff now, from which Crown Colony exports are to be permanently, and Dominion exports temporarily, excepted. (The exception of the latter until the Ottawa Conference is held, incidentally, savours of a type of bargaining bluff which is scarcely conducive to Imperial amity.) If that were all, we should content ourselves with saying that it was unnecessary and untimely; and had it been proposed with the avowed object of "saving the gold standard" last summer, while there was yet time, it might have gained almost general acceptance as a temporary emergency measure. But to-day, when no conceivable reason for it can be found, it is to be made not only permanent in itself, but the permanent basis on which tariffs of any range or extravagance can be built. Mr Chamberlain himself avows his policy to be one of "moderate" Protection. But he surely knows enough of tariff history to be aware that, when tariffs are once imposed, "moderate" quickly becomes "high," and "high" is followed by "higher."

What are the excuses which Mr Chamberlain puts forward for revolutionising our fiscal policy? He aims at collecting revenue; he could have done this without disturbance by attacking such well-tried sources as tea, coffee, cocoa and sugar. He claims oddly that his food-taxes are necessary to prevent a rise in the cost of living through the depreciation of the pound. In his attempt to prove that the pound is still in danger he produces some figures of the balance of payments which are open to the gravest question. If the Chancellor is correct in believing that the state of the balance of payments is so unfavourable as to demand drastic and revolutionary measures, how does he explain that sterling has remained firm during a period when the Bank of England has quietly collected £30 millions worth of francs and dollars for the repayment of foreign credits, and during which the French have steadily liquidated London balances? The only other justification which he attempts is the old argument that the tariff weapon must be used for bargaining with other countries. A reference in his speech to the possibility of inducing foreign countries to join in low tariff groups would be extremely welcome if we could regard it as anything more than a perfunctory sop to add to the Free Trade Ministers' mess of pottage. Unfortunately, we cannot read into it more than that, for Mr Chamberlain's speech suggests that he has in mind chiefly the traditional tariff war, with bilateral agreement as terms of truce, and, as we have repeatedly emphasised in these columns, matters have gone much too far to be righted by that method, which has consistently failed in the past.

We can find, therefore, no saving grace in Mr Chamberlain's pronouncement. He shows not the least trace of recognition of the tariff strangle-hold which is bringing international trade to a standstill, or of the need for

Britain to give a lead towards saner policies, and, as regards tariffs in their domestic application, he is still dreaming the old, delusive dreams of Protectionists. One passage in his speech—if not more—suggests that his mentality is one which regards all imports as a curse and all “diversion” of trade as a blessing. Once again, in this year of grace, even after twenty years of constant exposure of such fallacies, he pleads that tariffs will stimulate exports, that the cost of living will not rise, that the consumer will be safeguarded, and that industrial efficiency will be increased. Such claims, we suppose, have been made by introducers of every tariff measure in the world, and we know not a single case in which they have not been proved utterly worthless.

We have, then, to face the fact that the “national” Government, elected by a trusting people to meet an emergency on national lines, with party policies forgotten, have succeeded in saddling the country with the Conservative policy of Protection stark and unashamed. The revolution of feeling among millions of disillusioned voters will be intense, and we hope that it will be organised into a form which will make itself felt. The adoption of Protection by Britain has become since Thursday a fact. The next twelve months will show whether that Protection is to be moderate or extravagant; and, unless moderate opinion is brought strongly to bear as a counter-blast to the Protectionists, who form the majority of the present Parliament, it is the latter result that we shall have to rue twelve months hence. We feel that Mr Chamberlain has given us the answer to the question which we posed last week, whether the Free Trade Ministers were justified in remaining in the Cabinet under present conditions. We are as clearly aware as anyone of the desirability of the continuance of the “national” Government in face of the grave and widespread uncertainties at home and abroad of the present position. But when the Cabinet is split, as it is now proved to be split, on a matter not of minor, but of transcendent importance—a matter which goes to the roots of international, as well as domestic, policy—then the pretence of maintaining any outward appearance of unity of purpose becomes not only a farce, but a betrayal of the electorate.

Sir Herbert Samuel told the House of Commons on Thursday that his ground of quarrel with the Cabinet was that this measure of Protection is not a temporary but a permanent policy. He was right: the whole conception of international trade inherent in the Cabinet’s “majority” proposals is that of the economic nationalism of “Little Englanders”—fatal to the recovery of the world from the crisis, and repugnant, we should have thought, to every liberal-minded statesman. We should view the future with less misgiving if the Free Trade Ministers had left the Government on grounds of honest and fundamental disagreement, and had made themselves the rallying point for the forces of political moderation and fiscal sanity.

JAPAN AGAINST THE WORLD.

WE have arrived at the crisis of the crisis—the most critical week in the history of the world since Armistice Week, 1918. Ever since the Armistice, we have been aware of the tremendous issue with which our generation is confronted. The alternatives before us are world order or the downfall of our civilisation. Through all these post-war years, and especially the last two years, it has gradually become apparent that this issue would not automatically decide itself. In retrospect, now, we can see clearly that we have been working up towards an ordeal. This week the ordeal has come, and action is required of us.

The conjunction of events is so dramatic that it suggests the workmanship of some great artist rather than a fortuitous coincidence. On Tuesday, there opened in Geneva a World Disarmament Conference. The 1,500 delegates have converged upon the city of the League of Nations and the Red Cross from all quarters of the world. Practically every fully-self-governing State in existence is represented. And their assemblage is the culmination of laborious and persistent co-operative work

for the solution of the problems of disarmament and security—work that has been going on incessantly since the Peace Conference of Paris. The representatives of the peoples of the world meet this week in council in order to take the first concerted, constructive action for ridding society of a scourge which will undoubtedly destroy civilisation if civilisation does not get the whip hand; and at this very moment the World Disarmament Conference and the world itself are greeted by an outbreak of lawless violence.

One of “the Great Powers” of the world is once more using the traditional licence of sovereignty—a licence which Japan, like the rest of us, has solemnly renounced in putting her name to the League Covenant and the Kellogg Pact. We print in diary form an impartial chronicle of the events at Shanghai, and of the steps taken by the neutral Powers, so far, to secure peace. We may leave this tale of Japanese naval aggression in the main to speak for itself. This, however, we would observe: the civilian population of Chapei is quite innocent and quite defenceless. It has no responsibility for the Sino-Japanese feud in Manchuria; and it has been at most a passive participant in the anti-Japanese boycott in Shanghai itself. Moreover, last Thursday, the Chinese Mayor of Greater Shanghai conceded all the demands presented to him, at the point of an ultimatum, by the Japanese Admiral Shiosawa. It was in these circumstances that, a few hours later, the Japanese naval commander sent his marines into Chapei to seize this Chinese quarter of Shanghai by force; and then sent his aeroplanes to bomb this part of Shanghai intensively from the air when his marines met with unexpected resistance.

The enormity of this aggression is so great that the accompanying Japanese offences against the International Settlement and the French Settlement at Shanghai, and against the Western Powers and their nationals who have vast interests there, add little to the moral indictment. The political importance, however, of these complications is capital, because, in the present state of international relations (a state which we hope to transcend), Governments and nations are still slow to realise the solidarity of their individual interests with the common weal until these individual interests are directly imperilled—as they always are, sooner or later—by an outrage against the world’s peace. To complete, therefore, the tale of Japanese misdemeanours, we have to add that this wanton commission of acts of war in the heart of Shanghai has compromised the security of the French Settlement and the International Settlement, besides devastating Chapei, which is the direct object of the Japanese attack.

The least of the dangers (though this is a serious enough danger, as it is) to which the two Settlements now are exposed is the immediate risk of becoming targets for hostile shells and bombs. What the Japanese have done by their action at Shanghai during the last few days is to shatter the whole juridical status of the Settlements, which has been carefully and successfully safeguarded since their first establishment the best part of a century ago. It has become recognised by use and wont that the Settlements are neutral ground in regard to any neighbouring hostilities and that the interested Powers have a right to protect this neutrality, when it is in jeopardy, by landing armed forces. That is what the British and other Governments did when the Chinese Civil War swept round the outskirts of Shanghai in 1927; but the Japanese this week have done precisely the opposite. Grossly abusing the privilege which they possess as one of the Powers interested in the International Settlement, they have seized a portion of the Settlement, turned out the municipal police, and used this piece of neutral territory as a base for violent military operations against a quarter of Shanghai which is outside the bounds of the Settlement and under Chinese administration. When the Powers have time to think about their individual rights and interests, they will have a long score against Japan on this account.

At the moment, however, the issue is far greater. It concerns not mere individual interests—however important in themselves—but the common weal of the international comity of nations. We are in fact confronted, at last, with the problem of “security” in a concrete form. In concrete terms, “security” may be defined as an

assurance that no State in the world—not even “a Great Power”—can resort to lawless violence as a instrument of national policy without being placed under restraint and brought to book by the corporate action of the great international society of which every State in the world to-day is a member—not only in virtue of the Covenant and Pact, but in virtue of the hard fact that, if lawless violence can still succeed, society itself can no longer survive. What is the sense of insecurity—and its obverse, the lack of credit—which is at present fast bringing our civilisation to ruin? It is nothing else than a lack of confidence in the ability of the co-operative forces of law and order to master an outbreak of lawless violence if the ordeal comes. We have never felt sure that the international organisation which we have been building up since the end of the war would be able to deal successfully, in the last resort, with a recalcitrant Great Power. To-day, at the end of these first twelve post-war years, our state of uncertainty has got to be cleared up. Japan has thrown down a challenge which can neither be mistaken nor evaded.

If we do not take this challenge up and respond to it conclusively, it will be manifest that we are unable to secure the conditions of international law and order on which our modern economic life, as well as our political life, depends. The downfall of our civilisation will then be in sight. On the other hand, if we do meet this ordeal successfully, then the Disarmament Conference—though it may have to postpone its proper agenda until it has acted as a world council for keeping the world’s peace—may eventually come to grips with the problem of Disarmament under far more favourable conditions than we had previously dared to hope. For, if Japan is successfully restrained, the problem of “security”—which has hitherto made the problem of Disarmament insoluble—will have been largely settled, and this not only for the Far East, but for the world, including Europe.

The hour is grave, but the reward of success is high enough, and the penalty of failure severe enough, to nerve us to go resolutely through the ordeal; and, after all, it is a supreme piece of good fortune that the ordeal, now that it has come, should have come in the Far East, and not in Europe. Envisaging a European crisis in which Great Britain found herself committed to taking positive action, British statesmanship has been haunted by a nightmare of the Dominions hanging back and the United States preserving a possibly unfriendly neutrality. We are quite free from this nightmare now; for, in this Far Eastern ordeal, the United States and the Dominions are, if possible, still more deeply concerned than we are, and we have France and Italy with us into the bargain. Behind the Powers stands the League, and behind the League the World Conference—fortunately assembled at Geneva at this moment. The world cannot afford not to convince Japan that, however valid may be her grievances against China in the matter of the boycott, her present lawless aggression has exposed her to the moral condemnation of the world, while her determination to flout the world’s judgment would expose her to the full weight of the Sanctions of the Covenant. For their weakness and vacillation in dealing with Manchuria, the States members of the League have much to answer. To-day they dare not fail again.

DIARY OF THE SHANGHAI CRISIS.

Tuesday, January 19th.

Five Japanese monks attacked and injured by Chinese mob in Northern Shanghai.

Wednesday, January 20th.

Japanese mob sets fire to Chinese towel factory in Chapei area and attacks Chinese police.

Thursday, January 21st.

Rear-Admiral Shiosawa, Commander of Japanese Fleet in Chinese waters, issues demand to Chinese authorities in connection with recent attack on Japanese monks, insisting on formal apology by Mayor of Greater Shanghai, arrest of the assailants, payment of an indemnity, and the dissolution of anti-Japanese associations, failing which he threatens drastic action by Japanese Fleet.

Japanese warships and marines ordered to Shanghai.

Wednesday, January 27th.

Japanese Consul at Shanghai intimates that 6 p.m., Thursday, January 28th, is the time-limit allowed to the Chinese authorities for compliance with Japanese demands.

Mayor of Shanghai orders dissolution of anti-Japanese associations.

Japanese aircraft reinforcements arrive at Shanghai.

Thursday, January 28th.

7.30 a.m.—Japanese Admiral gives foreign authorities responsible for defence of International Settlement twenty-four hours’ notice of his intention to take action against Chinese.

12 noon.—Municipal Council declare a state of emergency as from 4 p.m.

1 p.m.—Mayor of Shanghai intimates compliance with Japanese demands.

9 p.m.—Japanese Consul accepts Chinese compliance as satisfactory.

10 p.m.—Japanese Admiral announces intention of landing forces to protect Japanese nationals.

12 midnight.—Japanese marines, advancing through the International Settlement, endeavour to occupy Chapei, but meet with considerable Chinese resistance. Japanese warships engage Woosung forts, at junction of Whangpoo and Yangtze Rivers below Shanghai. Fighting in Chapei continues throughout the night. Japanese advance towards North Station held up.

Friday, January 29th.

4.25 a.m.—Japanese aeroplanes bomb Chapei and Shanghai-Nanking Railway; Chinese civilian population suffers heavily; destructive fires caused.

British and American Consuls secure promise from Japanese Admiral to “cease fire” at 8 p.m.

China appeals to League of Nations against Japanese action under Articles X and XV of the Covenant.

Saturday, January 30th.

Sniping continues in Chapei. Chinese reinforcements arrive from Nanking.

League Council instructs representatives of States members in Shanghai to report on crisis.

Sunday, January 31st.

British and American Consuls confer with Japanese Admiral and Consul, the Chinese garrison commander, and Mayor of Shanghai. They suggest (1) that Japanese forces should withdraw into International Settlement; (2) that Chinese troops should retire west of railway; (3) that foreign troops should patrol between Japanese forces and railway; and (4) that Chinese police should be responsible for order on Chinese front. Plan referred by Japanese to Tokyo Government.

Japanese Foreign Minister requests British, American and French Ambassadors at Tokyo to use their influence to have Chinese troops withdrawn beyond a neutral zone.

Chinese Government moves from Nanking to Loyang.

Monday, February 1st.

British, French and United States reinforcements sent to Shanghai.

British and American Ambassadors protest to Tokyo Government at violation by Japan of neutrality of International Settlement.

11.15 p.m.—Japanese warships shell Nanking without warning.

Tuesday, February 2nd.

2 p.m.—Truce ended by resumption of Japanese offensive in Chapei. Chinese reported to have evacuated first-line position.

Further reinforcements of Japanese marines landed.

British Foreign Minister announces in Parliament that Britain and America have submitted to China and Japan the following peace terms:—

1. Cessation of all acts of violence on both sides forthwith on the following terms:—

2. No further mobilisation or preparation whatever for further hostilities.

3. Withdrawal of both Japanese and Chinese combatants from all points of mutual contact in the Shanghai area.

4. Protection of the International Settlement by the establishment of neutral zones to divide the combatants. These zones to be policed by neutrals; the arrangements to be set up by the Consular authorities on the spot.

5. Upon acceptance of these conditions prompt advances to be made in negotiations to settle all outstanding controversies between the two nations in the spirit of the Pact of Paris and the resolution of the League of Nations of December 9 without prior demand or reservations and with the aid of neutral observers or participants.

Similar representations made by France, Italy and Germany.

Emergency Meeting of League Council is acquainted with démarche taken by the Powers.

Wednesday, February 3rd.

Japanese warships and aircraft bombard Woosung forts. Further attack by Japanese on Chinese position in Chapei; Chinese reported to have fallen back behind the railway.

China accepts Anglo-American peace proposals.

Thursday, February 4th.

Renewed Japanese attacks in Chapei meet strong resistance. Japanese army division under orders for Shanghai.

Japan accepts third and fourth terms of Powers’ peace proposals, rejects second and fifth, and conditionally accepts the first.

REALITY ON THE DANUBE.

THE progress of the crisis in Austria and Hungary during the past nine months has been described in these pages on many occasions. To-day, as things are going, these two countries are being brought rapidly face to face with a situation in which for their future livelihood they will be dependent entirely upon their own resources. If the credits owed abroad by the respective Governments and central banks are deducted from the gold and foreign exchange holdings, their note issues are left practically without any metallic cover. Hungary has already defaulted upon most of her long-term foreign indebtedness and has introduced legislation which is tantamount to a total default upon her short-term indebtedness. Austria is still managing to pay her funded foreign debt—the municipality of Salzburg can even claim credit for having paid a debt a second time when the foreign collecting agent had become insolvent after receipt of the sums involved—but the Austrian National Bank has had to ask the Austrian commercial banks to obtain from their foreign creditors relief from the terms of the first “standstill” agreement. Despite the assurances of the Chancellor and the Minister of Finance, there can be little doubt that before long Austria will be compelled to suspend the service of her foreign loans. As for Austrian and Hungarian foreign trade, the free exchange of goods has ceased; as credits are no longer obtainable, new transactions can only be carried out by barter. For the maintenance of the standard of living of even twelve months ago an import surplus was necessary; since then, the value of exports has fallen rapidly; and in order to equate the “balance of trade” the central banks in both countries have to reduce the supply of foreign exchange to importers from day to day. Austria’s “clearing” arrangements with the neighbouring States have been a total failure. The same is true of Hungary.

Until now the increasing exclusion of imports has acted as a temporary stimulant to home industries in so far as they had previously to meet competition from abroad in the home markets. But this gain has been more than offset by the rising unemployment caused in the exporting industries. Further, the day is not far off when the home industries which depend for their supplies upon imports from abroad will no longer be able to obtain their raw materials. Already the Austrian National Bank can supply importers with but a fraction of their demands, leaving it to them to obtain the rest of their foreign exchange in the “black market.” Hungary could conceivably exist on the products of her native soil, and Austria could do so after a fashion, but neither country could do so without a considerable rise in the prices of home products and formidable industrial unemployment. Yet this is the situation ahead for Austria and Hungary, a situation which no wage reduction is capable of mending, and which must lead eventually to a collapse of the political structure.

There have been many crises in Central Europe since 1919, but never before have things reached this extremity. The fact that at the moment there is no sign of revolutionary temper proves little. Revolution breeds readily only when there is something to be gained. At present, even the most discontented elements are constrained to ask themselves what purpose a revolution would serve. Nevertheless, inflammable material is rapidly accumulating, which a spark might set ablaze. An unavoidable rise in the price of foodstuffs may compel the Governments to introduce requisitionary legislation and so cause a peasant rising; or the exasperation of starving workmen may lead to food riots and to marauding expeditions into peasant districts. The outward calm which both countries present to the casual observer and the assurances given by both Governments that they are capable of maintaining order have little relation to the potentialities of the situation. In reality, only the absence of effective leadership, apathy and despair are holding the Austro-Hungarian peoples. Fourteen years after the war a blockade, this time self-imposed, has been laid round these countries. Is it safe to expect that, the war-time spirit of sacrifice being gone, the people will be ready to endure for any length of time

the privations which the situation imposes? And once the blaze has been started, who can tell where it will be possible to stop the fire?

Compared with the problems of Asia and Western Europe, the problems of Austria and Hungary may seem relatively unimportant, but just as the collapse of the Credit-Anstalt was the signal for a general flight of foreign capital from all debtor countries, so the collapse of the political structure on the Danube might only too easily have far-reaching repercussions. Therein lies the real importance of recent developments. In Hungary, the ruling party seems to all appearances to be still firmly in the saddle, although rumblings of discontent are audible to the attentive ear. In Austria things look much more ominous. The expulsion—and no other term is appropriate—of Dr. Schober from the Cabinet, and the re-appearance of Dr. Seipel in the political arena, are events whose importance is considerable. Whatever may be Dr. Schober’s failings as a politician, it will stand to his lasting credit that he successfully struck a balance between the extreme parties of the right and left. Neither side could intimidate him and he prevented both from attempting a *coup d’état*. His fall creates a new situation. Dr. Seipel and his followers officially proclaim their adherence to the constitution; but privately and—in the provinces—publicly they appear to be advocating a different policy. Austria is to be reorganised as a “Ständestaat,” the power of the Social-Democrats in Vienna is to be crushed.

Now the policy of the Social-Democrats in Vienna has contributed in no small measure to Austria’s financial difficulties, but neither the past of Dr. Seipel’s party nor his programme for the future holds out any great hope of the wiser handling of economic forces under his regime. It may be that Dr. Seipel has assurances of French political and financial support; it may be that his return to politics marks the beginning of a new period of French policy in Central Europe. (From the point of France, *qua* creditor, a Danubian Federation would doubtless be a better debtor than the existing independent States, two of which cannot live and maintain their independence.) If all this be so, Austria may find in Dr. Seipel’s return the hope of assistance which might even be worth an internal struggle with the Social-Democrats, if such should prove unavoidable. But the assumptions are large; and otherwise the outlook is black.

That things have reached this pass is not solely the fault of Austria and Hungary themselves. It would be easy to prove that past policy with regard to social reserves and wages in Austria would have hampered economic progress, even under the most favourable external conditions. There is equally no doubt that Hungary’s capacity to repay was over-estimated by foreigners and Hungarians alike. The essential fact remains, however, that both countries have never really been given a fair chance to live since the signing of the peace treaties. Contrasted with the major problems of the world after 1918, their difficulties seemed insignificant; neither time nor thought enough could be spared to trouble greatly over questions which, it was hoped, would solve themselves as soon as the major difficulties had been cleared up. In the event, the major difficulties centred on the Rhine still remain unsolved, and the Danubian countries have been told vainly to wait and, meanwhile, to put their own houses in order. They have waited for fourteen years, and now, as a last resort, they have been told to reduce expenditure and wages at home still more drastically, to deflate still more energetically, and to “force” exports. Such, in sum, is the advice with which the Financial Committee of the League, even in its latest report,* published this week, has bade the victims “restore their equilibrium.” The remedies might equally apply to the advisers’ own countries; but they can no longer cure the ills of Austria and Hungary.

What, then, is Europe to do about it? Three possible courses suggest themselves.

(1) *To leave it to France.* Crudely, the fundamental disabilities of Austria and Hungary are inherent in the peace treaties, the French “system of Europe,” and the

tariff-walled balkanisation of the South-Eastern States. If the “system” is endangered by an economic collapse on the Danube, whose repercussions might shatter the whole structure, is it not perhaps the simplest and most rational policy to look to France, as the ultimate political beneficiary, to pay for the necessary under-pinning? This, we presume, is the view-point of Dr. Seipel.

(2) *To call in the League.* If exception be taken by other States to a policy of encouraging France to increase south-eastwards her orbit of dependent *protégés*, then the League may be preferred as a medium for securing the necessary assistance to prevent Austria and Hungary from foundering in the crisis. To be effective, League intervention would obviously have to go considerably beyond the appointment of “advisers.” Unless a miracle ends the world crisis to-morrow, both countries stand in dire need of new foreign capital to enable them to maintain a standard of life sufficiently high to support their political structure. But, given the existing parliamentary opposition in both Vienna and Budapest to necessarily drastic economies, no foreign loan could conceivably be floated so long as there was any chance of League “advice” being disregarded or hesitantly followed. Salvation by the League must necessarily involve, temporarily, a real surrender of sovereignty to the League.

(3) *To leave it to “natural” forces.* This would be a grim and perilous course; but there is a case to be made out for it. Advocates of *laissez-faire*, who doubt the willingness of France to “foot the bill” on the Danube, and would not, in any case, welcome an extension of French financial hegemony in that direction, might be inclined to ask what good purpose would be served by the League, if it once more endeavoured to buttress the tottering Austro-Hungarian fabric. When all is said, even if Europe—or, at least, the States signatory to the peace treaties—admits responsibility for its work in the creation of uneconomic post-war countries, to pour fresh capital into Vienna and Budapest would be justifiable only if there were real hopes that the earning-power of the borrowing countries would in future be a positive, not a minus, quantity. Under existing conditions, do such hopes exist? If not, it might be better to tell both countries that they can expect no help, that all foreign “advisers” will be withdrawn, and that they must work out their own salvation. Chaos might follow, but there would be an end to false hopes; and out of the wreck of an unsound, unreal political structure a saner Central and South-Eastern European economy might emerge.

On the merits of the choices open to the Powers in their attitude to the question which destiny is posing to them on the Danube, no one who appreciates the gravity of the issues involved would venture lightly to pronounce. In thus endeavouring to present a picture of the possibilities, we have sought not to pass judgment, but to awaken thought.

WHAT GERMANY HAS PAID.

MR CHAMBERLAIN’S clear statement of British policy with regard to war debts and reparations, on which we comment in a Note of the Week, brings us a step nearer to the final solution which will have to be reached—if not soon by agreement among the parties, then a little later by a general economic collapse. The choice between those alternatives lies in effect with France, and it is, therefore, important to seize upon any line of approach which promises to satisfy French, while not embittering German, public opinion. In the recent debate in the Chamber of Deputies, M. Léon Blum, the Socialist Leader, put forward the proposal that, as a preliminary to a conference for the determination of reparations, there should be an expert inquiry into the relation between France’s receipts from reparations and her expenditure on restoring the devastated areas. Such an inquiry, though it would inevitably rake up past controversies when the disputes of the moment are already excessive, would at least clear the ground for a discussion of war debts and reparations as a single problem. M. Blum’s suggestion has roused a good deal of interest in the Continental Press, and at the risk of exhuming corpses that were better

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buried in obscurity, we reproduce below some figures bearing on the issue.

The most difficult question of all is that of Germany’s payments before the Dawes Plan came into force. The only official non-German basis for calculation is the reports of the Reparation Commission, which credited Germany with approximately 8 milliards of gold marks,* but as a large portion of the payments were not cash but kind, including capital assets like the German merchant fleet and State property in ceded territory, upon which different valuations might honestly be placed, the official estimate cannot be accepted without examination. The *Frankfurter Zeitung* has just published the following table (slightly abbreviated here) showing the Reparation Commission’s figures and the latest official German figures side by side:—

GERMAN PAYMENTS UP TO AUGUST 31, 1924.

(In millions of gold marks.)

	German Claim.	Reparation Commission.
1. Cash payments under London Schedule, 1921-22	1,700	1,700
2. German Reparation Recovery Act... ..	373	373
3. Coal and coke deliveries	2,334	959
4. Other deliveries in kind.....	900	681
5. Merchant fleet:		
i. Handed over	3,426	756
ii. Sequestered	1,060	...
6. Railway material	1,803	833
7. Non-military material left behind on Western Front	5,041	140
8. Private property abroad	10,080	13
9. Settlement of private claims	617	...
10. Proportion of public debt of ceded territories	657	26
11. State property in ceded territories*	9,670	2,298†
12. Work of German prisoners of war....	1,200‡	...
13. Naval vessels	1,338	...
14. Compulsory payments during Ruhr occupation	1,370	27§
15. Other payments.....	490	261
	42,059	8,067

* Excluding value of Saar mines.

† Excluding value of territory handed over.

‡ After deduction of 300 million marks for cost of maintenance.

§ Including only deliveries of dyestuffs.

The aggregate discrepancy is enormous. But it will be observed that over one quarter of the difference between the German figures and those of the Reparation Commission arises from the items of private property abroad liquidated by the Allies, and private claims of Allied nationals settled by Germany. The merits of that question, which was finally closed at the second Hague Conference of January, 1930, have been argued in these columns before,† and this is not the occasion to reopen it. Briefly, the Treaty of Versailles entitled the Allies to liquidate the German private property that they had sequestered during the war, and to use the proceeds to compensate their nationals who could establish claims against the German Government; the latter had the obligation to compensate its own nationals who had suffered confiscation or loss on account of the war, but was compelled to restore the private property of Allied nationals that it had sequestered. This arrangement, admittedly, operated to Germany’s detriment, but the fact remains that the whole of the liquidated property was not a net

* See *Economist*, Reparations and War Debts Supplement, January 23, 1932, pp. 4 and 9.

† See *Economist*, August 24, 1929, and February 22, 1930.

forfeit by Germany, as it was partly used to offset legitimate claims against her. Nor did the Allied Governments themselves receive any more than the surpluses accruing from these accounts; in the case of Great Britain, who had by far the greatest interest in the matter, the surpluses which were thus taken into the Budget totalled £16,150,000, or, roughly, 330 million gold marks. The net receipts of France and other Allies on this account are understood to have been small.

A further large portion of the difference between the two sets of figures arises from the inclusion in the German total of certain items, like the work done by German prisoners of war, the cession of naval vessels, and the public debt apportioned to the ceded territories, which are not and never have been admitted in the Allied computation of reparation payments at all. We are not prepared to discuss here the legal interpretation of the Treaty on which the question of their inclusion turns. The remainder of the discrepancy is largely the result of differences in the valuation of ceded property and deliveries in kind. There can be no doubt that the Reparation Commission's figures erred very much on the safe side; for instance, their reckoning of Armistice deliveries of non-military material was not fully inclusive. In particular, the German merchant fleet seems to have been under-valued. The Commission entered it apparently at break-up rates, whereas the Germans, equally properly from their point of view, valued it as a going concern. Into the merits of rival estimates we are not in a position to go in any detail, contenting ourselves with quoting an independent American estimate* of 15 to 16 milliards of gold marks (£750 to £800 millions) as the total paid by Germany up to September 30, 1922, including 5 milliards for State property in ceded territories and 3½ milliards for the merchant marine, but omitting altogether the vexed question of the liquidated private assets. As for the period of the Ruhr occupation, it is probable, as the table indicates, that the Reparation Commission's figure omitted certain categories of deliveries that were actually made. There were, it is true, counter-costs which the Allies might claim as an offset, but discussion of that question would raise the debatable issue of the right of the Allies thus to distrain upon Germany on the strength of a claim that she had defaulted in her reparation payments.

After the inauguration of the Dawes Plan the calculation becomes comparatively simple. Excluding the service of the Dawes loan and the payments under The Hague agreement in compensation for paper marks left in Belgium, the total reparation payments of Germany between September 1, 1924, and June 30, 1931, were just over Rm. 10 milliards, or £500 millions. The *Frankfurter Zeitung* adds to the list certain other payments by Germany, such as the cost of allied commissions of control, plebiscite commissions, delimitation of frontiers, etc., and of military, naval and industrial disarmament enforced by the Treaty of Versailles, but none of these items can strictly be included with reparations nor did they result in any net budgetary benefit to the Allied Governments.

Now let us turn to the question of what France has expended on the restoration of her devastated areas. In a statement to the Finance Commission of the Chamber on January 28th, M. Flandin, the French Minister of Finance, asserted that down to April 1st last the French Government had spent 97,881 million francs (£800 millions gold) in respect of compensation for losses of property. This was exclusive of interest, and some of the payments had been made when the franc had a much higher value than at present. M. Flandin's final calculation was that reparation expenditure had cost 175,000 million present-day francs (£1,400 millions gold) excluding interest, which, as the *Frankfurter Zeitung* points out, it is no more proper to include on the French side than on the German. The German statement, commenting on this figure, points out that the French expert, M. Pupin, calculated the losses through destruction at 8-12 milliards of marks (£400 millions to £600 millions),

and Mr Keynes at 10 milliards of marks (£500 millions). Without any imputation of bad faith it is possible to go some way towards reconciling these conflicting figures with the observation that the cost of replacing the devastated property was very greatly and extravagantly inflated by the shortage, and consequent high cost, of building labour and materials in France after the war; nevertheless, the discrepancy remains very great and might be probed further.

In view of the enormous differences in the estimates, an attempt at a comparison between France's receipts from reparations and her expenditure is hardly likely to be conclusive. An estimate of her pre-Dawes receipts would require a decision on the valuation, not merely of Germany's total payments, but of every item contained therein, in order that the division among the creditor Powers might be ascertained. M. Flandin stated that France had received from Germany 8,151 million gold marks (£400 millions gold), or, after deducting costs of armies of occupation and other charges, 5,165 million gold marks net (£250 millions.) These figures were based on an estimate of 21,413 million gold marks (£1,050 millions) for the total reparation payments of Germany, which would leave approximately 11 milliards of marks (£550 millions) for pre-Dawes payments, including cessions of territory, etc. This, it will be seen, is somewhat in defect of the American estimate quoted above. A table recently published in these columns* credited France with receipts of £273 millions net from reparations, but it was based on a very conservative estimate of total German payments, which allowed only about £130 millions for pre-Dawes payments and which excluded ceded properties altogether. France's receipts under the Dawes and Young Plans have totalled roughly £270 millions gross, and about £240 millions net, against which she has made net war debt payments amounting to about £110 millions. The question of the relation between her reparation receipts and restoration expenditure, therefore, turns entirely on the valuation of Germany's payments before 1924, a matter upon which, as we have shown, it is impossible to make at this stage any final or impartial judgment. The very inconclusiveness of this article is sound reason for urging that past scores be forgotten and attention concentrated on the pressing needs of the present and the opportunities and dangers of the future.

THE SLUMP IN SHIPBUILDING.

THE annual summary of the mercantile shipbuilding of the world in 1931, issued this week by *Lloyd's Register*, completes the tale of profound depression, whose essential features had already been indicated by past quarterly returns of tonnage launched and work begun. During the past year the output of British yards amounted to 502,487 tons, comprising 98 steamers of 269,954 tons, 37 motor-ships of 227,910 tons, and 13 barges of 4,623 tons. This production represents a decrease of 976,076 tons as compared with that for 1930, and is the lowest recorded since the first issue in 1888 of *Lloyd's Register* shipbuilding returns. The world output in 1931 amounted to 1,617,115 tons, a decrease of 1,272,357 tons as compared with 1930. The figure for the past year is the lowest recorded since 1909, with the single exception of the war year 1915. In the following table tonnage output in Great Britain and in foreign countries is compared with the average figures for 1909-13, 1922-25 and 1926-29:—

TONNAGE OUTPUT.							
Period.	Tons launched. (000's omitted.)			British Per- centage.	Output as Percentage of 1909-13.		
	U.K.	Abroad.	World.		British.	Foreign.	World.
Average, 1909-13	1,522	967	2,489	61	100	100	100
" 1922-25	1,050	1,087	2,137	49	69	112	86
" 1926-29	1,208	1,155	2,363	51	79	119	95
1929	1,523	1,270	2,793	54.5	100	131	108
1930	1,478	1,411	2,889	51	97	146	116
1931	502	1,115	1,617	31	33	115	65

* *Germany's Capacity to Pay*. By H. G. Moulton and C. E. McGuire (for the Institute of Economics).

* *Economist*: Reparations and War Debts Supplement, January 23, 1932, p. 12.

A disquieting feature disclosed by the foregoing figures is the recent progressive decline in the British percentage of total world output. In 1931, whereas the British production was less than one-third of the pre-war average, foreign output still exceeded the 1909-13 figure by 15 per cent. In this connection it is evident that the effect of subsidies given to the shipbuilding industries of a number for foreign countries has been to delay in their case the full effects of the slump. In this country, though the depression in general shipbuilding began in the autumn of 1929, the placing of large contracts for tanker tonnage kept up the figure of "commencements" to a relatively satisfactory level until the second quarter of 1930, after which the decline was precipitate; and in the fourth quarter of 1930 work begun in the United Kingdom amounted to only 132,000 tons, as compared with 289,000 tons begun abroad. Quarterly tonnages of work begun in 1931 are shown in the following table, in which the figures are also included of work in hand at the end of the past three years:—

	THOUSAND TONS.							
	Work in Hand, December 31.			Work Commenced in 1931.				
	1929.	1930.	1931.	1st qr.	2nd qr.	3rd qr.	4th qr.	
United Kingdom...	1,560	909	401	33	23	39	105	
Germany	253	218	104	3	26	29	...	
Italy	178	180	178	14	29	...	32	
France	167	174	164	69	7	13	3	
Holland	232	160	68	12	2	22	9	
Denmark	105	108	52	33	17	12	10	
Japan	184	86	53	4	11	9	39	
Sweden	98	146	95	1	17	32	13	
U.S.A.	179	232	208	46	89	2	10	
Total abroad	1,551	1,417	1,003	209	211	134	120	

It would be premature as yet to infer that the slight increase during the past two quarters in the volume of work begun in British yards is indicative of any real recovery, for the contracts placed consist mainly of small vessels chiefly for replacement purposes. The marked falling-off in new work begun abroad since the second quarter of the year suggests that, though subsidised contracts continued to be placed long after British shipowners had retired from the new tonnage market, the shipping depression has now reached a point at which even foreign shipbuilders can expect nothing but almost complete paralysis of their activities.

For, regarded from the angle of the shipowner, the past year was marked not only by a serious shrinkage in revenue from passenger traffic, illustrated by drastic cancellations of liner sailings, but also by a grave curtailment of the staple cargoes on which merchant shipping depends. It is true that in 1931 the average level of whole cargo freights, as measured by the *Economist* index number, showed a fractional improvement as compared with the previous year, the annual mean figure of the index number (1898-1913 = 100) working out at 92.6, against 92.0 in 1930, and 112.6 in 1929; but this stability at the low level established in the first year of the present great depression was achieved only as a result of enormous curtailment, through "laying up," of the available supply of tonnage. At the beginning of January, 1931, the idle tonnage laid up at British ports amounted to 1.59 million net tons. By July 1st the total had mounted to 2.04 millions, and though, after reaching a peak of 2.09 millions on October 1st, the figure fell slightly by the end of the year to 1.97 millions, the fact that some 4½ million tons of deadweight capacity were still out of commission at the end of last year provides eloquent testimony to the loss of cargo traffic.

If further evidence were required of the decline in the volume of international trade, it is to be found in the traffic returns of the Suez Canal published recently in the *Bulletin Décadaire du Canal de Suez*. The following table shows the net tonnage of vessels which passed through the Canal during recent years:—

Year.	Net Tonnage.	Percentage Change on Previous Year.
1929	33,466,000	+ 4.7
1930	31,669,000	- 5.4
1931	30,028,000	- 5.2

The shrinkage in the volume of trade has been even greater than would appear from these figures. The net tonnage of vessels in ballast actually increased from 2,829,000 to 3,169,000. On the other hand, the net tonnage of laden vessels, at 26,859,000, shows a decrease of 1,981,000, or 6.9 per cent. The most disquieting feature is the fact that the pace of the decline in traffic has quickened during the second half of the past year. During the January-June period of 1931 traffic declined by 3.2 per cent. as compared with the corresponding half-year in 1930, while the returns for the six months ended in December, 1931, show a fall of 7.3 per cent.

Until there are indications of a reversal in the falling tendency of sea-borne trade, it would be idle for shipbuilders to expect that shipowners will be inclined to undertake commitments in the way of new tonnage beyond such contracts for replacement as cannot be postponed if the efficiency of regular services and the goodwill of the lines engaged in them are to be maintained.

ECONOMIC PROGRESS OF RUSSIA.

(BY A CORRESPONDENT.)

THE conclusion, on December 31st last, of the third complete year of the Piatiletka, or Five Year Plan of Soviet economic development, marks a further stage in the industrial and agricultural metamorphosis of Russia. It will be recalled that the Plan was inaugurated on October 1, 1928, and that the estimates were revised in an upward direction at the end of the first year. The three months ended December 31, 1930, were subsequently constituted a separate "shock" quarter, in order that the second complete year of the Plan might coincide with the calendar year and be more amenable to harvest considerations. During the third year, a demand arose in official circles for the achievement of the "Five Year Plan in Four Years," and the slogan has since been popularised throughout the territory of the U.S.S.R. Soviet Russia is thus entering upon the fourth and, it is hoped, final stage of a much accelerated programme. Towards the end of December, members of the Central Executive Committee, which is the Soviet equivalent of Parliament, forgathered at Moscow to hear from responsible Ministers an account of the achievements and shortcomings of the past year, and an outline of plans for the next.

The impossibility of transforming a predominantly agricultural into a predominantly industrial country in so short a space of time as that envisaged by the Five Year Plan is emphasised by the fact that while in 1913 Russian industry accounted for only 27.4 per cent. of the national income, the corresponding figure in 1931, despite the immense increase in industrial output, is still not more than 35 per cent. The concrete achievements of the first three years of the Plan, on the industrial side, are indicated by an annual increase in production of 21.24 per cent., though in 1931, particularly, the advance of roughly 21 per cent. was considerably short of the projected figure. Coal output amounted to 57.6 million tons, against 45.7 million tons in the previous complete year. Pig iron output was 4.90 million tons, as compared with 4.97 million tons in 1929-30. Steel production, at 5.85 million tons compared with 5.55 million tons, while crude oil production totalled 21.7 million tons, against 17.08 million tons in 1929-30. Copper output, in tons, reached 53,000; zinc 11,400; and lead 19,600. No fewer than 55,000 tractors were produced on Russian soil. In the case of oil, tractors and machinery, the five-year estimates have already been exceeded. In the case of pig iron and steel, estimates were not only over-sanguine, but production fell below the output for last year.

Industrial production as a whole was planned to attain a value, at 1926-7 prices, of 30,455 million roubles by the end of the Piatiletka, and 70 per cent. of this total was actually attained in 1931. During the past year, considerable difficulties impeded the realisation of the coal production plan, particularly in the Donetz basin, where unsatisfactory living conditions induced an "unplanned" mobility of labour. Strenuous efforts will evidently be

required to produce even a reasonable percentage of the 90-million tons projected for 1932, while even if that figure is achieved, the coalfields, for technical reasons, will still be producing at less than 50 per cent. of capacity. The problem of coal production is clearly of major importance, and extensive measures are being adopted to overcome the chief obstacles to progress, some 13½ million roubles having been allocated in the coming year for the construction of new pits, and 810 million roubles for the industry as a whole.

Estimates of industrial output for 1932 appear to be on a somewhat optimistic scale. They envisage the production of 9 million tons of pig iron, 9.4 million tons of steel, 100,000 tons of copper, 28,700 tons of zinc, and 28 million tons of oil. New branches of industry are to be opened up for the production, *inter alia*, of synthetic rubber, aluminium, and potassium. The iron and steel works which are in course of construction at Magneto-gorsk, Kuznetsk, and Zaporozhe are to be completed in 1932, while no less than 1,800 million roubles are to be invested in the iron and steel industry.

A feature of the fourth year of the Plan is the additional attention to be devoted to the lighter industries. Food production, it is estimated, will advance by 36.3 per cent., sugar by 55.9 per cent., fish by 33 per cent., canned goods by 92.4 per cent., and cotton goods by 23.8 per cent. Though not a little success has been achieved in the matter of increased output from industry, the measures taken to bring about a reduction in the cost of production have been less fruitful, costs having actually increased by 2 per cent. in the past year, against a planned decrease of 7.6 per cent. It is still hoped, however, that a decrease in costs of 18 per cent. will be registered for the four years as a whole—this being a little over half of the contemplated fall.

As regards agriculture, the policy of "collectivising" individual peasant farms for co-operative production and the establishment of "sovhozi" or State farms has been pursued with vigour. Whereas in 1928, when the scheme was originated, only 1.7 per cent. of the individual holdings and 2 per cent. of the total sown area were "socialised," during the past year 62.2 per cent. of the farms and 79 per cent. of the area were brought under collective control. During 1932 it is anticipated that between 72 per cent. and 75 per cent. of all peasant farms will be incorporated in the "socialised sector," while the total area under cultivation should increase from 137½ million hectares to 141 million hectares. Even then the grain area will constitute only 95 per cent. of the total planned, though the area under "technical" crops will be 133 per cent. of the Piatiletka estimate. This year the sum of 4,360 million roubles is to be spent on agricultural development, against 3,600 million roubles in 1931. Determined efforts are to be made to increase the productivity of the sown area rather than its extent, and to provide improved equipment for the State and collective farms. Special attention is to be devoted to the breeding of stock, the shortage of which is now regarded as one of the most serious defects in the agricultural side of the Plan.

One of the major difficulties of 1931 was the inability of the transport system to cope with the increase in the amount of goods to be transported. Whereas in 1913 the Russian railways were required to carry little more than 60 million tons of industrial goods, during the first half of 1931 the amount carried totalled 115 million tons. During the forthcoming year the railways are expected to have to deal with 28 per cent. more goods than in 1931, and, though the process of modernising and re-equipping the transport system is proceeding as rapidly as resources and technical ability permit, the inadequacy of existing facilities is a factor militating against the Piatiletka's complete fulfilment.

While it is impossible accurately to estimate the extent to which currency has recently been issued for the purpose of financing the Plan, the latest returns suggest that emissions may have been made to a greater extent than that justified by the increase in the volume of consumers' goods. Currency in circulation on November 1st last amounted to 5,181.7 million roubles, being 869.9 million roubles, or some 20 per cent., more than the total for

November 1, 1930. The difficulties which were experienced at the end of 1930 regarding small change were apparently not repeated last year, while the Government was less noticeably in arrears with its wage payments. The aggregate national income is officially estimated to have increased in 1931 by 13.2 per cent. above the 35 milliard roubles of 1930. The national budget, which showed a revenue of 12.8 milliard roubles in 1930, totalled 20.4 milliard roubles in 1931, and should reach 27.4 milliard roubles in the current year.

With the advance in industrial output, some effort was apparently made to pass on a greater part of the increased wealth to the consuming masses. Average monthly earnings, which in 1929 were only 89 roubles, had increased by last year to 146 roubles, while working hours were curtailed in a large number of industries. This year, though there is to be no slackening in the tempo of industrial development, it is hoped that the seven-hour day will be completely established. It is almost impossible to arrive at reliable estimates as to the "real" income of the Russian workers in comparison with previous years. The existence of queues for commodities may be regarded as a sign, in a "controlled" economy, of the presence of nominal purchasing power in exchange for which goods are not available; and the fact that a part at least of the deficit on the planned estimates has been made good by the issue of State loans, which serve to recall a fraction of the excessive currency issued in the form of wages, may perhaps be construed as a measure to offset inflation. In the circumstances, the test of "real" improvement in living standards will be the Plan's ability to achieve the projected increase in 1932 of 20.50 per cent. in available supplies of potatoes, eggs, and tobacco, and of 50-100 per cent. in the provision of meat and butter.

If the almost astronomical estimates of economic activity for 1932 are to be realised, it does not seem that in the final drive to complete the Plan in four years there is any room for a deceleration of pace or a lessening of pressure. Stalin has his finger on the pulse of the workers, and mass enthusiasm will probably withstand another year of intensive effort without cracking. Even so, the objective difficulties in the way of accomplishing so ambitious a programme are immense. Many of the major problems which have obstructed Soviet development in the past year still remain—the problem of adequate output in the "heavy" industries, the problem of transport, the problem of "quality" as opposed to "quantity," the problem of the shortage of skilled technicians, the problem of import requirements, and the problem of correlating without waste the various branches of the national economy. On balance, it seems probable that the planned estimates for 1932 will prove an incentive to effort rather than an achievable goal. But that is not to say that a very substantial proportion of the Plan will not be realised or that the achievements to date of the Soviet industrial revolution have not made history.

PROTECTION IN INSURANCE.

MANY years ago, before the world's affairs were managed by men of that high standard of intelligence to which those in authority over us have now attained, two hamlets of moderate populations, and lying close to each other, were served by a single fire engine. One of the hamlets was called Colney and the other Hatch. The fire engine belonged to Hatch, and whenever a fire broke out in Colney, the Hatch brigade would man its engine and hurry to the outbreak, charging to the owner of the burning property an appropriate fee as extinguishing expenses; and very gratifying to the local pride of Hatch it was to see the magnificent engine speeding across the frontier that separated the hamlets to put out a fire in the neighbours' territory. But as this plan was gratifying to Hatch so was it also humiliating to Colney, and as time went by some of the Practical Business Men of Colney, the kind of men who knew what two and two made when added together, began to say among themselves, in their terse practical phraseology, that this sort of thing would not do; that Colney should be protected, or, as some said, safeguarded, against the intrusion of the Hatch brigade; and that, if the local council of Colney would not take steps

to stop it, then the local council would have to be changed and other men, more of the Practical Business Man type, should be elected to the council in place of the present members.

Under the spur of these complaints and menaces one member of the council rose from his place in the council chamber and moved a resolution in favour of reform. Having been well armed with statistics, he pointed out that there had lately been an abnormal increase in the number of the fire brigade's visits, and, as the whole town knew, every visit from the Hatch brigade was followed by an outflow of good Colney money to meet the extinguishing expenses due. Why should Hatch put out Colney fires, which could equally well be put out by Colney itself? Why should Colney be made the dumping ground of other brigades' activities? How long would the men of Colney take it lying down? It might, he said, be argued that Colney had no fire engine of its own. That was true. But so far from being an argument against safeguarding, it was strongly in its favour, for if the Hatch fire engine had to pay a fine of, say, 50 per cent. of its extinguishing expenses before it was permitted to cross the Colney frontier not only would it contribute to the revenue of Colney, but it would be kept out altogether, and a new engine would be built in Colney, the making of which would give employment to the Colney coach builder and the Colney wheelwright and the Colney ironfoundry.

The plan was supported by a series of thoughtful articles in the Colney Press, proving that efficiency and economy would be obtained only by excluding the experienced Hatch brigade; but the most valuable support came from within the council itself, for by this time there were on the council many Practical Business Men who had come to see the importance—nay, the patriotic duty—of getting themselves elected to the council so as, in a sense, to be on the spot. And, in particular, there had been elected the coach builder and the wheelwright and the ironfounder, and others who, though not actively engaged, had embarked their capital in these and kindred industries. So the scheme prospered. The Hatch engine was subjected to the revenue-raising safeguarding fine of 50 per cent. per call. The new engine was begun, and the citizens of Colney, as they watched it grow, said that this was, indeed, a good thing, adding with scorn that any one who thought otherwise was a theorist or, as one citizen wittily said, a shibboleth. The plan was, in fact, a great success. True, there was not work for two engines, and neither the Colney nor the Hatch engine had enough to do. True, the Colney brigade proved somewhat less efficient than its experienced neighbour, and both the fire wastage and the insurance rates rose in Colney by some 35 per cent. True, the scheme put 6d. in the £ on to the Colney rates. But, then, the loss of the Colney extinguishing expenses put a halfpenny on to the Hatch rates, and this was very gratifying to the local pride of Colney.

We recall this half-forgotten episode, not, of course, because it has any bearing on our own domestic politics, but because it seems appropriate to a form of protection which has become during the last few years increasingly popular with other Governments less enlightened than our own—the protection of the home insurance market from the competition of outside companies and underwriters. This protection starts, as most forms of protection do, under an alias. It is, to begin with, an attempt to protect not the local insurance office from the strength of outside companies, but the local policyholder from the weakness of unsound insurers. These outsiders, it is argued, come to our shores and give cover to our nationals against fire and other hazards; but what guarantee have we that when the time comes to pay the claims they will not fold their tents like the Arab and as silently steal away, or, in other words, welsh? To safeguard our local property owners from this danger we must see to it that anyone from abroad who accepts insurance business here must deposit a sum of money substantial enough to meet his claims in case of this unfortunate contingency. So the system of deposits is started, and, once started, it

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develops swiftly and easily, under the pressure of home interests, from a measure of protection for the policyholder into a measure of strong protection for the local companies. Not less easily it develops, under the pressure of hard times and budget deficits, into an engine for the production of revenue, so that the foreigner is called upon to pay for his footing by contributing on a specially heavy scale to the taxes of the country in which he proposes to issue policies. A few years ago it was estimated that a British insurance office which proposed to transact fire business in every country of the world, in addition to paying heavy taxes, would tie up in deposits a sum of £500,000, and that if, apart from fire, it accepted also marine and accident risks, the £500,000 would have to be increased to £1,000,000, the whole of which must be deducted from its available assets and frozen in cold storage.

Since that estimate was made, the movement towards a more complete protection has advanced apace. In Canada fresh taxation is proposed, and only a dispute between the authorities of the Dominion and the authorities of the Provinces has prevented its imposition. In the Argentine a new decree has recently been promulgated, which will apparently increase by more than 100 per cent. the deposits demanded and will force a further compulsory investment by insurance companies of 19,000,000 pesos, the proceeds to be employed in meeting the first instalment of the Baring bills, so that the foreign insurers will supply the sinking fund for the redemption of the national debt. Germany has special regulations to protect her currency by placing an embargo on insurances placed outside the country. Italy for some years has practically prohibited her nationals from sending their insurances abroad, except in the way of re-insurance. In Latvia, no property may be insured against fire except with a Latvian insurance company, and in every case the Latvian Government must have a share of the re-insurance. In Spain, the law forbids insurance with foreign companies, and all the contracting parties to such an insurance are guilty of a punishable offence. In Turkey, foreign insurance interests have practically been killed. And so forth throughout the civilised world.

The folly of economic nationalism is nowhere more apparent than in these restrictions on insurance, for the essence of insurance is the spreading of risks. No country, however great or rich or powerful, can afford to say that its risks shall not be spread beyond its own frontiers, and the only sane course is to allow the individuals to make their own choice and place their risks where their judgment leads them. The checks and restrictions, which are imposed under the plea of safeguarding the nationals against weak insurance interests, must ultimately weaken the cover on which the nationals can rely, for they shut them off from the advantage of covering with strong companies, if they happen to be foreign, and drive them to weaker companies because they are native. Experience and skill acquired abroad are turned back at the frontier, and the cost of insurance increases behind the protective wall. Assets which should be liquid and available for international employment are commandeered and either sterilised in deposits or actually used to buttress up the national finances. In increased costs, in impaired efficiency, and in weakened security the community and the consumer foot the bill.

Notes of the Week.

Britain and Reparations.—The considered statement of British Government policy in regard to reparations and war debts, which Mr Chamberlain made in the House of Commons on Tuesday, should put an end to all uncertainty regarding the attitude of this country on a vital issue. Of recent weeks we have been exposed to foreign criticism for seeming to "blow hot and cold"; and there was perhaps sufficient apparent divergence between the utterances of the Prime Minister and the Foreign Secretary to warrant suggestions abroad that there was some dubiety in our position. This dubiety the Chancellor has now dispelled. The policy of His Majesty's Government, he announced, is that a comprehensive and permanent settlement of the reparations questions must be reached as soon as possible, and that this aim could best be realised by means of a general cancellation of reparations and war debts. He went on to say:—

As soon as the report of the Basle experts was received at Christmas we urged the necessity for the Governments to come together immediately to conclude a permanent settlement of the reparation question on the basis of a frank recognition of the facts established in the unanimous report of the experts. But it became apparent that the present juncture was not favourable for a settlement on such a basis. We accordingly expressed our willingness to agree to the postponement of the inter-Governmental Conference till May or June, when we hoped that conditions might be more favourable for a permanent settlement. We also suggested that some provisional arrangement should be made covering the year commencing July 1st next, in case the Conference could not be concluded before June 30th, when the Hoover moratorium will expire. An interchange of views on the subject has taken place with the French Government, but as it has not hitherto been found possible to secure full agreement in advance among the Governments chiefly concerned on the various arrangements which would be involved, it may prove to be the best course to reserve the whole question for settlement by the Conference when it meets.

Mr Chamberlain concluded with a reminder to Germany that the legal obligations laid down by the Hague Agreement cannot be annulled by unilateral action on Germany's part, to which he added an emphatic statement that, as the Report of the Basle Committee showed, Germany is not in a position to resume the fulfilment of the Hague obligations. Whether or not our acquiescence in the postponement of the Lausanne Conference until so much later in the year will be justified by the event, cannot readily be foretold. Much will depend on the success with which possibilities of agreement are explored in the meantime. Having now announced unequivocally our advocacy of the "clean slate," the next step is to see what response to this *démarche* is made by France. If the French reply be unfavourable, and if the British Government fails to find a *via media*, acceptable to Germany, between cancellation and the opposite, and economically quite impracticable, extreme of fulfilment, then the course of unilateral action which we shall be compelled to follow is clearly indicated by Mr Chamberlain's statement.

The New Ambassador.—The appointment of Mr Andrew Mellon as successor to General Dawes at the London Embassy of the United States is a significant move which will be warmly welcomed on this side of the Atlantic. In announcing the appointment, President Hoover observed that "the critical situation facing all countries as regards international relations, and the manifold economic and other problems demanding a wise solution in our national interests, call for experience and judgment of the highest order." Satisfaction at Mr Mellon's coming to London will be occasioned not merely, or primarily, by the fact of his known sympathy towards this country, but because it will be of the greatest advantage to the mutual interests both of the United States and Great Britain that an Ambassador of his breadth of view and grasp of financial detail should be in Europe at a juncture when the problem of reparations and war debts is likely to occupy the centre of the international stage.

The Russo-Polish Pact.—Simultaneous Russo-Polish and Russo-Roumanian negotiations for non-aggressive pacts, which took place last month, resulted in the breakdown of the Russo-Roumanian pourparlers at Riga on January 26th and the successful conclusion of a Russo-Polish agreement at Moscow on the preceding day. The Russians and Roumanians fell out, as they have fallen out several times before, over Bessarabia, a *ci-devant* province of the Russian Empire which was occupied and annexed by Roumania at the end of the war without Russian assent. Roumania is not prepared to relinquish her acquisition, the majority of the population of Bessarabia being Roumanians. On the other hand, the Soviet Government have always been very stiff in standing on their rights in this question, and refusing to accept the accomplished fact. The present breakdown need not be taken too tragically, since Roumania and the U.S.S.R. are both bound by the Kellogg Pact. It may be remembered that, before the Pact came into force generally, a special protocol was signed on Russian initiative by the Soviet Government and its European neighbours which brought the Pact into operation, in advance, as between these countries. Poland being one of the countries in question, it follows that the new Russo-Polish instrument does little more than confirm the already existing Kellogg Pact relation between the two parties. Nevertheless, a gesture of friendship between Poland and Russia on the eve of the Disarmament Conference is at least a small auspicious event to set against the hideous blow that has been dealt to the Conference by Japanese conduct in the Far East. Moreover, it cuts the ground from under the feet of those French "die-hards" who argue that France must avoid a Franco-Russian rapprochement for fear of arousing misgivings in Poland, France's indispensable ally. In holding aloof from Russia, the French cannot plausibly out-Pole the Poles themselves. As for the terms of the new Russo-Polish instrument, they follow the common form of post-war non-aggressive pacts of the more thorough-going type. The parties not only renounce recourse to war in their mutual relations and agree to abstain from non-warlike aggressive activities against each other. They also undertake not to help a third Power in an attack on one of the signatories, and not to take part in any international understanding openly hostile to the other country. This is all to the good. Let us take comfort where we can find it.

Fresh Trouble in Kashmir.—In the autumn, it will be remembered, the Government of India's troubles were aggravated by disturbances in the State of Kashmir. Now that the Round Table Conference Committees are starting work in India under difficulties enough, the Government has Kashmir on its shoulders once again. The underlying ground of these upheavals in Kashmir is always the same. A predominantly Muslim population is living under Hindu rule. In the earlier disturbances in the Jammu district, the communal issue was predominant. In the present disturbances in the Mirpur district, the communal issue is complicated by fiscal grievances. The peasantry complain that the land tax has been unfairly assessed and is being dishonestly collected by the State authorities. There is no reason to believe that the Kashmir administration is any better than it is painted by its indignant subjects; and the awkward fact for the Government of India is that the Mirpur district, like the Jammu district, lies close to the Punjab boundary. The head waters of the Jhelum Canal (one of the principal irrigation arteries of the Punjab) take off here. And, if the salutary flow of waters from Mirpur into the Punjab is in danger of being interrupted, there is, at least, an equal danger that the embarrassing flow of Muslim demonstrators in the other direction, from the Punjab into Kashmir, may start again. For these several reasons, British troops were once more sent into Kashmir territory on January 29th. It is to be hoped that their arrival will have as prompt and powerful a pacificatory effect this time as before. The Government of India certainly cannot afford to let these disorders in Kashmir go on; for, as it is, Punjabi opinion has been excited by the recent unrest on the North-West Frontier. But how is the chronic misrule in Kashmir to

be cured? A thorough cure could hardly be effected without the British authorities temporarily taking over the Maharajah's administration; and it is feared that this might appear to create a precedent unpalatable to other ruling princes. May we not, however assume that the ruling princes would be wise enough to see that this is a lesser evil, from their point of view, compared with the odium which will inevitably fall upon the Indian States as a whole if one of their number becomes a permanent scandal? No Government in India, British or Indian, to-day can afford to tolerate misgovernment in any part of the sub-continent.

The Change of Government in Austria.—On January 27th the Austrian Chancellor, Dr. Buresch, resigned; and on the 29th he succeeded in forming a new Cabinet. But the change goes deeper than the mere reconstruction which it appears to be; and the difference is not for the better. The most striking change is the elimination of the late Foreign Minister, on the implications of whose dismissal we comment in a leading article. The internal effects of Dr. Schober's departure in Austria are unlikely to be favourable; for the Pan-German support of the Government in Parliament will presumably cease with the reconstruction of the Cabinet; and the result is that Dr. Buresch's new Government can only count upon a minority of votes in the House (66 Christian-Socialist votes and nine Agrarian votes out of a total membership of 165). Presumably, then, the new Austrian Government will be weak, at a time when a strong and representative Government is particularly desirable; and it will not be strengthened in the long run by the inclusion of Christian-Socialists of a reactionary complexion (e.g., the new Minister of Justice, Dr. Schuschnigg). There are rumours that some of these reactionaries meditate something like a *coup d'état*, and that, if they do play that game, the Social Democrats, who have been lying low during the Cabinet reconstruction negotiations, may resort to "direct action" on their part. The mere circulation of such rumours is in itself disquieting.

Fiscal Casuistries.—As an essay in sophistry, we commend Mr Hore-Belisha's defence in the Commons on Wednesday of the Abnormal Importations Act. In December, he contended, the duties "had saved from the market"—whatever this may mean—over five million sterling worth of imported goods, and the total fall of manufactured imports in that month had been no less than £10 millions. Exports, however, had not declined, the cost of living had not increased, and there had been a reduction of unemployment. He therefore adjured Free Traders to admit that "an ounce of practice is worth a ton of principle," on the ground that this "controlled experiment in the restriction of imports" had not produced any of the ill-effects which on Free Trade theory should have accrued. It is germane, we suggest, to point out that no one but a fool would suppose that a reduction of trade in one direction would be simultaneously paralleled by a contraction in the other (conclusions drawn on the experience of one month are palpably valueless); that such a slight improvement as occurred in December in the volume of employment, in so far as it was not merely a normal seasonal rise, was due to the stimulus to British manufacturers afforded by the depreciation of sterling; and that the absence, so far, of any appreciable price rise in consumers' goods has been due (a) to liquidation of bankrupt stocks, and (b) to the general (and economically questionable) policy of distributors in refraining from adjusting prices to full replacement values. Mr Hore-Belisha's dialectic may serve to tickle the palates of Government supporters hungry for the spoils of higher and higher tariff protection, but considered in relation to a world economic system which is being paralysed by the fiscal insanity which he appears to advocate, it is an insult to the intelligence.

The Strangulation of Trade.—Recent events underline the warning of the Economic Committee of the League of Nations against the evil consequences of the growing interference with the flow of international trade. Hardly

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a day passes without the imposition in some country of new restrictions in the form of foreign exchange control, increased tariffs, the prohibition of certain classes of imports or the limitation of foreign purchases by licence. Among the latest additions to the list of these countries is Denmark. According to the law passed by Parliament on January 29th, the National Bank will have complete control of foreign exchange transactions and of foreign trade. It will be within the power of the Minister of Commerce to demand that all credits and investments, including interest due to Danish nationals from abroad, shall be handed over to a special department of the National Bank. Compensation for foreign exchange will be made according to quotations at the Danish Stock Exchange and for investments at the latest quotation converted into Danish currency. All importers will require a certificate from the National Bank for each transaction. Such permits will only be granted if there is no objection to the importation for reasons of exchange. Similar, but slightly less drastic measures, have been taken by Czechoslovakia, where a Commission has been set up by the Minister of Finance to regulate the importation of a large number of commodities. Without the permission of this body the National Bank of Czechoslovakia will be prohibited from handing over foreign exchange for the purchase of any commodity included in this list. Greek importers have just been informed that, in future, every application to the Bank of Greece has to be accompanied by a certificate from the competent Chamber of Commerce in Greece. These certificates can only be issued if the applicant trades in the goods ordered, if he does not possess stocks out of proportion to his ordinary trading, if the goods are ordered at their normal season, and, lastly, if large stocks do not exist in the country. The "International Starvation Club" had, indeed, a swelling membership even before the British Government elected itself to the chairmanship.

The Means Test.—One of the mandates with which the National Government was returned last autumn was to check the exploitation of the national unemployment insurance system. That it is pursuing this task steadily in one direction at least is proved by the fact that of 1,629,009 determinations made up to January 16th by the public assistance authorities, under the Order-in-Council of October 7th, which requires applicants for transitional benefit to prove their need of assistance, in 255,949 cases it was held that the applicants did not need transitional payment, in 570,721 applications part payments were determined, and in 802,339 instances the determinations were at the rate of full benefit. The Minister of Labour who gave these figures to the House last Tuesday, stated that the original estimate of the saving to be thus effected, at the rate of £10,000,000 a year, would probably be realised. Meanwhile, a deputation representing the

General Council of the Trades Union Congress have presented a memorandum to the Minister of Labour in which they objected to the inclusion of a means test in an insurance system, to the administration of the test by the public assistance authorities, to the discrepancies caused by the varying standards adopted in different districts, and to the inclusion of trade union benefit in the calculation of applicants' incomes. With one of these complaints there is much ground for sympathy: it is regrettable, and to a large extent unnecessary, that there should be such wide scope for local variation in the treatment of similar cases. It should surely be possible, though it would require legislation, to lay down certain general regulations to which all local authorities would have to conform in setting their standards of what constitutes "necessity." The other complaints are an illustration, the more distressing because so completely unconscious, of the thorough confusion in the public mind between the principles of insurance and of public assistance, and of the destruction which that confusion has wrought in the once general reluctance to live at other people's expense. A person who insures against any contingency whatever has every right to be indemnified in the event of that contingency, even if he be a millionaire. But successive modifications of the unemployment insurance system have rendered transitional benefit less and less of an insurance payment and more and more of a free gift justified only by the acute need of the recipient. The fact that the possession of alternative resources by some of the unemployed who have exhausted their right to benefit may do them great credit is no more a reason for paying them transitional benefit than the fact that a man has maintained his health against adverse circumstances by means of a highly creditable way of living is a reason for his being allowed a free holiday in a convalescent home. We should like, as a nation, to reward thrift and resourcefulness; unhappily the funds at our disposal no more than suffice for the relief of necessity, and to that end, therefore, they must be devoted.

The Provincial Newspaper Truce.—On Friday of last week a fresh concordat appears to have been reached between the Berry and Rothermere newspaper groups in the provincial area. Lord Rothermere retires from Newcastle, whose *Evening World* is merged into the *Newcastle Evening Chronicle*, owned by the "Berry" Allied Northern Newspapers, Limited. On the other hand, the *Derby Daily Express*, which Allied Northern Newspapers, Limited, controlled, is incorporated in the *Derby Daily Telegraph*, one of Lord Rothermere's provincial organs; and Northcliffe Newspapers, Limited, at Bristol, absorb the "Allied" *Evening Times and Echo*. In the last-named city another paper owned by the Allied group, the *Bristol Times and Mirror*, has also been amalgamated with the *Western Daily Press*, owned by Walter Reid and Son, Limited. The *Times and Mirror* was a morning newspaper, and its extinction is presumably to be regarded as an inducement to the owners of the *Western Daily Press* to leave Lord Rothermere unchallenged during the evening hours at Bristol. This armistice in the provincial newspaper war has been brought about, it may be imagined, by the pressure of economic attrition on both sides. Unhappily, the war is not without its casualties in the unemployment of many innocent victims of newspaper group rivalries. There is something not a little revolting in this game of using newspapers as pawns in a financial struggle.

Cotton Trade Labour Crisis.—At the end of last week, writes our Manchester correspondent, there was a distinct danger of an immediate strike at all the cotton mills in Burnley, but at the last moment, largely owing to the conciliatory methods of Mr John Grey, the employers' chairman, the crisis was averted, and the representatives of the operatives agreed to suspend the strike for a week in order to allow a further period for negotiations between the employers and the trade union officials on the "more looms" question. The leaders of the operatives at Burnley have recently been angered by the fact that more

firms have made special arrangements with their work-people as to the "more looms" system, and some employers have been able to obtain concessions with regard to hours and wages which are a violation of agreements entered into several years back. There was a long conference, lasting over five hours, in Manchester last Friday, between representatives of the Cotton Spinners' and Manufacturers' Association, the Burnley Cotton Spinners' and Manufacturers' Association and the Central Board of the Northern Counties Textile Trades Federation. The decision to strike at once in the Burnley district was withdrawn on the employers giving an undertaking that they would strongly urge that no more firms in their Association should change on to a "more looms to weaver system" or reduce wages or increase hours of labour. During this week there have been conferences almost from day to day, at which endeavours have been made to arrange working conditions and wages. Progress has been made, and it is probable that, before the end of the week, some agreement will have been reached. The possibility, however, of a strike at Burnley from Monday next has had a disorganising effect upon the Manchester market, and many manufacturers have been afraid to sell and guarantee delivery

Shipping Freights.—The average level of open market "tramp" shipping freights, as measured by the *Economist* index number, fell by over 3 per cent. during January, and is now below the average level of last year:—

AVERAGE 1898-1913=100.					
	Average, 1913.	January, 1931.	November, 1931.	December, 1931.	January, 1932.
European Waters	110.0	88.0	91.1	91.0	88.8
North America.....	113.1	90.1	92.0	90.4	85.2
South America.....	123.4	90.1	85.0	85.0	88.2
India.....	106.3	101.3	99.1	98.1	90.9
Far East and Pacific	117.4	88.8	98.8	103.0	98.3
Australia.....	127.9	108.6	108.6	105.0	101.6
Total.....	116.3	94.5	95.8	95.4	92.2

The only features in the freight market satisfactory to shipowners during the month were the steady demand for tonnage to load Argentine grain and a revival in Russia grain chartering, though in the latter case the rates obtainable showed no improvement. The outward coal trade remained extremely depressed; European ore traffic was of negligible dimensions; the North American market was lifeless; and in Eastern waters business towards the end of the month was adversely affected by the war clouds gathering over China. A further analysis of sectional groups is given below:—

AVERAGE 1898-1913=100.					
	Index Number.	Inc. or Dec. Points.		Index Number.	Inc. or Dec. Points.
Home trade.....	75.3	- 4.5	South America—		
Bay—outwards.....	108.3	- 1.8	outwards.....	65.2	...
Bay—homewards.....	96.8	- 1.6	South America—		
Mediterranean—			homewards.....		
outwards.....	81.0	- 0.3	India—outwards...	111.1	+ 6.3
Mediterranean—			India—homewards...	84.2	- 4.2
homewards.....	96.1	- 0.6	Far East, &c.....	97.7	-10.0
North America.....	85.2	- 5.2	Australia.....	98.3	- 4.7
				101.5	- 3.6

Expressed as a percentage of the average for 1913, the total figure of our index number for January works out at 79.2 compared with 82.0 in December, and 81.2 a year ago.

Bank of England Statistics.—A welcome innovation this week has been the publication, for a limited circulation, of a statistical summary under the imprimatur of the Bank of England. For some years past it has been the practice of the Bank to prepare a monthly statistical summary for internal use and for the use of central banks in other countries, and the decision to give this summary a wider circulation has been taken in accordance with the recommendation of the Macmillan Committee on Finance and Industry. Most of the statistics included in the bulletin are obtainable from other sources, but they are here presented in a handy form and are supplemented with

an excellent series of charts. In thus developing its statistical service, the Bank of England is making a valuable contribution to knowledge, both at home and abroad, of this country's financial and economic conditions.

Census of Production—Metals.—Volume III. of the preliminary reports of the census of production of 1930, published in last week's *Board of Trade Journal*, deals with the non-ferrous metal trades, iron foundries and the cutlery trade. The following summary shows the gross value, the net value (gross value less cost of materials and work given out to other firms), and the net output per person employed in the various industries in 1924 and in 1930:—

Industry.	Gross Output.		Net Output.		Net Output per Employee.	
	Thous. £.	1924.	Thous. £.	1930.	1924.	1930.
Copper and brass	22,916	19,981	6,128	5,524	231	238
Lead, tin, zinc, aluminium	31,662	24,652	6,491	5,738	291	288
Gold and silver refining.....	15,796	39,713	985	1,220	554	544
Iron and steel foundries*	...	27,524	...	15,938	...	188
Cutlery	3,101	2,742	1,634	1,569	165	174

* Not treated as a separate industry in 1924 census.

If allowance is made for the fall in prices between 1924 and 1930, it will be seen that the net output of the non-ferrous metal industries was well maintained—a conclusion borne out by the Board of Trade index of the volume of production of non-ferrous metals. The net output per person employed shows an increase in the case of the copper and brass trades, but a decline in the lead, zinc, tin and aluminium industries. In the cutlery trade a decline in the output of knives was offset by an expansion in the output of safety razors and blades. As mass-production methods are applied in the manufacture of razors and blades, the output per person employed shows a considerable increase.

The New South Wales Default.—At the end of last week Mr Lyons had to inform the Premier's Conference that the New South Wales Government was not proposing to meet its immediate overseas debt service obligations, including the interest on the 6½ per cent. 1930-40 sterling loan, due on February 1st. On January 29th, Mr Lang, the New South Wales Premier, sought for an advance of £500,000 from the Loan Council, but the advance of £500,000 from the Loan Council, but the remaining Australian delegates to the Council rejected the application on the ground that New South Wales had not contributed her quota to the general reconstruction plan of last year. Under the terms of the Financial Agreement Validation Act of 1929, the threatened default of New South Wales thrust the responsibility of meeting the service of the loans upon the Federal Government; and, indeed, when a similar default occurred nearly a year ago, the Federal Government at once discharged its liability to the New South Wales stockholders. On this occasion, however, a different and more drastic procedure has been followed. The Federal Government began by allowing the default to take place, and the interest due last Monday has not yet been paid. This move put the New South Wales Government in the wrong, and Mr Lang did his best to counter it by cabling to the Agent-General in London asking him to negotiate with the stockholders for a year's moratorium. Mr Lyons immediately issued a statement strongly discountenancing this attempt; and on February 3rd the Federal Government made a counter-move, for which previous events had evidently been preparing the ground. A High Court writ was issued by the Commonwealth Crown Law Office to recover the money owed by New South Wales for the overseas interest payments now actually in default, and the Loan Council and the Federal Cabinet met the same day in Melbourne to discuss measures for impounding all moneys due to be paid to the New South Wales Government, including its share of loan money for public works. That is as far as matters have moved

for the present. Rightly or wrongly, it was seemingly thought necessary to allow the New South Wales Government to get into actual default, even at the cost of a technical default by the Commonwealth Government, in order to clear the ground for drastic and final action. It may be hoped that the stockholders will not have to wait long for the payment of their overdue interest, and that this repeated threat of New South Wales interest defaults will be finally eliminated. If so, the delay in payment may have been worth while.

The Reichsbank Credits.—Late last week the Council of Regents of the Banque de France decided to renew for one month its share of \$25,000,000 in the \$100,000,000 rediscount credit granted jointly by the Bank of England, the New York Reserve Bank, the Banque de France and the B.I.S. to the Reichsbank at the end of last June, and since renewed at various dates. The Banque de France followed the example of the B.I.S. in making its renewal conditional upon the remaining participants in the credit also renewing, and further stipulated that the Reichsbank should obtain from the German Government an assurance that no impediment would be placed in the way of any gold shipments that might be necessary to cover the repayment of the credit. Little significance attaches to the first condition, as is shown by the fact that on every occasion that the credit has come up for renewal the B.I.S. have made their consent dependent upon the consent of the remaining participants; and, indeed, no participant would ever have risked being left alone with its share of the credit. Nor need the second condition, which the German authorities in due course accepted, be regarded as more than a formal precaution. The most serious part of the decision was the restriction of the renewal to only one month instead of the normal period of three months, for which the Reichsbank had naturally been hoping. As the terms of the new standstill agreement provide that the creditors can cancel it if the Reichsbank's foreign rediscount credits are not renewed, it is easy to appreciate that the restriction of the renewal to only one month may cause some anxiety in Germany. We imagine, however, that there is little reason to apprehend that the Banque de France would risk bringing down the whole Central European financial house of cards by actually withdrawing its share of the credit.

Japan's Overseas Trade.—How far can Japan economically afford to neglect public opinion in other countries? The following tables of the nature and distribution of Japan's foreign trade partly answer this question:—

I.				
NATURE OF JAPANESE TRADE.				
Million Yen (January–November).				
Item.	Imports.		Exports.	
	1930.	1931.	1930.	1931.
Food, drink, tobacco	194	145	117	96
Raw materials	777	617	60	41
Semi-finished materials	222	165	482	387
Manufactures	251	192	662	517
Total	1,444	1,120	1,321	1,041

II.				
DISTRIBUTION OF JAPANESE TRADE IN 1930.				
Million Yen.				
Country.	Imports.		Exports.	
	Value.	Per cent. of Total.	Value.	Per cent. of Total.
United States	443	29	506	34
British India	180	12	129	9
Great Britain	93	6	61	4
Canada, Straits Settlements and Australia	169	11	70	5
China	162	10.5	261	18
Other countries	499	31.5	443	30
Total	1,546	100	1,470	100

It will be seen from the first table that more than one-half of Japan's imports consist of food and raw materials.

Raw cotton alone accounted for 23.5 per cent. during the first eleven months of the past year. On the other hand, exports consist mainly of semi-finished materials and manufactures. Among partly manufactured commodities, raw silk, which accounted for 31 per cent. of all exports during the January-November period of last year, is the chief item. The second table shows that the principal buyers of Japanese goods are the United States and the British Empire. The inference is obvious, and, we hope, warrants hopes of Japanese inability to defy, in the last resort, Anglo-American counsels of peace.

Budget and Tariffs in Australia.—Our Melbourne correspondent writes:—The Budget speeches and public accounts of the Commonwealth and six States show deficits amounting to £25,889,609 for 1930-31 (exclusive of £773,374 Family Endowment Fund deficit in New South Wales), and deficits aggregating £19,069,458 according to estimates for 1931-32. The latter figure contrasts with the total of £14,650,000 contemplated at the Premiers' Conference held last June, when it was decided to cut down the interest on internal debts, the difference being principally in the Commonwealth and New South Wales. The total taxation shown by the revenue accounts for 1930-31 was £76,811,932, but this does not include the New South Wales unemployment relief tax of £4,375,802 or the Family Endowment tax, amounting to £558,555. Adding these two items, the aggregate taxation for the Commonwealth and six States is raised to £81,746,289. Comparing present taxation with that of a few years ago, a notable feature is the decline in the proportion from Customs and revenue, the yield from which was £28,295,073 for 1930-31 and £28,600,000 (estimated) for 1931-32, against a yield of £41,774,391 for 1929-30. Greater reliance is now placed upon direct taxation, but, even at the enhanced rates now ruling, this is insufficient to fill the gap in Customs revenue due to the reduction in imports. Against the aggregate deficits for 1931-32 of £19,069,458, the Commonwealth expenditure is now reducible by £3,920,000 under the Hoover Moratorium scheme. In the formation of the new Commonwealth Ministry the Country Party has stood aloof, owing to the refusal of the new Prime Minister, Mr Lyons, to agree to the stipulation by Dr. Earle Page, leader of the Country Party, that if he joined the Ministry he should be Minister of Customs. This has an important bearing on the prospect of tariff revision, especially as in the election campaign a section of the manufacturers showed a decided tendency to support the Labour Party for the sake of the tariff. The duties imposed by the late Government are still in operation pending final consideration by Parliament. Some of these duties were professedly intended simply for the immediate purpose of checking imports, and as imports have now been reduced to a low level the reason for these special duties no longer exists. The late Prime Minister, Mr Scullin, referred to this point at the Imperial Conference on October 8, 1930, when he stated that "these measures are to be regarded as being wholly of an emergency nature and subject to review and in some cases to withdrawal as soon as the financial position permits." On the main question the complaint of the country districts is that the tariff is excessively burdensome, especially in view of the low prices obtainable for wool and wheat. On the other hand, the manufacturing interests are strongly entrenched. A little discussion has gone on lately with regard to the Ottawa Conference, and the basis of protectionist comment is that whatever preferences may be granted by the British Government, the Australian tariff must be maintained at a level which will effectively protect Australian manufacturers.

Prudential Assurance.—An important announcement has just been made by this company as to its intentions with regard to the annual valuation and distribution of profits due to be made as on December 31, 1931. The continuity of the annual bonus distributions is to be preserved, but in view of the uncertainty of the outlook, it has been considered wise to reduce the amount of bonus to be allocated immediately. The full bonus for 1930 in

the ordinary branch was 52s. per cent. on the sum assured for whole life assurances and 46s. per cent. for endowment assurances, and for 1931 these rates are to be cut down to 36s. per cent. and 30s. per cent. respectively; but—a novel expedient—the balance of the cost of bonuses at the full rates is to be set aside in suspense and utilised, if and when conditions improve, to make up to surviving policyholders the reduction in the ordinary bonus now suffered. So far as policies which become claims in 1932 are concerned, their interests will be protected in that interim bonuses at full normal rates will be paid. The official announcement makes it clear that the actuarial basis of valuation is being retained unaltered, and that the normal trading profits are in excess of those for 1930; and, further, that the decline in market value of the assets as at December 31, 1931, is more than covered by the investment reserve and available contingency funds. The form of the latter statement would seem to imply that the hidden reserve existing hitherto in the book value of the assets has disappeared, but that the remaining depreciation is more than covered by disclosed reserves. When the position of life offices was discussed in these columns a few weeks ago, it was estimated that on the average the depreciation in 1931 might be put at approximately 9 per cent. of the total funds. As the total funds of the Prudential amount to about £240 millions, this means that the depreciation suffered last year must have been upwards of £20 millions, which compares with disclosed investments and contingency reserves of approximately £15 millions. No reference is made in the announcement to the company's intentions with regard to dividend, and it will be interesting to see if the dividend is to be dealt with on the same lines as the bonus, or if the full normal dividend is paid in the ordinary course. Having regard to the known fact that the company must have suffered a heavy depreciation, this statement must be considered to be reassuring, and the size and influence of the company may well give a lead to other offices placed in a similar position.

Overseas Correspondence.

UNITED STATES.

(FROM OUR CORRESPONDENT.)

Reconstruction Credit Corporation — Money — Prices.

NEW YORK, January 22.

SENTIMENT has been buoyed up by expectations of marked benefits to come from the developments of the past week; but the adverse features of the situation have not been crowded entirely off the stage. Congress has finally approved the Reconstruction Credit Corporation Bill, and the measure will shortly receive President Hoover's signature. The Corporation will have to begin with five hundred million dollars in funds supplied by the Treasury, though it is authorised to obtain two thousand millions by sale of its debentures. Judging by the experience of the War Finance Corporation, which did such a good work in promoting the recovery from war depression, not all the initial stake will be needed. It is recalled that the War Finance Corporation actually used only \$280 millions and lost no money to the Government, nor did it promote inflation.

Much loose talk has been indulged in on this side of the water over the danger of inflation. Those here who are thoroughly out of sympathy with artificial cures for the business depression or with inflation *per se*, are, nevertheless, favourable to the new credit body as providing a needed chain between unused credit resources and the business needs of the country. The new body will make loans, principally to banks and railroads, and should lessen the danger of closings for the former and receiverships for the latter, while increasing little, if at all, the amount of credit in use. Inflation as a danger, it is felt here, exists in the inability or unwillingness of the Government to balance its budget, thereby making necessary the issue of currency to fill the gap. That danger, happily, has receded into the background with the strong stand taken by

President Hoover when he reminded the country that it could not squander itself into prosperity, and asserted that the budget would be balanced. In this stand he has been ably supported by both the Democratic and Republican leaders in Congress. Both sides are now firmly pledged to paring Governmental expenditures, to increasing taxation and to balancing the budget. Unless there is a decided lapse from these positions, it is unlikely that this country will go through any inflation tending to weaken its credit.

Gold outflow has begun on a broad scale, most of the metal going to France. Belgium, also, has been taking some, and is expected to take more. The exodus is causing no alarm. The Reserve Bank authorities have expressed great equanimity over the movement, pointing out that France has around \$125 millions in gold under earmark, which can be withdrawn without effect on interest rates, and that the total earmarked metal now is about \$450 millions. Some time ago the Reserve officials assured Bank of France officials that they had no objection to the removal of Bank of France balances here. Total foreign balances are now estimated at about \$600 millions, while the amount of free gold in the Federal Reserve system is around \$1,500 millions. Naturally, there is no desire to see this metal go out, but that is not considered probable, in view of the undoubted safety of the dollar on the gold standard, once European nerves are calmed on the subject of inflation.

The Reserve system's cheap-money campaign has slowed down. Actual credit outstanding this week dropped moderately. Government security holdings were unchanged, as were member bank borrowings, while the recent cut in the bill rate failed to stop a further decline in the system's bill holdings. Currency was nominally lower, against a sharp reduction usual at this season in former years, and gold reserves were moderately smaller. Still, the easier tone in money, mostly seasonal, was reflected in the week's Treasury discount bill offering, which went at a 2.48 per cent. interest rate equivalent, against 3.25 per cent. at the turn of the year. Between now and the end of June the Treasury will have to borrow about \$2,500 millions, increasing the public debt by about \$1,500 millions. This does not include \$582 millions in Treasury bills maturing in the period, but it does include refunding certificates, providing the initial \$500 millions for the Reconstruction Corporation, the \$125 millions for the Federal Land Bank system and about \$75 millions for the proposed new Home Loan Banking system. The remainder is to make good over \$700 millions in Treasury deficit for the last few months of the fiscal year.

This financing will be done by short-term issues, and, after June 30th, it is planned to permit no further increase in the national debt, which will then be about \$19,000 millions. Naturally, the banks will have to supply most of the short-term loans, which is calculated to bring about some expansion in bank credit, but there will be many offsetting items. It is not expected that the Reserve Banks will add much to their holdings of Government securities, but member bank borrowing at the Reserve is expected to increase, and the market still looks for a lower discount rate.

Current business statistics are only mildly encouraging, and that only in patches. The steel industry has picked up somewhat, and is now operating at about 28 per cent. of capacity. Railroad traffic is running about 20 per cent. lower than a year ago. Winter stagnation rules in building and the motor industry, though cheered by the success of the national exhibition held here last week, is going ahead slowly.

The rise in wheat has slowed down with the share market. Commodity prices in general are still inclined to soften. The Bureau of Labour Statistics has begun publication of a weekly index, using the 1926 level as 100. For the week of January 9th this index stood at 68.1, a drop from the previous week of three-tenths of 1 per cent. The monthly index receded nearly 3 per cent. for December, and stood 15 per cent. lower than a year ago. Wholesale commodity prices, according to this index, are now

about at the 1915 level. The drop in farm products was 5 per cent. The indices, by groups, are as follows:—

	Dec., 1930.	Nov., 1931.	Dec., 1931.
All commodities	78.4	68.3	66.3
Farm products	75.2	58.7	55.7
Foods	81.8	70.9	68.1
Raw materials	74.2	62.0	60.2
Semi-manufactured articles	74.3	64.4	62.2
Finished products	81.9	73.2	71.0
Non-agricultural commodities	79.4	71.0	69.3
All commodities, less farm produce and foods	79.0	71.8	70.4

The National Credit Corporation—the organisation formed with authorisation to raise \$500 millions from the banks to lend to banks—has made its third call for a 10 per cent. subscription, bringing total payments to \$150 millions. Meanwhile, the Railroad Credit Corporation, formed to handle additional revenues collected under the recently granted freight rate increase and to lend the money to roads failing to cover their interest charges, has announced that there will be no railroad defaults in February.

The delay and uncertainty over reparations is far from encouraging to American business, but the outlook for a voluntary offer of cancellation, or even sharp reduction, in advance of a definite settlement of German payments to the allied creditors is as poor as ever. No initiative need be expected from this country.

FRANCE.

Elections — Revenue — Caisse des Dépôts — Coal.

(FROM OUR CORRESPONDENT.)

PARIS, February 3.

It seems likely that the general elections will take place on May 22nd, with May 29th for second ballots, if this part of the French electoral system be not suppressed before that date. These dates are the latest permissible under the constitutional law governing the duration of French Parliaments. The discussion of the proposals for the abolition forthwith of second ballots at Parliamentary elections—which for all practical purposes means the adoption of the British "bare majority" system—has been the subject of an extremely lively sitting already, and the question is again being debated to-day, when a night sitting is expected to result in a definite decision so far as the Lower House is concerned. So far, there seems to be every probability that the Bill—which is a private members' measure—will secure adoption.

The proposal to suppress second ballots was originally brought forward some months ago by a Radical-Socialist member, M. Charles Lambert, who claims that he then had the formal support of his party vote behind him. Since then the Socialist-Radicals have withdrawn their support of the Bill. M. Lambert, in token of his dissatisfaction, has resigned his membership of the party, and the Bill is now being sponsored by M. George Mandel. The object of the supporters of the Bill is obviously to prevent an alliance between the Radicals and Marxist-Socialists for second-ballot purposes. The substitution of the bare majority principle at the coming contest is expected to prove overwhelmingly advantageous to the existing Centre and Right majority parties.

The refusal of M. Herriot and several of his colleagues, from a sense of party discipline, to enter the second Laval Cabinet has been sharply condemned by many of the Socialist-Radical rank and file in the constituencies, and the effect this is likely to have on the pending election is already visible. M. Herriot himself, in an article in his Lyons newspaper, *Le Démocrate*, has definitely dissociated himself from the kite-flying article recently printed in the Toulouse *Dépêche*, the Radical-Socialist mouthpiece in the provinces, in which the advisability of a general cancellation of reparation payments was urged. M. Herriot insists that Germany is bound by the Young Plan, and that it was in view of this fact that the Allies evacuated the Rhineland in advance of the treaty date and handed back to Germany the control of her railways.

"Many good people," M. Herriot observes, "insist that if we pass the sponge over reparations there will be throughout Germany a reaction favourable to peace. I should like to think so, but I do not believe that would be the case." He adds that he has no great anxiety so far as the present year is concerned, "but I fear the fatal years 1935-36, and that is why, with all my strength, as a Frenchman and a pacifist, I defend, and I invite all free men and free nations to defend, the inviolability of contracts."

The "drama of the Budget," as the country's financial situation is picturesquely described by one leading writer, is proving much more complicated than had been expected. The Budget Minister states that the present Budget shows a deficit of 1,125,000,000 francs, of which 700,000,000 francs, or more than half, is due to a shortage in the common fund created in regard to alcohol. This he proposes to get rid of "without new taxes," by readjusting the alcohol taxes and revising upwards existing dues on motor cars and motor spirit. The average taxpayer is showing a disposition to cavil at the policy of "no new taxes" which has prevailed for several years past, by pointing out that the phrase has no longer any valid meaning, as every year, through repeated "readjustments," his taxation burden steadily increases. The cry for retrenchment of expenditure is now beginning to take vigorous forms.

Attention is being called here to the possible danger that may result from the enormous accumulation of capital now in the hands of the little-known institution officially entitled the Caisse des Dépôts de Consignations, which is the custodian of the bulk of the savings banks accumulations and many other funds. The total amount in the safe keeping of this institution on November 30, as shown by its then balance sheet, was 74,800,000,000 francs, and it is expected that the balance sheet for the end of the year, when it is made public, will show that this sum has been largely surpassed, and thus represents one of the largest accumulations in the world. The bulk of this colossal sum, according to the latest figures available, has been invested as follows:—

	Million francs.
French rentes	31,000
Post office and railway bonds	6,600
National Defence bonds	12,000
Treasury bonds	4,300
Loans to the State	5,500
Loans to departments and communes	5,500
Caisse d'amortissement bonds	2,600
Credit Foncier obligations	1,500
Industrial securities	500
Foreign State funds	100
Real estate	200

The current account of the Caisse alone represents liquid funds of between 4,500,000,000 francs and 5,000,000,000 francs. One reason for the swollen total is that the maximum limit for savings bank deposits was recently increased to 20,000 francs, and another is that the Caisse des Dépôts has during the past year or two had entrusted to it the management of the capitalisation funds of the national insurance system. From the practical point of view, the Caisse des Dépôts constitutes what is nothing more or less than the sheet anchor of the French financial world, by reason of its enormous resources. Its capacity for action largely explains why, last September, when Great Britain suddenly announced its intention of abandoning the gold standard, and the London, New York, Berlin and other stock exchanges were compelled, as a measure of precaution, to remain closed, the Paris Bourse was able, without fear of a disastrous panic, to open as usual.

Coal production figures for December indicate that the total output of the French mines during the month of twenty-five working days was 4,016,945 tons, as compared with 4,163,219 tons during the twenty-four days of the previous month, and 4,458,467 tons for the twenty-five working days of December, 1930. The average daily output was 160,678 tons, as compared with 173,467 tons in the previous month and 178,339 tons in December, 1930. Labour effectively employed totalled 276,356 units, as compared with 276,555 units in the previous month and 300,714 units in December, 1930. The yield from the

French mines during the twelve months (excluding the Saar area) was 51,062,000 tons, as against 55,026,768 tons in 1930. To this total must be added 5,826,037 tons drawn from the mines in the Saar area, and foreign imports totalling 23,068,035 tons. These figures, after deducting 3,526,524 tons, representing French exports of coal, left a grand total of 76,448,340 tons for consumption. Of the 23,000,000 tons imported, 10,767,000 tons came from Great Britain, 4,616,737 tons from Germany (including "reparations coal"), 4,420,534 tons from Belgium and Luxembourg, 2,030,547 tons from Holland, 9,178,302 tons from Poland, 80,000 tons from Russia, 63,000 tons from Switzerland, 52,338 tons from Indo-China, and 48,000 tons from the United States. Out of a total of 7,681,000 tons of coke available for consumption, Germany furnished 1,918,000 tons, Belgium and Luxembourg 556,500 tons, Holland, 911,000 tons, and Great Britain 11,453 tons. The general situation in the French coalfields remains unsettled. The problem of a readjustment of wages has not yet received complete solution, and there is a strong agitation in favour of a substantial further reduction of import quotas. Reports have been received in Paris of important discoveries of large deposits of both anthracite and petroleum in Morocco, which it is expected will contribute to rendering this country less dependent than at present on foreign supplies of these commodities.

GERMANY.

Presidential Nomination — Reichsbank — Export Surplus — Unemployment.

(FROM OUR CORRESPONDENT.)

BERLIN, February 2.

HERR SAHM, the chief Mayor of Berlin, has formed a committee for the purpose of adopting Herr von Hindenburg as candidate for the forthcoming Presidential Election. This requires 20,000 signatures, which will be obtained in a very short time. In addition, of course, Herr von Hindenburg's own consent is required, and this has not yet been given in a binding form. The signatories include distinguished men and women representing a very wide range of occupations and opinions. Even a Socialist, Herr Noske, formerly Minister for Defence, and now the Chief Mayor of Hanover, has signed the document. This reflects the spirit in which the appeal was framed; avoiding all political expressions, it declares for Herr von Hindenburg on the grounds that he is "Foremost in war, foremost in peace, and foremost in the hearts of his compatriots."

Even before Dr. Sahm formed his committee, a special committee in Bavaria (Bavaria came out strongly in support of Herr von Hindenburg's first candidature in 1925) started a movement for the re-election of the President. This emphasises the fact that the nomination of Herr von Hindenburg is by no means a purely Prussian movement or purely inspired from Berlin, and the co-operation of North and South will greatly strengthen his candidature. The National Socialists have not yet decided whether they will oppose a candidate of their own to Herr von Hindenburg, and the German Nationalists also are still hesitating.

Herr Wagemann's proposal for credit reform is still occupying the attention of the German public. In a country where almost half the industrial wage earners are unemployed, a proposal which appears to reveal a new reserve of credit which might be used for the provision of work is bound to arouse much interest, and, in addition, Herr Wagemann is conducting a very active agitation in support of his proposal. The Government and the Reichsbank, however, are opposed to any attempt to put it into effect. The Government has announced that it will undertake no such changes in the credit system as are called for by the Wagemann Plan; "The Government of the Reich and the Reichsbank have not altered their determination that nothing must be done which might have even the appearance of inflation. No change in the Reichsbank law is being contemplated."

At the end of January the Reichsbank had to record a further loss of gold, amounting to Rm. 15 millions, since the preceding week. Its gold and exchange reserve, which at the end of December still amounted to 1,156 millions, has fallen to 1,093 millions. Apart from this, conditions were easy at the end of January, and there was no great strain even on the Reichsbank. The note circulation was 4,400 millions, against 4,780 millions at the end of the year; discounts were 3,630 millions, against 4,140 millions, and the market discount rate was reduced from 6½ to 6¼.

The surplus of exports in 1931 was approximately Rm. 3 milliards, against 1.6 milliards in 1930. This was brought about by a reduction of one-third in the value of imports against a decline of only one-fifth in that of exports. That is partly due to the fact that German imports were more affected by the fall in prices than German exports, but, even apart from price changes, there was a decline of 16 per cent. in imports and only 9 per cent. in exports.

Since the middle of November, 1931, the number of unemployed in Germany has increased by more than 1.1 million. This is, indeed, less than the increase during the corresponding period a year ago, which was 1.4 million, but only because employees in the building trade, who generally fall out of work early in the winter, were for the most part already unemployed in the summer of 1931. Even so, in view of the terrible economic collapse which occurred in the summer of 1931, the increase in the unemployment figures might not seem excessive (from 4,765 millions at January 15th, 1930, to 5,966 millions at January 15th, 1931), but the absolute magnitude of these figures means an overwhelming social and economic burden which cannot be supported for any length of time. Judging by the experience of previous years, an increase of about 300,000 is to be expected before the maximum is reached in February. Of the six million unemployed, rather more than half (3.2 millions) are living on unemployment and emergency benefit; the remainder, who are for the most part dependent on communal relief, constitute a lasting menace to the financial equilibrium of the communes.

AUSTRIA.

Foreign Trade — National Bank — Housing.

(FROM OUR CORRESPONDENT.)

VIENNA, February 1.

THE crisis in the management of the National Bank has become acute. The president of the bank, Dr. Reisch, has requested the Government to accept his resignation, and there is no doubt that it will be accepted. At the moment it is not known who will be nominated as his successor. It is possible that the general manager, Dr. Brauneis, will be appointed. Last week he wished to give up his position, but his application was refused unanimously by the board of the bank. It would certainly be a matter for regret if both the leading men at the National Bank gave up their offices at the same time, for the Austrian National Bank, or, rather, the foreign currency policy inaugurated by it, occupies a central position in the economic crisis. The claims on the National Bank are tremendous. Its holdings of foreign currency are steadily dwindling, while the presentation of bills of exchange continues, so that the cover ratio is becoming worse and worse. All attempts to achieve an improvement in the holdings of foreign exchange by means of clearing treaties and checking imports have so far been vain. On the contrary, the foreign exchange clearings have proved to be injurious. From individual countries, with which such treaties exist, useless articles are entering the country, and from other countries goods are being imported on long-term invoices. For instance, it is said that French silk and other articles of luxury from France and Switzerland are being imported on credit extending over several years.

Stormy meetings have taken place with the industrialists and the merchants, in which objection has been raised to the present policy of the National Bank. The discussion with the economic corporate bodies, which was held at the

Ministry of Finance, has led to sharp conflicts between the representatives of the National Bank and of industry and commerce. The management of the National Bank defended the measure and pointed out that the situation is very grave. Their opponents declared that it would, nevertheless, be better to introduce unhampered dealings in foreign exchange, even though much higher prices might have to be paid for foreign means of payment than have so far been paid, as at present prices the National Bank is distributing scarcely any foreign money at all. One of the first measures of the new president of the National Bank will surely be to reduce the Bank rate. The present management of the bank of issue has expressed aversion from this step, because it fears that reduction of the Bank rate would interfere with the favourable trend at present observable in savings deposits.

The development of State finances is also hardly satisfactory. The Federal Customs estimate for 1931 was set at 327 million schillings. In the event, the revenue did not amount to more than 270 millions, which is actually lower than that of the years 1929 or 1930. The proceeds of the merchandise turnover tax, amounting to 220 million schillings in 1931, were also below expectations. In the current year the regression will certainly be still greater on account of the dullness in general business and of diminished importation. Consumption of beer has also fallen greatly. For the period September 1, 1930, to August 31, 1931, total consumption of beer was 4.4 million hectolitres, against 5.4 millions in the corresponding period of the previous year. In the months of September, October and November beer output was 0.46, against 0.75 million hectolitres.

The timber industry is at present experiencing a severe crisis. Exports have dropped by about 46 per cent. in comparison with the year 1930. The chief foreign markets are no longer capable of absorbing supplies. France has reduced the import quota by a third. Export to Italy has become much poorer, and Russian timber has already made its appearance in North Italy as a competitor of the

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Austrian product. Owing to foreign exchange regulations, Hungary has become an insignificant market.

In regard to the financial position, it is an important fact that the banks and the big finance firms, which concluded the second standstill agreement with the foreign creditors, have agreed to make no repayments of capital for the period January 20th to July 20, 1932. The interest payments are to be maintained, and they comprise a sum of about 22 million dollars. It remains to be seen whether things can be kept going with the help of this curtailment of the payment obligations. It is possible that the matter will be carried further. Some people in economic circles demand that only such payments should be made abroad as cannot be postponed. Up to the present the Government has, however, opposed this tendency, and it declares that, for the time being, it will not hear of a transfer moratorium.

The question of the management of the Credit-Anstalt is not yet cleared up. The negotiations with German bank directors have all been broken off, and there is now talk of leaving the present management in office. Banking business in general is shrinking, and more bank clerks are being dismissed. The stagnation on the Stock Exchange still obtains. Now and then individual securities in foreign values are inquired for, but no interest at all is being displayed by the public. On the other hand, the trend of deposits at the banks and savings banks is not at all unsatisfactory, and consequently the savings banks are also in a position once more to accord occasional mortgage credits. For these they demand 9 per cent. in cases where they cover a period up to five years, and 10 per cent. for periods in excess of five years. Housing financed by public funds is lagging more and more. As the Government are obliged to exercise great thrift and cannot place the housing bonds, which have dropped more than 20 per cent. since they were issued, they have scarcely 10 million schillings left at their disposal for such purposes. Furthermore, a number of houses, which were built by regular employees with the help of housing credits, are being offered for sale. The owners are no longer able to pay the present instalments on account of the reduction in their salaries. On the other hand, a little animation is anticipated in private building enterprise, especially in very cheap and small dwellings. It is hoped that it will be possible to reduce building costs by 20 to 25 per cent., especially if concessions are made in the matter of taxation. No improvement in unemployment can, however, be expected from this source, as public building is declining, and there are no signs of better business in the early part of the year.

HUNGARY.

League Report — Finance.

(FROM OUR CORRESPONDENT.)

BUDAPEST, February 1.

THE first quarterly report by Mr Royall Tyler, the League of Nations representative in Hungary, covering the period October-December, 1931, is full of interesting data. It is stated therein that the Government has carried out its undertakings to fix expenditure for the Budget year that began on July 1, 1931, at 890 million pengő; that since November 1st last, it has limited actual expenditure to an annual basis of 850 million pengő (565 million pengő for eight months) and it is preparing the 1932-33 Budget to balance at 830 million pengő. The experience of the past three months shows that it is possible to keep the Budget balanced; but in order to avoid deficits from now on, it may well be necessary to reduce expenditure below the levels at present contemplated for the rest of this year and for next year. Total receipts for the six months during December 31st amount to 405 million pengő, a figure which bears out the Financial Committee's opinion formed last October that expenditure would have to be reduced to an annual level of 800 million pengő, which was considered by the *Economist* as the utmost the country could afford to bear, when the first endeavours to balance

The report goes on to say that, in estimating the total expenditure of the State, it must not be forgotten that the undertakings which are not included in the administrative Budget are being run at a loss. The Government has announced that it will secure equilibrium in their Budgets also; but this cannot be done quickly enough to prevent them from exceeding the expenditure provided for in this year's Budget. It is probable that the total charge which the Hungarian taxpayer has to bear might be considerably lightened by rationalising the undertakings, both of the State and of the cities, and by submitting the Budgets of the cities and other autonomous bodies, which amount to half as much as the State Budget itself, to a no less drastic scrutiny than that which must be brought to bear on the State Administration itself.

Actual results for the first half of the financial year show a deficit of 48.2 million pengő, as against 63.2 million pengő in the corresponding period of 1930. Actual expenditure in July-December amounted to 453.2 million pengő, and actual revenue totalled only 405 million pengő. After the prolific receipts of November, yielding a surplus of 31.3 million pengő, there was a deficit of 5.1 million pengő in December. The Budget of the State undertakings in July-November, 1931, disclosed a deficit of 5.6 million pengő, in which the advances made to the State railways, amounting to 10 million pengő, and those to the iron works of the State, are not included, so that the total deficit of the State is over 70 million pengő in the first half of the present financial year. As, among the State undertakings, only the Post and Telegraphs Budget is balanced, while the railways and the ironworks are being operated at a loss, it is very likely that by the end of the financial year the total deficit of the Administration and the undertakings will exceed 100 million pengő. It is satisfactory to note from the report that the draft Budget for 1932-33, which is at present being prepared, is to have incorporated in it all special funds in receipts of public moneys, which was not the case hitherto.

The partial suspension of transfer can, in the opinion of Mr Tyler, only be justified if the value of the currency is maintained. This authoritative statement is a conclusive answer to hasty critics both at home and abroad who assert that the abandonment of the gold standard would have been preferable to the transfer moratorium. It has been repeatedly pointed out in these columns that neither Hungary nor her creditors could have gained anything by giving up the gold standard, because a country whose total merchandise exports are about 570 million pengő, as against an annual foreign debt charge of nearly 300 millions and no invisible exports of importance, could hardly have hoped to increase its capacity to transfer, especially when its customers are confronted with the same problem of securing a favourable balance of trade to pay foreign debts. The report states that the National Bank's available exchange utilisable for foreign debt payment amounted on December 15th to 3 million pengő, as against maturities at the end of December and beginning of January of some 20 million pengő.

In connection with the recent complaints made in London by Hambros Bank, Limited, and the Anglo-International Bank, Limited, with regard to the default of the Hungarian Land Mortgage Institute, it may be pointed out that in addition to the statement of the League representative already referred to that the National Bank had practically no means at its disposal to meet the total interest service of the foreign debt, the total gold and exchange cover of the National Bank, amounting to 118 million pengő at the end of December, 1931, was actually less than its debt to the B.I.S. and other central banks totalling 145 million pengő. It is obvious, therefore, that the only criticism which can be levelled against the Hungarian Government is that the declaration of the transfer moratorium was too late, because since August the foreign debt service was met from new short-term debts at the expense of the National Bank's own gold and exchange holding, which is owed now in its entirety to the B.I.S. and other central banks.

On the other hand, the protests against the immoral practice of purchases by Hungarian citizens and institu-

ruling are perfectly legitimate, and it must be pointed out that such actions constitute a serious breach of the exchange regulations of Hungary, as by Order-in-Council it was decreed that all foreign exchange holdings must be surrendered to the National Bank. London bankers and brokers could easily put an end to such dishonest practices, by denouncing the Hungarian speculators to the committee formed in the City to deal with Hungarian affairs arising out of the transfer moratorium. Important parleys will take place between the various groups of foreign creditors' and investors' representatives and Dr. Teleszky, the representative of Hungary who, according to the domestic press in Budapest, will endeavour during his stay in London to bring about standstill agreements for the short-term debts and discuss the fate of the non-transferable pengő deposits of the Foreign Creditors Fund.

ITALY.

Deficits — Taxation — Stock Exchange.

(FROM OUR CORRESPONDENT.)

TURIN, February 1.

OFFICIAL statements have now been published relating to past and current budget deficits. The Court of Accounts has definitely approved the accounts for the fiscal year 1930-31, closing with a deficit of 504 million lire. This is less than the deficit provisionally announced last July, which was 896 millions. The latter, according to our accounting methods, is the deficit of the budget proper, i.e., revenue and expenditure, made or to be made, relating to the fiscal year in question. On the other hand, the account of *residui*, or uncashed or unpaid balances on account of fiscal years up to June 30, 1931, closed with an increase of 341.9 million lire (from 2,393.8 millions to 2,735.7 millions) in the revenue still to be received, and a decrease of 922.5 million lire (from 6,974.2 millions to 6,051.7 millions) in the expenditure to be made. So far so good. Leaving out of account past revenue still due, which is an uncertain affair, the 504 million lire deficit of 1930-31 appears to be fairly compensated by the decrease of 922.5 millions in unpaid balances.

The situation with regard to present and future budgets is more serious. The first six months of the current fiscal year close with a deficit of 1,668.9 million lire, and the Budget for 1932-33 reveals an estimated deficit of 1,412.7 millions. It would not be an easy task to find new sources of revenue, as the limit of taxation seems to have been reached. Signor Mazzuchelli, in the January issue of the *Rivista Bancaria*, has pointed out that, notwithstanding the fact that new taxes to raise an additional yield of 459 million lire in the period from July to November, 1930, were imposed, revenue increased only by 239 millions (from 7,649 millions to 7,888 millions) compared with 1929; likewise, in spite of 365 million lire new taxation in the same period of 1931, revenue decreased by 600 millions (from 7,988 millions to 7,388 millions) compared with 1930. Signor Rocco, Minister for Justice, points out in an authoritative statement to *La Stampa* that any increase of taxation would be useless and would most probably result in a further decrease of yield, as the crushing burden of increased taxation would compel many taxpayers to go out of business. Nor is it easy to effect further economies, and, if they proved possible, they might react unfavourably upon revenue. Therefore, says Signor Rocco, the only alternative open to statesmen is to influence the economic situation in such a way as to limit the effect of the crisis. Signor Olivetti, General Secretary of the Confederation of Industry, in another statement to the Press, remarks that the best beginning to the solution of the world crisis would be the tackling of the monetary problem. It is useless to pretend that budget deficits and economic crises can be remedied while monetary systems are unstable. Nobody can work and plan on the base of unstable money. Only an international conference, however, can grapple with monetary problems.

Optimism on the stock exchanges has continued. Bank of Italy shares, which had been marked up from 1,381 on January 9th to 1,430 on January 16th, closed on

January 30th at 1,500; Fiat rose from 130 to 145 and 155 between the same dates, notwithstanding that the dividend may be passed; Edison from 440 to 483 and 493; Beni Stabili (real estate) from 560 to 573 and 583; Eridania (sugar) from 240 to 248 and 277; Snia Viscosa, which has lately increased its turnover and will distribute a dividend of 14 lire, increased from 165 to 185 (after a grouping of five old shares into one). Shipping securities are dormant; so are banking shares, with Credito Italiano pegged at about 700 lire and Banca Commerciale Italiana hovering around 1,100. The new Institute of Industrial Credit, which, it was said, would have relieved the "Sofindit" of a great part of the securities passed on to the latter from the Banca Commerciale, does not appear to have begun operations. Senator Mayer, president of the Institute, is reported as willing to assume responsibility only for sound securities with a safety margin under real values; so that it should not be necessary to call upon the State guarantee for debentures issued. Operations are therefore bound to drag on, and mobilisation of frozen bank assets is going to be slow.

HOLLAND.

Meat Duty — Exchange Regulation — Capital — Stock Exchange.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, February 3.

IN view of the critical situation of agriculture and industry in Holland, public attention is still being concentrated for the time being on the measures of commercial policy which the Government is to take. For the first time use has been made of the powers conferred upon the Government by the recently enacted quota law. The first article upon which the import quota restrictions are being imposed is beef, both fresh and frozen. The imports during the period from January 16 to April 16, 1932, will not be allowed to exceed 60 per cent. of the average imports per quarter during the years 1928, 1929 and 1930. The imports from the respective countries are to be allotted on an equivalent basis, so that the most-favoured-nation principle, as laid down in the commercial treaties, will be strictly observed.

Representatives of the Danish Government and of the Danish agricultural organisations have been conferring with the Dutch Government with regard to the measures proposed for rationing meat imports, and it was pointed out that the abnormal imports of meat which have been experienced since 1930 have made these measures imperative. Generally speaking, Holland has a surplus of beef, so that normally it is not imported into the country at all. The large imports of beef in 1930 and 1931 were due, not to causes within our frontiers, but to changed circumstances abroad. Other countries, including Germany, raised their import duties more and more in 1929 and 1930, and in September, 1931, several countries, including Denmark, abandoned the gold standard, with the result that large quantities of Danish meat, in particular, were thrown on to the Dutch market regardless of price, much to the detriment of the Dutch cattle farmers. The total imports of meat during the current year will be restricted to 2,715 tons of fresh meat and 5,730 tons of frozen, making together 8,445 tons, whereas in the past year they were 13,644 tons of fresh and 7,148 tons of frozen meat, an aggregate of 20,792 tons. The import of meat will accordingly be reduced from nearly 21,000 tons to less than 8,500 tons if the quota is maintained at 60 per cent. for the remaining three quarters of the year. Similar measures for other commodities may be expected.

On the initiative of the Netherlands it has been proposed that representatives of the signatories to the Oslo Treaty should meet at Geneva during the first week of the Disarmament Conference for the purpose of discussing the problems of commercial policy.

The statement of the German Embassy at The Hague that, pending definite arrangements, an import duty of 100 Reichsmarks per 100 kilog. is to be imposed on all butter imported into Germany from the Netherlands has

again caused much alarm in the Dutch dairy industry. In connection with this the "Crisis Dairy Bureau" has appealed to the Netherlands Government to place the export of butter to Germany under the provisions of the recent Crisis Exports Act, in order to enable the export of the quota liable to the German duty to be regulated to the best possible advantage for the Dutch producers.

A meeting has been held at The Hague of representatives of various branches of industry menaced by the abnormal imports of foreign goods, for the purpose of discussing what measures could be adopted to accelerate the application of the quota law. The meeting expressed alarm at the abnormally increased imports as revealed by the December statistics, whereas so far the quota law had not been made applicable to a single article except meat. It was generally conceded that the quota committee was not to be blamed for this in any respect. On the contrary, satisfaction was expressed as to the zealous manner in which the committee is acquitting itself of its task. The meeting also expressed disquietude as to the increasing activity of the Ministry of Foreign Affairs recently manifested in the conclusion of the protocol with Belgium, previously referred to in these columns. It was pointed out that this and similar agreements tend to nullify the operation of the crisis import law as desired by Parliament.

The threatened conflict in the coal mining industry has been obviated. A strike in which 17,000 mine workers would have been involved has consequently been averted, the management of the private mines having conceded the payment of the same contributions towards the pension funds as are made in the State mines. It was decided to entrust the pensions committee with the working out of further details. It was also decided to maintain the existing wages agreement. If, in due time, a wages cut has to be proposed, the management of the private mines are to submit figures proving the necessity for such reduction of wages. The existing arrangements for holidays and leave were renewed. In view of the increasingly difficult circumstances in the mining industry, however, the maintenance of the present level of wages is becoming impossible; it is therefore expected that proposals for a reduction in wages will soon be inevitable, in which case the proof of necessity as mentioned above will have to be provided by the mine owners.

The draft of the Bill regulating foreign exchange clearing with the Central European countries has now been passed from the Ministry of Labour to the Privy Council for examination. The Bill is to compel the use of the clearing house only for payments ensuing from transactions in merchandise, but is not to apply to payments for shipping, goods in transit, or for transactions concluded in goods which are not in this country. The law is to come into operation immediately it is passed. The Bill aims at facilitating international commercial relations and obviating hindrances to international trade resulting from the foreign exchange restrictions prevalent in various countries. It will not, however, achieve a definite and complete solution, for the system to be followed by the foreign exchange clearing institution would still entail various difficulties for the exporter. The latter will, for instance, no longer be able to negotiate on conditions of payment; the exporter of goods which were formerly delivered against cash or on short credit can now receive payment, even though the buyer has already paid, only if the institution regulating the foreign exchange clearing has sufficient balance of funds available for the purpose.

POLAND.

Import Restrictions — Textiles — Coal and Iron — Credit Withdrawals — Census.

(FROM OUR CORRESPONDENT.)

WARSAW, January 30.

THE enactment at the end of 1931 of several decrees greatly extending the import permit system, increasing Customs duties and providing for lower rates under certain conditions on a number of commodities, has caused a vast

amount of confusion among importers. The Ministry of Trade, under the new regulations, has so far allotted import quotas only in small amounts for a limited period, as the intention is to revise these quotas by countries every few months so that there can be no danger of the disappearance of the active trade balance. It is also hoped to make arrangements under the new regulations for obtaining more favourable treatment for Polish exports. An important phase of the situation which is now definitely developing is the policy of the Government to compel imports through Gdynia, partly to favour the new Polish port at the expense of Danzig, but mainly to restrict imports from or through Germany. With more than 26 per cent. of Poland's total imports in 1931 originating in Germany, and with a substantial part of the remainder passing through German hands before reaching the Polish frontier, it is clearly the intention of the Polish Government to restrict this trade by every means possible. Having made sincere—and almost humiliating—efforts during the past two or three years to bring to an end the economic conflict with Germany, the Polish authorities cannot now be blamed for their determination to fight back and make the "Customs War" a two-sided battle.

The new restrictions provide for a Customs duty on cotton imports. For the year 1932 the duty is 1.00 zloty per 100 kilogrammes; for 1933, 1.00 zloty if imported through the port of Gdynia and 6.00 zlotys if imported by any other route; for 1934, 1.00 zloty through Gdynia, 12.00 zlotys otherwise. These duties are definitely fixed. In addition, a duty of 45.00 zlotys per 100 kilogrammes is imposed, but this can be rescinded when imports are made against a permit granted by the Ministry of Finance. The purpose of the additional optional duty is to force importers to retain their membership in, and accept the production and price ruling of, the Spinners' Trust. Since the trust was re-established a year ago many of the small spinners have threatened to break away because it does not operate to their advantage. They will now be restrained from doing so because they would be put out of business by the refusal to rescind the optional duty of 45.00 zlotys. The minimum fixed duty on imports through Gdynia is, of course, to help the new port and virtually to force the Lodz textile industry to abandon—as from the beginning of 1933—the custom of many years' standing of importing cotton by rail from Bremen. It is true that the Bremen merchants have extended credit accommodation—at times on a large scale—but Polish spinners have paid dearly for it. With the staple now so low in price, and mill operations on a much reduced scale, credit accommodation is not so vitally important as formerly.

The mine owners of Upper Silesia and the Dabrowa basin announced about ten days ago a wage cut of 21 per cent., effective on February 1st. This was flatly rejected by the labour associations, whereupon the Government stepped in to avoid a strike and to provide against a possible cessation of coal exports to those markets where coal is now being shipped at a considerable loss. Government mediation is still going on, and it is hoped that the miners will finally be persuaded to accept a reduction of 10 or 12 per cent., with a promise that administration charges, directors' fees, etc., will be drastically cut. The coal industry is now feeling the full force of the depreciation of sterling. The Government have positively refused to consider any voluntary diminution in coal exports to the Baltic and Scandinavian countries, in which markets Polish coal is still sold on a sterling basis and at about one-third the domestic price. The ability of the coal companies to continue to meet British export competition has been greatly weakened by the falling-off in domestic consumption this winter, in consequence of the deepening industrial depression and the exceptionally mild weather. In addition to special transport rates to the Baltic seaboard, the Government are almost subsidising exports by allowing the coal companies a bounty of 2.50 zlotys per ton exported; but, even with a substantial wage reduction, it is hard to see how Polish exporters can continue, in the face of British competition, to increase exports to the Northern markets while sales in the home market and in neighbouring high-price countries are declining. Reports that British coal is now entering Poland, through Danzig,

have brought forth a semi-official announcement that the Customs duty on coal will be increased in the near future.

The iron and steel industry of Upper Silesia is in even more desperate straits because of the depreciation in sterling and the inability further to finance exports to Soviet Russia through German banks. While iron and steel exports to Russia during the first nine months of 1931 amounted to 292,603 tons, they fell off in October to 14,999 tons and in November to 2,521 tons. Recent reports from Upper Silesia indicate that these exports have now practically ceased.

The total of foreign credits granted to State banks, joint-stock banks, private banks, credit co-operatives, etc., declined from 659 million zlotys to 435 millions during the quarter ending September 30, 1931. Those obtained from Great Britain declined—during the quarter indicated—from 174 to 96 million zlotys; France, from 96 to 59 million zlotys; Austria, from 58 to 43 million zlotys; United States, from 62 to 35 million zlotys; Holland, from 50 to 31 million zlotys; Switzerland, from 38 to 18 million zlotys; and Sweden, from 19 to 14 million zlotys. German credits, on the other hand, increased from 90 to 101 million zlotys, so that, according to these figures—which are quoted from official sources—Germany is now the largest foreign lender to Polish banks and credit institutions. Official figures also show that the aggregate deposits of all banks and credit organisations in Poland, which amounted at the end of 1930 to 2,998 million zlotys and to 3,005 million zlotys on March 31, 1931 (the highest ever recorded), had declined to 2,921 million zlotys on June 30th and to 2,565 million zlotys on September 30, 1931. Virtually all this withdrawal took place from the joint-stock banks, and represented in large part the removal of foreign deposits.

The first returns of the census taken in December indicate that Poland now unquestionably holds "pride of place" among the Western nations for birth-rate increase. The previous census, taken in 1921, revealed a population of 26,858,000, while the first returns from the December count show a total of 31,927,000—both figures being exclusive of soldiers and sailors on active duty. There is thus registered a population increase of almost 19 per cent. over a ten-year period.

ARGENTINA.

Political Reform — Trade — Finance.

(FROM OUR CORRESPONDENT.)

BUENOS AIRES, January 15.

ARGENTINA is coming to the end of the period during which her political destinies have been directed by the Provisional Government which took office on September 6, 1930. Congress has been convened for January 20th, and it is credibly reported that the oaths of the new President and Vice-President, Señores Augustin P. Justo and Julio A. Roca, will be taken on February 20th.

It is unnecessary to recapitulate the work that General Uriburu and his colleagues have done since the Revolution. In the face of world difficulties unprecedented in their magnitude they have cleaned out a veritable Augean stable, not only as regards the national administration, but also throughout the provinces. Self-sacrifice and close co-operation are the outstanding characteristics of the régime now drawing to its close. It would, indeed, surprise many who hold the traditional belief in Latin-American laziness to know something of the details of the work that has been carried on in the Government departments, where the example of unremitting labour, frequently very ill-paid in comparison with commercial salaries, is given from the top downwards.

Unfortunately circumstances have done little or nothing to second this self-sacrificing patriotic endeavour. Argentina's foreign obligations have been punctually met, and every nook and cranny through which revenue receipts might filter away has been stopped. Economy, implying numerous dismissals, has been practised; notwithstanding

that by so doing the Government very well knew that it was risking electoral enemies. Yet in spite of all it is evident that world conditions are holding back Argentina's hardly-sought recovery. Completed figures for 1931 show that while her exports were valued at \$639,106,000 gold, as compared with \$614,104,000 gold in 1930, her shipments amounted to eighteen million tons, as against eleven million tons in 1930. (This is exclusive of specie shipments amounting to \$171,730,483 gold.) Her imports show a marked decline, and, if the trade balance be taken conjointly with the specie exported, it may reasonably be said that Argentina to-day is not only thoroughly solvent, but has placed her international trade on a much better basis than it was twelve months ago.

This effort has, however, left her financially very weak indeed, and at present that weakness is accentuated by the low prices ruling for all produce, and more especially for cereals and meat. New wheat for January shipment is quoted at \$5.90 per 100 kilos., while linseed is \$9.15; maize, relatively speaking, carries the best quotation at \$4.30. For cattle of the highest class prices have fallen away to approximately 17 cents paper per kilo. live weight, first-class chilled beef steers, as compared with 30 cents twelve months ago. Moreover, the packing houses are buying with great caution, heavy-weight steers being rejected and saleable only at a considerable discount, however fine their quality may otherwise be. Small wonder that exporters in general are nervous and depressed, looking anxiously towards Great Britain, whither the bulk Argentina's production is shipped. An Argentine commission will leave for London as soon as it has been able to gather sufficient data to prepare the Republic's case for preferential treatment. The present confused state of world trade, due to the momentary ascendancy of protectionist principles, is bringing home to Argentina, and to other South American nations, the very real loss to humanity that abandonment of the basic principle of Free Trade implies.

Meanwhile, though her financial position on capital account is thoroughly sound, Argentina at the moment is almost of her wits' end for the ready money necessary to the conduct of her complex administration. It should be remembered that here there has been nothing like the robbery and waste brought to light in connection with other South American republics. Even the misconduct of the previous régime can only be likened to petty pilfering when compared with what has happened elsewhere. For this reason one regrets that efforts are being made by a certain section of the Argentine Press to persuade the public that the time has come for a paper issue, and it is to be hoped that the new Government, when it takes office, will strain every nerve to refrain from adopting such a dangerous expedient. As it is the Government that needs the money, to an amount of at least \$200,000,000 paper, it is to be hoped that means will be found whereby a loan to that extent can be arranged. The actual amount of currency in circulation, which to-day stands at \$1,244,992,781 paper, as compared with \$1,225,990,944 paper at the end of January, 1931, is fully ample for all business needs. To use the currency as a means of providing what would be tantamount to a forced loan is a desperate course, having regard to the difficulties which currency issue has created in the past for Argentina. The best brains of the country are opposed to any such step, but, unfortunately, the mass of public opinion is only too ready to listen to specious arguments based upon temporary necessities.

IRISH FREE STATE.

Politics — Bacon Duty — Railways — Shannon.

(FROM OUR CORRESPONDENT.)

DUBLIN, January 22.

THE date of the general election has now been fixed for February 16th, and the election campaign is in full swing. There is considerable doubt about the result. On the one hand a period of economic distress and falling prices favours the Opposition, who do not hesitate to attribute all

the ills from which the country has suffered to the misdeeds of the Government, and hold out the promise of rare and refreshing fruit to the electorate. On the other hand, the very magnitude of the world crisis may dictate a policy of "safety first" among the electors. Many forces are working in favour of the Government, and, while none of these is of much importance in itself, their cumulative effect may be important. The episcopal pastoral letter, the success of the Public Safety Act, and the alliance with the ex-Nationalists are all factors which will assure additional support for the Government. Finally, it must be borne in mind that the system of proportional representation makes anything in the nature of a landslide, such as occurred in Great Britain, impossible. While the result is still extremely doubtful, the chance of obtaining a narrow majority appears to be with the present Government and their parliamentary allies.

The conversations which have taken place between Free State Ministers and Mr Runciman are not wholly unconnected with the forthcoming election. Anything in the nature of a promise on the part of Great Britain of a preference to Irish agricultural produce would be extremely popular among farmers. It is, of course, fully realised here that many difficulties confront the British Government in respect of such a promise; the Scandinavian and South American producers must not be penalised, and the decisions of the Ottawa Conference must not be anticipated. Nevertheless, it is felt that the Free State occupies an extremely strong bargaining position in relation to Great Britain. Last year it was the largest single market for British exports, and it is therefore able to give very valuable preferences in return for any that it receives. Moreover, the high quality of Irish live stock products and the proximity to the British market would enable it to profit greatly from any preferential treatment.

The anti-dumping Act has been applied to bacon, on which a graduated import duty has been imposed. The duty is high in the case of cheap bacon and is reduced by a sliding scale as the quality of the bacon improves. This duty does not apply to any imports from Great Britain or the Dominions, and there is reason to think that it will stimulate the importation of bacon from Canada. The duty is, however, only temporary, and the question of permanently protecting the bacon industry is being investigated by the Tariff Commission. The case against such protection is that it might possibly have the result simply of deflecting Irish bacon from the export to the home market at the expense of the consumer without developing the output of the industry as a whole.

The prolonged and continuous decline in the receipts of the railways has caused widespread alarm among shareholders, who have taken steps to form a Railway Protection Association. The complaint is made that, although the railways have ceased to possess a monopoly of transport since the development of road competition, they are still treated as monopolists by having their fares and their wages fixed by law. The provisions of the Amalgamation Act, 1924, that rates should be fixed so as to produce a certain standard revenue have completely broken down, and both preference and ordinary dividends are now in arrears. The shareholders claim either that the railways be decontrolled and left to fight the new competition with free hands, or, in the alternative, that road transport should be regulated and controlled. The policy adopted by the Government is to preserve a strict measure of regulation over the railway companies in regard to the railways, but to give them full and unrestricted powers of competing on the roads with independent transport agencies.

The progress of the Shannon hydro-electric scheme appears from the following figures published by the Electricity Supply Board:—

	1930.	1931.
Units generated	89,120,000	146,540,700
Units sold	65,000,000	110,000,000
Consumers	57,000	74,600

There has thus been an increase of over 57 millions in the number of units generated, and of 45 millions in the number of units sold, while the number of consumers has grown by nearly one-third.

Letters to the Editor.

THE CRISIS.

TO THE EDITOR OF THE ECONOMIST.

SIR,—It is not surprising that Mr E. F. Wise, as a director of the Soviet Government's chief internal distributing agency—the Centrosyos—should attempt to clear Soviet exports from the charge of being an important factor in the fall of prices in many commodities on this and other markets. It is more surprising to find him misinformed in some dates and figures.

Samples of Russian wheat may not have actually "appeared" here until the last week in July, 1930, as Mr Wise states, but 3,783 tons of sample had been advertised in the *Corn Trade News* of July 7th as being on their way to this country, and were, I understand, sold while still at sea. The price at which they were quoted on July 7th was 34s. 6d. a quarter, while the price of No. 2 Manitoba, quoted on the same date, was 36s. 6d. If any of the No. 2 was quoted at 39s. in the third week of July, as stated by Mr Wise, the price must have been exceptional, as the average price of all Canadian wheat for July, as shown in the Board of Trade Returns, was 8.8 shillings the cwt., or 36s. the quarter.

Nor can 57s. the quarter for No. 2 Manitoba "at the beginning of 1930" have been anything but exceptional, as the average price of Canadian wheat in January, 1930, was 11.3 shillings the cwt., or 48.4 shillings the quarter.

It is obvious, however, that there was a fall in prices between January and July. This chiefly occurred before May and was apparently due to price-cutting alternatively by the United States and the Argentine. But in May Canadian prices rose slightly, and Canadian, American and Argentine prices remained fairly steady, until August, when a continuous fall set in which brought Canadian wheat down to 6.4 shillings the cwt., in December. American and Argentine wheat fell from 9.3 and 8.6 shillings to 6.7 and 5.9 shillings respectively, the cwt., in that period.

How largely the advent of Russian wheat contributed to this fall, is shown by the fact that from July to December the Russian average price was 6s. 1d. per cwt., and (according to a Parliamentary reply of January 28, 1931) actually only 5s. 9d. the cwt., from October to December inclusive. During these three months the Soviet Union sent us over 15 million cwts., or more than 2 millions more than Canada, the United States and the Argentine combined sold us in the same time. How can such price-cutting by so large a supplier have failed to have a profound effect on prices here and elsewhere, though no doubt its effect was intensified by the knowledge of the large unsold stocks in North America, to which Mr Wise refers?

In the face of figures such as these, Mr Wise's attempt to deny that Russian exporting organisations or the British firms acting for them "dispose of their produce at especially low prices," will not carry conviction to anyone who desires to base his conclusions on concrete authoritative facts.

Nor is Mr Wise more convincing when he turns to butter and eggs. The Trade Returns for 1931 show that butter imports from the Soviet Union in that year were over 5 per cent. of the total, not "about 3," as he states. As to eggs, it is true that in 1931 Russia sent us only a little over 1 per cent. of our total imports of eggs in shell (she does not send us any other kind), but Mr Wise must know that in 1928 she sent us about 9 per cent. and that the fall since then is due to the widespread slaughter of livestock in 1929, caused by forcing the peasants into collective farms. The 1931 imports of Russian eggs are more than three times as large as in 1930, and are likely to increase owing to the "drive" which is being made to increase all forms of livestock. But the following figures show clearly how Russia has been cutting prices in butter and eggs even with some lessened quantities:—

(In shillings and decimals thereof.)				
Commodity and Country.	1928.	1929.	1930.	1931.
Butter (per cwt.):—				
Soviet Union	157	158	121	97
New Zealand	167	172	137	111
Denmark	184	179	147	120
Australia	157	165	126	107
Eggs in shell (per gt. hundreds):—				
Soviet Union	9.8	10.6	7.3	6.3
Denmark	16.4	16.8	13.9	11.6
Netherlands	14.7	13.1	14.3	11.8
Irish Free State	12.5	13.2	11.3	9.9

Again, Mr Wise reminds us that other commodities of which Russia "is a buyer and not a seller" have also fallen in price—a fact which I have never attempted to dispute. But in the case of two of the commodities he mentions—tea and coffee—the fall between 1928 and 1931 was not more than about 20 per cent., much less than in the case of most of the commodities which Russia has influenced. And may not the fact of a greatly reduced consumption of tea in Russia due to rationing, have something also to say here?

Finally, Mr Wise includes cotton in the list of goods which Russia "buys but does not sell."

Yet the Trade Returns show that in the first three months of 1931 Russia sent in nearly as much raw cotton as Egypt and only a little less than half what we were then purchasing from the United States; and heavy falls in prices show the price-cutting to which she has made a contribution since 1930.

Can Mr Wise indeed be ignorant of this?—Yours faithfully,

KATHARINE ATHOLL.

House of Commons,

February 4, 1932.

DISARMAMENT AND WAR DEBTS.

TO THE EDITOR OF THE ECONOMIST.

SIR,—The Lausanne Conference is receding. But the Geneva Conference is approaching, and the conviction is gaining ground that the problems of "disarmament" and of inter-governmental debts cannot be solved separately.

It is sometimes said that the less America's debtors spend on armaments, the more they will have for the payment of their war debts. The fact is quite otherwise. America's debtors are prevented from paying what they have agreed to pay, not because they cannot create a sufficient surplus in their domestic budgets, but because such a surplus cannot be transferred to the United States; we have not the gold, and American tariffs keep out our goods. If America's debtors were to spend less on armaments they would not be better able to fulfil their material obligations in the matter of war debts. But they would be able to fulfil their moral obligations; for they would allow the Americans to save on armaments more than they will lose in war debts, and to do so without any diminution of security or relative strength.—Yours, etc.,

The Athenæum, S.W.1.

MAXWELL GARNETT.

January 27, 1932.

BRITAIN'S FISCAL RESPONSIBILITY.

TO THE EDITOR OF THE ECONOMIST.

SIR,—In your article "Britain's Fiscal Responsibility" in the issue of 23rd inst., you consider the possibility of a re-interpretation of the most-favoured-nation clause to permit "low tariff agreements open to those States who are prepared to participate." The logical inference from this seems to be that you are prepared to consider the charging of duties by Britain on the goods of countries not prepared to participate, for failing this, what inducement are we offering to the countries with which we hope to come to an agreement?

The *Times*, in an Editorial on 19th inst., pointed out that with high tariffs the most-favoured-nation treatment "is apt to work out as most-unfavoured-nation treatment all round," to assist "the raising rather than the lowering of Tariff barriers," also that "to many of our best customers who impose low duties or no duties at all upon our trade it must be a serious discouragement that we treat their goods no better than we treat similar goods from countries which shut out our trade by high tariffs."

It is, I think, common ground that any British action should be directed towards increasing our export trade. What better method can we adopt than that which a small group has been urging for some months, namely, charging a duty based on the extent to which our trade is obstructed by the tariff action of various countries. That is definite anti-tariff action. This policy cannot lead to a tariff war, for increases in duty recoil on the head of the country making them. There need only be one exception to a duty applied on the lines suggested: it would not be charged on raw materials of which any country had a virtual monopoly (e.g., American cotton).

The proposal seems to be worthy at the least of serious discussion.—Yours, etc.,

1, North Charlotte Street,
Edinburgh.

J. LOGAN STRANG.

January 15, 1932.

Books and Publications.

BOOKS RECEIVED.

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

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

The Moodys-Economist Company Index. (London) Moodys-Economist Services, Limited, King William Street House, E.C.4.

This index represents a valuable new departure. It contains a list of all the companies covered by Moodys-Economist services, classified according to their occupation, so that the investor can see at a glance which are the leading companies engaged in canning, ironfounding, or the manufacture of matches. There is also an alphabetical index of companies.

The Industrial Revolution and the Economic World of To-day. By L. W. White and E. W. Shanahan. (London) Longmans, Green and Company, Ltd., 39, Paternoster Row. 6s. net.

A study of contemporary economic structure and problems in the light of historical changes. The book is primarily designed for advanced pupils in schools, but is by no means beneath the notice either of university students or of the general reader.

Le Crédit par Acceptation. By Pierre-Benjamin Vigreux. Preface by Jean Velay. (Paris) Librairie des Sciences Politiques et Sociales, 31, Rue Jacob. 50 francs.

A study of the system of acceptance credits, and a discussion of what has been done, and what remains to be done, in promoting the development of acceptance business in Paris.

Saling's Börsen-Jahrbuch für 1931-32. Edited by Walter Theimer. (Berlin and Leipzig) Verlag für Börsen-und Finanzliteratur A.-G.

A year book, in German, which gives particulars of the principal securities dealt in in eleven foreign stock exchanges.

Britain's Chance. By Stephen King-Hall. (London) The New Statesman and Nation, 10, Great Queen Street. 6d.

A suggested policy for the Government.

Canada's Western Arctic. Compiled by Major L. T. Burwash. (Ottawa) F. A. Acland.

An illustrated report on a series of investigations in the Arctic region of Canada.

Practical Income Tax. By C. W. Chivers. Eleventh edition. (London) Sir Isaac Pitman and Sons, Ltd., Parker Street. 3s. 6d. net.

A clear and useful guide, generously supplied with examples.

Voluntary Liquidation under the Companies Act, 1929. By H. W. Jordan and R. J. Blackadder. (London) Jordan and Sons, Ltd., Chancery Lane. 10s. net.

A clear and well-arranged book for the guidance of people concerned in the liquidation of companies.

Taxation of Income in India. By V. K. R. Rao. (London) Longmans, Green and Company, Ltd., 39, Paternoster Row. 10s. 6d. net.

A critical examination of the Indian income-tax system.

The World and Its Commerce. Third edition. (London) Sir Isaac Pitman and Sons, Ltd., Parker Street, Kingsway. 2s. 6d. net.

A small text-book of commercial geography.

OFFICIAL PUBLICATIONS.

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

Burma Round Table Conference: Proceedings. Cmd. 4004. 3s. net.

Department of Overseas Trade: Economic Conditions in the Republic of El Salvador. November, 1931. 1s. net.

Note on the Constitution of the League of Nations. Cmd. 4006. 1d. net.

Empire Marketing Board: Production and Trade of Malta. January, 1932. 2d. net.

East African Agricultural Research Station, Amani: Third Annual Report, 1930-31. 1s. net.

Post Office Commercial Accounts, 1930. 9d. net.

The Stock Exchange:

INVESTMENTS IN CHINA.

THE first reactions of the Stock Exchange to the outbreak of hostilities at Shanghai were sentimental rather than logical. As if to express disapproval of the Japanese action, Japanese Government bonds were marked down last week more precipitately than the Chinese Customs loans, and when it was suggested, on Wednesday of this week, that Japan might be prepared substantially to accept the peace proposals, Japanese bonds recovered more sharply than Chinese.

The following table shows buying prices after Wednesday's recovery, as compared with similar prices on January 22nd and with the highest of 1931:—

Security.	Highest 1931.	Price, Jan. 22.	Present Price.	Yield per cent.	
				Flat.	Redn.
South Manchurian Rly. 4½%	99½	89	85	5 6 7	9 4 0
Sterling Bonds	97½	80	73	7 0 5	7 2 9
Japanese 5% 1907	78½	63	54	7 9 10	7 17 6
" 4% 1910	105½	91½	83	7 5 3	7 10 0
" 6% Sterling 1924	111	100	93	8 7 0½	8 12 9½
" 5% Conv. Loan 1930*				5 19 0½	6 0 6½
China 4½% Gold Loan 1898 ...	90½	84	79½	5 15 5	7 9 6
" 5% Boxer 1925/47*	93	85½	80½	9 1 0½	11 4 6½
" 5% Reorganisation 1913	71	60	57	6 8 5½	7 10 0
				8 17 0	9 10 9

* These are gold loans payable in dollars at par.
† Exchange at \$3.46 to £1.
‡ Exchange at \$4.86 to £1.

Investors, apparently, have not attempted seriously to balance the respective "risks" of a Japanese economic blockade of China and a decision by the League of Nations to call upon its members to enforce an economic blockade against Japan. From the investor's point of view alone the peace-making efforts of the Western Powers have been well-advised, since any interference with the trade of the Treaty Ports through which one-tenth of the total trade of China passes would undoubtedly inflict grave injury on the interests of innocent parties engaged in peaceful trade, particularly on those of Great Britain and America.

The financial position of the Chinese Government was already a source of anxiety before Japan's latest intervention. Various commercial organisations in China have recently urged the immediate calling of a National Economic Conference to devise measures for meeting the financial crisis. The Chinese Domestic Bondholders' Association, for example, called attention last month to the recent slump in bond values and to the deplorable plight of the country's finances, forecasting that, unless a national conference were convened to effect a thorough overhaul, the Government's credit would collapse, and with it the whole economic structure of the country. The Greater Shanghai Citizens' Association, similarly, have issued a nation-wide appeal to commercial interests, calling upon them to support the convening of a National Economic Conference. Meanwhile, negotiations between the Chinese Government and Chinese bankers are pending regarding the issue of a Government loan of \$48 millions, to be secured on the unissued \$80 millions 20th-year short-term currency bonds. The Government is now facing a monthly deficit of \$15 millions, and it is obvious that drastic economies are urgently required if it is to avoid complete bankruptcy.

So far the Nanking Government has not defaulted on any of its internal loan obligations—a record in striking contrast with that of Peking, of whose internal loans 60 per cent. are in default. The Nanking Government has so far issued twenty-three internal loans for a nominal sum of \$972 millions, making a grand total of \$1,608,109,588, if the loans of the defunct Peking

Government are included. Of this total, \$699,833,692 has been redeemed, leaving a balance of \$908,275,896 outstanding, distributed as follows:—

Issued by	Outstanding 1st Jan., 1932.	Overdue.
Peking	185,888,860	118,676,860
Nanking	717,387,036	...
	903,275,896	118,676,860

In 1931, no less than \$380 millions of internal bonds were authorised, of which \$300 millions were issued, the balance being reserved as security for the new loan which is under negotiation with the Chinese bankers. Although these internal bonds are nominally issued at 98 per cent. of their face value, they are sold at much below this figure in times of financial stress when money is urgently needed, so that the burdens on the Treasury are heavily increased. The prospects of the Nanking Government's being able to continue to meet its internal interest payments are not highly rated on the Shanghai market, where some of the internal bonds are currently quoted at only one-third of their face value. The Nanking Government has recently reiterated its determination not to have recourse to a moratorium, but a continuance of hostilities might well make this decision impracticable.

These considerations, however, have only a secondary interest for holders of the external Chinese loans, which are secured on the Maritime Customs, since their revenues are collected at the ports by foreign officials under a British Inspector-General of Customs and are deposited in European-controlled banks. The total amount secured on the Chinese Maritime Customs has been estimated at approximately £109,000,000. The Inspector-General deducts the necessary amounts therefrom for the full service of all the foreign loans and Boxer indemnities secured on the Customs, and, after certain administrative changes and appropriations, hands over the balance to the Chinese Government. As we stated in an "Investment Note" in last week's *Economist* (page 247) the Maritime Customs revenues for 1931 amounted to 248,314,000 Haikwan taels, as compared with 180,570,000 Haikwan taels in the previous year, the sterling equivalents at the average rates of exchange for the year being £19,011,541 and £16,834,395 respectively. The service of all the loans (shown in our first table) secured on the Customs revenues, which amounts this year to over £7 millions, has been punctually met, and this week the balance of the 5 per cent. Gold Loan of 1896 (£920,000) was paid off. It is only the railway loans and the loans secured on the salt tax which are in default. Nevertheless, the prospects of Chinese trade must not be left out of account when the future security of the Customs loans is considered.

Internal trade in China probably suffered more as a result of floods in the summer of last year than as a result of the world economic depression. The floods extended throughout eight provinces and affected about 255,000,000 mow* of cultivated land and nearly 16,000 households. It has been estimated that 36 per cent. of the total rice crop was lost, together with 24 per cent. of the cotton crop and 29 per cent. of the crop of millet and kaoliang. According to a statement prepared by Mr C. T. Chang, of the Directorate of Statistics at Nanking, the foodstuffs lost in the summer of 1931 through these floods alone would have been sufficient to feed 18,000,000 people for a whole year. About 5,000,000 tons of rice, kaoliang and millet were ruined, and the total monetary loss is

* A mow = 0.15182 acres.

estimated at \$457 millions. On the top of this natural disaster China had to suffer unnatural internal war, and on the top of internal war she had to face the invasion of Manchuria. The three eastern provinces constitute China's richest territory and are responsible for the production of the country's largest single export commodity—soya beans. Fortunately the fall in silver spared China a good deal of the evils of the world trade depression, for without the stimulus of the silver depreciation China's exports would have been very small indeed. Even so, the export trade suffered considerably, and during the last four months of the year imports from foreign countries exceeded China's exports by 100 per cent., the figures being 50 million Haikwan taels per month for exports, against 100 millions Haikwan taels for imports. The decline in the export trade was most marked in tea and raw silk. China's position as the leading exporter of tea has now been taken by Ceylon, India and Java, while Japan has been displacing China as an exporter of raw silk. At the end of 1931 about 90 per cent. of all the silk filatures in Central China had to be shut down. Nevertheless, conditions would quickly improve if China could only be effectively guaranteed against internal war or external attack. The revenues collected within the country are adequate for ordinary purposes of government, but have been devoted to the wasteful purposes of civil war. Road and railway building have been neglected, and trade has languished. But so low is the standard of life that Mr E. Kann, in the latest issue of the *Shanghai Finance and Commerce*, has declared that out of 450 million people in China, 440 millions, conscious only of the high level of domestic prices, are unaware that there exists a world trade depression.

As regards capital investments in China, it has been estimated that, at the end of 1929, the total public debt, secured and unsecured, both domestic and foreign, amounted to £246 millions. This apparently excludes capital invested on equity terms. It is difficult to estimate the British proportion of this total, but, taking equity investments as well as funded debt, the British investment in China is estimated at £200 millions, as compared with a total capital investment of American interests of 78 million U.S. dollars. The leading British commercial interests in the China trade are represented, *inter alia*, by the British American Tobacco Company, the Hong Kong and Shanghai Banking Corporation, the Shell Transport and Trading Company, the Peninsular and Oriental Steam Navigation, and the Indo-China Steam Navigation. The extent of these companies' investments in the China trade, though not precisely ascertainable, is considerable. British industrial and mining interests are represented by the Chinese and Engineering and Mining, Hong Kong and China Gas, and Hong Kong Tin, etc. The securities of these companies have not suffered to any great extent in market value as the result of the present crisis:—

	Capital.	Shares.	High, 1931.	Present Price.	Div.	Div. Yield.
Hong Kong & Shanghai Bank	£ 1,625,000	\$125	113½	97½	£ 6	£ s. d.
Indo-China Steam Navigatn.	495,890	25	42/6*	4/6	Nil	6 3 0
Chinese Engineering	1,960,000	£1	37/6	25s.	2½%	2 0 0

* Deferred ordinary.

All these companies have acutely felt the decline in Chinese trade. The Hong Kong and Shanghai Bank has paid £6 for the year 1931, omitting the bonus of £1; while the Chinese Engineering reduced its dividend for the year ending June, 1931, from 9 per cent. to 2½ per cent. To what extent the trade of the British American Tobacco and Shell Transport have suffered it is impossible to say, but a 10 per cent. decline would not be an unreasonable estimate. British commercial interests will therefore watch with considerable anxiety further developments in the relations between China and Japan. Nor will the holders of the Chinese Customs loans feel reassured until trade at the Chinese ports is allowed to flow freely without the threat of any outside interference.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.
February 16.

ACCOUNT.
February 18.

The stock markets received the news of the Far Eastern crisis in traditional post-war fashion, dealers marking down the stocks immediately affected but otherwise waiting on events before committing themselves. The news from another part of the East exercised an even more restraining influence, the decision of the Australian Commonwealth Government not to remit interest payments on certain New South Wales issues, on Mr Lang's default, creating an indubitably bad impression. Probably the strong technical position accounted mainly for the relative steadiness of sentiment, and for the immediate improvement which followed the announcement of the Anglo-American peace suggestions to China and Japan. Wall Street was a more or less "neutral" influence, but among Continental centres, Paris showed a certain liveliness, particularly in the oil share market, on rumours of favourable trade developments which appeared to be persistent rather than well-founded.

Trading in gilt-edged securities was restricted at the outset, all stocks showing a moderate decline on the news from the East, and on the decision of the Central Electricity Board to issue an unexpectedly large amount of new stock. Mid-week recovery, however, was of sizeable dimensions and prices were maintained despite the absence of a change in Bank rate, which was in accordance with general expectations. War Loan was particularly firm on Wednesday. Indian loans declined on scattered selling. Commonwealth as well as New South Wales issues were marked down heavily on the default, the implications of which are discussed in a Note on page 311. Although some selling occurred of Chinese and Japanese stocks at the opening on Monday, the extensive marking down of prices which ensued was largely precautionary, and the subsequent recovery was, similarly, of a professional nature. German bonds remained firm on a comparatively moderate amount of support, coming partly from the Continent, assisted by sinking fund operations in connection with the "Dawes" issue. After holding their ground at the beginning of the week, Austrians came on offer, the 7 per Cents. falling three points on Wednesday on fears of pending political and economic developments. Greek issues showed a modest recovery on the satisfactory figures of Assigned Revenues in 1931.

Dealings in home railway stocks were on a small scale, the dividend outlook being viewed cautiously after the reduction in the Metropolitan payment (discussed on page 312). The week's traffic figures showed no perceptible deceleration of the falling tendency in gross receipts. Little interest was taken in Argentine rails, the market remaining uncertain as to the precise explanation of the divergent movement of traffic figures on particular railways. Other South American stocks were featureless. The gains recorded by American railroads, following the wages agreement, were less than had been expected.

The new account in Industrials opened under uncertain auspices. The tone of the market remained fairly steady, but Wall Street gave little sustained assistance, and there was a general disinclination to increase commitments under the shadow of the Eastern war cloud. British-American Tobacco were slightly easier, and Hong Kong and Shanghai Banking fell 1½ points on Monday. Chinese Engineering and various textile issues also tended to sag, but the market generally showed no signs of intimidation over the prospects of companies with large stakes in Shanghai. Steadier conditions obtained after the Foreign Secretary's announcement of Great Britain's mediatory efforts. J. and P. Coats were depressed by dividend fears, and Courtaulds by liquidation in connection with a deceased estate. Cables and Wireless were lower on bear reports of a decision to pass the entire

(Continued on page 310.)

LONDON ACTIVE SECURITY PRICES AND YIELDS.

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

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

Prices Year 1930.		Prices Year 1931.		Name of Security.	Price Jan. 27, 1932.	Price Feb. 3, 1932.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931.		Name of Security.	Price Jan. 27, 1932.	Price Feb. 3, 1932.	Rise or Fall.	Present Yield.
High- est.	Low- est.	High- est.	Low- est.						High- est.	Low- est.	High- est.	Low- est.					
59½	52½	60½	49½	British Funds.									Foreign Ry. — cont.				
94½	82½	97½	77½	Consols 2½%	56	55	-1	4 10 11	\$33½	\$12½	\$3½	In. Ry. Co. Am. No par	85	85	...	...	...
83½	74½	85½	67½	Consols 4%	85	84½	...	4 14 7	57½	58½	26½	Leopoldina Ord. Stk.	14	14	...	...	...
103	93½	104½	88½	Con. Loan 3½%	76	75½	...	5 0 3	97½	98½	15½	Do. 5½% Cum. Pr. Stk.	24½	24½	...	...	...
106½	102½	108½	93½	Do. 4½% 1940-44	96½	96	...	5 0 0	42	49	21	Nitrate Ry. (£10)	25½	25½	...	16 0 0	0
96½	88½	97½	78½	Do. 5% 1944-60	87½	86½	...	4 13 6	65½	65½	70½	Paraguay Ord. Stk.	8	8	...	...	...
102½	98½	102½	93½	Funding 4½% 1960-90	99½	99	...	4 15 6	198	130	150	Salvador Ord. (£10)	70½	70½	...	...	...
103½	100½	103½	95½	Treasury 4½% 1932-34	100½	100	...	5 0 0	80½	65½	65½	San Paulo Ord. Stk.	100½	101	+	11 17 0	0
97½	89½	98½	85½	Treasury 5% 1933-35	94	93½	...	4 7 6	26½	4	9½	Taital Ry. Ord. Stk.	25½	25½	...	10 0 0	0
106½	100½	104½	90½	Victory Bonds 4%	99½	98½	...	4 5 6	...	...	...	Utd. Havana Ord. Stk.	4	4	...	...	...
69½	61½	70½	57½	Local Loans 5% 1929-47	63	62½	...	4 15 9	...	...	...	Anglo-French (£1)	4½	4½	...	...	...
49	40½	46	29½	War Loan 3%	42	41	...	6 5 0	12½	10½	11½	Anglo Internat. (£1)	9½	9½	...	...	...
59½	47½	55½	34	India 2½%	50	48	-2	6 5 0	7½	4	6½	Anglo S. £ £10 £5 pd	18	18	...	18 10 0	0
68½	55½	64½	41	Do. 3½%	58	56½	-1	6 3 11	...	...	...	American B. £1 fy pd.	12½	12½	...	9 12 0	0
90	78½	86½	55½	Do. 4½%	79	78	-1	6 2 0	26½	23½	25½	Bank of N. Zealand £1	50½	50½	...	5 12 6	6
106	100½	106½	94	Do. 4½% 1958-68	100½	100	...	5 1 2	59½	55½	31½	Bank of Eng. Stk.	247½	249	+	4 16 0	0
109½	104½	110	90	Palestine 5%	105½	105	...	5 4 3	27½	24	27½	Barclay B. (£1)	53½	51½	-x	5 9 3	3
99	87½	99½	87½	Sudan 5½% Bonds	89½	89	...	5 2 0	28½	25½	26½	Barcl. (Dom. & C.) A. £1	24½	24½	...	3 19 6	6
				Ulster 4½% 45-75	89½	89	...	5 2 0	12½	8	9½	Bk. of Australasia (£5)	8	7½	-½	8 10 0	0
									69	56½	63	Bk. of Montreal (£100)	253	253	...	4 10 6	6
									85½	78½	82½	Bk. of N. S. W. (£200)	22½	22	...	7 0 0	0
									51	5	5½	British Overseas A. £5	12	12	...	7 10 0	0
									19½	15½	17½	Chtd. of India (£5)	12½	12	...	7 10 0	0
									24½	14½	14½	Comcl. Bk. of Aus. 10½	12½	12½	...	9 0 0	0
									68½	56½	66½	District A. £5, £1 pd.	52½	50½	-10d	6 12 0	0
									42½	37½	42½	Do. B. £1 fully paid	40	38½	...	5 3 3	3
									7	4	4½	Eng. Scot. & Aust. £5, £3 pd	4½	4½	...	5 17 0	0
									120	99	113½	Hambro £10, £2½ pd.	4	4	...	8 4 0	0
									99	7	3	Hong. 4½%	400	397½	-2½	6 3 0	0
									66½	59½	63½	Lloyds 4½% with £1 pd.	47½	43½	-2½	6 2 0	0
									7½	6½	7½	Martins £20, £2½ pd.	4	4	...	6 18 0	0
									82½	73½	80½	Midland £1, fully pd.	66½	65½	-x	7 12 0	0
									34	27½	31	Nat. of Egypt £10	23½	23½	...	6 2 0	0
									38½	38½	43½	Nat. of Ind. £20, £12½ pd	13½	13½	...	6 1 0	0
									14½	12½	14½	Nat. Prov. £20, £4 pd.	10½	10½	...	6 2 0	0
									360	357½	357½	Royal Bk. of Scotland	531½	531½	...	5 6 0	0
									15½	13½	14½	St. of S. Afr. £20, £5 pd.	9½	9½	...	8 4 0	0
									80½	74½	80½	Westminster £4, £1 pd.	61½	59½	-1½	6 1 6	6
												Insurance.					
									21½	17½	21	Alliance £1, fully pd.	17½	18½	+	4 19 0	0
									13½	12	13½	Atlas £5, £1½ pd.	10½	10½	+	3 15 0	0
									26½	21½	24	Com. Un. £2½, fully pd.	18	18	...	5 13 0	0
									16½	13½	15½	Gen. Accident £5, £1½ pd	12½	12½	...	5 13 0	0
									30½	26	28½	Lon. & Lanc. £5, £2 pd	23	23	...	4 7 0	0
									37	30½	34½	N. Brit. & Mer £5, £1½ pd	28	28	...	4 3 0	0
									17½	16½	17½	Northern £1, £1½ pd.	15½	15½	...	6 7 0	0
									13½	12½	13½	Pearl (£1), fully paid	11½	11½	...	5 0 0	0
									12½	11½	12½	Phoenix £1, fully pd.	11	11	...	4 13 0	0
									25½	21½	24½	Prudential £1 A.	20	19½	...	4 13 0	0
									41½	36½	40½	Do. £1, with 4s. paid.	33½	32½	-1½	3 1 6	6
									7	5½	6½	Royal Exchange (£1)	5	5	...	5 8 0	0
									7½	7½	8	Royal £1, 10s. paid	6½	6½	...	5 1 0	0
									3½	3½	3½	Sea Insur., £1 fully pd.	3½	3½	...	5 8 0	0
									3½	3½	3½	Sun Insur., £1 with 5½-pd	3	3	...	4 8 0	0
									5½	5½	5½	Sun Life Assur., £1 fy pd	4½	4½	...	3 11 0	0
									12	14	11½	Yorkshire £1, fully pd.	11½	11½	+	4 1 0	0
									319	287	293	Investment Trusts.	230	225	-5	6 13 3	3
									156½	147	149	Anglo-American Devel.	90½	90½	...	5 6 9	9
									29½	20½	21½	Atlas Electric, & £1.	11½	11½	...	5 6 9	9
									37½	23½	28½	Brit. Assets Trust £5	20½	20½	...	5 0 0	0
									172	185	156	Debutante Corp. Stk.	152½	148½	+	6 9 5	5
									163	171	125½	For. Amer., &, Def.	120	105	-15½	9 10 6	6
									186	155	170½	Grange Trust	70½	70½	...	7 1 10	10
									230½	203	203	Guardian Investment	158½	158½	...	6 18 6	6
									335	303	303	Indus. & Gen. Ord.	203	203	...	6 17 3	3
									15½	15½	15½	Lake View Invest. 10½	15½	15½	...	6 13 3	3
									345	318	236	Mercantile Investment	210	210	...	8 13 3	3
									220	235	210	Merchants Trust Ord.	200	200	...	7 17 3	3
									380	380	313	Metropolitan Trust.	310	302½	...	6 12 6	6
									92	50	50	Nineteen Twenty-eight	50½	50½	...	9 12 0	0
									89½	88	47½	Nineteen Twenty-nine	42½	42½	...	9 8 0	0
									18½	18½	10½	Scottish Investment (5½)	10½	10½	...	9 0 0	0
									228½	203	185½	Scottish Mortgage, &c.	179½	179½	...	6 8 2	2
									105	105	87½	Stockholders Invest.	55	55	...	9 1 9	9
									252	231	234	Trust Co. (£100)	161	161	...	5 3 9	9
									284	218	243	Trustees Corp. Ord.	155½	155½	...	7 14 9	9
									243	183	185	United States Deb.	187½	187½	...	8 0 0	0
									26½	29½	15½	Financial Trusts, &c.					
									39½	39½	10	Argentine Land, &c., £1	18½	18½	...	4 5 3	3
									719	379	476	Australian Estates, &c.	25	25	...	...	...
									27½	16½	2½	Brit. Nth. Borneo £1.	2½	2½	...	...	...
									176½	186½	147½	Brit. S. Africa 15½-fy pd	17½	16½	-1½	7 13 0	0
									16½								

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Jan. 27, 1932.	Price, Feb. 3, 1932.
Cole (E. K.) Ord. 5/-	5/-	ty. pd.	12/9-13/3	12/6-13/-
Do., 7% Red. Pref. £1	£1	ty. pd.	15/9-16/3x	15/14-15/7½
Electrical Finance Co. 5% Deb.	99	ty. pd.	par-1 pm	99-101
Furness Withy New Ord. £1	21/-	10/-	8/-9/-	8/0-9/0
Galloway Water Power 5% Deb. 1947-91	93	50	94-96	95-97
L.G.O.O. New 5% Inc. Deb.	98½	58½	11-14 pm	11-24 pm
Mauritius 5% 1931-1971	98½	58½	36/6-38/-	36/6-38/0
Metropolitan Electric Supply New Ord. £1	...	...	...	...
Midland Counties Electric Supply New Ord. £1	24/-	ty. pd.	25/-26/-	25/3-26/3
Odhams Press New 7% "B" Deb.	98	ty. pd.	96-98	95-97
Tilling (Thos.) New Ord. £1	30/-	30/-	2½-2½	49/9-50/9
Uganda 5% 1931-71	96	5	...	½ dm-1 pm
Westminster Electric New Ord.	£1	...	24/3-25/-	24/9-25/9

(Continued from page 307.)

preference dividend. Dunlops showed a steady decline, attributed in some quarters to rumours of a coming debenture issue. Iron and steel shares hardened slightly in anticipation of the industry's inclusion in the Government's tariff proposals. Moderate investment support was forthcoming for selected electrical shares, Calcutta Electric being noteworthy among the supply companies. Motor shares were irregular, Ford failing to maintain its recent improvement. Marks and Spencer continued firm, expectations of a profitable year's business being enhanced by the reassuring survey of general trading conditions given by the Woolworth chairman (whose speech is dealt with on page 313). Other retail store shares were unaffected by the reduction in the Maples dividend, which was declared to be due mainly to depressed conditions in the shipbuilding industry and in South America. Bank shares had an irregularly downward trend, and insurance issues remained dull.

The leading shares in the oil market showed a "sentimental" rise, somewhat keen buying from Paris being associated with rumours of an agreement between competing interests to co-operate in the raising of the price of motor spirit. Rubber shares were inclined to sag with the commodity, the market regarding a report of the recall of the head of the Dutch East Indies Agricultural Department to Holland to discuss restriction problems as an indication that no immediate decision could be expected. Business in the tea share market was negligible, despite the unexpected announcement by Budla Beta of an interim dividend of 3 per cent.

Dealings in mining shares were reduced to a minimum. Paris showed only intermittent interest in Kaffirs. Daggafontein were slightly higher on the publication of the first return, and a little buying of Brakpan and Springs occurred on the increased working profits shown for January. A slight rise in the London price of copper served to keep Rhodesian issues steady in the face of a further cut in the copper export price in America. Rio Tinto were largely unchanged after narrow fluctuations, but tin shares weakened in sympathy with a relapse in the price of the metal. "Chartered" suffered a setback in anticipation of the reduced dividend declared on Thursday. The Panama Corporation proposal to adopt Canadian registration was not enthusiastically received.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	Jan. 28, 1932.	Jan. 29, 1932.	Jan. 30, 1932.	Feb. 1, 1932.	Feb. 2, 1932.	Feb. 3, 1932.	Feb. 4, 1932.
Government and Municipal Loans	1,428	1,322	598	1,191	1,210	1,542	1,340
Transport, Communications, and Public Utilities	335	748	259	663	625	581	539
Commercial and Industrial	1,200	1,287	526	1,199	1,208	1,077	1,024
Banking, Insurance, and Financial	394	422	148	346	376	342	355
Mines (including Minerals)	389	380	98	250	261	225	214
Oil	76	71	40	92	161	153	180
Rubber, Tea and Coffee	79	81	22	44	54	52	45
Total	3,901	4,311	1,691	3,785	3,895	3,972	3,697

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS.

(1928 = 100.)

Highest of 1932 (Jan. 14).	Lowest of 1932 (Jan. 5).	Jan. 28, 1932.	Jan. 29, 1932.	Jan. 30, 1932.	Feb. 1, 1932.	Feb. 2, 1932.	Feb. 3, 1932.	Feb. 4, 1932.
61.2	58.8	60.8	60.3	60.1	59.7	59.8	59.7	59.8

FOREIGN STOCK EXCHANGES.

NEW YORK.

American operators were undecided in their initial interpretation of the news from China, a certain amount of irresponsible war talk finding expression in speculative buying of silver and of aircraft shares. The more responsible section of the market, however, was inclined to take a conservative view of immediate prospects at home and abroad. An early rally in prices was not maintained, dealings quickly becoming quiet and irregular. It was known at the beginning of the week that, after protracted negotiations, the railroad unions agreed to a 10 per cent. reduction in wages, but this event had been discounted for so long that it produced only a short-lived recovery in values. The market, indeed, tended rather to raise the question as to how long railway freight would be maintained, even at its present restricted level, in the absence of an early improvement in the trade position. The fact that most railroads were paying dividends which they were not earning was a restraining influence. It was widely realised that a continuance of trade depression would necessarily involve a general passing of railroad dividends. The Reconstruction Finance Corporation started operations, and is expected to make a statement of policy next week. Meanwhile, news of the general trade situation was inconclusive, but not reassuring. Steel mill production for the week ended January 30th was on the basis of 28 per cent. of capacity, as compared with 29 per cent. in the previous week and 47 per cent. in the corresponding week of 1931. The downward tendency of prices was a further unsettling factor, fresh reductions in copper prices to the lowest recorded level being regarded as evidence that the new curtailment plan had so far been ineffective. The outward movement of gold continued, over \$13,000,000 being exported on Wednesday, of which \$12,563,700 was consigned to France. Freight car loadings for the week ended January 23rd were 563,015, compared with 573,365 for the previous week, 715,690 for the corresponding week of 1931, and an average of 910,976 for the seven years 1924-30.

	Jan. 21, 1932.	Jan. 28, 1932.	Feb. 1, 1932.	Jan. 21, 1932.	Jan. 28, 1932.	Feb. 1, 1932.
U.S. 3½% T. Bds.	92½	91½	91½	Natl. Biscuit	42½	40½
Lib. In. 3½% '32-47	94½	94½	94½	Phelps Dodge	40½	40½
Do. 4½% '32-47	98½	98½	97½	Pullman	23½	21½
Do. 4½% '33-38	99½	99½	99½	Sears-Roback	35½	31½
Atchafalpa	91	85½	80½	Studebaker	11½	11½
Chas. & Ohio	30½	28	25½	Un. Fruit	23½	22½
Erie	17½	9	9	U.S. Leather	2½	2½
Illinois Central	17½	15½	14½	U.S. Rubber	4½	4½
N.Y. Central	34½	31½	28½	Westinghouse	45½	37½
Pennsylvania	23½	21½	20½	Woolworth	27½	24½
Southern Pacific	35½	34	31½		41½	41½
Southern Ry.	12½	11½	10½	Am. Tel. & Tg.	121	113½
Union Pacific	80½	76	73½	Interboro R.T.	10½	8½
Am. Can.	63½	59½	60	Int. Tel. Tele.	10	9½
Amer. Smelting	16½	14½	15½	Radio Corp.	7½	7½
Anaconda	10½	9½	9½	Utilities P. & L.	9½	9½
Bethlehem Steel	21	16½	17½	W. Union Tg.	44	37½
Chrysler Motor	14½	13½	12½	Associated Gas "A"	4½	4½
Corn Produce Rf.	42½	40½	41½	Pan. Amer. B.	18	18
Eastman Kodak	86	80	81	Shell	8½	9½
Gen. Electric (New)	21½	20½	19½	Shell Union	34	35
Gen. Motors	22½	20½	21½	Sinclair Oil	5½	5½
Int. Harvester	26½	25	23½	Std. California	25	23½
Montg. Ward	9½	8½	8½	Do. N.J.	28½	25½

By courtesy of the Standard Statistics Company, Inc., of New York, and 18, Copthall Avenue, London, we print the following index figures of American values calculated on closing prices (1926 = 100):—

	1930.		1931.		1932.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	Jan. 27.	Feb. 3.
337 Industrials	98.2	174.1	51.4	114.7	52.2	52.7	52.6
33 Rails	89.1	145.6	31.7	105.7	32.2	37.6	35.2
34 Utilities	153.2	267.4	90.6	187.6	91.8	91.4	91.2
Total, 404 stocks	105.5	184.2	54.7	124.6	55.5	56.5	56.1
Average yield of 50 Industrial Common Stocks	4.15%	5.95%	9.37%	5.11%	9.28%	6.20%	9.22%

INVESTMENT NOTES.

An Australian Default.—In view of the improvement in the trade balance of Australia, the announcement of a default this week on certain New South Wales stocks came as a distinct shock to the market. How badly the news was taken is shown by the following table of present market prices of representative Australian stocks as compared with prices ruling a week ago:—

	Jan. 28.	Feb. 4.	Flat Yield %
Australia Commonwealth 5%, 1945-75	84	78	6 8 2
New South Wales 5%, 1945-65	78	70	7 2 10
New South Wales 4½%, 1935-45	72½	69½	6 9 6
New South Wales 6½%, 1930-40	90	79	7 11 11
Queensland 5%, 1940-60	79	72½	6 17 11
South Australia 5%, 1945-75	81	75	6 13 4
Victoria 5%, 1932-42	80½	75	6 13 4
Western Australia 5%, 1945-75	80½	75	6 13 4

In many cases dealings in Australian stocks are again a matter of negotiation. The New South Wales default has, inevitably, a political explanation. It arose because the Loan Council refused to meet the New South Wales overseas interest in London and New York. It may be recalled that last year the Commonwealth Government paid out nearly £4½ millions on behalf of New South Wales defaults, but that Mr Lang subsequently agreed to withdraw from his attitude of defiance and default, to reduce expenditure and to keep the State Budget deficit within prescribed limits. Mr Lang has failed in his undertaking, and the Commonwealth Government is apparently determined that he shall be swept from office. As New South Wales was bound under the 1929 financial agreement to provide the amounts required to meet all interest on its public debt to the extent to which such liabilities exceeded £243,000 monthly, payable by the Commonwealth under that head, the Commonwealth Government has issued a writ for the recovery of the amount due. There is even talk of putting a receiver into possession of the New South Wales Treasury. In any case, a Government which has no financial resources cannot continue in office indefinitely, and a general election may see the rout of Mr Lang's party. The Stock Exchange was inclined to regret that the National Government, which was elected largely to restore the financial credit of Australia, should have committed a default itself as one of its first actions in office. There is no doubt that the Commonwealth will eventually pay the amount to bondholders, for, under the Financial Agreement Validation Act of 1929, the Commonwealth will, in respect of the debts taken over, assume as between the Commonwealth and the States, the liabilities of the States to the bondholders. In March, 1931, Mr Scullin took counsel's opinion on this matter, which was to the effect that the Commonwealth was under a definite liability to pay, but might sue the defaulting State to cover the amount advanced. Thus not only New South Wales but the Commonwealth Government of Australia have been placed technically in default by the present postponement of payments. Meanwhile the Commonwealth Government will pay direct to bondholders the £243,000 monthly, its contribution to the New South Wales debt service, but as the total overseas debt service is about £8 millions at par, this does not help the bondholders out of their difficulty. Mr Lang has given as his reason for this default that the only alternative to the abolition of the family endowment scheme was the suspension of overseas payments. The question which faced Australia, he said, was whether she should keep her people or pay her overseas interest. According to the trade balance figures, however, the proceeds accruing in the Australian commercial banks in London from Australian export sales are adequate for the purpose of meeting all overseas obligations.

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

Highest of 1932 (Jan. 14).	Lowest of 1932 (Jan. 5).	Jan. 27, 1932.	Jan. 28, 1932.	Jan. 29, 1932.	Jan. 31, 1932.	Feb. 1, 1932.	Feb. 2, 1932.	Feb. 3, 1932.
68.8	58.0	62.1	61.0	60.7	60.2	62.9	61.6	61.9

TOTAL DEALINGS IN NEW YORK.

	Jan. 29, 1932.	Jan. 30, 1932.*	Feb. 1, 1932.	Feb. 2, 1932.	Feb. 3, 1932.	Feb. 4, 1932.
Stock Exchange—Shares (Thous.)	1,500	500	1,500	1,100	800	700
Bonds (Value Thous. \$).....	11,860	6,776	10,992	8,782	9,900	9,094
Curb—Shares (Thous.)	180	90	190	190	150	130

* 2-hour session.

PARIS.

Markets were moderately active at the opening and prices hardened. Suez Canal shares were firm on the theory that further Sino-Japanese hostilities would increase the volume of traffic through the Canal. Hotchkiss also improved on war talk. Movements in the speculative section were generally upward, oil shares being particularly active, especially Royal Dutch, Shell and the twin Eagles. "Kaffir" shares remained dull, though the De Beers improved. On Wednesday, the "Young" and "Davies" loans were marked up appreciably, on a relatively small business, but a sizeable reaction occurred in their issues on Thursday, though markets generally remained steady.

	Jan. 28, 1932.	Feb. 1, 1932.	Feb. 4, 1932.	Jan. 28, 1932.	Feb. 1, 1932.	Feb. 4, 1932.
Banque de France	12,100	12,150	12,360	Wagons Lits	116	112
Crédit Lyonnais	1,838	1,825	1,890	Mexican Eagle	32	33
Boes Canal	13,925	14,145	14,025	"Chartered"	83	77
Chargers Réunis	271	275	280	Ford	120	114
Rio Tinto	1,350	1,330	1,355	De Beers	356	347
Royal Dutch	13,000	13,400	13,875	"Johnnies"	103	100

AMSTERDAM.

The Amsterdam Bourse opened with a firm undertone. A fair demand was in evidence for leaders like Royal Dutch and Unilever. Shipping shares were also in favour, and Netherlands Shipping Union, in particular, were marked up. Rubber shares were idle, but more inquiry was received for sugar shares, especially for Amsterdam Trading. Tobacco and tea shares were more active, though business was nowhere of large proportions. More apathetic conditions returned, however, in mid-week, and though recent prices were generally held, little new business was done.

	Jan. 28, 1932.	Feb. 1, 1932.	Feb. 4, 1932.	Jan. 28, 1932.	Feb. 1, 1932.	Feb. 4, 1932.
5½% German	41½	37½	35½	Steel Common	40½	39½
Unilever N.V.	107½	108½	108	A. K. U.	38	41½
Philips Lamps	85½	88	87½	Ford Motor	169	164
Netherlands Ship	61½	69	65½	Delf Batavia	146	147
Java Cultuur	...	124	120	Royal Dutch	125½	129

OTHER CENTRES.

Irregular conditions obtained on the majority of other European bourses, business everywhere being of less than normal dimensions. Brussels rallied slightly after an erratic opening, but remained uncertain in tone throughout the week. Swedish issues showed perceptible weakness at the outset, but recovered as the week progressed. Government issues were in moderate demand at Milan, but industrial shares were heavy. Unofficial quotations in Berlin, however, continued their recent upward trend, for the most part. Dye Trust were done at 97.75 (against 95.75 a week ago), Siemens at 126.75 (against 125.00), General Electric at 83.75 (against 84.00) and Reichsbank at 107.50 (against 100.25).

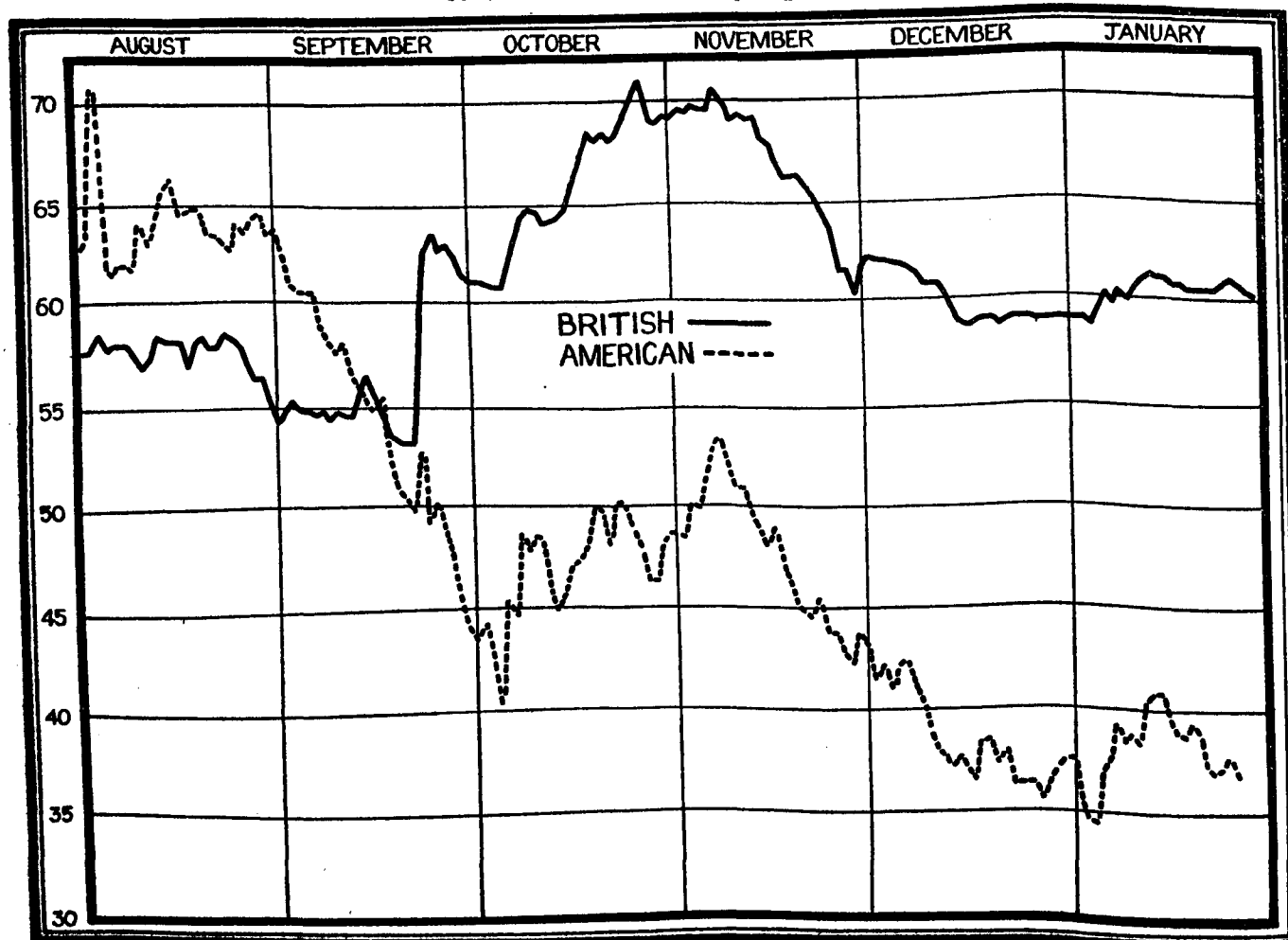
The Course of Share Values.—Despite the Far Eastern crisis, the London Stock Exchange has not lost the firm appearance which, with a few minor recessions, has been in evidence since the turn of the year. This persistence of a strong undertone, indeed, in the face of a variety of adverse external developments, has been a more significant feature than the actual net rise in prices, which has not been considerable. It may be inferred that the technical position of the market is strong, but that the stimulus necessary to bring about a definite revival is lacking. We reproduce on this page a chart showing the daily fluctuations in British and American industrial equity share values during the last six months. It will be seen that after British prices had been adjusted, by the end of September, in accordance with the devaluation of sterling, British and American equities followed a broadly similar trend. The coincidence in the "timing" even of minor changes was remarkably close, though short-period ups and downs were less extensive in the British than in the American index. Broadly, British share values rose during October owing to the effect on popular sentiment of rosy expectations of increased trade as a result of Britain's departure from gold, and to the discounting of a "National" victory at the elections. More reasonable appraisement of practical possibilities under both heads was reflected in the decline in prices, during November, almost to the identical point from which the October rise had started. Since prices returned once again to this level in January, after a temporary decline in December, it would appear to be, for the time being, a point of "dead centre." American prices, despite their November recovery, appeared to have a consistently falling trend right up to the beginning of last month. The subsequent rally proceeded by no means as far as its predecessor, and available evidence is not strong enough even to suggest that the prices of January 5th necessarily mark the low point of the present depression. If, however, the railroad wage reductions now agreed upon are followed by

measures making for more extended credit in America, and no catastrophic developments occur, say, in Europe, an appreciable rise in the American share price curve during the next few weeks, is a not impossible contingency. In view of the degree of correspondence of recent movements in London and New York, such a development might be accompanied by a rising tendency in the British index, though not necessarily of the same proportions as that of the American curve.

Metropolitan Railway Dividend.—The Metropolitan Railway declared its dividend this year a fortnight in advance of the other British railways. Its announcement was not regarded as of particularly hopeful augury by the market, which tended to mark down the value of the stocks of some of the larger railways on learning that the Metropolitan proposed to pay a final ordinary dividend of only 1½ per cent., making a total of 2½ per cent. for the year, against 3½ per cent. for 1930. The dividend on the Surplus Lands Stock was 2½ per cent., making 4½ per cent. for the year, against 4 per cent. The market's disappointment was due to two considerations. In the first place, the figures indicated that the railway had not recouped, by lower expenditure, as much as had been expected of the falling off of £88,800 in its gross railway traffic receipts for the fifty-two weeks of 1931, as compared with 1930. In the second place, the decision involved the removal of the company's prior stocks from the full trustee list for at least ten years, though these securities will still rank as trustee investments under the "Chancery Rules." As the company was shown to have increased its carry forward from £33,546 to £41,482, while the full 3 per cent. dividend required under the Trustee Acts would have necessitated only the payment of an additional £37,894, it was assumed that the directors had taken a somewhat serious view of the immediate trade outlook, and had regarded the

BRITISH AND AMERICAN INDUSTRIAL SHARE VALUES, August 1931 to January, 1932.
(1928=100.)

British: "Financial News" Index of 30 Ordinary Shares. American: "Standard Statistics" Index of 50 Common Stocks.—Daily Figures.



loss of full trustee status as a lesser evil than the depletion of their cash resources by a relatively small sum. Subsequent consideration, however, while leaving the market undecided on the question whether the two largest railway groups—the London, Midland and Scottish and the London and North Eastern—would be in a position conveniently to make full payments on the junior preference stocks (and thus retain trustee status under the "Chancery Rules"), tended to discount the Metropolitan figures as "indicators" of the general railway position. It was felt that the Metropolitan directors, knowing that the company's prior stocks would remain eligible as trustee investments in England so long as any ordinary dividend whatever were paid, were entitled to regard their dividend problem as on all fours with that of any industrial concern desirous of conserving its accumulated resources in a period of economic uncertainty. The larger railways, however, in making a similar decision will necessarily have in mind the possible consequences of a failure to satisfy even the "Chancery Rules." They may thus have an inducement to make every possible effort to meet dividend requirements on all their fixed-interest stocks, if last year's results render this possible, even at the cost of a moderate appropriation from reserves. Even in the opposite event, trustees would not be required to sell out their existing holdings, and it might be within the powers of the Court to rule, e.g., that only the stocks which were not receiving full dividends should be removed from the list. The declaration of the London, Midland and Scottish is expected to be made next Wednesday and that of the London and North-Eastern on Friday week.

London Quotations of American Stocks.—A question by a reader raises a point of interest to British investors in American stocks. Reference to the records of the New York and London Stock Exchanges will show that a considerable discrepancy exists between the quotations for identical stocks in the two centres. For example, United States Steel common were recently quoted around 41 in Wall Street and 62½ in London. The explanation is that for purposes of easy calculation American dollar issues listed on the London Stock Exchange have always been calculated as if the dollar were worth exactly 4s. In other words, they have been worked out on an exchange parity of \$5 to the pound. So long as Great Britain was on the gold standard the London price thus appeared slightly higher than the price in New York. This simple expedient was, in fact, of considerable assistance in maintaining the demand for American shares

in the London market, since it enabled the British public to make its calculations with maximum facility. Although sterling is no longer linked to gold, the practice has been continued, and American shares are still quoted in London on a basis of \$5 to the pound. Hence, with the sterling-dollar rate in the neighbourhood of \$3.45 to the pound, there is a considerable disparity between quotations in the two centres. In point of fact, of course, this difference is apparent and not real, in view of the extent of arbitrage business between the two centres, even under present conditions, which assures that during the period when dealings are possible, simultaneously, in both markets, the actual prices approximate very closely.

F. W. Woolworth.—In our issue of January 16th last (page 135) we dealt with the excellent results achieved by F. W. Woolworth and Company for the year 1931, during which the business was changed from a private to a public company. At the meeting held on January 29th, Mr W. L. Stephenson, chairman and managing director, emphasised the fact that the change was one of capital ownership only, which brought in no fresh capital and did not affect the conduct of the business. Of the total profits of £4,211,356, only 4 per cent. (£163,639) was attributable, apparently, to new stores opened during the year, and additional profit on stores operating only during part of 1930, the balance, apart from a small item of additional bank interest, being attributable to business at the older-established branches. The ratio of net increase in the latter's profits, on this showing, would appear to have been about 10 per cent.—a creditable result for a year of economic depression. Some thirty new branches were opened during the year, the opening of the remaining ten to twenty forecast in last year's share offer having been postponed to 1932, in accordance with the company's policy of avoiding the opening of new premises towards the end of a calendar year. The chairman vigorously defended the retention of a considerable proportion of last year's profits in the business, declaring that the company had, in fact, built up its interests consistently from small beginnings by ploughing back earnings, rather than by borrowing money or issuing debentures. The field in which the resources were to be employed was wide, since in addition to relatively thickly populated areas which were not yet being adequately served, the board was turning its attention to the possibilities of the smaller communities throughout the country. Altogether, during 1931 the company had ploughed back £827,175 into its business, the effect of

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CURRENT AND DEPOSIT ACCOUNTS ...	...	...	...	...	...	...	...	29,043,386
CASH IN HAND AND AT BANK OF ENGLAND ...	...	...	...	...	...	...	...	2,976,159
MONEY AT CALL AND SHORT NOTICE ...	...	...	...	...	...	...	...	3,274,807
INVESTMENTS ...	...	...	...	...	...	...	...	7,408,886
BILLS DISCOUNTED ...	...	...	...	...	...	...	...	2,042,324
ADVANCES ...	...	...	...	...	...	...	...	13,880,948

31st December, 1931.

which on earnings would be fully reflected only in 1932. The chairman also disclosed that, out of "sundry creditors" of £1,332,622 in the balance sheet, more than one-half was attributable to provision for the company's January income-tax payment, the company's custom of settling all trade accounts weekly having reduced the amount due to ordinary creditors to small dimensions. It was stated, in connection with the meeting, that 85 per cent. of the goods sold by the company were British made. This proportion rose during 1931, the whole of the increase in the company's business being represented by sales of British merchandise. Although the company still imports certain articles unobtainable in Great Britain, it has continuously developed a policy of purchase in this country, not from motives of sentiment, but of profit. Its present position is, therefore, largely independent of any changes in national fiscal policy. Reading between the lines of Mr Stephenson's speech, it would appear that the chairman of Woolworths is more impressed with the possibilities of assistance to British manufacturers by way of scientific purchasing and distribution than of legislative favours. In the company's experience, remarkable price economies have been found practicable by placing orders in large and definite quantities, maintaining close co-operation and rendering prompt cash payment—in short, by offering British manufacturers the facilities importers are customarily required to extend to foreign suppliers.

South Metropolitan Gas.—The accounts for 1931 show that gross revenue increased from £4,382,207 to £4,397,974. Sales of gas accounted for £3,216,101 (compared with £3,172,412), rentals for £444,204 (against £486,035), and by-products for £73,449 (a decline of £86,548). Manufacturing expenses advanced by £31,301 and distribution expenses by £45,692, though management costs were cut by £3,530. After deducting £22,020 for discount on the redemption of £734,000 6½ per cent. debentures in September last, and adding interest received, amounting to £91,242 (compared with £46,430), net income was £669,148 (against £615,498). Interest and redemption charges required £199,527 (against £165,927), leaving a net profit of £469,621. Enhanced preference requirements left £18,099 less available for ordinary dividends than a year ago, and the distribution was reduced from 6½ per cent. to 6 per cent.:

Year to December 31.	1929.	1930.	1931.
By sale of gas.....	3,228,101	3,172,412	3,216,101
Total revenue.....	4,469,758	4,382,207	4,397,974
Net income.....	609,690	615,498	669,148
Interest, &c.....	160,376	165,927	199,527
Net profit.....	449,314	449,571	469,621
Preference dividend.....	30,000	30,000	68,149
No. of times covered.....	14.9	14.9	7.2
Ordinary dividend—			
Amount.....	419,368	419,368	402,593
Earned %.....	6.2	6.3	5.9
Paid %.....	6½	6½	6

Inc. or dec. in carry forward..... — 54 +203 — 1,120
During the past year the number of consumers increased by 2,754 and sales of gas by a little more than

½ per cent. The report states that the market for tar has been better; but such a serious fall has occurred in the selling price of sulphate of ammonia, as a result of over-production, that manufacturing costs are not covered. A Bill is to be presented to Parliament, after approval by shareholders, authorising an extension of the company's capital powers and the readjustment of rental charges to slot meter consumers. The investments on account of the reserve fund have been written down by £34,285. At 97, the ordinary stock gives a yield of £6 8s. 4d. per cent., allowing for the final dividend of 8½ per cent.

Insurance Share Index.—In the following table we show the history of an investment, in 1913, of £1,000 in the ordinary shares of each of twenty-five leading insurance companies, together with an index of the total. The figures are based on the mean of the highest and lowest prices in each year except in the case of the last four columns, which relate to the middle market prices on the dates specified. In all cases where an issue of bonus shares has been offered due allowance has been made by assuming that the rights are sold and the proceeds utilised to purchase an additional holding in the original shares.

SHARE INDEX. (1913 = 1,000 in each case.)							
	1928.	1930.	1931.	Dec. 31, 1930.	June 30, 1931.	Sept. 30, 1931.	Dec. 31, 1931.
Alliance	1,738	1,588	1,475	1,638	1,554	1,344	1,323
Atlas	3,595	3,222	2,809	3,270	3,175	2,413	2,540
Caledonian	5,254	4,702	4,041	4,529	4,403	3,613	3,585
Commercial Union	5,038	4,179	3,540	4,179	3,613	2,960	2,960
Employers Liability	2,955	2,636	2,068	2,432	2,252	1,875	1,823
Equity and Law	1,725	1,864	1,866	1,875	1,897	1,847	1,823
General Accident	6,538	7,983	7,189	8,133	8,000	6,400	6,000
Gresham Fire	3,886	2,251	2,248	2,143	2,381	1,905	1,905
Gresham Life	3,852	5,015	4,336	4,885	4,397	4,152	3,908
Guardian	2,678	2,558	2,340	2,538	2,583	2,141	2,115
Legal and General	5,233	6,776	5,696	6,885	6,776	5,027	4,481
Life Association of							
Scotland	1,804	1,801	2,036	1,819	2,140	2,140	2,140
London & Lancashire	4,673	4,327	3,731	4,346	4,115	3,385	3,077
London Assurance	2,350	1,910	1,653	1,844	1,819	1,455	1,455
Mercantile	4,467	4,309	3,857	4,363	4,331	3,376	3,280
Northern	2,068	1,884	1,700	1,910	1,910	1,493	1,522
Phoenix	1,937	1,813	1,559	1,827	1,657	1,421	1,252
Prudential	1,995	2,227	2,027	2,302	2,254	1,846	1,703
Royal Exchange	3,481	3,114	2,772	3,142	3,019	2,403	2,341
Royal	2,961	2,731	2,460	2,796	2,753	2,237	2,151
Scottish Life	2,242	2,697	2,352	2,697	2,261	2,191	2,163
Scottish Union and							
National	5,032	4,741	3,928	4,732	4,067	3,253	3,106
Sun Fire	2,604	2,729	2,347	2,756	2,444	1,956	1,906
Sun Life	2,138	2,131	2,023	2,116	2,237	1,814	1,713
Yorkshire	3,005	2,685	2,441	2,783	2,731	2,371	2,061
Average	3,330	3,275	2,900	3,277	3,151	2,602	2,484

It will be observed that during the third quarter of 1931, insurance shares suffered a substantial decline. This movement was, in fact, relatively more severe than that shown by industrial shares as a whole. It was succeeded in October by a strong recovery, and insurance share values have subsequently moved, on the whole, in line with industrial share values. Thus our index exhibits a decline from December 31, 1930, to December 31, 1931, from 3277 to 2484, equivalent to approximately 25 per cent., as compared with an all-round decline in industrial shares of 23½ per cent., shown by the Actuaries' Investment Index. It may be remarked that, in face of this general decline, the shares of one company, the Life Association of Scotland, show an actual increase in value.

Company Registrations in 1931.—An analysis of new company registrations in 1931, which has been prepared by Messrs. Jordan and Sons, of Chancery Lane, shows, as was to be expected, that the steady downward trend in the number of promotions from the peak year of 1928 has been continued. In 1931, some 8,385 companies were registered at Somerset House, with an aggregate capital of £58,219,756, compared with 8,410 companies in 1930, with a capital of £108,725,362. Public companies accounted for 276 registrations and £12,726,821 of capital against 328 registrations and £45,800,535 in 1930. Private companies accounted for 8,109 registrations and £45,493,435 of capital, against 8,082 registrations and £57,924,827 of capital last year. Despite the unfavourable conditions which prevailed throughout the year,

seven companies were incorporated with capitals of £1,000,000 and upwards, of which three were private. The £4,200,000 nominal capital of Messrs Ralli Brothers, a private company, is the largest of any company incorporated since August, 1930. Messrs. Jordan and Sons point out that a feature of the year's registrations was the number of companies formed with a very small initial capital, about 1,400 flotations having capitals of only £100 each, while three were content with £1 of nominal capital. Electric and Musical Industries, which was incorporated early in the year with a capital of £100, has since increased the amount to over £6 millions, while there have also been large increases by other companies. About fifteen unlimited companies made their appearance in 1931, mostly of the landed estate and investment trust type. From the point of view of group precedence, the companies which fall under the heading "Merchants" have the largest capital at £6,303,054, though Ralli Brothers accounts for £4,200,000 of this amount. "Textiles" take second place with £5,357,063, and "Land and Houses" third with £5,222,170. The greatest number of individual companies in any one group was the 805 "Clothing" flotations, while the "Food" group accounted for 664 companies, and "Motors" for 457.

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

Monthly Average.	(000's omitted).			Total.
	United Kingdom.	British Possessions.	Foreign Countries.	
1924	7,051	6,023	4,370	17,444
1925	12,918	5,077	1,356	19,351
1926	10,765	4,431	4,036	19,232
1927	17,240	8,318	4,039	29,597
1928	21,965	5,263	3,526	30,754
1929	16,502	5,081	2,186	23,769
1930	14,220	5,121	2,975	22,316
1931	4,542	3,209	761	8,512
Monthly Total.	Govt. 850	Other. 11,839	12,000	1,480
October, 1930	Dr. 1,350	684	49	Nil
October, 1931	Dr. 1,350	684	49	Dr. 677
November, 1930	1,050	6,479	6,158	2,893
November, 1931	Dr. 450	2,468	Nil	10
December, 1930	850	26,914	3,361	338
December, 1931	Nil	2,503	15	Nil
January, 1929	650	14,080	24,897	2,983
January, 1930	500	9,033	1,671	2,785
January, 1931	1,800	6,331	118	Nil
January, 1932	Dr. 1,200	123	2,127	Nil

The first month of the New Year was a lean period for the new issue market. The debit total of £1,200,000 for the United Kingdom was accounted for entirely by encashments of National Savings Certificates. Two important colonial loans were issued, one for £600,000 in 5 per cent. stock at 98½ by the Mauritius Government and one for £1,600,000 of 5 per cent. in Government and one for £100,000 5½ per cent. scribbled stock at 96 by the Uganda Government. The only other public offer was that of £100,000 5½ per cent. debentures by Electrical Finance and Securities Company, while £25,000 7½ per cent. debentures were issued to shareholders only by General Amusements, Limited.

Oil Share Outlook.—The strength developed by the oil share market this week is not easy to explain, except on the score of "bear-baiting." Rumours have been circulated that the price of petrol will be raised in this country by 2d. or 3d. per gallon next week, and that a new worldwide marketing agreement is being prepared by the leading oil combines. From inquiries we have made we can find no substance in any of these rumours. The outstanding fact is that the Royal Dutch-Shell group and the Anglo-Persian Oil Company have come together in the British petrol trade, forming a new joint marketing company called Shell Mex-B.P., Ltd., but that this new combine has not been joined by the Anglo-American Oil Company or any other British subsidiary of the Standard Oil Com-

pany of New Jersey. If the American group had agreed to pool its petrol-marketing organisation in this country with the Royal Dutch-Shell and Anglo-Persian, there would, no doubt, have been a rise in British petrol prices, in spite of the competition of the independent-minded Standard Oil Company of Indiana, which is undercutting the combine prices through the medium of a British marketing company. But, as far as we can ascertain, the fierce competition which exists between the Royal Dutch-Shell and the Standard Oil groups in the foreign markets has not diminished, but has been accentuated, for it is the policy of the American companies to increase their business out America at all costs, in view of the heavy stocks of oil they are carrying. When it comes to the question of dividends, the market can certainly find little encouragement. According to the report of a Stock Exchange firm which is well known for its oil circulars, the shareholders of Royal Dutch, Shell Transport, Anglo-Persian and Burmah Oil will be fortunate if they receive final dividends at the reduced rates of 1930. In fact, it is suggested that if there is no improvement in oil trade conditions by May, the final dividends may be passed altogether. The following table shows the rise which has occurred over the past week in the leading oil shares, the dividends paid in respect of 1930, and the yield at current market prices, if the final dividends are repeated at the 1930 levels:—

	Jan. 28.	Feb. 4.	Divs. 1930.		Yield %
			Int. %	Final %	
Anglo-Persian ord. £1	1½	1½	5	10	5 3 3
Burmah Oil ord. £1	1½	1½	10	12½	9 0 8
Royal Dutch ord. Fl. 100 ...	14½	16½	10	7	3 9 10
Shell Transport ord. £1 ...	1½	2½	10	7½	3 9 7
			(free)		(free)

It may be added that all these companies have passed their interim dividends for 1931, with the exception of Burmah Oil, which has reduced its interim dividend from 10 per cent. to 5 per cent.

Premier (Transvaal) Diamond.—Our mining correspondent writes:—A notable feature of the report to October 31st is the reduction which has been effected in the working costs. With operations restricted during the latter portion of the period, it is only natural that the total expenditure should be less than before. But despite this curtailment and the fact that overhead charges could not be correspondingly lessened, the cost per carat averaged nearly 5s. less than in 1929-30. Moreover, last year scarcely felt the benefit of the transfer of the administration to the De Beers Consolidated, which holds a controlling interest in the undertaking. As a result of the falling off in the demand for the stones, sales in 1930-31 amounted to only £278,400, against £680,000 in 1929-30. Mining and administration absorbed £428,500, and loss on exchange £56,000—the latter a new item. After allowing for sundry revenue there was a deficit of £190,200, as compared with a profit of £18,100. The preference dividend is in arrears since April, 1930; the last payment on the deferred was 250 per cent. in respect of 1926-27. At 11,000,000 loads, the quantity of blue ground in sight above the 610 ft. level shows a decline of 3,000,000 loads. This quantity closely corresponds to the quantity extracted during the past session.

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which suggests that little fresh ground was opened up. The company, however, is in a position to resume and even increase its scale of production when circumstances warrant. The leaders of the diamond industry in South Africa have done all they could to strengthen and consolidate the business. The rest depends upon a revival in demand.

San Francisco.—The tale of monthly losses reported for some time past prepared the shareholders for the unfavourable figures of the annual report. In the year ended September 30th last an operating profit of £60,900 was made; but after deducting miscellaneous expenditure, taxes and depreciation there was a net loss of £19,000, reducing the carry-forward to £193,600. At the date of the balance sheet the available cash totalled £103,500, the sums payable being somewhat exceeded by those due. Development work, although restricted, more than sufficed to maintain the ore reserve position, the total of fully and partly blocked out material now standing at 2,321,000 tons, as against 2,316,000 tons previously. As already announced, production was suspended at the end of December last. It will presumably not be resumed until a sustained rally has taken place in metal prices.

Panama Corporation.—The delay in issue of the report to May 31, 1930, is doubtless attributable in part to communication difficulties, but the showing made is far from brilliant. In the balance sheet, preliminary and underwriting expenses figure for no less than £165,800. Up to that date £1,381,300 had been expended on property account, £338,900 upon development, and £224,350 upon equipment and the like. Cash in hand amounted to only £34,300, but £157,000 remained to be called upon the issue of £250,000 debentures made towards the close of the financial period. There were sundry creditors for £21,600. The absorption of the three subsidiaries is not fully reflected in the accounts. Prospecting suggests that the greatest promise attaches to the lode formation in the western group of concessions, and in the buried alluvial deposits at El Mineral. At the Romance Mine, up to December 31st last 14,200 tons of ore had yielded bullion value £22,680—including premium. The balance due on the debentures has been called up, but "the corporation requires very extensive further finance for the development of its properties." The raising of capital in sterling, with expenditure in dollars, would involve the loss of something like one-third of the funds provided. To meet this position it is proposed to re-register the undertaking in Canada. For each £1 share now held, members will be allotted one share of no par value. Debenture stock to the amount of \$5,000,000 will be constituted, carrying—like the present issue—8 per cent. interest. Present debenture-holders will receive \$50 of the new stock for each £10 of stock now held; the British, Foreign and Colonial Corporation undertakes to subscribe for £250,000 new stock, receiving in consideration various option rights. The sum just named is obviously no more than a stop-gap. Ability to make further issues of shares and debentures will depend largely upon the nature of the returns secured and the discoveries made. The Stock Exchange values the £1 shares at about 7s. 6d. and the £100 debentures at 67-72 nominal.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Midland Bank, District Bank, Williams Deacon's Bank, United States and General Trust, Mortgage Company of the River Plate, and F. W. Woolworth and Company. Presiding at the annual meeting of the Midland Bank, Mr R. McKenna said that, since Great Britain went off the gold standard, the cost of living index, allowing for seasonal changes, had scarcely moved; it was below the figure for January, 1931, and more than 10 per cent. lower than a year earlier. There had been no inflation, and the supposed miracle of maintaining a currency stable in purchasing power without any metallic standard had been accomplished. At the annual meeting of the District Bank the chairman recalled that exports of cotton

goods had fallen in value from £61,305,000 in 1930 to £37,322,000 in 1931, while if the 1929 export figure, which itself showed a decline of 60 per cent. in relation to the pre-war volume, were taken as 100, 1930 represented 65.5 per cent. and 1931 46.8 per cent. The speech of the chairman of F. W. Woolworth and Company is discussed on p. 313.

CAPITAL ISSUES.

The market was somewhat surprised to learn, this week, that the *Central Electricity Board* were issuing, forthwith, as much as £7,000,000 of 5 per cent. stock at 95. This amount, together with earlier issues, brings the total amount of Central Electricity Board stock outstanding to £26 millions nominal. On three occasions in the autumn of last year the board placed £1 million privately, but would appear to have regarded the present time as more opportune for a large operation. The stock is likely to be absorbed by the market within a moderate period, its yield of £5 5s. 3d. per cent. flat and £5 5s. 10d. per cent., on redemption at the latest date, being reasonably attractive, although the stock is not a trustee issue. The board have powers, with the consent of the Electricity Commissioners, to issue up to a further £24 millions, ranking *pari passu* with the issues already made.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Total recorded, January 1 to January 30, 1932, excluding conversions, £1,100,375.
Total recorded, January 1 to January 30, 1932, including conversions, £1,100,375.

National Savings Certificates.
Net receipts, week ended January 30, 1932, Dr. £200,000.
Total net receipts, April 1, 1931, to January 30, 1932, £2,650,000.

To the Public.	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
Central Electricity Board, £7,000,000 Central Electricity 5% Stock, 1935-1975, issued at 95%	7,000,000	...	6,650,000	350,000	6,300,000
Total offered to the Public, week ended February 6, 1932	7,000,000	...	6,650,000	350,000	6,300,000
To Shareholders only.					
African and Eastern Trade Corporation, £1,200,000 Convertible Income Stock at par	1,200,000	...	1,200,000	150,000	1,050,000
East Java Rubber, £3,000 7% Notes at par	3,000	...	3,000	...	...
Total offered to Shareholders only, week ended February 6, 1932	1,203,000	...	1,203,000	150,000	1,050,000

Total Offered for Subscription—		Total Offered for Subscription—	
Including Conversions.	Excluding Conversions.	Including Conversions.	Excluding Conversions.
Jan. 1 to date—	£	Whole year—	£
1932	8,753,375	1931	114,290,666
1931	12,017,563	1930	454,888,784
1930	15,671,306	1929	488,764,940
1929	66,510,374	1928	693,100,056
1928	124,132,239	1927	355,165,970
1927	101,694,785	1926	230,782,600
1926	33,821,791	1925	232,214,500
1925	19,113,622	1924	209,326,101

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—	£	£	£	£
1932	7,553,375	Nil	1,200,000	8,753,375
1931	9,263,357	338,571	1,444,492	11,046,420
1930	14,027,386	763,262	880,818	15,671,306
Whole year—	£	£	£	£
1931	74,835,599	6,911,859	20,296,833	102,044,291
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	98,381,400	355,155,600
1926	145,180,000	39,393,200	46,209,400	230,782,600

By Stock Exchange Introduction.

	Amount previously recorded	Amount Prices at which Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
January 1 to date, 1932	£	£	£	£
1932	94,000	...	...	96,500
Total to date, 1932	94,000	...	...	96,500
Total to date, 1931	2,456,375	...	...	2,508,632

Central Electricity Board.—Issue of £7,000,000 Central Electricity 5 per cent. stock, 1935-75, at 95 per cent. The stock will rank *pari passu* with £3,000,000 Central Electricity 4 per cent. stock, 1929-39, £10,000,000 Central Electricity 5 per cent. stock, 1930-70, and £6,000,000 Central Electricity 4½ per cent. stock, 1931-73, already issued. It will be redeemed by a cumulative sinking fund, commencing not later than 1938, sufficient to repay the whole of the stock by its maturity date. The Electricity Commissioners have already given consent in respect of £32 millions of the £50 millions which the board are empowered to borrow.

COMPANY MEETINGS, &c.

MIDLAND BANK LIMITED.

POSITION OF LIQUIDITY AND SECURITY.
GREAT BRITAIN AND THE GOLD STANDARD.
OBJECTIVE OF A MANAGED STANDARD.
IMPROVED OUTLOOK FOR TRADE.
MR R. McKENNA'S OPTIMISTIC REVIEW.

The ordinary general meeting of shareholders of the Midland Bank Limited was held at Southern House, Cannon Street, London, E.C.4, on Friday, January 29, 1932, for the purpose of receiving the E.C.4, on Friday, January 29, 1932, for the purpose of receiving the report and balance sheet, declaring a dividend, electing directors, appointing auditors and transacting other ordinary business.

The Right Hon. R. McKenna (the chairman), who was received with cheers, said:—My Lords, Ladies and Gentlemen,—There can be no question that Britain's breakaway from the gold standard was the outstanding financial event of 1931. For upwards of six years our monetary authorities fought a losing battle on ill-chosen ground. Looking back upon the long-drawn struggle we read a story of great and increasing sacrifice for a mistaken ideal. Happily, the actual consequences of our abandoning gold have belied the terrible alarms expressed before the event. They have proved to be groundless, and, indeed, would never have been entertained had there been any general understanding of monetary problems and their relation to trade and employment.

Unfortunately, most people have been content to regard these problems as exclusively the business of money market experts. They are wrong, however, in thinking them to be no concern of theirs. Monetary policy has a powerful and direct influence on the perity of each one of us, and if it is misdirected no one escapes the consequences. With falling prices the rich become the prey of the tax collector; industrialists and traders see their profits dwindle to nothing; and salaried officials and wage-earners are deprived of the opportunity of earning a living at all. Adversity, as ever, is the best tunity of earning a living at all. Adversity, as ever, is the best schoolmaster. Unpleasant facts are at length bringing home to everyone the close connection between monetary developments and our own individual welfare.

WORKING OF THE GOLD STANDARD.

The world has now got so far as to admit that the long-continued depression and universal economic unsettlement are due in part at least to the inefficient working of its monetary machinery. The time has gone by for the child-like belief that, as long as a country is on the gold standard, all is well. Harsh experience has shaken this faith rudely; we have found that returning to the gold standard did not in fact bring prosperity, and going off it did not entail ruin. So far from ruin, indeed, our present trade conditions are distinctly improved, and we are getting on at least as well without the gold standard as with it.

No one can regard it as a light matter that stubborn facts like these should undermine confidence in a monetary standard hitherto accepted as an indisputable article of faith. For centuries gold has stood as the symbol of solid, substantial wealth, and has been a serviceable standard of value. As trade and commerce developed, and with them the banking system and credit, the gold standard was adapted, though somewhat slowly and incompletely, to the new conditions. Critics there have long been who recognised both the patent and latent imperfections of an insufficiently controlled metallic standard; but no one paid much attention to them for the very good reason that, down to the war, the gold standard worked tolerably well. True, it by no means succeeded in maintaining a stable value of money measured in what the money will buy, but there was certainly never such cataclysmic instability as we have seen in the last two years. Clearly, the gold standard has not worked as it did in pre-war times, and the question arises: What has gone wrong with its post-war operation?

BANK OF ENGLAND PRACTICE.

It is to be regretted that the indispensable conditions for operating the gold standard successfully have never been defined, nor apparently even consciously recognised. At the time when it was working more or less smoothly London was the only great free gold market. A very considerable surplus was due to this country on current international account, and this, if no steps had been taken to avert the natural consequence, would have been settled largely by imports of gold. Simple but adequate measures were, however, adopted by

the Bank of England. If gold was coming to London in excess of our currency requirements the rate of interest was lowered, and foreigners were encouraged to borrow from us. If, on the other hand, through excessive lending abroad, too much gold was being taken the rate for money was raised; foreign borrowing was thereby discouraged, and the favourable balance of payments rapidly replenished our gold stock. Thus the surplus on current international account was used according to the needs of the time to reinforce our gold reserves or to provide accommodation for debtor countries to develop their economic resources.

For many years before the war this system was in regular operation. It will be noted that two psychological conditions were essential for its success. In the first place, if it had been the national disposition, either permanently or under the influence of panic, to hoard currency, the Bank of England, which was bound to retain gold pound for pound against notes in excess of the fiduciary issue, would have been forced to keep an increasing stock, and the rest of the world would have been deprived of the indispensable base of credit and currency.

Again, it was necessary that the British public should have the disposition to lend, so that, when the Bank rate was low, cheap money would encourage the foreigner to borrow our surplus from ready lenders. Had we been a hoarding nation, or had we been imbued with a spirit of financial isolation, the gold standard would never have worked successfully. Gold would have poured into the vaults of the Bank of England and remained there, not from any wish that this should happen, but because of unfavourable psychological conditions. In these circumstances the Bank of England would have anticipated the more or less involuntary experience of the central banks of America and France in accumulating vast stocks of bullion, and the rest of the world would have been as starved of gold as it is to-day.

CREDITOR NATIONS AND GOLD.

It must be manifest to anyone who considers the subject that no metallic standard can remain operative if the great creditor nations act in such a way as to create a corner in the metal. If they do not re-lend the surplus on their balance of international payments, gold, the only ultimate medium of payment, must flow into their vaults in a continuous stream. The debtor countries, unable to obtain additional credit and confronted with default, are forced to fling their products on the world market at any price. The catastrophe is inevitable and spreads from country to country so long as debts have to be paid in a steadily appreciating medium. The present distress is an acute manifestation of this process, and the question is inevitably asked whether gold is for ever to remain the standard of money value, however well or ill it is made to work.

Obviously, the most rational answer to this question would seem to be that, if the gold standard cannot work without depressing and even ruining trade, the proper course must be to seek another and better one. I am afraid, however, that the financial authorities of the world, with their deep-rooted traditions and long-established practice, will not be easily moved to consider the question on its merits. There is still a profound conviction that the gold standard is the firmest basis for sound money, the surest protection against inflation, the best safeguard from political interference with national currencies by greedy governments.

THE QUALITY OF "SOUND MONEY."

If the operation of the gold standard were properly controlled this conviction might be well founded, but as matters stand there is little or no justification for it. The claim that it provides protection against inflation is demonstrably false, for in less than twenty years before the war the world price level rose by, roughly, 40 per cent., a marked example of inflation even with the gold standard in full operation. Again, what protection does the gold standard afford against a needy government, which can abandon it whenever it chooses? We have seen too many instances in recent years to have any illusions on this point. The gold standard may have a pro-

with the Bank of England, to suspend the gold standard, and the Treasury prohibited the purchase of foreign currency except for specified business purposes.

An immediate rise in prices of all the principal commodities, followed by a definite stimulus to our export trade, tended to obscure the other side of the picture, but it soon became obvious that other exporting countries could neutralise this advantage by following suit, while the extra cost of its raw material to any industry which depends on its supply from abroad, must to some extent, nullify the bonus it receives on its exports through the fall in exchange. Foreign exchange restrictions also add to the difficulties of the merchant shipper, especially when arbitrary discrimination occurs as between different countries or different classes of creditors, nor can we look for much amelioration here until gold resumes its proper function as a medium of international payments, or sterling is accepted in other countries as a basis for currency stabilisation.

COTTON TRADE.

With regard to the cotton trade, we have passed through a year of extreme depression, relieved only in the autumn by certain expansion in demand which enabled spinners and manufacturers to book orders for a good period ahead. Considerable buying for China, helped by the rise in silver, was a distinct feature of this improvement, in fact the figures of export to that country show the only important increase over the previous year of all our foreign markets.

Shipments of piece-goods to India have again been on a much reduced scale and trade, largely as a result of the boycott of British goods, has been definitely restricted in Calcutta, though a certain movement of goods has occurred in Western India and certain up-country markets, and one can only hope that the evident determination of the Indian Government to deal firmly with disorder and obstruction of trade may in time have good effect. The Viceroy's recent pronouncement as to the state of India's finances also encourages us to hope for an improvement in the ultimate purchasing power of that country.

From a domestic point of view, the cotton trade has been much occupied during the year with the question of more looms to be operated by a weaver, and at the time of writing, the representatives of the employers and operatives appear to be getting closer together than at any stage of this protracted dispute, and we can only hope that the threatnings of a strike on the subject at Burnley may not prejudice their deliberations. If this question can be satisfactorily arranged, it will be a definite step forward in the direction of reducing the cost of production and, in any case, a settlement for the whole trade is infinitely preferable in the interests of all, to separate arrangements on the part of individual mills.

SCHEME OF JOINT COMMITTEE.

Another feature of intense interest to the trade is the production of the scheme of the Joint Committee of Cotton Trade Organisations for lifting the industry out of the great difficulties in which the redundancy of undertakings and plants keeps it. The scheme is the work of unremitting toil by some of the most able men in the industry. I have no hesitation in expressing the conviction that this is the most promising way of ameliorating the unquestioned ills under which the industry is labouring. It aims at reducing the plants to a level at which reasonable competition will still exist. It avoids any possibility of monopoly. If and when the trade should justify the entry of new capital and new mills into the industry, they will be free so to enter. It is superior from every point of view to price agreements, limitation of hours of working or any other temporary expedients which have tided over periods of relatively insignificant difficulty in the past and which are totally inadequate to meet difficulties so deep-seated as those which have endured so long and which show no sign of being remedied by a policy of inactivity.

From another point of view, the formation of industrial development councils throughout the country and in Lancashire the Lancashire Industrial Development Council, merits a hearty welcome and every encouragement. With Lord Derby as President and Mr T. D. Barlow Chairman, and supported by the various Chambers of Commerce and local government authorities of the county, the Lancashire Council has been formed to assist by propaganda and advertising, inquirers from every part of the country and overseas to find in Lancashire the proposition most suited to the industrial enterprise which they may have under contemplation. Whatever measure of contraction Lancashire may have to face in its staple trade, it is of vital importance that every effort should be made to fill up the gaps thus created by the encouragement of fresh industries, and we wish this new Council every success in their patriotic efforts.

COAL, IRON, STEEL AND AGRICULTURE.

The coal industry has had to face another bad year—worse, in fact, than last year, both in production and exports, the quantities being less and earnings thinner.

There has been an enormous fall in the production of iron and steel during the year. It is little satisfaction to know that producers in other countries show great reductions also.

Agriculture has suffered during the past year and is hoping for better things from fiscal changes in contemplation. No one will regard unsympathetically any remedies which can wisely be applied, though in an industry so diversified in its character and operations, it is difficult to devise means helpful to all sections.

The general depression in the basic industries, with its widespread reactions, have combined to make this a very difficult year for manufacturers and traders generally—and, one may add, for bankers.

One hesitates to make any prophecy as to the future. We may all hope, but we must not forget that only hard work and hard thinking will help us. It may be a platitude, but it is certainly a truth that our future depends on the energy and resource of the individual employer and employee and the adaptability of them and their respective associations to the exigencies of our time.

GOVERNMENT'S POLICY.

In conclusion, gentlemen, though politics have no place here, I feel that the policy of the Government, as expressed in its determination to concentrate every effort on the world problem of war debts and reparations, to balance this country's Budget by the strictest economy, and to rectify, if need be, by protective measures the disparity between imports and exports, deserves the support of us all, though we must avoid, as a creditor country, the mistaken policy we censure in others of insisting that debtor countries shall discharge their obligations to us in gold, rather than in goods or services.

I hope you will all join with me in a very hearty vote of appreciation and thanks to the executive officers and staff of the bank, for their unremitting work and loyal service during the past year. We all know what a difficult year it has been, and we all thoroughly appreciate the way they have faced and overcome the difficulties. (Applause.)

The Chairman then moved the adoption of the report and accounts, which was seconded and carried.

The retiring directors were re-elected, the appointment of Lieut.-Colonel H. K. Stephenson, D.S.O., as a director was confirmed, and the auditors, Messrs. Ashworth, Mosley and Company, were reappointed.

MORTGAGE COMPANY OF THE RIVER PLATE, LIMITED.

The forty-fifth ordinary general meeting of the Mortgage Company of the River Plate, Limited, was held, on the 29th ultimo, at the offices of the company, 52 Moorgate, London.

Mr James Anderson (the chairman) said that the year under review had been one of the most difficult the company had ever had to face, and in those circumstances it was not surprising that the accounts should not be so good as usual. The reduction in profits, however, was not very serious, and the directors were still able to pay a dividend of 15 per cent. after adding £10,000 to reserve. Their assets, taking Argentine and English together, showed an increased depreciation, but whereas this year the London investments showed a depreciation of £185,000, the Argentine assets had improved to the extent of £49,000. The total depreciation of £273,000 was very amply covered by the reserve and undivided profits. The financial position of the company was very strong, and holders of ordinary shares, on which there was £7 uncalled, need not have the slightest fear of their responsibility in that respect.

As to the assets, the loan on first mortgage of freehold properties at £895,385 had been made on carefully selected properties, mainly agricultural and pastoral. They had been under a severe test during the adverse conditions of the last two years, and had come out of it very well indeed. The loans were in Argentine currency, and the depreciation on those showed the substantial reduction of £49,000. That was very helpful, in view of the shrinkage in market value of the company's London investments at £1,137,816.

As regarded the current year, they might have to face some reduction in income, but the outlook in Argentina was distinctly more hopeful, and on this side the departure from the gold standard and the expected protection from the dumping of foreign products had imparted some new life into the country's manufacturing industries.

The report was unanimously adopted.

DISTRICT BANK, LIMITED.

SATISFACTORY RESULTS IN YEAR OF DEPRESSION.

OUTLOOK FOR COTTON INDUSTRY.

LANCASHIRE'S PROBLEM.

SIR CHRISTOPHER T. NEEDHAM'S INTERESTING REVIEW.

The annual meeting of the shareholders was held, on January 29th, at the head office, Spring Gardens, Manchester, the chairman (Sir Christopher T. Needham) presiding.

The Chairman, in moving the adoption of the report and balance sheet, said:—

Ladies and Gentlemen,—I assume that you will take the report of the directors and accounts as read.

When we met a year ago we looked back upon 1930 as a year of depression and of growing unemployment. Unfortunately there is again no kind of satisfaction to be found in a review of the past twelve months; the history of 1931 is one of greatly accentuated depression in national and world trade. We have thus had two years of acute depression, and, in addition, the last six months has seen an unprecedented financial crisis.

Though there was an improvement in the numbers employed during the last quarter of the year, following the suspension of the gold standard, the Ministry of Labour returns show there was less employment at the end of 1931 than at the end of 1930, the percentage of unemployed being 20.2 at that time and 20.9 at the former date. The estimate of industrial production continued to show a downward trend for the March, June and September quarters, being 95.0, 91.9 and 89.5 respectively; the corresponding figure for 1930 was 103.3 (year 1924=100). The December quarter figure for last year is not yet available, but since there was an increase of employment during that time it is to be expected that it will show some improvement.

A very serious factor in the year's trading was a further fall in wholesale prices; the Board of Trade figure for 1931 was 62.6, as compared with 71.9 for 1930.

IMPORTS AND EXPORTS FIGURES.

Our imports and exports declined, in each case almost to the same degree, from those of 1930. The excess of imports was £409,000,000, as compared with £387,000,000 in 1930 and £382,000,000 in 1929. The falling off in exports is seen chiefly in the basic trades, cotton, iron and steel, machinery and engineering, all of which concern our own district so closely. The figures for December show a reversal of the usual seasonal trend, and one can assume that this was caused, at any rate in part, by the stimulation of exports due to our departure from the gold standard and the restriction of imports, both from that cause and from the new import duties.

The Board of Trade estimates in respect of the income last year from our invisible exports, i.e., from shipping services, overseas investments, insurance, commission, etc., are not yet available. Unofficial estimates, however, indicate that the national income from overseas transactions may show a shortage of not less than £100,000,000. This probably large adverse balance for 1931 is a cause of grave disquiet, and is a sad reversal of previous years, which have habitually shown the yearly balances from overseas transactions in our favour.

THE COTTON TRADE IN 1931.

I turn, now, to the cotton industry, which had another bad year. Export of cotton goods dropped in volume, and the value fell from £61,305,000 in 1930 to £37,322,000 in 1931. A comparison of the figures for the last two years with those of 1929, in which our exports were only some 60 per cent. of the pre-war volume, show the extent of the contraction of the export side of the industry. Taking the 1929 figure as 100, 1930 represents 65.5 per cent. and 1931 46.8 per cent. Part of the decrease in our exports is due to the heavy fall in the purchasing power of our overseas customers, but we are still handicapped in competition by our high costs of production. Even when the purchasing power of the world does increase we shall not be able to obtain our share of increased trade if we have not put ourselves into a competitive position. A further obstacle in the way of our merchants exporting abroad is the difficulty of bringing money home due to exchange restrictions in force in many foreign countries. There is also in respect of some countries the difficulty of covering forward exchange.

Trade with the Far East has continued to be subject to severe disabilities. As regards India, it was hampered, not only by the diminished purchasing power of that country, but also by increased tariffs and the boycott. Exports to India, taking 1929=100, were 56.6 per cent. in 1930 and 28.4 per cent. in 1931. The general situation would appear to be better, and recent reports state that the outlook for piece-goods is improving. As to China, whilst we de-

rived advantage from the rise in the value of silver and the boycott of Japanese goods, there is now anxiety about the risk of dislocation due to the position of affairs in Manchuria.

The makers and distributors of goods suitable for home consumption and of special goods where novelty in design or in fabric attract the foreign buyer report a fairly satisfactory year's trading.

PROSPECTS UNDER PRESENT CONDITIONS.

Following the suspension of the gold standard demand increased and a number of mills which had been stopped were again opened. It was anticipated in some quarters that this improvement was a sign of better times, but more cautious observers, taking a longer view, could not share this spirit of optimism. It is not possible at the moment to determine the measure of advantage to the cotton industry from the departure from the gold standard, because, although it is known that the demand for yarn increased considerably during the first few weeks, there are no figures available which indicate how much of that demand was speculative, how much was seasonal, and how much was a genuine increase or turnover in demand from our competitors to ourselves. The abandonment by Japan of the gold standard has brought her into keen competition with Lancashire once more, and has neutralised some of the advantage which we gained at first from our leaving gold.

It is unfortunate that the more-looms-to-the-weaver question, to which I referred a year ago, is still unsettled and that no satisfactory progress has been made in adjusting the relations between employers and operatives in other sections of the trade.

REDUNDANT COTTON MACHINERY.

It may perhaps be the case that the scale upon which the world's cotton industry has been conducted in the past will no longer fit the conditions of the future. So far as Lancashire is concerned, it appears impossible to suppose that in the future she will be able to regain the proud position of world pre-eminence she once held. Lancashire is face to face to-day with the problem of whether or not to accept the scheme which endeavours to deal with the redundancy of plant put forward by the Joint Committee of Cotton Trade Organisations. The problem is an enormously difficult one, but there is one point which I should like to emphasise. If the object of the scheme were merely to raise prices it would be doomed to disappointment unless world prices also rose. Any rise in the price level of our cotton goods would simply involve driving our customers into the arms of foreign competitors.

The condition, therefore, for a successful implementation of the scheme of the Joint Committee would appear to be that the industry should recognise that the time has passed when prices can be adjusted to the level of costs. The hope proffered by the scheme is that, by the concentration of output upon a smaller number of industrial units, it will be possible to adjust costs to prices and not prices to costs. A smaller number of firms working at fuller productive activity than the larger number now trying to survive in the industry might well find that the lower level of costs they would thereby establish would not be inconsistent with profitable working provided that they could obtain a reasonable degree of continuous running.

Apart from the cotton trade, Lancashire and its surrounding area have in certain directions maintained their position fairly well, even if there is no very marked improvement to record. Conditions in the coal trade show an improving tendency, although there is a decrease in the tonnage raised, and certain branches of engineering, particularly those dealing with electrical and specialised products, have been moderately successful.

THE LANCASHIRE INDUSTRIAL DEVELOPMENT COUNCIL.

It is satisfactory to observe the determined efforts which are being made to develop the resources of this county. The Lancashire Industrial Development Council was formed in the early part of last year to focus such efforts. It has the two-fold object of attracting new enterprises and of encouraging the extension of existing industries, and it is engaged in propaganda to draw attention to the great advantages possessed by this area in the provision of transport, power and skilled labour. This propaganda is already producing results, and it is hoped that it will meet with a considerable measure of success.

It should not be forgotten that Lancashire has already a large variety of industrial interests in addition to the staple ones of

cotton, coal and iron and steel. Agriculture, chemicals, glass, rubber, leather, paper, shipping, silk, rayon, engineering, to name only some of them, are represented in the county, but new industries will be welcomed.

WORLD CONDITIONS.

If we turn to a consideration of the present trend of world feeling, we must be aware that there is arising in Europe a large and important body of opinion which realises that the world is running grave danger of economic collapse through want of collaboration. Nations cannot live to themselves alone, and the maintenance of the extreme spirit of economic nationalism must end, sooner or later, through the strangling of international trade, in the breakdown of the standards of our civilisation as we know them.

The main causes of the world crisis have their roots in the conditions left by the war. The payment of reparations and war debts, neither of which represents productive commercial transactions, have helped to bring about the maldistribution of gold and the world fall in prices of commodities, which fall is the immediate cause of universal depression. Further, with the growth of economic nationalism we find ever-increasing tariffs, trade restrictions and exchange difficulties, each country endeavouring to safeguard its own position, and in so doing adding to its own difficulties and the troubles of the rest.

INTER-GOVERNMENT OBLIGATIONS.

Enlightened opinion sees clearly that some action must be taken in respect of the immense mass of existing inter-Government obligations, and looks to the Conference at Lausanne in the hope that from it may emerge an agreed settlement, a foundation on which may arise a world structure of stable trade relations. A definite settlement or a promise of a settlement there must be; merely to prolong the moratorium would not give that confidence upon which alone a world revival can be based. In addition, for the realisation of these hopes, hindrances to trade, especially in the form of high protective duties, should be removed or greatly modified. If, therefore, we believe, as I do, that the prosperity of nations is of necessity based on international interchange in commerce, we must recognise that a continuance of the present condition of world economic cramp must involve further unemployment in all countries and universal distress.

In this connection we may perhaps ask ourselves whether as a nation we have not added to the world's difficulties by placing restrictions on the free flow of our trade with the rest of the world. Yet we cannot lose sight of the fact that our trade balance must be adjusted, nor can we be oblivious of the need to check the tendency of foreign countries to dump their surplus products upon us. But whatever restrictions it may be thought necessary to place upon the free entry of goods into this country, we must be ready to consider any modifications of our policy of to-day in relation to changing world conditions and to keep a lively awareness of the advantages to be gained by a freer interchange of the world's commodities.

THE ABANDONMENT OF THE GOLD STANDARD.

So far as this country is concerned, the most important event of 1931 was the abandonment of the gold standard on September 21st. The effect was quickly felt throughout the world, with the result that many countries had to follow in the same way, while others, owing to their drastic exchange regulations, are not now completely on the gold standard, thus leaving America and France as the two main countries still on gold.

Our departure from the gold standard has naturally had its reaction on our trading. It is quite true that the present basis of exchange gives our exporting industries some competitive advantage, which, if it were not for the decay in which world trade has fallen, would probably have meant a considerable increase of activity in the exporting industries. We must anticipate that the world will get back to a common denominator of value, when we may hope for stabilisation of sterling on a basis which will avoid handicapping our export industries.

The mere suspension of the gold standard has not in any way invalidated the fact that Great Britain still depends to a very large extent upon foreign supplies of foodstuffs and raw materials (in 1931 these were 70 per cent. of our total retained imports), or the fact that, in view of world conditions generally, these foreign supplies of food and raw materials must, to an increasing extent, be met by the current export of goods.

REDUCED INCOME FROM FOREIGN INVESTMENTS AND SERVICES.

Events in recent months have conspired to reduce the income both from our foreign investments and from the services which we render to foreign countries as possessor of the greatest merchant marine and as the great international insurance and financial centre. Since the income from these sources which we have been in the habit of enjoying has decreased so seriously we are faced with the alternative of reducing our standard of living or of meeting our current require-

ments for food and raw materials by the export of goods on an increased scale to take the place of the services and investments, the yield from which is no longer certain. We shall thus have to adapt ourselves in a more determined way than ever to produce goods at world competitive prices.

Relative to banking and the finance of industry in this country, much of the criticism levelled at our monetary system has been shown in the Macmillan Report to be without foundation. In this connection I should like to draw your attention to the marked success with which the English banking system has withstood the strain of the past six months. There would appear to be no doubt that, in the matter of technique of banking and finance, we are in advance of the rest of the world. No one who studies the report can fail to be convinced that the root causes of the economic troubles from which the world is suffering are mainly political, and that the monetary system has been set a task which, under existing conditions, it can by no possibility accomplish. Suggestions which may perhaps be regarded as in the nature of aspirations are made relative to collaboration of central banks, with a view to the maintenance and stability of international prices through the regulation of the volume and terms of bank credit and the frequent conference of central banks with this end in view.

THE BALANCE SHEET.

I turn now to consideration of the report and balance sheet, which have been circulated.

The balance sheet shows that our position has been well maintained, notwithstanding the unexampled financial and trading difficulties of the past twelve months. Capital and reserve remain as before. Deposits are somewhat lower than last year, but it is interesting to note that the present figure, £50,322,360, is in excess of that for June last, notwithstanding the financial crisis which occurred in the second half of the year.

Acceptances and confirmed credits, which represent the financing of imports, mainly raw cotton, continue to be comparatively small, but endorsements, guarantees, and other obligations are considerably higher than last year. This item includes, *inter alia*, the liabilities of the foreign department on forward exchange contracts. The two items referred to are balanced by a contra item on the assets side of the balance sheet under the heading "Liabilities of customers for acceptances, confirmed credits, and other obligations." The bank has a progressive and well-equipped foreign department for the assistance of those who conduct export and import business. More and more customers conducting overseas trade are availing themselves of these exchange facilities, and so eliminating speculation arising from the fluctuation of exchanges, which might otherwise involve them in large and unexpected losses.

STRONG FINANCIAL POSITION.

In a period of great uncertainty we endeavour to maintain our assets in a form as liquid as possible, and I desire to draw your attention to the bank's exceptional strength in this respect. The ratio of total liquid assets to liabilities to customers on current, deposit and other accounts is nearly 68 per cent., of which cash and money at call and short notice is over 22 per cent.

Bills of exchange (including Treasury bills), at £3,887,726, show a considerable decrease. There has been a short supply of commercial bills of exchange in the bill market, which is always a feature of times of stagnant trade, as at present is the case. I may say here that we are in no way committed in relation to what have come to be known as German standstill bills, and that our holding of foreign obligations is negligible.

Advances to customers at £19,952,328 show a decline of over half a million. The amount of our resources leaves us with considerable reserves available to assist trade. In the meantime, to help our earning power, a large portion of our funds is in the form of British Government securities, which show an increase of nearly £2,200,000 over the figures for the previous year.

THE BANK'S INVESTMENTS.

The bank's investments, consisting of British Government securities, British railway debentures, corporation stocks, have long stood at a figure well below market value. This has been a source of great strength to the bank. In spite of the serious fall in values following the suspension of the gold standard, these investments stood at a figure below market prices on December 31, 1931. The item "Other Investments" includes our holding of shares in the Yorkshire Penny Bank, Limited, and in the Bankers' Industrial Development Company, Limited.

It has been the policy of banking institutions to build up from various sources an inner reserve to meet all contingencies. This bank has always pursued this policy. In relation to this point I may say that full provision has been made in connection with cotton-mill and other accounts which are still in process of liquidation.

For many years the bank property item stood at £500,000, which was increased on the rebuilding of London office and other exten-

sions to £700,000. As a result of later additions which have been made with the object of maintaining an up-to-date service in our offices, and also of extending the sphere of our operations, the net sum of £809,588 now appears in the balance sheet. We have made allocations each year in reduction of our expenditure, and this year the allocation is £20,000. The balance-sheet figure is one which is well below the actual value.

THE YEAR'S PROFIT.

Net profits for the year are shown at £432,039, and you will see from the profit and loss account that this figure has been arrived at after payment of all expenses and after making full provision for bad and doubtful debts, contingencies and income tax (other than income tax on dividend). This figure compares with £459,038 for the previous year, and I think you will agree that the result is satisfactory in the circumstances. During 1931 several factors have tended to decrease our earning power. The reduced volume of turnover for the whole year due to lower values and the general contractions of trade and the low level of money rates during the first half of the year increased the relative burden of our overhead charges, whilst bills of exchange and advances have been, as already stated, much below normal. The turnover of cheques, etc., passed through the Manchester Clearing fell from £531,750,415 in 1930 to £466,582,944 last year. I am glad to report that our proportion of these clearances was fully maintained.

After allocations for directors' fees, pensions and annuities fund, bank property and dividend, we are able to carry forward £217,903, an increase of £16,640. Reduced profits and the uncertain outlook have resulted in more conservative distributions to their shareholders on the part of the banks, and a slightly reduced interim dividend was paid by us in respect of the first half-year.

DIVIDEND PAYMENTS.

It is now proposed to repeat the interim payment upon the "A" shares, making 16½ per cent. for the year, against 18½ per cent. which has been paid for the previous two years, and to pay the maximum dividend of 10 per cent. upon the "B" shares.

The trustee department of the bank continues to expand as customers and others realise the great advantages of appointing the bank as executor or trustee. The branch of this department opened in 1930 at 46, Old Bond Street, London, is making satisfactory progress, and tributes have been received from those customers of the bank resident in or near London.

Night safe facilities have been installed in many of our branches; this additional banking facility is appreciated by customers for whose use the service was specially designed.

In a year when trade was on a less profitable basis, and when there were many financial liquidations, it would not have been altogether surprising if the total number of accounts on our books had diminished. I am, however, able to report to you that, in spite of inevitable changes, the number of current and deposit accounts kept with this bank increased during the year under review. We also had an increase in our savings accounts, which have proved to be popular since we started this class of business some years ago.

The Chairman then moved the adoption of the report and balance sheet. This was seconded and carried. Messrs. F. J. Dickens, S. Turner, G. L. McKelvie and H. H. Summers, retiring directors, were re-elected. Messrs. Halliday, Pearson and Company were reappointed auditors.

The meeting closed with the usual votes of thanks.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended January 30, 1932, amounted to £30,095,000 against ordinary expenditure of £9,382,900. After allocating £650,000 to Sinking Fund and having allowed for a decrease in Exchequer Balances of £157,995, the operations for the week, as shown below, decreased the National Debt by £20,220,000 to £7,693,856,000:—

(000's omitted.)		(000's omitted.)	
Public Department Advances..	+ 1,750	Treasury Bills	— 21,624
Road Fund	+ 1,665	National Savings Certificates ..	— 200
		British Government Loans ..	— 1,210
		P.O. and Telegraph Money ..	— 600
		Sundries	— 1
			— 23,635
			+ 3,415

A complete analysis of the National Debt at December 31, 1931, was printed in the *Economist* of January 9, 1932.

REVENUE.	Revised Estimate for the year 1931-32.	Total Receipts into the Exchequer.			
		April 1, 1931, to Jan. 30, 1932.	April 1, 1930, to Jan. 31, 1931.	Week ended Jan. 30, 1932.	Week ended Jan. 31, 1931.
ORDINARY REVENUE.	£	£	£	£	£
Inland Revenue—					
Income Tax	272,000,000	165,579,000	125,701,000	22,186,000	14,267,000
Sur-tax, including Arrears of Super-Tax	73,000,000	43,530,000	30,740,000	3,160,000	2,690,000
Estate, &c., Duties	83,000,000	53,340,000	67,520,000	910,000	1,310,000
Stamps	20,000,000	11,680,000	14,920,000	410,000	560,000
Excess Profits Duty and Corporation Profits Tax ..	2,200,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	390,000	270,000	70,000	...
Total Inland Revenue....	451,000,000	274,519,000	239,151,000	26,736,000	18,827,000
Customs and Excise—					
Customs.....	131,770,000	111,566,000	99,900,000	2,388,000	1,689,000
Excise.....	121,230,000	101,700,000	105,700,000	700,000	900,000
Total Customs and Excise	253,000,000	213,266,000	205,600,000	3,088,000	2,589,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	4,295,000	4,341,041	Dr 369,000	Dr 369,000
Post Office (Net Receipt)	12,200,000	12,250,000	11,050,000	450,000	800,000
Crown Lands	1,300,000	1,190,000	1,210,000	180,000	33,000
Receipts from Sundry Loans ..	15,400,000	13,532,942	29,782,587	...	207,634
Miscellaneous Receipts.....	42,800,000	16,121,305	24,912,460	10,004	...
Appropriation from Rating Relief Suspense Account ..	4,000,000	3,900,000	16,000,000	...	...
Total Ordinary Revenue	784,700,000	539,074,247	532,047,088	30,095,004	18,744,634
SELF-BALANCING REVENUE.					
Post Office	58,232,000	46,450,000	47,550,000	1,750,000	1,200,000
Motor Vehicle Duties apportioned to Road Fund	23,350,000	21,876,000	22,103,959	1,773,000	4,866,000
Total Self-Balancing Revenue	81,582,000	68,326,000	69,653,959	3,523,000	6,066,000
Total		607,400,247	601,701,047	33,618,004	24,810,634

EXPENDITURE.	Revised Estimate for the year 1931-32.	Total Issues out of the Exchequer to meet payments.			
		April 1, 1931, to Jan. 30, 1932.	April 1, 1930, to Jan. 31, 1931.	Week ended Jan. 30, 1932.	Week ended Jan. 31, 1931.
ORDINARY EXPENDITURE.	£	£	£	£	£
Interest and Management of National Debt	289,400,000	266,614,844	267,097,599	1,176,289	608,587
Payments to Northern Ireland Exchequer.....	6,350,000	4,544,241	4,534,293	441,666	337,441
Other Consolidated Fund Services	3,000,000	2,547,877	2,277,686	70,475	185,991
Total	298,750,000	273,706,962	273,909,578	1,688,430	1,132,019
Total Supply Services (excluding Post Office)	451,829,000	353,446,092	353,481,467	7,694,500	7,594,000
Total ordinary expenditure ..	750,579,000	627,153,054	627,391,045	9,382,930	8,726,019
SELF-BALANCING EXPENDITURE.					
Post Office	58,232,000	46,450,000	47,550,000	1,750,000	1,200,000
Road Fund	23,350,000	21,876,000	22,103,959	1,773,000	4,866,000
Total Self-Balancing Expenditure	81,582,000	68,326,000	69,653,959	3,523,000	6,066,000
Total Ordinary and Self-Balancing Expenditure....	832,161,000	695,479,054	697,045,004	12,905,930	14,792,019
New Sinking Fund (1928)....	32,600,000	25,906,631	42,006,623	650,000	650,000
Total, including New Sinking Fund		721,385,685	739,051,627	13,555,930	15,442,019

The aggregate revenue and expenditure to January 30, 1932, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1ST TO JANUARY 30, 1932.

(000's omitted.)		(000's omitted.)	
Expenditure	£ 539,074	Revenue	£ 539,074
New Sinking Fund.....	25,907	Decreases in balances	3,229
		Net amount borrowed.....	110,757
	653,060		653,060

POSITION OF THE FLOATING DEBT.		Movement week ended	
Ways and Means Advances Out- standing—	Jan. 31, '31.	Mar. 31, '31.	Jan. 30, '32.
Advances by Bank of England....	£ 36,300,000	24,500,000	31,900,000 + 1,750,000
Advances by Public Departments ..	672,445,000	569,825,000	604,455,000* — 21,615,000
Treasury Bills outstanding			
Total Floating Debt	708,745,000	594,325,000	636,355,000 — 19,865,000

* Includes £16,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £30,000,000 in Treasury Bills were opened on January 29, 1932, and the total amount applied for was £42,755,000. Tenders were accepted for bills at three months, dated Monday at £98 18s. 7d. and above in full, and Tuesday to Saturday at £98 18s. 4d. and above in full. The amount allotted was £29,520,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1932.			
January 8	35,000,000	59,490,000	5 5 9-97
January 15	30,000,000	39,515,000	4 17 11-5
January 22	30,000,000	40,020,000	4 14 6-63
January 29	30,000,000	42,755,000	4 1 6-99

The OCEAN ACCIDENT and GUARANTEE CORPORATION, Limited.

Accidents and illness.
Employers' Liability. Fidelity Guarantees.
Burglary. Fire. Motor Cars. Public Liability.
Insurance of Boilers, Engines,
Electrical Plant and Lifts.
Executorships and Trusteeships.

Head Office: 38-44 MOORGATE, LONDON, E.C.

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, February 3, 1932.

ISSUE DEPARTMENT.

	£	\$
Notes issued—		
In Circulation	347,665,986	11,015,100
In Banking Department	48,098,644	1,546,889
Government Debt		246,584,110
Other Government Securities		13,546,889
Other Securities		3,853,901
Silver Coin		275,000,000
Amount of Fiduciary Issue		120,764,630
Gold Coin and Bullion		£395,764,630

BANKING DEPARTMENT.

	£	\$
Proprietors' Capital	14,553,000	40,700,906
Reserve	3,574,837	10,000,000
Public Deposits	14,801,980	40,700,906
Other Deposits		53,754,626
Bankers' deposits	£77,325,791	48,098,644
Other Accounts	£32,845,390	548,046
7-Day and other Bills	110,171,181	
	1,224	
	£143,102,222	£143,102,222

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

Both Departments.	Amount, Feb. 3, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	347,665,986	+ 1,797,416	+ 841,731
Public deposits	14,801,980	+ 519,172	+ 4,557,598
Bankers' deposits	77,325,791	+ 3,021,772	+ 22,163,035
Other deposits	32,845,390	+ 5,362,708	+ 522,712
Seven-day bills	1,224	+ 207	+ 932
Total outside liabilities	472,640,371	+ 1,062,485	+ 17,923,521
Capital and reserve	18,127,837	+ 27,019	+ 46,695
Government debt and securities	298,300,116	+ 3,177,711	+ 14,052,866
Discounts and advances	13,634,499	+ 687,771	+ 3,886,585
Other securities	53,667,016	+ 1,488,307	+ 19,367,119
Silver coin in issue department	3,853,901	+ 3,524	+ 507,791
Coin and bullion (bank's reserve)	121,312,676	+ 37,157	+ 18,828,560
Reserve of notes and coin in banking department	48,646,690	+ 1,834,573	+ 4,670,291
Proportion of reserve to outside liabilities			
(a) Banking department only ("proportion")	38 1/2 %	+ 1 %	+ 10 1/2 %
(b) Gold stocks to deposits and notes ("reserve ratio")	25 1/2 %	Nil	+ 5 1/2 %

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Bank Rate.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1931.	£	£	£	£	£	£	%
Dec. 30 1931.	395,746	364,150	7,733	126,398	40,341	Nil	6
Jan. 6 1932.	395,750	362,859	15,681	81,824	38,503	Nil	6
13	395,762	354,744	22,361	68,702	37,912	Nil	6
20	395,763	347,879	20,813	77,482	38,444	Nil	6
27	395,763	345,869	15,321	74,304	38,208	Nil	6
Feb. 3	395,765	347,666	14,802	77,326	32,845	Nil	6

(000's omitted.)

Date.	Issue Department.		Both Depts.		Banking Department.				
	Govt. Debt and Securities.	Other Securities.			Govt. Securities.	Dis- counts & Advances.	Other Securities.	Reserve & the "Pro- portion."	
1931.	\$	\$		%	\$	\$	\$	\$	%
Dec. 30 1931.	253,725	17,222	121,349	22 1/2	95,341	27,291	37,613	32,199	18 1/2
Jan. 6 1932.	253,982	17,167	121,324	24 1/2	64,891	19,899	35,789	33,465	24 1/2
13	254,113	17,039	121,331	25 1/2	53,561	15,846	36,046	41,587	32 1/2
20	254,469	16,694	121,321	25 1/2	52,431	14,031	39,920	48,442	35 1/2
27	256,167	14,993	121,350	25 1/2	45,311	12,947	37,196	50,481	39 1/2
Feb. 3	257,699	13,547	121,313	25 1/2	40,701	13,534	40,120	48,647	38 1/2

BANKERS' CLEARING RETURNS (000's omitted).

	Town.	Metropolitan.	Country.	Total.
1932.				
January 1 to January 20	1,341,835	109,093	176,398	1,627,326
Week ended January 27	457,364	31,176	49,580	538,120
Week ended February 3	452,118	34,954	52,764	539,836
Total to date, 1932	2,261,317	175,223	278,742	2,715,282
Total to date, 1931	3,644,949	183,810	286,212	4,114,971
Increase or decrease in 1932	-1,383,632	-65,587	-107,470	-1,556,689
	-38.0 %	-4.7 %	-3.7 %	-34.0 %
Total for year, 1931	31,815,808	1,667,852	2,752,209	36,235,869
1930	38,762,577	2,963,631	43,558,354	44,684,762
Increase or decrease in 1931	-6,946,769	-1,295,779	-2,111,422	-8,353,969
	-17.9 %	-7.9 %	-7.1 %	-17.8 %

PROVINCIAL CLEARING RETURNS (000's omitted.)

No. of working days	Week ended January 30.		Month of January.			Aggregate Totals, January 1 to January 30.	
	1931.	1932.	1931.	1932.	Ins. or Dec.	1931.	1932.
	£	£	27	26		£	£
BIRMINGHAM.....	2,261	1,922	11,245	10,554	- 5-1	11,245	10,554
BRADFORD.....	943	983	3,339	3,667	+ 9-8	3,339	3,667
BRISTOL.....	1,082	1,023	4,762	4,924	+ 3-4	4,762	4,924
DUBLIN.....	4,138	4,292					
LULL.....	832	711	3,841	3,791	- 1-3	3,841	3,791
LEEDS.....	1,121	1,100	4,612	4,532	- 1-7	4,612	4,532
LEICESTER.....	564	543	3,254	3,465	+ 6-0	3,254	3,465
LIVERPOOL.....	5,508	5,163	26,704	24,441	- 8-8	26,704	24,441
MANCHESTER.....	9,515	8,998	43,688	42,437	- 14-3	43,688	42,437
NEWCASTLE.....	1,581	1,375	6,447	5,519	- 14-3	6,447	5,519
NOTTINGHAM.....	370	412	2,360	2,503	+ 6-0	2,360	2,503
SHEFFIELD.....	750	660	3,988	3,545	- 11-1	3,988	3,545
Total	28,685	27,182	114,240	109,378	- 4-2	114,240	109,378

OVERSEAS BANK RETURNS.

NOTE.—The latest return of the National Bank of Egypt, and the Bank of Denmark appeared in the *Economist* of January 9; Rumania and Bank for International Settlements in January 18; Danzig and Chile in January 23; Canadian Bank, Norway, Yugoslavia and Lithuania in January 30.

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

	Feb. 4, 1931.	Jan. 14, 1932.	Jan. 28, 1932.	Feb. 4, 1932.
RESOURCES.				
Total gold reserve	3,076,410	3,001,840	2,986,990	2,970,180
Total bills discounted	222,920	818,340	857,640	855,170
Bills bought in open market	104,270	213,800	188,040	185,170
Total U.S. Govt. securities	609,510	751,570	162,260	156,100
Total bills and securities	936,700	1,813,450	1,797,910	1,748,990
Total resources	4,843,460	5,627,330	5,523,510	5,533,390
LIABILITIES.				
Federal Reserve notes in actual circulation	1,476,740	2,635,770	2,642,140	2,627,300
Deposits—Memberbank—re- serve account	2,378,810	1,994,350	1,971,560	1,945,220
Total deposits	2,454,800	2,130,110	2,105,920	2,099,490
Capital paid in and surplus	444,000	419,260	418,680	418,680
Total liabilities	4,843,460	5,673,730	5,620,560	5,523,510
Ratio of total reserves to deposits and Federal Reserve note liabilities combined	82.9 %	66.9 %	67.3 %	67.4 %

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

	Feb. 4, 1931.	Jan. 14, 1932.	Jan. 28, 1932.	Feb. 4, 1932.
RESOURCES.				
Total gold reserve	1,083,080	960,260	983,480	982,380
Total bills discounted	44,470	191,210	187,600	175,200
Bills bought in open market	31,550	67,180	56,700	50,410
Total U.S. Govt. securities	198,930	284,400	284,400	52,310
Total bills and securities	274,950	557,510	524,400	281,900
Total resources	993,400	856,720	852,280	844,810
LIABILITIES.				
Federal Reserve notes in actual circulation	82.9 %	66.9 %	67.3 %	67.4 %
Deposits—Memberbank—re- serve account				
Total deposits				
Capital paid in and surplus				
Total liabilities				
Ratio of total reserves to deposits and Federal Reserve note liabilities combined				

FEDERAL RESERVE MEMBER BANKS.

	Jan. 14, 1931.	Dec. 16, 1931.	Dec. 23, 1931.	Dec. 30, 1931.	Jan. 6, 1932.	Jan. 13, 1932.
Loans	15,922	13,212	13,199	13,104	13,077	13,031
Investments	6,743	7,761	7,761	7,428	7,302	7,256
Time deposits	7,059	6,004	5,947	11,871	11,781	11,643
Due from banks	1,710	1,012	939	5,892	5,854	5,854
Due to banks	3,698	2,540	2,385	993	987	927
Federal reserve bor- rowings	80	392	567	685	483	469

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

	Jan. 9, 1931.	Dec. 11, 1931.	Dec. 18, 1931.	Dec. 24, 1931.	Dec. 31, 1931.	Jan. 8, 1932.
ASSETS.						
Gold coin and bullion	6,371	8,312	8,664	8,421	8,104	7,865
Subsidiary coin	191	401	408	412	405	416
Bills discounted	7,579	2,660	2,656	2,928	3,729	2,465
Investments	1,455	1,203	1,054	976	1,133	1,238
LIABILITIES.						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	720	802	802	802	802	802
Notes in circulation	7,814	7,506	7,389	7,874	8,799	7,762
Government deposits	1,310	1,058	1,179	1,561	1,277	713
Bankers' deposits	4,569	4,255	4,406	4,063	4,267	4,464
Ratio of cash reserves to liabilities to public	44.8 %	62.3 %	63.0 %	61.4 %	56.2 %	59.5 %

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

	Jan. 9, 1931.	Dec. 11, 1931.	Dec. 18, 1931.	Dec. 25, 1931.	Jan. 1, 1932.	Jan. 8, 1932.
ASSETS.						
Total securities	29,47,07	31,09,37	31,04,79	31,08,78	31,10,20	31,02,34
Loans	14,32,67	8,99,45	8,80,89	8,85,56	10,42,16	9,12,54
Cash credits	25,35,20	24,08,13	23,80,12	24,81,04	26,52,59	25,23,79
Inland bills	5,09,04	4,66,95	5,15,38	4,74,21	4,79,57	4,83,77
Foreign bills	31,58	35,84	36,20	24,90	20,80	20,98
Dead stock	2,74,85	2,74,25	2,73,92	2,72,82	2,68,22	2,68,08
Bal. with other banks	42,10	18,80	15,98	31,22	16,54	39,61
Cash	11,49,03	8,86,13	8,78,04	8,04,87	11,05,51	8,90,70
LIABILITIES.						
Capital paid up	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50
Reserve	5,37,50	5,42,50	5,42,50	5,42,50	5,42,50	5,42,50
Total deposits	82,67,99	69,88,25	69,18,09	69,23,07	72,20,02	69,14,80
The above includes—						
Deposits in London	6,972	1,023	1,075	1,227	1,304	1,417
Advances in London	6,743	955	1,092	1,136	1,370	1,313
Cash, &c., at other banks in London	317	143	122	237	125	300

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

	Jan. 30, 1931.	Jan. 8, 1932.	Jan. 15, 1932.	Jan. 22, 1932.	Jan. 29, 1932.
ASSETS.					
Gold	55,510,102	69,279,466	69,846,823	70,689,195	71,625,043
Foreign assets—					
Sight deposits	6,997,702	11,131,240	10,405,672	9,454,275	8,881,914
Bills, &c.	19,325,428	9,922,424	10,101,429	10,077,739	...
Home Bills	9,463,031	8,899,793	5,528,075	5,833,554	...
Advances against sec.					
To the State	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Other advances ...	2,866,142	2,862,374	2,866,732	2,780,389	2,744,373
Negotiable Bonds,					
Sinking Fund Dept.	5,198,572	6,898,658	6,898,658	6,898,658	6,898,658
Other assets (exclud-					
ing forward exch.)	3,697,876	5,557,555	5,417,950	5,206,428	...
LIABILITIES.					
Notes in circulation...	78,568,638	84,921,658	84,008,409	83,364,204	84,723,056
Public deposits	15,843,648	6,405,103	6,475,785	4,727,260	4,721,697
Private deposits	11,213,711	20,986,144	21,274,497	23,562,497	23,075,931
Other liabilities	2,632,856	2,798,606	2,506,658	2,486,280	...

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K. (000's omitted).

ASSETS.	Jan. 23, 1931.	Dec. 31, 1931.	Jan. 7, 1932.	Jan. 15, 1932.	Jan. 23, 1932.
Gold and silver holdings	1,543,965	1,648,793	1,649,684	1,649,236	1,648,873
Balance abroad and foreign currencies	2,283,077	1,059,915	1,053,820	1,016,837	968,945
Discounts and advances	394,098	2,315,551	2,050,108	1,732,001	1,643,622
State notes and advances	3,434,092	3,121,403	3,119,901	3,110,589	3,107,581
Other assets	885,264	761,259	566,866	573,716	591,363
LIABILITIES.					
Bank notes in circulation	5,894,783	7,679,170	6,983,118	6,453,020	6,132,778
Check account balances	1,912,128	360,625	685,248	737,388	919,924
Other liabilities	225,028	356,215	261,743	381,701	397,412

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

ASSETS.	Dec. 30, 1931.	Dec. 7, 1931.	Dec. 15, 1931.	Dec. 23, 1931.	Dec. 30, 1931.
Gold and silver holdings	1,454,801	1,511,024	1,511,179	1,511,316	1,511,446
Balance abroad and foreign currencies	901,281	480,346	428,770	406,979	405,215
Discounts and advances	777,847	860,793	797,661	800,201	851,575
Advances to the Treasury	3,161,845	3,030,593	3,030,593	3,030,593	3,029,235
LIABILITIES.					
Capital paid up	500,000	500,000	500,000	500,000	500,000
Reserves	1,188,791	1,184,648	1,184,597	1,183,481	1,181,950
Bank notes in circulation	3,295,514	2,978,856	2,900,984	2,894,074	2,918,593
Other liabilities	1,566,741	1,408,422	1,416,401	1,467,759	1,448,045
Deposits	270,110	245,217	245,132	245,106	245,100

BANK OF GREECE.—In drachmae (000's omitted).

ASSETS.	Jan. 23, 1931.	Dec. 31, 1931.	Jan. 7, 1932.	Jan. 15, 1932.	Jan. 23, 1932.
Gold and silver holdings	511,789	869,332	869,333	869,334	869,343
Balance abroad and foreign currencies	2,864,769	1,262,927	1,111,681	1,035,864	1,000,757
Discounts and advances	2,806	5,276	5,045	2,292	2,221
State notes and advances	144,956	152,684	148,749	148,126	144,212
Advances	179,738	380,102	583,890	609,815	686,538
Debt to the State	3,388,763	3,125,542	3,115,042	3,114,192	3,154,192
LIABILITIES.					
Capital paid up	400,000	400,000	400,000	400,000	400,000
Notes in circulation	4,507,731	4,002,999	3,972,431	3,835,251	3,780,821
Deposits and current accounts	1,733,422	682,948	644,382	693,354	712,752
Foreign exchange liabilities	619,553	217,498	127,889	125,745	135,044

BANK OF POLAND.—In zloty* (000's omitted).

ASSETS.	Jan. 20, 1931.	Dec. 20, 1931.	Dec. 31, 1931.	Jan. 10, 1932.	Jan. 20, 1932.
Gold and silver holdings	562,393	600,368	600,391	600,412	600,441
Balance abroad and foreign currencies	77,396	113,859	113,869	113,869	113,869
Discounts and advances	388,385	198,947	213,441	212,524	195,960
State notes and advances	627,602	632,562	670,343	651,838	623,066
Advances	89,083	130,508	140,626	136,768	135,709
Loans against securities	87,804	93,103	93,068	93,047	92,800
LIABILITIES.					
Share capital	150,000	150,000	150,000	150,000	150,000
Reserves	114,000	114,000	114,000	114,000	114,000
Notes in circulation	1,154,465	1,160,552	1,218,263	1,137,006	1,079,245
Current accounts	308,992	252,382	213,229	263,422	277,447

* As from October 27, 1927, 8-11 zlotys equals 1 U.S. dollar.

RUSSIAN STATE BANK.—Note-Issuing Department. (In Tchernovets—000's omitted.) (NOTE: 1 Tchernovets = 10 gold roubles.)

ASSETS.	Feb. 1, 1931.	Nov. 1, 1931.	Dec. 1, 1931.	Jan. 1, 1932.	Feb. 1, 1932.
Gold in coin and bullion	28,361	60,025	61,257	63,794	63,842
Other precious metals	2,189	2,226	2,224	2,280	2,184
Foreign currency	4,239	4,617	4,605	4,493	4,436
Drifts in foreign currency	305	191	163	154	154
Collateral for short-term loans	157,886	195,441	200,252	208,779	198,883
LIABILITIES.					
Bank notes transferred to State Bank	210,835	259,633	267,321	278,441	266,966
Balance to which notes may still be issued	2,165	287	11,788	1,059	2,534

BANK OF FINLAND.—In F. Marks (000's omitted).

ASSETS.	Position, May 30, 1931.	Jan. 23, 1932.	Jan. 8, 1932.	Jan. 15, 1932.	Jan. 23, 1932.
Gold and silver holdings	90,379	300,940	303,701	303,701	303,701
Balance abroad and foreign currencies	21,826	371,289	358,732	357,832	357,832
Discounts and advances	105,151	888,187	1,306,407	1,262,562	1,218,938
LIABILITIES.					
Notes in circulation	123,941	1,170,616	1,237,557	1,219,870	1,175,963
Deposits at notice	21,225	222,311	136,826	155,286	165,727

BANK OF ESTONIA.—In Est. kroons (000's omitted).

ASSETS.	Jan. 23, 1931.	Dec. 31, 1931.	Jan. 7, 1932.	Jan. 15, 1932.	Dec. 23, 1932.
Gold and silver holdings	6,556	6,559	6,556	6,560	6,561
Balance abroad and foreign currencies	16,292	14,933	14,622	14,622	14,645
Subsidiary Estonian coin	1,831	1,736	1,843	1,915	1,780
Home bills discounted	12,249	11,111	10,770	10,828	10,755
Loans and advances	12,590	12,991	12,137	11,647	11,467
Thereof loans to Government	...	3,100	3,100	2,500	2,200
LIABILITIES.					
Notes in circulation	34,079	35,159	34,079	33,404	35,066
Notes in circulation	13,424	14,705	13,929	13,430	12,173
Ratio of reserve to current liabilities	48.09%	43.10%	43.69%	44.81%	44.89%

* Includes Ekr. 4,255,185-77 guaranteed by the Government.

BANK OF LATVIA.—In lats (gold francs) (000's omitted).

ASSETS.	Jan. 23, 1931.	Dec. 28, 1931.	Jan. 4, 1932.	Jan. 11, 1932.	Jan. 18, 1932.	Jan. 25, 1932.
Gold and silver holdings	24,089	31,548	31,550	31,552	31,556	32,855
Balance abroad and foreign currencies	6,238	14,553	14,625	14,662	14,624	14,527
Discounts and advances	33,050	13,420	13,662	14,030	14,121	13,596
Treas. notes and sm. change	14,138	11,226	12,268	13,073	13,404	13,353
Short term bills	85,950	77,782	77,656	76,844	77,109	76,808
Loans against securities	71,622	58,609	58,582	58,554	58,544	58,544
Other assets	19,525	17,423	17,942	17,632	17,128	17,328
LIABILITIES.						
Notes in circulation	48,547	41,080	40,854	39,696	38,965	38,520
Capital paid up	19,676	19,676	19,676	19,676	19,676	19,676
Reserve	4,352	4,729	4,729	4,729	4,729	4,729
Special reserve	3,500	3,500	3,500	3,500	3,500	3,500
Deposits	20,715	17,404	17,553	17,577	17,578	17,617
Current accounts	62,723	69,981	71,580	72,943	73,870	75,624
Government accounts	63,524	68,045	67,471	67,915	68,198	68,506
Other liabilities	12,495	10,178	10,921	10,311	10,257	9,838

BANK OF JAPAN.—In yen (000's omitted).

ASSETS.	Position, June 30, 1914.	Jan. 10, 1931.	Dec. 19, 1931.	Dec. 26, 1931.	Jan. 2, 1932.	Jan. 9, 1932.
Gold coin and bullion	221,320	826,898	489,996	469,545	469,550	469,551
Other coin and bullion	...	51,764	56,211	52,152	50,979	51,396
Discounts	41,740	640,337	801,547	905,546	880,418	759,110
Advances	70,540	58,248	57,210	58,550	57,290	58,157
LIABILITIES.						
Notes	362,270	1,117,916	1,124,713	1,285,954	1,330,575	1,073,566
Govt. deposits	87,340	384,707	264,665	290,505	257,574	286,168
Other deposits	11,440	254,900	103,757	111,463	113,629	72,599

LONDON RATES.

	Jan. 28, 1932.	Jan. 29, 1932.	Jan. 30, 1932.	Feb. 1, 1932.	Feb. 2, 1932.	Feb. 3, 1932.	Feb. 4, 1932.
Bank rate (changed from 4½% Sept. 21, 1931).....	6	6	6	6	6	6	6
Market rates of discount—							
60 days' bankers' drafts	4½	4½	4½	4½	4½	4½	4½
3 months' do.	4½	4½	4½	4½	4½	4½	4½
4 months' do.	4½	4½	4½	4½	4½	4½	4½
6 months' do.	4½	4½	4½	4½	4½	4½	4½
Discount Treasury Bills—							
2 months'	4½	4½	4½	4½	4½	4½	4½
3 months'	4½	4½	4½	4½	4½	4½	4½
Loans—Day-to-day	4½	4½	4½	4½	4½	4½	4½
Short	4½	4½	4½	4½	4½	4½	4½
Deposit allowances: Bank	4½	4½	4½	4½	4½	4½	4½
Discount houses at call	4½	4½	4½	4½	4½	4½	4½
At notice	4½	4½	4½	4½	4½	4½	4½

Comparison with previous week—

	Short Loans.	Bank Bills.	Trade Bills.
	3 Months.	4 Months.	6 Months.
1932.			
Jan. 14	4½	4½	4½
" 21	4½	4½	4½
Feb. 4	4½	4½	4½

RATES OF EXCHANGE.

London on		Usance.	Par.	Feb. 5, 1931.	Jan. 28, 1932. 3.45 p.m.	Feb. 4, 1932. 3.45 p.m.
New York ...	dollars to £1	Cable	4-86	4-85	3-45-47	3-45-4
Montreal.....	dollars to £1	Cable	4-86	4-86	3-99-40	3-95-3
Paris	francs to £1	T.T.	124-21	123-90-92	88-88	87-87
Berlin	marks to £1	T.T.	20-43	20-42	14-14	14-14
Amsterdam ...	florins to £1	T.T.	12-107	12-09	8-59-8-64	8-55-8
Brussels	belgas to £1	T.T.	35-00	34-82-83	24-24-24	24-20-24
Milan	lire to £1	T.T.	92-46	92-79-81	69-69	68-68
Zurich	francs to £1	T.T.	25-22	25-11-15	17-17	17-17
Oalo	kroner to £1	T.T.	18-159	18-16	17-18	18-17
Stockholm ...	kronor to £1	T.T.	18-159	18-14-15	17-18	17-17
Copenhagen ...	kroner to £1	T.T.	18-159	18-16-17	18-18	18-18
Madrid	pesetas to £1	T.T.	25-22	48-12-17	41-41	41-41
Lisbon	escudo to £1	T.T.	110	108	109-110	109-11
Vienna	schillings to £1	T.T.	34-58	34-55-58	28-32	30-34
Prague	kroner to £1	T.T.	164	164	116-118	116-11
Belgrade	dinars to £1	T.T.	276-316	275-276	190-200	190-20
Budapest	pengo to £1	T.T.	27-82	27-82-86	27-32	27-32
Bucharest ...	lei to £1	T.T.	813-6	816-818	570-590	570-55
Sofia	leva to £1	T.T.	673-659	667-672	450-500	450-50
Athens	drachma to £1	T.T.	375	374-375	265-285	260-280
Constantinople	piastres to £1	T.T.	110	102	700-750	700-750
Moscow	roubles to £1	T.T.	9-46	9-427-9-446	6-70-6-72	6-70-6-71
Warsaw	zloty to £1	T.T.	43-38	43	30-31	30-31
Helsingfors ...	F. marks to £1	T.T.	193-23	193	225-235	225-25
Kovno	lita to £1	T.T.	48-66	48-49	32-36	32-36
Reval	kroon to £1	T.T.	18-159	18-20-27	12-14	12-14
Riga	lata to £1	T.T.	25-22	25-18-28	17-19	17-19
Alexandria ...	piastres to £1	Sight	97	97	97-97	97-97
Buenos Aires ...	pesos to peso	T.T.	47-624	47-624	39-40	39-40
Rio de Janeiro	pesos to milia.	90 days	5-999	4	30-31	30-31
Montevideo ...	pesos to peso	T.T.	51	33-33	30-31	30-31
Valparaiso ...	pesos to £1	90 days	40	39-93	29-30	28-28
Lima	soles to £1	90 days	17-3	17-35	12-25	12-25
Calcutta	pence to £1	T.T.		1/5		
Bombay	pence to £1	T.T.	18	1/5	1/6-5	1/6
Madras	rupees	T.T.		1/5		
Hong Kong ...	ster. to dollar	T.T.	...	1/2-1-12	1/4-1-5	1/5
Shanghai ...	ster. to tael	T.T.	...	1/2	1/10-11	1/10
Singapore ...	ster. to dollar	T.T.	2d. 4d.	2/3	2/3-2/3	2/3
Kobe	ster. to yen	T.T.	24-82	2/0	2/0-2/1	2/0
Manila	ster. to peso	T.T.	24-066d.	2/0		
Mexico	pesos to £	T.T.	9-76	10-45-65	8-75-9-00	8-65
Stam	ster. to baht.	T.T.	21-82	1/10	2-5-2/7	2-5

GOLD AND SILVER PRICES.

	Gold Per Ounce.		Silver—Per Ounce.		Date.	Silver. Cash.
	s. d.	d.	Cash	Forward		
1932.						
Jan. 29	119	7	19½	19½	Feb. 5, 1926	30½
" 30	119	7	19½	19½	" 4, 1927	27½
Feb. 1	120	2	20	20½	" 2, 1928	26½
" 2	119	7	19½	19½	" 7, 1929	25½
" 3	119	5	19½	19½	" 6, 1930	20½
" 4	120	1	19½	19½	" 5, 1931	12½

Company News.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash. * Interim div. † Final div.			Dividend for Whole Years.	
	Interim or Final.	Date of Payment.	Method of Payment.	Latest Year.	Previous Year.
RAILWAYS.					
Metropolitan Railway	11%†	...	Less tax	2½	3½
Surplus Lands	2½%†	...	Less tax	4½	4
BANKS.					
Bank of New South Wales	6-p.s.*	Feb. 29	(Australian Currency).	...	...
British Mutual Bank	...	...	...	12	12
Göteborgs Bank	...	...	...	8	10
TEA AND RUBBER.					
Budla Beta Tea	3%*	Feb. 12	Less tax	...	...
Romali Tea	5%*	...	Less tax	...	...
MINING.					
Fife Coal	3%†	...	Tax free	...	...
OTHER COMPANIES.					
Amalgamated Anthracite Collieries 7% cum. pref.	Nil*	...	...	...	...
Belfast Ropework	2½%*	...	...	7½	7½
Birmingham and Dist. Invest.	4½%*	...	...	20	20
British Assets Trust	3½%†	...	Less tax	5½	5½
Chester United Gas	3½%†	...	Less tax	5½	6
Commercial Gas	6%*	Feb. 8	...	...	...
Constable Hart	...	...	Tax free	17	17
David Thom and Co.	2½%†	...	Less tax	5	7½
Devas Routledge and Co.	2½%†	...	Less tax	3	3
Dublin United Tramways	...	...	Less tax	...	...
Eastwoods	5%*	Feb. 1	...	...	...
Electrical and Industrial Inv.	8%†	Feb. 15	...	...	...
English Velvet, &c.	2%†	...	Less tax	4	6
Fairy Dyes	...	...	...	12½	12½
Fleetwood Estate	...	...	...	7	7
Fleetwood Gas	...	...	...	15	15
Fleming Reid and Co.	10%†	Mar. 1	Less tax	2½	5
Foster Porter and Co.	...	...	Less tax	...	...
Fowler (D. and J.)	2%*	Feb. 1	Less tax	...	...
Gas Light and Coke Co.	5½†	...	Less tax	5½	5½
General Funds Investment	4½%†	...	...	7	7
General Hydraulic Power	...	...	...	...	...
General Motors	50c. p.s.*	...	Quarterly	2	4
Glasgow Stockholders' Trust	...	...	...	5	6
Hayes, Candy and Co.	...	...	...	9	9
Imperial Securities	6%†	...	Less tax	8	12½
Imperial and Fraser	4%†	...	Tax free	...	...
Improved Industrial Dwellings	3%*	...	...	...	...
Improved Road Pavement	15%†	Feb. 12	...	...	...
Jones' Sewing Machine	4%*	...	Less tax	...	...
John Bolding and Sons	2½%†	Feb. 17	Less tax	5	15
Liverpool Grain Storage	...	...	Less tax	6	6
London County Freehold and Leasehold Properties	2%*	...	Less tax	...	...
London Necropolis	...	...	Tax free	1½	3
Lovibond (John) and Sons	6½%†	...	Less tax	10	10
Manchester Palace of Varieties	5%*	...	Less tax	...	...
Manchester Corn Exchange	4%†	...	Less tax	7	7½
Margate Estates	...	...	...	2	8
McAlister and Co.	2½%*	...	...	14	14
Merchants' Trust	3%*	...	...	11	15
Merchants' Warehousing	1/4-4d.†	...	...	15	15
Mou's Brewery Co.	...	...	...	15	15
Milton Proprietary	...	...	Tax free	9d. p.s.	6d. p.s.
North of Ireland Paper Mill	6d. p.s.†	...	Less tax	15	17½
Outram (George) and Co.	7½%†	...	...	...	...
Qualcast	5%*	Jan. 30	...	...	...
Sackville Estates	3½%†	...	...	6½	6½
Scottish American Invest. "A"	...	...	Less tax	20	...
Second British Assets	...	...	...	15	15
Scottish Central Investment	...	...	...	5½	6½
Scottish United Investors	2½%†	...	Less tax	5	9
Second British Assets Trust	7½%†	...	Less tax	15	15
Sellincourt and Sons	4%†	...	Less tax	12	16
South Staffordshire Waterworks	2%†	...	Less tax	7	7
Steaus Romano (British)	2%†	...	Less tax	4	4
Steel Trust	50c. p.s.*	Mar. 1	Quarterly	...	...
Stephen Smith and Co.	5%*	...	Less tax	12	12
Temperance Billiard Hall	6½%†	Mar. 15	Less tax	3	5
Tor Investment Trust	2%*	...	Less tax	2½	Nil
Utilities and General Trust	...	...	Less tax	...	...
Walker's Tobacco (Pref.)	5%*	...	...	...	...
Watney Combe (Def.)	2%*	...	...	...	...
Wells' Watford Brewery	2%*	...	...	...	...
Westminster Electric Supply	13-12d.	Feb. 24	Less tax	1/9-12d	1/9-12d

BORAX CONSOLIDATED LIMITED.—The directors have decided that they are unable to recommend the payment of a dividend on the preferred ordinary shares and on the deferred ordinary shares for the year ended September 30, 1931.

DOMINION-SCOTTISH INVESTMENTS LIMITED.—The directors of the Dominion-Scottish Investments Limited have declared a dividend on the 5 per cent. cumulative redeemable preference stock (par value \$50.00) of the company at the rate of 5 per cent. per annum for the quarter ending January 31, 1932, payable on February 1, 1932, to shareholders of record at the close of business on January 20, 1932.

WEEKLY TRAFFIC RETURNS.
RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended Jan. 29, 1932. (c) Week ended Jan. 30, 1932.	Miles Open.	Week ended Jan. 31, 1932. (000's omitted.)						Aggregate, 4 weeks (000's omitted.)					
		Passen- ger, &c.	Merchan- dise, &c.	Coal and Coke.	Total Goods.	Total for Week.	Passen- ger, &c.	Merchan- dise, &c.	Coal and Coke.	Total Goods.	Total Receipts.		
Great Western 1932	3,761	£ 158	£ 173	£ 107	£ 280	£ 438	£ 660	£ 778	£ 429	£ 1,107	£ 1,767		
(c) L. & N. Eastern 1931	3,761	166	194	124	318	484	719	739	358	1,107	1,683		
L. M. & Scottish 1932	6,962	368	348	254	692	1,060	1,091	1,237	984	2,332	3,294		
Southern ... 1931	2,180	229	73	40	113	342	1,484	1,403	1,194	2,504	3,595		
Total... 1932	12,179	243	78	44	122	365	1,573	1,853	1,194	3,047	4,620		
	1931	999	1109	653	1660	2,659	4,078	3889	2559	6,448	10,526		
	1924½	1,058	726	1835	2,893		4,389	4279	2807	7,086	11,475		
(c) Metro- politan 1932	59	29.0	...	...	3.7	32.7	118.2	...	...	15.2	133.4		
(c) Under- ground E.R. 1932	59	30.0	...	...	3.9	34.6	126.8	...	...	15.6	142.2		
(c) Green Buses, &c. 1931	...	278.0	...	...	...	278.0	1231.4	...	...	...	1231.4		
(c) L. & S. Group 1932	...	286.2	...	...	...	286.2	1259.4	...	...	...	1259.4		
(b) Belfast & Co. Down 1932	80	24.7	...	...	...	24.7	111.7	...	...	...	111.7		
(b) Great Northern 1931	562	8.0	...	...	...	8.0	...	...	...	...	...		
(b) Great Southern 1932	2,182	18.1	...	...	...	18.1	...	...	...	...	...		
	1931	40.4	...	...	...	40.4	180.7	...	...	...	180.7		
	1924½	41.7	...	...	...	41.7	182.9	...	...	...	182.9		
	1932	80	1.8	...	0.7	2.5	8.0	...	...	2.8	10.8		
	1931	80	1.9	...	0.6	2.5	8.5	...	...	3.0	11.5		
	1932	562	8.0	...	12.8	20.8	34.6	...	...	48.6	83.2		
	1931	562	8.2	...	14.8	23.0	36.9	...	...	55.5	92.4		
	1932	2,182	18.1	...	33.6	51.7	74.4	...	...	131.2	205.6		
	1931	2,182	19.2	...	39.8	59.0	80.8	...	...	162.7	243.5		

* The operations of these Companies were extended during 1931.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1932.	+ or -	1932.	+ or -
INDIAN.							
Assam Bengal.....	40	1932. Jan. 2	1,330	Rs. 3,30,600	Rs. 83,151	Rs. 1,46,08,079	Rs. 11,39,842
Barri L. Ry.	41	Jan. 9	202	50,600	21,500	15,67,300	18,800
Bengal & N. Western	15	Jan. 2	2,114	6,69,638	59,283	81,18,109	1,05,727
Bengal-Nagpur ..	40	Jan. 2	3,274	21,43,000	46,000	82,83,88,000	49,71,000
Bombay Bar. & C.I.	43	Jan. 30	3,084	13,76,000	1,34,787	15,89,76,760	88,23,682
Madras S. M. Ry.	41	Jan. 31	3,230	15,65,000	39,228	5,89,55,034	23,69,478
† Rohilk'd & Kumaon	15	Jan. 9	572	1,42,690	1,409	14,71,717	1,64,960
South Indian	41	Jan. 2	2,500	11,52,695	38,315	4,34,57,727	52,52,711
† Including Lucknow-Bareilly State Railway.							
CANADIAN.							
Canadian National	3	Jan. 21	2,044	2,625,985	494,052	97,935	2,972,000
Canadian Pacific	4	Jan. 31	1,614	2,898,000	977,000	51,000	12,000
† Ten days.							
SOUTH AMERICAN.							
Antofagasta (Chili and Bolivia)	5	Jan. 31	804	17,950	9,300	2,100	4,100
Argentine N.E.	31	Jan. 30	753	10,800	2,100	1,458	3,423
Argentine Transd'n.	31	Jan. 30	111	2,146	830	11,349	12,000
B.A. and Pacific	31	Jan. 30	2,806	134,000	12,000	51,000	51,000
B.A. Central	31	Jan. 31	...	11,349	324	17,909	17,909
B.A. & Southern	31	Jan. 31	5,076	296,000	30,000	30,000	30,000
Central Argentine	31	Jan. 30	1,926	90,000	20,000	16,000	16,000
Central Uruguay	31	Jan. 30	3,505	223,000	16,000	16,000	16,000
C. U. (East Ext.)	31	Jan. 30	273	16,035	4,615	4,615	4,615
C. U. (N. Ext.)	31	Jan. 30	311	1,763	751	751	751
C. U. (W. Ext.)	31	Jan. 30	211	1,718	327	327	327
Cordoba Central	31	Jan. 30	1,218	41,000	11,000	11,000	11,000
Entre Rios	31	Jan. 30	810	29,700	7,300	7,300	7,300
G. Westn. of Brazil	4	Jan. 24	1,052	15,200	4,100	4,100	4,100
Leopoldina Termi.	4	Jan. 30	1,918	24,206	1,458	1,458	1,458
Nitrate	41	Jan. 30	...	Me269,000	30,000	30,000	30,000
Paraguay Central	31	Jan. 31	411	4,053	10,389	10,389	10,389
Salvador	31	Jan. 30	274	2,490	1,070	1,070	1,070
San Paulo	4	Jan. 24	153	36,021	3,423	3,423	3,423
United of Havana	31	Jan. 30	1,367	30,722	17,909	17,909	17,909
† Months.							
OTHER OVERSEAS.							
Egyptian Delta Light Railways	40	Jan. 10	620	£ 7,100	1,594	1,594	1,594
Egyptian Markets	3	Jan. 21	...	£ 1,675	9	9	9
Gt. Southn. of Spain	3	Jan. 23	104	Pa. 46,149	29,340	29,340	29,340
Mexican Railway	4	Jan. 21	483	£ 154,100	50,100	50,100	50,100
TRAMWAYS WEEKLY GROSS RECEIPTS.							
Anglo-Argentine	4	Jan. 28	329	£ 64,780	£ 9,905	£ 9,905	£ 9,905
B. Aires Lacrosse	31	Jan. 24	...	10,913	1,410	1,410	1,410
Male of Thanes Elec.	3	Jan. 20	...	2,579	382	382	382
Liverpool Corp.	43	Jan. 27	124	28,930	1,192	1,192	1,192
Scottish Electric	41	Jan. 15	...	Rs. 48,423	639	639	639
L.O.C. Tramways	43	Jan. 27	166	75,536	5,214	5,214	5,214
† Months.							
MONTHLY TRAFFICS.							
Company.	Month.	Ending 1931.	Description.	Receipts for Month.		Receipts to Date.	
				1931.	+ or -	1931.	+ or -
Barcelona Traction, L. & Pw.	12	Dec. 31	Gross	49,793,405	...	97,935	...
Canadian Pacific Railway Co.	12	Dec. 31	Net	\$11,442,000	...	2,972,000	...
Hydro-Electric Securities Corp.	12	Nov. 30	Gross	\$12,353,257	...	\$27,000	...
La Guaira and Caracas	1	Jan. 31	Net	\$6,112,106	...	\$36,053	...
Manchester Ship Canal	12	Dec. 31	Gross	£113,962	...	5,024	...
Rangoon Electric	1	Jan. 31	Gross	Rs.1,72,485	...	32,695	...

† In pesetas.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Debenture Interest.	Amount Available for Distribution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Depreciation, &c.	Balance Forward.	Net Profit.	Dividend.
					Prefce.	Ordinary.					
						Amount	Amount.				
		£	£	£	£	£	%	£	£	£	%
Breweries.											
Lovibond (John) and Sons	Sept. 30	25,911	13,758	39,669	3,025	5,250	10	5,750	25,644	15,155	10
Financial Land, &c.											
Canadian City and Town	Oct. 31	1,249	3,858	5,107	...	2,975	2	1,000	1,132	4,540	2
Properties	Dec. 31	796	5,329	6,125	1,350	2,873	7	1,000	902	6,300	9
City of Aberdeen Property	Dec. 31	1,602	14,015	15,617	...	12,067	{ 6A 5B }	1,915	1,635	13,599	{ 6A 5B }
London Property Inv'stm't	Dec. 31										
Gas.											
Cardiff Gas, Light and Coke	Dec. 31	17,326	39,915	57,241	4,338	37,613	6	500	14,790	43,855	6
Commercial Gas Co.	Dec. 31	48,837	113,162	161,999	...	121,814	5½	...	40,185	137,745	6
Maidstone Gas	Dec. 31	13,229	12,906	26,135	...	11,829	9	1,140	13,166	...	...
Newport (Mon.) Gas Co. ...	Dec. 31	529	13,783	14,312	...	13,700	5	...	612	12,006	5
Southampton Gas, Light, &c.	Dec. 31	4,828	38,459	43,287	5,502	32,385	5	...	5,400	38,713	5
South Metropolitan Gas, &c.	Dec. 31	2,608	469,621	472,229	68,149	402,588	6	...	1,492	489,570	6½
Iron, Coal and Steel.											
Lofthouse Colliery	Dec. 31	Dr. 19,840	4,278	Dr. 15,562	...	...	...	...	Dr 15,562	281	...
Oil.											
Steaua Romano (British)....	June 30	27,325	97,837	125,162	...	61,000	4	28,150	36,012	133,131	4
Rubber, &c.											
Ampat (Sumatra) Rubber...	Sept. 30	1,963	Dr. 6,199	Dr. 4,236	...	...	...	Dr. 5,126	890	Dr. 2,944	...
Culloden Consolidated.....	Dec. 31	13,916	Dr. 4,156	9,760	...	...	...	...	9,760	5,166	...
Shops and Stores.											
Public Benefit Boot Co.....	Dec. 31	38,227	33,076	71,303	32,628	...	...	...	38,675	45,557	10
Textiles.											
Ashton Brothers and Co. ...	Dec. 31	Dr. 37,604	Dr. 3,490	Dr. 41,094	...	...	...	1,400	Dr 42,494	Dr 23,957	...
English Velvet and Cord	Dec. 31	18,243	13,835	32,078	10,594	17,405	4	Dr. 10,000	14,079	36,550	6
Dyers'	Nov. 30	2,959	Dr. 27,570	Dr. 24,611	30,000	...	...	Dr. 60,000	5,389	Dr 79,047	...
Lister and Company.....	Nov. 30										
Tramways and Omnibuses.											
Scottish Motor Traction ...	Oct. 31	21,027	135,244	156,271	45,290	37,076	10	24,550	49,355	133,741	10
Tilling and British Auto-	Dec. 31	52,003	230,105	282,108	20,000	160,000	10	10,000	92,108	217,060	10
mobile Traction.....	Dec. 31	162	1,869	2,031	...	...	...	1,780	251	77	...
Tyneside Tramways, &c. ...	Dec. 31										
Trust.											
English and New York Trust	Dec. 31	13,790	33,250	47,040	16,875	11,400	5	...	18,765	37,354	5
Foreign and Colonial Invest.	Jan. 10	45,838	101,675	147,513	28,359	57,563	10	...	61,591	112,272	10
General Consolidated Invest.	Dec. 31	4,645	26,578	31,223	3,852	12,200	4	9,837	5,334	26,100	6
Glasgow Stockholders' Trust	Jan. 2	8,742	24,121	32,863	15,834	4,223	2	1,000	11,806	33,898	4
Greyhound Racing Associa-	Dec. 31	1,742	131,867	133,609	69,833	19,893	10	32,267	11,616	113,128	Nil
tion Trust	Dec. 31	97,133	236,935	334,068	59,745	{ 52,500 106,750 20A }	{ 10B 20A }	25,000	90,073	266,309	{ 10B 20A }
Scottish American Invest....	Dec. 31	19,672	53,222	72,894	27,600	18,700	5	554	26,040	80,509	9
Scottish United Investors...	Dec. 31	29,316	68,165	97,481	...	57,568	15	...	39,913	81,205	15
Second British Assets Trust	Dec. 31	80,155	131,082	211,237	32,812	73,281	11	25,000	80,144	158,836	14½
Sterling Trust.....	Dec. 31										
Waterworks.											
Whitby Waterworks	Dec. 31	771	4,405	5,176	855	1,327	{ 8 5½ }	300	2,494	2,919	{ 7½ 5½ }
Other Companies.											
Barrow, Hepburn and Gale	Dec. 31	8,135	50,793	58,928	40,500	...	...	...	18,428	57,767	...
Bradbury, Grestorex and Co.	Jan. 8	71,071	62,614	133,685	13,000	43,560	12	...	77,125	63,357	12½
Craigton Cemetery	Dec. 31	525	3,349	3,874	...	2,000	4	1,500	374	3,330	...
Crookers, Ltd.....	Dec. 31	224	3,184	3,408	2,125	...	...	...	1,283	Dr 419	...
Devas, Routledge and Co....	Dec. 31	22,752	7,751	30,503	...	7,000	5	...	23,503	8,714	7½
Doncaster Coalite	Dec. 31	Dr. 11,627	6,415	Dr. 5,212	...	...	...	...	Dr. 5,212	...	...
Foster, Porter and Co.	Dec. 31	648	6,067	6,715	...	7,500	2½	Dr. 10,000	9,215	7,095	5
Hayes, Candy and Co.	Dec. 19	14,361	10,010	24,371	8,408	5,265	5	...	10,698	18,132	6
Illustrated London News	Nov. 30	12,187	35,221	47,408	22,500	12,656	13½	1,500	10,752	53,964	29½
and Sketch	Nov. 30	24,097	108,497	132,594	94,500	...	...	4,800	33,294	147,360	2½
Illustrated Newspapers.....	Sept. 30	...	Dr. 6,125	Dr. 6,125	...	...	...	...	Dr. 6,125	Dr. 618	...
Kent (G.P.B.) and Sons	Sept. 30										
Manchester Corn, &c., Ex-	Dec. 31	2,972	13,691	16,663	...	13,099	7	...	3,564	16,500	7½
change	Sept. 30	4,622	12,929	17,551	4,000	2,573	2½	6,933	4,045	21,277	8
Margate Estates	Dec. 31	24,200	8,528	32,728	...	4,000	3½	...	28,728	4,902	2
North of Ireland Paper Mill	Dec. 31	4,704	16,481	21,185	10,000	4,000	16	2,000	5,185	16,318	16
Northern Corporation	Dec. 31	26,056	101,664	127,720	...	100,218	15	...	27,502	141,665	17½
Outram (George) and Co....	Dec. 31	4,397	4,402	8,799	...	4,425	12	250	4,124	4,711	13½
Royal Exchange Co., Leeds	Dec. 19	42,504	54,278	96,782	17,500	30,000	12	5,975	43,312	72,867	16
Selincourt and Sons.....	Oct. 31	507	4,053	4,560	1,373	469	5	2,000	718	6,026	5
Vulcanite, Ltd.	Oct. 31										

bad and doubtful debts. Current, deposit and other accounts, largely representing balances held for foreign account, amount to £247,138, against £1,067,058 in 1930, with corresponding decreases on the assets side under money at call and short notice, bills receivable and investments. The outstandings in Germany, Austria and Hungary are shown separately in the balance sheet. A notable reduction occurred in acceptances on account of customers, which, at £1,454,736, show a reduction of 50 per cent. Whilst this was partly due to the falling off of international commerce, it was also the outcome of the board's policy to reduce engagements, with all due consideration to their customers. The directors regret that no dividend can be paid for the year. The 7 per cent. dividend on the "A" shares, being cumulative, these shares carry dividend rights as from January 1, 1931. Meeting will be held at 38 Lombard Street on February 11th, at noon.

SWISS BANK CORPORATION.—The net profit for the year ended December 31, 1931 (including the carry-forward of Frs. 1,025,434 from the previous year), amounts to Frs. 13,633,955, against Frs. 17,081,678 (including a carry-forward of Frs. 1,019,242) for 1930. At the annual general meeting, to take place on February 25th, the board will recommend the allocation of Frs. 500,000 to the pension fund, the payment of a dividend of 7 per cent., and the carrying forward of Frs. 1,523,103.

MISCELLANEOUS.

THE LINEN THREAD COMPANY, LTD.—The profit for the year ended September 30, 1931, amounted to £157,394, as compared with £151,171 for year ended September 30, 1930. The general depression in trade has adversely affected the trading results in the period covered by the accounts. The directors have, therefore, transferred £100,000 from dividend reserve account to profit and loss account. A year ago the directors transferred £100,000 from dividend reserve. The ordinary dividend absorbed £99,000 and is maintained at 6 per cent. free of income tax for the year. The carry-forward to next account is £175,989, against £179,210 brought in. Total assets are £6,049,141, against £6,191,932 a year ago. Cash has risen from £198,726 to £349,085. Investments in Government and other securities stand in balance sheet at £1,390,855. Their market value on September 30, 1931, was £1,311,426. Advances to subsidiaries stand at £1,120,563, against £1,531,293. Dividend reserve now amounts to £100,000. Reserve account stands at £600,000. The meeting will be held at 95 Bothwell Street, Glasgow, on February 12, 1932, at 3 o'clock.

TILLING AND BRITISH AUTOMOBILE TRACTION.—The accounts for 1931 of Tilling and British Automobile Traction, Ltd., show net income from investments, &c., of £276,405, against £272,772, and a net profit of £230,105, compared with £217,060. The ordinary dividend is maintained at 10 per cent. It is proposed to place £10,000, as last year, to reserve, and to carry forward £92,108, against £52,003 brought in. Investments stand in the balance-sheet at £2,555,708, against £2,459,873 last year. Meeting: 88 Kingsway, February 11th, at 2.30 p.m.

Commercial Reports.

MARKET SUMMARY.

The principal international commodity markets continue to suffer from a lack of demand in relation to supply. Price movements in terms of gold have been irregular and, on balance, the level of prices has been lower. Among non-ferrous metals, copper suffered a sharp setback in New York, and lead continued to decline. Spelter has remained unchanged, but tin declined a few points. Raw cotton, though cheaper than last week, has been well maintained. On the other hand, rubber at 4½ cents per lb. established a new low record. Cereals are scarcely changed on the week. Wheat has been a little dearer, owing to the adverse climatic conditions in the United States, and rye has also advanced a few points. Oats have been maintained, but maize suffered a slight setback. Sterling quotations of commodities which lend themselves to grading, and therefore to international arbitrage, continue to move in sympathy with international quotations. Markets in this country have generally been dull. Foodstuffs, coming mainly from countries with depreciated currencies, have scarcely risen in price since September last. The London wool auctions have closed strong. The tea auctions, on the other hand, showed an allround decline in the prices realised this week. According to reports from various industrial centres, the recent improvement in the coal trade has not been maintained. Transactions in iron and steel have been few in number, and small in volume. The situation in the cotton trade has deteriorated a little. On the other hand, the wool and rayon industries have remained active.

THE COAL TRADE.

SHEFFIELD.—Exports of steam coal continue on a restricted basis but the tonnage being bought and shipped maintains previous levels. Association hards are in abundant supply and the price has eased lately, current quotations being from 16s. to 17s. f.o.b. The home demand for manufacturing fuel continues poor, and a slight increase in boiler slacks. January was one of the poorest winter months on record for house coal, and stocks have accumulated everywhere. Best South Yorkshire house coal is quoted at 23s. to 24s. at pits. Output of furnace coke is promptly absorbed, and stocks to an increasing consumption for heating purposes, prices at blast furnaces.

GLASGOW.—The Scottish coal trade is dull, the business passing both in the home and the shipping markets being on a poor scale. Prices generally have an easier trend, the one notable exception being Lanarkshire splints, which are well booked up for this month's delivery. The London trade in nuts is moderate. Current prices for the shipping trade are approximately as follows:—LANARKSHIRE.—Ell best, 14s. 3d.; splint best, 16s. 3d.; splint second, 14s. 3d.; navigation, 15s.; navigation second, 14s. 6d.; Hartley, 15s. 6d.; steam, 13s.-13s. 3d.; trebles, 13s. 6d.; doubles, 11s. 9d.; singles, 9s. 6d.; pearls, 9s.; dross, 9s. FIFE.—Screened navigation, 16s. 6d.; first-class steam, 13s. 3d.-13s. 6d.; third-class steam, 12s. 3d.; trebles, 13s. 6d.; doubles, 11s. 6d.; singles, 9s. 9d.; pearls, 9s. LOTHIAN.—Prime steam, 12s. 3d.; secondary steam, 12s.; trebles, 13s. 6d.; doubles, 11s. 6d.; singles, 10s.; pearls, 9s. Ayrshire.—Unscreened navigation, 16s.; jewel, 17s.; steam, 13s.; trebles, 13s. 9d.-14s.; doubles, 12s.; singles, 9s. 9d.; pearls, 9s.; dross, 9s.

CARDIFF.—The South Wales coal market continues in a stagnant condition. The Great Western Railway Company's traffic returns show that in the week ended January 30th last the shipments in the foreign and coastwise trades totalled only 402,120 tons, compared with 477,430 tons in the previous week, and 443,603 tons in the corresponding week last year. Even less active conditions have prevailed this week, and on Tuesday last only one tip was employed at the Newport docks. The French Government has reduced the quota of imports under its licensing system from 72 per cent. to 64 per cent. of the monthly average imports in the three years 1928-30, and the effect of this further restriction will be to curtail supplies from the United Kingdom to a monthly rate of 626,000 tons, compared with actual average monthly shipments last year of about 900,000 tons, and in 1930 of 1,125,000 tons. South Wales will be the principal sufferer from the reduction in the quota, as normally it supplies between 50 per cent. and 55 per cent. of all the coal shipped from this country to France. Current inquiries are extremely scarce, particularly for bituminous coals, and prices are nominally unchanged for all except a few of the drier grades at the schedule minimum basis. Negotiations for an improvement of the trimming system at the South Wales ports are in progress. The following are the current approximate quotations: Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 4½d.; best dries, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams, 13s. 6d.; coking smalls, 13s. 6d. to 13s. 9d.; cargo smalls, 11s. 6d. to 12s. 6d.; anthracite, best large, 36s. to 38s. 6d.; Red Vein, large, 22s. 6d. to 27s. 6d.; machine-made cobbles, 40s. to 48s. 6d.; French nuts, 40s. to 48s. 6d.; stove nuts, 39s. 6d. to 43s. 6d.; ruggly culm, 8s. 3d. to 8s. 9d.; foundry coke, 32s. 6d. to 36s.; patent fuel, 19s.; pitwood, ex ship, 22s. to 24s. 6d.

IRON AND STEEL.

MIDDLESBROUGH.—A more cheerful tone pervades the iron and steel trades, writes our correspondent, in view of the impending imposition of a tariff on materials imported from abroad, but no important expansion of business has yet occurred. The demand for Cleveland pig iron locally is on steady lines, but trade with Scotland continues restricted, and there is no prospect of improvement just now, as foundries there are not busy. They are carrying large stocks of pig iron, mostly Continental, which they purchased some time ago at low prices. During January only 3,606 tons Cleveland iron was sent to Scotland, against 4,440 tons in December, which is a clear indication of the condition of affairs existing there at present as affecting this district, although increased quantities are going from the Midlands at lower prices than Cleveland. Export demand for Cleveland foundry iron is very light, and immediate prospects are not encouraging. At Tuesday's weekly market official prices for Cleveland iron were unchanged, viz., No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s. f.o.b. or f.o.t. In hematite a fair number of home orders are being received, and odd parcels for shipment abroad are occasionally booked, but practically all the business is for early delivery. For early delivery mixed numbers are freely offered at 64s. 6d. per ton, and slightly less than this would be accepted for tempting orders. It is reported that an important sale of West Coast low sulphur and phosphorus hematite has just been made to the States. Manufacturers of finished materials report little, if any, improvement in business, and they experience difficulty in keeping some plants in operation. A favourable item is the report that the Cleveland Bridge & Engineering Co., Limited, of Darlington, have secured a contract of the value of £238,000 for the road bridge over the Forth at Kincairdine, but this lacks official confirmation. Prices of steel materials are unchanged. Shipments from Middlesbrough for January were particularly disappointing, pig iron only reaching 8,436 tons, and manufactured iron and steel 21,857 tons. The combined total of 30,293 tons is the lowest recorded since the Coal Strike period of 1926. The ore market shows no change, there being no buyers in evidence. Best rubio remains nominally 16s. 6d. c.i.f., and the freight Bilbao/Middlesbrough is about 6s. Imports of 59,242 tons, compared with 82,552 tons in December, and 47,059 tons in November. Coke continues in full supply, but the local demand does not improve. Ordinary blast-furnace qualities are obtainable at 16s. 9d. delivered consuming works. The number of blast-furnaces in operation in the district is unchanged at seventeen.

SHEFFIELD.—In spite of tariffs and the low value of sterling there is no sign of general improvement in Sheffield's staple industries. As regards crude steel and heavy manufactured steel, the reaction which set in at the close of last year seems to be gaining force, and the position is considerably worse than when the works closed for

the Christmas holiday. Exports have declined, and in the home market consumers are buying on a niggardly scale. Tonnage orders are few and far between. Numerous transactions in ferro-alloys are reported, but all are for hand-to-mouth quantities. Controlled prices of steel have been stationary for more than six months. Some nice orders for special lines in steel are being picked, and there is a good demand for cold wrought material, but only a limited number of firms are affected. The year is opening with exceptional quietude in tools, cutlery and plate, and manufacturers report that the money stringency is more acute than at any time previously. The difficulty of securing payment of accounts is proving a serious handicap.

GLASGOW.—Steelmakers are still operating only a very small proportion of the available plant, and there is practically no new business being placed at present. They, as well as wrought iron makers, are hoping for a considerable improvement when the expected import tariffs come into force. During the present week local sheetmakers have not been fully employed, but the tonnage booked during the week is considerable, and in this branch business should be fairly steady for a few weeks. Bookings have been mainly for thin black sheets. There is no improvement in the position at the tube works, and here also it is only possible to keep a small proportion of the plant operating. In the Motherwell district much satisfaction is expressed over the further order for wagons which has been placed with a local firm.

CARDIFF.—The recent improvement in the state of the South Wales steel and tinplate markets has been maintained. On the Swansea Metal Exchange on Tuesday it was reported that good business had been done with the Far East and Canada, and that prices are steady at from 14s. 3d. to 14s. 9d. per basis box. No decision has yet been reached concerning the new proposals for the regulation of output. Welsh bars are unchanged at £5 per ton, with foreign bars quoted at from 80s. to 82s. per ton delivered. The importation of Belgian and French bars continues fairly active. The market for galvanised sheets remains dull and featureless.

OTHER METALS.

TIN.—When it became known that the world's visible supply of tin at the end of January, at 61,800 metric tons, showed an increase of 1,200 tons on the preceding month, the market became less steady, and prices weakened a little. In New York the metal was quoted at 21.90 cents per lb. on Wednesday, against 22 cents per lb. a week ago, and 21.125 a month ago. Wednesday's official closing quotations in London in terms of sterling for "standard" cash, at £138 12s. 6d. to £138 17s. 6d. per ton, compares with £139 15s. to £139 17s. 6d. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 32,453 tons, show an increase of 172 tons on the week.

COPPER.—The rise in the gold price of copper following the agreement on output restriction reached at the end of last year has now been followed by a substantial reaction. In New York business was a little more active at the lower level, but in other centres the demand was small. On Wednesday, "Domestic" spot was quoted officially at 6.75 cents per lb. in New York, against 7.25 cents a week ago, and 7.25 cents a month ago. Wednesday's official closing price for "standard cash" in London, in terms of sterling, at £37 17s. 6d. to £38, compares with £38 15s. to £38 16s. 3d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 20,939 tons, show a decrease of 91 tons, while stocks of rough copper, at 695 tons, were 50 tons larger.

LEAD.—The London market in lead has been dull and lower prices failed to stimulate demand. In New York, however, prices have been maintained despite a small turnover. In New York the metal was quoted at 3.75 cents per lb. on Wednesday, against 3.75 cents a week ago and 3.75 cents a month ago. Wednesday's official closing quotation for "soft foreign" in London in terms of sterling, at £14 7s. 6d. per ton for shipment during the current month, compares with £14 16s. 3d. on the corresponding day last week.

SPELTER.—The price of spelter continued to decline during the past week both in London and New York. Demand was on a small scale. Wednesday's quotation in New York, at 2.825 cents per lb., compares with 2.90 cents a week ago and 3.125 cents a month earlier. Wednesday's official closing quotation in London in terms of sterling for "good ordinary brands" was £13 17s. 6d. per ton for shipment during the current month against £14 6s. 3d. a week ago.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotations for aluminium and nickel have been maintained at £95 per ton and at £240 to £245, respectively. Foreign antimony, at £28 to £28 10s. per ton, ex warehouse, shows an advance of £1 per ton. Quicksilver remained unchanged at £17 15s. to £18 per flask. Refined platinum was again quoted at £11 4s. per oz.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Imports for the week January 28th to February 3rd (inclusive) are 36,285 bales, of which 17,805 bales American, 269 Brazilian, 440 Peruvian; 104 Argentine, 12,029 Egyptian, 3,420 African, 1,817 East Indian, and 401 sundries.

Manchester.—A more unsettled feeling has prevailed in the market, and business has been difficult to arrange. The news from the Far East has caused anxiety, and there has been a certain amount of nervousness with regard to the labour situation in view of the threat of a strike at Burnley. Merchants with connections in Shanghai have been rather alarmed at the latest developments. Advices have been received stopping deliveries for the time being.

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DECEMBER 31st, 1931.

LIABILITIES:		ASSETS:	
Capital Paid-up	£ 9,479,416	Coin, Bank Notes and Balances with the Bank of England...	£ 29,704,901
Reserve Fund	8,000,000	Balances with, and Cheques in course of collection on other Banks in the United Kingdom and Ireland, and Cheques, Drafts, &c., in transit	9,343,079
Current, Deposit and other Accounts	262,729,555	Money at Call and Short Notice	18,792,924
Liabilities for Acceptances, Endorsements, Engagements, &c.	9,229,529	Bills Discounted	36,689,130
		Investments	88,242,143
		Advances to Customers and other Accounts	142,379,044
		Bank Premises	7,068,150
		Liabilities of Customers for Acceptances, Endorsements, Engagements, &c.	9,229,529

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and of course new business has been at a standstill. The improved inquiry in cloth for India has been maintained and rather more sales have taken place in light fabrics for Calcutta, with further operations for Karachi and Madras. There are very few opportunities, however, of doing business with Bombay at the moment. Fine goods have attracted some attention for Java and the Straits Settlements. The offers for Egypt and the Near East have been scarce. Printing cloths have been sold in moderate lots for the Continent. Home trade demand has rather tended to broaden, and some fair lines have been booked in a variety of goods. Quotations in American yarns have been somewhat irregular when tested, and home users have purchased from hand to mouth. Egyptian counts have been rather stiffer, partly owing to the higher basis for cotton in Alexandria. A few more contracts have been arranged in fine counts for India.

Cotton Prices.

	1932.				Corresponding Date.	
	Jan. 13.	Jan. 20.	Jan. 27.	Feb. 3.	1930.	1931.
Raw Cotton—Mid. American per lb.	5.44	5.47	5.54	5.52	8.77	5.64
" Sakalardie Fully Good Fair	7.20	7.20	7.40	7.35	13.95	8.90
" Egyptian per lb.	9.1	9.1	9.1	9.1	13.1	9.1
Yarns—32's twist per lb.	9.1	9.1	9.1	9.1	13.1	9.1
" 40's twist per lb.	15.1	15.1	15.1	15.1	22.1	15.1
" 60's twist (Egyptian) per lb.	15.1	15.1	15.1	15.1	22.1	15.1
32-in. Printers, 116 yds., 16 by 16, 32's and 40's s. d.	17 9	17 9	18 0	18 0	23 0	18 3
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's s. d.	19 6	19 6	19 9	19 9	26 0	20 4
36-in. ditto, 38 yds., 18 by 16, 10 lb. s. d.	10 10	10 10	10 11	10 11	14 11	11 4
39-in. ditto, 37 yds., 16 by 15, 8 lb. s. d.	9 9	9 9	9 10	9 10	12 9	10 3

THE WOOL TRADE.—Bradford.—The London sales, writes our correspondent, closed on Tuesday with values for almost every description of wool on a very firm level compared with the opening, and often showing an advance on the close of the December series. Average to superior greasy merinos were $\frac{1}{4}$ d. dearer than at the previous auctions, but there was little change in wool of poor condition or inferior locks and pieces. Superior merino scourings were par to $\frac{1}{4}$ d. dearer, other descriptions being unchanged. The only other wools to show any marked advance were faulty slippe lambs, which were 1d. to 2d. per lb. dearer. Greasy Puntas and Falkland Island wools were about $\frac{1}{4}$ d. dearer. There was little change in greasy Capes, except that combing wools were against the buyer. All Cape scourings were dearer, medium about 1d., and super 1d. to $\frac{1}{4}$ d. A feature of the series has been the active buying on the part of Germany, and increased operations for France. This, along with the steady purchases for the home trade, has kept the market firm. No doubt buyers have been influenced somewhat by the upward tendency in overseas markets. At the same time, operations on local account have been very largely influenced by machinery requirements, and German competition has had a distinct influence on both greasy and scoured clothing merinos, as well as fine crossbreds and the English offerings. It is estimated that the quantity sold was 116,500 bales and as the quantity announced as being available was 152,600 bales, the result can be regarded as fairly satisfactory. The home trade has been the largest buyer, having taken 65,500 bales and the Continent about 50,000 bales. The Bradford market is quiet, but prices for merino and fine crossbred tops are firm, other qualities being steady. The disturbance in the Far East and the need for a more definite pronouncement on tariff policy, has made the majority of firms rather cautious, but generally speaking the outlook for the consumption of wool is encouraging.

THE JUTE TRADE.—Dundee.—The jute trade continues to drag on slowly, and very little business is taking place in all sections of the market. The raw material maintains quite a steady tone, and sellers are still displaying a considerable amount of reserve. The imports of raw jute into Calcutta during the month of January were only 500,000 bales, which makes the total accounted for for the seven months of the season from July 1st last 5,000,000 bales, compared with the forecasted quantity for the whole season of 5,550,900 bales. It would appear as if the forecast was too low, as has so often been the case in former years. Trade in Dundee yarns and cloth is so dull that spinners and manufacturers are forced to consider the question of curtailing their output, and a number of works are now running only on alternate weeks, while others are stopping a proportion of their machinery or working three and four days each week. The fact that producers are prepared to agree to the acceptance of low prices makes no appeal to buyers, who are purchasing only the merest trifling lots to cover their immediate needs. During the past day or two, the Calcutta goods market has shown rather more signs of activity, and prices have tended to advance. The stocks of goods in the hands of the Indian Jute Mills showed an increase at the end of January compared with December of $\frac{1}{4}$ per cent. in the case of hessians, but sacking stocks were about unchanged. Hessian stocks are now 142 million yards and sackings 54 million yards. Heavy goods, especially, have firmed up in price this week. Prices for raw jute in this market are more or less nominal in the continued absence of offers or business. Daisee assortment full group could be bought at £18 and Tossa assortment at £19 10s., with fours quoted at £16 7s. 6d. and £18 respectively, February-March shipment. A good single mark of Lightnings is offered at £20 10s., same shipment. There has been a little business done in hessian yarns, and the price of 2s. 2d. has been established for common 8-lb. cops, and 2s. 3d. for 8-lb. spools. Twist is quoted at from 3 $\frac{1}{4}$ d. to 3 $\frac{1}{2}$ d. for 3-ply 8 lb., and sacking yarns remain unchanged at 2 $\frac{1}{4}$ d. for 24 lb. weft, and

3 $\frac{1}{4}$ d. for 8-lb. chains. Rove has been sold at the lower rates of £20 for 48 lb. and £18 for 200 lb. Fine yarns are rather easier at 2s. 10d. for second quality 8 lb. Rio warp, 2s. 7d. for third, and 2s. 5d. for fourth. Carpet yarns are steady at from 3 $\frac{1}{4}$ d. for 14-lb. warp. Only small quantities of cloth are being bought, and prices are not seriously tested. Quotations rule from 3 $\frac{1}{4}$ d. for 10 $\frac{1}{2}$ oz. 40 in. hessians, and from 2 $\frac{1}{4}$ d. for 8 oz. Buyers are showing little inclination to purchase. Linoleum hessians are dull and nominal. Calcutta hessians are quoted at 20s. 3d. for 10 oz. 40 in., and 16s. 1d. for 8 oz., February-March, and 20s. 5d. and 16s. 2d. for April-June. Liverpool twills are raised to 58s. 6d., and "B" twills to 52s. 3d., February-March and 58s. 6d. and 52s. respectively, April-June. Some demand is made for spot goods at 20s. 3d. for 10 oz., and 16s. 6d. for 8 oz.

THE GRAIN MARKETS.

WHEAT.—The international wheat situation has undergone little change since last week. Markets have generally been dull, and the volume of "cash" demand was small. Attention was focussed on reports of the United States winter crop, which appears to have suffered damage from frost. Another "bull" factor was the increase in the French milling quota from 3 per cent. to 10 per cent., which has the effect of decreasing the pressure of Argentine and Australian wheat. So far, reports of the British crop suggest that growth is proceeding satisfactorily. The market in British wheat has been quiet. On Wednesday, "March" futures were quoted at 57 $\frac{1}{4}$ cents per bushel in Chicago, against 55 $\frac{1}{4}$ cents on the corresponding day last week, and 55 $\frac{1}{4}$ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 33s. 3d. per 996 lbs., as compared with 33s. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 30s. 9d., against 30s. 3d.; No. 3 Northern Manitoba, Vancouver, ex ship, 29s., against 28s. 9d.; Russian, on sample, 25s. 6d. to 28s. 6d., against 25s. 6d. to 28s. 6d.; Australian, ex ship, 27s. 9d. to 29s., against 28s. 3d. to 29s. 6d. a week ago.

WHEAT FLOUR.—The volume of sales of flour has been small during the past week, but prices have generally been maintained at last week's level. North American shipments, at 187,000 sacks, showed a decrease of 22,000 sacks as compared with the previous week. Of this total, only 15,000 sacks have been consigned to Europe. Quotations in London, Wednesday: Straight run, delivered country, 25s. 6d. per sack of 280 lbs., as compared with 25s. 6d. last week; delivered London, 24s. 6d., against 24s. 6d. Manitoba patents, ex store, 25s. 6d. to 28s. 6d., against 25s. 6d. to 28s. 6d.; and Australian, ex store, 19s. 6d. to 20s. 6d., against 20s. to 20s. 6d. a week ago.

BARLEY.—The market in barley has been dull. On Wednesday, "May" futures were quoted at 39 $\frac{1}{4}$ cents per bushel in Winnipeg, against 39 $\frac{1}{4}$ cents last week and 40 cents a month ago. Quotations in London, Wednesday: "English feeding," f.o.b., per 448 lbs., 26s. to 27s., as compared with 26s. to 27s.; Russian, landed, 23s. per 400 lbs., against 23s. a week ago.

OATS.—Oats have been in better demand, particularly in Continental countries, and prices have advanced a few points in Chicago. "May" futures, which last week stood at 25 $\frac{1}{4}$ cents per bushel in Chicago, sold at 25 $\frac{1}{4}$ cents per bushel on Wednesday this week, against 26 $\frac{1}{4}$ cents a month ago. Quotations in London, Wednesday: "River Plate," landed, 18s. 6d. per 320 lbs., as compared with 19s. last week; "River Plate," ex ship, 17s., against 17s. 3d.; "Chilean White," landed, 27s. 6d., against 27s. a week ago.

MAIZE.—The market in maize has been quieter this week. In view of the large quantities recently absorbed by the principal importing countries, this was to be expected. Prices have been slightly easier. Wednesday's quotation in Chicago for "March" futures, at 37 $\frac{1}{4}$ cents, shows a fall of $\frac{1}{4}$ cent per bushel on the week, and a fall of 2 $\frac{1}{4}$ cents as compared with the price a month earlier. Quotations in London, Wednesday: "Plate," landed, 18s. 3d. per 480 lbs., as compared with 19s. last week; "Plate," ex ship, 17s., 18s. 9d. Yellow maize meal, ex wharf, was quoted at £5 10s. per ton, against £5 10s. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1931-32, 1930-31, 1929-30, 1928-29:—

	1931-1932.	1930-1931.	1929-1930.	1928-1929.
Estimated sales of home-grown wheat—				
1 week to January 30	Cwts. 118,020	Cwts. 114,376	Cwts. 275,466	Cwts. 327,012
22 weeks to January 30	1,666,023	2,686,103	5,791,947	5,941,793
Average price of English wheat per cwt.	s. d. 5 9	s. d. 5 5	s. d. 9 4	s. d. 9 10

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1928 to 1931:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Jan. 23, 1932.....	Cwts. 105,294	Cwts. 281,392	Cwts. 69,640	s. d. 5 10	s. d. 8 3	s. d. 7 2
Jan. 30, 1932.....	118,020	253,434	81,902	5 9	8 4	7 2
Jan. 28, 1928.....	330,499	388,340	96,439	9 11	11 3	9 11
Feb. 2, 1929.....	327,012	348,650	118,507	9 10	10 4	9 7
Feb. 1, 1930.....	275,466	357,366	55,429	9 4	8 4	6 9
Jan. 31, 1931.....	114,376	244,944	48,421	5 5	8 6	5 9

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks, with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Jan. 2, 1931.	Feb. 4, 1931.	Jan. 4, 1932.	Jan. 27, 1932.	Feb. 3, 1932.
Winnipeg (No. 1 Manitoba) —Cents per 60 lb.	148 $\frac{1}{2}$	56 $\frac{1}{2}$	60 $\frac{1}{2}$	62 $\frac{1}{2}$	61 $\frac{1}{2}$	63 $\frac{1}{2}$
Chicago (No. 2 Winter) —Cents per 60 lb.	130 $\frac{1}{2}$	79 $\frac{1}{2}$	79 $\frac{1}{2}$	55 $\frac{1}{2}$	55 $\frac{1}{2}$	57 $\frac{1}{2}$

The visible supply of wheat in Canada, at 62,086,000 bushels, shows an increase on the week of 86,000 bushels. Supplies a year ago stood at 62,391,000 bushels.

OTHER FOODS.

SUGAR.—There has been no improvement in the sugar situation this week and quotations in New York declined further. Negotiations to deal with the position of Cuba and Java have not yet been concluded. Markets in raw sugar have generally been dull. British refined qualities were advanced 3d. per cwt. "March" futures in New York were quoted at 0.99 cent per lb. on Wednesday, against 1.02 cents per lb. a week ago, and 1.05 cents per lb. a month earlier. Wednesday's sales of "raws" include "March delivery" at 6s. 9d. to 6s. 9 $\frac{1}{2}$ d. per cwt., against 6s. 9d., and "May," at 6s. 11 $\frac{1}{2}$ d. to 6s. 11 $\frac{1}{4}$ d., against 6s. 11 $\frac{1}{4}$ d. to 6s. 11 $\frac{1}{2}$ d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1932.	1931.	1932.	1931.	1932.	1931.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London	3,018	1,946	1,078	720	4,650	33,790
Liverpool ...	15,308	5,786	18,740	12,506	94,637	137,183
Total ...	18,326	7,732	19,818	13,226	99,296	170,973

Last week ... 30,007 13,058 17,961 13,375 100,788 176,467

COFFEE.—The improvement in the international situation of coffee has been maintained. Prices remained firm and the London auctions were characterised by a general demand. Last week's movements of coffee in London were as follows: Brazilian, landed, 430 bags; delivered for home consumption, 79 bags; exported, nil; stocks, 2,929 bags against 2,196 bags last year. Central American, landed, 6,947 packages; delivered for home consumption, 3,870; exported, 2,322; stocks, 51,955 packages, against 73,825 a year ago. Other kinds, landed, 4,793 packages; delivered for home consumption, 3,366; exported, 652; stocks, 46,771 packages against 75,122 a year ago.

COCOA.—The market in cocoa failed to improve during the past week. On the contrary, the slowness of demand caused a further decline in prices. "January" futures were quoted at 3.88 cents per lb. in New York on Wednesday, against 3.92 cents per lb. a week ago. As compared with the corresponding day last week, Wednesday's quotation for Acra, fair fermented, new crop, February-April, at 21s. per cwt. f.o.b., London contract, shows a fall of 9d. per cwt. on the week. Last week's movements of cocoa in London were as follows: Landed, 10,947 bags; delivered for home consumption, 9,133 bags; exported, 1,409 bags; stocks, 130,021 bags, as against 180,323 last year.

TEA.—The quantities catalogued for this week's auction comprised 53,318 packages of Indian, 28,090 packages of Ceylon, and 16,863 packages of Java and Sumatra tea. Monday's Indian auctions were characterised by a slow demand at declining prices. The Ceylon teas offered on Tuesday again showed a deterioration in quality which partly accounts for the low rates paid. On Wednesday a slightly better demand was evident for Indian tea. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account:—

Week ending	Northern India.		Southern India.		Ceylon.		Java.		Sumatra.		Nyassa-land.		Total.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	
Jan. 29, 1931	1 1-39	1 1-36	1 4-02	0 9-62	0 10-90	0 9-09	0 11-51						1 1-51
Jan. 7, 1932	0 10-16	1 0-28	1 2-90	0 8-72	0 8-01	0 7-35	0 11-31						0 11-31
Jan. 14, "	0 10-32	0 11-13	1 2-75	0 8-33	0 7-45	0 6-94	0 11-16						0 11-16
Jan. 21, "	0 10-47	0 11-11	1 2-15	0 7-91	0 7-71	0 7-26	0 11-20						0 11-20
Jan. 28, "	0 10-57	0 11-29	1 1-16	0 7-79	0 7-12	0 6-63	0 10-91						0 10-91

RICE.—The market in rice has been quiet, and the small volume of demand precluded an advance in quotations. Wednesday's "spot" quotation for Burma No. 2, cleaned, at 9s. 6d. per cwt., shows no change as compared with last week. Movements in London during the past week were as follows: Landed, 141 tons; delivered, 297 tons; stocks, 1,363 tons, as against 432 tons last year.

POTATOES.—The principal markets have been well supplied with potatoes during the past week, and prices were again slightly easier. At the Borough Market, "Best King Edward" sold from 10s. to 12s. per cwt., as compared with 11s. to 12s. per cwt. a week ago.

SPICES.—The market in spices has been steady. Wednesday's quotation for "Black Singapore" pepper, at 6 $\frac{1}{2}$ d. per lb., shows a rise of $\frac{1}{4}$ d. per lb. on the week. Movements of pepper in London during the past week were as follows: Black, landed, 19 tons; delivered, 25 tons; stocks, 244 tons, against 444 tons last year. White, landed, 75 tons; delivered, 79 tons; stocks, 586 tons, against 473 tons a year ago.

MEAT.—The firmer tendency in foreign beef prices which became noticeable at the Smithfield Market a week ago has given way to an easier tendency. On the other hand, New Zealand mutton has advanced a few points. On Wednesday, Argentine beef (chilled hindquarters) was sold at 3s. 2d. to 3s. 6d. per 8 lbs., against 3s. 6d. to 3s. 10d. on the corresponding day last week, while New Zealand frozen mutton realised 2s. 6d. to 3s. 4d., as against 2s. 4d. to 3s. 4d. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 9,791 tons, as compared with 9,798 tons in the corresponding week last year. Imported beef, principally Argentine, formed 84.8 per cent. of the supplies, as against 85.5 per cent. a year ago; and imported mutton, mainly New Zealand, formed 73.7 per cent. of the total supply, as against 79 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—Markets have not been active, there being an indisposition to do business pending the declaration of the Government's tariff plans. Linseed is in fair demand in near positions, but quiet forward. Plate on spot and at hand is held for £9, and February-March shipment is steady at £8 12s. 6d., with April and May at a small premium. Indian linseed is steady but neglected. The new Plate crop is now being shipped in fair volume, and substantial quantities are afloat for Europe, viz., 212,700 tons (including 6,500 tons from India), an increase of 26,700 tons on the week, comparing with 231,000 tons a year ago. Cottonseed is firm but in poor demand, with black Egyptian quoted £6 12s. 6d. for shipment to May. Linseed oil has been in moderate request from consumers, but prices have been erratic and influenced to some extent by conjectures as to import duties. Raw oil on spot, ex Hull, is about £15, and March-April delivery the same figure, later positions being at substantial premiums. Cotton oil is firm, and dealer sellers being scarce. Crude Egyptian, ex Hull, has advanced to £22, and refined to £24. Oilcakes and meals are in only moderate demand, and mill prices of linseeds and cottons are lower.

HIDE, LEATHER AND ALLIED TRADES.—Slight alterations in prices occurred at the auctions for hides and skins held in Manchester this week. All ox and heifers, with the exception of the two top weights in first class, which made $\frac{1}{4}$ d. per lb. less money, changed hands at last week's figures. Cows advanced $\frac{1}{4}$ d. per lb. in price, while light calf were cheaper by a similar amount. Other weight in calves sold at the previous week's prices. Sheepskins are about unchanged in value. Although rather more interest has been taken in the foreign hide market, it would seem that actual turnover has not shown any material increase, and conditions generally

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COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Market Hides, London—			
GRAIN, &c.—				Irish bladders				English Southdown, washed				Dry and Drysalted Cape—			
Wheat, No. 2, N. Man. 496 lb.	s. d.	s. d.		66	0	80	0	13	1	1	1	Best heavy ox and heifer	0	6	0
Eng. Gas. av., per cwt.	5	9		46	0	48	3	22	1	1	1	Best cow	0	4	0
Barley, Eng. Gas. av.	8	4						11	1	1	1	Best calf	0	3	0
Oats, " "	7	2						11	1	1	1		0	4	0
Maize, La Plata, landed	18	3						25	1	1	1		0	4	0
480 lb. spot	23	3						24	1	1	1		0	4	0
Flour, Lon. stan. ex mill.	23	3						11	1	1	1		0	4	0
280 lb. spot	23	3						11	1	1	1		0	4	0
Rice, No. 2 Burma, per cwt.	8	7						11	1	1	1		0	4	0
Taploca, per cwt.	24	0						11	1	1	1		0	4	0
Fine Java, spot	24	0						11	1	1	1		0	4	0
Fair Flake, Singapore.	11	0						11	1	1	1		0	4	0
MEAT—								11	1	1	1		0	4	0
Beef, per 8 lb.	4	6	5					11	1	1	1		0	4	0
English long sides	4	6	5					11	1	1	1		0	4	0
Argentine chilled hinds	3	2	3					11	1	1	1		0	4	0
Mutton, per 8 lb.	4	0	5					11	1	1	1		0	4	0
English wethers	4	0	5					11	1	1	1		0	4	0
N.Z. frozen	2	6	3					11	1	1	1		0	4	0
Pork, English, per 8 lb.	4	10	5					11	1	1	1		0	4	0
OTHER FOODS.								11	1	1	1		0	4	0
BACON—								11	1	1	1		0	4	0
Irish, per cwt.	79	0	0					11	1	1	1		0	4	0
Danish	49	0	0					11	1	1	1		0	4	0
Dutch	46	0	0					11	1	1	1		0	4	0
HAMS—Irish	70	0	0					11	1	1	1		0	4	0
Canadian	68	0	0					11	1	1	1		0	4	0
American	68	0	72					11	1	1	1		0	4	0
BUTTER—								11	1	1	1		0	4	0
Irish creamery per cwt.	0	0	0					11	1	1	1		0	4	0
Australian	99	0	102					11	1	1	1		0	4	0
New Zealand	101	0	103					11	1	1	1		0	4	0
Danish	124	0	125					11	1	1	1		0	4	0
OILS—								11	1	1	1		0	4	0
Canadain	68	0	70					11	1	1	1		0	4	0
New Zealand	62	0	0					11	1	1	1		0	4	0
English Cheddars	90	0	108					11	1	1	1		0	4	0
Dutch	72	0	78					11	1	1	1		0	4	0
COCOA—								11	1	1	1		0	4	0
(Duty, British grown,								11	1	1	1		0	4	0
11s. 8d.; foreign, 14s. cwt.)								11	1	1	1		0	4	0
Accra, f.f. per cwt.	23	0	27					11	1	1	1		0	4	0
Trinidad	42	0	49					11	1	1	1		0	4	0
Grenada	32	0	37					11	1	1	1		0	4	0
COFFEE—								11	1	1	1		0	4	0
(Duty, British grown,								11	1	1	1		0	4	0
11s. 8d.; foreign, 14s. cwt.)								11	1	1	1		0	4	0
Santos sup., c. & f. cwt.	62	0	0					11	1	1	1		0	4	0
Colombian, good	80	0	105					11	1	1	1		0	4	0
Costa Rica, med. to good	90	0	130					11	1	1	1		0	4	0
East Indian	95	0	130					11	1	1	1		0	4	0
Kenya, medium	98	0	118					11	1	1	1		0	4	0
EGGS—								11	1	1	1		0	4	0
English	12	3	13					11	1	1	1		0	4	0
Danish	13	6	14					11	1	1	1		0	4	0
FRUIT—								11	1	1	1		0	4	0
Oranges—								11	1	1	1		0	4	0
South African boxes	0	0	0					11	1	1	1		0	4	0
Jaffa	13	0	15					11	1	1	1		0	4	0
Lemons, Sicilian boxes	8	0	12					11	1	1	1		0	4	0
Malaga cases 420 No. 1	10	0	27					11	1	1	1		0	4	0
Apples: Amer. (var.) boxes	20	0	41					11	1	1	1		0	4	0
" Australian boxes	10	0	16					11	1	1	1		0	4	0
Onions—								11	1	1	1		0	4	0
Valencia, case, 4s.	12	0	13					11	1	1	1		0	4	0
Egyptian Bags	10	0	0					11	1	1	1		0	4	0
Grapes, Lisbon boxes	0	0	0					11	1	1	1		0	4	0
" Almeria boxes	0	0	0					11	1	1	1		0	4	0

remain quiet. In the South American market, Argentine ox are selling in limited quantities at the equivalent of 4½d., while second ox are on offer at 4½d. First Uruguayan ox have sold at a fraction over 5½d. Dry hides from the same source are not an active market for this country, but sales have been made to the Continent on the basis of 6½d. for B.A. Americanos, 6½d. for M.V. Americanos, and 3½d. for B.A. Inservibles. Business is quiet in regard to most descriptions of African hides. Small orders have been negotiated for Capes at 6½d. and 5½d. for first and second drys, and ½d. per lb. less for dry-salted 20/30 lbs. Unbathed Adis Abebas are on offer at 5½d., while some business has transpired in Mombasas at 5½d. for 12 lbs. and up. Australians are inclined to be easier in price with perhaps a little more interest taken. Trade in regard to sole leather is still inclined to be on the quiet side, although for some sorts rather more interest has been evinced. In English and wet-salted bends, inquiry has again been concerned with the medium weights, and some fair sales have been effected. Dry hide bends have been a better market in the lighter weights, and some very satisfactory business has been done, but the call for mediums and heavies has again been slow in spite of some improvement in connection with the latter. The best section of the offal market is that for shoulders. Both pinned and rough have been in moderate request, but no headway has been made in regard to bellies. Distributors and producers of upper leathers have experienced hardly any variation in the demand. Business for the most part is centred on willow calf and glacé kid, and to a lesser degree on box calf and patent. Slightly more activity has been met with in regard to the lighter types of upper stock, and in some quarters rather better sales have been made of real and imitation reptile skins, and suede.

RUBBER. Little interest has been taken in rubber this week, and prices continued to decline both in London and New York. Nothing further has become known on the question of legislative restriction of output. In New York, Wednesday's spot price for rubber, at 4½ cents per lb., shows a fall of ½ cent on the week. Wednesday's official closing price for standard ribbed smoked sheet in London, at 2½d. per lb., shows a fall of ½d. as compared with the

corresponding day last week. In forward positions business has been done at 2½d. to 3d. for April-June, against 3d. to 3½d.; and at 3½d. to 3½d. for October-December, against 3½d. to 3½d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 712 tons; delivered, 1,246 tons; stocks at the end of last week, at 125,339 tons, show a decrease of 534 tons as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.

(New York quotations, unless otherwise stated.)

	Jan. 6, Cents.	Jan. 27, Cents.	Feb. 3, Cents.
Wheat, No. 2, Winter, nearest future,			
Chicago, per bushel	55½	55½	57½
Maize, nearest future, Chicago, per			
bushel	39½	38½	37½
Oats, nearest future, Chicago, per			
bushel	26½	25½	25½
Rye, nearest future, Chicago, per			
bushel	46½	43½	40½
Coffee, Rio No. 7, cash, per lb.	7	7-7½	7-7½
" Santos No. 4, cash, per lb.	8½-9½	9-9½	9-9½
Cocoa, Accra, nearest future, per lb.	4-00	3-92	3-88
Sugar, Cuban Centrifugals, 96 deg.,			
spot, per lb.	3-15	3-08	3-02
Cotton, New Orleans, middling, spot,			
per lb.	6-28	6-58	6-51
Rubber, smoked sheet, spot, per lb.	4½	4½	4½
Petroleum, Pennsylvania crude, stan-			
dard grades, per barrel	155-170	155-170	155-70
Copper, "Electrolytic," Domestic,			
spot, per lb.	7-25	7-25	6-75
Copper, "Electrolytic," Copper Ex-			
porters, Inc., spot, per lb.	7-50	7-825	6-875
Spelter, East St. Louis, spot, per lb.	3-125	2-90	2-825
Lead, spot, per lb.	3-75	3-75	3-75
Tin, "Straits," spot, per lb.	21-125	22	21-90

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TABLE OF CONTENTS.

The Money Market	337	Foreign Stock Exchanges—	
Leading Articles—		New York	361
The Director of Slimming..	339	Paris	364
The Disarmament Conference	340	Amsterdam	364
"Refutation" or Bankruptcy	341	Other Centres	364
Abdication by the Powers	342	Investment Notes—	
British Electrical Development	343	Trustee Law Anomalies...	364
The Price of New Capital	344	New South Wales Loans :	
		Announcement	365
		The Greek Debt Position...	365
		L.M.S. and Great Western	
		Results	366
		Metropolitan Railway	366
		Gas Company Results	366
		Retail Store Profits	367
		A "Baby" Ford	367
		Sugar Beet Position	367
		Snia Viscosa	368
		Industrial Profits in	
		January	368
		Fall in Copper	368
		Capital Issues	369
		Company Meetings of the	
		Week	370
		Company Meetings, &c. ...	370
		Government Returns, &c.—	
		National Accounts	375
		Treasury Bills by Public	
		Tender	376
		The Bankers' Gazette—	
		Bank of England	376
		Bankers' Clearing Returns	376
		Provincial Clearing Returns	376
		Overseas Bank Returns ...	376
		Monthly Statement of	
		London Clearing Banks	378
		Loan and Discount Rates	379
		Rates of Exchange	379
		Overseas Bank Rates	379
		Bullion	380
		Gold and Silver Prices ...	380
		Company News—	
		Dividend Announcements	380
		Weekly Traffic Returns...	381
		American Railroad Monthly	
		Gross and Net Receipts	381
		Summary of Balance	
		Sheets	381
		Profit and Loss Accounts..	382
		Reports and Notices	382
		Commercial Reports—	
		Market Summary	383
		The Coal Trade	383
		Iron and Steel	384
		Other Metals	384
		Textiles	384
		The Grain Markets	385
		Other Foods	385
		Overseas Trade Returns...	386
		Miscellaneous Commodities	386
		Commodity Prices in the	
		United States	388
		Prices Current	388

The Money Market	337
Leading Articles—	
The Director of Slimming..	339
The Disarmament Conference	340
"Refutation" or Bankruptcy	341
Abdication by the Powers	342
British Electrical Development	343
The Price of New Capital	344
Notes of the Week—	
The Bank Chairmen on the Crisis	345
— And Tariffs	346
The Situation in India	346
The Lithuanian Coup at Memel	346
Free Ports	347
Unemployment	347
The By-Elections	347
The Vegetable Duties	348
The B.I.S. Meeting	348
The January Trade Returns	348
The Dartmoor Report	348
More Looms Agreement?	349
Cotton Machinery Redundancy Scheme	349
Sterling and Gold Prices..	349
World Production of Iron and Steel in 1931	350
Polish Mine Wage Decrease	350
Switzerland's Balance of Payments in 1931	350
The 1930 Census of Production	350
Balance of Payments of the U.S.S.R.	351
Overseas Correspondence—	
League of Nations	351
United States	352
Germany	353
Austria	353
Holland	354
Hungary	355
Norway	355
Switzerland	356
New Zealand	356
Letters to the Editor—	
The Crisis	357
Dividends from Taxes	358
Books and Publications—	
England in Palestine	358
Books Received	358
The Stock Exchange—	
Home Railway Prospects..	359
The Week in the Markets	361
London Active Security	
Prices and Yields	362
New Issue Prices	364

maturities made the stringency more pronounced; more money than usual had to be borrowed from the clearing banks at their minimum rate of 5 per cent, while 5 per cent. was also obtained by some outside lenders. Treasury bill maturities made money a little easier the following day, but on Wednesday available supplies were once more depleted, and 5 per cent. had again to be paid by some borrowers. On Thursday, $4\frac{1}{2}$ per cent. was the ruling rate.

Applications for last week's Treasury bills amounted to only £34.2 millions for the maximum amount of £30.0 millions on offer, but as only £27.0 millions were allotted the average tender rate was as low as £4 6s. 1.8d. per cent., against £4 7s. 6.99d. per cent. the week before. Subsequent events were to show that applicants had seriously misjudged the position, for by Monday the prevailing stringency had driven the rate on "hot" Treasuries up to $4\frac{3}{4}$ per cent., while by Thursday it had risen to $4\frac{1}{2}$ per cent. and even higher. Brokers consequently were faced with an adverse turn of about $\frac{1}{8}$ per cent. The market rate on bank bills has also risen. Short bills are now quoted at 5 per cent., and ordinary three months' bank bills at $5\frac{1}{2}$ per cent. Four months' bills command $5\frac{3}{4}$ per cent. and six months' bills $5\frac{1}{2}$ per cent. German standstill bills were quoted this week at $5\frac{1}{2}$ per cent.

The Bank return provides ample evidence of the increased stringency, for bankers' deposits have fallen during the week from £77.3 to £67.0 millions. The note circulation has been reduced by £1.1 millions, so that the Reserve is £1.1 millions higher. Against this, public deposits have risen by £1.6 millions, while Government securities have been reduced by £3.7 millions and "other" securities by £5.6 millions. It is these last changes that account for the decline in bankers' deposits, and so for the sudden depletion of market resources.

	Jan. 21, 1932.	Jan. 28, 1932.	Feb. 4, 1932.	Feb. 11, 1932.	Previous Rate and Date Changed.
Bank Rate	6	6	6	6	4 $\frac{1}{2}$ (Sept. 21, '31)
Bankers' Deposit Rate..	4	4	4	4	2 $\frac{1}{2}$ (Sept. 21, '31)
Discount / Call	4	4	4	4	2 $\frac{1}{2}$ (Sept. 21, '31)
Houses { Notice ...	4 $\frac{1}{2}$	4 $\frac{1}{2}$	4 $\frac{1}{2}$	4 $\frac{1}{2}$	2 $\frac{1}{2}$ (Sept. 21, '31)
Market rate (3 months' bills)	5 $\frac{1}{2}$ -7	4 $\frac{1}{2}$ -5 $\frac{1}{2}$	4 $\frac{1}{2}$ -5 $\frac{1}{2}$	5-5 $\frac{1}{2}$	...

There are various possible explanations of this change. There is no evidence of any deliberate open-market selling by the Bank, and indeed the Bank is believed to have bought a few bills. On the other hand, the Bank may well have been letting its bills run off, and have refrained from replacing maturities. The Bank's holding of Treasury bills, in common with that of outside holders, must have been affected by the steady contraction in the total number outstanding, and this is an obvious explanation of the fall in Government securities. Again, the final repayment of the Bank's New York credit has released it from the need of holding commercial bills to be lodged as collateral against the credit, and matters may well have been arranged so that a certain number of commercial bills were due to run off immediately after the repayment of the credit. In any case, market opinion is inclined to look for an increase in the supply of commercial bills now that the Bank credits have been repaid.

In interpreting the current stringency it has also to be remembered that we are now at the peak of the spring tax payments, and that heavy amounts of income tax and Excise money were turned over to the Treasury this week. Henceforward revenue is only likely to flow in at a diminished rate, the more so as special efforts were made by the majority of taxpayers to pay, this year, without delay.

We print below the January averages of the nine English clearing banks. The decline in capital and reserves arises from the decision of many banks to offset the depreciation

in their investments in part by appropriations from declared reserves. The contraction in deposits is obviously due to the heavy tax payments made during January:—

	January, 1931.	October, 1931.	November, 1931.	December, 1931.	January, 1932.
Capital and reserves.....	132.1	132.1	132.1	130.0	122.8
Acceptances	114.9	111.2	102.5	102.1	98.7
Deposits (including undivided profits, &c.).....	1,836.1	1,687.8	1,670.4	1,700.5	1,677.3
Total liabilities	2,083.1	1,931.1	1,905.0	1,932.6	1,898.8
Coin, notes, balance at bank, and cheques in course of collection	243.9	223.5	221.3	237.1	224.0
Money at call.....	141.1	111.7	106.6	116.6	113.9
Investments	306.9	313.0	309.0	305.9	292.7
Discounts	327.7	235.0	238.2	244.1	237.0
Loans and advances.....	907.4	894.4	884.6	884.0	889.3
Gover for accept., premises, &c.	156.1	153.5	145.3	144.9	141.9
Total assets	2,083.1	1,931.1	1,905.0	1,932.6	1,898.8

The fall in cash to the November level marks the restoration of the *status quo* after the end-year balance-sheet preparations. The reduction in discounts probably reflects the heavy repayments of Treasury bills out of current revenue, while the decline in investments is a counterpart to the contraction in deposits. Finally, the expansion in advances probably confirms the general view that many taxpayers were only able to meet their unexpectedly heavy liabilities with assistance from their bankers.

Money remains easy on Wall Street, with call money at $2\frac{1}{2}$ per cent., and 90-day bankers' acceptances at $3\frac{1}{2}$ per cent., or the same as a fortnight ago. The Treasury has paid to the Reconstruction Finance Corporation the first \$150 millions of the \$500 millions which it has undertaken to subscribe to its capital. It is understood that certain railroads have applied to the Corporation for loans amounting to a total of \$600 millions, but that doubts have been expressed if business of this kind falls within the proper functions of the Corporation. Meanwhile, there are rumours that the first public issue of guaranteed debentures is impending, a move one of whose objects is to check hoarding. Gold movements of the week include exports of \$15.4 millions, of which \$12.8 millions went to France and \$2.5 millions to Holland: and on arrival of \$5.0 millions at San Francisco from Japan earmarkings were reduced by \$12.6 millions.

The Foreign Exchange market was very quiet. Sterling, after holding its own during the earlier part, fell away against most of the principal currencies at the close. New York, after touching 8.41 $\frac{1}{2}$, closed at 8.43, against 8.45 last week. Montreal fell away from 8.95 to 8.99, and Paris, after touching 86 $\frac{1}{2}$, moved to 87 $\frac{1}{2}$, a gain of $\frac{1}{2}$ on the week. Brussels gained $\frac{1}{2}$ at 24 $\frac{1}{2}$. Milan, after being better, settled at 66 $\frac{1}{2}$. Madrid, after being over 45, improved by $\frac{1}{2}$ to 44 $\frac{1}{2}$. Amsterdam was firmer at 8.50, as was Berlin at 14.45. Switzerland gained 17 points at 17.53. The Scandinavian exchanges were rather inclined to move against us, but Copenhagen was 2 points worse at 18.17. Helsingfors went from 227 to 224. The South American quotations were still largely nominal, although a few small transactions in Argentine pesos have passed through. In the Far East the rupee was firm at 1s. 6 $\frac{1}{2}$ d., but the yen weakened a little to 2s. 0 $\frac{1}{2}$ d. in connection with the political complications in the Far East. Batavia improved fractionally to 8.55. In the forward market New York was unchanged at $\frac{1}{2}$ and $\frac{3}{4}$ cent discount. Paris was firmer at 11 centimes and 42 centimes premium. Brussels was quoted at par for both deliveries, and Milan at rather wider discounts of $\frac{1}{2}$ lira and 2 $\frac{1}{2}$ lire for the two periods respectively. One month's Madrid remained at $\frac{1}{2}$ peseta discount, but three months' widened to over double last week's quotation at 1 $\frac{1}{2}$ peseta discount. Amsterdam was firmer at $\frac{1}{2}$ cent and 1 $\frac{1}{2}$ cents discount. Berlin was still unquoted, and Switzerland was unchanged at $\frac{1}{2}$ franc premium for one month, but was $\frac{1}{4}$ franc better at $\frac{3}{4}$ franc premium for three. Business in the silver market was very quiet and small transactions were sufficient to influence prices, which rose by $\frac{1}{16}$ d. for both cash and forward to 19 $\frac{1}{16}$ d. and 19 $\frac{1}{16}$ d. respectively. The China silver exchanges moved upwards in sympathy, Hong Kong rising by $\frac{1}{16}$ d. to 1s. 5 $\frac{1}{16}$ d. and Shanghai by the same margin to 1s. 10 $\frac{1}{16}$ d.

THE DIRECTOR OF SLIMMING.

"WHAT we propose in the policy which I commend to the House to-day is not a surgical operation, but a slimming process. In commending these proposals to the House to-day I do so mainly as a director of slimming." . . . "I am still a Free Trader." These two statements, made by the President of the Board of Trade in his speech in the House of Commons on Tuesday, are so patently contradictory that it is with amazement that we find them in an utterance of one who is usually so clear a thinker as Mr Walter Runciman. The essence of the free trade theory, of which Mr Runciman has been so eminent an exponent, is that everything possible should be done to encourage the freest and largest volume of international trade. The vital thing about the proposals which Mr Runciman commended to the House of Commons is that they aim at adding wantonly to the restrictions on the interchange of commodities which have already so drastically reduced the trade of the world. The free trader is an expansionist whose aim is to nourish; the "slimmer," whose rôle Mr Runciman has now adopted, submits his patient to a reduction of the diet from which an expansion of trade and industry could grow. Incidentally, the word "slimming" in connection with the tariff proposals might well be used against Mr Runciman. "Slimming" we have always understood to be a temporary process which, if carried on indefinitely, would kill the patient; and yet the tariff policy now adopted by the Government is intended, as the Chancellor of the Exchequer himself has said, to be permanent, and it is certainly as a permanent policy that it is regarded and accepted by the Conservative majority in the House of Commons. Nor did Mr Runciman get out of his difficulty by the quibble that "nothing in this life is permanent." He must know, as well as any living man, that when a full tariff policy such as that now proposed is initiated no country succeeds in preventing it from continuing and growing long after the avowed reasons for its initiation have passed away. It was therefore disingenuous of Mr Runciman to confine his defence mainly to the 10 per cent. revenue tariff and to say as little as possible about the whole machinery for additional duties which may be imposed up to the rate of 100 per cent.

As an economic exposition of the case for the new tariff policy, Mr Runciman's speech was even less satisfactory than that of the Chancellor of the Exchequer. For it came from one who is not, like Mr Chamberlain, governed, in his mental attitude, by long and loyal devotion to the political conception of Protection for Protection's sake. Mr Runciman pursued the same line of argument about the "adverse balance of payments," but was no more able than the Chancellor to solve the problem of the recent maintenance of sterling quotations during a period of foreign withdrawals and the accumulation by the Bank of England of large stocks of foreign exchange. Equally unconvincing was his rather laboured statement that the balance would not adjust itself without artificial help; nor did he explain how, even if artificial help is required, tariffs will supply it. Indeed, he admitted frankly that tariffs cannot stimulate the export trade. In so far as the balance of payments may be awry, it is (as Professor Henry Clay pointed out in the *Times* on Tuesday) because of adverse movements not of merchandise, but of invisible items, including interest on overseas investments, commissions and short-term interest, profits on re-export trade, and shipping services. No tariff can deal with such in-comings save to work still greater injury to the country's profit from them. Again, in making play with the case of Holland as an example of a country where a 10 per cent. tariff had had no serious consequences, Mr Runciman was guilty of a flagrantly unreal comparison, for Holland has not so far adopted machinery for high protection like that which in our Government's proposals is superimposed upon the low "revenue" tariff. Finally, on what grounds does Mr Runciman re-echo the Chancellor's assertion that the cost of the duties will not fall on the consumer? According to

Mr Runciman's own estimate, the Treasury will get nearly £30 millions of revenue from the new duties. Who is going to pay? The only people who can pay are the consumers in this country of the food, raw materials, semi-raw materials and manufactured goods upon which the duties are to be imposed; and if prices of the taxed commodities do not rise, where, then, is the protection which the Government frankly and honestly professes to be offering to the home producer? So thin and threadbare at every point is Mr Runciman's defence, that we are forced to the reluctant conclusion that he is swimming with gusto down the political tide. Far, indeed, has it borne him from the moorings of balanced judgment, to which we had regarded him as firmly attached.

Those who believe with Lord Snowden (and there are many millions of them in the country) that the present proposals "may be disastrous to the economic life and prosperity of this country," are faced with a *fait accompli*. These proposals are going forward to the statute book. Lord Snowden, in the House of Lords on Wednesday, strongly asserted the right of himself and his dissentient colleagues to make themselves a rallying point for the forces of fiscal moderation in this country. We trust that they will use their freedom to the full. The mobilisation of moderate opinion as a counterblast to the policy of "mad economic nationalism," which Mr Runciman so sternly deplores in other countries and so complacently supports in this, is an urgent necessity, unless the forces working for high protection are to get the bit between their teeth and hurry the country along the road to ruin. But while moderate opinion is being mobilised, Ministers will be acting, and their action will be of the highest importance to the future, not only of this country, but of the world. One of the only two gleams of comfort which we can derive from Mr Runciman's speech comes from his assertion that "we have ranged ourselves quite definitely on the side, not of high tariffs, but of low tariffs." May we even yet believe that he will act as a forbidding janitor at the door to high tariffs which the Government have incontinently thrown open? The other gleam comes from Mr Runciman's belief that he can use his duties to bargain his way into low tariff agreements with other countries. But even here it is not clear that Mr Runciman's thoughts have travelled beyond the negotiation of bilateral treaties with individual countries singly. That, as all students of commercial negotiations know, is a slow, difficult and tortuous procedure. Britain and Europe cannot afford to delay, nor can we afford to let things slide now, relying upon the chance of achieving Empire agreements at Ottawa in July. We earnestly hope that Mr Runciman's policy will be aimed at attempting to create as early and as quickly as possible, by multilateral negotiation, the widest possible low tariff group, in which all countries, Imperial or foreign, may have the opportunity to co-operate. Only so can breaches be made in the Great Walls of European tariffs and the stream of trade be set in motion once more. If the Government's measure lands us, as it threatens to do, with a system of high protective duties, it will have rendered their task in this direction, not easier, but more difficult. But it is not yet hopeless; and the only alternative is the continuance of the game of "beggar-my-neighbour," now rendered more fast and furious by British participation, until all the countries are submerged into a common bankruptcy.

European negotiations there must be—quickly. In entering into them, Continental Governments may usefully reflect that the blame for the present tariff *impasse* (intensified, as it now is, by Great Britain) is more their fault than Britain's. At one conference after another British delegates have warned their Continental colleagues that, unless there was some change in the fiscal heart of Europe, it would be impossible to hold back the dogs of Customs war in this country. When the failure of the Tariff Truce followed four years of

neglect of the sermons of the World Economic Conference, that which has now come to pass in Britain became, politically, almost inevitable. But though the British Government may fairly plead that they were not the initial aggressors, such a plea in mitigation of their tariff proposals will be convincing only if they demonstrate in action that the impression created by the past week's debates was mistaken, and that Mr Runciman's advocacy of "slimming" for John Bull should be regarded not as evidence of a fatal contractionist policy but as a cynical jest.

THE DISARMAMENT CONFERENCE.

THE Disarmament Conference has opened in dramatic circumstances. Japan has just driven a coach-and-four through the Covenant of the League, the Kellogg Pact and the Nine-Power Washington Treaty—not to speak of that nebulous but much vaunted instrument for enforcing peace, the boycott-power of the British Empire and the United States acting in co-operation. The whole of the international organisation for the maintenance of peace and law and order which we have been building up so slowly and painfully since the Armistice now lies in ruins; and, in this manifest anarchy, one small European country, Lithuania, has already ventured to follow the pernicious example of a Far Eastern Great Power. Moreover, the whole world is economically prostrate as well as politically in turmoil; and the necessary psychological conditions of civilised life—security and credit—have both dwindled to vanishing point. Will history record that the World Disarmament Conference opened under an overwhelming handicap, or will it rather record that the sensational signs of the times were providentially designed to enlighten blind eyes and penetrate deaf ears?

Obstacles notwithstanding, we venture to take a hopeful view. In our belief, the worst danger to which the Conference was exposed was the danger of being divorced from reality. The technical aspect of the disarmament problem is so complicated and so abstruse, and it has been studied for so many long years by the experts, that we might have found ourselves listening to a company of pundits discussing formulæ which had little more relation to the urgent problems and crying needs of the world than the formulæ of the physicists and the astronomers. This pitfall—which might well have proved fatal—has been definitely avoided. The contributions to the work of the Conference which have been made this week are exceedingly diverse, but there is a welcome leaven of reality in them all—not excluding that of M. Tardieu, who handed the text of the French Plan to the President of the Conference on Friday, February 5th, and expounded it in a speech on Monday. Sir John Simon, Dr. Brüning, Mr Hugh Gibson, Signor Grandi, Mr Matsudaira, and M. Zaleski have all likewise enumerated the policies of their respective countries during the first three days of this week. There are enough cards now on the table to enable us to form some notion of the first hand in this fateful game whose stakes are life and death.

At first glance, we can discern several points which are distinctly favourable. In the first place, the British, American and Italian proposals not only take the Preparatory Commission's draft conventions as their basis, but all go well beyond it, and this on almost identical lines. In the second place, Dr. Brüning has shown his usual courage and high-mindedness by taking a restrained, constructive line which will undoubtedly make the work of the Conference much easier than it would have been if the representative of Germany had adopted a tone of denunciation. Dr. Brüning's earnestness and sincerity seem to have made an excellent impression, and it is noteworthy that he received some of his heartiest applause from the French Delegation. Even the French Plan—which is the most contentious contribution that has been made to the Conference so far—has at least the merit of raising one point of crucial importance:—

"The present Conference," the French Government declares, "offers the greatest opportunity which has ever occurred for a definite choice between a

League of Nations disposing of an executive authority and a League of Nations paralysed by the intransigence of national sovereignty. France has made her choice. She asks that other nations should make theirs."

M. Tardieu drove this French point home in his speech on Monday, when he submitted that the choice before the world was between peace by discipline and anarchy by egoism. Whatever we may think about it, it is an issue which we cannot evade.

At this stage, perhaps the most useful thing that we can do for our readers is to set out the points in common between the British, American and Italian proposals, and then contrast this greatest common measure of the policy of three great Powers with the policy of France, which approaches the problem from an entirely different angle. There is a striking unanimity between the British, American and Italian proposals in the points which they select for attack—though in almost every case Italy presses the attack with greater energy and demands more radical cures for manifest evils than either of the English-speaking Powers. In fact, Signor Grandi's speech has rightly given his country the moral initiative at Geneva.

All three Powers demand the total abolition of submarines and of chemical and bacteriological warfare. They also agree in demanding measures for saving the civil population from being swept into the net of war. In this connection the Americans and the British specially demand protection for civilians against aerial bombing, while the Italians (eloquently supported by current atrocities at Chapei) demand the abolition of all bombing aircraft. The Italians want to abolish, and the Americans to restrict, heavy artillery and tanks—the Americans on the ground that these are arms "of a peculiarly offensive character." This American consideration is echoed in Sir John Simon's plea for directing "special attention to such prohibition or control as will weaken the attack and so remove temptation for aggression." In regard to warships other than submarines, the British and Americans propose the prolongation of the Washington and the London Naval Agreements and the adherence of other naval Powers to their terms. With reference to this last point, Italy expresses her determination to do all that she can to arrive at a naval agreement with France, and she also proposes the total abolition of capital ships and aircraft centres. In regard to land forces, the British urge some limitation of effectives as a *pis aller* for the abolition of conscription; while the Americans, going more into detail, suggest an analysis of each country's armed forces into two categories, first the irreducible number necessary for the maintenance of internal order, and, second, the contingent for defence, which can be reduced in all countries proportionately. In introducing the consideration of "national needs," Sir John Simon was feeling after the same conception. The United States also makes a substantial concession to the European Powers in agreeing to consider budgetary limitation of war material as a complementary method to direct limitation. Coming from a country which has higher wage-costs than any other, this gesture is handsome.

This rather rough-and-ready comparative review of the principal points in the British, American and Italian proposals is enough to show that their highest common measure would provide a substantial basis for a definitive disarmament convention—an instrument which would not only fill in the blanks in the present draft, but which in many respects would go well beyond it. We hope that the Conference can achieve this, and much more into the bargain. The event will show. But, meanwhile, we cannot close our survey of this week's work without taking account of the French Plan.

The first thing to be said is that the French Plan is not in any way incompatible with the greatest common measure of the three which we have just analysed. It is not incompatible, for one reason, because it does not overlap with them at all; for, by a strange paradox, the proposal does not envisage directly any disarmament. Whereas the British, Americans and Italians propose the restriction or abolition of certain national arms, the French propose that certain national arms shall be par-

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tially internationalised by being placed at the disposal of the League of Nations. The political implications of this plan, as our League correspondent points out on a later page, raise difficult issues with regard to the Peace Treaties; but the real test of the sincerity of its promoters is whether they are prepared to accept complementary disarmament. We might fairly ask the French to meet us on our ground by accepting our proposed abolitions and restrictions, on condition that we meet the French on their ground by discussing the French plan for internationalising armaments *à propos* of those armaments which would still remain. These, in turn, would be the next armaments marked out for abolition at a latter stage, until, finally, we get down to the irreducible amount of armaments necessary for maintaining internal order in each country and for policing the high seas.

"REFLATION" OR BANKRUPTCY?

In the course of the Halley Stewart Trust lecture which he delivered last Thursday, Mr Maynard Keynes posed a question whose importance, in its bearing on the future of the world, overshadows every other economic issue. Will the present deflationary process, he asked, be relieved before the financial organisation and the system of international credit crack under the strain? Normally not diffident in the rôle of prophet, Mr Keynes on this occasion gave only a qualified and doubtful answer; but his analysis of the existing situation was so lucid, and his interpretation of tendencies so germane to our most insistent problems, that at the risk of doing less than justice to his thesis by abbreviation, we propose to summarise the main points of his admirable address.

He began with the self-evident proposition that, as compared with conditions a year ago, the world's primary problem had changed: the question was no longer how to restore economic activity from slump to normality, but how to prevent an almost complete collapse of the financial structure of modern capitalism. The catastrophic fall in the money value not only of commodities but of almost every kind of asset—including, notably, both bonds and shares—had resulted, the world over, in a situation in which the assets held against money debts no longer had a realisable value equal to the amount of the debts. The "margins," upon confidence in whose maintenance the credit structure depends, had run off; and a competitive *saute qui peut* in the direction of liquidity, initiated both by individuals and (in respect of international payment balances) by Governments, had resulted in an interneecine, "beggar-my-neighbour" struggle whose pressure was uniformly deflationary, and whose extreme conclusion must be world starvation in the midst of plenty.

Having thus apprised his audience of the possibility, even probability, of approaching catastrophe, Mr Keynes

proceeded to look for such gleams of hope as were discernible. The "system" was tough; under grievous stress it had, so far, resisted disintegration surprisingly well. The abandonment of the gold standard by the greater part of the world had checked, over a wide (and probably still widening) area, the fall of prices; and, though there was not as yet an adequate relaxation of the deflationary pressure in any part of the world, "the widespread abandonment of the gold standard was preparing the way for the possibility of such a relaxation." How, precisely? Here, Mr Keynes, in his commendable desire to avoid pessimistic conclusions, exposed himself perhaps to the charge that, as regards his prospective time-table, he was somewhat vague. The ability of the remaining gold countries (i.e., in all essentials, France and the United States) to exercise deflationary pressure on the rest of the world, by reason of their net creditor position, would gradually vanish as non-gold currency depreciation exercised in time its full effect on balances of payments. Thus eventually, when the "unbalanced creditor position" of the United States and France had been redressed by natural forces, the way would be clear for a concerted policy of capital expansion and price raising, failing which the alternative would be general default on debts and the disappearance of the existing credit system. In the necessary expansionist policy this country must take the lead; once we regained a power of initiative we should use it, without hesitation or delay, for expanding purchasing power ourselves and for helping others (by liberal foreign lending) to expand. If we lacked boldness, we should be assuming in turn the rôle of deflating the rest of the world.

There is one point, we suggest, in Mr Keynes' address on which criticism may legitimately fasten—his apparent acquiescence in patiently awaiting the outcome of existing tendencies (mitigated only by the non-gold currency check on the price fall) until France and the United States, if we understand his meaning aright, are forced off the gold standard, or become, at any rate, debtor countries on current balance of payments. To expect that eventuality to materialise in time to win the race against collapse is surely to strain optimism. It is advisable, in our opinion, to consider, as a matter of urgency, whether the policy of boldness, which Mr Keynes advocates, does not demand more immediate application.

A brief word in retrospect must here be interposed. In the initial phases of the present world crisis, long before Britain was forced off the gold standard or economic decline merged into financial paralysis, the *Economist* urged the need of a concerted international effort, through the medium of Central Banks, to "reflate" the price level back to the figure of 1928 or thereabouts. Our exhortations were vain; no such effort was even attempted. Last September, when gold payments by the Bank of England were suspended, we held the view—and we make no confession of error in our judgment—that, given the then existing psychological conditions at home and abroad, the primary objective of our monetary policy had to be the

preservation of the maximum attainable stability of sterling prices. Leading, as we did, the European retreat from gold, and faced, as we then were, with the two dangers (a) that sterling might become subject to perilous, because isolated, depreciation, and (b) that, conversely, we might be responsible for starting a risky race in competitive inflation, we had no option but to pursue tenaciously the policy of "safety first."

It is no longer arguable that the same conditions apply with equal force to-day. On the one hand, the risk of dangerous inflation (in the traditional sense) in this country has disappeared into the background; with the assurance of a balanced Budget, confidence in sterling has been almost wholly restored, inasmuch as no fear of an uncontrollable crash is anywhere entertained. No longer are we alone in our dependence on a non-gold currency basis; the bulk of the world is effectively "off gold" and is increasingly content to frame its international contracts on a sterling basis. And, on the other hand, it is becoming more patent with every day that passes that the relatively small and precarious recovery which the abandonment of gold has effected in the non-gold price-level is inadequate to afford sufficient relief to the necessities of the debtor nations, particularly those dependent on the sale of primary products.

In these circumstances is Mr Keynes' command of "safety by boldness" to be regarded as duly executed if British monetary policy centres, for an indefinite time ahead, simply on the principle of continuing to pursue a stable level of sterling prices? The question requires (and, we hope, is being given by those in authority over us) the most urgent attention. So far as can be judged from recent Ministerial statements in Parliament, the Government's one idea is "to maintain the internal purchasing power of the pound." In the absence of deflation, the tariff will certainly raise British prices. Hence, this objective's attainment must imply a countervailing contraction of credit and purchasing power. Even more disquieting is the Ministerial suggestion that the pound requires "defending"—the implication being, apparently, that its foreign exchange level must be stabilised at, if not raised above, its present figure—a policy which might well prove contradictory to the stabilisation of internal prices. If the authorities continue to fix their eyes, regardless of every other consideration, on the dollar-franc-sterling exchange equation, we may be committed to further deflation for the sake of chasing what is now the most unstable standard of value imaginable—the level of gold prices dependent on the financial duel à l'outrance between the United States and France. If the recent downward trend of gold prices is continued—since mid-September, according to our "gold" index number, there has already been an aggregate fall of 11 per cent.—the gold exchanges may be the most disastrous star to which to hitch our economic waggon. And, be it remembered, the orientation of our monetary policy governs that of an impressive number of other countries.

So impressive, in fact, is the company of nations whose currencies are now linked *de facto*, if not *de jure*, to sterling, and so great is the influence which British monetary policy, backed by the enormous pull of the sterling trade market, can exercise on prices, that—always provided our tariff policy does not provoke economic hostilities in the non-gold area, or political tension paralyse all risk-taking enterprise—we see no insuperable difficulty in this country's giving a definite lead towards "reflation" of the price level, without undue regard to the exchange with such few countries as are effectively "on gold." The adoption of such a policy by Britain does not necessarily entail the detailed realisation of the mechanism (which might involve difficulties) of a water-tight "sterling area." Prior consultation there must obviously be with other non-gold countries; otherwise our aims might be so misconceived as to create a panic-flight from sterling. But if the limits of the considered increase in wholesale prices were made known in advance, the international importance of prices in the British market and the consuming power of the British public is so great that it is legitimate to ask whether a British lead towards re-attainment of 1928 wholesale prices would not be followed universally by the rest of the world's non-gold countries for the simple reason that

they could not afford to withstand the economic strain which appreciation of their exchange against sterling would impose on them. Never more than to-day did the ultimate objectives of our monetary policy require scrutiny. Though dangers in any direction must be carefully weighed, the consideration should be paramount that as between devastating debtors' defaults, which would wreck this country's entire economic and social structure, and a recovery of prices to a level rendering tolerable the burden of indebtedness, private and governmental, it is a race against time.

ABDICATION BY THE POWERS.

EVENTS in the Far East are moving with a constantly accelerating velocity. The pace is now so fast that, since we reviewed the situation in the *Economist* a week ago, there is a whole new chapter of diplomacy to record—a chapter which is as sombre as its predecessors. It begins with the five proposals which were submitted to the Japanese Government by the American and British Governments, with the support of the French and Italian Governments, on Tuesday, February 2nd. It closes with the futile meeting of the Council of the League of Nations on Tuesday, February 9th.

For a moment, last week, it seemed as if the authorities who bear the responsibility for the maintenance of world order had really made up their minds at last to take the decisive action which the world has been expecting of them for the last four months. On Tuesday, it was dramatically announced that the opening session of the Disarmament Conference, which had been planned far ahead to take place that afternoon, was postponed for an hour in order to make time for an emergency meeting of the League Council; and at this Council meeting the British representative, Mr J. H. Thomas, spoke downright language. The British Government, he said, "feel it to be impossible that the present situation in the Far East should be allowed to continue." Fighting was proceeding over a wide area, and war was in progress in everything but name. He submitted that the League could not be indifferent to this state of things. He then recited to his colleagues on the Council five proposals which the British and American Governments, with the support of the French and Italian Governments, had submitted that very day to both the Japanese and the Chinese Governments; and, at his request, the Council formally associated itself with the four Powers' action.

The five proposals were as follows:—

- (i) A cessation of all acts of violence on both sides forthwith on the following terms:—
- (ii) No further mobilisation or preparation whatever for further hostilities;
- (iii) Withdrawal of both Japanese and Chinese combatants from all points of mutual contact in the Shanghai area;
- (iv) Protection of the International Settlement by the establishment of neutral zones to divide the combatants; these zones to be policed by neutrals; the arrangements to be set up by the consular authorities on the spot;
- (v) Upon acceptance of these conditions, prompt advances to be made in negotiation to settle all outstanding controversies between the two nations in the spirit of the Pact of Paris and the resolution of the League of Nations of December 9th, without prior demands or reservations and with the aid of neutral observers or participants.

The first impression made by these events of February 2nd was that a prompt and satisfactory settlement of the whole Far Eastern imbroglio was now in sight. The five proposals were admirable. They contained everything that was needed, and no more than what was needed, for the purpose; and, by all the canons of diplomacy—old or new—it seemed manifest that the Powers individually and the League Council collectively had made up their minds to see these proposals through. According to the usual conventions of diplomacy, a public announcement of demands at the moment of presentation implies a determination not to accept a refusal. But the incredible has happened. While the Chinese Government has accepted all five points without reservations, the Japanese Government has "called the bluff" of the Powers and the League, and called it successfully.

On February 4th the Japanese Government answered the Powers in a curtly-worded Note, in which the two key

proposals—No. 5 and No. 2—were rejected outright, while the other three were accepted with such reservations and qualifications as to make the Japanese reply a virtual rejection of the Powers' plan *in toto*. Japan rejects Proposal 5 on the ground that it presumably covers Manchuria, and that it is her "settled policy" to discuss Manchuria with China alone, without the intervention of any third party. As for the proposal that there should be no mobilisation or preparation for further hostilities, Japan had already repudiated it by a positive act before she rejected it on paper. On the day on which she addressed her refusal to the Powers, the first Japanese reinforcements—Army units this time, and not marines—were arriving off the mouth of the Whangpoo; and their arrival was reported in the Press of the world before their despatch was officially announced by the Japanese Government. Indeed, so far from announcing it, the Government had withheld the information even from its own diplomatic representatives abroad, and had allowed its Ambassador in Washington to assure Mr Stimson that no troops were being sent.

Thus the four Powers' proposals were not merely refused but refused under aggravating circumstances which might have been expected to make the Powers particularly determined not to take "no" for an answer. Yet, in face of this particularly humiliating refusal, the Powers have lain low, while the League Council has perhaps not unnaturally done nothing further to support proposals that have apparently been abandoned even by their authors.

The Council met again, at the instance of the Chinese delegate, Mr Yen, on February 9th, to consider the report on the outbreak of hostilities at Shanghai which it has now received from its "fact-finding" committee of foreign consuls. The report shows that Admiral Shio-sawa's action in sending his marines into Chinese territory at Chapei on the night of January 27th-28th was even more inexcusable than had been supposed; for, before the Japanese Admiral took this fatal step, the Chinese Mayor of Greater Shanghai had not only agreed to the terms of the Japanese ultimatum but had actually implemented them by getting the offices of the anti-Japanese boycott association closed. Yet the President of the Council wound up the proceedings with the observation that "the origin of the dispute, as was often the case, might be found in a misunderstanding," and that "by the removal of this misunderstanding the restoration of peace might be aided." Therewith the Council adjourned to await further information! And so ends China's application under Article XV. No decision by the Council, and *a fortiori* no recourse to Article XVI, is apparently in contemplation.

In other words, the League and the Powers appear to have abdicated, and the problem of Sino-Japanese relations is being left to work itself out by military force on Chinese soil. Exactly how long it will take, or exactly how heavy the cost will be for all parties, including ourselves, it is not yet possible to estimate. But it can be said with certainty, here and now, that it will be much harder for the Japanese to get their sword back into its scabbard than it has been for them to draw it and use it. The situation in the Far East to-day is ominously like the situation in the Near East on the morrow of the Greek Army's landing at Smyrna in 1919; and we know how that adventure ended. The invaders from overseas were never able to bring to end by military operations the war which they had begun; it turned into a war of attrition; and, in the end, their superiority in equipment and organisation was outbalanced by the vastness of the country which they were invading and the grimness of the opposition which their wanton invasion aroused. The *dénouement*, after three years, was the debacle of the Greek Army and the Great Fire of Smyrna, in which the century-old commerce of Europe in the Near East literally "went to blazes." We are now apparently witnessing the re-enactment of this Near Eastern tragedy on the greater stage of the Far East; and the question which we have to decide is whether we intend to go on assisting at the spectacle as passive spectators while the tragedy works itself out. If the abdication of the League and of the Powers is really an accomplished fact, this Sino-

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Japanese war may be expected to continue until there is some catastrophic resolution of forces. We prophesy that when the accounts are cast up, China's losses will prove heavy, Japan's heavier, and ours the heaviest of all. If the forces of destruction are allowed free rein in the Far East, the Western nations stand to lose everything: their trade, their capital investments, their treaty ports, their extra-territoriality and, above all, their "face." And their losses will not be confined to the Far East. The penalty which we shall pay for failure to keep the peace and to maintain law and order there will be a failure to satisfy the world-wide craving for security.

BRITISH ELECTRICAL DEVELOPMENT.

(BY A CORRESPONDENT.)

PUBLIC attention is so apt to centre on political poultries for economic sores that genuine economic treatments, inspired in lucid moments, tend to disappear into the background. Perhaps the least ostentatious and most significant plan of economic importance being carried out in Great Britain to-day is the national grid. The latest statistics of the development of this plan show big strides which will probably mean the completion of this great undertaking before the spring of 1933. In the work of reconstruction there is no other British enterprise conceived on so large a scale or which is being carried through with such celerity.

The economic significance of this electric power network has perhaps not been fully realised. Under modern conditions of manufacture the consumption of electrical energy is becoming synonymous with industrial activity, and hence with national prosperity. The degree of electrification of production processes is considerable in the advanced countries; in Great Britain 70 per cent. of production processes are driven by electric power. Since the vital arteries of modern industry are electrical networks we cannot dissociate electrical development from economic development. Not only, then, is the future of the electrical supply industry associated closely with the national grid, but all the big power consumption industries will become more and more identified with this scheme. The competitive power of British industry depends upon its ability to reconstruct its equipment, and by this process to reduce the costs of production. In this work the existence of a cheap and plentiful supply of energy is essential, since the modernisation of plant largely means conversion to electrical operation. The replacement of belt drive by electric drive, the substitution of electrical supply for steam reciprocating primary plant, and the introduction of conveyor systems operated by electric motors, are characteristic features of the most up-to-date plants.

When the reorganisation of competitive power in the major industries of U.S.A. and Germany is studied, the emphasis on electrification is seen to be strong. If we turn to the new industrial system in Russia we realise that the basis of Lenin's conception of a national "secondary productive" unity is abundant supplies of electrical energy. In Great Britain, too, there has been a steady overhauling of manufacturing capacity during recent years. This process has not been heralded here by impressive announcements of rationalisation technique, as in Germany, but by abstaining from excessive technical zeal as applied to production, it is probable that our industries

have been saved from building up excessive production capacity, and have quietly reorganised themselves to a greater extent than is often realised.

The past year in this country has been marked by considerable electrification of industrial processes, a factor which has helped, together with the large grid contracts, to maintain the strength of the home market. Notable increases in electrical drive have been recorded in Scotland, in Lancashire and in Yorkshire. Further, the extension of electricity supply in rural areas of East England has been made in response to increased demand. Under the grid plan, schemes have been adopted for nine out of the ten supply areas, the North Scotland area remaining as the only one for which the Central Electricity Board has not yet approved a final scheme. Actually 98 per cent. of the population of Great Britain lies within the nine areas.

The grid plan as a whole is well advanced. During 1921, 1,706 miles of wayleaves were acquired, as compared with the 1930 figure of 1,000 miles. Towers erected spanned 1,495 miles, against 545 miles. In terms of expenditure the grid has involved £22,000,000 on contracts for building sub-stations and transmission lines. It has also sanctioned £8,625,000 for the work of frequency standardisation. The tower sites obtained numbered 10,690, which makes a total of 22,400, or 87 per cent. of the total needed. Compared with the totals required to complete the grid plan, 15,450 sites have been secured out of 17,250 needed for towers on primary transmission lines, and out of some 8,900 sites for secondary transmission lines, 7,000 have been obtained. This progress has been facilitated to some extent by the greater understanding of the economic function of the national scheme and of the ultimate objectives of the Central Electricity Board. Certain developments have shown up advantages of the grid. It has made possible, during 1931, the supply of electricity by undertakings to under-populated areas where public supply is otherwise not economically possible.

THE NATIONAL POWER SCHEME. Construction of Main Transmission Lines.

Scheme Area.	Approx. Length of Lines.	Towers Erected.		Lines in Operation.	
		At Dec. 31, 1930.	At Dec. 31, 1931.	At Dec. 31, 1930.	At Dec. 31, 1931.
Central Scotland	Miles. 252.2	Miles. 240.6	Miles. 240.6	Miles. 219.2	Miles. 240.6
South Scotland	375.4	...	8.1	...	8.1
North East England	180.9	...	179.2	...	23.6
North West England and North Wales	549.9	102.0	335.4	65.2	85.4
Mid East England	524.5	96.0	478.7	...	130.2
Central England	415.5	136.6	382.0	15.7	120.3
East England	154.1	...	105.4	...	...
South East England	831.0*	235.3	483.9	165.7	286.1
South West England and South Wales	786.0	5.0	94.4	...	15.7
Total, Great Britain	4,069.5	815.5	2,309.7	465.8	910.0

* Including 101.2 miles of cable.

The next step in the development of the grid is planning for the effective utilisation of this weapon. Industrial councils, supply undertakings and individual manufacturers could with advantage call the Central Electricity Board into consultation on questions of regional planning. The opportunity for national development presents itself. Those who advocate a planned economy for Great Britain already possess one large section of the national structure in planned form. What we are accomplishing in energy distribution we can accomplish in other fields.

THE PRICE OF NEW CAPITAL.

The results of our annual computation of the price of new capital in the London market clearly reflects the condition of creeping paralysis whose symptoms, discernible in 1930, reached a critical stage last year. As we showed in our annual review on December 26th last (page 1223), new issues, restricted from the outset, ceased almost completely after Great Britain's departure from the gold standard. Some £98.2 millions of new capital were raised directly to shareholders and the public in the first

nine months of the year. The net total for the last three months was no more than £3.9 millions.

The preference share practically disappeared as an instrument for the raising of new money. The importance of the equity share, both absolutely and relatively, had been sharply reduced in 1930 (after the collapse of the 1928-29 boom), and suffered little further contraction last year, but the total of new bonds and debentures, etc., (much the largest group in all years) fell to less than one-third of its 1930 dimensions. The following table shows the distribution of new issues between the three groups in 1913 and during the last four years:—

PUBLIC ISSUES OF NEW CAPITAL IN LONDON.

Class.	1913.	1928.	1929.	1930.	1931.
Debentures, bonds, &c.	£139,920,400	£212,817,900	£137,670,300	£227,658,500	£74,835,600
Preference stocks and shares	22,955,600	45,062,600	31,543,400	15,548,800	6,911,800
Ordinary stocks and shares	33,661,300	111,177,600	116,017,600	24,593,300	20,296,800
Total	£196,537,300	£369,058,100	£285,231,300	£267,800,600	£102,044,200

Last year 73 per cent. of the issues were in the form of debentures, bonds, etc., 7 per cent. in preference, and 20 per cent. in ordinary securities. In 1928, the most active year of recent times, the proportions were 58, 12, and 30 per cent. respectively.

What rates were offered on the fixed-interest securities which represented the bulk of last year's meagre offering? The answer has no meaning apart from its peculiar context. In a capital boom, like that of 1928, capital is raised by those who think they may need it. In an ordinary cyclical slump, it is raised only by those who really need it. In a crisis like that of last year, even necessity loses its compelling power. Effective borrowing is limited to companies or authorities who, at one and the same time, cannot postpone their requirements to a more convenient season, and enjoys a credit status so exceptional as to compel an unwilling and mistrustful market to loosen its purse strings. This fact tends to limit the utility of conclusions regarding "average" rates paid, such as are shown in the next table in connection with three categories of Government loans raised during the last two years:—

BRITISH, COLONIAL AND FOREIGN GOVERNMENT SECURITIES. (000's omitted.)

Yielding from—	British Government Loans.		Dominion and Colonial Government Loans.		Foreign Government Loans.		Total.	
	Year 1930.	Year 1931.	Year 1930.	Year 1931.	Year 1930.	Year 1931.	Year 1930.	Year 1931.
3½% to 3¾%	4,000	19,000	...	...	...	...	19,000	...
4% to 4¼%	21,329	...	...	2,835	...	...	2,835	...
4½% to 4¾%	7,863	...	8,124	1,147	...	...	8,124	1,147
5% to 5¼%	11,178	39,040	14,425	...	...	...	1,662	...
5½% to 5¾%	6,675	...	4,950	...	...	...	53,465	4,950
6% to 6¼%	1,392	...	12,000	21,640	...	...	12,000	21,640
6½% to 6¾%	...	...	6,930	...	...	...	6,930	...
7% to 7¼%	...	...	5,940	...	...	...	5,940	...
7½% to 7¾%	...	...	...	10,800	1,740	...	10,800	1,740
8% to 8¼%	...	...	...	2,850	...	...	2,850	...
8½% to 8¾%	...	...	...	7,680	...	...	7,680	...
9%	...	...	...	...	...	...	...	...
Total	£52,437	£58,040	£49,081	£30,572	£21,330	£1,740	£128,451	£32,312
Average Yield %	4.77	4.67	5.57	6.52	7.14	7.00	5.43	5.60

* Includes all borrowing at over 6%.

† This total of £52,437,000 includes £26,290,000 by Colonial Governments, at an average yield of 4.15%, and £26,147,000 by Foreign Governments, at an average yield of 5.31%. The British Government was not in the market.

All rates are shown subject to British income tax, and profit on redemption is allowed for when necessary. The British Government floated no loan in 1931. The total borrowings were £10,700,000, comprising net receipts from sales of National Savings Certificates. These are excluded from our table as the yield on National Savings Certificates varies according to their "life" before encashment. The effective yields on new

and foreign loans were fractionally lower last year than in 1930, because the borrowers, as a whole, were of better class, over two-thirds of the "Empire" Government total being accounted for by relatively short-term issues on behalf of the Government of India. "High-yielding" bond providers, like the South American Republics, having difficulty in meeting their existing debt requirements, remained outside the market, the sole non-Imperial borrower, in fact, being the Greek Government.

The average rates offered by municipal borrowers and by railways are shown below:—

	Amount borrowed in Years			Average Yield.		
	1929.	1930.	1931.	1929.	1930.	1931.
British municipalities, &c.	£8,316,000	£41,657,600	£8,007,300	4.96	4.98	4.66
Colonial municipalities, &c.	3,859,917	3,001,500	Nil	5.19	5.09	...
Foreign municipalities, &c.	472,500	Nil	Nil	6.90	...	...
British railways	1,920,000	13,164,500	Nil	5.36	5.12	...
Colonial railways	Nil	2,512,500	Nil	...	5.95	...
Foreign railways	2,835,000	7,615,000	2,910,000	5.30	5.66	5.87

That British municipalities were able to borrow so cheaply was due to the fact that they borrowed so little. Incidentally, the yield on existing British municipal securities, according to the Actuaries' index, was 4.53 per cent. at the beginning and 5.01 per cent. at the end of the year, as compared with an average of 4.66 per cent. paid by new borrowers of a modest £8 millions during the year.

The average rates offered by industrial borrowers are shown in the next table:—

INDUSTRIAL AND COMMERCIAL BONDS, DEBENTURES, ETC. (EXCLUDING ISSUES GUARANTEED BY BRITISH GOVERNMENT UNDER TRADE FACILITIES ACT.)

	Year 1913.	Year 1928.	Year 1929.	Year 1930.	Year 1931.
Yielded from—	£	£	£	£	£
3½% to 3¾%	60,000	Nil	Nil	Nil	Nil
4% to 4¼%	1,182,000	Nil	Nil	Nil	Nil
4½% to 4¾%	2,582,000	52,500	57,475	Nil	3,015,000
5% to 5¼%	6,852,000	6,840,300	7,900,400	6,676,139	2,855,000
5½% to 5¾%	5,158,000	9,425,300	669,519	3,658,249	950,000
6% to 6¼%	9,252,000*	3,653,000	5,528,831	3,492,662	1,830,000
6½% to 6¾%	...	214,000	1,194,500	2,960,000	666,667
7% to 7¼%	...	4,174,300	1,183,880	Nil	341,250
7½% to 7¾%	...	3,999,400	120,000	1,094,750	14,250
8% to 8¼%	...	2,333,700	3,956,000	1,239,100	254,600
8½% to 8¾%	...	5,461,700	2,489,000	1,527,200	6,560,000
9% to 9¼%	...	2,411,200	253,250	1,485,000	294,000
9½% to 9¾%	...	3,106,000	90,000	290,000	2,012,500
10% to 10¼%	...	1,219,000	482,500	Nil	1,684,075
10½% to 10¾%	...	150,000	74,000	1,705,750	384,250
11% to 11¼%	...	Nil	1,760,000	Nil	39,000
11½% to 11¾%	...	Nil	Nil	33,250	72,800
12% to 12¼%	...	Nil	Nil	237,500	Nil
12½% to 12¾%	...	122,500	50,000	Nil	33,250
Total	25,086,000	43,162,900	25,849,355	24,399,600	21,006,642
Average yield %	5.5	6.08	6.05	6.97	6.33

* Including all capital yielding over 6 per cent.

The working of the "quantity theory" is aptly demonstrated by these figures. Industrial and commercial borrowers at fixed-interest rates obtained nearly as much new money in 1931 as in either of the two preceding years, but were compelled to pay on the average a higher rate than in any year since 1922.

The average rates offered in recent years on new preference stocks and shares are shown in the next table:—

	PREFERENCE STOCKS AND SHARES.				
	%	%		%	%
1913	5.74	1924	6.27	1929	6.58
1920	8.09	1925	6.10	1930	6.00
1921	8.39	1926	6.70	1931	6.50
1922	7.17	1927	6.67		
1923	6.59	1928	7.37		

The investment public was unattracted by preference shares last year, a relatively negligible total being raised at a price ½ per cent. higher on the average than in 1930. The preference share, indeed, appears steadily to have been losing its popularity of recent years, periods of high total issues, like 1928, coinciding with the highest figures of prospective yields. Our figures take no account of the "participating" privileges offered in the last boom by

a host of "shilling deferred" companies, the majority of which have not lived to carry out their good intentions.

For purposes of record we conclude with a table of average rates for 1913, and for every year since 1920:—

	Average Bank Rate.	Average 3 Months' Bill Rate.	Average Rate Paid by all Government Borrowers.	Average Rate on New Issues of Industrial Debentures.
1913	4.77	4.37	4.77	5.5
1920	6.82	6.40	6.05	7.92
1921	6.12	5.21	6.49	8.09
1922	3.79	2.65	5.65	6.72
1923	3.49	2.70	5.34	6.4
1924	4.00	3.54	5.95	6.61
1925	4.55	4.10	4.82	6.43
1926	5.00	4.52	6.01	6.48
1927	4.65	4.24	5.09	6.18
1928	4.50	4.15	5.09	6.10
1929	5.50	5.27	5.07	6.10
1930	3.42	2.61	5.43	5.96
1931	3.93	3.55	5.60	6.33

Long-term rates, it will be seen, have fluctuated less extensively than short-term rates. Broadly, the declining tendency of long-term interest rates, which started after the war and was partially checked in 1926, has been more clearly halted in 1930 and 1931—due regard being had to changes in the composition of various borrowing groups, which have already been discussed.

At the moment, the omens are unfavourable for an early resumption of normal activity in the London capital market, whose power to lend has been impaired by reduced income at home and decreased interest remittances on its outstanding investments abroad, and whose inclination to lend has been brought to the neighbourhood of zero, as a result of the collapse of the credit of nations. The resumption of more normal activity in the issue market, as in so many other branches of the body economic, is mainly a function of the future ability of the world's statesmen to cheat Nemesis of the fruits of their past mistakes.

Notes of the Week.

The Bank Chairmen on the Crisis.—The main lines of the speeches of the bank chairmen this year were necessarily predetermined, in a common mould, by the force of insistent events. In discussing the present economic outlook they were bound to concentrate upon two main problems, (a) the suspension of the gold standard and monetary policy, and (b) reparations and war debts. On these subjects there was a marked similarity of view expressed in the various speeches. All the chairmen regarded the suspension of the gold standard as inevitable, and several of them went out of their way to traverse a widely expressed foreign view that the pound could have been saved by a rigorous Bank rate policy. As regards future monetary policy, including stabilisation and the eventual restoration of the gold standard, they all spoke cautiously, making it clear that decisions on these matters must await the progress of other events. Mr McKenna, at the Midland Bank meeting, was implicitly the most constructive, with his argument that we must either have a soundly managed gold standard or must definitely abandon gold. Mr Beckett insisted to Westminster Bank shareholders upon the need for delay until the major complications of reparations, debts and tariffs had been brought within manageable proportions. The solution of these problems, he suggested, should be followed by a period of *de facto* stabilisation, beyond which he refused to commit himself. At the National Provincial Bank meeting Sir H. Goschen lent his support to the view that the suspension of the gold standard had given, at least for a time, an exchange advantage to our industries; but Mr Dewhurst, in his address to Williams Deacons Bank shareholders, alluded to the way in which this advantage was offset by the increased cost of imported raw materials, by foreign exchange restriction abroad and by the suspension of the gold standard at home. On the question of reparations and war debts the chairmen spoke with complete unanimity in favour of

cancellation, or at least drastic modification. Mr Beckett, indeed, pointed out that the elimination of war debts and reparations would not create a new heaven upon earth or enable all nations to start from scratch; but he urged that, even so, our only hope lay in cancellation. Mr Beaumont Pease, at Lloyds Bank meeting, did not directly commit himself to cancellation, but insisted that no nation in the world could be self-dependent, and cited the "second great commandment" that we should love our neighbour as ourselves as a piece of real worldly wisdom peculiarly applicable in these days both to individuals and nations. Mr Goodenough held that, having regard to existing tariff barriers, full payment under the Young Plan was clearly impossible of achievement, and that a final settlement must involve goodwill and sacrifice. Mr McKenna called for the final closing of this unhappy chapter of post-war history, and Sir H. Goschen spoke in similar terms. As a sidelight, though one of considerable importance, on the German problem, the chairmen spoke very frankly as to the extent of their banks' commitments in bills or other credit instruments covered by the standstill agreements. They made it clear that in no case did their commitments reach serious dimensions, and that they had all been granted in the course of the banks' usual and legitimate business. Mr Pease went further still, for he completely disposed of the allegation that London financial houses had been tempted by high rates to risk huge sums of English short money for the purposes of German capital expenditure.

— **And Tariffs.**—In comparison with monetary and reparations problems, the question of Britain's fiscal policy held a minor place in the bankers' addresses. With the single exception of Mr Beaumont Pease, all the chairmen had spoken before Mr Chamberlain had laid the Government's proposals before the House; but inasmuch as they, in common with the nation at large, had a fairly accurate idea as to the general character of these proposals, they were able to give their shareholders some indication as to their views. It was noticeable that they all spoke in very guarded terms. They were disposed, it is true, to admit that a tariff had become inevitable, but they emphasised that it was a policy fraught with grave risk, and to be applied with great circumspection and a proper weighing of the consequences at home and abroad. Sir Christopher Needham, speaking as a Lancashire banker to the District Bank meeting, insisted that we must be ready to consider any modification of our policy of to-day in relation to changing world conditions, and to keep a lively awareness of the advantages to be gained by a freer interchange of the world's commodities. Mr Goodenough called for the exercise of care in the imposition of duties, and for a careful watch over their effects. Wherever possible, we should exert our full influence in the direction of reciprocal action for the removal of trade barriers, so as to stimulate the exchange of goods for goods, which is the essence of international trade. The size of the population of this country and our dependence upon overseas supplies made it essential to have a large and growing export trade. Mr Pease alluded to the madness of nations being willing to sell to others, but by tariffs, restriction of imports and control of exchange, rendering it impossible for other nations to sell to them, and in a later passage of his speech he said that if we have been compelled by force of circumstances to curtail our welcome to foreign goods, he could not help hoping that our action in this respect might be the means of opening the eyes of the world to the desirability of a wider and more hospitable range in regard to international trade. Mr Beckett spoke in similar terms, and only Mr McKenna and Sir H. Goschen expressed brief, though explicit, approval of the tariff proposals. At Martins Bank meeting Mr Paton advocated the formation of an immediate currency union between Great Britain and the Empire and those nations which had departed from the gold standard and were prepared to seek stability through definite co-operation to this end. There is little doubt that British bankers as a whole recognise the equally imperative need for the formation of a union of low-tariff countries in which England shall be left free by inter-Imperial commitments to play her full unfettered part.

The Situation in India.—The Government of India has tried conclusions with Congress by force, and has been successful in the first round. The Ordinances have done their work. Overt defiance of the Government's authority has been suppressed—except in the tribal districts of the N.W. Frontier and in the Indian State of Kashmir, which may fairly be taken as exceptions that prove the rule. Substantially, the Government has now reasserted its authority; and that means that the time has now come for the Government to begin doing something else; for repression is never a feasible permanent régime, and least of all in India now. The saying that "the one thing you cannot do with bayonets is to sit on them" is one of the profound truths of politics in all times and places; but it is peculiarly pertinent in a case where an alien ruler is in process of transferring his authority to the people of the country. That is emphatically our case now in India. The transference of authority from British to Indian hands is the accepted goal of all parties in India and in England; and the very justification for the Government of India's present militant assertion of its authority is the moral duty that is incumbent on it to hand on this authority to a future Indian Raj intact. In other words, the Ordinances are a means to an end; and they will stultify their very purpose if a too long or to or rigorous application of them makes the transfer of authority more difficult. How, for example, can we justify a perpetuation of penal measures against a "Buy Indian" campaign in India when we are conducting a raging and tearing "Buy British" campaign in Great Britain? What is sauce for the goose is sauce for the gander! And if we give the people of India any reasonable ground for suspicion that we have taken advantage of a tactical blunder of Congress, which compelled the Government to assert itself, in order to push British trade and maintain British rule in India with a high hand, we shall be in danger of undoing the joint work of years. Ordinances can do no more than forcibly prevent external breaches of the law. They cannot compel private citizens to do business with foreign business men or to co-operate politically with a former regime. The present Ordinances in India have now done their work by repressing the overt defiance of Governmental authority. But they have merely driven the resistance underground; and this underground resistance—more dangerous, by far, than any overt acts—can only be overcome by conciliation. The moment has arrived for the Government of India to put the helm over and to sail once more on the Irwin tack.

The Lithuanian Coup at Memel.—The Japanese coup in Manchuria has produced its first—but possibly not its last—repercussion in a Lithuanian coup at Memel. This Memel affair is on a petty scale; but before we dismiss it as *opéra bouffe*, we may pause to reflect that it touches Europe nearer home and that it directly concerns one great European country—Germany. Memel, in fact, is a fragment of former German territory, the north-eastern tip of pre-war Germany on the far side of the River Memel or Niemen. In the peace-settlement, the victorious Powers detached the Memel district from Germany and garrisoned it themselves pending a decision as to how they should dispose of it. In 1923, Lithuania took their decision for them. Noticing that the Polish General Zeligowski's camp at Vilna had been eminently successful, in spite of the Powers and the League, at Lithuania's expense, the Lithuanians resolved to profit at Memel by the procedure which at Vilna had been employed against them. They seized Memel from the inter-Allied garrison by force; and the Powers saved their faces by arranging that Memel, which is predominantly German in population, should enjoy autonomy under Lithuanian suzerainty. Since then, the Lithuanians have learnt from Japan the art of taking two bites at a cherry. The Japanese took their second bite at Manchuria last September, after having had their first bite in 1915 and, last Saturday, the Lithuanians—quick, as ever, to imitate the really progressive nations of the world—have taken their second bite at Memel. The Lithuanian Governor of the Memel District seized the German President of the Administration and sent him by car, under a Lithuanian military escort, to Kovno. The German Council of the territory

has been replaced by a Lithuanian Council, and the whole administration has been forcibly taken over. This is, of course, a flagrant violation of the Convention of 1924, to which Great Britain, France, Italy and Japan are parties; and when Dr. Brüning arrived in Geneva on Sunday, he brought with him a Note requesting the Secretary-General of the League to call a special meeting of the League Council to consider the affair. The meeting has been called, but the Lithuanian Foreign Minister has prayed the Council to have him excused on account of an indisposition which will last till February 23rd. Presumably that is the date by which the Lithuanians expect to have dug themselves in. What will the League do about it? What it has done about Japan? Or is it still capable of calling a small country to order?

Free Ports.—One of the first of our great industries to become aware of the injuries wrought by a tariff system was, of course, the re-export and transshipment trade. How important that business is to certain of our leading ports is shown by the fact that in London transshipments represent 38.6 per cent. of the exports of United Kingdom produce shipped from that port, in Southampton 29.2 per cent., and in Bristol 23.7 per cent., while Channel ports show even larger proportions. Hence, on the publication of the Government's trade restriction plans there was an immediate demand for the establishment of "free ports," such as now exist at Hamburg and elsewhere on the Continent, which for all intents and purposes would be regarded as outside the Customs area. It was generally expected that the Government would make proposals along those lines during the passage of the Tariff Bill. These hopes were disappointed when, in answer to Major Attlee, in the debate on Wednesday, Mr Runciman said that the Government could not embark on a system of what is called free ports in the Continental sense. The whole geography and arrangements of our ports had grown up under another system. The Government was making arrangements whereby premises would be provided so that goods would be able to pass through transshipment without undue delay and the re-export traffic and the *entrepôt* trade would be handled without any undue hampering of those engaged in it. Mr Runciman's altogether inadequate dismissal of a very important problem should be compared with the following emphatic recommendation of the 1918 Departmental Committee appointed by the Board of Trade to consider the position of the shipping and shipbuilding industries after the war:—

Reference must be made to the free port system prevailing in many foreign countries. Should it be decided, whether for revenue or other purposes, to extend widely the range of duties on imported articles, the question of creating similar free ports in the United Kingdom would become a matter of pressing importance. It is essential that the position of the United Kingdom as a great transshipment and *entrepôt* centre should not be impaired, and the best means of safeguarding these national interests would undoubtedly be by the establishment of free customs areas on a large scale at the ports principally concerned.

This quotation is the text of a well-documented report on the subject published on behalf of the Liverpool Steam Ship Owners' Association, which, on February 2nd, passed a resolution urging upon His Majesty's Government the vital necessity of ensuring the provision of adequate free port areas in the ports of the United Kingdom so as to enable the discharging, loading and handling of transshipment cargo to be carried on in such ports free from all control by the Customs. The mere acceleration and simplification of ordinary Customs procedure, such as Mr Runciman foreshadowed, is clearly insufficient. Bulk must be broken, the goods must be sorted, graded, repacked, and displayed to buyers, none of which processes can be properly carried out either within the Customs system or in ordinary bonded warehouses. That fact was fully recognised by the United States Tariff Commission, which examined the problem of the re-export trade in 1919, and which concluded:—

The business proper to a free zone consists in receiving and manipulating foreign products, and re-shipping them in the direction and at the time to take advantage of the best foreign markets. This is not only a profitable business, it is also becoming a necessary business to our industrial growth. For however wide the range of

goods we produce, and however effective our methods of production, we can sell our products to best advantage only when the purchasers are able to pay for them with products of their own. If we do not accept their products, they must sell them in some third country and transfer to us the credit they thus acquire—unless, indeed, they forego buying our goods at all and make their purchases in the country where they make their sales.

The Government, in embarking on a general tariff system, would at least do well to accept the advice of those more experienced in these treacherous matters.

Unemployment.—If the Government thought that by suspending publication of the weekly returns of unemployment it would eliminate a factor depressing to national psychology, the first of the monthly statements published under the new statistical regime suggests that its expectations were optimistic; for the position disclosed is definitely disquieting. On January 25th the number of registered unemployed (of whom 56 per cent. were applying for normal benefit, 33 per cent. for transitional payments, and 11 per cent. were uninsured or not entitled to benefit) totalled 2,728,411, as compared with 2,509,921 on December 21st last and 2,811,615 at the end of September. It will be seen that the setback since Christmas has wiped out roughly two-thirds of the apparent improvement which occurred in the first three months after the suspension of the gold standard; but the situation is even worse than would superficially appear from these figures, since administrative changes between the end of October and Christmas were estimated to have caused 90,000 persons to cease registration. Allowing for further subsequent removals from the register under the influence of the Economy Act, the volume of real unemployment appears now to be slightly greater than it was at the end of September. The increase in unemployment between December 21st and January 25th affected all the most important industrial areas, only two major industries, namely, pottery works and boot and shoe manufacture, being reported to have shown an improvement during the period. A rise in unemployment following the seasonal activity in a number of trades before Christmas is a normal feature of British labour statistics, but, as the following table shows, the deterioration this year has been greater than in either of the past two years:—

	TOTAL UNEMPLOYED.		
	Pre-Christmas.	End January.	Increase.
1929-30	1,303,557	1,491,500	187,943
1930-31	2,408,371	2,592,650	184,279
1931-32	2,509,921	2,728,411	218,490

The latest figures are a curious commentary on Mr Hore-Belisha's claim that employment had been stimulated by Customs duties. The inference is inescapable that the growing paralysis of international trade is outweighing the stimulus afforded to British industry by the depreciation of sterling.

The By-Elections.—The results of this week's two by-elections at South Croydon and the New Forest and Christchurch Division of Hampshire were never in doubt, for the Conservatives had majorities of 30,722 and 28,414 respectively in these constituencies at the General Election, the contest being a straight fight against Labour in each case. But though the Conservative Party have held both seats, the majorities have shown a large shrinkage. In the New Forest the Conservative poll fell by over 12,000 from 35,544 to 23,327, as compared with a drop of 2,000 from 7,130 to 5,135 in the Labour vote. Even more significant was the slump in the Conservative poll at South Croydon, where the majority fell to 9,937. The Labour candidate held approximately the General Election vote, while the Conservative poll totalled only 19,126, against 40,672. Making due allowance for the normal apathy of Conservative voters in a safe seat at a by-election, this result surely suggests that some of the enthusiasm for the "national" Government has evaporated. Can it be that South Croydon did not respond wholeheartedly to Mr H. G. Williams' unqualified advocacy of Protectionism?

The Vegetable Duties.—The perfunctory defence by Sir John Gilmour, in the House of Commons last Friday, of the Orders so far made by him under the Horticultural Products (Emergency Customs Duties) Act did little to dispel the impression that the Government have plunged blindly into these repressive duties on vegetables, fruit and flowers without any proper appreciation either of the objectives or the probable consequences of their action. Take the single case of new potatoes, on which the duty is to be twopence a pound up to February 29th, a penny a pound during March and a halfpenny a pound from April 1st to the end of May. So far from providing any protection to English growers, whose supplies do not reach the market in any appreciable quantity until June, these duties will merely penalise the consumer in a year in which there is an acute shortage of potatoes at the cost of doing serious damage to the British potato trade with Spain and the Canaries. These islands, in which, incidentally, a considerable amount of British capital is invested in agriculture and which acquire both their artificial manures and their seed potatoes as exports from Great Britain, have so far been a free market for British manufacturers. Hard hit by the duties not only on potatoes, but on their tomato crop, they will now doubtless indulge in tariff retaliation. But, apart from the serious interference with the normal channels of trade which is threatened for the sake of a trivial revenue (for in most cases the duty will be prohibitive), there is still no evidence that the Government has considered the disturbance likely to be occasioned in our agricultural markets when foreign supplies, accumulated during the period of the application of the duties, are released when the duties come off on the various specified dates.

The B.I.S. Meeting.—The February meeting of the board of the Bank for International Settlements was concerned mainly with routine matters. It took note of Professor Bruins' report on the Austrian situation and also of the new German Standstill Agreement, the Special Agreement between the German, Dutch, Swiss and French Banking Committees and the report of the Foreign Creditors' Standstill Committee. It authorised the President of the Bank to designate the arbitrators who, by the terms of the new agreement, are to be nominated by the B.I.S. The board raised no objection to the proposal made to the B.I.S. by the Saar Governing Commission to accept deposits from the Saar, provided that the President reaches a satisfactory arrangement with the Reichsbank and the other Central Banks responsible for the currencies to be deposited. The board finally took note of the resolutions adopted by the conference of South American Central Banks held at Lima in December and entrusted the study of these resolutions to the Monetary Department of the B.I.S. in liaison with the Statistical Services of the Central Banks. It will be noticed that the question of the renewal of the bank's share of the Reichsbank rediscount credit did not appear on the agenda. When the board of the B.I.S. renewed the credit at their January meeting, they followed their invariable practice of making their renewal conditional upon similar action by the remaining participants in the credit, and a few weeks later the Banque de France decided to renew its share for one month only. The point has been raised in financial circles that the B.I.S. share was therefore renewed for one month only, which means that it expires before the March meeting of the board. Hence some surprise has been expressed that a further renewal, on the usual conditional terms, was not authorised at the February meeting, and it is suggested that some technical difficulty may be created when the credit is due to expire at the end of the month, especially as the operation of the German Standstill Agreement is contingent upon the renewal of the Reichsbank's rediscount credit. In actual fact, no technical difficulty need arise. On several occasions last autumn outstanding credits granted by the B.I.S. to various beneficiaries were renewed by the President after receiving authority by letter, cable, or telephone from the different members of the board, and this procedure was followed in December, when the usual

monthly meeting of the board did not take place. There should be no difficulty in applying this precedent to the Reichsbank rediscount credit, so soon as the question arises.

The January Trade Returns.—The trade returns for January reflect, as did those for December, the violent contraction of imports occasioned partly by the Abnormal Importation Duties, and partly as a natural consequence of previous forestalling. Total imports were £15 millions lower than the December figure and £9.5 millions below the monthly average for last year. British exports showed a decline of £1 million as compared with December (in which month there was one less working day). The following table gives a comparison between the figures for the past three Januaries:—

MONTH OF JANUARY. (000's omitted.)					
	1932.	Increase or Decrease as compared with			
		January, 1931.		January, 1930.	
Imports	£ 62,266	— 13,282	— 17.5	— 39,575	— 38.9
British exports	31,123	— 6,441	— 17.1	— 27,139	— 46.5
Re-exports	5,239	— 798	— 13.2	— 2,935	— 35.9
Total exports	36,362	— 7,239	— 16.6	— 30,074	— 45.2
Excess of imports over total exports	25,904	— 6,043	— 18.9	— 9,501	— 26.8

On the import side, apart from the fall in manufactured imports, which amounted to only £13.3 millions, as compared with £18.2 millions in December and £20.4 millions in January, 1931, a significant and somewhat disquieting feature is the recession of £1.6 millions in the value of imported raw materials. This represents a check to the improvement of recent months and is a displeasing accompaniment to the January increase in unemployment. In the next table we compare the January figures of the quantity of our leading exports with those of the corresponding month of the two previous years:—

SOME LEADING EXPORTS. (Quantity.)				
	Month of January.			
	1930.	1931.	1932.	
Coal	5,493,410	3,271,331	3,313,073	tons
Pig iron and ferro alloys	40,445	18,743	13,401	tons
Railway material	43,597	10,694	10,034	tons
Total iron and steel	351,846	167,373	167,309	tons
Textile machinery	9,060	4,898	5,911	tons
Cotton yarns	13,156,219	32,867	28,397	lbs.
Cotton piece-goods	313,183,000	11,336,500	16,416,900	sq. yds.
Wool tops	27,197	155,629,900	179,852,000	centals
Woolen tissues	9,695,100	23,993	34,309	sq. yds.
Worsted tissues	4,394,000	6,717,300	5,402,600	sq. yds.
Linen piece-goods	6,539,200	5,677,500	3,068,600	sq. yds.
Leather boots and shoes dozen pairs	67,571	5,650,800	5,865,000	dozen pairs
Leather	22,657	48,095	46,601	cwt.
Paper and cardboard	403,583	12,886	12,657	cwt.
Locomotives	4,475	299,822	327,764	tons
Motor cars and chassis	3,211	2,498	2,815	number

With the exception of woollen and worsted tissues, the comparison with the position a year ago is not unduly discouraging, though, regarded as a datum level, January, 1931, can hardly be described as satisfactory. As for the outlook, we leave exporters to derive such comfort as they can from the consideration that the ability which they have so far enjoyed, as a result of the depreciation of sterling, to secure a slightly larger share of a diminishing total of world trade, is now to be impaired not only by an increasing network of prohibitions and controls devised abroad, but by import duties in this country on many of their essential raw materials.

The Dartmoor Report.—The report on the Dartmoor mutiny by Mr H. Du Parc, the Recorder of Bristol, who was commissioned to inquire into the trouble, makes mixed reading. Comment on some aspects of it would be improper, as the Home Secretary has since announced that criminal proceedings are to be taken against some of the ring-leaders. There are, however, several satisfactory features of the report which deserve to be noted. The

mutiny was quelled without loss of life or a single escape, and there is no evidence either that excessively humane treatment or the development of substantial grievances were a cause of the disturbance. Tribute is paid to the loyalty and efficiency of the vast majority of the prison staff, and, with the exception of his error of judgment in making a somewhat apologetic address to the prisoners immediately before the trouble broke out, the administrative skill and sense of justice of the Governor are not called in question. The mutiny is, in fact, ascribed to the leadership of a few desperate convicts, mainly of the "motor bandit" or "gangster" class, who are young, determined and adventurous, and prepared to take great risks. In this connection a memorandum prepared by the prison doctor, classifying the convicts under various headings from the "absolutely loyal" to the "real vicious brutes" is of great interest and importance. On the other hand, several disquieting facts emerge from the report. Mr Du Parc is under no doubt that a small number of officers were guilty of "irregularities and worse." This raises the questions how far Government servants ought to be asked to pass their days in so remote and inhospitable a spot and how far recent administrative economies have reduced both the staff of the prison and their emoluments to below the danger level. Nor does Mr Du Parc entirely reject the suspicion that persons outside the prison were in touch with some of the more dangerous convicts with a view to helping them to escape, though there is no doubt that many of the reports that appeared in the newspapers were exaggerated. This is a matter which is doubtless receiving the closest police investigation. The real point of the report, however, is that "Dartmoor is an unsuitable prison in which to confine prisoners of the modern dangerous type." In the old days its remoteness was its safeguard, for no convict could hope to escape both from the gaol and from "the moor." The invention of the motor car has impaired, if not destroyed, that safeguard, while the prison's remoteness from available outside assistance can, as the events of the mutiny have shown, be a positive danger. When to these facts are added the depressing and unnatural circumstances under which both prisoners and staff have to live, there is no doubt that Dartmoor should be closed at the earliest practicable opportunity, and that in allocating the prisoners to other gaols care should be taken to separate the more dangerous convicts who were the leaders in the mutiny. One final point may be mentioned. If it is intended to recognise the gallant behaviour of some of the "loyal" convicts, it will create a far greater impression if such action is taken with the smallest possible delay. The psychological effect of immediate reward should go far to turn the individuals concerned into useful citizens.

More Looms Agreement?—The official announcement was made in Manchester on Wednesday, following a joint meeting of representatives of the Cotton Spinners' and Manufacturers' Association and the Operative Weavers' Amalgamation, that a tentative agreement had been reached regarding the wage basis to be paid for certain types of cloth under the "more looms to a weaver" system. This is the first time that there has been any unity between the two sides for over two and a half years, when the question of working more looms to an operative was first raised. Mr John Grey, the chairman of the employers' association, in a statement to the Press, said that the committee had been discussing the formulation of a list along the relatively limited lines suggested by the operatives at the joint meeting on Monday of this week. This proposal was that the committee should first consider the basic price to be paid for weaving plain cloths and then discuss the basis for more complicated fabrics. The agreement reached on Wednesday is dependent upon reaching an agreement on other aspects of the question, which are stated to be quite considerable in detail and will take some further time for discussion. The trade, writes our Manchester correspondent, welcomed this distinct move forward towards peace, and it should not be difficult for the committee to reach agreement upon the outstanding points.

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Cotton Machinery Redundancy Scheme.—Our Manchester correspondent writes:—The scheme of the Joint Committee of Cotton Trade Organisations continues to be very freely discussed in Lancashire. At the beginning of January the proposals were considered by the General Committee of the Federation of Master Cotton Spinners' Associations, and after much difference of opinion had been expressed the committee decided that, although they could not recommend the scheme to the members, they were willing to take a ballot as to their approval of the scheme or otherwise. There has been some delay in taking action of this kind, but a circular has now been sent out by the Federation to the members giving the resolution which was adopted on January 5th and asking firms whether they are in favour of the proposals or not. It is requested that replies should be received not later than February 17th. The Federation has not enclosed a ballot form with the circular, so it is probable that replies of a varied character will be received, and these may have to be tabulated carefully. It is quite probable that a number of spinning employers will give a decision in favour of the scheme with qualifications. It is understood that arrangements are being made by the Joint Committee of Cotton Trade Organisations to obtain the opinion of spinners who are outside the Federation, and in this connection considerable importance is attached to the attitude of the Lancashire Cotton Corporation, Ltd., in view of the big number of spindles now controlled by that combine.

Sterling and Gold Prices.—The feature of the past fortnight's development in the world-price situation has been the growing divergence between sterling and gold prices. As will be seen from the following table, the complete *Economist* index continues to show little variation and is now almost at the same level as that at which it stood at the end of October. On the other hand, gold prices have fallen during the past fortnight by 5.3 per cent., and, as compared with October 28th, the fall has attained the catastrophic dimensions of over 12 per cent.:—

SEPTEMBER 18TH, 1931 = 100.

Date.	Economist Indices.			Irving Fisher, U.S.A.	Statistique Générale, France.	Milan Chamber of Commerce, Italy.	Statistische Reichsanstalt, Germany.
	Complete Index (sterling).	Primary Products (sterling).	Gold Prices.				
Sept. 30th ...	107.6	112.0	94.7	98.7	96.9	98.8	98.9
Oct. 14th ...	108.3	114.3	95.7	98.9	96.9	99.7	98.0
Oct. 28th ...	108.4	114.4	101.4	99.3	95.6	99.7	98.7
Nov. 11th ...	110.3	119.3	103.5	99.3	96.0	99.3	98.3
Nov. 25th ...	109.1	114.8	98.0	98.3	94.2	98.8	97.6
Dec. 9th ...	110.3	117.3	93.0	97.3	93.3	97.1	96.1
Dec. 30th ...	108.9	117.1	94.4	96.1	93.4	96.9	94.6
1932.							
Jan. 13th ...	109.6	117.7	94.5	94.5	93.8	96.3	92.8
Jan. 27th ...	108.3	115.7	93.8	93.5	93.6	95.8	91.6
Feb. 10th ...	108.6	117.3	88.8	...	...	...	...

The four indices of the price level in gold countries, to which we are indebted to the *Financial Times*, point to the continuance, most pronounced in the case of Germany and the United States, of deflationary pressure on the gold price level. So far as the British price level is concerned, movements during the past fortnight, as may be

seen from the table below, have been of negligible dimensions:—

"ECONOMIST" INDEX.

(1927 = 100.)

	Sept. 18, 1931.	Jan. 27, 1932.	Feb. 10, 1932.
Cereals and meat	64.5	69.7	70.3
Other foods	62.2	66.1	66.7
Textiles	43.7	52.5	52.5
Minerals	67.4	76.2	75.4
Miscellaneous	65.8	64.6	65.1
Complete Index ...	60.4	65.4	65.6
1913 = 100	83.1	90.0	90.3
1924 = 100	52.2	56.5	56.7

It will be noted that the two groups which have shown the least recovery from the level of September 18th last are the miscellaneous group and that comprised of "other foods."

World Production of Iron and Steel in 1931.—The National Federation of Iron and Steel Manufacturers has published the following estimate of world production of iron and steel in 1931:—

(In Millions of Tons.)

	1913.	1927.	1928.	1929.	1930.	1931 (Partly Estimated).
IRON.						
United Kingdom	10.26	7.29	6.61	7.59	6.19	3.76
Germany	10.73	12.90	11.62	13.19	9.54	6.04
France	8.93	9.13	9.82	10.20	9.88	8.25
Belgium	2.45	3.65	3.80	4.03	3.35	3.14
Luxembourg	2.51	2.69	2.73	2.86	2.43	2.03
Saar	1.35	1.74	1.91	2.07	1.88	1.52
Other European countries...	9.02	7.23	7.84	9.39	9.47	8.14
United States	30.97	36.57	38.16	42.61	31.75	18.50
Australia, Canada and India	1.28	2.47	2.55	2.93	2.44	2.09
Other countries	0.40	1.66	1.92	2.36	2.47	2.22
World Total	77.90	85.33	86.96	97.23	79.40	55.69
STEEL.						
United Kingdom	7.66	9.10	8.52	9.64	7.33	5.18
Germany	11.99	16.06	14.29	15.99	11.36	8.36
France	6.86	8.18	9.35	9.55	9.30	7.90
Belgium	2.43	3.62	3.84	4.07	3.42	3.16
Luxembourg	1.31	2.43	2.53	2.66	2.24	2.04
Saar	2.05	1.86	2.04	2.17	1.91	1.56
Other European countries...	10.16	10.36	11.58	13.11	12.59	11.10
United States	31.30	44.94	51.54	56.43	40.70	26.41
Australia, Canada and India	1.11	1.96	2.11	2.43	2.05	1.74
Other countries	0.28	1.90	2.12	2.25	2.43	2.14
World Total	75.15	100.19	107.92	118.30	93.33	69.59

* Present territory.

As compared with 1929, the world production of pig iron and steel shows a decline of 43 per cent. and 41 per cent. respectively. This enormous reduction in activity illustrates strikingly the extent of the contraction in the demand for capital goods in the form of plant, machinery and ships. In the United States, where the motor industry accounts for a large proportion of the total consumption of steel, the contraction has been most pronounced. Throughout the past year activity in the iron and steel industries declined almost uninterruptedly, and there are as yet no signs of an early improvement. A noteworthy feature is the fact that the level of production of iron and steel in 1931 was considerably below that of 1913. The relatively smaller reduction in steel production is mainly a consequence of the increase in the use of scrap materials in production.

Polish Mine Wage Decrease.—The Government Arbitration Board, writes our Polish correspondent, has settled the wages dispute between the owners and mine workers by ordering a reduction of 8 per cent. in the Upper Silesian mines and of 10 per cent. in Dabrowa and other districts. Prior to the expiration on January 31st of the previous wage agreement, the owners had served notice of their intention to lower all wages by 21 per cent., so that coal exports to the northern markets need not be curtailed in consequence of the necessity of meeting depreciated sterling prices. The Government had definitely announced that such exports must be maintained at all costs, and that there should be "equality of sacrifice" in supporting the loss. The new agreement, based on an 8 per cent. reduction, is not for a fixed term, but can be abrogated after

June 1, 1932, if either side gives two weeks' notice. It is, however, binding until the beginning of June, at which time—the feeling now is—the mine-owners will insist on a further reduction unless, in the meantime, a material improvement takes place in the coal export situation. The owners, in fact, feel very strongly that the Government Arbitration Board has "let them down" in allowing a reduction of only 8 per cent., such compensation being quite inadequate to cover existing losses in export shipments to the Baltic and Scandinavian countries. The Arbitration Board, however, which is more of a political than of an economic body, had to give primary consideration to the political possibilities of too drastic a wage cut in one dose—and especially in Upper Silesia, where the minority elements know how to make trouble.

Switzerland's Balance of Payments in 1931.—The results of the international transactions of Switzerland are of particular importance in view of the fact that this little country has become a "funk-hole" for foreign capital. The following table has been compiled by the German Institut für Konjunkturforschung:—

(Millions of Swiss francs.)

Item.	1928.	1929.	1930.	1931.
Excess of imports of merchandise over exports	- 543	- 600	- 782	- 883
Excess of imports of gold over exports	- 44	- 48	- 60	- 1,150
Excess of exports of electricity and other invisible items	+ 40 (a)	+ 40 (a)	+ 40 (a)	+ 32 (a)
Net income from services	+ 127	+ 140	+ 140	+ 112 (a)
Net income from tourists	+ 315	+ 315	+ 256 (a)	+ 200 (a)
Interest on investments abroad	+ 330	+ 380 (a)	+ 446 (a)	+ 400 (a)

(a) Estimate.

It will be seen that the excess of imports over exports of merchandise has increased rapidly since 1928. Until 1930, the net income from the export of electricity and other invisible exports, from services, tourists and foreign investments was in excess of Switzerland's visible debit balance of trade. Owing to the deepening of the world depression, Switzerland's income from these sources declined from Frs. 882,000,000 in 1930 to Frs. 744,000,000 in 1931. On the other hand the excess of merchandise imports over exports increased from Frs. 782,000,000 to Frs. 883,000,000. The outstanding feature has been the influx of foreign capital. This, of course, is partly responsible for the increase in the unfavourable balance of merchandise trade. In order to check the pressure of imports, it appears that Switzerland has decided to embark upon a protectionist policy. The denunciation of the Swiss-German commercial treaty on February 4th has been the first step in this direction.

The 1930 Census of Production.—Volume IV. of the preliminary reports of the census of production of 1930, published in last week's *Board of Trade Journal*, covers the motor, aircraft and railway carriage building industries, and the rubber and hosiery trades. The following summary shows the gross value, the net value (gross value less cost of materials and work given out to other firms), and the net output per person employed in the various industries in 1924 and in 1930:—

Industry.	Gross Output.		Net Output.		Net Output per Employee.	
	1924.	1930.	1924.	1930.	1924.	1930.
Motors and cycles	£ 88,320	£ 102,883	£ 42,638	£ 42,152	244	236
Aircraft	8,776	8,776	5,598	5,598	180	188
Railway carriage building	16,235	10,081	5,302	4,062	180	188
Rubber	23,834	28,119	11,692	14,143	246	281
Hosiery	42,495	36,007	15,228	15,000	159	155

* Not treated as a separate industry in 1924 Census.

The production of private cars (including chassis) advanced from 117,302 units in 1924 to 167,651 units in 1930. The number of commercial vehicles (including chassis) produced in 1930, at 66,920, shows an increase of 30,720 on 1924. The average selling value of complete

private cars declined from £268.9 per unit in 1924 to £205.4 per unit in 1930. On the other hand, the average selling value of commercial vehicles increased from £235.4 per unit to £264.1 per unit. Allowance has, of course, to be made for the increased use of the small private car and of the motor coach and of the larger type of motor omnibus since 1924. The output of motor cycles declined from 120,092 units in 1924 to 107,690 units in 1930, and the average selling value, at £41.5 per unit, shows a reduction of £7.4. The number and gross value of railway carriages and wagons built in 1930 had declined sharply. Owing to the great reduction in the cost of materials and to the increase in the net output per person, the total net selling value had, however, been fairly well maintained. The output of rubber goods shows a considerable expansion, and the net output per person employed increased from £246 in 1924 to £281 in 1930.

Balance of Payments of the U.S.S.R.—The Birmingham Bureau of Research on Russian Economic Conditions have published an interesting memorandum in which an attempt is made to estimate the extent of Russia's international indebtedness on short-term account. The basis of the calculation is provided by official Soviet documents, but in several instances important reservations and adjustments have been made. Import figures as returned by the Soviet Customs are compiled from prices given in the invoices presented to the Soviet trading organisations by foreign suppliers. In the opinion of the Bureau, these do not make adequate allowance for credit costs. The value of exports is revised in a downward direction, on the hypothesis that the prices declared by exporters to the Customs authorities are in general a measure of "expectations" rather than "realisations" in the foreign market. Several items entering into the compilation are admitted to be little more than inspired guesses, so that the final result must be regarded with caution. In the following table we summarise the estimated changes in the balance of payments of the U.S.S.R. for the past seven years:—

SUMMARY OF BALANCE OF PAYMENTS.

Years to October 1

(In million roubles.)

Item.	1924-5.	1925-6.	1926-7.	1927-8.	1928-9.	1929-30.	1930-31
A. Expenditure.							
I. Foreign trade	841	839	810	1,024	932	1,178	1,151
II. Capital movements	6	5	46	17	52	30	35
III. Foreign labour, &c.	3	5	4	10	15	18	38
IV. Non-commercial transactions	8	26	25	21	6	25	30
V. Total	858	879	886	1,072	1,005	1,251	1,254
B. Income.							
I. Foreign trade	604	734	789	901	916	982	955
II. Capital investments—							
(a) Increase in short term indebtedness ..	69	62	41	120	45	210	230
(b) Other items	77	27	10	12	12	10	10
III. Non-commercial transactions	43	43	43	35	32	43	55
IV. Items unaccounted for above	65	13	3	4	...	6	4
V. Total	858	879	886	1,072	1,005	1,251	1,254

In the above table the adverse balance of payments in any one year is thus represented by the item B. II. (a), which in 1930-31 was estimated to be 230 million roubles, or roughly £23 millions at the official par of exchange. The total short-term debt was considered to be in the neighbourhood of 850 million roubles on October 1, 1931, against 625 million roubles twelve months before. Of the total sum, about two-thirds has to be paid off each year. Leaving aside the approximate nature of the above figures, their appearance is not such as to cause undue alarm as to the possibility of a commercial default. If the further curtailment of Soviet exports, as a result of the world slump and the deliberate creation of trade barriers, happened to coincide with a concerted refusal to renew maturing credits, a difficult situation would obviously be created, but the international repercussions of such a policy would be so harmful that its eventuation, we trust, is unlikely.

Overseas Correspondence.

LEAGUE OF NATIONS.

The Conference Opened — The French Plan — First Tendencies.

(FROM OUR CORRESPONDENT.)

GENEVA, February 9.

THE general debate at the Disarmament Conference has so far been on a high level. Every speaker—Sir John Simon, M. Tardieu, Mr Gibson, and the German Chancellor—has emphasised the decisive opportunity and the imperative necessity of satisfying the wishes of the peoples of the world, and the disasters to which failure would inevitably lead. Despite a certain air of cynicism, the Conference understands that there is no running away from the task ahead of it, and the cold comprehension of this uncomfortable condition is better than any amount of eloquence and exhortation. But the Conference has not escaped this either, for the unusual and commendable innovation of giving representatives of vast numbers of unofficial organisations an opportunity to have their say directly to the Conference, on Saturday, led to a striking demonstration, and a great deal of plain speaking from men and women representing many international groups—students, women, Socialists, trades unionists, churches, and the League of Nations Societies. Some of the words addressed to the Conference were not without a certain menace and the demonstration may well have been a salutary reminder to the delegates.

With the exception of the French Plan, little has been added to what was already known on general lines. The main new fact is America's willingness to consider limitation of expenditure on material as a complementary method to direct limitation. She has given no indication whether she will also consider British advocacy for agreed reduction in the size of ships and the maximum of gun calibre. M. Tardieu and Dr. Brüning made the most emphatic contributions, which must be viewed in the light of the French proposals circulated before the general debate began. It is certain that these proposals will have considerable influence on the trend of the discussions, but it seems no more likely that they will enter into practice than when they were pressed in other forms—but with the same objects—at the Peace Conference and at the time of the Geneva Protocol in 1924.

Before any close consideration can be given to the advisability of League development on the lines of organised force suggested by France, there is one question which must be answered. Is France, together with her European Allies, prepared to accept, as its basis, that equality of rights and duties which the German Chancellor emphatically demanded as the foundation of any satisfactory disarmament convention? France has declared many times that she would enter into no disarmament convention except on the strict observance of existing treaty conditions, comprising, of course, the military clauses of the Versailles Treaty. If she maintains that attitude, the acceptance of her plan, so far as Europe is concerned, would mean making French forces available for the League to support French policy, for Germany would have no forces to contribute under the French plan. Germany will not look at the proposals on any such terms. They are also foreign to the whole established policy of the United States. Great Britain will not enter into this enlargement of her commitments, and Italian opinion has bluntly described the proposals as bluff. Whatever opinion may be held about the French ideas, there is little or no division of opinion about their chances of success. It is difficult to see how they can possibly succeed, though there are certain elements which have something to be said for them, like the control or abolition of specially aggressive weapons.

One thing that seems to be forgotten in this renewal of the determined and persistent French effort to make the satisfaction of French security claims the basis of any and every plan for the reduction of armaments, is that it was

the definite decision of the 1928 Assembly that a sufficient degree of security had been reached to proceed towards a disarmament convention. It has not been without some impatience, therefore, that other countries find the French conditions brought forward once again on the eve of the first effort to achieve something practical by way of reductions. When this much has been said there is considerable sympathy with M. Tardieu's lament that, instead of making the fullest use of the Covenant, there has been a steady tendency to weaken its provisions, and no State has a larger responsibility in this respect than Great Britain. Unfortunately, France's policy for the full use of the Covenant is apt to be applied largely, if not exclusively, to the maintenance of the particular treaty rights she wishes to maintain, and she has not been conspicuous in any determination to see even the full moral force of the Covenant brought into action in the Sino-Japanese conflict. What is good enough for others is apparently not good enough for France, and that is an essential point in the searching scrutiny which the French thesis requires. The technical application of the French proposals would in any event be extraordinarily difficult.

The best contribution for the maintenance of world peace would be a far greater loyalty to the Covenant than has yet been demonstrated by the members of the League. This would give it all the force and authority needed. It is strange how little this is understood. It has amazed many people here that the *Times*, for instance, in its analysis of the French plan, says it would scarcely be profitable to place international forces in the hands of a Council which has shown itself so weak as in the Far Eastern affair. It is almost impossible to get into the heads of some people the fact that England and other Great Powers are members of the Council, and that the weakness of the Council is the weakness of Great Britain, unless Great Britain can show that she has desired strong action and has been unable to secure League support for it. It would be about as sensible, on the basis of the *Times* argument, to say that a weak British Government should not be allowed to possess a navy.

It is now assured that the Conference will not be short of problems and proposals; in that respect, and in respect of the form of the speeches themselves, the beginning has been good. One of the most notable things was the significantly warm welcome given to the German Chancellor on his first appearance at Geneva; the tone of his speech was impeccable. There has been a tendency so far (apart from the French plans) towards advocating the limitation, reduction or abolition of definitely aggressive weapons—a line of approach which was persuasively presented to the Conference by Lord Cecil, who addressed it on Saturday in the name of the League of Nations Societies. The first point registered, however, in these early days of what must be a protracted and difficult task, is the recognition that the Conference cannot afford to fail. If that conviction remains constant, the Conference cannot fail.

UNITED STATES.

Company Profits — Reconstruction Corporation — Banking.

(FROM OUR CORRESPONDENT.)

NEW YORK, January 29.

JAPANESE military operations in China, threats of ill-considered legislation in Congress to bring about changes in the banking system, and publication of discouraging company reports have checked any enthusiasm which might have developed over the start of the Reconstruction Finance Corporation and the near approach to an agreement on railroad wage cuts. So far as current reports are concerned, only a mild seasonal rise in trade is taking place. The steel mills are now operating between 27 and 29 per cent of capacity. This is encouraging when it is considered that the gain from the recent stagnation is one-third, but the actual rate is much below what it usually is at the end of January.

For virtually four months the steel trade has operated at under 30 per cent. of capacity. Under the circumstances it

was not surprising that at their quarterly meetings this week the two leading makers, the United States Steel Corporation and the Bethlehem Steel Corporation, reported operating deficits. United States Steel reduced its quarterly dividend by one-half, paying only 50 cents a share. Bethlehem omitted payments on the common shares altogether. In the case of United States Steel the directors made it clear that inasmuch as common share dividends have come from surplus for the past year, no further disbursements will be made until earnings definitely improve.

The Steel Corporation's earnings were the poorest in its thirty-year history, and since it holds the undisputed leadership in American industry, its performance is discouraging to lesser enterprise. General Motors, on the other hand, reported earnings of a little over \$2 a share on its 43,500,000 shares of common stock, or two-thirds the regular dividend rate. Industrial companies which have so far published reports for 1931 reveal a drop of about 40 per cent. as compared with 1930. The nine months' statements were down by over 50 per cent., and this higher percentage is likely to rule when the record is complete. Railroads in December report a drop of over 50 per cent. in net operating income, and it is now being shown that many of them failed to cover their fixed charges in 1931. Formal action has been taken in New York State to suspend for a year the provisions of the legal bond list. This will permit savings banks and trust companies to continue to hold railroad bonds which otherwise they would be constrained to sell, or at least be unable to purchase in additional amounts.

Although it has barely been started, applications for aid have begun to pour in on the Reconstruction Corporation. It is natural that a great many people caught the idea that anyone needing to borrow could be accommodated by this body; but it will, of course, help only banks, railroads and other important enterprises, hoping to avert disasters which might have a far-reaching effect and to inspire general confidence. For the first time the National Credit Corporation, the credit body formed by the banks a few months ago, has published figures of its operations, showing that it has paid out \$155 millions, in 750 separate loans to 575 different banks. The Corporation has called in subscriptions for a total of \$135 millions, and consequently another call, perhaps for 10 per cent. of the subscribed \$450 millions of debentures, is expected at any moment. The Corporation expects to operate for several months, but eventually will disappear as the Reconstruction Corporation takes over the sort of aid now being given. There is no provision in law for a merger of the two concerns.

Some anxiety was aroused over the proposed Bill of the Senate banking committee designed to amend the Federal Reserve Act. Introduced by Senator Glass, the Bill contained one or two good features, such as provision for aid to depositors in banks which have failed, but its general aim is thoroughly disliked. By placing severe restrictions, amounting under some conditions to total prohibition, on member bank lending on stock and bond collateral, the measure would tend actually to spur on deflation. Its central theme is that the Federal Reserve authorities could control the direction of credit and make it plentiful and cheap for business while withholding it from speculation. Senator Glass belongs to the school of thought which in 1927-29 was opposed to increases in the discount rate, the orthodox method of stemming credit expansion, and advocated moral suasion as a means of keeping money out of the stock market. Now, apparently, ignoring the drastic deflation of the past two years which has expiated any previous inflationary crimes, he would punish the whole country anew. Fortunately, the opposition to the measure has been so vigorous, once the terms were understood, that its recall from committee in its present form is quite unlikely. Some of its more fully considered provisions may appear in another Bill.

Another Federal Reserve Bank, the Dallas Institution, has brought down its discount rate, so that all twelve regional banks now have a rate of 8½ per cent. It is still believed likely that the New York Bank will reduce its rate to 3 per cent., though this week's operations revealed

no further steps towards ease. Money rates have remained unchanged, showing only a slightly firmer tone on month-end settlements. Currency circulation dropped \$24 millions, the same amount as the reduction in the gold stock. Member banks borrowed moderately to make good the credit taken out by the running off in reserve holding of bills. On balance, Federal Reserve credit in use dropped \$9 millions. Brokers' loans declined another \$18 millions, the total being now only \$513 millions, against a record low point in recent years of \$510 millions in 1918. Deflation of bank credit generally has continued, the reporting member bank statement showing a decrease of \$28 millions in security loans and of \$68 millions in other loans. The banks also sold \$140 millions of their investments, and these deposit-reducing operations were reflected in a decline of \$204 millions in deposits.

In a recent address here, Mr Ogden Mills, Under-Secretary of the Treasury, blamed the banks for much of the deflation of the past three months, and criticised their excessive zeal for liquidity. He urged them to relax pressure to repay loans and to stop the sale of their investments. Noting that with the bank failures and other delinquencies of the past year the weakest spots in our banking and business structure have been eliminated, that the strongest business units have so adapted themselves to prevailing conditions that with some increase in activity their operations may now be carried on at a reasonable profit, and that the Government is determined to balance the Budget, he urged that deflation be arrested. The "essence of the problem," he said, "is to make available the credit needed by American business." He thought the Reconstruction Corporation would do much along this line. Meanwhile both President Hoover and Secretary of the Treasury Mellon have firmly stated their opposition to all schemes contemplating an expansion in currency circulation or an increase in borrowing beyond this fiscal year.

There have been rumours that the New York Bank has been opposed in its easy money policy by the Federal Reserve Board at Washington, but this talk is not widely believed here. However, the heavy gold shipments must be an influence in central banking policy. With to-day's departure of \$30 millions, the country has lost about \$110 millions this month, against which it imported \$25 millions. Of the exports, approximately \$30 millions were taken from earmarked metal.

GERMANY.

Presidential Candidature — Osthilfe.

(FROM OUR CORRESPONDENT.)

BERLIN, February 9.

COMING developments in German domestic politics will be greatly influenced by the extent to which Dr. Brüning is successful at the Disarmament Conference, and by the decision of the League on the question of taking energetic measures against the violation of the Memel Statute. These international events have coincided most unfortunately with an acute state of tension in Germany. The list of signatories to Herr von Hindenburg's nomination is growing rapidly, although signatures are being collected almost exclusively in the large towns; but Herr von Hindenburg himself has not yet decided whether he will stand. He has evidently been impressed by the fact that the parties and organisations of the Right, which formerly represented a large section of his supporters, have so far not declared in favour of his candidature because he is supporting the Brüning Government in office. An attempt has been made to use this fact to bring pressure upon the Chancellor to resign voluntarily in the interest of Herr von Hindenburg's candidature, but Dr. Brüning recognises the political motive behind this movement, and it is to be hoped that he will not allow a false sense of chivalry to induce him to resign an office in which nobody at present is capable of replacing him.

It has not proved practicable to carry out according to plan the programme as laid down in the spring of 1931 of

assistance by means of credits to the farmers of the eastern provinces, as it has been impossible to release enough funds to redeem the short-term credits. In the autumn an attempt was accordingly made to put matters on a sounder basis partly at the expense of the creditors by forcing them to remit arrears of interest, reduce interest rates and, in some cases, to accept a reduction in their capital dues. Even this, however, did not solve the problem, as, on the one hand, too extensive encroachments on the rights of creditors had to be avoided, and, on the other, the uncertainty which this legislative interference with the rights of creditors entailed was completely stopping the flow of capital to agriculture in the east. The farmers themselves, as a matter of fact, realised that they would damage their own interests if they tried to take unfair advantage of the provisions of the Emergency Decree, and for that reason debtors have applied in comparatively few cases for protection against their creditors; but, even so, the psychological effect was there. It is, in consequence, almost impossible for farmers to get fresh credit for their working capital, and creditors are pressing for payment of existing short-term debts wherever they see any chance of getting it.

The problem of the funding of these short-term debts has, therefore, grown more and more urgent, and a new Emergency Decree has now been issued, which transfers the business of settling the debts from the Bank für deutsche Industrieobligationen to the Deutsche Rentenbank (not the Rentenbank Kreditanstalt). The Industriebank is only to co-operate in the technical execution of the scheme. The Deutsche Rentenbank is to issue new 4½ per cent. bonds — "Osthilfe-Entschuldungsbriefe" — which are to be issued to the farmers' creditors in place of their short-term claims. As security for these bonds there are not only the creditors' claims, which are transferred to the Rentenbank, but also the old land debts, which, at the time of the creation of the Rentenmark, were registered against all German land in agricultural use. As Rs. 600 millions have to be redeemed, and 100 millions are available in cash out of the special tax on industry, which was created by the Dawes Plan and subsequently, after the acceptance of the Young Plan, assigned in part for the redemption of agricultural debt, some Rm. 500 millions of Entschuldungsbriefe will have to be issued. They will, however, not be issued for another year or eighteen months. Whether the required sum will be forthcoming is not yet certain. The bonds are to be redeemed before 1938, principally out of the further proceeds of the industry tax, but the issue will avail little to most of the creditors, whose need is for ready money. For this reason the Reichsbank will make advances against a proportion of the bonds, and it is also to be made possible for creditors, to a strictly limited extent, to get bills discounted by the Reichsbank through the Deutsche Rentenbank.

AUSTRIA.

New Bank Governor — Trade and Industry.

(FROM OUR CORRESPONDENT.)

VIENNA, February 8.

THE new officials of the National Bank and the Credit-Anstalt have at last been appointed. After two days' interlude the former President, Dr. Reisch, was relieved by the former Minister of Finance, Dr. Kienböck. Dr. Kienböck has therefore retired from political life, and the Christian Socialist Party has lost one of its prominent leaders. The taking over of the management of the National Bank at the present moment will be an unusually difficult task. If no help is forthcoming from abroad, Dr. Kienböck, like his predecessor, will be unable to make any concessions in the allocation of foreign exchange. Perhaps he will be more accommodating in regard to individual complaints than was President Reisch, who confined his efforts to promoting the purchasing power of the schilling at home. Dr. Kienböck is a man of decided methods, and in the Ministry of Finance it has always been said that with one typist he could run the whole of the Ministry himself. In any case, nobody

was allowed to interfere with him, and the chiefs of departments had scarcely ever before his regime been reduced to such impotence. In handling the question of the banks he was not always particularly adroit, but at least he has abundant energy. Whether collaboration between him and the present general manager of the bank, Dr. Brauneis, will be possible, is still doubtful at the moment. It is possible that, not immediately but in the near future, somebody closely related with the new President will be nominated as chief official of the bank.

At the Credit-Anstalt the long-expected change has now taken place. Dr. Spitzmüller is leaving the bank altogether, and is not remaining as vice-president, as it was one time supposed he would. It is expected that the present vice-presidents will also retire, while the president, Baron Louis Rothschild, will retain his position, in accordance with the express wish of the Government. One of the first tasks of the new general manager will be to come to a new standstill arrangement with the foreign creditors, which should include relief, both as to capital and interest, for Austria, which took upon itself to guarantee the commitments of the Credit-Anstalt. Furthermore, an agreement will have to be made with the National Bank and the Government, so that the tremendous bill of exchange indebtedness of the Credit-Anstalt at the National Bank may at last be reduced or converted into some other form. As things stand at present, the National Bank is compelled to exercise the greatest reserve in relation to bills of exchange handed in for discounting purposes by the other banks and by trade in general, because the Bank cannot further reduce its percentage of cover. As the Credit-Anstalt will not for some time be in a position to redeem its bills, the only thing to be done will be to convert this bill debt, if possible, into a loan.

The new President of the National Bank will also have to face the question whether he can accord facilities in the matter of the foreign currency restrictions. The ex-president, Dr. Reisch, declared that he regarded such a step as most difficult of accomplishment so long as foreign help was not forthcoming. Apart from such assistance, holdings of foreign exchange would of necessity decline still further, and the Bank would have to pay the bank-note tax. People are continually being arrested for illicit dealings in foreign exchange; they pay prices for foreign means of payment and for gold which are up to 30 per cent. above those quoted officially. The industrialists are demanding the cancellation of the restrictions on foreign exchange dealings, and in their claim they are backed up by most of the merchants. Up to the present, however, the National Bank and the Government have not shared this opinion.

Unemployment is still alarming. The total figure is at present about 370,000 in receipt of the dole, together with 70,000 old age pensioners and about 16,000 unemployed without benefit, so that a level of 500,000 unemployed is nearly reached, and consequently every twelfth Austrian is out of work. There is no sign of an improvement in exports, for the expectations which were attached to the "clearing" arrangements are proving more and more clearly to have been optimistic. Very shortly a "clearing" contract with France will be signed. A department is being set up in Paris to function as clearing office and to do the same work in regard to Austria as, for instance, the Swiss National Bank does under the Austro-Swiss treaty. This office will probably be set up not at the Banque de France but at the Chamber of Commerce in Paris. In the past year imports from France amounted to 56.5 millions and exports to France to 63.2 million schillings.

Individual small industries show the worst signs of the severity of the crisis. In the Vienna luxury industries there is at present a tendency to open branch factories abroad, as export is being injured by the difficulties over foreign means of payment and the high import duties imposed in neighbouring countries. More than a year ago there were 2,800 workers engaged in the Vienna fancy leather industry, but at present there are only 150; in the hat industry the number of workers employed has sunk from 6,500 to 800. Dismissals of domestic servants are

still proceeding fast, because people are obliged to cut down expenses, particularly on account of the heavier housing tax. Under these circumstances, revenue from all taxes is bound to decline. In various branches of the metal industry there have been meetings of the representatives of the workers to advocate the prompt conclusion of a commercial treaty with Russia. The Government and the banks are, however, not inclined to extend the risk which they are already running.

Bankruptcies and insolvencies were as bad as ever in January. The weekly average was about 116 compositions and 18 bankruptcies, against 62 and 12 in January of last year. There is no animation observable on the Stock Exchange. On some days shares in terms of foreign currencies rose, and Turkish securities also underwent a considerable improvement. In general, however, the tone was very quiet and the turnover very small. The saving deposit movement is not unfavourable, but there is no improvement in the quotations of securities bearing fixed rates of interest.

HOLLAND.

New Quotas — Finance — Trade Treaties.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, February 10.

DURING the past week four new Royal Decrees have been issued under the quota law, limiting imports of boots and shoes, knitted wear, woollen and part-woollen fabrics, and outer garments respectively. The boot and shoe industry has eagerly desired the limitation of the import of foreign footwear. In consequence of intense foreign competition, prices had dropped to a disastrous level. Imports of boots and shoes during 1931 were 53 per cent. larger than in 1930; during the period October-December imports rose to 138 per cent. of the corresponding period in 1930, and in the month of December the importations were even 180 per cent. higher than in December, 1930. Exports dropped to 354,717 pairs, and the output of the leather-producing industry had to be considerably curtailed in consequence of the reduced requirements of the Dutch shoe factories. The new Decree provides that during the period from January 1, 1932, to April 1, 1932, no imports may exceed prescribed percentages of the average number of pairs per quarter imported from each country in the years 1928, 1929 and 1930. These restrictions will chiefly affect Germany and Czechoslovakia, and it is said that, in consequence of these restrictions, Bata, the great Czechoslovak shoe manufacturer, is planning to erect a factory in the Netherlands.

During the period from February 1, 1932, to May 1, 1932, the import of outer garments and underclothing, knitted or made of tricot (socks and stockings excepted), is limited to 60 per cent. of the average value per quarter imported from each country during the years 1928, 1929 and 1930. The import of fabrics, wholly or partly of wool and of outer garments is similarly restricted, but the percentages are 62½ and 50 respectively. For outer garments containing rubber it is 100 per cent. These latter restrictions involve principally England and Germany, which countries had a good outlet for these goods in the Netherlands.

The new quota regulations are gradually giving rise to loud protests on the part of importers and dealers, who consider that their means of existence are being menaced thereby. The Rotterdam port interests have also protested to the Minister of Labour, Commerce and Industry.

The wages of dock labourers in Rotterdam and Amsterdam have been reduced. The wages of labourers in the port were 5.60 guilders per day, as compared with 4.75 guilders in German ports, and 4 guilders in Antwerp. The employers have been compelled to reduce the rate of wages to 5.20 guilders per day, in connection with which they point out that the reduction should not fall unduly heavily on the employees, in view of the fact that the cost of living has dropped by 18 per cent. since 1924. Even after this wage cut, the standard of wages in the Dutch

ports will be exceptionally high in comparison with the rates prevailing in foreign ports.

A Bill has been introduced into the Second Chamber of Parliament authorising the Minister of Finance to negotiate a loan of 200 million guilders. The loan is to serve for the conversion of the 1922 loan and for the consolidation of floating debt. As expenditure has been increased by the crisis, a Bill has been introduced, providing for the imposition of a 10 per cent. increase on the sugar excise duties, and an increase in the extra duty on wine excise from 20 per cent. to 80 per cent. In addition, increases are proposed in the duties on cigarettes, as well as in the stamp fee on foreign stocks and shares, and in the import duties on semi-tropical fruits, etc. The annual yield of the measures proposed is estimated at a total of 13.2 million guilders. From this, 1.2 millions have to be deducted for super-tax exemptions on land taxes, leaving an aggregate of 12 millions. All the measures proposed, except the exemptions from land tax, are to apply until January 1, 1934.

The distress among the peasant and agricultural population of the Netherlands is very acute, and petitions for support are repeatedly being submitted to the Government by various organisations. The new import duty which Britain is to impose on tomatoes means a heavy blow to our tomato growers. The import duty on tomatoes in the months of June and July is to be equivalent to 16 Dutch cents per kg., and from August to October, inclusive, 8 cents per kg. As the price of tomatoes at the Rotterdam auction was 30 cents per kg. in June, 1931, and 9 cents in August, the duties will be ruinous to our output.

It is announced that the negotiations for a new commercial treaty with Belgium have been brought to a successful conclusion. All kinds of problems, such as the question of the Scheldt estuary and the communication with the Rhine, with regard to which there has hitherto always been divergence of opinion, have now been solved. In Brussels the signing of the Belgian-Dutch treaty is expected with certainty within a few months.

As regards the Oslo treaty, the discussions held at Geneva have failed. It was suggested by Holland that the scope of the treaty should be extended to embrace quota matters. As an example, attention was drawn to the agreement on this subject between Belgium and the Netherlands. The suggestion of the Netherlands, however, did not find favour among the representatives of the other signatories, and disappointment was generally expressed as to the practical value of the Oslo treaty. In this respect Denmark in particular drew attention to the quota measures adopted by the Netherlands to the detriment of the import of Danish meat.

HUNGARY.

Tariffs — Agriculture — Exchange Rationing.

(FROM OUR CORRESPONDENT.)

BUDAPEST, February 9.

It is the irony of fate that the Hungarian people should begin to realise the evils of high tariffs at a time when its Government is compelled to restrict foreign trade by all sorts of prohibitions, increased duties and other devices to protect the currency. However desirable a reasonable commercial policy would be in itself for all the Danubian countries, the time is not opportune for sweeping changes now, because every nation is preoccupied with its own budgetary and monetary difficulties. On the other hand, there is little doubt that time is working for a change. The question is whether a reasonable tariff policy and a close economic co-operation will forestall or follow the complete financial disaster which is threatening all the Danubian countries if the present system continues. And short of a miracle there is little hope that 1932 will bring a change for the better.

The basic industry of Hungary—agriculture—is in a pitiful state. The aggregate value of the 1931 harvest

is estimated at less than 1,000 million pengő, as against an average of 2,000 million pengő in the period of 1927-29. Prices have fallen, marketing is becoming increasingly difficult, but debt charges fixed in gold currencies remain unaltered. And, in addition to the crushing taxation and debts, the farmer has to bear the heavy burden of the mischievous tariff policy of the past and present, which has resulted in a striking discrepancy between agricultural and industrial prices, much to the detriment of the farmer. The bounty given to wheat and rye growers in 1930 and 1931 did not prove to be an effective help to agriculture, as it has delayed the necessary changes in production. The precarious state of the Treasury does not permit the continuance of the artificial "pegging" of wheat and rye, and the Government has announced that the bounty system will be discontinued as from June 30, 1932. It is not yet known what the Government proposes to do to relieve the farmers.

Complaints against the exchange regulations and the meagre rationing of the National Bank have become the order of the day. Scarcely one-third of the export *devisen* were surrendered to the National Bank in the period July 17-December 31, 1931. Though it is certain that the Statistical Department has over-stated the value of exports, returned at about 250 million pengő since the exchange restrictions came into force, it is no wonder that the National Bank could not allow more than 45.1 million pengő for imports, as the amount of surrendered export *devisen* totalled only 65.5 million pengő in the period July-December. The League Report states that the percentage of imports covered by exchanges allowed by the National Bank amounted to 13 and 23 per cent. respectively of the total merchandise imports in October and November, 1931. The prospects for 1932 are certainly not better. The various clearing and quota agreements entered into with Austria, Czechoslovakia, Switzerland, Germany, etc., have proved of little value to promote trade. Negotiations with Czechoslovakia for the conclusion of a new commercial treaty, after more than a year of Customs war, have not yet resulted in any agreement.

The difficulties arising out of the transfer moratorium declaration are almost daily increasing. Though the good faith of the Hungarian Government in the matter of giving priority to the League Loan of 1924 cannot be questioned, the other creditors are complaining of unequal treatment. It is difficult to see how the delicate problems arising out of the transfer moratorium can be solved in the absence of the creditors' representative in Budapest. More than six weeks have elapsed since the transfer moratorium was declared, and in spite of the fact that Baron Korányi, the Finance Minister, expressed in Geneva his desire to negotiate with the groups of the creditors at the earliest date, practically nothing has happened. Negotiations for new standstill agreements, as they only confirm an existing status, are matters of rather secondary importance. But even these have been unsuccessful so far.

NORWAY.

Money — Banking — Trade Policy.

(FROM OUR CORRESPONDENT.)

TRONDHEIM, February 9.

ALTHOUGH conditions in the domestic money market have shown stringency for some length of time, this tendency has lately become more pronounced, a fact which is clearly borne out by the return of the Norges Bank for January 31st. While notes in circulation at January 22nd showed some decline compared with the previous week, this item rose by the end of the month from 309.6 million kroner to 310.08 million kroner. At the same time, deposits fell off by some 8 million kroner, balances abroad by well over 4.5 million kroner, and foreign securities by about 2.6 million kroner. This somewhat unfavourable development is not, however, unusual at this time of the year, when trade figures generally decline after the seasonal expansion over Christmas, and dividend payments often cause an extraordinary drain on the resources of the private banks.

In the course of the past month most of the joint-stock banks have published their reports. Of the so-called "big three" in Oslo, the Christiania Bank og Kreditkasse at present remains as the only "free" bank, and the publication of its report naturally is eagerly awaited. It appears that it has had a favourable year, in spite of the general trade depression and the somewhat reduced resources with which it has had to work. It is maintaining a dividend of 8 per cent., and has been able also to appropriate considerable funds for depreciation. What is true of this bank may also be said—with modifications—of most of the other Norwegian banks, whose position is now generally recognised as very sound. The two or three cases of suspended payments that occurred last month refer to provincial banks with a relatively insignificant sphere of action. The work of reconstruction of the Norske Creditbank and the Bergens Privatbank is now well advanced, as sufficient new capital has been secured. It is expected that normal operations on a free basis will be resumed in the near future.

No political events of any importance have occurred at home for some time past, and the interest of politicians seems to be chiefly concentrated on international affairs. The question of a mutual preferential agreement between the British Empire and Scandinavian (as well as certain other) countries has been discussed with keen interest in this country. The commercial intercourse between Great Britain and Norway is so extensive that closer co-operation between the two countries with regard to their fiscal policy would prove of the utmost importance to Norway, as well as to Great Britain herself. Further developments in this matter are being eagerly looked forward to in Norwegian business circles.

Unemployment figures for January 15th show a slight increase since December 15th last, though the figure, 84,686, is considerably higher than a year ago, when the number of unemployed was 28,596. Operations on the Bourse were not very brisk last month. Bonds were steady, but the tendency for shares has been sagging. Recently, however, shipping shares have been firmer, especially those connected with Far East markets.

SWITZERLAND.

Foreign Trade — Industry — Budget.

(FROM OUR CORRESPONDENT.)

GENEVA, January 30.

THE economic depression has not yet reached its bottom in Switzerland, and the general situation was aggravated in December by a further drop in exports and a rise in the number of unemployed. The December foreign trade returns were unsatisfactory, not only on account of the decrease in exports, but also on account of the increased adverse trade balance. Imports totalled £8,174,100, the highest figure of the year, and that rise is due mainly to the fact that big purchases were made in anticipation of the coming increase in Customs duties and of the setting up of import restrictions. Exports, on the other hand, fell to £3,711,000, the lowest figure of the whole year.

The foreign trade results for the year 1931 show a serious contraction. Imports aggregated £90,048,181, compared with £106,568,064 during the previous year, a decrease of about 15 per cent.; exports totalled £53,951,908, as against £70,700,000, a drop of nearly 23 per cent. against 1930, which was already a low record year. The adverse balance is thus £36,096,278, compared with £35,868,001 last year, and it is not expected that it can be made good by invisible exports, as the revenue derived from securities, banking and the hotel industry will be much lower than during the previous year.

The slump in exports is particularly striking in regard to the key industries—watchmaking, silk, cotton and machinery—the aggregate sales of which show a decrease of 81 per cent. against 1930. The monthly average of exports is £4,495,992, the lowest figure recorded since 1914. During the economic depression of 1922 and 1923

the average was respectively £5,871,000 and £5,867,000, and since then wholesale prices have been reduced by about 20 per cent.

Commercial exchanges with the five principal countries were as follows:—

	(£ millions.)		(£ millions.)	
	Imports from	Exports to	Imports from	Exports to
	1930.	1931.	1930.	1931.
Germany	28.0	25.3	11.2	7.5
France	18.0	14.1	7.3	5.7
Italy	7.4	6.5	4.8	3.7
Great Britain	9.2	3.8	10.8	9.7
U.S.A.	8.0	6.2	5.3	3.4

Germany retains the first place among the purveyors to the Swiss market, while Britain remains fifth. On the other hand, Britain has taken among the chief buyers of Swiss goods the first place, which Germany held last year. Commercial exchanges with Great Britain were rather slack; imports from Britain totalled £4,144,000, as against £9,277,000 in 1930, while exports to Britain aggregated £9,900,000, compared with £10,500,000 last year, the drop being due partly to the setting up of new duties in Britain. There is at present no sign of any coming improvement in the situation, business is very difficult, and there is no great hope of Swiss foreign trade developing in the near future.

At the end of December the Swiss Parliament passed the Budget of the Confederation for 1932. Receipts are estimated at £16,364,000 and expenditure at £16,672,000, thus leaving an estimated deficit of £308,000. While receipts show an increase of £280,000 over the previous year, expenditure is £440,000 higher. The rise in expenditure is due to the fact that the instalment for the redemption of the debt has been raised from £787,000 in 1931 to £1,651,760 in 1932; moreover, a sum of £912,000 is to be paid to the reserve fund for social and old age insurance, and the growth of unemployment has made it necessary further to increase the State subsidies for the unemployed.

It has been recently stated that the 1931 accounts will show a small surplus instead of the deficit estimated; but, if business does not improve, the 1932 deficit is likely to be higher than the estimate. The Federal Government has therefore instructed the Federal departments and services to make drastic economies so as not to exceed the sums allowed to them.

The public debt stood at £196,765,520 at the end of 1930, a rise of £696,360. This is due to an increase in the total of the floating debt. On the other hand, the consolidated debt, which was £88,020,000 in 1925, was brought down to £75,880,880 at the end of 1930, and a further £520,000 was repaid in the course of the past year. Consequently the sum needed for the interest and service of the debt was reduced from £4,664,000 in 1925 to £3,999,600 in 1931, and it will only be £3,608,000 in 1932.

The financial situation of the Confederation is sound, but it is felt that the Government is too generous in the granting of subsidies to the Cantons, Communes and various organisations. In 1920 State subsidies aggregated £1,460,000; they rose to £2,400,000 in 1931, and they are estimated at £6,000,000 in 1932. Public opinion has been vainly asking the Government to put an end to this dangerous policy, but nothing has been done so far to curtail these expenses, and, should they further increase, the question would have to be examined of imposing some new form of taxation, which the electorate would certainly refuse.

NEW ZEALAND.

Election — Overseas Trade — Prices — Production.

(FROM OUR CORRESPONDENT.)

CHRISTCHURCH, December 12.

THE triennial general elections, held on December 2nd, caused less than the usual interest, and brought few surprises. New Zealand has not yet had a Labour Government, and the two parties which have alternated in power for many years formed a Coalition late in the last session of Parliament, gave the Coalition nomination to all sitting members of their parties, avoided three-cornered contests

wherever possible, and went to the country united against Labour. The Coalition party claimed that in the face of unparalleled depression and a critical economic situation, a strong Government was needed to effect economies in administration, and asked for a mandate to deal with the changing situation as necessity might demand. The Labour Party warned electors against the "Coalition menace" to the system of compulsory arbitration of labour disputes, which is to be modified, and to State education, where economies are expected; and it advocated a State Central Bank, with heavy borrowing for public works to relieve unemployment. Few people doubted that the Coalition Party would be returned with a substantial majority. The results showed that the Coalition has lost four seats and gained two, Labour lost one and gained five, while Independents lost two. Before the poll the Coalition had 52 members, Labour 20, and Independents 8. After the election the Coalition had 50, Labour 24, and Independents 6. Since most of the Independents will support the Coalition, it is practically assured of a two to one majority. The Minister of Lands, the Hon. D. Jones, ex-Chairman of the Meat Export Board, lost his seat by a narrow margin, but there were few changes, as only eleven new members, three of whom have served before, were elected in a House of eighty. Some changes and additions are expected in the Cabinet, but it is unlikely that the new Parliament will meet till June, as the immediate need is said to be for more economical administration.

The business outlook in the Dominion appears to have improved since the winter. Part of the improvement may be seasonal, but there are indications of some recovery of internal trade. Unemployment has decreased, the overseas trade balance is definitely favourable, and, apart from seasonal developments, the relation between bank advances and deposits has been improving for some months. The value of overseas trade, however, shows no improvement as yet. For the year ended October 31st, exports were £34,369,000, as compared with £47,021,000 in 1930, and £55,877,000 in 1929, while imports were £26,946,000, against £47,074,000 in 1930 and £48,935,000 in 1929. For the latest year, therefore, exports exceed imports by nearly £7,500,000. Comparing exports during the first nine months of 1931 with the average for the same period over the five years 1927-31, wool decreased slightly in quantity and realised 52 per cent. less in value; lamb increased 16 per cent. in quantity and fell 7 per cent. in value; the quantity of mutton declined slightly, but the value fell by 28 per cent.; butter increased 18 per cent. in quantity and declined 8 per cent. in value; cheese declined slightly in quantity and fell 28 per cent. in value. Over the whole group, the fall in value is 27 per cent., but the inclusion of the two years 1930-31 lowers the base of comparison. The fall in total export values since 1929 is nearly 40 per cent. The decline in imports has been even more drastic and amounts to 45 per cent. since 1929. Comparing the first nine months of 1930 and 1931, imports of motor vehicles and timber have fallen over 70 per cent.; boots and shoes, carpets, musical instruments, hardware and iron and steel over 50 per cent.; apparel, cotton piece-goods, tobacco and cigarettes, and motor spirit over 40 per cent., and woollen goods, electrical equipment and motor tyres over 30 per cent. This decrease in imports is due in some measure to unfavourable exchange rates and higher Customs duties, but is mainly the effect of decreased purchasing power consequent upon the heavy fall in export prices.

As the year draws to its close the prospects appear a little brighter. There is more confidence in financial circles, share prices have been rising, and business has been more active since Britain's suspension of the gold standard, and mortgage registrations and discharges indicate that both capital and property are moving. But the hope of substantial improvements in export prices during the 1931-32 export season shows as yet little chance of fulfilment. Prices of dairy produce and miscellaneous items have risen somewhat from their low levels at the end of last season, but meat and hides, skins and tallow are lower. The wool sales have begun, and are being anxiously watched, for wool is a large item, and is subject to the widest variations in price. The first sales at

Auckland, Napier, Wellington and Christchurch have provided keen competition and active buying for the chief wool-using countries, but it is evident that buyers have definite and fairly low limits. Generally speaking, half-bred wool and all the finer counts show advances in price over last April's sales in New Zealand, while crossbred and all the lower counts show declines. It is generally expected that, at present prices, the total yield of the wool clip may be a little greater than last year, but still much lower than in recent years, and in many cases still below cost of production. But despite low export prices and the fact that internal costs are not yet adjusted to export price levels, the general position in New Zealand probably compares favourably with the situation in most countries. The trade balance is adjusted, the Budget balanced, economies are being effected (notably in the railways since their removal from political control), unemployment is decreasing, internal trade improving slightly, and the farmers, though hard hit, appear able to carry on. The early part of the season has been dry in eastern districts, but the volume of production is likely to be little affected, and the surplus available for export is expected to continue its steady expansion.

Letters to the Editor.

THE CRISIS.

TO THE EDITOR OF THE ECONOMIST.

SIR,—I am sorry to have to trespass further on your space in commenting on the extraordinary statistical methods which the Duchess of Atholl uses in her determined effort to prove that, as usual, Russia is the villain of the piece, and that Sir Henry Strakosch is wrong in his explanation of the world crisis. She accuses me of being misinformed on dates and figures. If I am misinformed, then so are the *Economist* and the usual trade sources from which my information was taken.

The Duchess's use of average declared import values as evidence that a particular country is under-selling the market is, of course, of little value, for these figures conceal variations in quality, condition, relative market demand, and other similar factors. Is Australia constantly undercutting because, as the Duchess's own figures show, her butter is normally imported for less than New Zealand or Danish butter? Is the Irish Free State also guilty because its eggs are on the average imported for considerably less than eggs from Denmark or the Netherlands?

As for her triumph in discovering that in 1931 Russian butter formed not 3 per cent., but 5 per cent. of our butter imports, the explanation is that I was following her exactly in quoting 1930 figures, when the proportion was well under 3 per cent. But in any case, it is ridiculous to suggest that either 3 per cent. or 5 per cent. of the supplies exercise an important influence on the market price.

With regard to eggs, the Duchess now admits that in 1931 Russia contributed only about 1 per cent. of our egg imports—apart altogether from home production, but she attempts to justify her assertion that this 1 per cent. caused egg prices to fall heavily in 1931, by observing that in 1928 Russia supplied about 9 per cent. of our imports of eggs. What imports in 1928 have to do with prices in 1931 she does not say. But if there were any force in her argument for 1931, then, presumably, Russian exports proportionately nine times as great in 1928 should have produced a correspondingly greater fall in price during that year. She seems to have overlooked the fact that actually egg prices rose in the course of 1928.

The figures of wheat prices quoted by the Duchess for January and July, 1930, being averages covering all imports, are naturally in each case lower than the prices I quoted for standard grades of high quality. But in any case the proportionate drop in price is very nearly the same in both sets of figures—25 per cent. The Duchess now admits that Russia had nothing to do with this drop, but that it was due to price cutting alternately by the U.S.A. and the Argentine. If she reads Hansard for the latter months of that year, she will find that her Parliamentary friends threw much of the blame then on German dumped wheat and French dumped flour. So there seems to have been a bevy of foreign villains in this particular piece.

As for the last three months of 1930, when our imports of wheat from Russia were unusually heavy, as compared with our imports from Canada, the United States and the Argentine, trade inquiries would have shown the Duchess that in this

period (1) the total world trade in wheat was in normal quantities; (2) the Canadian Pools and the American Farm Board were deliberately keeping off the market under the mistaken impression that by this means they could force European consumers to pay higher prices; and (3) as usual, just before her new harvest, the Argentine had practically no wheat to sell. There is a world market for wheat, and its price depends on the market estimation of supplies and demand everywhere. Actually, in the last months of 1930 prices fell about as much in North America, where there was no Russian wheat, as in this country. And at that time there was good reason to suppose that wheat prices would fall considerably further, as in fact they continued to fall for months after Russia ceased to be an important factor in the market. The grain trade has good ground for its opinion that, quality for quality, Russia sold her wheat at a higher average price than those of her competitors who held for a rise and lost.

It is true that if Russia ceased to export there would be smaller supplies of certain goods on world markets. Equally, in such circumstances, Russian purchases from abroad would correspondingly fall, and manufacturers and workmen now employed on Russian orders would lose their employment, thus even further reducing the demand for goods of all kinds.

The Duchess has produced no shread of real evidence to prove that the general fall in prices is appreciably due to Russian exports, and no evidence—for none exists—that the responsible British distributing firms who have contracted to get the best price they can under existing market conditions for Russian produce are incompetent or guilty of gross breaches of trust. I am grateful to her for providing an opportunity to demonstrate how slender a basis of fact exists for a campaign which generally relies on innuendos rather than statistics, but whose purpose is dangerously mischievous to peace and to normal trade developments.—Yours faithfully,

E. F. WISE.

Hazlitt House,
Southampton Buildings, W.C.2.
February 10, 1932.

DIVIDENDS FROM TAXES.

TO THE EDITOR OF THE ECONOMIST.

SIR,—During the years 1924-30 the beet sugar factories paid £17,876,934 for 9,668,854 tons of beet. (Pages 85 and 287 Ministry of Agriculture Economic Series No. 27.)

The factories made sugar from these beets and sold the sugar to the public at ordinary market prices. The result to the factories was a profit of £8 millions (page 288).

The taxpayer provided £22,366,643 in subsidy (page 291) and approximately £4½ millions by remission of duty, so that the factories had not only their roots but also their profits given to them as a present by the taxpayer.

It would therefore have cost the taxpayer £8 millions less if he had paid the farmer for his sugar beet roots and then burnt the whole lot! The only losers would have been the factory shareholders, 33 per cent. of whom are foreigners!

Yours, etc.,

Royal Empire Society, GKO. RICHARDSON.
Northumberland Avenue, W.C.2.
January 27, 1932.

Books and Publications.

ENGLAND IN PALESTINE.*

PALESTINE, the home of religions and the cockpit of the pious, has provided Mr Bentwick with a double opportunity, first to display his great administrative powers in building up its new legal system, and second to prove his gifts as an historian. It was no easy task to write and make readable the tangled story of Palestine since the war, but Mr Bentwick has done it, because being a born historian he knows how to select and marshal facts, to mingle judgment with narrative, to keep to the middle of the way, and, above all (despite his rather official style), to communicate, without straining the effect, the drama that runs through these ten years of strife and restoration. And what a drama it is! The land that Joshua overran and the Crusader fought for, wrested by a British army, dedicated by a British Minister as a national home for the Jewish people, passed over by the new League of Nations to Great Britain to be a testing ground for the

* "England in Palestine." By Norman Bentwick. Kegan Paul, Trench Trubner & Co., Ltd. 12s. 6d.

newest kind of experimental government, administered first by a Jewish statesman and then by an English field-marshal, torn by racial jealousy and religious feud, riven by earthquake, withered by drought, shaken by financial crisis, civil commotions and bloody rioting, impeded by trade boycotts, scolded by press lords, admonished by commissions, and withal growing almost every year in strength and prosperity—such is Palestine in the years covered by Mr Bentwick's history.

In her first two High Commissioners the country was more fortunate than any country in this world of bad government has a right to expect. Sir Herbert Samuel, who came to Palestine "with the halo of a saviour," and left it "trailing clouds of glory," being a Jew, was from the first a stumbling block to the Gentiles; but the five years he spent in Palestine were years of healing and peaceful development, and when he came home in 1925 he could claim for his work that it was "not unworthy of the land on whose behalf it had been done." Lord Plumer, following Sir Herbert, was hailed as a saviour—this time by the Arabs—but in the main he confirmed the policy of his predecessor, and by his success proved that Palestine could be administered as effectively by a Christian as by a Jew. His presence was "worth a battalion," and no Englishman can read without pride the tale of how, when he wanted a salute fired on Armistice Day, no gun could be found in the land except an old Turkish cannon.

The third of the High Commissioners had a more difficult task. It was his bad luck that while he was on leave the riot of the Wailing Wall broke out and that the problem was handled at the London end by a not too skilful Labour Minister and a Government that was never quite certain which side of the road it was walking on. The somewhat gaseous idealism of the Prime Minister mixed unhappily with the cynical vacillation of Lord Passfield, and the period of their responsibility is not the proudest part of England's record in Palestine.

BOOKS RECEIVED.

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

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

Disarmament and Security since Locarno, 1925-1931. By John W. Wheeler-Bennett. With an Introduction by Major-General Sir Neill Malcolm. (London) George Allen and Unwin, Ltd., 40, Museum Street. 12s. 6d. net.

A most comprehensive survey of the political and technical background of the Disarmament Conference.

The Politics of Naval Disarmament. By Giovanni Engely. Translated by H. V. Rhodes. (London) Williams and Norgate, Ltd., 38, Great Ormond Street. 15s. net.

A timely publication, in which the general principles of limitation and reduction of armaments are discussed, and the history of the naval negotiations from the Washington Treaty to the Treaty of London are critically examined.

OFFICIAL PUBLICATIONS.

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

Public Department: Statement showing the Gross and Net Total Cost of the Civil Services and Revenue Departments of the Navy, Army and Air Services for the Year ended March 31, 1931. 3d. net.

Department of Overseas Trade: Conditions and Prospects of United Kingdom Trade in India, 1930-31. 3s. 6d. net.

Report of the Chief Registrar of Friendly Societies for the Year 1930: Part 4—Trade Unions, Section I., Proceedings and Statistical Notes. 1s. net.

Colonial Reports: No. 1560, Seychelles, 1930. 1s. net; No. 1561, Northern Rhodesia, 1930. 2s. net.

Civil Estimates and Estimates for Revenue Departments: Supplementary Estimate for Year ending March 31, 1932. 3d. net.

Civil Appropriation Accounts, 1930. 7s. 6d. net.

The Stock Exchange.

HOME RAILWAY PROSPECTS.

THREE of the four main-line British railways and the Metropolitan Railway have declared their final dividends for 1931, and the announcement of the London and North-Eastern is expected next Friday. The general conclusions suggested can be briefly summarised. The second successive year of depression has reduced railway gross revenues below the figures of 1926, the year of the coal stoppage, but expenses have been reduced to a point which would have been thought inconceivable five years ago. All the railways have earned less than the 3 per cent. ordinary dividend laid down by law as a condition of the full trustee status of prior charges and preference stocks. The Great Western has maintained its trustee position by drawing half a million from internal reserves (*via* its contingency fund). The Southern and the Metropolitan have chosen to relinquish full trustee status rather than draw upon liquid resources at a difficult time. The London Midland and Scottish has taken £495,904 from reserve, paid a nominal ordinary dividend, and hence retained the status of its prior stocks in England under the "Chancery Rules." Thus the Great Western stands in magnificent isolation as the only main-line British railway which has not lapsed from full trustee status—in other words, whose equity capital is for the time being represented by any appreciable earning power. To the remaining railways, legal prestige has appeared a small matter by comparison with the conservation of internal resources in a time of stress and uncertainty. The following table shows how

the income of railway ordinary stockholders has declined with the deepening of the depression of 1930-31:—

Company.	Stock.	Dividends.			Added to (+) or taken from (—) Reserves and Carry-forward.	
		1929.	1930.	1931.	1930.	1931.
		%	%	%	£	£
L.M.S.R.	Ord.	4½	2½	2½	- 978,761	- 495,904
	Pref. O.	3	1½	1½	- 101,254	†
	Def. O.	Nil	Nil	5	- 120,831	- 502,923*
G.W.R.	Ord.	7½	5½	5	- 68,476	35
	Pref. O.	5	5	4		
S.R.	Def. O.	2½	1½	2½	+ 1,524	+ 7,936
	Ord.	4	3½	2½		
Metropolitan	Ord.					

† Not yet announced.
* £500,000 appropriated from contingency fund, which was subsequently augmented by the release of reserves no longer required. The free reserves of the company now show a slight increase over the previous year.

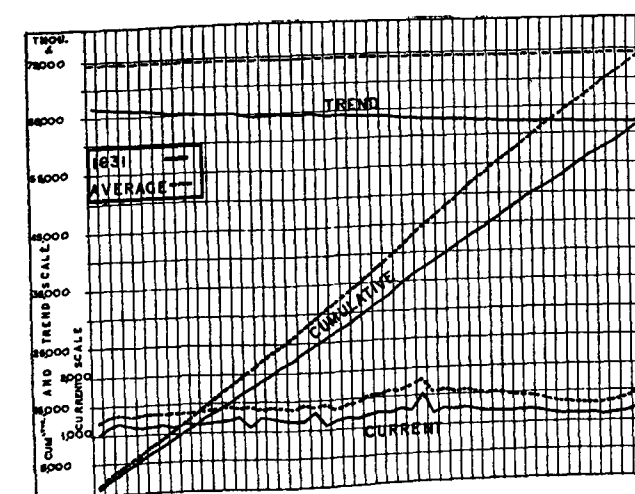
The results achieved last year reflect a certain credit on many railway managements. In no case, so far, has a British railway fallen far short of meeting all its preference requirements, whereas many foreign railways have not even earned their bonded interest. The figures for 22 American railroads, which we show on page 381, reveal that aggregate gross receipts fell last year, as compared with 1930, by 18.6 per cent. Of the total decline, 70 per cent. was taken up by reductions in expenditure, and the decline in net receipts was 39 per cent. as compared with

"Z" CHARTS OF FOUR MAIN-LINE RAILWAYS

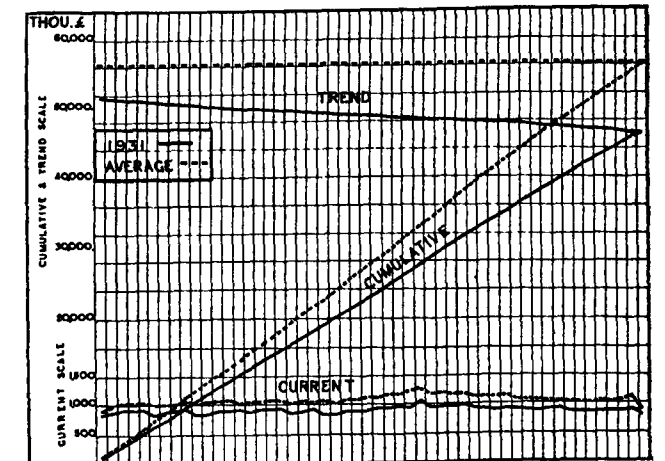
(Gross Receipts: 1931 compared with Average of 1925, 1927, 1928 and 1929.)

(The vertical lines show divisions by weeks, running from the first week on the extreme left to the fifty-second on the extreme right.)

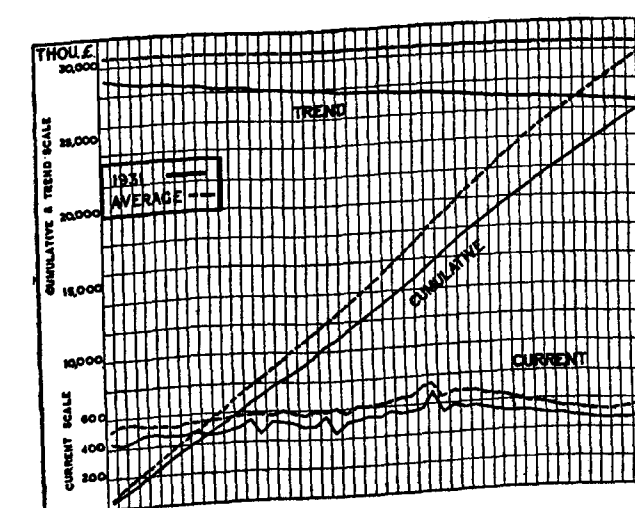
LONDON MIDLAND & SCOTTISH.



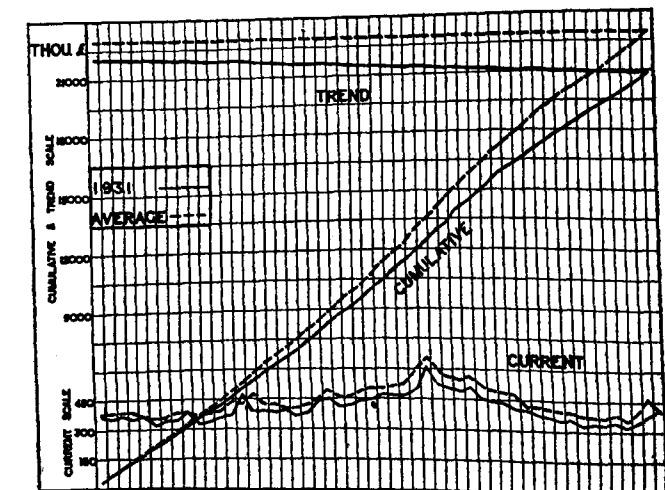
LONDON & NORTH-EASTERN.



GREAT WESTERN.



SOUTHERN.



1930. As regards the British railways, the fall in gross receipts on the London Midland and Scottish was just over 7½ per cent. as regards both railway revenue and receipts from ancillary services. On the Great Western, receipts from railways and ancillary services declined by 9.3 per cent. On the London and North-Eastern gross railway receipts declined by 9½ per cent., and on the Southern by 5½ per cent. For the four lines together the falling off in railway gross revenue was of the order of 8 per cent. The L.M.S. (whose detailed figures are shown on page 366) has recouped no less than 89 per cent. of its total decline in receipts by reductions in expenditure, so that its net revenue is down by only 6 per cent. The Great Western has recouped 62½ per cent. and suffered a net decline of 18½ per cent.

These reductions in expenditure, indeed, are the chief consolatory feature of the 1931 results from the stockholder's point of view. They are the more gratifying because, in the first place, they are due only in part to the wage reductions effected as from the end of last March, and, in the second, because, while they represent a certain "economy" in maintenance, they have not been achieved at the cost of deterioration in the high standard of British railway properties. They are in the main the result of past capital expenditure and enhanced operating efficiency since "grouping" was effected—the fruits of policy initiated in earlier years, whose benefits may have been obtained, in some cases, last year (to use a Churchillian phrase), "by a certain judicious shaking of the trees."

The following table, however, suggests that the stock markets, like the railway managements, are less concerned with the benefits of reductions in working costs than with the possible trend of future revenue:—

Company and Stock.	Highest Price, 1929-30.	Present Price.	Percent Price compared with Highest, 1929-30.	Yield (%) at Highest Price, 1929-30.	Yield at Present Price allowing for accrued interest.
L.M.S.R.—					
4% Deb.	85	69½	-18.23	4 14 2	5 15 11
4% Guar.	82½	59½	-29.09	4 17 0	6 19 3
4% Pref.	75½	42½	-43.71	5 6 0	9 8 3
4% Pref., 1923 ..	74	32½	-56.08	5 8 1	12 6 3
Ord.	59	16½	-72.04	3 7 10	1 10 4
L.N.E.R.—					
3% Deb.	61½	50½	-17.74	4 17 0	6 0 0
4% 1st Guar.	78½	57½	-26.52	5 2 3	6 19 0
4% 1st Pref.	72	42½	-40.95	5 11 1	9 8 3*
4% 2nd Pref.	63½	23½	-62.70	6 6 9	17 0 3*
Pref. Ord.	39½	9½	-75.36	0 12 6*	2 11 0*
Def. Ord.	15½	4½	-68.33	Nil	Nil
G.W.R.—					
4% Deb.	86½	74½	-14.12	4 12 3	5 7 5
5% Guar.	103	87	-15.53	4 17 0	5 18 3
5% Con. Pref.	99½	71½	-28.14	5 0 6	7 4 11
Ord.	94	41½	-56.38	5 17 0	7 12 0
S.R.—					
4% Deb.	86½	70½	-18.50	4 12 6	5 13 6
5% Guar.	102	85½	-16.67	4 18 0	5 17 9
5% Pref.	99	63	-36.36	5 1 0	8 5 3
Pref. Ord.	77½	36½	-52.98	6 9 0	11 8 9
Def. Ord.	34½	8½	-74.45	Nil	Nil

* Based on dividends paid for year 1930.

Broadly, quotations for railway debentures have fallen, since the present depression began, by 17 to 18 per cent. Guaranteed stocks have declined by 14 to 16 per cent. on the Great Western and the Southern, and by 25 to 30 per cent. on the London and North-Eastern and the London Midland and Scottish. Senior preference stocks have lost around a third of their value on the two best profit-earning lines, and over two-fifths on the other two lines. The junior preference stocks of the London Midland and Scottish and the London and North-Eastern are now regarded as equity stocks with a limited income, while the equity stocks of all companies, except the Great Western, stand at prices representing not much more than "option money."

It may be contended that the market is laying too much stress on the "industrial risk" as regards debentures and guaranteed stocks, and that, in view of the wide margin of earnings still available, some of these stocks are decidedly cheap at present prices. Another explanation, however, must be sought for yields of 8 and 9 per cent. on senior preference stocks. The market appears to have at the back of its mind, not only the fear of trade depression in 1932 (attested by a further decline in gross revenue on the four lines for the first five weeks of this year, as

compared with 1931, of 8½ per cent.), but apprehension that part of the railways' traffic has been lost for good. The latter impression has been intensified rather than allayed by a fresh attack by the railways, at this precise moment, on the alleged "unfair advantages" of road transport. A glance at the next table will show that the incidence of falling traffic has not been equal on all the four lines either last year or over the whole period since "grouping":—

TOTAL GROSS REVENUE FROM RAILWAY WORKING.									
(Amounts in million £.)									
Year.	L.M.S.R.		L.N.E.R.		G.W.R.		S.R.		Total-4 Companies.
	Amt.	1923 = 100	Amt.	1923 = 100	Amt.	1923 = 100	Amt.	1923 = 100	Amt. 1923 = 100
1923	81.5	100	61.3	100	32.4	100	23.8	100	199.0
1924	80.6	99	59.8	98	32.2	99	23.9	100	195.5
1925	79.0	97	58.2	95	31.3	97	24.2	102	192.7
1926*	67.3	83	48.6	79	26.9	83	22.3	94	195.1
1927	77.8	95	56.7	93	31.8	98	23.6	99	189.9
1928	73.9	91	54.1	88	30.5	94	23.0	97	181.5
1929	73.2	90	55.6	91	31.0	96	23.0	97	182.8
1930	68.2	84	52.4	86	29.6	92	22.4	94	172.8
1931	63.2	78	47.2†	77	27.0†	83	21.2†	89	168.6†

* Coal stoppage. † Approximate figures.
† Comparison since 1928 is approximate only, as a result of accounting changes, the general effect of which is to raise figures for 1928 and later by about one per cent. in each case.

Last year the falling tendency in gross railway revenue was least on the Southern and the London, Midland and Scottish, and greatest on the Great Western and the London and North Eastern. The point is graphically revealed by the charts on the previous page, reproduced by the courtesy of the *Financial News*, and of Mr T.G. Rose, author of "Business Charts."* These charts have been drawn on the "Z" principle, so that they show at a glance how gross receipts fluctuated last year, by comparison with those of an "average" period embracing the years 1925, 1927, 1928 and 1929. The "current" curve in each case is a simple plotting of each of the figures for "all traffic" during the 52 weeks. The "cumulative" curve explains itself, while the "trend" curve is based on the moving totals for 52 weeks ending with each week in question. Thus, the position of the curve at the twentieth week of 1931, for example, is determined by the total receipts for the last 32 weeks of 1930 and the first 20 weeks of 1931.

The charts show that the London Midland and Scottish and London and North-Eastern Railways had suffered most from depression before 1931 began, their "trend" line starting furthest from the average. Last year, however, the trend line of the Great Western showed a steeper fall than that of the London Midland and Scottish, while the "gradient" of the decline became noticeably less after the first few weeks of last year. The Southern, which at the beginning of last year had suffered least from depression, began to show signs of a less favourable trend on heavy goods traffic are tending increasingly to register the effects of hard times, of which other lines took the impact much earlier.

Until a decisive upturn in trade can be prophesied with more confidence, this tendency may continue. Meanwhile, it would be regrettable if better times, whenever they came, were the signal for intensification of competition between rail and road. The figures given in the last table suggest that, even in "good" years, the drain of railway traffic to the roads has been appreciable. Income tax recently levied on the roads, for Exchequer purposes, has taken the sting out of part of the transport. The problem remains, however, of effectively co-ordinating two transport agencies which ought to be complementary and not competitive. Whether its solution depends upon Parliament's acceptance of the implications of the fact that the railways no longer enjoy a "monopoly," except for a limited range of heavy goods, and the sweeping away of statutory control of rates and fares, is a very far-reaching question.

* "Business Charts" by T. G. Rose, M.I.Mech.E. (London), Sir Isaac Pitman and Sons, Ltd.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.
February 16.

ACCOUNT.
February 18.

AN easier tone throughout the markets was associated with obvious internal and external factors like the continuance of hostilities at Shanghai, fading hopes of an early reduction in Bank rate, and a large increase in the unemployment figures during January, which was regarded as more than seasonal. In view of the correspondence between movements in London and New York, to which we have repeatedly drawn attention of recent weeks, another factor may have been the total absence of any signs of the much-prophesied improvement in American sentiment. Feeling in London was, if anything, slightly better in mid-week, the earnings and dividend statements of the railways, particularly the London, Midland and Scottish, being less adverse than had been feared, while some sections of the market drew a modicum of comfort from the reduction in the adverse visible balance of British overseas trade during January, and from nebulous reports of Anglo-French agreement over financial and fiscal questions. Prevailing conditions were reflected in a slow decline in the volume of business rather than in any considerable sagging of prices, the markets suffering less from unfavourable views than reluctance to take any view.

Trading in Gilt-edged stocks remained dull and restricted, partly on the mid-week decline in sterling and partly on a little liquidation by stale bulls. Funding Loan came on offer and movements in War Loan were wider than usual, though a moderate improvement occurred on Thursday. India loans were also realised, and Australian issues again had an uncertain trend, the announcement of the prospective payment of the interest on New South Wales loans being regarded as reassuring but vague.

Only a moderate business was done in Foreign Bonds, Brazilians being particularly dull owing to delay in publishing the Funding Scheme. German bonds received rather more attention. Chinese and Japanese issues lost further ground on the continuance of hostilities, and on fears regarding the ability of Japanese finances to stand prolonged strain.

The dividend announcements by three of the "Big Four" railways are discussed on other pages. The relapse of certain stocks from full trustee status was not unexpected. On Wednesday, the statement of the large economies made by the London, Midland and Scottish put the market better, but the Great Western statement quickly caused a reaction, which affected both ordinary and preference stocks of all the groups on Thursday. The continued fall in gross receipts provoked adverse comment. The Underground dividend, announced after hours on Thursday was 7 per cent., against 8 per cent. for 1930. Argentine rails were marked lower on a small business after reports of damage to the maize crop. Canadian Pacific was weak on the intimation that future dividends would be paid half-yearly instead of quarterly.

The tendency of the Industrial Markets was uncertain, tariff prospects exerting little influence on prices, while the cautionary note of Mr Runciman's speech on the outlook appreciably affected sentiment. Investment demand for electrical shares was less in evidence. Iron and steel issues were again heavy on hope deferred. Despite the mid-week announcement of an agreement in principle on the more-looms-to-a-weaver question, textile shares were depressed. Breweries remained fairly steady, but Tobacco shares obtained little support, Carreras being particularly heavy on forced selling. Selling from New York depressed the price of Ford, whose intentions with regard to the "baby" car market, are discussed in a Note on page 367. Tate and Lyle fluctuated sharply on the news that the continuance of the Thames strike might involve the closing of the London factory. Cables and Wireless rallied on sym-bear closing. International shares were irregular in sympathy with the tone in New York, but improved slightly before the week-end in a slight revival of Continental interest. Bank shares showed little change, but altera-

tions in insurance share quotations were fractionally downwards.

Increased activity in oil shares did not last long, prices tending to recede immediately Continental support was withdrawn. A slight revival of Paris buying, however, was sufficient to put Mexican Eagle, Royal Dutch and V.O.C. better towards the end of the week. Rubber shares were as quiet as ever, and tended to sag in sympathy with the weaker conditions in the commodity market. Attempts to sell on an unwilling market caused a reduction of quotations for tea shares in mid-week, despite the steadiness of Indian tea prices in the auction room.

Business in the Mining Markets was on a small scale, though the undertone became less dull as the week progressed. Kafirs were a little harder on a modest inquiry from Johannesburg and Paris. Copper shares, however, were adversely affected by the sharp fall in the price of the metal, which is dealt with on page 368. A potential improvement in tin shares was checked, similarly, by signs of weakness in the price of the metal.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.
(Approximate number of Bargains recorded in Stock Exchange Lists.)

	Feb. 4, 1932.	Feb. 5, 1932.	Feb. 6, 1932.	Feb. 8, 1932.	Feb. 9, 1932.	Feb. 10, 1932.	Feb. 11, 1932.
Government and Municipal Loans	1,340	1,251	568	1,112	1,177	1,108	1,066
Transport, Communications, and Public Utilities...	539	660	259	578	575	720	591
Commercial and Industrial...	1,024	1,190	462	1,138	1,032	1,239	1,071
Banks, Insurance and Financial...	355	377	146	297	378	378	333
Mines (including Nitrate)	214	238	106	273	268	282	323
Oil	180	111	22	118	65	91	88
Rubber, Tea and Coffee	45	68	25	65	67	56	60
Total	3,697	3,895	1,588	3,581	3,582	3,874	3,532

* Including iron and steel and breweries.

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

Highest of 1932. (Jan. 14.)	Lowest of 1932. (Feb. 11.)	Feb. 4, 1932.	Feb. 5, 1932.	Feb. 6, 1932.	Feb. 8, 1932.	Feb. 9, 1932.	Feb. 10, 1932.	Feb. 11, 1932.
61.2	58.5	59.8	59.8	59.7	59.7	59.2	58.7	58.8

FOREIGN STOCK EXCHANGES.

NEW YORK.

The course of the markets was irregular, slightly firmer conditions in mid-week putting a temporary end to scattered selling which had reduced a number of stocks, particularly railroad issues, to new low levels. The news that the U.S. currency is to be immediately expanded by \$2,500 millions, however, brought a mercurial rise in all sections of the market during Thursday's late session. Business was helped by a statement of the Reconstruction Finance Corporation announcing its intention of opening 17 regional agencies; and describing its loan policy. A maximum of three years is laid down for advances, which in no case can be made to new enterprises. Dealers were hopeful that a compromise might be made between the Administration and Senator Glass, whose Bill for altering the banking system is holding up measures for relieving depositors in failed banks and an "easier money" policy in general. The fresh reduction of copper prices and the reduced demand for oil unfavourably affected the more speculative markets. Trade and industry showed no signs of permanent recovery. Steel mill production for the week ended February 6th ran at 28 per cent. of capacity, as in the previous week. The unfilled orders of the U.S. Steel Corporation for the month ended January 31st were 2,648,000 tons, against 2,735,000 at the end of December and 4,132,000 tons a year ago. Automobile output was estimated at 126,518 units, a gain of 2 per cent., as compared with December and a fall of 29 per cent. as compared with January, 1931. The Ford eight-cylinder model is undergoing its final test, and production will start by the end of this month. The business index of the *New York Times* stood at 62.2 for the week ended January 30th, as compared

(Continued on page 364.)

LONDON ACTIVE SECURITY PRICES AND YIELDS.

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

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

Prices Year 1931.		Prices Year 1932 (Jan. 1 to Feb. 10) inclusive.		Name of Security.	Price Feb. 3, 1932.	Price Feb. 10, 1932.	Rise or Fall.	Present Yield.	Prices Year 1931.		Prices Year 1932 (Jan. 1 to Feb. 10) inclusive.		Name of Security.	Price Feb. 3, 1932.	Price Feb. 10, 1932.	Rise or Fall.	Present Yield.
High-est.	Low-est.	High-est.	Low-est.						High-est.	Low-est.	High-est.	Low-est.					
British Funds.																	
60 1/2	49 1/2	56 1/2	54 1/2	Consols 2 1/2 %	55	54 1/2	— 1/2	4 11 2	112 1/2	83 1/2	85 1/2	84 1/2	In. Ry. O. Am. No. par	85	85	...	...
97 1/2	77 1/2	85 1/2	81 1/2	Consols 3 1/2 %	84 1/2	84	— 1/2	4 15 3	26 1/2	11 1/2	14 1/2	12 1/2	Leopoldina Ord. Stk.	14	14	...	NH
85 1/2	67 1/2	76 1/2	73 1/2	Cons. Loan 3 1/2 %	75 1/2	75	—	4 15 7	56	19	25 1/2	20 1/2	Do. 5 1/2 % Cum. Pr. Stk.	24 1/2	24 1/2	...	NH
104 1/2	93 1/2	96 1/2	93 1/2	Do. 4 1/2 % 1940-44	96	95 1/2	— 1/2	5 2 0	55 1/2	15 1/2	26 1/2	26 1/2	Nitrate Ry. (S.10)	25 1/2	25 1/2	...	16 0 0
108 1/2	92 1/2	93 1/2	99 1/2	Do. 5 % 1944-44	101 1/2	102 1/2	— 1/2	5 0 0	21 1/2	70 1/2	70 1/2	70 1/2	Faragary Gen. D. Db.	8	8	...	NH
97 1/2	78 1/2	87 1/2	87 1/2	Funding 4 1/2 % 1960-90	86 1/2	86	—	4 15 6	150	94 1/2	105 1/2	94 1/2	Salvador Ord. (S.10)	70 1/2	70 1/2	...	NH
102 1/2	93 1/2	99 1/2	97 1/2	Treasury 4 1/2 % 1932-34	100	100	—	5 0 0	65 1/2	20 1/2	23 1/2	20 1/2	San Paulo Ord. Stk.	101	100	— 1	12 0 0
103 1/2	93 1/2	100 1/2	98 1/2	Treasury 5 % 1933-35	93 1/2	93	— 1/2	4 8 0	9 1/2	2 1/2	4	3	Talati Ry. Ord. S.5	25 1/2	25 1/2	...	10 0 0
98 1/2	85 1/2	94 1/2	91 1/2	Victory Bonds 4 %	98 1/2	98 1/2	—	5 6 0					Utd. Havana Ord. Stk.	4	4	...	NH
104 1/2	90 1/2	99 1/2	95 1/2	War Loan 5 % 1929-47	62 1/2	62	—	4 6 0									
70 1/2	57 1/2	63 1/2	60 1/2	Local Loans 3 %	41	41	—	6 1 11	16 1/2	5 1/2	6 1/2	4 1/2	Anglo-French (S.1)	4 1/2	4 1/2	— 6d	NH
46 1/2	29 1/2	43 1/2	36 1/2	India 2 1/2 %	48	48	—	6 5 0	11 1/2	8 1/2	9 1/2	8 1/2	Anglo Internat. (S.1)	9 1/2	9 1/2	...	NH
54 1/2	41 1/2	51 1/2	49 1/2	Do. 3 %	56 1/2	56	— 1/2	6 3 11	6 1/2	13 1/2	17 1/2	29 1/2	Anglo S. A. S.10 S.5 pd	1 1/2	1 1/2	—	20 0 0
64 1/2	51 1/2	64 1/2	61 1/2	Do. 3 1/2 %	78	78	—	6 1 2	25 1/2	13 1/2	16 1/2	10 1/2	American (S.1) S.10 S.5 pd	12 1/2	11 1/2	— 1/3	10 13 3
86 1/2	55 1/2	80 1/2	67 1/2	Do. 4 1/2 % 1958-68	100 1/2	100 1/2	—	5 1 2	31 1/2	50 1/2	46 1/2	50 1/2	Bank of N. Zealand S.1	50 1/2	50 1/2	...	5 14 6
106 1/2	94 1/2	101 1/2	97 1/2	Palestine 5 % 42-67	106 1/2	106 1/2	—	5 4 3	27 1/2	20 1/2	25 1/2	25 1/2	Bank of Eng. Stk.	249 1/2	249 1/2	...	4 16 0
110 1/2	90 1/2	107 1/2	103 1/2	Sudan 5 1/2 % Bonds	106 1/2	106 1/2	—	5 2 0	58 1/2	43 1/2	53 1/2	47 1/2	Barclay B. (S.1)	249 1/2	249 1/2	...	5 10 6
99 1/2	87 1/2	90 1/2	87 1/2	Ulster 4 1/2 % 45-75	89 1/2	89 1/2	—	5 2 0	26 1/2	19 1/2	25 1/2	21 1/2	Barclay (Dom. & C.) S.1	249 1/2	249 1/2	— 6d	5 10 6
Dom. & Colonial Govts.																	
85 1/2	58 1/2	84 1/2	77 1/2	Australia 3 1/2 % 1945-75	78 1/2	80 1/2	+ 2	6 7 0	9 1/2	6 1/2	8 1/2	7 1/2	Bk. of Australasia (S.5)	7 1/2	7 1/2	— 1/4	4 10 6
96 1/2	75 1/2	87 1/2	82 1/2	Canada 4 % 1940-60	85 1/2	85 1/2	—	5 1 10	63 1/2	47 1/2	52 1/2	44 1/2	Bk. of Montreal (S.10)	249 1/2	249 1/2	...	4 11 6
105 1/2	87 1/2	103 1/2	100 1/2	Ceylon 6 % 1936-51	100 1/2	101 1/2	+ 1	5 17 0	26 1/2	18 1/2	23 1/2	21 1/2	Bk. of N.S.W. (S.20)	22 1/2	22 1/2	...	7 0 0
105 1/2	87 1/2	92 1/2	91 1/2	Gold Coast 4 1/2 % 1956	91 1/2	91 1/2	—	5 2 0	15 1/2	34 1/2	44 1/2	34 1/2	British Overseas A. S.5	4 1/2	4 1/2	+	7 5 6
105 1/2	87 1/2	98 1/2	94 1/2	Kenya 5 % 1948-58	95 1/2	95 1/2	—	5 6 0	14 1/2	9 1/2	12 1/2	9 1/2	Chd. of India (S.5)	12 1/2	12 1/2	...	8 10 0
104 1/2	92 1/2	97 1/2	93 1/2	Nigeria 5 % 1950-60	95 1/2	95 1/2	—	5 6 0	43 1/2	50 1/2	45 1/2	50 1/2	District A. S.5 S.10 pd	50 1/2	50 1/2	...	9 0 0
80 1/2	46 1/2	79 1/2	65 1/2	N.S. Wales 5 % 35-55	70 1/2	71 1/2	+ 1	7 18 0	42 1/2	38 1/2	38 1/2	36 1/2	Do. B. S.1 fully paid	30 1/2	30 1/2	...	6 12 0
102 1/2	85 1/2	97 1/2	90 1/2	N.Z. 5 % 1948-58	94 1/2	94 1/2	—	5 14 0	4 1/2	8 1/2	6 1/2	5 1/2	Eng. Soot & Ash. S.5 S.10 pd	5 1/2	5 1/2	—	5 3 0
81 1/2	48 1/2	79 1/2	70 1/2	N. Zealand 5 % 1946	74 1/2	75 1/2	+ 1	7 4 3	11 1/2	6 1/2	5 1/2	5 1/2	Hambros S.10 S.24 pd	5 1/2	5 1/2	—	5 19 0
105 1/2	85 1/2	90 1/2	80 1/2	Queensland 5 % 40-60	98 1/2	98 1/2	—	5 2 4	63 1/2	38 1/2	46 1/2	41 1/2	Hong. and S. (S.125)	41 1/2	41 1/2	...	6 8 4
100 1/2	82 1/2	93 1/2	89 1/2	S. Africa 5 % 1945-75	89 1/2	89 1/2	—	5 12 9	80 1/2	65 1/2	69 1/2	65 1/2	Lloyds S.5, with S.1 pd	43 1/2	44 1/2	+ 6d	6 0 0
Foreign Governments.																	
88 1/2	53 1/2	76 1/2	74 1/2	Argentina 4 % 1923-43	76 1/2	75 1/2	— 1/2	6 13 0	21 1/2	16 1/2	18 1/2	16 1/2	Martins S.20, S.24 pd	5 1/2	5 1/2	...	6 18 0
105 1/2	87 1/2	91 1/2	88 1/2	Do. 5 % 1923-43	97 1/2	91 1/2	— 6	7 2 0	34 1/2	27 1/2	31 1/2	21 1/2	Midland S.1, fully pd	65 1/2	65 1/2	...	4 19 0
98 1/2	33 1/2	49 1/2	36 1/2	B. Aires Pref. 1937	38 1/2	38	—	9 4 3	35 1/2	29 1/2	31 1/2	31 1/2	Nat. of Egypt S.10	31 1/2	31 1/2	+	7 9 0
86 1/2	29 1/2	39 1/2	32 1/2	Belgian 7 1/2 % red. by 1956	101 1/2	101 1/2	—	7 0 0	14 1/2	9 1/2	10 1/2	9 1/2	Nat. Prov. S.20, S.24 pd	23 1/2	23 1/2	...	8 0 0
112 1/2	89 1/2	93 1/2	92 1/2	Bulgaria 7 1/2 % Loan	35 1/2	32 1/2	— 3	23 0 0	80 1/2	47 1/2	66 1/2	56 1/2	Royal Bk. of Scotland	23 1/2	23 1/2	+	6 1 0
83 1/2	36 1/2	38 1/2	36 1/2	Brazil 5 % Fund, 1914	61 1/2	60 1/2	— 1	8 9 0					St. of S. A. S.20, S.24 pd	9 1/2	9 1/2	+	8 0 0
75 1/2	25 1/2	40 1/2	34 1/2	Do. 6 1/2 % (1927)	38 1/2	36 1/2	— 2	...					Westminster S.24, S.1 pd	59 1/2	60 1/2	+ 6d	6 0 0
79 1/2	20 1/2	29 1/2	24 1/2	Chili 6 % (1929)	30 1/2	30 1/2	—	...	21 1/2	16 1/2	18 1/2	16 1/2					
62 1/2	33 1/2	40 1/2	31 1/2	China 5 % (1912)	34 1/2	35 1/2	+ 1	14 1 9	13 1/2	9 1/2	11 1/2	9 1/2	Alliance S.1, fully pd	18 1/2	18 1/2	...	4 19 0
70 1/2	55 1/2	61 1/2	52 1/2	Do. 5 % (1913)	56 1/2	57 1/2	+ 1	9 4 0	24 1/2	16 1/2	18 1/2	17 1/2	Com. Un. S.24, fully pd	18 1/2	18 1/2	+	5 13 0
113 1/2	78 1/2	94 1/2	77 1/2	Czechoslovakia 8 %	92 1/2	94 1/2	+ 2	4 16 0	15 1/2	11 1/2	11 1/2	11 1/2	Gen. Accident S.5, S.10 pd	12 1/2	12 1/2	—	5 16 8
86 1/2	70 1/2	84 1/2	67 1/2	Danish 3 1/2 %	70 1/2	70 1/2	—	10 0 0	34 1/2	25 1/2	29 1/2	26 1/2	Lon. & Lanc. S.5, S.10 pd	23 1/2	23 1/2	+	4 6 0
87 1/2	58 1/2	64 1/2	60 1/2	Danzig 6 1/2 %	83 1/2	83 1/2	—	4 16 0	16 1/2	12 1/2	14 1/2	12 1/2	N. Brit. & Mer. S.5, S.10 pd	28 1/2	28 1/2	+	4 2 0
85 1/2	66 1/2	80 1/2	47 1/2	Egypt 7 1/2 %	50 1/2	50 1/2	—	14 0 0	13 1/2	9 1/2	10 1/2	9 1/2	Northern S.10, S.1 pd	13 1/2	13 1/2	+	4 2 0
76 1/2	35 1/2	65 1/2	60 1/2	Finland 6 % 1923	65 1/2	65 1/2	—	9 17 5	14 1/2	9 1/2	11 1/2	10 1/2	Pearl (S.1), fully paid	10 1/2	10 1/2	...	5 0 0
92 1/2	20 1/2	28 1/2	26 1/2	French 4 % (British)	27 1/2	27 1/2	—	3 19 0	24 1/2	17 1/2	20 1/2	18 1/2	Phoenix S.1, fully pd	11 1/2	11 1/2	...	6 5 0
30 1/2	20 1/2	29 1/2	28 1/2	Do. 5 %	29 1/2	29 1/2	—	4 19 0	40 1/2	28 1/2	35 1/2	30 1/2	Prudential S.1 A	32 1/2	32 1/2	...	4 12 0
106 1/2	53 1/2	79 1/2	56 1/2	German 7 1/2 %	79 1/2	71 1/2	— 8	10 0 0	6 1/2	7 1/2	6 1/2	6 1/2	Do. S.1, with 4d. paid	32 1/2	33 1/2	+ 1 1/2	2 19 3
81 1/2	37 1/2	57 1/2	46 1/2	Do. 5 1/2 % Stg. Bds. 1930	56 1/2	52 1/2	— 4	11 0 0	3 1/2	3 1/2	3 1/2	3 1/2	Royal Exchange (S.1)	5 1/2	5 1/2	...	5 8 0
93 1/2	59 1/2	66 1/2	62 1/2	Greek 6 % Stab. Ln.	67 1/2	69 1/2	+ 1 1/2	10 2 9	3 1/2	3 1/2	3 1/2	3 1/2	Sea Insur. S.1 fully pd	3 1/2	3 1/2	—	5 3 0
104 1/2	73 1/2	81 1/2	66 1/2	Do. 7 % Refugees	67 1/2	66 1/2	— 1	13 5 6	5 1/2	4 1/2	4 1/2	4 1/2	Sun Insur. S.1 with 15/- pd	4 1/2	4 1/2	—	5 8 0
103 1/2	42 1/2	70 1/2	51 1/2	Hungary 7 1/2 %	56 1/2	56 1/2	—	13 5 6	4 1/2	4 1/2	4 1/2	4 1/2	Sun Life Assur. S.1 fully pd	4 1/2	4 1/2	—	4 9 0
111 1/2	82 1/2	100 1/2	82 1/2														

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Feb. 3, 1932.	Price, Feb. 10, 1932.
Central Electricity Board 5% Debs.	95	5	12/6-13/	21-2 1/2
Do. (B. E.) Ord. 5%	51	5	12/6-13/	12/3-13/3
Do. 7% Red. Pref. £1	91	5	15/11-15/7	14/6-15/6
Electrical Finance Co. 5% Debs.	99	5	99-101	99-101
Furness Withy New Ord. £1	21/-	10/-	8/0-9/0	7/3-8/3
Galloway Water Power 5% Deb. 1947-91	93	50	50-51	49-51
L.G.O.C. New 5% Inc. Deb.	95	50	95-97	94-96
Mauritius 5% 1951-1971	98 1/2	58 1/2	1 1/2-2 1/2 pm	2 1/2-3 1/2 pm
Metropolitan Electric Supply New Ord. £1	...	...	36/6-38/0	36/6-38/0
Midland Counties Electric Supply New Ord. £1	24/-	5	25/3-26/3	25/3-26/3
Odams Press New 7% "B" Deb.	98	5	95-97	95-98
Tilling (Thos.) New Ord. £1	30/-	5	49/9-50/9	50/-51/-
Uganda 5% 1951-71	96	5	1 1/2-2 1/2 pm	1 1/2-2 1/2 pm
Westminster Electric New Ord.	£1	...	24/9-25/9	24/9-25/9

(Continued from page 361.)

with 62.8 (revised) for the previous week. Freight-car loadings during the same week were 561,234, as compared with 563,015 in the previous week, 719,281 in the corresponding week of 1931, and an average of 925,628 during the seven years 1924-30.

	Jan. 1932.	Feb. 1932.	Feb. 1932.	Jan. 1932.	Feb. 1932.	Feb. 1932.
U.S. 3 1/2% T. Bds.	91 1/2	91 1/2	92 1/2	Natl. Biscuit	40 1/2	40 1/2
Lib. Lm. 3 1/2% 32-47	94 1/2	94 1/2	94 1/2	Phelps Dodge	21 1/2	21 1/2
Do. 4 1/2% 32-47	98 1/2	98 1/2	98 1/2	Pullman	21 1/2	21 1/2
Do. 4 1/2% 35-38	99 1/2	99 1/2	99 1/2	Sears-Robuck	31 1/2	31 1/2
Atchafalpa	85 1/2	80 1/2	77 1/2	Studebaker	11 1/2	11 1/2
Chen. & Ohio	28 1/2	25 1/2	23 1/2	Un. Fruit	22 1/2	22 1/2
Erie	9	8	7 1/2	U.S. Leather	2 1/2	2 1/2
Illinois Central	15 1/2	14 1/2	12 1/2	U.S. Rubber	4 1/2	4 1/2
N.Y. Central	31 1/2	28 1/2	28 1/2	U.S. Steel	37 1/2	40 1/2
Pennsylvania	21 1/2	20 1/2	20 1/2	Westinghouse	44 1/2	25 1/2
Southern Pacific	34 1/2	31 1/2	31 1/2	Woodworth	41 1/2	41 1/2
Southern Ry.	76	73 1/2	75 1/2	Am. Tel. & Tlg.	113 1/2	113 1/2
Union Pacific	76	73 1/2	75 1/2	Interboro R.T.	8 1/2	9 1/2
Am. Can.	59 1/2	60	62 1/2	Int. Tel. Teleg.	9 1/2	9 1/2
Amer. Smelting	14 1/2	15 1/2	14 1/2	Radio Corp.	7 1/2	7 1/2
Anacosta	9 1/2	9 1/2	9 1/2	Utilities P. & L.	9 1/2	8 1/2
Bethlehem Steel	16 1/2	17 1/2	19 1/2	W. Union Tlg.	37 1/2	36 1/2
Chrysler Motor	13 1/2	12 1/2	12 1/2	Associated Gas "A"	4 1/2	4 1/2
Corn Producers Rf.	40 1/2	41 1/2	41 1/2	Pan. Amer. B.	18 1/2	17 1/2
Eastman Kodak	80 1/2	81 1/2	72 1/2	Shell	9 1/2	12 1/2
Gen. Electric (New)	20 1/2	19 1/2	20 1/2	Shell Union	3 1/2	3 1/2
Gen. Motors	20 1/2	21 1/2	21 1/2	Sinclair Oil	5 1/2	5 1/2
Int. Harvester	25 1/2	23 1/2	24 1/2	Std. California	23 1/2	23 1/2
Montg. Ward	8 1/2	8 1/2	8 1/2	Do. N.J.	25 1/2	27 1/2

x Ex dividend.

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

	1930.		1931.		1932.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	Feb. 3.	Feb. 10.
37 Industrials	98.2	174.1	51.4	114.7	52.2	52.6	49.2
33 Rails	89.1	145.6	31.7	105.7	32.2	35.2	31.0
34 Utilities	153.2	267.4	90.6	187.6	91.8	91.2	86.1
Total, 404 stocks	105.5	184.2	54.7	124.6	55.5	56.1	52.4

Average yield of 50 Industrial Common Stocks	4.15%	5.95%	9.37%	5.11%	9.29%	9.22%	9.89%
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DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1926 = 100).

Highest of 1932 (Jan. 14).	Lowest of 1932 (Feb. 10)	Feb. 3, 1932.	Feb. 4, 1932.	Feb. 5, 1932.	Feb. 7, 1932.	Feb. 8, 1932.	Feb. 9, 1932.	Feb. 10, 1932.
64.8	57.4	61.9	61.6	59.6	59.2	58.2	57.5	57.4

TOTAL DEALINGS IN NEW YORK.

	Feb. 5, 1932.	Feb. 6, 1932.	Feb. 8, 1932.	Feb. 9, 1932.	Feb. 10, 1932.	Feb. 11, 1932.
Stock Exchange—Shares (Thous.)	1,100	700	1,200	1,200	1,300	2,600
Bonds (Value Thous. \$)	8,991	4,593	7,584	10,140	8,541	9,576
Shares (Thous.)	180	110	200	230	180	250

* 2-hour session.

PARIS.

Early professional profit-taking caused a fall in numerous issues, accentuated by London selling of oil and rubber shares. The influence of Wall Street further weakened confidence, and quotations continued to decline in the early days of the week. Trading was of small dimensions, particularly on Tuesday, when business was adversely affected by the Shrove Tuesday holiday.

Banks, iron and steel and coal shares came under selling pressure, Banque de France and Credit Lyonnais reacting sharply. The Dawes Loan showed weakness, partly due to professional "switching" into Young bonds. Sharp declines occurred in the speculative markets, following the weaker tone of metal prices. A strong rally occurred in Thursday's sessions, however, and prices advanced in most departments.

	Feb. 4, 1932.	Feb. 8, 1932.	Feb. 11, 1932.	Feb. 4, 1932.	Feb. 8, 1932.	Feb. 11, 1932.
Banque de France	12,350	12,345	12,650	Wagons Lits	109	105
Crédit Lyonnais	1,690	1,915	1,860	Medan Eagle	36	35
Suez Canal	14,025	13,975	13,860	"Chartered"	81	78
Chargeurs Réunis	280	285	270	Ford	120	112
Rio Tinto	1,355	1,321	1,288	De Beers	347	322
Royal Dutch	13,875	13,550	13,650	"Johnnie"	98	96

AMSTERDAM.

The Amsterdam Bourse opened with an almost complete lack of business, both among professional operators and the public. Industrial shares continued to lose ground, Unilever and Philips Lamps being particularly affected. Dutch Ford were irregular on uncertainty regarding interim dividend possibilities. The fresh taxation proposals of the Dutch Government were a bear point on Tuesday, arbitrage issues simultaneously declining on weakness in New York. Sugar shares were uninfluenced by a revival of reports of a fresh tightening of output restriction measures.

	Feb. 4, 1932.	Feb. 8, 1932.	Feb. 11, 1932.	Feb. 4, 1932.	Feb. 8, 1932.	Feb. 11, 1932.
5 1/2% German	1932.	1932.	1932.	Steel Common	1932.	1932.
Unilever N.V.	38 1/2	36 1/2	36 1/2	A. K. U.	41 1/2	39 1/2
Philips' Lamps	105	105 1/2	102 1/2	Ford Motor	165	139
Netherlands Ship	87 1/2	86 1/2	87	Dei Batavia	148	143
Union	65 1/2	64 1/2	62 1/2	Royal Dutch	134	131
Java Cultuur	120	...	115			

OTHER CENTRES.

Dull and unsatisfactory conditions prevailed on most of the minor European Bourses throughout the week. Stockholm was irregular throughout. Milan was flat, apart from the market in Government stocks, with a slight improvement in mid-week. Small losses occurred all round on the Brussels exchange. Unofficial quotations in Berlin again assumed a downward trend. Dye Trust was done at 91.00 (against 97.75 a week ago), Siemens at 123.000 (against 126.75), General Electric at 26.50 (against 33.75), and Reichsbank at 100.50 (against 107.50).

INVESTMENT NOTES.

Trustee Law Anomalies.—The anomalies of contemporary British law regarding trustee investments, which we found occasion seriously to criticise some time ago (see the *Economist*, September 27, 1930, page 578), have been exemplified by a number of recent developments which are causing disquietude among trustees throughout the country. The failure of the Government of the Commonwealth of Australia immediately to pay the interest on New South Wales bonds due on February 1st last, when Mr Lang failed to honour his obligations, has placed both New South Wales and the Commonwealth in the temporary position of defaulters. Under the Colonial Stock Act of 1900, however, and the Trustee Act of 1925, it would appear that no provision exists for removing from the list any Dominion security on which interest is not being paid. At the same time, the legal position of many home railway prior stocks has been affected as a result of the decline in railway earnings, to which reference is made in a leading article on an earlier page. The Trustee Act of 1893 made specific classes of railway prior stocks eligible for investment by trustees so long as not less than 8 per cent. had been paid on the ordinary capital for ten years preceding. This is reproduced in Section I. of the Act of 1925, under which availability is also conferred on "securities authorised under Rules of the Supreme Court." As regards the investment of monies under the

control of the Court of Chancery, various rules have been made. When the London and North Eastern Railway reduced its ordinary dividends to 1/2 per cent. on preferred stock only, after the coal stoppage of 1926, its ordinary stocks remained in the "Chancery list" by virtue of an Order of the Court rendering eligible debenture, preference, guarantee or rent charge stocks of railways in Great Britain or Northern Ireland which had paid any ordinary dividend during ten preceding years. Last year the London, Midland and Scottish stocks lapsed from "trustee" to "Chancery" status, and this year the prior stocks of the Southern and Metropolitan Railways have suffered the same metamorphosis. Until the London and North Eastern statement has been made, next week, the market will remain uncertain whether that company has fulfilled even the "Chancery Rules." In any case, if the present depression were to continue for many more months, the position of more than one British railway, as regards fulfilment of the "Chancery Rules," might be open to question. Though the Court might conceivably lay down that all railway securities receiving full payment were eligible, and trustees would not, of course, in any case, be under a specific obligation to sell out their existing holdings, the prestige of the framers of British Trustee Law would undoubtedly suffer a further decline. It is evident that provision should be made for more frequent overhauling of the content of the Trustee List, in harmony with changing conditions in the investment market. At present, the List is both too broad and too narrow, so that, e.g., it includes L.M.S. 4 per cent. preference stock (1923), whose dividend last year was not fully earned, and excludes the issues of the Central Electricity Board. More particularly, its provisions as regards the eligibility of Dominion issues should have regard primarily to the benefit of investors rather than borrowers.

New South Wales Loans: Announcement.—The Financial Adviser to the Commonwealth Government has issued an announcement regarding the default on the New South Wales loans, to which we referred in our last issue. The announcement is merely a repetition of a statement issued to the Australian Press by the Commonwealth Government, to the effect that it is satisfied that effective action can be taken to secure the necessary amount from the Government of New South Wales, and that it recognises that, as a result of the default, the credit of New South Wales in particular, and, to an extent, the credit of the Commonwealth as a whole, has been gravely impaired. In the interests of Australian credit, the Commonwealth Government has, therefore, decided to pay the amount due as soon as arrangements can be made, and, in the meantime, will use every available method to compel New South Wales to pay the full amount. This statement has not entirely pleased the market, and until a date for the payment of the overdue interest is definitely fixed it is unlikely that there will be any appreciable recovery in Australian stocks. New South Wales stocks, in particular, have remained a nominal market. Moreover, the revenue returns of the past seven months, which have just been published, are not a favourable market factor. The deficit on the New South Wales Budget amounts to £8,170,000, revenue being £22,999,000 and expenditure £31,169,000. The appointment of Mr S. M. Bruce, a former premier, as a Minister Resident in London is perhaps an indication that Australian credit in London will be jealously watched in future.

The Greek Debt Position.—A report current in the middle of last month that Greece intended to suspend the service of her external debt was subsequently denied by M. Michalacopoulos, but the rumour sufficed to draw market attention to the difficult financial conditions which prevail in that country at the present time. As regards the revenues assigned for the service of the debt, gross receipts from monopolies are reported to have amounted to Dr. 209,926,040 for the year 1931, against Dr. 210,161,117 for the corresponding period of 1930,

while receipts from the Piræus Customs totalled Dr. 990,431,581, against Dr. 959,842,449. Despite an improvement in the visible balance of trade during 1931, the further decline in invisible exports has resulted in an adverse balance of international payments, so that the foreign exchange reserve of the Bank of Greece has slowly fallen, the ratio being 44.42 per cent. on December 28, 1930, and only 41.18 on December 29, 1931.

GREEK GOVERNMENT LOANS.

Description.	Prices in 1930.		Prices in 1931.		Price End of 1931.	Present Price.
	Highest.	Lowest.	Highest.	Lowest.		
Greek 5%, 1881	77 1/2	68	85	63	65 1/2	61
" 5%, 1884	78	68 1/2	85 1/2	60	62 1/2	59 1/2
" Monopoly, 4%, 1887	64 1/2	56 1/2	70	48	52 1/2	48 1/2
" 4% Renten, 1889	62	55 1/2	64	45	50	47 1/2
" 5%, 1890	76 1/2	68	85 1/2	71	65	59 1/2
" 5% Funding Loan, 1893	74	70	82	65	65	59 1/2
" 4% Railways Loan, 1902	64 1/2	57 1/2	64	50	55	45 1/2
" 5% National Loan, 1907	90	83 1/2	93	80	82 1/2	70
" 4% Bonds	64	56 1/2	63 1/2	47	50 1/2	48 1/2
" 5% Loan, 1914	81 1/2	73 1/2	84	58	62 1/2	61 1/2
" 7% Refugee Loan, 1924	104 1/2	100	104 1/2	66	71 1/2	69
" 6% Stabilisation Loan, 1928	93 1/2	86 1/2	94 1/2	58	60 1/2	54 1/2
" 6% Public Works Loan, 1928	91 1/2	82	90	51	55 1/2	45 1/2
" 8% Exchanged Refugees Loans, 1926-28	102 1/2	97	84	65	80	65

So far Greece has endeavoured to balance her Budget, and M. Venizelos, the Prime Minister, has constantly stated that her financial integrity must be upheld. At the request of the Bank of Greece and the Greek Government, Sir Otto Niemeyer and an International Financial Commission are going to Athens to investigate the prevailing economic and financial conditions and to make recommendations regarding future measures. At the same time, M. Venizelos has visited a number of European capitals, and is understood to have put forward the suggestion that, in view of the difficulty of raising a further loan, an advance of some £2,500,000 should be made to the Greek Government, which would be periodically renewable, and would provide the means to

LIETUVOS BANKAS

(Bank of Lithuania)

KAUNAS, LITHUANIA

Telegraphic Address: "EMISBANK."

BALANCE SHEET
December 31st, 1931.

Litas = 0.150462 gram fine gold.

ASSETS.

1. Gold reserve	...	50,185,201.08
2. Silver coins	...	2,608,674.00
3. State Treasury coins	...	1,828,080.07
4. Foreign currency	...	83,172,210.77
5. Loans and discounts	...	109,109,048.44
6. Other assets	...	11,468,454.46
		207,811,666.82

LIABILITIES.

1. Capital	...	12,000,000.00
2. Reserve capital	...	1,900,000.00
3. Bank notes in circulation	...	108,950,577.00
4. Deposits	...	77,988,802.85
5. Other liabilities	...	5,881,811.86
6. Profit for 1931	...	1,141,374.81
		207,811,666.82

PROFIT AND LOSS ACCOUNT
for the Year ending December 31st, 1931.

Expenses, depreciation and other write-offs	...	9,814,640.15
Net profit	...	1,141,374.81

Gross profit for 1931

10,956,014.46

V. STASINSKAS, Governor.

J. PAKNYS, Vice-Governor.

J. MASIULIS, } Directors.

I. MUSTIKIS, }

B. MINIATAS, Chief Bookkeeper.

At the annual meeting of stockholders of the Lietuvos Bankas, held January 30th, 1932, 7 p.m., at the Bank's offices, Kaunas, presided over by Mr. J. Tubelis, reports of the Directors, of the Advisory Board and of the Auditing Committee were presented. The reports were by motion unanimously carried, ordered received and filed. It was further voted to pay to the stockholders 8 per cent. dividend.

complete the productive works undertaken in Macedonia, which are expected in due course to increase the national revenue by seven millions sterling. A rumour current in the market this week that Greece would follow the example of Uruguay and suspend sinking fund payments has not been confirmed.

L.M.S. and Great Western Results.—The accounts for 1931 of the London Midland and Scottish Railway disclose a decline, as compared with the 1930 figures, of £5,018,000 in gross railway receipts and of £673,000 in receipts from other businesses, and a fall in other net income of £150,000, making a total decline of £5,841,000. No less than £5,070,000, or 89 per cent., of the loss in gross receipts, however, has been made good by a reduction in working expenses, of which £900,000 is accounted for by alterations in wage rates. This is an excellent achievement, the reasons for which are discussed in a leading article. By drawing upon available reserves to the extent of £495,904, the company is able to cover all its prior charges and to pay a dividend on the ordinary capital of $\frac{1}{2}$ per cent., compared with 2 per cent. for 1930:—

Year to December 31.	1929.	1930.	1931.
Railway receipts	73,195,264	68,241,425	63,223,399
Railway expenditure	58,154,565	55,708,280	51,367,818
Net revenue	17,175,283	13,426,291	12,655,656
Brought forward	159,035	211,655	...
Appropriation from reserve	Nil	279,106	495,904
Profit on realisation of investments	Nil	391,694	Nil
Reserve for income tax released...	Nil	488,000	Nil
Debt interest	4,364,170	4,418,314	4,439,171
Dividend on guar. and pref. stocks	8,474,383	8,474,383	8,474,383
Ordinary dividend:—			
Amount	4,284,110	1,904,049	2,380,006
Earned %	$4\frac{1}{2}$	$\frac{1}{2}$	$N\frac{1}{2}$
Paid %	$4\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Carried forward	211,655	Nil	Nil

The amount expended on maintenance of way and works has declined by £571,459 and on maintenance of rolling stock by £1,180,615. The number of locomotives has been further reduced from 9,319 to 9,032, the latter figure including 784 stored and withdrawn from service. Although the total of engine hours has fallen by 6.4 per cent., the total engine miles run has declined only by 4.9 per cent. £1,783,384 is now invested in transport undertakings, against £1,527,541. Investments, having a market value of £15,608,048, appear on the balance sheet at £16,963,226. A statement issued by the Great Western Railway shows that gross receipts from railway and ancillary businesses for 1931 were £3,207,237, or 9.34 per cent. less than in 1930. Miscellaneous net receipts were lower by £271,006, and gross expenditure by £2,173,493, or 7.7 per cent. Net revenue at £5,682,396 was down by £1,304,750. After taking £500,000 from contingency fund, the directors recommend the payment of a final ordinary dividend of $1\frac{1}{2}$ per cent., making 3 per cent. for the year. The balance carried forward is £62,473, against £65,396 brought in.

OFFER TO NEW READERS.

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

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

Name.....

Address.....

Metropolitan Railway.—The accounts for 1931 show a reduction in gross receipts of £73,682 and in expenses of £41,039, so that net receipts are down from £527,401 to £494,358, and total receipts from £874,194 to £841,765:—

Year to December 31.	1929.	1930.	1931.
Gross receipts	1,627,470	1,644,471	1,570,789
Expenses	1,071,519	1,117,470	1,076,431
Net receipts	555,951	527,001	494,358
Total receipts	890,770	874,194	841,765
Sundry charges	46,255	46,196	45,634
Net revenue	844,515	827,998	796,131
Other income*	1,014	5,901	4,813
Debt interest	259,990	302,854	329,991
Net profit	585,539	531,045	470,954
Pref. dividend	264,263	264,263	264,263
Ord. dividend:—			
Amount	303,147	265,253	189,467
Earned %	$4\frac{3}{4}$	$3\frac{5}{8}$	$2\frac{7}{8}$
Paid %	4	$3\frac{1}{2}$	$2\frac{1}{2}$
Special charge	...	...	†9,288
Reserve	10,000	Nil	Nil
Inc. or dec. in carry-forward.....	+ 8,129	+ 1,529	+ 7,936

* Excluding amounts received from surplus lands committee.
† Costs of opposition to London Passenger Transport Bill.

The sum of £108,938, representing a dividend at the rate of $4\frac{1}{2}$ per cent. per annum on the surplus land stocks, was receivable from the Surplus Lands Committee, against £105,636 received in 1930. Some £141,000 has been expended during the year on maintenance of way and works, compared with £159,000 in 1930, while £6,000 less has been spent on the upkeep of rolling stock. Locomotive running expenses are practically unchanged, though savings were effected in traffic expenses to the extent of some £12,000. The statistical returns show that the number of passengers carried fell from 96,235,533 to 90,174,442, while goods tonnage declined from 4,324,115 tons to 4,156,477 tons. Allowing for the final dividend, the consolidated stock gives a yield of about £7 7s. per cent. at the present price of £35 $\frac{1}{2}$.

Gas Company Results.—The reports for 1931 of the Gas Light and Coke Company and the South Suburban Gas Company reveal that the consumption of gas in the areas worked by these companies is still on the upward grade. The Gas Light and Coke Company shows receipts from gas sales of £8,519,389, against £8,441,802, and from rentals of £1,516,647, compared with £1,469,662. Net profit has risen from £1,339,703 to £1,412,712, permitting the payment of the usual ordinary dividend of $5\frac{1}{2}$ per cent. and an increase of £17,066 in the carry-forward, after writing £51,114 off debenture issue expenses and crediting £18,453 received in Treasury grants. The report of the South Suburban reveals that receipts from gas sales amounted to £840,830, compared with £771,206 in 1930, while income from rents advanced from £113,122 to £119,085. Sales of residual products contributed only £159,510, against £165,366, a further small loss being returned on ammonia sales. Net profit totalled £109,509, an increase of £7,517 compared with last year; but as the new preference stock required £15,000, the ordinary dividend earnings were insufficient to cover the annual payment, reduced from $6\frac{1}{2}$ per cent. to $6\frac{1}{4}$ per cent.

Year to December 31.	Gas Light and Coke.	South Suburban.
	1930.	1931.
Sale of gas.....	£ 8,441,802	£ 8,519,389
Net profit	1,339,703	1,412,712
Earned for ord. %	$5\frac{7}{8}$	$6\frac{0}{8}$
Paid on ord. %	$5\frac{1}{2}$	$6\frac{1}{4}$
Inc. or dec. in carry-forward	- 23,236	+ 17,066

The larger company recorded an increase in gas sales of $1\frac{1}{2}$ per cent. and in the number of consumers of 27,027; the smaller company increased its sales by nearly $5\frac{1}{2}$ per cent. and its consumers by 7,545. Resolutions are shortly

to be submitted to Parliament by the South Suburban authorising the acquisition of the Sevenoaks Gas Company and the Tonbridge Gas Company, while the Gas Light and Coke Company is seeking to control undertakings at Southend-on-Sea and Brentford. The ordinary stock of the South Suburban gives a yield of about £6 4s. 0d. per cent. at its present price of 103 $\frac{1}{2}$, while the £1 units of the Gas Light and Coke ordinary stock return a yield of about £5 19s. 0d. per cent. at their present price of 19s. 3d.

Retail Store Profits.—The preliminary profit and dividend figures of a number of large retail store concerns show that the decline in earnings last year was relatively moderate. Of the four companies whose profits are shown in the following table, Lewis's, whose interests are in the North, has actually increased its earnings, as compared with 1930, by 3 per cent. Those of Harrods have fallen by $7\frac{1}{2}$ per cent., and those of its subsidiary, Dickins and Jones, by 22 per cent. In the case of Selfridge and Company, the drop in profits is equivalent to 7 per cent. The Maple dividend has been reduced from 9 to 5 per cent., and the decline in earnings is understood to be appreciable, but the company's intimate connection with the shipbuilding and export furnishing trade fully explains this phenomenon:—

Name of Company.	Profit, 1930.	Ord. Div.	Profit, 1931.	Ord. Div.	Price, Feb. 10.	Yield.
Dickins and Jones.....	£ 115,910	% 12	£ 90,065	% 10	(t) 24	£ s. d. 7 8 0
Harrods	752,482	20	697,069	17 $\frac{1}{2}$	24	6 13 3
Lewis's.....	866,165	27 $\frac{1}{2}$	890,899	27 $\frac{1}{2}$	24 $\frac{1}{2}$ (a)	6 13 3
Maple and Co.	...	9	400,269	5	$\frac{1}{2}$ (m)	11 8 6
Selfridge and Co.....	431,097	*	...	*	...	...

* Not available. † Deferred shares. (t) No quotation for ordinary shares. (a) 15 per cent. preferred ordinary. (m) 10 per cent. preferred ordinary.

The figures which are regularly published in the *Board of Trade Journal* suggest that the decline in retail sales of all kinds throughout the country last year, in terms of money, was of the order of $4\frac{1}{2}$ per cent. The stability shown by the results of well-established store companies, both in the North and South of England, is gratifying to shareholders, whose experience in other branches of industry has been less fortunate. It may be ascribed to various factors. "Luxury" business does not bear a high proportion to the total turnover of a general store. The amount of "fixed" capital required is moderate, and goods are turned over with a rapidity which is a valuable protection of profits in times of falling prices. The most valuable attribute of the best British store companies, however, is the ability and experience of the managements, which has seldom shown to better advantage.

A "Baby" Ford.—An authoritative announcement has been made that the Ford Motor Company will enter the European "baby" car market. This announcement may be welcomed as showing that the requirements of the European and American motor markets are to be differentiated in framing the respective policies of the American and British Ford companies. It was believed improbable that the eight-cylinder model (which Mr Henry Ford is expected to launch shortly on the American market to meet the progress of General Motors' Chevrolet) would be introduced in Europe. The announcement of a Ford 8-h.p. programme of the British company's Dagenham factory. No information regarding the new car's performance is yet available, but it is believed that the car will be shown to the public at the exhibition which the Ford company is holding from February 19th to 27th next at the Albert Hall. The car would appear closely to resemble, in outline, the "baby" cars of British makers which have built up a position in the British market. This type, in existing hands, is the result of many years

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of technical improvement and running experience, and the field is already hotly contested. The news originally leaked out in telegrams announcing the departure from Detroit of twelve Fords only 10 feet long, consigned for England. This suggests that the new car has been developed in America, possibly by American engineers. At Dagenham, production of two different models may increase manufacturing costs somewhat. The Ford organisations, however, may have been actuated by the consideration that, although cars are bought out of "capital," they are run out of "income," and, in these times of economic stress and high taxation, consumers are likely to attach great importance to relative figures of running costs, including tax, insurance, petrol, oil, cleaning and garaging. On the Continent the "Baby" Austin is already locally manufactured under licence, and in both countries there are numerous competitors, including Peugeot in France and D.K.W. in Germany.

Sugar Beet Position.—The recent offer made to beet sugar growers by the Anglo-Dutch group of companies, which operate factories at Cantley, Kelham, Ely, Ipswich and King's Lynn, has stimulated fresh controversy regarding the position and prospects of this "new" industry. As the whole question of further Government assistance is under review, and a decision is not immediately expected, the Anglo-Dutch group has been obliged to proceed with arrangements for the growing of this year's crop "in the dark." The present suggestion envisages "co-operation" between the growers and the factories. The whole net proceeds from the manufacture of white sugar, pulp and molasses produced from the beets delivered by the growers are to be ascertained, under the scheme, by Messrs. Price, Waterhouse and Co., and, together with any direct or indirect Government assistance which may be forthcoming, will constitute a "common fund." The growers' share of the net proceeds is to be 80 per cent. and the factories' share 20 per cent. until such time as the

return of the growers reaches 45s. per net ton of 15½ per cent. sugar content, when the division will be on a "fifty-fifty" basis. The usual cash advances, seed supplies, etc., will be made to the farmers, while the payments on account on the usual monthly pay-days will be 35s. per net ton of 15½ per cent. sugar content, with an addition or deduction at the rate of 2s. 6d. for each 1 per cent. above or below 15½ per cent. The arrangement is to hold good for one year. The farmers, however, regard the Anglo-Dutch offer as in no case as satisfactory as the offers of factories outside the group, which in some instances give 40s. to 42s. as a guaranteed minimum instead of the 35s. of the Anglo-Dutch scheme—which, in spite of the "common fund," may prove to be a maximum price. It is relevant to recall that during the past seven years the production of some 1,300,000 tons of home-grown sugar has cost the British taxpayer, directly and indirectly, nearly £30 millions. Discussion at the moment is concerned (1) with the minimum conditions under which it will be possible for the growers to continue cultivation, and (2) as to whether the subsidised factories should not confine their operations to the production of "raws" rather than be allowed to compete with existing refineries on a subsidised basis. The mere hint of further protection must lead to bickering and "log rolling" by the rival interests, and it is difficult not to sympathise with the old-established refiners, who bitterly complain of "unfair competition." The Anglo-Dutch group of factories has enjoyed several years of prosperity at the public expense, for which competent management is no adequate compensation. Three of the group's companies have already, in the aggregate, returned more than the whole of their share capital in dividends and amassed a general reserve fund greater than the valuation of their factories in the balance sheets. If we must develop a home-grown sugar industry by artificial aid, common sense demands that the subsidy should provide an adequate return to the farmers, and should not react to the detriment of established interests.

Snia Viscosa.—The decision of the directors of Snia Viscosa (in which Aku, Glanzstoff and Courtaulds have an interest) to pay a dividend of 6 per cent. in respect of 1931 was not apparently anticipated in the market. The last dividend paid was 10 per cent. in respect of 1926 on the old capital of 1,000 million lire (about £10,900,000 at par). Since then the capital structure has been continually changed. In 1926 it was reduced from 1,000 million lire to 750 million lire, and increased again to the old figure by the issue of new shares. In 1928 the same procedure was adopted, the nominal capital being reduced to 800 million lire and then restored to 1,000 million lire. In March, 1930, a reconstruction scheme was carried through. The subsidiary Società Anonima Veroda was merged with the company and the Snia capital written down to 883,333,333 lire and then increased to 350 million lire (£3,800,000 at par). The shares were reduced to 40 lire and exchanged for new shares of 200 lire. In 1930 the net income amounted to 42 million lire and, after allowing for interest payments, the net profit to 20.4 million lire. Owing to special depreciation, which absorbed 688.2 million lire, the year showed a deficit of 666.6 million lire, which was written off under the reconstruction scheme. It would appear that if a dividend of 6 per cent. has been earned, the net profits before allowing for debenture interest amounted to much the same as in 1930, but that no special depreciation has been called for. A strong cash position, it is understood, has been maintained. The profit figures will not be known till March 5th, when a general meeting of shareholders will be held, but the dividend announcement is of special interest in view of the imminence of Courtaulds' dividend. The company has a working agreement with Courtaulds for technical and commercial collaboration. Snia Viscosa shares are quoted at 9s., and were unchanged on the dividend announcement. British shareholders should note that the voting trust for Snia Viscosa shares has been terminated in accordance with the terms of the agreement of January, 1927. Voting certificate holders, having regard to the various capital reductions, are entitled to one share in

respect of each unit of five shares specified in the certificates. These certificates should be lodged with Hambros Bank (Nominees), Ltd., without delay.

Industrial Profits in January.—Industrial profits during the first month of the New Year showed a relative improvement, due, in part, to the fact that the published reports afforded comparisons with those of a period of progressively increasing depression. During January we received the reports of 127 companies, revealing a decline in profits of 19.65 per cent. The figures for the last ten months are shown:—

Reports Published in 1931.	No. of Companies.	Variation in Net Profits (1931 compared with 1930).
April	217	— 10.49
May	211	— 22.3
June	192	— 21.93
July	185	— 39.46
August	55	— 19.59
September	74	— 44.02
October	170	— 58.26
November	147	— 35.59
December	157	— 68.54
1932.		(1932 compared with 1931).
January	127	— 19.65

We set out below the figures for various industrial groups, according to reports received during the last month:—

INDUSTRIAL PROFITS—MONTH OF JANUARY, 1932.				
Group.	No. of Companies.	Net Profit (after Payment of Debenture Interest). Reports received during January, 1932.		Increase or Decrease.
		1930-31.	1931-32.	
Breweries	5	£ 313,684	£ 286,567	— 8.64
Canals and Docks	1	80,754	Dr. 47,216	— 153.57
Electric Lighting and Power	2	446,590	427,624	— 4.25
Financial Land and Investment	3	319,573	230,266	— 27.97
Iron, Coal and Steel	3	328,764	34,023	— 89.67
Motor and Cycle	4	462,066	294,240	— 36.32
Nitrate	1	287,337	Dr. 666,671	— 328.53
Oil	1	199,347	183,390	— 8.00
Rubber	15	22,542	Dr. 58,978	— 362.31
Shipping	2	204,436	168,138	— 17.75
Shops and Stores	3	66,069	62,999	— 4.65
Textiles	7	75,097	56,712	— 24.48
Tramway and Omnibus	2	221,441	221,630	+ 0.08
Trusts	20	1,287,689	1,057,291	— 17.89
Waterworks	2	21,007	19,658	— 6.42
Other Companies	50	21,222,000	18,257,087	— 14.16
Total	127	25,558,396	20,536,921	— 19.65

The average fall of nearly 18 per cent. in profits in the "Trusts" group is particularly significant. One of the few increases during the month was that of United Tobacco (South), whose profits rose from £620,773 to £645,462. The largest item in the total was the earnings of Imperial Tobacco, which declined from £10,177,046 to £9,876,064 (after deduction of taxation at an increased rate), while the British American Tobacco figures receded from £6,501,560 to £5,334,448 (with a similar qualification).

Fall in Copper.—Last Wednesday the cash price of standard copper on the London Metal Exchange at one time fell under £35 per ton, closing at £35 12s. 6d. This followed a downward movement which has been in progress with occasional rallies for several weeks. The lowest closing level ever known on the London Metal Exchange was £27 14s. 4½d. on the Friday before Great Britain went off the gold standard. Allowing for the depreciation in sterling, Wednesday's price represents little more than £25 per ton. The event is a curious sequel to the scheme of drastic output restriction decided upon in New York recently. So far as can be judged—information on the point is not as definite as might be desired—producers representing 90 per cent. of the world's output agreed to restrict to 26½ per cent. of capacity. This decision resulted in a small recovery in American quotations to 7.50 cents per lb. for domestic metal and 7.825 cents for export. Rumours were even current of the intention of

the interests concerned to advance the price to 8 or even 10 cents. A flurry of buying on the part of some nervous consumers was succeeded by a practical cessation of demand. Indeed, on one particular day America's sales to Europe amounted to a single ton! In the hope of stimulating demand, the New York quotation was reduced, towards the end of January, first by 50 points and subsequently by a further 25 points. Last Wednesday the quotation was further reduced by 50 points to 6.375 cents (for export). In view of the fact that the latest reports of conditions of the motor and other metal consuming industries in the United States are anything but encouraging, a fresh cut in copper prices is regarded as probable in usually well-informed quarters—despite the fact that the present level of prices is unprofitable to nine out of ten producers.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Lloyds Bank, London Merchant Bank, English and New York Trust, Sterling Rubber, Steaua Romana (British), United Serdang (Sumatra) Rubber Estates, and San Francisco Mines of Mexico. At the annual meeting of United Serdang, Mr. Eric Miller told shareholders that the output of rubber during 1931 had added no less than 180,000 tons to the surplus stocks, bringing world stocks of ready rubber up to the equivalent of a year's requirements. Presiding at the annual meeting of San Francisco Mines, the chairman observed that the possibilities of improved metallurgy were limited, but they had been able to bring down costs to 14s. 6d. as compared with 19s. 1d. in 1928-29, largely as a result of increased production. At the annual meeting of the Sterling Trust, Baron d'Erlanger said that if the movement to boycott goods continued all communities would have to live upon their own fat until they woke up from their hibernation as lean as a bear.

CAPITAL ISSUES.

A speculative issue is *rara avis* in a period of financial crisis, but this has not deterred the promoters of *Universal Greyhound Totalisators, Limited*, from offering 10 per cent. participating preference shares of 10s. to the public this week. All the ordinary shares of 5s. have been issued as fully paid to the vendors, and the purchase consideration also includes £45,000 in cash. Investors will admire the courage of the promoters.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Total recorded, January 1 to February 6, 1932, excluding conversions, £8,753,375.
Total recorded, January 1 to February 6, 1932, including conversions, £8,753,375.

National Savings Certificates.					
Net receipts, week ended February 6, 1932, Dr. £500,000.					
Total net receipts, April 1, 1931, to February 6, 1932, £2,150,000.					
	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
To the Public.					
Universal Greyhound Totalisators pte. pref. 10% 10/- at par	55,000	...	55,000	13,750	£41,250
To Shareholders only.					
Bibbiani (1927), 750,000 ord. shares, 4s. at par.	150,000	...	150,000	37,500	112,500
Kerala Tea, £20,000 8% deb. at par	20,000	...	20,000	5,000	15,000
Roan Antelope Copper Mines, 224,290 shares of 5s. at 7s. 6d.	231,072	...	346,608	346,608	...
Wiggins Teape & Co. (1919), 200,000 7% cum. pref. £1 at 20s. 6d.	200,000	...	205,000	25,000	180,000
Total offered to shareholders only, week ended February 13, 1932	601,072	...	721,608	414,108	307,500
Total Offered for Subscription—					
Including Conversions.					
Jan. 1 to date—	9,029,983	9,029,983			
1932	32,382,063	26,410,920			
1931	22,557,881	22,557,881			
1930	72,300,979	58,726,428			
1929	...	129,710,207			
1928	...	104,911,535			
1927	...	38,457,373			
1926	...	21,792,362			
Whole year—					
1931	114,290,666	102,044,291			
1930	454,888,784	267,800,700			
1929	488,764,940	285,239,400			
1928	693,100,056	369,058,073			
1927	...	355,165,970			
1926	...	230,782,600			
1925	...	232,214,500			
1924	...	209,326,101			

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1932	7,073,375	260,000	1,696,608	9,029,983
1931	24,129,857	371,571	1,909,492	26,410,920
1930	20,913,801	763,262	880,818	22,557,881
Whole year—				
1931	74,835,599	6,911,859	20,296,833	102,044,291
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,835,600	98,381,400	355,165,600
1926	145,180,000	39,393,200	46,209,400	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	94,000	...	96,500
Total to date, 1932	94,000	...	96,500
Total to date, 1931	2,456,375	...	2,508,632

Universal Greyhound Totalisators.—Issue of 110,000 10 per cent. participating preference shares of 10s. each at par. The company has been promoted to conduct the business of installing and operating electric and mechanical totalisators on greyhound racecourses. Estimated annual profit, £20,000.

Further Stock Exchange information, including the latest dividend announcements, traffic returns, American railway receipts, summary of balance sheets, profit and loss accounts, and reports and notices will be found under the heading of "Company News" on page 380.

OIL OUTPUTS.

ANGLO-ECUADORIAN OILFIELDS, LTD.—The production for January is cabled as 18,058 tons.

BRITISH CONTROLLED OILFIELDS, LTD.—Production for the week ended January 27th:—Venezuela, 28,558 barrels; Trinidad, 32,977 barrels; total, 61,535 barrels. Production for the week ended February 3rd:—Venezuela 28,441 barrels; Trinidad 31,136 barrels; total 59,577 barrels. Production for January: Venezuela 125,948 barrels; Trinidad, 153,845 barrels; total, 279,793 barrels. Shipments for January: Venezuela, 112,096 barrels; Trinidad, 86,212 barrels; total, 198,308 barrels.

HAMILTON'S OIL CONCESSIONS (ROUMANIA), LTD.—Production for month of January, 1932, 7,991 tons, equal to 55,937 barrels.

LOBITOS OILFIELDS, LTD.—The production of the Peruvian Company for January is cabled as 25,327 tons.

PHOENIX OIL AND TRANSPORT COMPANY, LTD.—The gross production of crude oil of the Phoenix Group of Companies for January was 46,884 tons.

SERVICE PETROLEUM COMPANY, LTD.—Returns from Romano-Africana S.A.R. show the production from the company's oil wells at Gura-Ocnitzei, Moreni and Ceptura for the week ended January 24, 1932, totalling 3,763 tons (26,341 barrels).

STEAU ROMANA (BRITISH), LTD.—The production of the Steaua Romana Company, Bucharest, for the month of January was 85,711 tons.

TAMPICO OIL, LTD.—The total production on the company's properties in Mexico during January was 18,749 barrels, in respect of which the royalty due to Tampico Oil, Ltd., amounted to 1,406 barrels.

ALMOST A CRIME

4124—GET
ONE'S
BOVRIL

COMPANY MEETINGS, &c.

LLOYDS BANK LIMITED.

SATISFACTORY RESULTS DESPITE YEAR'S DIFFICULTIES.

CRITICISMS OF BRITISH BANKS ANSWERED.

CAUSES OF WORLD CRISIS.

TRADE RESTRICTIONS—NEED FOR CO-OPERATION BETWEEN NATIONS.

MR J. BEAUMONT PEASE'S IMPORTANT REVIEW.

The seventy-fourth ordinary general meeting of Lloyds Bank Limited was held, on the 5th instant, at Southern House, Cannon Street, London.

Mr J. Beaumont Pease (chairman of the bank) presided.

The notice convening the meeting having been read by the secretary, and the auditors' report by Sir Gilbert Garnsey, K.B.E.,

The Chairman, in moving the adoption of the directors' report, said:—I would like to commence my remarks by making some personal allusions.

TRIBUTE TO THE LATE MR PHILIP NOBLE.

Last year we lost a very valuable colleague by the death of Mr Philip Noble owing to a flying accident. I knew Mr Noble intimately all my life, and, like every one else who knew him, was strongly susceptible to the charm of his personality and character. To all his friends the news of his untimely death came with a great shock and left us with a sense of void which nothing can fill. In the bank no one will miss him more, or deplore his death more deeply, than members of the staff in our Northern branches, whose interests were always near his heart and into whose occupations and ambitions, whether inside the bank or on their playing fields, he entered with a whole-hearted sympathy.

He was a partner in the banking firm of Lambton and Company, and, after its amalgamation with Lloyds Bank, joined our board in 1912. He was a most valuable director, not only establishing himself firmly in the affections and minds of his colleagues, but bringing to their deliberations a full knowledge of men and affairs in the North. We all miss him very greatly, and often wish we still had with us his helpful counsel and charming personality. We tender once more our deepest sympathy to the members of his family.

In October last Mr Alfred Davidson retired from the position of joint general manager in Birmingham, an appointment he had held since January, 1924; but you will be pleased to know that we are not losing the benefit of his long experience of the Midlands. A Birmingham committee has been formed, to which Mr Davidson has been appointed, and that committee, which includes our directors, Mr Cyril Lloyd and Colonel Morcom, has been further strengthened by the addition to it of Mr Walter Barrow, whose name has for so many years past stood in high repute in Birmingham. Mr G. L. Potter, manager of our City office, has been appointed district manager in Birmingham, and, with these arrangements, our Midland customers will be more closely in touch with head office than hitherto.

THE BALANCE SHEET.

In going through the balance sheet I propose to point out some of the principal items of interest. On the liabilities side the capital remains the same, but, as we explain in the report, we have taken £2,500,000 from the published reserve in order that the value of the bank's investments might be written down to market value or under. We thought it wise to meet this situation in this way rather than to have recourse to our internal reserves, which in these days of uncertainty it is desirable to maintain in abundant strength. (Hear, hear.) Since December 31st there has been a very substantial recovery in the value of our investments; but in any case the depreciation did not give us undue anxiety, as a large proportion of our investments is in short-term bonds repayable in a year or two at par.

Our current and deposit accounts show a fall of £31,000,000, representing a drop of 8.4 per cent. in the year. The current and deposit accounts of all the clearing banks show a total decrease of £148,403,000 during the same period, representing a fall of 7.8 per cent.

The only other items on the liabilities side to which I desire to call your attention are those under the heading of acceptances and endorsements, etc. The acceptance figure of £2,695,520 is down by £3,300,000, and includes the amount we have outstanding on account of German banks under the standstill arrangement. Of the omnibus item, endorsements, etc., over £20,000,000 represents forward exchange transactions, to which, of course, there are counterpart items on the assets side of the balance sheet. We have included this item

for several years in our balance sheet, following the recommendations of the Cunliffe Committee, but the actual risk involved is purely a marginal one and is negligible. The balance represents bail bonds, endorsements, etc., which also have their appropriate contra entries among the assets.

GERMAN STANDSTILL AGREEMENT.

I think it is desirable that I should say a word about the German standstill arrangements, as there has been a great deal of misunderstanding and misrepresentation in regard to the City's commitments with Germany. The Basle Committee have published the figure of 12 milliard Reichsmarks, or £600,000,000 at par, as the total to all countries of German short-term obligations. A census of London banks and accepting houses shows that of this total, apart from other debts such as loans to States and municipalities, which are not governed by the Standstill Agreement and are moderate in amount, £53,000,000 represented on July 31, 1931, the amount of German acceptance credits with London banks and accepting houses, and £11,000,000 on the amount of other forms of short-term indebtedness.

An analysis of the City's acceptance figures shows that more than half of the total of acceptances was in respect of credits granted for financing the movement of goods, as the London banks and accepting houses granting the credit either see the relative documents or are provided with proof of shipment. The great proportion of the balance is stated by the institutions making the return to be also of a self-liquidating character, though in this case there is no proof of the actual movement of goods. Compensation for the risk taken consisted merely of the usual acceptance commission, ranging from, say, ½ per cent. to 2 per cent. per annum, according to the credit of the credit-taker and the class of business transacted.

REFUTATION OF CHARGE AGAINST LONDON FINANCIAL HOUSES.

These figures are a complete refutation of the charge brought against London financial houses that, tempted by the offer of high rates, they risked huge sums of English deposit money at short notice for the purposes of German capital expenditure. On the contrary, they show that the amount of the acceptance credits to a great country like Germany, with a vast import and export trade. It was a business that London had done on a large scale for many years with safety, and was arranged for the purpose of conducting the essential import and export trade of the country.

London institutions have, indeed, done nothing more in these transactions covered by the standstill arrangements than transact their normal business with Germany, which was essential for the smooth working of British, and, indeed, the world's commerce. It was the unparalleled world crisis which developed so quickly, banking short-term indebtedness, which brought into prominence the normal banking credits granted by the London banks and accepting houses to their regular German clients. From what I have already said it will also be seen that the rates charged for this credit business was not high. On the contrary, they appeared to us at Lloyds Bank unduly low compared with the risks involved, and in 1929 we drew a distinction between the rates charged for credits representing imports into Germany and exports from that country and raised our commission for the latter.

BANK'S COMMITMENT UNDER STANDSTILL AGREEMENT.

The effect has been to reduce considerably the liabilities of German banks to us, and by July 31st last year our bank's commitment under the Standstill Agreement, both in respect of acceptances and cash advances, was less than 3 per cent. of the total amount outstanding in London on that date. So many wild statements have been made on this subject that it is well to contrast this meagre figure with some of the exaggerations that have obtained publicity. (Cheers.)

The continuation of the Standstill Agreement for a year, subject to certain conditions, has recently been arranged in Berlin, and, as

chairman of the Joint Committee of British Short-Term Creditors, I should like to put on record our gratitude to our representatives, Mr Braithwaite and Mr Tiarks, for the arduous work which they have given to this task continuously since the middle of December. (Hear, hear.) I would like also to emphasise what they say in their report. The standstill arrangements were made on the recommendation of the Seven-Power Conference in London last July, with the implied promise that, if bankers held their hands for the time being, the Governments would take the necessary steps for the restoration of German credit. In the words of the report, "a Standstill in the nature of things is only a temporary measure designed to give time for a fundamental solution. Neither foreign creditors nor German debtors can control the main current of events, and both await the decisions of the Governments."

ASSETS.

To turn now to the assets side of the balance sheet, cash shows a reduction corresponding to the drop in deposits. There is a large reduction of over £10,000,000 in Treasury bills for the same reason, while the total of our liquid assets of £167,238,083 represents 50 per cent. of our public liabilities.

The next item is our investments in subsidiary companies, and the total of these has been written down very considerably below their asset value.

The demand for accommodation has been less than in the previous year, and the figure for our advances therefore is lower by £8,390,000, but represents 50.2 per cent. of our deposits, as compared with 48.2 per cent. last year. I have made the usual analysis of our advances, but it fails to show any significant changes. The only groups which have any important increase are "Local Authorities," "Banking, Insurance and Finance," and "Public Utility." On the other hand, there are large decreases under "Personal and Professional," "Retail," "Engineering," "Agriculture," "Building," "Shipping," "Foodstuffs and Tobacco," "Paper and Printing," "Cotton," "Corn" and "Stockbrokers."

The only other asset to which I need draw your attention is premises. This shows an increase of £270,000. I think we are likely to see the increases under this head diminishing in the future. (Hear, hear.)

Banks have sometimes been criticised for opening new offices in places where banking facilities were redundant. The multiplicity of branches has been to the advantage of the public, but undoubtedly there are places where the business is not sufficient to ensure satisfactory results to all the banks represented there, and, with this in mind, and by mutual arrangement with other banks, we have closed down a good many sub-offices, with a consequent saving in expense. (Hear, hear.)

PROFITS AND DIVIDENDS.

Our net profit brought in, after charging rebate and income tax, provision for bad and doubtful debts, having been made partly out of profits for the year and partly out of sums previously set aside for that purpose, amounts to £1,926,903 17s. 7d., which is about £200,000 less than last year. We have transferred £400,000 to contingencies account, and recommend the payment of a dividend of "A" shares at the rate of 13½ per cent. per annum, and a dividend on the "B" shares at the rate of 5 per cent. per annum, being the same rates as those paid last half-year. Our balance to be carried forward will be £522,055 4s. 8d., which is about £11,000 more than that brought in.

THE FINANCIAL CRISIS.

I hope these results, obtained during a period of unexampled difficulty, will not be considered unsatisfactory. The year 1931 was packed with a number of wholly extraordinary circumstances. Beginning with a low Bank rate of 3 per cent., subsequently reduced to 2½ per cent., with gilt-edged securities standing at high prices, it ended with a Bank rate of 6 per cent. and a serious depreciation in the value of Government stocks. Warnings as to the danger of our national finances given during the introduction of the first Budget in the spring were amplified in an alarming way by the report of the May Committee, and were acted upon in the second Budget passed in October, with onerous additional burdens of taxation, after a General Election of unprecedented significance.

The breakdown of credit in Germany and Central Europe and the drain of gold from this country finally brought about our departure from the gold standard. All these facts, coupled with the numerous failures of banks in nearly all countries throughout the world, except our own, and political unrest in many places, built up a situation hitherto unknown. British banks have received a large measure of congratulation from a generous Press and public for the way in which they have conducted their business and maintained their reputation for strength and soundness through all the financial convulsions of last year. Criticisms on some points were occasion-

ally made, but no cry was ever less effective or received less credence than that raised against the banks during the General Election last October. (Hear, hear.)

COUNTRY'S PATRIOTIC SANITY AND COMMON-SENSE.

I would like to pay a humble tribute to the patriotic sanity and common-sense restraint of the people of this country. Instead of running to the banks to withdraw deposits in a panic, and thus creating the very troubles they wished to avoid, they hurried to the Inland Revenue offices to pay the increased taxes which they had voluntarily imposed on themselves by their votes at the last General Election.

Three times already in this century the country has been confronted by a crisis of first-class magnitude. In each case it has withstood unflinchingly the danger of the emergency to receive an immediate response. Though sometimes slow to observe the signs, when the people have eventually realised that the country was in danger they have shown in the clearest possible manner that they were prepared to put up with any sacrifice to free it from its difficulties. About the future of a country and a people with these characteristics it is impossible to be pessimistic. (Hear, hear.)

The tragedy is that, with a people so anxious to know what their duty is and to do it, a multitude of counsellors with a great variety of conflicting counsels have so confused the political and financial atmosphere that the ordinary citizen may well be excused if he fails to have a clear vision in regard to the many issues with which he is confronted.

WORLD PROBLEMS.

We in Lloyds Bank are attempting to provide our contribution to the general knowledge. In the hope of throwing more light on the situation and giving voice to those moderating influences in Germany, France, and the United States of America, where men of good will are seeking to find a solution to the problems which perplex the world, we have arranged for the production next month of a series of articles in our Bank Review, including one setting forth the French point of view, another by an eminent German economist, and a final summing-up by Sir Arthur Salter, whose work on the Economic Council of the League of Nations is so well known.

For the moment I am going to content myself by referring to what seems to me to be the main cause of our troubles. Primarily, of course, the war is responsible, either directly by the huge destruction of wealth which it caused and the vast borrowings which were entailed for its pursuit, or indirectly by the dislocation of trade which followed in its train. The great increase of productive power and new inventions arising out of the war caused an overproduction of primary commodities relatively to the high cost of manufactured articles, and thus a lack of purchasing power was experienced by countries engaged in the production of primary commodities, both on account of the lower prices obtained for the increasing amount of their goods, and also by reason of the relatively excessive price of manufactured articles.

A further contributory factor was the disturbance to the monetary systems of the world caused by the transfer of huge sums from debtor to creditor nations, which had no commercial origin or basis and produced a constant drift of gold to the two nations which had become the chief war creditors in the world. The consequent rise in the value of gold, and its corollary, the fall in prices of commodities, still further accentuated the unfortunate position of the nations engaged in primary production, and curtailed their power of purchasing from manufacturing nations.

TRADE BARRIERS.

Confined in this vicious circle, and cut off from the possibility of normal international trade, nations of the earth have been showing an increasing tendency to think of themselves alone, and to aim at an impossible state of self-sufficiency; to be willing indeed to sell to others, but, by tariffs, restriction of imports, and control of exchange, to render it impossible for other nations to sell to them. In such a mad world a return of prosperity, the one thing we all want, has, for the time being, been made an impossibility, and international trade has been brought largely to a standstill.

INTERDEPENDENCE OF NATIONS.

Within the last few weeks a chairman has not hesitated, in the rather unusual surroundings of a company's annual general meeting, to invoke the words of a prayer initiated 2,000 years ago. I should like to follow his example and ask this meeting whether, behind the spiritual meaning of the words of another statement of an equal age and sanctity, embodied in the "second great commandment," there does not lie a real worldly wisdom, a wisdom which is peculiarly applicable in these days both to individuals and nations.

SAN FRANCISCO MINES OF MEXICO, LIMITED.

REASONS FOR SUSPENSION OF PRODUCTION.

The nineteenth ordinary general meeting of shareholders of San Francisco Mines of Mexico, Limited, was held on Monday, February 8th, at Winchester House, Old Broad Street, London, E.C., the Rt. Hon. The Earl of Denbigh, K.C.V.O., presiding.

The Chairman said: Ladies and gentlemen,—We do not come before you with a very happy picture to-day, and that, I need hardly say, is due to the extraordinary world depression which has affected almost every industry, and especially that dealing with the production of base metals. The price of lead averaged £13 7s. per ton, compared with £19 13s. 10d. in the previous year; zinc £12 12s. 3d. per ton, against £18 12s. 6d.; and silver 15d. per fine ounce, as against 20.9d., or an average reduction of 30 per cent. on the year, which, in turn, represents a fall of 22 per cent. on the year 1928-29. Present prices, when reckoned in gold, as we have to do for reasons which I will presently explain, are 56 per cent. below those of 1928-29, which is the year at the end of which the world slump commenced. The only way to combat it in our case was to improve metallurgical practice, and especially to reduce costs. The possibilities for improved metallurgy have been limited, but we have been able to bring costs down to 14s. 6d., as compared with 19s. 1d. in 1928-29, largely by reason of an increased rate of production. These economies have not sufficed to meet the reduction in revenue due to lower metal prices.

Last year we milled 393,390 tons, as compared with 337,480 tons in the previous year, but the operating profit was only £60,895, as compared with £165,359 in 1929-30, though if we had had the benefit of even the relatively low metal prices of 1929-30 it would have been raised from about £61,000 to the neighbourhood of £300,000. This operating profit of £60,895 for the year is converted into a net loss of £19,033, mainly by allowing £50,186 for depreciation of machinery, plant and buildings, and £25,801 for taxes. From May onwards we made operating losses, and we decided to suspend production at the end of December, after having stopped the production of zinc concentrates at the end of October.

Since we made the decision to suspend milling, base metal prices as quoted in sterling have risen some 35 or 40 per cent. as a result of this country going off the gold standard on September 21st, and it has been assumed by some that this fact might lead us to reverse our decision. That, however, has no bearing on our position. In effect, it may be said that the bulk of our expenses are payable in dollars and we therefore have to look to the dollar value of our revenue. Consequently, we have to reckon the gold values of metal prices, and these have hardly moved at all since September 21st.

The plant and workings are being kept in order and the mine kept clear of water, so that everything will be ready to permit of the resumption of work at very short notice. You will probably ask when production is likely to be resumed, but it is a question which cannot be answered at all definitely. I decline to forecast when and under what conditions we can seriously consider resumption of output. We know we cannot make a profit at anything like the present level of metal prices. It is worth while, however, to bear in mind that we were operating at a profit with prices as ruling in the first half of the year.

At September last our ore reserves were 1,837,270 tons of blocked out ore and 483,670 tons of partly blocked out ore. Taking the two figures together, there is a trifling increase of about 5,000 tons, and the fact that it is not more is due to the adoption, for reasons of economy, of the deliberate policy of developing only sufficient new ore to replace that sent to the mill.

We were, unfortunately, obliged to suspend operations at a most interesting period in the development of the mine. On the 9th level it is probable, as mentioned by the manager, that the lower limit of the ore shoot on the San Francisco or Main Vein is being approached. This cannot, however, be stated with certainty, as there is considerably more lateral development work to be done in the lower levels. We have yet to learn what is really in store for us. There are a number of veins from which we may anticipate to secure large quantities of ore in the future. Especially to the south of our main workings, where development has been somewhat limited, I feel we have reason to expect some happy surprises. A fair amount of development has been done on one of these veins, namely, the Brown Vein, which now figures heavily in our ore reserves. The West Brown and Bronces Veins are also attractive. We had hoped to have been able to equip the Clarines property as part of a programme of expansion, if it had not been for the economic blight that has fallen on the world. This mine is likely to become increasingly important for us.

In conclusion, I believe this mining enterprise is a sound one, and, consequently undue weight should not be attached to the situation as we find it to-day.

The report and accounts were unanimously adopted.

STEAU ROMANA (BRITISH), LIMITED.

PROBLEM OF OVER-PRODUCTION.

The eleventh annual general meeting of Steaua Romana (British), Limited, was held, on the 10th instant, at Winchester House, London.

Sir Albert G. Stern, K.B.E., C.M.G., who presided, said that the year under review had been even more difficult than preceding years for oil producers all over the world, but the international basis of Roumanian, French and British co-operation, on which the company's business was founded, had continued to the benefit of all concerned. There was little to record in the world's markets except a succession of reductions in prices. It was only by a corresponding succession of the most stringent economies that the Steaua Romana had been able to safeguard its position and survive the recent banking crisis in Roumania, and the serious losses incurred due to the fall in the pound sterling. The Steaua Romana's cash position had been maintained in spite of these adverse blows of fortune, which constituted a proof that Roumania, with the new prolific sands opened up in recent years, could compete as regarded economy of exploitation with the majority of oil-producing countries.

During the year the Steaua Romana, although no official restriction scheme existed, had restricted its drilling, and, consequently, its production, so that the quantity of its own crude oil available for refining was kept at the rate of approximately 2,500 tons per day, supplementary quantities of crude oil up to refinery's capacity of approximately 4,000 tons per day being purchased on the market.

The production of the Steaua Romana Company for the year to June 30, 1931, was 886,421 metric tons, as compared with 904,828 metric tons in the previous year, a decrease of 2 per cent. The total quantity of products exported was 959,808 tons (including 414,378 tons purchased on the market), an increase of 309,311 tons, or 47 per cent. on the previous year. The Roumanian Company had not seen its way to declare a dividend for the year 1930, due principally to the high cost of transport in Roumania and the low selling prices. Their own trading profits had been considerably reduced, due largely to the reduced earnings of the tank steamer "Oltenia." The profit for the year, after deducting the liability for income tax, was £69,687, and the directors proposed to pay a final dividend on the ordinary shares at the rate of 2 per cent. (less income tax), making 4 per cent. for the year, and to carry forward £36,012.

The report and accounts were unanimously adopted.

UNITED SERDANG (SUMATRA) RUBBER PLANTATIONS, LIMITED.

POSITION OF THE RUBBER INDUSTRY.

Mr H. Eric Miller, presiding at the twenty-fourth ordinary annual general meeting of this company, held, on the 5th instant, at Winchester House, London, said that during the past year they had had to contend with a severe fall in the selling price of rubber, and their principal preoccupation had, therefore, been to effect economies in the working of their estates.

In his survey of the rubber industry, Mr Miller said that absorption by manufacturers during 1931 they estimated at 670,000 tons, against 705,000 in 1930 and 790,000 in 1929. Practically the whole of the decline in absorption had occurred in the U.S.A., the absorption by the rest of the world having been remarkably steady at around 320,000 tons. The output of rubber during 1931 had added no less than 130,000 tons to the surplus stocks, bringing world stocks of ready rubber up to the equivalent of a year's requirements. Such persistent over-production was bound to have a disastrous effect on the market. The statements made on behalf of H.M. Government had given a clear indication of their desire to co-operate with the other Governments concerned to rescue the industry. They were still waiting to hear officially what the attitude of the Dutch and Netherlands Indies Governments was. Every week's delay was to be regretted, because it carried with it a proportionate increase to the surplus stocks.

The companies with which he was connected had reduced their production very substantially, but too many producers had continued on full production in the forlorn hope that the slightly lower unit costs which they might thereby obtain would advantage them. If all producers had been content to harvest 75 per cent. of their 1931 output there would have been no addition to stocks during the year. The idea that allowing the so-called law of supply and demand to operate unchecked would prove a happy solution for the survivors was quite illusory, for no rubber tree would cease on that account to be a potential source of supply in future.

As to the United Serdang Company, they had maintained it in a strong financial position. They had considerable areas of potentially high-yielding bud-grafter rubber coming on, and could face the future without anxiety.

The report and accounts were unanimously adopted.

THE ENGLISH AND NEW YORK TRUST COMPANY, LIMITED.

BOARD'S DIVIDEND POLICY.

The annual general meeting of the English and New York Trust Company, Limited, was held, on the 5th instant, at 27, Old Broad Street, London, E.C.

Major Rex Benson, D.S.O., M.C. (the chairman of the company), presided.

The Secretary (Mr R. C. Noakes) read the notice convening the meeting and the auditors' report.

The Chairman, in moving the adoption of the report and accounts, said:—The report and balance sheet have been circulated, and with your approval I propose as usual to take them as read.

Gross revenue amounts to £68,797 against £66,982 for last year. After deduction of expenses, interest on debenture stock and bank loans, income tax, etc., we carry £33,250 to the balance sheet against £37,353.

These earnings are equal to 7.21 per cent. on the ordinary stock against 8.57 per cent. earned in 1930. We are again proposing a final dividend of 3 per cent., making a total dividend for the year of 5 per cent.

Turning to the balance sheet you will see that debenture stock outstanding amounts to £450,412—an increase of £135,531 on last year. The selling of the balance of £49,588 of this stock must wait for more propitious times.

I am glad to say that we owe no money to our bankers; indeed, we shall have some cash in hand after paying the proposed dividend.

I find that in announcing our dividend last year I made the statement that "had times been normal your directors would be more generous in their distribution."

BOARD'S DIVIDEND POLICY.

This year the recommendation of a three per cent. dividend was only made after very careful thought and you are entitled to know the reasons which guided us and the general view that we have taken of the 1932 outlook.

Firstly, we have earned our ordinary dividend with a margin of nearly £5,000, and we shall carry forward a balance of £18,765 2s. 8d., equivalent to 8.34 per cent. on our ordinary stock; or, to put it in another way, our carry-forward is sufficient to pay a little more than one year's dividend on the preferred stock.

Secondly, your board has taken the view that in these days when the Government is asking the people to pay a large proportion of their severely-diminished incomes into the Exchequer in order that the Budget may be balanced and the country placed on a sound financial footing, investment trust companies should be as liberal in their distribution as prudence will allow.

This argument, I venture to think, is an important one, and the two combined are the factors which guided your board's dividend decision.

The valuation made on December 31, 1931, shows a depreciation on our investments of 37.99 per cent. Last year it was 19.55 per cent. and I ask you again not to exaggerate unduly the importance of this depreciation. By this I do not want you to assume that it is a matter to which your board gives little consideration—far from it: but, if you believe in the principles of trust company finance you must be guided primarily by the earning power of your investments and not be frightened into selling merely because the capital value of a bond or stock has fallen almost over-night through forced liquidation, as has happened only too often in these days of economic crises and temporary political upheavals. Twenty-six out of a total of 274 of the investments in which we are interested are giving us no income at the moment: there is no case in which we take the definite view that the earning power has gone for good.

THE FUTURE.

I cannot give a reliable forecast for 1932. We have—as we always do—attempted a Budget of our income: the difficulty of doing this to-day needs no explanation. Clearly we are not going to earn as much as we did last year, and I think it only right to warn shareholders that when July comes we shall almost certainly not be justified in paying an interim dividend larger than one per cent.

We shall await the decisions of European statesmen and watch the mental evolution of Senators and Congressmen in America. The horizon is clearer in so far that there is a better understanding of the world's problems.

In this country our leaders seemed to have reached the end of their resources in July of last year; economic nature, however, stepped in with her own remedy for an impossible situation and the calmness and sober level-headedness of the people did the rest. I believe the worst is over and this Empire has turned the corner.

International discords, however, remain to be cured. The wide divergence of views on fundamental principles held by the different countries make it difficult for their political leaders to prescribe the remedy. It seems to me that the world's troubles will not be solved so long as these leaders lack the courage, or the faith in the good sense of their people, to put forward any policy except one of short-sighted selfishness.

Let us hope that if the leaders fail and economic nature has to take charge again, she will deal as effectively with the world's troubles as she did last July with our own.

The report and accounts were unanimously adopted.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended February 6, 1932, amounted to £37,110,300 against ordinary expenditure of £22,627,000. After allocating £485,000 to Sinking Fund and having allowed for an increase in Exchequer Balances of £245,876, the operations for the week, as shown below, decreased the National Debt by £13,752,000 to £7,680,104,000:—
(000's omitted.)

Road Fund.....	49	Public Department Advances.....	3,300
British Govt. Loans Abroad.....	6,856	Treasury Bills.....	14,758
Sundries.....	82	National Savings Certificates.....	500
		Treasury Bonds paid off.....	1,331
		Excess Interest of Nat. Saving Certificates.....	850
	+ 6,987		20,739

A complete analysis of the National Debt at December 31, 1931, was printed in the *Economist* of January 9, 1932.

REVENUE.	Revised Estimate for the year 1931-32.	Total Receipts into the Exchequer.			
		April 1, 1931, to Feb. 6, 1932.	April 1, 1930, to Feb. 7, 1931.	Week ended Feb. 6, 1932.	Week ended Feb. 7, 1931.
ORDINARY REVENUE.	£	£	£	£	£
Inland Revenue—					
Income Tax.....	272,000,000	191,282,000	149,918,000	25,703,000	24,217,000
Sur-tax, including Arrears of Super-Tax.....	73,000,000	48,150,000	34,790,000	4,620,000	4,050,000
Estate, &c., Duties.....	83,000,000	54,380,000	69,090,000	1,040,000	1,570,000
Stamps.....	20,000,000	11,680,000	15,120,000	...	200,000
Excess Profits Duty and Corporation Profits Tax	2,200,000	...	...	...	...
Land Tax and Mineral Rights Duty.....	800,000	440,000	390,000	50,000	120,000
Total Inland Revenue.....	451,000,000	305,932,000	269,308,000	31,413,000	30,157,000
Customs and Excise—					
Customs.....	131,770,000	114,402,000	102,164,000	2,836,000	2,264,000
Excise.....	121,230,000	102,700,000	106,800,000	1,000,000	1,100,000
Total Customs and Excise.....	253,000,000	217,102,000	208,964,000	3,836,000	3,364,000
Motor Vehicle Duties (Exchequer Share).....	5,000,000	4,347,000	4,708,041	52,000	367,000
Post Office (Net Receipts).....	12,200,000	13,650,000	11,950,000	1,400,000	900,000
Crown Lands.....	1,300,000	1,190,000	1,210,000	...	...
Receipts from Sundry Loans	15,400,000	13,584,260	29,853,677	51,318	71,090
Miscellaneous Receipts.....	42,800,000	16,479,242	27,023,287	357,937	2,110,827
Appropriation from Rating Relief Suspense Account.....	4,000,000	3,900,000	16,000,000	...	...
Total Ordinary Revenue.....	784,700,000	576,184,502	569,017,005	37,110,255	36,969,917
SELF-BALANCING REVENUE.					
Post Office.....	58,232,000	47,150,000	48,550,000	700,000	1,000,000
Motor Vehicle Duties apportioned to Road Fund.....	23,350,000	22,132,000	22,103,959	256,000	...
Total Self-Balancing Revenue.....	81,582,000	69,282,000	70,653,959	956,000	1,000,000
Total.....	866,282,000	645,466,502	639,670,964	38,066,255	37,969,917

EXPENDITURE.	Revised Estimate for the year 1931-32.	Total Issues out of the Exchequer to meet payments.			
		April 1, 1931, to Feb. 6, 1932.	April 1, 1930, to Feb. 7, 1931.	Week ended Feb. 6, 1932.	Week ended Feb. 7, 1931.
ORDINARY EXPENDITURE.	£	£	£	£	£
Interest and Management of National Debt.....	289,400,000	281,184,490	282,410,646	14,569,646	15,313,047
Payments to Northern Ireland Exchequer.....	6,350,000	4,889,479	4,871,733	345,238	337,440
Other Consolidated Fund Services.....	3,000,000	2,554,009	2,309,870	6,132	32,184
Total.....	298,750,000	288,627,978	289,592,249	14,921,016	15,682,671
Total Supply Services (excluding Post Office).....	451,829,000	361,152,092	360,385,467	7,706,000	6,904,000
Total ordinary expenditure ..	750,579,000	649,780,070	649,977,716	22,627,016	22,586,671
SELF-BALANCING EXPENDITURE.					
Post Office.....	58,232,000	47,150,000	48,550,000	700,000	1,000,000
Road Fund.....	23,350,000	22,132,000	22,103,959	256,000	...
Total Self-Balancing Expenditure.....	81,582,000	69,282,000	70,653,959	956,000	1,000,000
Total Ordinary and Self-Balancing Expenditure.....	832,161,000	718,062,070	720,631,675	23,583,016	23,586,671
New Sinking Fund (1928).....	32,600,000	26,391,631	42,496,623	485,000	490,000
Total, including New Sinking Fund.....	864,761,000	744,453,701	763,128,298	24,068,016	24,076,671

The aggregate revenue and expenditure to February 6, 1932, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1ST TO FEBRUARY 6, 1932.	
(000's omitted.)	
Expenditure	£ 649,780
New Sinking Fund	26,391
	£ 676,171
Revenue	£ 716,185
Decreases in balance	2,983
Net amount borrowed	97,005
	£ 676,171

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Out- standing—	Feb. 7, '31.	Mar. 31, '31.	Feb. 6, '32.	Feb. 6, '32.
Advances by Bank of England.....	£ 37,600,000	£ 24,500,000	£ 28,600,000	£ 3,300,000
Advances by Public Departments	668,185,000	569,825,000	589,700,000*	14,755,000
Treasury Bills outstanding	705,785,000	594,325,000	618,300,000	18,055,000
Total Floating Debt	1,351,570,000	1,248,650,000	1,436,600,000	36,110,000

* Includes £19,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £30,000,000 in Treasury Bills were opened on February 5, 1932, and the total amount applied for was £34,225,000. Tenders were accepted for bills at three months, dated Monday at £98 18s. 10d. and above in full, and Tuesday to Saturday at £98 18s. 7d., about 53 per cent. and above in full. The amount allotted was £27,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1932.	£	£	£ s. d.
January 15	30,000,000	39,515,000	4 17 11.5
January 22	30,000,000	40,020,000	4 14 6.5
January 29	30,000,000	42,755,000	4 7 6.9
February 5	30,000,000	34,225,000	4 6 1.8

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, February 10, 1932.

ISSUE DEPARTMENT.

Notes Issued—	£	Government Debt	£ 11,015,100
In Circulation	346,519,212	Other Government Securities	24,075,369
In Banking Department	49,246,070	Other Securities	11,056,751
		Silver Coin	3,852,780
		Amount of Fiduciary Issue	£ 275,000,000
		Gold Coin and Bullion	£ 120,765,282
			£ 395,765,282

BANKING DEPARTMENT.

Proprietors' Capital	£ 14,553,000	Government Securities	£ 34,625,906
Reserve	3,604,156	Other Securities	11,056,751
Public Deposits	16,435,197	Advances	£ 13,007,628
Other Deposits	£ 66,997,662	Securities	36,910,421
Bankers'	£ 66,997,662		49,918,049
Other Accounts	£ 32,727,469		49,246,070
7-Day and other Bills	99,725,131	Notes	528,666
	1,207	Gold and silver Coin	
	£ 134,318,691		£ 134,318,691

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

Both Departments.	Amount, Feb. 10, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	£ 346,519,212	— 1,146,774	— 726,213
Public deposits	16,435,197	+ 1,633,217	+ 2,932,560
Bankers' deposits	66,997,662	— 10,328,129	+ 9,342,165
Other deposits	32,727,469	— 117,921	— 1,232,391
Seven-day bills	1,207	— 1,193	— 1,193
Total outside liabilities	462,680,747	+ 9,959,624	+ 10,314,928
Capital and reserve	18,187,156	+ 29,319	+ 75,850
Government debt and securities	294,716,375	— 3,583,741	+ 15,806,730
Discounts and advances	13,007,628	— 626,871	+ 3,410,536
Other securities	47,967,172	— 5,699,844	+ 11,586,782
Silver coin in issue department	3,852,780	— 1,121	— 510,059
Coin and bullion (bank's reserve)	121,293,948	— 18,728	— 19,953,211
Reserve of notes and coin in banking department	49,774,736	+ 1,128,046	— 4,226,998
Proportion of reserve to outside liabilities—			
(a) Banking department only ("proportion")	42 1/2 %	+ 3 1/2 %	— 8 1/2 %
(b) Gold stocks to deposits and notes ("reserve ratio")	26 1/2 %	+ 1/2 %	+ 5 %

(000's omitted.)

Date.	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.	Gold in or out of Bank.	Bank Rate.
1932.	£	£	£	£	£	£	%
Jan. 6	396,780	362,859	15,681	81,824	38,503	Nil	6
13	395,763	364,744	22,361	68,702	37,412	Nil	6
20	395,763	347,879	20,813	77,482	38,924	Nil	6
27	395,763	345,869	15,321	74,304	38,208	Nil	6
Feb. 3	395,768	347,666	14,802	77,326	32,845	Nil	6
10	395,765	346,519	16,435	66,998	32,727	Nil	6

(000's omitted.)									
	Issue Department.		Both Depts.		Banking Department.				
Date.	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.		Govt. Securities.	Discounts & Advances.	Other Securities.	Ratio of Govt. Securities to Total.	
1932.	£	£	£	%	£	£	£	£	%
Jan. 6	253,982	17,167	121,324	24 1/2	64,891	19,899	35,789	33,465	24 1/2
13	254,113	17,039	121,331	24 1/2	53,561	19,846	36,046	41,587	32 1/2
20	254,469	16,684	121,321	25 1/2	48,442	14,031	39,920	48,442	39 1/2
27	256,167	14,983	121,350	25 1/2	45,311	12,947	37,196	50,481	39 1/2
Feb. 3	257,599	13,547	121,313	25	40,701	13,634	40,120	48,647	43 1/2
10	260,090	11,057	121,294	26 1/2	34,626	13,008	36,910	49,775	43 1/2

BANKERS' CLEARING RETURNS ('000's omitted).

	Town.	Metropolitan.	Country.	Total.
1932.	£	£	£	£
January 1 to January 27	1,809,199	140,269	225,978	2,175,446
Week ended February 3	452,118	34,954	52,764	539,836
Week ended February 10	407,804	33,093	61,765	502,662
Total to date, 1932	2,669,121	208,316	340,507	3,217,944
Total to date, 1931	4,391,891	221,210	352,900	4,966,001
Increase or decrease in 1932	— 1,722,770	— 12,894	— 12,393	— 1,748,057
	— 39.4 %	— 5.8 %	— 3.5 %	— 35.2 %
Total for year, 1931	31,815,808	1,667,852	2,752,209	36,235,869
Do. 1930	38,782,577	1,812,146	2,958,354	43,553,077
Increase or decrease in 1931	— 6,966,769	— 144,294	— 211,422	— 7,322,485
	— 17.9 %	— 7.9 %	— 7.1 %	— 17.8 %

PROVINCIAL CLEARING RETURNS.

Week ended February 6.		Month of January.		Aggregate Totals, January 1 to February 6.	
1931.	1932.	1931.	1932.	1931.	1932.
No. of working days	27	26	27	26	26
BIRMINGHAM	£ 3,059	£ 3,057	£ 11,245	£ 10,554	£ 14,304
BRADFORD	880	932	3,339	3,667	4,219
BRISTOL	1,221	1,165	4,762	4,924	5,983
DUBLIN	4,823	5,304	20,800	20,800	29,659
HULL	986	971	3,841	3,791	4,734
LEEDS	1,030	915	4,612	4,532	5,642
LEICESTER	790	789	3,254	3,465	4,254
LIVERPOOL	6,069	6,260	26,704	24,441	29,200
MANCHESTER	11,909	12,493	43,688	42,437	55,597
NEWCASTLE	1,588	1,383	6,447	5,519	8,035
NOTTINGHAM	619	580	2,360	2,503	3,194
Sheffield	1,345	1,154	3,988	3,545	5,333
Total	34,319	35,003	114,240	109,378	170,324

OVERSEAS BANK RETURNS.

NOTE.—The latest returns of the National Bank of Egypt and Danzig appeared in the *Economist* of January 9; Roumania in January 10; Canadian Banks and Yugoslavia in January 30; Bulgaria, Russia and Java in February 6.

BANK FOR INTERNATIONAL SETTLEMENTS.

ASSETS.		Jan. 31, 1931.	Oct. 31, 1931.	Nov. 30, 1931.	Dec. 31, 1931.	Jan. 31, 1932.
Cash	£ 5.7	£ 9.9	£ 14.1	£ 15.4	£ 17.3	£ 17.3
Sight funds	85.5	168.9	151.4	143.1	157.0	157.0
Commercial bills	347.0	296.9	357.6	355.4	406.5	406.5
Treasury bills	185.4	143.5	144.8	96.0	100.4	100.4
Time funds	722.1	254.5	248.8	240.8	233.6	233.6
Not exceeding 3 months	162.2	206.8	178.4	177.4	111.0	111.0
Between 3 and 6 months	187.7	206.8	178.4	177.4	111.0	111.0
Sundry investments	12.3	12.8	12.1	11.8	10.4	10.4
Other assets	102.9	108.5	108.5	108.5	108.5	108.5
LIABILITIES.						
Capital paid up	154.3	153.8	153.8	153.8	153.8	153.8
Special deposits	77.1	76.9	76.9	76.9	76.9	76.9
German Government deposit fund	68.8	68.6	68.6	68.6	68.6	68.6
French Government guarantee fund						
Time deposits of Central Banks:—						
Between 3 and 6 months:—						
For their own account	6.2	...	...	...	...	...
For account of others	124.7	...	...	...	...	...
Not exceeding 3 months:—						
For their own account	580.4	108.8	184.2	166.2	159.4	159.4
For account of others	150.6	31.2	57.1	34.2	35.5	35.5
Other deposits	8.7	...	...	...	...	...
Sight deposits of Central Banks:—						
For their own account	237.8	378.3	326.3	297.4	315.5	315.5
For account of others	182.9	137.9	100.5	101.4	77.7	77.7
Other deposits	0.2	3.6	3.4	3.4	5.9	5.9
Miscellaneous items	13.3	21.9	24.1	26.7	30.3	30.3

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

RESOURCES.		Feb. 12, 1931.	Jan. 21, 1932.	Jan. 28, 1932.	Feb. 4, 1932.	Feb. 11, 1932.
Total gold reserve	£ 3,077,490	£ 3,005,910	£ 2,986,990	£ 2,970,180	£ 2,967,220	£ 2,967,220
Total bills discounted	222,190	188,040	162,260	156,100	149,530	149,530
Bills bought in open market	87,740	751,470	751,470	751,470	751,470	751,470
Total U.S. Govt. securities	609,520	1,795,340	1,787,910	1,795,210	1,763,710	1,763,710
Total resources	4,790,500	5,620,660	5,523,510	5,533,390	5,466,990	5,466,990
LIABILITIES.						
Federal Reserve notes in actual circulation	1,481,010	2,642,140	2,627,300	2,664,000	2,661,960	2,661,960
Deposits—Memberbank—reserve account	2,364,690	1,971,560	1,945,220	1,937,230	1,904,910	1,904,910
Total deposits	2,417,350	2,105,920	2,099,490	2,054,000	2,021,080	2,021,080
Capital paid in and surplus	443,930	418,880	418,880	418,880	418,880	418,880
Total liabilities	4,790,500	5,620,660	5,523,510	5,533,390	5,466,990	5,466,990
Ratio of total reserves to deposit and Federal Reserve note liabilities combined	83.5 %	67.3 %	67.4 %	67.1 %	67.6 %	67.6 %

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

	Feb. 12, 1931.	Jan. 21, 1932.	Jan. 28, 1932.	Feb. 4, 1932.	Feb. 11, 1932.
Total reserves	1,062,900	983,450	981,670	922,380	941,390
Total bills discounted	51,460	167,560	175,200	90,410	170,550
Bills bought in open market	27,760	56,700	52,310	53,480	64,120
Total U.S. Govt. securities	193,930	284,440	284,440	281,900	271,120
Total bills and securities	273,140	528,000	531,550	545,280	522,950
Deposits—Memberbank—reserve account	992,740	852,280	844,810	823,640	811,300
Ratio of total res. to dep. and Federal Res. note liabilities combined	86.6 %	69.6 %	69.6 %	67.8 %	69.3 %

FEDERAL RESERVE MEMBER BANKS.

In \$'s (000,000's omitted).		Jan. 21, 1931.	Dec. 31, 1931.	Dec. 30, 1931.	Jan. 8, 1932.	Jan. 13, 1932.	Jan. 20, 1932.
Loans	£ 15,839	£ 13,199	£ 13,104	£ 13,077	£ 13,031	£ 12,935	£ 12,935
Investments	6,764	7,615	7,428	7,302	7,256	7,117	7,117
Demands deposits	13,689	11,771	11,871	11,781	11,643	11,476	11,476
Time deposits	7,090	5,947	5,892	5,854	5,843	5,818	5,818
Due from banks	1,681	939	993	987	927	891	891
Due to banks	3,619	2,385	2,472	2,572	2,427	2,382	2,382
Federal reserve borrowings	70	567	685	483	469	457	457

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

ASSETS.		Jan. 16, 1931.	Dec. 18, 1931.	Dec. 25, 1931.	Dec. 31, 1931.	Jan.
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MONTHLY STATEMENT OF LONDON CLEARING BANKS.

(000's omitted.)

Average Weekly Balances. JANUARY, 1932.	Barclays Bank Limited.	Coutts and Co.	Glyn, Mills and Co.	Lloyds Bank Limited.	Martins Bank Limited.	Midland Bank Limited.	National Bank Limited.	National Provincial Bank Limited.	West- minster Bank Limited.	Williams Deacon's Bank Limited.	Aggre- gate.
ASSETS.	£	£	£	£	£	£	£	£	£	£	£
Coin, bank and currency notes and balances with the Bank of England.....	37,283	1,555	3,010	34,844	7,386	35,909	2,961	26,815	27,199	2,870	179,832
Balances with and cheques in course of collection on other banks in the United Kingdom.....	8,708	605	1,057	7,820	1,957	8,813	190	6,875	6,806	817	43,648
Items in transit	21,772	2,372	5,062	25,197	7,465	12,186	3,334	18,866	18,683	2,340	117,277
Money at call and short notice ..	51,458	1,605	848	42,975	7,044	52,229	2,312	39,760	39,062	2,001	239,294
Bills discounted	56,335	3,902	6,358	49,943	18,067	40,859	15,439	33,608	51,452	7,409	283,372
Investments	173,519	9,038	13,310	173,673	34,869	200,475	15,662	140,091	130,171	14,108	904,916
Advances to customers and other accounts	10,635	499	2,057	37,382	4,729	15,400	14	9,159	17,182	1,642	98,699
Liabilities of customers for accept- ances, endorsements, &c.	6,745	380	695	7,885	2,811	10,809	770	7,064	5,765	1,047	43,971
Bank premises account	6,693	...	...	5,278	...	7,294	...	2,514	2,992	...	24,771
Investments in affiliated banks....	373,148	19,956	32,397	387,884	85,152	383,974	40,682	284,752	299,312	32,234	1,939,491
LIABILITIES.											
Capital paid up	15,858	1,000	1,060	15,810	4,160	14,248	1,500	9,479	9,320	1,875	74,310
Reserve fund	10,250	1,000	530	7,500	2,900	11,500	1,000	8,000	7,500	800	50,980
Current, deposit and other ac- counts	336,405	17,457	28,519	327,186	73,347	342,826	36,930	258,114	265,295	27,917	1,713,996
Acceptances, endorsements, &c.	10,635	499	2,057	37,382	4,729	15,400	14	9,159	17,182	1,642	98,699
Notes in circulation	...	...	...	6	16	...	1,238	...	15	...	1,275
Reduction of bank premises account	...	...	231	...	...	...	...	...	...	...	231
	373,148	19,956	32,397	387,884	85,152	383,974	40,682	284,752	299,312	32,234	1,939,491
Ratio of cash to current, deposit and other accounts	11.08	8.90	10.55	10.64	10.06	10.47	8.01	10.38	10.25	10.28	10.49

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

ASSETS.	Jan. 31, 1931.	Jan. 7, 1932.	Jan. 15, 1932.	Jan. 23, 1932.	Jan. 31, 1932.
Cash Reserve—					
Gold coin and bullion	214,358	189,539	189,539	189,539	179,416
Foreign exchange	140,196	102,495	88,247	75,799	87,065
Other foreign exchange	495,550	26,797	17,632	17,005	12,247
Bills discounted	135,937	879,951	853,268	834,140	884,183
Govt. debt	100,760	95,643	95,643	95,643	95,643
LIABILITIES.					
Share capital	43,200	43,200	43,200	43,200	43,200
Reserve fund	10,272	10,803	10,803	10,803	10,803
Notes in circulation	978,882	1,014,644	1,034,268	982,859	1,092,788
Deposits	111,730	176,133	187,735	189,316	112,866

† In dollar and sterling only.

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

ASSETS.	Jan. 31, 1931.	Jan. 7, 1932.	Jan. 15, 1932.	Jan. 23, 1932.	Jan. 31, 1932.
Metal reserve—					
Gold coin and bullion	162,658	101,990	100,181	100,180	100,056
Foreign exchange	13,772	12,651	16,156	17,056	16,476
Silver coin and bullion	12,324	6,950	8,170	9,174	9,450
Inland bills, warrants and securities ..	265,103	408,799	388,508	384,623	424,692
Advances to the Treasury	63,803	58,413	58,413	58,413	58,413
LIABILITIES.					
Share capital (gold crowns 30,000,000)*	34,756	34,756	34,756	34,756	34,756
Notes in circulation	446,017	382,358	357,869	347,087	415,931
Current accounts, deposits, &c.	18,838	120,283	120,728	128,396	97,402

* Calculated at pre-war parity of exchange.

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K.
(000's omitted).

ASSETS.	Jan. 31, 1931.	Jan. 7, 1932.	Jan. 15, 1932.	Jan. 23, 1932.	Jan. 31, 1932.
Gold	1,543,795	1,649,684	1,649,236	1,648,873	1,648,844
Balance abroad and foreign currency	2,233,272	1,053,820	1,016,837	968,945	940,160
Discounts and advances	254,841	2,050,108	1,732,001	1,643,622	1,611,322
State notes debt balance	3,422,539	3,119,901	3,110,589	3,107,581	3,103,308
Other assets	877,864	566,866	573,716	591,363	545,239
LIABILITIES.					
Bank notes in circulation	6,657,597	6,983,118	6,453,020	6,132,778	6,808,287
Over account balances	987,039	685,248	737,388	919,924	384,260
Other liabilities	229,108	261,743	381,701	397,412	220,432

BANK OF GREECE.—In drachmae (000's omitted).

ASSETS.	Jan. 31, 1931.	Jan. 7, 1932.	Jan. 15, 1932.	Jan. 23, 1932.	Jan. 31, 1932.
Gold	512,526	869,333	869,334	869,343	869,361
Gold exchange	2,840,062	1,111,681	1,035,864	1,000,757	903,563
Other foreign exchange	2,772	15,045	2,292	2,221	2,034
Bills discounted	146,229	148,749	148,126	144,212	145,095
Advances	172,913	583,890	609,815	686,538	685,276
Debt to the State	3,388,763	3,115,042	3,114,192	3,154,192	3,151,192
LIABILITIES.					
Capital paid up	400,000	400,000	400,000	400,000	400,000
Notes in circulation	4,521,092	3,972,431	3,835,251	3,780,821	3,796,769
Deposits and current ac- counts	1,797,100	644,382	693,354	712,752	563,858
Foreign exchange liabilities	570,090	127,889	125,745	135,044	133,259

BANK OF POLAND.—In zloty* (000's omitted).

ASSETS.	Jan. 31, 1931.	Dec. 31, 1931.	Jan. 10, 1932.	Jan. 20, 1932.	Jan. 31, 1932.
Gold	562,483	600,391	600,412	600,441	600,487
Balance held abroad	77,396	113,869	113,869	113,869	113,869
Foreign currencies	384,792	213,441	212,524	195,960	188,185
Bills discounted	622,881	670,343	681,638	623,066	667,272
Loans against securities	100,364	140,626	136,768	135,709	133,966
Reserve fund securities	90,717	93,068	93,047	92,800	92,800
LIABILITIES.					
Share capital	150,000	150,000	150,000	150,000	150,000
Reserve funds	114,000	114,000	114,000	114,000	114,000
Notes in circulation	1,276,555	1,218,263	1,137,006	1,079,245	1,152,163
Current accounts	184,828	213,229	263,422	277,447	232,545

* As from October 27, 1927, 8-91 zlotys equals 1 U.S. dollar.

BANK OF FINLAND.—In F. Marks (000's omitted).

ASSETS.	Position, May 30, 1914.	Jan. 31, 1931.	Jan. 15, 1932.	Jan. 23, 1932.	Jan. 30, 1932.
Gold	35,091	300,873	303,701	303,700	303,851
Balance abroad and foreign bills ..	90,379	922,205	655,319	662,150	666,724
Finnish and Foreign Government securities	21,826	372,243	357,832	357,832	358,232
Discounts and loans	105,151	855,682	1,262,562	1,218,338	1,128,751
LIABILITIES.					
Notes in circulation	123,941	1,230,609	1,219,870	1,175,963	1,220,472
Deposits at notice	21,225	131,017	155,285	165,727	98,453

BANK OF ESTONIA.—In Est. kroon (000's omitted).

ASSETS.	Jan. 31, 1931.	Jan. 7, 1932.	Jan. 15, 1932.	Jan. 23, 1932.	Jan. 31, 1932.
Gold coin and bullion	6,546	6,556	6,560	6,561	7,307
Net foreign exchange	16,221	14,420	14,427	14,645	14,244
Subsidiary Estonian coin	1,898	1,843	1,915	1,780	1,855
Home bills discounted	12,475	10,770	10,828	10,755	10,945
Loans and advances	11,985	12,137	11,547	11,467	11,491*
Thereof loans to Government	...	3,000	2,500	2,200	2,200
LIABILITIES.					
Notes in circulation	33,314	34,079	33,404	35,066	34,437
Sight deposits and current liabilities ..	14,886	13,929	13,430	12,173	13,511
Ratio of reserve to current liabilities ..	47.24%	43.69%	44.81%	44.89%	44.96%

* Includes Ekr. 4,069,413-91 guaranteed by the Government.

BANK OF LATVIA.—In lat. (gold francs) (000's omitted).

ASSETS.	Feb. 4, 1931.	Jan. 4, 1932.	Jan. 11, 1932.	Jan. 18, 1932.	Jan. 25, 1932.	Feb. 1, 1932.
Gold bullion and coins	24,070	31,550	31,552	31,556	32,855	32,858
Silver coin	6,421	14,625	14,662	14,624	14,527	14,415
Balance abroad	33,107	13,662	14,030	14,121	13,596	13,486
Trans. note and am. change	14,464	12,268	13,073	13,404	14,353	14,323
Short term bills	86,112	77,556	76,844	77,109	76,808	77,027
Loans against securities	71,606	58,682	58,554	58,830	58,544	58,559
Other assets	18,387	17,942	17,632	17,128	17,328	19,278
LIABILITIES.						
Notes in circulation	47,312	40,854	39,896	38,965	38,520	39,169
Capital paid up	18,735	19,676	19,676	19,676	19,676	19,676
Reserve	4,352	4,729	4,729	4,729	4,729	4,729
Special reserve	3,500	3,500	3,500	3,500	3,500	3,500
Deposits	20,919	17,553	17,577	17,577	17,577	17,577
Current accounts	62,713	71,580	72,943	73,870	75,624	76,548
Government accounts	84,527	57,471	57,915	58,198	58,306	57,709
Other liabilities	12,108	10,921	10,311	10,257	5,538	10,685

BANK OF LITHUANIA.—In lt. (000's omitted).

ASSETS.	Jan. 31, 1931.	Nov. 15, 1931.	Nov. 30, 1931.	Dec. 31, 1931.	Jan. 15, 1932.	Jan. 31, 1932.
Gold	39,390	47,621	47,625	50,135	50,138	50,153
Silver	2,993	2,283	2,466	2,609	2,752	2,888
State Treasury bonds	1,408	1,286	1,295	1,323	1,351	1,376
Foreign currency	73,976	40,154	40,167	33,172	30,646	28,872
Discount and credit	101,116	121,310	117,033	109,109	103,423	103,211
LIABILITIES.						
Capital	12,000	12,000	12,000	12,000	12,000	12,000
Reserve	1,553	1,900	1,900	1,900	1,900	2,015
Banknotes in circulation	110,219	114,681	113,358	108,951	102,599	103,679
Deposits	94,884	84,377	79,980	77,988	76,653	73,441

BANK OF JAPAN.—In yen (000's omitted).

BANK OF JAPAN.						
ASSETS.	Position June 30, 1914.	Jan. 17, 1931.	Dec. 26, 1931.	Jan. 2, 1932.	Jan. 9, 1932.	Jan. 16, 1932.
Gold coin and bullion	221,320	{ 829,109	469,545	469,550	469,551	469,555
Other coin and bullion						
Discounts	41,740	52,551	52,152	50,979	51,396	52,555
Advances	70,540	634,761	905,546	880,418	759,110	730,288
		58,247	58,650	57,290	58,157	58,103
LIABILITIES.						
Notes	362,270	1,067,324	1,285,954	1,330,575	1,073,566	1,020,611
Govt. deposits	87,340	435,685	290,505	257,574	286,168	299,834
Other deposits	11,440	225,344	111,463	115,629	72,399	71,565

BULLION.

The following statistics of imports and exports of gold for week ended February 4, 1932, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.		Exported from Great Britain and Northern Ireland.	
From—	£	To—	£
Netherlands	33,968	Poland	4,961
Iraq	17,066	Germany	7,767
U.S.A.	86,768	Netherlands	77,846
Panama	5,290	Belgium	12,600
British South Africa	1,557,174	France	3,459,609
Anglo-Egyptian Sudan	6,795	Austria	7,675
British India	2,723,449	Czechoslovakia	26,400
Straits Settlements	76,718	Other countries	584
Australia	11,530		
Other countries	2,813		

Total declared value of imports 4,572,517 Total declared value of exports 3,597,442

Messrs. Samuel Montagu and Company write on February 10, 1932, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £120,764,630 on the 3rd instant, as compared with £120,763,338 on the previous Wednesday. The s.s. "Kaiser-i-Hind," which sailed from Bombay on the 6th instant, has on board gold to the value of about £1,500,000. In the open market, the small amounts available have been secured for a destination not disclosed.

Quotations during the week:—

	Per fine ounce.	Equivalent value of £ sterling.
February 4	120s. 1d.	14s. 1-8d.
" 5	119s. 9d.	14s. 2-3d.
" 6	119s. 9d.	14s. 2-3d.
" 8	120s. 1d.	14s. 1-8d.
" 9	119s. 11d.	14s. 2-0d.
" 10	120s. 4d.	14s. 1-4d.
Average	119s. 11-8d.	14s. 1-9d.

SILVER.

The market has continued very quiet, and only ½d. separated the highest and lowest prices of the week. The Shanghai market has been closed owing to the China New Year and because of the prevailing situation, rates, when quoted, have been only nominal. Neither the Indian Bazaars nor America has been active, but a few sales for near delivery have been made by the latter, whilst buying for the Continent has continued on a small scale.

The following were the United Kingdom imports and exports of silver registered from mid-day on the 1st instant to mid-day on the 8th instant:—

Imports.	£	Exports.	£
Mexico	99,493	British India	60,383
Canada	14,830	Germany	22,300
France	51,611	Straits Settlements	3,782
Other countries	135	Other countries	3,185
	166,069		89,650

Quotations during the week:—

IN LONDON.		IN NEW YORK.	
Bar silver per oz. std.		Bar silver per oz. std.	
Cash	Two Months' delivery.	Cash	Two Months' delivery.
February 4	19½d.	February 3	29½
" 5	19½d.	" 4	29½
" 6	19½d.	" 5	30
" 8	19½d.	" 6	29½
" 9	19½d.	" 8	29½
" 10	19½d.	" 9	29½
Average	19-302d.	" 9-427d.	

The highest rate of exchange on New York recorded during the period from the 4th to the 10th instant was \$3.46½ and the lowest \$3.41½.

INDIAN CURRENCY RETURNS (in lacs of rupees).

	Jan. 31.	Jan. 22.	Jan. 15.
Notes in circulation	17,916	17,997	18,113
Silver coin and bullion in India	11,583	11,817	11,933
Gold coin and bullion in India	483	477	477
Securities (Indian Government)	5,500	5,453	5,453
Bills of exchange	350	250	250

No fresh statement as to the stocks in Shanghai is to hand.

GOLD AND SILVER PRICES.

1932.	Gold Per Ounce.		Silver—Per Ounce.		Date.	Silver. Cash.
	a	d	Cash	Forward		
Feb. 5	119	9	19½	19½	Feb. 12, 1926	30½
" 6	119	9	19½	19½	" 11, 1927	26½
" 8	120	1	19½	19½	" 9, 1928	26½
" 9	119	11	19½	19½	" 14, 1929	25½
" 10	120	4	19½	19½	" 13, 1930	20½
" 11	120	9	19½	19½	" 12, 1931	12½

NOTICES.

Mr William Favill Tuke, vice-chairman of Barclays Bank, Ltd., has been elected deputy-chairman of the bank in place of the late Sir Herbert Hambling.

Barclays Bank, Ltd., announce the opening of a new sub-branch at 2233 Coventry Road, Sheldon, Birmingham.

Company News.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash.		Dividend for Whole Years.	
	Interim or Final.	Date of Payment.	Latest Year.	Previous Year.
RAILWAYS.				
Great Southern of Ireland	...	...	10% p.c.	11% p.c.
Great Western	...	...	7-10	5½
London Midland and Scottish	...	...	2½	2½
Metropolitan	...	...	4	5
Southern (Preferred)	...	...	2½	5
" (Deferred)	...	...	Nil	1½
BANKS.				
Industrial Bank of Japan	6*	...	...	...
INSURANCE.				
Prudential Assurance "A"	...	...	...	...
MINING.				
Bolover Colliery	5½%†	...	16/10 ps	18/3½ ps
British South Africa Co.	...	...	7	2½
Broken Hill South	1/- p.s.*	...	5	8½
Petrolium	5½%†	...	12½	30
OTHER COMPANIES.				
Bath Gas	...	...	5	5
Bent's Brewery	5½%†	...	10(a)	10(e)
Birmingham Racecourse	...	...	5	5
British Investment (Def.)	...	...	21	21
Cardiff High Street Arcade	7½%†	...	14	...
Cardiff Pure Ice	...	...	3	4
Clapton Stadium	...	...	47½	10
Clarke Chapman	2½%†	...	5	40
Clarkson's Old Brewery	10*	Feb. 1	...	...
Constantinople Land & Building	...	...	4½	4½
Dickins and Jones	...	...	10	12
Ewart and Sons	...	...	25	36
Exeter Gas	...	...	10	10½
General Funds Investment	...	...	3	5
Guardian Investment	...	...	10	11
Guildhall Trust	2½%†	...	4	4
H. E. Randall	6½%†	...	11½	15
Hall Telephone	...	...	12½	20
Harrods	...	...	17½	...
Harrogate Hydropathic	...	...	5	5
Hart and Levy	1½%†	...	4	5
International Investment Trust (Def.)	4½%†	...	8½	10
J. Gerrard and Sons	10½%†	...	5	15
John Bolding and Sons	2½%†	...	15	15
Johnston Mooney	6½%†	plus bon	10(a)	10(b)
Lennards	...	...	15	15
Lewis's (Pref. Ord.)	...	...	15	15
Linen Thread	...	...	10(a)	10(b)
London Commercial Sales Rooms	...	...	...	...
Metropole Hotels (Ireland)	5½%†	...	...	...
Midland Electric Manufacturing	10½%†	...	...	...
Northampton Electric	6½%†	...	...	...
Power Securities Corporation	...	...	10	10
Proprietary Theatres	...	...	7	7
Redfern's Rubber Works	3½%†	...	5	8
Robert Watson and Co.	10½%†	...	7½	10
Rochdale Canal	...	...	...	...
Rushden and District Electric	2½%†	...	2	2
Scarborough Gas	4½%†	...	8	8
Scottish Central Investment	3½%†	...	5½	5½
Selridge and Co.	...	...	10	10
Sheffield Brick	7½%†	...	22½	20
Sheffield Gas	3½%†	...	6	6½
Snia Viscosa	...	...	6	6
South Shields Gas	...	...	5½	5½
Standard Trust	3½%†	...	7	10
Union Commercial Investment	£1/8/4½†	...	...	...
Vulcanite	...	...	5	5
Whitworth and Mitchell	7½%*	...	10	12½
William France Fenwick	...	...	...	...
William Griffiths and Co.	...	...	...	...
William C. Gray	...	...	5	2½

(a) Plus bonus of 2d. p.s. (b) Plus bonus of 5d. p.s. (c) Plus bonus of 1/3 per share.

EASTWOODS LIMITED.—The interim report, dated February 1, 1932, states that the position of the company and its various associated and subsidiary interests obtaining since the date of the last report. Selling prices are somewhat lower, and the temporary limitation of credit to customers has led to some reduction in turnover and profits. Under the exceptional circumstances, however, the company has obtained its share of the available trade, and has applied its customers with an increasing proportion of goods manufactured by the companies constituting the Eastwoods group. The directors, having had under consideration the accounts for the half year to September 30, 1931, announce that the results of the trading 5 per cent. (actual) on the ordinary shares payable less tax at all shareholders of that class registered on the books of the company as at February 1, 1932.

QUALCAST, LTD.—The interim report, dated January 30, 1932, states the interim dividend is maintained at 5 per cent. actual for the period ending June 30, 1932. With regard to the activities of the company during the six months ending December 31, 1931, compared with the corresponding period last year, profits (subject to audit) are within £500 of those earned during that period, and the tonnage produced by our foundry department shows an increase of 5 per cent. The past six months have been ones of a great deal of re-organization, and we have taken advantage of the increase in business, which is anticipated will come as things in the country generally improve. As regards the duty which you will see dumped stocks are out of the way this department of the works should feel considerable benefit from the elimination of the foreigner, and the company do not anticipate that the application of duties will in any way react unfavourably to the quite a satisfactory condition. Although the company has lately added considerable extensions to their works, yet these were necessitated through the prodding of certain departments being unbalanced, and that the company has never yet had an opportunity of driving the plant all out.

WEEKLY TRAFFIC RETURNS.
RAILWAYS OF GREAT BRITAIN AND IRELAND.

RAILWAYS OF GREAT BRITAIN													
		Gross Receipts, week ended Feb. 7, 1932. (000's omitted.)						Aggregate Gross Receipts, 5 weeks. (000's omitted.)					
		Miles Open.		Passen- ger, &c.	Merchan- dise, &c.	Coal and Coke.	Total Goods.	Total for Week.	Passen- ger, &c.	Merchan- dise, &c.	Coal and Coke.	Total Goods.	Total
			£	£	£	£	£	£	£	£	£	£	£
Great Western	1932	3,761	155	181	105	286	441	815	859	534	1,393	2,208	
	1931	3,761	169	190	120	310	479	887	929	488	1,417	2,304	
(c) L. & N. Western	1932	6,349	241	289	225	514	755	1,233	1,526	1,220	2,746	3,979	
	1931	6,349	255	316	248	564	819	1,346	1,719	1,349	3,068	4,414	
L. M. & S. Scottish	1932	6,962	359	460	263	723	1,082	1,843	2,188	1,261	3,449	5,292	
	1931	6,962	377	473	280	753	1,130	1,950	2,326	1,474	3,749	5,675	
Southern ...	1932	2,180	222	54	25	79	301	1,164	299	163	462	1,626	
	1931	2,179	238	59	27	86	324	1,245	342	172	514	1,759	
Total...	1932	19,252	977	984	618	1,602	2,579	5,055	4,872	3,178	8,050	13,105	
	1931	19,254	1,039	1,038	675	1,713	2,752	5,428	5,316	3,483	8,799	14,227	
(c) Metro- politan	1932	59	28	7	...	3-6	32-3	146	9	...	18	165	
	1931	59	30	1	...	3-8	33	156	9	...	19	176	
(c) Under- ground B.R.	1932	...	279	1	...	279	1	1,510	5	...	1	1,516	
	1931	...	278	2	...	278	2	1,537	6	...	1	1,543	
(c) Green Buses, &c.	1932	...	25	0	...	25	0	136	7	...	14	143	
	1931*	...	...	...	...	...	...	...	...	...	...	...	
(c) L. & S. B. Group	1932	...	40	6	...	40	6	221	3	...	25	224	
	1931	...	40	5	...	40	5	223	4	...	27	227	
(b) Belfast	1932	80	1	7	...	0	7	2	9	...	3	12	
	1931	80	1	8	...	0	7	2	10	...	3	13	
(b) Co. Down	1932	...	...	...	...	13	0	22	6	...	61	61	
	1931	...	562	9	8	13	4	23	2	...	69	69	
(b) Great Northern	1932	562	9	8	...	13	4	23	2	...	69	69	
	1931	562	9	8	...	13	4	23	2	...	69	69	
(b) Great Southern	1932	2,182	20	7	...	39	2	59	9	...	207	207	
	1931	2,182	21	8	...	45	0	66	1	...	212	213	

* The operations of these Companies were extended during 1931.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1932.	+ or -	1932.	+ or -
INDIAN.							
		1932.		Rs.	Rs.	Rs.	Rs.
Assam Bengal.....	41	Jan. 9	1,330	3,64,200	- 33,936	1,49,72,279	- 11,73,777
Bareilly L. Ry.	42	Jan. 16	202	46,500	+ 13,200	15,87,900	+ 6,100
Bengal & N. Western	16	Feb. 2	2,114	6,67,586	+ 40,132	87,65,695	+ 65,599
Bengal-Nagpur	41	Jan. 9	3,274	15,17,000	- 59,138	5,34,14,760	- 88,83,000
Bombay, Bar. & C.I.	44	Feb. 6	3,084	21,21,000	+ 2,34,000	8,45,09,000	+ 52,05,000
Madras & S. Mahr.	42	Jan. 16	3,230	14,86,000	+ 25,149	6,04,41,034	+ 23,44,327
† Rohilk. & Kumaon	16	Jan. 16	572	1,43,267	+ 4,497	16,14,984	+ 1,69,457
South Indian.....	41	Jan. 9	2,500	11,52,695	+ 38,315	4,34,57,727	+ 52,52,711
† Including Lucknow-Bareilly State Railway.							
CANADIAN.							
Canadian National	4	Jan. 31	20,441	\$ 3,449,865	- 135,846	10,948,329	- 2,808,546
Canadian Pacific	5	Feb. 7	16,148	2,130,000	- 582,000	11,124,000	- 3,220,000
† Ten days.							
SOUTH AMERICAN.							
Antofagasta (Chili and Bolivia)	6	Feb. 7	804	\$ 12,680	- 14,530	73,370	- 68,120
Argentine N.E.	32	Feb. 6	753	10,000	- 2,400	401,000	- 42,400
Argentine Transp'n.	32	Feb. 6	111	2,378	- 806	56,416	- 54,315
B.A. and Pacific	32	Feb. 6	2,806	129,000	- 20,000	3,877,000	- 63,000
B.A. Central	31	Jan. 31	...	11,349	- 324	339,123	- 49,871
B.A. Gt. Southern	32	Feb. 6	5,076	309,000	+ 18,000	6,271,000	+ 231,000
B.A. Western	32	Feb. 6	1,926	80,000	+ 5,000	2,345,000	+ 134,000
Central Argentine	32	Feb. 6	6,196	235,000	- 4,000	6,921,000	- 339,000
Central Uruguayan	32	Feb. 6	1,111	10,000	- 2,400	401,000	- 42,400
Chilean	32	Feb. 6	1,111	10,000	- 2,400	401,000	- 42,400
Chilean	32	Feb. 6	1,111	10,000	- 2,400	401,000	- 42,400
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Chilean	32	Feb. 6	1,111	10,000	- 2,400	401,000	- 42,400
Chilean	32	Feb. 6	1,111	10,000	- 2,400	401,000	- 42,400
Chilean	32	Feb. 6	1,111	10,000	- 2,400	401,000	- 42,400
Chilean	32	Feb. 6	1,111	10,000	- 2,400	401,000	- 42,400
Chilean							

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distribu- tion.	Appropriation.					Corr. & Bal- ancing Period Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefce.	Ordinary.					
						Amount	Amount.				
		£	£	£	£	£	%	£	£	£	%
Banks.											
London Merchant Bank ...	Dec. 31	30,323	42,799	73,122	...	...	...	73,122	...	50,838	7A 4B
Breweries.											
Cornbrook Brewery	Sept. 30	56,516	43,542	100,058	8,938	22,750	10	10,000	58,370	43,542	10
Electric Lighting, &c.											
London Power	Dec. 31	...	452,351	452,351	...	3,000	6	449,351	...	438,653	6
Yorkshire Electric Power ...	Dec. 31	83,501	357,917	441,418	73,035	150,000	8	138,000	80,383	342,557	8
Financial Land, &c.											
Elect. and Indust. Investmt.	Dec. 31	29,237	22,834	52,071	13,000	8,000	8	...	31,071	28,500	8
Power Securities Corporatn.	Dec. 31	20,699	92,298	112,997	26,250	31,922	7	29,493	25,332	81,655	7
Gas.											
Croydon Gas Co.	Dec. 31	42,367	112,303	154,670	9,000	80,009	{ 5 7 3 }	20,000	45,661	117,575	{ 5 7 3 }
Gas Light and Coke Co. ...	Dec. 31	122,055	1,380,050	1,502,105	171,797	{ 91,000 108,018 5 }	{ 3 5 5 }	20,000	139,121	1,322,057	{ 3 5 5 }
Ipewich Gas Light	Dec. 31	17,926	15,721	33,647	1,120	14,565	6	...	17,962	16,699	...
Malton Gas Co.	Dec. 31*	4,358	1,811	6,169	...	1,440	6	...	4,729	1,883	6
Otley Gas Co.	Dec. 31	1,434	4,467	5,901	480	3,966	{ 6 9 5 }	...	1,455	...	...
Portsmouth Gas Co.	Dec. 31	45,026	54,458	99,484	...	50,304	{ 5 8 6 }	4,573	44,607	57,257	{ 5 8 6 }
Scarborough Gas	Dec. 31	2,403	19,883	22,286	3,688	16,724	6	982	892	18,364	5
South Suburban Gas Co. ...	Dec. 31	2,211	109,509	111,720	15,000	96,487	6	...	233	101,992	6
Wakefield Gaslight Co.	Dec. 31	1,799	10,272	12,071	1,125	9,460	{ 5 6 5 }	Dr. 897	2,383	10,168	{ 5 6 5 }
York Gas	Dec. 31	10,437	15,624	26,061	1,500	13,875	5	...	10,686	16,673	5
Hotels, Restaurants, &c.											
Harrogate Hydropathic Co.	Dec. 31	1,282	4,539	5,821	...	3,000	5	...	2,821	...	...
Rubber.											
Bah Lias Rubber	Oct. 31	49,222	Dr. 8,718	40,504	...	...	...	...	40,504	Dr. 1,596	...
Buloh River Rubber	Sept. 30	Dr. 5,718	Dr. 3,489	Dr. 9,207	...	...	...	...	Dr. 9,207	Dr. 3,838	...
Glen Bervie Rubber	Sept. 30	832	Dr. 4,256	Dr. 3,424	...	...	...	...	576	Dr. 4,869	...
Glendon Rubber.....	Sept. 30	Dr. 1,812	Dr. 1,814	Dr. 3,626	...	...	...	Dr. 4,000	Dr. 3,626	Dr. 3,150	...
Stoughton (Perak) Rubber	Sept. 30	3,532	985	4,517	...	...	...	...	4,617	1,377	...
Toerangie (Sumatra) Rubber	Oct. 31	23,425	Dr. 6,375	17,050	...	...	...	Dr. 100	17,050	437	...
Val d'Or Rubber	Oct. 31	9,826	Dr. 2,346	7,480	...	...	...	...	7,480	Dr. 1,368	...
Wampoe Tobacco & Rubber	Oct. 31	4,175	Dr. 3,658	517	...	...	...	...	517	Dr. 1,424	...
Shipping.											
France, Fenwick (Wm.) & Co.	Dec. 31	17,763	17,163	34,926	6,187	16,875	3	...	11,864	63,892	5
Shops and Stores.											
Lennards, Ltd.	Dec. 31	13,175	10,312	23,487	15,000	6,250	5	...	2,237	4,904	7
Randall (H. E.)	Dec. 31	57,348	26,854	84,202	5,100	18,562	11	5,000	55,540	31,367	15
Textiles.											
Henry (A. and S.) and Co.	Nov. 30	8,715	14,305	23,020	5,000	...	...	Dr. 32,965	50,985	Dr. 17,407	...
Linen Thread Co.	Sept. 30	179,209	116,780	295,989	121,000	99,000	6	Dr. 100,000	175,989	110,555	6
Tramways and Omnibuses.											
City of Buenos Ayres Trams.	Dec. 31	591	71,718	72,309	...	62,000	5	8,500	1,809	70,590	5
Trust.											
British Investment Trust ...	Jan. 1	241,752	238,703	480,455	56,250	159,500	21	...	264,705	270,221	21
General Funds Investment	Jan. 15	1,252	8,018	9,270	3,810	2,287	3	...	2,041	1,133	5
Rly. Debenure & Gen. Trust	Jan. 15	15,587	93,593	109,180	29,250	45,500	7	15,000	19,430	103,937	9
Railway Share Trust, &c. ...	Jan. 15	25,785	109,948	135,733	49,500	48,000	8	10,000	28,233	126,382	10
Scottish Central Investment	Jan. 15	6,739	44,997	51,736	22,500	16,750	5	4,000	8,486	54,571	6
Utilities and General Trust	Dec. 31	4,969	17,027	21,996	9,375	5,750	3	...	6,871	24,226	5
Waterworks.											
Chester Waterworks	Dec. 31	11,691	14,016	25,707	5,842	6,634	6	1,500	11,731	12,476	...
Sunderl'd & S. Shields Water	Dec. 31	54,677	57,597	112,274	1,085	55,613	8	...	55,576	58,498	7
Sutton District Water	Dec. 31	15,573	42,349	57,922	7,188	31,889	{ 12 7 }	6,000	12,845	39,793	{ 10 7 }
Other Companies.											
Borax Consolidated	Sept. 30	191,249	86,999	278,248	44,000	...	...	35,825	198,423	62,399	...
Caldwell's Paper Mill Co. ...	Sept. 30	46,851	(t) 11,611	58,462	11,515	...	...	...	46,947	17,111	...
City Offices	Dec. 31	1,283	35,773	37,056	1,298	27,272	31/- p.s.	...	7,000	1,486	...
Clapton Stadium	Dec. 31	16,543	75,919	92,462	...	47,500	47	25,000	19,962	35,620	31/- p.s.
Gray (William C.) and Sons	Dec. 31	26,553	27,356	53,909	16,269	7,000	2	5,040	25,600	30,770	5
Griffiths (William) and Co.	Oct. 31	23,375	21,887	45,262	...	13,750	10	9,000	26,512	27,452	12
Hart and Levy	Dec. 31	757	11,932	12,689	10,800	...	4	Dr. 9,361	2,240	23,671	5
London Necropolis Co.	Dec. 31	3,533	9,891	13,424	...	11,928	8	1,000	496	11,161	6
Olympia, Ltd.....	Dec. 31	34,944	93,558	128,502	44,377	32,300	10	...	51,825	92,804	10
Redfern's Rubber Works ...	Dec. 31	22,741	12,010	34,751	9,000	6,000	7	9,000	10,751	21,747	10
Sentinel Waggon Works ...	Dec. 31	2,427	5,989	8,416	11,250	...	...	Dr. 5,000	2,166	48,474	3
* For half-year.											
† Free of Income Tax.											
(t) Ten months.											

* For half-year.

† Free of Income Tax.

(t) Ten months.

REPORTS AND NOTICES.

Colonel Oswald Pearce Serocold, C.M.G., has been elected chairman of Watney, Combe, Reid and Company, Ltd., in succession to Sir Richard Garton, G.B.E., who retains a seat on the board as deputy chairman.

The Rt. Hon. Sir John Tudor Walters, P.C., and Major Eric Gore-Browne, D.S.O., have been elected directors of the Legal and General Assurance Society, Ltd. The Rt. Hon. Sir John Tudor Walters, P.C., is chairman of the Industrial Housing Association, Ltd., and Major Eric Gore-Browne is a managing partner of Messrs Glynn Mills and Company.

At a board meeting of the Anglo-Argentine Tramways Company, Ltd., Sir Cecil Henry Walsh, K.C., and Mr Bernhard Heymann, Binder were appointed as 5 per cent. debenture directors of the company, in accordance with the terms of the scheme of arrangement, recently sanctioned by the 5 per cent. debenture stockholders.

The Austin Motor Company, Ltd., announce that Mr Herbert E. the Railway Rates Tribunal, which appointment precludes him from acting as a company director; he has therefore resigned his seat on the board. At a recent meeting of the board, Mr Francis H. Pepper, of Messrs Pepper, Tangey and Winterton, solicitors, of Birmingham and London, was unanimously elected a director of the company to fill the vacancy.

BANKS.

THE DOMINION BANK.—The London office of the Dominion Bank have received a cablegram from their head office in Toronto, stating that the bank's sixty-first annual statement, as at December 31, 1931, shows a profit of \$1,322,000. This figure is \$87,000 below 1930. Deposits, at \$105,449,000, have been well maintained as against \$107,432,000 a year ago. Immediately available assets are 54 per cent. of public liabilities, which is one-half of 1 per cent. better than a year ago.

GÖTEBORGS BANK.—After providing for depreciation in bond investments, the Aktiebolaget Göteborgs Bank report for the year 1931 profits of 7.42 million kronor, from which has to be deducted the sum of 3.88 million kronor applied to writing down on claims and stocks, the net profits thus amounting to 3.56 million kronor. Upon adding to the net profits a sum of 3.21 million kronor, brought forward from 1930, there is a total sum available of 6.77 million kronor, which is placed at the disposal of the shareholders. The directors propose that a dividend of Kr. 20 per share be declared, or 8 per cent., requiring a sum of 3.5 million kronor, which leaves 3.27 million kronor to be carried forward. The general meeting will be held in Gothenburg on March 14, 1932.

MISCELLANEOUS.

BOLSOVER COLLIERY COMPANY, LTD.—A notable improvement is shown in results achieved by this company during the past year. The net profit for the year 1931 amounted to £302,409, which compares with a net profit of £163,654 secured during 1930. The total ordinary dividend for the year has been raised from 2½ per cent. paid for 1930 to 7 per cent. declared for 1931. Apart from this, £100,000 is transferred to reserve account for redemption of capital values, against £50,000 utilised for that purpose in preceding year. The carry forward is £43,157 against £43,306. The directors attribute the improved results to improved house coal trade conditions and the inclement weather during the summer months. The industrial depression affected the demand for coal for that purpose but some slight improvement was manifest during the latter part of the year. The balance sheet will be found summarised on page 381. It will be noted that bank overdraft of £211,453 has been entirely paid off, thus disappearing from the balance sheet. The securities of the company have recently secured a quotation in the London Stock Exchange Official List. The meeting will be held at Royal Victoria Station Hotel, Sheffield, on February 19th, at 2 p.m.

BORAX CONSOLIDATED, LTD.—The trading profit for the year ended September 30, 1931, amounted to £238,113, comparing with £173,912 for year ended September 30, 1930, and £161,456 for year ended September 30, 1929. Interest, &c., received amounted to £22,495, as compared with £28,203, while the amount brought in was £191,249 against £208,675. This makes £451,857 available against £410,790. Expenses were reduced from £38,667 to £37,490. Debenture service absorbed £107,075, against £106,874. The sum of £30,000 is again put to depreciation, while £34,869 is paid to Tonopah and Tidewater Railroad under the guarantee against nothing in preceding year. Preference dividend again absorbed £44,000. The carry-forward is increased from £191,249 to £198,424. Meeting, Terminus Hotel, E.C.4, February 15, at noon.

HUDSON'S BAY COMPANY'S LAND SALES.—The latest statement is as follows:—

	For Quarter ended Jan. 31, 1931.	For Quarter ended Jan. 31, 1932.	For Year ended Jan. 31, 1931.	For Year ended Jan. 31, 1932.
Farm lands—Acres.....	7,826	1,898	55,315	11,660
Sold for	£15,800	£3,200	£114,000	£18,900
Farm lots sold for	\$600	\$230	\$10,700	\$2,700
Total receipts (gross)	\$61,100	\$64,200	\$244,100	\$173,200

TOKYO ELECTRIC LIGHT CO., LTD.—Return for December 1931.—K.w. hours sold, 348,120,000. Gross revenue, Yen 9,201,000 Sterling equivalent at par of exchange, £942,335. Increase over corresponding period last year, £50,184.

WOLVERHAMPTON CORPORATION THREE PER CENT. REDEEMABLE STOCK, 1924-1954.—Williams Deacon's Bank, Ltd., give notice that in order to prepare the interest warrants due March 1, 1932, on the Wolverhampton Corporation 3 per cent. Redeemable Stock, 1924-1954, the books will be closed from February 16th to February 29, 1932, inclusive.

Commercial Reports.

MARKET SUMMARY.

The realisation that no early improvement can be expected in the world's industrial activity, and therefore in the demand for raw materials, had a depressing effect on the international commodity markets. The tendency of prices is still in a downward direction. Among non-ferrous metals, copper continued to decline in New York, thus losing the gain which followed the agreement among producers to curtail their output. Tin and lead also declined, but spelter remained steady. Raw cotton has been weaker and cereals, wheat, maize, barley, oats and rye have all been slightly

easier. Sterling commodities which lend themselves to grading, and therefore to international arbitrage, continue to move in sympathy with international prices. Meat prices have been easy, but dairy products sold at slightly higher prices. Chemicals and petroleum products have remained unchanged, but vegetable oils and oilseeds advanced a few points. According to reports from various industrial centres, the coal trade continues depressed. In South Wales the current volume of demand seems to be scarcely equal to 50 per cent. of the capacity of the industry. There has been no increase in the activity of the iron and steel industries. Manufacturers of woollen goods appear still to be well occupied, and the home demand for rayon yarn and piece-goods remains good. On the other hand, the labour situation in the cotton trade is causing uneasiness.

THE COAL TRADE.

SHEFFIELD.—Easy conditions obtain in all sections of the trade and output is more than equal to deliveries. Shipments barely maintain former levels, but inquiries are out regarding supplies over next month. Prices in the export section are not quite so firm, best hards being available at 16s. 6d. to 16s. 9d. f.o.b. Industrial consumption as a whole fails to progress, although the textile mills are taking fair tonnages of smalls. The home coal trade has been exceptionally quiet lately, causing heavy accumulations of stocks at merchants' yards and at the pits. Best South Yorkshire house commands 23s. 6d. to 24s. 6d., and Derbyshire best, 22s. to 23s. The call for furnace coke is decidedly easier, 12s. per ton at the ovens being the recognised price. Demand for coke for domestic heating continues fairly brisk.

GLASGOW.—The lower prices now ruling have led to some improvement in business in the Scottish coal trade, and the collieries are now having less difficulty in disposing of their outputs. This applies more particularly to nuts, which have recently been a poor market. The London demand for these sorts has not been good. Generally, the market remains dull in tone, and supplies are easily obtainable as a rule for early shipment on the basis of the following rates for the shipping trade, all being f.o.b. district ports:—LANARKSHIRE.—Elli best, 14s. 3d.; splint best, 16s. 3d.; splint second, 14s. 3d.; navigation, 15s.; navigation second, 14s. 6d.; Hartley, 14s. 3d.; steam, 13s. 13s. 3d.; trebles, 13s.; doubles, 11s.; singles, 10s. 6d.; pearls, 9s. FIFE.—Screened navigation, 16s. 6d.; first-class steam, 13s.; third-class steam, 12s.; trebles, 12s. 6d.; doubles, 11s.; singles, 9s. 9d.; pearls, 9s. LOTHIAN.—Prime steam, 12s.; secondary steam, 11s. 9d.; trebles, 12s. 9d.; doubles, 11s.; singles, 9s. 6d.; pearls, 9s. AYRSHIRE.—Unscreened navigation, 16s.;

THE STANDARD BANK OF SOUTH AFRICA LIMITED

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

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

Board of Directors.

William Reiersen Arbuthnot, Esq. Rt. Hon. the Earl of Athlone, K.G. Horace Peel, Esq. Rt. Hon. Lord Balfour of Burleigh. Rt. Hon. Lord Sydenham, Esq. Stanley Christopher, Esq. G.C.S.I., F.R.S. Sir Roderick Roy Wilson. Robert E. Dickinson, Esq.

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

Head Office: 10 CLEMENTS LANE, LOMBARD STREET, and 77, KING WILLIAM STREET, LONDON, E.C.4. London Wall Branch: 63, LONDON WALL, E.C.2. West End Branch: 9, NORTHUMBERLAND AVENUE, W.C.2. NEW YORK BRANCH: 67, WALL STREET. HAMBURG BRANCH: 49-53, SOHLENBURGER-STRASSE.

Bank of British West Africa, Ltd., 49-53, SOHLENBURGER-STRASSE. Over 370 Branches, Sub-Branches, and Agencies in SOUTH, EAST and CENTRAL AFRICA.

EXECUTOR AND TRUSTEE BUSINESS CONDUCTED.

COMMERCIAL SERVICE.

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

Issued by **Godfrey Phillips Ltd.**
Proprietors. Established 1844

OVERSEAS TRADE RETURNS.

(Values.)

	IMPORTS.		EXPORTS.	
	Month Ended January 31.		Month Ended January 31.	
	1931.	1932.	1931.	1932.
I.—Food, Drink, and Tobacco—				
A. Grain and flour	4,430,393	3,826,520	253,293	271,890
B. Feeding stuffs for animals ..	474,496	541,618	234,795	169,113
C. Meat	8,416,353	6,223,885	130,900	94,407
D. Animals, living, for food	1,455,932	1,289,048	20,931	10,456
†E. Other food and drink, non-dutiable	15,195,486	14,443,966	2,426,138	1,891,653
†F. Other food and drink, dutiable ..	4,714,142	4,508,928		
G. Tobacco	1,536,759	622,345	621,757	389,010
Total, Class I.	36,223,561	31,456,310	3,687,814	2,826,529
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	3,030	1,870	2,563,035	2,639,445
B. Other non-metallic mining and quarry products and the like ..	349,055	296,965	95,689	55,016
C. Iron ore and scrap	227,063	175,669	54,900	21,686
D. Non-ferrous metalliferous ores and scrap	699,257	600,764	45,254	32,831
E. Wood and timber	2,055,585	1,558,671	24,518	9,720
F. Raw cotton and cotton waste ..	2,992,929	2,781,553	21,759	47,343
G. Wool, raw and waste, and woollen rags	4,575,853	3,960,910	246,204	315,079
H. Silk, raw, knubs and noils ..	144,322	111,778	771	1,724
I. Other textile materials	843,131	1,443,807	10,264	26,822
J. Oil seeds, nuts, oils, fats, resins and gums	2,250,344	2,135,943	225,526	142,999
K. Hides and skins, undressed ..	1,355,727	1,797,610	95,489	53,560
L. Paper-making materials	953,078	1,073,955	64,907	55,278
M. Rubber	626,421	269,843	12,351	11,190
N. Miscellaneous raw materials and articles mainly unmanufactured	797,356	683,853	288,607	223,268
Total, Class II.	17,873,151	16,893,191	3,749,274	3,635,961
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and manufactured fuel ..	3,369	479	320,195	299,731
B. Earthenware, glass abrasives, &c.	685,262	389,896	741,768	632,195
C. Iron and steel and manufactures thereof	1,610,399	1,065,459	2,866,303	2,437,845
D. Non-ferrous metals and manufactures thereof	1,590,112	1,242,994	784,553	501,015
E. Cutlery, hardware, implements, and instruments	471,218	242,624	475,964	432,006
F. Electrical goods and apparatus ..	438,032	241,157	824,830	443,314
G. Machinery	1,180,837	924,994	3,279,970	2,700,879
H. Manufactures of wood and timber	580,421	632,277	129,076	112,121
I. Cotton yarns and manufactures ..	619,278	105,744	5,510,847	5,505,542
J. Woollen and worsted yarns and manufactures	984,250	193,287	2,846,157	2,381,538
K. Silk and silk manufactures ..	800,306	305,437	96,143	78,022
L. Manufactures of other textile materials	1,125,883	699,612	1,253,366	1,083,298
M. Apparel	1,516,662	518,564	1,172,546	930,422
N. Chemicals, drugs, dyes, and colours	973,658	803,643	1,707,446	1,430,406
O. Oils, fats, and resins, manufactured	3,149,500	2,469,093	538,162	418,606
P. Leather and manufactures thereof	994,479	731,016	284,704	233,411
Q. Paper and cardboard	1,196,655	1,097,594	601,149	550,433
R. Vehicles (including locomotives, ships, and aircraft) ..	291,328	183,302	3,053,068	1,572,207
S. Rubber manufactures	197,392	95,584	174,880	142,135
T. Miscellaneous articles mainly or wholly manufactured ..	2,032,145	1,362,218	2,060,065	1,537,889
Total, Class III.	20,441,186	13,304,974	28,721,192	23,423,015
IV.—Animals, not for food	256,863	180,598	111,235	84,564
V.—Parcel Post, non-dutiable articles ..	753,660	430,909	1,294,215	1,153,002
Total	75,548,421	62,265,982	37,563,730	31,123,071

† Duty on Tea repealed as from April 22, 1929, inclusive. Figures transferred from Group F to Group H.

135 bags; delivered for home consumption, 364 bags; exported, nil; stocks, 2,700 bags, against 2,146 bags last year. Central American, landed, 10,033 packages; delivered for home consumption, 3,229; exported, 1,670; stocks, 57,089 packages, against 74,479 a year ago. Other kinds, landed, 8,160 packages; delivered for home consumption, 2,835; exported, 459; stocks, 52,637 packages, against 81,158 a year ago.

COCOA.—As a result of an increase in demand, the market in cocoa improved slightly in London. On the other hand, New York quotations continued to decline to new low levels. "March" futures were quoted at 3.79 cents per lb. in New York on Wednesday,

against 3.88 cents per lb. a week ago and 4.09 cents a month ago. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, new crop, February-April, at 21s. 9d. per cwt. f.o.b., London contract, shows a rise of 1½ cwt. on the week. Last week's movements of cocoa in London were as follows: Landed, 15,349 bags; delivered for home consumption, 11,057 bags; exported, 786 bags; stocks, 133,527 bags, as against 185,320 last year.

TEA.—The quantities catalogued for this week's auction comprised 55,749 packages of Indian, 27,004 packages of Ceylon, and 15,100 packages of Java and Sumatra tea. Monday's Indian auctions were characterised by an improvement in demand, but prices did not advance except in the case of high qualities. The Ceylon tea offered on Tuesday met with a dull demand. The market in Indian tea was quiet on Wednesday, and the improvement which became noticeable on Monday was not maintained.

The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account:—

AVERAGE PRICE PER LB.									
Week ending	Northern India.		Southern India.		Ceylon.		Java.		Sumatra.
	s.	d.	s.	d.	s.	d.	s.	d.	s.
Feb. 5, 1931	1	0-67	1	0-82	1	3-37	0	9-23	0
Jan. 14, 1932	0	10-32	0	11-13	1	2-75	0	8-33	0
Jan. 21, "	0	10-47	0	11-11	1	2-15	0	7-45	0
Jan. 28, "	0	10-57	0	11-29	1	1-16	0	7-71	0
Feb. 4, "	0	9-74	0	9-76	1	0-00	0	7-12	0

RICE.—There has been an improvement in the demand for rice and the market was firm. Wednesday's "spot" quotation for Burma No. 2, cleaned, at 9s. 9d. per cwt., shows a rise of 3d. per cwt. as compared with last week. Movements in London during the past week were as follows: Landed, 195 tons; delivered, 193 tons; stocks, 1,388 tons, as against 354 tons last year.

POTATOES.—There has been no shortage of potatoes at the principal markets and prices remained at the lower level to which they had receded recently. At the Borough Market, "Best King Edward" sold from 10s. to 12s. per cwt., as compared with 10s. to 12s. per cwt. a week ago.

SPICES.—The market in spices has been quiet. Wednesday's quotation for "Black Singapore" pepper, at 8½d. per lb., shows no change on the week. Movements of pepper in London during the past week were as follows: Black, landed, 5 tons; delivered, 5 tons; stocks, 244 tons, against 440 tons last year. White, landed, 35 tons; delivered, 70 tons; stocks, 551 tons, against 501 tons a year ago.

MEAT.—Meat prices at the Smithfield market are scarcely changed on the week. English mutton has been slightly firmer, but Argentine beef was again lower. On Wednesday, Argentine beef (chilled hindquarters) was sold at 3s. to 3s. 6d. per 8 lbs., against 3s. 2d. to 3s. 6d. on the corresponding day last week, while New Zealand frozen mutton realised 2s. 6d. to 3s. 4d., as against 2s. 4d. to 3s. 4d. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 10,204 tons, as compared with 9,521 tons in the corresponding week last year. Imported beef, principally Argentine, formed 85.3 per cent. of the supplies, as against 84.7 per cent. a year ago; and imported mutton, mainly New Zealand, formed 79.7 per cent. of the total supply, as against 77.9 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OLSEEDS.—Markets have assumed a quieter tone following the first flush of excitement caused by the Government's decision regarding tariffs. It was a surprise that duty, though it was not unexpected that foreign vegetable oils and likely to arrive before March 1st advanced sharply in value, and though some of the grain has been lost, seed in near positions is at a good premium over shipment. For Plate seed on passage to Hull £9 has been paid this week, and this about remains the value for spot and near, while £8 12s. 6d. is that for February-March. Indian linseed is quiet but steady, Calcutta to London offering at £11 10s. The quantity of linseed afloat for Europe is now 221,600 tons, an increase of 9,000 tons on the week. Cottonseed is firm in near positions, £7 being quoted for black Egyptian on spot and afloat and £6 12s. 6d. February-March shipment. Linseed oil is steadier than for some time and a little business has been done for this month's delivery, but practically nothing is doing in later positions owing to the uncertainty regarding import duties. Current value of raw oil for February delivery ex Hull is £15 5s. and for March-April £15 15s. Cotton oil is firm and crude Egyptian held for £22, and common edible £24 10s. ex Hull. Oilcakes are in steady demand and linseeds and cottons are dearer.

HIDE, LEATHER AND ALLIED TRADES.—Ox and heifer hides were fairly steady at the auctions held at Manchester this week, as apart from a reduction of ½d. per lb. on the two top weights in second clears and first and second warbled prices were unchanged from those of the previous week. First clear cows made ½d. per lb. more money, but there was no alteration in quotations for other classes, as was also the case with calfskins. Business has ruled quieter in the foreign hide market, and prices on average are slightly lower, although Frigorifics have remained firm. In South American wet-salted descriptions Argentine ox have sold at a fraction under

PRICE REDUCTION

made possible by

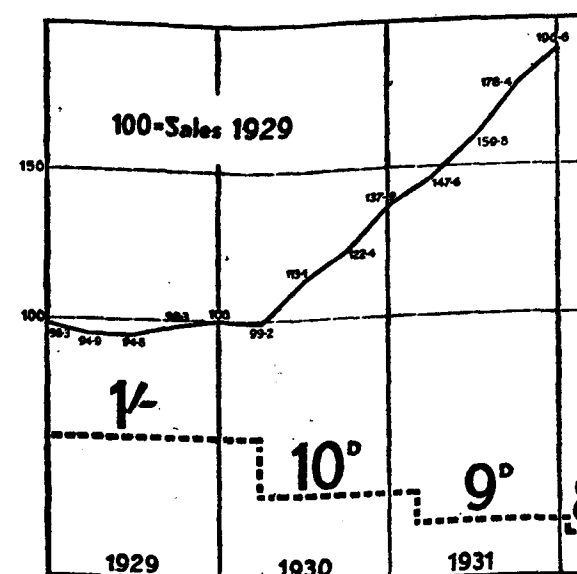
INCREASED SALES

A further statement by Cadbury Bros. Ltd.

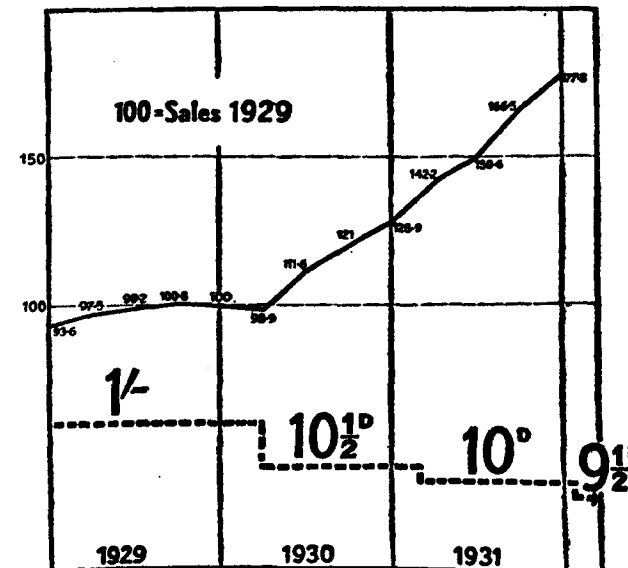
ONE reason for Cadburys' latest price reduction was that previous reductions had considerably increased sales. The two charts below show how great this increase was. Cadburys Milk Blocks have increased in sales by 78% over the last two years and Bournville Blocks by 91%.

It is the economies in production and good buying, following upon these heavier sales, which have made possible the latest price reduction from 10d. to 9½d. and from 9d. to 8½d. per ½ lb. It is already clear from our sales that this latest reduction, though smaller than before, is greatly appreciated in this time of rising prices. *At no time throughout this period has the quality of the Chocolate been altered in any way.*

CHANGE IN SALES AND PRICES OF CADBURYS CHOCOLATE



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COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.			LARD—			WOOL—			Market Hides, London—		
CEREALS AND MEAT.			POTATOES—			English Southdown, washed			Dry and Drysalted (Cape—)		
Wheat—	s. d.	s. d.	Irish bladders	s. d.	s. d.	Lincoln hog, per lb.	d.	d.	Best heavy ox and heifer	s. d.	s. d.
No. 2, N. Man. 496 lb.	31	3	American, boxes, 56 lbs.	44	6	Good English, per cwt.	10	0	Best cow	0	4
Eng. Gaz. av., per cwt.	6	8	Good English, per cwt.	10	0	SPICES—			Best calf	0	3
Barley, Eng. Gaz. av.	8	2	Pepper, per lb.	0	8	N.Z., grey, half-bred 50-56	11	1		0	4
Oats, "	7	3	Muntok, fair White	0	8	Top—	5	1		0	4
Maize, La Plata, landed	19	6	Black Lampong	0	7	Merino 70's	25	1		0	4
480 lb. Lon. stan. ex mill.	23	3	Cinnamon—1st sort, per lb.	0	8	Top—	23	1		0	4
280 lb. "	19	6	Cloves—Zanzibar per lb.	0	8	Crossbred 40-44	11	1		0	4
Rice, No. 2 Burma, per cwt.	9	3	Ginger—per cwt.	29	0	Crossbred 48's	11	1		0	4
Topioca, per cwt.	24	0	African	29	0	COAL—					
Fine Java, spot	24	0	Jamaica, ord. to good	0	85	Welsh, best Ady., ton	19	6			
Fair Flake, Singapore	11	0	Nutmegs 65's	1	5	Durham, best gas, f.o.b.	14	6			
MEAT—			SUGAR—			Sheffield, best house, at	23	6			
Beef, per 8 lbs.	4	6	(Duty, 11s. 8d. per cwt.)	18	9	IRON AND STEEL—					
English long sides	3	0	B.W.I., crystallised	18	9	Pig, Cleveland No. 3, ton	58	0			
Argentine chilled hinds	3	0	Java, white, c. & f. India	8	9	Barn, M'brough	200	0			
Mutton, per 8 lbs.	4	4	January-March	8	9	Steel Rails, heavy	170	0			
English wethers	4	4	Refined—London			Tin Plates, per box	14	3			
N.Z. frozen	2	6	Yellow Crystals			Standard cash	35	10			
Pork, English, per 8 lbs.	5	0	Crushed			Standard	35	10			
OTHER FOODS.			Granulated			Lead Eng. Pig.. per ton	16	5			
Bacon—			Home Grown	20	0	Soft Foreign	14	11			
Irish	79	0	TEA—			Speiser G.O.B.	13	15			
Danish	50	0	Indian—per lb.			Tin—English Ingots	140	0			
Dutch	47	0	Pekoe	0	6	Standard	137	0			
HAMS—			Broken Pekoe	0	6	MISCELLANEOUS.					
Canadian	76	0	Orange Pekoe	0	6	CHEMICALS—					
American	68	0	Broken Orange Pekoe	0	6	Acid, citric, per lb. less 5%	1	1			
BUTTER—			Ceylon—per lb.			Nitric	0	2			
Irish creamery per cwt.	0	0	Pekoe	0	6	Oralic, net	0	3			
Australian	99	0	Broken Pekoe	0	7	Tartaric, English less 5%	1	1			
New Zealand	100	0	Orange Pekoe	0	7	Alcohol, Plain Ethyl	13	0			
English Cheddar	94	0	Broken Orange	0	8	Alum, lump	2	0			
Danish	134	0	TOBACCO—			Ammonia, carb.	36	0			
COCOA—			(Duty 9/6-10/6 per lb.)			Sulphate	7	0			
British grown	68	0	Empire growths, 7/5-			Arsonic, lump	35	0			
11s. 8d.; foreign, 14s. cwt.	70	0	8/4 per lb.			Bleaching powder, per cwt.	7	10			
Acorn, f.f.	23	0	Virginia leaf	0	10	Borax, gran.	15	0			
Trinidad	42	0	Common to fine	0	10	Do. powder	17	0			
Grenada	32	0	Rhodan leaf	0	10	Nitrate of Soda	9	0			
OFFICE—			Nyasaland leaf	0	9	Sulphate	10	0			
(Duty, British grown,			East Indian leaf	0	10	Potash—Chlorate, net	0	3			
11s. 8d.; foreign, 14s. cwt.)			strips	0	10	Sulphate	10	0			
Acorn, f.f.	23	0	60's twist	0	15	Sal-Ammoniac	42	6			
Trinidad	42	0	FLAX—			Soda Bicarb.	9	0			
Grenada	32	0	Livonian ZK	41	0	Crystals	5	0			
OFFICE—			Pernau HD	40	0	Sulphate of Copper, per ton	18	10			
(Duty, British grown,			Shanets Medium 1st sort	48	0	CEMENT, London					
11s. 8d.; foreign, 14s. cwt.)			HEMP			Portland, best Eng. pr. ton	44	9			
Banjo sup., c. & f. cwt.	62	0	Italian P.C.	40	0	In jute sacks (11 to ton)	46	9			
Colombian, good	80	0	Manila, Jan.-Mar. "J 2"	20	10	Free paper bags (20	46	0			
Oosta Rica, med. to good	90	0	N.Z.	nom.		to ton)	46	0			
East Indian	95	0	Sisal, African, Jan.-March	14	10	DRUGS—					
Kenya, medium	98	0	Mexican	nom.		Campor					
BEGGS—			JUTE—			Japan, refined	2	11			
English	10	6	Native 1st mks. per ton			Castor-oil	85	0			
Danish	13	6	c.l.f. H.A.R.B.	18	7	Ipecacuanha	5	9			
FRUIT—			Daisee 2/3 c.l.f. Dundee	6	17	Peppermint, Wayne Co.	9	3			
South African boxes	0	0	February-March	6	17	HIDES—					
Jaffa	13	0	SILK—			Wet salted—Australian	0	4			
Lemons, Sicilian boxes	8	0	Canton	9	0	West Indian	0	4			
Malaga, cases 420 No. 1	0	0	Tussah	9	0	Cape	0	4			
Apples: Amer. (var.) bria	18	0	Japan	9	0						
" (var.) boxes	10	0	Italian—raw, fr.	10	0						
" Australian	0	0									
Onions—											
Valencia, case, 4s.	13	0									
Egyptian Bags	9	6									
Grapes, Lisbon boxes	0	0									
" Almeria bria	0	0									

5d., while lights have realised just over 4½d., and Uruguayans up to 5½d. Although prices for most descriptions of dry South American hides are quoted more or less unchanged, the amount of business being done in them is small, and it is quite possible that a weaker tone will become apparent. B.A. Americanos are offered at 6½d., while 7d. is the figure mentioned for M.V. Americanos and 3½d. for B.A. Inservibles. Rather more interest has been taken in some kinds of Africans, and business has been done in dry Capes at 6½d. and 5½d. for firsts and seconds, and 4d. per lb. less for dry-salted 20/30 lbs. Nigerians have made 6½d. and Mombasas 5½d. Prices for Australians are still too high for the trade on this side, and only a very limited business is passing. Sales of sole leather have been rather better during the week, and although trade is still far from good, the tone of the market is more promising. Shoe manufacturers have been inquiring for dry hide bends in the medium and light weights, and in some quarters an increase in the turnover has been experienced. English and wet-salted bends, however, have not met with any greater call owing to the quiet period being experienced by the repair section. Inquiry for offal has been better, particularly in regard to pinned shoulders and bellies, in which some satisfactory deals have been completed. Producers and distributors of upper stock continue to find business confined to small quantities. A steady trade is being done in black and brown glacé kid, in addition to which shoe manufacturers have been inquiring for rather larger parcels of the lower-grade skins in patent. Calf leathers show no change in regard to the volume of business being done, but there has been a little more interest taken in the market for fancy upper stock.

RUBBER.—No decision has as yet been reached by the Dutch Government on the subject of restriction. Meanwhile, stocks continue to pile up. The market in rubber has been dull, and Wednesday's quotation for rubber in New York, at 4 cents per lb., has touched a new low record. In New York, Wednesday's spot price for rubber, at 4 cents per lb., shows a fall of 1 cent on the week. Wednesday's official closing price for standard ribbed smoked sheet in London, at 2½d. per lb., shows no change as compared with the corresponding day last week. In forward positions

business has been done at 2½d. to 2¾d. for April-June, against 2½d. to 3d., and at 3½d. to 3¾d. for October-December, as against 3½d. to 3¾d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 2,292 tons; delivered, 1,066 tons; stocks at the end of last week, at 126,565 tons; show an increase of 1,226 tons as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.

(New York quotations, unless otherwise stated.)

	Jan. 13.	Feb. 3.	Feb. 10.
Cents.	Cents.	Cents.	Cents.
Wheat, No. 2, Winter, nearest future,			
Chicago, per bushel	55½	57½	54½
Maize, nearest future, Chicago, per			
bushel	38½	37½	35
Oats, nearest future, Chicago, per			
bushel	25½	25½	24½
Rye, nearest future, Chicago, per			
bushel	44½	46½	41½
Coffee, Rio No. 7, cash, per lb.	7	7-7½	7-7½
" Santos No. 4, cash, per lb.	9-9½	9-9½	9-9½
Cocoa, Acra, nearest future, per lb.	3-96	3-88	3-79
Sugar, Cuban Centrifugals, 96 deg.,			
spot, per lb.	3-16	3-02	2-90
Cotton, New Orleans, middling, spot,			
per lb.	6-51	6-51	6-41
Rubber, smoked sheet, spot, per lb.	4½	4½	4
Petroleum, Pennsylvania crude, stan-			
dard grades, per barrel	155-170	155-170	155-170
Copper, "Electrolytic," Domestic,			
spot, per lb.	7-50	6-75	6-00
Copper, "Electrolytic," Copper Ex-			
porters, Inc., spot, per lb.	7-625	6-875	6-375
Spelter, East St. Louis, spot, per lb.	3-05	2-825	2-80
Lead, spot, per lb.	3-75	3-75	3-75
Tin, "Straits," spot, per lb.	21-70	21-90	21-40

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Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

Vol. CXIV.

SATURDAY, FEBRUARY 20, 1932.

No. 4,617.

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TABLE OF CONTENTS.

The Money Market	389	The Railways on the	
Leading Articles—		Roads—I.	418
Peace or War in the		The Week in the Markets	419
Pacific	391	London Active Security	
The Import Duties Bill	392	Prices and Yields	420
Refraction in the United		New Issue Prices	422
States	393	Foreign Stock Exchanges—	
The Balance of Payments	395	New York	422
The Rice Situation	396	Paris	423
The Direction of Overseas		Amsterdam	423
Trade	397	Other Centres	423
Newspaper Fire Insurance	398	Investment Notes—	
Notes of the Week—		New York and the Cur-	
The Bank Rate Reduction	399	rency Bill	423
The Lausanne Conference	399	Building Society Finance	423
Progress of the Disarma-		Royal Mail Prospects	424
ment Conference	399	African and Eastern	424
The German Presidential		The Gas Industry	425
Candidature	400	Great Western Railway	425
The Fall of the French		Southern Railway	425
Government	400	Underground Railway Re-	
Signor Mussolini at the		sults	426
Vatican	401	Imperial Tobacco Outlook	426
The Spanish Strike Fiasco	401	Agricultural and General	
The Tariff Free List	401	Engineers	426
Newsprint	402	Selfridge Position	427
Non-Ferrous Metals and		United British Oilfields of	
Tariffs	402	Trinidad	427
Tariffs and the Cost of		Union Corporation Group	427
Living	402	Company Meetings of the	
The Revenue	402	Week	428
Germany's Foreign Trade	403	Capital Issues	428
The "More Looms" Dis-		Dividend Announcements	428
pute	403	Company Meetings, &c.	429
Employment and the Cost		Government Returns, &c.—	
of Living in January	403	National Accounts	433
American Foreign Invest-		Treasury Bills by Public	
ments in 1931	403	Tender	433
The Bank of Nova Scotia	404	The Bankers' Gazette—	
Anglo-International Bank	404	Bank of England	433
Life Office Bonuses for		Bankers' Clearing Returns	434
1931	404	Provincial Clearing Re-	
Indemnity Mutual Marine	404	turns	434
Scottish Life Assurance	405	Overseas Bank Returns	434
Overseas Correspondence—		Loan and Discount Rates	436
League of Nations	405	Rates of Exchange	436
United States	406	Overseas Bank Rates	436
France	407	Bullion	437
Germany	408	Gold and Silver Prices	437
Austria	409	Company News—	
Hungary	410	Profit and Loss Accounts	438
Holland	410	Summary of Balance	
Sweden	411	Sheets	439
Czechoslovakia	412	Reports and Notices	439
Spain	412	Weekly Traffic Returns	440
Canada	413	Commercial Reports—	
Japan	414	Market Summary	440
Letters to the Editor—		The Coal Trade	440
Tariffs and the Pound	415	Iron and Steel	441
Russia and the Crisis	415	Other Metals	441
Sugar-Beet Subsidy	416	Textiles	441
Trustee Law Anomalies	416	The Grain Markets	442
Books and Publications—		Other Foods	443
Books Received	416	Miscellaneous Commodities	443
The Stock Exchange—		Commodity Prices in the	
Courtalds and the Rayon		United States	444
Outlook	417	Prices Current	444

THE MONEY MARKET.

FIVE PER CENT.

After its

place and the absence of any big demand for money made the ease more pronounced. Conditions were unchanged on Wednesday, with rates running from 4 down to $3\frac{1}{2}$ per cent., or at the levels at which they had stood since the week-end. On Thursday Bank rate was reduced from 6 to 5 per cent. This reduction, and especially its magnitude, came as a surprise to the discount market, and rates took some time to settle down. The clearing banks automatically lowered their minimum rate for loans from 5 to 4 per cent., while in the afternoon rates of $3\frac{1}{2}$ and $3\frac{1}{4}$ per cent. were mentioned outside the clearing banks, the last named rate being quoted for "old" money.

As a result of the stringency then apparent, last week's Treasury bills went at higher rates. Applications amounted to £35.2 millions for a maximum offer of £30.0 millions, and £27.6 millions of bills were allotted at an average rate of £4 15s. 7d. per cent., against £4 6s. 18d. the week before. Market rates were then inclined to be firm with three months' bank bills quoted at $5\frac{1}{4}$ per cent., and "hot" Treasury bills at $4\frac{1}{2}$ per cent. The latter rate remained at $4\frac{1}{2}$ per cent. until late Wednesday afternoon, when it eased to $4\frac{1}{8}$ per cent. in sympathy with easier money. The banks bought some March bills earlier in the week at $4\frac{1}{2}$ per cent., and were in the market for some more as late as Thursday morning. Three months' bank bills eased to 5 per cent. on Wednesday for first-class bills, with standstill bills still quoted at $5\frac{1}{2}$ per cent.

	Jan. 28, 1932.	Feb. 4, 1932.	Feb. 11, 1932.	Feb. 18, 1932.	Previous Rate and Date Changed.
Bank Rate	6	6	6	5	6 (Feb. 18, '32)
Banks' Deposit Rate..	4	4	4	3	4 (Feb. 18, '32)
Discount / Call	4	4	4	3	4 (Feb. 18, '32)
Houses / Notice	$4\frac{1}{2}$	$4\frac{1}{2}$	$4\frac{1}{2}$	$3\frac{1}{2}$	$4\frac{1}{2}$ (Feb. 18, '32)
Market rate (3 months' bills)	$4\frac{1}{2}$ - $5\frac{1}{2}$	$4\frac{1}{8}$ - $5\frac{1}{2}$	5- $5\frac{1}{2}$	$4\frac{1}{2}$ -5	...

On Thursday afternoon an attempt was made to adjust discount rates in conformity with the lower Bank rate. March Treasuries were quoted provisionally at 4 per cent., Aprils at $4\frac{1}{8}$ per cent., and "hot" bills at either side of $4\frac{1}{2}$ per cent. Three months' bank bills were quoted at $4\frac{3}{8}$ per cent. up to Bank rate, with four months' bills at $4\frac{1}{2}$ per cent., and six months' bills at $4\frac{1}{2}$ per cent. German standstill bills were quoted at $4\frac{1}{2}$ -5 per cent. It is early to tell whether or not the new Bank rate will remain effective, or what discount rates are thought desirable, but for the time being there is a hope that three months' market discount rates will settle down at about $4\frac{1}{2}$ for Treasury bills and first-class bank bills.

The Bank return records a contraction of £1.6 millions in the note circulation and a corresponding increase in the reserve. The Bank's earning assets are unchanged on balance. Taking the Issue and Banking Departments together, Government Securities have been increased by £1.2 millions, while Discounts and Advances have been reduced by £1.1 millions, and Other Securities by £0.1 million. Among the Bank's liabilities, Public Deposits are £1.1 millions and Other Deposits £0.7 million lower. Bankers' Deposits have consequently expanded by £3.4 millions to £70.5 millions, a movement which explains the greater ease in the money market. The Proportion of the Banking Department's Reserve to Deposits is 43.6 per cent., or a fully adequate figure.

As stated, the Bank rate reduction came as somewhat of a surprise to the market, though one or two houses had refused to sell bills upon Thursday morning at the rates current immediately before the change. Market view is that the reduction was the response partly to the low level of discount rates and partly to a general feeling that the change had become both permissible and advisable in the interests of the country. This aspect of the reduction is commented upon on a later page. It will be easier to make the new rate effective, for the repayment of the Bank's American credit has made more bills

available to the market, and the peak of the revenue collection and of the reduction in Treasury bills is now practically passed. £35.0 millions of Treasury bills are in fact being issued this week, though it should be noted that maturities are also five millions higher.

There is no doubt that our foreign short debtor position has become much more satisfactory, and that our short-term debt to Paris has now been reduced to within manageable proportions, while there is no sign that any difficulty is being experienced in covering the repayments next August of the Treasury credits. Finally, much greater confidence is now being shown by foreign centres in British banking and financial stability, and the reduction in Bank rate is calculated to add to that confidence.

Money has remained very easy on Wall Street, with call rate at $2\frac{1}{2}$ per cent. and open market rediscount rates at $3.2\frac{1}{2}$ per cent. for 90-day bankers' acceptances. The week's gold movements include arrivals of \$1.3 millions from South America and a shipment of \$2.7 millions to Holland. Earmarkings on foreign account increased by \$4.0 millions. Gold exports for the seven months ended January 31st are returned at \$573.9 millions, and imports for the same period at \$405.1 millions, thus making a net shipment of \$168.8 millions.

The Foreign Exchange market continued quiet during the past week, but sterling was maintained against the principal gold exchanges, and some slight improvements were apparent at the close, despite the reduction in Bank rate. The undertone displayed resistance to occasional relapses. New York was steady, and closed at 3.44 $\frac{1}{2}$ against 3.43 a week ago. Montreal was in better demand at 3.95, compared with 3.99. Paris, after fluctuating between 87 $\frac{1}{2}$ and 87 $\frac{3}{4}$, closed at 87 $\frac{3}{4}$, showing $\frac{1}{8}$ franc depreciation, against last week's level of 87 $\frac{1}{2}$. Brussels was also slightly more favourable to sterling at 24.70. Milan continued steady, closing at 66 $\frac{1}{2}$. Madrid was an erratic market, and after touching 44 $\frac{1}{2}$ improved to 44 $\frac{3}{4}$ at the close. Dutch guilders were 8.51, against 8.50 a week ago. Swiss francs were in good supply, closing at 17.63, a gain to sterling of 10 centimes. The Scandinavian exchanges were steady, closing with small advances in favour of sterling at 17.90 for Stockholm, 18.42 for Oslo and 18.18 for Copenhagen. Helsingfors continued its recent appreciation, being finally quoted at 220. South American exchanges continued nominal, with only small business, Buenos Aires being 39 $\frac{1}{2}$ d. and Monte Video 31 $\frac{1}{2}$ d. Rupees were unchanged at 1s. 6 $\frac{3}{4}$ d., but yen were cheaper at 2s. 0 $\frac{1}{2}$ d. Batavia remained at around 8.55. In the forward market, dollars were strongly offered, and moved to discounts of $\frac{1}{2}$ cent for one month and $1\frac{1}{2}$ cents for three months; at the close the quotations narrowed somewhat, but the market continued principally sellers. Forward Paris was in good demand, one month closing at 15 cents premium and three months at 55 centimes bid. The action of the Banque de France in increasing its minting charge from 20 francs to its legal maximum of 40 francs per kilo, and the recent announcement concerning the probability of an amendment of the Federal Reserve Act in America, had very unfavourable repercussions in the French quotations for both spot and forward dollars, the spot rate falling by approximately 5 centimes from about 25.40 to 25.35, and the forward margin for three months to a discount of approximately 27 centimes as compared with 17 centimes previously. This represents approximately the gold export point from New York to Paris in the case of spot dollars, and is considerably cheaper than demand at premiums of $\frac{3}{4}$ and $\frac{1}{8}$ for the respective one and three months periods. Milan forwards improved on last week's quotations, closing at discounts of $\frac{1}{8}$ lire and $1\frac{1}{2}$ lire. Forward Madrid was at discounts of $\frac{1}{2}$ peseta for one month and $1\frac{1}{2}$ pesetas for three months. Amsterdam forwards were nearer par at $\frac{1}{2}$ cent and 1 cent discount. Berlin continues unquoted, and Switzerland at approximately last week's levels. Silver, after minor fluctuations, closed firmer at 19 $\frac{1}{2}$ d. for spot and 19 $\frac{1}{2}$ d. for forward. Hong Kong was 1s. 5 $\frac{1}{2}$ d. and Shanghai 1s. 11 $\frac{1}{2}$ d.

PEACE OR WAR IN THE PACIFIC.

THE war at Shanghai is apparently to be resumed, and this time on the grand scale. The strenuous efforts which have been made by Sir Miles Lampson and the other foreign diplomatic representatives on the spot succeeded, on Thursday morning, in bringing the Japanese and Chinese commanders at Shanghai together to discuss an armistice. The Japanese commander communicated by word of mouth his ultimatum to the Chinese commander to retreat unconditionally to a distance of 12 $\frac{1}{2}$ miles from the city. The Chinese commander refused, and announced his intention of resisting invasion to the death. On the same day, the "independence" of Manchuria was proclaimed under Japanese auspices. From the Japanese point of view, all this is no doubt "according to plan." For who can seriously have expected that the Chinese would turn the other cheek to Japanese aggression by voluntarily retreating a dozen miles after having successfully held their ground against a flagrantly unwarrantable onslaught?

By the time this issue is in our readers' hands the operations may be in full swing. And, whenever they begin, they will be operations on a different scale, and of a different intensity, from any which have taken place during these last five months either in Shanghai itself or in Manchuria. When the Japanese army took the offensive in Manchuria, it already held all the key positions and the main lines of communication; and the theatre of war which it had chosen was an easy, open country in which the military advantages were on the side of the more efficiently organised belligerent. In Shanghai and its neighbourhood the Japanese have to fight on a very different terrain—the narrow streets and lanes of Chapei and the water-logged countryside in the hinterland, with its dearth of roads and its maze of creeks and canals. So far, the Japanese have attempted, without success, to make themselves masters of this terrain by landing marines and by dropping bombs from the air. They have now landed a regular military force, at least 20,000 strong, with all the mechanical apparatus of destruction which has been developed with sinister rapidity during and since the last Great War. On the other side, there is now a considerable concentration of Chinese forces in support of the original defenders of Chapei and Woosung. Indeed there are reported to be 100,000 troops écheloned along the Shanghai-Nanking railway, under the command of Marshal Feng Yü-hsiang. The Chinese are, of course, poorly organised and equipped by comparison with their Japanese adversaries. At the same time, the terrain is all in their favour; they have gained a certain amount of military aptitude and experience in twenty years of civil war, and the present Japanese onslaught upon China has given the Chinese soldiery, for the first time, a common cause for which they really have the will to fight. Accordingly, we have to expect a stubborn and savage war on a large scale in and around the International and the French Settlements at Shanghai. The launching of the new Japanese offensive, if it takes place, will mean that the situation has been allowed, by the League of Nations and the Powers, to get completely out of hand; and it will be impossible then to foresee where it may end.

We have still to record an unhappy contrast between the hesitating demeanour of the League and the Powers and the reckless action of Japan. The contrast was pointed once again by the two major events of last Tuesday. On that day it was announced in Tokyo, by the Japanese War Office, that the general commanding the new Japanese expeditionary force was to present an ultimatum to the Chinese commander requiring him to withdraw his troops a distance of 12 $\frac{1}{2}$ miles within 24 hours. These troops stand on territory which is not only juridically under Chinese sovereignty (as is the whole of Shanghai, the two foreign settlements included), but which is actually under Chinese administration. The Japanese ultimatum was

thus a notification of intent to commit an act of naked military aggression. On the same morning, at Geneva, the Committee of Twelve of the Council of the League of Nations met, without the participation of the Japanese and Chinese delegates, in private session, and drew up the text of a Note for presentation to Japan. To give the Council their due, this Note was distinctly stiffer in tone than any of their previous communications; and it was addressed to Japan alone, without any further attempt to keep up the hypocritical pretence that both parties to the Sino-Japanese dispute were equally to blame, with nothing to choose between them. This new Note, addressed to Japan exclusively, drew her attention to the serious character of recent events and the present situation in Shanghai, and reminded her, in the interest of her national honour, of the obligations which devolve upon her as a signatory of the Covenant and of the Kellogg Pact. Particular reference was made to Article 10 of the Covenant, under which the States members of the League undertake "to respect and preserve as against external aggression the territorial integrity and existing political independence of all members of the League."

So far so good; but the weakness of this Note was that it was not enough for the purpose. On the day on which the Japanese Government announced an ultimatum the League Council merely sent another remonstrance, which was certainly stronger in its language than its long string of ineffective predecessors, but which resembled them all in the vital point that it contained no hint of action. It was evident, by last Tuesday, that nothing but the certainty of incurring the economic sanctions of Article 16 of the Covenant was likely to induce Japan to call off her offensive. And the prevention of the Japanese offensive was the practical object which it was the urgent business of the League and the Powers to achieve. As it is, the Note was calculated to have no more effect than to impose a further delay (most welcome to the Japanese, who are manifestly playing for time) before the convocation of a special session of the League Assembly.

On the point of procedure in this connection, we may quote Sir John Simon, whose legal opinion nobody would call in question. In the House of Commons last Monday, February 15th, the Foreign Secretary stated "that, where a dispute that was before the Council was referred to the Assembly at the request of one of the parties, or by the Council itself, in either event the result was to transfer the matter to the Assembly, and under Article 15 the Council had no more jurisdiction. It might be an inconvenient result, but that appeared to be the case. China had applied within the fourteen days for the matter to be referred to the Assembly. That was within China's right, and no one would think of taking her right away. How soon the Assembly could meet, and what it could do if it met, were matters that had to be carefully considered, because it was not the desire of any responsible body to interpose delay where more prompt action was possible."

This zeal for promptness in getting to grips with the Far Eastern crisis comes somewhat strangely from the mouth of a statesman who has been sitting on the Council of the League, and bearing a heavy share in the responsibility for its procrastinations, since the crisis began. But Sir John Simon's question about promptness is easily answered. The Assembly can meet as promptly as the Council allows, since every State Member of the League is represented at Geneva at this moment by a strong and responsible delegation attending the Disarmament Conference. Whether such a meeting would be convenient to members of the Council is another matter. The morning after Sir John Simon's statement in the House of Commons at Westminster, the Committee of Twelve at Geneva postponed the exercise of China's right, which "no one would think of taking away," by addressing to Japan the Note which we have mentioned above.

What is the motive behind this persistent policy of inactivity and whither is it leading us? Do Sir John Simon and his colleagues in the Cabinet calculate that, if only they can be clever enough to avoid coming to loggerheads with Japan for long enough, the crisis will settle itself by the Japanese Army triumphantly driving the Chinese Army off the field? If that is their calculation, they are making the mistake of their lives. To begin with, the immediate result of acquiescence in this new Japanese offensive may be the abandonment of Shanghai to the fate of Smyrna. But let us suppose that the Japanese do succeed in dislodging the Chinese forces from the ruins of Chapei without the rest of Shanghai being destroyed, what then? Is it calculated that the Chinese will then capitulate and—bowing to superior force—conveniently resign themselves forthwith to Japanese domination? In that event, what kind of standing do Europe and America expect to have in the Far East, when they have lost their face by betraying their impotence either to vindicate justice or to maintain law and order or even to look after their own material interests? And what, again, in that event, will be the outcome of the Disarmament Conference, where our success or failure in putting Japanese militarism under restraint will be taken by all of us as “the acid test” of the solubility or insolubility of the general problem of “Security”?

But, as a matter of hard fact, a sensational Japanese victory at Shanghai, followed by a convenient Chinese capitulation, is not really one of the contingencies that we have to reckon with. Of course, the Japanese are capable of dislodging the Chinese from the streets and lanes at Chapei and from the creeks and marshes of the hinterland if they are willing to pay the price; and, though the price is going to be very much heavier than they originally bargained for, we think it not unlikely that they will decide to pay it. But, when they have made themselves masters of Shanghai and Woosung, they will be no nearer than before to winding up the war to which they have so rashly committed themselves. They will still, as now, be faced by some kind of Chinese forces across some kind of military front; and they will have the same alternative, as now, between attempting to disperse those forces or re-embarking their own forces and leaving the Chinese to re-occupy the territory that Japanese arms will have conquered at such cost. This will-o'-the-wisp may lead the Japanese on, step by step, from Shanghai to Nanking, from Nanking to Hankow, and from Hankow to infinity. For it is three months' journey from Shanghai to the inland frontier of China; and where China ends a friendly Russia, vaster than China herself, begins in China's hinterland.

The moment has come now when the League and the Powers must take their courage in both hands and follow up the last Note from the Council, and the four-Power five-point Note that preceded it, by action. It is obvious that economic sanctions cannot be imposed on Japan without a risk of Japanese naval reprisals; but in all the great decisions of life, public or private, it is a balance of risks that has to be cast up. Are we going to shirk the risk of a lesser evil here and now at the price of exposing ourselves to the risk of a far greater evil in the not distant future? Inaction now means letting international relations—not only in the Far East but everywhere—run rapidly down a steep place into the abyss. It means the death-knell of disarmament; and that means that all the nations will re-arm to the teeth and will run to cover in military and naval alliances. And that means the driving of a wedge through the British Commonwealth of Nations, for, in face of a Japan left free to run amok, the smaller English-speaking countries in the Pacific will assuredly seek cover with their big brother, the United States, who has a Pacific seaboard of his own to defend, and therefore cannot disinterest himself, whatever happens, in this Japanese war in the Far East.

If the League of Nations is ever to be of use to humanity, if civilisation is ever to feel secure from aggression, the Powers must place their collective strength fearlessly behind the League to-day in vindication of their resolve that the world's peace cannot be broken by Japan, or any other aggressor, with impunity.

THE IMPORT DUTIES BILL.

FORESHADOWED, as it had been, in all essentials by Mr Chamberlain's statement on the Financial Resolution, the Import Duties Bill, with its 10 per cent. “revenue” basis, its Advisory Committee, and its promise of forthcoming “additional duties” and *tarifs de combat*—all founded on a system of Dominion and Colonial Preferences—contained little that was unexpected. In moving the Second Reading last Monday, the Financial Secretary to the Treasury was content briefly to rehearse its divers incompatible objectives—revenue, assistance to sterling, protection for home industry, access to markets by bargaining—in unadorned Gregorian plain-song à l'Ecossaise. This tribute to reason paid, he was free to play, with greater gusto, sergeant-major to the expectant and loyal troops: the Bill must become law “within the narrow limits of six Parliamentary days.” According to plan, after two days' Second Reading debate, the Ayes had it by 451 to 73 votes.

But not before the Secretary of State for Scotland, in a speech equally impressive for its moderation of phrase and for its lucidity of destructive argument, had stripped the Bill of such shreds and tatters of justification as still clung to it after the Home Secretary's onslaught on its principles a fortnight ago. In particular we would pay tribute to Sir Archibald Sinclair's effective exposure of the Bill's inconsistency. The proposals were, he said, a compromise, not between Free Trade and Protection, but between different schools of Protection. Aiming professedly at revenue, the Government would miss their aim the more they protected the home or helped the Dominion producer. Aiming at an Empire constituted as a self-contained economic unit, they were stultified by their own cry of “Britain First.” Aiming at greater freedom of trade by reciprocal arrangements, they would have their hands tied by pledges to the Dominions. In dissipating our energies over all these mutually contradictory objects, “time would be wasted, opportunities missed, and obstructive vested interests would be created.” The case could not be better put against a fiscal policy imposed in gross breach of the Prime Minister's election pledges and calculated to do the maximum of damage to the “national” interests in whose defence the Government was entrusted with five years of office likely to cost a disillusioned electorate dear. But the Secretary for Scotland, no less than other critics of our masters' fiscal insanity, for all immediate practical purposes wasted his breath. As Mr Chamberlain ingenuously, if only too accurately, observed on Tuesday, “This House is no longer interested in the old arguments for or against tariffs . . . we know very clearly and definitely what it is we want to do.”

Under these circumstances the conferment by Parliament of Letters Patent on our new British-model Paradise of Profiteers is a foregone conclusion; no radical alteration of the proposals is possible; and it now only remains to be seen whether anything can be done by the Opposition, not excluding the Liberal Free Trade group among the Government's supporters, to improve the Bill in minor detail during the Committee stage. Amendments, we hope, will be concentrated in the main on two points—(a) the schedule of goods exempt from the general *ad valorem* duty, and (b) the constitution and terms of reference of the Advisory Committee. There are a number of minor matters to which attention will doubtless be paid—notably the absence of provision for “drawback” in the case of the 10 per cent. duty and the utter inadequacy of the safeguards against damage to the re-export trade—but the two issues mentioned are fundamental.

From the schedule of exempted goods, which we print in full on page 401 of this issue, it will be gathered that the aim of the Government has apparently been to interfere as little as possible with the primary raw materials expected in view of Mr Chamberlain's original statement (indeed, it is to be inferred from Sir Herbert Samuel's interjection in the House on Monday that it was considerably enlarged at the last moment under pressure, presumably, of the manufacturing interests affected). Not

only are such staple raw materials as cotton, wool, flax, hemp, hides and most oilseeds to be admitted free of duty, but the exclusion from the tariff of newsprint and pitprops and the proviso in the Bill that goods imported for use in the building or repairing of ships are to be free of duty, may fairly be regarded as a tardy recognition on the part of our Protectionists that to debar the newspaper, coal and shipbuilding industries from access to the cheapest source of the raw materials which they require would be disastrous. But, if it be the Government's policy to refrain from increasing the cost of essential raw materials, it is difficult to see how they can logically oppose the extension of the free schedule to cover timber and non-ferrous metals, while the imposition of even a 10 per cent. duty on maize and other feed grains is a senseless burden to place on British stock-raising and poultry farming. We put forward these concessions as the minimum which the Government may reasonably be expected in the name of sanity to make. Even so, the general *ad valorem* duty (and this, be it remembered, represents a “protection” of over 50 per cent. in the case of imports from countries still on gold) will be imposed not only on the cruder forms of iron and steel imports, on whose cheapness the maintenance of our export trade in iron and steel products depends, but on a far-reaching range of “semis” for which our finishing trades cannot procure adequate substitutes in terms of quantity, quality or price from home sources of supply.

The second point of attack—the constitution of the Advisory Committee—is even more crucial, for though the damage that may be done by the 10 per cent. *ad valorem* duty is possibly limited, the potentialities for mischief involved in the sections of the Bill which provide for building up a high tariff super-structure on the so-called “revenue” basis are almost limitless. The Bill as drafted could hardly be more pernicious. There is to be an Import Duties Advisory Committee consisting of a chairman and not more than five or less than two other members. These gentlemen are to be appointed by the Government and are to hold office for a period of only three years. The general instruction to the Committee, which is to have power to summon witnesses or require the submission of such returns or other information as they need, is as follows:—

“(1) Where it appears to the Committee that an additional duty of customs ought to be charged in respect of goods of any class or description which are chargeable with the general *ad valorem* duty and which, in their opinion, are either articles of luxury or articles of a kind which are being produced or are likely within a reasonable time to be produced in the United Kingdom in quantities which are substantial in relation to United Kingdom consumption, the Committee may recommend to the Treasury that an additional duty ought to be charged on goods of that class or description at such rate as is specified in the recommendation.

“(2) In deciding what recommendation, if any, to make for the purposes of this section, the Committee shall have regard to the advisability in the national interest of restricting imports into the United Kingdom and the interests generally of the trade and industry in the United Kingdom, including those of trades and industries which are consumers of goods as well as those of trades and industries which are producers of goods.”

Any additional duty recommended by the Committee may be imposed by Treasury Order (subject to Parliament's right of veto within twenty-eight days) either *ad valorem* or by reference to weight, or any other measure of quantity, for any period or periods, whether continuous or not, and at different rates if desired for different periods or parts of periods.

This, forsooth, is how a “national” Government gives concrete shape to Mr Baldwin's famous pledge last July that if he secured a mandate for Protection, “tariff adjustment must be taken away from ordinary politics . . . (and) founded on full and impartial information.” Mr Baldwin's “permanent, non-political Tariff Commission,” which was to save the British legislature from becoming a “crooks' corner,” is to be a body removable at relatively

brief intervals of three years if it dissatisfies its political task-masters, who begin by commanding it to have permanent regard to “the advisability in the national interest of restricting imports”; its recommendations are to be published by the Treasury only “in such manner as they (i.e., the Government) think fit”; there is no provision to make public hearings of evidence compulsory; there is no assurance that the consuming interests will even be heard at all. Once this Act is passed, the Government will have *carte blanche* to set up a packed Committee of whole-hogging Protectionists and thus proceed to the rapid conversion of Great Britain into a high tariff country under shelter of the plea that they are acting only on the recommendations of a “non-political” body. If the issues were not so serious and fraught with such possibilities of serious ill to the welfare of this country, the farce would be one for Homeric laughter.

But the issues are, in sombre reality, far other than fit matters for cynical jest. Our readers are welcome to derive such grim amusement as they may from speculations how a committee composed uniquely of Plato's philosopher-kings would construe the words “ought to be charged,” in the absence of any guiding principles as to price, or as to the desirability or otherwise of fostering the uneconomic duplication of productive machinery within national territories. They may, God help them, proceed to ponder how long this Committee, if its functions as a “scientific” tariff-builder were judicially exercised, would take to decide the degree of protection, in conditions where the factors of price and demand must be exposed to a multiplicity of variable exchange and customs duty influences, would be necessary to ensure “substantial” production of any specific article in this country “within a reasonable time.” All this they may do; but with better reason they may share our fear that any Advisory Committee which Mr Chamberlain, with his definite knowledge of “what we want,” may appoint, will act, with the rapidity demanded by successive Government speakers during the Second Reading debates, as a jury under Lynch Law. And this being so, the only meagre hope we see lies in the ability of the Free Traders in Parliament to wring from the Government the concession that the trials shall be held and the verdict delivered *coram publico*. If the trade by which the people of this country has prospered and yet might prosper is to be strangled, whether it be to profit sectional interests or in besotted pursuit of economic nationalism, it is surely not too much to ask that the executioners should be compelled to go about their business openly, not in a fiscal Star Chamber, and that the victim's innocent dependents should at least hear the evidence on which the sentence is pronounced.

REFLATION IN THE UNITED STATES.

“THE United States has the resources and the resilience to make a large measure of recovery independent of the rest of the world.” Thus Mr Hoover exhorted Congress in his message on January 4. Since then the United States has made two big efforts to clear the ground for recovery by internal economic reforms, and their success or failure will test the truth of the President's statement, which echoes too exactly his previous outbursts of optimism, long since disproved, to be accepted without question. In his message Mr Hoover urged Congress to adopt with haste a series of financial measures, including the creation of a “reconstruction finance corporation” to furnish credits to banks which they could not otherwise obtain; the creation of a system of home loan discount banks; the revision of national banking laws; and a relaxation of the restrictions placed upon Federal Reserve rediscounting.

The grave financial difficulties which these efforts were intended to overcome arose from three main causes. The first, both in time and fundamental importance, was the depreciation of banking assets and collateral. Such depreciation as occurs during normal movements of the trade cycle does not seriously affect a sound banking system,

since little bank money is invested in speculative assets, and since loans on security are covered by ample margins. But when trade depression is so deep that margins generally run out and the safest securities heavily depreciate, the strain on the banking system is extreme. Sudden liquidation becomes necessary, and this reacts violently on public confidence. Some light on the pursuit of this process in the United States is thrown by the figures of loans and investments of member banks. Between January 21, 1931, and January 13, 1932, their loans on securities fell from \$7,425 million to \$5,660 million, and other loans from \$8,414 million to \$7,371 million, a total decline of \$2,808 millions in less than a year. Only \$492 millions of this contraction was balanced by purchase of investments. This process, moreover, is self-aggravating, not self-correcting, and the American banking system still carries a very heavy burden of frozen assets.

The second cause of the crisis has been the rapid withdrawal of foreign funds—resulting in an outflow of gold. Between September 19, 1931, and January 9, 1932, the Federal Reserve Banks lost \$500 millions of gold. The consequential loss of deposits, combined with other factors, forced the member banks to turn bills into the Federal Reserve Banks; between the same dates their deposits with the Federal Reserve Banks fell by \$382 millions to \$2,036 millions, while their bills rediscounted rose by \$555 millions to \$818 millions. With the great fall in the number of commercial bills available, the members banks' reserve of eligible bills was running patently short, and it was this rather than the size of the system's gold reserves that set a limit to the amount of foreign withdrawals possible, since the percentage of gold held against notes is closer to 70 per cent. than to the 40 per cent. legally required.

The third cause of the financial crisis has been the hoarding of currency. It is impossible to gauge it accurately, but on February 11, 1932, the Federal Reserve note circulation was \$2,662 millions, or \$1,181 millions greater than a year beforehand, and as prices and the volume of trade were actually declining the increase of circulation may be taken as an indication of the extent of the hoarding, though some allowance must be made for the results of the loss of all banking facilities in some towns and, possibly, for a certain accumulation of American notes abroad.

That was the situation with which Congress was asked to deal. Already, in October, the National Credit Corporation had been formed by the bankers, on the initiative of President Hoover, with \$500 millions of available funds, to rediscount banking assets not eligible for rediscount at the Federal Reserve Banks. The functions of this institution have been taken over by the Reconstruction Finance Corporation, which was the first fruits of Congressional effort after Christmas. The Corporation, which has General Dawes as President, and Mr Eugene Meyer, Governor of the Federal Reserve Board, as Chairman, has a capital of \$500 millions subscribed by the Federal Treasury, and a further \$1,500 millions may be raised as needed by the sale of Government guaranteed bonds. The Corporation is authorised to lend to banks of all kinds, loan associations, credit corporations and insurance companies, and to aid in the temporary financing of railroads which are unable to obtain funds "upon reasonable terms through banking channels or the general public," the approval of the Interstate Commerce Commission being required. Loans may be made to banks closed or in process of liquidation, to a total amount of \$200 millions, and the Secretary of Agriculture is allotted \$50 millions for loans to farmers for crop production purposes.

But the Reconstruction Corporation could not by itself cure the evils from which the American banking system was suffering. It could relieve the strain a little by taking over a certain proportion of frozen assets, but it could not remedy the difficulties of the commercial banks *vis-à-vis* the Federal Reserve, which were threatening to choke the currency and gold system. It has been esti-

mated* that the surplus of gold in the United States over legal requirements is sufficient to provide for either (a) a loss of approximately \$1,400 millions through export, or (b) an increase of \$3,500 millions in domestic currency requirements. Even if the Federal Reserve Banks were to lose \$1,000 millions of gold they could still provide \$1,000 millions additional currency. But a check to these possibilities was imposed, under existing circumstances, by the lack of paper eligible for rediscount and by the restrictions upon the borrowing powers of member banks. The Bill, associated with the name of Senator Carter Glass, that apostle of banking orthodoxy, which was passed by the House of Representatives last Monday, and is before the Senate as we write, is designed to diminish the force of that check. The Bill authorises any Federal Reserve Bank to make advances to a member bank which secures the endorsement of four or more other members for its obligation, or to an individual member bank upon collateral security not now eligible for rediscount, but which shall be satisfactory to the Federal Reserve Banks under limitations to be prescribed by the Federal Reserve Board; such advances, which will not be eligible as collateral for Federal Reserve notes, will be made at rates at least 1 per cent. higher than the prevailing rate of discount of the Federal Reserve Bank. Another section of the Bill provides that for a period of one year after the date of its passage the Federal Reserve Board may authorise Federal Reserve Banks to pledge as collateral for Federal Reserve notes United States Government securities, in addition to gold and bills at present eligible.

The promotion of this measure, which has every chance of rapid passage, was approved by leading bankers and acclaimed as a powerful bull point by the stock market. The sudden flare-up of optimism on Wall Street and its sequel are discussed in an Investment Note on page 423. As for the wider economic consequences of the Bill, its possible effects have undoubtedly been exaggerated in some quarters. It is, from the European point of view, a very conservative measure. Permission to advance "Lombard loans" and to use government securities as collateral for the note issue would not be regarded as unorthodox in London. But they are unorthodox to the stricter American banking authorities, and the tendency counts for something; once having sniffed the incense of heresy the American banking system may conceivably be tempted to further apostasy.

It cannot, however, be said that the present measure itself makes inflation probable. Its purpose has been aptly described as "reflation," to prevent further deflation under the compulsion of banking stringency, and to undo some of the present extreme deflation. Its success even in doing so much depends on conditions of public confidence at home and abroad. If it is regarded in Europe as involving a threat of inflation and the consequent depreciation of the dollar, it may only serve, like the increase of the fiduciary circulation and the raising of foreign credits for London last summer, to put off the evil day and to liberate more gold for circulation elsewhere. That result would renew internal distrust, and the American banking system, though technically better off, would be in as bad a condition fundamentally as ever. Moreover, reflation would thus be rendered impossible. If, on the other hand, internal confidence is enhanced by these reforms, and money begins to come back from hoards, the Bill will have rendered itself unnecessary, remedy would automatically disappear and the brake deflationary tendencies. As a short-run expedient, therefore, the value of the Bill depends almost entirely on its effect is much clearer and more certainly advantageous. It will remove some of the dangerous rigidities in the American banking structure, and may prove, by relaxing the conditions governing reserves against currency, to be an important step towards the redistribution of gold which must take place before the international gold standard can be generally restored.

* National City Bank Bulletin, February, 1932.

THE BALANCE OF PAYMENTS.

THE balance of our international payments has become the tool of politicians and the excuse for a revolution in our fiscal policy. All the greater interest and importance, therefore, attach to the estimates of our overseas account just published by the Board of Trade, and with all the greater care must they be scrutinised. The *Economist*, foreseeing the present lines of controversy, has repeatedly urged in the past that the various "invisible" items should be more accurately and more methodically measured, and a similar demand has been reiterated by the Balfour Committee on Industry and Trade, and more recently by the Macmillan Commission. Some of the Board of Trade's figures have, indeed, now been revised, partly in the light of the *Economist's* investigations. In the following table the earlier estimates of certain items, published by the Board of Trade a year ago, are shown in italics:—

ESTIMATE OF THE BALANCE OF PAYMENTS OF THE UNITED KINGDOM 1929-31.			
Particulars.	1929.	1930.	1931.
Excess of imports of merchandise and silver bullion and specie	381	386 (387)	411
Estimated excess of Government receipts from overseas*	24	19 (21)	16
Estimated net national shipping income†	130	105	80
Estimated net income from overseas investments	250 (270)	220 (235)	165
Estimated net receipts from short interest and commissions	65	55	30
Estimated net receipts from other sources	15	15	10
Total	484 (504)	414 (431)	301
Estimated total credit or debit balance in items specified above	+ 103 (+ 123)	+ 28 (+ 44)	- 110
Excess of exports (+) or imports (-) of gold bullion and specie	+ 15	- 5	+ 35
* Including some items on loan accounts. † Including disbursements by foreign ships in British ports.			

Items involving the lending or repayment of capital have been excluded from the above table. The merchandise balance has already been commented upon in these columns*; the increase of £25 millions, as compared with 1930, in the excess of imports over exports is due to the fact that, while prices of both imported and exported goods fell, the quantity of imports was maintained, while that of exports was largely decreased. The balance of Government receipts from overseas has been slightly diminished; the Hoover Moratorium had some effect in this direction during the latter half of the year.

The Board of Trade next estimates that the national shipping income (after allowing for disbursements in foreign ports) declined in the year from £105 millions to £80 millions; this reduction is based on a decline of 20 per cent. recorded in the Chamber of Shipping index of time charter rates, on a decline of passenger traffic and fares, and on a substantial falling-off in the volume of British tonnage in commission, although whole-cargo freight rates, as calculated by the *Economist*, actually rose slightly. The Board of Trade suggest that the actual reduction may have been less than £25 millions. Indeed, in every case the figures seem to have been put at the most "unfavourable" level possible.

Perhaps the most interesting and controversial item of all is the estimated net income from overseas investments. It is worth noting that well over a year ago the *Economist* suggested† that the estimate of £285 millions originally put forward under this head for 1928 and 1929 was too high by something of the order of £30 millions, and that, as a result of our investigations and those of Sir Robert Kindersley, the Board of Trade has now reduced the figure

* See *Economist*, January 16, 1932.
† See *Economist*, November 1, 1930.

for 1929, and for previous years back to 1926, to £250 millions. This estimate, which is used as the base for later calculations, may now be accepted with far less doubt than hitherto. The Board of Trade estimates a drop of £85 millions between 1929 and 1931, which corresponds to the upper limit of our own estimate* and compares with Sir Robert Kindersley's calculation of "something like £70 millions." The Board of Trade assumes that since 1931 there was little change in the yield from Government and municipal bonds (£63 millions), while other fixed-interest (about £40 millions) dropped by 10 per cent.; this would mean that the variable income declined in the year from £117 millions to £66 millions, that is, by over 40 per cent.—a very large figure, but one with which it is difficult to quarrel in view of the enormous reductions in profits and dividends that have accompanied the fall in prices. The figure for income from short interest and commissions has also been gravely reduced; in the absence of detailed information we would not offer any criticism of the estimate except to point out that £7 millions of the £25 millions drop is accounted for by defaults on acceptance credits and cash advances, which are capital losses and ought not to enter into a table of current items, whatever may be the accounting practice of the financial houses concerned. We would, however, again question the final item—"net receipts from other sources"—which Mr H. W. Macrosty, late of the Board of Trade, has described as "a purely conventional entry." This is a strange hotchpotch, including, among other things, the proceeds of sale of old ships, emigrants' remittances, tourists' expenditure, film royalties, and expenditure by foreign Governments on their diplomatic and consular services in this country. The Board of Trade points out that there was a considerable increase in 1931 in the number of emigrants returning to this country, and a very large reduction in the number of emigrants, and this should have enlarged the surplus balance under this head. Moreover, we doubt the statement that whereas the expenditure of tourists in the United Kingdom was much less in 1931 than in previous years, the expenditure of British tourists abroad is not likely to have been affected to nearly the same extent. It is true that the suspension of the gold standard, which made foreign travel very expensive while attracting visitors here, did not occur until after the holiday season, but the travel agencies and hotels abroad were complaining of the shortage of British custom long before that. There can be little doubt that on account of tourist expenditure Great Britain has a large debit balance to meet, so that any general reduction of travel, even without any peculiar financial inducement to spend in Great Britain, diminishes the deficit. We should have been inclined, therefore, to have raised rather than lowered the final item.

The result of the Board of Trade's calculations is to show an outward balance of £110 millions, or £108 millions after deducting the capital loss unfortunately included with short-term interest. We should be inclined to reduce this figure by another £10 millions at least for the reasons mentioned, but, in round figures, it may be the case that on current account we last year incurred an international deficit of the order of £100 millions. At the same time we subscribed perhaps £40 millions to new issues for overseas, while on the other hand part of the deficit was balanced by the export of £35 millions of gold. The figures for the whole year, seriously as some may regard them, pale into relative insignificance against the withdrawals of foreign capital, estimated at £200 millions, in barely two months; and in any case there is no reason to fear that, taking capital movements into account, we will have to face as serious a position this year.

The debit balance established by the Board of Trade will undoubtedly be used in fiscal polemics, and we would therefore add one brief comment. Between 1929 and 1930 the excess of merchandise imports over exports increased by £30 millions, while in the same period our income from shipping, from overseas investments, and from our financial participation in world trade, declined

* See *Economist*, December 12, 1931.

by £170 millions. There can thus be only one answer to the question, Which is it more urgent to remedy, our own adverse commodity balance or the strangulation of world trade, which impoverishes our creditors, ruins our enterprises abroad, and decimates the profits of our great shipping and financial enterprises?

THE RICE SITUATION.

(BY A CORRESPONDENT.)

WHILE the repercussions of the slump in wheat prices are generally appreciated, little attention has been directed to the serious effects of the crisis that has developed in the great rice-exporting lands since the opening of the 1930-31 season. Only the news of the unrest in Burma has brought a somewhat faint echo of the difficult situation. Yet with the coming on the market of the crop now approaching completion in the principal producing countries a critical stage is being reached.

The comparative neglect to consider the effects of the fall in rice prices is no doubt due largely to the fact that, though rice is the staple food of probably at least one-third of mankind, it enters directly into Western commerce only to a relatively small extent: the imports into the four important Western importing countries, Germany, France, the Netherlands and Great Britain, in the five years 1926-30 amounted in all to less than 12 per cent. of the total amount of rice entering into international trade. Indirectly, however, the slump in rice has inevitably a serious effect on trade with the principal Asiatic countries, not only on that with the three great exporting lands, Burma, Indo-China and Siam, but on that with monsoon Asia as a whole. In every country in that vast area rice is the staple crop, depression in whose price means a lower purchasing-power for a very large section of the population, especially if at the same time prices for the great plantation products are greatly depressed and there is little demand for hired labour. The place of rice in the trade balances of the three great exporters is shown by the statistics of the last five years to have been 57 per cent. of the value of the total exports in the case of Burma, 66 per cent. in that of Indo-China and 69 per cent. in that of Siam. The fall in the total value of imports into Burma in 1930-31 was 23 per cent. and in that of imports into Indo-China in 1930 no less than 30 per cent.; with the more marked fall in value of rice exports in the last trade year, the latest trade returns seem likely to indicate a still more serious decline in the import trade.

Though prices had shown a downward tendency since 1926, the slump in rice came some months later than that in wheat, and a sharp decline did not occur until September, 1930. The trend of world production is indicated by the following statistics of the International Institute of Agriculture:—

	Million quintals, rough rice.
1909-14	778
1925-26	857
1926-27	853
1927-28	846
1928-29	876
1929-30	859
1925-30	858

Production in the five years ending 1929-30 was thus 10 per cent. greater than that in the pre-war quinquennium. The corresponding increase in world wheat production was 14 per cent. In the case of both commodities, the chief country excluded is China, for which no reliable statistics are available. The increase in production of rice has thus been comparatively moderate.

Rice is a native crop, and the conditions of its production have changed little. While wheat-growing has been revolutionised by the combine and the tractor and by the introduction of new varieties, rice-growing is still carried on in small holdings by primitive methods, and the area under improved varieties remains insignificant. The increase in production does not seem

excessive in relation to the probable increase in population in the rice-eating countries in the same period, while, with the possible exception of urban areas in the vicinity of the great ports, the conservatism of the great mass of the population in Oriental lands as regards the staples of its diet ensures that even the very low wheat prices do not result in any great substitution of wheat flour for rice. Decline in purchasing power seems, then, to be the cause of the general depression in rice.

One of the most important causes of reduced purchasing-power has been the fall in value of silver, the currency basis of probably the greatest rice-consuming country, China, and the main store of value of its only rival in this respect, India. The three great rice-exporters, Burma, Indo-China and Siam, have been severely affected by this monetary factor, though Burma, which had already been competing to an unprecedented degree in the Chinese market, now derives an advantage from the depreciation in sterling. Siam, whose currency remained at a higher level than those of its competitors even previously, has especially suffered from the effects of the depreciation of silver. In China, normal trade conditions have, of course, been further disturbed by the prolonged internal upheaval and interruption of the channels of trade by military operations and banditry. Owing to these conditions it remains doubtful whether the great floods in the Yang-tse Valley in 1931, affecting the principal rice-growing region of Central China, will have what would in normal circumstances be their effect in causing a great additional demand for imported rice.

A more widespread cause of the relative backwardness of demand has been the intensification of the crisis affecting the great export staples of the rice-importing lands. In Malaya, for instance, the depression in rubber, which has caused the return of thousands of rice-eating labourers to India and has made it difficult for native and Chinese rubber growers to maintain their incomes, has, no doubt, depressed rice consumption below the level it would otherwise have reached. A similar situation prevails in other important rice-importing countries such as the Netherlands East Indies, Ceylon, the Philippines and Cuba.

Lastly, the position of the great exporting countries has been rendered more difficult by the fact that the growth in production has taken place very largely in countries that formerly relied more largely on imports. Japan is an important example. Faced with a rapidly growing population in the metropolitan islands, the Government has not only encouraged such further development of rice production as was there possible, but still more the production in Korea and Formosa, with the result that the country is now, in good years, independent of foreign rice. Japan has, in fact, placed an embargo on imports—in practice affecting Burma and Indo-China particularly—and has dumped some of its surplus stocks in China and elsewhere. A similar reversal of the trade position has occurred in Brazil and Egypt. Meanwhile, too, the Governments of British Malaya, Ceylon and the Netherlands East Indies are encouraging the extension of rice-growing with a view to greater self-sufficiency.

The prospects of the 1931-32 crop now harvested or being harvested in the main producing and exporting countries are more promising from the commercial point of view. Deficiency in the rains has considerably reduced yields in Burma and very much so in Siam, and is expected to have had a similar effect in Indo-China. The export surplus in Burma is estimated at 5,853 million pounds of milled rice, against 7,063 millions last year, while the corresponding figures for Siam are 2,200 million and 4,300 million pounds. Low yields, however, while easing the commercial position, do not improve the immediate position of the cultivator. Any gain he gets in higher prices is neutralised by smaller production, so that his purchasing-power remains at the same low level. The reduction in yields and that in area which has also occurred do not mark a return to normalcy, but only a somewhat drastic means to that end. The situation in the chief importing countries at the end of the 1931-32 season remains doubtful.

As regards the proposal to "safeguard" Empire rice by imposing a tariff on foreign grades imported into the

United Kingdom, the following statistics are interesting. The average annual exports of whole rice not in the husk from British India in 1925-26/1929-30 were 10,126,000 tons (of which 180,000, or 1.8 per cent., were exported to the United Kingdom), while the average imports of such rice into the United Kingdom in 1926-30 from all countries were 353,000 tons, or only 3.5 per cent. of the total export from British India. Thus, even if the United Kingdom took all its rice imports from British India, ignoring questions of taste for certain varieties, the effect in alleviating Burma's difficulties would be negligible.

THE DIRECTION OF OVERSEAS TRADE.

THE usual statistics published with the January Trade and Navigation Returns of British imports and exports by countries of origin and destination are necessarily an analytical gloss upon a melancholy story. Total imports, which amounted to £862,174,709, were, roughly, 17½ per cent. lower than in 1930. Imports from European foreign countries fell about 11½ per cent.; imports from foreign countries outside Europe were down by 18½ per cent. and Empire imports were down by 18½ per cent. Exports of British produce, at £889,163,817, were nearly 30 per cent. down, but whereas exports to Europe were 28 per cent. lower, those to non-European foreign countries and British countries respectively fell by 39½ and 31 per cent. The differences in these relative declines of imports must, of course, be considered in the light of the fact that the prices of the goods we import from the countries of the New World have fallen far more than the prices of the manufactured goods which form the bulk of our imports from Europe; but as our exports to all countries consist mainly of manufactures, the fact that the European percentage has fallen least may be taken as some evidence of the greater stability, so far, of our European markets.

The first table shows imports from and exports to European countries (excluding the Irish Free State). Though we have included, as usual, the dependencies of European countries with the parent country, this does not alter the trend of the figures:—

TRADE WITH EUROPEAN COUNTRIES.
(000's omitted.)

	Imports from				British Exports to			
	1913.	1929.	1930.	1931.	1913.	1929.	1930.	1931.
Russia	£ 40,271	£ 26,487	£ 34,235	£ 32,179	£ 18,103	£ 3,743	£ 6,772	£ 7,121
Finland	14,945	12,634	11,627	11,627	3,363	2,415	1,602	1,602
Batavia	2,497	1,992	1,912	1,912	464	388	293	293
Latvia	5,467	4,747	2,937	2,937	1,496	1,152	591	591
Sweden	14,213	25,709	22,581	17,347	8,220	10,548	10,068	7,744
Norway	7,437	14,149	11,967	8,646	6,147	9,858	12,931	7,559
Denmark	24,053	56,211	54,133	46,713	6,061	10,678	10,268	8,638
Poland	6,908	7,949	8,613	8,613	4,504	5,564	2,001	2,001
Germany	30,998	68,818	65,490	64,150	41,307	36,967	26,809	18,413
Netherlands*	27,913	60,302	52,473	45,349	22,794	31,858	25,651	17,309
Belgium*	23,426	44,297	38,257	33,441	13,528	20,163	15,603	10,464
France*	49,498	65,474	54,746	44,231	32,396	38,734	35,728	26,843
Switzerland	11,070	13,741	12,640	11,365	4,212	6,424	5,187	4,143
Portugal*	3,895	5,429	4,620	4,066	6,055	8,145	7,481	5,639
Spain*	15,976	22,063	19,491	16,940	9,728	13,825	10,810	6,542
Italy*	8,131	16,877	15,089	15,188	14,640	16,123	13,517	9,916
Austria	7,706	2,782	3,390	2,730	4,481	2,521	2,940	1,318
Hungary	7,706	720	1,000	1,555	1,059	1,731	1,337	1,337
Czechoslovakia	6,676	6,403	6,611	6,611	2,537	3,749	3,185	3,185
Greece and Crete	2,202	2,742	2,197	2,175	1,947	2,317	1,947	1,333
Romania	2,037	2,965	4,726	3,410	2,414	2,196	1,572	1,429
Turkey in Europe	1,165	803	657	477	477	477	477	477
Other European countries	74	2,354	2,443	2,892	568	3,467	2,705	2,239
Total	320,065	466,386	433,860	384,554	195,138	235,501	203,225	146,153

* Including dependencies.

Increases have taken place, as compared with 1930, in our imports from Poland, Hungary, Italy and Czechoslovakia, and those from several other countries, notably Germany, have fallen very little. On the other hand, our imports from the Scandinavian countries, Latvia, Holland, France and Spain declined very sharply in 1931. In exports the only increase was in sales to Russia. Decreases were particularly heavy in exports to Norway, Germany, Holland, France, Belgium, Spain and Italy.

Imports and exports to foreign non-European countries, shown below, declined with particular severity:—

TRADE WITH FOREIGN COUNTRIES OUTSIDE EUROPE.
(000's omitted.)

	Imports from				British Exports to			
	1913.	1929.	1930.	1931.	1913.	1929.	1930.	1931.
Turkey in Asia	£ 4,251	£ 1,442	£ 1,212	£ 1,010	£ 5,291	£ 628	£ 296	£ 284
Egypt	21,395	23,583	13,909	10,857	9,805	12,576	9,808	6,650
Iraq	1,676	1,131	715	715	2,426	1,692	1,242	1,242
Persia	430	9,148	8,776	5,787	725	2,261	2,695	727
China	4,672	12,157	9,889	7,751	14,848	14,029	8,574	7,859
Japan	4,389	9,133	7,821	7,109	14,783	13,630	8,374	6,225
United States*	143,854	198,176	155,472	105,765	30,478	46,803	29,581	17,680
Cuba	3,675	7,934	6,874	4,289	2,214	2,027	1,283	656
Mexico	1,880	2,690	2,886	2,399	2,333	2,538	2,433	943
Colombia	1,089	2,106	1,397	767	1,693	3,241	1,553	1,352
Peru	1,378	6,462	4,494	3,513	1,488	2,007	1,443	664
Chile	5,359	10,615	7,272	4,737	6,010	9,196	5,963	1,932
Brazil	10,008	7,293	8,111	5,715	12,465	13,383	7,970	4,062
Uruguay	2,749	5,651	7,387	5,223	2,916	3,723	3,578	1,985
Argentina	42,485	82,447	56,665	52,764	22,641	29,074	25,234	14,789
Other foreign countries (non-European)	9,540	15,024	12,788	11,556	7,215	11,854	8,711	5,351
Total	257,154	395,537	306,086	229,956	341,800	169,396	119,188	72,401

* Including dependencies.

Imports from Japan and Argentina fell less than the average for this group; those from the United States, Chile and Brazil, on the other hand, showed especially sharp declines. On the export side, the decrease was least marked, among the more important countries, in exports to China and Japan; the figures for Persia, Cuba, Mexico, Peru, Chile, Brazil, Uruguay and the United States are all deplorable.

The next table shows trade with British countries:—

TRADE WITH BRITISH COUNTRIES.
(000's omitted.)

	Imports from				Exports to			
	1913.	1929.	1930.	1931.	1913.	1929.	1930.	1931.
Irish Free State	£ 5,174	£ 45,087	£ 42,955	£ 36,653	£ 36,078	£ 34,497	£ 30,414	£ 30,414
West Africa	12,495	24,309	20,242	13,129	22,185	20,462	17,867	17,867
South Africa	56,218	77,995	64,527	48,738	74,458	84,147	56,943	35,007
India and Ceylon	15,880	14,173	9,127	5,396	5,836	12,272	7,464	4,811
Straits Settlements	38,065	55,685	46,497	45,849	34,470	54,375	31,754	14,628
Australia and Papua	20,338	47,727	44,899	37,532	10,838	27,393	17,867	11,196
New Zealand	30,488	46,410	38,146	32,816	24,795	35,008	29,138	20,560
Canada	2,116	5,327	5,134	4,397	2,339	5,043	4,890	4,000
Other possessions	10,742	30,743	24,344	17,956	13,785	31,283	28,600	21,801
Total	191,516	358,842	304,030	247,663	195,307	324,451	248,345	170,607

Imports from Australia were almost maintained at the 1930 level, and those from the Irish Free State, New Zealand and Canada diminished slightly less than the average for this group. The greatest percentage reduction of importance was in imports from India and Ceylon. On the export side, India and Australia show the most striking falls.

Re-exports of imported goods show an all-round reduction:—

RE-EXPORTS.
(000's omitted.)

	1913.	1925.	1926.	1927.	1928.	1929.	1930.	1931.
Russia	£ 9,591	£ 13,017	£ 8,543	£ 6,781	£ 2,085	£ 2,799	£ 2,519	£ 1,923
Sweden	1,014	1,739	1,289	1,029	1,239	1,156	868	721
Denmark	590	1,227	884	767	782	830	742	556
Germany	19,823	27,263	20,922	27,538	26,392	23,255	17,308	13,609
Netherlands*	5,160	7,009	4,755	4,972	5,017	5,361	4,306	3,159
Belgium*	7,436	10,300	8,131	8,807	10,382	9,241	6,575	4,583
France*	12,072	23,584	20,429	18,675	18,776	17,708	14,724	9,616
Italy*	1,012	2,874	2,427	1,967	2,247	2,121	1,583	912
United States*	30,222	31,159	25,865	21,463	22,096	16,489	11,249	8,031
Other foreign countries	9,040	9,565	9,027	8,630	8,614	8,220	7,104	4,996
Irish Free State	10,963	10,417	9,366	9,641	10,220	9,798	8,575	8,575
South Africa	1,861	1,651	1,641	1,531	1,604	1,574	1,239	1,074
India and Ceylon	1,528	1,342	1,631	1,526	1,405	1,362	1,445	919
Australia	3,359	3,857	2,433	2,566	2,286	2,110	1,393	628
New Zealand	952	1,111	784	792	763	793	762	535
Canada	3,512	3,131	2,367	2,110	2,563	2,503	2,108	1,603
Other British countries	2,403	4,245	4,410	4,153	4,517	4,500	3,735	2,775
Total	109,575	154,037	125,495	122,953	120,283	109,702	86,835	64,035

* Including dependencies.

During the past year the decline has been fairly evenly spread over most of our re-export markets, but if the 1931 figures are compared with those of, say, 1928, it will be found that our greatest relative loss of markets has been in Belgium, Italy, the United States and Australia, while re-export trade with Russia, the Irish Free State and South Africa has been much better maintained.

In view of the reorientation of our foreign trade which is apparently being attempted by means of the British preferences under the new tariff, it is instructive to notice the proportions in which British imports and exports have been divided between British and foreign countries during the past three years:—

PERCENTAGE OF BRITISH TRADE WITH BRITISH, EUROPEAN AND OTHER FOREIGN COUNTRIES.

	Imports.			British Exports.		
	1929.	1930.	1931.	1929.	1930.	1931.
European foreign countries	38.2	41.5	44.6	32.3	35.6	37.6
Other foreign countries.....	32.4	29.4	26.6	23.2	21.0	18.6
British countries	29.4	29.1	28.8	44.5	43.4	43.8

That is to say, while we have been allowed to buy in the markets in which it paid us to buy, very much less than one-third of our imports have come from within the Empire and less than half our exports have gone to Empire countries. At a time like this, with the stream of foreign trade so low and its flow daily more impeded, any attempted deflection of the major part of the current may well bring us many stages nearer to complete stagnation.

NEWSPAPER FIRE INSURANCE.

(BY A CORRESPONDENT.)

If there is one thing that an insurance manager likes less than another it is paying claims which should fall in whole or in part on another company. To his own policy holder he wants to be not only fair but generous. But when it comes to a rival company or to a rival underwriter who has issued, independently of himself, a policy that might be called in to bear part of the burden, then the insurance manager, being as human as the rest of us, likes to get his pound of flesh. From this very natural desire there has sprung the obtruse and complicated science of "contribution," which deals with the principles and practice of making different policies contribute in due proportion to the same claim. Its professors and experts are the firms of fire assessors who apportion the loss among the interests involved, and it is extraordinarily short of legal authority and binding judgments, but it starts from what is known as the "contribution clause," the essence of which is the following:—

If at the time of the event giving rise to a claim on this policy there is subsisting on the insured property any other insurance covering the risks covered by this policy, then this policy shall be called upon to pay only its rateable proportion of the loss.

This looks simple enough, but strange results sometimes arise even out of such a straightforward contribution clause as this; and there are cases in which nothing but goodwill and common sense on the part of the insurance companies can prevent the policy holder from suffering unfairly. A man, for example, may insure his personal effects against all risks with one company and his car with another. Both policies contain the contribution clause and the policy on the car provides for a no claim bonus to which the holder is entitled if it goes clean for twelve months. A rug worth, perhaps, £20 and specifically covered by the policy on personal effects is stolen from the car and it is then discovered that the car policy, in addition to insuring the car itself, covers rugs up to £5. By the wording of the policies both must contribute to the loss, but the effect of this is that the policy holder loses the no claim bonus on his car and so because the insurers of the car threw in an additional benefit that he did not want he himself contributes £4 or £5 towards a loss against which he had carefully and specifically insured.

This kind of impasse is bound to arise in contracts which define, as these policies do, the liability of one

party by reference to the liability of some other person who is a party to an entirely different contract; and the only thing that prevents trouble in practice is the very proper and healthy feeling of insurance managers that the public ought not to suffer through differences of opinion between two or more insurers. But there are situations in which this feeling does not function as well as it might, and such a situation has arisen in the sudden outburst of rivalry among the insuring newspapers, which for six weeks have been tumbling over themselves to offer free fire insurance to their registered readers. This development is not favourably regarded by those whose living is derived from charging the public a premium for their fire cover and there has been a good deal of talk about the danger of the newspaper scheme and the position in which policy holders who are also registered readers will be put if their furniture is burnt and their company applies the contribution clause to the loss. A certain amount of nonsense has been printed on this subject and one paper has gone so far as to tell its readers that when they take out an all-in or comprehensive policy on their furniture they give a warranty that the full value is insured so that the policy would actually be invalidated by a newspaper fire insurance. That is rubbish. If any householder were fool enough to give a warranty that he is insuring the full value of his contents he would deserve any trouble that he got; but householders do not give this warranty and, even if they did, the existence of another insurance would not *per se* break it. As there are presumably some four or five million registered readers who are now covered against fire by the newspapers, it may be worth while to set out what their position is.

In drawing up their scheme of fire insurance the newspapers have adopted what is known as a non-contribution clause, the wording of which is as follows:—

In the event of there being in force at the time of such loss or damage or claim any other insurance by which the reader is protected against such loss or damage or claim this insurance shall not be effective except for the excess over the face value mentioned in such other insurance or insurances.

The effect of this clause (which is an adaptation of a clause appearing in certain householders' comprehensive and commercial fire policies) is that the reader cannot claim for fire on his newspaper insurance until the full amount of any other fire insurances has been paid up. The newspaper insurance is an excess, not a contributing one, and cannot be brought into the relief of any other insurance. How is the registered reader affected by an insurance on these terms? He is affected as follows:—

(1) If he has no other fire insurance on the contents of his house he is (subject to the other terms and conditions of the scheme) fully protected by the newspaper policy up to the amount stated therein. He must, of course, satisfy the insurers that the conditions have been complied with; but so long as those conditions are satisfied he has a perfectly good claim for fire loss that he may suffer.

(2) He may have another fire policy on the contents of his house and this policy may be not subject to average. In this case he must claim on that other policy up to its full face value and only when that value has been paid out can he make a claim on the newspaper insurance. Unless the other insurers have inserted in their policy a clause banning any excess insurances, they cannot call the newspaper insurance into contribution and will have to pay claims exactly as they would have paid them before the newspaper insurance started.

(3) He may have another fire policy which is subject to average and as most householders are now covered by all-in or comprehensive policies, which contain the average clause, this is the situation in which most middle-class folk will find themselves. In this case the newspaper insurance is of very little use; for, owing to the average clause, they cannot claim the full amount of the policy except for a total loss, and in English middle-class homes total losses from fire scarcely ever occur. It would in fact be the height of folly for any one who is insured under a comprehensive policy to reduce the amount of his insurance on the strength of being a registered reader.

(4) He may have no other insurance but be a registered reader of more than one paper. Here there is definitely an

impasse, for neither of his two papers can be called on to pay until the other has first discharged its full liability. If the newspapers like to take as their watchword the old cry: *Que messieurs les assassins commencent*, they can apparently cancel each other out. But it seems unlikely that the newspaper insurers will be silly enough to adopt this attitude. They must, of course, see to it that the same claim is not paid twice over, once under Scheme A and the second time under Scheme B, but they are presumably shrewd enough not to "blow on" their whole insurance scheme by reducing it to a farce through jealousies. A similar point arises in connection with certain comprehensive policies which have an excess contribution clause, and a deadlock might be reached in the case of a reader insured by such a policy; but it is very unlikely that any underwriter will be rash enough to try to bring the newspaper scheme into contribution.

The conclusion of the matter seems to be that if sensibly worked the fire cover given by the newspaper schemes is, within its own limits, sound, but that a middle-class householder would be ill-advised to reduce his existing insurance because of the cover he gets as a registered reader. On the other hand, the companies would not be wise to attempt to kill the scheme by straining their contribution clause or by forcing new and more drastic contribution clauses on to the holders of their own policies.

Notes of the Week.

The Bank Rate Reduction.—The decision of the Bank of England authorities to reduce their discount rate from 6 to 5 per cent. is in every way welcome. It marks an appreciable lightening of the cost of obtaining credit; for, despite protestations to the contrary, a high Bank rate can be a heavy burden upon industry and commerce. Furthermore, it is a definite indication from those in authority that the danger and strain that dated from the suspension of the gold standard have now been alleviated, and that sterling—buttressed by a scrupulously balanced Budget—is now able to hold its own, through its own merits. This indication is the more striking because of the decision of the Bank to reduce the rate by a full point instead of by the customary half-point at a time. We hope, however, that the decision means more than this. Recent features of the monetary situation in this country have been not only the stability of prices and of the dollar sterling exchange, but a marked shrinkage in the volume of bank deposits. So far from there being the slightest sign of incipient inflation, psychological depression and lack of initiative in industrial and business circles, heightened by the recent increase of a quarter of a million in unemployment, suggested strongly that restrictive control of credit was being too rigidly exercised. With whatever justification, fears were arising that, in the minds of the authorities, considerations more relevant to the gold standard regime than to our present position were tending to outweigh the essential desirability of encouraging the revival in this country of productive activity. We hope that the Bank's decision last Thursday means a definite departure from "gold mentality" and may be taken as evidence that fears of continued irrational deflation no longer possess any basis. We are not among those who would be dismayed by a moderate rise in sterling prices, and, indeed, as we pointed out last week, "reflation" to a moderate degree is the only solution to many of our problems. We trust, therefore, that this week's Bank rate reduction is the initial stage in an ordered plan designed to ensure, with all due regard to our economic stability, that the trade of Britain and the many countries intimately connected with our commerce is not allowed to languish, or the present unbalanced relation of costs, prices and fixed charges allowed to persist, through lack of realism and boldness in our monetary policy.

The Lausanne Conference.—*Parturiunt montes*—it is a tribute to the influence which the wish can exercise over the thought that the not particularly impressive mouse born last week of the travail of the Chancelleries should

have been greeted with such a remarkable chorus of approval and satisfaction. "A very good beginning," declares Sir John Simon; "A triumph for M. Laval's diplomacy," exclaims the Paris Press; even in Berlin the agreement is hailed as at least a partial realisation of German aims.

"The Governments of Belgium, France, Germany, Italy, Japan, and the United Kingdom, after having taken note of the Basle experts' report, are agreed to recommend to the other Governments concerned the adjournment of the Lausanne Conference to the month of June."

"The object of the Conference will be to agree on a lasting settlement of the question raised in the report of the Basle experts and on the measures necessary to solve the other economic and financial difficulties which are responsible for, and may prolong, the present world crisis."

"This decision has been reached by the above Governments in the hope that it will ease the international situation."

Considering that the creditor Governments have been adjured by committee after committee from last August onwards to tackle the reparations problems as a matter of imperative urgency, the decision to defer the Lausanne Conference until the latest possible moment before the Hoover Year expires is not of itself calculated to awaken enthusiasm; nor is there any evidence to suggest that, so far, there has been any approach to agreement as to the principles of the "lasting settlement" (*règlement durable* in the French text) which the Conference is to seek. It would serve no good purpose to pretend to read into this studiously uncontroversial *communiqué* more than that there is now, apparently, a firm determination that the Conference shall meet, albeit at the eleventh hour. Whether the scope of the Conference will in fact be widened, as the agenda suggests, to include discussion of all "other" problems relating to the world crisis, we shall see in due course. If the statesmen really propose to embark on deliberations regarding not only reparations, but debts, tariffs, currencies, and the future of the gold standard, *ad lib.*, they have the prospect of a heavy summer before them; and in this connection there is one remarkable omission in the announcement. No reference is made to what is to happen on July 1st if the Conference has not concluded its labours by that date. The reason for this reticence, one presumes, is that the German Government would not consent to accept a simple prolongation of the Hoover mechanism with the accumulation of deferred indebtedness, while the French Government has not yet departed from its standpoint that there can be no question of an unconditional moratorium. Bearing in mind this consideration, it may be hoped that a date as early as possible in June will be chosen for the assembly of the Conference so that adequate time will at least be allowed to discuss, without the necessity of undue haste, the position that will arise in July. For the rest, the prospects at Lausanne remain as much an enigma as ever. The reparations problem has now become overwhelmingly a political issue; and so much water may flow, between now and June, under the political bridges that speculation as to the situation which will confront the statesmen, if and when they meet at Lausanne, is idle. The most satisfactory feature in the whole position is that the British policy, as stated by Mr Chamberlain early this month in the House of Commons, is unequivocally for a general cancellation of reparations and war debts. Foreknowledge of that attitude on the part of the other participants in the Conference should do much to prevent any misconception as to the rôle which the British representatives will play there.

Progress of the Disarmament Conference.—Since we recorded the opening of the Disarmament Conference in our issue of last week, the series of statements from the various national delegations has been proceeding, and is now nearing its end. Presumably the next stage will be to agree upon an agenda for practical work; and the Draft Convention which was elaborated with so much effect by the Preparatory Commission, will be an essential substratum for the new structure. Considering, however, that the Draft Convention has been ignored by France, in her opening contribution to the present Conference, and is also unacceptable to Germany, it is perhaps not likely to provide the most convenient immediate basis

for the Conference's work. This basis would naturally be found in the greatest common measure of the concrete proposals that have been put forward by the national delegations in the course of the last two weeks; and the crux of the problem will be to find some common ground between the French thesis (assuming that Monsieur Tardieu's memorandum still represents the policy of the French Government of to-morrow), and the Anglo-Italo-American thesis which was presented with particular force last week by Signor Grandi, and which was duly recorded in last week's *Economist*. The national spokesmen who have followed Signor Grandi fall into three groups: those who simply endorse the Tardieu Plan; those who reject the Tardieu Plan outright and adopt the Anglo-Italo-American thesis; and those who attempt to find common ground between the two. The Tardieu Plan has been swallowed whole by two members of the French military alliance—Poland and Yugoslavia—and also by Finland. On the other hand, Roumania has not been so explicit, while Czechoslovakia, represented by Dr. Benes, has shown herself independent and constructive. The Tardieu Plan has been rejected by Russia, Turkey, and New Zealand explicitly, and implicitly by Spain and Norway and the Netherlands, who have endorsed the Anglo-Italo-American thesis. The Russo-Turkish support for this thesis is on the radical Italian lines, in contrast to the somewhat diluted Anglo-American brew. The Turks, in particular, have grasped two nettles by proposing that effectives shall be reduced to the bare numbers necessary for defence, and that the manufacture of weapons of offence shall be prohibited. The most interesting feature, however, is that some kind of combination between the two main theses that have been placed before the Conference has been suggested by Czechoslovakia and Belgium—the two most progressive and independent-minded countries in the French camp—and that the same idea has been put forward by three ex-neutrals—Sweden, Denmark and Switzerland—whose moral authority is very high. Dr. Benes gave a far better exposition than Monsieur Tardieu of the case for the organisation of security. His contribution gives the impression of being more sincere and also less inelastic. What is surely wanted next is a drafting committee on which Czechoslovakia, Sweden, Belgium, Denmark and Switzerland are represented as well as the Great Powers.

The German Presidential Candidatures.—At eighty-four years of age President Hindenburg has once again displayed the courage, the straight-forwardness and the common sense by which he has always distinguished himself at critical moments in his country's fortunes and in his own career. He has announced his intention to stand for re-election on March 13th; and he has absolutely refused to accept any conditions from the parties of the militant Right in consideration of their support. He remains in firm association with Dr. Brüning; and so far from its being a case of the Chancellor clinging to office and dragging the President after him, it is evidently the President who is insisting on the maintenance of the present ministry. There are many circumstances which work together for President Hindenburg's victory next month. There is the personal esteem in which he is held by masses of people in Germany, and, indeed, throughout the world, quite apart from all political considerations. Then there is the special regard in which he is held by German ex-service men. The largest of the ex-service men's associations, the so-called Kyffhäuser League, which numbers some three million members, sent the President a re-affirmation of their confidence and loyalty the other day. The more celebrated—or notorious—Stahlhelm organisation, which numbers about one million, is under the influence of the Press-Lord, Herr Hugenberg; and the Stahlhelm have sent a deputation to the President this week in order to state the conditions of their support. The deputation had a poor reception, and the Stahlhelm organisation now finds itself in an embarrassing position. For to march at the tail of a parvenu newspaper magnate against the most distinguished living German soldier is an odd manoeuvre for ex-soldiers to find themselves executing. Another important point in favour of President

Hindenburg's candidature is that the Social-Democrats are refraining from putting up a candidate of their own, which virtually means that they are advising their rank and file to vote for Hindenburg—a hint which ought to gain the President many votes, considering the discipline and cohesion of the German Social-Democratic Party. On the other side, it appears more and more probable that the ranks of the so-called "National Opposition" will be divided, and that the Nationalists and the Nazis will each put up a candidate of their own. Herr Hugenberg has the ambition to be the Nationalist candidate himself; but, as for the Nazi candidature, there seems to be no great eagerness on anybody's part to offer himself. Hitler would like to see it played by Hitler—always supposing that Hitler can turn himself into a German citizen in time. For a party of action, resoluteness and youth, this shuffling makes a very poor show. We conclude that President Hindenburg's chances are good; and much turns on the outcome of this, which is the first of all the forthcoming elections. If Hindenburg is elected to the German Presidency again, the prospects of victories for the Moderates and Progressives in the subsequent general elections in France and in Prussia will be notably improved.

The Fall of the French Government.—Monsieur Laval's Government was defeated in the Senate last Tuesday on a vote of confidence, and resigned forthwith. The new French Government has not yet been formed at the moment of our going to press. The formal issue was whether the Senate should or should not postpone a debate on an interpellation on the general policy of the Government which had been put in by a Radical-Socialist Senator, Monsieur Albert Peyronnet. The Prime Minister demanded postponement until the 26th in order to avoid a political crisis on the French home front during the current debate in the Disarmament Conference at Geneva, and he made this a question of confidence. The Senate voted for an immediate debate by 157 votes to 134, and this threw out Monsieur Laval's Government by a majority of 23. The Senate is, of course, elected on a different system from the Chamber and, as the present crisis shows, it may muster a majority hostile to a Government which possesses in the Chamber a substantial majority of supporters. At the same time, a head-on collision between the Chamber and the Senate is an unusual occurrence; and it was only brought about this time by an unusual proceeding on the part of the parties which, till Tuesday, were in power. The parties of the Right have been leaving no stone unturned in order to secure victory in the General Election this spring. They have postponed the date to make it follow the Prussian General Election, in the hope that a sensational victory of the Hitlerites in Prussia may swing French public opinion back into their support of the Right in France. But they have done more than that. Their worst bugbear has been the electoral understanding between the Socialist-Radicals and the Socialists, which we reported in the *Economist* a few weeks ago. The present French electoral system, being based on two successive ballots, the two principal parties of the moderate Left have agreed each to put up and but each to withdraw its candidate on the first ballot, strongly supported candidate of the other party in a more second ballot in constituencies in which, on the showing of the first ballot, a divided progressive vote on the second ballot would have the effect of securing the return of a reactionary candidate. This statesmanlike agreement has evidently given the Progressives a fair prospect of joint success and, in order to checkmate it, a reactionary deputy has carried through the Chamber, with the approval of which contains certain specious provisions such as compulsory voting and the enfranchisement of women, but is essentially framed in order to abolish, practically speaking, the second ballot. To play with the whole electoral system in order to secure victory at the next elections for the parties which happen to be in power is a proceeding which is in the tradition of Latin America but not in the tradition

of France. And the overthrow of Monsieur Laval's Government by the Senate this week represents not only the resentment of the Progressive parties but the indignation of French public opinion in general at a political manoeuvre which is felt to be unworthy of the country. The new electoral Bill has now come up from the Chamber to the Senate, and the clause practically abolishing the second ballot has already been rejected. With the French Budget to pass and with the Disarmament Conference and the Far Eastern crisis in full swing, this in an awkward moment for France to find herself without a Government. The President of the Republic has to decide between obtaining a really representative Government by advancing the elections to the earliest possible date or attempting to carry on with a stop-gap administration until June.

Signor Mussolini at the Vatican.—On Thursday, February 11th, which was the third anniversary of the signature of the Lateran Agreements between the Italian Government and the Holy See, Signor Mussolini paid a visit to the Pope, which is of great interest and importance, not only for Italians and for Catholics, but for the world at large, since the world has a general interest in the appeasement of one of the world's great historic quarrels. The present reconciliation speaks still more highly for the statesmanship and the goodwill of the two parties than the original agreement of three years ago; for it is obviously more difficult to compose a quarrel which has broken out again after a settlement than to negotiate the settlement in the first instance. It will be remembered that the Lateran Pact was embodied in three diplomatic instruments—a political treaty, a financial convention, and an ecclesiastical concordat—and that a serious disagreement arose over the terms of the concordat last summer. The question was fundamental, for while it was formally concerned with the activities of the *Azione Cattolica Italiana* Association, the fundamental struggle was over the control of education. In the education of Italian Catholic children, was Church or State to have the last word? When such a question arises between two authoritarian Powers which each claim the absolute allegiance of their subjects, the collision is formidable. It is all the more remarkable that the *Azione Cattolica* controversy has now been settled amicably to the satisfaction of both the principals in the dispute. It is a happy coincidence that, on the day on which the seal was set upon the reconciliation between the Vatican and Italy, the prospect of a reconciliation in the smaller conflict which has been pending between the Vatican and the British Empire was opened up by the publication of the Royal Commission's Report on Malta. The Report brings out, what had long been suspected, that the trouble in Malta was due to a personal conflict between one individual—the then Prime Minister of Malta, Lord Strickland—and the ecclesiastical authorities in the Island, and furthermore that the quarrel was not of the ecclesiastical authorities' seeking. This personal affair produced a political deadlock in Malta which was only solved by a suspension of the constitution. The Royal Commission recommends that the constitution shall now be put into operation again. And we may evidently expect that the ecclesiastical authorities will show no desire to impede its operation when they are no longer exposed to the personal attack which led them into retaliation. These *détentes* in Malta and in Italy will bring relief to masses of people who find themselves—as good Catholics and loyal citizens—in a painful dilemma if Church and State fall out.

The Spanish Strike Fiasco.—For the second time in a month the Syndicalist leaders in Spain have attempted to hold the régime to ransom. They called a general strike last Monday by way of protest against the deportation to Spanish Guinea of some of the ringleaders in the previous risings. The Azaña Government, however, met the challenge of these avowedly anarchist elements with all the authority at its command under the Law for the Defence of the Republic, and the strike amounted to no more than

a few isolated incidents. The Home Minister, Señor Casares Quiroga, gave out a notice beforehand that such a strike, called without the shadow of an economic motive, would be regarded as illegal. The result was that few of the workers responded to the call, and those who did were soon overcome by Civil Guards or the ordinary police. Once again the admirable discipline of the Socialist General Union of Workers was demonstrated, its members going about their business as usual. As long as the Republic can count upon this formidable reserve of strength it need fear no recrudescence of the anarchy and rule by gunmen which gave Barcelona such an unsavoury reputation before the Dictatorship. The worst episode in this week's trouble took place at Tarrasa, near Barcelona, where a group of a hundred, armed with revolvers, bombs and pistols, seized the mayor of the town and hoisted the Red Flag over the town hall. In Seville, too, the anarchists ran riot in the name of "Communism," but the Government's precautions prevented any serious incidents. In Madrid the strike itself was a complete fiasco, although there was a hold-up early in the morning outside the tramway depôt (which is in a very squalid district) and a few bombs were thrown in the course of the day. To the outsider the case for confiscation of all arms and suppression of the *Sindicato Unico* organisation seems overwhelming. But Señor Azaña is probably wise to go cautiously until the delicate question of the Catalan Statute has been settled. Moreover, there is a far-reaching split in the Syndicalist ranks, and the Prime Minister is probably determined not to give any cause for a swelling of the extremist and anarchical section. There is as much danger in making martyrs of people in Spain as in Ireland. One can only hope that no further hitches have come to light in the relations between Madrid and Colonel Macia's Government. Ratification by the Cortes of the Catalan Statute will smooth out most of the present creases. Colonel Macia can be left to deal faithfully with the minority of Syndicalists that preaches violence for its own sake. It would be taking an unnecessarily pessimistic view to compare the present situation in Spain to the years immediately preceding the advent of Fascism in Italy. Spain has a Government which is resolved to govern and make no compromise with subversion. And the Spanish Socialist Party is a tower of strength, its general level of culture being one that every other country might envy. The Cortes pursues its debates undisturbed, and the estimates for the budget will shortly be completed.

The Tariff Free List.—We print below a list of the goods exempted from the general *ad valorem* duty to be imposed under the Import Duties Bill:—

Gold and silver bullion and coin.
Wheat in grain.
Meat, that is to say, beef, veal, mutton, lamb, pork, bacon, ham and edible offals, but not including extracts and essences of meat or meat preserved in any airtight container.
Live quadruped animals.
Fish of British taking, including shell-fish.
Tea.
Cotton (raw) (including unmanufactured cotton waste and unbleached cotton linters).
Flax and hemp, not further dressed after scutching or decorticating; flax and hemp tow.
Cotton seed, rape seed and linseed.
Wool (raw), including llama, vicuña, alpaca, mohair, cashmere and camels hair, whether scoured or carbonised or not; rags of wool not pulled; wool noils.
Hides and skins (including fur skins, but not including goat skins), raw, dried, salted or pickled, but not further treated.
Newspapers, periodicals, printed books and printed music.
Newsprint, that is to say, paper in rolls containing not less than 70 per cent. of mechanical wood pulp and of a weight of not less than 20 lbs. or more than 25 lbs. to the ream of 480 sheets of double crown, measuring 30 inches by 20 inches.
Wood pulp.
Rubber (raw) including crepe; rubber latex; gutta-percha and balata (raw).
Iron ore, including manganiferous iron ore, but not including chrome iron ore.
Scrap iron and scrap steel.
Iron pyrites, including cupreous pyrites.
Tin ores and concentrates.
Wooden pit-props.
Sulphur.
Mineral phosphates of lime.
Unset precious stones.
Radium compounds and ores.

Foreign readers should appreciate that this list may be modified before the Bill finally becomes law. On the recommendation of the Advisory Committee established by the Bill, the Treasury may add goods to the free list (though not until the expiration of six months from the passing of the Bill), but, as the Bill now stands, the removal of any goods from the free list requires further legislation.

Newsprint.—Strong as is the case for the extension of the proposed free list under the Import Duties Bill—a matter with which we have already dealt in a leading article—log-rolling interests have already been hard at work to get the list actually curtailed, and, at the conclusion of the second reading debate, Mr Chamberlain made the disquieting suggestion that the question of extending the power of the Advisory Committee to take things out of the free list as well as to include them was "worth considering." Among the articles selected for tariffist attack is newsprint. The Paper Makers' Association has already circularised Members of Parliament with a plea that newsprint should be subjected to a tariff in order to absorb the unused capacity of home mills, which the Association puts at 195,000 tons per annum. The suggestion is further made that potential supplies from Canada and Newfoundland could make good any and every deficiency in the home market without the need of foreign supplies. The facts behind this "ramp" merit a little study. British consumption of newsprint annually is to-day somewhat more than 900,000 tons. Gross home production is some 650,000 tons, and imports ranging from 300,000 to 350,000 tons are drawn as to two-thirds from British Empire, and as to one-third from Scandinavian countries. That is to say, foreign countries' supplies represent only a small fraction of total British consumption. This fraction, however, plays an essential part in the regulation of prices. The price at which newsprint is delivered by the newsprint section of the Paper Makers' Association is a "ring" price, but is based upon that charged by a large mill which is not a party to the price-fixing arrangement of the Association, and this "free price" is naturally governed by the price at which imported paper from foreign countries can be delivered. The "free" London price also determines the price of Canadian paper offered for sale in London, the newsprint imported from Canada being essentially surplus to that sold by Canada to the United States. But there is a further consideration. Three-quarters of the home production of newsprint is derived from mills controlled by three newspaper combines. In the event of foreign imports being subject to duty the resulting increase in the price of newsprint—and it is pertinent to recall that since the application of the Abnormal Importations Duty the price of grease-proof paper has increased in this country by £10 per ton—would be compensated for by increased profits earned by these combines' subsidiary mills. Newspapers outside the combines in question would be placed at a damaging disadvantage. It is to be inferred from the speech of the Minister of Pensions in the House on Monday that the Government is alive to the motives behind this agitation for the inclusion of newsprint in the list of dutiable articles. This instance, however, of tariffist pressure shows how important it is that future exclusions from the free list should not be left to the discretion of the Advisory Committee.

Non-Ferrous Metals and Tariffs.—A trade correspondent writes:—The inclusion of non-ferrous metals, which are the raw materials for many industries in this country, among the taxed articles in the Government's tariff Bill has come as something of a shock to the trade, which, in view of the large volume of export business handled, was hoping that free entry to the non-ferrous metals in their unwrought form would be granted. It may be speciously argued that in lead, zinc and tin the Empire can comfortably supply all our needs, and that in copper the shortage is so small as to be almost negligible. This is doubtless correct, but it does not follow that consumers here will not suffer hardships and that the country's ability to

compete on export markets will not be impaired through the application of the tariff. The advantage of a drawback does not operate, for, apart from the difficulty in arranging this when alternative duty-free supplies are available, it has been stated that the drawback will only operate in respect to taxes in excess of 10 per cent.; and it is already evident from movements in the prices of copper and spelter of Empire origin that the addition of 10 per cent. to foreign brands on March 1st is being anticipated, and that, therefore, the manufacturer competing with Continental or American firms will derive little or no benefit from purchasing the nominally "tax-free" Empire products. The bulk of copper imported is not of Empire origin, and an output curtailment scheme was instituted as from January 1st by Copper Exporters Incorporated. Canada and Rhodesia are parties to this agreement, and, presumably, also to the arrangement of limited sales quotas, which has for years past proved a serious handicap to the brass and copper industries in Britain. Surely the privilege of free entry into a taxed market should preclude participation in a scheme of production curtailment?

Tariffs and Cost of Living.—A very important point in the debate on the second reading of the Tariff Bill was raised by Major Nathan, who pointed out that many of the staple foodstuffs proposed to be taxed were not included in the official calculations of changes in the cost of living. The consequence of this is that it is quite conceivable that a genuine rise in the cost of living will be brought about by the tariff without the increase being reflected in the official index number. Such a development would give rise to much confusion of thought and argument, and would in every way be undesirable. We would, therefore, urge that immediate steps should be taken either to widen the official calculations so as to embrace all articles of present-day staple diet, or, alternatively, that a new and comprehensive index number of retail prices should at once be initiated. It is already known that this latter plan has been for some time under contemplation by the Incorporated Association of Retail Distributors and the Bank of England, as a much-needed addendum to their monthly calculations of the volume of retail trade, and the inception of the tariff would give a very convenient opportunity for them to put their plans into effect. The important point, however, is that there is no room for delay. To-day is zero hour, for next month the tariff will be in operation, and will have begun to affect prices. It would be a thousand pities if both political and industrial controversy began to arise around this question simply because of lack of adequate evidence.

The Revenue.—Great Britain's budgetary position, as revealed by the weekly Revenue returns, is being well maintained. In particular, the receipts from income tax and surtax, as will be seen from the following table, are still coming in at a very satisfactory rate, though the astonishing inflow of January has naturally to some extent abated:—

RECEIPTS OF INCOME TAX AND SURTAX. (000's omitted.)		
	Calendar Year 1931.	Calendar Year 1932.
First four weeks.....	59,284	111,037
Fifth week	28,267	30,323
Sixth week.....	23,998	25,922
Total, first six weeks.....	111,549	167,282

Total ordinary revenue at February 13th amounted to £609,010,000, as compared with £600,048,000 at the corresponding date last year, while aggregate expenditure, including provision for Sinking Fund, amounted to £683,307,000, against £698,046,000. The present deficit for 1931-32 is therefore £74,297,000, as compared with £97,998,000 at February 14th last year. With nearly seven weeks to run to the end of the financial year, there seems every prospect that the accounts will balance; indeed, it seems probable that they may show an appreciable surplus.

Germany's Foreign Trade.—The doubts expressed in the report of the Young Plan Advisory Committee as to Germany's capacity to maintain a heavy export surplus have been confirmed by the trade returns of the past three months:—

(Millions of Reichsmarks.)				
Period.	Retained Imports.	Domestic Exports (excluding Reparations in Kind).	Export Surplus (+) Import Surplus (—)	Reparations in Kind.
1929 Total	13,447	12,663	— 783	819
1930 "	10,393	11,328	+ 935	707
1931 "	6,727	9,206	+ 2,479	393
1931, July.....	563	792	+ 230	35
" August.....	454	777	+ 322	26
" September.....	448	812	+ 363	23
" October.....	483	866	+ 383	13
" November.....	482	738	+ 256	10
" December.....	491	712	+ 221	26
1932, January.....	425	530	+ 105	12

Until October last year, Germany's exports were maintained at a relatively high level, mainly by the pressure of her foreign creditors, by "forced" liquidation of stocks, and by exceptional sales to Great Britain and Russia. The sharp contraction in exports since November has been caused by the growth of import restrictions, and by the general reduction in the world's purchasing power, coupled with an intensification of competition from countries which have abandoned the gold standard. The balance in favour of Germany declined from Rm. 383,000,000 in October last to Rm. 105,000,000 in January. Had it not been for a further shrinkage in imports during that month, the excess of exports over imports would have been almost insignificant. Unless the trend of Germany's foreign trade undergoes a change, the question is whether her credit balance on merchandise account will be sufficient for the service of her commercial debt, let alone reparations; for the present tendency points to her export surplus approaching vanishing point by April or May.

The "More Looms" Dispute.—Further joint negotiations, writes our Manchester correspondent, have taken place this week between the Cotton Spinners' and Manufacturers' Association and the Operative Weavers' Amalgamation in an endeavour to reach an agreement covering the whole of the county. The officials have reported that considerable progress has been made. The two sides have already agreed to a price basis for "six looms" employed on plain cloths, but certain technical details have yet to be dealt with before a final draft agreement can be placed before the Central Committee of the two sides. A disturbing element has been the continuance of the partial strike at a number of mills in Burnley. Last week-end the employers affected put forward a truce offer and agreed to pay the operatives 7s. per loom, which would have worked out at 42s. per week. This agreement would remain in force until the "more looms" committee completed its negotiations. The Burnley Weavers' Amalgamation, however, rejected this proposal, and as matters appeared to be at a deadlock, two firms have reverted to the ordinary "four-loom" working. Eight mills are still at a standstill, but the five firms which employ non-union labour and are not members of the Manufacturers' Association are continuing with the "more looms" system.

Employment and the Cost of Living in January.—As we pointed out in last week's issue of the *Economist*, the increase in unemployment during January was considerably higher than that which normally follows the Christmas trade activity, and a number of industries not directly affected by this seasonal trend recorded a decline in employment during the month. According to the *Ministry of Labour Gazette*, the percentage unemployed among insured workers in Great Britain and Northern Ireland at January 25th was 22.4, as compared with 20.9 per cent. at December 21st, and 21.5 per cent. a year ago. It is estimated that there were approximately 9,365,300 insured persons in employment at January 25th, this being 227,300

less than a month ago, but 150,200 more than in January, 1930. The total number of persons registered as wholly unemployed at January 25th was 2,131,298. This compares with 2,002,464 at December 21st and 1,875,330 a year ago. Those temporarily stopped rose from 403,432 at December 21st to 496,408, which compares with 607,443 last year, while the unemployed among those usually in casual employment amounted to 100,705 at January 25th, a decrease of 3,320 as compared with the previous month. The cost of living during January showed little change, and the index number of the Ministry of Labour at February 1st remained at the level recorded at the beginning of January, namely, 47 per cent. above the pre-war figure. This compares with 52 per cent. a year ago. The figure for food alone was also unchanged at 31 per cent., as compared with 36 per cent. last year.

American Foreign Investments in 1931.—The almost complete cessation of long-term international lending, which is generally recognised as one of the most striking features and chief aggravators of the world economic crisis, is perhaps the most interesting aspect of the analysis of the foreign investments made in 1931 by the principal lending country, the United States, recently published by the Foreign Policy Association. In 1928 America's net new foreign investments reached the record figure of \$2,096 millions; in 1929 the superior attractions of the local boom in stocks reduced them to \$1,466 millions; in 1930 they actually rose slightly to \$1,550 millions; whereas last year they slumped to \$507 millions. Allowance for repurchase of issues floated in the United States, however, makes the change appear much less sharp, namely, from a net movement of \$1,101 millions in 1928 to one of \$924 millions in 1930 and \$439 millions in 1931. The decline, as compared with 1930, was fairly well distributed between the different borrowing continents, though South America comes first with a fall of over 80 per cent.; lending to Europe declined by 65 per cent. The chief individual issues for Europe were \$38 millions of 18-months notes of the Bank of Spain guaranteed by the Spanish Government, and \$50 millions of International Match Corporation bonds. A number of smallish loans were made to Canadian Governments, the largest being \$20 millions for the Province of Ontario; the principal flotation for Canadian corporations was a \$45 millions loan for the Canadian National Railways, which might equally well have been listed under government loans. The chief South and Central American issues were \$19 millions for the Chilean Government's two loans, totalling \$35½ millions, for "Cosach," and the capital (\$19 millions) of a newly-formed cement company operating in San José. The only other item of note was \$22.8 millions of bonds of the Taiwan Electric Power Company. The meagre aggregate for the year brought American foreign investments abroad to a total of \$17,968 millions, according to the Foreign Policy Association report, distributed as follows:—

AMERICAN INVESTMENTS ABROAD, 1931 AND 1932.
(Amount at January 1st in \$ million.)

	1931.	1932.
Europe	5,607	5,765
Canada	4,436	4,601
South America	3,014	3,079
Central America	2,985	3,015
Australasia*	995	1,012
Miscellaneous	491	496
Total	17,528	17,968

* Apparently including Asia.

The European total includes \$756 millions in Great Britain and \$1,662 in Germany. The report points out that the investigations of the Senate Finance Committee into the sale of foreign bonds "have strengthened the substantial group of persons who have come to feel that the only cure for the evils of an unbridled foreign investment policy lies in a complete withdrawal from the international investment field." This is "the burnt child" with a vengeance.

The Bank of Nova Scotia.—The management of the bank must be congratulated on the way in which they have conserved both the bank's profits and resources in these very difficult times. The latest figures may not be quite up to the 1929 level, but they represent a slight improvement over 1930, and this by itself is no mean achievement:—

December 31st.	1929.	1930.	1931.
Liabilities:—			
Capital.....	\$'000.	\$'000.	\$'000.
Reserve.....	10,000	12,000	12,000
Notes.....	20,000	24,000	24,000
Deposits not bearing interest.....	16,202	13,967	12,703
Deposits bearing interest.....	37,749	33,272	34,976
Balances due to banks—			
(a) In Canada.....	167,989	166,770	168,471
(b) External.....	3,614	3,349	2,314
Assets:—			
Coin and Dominion notes.....	2,983	2,472	1,988
Cheques on other banks.....	26,990	24,194	22,782
Balances due by external banks.....	12,415	11,085	8,858
Dominion and Provincial Government Securities.....	4,344	4,858	6,409
Other investments.....	20,356	25,637	37,233
Call and short loans—			
(a) In Canada.....	16,764	23,116	25,949
(b) External.....	32,378	30,813	13,315
Loans and discounts—			
(a) In Canada.....	12,763	7,298	4,670
(b) External.....	102,339	99,756	107,514
Net profit.....	20,643	16,114	14,586
Dividend.....	2,761	2,536	2,580
	16%	16%	16%

The progressive decline in the bank's note circulation points very clearly to the extent of the trade depression and fall in prices, leading to a smaller demand for currency. The same phenomenon is noticeable in the decline in inter-bank items, for their shrinkage again reflects a lessened velocity in the circulation of money. Among the bank's earning assets, discounts and advances are well maintained, but low-interest rates and idle stock exchange business have diverted into long-term securities much money which was formerly employed more profitably by the bank on the Canadian and New York call markets and in short loans elsewhere.

Anglo-International Bank.—Like other London houses whose connections lie mainly with the Continent, this bank has suffered heavily from the crisis, both through the withdrawal of funds by its foreign clients and through the immobilisation of large parts of its assets under various standstill agreements. As a result it has had to draw heavily upon its liquid assets and realisable investments at a time when the latter stood at depreciated values. The salient features in the accounts are summarised below:—

December 31st.	1929.	1930.	1931.
Liabilities:—			
Capital.....	£'000.	£'000.	£'000.
Reserve account.....	1,960	1,960	1,960
Deposits.....	4,415	4,548	1,202
Acceptances, &c.....	2,568	3,030	2,358
Assets:—			
Cash.....	130	199	165
Call money.....	405	525	200
Balances with banks abroad:—			
(a) "Free".....	197	171	82
(b) "Restricted".....	436	751	74
Bills receivable.....	665	689	312
British Government securities and Treasury bills.....	631	160*	115
Foreign Government sterling bonds... ..	631	593	358
Other investments.....	...	...	240
Foreign Government and State Treasury bills and notes (subject to restriction).....	...	...	240
Advances:—			
(a) "Free".....	3,761	3,324	291
(b) "Restricted".....	...	...	1,135
Customers' liability for acceptances, &c.:—			
(a) "Free".....	2,568	3,030	766
(b) "Restricted".....	118	120	82
Net profits.....	...	+50	...
To or from reserve.....	100	65	...
To contingencies.....	...	...	100
To provision for doubtful debts, depreciation of investments, &c.....	...	...	...

* Foreign Government securities.

The result of the year's operations is that the bank's unallocated profits are reduced from £23,702 to £6,172. Moreover, the balance sheet carries a note to the effect

that "assets subject to standstill or other extended credit arrangements and to foreign exchange restrictions have been taken into the accounts as recoverable in full, but their recovery in full is dependent upon the satisfactory solution of the present financial problems in the countries concerned." It may be recalled that the German Standstill Committee's report regarded the restoration of confidence and the resumption of the normal operation of all credits as the only solution of the problem. As matters stand, not only the banks concerned, but the whole world must base plans on the assumption that these credits will eventually recover their full value; any alternative assumption would mean that hope of world economic recovery is abandoned. At the same time, there is no disguising the fact that these are anxious days for banks and others who are deeply committed in Central Europe.

Life Office Bonuses for 1931.—The announcement by the Prudential last week of their intentions with regard to bonus distribution in respect of 1931 has been followed by statements from three other well-known ordinary-cum-industrial life offices. The Prudential, it will be remembered, has decided to reduce the normal rate of reversionary bonus by 16s. per cent., but the cost of this 16s. has been set aside in a suspense account, and will be allocated to the surviving policy-holders entitled if and when conditions sufficiently improve to warrant this course. The three other offices referred to are the Pearl, the Britannic and the Refuge, and it is evident that these offices have acted in concert, and have decided on a line somewhat different to that followed by the Prudential. The rate of reversionary bonus is definitely cut by 10s. per cent. in each case, so that the 1931 bonuses are 36s. per cent., 32s. per cent. and 34s. per cent. respectively. The statements of the companies suggest that their hidden reserves have been extraordinarily strong, for in each case it is declared that the depreciation in market values of securities is more than covered by hidden reserves and by investment reserve funds; and it is further stated that, apart from depreciation, the trading profits have been fully maintained. The Pearl announces, in addition, that the directors are recommending a final dividend on the ordinary shares of 22½ per cent. free of tax (compared with 25 per cent. free of tax in the preceding year), but no reference is made by the other two companies to their dividend policy. This company also expresses the hope that, given no further deterioration in the economic situation, a return to the former rates of bonus may be confidently anticipated.

Indemnity Mutual Marine.—During the whole of the post-war period this marine company, which was established in 1887, has been controlled by the Northern Assurance Company. Reviewing the 1930 report a year ago, we observed that, after the lean period through which the company had passed, there were signs of a turn in the tide. These expectations have, happily, been realised in the 1931 accounts. In accordance with common marine practice the accounts show the operation of the underwriting results of two years, and the 1931 report, therefore, deals with the closing of the 1930 underwriting account, and the results of the last six closed underwriting accounts are as follows:—

Year.	Premium Income.	1st & 2nd Year Claims.	Expenses.	Transfer to Suspense to Close Account.	Surplus + or Deficit —.
1925.....	£ 613,170	£ 550,256	£ 32,106	£ 61,366	£ 30,558
1926.....	611,516	548,762	31,587	166,167	135,000
1927.....	630,100	562,737	32,116	35,246	...
1928.....	458,016	346,711	33,505	77,800	...
1929.....	378,231	301,462	29,919	46,850	...
1930.....	361,649	242,082	24,275	95,292	...

It will be observed that, although no transfer to profit and loss account has been made, the amount carried to suspense account is more than double the 1929 figure,

although the premium income has declined somewhat. The 1931 account shows a premium income of £362,244, and the relatively favourable outcome in the first year of the 1930 account has been bettered in 1931, since the balance of the premiums remaining is 69 per cent., compared with 65 per cent. a year ago. The dividend has been maintained at the same rate as before, namely, 28s. per share, and the cost, £72,695, has been fully covered by interest earnings of £75,271. The balance sheet shows investments of approximately £2,000,000 and a year ago it was stated that "the market value of our investments is considerably in excess of the figure at which they are valued in the balance sheet." Owing to the severe depreciation suffered in 1931, however, this hidden reserve has disappeared, and the book value is now nearly £3,000 higher than the market value. The company has a reserve fund of £500,000 and a profit and loss balance of £121,000 against an issued capital of just over £1,000,000.

Scottish Life Assurance.—For the first year of a new quinquennium this company has produced a most satisfactory report. It is usual for the concluding year of a quinquennium to be characterised by an unusual inflow of new business, but in spite of this stimulating effect on the 1930 figures the company has succeeded in showing an increased new business for 1931, the figure being £1,407,668 as compared with £1,161,741. So satisfactory a result in such a year as 1931 is a tribute to the organisation of the company and to the merits of its contracts. Another feature of interest in the report is that, in spite of the rise in the standard rate of tax, the net interest income has increased from £285,000 to £297,000, so that the net rate of interest earned is only fractionally lower at £4 14s. 4d. per cent., as compared with £4 14s. 7d. per cent. The proportion of premium income absorbed in commission and expenses shows a rise from 15.3 per cent. to 17 per cent., which is in part accounted for by the increased new business and the inevitable initial expenses thereby entailed. The company has declared for the year a dividend at the same rate as before, namely, 20 per cent., but as the £5 shares are now paid up to the extent of 25s., as compared with 20s. a year ago, the dividend absorbs a larger sum. The balance sheet, which shows total assets of £6,763,000, gives no indication of any important changes during the year in the classification of the investments. On December 31, 1930, it was stated that the total market value of the Stock Exchange securities was "well in excess of the value at which they appear in the balance sheet." Since the company has no published investment reserve fund and no qualification appears in the balance sheet, it must be presumed that in spite of the depreciation which the company must have suffered last year, the market values are still in excess of the book values.

The contribution of the Italian Foreign Minister was a remarkable effort, both in substance and form, and definitely the outstanding speech of the Conference. It was brilliant in conception, and cleverly placed the Italian case on broad and progressive international lines. That case is "equality of rights between all States, and the equalisation of armaments at the lowest level." Some have professed to see in his speech a sign of less rigidity in the Italian attitude on the question of parity with France, but justification for this view is not very obvious. The claim remains, and the Italians have a strong tactical position in basing it on advocacy of the lowest levels.

The general Italian thesis goes even farther than that of Germany, which is a demand for equality of rights, but not—at any rate, immediately—for equalisation of armaments. The core of the disarmament problem is, in fact, what it has been for years: Germany insists in coming into any convention on the same conditions as all other States; Italy maintains her parity claims with France, and France admits nothing until her security is canonised. Whatever may be said about the Italian claims, it is difficult to refute the reasonableness of Germany's, and nearly everything still depends upon France and her Allies. Nobody expects France to agree in one move to parity with Germany. Great Britain would undoubtedly have a say on parity claims which must logically cover naval arms as well. On the other hand, it is considered that the time has come to make at least a start in applying reasonably fair conditions all round. The French fear that once Germany is released from the armaments clauses enforced by the Versailles Treaty it will be the beginning of the end. There lies the central political problem—Is Europe to be reconstructed on a policy of progressive conciliation or is there to be a fatal attempt to maintain lop-sided Europe, which will foster a state of bitterness and despair that must end in catastrophe? It is every State's national interest to work increasingly for a policy of sanity.

There is a tendency to attach undue importance to the American delegation's professed readiness to consider all proposals with an open mind as implying readiness to consider security problems in a way which might give satisfaction to France, or make it easier for Great Britain to do so. This is too much to hope for from America, and, in such conditions, it is not to be expected that Great Britain will find it possible to undertake further responsibilities. It looks as if the Conference will have to make up its mind what can be done irrespective of any further guarantees, except those which are themselves given by reduction of armaments. Views differ about the possibilities, but the variety of practical suggestions and the willingness to discuss seriously what are, after all, drastic steps, still encourage a certain degree of optimism.

The Spanish Foreign Minister made timely reference to the vital importance of dealing with the manufacture of arms and the traffic in arms in any satisfactory convention; events connected with the Far East show how necessary this is. The cynicism, naivety, contempt, or whatever you will, of Mr Matsudaira, the head of the Japanese delegation, would have astounded the Conference if the world had not had experience of Japanese methods of diplomacy during the last few months. It must be put on record that Ambassador Matsudaira informed the Conference that "if a Government neglects its international commitments and does not discharge its obligations, that would constitute a constant menace." He also asserted that the Japanese delegation shared the views of other delegations that air bombardment and the use of poison gases or bacteria should be prohibited. As against this, the moving and eloquent speech from Dr. Yen, the representative of China, must have been an uncomfortable experience for those States who have done little or nothing to fulfil their obligations towards his unhappy country. Incidentally, there is nothing to add to what the *Economist* wrote last week on the League and the Far Eastern situation, except to say that matters went from bad to worse during Sir John Simon's participation in the Council's discussions last week. It was a shining example of British ineptitude; the same observation might be made about M. Paul Boncour, the representative of

Overseas Correspondence.

LEAGUE OF NATIONS.

Disarmament Conference — Shanghai.

(FROM OUR CORRESPONDENT.)

GENEVA, February 16.

THE general debate of the Disarmament Conference is nearing its end; the only further point of interest now awaited is the presentation of the definite proposals promised by the German delegation, probably towards the end of this week. Many of them can doubtless be foreshadowed by reference to the various suggestions and objections made by Germany during recent years in the course of the work of the Preparatory Commission, but whether or not they will be made to fit into the practical possibilities of the moment by presentation in some new form no one yet knows.

France, a country whose main thesis at the Disarmament Conference is founded on the idea that the provisions of the Covenant have been gradually whittled down. As Mr Litvinoff asked, in a devastating analysis of the French proposals, what are the guarantees that a new international organisation, or the existing one with increased actual power, will be willing to use such power for the protection of the attacked against the attacker?

Though most speakers have properly stressed the fact that the Far Eastern situation offers an additional demonstration of the necessity of reducing armaments, there is not the slightest doubt that the tragic developments have gravely undermined the confidence that must be at the root of any international undertaking of this kind. This is only the beginning of the effects which will surely be felt for a long time to come. It is impossible to exaggerate the anxiety which exists here.

The Bureau of the Conference is to consider on Friday how the work is to proceed when the general debate is ended; it will be a question of deciding what Commissions are to be set up and what their programmes are to be. The Bureau will also decide when the Easter adjournment is to take place and what its duration is to be. Opinion is now inclined to a short adjournment of not more than three weeks.

UNITED STATES.

Commodity Prices — Production — Railroad Wage Cuts — Reconstruction Finance Corporation — Finance.

(FROM OUR CORRESPONDENT.)

NEW YORK, February 8.

ALTHOUGH it was entirely obvious that no overnight recovery in business could follow the launching of the Reconstruction Finance Corporation or the railroad wage cut agreement, some reaction from the hopes nourished on the prospect is being felt. For a while attention was turned from home economics to the fighting in China, and even the possibility of a broad-scale conflict was looked upon with some favour by those who glibly talked of the stimulus to trade that war would give. That feeling quickly disappeared in the more sober realisation that a war in the present state of affairs would be the last straw on the world's economic back.

Looking solely at domestic trade, nothing can be seen to suggest any upturn in markets. Commodity prices are still falling. The Bureau of Labour Statistics index for the week ended January 30th dropped 1.3 per cent. and is 2.3 per cent. lower at 66.7, than at the beginning of the year. The Bradstreet's index fell 2.7 per cent. for January, but the Dun's index, employing a different weighting, showed a fractional advance. The Bureau of Labour Statistics groups compare as follows:—

	Jan. 2.	Jan. 9.	Jan. 16.	Jan. 23.	Jan. 30.
Farm products	54.6	55.6	55.5	54.6	51.1
Foods	68.7	67.7	66.7	65.7	63.1
Hides and leather products	79.5	79.7	79.6	79.7	79.2
Textile products	60.5	60.4	59.6	60.1	60.1
Fuel and lighting ..	67.8	67.7	67.8	68.0	68.2
Metals and metal products	82.3	81.9	81.7	81.7	81.6
Building materials ..	76.0	75.2	74.7	74.9	74.7
Chemicals and drugs ..	76.4	76.2	75.8	75.8	75.8
House-furnishing goods	78.5	78.5	78.7	78.7	78.7
Miscellaneous	66.6	66.6	66.0	65.5	65.0
All commodities	68.3	68.1	67.9	67.6	66.7

The moderate rise in steel activity last month is not extending and operations are about where they were at the beginning of December—under 30 per cent. of capacity. Pig-iron production dropped a little less than 1 per cent. in January, amounting to 31,380 tons a day, against 81,625 tons daily in December, but the number of furnaces in blast rose from 56 to 61. Steel ingot output for January rose to an average of 26.5 per cent. of capacity, as compared with 23.5 per cent. for December, but production was the lowest for any January in the past fifteen years. Electric current output also is low. Government figures for 1931 show a drop of 4.4 per cent., and current weekly estimates are about 5 per cent. under

last year. Some of the motor companies report sales improvement, but the trade is largely waiting to see if the Ford company will produce new models and recovery has not been quite up to expectations. Railroad traffic continues to be disappointing, car loadings running between 15 and 20 per cent. under a year ago, which was about the average rate of decrease throughout last year.

Should gross revenues fail to improve, the wage reductions agreed upon this week between the railroads and the labour unions will be nullified. These reductions will not be reflected to any great extent in net earnings until the March reports, but they are then expected to save the roads about \$200 millions in expenditures. It is doubtful whether the full \$100 millions of added revenue from the higher freight rates will be realised, since the tendency is for truck and bus competition to grow. Markets have not shown much response to the wage cuts, partly because they were anticipated and partly because traffic is so slack.

Applications to the Reconstruction Finance Corporation for loans have come in a veritable flood, apparently under the illusion that the organisation would supply unlimited credit to all comers. Rules governing procedure were announced this week by Charles G. Dawes, president of the Corporation, who made it clear that loans would be made only when adequately secured, and that no funds would be available for new enterprises. The Corporation will work primarily to carry along the railroads and the banks which still are solvent.

In conjunction with the recent public denunciation by the Administration of currency hoarding, a movement is on foot at Washington to offer debentures of the Reconstruction Corporation in small amounts, to attract money from the small investor and, presumably, to entice hoarded funds into circulation. While no one defends hoarding, in serious quarters in Wall Street it is felt that it were better to make less of a stir over the matter. To begin with, it is felt that the figure of approximately \$1,300 millions used by President Hoover is much too high. That is the amount of the year's increase in currency in circulation, but from it should be deducted American currency shipped abroad, which is estimated at \$400 millions, and the natural rise made necessary by the fact that many sections of the country and towns, owing to failures, are without banking facilities. In any event, hoarding is now on the wane. Postal savings departments surely solve the problem of security. Some propose that the savings limit of \$2,500 for each depositor be lifted and that the 2 per cent. interest rate also be increased.

Bank closings are continuing, there being a net loss of 56 in the past week, against 50 in the previous week. Closings for the year to date, without reopening offsets, is set at 361. Most of these banks are small institutions, and their demise emphasises the need for a change in banking legislation to permit wide branch banking. State-wide branch banking is receiving much support, but opinion is inclined to favour broader regional branch banking, as suggested by Comptroller of the Currency Pole.

Gold exports are temporarily diminishing. France shortly will have removed the \$125 millions held under earmark which began to move out a few weeks ago. In the country's gold stock. Last week net exports were \$43 millions, and the decrease in earmarked gold was \$21 millions. New York City banks have made an informal agreement to refuse requests for shipment of gold coins abroad. The Federal Reserve Bank is in no manner a party to the agreement and is prepared to give unlimited amounts of gold coin in exchange for paper currency at any time. The commercial banks have taken the step owing to the trouble they have had to secure coin and also to the feeling that it was not to their advantage to promote the hoarding of American gold abroad, especially when the central banks of the hoarding countries had plenty of the gold and yet refused to supply coins to the public. Some feel that the action of the banks here might be misinterpreted as indicating a slide away from the gold standard by this country, but of course it means nothing of the sort. Whatever may be said by those with a wish fathering the thought, there is abso-

lutely no chance of this country abandoning the gold standard, either from choice or necessity.

New capital flotations are conspicuously absent. Last week, apart from a Treasury discount bill issue, brought no new financing, and was the third week since last October to be thus barren. The Treasury is borrowing at the rate of about \$75 millions weekly in discount bills, and has recently done nothing more than refund maturities. Since the successful outcome of New York City's financing controversy with the banks, whereby, in return for sharp reductions in expenditures, the municipality was given a loan of \$100 millions and a revolving credit of \$151 millions, other cities have come here for aid, but loans now obtained are scanty. Unable to secure underwriting banks for their bond issues, some municipalities are considering open sale, using the banks merely as distributing agents, without underwriting guarantee. It is not believed that such a plan would prove to be satisfactory.

According to the *Financial Chronicle*, new capital flotations last month were \$179,918,000 and \$14,020,000 in refunding. Only \$46,663,000 of the new issues and \$1,500,000 of the refunding was company financing. The grand total of \$193,938,000 compares with \$648,855,000 for the same month of last year. Of the company issues, a single public utility offering made up \$25,000,000 and utility total was \$44,620,000 in bonds and notes.

Although the financial district was loth to see Secretary Mellon leave the Treasury, it realised that he had accomplished a great work in debt reduction and preservation of surpluses in recent years. Moreover, the new Secretary, Ogden Mills, is well liked and will follow the Mellon policies of Budget balancing. Meanwhile, the Treasury has had to raise its estimates of revenue deficits, finding that \$455 millions more for the 1933 fiscal year will have to be found than was at first estimated. The Administration will attempt to provide for this additional figure, which results from the slump in business that has cut down revenue collections, by higher taxes and reduced expenditure. Wall Street is, of course, pressing hard for that means of keeping the Budget in balance in opposition to the scattered demand for resorting to borrowing.

The proposed British tariffs have caused no great excitement here, where the effect probably will be slight at this time. Were general trade in a more prosperous condition, more attention, doubtless, would be directed to the new tariff, but cogent as may be the arguments for lowering our own tariff walls in order to permit payment of foreign debts owed here, the country is in no good mood to try anything suggesting injury to any form of domestic manufacture, whatever may be the long-term good.

American bankers, at the suggestion of German bankers, have formed a committee with a view to negotiating some sort of standstill agreement on German municipal credits not covered by the private plan recently adopted as an extension of last summer's agreement. If the temporary committee now being formed finds the soil favourable, it will move to set up a permanent group to work out an agreement.

FRANCE.

Ministerial Crisis — Budget — Trade and Prices.

(FROM OUR CORRESPONDENT.)

PARIS, February 17.

THE defeat of the Laval Cabinet in the Senate yesterday astounded the country, so little was it expected. Practically all parties are agreed that no worse moment could have been chosen for a Ministerial crisis, and particularly one for which so little excuse can be put forward. That the blow came from the Senate, and on a mere question of procedure, is regarded as all the more inexplicable. It was known in advance that there was something in the nature of a latent conflict in existence between the two Chambers, due to long-standing irritation on the part of the Radical majority in the Upper House at the success-

ful manner in which M. Laval has for the past fourteen months emerged victorious from all the attacks launched against him in the Chamber; but probably not even yesterday's majority of 157 against 134 for one moment imagined their victory would be so easy and so swift. There are to-day even indications that the victors are somewhat puzzled how to make use of their triumph.

The present situation is due to the fact that, whereas the successive Tardieu and Laval Cabinets have enjoyed a working majority in the Chamber, they have practically always been at the mercy of an Opposition majority in the Upper House (where the Radicals alone have 134 seats, and the Socialists 18, out of a total membership of 309, of whom only 291 voted yesterday). It goes without saying that the voting by the Chamber last week of the private member's Bill for the suppression of second ballots at the pending elections, in spite of the bitter opposition of the Radicals and Socialists, was viewed with keen disapproval by the powerful group of Radical senators. Like their colleagues in the Lower House, the Radical senators foresaw that, if they approved the Bill, a severe defeat of their own party at the coming elections would be more than probable. Further, by a late addition to the Bill, the measure also provided for the extension of the suffrage to women, to which the Senate has always been hostile, as shown by its rejection of previous measures sent up from the Chamber with the same object. All this, however, is to-day generally regarded as having merely furnished the Senate with a pretext which it is alleged to have long been seeking. Just as, fourteen months ago, it dismissed M. Tardieu from office, so now it has thrown out the Laval Cabinet. By so doing the Senate has undoubtedly aroused the sharp hostility of the Chamber, and it seems practically certain that any new Cabinet that does not conform to the present majority in the Lower House is foredoomed to immediate dismissal.

Last night M. Barthou was suggested as the most likely nomination to form a new Cabinet of a more or less neutral tint, for the purpose of "carrying on" until after the elections. To-day opinion seems more inclined to predict a Ministry under M. Tardieu, who seems to be widely recognised as the appropriate successor of his old colleague and subordinate, M. Laval, and most likely to return to office with a Cabinet of the same tint as the one which has just fallen. The situation is complicated by the widespread belief that the Senate, in acting as it has done, was convinced that the President of the Republic, M. Doumer, its former Speaker, favours the advent of a broad Ministry of Concentration, extending from the Marin Nationalists to the Socialists, and including the Radicals. Whatever happens, it may be taken for granted that the country will not tolerate for a moment any serious modification of the policy applied hitherto by the Laval Ministries in regard to German reparations, the foreign debt problem, disarmament, and a closer rapprochement between this country and Great Britain.

This fresh Ministerial crisis must inevitably prove disastrous to the prospects of the Budget, which was already in a sufficiently bad case. The report on the modified Budget Bill, which was presented to deputies a few days ago, crystallises the financial proposals for the nine months ending December 31st next as follows:—

	Frs.
Estimated revenue ...	41,104,541,481
Estimated expenditure ...	41,088,953,711
Estimated surplus ...	15,587,770

The Rapporteur, M. Lamoureux, states that the Treasury is in far from the flourishing situation it enjoyed a year or two ago, its available resources at the end of 1931 having been only 2,273,000,000 francs. The deficit on the current financial year threatens to be largely increased by the suspension of German reparation payments, in which case the Treasury will be called on to advance to the Budget an amount equivalent to the sum held up by moratorium. A more important cause for the penury of the Treasury, the Rapporteur emphasises, lies in the advances which have been made to foreign Governments and to private undertakings, such as the Banque National

de Crédit and the Banque d'Alsace et de Lorraine ("in order to prevent serious loss to the public savings"). M. Lamoureux calls attention to the fact that between 1928 and 1932 proposed expenditure for a full year has been increased by 10,777,000,000 francs, or 25 per cent. The Rapporteur insists that estimates of expenditure in the new Budget are below what will be necessary, and that the realisation of certain items of revenue is questionable (such as, for example, the receipt of payments from Germany equivalent to 1,173,000,000 francs). Further, 2,463,000,000 francs of estimated receipts required to balance the Budget can only be secured by exceptional means. The new Budget, he estimates, will show a "virtual deficit" of 2,500,000,000 francs, and, as several of this year's resources will not be available in the future, subsequent Budgets may be deficient to the extent of something like 7,000,000,000 francs. "In appearance," as M. Dausset, another expert, comments, "the Budget Bill proposes credits that will both meet requirements and furnish a balance. In reality there is a real deficit of 7,000,000,000 francs, postponed or concealed, by the aid of well-known methods which necessity tolerates, but which financial sincerity reproves."

The foreign trade returns for January indicate total exchanges of 4,147,165,000 francs and 5,527,000 tons, as compared with a total in the corresponding month of last year of 7,752,750,000 francs and 6,821,000 tons. The drop of 47 per cent. in value, as compared with January last year, was obviously due mainly to the sharp fall in prices during the last twelve months, the decline of 20 per cent. in tonnage much more nearly gauging the effect of the economic crisis on French foreign trade. Imports totalled 2,341,000,000 francs and 3,680,000 tons (of which 1,077,000,000 francs and 2,917,000 tons were raw materials, and 502,000,000 francs and 172,000 tons manufactured goods), against 3,786,000,000 francs and 4,404,000 tons in the corresponding month. Exports totalled 1,806,000,000 francs and 1,877,000 tons (of which 435,000,000 francs and 1,559,000 tons were raw materials, and 1,098,000,000 francs and 212,000,000 tons manufactured goods), as compared with 2,571,000,000 francs and 2,417,000 tons in January, 1931. The month resulted in an adverse balance of 534,000,000 francs (equal to 28 per cent. of the imports), compared with 1,243,000,000 francs (or over 30 per cent. of the imports) a year ago.

Industrial production figures for December mark a drop of three points in the general index figure, which is returned as 111 (1913 = 100), against 114 in November, 194 in December, 1930, and a mean of 140 during that year. The building, leather and paper industries all show a rise of a point on the month. Textiles are returned at 59, or a further drop of three points, bringing the industry to the lowest level of output recorded for many years. Other index declines on the month are engineering 6 points, metallurgy 7, mining 3, motor-car construction 12, and rubber commodities 32 points. Output of combustibles by the French collieries in January was 3,811,000 tons (as compared with 4,017,000 tons in December, and a monthly average of 4,586,000 tons during 1930), plus 888,000 tons by the Saar mines, against 853,000 tons in December last, 1,039,000 tons in December, 1930, and a monthly average during that year of 1,103,000 tons.

The index figure representing wholesale prices (45 commodities) at the end of January moved up from 413 to 414 (gold index figure: 84), the rise being due to a somewhat sharp increase in meat and vegetable food prices, the figures for all other categories going to lower levels. The figure for French products (29 commodities) rose from 471 to 477, while that for imported goods declined 8 points.

GERMANY.

Presidential Candidature — Trade Balance — Banks.

(FROM OUR CORRESPONDENT.)

BERLIN, February 16.

HERR VON HINDENBURG has agreed to be a candidate for re-election to the office of President. "After earnest consideration I have decided, in the consciousness of my responsibility for the fate of our Fatherland, to stand for

re-election. The fact that the request to do so came not from a party but from large sections of the people makes me feel it my duty to consent. If I am elected I shall continue to serve the Fatherland conscientiously and faithfully with all my power, striving to secure for it freedom and fair treatment abroad, unity and recovery at home. If I am not elected, I shall be spared the reproach of having arbitrarily abandoned my post in a time of difficulty."

This confirmation establishes the fact beyond a doubt that Herr von Hindenburg will stand for the second poll if he should not be elected at the first voting. The difference between the President and former Commander-in-Chief of the German Army and the agitator Herr Hitler, who has become his opponent, could not be better illustrated than by the tone of this announcement. Herr Hitler has appealed for support with the mien of a victor before even the struggle has begun. Herr von Hindenburg declares that he proposes to do his duty without reference to the result. This difference will make a profound impression upon the German people.

The greatest confusion reigns among the parties of the Right. The German Nationalists and National Socialists have declared that they will not vote for Herr von Hindenburg, but that is as far as their unity on the question of the election goes. The most likely thing still seems to be that Herr Hitler will secure German nationality by some means or other and offer himself as a candidate. Apart from him, the entire Right is unable to produce a candidate who would have any chance against Herr von Hindenburg even on a second voting. The open opposition of the National Socialists and the German Nationalists has very much simplified the position of the Social Democrats in respect of Herr von Hindenburg's candidature. No official declaration has yet been made by the party, but there is no doubt that it will support Herr von Hindenburg.

Hitherto it has been possible to counter the demand for a policy of "autarchy"—that is to say the separation of German trade and credit from the rest of the world and the formation of German credit policy without reference to relations with other countries—by arguing that this would involve the sacrifice of the export business by which so large a proportion of German workpeople live. The dwindling of German exports under the influence of restrictive measures in other countries is now making it more and more difficult to resist the isolation movement within Germany. The export surplus in January was Rm. 102 millions, against 247 millions in December, 264 millions in November, and 396 millions in October. The January foreign trade returns alone are not, of course, inclusive evidence of the future destiny of German exports, especially as it is not possible completely to distinguish seasonal influences, but the German Press is quite right in regarding them as a serious danger signal. Although January was a relatively unfavourable month last year too, when the surplus was only 60 millions, the severity of the decline last month, as compared with any of the preceding eleven months, taken in conjunction with closer analysis of the figures, shows that this was in the main not a seasonal phenomenon but one due to exchange and commercial restrictions abroad.

German exports to Great Britain, which had already declined by Rm. 20 millions in December, underwent a further contraction of 50 millions, and the heavy decline in exports to Holland is probably in part a decline in indirect exports to England. Total exports were down by Rm. 196 millions, of which about 50 millions were balanced by the diminution in exports. The export surplus is a matter of vital importance to Germany on both economic and political grounds, as Germany's ability to fulfil her obligations under the standstill agreement depends upon the activity of her trade balance.

The Government are working hard to place the future of German banking on a secure foundation. Time presses, the next few weeks. The most urgent matter is to settle the fate of the two big banks which are being supported by the Reich. The original plan of amalgamating the Danatbank and the Commerzbank has been abandoned and it now seems certain that the Danatbank and the Dresdner

Bank will be amalgamated, but the terms of the fusion are still under discussion. Probably the old ordinary shares will be written down by 25 per cent., and thus be reduced to a small minority. At the same time the Reich will be released by the new amalgamated bank from its responsibility for the Danatbank's debts. That presupposes, not only that the losses of both banks will be substantially written down, but that a considerable supply of fresh funds—Rm. 150 millions are talked of—will be forthcoming.

The D.D. Bank and the Commerzbank will also have to reduce their capital considerably in order to write off their losses. Negotiations are in progress for securing fresh resources both for these banks and for some of the larger provincial banks, especially the Barmer Bankverein and Adea-Leipzig. The fund from which this money is to come is to be the profits of the Reichsbank. During the past year the Reichsbank has made enormous profits, and will in all human probability do the same in the coming year, for the withdrawal of short-term foreign credits has made the Reichsbank far more the central source of credit than it used to be, and the high rates consequent on the scarcity of credit, which presumably have come to stay, make discounts and advances correspondingly profitable. The Government is legally empowered to absorb these profits in two ways: by its graduated share of the profits and by the tax on that part of the note circulation which exceeds a prescribed level. The Government and the Reichsbank have apparently decided to use these profits resulting from the crisis for the benefit of the banks which have been injured by the crisis, undoubtedly a rational proceeding. It is anticipated that the negotiations, which are being conducted in the closest secrecy, will be concluded within a few days.

Meanwhile the first bank balance sheet to be published, that of the Reichscreditgesellschaft, whose shares are held by the Reich, shows a surprisingly favourable result. The bank is able without difficulty to distribute a dividend of 4 per cent. for 1931, against 7 per cent. for the preceding year. The balance sheet confirms the fact, which has been known for months, that the Reichscreditgesellschaft profited by the crisis of last July. Large sums which had been withdrawn from other banks flowed into it, partly because, as a Government bank, it was considered absolutely safe, and partly because it had kept itself extraordinarily liquid. In consequence, although it too had to repay by far the greater part of its foreign credits, its "creditors" only declined from Rm. 629 to Rm. 512 millions, or about 20 per cent., compared with an average decline of 35 per cent. in those of the other banks. The proportion of foreign money in the item "creditors" fell from 50 per cent. in the preceding year to 27 per cent. Its acceptances fell from Rm. 30.3 to Rm. 21.2 millions. Total liabilities are covered to the extent of 46.25 per cent. by cash, balances with other banks, bills of exchange and Treasury bills, against 42.8 per cent. last year. The share capital is unchanged at Rm. 40 millions.

The news of the proposed expansion of credit in the United States and the rise on the New York Stock Exchange have stimulated an upward movement in German shares. The question of reopening the German stock exchanges has been postponed for the time being at the wish of the Reichsbank, but the tendency is clearly shown in the telephonic dealings among bankers and brokers. During January there was a strong upward tendency, chiefly owing to a belief that the earlier prices were thought to have been too low and to a feeling of optimism in respect both of domestic political developments and of the anticipated settlement of the reparations question. At the beginning of February there was a not inconsiderable setback. In the last few days this has been made good, and the leading German shares are now being sold at rates which had not been touched since last autumn. Rises of 5-10 per cent. in a few days do not so far mean very much, as the turnover has been relatively small. Small purchases force up the quotations, as there is little inclination to sell.

AUSTRIA.

Banking Developments — Exchanges — Industry.

(FROM OUR CORRESPONDENT.)

VIENNA, February 15.

THE new President of the National Bank, Dr. Kienböck, has retired completely from political life. He is also giving up his practice as lawyer and declares that he will run the bank without political prejudice. It is, however, his desire to work in close conjunction with the Government, though he has pointed out that the bank management will retain its independence. The State finances are deeply affected by the Credit-Anstalt and also by the situation at the National Bank. A solution of the difficulties will only be reached when the State finances improve and the bank of issue is able to eliminate from its portfolio the bills of exchange taken over from the Credit-Anstalt. Whether this is to be effected by converting a portion directly into a State debt is not yet certain, but the new President of the National Bank has declared that it is not possible to concede the Credit-Anstalt any important accommodation from the bank of issue, unless in respect of commercial bills of exchange. The bank of issue already has enough finance bills. At the Credit-Anstalt itself Herr van Hengel has entered upon his duties as general manager, after the failure of the attempt to get a prominent German director for the position. Vienna directors, with whom negotiations were carried on, also refused the offers made to them.

The position of the State finances has by no means improved within the past few weeks. The deficit for the year 1931 is considerably higher than was originally anticipated. It amounted to 277 million schillings, and was 66 millions in December alone. January certainly brought no improvement owing to the poor traffic on the railways and the strangulation of trade caused by the restrictions on foreign currency. For 1932 the budgetary revenue and expenditure have been greatly curtailed, but it appears that the results for last year were still more unfavourable than was expected, and that the estimates for 1932 may have to be subjected to a further examination. The deficit on the Federal railways for the year 1931 amounts to nearly 80 million schillings, in spite of the fact that the Federal Railways, like the State, have almost completely stopped capital improvements, and that the expenditure which is made consists almost exclusively of unavoidable repairs.

On foreign exchange and gold markets there have been considerable fluctuations in the last week. For instance, the premium on gold has decreased from 42 to 36 per cent., which amounts in schillings to a decrease in the price of fine gold from 6,800 to 6,500. About four weeks ago the premium on gold was 28 per cent. For the time being, the National Bank has no intention of allowing any change to take place in its cautious policy in regard to foreign currencies, as there is no fresh influx of foreign means of payment.

The foreign currency clearing treaties, which have been concluded with various States, have so far not proved satisfactory. There is no improvement observable in either general business or in the heavy industries, and the Alpino Montan Gesellschaft will again distribute no dividend. The company, however, has succeeded in somewhat reducing its bank debt. Further dismissals are taking place in the automobile industry, especially at the Steyr Works, so that the distress in that town is further augmented. More than half the population of the town is already living on public support. Again, the hopes attaching to an improvement in the sales of Austrian brown coal are not being fulfilled. Even though the importation of foreign brown coal has receded somewhat, stocks are still very large; furthermore, the foreign coal mines—and not only those which deliver brown coal but also those which deliver hard coal—are prepared to sell their products to Austria on long-term credit. Representatives of the workers and of the brown coal industry are demanding that the Government should forbid the importation of brown coal, but this would involve difficulties in relation to trade treaties. The brewing industry is also experiencing a

serious crisis, for consumption is falling, the teetotal movement is progressing, and not only the breweries but also the State finances are suffering in consequence. Some of the breweries have also bought soda-water factories.

Nothing is known yet of the balance sheets of the banks. The banks want to see how things will develop at the Credit-Anstalt before making decisions in regard to their own balance sheets and in respect of the distribution of dividends. In the meanwhile, the dismissal of clerks is still proceeding, largely because the social charges, which the employers have to pay on their behalf, have not yet been modified.

HUNGARY.

State Debt — Agricultural Indebtedness — Foreign Creditors.

(FROM OUR CORRESPONDENT.)

BUDAPEST, February 16.

IN accordance with the Government's declaration addressed to the Financial Committee in October, 1931, that quarterly statements would be issued giving details concerning foreign and domestic debts and all other liabilities of the State and its undertakings, the position as on December 31, 1931, is shown as follows in the last monthly report of the Finance Minister:—

	Foreign.	Domestic.	Total.
	(Millions of pengö.)		
Consolidated debt.....	1,251.8	132.6	1,384.4
Floating debt	305.5	87.7	393.2
Commitments outstanding....	3.8	211.2	215
Aggregate debt.....	1,561.1	431.5	1,992.6

For the service of the State debts 95.3 million pengö are earmarked in the revised Budget for the current financial year 1931-32. There is little doubt that for the next financial year, which begins on July 1, 1932, more than 100 million pengö will be needed for the service of the State debts, because a considerable proportion of the floating debt was contracted during 1931, and interest for the first year (e.g., for the Treasury bills) was deducted in advance. As can be seen from the above statement, the major part of the floating debt was borrowed abroad, whereas the outstanding commitments of the State represent chiefly the unpaid obligations of the State and its undertakings at home with banks, industrial concerns, etc. According to the quarterly report of the League of Nations representative the Government has not given its guarantee for any loans or credits since the Financial Committee of the League reported in October last, when the total of loans guaranteed by the State was 199.8 million pengö.

The Statistical Department estimates that the total net indebtedness of agriculture outstanding on December 31, 1931, amounted to 1,690 million pengö, against 1,570 million pengö a year ago. Though the pace of growing indebtedness has slowed down somewhat in 1931 as compared with the period 1927-29 the number of mortgaged holdings has again considerably increased. About 40 per cent. of the landed property is mortgaged. Considering that the pre-war debts of Hungarian agriculture were almost entirely wiped out by the inflation before the League reconstruction scheme began to operate in 1924, and new borrowing (mainly from abroad) began only in 1925, it is appalling that within six years indebtedness proceeded so fast that owing to the high interest rates and the fall in the price level agriculture is once more in a bankrupt state. It is the small and middle-sized holdings which suffer the most from the onerous debts; the big estates are comparatively better off, thanks partly to the fact that they benefited more from the wheat and rye bounty accorded in 1930 and 1931 than the smallholders did. Moreover, indirect taxation and the discrepancy between agricultural and industrial prices hit the small farmers harder than the big landlords.

There is little doubt that the present interest rates and high taxes are quite out of proportion to the farmers' capacity to pay. At present interest rates are limited to

10½-11 per cent. in the rural districts, but no one can tell what the peasants really pay for their unconsolidated debts. In all probability the interest and sinking fund charges of agriculture, returned at 128 million pengö by the Statistical Department, are understated. The agriculturist groups of all political parties have joined hands to ask the Government for urgent help. While it is rather disquieting to see that agriculturists favour a disguised inflation—they demand an increase of the "means of payment"—there is much force in their protest that at a time when Hungary cannot meet her foreign obligations, domestic bondholders of 7½ per cent. bonds should receive interest in full. In view of the fact that Hungary is bound to ask her foreign creditors to scale down the existing 7 and 7½ per cent. interest rates to a reasonable rate, say 3 or 3½ per cent., compatible with her capacity to pay, it is unwise to create a dangerous discrimination by paying the domestic bondholders an interest rate of 7 and 7½ per cent. so long as the matters arising out of the transfer moratorium have not been settled with the foreign creditors.

The hopes that foreign creditors will come to terms with their Hungarian debtors on a moderate scale of interest compatible with the country's capacity to pay have so far proved to be in vain. Instead of working out a plan for 1932 to save the basic financial structure of the country and make the temporary good effects of the transfer moratorium durable, pending a general world recovery and the return of normality in the sphere of international trade, foreign creditors are quarrelling among themselves and with Hungary's representative about transfer priorities of doubtful value. It is understood in Budapest that the negotiations of Dr. Teleszky in London with the American and English creditors did not lead to much success. Yet it is very important that urgent decisions should be taken regarding the management of the Foreign Creditors Fund into which the untransferable interest and sinking fund payments are made.

HOLLAND.

Trade — Industry — Commercial Policy.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, February 17.

THE trade statistics for January illustrate the hard struggle we are having with the obstacles to foreign trade encountered on all sides. The trade position is summarised in the following table (gold and silver excluded) in millions of guilders:—

	January, 1931.	December, 1931.	January, 1932.
Imports	178	141	131
Exports	118	81	70
Percentage of imports covered by exports	65.9	57.4	46.5

There has been a further pronounced decline in exports, although the actual excess of imports over exports remains almost unchanged as compared with December, 1931.

The Bill providing for the establishment of a foreign exchange clearing house system with countries abroad is to be introduced into the Second Chamber within a few days, and in order to enable the measure to become effective as soon as possible after it has passed through Parliament, the Government is already endeavouring to make the necessary arrangements with the countries concerned. For this purpose a delegation consisting of Dr. H. M. Hirschfeld, Professor Dr. Bruins and a representative of the Netherlands Bank have arrived at Budapest, where they are negotiating with the Hungarian Government. After the conclusion of the negotiations with Hungary, the delegation is expected to proceed to Vienna to conduct similar negotiations with the Austrian Government, after which the authorities in Germany will probably be visited. It is thus apparent that the Government is taking active measures to "improve" the balance of trade as soon as somewhat artificial character, as they were stimulated by

Despite the unfavourable balance of trade, the position of the Netherlands balance of payments is still satisfactory. The exchanges are well maintained, and even in January the import of gold and silver reached 35,273,682 guilders, against an export of 17,317,610 guilders. The efflux of gold from the Netherlands Bank also continues to be confined within narrow limits.

Holland maintained her prominent position on the international artificial silk market very satisfactorily in 1931. This applies, however, more to the quantity exported than to the value. Whereas in 1930 the total Dutch exports of artificial yarns totalled 8,919 tons, with a value of 23,898,000 guilders, the quantity rose to 9,493 tons in 1931, but the value declined to 19,057,000 guilders. The maintenance of foreign markets is of vital importance for the Dutch artificial silk industry, for the industry is dependent upon exports for 90 per cent. of its output. As compared with an average export price of 4.97 guilders per kilogram in 1927 and 5.12 guilders in 1928, the price dropped to 4.23 in 1929, followed by a further decline to 3.58 in 1930, while for 1931 the average price was only 2.69 guilders; in December the average price even fell to 2.42 guilders. It is evident that the profits of the various artificial silk companies are likely to be disappointing for 1931. Germany was again our principal customer in 1931. Our exports to the United States of America, which were no less than 1,699 tons in 1926, have been steadily falling, and in 1931 they only amounted to 159 tons. The Dutch artificial silk industry has, however, been successful in acquiring new markets in the Far East.

The state of Dutch shipping is very gloomy indeed. The decline of shipping traffic has made itself very strongly apparent in Rotterdam, especially the last few weeks. The number of unemployed registered at the local labour exchange was 32,773 at the end of December, as compared with 19,267 on December 31, 1930. The provision of support for the unemployed is requiring 13 million guilders, as compared with an expenditure of 5.4 million guilders for this purpose in "normal years." More than half of Rotterdam's fleet of freight steamers is now laid up.

It is stated that the negotiations between the Belgian and Netherlands Governments will most likely be completed by the end of this month. It is expected that before the summer the results of the negotiations will be submitted to the Netherlands Parliament. A Dutch delegation sent to Brussels a few days ago has been studying with a Belgian delegation the situation of the meat and butter market in Belgium and Luxembourg. It proved that it is not impossible that sooner or later Belgium will be compelled to consider restrictive measures on the importation of meat and butter. Assurances were given, however, that in this event the normal extent of the exportation of meat and butter from the Netherlands into Belgium and Luxembourg will be properly taken into account.

SWEDEN.

Prices — Balance of Trade — Stock Exchange.

(FROM OUR CORRESPONDENT.)

STOCKHOLM, February 9.

A NEW agreement has now been reached for the engineering shops, iron and metal works, and a proposal recommended by the negotiators for both parties has been submitted in regard to the sawmills. Negotiations are still in progress regarding the pulp and paper mills. The unwillingness of employees to agree to any reductions in wages is due to a fear of inflation, but, so far, the fear which seemed justified when the gold standard was dropped has not been borne out. The result, admittedly, of the great rise in the foreign rates of exchange has been an unavoidable increase in the wholesale price level, which, measured by the index of wholesale prices of *Svensk Finanstidning*, increased from 100 in September to 103 in December, while the official index of wholesale prices rose from 107 to 111. In the

weekly price index of *Svensk Finanstidning*, which is more purely an index of raw materials, the advance is even more clearly shown. It rose from 89.9 in the week before departure from the gold standard to 100.6 at the beginning of December, after which it fell slowly to 97.9 last week. So far, however, there has been no corresponding increase in the cost of living. In view of the invariable lag of retail prices behind movements of wholesale prices, it is still an open question whether the increase in prices of imported goods caused by the depreciation of the currency will not also set its mark on retail prices and the cost of living. This is, of course, not inevitable, as the policy of continued deflation by a high discount rate and a rationing of credit, which the National Bank has followed ever since September, may counteract the tendency.

The balance of trade for December turned out to be considerably more favourable than had been anticipated. The surplus of imports did not exceed 4.6 million crowns, a figure which contrasts sharply with the earlier months of last year, all of which showed a considerably higher surplus of imports, and suggests that the depreciation of the crown, in spite of everything, has begun to operate favourably upon the balance of trade. Owing largely to the December development, the result for the whole of 1931 was a surplus of imports of 312 million crowns, while earlier in the autumn there was reason to expect a debit balance of something like 350 million crowns. Even 312 million crowns, however, means an enormous change for the worse in our balance of trade, as the debit balance for 1930 was 112 million crowns. This enormous change for the worse in our balance of trade has played a decisive part in the unfortunate development during the past year which resulted in the abandonment of the gold standard. In order to close the breach which the surplus of imports produced in our balance of trade, it was naturally necessary to raid our currency reserves to a very considerable extent, even if a part, by no means insignificant, could be covered by invisible exports. No figures are yet available as to the net yield from freights, but it should be manifest that it must be considerably less than that for the year 1930, 189 million crowns. In the same way, some reduction must be anticipated in the balance from interest accruing to us from our foreign investments, which was estimated at about 20 million crowns for 1930. If we estimate both these items at a total amount of 175 million crowns, we should, however, be on the safe side, and the change for the worse in the balance of payments caused by the surplus of imports in foreign trade is then reduced to 137 million crowns.

The next most important item in our balance of payments during the past few years has been movements of capital abroad. For quite natural reasons the tendency of these movements had already reversed during the second quarter of last year and during the remainder of the year net imports of capital increased. Whilst the net export of capital, according to the estimates of the Bank Inspectorate, amounted for 1930 to 220 million crowns (according to the Board of Trade to as much as 342 million crowns), the result for 1931 was a net import of 37 million crowns. The change for the worse in the balance of trade in conjunction with the crisis has, in other words, not only prevented us from providing any balance for investment abroad, but we have even been compelled to bring home part of the investments which had been made during the preceding few years. This, however, had the favourable effect of further reducing the breach in our balance of payments. While the Board of Trade estimated the deficit in our balance of payments for 1930 at 245 million crowns, according to these estimates the change for the worse during 1931 should not have gone further than about 100 million crowns, and while only 30 million crowns of it was covered in 1930 by relying on our currency reserves so that the rest was presumably bridged over by credit transactions, we disposed last year of 300 million crowns of our currency and gold reserves in order to reach equilibrium. The settlement which should have been effected in 1930 had, in other words, to be effected in 1931, and then for two years at once.

After the almost uninterrupted fall in the market price of securities during the autumn months, January brought with it a rise in the Stock Exchange values of the "A" list securities of 313 million crowns. The figure is somewhat surprising, as the dominating factor has been the uncertainty in regard to labour disputes. Probably the January movement on the Stock Exchange would have been quite different had not the special Kreuger rise taken place. Of the profits on market quotations for the month not less than 206 million crowns are to be attributed to the Kreuger securities.

CZECHOSLOVAKIA.

Industry — Trade — New Bills.

(FROM OUR CORRESPONDENT.)

PRAGUE, January 31.

UNEMPLOYMENT persists owing to the difficulties of export, and the figure was over 480,000 at the end of 1931. The home market, however, is better, and the Christmas trade was considered fairly satisfactory. The unsatisfactory economic situation is reflected also in the increase in the number of bankruptcies and settlements, which amounted to 6,515 in 1931, or 326 more than in the previous year, and by the heavy decline in railway traffic and iron and steel output. Production of pig iron in 1931 amounted to 1,144,000 tons; this represents a decline in the output to 40 per cent. of capacity. The output of raw steel declined correspondingly to 1,529,000 tons, or 34 per cent. of the capacity of all plants. As almost two-thirds of the works are out of action, the cost of production has naturally been raised. There have been considerable extensions of plant since 1927, and the pressure of interest charges is therefore being felt very seriously. This state of things has been made worse by the decline in iron prices on the world market, as the Czechoslovak industry sells a considerable percentage of its output abroad.

The money market, after a fairly severe stringency at the end of the year, has been showing a certain relaxation, which is manifested also in the improved quotations of Government securities. Deposits in the banks and other institutions show a favourable development, though this is not uniform. The National Bank has reduced its discount rate from 6½ per cent. to 6 per cent. Whereas the previous increase in the discount rate was the subject of severe criticism, the reduction of the rate has now incurred similar censure, as it is considered insufficient. Other banks followed the lead of the National Bank in raising their rates, but have not reduced them now. A further reduction in Bank rate is likely to be considered after the French loan has been realised.

Exports have suffered considerably from foreign exchange restrictions in various countries. Imports in 1931 amounted to Cz. Kr. 11,789 millions, and exports to Cz. Kr. 13,140 millions. The foreign trade balance was active by Cz. Kr. 1,351 millions, but many frozen credits are involved, which it is impossible to realise. Total imports in 1931 declined by 25 per cent. as compared with 1930, and exports by 24.8 per cent. Exports of industrial goods, especially textiles, iron goods and sugar, have been seriously affected.

The development of foreign exchange restrictions is manifested in the decline of the foreign exchange holdings in the country. On the whole Czechoslovakia had retained unrestricted dealing in foreign exchange, whereas in the neighbouring countries rationing of foreign exchange had been severe. The result of this was that foreign exchange was leaving Czechoslovakia, while debts due from abroad could not be collected. Under these circumstances it was not possible, without endangering the currency, to retain the previous relative freedom, and Czechoslovakia was also driven to restrict foreign exchange dealing. This has been done only after other countries have done so, and the restrictions have come almost too late. After the control of foreign exchanges had been intensified, an ordinance, dated January 18th, limited the use of foreign exchange for goods enumerated on a special list.

The difficult negotiations with Hungary are being continued, and there is a hope that they will be brought to a successful conclusion shortly. Partial agreements entailing revision of some points in the commercial treaty with France have been concluded. The possibility of an economic rapprochement of some of the States in Middle and Eastern Europe is still being much discussed, but the outlook for a speedy realisation of such a plan is poor, when one takes into consideration the protectionist trade policy of almost all the countries concerned.

In the Czechoslovak Parliament a Bill has been passed authorising the Minister of Finance to raise a loan up to Cz. Kr. one milliard. This loan is to alleviate the position of the Treasury, which is encountering difficulties, owing to the fact that the revenue, compared with the Budget, has declined as the result of the crisis; on the other hand, expenditure has risen, especially on account of unemployment relief, which is estimated at Cz. Kr. 300 millions. The Government relieved the situation temporarily by issuing new Treasury Bills, payable in 1932, ordering strictest economy in all expenditure and procuring new revenue by raising the income tax and match duty. In Parliament there is also under discussion the establishment of a special Control and Economy Board. The effects of these steps will naturally appear later on; for the immediate needs credit is indispensable, and an agreement was signed in Paris on January 20th by which a loan amounting to 600 million francs for five years was contracted.

The Government are preparing a Bill aiming at a control of trusts and cartels. This is to effect an extensive limitation and control of trusts. The Bill is meeting opposition from industry, as it is feared that it may unnecessarily hamper cartel activity, which is in a certain measure economically indispensable in the present time and often serves as a basis for international trade agreements. Although the necessity for placing the cartel activities on a legal basis is acknowledged, the Bill is considered to go much too far in its provisions.

SPAIN.

Budget — Jesuits — Exchange Control — Unemployment.

(FROM OUR CORRESPONDENT.)

MADRID, February 8.

THE Minister of Finance has now published the figures of revenue and expenditure for 1931. These are as follows:—

	Pesetas.
Estimated expenditure	3,690,945,672
Payments effected to December 31, 1931	3,855,086,660
Difference	165,040,988
Estimated revenue	3,753,654,000
Effective revenue to December 31, 1931	3,656,093,733
Difference	97,560,267
Excess of payments over revenue	198,992,927

Señor Carner considers these figures satisfactory in view of conditions during the past year and states that he is very optimistic as to the future. No mention is made by him of the 400 millions to be paid by the Government to the railways—a sum which was included by the preceding Minister of Finance when he stated that the deficit would amount to 600 million pesetas. Señor Carner is bringing pressure to bear on his colleagues of the respective departments, but there is considerable scepticism on hand, as was anticipated, direct taxation is to be increased by from 5 to 30 per cent. Shopkeepers are to pay an additional 25 per cent. on their industrial tax and the net profits arising from the sale of cinematograph cameras and films, gramophones and records, are to be taxed 10 per cent. The tax on insurance premiums has also been increased, while death duties are to be put up

by 20 per cent. Mining dues will be raised by 80 per cent. and the tax on mining rents is to be increased from 10 per cent. to 15 per cent.

The Bill instituting divorce in Spain was discussed and approved by Congress with very little opposition. That which called for the dissolution of the Order of Jesuits also became law and was put into effect immediately. Here, however, a very lively opposition was put up and it was at one time feared that serious incidents might occur. The Jesuits themselves were the first to recommend submission, and the fine buildings hitherto occupied by the Order were duly vacated within the short respite allowed by the law. The fears that the measures taken might have a depressing influence on the Stock Exchange in view of the extensive interests of the Jesuits in Spanish industries, and especially those connected with the production and distribution of electricity, have proved unfounded up to the present, although the past fortnight has certainly seen a slowing down of activity in the share market. The other religious orders are eventually to be prohibited from taking an active part in any trade or industry and will not be allowed to own or run schools and colleges.

The organisation of the Central Office for Operations in Foreign Currencies has been modified in the following sense: national and foreign banks established in Spain will be allowed, as soon as they have been placed on the list of authorised establishments, to equalise purchases and sales of foreign currencies amongst themselves. In order to obtain such authorisation, banks must present a statement of all their operations in foreign currencies during the last quarter of 1931. The Central Office will then fix for each bank a maximum for the purchases of foreign currency allowed over and above those covered by clearing arrangements with other banks, and the cover for such excess will be provided by the Central Office through certain banks designated for the purpose, instead of through the Bank of Spain. All sales of currency must, of course, be justified, as hitherto, by invoices or other commercial documents, and a detailed account of all operations in foreign currency, reduced to French francs, must be submitted daily to the Central Office. It is stated that this modification is the first step towards the removal of restrictions on the free transaction of exchange operations. Since the publication of this regulation by the Central Office for Operations in Foreign Currency, the peseta has fallen, and at the present time continues weak.

Contrary to previous unofficial statements by the Minister of Finance, it is now considered very probable that as soon as the Budget has been balanced, the Treasury will make a public issue of bonds amounting to some 500 million pesetas, which amount, in view of the large funds available, should be easily absorbed by the market, especially as confidence has been somewhat strengthened by Señor Carner's reiterated statements that he will not tolerate any measures which might impair national credit.

In an attempt to reduce the number of unemployed, the Government is reconsidering the public works undertaken during the Dictatorship of Primo de Rivera, which were stopped on the advent of the Republic. In the case of such schemes as are susceptible of producing revenue in the near future work is to be proceeded with as rapidly as possible.

CANADA.

Crops — Business — Foreign Trade — Revenue — Parliament.

(FROM OUR CORRESPONDENT.)

OTTAWA, January 27.

GRAIN prices have stiffened a little, but the export demand is not strong owing to the competition of Argentina and Australia, and the stocks of wheat in store are still heavy and are estimated by the Bureau of Statistics on January 15th at 199,384,242 bushels, as compared

with 209,912,982 bushels on the same date in 1931. The final revised estimate of the Bureau of Statistics places Canada's total wheat crop for 1931 at 304,144,000 bushels from 26,114,650 acres, as compared with 420,672,000 bushels from 24,897,900 acres in 1930; the shrinkage was due to the sharp decline in the average yield per acre, which was 11.6 bushels as compared with 16.9. The same bulletin places the average price per bushel received by growers at the point of production at 38 cents, as compared with 49 cents for the crop of 1930, and the total value of all field crops at \$425,065,100, as compared with \$662,040,900 in 1930.

This drastic curtailment of farming returns has been particularly hard upon the three prairie provinces, which are having a very difficult winter, attended by real hardship for many settlers; all their governments are also suffering from acute financial embarrassments, and considerable support has been developed for a proposal made by Premier Bracken, of Manitoba, that the three provinces should be merged into a single province in order to secure the economies in administrative costs which would be possible. There are no valid objections to such a merger, which would produce a province with a smaller population than either Ontario or Quebec, but it would hurt local vested interests, which will fight it to the last ditch.

Both wholesale and retail trade are relatively quiet, and commodity prices appear for the moment to be well stabilised. Cotton, woollen and artificial silk factories are operating at a reasonably satisfactory level, but the iron and steel plants, the machinery firms and the lumber, newsprint, mining and fishing industries continue to show low production. For the year 1931 production of steel totalled 673,087 tons, as compared with 1,009,578 tons in 1930 and 1,378,024 tons in 1929. The output of motor vehicles for the year was 82,614, as compared with 153,372 in 1930. New construction work also remains at a low ebb, and in December the total value of new building contracts in 61 cities was \$7,397,984, as compared with \$15,440,281 in December, 1930. The total production of Canada's newsprint mills for 1931 was 2,230,775 tons, and the ratio of operations to capacity was 58.1 per cent., as compared with a production of 2,504,147 tons and an operating ratio of 69.4 per cent. in 1930.

The adverse exchange situation in New York, which has lately shown considerable improvement, has materially helped certain industries which were faced with American competition and has been a factor in converting an adverse into a favourable balance of trade. In December, for the seventh consecutive month, exports (\$53,255,476) exceeded imports (\$40,289,795), and for the nine completed months of the present fiscal year exports, including \$8,667,000 of re-exports, attained a total value of \$470,464,000, as compared with imports valued at \$451,355,000, leaving a favourable balance of nearly 20 million dollars, as compared with an adverse balance of over 70 millions in the parallel period of 1930.

The latest statement of the Federal revenues up to December 31st shows that in the first nine months of the fiscal year their yield has been \$254,648,150, as compared with \$290,166,044 in the previous parallel period, but it is understood that some of the leeway has been made up in January. In view of the special demands upon the Federal Treasury, it has been impossible to effect any cut in the aggregate expenditure, which, for the nine months' period, amounted to \$308,947,637, as compared with \$306,150,616, without taking account of the substantial sums which will be required to meet the obligations of the Canadian National Railways. On December 31 the net National Debt was placed at \$2,315,911,423, as compared with \$2,193,748,531 on December 31, 1930. However, further evidence that there is an abundance of money in the country available for investment was provided in January by the successful flotation of two domestic loans. The City of Montreal had no difficulty in raising \$15 millions for a 6 per cent. issue, and when the province of Ontario offered a \$25,000,000 issue, part at 6 per cent. and part at 5½ per cent., it was oversubscribed two and

a half times in a single day. Confidence is now felt that a large part of the refinancing operations which will be necessary to meet maturing obligations in the United States can be effected by Canada through domestic loans. The Federal Parliament has been summoned to meet for its second regular session on February 4th. The duration of the session will depend upon the temper and tactics of the Opposition, and there are indications, derived from a recent speech of Mr Mackenzie King, that the Liberal Opposition intends to challenge vigorously the tariff policy of the Bennett Government. In this speech Mr King made a comprehensive arraignment of the "Canada First" policy and pledged his party to reverse it at the earliest opportunity and restore the scale of duties to the level which prevailed before the special session of September, 1930. Since last session ended there has been no material change in the standing of parties in the Commons, but the Conservatives now have a definite majority in the Senate. The reorganisation of the Cabinet, which has been foreshadowed, has not come to pass, but Premier Bennett has now divested himself of the burden of the Ministry of Finance and entrusted it to Mr E. N. Rhodes, who has been serving as Minister of Fisheries.

The Canadian Government has now, with the approbation of the other British nations, fixed the third week in July as the date for the opening of the Imperial Economic Conference at Ottawa, and its officials have begun the work of collecting the necessary data and other preliminary preparations. There is evidence of some nervousness in certain manufacturing circles about the possibility of in-roads being made into their domestic preserves at the Conference, but disinterested public opinion takes the view that only by mutual sacrifices and concessions can adequate results be achieved at the Conference, and hopes that the Bennett Government will not allow its course to be dominated by the more selfish type of industrial protectionist. In the speech referred to above Mr Mackenzie King entered a caveat against Canada's participation in any " Empire First " policy of a tariff ring fence, and declared that she must retain freedom to trade with other countries.

JAPAN.

Gold Suspension — Budget — Balance of Payments.

(FROM OUR CORRESPONDENT.)

Tokyo, January 11.

THE immediate effects of the suspension of the gold standard are not as yet easy to assess. The initial impact of the depreciation of the yen is most clearly in evidence in primary commodity and security prices. The Bank of Japan's wholesale index number for December last, based on the yen prices of fifty-six commodities, recorded a rise of nearly 2½ per cent. on the month. The aggregate price of all securities quoted on the Tokyo Stock Exchange rose to 2,924 million yen at the beginning of this month, as against 2,375.8 millions a month ago. Certain industries also have been definitely benefited, and most producers in such trades have been enabled to extend their order lists. But orders are mostly on home account, and the export markets remain depressed. The stimulus afforded to the Japanese export trades by the depreciation of yen is so far apparently acting slowly. Besides various unfavourable developments abroad, the Manchurian conflict, the unsettled yen exchange and the Yokohama Specie Bank's enormous forward dollar commitments are a few serious obstacles in the way of an early trade recovery.

As an aftermath of the change of Governments and the suspension of gold payments, the settlement of the Yokohama Specie Bank's outstanding exchange contracts has been left in the hands of the new Finance Minister. It was found that the bank's dollar commitments, at the moment of the reimposition of the gold embargo, amounted to 176 million yen, and the loss automatically involved, on the basis of the ruling exchange rates, was some 50 millions. The bank's forward dollar sales being conducted in

pursuance of the former Finance Minister's policy of checking the illegitimate purchases of foreign bills, it is obvious that the responsibility of the entire loss incurred by the bank cannot be thrown upon its shoulders, nor is it possible to make good the loss by the State, if only for political reasons. No adequate or prompt solution of the problem is in sight.

The Budget estimates for 1932-33, prepared by the preceding Government, were revised by the new Government. In the revised estimates expenditure was reduced to 1,397,100,000 yen, against revenue of 1,273,500,000 yen, a saving of some 82 millions upon the original estimates. But the saving is merely technical; the items struck out will be submitted afterwards as supplementary estimates. The Budget total is expected to show an increase rather than a decrease. A definite of 123.5 million yen is to be met wholly by a new loan. The fresh taxation and tariff increase proposals of the preceding Government have been entirely abandoned.

The value figures of foreign trade for last year reflect the adverse effects of the Manchurian conflict and the new wave of protectionism and exchange depreciation, besides the persistent trade depression and falling prices. The 1931 returns show that, as compared with the preceding year, imports, at 1,235,400,000 yen, declined by 310.8 millions, or 20.1 per cent., and exports at 1,147,063,000 yen fell by 322.7 millions, or 22 per cent. The decline in imports is widely spread over the whole list, but is most substantial in foodstuffs and raw materials, except the single individual case of raw wool, while the decrease in exports is largely accounted for by textiles—raw silk, silk piece-goods and cotton manufactures among them are responsible for more than half the shrinkage. The combined trade returns for 1931 for Korea, Formosa and South Seas Islands show that imports amounted to 83,733,000 yen, and exports to 32,231,000 yen, as against 134,243,000 yen and 48,722,000 yen respectively for 1930. The adverse trade balance on the visible trade figures for the year 1931 for Japan, including her colonies and mandate, amounted in the aggregate to 139.8 millions, as compared with 161.7 millions in 1930.

According to the tentative estimate of the balance of payments in 1930, lately published by the Treasury, Japan had a debit balance of 26.9 million yen in her international transactions, as against a credit balance of 22.1 millions in 1929. While the excess of merchandise imports and net Government payments abroad totalled 174.2 millions, or 1.3 millions less than in 1929, the official estimate of invisible exports was put at 147.2 millions, or 50.3 millions lower. Invisible items, on balance, are set out below in comparison with the preceding year:—

(In million yen.)		
Debit :		
Excess of merchandise imports (including that of Korea and Formosa).....	1929.	1930.
Net Government payments abroad	152.0	160.0
	23.5	14.2
Total	175.5	174.2
Credit :		
Net income from overseas investments and business and emigrants' remittances	15.7	10.0
Net national shipping income	159.2	125.3
Tourists' expenditure, &c.....	11.6	11.1
Other items	11.1	10.8
Total	197.6	147.2
Excess of income over expenditure	22.1	-26.9

The official calculation of invisible exports for last year is not yet available, but, according to the chairman of the Yokohama Specie Bank, the 1931 merchandise excess of imports of 139.8 million yen was more than offset by net invisible items, Japan's income from international transactions, including gold and capital movements, amounting to 742.3 millions and expenditure to 271.2 millions. The chairman estimates new investments abroad during the year at close upon the net gold exports of 375 millions.

Letters to the Editor.

TARIFFS AND THE POUND.

TO THE EDITOR OF THE ECONOMIST.

SIR,—May one who has no claim to be an expert in economic questions ask for further light on certain points arising out of your leader, "Stark and Unshamed," of February 6th? You write that, since "with the pound no longer tied to gold the balance of payments cannot do otherwise than adjust itself automatically," "the depreciation of sterling to a level at which, as recent events have proved, it can be comfortably held, should in itself have removed the third objective (i.e., the correction of the unfavourable trend of our balance of payments) from the programme of the Government." Further on, you write that, the gold standard having gone, "no conceivable reason for the tariff can be found"; and ask how, if the balance of payments demands drastic measures, the Chancellor explains the fact that, while the Bank has collected £30 millions worth of francs and dollars to repay foreign debt, sterling has remained firm.

debt, sterling has remained firm. These passages leave me in some doubt whether your intention is merely to enforce the undoubted truth that the laws of arithmetic will equate payments and receipts, if left to themselves, at some gold parity or other for sterling, or whether it also includes the further proposition that the Government need not, and should not, concern itself with the level at which sterling settles, but accept whatever level the course of trade may bring out. The doubt expressed by so many about the adjustment of our balance of payments may well have been our inexact phrase for anxiety that the balancing should take place at a "better" (higher) level than the "comfortably held" present level of about fourteen shillings or the ten shillings or less which sterling reached in war-time, and that we should not stop at merely wiping out the balance on the wrong side but should restore a substantial favourable balance admitting of progressive oversea investment. At all events, such anxiety exists; and unless it be held that such questions as the level of sterling and the production of a favourable balance are not legitimate concerns of the Government, would it not follow that measures for reduction of imports and encouragement of exports would necessarily come under its consideration? The fact that certain foreign governments, by special tariffs and quota measures, have been able to obstruct the remedial effects that the classical theory attributes to currency depreciation—a condition under which, I suppose, an increased measure of depreciation may be required to produce a given effect on the balance—seems almost inevitably to make a Government matter of it. I do not enter into the question how far it may be possible in practice for our Government, by similar measures towards exports of the countries in question, to redress the balance to our gain. You call for Britain to give a lead towards saner policies instead of tariff reprisals: but is it not pertinent to ask what else we have been doing for generations, and what we have thereby effected? The old belief that no good can ever come of tariffs threatened or imposed as a counter in bargaining for freer trade has now to submit to being retested, like other faiths, under present conditions; and is there "no conceivable" possibility that the closing of the one great market hitherto open to the exports of the world, as a last resort, may so alter the conditions of the tariff game as to demonstrate once for all the limitations of tariff-making as a means to prosperity?

The protectionist claims that by tariffs under modern conditions he can so operate on imports and exports as to redress our balance of payments and to restore to our bankrupt industries that prospect of making profits which is the one, finally indispensable condition of recovery. The nation, after long and (to it) largely unintelligible controversy, has put in a National Government with authority to try out the tariff system if it could not agree on any better way. The direct method of restoring to profits the £200 millions or more annually which the price-fall has transferred to wages and salaries, seems to be considered, by all parties alike, outside the field of practical politics, and the alternative of giving more output for the same wages is apparently equally *tabu*. This illustrates better than anything else how far political sentimentality has carried us beyond the realm of economic law; otherwise nothing could be more absurd than all the proposed tariffmongering as a means of indirectly adjusting wage-levels to prices. But the tariff cry has at least the psychological advantage of giving an outlet to the urge to be up and doing *something fresh* to meet our desperate state; while the guardians of the free trade faith for ten years past have done nothing to grasp and solve the political problem of creating an employment-atmosphere in which it

can function efficiently. Even now, Sir Herbert Samuel's vague alternative policy of preparing reorganisation schemes for the consideration of an industrial commission, industry by industry, seems to combine a maximum of Government interference in the conduct of industry with a minimum certainty of the indispensable profits to enable expansion to absorb the unemployed and to attract the capital necessary for reorganisation and re-equipment. To get rid of a tariff, though far more difficult than to put one on, should not be impossible if and when full trial has demonstrated its failure under the conditions of the day; and it now seems useless to deny any longer the power to make such trial. But if free trade is really and finally dead, must it not be admitted that it was wounded in the house of its friends?—Yours, etc.,

Cookham.

February 10th.

[We must apologise if, as appears from Sir Charles Harris's letter, in the effort to compress into a short article our criticisms of a great and disastrous change in our whole fiscal system, we did not make the basis of our argument about the balance of trade quite clear. It may be briefly stated thus : " With the pound no longer tied to gold, the balance of payments cannot do otherwise than adjust itself automatically " and an infallible symptom of an unfavourable balance is a decline in the exchange value of sterling; the fact that " sterling has remained firm during a period when the Bank of England has quietly collected £30 millions worth of francs and dollars, and during which the French have steadily liquidated London balances," proves therefore that the balance of payments has already been adjusted for the time being, and " should in itself have removed the third objective from the programme of the Government." We do not believe that a tariff system can ever set right an enduring adverse balance of a country as dependent on its " invisible exports " as is Great Britain, and we believe that the temporary necessity is an illusion. We would not, however, have inferred that we do not care, or do not consider that the Government should care, at what level the pound rests. A further precipitate fall (as matters stand, unlikely in the extreme) might demand energetic defence, not excluding a temporary regulation of trade. But the maintenance of the pound at any particular level, the present or any other, must be part of a considered international monetary policy and not merely a prejudice inherited from gold standard days. In an article last week we suggested that, in co-operation with other non-gold countries, Great Britain should give a definite lead towards " reflation " of the price level, " without undue regard to the exchange with such few countries as are effectively on gold." We agree with Sir Charles Harris that we should aim at restoring " a substantial favourable balance admitting of progressive oversea investment," but we are convinced that the endeavour to do so by purely national action is doomed to failure, and that our isolated restriction will only delay the general international recovery on which both sound lending and sound borrowing depend. That, indeed, is also our main comment on the latter part of Sir Charles Harris's letter. The restoration of profits cannot be achieved by our independent attempts to manipulate the trade balance; does our correspondent suggest that if every country reduced its imports every country would be able to increase internal profits, or that our own action will stagger foreign Governments into taking the opposite course for our benefit? We agree, too, that the belief that no good can ever come of tariffs in bargaining for freer trade must be re-tested; indeed, as we said in our article, Mr. Chamberlain's reference to the possibility of inducing foreign countries to join in a low tariff group—a point which he reiterated in a speech at Birmingham last Saturday—would be extremely welcome if we could bring ourselves to hope that such a course was really the intention of the tariff majority of the Government, who still, on the contrary, cherish the illusion of protection for protection's sake.—Ed., *Econ.*]

RUSSIA AND THE CRISIS.

TO THE EDITOR OF THE ECONOMIST.

SIR,—Mr. Wise's letter is very ingenious, but he has not been able to deny the various inaccuracies I pointed out in his former letter; and I think that to most people the figures I have quoted, showing Russian prices of wheat, barley, butter and eggs keeping well below all others, will be clear evidence of the extent of her responsibility for falling prices in regard to these important commodities.

But I fear I must correct Mr. Wise in yet another inaccuracy. He states that "wheat prices continued to fall for months after Russia ceased to be an important factor in the market." On the contrary, the Trade Returns show (1) that there were only three months of 1931 in which Russia can be said to have been an unimportant factor as regards quantity, namely, May, June and July; and (2) that in these months the average

price of all imported wheat rose from 5.1 shillings per cwt. in April to 5.2 in May and 5.4 in June, and only returned in July to 5.1. Russian prices meanwhile were 4.7, 4.6 and 4.8. In August, Russia began once more importing on a large scale, and prices dropped further. From September onwards to the end of the year they rose steadily, but Russia still kept well below her competitors. The Trade Returns for January, 1932, just published, show her still pursuing the same policy, and still occupying an important position on our wheat market.—Yours faithfully,

KATHARINE ATHOLL.

House of Commons.
February 18th.

SUGAR BEET SUBSIDY.

TO THE EDITOR OF THE ECONOMIST.

SIR,—Mr Richardson's letter in your issue of February 13th shows up very well what an unreasonably extravagant proposition the sugar beet subsidy has proved. Unfortunately, such a strong vested interest has now grown up that it is unlikely that the Government will be able to escape giving financial support of some kind in the future.

It seems to me, therefore, essential that the most careful examination should be given to the whole question to ensure at least that if any support is given in the future it will be administered in a more efficient way. One particular direction in which waste could be avoided is in the redundant refining operations carried out by the subsidised beet sugar factories. In addition to the fact that about 60 per cent. of the present beet sugar output is refined in these factories, the same institutions during the past year refined no less than 250,000 tons of imported raws.

There is no reason why sugar beet factories, if they are to remain in existence, should not stop at the raw sugar stage. Indeed, the experience of those factories in this country that do so leads one to suppose that it is the more economic practice. In Czechoslovakia, there is not one sugar beet factory wholly engaged in turning out white sugar, whilst the majority of factories in Germany, Holland and Belgium adopt a similar practice.

What is more, as the Report on the Sugar Beet Industry at Home and Abroad, 1931, points out in paragraph 331, it is "possible for all the factories in this country to stop at the raw sugar stage and send their product to the refineries for finishing." It is high time this reform was made.—Yours, etc.,
Army and Navy Club,
Pall Mall, S.W. 1.
February 16, 1932.

JAMES MORTON.

TRUSTEE LAW ANOMALIES.

TO THE EDITOR OF THE ECONOMIST.

SIR,—Your Note on "Trustee Law Anomalies" deserves some following up by Parliament, for the existing Acts governing trustee investments have done much harm. But for them can one conceive the directors of the "Big Four" railways spending their reserve funds as they have been doing to pay a miserable dividend on the ordinary stocks in order to keep their prior charge securities in the trustee category of permitted investments? These Acts have also led to untold losses through Colonial loans being admitted within the charmed circle of trustee investments, for who can doubt that without that status being given to them the Australian colonies would not have been able to borrow so much and so cheaply as they have done?

In my opinion these Acts ought to be abolished. In the future we should have no private trustees, but all trust funds should be administered by the Public Trustee and/or by qualified bodies such as banks and insurance offices and investment trust companies. The choosing of the investments should be left to them, and if private trustees are thought to be desirable they should only be appointed in association with such companies as I have mentioned.

I am not at all sure it would not be well to enact that in the future all trust monies should be invested in the funds, at any rate for a term of years. This would speedily bring about such a rise in their values that an early conversion of the huge 5 per cent. War Loan might be expected. Something, at least, should be done without any long delay, for the present developments are a serious matter for testators and legates alike, and for the country.—Yours, etc.,
Lady Place,
Sutton Courtenay,
Berks.

CHAS. ROBERTSON.

February 16, 1932.

BOOKS RECEIVED.

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

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

Land and Life. By Viscount Astor and Keith A. H. Murray. (London) Victor Gollancz, Ltd., 14, Henrietta Street. 5s. net.

A proposed policy for agriculture in which the authors, recognising that proposals to subsidise wheat growing are "actually prejudicial to agriculture as a national industry and... based on out-of-date views," offer alternative ways of developing the industry.

The Tragedy of the Pound. By Paul Einzig. (London) Kegan Paul, 68-74, Carter Lane. 7s. 6d. net.

In spite of its title, the thesis of this book is that the departure from the gold standard may ultimately produce beneficial results for Great Britain.

Labour's Future at Stake. By Clifford Allen. (London) George Allen and Unwin, Ltd., 40, Museum Street. 2s. 6d. net.

A discussion, by a former chairman of the I.L.P., of the events which led to the resignation of the Labour Government, with an appeal for reunification of the Labour Party.

Economic History. Supplement to Economic Journal. January, 1932. (London) Macmillan and Co., Ltd., St. Martin's Street. 6s. net.

Includes, among other contributions, an article on the history of Covent Garden market, by C. E. Wallis, and an article by J. T. W. Newbold on "the Beginnings of the World Crisis, 1873-1898."

The Slavonic Review, December, 1931. (London) Eyre and Spottiswoode (Publishers), Ltd., 6, Great New Street. 6s. net.

Contains a variety of articles on Slavonic literature and economics.

Pacific Affairs. January, 1932. (Honolulu) Journal of the Institute of Pacific Relations. 25 cents.

Includes articles on the Manchurian situation and on the future of Chinese finance.

La Pologne, la Russie et L'Ukraine. (Geneva) Bulletin d'Informations Ukrainiennes. 1 franc.

OFFICIAL PUBLICATIONS.

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

Revenue Departments: Appropriation Accounts, 1930. 9d. net.

Particulars of the Fleets of the British Commonwealth of Nations, United States of America, Japan, France, Italy, Soviet Union and Germany on January 1, 1932. Cmd. 4005. 1s. 6d. net.

Malta Royal Commission, 1931: Report. Cmd. 3998. 3s. 6d. net.

Committee on the Fishing Industry: Report. Cmd. 4012. 3s. net.

East India: Measures taken to Counteract the Civil Disobedience Movement and to deal with the Terrorist Movement in Bengal, 1932. Cmd. 4014. 1s. 6d. net.

Colonial Reports: No. 1559, Gold Coast, 1930-31. 2s. 6d. net; No. 1562, Colony and Protectorate of Kenya, 1930. 2s. 6d. net.

THE COMING BOOM

6th Impression
The first general market reaction (17%) after the first general rise (32%) is terminating. The second general upswing of the new Trade Cycle is now commencing, and is likely to last for several months before the next reaction begins.
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The Stock Exchange.

COURTAULDS AND THE RAYON OUTLOOK.

THE Stock Exchange now has the answer to its many guesses regarding the final dividend of Courtaulds. Secrets in the house of Courtauld are well kept. The company's preliminary announcement shows that the total dividend for the year 1931 is to be 5 per cent., free of tax, of which 2 per cent. was paid as an interim last July. This dividend compares with 6 per cent., free of tax, for 1930, and is fully up to market expectations, but it has not been fully earned. Profits, in fact, are shown at a figure only half those of 1930, their total of £1,101,587 comparing with £2,274,408. Some £450,000 is transferred from contingencies reserve, and the carry forward is reduced from £195,756 to £147,343. The company, in short, has earned 2.9 per cent., tax free, and paid 5 per cent. A further £1,000,000 has been written off Continental industrial investments, but not out of this year's profits, the total being drawn as to £300,000 from capital reserve and as to £700,000 from general reserve. Such are the figures for the most difficult year in the company's annals. What is their industrial and international context?

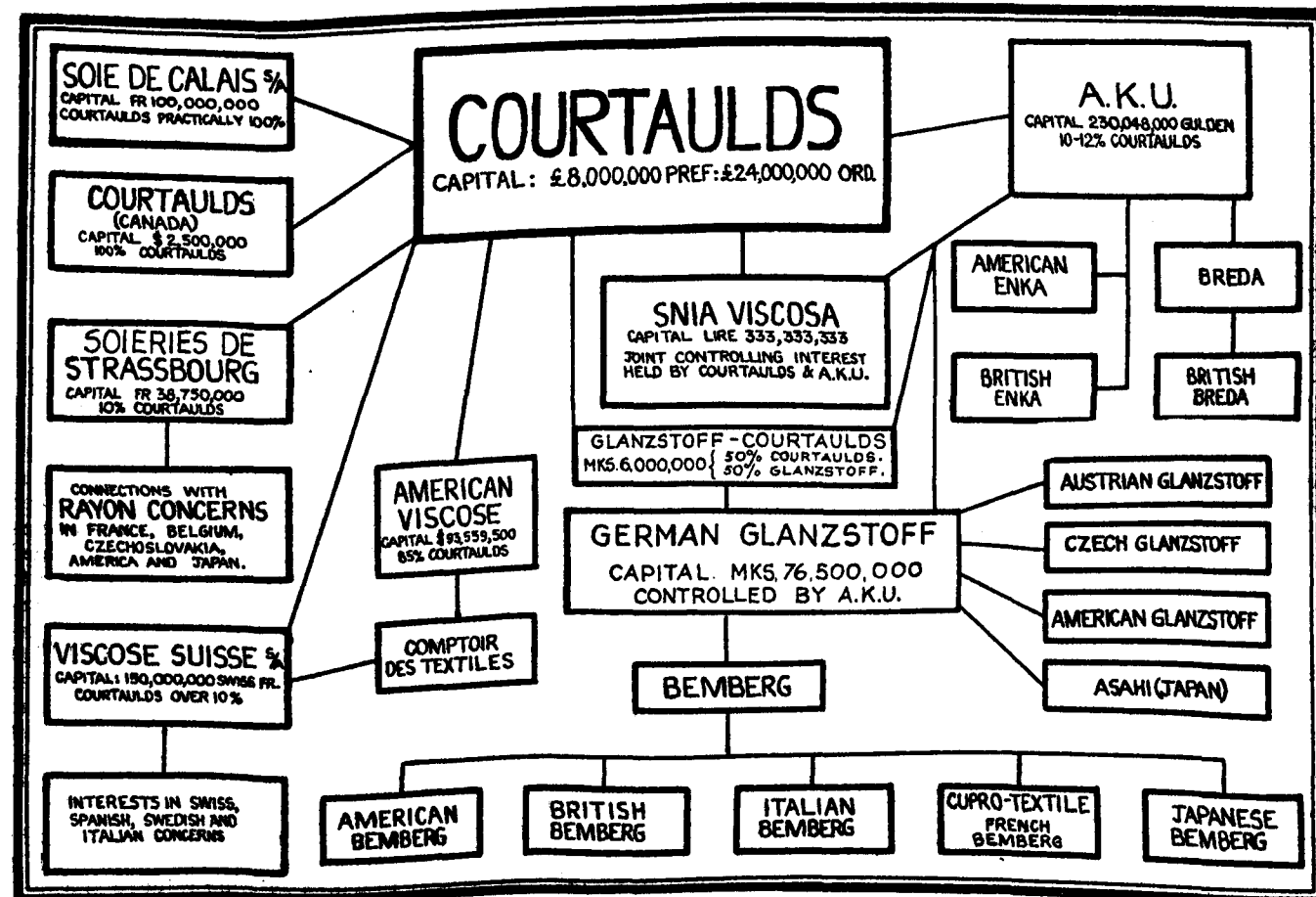
In the world rayon industry as a whole the first half of 1931 gave promise of recovery. Demand and production having risen somewhat above the low levels of 1930, prices and profit-margins slightly improved. In the second half of 1931 the trend was reversed for the world as a whole, although domestic consumption in Great Britain expanded. In Italy, there was a decline in domestic consumption and a sharp rise in exports—a contrary experience to that of Great Britain. In Germany, conditions were much the same as in Great Britain—an increase in consumption and a fall in exports being recorded. In France, Holland and Belgium, there was a decline in both domestic consumption and exports, while Japan showed an increase in both. Taking Europe as a whole, output increased, production being curtailed sharply in France and Belgium and slightly in Switzerland, but expanding considerably in Italy and Germany

and slightly in Great Britain and Holland. On the other hand, consumption in Europe fell off (Germany and Great Britain being the exceptions to the rule), although world consumption improved. As regards the United States, consumption expanded considerably, but there was only a small increase in production. The detailed figures for production and consumption, and exports and imports, for which we are indebted to the *Manchester Guardian Commercial*, are shown for all important countries of the world in the following table:—

(Million Kgs.)

	Production.		Consumption.		Exports.		Imports.	
	1930.	1931.	1930.	1931.	1930.	1931.	1930.	1931.
U.S.A.	53.20	56.64	48.30	59.80	0.78	0.14	2.34	0.62
Italy	28.80	34.24	12.40	9.40	14.89	20.55	0.71	1.68
Germany	20.50	24.97	26.50	28.20	7.18	5.56	11.78	11.47
Great Britain	22.60	22.76	19.20	19.50	3.10	1.97	0.54	0.61
Japan	15.80	20.96	13.90	19.25	1.10	1.31	0.35	0.72
France	19.50	17.07	13.80	10.95	8.47	6.72	0.97	1.05
Holland	7.50	9.00	1.40	1.10	8.70	7.18	1.13	1.11
Belgium	5.30	4.50	2.40	3.22	2.88	0.85	0.76	0.76
Switzerland	4.70	4.40	2.30	2.15	4.14	4.47	1.75	2.68
All others	9.65	8.11	39.60	37.40	3.59	2.75	34.75	32.81
	187.55	202.65	179.80	190.10	55.17	53.51	55.17	53.51

These figures of world production and consumption for 1931 probably give too favourable an indication of the present trading situation. The decline in consumption in Europe began only in the second half of the year. The fact that, under the trading stimulus of a depreciated pound, domestic consumption increased in Great Britain in the last part of the year does not alter the fact that the volume of international trade is now falling. Thus the fight for business in the export markets among the big producing countries has been intensified. In fact, we find Japan ranged more intensively against Europe, so that the



small profits which European producers are making in their domestic markets are often offset by losses in the export markets.

We may proceed to review the position of Courtaulds, having regard to their various interests in the world rayon industry. A picture of their world-ramifications is given by the chart on the previous page. The proportions of their profits derived from operations in Great Britain and in America have never been disclosed, but we assume that from a revenue point of view these are the two most important branches of their business. As far as Great Britain is concerned, Courtaulds have no doubt had their full share of the increase in production and consumption. Viscose prices in this country have been firm. Indeed it was thought that, following the suspension of the gold standard, prices would have been raised, but as this would have encouraged competition, Courtaulds were probably wise to make no change. Profit-margins, however, must have been improved, for a general wage reduction was effected in May after an unsuccessful strike on the part of the company's employees at Wolverhampton and Coventry, where the bulk of the production is turned out. It is also believed that several new labour-saving processes have been introduced and the speed of spinning considerably increased. The opening of the second Wolverhampton factory must have resulted in a greatly increased output with a relatively small additional expenditure. We may therefore conclude that as far as Great Britain is concerned, Courtaulds fared not much worse than in 1930.

As regards America, the Viscose Corporation, which is normally responsible for the most important part of Courtauld's profits, should have made a fair contribution to the company's revenues, apart from the premium on the dollar in terms of sterling. The Viscose Corporation is understood to have increased its production and sales last year. It reduced its prices, however, at the beginning of the year by 25 per cent. A reduction in wages of 10 per cent. and other economies may have served to offset the price-cut to some extent, but contemporary conditions in the American rayon industry can hardly be described as very favourable. On the other hand, the Canadian subsidiary of Courtaulds has enjoyed a fair measure of prosperity as a result of the high protective Canadian tariff and the extension in plant which this protection has allowed. With the exception of the Canadian Celanese, the company's subsidiary has no serious competitor in the Canadian market.

The policy adopted as regards the Continental investments of Courtaulds is decidedly conservative. Altogether, in those years, the company has written down these holdings by no less than £3,577,195. The A.K.U., in which Courtaulds hold a 10 to 12 per cent. interest, has for some time yielded nothing by way of revenue, and the shares, a year ago, were no doubt written down severely in the company's books. Through A.K.U., Courtaulds is interested in the whole of the Dutch output produced by Enka and Breda, and in the Glanzstoff and Bemberg groups in Germany. The Glanzstoff-Courtaulds Company is a separate subsidiary jointly controlled by Courtaulds and Glanzstoff. The A.K.U. group has substantial interests in the American Bemberg, American Enka and American Glanzstoff, British Enka, Breda Brisada, British Bemberg, Austrian Glanzstoff, Czechoslovakian Glanzstoff, Italian, French and Japanese Bemberg, the Asahi Company (Japan), as well as interests in many other concerns throughout the world. We may presume that the actual dividend yield likely to be derived from A.K.U. in the future is not so important for Courtaulds as the link which it gives them with the leading German and Dutch producers, who exert a great influence over the whole of the world trade.

Together with A.K.U., Courtaulds hold a controlling interest in the Snia Viscosa Company, which, for the first time since 1926, has paid a dividend this year. The large increase in Italian exports last year is probably the key to this company's recovery. With the advantage of cheap labour and sound finances, for which the A.K.U. and Courtaulds are responsible, Snia Viscosa is an asset of considerable potential value. From the point of view of output, Snia Viscosa and the Viscose Corporation of America are the two largest rayon producers in the world.

There remain the company's two main subsidiaries in France and Germany, which operate the Calais and Cologne factories. In these cases, a large amount of the production is exported. The fact that exports of rayon yarn from Great Britain declined last year does not necessarily mean that Courtaulds are losing trade, seeing that they may decide to handle their export sales from the Calais and Cologne factories, where labour and production costs are cheaper. The German market is important, because it accounts for 60 per cent. of the total European imports. Moreover, the establishment last year of the International Viscose Syndicate in Germany has helped to stabilise the German market. The syndicate began to function in October, and through its Rayon Sales Office regulates the distribution in Germany of all rayon yarn produced by parties to this agreement, which include all the producing countries except France and Belgium.

Once the company had decided not to utilise any part of their profits in writing down further their European investments, the deciding factor in the matter of this month's dividend may have been the amounts declared by the American Viscose Corporation, which will have a sterling value approximately 40 per cent. greater than their value at par of exchange. The following table shows the distribution of Courtaulds' profits during the three years for which complete results are available:—

	(000's omitted.)		
	1928.	1929.	1930.
Total profit	£ 5,172	£ 3,744	£ 2,274
Preference dividend	400	400	400
Earned for ordinary dividend...	4,772	3,344	1,874
Ordinary dividend paid	3,600	2,400	1,440
Earned per cent.*	19.9	13.9	7.8
Paid per cent. (free of tax).....	15	10	6
Reserve	1,000	Nil	Nil
Carry forward.....	1,395	687	196

* On ordinary capital of £24,000,000.

If the amounts written off Continental investments are deducted, the rates earned in 1929 and 1930 were 7 per cent. and 3.9 per cent., against dividends of 10 per cent. and 6 per cent., free of tax, respectively. The amounts carried forward in 1929 and 1930 are shown after allowing for the depreciation of Continental investments, respectively, by £1,651,856 and £925,339.

Though the company's failure to earn its dividend is disappointing, there is, at any rate, no reason to take an unduly gloomy view of the future of the rayon industry as a whole, or of that section of it represented by the British market. The steady improvement in the rayon fibre and the more varied uses of it that are now being made by textile manufacturers should assist the return to prosperity of the big rayon manufacturing companies, as soon as profit margins become more normal.

THE RAILWAYS ON THE ROADS—I.

Road transport competition appears likely to figure prominently among the topics discussed by railway chairmen at this year's meetings. By general admission, it has been responsible for a steady drain of traffic, both passengers and goods, away from the railways in recent years. Road and rail authorities, naturally, assign differing causes to the movement, the one describing rail transport as unenterprising and out-of-date in its methods, and the other denouncing road carriage as an industry "subsidised" at the State's expense. Where the truth lies between these extremes will necessarily appear in due time, for nothing seems more certain than that, while the railways must continue to be an indispensable part of the national transport system, competition by mechanically-propelled vehicles on the public highways has come to stay.

The purpose of the present series of articles is not to examine the rights and wrongs of a vexed question, but to examine the extent to which existing railway and road

companies are financially interconnected. When the four main-line railways, after a hard Parliamentary fight, obtained powers to operate passenger services on the roads, they wisely refrained from expending considerable capital on the acquisition of large numbers of their own buses, to be run in opposition to those of existing concerns in a "market" where competition was already sufficiently keen. Instead, they chose to acquire substantial shareholdings in existing companies with an established position in various districts, and to influence the councils and policy of the latter in the direction of co-operation, rather than competition, with railway services. In many cases it was stipulated that the railways' shareholdings should be equal to those of the largest proprietor, and numerous purchases were arranged, broadly, on this base, the price paid by the railways having some relation to the current market quotation, where available, for the shares.

Particulars of the shares thus acquired in road passenger transport companies are set out, in the annual accounts of the railways, under Section 4 (a) "Subscriptions to Other Undertakings." The returns show both the number and nominal value of the shares held, and the figure at which each holding is carried in the books. Unfortunately, the details are not, in all cases, exhaustive. They cover only amounts, expended in this way, which have been definitely charged as capital expenditure. The London, Midland and Scottish General Balance Sheet, as at December 31st last, shows that, in addition, some £1,783,384 had been invested in shares of, or advances to, "Transport Undertakings" which had not been charged to capital expenditure. As no particulars are available of the composition of this holding, the tables which follow perforce refer only to investments under the first head. The amount which thus escapes dissection in the case of the Great Western is relatively small.

What proportion of the capital of those road companies in which the railways have acquired interests is now in the latter's hands? The answer, as regards the London, Midland and Scottish Railway, is suggested by the table below, which also shows the average price, per share, at which the holdings are carried in the railways' books:—

LONDON, MIDLAND AND SCOTTISH RAILWAY.

Name of Company in which Shares are held.	Railway Holding.	Total Shares issued of kind held.	Proportion held by Railway.	Price per Share at which Holding carried in books.
W. Alexander and Sons.....	175,000 (Pref.)	700,000	25	20/-
Birm. and Midland Motor Omn.	50,000 (Ord.)	200,000	25	52/-
Crosville Motor Services.....	240,000	800,000*	30	20/-
Cumberland Motor Services.....	400,000	681,250	59	37/6
Eastern Counties Omnibus.....	41,666	100,000	42	26/-
Eastern National Omnibus.....	22,333	669,062	33	19/6
Highland Transport Co.	100,000 (Pref.)	300,000	25	20/-
Lincolnshire Road Car	50,000 (Ord.)	35,000	50	29/-
North-Western Road Car	17,500	75,000	7	23/6
Ribble Motor Services	5,125	300,000	49.8	33/-
Scottish Motor Traction	149,332	599,172	44	20/-
Trent Motor Traction	264,082	824,076	13	26/-
West Yorkshire Road Car	106,863 (Pref.)	400,000	37	50/6
Yorkshire Traction Co.	148,496 (Ord.)	268,000	28	31/6
Yorkshire (Woollen District) Electric	73,689	200,000	19	...
	49,738	24,350	24	...
	4,662 (Pref.)	150,000	33	...
	36,779 (Ord.)	220,000	29.8	...
Total	73,333	2,008,656†	6,745,910	...

* One-half held by L.M.S. and G.W.R.

† Exclusive of £16,667 holding in East Midland Motor Services, carried at par.

The average holding is clearly substantial, though only in one case does the railway company's ownership confer an absolute voting majority. In two other cases it represents roughly half the issued capital in its class, while in the four other instances it accounts for a third or more of the total issue. Altogether a holding of rather more than 2,000,000 shares is spread over some 16 companies, of whose total capital, of the classes in question, the railway owns about 30 per cent. Equity shares are held in all the companies, and, in addition, preference shares in four instances. In the majority of cases the shares were acquired at a premium.

The corresponding figures for the Great Western Railway are shown in the next column.

GREAT WESTERN RAILWAY.

Name of Company in which Shares are held.	Railway Holding.	Total Shares issued of kind held.	Proportion held by Railway.	Price per share at which Holding carried in books.
Birmingham and Midland Motor Omnibus.....	160,000	800,000	20	51/-
City of Oxford Motor Services	37,000 (pf.)	74,000	50	20/-
Devon General Omnibus.....	70,875 (ord.)	141,750	50	40/-
Thames Valley Traction.....	21,000	70,000	30	44/-
Western Nat. Omnibus.....	51,175	150,000	34	30/-
Western Transport Co.....	1,043,387 (pf.)	2,286,480†	58†	20/-
Western Welsh Omnibus	283,576 (ord.)	175,000	44	23/-
	76,916	290,000	60	19/-
Total	1,888,869	3,987,230	47.4	...

* See Note to previous table.

† Provisional.

The Great Western's holdings, by numbers of shares, are nearly as large as those shown in the previous table for the London Midland and Scottish, but they are spread only over seven concerns, in three of which the railway has an interest of 50 per cent. or more. In another case—that of the Birmingham and Midland Motor Omnibus Company—the London Midland and Scottish and Great Western together hold a 50 per cent. interest. The Great Western itself has an average holding of 47 per cent. in its seven companies, over whose policy it should clearly be capable of exerting a direct interest.

The figures so far adduced suggest that the stake of the railways concerned in road passenger transport is by no means negligible. In a subsequent article, the position as regards the remaining "group" railways will be discussed.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

TICKET.	SETTLING DAYS.	ACCOUNT.
March 1.		March 3.

The bullishness of American markets last week-end provoked no major response in London. Although dealings opened this week with a firm tone, the absence of a sustained upward movement in Wall Street suggested that the market's caution was well founded. Later in the week, however, Paris came in as a buyer of its favourite speculative stocks—a movement neither accentuated nor checked by the fall of the Laval Ministry. On Thursday the unexpected reduction of the Bank of England's discount rate by a full 1 per cent. produced strength throughout the Stock Exchange. The "House," at present, is in no mood to exaggerate the immediate effects of measures like the United States Currency Bill, though the potential importance of the tendencies exemplified by this measure, on a longer view, is adequately recognised. The change in Bank rate, on the other hand, was held as an immediately encouraging sign of the confidence of British authorities in the outlook.

Trading in gilt-edged stocks was of narrow dimensions until Thursday, when the marking up of prices all round brought a more active tone. Indian stocks were weak at the outset, but improved on Thursday. Dominion issues generally, were heavy. The beneficial effect of the announcement that interest warrants for the February New South Wales payments had been posted was offset by anxiety over a statement regarding the necessity of converting Australia's overseas debt to a lower interest basis, alleged to have been publicly made by Mr Lyons. A slight increase in demand for foreign bonds served to strip the market of much of its meagre floating supply. Brazilian issues were particularly firm, the Government's celerity in the repayment of the first instalment of its £6,500,000 credit with Messrs N. M. Rothschild, in the terms of the agreement of last August, provoking favourable comment. German bonds were irregular. An increasingly serious view was taken of the Japanese situation, though peace hopes sufficed to check the recession in prices on Thursday.

Little business was done in Home Rails, apart from a certain switching from equities into junior preference stocks before the announcement of the London and North

(Continued on page 422.)

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

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

Prices Year 1931.				Prices Year 1932 (Jan. 1 to Feb. 17) inclusive.				Name of Security.				Prices Year 1931.				Prices Year 1932 (Jan. 1 to Feb. 17) inclusive.				Name of Security.				Prices Year 1931.				Prices Year 1932 (Jan. 1 to Feb. 17) inclusive.				Name of Security.				Prices Year 1931.				Prices Year 1932 (Jan. 1 to Feb. 17) inclusive.				Name of Security.				Prices Year 1931.				Prices Year 1932 (Jan. 1 to Feb. 17) inclusive.				Name of Security.				Prices Year 1931.				Prices Year 1932 (Jan. 1 to Feb. 17) inclusive.				Name of Security.				Prices Year 1931.				Prices Year 1932 (Jan. 1 to Feb. 17) inclusive.				Name of Security.				Prices Year 1931.				Prices Year 1932 (Jan. 1 to Feb. 17) inclusive.				Name of Security.				Prices Year 1931.				Prices Year 1932 (Jan. 1 to Feb. 17) inclusive.				Name of Security.				Prices Year 1931.				Prices Year 1932 (Jan. 1 to Feb. 17) inclusive.				Name of Security.				Prices Year 1931.				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Prices Year 1932 (Jan. 1 to Feb. 17) inclusive.				Name of Security.				Prices Year 1931.				Prices Year 1932 (Jan. 1 to Feb. 17) inclusive.				Name of Security.				Prices Year 1931.				Prices Year 1932 (Jan. 1 to Feb. 17) inclusive.				Name of Security.				Prices Year 1931.				Prices Year 1932 (Jan. 1 to Feb. 17) inclusive.				Name of Security.				Prices Year 1931.				Prices Year 1932 (Jan. 1 to Feb. 17) inclusive.				Name of Security.				Prices Year 1931.				Prices Year 1932 (Jan. 1 to Feb. 17) inclusive.				Name of Security.				Prices Year 1931.				Prices Year 1932 (Jan. 1 to Feb. 17) inclusive.				Name of Security.				Prices Year 1931.				Prices Year 1932 (Jan. 1 to Feb. 17) inclusive.				Name of Security.				Prices Year 1931.				Prices Year 1932 (Jan. 1 to Feb. 17) inclusive.				Name of Security.				Prices Year 1931.				Prices Year 1932 (Jan. 1 to Feb. 17) inclusive.				Name of Security.				Prices Year 1931.				Prices Year 1932 (Jan. 1 to Feb. 17) inclusive.				Name of Security.				Prices Year 1931.				Prices Year 1932 (Jan. 1 to Feb. 17) inclusive.				Name of Security.				Prices Year 1931.			
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† Free of Income Tax.

Prices Year 1931.		Prices Year 1932 (Jan. 1 to Feb. 17) Inclusive.		Name of Security.	Price Feb. 10, 1932.	Price Feb. 17, 1932.	Rise or Fall.	Present Yield.	Prices Year 1931.		Prices Year 1932 (Jan. 1 to Feb. 17) Inclusive.		Name of Security.	Price Feb. 10, 1932.	Price Feb. 17, 1932.	Rise or Fall.	Present Yield.
High-est.	Low-est.	High-est.	Low-est.						High-est.	Low-est.	High-est.	Low-est.					
Coal, Iron and Steel.																	
6/4	2/-	4/0	3/4	Amal. Anthracite £1...	3/6	3/6	...	NH	11/7	5/1	6/9	5/4	Anglo-Burmese £1...	6/-	6/-	...	NH
14/7	7/-	11/9	10/-	Do. % Cum. Pref. £1...	11/3	11/3	...	NH	48/6	25/-	28/-	29/4	Anglo-Burmese £1...	3/9	3/9	+6d	14 8 0
10/4	2d	7/3	4d	Armstrong, Wm. & Co. 1/-	6d	6d	...	6 6 0	56/104	26/104	38/9	29/4	Anglo-Persian £1...	15/7	15/7	+7d	8 6 0
56/3	37/104	46/3	42/9	Bat. & W. Co. 1/-	43/9	44/3	+6d	NH	12/6	12/6	11/1	9/4	Apex (Trinidad) 5/-	30/6	30/6	...	10 0 0
10/4	2/4	3/8	2/8	Baldwins 4/-	2/9	3/-	+3d	NH	20/6	9/6	14/6	8/1	Attock £1	11/3	11/3	...	NH
17/-	8/9	12/6	12/6	Bengal Iron £1	3/1	3/1	...	12 16 0	2/9	11/4	1/7	1/1	Brit. Cont. Oil (V.T. Co.)	1/6	1/6	+1/3	12 0 0
19/10	10/-	14/4	18/-	Beyer Peacock £1	12/6	12/6	...	7 4 8	72/6	30/9	39/0	33/9	Burmah Oil £1	36/3	37/6	+1/3	...
3/6	1/-	2/1	1/7	Bolshevik Oil Ry. Ord. £1.	18/9	19/2	+1d	NH	9/3	4/7	7/0	4/9	Canadian Eagle, no par	6/1	6/9	+7d	...
4/4	9d	1/10	1/7	Brown (John) Ord. 6/-	1/9	1/9	...	NH	3/24	1/1	2/6	1/7	Kern River Oil 10/-	4/-	4/10	+1d	NH
9/10	2/6	6/3	5/6	Cammell Laird £1	5/9	6/-	+3d	NH	30/-	12/6	24/3	16/-	Lehigh Oilfields £1	6/10	7/3	+1d	9 8
63/1	44/6	53/6	50/7	Consett Iron £1	51/3	51/3	...	6 19 0	10/-	5/6	4/7	3/7	Mexican Eagle (E/O) 6/-	10/4	11/3	+1d	25 0 0
9/1	2/3	4/6	3/3	Cory, William £1	3/6	3/6	...	NH	8/-	9/-	16/-	12/-	Phenix Oil £1	4/-	4/1	+1d	...
9/-	2/6	5/6	5/9	Dorman, Long £1	4/3	4/3	-9d	NH	25/8	8/-	16/-	12/-	Royal Dutch (£84)	15/-	16/-	+1d	8 15 0
2/6	2d	1/4	10/4	Do. % Non-Cum. P.O. £1	1/6	1/6	...	NH	76/3	26/3	43/1	33/1	Shell £1	38/9	42/6	+3/9	8 4 6
2/1	3d	1/-	6d	Do. % Cum. Pref. £1	1/-	1/-	...	NH	30/1	10/-	27/6	21/6	Trinidad Leaseholds £1	25/-	26/3	+1/3	3 16 3
24/3	10/1	17/3	13/9	Do. % Cum. Pref. £1	14/-	15/6	+1/6	NH	35/11	15/6	22/9	16/3	V.O.C. Ord. £1	20/-	21/3	+1/3	16 9 3
8/3	3/	5/10	5/1	Guest Keen. & Co. £1	5/6	5/3	-3d	NH	20/6	16/7	19/4	18/-	Miscellaneous.	18/-	18/9	+9d	5 6 9
5/4	1/10	3/-	2/-	Hadfields £1	5/6	6/6	...	NH	33/3	15/	19/4	15/-	Aerial Bread £1	15/-	15/-	...	4 9
23/	12/6	18/9	17/7	Har. & W. 6% Cum. Pf.	18/1	18/1	...	5 10 9	37/3	17/	14/	7/	Agar Cross £1	10/-	11/3	+1/3	4 9
33/	20/7	25/1	24/6	Harden Collieries £1	25/-	24/4	-9d	NH	20/	2/3	3/-	2/4	Alfred Newspapers £1	2/7	2/9	+1d	10 0 0
13/3	2/6	5/-	3/6	Lambert Bros. £1	5/-	4/3	-9d	NH	20/-	11/	13/6	10/	Amal. Press (10/)	12/6	12/6	...	12 0 0
8/3	7	10/4	7/3	Milmo & Asa. £1	8/1	8/1	...	9 10 0	38/6	21/3	26/3	20/7	Army & Navy 10/-	23/9	23/9	...	9 10 0
3/4	7/4	17/10	14/1	Ocean Coal & Wilsons	1/9	1/9	...	NH	20/9	9/3	13/-	9/4	Assoc. Newspr. Df. 5/-	12/6	11/10	-7d	16 17 0
26/9	3/6	7/	4/9	Pease and Partners £1	5/-	5/7	+7d	NH	27/6	18/6	25/7	24/4	Assoc. P. Cement £1	25/6	25/6	...	6 6 0
10/7	3/3	7/-	6/6	Powell Duffryn £1	21/3	21/3	+7d	NH	65/-	52/6	58/6	53/1	Barker (John) £1	25/6	25/6	...	6 18 0
30/-	16/9	26/4	25/3	S. Durham Steel £1	25/3	25/3	+1d	4 11 6	43/1	23/1	31/6	25/-	Barry & Staines Lino.	28/9	28/9	...	5 3
22/9	10/9	17/6	13/9	St. B. Ord. £1	25/3	25/3	+1d	8 15 0	37/3	18/9	26/10	21/10	Borrd Deferred £1	32/-	27/6	-4d	7 12 6
19/9	11/3	14/3	12/9	Staveley Coal, &c. £1	1/9	1/9	...	NH	31/6	18/9	22/10	20/6	British Aluminium £1	24/4	25/-	+7d	8 0 0
3/3	6/	11/1	10/	Stewarts & Lloyds £1	13/9	13/9	...	NH	28/-	20/3	22/10	20/6	British Match £1	22/6	22/6	...	5 6 9
40/9	2/6	7/3	6/6	Swan, Hunter £1	1/9	1/9	...	NH	105/-	65/3	81/-	73/9	Brit.-Am. Tobacco £1	76/3	76/3	...	5 4 9
31/6	13/9	14/8	13/4	Thomas (Richard) £1	7/1	7/1	...	5 12 9	9/6	11/6	10/3	10/3	Carlton Hotel £1	11/3	11/3	...	4 9 0
11/6	5/5	7/3	7/3	Thornycroft, John, £1	12/6	12/6	+16	6 2 0	37/-	25/-	28/10	22/-	Carveras "A" Ord. £1	31	31	+2/3	10 15 0
23/9	14/1	19/9	18/-	U. States Steel \$100 ...	8/6	8/9	+3d	6 8 0	5/7	12/-	11/	11/	Crutwell Maudsl. £1	28/	28/	...	5 12 0
				Vickers 6/8	18/9	18/9	...	NH	39/	14/4	15/2	9/3	Dunlop £1	11/6	10/-	-1/6	12 0 0
				Weardale Steel & Co. Df. £1	18/9	18/9	...	NH	45/7	17/1	23/6	17/3	Electric and Musical Industries Ord. £1	19/4	20/7	+1/3	NH
Textiles.																	
5/-	2/-	3/7	2/9	B. Ctn. & Wool Ds. 5s.	10/7	10/7	...	NH	23/6	17/-	22/-	20/6	Ever Ready Co. 5/-	21/6	21/6	...	8 4 0
18/	5/6	12/6	10/3	Blenchers £1	17/6	16/3	-1/3	NH	71/3	40/6	47/-	41/6	Finlay (James) & Co. £1	47/	43/9	-1/3	6 17 3
24/7	11/3	19/-	15/9	Bradford Yarns (£2) 10/-	8/9	9/3	+6d	NH	6/3	2/3	3/3	3/3	Frederick Motors 7/6	30/	31/	...	6 0 0
15/1	3/6	11/3	8/	Brit. Celanese Ord. (10/-)	7/6	7/6	...	NH	14/6	7/4	10/3	8/9	Graham-Bell Co. £1	40/-	37/	-6d	6 0 0
9/10	2/6	7/10	6/3	Do. 7% 2d Cum. Pf. £1	6/6	6/6	...	5 0 0	73/9	25/6	41/6	8/9	Harmons & Gros. Df. £1	40/-	38/9	-1/3	6 10 0
13/6	4/	8/3	7/3	Do. 7% 2d Cum. Pf. £1	7/6	8/4	+2/6	3 14 3	15/6	6/6	8/9	7/6	Harrods (B.A.) 15/- Ord.	7/6	7/6	...	NH
55/6	34/-	41/-	35/7	Calico Printers £1	30/6	40/	+1/3	7 12 6	31/10	42/6	48/3	45/-	Harrods £1	47/6	47/6	...	7 7 3
45/4	24/7	36/10	29/9	Coats, J. and P. (£1) ...	27/6	27/6	...	6 2 0	59/9	42/6	11/3	13/6	Homes Colonial Stores 4/-	13/3	12/9	-3d	6 0 0
40/9	19/3	29/6	25/7	Courtaulds £1	13/1	13/1	...	5 3 9	17/1	11/3	14/3	13/3	Imperial Airways £1	13/3	13/6	+3d	4 6 9
16/6	13/1	15/-	11/10	English Velvets, &c. £1	14/3	14/3	...	NH	21/3	8/7	15/10	13/9	Imperial S. Ord. £1	15/-	15/6	+6d	7 14 0
25/	10/-	16/1	13/10	Fine Cotton Spinnings, &c. £1	23/9	23/1	...	5 12 9	9/6	11/6	10/3	10/3	Imperial Tobacco £1	4/6	4/6	...	5 16 0
28/9	16/6	24/8	21/3	Linton Thread (£1) ...	13/1	13/1	...	5 12 9	9/6	11/6	10/3	10/3	Imperial Tobacco £1	4/6	4/6	...	5 16 0
31/10	7/6	13/10	12/6	Patons & Baldwins £1	27/6	27/6	...	5 12 9	9/6	11/6	10/3	10/3	Imperial Tobacco £1	4/6	4/6	...	5 16 0
8/6	5/-	9/6	8/3	Enla Viscosa Line 120	50/-	46/9	+3d	5 16 6	22/	18/	22/11	20/9	International Tea 5/-	22/-	22/3	+3d	6 13 3
60/10	41/1	50/7	47/6	Whitworth & Mitchell £1	20/-	20/7	+7d	5 17 0	22/	18/	22/11	20/9	Kreuger & Toll (Kr. 100)	22/	22/3	+3d	6 13 3
Electrical Machinery.																	
25/10	15/-	21/6	18/1	Associated Elec. (£1) ...	53/9	51/3	-2/6	5 17 0	22/	18/	22/11	20/9	Lever % Cum. £1	21/9	21/6	-3d	6 8 0
67/6	47/6	53/6	50/3	British Insulated (£1)	48/9	48/9	...	5 17 0	22/	18/	22/11	20/9	Bros. "8% Cum." "A" Pf. £1	20/9	20/6	-3d	7 15 0
63/9	46/3	49/6	47/6	Callenders (£1) ...	18/9	18/9	...	5 17 0	22/	18/	22/11	20/9	Do. 20% Cum. Pf. Ord. (£1)	42/6	41/3	-1/3	9 14 6
23/9	17/6	19/-	17/6	Crompton (£1) ...	7/6	7/6	...	4 15 6	41/	30/6	35/6	33/6	London Brick £1	33/9	33/9	...	11 17 0
62/-	2/9	7/3	5/	General Electric £1	40/7	41/10	+1/3	5 18 9	101/3	81/3	98/1	95/-	Lyons (J.) £1	27/6	28/-	+6d	10 0 0
6	4	4	4	Hewley (W. T.) (£1) ...	21/3	21/3	...	5 18 9	34/3	24/3	28/3	25/	Marks and Spencer 10/-	93/9	96/3	+2/6	3 2 0
37/3	23/9	23/-	21/3	Johnson & Phillips £1	22/6	22/6	...	7 1 3	95/7	68/1	71/3	3/3	Maypole Dairy 2/-	3/9	3/9	...	8 15 0
25/-	18/9	21/9	19/3	Siemens £1	21/3	21/3	...	5 18 9	34/3	24/3	28/3	25/	Millars Timber £1	2/9	3/9	+1/-	NH
Electric Light, &c.																	
82/9	89	117	113	Brazil Trac. no light.	57/6	58/1	+7d	5 17 0	81/4	2/-	4/9	3/7	Platt Brothers £1	3/9	3/9	...	NH
62/6	54/6	58/6	55/9	Bournemouth & Poole	35/7	35/7	...	5 17 0	38/	20/3	25/6	20/9	Pinchin Johnson 10/-	25/-	22/6	-2/6	10 0 0
27/6	28/6	28/6	28/6	Calcutta Electric £1	28/	28/	...	5 17 0	106/	60	82/	61	Polish Syn-	80	82	+2	8 12 9
30/6	28/6	28/6	28/6	Charing Cross Elec. £1	33/9	34/3	+6d	5 16 0	102	50	79	57	dicade of 6 1/2 Bds.	78	79	+1	8 4 6
38/3	34/0	34/6	32/	City of London £1	31/3	31/3	...	5 16 0	78/	73/1	75/10	74/6	Racine & Sons Ord. £1	75/-	75/	...	4 12 0
35/6	28/9	32/-	31/	Clyde Valley Elec. £1	41/3	41/3	...	5 16 0	24/4	10/7	13/9	11/3	Roneo £1	13/9	13/9	...	NH
49/9	40/-	45/3	42/6	County of London £1	11/1	11/1	...	5 9 6	32/6	15/	26/3	21/3	Salt Union £1	25/-	25/-	...	7 4 0
31	104	114	104	Hydro-Elec. Com. Sth.	24/3	23/9	-6d	5 9 6	32/6	15/	26/3	21/3	Savoy Hotel £1	16/3	16/3	...	12 0 2
26/-	20/6	24/3	23/4	Lancashire Electric £1	38/9	38/9	...	5 9 6	32/6	15/	26/3	21/3	Schwepes Df. £1	20/-	20/-	...	7 0 0
42/6	36/9	40/-	36/-	Metro. Electric £1	27/1	27/1	...	5 9 6	32/6	15/	26/3	21/3	Sears (J.) Ord. 5/-	18/-	18/-	...	5 10 0
25/9	25/9	27/3	25/3	Midland Counties £1	23/1	23/1	...	5 9 6	32/6	15/	26/3	21/3	Slaters and Bodega £1	22/6	20/6	-2/-	9 14 6
49/9	41/	42/10	41/	Newcastle-Tyne £1	42/6	42/6	...	5 18 6	32/6	15/	26/3	21/3	Spillers Ord. £1	34/-	34/-	...	8 18 6
30/6	24/4	27/3	26/3	North Metropolitan £1	27/1	27/1	...	5 18 6	32/6	15/	26/3	21/3	Sweet, Match. B. (Kr. 100)	52/6	52/6	...	6 8 0
34/6	28/4	32/7	29/7	Yorkshire Electric £1	31/3	31/10	+7d	5 18 6	41/4	31/3	41/4	38/9	Talbot & Lyf. £1	38/	41/3	+2/6	6 8 0
Gas.																	
20/9	17/6	19/9	18/-	Gas Light & Coke £1	19/3	19/-	...	5 18 0	117/6	48/3	53/9	23/9	Talbot & Lyf. £1	38/	41/3	+2/6	6 8 0
37/5	29/0	33/6	31/	Imp. Continents Stk.	16/3	16/3	...	6 1 3	48/3	21/9	28/-	22/6	Turner & Newall £1	26/3	27/6	+1/3	7 12 9
18/4	15/-	16/3															

† Free of Income Tax

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Feb. 10, 1932.	Price, Feb. 17, 1932.
Central Electricity Board 5% Debs.....	95	25	2½-2 dis	1½-1½ dis
Cole (E. K.) Ord. 5/-	5/-	5/-	12/3-13/3	13/-13/6
Do., 7% Red. Pref. £1	£1	fy. pd.	14/6-15/6	14/6-15/6
Electrical Finance Co. 5½% Debs.....	99	fy. pd.	99-101	99-101
Burness Withy New Ord. £1	21/-	fy. pd.	7/3-8/3	17/9-18/9
Galloway Water Power 5% Deb. 1947-91	93	50	49-51	49-51
L.G.O.C. New 5% Inc. Deb.	...	...	94-96	101½-102
Manitoba 5% 1951-1971.....	98½	fy. pd.	2½-3½ pm	37/-38/6
Metropolitan Electric Supply New Ord. £1	...	...	36/6-38/-	...
Midland Counties Electric Supply New Ord. £1.....	24/-	fy. pd.	25/3-26/3	25/3-26/3
Odhams Press New 7% "B" Deb.	98	fy. pd.	95-98	96-98
Tilling (Thos.) New Ord. £1	30/-	30/-	50/-51/-	50/6-51/6
Uganda 5% 1951-71.....	96	35	½ dis-½ pm	½ dis-½ pm
Westminster Electric New Ord.	£1	...	24/9-25/9	24/9-25/9

(Continued from page 419.)

Eastern dividends. The traffic figures revealed no substantial change in the downward tendency of receipts. Argentine rails were irregular, reports of crop damage offsetting the effect of firmer wheat prices. The fall in traffic receipts was attributed to the incidence of the Argentine national holidays. Canadian Pacific advanced, partly on firmer conditions in America, and partly on support from Paris.

Isolated attempts to mark up prices of industrial shares evoked no response from the public, and an uncertain tendency prevailed until the news of the lower Bank rate. International issues owed more to Continental support than to sustained buying from America, and fluctuated in irregular fashion. Among domestic securities, colliery shares improved fractionally on the removal of the French surtax on imports, but the Parliamentary progress of the Tariff Bill had little effect on steel and engineering share quotations. Electrical equipment shares were dull at the beginning of the week, but supply issues held their ground with the exception of Clyde Valley, which were marked down on dividend fears. Brewery quotations were maintained, but tobacco shares, particularly Imperial Tobacco, came on offer in mid-week, after the chairman's conservative utterance at the annual meeting. Textile shares reflected continued distrust of the labour position, but, together with many other market counters, were firmer after Thursday's Bank rate announcement. Newspaper issues improved on reports of the cessation of "gift schemes." Insurance shares were steady, but overseas bank issues had a reactionary tendency.

Business remained at a low ebb in the rubber share market, the tone being dull in the first part of the week in sympathy with the lower trend of the raw material. A moderate expansion of business on Monday, in tea shares, was not maintained, though liquidation appeared to have ceased. Oil shares did not receive consistent support from New York, but the Continent, especially Paris, showed a lively interest.

The tone in the mining market fluctuated considerably, starting firm for the New Account, falling away, and subsequently reviving on Continental support on Wednesday and a recrudescence of cautious domestic optimism on Thursday. "Kaffirs" were firm generally, Central Mining and, later, Gold Fields, advancing on Paris initiative. The rise in copper prices was accompanied by a jump in Rio Tinto, and "Chartered" had a steadier appearance. Tin shares were quiet, and failed to respond to the enhanced price of the metal in mid-week.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	Feb. 11, 1932.	Feb. 12, 1932.	Feb. 13, 1932.	Feb. 15, 1932.	Feb. 16, 1932.	Feb. 17, 1932.	Feb. 18, 1932.
Government and Municipal Loans	1,066	1,088	536	1,161	1,224	1,109	1,384
Transport, Communications, and Public Utilities...	591	767	250	778	677	688	670
Commercial and Industrial	1,071	1,134	534	1,578	1,246	1,356	1,352
Banks, Insurance and Financial	333	413	158	457	366	446	481
Mines (including Nitrate)	323	368	171	484	383	403	365
Oil	88	104	35	130	93	82	106
Rubber, Tea and Coffee	60	65	19	71	62	72	78
Total	3,532	3,939	1,703	4,659	4,051	4,156	4,436

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (1926 = 100.)

Highest of 1932. (Jan. 14.)	Lowest of 1932. (Feb. 11.)	Feb. 10, 1932.	Feb. 11, 1932.	Feb. 12, 1932.	Feb. 13, 1932.	Feb. 15, 1932.	Feb. 16, 1932.	Feb. 17, 1932.	Feb. 18, 1932.
61.2	58.6	58.5	59.1	59.2	59.7	59.5	59.4	59.9	59.9

FOREIGN STOCK EXCHANGES.

NEW YORK.

The response of the markets, at the end of last week, to the Government's Banking Bill, was immediate, and even spectacular, but the sharp rise in the number of shares traded and in average values was almost entirely a professional movement. The bears were well and truly squeezed, but sentiment had not been fundamentally changed, and on Monday profit-taking was seen on a fair scale. Business continued to ebb and flow, being better again on Tuesday, and easier on Wednesday, after a mid-day spurt. Thursday's reduction of Bank rate in London was welcomed as the lowering of a "crisis signal," and a token of confidence in the prospects of sterling. United States Government stocks were in strong demand on the announcement of the new banking measures, quotations reaching high points for the year. Their buoyancy was due to anticipations of open-market purchases by the Federal Reserve Banks. The setback to sentiment caused by a number of disappointing dividend statements was partially allayed by the maintenance of the American Telephone and Telegraph distribution. Railroad stocks showed increased powers of resistance, helped by a slight increase in car-loading figures, and the upturn in commodity values. Copper quotations were raised, but this step was followed by a fresh withdrawal of foreign demand. General trade reports remained undecided in tone, industrialists showing a disposition to await the tangible results of the Government's financial programme. Steel mill production, at 27 per cent. of capacity, showed a decline of 1 per cent. last week, but the industry looked for a revival of buying by railroads and automobile manufacturers, long regarded as overdue. Car loadings in the week ended February 6th were 574,834, compared with 561,234 in the previous week, 719,053 in the corresponding period of 1931, and an average of 923,503 for the same week in the seven years 1924-30. On Thursday renewed strength was apparent all round, though business was of more moderate dimensions than at the end of last week.

	Feb. 4, 1932.	Feb. 11, 1932.	Feb. 18, 1932.		Feb. 4, 1932.	Feb. 11, 1932.	Feb. 18, 1932.
U.S. 3½% T. Bds.	91½	92½	96½	Natl. Biscuit	40½	42	44½
U.S. 4½% '32-47	94½	94½	97½	Phelps Dodge	42	42	44½
Do. 4½% '32-47	94½	94½	97½	Pullman	21	20½	22½
Do. 4½% '33-38	99½	99½	99½	Sears-Robinson	31	33	34
Atchafalpa	80½	77½	86½	Studebaker	11½	10½	11½
Chem. & Ohio	25½	23½	25	Un. Fruit	20½	22½	24½
Erie	8	7½	8½	U.S. Leather	2½	2½	2½
Illinois Central	14½	12½	14½	U.S. Rubber	4	3½	4½
N.Y. Central	28½	28½	32	Westinghouse	40½	43½	49½
Pennsylvania	20½	20½	20½	Woolworth	25½	26½	33
Southern Pac.	31½	31½	28½	Am. Tel. & Tlg.	113½	118½	135½
Southern Ry.	10½	10½	11½	Interboro R.T.	9	10	10½
Union Pacific	73½	75½	88	Int. Tel. Teleg.	9	9	11½
Am. Can.	60	62½	69½	Radio Corp.	7½	8	9½
Amer. Smelting	15½	14½	16½	Utilities P. & L.	7½	8	9½
Anaconda	9	9	10½	W. Union Tlg.	36½	38½	47
Bethlehem Steel	17½	19	22½	Associated Gas "A"	4½	4½	4½
Chrysler Motor	12½	12	12½	Pan. Amer. B.	17	16½	16
Corn Producers	41½	41	44	Shell	10	10	10½
Eastman Kodak	81	72½	77	Shell Union	3	3	3
Gen. Electric (New)	19½	20½	22½	Standard Oil	5½	5½	5½
Gen. Motors	21½	21½	23½	Sid. California	23½	25½	26½
Int. Harvester	23½	24½	23½	Do. N.J.	27½	27½	29½
Montg. Ward	8½	8½	9½				

x Ex dividend.

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

	1930.		1931.		1932.		
	Lowest.	Highest.	Lowest.	Highest.	Be- ginning of Year.	Feb. 10.	Feb. 17.
337 Industrials ...	98.2	174.1	51.4	114.7	52 2	49.2	55.1
33 Rails	89.1	145.6	31.7	105.7	32 2	31.0	35.9
34 Utilities.....	153.2	267.4	90.6	187.6	91.8	86.1	97.2
Total, 404 stocks...	105.5	184.2	54.7	124.6	55 5	52.4	58.9
Average yield of 50 Industrial Common Stocks	4.15%	5.95%	9.37%	5.11%	9.29%	9.89%	8.03%

INVESTMENT NOTES.

New York and the Currency Bill.—The discussion of the new Currency Bill (the implications of which are discussed in a leading article on page 393) has arrested the downward tendency of prices on the New York Stock Exchange. Before its introduction, there seemed every likelihood that the market would break below the low levels recorded on January 5th. The first disclosure of the terms of the Bill caused a mild panic among the less hardened bears, and by the end of last week industrial common stocks, according to the Dow Jones indices, had jumped by no less than 20 per cent. in a couple of days. This rise was, of course, much too steep. It was, further, entirely a professional movement, the public showing no inclination to come in on a large scale. On Monday, activity quietened down, the bulls took profits and the bears again showed their heads in the market. Enthusiasm was also damped by the passing of dividends by the Kennecott, Utah and Nevada Copper companies, and by International Nickel. On Tuesday the market again moved upward on the prospect that the restrictive amendments to the new Currency Bill would be modified or even eliminated entirely. Commodity prices showed a similar upward tendency. On Wednesday there was again a reaction, both in the commodity and security markets. The opinion was voiced, in more than one quarter, that professional interests were taking advantage of the talk of inflation by running up the market to high levels so as to unload. The course of the market is shown by the following representative figures of the Dow Jones indices of 20 representative Rail shares and 30 Industrial shares:—

Date, 1932.	20 Rails.	30 Industrials.
January 5	31.36*	71.24†
February 10	33.01	71.80
" 11	35.57	78.80
" 13	39.70	85.82
" 15	38.58	82.20
" 16	40.45	85.75
" 17	38.81	82.22

* Lowest ever recorded. † Lowest since October, 1921.

The fact that General Dawes and Mr Eugene Meyer, of the Federal Reserve Bank of New York, are managing the new Reconstruction Finance Corporation, has given confidence that some good will come of the new measures of financial relief, but the irregularity of the market indicates that no party, either bull or bear, is so far willing to take a very decided line.

Building Society Finance.—The general public, rightly or wrongly, has specially distinguished two personalities in the phenomenal development of the Building Society movement in the last decade. Distinctions are invidious in a movement which, on almost every important question, has been strong in proportion to its unity, but

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NEW YORK: The International News Co., 131, Varick Street.

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

Highest of 1932 (Jan. 14.)	Lowest of 1932 (Feb. 10.)	Feb. 10, 1932.	Feb. 11, 1932.	Feb. 12, 1932.	Feb. 14, 1932.	Feb. 15, 1932.	Feb. 16, 1932.	Feb. 17, 1932.
68.8	57.4	57.4	62.5	*	67.8	65.2	67.8	65.1

* Holiday.

TOTAL DEALINGS IN NEW YORK.

	Feb. 12, 1932.	Feb. 13, 1932.*	Feb. 15, 1932.	Feb. 16, 1932.	Feb. 17, 1932.	Feb. 18, 1932.
Stock Exchange—Shares (Thous.)	2,600	2,000	2,500	2,200	1,700	1,700
Bonds (Value Thous. \$)	9,609	14,766	12,998	12,526	10,512	10,512
Curb—Shares (Thous.)	276	263	270	270	170	170

* 2-hour session.

PARIS.

The trend of quotations on the Paris Bourse was more affected by anticipations of a domestic political crisis than by the actual fall of the Laval Government. Shares were mostly irregular in the early sessions, though Banque de France were strong and Turkish Unified in fair demand on rumours of an impending settlement of the Ottoman debt question. Offers predominated in mid-week, and there was some hasty profit-taking, while Rentes sagged perceptibly. Among the more speculative shares, however, the rise in copper encouraged a demand for Rio Tinto. Central Mining were a good feature among South African counters, and oil shares found favour. On Thursday a fairly strong tone prevailed in most sections, with a marked improvement in Rentes.

	Feb. 11, 1932.	Feb. 15, 1932.	Feb. 18, 1932.		Feb. 11, 1932.	Feb. 15, 1932.	Feb. 18, 1932.
Banque de France	12,650	13,800	13,795	Wagons Lits	103	105	105
Crédit Lyonnais	1,860	2,090	2,100	Mexican Eagle	78	84	83
Suez Canal	13,860	14,580	14,795	" Chartered "	112	130	134
Chargours Réunis	270	288	267	Ford	327	362	345
Rio Tinto	1,288	1,455	1,540	De Beers	96	102	100
Royal Dutch	13,650	14,500	15,100	" Johannes "	...	...	...

AMSTERDAM.

Quiet and steady conditions prevailed at the opening of the Amsterdam Bourse, quotations being only slightly affected by the strong tone of New York. Selling pressure developed on Tuesday, Royal Dutch, Unilever and Philips Lamps all declining, though the former were supported from Paris. A firmer undertone was noticeable in mid-week, and advances were recorded in most sections. Rubber shares continued dull, but sugar and tobacco shares were firmer.

	Feb. 11, 1932.	Feb. 15, 1932.	Feb. 18, 1932.		Feb. 11, 1932.	Feb. 15, 1932.	Feb. 18, 1932.
5½% German	36½	38½	38½	Steel Common	40½	43½	48½
Unilever N.V.	102½	111½	110	A. K. U.	148	150	145
Philips' Lamps	87	89½	87	Ford Motor	141	147	153
Netherlands Ship Union	62½	66½	64	Dell Batavia	131	140	146½
Java Cultuur	115	128	130	Royal Dutch	...	...	...

OTHER CENTRES.

Fairly satisfactory conditions prevailed in most of the minor European centres, a perceptible increase of business being recorded in some cases. Brussels was more active, oil and copper shares being in strong demand, while in Milan, Government issues were predominant. Stockholm developed a quiet tendency in mid-week, but the Kreuger and Toll group were firmer. Unofficial quotations in Berlin were firmer. Dye Trust was done at 101.50 (against 91.00 a week ago), Siemens at 139.00 (against 123.00), General Electric at 34.00 (against 26.50), and Reichsbank at 109.75 (against 100.50). It is understood that a date will shortly be announced for the reopening of the German Stock Exchange, under special conditions. No official quotations will be permitted, and members will be restrained from carrying out executions in default.

so far as it has been possible to distinguish a division of emphasis rather than of opinion, popular opinion has associated "leadership" with the names of Sir Enoch Hill, of the Halifax, and Sir Harold Bellman, of the Abbey Road, the largest and second largest societies in the country respectively. Early last year, Sir Harold Bellman made it clear that he foresaw a period, not exactly of difficulty, but of delicacy. Steps had already been taken to restrict large individual share holdings in the Abbey Road, and, generally, Sir Harold showed himself to have correctly diagnosed the position—that the pace of the past few years had been too hot to last, and if the economic depression persisted, some slackening must be prepared for in advance. Neither Sir Harold nor anyone else, of course, foresaw the autumn financial crisis and Britain's departure from gold, but the accounts of the Abbey Road Society, published this week, show that the preparations made were sufficient to meet the emergency. The net rise of about 9 per cent. in the funds entrusted to the company—now including £28,894,946 in shares and £4,346,948 in deposits, is a resultant of the receipt of £9.1 millions and the withdrawal of £5.6 millions of shares and deposits. It needs little inside knowledge to appreciate that the greater part of the net increase in funds was achieved before the country's departure from gold. The society, however, has evidently found the liquidity of its position ample to meet all requirements. It reduced its new mortgage advances in 1931 to £8.0 millions, against £12.3 millions in 1930. It has reduced its gilt-edged securities, loans to local authorities, cash, interest accrued, etc., by approximately £900,000. Further, the rapid increase in business in earlier years automatically ensures an increase, year by year, in receipts from the repayment of advances and in interest from borrowers, the total under these headings being £5.3 millions in 1931 against £3.8 millions in 1930. The danger of semi-panic withdrawals due to currency fears is now, it may be hoped, at an end, but the experience of the National Savings Committee, as regards encashment of Savings Certificates, suggests that the possibility of withdrawals somewhat above the normal, on account of individual economic stress, may still remain. The accounts show that the Abbey Road can meet all probable demands under this head without inconvenience, its holdings of trustee securities, cash, etc., alone being over £2 millions. Against another danger which might militate against the progress of building societies—a decline in property values—provision has already been made, by way of a general agreement to secure eminently sound conditions for the making of advances on mortgage, in the definition of which it is well known that the Abbey Road Society played a helpful part. Altogether, while measures of preparation for changed circumstances in the movement generally cannot be said to have been taken out of due time, they have been shown, up to the present, to have been well-conceived and adequate. The removal by the Abbey Road of its temporary limit of £1,000, placed on new share accounts in 1930, is also in harmony with prevailing conditions.

Royal Mail Prospects.—The details of the Royal Mail scheme, upon which the voting trustees of the group and their financial advisers have been working for many months, should shortly be in the hands of the creditors and security holders concerned. No one will begrudge the time spent upon this preparation, for the task has presented, possibly, the greatest difficulty of any industrial reconstruction of modern times—the Armstrong-Whitworth reorganisation not excepted. Its particulars it is impossible to anticipate, but a reasonable estimate of its main features can probably be made on the basis of first principles and the various statements of those concerned in connection with recent meetings and applications to the Court. In the first place, it is difficult to see how any final assessment of the potential earning power of the assets of a world-wide organisation, hitherto largely formless and incoherent, can be made at a time of acute depression in the shipping industry. Against this may be set the fact that, even under present conditions, much

of the group's tonnage is known to be at least paying its way, so far as direct expenses are concerned. The immediate problems are financial, and it may be presumed that the chief care of those concerned will be to secure the consent of a host of creditors to a waiting policy for a given period. During this time the real value of the assets—which must obviously be based on their earning power—can be adequately tested, presuming the possibility of more normal world economic conditions on the one hand, and the certainty of efficient administrative organisation on the other. If the latter condition, which is indispensable, is provided for by the scheme, creditors and security holders will in any case have the prospect of a considerably greater eventual return than they could possibly hope for by independent action at a time when the cash value of the group's assets is at its nadir. They have every right, however, to insist that their relative position shall not be changed during the period of the interim settlement. On the administrative side, there is clearly room for a great deal of immediate reorganisation. Where several companies of the group have been accustomed to run independent services, as on the South American routes, there is everything to be said for control by a single operating concern, on a "geographical" basis. If such concerns can start free of serious debt burdens, it may be worth the while of creditors and debenture holders to give them a fair run. Evidently, in some other instances, the present organisation of the group may not lend itself so readily to immediate administrative changes, but large opportunities will, doubtless, be found for far-reaching economies in expenditure. The national and international implications of the Royal Mail reconstruction are so important that any scheme which commends itself as being essentially rational should obtain sympathetic consideration from all concerned, directly or indirectly.

African and Eastern.—The issue of £1,200,000 of income debenture stock by the African and Eastern Trade Corporation has not, unfortunately, secured a favourable response. As subscriptions amounted to less than 6 per cent. of the total and it has not been possible to place the remainder of the issue in other hands, the money has been returned to subscribers, and the Corporation's voting power in United Africa will fall, in accordance with the original proposals, from 45 per cent. to 20 per cent. Though this result is regrettable, it is fortunate that the Unilever group (with the help of £500,000 to be subscribed by African and Eastern) is in a position to put in sufficient new money to prevent the operations of United Africa from being seriously prejudiced. The £3,500,000 which will be secured should be ample to see the company through its present troubles. Though the African and Eastern Corporation's share in the income from future operations will be greatly reduced, its interests are protected to the extent, first, that all trading transactions between the Lever group and United Africa are to be carried out at prices not below market values, and, secondly, that in case of disagreement as to the distribution of surplus profits of United Africa, a final verdict may be given by the senior partner of a named firm of chartered accountants, or, failing him, by the President of the Institute of Chartered Accountants. On paper, the latter is an important provision, since the income available for African and Eastern shareholders will depend mainly on dividends declared by United Africa, whereas the Unilever group are interested in United Africa rather as an assured source of raw materials than as a payer of work smoothly in practice is open to question. It is by no means certain that the handing over to any outside authority of so important a directorial duty as the making of dividend decisions is a desirable precedent. In any case, the method is open to change at any time, by an alteration of the United Africa Company's presumed new articles, in respect of which the Unilever interests will possess the necessary three-fourths voting majority. The African and Eastern, however, is no longer a free agent in the matter, and must needs accept the best terms it can

secure. Three of its directors are resigning on the ground that they are now supernumerary. In due course a scheme for the reduction of the Corporation's capital will be formulated, and although the "A" preference shares appear to be secure as regards capital and income, a drastic writing down of the "B" preference and the ordinary shares has been already discounted by market prices of 8s. 9d. and 1s. respectively.

The Gas Industry.—An encouraging review of the gas industry was given by the chairmen of the Gas Light and Coke Company and of the South Suburban Gas Company at the annual meetings last week. Sir David Milne-Watson, at the meeting of the Gas Light and Coke, stated that there had been an increase in the company's sales of gas of more than 1½ per cent. last year, in spite of the trade depression, while there was an increase in the company's consumers of 27,000, the total number now approaching 1,400,000. Dr. Carpenter, at the meeting of the South Suburban Gas Company, disclosed the fact that the increase in consumption in his company's system had been due to the "ordinary" consumer, whose use of gas had increased by 8 per cent. Sir David Milne-Watson endeavoured to show that gas as a means of heating and cooking was becoming more popular by quoting statistics from the United States of America, where the sale of gas during the last ten years had gone up by over 100 per cent. This, however, has been due to increasing supplies of cheap natural gas—which Sir David did not deny—and must be regarded as peculiar to a country which is blessed with such natural resources. It is interesting to hear that the Gas Light and Coke Company is now supplying a new coke smokeless fuel called "Cleanglow," its low-temperature plant at Richmond having been closed down as a commercial failure. Sir David Milne-Watson referred again to the antiquated legislation under which the gas industry was required to do its business. A definite duty, he said, devolved on Parliament to pass legislation for industries which it had taken under its wing. Many of the "Minutes" of Parliament affecting the gas industry went back to 1847 and 1871, and were thoroughly out of keeping with modern conditions.

Great Western Railway.—The 1931 accounts show a decline in gross receipts from £34,346,867 to £31,139,630, against which savings of £1,178,493 were effected in railway expenditure, which amounted to £26,052,984. Receipts from other sources (including the company's docks) fell from £1,553,117 to £1,303,482, and miscellaneous charges rose slightly. Net revenue was £1,304,750 lower at £5,682,396:—

	Year to December 31,		
	1929.	1930.	1931.
	£	£	£
Gross receipts	36,184,053	34,346,867	31,139,630
Expenditure	29,208,791	28,226,477	26,052,984
Other receipts	1,884,981	1,553,117	1,303,482
Other charges	661,599	686,361	707,732
Net revenue	8,198,644	6,987,146	5,682,396
Brought forward	104,630	186,227	65,396
Profit on realisation of investments	...	150,488	...
Appropriation from contingency fund	...	...	500,000*
Debenture interest, &c.	1,549,679	1,549,692	1,549,789
Guar. and pref. dividends ..	3,347,638	3,347,638	3,347,638
Ordinary dividend—			
Amount	3,219,730	2,361,135	1,287,892
Earned %	7.7	5.2	1.8
Paid %	7½	5½	3
Carried forward	186,227	65,396	62,473

* This fund was subsequently augmented by the release of reserves no longer required, and now stands at £2,652,884, against £2,610,339 a year earlier. The general effect is thus equivalent to a partial dividend payment from internal reserves. Expenditure on maintenance of way and works amounted to £3,215,240, against £3,646,564 in 1930, and expenditure on maintenance of rolling stock to £3,603,448, against £3,975,906. Passengers carried totalled

114,314,889, compared with 124,735,287, and goods traffic 65,374,155 tons, against 75,139,498 tons. Investments in Government securities now stand in the balance sheet at £9,984,951, while subscriptions to other undertakings appear under capital account to a total of £4,167,589, of which £1,715,609 was expended during the year. The ordinary stock yields £7 12s. per cent. at its present price of 41.

Southern Railway.—The accounts for 1931 show that gross traffic receipts declined by £1,516,549, or 5.8 per cent., to £24,373,592. Expenditure fell from £20,701,720 to £19,761,665, a decline of 4.5 per cent. Miscellaneous receipts increased from £1,148,621 to £1,207,059, while other charges totalled £211,112, compared with £203,115. Net revenue thus fell from £6,133,927 to £5,607,874:—

	Year to December 31,		
	1929.	1930.	1931.
	£	£	£
Gross receipts	26,507,018	25,890,141	24,373,592
Expenditure	20,914,249	20,701,720	19,761,665
Other receipts	1,148,034	1,148,621	1,207,059
Other charges	192,838	203,115	211,112
Net revenue	6,547,965	6,133,927	5,607,874
Brought forward	135,718	161,886	93,411
Debenture interest, &c.	1,753,933	1,753,167	1,753,167
Guar. and pref. divs.	2,601,278	2,676,278	2,751,278
Pref. ord. div.	1,379,330	1,379,330	1,103,464*
Def. ordinary:—			
Amount	787,256	393,628	Nil
Earned %	2.6	1.03	Nil
Paid %	2½	1½	Nil
Carried forward	161,886	93,411	93,375

* 4%
Some £3,208,827 was expended on maintenance of way and works, compared with £3,419,956 in 1930, and £2,762,801, against £2,777,412, on maintenance of rolling stock. The number of passengers carried fell from

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216,523,392 to 212,587,026, and the goods tonnage from 17,846,631 tons to 17,339,426 tons. Investments in Government securities now total £5,138,926 while investments in road transport undertakings, not charged as capital expenditure, were shown in the balance sheet at £1,384,802, against £1,339,113. At 8½ the preferred ordinary stock yields £11 15s. per cent. on the basis of a 4 per cent. dividend.

Underground Railway Results.—The accounts of the Underground Electric Railway Company for 1931 show that income from investments amounted to £1,162,804, compared with £1,235,829 in 1930 and £1,159,028 in 1929. Miscellaneous income, at £51,310, includes the item "general interest" which stands at £34,952. Expenditure is down from £40,560 to £20,417, leaving a net revenue of £1,193,697, against £1,219,061 last year. After deduction of fixed charges, there remains sufficient to enable the payment of a 7 per cent. dividend on the ordinary capital, against a distribution of 8 per cent. for 1930:—

Year to December 31.	1929.	1930.	1931.
	£	£	£
Income from investments	1,159,028	1,235,829	1,162,804
Miscellaneous income	23,505	23,792	51,310
Expenditure	69,320	40,560	20,417
Net income	1,113,213	1,219,061	1,193,697
Brought forward	262,504	*352,192	352,977
Debenture interest, &c.	518,466	351,676	418,000
Commission, discount, &c., written off	10,000	10,520	10,520
Ordinary capital:—			
Paid £	581,301	856,865	749,070
Earned %	8.2	8.0	7.2
Paid %	8	8	7
Carried forward	265,950	352,977	369,084

* Including £86,242 transferred from special reserve for equalisation of interest.

The five companies which contribute to the common fund show aggregate gross traffic receipts of £15,487,079, compared with £15,778,410 in 1930. Of the total decline of £291,331, the London General Omnibus Company, which last year was responsible for an increase of £853,717 in gross receipts, this year accounts for no less than £260,102, while the London Electric, and City and South London also record declines. The amount of £1,010,292 paid in dividends on ordinary stocks and shares compares with £1,186,018 in 1930, and represents an average rate of 5.10 per cent. compared with 5.74 per cent. in 1930. The carry-forward is slightly greater at £520,781.

(000's omitted.)

Year.	Traffic Receipts.	Expenditure.	Miscellaneous Receipts (net).	Earned Dividend.	Common Fund.		Carried forward.
					Paid.	% (average).	
1929	£ 15,096	£ 12,288	£ 1,080	£ 1,150	£ 1,127	5.69	£ 484
1930	15,778	12,889	1,098	1,157	1,136	5.74	504
1931	15,487	12,665	1,061	1,027	1,010	5.10	521

The total amount appropriated to reserves for contingencies and renewals was £922,741, of which £277,135 was

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charged to expenditure and £645,606 carried to reserve for contingencies and renewals. The accumulated reserves of the common fund companies now amount to £6,606,122, while in addition the trustees of the Lots Road Power House Depreciation Fund hold £273,899. The common fund companies collectively show floating assets of £11,886,353, and current liabilities of £4,883,283, giving net floating assets of £4,883,283. During the year further contracts were placed covering the whole of the construction works on the Southgate extension. The market found the results quite up to expectation, and its chief concern remains with the future of the group under the London Traffic Scheme.

Imperial Tobacco Outlook.—Although Lord Dulverton preferred to repeat his note of caution at the annual meeting of the Imperial Tobacco Company last Tuesday, there was little sign of dismay among the shareholders who, in a year of superlatively bad trade, had received an ordinary dividend of 22½ per cent., tax free. The chairman referred to the fact that investments in subsidiary and associated companies, while down by £81,889 at £10,375,189, had an actual market value largely in excess of the book value. With regard to the purchase of leaf, the 1931 crop in the United States had been sold at prices distinctly lower than in previous years, and as the company's purchases of dollars for the season's requirements had been practically completed before the exchange went against this country, the figure of approximate cost in the balance sheet was much less than it might have been. The emergency Budget of last September had affected the company in two ways—first, by placing a heavy load of extra duty on the industry, and secondly by setting up a wave of personal economy, which tended inevitably to reduce the consumption of tobacco. The present rate of duty on unmanufactured tobacco was 9s. 6d. per pound, and more than 60 per cent. of the net price they obtained for their manufactures was represented by duty. When the last increase of 8d. per lb. was imposed, they had been obliged to increase the price of pipe tobaccos, but in the matter of cigarettes, the prices of which had come to be regarded almost as "standard," it was felt that the interests of the company would be better served if the volume of trade were kept as high as possible, even on a smaller margin of profit. Since September the figures of clearances from bond indicated a declining tendency in spending power, which must needs be kept in mind in any estimate of the outlook. In view, further, of the reduction in revenue from the British-American Tobacco Company, Lord Dulverton more than hinted at the possibility of a further "cut" in the Imperial Company's distribution this year.

Agricultural and General Engineers.—In an "Investment Note" in our issue of January 2nd last we referred to an examination which was to be made into the financial position of Agricultural and General Engineers by Sir Gilbert Garnsey in co-operation with Lord Plender. Before this examination could be completed the company has gone into liquidation and Sir Gilbert Garnsey has been appointed receiver and manager. The belated report been issued, shows a loss of 235,226 and a debit balance on profit and loss account of £591,334. The 1931, have been very unsatisfactory and that the company has now come to the end of its financial resources. This is not surprising, seeing that, apart from the trade depression, the company (a holding concern) has never been able to prevent uneconomic competition between the trading companies in which it is interested. The scheme put forward by the chairman in April last year and the reduction in the number of directors from 36 to nine, not to mention the writing down of capital, became the occasion of a somewhat bitter dispute among the directors, which was only relieved by the decision—which came, as it happens, too late—to make an independent

investigation into the company's position. Resignations by directors prior to the appointment of a receiver indicated that unanimity on the board could not be attained. The former chairman resigned on February 10th, two other directors on February 12th, and the vice-chairman and another on February 13th. Practically, only the permanent directors remained. The balance sheet showed shares in and advances to subsidiary companies of £2,445,743 (out of a balance sheet total of £3,158,977), which is considerably in excess of real values. Loans from bankers amounted to £578,551; the cash holdings were negligible. It is deplorable that a company which could undoubtedly have been put on its commercial feet if "rationalisation" had been enforced upon its subsidiaries, should have been allowed to fail through the recalcitrance of some of its directors. The subsidiaries will, of course, continue to function independently.

Selfridge Position.—The accounts of Selfridge and Company for the year to January 31st last suggest that turnover has been well maintained, the decline in profits being no more than 7 per cent. Of recent years, however, the company's liabilities in respect of subsidiary and associated concerns have been onerous. The guarantee to Selfridge Provincial Stores expired in 1930, and there is no repetition, this year, of the voluntary "contribution" made a year ago. The guarantee of a 25 per cent. dividend on the ordinary shares of William Whiteley, however, remains in force until 1942, and the amounts paid out have tended significantly to increase. The last four Selfridge accounts (covering the years 1928-29 to 1931-32) show the following payments to Whiteley's under this guarantee: £46,105, £31,002, £56,508 and £77,929—a total of £211,544, which is equal to 28 per cent. on the ordinary capital of Selfridge and Company. To this factor is due, chiefly, the reduction of the dividend on Selfridge ordinary shares (held by the Gordon Selfridge Trust) from 10 per cent. to 8 per cent., against 20 per cent. paid for each of the four years to 1929-30. Even this reduced rate involved a draft of £35,559 on the carry-forward. Results for the last three years are shown:—

	Years to January 31.		
	1930.	1931.	1932.
	£	£	£
Profit	481,312	431,097	400,269
Taxation	38,000	58,000	59,000
Depreciation	60,000	45,000	40,000
Other charges	31,002*	66,508	77,929*
Debenture interest.....	12,974	12,655	12,125
6% preference dividend	78,000	78,000	78,000
10% preferred ord. div.	100,000	100,000	100,000
12% staff dividend.....	10,498	10,394	8,773
Ordinary:—			
Paid	20%	10%	8%
Amount of dividend	150,000	75,000	60,000
Total "carry forward"	147,775	133,315	97,756

* Paid under Whiteley guarantee.

† Including £56,508 under Whiteley guarantee, and £10,000 contribution to Selfridge Provincial Stores.

The company is preparing for increased future business, new building operations having been recently started, which, on completion in approximately eight years' time, will make the company's store the largest in the world. The cost of the initial extension, part of which may be ready for business by the autumn of this year, is to be between £300,000 and £400,000, and the total cost is expected to run into "some millions of pounds." All financial arrangements are described as having been made with a subsidiary company, and it is apparently the intention of the head of the business to make no public issue of capital. At present the "free" liquid resources of the company are of moderate proportions, its reserves being mainly invested in its own business. Of the total cash item of £115,714, some £26,700 has been deposited in connection with the new building. Though the Whiteley connection, run by Selfridge methods of proved efficiency, may ultimately be profitable, it is regrettable that it should involve Selfridge and Company in a heavy liability at a

time like the present. The 6 per cent. preference shares of Selfridge are quoted at 16s. 3d. to yield £7 7s. 8d. per cent., free of tax, and the 10 per cent. preferred ordinary at 17s. 6d. to yield £12 6s. per cent.

United British Oilfields of Trinidad.—The record of the United British Oilfields of Trinidad, which is controlled by the Royal Dutch-Shell group, has not been inspiring, and the chairman at the general meeting in July last stated that the field could not be made to pay in periods of low crude oil prices if the present costly methods of drilling did not result in more permanent wells. Further information is now disclosed in a statement issued by the directors relative to the issue of 1,050,000 8 per cent. cumulative preference shares of 6s. 8d. to existing shareholders at par in the proportion of seven to ten. The results which have been obtained from the introduction of improved drilling and production methods, according to the directors, seem to promise fair prospects of maintaining production from the company's own fields at a reasonable cost. Further geological surveys have also suggested that other areas held by the company have better prospects than were previously indicated. The company, the directors add, has suffered from a long-term crude oil purchase contract which, owing to the fall in prices, had become onerous and unprofitable. This contract, which expired at the end of 1931, had a serious effect on the earning capacity of the business. The company was therefore obliged in the last two years to incur loans from its bankers and others. The proceeds of the new issue are to pay off bank loans of about £125,000 and to provide a new refinery and better loading facilities, costing £115,000. The proceeds of the new issue will be about £340,000, so that £100,000 will remain as additional working capital. The preference dividend on the new shares will amount to £28,000, and it is estimated that the savings arising from the provision of new facilities will amount to about £30,000 per annum when the refinery is working to full capacity. The underwriters of this issue, the Anglo-Saxon Petroleum Company, are conceding to every allottee a commission of 2½ per cent.

Union Corporation Group.—The ore reserve estimates of the Rand Gold Mining subsidiaries, at the end of 1931, have now been published. At 3,750,000 tons, value 29s. 4d. over 58 ins., the East Geduld computation shows a falling off in both quantity and value, and the return has caused some disappointment. The revenue averages only just over 25s. per ton, while at the end of 1930, before the mine had had time to get into its stride, the ore reserves were valued at 29s. 9d. per ton. The Geduld



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Proprietary estimate of 5,900,000 tons, averaging 28s., shows a small decline in quantity, though value is maintained. In the case of the Modder Deep, the tonnage of 1,600,000 has fallen 450,000 below the preceding statement, and the assay of 35s. 8d. is down by 8d. The development of the mine having been virtually completed a year ago, so far as the main ore bodies were concerned, the reduction in the reserves will occasion little surprise, but the upper leaders do not appear to be giving the results previously expected.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies: Imperial Tobacco Company (of Great Britain and Ireland), Gas Light and Coke Company, Borax Consolidated, Standard Trust, South Suburban Gas, Railway Debenture and General Trust, Railway Share Trust and Agency, and Olympia. At the annual meeting of the Gas Light and Coke Company, the chairman drew attention to a new fuel which had recently been put on the market, and named "Cleanglow." "Cleanglow" was a specially prepared fuel, suitable for burning in open fireplaces, and it had been enthusiastically taken up in London and recognised as supplying a long-felt want. Presiding at the annual meeting of the South Suburban Gas Company, Dr. Charles Carpenter said that nothing but the most up-to-date plants, special attention to the quality of coal purchased, and suitable carbonising plants designed for the particular purpose would produce coke which satisfied to the full the consumers' requirements to-day. Further discussion of the meetings of these two gas companies will be found in a note on page 425. At the annual meeting of Olympia, the chairman said they were out to do everything in their power to extend the facilities for the British Industries Fair, and make it the most important exhibition of its kind in the world.

CAPITAL ISSUES.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Total recorded, January 1 to February 13, 1932, excluding conversions, £9,029,983.
Total recorded, January 1 to February 13, 1932, including conversions, £9,029,983.

National Savings Certificates.

Net receipts, week ended February 13, 1932, Nil.

Total net receipts, April 1, 1931, to February 13, 1932, £2,150,000.

	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
To the Public.	Nil	Nil	Nil	Nil	Nil
To Shareholders only.	Nil	Nil	Nil	Nil	Nil

† Less £1,200,000 African and Eastern Trade Corporation issue. Not gone to allotment.

	Total Offered for Subscription— Including Conversions.	Excluding Conversions.	Total Offered for Subscription— Including Conversions.	Excluding Conversions.
Jan. 1 to date—				
1932	7,829,983	7,829,983	114,290,666	102,044,291
1931	34,880,263	28,909,128	454,888,784	267,800,700
1930	29,375,674	29,375,674	488,764,340	285,239,400
1929	78,967,979	65,393,428	693,100,056	369,058,073
1928		134,768,207	1927	355,165,970
1927		111,910,709	1926	230,782,600
1926		51,083,969	1925	232,214,500
1925		28,782,546	1924	209,326,101

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1932	7,073,375	260,000	496,608	7,829,983
1931	26,678,057	371,571	1,959,492	28,909,128
1930	26,600,552	1,305,072	1,470,050	29,375,674
Whole year—				
1931	74,835,599	6,911,859	20,296,833	102,044,291
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	98,381,400	355,165,970
1926	145,180,000	39,393,200	46,209,500	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	94,000	...	96,500
Total to date, 1932	94,000	...	96,500
Total to date, 1931	2,744,376	...	2,807,132

Particulars of the following have been issued "for information only" with a view to Stock Exchange introduction. *Darlington Rustless Steel and Iron.* Issued capital, £208,000. *Guildford Stores.* Issued capital, £69,342 in 40,000 preference shares of £1 and 117,368 ordinary shares of 6s. each. *Durham County Water Board.* Particulars of an issue of £250,000 5 per cent. Redeemable Stock, 1957, made to finance the construction of a reservoir at Burnhope.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash.		Dividend for Whole Years.
	Interim or Final.	Date of Payment.	Latest Year.
RAILWAYS.			
Central London (Def.)	2%†	...	% 6
City and South London	2%†	...	% 6
London Electric Railway	2%†	...	% 5
Metropolitan District	2%†	...	% 5
MINING.			
Petaling Tin	2½%*	...	% 5
OTHER COMPANIES.			
Assets Company	3%†	...	...
B.A.T.	10d. ps.	Mar. 3	5 7
Barnsley Brewery	6%†	...	...
Birmingham and District Investment	...	...	...
Boddington's Breweries	4%†	...	7½
Bovril (Def.)	5%†	...	12½
British Assets Trust	6d. p.s.	...	10 15
British Land Company	6%†	...	20 20
Chiswick Electricity Supply	6%†	plus bonus of 2%.	11 12
J. and P. Coats	...	...	10 15
Cook, Son and Company	...	...	2½ 5
Copstock Crampston	...	...	2 2
Denman Street Trust	...	...	4 4½
Edinburgh and Canadian Investment	...	...	...
Edinburgh Securities	3%†	...	2 5
E.N.V. Engineering	6½%†	Feb. 25	5 5
Equitable Loan Co. of Scotland	4½d. ps.	...	10 10
Freeman, Hardy and Willis	...	...	10 10
General Investors and Trustees	8%†	...	10½ p.s. 11½ ps.
Guardian Investment Trust	...	...	13 17
Arthur Guinness	12%*	...	10 11
Harrison Barber	...	...	3 6
F. Hewitt and Son (Def.)	...	...	23½ 18½
Hope Tea	5%*	...	p.s. p.s.
Hughes-Johnson Stampings	5%*	...	...
Isaac Holden and Sons	2½%*	Mar. 1	...
Isle of Man Steam Packet	...	...	...
Johnston Mooney	3½%†	...	5 4
London General Omnibus	3½%†	...	6b 6b
London Pavilion	3½%†	...	6½ 8
Maple and Company	2½%†	...	8½ 9
Martinez, Gassiot and Company	7½%†	Mar. 7	5 9
Mather and Platt	3½%†	...	...
McCrae and Drew	...	Less tax	6½ 10a
Mercantile Investment & General	11%†	...	5 8
Midland Electric Manufacturing	6%*	...	14 14½
North Central Wagon	2½%†	Feb. 20	22½ 22½
Norwich Electric Tramways	3%†	Mar. 1	...
Oxford Canal Navigation	...	...	...
Perry and Company	...	...	...
Premier Investment	...	...	5 10
Property and Reversionary Trust	...	...	10 10
Jeremiah Rotherham and Co.	2½%†	...	10 10
V. Rotherham and Company	2½%†	...	5 6
Sackville Estates	3½%†	...	5 6
Scottish Northern Investment	5%†	...	6½ 6½
Scottish Wagon	...	...	10 15
J. Sears and Company	7½d. p.s.*	...	1½ p.s. 1½d.
Selfridge and Company	...	...	...
Sheffield Gas	3%†	...	8 10
Snia Viscosa	...	...	6 6½
South Metropolitan Electric	...	...	...
Tramways	...	...	...
Spencer Turner	...	...	5 5
Stocall Enamels	...	...	5 5
Swan and Edgar	...	...	5 5
Swiss Bank Corporation	...	...	5 5
United Grain Elevators	1½ p.s.†	...	7 8
United States Debenture	6½%†	...	...
Westminster Chambers Assoc'n	7%†	...	12½ 15
Wharfedale Dwellings (Def.)	...	...	13½ 13

b Plus bonus of 1/- per share.
a Tax free.

CANADIAN PACIFIC RAILWAY COMPANY (Incorporated in Canada with Limited Liability).—At a meeting of the board of directors held February 8th, a dividend ended December 31, 1931, was declared from the ordinary capital stock for the quarter payable April 1, 1932, in Canadian funds, to shareholders of the reserve of surplus revenue. March 1, 1932. Hereafter, until further notice, the payment of such dividends of 1932 will be considered by the board at its August meeting.

MEUX'S BREWERY CO., LIMITED.—The directors announce that the profits of £153,061—and they recommend a final dividend on the ordinary shares (subject to tax) of 1s. 4d. per share, making with the interim dividend already paid 11 per cent. for the year, and that the amount carried forward be increased from £188,299 to £225,419. The annual general meeting will be held on March 1st next, and if the report is adopted by the shareholders, the dividend will be paid on March 8th next to all shareholders on the Register on March 1st next. The ordinary share registers will be closed from February 16, 1932, to March 1, 1932, both days inclusive.

MANCHESTER SHIP CANAL COMPANY.—The directors recommend the declaration of the following dividends at the ordinary general meeting to be held on the 29th instant, viz.: 3½ per cent. on the Manchester Ship Canal Corporation preference stock; 2 per cent. on the preference shares; 1 per cent. on the ordinary shares. £30,000 has been placed to reserve for contingencies and repairs, and

COMPANY MEETINGS, &c.

IMPERIAL TOBACCO COMPANY (OF GREAT BRITAIN AND IRELAND), LIMITED.

CONTINUED SUCCESSFUL TRADING.

CURRENT YEAR'S PROSPECTS.

The annual meeting of the Imperial Tobacco Company (of Great Britain and Ireland) was held at Bristol, on the 16th instant, Lord Dulverton (the chairman) presiding.

The formal notices having been read by the secretary (Mr R. J. Sinclair),

The Chairman, in the course of moving the adoption of the report and accounts, said:—Turning to the balance sheet, the first item on the assets side is land, buildings, plant and machinery—at cost, less amounts written off—£5,151,424, an increase of £31,403 over the previous year. This increase represents additions to buildings, plant, etc., at our various branches, less amounts provided for depreciation. These assets have been well maintained, and are in a high state of efficiency, and the directors believe that the value shown on the balance sheet is a moderate and very safe figure.

Investments in subsidiary and associated companies amount to £10,375,189, a decrease of £81,889. As noted in the balance sheet, the aggregate market value of investments in associated companies is largely in excess of the book value; as you are aware, a very large part of this amount represents the company's holding of ordinary shares in the British-American Tobacco Company and in its subsidiary company, Tobacco Securities Trust Company.

Loans to and current accounts with subsidiary and associated companies amount to £2,464,018, and show an increase of £15,743 over last year. Stock-in-trade, including leaf in transit at approximate cost and advances to branches abroad for purposes of leaf, etc., amounts to £28,123,906—a decrease of £821,613.

DOLLAR PURCHASES

The great part of this item is represented by the cost of our raw material—leaf tobacco. We hold, as you know, very large stocks of carefully selected leaf. The 1931 crop in the United States was sold at prices distinctly lower than in previous years, and the fortunate fact that our purchases of dollars for the season's requirements had been practically completed before the exchange went against us has meant that the figure of approximate cost as at the date of the balance sheet has been much less than it might otherwise have been.

As regards the current year, we may, of course, find when the 1932 crop comes to be marketed that the exchange is against us and that our leaf will thereby cost us more, but I hardly think I should lay too much emphasis now upon that possible future disadvantage. Our policy of building up ample stocks and making careful provision for the future minimises such a risk and has been well justified by recent events.

EMPIRE-GROWN TOBACCO

While dealing with this item of leaf tobacco, I should like to say in passing that, during the year, tobacco grown within the Empire has continued to gain public favour—a tendency which will, no doubt, be furthered by the "Buy British" campaign. The Imperial Tobacco Company (as, indeed, its name and origin almost demand) has been in the forefront in popularising Empire-grown tobaccos, and, with existing lines and certain other introductions which are in prospect, we shall be well able to cater for every taste, and to give in each class and at all price levels the best value for money.

Debtors, after making ample provision for discounts to be allowed, and for doubtful debts, amount to £6,320,473, a decrease of £281,750. Government and other securities taken at cost or market value, whichever is lower, amount to £11,246,985, an increase of £1,246,313. Loans to Corporations and Public Boards, and other investments not officially quoted, amount to £285,231. Cash at bankers and in hand amounts to £4,772,298, an increase of £104,660.

RESERVE OF £5,500,000.

The general reserve account has been increased by £500,000 transferred from profit and loss account, and now amounts to £5,500,000.

The net trading profit for the year, and interest and dividends on investments (including considerable sums derived from dividends on capital employed outside the United Kingdom) and loans, after fully providing for all charges, depreciation of property, plant, etc., bonus to customers, taxation, and £10,000 for directors' fees, amounted, with the item of transfer and other fees, to £9,876,063, a decrease of £300,982 as compared with the previous year.

Upon the ordinary share capital of £37,492,625 it is now proposed, with your approval, to declare a final dividend of 8 per cent. and a bonus of 1s. 6d. per share, both free of income tax, making a total

for the year of 22½ per cent., free of income tax, which is a decrease of 1 per cent. as compared with the tax-free dividend for the year 1930. The gross rate of dividend, however, is only one-third of 1 per cent. less than last year.

Before dealing with the present, or making any forecast for the future, it would seem appropriate to refer for a moment to my remarks of a year ago. In an enterprise such as ours, which, in colloquial phrase, is "built to last," each year is but the child of the last and the father of the next. Those of you who attended our meeting last year will remember that I then referred to the clouds which, at that time, were in different quarters darkening the industrial horizon, and I said that if these clouds did not break into a storm and the depression did not increase in intensity then I did not see why the results of the year which we had then entered upon should not be as satisfactory as the previous year.

A SATISFACTORY RESULT.

Well, ladies and gentlemen, that forecast has not proved too optimistic. The clouds certainly broke into a storm of no little severity, but, in spite of that, during the year we have now under review our total sales showed only a slight falling off from the figure of the previous year, and I believe you will agree that the fact that our trade and our profits were maintained as well as they were is by no means an unsatisfactory result. Indeed, when regard is had to the general economic condition of the country and the strenuous competition we have in our particular trade, the result is eloquent testimony to the appreciation of the public for the quality and value which our brands afford.

The Emergency Budget of September last has affected our position in two ways. Firstly, it has placed upon us a very heavy load of extra duty, and, secondly, it has set in motion a wave of personal economy which, however necessary and desirable from the national point of view, yet tends to reduce the consumption of tobacco.

TAXATION AND PRICES.

With regard to the duty, tobacco is now taxed up to the hilt. The present rate of duty on unmanufactured tobacco is 9s. 6d. per lb., and more than 60 per cent. of the net price we obtain for our manufactures—whether pipe tobacco or cigarettes—is represented by duty. Maintenance of quality has been, and will continue to be, our watchword, and when this last increase of 8d. per lb. was imposed in September we were faced with a difficult problem.

With pipe tobaccos we felt we had no alternative but to increase the price, but with cigarettes, of which the bulk are sold at the convenient prices of 10 for 4d. or 10 for 6d., we decided, after the most careful consideration, that in the present state of things the interests of the company would be better served were we to keep the volume of our trade as high as possible, even though on a smaller margin of profit. We see no reason to regret that decision, which, I think you will agree, was a wise one.

Then, with regard to the spending power of the public. Since September the figures of the clearances from bond indicate a declining tendency. That is perhaps the natural result of the first wave of economy, and I am hopeful that the present rate of decrease may not be continued throughout the year. We can, at least, derive comparative satisfaction from the fact that, since the Budget, the decreases in the clearances by our company have been at a slightly lower rate than the figures for the whole country.

For the tobacco trade in this country, then, the immediate outlook is less bright than we might wish. Your company will have, during this year, a very heavy bill to meet in the shape of increased duty without, on this occasion, being able to anticipate with confidence an increase in total consumption.

SMALLER DIVIDEND POSSIBLE.

It is far better to face facts than to ignore them. The disadvantages to which I have referred must, we believe, have the result of decreasing our earnings during the current year, and, though it is perhaps early to prophesy, it is our present opinion that the necessity for some reduction in our ordinary dividend for this year is a contingency which cannot be ignored. It is, however, true to say that these three disadvantages—higher duty, decreased consumption and lower revenue from the British-American Tobacco Company—are all factors outside our control.

It would be too much, ladies and gentlemen, to expect that the circumstances which the country has had to face would leave our position completely untouched. But the foundations of the company are strong; a conservative policy in the past has provided it with ample resources; and on this you can rely—every reasonable and proper economy will continue to be examined, every possible way of expanding our great business will be considered, and all in the company's service will do their utmost to maintain and enhance our position.

Mr J. D. Player seconded the resolution, which was carried, and a cordial vote of thanks to the chairman terminated the proceedings.

THE GAS LIGHT AND COKE COMPANY.

GRATIFYING RESULTS—INCREASED SALES.

SIR DAVID MILNE-WATSON'S REVIEW.

The ordinary general meeting of the proprietors of the Gas Light and Coke Company was held, on the 12th instant, at the chief office of the company, Horseferry Road, Westminster, London, Sir David Milne-Watson, LL.D., D.L. (the governor) presiding.

The Secretary (Mr. W. L. Galbraith), having read the notice convening the meeting,

The Governor, in the course of his speech, said:—I am glad to report that we have had an increase in the sale of gas of almost 1½ per cent., which, in view of the conditions prevailing to-day, is most satisfactory. I am afraid that most businesses with which you are acquainted unfortunately show decreases, and I feel sure that the shareholders will be gratified that in these difficult times we have been able, not merely to hold our own, but actually to increase our sales. The revenue from the sale of gas is £8,519,000, showing an increase of £78,000. There are also very satisfactory increases in respect of rentals for appliances. The rental of meters brought in £362,000, an increase of £13,000; the rental of stoves £629,000, an increase of £23,000; and the rental of fittings £526,000, an increase of £11,000. Altogether, the income from gas and rentals is £10,036,000—a total increase of £125,000.

There has been an increase in consumers of 27,000 in the year, the total number now approaching 1,400,000, and we have supplied a further 86,000 pieces of gas apparatus during the year.

With regard to coke, there has been a small drop of 4d. per ton in the net amount received, which, together with a decrease in the quantity made, has resulted in a falling off in the revenue of £90,000.

On the other hand, tar and its products have brought in £326,000, which is £6,000 more than last year. Ammoniacal liquor shows a loss of £5,000, but that, as compared with the loss of £16,000 in the previous year, is £11,000 better. Altogether, the residuals are down by £82,000, against which, however, can be set the increase from gas and rentals mentioned above, giving a net increase of £50,000 on a total income of nearly £12,000,000.

AMERICAN GAS.

Gas as a means of heating and cooking is as popular as ever, and, indeed, is becoming more so. I am not basing my remarks on the experience of this company or of the gas industry in Great Britain alone, for it is gratifying to be able to report that in the United States of America the sale of gas is increasing enormously. In the last ten years the sale of gas in the United States has actually gone up by over 100 per cent. It is true that the United States is fortunate in having large supplies of natural gas which can be obtained very cheaply, but the fact remains that gas is more than holding its own there, as against other varieties of fuel and power, whether oil or electricity, and it is encouraging to know that this is the case in a country which has such wonderful natural resources in the form of oil and water power.

OVER 3,000 INDUSTRIES USING GAS.

There is also a very large and interesting development in the use of gas for industrial purposes. We are constantly putting in new supplies of gas for use in industry, and to-day gas is used in more than 3,000 different industries, with an average of seven processes in each industry. This is a most satisfactory feature of our business, as the industrial load is a particularly good one, and we are taking steps to encourage its growth in every possible way.

For many years we have had an industrial section at Goswell Road, where apparatus has been designed and constructed for the use of gas in special industrial processes. Recently, however, we felt that it would be better if all work of this description were concentrated at one spot, and, therefore, we have removed our industrial showrooms and workshops to Watson House, which is the centre of our activities with regard to gas appliances. We think this concentration will enable us to give an even better service to industrialists than in the past.

"CLEANGLOW."

Turning to coke, some interesting developments are now taking place. We have recently put upon the market a new fuel to which we have given the name of "Cleanglow." "Cleanglow" is a specially prepared fuel suitable for burning in open fireplaces. It has been enthusiastically taken up in London as a means of supplying a long-felt want—namely, the provision of a smokeless fuel which can be burnt in open grates. We have come to recognise that, however useful and popular gas fires may be, many householders desire to have at least one open fire in their homes—either in the dining-room or the drawing-room, as the case may be—and in order to meet this special feature of British home life we have set ourselves to supply a smokeless fuel which can be burnt in an open grate, and we believe that we have solved the problem. The grate

itself has the advantage of having a gas attachment to ignite the fuel, thus avoiding the bother and dirt caused by lighting the fire with paper and wood. We think there is a great future for this new fuel.

Ordinary coke is increasingly popular for domestic boilers and furnaces, but I feel certain that you will all be glad to hear of this new development, not only as shareholders of the company, but as citizens, believing, as I am sure you do, that there is much to be gained from the point of view of health by the prevention of pollution of the atmosphere of our great cities by the abolition of smoke.

TAR AND BENZOL.

With regard to tar, it is pleasant to report that during the past year we have sold increasing quantities of tar for road-making. Not only in our own opinion, but in the opinion of others best able to judge—namely, experts on motoring—there is no question as to the superiority of tar for making not only good roads, but safe roads—roads on which you can travel in fine or wet weather without fear of skidding. As we all know, skidding contributes largely to the number of accidents on the roads. It is particularly gratifying that the gas and coke oven industries of this country can produce a British material which can make a road which is really first-class in every way and capable of taking the heaviest traffic.

Benzol, another of our products, is the only home-produced motor spirit. This year we have made no less than 2½ million gallons and we are taking steps at the present time to increase the output to something between 5 and 6 millions. In this way also we are rendering a service to the country by producing at home a motor fuel which is superior to all other motor spirits.

A VAST ORGANISATION.

I give these figures because I feel sure that many of you and many of the general public do not realise how vast an organisation is the Gas Light and Coke Company. So much has been heard of electricity and oil in the last few years that I think an erroneous impression has grown up that the day of gas is over and that we are a decaying industry. I believe that the figures I have given you will speak for themselves and show that we are one of the greatest public utility industries in the country, and if you except the coal, the greatest suppliers of fuel, and we are growing all the time.

It is my firm opinion that, with fair play, the excellence of our product and of the service which we give to the public will enable us to do far more than hold our own in the future. We ask for no favours, we only ask to be allowed an opportunity of competing for business on equal terms. I referred at some length last year to unfair competition, and I am glad to say that in certain quarters there has been an improvement in this direction. But I regret to say, there are a few municipalities which control their own electrical undertakings, and, fearing to leave the choice between gas and electricity to the tenants of new houses and flats, take the unfair precaution of excluding gas from the start. This is a tendency that we mean to fight, both as traders and as large ratepayers. We are quite confident to leave the choice between gas and electricity to the people who have to cook and wash and make their homes cheerful and warm.

IMPORTANT DEVELOPMENTS.

One of the most important developments during the past year in this company has been the erection of the new coke oven plant at Beckton. This has now started work, although it has not yet been formally opened, and promises to be a very useful adjunct to our manufacturing capacity.

The manufacturing stations of Pinner and Grays have been closed down, as we found ourselves in a position to manufacture gas elsewhere more cheaply. The men employed have been transferred to other stations.

At Brentford we have almost completed the reconstruction of the works, and during the coming year we expect to find ourselves in the possession of a completely new and up-to-date works in the centre of an important and fast-growing district.

At Richmond the low-temperature plant has been closed down, as it proved to be a commercial failure and we were losing money in working the plant. In passing, I should like to say that we are willing to adopt any process of carbonisation, whether high or low temperature, provided it can be made to pay. The cessation of the supply of "Gloco" was regretted by a number of people who had become accustomed to its use, but we sincerely hope that they will try our new and cheaper fuel, "Cleanglow," and find it equally suitable for their requirements.

New showrooms have been opened at George Lane, Mare Street, Harrow, Southall and Billericay.

From what I have said you will see that every effort has been made to keep the company thoroughly up to date in its many and varied activities.

PARLIAMENT AND INDUSTRY.

The Gas Light and Coke Company has been fortunate in its latest Act of Parliament to get some relief from the trammels which have bound it for so many years, but I regret to say that no relief has yet been given to the industry as a whole. A Committee, of which I have the honour to be a member, was appointed early last year by the Board of Trade to consider what alterations were required in gas legislation. Many meetings have been held and certain progress has been made. I can only hope that after the Committee has reported parliamentary time will be found to put its recommendations into effect, especially as they will be largely based on those made long ago by various Government committees, notably the National Fuel and Power Committee.

If I might be allowed to do so in this connection, I should like to point out that a very definite duty devolves upon Parliament to pass legislation for the industries which it has taken under its wing. At one time the number of industries which were under this form of tutelage was very limited, but there is a growing tendency to increase their number—for example, the Port of London Authority and the proposed London Traffic Control. The industries in this category are really working under the Minutes of Parliament, if I may so put it. In the board room of the Gas Light and Coke Company we are allowed to take decisions, but they are all subject to the Acts or "Minutes" of Parliament governing the company, and if Parliament takes the responsibility of acting as if they were a superior board of directors they must realise that time must be found to alter these statutory enactments which govern us. Many of the "Minutes" of Parliament affecting the gas industry go back to 1847 and 1871, and many of them are quite antiquated. I mention this because it has become a very serious matter for the industry to have to continue year after year working under out-of-date provisions, which Parliament says it has no time to alter. In my opinion, it is high time that ways and means were found to change the present parliamentary procedure. What would be said of a board of directors who gave as an excuse for not adopting the latest business methods that they could find no time to do so? This is exactly what is happening in Parliament.

THE "BUY BRITISH" CAMPAIGN.

Great Britain is now in the serious position of having in many industries a great excess of manufacturing plant, involving a serious waste of capital and thereby increasing the cost of the manufactured articles. The only chance we have as a nation of regaining our position is to produce the goods which are wanted at the lowest possible prices. This can only be done by efficient methods of manufacture and by seeing that capital is not wasted in building plants which are too big for the markets which still exist. In other words, the dead wood of unproductive works must be cut away.

Much emphasis has been given—and rightly given—in recent months to the urgent need to "Buy British," and the gas industry, which employs British capital, labour and materials, willingly responded to this appeal. But the Government wisely pointed out in its campaign that "Sell British" is the necessary complement to "Buy British." More overseas trade and less trade barriers are the need of this country in this difficult hour.

Countries, while naturally making every endeavour to develop their own resources, should remember that they cannot live in isolation, and that the greatest necessity of the world to-day is first to get rid of the nightmare of war debts and reparations and then to restart mutual trading on a rational and progressive basis. It is in this way alone that prosperity can return, and I sincerely hope that the adoption of tariffs by this country will lead ultimately to a reconsideration of the whole question of world production and world trading, in which case the present terrible world crisis will not have been all in vain.

ECONOMY AND WISE SPENDING.

This leads me to say a word on economy, in regard to which there is a great deal of erroneous thinking. Many people have interpreted economy as meaning that it is desirable for them to button up their pockets and spend no money. The reverse, however, is nearer to the truth. Liberal and wise spending was never more necessary than to-day for anyone who has anything to spend. To retire into one's shell and do nothing is the greatest disservice anyone can do to the country at the present time. What is needed is economy in public and Government expenditure, not so much in expenditure by individuals. If trade and commerce are to be assisted to the full, it will only be through wise expenditure by industries and individuals and not by the unrestricted and lavish expenditure indulged in by the State Departments and municipal bodies. Judging by the growth of public expenditure, it would seem that we as a country are spending too much on being governed. The report and accounts were unanimously adopted.

BORAX CONSOLIDATED, LIMITED.

LARGER TRADING PROFIT—REDUCED COSTS.

The thirty-fourth ordinary general meeting of Borax Consolidated, Limited, was held, on the 15th instant, at Southern House, London.

The Rt. Hon. the Earl of Leven and Melville (the chairman) said that the accounts showed an improvement in trading profit, which, having been made on a substantial reduction in tonnage turnover, could be considered satisfactory. The result was largely attributable to the lower cost of production resulting from the company's latest developed mineral, and the reorganisation of the works in the United States. Their manufacturing cost was the lowest yet obtained, and what was now required was a larger tonnage turnover, which must come with the revival in business all were earnestly hoping for.

The company possessed wonderful borate ore properties, which for cost of production could not be beaten; they had an unlimited quantity of the most economical borate ore known, the refineries were up to date, and they now wanted normal conditions of trade to enable the company to obtain an adequate profit from these advantages. At present he was sorry the board saw no signs of any substantial recovery; on the contrary, in many countries the conditions appeared to be retrograde rather than improving. It was, however, a long lane that had no turning, and they might hope that the endeavours now being made to straighten out the political, economic and monetary tangle would help to thaw out the industries in all countries from the frozen state in which they were now involved.

THE ACCOUNTS.

As to the accounts, the balance of profit and loss account was £188,249, making, with £191,248 brought forward, a total of £379,498. Having provided for first and second debenture interest £101,250, for the dividend on the cumulative preference shares £44,000, for the sinking fund for the first debenture stock £5,825, and for the buildings, plant and depreciation reserve account £30,000, there was a balance of £198,423, which the board proposed to carry forward. The balance-sheet items called for no special reference. The company's assets were all good; they possessed landed property of large value no longer necessary to their operations and which the board would realise when conditions improved. This property and also the mines and works in the United States, France and other countries were valued on the books on a sterling basis, and, therefore, from an exchange point of view, they were worth much more than the amount at which they stood in the accounts in sterling.

COMPANY'S SHARES AND MARKET QUOTATIONS.

Two years ago he made reference to the valuation placed upon the company's shares as shown by market quotations, and he then stated that some undue pessimism must exist as to the position of the company. It appeared to the board that an adequate recognition of the facts was not shown by the present market valuation placed upon the company's debentures or shares, and it was necessary to keep in mind that quotations made under prevailing conditions were not representative of the intrinsic value of the securities. The very limited amount passing through the company's transfer books did not warrant the fall in values caused by such small transactions, a feature which deserved attention. In the case of this company it was evident that the greater number of the debenture and shareholders had confidence in the future of the company, as shown by their limited offerings even under such conditions as were now unfortunately too common.

In conclusion, the Chairman said it might be gathered from his remarks that, to re-enter into another period of prosperity for the company, they required a return to normal conditions and some little time for development of their potash investment. The company had otherwise all the elements necessary for success—very fine mines, efficient works, and an organisation ready to jump at the opportunities that might come their way.

The report and accounts were unanimously adopted.

Orders for the publication in these columns of the reports of Company Meetings should be addressed to:—

*The Reporting Manager,
THE ECONOMIST,
8 Bouverie Street,
Fleet Street, E.C.4.*

BANKING DEPARTMENT.

Proprietors' Capital	£ 14,553,000	Government Securities	£ 33,495,906
Reserve	3,640,793	Other Securities	15,358,981
Public Deposits	15,358,981	Discounts and Advances	£ 11,944,547
Other Deposits	£ 70,455,852	Securities	39,124,051
Bankers' Deposits	£ 131,988,874	Notes	51,068,598
Other Accounts	102,444,726	Gold and Silver Coin	50,883,927
7-Day and other Bills	2,037		551,106
	£ 135,999,537		£ 135,999,537

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

Both Departments.	Amount, Feb. 17, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	344,882,554	- 1,636,658	+ 752,030
Public deposits	15,358,981	- 1,076,216	+ 191,941
Bankers' deposits	70,455,852	+ 3,458,190	+ 9,310,312
Other deposits	31,988,874	+ 738,595	+ 1,155,203
Seven-day bills	2,037	+ 830	+ 635
Total outside liabilities	462,688,298	+ 7,551	+ 9,099,615
Capital and reserves	18,193,793	+ 36,637	+ 37,446
Government debt and securities	295,805,357	+ 1,088,982	+ 17,875,795
Discounts and advances	11,944,547	- 1,065,081	+ 2,255,708
Other securities	47,966,439	- 733	+ 9,407,351
Silver coin in issue department	3,848,161	- 4,619	- 512,717
Coin and bullion (bank's reserve)	121,317,587	+ 23,639	- 19,889,076
Reserve of notes and coin in banking department	51,435,033	+ 1,660,297	- 5,641,106
Proportion of reserve to outside liabilities			- 5,641,106
(a) Banking department only ("proportion")	43.8%	+ 1.1%	- 8.1%
(b) Gold stocks to deposits and notes ("reserve ratio")	26.4%	Nil	- 4.1%

(000's omitted.)

Date.	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.	Gold in or out of Bank.	Bank Rate.
1932.							
Jan. 13	395,762	354,744	22,361	68,702	37,912	Nil	6
20	395,763	347,879	20,813	77,482	38,444	Nil	6
27	395,763	345,869	15,321	74,304	38,208	Nil	6
Feb. 3	395,765	347,666	14,802	77,326	32,845	Nil	6
10	395,765	346,519	16,435	66,998	32,727	Nil	6
17	395,766	344,883	15,359	70,456	31,989	Nil	6

(000's omitted.)

Date.	Govt. Securities.	Other Securities.	Gold and Bullion and Reserve Ratio.	Govt. Securities.	Discounts and Advances.	Other Securities.	Reserve to the "Proportion."
1932.							
Jan. 13	254,113	17,039	121,331	25.4	53,561	15,846	41,587
20	254,469	16,684	121,321	25.4	52,431	15,846	41,587
27	254,167	14,983	121,350	25.4	45,311	12,947	38,442
Feb. 3	257,599	13,547	121,313	25.4	40,701	13,634	40,120
10	260,090	11,057	121,294	26.5	34,626	13,008	36,910
17	262,309	8,842	121,518	26.5	33,496	11,945	39,124

BANKERS' CLEARING RETURNS (000's omitted).

	Town.	Metropolitan.	Country.	Total.
1932.				
January 1 to February 3	2,261,517	175,223	278,742	2,715,282
Week ended February 10	407,804	33,093	61,765	502,662
Week ended February 17	400,333	28,912	49,399	478,644
Total to date, 1932	3,069,454	237,228	389,906	3,696,588
Total to date, 1931	5,089,420	253,154	406,749	5,749,323
Increase or decrease in 1932	- 2,019,966	- 15,926	- 16,843	- 2,052,735
	= 39.7%	= 6.3%	= 4.1%	= 35.8%
Total for year, 1931	31,815,808	1,667,852	2,752,209	36,235,869
Do. 1930	36,782,577	1,812,146	2,963,631	41,558,354
Increase or decrease in 1931	- 6,966,769	- 144,294	- 211,422	- 7,322,485
	= 17.9%	= 7.9%	= 7.1%	= 17.8%

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

	Week ended February 13.		Month of January.			Aggregate Totals, January 1 to February 13.	
	1931.	1932.	1931.	1932.	Inc. or Dec.	1931.	1932.
No. of working days	£	£	27	26	£	£	£
BIRMINGHAM.....	2,154	1,813	11,245	10,554	+ 6.1	16,457	15,424
BRADFORD.....	668	773	3,339	3,667	+ 9.8	4,888	5,372
BRIGHTON.....	997	984	4,762	4,924	+ 3.4	6,980	7,073
DUBLIN.....	4,429	4,670	...	...	...	34,378	34,329
LIVERPOOL.....	727	729	3,841	3,791	- 1.3	5,492	5,491
LEEDS.....	1,017	772	4,612	4,532	- 1.7	6,659	6,201
MANCHESTER.....	721	746	3,254	3,465	+ 6.0	4,765	5,026
NEWCASTLE.....	5,106	4,678	26,704	24,441	- 8.4	34,396	33,700
NOTTINGHAM.....	8,734	9,400	43,688	42,437	- 2.8	64,332	64,329
NEWPORT.....	1,271	1,133	6,447	5,519	- 14.3	9,306	8,035
NEWCASTLE.....	420	428	2,360	2,503	+ 6.0	3,614	3,609
NOTTINGHAM.....	742	620	3,988	3,545	- 11.1	6,074	5,320
Total	26,986	26,744	114,240	109,378	- 4.2	197,351	193,801

OVERSEAS BANK RETURNS.

NOTE.—The latest return of the National Bank of Egypt and Danzig appeared in the *Economist* of January 9; Roumania in January 18; Canadian Banks in January 30; Russia in February 6; Bank for International Settlements, Denmark, Italy, Lithuania, Latvia and Japan in February 13.

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

	Feb. 19, 1931.	Jan. 28, 1932.	Feb. 4, 1932.	Feb. 11, 1932.	Feb. 18, 1932.
Total gold reserve	3,084,410	2,986,990	2,970,180	2,967,220	2,943,590
Total bills discounted	199,820	837,640	855,170	819,430	845,780
Bills bought in open market	93,990	162,260	156,100	169,390	146,380
Total U.S. Govt. securities	599,670	751,720	748,990	761,430	741,340
Total bills and securities	893,490	1,787,910	1,795,210	1,763,710	1,763,500
Total resources	4,848,850	5,523,510	5,533,390	5,466,990	5,527,780
LIABILITIES.					
Federal Reserve notes in actual circulation	1,449,760	2,627,300	2,664,000	2,661,960	2,656,940
Deposits—Memberbank—reserve account	2,379,740	1,945,220	1,937,230	1,904,910	1,904,250
Total deposits	2,439,550	2,099,490	2,054,000	2,021,080	2,013,120
Capital paid in and surplus	448,650	418,650	417,920	417,780	417,340
Total liabilities	4,848,850	5,523,510	5,533,390	5,466,990	5,527,780
Ratio of total reserves to deposit and Federal Reserve note liabilities combined	84.0%	67.4%	67.1%	67.6%	67.4%

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

	Feb. 19, 1931.	Jan. 28, 1932.	Feb. 4, 1932.	Feb. 11, 1932.	Feb. 18, 1932.
Total gold reserves	1,078,600	981,670	922,380	941,390	941,210
Total bills discounted	37,640	175,200	90,410	170,550	177,820
Bills bought in open market	32,610	52,310	53,480	64,120	46,290
Total U.S. Govt. securities	183,930	284,400	281,900	271,120	271,120
Total bills and securities	254,170	531,590	545,280	523,950	510,710
Deposits—Memberbank—reserve account	1,006,920	844,810	823,640	811,300	802,600
Ratio of total res. to dep. and Federal Res. note liabilities combined	87.8%	69.6%	67.8%	69.3%	69.8%

FEDERAL RESERVE MEMBER BANKS.

In \$'s (000,000's omitted).

	Feb. 4, 1931.	Jan. 6, 1932.	Jan. 13, 1932.	Jan. 20, 1932.	Jan. 27, 1932.	Feb. 3, 1932.
Loans	15,668	13,077	13,031	12,935	12,858	12,830
Investments	7,014	7,302	7,256	7,117	7,137	7,149
Time deposits	13,649	11,781	11,643	11,476	11,463	11,169
Due from banks	7,160	5,854	5,843	5,818	5,771	5,746
Due to banks	1,736	987	927	891	861	920
Federal reserve borrowings	3,779	2,572	2,427	2,382	2,311	2,355
	65	483	469	457	467	492

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

	Jan. 23, 1931.	Dec. 24, 1931.	Dec. 31, 1931.	Jan. 8, 1932.	Jan. 15, 1932.	Jan. 22, 1932.
Gold coin and bullion	7,023	8,421	8,104	7,865	8,222	8,197
Subsidiary coin	237	411	405	416	425	433
Bills discounted	7,337	2,928	3,729	2,465	1,875	2,269
Investments	1,549	976	1,133	1,238	1,096	940
LIABILITIES.						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	720	802	802	802	802	802
Notes in circulation	6,907	7,874	8,799	7,762	6,956	6,590
Government deposits	2,325	1,561	1,277	713	1,184	1,764
Bankers' deposits	5,284	4,065	4,267	4,464	4,574	4,264
Ratio of cash reserves to liabilities to public	48.8%	61.4%	56.2%	69.6%	65.0%	62.8%

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

	Jan. 23, 1931.	Dec. 25, 1931.	Jan. 1, 1932.	Jan. 8, 1932.	Jan. 15, 1932.	Jan. 22, 1932.
Assets.						
Total securities	29,774.49	31,08.78	31,10.20	31,02.34	27,42.59	26,19.76
Loans	14,69.48	8,85.56	10,42.16	9,12.54	8,72.44	8,92.36
Cash credits	26,96.43	24,81.04	26,52.59	25,23.79	25,55.87	25,55.87
Inland bills	5,15.65	4,74.21	4,79.57	4,83.77	5,10.73	5,25.53
Foreign bills	21.19	24.90	20.80	20.58	17.12	17.12
Dead stock	2,76.26	2,72.82	2,68.22	2,68.08	2,68.50	2,68.47
Balance with other banks	45.11	31.22	16.34	39.61	34.96	37.87
Cash	10,65.88	8,04.87	11,05.61	8,90.70	9,54.49	9,59.63
LIABILITIES.						
Capital paid up	5,62.50	5,62.50	5,62.50	5,62.50	5,62.50	5,62.50
Reserve	5,40.00	5,42.50	5,42.50	5,42.50	5,42.50	5,42.50
Total deposits	81,49.13	69,23.07	72,20.02	69,14.80	69,38.31	70,63.87
The above includes—						
Deposits in London	7,023	1,227	1,304	1,417	1,413	1,407
Advances in London	6,853	1,136	1,370	1,313	1,356	1,355
Cash, &c., at other Banks in London	338	237	125	300	265	286

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

	Feb. 13, 1931.	Jan. 22, 1932.	Jan. 29, 1932.	Feb. 6, 1932.	Feb. 12, 1932.
Assets.					
Gold	65,738,057	70,689,195	71,625,043	72,563,083	73,034,075
Foreign bills	7,004,563	9,454,276	8,881,914	8,176,369	7,829,552
Sight deposits	19,305,137	10,077,739	9,923,333	9,073,285	...
Home bills	7,303,014	5,833,554	6,555,355	6,123,708	...
Advances against sec. To the State	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Negotiable Bonds	2,911,298	2,780,389	2,744,373	2,824,813	2,785,588
Sinking Fund Dep. Other assets (excl. ding forward exch.)	5,198,572	6,898,658	6,898,658	6,882,476	6,882,476
LIABILITIES.					
Notes in circulation	77,219,505	83,364,204	84,723,058	84,438,199	83,288,819
Public deposits	14,201,949	4,721,280	4,721,280	4,721,280	4,721,280
Private deposits	10,358,140	23,075,931	23,075,931	21,889,101	23,313,941
Other liabilities	2,620,674	2,486,280	2,486,280	2,486,280	2,486,280

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

	Feb. 14, 1931.	Jan. 30, 1932.	Feb. 6, 1932.	Feb. 15, 1932.
Assets.				
Gold	2,254,289	947,825	928,341	928,682
Of which deposited abroad	207,638	75,033	55,456	79,691
Reserve in foreign currencies	181,182	145,051	146,750	144,191
Bills of exchange and cheques	1,609,102	3,664,514	3,468,316	3,253,431
Notes of other German banks	192,157	125,122	140,474	169,799
Notes of other foreign banks	17,676	2,074	6,030	8,828
Advances	72,351	158,338	129,038	187,926
Investments	102,322	160,727	160,564	160,563
Other assets	546,607	969,414	971,184	1,

BANK OF FINLAND.—In F. Marks (000's omitted).

ASSETS.	Position, May 30, 1914.	Feb. 7, 1932.	Jan. 23, 1932.	Jan. 30, 1932.	Feb. 7, 1932.
Gold	35,091	300,803	303,700	303,851	303,982
Balance abroad and foreign bills	90,379	905,841	662,150	668,724	715,421
Finland and Foreign Government securities	21,826	371,692	357,832	358,232	357,050
Discounts and loans	105,151	834,846	1,218,338	1,128,751	1,117,100
LIABILITIES.					
Notes in circulation	123,941	1,229,596	1,175,963	1,220,472	1,208,659
Deposits at notice	21,225	102,897	165,727	98,453	174,915

BANK OF ESTONIA.—In Est. kroon (000's omitted).

ASSETS.	Feb. 7, 1932.	Jan. 15, 1932.	Jan. 23, 1932.	Jan. 31, 1932.	Feb. 7, 1932.
Gold coin and bullion	6,530	6,560	6,561	7,307	7,308
Net foreign exchange	15,350	14,427	14,645	14,244	13,865
Subsidiary Estonian coin	1,951	1,915	1,780	1,855	1,937
Home bills discounted	12,558	10,828	10,755	10,945	10,872
Loans and advances	10,885	11,547	11,467	11,491	10,580*
Thereof loans to Government	...	2,500	2,200	2,200	1,600
LIABILITIES.					
Notes in circulation	32,725	33,404	35,066	34,437	33,459
Sight deposits and current liabilities	13,122	13,430	12,173	13,511	13,223
Ratio of reserve to current liabilities	47.72%	44.81%	44.89%	44.95%	45.36%

* Includes Ekr. 4,054,156.09 guaranteed by the Government.

CENTRAL BANK OF CHILE.—In \$'s (000's omitted).

ASSETS.	Jan. 16, 1931.	Dec. 25, 1931.	Dec. 31, 1931.	Jan. 8, 1932.	Jan. 15, 1932.
Gold at home	61,564	66,831	64,614	66,856	66,913
Gold abroad	281,304	122,150	119,744	105,729	103,055
Discounts and advances	91,003	85,903	84,288	86,633	71,123
LIABILITIES.					
Notes of the bank in circulation	291,990	313,852	319,148	327,086	326,734
Deposits	58,274	87,683	85,892	107,433	125,344
Paid-up capital	90,832	90,832	90,832	90,832	90,832

LONDON RATES.

	Feb. 11, 1932.	Feb. 12, 1932.	Feb. 13, 1932.	Feb. 15, 1932.	Feb. 16, 1932.	Feb. 17, 1932.	Feb. 18, 1932.
Bank rate (changed from 5% Feb. 18, 1932)	5%	6%	6%	6%	6%	6%	5%
Market rates of discount—							
60 days' bankers' drafts	4½-5½	5-5½	5-5½	5-5½	5-5½	5-5½	4
3 months' do.	4½-5½	5-5½	5-5½	5-5½	5-5½	5-5½	4½
4 months' do.	5-5½	5-5½	5-5½	5-5½	5-5½	5-5½	4½
6 months' do.	5½-5½	5½-5½	5½-5½	5½-5½	5½-5½	5½-5½	4½
Discount Treasury Bills—							
3 months'	4½	4½	4½	4½	4½	4½	4
3 months' Day-to-day	4-4½	4-4½	4-4½	4-4½	4-4½	4-4½	4
Short	5	4½-5	4½-5	4½-5	4½-5	4½-5	3½-4
Deposit allowances: Bank	4	4	4	4	4	4	5
Discount houses at call	4½	4	4	4	4	4	5
At notice	4½	4½	4½	4½	4½	4½	3½

Comparison with previous week—

	Short Loans.	Bank Bills.			Trade Bills.		
		3 Months.	4 Months.	6 Months.	3 Months.	4 Months.	6 Months.
		%	%	%	%	%	%
1932							
Jan. 28	4-4½	4½	4½	5	6	6½	7
Feb. 4	4½-4½	4½-5	5	5½-5½	6	6½	7
" 11	5	4½-5½	5-5½	5½-5½	6½	6½	7
" 18	3½-4	4½	4½	4½	5½	5½	5½-6

RATES OF EXCHANGE.

London on	Usance.	Par.	Feb. 19, 1931.	Feb. 11, 1932.	Feb. 18, 1932.
New York	dollars to £1	Cable	4-8½	4-8½	3-4½-45
Montreal	dollars to £1	Cable	4-8½	4-8½	3-4½-45
Paris	francs to £1	T.T.	124-21	123-90-92	3-94-3 95
Berlin	marks to £1	T.T.	20-43	20-43	87½-88½
Amsterdam	florins to £1	T.T.	12-107	12-107	14½-14½
Brussels	belgas to £1	T.T.	35-00	34-84½-85	8-49-8 53
Milan	lire to £1	T.T.	92-46	92-80-82	24½-24½
Zurich	francs to £1	T.T.	25-22½	25-18-18½	66½-66½
Oslo	kroner to £1	T.T.	18-159	18-16½	17½-17½
Stockholm	kroner to £1	T.T.	18-159	18-14½-15	17½-17½
Copenhagen	kroner to £1	T.T.	18-159	18-16½	17½-17½
Madrid	pesetas to £1	T.T.	25-22½	47-40-50	43½-43½
Lisbon	escudos to £1	T.T.	110	109½	44½-44½
Vienna	schillings to £1	T.T.	34-58½	109½	109½-110
Prague	kroner to £1	T.T.	164½	34-55-58	30-34½
Belgrade	dinars to £1	T.T.	276-316	275½-276	116-116½
Budapest	pengo to £1	T.T.	27-82	27-83-86	190-200
Bucharest	lei to £1	T.T.	813-6	816-818	27-32½
Sofia	leva to £1	T.T.	673-659	667-672	570-585
Athens	drachmas to £1	T.T.	375	376-375½	260-280
Constantinople	liras to £1	T.T.	110	1025	700-750*
Moscow	roubles to £1	T.T.	9-46	9-427-446	6-67-6 69
Warsaw	zlotys to £1	T.T.	43-38	43½-44	30½-31½
Helsingfors	F. marks to £1	T.T.	193-23	192½-193½	215-225
Korvo	litas to £1	T.T.	48-68	48½-49	32-36
Reval	kroon to £1	T.T.	18-159	18-20-27	12-14
Riga	lata to £1	T.T.	25-22½	25-18-28	17-19
Alexandria	piastres to £1	Sight	97½	97½-97½	91½-97½
Buenos Aires	pence to peso	T.T.	47-62½	36½-37	39½-39½
Rio de Janeiro	pence to mils.	90 days	5-899	4½-4½	4½-4½
Montevideo	pence to peso	T.T.	51	34½	29-32½
Valparaiso	pence to mils.	90 days	17-3	17-80	28-30
Lima	soles to £1	T.T.	17-3	17-80	12-27½
Calcutta	pence to rupee	T.T.	18	15½	16½-16½
Bombay	pence to rupee	T.T.	18	15½	16½-16½
Madras	pence to rupee	T.T.	18	15½	16½-16½
Hong Kong	ster. to dollar	T.T.	...	11½-11½	15½-15½
Shanghai	ster. to tael	T.T.	...	11½-11½	11½-11½
Singapore	ster. to dollar	T.T.	26-4d.	27½-28	21½-21½
Kobe	ster. to yen	T.T.	24-562½	24-562½	21½-21½
Manila	ster. to peso	T.T.	9-76	10-50-70	8-65-8 85
Mexico	ster. to peso	T.T.	21-82½	1/10½	2-5-2 8
Suez	ster. to baht.	T.T.	...	...	...

† Nominal.

OVERSEAS BANK RATES.

Changed.	From To	Changed.	From To
Albania	July 1, 1931	Madrid	July 8, 1931
Amsterdam	Sept. 29, 1931	Oslo	Feb. 19, 1932
Athens	Jan. 12, 1932	Paris	Oct. 9, 1931
Batavia	Mar. 10, 1930	Prague	Dec. 22, 1931
Berlin	July 20, 1931	Reval	Nov. 13, 1931
Bombay	Dec. 9, 1931	Riga	Jan. 28, 1932
Bucharest	Jan. 13, 1932	Rome	Sept. 28, 1931
Budapest	Mar. 31, 1931	Sofia	Sept. 30, 1931
Calcutta	Jan. 19, 1932	Stockholm	Feb. 18, 1932
Canton	Jan. 14, 1932	Swiss Bank	...
Danish	Nov. 24, 1931	Tokio	Jan. 22, 1931
Helsingfors	Feb. 12, 1932	Vienne	Nov. 4, 1931
Korvo	Oct. 3, 1931	Warsaw	Oct. 3, 1930
Labon	Aug. 8, 1931	Warsaw	Feb. 18, 1932
New York Federal Reserve	Oct. 15, 1931	Irish	...

Central Bank of Chile.—Discount rate for member banks, 6%; discount rate for the public, 7%.
a 6% applied to banks and credit institutions.
b 7% applied to private persons and firms.

CURRENT PRICES IN NEW YORK.

The Irving Trust Company cable the following money and exchange rates in New York:—

	Feb. 18, 1931.	Jan. 20, 1932.	Jan. 27, 1932.	Feb. 3, 1932.	Feb. 10, 1932.	Feb. 17, 1932.
Call money	1½	2½	2½	2½	2½	2½
Time money (90 days' mixed coll.)	2	4	4	4	4	4
Bank acceptances	2	4	4	4	4	4
Members—eligible, 90 days	1½	2½	2½	2½	2½	2½
Non-mem.—eligible, 90 days	1½	2½	2½	2½	2½	2½
Ineligible, 90 days	1½	2½	2½	2½	2½	2½
Commercial accept., 90 days	2½	3½-4	3½-4	3½-4	3½-4	3½-4

Rates of Exchange, New York on—	Par Level.	Feb. 18, 1931.	Feb. 3, 1932.	Feb. 10, 1932.	Feb. 17, 1932.
London—					
60 days	Dollars for £1	4-8666	4-85½	3-40	3-41
Cable		4-85½	3-44½	3-42½	3-44½
Cheques		3-918	3-91½	3-93½	3-94½
Paris—	Cents for 1 franc	13-90	13-93½	13-94	13-96
Brussels	Cents for 1 belga	19-30	19-29	19-50	19-53½
Switzerland	Cents for 1 franc	5-263	5-23	5-15	5-19
Italy	Cents for 1 lire	23-82	23-75½	23-70	23-75
Berlin	Cents for 1 mark	14-05	10-15	7-80	7-75
Vienna	Cts. for Austr. shg.	19-30	40-10½	40-35	40-48
Amsterdam	Cents for 1 peseta	40-195	26-73	19-05	19-05
Oslo	Cents for 1 kroner	26-80	26-73	18-85	18-78
Stockholm	Cents for 1 kroner	26-80	26-73	18-85	18-78
Athens	Cents for 1 drachma	1-297	1-29½	12-87½	12-87½
Montreal	Cts. cents for \$1	100	12½ dia.	14 dia.	12½ dia.
Yokohama	Cents for 1 yen	49-85	49-45	35-50	35-37½
Hong Kong	Cents for 1 Hong Kong	22-30	26-75	...	...
Shanghai	Cts. for 1 Shng. tael	28-25	...	...	...
Calcutta	Cents for 1 rupee	36-50	35-84	26-12½	26-00
Buenos Aires	Gold pesos for \$100	103-65	136-65	...	...
Rio de Janeiro	Cents for 1 milreis	11-96	8-65	...	...
Valparaiso	Cents for 1 peso	12-125	12-02	...	...

SOUTH AFRICAN EXCHANGE RATES.

	T.T.	Sight.	30 days' sight.	60 days' sight.	90 days' sight.
London on—					
Rhodesia	1½% dis.	1½% dis.	1½% dis.	2½% dis.	3½% dis.
South Africa	£73½	£74½	£74½	£75½	£76½

SELLING RATES PER £100 (STERLING).

	Sight.	Telegraphic.
London on—		
Rhodesia	99 1/2 d.	99 1/2 d.
South Africa	73 0 0	72 15 0

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.

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

Country.	Method of Quoting.	Par Value.	Usance.	Latest Rate.
Ecuador	Sucres to \$	24-3325	Sight London	17-46½
Venezuela	Bolivares to \$	25-2215	"	22-50
Colombia (Bogota)	Pesos to \$	5	"	3-63½
Nicaragua	Colonias to \$	4-8665	"	4-96
Salvador	Colonias to \$	9-73	"	8-37
Bolivia	Bolivianos to \$	13-33	"	13-10½

OVERSEAS DOMINION RATES.

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND.

	London on Australia and New Zealand.				Australia and New Zealand on London *			
	Buying.		Selling.		Buying.		Selling.	
	Aus- tra- lia.	New Zealand.	Aus- tra- lia.	New Zealand.	Aus- tra- lia.	New Zealand.	Aus- tra- lia.	New Zealand
T.T.	...	...	125	109½	125	...	125	110
Sight ...	126½	111½	125½	110	124	108½	125½	109½
30 days	127½	111½	...	...	123	108	125	108½
60 days	128	112½	...	...	123½	107½	124½	109
90 days	128½	113	...	...	122½	107	124½	108½

All rates (Australia and New Zealand) new bank.

INDIA: REMITTANCES TO THE HOME TREASURY.

	From Apr. 1, 1931.	During the week ending Feb. 13, 1932.
Sterling purchased in India	1,462,000	30,517,000
Net transfer to Home Treasury.	...	...
Less sales of sterling	1,462,000	53,564,804
Net remittance to Home Treasury	1,462,000	39,517,000

India Office, S.W. 1.
February 17th, 1932.

INDIAN GOLD STANDARD RESERVE.

Statement showing the form in which the balance of the Reserve was held on January 31, 1932:—

	£	£
In India:		27,478,200
Gold		...
In England:		3,436
Cash at the Bank of England	2,152,334	...
Gold	...	...
British Treasury Bills:—Value as on January 31, 1932	7,280,772	...
Other British and Dominion Government Securities:—At market value on January 31, 1932	3,085,258	12,521,800
		£40,000,000

India Office,
February 11, 1932.SIDNEY TURNER,
Accountant-General.

BULLION.

The following statistics of imports and exports of gold for week ended February 11, 1932, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.	Exported from Great Britain and Northern Ireland.
From—	To—
Netherlands	Germany
Iraq	Netherlands
U.S.A.	Belgium
Malta	France
British South Africa	Austria
Kenya	Czechoslovakia
Anglo-Egyptian Sudan	U.S.A.
British India	Other countries
Australia	
Other countries	
Total declared value of imports	Total declared value of exports

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distribution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefee.	Ordinary.					
						Amonut	Amount.				
Banks.		£	£	£	£	£	%	£	£	£	%
Anglo-International Bank ..	Dec. 31	23,702	82,471	106,173	...	...	...	100,000	6,173	120,475	...
Breweries.											
Boddington's Breweries ...	Dec. 31	14,312	50,568	64,880	16,500	26,400	8	5,000	16,980	64,445	12½
Canals and Docks.											
Seaham Harbour Dock Co.	Dec. 31	35,076	26,191	61,267	20,250	...	...	10,000	31,017	36,160	...
Electric Lighting, &c.											
St. James' and Pall Mall	Dec. 31	75,265	105,910	181,175	7,000	52,900	1/6-949	71,390	49,885	98,385	1/6-942
Electric.....	Dec. 31	29,683	225,442	255,125	24,750	110,824	1/9-12	118,907	644	242,508	1/9-19
Westminster Electric Supply	Dec. 31										
Financial Land, &c.											
Exploration Company.....	Dec. 31	75,595	Dr. 3,311	72,284	...	...	...	72,284	...	Dr. 2,731	...
Sackville Estates	Sept. 30	19,604	20,492	40,096	...	14,850	6½	5,000	20,246	21,358	6½
Gas.											
Bournemouth Gas and Water	Dec. 31	56,674	109,095	165,769	26,348	53,502	{ 7 } 9	10,000	75,919	96,234	{ 7 } 9
Gloucester Gas Light.....	Dec. 31	7,210	19,649	26,859	...	11,962	5	5,161	9,736	15,936	5
Hartlepool Gas and Water	Dec. 31	23,673	27,260	50,933	...	27,450	5	...	23,483	33,654	5
Newcastle-upon-Tyne and											
Gateshead Gas	Dec. 31	57,090	127,340	184,430	27,314	110,796	5½	...	46,320	138,847	5½
Rossendale Union Gas	Dec. 31*	7,619	4,629	12,248	...	4,451	...	407	7,390	4,880	...
Sheffield Gas	Dec. 31	67,702	83,251	150,953	...	86,848	6	...	64,105	79,666	6½
South Shields Gas	Dec. 31	14,364	14,120	28,484	...	14,257	{ 8½ } 5½	...	14,227	16,300	{ 8½ } 5½
South Staffs Mond Gas.....	Dec. 31	21,728	301	22,029	...	...	...	...	22,029	5,910	...
Swindon United Gas	Dec. 31	12,804	7,906	20,710	567	7,891	5½	968	11,284	9,015	5½
Tottenham and District Gas	Dec. 31	50,990	94,628	145,618	11,362	79,816	6½	...	54,440	113,110	6½
Hotels, Restaurants, &c.											
Imperial Hydrophathic	Nov. 30	10,763	7,871	18,634	...	4,952	10	5,000	8,682	14,694	15
(Blackpool)	Dec. 31	18,850	2,660	21,510	...	2,588	3	7,168	11,754	11,151	12½†
Iron, Coal and Steel.											
Bolsover Colliery Co.	Dec. 31	43,306	302,408	345,714	62,500	140,057	7	100,000	43,157	163,655	2½
Shireoaks Colliery Co.	Dec. 31	Dr. 32,545	15,774	Dr. 16,771	...	...	...	Dr. 25,000	8,229	13,266	...
Motor and Cycle.											
Crosley Motors	Dec. 31	Dr. 44,118	1,137	Dr. 42,981	...	...	...	...	Dr. 42,981	Dr. 49,823	...
Rubber, &c.											
Takau (F.M.S.) Rubber	Oct. 31	4,570	Dr. 841	3,729	...	...	...	...	3,729	...	...
Shipping.											
Isle of Man Steam Packet ..	Dec. 31	11,722	21,348	33,070	...	24,000	4	...	9,070	28,273	5
Shops and Stores.											
Freeman, Hardy and Willis	Dec. 31	100,609	259,149	359,758	45,000	{ 95,000 } 118,750 158,625	20(t) 50† 15(t)	...	101,008	268,537	{ 20(t) 55† 15(t)
Lewis's Limited.....	Feb. 1	24,212	835,819	860,031	120,000	323,125	275	223,536	34,745	831,391	275
Maple and Co.	Dec. 31	26,636	141,914	168,550	60,000	90,000	5	2,000	16,550	217,961	9
Sears (J.) and Co.	Dec. 31	134,237	306,139	440,376	167,464	111,250	20†	25,000	136,662	323,416	22½†
Selfridge and Co.	Jan. 30	133,315	251,214	384,529	178,000	{ 60,000 } 8,773	8 Ord. 10 Str.	40,000	97,756	360,442	{ 100. 128.
Textiles.											
Bradford Dyers' Association	Dec. 31	99,095	Dr. 70,365	28,730	127,462	...	...	Dr. 122,920	24,188	Dr. 110,649	4½
Fleming Reid and Co.	Dec. 31	41,232	108,131	149,363	7,875	79,625	15	25,000	36,863	105,023	15
Trusts.											
British Assets Trust	Jan. 15	50,406	199,525	249,931	93,563	71,456	20	...	84,912	226,609	20
Denman Street Trust	Dec. 31	16,228	34,148	50,376	...	24,728	4	...	25,648	37,548	4½
Edinburgh and Canadian Investment	Jan. 15	3,807	8,298	12,105	5,000	2,000	2	...	5,105	12,327	5
General Investors and Trustees.....	Jan. 31	4,925	53,976	58,901	13,365	38,610	13	...	6,926	72,552	17
Guardian Investment Trust	Jan. 20	19,816	64,618	84,434	17,438	39,375	15	7,500	20,121	77,083	11
Premier Investment Co. ...	Jan. 31	33,943	82,744	116,687	45,000	59,000	10	...	12,687	118,031	10
Redeemable Securities and General Investment.....	Dec. 31	3,256	14,435	17,691	12,000	...	...	125	5,566	20,749	3
Waterworks.											
East Worcestershire Water- works	Dec. 31*	4,691	5,290	9,981	545	3,296	9	1,250	4,890	3,899	9
Newcastle and Gateshead Water Co.	Feb. 1	48,429	131,391	179,820	55,252	76,170	{ 9 } 6½	...	48,398	133,859	{ 9 } 6½
South Essex Waterworks ...	Dec. 31	65,299	108,122	173,421	28,240	63,274	...	10,000	71,907	87,070	...
South Staffordshire Water- works	Dec. 31	19,286	107,223	126,509	39,752	60,567	7	4,000	22,190	142,123	7
Tending Hundred Water- works	Dec. 31	13,080	16,933	30,013	3,552	10,933	8	2,000	13,528	14,047	7½
Other Companies.											
Allen West and Company...	July 31	98,815	Dr. 51,160	46,655	21,000	...	...	15,000	10,655	...	...
Birmingham Railway Car- riage, &c.	Dec. 31	32,456	52,923	85,379	4,500	37,162	5	3,213	40,504	79,778	10
Bovril Limited	Dec. 31	82,138	213,565	295,703	60,000	{ 75,000 } 100,000	7½(b) 10(e)	...	60,703	301,183	{ 7½(b) 13(e)
Cook, Son & Co. (St. Paul's)	Dec. 31	39,763	81,915	121,678	56,875	25,035	2½	Dr. 5,000	39,768	125,326	5
Copestake, Crampton and Co.	Dec. 31	3,342	4,983	8,325	...	12,000	2	...	1,325	14,390	2
Crosley Brothers.....	Dec. 31	103,490	Dr. 59,672	43,818	...	...	...	...	43,818	30,205	...
Ewart and Son	Dec. 31	14,464	33,645	48,109	16,112	19,842	25	...	12,155	38,222	36
Harrison, Barber and Co. ...	Dec. 31	2,506	4,039	6,545	...	3,900	3	1,000	1,645	8,375	6
Hewitt (F.) and Son (1927)	Dec. 31	...	26,634	26,634	21,938	2,087	23/3 ½	2,609	...	26,799	18/11 ½

* For half year.

† Free of income tax.

(b) Ordinary.

(c) Deferred.

(t) On preferred ordinary.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.—cont.

SUMMARY OF ACCOUNTS											
Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distribution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefee.	Ordinary.					
						Amount.	Rate.				
					Amount.	Amount.	Rate.				
Other Companies.											
Hooper, Struve and Co.....	Dec. 31	£ 1,204	£ 212	£ 1,416	£ ...	£ ...	% ...	£ ...	£ 1,416	£ 2,898	% ...
International Lighting Asso- ciation.....	Dec. 31	389	1,039	1,428	828	...	...	...	600	...	...
Liverpool Daily Post, &c....	Dec. 31	20,416	239,293	259,709	10,000	175,000	25	50,000	24,709	234,741	25
London Pavilion	Dec. 31	3,921	17,782	21,703	3,000	11,050	8½	2,000	5,653	17,046	8½
M'Laren (Wm.) Sons and Co.	Dec. 20	1,807	1,915	3,722	3,376	...	...	...	346	Dr. 7,503	...
New Transvaal Chemical ...	June 30	14,794	40,524	55,318	24,000	17,500	7	...	13,818	64,954	12½
Oxford and Shipton Cement	Dec. 31	Dr. 37,814	15,509	Dr. 22,305	...	...	...	...	Dr. 22305	6,773	...
Perry and Company	Dec. 31	32,357	17,297	49,654	11,283	6,013	5	...	32,358	24,146	10
Philips (J. & N.) and Co.....	Dec. 31	14,806	89,802	104,608	101,500	...	...	...	3,108	99,417	2½
Read Brothers.....	Dec. 31	8,851	6,628	15,479	5,000	2,800	2	...	7,679	15,176	8
Scottish Waggon Co.	Dec. 31	1,072	17,258	18,330	...	15,309	8	...	3,021	16,994	9
Telegraph Construction, &c.	Dec. 31	105,364	Dr. 195364	90,000	...	...	...	Dr. 140152	50,152	70,510	7½
Wharnccliffe Dwellings Co. ..	Dec. 31	1,246	5,702	6,948	2,531	1,688	3	1,500	1,229	6,230	3

† Free of Income Tax.

Company News.

SUMMARY OF BALANCE SHEETS.

BRADFORD DYERS' ASSOCIATION, LIMITED.			
		December 31, 1931.	
LIABILITIES.		ASSETS.	
Amount.	Compared with Dec. 31, 1930.	Amount.	Compared with Dec. 31, 1930.
£	£	£	£
5% cum. pref. £1	2,549,237	Properties, &c.	3,504,561
Ord. shares £1 ...	2,258,794	Stocks	285,921
4% deb. stock ...	1,453,750	Sundry debtors ...	446,138
Int. accrued ...	29,075	Investments and loans	3,050,229
Int. outstanding ...	602	Cash	70,216
Sundry creditors ...	212,089	Profit and loss ...	35,002
Subsidiary cos. ...	170,854		
Investments, con-tingency fund ...	94,746		
Reserve for equal-isation fund ...	122,920		
Reserve fund ...	500,000		
Profit and loss ...	115,768		
Total	7,392,067	Total	7,392,067

LEWIS'S LIMITED.			
		February 1, 1932.	
LIABILITIES.		ASSETS.	
Amount.	Compared with Feb. 1, 1931.	Amount.	Compared with Feb. 1, 1931.
£	£	£	£
6% cum. pref. £1	2,000,000	Freehold & leasehold properties	5,356,221
15% cum. pref. ord. £1 ...	1,057,500	Fixtures, &c.	608,797
Deferred ord. £1 ...	1,177,500	Motor vehicles ...	28,855
5% deb. stock ...	1,168,150	Patent rights ...	500
Deposit accounts ...	1,167,905	Stocks	388,158
Creditors ...	549,351	Debtors	50,734
Accrued liabilities ...	111,489	Accrued interest, &c.	61,625
Capital reserve ...	423,012	Banking dept. ...	31,644
Debtors redemption reserve ...	133,597	Investments at cost	767,586
General reserve ...	350,000	Shares in subsidiary cos.	199,990
Banking reserve ...	100,000	Loans to subsidiary Loan to Lewis's Investment Tst. ...	500,000
Guarantors reserve ...	1,452	Current account ...	Nil
Staff pensions reserve ...	70,000	Debtors redemption fund	84
Depreciation reserve ...	40,000	Cash	334,636
Leasehold amortisation ...	23,531	Loans to bankers	199,790
Provision for depreciation of motor vehicles	6,000		
Unclaimed dividends	71		
Profit and loss ...	538,603		
Total	8,528,620	Total	8,528,620

SELFLEDGE AND CO., LIMITED.			
		January 31, 1932.	
LIABILITIES.		ASSETS.	
Amount.	Compared with Jan. 31, 1931.	Amount.	Compared with Jan. 31, 1931.
£	£	£	£
Ord. shares ...	750,000	Purchase consideration, &c.	3,290,462
Staff pty. shares ...	96,097	Fixtures, &c.	160,426
Prof. shares ...	1,300,000	Patent rights ...	73,946
10% pref. ord. ...	1,000,000	Vans, &c.	488,649
5% debentures ...	242,400	Stocks	406,159
Interest on debts ...	4,040	Debtors	80,229
Reserve fund ...	425,000	Managing director's account	80,229
Mortgages ...	546,458	Investments in subsidiary cos.	663,760
Creditors ...	546,458	Associated cos.	9,659
Accs. with allied & subsidiary cos. ...	154,051	Payments in advance	15,463
Taxation reserve ...	57,288	Cash	115,714
Accrued dividend on pref. ...	64,898		
Div. on ord. shares	60,000		
Profit	97,795		
Total	5,304,467	Total	5,304,467

WEEKLY TRAFFIC RETURNS. RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended Feb. 12, 1932. (c) Week ended Feb. 13, 1932.	Miles Open.	Gross Receipts, week ended Feb. 14, 1932. (000's omitted.)					Aggregate Gross Receipts, 6 weeks. (000's omitted.)				
		Passenger, &c.	Merchandise, &c.	Coal and Coke.	Freight, &c.	Total	Passenger, &c.	Merchandise, &c.	Coal and Coke.	Freight, &c.	Total
Great Western 1932	3,761	148	109	290	438	1,035	963	1,040	643	1,726	2,782
(a) L. & N. 1932	3,761	169	184	253	478	1,094	1,056	1,113	615	1,726	2,782
Eastern 1932	3,349	243	298	261	559	802	1,476	1,824	1,481	3,305	4,781
L. M. & S. 1932	6,962	365	451	276	727	1,099	1,612	2,063	1,607	3,670	5,282
Scottish 1932	6,956	391	476	282	758	1,149	2,206	2,640	1,536	4,176	6,382
Southern 1932	2,180	222	61	34	95	317	1,386	361	196	557	1,943
1931	2,179	244	69	35	104	348	1,489	412	206	618	2,107
Total... 1932	19,252	976	991	680	1,671	2,647	6,031	5,865	3,856	9,721	15,752
1931	19,245	1,070	1,073	700	1,773	2,843	6,498	6,390	4,182	10,572	17,070
(a) Metro- 1932	59	28.6	...	...	3.2	175.5	...	...	...	22.4	197.9
politan 1931	59	30.3	...	...	3.4	187.2	...	...	...	23.2	210.4
(c) Under- 1932	...	266.0	...	...	266.0	1,776.5	...	...	...	1,776.5	...
ground E.R. 1931	...	286.0	...	...	286.0	1,823.6	...	...	...	1,823.6	...
(c) Green 1932	...	22.2	...	...	22.2	158.9	...	...	...	158.9	...
Buses, &c. 1931	...	...	...	...	...	...	...	...	...	...	...
(c) L. & S. 1932	...	38.4	...	...	38.4	259.7	...	...	...	259.7	...
Group 1931	...	41.4	...	...	41.4	264.9	...	...	...	264.9	...
(b) Belfast 1932	80	1.7	...	...	0.6	11.3	...	...	...	4.3	15.6
& Co. Down 1931	80	1.8	...	...	0.7	12.1	...	...	...	4.4	16.5
(b) Great 1932	562	8.8	...	...	12.5	53.0	...	...	...	74.1	127.1
Northern 1931	562	8.8	...	...	14.2	55.5	...	...	...	83.2	138.7
(b) Great 1932	2,182	18.8	...	...	38.2	113.9	...	...	...	208.6	322.5
Southern 1931	2,182	20.3	...	...	42.8	122.6	...	...	...	250.5	373.1

* The operations of these Companies were extended during 1931.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1932.	+ or -	1932.	+ or -

INDIAN.

	1932.	Rs.	Rs.	Rs.	Rs.		
Assam Bengal.....	42	Jan. 16	1,330	3,26,100	61,747	1,52,98,379	12,35,525
Barat L. Ry.	43	23	202	50,400	+ 13,100	16,38,300	+ 19,200
Bengale-N. Western	17	23	2,114	6,89,217	+ 29,736	95,29,600	+ 18,829
Bengal-Nagpur ..	42	Jan. 23	3,274	13,27,000	+ 1,58,249	5,47,41,760	+ 90,41,270
Bombay, Bar. & C.I.	45	Feb. 13	3,084	21,21,000	+ 2,63,000	8,66,30,000	+ 54,68,000
Madras & S. Mahr.	47	Jan. 23	3,230	16,74,000	+ 13,566	6,21,15,034	+ 23,30,761
† Rohilk. & Kumaon	17	Jan. 23	572	1,47,414	+ 3,047	17,62,398	+ 1,72,504
South Indian.....	43	23	5,700	11,08,837	+ 61,639	4,55,56,467	+ 52,82,218

† Including Lucknow-Bareilly State Railway.

CANADIAN.

		1932.		\$	\$	\$	\$
Canadian National	5	Feb. 7	20441	2,594,801	642,089	13,543,130	3,450,635
Canadian Pacific...	5	Feb. 7	16148	2,130,000	582,000	11,124,000	3,220,000

† Ten days.

SOUTH AMERICAN.

Antofagasta (Chili and Bolivia)	6	Feb. 7	804	12,680	14,530	73,370	68,120
Argentine N.E.	33	13	753	3,900	4,000	410,000	46,400
Argentine Trans. d'n.	33	13	111	1,520	1,631	57,736	55,946
B.A. and Pacific	33	13	2,806	128,000	25,000	4,005,000	88,000
B.A. Central.....	33	14	9,636	4,310	4,310	359,846	54,396
B.A. Gt. Southern ..	33	13	5,076	270,000	20,000	6,541,000	251,000
B.A. Western	33	13	1,926	70,000	10,000	2,415,000	124,000
Central Argentine...	33	13	3,505	201,000	44,000	7,122,000	295,000
Central Uruguay...	33	13	273	13,719	9,914	446,563	317,862
O. Urg. (Bast. Bxt.)...	33	13	311	3,484	2,262	94,310	70,857
O. Urg. (N. Bxt.)...	33	13	185	1,832	760	46,042	40,569
O. Urg. (W. Bxt.)...	33	13	211	1,500	1,121	40,122	33,883
Chilian Transandine	1	7	...	1,149	700	...	...
Cordoba Central...	33	13	1,218	33,000	21,000	1,620,000	301,000
Entre Rios.....	33	13	810	22,900	15,300	741,500	158,800
G. Westn. of Brazil	6	13	1,052	11,200	1,700	81,200	13,300
Leopoldina	6	13	1,918	18,853	3,838	172,329	18,000
Leopoldina Termal.	6	13	...	317,000	36,000	1,798,000	78,000
Nitrate	11	7	411	2,377	10,302	11,478	29,076
Paraguay Central ..	33	13	274	2,250	1,250	97,500	23,930
Salvador	33	13	...	4,905	821	86,109	14,450
San Paulo	6	7	153	34,315	7,390	220,234	53,853
United of Havana ..	33	13	1,367	43,968	15,326	648,143	503,409

† Months.

OTHER OVERSEAS.

Egyptian Delta	42	1932.						
Light Railways	Jan. 20	620	£5,720	-	2,491	207,713	-	38,747
Egyptian Markets	5 Feb. 4	...	£1,788	-	140	9,044	-	981
Gt. Southn. of Spain.	5 6	104	Ps. 46,088	-	31,582	292,732	-	189,893
Mexican Railway	5 7	483	\$162,400	-	23,100	853,400	-	234,500

† Ten days.

TRAMWAYS WEEKLY GROSS RECEIPTS.

	1932.		£	£	£	£	
Anglo-Argentine ...	6	Feb. 11	329	61,648	15,101	394,391	52,092
B. Aires Lacrosse ..	33	14	...	11,087	1,405	339,497	41,189
Isle of Thanet Elec.	5	3	...	2,694	220	13,044	1,948
Liverpool Corp.	45	10	124	28,443	34	1,354,773	9,723
Madras Electric ...	11	15	...	Rs. 54,285	4,622	1,57,359	6,667
L.O.O. Tramways ..	45	10	166	73,073	5,608	3,600,176	110,902

† Months.

MONTHLY TRAFFICS.

Company.	Month.	Ending 1932.	Description.	Receipts for Month.		Receipts to Date.	
				1932.	+ or -	1932.	+ or -
Dorset Railway.....	1	Jan. 31	Gross	£7,000	6,200	...	...
Do. (Ropeway Ex- tension).	1	Jan. 31	Gross	£4,300	1,100	...	...
Hallam Electric.....	12	Dec. 31	Gross	£26,285	6,619	246,533	12,383
Rangoon Elec. Tram- way and Supply.	12	Jan. 31	Gross	Rs. 4,88,884	1,851	57,83,825	35,310
Shanghai Electric ..	1	Jan. 31	Gross	Rs. 2,20,177	10,318	28,59,520	1,91,645
			Net	(£) 437,950	9,448	...	...

(£) In Mexican dollars.

OIL OUTPUTS.

THE ATTOCK OIL COMPANY, LTD.—Production for January, 11,280 barrels.

THE BRITISH BURMA PETROLEUM COMPANY, LTD.—A cablegram has been received from Burma reporting the production of crude oil by this company for the month of January as 30,913 barrels.

BRITISH CONTROLLED OILFIELDS, LTD.—Production for the week ended February 10th: Venezuela, 31,051 barrels; Trinidad, 30,432 barrels; total, 61,483 barrels.

THE KERN RIVER OILFIELDS OF CALIFORNIA, LTD.—The total production during the month of January amounted to 98,285 barrels, or approximately 14,041 tons.

VENEZUELAN OIL CONCESSIONS, LTD.—Production for the week ended January 16th was: Bolivar district, 85,140 metric tons; Maracaibo district, 7,570 metric tons; total, 92,710 metric tons. Production for the week ended January 23rd was: Bolivar district, 84,521 metric tons; Maracaibo district, 7,923 metric tons; total, 92,444 metric tons. Production for the week ended January 30th was: Bolivar District, 85,842 metric tons; Maracaibo District, 7,933 metric tons; total, 93,775 metric tons.

Commercial Reports.

MARKET SUMMARY.

The launching of an anti-deflationary policy by the Government of the United States has been followed by a wave of optimism which was rapidly translated into a general rise in commodity prices. How far the policy of the United States will be successful in stemming the downward movement in gold prices can, of course, not yet be foreseen. The tendency to increase the obstacles against the flow of goods between countries still persists, and the reparation and war debt problem remains unsolved. Nevertheless, the new orientation of currency policy in the United States may have far-reaching consequences. Non-ferrous metals, rubber, textile raw materials and cereals all show a rise in New York on the week. So far, consumers have, however, not given up their "hand-to-mouth" buying policy. Sterling commodities which lend themselves to grading and therefore to international arbitrage, continue to move in sympathy with international prices. Among the principal primary products whose sterling quotations show advances are non-ferrous metals, rubber, cotton, vegetable oils, cereals and dairy produce. On the other hand, there has been no improvement from various industrial centres, the coal trade shows no improvement, and activity in the iron and steel industries failed to expand. On the other hand, cotton manufacturers have been a little busier, and turnover in woollen and rayon goods has been maintained.

THE COAL TRADE.

SHEFFIELD.—Prices for best export steams are somewhat easier, quotations ranging between 17s. and 17s. 9d. f.o.b. New export business is scarce and deliveries under contract are easily met. The demand for industrial fuel fails to improve and there are surplus supplies at most pits. Demand for house coal continues poor, but prices are being maintained. Best quality South Yorkshire blast-furnace coke tends to shrink, and there is a reduced demand for foundry coke.

GLASGOW.—Business remains on a poor scale in the Scottish coal market, although in the Fifeshire districts washed nuts have been a firmer feature on some fair-sized orders. Generally, supplies are in excess of demands, and prices remain easy in trend. LANARKSHIRE.—Ell best, 14s. 3d.; splint best, 16s.; splint second, 15s. 6d.; steam, 13s.-13s. 3d.; trebles, 12s. 6d.; Hartley, singles, 9s. 6d.; pearls, 9s.; dross, 9s. FIRE.—Screened navigation, 16s. 6d.; first-class steam, 12s. 9d.; third-class steam, 12s.; trebles, 12s. 6d.; doubles, 10s. 9d.; singles, 9s. 6d.; pearls, 9s. LOTHIANS.—Prime steam, 12s.; secondary steam, 11s. 9d.; trebles, 12s. 6d.; doubles, 10s. 9d.; singles, 9s. 6d.; pearls, 9s. AYRSHIRE.—Unscreened navigation, 16s.; jewel, 17s.; steam, 13s.; trebles, 12s. 6d.; doubles, 11s.; singles, 9s. 9d.; pearls, 9s.; dross, 9s.

CARDIFF.—The most important event this week has been the statement in Parliament by Mr. Runciman that the French Government has decided to repeal the 15 per cent. surtax on coals imported from the United Kingdom. The effect of this duty was in a large measure to deprive the coal export trade of the United Kingdom of the advantages that should have accrued to it from the depreciation of sterling, as well as to increase the difficulties of marketing January were only 687,720 tons, compared with 875,900 tons in the corresponding month of last year, and 1,423,876 tons in January, 1930. The French import licensing system, however, is to remain in force, and under that system the total quantity that may be imported from the United Kingdom as from the beginning of the present month is only 64 per cent. of the monthly average imports of the three years 1928-30. The removal of the surtax will strengthen the competitive position of British coals in relation to those of other foreign countries, but our export trade is not likely to derive the full economic value of this greater competitive power owing to the measure of protection given to other foreign coals by the licensing system. The Coal Mines Reorganisation Commission is visiting Cardiff this week, and is in consultation individually

with the chairman or other authorised representatives of colliery undertakings affected by their contemplated proposals for the unification of mines within particular areas. The conditions on the market show little improvement; business continues very stagnant, and with few exceptions prices are at the minima of the schedule of the Marketing Association. The following are the current approximate quotations: Best Admiralties, 19s. 6d.; seconds 18s. 9d. to 19s. 4d.; best drys, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7d.; best small steams, 13s. 6d.; cargo smalls, 11s. 6d. to 12s. 6d.; coking smalls, 13s. 6d. to 13s. 9d.; anthracite, best large, 36s. to 38s. 6d.; Red Vein, large, 22s. 6d. to 27s. 6d.; machine-made cobbles, 40s. to 48s. 6d.; stove nuts, 39s. 6d. to 43s. 6d.; ruddy culm, 8s. 3d. to 8s. 9d.; foundry coke, 32s. 6d. to 36s.; patent fuel, 19s.; pitwood, ex ship, 21s. to 24s. 6d.

IRON AND STEEL.

MIDDLESBROUGH.—Transactions during the past week have shown little, if any expansion, and an unsatisfactory feature is the hesitation shown by consumers to enter into contracts for forward delivery. Makers of Cleveland pig iron are experiencing this lack of buying, practically all the contracts entered into recently being for early periods. Some improvement, however, is looked for as markets settle down to the new conditions. Only a moderate amount of business was reported at Tuesday's weekly market, and official prices of Cleveland iron were again unchanged, viz.:—No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d., and No. 4 forge, 57s. f.o.b. or f.o.t. In hematite, transactions are almost entirely confined to parcels for early delivery. A few orders have come on the market recently, but the anxiety on the part of both makers and merchants to secure same resulted in the price being cut to 64s. for ordinary mixed numbers, and this is now the general market figure for delivery this and next month. In the finished steel trades orders in the heavy lines are still scarce, but prospects are regarded as brighter. Sheet makers are experiencing a better demand, and prices are advanced. Steel prices under the rebate scheme are unchanged, viz.:—Plates, £8 15s.; angles, £8 7s. 6d.; joists, £8 15s. Other important products are heavy steel rails, £8 10s.; iron crown bars, £10; 24-gauge galvanised corrugated sheets, £9 15s.; and 24-gauge black sheets, £8, all for home use. In the ore trade there is no new buying of importance, but the official announcement that iron ore is not subject to import duty is expected to promote business. Best rubio is nominally unchanged at 16s. 6d. c.i.f., and freights to the Tees for early tonnage are about 5s. Blast-furnace coke is in good supply, but the demand locally is only poor, as most consumers have supplies from their own coke ovens. Ordinary qualities are offering at 16s. 9d. delivered works. The number of blast-furnaces in operation in the district is unchanged at seventeen.

SHEFFIELD.—The dull conditions which have characterised the local iron and steel industry continue. Output remains at the level of a month ago, and there has been a heavy increase of unemployment since December. Operations so far this year have proved extremely disappointing. The uncertainty of future tariff arrangements is checking trade development in a good many directions. A few bright patches are to be found in the lighter branches. The only work of importance on hand in heavy engineering consists of steel plant for Russia, which is likely to provide occupation through the summer. The Russians are installing the most modern apparatus and plant that is procurable. An active demand is reported for certain types of tools and cutlery which are affected by tariffs and exchange differences. A number of Continental buyers are visiting this country with the object of fixing up British sources of supplies.

GLASGOW.—There is very little activity in the iron and steel trades in Glasgow and the Lanarkshire districts, buyers being few and their purchases small. There is a considerable amount of repair work on hand at several of the Clyde shipyards, but this is not sufficient to make any appreciable increase in demand for steel. Business remains very much as indicated a week ago, sheet-making being practically the only important branch of the industry which is maintaining a steady turnover, although here also plants are only partially employed. Prices are firmer, and to-day's price for 24-gauge galvanised and corrugated sheets is £10 per ton f.o.b., and £7 15s. for ½-in. black. In the tube trade there is no improvement.

CARDIFF.—On the Swansea Metal Exchange on Tuesday prices for tinplates were steady at 14s. 3d. to 14s. 9d. per basis box, and it was reported that more business was done on Continental account than for a considerable time past. Galvanised sheets were also at shade better at £9 10s. per ton f.o.b. Welsh steel bars are ruling at delivered. Imports of Continental bars have increased considerably during the past few weeks, and last week the Customs returns gave a total of over 35,000 tons, compared with 20,590 tons in the previous week, and 14,886 tons in the corresponding week last year. Further increases are expected in view of the operation of the new import duty as from March 1st next. At a meeting of the Welsh Plate and Sheet Manufacturers' Association on Tuesday, the new scheme for the regulation of output was considered, but a decision was deferred.

OTHER METALS.

TIN.—The policy adopted by the United States Government to widen the basis of currency has had a firming influence on the non-ferrous metal markets. The gold price of tin has been slightly firmer. In New York the metal was quoted at 22.30 cents per lb. on Wednesday, against 21.40 cents per lb. a week ago, and 22.25 on Wednesday, against 21.40 cents per lb. a month ago. Wednesday's official closing quotations in London, in terms of sterling for "standard" cash, at £140 10s. to £140 15s.

per ton, compares with £137 to £137 5s. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 33,290 tons, show an increase of 709 tons on the week.

movement in raw material rates, the opinion gaining ground that lower values are improbable. The demand in cloth for India has continued more encouraging and some very fair contracts have been arranged chiefly for Calcutta, Karachi and Madras. Local merchants are receiving more favourable advices from the other side with regard to the trade outlook. The situation in China still causes anxiety, but occasional transactions have been put through in fancies for Shanghai and Hong Kong. Fine goods have again been in request for Singapore and the Straits Settlements. Very little has been done for Egypt and the Near East. Heavy goods have been sold more freely for East Africa and in printed and dyed goods an increased turnover has taken place for the Continent, with a few more sales for South America. Two or three idle sheds in Blackburn have been reopened. Quotations in American and Egyptian yarns have been firmer, but it has been difficult for spinners to secure higher prices. The sales in home qualities have shown some improvement and further lines have been booked in fine counts for India.

Cotton Prices.

	1932.				Corresponding Date.	
	Jan. 27.	Feb. 3.	Feb. 10.	Feb. 17.	1930.	1931.
Raw Cotton—Mid. American..... per lb.	5.4	5.52	5.55	5.82	5.57	6.05
Sakelardis Fully Good Fair..... per lb.	7.40	7.35	7.35	7.55	13.55	9.60
Egyptian..... per lb.	9.1	9.1	9.1	9.1	13	9.1
Yarns—32's twist..... per lb.	9.1	9.1	9.1	9.1	13	9.1
40's twist..... per lb.	9.1	9.1	9.1	9.1	13	9.1
60's twist (Egyptian)..... per lb.	15.1	15.1	15.1	15.1	22	17.1
32-in. Printers, 116 yds., 16 by 16, 32's and 60's.....	18 0	18 0	17 9	17 10.1	22 10.1	18 7.1
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's.....	19 9	19 9	19 7	19 9	25 9	20 9
38-in. ditto, 33 yds., 18 by 16, 10 lb.	20 11	20 11	20 10	20 11	24 0	11 7.1
39-in. ditto, 37 yds., 16 by 15, 8 lb.	9 10	9 10	9 9	9 10	12 7	10 6

THE WOOL TRADE.—Bradford.—In spite of certain apparently adverse features, writes our correspondent, the outlook for wool can be regarded as encouraging. Too much need not be read into the cable information received this week from Australia and New Zealand. No doubt wool is on a quite sufficiently reasonable basis, and to be a profitable proposition to the selling end of the trade, prices need to improve rather than to decline. At the same time there is an undercurrent of confidence among an important section of users in this country, and there is no real justification for expecting the raw material to become available at much, if any, less than to-day's level. Some of the reports recently received from the Continent are none too good, particularly those referring to finance and the purchasing power of the public. Still the Continent is likely to be a factor in the wool market in the near future, and this is also true of the home trade, in spite of the fact that at the moment business is none too brisk. The main plank for Bradford is that the cost of tops made out of wool recently disposed of in the colonies is fully on a parity with the figures realisable in this centre. It is therefore felt that if any good is to be done out of further purchases of wool, definite resistance will have to be made to the attempts of spinners and manufacturers to buy more cheaply. The near approach of another series of London sales is naturally disposing many people to await a new lead from that centre, and with even steady values confidence in Bradford will be renewed. The worst feature locally is the scarcity of new business in tops on home trade account. Export inquiries have recently given the best support to both merinos and medium crossbreds, and are still largely responsible for values holding their own so well. Broadly speaking there has been a decline in actual selling prices since last report of about ½d. to 1d. in merinos, without much variation in crossbreds, and the aggregate turnover has not been large.

THE JUTE TRADE.—Dundee.—The jute trade has promised better during the past few days. Buyers of jute yarns and cloth have been displaying rather more interest on account of an advance in the prices of raw material and Calcutta goods. Sellers of the fibre have become more reserved, which may be due to the extensive propaganda going on amongst the growers, urging them to curtail their sowings of the next crop. Consumption of the fibre is greatly curtailed owing to the working of short time and stoppage of machinery. Business has been very depressed for some time, and this has resulted in a steady fall in prices of most commodities. Spinners and manufacturers have been desperately anxious for orders to keep their machinery running, and they have been compelled to accept anything within reason that buyers cared to offer when they had anything to purchase. In the case of raw jute, spinners have shown very little interest. The quantity already arrived here from August 1st to date amounts to 700,000 bales, compared with only 375,000 bales for corresponding period last season. It is estimated that there are about 150,000 bales of unsold jute on spot in Dundee, and, while this is being offered at cheaper prices than those ruling for shipment, sellers realise the futility of making offers of the latter. Daisie assortment is £18 15s. and fours at £17 5s., February-March shipment. The value of best First Marks is £22 and best Lightnings £20, same shipment. Little business is passing in jute yarns, though buyers are rather more interested. Common 8-lb. cops are quoted at 2s. and 8-lb. spools at 2s. 1d., and these rates are very reasonable considering the prices quoted for raw jute. Twist is being sold in small lots at from 3½d. for 3-ply 8 lb., and sacking yarns are more or less nominal at 2½d. for 24-lb. warp and 3½d. for 8-lb. chains. Fine yarns are quiet, and Rove is also dull at £17 5s. for 200 lb. and £19 10s. for 48 lb. Carpet yarns rule from 3½d. for 14 lb. warp. Only trifling

lots of jute cloth are being bought as a rule, and prices are very indefinite, ruling from 3d. for 10½ oz. 40-in. bessians and 2d. for 8 oz. Inquiry has been on an improved scale recently, but buyers are hesitating to operate. The Calcutta goods market has improved, and more activity has been reported from the primary centre. The latest quotations are 20s. 4½d. for 10 oz. 40 in. and 15s. 10d. for 8 oz., February-March, and 20s. 6d. and 16s. for April-June. The total production of the Indian Jute Mills for January last was 61,586 tons of cloth and bags, compared with 67,569 tons for January, 1931.

THE GRAIN MARKETS.

WHEAT.—There has been a distinct improvement in the wheat situation during the past week and prices recovered to the level of a fortnight ago. The anti-deflationary policy of the United States Government caused an advance in commodity prices from which wheat was not excluded. Another favourable factor is the increase in the demand from Continental countries owing to a relaxation in import restrictions. The turnover has been of considerable dimensions during the past week. Argentina, Australia and Canada had the largest shares in the transactions. As Continental imports are likely to increase in the near future, it is improbable that heavy shipments of new wheat from Australia and Argentina will depress prices below the level prevailing during January and February. On the other hand, the size of North American stocks will prevent an immediate sharp advance. On Wednesday, "March" futures were quoted at 57½ cents per bushel in Chicago, against 54½ cents on the corresponding day last week, and 55½ cents a month ago. Quotation in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 36s. per 996 lbs., as compared with 33s. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 33s. 6d., against 31s. 3d.; No. 3 Northern Manitoba, Vancouver, ex ship, 32s. 6d. to 29s. 3d., against 29s.; Russian, on sample 28s. to 29s. 6d., against 26s. to 28s.; Australian, ex ship, 29s. 3d. to 30s., against 28s. to 28s. 6d. a week ago.

WHEAT FLOUR.—Flour prices advanced in sympathy with wheat, but turnover was not on a big scale. North American shipments, at 108,000 sacks, showed a decrease of 65,000 sacks as compared with the previous week. Of this total, only 33,000 sacks have been consigned to Europe. Quotations in London, Wednesday: Straight run, delivered country, 26s. 6d. per sack of 280 lbs., as compared with 25s. 6d. last week; delivered London, 25s. 6d., against 24s. 6d. Manitoba patents, ex store, 27s. to 29s., against 25s. 6d. to 28s. 6d.; and Australian, ex store, 21s., against 19s. 6d. to 20s. 6d. a week ago.

BARLEY.—The demand for barley has generally been quiet, but Germany bought substantial quantities. On Wednesday, "May" futures were quoted at 40½ cents per bushel in Winnipeg, against 39½ cents last week and 41½ cents a month ago. Quotations in London, Wednesday: "English feeding," f.o.r., per 448 lbs., 26s. to 27s., as compared with 26s. to 27s.; Russian, landed, 25s. per 400 lbs., against 22s. 9d. to 24s. a week ago.

OATS.—Quotations have been firmer in sympathy with other cereals, but actual business appears to have been small in volume. "May" futures, which last week stood at 24½ cents per bushel in Chicago, sold at 25½ cents per bushel on Wednesday this week, against 25½ cents a month ago. Quotations in London, Wednesday: "River Plate," landed, 18s. 6d. per 320 lbs., as compared with 18s. 3d. last week; "River Plate," ex ship, 17s., against 16s. 3d.; "Chilean White," landed, 24s. 6d. to 27s., against 27s. 6d. a week ago.

MAIZE.—Maize has continued to rise in price during the past week. The firmness is ascribed mainly to the reduction in Argentine crop estimates and shipments, rather than to a substantial increase in demand. Wednesday's quotation in Chicago for "March" futures, at 36½ cents, shows a rise of 1½ cents per bushel on the week, and a fall of 1½ cents as compared with the price a month earlier. Quotation in London, Wednesday: "Plate," landed, 21s. per 480 lbs., as compared with 19s. 6d. last week; "Plate," ex ship, 19s. 9d., as against 18s. 3d.; "Plate," February-March, 21s. 9d., as against 20s. 3d. Yellow maize meal, ex wharf, was quoted at £6 5s. per ton, against £6 a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1931-32, 1930-31, 1929-30, 1928-29:—

	1931-1932.	1930-1931.	1929-1930.	1928-1929.
Estimated sales of home-grown wheat—				
1 week to February 13	105,505	101,361	217,170	277,114
24 weeks to February 13	1,893,860	2,896,549	6,232,058	6,482,568
Average price of English wheat per cwt.	5 7	5 2	9 0	9 9

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1928 to 1931:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Feb. 6, 1932	122,332	213,824	84,884	5 8	5 2	7 3
Feb. 13, 1932	105,505	201,982	74,774	5 7	5 3	7 3
Feb. 11, 1928	307,295	274,511	91,445	9 9	10 11	10 1
Feb. 18, 1928	277,114	234,598	88,772	9 9	10 3	9 9
Feb. 15, 1930	217,170	235,368	40,470	9 0	8 0	6 5
Feb. 14, 1931	101,361	183,226	42,101	5 2	8 5	5 10

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Jan. 2, 1931.	Feb. 18, 1931.	Jan. 4, 1932.	Feb. 10, 1932.	Feb. 17, 1932.
Winnipeg (No. 1 Manitoba).....	148½	56½	63	62½	63½	65½
—Cents per 60 lb.						
Chicago (No. 2 Winter).....	130½	79½	79½	55½	54½	57½
—Cents per 60 lb.						

The visible supply of wheat in Canada at 62,206,000 bushels, shows an increase on the week of 71,000 bushels. Supplies a year ago stood at 74,971,000 bushels.

OTHER FOODS.

SUGAR.—The fear of a breakdown of the International Sugar Convention, which caused the sharp decline in raw sugar values a week ago, has given way to a more hopeful outlook. Mr Chadbourne continues his efforts to bring about an agreement on the question of adjusting the production of Cuba and Java to the reduced level of consumption. "March" futures in New York were quoted at 0.93 cent per lb. on Wednesday, against 0.89 cent per lb. a week ago, and 1.06 cents per bl. a month earlier. Wednesday's sales of "raws" include "March delivery" at 6s. 5½d. to 6s. 5½d. per cwt., against 6s. 1d. to 6s. 1½d., and "May," at 6s. 8½d., against 6s. 3½d. to 6s. 4d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1932.	1931.	1931.	1932.	1932.	1931.
Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London.....	902	3,706	957	935	4,122	36,723
Liverpool.....	3,817	3,715	16,278	12,433	117,701	126,533
Total.....	4,719	7,421	17,235	13,368	121,823	163,256
Last week	55,405	10,686	20,361	12,456	134,340	169,203

COFFEE.—Lower prices were realised at this week's auctions in London, but Brazilian coffee remained firm in New York. Last week's movements of coffee in London were as follows: Brazilian, landed, 12 bags; delivered for home consumption, 87 bags; exported, nil; stocks, 2,625 bags, against 2,625 bags last year. Central American, landed, 11,547 packages; delivered for home consumption, 3,685; exported, 1,673; stocks, 63,278 packages, against 78,977 a year ago. Other kinds, landed, 11,736 packages; delivered for home consumption, 2,404; exported, 416; stocks, 61,553 packages, against 83,200 a year ago.

COCOA.—The downward movement in cocoa prices appears to have been checked this week when a slight advance occurred in New York, and a more substantial rise in London. "March" futures were quoted at 3.93 cents per lb. in New York on Wednesday, against 3.79 cents per lb. a week ago and 4.02 cents a month ago. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, new crop, February-April, at 23s. per cwt. f.o.b., London contract, shows a rise of 1s. 3d. per cwt. on the week. Last week's movements of cocoa in London were as follows: Landed, 12,978 bags; delivered for home consumption, 6,363 bags; exported, 95 bags; stocks, 140,047 bags, as against 191,392 last year.

TEA.—The quantities catalogued for this week's auction comprise, 50,121 packages of Indian, 26,976 packages of Ceylon, and 17,618 packages of Java and Sumatra tea. The Indian auctions last Monday passed without an improvement in demand, and lower prices were realised for common and medium grades. Ceylon teas received more attention on Tuesday, but on Wednesday, Indian tea was again in small demand, and only outstanding qualities received a certain measure of support. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account:—

AVERAGE PRICE PER LB.													
Week ending	Northern India.	Southern India.	Ceylon.	Java.	Sumatra.	Nyassa-land.	Total.						
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.						
Feb. 12, 1931	0 11-99	0 11-85	1 3-07	0 8-23	0 8-86	0 8-36	1 0-11						
Jan. 21, 1932	0 10-47	0 11-11	1 3-15	0 7-91	0 7-71	0 7-25	0 11-20						
Jan. 28, "	0 10-57	0 11-29	1-16	0 7-79	0 7-12	0 6-53	0 10-91						
Feb. 4, "	0 9-74	0 9-76	1 0-00	0 7-16	0 6-73	0 7-03	0 9-92						
Feb. 11, "	0 10-24	0 9-49	0 11-74	0 7-65	0 7-03	0 7-21	0 10-13						

RICE.—The market in rice has been steady and "spot" quotations show a further advance. Wednesday's "spot" quotation for Burma No. 2, cleaned, at 10s. 3d. per cwt., shows a rise of 6d. per cwt. as compared with last week. Movements in London during the past week were as follows: Landed, 83 tons; delivered, 261 tons; stocks, 1,210 tons, as against 445 tons last year.

POTATOES.—The demand for potatoes at the principal markets has been maintained; as supplies were, however, less plentiful, prices were slightly higher. At the Borough Market, "Best King Edward" sold from 11s. to 12s. per cwt., as compared with 10s. to 12s. per cwt. a week ago.

SPICES.—The market in spices has been quiet, but prices remained virtually unchanged. Wednesday's quotation for "Black Singapore" pepper, at 6½d. per lb., shows no change on the week. Movements of pepper in London during the past week were as follows: Black, landed, 21 tons; delivered, 13 tons; stocks, 252 tons, against 502 tons last year. White, landed, 76 tons; delivered, 88 tons; stocks, 539 tons, against 521 tons a year ago.

MEAT.—Supplies of meat have again been fully equal to demand. The prices are scarcely changed on the week. On Wednesday, Argentine beef (chilled hindquarters) was sold at 3s. to 3s. 8d. per 8 lbs., against 3s. to 3s. 6d. on the corresponding day last week, while New Zealand frozen mutton realised 2s. 6d. to 3s. 6d., as against 2s. 6d. to 3s. 4d. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 9,456 tons, as compared with 9,238 tons in the corresponding week last year. Imported beef, principally Argentine, formed 84.6 per cent. of the supplies, as against 83.4 per cent. a year ago; and imported mutton, mainly New Zealand, formed 78.9 per cent. of the total supply, as against 80.3 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OLSEEDS.—The publication of the list of articles free from the proposed 10 per cent. import duty as from March 1st relieved the anxiety felt, and somewhat to the surprise of the trade it included cottonseed, rapeseed and linseed. Other oilseeds, also vegetable oils and oilcakes, will be subject to the duty, except when drawn from Empire sources. Business developed on a fairly substantial scale. Linseed from Argentina, upon which a duty was anticipated, eased on spot and in near positions, and with good supplies now arriving the premium over shipment about disappeared. For February to April shipment to Hull, business was recorded at from £8 13s. 9d. to £8 17s. 6d., and May-June to London at £9 1s. 3d. The current value of Plate on spot at Hull is around £9, and shipment £9 to £9 2s. 6d. The quantity of linseed afloat for Europe is now 216,800 tons, rather less than last week, and compares with 281,200 tons a year ago. Cottonseed is in better demand, and dearer business in Egyptian (black) on passage having been done at £6 16s. 3d., with shippers now asking £7 for seed afloat and £6 18s. 9d. for March and April loadings. Generally, vegetable oils, in consequence of the early operation of an import duty, have advanced. Raw linseed oil is irregular, but on balance dearer current value, ex Hull mill, being £15 15s. for "spot" oil and £15 10s. March-April delivery. Cotton oil is dearer, crude Egyptian, ex Hull, being held for £22 10s., and refined £25. Oilcakes are in moderate demand, but steady.

HIDE, LEATHER AND ALLIED TRADES.—There was no alteration in the price of cattle hides at the auctions held in Manchester this week. Calfskins were also unchanged in value, excepting for an advance of ½d. per lb. on 9/16 lbs. weight. Demand remains satisfactory for nearly all descriptions, the only weak feature of the market being sheepskins, for which lower prices have to be accepted in order to make sales. Inquiry for imported hides, however, continues to be restricted, and although prices have remained fairly steady the tendency is in favour of buyers. In the South American market Frigorifico ox have sold on the basis of a fraction over 4½d., while cows have realised a trifle more than

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Pleasure
IN YOUR PIPE
SMOKE
PLAYER'S



1/1^d
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PLAYER'S
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COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Market Hides, London—			
CEREALS AND MEAT.				a. d. s. d.				a. d. s. d.				a. d. s. d.			
GRAIN, &c.—				a. d. s. d.				English Southdown, washed				Dry and Drysalted Cape—			
Wheat—				a. d. s. d.				" Lincoln hog, per lb.				Best heavy ox and heifer			
No. 2, N. Man. 496 lb.				33 6				Queensland, washed				Best cow			
Bag. Gaz. av., per cwt.				5 7				N.S.W. greasy, super				Best calf			
Barley, Eng. Gaz. av. ...				8 3				N.Z., grey, half-bred 50-56				INDIGO—			
Oats, " "				7 3				Tope—				Bengal gd. red-vio. to			
480 lb. Plata, landed				21 0				Merinos 70's				fine—per lb.			
Flour, Lon. stan. ex mill,				24 3				Crossbred 40-44				LEATHER—			
280 lb. "				24 3				Crossbred 48's				Sole Bends 8/4 lb.—			
Rice, No. 2 Burma, per cwt.				1 1/2				COAL—				per lb.			
Tapoca, per cwt.				24 6				Wells, best Ad'ly, ton 19				Bark Tanned Sole			
Fair Java, spot				24 6				Durham, best gas, f.o.b.				Shoulders fm DS Hides			
Fair Flake, Singapore.				11 3				Tyne—				Do. Eng. or WS do.			
MEAT—				a. d. s. d.				Sheffield, best house, at				Belles from DS do.			
Beef, per 8 lbs.—				a. d. s. d.				pits				Do. Eng. or WS do.			
English long sides				4 10 5 6				IRON AND STEEL—				Dressing Hides			
Argentine chilled hinds				3 0 3 8				Pig, Cleveland No. 3, ton 58				Ro. Eng. Calf, 20/30 lb.			
Mutton, per 8 lbs.—				a. d. s. d.				M'brugh				Aust. Bends			
English wethers				4 0 5 0				Steel Rails, heavy				per lb.			
N.Z. frozen				2 6 3 6				Tin Plates, per box				Limeed, naked, p. ton net			
Pork, English, per 8 lbs.				5 0 5 6				METALS—				Rape, refined			
OTHER FOODS.				a. d. s. d.				Copper, Electrolytic, ton 42/0/0				Cotton-seed, crude			
Irish				79 0				Sheets (strong)				Coconut, crude			
Danish				48 0 49 0				Standard				Palm			
Dutch				46 0				Lead Eng. Pig				Oil Cakes, Linseed, Eng.			
HAMS—Irish				76 0				Soft Foreign				per ton			
Canadian				68 0 72 0				Spelter G.O.B.				La Plata, p. ton—			
American				68 0 72 0				Tin—English ingots				February-March			
BUTTER—				a. d. s. d.				Standard cash				Calcutta—per ton—			
Irish creamery per cwt.				106 0 109 0				MISCELLANEOUS.				Turpentine, per cwt.			
Australian				110 0 112 0				Acid, citric, per lb. less 5%				NITROGEN PRODUCTS—			
New Zealand				142 0				Oralic, net				Motor spirit, No. 1, London			
Danish				73 0 80 0				Tartaric, English less 5%				per gal.			
CHEESE—				a. d. s. d.				Alcohol, Plain Ethyl				Petroleum, Amer. fld.			
Canadian				68 0 70 0				Alum, lump				bri. London per gal.			
New Zealand				65 0 66 0				per ton				Fuel oil, in bulk, for			
English Cheddars				94 0 108 0				Ammonia, carb.				contracts, ex instal.			
Dutch				73 0 80 0				Sulphate				Thames			
COCOA—				a. d. s. d.				Bleaching powder, per cwt.				Furnace			
Duty, British grown,				11s. 8d. foreign, 14s. cwt.				Borax, gran.				Diesel			
Acacia, f.f. per cwt.				23 0 27 0				Do. powder				London—per ton—			
Trinidad				42 0 49 0				Nitrate of Soda				Pales			
Grenada				32 0 37 0				Potash—Chlorate, net				Reds			
COFFEE—				a. d. s. d.				Sulphate				Cylinder			
Duty, British grown,				11s. 8d. foreign, 14s. cwt.				per cwt.				ROBIN—			
Santos sup. c. & f. cwt.				61 6				Sal-Ammoniac				American			
Colombian, good				80 0 102 0				per cwt.				per ton			
Costa Rica, med. to good				85 0 128 0				Soda Bicarb.				RUBBER—			
East India				92 0 125 0				Crystals				St. ribbed smoked sheet			
Kenya, medium				95 0 115 0				Sulphate of Copper, per ton				per lb.			
EGGS—				a. d. s. d.				CEMENT, London—				Fine Hard Para per lb.			
English				10 6 12 0				a. d. s. d.				SHALLAC—			
Danish				13 6 14 3				Portland, best Eng. pr. ton				TN Orange			
FRUIT—				a. d. s. d.				In jute sacks (11 to ton)				SHALLS—			
South African boxes				13 0 14 0				In free paper bags (20				W. Aust. M.-o.-P.			
Jaffa				7 0 11 6				to ton)				" " " "			
Lemons, Sicilian boxes				8 0 27 0				COPRA—				TALLOW—			
Malaga cases 420 No. 1				18 0 35 0				S.D. Straits c.i.f., per ton				London Town per cwt.			
Apples: Amer. (var.) bris.				10 0 16 0				per ton				Swedish u/s 3 x 8 per std.			
" (var.) boxes				13 0 14 0				Smoked South Sea				Do. 2 1/2 x 7			
" Australian				13 0 14 0				DRUGS—				Do. 2 x 4			
Onions:				a. d. s. d.				Camphor				Can'dn Spruce, Dis			
Valencia, case, 4s.				9 6 12 2				Japan, refined				Pitchpine			
Egyptian Bags				4 0 6 0				per lb.				per load			
Grapes, Lisbon boxes				9 6 13 6				Castor oil				Rio Deals			
" Almeria				10 6 13 0				per lb.				Teak			
								Peppermint, Wayne Co.				per load			
								HIDES—				Hottelras Mang. logs			
								per lb.				c. ft.			
								Wet salted—Australian				Amer. Oak Boards			
								per lb.				" "			
								West Indian				Do. Ash			
								Cape				English Oak Planks			
												Do. Ash			

while the lack of any calling by the clearing banks on the following day left conditions equally easy. On Wednesday money was inclined to be a shade harder at 3-3½ per cent., but on Thursday the rate was back at 3 per cent., with practically no demand for funds. Billbrokers' books are known to be very low, and there is a great shortage of bills, which in itself is sufficient to explain the plethora of money. In these circumstances it is not surprising that there was some expectation of a further reduction in Bank rate this week.

Last week's fall in Bank rate was very nearly reflected in the result of the Treasury bill tender the following day. Applications for the £35.0 millions of bills on offer amounted to £59.1 millions, and tenders from quarters outside the money market were prominent. The bills were allotted in full at an average rate of £3 19s. 4.09d. per cent., against £4 15s. 7d. per cent. the week before, when only £30.0 millions were offered and £27.6 millions were allotted. The fact that the amount allotted was increased by over £7 millions possesses little significance, as maturities were also higher than in the previous week. This week there has been a keen demand for such bills as were available, and market rates have fallen still lower. On Thursday "hot" Treasury bills were dealt in at 3½ and 3¾ per cent., and "prime" three months' bank bills at 3½-4 per cent. German standstill bills were quoted at 4½ per cent., with rates of 4½ and 4¾ per cent. charged for bills remitted from Germany. Austrian and Hungarian drawn bills were charged for at 5 per cent. Four months' and six months' bills were quoted at 4½ per cent.

	Feb. 4, 1932.	Feb. 11, 1932.	Feb. 18, 1932.	Feb. 25, 1932.	Previous Rate and Date Changed.
Bank Rate	% 6	% 6	% 5	% 5	% (Feb. 18, '32)
Banks' Deposit Rate..	4	4	3	3	4 (Feb. 18, '32)
Discount { Call	4	4	3	3	4 (Feb. 18, '32)
{ Notice	4½	4½	3½	3½	4½ (Feb. 18, '32)
Houses {					
Market rate (3 months' bills)	4½-5½	5-5½	4½-5	3½-4½	...

Unusually narrow changes are recorded in this week's Bank return. The note circulation has risen by £1.6 millions, with an equivalent reduction in the Reserve. Government securities are £2.4 millions higher, and other securities £4.0 millions lower. Discounts and advances have been reduced by £0.5 million. There has been a small decrease of £1.2 millions in public deposits, and other deposits are £0.3 million higher. The net result of these changes is that bankers' deposits have fallen by £2.5 millions to £67.9 millions. They are still high enough to promote easy monetary conditions, especially as there is at present so little demand for funds. The Proportion is 48.7 per cent., which is quite high enough to be satisfactory, and, indeed, to justify any relaxation of monetary conditions that may be thought advisable upon other grounds.

As is pointed out in a subsequent Note, at the moment the exchanges are moving in favour of sterling, and there is a general belief both at home and abroad that once the Treasury credits have been covered there is no obstacle in the way of a sharp appreciation of the pound. Contrary to a statement that has appeared this week, the Treasury credits are not yet fully covered, but it would cause no surprise to learn that about half the sum of £80 millions gold has been provided for. The Banque de France's sterling balances continue to be reduced, but they are already down to about £20 or £30 millions, and under present conditions the remainder could be liquidated without difficulty. No other substantial French balances are now held in London. An inflow of American short money has become noticeable, partly to obtain advantage of the relatively high rate obtainable upon British Treasury bills, but also because its owners are looking for substantial profits through the anticipated appreciation of sterling.

In these circumstances, a further reduction in Bank rate to 4½ or even 4 per cent. appears likely at a very early date, certainly before the end of March. On

April 15th, £116.0 millions of Treasury bonds mature and have to be replaced, and though probably well over half of these have already passed into the hands of Government Departments, it would undoubtedly facilitate the handling of the balance if Bank rate were reduced first. Gold continues to arrive from India, and the funds thereby placed at the disposal of the Indian Council are already proving a material cause of the steady weakening of discount rates. The sales of sovereigns and gold ornaments are proving substantial and may already run into several millions, and these are further strengthening the pound. Thus apart from the requirements of industry and the Treasury, it may soon be necessary to take steps to check too sudden and violent an improvement in sterling which might otherwise take place with all its unsettling effects.

The outflow of gold from the United States continues, and shipments at the week-end amounted to \$4.7 millions to France, \$2.3 millions to Holland and \$2.4 millions to Portugal. The scope of the new banking law has been widened to include all member banks with a capital of \$2,000,000 upwards, in place of an original minimum of \$5,000,000. The effect of this change is that only 139 member banks will be unable to benefit from the new law. The time-limit for loans from the Reserve Banks to member banks under the provisions of the Act has also been extended from one to two years. Call money remains at 2½ per cent. and open-market discount rates are unchanged at 3-2½ per cent. for 90-day bankers' acceptances. These rates remained in force until Thursday evening, when the New York Reserve Bank reduced its rediscount rate from 3½ per cent. to 3 per cent.

The Foreign Exchange market was rather more active this week, and sterling maintained a decidedly better tone than of late, and showed a considerable improvement against most currencies. The New York rate went from 3.44½ to 3.48½, and Montreal gained a point at 3.94. Paris, after 88½, settled on balance well in our favour at 88½, as did Brussels at 25.02. Milan lost ½ at 67, and Madrid was decidedly weaker at 45½. Amsterdam lost 12 points at 8.63, and Berlin 15 at 14.62. Switzerland fell away from 17.63 to 17.86. Of the Scandinavian currencies, Copenhagen alone was unchanged at 18.19, whilst Oslo lost three points at 18.45, and Stockholm fell away from 17.90 to 18.09. Bucharest lost 10 points at 585. The South American exchanges are still largely nominal, Rio being quoted at 4½d., Buenos Aires at 39½d., and Monte Video at 31½d. In the Far East the yen slumped badly with the recent turn of events in China and was offered at 1s. 10½d., against a fairly steady rate of 2s. 0½d. last week. The rupee was firm at 1s. 6½d., but Batavia was weaker by 15 points at 8.70. In the forward market dollars were rather firmer at narrower discounts of ½ cent and ¾ cent. Paris fell away from 15 and 55 centimes premium to 9 and 27 centimes premium. Brussels was also more offered at par for both deliveries. Milan was rather better at ½ lira and 1½ lire discount, as was Madrid at ½ peseta and ¾ peseta discount. One month's Amsterdam was unchanged at ½ cent discount, but the rate was weaker at 1½ cents discount for three months. Berlin is still unquoted, and Switzerland remained at last week's levels of ½ and ¾ franc premium. The silver market was firmer, and prices improved by ½d. to 19½d. for cash and 19½d. for forward, after being as high as 19½d. and 20½d. respectively as a result of Continental and some Eastern buying, chiefly on account of covering operations. The China silver exchanges were differently affected, Hong Kong remaining at last week's level of 1s. 5½d., whilst Shanghai improved from 1s. 11½d. to 2s., the latter no doubt as a result of hedging operations in connection with the yen.

MONTHLY TRADE SUPPLEMENT

We publish this week our Monthly Supplement, in which will be found an appreciation of the trade situation at home and abroad, together with statistical information on the foreign trade, price movements, currency, and production of the leading commercial countries of the world. Its contents include an index of electricity production, and a series of indices of British trade activity.

FIANNA FAIL'S VICTORY.

ALTHOUGH the final results of the Irish Free State general election are not yet known, it is clear that Mr Cosgrave's Government has suffered a decisive, but by no means crushing, defeat. With the result of seven seats still to come, as we write, Fianna Fail has 68 seats and Labour nine seats, against 53 Government supporters and 15 Independent members. The actual change in the relative strength of the parties is not very large, but it is, nevertheless, sufficient to turn the present Government into the wilderness of opposition. The causes of this result are not difficult to understand. Ten years of stern and financially prudent administration have given rise to unpopularity in many quarters; the Government's economic programme, though sound, has not been very spectacular; and the prevailing depression has produced a vague feeling of discontent among the farming classes. Since the last election numbers of new voters have been added to the register who are too young to remember the harsh realities of the struggles by which the Treaty was won and enforced. It is not surprising that this new element in the electorate should have been attracted by the promises of Mr de Valera rather than by the performance of Mr Cosgrave. The Fianna Fail programme is certainly calculated to enlist support, including, as it does, relief from rates, the retention of the land annuities, and increased employment. As a result of all these forces acting in combination, the pendulum has at last swung, and the oldest Government in Europe is about to fall.

It is impossible to predict at this stage what will happen when the Dail assembles on March 9th. It is almost certain, however, that Mr de Valera will not be able to take office without the support of the small Labour party of nine members, who thus hold the balance of power. Whether the arrangement between the two parties will take the form of an actual coalition or that of a working alliance is not yet known, but the latter arrangement appears the more probable. Whatever the terms of agreement between the two parties may be, it is clear that the dependence upon the Labour party will act as a brake on some of the more contentious measures in the programme of Fianna Fail. The Labour party is primarily interested in the relief of unemployment, and it is probable that, as the price of its support, Mr de Valera will be expected to emphasise the economic part of his policy rather than the more purely political proposals. There is, however, a certain minimum political programme which, it is safe to say, will not be postponed, much less abandoned, for any consideration. This programme includes such important issues as the abolition of the oath of allegiance on entry to the Dail, the retention of the land annuities, and the repeal of the Public Safety Act.

The abolition of the oath is the proposal that gives rise to most alarm among Irish supporters of the Treaty, as it is feared that it may involve friction and bad feeling between Great Britain and the Free State. Mr de Valera's attitude is that the oath is not compulsory under the Treaty but only under the Constitution, which, according to the Statute of Westminster, is a purely domestic affair, which can be altered without consulting any other member of the Commonwealth. If this interpretation of the Treaty be correct, there is nothing to fear. If, however, the British Government refuses to take this view, there is still ample room for negotiation with regard to the oath. A large number of the most ardent supporters of Mr Cosgrave's party, including many ex-unionists, take the view that Anglo-Irish friendship should not depend upon the continuance of an expression of allegiance which is, in many cases, made under protest and with mental reservations, and that true wisdom dictates the agreed removal of the principal stumbling block which has stood in the way

of universal acceptance of the Treaty. It is to be hoped that the British Government will at least consider this point of view, and will not regard the mere proposal to abolish the oath as an attempt to sever the Treaty relationship between the two countries. The next few months will call for wise statesmanship in London as well as in Dublin, and any failure to take broad and long views in either capital may be fraught with the most disastrous consequences.

The retention of the land annuities, though a prickly subject, does not give rise to the high constitutional difficulties involved in the abolition of the oath. Mr de Valera's party has, wisely or unwisely, chosen to deal with this matter on strictly legal lines. Instead of basing his claim to the land annuities on consideration of justice between nations, and on the duty of the British Government to pay for the reform of a land system the evils of which were the results of British policy in the past, he has chosen to argue that the annuities are the property of the Free State by reason of certain provisions in the Government of Ireland Act of 1920. This method of approach to the problem suggests that the destination of the annuities will finally be decided by some method of arbitration, and that acute political tension may, therefore, be avoided or at least delayed.

The third essential measure in the Fianna Fail programme is the repeal of the Public Safety Act, which was passed last year to deal, by means of a military tribunal, with political crimes. The repeal of this Act will, of course, greatly weaken the power of the executive to deal with armed disorder, but it is Mr de Valera's contention that such disorder will disappear under a more popular régime, especially as a result of the abolition of the oath, which is alleged to prevent certain parties from the constitutional expression of their views in the Dail. It is devoutly to be hoped that this optimism will prove justified, and that the new administration will be saved from the unpleasant duty of dealing with the gunman, whose shadow still lurks in the dark corners of Irish politics. One danger is definitely out of the way; the Ulster boundary will be accepted under protest, and the partition of Ireland will be admitted as a disagreeable necessity, at least for the time being.

Mr de Valera's economic policy includes increased protection for industry, and the intensification of agriculture. While the detailed proposals of this part of his programme have not yet been disclosed, it is certain that they will aim at a greater degree of self-sufficiency and, we fear, may be coloured by extreme economic nationalism. The necessity for negotiating a favourable trade arrangement with Great Britain appears, however, to be freely admitted, and it will not be at all surprising if Mr de Valera seizes the opportunity provided by the Ottawa Conference of strengthening his hand in this respect. The assistance of Mr de Valera's allies of the Labour party may be reflected in suggestions for nationalising the railways and other public services.

It is impossible to deny that the change of Government in the Free State may be followed by unpleasant consequences in Anglo-Irish relations. The possibility of such a danger, however, appears definitely less than it did before the election took place. Three reassuring factors have emerged which give ground for a mood of tempered optimism: in the first place, the spokesmen and the Press of the victorious party have been studiously moderate and conciliatory in tone; secondly, the Irish public has accepted the new situation without any signs of alarm; and, finally, Mr Cosgrave, with the patriotism that we should have expected from the record of his whole career, has called upon his followers to help and not to hinder the new administration.

WAR IN THE PACIFIC.

THE eleventh-hour attempts at mediation by the Western diplomatic representatives in Shanghai having failed, as we recorded last week, and the 24-hours' ultimatum from the Commander of the Japanese Expeditionary Force, General Uyeda, having expired early in the morning of last Saturday, February 20th, the Japanese offensive was launched that day. The attack was delivered on a front rather less than ten miles long, as the crow flies, between the south bank of the Woosung Creek on the north and the north bank of the Soochow Creek on the south—the base being the west bank of the Whangpoo River between these two points. (It is worth noticing that both the southern extremity of the Japanese front and a good half of the Whangpoo shore-line which constitutes the Japanese base lie within the boundaries of the International Settlement.) The Japanese troops were well provided with all the mechanical apparatus of "post-war" warfare—tanks, mobile heavy artillery, bombing planes and the other high-power killing machines which Delegation after Delegation in the Disarmament Conference at Geneva has been proposing to limit or to abolish outright. The Japanese have used these instruments of destruction to the full; but their efforts have been foiled by the magnificent courage of the comparatively ill-equipped 19th Chinese Army; and though on Thursday they endeavoured to wipe out, by a renewed assault, the defeat inflicted on them on Tuesday, the ground at first gained could not be held.

The object of Japanese strategy, on the present scale of operations, has been—and presumably still is—to remain stationary at the southern (i.e., the urban) end of their front, on the border between Hongkew and Chapei, where the narrow streets and crowded ruins give the advantage to a Chinese defensive, while they swing their right wing round, on this pivot, until it succeeds in crossing, successively, the lines of the Woosung-Chapei Railway, the Tachang-Chapei Road, and the Nanking-Chapei Railway. If this encircling movement were to make such progress that the Japanese Right was able to threaten the junction of the Nanking and the Hangchow railway, just west of Chapei, the Chinese defenders of Chapei would be faced with the alternative of evacuating or being caught in a trap. On the first attempt, however, this Japanese plan has completely miscarried. While the first impetus of their attack carried their centre into the village of Kiangwan, on the Woosung Railway, and their Right to the neighbourhood of Tachang, their Right has, so far, been held up by the inability of the Centre to hold Kiangwan. They have further failed to take Woosung Village and fort; and in fact have failed to gain any foothold at all on the north side of the Woosung Creek.

This very serious check to the Japanese Army has come still more as a surprise than the original discomfiture of the Japanese Marines in Chapei. What explains it? Partly, perhaps, the difficulty of the terrain (for though suburban Shanghai may be easier than urban Shanghai to operate in, the houses which obstruct Japanese progress in Chapei are replaced, further north, by the hardly less formidable obstacle of canals and water-logged rice fields). Another explanation is the skilful use which the Chinese have made of such apparatus as they possess—particularly their machine-guns. The Nanking Army has been profiting, during the past three years, by the instruction of German military experts (serving in China privately and not as a military mission from the German Government). These are important contributory causes to the Japanese reverse; but, when all is said and done, it is evidently the *moral* of the Chinese soldiers that is the main cause of the Japanese defeat. For the first time, after twenty years' of preliminary practice in an aimless civil war, the Chinese at last find themselves fighting in a cause for which they really care to fight and die; and this moral factor has counted for more than the superiority of the Japanese equipment. After being raked by intensive Japanese bombardments from heavy artillery and aeroplanes to which they could not reply, the Chinese have met the Japanese infantry and driven them back

with the bayonet. The Chinese soldier is showing himself in quite a new light; and the effects of this revelation may be far-reaching.

There is no doubt about the Japanese Army's difficulties: the facts speak for themselves. The offensive is held up; the Government at Tokyo has decided to double the Expeditionary Force's strength; the foreign journalists are being excluded from the Japanese lines, while they are being admitted into the Chinese. Greatest portent of all, the entire Japanese civil population of Shanghai is being evacuated to Japan, because the Japanese Navy and Army, which have taken the offensive ostensibly in order to look after them, are unable to protect Hongkew from a counter-fire of Chinese shells. In short, the Japanese Army has now "lost face" as badly as the Japanese Navy; and, considering the traditional temperament and present temper of the Japanese people, we may expect to see the headstrong forces now in control in Tokyo throw more of the national man-power and money-power into the furnace, and expose their country to still more formidable international risks, in an effort to retrieve Japanese prestige. The Chinese, on the other hand, after having found the League and the Powers a broken reed, are elated to discover that they are capable of standing up for themselves in a straight fight with the Japanese. They are also well aware that, in the war of attrition which they now foresee, both time and space will work mightily on the Chinese side. Thus this ghastly war, which the world should never have allowed to break out, is growing apace, and nobody can see where it is going to lead us.

Japan is in a desperate position, and her ultimate débâcle is really as certain in 1932 as Germany's was in 1914. The parallel suggests, however, that the tragedy may take three or four years to work itself out, and may finish off the monstrous process, which began in 1914, of the sabotaging of our civilisation. Already Japan has lost the stakes for which she is playing. She has lost her China trade; she has had to withdraw her commercial community from Shanghai; and even her assets in Manchuria seem likely to depreciate to zero in a welter of guerilla warfare. Thus Baron Shidehara's far-sighted policy of supporting Japan's growing population by a proportionate increase in her exports—a policy which he and his colleagues pursued with so much political patience and restraint and so much economic skill and energy during the decade ending last September—has been undone by the world economic crisis and by Japanese militarism in a crazy alliance. What two years of world crisis had spared, militarism has finished off in five months.

In this tragic and perilous situation, what is the duty of the League and the Powers? In view of the pace at which the conflagration is growing, we hold—if possible, more strongly than ever—that it is their first duty to bring the sanctions of the collective system of security to bear upon Japan, who has now finally pilloried herself as the aggressor by the terms of her answer (on which we comment on a later page) to the Council's eleventh-hour appeal. We do not deny that this policy involves an element of risk, which it would not have involved in September or even in December, now that the situation has been allowed to go so far to the bad. On the other hand, we affirm once more, with assurance, that the risk involved in letting things go on from bad to worse is incomparably greater.

The first goal, then, of collective action is to bring the war to a halt by restraining the aggressor without further delay. The ultimate goal is to take collective action for repairing the damage that has been done already and for helping the unhappy combatants—whom we ought never to have allowed to come to blows—to bind up their wounds. In their present miserable condition, both Japan and China are public dangers which the world—as this grim lesson has shown—simply cannot afford to leave untended. China is suffering from a political anarchy which we must help her to put in order; Japan is suffering from an economic constriction from which we must help her to find relief. What is the force which has overthrown Baron Shidehara and enabled the militarists to reign so disastrously in his stead? It is the closing of the world market to Japan by the shrinkage of international trade

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and the raising up of national tariff walls. Japan's suicidal outbreak shows clearly that the world's present economic forces are driving the world towards a political as well as economic abyss. Our first duty is to restrain Japan; our second, but not less imperative, duty is to assist her. And that means turning over a new leaf in the economic history of the "post-war" world.

MOST FAVOURED NATION.

THAT the present British Government should speak with two voices is not surprising, but when mutually contradictory policies are expressed in published official papers it is certainly time to call for further explanation. Such a contradiction is apparent in the declarations of the Government concerning the most-favoured-nation clause in commercial treaties. The committee of economic experts which sat last summer, in connection with M. Briand's plan for European union, "to examine all means which might seem calculated to bring about closer and more profitable co-operation between the different countries with a view to improving the organisation of production and trade," clearly envisaged the negotiation of commercial agreements traducing the most-favoured-nation principle (subject to certain conditions), as part of a progress towards lower tariffs all round, though they did not wish, they declared, to modify the general basis of the most-favoured-nation clause. At the back of the committee's minds, it is legitimate to suppose, was the possibility of establishing a low tariff or even free trade union in Northern Europe, and of easing the difficulties of trade in Central and Eastern Europe by means of regional tariff preferences. In its recent official commentary on the committee's suggestions, the British Government declared:—

That it would cause conflict with the whole spirit of the most-favoured-nation clause if it were open to any countries to conclude arrangements with each other which they did not extend to other countries. Such minor exceptions to this principle as have been recognised in the past, permitting of special arrangements between countries having had long political association, do not, in the opinion of H.M. Government, constitute a justification for any group of countries to set up such arrangements in future whereby they would contract out of the most-favoured-nation clause at will.

This staunch championing of the most-favoured-nation principle in its splendid integrity, while it has long been the traditional commercial policy of this country, contrasts violently with the spirit and the letter of the present Government's fiscal policy, whose apologists have frequently repeated that the Government intends, after the Ottawa Conference, to negotiate preferential agreements with foreign countries. Clause 7 of the Import Duties Bill empowers the Treasury, on the recommendation of the Board of Trade, to order that the general 10 per cent. duty and/or any additional duty shall not be chargeable on imports from any specified foreign country. As the implementation of that clause would plainly run counter to the most-favoured-nation principle, an unequivocal de-

claration of the Government's policy towards the maintenance of that principle is urgently desirable. Yet the report of the debate on the clause in the House of Commons occupies only a single page of Hansard, and no mention whatever was made on either side of our existing engagements towards foreign Powers. When Clause 12 (Discriminatory Duties) was under debate, Mr Runciman gave no hint that the Government were considering the abrogation of most-favoured-nation agreements, and Mr Hore-Belisha, the Parliamentary Secretary to the Board of Trade, actually opposed a suggested new clause which would have enabled us to enter into a free trade union on the ground that it ran counter to the most-favoured-nation clause.

The history of the most-favoured-nation clause in our commercial relations with foreign countries is a long one. The most ancient of our treaties embodying it and still in force is the treaty of peace and commerce between the United Kingdom and Denmark, signed at Whitehall on February 13, 1660, more than 270 years ago, which declares, among other things,

That the people and subjects of the King of Denmark and Norway sailing unto any of the kingdoms, principalities, or dominions of the King of England, or exercising merchandise therein, shall pay neither more nor greater customs, tributes, tolls, and other duties, nor in any other manner than as the people of the United Provinces of the Netherlands, or other strangers trading thither, and paying less customs, do or shall pay.

This may be compared with the curter, though much more lengthily qualified and explained, modern form, of which the following, taken from our latest most-favoured-nation treaty (that with Roumania), is typical:—

Articles produced or manufactured in the territories of one of the high contracting parties, imported into the territories of the other, shall not be subjected to other or higher duties or charges than those paid on the like articles produced or manufactured in any other foreign country.

Great Britain has for many years adopted, in regard to such customs duties as she has possessed, the principle of not discriminating between different foreign countries—imperial preferences being a generally acknowledged exception—and she has in fact concluded most-favoured-nation arrangements with most of the countries of the world, as the following table shows:—

MOST-FAVOURLED-NATION AGREEMENTS.				
Country.	Instrument.	Date.	When Terminable.	
Albania	Exchange of Notes	1925	After 3 months' notice.	
Argentina	Treaty	1825	No time fixed.	
Austria	Treaty	1924	Feb. 11, 1935; thereafter on 12 months' notice.	
Bolivia	Treaty	1911	After 12 months' notice	
Brazil	Exchange of Notes	1931	Sept. 11, 1934; thereafter on 6 months' notice.	
Bulgaria	Exchange of Notes	1925	After 3 months' notice.	
Chile	Exchange of Notes	1931	After 15 days' notice.	
China	Treaty	1928	No time fixed.	
Colombia	Treaty	1866	After 12 months' notice	
Czechoslovakia	Treaty	1923	After 12 months' notice	
Denmark	Treaty	1660	No time fixed	
Estonia	Treaty	1926	After 12 months' notice	

Country.	Instrument.	Date.	When Terminable.
Finland	Treaty	1923	After 6 months' notice
Germany	Treaty and Protocol	1924	After 12 months' notice
Greece	Treaty	1926	After 12 months' notice
Guatemala	Treaty and Exchange of Notes	1928	After 12 months' notice
Haiti	Exchange of Notes	1928	After 6 months' notice
Hungary	Treaty	1926	July 26, 1937; thereafter on 12 months' notice.
Italy	Treaty	1883	After 12 months' notice
Japan	Treaty	1911	After 12 months' notice
Jugo-Slavia	Treaty	1927	After 12 months' notice
Latvia	Treaty	1923	After 12 months' notice
Lithuania	Exchange of Notes	1922	After 3 months' notice
Netherlands	Treaty	1837	After 12 months' notice
Nicaragua	Treaty	1905	After 12 months' notice
Norway	Convention	1826	After 12 months' notice
Panama	Treaty and Protocols	1928	April 8, 1939; thereafter on 12 months' notice
Persia	Convention	1903	After 12 months' notice
Poland	Treaty	1923	After 3 months' notice
Portugal	Treaty	1914	After 12 months' notice
Roumania, ...	Treaty, Protocols and Exchange of Notes	1930	May 12, 1934; thereafter on 6 months' notice
Salvador	Exchange of Notes	1931	Sept. 15, 1932.
Siam	Treaty	1925	March 30, 1936; thereafter on 12 months' notice
Spain	Treaty	1922	After 3 months' notice
Sweden	Convention	1826	After 12 months' notice
Switzerland	Treaty	1855	After 12 months' notice
Turkey	Treaty, Protocol and Exchange of Notes	1930	Sept. 3, 1935; thereafter on 12 months' notice
United States	Convention	1815	After 12 months' notice
U.S.S.R.	Modus vivendi	1930	After 6 months' notice
Venezuela	Treaty	1825	No time fixed

* As interpreted in an exchange of letters between Sir Miles Lampson and Mr. C. T. Wang.

† Reinforced by treaties of 1670 and 1814.

‡ Applies also to the Free City of Danzig.

§ As revised by convention and notes of 1927.

|| Applies also to Liechtenstein.

¶ Renewed by conventions of 1818 and 1827.

A Convention of 1882 with France—the chief absentee from the list—guarantees reciprocal most-favoured-nation treatment in all matters other than the customs tariff, which is described as “henceforth regulated by the internal legislation of each of the two States”; in that year a French law assured most-favoured-nation treatment to English goods on their entry into France, with the exception of “colonial produce.” With Belgium we have no general commercial treaty, but an exchange of notes in 1898 established a *modus vivendi*, the British Government undertaking (on condition of reciprocity) not to make thereafter any modification in the system actually applied to the subjects and products of Belgium, except on three months' notice, while reserving the right to make “such modifications as may be made applicable to all other countries.”

In our treaty of 1849 with Costa Rica, which does not contain the usual most-favoured-nation clause as regards customs tariffs, the parties agreed:—

That any favour, privilege, or immunity whatever, in matters of commerce and navigation, which either contracting party has actually granted, or may hereafter grant, to the subjects or citizens of any other State, shall be extended to the subjects or citizens of the other high contracting party, gratuitously, if the concession in favour of that other nation shall have been gratuitous; or in return for a compensation as nearly as possible of proportionate value and effect, to be adjusted by mutual agreement, if the concession shall have been conditional.

A treaty of the same year with Liberia contains a precisely similar clause; in the treaty of 1837 with the Netherlands, a like provision follows an unequivocal undertaking to give most-favoured-nation treatment in the matter of customs duties. The clause is peculiarly interesting in that, broadly speaking, it represents what we may suppose to be the policy of the present Government towards preferential arrangements with foreign countries. Customs unions proper are, of course, a recognised exception to most-favoured-nation treatment, while in several of our treaties special qualifications have been allowed on behalf of foreign countries whose trade relations with certain third parties are exceptional. The British Government undertook, for instance, not to claim the benefit of any customs preferences which are or may be granted by Guatemala in favour of the produce or manufactures of

any other Central American country, so long as such preferences are not extended to any other foreign country, land frontier. The temporary commercial agreement with the U.S.S.R. is declared not to apply, *inter alia*, to

The special provisions relating to trade contained in treaties which the U.S.S.R. has concluded, or may conclude hereafter, with those States the entire territory of which on the 1st August, 1914, formed in all respects an integral part of the former Russian Empire or with the Continental border States in Asia.

In the treaty with Latvia, Great Britain likewise renounces her claim to the benefit of customs preferences or other facilities which are, or may be, granted by Latvia exclusively in favour of Russia, Finland, Estonia or Lithuania, the last three of whom are naturally granted a corresponding privilege. These specific exceptions in existing treaties indicate another possible line of future policy for Great Britain, namely, the negotiation of a three-decker system of tariff relations in which a limited and definite list of countries, who had accorded us special advantages, would be admitted as exceptions to the most-favoured-nation treatment guaranteed to the remainder. But unless some device were found for adding to the list that plan would not, after a certain point, allow of further progress towards lower tariffs all round by means of differential agreements.

In any case, it is clear that if we really mean to use Clause 7 of the Import Duties Bill to negotiate preferential treaties of commerce with foreign countries we must either evade our most-favoured-nation undertakings—and there are many proven subterfuges for doing so, by means of sanitary restrictions, quotas and licences, or manipulation of customs schedules—or, more honestly, denounce them. As the table indicates, by far the majority of our commercial engagements can be made to expire on giving a year's notice or less. Exceptions are the treaties with Austria, Brazil, Hungary, Panama, Roumania, Siam and Turkey. We are far from suggesting that we should forsake a principle which has served us very well in our Free Trade days until we are confident that its abandonment will bring us large compensatory advantages, but it is none too early to consider and develop a clear and firm line of policy. The country will otherwise be tempted to regard the Government's protestations of the value of Clause 7 as only another empty sham.

THE WHEAT QUOTA BILL.

THE text of the Government's Bill establishing a quota system for home-grown wheat was published on Wednesday. Its object, as officially stated, is “to provide wheat growers in the United Kingdom with a secure market and an enhanced price for home-grown wheat of millable quality, without a subsidy from the Exchequer and without encouraging the extension of wheat cultivation to land unsuitable for the crop.” Splendid! But unfortunately the effect of the Bill will be to tax the people's staple food to the tune of some 18 per cent. *ad valorem*, and to delegate the power of increasing the tax; yet so simple a matter has been enveloped in so much wordy fog as to make it politically, though not logically, possible to argue that a tax is not a tax when called a quota.

The Bill is almost incredibly verbose and complicated. A scurrilous story going the rounds of the grain trade runs that at the Cabinet meeting to which the original draft of the Bill was submitted so many members found its details incomprehensible that a special quota sub-committee was appointed “so that at any rate a few of us should understand it.” Presumably the anecdote is apocryphal, but the cumbrousness of the Bill's provisions gives it colour. A Wheat Commission is to be set up to secure that for wheat of millable quality grown in this and subsequent years growers shall get a guaranteed average price, which, for the crops of 1932, 1933 and 1934, is fixed at 45s. per quarter of 504 lbs., less the expenses of operating the scheme. The average price actually received by farmers will be ascertained at the end of each cereal year, and a “deficiency payment” (*alias* “subsidy”) will be made

on each quarter sufficient to bring the ascertained average up to the gross average of 45s. The quantity of wheat ranking for this subsidy is not to exceed a figure of “anticipated supply” which the Minister is to promulgate for each year, with a maximum of six million quarters. If actual deliveries exceed the anticipated supply, the subsidy paid on each quarter is to be reduced proportionately.

The funds to provide the “deficiency payments” to make up the “price deficit” between the “ascertained average price” and the “standard price” are to be secured from a levy (called a “quota payment,” presumably because the word quota must be preserved somewhere) on every sack of flour consumed in the country. It will actually be levied on all flour as delivered from mills or as imported, but rebates will be allowed on all exports, re-exports and shipments as stores. Procedure will be as follows: Early in each season the Commission will make an estimate of “anticipated supply” and a guess at what the average price on the free market will be; also, an estimate of what the supply of flour for home consumption is going to aggregate. The levy can then be assessed on each sack of estimated flour consumption to produce a total sum sufficient to pay on each quarter of the guessed supply enough subsidy to bring the guessed free price up to the standard price. That may not be too clear a description, but it is pellucid in comparison with the Bill's own language, which defines the levy as a payment by every miller and importer on each hundred-weight of flour of

“an amount calculated and prescribed in accordance with the provisions of this section so as to represent, as nearly as may be, a sum equal to what would have been the price deficit in respect of the quota of home-grown millable wheat which would have been used in the production of that hundredweight if the anticipated supply of such wheat for the cereal year in which that hundredweight was delivered had been used at a uniform rate per hundredweight of flour in the production of the estimated supply of flour for that year. . . .”

We commend to British farmers attentive study of the terminology of this device “specially calculated to meet the needs of English agriculture.”

Cereal seasons commence on August 1st, but, in order to accumulate funds to get the scheme going, the levies for the first season are to commence as soon as the measure is passed. Home-grown wheat at present is worth about 25s. a quarter. No member of the Commission is likely to venture a prophecy that the average price ruling in the 1932-3 season will be much higher or lower than that. If it rules at that figure, the tidy sum of £6,000,000 will be charged to consumers to make up the “price deficit” of 20s. a quarter on an “anticipated supply” of six million quarters, which is the maximum allowed in the Bill. Taking home consumption as 33 million sacks per annum, that means a levy of about 3s. 7½d. per sack. At the beginning of this month, before news of the impending levy spread, considerable quantities of flour were being sold at 20s. and less per sack, so the tax works out at about 18 per cent. *ad valorem*. The curious historian will account it not the least of his curios that a Government which could not include wheat in its 10 per cent. tariff because of its members' pledges not to tax “staple” food (“I meant wheat and meat,” quoth Mr Runciman), and because the possible repercussions on the cost of living might even have endangered “the safety of the pound,” could within the space of a fortnight introduce a measure which taxes the self-same article 18 per cent. by throwing in twenty-nine pages of cuttlefish draftsmanship.

As the fund will have more than a year's receipts out of which to make its first season's payments, the levy between the passing of the measure and July 31, 1933, is expected to be three shillings per sack. It is permissive under the Bill for the levies to be paid by a Flour Millers' Corporation on behalf of the individual members. In practice that is how the scheme is intended to be worked, namely, as an internal matter for the milling industry, much as that industry already operates a voluntary levy for rationalisation purposes. The compulsory function of the Corporation is to take over any old-crop wheat remaining unsold in the last two months (June-July) of any

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cereal year, to a limit of one-eighth of the “anticipated supply,” if so required by the Wheat Commission and at such price as the Commission may decide to be the “fair market value”—a term which has no meaning at all in economics and in practice will mean whatever the Commission chooses it to mean. The Corporation is to apportion pro rata among the individual millers any losses or profits which it may make on the realisation of these compulsorily-acquired stocks.

Millers will naturally pass on their increased costs for the levy and for the contingent liability just mentioned by way of higher prices for their products, that is, for the flour which they sell to urban consumers and for the by-products (about 30 per cent. of total output) which they sell back to agriculture. Mr Chamberlain's 80,000 Northern Irish loyalist smallholders—who grow practically no wheat—have been spared the chagrin of being penalised for their loyalty by having their feed maize taxed, only to incur a greater penalty on wheat millfeeds, which are distinctly more important animal feeds than even maize.

Provision is made for a minor inquisition to obviate quota evasion. If evasion does occur, it is punishable by forfeiture plus treble payment of the evaded levy and/or three months' imprisonment. The individual forms returned for the compilation of the annual agricultural statistics are also made liable to inspection for quota purposes. As the Returns Act and the official forms themselves solemnly pledge that the returns will be used solely for statistical purposes, the Bill legalises the necessary breach of confidence.

The Commission, through the Minister, will promulgate a standard to which millable wheat must conform, but it appears to be nobody's business to see that it does in fact conform—except, of course, the consumers', and they hardly count. They have two representatives on the Commission of fourteen. In borderline cases, the decision between millable and non-millable wheat will mean a matter of twenty shillings a quarter to the grower. It may be taken as probable that the benefit of the doubt will go to the grower rather than the quality. In the earlier drafts the formation of a board under the Agricultural Marketing Act to take over the Commission's functions was made a *sine qua non* of the scheme's continued operation. In the Bill, power to transfer certain functions to such a board at some future date is retained as a pious hope, but it is difficult to forget how many of the present Government's supporters have branded the Marketing Act as “rank Socialism.”

Finally, all this complication and camouflage is necessary in order that what is, after all, only a very small and perhaps the least promising portion of British agriculture should be subsidised at the expense of the consumer without offending the strange elastic consciences of Government supporters who have forewarned taxes on food. If Sir Herbert Samuel and his Liberal colleagues in the Government are to stand by the arguments that they used to attack the Tariff Bill, if Mr Runciman is to keep faith with his constituents and his honour, they must either stretch the “agreement to differ” by attacking the Wheat Bill with all the vigour at their command, or leave a Government which they can only support at the price of abandoning the principles of truth and honesty on which British politics have hitherto been founded.

GERMAN BANKING RECONSTRUCTION.

THE measures taken in Germany to reconstruct the banking system* of the country are without parallel in economic history. Four out of the six leading Berlin joint-stock banks (Dresdner Bank, Darmstaedter und Nationalbank, Deutsche Bank und Disconto-Gesellschaft, and the Commerz- und Privatbank) and two provincial institutions (Barmer Bank Verein and the Allgemeine Deutsche Credit-Anstalt) have written down their assets by more than Rm. 1,000 millions and have reduced their capital and reserves by roughly Rm. 535 millions. For the reconstruction of four out of the six banks named the State and the Reichsbank have to provide Rm. 650 millions. As a result of these measures, in the course of which two institutions (Darmstaedter und Nationalbank and Barmer Bank Verein) will cease to exist, the State and the Reichsbank have obtained direct control of two out of the remaining four leading Berlin banks which were originally founded by private enterprise. Only the Deutsche Bank is able to write off capital and reserves out of its own resources and to raise new capital without direct assistance from the State. The Reichs-Kredit-Gesellschaft, formed in 1929 by the Vereinigte Industrie Unternehmungen A.G., the capital of which is owned wholly by the State, is unaffected by the reorganisation; but only one private institution, the Berliner Handelsgesellschaft remains completely outside the scheme, though a number of local institutions, whose business lies mainly in granting mortgage credits or who are owned by some of the South German States, have also been able to maintain order in their balance sheets without any outside help.

This dramatic reorganisation scheme must be viewed against the background of the German banking crisis created by last year's run upon German banks by foreign creditors—a run which, infecting home depositors, ultimately caused the closing of the banks last July. Leaving aside the non-German factors such as the general world depression, the American crisis and the collapse of the Austrian Credit-Anstalt, it is apparent to-day that the run on Germany could not be checked because of the growing conviction that the post-war German banking structure and economic system were inherently weak. Four factors were responsible for this weakness—the economic, budgetary and social policy of the Reich, the expansionist tendencies of the industrialists, a credit policy which was sometimes more liberal than the capital resources of borrowers warranted, and—last, but not least—reparations.

How far-reaching has been the disastrous influence of reparations upon the whole economic life of Germany is only now becoming fully apparent. It is idle to-day to argue that their very existence should have compelled Germany to follow a policy of restriction rather than of expansion; that is only the easy wisdom that comes after the event. Seven years ago when hope of freer world trade was still strong, and faith in Germany's recuperative powers was high, economic expansionism in Germany appeared to be the obvious policy for a country burdened with foreign political debt. The error, as events have proved, lay in industrialists and bankers pursuing this policy without assurance that world trade would not suddenly contract. Moreover, Germany, like other belligerents, inherited from the war an obsession for "key industries" and economic self-sufficiency, which was further stimulated in post-war days by the spell cast by American production methods. The basic industries of Germany had suffered grievously under the peace treaties, and their unemployed workers were one of the greatest dangers to the internal peace of the country. Demands from these staple industries for credit and capital to rebuild and extend their works were, therefore, always justified on patriotic grounds, however little regard they paid to the economic situation. The heavy industries already had experience of mass production, but there were others who wished to introduce it in order to supply the whole of Germany or to increase exports. Still others merely claimed that their existence and expansion

were vital to Germany. Under the stimulus of foreign offers of money and liberal credit policy abroad, the time-honoured principles of lending were thrown overboard in an effort to get the reparations-burdened ship somehow to port.

It is impossible now to say what would have been the fate of the economic enterprises started between 1924 and 1926 under conditions of freer trade and greater mobility of labour, wages and capital. Actually, trade restrictions increased, labour and wages became almost fixed, and political and other events nearly destroyed the mobility of capital. Inevitably prices fell. Only a country with accumulated reserves could have withstood this strain on its economic system; but Germany had destroyed her working capital by inflation, and credits raised for industrial and other purposes were sometimes secured rather by hopes of the future than by actual assets. Only an upward economic development, supported by a policy which gave protection to capital, would eventually have given a solid foundation to the economic structure of a Germany relieved of reparations obligations. Actually, the increasing distrust in the political stability of Germany continued to stimulate the export of such capital as still remained, whilst the budgetary policy, guided by consideration of political necessity rather than of the economic conditions of the day, absorbed increasing proportions of individual incomes, and all this at a time when social, labour, cartel and tariff legislation was also steadily undermining the basis of traditional "capitalist" enterprise.

The collapse on the Berlin Stock Exchange on the Black Friday of 1928 might perhaps have been taken as a warning of the approaching crisis. The warning passed unheeded by the authorities, but, followed as it was by the "revelations" started by the "Favag" affair, it ultimately destroyed completely the confidence of the German investor in joint-stock enterprise. The fall in world commodity prices and increasing obstacles to international trade called, if there were to be no international price refutation, for rapid adaptation by way of wage reductions and revision of debts. In fact, Germany raised her industrial tariffs and, worst of all, her duties on agricultural imports. Thus the inelasticity of the German economic system further increased and the process of capital consumption was accelerated.

The consequences of Black Friday also dealt the first serious blow to German banking. By 1930 it had become fairly apparent that, in valuing their assets, in most cases the banks could no longer rely upon being able to dispose of them at "book" prices in the open market, since by that time the economic structure had become so artificial that the free play of the market had ceased to exist. When the internal run upon the German banks started in 1931 it was no longer a case of distrust of one bank, but of almost all banks in the country. The Government was, therefore, faced with the alternative of letting things work themselves out, in which case social upheaval would have been almost unavoidable, or of assuming control of the whole economic machinery of the country. When Dr. Brüning attempted by the decree of December 9, 1931, to reconstruct the whole German economy as a unit independent of the world, he deprived Germany from imminent collapse, but he definitely destroyed the incentive to normal economic activity. After the events of July, when the State had for the first time to assist some of the leading banks, the reconstruction of these institutions became inevitable. After December it was clear that these measures could only form part of a scheme which comprised all banks whose balance sheets no longer reflected the true state of their affairs. Capital from abroad was unobtainable; at home, capital and confidence had disappeared. Thus, with confidence no longer oiling the wheels of the economic machinery, the State has been compelled to provide a substitute by guaranteeing in one form or another the smooth working of the whole.

Any attempt to predict the future of German banking must start from the premise—which is much more important than the question whether State ownership in banking is desirable or not—that the rate of economic progress is a product of the whole political, social and industrial complex, and cannot be determined by decree

unless that complex is converted in its entirety to a basis of State socialism. In the absence of economic and political stability there can be no sound "capitalist" banking. The great question facing Germany to-day is whether conditions of public confidence at home and abroad will enable her to avoid a progressively greater State regimentation of her economic life.

NEWFOUNDLAND.

(BY A CORRESPONDENT.)

NEWFOUNDLAND, in common with most other countries, is grappling with serious financial difficulties. Since the War the Dominion has borrowed too freely, using loans to balance budgets as well as to finance extravagant development schemes. At the Newfoundland Government's request, in 1931 the British Treasury sent out Sir Percy Thompson and Mr J. H. Penson to investigate the Dominion's finances. As a result, drastic action was initiated in December, and these gentlemen are remaining in the island as financial advisers with wide powers. This is a big step forward, but a glance at the present position shows that there are still great difficulties to surmount.

The total public debt is now some \$92,500,000 at par of exchange, as against less than \$45,000,000 in 1919 (the unit of currency is the dollar; its value fluctuates with that of the Canadian dollar). Of this debt there is funded approximately £5,250,000 in sterling issues in the United Kingdom; £5,650,000 payable either in sterling or United States dollars at par of exchange; \$29,000,000 in United States dollars; \$850,000 in internal bonds. At par of exchange the total funded debt comes to over \$82,000,000.

In addition, the Government guarantees principal and interest of \$10,787,000 of bonds, of which \$9,733,000 are 5½ per cent. securities of the International Power and Paper Company.

The effect of the recent variations in exchange is shown in the following table:—

APPROXIMATE ANNUAL COST OF NEWFOUNDLAND'S FUNDED DEBT.

	(In Newfoundland dollars.)		
	At par of exchange.	At present rates of exchange.	If the Newfoundland dollar came on parity with present sterling basis.
	(a)	(b)	(c)
Sterling issues.....	962,500	791,000	962,500
U.S.A. issues (including convertible sterling)	2,993,000	3,480,500	4,215,500
Internal issues.....	34,000	34,000	34,000
Total.....	3,989,500	4,305,500	5,212,000

(a) \$4.86½ Newfoundland = \$4.86½ U.S.A. = £1.

(b) \$4 Newfoundland = \$3.44 U.S.A. = £1.

(c) \$4.86½ Newfoundland = \$3.44 U.S.A. = £1.

The position of the unfunded debt is sounder in this respect, as, apart from less than \$2,000,000 due to the Imperial Government, the balance is owing to Canadian banks; but as Newfoundland's total revenue for the year 1930-31 was less than \$10,000,000, it is clear that if her debt service is not to become almost an impossible burden, the Canadian dollar should maintain a comparatively high exchange value in United States currency. It is, therefore, fortunate for Newfoundland that Canada herself has similar reasons for wishing her dollar to have a high gold value.

With the exception of a small surplus in the years 1924-5 and 1929-30, Newfoundland has not balanced her Budget since 1920. The figures for the last five years are:—

Year ending June 30th.	Revenue.	Expenditure.
	\$	\$
1927	8,932,435	10,533,409
1928	9,466,005	10,740,925
1929	10,025,649	11,132,822
1930	11,579,215	11,434,313
1931 (estimated)	9,920,500	11,895,000

In the year 1931-32 a substantial deficit is expected. Last year debt service probably required some \$4,300,000, while in the current year the figure may be about \$4,800,000. Newfoundland has peculiar difficulties in the forms of taxation that she can impose, in view of the

restricted earning power of her people, whose main industry is catching and curing fish. About 85 per cent. of her revenue is derived from Customs duties, and these decline inconveniently during periods of depression. To counteract this, it is believed that duties can be made payable on a wider range of goods and that income tax can be increased.

Newfoundland is also unfortunate in her trade distribution under present exchange conditions. The following are the island's trade figures for the last few years:—

Year ending June 30th.	Imports.	Exports.
	\$	\$
1927	25,814,000	30,840,000
1928	27,637,000	33,645,000
1929	29,237,000	36,798,000
1930	31,871,000	40,052,000

The figures for the year ending June 30, 1931, are not yet available in this country, but exports exceeded imports by some \$4,000,000. The increase in the 1929-30 figures was accounted for largely by the high price obtained for fish in that year. The trade is distributed approximately as follows:—

	Imports.	Exports.
	Per cent.	Per cent.
United Kingdom.....	17.5	21.5
Canada	41	10
United States	38	28.5
Other Countries	3.5	40

The "other countries" are represented mainly by Brazil, Spain, Portugal and Greece, who are Newfoundland's main customers for dried fish. It thus appears that the island is in a very different trading position from England under present exchange conditions, dependent as she is on Canada and the United States for some 80 per cent. of her purchases, and selling about 60 per cent. of her products to countries with depreciated currencies. This position is further aggravated for the fish merchants, who have been meeting with serious competition from Norway and Iceland, as these countries now have the added advantage of operating more or less on a sterling basis. It was realised prior to the fall in sterling that the fish industry had been losing its place in the world's markets on account of the quality of its products being poorer than that of its competitors. Efforts are being made to rectify this by better grading, improved curing, etc. For the year ending June 30, 1930, it was estimated that the island's gross production of manufactures was valued at \$45,500,000. Of this amount \$16,000,000 was ascribed to fishery products (employing 100,000 people) and \$19,250,000 to wood products (employing 6,000 people). In the same year exports of mine products were valued at some \$7,000,000. The timber and mining industries are controlled by British, Canadian and American capital, and the island does not get the full advantage of their profits.

Newfoundland's financial difficulties came to a head in May, 1931, when the Government advertised for tenders for a loan of \$8,000,000. No tenders were received, but it was announced later that the loan had been taken up temporarily on satisfactory terms by a group of Canadian banks. A more serious situation arose at the end of December, when the Government had considerable difficulty in borrowing the money required for the interest payments due in January. Eventually \$2,200,000 was borrowed from a syndicate of Canadian banks on six months' 5½ per cent. debentures, subject, *inter alia*, to the following conditions:—

(1) The Government undertook to do all in its power to balance the Budget for 1932-33 and to create in subsequent years a substantial sinking fund for repaying, first, the floating debt and then the other debts.

(2) The Government undertook to do its best to raise an internal loan to take care of the interest due on July 1, 1932.

When the Legislature recently met, the Speech from the Throne indicated that the Government intends to take immediate steps to fulfil the above conditions. There have been various reports regarding the possibility of Newfoundland selling Labrador to Canada, and a price of as much as \$100,000,000 was mentioned recently by a Minister. It can be assumed, however, that the present financial position of Canada precludes such an investment for some years.

* Full details will be found in our Berlin correspondent's dispatch on page 463.

Notes of the Week.

The Bill —The proceedings in the committee stage of the Import Duties Bill form a depressing chronicle for those who believe that the ineptitude of the Government's fiscal policy represents a deadly blow to the best interests of this country and a disastrous aggravation of the difficulties under which the world is labouring. The Liberal Free Traders and the Labour Opposition struggled manfully to eradicate some of the worst elements in a pernicious measure, but the story of their efforts is mainly one of victory to the "big battalions." On Clause 1, providing for the imposition of the 10 per cent. *ad valorem* duty, Major Lloyd George tried in vain to press an amendment providing that the duty should be imposed only "after inquiry and report," to which Mr Runciman, regardless of the strength of sterling, was content disingenuously to reply: "We have not the time to spare." This sound, delaying amendment, for whose rejection no "emergency" could logically be pleaded, was accordingly lost; and a similar fate was meted out to the proposal that the rate of duty should be reduced from 10 to 5 per cent. A minor concession was obtained from Mr Chamberlain, who agreed that "in cases of special urgency" the Treasury, on the advice of the Advisory Committee, might add articles to the free list earlier than originally proposed, i.e., before the expiration of six months from the passing of the Bill. But a most sinister amendment, which the Chancellor himself proposed, that the Treasury should have power, on the recommendation of the Advisory Committee, to make deletions from the free list by Orders-in-Council was defeated only as a result of the Chairman's ruling it out of order. Thus thwarted for the time being, Mr Chamberlain observed that he could deal with the matter in the Finance Bill. On Clause 2 the efforts of the opponents of the Bill were concentrated on endeavouring to secure that the proceedings of the Advisory Committee were attended by publicity and that importers and consumers should have a statutory right to be heard. The efforts were, of course, in vain; the Government spokesmen had little difficulty in persuading the House that the evidence lodged before the Committee must be confidential, and that the Committee must be trusted to pay as much attention to the interests of importers and consumers as was good for them. All that the Opposition could secure was a promise from the Government that the Chancellor, when making Orders on recommendations of the Advisory Committee, would give the House "as far as possible all reasonable information" as to the ground on which the recommendations were based. Curiosity as to the personnel of the Committee was scarcely satisfied by Mr Chamberlain's announcement that the chairman would be neither a civil servant, a manufacturer, a trade unionist nor an economist; and under Clause 3 nothing was done to clarify the principles which should guide the Advisory Committee's deliberations. For the rest, the Dominion and Colonial preferences were rushed through with little enough encouragement for sound hopes of much greater freedom of trade emerging from the Ottawa Conference, and the threat to the re-export trades was dismissed perfunctorily with assurances that inconvenience would as far as possible be minimised.

The List —Since approval by the House of the main structure of the Bill was a foregone conclusion, the best hopes of mitigating to some extent its evil effects lay in the possibility of securing extensions to the free list, though it remains to be seen how far Mr Chamberlain will take powers in the Finance Bill to whittle away even this relic of unimpeded trade. Deplorably, as it seems to us, the discussion of the schedule of goods to be exempted from the *ad valorem* duty was confined by the guillotine to a wholly inadequate time. Protectionist attempts to exclude meat and newsprint were happily defeated; and the Government, to their credit, voluntarily added to the list maize, all unwrought copper and all metal ores (instead of only tin ores and concentrates, as originally proposed). Exemption from duty was also extended to esparto, potassium carbonate and certain other mineral

potassium salts, whale oil produced in British floating factories, and semi-precious stones and pearls. On the other hand, the tariffists succeeded in securing the deletion from the free list of hemp—a concession to pressure from Kenya producers of sisal which is likely to deal a severe blow to the export trade of British rope and twine manufacturers. The last three hours of the debate were occupied in vigorous, but inevitably unsuccessful, efforts on the part of the Labour Opposition to obtain the exclusion of foodstuffs from the *ad valorem* duty. An unfortunate indirect result was that the case for making such obviously essential additions to the free list as, for example, timber and non-ferrous metals, was not even considered by the House, though, as we go to press, we are glad to learn that in the Report Stage flint, cork, soya beans and "true" hemp were added to the free list. Seldom in the history of the British Parliament can a measure of such importance to the future of British industry have been "railroaded" through with such unconscionable haste.

—and the Devil —With the minor modifications noted above, the Bill will have been sent to the Upper House before these words are read. How far the potentialities for evil which it holds can be neutralised will depend on the vigour with which Free Trade opinion in this country can be mobilised to bring pressure on the Advisory Committee and to induce the Government to think less of giving shelter to vested interests at home than of negotiating abroad with a view to the establishment under our lead of the widest possible area of countries on a mutual Free Trade, or at least minimum tariff, basis. A fiscal revolution in this country is a *fait accompli*, and simply to cry over spilt milk is not the policy which we shall advocate for the future. On the last occasion, however, which we shall have of appearing as a Free Trade journal in a Free Trade country, we desire to place on record our unrepentant view that the Import Duties Bill is an intrinsically vicious measure, inequitable as a means of raising revenue, handicapping through its taxes on raw materials and "semis" the manufacturers of this country who are in competition with foreign rivals in the export markets, damaging fatally our re-export trades, and opening up a deplorable vista of log-rolling, corruption and fiscal uncertainty, which will impede the essential process of reorganising British industry.

Japan's Reply to the League —The Japanese reply to the appeal from the Council of the League of Nations is an able piece of diplomatic technique, in the sense that it says offensive things in studiously courteous language, and makes preposterous statements in plausible terms. It remains to be seen, however, whether this cleverness is not really "clever-foolish." The one thing which the Note makes clear is that Japan is still as firmly resolved as she has been, ever since the militarists got the upper hand over Baron Shidehara on September 1st, to go on her own warlike way without yielding an inch to the League or the Powers. At a stage in which the Powers are afraid that Japan may bite and scratch, this policy of bland intransigence is efficacious. But snubs are not less resented for being veiled; and the snubs which the Japanese have been administering to the world during the past months will recoil on their own heads when Japan reaches the end of her tether, as she infallibly will. The latest Japanese Note is addressed "to twelve members of the Council of the League" severally, on the ground that "the Committee of Twelve" (i.e., the League Council minus the Japanese and Chinese delegates) is not "the Council" juridically. The essence of the statement enclosed in the Note is that Japan is not the wolf but the lamb, and that Japan does not recognise China as an "organised people" within the meaning of the League of Nations Covenant. On the first point, the statement remarks that "it does not appear to be suggested that Japan was wrong in resisting the attack (sic) made on her marines"! The second point has the most far-reaching implications. In fact, it implies that China is outside the law, and is to be exposed to any kind of treatment by anybody.

On this point, the Japanese have already shrunk back from the logical consequences of their own principle; for "the official spokesman" at Tokyo has made a would-be reassuring statement to limit the application of the principle, if not to explain it away. As for the Washington Nine-Power Treaty, the Japanese Note roundly denies the right of the League Council to invoke it. All this is very adroit rapier-play; but the really important fact is that the Japanese thesis, as now enunciated, is directly at loggerheads with the American thesis that has been expounded simultaneously by Mr Stimson.

American Policy in China —The open letter, dated Wednesday, February 24th, from Mr Stimson to Senator Borah on American policy in regard to China is probably the most important diplomatic document relating to the Far Eastern crisis that has been made public since the crisis began. It was the outcome of a Cabinet meeting at Washington which was followed up by *tête-à-tête* conversations between the Secretary of State and the President of the United States; and it is, therefore, as authoritative as any statement possibly could be. We, therefore, hope that Mr Stimson's words will be studied and taken to heart by H.M. Government at Westminster as well as by the Government at Tokyo. Mr Stimson not only lays down emphatically that the Nine-Power Treaty stands now just as strongly as ever, without there being any question of re-interpretation or revision. He also points out that all the treaties concluded at the Washington Conference were—and have always been recognised to be—inter-related and interdependent; and that any proposal to modify or abrogate the Nine-Power Treaty would automatically throw into the melting pot the naval limitation treaties as well. Japan's present action is condemned by Mr Stimson in very plain language. "It is clear beyond peradventure that a situation has developed which cannot under any circumstances be reconciled with the obligations of the covenants [of the Nine-Power Treaty and the Kellogg Pact]; and that, if the treaties had been faithfully observed, such a situation could not have arisen." These events, "far from indicating the advisability of any modification" of the treaties, "have tended to bring home the vital importance of their faithful observance." In conclusion, the United States Government reiterates its decision, already announced on January 7th, that it will not recognise any situation, treaty or agreement entered into by the Japanese and Chinese Governments in violation of treaties in force. The American Secretary of State calls upon the other Governments of the world to take up the same position. In this connection, we are sorry to observe that on the very day on which Mr Stimson's letter was dated it was stated in the House of Commons at Westminster by the Under-Secretary for Foreign Affairs, a propos of the installation of Japan's puppet-Government in Manchuria, that, "since this declaration had been made by the local Chinese authorities, there did not appear to be any ground for action by His Majesty's Government in the United Kingdom under the Nine-Power Treaty of 1922." This comes perilously near to British collusion with Japanese policy in Manchuria. Moreover, it is the second occasion on which our Government has conspicuously dissociated itself from the action of the American Government when in the application of the Nine-Power Treaty has been in question a propos of Manchuria. Have our Government well considered whither this line of action will lead them?

The New French Government —A new French Government was successfully constituted by M. Tardieu in the early hours of last Sunday, February 21st, and obtained a vote of confidence from the Chamber, on Tuesday, by a majority of 47 votes. The President of the Republic, M. Doumer, had entrusted M. Tardieu with the task of attempting to form a "Government of Liquidation" after M. Painlevé had tried and failed to form a "Government of National Union." (M. Painlevé is one of that characteristic school of French statesmen—the men of the Left who are ready to play the game of the

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Right). In the new Cabinet, M. Tardieu himself is a kind of recurring decimal, for, besides being Prime Minister and Minister for Foreign Affairs, he is the only solid reality behind the men of straw from whose nerveless fingers all but two of the other Ministerial portfolios now dangle. The two exceptions which prove the rule are the redoubtable M. Flandin, who returns to the Ministry of Finance, and the late Prime Minister, M. Laval, who now goes to the Ministry of Labour, an appointment which indicates that the unemployment problem in France is being taken rather seriously now by the politicians. The personnel and policy of the French Delegation to the Disarmament Conference remain as they were; and thus M. Tardieu returns to Geneva with his authority at least undiminished, if not enhanced. It is some consolation to reflect that M. Paul Boncour returns to Geneva likewise; for, whether or not we altogether agree with the policy of so rigid a "Geneva Protocolite," M. Paul Boncour has at least the two merits of being sincere and of knowing his own mind. Thus, on the whole, the reconstruction of the French Government portends no change in the foreign policy of France before the elections take place, three months hence. To outward appearance, too, it involves no change in French internal politics; since, whatever Government holds office, it is bound to do the bidding of the present Chamber until the Chamber's mandate runs out. One important effect, however, of the now surmounted Cabinet crisis has been to scotch the scheme for ensuring a victory of the Right in the forthcoming elections by a manipulation of the electoral law. In whatever way the law may be furbished up before the elections, it is clear that it cannot and will not now be misused for this illegitimate purpose. Still more important is the psychological fact that the political crisis has aroused the fighting temper of the Left—a temper which was turbulently manifested in the Chamber last Tuesday, when the Socialist deputies made a mass attack across the floor of the House upon a deputy who had made abusive ejaculations against M. Blum. The French general election promises to be exciting; yet it would be a mistake to pin our hopes upon a victory of the Left; and even if the Left does win, "Plus ça change, plus c'est la même chose" is a sound and sobering maxim which should never be left out of our reckoning.

British and French Reparations Policy —Last Monday Sir John Simon, in answer to a question from Major Nathan, categorically denied that His Majesty's Government has entered into, or is in the course of negotiating with any foreign Government, any agreement or understanding, explicit or implied, which might in any way qualify the Government's complete liberty of action in endeavouring to secure acceptance at the projected Lausanne Conference of its declared policy that a comprehensive and permanent settlement of the reparations

question must be reached as soon as possible by means of a general cancellation of reparations and war debts. In reply to the further question, whether His Majesty's Government intended to press at the Lausanne Conference for a decision and immediate action in that sense, Sir John Simon referred his questioner to the declaration of the Chancellor of the Exchequer on February 2,* in which Mr Chamberlain not only emphatically affirmed that the Government held to the policy of "the clean slate," and that they would press for a permanent settlement on the basis of the findings of the Young Plan Advisory Committee, but added that as it was clear from the Committee's report that Germany is not in a position to resume the fulfilment of her obligations under the Young Plan, that fact would assuredly have to be taken into account at the Conference. These unequivocal pronouncements should finally dispose of the uneasy rumours that the British Government's hands have been in some fashion tied by an engagement preventing the abolition of reparations. As the air thus clears, the prospect for the Lausanne Conference seems more hopeful. M. Tardieu cleared it a little further in his speech to the Chamber on Tuesday. Welcoming the agreement for the holding of the Lausanne Conference in June, M. Tardieu said that his Government hoped for a general *entente* with Great Britain. It must, of course, be obvious to M. Tardieu that in reparations policy no common front between the two countries is possible except on the basis of the recognition of Germany's incapacity to pay, though it is too much to hope that the French Government has already itself adopted those principles. M. Tardieu did, however, add that the French point of view with regard to reparations might be summarised as respect for contracts, permitting of adjustments freely negotiated, but excluding the repudiation of signatures. Thus disembowelled, French policy is seen to be no more than the bare bones of legal sanctity, which may rattle fearsomely but cannot finally obstruct a flesh-and-blood settlement on the basis of fact.

The German Presidential Candidates.—Herr Hitler, it seems, is to stand for the Presidency, though whether he is a willing or unwilling candidate remains obscure. According to reports, true or untrue, the difficulty over his naturalisation is to be overcome by a whimsical expedient. To get Herr Hitler naturalised by the normal process would have been a ticklish business, since an applicant for German citizenship has first to take out his papers in some one of the seventeen *Länder* of the German *Reich*, and then the Governments of all the other sixteen *Länder* have to ratify the act of the sister *Land* before it becomes valid. When the applicant is of the convenient average obscurity, this concurrence is simply a matter of form. Herr Hitler, however, whatever else may be said of him, certainly cannot be called obscure; and if Thuringia or Brunswick had taken the initiative in carrying him half-way towards becoming a German citizen, some other German State, such as Hamburg or Prussia, could probably be trusted to throw him out in the second stage. Hence his hesitation to try this method; but a way of circumventing the ordinary procedure has now apparently been found. So great is the German regard for learning that if an Englishman or an Austrian secures appointment to a professorial chair in Germany, this suffices to turn him into a German citizen *ipso facto*, at a single stroke. Accordingly, so the tale runs, the Minister of the Interior in the National-Socialist State of Brunswick is to transform Herr Hitler into a German by appointing him Professor of Political Pedagogics at the Brunswick Technical University! We rather wonder whether Cinderella is altogether grateful to her Fairy Godmother; but there it is. Herr Hitler's position is the less eviable inasmuch as he finds himself not one of three candidates but one of four. The vote of the militant Right is to be split between the leader of the Nationalist-Socialists and the second-in-command of the *Stahlhelm* Organisation, Lieutenant-Colonel Dösterberg, who is the Hugenberg candidate. Herr Thälmann is to stand for the Communists, while President Hindenburg will have the support of the moderate Right as well as

the Centre and the Social-Democrats. The division in the ranks of the militant Right, together with President Hindenburg's personal prestige and popularity ought, on the face of things, to make Hindenburg's victory certain; yet we dare not be too confident, for in a country in which the stress and strain of life are as great as they are nowadays in Germany, anything may happen. We shall await with some anxiety the event of an election on which two other forthcoming European elections, one in Prussia and one in France, will largely turn. Meanwhile, we may note that the scene which occurred in the French Chamber of Deputies on Tuesday had its almost exact counterpart on the same day in the Reichstag, where the Nazi, Dr. Goebbels, was howled down by the Socialists and Communists for a libellous reference to President Hindenburg.

The Disarmament Conference: Chapter II.—On Wednesday, February 24th, the Disarmament Conference at Geneva concluded the first chapter of its work and entered upon the second. In the morning the preliminary statements of views by the representatives of fifty Governments were summed up by the President of the Conference, Mr Arthur Henderson. In the afternoon the General Committee of the Conference held a sitting, which was attended by Sir John Simon, M. Tardieu, Herr Nadolny and M. Litvinov among others. (Unfortunately, Signor Grandi was unable to be there in time.) The resourceful and indefatigable Dr. Benes was appointed to be the General Committee's rapporteur; not a bad appointment; for, although the country which Dr. Benes represents is definitely in one of the camps into which the states of Europe are now unhappily once more divided, Czechoslovakia is not simply a blind follower of France. She has a policy of her own which is moderate and constructive, and which is ably represented by a statesman who has taken an active and prominent part in all the international discussion on Disarmament and Security since the Peace Conference of Paris. At the same session of the General Committee Sir John Simon moved that the Draft Disarmament Convention should be used as the framework for the Committee's debate, without excluding from consideration any of the views that have been expressed during the last fortnight in the plenary meetings of the Conference. This proposal is a touchstone of the prevailing temper and intentions of the Governments represented; for, at the end of the final session of the Preparatory Commission, the Draft Convention was rejected by Germany and the U.S.S.R., while, at the beginning of the Conference itself, it was ignored by France in the Tardieu Memorandum. It is therefore satisfactory to know that Sir John Simon's motion was supported on Wednesday by Herr Nadolny, M. Litvinov and M. Tardieu. M. Tardieu entered the caveat that certain (unspecified but easily identified) articles in the Draft Convention were to be regarded as established and not subject to discussion. M. Litvinov asked that, before a decision was taken on Sir John Simon's proposal, the Soviet Government's proposal for total and complete disarmament should be put to the vote. It is reasonable that Soviet Russia should have this opportunity of formally "showing up the Capitalist Powers." On the other side, M. Litvinov has shown reasonableness in not refusing to participate in the General Committee's subsequent proceedings if—as seems a foregone conclusion—his own proposal is rejected. Meanwhile, many of the proposals that were made verbally during the general debate have been circulated as the Conference's memoranda. The United Kingdom memorandum suggests, as subjects for special study, the limitation of the number of effectives, the prohibition of mobile land-guns above a certain calibre, the abolition and prohibition of submarines, the reduction of the size of men-of-war and naval guns, and the problem of bombing from the air. The United Kingdom delegation also stresses the importance of abolishing chemical and bacteriological warfare and setting up a Permanent Disarmament Commission.

The Pound Sterling.—The behaviour of the sterling-dollar exchange during the past week has amply justified the action of the Bank of England authorities in reducing Bank rate last week from 6 to 5 per cent. So far

from the pound being adversely affected, the demand for sterling from many quarters has been a striking feature of the market, and there has been evidence of foreign purchases both of British Treasury bills and long-dated Government securities. In consequence, as we observe in our Money Market Notes, discount rates have weakened appreciably, and the fall has inspired talk of a further reduction of Bank rate. In view of the undesirability of encouraging an influx of "bad money" to London, we are of opinion that the advisability of a further reduction in Bank rate might well receive the authorities' consideration at no distant date; but a preliminary step, which is urgently required, is the removal of the Treasury restrictions on foreign exchange dealings, for whose continuance no shred of justification any longer exists. Their maintenance has been throughout an impediment to the adequate development of a free forward exchange market, and we believe that their abrogation would be welcomed to-day by all responsible sections of opinion in the City.

The Civil Estimates.—The Civil estimates and estimates for Revenue departments for 1932-33, which include pensions, education, insurance and other grants, and Exchequer contributions to local revenues, total £402,028,105 net, compared with an initial net estimate of £387,612,572 for 1931-32, raised by supplementary estimates and by the adjustments of the second Budget to £409,614,765. In order to make a fair comparison it is as well to consider those adjustments first. In presenting his second Budget of the year, Mr Snowden increased the estimates by £25 millions for Unemployment Insurance Fund borrowing and £9 millions for Road Fund borrowing, which were thenceforward to be incorporated in the Budget. For the full year 1932-33 these charges were reckoned at £60 millions and £10 millions respectively. Besides, £10 millions would have to be added to the original 1931 estimates for the extra cost of transitional benefit in 1932. These additions thus totalled £80 millions in a full year. The unemployment expenditure was calculated on a basis of a live register of 8 millions, whereas the actual figure has been more nearly 2½ millions recently. The economies which were in some measure to counter-balance those increases were reckoned at £25.8 millions for reduction of unemployment expenditure, £10 millions from increased contributions to the unemployment fund from employers and workmen, and £7,865,000 for reduced Road Fund expenditure. The net addition to the original 1931 estimates would thus have been £2,135,000 for Road Fund and £34,200,000 for unemployment. Now the actual estimates for 1932 show an increase of £2,750,000 for the Road Fund and of £19,592,000 for the Ministry of Labour vote. Assuming that the ordinary administrative expenses of the Ministry have been slightly reduced by the salary cuts, it appears that whereas the Road Fund saving has not been fully realised, the Chancellor has in respect of unemployment expenditure an advantage of about £15 millions over the estimates of his predecessor, largely, no doubt, thanks to the reduction in the live register. If we exclude those two items, the net estimates are as follows: 1931 original, £342,747,000; 1931 final, £344,049,000; 1932 original, £334,820,000. It will thus be seen that the economies, comparing the two original estimates, have amounted to £8 millions. This is rather disappointing. Apart from the items already mentioned, and the Defence services, the economies which Mr Snowden foreshadowed for 1932-33 totalled £17.7 millions, less than half of which has eventuated. The chief difference is in the Board of Education vote, which has been cut by only £5.5 millions instead of £10.3 millions—a matter concerning which we offer no complaint in view of the vital social importance of this service. Again, the Health votes were to be reduced by £1,250,000, whereas the estimates show a reduction of only £275,000; the projected cut of £580,000 in the Ministry of Agriculture vote becomes only £304,000, while the extravagant and wasteful burden of the beet sugar subsidy almost wipes that out with a rise of £250,000. The saving on police, on the other hand, is to be more than realised. The cost of the diplomatic and consular services is up by £179,000, that of widows',

orphans' and old age pensions by £2,544,000, while war pensions automatically decline by £2,817,000. Stationery and printing is to cost 134,000 more, and the Customs and Excise and Inland Revenue departments £1,061,000 more. The conclusion must be that large economies will have to be made in the defence services if the country's hopes of substantial relief from the present tax-burden are to be realised.

The New Zealand Exchange.—During the past eighteen months Australia's economic and financial problems have overshadowed those of New Zealand, but there is no doubt that the difficulties imposed by the world depression upon the latter Dominion are very real. The fall in world prices of primary products has hit New Zealand agriculturists very hard indeed, and the blow has only been partially mitigated by the limited depreciation of the New Zealand pound, which at present is quoted at £110 per £100 sterling. The depreciation of the Australian pound first to £130 and now to £125 has also conferred a competitive advantage upon Australia, though the foreign trade of both Dominions has naturally benefited during recent months from the fall in sterling itself. In these circumstances it is not surprising that a body of New Zealand opinion holds that not only should drastic reforms, based upon the Australian model, be carried out in New Zealand public finances and in the domain of fixed interest charges, but that the New Zealand exchange should be raised more into conformity with the Australian rate. On these points there is much to be said upon both sides. Dutch public opinion has resolutely refused to meet foreign competition with products of Holland and the Dutch East Indies by means of a deliberate depreciation of the florin, and now, in response to a request from the National Bank of New Zealand, Professor Gregory has cabled a guarded reply summarising the arguments against a deliberate policy of exchange depreciation. He rightly points out that such a policy would weaken New Zealand credit, render it more difficult for her to deal with maturing foreign debts, bring into being new problems of wages and prices, and encourage a false economic and business atmosphere. Furthermore, once such a policy is embarked upon, it becomes very difficult to restrain it within reasonable limits. On the other hand, there is nothing to be gained from maintaining a currency at an artificially high level, for as Australian experience showed just over a year ago, the only result is the growth of a "black" exchange market to the point which in the end forces the authorities to relax control and to allow the exchange to find its natural level. This probably is the right line for New Zealand to take. If any difficulty in obtaining foreign exchange arises or if there is any sign of the development of unofficial dealings, then her currency should at once be allowed to find its natural level; and if that accorded with the Australian exchange rate, one of New Zealand's difficulties would be removed.

Sterling and Gold Prices.—The past fortnight has witnessed a small, but welcome, rise in the level of world prices. As will be seen from the following table, the complete *Economist* index has risen by 2.1 per cent. since February 10th, while our index of gold prices has moved upwards by a little less than 1 per cent:—

SEPTEMBER 18TH, 1931 = 100.

Date.	Economic Indices.			Irving Fisher, U.S.A.	Statistique Générale France.	Milan Chamber of Commerce, Italy.	Statistische Reichsanstalt, Germany.
	Complete Index (sterling).	Primary Products (sterling).	Gold Prices.				
Sept. 30th ...	107.8	112.0	94.7	98.7	96.9	98.8	98.9
Oct. 14th ...	108.3	114.3	95.7	98.9	96.9	99.7	98.0
Oct. 28th ...	108.4	114.4	101.4	99.3	95.6	99.9	98.7
Nov. 11th ...	110.3	119.3	103.5	99.3	96.0	99.3	98.3
Nov. 25th ...	109.1	114.8	98.0	98.3	94.2	98.8	97.6
Dec. 9th ...	110.3	117.3	93.0	97.3	93.3	97.1	96.1
Dec. 30th ...	108.9	117.1	94.4	96.1	93.4	96.9	94.6
1932.							
Jan. 13th ...	109.6	117.7	94.5	94.5	93.8	96.3	92.6
Jan. 27th ...	108.3	115.7	93.8	93.5	93.6	95.8	91.6
Feb. 10th ...	108.6	117.3	88.8	92.2	94.2	98.0	91.6
Feb. 24th ...	110.9	120.9	89.6	...	...	...	...

* See *Economist*, February 6, p. 292.

The indices of the price level in gold countries, which we reprint from the *Financial Times*, show a further fall in the American price level, but the downward movement in Germany has been temporarily checked, while in Italy an appreciable increase has taken place. So far as the British price level is concerned, movements during the past fortnight, with the exception of minerals, which have remained comparatively steady, have been generally in a slightly upward direction:—

"ECONOMIST" INDEX.

(1927 = 100.)

	Sept. 18, 1931.	Feb. 10, 1932.	Feb. 24, 1932.
Cereals and meat	64.5	70.3	72.3
Other foods	62.2	66.7	68.6
Textiles	43.7	52.5	53.7
Minerals	67.4	75.4	75.3
Miscellaneous	65.8	65.1	66.7
Complete Index ...	60.4	65.6	67.0
1913 = 100	83.1	90.3	92.2
1924 = 100	52.2	56.7	57.9

It will be noted that, as compared with the level of September 18th, textiles have made the biggest advance, while the miscellaneous group still shows the least signs of recovery.

British Production in 1931.—The downward movement in the industrial activity of the United Kingdom, which began early in 1930 and continued without interruption until the end of September last year, appears to have been reversed by the subsequent depreciation in the gold value of sterling. While, according to the index of production calculated by the Board of Trade, industrial activity in the past year was 9.3 per cent. lower than in 1930, and 16.2 per cent. smaller than in 1929, in the last quarter of 1931 the index rose from 89.3 (1924 = 100) to 96.8. The following table shows the comparative figures for the respective groups:—

INDEX OF PRODUCTION. (1924 = 100.)

Group.	Year 1929.	Year 1930.	Year 1931.	1931.	
				Sept. Quarter.	Dec. Quarter.
1. Mines and quarries	96.8	91.3	81.6	75.7	85.6
2. Iron and steel and manufac- tures thereof	114.0	88.8	65.9	61.0	71.6
3. Non-ferrous metals	120.5	119.1	100.1	96.7	97.4
4. Engineering and shipbuilding	121.0	116.0	94.9	89.2	89.0
5. Textiles	98.5	79.5	77.0	70.7	89.6
6. Chemical and allied trades...	115.8	102.2	94.4	90.9	92.8
7. Paper and printing	(a)	(a)	(a)	(a)	(a)
8. Leather and boots and shoes	98.5	101.4	99.3	95.4	101.3
9. Food, drink and tobacco ..	106.0	104.9	103.5	108.6	103.6
10. Gas and electricity	135.8	138.7	143.2	(b)	(b)
Total of manufacturing in- dustries (2-10)*	115.5	106.3	96.7	92.7	99.6
Total of all groups (1-10)* ..	111.8	103.3	93.7	89.3	96.8

* Including also various industries not specified above.

(a) Adequate information in respect of the paper and printing trades has not yet been available. The particulars received have been included in the general index.

(b) Complete information regarding gas production in 1931 is not yet available; a provisional estimate of the quantity made has been used for the calculation of the group index for the year 1931, but no information is available as to the quantities made in each quarter. The available data for electricity have been included in the general index numbers for the four quarters of 1930 and 1931.

A comparison of the past year with 1930 shows that the setback has been most pronounced in the branches of activity which are engaged in the manufacture of capital goods. Thus, the index for the iron and steel group shows a fall of 26 per cent., and the figure for engineering and shipbuilding one of 18.5 per cent. The output of coal was roughly 10 per cent. smaller than in the preceding year, and the absorption of non-ferrous metals decreased by 16 per cent. On the other hand, the index for food, drink and tobacco records a decrease of only 1.3 per cent. Activity in the textile trades fell by 3 per cent., and the output of boots and shoes was slightly smaller than in 1930. The gas and electricity producing industries are the only branches of activity which record an expansion in output during the past year. The index for the October-December period of 1931 shows a rise of 7.4 per cent. on the preceding quarter. The principal industries to benefit

from the depreciation of sterling were the textile and iron and steel and coal-mining industries. More recent information suggests that the improvement was short-lived, mainly because of the deepening of the depression abroad.

The North-West Frontier and Kashmir.—In one of the most deeply disturbed regions of India, two constitutional changes, both of which may have a sedative effect, were announced last week. One of these changes affects a British Indian province, the other an Indian State. In Delhi, on February 19th, the Government of India announced that the arrangements which have been put in force for bringing the North-West Frontier Province into line with the ordinary "Governors' Provinces" will be completed in April. The elections for the new North-West Frontier Province Legislative Council are to take place during the second week in April, and the Legislature is to meet a few days afterwards. Thus the North-West Frontier Province will be raised to the dyarchical status in time to move forward, with the other provinces of British India, to the status of full provincial responsibility when the new Indian Constitution is introduced. On the same day it was announced in Delhi that the changes that have just been made in the administration of Kashmir have been made entirely on the Kashmir Government's own initiative. As has been recorded in the *Economist*, the internal disturbances in Kashmir have twice lately compelled the State Government to call in British troops; and, since it is notorious that the cause of the disturbances has been flagrant misrule, these police measures have now been followed up by the more radical, but also more constructive, step of appointing an Englishman, Colonel Colvin, in place of a Hindu, as Prime Minister of this country in which the dynasty is Hindu but the population Mohammedan. This direct British intervention in the internal affairs of an Indian State has caused some perturbation among the Indian Princes, who dislike the prospect of this becoming a precedent. But the Princes are surely out in their calculations. They have nothing much to fear from the British, who are the retiring partners in the firm of the Indian Raj. The rising power, with which the Princes will have to reckon, is the power of the British Indian Démos. And it is assuredly in the collective interest of all the Indian Princes that every Indian State should have its house set in order before Démos is seated in the saddle in the provincial capitals and thereafter at Delhi. Otherwise they will be inviting future intervention from quarters whence intervention may come in a much more formidable guise. A Hindu Prince of Kashmir certainly cannot afford to leave his Muslim subjects ill-governed when two adjoining Muslim provinces of British India—the North-West Frontier Province and the Punjab—are on the eve of attaining local self-government for themselves.

Spain's "Budget of Deliverance."—Although comparatively immune from the effects of the international economic crisis, Spain is no exception to the rule of mounting expenditure which cannot be met by normal revenue. The first Budget of the Republic, which was introduced in the Cortes last Friday, reached larger dimensions than any previous Spanish Budget. This was due mainly to a laudable desire to clean up the whole financial position inherited from eight years of dictatorship. General Primo de Rivera, in his zeal for development and material progress, had launched an ambitious programme of public works which might indeed in fifteen or twenty years have repaid the capital expenditure, but which in the meantime plays ducks and drakes with the nation's finances. His amateurish counsellors had resorted to the time-dis-honoured expedient of a special budgetary section of "extraordinary expenditure." Señor Carner, the hard-headed Catalan business man who has succeeded the Socialist Señor Prieto as Minister of Finance, has made special provision for closing that account. Thus the official estimates of expenditure total 4,461,000,000 pesetas against a revenue of 4,550,000,000 pesetas, but of that sum only 3,931,000,000 pesetas is ordinary expenditure, the remainder representing the railway and cheap housing

funds and public works contracts outstanding. Señor Carner has called for departmental estimates to be cut to the bone and, in spite of grumblings and rumblings, has increased taxation on half a dozen counts; but, with the tax-yielding capacity of the Republic somewhat of an unknown quantity, he is taking no chances, and has announced an issue of Treasury bonds by way of internal loan to meet the "extraordinary" item of the account. He hopes to obtain 500,000,000 pesetas by this means. An interesting feature of his Budget speech was the frank admission that some of the early measures of the Republic, impregnated though they were with noble idealism, had had untoward financial consequences, and had in fact "produced a partial economic collapse and a fall in revenue." Very naturally, Spanish business circles continue to look askance at a Government with avowed Socialist intentions. Señor Lerroux, the Radical leader, left out of the present Governmental combination, evidently thinks that this diffidence of the business world can be turned to account by his party, which is the largest in the Cortes after the Socialists. In a magnificent speech to a mass meeting of some thirty thousand in the bull-ring at Madrid last Sunday he made his bid for support against the Socialists, urging particularly that the agrarian reform must not be rushed through at the expense of established agricultural interests. This is a strange rôle for the veteran revolutionary. One should perhaps remember that, though always a Republican, Señor Lerroux was a typical specimen of the old *políticos*, with his *caciques* and place-men in the provinces ready to support any programme that was considered expedient by their leader in Madrid. None of the other prominent men in the Republic belong to that "feudal" tradition of politics, and that is why they may justifiably lay claim to stand for "New Spain." Reductions are conspicuous in this "Budget of Deliverance," as Señor Carner called it, in the War Department and the Ecclesiastical Fund. The former is more than counter-balanced, however, by the increase in pensions, owing to the considerable sums due to the officers entitled to a "disarmament dole," i.e., who resigned their commissions voluntarily on full pay in accordance with the Azaña decree last May. Señor Carner struck a very modern note in suggesting that the very much-needed land register and cadastral survey might be undertaken by air.

The "Economist" and Hungary.—We published in our issue of February 6th an article entitled "Reality on the Danube," in which we pointed out the dangers, and the ultimate impossibility, of maintaining indefinitely in Central and Eastern Europe the present regime of extreme deflation and trade restriction. In the course of that article we wrote:—

At present, even the most discontented elements are constrained to ask themselves what purpose a revolution would serve. Nevertheless, inflammable material is rapidly accumulating which a spark might set ablaze. An unavoidable rise in the price of foodstuffs may compel the Governments to introduce requisitioning legislation and so cause a peasant rising; or the exasperation of starving workmen may lead to food riots and to marauding expeditions into peasant districts.

Criticism of our article, which has appeared in the *Pester Lloyd*, on the ground that our remarks were capable of affecting unfavourably Hungary's position, appears to be based on a misapprehension as to what we wrote. *Pester Lloyd* is of course, entitled to its own opinion—which is more hopeful than ours—regarding the ultimate results of the continuance of the present economic trend in the Danubian countries, but to exaggerate our warning into a suggestion that we heralded an imminent revolution "involving large masses of the Hungarian people" is unfair to us and damaging to Hungary. We did not suggest that the present unfortunate condition of Austria and Hungary was due to any mismanagement by their particular Governments, but we did still do believe that everything is to be gained by facing the grim facts and that, to the great advantage of Hungary, her neighbours and the world, "out of the wreck of an unsound, unreal political structure a saner Central and South-Eastern European economy may emerge."

Scottish Temperance and General.—This assurance company's report bears evidence of the difficulties of the year recently concluded. Although the company has achieved the creditable result of an increased volume of new business (the figure has grown from £1,122,000 to £1,187,000), the premium income has slightly declined. This is due partly to an actual increase in the amount paid out under claims, but also, no doubt, to the effect of an abnormal total of lapses of policies. The gross interest income, although greater than in 1930, shows a smaller increase than is customary, and the increase is more than offset by the provision for income tax at the higher standard rate. The result is that the net rate of interest earned has declined from £4 16s. 6d. per cent. to £4 11s. 2d. per cent. Expenses are somewhat higher, and the ratio of expenses and commission combined to premium income has risen from 14.0 per cent. to 14.8 per cent. But the main interest of the report, as will be the case of all financial institutions, is centred on the balance sheet. The amount invested in mortgages, British Government securities, and foreign Government securities all show a decrease on those in the preceding balance sheet, and the largest increase is shown by the investment in the company's subsidiary, Holding Trust, Limited. This company was created some years ago when the Scottish Temperance mutualised itself by the purchase of its own share capital. This capital was thereupon transferred to Holding Trust, Limited, created for the purpose, and the Scottish Temperance holds all the ordinary shares, amounting to £45,000. In addition to this investment in the ordinary shares, which itself shows an increase on that of 1930, a loan to the company standing in the 1930 balance sheet at £139,000 has been increased to £237,000. As this is the largest single investment possessed by the company, it seems very desirable that some explanation should be given as to the purpose for which this large loan is required. The company's last quinquennial valuation was made as on December 31, 1927, and the Stock Exchange securities are retained at the book value then placed upon them, such purchases being entered at cost. The auditors' certificate to this balance sheet is given subject to the depreciation on the Stock Exchange securities, so that it would appear that the hidden reserve hitherto existing in the book values has been wiped out and has been replaced by uncovered depreciation, which will fall to be dealt with at the end of this year, when the next quinquennial valuation falls due.

Pearl Assurance.—The Pearl entered on the year 1931 with an investment reserve fund of £950,000 and assets of £64 millions. Of the assets, an unusually large proportion—some 85 per cent.—was invested in Stock Exchange securities, including over £23 millions in British Government securities, £2½ millions in foreign Government securities, and £2½ millions in ordinary shares. Inevitably, therefore, the company must have suffered a very large depreciation in the year, to meet which the disclosed investment reserves were wholly inadequate. In order to deal with the situation, and at the same time to permit a distribution of bonus (albeit at the reduced rate of 36s. per cent., compared with the normal rate of 46s. per cent.), the company has relaxed somewhat the basis of actuarial valuation both in the ordinary branch and in the industrial branch. In the ordinary branch the rate of interest assumed is now 3½ per cent., compared with 3 per cent., and in the industrial branch 2½ per cent., compared with 2½ per cent., and in both branches a different table of mortality has been employed. Out of the greatly increased surplus shown as a result of these valuations, £4½ millions has been added to investment reserve. The investments in the balance sheet are retained at their book values, which are certified to be fully of the value stated, less the augmented reserve fund of £5,450,000, and it will be interesting to observe if the chairman is able to say that there is still a hidden reserve existing in the book values, apart from the investment reserve fund. The detailed valuation results of the last three years in both branches are shown in the table following.

Ordinary Branch—	1929.	1930.	1931.
Surplus earned during year	980,508	1,105,580	3,262,891
Brought forward from previous year	113,113	76,355	85,956
	1,093,621	1,181,935	3,348,847
Allocations:—			
To Policyholders' bonus	684,132	736,013	590,828
„ Shareholders' account	171,033	183,692	147,707
„ Investment reserve fund	135,196	150,000	2,250,000
„ Staff pension fund	26,905	26,274	25,804
„ Carry forward to next year	76,355	85,956	334,508
	1,093,621	1,181,935	3,348,847
Industrial Branch—			
Surplus earned during year	1,004,895	1,208,679	3,373,692
Brought forward from previous year	96,959	117,284	144,387
	1,101,854	1,325,963	3,518,079
Allocations:—			
To Policyholders' bonus	506,671	553,850	427,720
„ Shareholders' account	340,000	360,000	360,000
„ Investment reserve fund	64,804	200,000	2,250,000
„ Staff pension fund	73,095	73,726	74,196
„ Carry forward to next year	117,284	138,387	400,163
	1,101,854	1,325,963	3,518,079

The rate of reversionary bonus in the ordinary branch is, as already stated, 36s. per cent. on the sums assured, and the allocation under the profit-sharing scheme to the industrial branch policyholders is also on a reduced scale. It may, however, be noted that the surplus shown was fully sufficient to permit of bonuses on the normal scale had conditions warranted such a course. With regard to the new life assurance business, the volume of new business in the industrial branch has been extraordinarily well maintained, the number of new policies issued showing a slight increase, and the sums assured a small decrease from £19,980,000 to £19,800,000. In the ordinary branch, however, there has been a substantial drop in sums assured under new policies from £10,377,000 to £8,022,000. The falling off in new business has enabled the company to show a reduced expense ratio, the figure in the ordinary branch being 10.2 per cent., compared with 10.8 per cent., and that in the industrial branch 32 per cent., compared with 32.9 per cent. In spite of the higher rate of income tax, the net interest income has been well maintained, and the combined rate of interest earned has arisen from £4 14s. 4d. per cent. to £4 15s. 6d. per cent. The fire and accident branches show in all departments a steady increase in premium income, and the total now amounts to £718,000, in respect of which the net trading surplus, including interest income, worked out at £47,000. The fact that the company has weathered the financial crisis with so little disturbance is a great tribute to its management and to its internal reserves of strength; and the report holds out the expectation, given no further deterioration in the economic situation, of a return to the former rates of bonus. The dividend for 1931 is 47½ per cent. tax free, compared with 50 per cent. tax free, and at the present price of £10½ the yield on the dividend is £5 18s. per cent. gross.

Transvaal Gold Output in January.—The output of gold of the mines of the Transvaal during January amounted to 936,784 ounces of fine gold, comparing with 923,853 ounces produced during December and 914,576 ounces produced in January, 1931. In the following table we show the monthly output since the beginning of 1926:—

Month of	1926.	1927.	1928.	1929.	1930.	1931.	1932.
	Fine Ozs.	Fine Ozs.	Fine Ozs.	Fine Ozs.	Fine Ozs.	Fine Ozs.	Fine Ozs.
January	796,270	833,782	843,857	876,452	882,801	914,576	936,784
February	753,924	779,339	816,133	815,284	818,188	839,937	...
March	834,340	860,511	877,380	866,529	889,370	910,998	...
April	803,303	824,014	825,907	872,123	868,606	892,337	...
May	849,214	859,479	886,186	897,598	916,213	910,279	...
June	852,145	855,154	862,363	856,029	887,867	897,750	...
July	860,134	851,861	867,211	885,480	912,652	916,843	...
August	843,854	863,345	891,863	889,601	921,081	916,425	...
September	839,939	842,118	857,731	849,553	903,176	916,024	...
October	853,296	855,743	897,720	888,690	926,561	945,113	...
November	840,276	848,058	872,484	861,593	884,753	900,510	...
December	836,157	851,225	859,761	851,134	908,492	923,353	...
Total..	9,962,852	10,130,630	10,358,596	10,414,066	10,719,760	10,874,146	...

The following table shows the number of natives employed at the mines during the past nine months:—

	May, 1931.	June, 1931.	July, 1931.	Aug., 1931.	Sept., 1931.	Oct., 1931.	Nov., 1931.	Dec., 1931.	Jan., 1932.
Gold mines	207,109	207,209	208,155	209,409	209,424	208,987	209,270	211,552	215,752
Coal mines	13,305	13,286	13,512	13,563	13,276	13,061	12,882	12,260	12,394
Diamond mines	3,689	3,345	1,817	1,705	1,626	1,517	1,429	1,402	1,598
	224,103	223,840	223,484	224,677	224,326	223,565	223,581	225,214	229,744

The number of natives employed in all branches of mining showed an increase on the December figures.

Overseas Correspondence.

LEAGUE OF NATIONS.

Disarmament — Sino-Japanese Situation.

(FROM OUR CORRESPONDENT.)

GENEVA, February 23.

THE Disarmament Conference is under the dark shadow of the disastrous events in the Far East, and of the abdication of Great Britain and the other Powers on the Council. Meanwhile, the German proposals show what was foreshadowed in this correspondence several weeks ago: that their claim for equality of conditions is not confined only to land forces. The proposals are virtually the application of Versailles Treaty principles to all Powers, with some additions, such as the abolition of naval fortresses like Gibraltar, but the maintenance of fortresses such as those which the Germans require in the Kiel Canal. It is difficult to escape the logical conclusion that if Germany is to be held to her Treaty conditions on armaments, she can play no useful part in the Conference, and may as well go home.

The impression here is that the actual German proposals savoured rather more of auctioneering than of real business; that has been a fairly universal tendency so far. However, all the suggestions that the delegations have made are being collected and sifted. The General Committee, composed of the heads of all delegations, will first enter upon a general discussion which is expected to last until March 19th, when the Conference will adjourn for two weeks. It will be for the General Committee to set up when necessary such committees as seem essential for the work, and these committees will report to the General Committee.

In the meantime, the Japanese Government's reply to the Note sent early last week by the twelve members of the Council is awaited with limited interest only. The general tenor of the reply has already been given from Tokyo, but the feeling is that it now makes little or no difference either way. There is no particular sense of relief that Japan is not withdrawing from the League. Her withdrawal would cause no further alarm, and if Japan completely outlawed herself in this way, regrets would not be very profound. It would be a different story if China withdrew as a protest against the proved futility of having placed confidence in the Council. Perhaps Japan realises that she may still be glad to turn to the League. Her situation is regarded as precarious. There are signs that some sections of Japanese opinion are becoming anxious about the tremendous undertaking upon which Japan has embarked, and the view is growing that Japan may be preparing her own destruction. The danger is that the destruction may not be confined to herself. People here are asking whether it will be possible for the members of the League ultimately to escape their responsibilities in the matter. There will have to be a Council or Assembly decision some time on the merits of the case; they cannot shirk it indefinitely. Article 15 calls for a decision of the Council either with or without the parties, and however long the Assembly and Council may take passing the ball to each other and avoiding responsibilities, there must be a limit. Whether or not it is right or prudent to withdraw ambassadors or to enforce an economic blockade, it has yet to be claimed that Article 15 does not call for

UNITED STATES.

Bank Legislation — Industry — Prices.

(FROM OUR CORRESPONDENT.)

NEW YORK, February 16.

THE security markets have gone much further than bankers and others in concluding that the effect of Reconstruction Finance Corporation activities, supplemented by the credit-liberalising proposals of the Glass-Steagall Bill, will bring some inflation. It is difficult to see how the latest suggestion of political Washington, which this time has the united support of the banking community, to stop the forces of bank deflation, will produce actual inflation in currency in circulation, in commodity prices or in security prices.

The new measure, which is certain of Congressional and executive approval, should not be confused with the much-discussed Glass Bill amending the Federal Reserve Act. That Bill, most of whose provisions were highly objectionable to Wall Street as being deflationary, has gone back to Committee for revision, and may be held up indefinitely. The new measure, bearing Senator Glass's approval, is in letter and spirit the opposite of the other Bill. Moreover, it is an emergency measure, drawn to run for only a year, whereas the other Bill was designed as a permanent change in the central banking legislation.

The new Bill makes changes in the Reserve Bank Act which should have been made long ago. The principal section is the one allowing the substitution of Government securities as currency backing instead of the commercial paper hitherto so used. Owing to the depression in business and the change in commercial financing whereby commercial paper has grown scarcer, the law as now in effect has worked so as to make actual gold backing for Federal Reserve currency notes far greater than the 40 per cent. required. The free gold has fallen to about \$460 millions, but it is estimated that substitution of Government bonds for the full 60 per cent. backing would release over \$1,000 millions further for export or other purposes.

When the Federal Reserve banks were established, large and medium sized borrowers of bank credit were originators of commercial paper. This paper was bought by banks and, like acceptances, was rediscounted on occasion at the Reserve banks, which used it as backing for the 60 per cent. paper cover for note issues. Commercial paper to-day has been largely displaced by bank borrowing on United States Government bonds, notes or bills or other high-grade securities. About half the Federal Reserve Bank loans to member banks are secured by United States Government securities. Commercial paper in its diminished volume is tightly held by the large banks in big cities. They virtually have a corner on it and country banks have very little. Consequently the small institutions are unable to borrow at the Reserve, and the new banking Act opens the door for them. When they can borrow on their investments they will no longer be obliged to sell them, and thus it is hoped that the pressure on the bond market will be greatly relieved.

Proper safeguards are included in the new Bill, so that there is little danger of currency inflation or of excessive expansion of credit. It is realised that the currency in actual circulation is unlikely to rise and the demand for credit likely to increase until business activity grows. However, the loans of the Reconstruction Corporation combined with the Reserve Bank measure ought to put a brake on security deflation and remove some of the unfounded nervousness as to this country's retention of the gold standard.

If the security markets, especially the share market, which in a few days has risen between 20 and 25 per cent., have anticipated slackening of bank credit and investment deflation, the banks have not yet changed their course. The member bank statement for the week of February 10th shows a further reduction of \$70 millions in loans on securities and of \$44 millions in other loans. Banks sold \$80 millions in United States Government and \$8 millions in other securities, while their deposits dropped \$161 millions. Brokers' loans as

some sort of decision. While a considerable section of the English Press is hypocritically supporting the Japanese cause as an excuse for avoiding any possible action under Article 16, and while no single Government has yet uttered a word of disapproval of Japan, the League is fairly and squarely faced with Article 15.

The distressing fact is that it was only when Shanghai was threatened that some responsible sections of English opinion, and the Government itself, acknowledged that the situation was alarming. Manchuria, which all the time remains the centre of the problem, is almost forgotten; even the Japanese have ceased recording the vagaries of bandits. No word of reprobation was uttered during Friday's meeting of the Council, the most dramatic meeting in the annals of the League; Lord Londonderry, in fact, as British representative, went out of his way to water down the Note sent to Japan by the twelve members of the Council by explaining that it was nothing but a polite request.

Has any diplomatic body of Government representatives ever before been asked publicly and in such dramatic circumstances: "Well, gentlemen, what are you going to do about it?" It was a last despairing appeal from China before being left alone to face outrage and slaughter, every international treaty and every international obligation of others to protect her having been stripped away. The duel between Mr Sato and Dr. Yen was enthralling. Against the cold exposition of Mr Sato was the restrained passion of Dr. Yen, whose moral ascendancy throughout these proceedings has been triumphant. Let it be said, however, that the defence made by Mr Sato, frigid and relentless though it was, came as a welcome relief after the humbug to which Japan had hitherto treated the world. On Friday there was no nonsense about observing the Covenant and other treaties, or about chasing bandits in Manchuria; it was the nearest approach to a naked confession of Japanese policy that we have yet had, only to be mercilessly riddled by Dr. Yen. Mr Sato definitely said that Japan "would have been able to respect the Covenant" if China had been under an organised Government, but that it was in a state of complete anarchy and disorder, and Japan could not look to the League for protection. As to Manchuria, he frankly confessed that Japan supported and approved an autonomous Government, but in no circumstances would Japan accept any regime which she did not consider capable of protecting Japanese interests. Japan, he said, was determined to have a field of operations in Manchuria; her emigrants had been excluded from America, Africa and the South Seas, and she was compelled to maintain her hold in Manchuria. Many wondered whether this was a justification or a threat, since experience has proved—and Japan knows—that Manchuria is no field for Japanese emigrants.

Japan, continued Mr Sato, was only doing what other Powers had done in China, and the League had never tried to stop them. What had the League done when Russian annexed Outer Mongolia? If the League accused Japan on account of operations in Manchuria, she would protest. Dr. Yen roundly accused Japan of having, as a definite policy, encouraged and subsidised civil war and disorder in Manchuria and China, of having murdered Marshal Chang Tso Lin for refusing to make concessions he had at first promised Japan, and he asked why, if Japan considered China had no responsible Government, she had all along insisted upon direct negotiations with it. He proclaimed China's unanimous resistance to Japanese aggression, and then turned the tables on Japan. Did it point to a well-organised State, he asked, when its army and navy ran amok; when Japanese diplomats made promises which were broken; when pogroms were organised against Chinese in Korea? Japan had repeatedly declared that she had no territorial designs in Manchuria; had she not said the same thing some years ago about Korea? No other Powers had acted as Japan was acting, and as for the annexation of Outer Mongolia, this happened before the League was created.

Then came the Council's last-minute appeal to Japan to prolong the armistice. Everyone knew it must be fruitless. There were three hours to run before the ultimatum expired. Fighting began as scheduled.

reported by the Federal Reserve Board for New York have fallen to a new low record figure below half a million dollars. Federal Reserve credit in use also has decreased, the week's reduction amounting to \$31 millions. Last week money in circulation dropped \$5 millions, but it was \$1,032 millions larger than a year ago. President Hoover to-day stated publicly that the hoarding tide had turned and that he was informed the week had brought a return of \$34 millions in currency to the banks, but bankers see little evidence of it yet.

Gold exports continue, but there is a good deal of offset in release from earmark and in imports. For the first half of the month exports were \$105.5 millions and imports were \$45 millions, with a net release from earmark of \$30 millions, bringing the net loss in gold to \$30.5 millions. France has now taken more than \$130 millions of earmarked gold, having added some to the segregated metal while exports were going on. French, Swiss and Dutch currencies are now above the gold point, but there is little concern here over further loss of gold.

Trade statistics are not encouraging, and the better tone of markets is obviously in anticipation of some seasonal expansion later. Foreign trade for January fell further, exports of \$150 millions being the smallest for that month since 1910, the lowest for any month since August, 1914, and 40 per cent. lower than a year ago. Imports of \$136 millions were the smallest since the war, and the export excess of only \$14 millions compares with \$66 millions in January of last year.

Cotton consumption in January rose moderately over December, but the 435,337 bales compare with 450,117 in January, 1931. Cotton exports were 919,338 bales, against 1,181,000 in the previous month and 532,821 last year. The steel trade is making no progress and is having difficulty in maintaining prices. Railroad traffic also is barely holding steady. Motor production in January was up only about 2 per cent., according to the estimates of the National Automobile Chamber of Commerce, against a normal rise of 66 per cent. for the month. However, with the announcement by Ford of a new eight cylinder model it is expected that the industry will improve considerably, plans having been held in abeyance pending the Ford announcement.

FRANCE.

Politics — Government Finances — Gold.

(FROM OUR CORRESPONDENT.)

PARIS, February 24.

THE Ministerial crisis due to M. Laval's defeat in the Senate received on Saturday night the solution which all ordinary observers predicted as inevitable from the moment the result of the Senate's unexpected vote was known. M. Painlevé, who accepted the task of forming a new Ministry, failed to induce the Radical minority in the Chamber not to insist on the Ministry for the Interior as the price of their adhesion to what, it was hoped in some quarters, might be a more broadly national Government, and abruptly threw up the effort on Friday night. M. Tardieu, who by common consent was the first favourite of the majority in the Chamber, was eventually sent for, and shortly after midnight on Saturday he was able to present his third Cabinet to the President, who immediately endorsed the new Premier's nominations. M. Tardieu, with characteristic decision, stated categorically on Sunday morning that the new Ministry would appear before the Chamber on Tuesday, and that the same evening he would return to Geneva and resume his place as the head of the French delegation at the Disarmament Conference. The Cabinet's declaration of policy was endorsed by the Chamber by a majority of 47, and the Premier accordingly left for Geneva.

The new Government, although appreciably reduced in number, may be regarded as an approximate replica of its predecessors. M. Tardieu himself, like several previous Premiers, has taken charge of the Foreign Office; M. Flandin remains at the Finance Ministry; M. Paul

Reynaud, a former Finance Minister, has been promoted from the Colonial Office to the Vice-Presidency of the Ministerial Council and the Ministry for Justice; M. Laval, who is admittedly in need of repose after an exceptionally strenuous year as Premier, has returned to his old post at the Ministry for Labour. The most striking feature of the new Ministry is that the individual posts of Ministers for War, Navy and Aviation have been suppressed, and these three departments united under the direction of a Minister for National Defence, to which M. Piétri (hitherto Minister for the Budget) has been appointed, with MM. Fould and Riché, who formerly held Ministerial portfolios, as Under-Secretaries. The post of Home Secretary is filled by M. Mahieu, a senator from the North, who has never previously held a portfolio. The appointment is regarded as intended to placate the Upper House, as M. Mahieu is recognised as by no means a virulent party man, and as one under whose charge the Government's large secret funds—always a much-coveted instrument at election times—will be fairly and wisely administered. M. Mahieu has figured prominently as an expert on railway finance, and is the author of a very important recent report on which the official plans for replacing the lines on a sound financial basis are understood to be in course of being worked out.

The new Ministry's declaration of policy confirms the forecast made here last week that the foreign policy of the new Cabinet will be a facsimile of that of its predecessor in every respect. The text includes an especially marked reference to Anglo-French co-operation at Lausanne, and states candidly that "the whole of France aspires towards a general entente with that noble country. Both desiring peace based on right, France and Great Britain constitute, when they are in agreement, the strongest security for each other, and this dictates their duty."

The fate of the Budget still remains doubtful. The Government has decided henceforth to devote the whole of the Chamber's time to the measure, but it is evident that the question, whether the Bill can pass both Houses before the close of the session, will depend largely on whether the Opposition will consent to co-operate. The general elections must take place before the end of May, and it is fairly clear that, for several reasons, the Government will endeavour to postpone the close of the session as late as possible. Among these reasons are: (1) The urgent need to dispose of the Budget and avoid the costly and complicated resort to *douzièmes provisoires*; (2) the tactical advantage, in view of the Disarmament Conference strategy, that the French elections should follow and not precede the elections for the Prussian Landtag. On the other hand, Deputies who are seeking re-election (and particularly the Radicals and Socialists) are desperately anxious to get to their constituencies, where their opponents in the coming contest are already hard at work. The whole situation suggests the probability of ruthless obstruction on the part of the Opposition, with a view to forcing an early dissolution, which may largely militate against the passage of the Budget—which the Socialist Party, in accordance with their established practice, will not under any circumstances assist in voting. The fate of M. Mandel's unhappy Electoral Reform Bill, which contributed so largely to bringing about the recent Ministerial crisis, is apparently sealed. The Senate is practically certain to reject the clauses approved by the Chamber for women's suffrage, the suppression of second ballots, and compulsory voting, and in present circumstances it is almost certain that the Government, in such a case, would refuse to assume the risk of embittering the present latent conflict between the two Houses by insisting that the wish of the popular Chamber shall prevail. It is probable that all that will again be heard of the Bill will be in the form of endorsement by the Senate of that part of it providing for the customary redistribution of the constituencies in preparation for the pending contest.

Attention is being called to the present situation of the Treasury. Last week's Bank of France statement showed that the Treasury balance on current account amounted to only a small sum, as compared with several thousand millions a year or two ago. Such a situation, however, which a few years ago would have excited some anxiety,

leaves public opinion entirely calm now that the security of the franc is no longer in question, and in view of the fact that the Treasury has other resources besides its current account. Recovery of sufficient taxation to right the situation can scarcely be expected for some months, as in this respect the Treasury is likely to be comparatively low water for some time. Owing to the general economic crisis, taxation—particularly direct taxes—is now coming in much more slowly. Relief has already come from the Government Postal, Telegraph and Telephone Department, to which the Treasury last December made advances of 2,639,000,000 francs, and further repayments will be made shortly by the railways, of which the State lines alone are debtors to the extent of over 1,440,000,000 francs. The P.T.T. 4½ per cent. loan of 2,600 millions, which was issued early last week (ostensibly for departmental development works, but really to reimburse the Treasury for loans already devoted to such purposes), was entirely taken up within three days of the opening of the lists. Large-scale bond issues by all the railways, each company making itself responsible for a substantial amount, have in some cases actually begun, and the remainder will follow within the next few days. The Treasury, therefore, should very shortly be again in possession of ample liquid resources.

Taxation, as already indicated, is now coming in with exceptional slowness. Total recoveries from all "normal and permanent" General Budget sources during January were only 3,546,000,000 francs, as compared with 4,240,000,000 francs in January last year, and 4,420,000,000 francs at the beginning of 1930. The total yield was 520,832,000 francs below Budget estimates, representing the largest deficit for some years past. With the exception of the yield from colonial foodstuffs, every category of indirect taxation and State monopolies was appreciably lower than a year ago. The return from turnover taxes (which in this case covered Christmas trade) was over 16 per cent. less, and that from taxes on securities 20 per cent. down. Customs, latterly the milch cow of the list, produced over 98,000,000 francs less than a year ago, since when a large number of the schedules have been revised upwards.

M. Caillaux, in an article published to-day, discusses the possibility of finding a means of staying the deluge of gold which is flowing into France, and confesses that the question baffles him. A reduction of the Bank rate, he points out, would not necessarily tend to cause capital to seek better employment abroad, but would—by compelling the other banks to follow a similar course—result in funds now in the form of current accounts being transferred to the savings banks, and thus, by their withdrawal from trade and industrial uses, only aggravate the present crisis. But the other suggested remedy—subscription to foreign loans—is now practically impossible of application "because the French small capitalists, who hold 90 per cent. of the wealth of France, have still too keen a recollection of the disappointments they have suffered during recent years in this connection."

GERMANY.

Reorganisation of Banks — Presidential Election.

(FROM OUR CORRESPONDENT.)

BERLIN, February 23.

THE Reichstag was summoned for February 23rd, and the Government had given itself and the banks until the 22nd to complete their reorganised balance sheets, so that the programme of reorganisation should be complete when the Reichstag met. The negotiations have been conducted during the last few weeks with the greatest industry and discretion, and their result is a complete rationalisation of the balance-sheet position of the big banks. It also involves, however, a further penetration by the State into the sphere of banking.

The scheme, which was made public yesterday, leaves only one large private bank, the Deutsche Bank and Diskontogesellschaft, and even that bank is to hand over temporarily about 50 million shares to the Golddiskont-

bank, which means, in effect, to the Reichsbank. The Darmstädter Bank is to disappear, absorbed by the Dresdner Bank without leaving so much as a trace of its name. The most surprising arrangement is the transfer of an overwhelming majority of the shares of the Commerz-und-Privatbank to the Golddiskontbank. This brings the Commerz-und-Privatbank, which itself is taking over the Barmer Bankverein, under the control of the Reichsbank. Finally, the Allgemeine Deutsche Credit-Anstalt of Leipzig, which amalgamated some months ago with the Saxon State Bank, is now to be provided with fresh funds by the Reich.

So gigantic a process of rationalisation both in form and in method is utterly without precedent. Whether it was necessary and desirable to undertake it at this moment and in this form is open to doubt. It depends whether no further heavy losses on the top of those which have already been sustained are still to be feared, or whether an economic recovery might be anticipated within measurable distance of time, which would have made possible a less drastic reorganisation with less intervention by the State. The Government and the Reichsbank did not take this view. The Reichsbank has offered much more substantial assistance than it did last summer, and that in itself is a very sound proceeding. The crisis has brought the Reichsbank very large profits, which must have amounted to between 150 and 200 millions in the past year, and it is improbable that these profits will be very much less during the next five years. The Reich has a claim on the major part of these profits, partly in the form of a tax on excess note circulation and partly in the form of a percentage share in the profits. The obvious course is for the Reichsbank to make these emergency profits available for the restoration of economic activity. That could, of course, have been done by different means from those which are being adopted: the Reichsbank might have taken over the shares of all the big banks. As it does not wish to do this itself, it is increasing the capital of the Golddiskontbank from 200 million Reichsmarks to 400 million Reichsmarks, thereby enabling it to acquire the shares.

Details of the reconstruction of the individual banks are as follows:—

Deutsche Bank und Diskontogesellschaft.—A loss of Rm. 275 millions is written off, following a writing-off of 125 millions out of hidden reserves in the two preceding years. The bank believes that this will cover not only the losses already sustained, but also all the risks which can be anticipated. Of these 275 millions, 240 millions are to come from "debtors" and 35 millions out of investments and participations. The bank is covering these reductions in the book value of its assets entirely out of its own resources, without outside help. Rm. 145.6 millions are taken from reserves, 23.2 millions from the 1931 profits and 108 millions are derived from reduction of capital. Of the original capital of 285 millions, 85 millions were already in the bank's own possession at the end of 1930, and in 1931 a further 70 millions were acquired. Only 180 millions, therefore, are still held by the public. These are reduced to 72 millions by being written down to 40 per cent. of their par value, and the reserves are at the same time written down from 160 millions to 18 millions. New shares to the value of Rm. 72 millions are being issued at 115, and 22 millions of these were taken up in two days by friends and customers of the bank. The rest are being taken over for the time being by the Golddiskontbank, but they are to be sold as soon as possible. This will leave the D.D. Bank with a share capital of 144 millions and reserves of 25.2 millions.

The Danatbank-Dresdner Bank.—Only an amalgamated balance sheet is published, and the fusion is retrospective as from January 1, 1931. The two banks together have undergone losses of about 430 millions, of which about 200 millions were those of the Danatbank. The Reich has taken over 100 millions of the losses, and 321.5 millions are being written off out of the profits of the preceding year. These 321.5 millions are being covered as follows:—The Danat Bank formerly had 60 millions share capital and 60 millions open reserve. Of the shares, 35 millions were held by the bank itself, and were to be handed over

to industry; the reserves have been entirely lost. The remaining 25 millions of capital are being written down to 7½ millions, and the reduced share will be exchanged for Dresdner Bank shares in the proportion of 1 to 1. Of the original 100 millions capital of the Dresdner Bank, 34 millions were in the possession of the bank and have been cancelled, and the rest, like those of the Danatbank, have been written down in the proportion of 10 to 3. As, however, some of these shares are held by the Reich, which has relinquished them without compensation, only 12½ millions of the total ordinary share capital are left. Further the Dresdner Bank had issued 300 million preference shares to the Reich last June, and these are being written down to 200 millions, so that the total capital will amount to 220 millions with open reserves of 30 millions, also subsidised by the Reich. In addition, the bank is receiving from the Reich 60 millions in the form of credits and a guarantee fund.

The Commerz und Privatbank.—The total losses were 107 millions. The bank formerly had 40½ millions open reserves, which were used to cover part of the losses, and 75 millions share capital. Of this 37.2 million shares were held by the bank, and these are being sold at par to the Reich. The shares are to be written down in the proportion of 10 to 3, which shows a book profit of 52.5 millions. The Golddiskontbank is taking 45 million new shares at 115, and 12½ million new shares are being issued in exchange for the capital of the Barmer Bankverein, which is absorbed by the "Compri." The capital of the Commerzbank will thus amount to 80 millions, and there will also be 30 millions open reserves, provided by the Reich.

The Allgemeine Deutsche Credit-Anstalt (Adca).—The losses were 25 millions, covered by 11 millions open reserve, a book profit of 12 millions on reduction of capital, and profits of 2 millions. The capital of the bank was formerly 40 millions, but 22 millions have been recently held by the bank itself. These are to be cancelled and the rest of the capital reduced in the proportion of 3 to 1 to 6 millions. The capital is then to be increased to 19 millions and the new shares taken over by the Golddiskontbank. The Reich is to provide 6 millions reserve.

The following table shows the capitalisation of the German banks after reorganisation:—

	(Million Marks.)			
	D.D. Bank.	Dresdner.	Commerz.	Adca.
Share capital:				
Held by public.....	94	22	23.8	6
Reich.....	0	150	11.2	...
Golddiskontbank 50.		48	45	13
Creditors:				
Total	2,993	2,744	1,047	229
Foreign	686	770	280	*

* Not known.

The new Dresdner Bank will thus have the largest capital, but the D.D. Bank still leads in respect of deposits. The Commerz-bank follows very long after. Thanks to the help of the Reich its position is particularly liquid. Two large Berlin banks, which have no branches, succeeded in writing off last year's losses without cancelling any of their capital or open reserves, and are not included in the table. These are the Reichscreditgesellschaft, which is owned by the Reich, and the purely private Berliner Handelsgesellschaft. Both banks are distributing a 4 per cent. dividend for 1931 and have maintained their capital intact.

On July 13th last the Reich undertook a guarantee for all the obligations of the Danatbank. This guarantee is terminated, so far as domestic creditors are concerned, by the completion of the fusion. The new Dresdner Bank is sufficiently strong to command the confidence of its creditors without a formal Government guarantee, but any domestic creditors who consider their interests to be damaged by its termination are at liberty to withdraw their deposits at any time. As this cannot be applied to foreign creditors, owing to the standstill agreement, the Reich guarantee still holds good for the time being as far as they are concerned. Foreign credits amount to Rm. 380 millions, and negotiations are to be opened later for the withdrawal of the Government guarantee in

respect of them. The reorganisation which the German banks have just completed is an achievement which commands respect. Germany has been the first country in the world to purge her banking system of the effects of the crisis and set it in order. Every single asset of the banks has been carefully examined, every loss has been written off, and every imaginable contingency provided for by reserves. The sense of responsibility which has led the German banks to undertake this rationalisation in the midst of the crisis must strengthen their credit, and the eradication of their losses must increase their activity. Even if doubts arise as a matter of principle, in respect of this extensive encroachment of the State in the sphere of banking, these impulses to an unfavourable judgment are eclipsed by the vastness of the reorganisation itself. The effectiveness of the German banks has been restored.

The Radicals of the Right will not be able to conduct a united campaign against President von Hindenburg. Herr Hitler is standing for the National-Socialists and Herr Dusterberg for the German Nationalists. This has further diminished the prospects of the Right, for they have shown how little cohesion there is in their ranks, and this impression will not be erased even if there should be a second ballot, at which the "Harzburg front" was restored. The candidature of Dusterberg is just as pointless as that of the Communist Thälmann. The election will be a duel between Hindenburg and Hitler, between the conservative-minded leader of the German people who is endeavouring to construct a bridge between the past and the present, and who is now finding support from all parties, from Conservatives to the Social-Democrats, for the protection of the Constitution and for a policy of security, and the active counter-revolutionary who seeks to take advantage of a time of confusion and distress to establish a Fascist dictatorship in Germany. That is how this struggle will appear to the German people. It will appeal to men's imaginations more than any previous election, and will call for a more important verdict. The National-Socialists have shown, by the candidature of their leader, that they appreciate the vital importance to themselves of victory. If they are beaten, the prestige of their earlier victories will be destroyed, and the illusion that they are advancing from victory to victory will be shattered. Dr. Brüning and the parties which support him have secured a great tactical success in forcing the National-Socialists to a decisive trial of strength in circumstances which are peculiarly unfavourable for them.

AUSTRIA.

Import Prohibitions — Stock Exchange — Prices — Credit-Anstalt — Trade.

(FROM OUR CORRESPONDENT.)

VIENNA, February 22.

THE question of issuing import prohibitions will shortly be under discussion in Austria. It is not yet known what articles will be affected, nor is it decided whether strict prohibition of importation should be resorted to, or whether the importation of essential goods should depend upon application for permission to be made beforehand. It is certain that some difficulties will arise under the terms of various commercial treaties; but Austria must defend herself. The latest bank report shows a further diminution of the holdings of foreign exchange, while the metal cover has sunk below 180 million schillings. Austria must procure foreign credit, or it must take measures at home for the defence of the foreign exchange holdings. At the same time, the demands made by all circles for a reduction of the National Bank rate are becoming more and more urgent. It is pointed out that the high Bank rate affords no attractions for foreign capital, because fresh credits are confronted by the prevailing standstill agreements, while the foreign currency restrictions also constitute an obstruction. Furthermore, it is noticeable at the banks and savings banks that all the deposits made are subject to the shortest terms of notice

of withdrawal, and that nobody takes advantage of the higher rates of interest which attach to longer periods of notice. In general, savings deposits are 30 per cent. lower than they were a year ago. This is evidence of the general exhaustion of capital, of fresh losses on securities, and, finally, of the fact that hard cash is still being kept in private custody.

The bear tendency on the Stock Exchange prevailed throughout January. The index of all Austrian shares has sunk from 1,300 to 1,254. The turnover in shares amounted in January to 21.5 million schillings, as against 32.3 millions in January, 1931. For a time there was an attempt to smuggle abroad certain shares and obligations, particularly those of the Danube-Save-Adriatic Railway, with the purpose of obtaining foreign means of payment. Several individual transactions in this line appear to have been successful, but the frontier authorities now have instructions to proceed with the greatest severity. In order to reduce the export of schilling notes, especially 1,000-schilling notes, the National Bank has decided for the future to issue 1,000-schilling notes only in restricted quantities.

With regard to State finances, the Government is trying hard to effect savings, but here again certain limits are laid down, as the salaries of most of the civil servants have already reached a level which affords no more than a bare existence. In all private enterprises, too, dismissals and salary reductions have taken place, yet in the case of essential articles of consumption no price reduction is noticeable. On the contrary, the wholesale price index rose in January to 114.2, as compared with 112.4 in the preceding month. In January, 1931, it amounted to 105.5. The increase is accounted for chiefly by the rise in food-stuffs from 106 to 108.5. The retail index rose in January from 141.3 to 142.3, and the cost-of-living index from 108 to 109.2. The crisis in agriculture is very serious, and in this connection it has again been proposed in Parliament that seizures for debts should not be carried out on farms during the next few months. The explanation is that when the farms are sold up there is great reluctance on the part of buyers, and ground and buildings have often to be sold considerably below the estimated value, a fact which also contributes to the diminution of revenue from taxes. The greatest drop in revenue, however, is in customs duties and in the merchandise turnover tax. The possibilities of a lottery loan are again being discussed. In some quarters it is thought a loan holding chances of winning big prizes must be issued at 3 or 4 per cent. interest. The success of the last lottery loan, on account of the housing scheme in 1926, was very satisfactory.

The difficulties of the Credit-Anstalt are demanding some approach to a solution. This can happen only after negotiations with the creditors and with the National Bank, so that the State guarantee may be reduced and confidence in State finances renewed. The Minister of Finance and his prominent colleagues in the Budget Department may try in vain to effect savings, so long as there is no considerable alleviation of the State commitments on account of the Credit-Anstalt. In any case, the National Bank has left no doubt that under its new management it cannot countenance any further increase of liability on the part of the Credit-Anstalt, and, as a matter of fact, the Credit-Anstalt has not recently extended its obligations to the National Bank. Time after time during the past few weeks the rumour has been current that Bank notes are to be stamped with reduced face value. So far the Government has consistently denied this report.

In most branches of industry no improvement is reported. In the textile industries, which showed greater activity up to the middle of January, a slight reverse has set in. In consequence, there has been a slight increase in the price of yarn. Exports are still unsatisfactory. Whereas in comparison with January of last year importation has declined by 21.5 per cent. and exportation by 34.3 per cent., the debit balance has decreased by no more than 6 per cent. For the first time for many years exports amount to only 45 per cent. of imports, whereas generally they cover 60 to 70 per cent. The remainder was covered by the surplus on the balance of payments, but now this has become unfavourable owing to the recession

in foreign tourist traffic and the repayment of credits, which are not counterbalanced by fresh loans. In the last quarter of 1931 it was abundantly clear that importation of foreign coal was increasing; no less than 246,740 metric centners of English coal were brought into Austria on account of the depreciation of the pound. English coal is being used in small quantities on the railways, and also in the paper and chemical industries, and for domestic purposes.

HUNGARY.

Politics — Finance — Foreign Creditors.

(FROM OUR CORRESPONDENT.)

BUDAPEST, February 22.

OWING to the critical financial situation, unusual activity is being displayed in political quarters. The formation of a "National" Government in order to balance the Budget, to fight inflation and to follow a determined policy with foreign creditors for the scaling down of the intolerable debt charges, is being more and more canvassed. As recent events have proved, the present Parliament is not well fitted to carry out the necessary financial legislation. An administration of "all the talents," including Count Bethlen, Count Apponyi, Dr. Rassay and Dr. Kálay, the Conservative and Liberal leaders, and possibly the representatives of the Independent Farmers' Party, under the presidency of the present Premier, Count Károlyi, governing on the German pattern of Dr. Brüning by Emergency Decrees, is supposed to be the objective of the new political rally. It is understood that, after the restoration of Budgetary equilibrium and other urgent financial legislation, new elections will be held, probably after the harvest, by secret ballot.

According to the latest report of the Finance Minister, the Budgetary deficit in the first half of the current financial year amounted to 48 million pengő for the Administration and 11.5 million pengő for the State undertakings. Furthermore, 26.9 million pengő were advanced by the Treasury to meet other current requirements and 3.7 million pengő were allowed for investments. Thus the total deficiency in July-December, 1931, between current revenue and current expenditure amounted to 90.1 million pengő. January receipts, according to the estimates of the Treasury, fell 20 million short of the expenses, so that the deficit had been increased approximately to 110 million pengő by the end of January, 1932. From the proceeds of the Treasury bills issued in August, 1931, the Administration received 129.8 million pengő, and other capital receipts amounted to 4.5 million pengő, totalling 134.3 million pengő, out of which the deficit has been met hitherto. There remains accordingly about 20-25 million pengő for the deficiency of the period February-June, 1932. Although expenditure has been curtailed considerably, it is very likely that the deficit for the current financial year will exceed the cash reserves of the Treasury, especially on account of the large deficit of the railways and the iron-works of the State.

The draft Budget for 1932-33 is in preparation. In view of the fact that in the coming Budget all expenditure will have to be met from current revenue, it would be unwise to budget for more than 750 million pengő. Baron Károlyi has recently stated that he wants to present a real Budget before the country, which means a totally different Budget from those drawn up in recent years, when the estimates had not the slightest chance of being carried out in practice. The present level of expenditure corresponds to 850 million pengő per annum, and although it is still beyond the taxpayers' capacity, it is a great achievement when contrasted with the actual expenditure of more than 1,000 million pengő in the years 1930 and 1931. It is impossible to cut down the Budget by another 100 million pengő without a further curtailment of the pay of the civil services and other drastic reductions calling for heavy sacrifices. Depressed economic conditions make the further imposition of consumption or income taxes quite impossible. The recent riots in the south-western rural district against the tax collector—though their importance

need not be exaggerated—are a timely warning in this respect. The only source of revenue open to the Treasury is to increase the inheritance tax, which has been considerably reduced since 1924, and possibly the capital (property) tax.

The draft for the standstill agreement, presented by the British creditors to Dr. Jeleszky, seems unacceptable in its original form. Further negotiations will be conducted to reach an agreement with the British, and then the same agreement will be offered to American, French, Swiss, German, Dutch, etc., creditors. It is incomprehensible why the British creditors should object to Hungarian clearing agreements for the carrying on of trade with other countries, as that is the only way to maintain any international commerce under present circumstances. On the other hand, the British demand to offset Hungarian bank balances held in London against their debts is fully justified, because after the transfer moratorium declaration Hungarian institutions need no funds in London or elsewhere. It is surprising, indeed, that Hungarian banks should have maintained balances in London and in New York at all, instead of having surrendered them to the Hungarian National Bank, which is in such a precarious position that it cannot afford to spare any outstanding sum. It is understood in Budapest that neither the British nor the other creditors are willing to scale down the interest rates on the outstanding short-term and long-term debts. On the contrary, the interest on short-term debts has in many instances been raised considerably, in some cases from the original 4 and 5 per cent. to 8 per cent. and more. This is certainly not the way to solve the financial difficulties of Hungary.

Only four out of the ten principal commercial banks have published their balance sheets as at December 31, 1931. None of the banks have complied, so far, with the publication of monthly balance sheets suggested by the Finance Committee of the League. According to the report of the League representative resident in Budapest, a new banking law is being prepared. By Government Decree the banks are allowed to value their security holdings at the quotations prevailing on June 30, 1931, on the Budapest Stock Exchange, which has been closed since July 13th. It is probable that after the reopening of the German Stock Exchanges the Finance Minister will reconsider whether it would not be wiser to open the stock market here.

HOLLAND.

Exchange Clearing House Bill — Coal Industry — Finances — State Loan.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, February 24.

THE Bill dealing with the conclusion of treaties with foreign countries for the provision of clearing-house facilities for foreign exchange was introduced into Parliament last week. The scope of the arrangement is to be limited to payments arising from the interchange of goods between the countries concerned. The scheme, as proposed by the Netherlands Government, is to operate in the following fashion. As soon as the necessary treaties have been concluded with the countries concerned, importers will have to pay their debts to the foreign creditors through the intermediary of the Netherlands Bank. Conversely, payments for goods delivered by Dutch exporters will, as a rule, be received by them through the Netherlands Bank. The latter has signified its consent to act as clearing institution. The amounts which the Netherlands Bank accordingly receives from importers will be available for making payments to exporters. These payments, in Dutch currency, will not be made before notification has been received from the foreign clearing institution concerned that the foreign importer has made payment to them. The rate of exchange for the conversion is to be fixed by arrangement between the two circulation banks concerned or by means of special treaties concluded by the Government.

In consequence of this arrangement, importers in the Netherlands will, subject to certain exceptions to be embodied in the treaties, be compelled to make use of the intermediary of the clearing house. To ensure adequate supervision, the necessary documents are to accompany the goods imported. As soon as the importer has effected payment to the Netherlands Bank, notification thereof is to be communicated to the clearing institution abroad, whose business it then becomes to settle with the exporter there. The Netherlands Bank is to assume no liability, and it is the business of the foreign exporter to see that payment is forthcoming from his client in the Netherlands.

Whether beneficial results of any great significance can be expected from the operation of such legislation remains to be seen. In fact, the Dutch delegation referred to in our last letter, which had been to Vienna, Budapest and Prague for the purpose of conducting negotiations with regard to concluding a clearing-house treaty with the Central European powers, has returned, it appears, without achieving any positive results. The experience which Austria and Hungary have had with respect to such clearing-house treaties does not appear to have been such as greatly to encourage the conclusion of additional agreements of this kind.

Reports from industrial circles in the Netherlands continue to become more and more unsatisfactory, while in commercial circles discontent has recently been expressed at the sudden enforcement of import quotas for several classes of goods. A matter of greater significance, however, is the unsatisfactory state of affairs in the Netherlands coal-mining industry. For a long time this trade has been operating satisfactorily, and an outlet has been found for the increasing production. Now, however, 500 miners at the private pits are to be dismissed on March 1st, and the situation has taken a very unsatisfactory turn, as the quota measures abroad, especially in France and Belgium, have resulted in a great reduction in export sales. Coupled with this reduction of exports there is the fact that foreign coal can be imported into Holland without any hindrance whatever, and can be sold at dumping prices. The competition of German coal, at prices nearly half that of Dutch coal, is felt very keenly. It is evident that if the coal-mining industry of the Netherlands is to be saved, Government support is imperative in the form, for instance, of a quota system on foreign coal. The total net production of the Limburg coal mines in January, 1932, was 1,025,491 tons, against 1,057,656 tons last year, and the total number of workers employed was 37,968 on February 1st, as compared with 37,690 in 1931.

As regards State finances, the yield of State revenue in January, 1932, was 31.4 million guilders, as compared with 43.2 millions in January, 1931. On December 31, 1931, the consolidated State debt amounted to 2,338,471,100 guilders, and the floating debt to 151,019,790 guilders. For consolidation of this floating debt a new State loan for 250 million guilders has now been announced. On March 2nd subscriptions are to be opened for the public at 100 per cent. on 5 per cent. bonds to an amount of 186 millions, State funds taking the remaining 64 millions; 150 millions of this loan are to serve for the conversion of the 6 per cent. loan 1922 A, and 100 millions for consolidation of floating debt. Bondholders of the 6 per cent. 1922 A loan, redeemable on April 1st, are to be given preference in the subscription to the new loan. It is worth mentioning that, apart from conversion issues, the State has not borrowed since 1924.

It is a good sign for the success of the new State loan that the Amsterdam money market continues to be very liquid. Prolongation rates are around $1\frac{1}{2}$ per cent. The domestic bonds market remains steady, and increasing interest is being shown for State, provincial and municipal loans. In consequence several municipalities were successful in issuing some 5 per cent. and $5\frac{1}{2}$ per cent. loans. The new State loan also promises to be a success, for 69,570,100 guilders of the 186 millions have already been subscribed. For the recent issue of Exchequer Bonds, the subscriptions totalled no less than 138,056,000 guilders, whereas only 50,000,000 guilders were allotted.

AUSTRALIA.

Public Finance — Banking — Harvest.

(FROM OUR CORRESPONDENT.)

MELBOURNE, January 29.

FOLLOWING the disclosure at the September Conference that the position of public finance was changing for the worse, the revised estimates for 1931-32 presented to the Premiers' Conference now sitting show that, instead of totalling £12,220,000, the aggregate deficits of the Commonwealth and States will be £18,060,000, after allowing for the postponement of payment of about £4,000,000 in interest to the British Government in accordance with the Hoover moratorium. The earlier estimate of £12,220,000 was that of the June "Plan," with certain adjustments. Adding special accounts, loan expenditure and minor adjustments, the total cash requirements for 1930-32 are reckoned at £30,710,000, nearly the whole of which, in the absence of loan flotations, is being financed by borrowing from the banks. The total floating debt in London and Australia is at present £78,826,000, and is expected to reach £85,000,000 by June 30th next.

These figures have been received with a feeling of disappointment, as it was hoped that adherence to the "Plan" of June, 1931, would have resulted in the achievement of balanced Budgets in three years, a hope which has now to be further deferred. Meanwhile the question is that of financing the deficits in prospect, having regard to the inadvisability of adding still further to the floating debt. One great stumbling-block has been the attitude of the New South Wales Labour Government, which remains hostile to financial reform, though the difficulty of raising money is limiting its activities.

The banking position has shown further improvement on the whole during the last few months. The large volume of exports, even at low prices, is bringing in a fair amount of money to country producers, assisting them to meet their liabilities to banks and others, and furnishing something towards enlargement of deposits. On the other hand, the great reduction in import trade and the shrinkage in business generally have resulted in a decrease in trading advances, while the unwillingness of those who have funds to venture into new enterprises tends to swell bank deposits for the time being. But against the diminution in private demand for money is the pressing demand from the Governments, and while ordinary advances within Australia show a decrease of £19,844,352 as compared with a year ago, public securities held by the banks show an increase of £11,692,193. The net decrease in the two items taken together is £8,152,159, while the increase in deposits for the year is £6,560,277. The increase in securities is mainly in Commonwealth Treasury bills, which, from the banks' point of view, are practically a cash asset supplementing their own cash holdings and balances with the Commonwealth Bank. The principal totals (relating to transactions within Australia and New Zealand but excluding external business) shown by the quarterly average returns of the banks in the six Australian States and New Zealand to December 31, 1931, compare with those for the previous quarter and a year ago as follows:—

	Dec. 31, 1930.	Sept. 30, 1931.	Dec. 31, 1931.
AUSTRALIA:—			
Deposits	£263,142,289	£257,028,115	£269,702,566
Advances and securities	277,991,831	268,433,833	269,839,672
Coin and bullion	2,141,992	1,997,165	2,079,955
Australian notes and cash with Commonwealth Bank	37,590,738	43,244,640	40,832,257
NEW ZEALAND:—			
Deposits	53,232,803	53,466,003	51,976,879
Advances and securities	59,727,317	56,518,749	57,474,073
Coin and bullion	6,862,939	6,942,332	6,872,638
Legal tender notes of other banks	60,321	44,005	42,091

The Commonwealth Bank, not included in the foregoing figures, shows balances due to other banks £22½ millions for the December quarter, 1931, or an increase

of nearly £1½ millions on the year; and deposits £27 millions, or an increase of over £6 millions; while its advances (including short-term loans) within Australia are over £22½ millions or an increase of over £6½ millions, and its Government and municipal securities are £19½ millions, or a decrease of £2½ millions.

The Australian wheat harvest has turned out somewhat larger than expected, with excellent quality. European demand is inactive, but a considerable business has been done for shipment to China and Japan, and sales for these destinations now total about 30,000,000 bushels. Butter exports so far have been heavier than usual, but owing to dry weather the outlook for the next few months is somewhat uncertain. The Australian wool sales, at which 1,280,761 bales were disposed of up to December 31, 1931 (against 1,132,962 bales for the corresponding period of the previous season) have been proceeding with active competition since the reopening in January.

Letters to the Editor.

RUSSIA AND THE CRISIS.

TO THE EDITOR OF THE ECONOMIST.

SIR,—It is hard to deprive a determined lady of the last word—and I may not succeed—but I cannot allow the Duchess to close the discussion with another misuse of statistics. She tries to convict me of inaccuracy in the statement that "wheat prices continued to fall for months (in the season 1930-31), after Russia ceased to be an important factor in the market," by claiming that only in May, June and July was Russia an unimportant factor in the market, and that in those months average import values rose from 5.1 shillings per cwt. in April to 5.4 shillings per cwt. in June, and only returned to 5.1 shillings per cwt. in July. A decimal point one way or the other is not of high intrinsic importance. But the Duchess has again been misled.

Average import values are, of course, much affected by the relative importance of expensive and cheaper varieties. Actually during May and June the proportion of British requirements met by high quality Canadian wheat was rapidly growing, and so the average import values increased. During July, on the other hand, British supplies were made up in a larger proportion of lower quality Argentine wheat, and so average import values fell again. Proper comparison of market prices can only be made by taking the quotation of a single standard grade of wheat throughout. The London spot quotation for Atlantic consignments of Canadian No. 2 Northern Manitoba ex ship was 27s. 6d. at the end of April, 25s. 9d. at the end of May, the same price at the end of June, 24s. by the middle of July, and 23s. 3d. by the end of July. Other standard grades during the period show a similar price movement downwards, and this happened, as the Duchess admits, in the virtual absence of Russian supplies from the market.

The essential point which emerges from this correspondence is that the Duchess, despite her industry and ingenuity, has found no statistical or other justification which survived examination for her attempt to show that the collapse of prices is due to Russian malevolence. Would it not have been more generous of her to admit it?—Yours faithfully,

Hazlitt House,
46 Southampton Buildings, W.C.2.
February 24, 1932.

E. F. WISE.

NEWSPAPER FIRE INSURANCE.

TO THE EDITOR OF THE ECONOMIST.

SIR,—In your issue of February 20th a correspondent, in discussing the subject of newspaper fire insurance, makes some statements which can hardly be allowed to pass without comment, as it would appear that both his information and deductions therefrom are, to some extent, erroneous.

In the first place, he states "... one paper has gone so far as to tell its readers that when they take out an all-in or comprehensive policy on their furniture they give a warranty that the full value is insured, so that the policy would actually be invalidated by a newspaper fire insurance. That is rubbish." Upon this point, sir, it is the general opinion that such a warranty does, in fact, exist; and the proposal form,

completion of which is invariably required before a policy is drawn, and which is expressly stated to be "incorporated in and to form the basis of the contract," stipulates that the buildings and/or contents shall be insured for their full value, and requires details of such values. At the foot of this form is printed the following declaration: "I hereby warrant that the above statements are true, and agree that this proposal shall be the basis of the contract."

Secondly, your contributor states "... are covered by all-in or comprehensive policies which contain the average clause." Although it is true that comprehensive policies issued by underwriting members of Lloyds contain such a clause, the standard form of policy written by all tariff companies contains no such condition.

The "one paper" to which your contributor referred postulated, I believe, sir, the following case: That should a houseowner, having furniture worth £1,000, reduce his all-in policy to £500, with the intention that a newspaper scheme of fire insurance should cover the balance (this was prior to the general increase of the sum insured by such schemes to £1,000), then the insured would technically commit a breach of warranty and, accordingly, invalidate his policy. That, it seems to me, is the undoubted legal position, and I believe it bears the support of counsel's opinion.

In conclusion, even the soundness of the scheme which, it is said, exists "within limits," must be called into question, as the underwriters do not insure the whole liability of the newspapers in all cases, but only a "first loss" amount, and, accordingly, grave doubt exists as to how far a newspaper thus constituting themselves insurers stand in a legal morass, as, presumably, they have not secured and maintained the deposit of £20,000 with the Paymaster-General, as required by section (2) sub-section (1) of the Assurance Companies Act, 1909.—Yours faithfully,

79 Ealing Road,
Wembley, Middlesex.
February 20, 1932.

NORMAN W. CANT.

TRUSTEE INVESTMENTS.

TO THE EDITOR OF THE ECONOMIST.

SIR,—Your correspondent, Mr Chas. Robertson, makes some extraordinarily impracticable suggestions in his letter in your issue of February 20th. He proposes that individual trustees should not be allowed to be appointed except in conjunction with a trust corporation and that all trust monies should compulsorily be invested in the Funds. So, if a tradesman should leave a will appointing his two sons trustees to carry on his business for his family, they would be forced to dispose of the business and to invest proceeds jointly with a trust corporation in Government stocks. How much more Government interference? And trust corporations have to be paid. By all means alter the statutory trustee list of investments if that is desirable, but do not interfere with the freedom to word trust instruments so that they give a wider discretion to trustees.—Yours, etc.,

SANFORD D. COLE.

4, King's Bench Walk,
Temple, London, E.C.4.
February 23, 1932.

Books and Publications.

THE STOCK EXCHANGE YEAR BOOK.

THOUGH 1931 proved to be a year of greatly restricted activity in the company world, there has been no corresponding decline in the scope and usefulness of the Stock Exchange Year Book,* the amount of editorial matter having again increased. In its fifty-eighth year of publication, this exhaustive compilation again provides an excellent index, an alphabetical list of stockbrokers and a thorough treatment and helpful grouping of companies. No library could be considered complete in the sphere of company finance which did not include this work of reference.

* "The Stock Exchange Year Book, 1932." Compiled and published by Thomas Skinner & Co. Gresham House, Old Broad Street. 50s. net.

BOOKS RECEIVED.

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

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

Armaments Year Book, 1932. (London) George Allen and Unwin, 40, Museum Street. 7s. 6d.

This invaluable League of Nations' publication contains details of the defence forces and defence expenditure of every country, with the text of treaties relating to the limitation of armaments.

Looking Forward. By Nicholas Murray Butler. (New York and London) Charles Scribner's Sons.

A collection of essays and addresses, some of them historical, most of them dealing with political and economic matters of acute present-day interest.

Devisenbestimmungen des Auslandes. Supplement. Das Deutsche Devisenrecht. (London) London General Press, 6, Bouverie Street. 1 guinea (inclusive of six supplements).

Contains the text or summaries of foreign exchange regulations in all countries, translated into German.

Revue Economique Internationale, December, 1931. (Brussels) 12, Place Loix.

Includes, *inter alia*, articles on economic evolution in Turkey and Finland.

The Bankers' Magazine, February, 1932. (London) Waterlow and Sons, Limited, London Wall. 2s. 6d.

The Banker, February, 1932. (London) Financial Newspaper Proprietors, Limited, 20, Bishopsgate. 2s. 6d.

Includes an article by the Right Hon. L. S. Amery on "A Sterling Monetary System."

International Labour Review, January, 1932. (London) Allen and Unwin, Limited, 40, Museum Street. 2s. 6d.

OFFICIAL PUBLICATIONS.

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

Report of the Chief Registrar of Friendly Societies for the year 1931: Part 4, Trade Unions—Section II, Directory and Summaries. 2s. net.

Colonial Development Fund: Accounts year ended March 31, 1931. 2d. net.

Civil Estimates: Statement of Excesses year ended March 31, 1931. 1d. net.

Disarmament Conference, February 8, 1932: Speech by Rt. Hon. Sir John Simon, M.P. Cmd. 4018. 2d. net.

Unemployment Fund Account: Receipts and Payments, year ended March 31, 1931. 1d. net.

Burma Round Table Conference: Proceedings of the Committee of the Whole Conference. 17s. 6d. net.

Department of Overseas Trade: Economic Conditions in Morocco, 1930-31. 2s. net.

Colonial Report, No. 1563: British Honduras, 1930. 1s. 3d. net.

Accounts Relating to Trade and Commerce of Certain Foreign Countries and British Countries Overseas During the Period ended September 30, 1931. 2s. net.

National Health Insurance Fund Accounts for the Year ended December 31, 1930. 9d. net.

Trading Accounts and Balance Sheets, 1930. 2s. 6d. net.

THE COMING BOOM

6th Impression

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The Stock Exchange:

"KAFFIRS."

FEW things are more touching, in a hard business world, than devotion to ideals in the face of adversity. The South African Assembly has now agreed to the appointment of a Select Committee to inquire whether the country should suspend the gold standard or not, but if the Government holds to its "irrevocable determination" to remain on the gold standard, the Committee's deliberations may be somewhat academic. In the debate which preceded the Select Committee's appointment it was contended that the suspension of the gold standard would benefit the South African mines to the amount of £13 millions and the primary producers to over £5 millions a year.

Possibly, however, the Government is actuated, in part, by the feeling that a foster-mother should be prepared to sacrifice some of her interests to those of her largest child, for, as a major world gold producer, South Africa has had much to do with the "nursing" of the international system of gold currency. From 1887 to the end of 1931, the Transvaal gold mines have produced gold to the value of about 1,106 millions. In 1931 they established a new high record with an output of 10,874,145 ozs., against 10,719,760 ozs. in 1930, the value being £45,741,748 against £44,924,354. The world production of gold in 1930 was £83,500,000, so that South Africa was responsible for 54 per cent. of the total. Under normal conditions, the Rand gold mines account for 20 per cent. of the national income of the Union and about 45 per cent. of its total tax revenue. In view of the severity of the present depression in the agricultural and pastoral industries, and the diamond mines of South Africa, the continued prosperity of the gold mining companies should be regarded as of the utmost importance to the welfare of the country.

In his new edition of "The Rand Gold Mines" (to which we are indebted for numerous figures given in the present article) Mr Sturzenegger attributes the recovery of the gold mining industry since the beginning of 1930 mainly to the more adequate supply of native labour. The average number of natives employed in the Witwatersrand mines increased from 184,280 to 203,473 in 1930 and to 211,552 by the end of December, 1931. The latest figure is 216,000. This large influx of native labour has been due chiefly to the depression in the agricultural industries (accentuated lately by a prolonged drought) and partly to more intensive recruiting in Union territory after the failure to secure an extension of the recruiting area outside the Union. Increased labour forces have enabled the mines to push forward development work—which has cases beyond the annual milling requirements—which has led to a considerable increase in ore reserves. During last year satisfactory development took place in the lowest levels of the more important mines of the West and Central Rand, namely, Randfontein, Crown Mines, Robinson Deep and East Rand. The values of the reef in the lowest levels of these mines at a vertical depth of 4,000 to 7,500 feet have shown a decided improvement and arrangements have been made by some companies to sink their shafts down to a vertical depth of 8,000 feet, where profitable operations, having regard to the possibilities of a richer zone of ore, are considered possible under present working costs. On the Far Eastern Rand, developments in the newer mines have also been favourable, the Sub-Nigel in particular showing improved values in the lowest levels, both east and west. Moreover, in the Farthest West sector of the Rand a remarkable discovery was made in the Randfontein mine, where the reefs have begun to show a progressive flattening below 4,000 feet, suggesting that this feature may continue until

the reefs lie horizontally, or even assume a syncline and begin to dip in the reverse direction.

The benefits to be derived from the more plentiful supply of native labour have not, however, so far shown themselves adequately in the revenue accounts, for excess development has been charged to current working costs. Moreover, expenditure on repairs and additions to surface and underground plant, which had been neglected in the period when labour was scarce, has been increased, and its benefits will accrue at a later date. The Government Engineer has estimated that a fully adequate native labour supply is equal to a saving of 2s. per ton in working costs, but this factor must be offset to some extent by the rise in costs in the deeper workings. Nevertheless, the results for 1931 show a considerable increase in the amount of tons milled, in working revenue and in net profits of the leading companies as the following table will show:—

(000's omitted.)

Mine.	Year ended Dec., 1931.	Tons Milled.	Ore Reserves.	Working Revenue.	Net Profits.	Dividend.
Crown Mines	1930 2,905 1931 3,136	12,285 10,579	£ 3,929 4,194	£ 884 957	% 67½ 70	
Geduld.....	1930 1,011 1931 1,012	6,000 5,900	1,369 1,373	487 490	32½ 33½	
Government Areas	1930 2,438 1931 2,435	10,840 10,510	4,703 4,699	1,274 1,294	90 90	
New Modderfontein	• 1,934 • 998	8,025 ...	3,569 1,691	1,740 792	125 55½	
New State Areas	1930 930 1931 958	2,716 2,737	1,894 2,036	339 376	17½ 20	
Randfontein	1930 2,573 1931 2,751	5,293 6,324	2,779 3,166	359 530	Nil 2½	
Springs	1930 837 1931 843	3,311 ...	1,734 1,753	577 589	37½ 38½	
Sub Nigel	• 378 • 218	1,206 1,261	1,413 781	545 304	60 35½	

* Year ended June, 1931, and 6 months ended December, 1931, respectively.
† At end of December. ‡ Interim for 1931-32.

The dividends paid to shareholders in Great Britain have, of course, reflected the premium on the South African pound. The next table shows the amount of the annual dividends in South African pounds, the equivalent of these dividends in sterling (at the rate of exchange ruling on January 29th), and the dividend yield on the basis of the equivalent sterling dividends. We have added for comparison the highest and lowest prices of the shares prevailing last year:—

Shares.	1931 Prices.		Present Price.	Div. Rate (%)	Annual Div. in S.A. £'s.	Equivalent Div. in Sterling.*	Div. Yield (%) on equivalent Sterling Dividends.
	High.	Low.					
Crown Mines, 10s.	5½	3½	5½	70	7/-	9/5	8 0 5
Geduld, £1.....	4½	3½	4½	33½	6/9	9/1	11 7 1
Government Areas 5s.	1½	1½	1½	90	4/6	6/1	18 14 4
New Modderfontein, 10s.	3½	2½	2½	110	11/-	14/9	30 13 0
New State Areas, £1.....	2½	1½	2½	20	4/-	5/4	10 8 10
Randfontein, £1	1½	1½	27/-	2½	6d.	8d.	2 9 5
Springs, £1.....	3½	2½	3½	38½	7/9	10 5	15 5 10
Sub Nigel, 10s....	4½	2½	3½	70	7/-	9 5	12 9 0

* At £74 15s. S.A. per £100 sterling.

It is somewhat surprising that the market has not reacted to any greater extent the improved results for 1931 and the larger dividends payable in terms of sterling. This may be attributed to the fact that no news is so stale

* "The Rand Gold Mines." By E. Sturzenegger. Published by the author at 4 Copthall Buildings, E.C. 10s. 6d.

as news which is constantly foreshadowed but never comes. The market in South African gold mining shares has been "fed" so long on reports: first, that the country is shortly going off the gold standard; and, secondly, that the Low-Grade Ore Commission is about to make a favourable report, that the "bulls" have become as stale as the news. The Low-Grade Ore Commission was appointed by the Union Government to inquire into the possibility of giving the assistance to the low-grade mines in the matter of freight rates, duties, Miners' Phthisis Levy, claim licences, etc. The proposals submitted by the Transvaal Chamber of Mines, if accepted in full by the Government, would result in a reduction of 1s. 10d. per ton in working costs. But how the South African Government, in view of the prevailing economic depression and its subsidisation of the primary industries, can provide the money for making such concessions to the low-grade mines it is difficult to see.

As regards the difference to the profits of the companies which would be made by the suspension of the gold standard by the Union Government, we have compiled a table of approximate estimates in the light of certain of Mr Sturzenegger's figures. Our calculations are based on the assumption that the premium on gold would be the same as the prevailing premium in the case of sterling, namely, 40 per cent., and that there would be an increase in costs of 10 per cent. per ton milled. To enable the results to be better understood, we have converted working costs, sundry expenses, and the margin of profit into percentages of working revenues represented by 100. The indices for the companies we have analysed are as follows:—

	While South Africa remains on gold.				If South African suspends gold standard.				% Increase in Profit
	Revenue	Costs	Sundry Exs.	Margin of Profit	Revenue	Costs	Sundry Exs.	Margin of Profit	
Crown Mines	100	73.83	3.24	22.93	140	81.21	3.24	55.55	257.23
Govt. Areas	100	43.34	29.66	27.00	140	47.67	29.66	62.67	176.44
Geduld	100	60.15	4.28	35.57	140	66.16	4.28	69.56	135.32
New State	100	53.14	28.37	18.49	140	58.45	28.37	53.18	303.49
New Modderfontein	100	45.58	7.62	46.80	140	50.14	7.62	82.24	94.70
Bandfontein	100	81.52	1.90	16.58	140	89.67	1.90	48.43	474.50
Spring Mines	100	53.31	13.06	33.63	140	58.64	13.06	68.30	141.34
Sub Nigel	100	48.86	12.50	38.64	140	53.75	12.50	73.75	118.52

The figures, for various reasons, must be regarded as the broadest of approximations, but they illustrate the point that the increase in the profit margin is greatest in the case of those companies whose margin between revenue and costs is smallest. They must not be regarded as any indication of the potential increase in dividends, partly because the effective reduction in costs in terms of gold will induce many companies to mill ore of lower grade in order to prolong the life of the mines, and partly because it is not safe to assume the costs will increase only by 10 per cent. A demand for an increase in wages by the white labour forces would limit the advantages to be gained, under the heading of wages, from a suspension of the gold standard, to the period in which the native labour forces were content to accept their current level of money payments.

THE RAILWAYS ON THE ROADS.—II.

In an article last week (see the *Economist*, February 20, page 419) we analysed the shareholdings of the London, Midland and Scottish and the Great Western Railways, respectively, in road passenger transport concerns. Our figures were based on the returns made in the accounts for 1931, under Section 4 (a) "Subscriptions to Other Undertakings." We have now revised certain of our provisional figures, in the light of further information regarding the total capital of some of the road companies concerned. The publication of the London and North Eastern accounts enables the survey to be completed. The

following table gives the figures for each of the four main-line railways:—

Name of Company in which Shares are held.	Railway Holding.	Total Shares issued of kind held.	Proportion held by Railway.	Price per Share at which Holding carried in books.
London, Midland & Scottish.				
W. Alexander and Sons ...	175,000 (Pref.)	700,000	25	20/-
Birm. and Midland Motor Omn.	50,000 (Ord.)	200,000	25	
Crosby Motor Services ...	240,000	800,000	30	52/-
Cumberland Motor Services	400,000	800,000	50	20/-
Eastern Counties Omnibus	41,666	100,000	42	37/6
Eastern National Omnibus	22,393	672,069	3	26/-
East Midland Motor	100,000 (Pref.)	300,000	*	19/6
Highland Transport Co. ...	50,000 (Ord.)	200,000	25	20/-
Lincolnshire Road Car	15,667	100,000	17	
North-Western Road Car	17,500	35,000	50	20/-
Ribble Motor Services	5,125	75,000	7	23/6
Scottish Motor Traction ...	149,332	450,000	33	33/-
Trent Motor Traction	264,082	600,000	44	29/-
West Yorkshire Road Car	106,863 (Pref.)	824,076	13	20/-
Yorkshire Traction Co.	148,496 (Ord.)	400,000	37	
Yorkshire (Woollen Dist.) Electric	73,689	268,000	28	26/-
Yorkshire Traction Co.	49,738	200,000	25	50/6
Yorkshire Traction Co.	4,662 (Pref.)	24,350	19	31/6
Yorkshire Traction Co.	36,779 (Ord.)	150,000	24	
Total	2,025,325	7,118,495	28	...
London & North Eastern.				
W. Alexander and Sons ...	175,000 (Pref.)	700,000	25	20/-
Eastern Counties Omnibus	50,000 (Ord.)	200,000	25	
Eastern National Omnibus	163,045	672,069	24	26/-
East Midland Motor Servs.	100,000 (Pref.)	300,000	*	19/6
E. Yorkshire Motor Servs.	50,000 (Ord.)	200,000	25	20/-
Lincolnshire Road Car	33,333	100,000	33	
Northern Gen. Transport	79,605	160,000	49	25/6
North Western Road Car	20,499	75,000	27	23/6
Scottish Motor Traction ...	16,517 (Pref.)	150,000	11	33/-
Trent Motor Traction	243,508 (Ord.)	554,053	44	
United Automobile Servs.	74,666	450,000	17	20/-
West Yorkshire Road Car	106,863 (Pref.)	824,076	13	26/-
Yorkshire Traction Co.	148,496 (Ord.)	400,000	37	29/6
Yorkshire Traction Co.	36,845	268,000	14	
Yorkshire Traction Co.	8,409 (Pref.)	100,000	8	50/6
Yorkshire Traction Co.	263,940 (Ord.)	541,714	49	
Yorkshire Traction Co.	49,737	200,000	25	31/6
Yorkshire Traction Co.	4,661 (Pref.)	24,350	19	
Yorkshire Traction Co.	36,780 (Ord.)	150,000	24	24/-
Yorkshire Traction Co.	36,667	220,000	17	
Total	1,698,570	6,289,292	27	...
Great Western.				
Birmingham and Midland Motor Omnibus	160,000	800,000	20	51/-
City of Oxford Motor Services	37,000 (Pref.)	74,000	50	
Devon General Omnibus	70,875 (Ord.)	141,750	50	40/-
Thames Valley Traction	21,000	70,000	30	44/-
Western Nat. Omnibus	51,115	150,000	34	30/-
Western Transport Co. ...	1,043,587 (Pref.)	1,400,000	75	23/-
Western Transport Co. ...	283,576 (Ord.)	683,576	42	
Western Transport Co. ...	78,916	175,000	45	19/-
Western Transport Co. ...	145,000	290,000	50	
Total	1,888,989	3,784,328	50	...
Southern.				
Aldershot and Dist. Trac. tion	66,667	200,000	33	...
East Kent Road Car	116,667	350,000	33	
Hants. and Dorset Motor	66,667	200,000	33	...
Maidstone and Dist. Motor	100,000	300,000	33	
Southdown Motor Services	142,084	426,250	33	...
Southern Vectis Omnibus	15,000 (Pref.)	15,200	*	
Thames Valley Traction Co.	27,500 (Ord.)	55,000	50	...
Wilt. and Dorset Motors	23,885	150,000	16	
Southern Nat. Omnibus	12,500	50,000	25	...
Devon General Omnibus	175,000	350,000	50	
Devon General Omnibus	14,000	70,000	20	...
Total	759,970	2,166,450	35	

* Non-Voting Preference Shares.

The Southern Railway accounts contain no entry under Section 4 (a), which is declared to be inapplicable to the company. The general balance sheet shows £1,384,802 as the book value of investments in road transport undertakings. The figures given in the table, as regards this railway, have been obtained from a private source, which we believe to be reliable.

Two general conclusions are suggested by this analysis. First, although the railways' interests in road transport undertakings are substantial, it is the exception rather than the rule for these to carry a majority voting power. Secondly, the railways are allied, along lines of mutual share ownership, with a great power whose ramifications in the road passenger transport world were already considerable before the railways entered the field—the Tilling and British Electric Traction interests. According to our information, there are few, if any, road passenger concerns with a substantial railway shareholding in which one of the trio, Thomas Tilling, British Electric Traction or Tilling and British Automobile Traction is not also a large shareholder. In any discussion of the future of road passenger transport as a "controlled monopoly," due account should be taken of the question of interconnected capital ownership.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.
March 1.

ACCOUNT.
March 3.

INTEREST throughout the week was centred chiefly on the Gilt-edged market, which became active immediately after last week's reduction in Bank rate, showed consistent strength on the appreciation of sterling and the note of increased confidence sounded throughout the week. Much of the rise in prices was due to "good" buying, reflecting the reinvestment, in some cases, of repatriated funds. Industrial shares had a slightly better undertone, but business remained restricted in the absence of definite signs of a change for the better in national trade. The more speculative markets remained quiet, Paris nibbling occasionally at oil shares, but being on balance a seller of South African gold mines.

Conditions in the gilt-edged market are dealt with in a Note on page 474. Funding Loan was particularly well supported, and Three-and-a-Half per Cent. Conversion Loan was consistently strong, but War Loan moved more slowly. India loans were firm in sympathy with British Government stocks. Australian issues showed a better tendency on the definite intimation of the posting of February interest warrants on New South Wales stock.

Among foreign bonds Germans showed a dull tendency, despite the fairly favourable reception of the banking reorganisation measures. Greek issues appreciated on the reduction in the Athens Bank rate and on hopes that, as a result of Sir Otto Niemeyer's advice on the financial position, interference with the debt service would be found unnecessary. Japanese bonds lost ground, for the reasons discussed in an Investment Note on page 475. Argentine issues fell on a misinterpretation of a Presidential statement regarding the sinking funds.

Little or no selling pressure occurred in the home railway market, despite the London and North-Eastern's loss of trustee status, the prior stocks sharing in the general firmness of high-grade issues. The week's traffic figures were colourless and afforded no indication of a reversal of the downward trend of revenue. Prices of foreign rails moved irregularly. Argentine issues were steady after liquidation early in the week. Buenos Aires Pacific, however, were depressed after the publication of the board's decision to ask for powers to pledge certain of its assets in priority to the charge securing the debenture stocks.

After a quiet start, a steadier tone was recorded in the industrial markets, though demand was highly selective. International stocks were irregular and obtained little consistent support from New York. Electrical supply shares attracted moderate investment interest, though the reduction of the County of London dividend disappointed the market. Iron and steel shares reacted on provincial selling after a slight rise. Motor shares were a shade harder, with the exception of Ford, which, despite the public appearance of the new "baby" car, lost ground on fears of a sharply reduced dividend. After initial selling in view of the January traffic figures, Cables and Wireless became harder on bear covering. Textiles obtained little support, Courtaulds having a downward tendency, although last week's dividend was fully up to market expectation. John Barker were firm on an excellent profit statement which is discussed on page 477. Breweries were steady, and among tobacco shares a sharp advance occurred in Gallaher, following the news of an offer to acquire half the ordinary shareholdings some shillings above the market price. Bank shares were firm in sympathy with movements in gilt-edged prices, and insurance shares showed fractional advances.

Slightly more life was seen in the rubber share market, small gains being recorded in a number of instances, partly on support from the Continent. Business in tea shares, however, remained at a low ebb, although the undertone remained steady. New York gave little support to oil shares, but a very moderate Continental demand was sufficient to maintain prices generally. The

Lobitos dividend, the first interim payment made for some years, came as a welcome surprise. Conditions in the mining market were stagnant. The market missed the recent demand for Paris favourite issues, and showed little resistance to a moderate amount of selling from that centre. Kaffirs were heavy, and Rhodesians sensitive to the week-end fall in the price of copper. The "Chartered" figures set out on page 478 were as good as had been expected, but the shares were lower on professional bear selling. Tinto was offered from the Continent. Tin shares were dull, thought movements in the metal reflected little beyond readjustment to the higher exchange value of sterling.

"FINANCIAL NEWS" DAILY BARGAIN INDEX. (Approximate number of Bargains recorded in Stock Exchange Lists.)

	Feb. 18, 1932.	Feb. 19, 1932.	Feb. 20, 1932.	Feb. 22, 1932.	Feb. 23, 1932.	Feb. 24, 1932.	Feb. 25, 1932.
Government and Municipal Loans	1,384	1,433	677	1,134	1,272	1,307	1,355
Transport, Communications, and Public Utilities	670	769	280	753	724	719	797
Commercial and Industrial	1,352	1,358	483	1,367	1,316	1,314	1,525
Banks, Insurance and Financial	481	526	230	460	418	416	534
Mines (including Nitrates)	365	504	126	444	479	426	415
Oil	106	149	49	139	110	94	62
Rubber, Tea and Coffee	78	43	34	70	87	83	117
Total	4,436	4,782	1,879	4,367	4,406	4,359	4,805

* Including iron and steel and breweries.

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

Highest of 1932. (Jan. 14.)	Lowest of 1932. (Feb. 11.)	Feb. 18, 1932.	Feb. 19, 1932.	Feb. 20, 1932.	Feb. 22, 1932.	Feb. 23, 1932.	Feb. 24, 1932.	Feb. 25, 1932.
61.2	58.5	59.9	60.3	60.2	59.9	59.9	59.6	59.3

FOREIGN STOCK EXCHANGES.

NEW YORK.

The markets were closed on Monday for the commemoration of Washington's birthday. The re-opening was hesitant. Government bonds remained active on hopes of aggressive open-market operations by Federal Reserve Banks to follow the Glass-Steagall Banking Reform Bill. Railroad stocks, however, were weak, and pressure was exercised against some of the industrial market leaders, especially U.S. Steel, American Telephone and General Electric. A firmer tendency occurred in mid-week, which was ascribed purely to technical factors. Business, however, remained comparatively restricted, the half-hearted appearance of the market being ascribed partly to dissatisfaction with the inelasticity of trade and industrial conditions, and partly to doubts as to the policy of the Reserve Banks after the expected signature of the Banking Reform Bill. Steel mill production was estimated at 26 per cent. of capacity, against 27 per cent. in the previous week—a disappointing showing attributed to a

(Continued on page 474.)

Grown next door to
Virginia in America's sunniest spot

CANADIAN

CLUB

TOBACCO

Issued by Godfrey Phillips Ltd.
Proprietors. Established 1844

NAVY CUT FLAKE
CURLY CUT
MIXTURE
ROUGH CUT

11½
PER OZ.

110
FOR 2 OZ.

February 27, 1932.] THE ECONOMIST.

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

Prices Year 1931.				Prices Year 1932 (Jan. 1 to Feb. 24) Inclusive.				Name of Security.	Price Feb. 17, 1932.				Price Feb. 24, 1932.				Rise or Fall.	Present Yield.
High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.		High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.				
Coal, &c.—cont.																		
4/3	1/4	3/8	2/6	Bulldings 4/-cont.	3/-	3/-	...	NH	11/7 1/2	5/11	6/9	5/4 1/2	24/3	6/-	6/-	...	NH	
7/11	2/-	3/6	2/9	Bengal Iron £1	3/1 1/2	3/1 1/2	...	NH	48/6	20/-	27/6	20/3	26/3	26/3	+2/-	13 7 0		
17/-	8/9	12/6	12/6	Peasey Becquer £1	12/6	12/6	...	7 9 4	56/10 1/2	26/10 1/2	39/2 1/2	29/4 1/2	36/3	36/3	...	8 5 6		
19/9	10/-	20/1 1/2	18/-	Bolshevik Corp. Ord. £1	19/4 1/2	18/9	...	NH	12/6	5/6	11/1 1/2	10/6	10/6	10/6	...	10 0 0		
4/6	1/-	2/1 1/2	1/7 1/2	Brown (John) Ord. 6/-	2/-	2/-	...	NH	20/-	9/6	14/6	8/3	11/3 1/2	11/3 1/2	...	NH		
3/4 1/2	9d	1/10 1/2	1/6	Cammell Laird £1	6/-	6/-	...	NH	20/-	9/6	14/6	8/3	11/3 1/2	11/3 1/2	...	NH		
9/10	2/6	5/3	5/6	Consett Iron £1	5/3	5/3	+1 3/4	6 13 3	20/-	9/6	14/6	8/3	11/3 1/2	11/3 1/2	...	NH		
63 1/2	44 1/2	53 1/2	50 7/8	Cory, William £1	51 3/4	52 1/2	...	...	20/-	9/6	14/6	8/3	11/3 1/2	11/3 1/2	...	NH		
7/3	2/3	4/6	3/6	Dorchester Long £1	3/6	3/6	...	...	20/-	9/6	14/6	8/3	11/3 1/2	11/3 1/2	...	NH		
9 1/2	5/6 1/2	9/6	9/6	Do. 8% Cum. Pr. £1	3/6	3/6	+3d	...	20/-	9/6	14/6	8/3	11/3 1/2	11/3 1/2	...	NH		
2/6	3d	1/6	10 1/2	Ebbw Vale Ord. £1	1/6	1/6	...	...	20/-	9/6	14/6	8/3	11/3 1/2	11/3 1/2	...	NH		
2 1/4	3d	1/-	6d	Do. 7% Cum. Pr. £1	1/-	1/-	...	...	20/-	9/6	14/6	8/3	11/3 1/2	11/3 1/2	...	NH		
24 1/3	10 1/4	17 1/3	13 1/9	Guinea Keen, &c. £1	15 1/6	13 1/9	-1 9	...	20/-	9/6	14/6	8/3	11/3 1/2	11/3 1/2	...	NH		
8/3	3/1 1/2	5 10 1/2	5/2	Hailefields £1	5/3	5/3	...	...	20/-	9/6	14/6	8/3	11/3 1/2	11/3 1/2	...	NH		
5 1/4	1 10 1/2	3/-	2/-	Har. & Wif. 6% Cn. Pr.	2/6	2/6	...	...	20/-	9/6	14/6	8/3	11/3 1/2	11/3 1/2	...	NH		
24 1/2	12 1/2	18 1/9	17 1/3	Horden Collieries £1	24 1/4	23 1/9	-7 1/4	8 5	20/-	9/6	14/6	8/3	11/3 1/2	11/3 1/2	...	NH		
33/-	20 7/8	25 10 1/2	23 1/2	Lambert Bros. £1	4/3	3/9	-6d	...	20/-	9/6	14/6	8/3	11/3 1/2	11/3 1/2	...	NH		
8 1/2	2 1/2	3/6	2/6	Milmo & Askan £1	8 1/2	8 1/2	...	...	20/-	9/6	14/6	8/3	11/3 1/2	11/3 1/2	...	NH		
10 1/2	3/6	7/6	7/10 1/2	Ocean Coal & Wilsons	1/9	1/9	...	...	20/-	9/6	14/6	8/3	11/3 1/2	11/3 1/2	...	NH		
28 1/9	8/9	21 1/3	19/-	Pease and Partners £1	5 7/8	5 7/8	...	...	20/-	9/6	14/6	8/3	11/3 1/2	11/3 1/2	...	NH		
1	...	...	...	Powell Duffryn £1	21 3/4	21 3/4	+3d	...	20/-	9/6	14/6	8/3	11/3 1/2	11/3 1/2	...	NH		
10 7/8	3/3	7/-	6/6	Do. B. Ord. £1	6 10 1/2	26 1/3	...	4 11 6 1/2	20/-	9/6	14/6	8/3	11/3 1/2	11/3 1/2	...	NH		
30/-	16/9	26/6	25/3	Staveley Coal, &c. £1	26 1/2	26 1/2	-1 3	5 9 0	20/-	9/6	14/6	8/3	11/3 1/2	11/3 1/2	...	NH		
22/9	10/9	17 1/2	13/3	Stewarts & Lloyds £1	13/9	12/6	-6d	9 12 0	20/-	9/6	14/6	8/3	11/3 1/2	11/3 1/2	...	NH		
13/9	11/3	14 1/2	12/6	Swan, Hunter £1	1/9	1/9	...	...	20/-	9/6	14/6	8/3	11/3 1/2	11/3 1/2	...	NH		
3/3	6d	1 1/4	1 1/4	Thomas (Richard) £1	7/9	7/9	...	...	20/-	9/6	14/6	8/3	11/3 1/2	11/3 1/2	...	NH		
3/6	2/6	7/9	6/6	Do. 6% Cum. Pr. £1	1/9	1/9	...	...	20/-	9/6	14/6	8/3	11/3 1/2	11/3 1/2	...	NH		
31/6	13/9	14 1/2	12/6	Thornycroft, John, £1	12/6	12/6	...	...	20/-	9/6	14/6	8/3	11/3 1/2	11/3 1/2	...	NH		
1/6	55 1/2	52 1/2	55 1/2	U. States Steel \$100	57 1/2	56 1/2	-8 5	5 17 0	20/-	9/6	14/6	8/3	11/3 1/2	11/3 1/2	...	NH		
11/3	6/-	9 1/2	7/10 1/2	Vickers 6/8	8/9	8/5	-6 1	6 13 0	20/-	9/6	14/6	8/3	11/3 1/2	11/3 1/2	...	NH		
23/9	14 1/4	19/9	18/-	Weardale Steel & C. £1	18/9	18 1/4	-7 1/4	6 13 0	20/-	9/6	14/6	8/3	11/3 1/2	11/3 1/2	...	NH		
Textiles.																		
5/-	2/-	3/7 1/2	2/9	B. Ctn. & Wool De. 5s.	3/-	3/3	+3d	NH	37/-	25/-	11 1/6	7/6	8/9	8/9	...	5 6 9		
17/-	5/6	12/6	10/3	Bleachers £1	10 7/8	11/3	+7 1/4	NH	20/6	12/-	7/6	2 1/2	1 1/2	1 1/2	...	NH		
25 7/8	11/3	19/-	15/9	Bradford Dyers (£1)	16/3	17 1/4	+10 1/2	NH	20/6	12/-	7/6	2 1/2	1 1/2	1 1/2	...	NH		
14 1/4	3/6	11/3	8/-	Do. Calcutta Ord. (10/-)	9/3	9/9	+6d	NH	20/6	12/-	7/6	2 1/2	1 1/2	1 1/2	...	NH		
11 1/6	4/-	9 1/2	7/-	Do. 7% Lat. Cn. Pr. £1	7/6	7/6	+6d	NH	20/6	12/-	7/6	2 1/2	1 1/2	1 1/2	...	NH		
13/6	2/6	7/10 1/2	6/3	Do. 7 1/2% 2d Cn. Pr. £1	6/6	6/3	-3d	NH	20/6	12/-	7/6	2 1/2	1 1/2	1 1/2	...	NH		
9/10 1/2	4/6	8/3	7/3	Calico Printers £1	40 1/4	41 1/4	...	4 17 0	20/6	12/-	7/6	2 1/2	1 1/2	1 1/2	...	NH		
55 1/4	34/-	41 1/6	35 7/8	Coats, J. and P. (£1)	31 10 1/2	32 1/6	+7 1/4	3 1 6 1/2	20/6	12/-	7/6	2 1/2	1 1/2	1 1/2	...	NH		
45 1/4	24 7/8	35 10 1/2	29/9	Courtauld £1	26 1/3	26 1/3	...	7 12 6	20/6	12/-	7/6	2 1/2	1 1/2	1 1/2	...	NH		
40 1/4	19/3	29/6	25 7/8	English Sew. Co., £1	13 1/3	13 1/4	...	6 2 0	20/6	12/-	7/6	2 1/2	1 1/2	1 1/2	...	NH		
26 1/2	13 1/2	15 1/2	13 1/2	English Velv. Co., £1	14 1/3	14 1/3	-6d	NH	20/6	12/-	7/6	2 1/2	1 1/2	1 1/2	...	NH		
25/-	10/-	16 1/2	13/6	Fine Cotton Spinners £1	23 1/2	23 1/2	...	5 19 1/2	20/6	12/-	7/6	2 1/2	1 1/2	1 1/2	...	NH		
28/9	16/6	24 1/2	21/6	Linen Thread (£1)	13 1/2	13 1/2	+7 1/4	1 16 0	20/6	12/-	7/6	2 1/2	1 1/2	1 1/2	...	NH		
18 1/3	7/6	13 10 1/2	12/3	Listers (£1)	27/6	27/6	...	(Div. 6%)	20/6	12/-	7/6	2 1/2	1 1/2	1 1/2	...	NH		
31 10 1/2	17/3	28/9	26/6	Patons & Baldwins £1	9/6	9/6	...	9 0 0	20/6	12/-	7/6	2 1/2	1 1/2	1 1/2	...	NH		
8/6	5/-	9 7/8	8/3	Snia Viscosa Lire 120	27/6	27/6	...	...	20/6	12/-	7/6	2 1/2	1 1/2	1 1/2	...	NH		
50 10 1/4	41 1/4	50 7/8	47/6	Whitworth & Mitchell £1	48 1/2	50 1/2	+1 3/4	...	20/6	12/-	7/6	2 1/2	1 1/2	1 1/2	...	NH		
Electrical Manufacts.																		
25 10 1/4	15/-	21/6	18/3	Associated Elec. (£1)	20 7/8	21/3	+7 1/4	5 13 0	20/6	12/-	7/6	2 1/2	1 1/2	1 1/2	...	NH		
67 1/6	47/6	53 1/2	50 1/2	British Insulated (£1)	51 3/4	51 3/4	...	5 17 0	20/6	12/-	7/6	2 1/2	1 1/2	1 1/2	...	NH		
63 1/9	46/3	51 1/6	47/6	Callenders (£1)	48/9	51 3/4	+2 1/2	5 17 0	20/6	12/-	7/6	2 1/2	1 1/2	1 1/2	...	NH		
23 1/6	17/6	19/-	17/6	Crompton Parkinson 5/-	18/9	18/9	...	NH	20/6	12/-	7/6	2 1/2	1 1/2	1 1/2	...	NH		
11 3/2	2/9	6/3	5/3	English Electric £1	41 10 1/2	42/-	+6 0	4 15 6	20/6	12/-	7/6	2 1/2	1 1/2	1 1/2	...	NH		
52/-	34/9	42 1/2	40/3	General Electric (£1)	41 10 1/2	42/-	+6 0	4 15 6	20/6	12/-	7/6	2 1/2	1 1/2	1 1/2	...	NH		
6 1/4	4 1/4	4 1/4	4 1/4	Henleys (W. T.) (£1)	23/9	23/9	...	8 8 6	20/6	12/-	7/6	2 1/2	1 1/2	1 1/2	...	NH		
37 1/3	23/9	23/9	21 3/8	Johnson & Phillips £1	23/9	21 3/8	...	7 1 3	20/6	12/-	7/6	2 1/2	1 1/2	1 1/2	...	NH		
26/-	18/9	21 3/8	19/3	Siemens £1	21 3/8	21 3/8	...	...	20/6	12/-	7/6	2 1/2	1 1/2	1 1/2	...	NH		
Electric Light, &c.																		
22 1/2	8 1/2	11 1/2	11 1/2	Brasil Trac., no par	58 1/2	58 1/2	...	5 4 0	38/-	20/3	25/6	20/3	61 1/2	61 1/2	...	9 9 3		
63 1/2	54 1/2	59/-	55/5	Bournemouth & Poole	58 1/2	58 1/2	...	7 17 0	106/-	60	83 1/2	61 1/2	82 1/2	80/-	-2 1/2	8 15 0		
45 1/9	27/6	36/6	28/9	Calcutta Electric £1	28 1/2	28 1/2	+6d	5 15 0	102/-	50	79 1/2	57 1/2	79 1/2	76 1/2	-3	8 10 0		
30 1/6	28/9	29 1/6	27/3	Charing Cross Elec. £1	34/3	35/-	+9d	5 15 0	102/-	50	79 1/2	57 1/2	79 1/2	76 1/2	-3	8 10 0		
38 1/3	34/9	35/-	32/6	City of London £1	33 1/3	33 1/3	-2 1/6	4 15 0	102/-	50	79 1/2	57 1/2	79 1/2	76 1/2	-3	8 10 0		
35 1/6	28/9	32/-	28/6	Clyde Valley Elec. £1	41/3	44/3	...	...	102/-	50	79 1/2	57 1/2	79 1/2	76 1/2	-3	8 10 0		
40/-	40/-	42 1/2	42 1/2	Clyde of London £1	41/3	44/3	...	...	102/-	50	79 1/2	57 1/2	79 1/2	76 1/2	-3	8 10 0		
83 1/4	81 1/4	81 1/4	81 1/4	Hydro-Elec. Com. Stk.	21 3/4	21 3/4	...	5 9 6	20/6	12/-	7/6	2 1/2	1 1/2	1 1/2	...	NH		
26/-	20/6	24 1/3	23 1/4	Do. Calcutta Electric £1	23 1/3	23 1/3	+6d	5 2 0	20/6	12/-	7/6	2 1/2	1 1/2	1 1/2	...	NH		
42 1/6	36/9	40/-	36/-	Metro. Electric £1	38 1/2	38 1/2	...	5 2 0	20/6	12/-	7/6	2 1/2	1 1/2	1 1/2	...	NH		
29/-	25/-	27 1/2	25/3	Midland Counties £1	27 1/2	27 1/2	...	5 1 1	20/6	12/-	7/6	2 1/2	1 1/2	1 1/2	...	NH		
25 10 1/4	20/6	24 1/2	22 1/2	Newcastle-on-Tyne £1	42 1/6	42 1/6	...	4 14 0	20/6	12/-	7/6	2 1/2	1 1/2	1 1/2	...	NH		
49 1/3	41/-	42 10 1/2	41 3/4	North Metropolitan £1	27 1/2	27 1/2	...	5 18 6	20/6	12/-	7/6	2 1/2	1 1/2	1 1/2	...	NH		
30 1/6	25 1/4	27 1/3	26/-	Yorkshire Electric £1	31 10 1/4	33/9	+11 10 1/4	4 14 10	20/6	12/-	7/6	2 1/2	1 1/2	1 1/2	...	NH		
34 1/6	28/6	34/-	29 7/8	Gas.	...	...	...	...	20/6	12/-	7/6	2 1/2	1 1/2	1 1/2	...	NH		
20 1/9	17/6	19/9	18/-	Gas Light & Coke £1	19 1/2	19 1/2	+20	5 14 3	20/6	12/-	7/6	2 1/2	1 1/2	1 1/2	...	NH		
37 5	29/9	35/9	31/9	Imp. Continental Stk.	16 1/3	16 1/3	...	6 16 6	20/6	12/-	7/6	2 1/2	1 1/2	1 1/2	...	NH		
18 1/4	15/-	16 1/3	16/-	Newco-on-Tyne £1	98 1/2	98 1/2	...	6 1 10	20/6	12/-	7/6	2 1/2	1 1/2	1 1/2	...	NH		
108	94	100	96	S. Metropolitan Stk.	...	...	...	...	20/6	12/-	7/6	2 1/2	1 1/2	1 1/2	...	NH		
Telegraphs & Cables.																		
28 1/2	9 1/2	12 1/2	12 1/2	Cables £ Ord. Stk.	15	13	-2	NH	15/3	7/6	7/9	7/9	7/6	7/6				

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Feb. 17, 1932.	Price, Feb. 24, 1932.
Central Electricity Board 5% Debs.....	95	25	12-11 $\frac{1}{2}$ dis	13-11 $\frac{1}{2}$ dis
Cole (R. K.) Ord. 5/-	5/-	fy. pd.	13-13/6	13-13/6
Do., 7% Red. Pref. £1	£1	fy. pd.	14/6-15/6	15/3-15/3
Darlington Rustless Steel and Iron Ord. £1	...	...	21/6-22/6	21/6-22/6
Electrical Finance Co. 5% Debs.....	99	fy. pd.	99-101	99-101
Furness Withy New Ord. £1	21/-	fy. pd.	17/9-18/9	17/9-18/9
Galloway Water Power 5% Deb. 1947-51	93	50	49-51	49-51
L.G.O.O. New 5% Inc. Deb.	...	...	94-96x	94-96
Mauritius 5% 1951-1971	98 $\frac{1}{2}$	fy. pd.	101 $\frac{1}{2}$ -102	103-103 $\frac{1}{2}$
Metropolitan Electric Supply New Ord. £1	...	...	37/6-38/6	37/6-38/6
Midland Counties Electric Supply New Ord. £1	24/-	fy. pd.	25/3-26/3	25/6-26/6
Ochams Press New 7% "B" Deb.	38	fy. pd.	96-98	96-98
Tilling (Thos.) New Ord. £1	30/-	...	50/6-51/6	52/6-54/-
Uganda 5% 1951-71	96	35	1-1 $\frac{1}{2}$ pm	1-1 $\frac{1}{2}$ pm
Westminster Electric New Ord.	£1	...	24/9-25/9	24/6-25/6

(Continued from page 471.)

tendency to hold back orders from the motor industry in view of the delay in the putting on the market of the new Ford model. Freight car loadings for the week ended February 18th were 562,534, as compared with 574,834 in the previous week, 720,689 in the corresponding week of last year and an average of 923,689 for the same week over the seven years 1924-30. The markets were appreciably firmer on Thursday after the reduction of the New York Federal Reserve rediscount rate from 3 $\frac{1}{2}$ per cent. to 3 per cent.

	Feb. 11, 1932.	Feb. 18, 1932.	Feb. 25, 1932.		Feb. 11, 1932.	Feb. 18, 1932.	Feb. 25, 1932.
U.S. 3 $\frac{1}{2}$ T. Bds.....	92 $\frac{1}{2}$	96 $\frac{1}{2}$	96 $\frac{1}{2}$	Natl. Biscuit	42	44 $\frac{1}{2}$	43 $\frac{1}{2}$
Lb. Ln. 3 $\frac{1}{2}$ 32-47	94 $\frac{1}{2}$	97 $\frac{1}{2}$	97 $\frac{1}{2}$	Philips Dodge	6	6	6
Do. 4 $\frac{1}{2}$ 32-47	98 $\frac{1}{2}$	99 $\frac{1}{2}$	99 $\frac{1}{2}$	Pullman	20 $\frac{1}{2}$	22 $\frac{1}{2}$	21
Do. 4 $\frac{1}{2}$ 33-38	99 $\frac{1}{2}$	100 $\frac{1}{2}$	100 $\frac{1}{2}$	Sears-Robuck	33	34	33 $\frac{1}{2}$
Atchafalpa	77 $\frac{1}{2}$	86 $\frac{1}{2}$	79 $\frac{1}{2}$	Studebaker	10 $\frac{1}{2}$	11 $\frac{1}{2}$	10 $\frac{1}{2}$
Ohio & Ohio	23 $\frac{1}{2}$	25	23 $\frac{1}{2}$	Un. Fruit	22 $\frac{1}{2}$	25 $\frac{1}{2}$	25 $\frac{1}{2}$
Erie	7 $\frac{1}{2}$	8 $\frac{1}{2}$	8 $\frac{1}{2}$	U.S. Leather	2	2	2
Illinois Central	12 $\frac{1}{2}$	14 $\frac{1}{2}$	13 $\frac{1}{2}$	U.S. Rubber	4 $\frac{1}{2}$	4 $\frac{1}{2}$	4 $\frac{1}{2}$
N.Y. Central	28 $\frac{1}{2}$	32	30	U.S. Steel	49	49	47 $\frac{1}{2}$
Pennsylvania	20 $\frac{1}{2}$	20 $\frac{1}{2}$	19 $\frac{1}{2}$	Westinghouse	26 $\frac{1}{2}$	33	30
Southern Pacific	31 $\frac{1}{2}$	28 $\frac{1}{2}$	27 $\frac{1}{2}$	Woolworth	41 $\frac{1}{2}$	43 $\frac{1}{2}$	43 $\frac{1}{2}$
Southern Ry.	10	11 $\frac{1}{2}$	10 $\frac{1}{2}$				
Union Pacific	75 $\frac{1}{2}$	88	82	Am. Tel. & Tlg.	118 $\frac{1}{2}$	133 $\frac{1}{2}$	126 $\frac{1}{2}$
				Interboro R.T.	10 $\frac{1}{2}$	10 $\frac{1}{2}$	12 $\frac{1}{2}$
Am. Can.	62 $\frac{1}{2}$	69 $\frac{1}{2}$	67 $\frac{1}{2}$	Int. Tel. Teleg.	9 $\frac{1}{2}$	11 $\frac{1}{2}$	10 $\frac{1}{2}$
Amer. Smelting	14 $\frac{1}{2}$	16 $\frac{1}{2}$	15 $\frac{1}{2}$	Radio Corp.	8	9 $\frac{1}{2}$	9 $\frac{1}{2}$
Anaconda	9 $\frac{1}{2}$	10 $\frac{1}{2}$	9 $\frac{1}{2}$	Utilities P. & L.	8 $\frac{1}{2}$	8 $\frac{1}{2}$	7 $\frac{1}{2}$
Bethlehem Steel	19	22 $\frac{1}{2}$	21 $\frac{1}{2}$	W. Union Tlg.	38 $\frac{1}{2}$	47	44 $\frac{1}{2}$
Chrysler Motor	12	12 $\frac{1}{2}$	12 $\frac{1}{2}$				
Corn Produce Rf.	41	44 $\frac{1}{2}$	43 $\frac{1}{2}$	Associated Gas "A" ..	44	44	4
Eastman Kodak	72 $\frac{1}{2}$	77	77 $\frac{1}{2}$	Pan. Amer. B.	16 $\frac{1}{2}$	16	16
Gen. Electric (New) ..	20 $\frac{1}{2}$	22 $\frac{1}{2}$	20 $\frac{1}{2}$	Shell	10	10 $\frac{1}{2}$	12 $\frac{1}{2}$
Gen. Motors	21 $\frac{1}{2}$	23 $\frac{1}{2}$	21 $\frac{1}{2}$	Shell Union	34	3 $\frac{1}{2}$	3 $\frac{1}{2}$
Int. Harvester	24 $\frac{1}{2}$	23 $\frac{1}{2}$	23 $\frac{1}{2}$	Sinclair Oil	54	5 $\frac{1}{2}$	5 $\frac{1}{2}$
Mont. Ward	8 $\frac{1}{2}$	9 $\frac{1}{2}$	9	Std. California	25 $\frac{1}{2}$	25 $\frac{1}{2}$	24 $\frac{1}{2}$
				Do. N.J.	27 $\frac{1}{2}$	29 $\frac{1}{2}$	28 $\frac{1}{2}$

x Ex dividend.

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

	1930.		1931.		1932.		
	Lowest.	Highest.	Lowest	Highest.	Be- ginning of Year.	Feb. 17.	Feb. 24.
337 Industrials	98.2	174.1	61.4	114.7	52.2	55.1	54.7
33 Rails	89.1	145.6	31.7	105.7	32.2	35.9	34.5
34 Utilities	153.2	267.4	90.6	187.6	91.8	97.2	96.6
Total, 404 stocks....	105.5	184.2	54.7	124.6	55.5	58.9	58.3
Average yield of 50 Industrial Common Stocks	4.15%	5.95%	9.37%	5.11%	9.29%	8.03%	8.09%

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

Highest of 1932 (Jan. 14.)	Lowest of 1932 (Feb. 10.)	Feb. 17, 1932.	Feb. 18, 1932.	Feb. 19, 1932.	Feb. 21, 1932.	Feb. 22, 1932.	Feb. 23, 1932.	Feb. 24, 1932.
68.8	57.4	65.1	67.0	67.1	65.5	*	62.9	64.6

* Holiday

TOTAL DEALINGS IN NEW YORK.

	Feb. 19, 1932.	Feb. 20, 1932.*	Feb. 22, 1932.	Feb. 23, 1932.	Feb. 24, 1932.	Feb. 25, 1932.
Stock Exchange— Shares (Thous.)	2,400	700	Closed.	1,300	1,100	1,000
Bonds (Thous. \$)	10,860	4,433		8,489	10,540	8,526
Curb— Shares (Thous.)	300	120		170	140	160

* 2-hour session.

PARIS.

The firm tone of the Paris Bourse last week-end was not maintained, the adverse influence of Wall Street and the unfavourable news from the Far East militating against

increased business. International issues were sold in the earlier sessions, and German bonds were weak. A mild rally occurred on Tuesday, banking, electrical and chemical shares being in moderate demand. A further reaction on Wednesday, however, more than cancelled the previous day's gains, South African mines especially reflecting the weakness of market sentiment. On Thursday shares again trended upwards, with most bank shares and Young bonds in request.

	Feb. 18, 1932.	Feb. 22, 1932.	Feb. 25, 1932.		Feb. 18, 1932.	Feb. 22, 1932.	Feb. 25, 1932.
Banque de France	13,795	13,760	13,900	Wagons Lits.....	105	105	105
Crédit Lyonnais	2,100	2,175	2,250	Mexican Eagle	36	37	37
Suez Canal	14,795	14,795	15,330	"Chartered"	83	84	83
Chargeurs Réunis	267	268	267	Ford	134	149	139
Rio Tinto	1,540	1,551	1,535	De Beers	345	321	321
Royal Dutch	15,100	15,300	14,900	"Johnnie"	100	99	96

AMSTERDAM.

An almost entire absence of business marked the opening of the Amsterdam Bourse on Monday. German bonds were sold and most industrial shares marked down. Oils, however, held their ground fairly well, Royal Dutch being in favour. Later, the tone became easier, Unilever and Philips shedding their modest gains. Rubber shares lost their slight appearance of activity, and Amsterdam Trading were liquidated.

	Feb. 18, 1932.	Feb. 22, 1932.	Feb. 25, 1932.		Feb. 18, 1932.	Feb. 22, 1932.	Feb. 25, 1932.
5 $\frac{1}{2}$ % German	38 $\frac{1}{2}$	34 $\frac{1}{2}$	35 $\frac{1}{2}$	Steel Common	48 $\frac{1}{2}$	49 $\frac{1}{2}$	48 $\frac{1}{2}$
Unilever N.V.	110	107 $\frac{1}{2}$	106	A. K. U.	41 $\frac{1}{2}$	40	40
Philips' Lampe	87	85	85	Ford Motor	145	140	140
Netherlands Ship	64 $\frac{1}{2}$	64 $\frac{1}{2}$	63	Deli Batavia	153	153	148
Java Cultuur	130	131 $\frac{1}{2}$	128 $\frac{1}{2}$	Royal Dutch	146 $\frac{1}{2}$	146 $\frac{1}{2}$	143 $\frac{1}{2}$

OTHER CENTRES.

Declining prices and apathetic conditions were general throughout the minor European Bourses. Brussels showed signs of life on Tuesday, but subsequently relapsed into inactivity. Elsewhere quiet and irregular conditions ruled. Unofficial quotations in Berlin had a downward tendency. Dye Trust were done at 98.50 (against 101.50 a week ago), Siemens at 137.50 (against 139.00), General Electric at 32.00 (against 34.00), and Reichsbank at 107.00 (against 109.75).

INVESTMENT NOTES.

Rise in Gilt-Edged.—The leading feature of Stock Exchange business this week has been the strength of the gilt-edged market. The reduction in Bank rate from 6 per cent. to 5 per cent. last week, and the improvement in the sterling exchanges have been interpreted in the market as intimating that the pound is no longer in serious danger from a withdrawal of foreign balances, that the Bank has already seen its way towards covering the £80 millions credit due for repayment in August, that Bank rate may shortly be reduced to 4 per cent., and that another period of cheaper money may be in prospect. As usual, the gilt-edged market has swung between extremes. For the time being the difficulties of the financial situation abroad have been omitted from calculation, and little stress has been laid on the association of the strength of sterling with the cessation of French selling, against the resumption of which it is, of course, impossible to give any guarantee. The following table shows the extent of the rise since February 10th in the principal long-dated Government stocks and in 5 per cent. War Loan:—

	Price, Feb. 10.	Price, Feb. 25.	Yield Per Cent. Flat.	Yield Per Cent. Redn.
Consolidated Loan 4%	84 $\frac{1}{2}$	88 $\frac{1}{2}$	4 10 9	...
Conversion Loan 3 $\frac{1}{2}$ %	75 $\frac{1}{2}$	78 $\frac{1}{2}$	4 10 6	...
Conversion Loan 4 $\frac{1}{2}$ % 1940/44	95 $\frac{1}{2}$	99 $\frac{1}{2}$	4 11 1	4 12 6
Funding Loan 4% 1960/90	86 $\frac{1}{2}$	91 $\frac{1}{2}$	4 8 4	4 9 0
Victory Bonds 4% by 1976	93 $\frac{1}{2}$	94 $\frac{1}{2}$	4 5 1	4 6 0
War Loan 5% 1929/47	98 $\frac{1}{2}$	100 $\frac{1}{2}$	5 0 8	5 0 9

The average rise has been 3 to 4 points. The improvement in War Loan has been accompanied by rumours of

a conversion scheme to be announced in the Budget in April. Though these hopes may be somewhat premature, every rise in the gilt-edged market, naturally, is helpful in such a connection, and the Treasury's prospects would be materially improved by any remission of direct taxation in the next Budget. From answers in the House of Commons, it is known that the Government do not favour any forced conversion, or any appeal to holders of the National Debt, as a whole, to accept a lower interest rate—on the model of the Australian conversion plan. It is felt that so-called "voluntary" conversion offers frequently carry a sting in their tail. The gilt-edged market on this occasion, however, has nothing to fear from the politicians.

L.N.E.R. and Trustee Status.—The accounts of the London and North Eastern Railway for 1931 are dealt with on a later page of this issue. Their outstanding feature from the viewpoint of the market was the failure of earnings to cover more than £611,742 of the £2,645,687 required for dividend on the 4 per cent. second preference stock. As the directors have decided, in view of the uncertainties of the immediate future, not to draw on accumulated resources, the dividend on the stock is limited to 1 per cent., and the whole of the company's prior stocks lapse from Trustee status, under the Rules of the Supreme Court. Under these rules, for the last five years, the securities available for trustees in England have included the prior stocks of railways paying "a dividend" (i.e., any dividend, even if less than 3 per cent.) on their ordinary stock. The consequences will be regretted, though they had been discounted by the market, which, before the announcement, was selling L.N.E.R. 3 per cent. debenture stock to yield 6 per cent., the first preference to yield 9 $\frac{1}{2}$ per cent. and the second preference over 17 per cent. on a full dividend. The event gives point to recent happenings which have not only caused anxiety to trustees and losses to beneficiaries, but have tended seriously to compromise the reputation of the Trustee List generally. The Court has not yet, apparently, given intimation of any change in its Rules, which might maintain the eligibility of L.N.E.R. stocks which are receiving full interest. It is, therefore, to be presumed that the loss of trustee status in England applies to the whole of the company's £298 million of debenture, guaranteed and preference stocks, although only £66 million of second preference stock is not receiving its full dividend. The situation thus set up is in many ways anomalous. Under Section 4 of the Trustee Act, 1925, a trustee is not liable for breach of trust by reason only of his continuing to hold an investment which has ceased to be authorised, but in some cases the instrument creating the trust provides for a sale within a given period, such as twelve months. Trustees in Scotland are amenable to the Trusts (Scotland) Act, 1921, which differs from the English Act in several important respects. As a result, L.N.E.R. debenture stocks, no longer eligible in England, remain eligible in Scotland, where the debenture stock of railway companies incorporated in Great Britain is available without reference to any dividend payment. The Guaranteed stocks of the L.N.E.R., however, fall out of the Scottish List (which requires the payment of "a dividend" on ordinary stock for ten years) as well as the English List. L.N.E.R. preference stocks ceased to be eligible in Scotland in 1927, the Scottish law requiring a 3 per cent. ordinary payment for ten years in the case of all railways' preference stocks whose dividends are contingent on the profits of each year. Under this section L.M.S. preference stocks lapsed from the Scottish List a year ago, and the Southern preference issues have lapsed this year. The latter, however, while ineligible in Scotland, are eligible in England under the "Chancery Rules." It is anomalous, again, to say the least, that L.N.E.R. debenture stocks should lose their status in England, although their interest was covered last year with preference retain their status although earnings failed to cover their full dividend by £258,000. Such a position can scarcely have been foreseen by the draughtsmen either of the Trustee Act of 1893 or the Act of 1925. Between the

two measures came the Railways Act, 1921, under which ordinary stockholders in certain of the stronger pre-amalgamation railway companies of Great Britain received fixed-interest stocks in part exchange for their holdings, in the subsequent process of "grouping." Trade depression and road competition have accentuated the effects of this "dilution" of the Trustee List. Reconsideration of the whole position would appear to be urgently demanded, lest the continuance of trade depression and a falling tendency in railway receipts should place holders of prior stocks of other British railways in the same unhappy plight as the senior security holders of the L.N.E.R.

Disclosure in Profit and Loss Accounts.—Investors have every reason to be grateful to Mr Henry Morgan, President of the Society of Incorporated Accountants and Auditors, for his pertinacity in ventilating the question of publicity in company accounts. At Manchester, last Monday, Mr Morgan repeated his contention, voiced on earlier occasions, that understatement of profits cannot be reconciled with the certification of a balance sheet as being true and correct. While recognising that no single form of profit and loss account may be appropriate for all companies, Mr Morgan declares that accountants have now reached general agreement that the utilisation of a reserve to minimise losses or increase profits should be clearly shown in every case. While recognising that a great improvement has taken place in the format of profit and loss accounts since the coming into operation of the Companies Act, 1929, the accounts of certain important companies, he believes, are still open to criticism under at least three heads: (a) Non-disclosure of amounts taken from reserve, (b) aggregation of profits on realisation of investments with trading profits, (c) omission to disclose full profits resulting from operations through subsidiary companies. Though Mr Morgan holds that Section 134 (1) of the Companies Act (which requires auditors to report "on the accounts examined by them") covers profit and loss accounts as well as balance sheets—a view in general agreement with that of the Counsel consulted recently by the Institute of Chartered Accountants—he considers that amending legislation is urgently necessary, particularly as regards disclosure in the case of holding companies. Readers of our recent article based on Sir Gilbert Garnsey's review of the latter subject (see the *Economist* of December 12, 1931, page 1131) will probably endorse Mr Morgan's view. In the meantime, his exhortation to auditors to take a wide conception of their responsibilities in harmony with the trend of opinion among other leading members of his profession. The difficulty is that published accounts are the accounts of directors. The smaller firms of auditors, who must make a living, like their fellow men, may not always, in the present state of the law, be able to carry zeal for informative accounts to its logical end, in the face of opposition from a board effectively holding the power of the purse.

Japanese Bonds.—In the foreign bond market, Japanese Government bonds are meeting with continued liquidation. Occasionally there is some improvement when the news from the Eastern front appears to suggest an early conclusion of the Sino-Japanese conflict, but there is no doubt that holders are increasingly nervous at the continued fall in the exchange value of the yen, the present rate being 28d. against a par value of 24.58d. Further, there are misgivings with regard to the budgetary position. In a leading article in the *Economist* of October 24th we stated that in the year ending April, 1932, there would be a deficit on the Budget of about 54 million yen, which was to be met as to 39 million yen by economies and postponement of works. On the resignation of the late Government this Budget lapsed, and we understand that the new Government has not yet had time to prepare a new Budget. Apart from internal finances, the external trade position of Japan is scarcely regarded with optimism in the market. The slump in raw silk prices and the boycott of Japanese goods in China have inevitably worsened the adverse balance of visible trade. In 1930 the excess of

imports amounted to 76 million yen, and in 1931 to 80 million yen:—

	(In million Yen.)		
	Exports.	Imports.	Excess of Imports.
1930	1,470	1,546	— 76
1931	1,124	1,204	— 80

Up to September, 1931, it was estimated that there was still a favourable balance of payments on international account, having regard to the invisible income, approximately 100 million yen, but conditions have now changed, and it would appear that Japan has become a debtor country on her international account. The following table shows the fall in prices of the principal sterling Japanese issues:—

	Price on Sept. 20, 1931.	Price on Oct. 21, 1931.	Price on Feb. 25, 1932.	Yield Per Cent.
Japan 4% 1899	71	59	54	7 9 7
Japan 4% 1910	68	56	52	7 16 2
Japan 5% 1907	85	74½	69	7 8 9
Japan 6% 1924	100½	87	79	7 13 1
Japan 5½% Conversion 1930	97½	104½*	89	6 4 6

* This loan commands a higher price in sterling, as it is payable in United States dollars at the fixed rate of 4/8665.

The market will remain extremely sensitive to the news from the Eastern front, and no real improvement can be expected until an end is seen of the hostilities.

Further Investment Trust Results.—Various investment trust company reports, issued since our last analysis was published (see the *Economist*, January 23, 1932, page 183) emphasise the contrast between the present position of the pre-war and post-war companies. In none of the post-war companies in the list given below is the ordinary share capital represented by tangible assets on a "break-up value" basis. Moreover, the depreciation shown in the investment portfolios of the post-war companies is much greater than that of the pre-war companies:—

	Date Formation.	Investments.		Depreciation.	Ord. Cap. covered by Assets.
		Book Value. (£'000)	Market Value. (£'000)		
Pre-War Companies.					
British Investment	1889	6,737	5,374	20.2	139
Foreign and Colonial	1879	3,599	3,140	12.7	118
Debtenture Corporation	1885	3,822	3,260	14.7	101
U.S. and General Trust	1890	2,892	2,324	19.6	Nil
Scottish-American	1873	6,031	5,006	17.0	97.7
Sterling Trust	1888	4,953	4,154	16.1	76.7
Guardian Investment	1888	1,774	1,512	14.8	52.4
General Investors and Trustees	1907	1,686	1,343	20.3	87.6
Mercantile Invest. and General	1884	7,624	7,167	6.0	138.1
Merchants	1889	3,593	2,707	24.6	38.5
British Assets	1898	6,578	5,361	18.5	7.15
Post-War Companies.					
English and New York	1928	1,221	757	37.3	Nil
Scottish United	1924	2,430	1,621	33.2	Nil
Second British Assets	1918†	2,805	2,026	27.8	Nil

* Originally formed in 1881 as Alabama, New Orleans, Texas and Pacific Junction Railways Company. Name changed in 1917 after sale of certain American railroad holdings when the company became an investment trust.
† Registered 1878 as Edinburgh American Land Mortgage and until 1918 confined its business to investments in farm mortgages in America.
‡ At market valuation, disregarding surplus of current assets over current liabilities.

The older investment trusts appear to have had a very varied experience of the slump in investment values, which may or may not be due to management skill. The fact that British Assets, which has been one of the most successful of the Scottish investment trusts, should show only 7.15 per cent. of its ordinary capital covered by assets at market values, is due to the relatively large amount of its

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loan capital (£3½ millions, against £3 millions share capital). As we pointed out in our article of January 23rd, an investment trust company's ordinary stock, which is not represented by tangible assets on a "break-up value" basis, has, nevertheless, a value of its own as an earner of dividends. The next table shows the total income, the earnings and dividends paid on the ordinary stocks for 1930 and 1931, together with the values given to the ordinary stocks by the market and the dividend yields:—

	Total Income.		Earned on Ordinary.		Paid on Ordinary.		Market Price.	Div. Yield %.
	1930. (£'000)	1931. (£'000)	1930. %	1931. %	1930. %	1931. %		
Pre-War Companies.								
British Investment def.	473.7	443.1	27.4	24.0	21.0	21.0	334	6.29
Foreign and Colonial ord.	183.0	170.9	14.3	12.8	10	10	115	8.69
Debtenture Corp. ord.	150.3	247.0	13.2	12.9	10	10	150	6.67
U.S. and General Trust def. stock	189.3	197.4	17.5	17.7	14	14	209	7.0
Scottish-American ord. £1	422.0	400.3	27.6	23.4	10	10	3½	5.71
Sterling Trust ord.	277.7	245.4	18.4	14.8	14½	11	145	2.59
Guardian Investment	108.8	95.0	15.4	12.0	11.0	10.0	159	6.22
General Investors and Trustees	117.6	92.9	18.8	13.7	17.0	13.0	185	7.03
Mercantile Invest. & Gen.	459.6	400.2	20.3	16.6	16.5	14.0	210	6.67
Merchants	254.4	231.0	17.5	14.6	14.0	14.0	190	7.37
British Assets 5/- shs.	444.8	421.8	40.4	22.6	20.0	20.0	19/-	5.26
Post-War Companies.								
English and New York ord.	66.9	68.8	8.6	7.2	5	5	48	10.42
Scottish United ord.	170.4	139.7	13.9	6.8	9	5	110	4.55
Second British Assets ord. shs. £1	166.8	160.2	23.3	19.0	15	15	...	...

Where an increase in revenue is shown, this has been due to issues of capital in the preceding year. It is fair to point out that British investments trusts concentrate upon the provision of a steady income rather than upon capital appreciation. From this point of view these companies have not shown unsatisfactory revenue results, having regard to the defaults which have occurred on a large number of foreign bonds and the reduction of company dividends. The depreciation of capital assets, running up to 37.3 per cent., in the case of one of the post-war companies, is a more serious matter. It would appear that investment trust practice has not yet found a magical formula which automatically protects capital against loss in periods of exceptional depression.

London and North Eastern.—The accounts for 1931 reveal a decline in gross receipts from £59,825,409 to £53,828,366, or a little over 10 per cent. Expenditure has fallen from £49,206,100 to £44,989,556, or by 8.6 per cent. Receipts from other sources are slightly greater at £1,507,090, while other charges have advanced by £11,393 to £921,290. Net revenue is £9,424,610, compared with £11,168,750, and as nothing is brought in from realisation of investments, and the directors, apparently, have not considered it prudent to make a draft on reserves, the 4 per cent. second preference stock receives only a 1 per cent. dividend. The company's prior stocks thus lose trustee status under the "Chancery Rules." The implications of this lapse are discussed in an earlier Note. The carry-forward is reduced from £80,047 to £30,368.

	Year to December 31.		
	1929.	1930.	1931.
Gross receipts	£ 63,295,455	£ 59,825,409	£ 53,828,366
Expenditure	50,895,513	49,206,100	44,989,556
Other receipts	1,556,591	1,459,338	1,507,090
Other charges	895,283	909,897	921,290
Net revenue	13,061,250	11,168,750	9,424,610
Brought forward	27,025	81,302	80,047
Profit on realisation of investments	...	122,567	...
General reserve	500,000	Dr. 100,000	...
Debtenture interest, &c.	4,032,695	4,083,220	4,255,105
Guar. and pref. stock dividends	7,203,450*	7,203,450*	5,219,185†
5 per cent. preferred div.	1,270,828	105,902	Nil
Rate per cent.	3	†	Nil
Carried forward	81,302	80,047	30,367

* Full 4 per cent. dividend paid on second preference stock.
† Only 1 per cent. dividend on second preference stock.

Savings were effected in the maintenance of way and works to an amount of £487,627, while expenditure on maintenance of rolling stock was £984,625 less at

£7,359,328. Passengers carried in 1931 were 189,048,748, compared with 205,716,944, and goods traffic fell from 137,719,076 tons to 121,356,860 tons. The balance sheet shows that investments in Government securities are unaltered at £4,461,742, while investments in transport undertakings, not charged as capital expenditure, total £246,093, against £161,092. The present price of the 4 per cent. second preference stock is 18½, and the yield about £5 14s. 6d. per cent on a 1 per cent. dividend.

Manchester Ship Canal.—This undertaking has maintained its position comparatively well in the face of difficult trading conditions in Lancashire and the Mersey area, but its traffic and earnings inevitably showed a further declining tendency last year. The tonnage carried, which fell by 4 per cent. in 1930, dropped last year by a further 4 per cent., and gross revenue by 7½ per cent., after a fall of 10 per cent. in 1930. Net revenue was £58,432 lower at £643,244. The preference stock again received 3½ per cent., but the preference share dividend was halved at 2 per cent., and the ordinary share distribution halved at 1 per cent.

	1929.	1930.	1931.
Year to December 31st.			
Total tonnage	6,558,589	6,290,625	5,898,289
Gross receipts	£ 2,115,417	£ 1,905,195	£ 1,763,483
Net revenue	796,754	701,676	643,244
Brought forward	16,498	27,566	28,190
Debtenture interest	417,251	421,885	429,975
Income tax provision	...	...	...
Preference stock div.	37,143	37,143	37,143
Rate %	3½	3½	3½
Preference share div.	199,994	159,995	79,998
Rate %	5	4	2
Ordinary dividend—			
Amount	131,298	75,028	37,513
Earned %	3.8	2.2	1.9
Paid %	3½	2	1
Contingencies and repairs	...	7,000	30,000
Carried forward	27,566	28,190	31,805

Expenditure on the working of the Ship Canal showed a decrease of £52,735. Capital expenditure amounted to £81,289, bringing the total expenditure on capital account to £20,056,811. The £1 preference shares, at 7s., yield about £5 14s. per cent., and the ordinary shares, at 5s., £4 per cent.

John Barker.—The preliminary statement shows that neither economic depression nor constructional inconvenience has checked the prosperity of this well-managed London store organisation. Net earnings have not varied by much more than 1 per cent. in the last three years, and the company is in a position to maintain its 20 per cent. dividend and make its usual generous allocations to reserves and "write offs":—

	1930.	1931.	1932.
Year to January 31st.			
Net profit	£ 468,685	£ 466,140	£ 462,540
Brought forward	291,010	297,254	300,954
Preference dividends	46,175	46,175	46,175
Ordinary dividend—			
Amount	221,266	221,266	221,266
Paid %	20	20	20
Rebuilding reserve	125,000	150,000	100,000
General reserve	...	10,000	50,000
Pension fund	10,000	...	10,000
Written off goodwill	35,000	35,000	25,000
Written off fixtures	25,000	...	10,000
Written off plant, &c.	297,254	300,953	301,053
Carried forward	...	...	...

The total amount allocated to reserves is the same as last year, but rebuilding reserve takes £100,000, against £150,000, while £50,000 is placed to general reserve. Altogether as much as two-fifths of the year's profits are retained in the business—a policy which, maintained over many past years, has resulted in the building up of an internal financial position of extraordinary strength. At 61s. 8d. the £1 ordinary shares yield about £6 17s. 6d. per cent., allowing for the final dividend.

Footwear Company Results.—The earnings of many boot and shoe manufacturing and retail businesses, according to the reports so far available, have shown relative stability during the general depression. Retail trade returns for the last eleven months of 1931 revealed a decline in money sales of nearly 6 per cent. compared with the corresponding period of 1930. Imports over the whole year fell in value by about 17 per cent., while exports declined by approximately 28 per cent. Of the companies whose results are tabulated below, all but Lennards have suffered some reduction in net profit, the aggregate decline being roughly 10.3 per cent.:—

Name of Company.	Net Profit, 1930.	Ord. Div.	Net Profit, 1931.	Ord. Div.	Present Price Ord. Shares.	Yield Per cent.
W. Abbott	£ 24,882	10	£ 14,329	12½	12/6	9 1 9
J. Darnell and Son (10/-)	35,283	16*	27,838	12½	13/9	4 0 0
Freeman, Hardy and Willis	268,010	55	259,677	50	12/6	4 0 0
Lennards	4,904	7½	10,312	2½	14/-	7 3 0
Lotus (£1)	54,718	5	49,694	5	7/6	6 13 3
John Loveys (£1)	6,798	5	4,024	2½	26/3x	11 8 6
Phillips Rubber Soles (£1)	96,958	15	72,140	15	...	...
Public Benefit	45,556	10	33,076	Nil	...	...
H. B. Randall	31,367	15	26,854	11½	1½	9 0 0
Saxone Shoe	80,627	12½	54,172	20½	18/-	5 11 0†
J. Sears (5/-)	353,416	22½†	338,138	6½	...	...
Stead and Simpson	45,487	10	45,259	10	...	...
William Timpson	71,496	15	69,130	15	...	...
Weber and Phillips (10/-)	22,216	12½	21,895	10	10/-	10 0 0

* Rate per annum or 7.33 per cent. actual. † Tax Free. x ex div.

In addition to the sharp decline in the profits of Phillips Rubber Soles, which is affected by somewhat different considerations from the other thirteen companies, considerable decreases have been suffered by W. Abbott, by Saxone Shoe, and by the Public Benefit Boot Company, whose "sphere of influence" has been prejudicially affected by the depression. The report of J. Darnell and Company states that last year's strong liquid position has been maintained, and at an extraordinary meeting to be held on March 7th next the directors will recommend the return of 2s. per share to the holders of the 500,000 ordinary shares, this capital not being required for the purpose of the company's business.

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The "Chartered" Report.—Our mining correspondent writes: No surprise would have been occasioned by an even greater reduction in the dividend of the British South Africa Company for the last year than the "cut" from 8½ to 5 per cent. decided upon. It was known that several of the company's interests had had a lean period, and that the opportunities for the realisation of investments had been little better than in the preceding year. The point upon which doubt existed was the policy which would be followed by the directors in dealing with the depreciation. The accounts—which, incidentally, are made up on lines differing slightly from those previously followed—show £90,420 written off investments (less £23,050 provided by profit on sales), plus £12,160, representing the cost of uprooting citrus trees. Thus the amortisation totalled £102,580, as against only £4,200 in respect of 1929-30; and the earnings are correspondingly better than would appear at first sight. Moreover, the balance of profit and loss fully covers the distribution, whereas a year ago a draft of nearly £40,000 was made upon the carry-forward. But, in the main, depreciation is left over for the future.

	(Years to September 30th.)		
	1929.	1930.	1931.
Ordinary capital (in 15s. shares).....	6,570,377	6,570,377	6,570,377
Interest and dividends	424,013	431,815	372,973
Profits on sale of investments	456,485	...	...
Mining royalties, &c., less expenses	107,883	112,304	99,033
Other revenue, less expenses	2,483	2,807	...
	990,954	546,926	472,006
General expenditure in London and South Africa	137,057	137,164	209,855
Profit to balance sheet	853,897	409,762	262,150
Brought forward	544,186	686,723	647,053
Disposable balance	1,398,083	1,096,485	909,204
Dividend (tax deducted).....	711,360	449,432	261,720
Earned %	16.24%	6.23%	3.99%
Paid %	131%	8.33%	5.00%
Carry forward	686,723	647,053	647,484

On September 30th last, investments and holdings stood in the balance sheet at £6,359,869, an increase of £291,580 on the year. Of the former amount, quoted securities, accounting for £5,818,850, showed a depreciation of £942,040, or 16.2 per cent. On February 5th the net depreciation stood at £1,268,900, the increase being due to the fall in the market value of the company's holdings in the Rhodesia Railways Trust. That receipts from haulage and development schemes in Northern Rhodesia was a foregone conclusion, although the contingency appears to have been somewhat overlooked. The restriction of copper production, of course, affects traffic both ways. The directors of the Chartered Company state that as the earnings of the Rhodesia and the Mashonaland Railway companies do not cover debenture interest, application is being made for authority to increase rates and fares; meanwhile, economies in working are being effected. It is added that in any case the cash resources of the companies will enable them to meet all their engagements for some considerable time. Nevertheless, dividends can scarcely be expected, and, altogether, the early outlook for the British South Africa Company does not appear over-promising. On last year's dividend the shares yield only about 4½ per cent.

De Beers Decision.—The warning given by the chairman some weeks ago that, failing the "necessary remedies" on the part of the Union Government, all the South African diamond mines would be under the necessity of closing down, has this week been followed by the definite announcement that production will be suspended by the De Beers at the end of March. This decision has been arrived at after an attempt to meet the position by severe curtailment of output. It implies, of course, the indefinite postponement of dividends on the company's share capital. The preference distribution is in arrears since December 31, 1930; the deferred shares have received nothing for two years. A point of, perhaps, more immediate importance concerns the position which will arise in

connection with the company's fixed charge and guarantee obligations. Interest on the £2,415,000 of debentures issued last year in exchange for the shares of associated companies will call for £132,800 per annum. The De Beers Company has guaranteed 33½ per cent. of the principal and interest of £5,000,000 debentures of the Diamond Corporation, and has also a 50 per cent. participation in a similar liability with respect to £934,870 of Cape Explosives Works debentures. The accounts of the De Beers to June 30th last show that of a total revenue of £1,429,800, nearly one-half, or £699,770, represented net interest and dividends on investments. Of the latter sum, however, £375,000 was in the shape of a share bonus. In 1929-30 the dividend entry figured for £503,170. Last year, interest on debentures and on capital of leased companies called for £140,660. While no very definite figure can be arrived at, the foregoing details suggest that the company's miscellaneous income should be sufficient to cover fixed interest charges. What effective remedial measures the Union Government could have taken it is not easy to see. The trouble is far too widespread.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Great Western Railway, Anglo-International Bank, Pearl Assurance, Scottish Life Assurance, The Underground, British Assets Trust, General Investors and Trustees, Wandsworth and District Gas, and Bovril. Presiding at the annual meeting of the Great Western Railway, Viscount Churchill said it was not in the public interest that railway revenue should continue to be depleted by road competition, which in many cases was rendered possible only by the inequality of treatment accorded to the rail and road industries. As regards electrification, Lord Churchill declared that the company held to its view that in all cases the probable financial return was insufficient to justify the capital expenditure involved. Presiding at the annual meeting of the Pearl Assurance Company, Mr George Tilley said that, notwithstanding the difficulties of the year, they had written over 39,000 policies and the premium income of the ordinary branch had increased by no less than £91,472. At the annual meeting of the British Assets Trust, the chairman disclosed to shareholders that 28.4 per cent. of the company's investments were in Great Britain and 48.0 per cent. in the United States. Some 61 per cent. were held in the form of ordinary and deferred shares, 29 per cent. in preference shares, and 10 per cent. in bonds and debentures.

CAPITAL ISSUES.

An issue of £750,000 of trustee stock was made this week by the Croydon Corporation for housing, electricity, street works and other purposes. The yield of 5 per cent. was sufficient to make the stock attractive to conservative long-term holders at the present level of gilt-edged prices. Its issue was happily timed, in view of the activity of the market this week, following the reduction of Bank rate. The debt of the Borough of Croydon, including the present issue, is moderate, being about three times the rateable value, and is covered, as to a considerable proportion, by reproductive assets.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Total recorded, January 1 to February 20, 1932, excluding conversions, £7,829,983.
Total recorded, January 1 to February 20, 1932, including conversions, £7,829,983.
National Savings Certificates.
Net receipts, week ended February 20, 1932, £100,000.
Total net receipts, April 1, 1931, to February 20, 1932, £2,250,000.

	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
To the Public.					
Croydon Corporation £750,000 5% Red. Stock 1950-1960 issued at par	750,000	—	750,000	37,500	712,500
Total offered to Public week ended Feb. 27, 1932	750,000	—	750,000	37,500	712,500
To Shareholders only.					
Melbourne and Metropolitan Board of Works, 6½% Inscribed Stock, 1937-1939	—	1,140,000	—	—	—
Total week ended Feb. 27, 1932	—	1,140,000	—	—	—

Total Offered for Subscription—	Including Conversions.	Excluding Conversions.	Total Offered for Subscription—	Including Conversions.	Excluding Conversions.
Jan. 1 to date—	£	£	Whole year—	£	£
1932	9,819,983	8,679,983	1931	114,290,666	102,044,291
1931	35,780,263	29,809,128	1930	454,888,784	267,800,700
1930	36,438,174	36,438,174	1929	488,764,940	285,239,400
1929	82,250,529	68,675,978	1928	693,100,056	369,058,073
1928	—	144,167,729	1927	—	355,165,970
1927	—	116,656,331	1926	—	230,782,600
1926	—	53,271,455	1925	—	232,214,500
1925	—	30,295,871	1924	—	209,326,101

Nature of Borrowing.	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—	£	£	£	£
1932	7,923,375	260,000	496,608	8,679,983
1931	27,478,057	371,571	1,959,492	29,809,128
1930	26,850,552	8,005,072	1,582,550	36,438,174
Whole year—	£	£	£	£
1931	74,835,599	6,911,859	20,296,833	102,044,291
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	98,381,400	355,165,600
1926	145,180,000	39,393,200	46,209,500	230,782,600

By Stock Exchange Introduction.	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	94,000	—	96,500
Darlington Rustless Steel and Iron, 208,000 Ord. £1	208,000	22/-	228,800
Total to date, 1932	302,000	—	325,300
Total to date, 1931	2,744,375	—	2,807,132

Croydon Corporation.—Issue of £750,000 5 per cent. redeemable stock, 1950-60, at £100 per cent. Trustees are authorised to invest in this stock. Redemption will take place at par on January 1, 1960, but the corporation will have the option of redeeming at par at any time on or after January 1, 1950, on three months' notice. A rate of one penny in the pound produces approximately £7,980.

Melbourne and Metropolitan Board of Works.—6 per cent. inscribed stock, maturing April 1, 1932. Offer to holders to renew into Melbourne and Metropolitan Board of Works 6½ per cent. inscribed stock, 1937-1939. On renewal, holders will receive a cash payment of £2 per cent. Stock renewed will be repaid at par on April 1, 1939, but the Board of Works has the option to redeem the stock, in whole or part, at par, on or after April 1, 1937, on three months' notice.

SUMMARY OF BALANCE SHEETS.

THE BRITISH SOUTH AFRICA COMPANY.

LIABILITIES.	Compared with Sept. 30, 1930.	ASSETS.	Compared with Dec. 31, 1930.
Amount.	£	Amount.	£
Ord. shares (15s. fully paid)	6,570,377	Cash	104,018 + 31,692
Creditors	273,138 + 16,183	Loan	25,000 — 80,000
Staff reserve	204,673 + 632	British, Colonial, Indian and Foreign Govt. and Municipal stocks, bonds, & notes	635,906 — 11,691
Reserve account	3,941,045 + 50,000	British, Colonial, & Foreign Rail- way and other securities, debts, and interests	5,019,541 + 527,949
Profit and loss	909,203 — 187,282	Debtors, less res.	211,939 — 415,203
		Estates, &c.	524,085 — 58,008
		Moveable assets	153,904 + 10,297
		Mineral rights, &c.	4,519,633 — 25,089
Total	11,898,436 — 221,731	Total	11,898,436 — 221,731

MANCHESTER SHIP CANAL COMPANY.

LIABILITIES.	Compared with Dec. 31, 1930.	ASSETS.	Compared with Dec. 31, 1930.
Amount.	£	Amount.	£
Temporary loan	29,200 — 121,500	Capital account balance at debit	81,500 + 69,139
Unpaid interest, &c.	108,681 + 173	Cash	291,718 — 114,513
Amount due to rail- way clearing h'se	207,745 + 14,016	Stocks and materials	79,011 — 15,933
Superannuation fund	111,198 + 24,280	Traffic accounts	221,677 — 463
Accounts payable	197,408 + 35,056	Accounts receivable	34,184 — 33,244
Liabilities accrued	28,391 — 11,734	Miscellaneous ac- counts	94,451 + 7,135
Miscellaneous ac- counts	8,748 + 1,478	Suspense accounts	16,872 — 3,831
Insurance fund	2,503 + 58	Investments paid to wards extinguish- ment of 2nd de- bentures	120,618 — 29,232
Dredging insurance	9,264 + 1,455		
Renewal fund	27,778 + 10,342		
Ship Canal cranes	8,709 + 3,189	Discount, &c., 6% debentures	61,109 — 2,910
Reserve for contin- gencies	113,344		
Balance for divi- dends	216,459 — 90,897		
Total	1,069,428 — 133,086	Total	1,069,428 — 133,086

WEEKLY TRAFFIC RETURNS. RAILWAYS OF GREAT BRITAIN AND IRELAND.

		Gross Receipts, week ended Feb. 21, 1932. (000's omitted.)						Aggregate Gross Receipts, 7 weeks. (000's omitted.)					
(b) Week ended Feb. 19, 1932.	(c) Week ended Feb. 20, 1932.	Miles Open.	Passen- ger, &c.	Merchan- dise, &c.	Coal and Coke.	Total Goods.	Total for Week.	Passen- ger, &c.	Merchan- dise, &c.	Coal and Coke.	Total Goods.	Total Receipts.	
Great Western	1932 3,761	151	178	117	295	446	1,114	1,218	760	1,978	3,092		
(o) L. & N.	1932 3,761	171	187	121	308	479	1,227	1,300	734	2,034	3,261		
Eastern	1932 6,349	243	310	265	575	818	1,719	2,134	1,746	3,880	5,599		
L. M. & S.	1932 6,349	287	345	271	616	883	1,879	2,408	1,878	4,286	6,165		
Scottish	1932 6,957	359	451	279	730	1,099	2,575	3,091	1,815	4,906	7,481		
Southern ...	1932 6,957	369	471	288	759	1,155	2,737	3,274	2,043	5,317	8,054		
	1931 2,180	224	63	38	101	325	1,630	423	335	658	2,268		
	1931 2,180	244	70	37	107	351	1,733	481	244	725	2,458		
Total...	1932 19,252	987	1,002	699	1,701	2,688	7,018	8,666	4,556	11,422	18,440		
	1931 19,247	1,078	1,073	717	1,790	2,868	7,576	7,463	4,899	12,362	19,938		
(o) Metro- politan	1932 59	28	6	...	3	32	204	...	...	26	230	1	
(c) Under- ground B.R.	1932 59	30	6	...	3	34	217	...	...	27	244	8	
(c) Green Buses, &c.	1932 ...	277	8	...	...	277	205	...	...	...	205	3	
(c) L. & S. Group	1932 ...	288	4	...	...	288	212	...	...	...	212	0	
(b) Belfast & Co. Down	1932 ...	24	6	...	...	24	183	...	...	...	183	5	
(c) Great Northern	1932 ...	40	1	...	...	40	299	...	...	...	299	8	
(b) Great Southern	1932 ...	41	7	...	...	41	306	...	...	...	306	5	
(c) L. & S. Group	1932 ...	0	7	...	...	0	2	...	...	...	4	1	
(b) Belfast & Co. Down	1932 80	1	6	...	...	7	13	...	...	...	18	0	
(c) Great Northern	1932 80	1	7	...	...	7	13	...	...	...	18	0	
(b) Great Southern	1932 562	8	1	...	...	12	20	...	...	...	86	1	
(c) L. & S. Group	1932 562	8	1	...	...	14	22	...	...	...	97	1	
(b) Belfast & Co. Down	1932 562	8	1	...	...	35	53	...	...	...	244	2	
(c) Great Northern	1932 562	8	1	...	...	39	58	...	...	...	290	4	

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1932.	+ or -	1932.	+ or -
INDIAN.							
		1932.		Rs.	Rs.	Rs.	Rs.
Assam Bengal.....	43	Jan. 23	1,330	3,29,100	68,177	1,56,27,479	13,03,702
Bairi Lt. Ry.	30	30	202	48,600	12,100	16,86,900	7,100
Bombay & Western	18	30	2,114	6,65,181	12,346	1,01,94,781	31,175
Bombay Nagpur	43	30	3,274	15,07,000	60,052	5,62,48,760	91,01,322
Bombay Bar. & C.I.	46	Feb. 20	3,084	22,67,000	1,17,000	8,88,38,000	56,44,000
Madras & S. Mahr.	44	Jan. 30	3,230	16,95,000	47,276	6,35,28,411	26,59,660
†Rohtak & Kumaon	18	30	572	1,56,269	4,816	19,18,667	1,77,320
South Indian.....	43	23	2,500	11,08,837	61,639	4,55,56,467	52,82,218
† Including Lucknow-Bareilly State Railway.							

CANADIAN.							
		1932.	\$	\$	\$	\$	
Canadian National	6	Feb. 14	20,441	2,657,691	— 646,106	16,200,821	— 4,096,741
Canadian Pacific...	7	Feb. 21	16,148	2,081,000	— 646,000	15,277,000	— 4,411,000
+ Ten days.							

SOUTH AMERICAN.							
Antofagasta (Chili and Bolivia)	8	1932.		£	£	£	£
Argentine N.E.	34	Feb. 14	804	13,010	3,940	93,700	90,150
Argentine Trans. dn.	34	20	753	9,200	3,600	419,200	50,000
B.A. and Pacific	34	20	111	2,378	3,527	60,114	59,473
B.A. Central.	34	20	2,806	140,000	14,000	4,145,000	102,000
B.A. Gt. Southern	34	20	—	9,778	273	369,624	54,667
B.A. Western	34	20	5,076	290,000	15,000	6,831,000	236,000
Central Argentine	34	20	1,926	75,000	5,000	2,490,000	119,000
Central Uruguay	34	20	3,505	220,000	17,000	7,342,000	278,000
C. U. (N. Ext.)	34	20	273	16,264	4,936	462,827	322,798
C. U. (W. Ext.)	34	20	311	4,086	1,353	98,396	72,211
Cordoba Central	34	20	185	1,885	442	47,927	41,011
Entre Rios	34	20	211	1,587	548	41,709	34,431
G. Westn. of Brazil	34	20	1,218	35,000	12,000	1,655,000	313,000
Leopoldina	34	20	810	24,200	8,200	765,500	167,000
Leopoldina Term.	34	20	1,052	12,600	3,500	93,800	91,800
Nitrate	34	20	1,918	21,133	268	19,469	18,287
Paraguay Central	8	20	—	Ms266,000	20,000	2,064,000	28,000
Salvador	114	7	711	2,377	10,302	11,478	59,071
San Paulo	34	20	274	2,700	370	100,200	24,300
United of Havana	34	20	—	5,365	188	91,474	14,631
	7	14	1531	30,712	7,838	228,381	42,811
	34	20	1,367	46,009	20,525	694,152	523,931

COMPANY MEETINGS, &c.

PEARL ASSURANCE COMPANY, LIMITED.

SATISFACTORY RESULTS DESPITE YEAR'S DIFFICULTIES.

NORMAL PROFITS FULLY MAINTAINED.

MR GEORGE TILLEY'S INTERESTING REVIEW.

The sixty-eighth annual general meeting of the Pearl Assurance Company, Limited, was held, on Thursday, the 25th instant, at the registered offices, High Holborn, London, W.C.1.

Mr George Tilley, the chairman of the company, presided. The Secretary, Mr W. N. Proddow, F.C.I.S., having read the auditors' certificate, the Chairman said:—Ladies and Gentlemen,—

THE LATE MR J. H. KEENE.

I feel sure that the shareholders, and particularly those who have for many years been associated with the company, would not wish that I should deal with the sixty-eighth annual report, or enter upon my review of our operations for the past year, without first referring to the loss we have sustained by the lamented death of our late and valued colleague, Mr J. H. Keene, which occurred in September last. Following in the footsteps of his father—the first chairman of the Pearl—he was given his first appointment in 1879, became secretary in 1892, and was elected to the board in 1914, and at the time of his death had thus spent fifty-two years in the service of the company. His sound judgment and wide knowledge and experience were allied to a character of unaffected sincerity, and his loss will be mourned not only by those of us who were his colleagues, but by all with whom he came into contact.

THE PAST YEAR.

To review for the annual meeting of shareholders the operations of the company during the past year, to record all of even the major difficulties met with, to balance these against the results achieved, and to weigh the one against the other fully and fairly would absorb such an amount of time and make such a call on your patience as would defeat its own object. I must, therefore, deal with such vast subjects in as concise a manner as is consistent with giving you a reasonably clear view of the achievements of the company and of the abnormal difficulties which have beset us in the period since we last met.

The history of the nation, and, indeed, of the world, over the year might be well described as a gradual descent into a slough of despond. In the autumn, by reason of the rapid onset of a wide-reaching economic crisis, we had the dramatic events of a break-up of the then existing Government, the formation of a new administration composed of elements from each of the principal parties, followed shortly after by an appeal to the country by a National Government, devoted to saving the country from the disastrous situation with which it was confronted.

Over the greater part of the year trade and business, taken as a whole, was slowing down, confidence was being undermined, unemployment was steadily mounting, while securities of practically every description continued to fall heavily in value. Each of these facts, by itself, would be bound to react adversely on our business, and that the cumulative effect of the whole of them combined has not be disastrous is a tribute to the inherent strength of this great organisation.

Having regard to the gloom of the background of our work which I have somewhat sketchily outlined, the picture which is shown you in the report testifies to the power and appeal of this company to the public and to the attraction of the types of assurances which we offer.

ORDINARY BRANCH.

In the ordinary branch of the company we introduced during the year a new scheme of a kind which is calculated to make a strong appeal to all those who wish to make proper provision for their dependants at a cost within their means, a matter which is not so easy as we should all like it to be. This policy is specially designed to this end, and is known as the "Family First." It provides, in the usual manner for a sum payable at death, or, if preferred, payable either on survivorship of a term of twenty years or death within that term, and, in addition, for yearly payments of substantial amount, which may be applied for maintenance of widow and children during the time the latter may normally be expected to be subjects of expense for upbringing and education. We claim,

with some confidence, that no better form of protection, combined with so modest an outlay, can be secured than the Pearl "Family First" policy. Our representatives have taken it up with enthusiasm, and we are writing under it a substantial volume of business, much of which is new connection and will extend our influence to ever-widening circles. I would appeal to every shareholder of the company to obtain a copy of this scheme and commend it to his friends and acquaintances.

Notwithstanding the difficulties of the year, I am happy to be able to record that we have written over 39,000 policies, and that the premium income of the branch has increased by no less a sum than £91,472. The total premiums, less reassurances, amount to £4,744,927 exclusive of premiums for annuities.

INDUSTRIAL BRANCH.

In the industrial branch the volume of business has been well maintained and the premium income records an increase of over £200,000. Such a result in present circumstances is a fine testimony to the efficiency and devoted work of our staff, and were it not that the times render it increasingly difficult for policyholders to maintain regular payment of their weekly or monthly premiums, the results would have been better even than those to which this company has become accustomed. We look forward to the initiation by the leaders of the nation of such measures as would lead to the amelioration of the economic troubles which are steadily depressing the prosperity of the entire world.

As explained in my address last year, in this branch we grant automatically paid-up policies to all policyholders who are unable to meet further payment of premiums, provided premiums have been paid for two years. There are now over a million paid-up policies on our books.

EXPENSES.

I am very pleased to be able to report a further reduction in the expense rates of both the industrial and ordinary branches. In the industrial branch a reduction of over three-fourths of a unit brings the rate to 32 per cent. of the premium income, and as these premiums are all collected either weekly or monthly at the homes of the policyholders, we claim that the cost of services involved will compare favourably with that of any system of insurance. In the ordinary branch the rate of expense has decreased from 10.8 to 10.25 per cent. of the premium income. In both cases the rates are the lowest ever recorded.

FIRE AND GENERAL BRANCH.

In the fire and general branch the total premium income amounted to £717,619, as against £664,568 in 1930—an increase of £53,051. Taking the figures for the individual departments, the fire department accounted for £493,166, as against £473,331 last year. The year's trading has been particularly gratifying because not only has the income been advanced by £19,835, but because both claims and expenses show appreciably reduced ratios, the former accounting for only 51.5 per cent., as against 56.9 per cent. last year, and the latter for 43.9 per cent., as against 45.1 per cent.

In the accident department progress has been somewhat more marked, the aggregate income of £224,453 showing an advance of £33,216, and this is attributable partly to the influx of business in the motor section occasioned by the introduction of the Road Traffic Act, in view of which development we are now publishing a separate account. This legislation has undoubtedly added very considerably to the difficulties with which the transaction of this class of business is surrounded, but it would be unfair to pass judgment upon the working of the Act so far as it affects us with only one year's experience behind us, and I will, therefore, reserve my comments thereon for a future occasion.

We are still pursuing our policy of steady organisation in these branches both at home and abroad with satisfactory results despite the adverse conditions, and I would like particularly to mention that we have quite recently acquired a controlling interest in the "Farmers and Settlers Co-operative Insurance Company, Limited," of Sydney, New South Wales, on terms which, I think, will make the investment an extremely profitable one for the company.

VALUATION OF ASSETS.

It is, I suppose, within the knowledge of everyone that an outstanding feature of the present depression is its effect upon the value of securities of all kinds. The securities held by an assurance company are of various kinds, as indicated, for example, in our balance sheet, and they are all affected by depreciation, though in various degrees. To meet this and possible further depreciation, you will see that the investment reserve funds have been built up to a total amount of £5,450,000, and the certificate to the balance sheet reads as follows: "A valuation of the investments as at 31st December, 1931, taking Stock Exchange securities at their middle market prices on that date, less accrued interest, is in excess of the figures appearing in the balance sheet, less the investments reserve funds taken into account." When translated into more popular language this means that the figures at which our investments stand in the balance sheet, that is, cost price or less, may be higher than the Stock Exchange quotations, but that any such difference is more than covered by the investments reserve funds in question.

I think as a company we hold a smaller proportion of unquoted securities than most insurance offices, and this puts us at once into a more difficult and at the same time a more healthy position. What I mean is that, with unquoted securities, such as mortgages, loans on rates, loans on lands and houses, considerable actual depreciation may and will exist, but there are no automatic means readily available of measuring it such as is given by market quotations in the case of quoted securities. Hence, depreciation on 80 per cent. of our securities is at once forced on our notice and obliges us to take immediate remedial measures, which, of course, is the only sound course to pursue in any case. We are fortunate as an office in having a comparatively large proportion of our assets in British Government securities, these forming nearly 40 per cent. of our total.

Another favourable type of security to which I would also call attention is the item, "Loans on the company's policies within their surrender values." This forms the most absolute security which an insurance company can hold, and the amount outstanding at £3,323,118 represents approximately a further 5 per cent. of our assets. It is a cause of great satisfaction to myself and the directors, as I do not doubt it will be to you, that the extraordinary depreciation in security values which has been so significant a feature of the past year has affected this company relatively so lightly and has been met with such comparative ease.

It is a cause for satisfaction that much of the depreciation of securities which existed at the end of the year, and for which we provided in full, has since been wiped out by a subsequent recovery and appreciation in values. Nevertheless, the full provision which we set up to meet it, although greater than is required at the moment, represents a substantial additional reserve in hand, and is a safeguard against further adverse developments should they arise in the future.

Naturally, with such abnormal depression in trade, we have experienced some loss of income from interest and dividends, but this may be fairly described as being of comparatively trifling amount, so that the average rate of interest earned on the funds has been well maintained. The maintenance of a good rate of interest is one of the most important elements in the prosperity of a life office subject always to the security of the capital upon which it is earned. It is a truism that high interest usually means inferior security, and the highest degree of skill, judgment and experience is required to follow a policy of investment which will ensure in a remunerative return of interest, coupled with the utmost security of the money invested.

PROFITS.

I would draw your attention to that paragraph in the report which indicates that the normal profits of the company have been fully maintained. The profits of a life assurance company arise from the three main sources of a higher rate of interest earned, a lower rate of mortality experienced, and a lower rate of expenditure in maintaining and increasing the business than are assumed in the calculation of the premiums. In branches other than life the factors are similar, though favourable mortality is substituted by favourable claims experience and interest is of less importance. These three sources of profit might be termed the golden tripod upon which rests the ability to provide bonuses to policyholders and dividends to shareholders. In logical sequence, bonuses to policyholders counter our existing connections and attract fresh ones, thus smoothing the path of the field staff in their daily work. Of the three legs of this golden tripod, I have touched upon two and indicated to you their strength; as to the third—mortality experience—I am glad that I can give an equally good account. The experience of any company in the matter of actual, as compared with expected, claims in any given year depends partly upon matters beyond control, such as epidemics or, perhaps, unfavourable climatic conditions; but in the long run the steady and constant factor affecting it is the care exercised in the selection of lives, or, otherwise expressed, in the underwriting. In this matter the company main-

tains a high standard, and the results are favourable in both of our life branches.

From what I have said you will see the justification for the statement that the normal profits of the company have been fully maintained. Notwithstanding this, however, we have, acting on the advice of our actuary, Mr Austin, considered it prudent to trim our sails somewhat, in consideration of the violence of the economic storm, and have modified, we hope only temporarily, the usual rate of bonus and dividend.

BONUS.

In the ordinary branch the rate for the year is 36s. per cent. of the sum assured as compared with 46s., which has been declared for the past three years. One need go back only a few years to the time when 36s. was reckoned a very good bonus, and this throws into relief the notably high figure to which our bonus has attained in recent years.

In the industrial branch we are continuing the policy inaugurated in the valuation as at December, 1929, of voluntarily allocating a substantial portion of the annual surplus towards providing a bonus to policyholders in that branch. A great step in granting greater benefits to these policyholders was taken in 1926, when we revised our tables of benefit in favour of all new entrants and made the increases retrospective by applying them to all policies then in force. That scheme increased the sums assured on the then existing business by over 9,000,000, which is probably a record figure for a benefit voluntarily granted to industrial branch policyholders in any year before or since. Our allocation this year to provide bonus amounts to £427,720, and the rates declared are 1s. for whole life and 9d. for endowment assurances of 1d. a week premium as compared with rates of 1s. 4d. and 1s. respectively in the past two years, for which more than a million pounds has been reserved. Fuller and more precise details of this distribution are set out in the report.

STAFF PENSIONS FUND.

We are again appropriating £100,000 from the surplus for the benefit of the staff pension fund, thus bringing the total to the credit of the fund to £1,158,568. In the course of the year no less a sum than £63,606 has been paid to pensioners from this fund, and the amount so payable grows and will normally continue to grow. I am very pleased, and I am sure you are equally so, that even in such a difficult year as we have passed through, whatever other allocations may be reduced, this, at least, is retained at the usual amount. Such an appropriation is a much more striking and useful mark of our appreciation of the work of our staff than any resolution of thanks, however genuinely and heartily expressed the latter may be.

AMOUNTS CARRIED FORWARD.

Other items in the allocation of surplus to which I would draw your attention are the amounts carried forward. These are £334,508 in the ordinary branch and £406,163 in the industrial branch, a total of £740,671, which may be compared with the corresponding total of last year of £224,343. The amount thus carried forward this year is nearly three and one-half times that of last year, and the increase is more than sufficient to have met the additional sum required to pay bonus at the same rates as last year had it been thought wise to do so. Such facts should be very reassuring to our existing policyholders in both branches as to the future bonus prospects of this company, and should be of great assistance to our field staff in obtaining new business.

EXTENSION OF CHIEF OFFICE.

The extension of the chief office building, to which I referred in my speech two years ago, is now practically complete. For various reasons the building operations have been subject to unforeseen delay, but the basement was finished and taken over by us some time ago, and provided the additional storage and other accommodation which had become urgently necessary. Whilst on this subject, may I say that if any shareholders would care to look round the chief office and gain some impression of the nature and extent of the work carried on here, we shall be very happy to provide the necessary facilities.

NATIONAL HEALTH INSURANCE.

A survey of our operations would not be complete without reference to the extensive and increasing participation of our company and its representatives in the vast field of National Health Insurance, and the results to which I desire to make brief reference reflect, as I think you will agree, great credit on the work of our staff and on the efficient organisation and direction of the National Amalgamated Approved Society, with which this company is associated.

During the year 1931 the number of new members admitted to that Society in the Pearl Section was 50,769, and through our representatives there was paid no less than 1,111,735 benefit payments

THE UNDERGROUND GROUP.

EFFECTS OF TRADE PARALYSIS.

LORD ASHFIELD ON THE OUTLOOK.

The annual meetings of the Metropolitan District Railway Company, London Electric Railway Company, City and South London Railway Company, Central London Railway Company, London General Omnibus Company, Limited, Metropolitan Electric Tramways, Limited, London United Tramways, Limited, South Metropolitan Electric Tramways and Lighting Company, Limited, London and Suburban Traction Company, Limited, and Underground Electric Railways Company of London, Limited, were held on Thursday last, at the Caxton Hall, Westminster, London, S.W.

The Right Honourable Lord Ashfield (the Chairman) said:—The year 1931 ran a chequered course, alternately encouraging and depressing us. It opened moderately well for our undertakings, as falling costs more than counter-balanced falling traffics, and in spite of another summer bereft of its fair share of sunshine, it fairly maintained its position, in comparison with the year 1930, until the close of the holiday season. Then the creeping paralysis in trade and industry made its insidious influence felt, and a rapidly accelerating fall in the volume of traffic has led to the total number of passengers, carried by the several companies represented here, falling by 28 millions. As spread over the whole year, the fall is relatively small, amounting to 1.2 per cent. only. The average receipt per passenger has also fallen by almost 1 per cent., which again is relatively small, but the combined effect of these small changes has adversely affected your fortunes.

GREEN LINE COACHES.

We have sought to take our part in the new demand of the public for motor coach services by the establishment and development of such services by a subsidiary company of the London General Omnibus Company, Green Line Coaches Limited, which provides services equivalent, as closely in all respects as may be, to private car services. Throughout the year we have operated 25 routes into or across Central London from and to points on the outer fringe from 25 to 30 miles away, and have carried over 12½ million passengers.

ECONOMIES IN EXPENDITURE.

The traffic receipts for the common fund companies have decreased by £291,000 in round figures. As against this decrease, there is a decrease in expenditure of £244,000. This latter decrease would have been greater if it had not been necessary to include in expenditure sums amounting to £83,000 in respect of the withdrawal from service and disposal of certain capital assets. Throughout 1931 we have indeed jealously watched our expenditure, knowing that we could not count from month to month upon our traffic receipts being maintained at the old level, but there has been no attempt to secure reductions in expenditure at the sacrifice of the services offered to the public. Rather, we have looked to secure savings from the improvements, which have been introduced in 1931 and previous years.

Small as is this share which the ordinary stockholders have in the gross revenue of the undertakings, it is upon them that the risk of success or failure eventually falls. The returns which they have received in the past have been less than moderate, for only in the last three years have they obtained dividends which approach a reasonable rate of interest upon their capital.

When I look back over these figures there is one item of expenditure which startles me by its magnitude, and which we can least of all influence. I refer to taxation. Even allowing for the exigencies of the times, it is surely unreasonable to find that motor omnibuses of the standard London type are taxed to the extent of £373 per vehicle per annum. This requires the fares of nearly two and a half passengers for every mile that the omnibuses travel. Last year the full brunt of the increased tax on petrol, imposed in the year, was not felt. For the present year, the total petrol tax will amount roundly to £1,000,000 for the London General Omnibus Company alone, and the full burden of taxation, local and national, to be met by the common fund companies will be almost £1,800,000. Taxation has indeed become the most grievous element in our budget. It is one that we can do nothing to lessen, for I doubt whether we could, by any alteration in our fares and charges, pass this burden on to the shoulders of the travelling public. In my judgment it amounts in the aggregate to a far greater burden than can equitably be imposed upon this group of companies, which are supplying public needs, are exercising all possible economies in their expenditure and are paying most modest dividends.

POLICY WITH REGARD TO STAFF.

As a consequence of the fall in our net revenues, we have reluctantly been compelled to change our policy with regard to the staff. In so far as we were free to take action, we have had to

discontinue our practice of carrying surplus and redundant members of the staff, until, by normal wastage, they can be reabsorbed into the establishment. This led to the dismissal of 377 members of the staff towards the close of 1931, and to the further dismissal of 188 since. It is with considerable regret that the management have had to have recourse to this means of partially redressing the balance of your affairs, a means which, I fear, may have to be pursued further in the coming year.

We have also had to notify the trade unions that, in our view, some deduction must be made in the earnings of our employees secured under their agreements with us. Our proposals have been framed with moderation.

Satisfactory progress is being made with the new extensions, and it is anticipated that the bulk of them will be brought into use during the year. They will, we hope, begin to earn a margin of revenue towards their cost while contributing something towards the earnings of the existing railways. They should prove a stimulus to Underground travel generally. Nevertheless, before we can resume in the future our policy of expansion and development, we must wait until the volume of traffic to be carried in Greater London once more is restored to its old level and grows. This change in our policy may bring with it difficulty and disappointment, but under present conditions our efforts must be directed to conserving our position, and this policy may involve many changes in our outlook and practice, changes foreign to our spirit and possibly disturbing to our organisation.

TRAMWAY UNDERTAKINGS.

Leaving the common fund companies, I pass to the companies in the London and Suburban Traction Group. These mainly relate to tramways. The year 1931 has shown little change in their position. Yet in this year the first substantial step has been taken to modernise and re-equip them. During the year 17 miles of tramways on the London United system have been abandoned and replaced by services of trolley buses. Their full operation has only extended over three or four months, so that I cannot give you any conclusive figures as to the results, but all the indications show that, with the improved and enlarged service worked, there has been increased traffic and reduced costs sufficient at least to justify the fresh capital expenditure. Forty-six new tramcars have been placed on the Uxbridge Road route with some improvement in receipts, though, owing to the factories along the line of route employing far fewer people, the improvement is less than was anticipated. At the same time, 54 new tramcars were put in operation on the Metropolitan Electric Tramways system, but they are insufficient to influence appreciably the results for that company, for again it serves an area which is predominantly industrial in character and therefore seriously affected by the spread of unemployment.

THE OUTLOOK.

The results for the year, while disappointing to us, are better than at one moment we expected, but unfortunately the factors, which operated to depress our fortunes in 1931, still continue to operate in 1932. The record of 1931 shows that they gathered momentum towards the close of the year. We therefore start the year 1932 at a disadvantage, and I should be concealing from you the true position of your affairs if I did not warn you that if these factors continue unabated, the results for 1932 cannot be as good as those for 1931. We shall take all such steps as are at our disposal to prevent any further decline in your fortunes, but the future and its prospects are largely out of our hands. We hope, as you all hope, that measures which are now being taken will tend to increase the commercial and industrial prosperity of our country, to alleviate the crushing burden of taxation and to encourage enterprise and effort. If that proves to be so, our anxiety will be allayed, for the revival of trade and industry must inevitably have a beneficial reaction upon our undertakings.

THE LONDON PASSENGER TRANSPORT BILL.

When I met you in general meeting at this time last year, I indicated that the proposals of the Government for dealing with the subject of London passenger transport were still unformulated, but soon afterwards the Government Bill was introduced and the terms of exchange to be given to our stockholders for the acquisition of their undertakings were provisionally settled. These proposed terms were placed before you at a meeting on May 1st last and received your approval.

I will not trouble you with the details of the Parliamentary proceedings on the Bill, only remarking that I hold as strongly as ever that there can be no true and permanent solution of the problem of London passenger transport without a unification of ownership, administration and finance, in capable and independent business hands, extending to all the local passenger transport undertakings within a widely defined London Traffic Area. The reports were unanimously adopted.

THE BRITISH ASSETS TRUST, LIMITED.

SUCCESSFUL RESULTS OF THE YEAR.

20 PER CENT. DIVIDEND MAINTAINED.

The thirty-fourth annual general meeting of the shareholders of the British Assets Trust, Limited, was held, on Wednesday, the 24th instant, at Gartshore Hall, 116 George Street, Edinburgh, Mr A. W. Robertson Durham, chairman of the company, presiding.

A representative of the secretaries having read the notice calling the meeting and the auditors' report, the Chairman said:—

I now submit for your approval the report and accounts for the year ended January 15, 1932, which have been in your hands for some time now, and which, with your permission, I propose to hold as read.

The past year, as you all know, has been one of extreme depression all over the world, and it is not surprising, therefore, that our valuation of investments at the close of the year shows a depreciation on the balance-sheet figures, and that our revenue shows a considerable setback.

As stated in the report, many of the quotations upon which the valuation is based are largely nominal. Even in New York, where in normal times there is no difficulty in dealing in thousands of shares, it is often difficult under present conditions to deal in hundreds; and in London it is difficult to deal in more than small lots without affecting the market. In these circumstances, with a large amount of forced selling, it can be readily understood that the severe fall in prices which has taken place is, in many cases, quite irrespective of intrinsic merits.

For each of the previous eight years we made substantial new issues of capital, with the result that our subscribed capital has risen from £700,000 to over £3,000,000, and our debenture capital has increased from under £600,000 to nearly £2,750,000. Under prevailing conditions we have not made any issue of capital during the year beyond the small issue of ordinary shares made at the close of last year, and we are not this year making any offer of ordinary shares to the shareholders. The only item in the balance sheet that would appear to call for comment is the item of cash, which amounts to £30,172, against cash and Call Loans in the previous balance sheet amounting to £145,727. In addition to cash, however, we also held £235,000 Treasury bills at January 15, 1932, included under investments, so that the company is still in a very liquid position.

REVENUE AND DIVIDEND.

The gross revenue for the year amounted to £421,686, which shows a contraction of approximately 5.2 per cent. as compared with the previous year, and leaves fully 29 per cent. earned on the ordinary capital. Up to the close of the previous year the earnings available for the ordinary capital had shown a material increase each year for the past five years, notwithstanding that during each of these years we made issues of ordinary shares to the shareholders on bonus terms. We are glad, however, to be able to recommend a dividend of 20 per cent., the same as that paid for the previous twelve years, and to add a substantial sum to the amount carried forward. With regard to the future, it is impossible to give any confident forecast. Under existing world conditions past experience gives a little reliable guidance, but we have prepared what we think is a conservative estimate of our income for the current year. While this shows a further decrease in income as compared with the year just ended, it still shows a surplus over the usual 20 per cent. dividend.

DISTRIBUTION OF INVESTMENTS.

It has not been our practice in the past to refer to the distribution of our investments, but in these abnormal times you may like to have some particulars with regard to this. Excluding our holding in the Second British Assets Trust, Limited, in which, as you know, we hold a very large proportion of the ordinary capital and in which the distribution of investments is very much the same as in this company, the geographical distribution of our investments, based on the book cost, is as follows:—

	Per cent.
Great Britain	28.4
United States of America	48.0
British Dominions and Colonies	9.9
Continent of Europe	6.1
Central and South America	6.0
Other Countries	1.6

And the percentages in the various classes of securities is:—

	Per cent.
Bonds and Debentures	10.3
Preference	29.0
Ordinary and Deferred	60.7

You will be interested to hear that there is comparatively little difference as shown by the valuation in the depreciation in each of these three classes, and that we believe that on the whole our holding of a large part of our capital in ordinary shares has been fully justified.

REDUCED RATES

for LIFE ASSURANCE

for the NEXT FIVE YEARS

for those who want to obtain immediate and adequate life assurance protection, but whose present incomes are either temporarily restricted or small in relation to future prospects.

Write to-day for full particulars (state age for quotation purposes) to THE

LIVERPOOL & LONDON & GLOBE
INSURANCE COMPANY, LTD.

LIVERPOOL (Head Office)
1, Dale Street.

LONDON (Chief Office)
1, Cornhill, E.C.3.

As stated in the report, Mr Harold G. Sharp, F.F.A., F.I.A., joined the board during the year, and his appointment now falls to be confirmed. I need hardly say that I think we are fortunate in having secured his services as a director.

The Chairman completed his remarks by moving the adoption of the report and accounts and the payment of the dividend recommended therein. The motion was seconded and adopted.

THE SCOTTISH LIFE ASSURANCE COMPANY, LIMITED.

RECORD NEW BUSINESS.

The annual meeting of the Scottish Life Assurance Company, Limited, was held, on the 23rd instant, in Edinburgh.

His Grace the Duke of Atholl, K.T., D.S.O., presided.

The Chairman, in moving the adoption of the report, said that his lot was an enviable one when contrasted with that of the chairmen of most commercial companies, because, in spite of 1931 having been one of the darkest years in the financial history of the world, they were able to report that their new business was greater than in any previous year. In these dismal days this was a cheering statement, and he thought that one reason for this pleasant state of matters was that the public were recognising, to an extent they never did before, the merits of life assurance as providing a secure investment for savings and an unsurpassable method of providing for those dependent upon them. Their countrymen received a severe shock when the perilous condition of the nation's finances was revealed to them, and the sobering effect of that alarming experience has caused many to pause and to reflect upon their own finances, upon the position in which they and their dependants stand, and upon the necessity of providing for the future by the one supreme method—Life Assurance.

NEW ASSURANCES.

The new assurances granted were for £1,514,000, and of that amount £107,000 was reassured with other companies, leaving a net new business of £1,407,000. This constituted a record for the office, and was a tribute to the popularity of the company. The net life premium income amounted to £511,000, the ordinary annual premium income having increased by over £17,000. Interest on life funds after deduction of tax was £297,000, being an increase of £12,000. The rate of interest, after deducting tax, was £4 14s. 3d. per cent., as compared with £4 14s. 7d. per cent. in 1930. A reduction of only 4d. was quite remarkable in a year which experienced an increase in the income tax and a heavy fall in the interest income of many institutions. Claims by death amounted to £153,000, being only 55 per cent. of the "expectation." Under maturing endowment assurances £211,000 was paid. The ratio of expenses of management (including annuity expenses) to premium income was 15.6 per cent. The total income from all sources was £944,000, and the total outgo was £874,000. The life funds increased to £8,582,000. The dividend was increased from 4s. to 5s. per share less tax.

SUCCESS IN YEAR OF DEPRESSION.

In conclusion, he stated that they must all feel impressed by the successful work of the office during the past depressing year, but their whole history as a company was such that they could heartily re-echo the recent words of His Royal Highness, the Prince of Wales: "Depression and apathy are the 'Devil's own'; they are not British; away with them."

Sir John Lorne MacLeod, G.B.E., LL.D., chairman of the board, seconded, and the report was adopted.

BOVRIL LIMITED.

INCREASED HOME SALES—EXCHANGE PROBLEMS.

The thirty-fifth annual general meeting of Bovril Limited was held, on the 24th instant, in London, Lord Luke of Pavenham (chairman) presiding.

The Chairman, in moving the adoption of the report and accounts, said that in the British Isles the sales of Bovril in 1931 exceeded those of 1930, but the export sales had been heavily down. It was, however, a relief to note that since the end of September last the export sales had each month shown an improvement upon the sales for the corresponding month in the previous year.

He was beginning to believe that the vagaries of exchange were a worse hindrance to overseas business than even high tariffs. In the case of the latter they did have something fixed to base calculations upon, but since Governments began to interfere with the exchanges ruling in their respective countries, there had been little market in forward exchange, and unless one was able to deal in exchange for a future date, it was not safe to quote for a forward contract in the currency of the buyer, and they could realise what a hindrance that was to business. They had already seen by the report how they had been hit by depreciation in overseas stocks, which was largely due to the collapse and difficulties of exchange. They had provided for this depreciation partly out of the year's profit, but to a far greater extent by the transfer of £150,000 from reserve.

"Ploughing through" the sea of difficulties which every business man had to face in 1931 had been strenuous work, and they were the more proud of such success as they had had, even though, measured by net profits, it might not equal the glories of previous years.

MEN WHO RUN THE WORLD'S BUSINESS.

The business of the world was conducted—planned, organised and managed—by a comparatively small number of people. Few acquired the balanced judgment that was essential for the successful handling of large-scale affairs. The younger generation now coming on contained, he believed, as many who were capable of acquiring that all-important quality as any of its predecessors, but there was more difficulty in singling them out, in separating the wheat from the chaff.

He thought this arose from two causes. Broadly speaking, the younger generation combined more self-assurance regarding its own capabilities with a less keen sense of personal responsibility, and it was therefore more ready to risk a gamble on the chance of attaining a high position.

He believed this accounted for many of the disastrous wrecks that had occurred throughout the business world.

Their advertising brought them a large crop of comments from the public, mostly flattering, but sometimes critical and sometimes of a humorous character. An American journal had recently published, under the title "Britain's Bottle," a lively, if somewhat highly coloured, history of the company. The writer attributed much of the success of Bovril to the directors' recognition of the fact that "The sense of fun never sets on the British Empire."

For twenty-five years, he said, Bovril had not only catered to the British appetite for beef, but had been almost an almanack of British humour, and he instanced some of their recent slogans, including "Drink Bovril—once it's in you it's sinew," and the Mr Bovril and Mrs Bovril series.

A complete set of the slogans published by the company would be a lengthy document, but mention might perhaps be made of a few of the less well known ones, such as "Don't only hope for the best—take Bovril," "Bovril is warmest when it's coldest," and "The Doctor never docked her Bovril."

The Duke of Atholl (vice-chairman) seconded the resolution.

SIR JAMES CRICHTON-BROWNE'S SPEECH.

Sir James Crichton-Browne said that as they had gathered from the report which had been circulated, and as they had been told, the directors regretted that the call of the National Government had deprived the company—for a time at any rate—of the services of Lord Hailsham, on the board. It was a great advantage to have an ex-Lord Chancellor on the board, but Lord Hailsham had so indoctrinated the other directors with his legal habits of thought that they might depend upon it that although departed, he was still with them.

They would, when the good times came, have a good deal of debility and nervous exhaustion and neurasthenia to contend with, and then he did not doubt the body building and body repairing and sustaining power of Bovril would be widely recognised. He believed in the fibre of the nation, but that fibre must be nourished, and the brain and nervous systems were structures requiring nourishment of a special kind.

The report and accounts were unanimously adopted.

WANDSWORTH AND DISTRICT GAS COMPANY.

COMPANY'S STRONG POSITION.

The ordinary general meeting of the Wandsworth and District Gas Company was held, on the 23rd instant, at the Hotel Metro-pole, W.C., Mr Frank H. Jones (chairman and managing director) presiding.

The Chairman, in moving the adoption of the report and accounts, said: Before I turn to the details of last year's history of our company I will tell you how your company appeals to some people. During last year I asked three gentlemen of great experience how they would judge, shortly, the quality of a gas company. One said the price of gas was most important; another said he would look at the balance sheet and see what assets there were compared with the liabilities of the company; and the third answer was: The market value of the company's stock. I venture to think that, singly, these views were not quite the real test, but put all three tests together, and I think you will get a good general idea of a company. Apply these three tests to the Wandsworth and District Gas Company, as naturally I did, and you will find our cheapest gas is 7.6d. per therm, and the average price from the Thames to whole of our district. Our balance sheet shows that our reserve fund, special purposes fund, and pension fund are represented very largely by British Government securities, and we own a fleet of steamers capable of bringing all the coals required by the company from the North to our Wandsworth Works. Our ordinary stock stands at about £114 per cent. I give you these facts, and, knowing myself how they compare with other South of England gas companies, I leave you each to judge, and I do not fear the judgment. I say again, even if I may bore you, that when we forget that cheap gas has largely made this company, and will maintain its prosperity, we shall be going on the "down line." also makes our "carry forward" larger. We have competition from electricity, but we have a new form of competition from imported oil, which is in some places displacing gas and coke, both products of British coal. "Buy British" is not always remembered by some people, and I can see a position arising that will suffer.

The resolution was carried unanimously.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended February 20, 1932, amounted to £26,868,000 against ordinary expenditure of £10,682,300. After allocating £485,000 to Sinking Fund and having allowed for a decrease in Exchequer Balances of £88,810, the operations for the week, as shown below, reduced the National Debt by £15,789,000 to £7,638,675,000:—

(000's omitted.)	
National Savings Certificates	+ 100
Public Department Advances.	— 2,750
Income Tax	— 11,849
Excess Interest of Nat. Saving Certificates	— 750
Issues to Nat. Debt Commissioners	— 590
	+ 100
	— 15,889

A complete analysis of the National Debt at December 31, 1931, was printed in the *Economist* of January 9, 1932.

REVENUE.	Revised Estimate for the year 1931-32.	Total Receipts into the Exchequer.			
		April 1, 1931, to Feb. 20, 1932.	April 1, 1930, to Feb. 21, 1931.	Week ended Feb. 20, 1932.	Week ended Feb. 21, 1931.
ORDINARY REVENUE.					
Inland Revenue—					
Income Tax	272,000,000	226,704,000	183,973,000	13,170,000	14,337,000
Sur-tax, including Arrears of Super-Tax	73,000,000	55,200,000	41,980,000	3,380,000	2,910,000
Estate, &c., Duties	83,000,000	57,250,000	73,560,000	1,590,000	3,380,000
Stamps	20,000,000	12,470,000	15,830,000	320,000	120,000
Excess Profits Duty and Corporation Profits Tax	2,200,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	590,000	540,000	70,000	150,000
Total Inland Revenue...	451,000,000	352,214,000	315,883,000	18,530,000	20,897,000
Customs and Excise—					
Customs	131,770,000	119,631,000	106,310,000	2,538,000	2,226,000
Excise	121,230,000	110,000,000	114,150,000	6,000,000	5,630,000
Total Customs and Excise	253,000,000	229,631,000	220,460,000	8,538,000	7,856,000

REVENUE.	Revised Estimate for the year 1931-32.	Total Receipts into the Exchequer.			
		April 1, 1931, to Feb. 20, 1932.	April 1, 1930, to Feb. 21, 1931.	Week ended Feb. 20, 1932.	Week ended Feb. 21, 1931.
Motor Vehicle Duties (Exchequer Share)	5,000,000	4,384,000	4,439,041	...	Dr. 200,000
Post Office (Net Receipt)	12,200,000	14,450,000	11,900,000	...	...
Crown Lands	1,300,000	1,190,000	1,210,000	...	...
Receipts from Sundry Loans	15,400,000	13,584,260	31,233,676	...	1,375,000
Miscellaneous Receipts	42,800,000	16,524,242	29,984,996	...	1,585,000
Appropriation from Rating Relief Suspense Account	4,000,000	3,900,000	16,000,000	...	...
Total Ordinary Revenue	784,700,000	635,877,502	631,110,713	26,868,000	31,063,000
SELF-BALANCING REVENUE.					
Post Office	58,232,000	49,450,000	51,450,000	1,600,000	1,900,000
Motor Vehicle Duties apportioned to Road Fund	23,350,000	22,319,000	22,589,959	...	...
Total Self-Balancing Revenue	81,582,000	71,769,000	74,039,959	1,600,000	1,900,000
Total		707,646,502	705,150,672	28,468,000	32,963,000

EXPENDITURE.	Revised Estimate for the year 1931-32.	Total Issues out of the Exchequer to meet Payments.			
		April 1, 1931, to Feb. 20, 1932.	April 1, 1930, to Feb. 21, 1931.	Week ended Feb. 20, 1932.	Week ended Feb. 21, 1931.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt	289,400,000	282,604,101	283,662,890	601,661	542,379
Payments to Northern Ireland	6,350,000	4,935,412	4,963,538	20,000	91,805
Other Consolidated Fund Services	3,000,000	2,565,960	2,314,630	11,317	3,176
Total	298,750,000	290,105,473	290,941,058	632,978	637,360
Total Supply Services (excluding Post Office)	451,829,000	376,871,433	371,375,467	10,049,341	6,750,000
Total Ordinary Expenditure	750,579,000	666,976,906	662,316,525	10,682,319	7,387,360
SELF-BALANCING EXPENDITURE.					
Post Office	58,232,000	49,450,000	51,450,000	1,600,000	1,900,000
Road Fund	23,350,000	22,319,000	22,589,959	...	...
Total Self-Balancing Expenditure	81,582,000	71,769,000	74,039,959	1,600,000	1,900,000
Total Ordinary and Self-Balancing Expenditure	832,161,000	738,745,906	736,356,484	12,282,319	9,287,360
New Sinking Fund (1928)	32,600,000	27,496,631	44,958,623	485,000	1,842,000
Total (including New Sinking Fund)		766,242,537	781,315,107	12,767,319	11,129,360

The aggregate revenue and expenditure to February 20, 1932, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1st TO FEBRUARY 20, 1932.	
(000's omitted.)	
Revenue	635,877
Expenditure	666,977
New Sinking Fund	27,497
	694,474

POSITION OF THE FLOATING DEBT.	
Movement week ended Feb. 20, 1932.	
Ways and Means Advances Out- standing—	£
Advances by Bank of England	24,500,000
Advances by Public Departments	561,910,000*
Treasury Bills outstanding	579,310,000
Total Floating Debt	657,445,000

Tenders for £35,000,000 in Treasury Bills were opened on February 19, 1932, and the total amount applied for was £59,095,000. Tenders were accepted for bills at three months, dated Monday at £99 0s. 6d. and above in full; Tuesday to Saturday at £99 0s. 3d., about 20 per cent. and above in full. The amount allotted was £27,570,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1932.			
January 29	30,000,000	42,755,000	4 7 6-99
February 5	30,000,000	34,225,000	4 6 1-8
February 12	30,000,000	35,225,000	4 15 7
February 19	35,000,000	59,095,000	3 19 4-09

The Bankers' Gazette.

BANK OF ENGLAND.
Return for Week ended Wednesday, February 24, 1932.

ISSUE DEPARTMENT.	
Notes Issued:—	£
In Circulation	346,404,346
In Banking Department	49,368,302
Government Debt	11,015,100
Other Government Securities	253,573,405
Other Securities	6,562,637
Silver Coin	3,848,858
Amount of Fiduciary Issue	275,000,000
Gold Coin and Bullion	120,772,648
	£395,772,648

BANKING DEPARTMENT.

Proprietors' Capital	£ 14,553,000	Government Securities	£ 33,675,906
Reserve	3,631,366	Other Securities—	
Public Deposits	14,125,133	Discounts and Advances	£11,492,953
Other Deposits	£67,924,058	Securities	37,320,909
Other Accounts	£32,198,355	Notes	48,813,862
7-Day and other Bills	100,122,413	Gold and Silver Coin	49,368,302
	1,283		575,125
	£132,433,195		£132,433,195

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

Both Departments.		Amount, Feb. 24, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	£	346,404,346	+ 1,521,792	+ 1,261,056
Public deposits	£	14,125,133	+ 1,233,848	+ 2,096,147
Bankers' deposits	£	67,924,058	+ 2,531,794	+ 8,852,373
Other deposits	£	32,198,355	+ 209,481	+ 1,113,875
Seven-day bills	£	1,283	+ 754	+ 131
Total, outside liabilities	£	460,653,175	+ 2,035,123	+ 4,381,164
Capital and res.	£	18,184,366	+ 9,427	+ 38,564
Government debt and securities	£	298,264,411	+ 2,459,054	+ 16,567,059
Discounts and advances	£	11,492,953	+ 451,594	+ 2,975,107
Other securities	£	43,883,546	+ 4,082,893	+ 5,553,276
Silver coin in issue department	£	3,848,858	+ 697	+ 508,025
Coin and bullion (bank's reserve)	£	121,347,773	+ 30,186	+ 20,244,817
Reserve of notes and coin in banking department	£	49,943,427	+ 1,491,606	+ 3,983,761
Proportion of reserve to outside liabilities—				
(a) Banking department only ("proportion")		43 1/2 %	+ 1/2 %	+ 5 1/2 %
(b) Gold stocks to deposits and notes ("reserve ratio")		26 1/2 %	+ 1/2 %	+ 4 1/2 %

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Rate Bank.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1932.	£	£	£	£	£	£	%
Jan. 20	395,763	347,879	20,813	77,482	38,444	Nil	6
27	395,763	345,869	15,321	74,304	38,208	Nil	6
Feb. 3	395,765	347,666	14,802	77,326	32,845	Nil	6
10	395,765	346,519	16,435	66,998	32,727	Nil	6
17	395,766	344,883	15,359	70,456	31,989	Nil	6
24	395,773	346,404	14,125	67,924	32,198	Nil	5

(000's omitted.)

Date.	Issue Department.		Both Depts.		Banking Department.			Reserve & the "Proportion."	%.
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Dis- counts & Advances.	Other Securities.	the "Proportion."		
1932.	£	£	£	£	£	£	£	£	%
Jan. 20	254,469	16,684	121,321	25 1/2	52,431	14,031	39,220	48,442	35 1/2
27	256,167	14,983	121,350	25 1/2	45,311	12,947	37,196	50,481	39 1/2
Feb. 3	257,599	13,547	121,313	25 1/2	40,701	13,634	40,120	48,647	38 1/2
10	260,090	11,057	121,294	26 1/2	34,626	13,008	36,910	49,775	42 1/2
17	262,309	8,842	121,318	26 1/2	33,496	11,945	39,124	51,435	43 1/2
24	264,589	6,563	121,348	26 1/2	33,676	11,493	37,321	49,943	43 1/2

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1932.				
January 1 to February 10	£ 2,669,121	£ 208,316	£ 340,507	£ 3,217,944
Week ended February 17	400,333	28,912	49,399	478,644
Week ended February 24	453,983	28,797	47,320	530,100
Total to date, 1932	3,523,437	266,025	437,226	4,226,688
Total to date, 1931	5,747,389	283,871	455,572	6,486,832
Increase or decrease in 1932 ... {	- 2,223,952	- 17,846	- 18,346	- 2,260,144
	= 37·1%	= 6·0%	= 4·0%	= 34·9%
Total for year 1931	31,815,808	1,667,852	2,752,209	36,235,869
Total for year 1930	38,782,787	1,812,146	2,963,631	43,558,564
Increase or decrease in 1931 ... {	- 6,966,769	- 144,294	- 211,422	- 7,322,485
	= 17·9%	= 7·9%	= 7·1%	= 17·8%

OVERSEAS BANK RETURNS

NOTE.—The latest return of the National Bank of Egypt and Danzig appeared in the *Economist* of January 9; Russia in February 6; Bank for International Settlements and Denmark in February 13; Spain, Portugal, Bulgaria, Sweden and Switzerland in February 20.

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

RESOURCES.	Feb. 26, 1931.	Feb. 4, 1932.	Feb. 11, 1932.	Feb. 18, 1932.	Feb. 25, 1932.
Total gold reserve	3,081,320	2,970,180	2,967,220	2,943,590	2,937,550
Total bills discounted	189,850	855,170	819,430	845,780	835,240
Bills bought in open market	106,320	156,100	169,390	146,380	133,380
Total U.S. Govt. securities	599,440	748,990	741,430	741,340	7,050
Total bills and securities	895,610	1,796,210	1,763,710	1,763,500	1,723,860
Total resources	4,848,150	5,533,390	5,466,990	5,527,780	5,458,930
LIABILITIES.					
Federal Reserve notes in actual circulation	1,448,420	2,664,000	2,661,960	2,656,940	2,642,830
Deposits—Memberbank—reserve account	2,378,410	1,937,230	1,904,910	1,904,250	1,877,790
Total deposits	2,427,570	2,054,000	2,021,080	2,013,120	1,973,500
Capital paid in and surplus	443,770	417,920	417,780	417,340	417,280
Total liabilities	4,848,150	5,533,390	5,466,990	5,527,780	5,458,930
Ratio of total reserves to deposits and Federal Reserve note liabilities combined	84.1%	67.1%	67.6%	67.4%	68.0%

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

RESOURCES.	Feb. 26, 1931.	Feb. 4, 1932.	Feb. 11, 1932.	Feb. 18, 1932.	Feb. 25, 1932.
Total gold reserve	1,069,080	1,022,380	941,390	941,210	951,420
Total bills discounted	38,020	90,410	170,550	177,820	168,980
Bills bought in open market	43,500	55,480	64,120	46,290	36,750
Total U.S. Govt. securities	183,930	281,900	271,120	371,120	273,620
Total bills and securities	265,440	548,280	523,950	510,710	485,700
Deposits—Memberbank—reserve account	1,014,670	923,640	811,300	802,600	785,870
Ratio of total res. to dep. and Federal Res. note liabilities combined	87.0%	67.8%	69.3%	69.8%	71.5%

FEDERAL RESERVE MEMBER BANKS.

In \$'s (000,000's omitted).

	Feb. 11, 1931.	Jan. 13, 1932.	Jan. 20, 1932.	Jan. 27, 1932.	Feb. 3, 1932.	Feb. 10, 1932.
Loans	15,605	13,031	12,935	12,858	12,830	12,716
Investments	7,054	7,256	7,117	7,137	7,149	7,069
Time deposits	13,672	11,643	11,476	11,453	11,166	11,090
Due from banks	1,778	927	891	861	920	898
Due to banks	3,826	2,427	2,382	2,311	2,355	2,305
Federal reserve borrowings	68	469	457	467	492	472

STATEMENT OF CANADIAN BANKS.—In \$'s (000's omitted).

ASSETS.	Nov. 30, 1931.	Aug. 31, 1931.	Sept. 30, 1931.	Oct. 31, 1931.	Nov. 30, 1931.
Cash and bank balances	446,822	329,049	341,056	352,148	424,317
Bank balances abroad	137,391	93,665	112,378	97,054	94,729
Cash and short loans	405,297	268,296	256,671	249,327	269,643
Securities	551,475	700,985	677,577	695,521	719,490
Loans in Canada	1,314,382	1,273,500	1,294,600	1,304,057	1,273,568
Loans abroad	210,396	188,796	192,623	188,943	183,746
Other assets	188,905	169,660	170,543	170,248	167,537
LIABILITIES.					
Deposits	155,233	141,813	139,908	152,929	145,533
Government	125,117	43,182	59,543	90,084	197,194
Public in Canada	2,043,440	2,029,554	2,049,794	2,042,901	2,012,868
Foreign	409,409	331,956	313,097	301,951	320,208
Bank balances—Canadian	13,484	12,739	12,695	10,223	10,056
Foreign	79,328	74,284	70,441	80,731	61,108
Bills payable, etc.	96,175	87,276	87,433	86,255	82,538
Capital and res.	306,154	306,500	306,500	306,500	306,500
Other liabilities	9,301	6,375	3,603	4,114	6,643

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

ASSETS.	Jan. 30, 1931.	Dec. 31, 1931.	Jan. 8, 1932.	Jan. 15, 1932.	Jan. 22, 1932.	Jan. 29, 1932.
Gold coin and bullion	6,974	8,104	7,865	8,222	8,197	8,172
Subsidiary coin	254	405	416	425	433	434
Bills discounted	7,963	3,729	2,465	1,875	2,269	3,001
Investments	1,549	1,133	1,238	1,095	940	1,054
LIABILITIES.						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	720	802	802	802	802	802
Notes in circulation	8,256	8,799	7,762	6,956	6,590	8,117
Government deposits	1,921	1,277	713	1,184	1,764	1,180
Bankers' deposits	6,164	4,267	4,464	4,574	4,264	4,618
Ratio of cash reserves to liabilities to public	45.4%	56.2%	59.5%	65.0%	62.8%	58.5%

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

ASSETS.	Jan. 30, 1931.	Jan. 1, 1932.	Jan. 8, 1932.	Jan. 15, 1932.	Jan. 22, 1932.	Jan. 29, 1932.
Total securities	29,80,93	31,10,20	31,02,34	27,42,59	26,19,76	24,24,11
Loans	14,93,28	10,42,16	9,12,54	8,72,44	8,92,36	9,32,76
Cash and short loans	27,08,24	26,52,59	25,23,79	26,03,66	25,55,87	25,53,09
Inland bills	5,52,36	4,79,87	4,83,77	5,10,73	5,25,53	5,53,03
Foreign bills	28,86	20,80	26,68	17,16	17,32	21,31
Dead stock	2,75,20	2,68,22	2,68,08	2,68,50	2,68,47	27,80
Bal. with other banks	45,63	16,34	39,61	34,96	37,87	27,80
Cash	11,97,56	11,05,51	8,90,70	9,54,49	9,59,63	8,90,24
LIABILITIES.						
Capital paid up	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50
Reserve	5,40,00	5,40,00	5,40,00	5,40,00	5,40,00	5,40,00
Total deposits	81,67,50	72,20,02	69,14,80	69,38,31	70,63,87	67,61,82
The above includes—						
Deposits in London	7,013	1,304	1,417	1,413	1,407	1,379
Deposits in India	6,854	1,370	1,313	1,356	1,355	1,378
Cash, etc., at other Banks in London	343	125	300	265	286	212

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

ASSETS.	Feb. 23, 1931.	Feb. 6, 1932.	Feb. 15, 1932.	Feb. 23, 1932.
Gold	2,265,626	928,341	928,341	928,341
Of which deposited abroad	207,638	55,456	55,456	55,456
Reserve in foreign currencies	175,402	146,750	146,750	146,750
Bills of exchange and cheques	1,525,632	3,483,816	3,253,631	3,155,947
Silver and other coin	202,271	140,474	169,799	3,254,864
Notes of other German banks	21,292	8,030	8,828	12,529
Advances	102,322	129,038	187,926	158,605
Investments	102,322	160,564	160,564	161,809
Other assets	555,887	971,184	1,013,141	837,679
LIABILITIES.				
Share capital	122,788	150,000	150,000	150,000
Reserve	371,139	337,331	337,331	337,331
Notes in circulation	3,704,405	4,276,132	4,155,232	3,573,331
Other daily maturing obligations	401,325	332,941	370,714	4,003,215
Other liabilities	334,100	869,793	853,484	1,311,799
Cover of note circulation	65.9%	25.1%	25.8%	26.9%

* Equal to one billion paper marks or one Rentenmark.
The gold reserve is calculated in accordance with the new legal prescription of one pound of fine gold equals 1.392 Reichsmarks.

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

ASSETS.	Feb. 20, 1931.	Jan. 29, 1932.	Feb. 5, 1932.	Feb. 12, 1932.	Feb. 19, 1932.
Gold	55,857,792	71,625,043	72,563,083	73,034,075	73,814,806
Foreign assets—					
Eight deposits	7,012,887	8,881,914	8,176,369	7,829,552	7,580,148
Bills, etc.	19,307,294	9,923,333	9,073,285	9,191,706	...
Home bills	7,500,688	6,555,355	5,123,708	4,909,030	...
Advances against sec.	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
To the State—	2,861,483	2,744,373	2,824,813	2,785,588	2,711,332
Negotiable Bonds	5,198,572	6,898,658	6,882,476	6,882,476	6,882,476
Sinking Fund Dept.	3,719,629	5,077,988	14,648,949	5,245,505	...
Other assets (excluding forward exch.)	76,851,950	84,723,056	84,438,199	83,288,819	82,578,579
Public deposits	13,937,034	4,721,697	4,491,924	3,964,861	3,474,276
Private deposits	11,182,760	23,075,931	21,889,101	23,313,541	24,819,488
Other liabilities	2,686,601	2,385,980	2,600,172	2,510,711	...

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

ASSETS.	Position, May 28, 1914.	Feb. 19, 1931.	Jan. 28, 1932.	Feb. 4, 1932.	Feb. 11, 1932.	Feb. 18, 1932.
Gold	232,650	896,316	4,483	42,242	42,600	43,187
Foreign Bills and Balances Abroad	697,600	758,774	922,691	935,069	927,153	933,790
Silver and other coin	...	...	...	...	...	...
Securities	...	...	...	...	...	...
Notes in circulation	934,150	3,197,170	3,672,001	3,716,502	3,723,219	3,705,334
Current accounts	112,125	213,553	182,884	154,647	162,723	166,659

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

ASSETS.	Position, May 30, 1914.	Feb. 23, 1931.	Feb. 1, 1932.	Feb. 8, 1932.	Feb. 15, 1932.	Feb. 22, 1932.
Gold	163,092	446,055	865,621	861,590	861,590	867,727
Silver	8,436	30,811	26,787	26,281	26,308	26,362
Home bills discounted	46,968	79,617	71,024	69,216	69,054	69,054
Foreign bills	227,171	83,657	83,771	84,309	84,309	84,309
Loans and advances in current acct.	...	...	...	...	...	...
Notes in circulation	316,832	802,693	1,019,916	991,754	979,325	972,573
Deposits	5,016	53,546	164,769	157,480	171,872	183,630

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

ASSETS.	Position, May 30, 1914.	Feb. 21, 1931.	Jan. 30, 1932.	Feb. 6, 1932.	Feb. 13, 1932.	Feb. 20, 1932.
Gold	22,971	118,828	159,800	159,500	157,400	157,700
Silver	29,785	44,056	...	...	...	...
Discounts, advances, and other investments	77,567	105,678	80,400	85,100	102,300	103,200
Notes in circulation	109,499	245,043	225,200	229,800	231,400	227,300
Deposits and bills payable	11,250	37,839	28,600	28,000	26,300	31,600

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

ASSETS.	Feb. 10, 1931.	Jan. 10, 1932.	Jan. 20, 1932.	Jan. 31, 1932.	Feb. 10, 1932.
Gold, coin and bullion	5,298,800	5,626,500	5,626,500	5,626,500	5,626,500
Foreign bills and balances abroad	4,044,800	2,108,000	2,042,700	1,934,400	1,792,600
Other cash	215,900	278,600	282,300	282,400	741,800
Gold deposited abroad due by the State	1,782,400	1,772,800	1,772,800	1,772,800	1,772,800
Discounts	3,758,700	4,566,300	4,450,700	4,357,000	4,263,700
Advances	1,128,300	887,000	898,700	953,900	982,500
Credit with "Istituto di Liquidazione"	626,200	1,565,600	1,565,600	1,565,600	1,565,600
Government securities	1,159,400	1,376,700	1,376,200	1,370,000	1,369,300
LIABILITIES.					
Notes in circulation	15,120,000	14,218,800	13,768,600	13,971,400	13,748,200
Public deposits	300,000	300,000	300,000	300,000	300,000
Other deposits and drafts	2,159,800	2,290,000	2,484,300	2,045,900	1,798,900
Ratio of reserve to note and sight liabilities combined	53.15%	46.0%	46.33%	46.34%	46.82%

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

	Position, May 31,	Feb. 16,	Jan. 30,	Feb. 8,	Feb. 15,
ASSETS.	1914.	1931.	1932.	1932.	1932.
Coin and bullion—Gold	44,224	146,417	118,075	118,080	118,080
Balance abroad and foreign bills Norwegian and Foreign Govern- ment securities	28,533	20,024	15,582	15,856	13,669
Discounts and loans	8,116	52,769	28,029	28,131	28,000
LIABILITIES.	76,911	177,749	249,732	245,911	246,382
Notes in circulation	113,484	279,904	310,822	301,164	298,135
Deposits at sight	7,188	52,363	67,337	74,855	76,070

* In addition the Bank has at its free disposal:

OVERSEAS BANK RATES.

Changed.	From	To	Changed.	From	To
Albania	July 1, 1931	9 8	Madrid	July 8, 1931	6 6
Amsterdam	Sept. 29, 1931	2 3	Oslo	Feb. 19, 1932	6 5
Athens	Feb. 20, 1932	12 11	Paris	Oct. 9, 1931	2 4
Batavia	Mar. 10, 1930	5 4	Prague	Dec. 22, 1931	6 5
Belgrade	July 20, 1931	6 7	Pretoria	Jan. 28, 1932	6 5
Berlin	Dec. 9, 1931	8 7	Reval	Jan. 28, 1932	6 5
Brussels	Jan. 13, 1932	9 8	Riga	Oct. 1, 1930	7 6
Bucharest	Jan. 31, 1931	9 8	Rome	Sept. 28, 1931	5 7
Budapest	Jan. 19, 1932	8 7	Sofia	Sept. 30, 1931	8 7
Calcutta	Feb. 25, 1932	7 6	Stockholm	Feb. 18, 1932	6 5
Copenhagen	Sept. 26, 1931	4 6	Swiss Bank		
Danzig	Nov. 24, 1931	6 5	places	Jan. 22, 1931	2 2
Helsingfors	Feb. 12, 1932	8 7	Tokyo	Nov. 4, 1931	5-84
Kovno	Oct. 3, 1931	7 8	Vienna	Nov. 11, 1931	10 8
Lisbon	Aug. 8, 1931	7 7	Warsaw	Oct. 3, 1930	6 7
New York Federal Reserve	Feb. 25, 1932	3 3	Irish	Feb. 18, 1932	6 7

Central Bank of Chile.—Discount rate for member banks, 6%; discount rate for the public, 7%.
 6% applied to banks and credit institutions.
 7% applied to private persons and firms.

CURRENT PRICES IN NEW YORK.

The Irving Trust Company cable the following money and exchange rates in New York:—

	Feb. 25, 1932.	Jan. 27, 1932.	Feb. 3, 1932.	Feb. 10, 1932.	Feb. 17, 1932.	Feb. 24, 1932.
Call money	1 1/2	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4
Time money (90 days' mixed coll.)	2 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
Bank acceptances:—						
Members—eligible, 90 days	1 1/2	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4
Non-mem.—eligible, 90 days	1 1/2	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4
Ineligible, 90 days	2 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
Commercial accept., 90 days	2 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4

Rates of Exchange, New York on—	Par Level.	Feb. 25, 1932.	Feb. 10, 1932.	Feb. 17, 1932.	Feb. 24, 1932.
London—					
60 days	4-8666	4-83	3-38	3-41	3-45
Cable		4-85	3-42	3-44	3-48
Cheques		4-85	3-42	3-44	3-48
Paris—					
Cheques	3-918	3-91	3-93	3-94	3-93
Brussels	13-90	13-93	13-94	13-96	13-93
Switzerland	19-30	19-27	19-52	19-53	19-49
Italy	5-263	5-23	5-19	5-20	5-20
Berlin	23-82	23-76	23-73	23-75	23-80
Vienna	14-07	14-05	14-05	14-05	14-05
Madrid	19-30	19-30	19-30	19-30	19-30
Amsterdam	40-195	40-104	40-35	40-48	40-39
Copenhagen	26-80	26-74	18-95	19-05	19-15
Oslo		26-74	18-95	18-78	18-85
Stockholm		26-74	19-30	19-30	19-25
Athens	1-297	1-294	12-87	12-87	12-87
Montreal	Can. cents for \$1	100	14 dia.	12 dia.	11 dia.
Yokohama	49-85	49-40	35-37	35-00	35-00
Hong Kong		29-25	...	...	...
Shanghai	Can. for 1 Shing-tai	36-50	35-90	26-00	26-35
Calcutta	Gold piece for \$100	103-65	133-10	...	...
Buenos Aires	Cents for 1 peso	11-96	8-50	...	...
Sao Paulo	Cents for 1 milreis	13-125	12-02	...	...

SOUTH AFRICAN EXCHANGE RATES.

BUYING RATES.

	T.T.	Sight.	30 days' sight.	60 days' sight.	90 days' sight.
London on:—					
Rhodesia	1% dis.	1% dis.	1% dis.	2% dis.	3% dis.
South Africa	1% dis.	1% dis.	1% dis.	2% dis.	3% dis.

SELLING RATES PER £100 (STERLING).

	Sight.	Telegraphic.
London on:—		
Rhodesia	99 17 6	99 15 0
South Africa	73 10 0	73 5 0

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.

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

Country.	Method of Quoting.	Par Value.	Usance.	Latest Rate.
Buenos Aires	Escudos to \$	24-3325	Sight London	20-68
Yaguajay	Bolivares to \$	25-2215	"	22-90
Colombia (Bogota)	Pesos to \$	5	"	3-62
Nicaragua	Cordobas to \$	4-8665	"	4-96
Salvador	Colonos to \$	9-73	"	8-62
Bolivia	Bolivianos to \$	13-33	"	13-10

OVERSEAS DOMINION RATES.

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND.

London on Australia and New Zealand				Australia and New Zealand on London			
Buying.		Selling.		Buying.		Selling.	
Aus-tralia.	New Zealand.	Aus-tralia.	New Zealand.	Aus-tralia.	New Zealand.	Aus-tralia.	New Zealand.
T.T.	125 1/2	111 1/2	125 1/2	125 1/2	108 1/2	125 1/2	109 1/2
Sight	127 1/2	113 1/2	127 1/2	123 1/2	108 1/2	125 1/2	109 1/2
30 days	128 1/2	114 1/2	128 1/2	123 1/2	107 1/2	124 1/2	108 1/2
90 days	129 1/2	115 1/2	129 1/2	122 1/2	107 1/2	124 1/2	108 1/2

All rates (Australia and New Zealand) now based on \$100—LONDON.

INDIA: REMITTANCES TO THE HOME TREASURY.

	During the week ending Feb. 20, 1932.	From Apr. 1, 1931, to Feb. 20, 1932.
Sterling purchased in India	1,490,000	32,007,000

	From paper currency reserve in England	From gold standard reserve in England against gold transferred in India from paper currency reserve to gold standard reserve
Net transfer to Home Treasury	...	23,047,804

Less sales of sterling	1,490,000	55,054,804
Net remittance to Home Treasury	1,490,000	41,007,000

India Office, S.W.1.
 February 23, 1932.

BULLION.

The following statistics of imports and exports of gold for week ended February 25, 1932, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.		Exported from Great Britain and Northern Ireland.	
From—	£	To—	£
Netherlands	47,738	Germany	2,982
U.S.A.	24,186	Netherlands	467,300
U.S.A.	63,400	France	80,205
Brass	535,250	Switzerland	3,859,430
Brass	4,206	Italy	10,772
British West Africa	54,068	Austria	1,926
British South Africa	936,351	Czechoslovakia	19,200
Irish Free State	2,287	Other countries	24,000
British India	1,891,839		1,185
Australia	3,600		
New Zealand	53,438		
Other countries	4,263		
Total declared value of imports	3,620,620	Total declared value of exports	4,447,000

Messrs Samuel Montagu and Company write on February 24, 1932, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £120,766,481 on the 17th instant, as compared with £120,765,282 on the previous Wednesday. The a.s. "Viceroy of India," which sailed from Bombay on the 20th instant, carries gold to the value of about £1,150,000. Offerings of gold in the open market are still being acquired for a destination not disclosed.

Quotations during the week:—

	Per fine ounce.	Equivalent value of £ sterling.
February 18	120s. 1d.	14s. 1-8d.
" 19	120s.	14s. 1-9d.
" 20	119s. 9d.	14s. 2-3d.
" 22	120s.	14s. 1-9d.
" 23	119s. 1d.	14s. 3-2d.
" 24	118s. 9d.	14s. 3-7d.
Average	119s. 7-3d.	14s. 2-5d.

SILVER.

Silver has shown a firmish tendency during the week, sellers being disposed to hold back in view of the situation in Shanghai. Buying for the Continent and China bear covering caused prices to advance steadily until 19 1/2d. for cash and 20 1/2d. for two months' delivery were reached yesterday; owing to hesitation on the part of buyers, there was a reaction to-day, quotations being fixed at 19 1/2d. and 19 1/4d. for the respective deliveries. America has been inclined to work moderately both ways, but the Indian Bazaars have not been active. The market has a steady appearance at the moment, but is likely to be influenced largely by developments in the Far East.

The following were the United Kingdom imports and exports of silver registered from mid-day on the 15th instant to mid-day on the 22nd instant:—

IMPORTS.		EXPORTS.	
	£		£
United States of America	36,163	Germany	83,087
Canada	19,560	Belgium	29,138
British India	10,989	United States of America	19,235
France	5,649	British India	9,850
Japan	4,400	Other countries	4,124
New Zealand	4,147		
Other countries	1,159		
	82,067		

Quotations during the week:—

IN LONDON.				IN NEW YORK.	
Bar silver per oz. std.		Cash		Cents per ounce .999	
Two Months' delivery.		Two Months' delivery.		fine.	
February 18	19 1/2d.	February 17	30 1/2		
" 19	19 1/2d.	" 18	30 1/2		
" 20	19 1/2d.	" 19	30 1/2		
" 22	19 1/2d.	" 20	30 1/2		
" 23	19 1/2d.	" 21	30 1/2		
" 24	19 1/2d.	" 22	30 1/2		
Average	19-75d.	" 23	31 1/2		

The highest rate of exchange on New York recorded during the period from the 18th to the 24th instant was \$3-48 1/2 and the lowest \$3-44 1/2.

INDIAN CURRENCY RETURNS (in lacs of rupees).

	Feb. 15.	Feb. 7.	Jan. 31.
Notes in circulation	18,195	18,232	17,916
Silver coin and bullion in India	11,313	11,450	11,583
Gold coin and bullion in India	483	483	483
Securities (Indian Government)	6,049	5,949	5,500
Bills of exchange	350	350	350

The stocks in Shanghai on the 20th instant consisted of about 55,700,000 ounces in sycee, 169,000,000 dollars and 6,740 silver bars, as compared with about 55,700,000 ounces in sycee, 169,000,000 dollars and 6,640 silver bars on the 13th instant.

GOLD AND SILVER PRICES.

	Gold Per Ounce.	Silver—		Date.	Silver. Cash.
		Cash	Forward		
1932.					
Feb. 19	120 0	19 1/2	19 1/2	Feb. 26, 1932	30 1/2
" 20	119 9	19 1/2	19 1/2	" 25, 1932	26 1/2
" 22	120 0	19 1/2	20	" 23, 1932	26 1/2
" 23	119 1	19 1/2	20 1/2	" 27, 1932	26 1/2
" 24	118 9	19 1/2	19 1/2	" 27, 1930	19 1/2
" 25	118 10	19 1/2	19 1/2	" 26, 1931	12 1/2

NOTICES.

Barclays Bank, Ltd., announce the opening of a new branch at 53 and 54 Snow Hill, Wolverhampton.

Lloyds Bank, Ltd., announce that a branch of the bank is now open at Swan Street, Wilmslow, Manchester.

Company News.

REPORTS AND NOTICES.

ASSURANCE.

PRUDENTIAL ASSURANCE COMPANY, LTD.—The total income of the Prudential Assurance Company, Ltd., in 1931 was £46,531,415, which compares with £44,558,983 in 1930. The surplus from life business, including £499,835 brought in, was £10,058,071, against £10,004,982, and of this £2,700,000 is set aside as contingency fund, £1,000,000 placed to investments reserve fund, £4,274,355 allocated for bonuses to policyholders, and £1,031,250, against £1,125,000, is carried to profit and loss for the "A" shares dividend £14,843,493. The "A" shares are to receive a total dividend of £255,793,860, as compared with £240,950,367, an increase of £14,843,493. The "A" shares are to receive a total dividend of £1,125,000, is carried to profit and loss for the "A" shares dividend £14,843,493. The "A" shares are to receive a total dividend of £255,793,860, as compared with £240,950,367, an increase of £14,843,493. The "A" shares are to receive a total dividend of £1,125,000, is carried to profit and loss for the "A" shares dividend £14,843,493. The "A" shares are to receive a total dividend of £255,793,860, as compared with £240,950,367, an increase of £14,843,493. The "A" shares are to receive a total dividend of £1,125,000, is carried to profit and loss for the "A" shares dividend £14,843,493. The "A" shares are to receive a total dividend of £255,793,860, as compared with £240,950,367, an increase of £14,843,493. The "A" shares are to receive a total dividend of £1,125,000, is carried to profit and loss for the "A" shares dividend £14,843,493. The "A" shares are to receive a total dividend of £255,793,860, as compared with £240,950,367, an increase of £14,843,493. The "A" shares are to receive a total dividend of £1,125,000, is carried to profit and loss for the "A" shares dividend £14,843,493. The "A" shares are to receive a total dividend of £255,793,860, as compared with £240,950,367, an increase of £14,843,493. The "A" shares are to receive a total dividend of £1,125,000, is carried to profit and loss for the "A" shares dividend £14,843,493. The "A" shares are to receive a total dividend of £255,793,860, as compared with £240,950,367, an increase of £14,843,493. The "A" shares are to receive a total dividend of £1,125,000, is carried to profit and loss for the "A" shares dividend £14,843,493. The "A" shares are to receive a total dividend of £255,793,860, as compared with £240,950,367, an increase of £14,843,493. The "A" shares are to receive a total dividend of £1,125,000, is carried to profit and loss for the "A" shares dividend £14,843,493. The "A" shares are to receive a total dividend of £255,793,860, as compared with £240,950,367, an increase of £14,843,493. The "A" shares are to receive a total dividend of £1,125,000, is carried to profit and loss for the "A" shares dividend £14,843,493. The "A" shares are to receive a total dividend of £255,793,860, as compared with £240,950,367, an increase of £14,843,493. The "A" shares are to receive a total dividend of £1,125,000, is carried to profit and loss for the "A" shares dividend £14,843,493. The "A" shares are to receive a total dividend of £255,793,860, as compared with £240,950,367, an increase of £14,843,493. The "A" shares are to receive a total dividend of £1,125,000, is carried to profit and loss for the "A" shares dividend £14,843,493. The "A" shares are to receive a total dividend of £255,793,860, as compared with £240,950,367, an increase of £14,843,493. The "A" shares are to receive a total dividend of £1,125,000, is carried to profit and loss for the "A" shares dividend £14,843,493. The "A" shares are to receive a total dividend of £255,793,860, as compared with £240,950,367, an increase of £14,843,493. The "A" shares are to receive a total dividend of £1,125,000, is carried to profit and loss for the "A" shares dividend £14,843,493. The "A" shares are to receive a total dividend of £255,793,860, as compared with £240,950,367, an increase of £14,843,493. The "A" shares are to receive a total dividend of £1,125,000, is carried to profit and loss for the "A" shares dividend £14,843,493. The "A" shares are to receive a total dividend of £255,793,860, as compared with £240,950,367, an increase of £14,843,493. The "A" shares are to receive a total dividend of £1,125,000, is carried to profit and loss for the "A" shares dividend £14,843,493. The "A" shares are to receive a total dividend of £255,793,860, as compared with £240,950,367, an increase of £14,843,493. The "A" shares are to receive a total dividend of £1,125,000, is carried to profit and loss for the "A" shares dividend £14,843,493. The "

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Deben-ture Interest.	Amount Available for Distribution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia-tion, &c.	Balance Forward.	Net Profit.	Divi-dend.
					Prefce.	Ordinary.	Rate.				
					Amount	Amount.	Rate.				
Breweries.		£	£	£	£	£	%	£	£	£	%
Bent's Brewery Company...	Dec. 31	78,937	70,969	149,906	15,750	24,625	16½	28,000	81,531	93,957	16½
Meux's Brewery Company...	Dec. 31	188,300	153,061	341,361	20,327	85,615	11	...	235,419	208,889	15
Octagon Brewery	Dec. 31	10,828	13,157	23,985	2,000	5,775	16½	5,000	11,210	14,051	18½
Canals and Docks.											
Manchester Ship Canal	Dec. 31	28,190	188,269	216,459	117,141	37,514	1	30,000	31,804	279,790	2
Electric Lighting, &c.											
Chiswick Electricity Supply	Dec. 31	2,596	33,421	36,017	...	22,000	11	10,526	3,991	35,274	10½
Electrical Distribution of	Dec. 31	22,326	116,828	139,154	...	97,366	9	20,000	21,788	106,319	9
Yorkshire	Dec. 31	10,009	73,627	83,636	2,625	57,733	10	13,028	10,250	61,114	10
Northampton Elec. Light, &c.	Dec. 31	37,415	429,361	466,776	70,725	165,742	10	213,673	16,636	418,394	10
Financial Land, &c.											
Assets Co.	Dec. 31	918	2,383	3,301	...	1,900	5	...	1,401	1,655	7
Gas.											
Barnet District Gas	Dec. 31	31,756	43,648	75,404	...	38,219	7	5,500	31,685	42,573	7
Cork Gas Consumers'	Dec. 31*	...	5,471	5,471	...	4,751	8	720	...	6,871	8
Hastings and St. Leonards	Dec. 31	11,352	21,482	32,834	...	22,566	5½	...	10,268	20,160	7½
Gas	Dec. 31*	2,659	1,163	3,822	871	1,228	6½	200	1,523	1,416	6½
Leyland Gas	Dec. 31	108,472	140,892	249,364	27,138	128,754	6	...	93,472	169,896	6
Liverpool Gas	Dec. 31	26,750	12,470	39,220	1,065	12,488	7-2	...	25,667	16,273	7-2
Tunbridge Wells Gas	Dec. 31	52,817	8,652	61,469	4,722	14,688	8	3,787	38,272	23,233	5½
Hotels, Restaurants, &c.											
Hill (W.) and Son	Dec. 31	...	23,270	23,270	15,000	2,500	5	2,218	3,552	14,233	Nil
Holborn and Frascati	Dec. 31	16,195	31,226	47,421	7,500	18,560	8	...	21,361	45,766	12½
Iron, Coal and Steel.											
Clarke, Chapman and Co.	Dec. 31	24,066	17,287	41,353	4,890	22,828	5	...	13,635	65,649	10
Glass Houghton and Castle-	June 30	Dr. 53,345	25,042	Dr. 28,303	...	...	...	22,500	Dr. 50,803	26,997	...
ford Collieries	Dec. 31	55,753	76,125	131,878	20,000	81,820	6	...	30,058	132,946	10½
Mather and Platt	Dec. 31	55,658	15,276	70,934	...	...	...	30,000	40,934	70,334	...
Rubber, &c.											
Gedong (Perak) Rubber	Oct. 31	277	Dr. 107	170	...	...	...	Dr. 300	130	Dr. 1,885	...
Ipo Rubber Estates	Oct. 31	246	Dr. 2,408	Dr. 2,162	...	...	...	...	Dr. 2,162	Dr. 1,604	...
Ratanui Rubber	Sept. 30	2,126	Dr. 1,402	724	...	...	...	...	724	Dr. 1,333	...
Shops and Stores.											
Rotherham (Jeremiah) & Co.	Jan. 15	46,450	16,667	63,117	10,000	30,000	5	...	23,117	23,457	6
Saxone Shoe Company	Dec. 31	17,984	54,172	72,156	23,156	23,453	6½	...	25,547	85,627	12½
Swan and Edgar	Jan. 31	30,693	92,347	123,040	...	62,500	5	29,500	31,040	101,297	5
Textiles.											
Barlow and Jones	Dec. 31	70,591	53,841	124,432	27,342	20,000	5	7,000	70,090	51,707	5½
Jackson and Steeple (1919)	Dec. 31	Dr. 33,833	103	Dr. 33,732	...	...	...	...	Dr. 33,732	Dr. 13,477	...
Kelsall and Kemp	Dec. 31	10,656	35,596	46,252	32,142	...	...	...	14,110	Dr. 21,064	...
Rylands and Sons	Dec. 31	72,795	45,080	117,875	90,000	60,000	4	Dr. 100,000	67,875	106,893	4
Winterbotham, Strachan &	Jan. 31	19,938	29,598	49,536	11,250	13,125	5	5,000	20,161	16,383	8
Playne	Dec. 31	12,104	92,036	104,140	29,925	16,459	3	45,000	12,756	92,496	3
Tramways, &c.											
Dublin United Tramways...	Dec. 31	...	28,724	28,724	...	...	...	28,724	...	28,721	...
Trusts.											
International Invest. Trust	Jan. 31	4,459	51,202	55,661	19,575	26,575	8½	...	9,511	66,242	10
London and Lombard Invest.	Jan. 31	...	15,394	15,394	5,656	2,263	3	7,000	475	...	...
Mercantile Investment and	Jan. 31	55,441	285,740	341,181	65,625	185,937	14	...	89,619	342,795	16½
General Trust	Jan. 31	104,331	122,616	226,947	32,500	86,328	14	5,000	103,119	142,612	14
Merchants Trust	Jan. 31	6,387	30,841	37,228	22,500	12,000	4	...	2,728	48,684	8
Waterworks.											
Bristol Waterworks	Dec. 31	55,352	143,103	198,455	49,613	77,117	6½	15,000	56,725	142,881	6½
Luton Water Co.	Dec. 31*	14,326	5,694	20,020	...	4,455	4	...	15,565	4,281	4
Woking Water and Gas	Dec. 31*	7,198	9,186	16,384	...	8,461	10	800	7,123	8,101	10
Other Companies.											
Aberdeen Combworks Co. ...	Dec. 31	177	Dr. 1,083	Dr. 906	...	...	...	Dr. 1,082	176	1,042	1½
Arnott and Co.	Jan. 31	8,674	12,201	20,875	3,600	7,500	7½	...	9,775	13,543	10
Artizans', Labourers' and											
General Dwellings	Dec. 31	34,515	153,820	188,335	39,844	80,459	6	25,000	43,032	157,045	6
British Wagon Company ...	Dec. 31	12,319	22,849	35,168	...	14,841	15	7,500	12,827	24,819	15
Culter Mills Paper Company	Dec. 31	23,275	23,071	46,346	...	7,875	7½	13,953	24,518	21,109	7½
English Electric Company .	Dec. 31	Dr. 31,612	34,086	2,474	...	...	...	...	2,474	Dr. 31,612	...
General Hydraulic Power Co.	Dec. 31	7,028	82,729	89,757	2,500	56,000	7	28,000	3,257	87,620	7
Moss Empires, Limited ...	Dec. 31	46,408	Dr. 24,654	21,754	17,954	...	...	...	3,800	92,889	10
Mulliners (Holdings)	Dec. 21	807	11,036	11,843	...	...	...	1,500	10,343	15,004	2½
Oakey (John) and Sons	Dec. 31	7,101	31,599	38,700	6,000	25,268	10	...	7,432	35,522	10
Slazengers Limited	Dec. 31	12,008	16,545	28,553	6,000	...	...	10,252	12,301	22,169	7½
Southall Bros. and Barclay	Dec. 31	27,100	72,794	99,894	6,500	26,000	20½	40,000	27,394	68,216	20½
Vyse, Sons and Company...	Nov. 30	10,994	14,320	25,314	7,250	10,150	7	...	7,914	24,329	12
Yorkshire Indigo, &c.	Dec. 31	4,181	Dr. 6,520	Dr. 2,339	...	...	...	Dr. 2,485	146	2,678	...

* For half-year.

† Free of income tax.

ENGLISH ELECTRIC COMPANY.—Trading profits for 1931 amounted to £209,394, against £2,857 in 1930, and are the highest since 1924. A sum of £50,000, against nil, is allocated for depreciation; the expenses incurred in the removal of plant and stocks amounting to £31,187, have been written off, and after providing for rent and interest, &c., the net profit is £34,086, against a net loss of £103,795. Of the latter figure, £72,184 was charged against reorganisation account, and the balance of £31,611 is deducted from the 1931 net profit, leaving £2,474 to be carried forward. No dividends are to be paid on either the 6½ per cent. non-cumulative (until 1933) preference or the ordinary shares. The last payment on the preference was in 1926, while the ordinary have not received a dividend since the 5 per cent. paid in 1924. The meeting will be held at Connaught Rooms, W.C.2, on March 3rd, at noon.

IMPERIAL AND INTERNATIONAL COMMUNICATIONS, LTD.—The following are the estimated traffic receipts for the months of January, 1931 and 1932:

	1931.	1932.	Rise or Fall.
January	£ 412,908	£ 404,411*	— 8,497

* The sum of £20,000 must be deducted from the message receipts for January, 1932, in making a comparison with January, 1931, owing to changed conditions of sharing traffic.

Commercial Reports.

MARKET SUMMARY.

The movement of gold prices at the principal international commodity markets has been irregular. A slight reaction has become noticeable in those commodities which were bought heavily by speculators a fortnight ago. Chief among the latter are non-ferrous metals. On the whole, however, a large part of the advance was retained. Rubber has established a new low level in New York at 3½ cents per lb. Cotton, on the other hand, has advanced a few points. Among cereals, wheat, maize and rye are scarcely changed on the week, but oats were a little cheaper. Coffee has been steady and cocoa continued to rise. In view of the uncertainty of the results of the Cuba-Java negotiations, the price of raw sugar slumped heavily. Sterling quotations of commodities which lend themselves to grading and therefore to international arbitrage, continue to move in sympathy with international prices. The duties which will come into force on March 1st are already discounted in commodity markets. There has been a substantial advance in the price of many commodities in this country. According to reports from various industrial centres, the heavy industries, including coal-mining, are making no headway. On the other hand activity in the textile trades has on the whole been maintained.

THE COAL TRADE.

SHEFFIELD.—Supplies of best steams for export are excessive, and there has been a weakening of prices, quotations having declined to 15s. to 16s. f.o.b. There is a fair inquiry, but little business to be done at the moment. Although the surplus coal available for passing at the moment. The open market has been curtailed by the quota reduction, owners still hold considerable stocks. The call for industrial and domestic fuel is still below normal, nor are there any signs of early improvement in these sections of trade. South Yorkshire best house commands 23s. and 24s. at pits. Consumption of furnace coke has declined lately. It is worth 12s. or 12s. 6d. at ovens.

WORKINGTON.—The colder weather is responsible for a liveness in the coal trade that has not been experienced previously this winter. Despite the Lancashire and Scottish competition, owners were able to sell Irish merchants all the coal that they could produce, and in mid-week shippers were actually waiting to complete cargoes. The demand is almost entirely from Ulster, comparatively little coal being required by the Free State. Local land-sale is brisk, but industrial fuel continues to be in moderate request. Prices are steady, with best round 22s. 6d.; washed doubles, 21s.; washed singles, 19s., all f.o.b.; smalls, 16s. 6d. per ton; best house coal, 31s. 8d.; and house nuts, 30s., at station. Gas coal, 28s. per ton. West Coast coke is from 16s. 6d. to 17s. 6d. per ton.

GLASGOW.—The Scottish coal trade remains in a depressed condition. Demands generally run on quiet lines, and the collieries are experiencing considerable difficulty in disposing of their outputs. All classes of coal are plentiful, with prices inclined to droop, the only exception being Lanarkshire splint material, the output of which is limited. For the shipping trade, prices are approximately as follows (f.o.b. district ports): LANARKSHIRE.—Elliott best, 14s. 3d.; second, 14s. 6d.; Hartley, 15s. 6d.; steam, 13s. 13s. 3d.; trebles, 12s. 6d.; doubles, 10s. 9d.; singles, 9s. 6d.; pearls, 9s.; dross, 9s. 12s. 6d.; screened navigation, 16s. 6d.; doubles, 10s. 9d.; third-class steam, 11s. 6d.; trebles, 12s. 6d.; Prime steam, 12s.; singles, 9s. 6d.; pearls, 9s. LOTHIAN.—Prime steam, 12s.; second-class steam, 11s. 9d.; trebles, 12s.; doubles, 10s. 9d.; singles, 9s. 6d.; pearls, 9s. Ayrshire unscreened navigation, 16s.; jewel, 17s.; steam, 13s.; trebles, 12s. 6d.; doubles, 11s.; singles, 9s. 9d.; pearls, 9s.; dross, 9s.

CARDIFF.—The only important incident in the South Wales coal trade this week has been the official announcement of the withdrawal of the French 15 per cent. surtax on British coal as from February 25th. An announcement to this effect was made in the House of Commons on Tuesday, and nominally it means a difference of over 3s. per ton in the declared import prices of South Wales coals in the French market. To what extent, however, the demand for South Wales coal will be stimulated remains to be seen, but there

OVER ONE HUNDRED YEARS OF SERVICE.
SCOTTISH UNION & NATIONAL
 INSURANCE COMPANY.
ASSETS EXCEED - £15,600,000
 FIRE. LIFE. ACCIDENT. MARINE.
 Edinburgh: 35, St. Andrew Square
 London: 5, Walbrook, E.C.4, and 4, St. James's Street, S.W.1

is little likelihood of any material expansion in local shipments to France owing to the operation of the licensing system under which supplies from the United Kingdom are limited to a quota of 64 per cent. of the monthly average exports in the three years 1928-30, and to the price under-cutting methods of Belgian, Dutch, German and Polish competitors. In January the exports of coal to France, according to the French official returns, were equivalent to only 66.8 per cent. of the monthly average in the datum period, although the nominal quota in that month was 72 per cent. The market otherwise has been featureless, and shipments continue below those in the corresponding period last year. The Great Western Railway Company's returns give a total of only 363,315 tons in the foreign and the coasting trades, compared with 363,735 tons the previous week and 421,289 tons a year ago. Quotations are ruling at the minimum schedule figures for practically every grade. The following are the current approximate quotations: Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 4½d.; best dries, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams, 13s. 6d.; anthracite best large, 30s. to 33s. 6d.; Red Vein large, 22s. 6d. to 27s. 6d.; machine-made cobbles, 40s. to 48s. 6d.; French nuts, 40s. to 48s. 6d.; stove nuts, 39s. 6d. to 43s. 6d.; rubbly culm, 8s. 3d. to 8s. 9d.; foundry coke, 32s. 6d. to 36s.; patent fuel, 19s.; pitwood, ex ship, 20s. to 22s. 6d.

IRON AND STEEL.

MIDDLESBROUGH.—There is little new to report in the iron and steel trades in this district, writes our correspondent, and the anticipations that as soon as the tariff measures were complete a rapid expansion in business would occur, are slow to mature. The feeling on the market is still optimistic, but as far as Cleveland foundry iron is concerned little fresh business has come to hand, such as would warrant extra furnaces being put into operation, and it is evident that it will be some time yet before any substantial improvement is experienced. The present make of Cleveland iron is only small and is practically all absorbed. Makers are offering substantial concessions in prices to Scotch consumers in order to secure more trade from that quarter, which has been taking only small quantities from this district lately. For other destinations the old official prices are maintained, viz.: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s., f.o.b. or f.o.t. A moderate business was reported at these figures at the weekly market on Tuesday for early delivery to home consumers. For export there is very little doing owing to the severe Continental competition in most consuming centres abroad. In hematite, also, the demand lags, and purchases are practically confined to early supplies. There are only five furnaces producing this kind of iron in the district, but substantial stocks are held at some works. The price is inclined to weaken, and although 64s. is the general quotation for mixed numbers, 3d. to 6d. less has been accepted for early prompt lots. Shipments of pig iron are a little ahead of last month, the total of all kinds cleared to 23rd instant being 9,120 tons, compared with 7,200 tons to same date in January. In the finished departments new contracts are still badly needed, the orders in hand in some of the heavy lines being insufficient to keep the mills fully employed, and short time is being worked. Sheet mills are better employed, the demand especially for black sheets having been on an improved scale recently. All steel prices are unchanged from last week. The ore market is devoid of animation. There are no transactions to fix prices, consumers being fully covered and off the market. Best rubio is nominally 16s. 6d. c.i.f., and the freight Bilbao/Middlesbrough for early tonnages about 5s. The demand for coke does not improve and ordinary blast-furnace qualities are offered at 16s. 9d. delivered consumers' works. The number of blast furnaces in operation in the district is unchanged at 17.

SHEFFIELD.—Extreme quietude continues in heavy steel, steel castings, engineering and crucible steel, but there is increasing activity in stainless metals, cold-wrought strips and certain types of tools and cutlery. In the lighter branches there are numerous inquiries. Scandinavian merchants are visiting England with a view to buying here various hardware lines hitherto obtained from Germany. There are good prospects of increased trade with Denmark and Holland. The 10 per cent. duty on Swedish iron and steel, and certain ferro-alloys produced in Scandinavia, is unpopular with steel makers, who are hurrying up fresh supplies for delivery before March 1st. Ferro-chrome, the essential ingredient of stainless steels, is not made in England, and the duty is equal to from £5 to £7 per ton. Cutlery are paying increased prices for their celluloid handles, boxes and cases and paper. It is thought that duties and exchange differences will eliminate a number of articles sold in the sixpenny bazaars. Members of the silver and cutlery trades report a considerable reduction in sales of expensive goods, which are more or less of a luxury character. Local manufacturers are organising to capture more of the trade with Russia than has been coming to Sheffield in the past, and the

WORKINGTON.—The North-west Coast hematite pig-iron trade is again in a poor way. Depending as it does largely upon the consuming power of the steel industry in the district, it is severely hit by the closing down of the steelrolling mills at Barrow and by the cessation next week of operations in the mills at Workington. Half the make at times when the steel industry is fully employed goes into local consumption, so that there cannot be any revival in the iron trade until orders for railway material are sufficient to keep Barrow and Workington engaged. As stocks amount to not less than 100,000 tons, the competition for orders in the open market is severe. There are, it is true, substantial Midland needs to satisfy, and the Continent is a fairly considerable buyer of special qualities of iron, but Scotland and South Wales have only meagre orders to place. Business, therefore, is dull, and only of a hand-to-mouth character. Prices have a drooping tendency, but nominally Bessemer mixed numbers remain at the old quotations of £3 14s. 6d. per ton at Glasgow; £4 1s. at Manchester; £4 3s. 6d. at Sheffield; and £4 4s. 6d. at Birmingham, with the customary 2s. 6d. to 5s. per ton above these figures for special and semi-special descriptions of iron. Malleable iron is a slightly improved trade at £5 17s. 6d. per ton delivered at Birmingham, but there is little doing in ferro-manganese at from £10 15s. to £11 5s. per ton home. There is a fair local demand for native ore, at from 16s. to 18s. per ton, but East Coast and Scottish requirements are small.

GLASGOW.—Unfortunately, business remains exceedingly quiet in practically every branch of the iron and steel industry in the West of Scotland and competition for such work as is on the market is very keen. It is announced that a new blast furnace has been installed at the Shotts Iron Works, and it is estimated that this will give employment to some sixty men in a district where there is a great deal of unemployment at present. Large quantities of Continental semis are on offer at prices which cover for a 10 per cent. import tax but which are only a few shillings over the prices quoted previously and which left any duty to be covered by the buyer. Little business, however, is being done, as most makers are well stocked and the export demand for the finished material is very moderate. Business in the sheet trade is fairly steady, particularly for thin blacks. In the tube trade there is no improvement.

CARDIFF.—On the Swansea Metal Exchange on Tuesday conditions in the tinplate market were reported to be fairly steady, with prices ruling at from 14s. 3d. to 14s. 6d. per basis box, at from £9 to £9 5s. per ton for galvanised sheets, at between 80s. and 82s. for foreign steel bars, and at £5 for Welsh steel bars. At a special meeting of the tinplate makers a scheme for output and price control was resuscitated. The original intention to limit regulation to the adjustment of supply to demand was abandoned, and the decision was reached to wed the principle of price regulation to that of output control, and a minimum of 16s. per basis box was agreed. The scheme is supported by all the South Wales tinplate manufacturers, and this is the first occasion on which complete unanimity has been secured.

OTHER METALS.

TIN.—The past week witnessed the inevitable reaction from the advance which took place a fortnight ago as a consequence of the reorientation of currency policy in the United States. The market in tin has been quiet, both in London and New York. In New York the metal was quoted at 22-15 cents per lb. on Wednesday, against 22-30 cents per lb. a week ago, and 22 a month ago. Wednesday's official closing quotations in London, in terms of sterling for "standard" cash, at £139 5s. to £139 7s. 6d. per ton, compares with £140 10s. to £140 15s. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 33,241 tons, show a decrease of 49 tons on the week.

COPPER.—In the absence of active buying, copper declined slightly during the past week. On Wednesday, "Domestic" spot was quoted officially at 6-250 cents per lb. in New York, against 6-375 cents a week ago, and 7-25 cents a month ago. Wednesday's official closing price for "standard cash" in London, in terms of sterling, at £35 13s. 9d. to £35 16s. 3d., compares with £38 15s. to £38 17s. 6d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 19,930 tons, show a decrease of 158 tons, while stocks of rough copper, at 975 tons, are 255 tons larger.

LEAD.—The London market in lead has been dull and prices have been slightly lower, but the New York quotation remained unchanged. In New York the metal was quoted at 3-75 cents per lb. on Wednesday, against 3-75 cents a week ago and 3-75 cents a month ago. Wednesday's official closing quotation for "soft foreign" in London in terms of sterling, at £14 2s. 6d. per ton for shipment during the current month, compares with £15 on the corresponding day last week.

SPELTER.—This metal was freely offered during the past week, and prices suffered a sharp setback. The lower level stimulated buying, and a considerable quantity of spelter changed hands during the week. Wednesday's quotation in New York, at 2-85 cents per lb., compares with 2-825 cents a week ago and 2-90 cents a month earlier. Wednesday's official closing quotation in London in terms of sterling for "good ordinary brands" was £13 5s. per ton for shipment during the current month, against £14 8s. 9d. a week ago.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotations for aluminium and nickel have been maintained at £95 per ton and at £240 to £245 respectively. Foreign antimony advanced from £28-228 10s., ex warehouse, to £30 10s. Quicksilver increased from £17 17s. 6d.-£18 per flask to £18 10s.-£19. Platinum, at £11 1s. per ounce, shows a decline of 3s. per ounce.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Imports for the week February 18th to 24th (inclusive) are 53,165 bales, of which 46,886 bales are American; 659 Brazilian; 134 Peruvian; 5,216 Egyptian; 50 African; and 220 East Indian.

Manchester.—The general inquiry in the market has continued more encouraging and in certain sections an increased business has been done. The larger turnover during the last two or three weeks has enabled some producers to extend their order lists. An improved demand has again been met with in piece-goods for India, and although many of the contracts have been for small lots the trade done has been on a larger scale than for some time back. Most of the orders have been for Calcutta and Karachi and light goods and fancies have attracted particular attention. Further buying has also taken place for Rangoon. The situation in China still causes anxiety, but offers have come through from Shanghai and Hong Kong in standard makes and specialties. Some useful lines have been booked for Singapore and the Straits Settlements. More bids have been reported in bleached shirtings for Egypt. Cloths suitable for printing and dyeing have moved off fairly well for South America and certain European countries. Makers of home trade fabrics have met with an increased inquiry. The turnover in American and Egyptian yarns has broadened, but there are still loud complaints as to the prices ruling. Steady buying continues to take place in export yarns for India.

Cotton Prices.

	1932.				Corresponding Date.	
	Feb. 3.	Feb. 10.	Feb. 17.	Feb. 24.	1930.	1931.
Raw Cotton—Mid. American per lb.	5-52	5-55	5-52	5-73	8-44	6-29
" Sakellaridis Fully Good Fair						
" Egyptian per lb.	7-35	7-35	7-55	7-65	13-55	10-35
Yarns—32's twist per lb.	9½	9	9½	9½	12½	9½
" 40's twist per lb.	9½	9½	9½	9½	13½	10½
" 60's twist (Egyptian) per lb.	15½	15	15½	15½	22	17½
32-in. Printers, 116 yds., 16 by 16, 32's and 50's s. d.	18 0	17 9	17 10½	18 0	22 7½	18 9
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's s. d.	19 9	19 7	19 9	20 0	25 3	20 10
38-in. ditto, 38 yds., 18 by 18, 10 lb. s. d.	10 11	10 10	10 11	11 1	13 10½	11 8
39-in. ditto, 37½ yds., 16 by 15, 8½ lb. s. d.	9 10	9 9	9 10	10 1	12 6	10 7

THE WOOL TRADE.—Bradford.—Prices for merinos, writes our correspondent, have not been maintained at the highest point. Superfine wools have been chiefly involved in a slight ease in prices. Quality has always been recognised as a good guide to the standard of values. Even if it is recognised that there has been a change in demand, it is not encouraging to see a weakening in superfine wools and bare quality tops selling in Bradford at as much as standard combings. There is also the fact that medium and low crossbreds are not receiving any great attention, and it can be considered satisfactory if they hold their own at the London series which will commence next Tuesday. Of the total quantity carried over from the last series (61,000 bales), 38,000 bales were crossbreds, and the total quantity announced for the coming series (147,600 bales) includes 70,000 bales New Zealand and 18,500 bales Puntas. No doubt among these wools there will be a good proportion of fine crossbreds, and greasy halfbreds and comeback wools may be expected to sell readily. Continental buyers cannot be expected to exert any exceptional pressure upon the bidding, and any real recovery in values is largely dependent upon the lighting of the world depression. Topmakers in Bradford are awaiting developments, and quotations are steady in face of stronger cables from Australia. For the past fortnight it has been impossible to sell any weight without accepting less money, except in the case of a little spot demand for fine crossbreds. There are now some good inquiries for average merinos.

THE GRAIN MARKETS.

WHEAT.—The improvement in the international wheat situation has been maintained. Turnover has again been heavy, the principal sellers being Canada, Australia and Argentina. The growing scarcity of wheat in Continental countries has been confirmed by further large purchases made by France and by the substantial increase made in her foreign wheat quota by Italy. The shipments of Australia and Argentina are therefore not causing any congestion on the market. Russia is shipping very little wheat, and it reports of a shortage in certain regions are correct, it appears probable that she will not again export large quantities this season. On Wednesday, "March" futures were quoted at 58½ cents per bushel in Chicago, against 57½ cents on the corresponding day last week, and 55½ cents a month ago. Quotation in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 36s. 6d. per 996 lbs., as compared with 36s. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 34s. 3d., against 33s. 6d.; No. 3 Northern Manitoba, Vancouver, ex ship, 33s., against 32s. 6d.; Russian, on 29s. 6d. to 30s. 6d., against 28s. 3d. to 29s. 6d.; Australian, ex ship, 29s. 6d. to 30s. 6d., against 29s. 3d. to 30s. a week ago.

WHEAT FLOUR.—The market in flour has been firm and active. North American shipments, at 255,000 sacks, showed an increase of 147,000 sacks as compared with the previous week. Of this total, only 60,000 sacks have been consigned to Europe. Quotations in London, Wednesday: Straight run, delivered country, delivered London, 26s., against 25s. 6d. last week; 27s. to 29s., against 27s. to 29s.; and Australian, ex store, 21s. 6d., against 21s. a week ago.

BARLEY.—Business in barley has been quiet. Quotations were firm, and there has been little barley on offer from Russia and Danubian countries. On Wednesday, "May" futures were quoted at 43 cents per bushel in Winnipeg, against 40½ cents last week and 40½ cents a month ago. Quotations in London, Wednesday: "English feeding," f.o.r., per 448 lbs., 26s. to 27s., as compared with 26s. to 27s.; Russian, landed, 25s. 6d. per 400 lbs., against 25s. a week ago.

OATS.—There has been little activity in the market for oats, and quotations in Chicago show a decline on the week. "May" futures, which last week stood at 25½ cents per bushel in Chicago, sold at 22½ cents per bushel on Wednesday this week, against 25½ cents a month ago. Quotations in London, Wednesday: "River Plate," landed, 18s. 3d. to 18s. 6d. per 320 lbs., as compared with 18s. 6d. last week; "River Plate," ex ship, 17s. 3d., against 17s.; "Chilean White," landed, 27s., against 27s. a week ago.

MAIZE.—According to Mr G. Broomhall, Argentina has already exported 41,840,000 quarters of a total available for shipment during the current season of 44,500,000. Reports on the coming crop in Argentina continue unfavourable. In view of these factors, the tendency of prices remained firm. Wednesday's quotation in Chicago for "March" futures, at 36½ cents, shows no change, but a fall of 1½ cents as compared with the price a month earlier. Quotation in London, Wednesday: "Plate," landed, 22s. 6d. per 480 lbs., as compared with 21s. last week; "Plate," ex ship, 21s., as against 19s. 9d.; "Plate," February-March, 21s., as against 21s. 9d. Yellow maize meal, ex wharf, was quoted at £6 5s. per ton, against £6 5s. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1931-32, 1930-31, 1929-30, 1928-29:—

	1931-1932.	1930-1931.	1929-1930.	1928-1929.
Estimated sales of home-grown wheat—				
1 week to February 20	Cwts. 110,049	Cwts. 114,437	Cwts. 227,903	Cwts. 324,562
25 weeks to February 13	2,003,909	3,010,986	6,459,961	6,807,130
Average price of English wheat per cwt.	s. d. 5 8	s. d. 5 1	s. d. 8 9	s. d. 9 9

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1928 to 1931:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Feb. 13, 1932.....	Cwts. 105,505	Cwts. 201,982	Cwts. 74,774	s. d. 5 7	s. d. 8 3	s. d. 7 3
Feb. 20, 1932.....	110,049	204,216	87,071	5 8	8 3	7 3
Feb. 13, 1928.....	277,908	258,515	96,199	9 6	10 10	10 3
Feb. 23, 1929.....	324,562	219,459	63,561	9 9	10 4	9 9
Feb. 22, 1930.....	227,903	233,785	44,007	8 9	7 11	6 4
Feb. 21, 1931.....	114,437	155,710	50,899	5 1	8 3	5 9

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Jan. 2, 1931.	Feb. 25, 1931.	Jan. 4, 1932.	Feb. 17, 1932.	Feb. 24, 1932.
Winnipeg (No. 1 Manitoba) —Cents per 60 lb.	148½	56½	62½	62½	65½	68½
Chicago (No. 2 Winter) —Cents per 60 lb.	130½	79½	79½	55½	57½	58½

The visible supply of wheat in Canada, at 61,980,000 bushels, shows a decrease on the week of 226,000 bushels. Supplies a year ago stood at 62,659,000 bushels.

OTHER FOODS.

SUGAR.—Whilst the raw sugar markets showed a little more steadiness last week, the downward movement in values was renewed on Monday last. Heavy supplies were thrown on the markets, but refiners in the United States are unwilling to purchase large quantities before the Cuba-Java negotiations have come to a satisfactory conclusion. "March" futures in New York were quoted at 0-83 cent per lb. on Wednesday, against 0-93 cent per lb. a week ago, and 1-05 cents per lb. a month earlier. Wednesday's sales of "raws" include "March delivery" at 6s. 1d. to 6s. 1½d. per cwt., against 6s. 5½d. to 6s. 5½d., and "May," at 6s. 3½d. to 6s. 4½d., against 6s. 8½d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1932.	1931.	1932.	1931.	1932.	1931.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London	1,986	101	1,109	700	4,999	36,124
Liverpool.....	14,192	6,379	14,797	12,430	117,096	120,482
Total	16,178	6,480	15,906	13,130	122,095	156,606
Last week ...	4,719	7,421	17,235	13,368	121,823	163,256

COFFEE.—The New York coffee market has been steady. At Tuesday's auctions in London, high qualities realised good prices, but others met a slow demand at lower rates. Last week's movements of coffee in London were as follows: Brazilian, landed, 127 bags; delivered for home consumption, 85 bags; exported, 27 bags; stocks, 2,640 bags, against 2,805 bags last year. Central

American, landed, 18,282 packages; delivered for home consumption, 2,956; exported, 1,257; stocks, 77,347 packages, against 86,786 a year ago. Other kinds, landed, 8,711 packages; delivered for home consumption, 2,429; exported, 999; stocks, 66,836 packages, against 88,748 a year ago.

COCOA.—The advance in cocoa prices which began a fortnight ago continued throughout the past week. The market was active at rising prices. "March" futures were quoted at 4-04 cents per lb. in New York on Wednesday, against 3-93 cents per lb. a week ago and 3-92 cents a month ago. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, new crop, February-April, at 24s. per cwt. f.o.b., London contract, shows a rise of 1s. per cwt. on the week. Last week's movements of cocoa in London were as follows: Landed, 3,816 bags; delivered for home consumption, 7,074 bags; exported, 185 bags; stocks, 136,604 bags, as against 188,508 last year.

TEA.—The quantities catalogued for this week's auction comprise 48,776 packages of Indian, 25,921 packages of Ceylon, and 16,088 packages of Java and Sumatra tea. Monday's Indian auctions showed a distinct improvement in demand which was maintained during the "Ceylon" sales on Tuesday. On Wednesday competition became keener and the tendency of prices was firmer. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account:—

Week ending	AVERAGE PRICE PER LB.							
	Northern India.	Southern India.	Ceylon.	Java.	Sumatra.	Nyassa-land.	Total.	
Feb. 19, 1931	s. d. 0 11-42	s. d. 0 11-41	s. d. 1 3-32	s. d. 0 7-86	s. d. 0 8-98	s. d. 0 7-88	s. d. 0 11-85	
Jan. 26, 1932	0 10-57	0 11-29	1 1-16	0 7-79	0 7-12	0 6-53	0 10-91	
Feb. 4, "	0 9-74	0 9-76	1 0-00	0 7-16	0 6-73	Nil	0 9-92	
Feb. 11, "	0 10-24	0 9-49	0 11-74	0 7-65	0 7-03	0 7-21	0 10-13	
Feb. 18, "	0 10-10	0 9-62	0 11-83	0 7-34	0 6-93	Nil	0 10-04	

RICE.—The market in rice has been quiet, but last week's advance in quotations was maintained. Wednesday's "spot" quotation for Burma No. 2, cleaned, at 10s. 3d. per cwt., shows no change as compared with last week. Movements in London during the past week were as follows: Landed, 168 tons; delivered, 393 tons; stocks, 985 tons, as against 404 tons last year.

POTATOES.—As supplies of potatoes are still sufficient to meet the demand, prices remained generally unchanged. At the Borough Market, "Best King Edward" sold from 11s. to 12s. per cwt., as compared with 11s. to 12s. per cwt. a week ago.

SPICES.—The market in spices was dull and quotations showed an easier tendency. Wednesday's quotation for "Black Singapore" pepper, at 6½d. per lb., shows no change on the week. Movements of pepper in London during the past week were as follows: Black, landed, 49 tons; delivered, 9 tons; stocks, 292 tons, against 492 tons last year. White, landed, 316 tons; delivered, 61 tons; stocks, 794 tons, against 494 tons a year ago.

MEAT.—Supplies of meat at the Smithfield Market have been plentiful and prices show little change on the week. On Wednesday, Argentine beef (chilled hindquarters) was sold at 3s. 2d. to 3s. 8d. per 8 lbs., against 3s. to 3s. 8d. on the corresponding day last week, while New Zealand frozen mutton realised 2s. 6d. to 3s. 6d., as against 2s. 6d. to 3s. 6d. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 9,258 tons, as compared with 9,655 tons in the corresponding week last year. Imported beef, principally Argentine, formed 83-8 per cent. of the supplies, as against 83-7 per cent. a year ago; and imported mutton, mainly New Zealand, formed 75-5 per cent. of the total supply, as against 80-1 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—Markets practically all round have a steadier and more confident tone, and more business is being done. Crushers both here and on the Continent appear to have bought freely of linseed, and there has also been a good demand from U.S.A. Prices have thus advanced, and for Plate seed to Hull, March to April shipment, £9 to £9 2s. 6d. has been paid. Current value on spot and shipment to April is £9 5s., with later shipment at a rising premium. Indian linseed is firm, but there is no demand. Shipment of the Plate crop is proceeding on fairly substantial lines, but not to the extent of a year ago, owing to reduced demand. The quantity afloat for Europe is now 210,200 tons (including 6,300 tons from India), as compared with 291,100 tons at the same date last year. Egyptian cottonseed is firm on a sustained demand, black, for March-April loadings, being held for £6 17s. 6d. Vegetable oils have a steadier tone, and linseed oil is in fair demand and firm. Raw oil on spot, ex Hull mill, is quoted £16; February delivery, £15 10s.; and March, £16. Cotton oil is firm and dearer. Crude Egyptian, ex Hull, quoting £23, and refined £25 10s. Whale oil from British-owned factory ships, is to be included in the Free List, along with vegetable oils from Empire sources. Oilcakes are in moderate demand, and prices are steady.

HIDE, LEATHER AND ALLIED TRADES.—The only alteration the prices for hides from domestic cattle at the auctions held in Manchester this week, was an advance of ½d. per lb. on 90 lbs. and up in all classes. All other weights, together with cows, bulls and calves, sold at the previous week's figures. Sheepskins are again weaker in price, consequent upon the poor demand for wool and fellmongered pelts. Business in regard to imported hides has not so far shown any material expansion, although more interest is being taken in some sorts, and a firmer tendency is noticeable. A fair amount of activity has been experienced in the South American market for wet salted Frigorificos, and parcels of Argentine

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Market Hides, London—			
CEREALS AND MEAT.				Irish bladders				English Southdown, per lb.				Dry and Dressed Cape—			
GRAIN, &c.—				American boxes, 56 lbs. 44				" Lincoln hog, washed				Best heavy ox and heifer			
Wheat—				Good English, per cwt. 11				Queensland, s.d. super cmbg.				Best cow			
No. 2, N. Man. 496 lb. 34				SPICES—				N.S.W. greasy, super				Best calf			
Eng. Gas. av., per cwt. 5				Pepper, per lb.—				N.Z., gray, 1/4-bred 50-56				INDIGO—			
Barley, Eng. Gas. av. 8				Muntok, fair White 0 8 1/2				Tape—				Bengal gd. red-vio. to fine			
Maize, La Plata, landed 7				Black Lampong 0 7				Merinos 70's				per lb.—			
480 lb. 22				Cinnamon—1st sort, per lb. 0 8				Cobred 48's				LEATHER—			
Flour, Lon. stan. ex mill, 24				Cloves—Zanzibar per lb. 0 8				45's				Sole Bonds 8/14 lb.—			
280 lb. 24				Ginger—per cwt.—				COAL—				per lb.			
Rice, No. 2 Burma, per cwt. 9				African 26 0				Welsh, best A.d.t.y., ton 19				Bark Tanned Sole			
Taploca, per cwt.—				Jamaica, ord. to good 55 0				Durban, best A.d.t.y., f.o.b.				Shoulders fm DS Hides			
Fine Java, spot 26				Nutmegs 65s				Type				Do. Eng. or WS do.			
Fair Flake, Singapore. 11				SUGAR—				Sheffield, best house, at pits				Belles from DS do.			
				(Duty, 11s. 4d. per cwt.)				IRON AND STEEL—				Dressing Hides—			
				B.W.I., crystallised 18 6				Cleveland No. 3, ton 58				Roa. Eng. Calk, 20/30 lb.			
				Java, white, c. & f. India 8 9				Barr. M'orough				Aust. Bonds			
				January—March 8 9				Steel Rails, heavy				VERGETABLE OILS—			
				REFINED—London—				Tin Plates, per box				Linseed, naked, p. ton net			
				Yellow Crystals 19 7 1/2				Copper, Electrolytic, ton 41/10/0				Rape, refined			
				Cubes				Sheets (strong) 72/0/0				Cotton-seed, crude			
				Crushed				Standard				Castor-oil, crude			
				Granulated				Lead Eng. Pig				Oil Cakes, Linseed, Eng.			
				Home Grown 19 9 19 10/0				Soft Foreign				per ton			
				TEA—				Spelter G.O.B.				Oil Seeds—Linseed—			
				Indian—per lb.—				Tin—English ingots				La Plata, p. ton—			
				Pekoe				Standard cash				February-March			
				Broken Pekoe				MISCELLANEOUS—				Calcutta—per ton—			
				Orange Pekoe				CHEMICALS—				Turpentine, per cwt.			
				Broken Orange Pekoe				Acid, citric, per lb. less 5%				PETROLEUM PRODUCTS—			
				Ceylon—per lb.—				Nitric				Motor spirit, No. 1, Lon-			
				Pekoe				Oxalic, net				don			
				Broken Pekoe				Tartaric, English less 5%				Peroleum, Amer. rid.			
				Orange Pekoe				Alcohol, Plain Ethyl				Per London per gal.			
				Broken Orange				Alum, lump				Fuel oil, in bulk, for			
				TOBACCO—				Ammonia, carb.				contract, ex instal.,			
				(Duty 9/6-10/6 per lb.)				Sulphate				Thames—			
				Empire growths, 7/5-8/4				Arsenic, lump				Furnace			
				per lb.)				Bleaching powder, per cwt.				Diemel			
				Virgilia leaf—				6/12/6				Lubricating oil ex store,			
				Common to fine				Borax, gran.				London—per ton—			
				Rhododend leaf				Do. powder				Pale			
				Nyasaand leaf				Nitric of Soda				Red			
				strips				Potash Chlorate, per cwt.				Cylinder			
				East Indian leaf				Sulphate				ROBIN—			
				strips				Salt-Ammoniac				American			
				COTTON—				Soda Bicarb.				per ton			
				Mid-American				Crystals				RUBBER—			
				Sakellaria, f.g.f.				Cement, London—				St. ribbed smoked sheet			
				Yarns, 32's twist				Portland, best Eng. pr. ton				per lb. 0 2 1/2			
				60's twist				In jute sacks (11 to 20				SHELLAC—			
				FLAX—				in free paper bags (20				Tallow—			
				Livonian ZK				to ton)				Town			
				Pernan HD				COPRA—				TIMBER—			
				Slanets Medium 1st sort				S.D. Straits c.i.f., per ton				Swedish u/s 3 x 8			
				49				Smoked South Sea				Do. 2 1/2 x 8			
				HEMP—				DRUGS—				Do. 2 x 4			
				Italian P.C.				Camphor				Can'dn Spruce, Dis			
				Manila, Mar.-May "J2"				Japan, refined				Pitchpine			
				Sisal, African, Mar.-May				Castor-oil				Rio Deals			
				14 10 15 10				Inpecacuanha				Teak			
				JUTE—				Peppermint, Wayne Co.				Honduras Mahg. logs			
				Native 1st mks.				HIDES—				c. ft. 0 10 6			
				c.i.f. H.A.R.B.				Wet salted—Australian				Amer. Oak Boards			
				February-March				West Indian				Do. Ash			
				Daisee 2/3 c.i.f. Dundee				Cape				English Oak Planks			
				£17/5/0								Do. Ash			
				February-March											
				SILK—											
				Canton											
				Tusnah											
				Japan											
				Italian—raw, fr. Milan											

ox have changed hands on the basis of 5d., while seconds have realised a fraction over 4d., and Uruguay ox 5d. Prices for several descriptions of dry South American hides are quoted higher, B.A. Americans being offered at up to 6d., while M.V. Americans are quoted at 7d., and B.A. Inservibles at 3d. Rather more interest has been taken in some sorts of African hides, and a fair amount of business has been put through for Capes, at 6d. and 5d., for first and second dries, with 5d. and 4d. paid for dry salted 20/30 lbs. Nigerians have also been enquired for rather more freely, as has also been the case with unbathed Adis Abebas and Mombasas. Australians remain a slow market, owing to the prices being asked for them. Business in the sole leather market has become rather more difficult, and generally speaking, sales have not been up to the standard of the past few weeks. Although manufacturers of footwear continue to take up supplies on account of orders placed some time ago, they are not inclined to consider the placing of further business, for the time being at any rate. The result is that the market for dry hide bends is quiet, while the amount of business being done in English and wet salted descriptions is inclined to be less. Enquiry for certain classes of upper stock is not quite so active. Business in regard to calf leather remains steady, but there has been less enquiry going around for patent leather. Fancy upper stock continues to sell in limited quantities, but the call in this direction is only for small parcels.

RUBBER.—The market in rubber has been dull throughout the past week. The New York quotation at 3½ cents per lb. established a new low record on Wednesday. Meanwhile, production of rubber continues in excess of consumption, and no decision appears to have been reached by the Dutch Government on the subject of restriction. In New York, Wednesday's spot price for rubber, at 3½ cents per lb., shows a fall of ½ cent on the week. Wednesday's official closing price for standard ribbed smoked sheet in London, at 2½d. per lb., shows no change, as compared with the corresponding day last week. In forward positions business has been done at 2½d. to 2½d. for April-June, against 2½d., and at 3½d. to 3½d. for October-December, as against 3d. to 3½d. a week ago. Movements of

rubber in London and Liverpool during the past week were as follows: Landed, 1,135 tons; delivered, 2,005 tons; stocks at the end of last week, at 126,828 tons, show a decrease of 780 tons as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.

(New York quotations, unless otherwise stated.)

	Jan. 27, Cents.	Feb. 17, Cents.	Feb. 24, Cents.
Wheat, No. 2, Winter, nearest future,			
Chicago, per bushel	55½	57½	58½
Maize, nearest future, Chicago, per			
bushel	38½	36½	36½
Oats, nearest future, Chicago, per			
bushel	25½	25½	22½
Rye, nearest future, Chicago, per			
bushel	43½	43½	43
Coffee, Rio No. 7, cash, per lb.	7-7½	7-7½	7-7½
" Santos No. 4, cash, per lb.	9-9½	9-9½	9-9½
Cocoa, Accra, nearest future, per lb.	3-92	3-93	4-04
Sugar, Cuban Centrifugals, 96 deg.,			
spot, per lb.	3-08	2-95	2-88
Cotton, New Orleans, middling, spot,			
per lb.	6-58	6-72	6-85
Rubber, smoked sheet, spot, per lb.	4½	4½	3½
Petroleum, Pennsylvania crude, stan-			
dard grades, per barrel	155-170	155-170	155-170
Copper, "Electrolytic," Domestic,			
spot, per lb.	7-25	6½-6½	6½
Copper, "Electrolytic," Copper Ex-			
porters, Inc., spot, per lb.	7-625	6-625	6½-6½
Spelter, East St. Louis, spot, per lb.	2-90	2-825	2-85
Lead, spot, per lb.	3-75	3-75	3-75
Tin, "Straita," spot, per lb.	22	22-30	22-15

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TABLE OF CONTENTS.

The Money Market	497	The Stock Exchange—	
Leading Articles—		The Royal Mail Scheme	521
Along What Road?	499	The Week in the Markets	528
The "Acid Test" of the		London Active Security	
League	500	Prices and Yields	528
Railway Results—I.	501	New Issue Prices	530
The World Wheat Situa-			
tion	502	Foreign Stock Exchanges—	
The Prudential	503	New York	528
Political Omens at Wash-		Paris	527
ington	505	Berlin	527
		Amsterdam	527
		Other Centres	527
Notes of the Week—		Investment Notes—	
The Wheat Quota Debate	506	Gilt-Edged Strength	530
The Triumvirate	506	Course of Equity Share	
Britain Repays	507	Values	530
Bank Rate	507	Stock Exchange Reform	
Sir Samuel Hoare on		—Important Moves	531
India	507	Railway Meetings	531
The German Presidential		Electricity Supply Profits	532
Elections	508	Courtauld	532
League of Nations	508	Warehouse Company	
A Royalist Squib in Spain	508	Profits	532
The Fascist Putsch in		"Kaffirs"—An Adden-	
Finland	509	dum	533
"The Way of Escape"	509	Wiluna	533
—And the Obstacles	509	Company Meetings of the	
The Defence Estimates	509	Week	533
Australian Exchange		Capital Issues	533
Problems	510	Dividend Announcements	534
Shipbuilding Joint Con-		Company Meetings, &c.	535
ference	510	Government Returns, &c.—	
The 1930 Census of Pro-		National Accounts	545
duction	510	Treasury Bills by Public	
British Russian Trade	511	Tender	545
South African Native			
Bill	511	The Bankers' Gazette—	
British Linen Bank	511	Bank of England	545
Banca Commerciale		Bankers' Clearing Returns	545
Italiana	511	Provincial Clearing Re-	
Transvaal Gold Mining	512	turns	547
Insurance Notes—		Overseas Bank Returns	547
Scottish Widows' Fund	512	Loan and Discount Rates	548
Scottish Provident Institu-		Rates of Exchange	548
tion	512	Overseas Bank Rates	548
National Provident Insti-		Bullion	549
tution	512	Gold and Silver Prices	549
National Mutual Life			
Assurance	512	Company News—	
Overseas Correspondence—		Reports and Notices	549
United States	513	Profit and Loss Accounts	550
France	514	Traffic Returns	551
Germany	515	Commercial Reports—	
Austria	516	Market Summary	551
Hungary	517	The Coal Trade	551
Italy	517	Iron and Steel	552
Roumania	518	Other Metals	552
Canada	519	Textiles	553
Letters to the Editor—		The Grain Markets	553
Memel	519	Other Foods	554
Books Received	520	Miscellaneous Commodi-	
		ties	554
		Commodity Prices in the	
		United States	556
		Prices Current	556

THE MONEY MARKET.

MONEY has remained very easy, as is apparent both from the Bank return, which records an increase in bankers' deposits to £80.5 millions, and from the fact that old money has been renewed at a consistent rate of 3 per cent. Day-to-day loans were quoted at 3 and 2½ per cent. over the week-end, with money described as abundant. On Monday, despite the absence of Treasury

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bill maturities, rates only rose to 3 and $3\frac{1}{2}$ per cent., while on the following day absence of calling by the clearing banks reduced the rate to a general 3 per cent. Funds were again plentiful on Wednesday and Thursday at 3 per cent. and under.

Heavy outside applications for Treasury bills, including large tenders upon Dutch account, took the market by surprise on Friday, February 26th, and the result was that the week's Treasury bills went at the very low rate of £3 5s. 5.22d. per cent., against £3 19s. 4.09d. the week before. Applications amounted to £61.6 millions for the £40.0 millions of bills upon offer, and the whole amount was allotted. The tender rate was the lowest since July 17th of last year, when Bank rate stood at $2\frac{1}{2}$ per cent., and obviously makes the present Bank rate of 5 per cent. totally ineffective. During the whole week the discount market was firmly convinced that a second reduction in Bank rate was imminent, and discount rates consistently weakened owing to a keen demand from both at home and abroad, coupled with a continued lack of bills. By Wednesday hot Treasury bills were quoted as low as $2\frac{1}{2}$ per cent. and prime bank bills at 3 per cent. This week the clearing banks have been heavy buyers of short bills at rates which have sagged steadily from $3\frac{1}{2}$ to $2\frac{1}{2}$ per cent.

	Feb. 11, 1932.	Feb. 18, 1932.	Feb. 25, 1932.	Mar. 3, 1932.	Previous Rate and Date Changed.
Bank Rate	6	5	5	5	6 (Feb. 18, '32)
Banks' Deposit Rate..	4	3	3	3	4 (Feb. 18, '32)
Discount / Call	4	3	3	3	4 (Feb. 18, '32)
Houses / Notice ...	$4\frac{1}{2}$	$3\frac{1}{2}$	$3\frac{1}{2}$	$3\frac{1}{2}$	$4\frac{1}{2}$ (Feb. 18, '32)
Market rate (3 months' bills)	5-5 $\frac{1}{2}$	4 $\frac{1}{2}$ -5	3 $\frac{1}{2}$ -4 $\frac{1}{2}$	3-4 $\frac{1}{2}$	...

The decision of the Bank authorities to make no change in the rate, the motives behind which are discussed upon another page, naturally came as a surprise to the market. The decision had no effect either upon the exchanges or upon market rates of discount, and on Thursday afternoon hot Treasury bills were quoted as low as $2\frac{1}{2}$ per cent., with some French buying in evidence, and prime bank bills at 3 per cent. Dollars were quoted at \$3.49 $\frac{1}{2}$ the same afternoon, after heavy selling by Paris in the morning, and francs at Frs. 88 $\frac{1}{2}$. Paris is taking a distinctly optimistic view of sterling, and expects to see the rate up to Frs. 95 before long.

This week's Bank return records several big changes. There has been a sudden increase of £5.3 millions in the note circulation, which now stands at £351.8 millions. Part of the increase probably arises from the normal month-end demand for currency, but this is insufficient to account for the whole of the increase, and it is highly probable that a considerable amount of currency is being needed to pay for the present heavy sales of gold sovereigns and ornaments by the public, many of which are paid for in notes. There has been a big change-over in the Issue Department from Government to Other Securities, the former having fallen by £6.0 millions and the latter having risen by the same amount. Notes held in the Banking Department have fallen by £5.3 millions.

In the Banking Department, the Reserve is reduced by £5.3 millions as the result of the increase in the note circulation. Other changes probably reflect the payment of the Victory Bonds dividend on Tuesday, and operations in connection with the repayment of the Treasury credits, to which reference is made upon another page. It is impossible to be certain upon this point, however, as the picture is blurred by such minor movements as discrepancies between Treasury bill payments and maturities. The chief changes are an increase of £13.5 millions in Government Securities, a decrease of £7.1 millions in Public Deposits, and a consequent increase of £12.6 millions in Bankers' Deposits. Other Securities

are £1.3 millions down, but, regarding the Bank as a whole, what has really occurred is an increase of £7.5 millions in Government Securities, together with one of £4.7 millions in Other Securities. The natural inference is that the Government's needs, both for the Victory Bond dividend and for the repayment of the Treasury credits, have not only depleted Public Deposits, but have necessitated some borrowing upon Ways and Means. The fact that the device required for the latter operation has been acquired well in advance does not preclude the Treasury from having had to borrow at the last moment, and probably for a short period of time.

At the same time, the increase in Bankers' Deposits, directly due to the above causes, shows that a moderate inflation of credit has taken place, and this is also indicated by the fall in the Bank's Proportion from 43.7 to 36.9 per cent. In these circumstances it is, perhaps, understandable why it was felt best to defer the further reduction in Bank rate, at least until the fresh money released by these operations has been reabsorbed.

Following upon the reduction in the New York rediscount rate, on the evening of February 25th, from $3\frac{1}{2}$ to 3 per cent., announced in last week's *Economist*, the New York Reserve Bank reduced its buying rate for bills from $2\frac{1}{2}$ to $2\frac{3}{4}$ per cent. for bills of up to 45 days' maturity, and from 3 to $2\frac{3}{4}$ per cent. for bills of from 46 to 120 days' maturity. Dealers simultaneously reduced their rates by $\frac{1}{4}$ per cent. for 30-60 day bills, and by $\frac{1}{2}$ per cent. for 120-180 day bills. On Wednesday, a cut of $\frac{1}{4}$ per cent. was made in dealers' rates for 90 and 180 day bills. The latest open-market discount rates are $2\frac{1}{4}$ per cent. for ninety day bank bills and 3- $2\frac{3}{4}$ per cent. for six months' bank bills, against respective rates of 3- $2\frac{3}{4}$ and 3 $\frac{1}{2}$ per cent. the week before. Gold exports for the week include \$4.1 millions to Belgium and \$650,000 to Holland, while \$982,000 of gold has arrived from Canada. Ear-markings upon foreign accounts have been increased by \$4.0 millions net. Several of the leading New York banks have declared their dividends. The National City Bank and the Chase National Bank have each cut their annual rate of dividend from \$4 to \$3. The Guaranty Trust Company has declared its usual quarterly dividend.

The Foreign Exchange market was only moderately active this week, but sterling maintained its recent strength. The New York rate moved from 3.48 $\frac{1}{2}$ to 3.48 $\frac{1}{2}$, and Montreal from 3.94 to 3.93 $\frac{1}{2}$. Paris at 88 $\frac{1}{2}$ was $\frac{1}{8}$ in our favour as compared with last week, and Brussels was also rather weaker at 25.03. Milan lost $\frac{3}{4}$ at 67 $\frac{3}{4}$, and Madrid $\frac{1}{8}$ at 45 $\frac{1}{2}$. Amsterdam was two points higher at 8.65, and Berlin lost 3 points on balance at 14.65 after 14.68. Switzerland was widely offered and fell away from 17.86 to 18.03, after being higher. The Scandinavian exchanges reacted differently, Stockholm losing 4 points at 18.13, Oslo gaining 5 points at 18.40, and Copenhagen 3 points at 18.15. Helsingfors fell away on the news of the internal unrest from 220 to 225. Quotations of the South American currencies are still largely nominal, and transactions are very small. Rio remained at last week's level of 4 $\frac{1}{2}$ d., as did Montevideo at 31 $\frac{1}{2}$ d., but Buenos Aires improved from 39 $\frac{1}{2}$ d. to 40 $\frac{1}{2}$ d. In the Far East the rupee was very firm at 1s. 6 $\frac{1}{2}$ d., and the yen was unchanged on balance at 1s. 10 $\frac{1}{2}$ d. after being below 1s. 10d. In the forward market the discount on dollars widened, from $\frac{1}{4}$ cent to $\frac{3}{4}$ cent for one month, and from $\frac{1}{2}$ cent to 2 cents for three. Paris went from 9 and 27 centimes premium to 8 and 12 centimes discount, and Brussels from round about par to 8 and 20 centimes discount for the two periods respectively. Lire were rather firmer at $\frac{3}{4}$ lira and $1\frac{1}{2}$ lire discount. Amsterdam weakened from $\frac{1}{4}$ cent and $1\frac{1}{2}$ cents discount to 1 cent and 2 cents discount. Geneva stood at premiums of 3 and 6 centimes. The silver market was quiet and fairly steady, but prices fell away by $\frac{1}{8}$ d. to 19 $\frac{1}{2}$ d. for cash, and by $\frac{1}{4}$ d. to 19 $\frac{1}{2}$ d. for forward, chiefly owing to Chinese sales at the close. The Chinese silver currencies fell away in sympathy, Hongkong by $\frac{1}{4}$ d. to 1s. 5 $\frac{1}{2}$ d., and Shanghai by $\frac{1}{4}$ d. to 1s. 11 $\frac{1}{2}$ d.

ALONG WHAT ROAD?

On Tuesday last there came into effect a general 10 per cent. tariff on all imports into Great Britain, with the exception of the products on a short free list. Thus the curious system of haphazard and high protection of a few products, which had grown up in the past decade under the Safeguarding system, and the still more abnormal and prohibitive duties of November last, have been supplemented by a moderate general tariff. On the same day the Government announced in the House the appointment of three members of the Advisory Committee which is to recommend, not merely what duties should replace the "abnormal import duties" when they lapse at the end of six months, but whatever duties they may think fit on any other articles—the present free list being sacrosanct only until the Finance Bill is passed. These recommendations can be acted on at once by the Treasury, subject to later approval by Parliament. Thus we are faced with the prospect of further instalments of protection, of unknown amount and of quite indeterminate character, to be imposed by administrative action and without any pretence that there can be serious control and direction by Parliament. So uncertain a plan and so complete a delegation of the initiative by a democratic Parliament must surely be without parallel in commercial history.

To read some of the panegyrics which have greeted this remarkable experiment one would imagine that Great Britain has this week been freed from shackles which have kept her in economic bondage for nearly a century. It was well, therefore, that Lord Snowden reminded the House of Lords, in almost the last speech made before the Act received the Royal Assent, what our new policy really implies. By this decision we are turning our back on a system under which these small islands have proved themselves able to carry a denser population than any other great nation, and at a standard of living unmatched except in the favoured countries of the new world. Under Free Trade we have become and remain the world's greatest seller of manufactured goods and the owner of nearly half its ships; and it has enabled us to become the world's banker, to be the world's chief commercial centre, and to accumulate assets all over the world which made it possible for us to carry the lion's share of the financial burden of the greatest war in history.

It is equally wide of the mark to suggest that, while the system may have been defensible in the nineteenth century, we must needs abandon a policy which has become obsolete and adopt new methods to fit new conditions. The fact is that it is the policy of Free Trade which is new—too new as yet to have made its place in the world secure. This week we have seen the country which has been in the van of the Free Trade movement relapse for a time to the trade restrictions of a hundred years ago. If we have fallen into line with the other countries we have reverted with them to a state of things which is becoming every day more and more like that of the Middle Ages.

That this retrograde step should have been taken is not wholly surprising, human nature being what it is. While some foreign observers have explained the lack of elasticity in our economic system and the comparative inefficiency of much of our plant and organisation as signs of industrial old age, it has been easy for our own people to attribute every difficulty to a fiscal system which hardly any have yet dared to emulate. Chaotic conditions abroad during the past decade, visibly impeding the natural international division of labour, have encouraged the demand that we should assure the home market and give the foreigner some of his own medicine. There can be no doubt that if a more liberal policy had been followed abroad—both by foreign countries and our own dominions—the progress of protectionism in this country, and the course of recent events, would have been very different. Britain's competitive position in the last decade has by no

means been solely determined by foreign tariffs. But when the British delegation to the World Economic Conference in 1927 declared in their joint report that "we can only continue to buy on the same scale if we have the opportunity of selling freely," they were uttering a warning which the world would have done well to heed. It is not without significance that the most serious warnings as to where the world's policy was leading us, have been given at Geneva and elsewhere by Free Traders, such as the late Mr William Graham. It is, we think, highly improbable that any one country will again venture in our generation to maintain a Free Trade system without much more definite assurances as to the treatment of its goods by other countries than we have had.

But this is very far from saying that we have now to write the epitaph of Free Trade. The introduction of a general tariff in Great Britain has been delayed to a moment which coincides with the greatest object lesson which the world has ever received of the folly and mutual destructiveness of a policy which strives to foster exports while stopping imports. Although the cruder fallacies of protection were very much in evidence not merely during the last General Election, but during the debates of the present Parliament, there have been clear signs that the more responsible of our protectionists, as well as some organs of their press, are realising the danger pointed out by Free Traders of hindering exports by raising prices, or of harbouring inefficiency, and that to create employment by restricting trade is not quite so easy as it looks. Even Mr Neville Chamberlain himself, in his introductory speech, though claiming that his scheme would achieve a number of contradictory objects, at the same time clearly recognised the danger of inevitable reactions to sudden interferences with trade, as well as the obvious fact that if we are to increase our exports we must expect also to increase our imports.

But perhaps the most interesting feature of the present state of opinion is the attitude of many who have acquiesced in the departure from Free Trade by Great Britain in the belief that it may lead to freer conditions of commerce among nations generally. This attitude is represented by the British National Committee of the International Chamber of Commerce, who have this week issued a further manifesto on the deplorable state of the world, in the course of which they stress the urgency of dealing not merely with Reparations, but with the whole field of debtor and creditor payments. The pronouncement ends with two propositions. On the one hand, the Committee adhere to the view expressed last September that effective action for the reduction of trade barriers can only be achieved by Great Britain closing the largest free import market and compelling high tariff countries to pause and consider their policy; on the other hand they insist that the whole effort of the nations must be concentrated on a co-ordinated attempt to raise the level of international trade.

Whether the Committee are right in thinking that a British tariff will hasten a general downward movement time will show. But as to the second proposition, there should be no room for two opinions. Will the achievement of this end—so vital to every nation, but above all to our own—become the dominating objective of our economic policy, and overcome the rampant forces of a short-sighted nationalism both at home and abroad? And by what means shall we be able to attain it? These are among the most crucial questions of the day.

As to the first, we have no doubt of the answer. We have said that the world has had its object lesson, and though at the moment countries are engaged in the cheerful task of building "super tariffs," there is ample evidence that many of the world's leading statesmen are aware that national life is being crushed and the road to prosperity blocked by these measures. Some of them are ready to act. In spite of the sceptics, we have no doubt that this action will ultimately be taken. It is only a question of how soon; for if we look beneath the surface, it is evident that the whole forces of science and

of knowledge are ranged against any return to mediævalism. Only those who take the most gloomy view of humanity can doubt that before many years pass the volume of the world's international trade will be on a scale never before known and commensurate with the opportunities which science places within our reach. It is unthinkable that the amenities and possibilities of economic development which the aeroplane and the motor-ship hold out to us will be indefinitely withheld from us, or cancelled by the inability of nations to come to a sensible understanding with one another. It is true that so far as this country is concerned there will be a strong temptation to go on playing for a time with the new toy to see how it works, but it is well to remember that the vested interests in favour of free economic intercourse—our export industries, our large commercial and banking community, and the interest as consumers of our great industrial population—are overwhelming, and must from now onwards inevitably make themselves felt with steadily increasing pressure.

But if it may be assumed that the nations are destined to move in the direction of a greatly increased commercial intercourse with one another, can we see at this moment by what means this end can best and most quickly be attained? Let us say at once that we are not among those who think that the revival of international trade will only be achieved by laboriously building up a system of international barter, and that hereafter we shall only be able to sell internationally under the control of Governments who will tell us, in their wisdom, what we must consume, where and when we may travel, and to whom we may lend our money. But if the world is to tread the more promising path of a restoration of economic activity through a wider freedom of initiative and action, conditions to-day warn us that we must move quickly. True, the discussion of ways of removing trade barriers must proceed *pari passu* with the discussion and solution of other extremely difficult questions in the realm of finance, and perhaps, too, of politics. But this is merely to say that all these problems are urgent.

We have not space here to attempt to discuss how the tariff arrangements of the world should be adjusted to the conditions of the immediate future. To this subject we shall constantly have occasion to return. Two points only can be mentioned here. The first point is that experience has shown that a whole series of individual negotiations between separate countries is not an effective method of getting a lower general level of tariff barriers throughout the world, and that the operation of the most-favoured-nation clause tends to standardise an existing situation with, at best, an occasional brick removed from one part of the tariff wall, compensated, as a rule, by two or three added somewhere else. The problem is so important that a way must be found for mobilising all the low tariff influences that are available in an effort to secure action on a large scale in a far-sighted and imaginative way. The second point is that the problem must be tackled quickly. The nature of the understandings that we are prepared to enter into with low-tariff countries should be settled now, before there has been time—whether as a result of the recommendations of the Advisory Committee or otherwise—to create and establish vested interests that will block the way.

THE "ACID TEST" OF THE LEAGUE.

MUCH has happened at both Shanghai and Geneva since last week, and much more still may happen before this week is over. In the early hours of Thursday morning the Japanese were reported to have ceased fire after following the Chinese forces up to their new positions, while the League Assembly was mustering for the first sitting of its Extraordinary Session. Is the Japanese Army going to evacuate the Shanghai area now that its declared objective—a Chinese withdrawal from Shanghai to a distance of 12½ miles—has actually been attained? And is the Assembly going to do those things that have been left undone by the Council? These questions, which at this moment lie

open, may have received their answers before this issue of the *Economist* reaches our readers' hands. At the moment we can do no more than record the events, and suggest what, in their light, would appear to be the essential points on which the Assembly should work.

The present phase of the Far Eastern crisis began last Sunday, when a British diplomatic initiative gave the situation a new turn which appeared, at the moment, to be very much to the good. On that day, at the instance of Admiral Sir Howard Kelly, the British Naval Commander-in-Chief on the China Station, a Sino-Japanese meeting with a view to an armistice took place at Shanghai on board the Admiral's flagship, H.M.S. Kent. The Chinese were represented by General Wang, the Chief of Staff of the Nineteenth Army, and by the well-known diplomatist Mr Wellington Koo. The Japanese were represented by Admiral Namura, their naval commander on the spot, and by a personal representative of the Foreign Minister, Mr Yoshizawa, in the shape of Mr Metsuokai, an able ex-diplomatist who has also been a director of the South Manchuria Railway. The discussion which was thus brought about through Admiral Kelly's good offices lasted for two and a half hours, and resulted in an agreement in principle between the Chinese and Japanese representatives present that there should be a *mutual and simultaneous* withdrawal of the Chinese and Japanese forces on the Shanghai front. The withdrawal was to be supervised by a mixed commission of Chinese, Japanese and neutrals; and the no-man's land which would thus be created was to be occupied by neutral forces drawn from those now guarding the boundaries of the two foreign settlements. The terms of this provisional local agreement were at once referred to the Governments of the two belligerent countries, and were reported by Admiral Kelly to Sir John Simon, who had been in consultation at Geneva with representatives both of the Japanese and American Governments.

Next day Sir John Simon communicated this news to the League Council; whereupon the President of the Council, Monsieur Paul Boncour, at once submitted to the Council a proposal in three articles: first, that a conference composed of Chinese, Japanese and neutral representatives should immediately be set up in Shanghai to bring about a restoration of peaceful conditions in the Shanghai area; second, that this conference should be convened on the understanding that Japan has no political or territorial designs at Shanghai, and that China is not opposed to arrangements for the integrity and security of the two foreign settlements at Shanghai and the safety of their inhabitants; third, that the meeting of such a conference must be preceded by a cessation of local hostilities. At the Council meeting at which this proposal was put forward by M. Paul Boncour it was strongly supported by Signor Grandi and by Sir John Simon. The latter expressly underlined the third point in the plan; and he also gave the Council the important information that the proposals would have the United States Government's support. (This indicated that diplomatic contact was being maintained with Washington, and that the American Government was ready to co-operate with the League in action to secure a settlement.) Thereupon Mr Sato and Mr Yen both accepted the plan, subject to the approval of their respective Governments.

Thus on Monday, at Geneva, the sky seemed to have cleared; but this gleam of light was short-lived; for the Japanese Army (which is a "Great Power" equally independent of the Japanese Navy and of the Civil Government at Tokyo) had not been represented at the armistice conference on board H.M.S. Kent on Sunday, and at that very moment strong Japanese reinforcements—believed to the figure of 60,000 men—were in the act of disembarking. All through Sunday, Monday and Tuesday, while the Japanese Navy and the Japanese Government were participating in the "peace talk," the Japanese Army was carrying on an intensive bombardment of the Chinese lines with a view to another offensive; and, after this artillery preparation, the infantry attack was duly launched on Wednesday morning (Shanghai time), just as though no armistice negotiations had been taking place and as though no proposals had been made by the League

Council. In these circumstances the Chinese Army in the Shanghai area executed a strategic retreat, which was as adroit diplomatically as it was militarily skilful. When the Japanese infantry "went over the top" on Wednesday morning in order to gain that smashing victory over the Chinese which was to retrieve the previous Japanese failures, they found that the bird had flown. The Chinese had retired during the night to previously prepared positions beyond the 12½ miles radius to which they had been summoned to retire in the original Japanese ultimatum. On Wednesday the Japanese forces cautiously occupied the evacuated ground; on Thursday morning they captured Woosung village and forts, which could no longer continue their heroic resistance now that they had been left isolated by the withdrawal of the main Chinese forces. Thereupon, the Japanese ceased fire at Shanghai an hour or two before the Assembly of the League of Nations was due to meet at Geneva. The Chinese have retreated with the honours of war, while the Japanese advance up to the 12½ mile limit has saved the Japanese Army's face. For a moment, the tension is relieved, and the opening for a settlement is propitious, although, as we go to press, it is reported that the Japanese Army Commander has demanded conditions which the Chinese are unable to accept.

In this situation the Assembly has a real opportunity—not of retrieving the Council's failure, for that is no longer possible—but of stopping the disastrous retreat of the forces of international law and order which has been going on uninterruptedly for the last five months. It will be the task of public opinion in all countries during the next few days to see that the work of the Assembly is not sabotaged by diplomatic wire-pulling behind the scenes. Attempts will undoubtedly be made to argue that there is nothing now for the Assembly to do, because the terms of a Shanghai armistice are to be arranged by a conference on the spot, while the situation in Manchuria is to be the subject of an eventual report from the League Commission to the Council. We trust that such attempts will not succeed.

What are the vital points upon which the Assembly ought to insist before it consents to terminate its session, and upon which public opinion therefore ought to concentrate? We believe they can be summarised as follows:—

(1) The Assembly ought to endorse, and make its own, Mr Stimson's letter of February 24th, which represents the considered and unalterable policy of the United States Government, and which has American public opinion behind it. The Assembly should declare, in identic terms, that it will not recognise any situation, treaty or agreement entered into by the Chinese and Japanese Governments in violation of treaties in force. It is known that the United States Government strongly desires to see this vital declaration of principle explicitly endorsed by the Assembly. It is also apparent that the Americans forebode that, if this hope is disappointed, its frustration will be due to opposition on the part of the British Government—a foreboding due to the fact that the British Government has hitherto refrained from associating itself with American declarations of this "no recognition" policy. British public opinion has an opportunity in the next few days of showing that it wishes to see this country side by side with America in this matter.

(2) The Assembly ought to insist upon an immediate withdrawal of the Japanese naval and military forces in the Shanghai area, subject to two conditions, and two only, which are both capable of being immediately fulfilled. The first condition is that the Chinese forces remain at their present distance from Shanghai, which is beyond the distance which the Japanese themselves have prescribed. The second condition is that the area between these present Chinese lines and the boundaries of the two foreign settlements at Shanghai shall be temporarily taken over by the neutral forces now guarding the boundaries of the settlements. There is no reason why these conditions should not be fulfilled, and the Japanese evacuation effected forthwith. We suggest that the Assembly should make a point of remaining in session until these arrangements have actually been carried out.

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(3) The third essential condition is that the Manchurian question should not be allowed to go by default. In the particular application of Point (1), the Assembly ought to insist that Chinese sovereignty in Manchuria, as an integral part of the territory of the Chinese Republic, shall be maintained intact; and that while Japan is entitled to receive no less than her treaty rights in Manchuria, the policy of violence is not to be allowed to gain her one jot or tittle more. The details of the Manchurian settlement may have to wait until the cessation of hostilities at Shanghai has been followed by a *détente* of feelings on both sides, and until the League Commission has presented its report to the Council. But the Assembly ought here and now to reserve its right to deal with the Manchurian question—in another extraordinary session, if necessary—when the proper moment arrives.

(4) The Assembly should make provision for a thorough investigation and full publication of all that has occurred—both in Manchuria and at Shanghai—since September 19th last, without shrinking from the duty of exposing the aggressor and making it clear that the aggressor is liable to pay damages for the enormous devastation that has been done.

The balance of success and failure in the handling of the Far Eastern crisis up to date may be cast up provisionally as follows:—On the debit side is the fact that, once again, in spite of the lesson of 1914-18, and in spite of the system of collective security which we have been attempting to build up ever since, a Great Power has been able—so far, with impunity—to break its treaties, to resort to hostilities and to coerce a weaker country by methods of barbarism. On the credit side is the fact that, still within the world's power to prove to Japan that her lawless action is going to be as unprofitable for Japan herself as it has been destructive for her victim and calamitous for everybody concerned.

RAILWAY RESULTS.—I.

THE financial results of the four main-line railway companies in 1931 were so dominated by the profound depression of industry and trade that, although substantial economies in expenditure were effected, these were completely overshadowed by a very heavy fall in revenue. Our first table shows the gross receipts of the four groups in the last two years:—

GROSS RECEIPTS.
(000's omitted.)

	Passenger Trains.		Freight Trains (excluding livestock).		Total Railway Receipts (including livestock).		Total Gross Receipts (including ancillary businesses).	
	1930.	1931.	1930.	1931.	1930.	1931.	1930.	1931.
London Midland and Scottish.....	27,217	25,389	39,575	36,505	68,241	63,223	76,445	70,754
London and North Eastern.....	18,368	16,868	33,021	29,406	52,391	47,153	59,825	53,628
Southern.....	16,564	15,598	5,492	5,320	22,396	21,226	25,890	24,373
Great Western.....	12,350	11,339	16,625	15,006	29,590	26,893	34,347	31,140
	74,499	69,194	94,713	86,237	172,618	158,495	196,487	180,095

The fall in total gross receipts, as compared with 1930, was about 8½ per cent., but whereas the London and North-Eastern experienced a much heavier fall than this, the decline in the receipts of the Southern was a good deal less. Some idea of the dimensions of the decline in the past two years is given by the statement of the chairman of the London Midland and Scottish Railway that the traffic receipts of that group fell £4 millions below those of the year of the General Strike. Passenger traffic, affected not only by the trade depression but by the absence of fine summer weather, and in the case of the Southern by the heavy decline in Continental travelling also, brought in a revenue some 7 per cent. less than in 1930, and revenue from freight trains was almost 9 per cent. lower. This is not surprising in view of the fact that a given decline in the industrial output of a district may mean a much greater decline in the goods shipped by the railway serving that district—the chairman of the Great Western quoted, for example, an estimate that, for every ton of iron and steel manufactured, the railways carry six or seven tons of raw materials and fuel. This, coupled with Sir Josiah Stamp's statement that of 241 blast furnaces on the London Midland and Scottish system 41 are working, is sufficient illustration of the cause of the decline. It appears, however, that, on the Great Western, half the decline in gross receipts since the comparatively prosperous year 1929 occurred in respect of passengers and the higher classes of merchandise, so that the influence of road competition is evidently continuing to make itself seriously felt.

Passenger traffic is analysed further in the table below:—

PASSENGER TRAFFIC.*
(000's omitted.)

	Total Number Carried.		Receipts.		Average Fare per Passenger.		Coaching Train-miles.	
	1930.	1931.	1930.	1931.	1930.	1931.	1930.	1931.
London, Midland and Scottish...	298,906	279,803	17,714	16,188	1 2-22	1 1-89	88,967	87,432
London and North-Eastern...	205,717	189,049	11,377	10,260	1 1-27	1 1-03	61,891	60,135
Southern...	216,523	212,587	11,269	10,415	1 0-49	1 1-76	52,443	53,204
Gt. Western	124,735	114,315	8,298	7,533	1 3-81	1 3-81	39,598	38,603
	845,881	795,754	48,658	44,396	1 1-81	1 1-39	242,899	239,374

* Excluding season ticket traffic.

The number of passengers carried showed falls in the neighbourhood of 8 per cent. on all the groups except the Southern, where it was only 2 per cent. The smallness of the decline on the Southern was, however, only achieved by further cheap fare concessions in the attempt to meet road competition, and this is reflected in the decline to 11½d. in the average fare. The amount of miles worked on this group actually increased.

The next table gives the corresponding analysis for goods traffic:—

FREIGHT TRAFFIC (LIVESTOCK EXCLUDED).
(000's omitted.)

	Tonnage.		Receipts.		Average Receipts per Ton.		Freight Train-miles.	
	1930.	1931.	1930.	1931.	1930.	1931.	1930.	1931.
London Midland and Scottish...	139,646	125,477	39,575	36,505	5 8-01	5 9-82	51,054	48,272
London and North-Eastern...	138,719	121,357	33,021	29,406	4 9-13	4 10-15	39,517	36,758
Southern...	17,347	17,339	5,492	5,321	6 3-98	6 1-65	7,078	7,047
Gt. Western	75,139	65,374	16,625	15,006	4 5-10	4 7-09	22,168	21,182
	370,851	329,547	94,713	86,238	5 1-29	5 2-80	119,817	113,259

The percentage decline in tonnage, aided by the coal stoppage in January, was worst on the Great Western. The Southern experienced only a negligible decline, as the heavier categories of goods were comparatively well maintained and there was a further increase in the tonnage of

Kent coal handled. From the revenue point of view, however, this was much more than offset by the decline in the more highly-rated classes of merchandise, and average receipts per ton on this railway accordingly declined. On each of the other lines they rose, owing to an increase in the average length of journeys, which presumably reflects in part a loss of short-distance traffic to the road transport companies.

Further light is thrown upon the nature of the decline in goods revenue by the table below:—

FREIGHT TRAFFIC (LIVESTOCK EXCLUDED).
(000's omitted.)

	Merchandise†.		Coal, Coke and Patent Fuel.		Other Minerals and Merchandise‡.	
	1930.	1931.	1930.	1931.	1930.	1931.
London Midland and Scottish—Tons*	19,376	17,186	65,618	60,913	23,768	19,085
Per cent. of total receipts	50.7	50.7	33.8	35.1	15.4	14.2
London and North-Eastern—Tons*	18,697	16,415	76,146	68,572	21,807	17,515
Per cent. of total receipts	43.4	44.0	40.7	41.5	15.9	14.5
Southern—Tons*	3,437	3,336	2,359	2,633	2,166	2,021
Per cent. of total receipts	55.6	54.5	28.8	30.9	15.5	14.6
Great Western—Tons*	9,677	8,855	42,099	35,375	8,259	6,853
Per cent. of total receipts	48.0	49.4	37.3	36.4	14.7	14.2
	51,187	45,792	186,222	167,493	56,000	45,474
	48.1	48.4	36.5	37.3	16.4	14.3

* Originating on the company's lines.

† Classes 7-21.

‡ Classes 1-6.

Those classes of merchandise whose value is relatively great in proportion to their bulk provided a smaller percentage of total freight revenue in 1931 than in 1930 on the Southern Railway, but on the other lines their share was maintained or increased. Coal also provided a larger proportion of the diminished revenue, except on the Great Western, and the greatest relative decline fell to the intermediate classes of goods.

While the main sources of railway revenue have thus declined almost without exception, the general decline in the gross revenue from ancillary undertakings is varied by increases in a few instances. Receipts from road services were higher than in 1930 on the London Midland and Scottish and the Southern; the London and North-Eastern and the Great Western had a higher revenue from canals, so that in each case the net loss was less than in 1930; and the Great Western also received more from its hotels and restaurants, though not sufficient to compensate for an increase in expenditure. While some of these ancillary undertakings showed a lower gross revenue, their net revenue was increased by substantial reductions in expenditure, but this side of the accounts belongs to our next article.

THE WORLD WHEAT SITUATION.

EVER since the huge world crop of 1928, wheat growers have been faced with increasing difficulties, and the successive attempts of the principal producing countries to improve their position by international co-operation have so far been unsuccessful. The Imperial Economic Committee, in its twentieth report,* has traced the developments of the wheat situation up to the end of the last crop year. By its careful objective analysis of the various factors governing the price of the cereal, the Committee has contributed much towards the better understanding of a very complex problem.

The outstanding feature emerging from a study of world production and price movements during the past decade is the inelasticity of the demand for wheat, coupled with the impossibility of bringing about a quick re-adjustment of the volume of supplies. During periods of exceptionally low prices the cereal has been increasingly used for feed-purposes, but the tendency of human consumption has been downwards in the United States and in the more advanced European countries; and this decline has been

* "The Wheat Situation, 1931." H.M. Stationery Office. Price, 6d.

only in part offset by an increase in the consumption of wheat by Far-Eastern nations.

Another factor of importance has been the rapid advance in production technique since the war, and the consequent fall in costs in relation to those of other commodities. In the words of the United States Secretary for Agriculture, "the combine, together with the tractor and the motor truck, has revolutionised the wheat growing methods in the western Great Plains." An example of variations in harvesting costs per acre with different types of machinery is set out below:—

	(Dollars per Acre.)	
10 ft. Combine.	12 ft. Header.	7 ft. Binder.
1.47	3.56	4.22

According to official estimates, comparable cost figures apply to Canada and Argentina. Moreover, the results of biological research, by the introduction of early maturing varieties of wheat, have made possible an extension of the wheat area to regions hitherto unsuitable. In the view of the United States Secretary for Agriculture, "dry" farming is changing the wheat map of the United States; and this statement applies equally to other countries, particularly Canada and Russia. It is significant, however, that the new production technique has by no means been adopted universally. Its rapid spread has been confined to regions where the size of farms is relatively large, and where soil and climate are favourable.

A chart of the course of wheat prices during the last ten years shows a sharp downward movement in 1921, followed by an upward swing beginning in 1924. The heavy crop of 1928 again set in motion a fall in prices which became sharply accentuated towards the end of 1930, and made wheat growing unprofitable over a vast area of land. The following table compares the trend of wheat prices during this period with that of the general level of wholesale prices:—

Year.	U.K.		U.S.A.	
	Wheat.	Wholesale Commodities.	Wheat.	Wholesale Commodities.
1920	(1909-13=100) 243	(1913=100) 295	(1909-13=100) 267	(1913=100) 221
1921	215	185	142	140
1922	144	154	122	139
1923	127	152	113	144
1924	148	164	126	141
1925	157	160	166	148
1926	160	148	156	143
1927	148	144	138	137
1928	129	141	151	140
1929	127	135	123	138
1930	103	114	96	124

In the view of the Imperial Economic Committee, the causes of the relatively sharp deviation of wheat prices from the general level of wholesale prices between the end of 1920 and the end of 1923 were the increased production in North America, Australia and Argentina under the impetus given by the war, the recovery in European production, the exceptional yield in 1923, and the widespread economic depression in 1920 and in 1921. From 1925 to 1927, production and consumption were roughly in equilibrium. The break in wheat prices in 1929 was occasioned by an exceptionally large world crop in 1928. The disastrous fall in the autumn of 1930 is ascribed to the re-emergence of Russia as a large exporter, to the size of stocks, to the growing intensity of the economic depression and to the increase in the import restrictions of European countries. These factors completely disorganised the wheat market. Despite the reduction in acreage in all the principal producing countries, with the exception of Canada and Russia, no recovery took place until October, 1931. As soon as it became known that the Russian spring crop was lower than expected, prices rose sharply in October, and although this advance was followed by a reaction at the end of November, prices have not fallen back to the low level prevailing throughout the summer.

Statistical information on the size of the crops harvested during the past year in the principal countries is now available. It is therefore possible to attempt a tentative forecast of the probable developments in the wheat situation during the remainder of the season ending in July. The following table, compiled by the Food Research Institute, of Stanford University, shows the production

and stocks at the end of the crop year in the principal countries since 1926:—

(Million bushels.)							
Year	United States, Canada, Australia, Argentina.			World, excluding Russia.			Russia.
	Initial Stocks.	Crops.	Total.	Initial Stocks.	Crops.	Total.	Crop.
1926	225	1,629	1,854	482	3,369	3,851	914
1927	264	1,758	2,022	521	3,591	4,112	785
1928	341	1,991	2,332	590	3,911	4,501	795
1929	529	1,407	1,936	858	3,419	4,277	703
1930	528	1,725	2,253	809	3,689	4,498	1,084
1931	603	1,579	2,182	904	3,586	4,490	...

It will be seen that world production, excluding Russia, has been smaller by 100 million bushels than in the previous year. Though a reliable estimate of Russia's harvest is not yet available, it is known that her crop has been a failure in certain regions. Mr G. Broomhall estimated Russia's probable exports during the current season at 96 million bushels. As she has already shipped 69.2 million bushels, the remainder will scarcely influence prices appreciably. Though wheat production in Europe in 1931 shows an increase of 58 million bushels on the previous year, the output of rye shows a decline of 154 million bushels, and as rye is used largely for bread in certain European countries, the International Institute of Agriculture has felt justified in estimating an increase in probable requirements of 34 million bushels on the previous year. According to the Food Research Institute, the volume of international trade in wheat may reach 840 million bushels during the current season, and world stocks, excluding Russia and China, may be reduced by 100 to 150 million bushels.

A renewed fall in prices to the June-September level of last year seems therefore improbable. In view of the growing scarcity of home-grown wheat, European countries are beginning to buy increasing quantities abroad. They are thus providing a shock-absorber for the heavy shipments of new wheat from Argentina and Australia. Among other bullish factors are the further reduction in wheat acreage and unfavourable reports of the United States winter crop. On the other hand, a substantial and lasting advance cannot be expected in the near future in view of the size of stocks overhanging the market, and until those stocks are absorbed the wheat farmer has more to hope from a reduction of costs to meet the general level of prices than from a rise in the price of his product to meet his former level of costs.

THE PRUDENTIAL.

SINCE the most important part of the annual report of any investing institution to-day is the balance sheet, it is of great importance to consider how the largest investing institution in the country has fared in this respect during the year 1931. We may consider most usefully the Prudential's investments by comparing the movements in broad groups over the past year.

	1930.		1931.	
	Amount.	Percentage of Total Assets.	Amount.	Percentage of Total Assets.
Mortgages and loans	35,442,000	14.7	33,068,000	13.0
Loans on the company's own policies	7,298,000	3.0	7,403,000	2.9
Stock Exchange securities:				
British Government	58,722,000	24.4	67,412,000	26.4
British municipalities	5,883,000	2.4	7,057,000	2.8
Indian and Dominion Government and municipalities	11,882,000	4.9	13,321,000	5.2
Foreign Government and municipalities	16,277,000	6.9	15,331,000	6.0
Debentures	37,310,000	15.5	38,158,000	14.9
Preference stocks and shares	19,630,000	8.1	20,507,000	8.0
Ordinary stocks and shares	29,956,000	12.4	32,066,000	12.5
Property investments	13,148,000	5.5	13,277,000	5.1
Life interest and reversions	273,000	0.1	247,000	0.1
Miscellaneous	5,129,000	2.1	7,947,000	3.1
	240,950,000	100.0	255,794,000	100.0

A feature of the investments, more readily discernible from a detailed study of the balance sheet items, is the widespread character of the securities. Relatively to other life assurance companies the Prudential has a rather larger stake in Stock Exchange securities, equal to 75 per cent. of the total, compared with an average of 60 per cent. A substantial proportion (which has, moreover, been increased during the year) of the total assets is invested in British Government securities, and at the other end of the scale may be noted substantial holdings (also increased during the year) in ordinary shares.

From the point of view of income return, the yield on this huge total of heterogeneous securities is quite extraordinarily large. After allowing for income tax, the net rate of interest in 1931 was as much as £5 2s. 3d. per cent. This rate shows a fall of 3s. 5d. per cent. on that for the preceding year, the difference being due partly to the rise in income tax and partly, no doubt, to defaults on foreign bonds and reduced dividends on variable interest securities. From the capital point of view, the company, with its huge total funds, has been exposed to depreciation of a formidable character. If 10 per cent. be regarded as a reasonable estimate of the extent of depreciation, it is clear that the company has suffered a loss of something approaching £25 millions. On December 31, 1930, the balance sheet contained a certificate to the effect that the assets set forth therein were in the aggregate in excess of the book values. At that time the investment reserve fund and contingency funds amounted altogether to £14,930,000, but it was known that the book values included a substantial hidden reserve in addition to this. The 1931 balance sheet certifies that the assets are in excess of the book values after taking into account investment reserve funds and contingency funds, and in the meantime these funds have been increased to £18,900,000. It would appear, therefore, that the hidden reserve has been wiped out, and a proportion, at least, of the very substantial disclosed reserves has been needed to provide for the depreciation suffered. The existence of these large reserve funds and their steady accumulation in the past have been a subject of some criticism, particularly by shareholders who considered that earnings were thus unfairly withheld from them; but the directors' policy is now seen to be fully justified, since by the aid of these reserves the company has been able to provide for all the depreciation it has suffered, without further disturbance, and without encroachment on ordinary trading profits. In this connection it may be mentioned that the appreciation that has occurred since December 31st last, particularly in British Government securities, means that a substantial portion of last year's depreciation has already been recovered.

Turning now to the transactions of the year, we find that not even the greatest industrial depression in economic history has been able to stop the steady progress of the company in all departments. Both in the ordinary life branch and in the industrial life branch the new business transacted shows an increase over that of the preceding year, while in the general branch also the premium income shows a satisfactory increase. In the ordinary life branch, new policies were issued for sums assured of £18,006,000, compared with £17,729,000, and in the industrial life branch the corresponding totals were £67,853,000, compared with £66,104,000. The total number of life policies in force in the two branches combined is now nearly 28 millions—a figure which exceeds one-half of the total population of the country. The usual annual valuation, which was made on the same bases as formerly, exhibits the following results:—

	1929. £	1930. £	1931. £
Ordinary branch:—			
Surplus earned during the year	3,203,959	3,355,794	3,374,088
Capital profits	51,490	...	...
Brought forward from previous year	201,743	205,913	210,912
	3,457,192	3,561,707	3,585,000

	1929. £	1930. £	1931. £
Allocations:—			
To Bonuses to policyholders	2,477,808	2,567,217	1,798,537
„ Writing off investments	...	500,000	...
„ Investment reserve fund	500,000	...	500,000
„ Ordinary branch contingency fund	...	...	950,000
„ Shareholders' account ...	273,471	283,578	198,081
„ Carried forward to next year	205,913	210,912	138,382
Industrial branch:—	3,457,192	3,561,707	3,585,000
Surplus earned during the year	5,739,419	6,156,705	6,184,148
Brought forward from previous year	276,572	286,570	288,923
	6,015,991	6,443,275	6,473,071
Allocations:—			
To Bonuses to policyholders	3,316,062	3,712,388	2,475,818
„ Writing off investments	...	500,000	...
„ Investment reserve fund	500,000	...	500,000
„ Industrial branch contingency fund	...	...	1,750,000
„ Common contingency fund	250,000	...	...
„ Special contingency fund	483,333	458,333	125,000
„ Bonuses to outside staff	528,497	642,209	538,198
„ Shareholders' account ...	651,529	841,422	833,169
„ Carried forward to next year	286,570	288,923	250,886
	6,015,991	6,443,275	6,473,071

A study of the accounts shows that this progressive increase in profits has been assisted in 1931, as in former years, by a further reduction in expenses. The expense ratio in the ordinary branch in 1931 was somewhat higher at 13.1, compared with 11.9 per cent. in 1930, but that in the industrial branch was 24.4, compared with 24.7 per cent. In both branches it may be noted that the amount immediately allocated to bonuses has been much reduced, though the amounts set aside in the respective contingency funds more than make good the difference. In the ordinary branch the reversionary bonus for 1931 is at the rate of 36s. per cent. for whole life and 30s. per cent. for endowment assurances, compared with 52s. per cent. and 46s. per cent. respectively in 1930. The sum of £950,000 set aside in suspense in the contingency fund is stated to be more than equivalent in value to the reduction in the rate of bonus. If and when the general situation shows sufficient improvement, the reduction in the bonus now allotted will be made good to the surviving policyholders, and the interests of policyholders whose policies become claims in the meantime will be protected by the addition of interim bonuses at the full normal rates. The distribution of bonus in the industrial branch has been dealt with on the same lines as that in the ordinary branch. Thus, policyholders whose policies were effected on or after January 1, 1923, will receive an ordinary reversionary bonus at the rate of 22s. per cent., as compared with the full normal rate of 34s. per cent., but the difference will be made up in the case of policies which become claims during 1932. For pre-1923 policies the rate varies with the duration in force, and the bonus is payable only in the event of a claim arising within a period of sixteen years.

The general branch, after an unhappy experience some few years ago in the marine department, has now emerged from its early troubles. The size of its premium income and the reserves which have been accumulated are such that the branch is now thoroughly established. In 1931 the premium income in this branch, comprising all classes of business—fire, accident, motor, employers' liability and marine, etc.—was £1,884,134, compared with £1,806,292 in 1930. The fire accounts show a satisfactory profit, exceeding 6 per cent. of the premiums, and the employers' liability account shows a profit of 15 per cent. of the premiums. The motor business, which is separated for the first time in the accounts, was responsible for premiums of £381,000, and showed a reasonable profit, but the loss on the miscellaneous business has turned this profit into a loss. The premiums in the marine account show again a small decrease of £110,000, and the fund is now equal to nearly four years' premium income. A

summary of the results of the past few years is shown below:—

	1927. £	1928. £	1929. £	1930. £	1931. £
Net trading surplus:—					
Marine	—546,117	—61,665	—102,970	—64,296	—21,139
Fire, accident, &c.	127,670	94,802	134,124	124,456	74,493
	—418,447	33,137	31,154	60,160	53,354
Net interest earnings	72,251	93,320	112,913	110,405	118,982
Total	—346,196	126,457	144,067	170,565	172,336

The dividend in the general branch has been raised from 25 per cent. free of tax to 31½ per cent. free of tax, and the shares, which are 4s. paid up and stand at 86s. 3d., now yield £4 12s. per cent. gross. The dividend on the “A” shares, which appertain to the life branches, has been reduced in a manner comparable with the reduction in bonuses allotted to the policyholders. The rate has, therefore, been reduced from 91½ per cent. free of tax to 84½ per cent. free of tax. The “A” shares now stand at £20, and the gross yield on the dividend at this price is therefore £5 12s. per cent. gross.

POLITICAL OMENS AT WASHINGTON.—I.

(BY A CORRESPONDENT.)

With the party conventions only four months distant, the political pot has begun to boil merrily in the United States. At Washington, Congress is having its liveliest session of recent years and the politicians, in dealing with the economic issues which are occupying their attention, are keeping a weather eye upon the political repercussions. During the winter months the economic depression has deepened and on every side its fruits have been manifesting themselves in calamitous and alarming fashion. Mr E. F. McGrady, the legislative representative of the American Federation of Labour, was recently responsible for the statement that in the United States to-day there were 24 million persons in “abject poverty,” of whom 12 millions were subsisting by public charity. He estimated that eight million workers were totally unemployed and that seven million more have during the winter been working only one or two days per week. Other authorities assert that there are 125,000 families in New York City who are desperately in need of public assistance and not getting it, and that a similar situation exists in numerous other communities. The system of the relief of unemployment by private charity, supplemented by funds from State and municipal treasuries, is proving quite inadequate to meet the situation, and great cities like Chicago and Philadelphia find themselves on the verge of bankruptcy and unable to maintain ordinary municipal services through lack of funds.

Faced with these conditions, the Hoover administration and its supporters have at last realised the need of drastic ameliorative measures, as witness the Reconstruction Finance measure and the Glass-Steagall Bill. The Democratic politicians, anxious to convince “big business” that they can safely be trusted with the government of the country, are according the administration a generous measure of co-operation in their constructive plans, although they have tried with some success to insert modifying amendments representing their own views. At present, however, a bitter fight has developed over a measure sponsored by a group of progressive senators of both parties for the appropriation of \$375,000,000 of funds from the Federal Treasury for direct relief to the unemployed. So far, the Hoover administration shows no sign of recanting from its resolute opposition to direct Federal relief, but it is by no means certain that its hand will not be forced.

Such new signs of vigour, however, on the part of the Hoover administration as are visible can do very little to revive the drooping spirits of the Republican politicians. When the National Committee of the party met in Washington in December its members were sunk in unrelieved pessimism, and vied with one another in the dolorousness of their reports about party prospects in their several localities. At by-elections Democrats continue to carry Republican strongholds; they had a striking gain in New Jersey last month, and they have now followed it

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up by carrying a district in the rock-ribbed Republican State of New Hampshire, which they had not held for years. The loss of Brighton by the Conservative party of Britain would be a portent of equivalent seriousness.

The Republican managers keep hoping that through the policies now being sponsored by the Hoover administration, and by some miraculous lifting of the depression in Europe, there will come a revival of business prosperity before the date of the Presidential election, and that they will get credit for it. But at present the prestige of Mr Hoover and his party seems to have reached the lowest depths and they are being persistently assailed and criticised by papers of unimpeachable Republican traditions. A piquant episode recently occurred in Congress when a distinguished Republican senator proclaimed his belief that his party would yet be able to “sell” Mr Hoover successfully to the country, and an unkind Democratic voice interrupted with the gibe: “Sell him, why you couldn't give him away.” Mr Hoover seems assured of renomination by the Republican Convention, which will be held in Chicago, but it will be a mournful gathering, and no Republican candidate for many years will enter the Presidential contest with the omens for success so unfavourable.

The liquor problem also continues to worry the Republican managers, and the economic depression seems to have increased the strength of the popular agitation against the prohibition laws. For one thing, it has destroyed the validity of one of the favourite arguments of the “drys” that prohibition was a large factor in keeping the United States prosperous when the rest of the world was struggling in a morass of economic troubles. Again, the heavy Budget deficit has directed criticism against the enormous expenditure entailed in the obviously ineffective administration of the prohibition laws. At any rate, the conversion to “wetness” of prominent Republican politicians like Senator Davis, of Pennsylvania, who were ardent “drys,” is convincing evidence that votes are no longer to be gained by advocacy of prohibition, and the Republican “wets” in the House of Representatives have taken courage to form a definite bloc under the leadership of Mr J. M. Beck, a former Solicitor-General. Another sign of the changed times is the publication of stories to the effect that the Anti-Saloon League is virtually without funds and is plaintively beseeching its former financial backers for subscriptions to prevent the complete suspension of its activities.

Meanwhile, the Democrats think that they have evolved a liquor platform which will simultaneously ensure the support of disgusted Republican “wets” and not alienate their own “dry” element. Mr Raskob, the chairman of the Democratic National Committee, has addressed a letter to it in which he urges that the party should at its convention adopt a State “home rule” plan for liquor control as part of its official platform. He proposes that the Democratic members of both houses of Congress be instructed to vote in favour of a referendum which will give the people of the United States an opportunity to express their opinion directly on the question whether they wish to have the Eighteenth Amendment retained in the Constitution without change or whether they wish it to be modified by the following proviso:—

“Nothing in the constitution of the United States shall prevent any State from taking over complete control of the manufacture, transportation, importation and sale of intoxicating beverages within

its own territory and the exportation thereof to such other States, countries and territories as do not prohibit same, provided, however, that the plan under which that State proposes to take over such liquor control is first approved by the people of that State in a State-wide referendum."

Mr Raskob claims that the chief merit of his plan is that it commits the Democratic party to recognise prohibition as a social and constitutional issue, but it also puts it squarely up to popular decision, leaving politicians and voters alike free to work and vote either for or against rectification of the "home rule" amendment. Naturally the intransigent "drys" of the Democratic party rage furiously against this plan, but the practical politicians see in it a welcome avenue of escape from the sort of internecine feud over the liquor issue which has raged at recent conventions, and the Republican "wets" are exasperated at their impotence to persuade Mr Hoover of the merits of a similar attitude for his party.

Notes of the Week.

The Wheat Quota Debate.—The Government's Wheat Bill passed its second reading in the House of Commons on Wednesday evening after two days of debate. It was introduced by Sir John Gilmour, the Minister for Agriculture, whose exceptionally long speech was mainly devoted to an exposition of the complicated and cumbersome machinery which is to be set up, but added little to previous knowledge. When, however, Sir John turned from business to politics, and made his defence of the proposal, he delivered himself of passages which entirely confirm the criticisms which we levelled at the proposals last week. In discussing the effect of the quota on the retail prices of bread, he maintained that the quota payment of 2s. 6d. per sack of flour, which is at present contemplated, "would not justify a permanent increase of $\frac{1}{4}$ d. per 2-lb. loaf." It might be deduced from this statement that since, with our present currency arrangements, it is impossible for the retailer to raise his price to the consumer by less than $\frac{1}{4}$ d., no increase in the retail price of the loaf was likely. But a further passage in Sir John's speech made it quite clear that even he is expecting some rise in the price of bread. "Was it not thoroughly reasonable," he asked, "that our home city dwellers . . . should be prepared to offer a helping hand to the wheat growers of the home country?" The phrase "helping hand" can hardly have any meaning unless it represents the payment of a higher price by city dwellers in their capacity as consumers. A conceivable interpretation of these apparently contradictory passages in Sir John's speech may be that he expects the price of the loaf to be raised during only a part of the year, but in any case it is clear that if wheat prices remain in their present neighbourhood somebody has got to pay £1 per quarter on six million quarters. Somebody, in other words, has got to find £6 millions for the ultimate benefit of the wheat grower, and that somebody will not be the miller nor the baker, but the bread-eater. Sir Archibald Sinclair, one of the Ministerial dissentients to the Tariff Bill, supported the quota proposal on the ground that it was a "temporary lifebuoy" for a distressed section of the community. Upon that attitude we have two criticisms to make. The first is that the distressed populations of the big cities are in too great a need of lifebuoys themselves to be able to throw one to any selected or favoured section of a different industry, distressed though it may be. Our second criticism is that there is no justification for the use of the word "temporary." Indeed, many Government supporters have accepted the Bill frankly as a beginning; and there is already criticism of the minimum price of 45s. per quarter as being too low—to say nothing of talk of coming quotas for meat and other farm products. Furthermore, the Government are going to Ottawa in August with a Dominion wheat quota as a possible bargaining weapon, and it is a political probability that the quota system will be extended to imported Empire wheats. This would mean a further burden on

the bread consumer equivalent to the difference between the world price and the quota price of a large proportion of the grain commonly consumed in this country. The Quota Bill cannot be regarded as a temporary lifebuoy for farmers. It is definitely the beginning of a bread tax which, in view of the approaching negotiations with the Dominions, is far more likely to rise than to fall in the course of this year, even though there should be some recovery in the world price of wheat.

The Triumvirate.—The Government has been well advised in the difficult task of selecting the chairman and members of the Import Duties Advisory Committee, whose names were announced on Tuesday. Sir George May, who becomes Chairman, has recently been prominently before the public as Chairman of the famous Economy Committee whose proposals led to the downfall of the Labour Government. Sir George has had a long and distinguished career in the service of the Prudential Assurance Company, of which he was secretary, and has from time to time given notable public service in various directions, including valuable assistance to the Government during the war in connection with the mobilisation of American securities. Of the two other members, Sir Sydney Chapman was known before the war primarily as a distinguished economist, but since 1915 he has been in Government service. In recent years, in his capacity of Economic Adviser to the Government, he has represented this country on the Economic Committee of the League of Nations, which has endeavoured to organise collective agreements for the reduction of trade barriers and the better organisation of international commerce. Sir George Powell, who is a barrister, but who has had considerable administrative experience with the Metropolitan Asylums Board and the London County Council, has latterly been Chairman of the Food Council. The Committee is thus detached from politics, and its members have between them a wide knowledge of the commercial interests of this country, of international problems, and of the social conditions of Great Britain. Whether these qualities are adequate to enable them satisfactorily to carry out a duty so ill-defined but of such unlimited scope is another matter. The Committee are empowered to recommend additional duties of unlimited extent; they may recommend additions to the free list and, it seems, after the Budget will have the right to recommend deletions; and though their proposals will be laid before Parliament and only remain in effect with Parliament's approval, the recommendations will in fact be brought into operation on the order of the Treasury in advance of this Parliamentary sanction. In view of the fact that it is intended that the Committee should be free from political influence and is appointed for three years, it is to be presumed that the Government has given them no instructions, but it has been indicated that they will be expected to consider the need of restricting imports, though in considering any new proposals they are to have regard to the interests of consuming industries and the welfare of the country generally. Tariff enthusiasts will expect them to create employment at home by cutting out all imports which compete with British producers, while others will expect them to have regard, though in their terms of reference this is not expressly stated, to the damage which will unquestionably be done to our export industries and shipping by obstructions to the general imports of this country. We do not envy the Committee a thankless task; for it would tax the power of an archangel to reconcile all the conflicting interests involved or to devise a tariff that will stimulate exports, that will increase employment by keeping imports out, produce revenue by letting them in, and modifications of its own level secure reductions of tariffs abroad. The principles of tariff-making have clearly not been thought out in the least. The constitution of this body affords far less protection to the public interest than, let us say, the constitution of the Tariff Commission in India or even in Australia; nor has any attempt been made to define its powers, as in the case of the United States. Its greatest shortcoming is the absence of any provision to ensure the publicity either of its hearings or of its reports. The Government has chosen good men, but it has given them an impossible job.

Britain Repays.—Welcome news was given by Mr Chamberlain in the House of Commons last Wednesday. First, he announced the withdrawal of the Treasury Order restricting the purchase by British nationals of foreign exchange; and, secondly, he stated that the Treasury had repaid this week \$150 millions of its \$200 millions American credit and Frs. 1,600 millions of the Frs. 2,500 millions Treasury credit given by French bankers. The remaining Frs. 2,500 millions of the French credit was in the form of discounted Treasury bills which could not be redeemed before their maturity in August. Both these announcements created a very favourable impression in financial circles, and there is no doubt that they provide striking evidence of the restoration of world confidence in our finances. When once the foreign exchange necessary for the completion of these operations has been secured, present omens suggest that, unless special steps to the contrary are taken, there may be a marked appreciation of the pound. Here it is necessary to strike a warning note. The recovery in the pound depends, so far as can be judged, partly upon Indian gold shipments, partly upon the repatriation of British capital, and partly upon an influx of foreign capital into money market resources, Treasury bills, and British Government long-term stocks. The real effect of the Indian gold shipments through London is that we are cancelling our obligations to France and America against our claims on India. Similarly, the repatriation of British-owned capital may mean that we are strengthening the liquidity of our position by repaying short-term indebtedness out of the proceeds of sales of long-term investments abroad. Both these processes, therefore, are improving our position. But as regards such influx of foreign funds as is taking place, the effect here is that definite short-term liabilities to foreign central and commercial banks are being replaced by indefinite liabilities to other: foreign financial interests and private investors. For these reasons Mr Chamberlain was undoubtedly correct in suggesting that the recent strength of sterling should not be regarded as justification for the promiscuous flotation of foreign loans in the City.

Bank Rate.—Bank rate was unchanged on Thursday. The absence of a reduction took the market completely aback, since $4\frac{1}{2}$, if not 4, per cent. had been regarded as a foregone conclusion in view of the strength of sterling and the Chancellor's statement on Wednesday; and prime bank bills had changed hands on Thursday morning at as low a figure as $2\frac{1}{2}$ per cent. discount. Indeed, it looks as though the decision must have surprised also some of Great Britain's potential collaborators in the sterling group; for both the Swedish and Norwegian central banks had lowered their discount rates from $5\frac{1}{2}$ to 5 per cent. on Wednesday. If this apparent lack of understanding between the central banks is real it is deeply regrettable. As for the attitude of the Bank of England, we can only surmise that the ground for the decision not to reduce Bank rate was chiefly the understandable desire of the authorities to discourage too ebullient an optimism in the markets at a time when serious obstacles have still to be overcome in restoring the world's credit system to stability. The over-optimistic would, indeed, do well to realise that to some extent sterling has been strong simply because other currencies have been weak; that Central Europe is very far from being out of the wood and that adventitious exports (or, in the case of Indian consignments, re-exports) of bullion are not a healthy substitute for exports of goods and services. At the same time, little is to be gained by maintaining Bank rate ineffectively out of touch with market rate, and still less would be gained by a policy of keeping London money rates at a level which attracted "bad money" to this centre and thereby risked recreating the vulnerability which in the crisis drove us off gold. We can appreciate the force of the paradoxical argument that the inauguration of a 4 per cent. Bank rate this week, coming on top of the announcement of the substantial repayment of our foreign credits, might have had the undesirable conse-



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quence of stimulating, instead of discouraging, speculative purchases of sterling. But it is at least doubtful whether maintaining Bank rate—because of possible dangers abroad—at a level which in the circumstances is highly artificial will be regarded as a bear point for sterling or keep foreign money away. For these reasons we trust that the Bank's decision to lower its rate has only been postponed for a week.

Sir Samuel Hoare on India.—Last Monday, Sir Samuel Hoare made a statement in the House of Commons on India. This Ministerial statement, which was not very reassuring, was followed by a debate which was inconclusive and was preceded by answers to parliamentary questions which were somewhat disquieting. In India, as all over the world at this moment, economic stress is proving to be a direct cause of political unrest; and it is satisfactory to have the Secretary of State's assurance that, since the suspension of the gold standard, the economic depression in India shows some sign of lifting a little. But the political part of Sir Samuel Hoare's statement was clearly the important part; and here the Secretary of State has given us no light on the crucial question: "What effect is the policy of repression having upon the Round Table Conference process of co-operative political reconstruction?" To say that "the Government were just as anxious for co-operation with representative Indians as they had ever been in the past," and that "the emergency powers were not a sign of the end of a policy of co-operation," was cold comfort for the House and for the country without a demonstration that co-operation was not in fact being crippled by repression—and no demonstration of the kind was forthcoming. None was made by Sir Samuel Hoare in his statement, and none was elicited from him in the debate. For the rest, the statement contained little more than a reiteration of the Government's well-known contentions: first, that the breakdown of the Irwin-Gandhi Pact has been due entirely to the offensive action of Congress, and that no share of the responsibility for this disaster (and it is nothing less) falls upon the British authorities in India; second, that "no Government worthy of the name could have held its hand a day longer"; third, that the emergency powers, while admittedly "formidable," are not being abused; fourth, that certain reported cases of abuse are unsubstantiated. All this may be so; but, here again, the statement contained no demonstration of the facts which it affirmed. Sir Samuel Hoare virtually asks us to take his word for his affirmations and to leave it at that; and, though we do not for a moment question Sir Samuel Hoare's good faith, we are left with an uncomfortable feeling that the picture which he has drawn for us represents only one side of a highly debatable case. In these circumstances, it is disquieting to learn that cablegrams addressed from India, by two British subjects participating in the Congress movement, to a member of the Imperial Parliament at Westminster, have been intercepted by order of the British authorities in India. This exercise of authority is not illegal, but it is assuredly not in accordance with the public interest or a long and enlightened view; and, as a specific illustration of the way in which the Emergency Orders are being administered, it does inevitably raise serious misgivings in regard to the present drift of Indian affairs.

The German Presidential Election.—The lists are now set for an election which is fateful for the future of Europe. On Thursday, February 25th, the Chancellor of the German Reich, Dr. Brüning, replied in the Reichstag to his Nazi assailants. The sitting was stormy; but the Nazis had nothing to say on the most interesting point in Dr. Brüning's statement, namely, that, when the Chancellor recently offered his resignation to the President of the Reich, the rock on which the negotiations for a possible alternative Ministry foundered was the Nazis' intransigence in demanding a monopoly of power for themselves. On February 26th, Dr. Brüning once more obtained a vote of confidence from the Reichstag—this time again, as in October, by the narrow majority of 25 votes (on a division of 289 votes to 264). An important accompaniment of this division was the virtual break-up of the German People's Party (the late Dr. Stresemann's party). The utmost exertions of party discipline have failed to carry the party *en bloc* into the camp of "the National Opposition," where statesmen with the outlook of Dr. Curtius would have found it really intolerable to serve as yoke-fellows of a Hugenberg and a Hitler. On the same day, the Government of Brunswick converted Herr Hitler into a German citizen by appointing him—not professor in the State Technological University, but Brunswickian commercial attaché in the Brunswick Legation *auprès* the Prussian Government at Berlin. It is perhaps worth noting that the oath administered to Brunswickian officials, which Herr Hitler presumably took on the 26th, when he was sworn in, is conceived as follows: "I swear loyalty to the constitution of the Reich and of the State [of Brunswick], obedience to the laws, and conscientious fulfilment of my official duties." If Herr Hitler were really likely to devote his working time during the next fortnight to the promotion of Brunswickian trade in Prussia, that would decidedly relieve the minds of Germany and the world. But, of course, he had been appointed to this Brunswickian office for the sole purpose of "running" for President of the Reich, and he has immediately plunged head over ears into his election campaign. The most striking feature (though this is no novelty) in the Nazi candidate's declarations up to date is their portentous inconsistency. With one breath, Herr Hitler declares that "more is at stake than the Presidency," and that "March 13th will decide the fate of the system of November 9th [1918]"; and he summons President Hindenburg to "step aside" in order to leave the ground clear for a pitched battle between the Nazis and the Social Democrats. The next moment, he protests vociferously against the Social Democrats' contention that "Hitler instead of Hindenburg would mean chaos and panic in Germany and throughout Europe," and "the greatest danger of bloody conflicts within our own nation and with foreign countries." With his hand on his heart, the outraged Brunswickian commercial attaché declares that, if he is elected President of the German Reich, Germany's foreign relations will not be affected, and no harm will be done to the peace and security of Europe. The "plain European" may be pardoned if he is left a little bewildered.

League of Nations.—Our Geneva correspondent, in a letter dated March 1st, writes:—The swift change in the Sino-Japanese situation seems too good to be true. Perhaps it is. After the tergiversations of the past few months, people here find it difficult to view the diplomatic moves without lingering suspicions of deals and counter-deals, and their hope lies, as it has for some time, in the skill with which the Chinese have persistently conducted their case. They put faith in this as the main chance of avoiding shuffling at the last moment; they do not put much faith in the Foreign Ministers and their Governments, whose chief anxiety seems to be to get out of a dangerous and embarrassing situation—an attitude calculated to lead to any kind of face-saving compromise at the cost of whoever is foolish enough to pay the price. Such is the state to which the futilities of the past few months have brought us. Is Shanghai being bought off for Manchuria? What was behind yesterday's talk of an adjournment of the special Assembly? It may be tempting Providence to give satisfactory answers to these

questions; but there is ground for reassurance in several factors. In the first place, China can and will prevent a deal over Manchuria, and the Assembly remains seized of the whole dispute and not only of the Shanghai element in it (which may have been more or less settled by the time the Assembly meets). The Manchurian Commission is on the spot and will eventually report, and a decision must be taken on the subject. If the powers with interests in Shanghai were foolish enough to try a deal with Japan, it would be prevented. The Assembly has not, in fact, been adjourned, and will meet, as arranged, on Thursday. The proceedings at last night's Council meeting were an astonishing contrast to the painful sitting held a few hours before the Japanese ultimatum in Shanghai expired. M. Sato was all politeness, and approved the Council's resolution, subject to his Government's acceptance. Dr. Yen announced China's acceptance not only of the resolution but of the armistice terms, which he read to the Council. If Japan at the last moment should make reservations and conditions, her position would be still more deeply compromised, and it is this, with the combination of other circumstances in which she finds herself, that leads to the hope that all will eventually go well. Opinion is so distrustful that, at the first news, it was found hard to believe Japan could accept any such reasonable conditions, and it was assumed that she was making another endeavour to attract the interests of the Shanghai Powers to take advantage of the situation. This is not now considered to be the case. If it is so, or if it were so, the Powers thus interested and the Members of the Council have called the bluff, for the conditions of last night's Council resolution seem to leave little or no loop-hole for sharp practice. In any event, the United States of America would not countenance it. As for the Disarmament Conference, the Franco-German crisis which seemed to be impending last week was avoided, though M. Tardieu and the German delegate came very near it in the procedure discussions in General Committee. It is difficult to say when the ference will get to grips with the work. M. Tardieu has been very active in conversations with Germans, Ita and others, but nothing very definite has emerged.

A Royalist Squib in Spain.—Some heartburning appears to have been caused in Madrid by the disclosure of a joint appeal to "all Spaniards of good will" bearing the signature of the two rival claimants to the Spanish throne, ex-King Alfonso and his aged relative, Alfonso Carlos, last of the Traditionalist, or Carlist, line. This document, which was at first treated as apocryphal, had been circulating privately for some little time. It was only last week-end, however, when certain Paris newspapers did their best to make a "story" of it—even suggesting that the authorities should take steps to expel Don Alfonso for breach of the conditions on which he was to be allowed to reside in France—that Republican Spain took cognisance of it. The manifesto, calling for annulment of all the legislative activity of a regime which obtained power through mere municipal elections, is in itself without interest. Some historical importance attaches to it, however, since it marks the end of ninety-nine years of dissension between the two branches of the Spanish Bourbon dynasty. Its immediate effect has been only to embarrass the not very numerous Monarchists who cherish the idea of an Alfonsist restoration, for they are certainly not prepared to subscribe to a project of recognising the Carlist Pretender as rightful King until his death, when Alfonso XIII should succeed him, nor do they see eye to eye with the federalist suggestion of confirming the *fueros* and rights of the northern and other provinces. Traditionalist circles, on the other hand, are voicing complaints of infiltration by certain elements with whom they have nothing but the name of Monarchist in common. It seems extraordinary that Alfonso XIII should have allowed his name to be connected with this Royalist gesture. He is at the moment in Syria, and probably some of his zealous supporters have blundered. Neither this damp squib nor the hurling of a heavy missile by a "Communist" last Friday has disturbed the deliberations of the Cortes. Señor Carner, the Finance Minister, is sticking to his guns

in regard to the absolute necessity for increased taxation, and the Prime Minister has made another successful appearance with a proposal for yet more stringent regulation of Army affairs. In future, newspapers will not be allowed to style themselves organs of Army opinion, and the Government is authorised to deprive retired officers of their pension rights should they yield to any temptation to work against the Republic. Señor Azaña seems to have his Chamber well in hand. But where is the Catalan Statute which was to run the gauntlet of the Cortes "early in the New Year"?

The Fascist Putsch in Finland.—The Finnish Fascists, who style themselves "Lapuan," have shown their teeth before; but they have now gone further in proclaiming something that is hardly distinguishable from civil war. Last Sunday they ordered the mobilisation of their illicitly armed organisation and announced their intention of marching on Helsingfors. Violence had already broken out the night before at the country town of Mäntsälä, where a band of armed Lapuan opened fire on the local working-men's club while a lecture was being given there by a Labour member of the Finnish Diet. The Lapuan have now occupied Mäntsälä in force, under the command of their leader, General Wallenius, a former chief of the Finnish General Staff, and their terms appear to be the resignation of the Cabinet. The Finnish Government, on its part, is putting into operation a National Security Law which was passed in 1930—under pressure from the Lapuan themselves as an anti-Communist measure! And two organised military forces now confront one another. The situation is serious, for two reasons. In the first place, the Finns, under a veneer of Scandinavian enlightenment and progressiveness, have displayed a most un-Scandinavian savagery in their civil strife. The struggle between Whites and Reds in Finland in 1918 was conducted with perhaps even greater brutality than the simultaneous struggle in Russia itself. In the second place, a Fascist outbreak is particularly dangerous in one of the five European border States that march with the Soviet Union. If the Lapuan carry the day in Finland and make themselves masters of the Government at Helsingfors by force, then the likelihood of an imbroglio on the Finnish-Russian frontier will be seriously increased. This frontier is a particularly tender point, as it runs only a few miles from Leningrad. This is one more aspect of the vicious circle in which the world is caught. For each of these political upheavals arising from the pressure of the economic crisis constitutes an additional obstacle to the curing of the very economic malady by which these political troubles are being caused.

"The Way of Escape."—In a recent issue of the *Economist* (February 13th, page 341) we expressed the view that the world to-day was witnessing a race against time between debtors' defaults, which may be devastating in their consequences, and a recovery of prices rendering intolerable the burden of indebtedness, private and governmental. Our plea for the recognition of the dangers of continued deflation received powerful support from Sir Henry Strakosch last week. Addressing the Finance and Currency Committee of the House of Commons, Sir Henry dealt at length with the disastrous results which had been brought about by what he described as the "incredible antics of a goat-like character" performed by the purchasing power of gold during recent years. He advocated pursuance of two objectives of monetary policy—one temporary and one permanent. In the first place, he proposed that additional purchasing power by currency and credit expansion should be injected into the sterling monetary system to raise sterling wholesale prices by at least 20 per cent. Such a process, in his opinion, would not create new disequilibria of any moment, since, in comparison with 1928, the retail cost of living and average wages had fallen by only 11 per cent. and 3½ per cent., respectively, as compared with a fall of 24 per cent. in wholesale prices. Thus, "reflation" back to the 1928 wholesale price level should be accompanied by only a

small advance in the cost of living, and should not necessitate any appreciable upward movement of nominal wages, while the restoration of the 1928 level of the price structure would restore the solvency of most of our debtors and would bring about a revival of confidence and trading enterprise. Thereafter the objective of monetary policy should be to maintain by "management" a stable level of commodity prices. If Britain took the lead in stabilising the internal purchasing power of sterling, other non-gold countries whose economic life was intimately bound up with British trade would merely have to pursue a monetary policy directed to keeping their rates of exchange on London stable. This, in practice, was their pre-war policy, when all gold standard countries looked primarily to the stability of their exchange on London.

— And the Obstacles.—On the day following that of Sir Henry Strakosch's address, Sir William Beveridge, in the concluding lecture of the Halley Stewart course on "The World Economic Crisis and the Way of Escape," dealt with some of the difficulties which stood in the way of the achievement of the stability of money in terms of purchasing power. At present, he observed, no central bank had sufficient control over the power of commercial banks to lend more money than people have saved, thereby creating an inflation of purchasing power which holds within itself the seeds of subsequent deflation. Secondly, if the full benefits of stable money are to be realised, there must be a great increase of co-ordinated international control, and finally there was the difficulty that apparent stability might be a prelude to a crash if prices were not allowed to decline proportionately to increased efficiency of production. The last-named consideration, however, is surely, we suggest, an argument for elasticity of monetary management rather than for the abandonment of all attempts to eliminate the anarchy of purchasing power. Indeed, Sir William himself was emphatic that in a world now laid waste by deflation, we must attempt the stabilisation of purchasing power, no matter how great the obstacles that have to be overcome. As he pointed out, whereas an absolutely general change of prices, applying equally to all transactions for all men, would make no difference to anybody, the recent catastrophic fall of prices produced by credit deflation had not only paralysed economic activity through the time element that enters into production, but it had met with unexampled rigidity in the world's economic structure, in which the greatest factor is the rigidity of debts, internal and external. No matter how greatly the working of deflation might in theory have been facilitated by absolutely smooth proportionate readjustments of wages, it is difficult to believe that even if a more systematic decline in the price level had obviated the 1931 "confidence crisis," the disequilibrium presented by the growing burden of fixed interest could have been adequately alleviated, as things in practice were going, by the natural process of conversion operations. Be that as it may, the fact remains that to-day, given the present price level, the world is in a state of latent insolvency. Failing a restoration of the price level, is there any alternative but default on a scale which the "capitalist" system, accustomed in the past only to comparatively limited remedial "blood-letting" by way of bankruptcy, has never yet had to face?

The Defence Estimates.—The estimates for the Army, Navy and Air Force in 1932-33, presented this week, allow further opportunity of checking the effectiveness of the Government's intention to carry out the economies promised by Mr Snowden in his supplementary Budget, on the basis of the Economy Committee's recommendations. The results are, on the whole, satisfactory. For the Navy, pay and pensions were to be cut by £1,828,700, and economies on other items were to total £2,000,000. The actual reduction in the net Navy estimates, which amount to £50,476,800, against £51,505,000 last year, is only £1,128,700, but an accompanying memorandum explains that, as was recognised by the Economy Committee, an increase of £2,700,000 has to be allowed in the 1932

votes to provide for the normal upward curve of expenditure on the 1930 and 1931 new construction programmes as approved by Parliament. With this proviso, the economies have been fully achieved. The Army estimates, totalling £36,488,000, against £39,930,000 for 1931-32, show a reduction of £3,442,000, which is reasonably near to the promised cut of £3,500,000. The Air estimates are the most disappointing. At a net figure of £17,400,000, compared with £18,100,000 last year, they show a reduction of £700,000, whereas the share of the Air Force in the promised cut of £8,600,000 was to be £1,300,000. It is true that the gross estimate, before deducting the Fleet Air Arm grant and other appropriations in aid, is nearly £1,500,000 less, but the fact remains that the combined defence estimates show economies of only £7,970,000 net, after allowing for naval construction; that is to say, £630,000 less than Mr Snowden foreshadowed. All the defence departments complain that their economies cannot be long sustained. "It has only been possible to achieve so large a reduction," writes the Secretary of State for Air, "by the postponement of many services, which, under normal conditions, would be regarded as essential, and by makeshift expedients which cannot be repeated." The War Office claim likewise that "this reduction of expenditure has only been achieved with the greatest difficulty by resorting to a drastic suspension or retardation of many services which are essential to the well-being and efficiency of the Army." And the First Lord declares that the estimate "must not be regarded as an adequate provision for the needs of the Navy." The complaint of inadequate provision for defence is, of course, an old one, but the need for maintaining and enlarging the economies lends additional urgency to the need for securing the success of the Disarmament Conference, which all men of good will desire on broader grounds.

Australian Exchange Problems.—When, just over a year ago, the Australian pound depreciated to the point where £130 pounds Australian became equivalent to £100 sterling, the fall in the Australian pound was a fall not only in its sterling value but in its gold value; for Great Britain was then still on the gold standard. The suspension of the gold standard in Great Britain last September, and the subsequent depreciation of sterling itself to some 70 per cent. of its gold parity at once raised in a new form the optimum relation of the Australian pound to sterling, and this point may best be illustrated in the form of two equations:—

- (1) January, 1931: £100 Aust. = £77 sterling = \$374;
- (2) November, 1931: £100 Aust. = £77 sterling = \$269.

The sterling exchange is taken in the latter month at the arbitrary figure of \$3.50.

In short, the Australian pound, while unchanged in terms of sterling, had undergone a further depreciation in terms of dollars, and then stood at only 55 per cent. of its par dollar value. *Prima facie*, some adjustment was called for, in the form of an appreciation of Australian pounds against sterling, to restore the *status quo* of Australian pounds against gold, and practical recognition of this need was given effect to in the rise in the Australian exchange rate from £130 to £125 per £100 sterling. Taking the sterling-dollar exchange again at \$3.50, this left the following equation:—

- (3) March, 1932: £100 Aust. = £80 sterling = \$280.

This represents a half-way house between the first two equations, but with a very definite leaning towards the second. Should, however, sterling improve to \$4, the Australian pound will be worth \$3.20, or almost exactly half-way between the rates in the first two equations. These calculations, though in part theoretical, are of some practical importance, as the point has been raised as to whether the December reduction in the exchange from £130 to £125 was wise. The Bank of New South Wales has issued a pamphlet, which on balance holds the contrary view. In support of the criticism of the move it both points to the wisdom of waiting for a *de facto* stabilisation of sterling against gold and also adduces certain practical and weighty arguments, such as the

dangers of further deflation in Australia at the present time, and the supreme need of preserving and stimulating Australia's export trade so as to enable fresh reserves of sterling in London to be gradually established, to meet current indebtedness and future emergencies. A long-term view of the problem, however, raises wider questions. One is whether the arrangement under which the exchange rate on London, and hence on the world, is fixed arbitrarily instead of being left to the normal forces at work in a free foreign exchange market is the best from Australia's point of view; and with this comes the practical question whether it would be possible to establish a wide enough exchange market in Australian currency. Another is whether sterling or gold is about to become the predominant medium of exchange in the world's markets. If sterling is to be the predominant partner, the Bank's case is strengthened. Finally comes the question, already raised in Canada, of the establishment of some Empire currency and exchange pool. Should they become practical politics, the rates at which different Empire currencies would exchange for each other would be one of the most important details that would have to be settled, and there is no intrinsic reason why the former parities or current rates should be the actual rates selected.

Shipbuilding Joint Conference.—At the negotiations last summer between the shipbuilding employers and the shipyard trade unions the question of wages alone was dealt with, and the employers gave notice of their intention to raise, later, other matters affecting labour costs in the shipyards. A joint conference on this subject is to be held on March 21st, and at a preliminary meeting last week Mr R. H. Green, President of the Shipbuilding Employers' Federation, made a statement explaining the urgency of the need for the unions' co-operation in revising certain agreements, notably the Oil Ships Agreement and the National Overtime Agreement, in reconsidering certain allowances, and in modifying the regulations which hamper interchangeability of labour and the introduction of the most modern equipment and methods of work. Mr Green's account of the depressed state of the industry was by no means exaggerated, and his emphasis on the need for co-operation between the Federation and the unions was apparently appreciated by the workers' representatives. As he pointed out, the terms of the last wage settlement preclude any idea that the adoption of a greater degree of interchangeability among different classes of workers is aimed at using lower paid classes of labour, as the rates paid for the actual work will in most cases be the same, regardless of the kind of craftsman who does it. This gives some hope that a restriction which is particularly wasteful of time may now be modified, and the general tone of Mr Green's speech was certainly calculated to produce, at the forthcoming conference, an atmosphere favourable to concessions which are urgently needed in the interest of the industry as a whole.

The 1930 Census of Production.—Volume V. of the preliminary reports of the census of production of 1930, published recently in the *Board of Trade Journal*, deals with the grain, milling, seed crushing, oil and tallow, and match trades. The following summary shows the gross value, the net value (gross value less cost of materials and work given out to other firms), and the net output per person employed in the various industries in 1924 and in 1930:—

Industry.	Gross Output.		Net Output.		Net Output per Employee.	
	1924.	1930.	1924.	1930.	1924.	1930.
Grain milling	Thous. £. 33,550	Thous. £. 65,198	Thous. £. 10,399	Thous. £. 9,113	£ 357	£ 368
Seed crushing	36,422	22,068	3,910	2,389	279	212
Oil and tallow	11,834	15,770	2,352	4,741	366	628
Matches	4,388	4,277	1,724	1,521	354	381

The heavy decline in the gross value of the output of the grain milling industry is ascribed mainly to the disastrous

fall in the price of cereals. But the results also reveal an appreciable decline in the output of the majority of the products of the industry. The relatively smaller reduction in the value of the net output therefore suggests that there was only a slight downward revision in the charges per ton milled. The report on the seed crushing industry shows a sharp setback in the value of both gross and net output and in the output per employee. As the decrease in the quantity of seed treated was smaller than that of the total net output, it appears that the net selling value per ton suffered a considerable decline. The survey of the animal and fish oil trades records a substantial expansion in this branch of activity since 1924. The output per employee shows an increase of 72 per cent. The total production of matches and the net selling value per 1,000 gross of boxes remained practically unchanged. The reduction in the value of the total net output in 1930 is explained by the higher excise duty.

British-Russian Trade.—A correspondent writes:—At the present time, when foreign trade is the subject of so much discussion, the following analysis of Soviet orders in the United Kingdom during the past three years is of considerable interest.

	1929.	1930.	1931.
Machinery and equipment.....	£ 2,381,275	£ 3,618,947	£ 8,905,813
Raw material and semi-manufactures	5,180,958	5,494,961	4,791,964
General consumption	2,350,200	3,284,926	1,275,341
	9,912,433	12,398,834	14,973,118

Apart from the increase in the total figure—a rise of over 50 per cent. between 1929 and 1931—the figures for the various groups are worth noting. Whereas articles of general consumption, *e.g.*, some foodstuffs, textiles, etc., had decreased in 1931 to half the 1929 figure, and the figure for raw materials had remained fairly steady, the machinery and equipment orders were more than three times their value in 1929. They represented 24.2 per cent. of the whole orders in 1929, but in 1931 they formed 59.4 per cent. It may be pointed out in this connection that, according to figures recently quoted in *Machinery* (February 11, 1932), Soviet orders in this country for machinery and equipment totalled £296,372 during the month of December, 1931, out of a total of £339,160. Thus Russian orders accounted for 87 per cent. of the whole.

South African Native Bill.—The Native Service Contract Bill, writes our Johannesburg correspondent, is again before the House. It is to be sent to a Select Committee, but is, unfortunately, not likely to suffer serious alteration. Unless pressure of other business, or the sudden collapse of the Government on the financial question, intervenes, the South African Statute Book will be disfigured by an Act embodying many of the features of slavery without giving the masters any personal interest in the care of the enslaved. The Bill authorises whipping, and extends and complicates the pass system. Worse than either of these points, a European landowner may contract with the guardian of a native minor for the service of that minor in any part of the Union until the age of eighteen. In a land where quite small native children perform simple domestic and field tasks, this opens the door for grave abuse in the event of collaboration between Europeans and natives of an undesirable type. It is hardly to be wondered at that Professor W. Macmillan and those who agree with him complain that co-operation with informed native opinion is becoming increasingly difficult.

British Linen Bank.—The accounts of this famous Scottish institution show that while it has not entirely escaped the effects of the crisis, it has maintained its position sufficiently to enable the directors to refrain from making any reduction in the dividend, which still stands at 16 per cent. The contraction in deposits is no more than might have been expected; and, indeed, the current year's figures compare very favourably with those of 1930. It is fair to point out, however, that Scotch banks were affected

to a much smaller degree than were English banks by last year's heavy withdrawals of foreign-owned balances.

	January 15, 1930.	1930.	1931.	1932.
Liabilities—	£'000	£'000	£'000	£'000
Capital.....	1,250	1,250	1,250	1,250
Reserve fund	1,850	1,900	1,900	1,900
Deposits	26,811	27,667	25,905	25,905
Note circulation	2,505	2,566	2,704	2,704
Acceptances	654	539	573	573
Assets—				
Cash and call money	6,898	6,564	6,719	6,719
Cheques in course of collection.....	1,099	1,047	1,037	1,037
British Government securities	10,242	12,746	12,560	12,560
Other investments	462	451	429	429
Discounts and advances (including Treasury bills)	14,207	13,131	11,501	11,501
Net profits	326	327	294	294
To reserve	50	50	50	50
To contingencies	...	50	100	100
Dividend	16%	16%	16%	16%

Analysis of the bank's assets is rendered difficult by the failure of the bank to separate cash from call money and discounts from advances, but the general trend is apparent. Like other British institutions, the bank has been compelled through lack of other means of employment to divert more of its funds into British Government stocks. It has not been thought necessary to make any published appropriation towards depreciation of the bank's securities, but it is noticeable that whereas a year ago published reserves and contingencies were allotted £50,000 each, this year the whole £100,000 goes to contingencies. This undoubtedly is a wise precaution.

Banca Commerciale Italiana.—Our Turin correspondent writes that the first steps have been taken towards the execution of the scheme for liquidating Comit's frozen investments, for the annual report of the directors shows that the bank has already sold to the new Società Finanziaria Industriale Italiana some 4,000 million lire of shares owned by the bank itself or by subsidiary holding companies, without the bank having incurred any loss. One-fourth of the purchase price has already been paid to the bank out of funds obtained through a credit guaranteed by the Treasury, and it is agreed that the payment by the Sofindit of the remainder of the purchase price to the Banca Commerciale will rank ahead of the repayment of credit. In fact, further payment by the Banca Commerciale can be called for as and when the bank needs additional funds, while the Sofindit in its turn can obtain special advances from the Istituto Mobiliare Italiano. The report further states that the directors are of opinion that there exists in Italy a large potential demand for gilt-edged securities and also for sound fixed-interest industrial debentures, and that consequently the Istituto Mobiliare Italiano will have no difficulty in raising fresh capital as it needs it for the discharge of its functions. The accounts of the Banca Commerciale are summarised below:—

	December 31st.	1929.	1930.	1931.
Liabilities—	Lire Mn.	Lire Mn.	Lire Mn.	Lire Mn.
Capital	700	700	700	700
Reserve funds.....	560	580	580	580
Bills payable	244	249	201	201
Commercial acceptances	700	689	263	263
Deposits	7,670	8,537	8,039	8,039
Guarantees.....	655	802	981	981
Assets—				
Cash	537	512	530	530
Bills receivable, Treasury Bonds and Government securities	3,929	4,163	5,492	5,492
Contango and loans.....	634	690	286	286
Participations in other banks and syndicates	551	688	267	267
Investments	567	699	345	345
Current accounts	3,906	4,174	2,923	2,923
Net profits	114	88	62	62
To reserve	20	Nil	Nil	Nil
Dividend	13%	12%	8%	8%

Pending the further development of the reconstruction plan, the accounts show that substantial reductions have been made in investments and banking participations. The contraction in deposits is due partly to the withdrawal of foreign funds, and partly to a diversion of savings to short-term Government securities and to the Post Office Savings Banks. The credit with the Sofindit appears partly under "bills receivable" and partly under "current accounts." Net profits have decreased, and the

dividend has been reduced from 12 to 8 per cent. The directors, however, point to the recent downward trend of insolvencies among the banks' clients, which they regard as an encouraging sign.

Transvaal Gold Mining.—Our Johannesburg correspondent writes:—The gold-mining industry, alone among South African activities, is still creating fresh records. Not only was last year's production of 10,874,145 fine ounces the highest yet recorded, but owing to the very ample supply of native labour the development footage also constituted a record. The heavy development of the last few months will be invaluable if any improvement in general production reduces the labour supply available to the mines to more normal proportions. Owing to the increased tonnage milled, many of the mines were able to reduce their grade in 1931, while maintaining or slightly increasing their profit. Total profits amounted to £13,750,000, and dividends of £8,536,000 were distributed. Some of the most striking results are shown by companies on the Central and West Rand, which only in recent years were regarded as almost moribund. Needless to say, a moderate devaluation of our currency would give the industry further stimulus.

INSURANCE NOTES.

Scottish Widows' Fund.—Once again the Scottish Widows' Fund has succeeded in transacting an enlarged volume of business, and in doing so has created a fresh record in its history. The sums assured in respect of new policies issued in 1931 amounted to £3,532,000, compared with £3,492,000 in 1930. Nevertheless, it is a striking thing that the society's total yearly premium income has declined during the year by some £11,000 in spite of the increased new business. Although the claims by death and by maturity both absorbed a larger amount than previously, the explanation is probably to be found in an abnormal rush of surrenders and of lapses. The interest earnings are higher, but the net rate of interest earned has declined from £4 12s. 3d. per cent. to £4 9s. 5d. per cent. The expenses of the management and commission together absorb a rather larger amount than in 1930, and, as the premium income is slightly smaller, the ratio has risen from 12.4 per cent. to 12.8 per cent. On December 31, 1930, the Stock Exchange securities were taken in the balance sheet at prices which at that time were substantially below their market values. In addition, the society had a reserve fund of £350,000. On December 31, 1931, the Stock Exchange securities are stated to stand in the balance sheet at or under their market values on that date, but to enable that statement to be made, it has apparently been necessary to utilise the whole of the reserve fund of £350,000, together with a fresh allocation of £150,000.

Scottish Provident Institution.—The 1931 accounts of this institution bear clear indications of the difficulties of the past year. The new business has declined from £2,891,000 to £2,620,000. The expense ratio has risen from 17.2 per cent. to 18.2 per cent., and, as a result of a decline in net interest earnings of some £55,000, the net rate of interest earned is substantially lower at £4 6s. 9d. per cent., compared with £4 15s. per cent. The amount paid in respect of death claims also shows a large increase, and surrenders are responsible, as might be expected, for larger payments. The classification of the investments shows two changes on a considerable scale and of rather a remarkable character. Mortgages on property within the United Kingdom have declined during the year from £1,294,000 to £488,000, and house properties have risen from £504,000 to £1,771,000. At the end of 1930 it was stated that, although the book values of the investments exceeded the then market values by £100,000, the difference was amply covered by the investment reserve fund of £500,000. At the end of 1931 the investment reserve fund had been raised to £1,000,000, and the 1931 balance sheet has attached to it the following statement:—

Stock Exchange Securities (with the exception of approved Redeemable Securities maturing within fifteen years, which are taken

at ledger amounts adjusted annually so as to attain to redemption value by maturity date) stand at or under ledger value, as at 31st December, 1928, the date of the Quinquennial Investigation. Investments made since that date stand at or under cost price, except in the case of Redeemable Securities as mentioned above. Due to the serious fall in the value of all classes of securities throughout the year there is a depreciation in the value of the Stock Exchange Securities (with the exception of the group above-mentioned) which, after taking into account the Reserve Fund, represents approximately 11 per cent. of their ledger values. This cryptic statement seems to require further elucidation by the chairman at the annual meeting.

National Provident Institution.—The year 1931 is the first year of a new triennium, and the accounts for the first time coincide with the calendar year, since the Institution recently decided to change the accounting day from November 21st to December 31st. As a consequence, the 1930 report covered a broken period from November 21, 1929, to December 31, 1930, and comparisons are, therefore, to some extent vitiated. The Institution has clearly experienced a substantial falling off in new business, for the total of £1,363,000, representing new sums assured issued for the full year 1931, shows a considerable reduction on that for the broken period in 1930. The funds have now nearly reached the figure of £10½ millions. The increase is less than in normal years owing to the fact that the large sum of £140,000 has been paid out in the form of bonuses taken in cash. Although the Institution declares its bonus in the normal way as a reversionary addition to the sum assured, the terms on which these additions may be encashed are such that the first year of a new valuation period is invariably attended by heavy surrenders. The ratio of expenses and commission to premium income has declined from 13.6 per cent. to 12.8 per cent., and the new rate of interest is also lower at £4 11s. 4d. per cent., compared with £4 12s. 1d. per cent., though, in view of the rise in the standard rate of tax, the reduction is small. The balance sheet certifies that the Stock Exchange securities stand at or under selling prices on December 31, 1930, and it may be inferred that a comparison with market values on December 31, 1931, would still show a not inconsiderable hidden reserve. The increased funds have again been largely applied in increasing the investments in mortgages on property, though the comprehensive group of debentures also shows an increase. The holding of British Government securities is lower than a year ago, while that of foreign Government securities shows a very considerable decline, from £311,000 to £187,000. This reduction, in view of the catastrophic fall in foreign bonds, is one on which the Institution may well congratulate itself.

National Mutual Life Assurance.—The 1931 report of the National Mutual lacks its usual savour, since it is not accompanied by a report on the annual valuation. As has already been announced, the society has decided to postpone its annual valuation—itsself an innovation which was introduced so recently as 1924—and to protect the interests of policy-holders whose policies become claims in 1932 by the payment of interim bonuses at the full normal rates. A study of the report and of the chairman's speech at the annual meeting shows that this decision was both wise and necessary. The National Mutual has been one of the principal exponents in this country of what is somewhat inaptly termed the "active investment policy." Acting in pursuance of this policy, it has embarked some 75 per cent. of its total assets in Stock Exchange securities—a figure somewhat in excess of the average—and included in its investments has been for some years past a substantial holding of ordinary shares. Consequently, and inevitably, it has suffered heavy depreciation last year. At the same time, the society has steadfastly pursued the course of exposing its true position each year to the members, and in continuance of this tradition the chairman (Mr J. M. Keynes) stated at the meeting that the depreciation and realised loss combined in 1931 equalled nearly 12 per cent. of the total assets. The bulk of this is met by the carry forward and the ordinary trading surplus of the year. In explaining the situation, the chairman quite legitimately pointed to

the fact that to the extent that the depreciation was due to a change in the rate of interest in an upward direction, it could be, and indeed in strict equity ought to be, met by a corresponding change in the rate of interest assumed in the valuation of liabilities, and if that course were adopted the depreciation would be more than fully covered. In point of fact, there has been, of course, a substantial recovery in values since December 31st last, and at to-day's market prices the society must have regained a considerable proportion of the depreciation suffered last year. British Government long-term securities, for instance, which showed a depreciation last year of 12 per cent., now stand at prices approximately equal to those obtaining on December 31, 1930. Since the society has nearly £1,000,000 invested in this group, the recent turn-round in markets has probably meant a recovery in that group alone of approximately £100,000. Indeed, the chairman was able to announce that that portion of the depreciation not met out of the carry forward and the ordinary surplus of the year had already been recovered. In regard to the society's holding of ordinary shares (a holding which has been reduced during the year from 16 per cent. to 14 per cent. of the total assets), the chairman pointed out that "at this moment of extreme deflation, when commodity prices are at so low a level that a substantial recovery in them, sooner or later, is the only alternative to a widespread default of obligations expressed in terms of money," the possession of ordinary shares is a source of strength to an investing institution whose liabilities are expressed in terms of money. Turning to the transactions for the year, the society has experienced a falling off in new business, the net total having declined from £813,000 to £706,000. As a consequence of this, and also by reason of an actual reduction in expenses, the expense ratio has declined from 14.7 per cent. to 13.7 per cent. The actual net interest income is somewhat lower, and this is responsible for a reduction in the net rate of interest from £4 18s. 10d. per cent. to £4 9s. 11d. per cent.

Overseas Correspondence.

UNITED STATES.

Stock Exchange — Finance — Prices.

(FROM OUR CORRESPONDENT.)

NEW YORK, February 19.

THE wide publicity which has been given to various proposals designed to halt deflation and stimulate business has maintained an upward tendency in the share market. A moderate rise in brokers' loans, which broke the record of twenty-three weeks of decline, points to the awakening of the speculative spirit on the buying side, and the consistent advance in bonds of all descriptions has encouraged sentiment.

No one tries to prove that the better markets rest as yet on the solid ground of business recovery, but hopes of such improvement later have been raised by current events. Chief among these is the Federal Reserve Bank credit liberalisation measure known as the Glass-Steagall Bill, which is virtually certain of passage without crippling amendments. Another step which the Hoover administration has taken, designed as a psychological appeal, is the campaign against currency hoarding. Those who have withdrawn deposits from the banks are being asked to put their money back as a patriotic duty, and the President has announced that already some thirty-four million dollars have come out of the boxes and socks of the hoarders. Evidence seems to point to a slackening of the hoarding movement, but the Federal Reserve Banks report for the week a drop of only seventeen millions in currency in circulation, while the monetary stock of gold declined thirty-four millions.

The Federal Reserve Banks report a rise of \$27 millions in member bank borrowing, a similar drop in bills held, an unchanged Government bond portfolio and unchanged figure for total credit in use. The reserve ratio at 67.4

per cent. compares with 84 per cent. a year ago. The banks report the return of a good deal of currency to deposits, much of it taken by corporations from their safety deposit boxes, and merchants are reporting the appearance of old-style currency notes.

Whether the plan of President Hoover's new anti-hoarding campaign committee to issue Government bonds in small denominations, \$50 or less, to hoarders will meet with much success provokes difference of opinion. Most people think it may do some good and is unlikely to do any harm. It is true that over \$11,000 millions existing issues of Government bonds are available in \$50 denominations, and the question will have to be answered how the Government will be able to sell at par (as it must do under the law) bonds bearing a lower rate of interest than outstanding bonds, most of which are selling below par, to yield over 4 per cent.

Opposition will probably develop if the Government offers an interest coupon to compete with the savings banks' rates, and yet it will have to offer more than the 2 per cent. now paid by the Federal Government's postal savings banks, deposits in which, incidentally, have been rising considerably. Moreover, apparently the Government will ask hoarders to run the same risks of market depreciation in bonds as other investors must take, provided they do not hold until maturity. Subscribers may turn out to be largely those who simply buy with bank deposits, in which case there would be no gain to the banks, which is the object desired; but under the spell of a country-wide appeal some of the real hoarders might be reached. Meanwhile the sale of a new "baby bond" issue would bring in cash to the Government, which must anyhow borrow large amounts in coming months.

An improvement in commercial bank earnings is noted, and the banks have virtually ceased to liquidate their United States Government bond investments. It now looks as though the stronger banks will earn something over dividend requirements in the first quarter, in spite of lower deposits. Large losses on security price deflation have stopped, and the spread between deposit rates paid and interest rates demanded has improved in favour of the banks. New issue business, on the other hand, is still slack, the week's offerings being only one public utility bond issue for \$25 millions. Banks are encouraged by the return to them of gold coin removed by hoarders on a large scale.

On the week ended February 17 gold exports were \$62.8 millions, accompanied by a drop of \$16 millions in gold held under earmark at the Reserve Banks and imports of \$6.4 millions.

Commodity prices are a trifle steadier, after rather sharp declines in January. The Bureau of Labour Statistics index for last month shows a drop of 2 per cent. Food prices fell by 6 per cent. and farm products receded 5 per cent. The index is as follows:—

COMMODITY GROUPS AND SUB-GROUPS.

	January, 1931.	December, 1931.	January, 1932.
All commodities	78.2	68.6	67.3
Farm products	73.1	55.7	52.8
Foods	80.7	69.1	64.7
Hides and leather products ..	88.7	79.8	79.3
Textile products	71.3	60.8	59.9
Fuel and lighting materials ...	73.3	68.3	67.9
Metals and metal products ...	86.9	82.2	81.8
Building materials	83.8	75.7	74.8
Chemicals and drugs	84.5	76.1	75.7
House-furnishing goods	88.3	78.5	77.7
Miscellaneous	72.2	66.8	65.6
Non-agricultural commodities	79.3	71.3	70.3

The Stock Exchange has announced new rules which have been interpreted as a curb to short selling. In effect, the new rule merely emphasises the old, namely, for a broker to require written consent from his client if stocks held for the account of the client are lent to a short seller. That is generally done now, and no practical effect is expected to follow the new rule, although its promulgation with misleading publicity set in motion a sharp covering movement this week. The new rule looks as though the Exchange authorities are willing to do something to hold short selling in check, and they are thinking more of the

effect of that on Congressmen, who are pressing to interfere with the Exchange's operations, than of actually hampering the shorts. Officially the Stock Exchange has repeatedly gone on record as upholding the principle of short selling.

FRANCE.

Budget — Politics — Foreign Loans — Industry.

(FROM OUR CORRESPONDENT.)

PARIS, March 2.

THE Budget Bill, which the majority in the Chamber is determined to push through before the end of the financial year on March 31, is now well on its way, by dint of devoting the whole time of the Lower House to the measure. Whether the Government's objective will actually be attained naturally still remains uncertain; but there are now indications that it will, particularly in view of the fact that the Opposition seems to have realised that deliberate obstruction at this period, with the elections immediately in view, will undoubtedly cause them more harm than good when they come before the electors.

The Senate, in dealing with the Electoral Reform Bill, has ruthlessly cut out the clauses concerning women's suffrage, suppression of second ballots and other controversial questions, and left merely the customary readjustment of electoral areas to be passed into law. In view of the fact that the Bill, as sent up to the Senate, received the support, in the final vote, of less than one-half of the Chamber—the bulk of the Opposition as well as of the majority, including M. Tardieu and several other members of the Cabinet, having abstained from voting—this solution is generally regarded as the most satisfactory that could be reached. M. Georges Mandel, the father of the Bill, nevertheless appears to have decided to persist in challenging the Senate to a further trial of strength, when the emasculated measure is sent back from the Chamber in its revised form, but there is little likelihood of success. In any case, this can have no effect on the passage of the Budget, which the Government, in its capacity as an interim Ministry, pending the definite verdict of the General Elections, is making its sole and practically only duty, and regards as assured.

Speculation is now active as to what the result of the pending electoral contest will be. General opinion appears to incline to the view that the Laval-Tardieu groups will appreciably increase their strength, and this conviction is being accentuated by M. Tardieu's skilful activity and apparent successes, not only at Geneva but in the matter of organising better relations with both Germany and Italy. There are signs, in the opinion of Paris, of a stronger tendency towards the adoption of some kind of common policy by France, Great Britain and Italy, in regard to both general European questions and European debts to the United States; while the attention which M. Tardieu is paying to bringing about better relations between this country and Germany, based mainly on economic interests, is giving rise to more optimistic feelings as to the possibility of the removal, in the near future, of the irritating Franco-German problem which has kept Europe in a ferment for nearly a century. Herr von Hindenburg's consent to stand again as a candidate for the Presidency of the German Republic has been received here with distinct satisfaction, and it is generally considered that the patriotic step taken by the veteran soldier has substantially diminished the probability of the advent of a Hitlerist Cabinet and the disturbance to European peace that must inevitably (from the French point of view) follow such an event.

The attitude of the Radical Party in regard to the pending elections remains inexplicable. The ideal sought for by the vast majority of the electorate would appear to be a definite revival in a modernised form of the old Centre Parties' bloc, which ruled France uninterruptedly for over a quarter of a century before the war. This would comprise eleven of the existing fourteen groups of the Chamber (of 612 deputies), and would exclude only the eleven Communists, the Second International Socialists ("Unified Socialists"), now numbering 112, who form the Extreme Left, and the Union Républicaine Démocratique group of 83 "Marin Nationalists," which now

constitutes the Extreme Right. Such a combination of the eleven more or less Moderate Parties would constitute a solid bloc of over 400 deputies, who would undoubtedly reflect the overwhelming majority of France, and would leave an active minority of just over 200 extremists of both kinds to act as an Opposition balance wheel. The followers of M. Herriot have persistently refused, since 1927, to take part in any Ministry in which the Marin Nationalists were represented or in which their party of barely one-quarter of the proposed Central bloc was not awarded a preponderating number of the principal Ministerial posts. Thanks chiefly to losses to the Marxian Socialists, the Radical Party, which secured 270 seats at the 1906 elections and 253 in 1910, dropped to 139 in 1924, the date of the triumphant victory of the Cartel des Gauches (which drove M. Millerand from the Elysée and M. Poincaré from the Premiership), and now holds only 109 seats, or 16 fewer than at the last General Elections. The preponderating power in the party councils of influential non-parliamentarian provincials of the anti-clerical vintage of Gambetta's day, and a latent split which has existed between the two wings of the Party for some years past are generally believed to be the chief reasons that have so far prevented the creation of a broad Liberal-Republican bloc in the Chamber that would endow the country with a moderately progressive programme of legislation and hold France immune from the continual Ministerial crises that have for so many years rendered French parliamentary effort largely sterile and seriously prejudiced the fair renown of the parliamentary system.

A list, alleged to be official, but "marked by a certain number of inexactitudes," having been published recently of loans issued by foreign governments on the French market since January 1, 1919, the Government has now issued an official communiqué stating that "the issues of this kind have in reality been to the following amounts":—

		Thousand francs
*1919	China, Lung-Tsing-Uhai 7 per cent. railway bonds	23,000
1922	Hungary, 6 per cent. Treasury bonds (funding)	68,846
*1923	China, Republic bonds 5 per cent. gold (Banque Industrielle de Chine)	\$43,893
1923	Austria, guaranteed stabilisation loan, 6½ per cent.	170,000
1923	Belgium, 6½ per cent. external loan	400,000
*1923	Rumania, 4 per cent. loan for consolidation of Treasury bonds	£6,943
1924	Germany, 7 per cent. Government loan (Dawes Plan bonds)	£3,000
*1925	Austria, 5 per cent. funding loan	71,172
1925	Bulgaria, 6½ per cent. 1923 loan	44,360
*1926	Austria, 5 per cent. 1926 funding loan	25,090
*1926	Austria, 5 per cent. 1923 funding loan	60,000
1927	Poland, foreign 7 per cent. gold stabilisation loan	\$2,000
*1927	Hungary, 6½ per cent. 1924 funding loan	96,000
*1928	Turkey, consolidation obligations of former Ottoman Empire Treasury bonds	99,945
*1928	Turkey, bonds representing overdue annuities of Ottoman public debt (series A, B, C)	670,216
*1928	Rumania, 5 per cent. unified rentes (in Germinal francs)	50,929
*1928	Rumania, 4 per cent. unified rentes (in Germinal francs)	269,353
1929	Rumania, 7 per cent. foreign loan (Caisse autonome des monopoles)	561,638
1929	Bulgaria, 7½ per cent. stabilisation loan, 1928... ..	130,000
1930	Chili, 6 per cent. 1930 foreign loan	135,000
1930	Germany, Young Plan international loan, 1930A	2,515,000
*1930	Hungary, 6 per cent. 1925 funding loan	56,650
1931	Rumania, 7½ per cent. gold foreign loan (monopolies)	575,000
1931	Jugoslavia, 7 per cent. loan	675,000
1931	Great Britain, 4½ per cent. Treasury bonds (September, 1931)	2,500,000
1931	Jugoslavia, Treasury bonds, August, 1931	250,000
1931	Hungary, Treasury bonds (October, 1931)	354,000

† Swiss francs.

Those "loans" marked with an asterisk, the communiqué adds, consisted in a mere exchange of old scrip against new, in application of existing agreements between the governments concerned, and involved no appeal to French credit. This note, however, omits to include the 1922 Hungarian Funding Loan in this category. It is unofficially pointed out here to-day that the official list still remains incomplete as it does not include the 5 per cent. loan of 300,000,000 francs issued here in 1930 by the Finnish Central Bank for rural credit,

the 7 per cent. loan of 25,000,000 francs issued here by the Polish National Economic Bank of Warsaw, the 6½ per cent. loan of 400,000,000 francs issued here for the Franco-Polish Railway Company under Polish State guarantee.

Coal production figures for January indicate a total output from the French mines (exclusive of the Saar area) of 3,840,000 tons, for the 25 working days, against 4,017,000 tons in the previous month (25 days). The average daily output last month was 153,594 tons, with a total labour force of 272,896 units, as compared with 160,768 tons in December (275,356 units). The output from the Saar (less local consumption) was 449,000 tons. Coke production by the colliery plants was 300,000 tons, against 424,000 tons in January last year, plus 14,000 tons (after deducting local consumption) from the French coke plants in the Saar. Imported coal during the month (exclusive of coke and agglomerates) was 1,480,000 tons (against 1,700,000 tons a year ago); of which 566,000 tons (against 716,000 tons in January, 1931, came from Great Britain. The outstanding factor of the week in the coal industry has been the suppression of the super tax of 15 per cent. levied recently on British coal entries, to compensate for the advantage derived by British coal exporters from the abandonment of the gold standard. This action of the Government has been received here with mixed feelings, and is provoking a good deal of dissatisfaction on the ground that the measure is uncalled for, in view of the fact that other countries, on the contrary, are reinforcing defensive steps against British coal. On the other hand, the fact remains that a large proportion of British coal exports to France, as in normal times, consist of highest quality Welsh anthracite, British "Admiralty" coal, and steam coal, which are indispensable to French industry and cannot be obtained in France or elsewhere than from Great Britain.

GERMANY.

Politics — Tariff — Banks — Favag Sentences.

(FROM OUR CORRESPONDENT.)

BERLIN, March 1.

THE Reichstag has destroyed the last hope of the Right that they might still be able to overthrow the Government before the Presidential election, and thus bring about a new grouping of forces for the election. The Chancellor had a majority of 25 votes against the no-confidence resolutions of the Opposition, and this was once more largely a personal triumph. The section of the Chancellor's speech which dealt with foreign politics—little heeded in the domestic political agitation, but none the less important—began with the declaration:—"I shall never allow myself to be misled by political agitation at home into pursuing a prestige policy in foreign relations which might be prejudicial in the long run to the vital interests of the German people." Dr. Brüning has decided not to take reprisals at present against the breach of the Memel Statute by Lithuania, but he has announced that he will undertake reprisals "if circumstances require it at the right moment." On the reparation question he expressly referred to his earlier statements. Germany, he maintains, cannot pay, and in all human probability never will be able to pay without plunging the world into a fresh crisis. A final solution must therefore be found which will put an end to reparations. The Chancellor defended Dr. Melchior, the German delegate at the Basle negotiations, against the reproaches of the National Socialists, and thanked him for his "vigorous, wise and courageous attitude throughout the proceedings." The German Government, he said, had no share in the responsibility for the delay in assembling the reparation conference.

The section of Dr. Brüning's speech which was devoted to home politics was the most impressive criticism of the Hitler Party ever put forward by an opponent of the National Socialists, and contained, incidentally, some

important statements. The fact that in November, 1918, Dr. Brüning belonged to the anti-revolutionary group of the German army is in accordance with his conservative principles, and nothing is more significant of present conditions in Germany than the necessity for a Conservative of his type to defend himself with all his power, not against the Left but against the extreme Right. In connection with the Presidential candidature, and even before that, the Chancellor had, he said, set himself the task of "gradually bringing even the most extremist Opposition into the Government," but he had never made any secret of the fact "that, if any question of such participation by the Opposition in the Government were to arise, I myself should not be available." It may be inferred from that that Dr. Brüning at one time thought of giving the National Socialists a chance of showing their capabilities by admitting them to the Cabinet, but that he himself had no desire to take on the burden of participation in such a coalition. He evidently became convinced later of the utter impossibility of educating the National Socialists, by giving them a share of power, to a sense of political responsibility. "I would leave my post in order to clear the way for progress, but not to make way for chaos."

The last session of the Reichstag again terminated with the withdrawal of the National Socialists, but this time they were not accompanied by the German Nationalists. Their object was frankly to avoid committing themselves on the proposal of the Social Democrats to nationalise the mining industry. To vote against it might have been detrimental to their influence with the working classes, while they could not support it without alienating important adherents among the employers. (The Bill, meanwhile, was buried in committee.) They had already been caused acute embarrassment by another division, that on the motion of the Communists to discontinue all reparation payments and cancel all private foreign debts. The National Socialists wished the voting on these two points to be taken separately, but failed to secure this. They abstained from voting, and announced that had the two points been taken separately they would have voted for the cessation of reparation payments (including those which do not come under the Hoover moratorium, such as the service of the Dawes and Young loans), but not for the interference with private debt contracts. This attempt to combine a policy of radical sentiment with *realpolitik* has placed the National Socialists in an unfortunate position, both tactically and practically, and it is very understandable that they should seek to evade further such situations by leaving the Reichstag.

The Government has agreed to the introduction of the maximum tariff which was foreshadowed in the decree of January 18th. It is only to be applied to the import of goods from countries "with which Germany has no trade treaty or which treat German goods less favourably than those of any third country." The essential purpose of this measure is to discourage all discrimination against German exports and to promote the conclusion of commercial treaties with as many countries as possible. The existence of the tariff is intended to exert pressure, but it will be actually applied only in the most extreme necessity. It seems already to have been successful in one instance. Poland has approached Germany with a view to resuming the negotiations for a tariff treaty. The German Government has expressed willingness, but only a treaty of very moderate compass will be possible. The old draft treaty of 1930 is out of date, as Germany could no longer import the quotas of coal and pigs for which it provided. Germany is anxious to complete the new negotiations as quickly as possible. Steps are also being taken towards an agreement with Australia.

The Berliner Handelsgesellschaft has caused general surprise by publishing a balance sheet which shows it to be the only big private bank in Berlin which does not require to be financially reorganised. It has maintained its capital intact, and, like the Reichscreditgesellschaft, is distributing a 4 per cent. dividend. It even intended originally to distribute 5 per cent., but adopted the lower rate in accordance with the wish of the Government. The Handelsgesellschaft has, of course, suffered losses, but the

extent of these is not revealed. The bank has contented itself with withdrawing 5 millions from its open reserves "to be used for strengthening the hidden reserves." In addition, 2½ millions are being written off the profits.

There are several explanations of the exceptionally good results of the Handelsgesellschaft. It has no branches, and works with a small number of large customers. It has been generally apparent that, in spite of the prodigious losses in respect of certain concerns which have collapsed, the banks' losses have been greater in respect of small and medium-sized customers than in respect of their more important clients. In the second place, the Handelsgesellschaft has in recent years built up its hidden reserves to an exceptional extent. It had a particularly profitable business, few expenses, and only a small share capital on which to pay dividends. Above all, it is the only big Berlin bank which does not hold any of its own shares, so that, unlike the big banks with subsidiaries, it has not suffered enormous losses on its own shares. It did acquire about five million of these by purchase over a period of time, but it sold them some months ago, through the agency of Warburgs, of Hamburg, to a foreign, mainly American, consortium, and even made a profit on their book value. That improved the liquidity of the Handelsgesellschaft at a time when the other banks had to do without any influx of foreign capital. On the other hand, it works with foreign money to an unusual extent. Even now about half the "creditors" are foreign and come under the standstill agreement. The total liabilities shown by the balance sheet are 293 million, against 297 million a year ago. Of these, 91 million, against 96 million last year, are acceptances. The contraction of one million is almost entirely due to the withdrawal of foreign credits.

In addition to the Berliner Handelsgesellschaft and the Reichscreditgesellschaft, a few important provincial banks have also kept their capital intact. These include the Frankfurter Effecten- und Wechselbank, the Hamburger Vereinsbank, and especially the two big Munich banks, Bayerische Hypotheken- und Wechselbank and Bayerische Vereinsbank (Mendelssohn concern). The two Bavarian banks are distributing 5 per cent. dividends, but these are derived exclusively from their mortgage business.

Last week the trial of the directors of Frankfurter Allgemeine Versicherungs A.G. (Favag), which failed in 1929, was concluded, after running for many months. The accused received sentences ranging from 3 months to 4 years, but the two principal offenders, the general director, Dumcke, and his successor, Becke, escaped judgment by death and serious illness respectively, so that only the minor actors in the greatest financial scandal that Germany has ever known were convicted. It is highly unsatisfactory that the proceedings should have dragged on for three years, so that judgment did not, as in similar cases in England, follow hot upon the heels of the crime. The German credit crisis really began with the collapse of the Favag, and all the later financial scandals might have been less serious, but for the mistrust aroused by the Favag case.

AUSTRIA.

Credit Anstalt — Exchanges — Industry.

(FROM OUR CORRESPONDENT.)

VIENNA, February 29.

THE big dispute over the Credit Anstalt has begun. It started with a sensational general council meeting of the Austrian National Bank, in which the decision was made, on the motion of the new president, Dr. Kienböck, to distribute no dividend for the time being, even though it would be possible to pay one of 6 per cent. The distribution is not to be made until a resolution has been passed in regard to the guarantee which the Federal Government has given for the bills handed to the National Bank by the Credit Anstalt. The bank of issue still holds about 700 million schillings' worth of bills of exchange signed by the Credit Anstalt. Some of these bills were dis-

counted under guarantee from the Federal Government, while the smaller part were taken over only after special securities had been deposited by the Credit Anstalt. It is now proposed to convert into a Federal debt that portion of the bills which is under Federal guarantee. Further, if the negotiations with the foreign creditors are satisfactorily terminated, the rate of interest on the bills is to be reduced by the National Bank.

The former president of the National Bank, Dr. Reisch, opposed the motion of the new management not to pay any dividend for the past year. He pointed out that the shares are also held by savings banks and private people, and that a bank of issue should consider the matter very carefully before refraining from distributing a dividend. The new management does not appear to share this view. However, it will become necessary at a later date to call a second general meeting, in addition to the annual general meeting, and this extraordinary general meeting will have to resolve upon alterations in the statutes. If the National Bank makes any concessions regarding writing off in the balance sheet for the year 1931 the shares of the Credit Anstalt which it took over, it will certainly insist upon having some corresponding concessions from the Government. These may apply to the prolongation of the charter or to the distribution of the profits.

The Bank refuses to discount any more finance bills of the Credit Anstalt, and its discount policy in general has been restricted. This is also affecting the Federal Railways, which are obliged to leave to a later date all such debts as need not be liquidated immediately. The firms which supply goods to the Federal Railways are complaining, and a number of them are resorting to energetic measures; but as they are anxious to remain contractors to the railways they will be obliged to agree to postponement of the payments. It has been by no means easy this month for the Federal Railways to procure the means necessary to pay wages and salaries.

An important question which must be solved in the near future is that of a reorganisation of the treatment of foreign exchange. The present restrictions have proved a complete failure. The clearing treaties with most countries have merely resulted in the import of superfluous articles and in serious declines in exports. The National Bank has consequently been obliged to permit individual clearing agreements. For example, an agreement was concluded between the paper industry and the mineral-oil importing trade with the consent of the National Bank. In accordance with this agreement, the foreign exchange accruing from the exports of paper is transferred to the mineral-oil trade for the purpose of paying for its imports.

The foreign exchange is, however, credited to the paper manufacturers at 20 to 30 per cent. above the official quotations of the National Bank. This is a matter of importance to the paper industry, because its exports to England were being paralysed owing to the fact that the English importers would not pay higher prices, despite the fall in the value of sterling. Both industry and commerce are demanding that the export of schillings should be allowed. They are also struggling against the attempt to introduce limitation or prohibition of imports. The Government has repeatedly declared that it will not continue the present commercial policy, though it has not worked out any positive alternative.

Things are bad as ever in trade and industry, though in some lines there is slight recovery as a result of the restriction of importation. The Institute of Statistics publishes authentic figures about the regression in State revenue in the year 1931. The total from taxes, duties, imposts and monopolies amounted in the year 1931 to 1,367 millions, against 1,393 millions in the year 1930 and 1,379 millions in the year 1929. The customs revenue fell from 290 millions in the year 1930 to 267 millions in the year 1931, for, in spite of the extraordinary increase in the rates of duty, foreign trade fell greatly. The working up of the foreign tourist traffic is a matter of great importance for Austria this year. Austrians themselves are being impeded from going abroad; the examina-

tion at the frontier is very strict, and only in very exceptional cases is the National Bank prepared to allow small sums in foreign currency. On the other hand, comprehensive propaganda is to be carried on to induce foreigners to come to Austria on specially low terms.

HUNGARY.

Banking — Foreign Creditors.

(FROM OUR CORRESPONDENT.)

BUDAPEST, March 1.

THOSE banking balance sheets which have been published so far, as at December 31, 1931, have been particularly disappointing after the thorough reorganisation schemes which have taken place in Germany, Austria and Italy. As no intermediate balance sheets were issued during 1931 (in spite of the suggestion of the Finance Committee of the League, in October last, that monthly statements should be regularly published), it was generally believed that the delay of the year-end returns was due to a drastic revaluation of bad debts involving sweeping reforms in the banking system. But instead of the expected rationalisation, it is somewhat puzzling that Hungarian banks should have disclosed net profits and paid dividends for 1931 without touching their open reserves.

It would be doing less than justice not to recognise that some of the Hungarian banks have been managed more carefully than others, and consequently their results for 1931 might greatly differ; but it cannot be denied that, in a country which finds itself in a state of collective insolvency, it would have been perhaps wiser for the banks not to pay any dividend. It is only human for farmers to complain of the heavy fixed charges of their onerous debts, and it is not unnatural that they should blame their creditors, the banks. The recently published bank balance sheets have prompted the agrarian leaders of all political shades to attack the banks, and they are urging the Government to tax mobile capital instead of land. More familiar with the distress on the land than with the real state of the country's credit system, the agrarians may be forgiven for their impossible demands, and the banks have nobody but themselves and their unduly optimistic balance sheets to blame for this political propaganda.

In view of the balance sheets and the dividend payments of the Hungarian banks it is not surprising that foreign creditors do not realise that Hungarian finances at present are worse than those of Germany. The result is that it has not yet been possible to conclude a standstill agreement for short-term debts with any group of the foreign creditors. It is true that negotiations with the British creditors, who are the largest after the Americans, have reached an advanced stage. The draft agreement, however, which is intended for six months, does not provide for the scaling down of interest rates. The American and French creditors have refused, so far, to negotiate on the lines proposed by the British creditors. On the other hand, the Swiss creditors have declared that they would favour the formation of national committees for the creditor group. There is little doubt that the Swiss suggestion would considerably improve the prospects of a reasonable and durable settlement, but the American and the French creditors favour individual agreements.

Banking shares dealt in the private market are sold considerably below the prices ruling on July 13, 1931, when the Stock Exchange was closed. Considering that the quotations of the good industrial and mining shares are considerably higher than those of last July, it is clear that the public is discounting in advance the bad debts of the banks, which is but another proof that a reorganisation of the banking system of the country is urgently needed. It is true that owing to the precarious situation of the Treasury the banks could not hope for any effective State assistance, but there is good reason to believe that their reserves accumulated in the fairly prosperous period of 1926-30 will enable them to carry on the necessary reorganisation without heavy inroads on their capital.

ITALY.

Exchange — Banking — Industrial Consortia — Foreign Trade.

(FROM OUR CORRESPONDENT.)

TURIN, February 16.

THE outstanding event in February has been the brilliant behaviour of the lira. After the slump of the pound sterling, the lira was marked down in New York from the par of 5.263 cents to about 5.05, where it was kept for several months by a severe restrictionist policy. On Tuesday, February 2, it touched bottom at 5.00½; but the same day it rose rapidly and closed at 5.07; on Wednesday it rose further to 5.16, and reached on Friday the pre-slump level of 5.23. This is within the legal gold points, and the feat was hailed by a unanimous Italian Press as a proof of the good impression made on foreign markets, principally New York, by the announcement of a final deficit of only 504 million lire for the fiscal year 1930-31, as against the previous provisional figure of 896 millions, and by the continued decrease of the note circulation of the Bank of Italy. The lira market is very restricted, and there is no great volume of foreign sight deposits in Italy, so that unfortunate sellers, caught short, rushed to cover.

Recently the lira has again fallen below the lower gold point, sagging slightly to 5.19½. Signor Mazzuchelli has pointed out in the daily *Sole* that the most important figure in the Bank of Italy balance sheet is not the note circulation, but the sum of note circulation and other sight liabilities (public or private deposits and circular cheques) less total reserve, which difference is the sum put by the Bank at the disposal of commerce and finance. This sum increased from 8,712 million lire at January 20, 1928, to 9,449 millions and 10,585 millions at the same date of 1931 and 1932 respectively. The portion of this sum used for discounts and advances was respectively 4,461, 4,888 and 5,350 million lire. As the slump in wholesale prices must have diminished the requirements of the market, the Bank of Italy has vastly increased in the last four years, perhaps from 60 to 80 per cent., the sums offered for the financing of internal industry and trade. The Bank of Italy resembles the Bank of France rather than the other central banks, inasmuch as it carries a direct discount business, and has a great many offices open all over the country. The present increase in active operations is, however, mainly due to rediscounts of commercial and financial paper presented by ordinary banks.

So far, this "encouragement policy" of the Central Bank has failed to infuse new life into the market. The boomlet, which culminated in a rise of the general index number of variable dividend securities from 50.06 at December 31, 1931, to 52.06 at January 31, 1932, has already subsided, the index falling to 51.17 at February 6th. On the announcement of a reduction from 60 to 40 lire of the dividend paid on Banca Commerciale shares, these were marked down from 1,100 lire to 1,085 lire. The Banca Commerciale Triestina is to be absorbed by the Banca Commerciale Italiana, which already owns almost all its shares. The Banco Nazionale del Lavoro, a public bank, will absorb the Banca Popolare di Pavia, taking full responsibility for its deposits.

The Central Corporative Committee has reached the following conclusions about compulsory industrial consortia:—(1) A big majority of interested industrialists will be the preliminary condition to their creation; (2) the competent (corporative) authorities ought to approve them from the point of view of national economy; (3) the State should limit and supervise their functions; (4) when a consortium is created, no new industrial establishments can be started or plants in existing establishments can be enlarged, without some sort of State or consortium control; (5) the Government shall have authority to revise or modify the rules of existing consortia.

These far-reaching conclusions have already some precedent in the present corporative system; as no new retail shop can be opened and no new factory in industries concerning national defence (for instance, motor-car factories) can be erected without Government authorisation. The

new rules mean the extension to all industrial fields of the scattered tentative rules hitherto adopted. Their importance lies in the fact that free competition is becoming little by little a thing of the past. Newcomers will see the way barred to them, if a sufficient majority of industrialists to create a consortium are already in the field, and if the corporative authorities, who consist of representatives of employers and employees selected from above, with a certain number of public umpires, pronounce the consortium to be useful to national ends. Independent business men will be excluded from industry, as independent political groups are deemed absurd in a unified politico-social system. Experience alone will show how costs of production and competitive aptitude will fare under such centralised organisation of vested interests. Great hope, however, can be based upon the unlimited capacity of Italians to eliminate in practice the evil consequences of apparently inflexible written rules.

The quota system has been extended from live cattle to fresh and frozen meat, the first order, which limited foreign cattle to 15 per cent. of total consumption, failed to sustain its initial beneficial effects on prices, as meat was imported instead of live cattle. The dangers of restrictions in foreign trade are becoming more and more apparent. Negotiations began to-day at Rome between Italian and French delegates as to the renewal of the commercial conventions, concluded between 1898 and 1928, which were recently denounced by France, as a retaliation against the application by Italy of differential quotas to certain French products, which, in its turn, was a retaliation against similar treatment by France of Italian imports. It is hoped that the negotiations will succeed, as otherwise the present conventions will lapse at the end of February. Italian wine growers are much concerned about the threatened suppressions of the differential tariff of 55 francs per hectolitre for common wines and 84.50 francs per hectolitre for fine wines, and hope that the fear of retaliation on champagne and other high-grade French wines will influence the French in the negotiations.

Meanwhile, international trade is slowing down: imports decreased from 1,025.3 million lire in January, 1931, to 782.3 millions in January, 1932; and exports from 692.2 millions to 526.1 millions. The deficit has also decreased from 333.1 millions to 206.2 millions; but the spectacular slump in imports is a bad omen for industrial activity in the immediate future. The number of unemployed increased from 982,381 at the end of December, 1931, to 1,051,321 at the end of January, 1932, against 722,612 at the end of January, 1931. This constitutes a record for many years.

ROUMANIA.

Agricultural Debt Conversion — Politics — National Bank — Exchange Restrictions.

(FROM OUR CORRESPONDENT.)

BUCHAREST, February 22.

THE agricultural debt conversion plan has been holding the centre of the political arena since the introduction of the Bill in November last. It is still being discussed by the Parliamentary Committee, and it is quite impossible to say what shape it will eventually take. As the discussions proceed, the difficulties which are found to stand in its way increase. It is now proposed to make a 50 per cent. reduction in the debts owed by owners of land up to ten hectares; these form by far the majority of the total. But the main stumbling block is the question of finance. Mr Argetoianu has come back empty-handed from his foreign tour, and he has told Parliament that the money will have to be found in the country. He has suggested for this purpose a forced loan to be raised in the shape of a tax of 5 per cent. on capital payable in five annual instalments of 1 per cent. each. The unanimous resistance of all the Opposition parties, however, and the objections made by the principal financial interests have caused this plan to be abandoned, and it appears now to be the intention to get the Bill passed by Parliament without provision of the funds necessary for financing it.

It is evident that in such a form the whole plan will be impossible to carry out. The measure will be quite useless unless the creditor is to be sacrificed, and this, it is asserted, will bring the majority of the financial institutions to bankruptcy. Most of the parties have agreed that a conversion of some kind is necessary, but in their declarations they are all more or less vague, and none of them has yet come forward with a definite constructive plan. It is not unlikely that the discussion will end in a deadlock, the political consequences of which it is impossible to foresee. The demoralising effects of the situation on the minds of the public are already noticeable. Meanwhile, the agricultural moratorium, which expires on February 15, has been prolonged to March 15th.

It appears that a certain disorientation in the Government Party is caused by dissension in the Government itself on the conversion question as well as on other problems. Several times, Professor Jorga, the Prime Minister, is said to have handed, or threatened to hand, in his resignation, and it was only at the last moment that an understanding was effected with his powerful rival, Mr Argetoianu, Minister of Finance. The latest difference between the two occurred over the reduction of the sugar import duty. Mr Jorga insisted on this reduction, Mr Argetoianu was against it. A compromise has been reached by which the reduction has been voted, but the Cabinet Council has power to restrict or even prevent imports. Thus, the powerful interests vested in the industry have been protected, and the Government, pledged to reduce the cost of living, has saved its face. It is evident that this state of things could not last if any of the Opposition parties thought themselves strong enough to tackle the difficult problems of the day. Continuance, however, of the policy of makeshift must have a bad effect. This seems to be recognised in high circles, and Mr Titulescu's presence in Bucharest at the moment has probably more to do with internal politics than with the foreign situation in connection with which, it was asserted, he came here.

The National Bank has issued its annual report and balance sheet. The latter shows a holding of gold of 9,675 million lei, as against 9,275 million lei a year ago, although in the winter of 1931 the bank sold gold to the extent of 804 million. The holding of foreign bills has been reduced during the year from 1,746 millions to 278 millions. The total reserve on December 31, 1931, amounted to 36.04 per cent. of the liabilities, 1.04 per cent. over the legal minimum. The gold reserve alone stood at 35.04 per cent. The stock of commercial bills rose during the year by 5,736 million lei to 13,116 million lei, a testimony to the large support which the money market received from the National Bank. The notes in circulation at the end of 1931 amounted to 23,750 millions, an increase of 4,145 millions, all of which is hoarded by the public. The loss resulting from the fall of the sterling rate amounts to 310 million lei, which has been taken over by the State. The debt of the State to the National Bank has been increased thereby to 3,767 million lei. The fall in the price of Government securities has caused a loss of 177 million lei. The net profit amounts to 156 millions, against 188 millions for 1930. It is proposed to declare a final dividend of 196 lei net per share, making a total of 346 lei for the year, or 50 lei less than the year before. The report points out that it has been possible to maintain the value of the currency without introducing any special measures for its defence. It insists on the necessity of maintaining the stability of the leu as the indispensable guarantee of the internal and external economic relations. In this connection it shows that the balance of the foreign trade for 1931 was in favour of this country thanks to the considerable export of grain and petroleum, although the prices of these articles were very much reduced. It does not mention, however, that the favourable trade balance was due mainly to the large decrease in imports.

It has at last been necessary to devise means of combating the influence on Roumania's foreign trade of the restrictions on foreign exchange transactions introduced by several European countries. Roumanian exporters have large balances outstanding in these countries which they are unable to get in, and they are threatened with the

entire loss of these markets. A clearing house for these outstanding amounts is now to be instituted at the National Bank. A Bill introduced in Parliament for this purpose obliges all debtors to the countries where foreign exchange restrictions exist to effect payment in lei at the National Bank. The Minister of Finance is authorised to conclude, with the consent of the National Bank, conventions with these States for the equalisation of payments. It should be borne in mind that these regulations are made for the sole purpose of protecting the interests of Roumanian trade in its relations with those countries, Austria, Hungary, etc., where exchange restrictions exist. In no way do they impose restrictions on imports or exchange transactions in general. The "equalisation" negotiations, however, with the States in question will be of a very difficult nature as the balance of trade with them is considerably in favour of Roumania.

CANADA.

Business — Finance — Railways — Parliament.

(FROM OUR CORRESPONDENT.)

OTTAWA, February 9.

CANADA is now experiencing normal winter conditions and some improvement in general business, accompanied by a certain revival of optimism about the outlook, is reported. Retail trade has benefited by the advent of cold weather, and a steady movement of staple commodities is being maintained, helped by the fact that prices are at their lowest level for many a long day. The car-loading figure for the week ending January 30th, while it was 6,738 cars below the figure for the parallel week in 1931, showed a gain of 621 cars over the figure for the previous week. The grain markets have been unsettled as the result of the Far Eastern crisis, but the export demand has not been brisk. Some increase in factory employment is recorded; the agricultural implement firms with an improved outlook have been taking on more hands, the tanneries and furniture plants are busier, and some newly-established industries are coming into production. There is, however, little activity in the building trades, and the iron and steel plants remain short of orders.

The light snowfall has handicapped lumbering operations in the woods, but in view of the light demand and instability of prices only a small cut had been arranged for. The lumbermen of British Columbia have been greatly agitated by news from London that British timber importers were not only arranging for contracts for heavy supplies of Russian timber, but were trying to secure from the British Government a guarantee that these contracts would not be interfered with by tariffs and preferences. Another sidelight upon the complications of inter-Imperial trade relations is provided by the agitation of the potato growers of New Brunswick for the removal of the embargo now imposed by Britain upon Canadian potatoes on account of the plague known as the Colorado beetle. The newsprint mills continue to operate at about 50 per cent. of their capacity, and the financial difficulties of the industry show no sign of being solved.

Unemployment has been taxing the combined energies of the Federal, provincial and municipal authorities, who have been co-operating in a programme of public works for its relief. In many quarters, however, misgivings have developed upon the merits of this policy, and the *Financial Post* has taken the lead in a campaign of criticism against it. The *Post* has worked out calculations which claim to show that for every day's employment provided no less than \$10 have been added to the debt charges of one or other public authority. It argues that the relief programme was unsound in conception and economically wasteful, that its results have been inadequate, and that it should be abandoned before it strains to the breaking-point the credit of the provinces and municipalities, if not of the Dominion. Moreover, the latest employment bulletin of the Bureau of Statistics shows that the employment index on January 1st, at 91.6, revealed a decline of 7.5 points since December 1st,

when it was 99.1, and compares unfavourably with the indices of 101.7, 111.2 and 109.1 recorded for January 1st, 1931, 1930 and 1929 respectively. Furthermore, owing to the bareness of many local treasuries, the Federal Government has been forced to bear a larger share of the financial burden than it anticipated, and there are indications that once the public works already begun are completed the policy for dealing with unemployment may be reconsidered.

During the past fortnight the Canadian dollar has strengthened considerably in New York, but the difficulties created by the exchange situation are relieved rather than removed. Official figures show that the Federal Treasury had advanced on December 31st \$15,007,167 to provincial administrations and, although the purposes of these loans are not disclosed it is surmised that a substantial proportion of the money was advanced to prevent defaults by embarrassed provinces. The *Press* is voicing a strong demand for economies in public expenditure and it is forecast in Ottawa that the Bennett Ministry will propose in the next Budget a cut in the salaries of Ministers, Members of Parliament and the higher-salaried ranks of the civil service.

The general contraction of business has been responsible for a sharp curtailment of the demand for credit facilities from the banks and this condition as well as the deflation of commodity and security prices is reflected in a statement about bank debits in 1931 which places them at a total of \$31,856,000,000, showing a decline of 15.7 per cent. from the figure of \$37,491,000,000 recorded in 1930.

The Royal Commission on Transportation has temporarily disbanded itself, but the members are studying separately the data which have been accumulated and on February 15th they will reassemble in Ottawa to begin the task of framing their report which the Speech from the Throne declares will be submitted to Parliament this session. Meanwhile a reduction of 10 per cent. in wages has been reluctantly accepted by large groups of employees of the two railway systems and it will probably be extended to cover every class of worker. The returns of the Canadian National Railways for the year 1931 have just been published and they give the net operating revenues as \$7,585,700 as compared with \$26,510,938, a decline of roughly 19 million dollars, or almost 70 per cent. Gross operating revenues were \$177,273,700, as compared with \$221,770,445, and gross operating expenses were \$169,688,000, as compared with \$195,259,507. There was a decline of 28 per cent. in passenger revenue and of 16 per cent. in freight revenue, and the statement asserts that during 1930 the passenger train mileage was cut by 25 per cent.

Letters to the Editor.

MEMEL.

TO THE EDITOR OF THE ECONOMIST.

DEAR SIR,—I hope that you will grant me space to rebut certain statements contained in a paragraph headed, "The Lithuanian Coup at Memel," which appeared in your issue of the 13th inst.

Seeing that under the Memel Convention of May 8, 1924, concluded between the then Allied Powers and Lithuania, the Memel Territory was placed under the "sovereignty" (not "suzerainty," as you term it) of Lithuania, it is surely misleading to speak of Mr. Boettcher as the "German President of the Administration," and of the territorial Directorate as "the German Council." Actually, Mr. Boettcher is the son of a Lithuanian mother, while the other two members of the Directorate, Messrs Zygaudas and Puodzius, are pure Lithuanians. But even if this were not so, the President and members of the Directorate, as Lithuanian citizens, would be amenable to Lithuanian laws. It is hardly necessary to remark that in no country to-day does the racial origin of the citizen minimise his obligations to the State.

The autonomous rights of the Memel Territory are laid down in Article 5 of the Memel Convention, referred to above, but one may search therein in vain to find anything that would authorise the President of the Directorate surreptitiously and without the consent or knowledge of the central Government,

to visit the capital of a foreign State and there conduct negotiations which, in the opinion of the central Government, are detrimental to Lithuanian interests. Few really impartial publicists can be so naive as to believe that, had Mr Boettcher's object been so innocent as his apologists pretend, he would have crossed the frontier without first obtaining the consent of the central Government.

To deny the right of the Governor of the territory to revoke the appointment of an official guilty of such behaviour would be, in effect, to stultify the provision of the Memel Convention extending to the Lithuanian Republic sovereignty over the Memel Territory. May I further suggest that, in the light of the facts of the case, about which your paragraph is discreetly silent, you have no proper grounds for asserting, as you do, that Lithuania has been guilty of a "flagrant violation" of the Memel Convention of 1924? No such charge is brought against Lithuania by the League of Nations in its resolution of February 20th last.

Actually Mr Boettcher was detained for one day and then released. The Governor's decree revoking his appointment in no way sought to limit the lawful competence of the local administration, as defined in Article 5 of the Memel Convention, and your statement that the "German Council" of the territory has been replaced by a "Lithuanian Council" and the whole administration "forcibly taken over" is unwarranted. After revoking Mr Boettcher's appointment, the Governor of the Memel Territory invited a member of the majority party of the Diet to form a new Directorate, and, when that member declined, the Secretary-General to the Directorate was nominated President of the Directorate *ad interim* pending the appointment of a President enjoying the confidence of the Diet. It is admittedly possible that if, in view of the political sympathies of certain elements among the present majority of the Diet, the Governor should be unable to form a Directorate enjoying the Diet's confidence, fresh elections may be deemed necessary under conditions prescribed by the Convention.

Upon such insecure foundations has been reared the German-inspired sensation about a Lithuanian *coup d'état* in the Memel Territory! It is, however, to be regretted that a serious organ like the *Economist* should have bestowed its blessing upon the story without more carefully investigating the facts beforehand.

Elsewhere in your paragraph, you institute an unjustifiable comparison between the Polish seizure of Vilna and the Lithuanian rising in Memel in January, 1923. To dispose of this parallel, it should suffice to point out that when the Poles under General Zeligowski expelled the Lithuanians from Vilna on October 9, 1920, they were guilty of a "flagrant violation" of the Suvalki Agreement signed by them only two days earlier, on October 7, under which they had pledged themselves to recognise Lithuania's right to occupy Vilna and the Vilna territory. On the other hand, the rising in Memel of January, 1923, was effected by Lithuanian residents of the region, owing to well-defined rumours that a movement was afoot to convert the territory into a so-called "Free State," in defiance of the solemn undertaking of the Allied and Associated Powers to attach the region to the Lithuanian Republic. You are, of course, entitled to your opinion that the population of the Memel Territory is "predominantly German." I will merely remind you that your view was not shared by the Allied and Associated Powers when, in their reply to the German Delegation at the Versailles Peace Conference on June 16, 1919, they declared that "the district in question has always been Lithuanian, and the majority of the population Lithuanian in origin and in speech." In this context, too, it may be usefully recalled that before the war, when the Memel region belonged to Germany, it sent to represent it in the Prussian Landtag a Lithuanian deputy in the person of Dr. Gaigalat. The fact surely speaks for itself, but hardly in favour of your contention that the population of the territory is "predominantly German."—Yours faithfully,

E. J. HARRISON,

Lithuanian Legation, London Correspondent of the
10 Palace Gate, W.8. Lithuanian Telegraph Agency
February 25th. ("Elta").

[Our correspondent's letter leaves us unrepentant. In our opinion, the gist of the situation is, and always has been, this:—In the peace-settlement, the victorious Powers took the responsibility of detaching the Memel district from Germany in order to provide the new State of Lithuania with an outlet to the sea; and thereby they avowedly incurred a responsibility for securing the legitimate rights and interests of the 25,000 people of German nationality who constitute the population of Memel town. Lithuania, on her side, has repeatedly obstructed the efforts which have been made to this end, first by the Supreme Council of the Allies, and latterly by the Council of the League. The first of these Lithuanian acts of obstruction was the military coup of January, 1923, which, according to our information, was executed, not by local Lithuanian inhabitants of the rural parts of the Memel District, but by irregular armed forces which had entered the Memel Territory from Lithuania proper.

The subsequent Memel Convention, which the Powers found great difficulty in persuading Lithuania to accept, specifically limited the extension of Lithuanian sovereignty over the Memel Territory by providing for local autonomy; and in our view the term "sovereignty" correctly describes Lithuania's relation to the Memel Territory under the resulting treaty situation—to which the Lithuanian Government has, after all, subscribed. The necessity for the Convention is illustrated by our correspondent's admission that at this moment the Government at Kovno is attempting to force upon Memel a regime which is unacceptable to a majority in the Memel Diet. It is significant that when M. Colben (Norway)—the League Council's rapporteur on the present Memel affair—suggested in his report that an opinion on the powers of the League Council under the Memel Convention should be sought from the Permanent Court of International Justice, the representative of the Lithuanian Government refused to agree. This refusal speaks for itself. We trust that the Council, which adopted M. Colben's report nevertheless, will show great firmness on a point of principle which is of real importance in the interests of international law and order.—ED., *Econ.*]

BOOKS RECEIVED.

Commercial Banks, 1913-1924. (London) Allen and Unwin, 40, Museum Street. 12s.

A League of Nations' reference book containing a remarkable collection of banking statistics, with commentaries, for each of the principal countries of the world.

Statistics of the Iron and Steel Industries (1931). (London) National Federation of Iron and Steel Manufacturers, Tothill Street. 5s. 6d. net.

A remarkable collection of iron and steel statistics covering 32 countries. For the more important producing centres it gives statistics of production of iron and steel by classes and by districts; imports and exports; production of coal and coke and lignite; and also details of materials consumed, number of blast-furnaces in operation, etc.

Memorandum on Progress of Disarmament, 1919-1932. By Stephen Heald. (London) Royal Institute of International Affairs. 2s.

A useful and concise account of the negotiations and agreements which has paved the way for the present conference.

The Economic Journal.

The Quarterly Journal of The
Royal Economic Society.
March, 1932.

CONTENTS.

ECONOMIC CONDITIONS IN CANADA, 1931-32.

By Prof. H. A. Innis.

PIGOU'S METHOD OF DERIVING DEMAND CURVES.

By Prof. W. F. Fergusson.

MEMBER BANK RESERVES IN THE UNITED STATES.

By J. M. Keynes.

THE INDIAN CENTRAL BANKING INQUIRY, 1931.

By A. J. Saunders.

DR. HAYEK ON MONEY AND CAPITAL.

By P. Sraffa.

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By C. W. Guillebaud.

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The Stock Exchange:

THE ROYAL MAIL SCHEME.

FIFTEEN months ago Lord Kylsant ceased to be an active agent in the affairs of the Royal Mail Steam Packet Company. A triumvirate of Voting Trustees has since been grappling with the task of salving the biggest shipping group in the world. Their duty, grim enough, in all conscience, at the moment of its undertaking, has been made progressively more difficult by the subsequent world depression. The Royal Mail group threatens to collapse under the weight of its past bad finance. It is indebted and cross-indebted to a host of holders of debentures, mortgages, bank loans and guarantees, by way of obligations to ship-builders, to the money market (with which the latter have discounted short-term bills for new tonnage), to vendors of shares and of ships (including a big American group and the Commonwealth of Australia), to subsidiary and associated companies, and to the British and Northern Irish Governments. During recent months it has appeared doubtful, at times, whether human ingenuity could evolve any scheme to prevent a substantial part of the tonnage of a group interested in something like one-sixth of the whole British Mercantile Marine from coming under the hammer. Imagination boggles at the number of interviews, the patience and diplomatic *finesse*, and the sheer thankless toil involved in the task of bringing a mass of chaotic and conflicting claims into a semblance of order and agreement. The group's creditors will be united, at least, in recognition of the services rendered by those who, this week, have produced a balanced scheme, and in the sense of collective national responsibility with which the task of adjudication upon its terms must be approached.

Though the picture of claims and counter-claims will appear to the average investor inextricably complex, the fundamental points at issue are relatively straightforward. The Royal Mail group cannot meet its liabilities. Disorganised action by independent groups of creditors, at a time of world crisis, would leave all but a few of the

best secured creditors with little of value from the general wreck. It would depress the market for shipping tonnage, break up the goodwill of British companies whose names and house flags have been famous in every port in the world, involve, possibly, the transfer of thousands of tons of the finest British ships to foreign ownership, delay the return of prosperity in the shipping industry generally, and last, but not least, produce a minimum of hard cash. In short, whatever the true ratio of the Royal Mail group's resources to its liabilities, the present is of all times the least favourable for a trial by break-up.

But who can say what is the true ultimate value of the group's assets? Before the question can be answered, one must know the earning power of the group, given not merely more normal conditions in world shipping but exploitation of its own resources under rational organisation and expert administration. These desiderata were conspicuously lacking, in certain instances, under the old regime. The merit of the present scheme is not merely that it proposes a "standstill" agreement for three years, during which the relative rights of creditors are preserved essentially unaltered, but that it offers the prospect of assured reorganisation of internal management on lines which are understood to have commended themselves to the best technical brains in the industry.

On page 523 we give a summary of the Scheme. The manner in which it will function, on the operating side, may best be appreciated by reference to the chart on page 525, where the total share capitals of all the companies in the group are also set out. Tonnage operating on different geographical routes will be brought together, where necessary, under new operating companies. These will issue shares in return for the tonnage taken over from existing companies, and will thus start, with a few minor exceptions, free of accumulated debt. Holders of first mortgages or charges on vessels will, in effect, transfer

(All particulars as at June 30, 1931.)

Company.	Particulars of Fleet.				Earning Capacity.
	Number of Vessels.	Total Gross Tonnage.	Total Cost with Additions.	Total Book Value.	
Royal Mail S.P.	31	230,881	£ 9,277,628	£ 3,375,235	Trading profit, 1931, before interest and depreciation. Unlikely present income will substantially exceed 4½ per cent. Debenture interest.
R.S.M.P. Meat Transports	7	88,712	5,325,840	3,706,400	Integral part Royal Mail fleet (<i>q.v.</i>).
Nelson S.N.	9	94,084	3,449,566	2,668,454	Past results satisfactory. Small loss, 1931, after providing depreciation and interest.
H. and W. Nelson	...	...	...	...	Income unlikely enable substantial payment interest.
David MacIver	7	27,758	831,203	593,000	Small operating loss, 1931, before depreciation.
Pacific S.N.	25	183,552	7,542,981	3,748,407	Operating loss, 1931, before depreciation and interest.
MacAndrews	22	35,018	1,869,366	1,270,713	Small loss, 1931, after interest but before depreciation.
Glen Line	9	77,303	3,907,677	3,206,974	During past few years earnings insufficient cover interest and normal depreciation.
Elder Dempster	1	6,754	120,000	111,000	Greater part of assets are investments. Management commissions barely cover expenses. Unlikely sufficient income available for some time to meet Debenture interest.
African S.S.	28	141,303	5,305,433	3,204,233	Prospects depend upon West African trade.
Elder Line	4	18,850	553,997	270,460	Subsidiary of African S.S.
British and African S.N.	29	139,072	5,685,345	3,641,100	Depends upon future West African trade.
Imperial Direct Line	3	17,949	653,948	363,230	Subsidiary British and African.
Harland and Wolff	...	...	...	...	Impossible make reliable estimate. Few orders for new ships, 1931, but repair works fairly well employed.
Oceanic S.N.	23 14	419,878† 53,504*	— —	— —	Substantial operating loss, 1930, before depreciation. 1931 results unsatisfactory, but improvement would quickly materialise if world depression ended.
Total (omitting Oceanic)	175	1,061,236	44,522,984	26,159,206	

† Including "Georgio," under construction, and six vessels jointly held. * Vessels owned jointly with Shaw, Savill.

their charges from the ships, etc., to the operating company's shares. Operating Company No. 1 will effectively group the assets of the Royal Mail Company and three other ship-owning concerns which (as will be seen by the diagram) are subsidiaries engaged in the East Coast South American trade. Operating Company No. 2, similarly, will work the assets of five concerns in the West African trade, namely, Elder Dempster, Elder Line, African Steam Ship, British and African Steam Navigation, and Imperial Direct Line. In other instances, where there is no question of semi-competition between group concerns in particular trades, it is not proposed to form new operating companies. Thus the Pacific trade will remain with the Pacific Steam Navigation Company, the Glen Line will carry on in the Far Eastern trade, and Coast Lines in the home port-to-port trade.

Broadly, in the case of the two new Operating Companies, the transfer will be deemed to have taken place as from December 31, 1931, or some other convenient date. The companies will be empowered to borrow only up to £100,000 without special sanction of their shareholders (*i.e.*, the existing mortgagees). Their directors will, mainly, be the latter's nominees—with a difference, for "creditors' directors" have not the best of reputations. In this case it is intended that the boards, on whose skill and enterprise so much will depend, shall be composed of experienced shipping men and not dummies. Accordingly, all appointments will be subject to the approval of a board of referees, which is to include Lord Plender, Lord Weir and Sir George Higgins. This will obviously be a strong board, which is as well, since it is a tribunal of final appeal on a host of matters in connection with the Scheme, and will have, *inter alia*, the thankless task of deciding the amounts of Operating Company shares to be issued in respect of particular vessels, if owners and mortgagees fail to agree. Finally, until December 31, 1934, no shares in the Operating Companies can be sold unless the shareholder desirous of selling procures for other shareholders an opportunity to sell on the same terms.

There are exceptions to some of these general proposals, such as the power given to certain banks holding mortgages on specified new ships of African Steam Ship and British and African Steam Navigation, in connection with bills discounted by the builders, to realise their security, if they wish, after June 30, 1933. These, however, are not unreasonable. They should neither seriously affect the balance of the Scheme nor hamper the effective operation of the companies—which is the main consideration. The case for affording the operating concerns a clear run rests not on sentiment—there is no romance about a mortgage, outside the theatre—but on the hard economic fact that, even under present depressed conditions, the group companies as a whole are not losing money so far as direct trading expenses are concerned. Few are earning sufficient to meet interest or depreciation charges, and the Oceanic S.N., for instance, is not at present clearing immediate expenses. Most of the companies on the South American and West African routes, however, are at least covering their operating costs. The position is summarised in the table on the preceding page.

The ship-owning companies in the table, excluding Oceanic Steam Navigation, have an aggregate tonnage of 1,061,236, acquired at an average cost of £42 and now carried at just under £25 per ton. Their showing in adversity is good enough to suggest their being given an opportunity to disclose their earning power under good management in normal conditions.

The first and highest hurdle which the Scheme must surmount is thus the "ordeal by secured creditor." Unsecured creditors are, broadly, given documentary titles on the future, which define and preserve their respective rights, against the time when they may have a cash value or December 31, 1934—whichever is the earlier. This is the real effect of the issue by the existing companies of deferred creditors' certificates, whose interest, though cumulative, is payable only when earnings are sufficient.

Speaking generally, certificate holders will be more than lucky if they see any hard cash within the life of the present Scheme. The certificates, however, carry five valuable rights, which apply also, in most respects, to certain debts ranking *pari passu* with them. First, holders may effectively determine on what basis net earnings are to be ascertained, subject to provisions for the protection of holders of floating charges. Secondly, their trust deeds empower holders of a voting majority of certificates in any company to demand payment at any time from the beginning of 1935 onwards. Thirdly, their companies, with certain exceptions, cannot further charge their assets unless 75 per cent. of certificate holders approve. Fourthly, all surplus revenue, after satisfying interest and arrears, is to be applied in redeeming certificates and other debts ranking *pari passu*. Fifthly, the unsecured creditors, with their secured colleagues, have valuable rights, direct and indirect, of nominating certain directors.

The Scheme, finally, makes arrangements as regards special groups of creditors. It will be seen, by reference to the summary appearing on page 523, that companies of the group which have incurred liabilities by way of guarantee, or as drawers or endorers of bills of exchange, will not be released, but their liabilities will be attached to the deferred creditors' certificates or other obligations in which the bills, etc., will be temporarily "funded." Guarantor companies, of course, will not issue deferred certificates. They will, in effect, become guarantors of the certificates or other instruments issued by the principal debtors. These provisions are of especial importance in the case of Harland and Wolff which, *inter alia*, has a contingent liability of about £3½ in respect of bills drawn on and accepted by certain companies included in the Scheme, mainly in respect of tonnage constructed. It also has a contingent liability of £3,670,569 on account of guarantees, counter-guarantees, and indemnities given on behalf of other companies, most of which are also guaranteed by the Treasury or the Northern Ireland Government. The company's unfortunate position throws a strong light on the results which may follow the close association of large shipbuilding and ship-owning organisations, and the practice of financing new tonnage construction by short-term bills.

Even the British taxpayer is an indirect party to the Scheme. In the last decade, when the Government was guaranteeing millions of pounds under the Trade Facilities Acts, in respect of new tonnage construction, the criticism was reiterated in our columns that the policy might be temporarily helpful to shipbuilding, a depressed industry, but was of questionable ultimate benefit to shipping and a danger to the taxpayer. To-day, the British and Northern Irish Governments are involved in the situation created by the inability of the Royal Mail and other companies to meet their obligations. Under the Scheme, the Governments will remain liable to pay under their guarantees. They are not, however, in the position purely of deferred creditors, since they can take the income from their specific security.

What considerations will determine the attitude towards the Scheme of the multitudinous interests which it affects? The shareholders of the various companies are, unhappily, in the painful position of mere spectators. The concerns are in the hands of their creditors, and the rôle of shareholders is limited to passive support of any proposal to keep them alive to fight another day. The trade creditors will naturally accept the Scheme, because it provides for their being paid in cash. The unsecured creditors will be mainly influenced by the fact that, if the existing organisation is broken up and the secured creditors independently realise their assets, their own prospects of securing something tangible out of the ruins are exceedingly remote. They have the soundest of reasons for a moderate postponement of their claims to better times, provided, in the first place, that no additional advantages are given to secured creditors, ranking in front of them, as the price of their support; and, in the second place, that none of their own number, as the reward of pertinacity, secures individual concessions sufficient to upset their mutual present

balance of interests. We believe, on a close inspection of the details of the Scheme, that on both these points they may rest assured. The proposals do, in fact, bear internal evidence, in one or two cases, of prolonged and possibly heated discussion around an inner council table. Speaking broadly, it may be counted a distinct achievement that a sufficient measure of agreement has been obtained, to enable a comprehensive scheme to be put forward which holds the balance so equitably between so many diverse claims.

What, then, should determine the reception of the plan by the secured creditors, whose attitude may be the pivotal factor? It need scarcely be stated that no personal emotion arising out of the past history of the companies, or any of their members, should be regarded as relevant. In due course, it will be for public opinion to investigate the causes of an unhappy chapter in the annals of a national industry, and to inquire whether, at any cost, the Law and human foresight can prevent their repetition. But to-day, the task is more immediate. The present plan is not even a scheme of reconstruction for the whole Royal Mail group. It is a scheme of arrangement among the creditors of certain companies which cannot meet their accrued liabilities. This explains why its terms apply directly only to some fifteen companies with a total paid-up share capital of £47 millions and a publicly held capital of £16 millions, whereas the analysis and chart for the whole group, which we give publicly for the first time on page 525, include 37 concerns which (*plus* Harland and Wolff) have a total paid-up share capital of £82 millions, of which the public holds £26 millions. Some companies, like Union Castle and Coast Lines, remain outside the present Scheme because, being able to look after their debts, they are not in present danger of coming into the Receiver's hands. Lamport and Holt are absent from the list for the opposite reason—that a Receiver has already been appointed.

The total creditors' claims (including inter-company claims) which are affected, directly or indirectly, by the present Scheme and its potential consequences, may be put at £42-£43 millions. One must prevent a patient from expiring before planning his future career. If the present Scheme is successful, the permanent status of all the group companies can be discussed later, presumably on the lines of closer working on separate regional bases which are being tried out, as regards two particular trade routes, in the present Scheme. Whether there should be permanent economic connection between companies in widely differing areas and trades, whose sole link hitherto has been the unwisdom of a past dictator, is another matter which may be discussed in due time.

If the secured creditors foreclosed in a general *sauf* *qui peut*, they would doubtless deem it unwise, on the narrowest interpretation of their interest, to force an immediate sale at knock-out prices in an unwilling market. Is three years too long a time to "nurse" their assets? The shortness of the period is itself a concession to their viewpoint, for on economic grounds alone, five years might have been a more suitable interval for ascertaining the potential earning power of the companies. The question comes to this: can these creditors feel convinced that the administrative arrangement proposed will enhance rather than depreciate the value of their assets during the 33 months for which they are asked to withhold their rights of foreclosure? Stated in its lowest terms, this is equivalent to asking whether they are satisfied with the personnel and powers of the board of referees, as to the potential importance of whose duties they will be under no misapprehension. The draughtsmen of the Scheme, by their successful endeavour to secure the willingness to serve, on the board, of a triumvirate whose names carry the utmost public confidence, have shown a shrewd appreciation of the really basic factor of the whole conception.

SUMMARY OF THE ROYAL MAIL SCHEME OF ARRANGEMENT.

The proposed Scheme of arrangement between the Royal Mail Steam Packet Company and certain of its subsidiary and associated companies and their respective secured and unsecured creditors applies to the following fifteen concerns: Royal Mail Steam Packet, R.M.S.P. Meat Transports, Nelson Steam Navigation, H. and W. Nelson, David MacIver and Company, Pacific Steam Navigation, MacAndrews and Company, Glen Line, Elder Dempster, African Steam Ship, Elder Line, British and African Steam Navigation, Imperial Direct Line, Harland and Wolff, and Oceanic Steam Navigation.

After a short Summary Memorandum, the Preamble to the Scheme declares that the Royal Mail and many of the other companies are unable to meet their obligations, that many cannot raise the additional monies required to continue their services, and that the moratorium granted by certain Royal Mail creditors will shortly expire.

DEFINITIONS.

It is declared that the "Board of Referees" referred to in the Scheme shall include Lord Plender, Lord Weir, and Sir George Higgins or other members appointed in pursuance of Part VII below. "Trade debts" are defined as including, *inter alia*, freights and passage monies prepaid and deferred rebates. "Trade creditors" are stated to include holders of trade creditors' bills.

SCHEME.

PART I.—OPERATION OF VESSELS.

Sections (1) and (2) lay down that specified ships shall be sold and transferred to New Operating Companies under the Companies' Act, 1929. To these will be transferred the vessels set out in the first column of the summarised table below by the companies in the second column, freed from the mortgages and charges specified in the third column.

The "Explanatory Memorandum" which prefaces the Scheme shows that the Pacific Steam Navigation, MacAndrews, Glen Line, and Oceanic Companies will continue to operate their own vessels.

Section (3) of the Scheme relates to the naming of the new Operating Companies. (4) lays down that the consideration for the transfer of the vessels shall consist entirely of fully-paid shares of one class, and (5) declares that its amount shall be apportioned having regard to the estimated value of particular vessels to the

Vessels.	Owned by.	Particulars of Mortgages and Charges.
<i>Operating Company No. 1 (South American Lines).</i>		
29	Royal Mail Company	First floating charge to trustees for 4½ per cent. debenture stock and second floating charge to trustees for 5 per cent. debenture stock.
6	R.M.S.P. Meat Transports	Specific mortgages to Midland Bank and Belfast Banking Company.
1		Specific mortgage to Harland and Wolff.
4		Specific mortgage to trustees for 5 per cent. guaranteed debenture stock and second charge to Harland and Wolff.
5	Nelson Steam Navigation	Specific mortgage to trustees for 5 per cent. guaranteed debenture stock.
1		Vessel under construction; ditto, with second charge to Harland and Wolff.
6	David MacIver	None.
<i>Operating Company No. 2 (West African Lines).</i>		
1	Elder Dempster.....	Specific charge to trustees for 5 per cent. debenture stock and ditto "A" debenture stock.
22	African Steamship	Specific charge to trustees for 6 per cent. debenture stock.
4	Elder Line	None.
4	British and African S.N.	Specific mortgage to Royal Exchange Assurance.
6		Specific mortgage to Midland Bank and Bank of Ireland.
15	Imperial Direct Line	None.
3		None.

total, with final powers of decision with the board of referees in case of disagreement. (6) suggests December 31, 1931, as the date of presumed transfer. (7) stipulates that operating company shares after allotment shall be immediately transferred to holders of first mortgages or charges, who will thereupon transfer their charges from the vessels to the shares. (8) Enumerates other working assets, etc., and trading liabilities which are to be transferred to the Operating Companies, provides for the payment by two instalments of certain bills to a total of £57,150, and declares that in case of each Transferor Company any surplus in the value of the assets over the liabilities transferred shall be paid by the Operating Company in three-year 5 per cent. unsecured notes. The latter Company will receive from the Transferor Company deferred creditors certificates in respect of any balance of liabilities over transferred assets, with special arrangements for Elder Dempster

Section (9) provides that the Transferor Companies shall lease or license all necessary offices, wharves, lighters and ancillary properties to the Operating Companies, while (10) (i) deals with the taking over of staffs (ashore and afloat) and responsibility for pension schemes, etc., and (10) (ii) covers all current contracts, including conference, chartering, freight and passenger agreements. (11) gives final powers of making all necessary apportionments to the Board of Referees.

Under Section (12) (a) the African Steam Ship Company and the British and African Steam Navigation Company are to charter to Operating Company No. 2 the following vessels, on time charters, to December 31, 1934, but determinable by the mortgagees or by the operating company at any time after June 30, 1933:—

Name of Vessel.	Book Value.	Owned by	Particulars of Mortgages.
"Henry Stanley"	144,091	African Steam Ship Co.	Specific mortgage to Union Bank of Scotland, Ltd., to secure Bills discounted.
"Mary Kingsley"	158,348	Do.	Do.
"William Wilberforce"	145,241	Do.	Specific mortgage to British Linen Bank to secure Bills discounted.
"Macgregor Laird"	144,225	Do.	Do.
"Edward Blyden"	142,700	British and African Steam Navigation Co.	Specific mortgage to Harland and Wolff as Trustee for Banks holding Bills discounted.
"Alfred Jones"	142,880	Do.	Do.
"David Livingstone"	143,400	Do.	Specific mortgage to Clydesdale Bank, Ltd., to secure Bills discounted.
"Mary Slessor"	142,500	Do.	Specific mortgage to Westminster Bank, Ltd., to secure Bills discounted.

Sub-sections (b) and (c) make further arrangements in respect of these vessels.

(13) provides for loans of £75,000 by the Royal Mail Company and £75,000 by the Nelson Steam Navigation to Operating Company No. 1 on open account at 5 per cent. per annum (or 1 per cent. over Bank rate, whichever is the higher). (14) gives arbitral powers, in case of differences, to the Board of Referees. (15) governs the Articles of Association of each operating company.

(a) Limits the powers of the directors to borrow or create any mortgage or charge in excess of £100,000, exclusive of amounts dealt with elsewhere in the Scheme. (b) Entitles each shareholder to nominate one director for each 20 per cent. of the total issued capital, and (c) gives a right to nominate one director on each Operating Company to the Transferor Companies, subject (d) to the approval of the Board of Referees. (e) Directors need not hold any qualification shares. (f) and (g) relate to their remuneration. (h) Prevents, until after December 31, 1934, the sale of any share by a member without the unanimous consent of all the other shareholders, unless he procures a reasonable opportunity for the sale by them at the same price and terms. The mortgagees of the vessels under (12) (a) above have the right to nominate one director of Operating Company No. 2.

PART II.—UNSECURED CREDITORS (EXCEPT TRADE CREDITORS) AND HOLDERS OF BILLS OF EXCHANGE (EXCEPT TRADE CREDITORS' BILLS) SECURED OR UNSECURED.

(16) Each company with creditors of the above classes shall create unsecured income obligations (to be known as "Deferred Creditors' Certificates"), carrying interest of 5 per cent., secured by a trust deed, with provisions (a) that interest, though cumulative, shall only be payable out of net earnings; (b) that the certificate of the auditors shall be conclusive as to the net earnings, after allowing such sum as they and the trustees for the certificate holders consider necessary for renewals and maintenance, bad and doubtful debts, depreciation and contingencies or reserves; (c) that no auditor shall be appointed who has not been approved by the trustees; (d) that without the approval of 75 per cent. of the deferred creditors' certificates the companies, with certain exceptions, shall not further charge their assets; (e) that surplus net earnings over interest payments must be applied in redemption of the deferred creditors' certificates the companies, with certain exceptions, be entitled to nominate certain directors, (g) with power to require full payment of their certificates if their nominees are not re-elected. (h) limits the amount of certificates, and (i) provides for full payment of certificates in case of default, liquidation, receivership, or on a 50 per cent. demand after December 31, 1934.

NOTE.—Section (16) throughout provides for the giving of corresponding rights to certain creditors whose position is declared to be *pari passu* with that of holders of Deferred Creditors' Certificates.

Section (17) specifies that certificates shall be issued, in respect of debts incurred up to December 31, 1931, in discharge of liabilities under bills of exchange (except trade creditors' bills) and the bills under clause 8, calls in arrear, debts under Part V of this Scheme, and all other unsecured debts, including payments by the Treasury under its guarantee of unsecured loans. (18) provides for the issue of certificates for payments by the Royal Mail under its guarantees on White Star Line 6½ per cent. cumulative preference shares up to February 1, 1935, payment in certificates giving the Royal Mail Company the same rights against White Star as if the amounts had been paid in cash. In the meantime, White Star preference shareholders will elect one director to the Royal Mail Court. Section (19) declares that, with a single exception, certificates will be issued in complete pounds, fractions being ignored. A schedule then shows how the boards of the companies will be constituted.

PART III.—LIABILITIES ON GUARANTEES AND AS DRAWERS OR ENDORSERS OF BILLS OF EXCHANGE.

(20) All parties having claims under guarantees shall be entitled to claim payment from the guarantor company as if they were holders of its deferred creditors' certificates. Under (21) any party receiving more than sufficient to cover interest and arrears shall apply the surplus towards the principal; but (22) any guarantor company paying any claim shall be subrogated to the rights of the principal creditor, *pro rata*, after the latter has been paid in full. By virtue of (23) the liability of all the guarantor companies shall be deemed to remain a good and subsisting guarantee, unless the Scheme provides otherwise.

PART IV.—SECURED LOANS OR ISSUES OF SECURITIES GUARANTEED BY HIS MAJESTY'S TREASURY OR BY THE GOVERNMENT OF NORTHERN IRELAND.

(24) His Majesty's Treasury and the Government of Northern Ireland shall make any interest or sinking fund payments falling due before December 31, 1934, on the loans to or securities of any of the companies which they have guaranteed, and these shall not thereupon be deemed to be in default. (25) In respect of such payments, the Treasury and the Northern Government shall be subrogated to the rights of the principal creditors, with, however, a specified limitation on their power to act before December 31, 1934. Meanwhile, (26) (i) the income from the specific security shall be applied first, in meeting current interest, instalments of principal, sinking fund payments, etc., and, secondly, in repaying to the Treasury or the Northern Government any amounts provided under guarantee, and any balance shall be applied to repayment of the principal, or invested and held as additional security. Under (26) (ii) arrangements are made as regards the application of the earnings of the Nelson S.N. Section (27) provides for the nomination of directors to specified companies by the Treasury and the Northern Government.

PART V.—SECURED CREDITORS.

Section (28) contains general provisions relating to creditors holding specific mortgages, charges or liens. Every such creditor, (a) will be entitled to receive the income produced by his security, any deficiency being payable out of net earnings of the Debtor Company, *pari passu* with interest on Deferred Creditors' Certificates, and (b) will also rank with certificate holders for repayment of principal, (c) (i) limits him from enforcing payment (whether his security shall have been realised or not) until December 31, 1934. If his security consists of vessels or assets in connection therewith, or shares in any of the companies, (26) (c) (ii) prevents him from entering into possession until December 31, 1934, but under (iii) if his security consists of properties of any other description, he retains his rights to realise it, but must act reasonably. Under (iv) the Debtor Company can redeem the security at any time on payment of principal and interest. Subsection (d) covers the application of any capital moneys received by secured creditors, and (e) describes their powers of nominating directors. (f) Makes special provisions for bills drawn by Harland and Wolff secured by a mortgage on company vessels. (g) Relates to securities held by or on trust for any creditor for any debt or liability which is satisfied by the issue of Deferred Creditors' Certificates. Section (29) describes special provisions as to particular secured liabilities of certain of the companies.

PART VI.—TRADE CREDITORS.

(30) The trade debts of the Royal Mail Company and each of the other companies shall be paid in the ordinary course of business by the respective companies or by the Operating Companies.

PART VII.—PROVISIONS REGARDING THE BOARD OF REFEREES.

(31) In the event of a vacancy on the Board of Referees, the place shall be filled by a new member appointed by the remaining members, subject to the approval of the Governor of the Bank of England. The Board may act by a majority, may regulate their own procedure, (32) may employ expert and clerical assistance, and (33) may fix the amount of their remuneration.

PART VIII.—GENERAL.

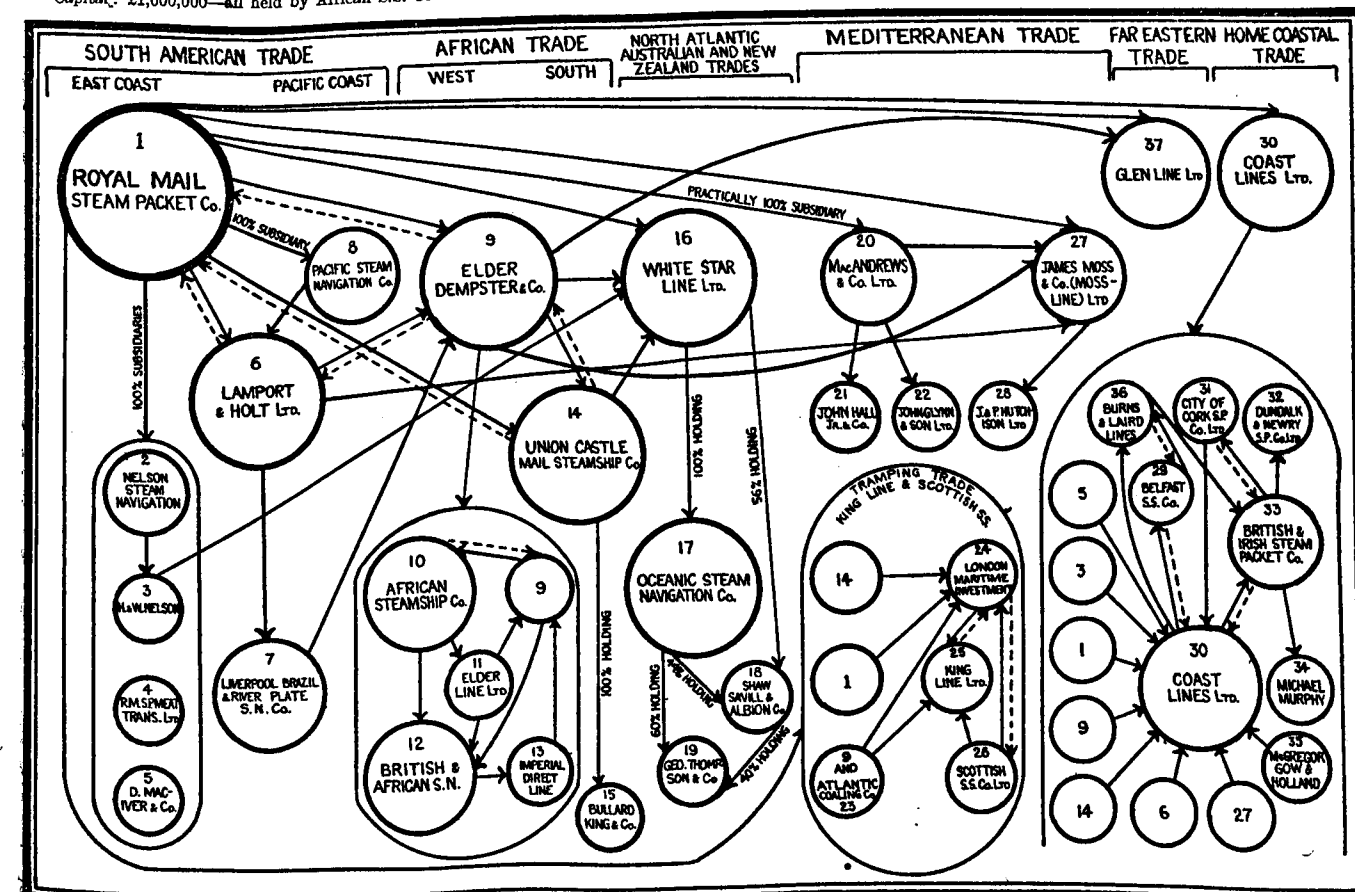
(34) Any uncalled capital shall be called up as soon as possible. (35) The respective managing agreements of H. and W. Nelson and Elder Dempster and Company, Limited, as regards certain compensation, in Deferred Creditors' Certificates. (36) The Scheme shall become operative when sanctioned by the Court. (37) The Board of Referees have a final decision as to the steps to be taken to give effect to the Scheme, and (38) incidental charges relating to modification of the Scheme by the Court, or, in the event of failure in any case to obtain the necessary assents from creditors.

APPENDICES.

The Appendices to the Scheme include a memorandum on the financial position of each of the fifteen companies, and data regarding the age and tonnage of individual vessels and the total cost and book value of the fleets.

CAPITAL OF THE ROYAL MAIL GROUP.

1. Royal Mail Steam Packet Company. Capital: £900,000 5 per cent. non-cum. preference stock (all held by public). 2,900,000 6½ per cent. cum. preference stock (all held by public). 5,000,000 ordinary stock. £8,800,000	12. British and African S.N. Co., Ltd. Capital: £2,350,000—all held by Elder Dempster and Co., Ltd., and its subsidiary cos. £2,350,000	27. James Moss and Co. (Moss Line), Ltd. Capital: £1,000,000. Held by— R.M.S.P. Co. £260,000 MacAndrews and Co., Ltd. 90,000 Lampert and Holt, Ltd. 300,000 Elder Dempster and Co., Ltd. 350,000 £1,000,000
Ordinary stock held by— Union Castle Mail S.S. Co., Ltd. £1,069,750 Elder Dempster and Co., Ltd. (and subsidiary company) 1,010,000 Lampert and Holt, Ltd. 764,000 Public and others 2,156,250 £5,000,000	13. Imperial Direct Line, Ltd. Capital: £500,000—all held by British and African S.N. Co., Ltd. £500,000	28. J. and P. Hutchison, Ltd. Capital: £500,000—90 per cent. held by James Moss and Co. (Moss Line), Ltd. £450,000
2. Nelson Steam Navigation Co., Ltd. Capital: 1,500,000 shares of £1 each, fully paid. £1,500,000 500,000 shares of £1 each, 2s. paid. 50,000 All held by R.M.S.P. Co. £1,550,000	14. Union Castle Mail Steamship Co., Ltd. Capital: £2,740,000 preference shares (all held by public). 2,740,000 ordinary shares (practically all held by R.M.S.P. Co. and Elder Dempster and Co., Ltd., equally). £5,480,000	29. Belfast Steamship Co., Ltd. Capital: £500,000 ordinary shares. Held by— Burns and Laird Lines, Ltd. £300,000 Public 200,000 £500,000
3. H. and W. Nelson, Ltd. Capital: £250,000—all held by Nelson S.N. Co., Ltd. £250,000	15. Bullard King and Co., Ltd. Capital: £1,000,000—all held by Union Castle Co., Ltd. £1,000,000	30. Coast Lines, Ltd. Capital: £1,875,000 6 per cent. pref. shares. Held by— Belfast Steamship Co., Ltd. 450,000 British and Irish S.P. Co., Ltd. 1,183,630 City of Cork S.P. Co., Ltd. 190,000 Public 51,370 £1,875,000
4. R.M.S.P. Ment Transports, Ltd. Capital: £1,000,000—all held by R.M.S.P. Co. £1,000,000	16. White Star Line, Ltd. Capital: £5,000,000 6½ cum. pref. shares (all held by public). 4,000,000 ordinary shares. £9,000,000	31. City of Cork Steam Packet Co., Ltd. Capital: £280,000 shares of £1 each. Held by— British and Irish Steam Packet Co., Ltd. £279,988 Public 12 £280,000
5. David MacIver and Co., Ltd. Capital: £750,000—all held by R.M.S.P. Co. £750,000	17. Oceanic Steam Navigation Co., Ltd. Capital: £5,000,000—all held by White Star Line, Ltd. £5,000,000	32. Dundalk and Newry Steam Packet Co., Ltd. Capital: £70,500 shares of £1 each. Held by— British and Irish Steam Packet Co., Ltd. £70,010 Public 490 £70,500
6. Lampert and Holt, Ltd. Capital: £1,000,000 6 per cent. cum. pref. shares (all held by public). 1,000,000 6½ per cent. "A" cum. pref. shares (25 per cent. held by associated and subsidiary companies). 3,000,000 ordinary shares. £5,000,000	18. Shaw Savill and Albion Co., Ltd. Capital: £195,375 5 per cent. preferred shares (no voting rights). £195,375 "B" ordinary shares (55-26% held by White Star Line, Ltd.). £390,750	33. British and Irish Steam Packet Co., Ltd. Capital: £1,500,000 6½ participating preference shares. Held by— Coast Lines, Ltd. £510,203 City of Cork S.P. Co., Ltd. 346,203 Burns and Laird Lines, Ltd. 292,760 Public and others 350,834 £1,500,000
Ordinary shares of £1 each held by— R.M.S.P. Co. and subsidiaries £1,200,000 883,000 Elder Dempster and Co., Ltd. 1,700,000 1,700,000 Others 100,000 100,000 £3,000,000 2,683,000	19. Geo. Thompson and Co., Ltd. Capital: £250,000—held 60% by Oceanic S.N. Co., Ltd. 40% by Shaw Savill and Albion Co., Ltd. £250,000	34. Michael Murphy, Ltd. Capital: £100,000 ordinary shares (all held by British and Irish S.P. Co., Ltd.). £100,000
7. Liverpool Brazil and River Plate S.N. Co., Ltd. Capital: £3,000,000—all held by Lampert and Holt, Ltd. £3,000,000	20. MacAndrews and Co., Ltd. Capital: £1,000,000—practically all held by R.M.P.S. Co. £1,000,000	35. Burns and Laird Lines, Ltd. Capital: £500,000 ordinary shares. Held by— Coast Lines, Ltd. £450,000 Belfast Steamship Co., Ltd. 50,000 £500,000
8. Pacific Steam Navigation Co. Capital: £1,500,000—all held by R.M.S.P. Co. £1,500,000	21. John Hall, Jr., and Co., Ltd. Capital: £80,000—all held by MacAndrews & Co., Ltd. £80,000	36. Glen Line, Ltd. Capital: £2,300,000 ordinary shares. Held by— R.M.S.P. Co. £1,150,000 Elder Dempster and Co., Ltd. 1,139,526 Others 10,474 £2,300,000
9. Elder Dempster and Co., Ltd. Capital: £8,485,000. £1 5½% £1 6% £1 6½% Ordinary Pref. Cum. "A" Cum. Shares Shares Shares Shares R.M.S.P. Co. 433,444 ... 10,000 Union Castle Mail S.S. Co. ... 33,000 200,000 Lampert and Holt, Ltd. ... 947,800 Other associated cos. 579,930 ... 190,055 866,434 Subsidiary cos. Public and others 796,626 425,000 3,526,945 475,766 £1,810,000 425,000 3,750,000 2,500,000	22. John Glynn and Son, Ltd. Capital: £15,000—88 per cent. held by MacAndrews and Co., Ltd. £13,500	37. Glen Line, Ltd. Capital: £2,300,000 ordinary shares. Held by— R.M.S.P. Co. £1,150,000 Elder Dempster and Co., Ltd. 1,139,526 Others 10,474 £2,300,000
10. African Steamship Company. Capital: £2,500,000. Held by— Elder Dempster & Co., Ltd. £496,085 1,698,650 and subsidiaries 37,030 Pirraea Trust, Ltd. 5,915 264,320 Others £500,000 2,000,000	23. London Maritime Investment Co., Ltd. Capital: £500,000. Held by— Elder Dempster & Co., Ltd. £130,000 London Maritime Investment Co., Ltd. 75,430 Scottish Steamship Co., Ltd. 52,675 Others 241,895 £500,000	38. British and Irish Steam Packet Co., Ltd. Capital: £1,500,000 6½ participating preference shares. Held by— Coast Lines, Ltd. £510,203 City of Cork S.P. Co., Ltd. 346,203 Burns and Laird Lines, Ltd. 292,760 Public and others 350,834 £1,500,000
11. Elder Line, Ltd. Capital: £1,000,000—all held by African S.S. Co. £1,000,000	24. London Maritime Investment Co., Ltd. Capital: £500,000. Held by— Elder Dempster & Co., Ltd. £130,000 London Maritime Investment Co., Ltd. 75,430 Scottish Steamship Co., Ltd. 52,675 Others 241,895 £500,000	39. British and Irish Steam Packet Co., Ltd. Capital: £1,500,000 6½ participating preference shares. Held by— Coast Lines, Ltd. £510,203 City of Cork S.P. Co., Ltd. 346,203 Burns and Laird Lines, Ltd. 292,760 Public and others 350,834 £1,500,000



THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.	ACCOUNT.
March 15.	March 17.

BUOYANT conditions marked the opening of the new account. Adverse influences being temporarily disregarded, the market concentrated its attention on outstanding favourable factors, such as the removal of exchange restrictions and the repayment of £43 millions of the amounts borrowed last year from France and America. Though some disappointment was felt at the "no change" Bank rate decision, it was generally realised that a period of cheap money was definitely in prospect, and rumours were prevalent regarding an early Treasury conversion operation.

Increasing foreign confidence in the fortunes of Great Britain and of sterling was expressed in the buying of gilt-edged securities, which enjoyed a large turnover and, apart from slight hesitancy over the Bank rate decision, moved steadily to the highest levels of the year. Conversion issues, War Loan, Funding Loan and Victory Bonds were conspicuous in the general advance. India loans responded to Sir Samuel Hoare's optimistic speech regarding conditions in that country, though profit taking occurred subsequently. Dealings were effected in the new Nyazaland scrip at 2 premium, while the recently issued Uganda Loan was dealt in at a premium of 4.

Among foreign government stocks, Brazils were prominent in anticipation of an early funding scheme, while hopes of a cessation of hostilities at Shanghai helped Sino-Japanese issues. Greek loans were adversely affected in the earlier sessions by fresh rumours of possible debt suspension.

Stock was short in the Home Rail market, and Prior Charges advanced quickly, while in mid-week equity stocks had a harder appearance, in spite of a further batch of unsatisfactory traffic returns. A good response was elicited by the new Metropolitan District issue. Foreign railways were largely featureless, but changes, where they occurred, were mostly in favour of holders.

Some of the activity in fixed-interest securities was reflected in the Industrial share market. Paris was a buyer of certain of the more speculative issues. Textile shares were prominent on buying orders from the North. "Bats," Imperial Tobacco, Dunlop, Turner and Newall and Imperial Chemical were in the van of the advances. Electricity shares were strong, helped by a batch of good reports (discussed in a Note on page 532), while Cables and Wireless rose on rumours of an important merger agreement. Rayons were generally steady, though Courtaulds was marked down on the full report (summarised on page 532). Brewery shares tended upwards, Guinness being a good feature. Spillers were active on anticipations of increased dividends. Harrods were in request. A satisfactory turnover was reported in Bank and Insurance shares at firm prices. Business throughout this section of the market tended to increase as the week progressed.

Oil shares followed the general upward trend and were helped by strong support from Paris and the Continent. "Shell" and Royal Dutch improved. The volume of business assumed large proportions, an active "Street" market being carried on after hours. Temporary weakness on Wednesday was followed by a renewal of orders from the Continent. Rubber shares were depressed by the discouraging attitude of Mr Lutyjes, Minister of Agriculture in the Dutch East Indies, towards the prospect of restriction. The market was further depressed by a fall in the commodity to the "record" low level of 2½d. per lb. A mild increase in activity was enjoyed on Thursday in the tea share market, support being forthcoming for Consolidated Tea and Lands. The feature of the Mining share market was the persistence with which Paris continued to support her "Kaffir" favourites. Among the list of advances, Brakpan was an outstanding feature. "Chartered" were in fresh

demand. Tintos were maintained despite a further decline in the price of copper and fears of the break-up of control. Little activity was evident among Rhodesians generally. De Beers found favour early in the week and Wilunas were strong. Tin shares were scarcely affected by the fluctuations of the commodity, and remained irregular.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.
(Approximate number of Bargains recorded in Stock Exchange Lists.)

	Feb. 25, 1932.	Feb. 26, 1932.	Feb. 27, 1932.	Feb. 29, 1932.	Mar. 1, 1932.	Mar. 2, 1932.	Mar. 3, 1932.
Government and Municipal Loans	1,355	1,531	590	1,629	1,884	1,806	1,868
Transport, Communications, and Public Utilities	797	793	282	893	936	1,117	1,291
Commercial and Industrial	1,525	1,484	581	1,625	1,961	2,067	2,85
Banks, Insurance and Financial	534	528	195	573	675	709	946
Mines (including Nitrate)	415	430	149	475	644	617	1,025
Oil	62	92	41	219	246	207	319
Rubber, Tea and Coffee	117	111	22	80	114	110	103
Total	4,805	4,969	1,860	5,494	6,460	6,633	8,410

* Including iron and steel and breweries.

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

	Highest of 1932. (Mar. 3.)	Lowest of 1932. (Feb. 11.)	Feb. 25, 1932.	Feb. 26, 1932.	Feb. 27, 1932.	Feb. 29, 1932.	Mar. 1, 1932.	Mar. 2, 1932.	Mar. 3, 1932.
63.7	59.5	59.3	59.4	59.5	59.6	60.4	62.3	63.7	

FOREIGN STOCK EXCHANGES.

NEW YORK.

The markets opened quiet and featureless, the number of share transactions on Monday and Tuesday being well below the average even for this year. Prices showed little change, the tendency of professional operators being to await concrete evidence of the results of the Government's relief policy before entering into commitments. General Electric came under pressure on dividend forebodings before this week's board meeting, but railroads were, if anything, a shade firmer on the news that the Reconstruction Finance Corporation had approved loans to a number of roads, mainly to meet fixed charges and maturing obligations. The publication of the January earnings' figures, however, was not calculated to encourage activity, the first 60 railroads to report showing total net receipts of only \$10 millions, against \$30 millions in January, 1930. On Tuesday a further reduction of ½ per cent. was made in bill rates for maturities of 90 days and over. The market was impressed by the evidences of a stronger situation and easier monetary conditions in London, and the British abandonment of exchange restrictions and the repayment of a substantial part of the American and French outstanding credits was a factor in the stronger tone of New York business from Wednesday afternoon onwards. Numerous price recoveries were recorded, particularly among railroad shares. Opposition was expressed to the proposed inquiry by the Senate Banking Committee into short selling, which was declared to have a political rather than an economic aim. The Prairie Pipe Line-Sinclair Consolidated Oil merger was approved by the stockholders of both companies. Steel mill production remained unchanged at 26 per cent. of capacity, but the feeling of industrialists was more favourable as regards a gradual improvement in activity. Freight car loadings for the week ended February 20th were 572,675, as compared with 562,534 in the previous week, 713,938 in the corresponding week of 1931 and an average of 886,571 for the same week in the seven years 1924-30. According to the National City Bank, the net profits of 900 companies last year were 53 per cent. lower than in 1930 and 73 per cent. less than in 1929. The average rate on invested capital was 3.3 per cent. for last year, 7.1 per cent. for 1930 and 18.4 per cent. for 1929.

	Feb. 18, 1932.	Feb. 25, 1932.	Mar. 3, 1932.	Feb. 18, 1932.	Feb. 25, 1932.	Mar. 3, 1932.
U.S. 3½% T. Bds.	96½	96½	96½	44½	44½	44½
Lb. Ln. 3½% '32-47	97½	97½	97½	6	6	5½
Do. 4½% '32-47	99½	99½	99½	22½	21	23
Do. 4½% '33-38	99½	100½	100½	34	33½	34½
Atchafalpa	86½	79½	82½	111	108	108
Ches. & Ohio	25	23½	23	25½	25	26½
Erie	8½	8	8½	4	4	4½
Illinois Central	14½	13½	13½	49½	47	49½
N.Y. Central	32	30	31½	33	30	31½
Pennsylvania	20½	19½	19½	43½	43½	44½
Southern Pacific	28½	27½	27			
Southern Rly.	11½	10½	10½			
Union Pacific	88	82	83½			
Am. Can.	69½	67½	71½			
Amer. Smelting	16½	15½	16½			
Anconia	10½	9½	9½			
Chrysler Motor	22½	21½	22½			
Corn Produce Rf.	12½	12½	12½			
Eastman Kodak	77	77½	83			
Gen. Electric (New)	22½	20½	21			
Gen. Motors	23½	21½	21½			
Int. Harvester	23½	23½	23½			
Mont. Ward	9½	9	9½			
Natl. Biscuit				133½	126½	132½
Philips Dodge				10½	10½	11½
Pullman				11½	10½	11½
Sears-Robuck				9½	9½	9½
Studebaker				8½	7½	8½
Un. Fruit				47	44½	44½
U.S. Leather						
U.S. Rubber						
U.S. Steel						
Westinghouse						
Woolworth						
Am. Tel. & Tlg.				16	16	16
Interboro R.T.				16	16	16
Int. Tel. Teleg.				10½	12½	12
Radio Corp.				3½	3½	3½
Utilities P. & L.				5½	5½	5½
W. Union Tlg.				25½	24½	25
Associated Gas "A"				4	4	3½
Pan. Amer. B.				16	16	16
Shell				10½	12½	12
Shell Union				3½	3½	3½
Sinclair Oil				5½	5½	5½
Std. California				25½	24½	25
Do. N.J.				29½	28½	29½

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

	1930.		1931.		1932.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	Feb. 24.	Mar. 2.
337 Industrials	98.2	174.1	51.4	114.7	52.2	54.7	56.4
33 Rails	89.1	145.6	31.7	105.7	32.2	34.5	35.5
34 Utilities	153.2	267.4	90.6	187.6	91.8	96.6	98.8
Total, 404 stocks	105.5	184.2	54.7	124.6	55.5	58.3	60.0
Average yield of 50 Industrial Common Stocks	4.15%	5.95%	9.37%	5.11%	9.29%	8.09%	7.55%

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

	Highest of 1932. (Jan. 14.)	Lowest of 1932. (Feb. 10.)	Feb. 24, 1932.	Feb. 25, 1932.	Feb. 26, 1932.	Feb. 27, 1932.	Feb. 29, 1932.	Mar. 1, 1932.	Mar. 2, 1932.
68.8	57.4	64.6	63.9	63.8	63.8	63.4	64.1	66.9	

TOTAL DEALINGS IN NEW YORK.

	Feb. 26, 1932.	Feb. 27, 1932.	Feb. 29, 1932.	Mar. 1, 1932.	Mar. 2, 1932.	Mar. 3, 1932.
Stock Exchange—Shares (Thous.)	900	400	900	700	1,800	1,700
Bonds (Value Thous. \$).....	12,345	5,357	8,364	10,088	12,346	12,762
Curb—Shares (Thous.)	150	80	190	180	200	200

* 2-hour session.

PARIS.

Greater activity was in evidence at the opening of the Paris Bourse, option dealers in many cases conducting big covering operations. Royal Dutch, Rio Tintos and Canadian Pacifics were particularly strong, while "Kaffir" shares were in keen demand. Suez Canal advanced sharply, and bank shares came in for renewed support. Banque de France, which in December stood at little more than 10,000 francs, were quoted around 15,000 francs. A little profit-taking occurred on Tuesday, and the tone was less buoyant, but all stock was readily absorbed. On Thursday renewed strength was apparent in all sections and quotations again rose briskly.

	Feb. 25, 1932.	Feb. 29, 1932.	Mar. 3, 1932.	Feb. 25, 1932.	Feb. 29, 1932.	Mar. 3, 1932.
Banque de France	13,900	15,050	14,800	Wagons Lits	105	113
Crédit Lyonnais	2,250	2,395	2,335	Mexican Eagle	37	41
Suez Canal	15,330	15,940	15,600	"Chartered"	83	96
Chargers Réunis	267	353	321	Ford	139	168
Rio Tinto	1,535	1,640	1,770	De Beers	321	349
Royal Dutch	14,900	16,100	17,500	"Johnnies"	96	99

BERLIN.

Quiet conditions obtained on the Berlin Bourse, with few changes on balance. Reichsbank were in request at first, but the whole of the rise was not held, though other bank shares were supported. Electricity shares were reactionary, Siemens and Halske being lower on the reputed fall in the company's turnover. North German Lloyd

and Hapag declined. Dye Trust were marked down on the unconfirmed rumour that the dividend would be halved, the price on Wednesday being 97.00 (against 98.50 a week before). Siemens were done at 114.00 (against 137.50), General Electric at 30.50 (against 32.00), and Reichsbank at 115.00 (against 109.75).

AMSTERDAM.

A cheerful tone prevailed at the opening of the Amsterdam markets. Oil shares were marked higher under the lead of Royal Dutch. Unilevers and A.K.U. also advanced and rubber share prices were maintained despite the unfavourable attitude of the Dutch East Indies Minister of Agriculture towards output restriction. Some irregularity was noticeable on Tuesday, and Philips Lamps were depressed by rumours of less favourable financial results. A sharp recovery occurred on Wednesday, and the upward trend was resumed, with Royal Dutch again displaying activity.

	Feb. 25, 1932.	Feb. 29, 1932.	Mar. 3, 1932.	Feb. 25, 1932.	Feb. 29, 1932.	Mar. 3, 1932.
5½% German	35½	37	37½	Steel Common	48½	49½
Unilever N.V.	106	109	116½	A. K. U.	40	43½
Philips Lamps	85	83	79½	Ford Motor	140	145
Netherlands Ship				Deli Batavia	148	167
Union	63	61½	63½	Royal Dutch	143½	156
Java Cultuur	128½	132	140½			

OTHER CENTRES.

Improved sentiment in London and Paris was only partially reflected in the minor European bourses. Brussels displayed considerable activity, apart from rubber shares, which continued weak. A little profit-taking occurred in mid-week, but prices rallied subsequently. Milan was a little firmer on Wednesday after a dull opening, but Vienna and Oslo were listless. The cut in the Swedish bank rate induced a somewhat better tone at Stockholm.



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LONDON ACTIVE SECURITY PRICES AND YIELDS.

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

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

Prices Year 1931.		Prices Year 1932 (Jan. 1 to Mar. 2) Inclusive.		Name of Security.		Price Feb. 24, 1932.		Price Mar. 2, 1932.		Rise or Fall.		Present Yield.	
High-est.	Low-est.	High-est.	Low-est.										£ s. d.
60 1/2	49 1/2	59 1/2	54 1/2	British Funds.		57 1/2	59 1/2	+2 1/2	4 4 9	21	8	8	70/-
97 1/2	77 1/2	82 1/2	73 1/2	Consols 2 1/4 %		75	82 1/2	+7 1/2	4 7 0	70/-	70/-	70/-	70/-
85 1/2	67 1/2	82 1/2	73 1/2	Consols 4 %		75	82 1/2	+7 1/2	4 7 0	150	94	105	94
104 1/2	88 1/2	101 1/2	93 1/2	Con. Loan 3 1/2 %		99	101 1/2	+2 1/2	4 10 0	65/-	20/-	25/-	20/-
108 1/2	93 1/2	106 1/2	99 1/2	Do. 5 % 1924-44		103 1/2	105 1/2	+2 1/2	4 12 0	9 1/2	2 1/2	4 1/2	2 1/2
87 1/2	75 1/2	85 1/2	78 1/2	Funding 4 1/2 % 1960-90		91	95 1/2	+4 1/2	4 5 0				
100 1/2	85 1/2	100 1/2	97 1/2	Treasury 4 1/2 % 1932-34		100	100 1/2	...	4 5 0				
103 1/2	93 1/2	101 1/2	98 1/2	Treasury 5 % 1933-35		101	101 1/2	...	4 12 8	16 1/2	5 1/2	6 1/2	4 1/2
98 1/2	85 1/2	97 1/2	89 1/2	Victory Bonds 4 %		94 1/2	96 1/2	+2 1/2	5 1 0	11 1/2	8 1/2	9 1/2	8 1/2
104 1/2	90 1/2	101 1/2	95 1/2	War Loan 5 % 1929-47		100	100 1/2	...	4 8 3	25 1/2	12 1/2	13 1/2	8 1/2
70 1/2	57 1/2	68 1/2	60 1/2	Local Loans 3 %		65	68 1/2	+3 1/2	4 5 0	31 1/2	50 1/2	44 1/2	44 1/2
46 1/2	29 1/2	48 1/2	36 1/2	India 2 1/2 %		52	57 1/2	+5 1/2	5 5 3	27 1/2	23 1/2	26 1/2	23 1/2
55 1/2	34 1/2	57 1/2	42 1/2	Do. 3 %		60	65 1/2	+5 1/2	5 6 0	58 1/2	43 1/2	47 1/2	47 1/2
64 1/2	41 1/2	67 1/2	49 1/2	Do. 4 1/2 % 1958-68		81	88 1/2	+7 1/2	5 6 4	26 1/2	19 1/2	21 1/2	21 1/2
86 1/2	55 1/2	87 1/2	67 1/2	Palestine 5 %		103	106 1/2	+3 1/2	4 10 0	9 1/2	6 1/2	8 1/2	8 1/2
106 1/2	94 1/2	106 1/2	97 1/2	Sudan 5 1/2 % Bonds		106 1/2	108 1/2	+2 1/2	5 3 9	63 1/2	47 1/2	52 1/2	47 1/2
99 1/2	87 1/2	93 1/2	87 1/2	Uster 4 1/2 % 45-75		90	93 1/2	+3 1/2	4 19 3	26 1/2	18 1/2	21 1/2	21 1/2
				Dom. & Colonial Govts.									
85 1/2	58 1/2	88 1/2	77 1/2	Australia 5 % 1945-75		80 1/2	85 1/2	+5 1/2	6 1 6	14 1/2	9 1/2	11 1/2	9 1/2
96 1/2	78 1/2	82 1/2	82 1/2	Canada 5 % 1940-60		86 1/2	87 1/2	+1 1/2	4 16 0	66 1/2	43 1/2	51 1/2	45 1/2
105 1/2	97 1/2	104 1/2	90 1/2	Ceylon 6 % 1936-51		101 1/2	102 1/2	+1 1/2	5 17 0	42 1/2	36 1/2	40 1/2	36 1/2
101 1/2	89 1/2	91 1/2	81 1/2	Gold Coast 4 1/2 % 1956		91 1/2	93 1/2	+2 1/2	5 1 9	4 1/2	28 1/2	87 1/2	80 1/2
105 1/2	90 1/2	100 1/2	94 1/2	Kenya 5 % 1948-58		96 1/2	99 1/2	+3 1/2	5 2 10	8 1/2	6 1/2	5 1/2	5 1/2
104 1/2	90 1/2	99 1/2	93 1/2	Nigeria 5 % 1950-60		96 1/2	99 1/2	+3 1/2	5 1 3	11 1/2	30 1/2	50 1/2	42 1/2
102 1/2	85 1/2	100 1/2	84 1/2	N. Wales 5 % 35-55		71 1/2	72 1/2	+1 1/2	7 12 0	63 1/2	36 1/2	41 1/2	36 1/2
81 1/2	48 1/2	83 1/2	70 1/2	N. Zealand 5 % 1946		92 1/2	99 1/2	+7 1/2	5 14 0	80 1/2	60 1/2	67 1/2	62 1/2
105 1/2	82 1/2	100 1/2	90 1/2	Queensland 5 % 40-60		71 1/2	78 1/2	+7 1/2	5 1 2	31 1/2	19 1/2	29 1/2	21 1/2
100 1/2	85 1/2	93 1/2	88 1/2	S. Africa 5 % 1945-75		91 1/2	93 1/2	+2 1/2	5 7 6	43 1/2	27 1/2	33 1/2	28 1/2
				S. Africa 4 1/2 % 35-45		91 1/2	93 1/2	+2 1/2	5 7 6	14 1/2	9 1/2	11 1/2	9 1/2
				Foreign Governments.									
88 1/2	53 1/2	77 1/2	72 1/2	Austrian 4 % Reclis.		75 1/2	74 1/2	-1 1/2	6 15 0	35 1/2	29 1/2	31 1/2	31 1/2
105 1/2	97 1/2	104 1/2	90 1/2	Austrian 6 % 1923-43		92 1/2	96 1/2	+4 1/2	6 10 0	14 1/2	9 1/2	11 1/2	9 1/2
98 1/2	33 1/2	49 1/2	36 1/2	Do. 7 % Int. Ref. by 1937		45 1/2	45 1/2	...	15 0 0	80 1/2	47 1/2	56 1/2	56 1/2
112 1/2	89 1/2	107 1/2	94 1/2	B. Aires (Prov.) 3 1/2 %		37 1/2	39 1/2	+2 1/2	8 17 3	21 1/2	16 1/2	18 1/2	16 1/2
83 1/2	36 1/2	38 1/2	30 1/2	Belgian 7 % red. by 1956		102 1/2	107 1/2	+5 1/2	6 1 0	13 1/2	9 1/2	11 1/2	9 1/2
75 1/2	43 1/2	63 1/2	57 1/2	Bulgaria 7 1/2 % Loan		32 1/2	32 1/2	...	23 0 0	24 1/2	16 1/2	19 1/2	17 1/2
79 1/2	28 1/2	40 1/2	34 1/2	Brazil 5 % 1929		38 1/2	41 1/2	+3 1/2	...	15 1/2	11 1/2	13 1/2	11 1/2
94 1/2	20 1/2	40 1/2	34 1/2	Do. 6 1/2 % (1927)		25 1/2	25 1/2	...	...	28 1/2	19 1/2	25 1/2	20 1/2
52 1/2	33 1/2	40 1/2	31 1/2	Chili 6 % (1929)		25 1/2	25 1/2	...	...	34 1/2	25 1/2	32 1/2	26 1/2
70 1/2	55 1/2	61 1/2	52 1/2	China 5 % (1912)		54 1/2	57 1/2	+3 1/2	9 6 0	16 1/2	12 1/2	14 1/2	12 1/2
113 1/2	78 1/2	100 1/2	77 1/2	Do. 5 % (1913)		97 1/2	100 1/2	+2 1/2	8 2 6	13 1/2	9 1/2	11 1/2	9 1/2
86 1/2	58 1/2	65 1/2	60 1/2	Czechoslovakia 8 %		70 1/2	70 1/2	...	4 6 9	14 1/2	9 1/2	11 1/2	9 1/2
87 1/2	58 1/2	65 1/2	60 1/2	Danish 3 %		65 1/2	65 1/2	...	10 5 0	24 1/2	17 1/2	18 1/2	18 1/2
85 1/2	66 1/2	87 1/2	79 1/2	Denmark 4 1/2 %		86 1/2	86 1/2	...	4 14 0	40 1/2	28 1/2	38 1/2	30 1/2
76 1/2	35 1/2	50 1/2	45 1/2	Estonia 7 % 1927		45 1/2	45 1/2	...	15 17 5	6 1/2	4 1/2	6 1/2	4 1/2
92 1/2	70 1/2	85 1/2	75 1/2	Finland 6 % 1923		27 1/2	27 1/2	...	4 1 0	3 1/2	3 1/2	3 1/2	3 1/2
31 1/2	20 1/2	29 1/2	23 1/2	French 4 % (British)		28 1/2	28 1/2	...	5 1 0	3 1/2	2 1/2	3 1/2	2 1/2
50 1/2	35 1/2	40 1/2	31 1/2	Do. 5 %		70 1/2	73 1/2	+3 1/2	9 17 3	5 1/2	4 1/2	4 1/2	4 1/2
106 1/2	53 1/2	67 1/2	46 1/2	German 7 %		50 1/2	55 1/2	+5 1/2	10 0 0	14 1/2	11 1/2	12 1/2	11 1/2
81 1/2	37 1/2	56 1/2	46 1/2	Do. 5 1/2 % Stg. Bds. 1930		57 1/2	54 1/2	-3 1/2	10 0 0	29 1/2	22 1/2	23 1/2	21 1/2
93 1/2	59 1/2	66 1/2	52 1/2	Greek 6 % Stab. Ln.		55 1/2	55 1/2	...	13 0 0	14 1/2	8 1/2	9 1/2	8 1/2
104 1/2	73 1/2	81 1/2	66 1/2	Do. 7 % Refugee		75 1/2	70 1/2	-5 1/2	10 0 0	21 1/2	17 1/2	19 1/2	17 1/2
103 1/2	42 1/2	70 1/2	51 1/2	Hungary 7 1/2 %		55 1/2	55 1/2	...	13 0 0	17 1/2	10 1/2	11 1/2	10 1/2
111 1/2	83 1/2	100 1/2	82 1/2	Japanese 5 % 1935-65		89 1/2	92 1/2	+3 1/2	6 0 0	26 1/2	17 1/2	17 1/2	17 1/2
105 1/2	77 1/2	83 1/2	76 1/2	Do. 6 % (1924)		80 1/2	85 1/2	+5 1/2	7 5 0	18 1/2	15 1/2	14 1/2	14 1/2
14 1/2	5 1/2	90 1/2	78 1/2	Mexico 5 % (1899)		7 1/2	7 1/2	...	4 12 0	17 1/2	12 1/2	12 1/2	10 1/2
98 1/2	40 1/2	47 1/2	45 1/2	Norwegian 1 % 1911		88 1/2	88 1/2	...	16 13 0	70 1/2	70 1/2	70 1/2	70 1/2
83 1/2	40 1/2	47 1/2	45 1/2	Portugal 7 1/2 % 1922		45 1/2	45 1/2	...	9 14 0	186 1/2	158 1/2	158 1/2	158 1/2
86 1/2	54 1/2	76 1/2	66 1/2	Poland 7 %		75 1/2	75 1/2	...	6 1 9	327	230 1/2	212	194 1/2
104 1/2	92 1/2	100 1/2	90 1/2	Romania 6 % 1934-64		97 1/2	100 1/2	+3 1/2	4 12 0	427	335 1/2	328	298 1/2
89 1/2	75 1/2	79 1/2	65 1/2	Sweden 3 1/2 % 1908		78 1/2	78 1/2	...	4 12 0	22 1/2	15 1/2	16 1/2	12 1/2
76 1/2	39 1/2	65 1/2	57 1/2	S. Paulo Coffee 7 1/2 %		62 1/2	63 1/2	+1 1/2	11 14 0	23 1/2	23 1/2	24 1/2	20 1/2
10 1/2	4 1/2	70 1/2	5 1/2	Turkish 4 % Unified		50 1/2	50 1/2	...	10 8 3	318	236 1/2	245 1/2	200 1/2
84 1/2	24 1/2	46 1/2	27 1/2	Uruguay 5 % 1919		50 1/2	50 1/2	...	10 8 3	235	210 1/2	200 1/2	177 1/2
107 1/2	94 1/2	104 1/2	98 1/2	Corporation Stocks.									
95 1/2	65 1/2	68 1/2	66 1/2	Barnes 5 % 1932-57		40 1/2	38 1/2	-2 1/2	14 19 0	58 1/2	50 1/2	42 1/2	40 1/2
101 1/2	93 1/2	101 1/2	90 1/2	B'mingham 5 % 1946-58		102 1/2	101 1/2	-1 1/2	4 18 0	88 1/2	47 1/2	42 1/2	40 1/2
103 1/2	97 1/2	101 1/2	98 1/2	Bristol 5 % 1948-58		100 1/2	100 1/2	...	5 0 0	18 1/2	10 1/2	10 1/2	10 1/2
71 1/2	57 1/2	68 1/2	60 1/2	Danish 7 %		71 1/2	70 1/2	-1 1/2	10 0 0	22 1/2	18 1/2	17 1/2	17 1/2
105 1/2	97 1/2	101 1/2	98 1/2	E. London 5 % 1960-70		92 1/2	9						

NEW ISSUE PRICES.

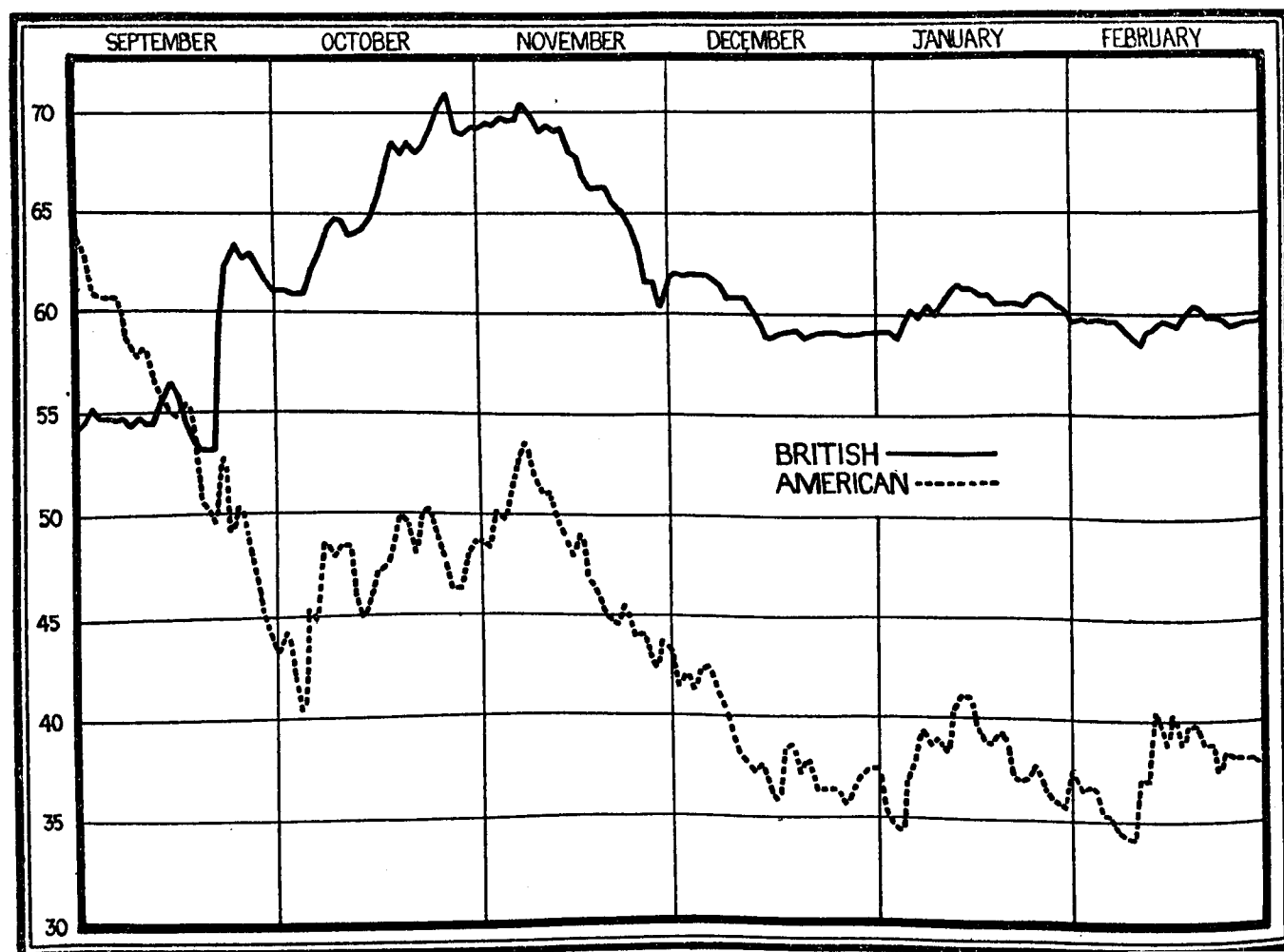
Stock or Share.	Issue price.	Amt. paid.	Price, Feb. 24, 1932.	Price, Mar. 2, 1932.
Central Electricity Board 5% Debs.....	95	25	13 1/4-13 10 1/2	2 1/2-2 3/4 pm
Cole (R. K.) Ord. 5/-	5/-	5/-	15/3-16/3	16/-16/9
Do., 7% Bvd. Pref. £1	£1	5	...	1 1/2-2 1/4 pm
Croydon Corporation 5% Stock 1950-60..	100	...	...	...
Darlington Rustless Steel and Iron Ord. £1	£1	21/6-22/6	21/6-22/6	...
Electrical Finance Co. 5 1/4% Debs.....	99	ty. pd.	99-101	99-101
Furness Withy New Ord. £1	21/-	ty. pd.	17/9-18/9	18/-19/-
Mauritius 5% 1951-1971	98 1/2	ty. pd.	103-103 1/2	104 1/2-105 1/2
Metropolitan Electric Supply New Ord. £1	...	...	37/6-38/6	39/-40/-
Nyasaland 4 1/2% Gtd. 1952-72	97 1/2	...	1 1/2-2 1/4 pm	1 1/2-2 1/4 pm
Odiansa Press New 7% "B" Deb.	98	ty. pd.	96-98	96-98
Uganda 5% 1951-71	96	35	1 1/2-1 3/4 pm	3 1/2-4 1/4 pm
Westminster Electric New Ord.	£1	...	24/6-25/6	25/-26/-

INVESTMENT NOTES.

Gilt-Edged Strength.—The rise in the gilt-edged market, to which we referred last week, has made further headway, which culminated in a burst of strength on the announcement, on Wednesday afternoon, that restrictions on foreign exchange dealings had been removed and that more than half the £80,000,000 foreign exchange credits were being repaid. It was confidently expected that Bank rate would be again reduced this week, but the "no change" decision caused no more than a slight check to the advance. The cheapening of money rates has convinced the market that a change in Bank rate cannot be much longer delayed. If the rise in gilt-edged prices continues, conversion of 5 per cent. War Loan will be brought very much nearer the realm of practicability. The following table shows the further advance in prices:—

BRITISH AND AMERICAN INDUSTRIAL SHARE VALUES, September 1931 to February, 1932. (1928=100.)

British: "Financial News" Index of 30 Ordinary Shares. American: "Standard Statistics" Index of 50 Common Stocks.—Daily Figures.

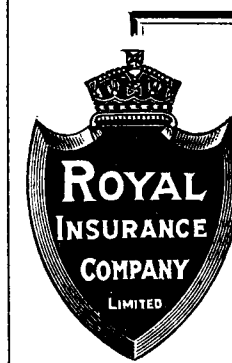


values has been in strong contrast to the wide fluctuations of earlier months, as is revealed by the chart on page 530. Changes in British and American prices have continued to reveal a general similarity in timing and direction, with wider day-to-day fluctuations in the American than in the British curve. In both cases the perceptibly downward movement of equity values, which started about the middle of January, was over before the middle of February. Though America did not fully hold the rise which followed the announcement of the Glass-Steagall Banking Bill, the month closed with prices appreciably above the level of three weeks earlier. The chart reveals the significant fact that, in the course of recent minor rallies and recessions, prices have returned to much the same high and low points, with the slightest of downward trends. It remains to be seen whether this week's events will reverse the general direction of the British curve and whether the New York curve will follow suit. In both countries, easier credit conditions may conceivably supply motive force.

Stock Exchange Reform—Important Moves.—Two measures incepted this week—the one officially and the other unofficially—may have far-reaching effects on future Stock Exchange organisation and practice. On Tuesday, the Committee for General Purposes announced their approval, in principle, of a reduction in the proportion of commission returnable to outside agents from 50 per cent. to 33 1/3 per cent., except in the case of the banks. The decision does not at present cover remisers, clerks and half-commission men in the exclusive employment of brokers, regarding whose position the opinion of the "House" is to be taken. Definite rules will be formulated in due course, presumably by the Committee returned after this month's annual election. The split commission system, which is more or less peculiar to London, has long been recognised as an evil, both on account of the openings it offers for abuse and irregularities and of its inevitable tendency to maintain an important part of the total cost of the transfer of securities at a high level. The Committee have moved cautiously, after prolonged deliberation, and, even so, have found the problem of vested interests somewhat baffling. It may be the part of prudence not to antagonise the banks, on which the "House" depends for an appreciable share of its business. Ultimately, it may be decided that the reduction shall apply to half-commission men in the employment of members, but difficulties are foreseen in particular cases. Some firms do little business through agents; others are largely dependent on business coming to them in this way. That the Committee are determined, however, to grasp the nettle, affords further evidence of their appreciation of the fact that the willingness of the Stock Exchange to carry out necessary measures of reform, from within, may have a decisive effect on its future. Their attitude is of hopeful augury as regards the official reception of another matter mooted this week. Four members of the "House" who, twelve years ago, were prominent in an endeavour to secure the abolition of dual control (which was defeated by a meeting of Stock Exchange proprietors after securing an overwhelming majority from members) have sent out unofficial voting cards to individual members asking whether they are in favour of the "Trustees and Managers and the Committee for General Purposes revising the present Constitution and Rules in order to obtain unity of control and interests." A brochure accompanying the appeal shows that the members and shareholders of the "House" are not identical. There are approximately 3,900 members, over whose admission and "House" activities the Committee have complete control, and only 8,000 shareholders, whose interest are the care of nine trustees and managers. Having paid out its profits (derived mainly from entrance fees and subscriptions) each year, the Stock Exchange has no reserve fund or guarantee fund, and this position, apparently, cannot be altered without far-reaching changes in the Deed of Settlement of 1875. Dual control is thus not only anomalous, but harmful to the permanent interests of the Stock Exchange, which, for

example, does not possess the necessary resources to guarantee clients against the risk of default by its members, as do the banks. It is understood that the latest move commands considerable support among members. The adoption of the policy desired would raise numerous practical difficulties, but these do not appear to be insurmountable. Members have been asked to express their views on or before next Wednesday, and subsequent developments will be closely followed by a wide investing public.

Railway Meetings.—On page 501 of this issue we print the first of our customary analyses of the British railway accounts. Of the stockholders' meetings so far held, special interest has attached to that of the London Midland and Scottish, at which proprietors were shown the origin of some of the economies which resulted in a reduction in expenditure, last year, of £5 millions as compared with 1930 and £11 millions as compared with 1927. This reduction Sir Josiah Stamp attributed to four factors: modernisation, reduced wage rates, improved organisational control, and the withdrawal of unremunerative services. All these must tend ultimately to express themselves in terms of a lower wages bill. Although only about £900,000 of last year's reduced expenditure was attributable to the net fall in wages and salaries following the March award of the National Wages Board, the accounts are feeling the cumulative benefit of reductions of staff. In 1931 the drop in the numbers employed accounted for a saving, as compared with 1927, of £6,500,000, of which £2,800,000 was effected last year. Operating efficiency has been carried to great lengths. The company, which at the time of amalgamation had 10,316 locomotives of 893 different types, now has 9,032 of 261 types, and eventually the number of types may be as low as 20. Since 1927, although the capacity of the average engine has increased by over 6 per cent., coal consumption has diminished by 114 lbs. per 100 engine miles, and the usage of lubricating oil by 12 per cent. per engine mile. *De minimis curat lex*; reorganisation, which has achieved gratifying results as regards large items of expenditure, has simultaneously reduced the varieties of pins for office use from eleven to a single type of two lengths. As regards road transport problems, both the chairmen of the L.M.S. and the Southern expressed a desire that the London Passenger Bill should be passed into law in its present form with the least possible delay, but at the "Underground" meeting Lord Ashfield was relatively non-committal, blessing the principle of unification without indicating the attitude of his group to any possible modifications of the terms of the present Bill. On the road question generally, there is a clear division of opinion between the "Underground" and the main-line railways. The latter are concerned with road transport's "unfair advantages," while Lord Ashfield lays stress on the weight of road taxation, which, in the case of every motor omnibus of the standard London type, totals £373 per annum. Both the Southern and the "Underground" spokesmen described falling receipts as their most formidable immediate problem. The number of passengers on the former's cross-Channel services, in the last three months of 1931, was 33 per cent. below the corresponding figure for 1930. A rapidly accelerating fall in traffic occurred on the "Underground" after the end of the summer. Lord



SECURITY FIRST

FUNDS EXCEED

£42,000,000

CLAIMS PAID, OVER

£200,000,000

Head Offices,

LIVERPOOL
North John St.LONDON
Lombard St.

Ashfield, incidentally, paid a merited tribute to the late Sir Edgar Speyer, who played a dominant part in extending the scope and prosperity of the "Underground" group between 1906 and 1915.

Electricity Supply Profits.—Electricity supply company accounts so far issued suggest gratifyingly steady progress in 1931. One or two concerns in the most depressed industrial areas have declared lower profits, but eight of the eleven companies given below have more than maintained their position:—

Name of Company.	1930		1931.	
	Net Profit.	Ordinary Dividend.	Net Profit.	Ordinary Dividend.
Chiswick Electricity	£ 19,768	% 12	£ 24,395	% 11
Clyde Valley Electricity	359,670	8	308,228	7
Electrical of Yorkshire	106,319	9	116,828	7
Kensington and Knightsbridge	45,002	7.992	51,678	7.992
Metropolitan Electric	288,385	10	288,647	10
Midland Counties Electric	233,196	7	249,475	7
North Metropolitan Electric	398,269	10	398,688	10
Northampton Electric	64,613	10	72,911	10
St. James and Pall Mall	70,341	7.896	73,360	7.896
Westminster Electric	184,964	8.8	151,425	8.8
Yorkshire Electric	332,558	8	319,917	8
Total	2,103,085	...	2,055,552	...

The aggregate decline in the earnings of the eleven companies is slightly over 2 per cent. Most shares, naturally, have fallen in market value since 1930, but "flat" yields continue to reflect unbroken confidence in the industry:—

Name of Company.	Highest Price, 1930.	High, 1931.	Low, 1931.	Price, March 2, 1932.	"Flat" Yield at Present Price.
Chiswick Electricity (£1)	56/-	40/-	27/6	34/-	£ 8. d. 6
Clyde Valley Electricity (£1)	39/6	35/6	28/-	28/9	4 17 6
Electrical of Yorkshire (£1)	37/9	36/3	30/-	33/-	5 9 0
Kensington & Knightsbridge (£1)	28/9	30/9	28/-	29/-	5 10 0
Metropolitan Electric (£1)	44/-	42/6	36/3	39/-	5 3 3
Midland Counties Electric (£1)	31/3	29/-	25/-	28/-	4 19 9
North Metropolitan Electric (£1)	50/-	49/3	40/3	42/6x	4 14 0
Northampton Electric (£1)	48/-	45/7½	35/-	37/6x	5 6 9
St. James and Pall Mall (£1)	28/9	30/-	27/6	29/-x	5 8 6
Westminster Electric (£1)	29/6	30/6	27/-	25/6x	6 18 0
Yorkshire Electric (£1)	25/-	34/6	28/6	32/6x	4 18 6

x = ex dividend.

Throughout the country, 11,401 million kilowatt hours were generated in 1931, compared with 10,914 million k.w.h. in 1930. The total of 1,162 million k.w.h. for January, 1932, was 21 million k.w.h. above that for January, 1931. It is anticipated that the Kensington and Knightsbridge company will shortly make an issue of capital to ordinary shareholders, while Electrical of Yorkshire has decided to offer 400,000 6 per cent. cumulative preference shares to shareholders at 21s. per share. The County of London Electric, whose report is still awaited, is paying 10½ per cent., against 11 per cent. for the year, while Bournemouth and Poole Electricity is maintaining its distribution at 15 per cent.

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Courtaulds.—In a leading article in the *Economist* of February 20 (page 417) we examined the prospects of the rayon industry with special reference to the position of Courtaulds. The 1931 report states that conditions in the first eight months were the worst experienced in the English business since the introduction of rayon, although, as a result of the dual restrictions on imports imposed by a depreciated currency and an increased import duty, the factories are now working at a margin of profit. In the United States of America "considerably curtailed output and a hardly remunerative level of prices have been stabilised for some months." Continental conditions are described as "deplorable," apart from a slight improvement in Italy. Generally, the document follows the lines of its predecessors as regards the absence of stress on the more favourable features in the situation, but on this occasion, at least, facts speak more loudly than words. The profit is struck after charging no less than £2,004,538 for taxes and excise duties:—

	Year to December 31.		
	1929.	1930.	1931.
Profit	£ 3,743,827	£ 2,274,409	£ 1,101,587†
Brought forward	1,394,716	686,687	195,757
Preference dividend	400,000	400,000	400,000
No. of times covered	9.3	5.7	2.7
Ordinary dividend:—			
Amount	2,400,000	1,440,000	1,200,000
Earned %	13.9	7.8	2.8
Paid %	10*	6*	5*
Carried forward	686,687‡	195,757‡	147,344

* Tax free.

† Not including £450,000 transferred from contingencies reserve account.

‡ After allowing for £1,651,856 written off Continental investments in 1929 and £925,339 in 1930.

Interests abroad are written down by £1,000,000, of which £300,000 has been allocated from capital reserve account and £700,000 from general reserve. No credit has been taken for the improved values in sterling of the company's holdings abroad. Investments in subsidiary companies now appear at £18,117,168, and investments in and advances to industrial companies at £2,807,696. The company holds British Government and other securities valued at £11,607,758, and its reserve fund stands at £5,300,000. At 36s. 3d. the ordinary shares yield £2 16s. per cent. tax free.

Warehouse Company Profits.—At a time when trade has diminished in quantity and falling prices necessitate the writing down of stocks, the relative stability of warehouse profits may be regarded as gratifying. Of the ten companies whose results appear in the table below, nine have paid an ordinary dividend, while four have maintained their previous rate of distribution:—

Name of Company.	Net Profit, 1930.	Ord. Div.	Net Profit, 1931.	Ord. Div.	Present Price.	Yield.
Bradbury Greatorex	£ 63,358	% 12	£ 62,614	% 12	18x	£ 8. d. 6
Cook, Son and Co.	84,859	5	81,915	2½	18	8 14 6
Copestake Crampton	14,390	2	4,983	2	18	8 0 0
Crookers	Dr. 419	Nil	5,185	Nil	18	8 0 0
Devax Routledge	8,714	7½	7,752	5	18	6 13 4
Fore Street Warehouse	13,317	5	18,054	5	18	8 8 0
Poster Porter	7,094	5	6,067	2½	18	7 5 0
Hayes Candy (15s. fly. pd.)	18,132	6	14,614	5	18	12 0 0
Rylands	106,893	4	45,080	4	18	5 6 2
Selincourt and Sons	61,762	16	48,308	12	...	...

In the case of Bradbury Greatorex, the percentage decline is insignificant, while Crookers has turned a debit balance of £419 into a profit of £3,185, and the Fore Street Warehouse has increased its earnings from £13,317 to £18,054. The aggregate net profits of the ten companies reveal a decline of £85,538 from £378,110, or nearly 23 per cent., but if Rylands, whose profits fell from £106,893 to £45,080, be excluded, the percentage drop is only 8.7 per cent.

"Kaffirs" — An Addendum.—In an article on "Kaffirs" in our last issue we gave a table showing the actual margin of profit of eight companies based on their last published reports, together with the estimated margin of profit which would accrue if South Africa suspended the gold standard, the latter calculation being based on the assumption that the premium on gold would be the same as the prevailing premium in the case of sterling, namely 40 per cent., and that there would be an increase in the costs of 10 per cent. per ton milled. We think it desirable, however, to point out that the estimated margins of profit would be varied in the cases of companies whose leases from the Union Government entail payments calculated on a sliding scale, rising with the ratio of profit to the recovery value of the ore. The following table shows how the various formulae work out in the case of the three mines which are chiefly affected:—

Percentage of Profit to Recovery.	Percentage of Profits accruing to various Governments in cases of		
	Areas.	New State Areas.	Springs.
15	17.9	30.0	12.5
20	24.1	42.5	12.5
25	29.9	50.0	12.5
30	35.6	55.0	15.8
35	41.2	58.6	21.4
50	53.6	65.0	31.5
55	56.2	66.4	33.6
60	58.4	67.5	35.4
65	60.3	68.5	36.9
70	61.2	69.2	38.2

In the table in our issue of February 27th we calculated the existing margins of profit in the case of Government Areas, New State Areas and Springs Mines at 27.0 per cent., 18.49 per cent. and 33.63 per cent. respectively, and the potential margin of profit, if South Africa suspended the gold standard, as 62.67 per cent., 53.18 per cent. and 68.30 per cent. respectively. These figures must not be related strictly to the foregoing table, as our working margins of profit are not exactly comparable with the ratio of profit to the recovery value of the ore. As a rough indication, however, it may be taken that, in the event of South Africa suspending the gold standard, the percentage of profits taken by the Union Government will rise from 32.23 per cent. to 59.41 per cent. in the case of Government Areas, from 39.43 per cent. to 65.89 per cent. in the cases of New State Areas and from 19.53 per cent. to 37.76 per cent. in the case of Springs Mines.

Wiluna.—Our mining correspondent writes:—Twice within the past six months the prospects of this West Australian enterprise have undergone a marked change. In the autumn of last year, failure to secure the estimated treatment results led to an expert investigation which involved a substantial scaling down of both the quantity and value of the ore reserves estimate. About the same time, developments at depth took an adverse turn; and, altogether, the outlook for the shareholders appeared dubious in the extreme. Of late, substantial profits have been earned monthly; while exploratory work in the mine has placed quite a different complexion upon the position. There appear to be grounds for the belief that former theories as to the "pitch" of the ore bodies were erroneous. Upon two levels—the 450 and the 625 ft.—good ore has been encountered much further south than anticipated, the distance at the 625-ft. level being greater than at the 450-ft. If the ore body is struck on the 800-ft. level still further south, the belief above referred to will be regarded as warranted. Another new development consists in the discovery of a lode parallel to the original West lode and running 80 to 100 ft. west thereof. Tested by one cross-cut and a number of drill-holes this parallel ore body has so far shown a length of some 800 ft., carrying high values over substantial widths. A fact not generally known is that a somewhat similar incident has occurred in connection with the East lode—the mainstay of the mine. As far back as 1927 development gave indications of the existence of a parallel lode, but exploration was not continued in view of the necessity of pressing forward the opening up of the main ore bodies. Work has lately been

resumed—so far with encouraging results. In both cases, actual opening-up must, of course, be awaited before definite conclusions can be drawn. Reverting to the financial aspect of the position, it may be recalled that a minimum profit of 10s. per ton upon the treatment of 40,000 tons monthly was postulated. Including exchange and currency premiums, the surplus for December amounted to £18,340; and with the output on a somewhat larger scale, the total for January is expected to be around £25,000. It is obviously necessary to take account of the effect which the recovery in sterling will exert upon the "gold premium"; and further, the Australian exchange may not indefinitely remain at its present depreciated level. Still, there can be little doubt that for some time to come the company will continue to benefit from the two premiums. An average monthly profit of £18,000 for two years would leave sufficient to provide for the repayment of the £300,000 of 7 per cent. notes issued under guarantee of the Government of Western Australia. Some people are optimistic enough to hope that the £300,000 of 10 per cent. notes will be cleared off by conversion into shares.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—London Midland and Scottish Railway, Southern Railway, Manchester Ship Canal, Banca Commerciale Italiana, Prudential Assurance, National Mutual Life Assurance Society, Clerical, Medical and General Life Assurance Society, Scottish Widows' Fund and Life Assurance Society, Scottish Provident Institution, English Electric, Selfridge and Company, and Maple and Company. Presiding at the annual meeting of the London Midland and Scottish Railway, Sir Josiah Stamp said that the present delay and uncertainty regarding the London Passenger Transport Bill were causing serious difficulties, and holding up the solution of suburban transport problems which were crying for attention. At the annual meeting of the Southern Railway the chairman said that the question of reducing fares was constantly under review, but that a reduction in fare of 1d. per journey would, on the present carryings, involve the company in a loss of over £1,300,000 per annum, and it would be necessary in order to make good such a loss. Further reference to the speeches of the chairmen of the L.M.S. and Southern Railways is made in a "Note" on page 531. At the annual meeting of the Scottish Widows' Fund and Life Assurance, Mr T. J. Carlyle Gifford told shareholders that new business for 1931 had touched a high-water mark, new assurances having amounted to the gross sum of £3,794,000, of which £262,000 was reassured with other offices, leaving net new assurances of £3,532,000.

CAPITAL ISSUES.

The sunshine of recent monetary developments has rapidly broken up the ice in the new issue market. Last week's relatively small Croydon Loan was subscribed many times over, larger applicants receiving on the average about 5 per cent. of the amounts asked for. The

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issue was quickly followed by a large offer, the *Nyasaland Government* on Monday issuing £2,000,000 of 4½ per cent. guaranteed stock, 1952-72, at 97½, carrying a flat yield of £4 12s. 4d. per cent. As the stock carried a full Treasury guarantee, and its price, on the day of issue, was several points below that of, e.g., 4½ per cent. Conversion Loan, the response was immediate and overwhelming, allotments being on a very low scale. On Thursday an offer of £1,500,000 5 per cent. redeemable debenture stock at 97½ was made on behalf of the *Metropolitan District Railway*, whose prior stocks have entered the Trustee list, the company having paid an ordinary dividend of 3 per cent. or more for the last ten years. The stock, which has been issued in connection with the "Underground" programme of extensions, etc., undertaken in agreement with the Government, is well secured and, at the present level of market prices, attractive. Other forthcoming loans include issues of fixed-interest securities by various industrial companies, and an offer of £750,000 of 5 per cent. stock of Poole Corporation at 100½. The Liverpool City Council has approved an application for sanction to borrow £1,500,800 to meet the deficiency in the estimates for the completion of the Mersey Tunnel. Early information is expected of a new issue to replace 4½ per cent. Treasury Bonds to a total of £116,467,382, maturing on April 15 next.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Total recorded, January 1 to February 27, 1932, excluding conversions, £8,679,983.
Total recorded, January 1 to February 27, 1932, including conversions, £9,819,983.

National Savings Certificates.

Net receipts, week ended February 27, 1932, Dr. £150,000.
Total net receipts, April 1, 1931, to February 27, 1932, £2,100,000.

	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
To the Public.					
Nyasaland Govt. £2,000,000 4½% guaranteed stk. 1952-72 issued at 97½	2,000,000	...	1,950,000	100,000	1,850,000
Metropolitan District Railway Co. £1,500,000 5% red. stk. 1985-1995, issued at 97½	1,500,000	...	1,462,500	75,000	1,387,500
Total offered to the public, week ended March 5, 1932	3,500,000	...	3,412,500	175,000	3,237,500

To Shareholders only.					
Gadajah Rubber Estates £10,000 8% debts at par	10,000	...	10,000	1,000	9,000
United British Oilfields of Trinidad 1,050,000 8% cum. pref. 6s. 8d. at par	350,000	...	350,000	105,000	245,000
Waterfall (Anamalai) Tea Estates 10% pref. £1 at par	20,000	...	20,000	2,500	17,500
Total offered to shareholders only, week ended March 5, 1932	380,000	...	380,000	108,500	271,500

	Jan. 1 to date—	Excluding Conversions.	Excluding Conversions.	Whole year—	Excluding Conversions.	Excluding Conversions.
1932	13,462,483	12,322,483	1931	114,290,666	102,044,291	
1931	36,670,243	30,699,100	1930	454,888,784	267,800,700	
1930	42,814,790	42,814,790	1929	488,764,940	285,239,400	
1929	91,502,950	77,893,730	1928	693,100,056	369,058,073	
1928	...	153,838,410	1927	...	355,165,970	
1927	...	118,153,831	1926	...	230,782,600	
1926	...	56,991,580	1925	...	232,214,500	
1925	...	32,697,876	1924	...	209,326,101	

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1932	11,195,875	630,000	496,608	12,322,483
1931	28,042,307	371,571	2,285,222	30,699,100
1930	32,221,802	8,005,072	2,587,916	42,814,790
Whole year—				
1931	74,835,599	6,911,859	20,296,833	102,044,291
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,500	98,381,400	355,165,600
1926	145,180,000	39,393,200	46,209,500	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	302,000	...	325,300
Durham County Water Board, £250,000 5% red. stk. 1957 at 93½	233,750	98	245,000
Total to date, 1932	535,750	...	570,300
Total to date, 1931	2,744,375	...	2,807,132

Nyasaland Government.—4½ per cent. guaranteed stock, 1952-72. Principal and interest guaranteed by the British Treasury. Price of issue, £97½ per cent. If not previously redeemed, the stock will be repaid at par on April 1, 1972, but the Nyasaland Government reserve the right to redeem at par

in whole or part, on or after April 1, 1952, on three months' notice. The proceeds of the issue will be spent on the construction of the Zambesi Bridge and on connected undertakings.

Metropolitan District Railway.—Offer for sale at £97½ per cent. of £1,500,000 5 per cent. redeemable debenture stock, 1985-95. This stock is eligible for the investment of Trust Funds. Grants are to be made by H.M. Treasury subject to a stipulation that the new construction programme shall be completed by December 31, 1933. The stock will be repaid at par on January 1, 1995, but is redeemable at par at the option of the company in whole or part, on or after January 1, 1985, on six months' notice.

Plymouth and Stonehouse Gas Light and Coke.—Sale by tender of ordinary stock not exceeding £75,000; minimum price of issue £117 per £100 stock, yielding at that price £6 16s. 9d. per cent. The company supplies gas to more than 45,000 consumers in Plymouth, Stonehouse, and adjacent districts.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash.			Dividend for Whole Years.	
	Interim or Final.	Date of Payment.	Method of Payment.	Latest Year.	Previous Year.
RAILWAYS.					
British Columbia Elec. Ry. (def.)	7/- p.s.*	...	...	8	8
North Eastern of Uruguay	...	...	...	...	...
BANKS.					
Bank of Australasia	4%*	...	Less tax Quarterly	9	13(a)
Bank of Nova Scotia	...	...	...	...	...
British Linen Bank	3%*	...	Quarterly	16	16
Dominion Bank	...	...	...	...	...
MINING.					
Mysore Gold	10%†	April 2	...	...	...
INSURANCE.					
Federated Employers' Insurance	9d. p.s.†	...	Tax free	1/6 p.s.	1/6 p.s.
New Zealand Insurance	1/- p.s.*	...	Tax free	16/10p.s.	...
Prudential "A"	...	...	...	...	...
TEA AND RUBBER.					
Namunakula Tea	5%*	...	...	...	...
OTHER COMPANIES.					
Allied Dairies	4%*	...	...	5	6
American Trust	2%*	...	...	10	14
Anderson and Sheppard	3/- p.s.†	...	...	7½	6½
Assets Company	3%*	...	...	5	7
B. Morris and Sons	2½%†	...	...	5	5
Boots Pure Drug	2½%†	Mar. 31	Quarterly	15	15
Bournemouth & Poole Electricity	9%†	...	...	15	15
Eristol Gas	4%†	...	...	5	5
British and German Trust	...	...	...	4	...
Cassell and Co. (Holdings)	...	...	Tax free	5	11½
Cerebos	...	...	Tax free	30	30
Charing Cross Electricity Supply	10½d. p.s.†	...	...	...	...
City of London Electric Lighting	5%†	...	...	10	10
City Safe Deposit and Agency	...	...	...	7½	7½
Clyde Valley Electrical	4%†	...	...	7	7
County of London Electric	...	...	...	10	11
D. H. Evans and Co.	15%†	...	...	30	30
Daily Mirror Newspapers	3½%*	Mar. 23	...	12½	15
Delta Metal	...	...	...	12	12
Dickins and Jones	...	...	...	7	6
Dunlop Floorcloth	...	...	...	25	25
Enfield Cable Works	3/- p.s.†	...	...	7½	15
Fife Coal	7½%†	...	Tax free	3	6
Fisher and Ludlow	3½%†	...	Less tax	7	10½
Frederick Gorrinze	...	...	...	30	10
Glasgow Greyhound Racecourse	...	...	...	20	20
H. Bins, Son and Co.	...	...	...	5	...
H. P. Tyler	...	...	...	9	...
Heritable Securities and Mortgage (Def.)	6%†	...	Tax free	10	15
Hill, Evans and Co.	...	...	...	14	14
Lincoln Corn Exchange	10%†	...	plus bonus of 7½%	22½	22½
Manchester Bonding Warehouse	4½%*	...	...	10	10
Manchester Royal Exchange	...	...	...	7	7
Metropolitan Electric	4½%†	...	...	5	7½
Midland Counties Electric	...	...	...	15	15
National Mortgage and Agency	3½%†	...	...	5	7½
Newcastle-upon-Tyne Electric	7%†	...	Tax free	10	15
Peck Fresh	7%†	...	...	11	11
Plymouth Breweries	...	...	...	5	7½
Richmond (Surrey) Electric	7%†	...	...	15	15
Rivet, Bolt and Nut	2½%†	...	...	5	7½
"Romac" Motor Accessories	...	...	...	5	7½
Scottish Eastern Investment	3%†	...	...	15	15
Scottish Northern Investment	...	...	...	15	16
Scottish Western and Caledonian	7%†	...	...	12½	7½
Silver and Edgington	...	...	...	5	12½
Smart Bros.	...	...	...	7	7
Southgate and District Gas	...	...	...	10	12½
Taylor, Walker and Co.	5%†	...	Tax free	15	15
Thames Haven Oil Wharves	5%†	...	...	20	25
Thomas Dockrell	...	...	...	7½	...
Thomas Tilling	...	...	...	13½	15
United Glass Bottle Manufact'rs.	5%†	...	...	6	7
United Tobacco (South)	6d. p.s.*	...	...	8	8
W. Canning and Co.	7½%†	...	plus bonus of 9d. p.s.	...	...
Wallend Slipway & Engineering	...	...	Tax free	...	...
Waste Heat and Gas	5½%†	...	...	...	...

(a) Tax free.

LONDON AND THAMES HAVEN OIL WHARVES, LTD.—The directors recommend a final dividend of 5 per cent. free of tax and a bonus of 5 per cent. free of tax on the shares, making 15 per cent. free of tax for the past year, and to carry forward the balance of £162,427 19s. 7d.

LONDON BRICK COMPANY AND FORMERS, LTD.—The directors announce that they are recommending, at the forthcoming ordinary general meeting, the payment of a final dividend on the ordinary share capital of the company of 5 per cent. (actual), making 20 per cent. (actual) for the year ended December 31, 1931. £175,000 has been placed to depreciation—the same as last year. The company again marketed one thousand million bricks.

COMPANY MEETINGS, &c.

LONDON MIDLAND AND SCOTTISH RAILWAY COMPANY.

RESULTS OF ANOTHER DIFFICULT YEAR.

DECLINE IN TRAFFIC RECEIPTS.

LARGE SAVING IN EXPENDITURE.

SIR JOSIAH STAMP ON INTERNAL REORGANISATION.

The ninth annual general meeting of the London Midland and Scottish Railway Company was held at Euston Station, London, N.W. 1, on Friday, February 26, 1932, Sir Josiah Charles Stamp, G.B.E. (chairman of the company), presiding.

The Chairman, in moving the adoption of the report and accounts, said:—The railway receipts show the heavy decline of just over £5,000,000, or 7.35 per cent. The unprecedented depression of trade all over the world and the continued effect of competition from the public roads are, shortly, the causes, and I will not spend time in discussing the circumstances which have brought our great staple industries, and, indeed, the country itself, to the brink of disaster. One example may stand for many: we have 241 blast-furnaces on our system and at the end of 1931 only 41 were at work.

So far as it is possible to measure the fall in tonnage carried by us against the fall in the total quantities available to be carried, the graph here shown gives the facts, and also the continued growth in the road vehicles which compete for the available tonnage.

MAIN FACTORS IN THE LARGE RETRENCHMENT.

The railway expenditure, on the other hand, was reduced by £4,300,000, or 7.79 per cent.—in a greater ratio than the fall in receipts. The main factors in this large retrenchment can be classed under four heads:—

- (1) Effects of modernisation.
- (2) Reduced rates of wages.
- (3) Improvements in organisational control.
- (4) Withdrawal of unremunerative services.

First.—Last year I gave details of the various yields obtained on schemes of modernisation. These have continued to give good results in both the reduction of working expenses and the increase of efficiency in the services which we sell. There has been no reduction, but, in fact, an increase, in the standard of maintenance of the track and rolling stock. The quality of the stock has been materially improved and the total quantity has been substantially reduced, thus causing a saving in both capital and maintenance.

Second.—There has been a reduction in labour prices which has resulted in a net reduction of salaries and wages of about £900,000.

This is the net difference between the saving in the rates following the award effective from April last year against the 2½ per cent. that was operative up to May, 1930. There have also been reductions, less easy to quantify, in the prices of certain materials and stores, though against this we have, of course, felt the effect of the lower prices of recovered materials of which we are large sellers.

Third.—I will deal with the organisation questions more fully a little later.

Fourth.—The further withdrawal of unremunerative services has permitted reductions of train and station expenses, and, by arrangements with our associated omnibus companies, the public requirements have been fully met.

OTHER BUSINESSES.

The road services which the company operate directly—mainly on the merchandise side—are gradually developing on satisfactory lines, and the net receipts have been increased by £19,000.

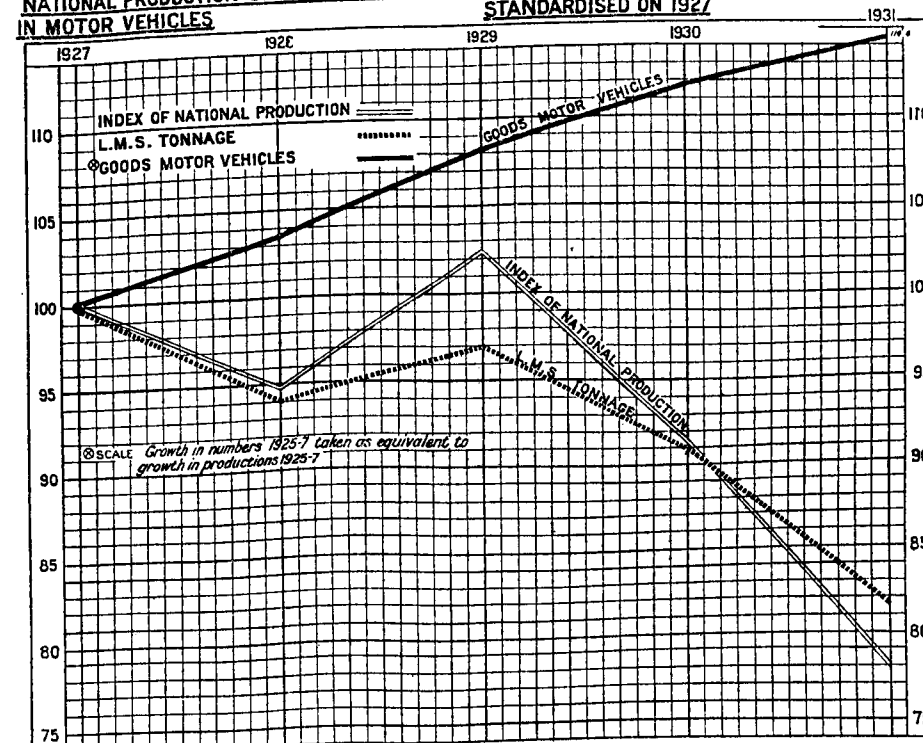
The steamboat results are excellent, and, notwithstanding the heavy decline in trade, with a reduction in gross receipts of £32,000, there is an increase in net receipts of £21,000 on the figure of £138,000 for 1930.

I am glad to say that the company's subscription in David MacBrayne (1928), Limited, of which I am a director, continues to prove remunerative, a dividend at the rate of 7 per cent. per annum, based on the *pro rata* amount of capital in use during the year having been declared for 1930. This is reflected in our dividends from investments and not in steamboat working. We have the satisfaction of having effected something like a revolution in the conditions of transport in the Western Isles. You will find a week's sailing in those romantic waters on our new vessels a holiday different from anything else in Europe.

The economies in dock working, while good, have not been sufficient to meet the reductions in receipts of £167,000, and the loss on this account, owing largely to the depression in the coal trade, has been increased from £63,000 to £80,000.

The hotels and catering department has suffered a reduction of receipts of £359,000 (equal to 11.6 per cent.), due to the decline in

NATIONAL PRODUCTION COMPARED WITH L.M.S. TONNAGES AND GROWTH IN MOTOR VEHICLES
STANDARDISED ON 1927



spending power of our clients. The hotels themselves, both in the commercial areas and in seaside resorts, etc., are a barometer of the prosperity of the commercial sections of the community, and in the year through which we have just passed the depression in commerce, as well as the increase in taxation, has left its mark on the company's hotels. Considerable savings have been made as a setoff against this reduction in receipts, and, against the decrease of £359,000 in the total receipts, the expenses incurred show a decrease of £254,000. The result will compare favourably with many other hotel businesses at this time.

Welcombe Hotel, Stratford-on-Avon, was opened on July 1st, and, in spite of the serious times through which we have been passing, the receipts have been well up to those anticipated when the directors decided upon the project, so that the undertaking shows promise of being a most satisfactory one. The opening of the new Shakespeare Theatre this year will find the town now equipped for the entertainment of visitors from home and abroad.

The loss on collection and delivery has fallen by £138,000. I have several times explained why this service in isolation does not yield a surplus, though indirectly it is profitable. Part of the reduced loss is due to economies and lower prices, but a further part is due to reduced work, and is, therefore, not really a gain in our net revenue as a whole.

Dividends on investments in other undertakings show an increase of £105,000, this item reflecting for the first time practically a full year's return from our omnibus investments. The total direct return on the latter for the year is £199,000—a little over 7 per cent. on the cost of the shares. The actual earnings give a yield of over 11 per cent., but only dividends paid or declared are brought to account.

NET REVENUE.

With a decrease of £5,070,000 in all expenses the total net revenue for the year is £12,656,000, and is thus only £771,000 less than in 1930, notwithstanding the reduction of £5,841,000 in income.

The railway problem at the present time is much the same all over the world, and the graph shows how the gross and net receipts in the United States and Germany have fared compared with our own.

You ask: Are these reductions in working expenses permanent? Or will they fade away in years to come? The answer is: There must be both "ups" and "downs," but the balance, I anticipate,

is with the latter, and that the 1931 level of expenditure will be still further reduced, apart from the additional cost of working any additional traffic, which we should be only too glad to face, and questions of price levels. The effect of import duties may work for us on the total volume of traffic, and against us on internal prices, where we rely on imported material.

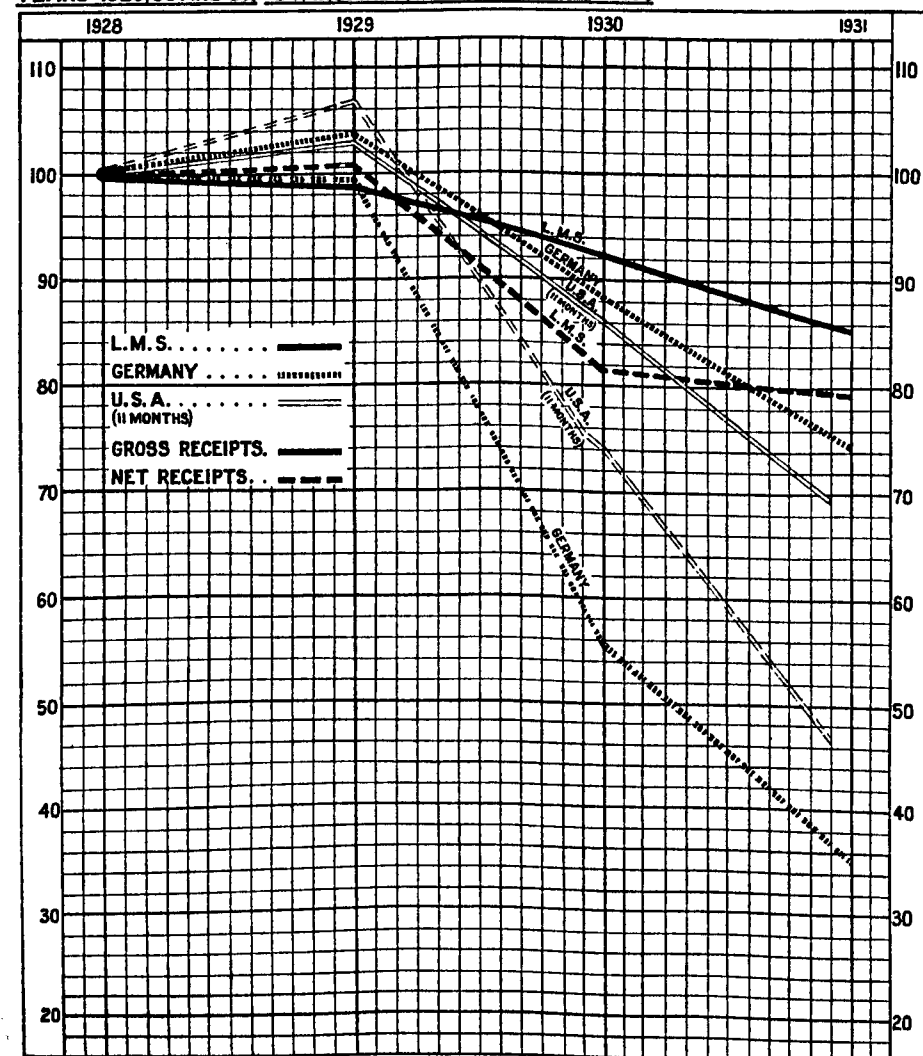
We have not made drastic reductions in our train services. Where these are semi-automatic, as in the case of trains for coal and mineral traffics only, we have kept our train supplies tightly fitted up to traffic demands, but passenger, parcels and regular merchandise trains cannot similarly be rationed—the trains must run according to schedule independent of short period load variations.

A reduction of 10 per cent. in the earning power of a train does not justify its withdrawal if that course would cause the reduced net revenue to be further reduced. Even where a train net revenue has ceased to exist, it is not desirable to discontinue the train unless it is clear that it is likely to be a permanent or long time cause of loss. The disturbance or destruction of "good will" by withdrawal would not be warranted without a clear likelihood that the present circumstances will continue. Without breach of that overriding consideration we have definitively withdrawn trains representing about 1,250,000 miles per annum, and other reductions have been made of a less permanent nature without interference with the main train schedules. Of course, the possibilities of continued service by different types of vehicles are being constantly explored.

Our course will be more clear for a comprehensive review of passenger and other regular trains when we know what the long-term policy of the Government is to be in regard to road working. If the present policy is continued we must eventually take such steps as are in our power to withdraw every service which neither directly nor indirectly pulls its weight. The Government and the public cannot eat their cake and have it, and, if the thoughtless duplication of facilities is continued, out of public moneys, or is even maintained at its present level, we cannot, with reason, be asked to compete with the public purse and continue to run services rendered unremunerative by such Government action. The illusory cheapness so obtained will be expensive in the long run.

It is not a mere question of competition with the new form of transport, with its manifest advantages for many purposes, but competition with the public purse rendered more difficult by the

GROSS AND NET RAILWAY RECEIPTS
L.M.S. AND RAILWAYS OF GERMANY AND U.S.A.
YEARS 1929, 30 AND 31, STANDARDISED ON YEAR 1928-100



imposition of restrictions and regulations from which the Government roadways are free.

DIVIDEND.

Your board are glad that in this year of extreme depression, with traffic receipts at the lowest ebb since amalgamation, and about £4,000,000 traffic receipts below even those of the disastrous strike year of 1926, they have been enabled to recommend the full dividend on all the preference stocks, and a small dividend upon the ordinary stock, which will retain the Trustee status of all the pre-ordinary stocks. To do this it has been necessary to take almost £500,000 from the general reserve fund, but, as pointed out in the report of the directors, there is a substantial credit likely to accrue in respect of 1931 under the item "local rates." It will be some time before this is ascertainable, but we decided that we were bound to treat as expenditure of the year the rates levied upon us in the first instance, and to deal with the adjustment only when it became ascertained definitely. I do not propose to indicate what we estimate the final rates figure for 1931 will be, but that there will be a substantial reduction I have no doubt, and I understand there is no likelihood of our actual liability for rates from April 1, 1931, being settled in 1932.

BALANCE SHEET.

On the "liability" side there is only one item to which I need direct your attention, and that is the decrease of some £740,000 in the works and equipment maintenance fund. This fund is charged with the non-capital proportion of all new works which are not specifically covered by the ordinary renewal funds shown separately in the balance sheet, and the debit to this fund was particularly heavy in 1931, owing to the outlay upon new works constructed under our arrangements with the Government in connection with the remission of passenger duty and works to relieve unemployment.

On the "assets" side it will be seen that the cash at bankers and in hand is some £4,000,000 more than a year ago, while investments are some £4,000,000 less. As regards the reduced value of the investments, we are in a position more favourable than most, for the market value as at December 31st is below the figure in our books by only £1,370,000, of which £685,000 has been recovered by improved quotations recently. We have not quoted the surplus valuation in previous years, and these fluctuations are of small prevalence to us. For what matters is that the realisation of sent concern to us. These investments cannot be required at any one time. They have redemption dates spread out well into the future, at definite dates which would sufficiently meet our purposes, and 96 per cent. have a definite redemption price substantially in excess of our book cost.

INNOVATIONS IN ORGANISATION.

It is a platitude to state that the problems encountered when endeavouring to get the best out of the organisation and staff of a large and diversified business, are quite different from those involved in concerns of a smaller magnitude. But these differences, and difficulties are greatly increased, first where a large business, such as the L.M.S., is made up of a number of distinct technical or professional crafts necessarily working in self-contained departments; second, where it has been built up by the aggregation of a large number of different concerns with quite different practical and historical antecedents; and, third, where the period of consolidation is one of intense economic unrest, depression of trade and unprecedented subsidised competition from other quarters. We are meeting these difficulties in many different ways, starting with complete co-ordination at the top. The supreme executive control rests in the executive, and it has three vice-presidents. The executive has, up to now, consisted of four vice-presidents, but, with the experience we have had, we are now prepared to attempt an increasing degree of consolidation by reducing the number to three, one being primarily responsible for the engineering and scientific departments, one for operating and commercial aspects of the railway itself, and the third for all the financial controls and service departments. But to as great a degree as possible the vice-presidents aim at being interchangeable, understanding each other's problems and being united in final responsibility.

We have watched carefully every development that has taken place both at home and abroad, designed to improve efficiency and control in businesses of great magnitude, and to adopt every such measure, even experimentally, even though it may cross the methods and ideas of management and departmental responsibility which are traditional in this country.

I have to acknowledge the readiness with which the officers and staff have co-operated in trying these organisational experiments without undue regard for their personal or departmental interests or customs.

FEATURES OF RECENT INTRODUCTION.

We owe a great deal of the large economies of the past year, in succession to those of previous years, to the introduction of a provisional form of the budget system. It would have been difficult

to have found a time more unpropitious than 1931 for introducing such a system, which has reached its greatest success in America when there has been a reasonable continuity of market, with reasonable power to forecast output.

It sets a goal of assumed gross and net revenue, with periodical revision, and the breaking of this up into departmental budgets, leaving the officers to sub-divide their allocations between districts and different subjects of expenditure. While often yielding at different points artificial results, it has, at any rate, given a definite detailed goal to relatively junior officers which has had a different psychological effect from a more general exhortation to economise. A good deal of time and experience must elapse, and a much more stable condition of economic affairs obtain throughout the country, before the budget system can be carried to its logical implications, and give its most productive results.

Another feature of recent introduction is what is known as a "Job Analysis Committee," working as a direct arm of the executive, that measures by exact methods staff and performance in many diversified functions in different departments, and it is particularly interested in extending mechanical and organisational changes successful in one particular class of operation to others in different departments which, at first sight, seem to be only roughly similar. This committee is doing most useful work both as a co-ordinator and as a penetrating carrier of stimulus and suggestion. It does not dispense with the development sections of the departments themselves or the full departmental responsibility for results.

For several years we have had in force a system of careful independent audit of the actual results of each item of capital expenditure and new works in comparison with those that were anticipated when it was embarked upon. While this retrospect might apparently have no practical value, it has in fact yielded many points of guidance for future development and new tests of profitability. I am glad to say that its general effect has been to confirm the care and vision shown by the officers in putting forward their proposals.

OTHER NEW METHODS.

Further, we have in operation an expert investigation into departmental contacts and functions as they are revealed through printed forms. This has extended to scientific co-ordination, which has reviewed closely the types of paper used in relation to the final durability required of them, and to their special purposes. It has reduced the number of different types of paper from fifty to twenty, giving us great economies in purchasing and use. It has reduced the number of forms by 40 per cent. in four years, and the total cost of our stationery and printing up to date by an average of £70,000 per annum. This work is steadily progressing, and by the review of functions from an entirely novel angle and the elimination of stages of procedure should have its corresponding ultimate effect upon staff costs.

These are examples of new methods which we have introduced recently. Time fails to give further illustrations, and some of them, while interesting in themselves, are not of great magnitude measured by the vast interests we are discussing. In passing, however, I might mention some remarkable remedial work of a pioneer character done by one of our medical officers with members of the staff who have sustained accident, and who, under ordinary conditions, would have been capable of only the lightest routine work. Our medical officer at Crewe has developed a method of individual treatment in which the treatment itself is exactly related to the physical demands of particular railway jobs, which has enabled many men to return to their old specific tasks, and thus saved the company considerable sums of money, because otherwise continued high rates of wages would have to be paid for lower-grade tasks.

WORK OF SCIENTIFIC RESEARCH COMMITTEE.

I will conclude this section of my remarks by referring again to the Scientific Research Committee set up about two years ago. These eminent men of science, each a specialist in his own field, have now become consolidated into a team which, working with the technical officers, is a great stimulus to them, and is selecting the best methods by which some of our more fundamental problems may be attacked.

Some of the investigations have already reached a stage which justify practical adoption, and, in such cases as these, financial savings are beginning to accrue. The committee has naturally dealt first with problems of major importance in respect of expenditure, such as the life of paint and the wear of tyres, which determine the intervals between the shopping of vehicles, the life of firebox stays, and the design of rolling stock in relation to wind resistance. The research station is at the service of all departments; the results of research carried out by scientific institutions

in various parts of the world are also being regularly brought to their notice through the issue of a Monthly Review of Technical Literature, which is produced under the guidance of the committee.

I mentioned last year the appointment of a small joint committee to investigate certain problems connected with locomotive fuel and water. As the result of the completion of one phase of the work of this committee on the different methods of treating water now available, it has been decided to instal 23 water softeners between London and Carlisle. A substantial saving in the cost of boiler maintenance will be secured as the result of the use of softened water.

We are told by outside critics that the economies of 1931 are a reflection on the management in earlier years. Those of you who have attended the meetings of the company or read the proceedings will remember that I have laid stress on the fact that the wide schemes of rearrangement which we have undertaken, accompanied by heavy outlay on new plant and equipment, would have a growing value. That, the results for the year have demonstrated.

As I pointed out four years ago, rationalisation on any amalgamation requires, first, time for comparison and deliberation and choice; second, a period of transition and execution; third, an ascending period of realisation.

I should like to take this opportunity of expressing on behalf of the board, and I trust on your behalf too, appreciation of the efforts of the officers and staff of all ranks to effect such substantial economies and improvements.

CO-ORDINATION OF LONDON PASSENGER TRANSPORT.

The Bill introduced by the late Minister of Transport for the co-ordination of London passenger transport, after a select Committee hearing lasting 35 days, reached a large measure of agreement and passed the Committee stage. Circumstances, however, prevented the proceedings being concluded last year, and it was carried over, but the Government have not yet taken any steps in the direction of getting it through its remaining stages. It is earnestly hoped that the earliest possible facilities will be afforded, as some such central authority as this Bill sets up with which the railways can enter into firm arrangements, is vitally essential to us and to the public interests. The present delay and uncertainty is causing serious difficulties and holding up the solution of suburban transport problems which are crying for attention. No economic propositions for expenditure of capital for the provision of new electric suburban services can possibly be undertaken on your behalf if, in the absence of some regulating principle, our expenditure is undermined by irresponsible free lance bus competition or rival tube extensions.

RAILWAY AND ROAD TRANSPORT.

I gave you last year some detailed particulars of co-ordination of road and rail services. These have proceeded steadily on the same lines but the process, necessarily gradual, has been retarded during 1931 by the claims which the new licensing procedure and Traffic Court contests have made upon all parties, and especially the omnibus companies' staffs.

The stabilisation of the passenger side of the road industry by the new licensing system should, however, now assist the attainment of the fuller co-ordination desirable, and it is anticipated that considerable advances in this direction will be made in 1932.

The task of contending with road competition, both in connection with the conveyance of passengers and the haulage of merchandise, is rendered more difficult by the fact that our road competitors are able to quote rates instantly without reference to any other authority, whilst it is incumbent on the railway companies to give effect to the provisions of the Railways Act when making quotations of rates and charges below the standard charges.

But, in order that our representatives should be at a less disadvantage compared with the road haulier, it became imperative to rearrange the company's commercial organisation, and under the arrangements now in operation, the District Commercial Officers, who have been vested with a greater measure of local autonomy, are in closer touch with business firms and the public and matters are being disposed of locally, which previously were referred to headquarters.

CO-OPERATION WITH OTHER RAILWAY COMPANIES.

We have for some time been considering what steps could be taken with advantage to eliminate wasteful competition with other undertakings. You are aware of the arrangements made with the principal omnibus operators outside London and the satisfactory results of those arrangements, and I have also explained the proposals before Parliament dealing in a comprehensive manner for the first time with the London passenger traffic problem. Inquiries into shipping matters are also in hand, but the largest of such problems is obviously the railway one. We have certain old standing arrangements with other companies which by the efflux

of time require to be reconsidered, and the opportunity has been taken to see in what respects they can be simplified and extended comprehensively with the greatest possible measure of economy. The problem is far from simple, but our discussions have proceeded with the utmost harmony and goodwill on each side, and I am hopeful that good results will ensue. The Royal Commission on Transport gave their support to steps of this nature, and the four companies have informed the Minister of Transport in their comments on this Report that:—

"They are satisfied that considerable economies can be realised as a result of pooling arrangements with general benefit to the interests of the trading public, and it is in comprehensive arrangements of this character that they see the best hope for the future of securing diminished expenses and increased efficiency on the part of the railways."

I cannot, at this stage, deal with the question in greater detail, except to assure you that I am hopeful of advantageous results from our inquiries.

On an allied matter I may add that we have already been enabled, in conjunction with the Southern Railway, to effect economies for the two companies in the region of £60,000 per annum in connection with a joint line, and discussions with other companies from the same angle are in hand.

You will have seen in the Press that as from May next the English terminal of the Dunkirk service is to be Folkestone instead of Tilbury. The traffic on this Tilbury-Dunkirk service had grown perhaps more rapidly than any newly instituted cross-Channel service, and was fast becoming consolidated as a recognised and valuable public facility, which, in the not very distant future, would have had satisfactory financial results. Two recent events over which we had no control have, however, completely altered the prospects. In the first place, going off the gold standard put at a disadvantage in comparative fares any cross-Channel route which had the minimum of land service on this side and, in the second place, the Government's action in relation to the balance of trade and the imposition of tariffs, strikes not only at the total volume of cross-Channel traffic, but also at the particular class of traffic for which this route was adapted and developed. The effect upon the traffic was such that the prospect of making a really remunerative service was indefinitely postponed, and we felt unable to give such facilities to the French company owning the service as would enable them to continue it upon its existing basis. We hope, however, to continue to collaborate in the successful working of the Dunkirk route by giving special facilities for cross-London transfer of passengers and merchandise between our own system and the Southern Railway.

THE FUTURE.

In conclusion, you will not expect me to be a prophet on the development of trade in this country. This is not the place or time for me to dilate upon the prospects of sterling and its effects upon our manufacturing industries; nor upon the shifting of many of the channels of trade by the influence of tariffs. You will, I hope, have realised, though many people forget it very quickly, that the railway fortunes cannot move in a direction opposite to that of the national production and trade. With some recovery in the heavy and basic industries upon which the great position of this country was established, we have confident hope of increasing in our gross and net revenue, and our constant endeavour is to maintain, as we have done, our vast machine in a condition to meet the requirements of commerce and trade.

The report and accounts were adopted.

SOUTHERN RAILWAY COMPANY.

REDUCTION IN REVENUE AND EXPENDITURE.

The ninth annual general meeting of the Southern Railway Company was held, on the 29th ultimo, in London.

Mr G. W. E. Loder (deputy chairman) presided in the absence through illness of Brigadier-General the Hon. Everard Baring, C.V.O., C.B.E. (the chairman of the company), and read the speech prepared by him, in which he said that the outstanding feature of the accounts was the very large decrease in the gross revenue of the company, amounting to £1,516,000, passenger traffic showing a decline of £900,000. On the other side of the accounts he was able to report a much more satisfactory state of affairs, inasmuch as their expenditure showed a reduction of no less than £940,000, of which £325,000 was attributable to the deductions made from the wages and salaries of the whole of the staff following the National Wages Board Award of March last. Apart from that, nearly every item on the expenditure showed a decrease and clearly demonstrated that the outlay incurred during the last seven or eight years with the object of bringing about the standardisation of plant and equipment was becoming increasingly effective; great credit was due to their officers, who had spared no effort to bring about those economies.

The sum available for dividends on the ordinary stocks was £1,197,000, a decrease of £669,000 as compared with the previous year. That admitted of a dividend at the rate of 4 per cent. for the year on the preferred ordinary stock.

CHEAP TICKETS.

Cheap tickets were issued to London every day from stations within a radius of about thirty miles. Beyond that and until the coast towns were reached the issue was generally confined to early closing days, Saturdays, and Sundays. If some limit was not observed, the cheap ticket zone would eventually cover the whole of the company's system, and, as there was a considerable amount of day return travel at ordinary fares between points where cheaper tickets were not issued daily, the company's revenue would suffer. In order to meet the varying demands of the public a large number of reductions had been made in fares, each of which was intended to cater for a particular class of travel.

He was constantly being asked whether they would not benefit if fares were still further reduced. The matter was constantly under review and its importance would be realised when he said that a reduction in the fare of 1d. per journey would on the present carryings involve them in a loss of over £1,300,000 per annum, and it would be necessary for them to carry more than 26,000,000 additional passengers in order to make good such a loss.

Dealing with works in hand, he said that the electrification of the main line to Brighton and Worthing was proceeding according to programme, and they expected to commence working to Reigate and Three Bridges in July and to Brighton and Worthing early next year.

With regard to the London Passenger Transport Bill, it was earnestly to be hoped that the Government would proceed with it. In the interests of the London travelling public it might be claimed that in its present amended form no better Bill had ever been before Parliament, and it would be very unfortunate if a Bill of such importance, and which in its main principles was now so satisfactory from the point of view of the co-ordination of London traffic, did not become law.

UNFAIR ROAD COMPETITION.

With regard to the unfair road competition from which they were suffering in regard to both passenger and goods services, the railway companies had provided and maintained out of the shareholders' money the whole of the permanent way, and they had also to bear the expense of signalling and, finally, to pay rates on the profits earned on the line. Practically the whole of the capital cost of the roadways had been borne by the public, with substantial contributions from the railway companies. The road transport industry were thus making use for their private profit of accommodation and facilities provided largely at the expense of the public. It could not be denied that those undertakings did not pay their fair share of the expenditure on the roads.

The proposals which the railway companies had urged upon the Government were that the whole cost of the maintenance of the roads and the construction of main roads in future, as also the cost of traffic control, should be charged against the Road Fund and that the users of the roads should contribute to the Fund in proportion to the weight and size of the vehicles employed. The railway companies contended and desired to urge in the strongest possible manner that the position should be equalised.

The report was adopted.

MANCHESTER SHIP CANAL COMPANY.

INDUSTRIAL SITES AND FACILITIES.

The annual meeting of shareholders was held, on the 29th ultimo, in the Milton Hall, Manchester.

Mr Alfred Watkin (chairman), in the course of his speech, said:—When this country, and indeed the whole civilised world, is labouring under an economic depression the like of which we have never known, I maintain that no apology is needed for the reduced dividends upon your preference and ordinary shares, which are to-day offered for your acceptance.

The net receipts of the whole undertaking, Ship Canal and Bridge-water departments and miscellaneous receipts, amounted to £758,117, as compared with £810,313 in the previous year. Deducting therefrom chief rents, rent of grain elevators, rent of No. 9 dock, and transit sheds and warehouses, there remains an amount of £643,244, as compared with £701,676 in the previous year—a decrease of £58,432. Adding the balance from last year's accounts and deducting the interest on capital raised by loans and debenture stocks, and income tax provision, as appears in account No. 9, leaves an available balance for dividends and reserves of £216,459.

As will be seen from the report, it has been thought wise to strengthen the reserves in view of the uncertain outlook, and £30,000 has been appropriated to reserve for contingencies and repairs, leaving a balance of £186,459 for disposal.

The directors recommend the declaration of the following dividends:— $\frac{3}{4}$ per cent. on the Manchester Ship Canal Corporation preference stock, 2 per cent. on the preference shares, and 1 per cent. on the ordinary shares, absorbing a total of £154,655 and carrying forward a balance to the next year's accounts of £31,804.

The construction of the new oil dock was commenced early last year, and good progress has been made. In view of the present state of trade, we have since modified the scheme, and thereby reduced the immediate expenditure from £240,000 to £200,000.

The other constructional work mentioned last year was the provision of a wharf and lay-bye at Irlam in connection with the extension of the iron and steel works of the Lancashire Steel Corporation at that place. In both cases we have obtained financial assistance in respect of these works from Government grants.

In connection with these schemes, it will be necessary to ask your sanction for some additional borrowing powers. It will be convenient, therefore, if I were now to refer to the notice which has been given of the extraordinary general meeting, following this meeting, to authorise the raising on mortgage of further capital, not exceeding in the aggregate the sum of £350,000, at such times as the directors shall think fit.

It is necessary for us to have this power, because we have a debit balance of £81,500 on capital account, and the estimate of further expenditure, chiefly to complete the works already mentioned, is £205,914, making a total of £287,414.

Your directors are to-day asking for this authority, but the power will not be exercised until absolutely necessary; in fact, I think there is every probability that we shall not require any additional money before the end of the current year.

Last year I ventured to say that a reduction of 15 per cent. in the cost of production was necessary, to enable our basic industries to compete in the world's markets. Since then the suspension of the gold standard has greatly altered the basis of costs, and I think it can be said that we are now in a better position to take advantage of an improvement in world trade when it comes. I am afraid, however, we must look forward to a period of regulation and control of trade until the world realises the advantage of restoring the greatest possible freedom of exchange. To those who dislike any alteration in our fiscal system I would say—let us hope that our action will bring home to other nations that it is in their interests, as well as ours, to restore as quickly as possible the maximum of freedom in international trade.

The steps already taken and foreshadowed by the Government with a view to restricting, in the national interest, the importation of goods into the United Kingdom, must tend for a time to hamper the trade of our port. On the other hand, some expansion of British industry, manufacturing for export, as well as for the home market, may be expected. To those who contemplate setting up manufacturing plants in Great Britain, the Ship Canal zone offers unrivalled attractions:—A key position in the home market, and direct contact with overseas markets and sources of supply of raw materials. I can assert with confidence that no one contemplating the establishment of any important industry in this country can afford to ignore the advantages offered by the Ship Canal. Your company has extensive areas of land to sell or lease on attractive terms to industrial undertakings.

In conclusion, I can only hope that when we meet you a year hence the efforts which have been made, and are being made, to bring about better conditions of world trade will have borne fruit. In that event, I am confident that the expenditure which has been incurred in recent years in maintaining and developing the facilities of the port will be found to be fully justified.

Banking in Finland

CAPITAL AND RESERVES:
Fmk. 428,000,000.
TOTAL ASSETS (31/1/32)
Fmk. 3,899,061,000.

KANSALLIS-OSAKE-PANKKI

(National Joint Stock Bank)

HEAD OFFICE: HELSINKI
(HELSINGFORS), FINLAND

Established 1889.

NATIONAL MUTUAL LIFE ASSURANCE SOCIETY

RESULTS OF A DIFFICULT YEAR.

BOARD'S INVESTMENT POLICY.

The one hundred and second annual general meeting of the National Mutual Life Assurance Society was held, on the 2nd instant, at the Society's House, 39, King Street, Cheapside, London.

Mr J. M. Keynes, C.B. (chairman of the society), in moving the adoption of the report and accounts, said:—The new assurance business which we obtained in 1931, following upon a record year, showed a modest falling off at £705,979 *net*. Our expense ratio at 13.7 per cent., compared with 14.7 per cent. in the previous year, showed a very satisfactory reduction, though this was caused to some extent by the smaller amount of new business transacted. The gross rate of interest earned was £5 11s. 1d. per cent., a rate satisfactory in itself but not quite so good as in the previous year, owing partly to a transfer of resources from ordinary shares to gilt-edged securities. As a consequence of our unusually small holdings of foreign bonds the loss of interest due to defaults was negligible, amounting to about 1 per cent. of our total interest receipts.

VALUATION OF INVESTMENTS.

Owing to our decision not to make an actuarial valuation on this occasion, the usual valuation of our Stock Exchange securities at their market values on December 31, 1931, does not appear in the report which you have received. But the decision to postpone the actuarial valuation is no reason for altering our practice, long-established in our case though there are many offices which do not follow it, of stating annually the market valuation of our assets. During the year 1931 our depreciation and realised loss combined were equal to 15.8 per cent. of the mean fund invested in Stock Exchange securities or 11.8 per cent. of the mean total assets. These figures leave out of account both the carry-forward at the end of 1930 and the trading profit of 1931. The principal changes in the distribution of our securities between different classes of investments have been a reduction of our ordinary shares from 16.2 per cent. to 14.3 per cent. of the total assets, and an increase of British Government securities from 15.8 per cent. to 18.8 per cent. Our holdings of foreign government and municipal securities are, as I have said, very small at 4.3 per cent. Our investments in the United States have never been large and were 5.1 per cent. at the beginning of the year and 5.3 per cent. at the end of it.

The past year has been, of course, one of extraordinary anxiety for all those concerned with the safe investment of large funds. The actual degree of depreciation suffered by every class of security has been unprecedented. Moreover, our difficulties have been considerably increased by the "badness" of markets, in the sense that it has often proved impracticable to carry out desired changes of investments, whether by buying or selling, at the ostensible market price or sometimes even at any reasonable figure. It has been, in particular, a testing time for a society such as ours which has been a pioneer of methods of investment approaching more closely to those of an investment trust than is the case with most life offices; which holds an unusually large proportion of its funds in market securities subject to a fluctuating valuation, as compared with mortgages, for example, the book value of which is kept unchanged irrespective of market conditions; which has always taken pride in stating the exact market value of its investments and which, therefore, has had no concealed investment reserve behind which the board could take refuge in bad times.

RESULTS OF THE BOARD'S INVESTMENT POLICY.

How have we emerged from this test? In comparison with leading investment trusts, we have certainly done extremely well, with a much lower percentage of depreciation than the typical trust company. A comparison with the average of the life offices can, unfortunately, never be made, since too few of them state exact figures of the market value of their investments at the end of each year. But I should suppose that we have done slightly worse than the average, since one would expect the market valuation of investments distributed as ours are to be somewhat lower, at the bottom—or at what one hopes may be near the bottom—of the greatest industrial slump in history, than that of a holding in which ordinary shares are a much smaller proportion and mortgages and properties a much larger proportion of the whole. Nor need this disturb us. For if the slump continues, no kind of asset, however insensitive its nominal valuation may be over a short period, will escape calamity in the end; while if recovery comes, the former relative valuations will be restored. Even to-day, one would wonder what the consequences would be if all properties and mortgages had to be valued on the basis of an actual "bid" price on the analogy of Stock Exchange securities. Moreover, it may be con-

sidered a point in favour of our policy under existing conditions that we should be holding a fair proportion of ordinary shares which represent "real" values, reduced, though it is, from the figure of two years ago. At a moment of extreme deflation, such as the present, when commodity prices are at so low a level that a substantial recovery in them, sooner or later, is the only alternative to a wide-spread default of obligations expressed in terms of money, our holding of ordinary shares represents, for the policy-holder who has committed his savings to our care, a stake in the future recovery of things—failing which all investments alike will lose their basis of security—which should prove valuable when the recovery comes. Meanwhile, it is remarkable how comparatively little our holding of ordinary shares has affected the final results even in present conditions. Our aggregate depreciation on Stock Exchange securities amounted, as I have said, to 15.8 per cent., whilst the depreciation on our fixed interest securities amounted to 13.5 per cent., so that, if we had held no ordinary shares at all, the amount of our depreciation would have been less by little more than 2 per cent.

As a more absolute test it is interesting to compare the results with those shown by the leading index numbers of security prices. Taking the Actuaries' Index as the most comprehensive and modern index available, we may make the following comparison:—

	Actuaries' Index. National Mutual.	
	per cent.	per cent.
Fixed interest securities ...	12	13.5
Ordinary shares ...	23.3	24.9

This comparison, however, does less than justice to our position since the actuaries' price indexes do not purport to cover the whole field of investments in which the funds of typical British institutions have been placed. In particular, they include no foreign bonds, the losses on which last year were particularly severe; so that we get no credit for our small holdings of these bonds and our avoidance of loss in respect of them.

Nor in regard to ordinary shares is the comparison adequate, since the Actuaries' Index, being limited to concerns operating at least partially in this country, takes no account of the much heavier depreciation suffered by shares of an international character. Lastly, they include no American securities, and therefore fail to reflect the catastrophic fall in their values.

ECONOMIC SITUATION.

I have sometimes ventured at these meetings on some general remarks on the economic situation. This year I find myself moving uneasily between a cautious optimism when I consider the position of this country and a very helpless pessimism when I look abroad. Great Britain to-day is decidedly the most prosperous country in the world, and here the trend seems to me to be slightly in the right direction. But this is not saying much. It is a relief to see the United States at last taking measures to quieten their financial panic. But it is a long step from that to industrial prosperity. As I have said elsewhere, the outstanding difference between the problem of to-day and the problem of a year ago arises out of a financial crisis having been superimposed meanwhile upon the industrial crisis. To-day, it is, of course, an indispensable preliminary that we should relieve the financial crisis. Unless the really desperate situation in Central Europe upsets things, it is legitimate to hope that the first steps in this direction have now been taken. But to me it is unthinkable that we can step straight from the relief of the financial crisis to the relief of the industrial crisis without a cheap money phase intervening.

RELIEF OF INTERNATIONAL CREDIT ESSENTIAL.

As soon as we have found our feet again and feel ourselves masters of our own position and with our power of international initiative regained, I hope that we shall move with courage to the relief of international credit, lending boldly and ourselves expanding boldly. For that will be by far the safest course and will offer the best chance of salving the immense sums which we have embarked in foreign investment in former years. The pre-war gold standard worked, because it was in truth a sterling standard. When gold went off sterling last September, it doomed itself as a currency, at least for the time being. We have been forced, it is true, to step down for the moment from the position of international leadership in finance. But our place has not been taken by anyone else, and I feel confident that, unless we lack the pluck, we shall soon be strong enough to resume our old position with the heightened prestige of holding it in virtue of having surmounted present difficulties and not merely as an inheritance of past accomplishment. The report and accounts were unanimously adopted.

CLERICAL, MEDICAL AND GENERAL LIFE ASSURANCE SOCIETY.

A NEW FORM OF POLICY.

The 108th annual general meeting of the Clerical, Medical and General Life Assurance Society was held on the 3rd instant, at 15 St. James's Square, London, S.W.

Mr Francis E. J. Smith (the Chairman) said that the new life assurances amounted to £1,824,594, of which £1,801,132 had been retained at their own risk, compared with £1,913,711 in the preceding year. The premium income had again proved elastic, and the expansion of £38,718 now reported was well above the average. After meeting special bonus payments of £420,912, abnormally high surrenders, and all other outgoings for the year, the life assurance fund had increased by nearly £46,000.

With regard to the assets, the directors were custodians of some £11,000,000. Of that sum, over £5,000,000 was represented by mortgages and loans of various types. They had investigated every mortgage which had been granted on property within the United Kingdom, and in every case interest was being punctually paid, and the capital was fully secured. The mortgages on property outside the United Kingdom stood in their books at £577,000. They had formed a reserve which amounted to £12,000 and, subject to that reservation, they were satisfied that those mortgages were well secured, and should be properly retained at their face values. A further £750,000 was invested in the General Reversionary and Investment Company, and the directors were satisfied that the market value of those shares was at least £100,000 more than the figure in the balance sheet. Another £1,000,000 was invested in reversions, ground rents and purchased properties, freehold and leasehold, and the directors regarded their book values as conservative.

The remaining assets consisted mainly of Stock Exchange securities. A trial valuation of all the Stock Exchange securities, including those held by the Society's Investment Trust Company, made as at December 31, 1931, had disclosed a depreciation of about £380,000. Of that sum the greater part should, in due course, be recoverable, seeing that the bulk of those securities was redeemable at par within the next twenty years. The net depreciation was less than 3 per cent. of their total funds. A fresh valuation, based upon the prices quoted on February 24th, had disclosed a recovery of about £28,000.

MERITS OF LIFE ASSURANCE.

On more than one occasion he had drawn attention to the merits of life assurance contracts, and he ventured to emphasise the facts once again. In those difficult times of unstable capital values and depleted incomes, a life policy stood alone as a form of investment which, while immune from depreciation, actually reduced the burden of income tax. Further, a life policy, by creating an immediate asset in the event of death, afforded the most effective means of restoring depreciated estates, and of making good the losses which would otherwise fall to be borne by dependents.

There was no doubt that a demand existed for a form of policy which provided large initial cover at a low cost and, with that fact in view, the directors invited attention to a new form of policy which would, they believed, appeal especially to young married men. It enabled family protection to be secured upon a cheap and permanent basis, with premium payments kept low at first, and admitting of revision as circumstances allowed. The new policy offered a particular feature to which he wished to refer. It provided a large amount of cover which might be continued up to the age of 50 or, by a valuable option, might be converted at any age before 45, irrespective of health, to any form of whole-life or endowment assurance. In that way, extensive assurance protection could be staked out and developed later as needs dictated or means permitted. Leaflets giving full details of the scheme were available, and would be sent to anyone interested.

The report and accounts were unanimously adopted.

GENERAL MANAGER'S VIEWS.

Mr A. D. Besant (general manager), responding to a vote of thanks, said that he would like to add a few comments as to the effects of depreciation upon their bonus outlook. He could best express his own view on that all-important matter as being one of cautious optimism. A year ago they had declared the finest bonus in their history, and they had then expressed confidence in their ability to maintain that scale in future. Since then, much had happened but, apart from depreciation, all the normal bonus-earning powers of the society remained unimpaired. They still possessed their 2½ per cent. valuation, and their large additional reserves. He recognised that the financial conditions of the day affected all life assurance companies adversely, but he still believed that those who maintained their faith in the society's bonus-earning powers would, in the long run, have little cause for disappointment.

THE SCOTTISH PROVIDENT INSTITUTION MUTUAL LIFE ASSURANCE.

INCREASE IN TOTAL FUNDS.

THE EARL OF HOME'S REVIEW.

The ninety-fourth annual general meeting of the Scottish Provident Institution was held in Edinburgh on Wednesday, March 2, 1932, the Earl of Home, K.T., LL.D., in the chair.

The Chairman, in moving the adoption of the report, said: So far as the new business is concerned, the past year may be viewed as an average one, the net business completed being £2,619,786, in respect of which the premiums (single and annual), amounted to £110,175.

There was an increase in the annuity business transacted during the year, the consideration monies received being £373,455, while £1,116 was received in annual premiums.

The claims by death amounted to £946,275, the ratio of the actual to the "expected" claims being 68 per cent.

INVESTMENTS.

I would now turn your attention to the balance sheet in your hands, as it shows some important changes on both sides as compared with the balance sheets of previous years. The total funds as at December 31, 1931, amounted to £23,175,598, showing an increase during the year of £680,134, and you will see from the report that of this sum £500,000 has been transferred to the investment reserve fund, increasing it to one million sterling. The political and economic conditions throughout the world have brought about a serious decline in the value of all classes of investments, and the Stock Exchange securities included in the investments of the institution have inevitably been subjected to depreciation. In his speech last year the chairman stated that the increase in the reserve fund from £300,000 to £500,000 had been made, not because it was demanded by the then position, but as a provision against the future into which the vision of the most expert financial authorities could not penetrate to any far extent. The board at that time were apprehensive that markets had not touched bottom; but the depression which was manifest throughout 1931 has been almost unparalleled in its extent and severity. No society having to do with the investment of funds has escaped from its effects. It is not the practice of the directors to write down the values of individual investments during a quinquennium, and it is hoped that at the date of the next valuation (December 31, 1933), quotations may represent more accurately than they do at the present time the intrinsic merits of securities. But meanwhile it has been thought advisable to increase the investment reserve fund as I have stated, and after taking this into account the difference between the market values of our Stock Exchange securities and the ledger values as at December 31st shows a depreciation of under 11 per cent.

RATE OF INTEREST.

The rate of interest realised on the total funds was £5 4s. 2d. per cent., or £4 6s. 9d. per cent. after deduction of income tax. This compares with the gross and net yields of £5 11s. 9d. per cent. and £4 15s. per cent. respectively for 1930. A decline in the yield was only to be expected under the conditions which existed throughout the year.

To the great regret of the directors, the officials and the staff, Mr C. W. Thomson resigned during the year from the position of joint secretary. Mr Thomson served the institution with loyalty and devotion for 45 years. His abilities and unfailing courtesy won for him the respect and affection of us all, and he has left the service carrying with him the cordial good wishes of everyone with whom he was associated. The board appointed Mr C. S. Willis as joint secretary. Mr Willis has already proved himself, having been assistant secretary at the head office and latterly joint secretary in our London office.

The chairman last year referred to a scheme recently adopted, under which we issue policies in respect of which the premiums may be paid by monthly instalments subject to a banker's order. This has proved to be a great convenience to many, and in times like the present it will probably be adopted to an increasing extent.

EVIL OF COMMISSION COMPETITION.

From time to time reference has been made by our chairmen to the subject of commission. The manner of its payment has for long been a feature in the domain of life assurance which we regard as regrettable. It would appear as if in some quarters commission had ceased to be regarded as a remuneration for services rendered by an agent and had come to be looked upon as a weapon to be used in the competition for new business. As showing what I mean, I would take the case of a proposer whom an agent has interested

in the office for which he acts. He may even have got the length of having a completed proposal form in his hands; but at the eleventh hour a rival office gets into touch with the proposer, and, by offering him an agency appointment carrying commission on the policy about to be effected, secures the business and deprives the agent who had initiated the transaction of the fruits of his labour. Instances such as this are, I regret to say, of everyday occurrence, and not only so, but the undesirability of this form of competition is accentuated in some cases by the high commission terms offered. With the object of combating these evils, we, in company with certain other offices, entered into an agreement which came into force about a year ago. So far as we are concerned, we have found this agreement to be a strengthening factor in our policy, although we have, possibly, lost a certain amount of business from adherence to its principles. Competition on the lines I have

THE PRUDENTIAL ASSURANCE COMPANY LIMITED.

SIR EDGAR HORNE'S REVIEW.

The annual general meeting of The Prudential Assurance Company Limited was held on Thursday, March 3, 1932, at Staple Inn Hall, Holborn, London, W.C.1. Sir Edgar Horne, Bart., the Chairman of the Company, presided, and in moving the adoption of the report, said:—

I am glad to be able to announce continued progress in each of the three branches of the company's business.

The following statement deals with the general branch.

Premiums Received.	1930.	1931.	Increase or Decrease, 1931 over 1930.
	£	£	£
Fire	841,869	836,167	— 5,702
Sickness and accident	141,311	148,389	+ 7,078
Employers' liability	97,815	92,796	— 5,019
Motor	301,336	381,391	+ 80,055
Miscellaneous	302,136	315,020	+ 12,884
Marine—Old account	4,600	1,309	— 3,291
New account	117,225	109,062	— 8,163
Sinking fund	153,897	186,631	+ 32,734
All classes	1,960,189	2,070,765	+ 110,576

Loss Ratios.	1930.	1931.	Increase or Decrease, 1931 over 1930.
	%	%	%
Fire	52.6	50.7	— 1.9
Sickness and accident	34.2	36.3	+ 2.1
Employers' liability	44.8	52.1	+ 7.3
Motor	35.5	47.2	+ 11.7
Miscellaneous	63.9	69.9	+ 6.0

Note.—Motor and miscellaneous sections have now been separated in accordance with Board of Trade requirements.

With regard to the loss ratios, it is satisfactory to note the improvement in the fire section. This is obviously the most important, since the premium income for this section is by far the greatest, being more than double that of any other.

The ordinary branch statement is as follows:—

Description.	1930.	1931.	Increase or Decrease, 1931 over 1930.
	£	£	£
New sums assured	18,814,714	20,269,138	+ 1,454,424
Total prem. received, including single prem.	11,561,834	12,170,289	+ 608,455
Total prem. received, excluding single prem.	11,137,106	11,809,445	+ 672,339
Sums assured and accrued bonuses in force	195,809,243	212,885,725	+ 17,076,482
Consideration for annuities granted	370,352	675,186	+ 304,834
Death claims	2,304,947	2,422,793	+ 117,846
Endowments matured	6,527,137	5,801,027	— 726,110
Surrenders	1,602,212	1,684,911	+ 82,699

The most striking feature is the increase of nearly one and a half million pounds in the new sums assured as compared with 1930.

The following statement contains figures relating to the industrial branch:—

referred to is expressly prohibited under the laws of some of our Dominions, and also, I think, in America, and I cannot but feel that it would tend towards the general good if legislation in the same direction was adopted in this country.

I think I have dealt with the main points in our report for a year which has witnessed the abandonment of the gold standard, and, as I have said, abnormal depression in the fields of finance and of industry. In circumstances such as these the position in which the banks and insurance offices of this country stand to-day gives cause for satisfaction and confidence. I can well understand the man who reviewed his investments at the end of the year turning to life policies and wishing they were more in number and larger in amount.

The motion for the adoption of the report was seconded by Mr William Maxwell and carried unanimously.

Description	1930.	1931.	Increase or Decrease, 1931 over 1930.
No. of new policies issued	2,525,089	2,567,815	+ 42,726
Sum assured under new policies	£66,104,404	£67,853,255	+ £1,748,851
Premiums received	£18,121,855	£18,804,288	+ £682,433
Death claims paid	£5,046,997	£5,613,916	+ £566,919
Maturity claims paid	£3,681,818	£2,647,328	— £1,034,490
Surrenders paid	£2,356,710	£2,925,916	+ £569,206
Expense ratio	24.69%	24.45%	— .24%
No. of policies which became free policies	879,423	649,193	— 230,230
Total No. of policies in force	26,067,964	26,525,369	+ 457,405
Total sum assured and bonus	£488,217,702	£499,737,013	+ £11,519,311

Notwithstanding the industrial depression, it will be seen that there is no falling off in the demand for assurance by weekly and monthly premiums. The increase in the amount of new business effected during 1931 shows the appreciation of the benefits given by a Prudential policy with its annual bonus granted under the profit-sharing scheme. The total sum assured by the new policies issued during the year was nearly £68,000,000.

In May, 1930, we inaugurated the system of automatic free policies. At the same time we addressed a notice to our industrial branch policyholders intimating to any who since 1924 might have had free policies but who for any reason had not received them that the appropriate benefits would automatically attach to their policies. To give effect to this arrangement an extensive investigation was undertaken. This investigation is not yet completed, but has already resulted in a large number of policies being endorsed with the amount of the free policy to which they are entitled.

This system of automatic free policies introduced by us in May 1930, of course places the company under a legal liability in respect of these benefits, and they will pay the appropriate sum due on a claim arising whether the amount of the free policy has been endorsed on the policy or not.

After making provision for all liabilities on the same stringent bases as that previously assumed, there is an increase in the resulting surplus in each branch. The total amounts to £10,368,182, an increase of £82,963 over that of 1930. I wish to emphasise particularly that the surplus is not due to any weakening of the bases on which our assurance and annuity contracts are valued.

In the ordinary branch in respect of participating policies in force on December 31, 1931, a reversionary bonus of £1 16s. per £100 sum assured has been declared for whole life policies, and in addition an interim bonus of 16s. per £100 sum assured in respect of claims by death during 1932, making £2 12s. in all, in respect of such claims, in addition to bonuses declared in previous years.

For endowment assurances, a reversionary bonus of £1 10s. per £100 sum assured has been declared, and in addition an interim bonus of 16s. per £100 sum assured, in respect of claims by death or maturity of endowment during 1932, making £2 6s. in all in respect of such claims, in addition to bonuses declared in previous years.

The amount of surplus in the ordinary branch for 1931 exceeded that for 1930 and from the sum available, £950,000, which is more than the equivalent in value of the reduction in the reversionary bonus, has been set aside as an ordinary branch contingency fund. If and when, in the opinion of the directors, the economic situation has sufficiently improved, this sum will be dealt with in accordance

THE SCOTTISH WIDOWS' FUND AND LIFE ASSURANCE SOCIETY.

SUCCESSFUL RESULTS—ANOTHER NEW BUSINESS RECORD.

MR T. J. CARLYLE GIFFORD ON VALUE OF LIFE ASSURANCE.

The 118th stated annual meeting of the Scottish Widows' Fund and Life Assurance Society was held in the Society's Office, Edinburgh, on Tuesday, March 1, 1932, T. J. Carlyle Gifford, W.S. (chairman of the ordinary court of directors), presiding.

In moving the adoption of the report and accounts, the Chairman, after referring to the changes which have taken place in the directorate, said: I need not remind you that the year under review has been one of world-wide depression, nor need I attempt to recapitulate the political and financial happenings which have marked its course. It is sufficient to say that the continued heavy fall in the level of gold prices has long passed the point at which its effect was beneficial to those to whom payments were due, for the ability of normally solvent debtors to meet their obligations has been so undermined that creditors and debtors alike are involved in the growing disorganisation of the world. The outstanding fact of the past twelve months has been the suspension of gold payments in Great Britain. Whatever its other effects, one result has been to impart a certain stability to the sterling price level which has moved but little since October 1st last, while gold prices have continued to fall.

How has the society fared in such a year? Depreciation has occurred in the value of our investments, though when I deal later with the value of our assets I think you will find the position thoroughly satisfactory. Looking broadly at the general position of life assurance I think it may fairly be said that proof has been given of the worth of a life assurance policy in bad times.

RECORD NEW BUSINESS.

From the public we have evidence that they have not been slow to appreciate the proof which bad times bring that it is hard to find a better outlet for savings than in life assurance. A year ago the Scottish Widows' Fund was able to report a record net new business for the year. Again to-day we can say that the net new business for 1931 has touched a new high-water mark. New assurances amounted to the gross sum of £3,794,000, of which £262,000 was reassured with other offices, leaving net new assurances of £3,532,000. The increase over the figures for 1930 is £74,000 gross and £40,000 net.

INCREASED CLAIMS.

Looking at the revenue account, claims both by death and by the maturity of endowment assurances show an increase over 1930.

The stress of the times in which we are living is shown by the surrenders, which are substantially greater in amount than in 1930. One effect of this is that despite our excellent new business figures our premium income for the year 1931 shows practically no change from the preceding year.

Gross revenue from interest and dividends shows a smaller increase than usual, partly on account of the larger sums paid out to policyholders and their representatives and partly because of a slightly less favourable experience in collection of this revenue. Income tax too has been a heavier burden, while expenses of management and commission show a moderate increase due largely to the growth of new business.

On the capital side of the accounts our assurance and annuity funds have risen during the year from £29,019,000 to £29,252,000. That is the chief item on the liabilities side of the balance sheet. Last year there was another item on the same side which has now disappeared, viz. —Reserve fund £350,000. In view of the general depreciation in investment values during 1931 we have thought it proper to use that sum to write down the book value of our investments, and we have also transferred £150,000 from revenue account for the same purpose.

INVESTMENTS.

On the assets side appear our investments and you will have observed the statement on the balance sheet that the Stock Exchange securities stand at or under their market value at December 31, 1931, the date of the balance sheet. That market value has been ascertained on our usual stringent basis, taking for the securities quoted on the London Stock Exchange—which form the great bulk of our Stock Exchange investments—not the "middle" but the "bid" or "selling" price, and for other securities quotations obtained from the society's brokers. Thus it will be seen that the society has been able to meet the whole of the depreciation of values during 1931. It was stated on the occasion of our last quinquennial valuation that the market values of our investments showed a considerable surplus over the balance figures and that that surplus supplied a comfortable buffer against the possible depreciation of prices in the future. We have seen a remarkable depreciation in values since then, and the preservation of this margin in the past has

with the Articles of Association, and the reduction in bonus suffered this year will be made good.

In the industrial branch, in respect of participating policies issued on or after January 1, 1923, and on which premiums were being paid on December 31, 1931, it has been decided that a reversionary bonus at the rate of £1 2s. per £100 sum assured, shall be added if and when at least one year's premiums have been paid; also in respect of such policies on which a claim by death arises during 1932, and which are or become entitled to the reversionary bonus, an additional interim bonus of 12s. per £100 sum assured, provided all premiums thereon have been paid to the date of death. Bonus additions already declared are, of course, unaffected and will be payable. On participating policies issued before January 1, 1923, the bonuses, declared on claims by death or maturity of endowment, range from 14½ per cent. to 70 per cent., according to duration. The bonuses in the latter category are guaranteed for a period of 16 years from to-day, except in the Irish Free State where the guarantee is for one year only. The total amount allocated under our profit-sharing scheme for bonuses to our industrial branch policyholders since its inception is £25,869,929.

From the surplus of the industrial branch for 1931, the sum of £1,750,000 has been set aside as an industrial branch contingency fund which will be available for distribution as surplus in accordance with the Articles of Association if and when, in the opinion of your board, this is justifiable.

The industrial branch expense ratio still continues to show a very satisfactory decrease, having fallen by .24 of 1 per cent. to 24.45 during 1931.

So far as Stock Exchange securities are concerned, every group has suffered heavy depreciation in market value during the past twelve months. The British Government group alone in which our holding is £67,646,414, fell by about 9 per cent. in market value; and the fall was even greater in other classes.

There is no need for me to emphasise the unreality, in the case of a company such as ours, of a valuation of Stock Exchange securities based on market prices on a given day. Not only are prices, under present abnormal conditions, in many instances obviously less than real values, but such a method of valuation ignores the fact that our investments are held against long-term liabilities, and that in the normal course of our business realisation is rendered unnecessary, so long as current income continues to exceed current outgo.

It may interest you to know that, even after eliminating all cases where we think there is any likelihood of default, the margin between the market value as at December 31, 1931, and the ultimate redemption value of our redeemable Stock Exchange securities, exceeds £13,000,000; and as we never take credit in arriving at our annual surplus for any capital profit arising from the maturity of an investment standing at a discount in our books, it follows that the sum I have mentioned constitutes a large potential reserve.

It has however been decreed by custom, and to some extent by legislation, that in preparing our balance sheet we must use market quotations as the measure of value, however imperfect an instrument it may be; and it gives me both pleasure and pride to report that, even after valuing on this severe basis, the resulting depreciation in our total assets is more than covered by our investments reserve and contingency funds. Moreover, since the date on which our balance sheet was made up, there has been a substantial rise in market values, and our position has been further improved thereby.

So far as our new investments during the year are concerned, foreseeing the possibility of a further fall in values, we have placed large sums in the highest classes of short-term securities, our policy in this respect being reflected in the increase of £8,689,888 shown in our holding of British Government securities, which increase is largely due to purchases of Treasury Bonds and War Loan. We have also kept and are continuing to keep large sums in liquid form, generally on short-term loans to the money market. When we are satisfied that the outlook is definitely favourable, we shall be in a strong position for taking advantage of any opportunities for lucrative investments that may present themselves.

From a consideration of the statements relating to the transactions in each branch and to that dealing with the surplus, I think you will agree with me that our company is still steadily advancing and we have every reason to anticipate that this advance will continue. So far as the value of investments is concerned, I do not propose to prophesy. There is no doubt that in some countries the worst is yet to come, and 1932 will unquestionably prove another anxious year, although there are indications that confidence is slowly returning in this country. We, as a company at any rate, have the satisfaction of knowing that we have withstood successfully the disastrous events of 1931, not only reveals the inherent strength of our position, but enables us to face the future with confidence.

been fully justified and has proved a great source of strength to the society.

VALUE OF LIFE ASSURANCE.

It is a good custom by which the chairman at the annual meeting of an assurance society uses the occasion to reiterate the advantage which each and all of us gain from life assurance. Everyone admits the advantage, but, as I have already said, we are apt to be sadly lacking in initiative, apt to feel that just as we don't expect to die to-morrow, taking out a policy is a matter which won't take any harm if we let it lie over for another week or two. The events of the last two years have brought with them an urgency which is inadequately appreciated even by those who do not usually fail to put a proper value upon life assurance.

Grave inroads have been made by business losses, by depreciation of investments, and by taxation upon capital resources available upon death or retirement and so far as current income permits it is in many cases essential to replace what the financial and political policies of the time have swept away. By no other means than life assurance can a modest payment immediately remove the risk that death may unexpectedly make the ultimate restoration of the position impossible.

The society has prepared a special pamphlet on this subject entitled "The Economic Blizzard," which deals with five different ways in which capital and income have been adversely affected in recent years, and shows how the position can best and most quickly be improved. Members who have not yet given thought to the new situation which recent events may have created for them and their families will do well to write to the society for a copy of the pamphlet and to study it.

The directors' report and the accounts as audited were adopted unanimously.

MAPLE AND COMPANY, LIMITED.

GROWING HIRE-PURCHASE TRADE.

The forty-second annual general meeting of Maple and Company, Limited, was held, on the 29th ultimo, on the company's premises, Tottenham Court Road, London, W., Mr C. C. Regnart (the president) presiding.

The Chairman, in moving the adoption of the report and accounts, said that shareholders would realise they had passed through a year which had been quite unprecedented in the difficulties which had been met with on every hand. An examination of the company's position revealed that the decrease in turnover was responsible for the greater part of the decline in profits, and very little could be attributed to other causes. This was to some extent a matter of satisfaction. In many departments the volume of business dealt with was in excess of that of the year 1930. A reduction in turnover in those departments was entirely caused by the fact that their customers could not afford the higher class goods and contented themselves with the cheaper grades. In several instances, although the turnover was lower, the articles sold exceeded those of the previous year by a very considerable number.

The whole situation could be summed up in a few words—namely, that owing to reduced incomes and high taxation the spending power of the classes of people from which their customers were drawn had been sadly diminished, and, until that spending power had been restored, business would continue to be difficult.

The directors felt convinced that the need for the replacement of household goods and redecoration of the home must become very apparent during the next few years, and they confidently looked forward to better times when an optimistic spirit again prevailed. He wished to emphasise that there was no establishment in the world where the public could find such a vast selection of furniture exhibited, nor where the prices were so advantageous to the purchaser as at Maple's. They had a very considerable and growing hire-purchase trade. The advantages they offered were far more enticing to the public than could be obtained from other houses, particularly from those dealing exclusively in this class of trade.

During the last two years the overhead charges had been reduced by over 25 per cent.

The report and accounts were unanimously adopted.

Orders for the publication in these columns of the reports of Company Meetings should be addressed to the Reporting Manager of THE ECONOMIST, 8, Bouverie Street, Fleet Street, London, E.C.4.

BANCA COMMERCIALE ITALIANA.

THE SALE OF INDUSTRIAL SHARES.

A DIFFICULT YEAR.

The thirty-seventh annual general meeting of the Banca Commerciale Italiana was held on February 28th in Milan.

Senator Conti, who presided, submitted the report for the year 1931, which stated that the outstanding event of the past year, as far as their institution was concerned, was the sale to the Societa Finanziaria Industriale Italiana of the whole of the industrial shares in the bank's possession or owned by the holding companies under their immediate control, for an aggregate amount of some 4,000 million lire, without any loss to them.

CREDIT FACILITIES.

The Societa Finanziaria Industriale Italiana paid towards the close of the year one-fourth of the sum accruing under this arrangement, out of funds which it had obtained by means of a special credit guaranteed by the Italian Treasury. The immediate purpose of this transaction was to place at the disposal of their institution a substantial volume of liquid means and of securities of a readily realisable type. It was, therefore, agreed that the said special credit would not have to be repaid by the Societa Finanziaria Industriale Italiana until the bank had themselves been paid off. They, on their part, had the option to demand payment in accordance with their cash requirements. In order not to disturb circulation, it was, furthermore, arranged that the Societa Finanziaria Industriale Italiana should be able to obtain the funds for their payments to the bank by means of special advances from the Istituto Mobiliare Italiano.

The capital of the Societa Finanziaria Industriale Italiana had been increased from 100,000,000 lire to 300,000,000 lire, this issue being underwritten by a number of Italian industrial undertakings which had taken it firm for a long period of years. Simultaneously the Consorzio Mobiliare Finanziario, which held a controlling interest in the capital of the bank, had now provided permanently for its own requirements with funds secured outside this institution.

After reviewing the course of events which over a number of years had led up to the important transaction referred to, the report stated that the capital requirements of industries would now be provided for by an institution eminently suited to cater for a variety of individual needs, at a minimum cost consistent with market conditions. The closer specialisation introduced into the provision of credit would enable the banks to pursue more liberally and efficiently their normal functions in accordance with the particular nature of the resources at their disposal. Their connection with their industrial clients would not thereby be lessened in any way. The latter would still need their assistance for financing current production, for campaign credits and other temporary accommodation, the self-liquidating nature of which would be assured by the normal course of business. The process of demobilisation in itself could not be carried out independently of the banks. They would provide the natural channel for placing from time to time, as occasion arose, such stocks as particularly appealed to the market, including ordinary shares as soon as there was once more a public interest in them. The Societa Finanziaria Industriale Italiana would be the natural intermediary for financial business to be submitted to the Istituto Mobiliare Italiano on behalf of the industrial group controlled by the Societa Finanziaria.

THE YEAR'S PROFITS.

The exceptional difficulties of the past year were reflected in the profits of the bank, which had fallen from 88,000,000 lire in 1930 to 62,000,000 lire in 1931. This shrinkage was partly due to the higher cost of their resources and partly to the smaller yield of financial investments. It was not compensated by a corresponding reduction of general expenses in spite of the economies achieved and of the cuts in salaries which the staff had accepted with exemplary discipline and appreciation of the situation. The smaller profits were partly the result also of the larger provision which had had to be made against bad debts, which had been written off completely. In this respect the last quarter of the past year and the first period of 1932 made an appreciably better showing, which should be a sign that the crisis had touched bottom. With the reform of the credit machinery and with the equipment with which it had now been provided by the Government, the country should be in a privileged position to reap the benefits of a revival. They were confident that the international conferences which were to take place in the course of the next few months would take heed of the inspiring call of the head of the Italian Government and would create those psychological and political conditions which were essential to any recovery.

Reference was made to the support which the bank had given to financial arrangements during the past year, including co-operation in the formation of the Societa "Italia" (Flotte Riunite Cosulich, Llo yd Sabauda, Navigazione Generale Italiana) with a capital of 720,000,000 lire. The concentration of the leading Italian shipping interests in the "Italia" and in the new "Lloyd Triestino" Com-

pany (which the former controlled through its holding of Cosulich shares) constituted one of the greatest achievements in the field of industrial rationalisation in Italy in the course of the last few years.

DIVIDEND.

The dividend recommended for the year was at the rate of 8 per cent., compared with 12 per cent. in the previous year, and 34,257,007 lire was being carried forward. It would have been possible to maintain the dividend at the previous level or at least to reduce it in smaller measure by utilising the substantial amount which was being carried forward, but shareholders would no doubt agree with the view of the directors that, as long as the horizon had not cleared, it was advisable to adhere to a strictly cautious policy even if it might appear excessive.

The balance sheet was passed unanimously, and, at an extraordinary general meeting, the proposals in respect to the absorption of the Banca Commerciale Triestina were unanimously approved.

SELFRIDGE AND COMPANY, LIMITED.

MR GORDON SELFRIDGE ON TARIFFS.

The twenty-fourth annual ordinary general meeting of Selfridge and Company, Limited, was held, on the 29th ultimo, at the company's store, Oxford Street, London, Mr H. Gordon Selfridge (chairman and managing director) presiding.

The Chairman, in moving the adoption of the report and accounts, said:—All over the world the same unhappy general conditions prevail, but we here in England are not so comparatively badly off as others. Economists have for years been telling us why things are as they are and the causes which had led up to this world depression. They have been explaining why there exists this appalling unemployment in every land, why there is too much of everything—corn, rubber, oil, copper, wood, and what not—why, even with many mills all over the world only partly employed, too much of nearly everything is being manufactured—why salaries and wages are being almost universally cut—why so many dividends are being reduced or passed. These things are being explained in words and terms which most people cannot grasp, but back of it all remains the fact that for four and a half years nearly all of Europe continued to destroy life and property at an appalling rate. This terrible condition prevailed until only fourteen years ago, which is a very short time in the life of a nation. Here in these islands we contributed a million lives and each and every day burned up and destroyed property to the extent of £5,000,000. The savings and accumulations of many years were wiped out. Europe made itself poor, and with that came to everyone a decreased buying strength, an inclination or a necessity towards strict economy, and a getting along without many things which had formerly been considered necessities. With this came a dislocation of industries and nearly every field of activity, together with the natural result of constantly lowering prices and less consumption, or consumption of less costly goods. And at the moment there is difficulty in covering any very happy change in the appearance of things in the countries other than our own. Here the creation of a tariff and the increased home demand for British-made goods should help pull us gradually out of part of our difficulties by keeping more of our money at home, by giving more men work, by restoring a certain amount of confidence, and, it is to be hoped, by causing something of a reduction in the income tax. All of these, and especially the tax reduction, would do much in restoring a better feeling. Incidentally, the income tax, which now affects incomes as low as £125 a year, is a most serious factor in psychologically reducing the buying strength of everyone. It helps to check weekly expenditures of every family.

The merchant or retail distributor instinctively objects to tariffs. He prefers to buy wherever he can buy at lowest rates, but the absurdly high tariffs which every other country has adopted make similar protection seem necessary here in Great Britain, and we therefore cast our vocal vote for that thing which, as merchants, we dislike, but as loyal citizens and well-wishers we believe to be the best for the country.

While showing that comparatively small decrease in turnover, they had served nearly 400,000 more customers; they had opened many thousands of new book accounts, had established new high records in numbers and amount in mail orders, in numbers of parcels delivered throughout Metropolitan London, etc. All of those records, while demonstrating a continual growth in the popularity of the business, went to prove the decrease of the customers' buying strength and the lower prices ruling in practically every class of merchandise. Their average stock for the year 1931 had been turned 9.2 times. On the other hand, their expenses account for the past year was up by a small fraction of 1 per cent., and that entire increase was occasioned by the pay-roll. Of the expenses of great distributing houses, over half was in salaries and wages paid. In their house, 52 per cent. of their expense was attributable

to those. During the year they had made no reductions in salaries or wages, nor had they required enforced holidays, nor had they made any dismissals—except for cause. They hoped to be able to maintain those conditions.

Their net profit was £400,269, and they declared a dividend of 8 per cent. on the ordinary shares.

In conclusion, he would add his hope and expectation that their business, their commercial ship of commerce, would sail into port a year hence after a better and more profitable voyage, carrying a richer cargo of success.

The report and accounts were unanimously adopted.

ENGLISH ELECTRIC COMPANY, LIMITED.

SOUND FINANCIAL POSITION.

Sir Holberry Mensforth, chairman, presided, on the 3rd instant, at the annual general meeting of the English Electric Company, Limited.

Referring to the balance sheet, the chairman said that the sundry creditors and estimated liabilities, at £447,158, were down by £116,319. The total of the liquid assets, £2,108,900, compared favourably with the sundry creditors, giving a margin of £1,661,742. The trading profit was £209,394, as compared with £2,857 last year, and that reflected the greatest credit on the management. The item of £31,186 for expenditure in connection with the removal and reinstallation of plant, &c., had been incurred in the best interests of the company, and was reflected in the improved results. The board had provided for depreciation a round sum of £50,000, which, in their opinion, was adequate.

The changes in organisation had placed the company in a strong position to meet whatever the uncertain prospects of trade might have in store.

Among contracts completed during the year were the electrification of the Madras suburban lines of the South Indian Railway, the supply to the London United Tramways of thirty-five trolley bus equipments inaugurating London's first trolley bus service, and the supply to an overseas tramway company of a sample double-deck car of the largest seating capacity ever built in this country. Current contracts included the supply and erection of heavy electric equipment for steel works in South Africa, and a 30,000-k.w. turbo-alternator set running at 3,000 revolutions per minute. As regards the latter, they had been the first to manufacture a machine of that type, and believed they were still ahead of other makers.

The order position had been, and still was, very difficult, but he felt they were continuing to receive their fair share of such business as was offering. He urged the shareholders to buy and recommend English Electric domestic apparatus. The Bradford works were equipped to manufacture economically railway and tramway electrical material, and this would enable the company to play its proper part in the electrification of British railways if and when this took place.

He concluded by drawing attention to the fact that the company's finances were sound, resources very liquid, and stocks and work in progress low, and with high manufacturing efficiency and low costs they ought to be able to weather the storm as well as most.

The report was unanimously adopted.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended February 27, 1932, amounted to £20,930,500 against ordinary expenditure of £8,132,700. After allocating £620,000 to Sinking Fund and having allowed for a decrease in Exchequer Balances of £130,903, the operations for the week, as shown below, reduced the National Debt by £12,309,000 to £7,626,366,000:—

(000's omitted.)

Public Department Advances	£	2,250
Treasury Bills	—	8,528
Excess Interest of National Savings Certificates	—	700
National Savings Certificates	—	150
Issues to National Debt Commissioners ..	—	78
Post Office and Telegraph Money	—	600
Sundries	—	3
		— 12,309

A complete analysis of the National Debt at December 31, 1931, was printed in the *Economist* of January 9, 1932.

REVENUE.	Revised Estimate for the year 1931-32.	Total Receipts into the Exchequer.			
		April 1, 1931, to Feb. 27, 1932.	April 1, 1930, to Feb. 28, 1931.	Week ended Feb. 27, 1932.	Week ended Feb. 28, 1931.
ORDINARY REVENUE.	£	£	£	£	£
Inland Revenue—					
Income Tax	272,000,000	240,108,000	200,816,000	13,404,000	16,843,000
Sur-tax, including Arrears of Super-Tax	73,000,000	57,610,000	44,560,000	2,410,000	2,580,000
Estate, &c., Duties	83,000,000	58,320,000	75,030,000	1,070,000	1,470,000
Stamps	20,000,000	12,820,000	16,130,000	350,000	300,000
Excess Profits Duty and Corporation Profits Tax	2,200,000	500,000	500,000	500,000	500,000
Land Tax and Mineral Rights Duty	800,000	650,000	610,000	60,000	70,000
Total Inland Revenue	451,000,000	370,008,000	337,646,000	17,794,000	21,763,000
Customs and Excise—					
Customs	131,770,000	122,483,000	108,758,000	2,852,000	2,448,000
Excise	121,230,000	111,241,000	115,300,000	1,241,000	1,150,000
Total Customs and Excise	253,000,000	233,724,000	224,058,000	4,093,000	3,598,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	4,510,000	4,439,041	126,000	...
Post Office (Net Receipt)	12,200,000	13,250,000	11,300,000	Dr 120,000	Dr 600,000
Crown Lands	1,300,000	1,230,000	1,280,000	40,000	70,000
Receipts from Sundry Loans	15,400,000	13,587,935	31,233,676	3,675	...
Miscellaneous Receipts	42,800,000	16,598,027	30,019,996	73,785	35,000
Appropriation from Rating Relief Suspense Account	4,000,000	3,900,000	16,000,000	...	...
Total Ordinary Revenue	784,700,000	656,807,962	555,976,713	20,930,460	24,866,000
SELF-BALANCING REVENUE.					
Post Office	58,232,000	51,750,000	53,150,000	2,300,000	1,700,000
Motor Vehicle Duties apportioned to Road Fund	23,350,000	22,319,000	22,589,959	...	...
Total Self-Balancing Revenue	81,582,000	74,069,000	75,739,959	2,300,000	1,700,000
Total	...	730,876,962	731,716,672	23,230,460	26,566,000

EXPENDITURE.	Revised Estimate for the year 1931-32.	Total Issues out of the Exchequer to meet Payments.			
		April 1, 1931, to Feb. 27, 1932.	April 1, 1930, to Feb. 28, 1931.	Week ended Feb. 27, 1932.	Week ended Feb. 28, 1931.
ORDINARY EXPENDITURE.	£	£	£	£	£
Interest and Management of National Debt	289,400,000	282,962,352	284,440,868	358,251	777,978
Payments to Northern Ireland Exchequer	6,350,000	5,280,650	5,300,979	345,238	337,441
Other Consolidated Fund Services	3,000,000	2,582,110	2,333,631	16,150	19,001
Total	298,750,000	290,825,112	292,075,478	719,639	1,134,420
Total Supply Services (excluding Post Office)	451,829,000	384,284,461	381,225,818	7,413,028	9,850,351
Total Ordinary Expenditure	750,579,000	675,109,573	673,301,296	8,132,667	10,984,771
SELF-BALANCING EXPENDITURE.					
Post Office	58,232,000	51,750,000	53,150,000	2,300,000	1,700,000
Road Fund	23,350,000	22,319,000	22,589,959	...	...
Total Self-Balancing Expenditure	81,582,000	74,069,000	75,739,959	2,300,000	1,700,000
Total Ordinary and Self-Balancing Expenditure	832,161,000	749,178,573	749,041,255	10,432,667	12,684,771
New Sinking Fund (1928) ...	32,600,000	28,116,631	47,578,623	620,000	2,620,000
Total (including New Sinking Fund) ...	...	777,295,204	796,619,878	11,052,667	15,304,771

The aggregate revenue and expenditure to February 27, 1932, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1ST TO FEBRUARY 27, 1932. (000's omitted.)

Expenditure	675,109	Revenue	656,808
New Sinking Fund	28,117	Decreases in balances	3,152
		Net amount borrowed	43,266
	703,226		703,226

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Out- standing—	Feb. 28, '31.	Mar. 31, '31.	Feb. 27, '32.	Feb. 27, '32.
Advances by Bank of England	38,400,000	24,500,000	15,150,000	2,250,000
Advances by Public Departments	605,920,000	569,825,000	553,370,000	8,540,000
Treasury Bills outstanding	...	...	...	...
Total Floating Debt	644,320,000	594,325,000	568,520,000	10,790,000

* Includes £4,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £40,000,000 in Treasury Bills were opened on February 26, 1932, and the total amount applied for was £61,565,000. Tenders were accepted for bills at three months, £61,565,000. Tenders were accepted for bills at three months, £61,565,000. Tenders were accepted for bills at three months, £61,565,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1932.	£	£	£ s. d.
February 5	30,000,000	34,225,000	4 5 1-8
February 12	30,000,000	35,225,000	4 15 7
February 19	35,000,000	59,095,000	3 19 4-09
February 26	40,000,000	61,565,000	3 5 5-22

The OCEAN ACCIDENT and GUARANTEE CORPORATION, Limited.

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Insurance of Boilers, Engines, Electrical Plant and Lifts.
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The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, March 2, 1932.

ISSUE DEPARTMENT.

Notes Issued:—	£	Government Debt	£
In Circulation	351,785,826	Other Government Securities	11,015,100
In Banking Department	44,014,860	Other Securities	247,533,738
		Silver Coin	12,622,627
			3,828,535
Amount of Fiduciary Issue	275,000,000		
Gold Coin and Bullion	120,800,686		
	£395,800,686		£395,800,686

BANKING DEPARTMENT.

Proprietors' Capital	£14,553,000	Government Securities	£47,235,906
Reserve	3,672,562	Other Securities	...
Public Deposits	7,022,690	Discounts and Advances	£11,356,645
Other Deposits	...	Securities	35,948,214
Bankers' Accounts	£80,482,570	Notes	47,304,859
Other Accounts	£33,475,807	Gold and Silver Coin	44,014,860
7-Day and other Bills	1,045		652,049
	£139,207,674		£139,207,674

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

Both Departments.	Amount, March 2, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	351,785,826	+ 5,381,480	+ 1,063,506
Public deposits	7,022,690	+ 7,102,443	+ 804,754
Bankers' deposits	80,482,570	+ 12,558,512	+ 13,869,908
Other deposits	33,475,807	+ 1,277,452	+ 64,041
Seven-day bills	1,045	...	...
Total, outside liabilities	472,767,938	+ 12,114,763	+ 14,191,807
Capital and res.	18,225,562	+ 41,198	+ 33,204
Government debt and securities	305,784,744	+ 7,520,333	+ 22,267,193
Discounts and advances	11,356,645	+ 136,308	+ 717,552
Other securities	48,570,841	+ 4,687,295	+ 11,998,085
Silver coin in issue department	3,828,535	+ 20,323	+ 515,081
Coin and bullion (bank's reserve)	121,452,735	+ 104,962	+ 20,309,146
Reserve of notes and coin in banking department	44,666,909	+ 5,276,518	+ 6,372,752
Proportion of reserve to outside liabilities	...	...	...

(a) Banking department only ("proportion")	36%	61%	10%
(b) Gold stocks to deposits and notes ("reserve ratio")	25%	11%	5%

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Bank Rate.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1932.	£	£	£	£	£	£	%
Jan. 27	395,763	345,869	15,321	74,304	38,208	Nil	5
Feb. 3	395,765	347,666	14,802	77,326	32,845	Nil	6
10	395,765	346,519	16,435	66,998	32,727	Nil	6
17	395,766	344,883	15,329	70,456	31,989	Nil	6
24	395,773	346,404	14,128	67,924	32,198	Nil	5
Mar. 2	395,801	351,786	7,023	80,483	33,476	Nil	5

Date.	Issue Department.		Both Depts.		Banking Department.		Reserve to the "Proportion."
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Discounts & Advances.	Other Securities.	
1932.	£	£	£	£	£	£	%
Jan. 27	256,167	14,983	121,350	45,311	12,947	37,196	50,481
Feb. 3	257,599	13,547	121,313	40,701	13,634	40,120	48,647
10	260,090	11,057	121,294	34,626	13,008	36,910	49,775
17	262,309	8,842	121,318	33,496	11,945	39,124	51,435
24	264,689	6,663	121,348	33,676	11,493	37,321	45,943
Mar. 2	258,549	12,623	121,453	47,236	11,357	35,948	44,667

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1932.	£	£	£	£
January 1 to February 17	3,069,454	237,228	389,906	3,696,588
Week ended February 24	453,983	28,797	47,320	530,100
Week ended March 2	601,481	29,186	46,723	677,390
Total to date, 1932	4,124,918	295,211	483,949	4,904,078
Total to date, 1931	6,475,068	503,198	7,294,513	14,262,779
Increase or decrease in 1932	-2,350,150	-21,036	-19,249	-2,390,435
	= 36.3%	= 6.5%	= 3.8%	= 16.5%
Total for year 1931	31,815,808	1,667,852	2,752,209	36,235,869
Total for year 1930	38,782,577	1,812,146	2,963,631	43,558,354
Increase or decrease in 1931	-6,966,769	-144,294	-211,422	-7,322,485
	= 17.9%	= 7.9%	= 7.1%	= 17.8%

PROVINCIAL CLEARING RETURNS.

	Week ended February 20.		Month of February.		Aggregate Totals, January 1 to February 20.
	1931.	1932.	1931.	1932.	
No. of working days	24	25	24	25	24
BIRMINGHAM	2,340	1,739	9,697	8,691	20,942
BRADFORD	978	1,170	3,063	3,598	6,403
BRISTOL	987	918	4,422	4,350	8,197
DUBLIN	4,106	4,682	...	...	42,902
LIVERPOOL	714	610	3,140	3,188	6,878
LEICESTER	563	765	3,837	3,474	7,887
MANCHESTER	6,203	5,692	23,263	22,738	58,866
NEWCASTLE	8,506	8,851	37,865	42,538	81,553
NOTTINGHAM	1,408	1,358	5,552	5,215	10,475
Sheffield	424	334	1,875	1,859	4,449
Total	27,568	27,173	98,904	101,901	251,126

OVERSEAS BANK RETURNS

NOTE.—The latest return of the National Bank of Egypt and Danzig appeared in the Economist of January 9; Bank for International Settlements and Denmark in February 13; Portugal in February 20; Federal Reserve Member Banks, Canadian Banks, Netherlands, Roumania, Finland, Estonia, Lithuania and Chile in February 27.

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

	Mar. 5, 1931.	Feb. 11, 1932.	Feb. 18, 1932.	Feb. 25, 1932.	Mar. 3, 1933.
RESOURCES.					
Total gold reserve	3,094,300	2,967,220	2,943,590	2,937,550	2,938,970
Total bills discounted	190,580	819,430	845,780	835,240	828,400
Bills bought in open market	100,550	169,390	146,380	133,380	115,640
Total U.S. Govt. securities	599,870	741,340	741,340	740,560	759,950
Total bills and securities	891,000	1,763,710	1,763,500	1,723,860	1,710,070
Total resources	4,848,080	5,466,990	5,527,780	5,458,930	5,434,990
LIABILITIES.					
Federal Reserve notes in actual circulation					
Deposits—Memberbank—reserve account	1,459,840	2,661,960	2,656,940	2,642,830	2,638,490
Total deposits	2,365,190	1,904,910	1,904,250	1,877,790	1,902,140
Capital paid in and surplus	2,430,770	2,021,080	2,013,120	1,973,500	1,977,100
Total liabilities	4,437,730	4,177,800	4,177,340	4,127,280	4,169,090
Ratio of total reserves to deposit and Federal Reserve note liabilities combined	4,848,080	5,466,990	5,527,780	5,458,930	5,434,990
	84.1%	67.6%	67.4%	68.0%	68.1%

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

ASSETS.	Position, May 30, 1931.	Feb. 21, 1932.	Jan. 30, 1932.	Feb. 6, 1932.	Feb. 13, 1932.	Feb. 20, 1932.
Gold	521,775	2,415,622	2,248,413	2,248,479	2,248,552	2,248,635
Silver	728,600	709,482	526,138	523,108	522,005	526,645
Loans & Discounts	800,725	2,100,376	3,190,414	3,201,496	3,159,578	3,079,850
Spanish 4% stock	344,475	344,475	344,475	344,475	344,475	344,475
Advances to Treasury	150,000	150,000	150,000	150,000	150,000	150,000
LIABILITIES.						
Circulation	901,550	4,693,600	4,922,846	5,010,853	5,010,069	4,969,332
Deposits	477,500	821,636	1,083,182	1,061,764	1,066,502	1,035,321

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

ASSETS.	Feb. 23, 1931.	Jan. 31, 1932.	Feb. 7, 1932.	Feb. 15, 1932.	Feb. 23, 1932.
Metal reserve—					
Gold coin and bullion	161,942	100,676	100,059	100,023	100,028
Drafts and notes	10,458	16,476	15,540	15,441	15,441
Silver coin and bullion	12,059	9,480	8,824	9,309	10,341
Inland bills, warrants and securities	205,422	424,692	413,234	391,014	369,800
Advances to the Treasury	60,167	58,413	64,536	64,536	64,536
LIABILITIES.					
Share capital (gold crowns 30,000,000*)	34,756	34,756	34,756	34,756	34,756
Notes in circulation	337,610	415,931	404,565	371,358	343,378
Current accounts, deposits, &c.	53,283	97,402	93,817	105,996	110,725

* Calculated at pre-war parity of exchange.

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K. (000's omitted).

ASSETS.	Feb. 23, 1931.	Jan. 31, 1932.	Feb. 7, 1932.	Feb. 15, 1932.	Feb. 23, 1932.
Gold	1,642,698	1,648,644	1,648,114	1,647,553	1,646,561
Balance abroad and foreign currency	2,154,351	940,160	934,694	909,998	899,625
Discounts and advances	158,407	1,611,322	1,405,406	1,199,775	1,083,444
State notes debt balance	3,405,509	3,103,308	3,099,800	3,093,974	3,090,708
Other assets	907,585	845,239	653,421	550,115	551,999
LIABILITIES.					
Bank notes in circulation	5,755,462	6,808,287	6,446,915	6,130,708	5,923,852
Check account balances	1,649,948	384,260	637,559	614,086	686,846
Other liabilities	254,583	220,432	220,927	220,927	225,945

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

ASSETS.	Jan. 22, 1932.	Feb. 8, 1932.	Feb. 15, 1932.	Feb. 22, 1932.
Cash reserve—				
Gold at home and abroad	1,758,582	1,759,112	1,759,151	1,759,386
Foreign exchange	346,160	261,324	223,887	176,300
Other foreign exchange	86,799	83,621	84,996	86,270
Bills and advances against security	2,224,226	2,217,247	2,215,700	2,189,471
Government advances	1,799,720	1,800,307	1,801,214	1,801,632
LIABILITIES.				
Notes in circulation	4,911,733	4,990,242	4,841,663	4,717,286
Sight deposits	826,973	604,641	655,013	622,618

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

ASSETS.	Feb. 15, 1932.	Jan. 7, 1932.	Jan. 31, 1932.	Feb. 7, 1932.	Feb. 15, 1932.
Gold and silver holdings	1,450,333	1,511,521	1,512,001	1,512,024	1,512,247
Balance abroad and foreign currencies	708,770	396,647	333,320	392,557	337,266
Discounts and advances	659,719	774,113	699,122	697,040	689,686
Advances to the Treasury	3,064,426	2,965,482	2,965,482	2,965,482	2,965,482
LIABILITIES.					
Capital paid up	500,000	500,000	500,000	500,000	500,000
Reserve funds	1,183,658	1,189,474	1,189,062	1,189,057	1,190,735
Bank notes in circulation	3,034,882	2,938,808	2,730,337	2,706,332	2,670,594
Sight liabilities	1,464,879	1,352,140	1,514,336	1,567,466	1,546,209
Deposits	267,861	244,458	241,266	241,258	238,608

BANK OF GREECE.—In drachmas (000's omitted).

ASSETS.	Feb. 23, 1931.	Jan. 31, 1932.	Feb. 7, 1932.	Feb. 15, 1932.	Feb. 23, 1932.
Gold	514,093	869,561	869,358	869,369	869,373
Gold exchange	2,563,361	903,563	829,659	646,208	589,854
Other foreign exchange	3,198	2,034	2,171	2,181	2,164
Bills discounted	140,436	145,098	144,670	145,402	146,263
Advances	190,051	685,276	706,433	733,609	729,453
Debt to the State	3,388,763	3,151,192	3,150,692	3,150,317	3,150,317
LIABILITIES.					
Capital paid up	400,000	400,000	400,000	400,000	400,000
Notes in circulation	4,409,905	3,796,769	3,794,211	3,742,930	3,694,448
Deposits and current accounts	1,995,422	563,858	509,916	429,166	452,682
Foreign exchange liabilities	236,211	133,259	108,608	116,157	104,186

BANK OF POLAND.—In zloty* (000's omitted).

ASSETS.	Feb. 20, 1931.	Jan. 20, 1932.	Jan. 31, 1932.	Feb. 10, 1932.	Feb. 20, 1932.
Gold	562,647	600,441	600,487	602,293	602,334
Of which held abroad	77,396	113,869	113,869	115,650	115,650
Foreign currencies	363,795	195,960	188,185	185,950	184,820
Bills discounted	591,574	623,066	667,272	641,851	635,934
Loans against securities	97,265	135,709	133,966	132,992	129,702
Reserve fund securities	90,739	92,800	92,800	92,800	92,800
LIABILITIES.					
Share capital	150,000	150,000	150,000	150,000	150,000
Reserve funds	114,000	114,000	114,000	114,000	114,000
Notes in circulation	1,139,167	1,079,245	1,152,163	1,111,537	1,068,888
Current accounts	250,084	277,447	232,545	235,029	243,926

* As from October 27, 1927, 8-91 zlotys equals 1 U.S. dollar.

LONDON RATES.

	Feb. 25, 1932.	Feb. 26, 1932.	Feb. 27, 1932.	Feb. 29, 1932.	Mar. 1, 1932.	Mar. 2, 1932.	Mar. 3, 1932.
Bank rate (changed from 5% Feb. 18, 1932)	5%	5%	5%	5%	5%	5%	5%
Market rates of discount—							
30 days' bankers' drafts	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	2 1/4
3 months' do.	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4
6 months' do.	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4
Discount Treasury Bills—							
3 months'	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	2 1/4
6 months'	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	2 1/4
Loans—Day-to-day	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4
Short	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4
Deposit allowances: Bank	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4
Discount houses at call	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4
At notice	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4

Comparison with previous week—

	Short Loans.	Bank Bills.			Trade Bills.		
		3 Months.	4 Months.	6 Months.	3 Months.	4 Months.	6 Months.
1932.	%	%	%	%	%	%	%
Feb. 11	5	4 1/2	5 1/2	5 1/2	6 1/2	7 1/2	5 1/2
" 18	3 1/4	4 1/2	4 1/2	4 1/2	5 1/2	6 1/2	5 1/2
" 25	3 1/4	3 1/4	3 1/4	3 1/4	5 1/2	6 1/2	5 1/2
Mar. 3	3 1/4	3 1/4	3 1/4	3 1/4	5 1/2	6 1/2	5 1/2

RATES OF EXCHANGE.

London on	Usance.	Par.	March 5, 1932.	Feb. 25, 1932.	March 3, 1932.
New York	dollars to £1	Cable	4-85 1/2	3-48-48 1/2	3-48 1/2
Paris	dollars to £1	Cable	4-85 1/2	3-48-48 1/2	3-48 1/2
France	francs to £1	T.T.	124-21	124-00-02	88 1/2-88 1/2
Berlin	marks to £1	T.T.	20-43	20-43-14	14-14-14
Amsterdam	guilder to £1	T.T.	12-10-7	12-10-7	8-60-8 65
Brussels	belga to £1	T.T.	35-00	34-84-85 1/2	24-97-25-02
Milan	lire to £1	T.T.	92-46	92-72-74	65-67-67 1/2
Zurich	francs to £1	T.T.	25-22 1/2	25-23-23 1/2	17-85-89
Oslo	kroner to £1	T.T.	18-159	18-15-16 1/2	18-02-18-07
Stockholm	kroner to £1	T.T.	18-159	18-13-14	18-07-12
Copenhagen	kroner to £1	T.T.	18-159	18-16-16 1/2	18-10-18-20
Madrid	pesetas to £1	T.T.	25-22 1/2	45-25-30	45-45-45
Lisbon	escudo to £1	T.T.	110	108 1/2	109 1/2-110 1/2
Vienna	schilling to £1	T.T.	34-58 1/2	34-55-58	30-34
Prague	kroner to £1	T.T.	164 1/2	163 1/2-164	117-118
Belgrade	dinars to £1	T.T.	276-316	276-276 1/2	190-200
Budapest	pengo to £1	T.T.	27-82	27-85-88	20-21
Bucharest	lei to £1	T.T.	813-6	818-818	570-590
Sofia	leva to £1	T.T.	673-659	667-672	575-595
Athens	drachmas to £1	T.T.	375	374-375 1/2	450-500
Constantinople	piastres to £1	T.T.	110	1025-1025 1/2	700-750
Moscow	roubles to £1	T.T.	9-46	9-43-49	6-72-6-74 1/2
Warsaw	zlotys to £1	T.T.	43-38	43-38	30-31 1/2
Helsingfors	F. marks to £1	T.T.	193-23	192-193	215-225
Kyovo	lira to £1	T.T.	48-66	48-66	32-36
Reval	kroon to £1	T.T.	18-159	18-20-27	12-14
Riga	late to £1	T.T.	25-22 1/2	25-19-29	17-19
Alexandria	piastres to £1	Sight	97 1/2	97 1/2	97 1/2
Buenos Aires	pesos to £1	T.T.	47-62	37-4-4	39-39 1/2
Rio de Janeiro	pesos to £1	90 days	5-899	4-4-4	4-4-4
Montevideo	pesos to £1	T.T.	51	31-4	29-32
Valparaiso	pesos to £1	90 days	40	39-93	29-30
Lima	soles to £1	90 days	17-3	17-62 1/2	12-27 1/2
Calcutta	rupee to £1	T.T.	18 1/2	18 1/2	16 1/2-17
Bombay	rupee to £1	T.T.	18 1/2	18 1/2	16 1/2-17
Madras	rupee to £1	T.T.	18 1/2	18 1/2	16 1/2-17
Hong Kong	ster. to dollar	T.T.	114-114 1/2	114-114 1/2	114-114 1/2
Shanghai	ster. to dollar	T.T.	2-4-4	2-3-4	2-3-4
Singapore	ster. to dollar	T.T.	2-4-4	2-3-4	2-3-4
Kobe	ster. to yen	T.T.	24-58-2	24-58-2	110-110 1/2
Manila	ster. to peso	T.T.	24-58-2	24-58-2	110-110 1/2
Mexico	pesos to £1	T.T.	9-76	10-20-40	9-80-10-20
San Francisco	ster. to dollar	T.T.	21-82 1/2	21-82 1/2	21-82 1/2

OVERSEAS BANK RATES.

Changed.	From	To	Changed.	From	To
Albania	July 1, 1931	9 3/8	Madrid	July 8, 1931	5 1/2
Amsterdam	Sept. 29, 1931	2 3/4	Oslo	Mar. 3, 1932	5 1/2
Athens	Feb. 20, 1932	12 1/2	Paris	Oct. 9, 1931	2 1/2
Batavia	Mar. 10, 1930	5 1/4	Prague	Dec. 22, 1931	6 1/2
Belgrade	July 20, 1931	6 7/8	Reval	Nov. 13, 1931	5 1/2
Berlin	Dec. 9, 1931	8 1/2	Riga	Jan. 28, 1932	6 1/2
Bombay	Jan. 13, 1932	2 1/2	Rome	Oct. 1, 1930	7 1/2
Bucharest	Jan. 19, 1932	8 1/2	Sofia	Sept. 28, 1931	5 1/2
Budapest	Feb. 25, 1932	7 1/2	Stockholm	Sept. 30, 1931	8 1/2
Calcutta	Sept. 26, 1931	4 1/2	Swiss Bank	Mar. 3, 1932	5 1/2
Copenhagen	Nov. 24, 1931	6 1/2	Tokio	Jan. 22, 1931	2 1/2
Helsingfors	Feb. 12, 1932	8 1/2	Vienna	Nov. 4, 1931	5-84
Kyovo	Mar. 1, 1932	8 1/2	Warsaw	Nov. 11, 1931	10 1/2
Lisbon	Aug. 8, 1931	7 1/2	Warsaw	Oct. 3, 1930	6 1/2
New York Federal Reserve	Feb. 25, 1932	3 1/2	Irish	Feb. 18, 1932	6 1/2

Central Bank of Chile.—Discount rate for member banks, 6%; discount rate for the public, 7% applied to banks and credit institutions.
a 6% applied to banks and credit institutions.
b 7% applied to private persons and firms.

CURRENT PRICES IN NEW YORK.

The Irving Trust Company cable the following money and exchange rates in New York:—

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefce.	Ordinary.					
						Amount	Amount.				
		£	£	£	£	£	%	£	£	£	%
Banks.											
British Linen Bank	Jan. 15	63,147	293,530	356,677	...	150,000	16	120,000	86,677	327,421	16
Breweries.											
Holt Brewery	Dec. 31	51,138	65,810	116,948	23,493	40,590	7	500	52,365	81,552	8½
Reid (W. B.) and Co.	Dec. 31	39,833	16,396	56,229	...	13,800	6	294	42,135	31,171	11
Electric Lighting, &c.											
Clyde Valley Elect. Power	Dec. 31	88,430	318,228	406,658	58,000	147,000	7	120,000	81,657	369,670	8
Kensington & Knightsbridge											
Electric	Dec. 31	911	75,431	76,342	5,500	25,375	1/7-1811	40,374	5,093	62,101	1/7-1811
Metropolitan Electric Supply	Dec. 31	111,062	446,135	557,197	22,500	225,000	10	208,517	101,180	424,375	10
Midland Counties Electric...	Dec. 31	5,067	257,579	262,646	81,000	141,750	7	34,418	5,478	240,930	7
Financial Land, &c.											
National Mortgage & Agency	Sept. 30	13,814	Dr. 56,701	Dr. 42,887	...	17,078	5†	Dr. 75,000	15,035	21,286	7½†
Co. of New Zealand											
River Plate Trust Loan, &c.	Dec. 31	222,821	270,784	493,605	75,000	170,000	{ 20A 7B }	25,000	223,605	307,544	{ 24A 9B }
Gas.											
Brighton and Hove Gas ...	Dec. 31	47,002	74,021	121,023	14,484	55,312	{ 7½ 6½ }	2,500	48,727	76,530	{ 7½ 6½ }
Dover Gas Co.	Dec. 31	8,996	10,893	19,889	...	7,948	8½	1,955	9,986	9,836	8½
European Gas Co.	Dec. 31	...	58,845	58,845	...	52,615	5½†	6,230	...	56,890	5½†
Rhymney and Aber Gas ...	Dec. 31	1,019	11,856	12,875	957	9,910	6½	...	1,908	12,272	7
Woking District Gas	Dec. 31	6,716	7,442	14,158	1,141	6,223	{ 10½ 7½ }	...	6,794	7,803	{ 10½ 7½ }
Hotels, Restaurants, &c.											
Jones (R. E.), Ltd.	Oct. 31	Dr 182,629	Dr. 33,737	Dr 216,366	...	...	...	...	Dr 216,366	7,459	...
Prince of Wales Hotel Co.,	Dec. 31	10,644	7,464	18,108	...	4,800	6	3,000	10,308	9,666	8
Southport											
Iron, Coal and Steel.											
Fife Coal Co.	Dec. 31	91,111	43,548	134,659	15,668	36,732	3†	...	82,259	99,837	6†
Motor and Cycle.											
"Romac" Motor Accessories	Sept. 30	4,706	2,862	7,568	...	3,500	5	...	4,068	8,046	5
Rubber.											
Pilmoor Rubber	Dec. 31	288	Dr. 1,343	Dr. 1,055	...	...	...	Dr. 2,000	945	Dr. 1,431	...
Shipping.											
Fairwater Shipping Co. ...	Dec. 31	662	Dr. 386	276	...	...	...	...	276	1,655	...
Shops and Stores.											
Dickins and Jones	Jan. 31	42,909	30,065	72,974	13,750	35,000	10	Dr. 15,000	39,224	55,910	12
Evans (D. H.) and Co.	Jan. 31	52,607	106,622	159,229	12,000	90,058	30	9,462	47,709	115,583	30
Harrods, Ltd.	Jan. 31	126,643	697,069	823,712	300,000	387,659	17½	25,000	111,053	752,482	20
Wallis (Thomas) and Co. ...	Jan. 31	3,642	26,099	29,741	15,810	10,136	5	...	3,795	29,602	6
Walton (Isaac) and Co. ...	Jan. 31	4,422	2,283	6,705	6,300	...	...	...	405	...	...
William Whiteley, Ltd.	Jan. 30	91,070	100,591	191,661	22,500	{ 45,000 1,015 Mngmt. }	25†	32,076	91,070	98,183	25
Textiles.											
Courtaulds, Limited	Dec. 31	195,757	1,551,587	1,747,344	400,000	1,200,000	5†	...	147,344	2,274,409	6†
Wolsey, Ltd.	Dec. 31	62,842	94,041	156,883	75,000	30,000	{ A 3 B 7-2d }	...	51,883	90,932	{ A 3 B 60 }
Woolcombers, Ltd.	Dec. 31	44,025	55,439	99,464	15,750	45,000	11½†	...	38,714	30,562	11½†
Trust.											
British and German Trust...	Dec. 31	33,352	67,437	100,789	43,125	12,000	4	...	45,664	83,191	8
Caledonian Trust	Jan. 31	32,121	78,961	111,082	21,038	50,380	15	...	39,664	90,425	16
City Property Investment	Jan. 31	1,381	9,803	11,184	4,911	4,552	12	...	1,721	11,833	14
Colonial Securities Trust ...	Jan. 31	...	15,889	15,889	19,287	...	...	Dr. 3,398	...	22,032	...
Eng. & Scottish Investors...	Jan. 31	4,936	23,180	28,116	17,156	...	...	743	10,217	...	...
London & Clydesdale Trust	Feb. 1	...	26,076	26,076	8,438	3,375	3	13,123	1,140	...	...
Scottish Western Investment	Jan. 31	58,218	100,239	158,457	21,037	63,745	19	...	73,675	114,848	19
Un. States Debenture Corp.	Jan. 31	75,433	191,602	267,035	57,750	125,000	12½	...	84,285	215,906	15
Waterworks.											
Antwerp Waterworks	Dec. 31	596	3,739	4,335	...	3,750	5	...	585	Dr. 6,561	7½
Stroud Water Co.	Dec. 31	562	2,021	2,583	500	992	{ 10 7 }	500	591	2,526	{ 10 7 }
Other Companies.											
Agric. & General Engineers	Mar. 31	108,864	Dr 700,208	Dr 591,344	...	...	...	...	Dr 591,344	108,864	...
Allied Dairies	Feb. 2	648	9,621	10,269	2,075	6,000	5	2,000	194	11,143	6
Booth (James) and Co. ...	Dec. 31	13,539	54,920	68,459	8,400	28,125	15	15,000	16,934	54,237	15
Cerebos, Ltd.	Nov. 30	118,536	204,538	323,074	...	150,000	30†	50,000	123,074	226,218	30†
City Safe Deposit, &c.	Dec. 31	3,642	5,137	8,779	1,300	1,875	7½	2,000	3,604	5,564	7½
Dundee Floorecloth, &c.	Jan. 31	4,184	7,408	11,592	1,440	4,852	7	...	5,300	3,242	6
East End Dwellings	Dec. 31	1,397	23,503	24,900	2,000	7,972	5†	14,000	928	23,148	5†
Gallaher, Ltd.	Dec. 31	136,907	192,251	329,158	48,750	75,000	10†	65,000	140,408	177,610	8†
H. P. Sauce	Dec. 31	49,345	227,830	277,175	13,650	146,570	30	66,996	49,959	236,903	30
Leicester Real Property Co.	Dec. 31	1,050	3,995	5,045	...	1,966	7½	1,000	2,079	1,398	7½
Lincoln Wagon and Engine	Feb. 1	13,157	25,871	39,028	...	17,063	15	8,000	13,965	26,359	20
London and Thames Haven											
Oil Wharves	Dec. 31	145,969	166,459	312,428	...	150,000	15†	...	162,428	180,858	15†
London Brick Co. & Forders	Dec. 31	222,143	487,867	710,010	32,000	280,000	20	175,000	223,010	488,143	20
Morris (B.) and Sons	Dec. 31	417	15,519	15,936	7,000	6,718	5	500	1,718	12,672	5
Nathan (Joseph) and Co. ...	Sept. 30	32,702	49,811	82,513	51,000	...	...	...	31,513	64,066	10
National Gas Engine	Dec. 31	29,292	Dr. 15,086	14,206	6,000	...	...	...	8,206	17,923	...
Spratt's Patent	Dec. 31	14,320	107,634	121,954	11,500	67,500	15	25,000	17,954	106,743	15
Squirrel Chocolate and Confectionery											
Temperance Billiard Halls...	Dec. 31	...	Dr. 4,913	Dr. 4,913	...	...	...	...	Dr. 4,913	Dr 18,528	...
Tilling (Thomas), Ltd.	Dec. 31	13,288	23,481	36,769	...	20,587	12	1,800	14,382	29,435	12
United Glass Bottle	Dec. 31	95,295	324,865	420,160	16,500	158,205	20	125,000	120,455	272,788	25†
Variety Theatres Consol. ...	Dec. 31	43,154	118,455	161,609	39,362	23,486	7½	55,465	43,296	118,654	7½
West Ham Stadium	Dec. 31	20,080	8,197	28,277	9,005	...	...	1,500	17,772	14,867	8
		1,293	16,189	17,482	1,250	6,250	25	8,628	1,354	26,626	10

† Free of income tax.

(†) Absorbed £131,837.

† The total dividend charge was £112,500, the balance of £67,500 being paid by Selfridge and Company under their guarantee.

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

Miles Open.	Passenger, &c.	Gross Receipts, week ended Feb. 28, 1932. (000's omitted.)	Aggregate Gross Receipts, 8 weeks. (000's omitted.)	Passenger, &c.	Merchandise, &c.	Coal and Coke.	Total Goods.	Total Receipts.
(b) Week ended Feb. 26, 1932.	1932	£	£	£	£	£	£	£
(c) Week ended Feb. 27, 1932.	1931	£	£	£	£	£	£	£
Great Western	1932	3,761	154	179	113	292	446	1,268
(c) L. & N.	1932	3,761	177	195	124	319	496	1,404
Eastern	1932	6,349	250	328	242	570	820	1,969
L. M. & Scottish	1932	6,349	276	357	270	627	903	2,155
Southern	1932	6,962	383	453	258	711	1,094	2,958
	1931	6,957	409	477	280	757	1,166	3,146
	1931	2,180	229	72	42	114	343	1,839
	1931	2,180	229	72	46	128	380	1,985
Total	1932	1,016	1,032	655	1,687	1,703	8,034	78,999
	1931	1,114	1,111	720	1,831	2,945	8,690	85,755
(c) Metro-politan	1932	59	29.1	...	...	3.6	32.7	233.2
(c) Under-ground N.R.	1932	59	30.9	...	...	3.8	34.7	248.7
(c) Green	1932	...	283.9	...	...	283.9	2338.2	...
(c) L. & S.	1932	...	25.6	...	...	25.6	209.1	...
(c) L. & S. Group	1932	...	41.0	...	...	41.0	340.8	...
(c) Belfast	1932	...	42.5	...	...	42.5	349.0	...
(c) Co. Down	1932	...	8.0	...	...	0.7	2.5	...
(c) Great Northern	1932	...	1.8	...	...	0.8	2.6	...
(c) Great Southern	1932	...	562	...	...	14.7	22.9	...
(c) Great Southern	1932	...	562	...	...	15.4	24.6	...
(c) Great Southern	1932	...	2,182	...	...	38.0	55.9	...
(c) Great Southern	1932	...	2,182	...	...	42.4	61.8	...

* The operations of these Companies were extended during 1931.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1932.	or —	1932.	or —
INDIAN.							
		1932.		Rs.	Rs.	Rs.	Rs.
Assam Bengal.....	44	Jan. 30	1,330	3,44,100	Rs. 78,178	1,60,27,854	Rs. 13,25,605
Barel Li. Ry.	45	Feb. 6	202	51,000	2,300	17,37,900	4,800
Bengal N. Western	19		6,214	7,37,033	Rs. 96,451	1,09,31,812	1,27,626
Bengal-Nagpur	43	Jan. 23	3,274	15,07,000	60,052	5,62,48,760	91,001
Bombay Bar. & C.I.	46	Feb. 20	3,084	22,67,000	1,17,000	8,88,38,000	56,44,000
Madras & S. Mahr.	45	Feb. 20	3,230	16,63,000	1,45,273	6,51,91,411	28,04,333
† Rohilk. & Kumaon	19	6	572	17,70,519	6,220	20,89,186	1,71,700
South Indian.....	45	6	2,495	10,49,941	82,686	4,76,32,063	54,75,792

a good deal to be desired. London has been a little more active in the market lately. Washed treble nuts are firm in the Fifeshire district, but weak in the Lothians, and doubles are about steady in each of these districts. The smaller sizes of nuts, and most qualities of round coal, are inclined to ease in price. Shipping prices are approximately as follows (f.o.b. district ports): LANARKSHIRE.—Ell best, 14s. 3d.; splint best, 16s.; splint second, 14s.; navigation, 15s.; navigation second, 14s. 6d.; Hartley, 15s. 6d.; steam, 13s. 13s. 3d.; trebles 12s. 6d.; doubles, 10s. 9d.; singles, 9s. 6d.; pearls, 9s.; dross, 9s. FIFE.—Screened navigation, 16s. 6d.; first-class steam, 12s. 6d.; third-class steam, 11s. 6d.; trebles, 12s. 6d.; 13s. 6d.; doubles, 10s. 6d.; singles, 9s. 6d.; pearls, 9s. LOTHIAN.—Prime steam, 12s.; secondary steam, 11s. 9d.; trebles, 11s. 9d.; 12s.; doubles, 10s. 9d.; singles, 9s. 6d.; pearls, 9s. Ayrshire.—Unscreened navigation, 16s.; jewel, 17s.; steam, 13s.; trebles, 12s. 6d.; doubles, 11s.; singles, 9s. 9d.; pearls, 9s.; dross, 9s. 7d.

CARDIFF.—The general situation on the Cardiff coal market is unchanged. Foreign and coastwise exports last week were 20,000 tons less than in the previous week, and 45,000 tons less than in the corresponding week last year, and it is unlikely that the figures for the current week will show any appreciable improvement. Minimum prices are ruling for practically every description, the only notable exception being dry nuts, which are firm at from 24s. to 25s., f.o.b. The withdrawal of the French 15 per cent. surtax has led to better inquiry in the Coasting and Bay trades, but it is feared that with the increasing severity of the industrial depression in France every possible effort will be made by the French authorities to limit imports to the reduced quotas. The new restrictions on the importation of British coals by Germany will not seriously affect South Wales, but it may be of interest to point out that under the latest orders of the German Controller the imports of British coals will be reduced to about 26 per cent., the average of the three years 1928-30. The South Wales audit for the three months ended last January shows a credit balance of £25,702, or 69d. per ton, compared with a debit balance in the previous three months of £57,481, or 1-52d. per ton, and brings the credit balance for the whole of the past year to £30,244, compared with £307,941 in 1930. The deficiency arising from the payment of the 20 per cent. minimum wage was £674,091, and the deficiency carried forward has thus been increased to £2,884,783. The following are the current approximate quotations: Best Admiralties, 19s. 6d.; seconds, 19s. 9d. to 19s. 4½d.; best drys, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams, 13s. 6d.; cargo smalls, 11s. 6d. to 12s. 6d.; coking smalls, 13s. 6d. to 13s. 9d.; anthracite best large, 36s. to 38s. 6d.; Red Vein large, 22s. 6d. to 27s. 6d.; machine made cobbles, 40s. to 48s. 6d.; French nuts, 40s. to 48s. 6d.; stove nuts, 39s. 6d. to 43s. 6d.; ruddy culm, 8s. 3d. to 8s. 9d.; foundry coke, 32s. 6d. to 36s.; patent fuel, 19s.; pitwood, ex ship, 22s. 6d. to 22s. 9d.

IRON AND STEEL.

MIDDLESBROUGH.—The market continues dull and uninteresting. Business does not develop as was expected and the continued depression is causing disappointment. In Cleveland iron only small quantities are being bought and for early delivery. The orders are easily supplied from the current production, so that there is no prospect of any extra furnaces being put into operation at present. It was generally thought that events would have developed sufficiently by now to induce some purchases for forward delivery, but this has entirely failed to mature and business continues on the same restricted lines as hitherto. There was very little call for iron at Tuesday's weekly market and the few transactions reported were for small lots for early delivery to home consumers. Official prices were again unchanged, viz.: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s. f.o.b. or f.o.c., special concessions still being made for direct business with Scottish consumers. The demand for hematite is also disappointing, and although the current make of the district is still confined to five furnaces, stocks are large and there are ample supplies offering. Fairly large quantities are held in second-hands, and holders, not being able to take out the quantities due to them, have been cutting prices to try to secure orders to enable them to keep faith with the makers. The business done recently has been mainly for early delivery, there being no inquiry of importance for forward. Ordinary mixed numbers are now obtainable for prompt at 63s. 6d. per ton. Shipments of pig iron for February totalled 10,468 tons, compared with 8,436 tons for January. Clearance of manufactured iron were 1,118 tons, against 380 tons, and manufactured steel, 25,802 tons, against 21,477 tons, a combined increase of 7,095 tons. In the finished trades there is no substantial improvement to report, and works continue indifferently employed. Sheet mills have been doing better lately, but the demand has eased off, and prices are slightly easier at £9 10s. for 24-gauge galvanised corrugated sheets and £8 for 24-gauge black sheets. Prices for steel materials under the rebate scheme are unchanged, also for the other main products. The ore market continues practically idle. Best rubio is nominally 16s. 6d. c.i.f., and the current freight Bilbao/Middlesbrough is about 5s. Imports of all kinds of ore into Middlesbrough last month were 52,154 tons, compared with 59,242 tons in January and 82,552 tons in December. Coke is in plentiful supply, but the difficulty in making sales locally is causing the price to weaken, and good blast-furnace qualities can now be obtained at 16s. 6d. delivered works. The number of blast furnaces in operation in the district is unchanged at seventeen.

SHEFFIELD.—Large quantities of ferro-alloys and Swedish iron and steel material were brought to English ports last week before the 10 per cent. duty came into force and, on an average, consumers now hold two months' supplies. Demand for ordinary steel is as

sluggish as ever. The engineering position is suffering from a hold-up of numerous construction schemes resulting from a policy of economy. The open-hearth plant at Vickers' works of English Steel Corporation, Ltd., is to be reconstructed on the most modern lines. The production of open-hearth in the district is slightly down, but is better in the Lincolnshire area, where trade shows a broadening tendency. Activity is increasing in certain classes of tools, scissors and safety razors, and a further accession of trade is anticipated when existing stocks of foreign goods are liquidated. Ordinary trade in table cutlery and plate falls considerably short of the level of a year ago. Unemployment is being maintained at previous levels, with an increase in the colliery section.

GLASGOW.—Nothing has occurred this week to relieve the dullness in the iron and steel industries in the West of Scotland. At the steel-making plants it is still only possible to keep a small proportion of the available plant in operation, and here little improvement can be looked for until the position at the shipyards improves, as shipbuilding material forms a very important part of the output at many of the plants. Continental semis continue to be offered at exceedingly low prices. Rollers of steel bars report that there is a very poor demand, and the position is similar in the case of makers of wrought iron bars. Sheet makers are securing a fair amount of business, both for black and galvanised sheets, the bookings for galvanised being somewhat better this week than for some little time. In the tube trade there is very little new work being placed with local firms.

CARDIFF.—On the Swansea Metal Exchange on Tuesday it was reported that minor difficulties had arisen in connection with the new tinplate regulation scheme, but it is anticipated that they will be surmounted, and that the scheme will become operative as from next Monday. It is understood that the first payments in and out of the pool are to be on the basis of 1s. per box till early June, when they will be revised. Current business is comparatively quiet, but the new minimum price of 16s. per box is nominally operative. South Wales tinplate bars are unchanged at £5 per ton, less a rebate at 5s. per ton, but foreign bars are ruling at between £4 and £4 2s. per ton, and arrivals from Belgium have been exceptionally heavy during the past week.

OTHER METALS.

TIN.—The past week witnessed a sharp setback in the gold price of most non-ferrous metals with the exception of tin. This remained relatively steady, although there was no expansion in demand. In New York the metal was quoted at 22-15 cents per lb. on Wednesday, against 22-15 cents per lb. a week ago and 21-90 a month ago. Wednesday's official closing quotations in London, in terms of sterling for "standard" cash, at £138 15s. to £139 per ton, compares with £139 5s. to £139 7s. 6d. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 33,457 tons, show a decrease of 49 tons on the week.

COPPER.—The market in copper was depressed and quotations declined steeply. Although the official export price is still 6½ cents per lb., sales under the new agreement were made at 5½ cents per lb. On Wednesday, "Domestic" spot was quoted officially at 5-75 cents per lb. in New York, against 6-250 cents a week ago, and 6-75 cents a month ago. Wednesday's official closing price for "standard cash" in London, in terms of sterling, at £33 2s. 6d. to £33 5s., compares with £35 13s. 9d. to £35 16s. 3d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 20,033 tons, show an increase of 103 tons, while stocks of rough copper, at 1,175 tons, are 200 tons larger.

LEAD.—Under the influence of selling pressure, lead prices declined sharply both in London and New York. The fall in New York quotations is significant, as quotations had been maintained at 3-75 cents per lb. since December last. In New York the metal was quoted at 3-25 cents per lb. on Wednesday, against 3-75 cents a week ago and 3-75 cents a month ago. Wednesday's official closing quotation for "soft foreign" in London in terms of sterling, at £12 11s. 3d. per ton for shipment during the current month, compares with £14 2s. 6d. on the corresponding day last week.

SPELTER.—In the absence of selling pressure, this metal remained relatively steady. Wednesday's quotation in New York, at 2-75 cents per lb., compares with 2-85 cents a week ago and 2-825 cents a month earlier. Wednesday's official closing quotation in London in terms of sterling for "good ordinary brands" was £13 7s. 6d. per ton for shipment during the current month, against £13 5s. a week ago.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotations for aluminium and nickel have been maintained at £95 per ton and at £240 to £245 respectively. Foreign antimony again advanced from £30 10s. per ton, ex warehouse, to £31-£31 10s. per ton. Quicksilver again sold at £18 10s. to £19 per flask, and platinum remained steady at £11 ls. per ounce.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Imports for the week February 25 to March 2 (inclusive) are 62,048 bales, of which 45,800 bales are American, 378 Peruvian, 13,483 Egyptian, 2,422 East Indian, and 165 sundries.

Manchester.—The improved demand in the market has been well maintained, and there have been indications of inquiry covering a wide range of goods, with increased interest in prices on the part of overseas countries. During the last few weeks certain producers have extended their order lists, and are now in a better position to present a stiffer front to customers. In the cloth section the business offering for India has continued more encouraging. Owing to larger clearances in Calcutta, dealers have been more disposed to replenish stocks, and in addition to dhooties being bought, other

tight fabrics have attracted more attention. A considerable demand has been met with for Karachi, and rather more orders have been booked for Madras, whilst further activity has occurred for Rangoon. Rather healthier advices have been received from China, and a better demand with more contracts has been experienced for Hong Kong with isolated sales for Shanghai. Steady buying has taken place for Java, Singapore and the Straits Settlements. A few more lines have been put through in grey and white shirtings for Egypt. Heavy goods have attracted attention for East Africa. Printing and finishing styles have moved off fairly well for South America and the Continent, and there are signs of rather more activity in home trade fabrics. More favourable reports are being received from certain weaving districts, especially Blackburn and Preston. The larger turnover in American and Egyptian yarns has continued, the sales being bigger than the production. Spinners, however, still find it difficult to improve prices. Export yarn demand continues more encouraging for India, and to some extent for China.

Cotton Prices.

	1932.				Corresponding Date.	
	Feb. 10.	Feb. 17.	Feb. 24.	Mar. 2.	1930.	1931.
Raw Cotton—Mid. American per lb.	5-55	5-82	5-73	5-71	4-28	6-15
" Sakellaridis Fully Good Fair						
" Egyptian per lb.	7-35	7-55	7-65	7-75	13-75	10-10
Yarns—32's twist per lb.	9	9½	9½	9½	12½	9½
" 40's twist per lb.	9½	9½	9½	9½	13	10½
" 60's twist (Egyptian) per lb.	15	15½	15½	15½	21½	17½
32-in. Printers, 116 yds., 16 by 16, 32's and 50's s. d.	17	9	17	10½	18	3
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's s. d.	19	7	19	9	20	6
38-in. ditto, 38 yds., 18 by 18, 10 lb. s. d.	10	10	11	11	11	7
39-in. ditto, 37½ yds., 16 by 15, 8½ lb. s. d.	9	9	9	10	10	6

THE WOOL TRADE.—Bradford.—The opening of the second series of London sales last Tuesday, writes our correspondent, was not characterised by anything inconsistent with the state of the home trade and the expectations of buyers. Perhaps merinos were slightly cheaper than topmakers were looking for, and there was a bigger decline in superfine combing wools than in average merinos and fine crossbreds. The first day's offerings did not, however, provide an opportunity for a very thorough test of values of merinos, for New Zealand and South American crossbreds predominated the catalogues. Certainly where anything of outstanding merit in fine wool was submitted, good market prices were paid, and it was quite evident that, in spite of the failure of prices to come up to the January level, there are still buyers with actual needs to fill, and who are prepared to pay the utmost that any suitable offerings are worth. It should be borne in mind that the past month has been a poor time for Yorkshire consumers. New business has fallen off, and though making a strong fight against any reductions, topmakers have been unable to resist a decline of around 1d. per lb. in merino tops, even more in the case of the finest qualities, and ½d. in crossbreds, this being exceeded in the low sorts. With such a depreciation as this, and with prices in Australia and New Zealand selling centres moving in buyers' favour, nothing else could happen, but that London would come into line. It has been emphasised within the past few days that, if Coleman Street prices held their own compared with the January series, Bradford topmakers would be "wrong" again. The best feature of the auctions so far has been the good general competition. France seems to be the least active of the Continental section. Taking the sales all round, prices are 5 per cent. lower in average greasy merinos, and secureds par to 5 per cent. cheaper. Clothing wools are quite firm. Fine greasy crossbreds are par to 5 per cent. cheaper, and medium and coarse 10 per cent. There is little evidence of any revival in Bradford. Just before the sales commenced, some very reasonable prices were accepted for merino tops, and nothing has happened to strengthen the position of crossbreds.

THE JUTE TRADE.—Dundee.—Though business in all sections of the jute trade is quiet, prices are being fairly well maintained all round. The new crop of jute is now under course of preparation, and sowings have commenced in some districts. It is yet too early to form any idea as to the extent to which the growers are heeding the call for a small crop, which is necessary if prices are to be maintained. Production at all consuming centres is so very much curtailed. Sellers are not pressing to sell, and they appear to be content to await further developments. Offers to this market are very scarce, due to the apathy of spinners, who have already purchased sufficient to carry them through this season, the total quantity in view for the season from August 1st last being 725,000 bales, compared with 429,000 bales last year at this time. The total quantity received for the whole of last season was only 600,000 bales. The value of Daisee assortment has remained round about £17 5s. for some time now, with fours quoted at £16 to £16 5s., and Tossa at £20 2s. 6d., Asahi Hearts at £17 15s., Mitsui Daisee 4 at £16 5s., Mitsui Daisee assortment at £18, and Mitsui Tossa 4 at £17 15s., March-April. Only a few small lots of spot material are being picked up. Jute yarns are quiet at 2s. lowest for common 8-lb. cops and 2s. 1d. for 8-lb. spools. Twist runs from 3½d. for 3 ply 8 lb., and sacking yarns from 2½d. for 24 lb. wett and 3½d. for 8 lb. chains. Rove is of small interest at the low prices of £19 10s. for 48 lb. and £17 for 200 lb. Fine yarns and carpet qualities are very slow. Orders for jute cloth are of small extent, and even inquiry is of little consequence. Prices are quoted at 3d. for 10½ oz. 40-in. hessians, and 2d. for 8 oz., but there are occasions when

something less is being taken because of the necessity for orders. Linoleum hessians are dull and nominal, and heavy goods are only of occasional interest. The Calcutta goods market has been quiet and showing an easier tendency this week. The stocks of hessians in Calcutta at the end of February were increased by 1-66 per cent. to 144,291,000 yards, but heavy goods were reduced by 15-50 per cent. to 45,312,000 yards compared with the end of January. The latest prices are 20s. for 10 oz. 40 in., and 15s. 6d. for 8 oz., March; 20s. 3d. and 15s. 10d. for April-June, and 20s. 4½d. and 16s. for July-September. Liverpool twills are quoted at 57s. 6d., and "B" twills at 52s. for March and 57s. 4½d. and 51s. 9d. for April-June.

THE GRAIN MARKETS.

WHEAT.—The international wheat situation has undergone little change during the past week. Continental buying has kept up fairly well and will probably increase from now onwards until the new crop is harvested in summer. Russia is shipping little, and exports from Australia, Argentina and Canada are being readily absorbed. Primary receipts in the United States continue relatively small in the expectation of higher prices. The expectation in the United States that the Bill which provides for the distribution of 40,000,000 bushels of Farm Board wheat for relief purposes, will be passed is acting as a bull point. On Wednesday, "March" futures were quoted at 57½ cents per bushel in Chicago, against 58½ cents on the corresponding day last week, and 57½ cents a month ago. Quotation in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 36s. per 996 lbs., as compared with 36s. 6d. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 34s., against 34s. 3d.; No. 3 Northern Manitoba, Vancouver, ex ship, 32s. 6d. to 33s., against 33s.; Russian, on sample, 30s. 6d., against 29s. to 30s.; Australian, ex ship, 29s. 6d. to 30s. 9d., against 29s. 3d. to 30s. 6d. a week ago.

WHEAT FLOUR.—International trade in flour has been smaller but the demand in this country both for home-milled and foreign flour remained firm. Prices ruled slightly higher. North American shipments, at 187,000 sacks, showed a decrease of 68,000 sacks as compared with the previous week. Of this total, only 133,000 sacks have been consigned to Europe. Quotations in London, Wednesday: Straight run, delivered country, 27s. 6d. per sack of 280 lbs., as compared with 27s. last week; delivered London, 26s. 6d., against 26s. Manitoba patents, ex store, 27s. 6d. to 30s., against 27s. to 29s.; and Australian, ex store, 22s. to 23s. 6d., against 21s. 6d. a week ago.

BARLEY.—The market in barley has been firm on the Continent. Russian and Argentine varieties found a steady demand. On Wednesday, "May" futures were quoted at 42½ cents per bushel in Winnipeg, against 43 cents last week and 39½ cents a month ago. Quotations in London, Wednesday: "English feeding," i.e., per 448 lbs., 26s. to 27s., as compared with 26s. to 27s.; Russian, landed, 25s. per 400 lbs., against 25s. 6d. a week ago.

OATS.—Business in oats has been dull in this country, but Canadian and Argentine sellers found a ready market on the Continent, particularly in France and Belgium. "May" futures, which last week stood at 22½ cents per bushel in Chicago, sold at 22 cents per bushel on Wednesday this week, against 25½ cents a month ago. Quotations in London, Wednesday: "River Plate," landed, 18s. 3d. per 320 lbs., as compared with 18s. 3d. to 18s. 6d. last week; "River Plate," ex ship, 17s. 3d., against 17s. 3d.; "Chilcan White," landed, 27s., against 27s. a week ago.

MAIZE.—It has been officially stated that the yield of the maize crop in Argentina was 48,346,000 quarters and that remainder of the exportable surplus now amounts to 2,590,000 quarters. This estimate had a depressing effect on prices, which reacted somewhat from the high level reached a week ago. Wednesday's quotation in Chicago for "March" futures, at 36 cents, shows a decline of ½ cent on last week, and a fall of 1½ cents as compared with the price a month earlier. Quotation in London, Wednesday: "Plate," landed, 21s. 3d. per 480 lbs., as compared with 22s. 6d. last week; "Plate," ex ship, 20s. 3d., as against 21s.; "Plate," March-April, 20s. 9d., as against 21s. Yellow maize meal, ex wharf, was quoted at £6 per ton, against £6 5s. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1931-32, 1930-31, 1929-30, 1928-29:—

	1931-1932.	1930-1931.	1929-1930.	1928-1929.
Estimated sales of home-grown wheat—				
1 week to February 27	Cwts. 114,812	Cwts. 112,413	Cwts. 212,459	Cwts. 312,567
26 weeks to February 27	2,118,721	3,125,399	6,672,420	7,119,697
Average price of English wheat per cwt.	s. d. 5 9	s. d. 5 1	s. d. 8 7	s. d. 9 9

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1928 to 1931:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Feb. 20, 1932.....	Cwts. 110,049	Cwts. 204,216	Cwts. 87,071	s. d. 5 8	s. d. 8 3	s. d. 7 3
Feb. 27, 1932.....	114,812	173,502	76,819	5 9	8 1	7 5
Feb. 25, 1928.....	258,268	196,977	75,728	9 4	10 9	10 3
Mar. 2, 1929.....	312,567	183,167	74,491	9 9	10 4	9 8
Mar. 1, 1930.....	212,459	193,343	48,105	8 7	7 11	6 2
Feb. 28, 1931.....	112,413	123,657	44,239	5 1	8 1	5 10

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Jan. 2, 1931.	Mar. 4, 1931.	Jan. 4, 1932.	Feb. 24, 1932.	Mar. 2, 1932.
Winnipeg (No. 1 Manitoba) — Cents per 60 lb.	148½	56½	59½	62½	68½	67
Chicago (No. 2 Winter) — Cents per 60 lb.	130½	79½	79½	55½	58½	57½

The visible supply of wheat in Canada, at 61,569,000 bushels, shows a decrease on the week of 411,000 bushels. Supplies a year ago stood at 63,480,000 bushels.

OTHER FOODS.

SUGAR.—As a result of the protracted negotiations between Cuba and Java, raw sugar values were weak at the beginning of the week. The dissolution of the International Sugar Convention is, however, thought less probable now, and on Wednesday the market took a more hopeful view of the situation. "March" futures in New York were quoted at 0.84 cent per lb. on Wednesday, against 0.83 cent per lb. a week ago, and 1.01 cents per lb. a month earlier. Wednesday's sales of "raws" include "March delivery" at 6s. 1½d. to 6s. 2d. per cwt., against 6s. 1d. to 6s. 1½d., and "May," at 6s. 2½d. to 6s. 4d., against 6s. 3½d. to 6s. 4½d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1932.	1931.	1932.	1931.	1932.	1931.
London	805	471	1,366	1,106	4,438	35,489
Liverpool	8,360	17,292	13,583	12,119	111,873	125,575
Total tons	9,165	17,763	14,949	13,225	116,311	161,064
Last week	16,178	6,480	15,906	13,130	122,095	156,606

COFFEE.—The market for Brazilian varieties remained steady in New York. At the auctions in London, however, all but the finest qualities realised slightly lower rates. Last week's movements of coffee in London were as follows: Brazilian, landed, 709 bags; delivered for home consumption, 342 bags; exported, nil; stocks, 3,007 bags, against 2,852 bags last year. Central American, landed, 8,224 packages; delivered for home consumption, 3,967; exported, 1,364; stocks, 80,240 packages, against 89,209 a year ago. Other kinds, landed, 10,066 packages; delivered for home consumption, 3,623; exported, 1,116; stocks 72,163 packages, against 93,269 a year ago.

COCOA.—The sharp upward movement in cocoa prices continued throughout the past week. "May" futures were quoted at 4.30 cents per lb. in New York on Wednesday, against 4.23 cents per lb. a week ago and 3.97 cents a month ago. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, new crop, March-May, at 25s. 9d. per cwt. f.o.b., London contract, shows a rise of 1s. per cwt. on the week. Last week's movements of cocoa in London were as follows: Landed, 11,040 bags; delivered for home consumption, 9,059 bags; exported, 25 bags; stocks, 138,560 bags, against 180,620 last year.

TEA.—The quantities catalogued for this week's auction comprise 54,945 packages of Indian, 24,603 packages of Ceylon, and 19,722 packages of Java and Sumatra tea. Last week's improvement was maintained at Monday's Indian auctions. The improvement in the quality of Ceylon tea resulted in a better demand for these varieties on Tuesday. On Wednesday, Indian tea was again in good demand, particularly for medium teas between 7d. and 8d. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account:—

AVERAGE PRICE PER LB.

Week ending	Northern India.	Southern India.	Ceylon.	Java.	Sumatra.	Nyssa-land.	Total.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
Feb. 26, 1931	0 10-26	0 10-41	1 2-94	0 7-16	0 8-22	0 7-36	0 11-09
Feb. 4, "	0 9-74	0 9-76	1 0-00	0 7-16	0 6-73	Nil	0 9-92
Feb. 11, "	0 10-24	0 9-49	0 11-74	0 7-65	0 7-03	0 7-21	0 10-13
Feb. 18, "	0 10-10	0 9-62	0 11-85	0 7-34	0 6-93	Nil	0 10-04
Feb. 25, "	0 10-75	0 9-00	1 0-10	0 7-99	0 6-97	0 6-92	0 10-51

RICE.—The market in rice was firm and quotations again rose. The cause of this advance, which is partly ascribed to heavy purchases by Java and China, is already beginning to benefit Burman growers. Wednesday's "spot" quotation for Burma No. 2, cleaned, at 10s. 6d. per cwt., shows a rise of 3d. per cwt. as compared with last week. Movements in London during the past week were as follows: Landed, 73 tons; delivered, 176 tons; stocks, 882 tons, against 455 tons last year.

POTATOES.—The demand for potatoes remained good. As supplies are still readily forthcoming, there was no increase in prices. At the Borough Market, "Best King Edward" sold from 11s. to 12s. per cwt., as compared with 11s. to 12s. per cwt. a week ago.

SPICES.—The spot pepper market has been steady, and forward positions advanced under the influence of more inquiry. Wednesday's quotation for "Black Singapore" pepper, at 6½d. per lb., shows no change on the week. Movements of pepper in London during the past week were as follows: Black, landed, 10 tons; delivered,

20 tons; stocks, 282 tons, against 464 tons last year. White, landed, 56 tons; delivered, 81 tons; stocks, 769 tons, against 466 tons a year ago.

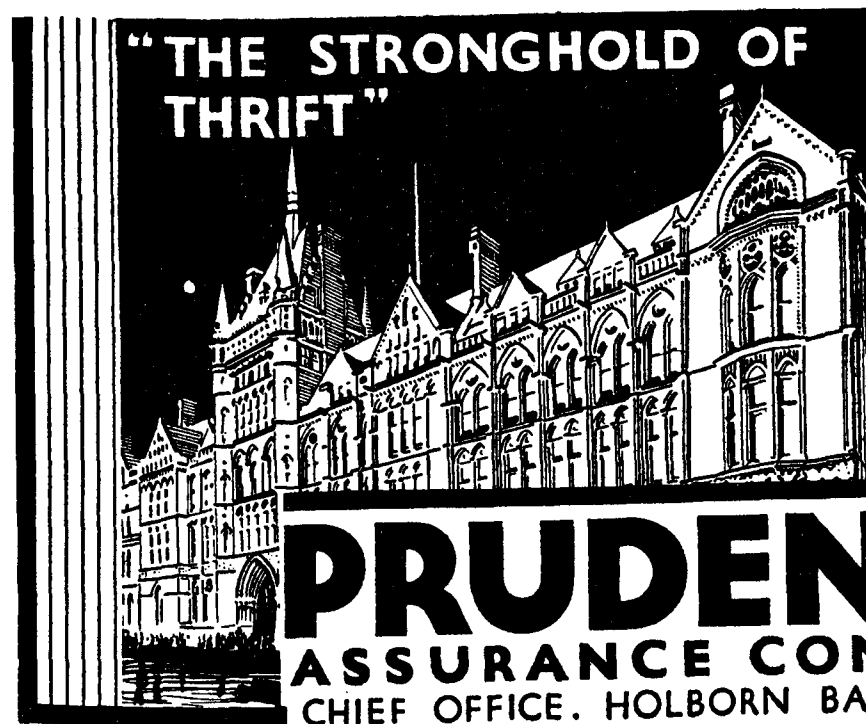
MEAT.—The market in meat has remained steady and prices are generally unchanged on the week. On Wednesday, Argentine beef (chilled hindquarters) was sold at 3s. 4d. to 3s. 8d. per 8 lbs., against 3s. 2d. to 3s. 8d. on the corresponding day last week, while New Zealand frozen mutton realised 2s. 6d. to 3s. 6d., against 2s. 6d. to 3s. 6d. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 9,931 tons, as compared with 9,085 tons in the corresponding week last year. Imported beef, principally Argentine, formed 84.5 per cent. of the supplies, as against 83.9 per cent. a year ago; and imported mutton, mainly New Zealand, formed 82.1 per cent. of the total supply, as against 77.3 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—A very much quieter feeling prevails, the excitement in anticipation of the operation of the new import duty having subsided. Linseed is in restricted demand and values are easier. Plate on spot and for shipment to March now offer at £8 17s. 6d., later positions being at a small premium. There is practically no interest in Indian linseed, prices of which are considered out of line. Shipments from the River Plate are expanding, though the total to date is considerably below that of a year ago. The quantity afloat for Europe has increased to 251,200 tons (including 4,100 tons from India), or 41,000 tons more than last week. In the market for vegetable oils prices generally are easier and in most instances lower on the week. Linseed oil is in only poor demand and values have declined, though a steadier feeling is now in evidence. Raw oil ex Hull mill for March delivery is quoted around £15 10s. and April £16, the later month's being at a good premium. Cotton oil is neglected, and lower, crude Egyptian being obtainable at £22 10s. and common edible at £25 ex Hull. Ground-nut oil has declined sharply. Oil cakes and meals are in about normal demand and mill prices are steady and unchanged on the week.

HIDE, LEATHER AND ALLIED TRADES.—No alterations in prices for ox and heifer hides were registered at the auctions held in Manchester this week, as was also the case with cows and bulls. Calfskins, which are in poor supply, were inclined to be a firmer market on average, while sheep skins tend towards lower prices. Business in regard to foreign hides has not been on an improving scale; if anything, the position of trade is inclined to be the reverse, as for some sorts there has been a falling off in the demand when compared with the previous week. In the South American frigorifico market, although small sales have been made of Argentine ox at 5d., buyers are now making lower offers for these, and it remains to be seen whether they will be accepted. Dry South American hides are unchanged in value, B.A. Americanos being quoted at 6½d., Inservibles at 3½d., and M.V. Americanos at 7d. The business done at these figures, however, is small. A fair quantity of orders have been forthcoming for African descriptions at, in most instances, unchanged figures. Dry Capes have sold at 6½d. and 5½d. for firsts and seconds, while dry-salted 20-30 lbs. have realised 5½d. and 4½d. Nigerians have changed hands at from 6½d. to 7½d., while the figures mentioned in connection with unbathed Addis Abebas are from 4½d. to 5½d. Australians are firm, with very little business passing. Sales of sole leather have been poor both on manufacturing and repairing account, although for the latter there has been a slight improvement. In dry-hide bends the best call is for the medium weights, and for these some fair business has been put through. Inquiry in regard to English and wet-salted bends has been chiefly in connection with the lighter averages, with only a poor request for medium and heavy weights. Pinned offal continues to sell in moderate quantities, but the only call in regard to rough is for shoulders. Producers and distributors of upper leather also are not experiencing a brisk demand. Glacé kid, in both black and brown, has been in slightly less request, while there has been some falling off in the call for patent leather. Box and willow calf, however, maintain a fairly regular sale, and although individual requirements continue small, a steady trade is being done all the time. Reptile leathers are wanted in the cheaper skins.

THE TIMBER TRADE.—Board of Trade returns showed that the first month's receipts of sawn European building and joinery woods were much smaller compared with the first month of 1931, and planed and dressed woods larger. It would, however, be unwise to put too much faith in returns of statistics just now, for the Thames lightermen's strike, now over, hampered imports into the port, whilst the extra timber and woodware hurried into the country to defeat the tariffs cannot be gauged with anything like accuracy until the first quarter's returns are issued in mid-April. Actual orders during February were few, and agents, importers, merchants and consumers have had ample time to reflect on the principal points at issue—the tariff duties and the Russian timber situation. A 10 per cent. duty on all foreign timber must come as a great surprise to the foreign trade here and abroad. The only exceptions are the shipbuilding trades and pitwood to the colliery trade. The impost will hit the building and furniture trades very hard. Canada will be the principal Dominion favoured by "preference," but as our building woods supplies have come from European countries whose currencies are at or about level with the pound, any great change to Canadian woods is unlikely until the Dominion dollar is more favourable to home buyers. For all that, Canadian and other British timbers are more in the limelight than has been the case within recollection. The Russian wood is being purchased wholesale by a new company formed for the purpose, and the quantity to come forward this season is to be 450,000 Petrograd standards



"THE STRONGHOLD OF THRIFT"

THE PRUDENTIAL ASSURANCE COMPANY LTD.
CHIEF OFFICE. HOLBORN BARS. LONDON. E.C.1.

EXTRACTS FROM THE EIGHTY-THIRD ANNUAL REPORT YEAR ENDING 31st DECEMBER 1 9 3 1

ORDINARY BRANCH

NEW SUMS ASSURED	£20,269,138
TOTAL SUMS ASSURED AND BONUS	£212,885,725
PREMIUMS RECEIVED	£12,170,289
PAYMENTS TO POLICYHOLDERS	£10,281,770
POLICYHOLDERS' SHARE OF PROFITS	£1,798,537

INDUSTRIAL BRANCH

NEW SUMS ASSURED	£67,853,255
TOTAL SUMS ASSURED AND BONUS	£499,737,013
PREMIUMS RECEIVED	£18,804,288
PAYMENTS TO POLICYHOLDERS	£11,187,160
POLICYHOLDERS' SHARE OF PROFITS	£2,475,818

GENERAL BRANCH

PREMIUMS RECEIVED	£2,070,765
PAYMENTS TO POLICYHOLDERS	£1,112,938

PAYMENTS TO POLICYHOLDERS IN 1931	£22,581,868
TOTAL ASSETS EXCEED	£255,000,000
TOTAL CLAIMS PAID EXCEED	£380,000,000
(COPIES OF CHAIRMAN'S SPEECH AND DIRECTORS' REPORT SENT ON APPLICATION)	

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Market Hides, London—			
CEREALS AND MEAT.				POTATOES—				English Southdown, washed				Dry and Drysalted Cape—			
GRAIN, &c.—				Good English, per cwt. 11 0 12 0				N.S.W. greasy, super				Best heavy ox and heifer			
Wheat—				SPOORS—				N.Z., grey, half-bred 50-55				Best cow			
No. 2, N. Man. 496 lb. 34 0				Pepper, per lb.—				Tops—				Best calf			
Eng. Gas. av., per cwt. 5 9				Muntok, fair White ... 0 8½				Merinos 70's..... 23½				INDIGO—			
Barley, Eng. Gas. av. ... 8 1				Black Lampong ... 0 7				Crossbred 40-44 ... 22½				Bengal gd. red-vio. to			
Oats, ... 7 5				Cinnamon—1st sort, per lb. 0 7½				Crossbred 48's..... 22½				fine—per lb..... 5 6 6 6			
Maize, La Plata, landed				Cloves—Zanzibar per lb. 0 8				COAL—				LEATHER—			
480 lb. 21 3				Ginger—per cwt.—				Welsh, best Ad'ty... ton 19 6				Sole Bends 8/14 lb.—			
Flour, Lon. stan. ex mill,				African 25 0				Durban, best gas, f.o.b. 11				per lb. 1 2 2 4			
280 lb. 25 3				Mace 0 9 1 8				Tyne 14 6				Bark Tanned Sole			
Rice, No. 2 Burma, per cwt. 10 0				Nutmegs 65s 1 5				Sheffield, best house, at				Shoulders 4m DS Hides			
Tapoca, per cwt.—				SUGAR—				pits 22 0 23 0				Do. Eng. or WS do.			
Fine Java, spot 27 0				(Duty 11s. 8d. per cwt.)				IRON AND STEEL—				Do. Eng. or WS do.			
Fair Flake, Singapore. 11 3				B.W.I., crystallised 18 6 20 9				Pig, Cleveland No. 3, ton 58 6 0 0				Do. Eng. or WS do.			
MEAT—				Java, white, c. & f. India				Bore, M'brough 200 0 0 0				Do. Eng. or WS do.			
Beef, per 8 lbs.—				January-March 8 9				Steel Rails, heavy 170 0 0 0				Do. Eng. or WS do.			
English long sides 4 8 5 4				REFINED—London—				Tin Plates, per box 16 0				Do. Eng. or WS do.			
Argentine chilled hinds 3 4 3 8				Yellow Crystals 19 1½				Copper, Electrolytic, ton 37/5/0 37/15/0				Do. Eng. or WS do.			
Mutton, per 8 lbs.—				Crushed 21 6 22 0				Standard 33/2/6 33/5/0				Do. Eng. or WS do.			
English wethers 4 0 5 0				Granulated 19 7½ 20 4½				Lead Eng. Pig per ton 13/15/0				Do. Eng. or WS do.			
N.Z. frozen 2 6 3 6				Home Grown 19 3 19 4½				Soft Foreign 12/11/3				Do. Eng. or WS do.			
Pork, per 8 lbs. 5 0 5 8				TEA—				Spelter G.O.B. 13/7/6				Do. Eng. or WS do.			
OTHER FOODS.				Indian—per lb.—				Tin—English ingots 141/0/0				Do. Eng. or WS do.			
BAOON—				Pekoe 0 6½ 2 5½				Standard cash 138/15/0 139/0/0				Do. Eng. or WS do.			
Irish per cwt. 79 0				Broken Pekoe 0 7½ 2 10½				CHEMICALS—				Do. Eng. or WS do.			
Danish 51 0 52 0				Orange Pekoe 0 8½ 1 11				Acid, citric, per lb. less 5% 1 1½ 1 2				Do. Eng. or WS do.			
Dutch 42 0 46 0				Broken Orange Pekoe 0 8½ 2 10½				Nitric 0 1½ 1 2				Do. Eng. or WS do.			
HAMS—				Ceylon—per lb.—				Oralic, net 0 3½ 0 4				Do. Eng. or WS do.			
Canadian 74 0				Pekoe 0 7 2 5½				Tartaric, English less 5% 1 1½ 1 2				Do. Eng. or WS do.			
American 68 0 72 0				Broken Pekoe 0 7½ 2 10½				Alcohol, Plain Ethyl 13 0 0 0				Do. Eng. or WS do.			
BUTTER—				Orange Pekoe 0 8½ 2 10½				Alum, lump 2 8 3 8				Do. Eng. or WS do.			
Australian 104 0 105 0				Ceylon—per lb.—				Ammonia, carb. ton 36 0 38 0				Do. Eng. or WS do.			
New Zealand 108 0 110 0				Pekoe 0 7 2 5½				Arsenic, lump 7 0 7 10				Do. Eng. or WS do.			
Danish 138 0 140 0				Broken Pekoe 0 7½ 2 10½				Bleaching powder, per cwt. 7/10/0 6/12/6				Do. Eng. or WS do.			
CHEESE—				Orange Pekoe 0 8½ 2 10½				Borax, gran. per cwt. 15 10 16 0				Do. Eng. or WS do.			
Canadian per cwt. 68 0 72 0				Ceylon—per lb.—				Do. powder 17 0 17 10				Do. Eng. or WS do.			
New Zealand 61 0 62 0				Pekoe 0 7 2 5½				Nitrate of Soda per cwt. 8 6 9 0				Do. Eng. or WS do.			
English Cheddars 94 0 110 0				Broken Orange Pekoe 0 8½ 2 10½				Potash—Chlorate, net 0 3½ 0 3½				Do. Eng. or WS do.			
Dutch 76 0 84 0				Ceylon—per lb.—				Sal-Ammoniac per cwt. 10 0 11 0				Do. Eng. or WS do.			
COCOA—				Pekoe 0 7 2 5½				Sulphate per cwt. 42 6 45 0				Do. Eng. or WS do.			
(Duty, British grown, 11s. 8d.; foreign, 14s. cwt.)				Broken Orange Pekoe 0 8½ 2 10½				Crysalis per cwt. 5 0 5 3				Do. Eng. or WS do.			
Acacia, f.f. per cwt. 25 0 30 0				Ceylon—per lb.—				Sulphate of Copper, per ton 18 0 19 0				Do. Eng. or WS do.			
Trinidad 44 0 52 0				Pekoe 0 7 2 5½				CEMENT, London—				Do. Eng. or WS do.			
Grenada 33 0 38 0				Orange Pekoe 0 8½ 2 10½				S.D. Santsu c.f.f., per ton 17/5/0				Do. Eng. or WS do.			
COFFEE—				Ceylon—per lb.—				Smoked South Sea 16/0/0				Do. Eng. or WS do.			
(Duty, British grown, 11s. 8d.; foreign, 14s. cwt.)				Pekoe 0 7 2 5½				In free paper bags (20				Do. Eng. or WS do.			
Santos sup., c. & f. cwt. 61 0				Broken Pekoe 0 7½ 2 10½				to ton) 46 0 48 0				Do. Eng. or WS do.			
Colombian, good 80 0 100 0				Orange Pekoe 0 8½ 2 10½				COPRA—				Do. Eng. or WS do.			
Costa Rica, med. to good 85 0 122 0				Ceylon—per lb.—				S.D. Santsu c.f.f., per ton 17/5/0				Do. Eng. or WS do.			
East Indian 92 0 122 0				Pekoe 0 7 2 5½				Smoked South Sea 16/0/0				Do. Eng. or WS do.			
Kenya, medium 92 0 112 0				Broken Orange Pekoe 0 8½ 2 10½				In free paper bags (20				Do. Eng. or WS do.			
EGGS—				Ceylon—per lb.—				to ton) 46 0 48 0				Do. Eng. or WS do.			
English per 120 12 6 13 0				Pekoe 0 7 2 5½				COPRA—				Do. Eng. or WS do.			
Danish 11 6 12 0				Broken Pekoe 0 7½ 2 10½				S.D. Santsu c.f.f., per ton 17/5/0				Do. Eng. or WS do.			
FRUIT—				Orange Pekoe 0 8½ 2 10½				Smoked South Sea 16/0/0				Do. Eng. or WS do.			
Oranges—				Ceylon—per lb.—				In free paper bags (20				Do. Eng. or WS do.			
South African ..boxes				Pekoe 0 7 2 5½				to ton) 46 0 48 0				Do. Eng. or WS do.			
Jaffa 13 6 17 0				Broken Pekoe 0 7½ 2 10½				COPRA—				Do. Eng. or WS do.			
Lemons, Sicilian ..boxes				Orange Pekoe 0 8½ 2 10½				S.D. Santsu c.f.f., per ton 17/5/0				Do. Eng. or WS do.			
Mangoes, cases 420 No. 1				Ceylon—per lb.—				Smoked South Sea 16/0/0				Do. Eng. or WS do.			
Apples: Amer.(var.) brls.				Pekoe 0 7 2 5½				In free paper bags (20				Do. Eng. or WS do.			
" (var.) boxes				Broken Orange Pekoe 0 8½ 2 10½				to ton) 46 0 48 0				Do. Eng. or WS do.			
" Australian				Ceylon—per lb.—				COPRA—				Do. Eng. or WS do.			
Onions:—				Pekoe 0 7 2 5½				S.D. Santsu c.f.f., per ton 17/5/0				Do. Eng. or WS do.			
Valencia, case, 4s. 13 0 14 6				Broken Orange Pekoe 0 8½ 2 10½				Smoked South Sea 16/0/0				Do. Eng. or WS do.			
Egyptian Bags.....				Ceylon—per lb.—				In free paper bags (20				Do. Eng. or WS do.			
Grapes, Lisbon ..boxes				Pekoe 0 7 2 5½				to ton) 46 0 48 0				Do. Eng. or WS do.			
Almeriabrls.				Broken Orange Pekoe 0 8½ 2 10½				COPRA—				Do. Eng. or WS do.			
				Ceylon—per lb.—				S.D. Santsu c.f.f., per ton 17/5/0				Do. Eng. or WS do.			
				Pekoe 0 7 2 5½				Smoked South Sea 16/0/0				Do. Eng. or WS do.			
				Broken Orange Pekoe 0 8½ 2 10½				In free paper bags (20				Do. Eng. or WS do.			
				Ceylon—per lb.—				to ton) 46 0 48 0				Do. Eng. or WS do.			
				Pekoe 0 7 2 5½				COPRA—				Do. Eng. or WS do.			
				Broken Orange Pekoe 0 8½ 2 10½				S.D. Santsu c.f.f., per ton 17/5/0				Do. Eng. or WS do.			
				Ceylon—per lb.—				Smoked South Sea 16/0/0				Do. Eng. or WS do.			
				Pekoe 0 7 2 5½				In free paper bags (20				Do. Eng. or WS do.			
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				Ceylon—per lb.—				COPRA—				Do. Eng. or WS do.			
				Pekoe 0 7 2 5½				S.D. Santsu c.f.f., per ton 17/5/0				Do. Eng. or WS do.			
				Orange Pekoe 0 8½ 2 10½				Smoked South Sea 16/0/0				Do. Eng. or WS do.			
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				Ceylon—per lb.—				S.D. Santsu c.f.f., per ton 17/5/0				Do. Eng. or WS do.			
				Pekoe 0 7 2 5½				Smoked South Sea 16/0/0				Do. Eng. or WS do.			
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				Ceylon—per lb.—				to ton) 46 0 48 0				Do. Eng. or WS do.			
				Pekoe 0 7 2 5½				COPRA—				Do. Eng. or WS do.			
				Broken Orange Pekoe 0 8½ 2 10½				S.D. Santsu c.f.f., per ton 17/5/0				Do. Eng. or WS do.			
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				Pekoe 0 7 2 5½				S.D. Santsu c.f.f., per ton 17/5/0				Do. Eng. or WS do.			
				Orange Pekoe 0 8½ 2 10½				Smoked South Sea 16/0/0				Do. Eng. or WS do.			
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				Pekoe 0 7 2 5½				to ton) 46 0 48 0				Do. Eng. or WS do.			
				Broken Orange Pekoe 0 8½ 2 10½				COPRA—				Do. Eng. or WS do.			
				Ceylon—per lb.—				S.D. Santsu c.f.f., per ton 17/5/0				Do. Eng. or WS do.			
				Pekoe 0 7 2 5½				Smoked South Sea 16/0/0				Do. Eng. or WS do.			
				Broken Orange Pekoe 0 8½ 2 10½				In free paper bags (20				Do. Eng. or WS do.			
				Ceylon—per lb.—				to ton) 46 0 48 0				Do. Eng. or WS do.			
				Pekoe 0 7 2 5½				COPRA—				Do. Eng. or WS do.			
				Broken Orange Pekoe 0 8½ 2 10½				S.D. Santsu c.f.f., per ton 17/5/0				Do. Eng. or WS do.			
				Ceylon—per lb.—				Smoked South Sea 16/0/0				Do. Eng. or WS do.			
				Pekoe 0 7 2 5½				In free paper bags (20				Do. Eng. or WS do.			
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				Ceylon—per lb.—				COPRA—				Do. Eng. or WS do.			
				Pekoe 0 7 2 5½				S.D. Santsu c.f.f., per ton 17/5/0				Do. Eng. or WS do.			
				Orange Pekoe 0 8½ 2 10½				Smoked South Sea 16/0/0				Do. Eng. or WS do.			
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				Ceylon—per lb.—				S.D. Santsu c.f.f., per ton 17/5/0				Do. Eng. or WS do.			
				Pekoe 0 7 2 5½				Smoked South Sea 16/0/0				Do. Eng. or WS do.			
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				Ceylon—per lb.—				to ton) 46 0 48 0				Do. Eng. or WS do.			
				Pekoe 0 7 2 5½				COPRA—				Do. Eng. or WS do.			
				Broken Orange Pekoe 0 8½ 2 10½				S.D. Santsu c.f.f., per ton 17/5/0				Do. Eng. or WS do.			
				Ceylon—per lb.—				Smoked South Sea 16/0/0				Do. Eng. or WS do.			
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				Ceylon—per lb.—				COPRA—				Do. Eng. or WS do.			
				Pekoe 0 7 2 5½				S.D. Santsu c.f.f., per ton 17/5/0				Do. Eng. or WS do.			
				Orange Pekoe 0 8½ 2 10½				Smoked South Sea 16/0/0				Do. Eng. or WS do.			
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				Broken Orange Pekoe 0 8½ 2 10½				COPRA—				Do. Eng. or WS do.			
				Ceylon—per lb.—				S.D. Santsu c.f.f., per ton 17/5/0				Do. Eng. or WS do.			
				Pekoe 0 7 2 5½				Smoked South Sea 16/0/0				Do. Eng. or WS do.			
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				Pekoe 0 7 2 5½				COPRA—				Do. Eng. or WS do.			
				Broken Orange Pekoe 0 8½ 2 10½				S.D. Santsu c.f.f., per ton 17/5/0				Do. Eng. or WS do.			
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				Orange Pekoe 0 8½ 2 10½				Smoked South Sea 16/0/0				Do. Eng. or WS do.			
				Ceylon—per lb.—				In free paper bags (20				Do. Eng. or WS do.			
				Pekoe 0 7 2 5½				to ton) 46 0 48 0				Do. Eng. or WS do.			
				Broken Orange Pekoe 0 8½ 2 10½				COPRA—				Do. Eng. or WS do.			
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				Pekoe 0 7 2 5½				Smoked South Sea 16/0/0				Do. Eng. or WS do.			
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				Broken Orange Pekoe 0 8½ 2 10½				S.D. Santsu c.f.f., per ton 17/5/0				Do. Eng. or WS do.			
				Ceylon—per lb.—				Smoked South Sea 16/0/0				Do. Eng. or WS do.			
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				Broken Orange Pekoe 0 8½ 2 10½				S.D. Santsu c.f.f., per ton 17/5/0				Do. Eng. or WS do.			
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				Pekoe 0 7 2 5½				S.D. Santsu c.f.f., per ton 17/5/0				Do. Eng. or WS do.			
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				Pekoe 0 7 2 5½				to ton) 46 0 48 0				Do. Eng. or WS do.			
				Broken Orange Pekoe 0 8½ 2 10½				COPRA—				Do. Eng. or WS do.			
				Ceylon—per lb.—				S.D. Santsu c.f.f., per ton 17/5/0				Do. Eng. or WS do.			
				Pekoe 0 7 2 5½				Smoked South Sea 16/0							

balances available for the week-end, quoted at 3 per cent. to 2 per cent., actually remained unlent. The pressure of funds on Monday drove down the rate for day-to-day loans to under 2½ per cent., at which level it remained all the week. Minor fluctuations resulted from the rapid movements of sterling, which affected willingness to borrow, but though the clearing banks continued to adhere to 4 per cent., weekly loans were freely obtainable from outside houses at 2½ and even 2½ per cent.

Foreign demand for Treasury bills again took the market by surprise. Applications on March 4th totalled £52,560,000 for £40 millions of bills, and the rate at which they were allotted was only £2 9s. 9.95d. per cent., against £3 5s. 5.22d. on the previous Friday, the whole amount being allotted. This week £45 millions of Treasury bills will be on offer. The bill rate fell distinctly when the result was announced, the rise in the price of the bills having been underestimated by some applicants to the amount of 1s. per cent. or more. The rate was obviously altogether out of proportion to the Bank rate, and indeed throughout the week the market was working on an expectation of the fall from 5 to 4 per cent., which actually occurred on Thursday. The discount on Treasury bills fell to 2½ per cent. on Wednesday, though it rose to 2½ towards the close as sterling showed signs of weakening. Three months' bank bills, after falling to 3-4½ per cent. on Friday, dropped on Monday to 2½-4½ per cent., at which rate they remained until Wednesday, when the minimum rate became 2½ per cent., both home and foreign demand being in evidence. The rate on Thursday, after the reduction of Bank rate, ranged from 2½ for the best bills to 3½ per cent. for German replacement bills.

	Feb. 18, 1932.	Feb. 25, 1932.	Mar. 3, 1932.	Mar. 10, 1932.	Previous Rate and Date Changed.
Bank Rate	5	5	5	5	5 (Mar. 10, '32)
Banks' Deposit Rate..	3	3	3	2	3 (Mar. 10, '32)
Discount { Call	3	3	3	2	3 (Mar. 10, '32)
Houses { Notice ...	3½	3½	3½	2½	3½ (Mar. 10, '32)
Market rate (3 months' bills)	4½-5	3½-4½	3-4½	2½-3½	...

The reduction of Bank rate had been fully discounted by the market, and had little effect on rates. The market for sterling remained strong, and appeared to necessitate considerable purchases of foreign exchange by the Bank in order to prevent a repetition of Tuesday's unhealthy boom. Dollars were quoted on Thursday afternoon at \$3.67½ and francs at 93½ francs to the £.

The Bank return continues to show a rise in the circulation, from £351.8 millions to £354.5 millions on the week, some part of which is no doubt ascribable to the realisation of gold hoards by private citizens. The rise in sterling has frightened the bullion market into rapid disposal of recent purchases. The reserve in the Banking Department shows an equivalent reduction, the "proportion" being lowered to just over 31 per cent. In the Issue Department there was an exchange of roughly £1½ millions from "other securities" to Government securities.

The largest movement in the figures for the Banking Department is an increase of Bankers' Deposits by £13.1 millions to £98.6 millions. Public deposits also show an increase of £0.8 millions. On the other side of the balance sheet, Government securities are up by £7.1 millions, and other securities by £9.5 millions. This expansion, it may be assumed, reflects the Bank's purchases of *devisen* in an effort to curb the volatility of the sterling exchange, and it may be expected to disappear when the Bank has an opportunity to realise securities in adjustment of the position.

The table below, giving the February averages of the nine English clearing banks, shows that, generally speak-

ing, the movements recorded in the previous month have been repeated.

	February, 1931.	November, 1931.	December, 1931.	January, 1932.	February, 1932.
Capital and reserves.....	132.1	132.1	130.0	122.8	122.8
Acceptances	121.4	102.5	102.1	98.7	90.6
Deposits (including undivided profits, &c.).....	1,782.2	1,670.4	1,700.5	1,677.3	1,621.7
Total liabilities	2,035.7	1,905.0	1,932.6	1,898.8	1,835.1
Coin, notes, balance at bank, and cheques in course of collection	233.6	221.3	237.1	224.0	214.2
Money at call.....	112.9	106.6	116.6	113.9	106.5
Investments	219.3	309.0	305.9	292.7	288.9
Discounts	299.0	238.2	244.1	237.0	205.3
Loans and advances.....	908.1	884.6	884.0	889.3	886.3
Cover for accept., premises, &c.	162.7	145.3	144.9	141.9	133.9
Total assets	2,035.7	1,905.0	1,932.6	1,898.8	1,835.1

The fall in acceptances reflects the diminution in the volume and value of world trade. Deposits on the one hand, and investments and discounts on the other, all show a considerable decline, indicating that trade depression, notwithstanding the slight rise since September in sterling prices, has been accompanied by a partial deflation of the total internal purchasing power. The cash reserve of the banks was proportionately reduced.

The New York market was uneventful throughout the week, the call rate remaining at 2½ per cent., and the rate on commercial paper being unchanged at 3½ to 3½ per cent. Quotations for 90-day bank bills were steady at 2½-2½ per cent., and for 180-day bills at 2½-3 per cent. Gold movements were comparatively small. \$2.7 millions was exported to Belgium, but more than twice that amount was released from earmark, and imports of gold included \$2 millions from Canada and \$1.2 millions from China.

The Foreign Exchange market was very active at times and fluctuations were wide last week. Sterling recovered strongly against nearly all currencies, and foreign speculative activity at one period threatened to stampede the market. New York went from 3.48½ to 3.68 after 3.77; Montreal from 3.93½ to 4.10 after 4.20, and Paris from 88½ to 93½, after being considerably higher. Brussels moved from 25.03 to 26½, Milan from 67½ to 70½, and Madrid from 45½ to 48½. Amsterdam moved from 8.65 to 9½; Berlin from 14.65 to 15½, and Switzerland from 18.03 to 19.00. The Scandinavian currencies alone escaped the general movement in favour of sterling, Stockholm being very little changed at 18½, and Oslo slightly better at 18½, as was Copenhagen at 18½. Helsingfors gained 9 points at 216. Bucharest weakened from 585 to 625, Constantinople from 715 to 750. The South American currencies were variable, Rio losing ½d. at 4½d. Buenos Aires moved from 40½d. to 38½d. and Monte Video from 31½d. to 31d. All quotations are, however, largely nominal. In the Far East the rupee was firm at 1s. 6½d., but the yen weakened as the result of events in China from 1s. 10½d. to 1s. 8½d. Batavia was also much weaker at 9.18, against 8.70 last week. In the forward market dollars were unchanged at ½ cent and 2 cent discount. Paris improved to 3 and 7 centimes discount, but Brussels was weaker at discounts of 10 and 30 centimes. Milan weakened to ½ centesimi and 1½ centesimi discount for the two periods respectively, and Madrid was quoted at ½ peseta discount for one month and 1½ peseta discount for three months, as against ¾ peseta and ¾ peseta respectively in the previous week. Berlin was again unquoted. Amsterdam weakened to 2 cents and 5 cents discount and Switzerland went to par for both periods. Silver fell heavily as the result of the rise in sterling and events in China, cash being 1½d. lower at 17½d. and forward 1½d. lower at 17½d. The Chinese silver exchanges declined in sympathy, Hongkong from 1s. 5½d. to 1s. 4d. and Shanghai from 1s. 11½d. to 1s. 9½d.

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

THE POUND AND POLICY.

WHEN Great Britain went off gold it was expected that our exports would be stimulated, that our imports would be checked, and that though—in the absence of inflation—our general internal price level and, therefore, our costs of production need only rise a little, the price of imported commodities would rise substantially, perhaps by the full extent of the fall of the pound. It was, and is, important that we should avoid the vicious spiral that would be involved in any pronounced upward movement of wages, but it was hoped that the rise in the cost of living might in fact be limited to the extent to which imported goods enter into consumption; and that if, in these circumstances, we were able to limit any increase in the currency to the amount needed to finance a larger volume of production, coupled with this limited price rise, sterling would find a natural level at which our foreign payments would balance.

In the event, the situation has not developed quite in this way; at all events the fulfilment of some of these expectations has been delayed. Our exports have been impeded by severe foreign restrictions, while our imports have been subject to the adventitious influence of tariffs, resulting partly in "forestalling," partly in unnatural contraction. But more significant still, perhaps, has been the fact that exceptional forces have been at work to keep down our price level. Of these, the chief factor is that there has been a continued fall in gold prices. This is in part due to the fact that the causes of the depression are still in full swing: the reparation problem has not been settled; the drastic measures adopted last summer in Central Europe are still fully operative; there is no real sign yet of a turn in the tide in the United States; and over all still hangs the psychological depression created by the unexampled crisis of last autumn. Finally, we must not wholly exclude from this catalogue the influence of the abandonment by us of the gold standard; for this has probably contributed to lowering the level of some "gold" prices. Just as uncertainty was created in the world's markets some years ago by the depreciation of the mark and franc, so, when Britain went off gold, uncertainty arose as to the new competitive level of the prices of goods which we, and those countries which followed us off gold, were offering in world markets. There has also been a check to our ability to buy goods from gold standard countries and a tendency to switch our purchases to "non-gold" countries. For these various reasons, instead of gold prices being stable and sterling prices rising, sterling prices have risen very little, while gold prices have continued to fall substantially.

In the circumstances, the comparative stability of British prices has helped us industrially and checked any further deterioration in employment. On the other hand, the instability in the "gold" price level and the continued shrinkage of trade which has accompanied it have made it impossible as yet to say with any certainty at what level of the exchanges we could hope to resume a normal volume of international trade and balance our international payments. This uncertainty, coupled with the absence of any very definite indication of our future monetary policy, has naturally been associated with wide movements in the sterling exchange. After a considerable period of stability between 3.70 and 3.80, there followed a sharp drop to a second period of comparative stability in the neighbourhood of 3.40 to 3.50; and to-day we are faced with conditions which seem to be producing another major movement, this time in an upward direction. This in its turn has created an unwelcome and serious amount of bull speculation which has already introduced into the industrial situation a fresh disturbing element.

The recovery of sterling is not, in itself, wholly surprising. In the first place, we are approaching the season of the year when our balance of payments is normally tending to be favourable and the exchange high. Secondly, we have reached a point where our visible trade figures must be turning more in our favour. The "forestalling" of last autumn has inevitably been followed by a reduction

of imports—only slightly offset by renewed "forestalling" on a minor scale in February—while export orders, which were stimulated in the early winter by the first fall in the pound, are to some extent only now beginning to make their effect felt in the amount of trade actually passing. Our adverse balance of international payments on current account has, therefore, undoubtedly begun to fall, though until more figures are available it is difficult to say to what extent the improvement has proceeded, or whether the benefit will eventually be lost through the restrictive effects of tariffs.

A more important rôle, however, in causing the recovery of sterling has been played by capital transactions, in whose case psychological factors are of primary importance. To begin with, very few foreign observers believed that we should be able to avoid inflation; and the absence of any appreciable price-rise here has created an unexpectedly favourable impression abroad. This has been greatly strengthened by the realisation that we are, in fact, genuinely balancing our Budget and that we have already been able substantially to repay the credits which we borrowed in August last. Not only have we done this; up to the end of February we were also having to meet steady and continuous withdrawals of short-term foreign funds. The efflux produced no disastrous slump in the pound, as it was balanced by the return of British capital from abroad and by the repayment from various sources of British claims, including claims against India, which have, in part, been settled by the shipment of gold. This process of paying off short-term obligations has made Great Britain steadily less vulnerable to the pressure of foreign withdrawals, and we have been becoming increasingly masters of our situation. The heavy purchases of sterling on foreign account during the past ten days are a striking reflection of opinion abroad that the pound, on a short view at least, has passed its worst.

It is an opinion which we are by no means disposed to gainsay, and the fact has to be faced that, on the assumption that the pound is destined to rise, the volume of Britain's foreign assets now profitably convertible into sterling is very considerable; but, taking a slightly longer view, it is well to remember that the future level of sterling is far from being a certainty. Not only has there been no striking improvement yet in our economic position; but in the present state of credit paralysis throughout the world no one can foretell at what relative level of prices in Britain and elsewhere it will be possible for us to recover sufficient international trade to enable us, as a country dependent largely on imported food, to pay our way. Nor are we by any means out of the wood so far as our domestic situation is concerned. Economies and wage cuts, reduction of the dole and high taxation are now, and are likely to remain for some time to come, a heavy drag on that natural tendency to expansion which may be expected from steady prices. Moreover, little more than psychological importance is properly to be attached to the fact that Britain has repaid its recent foreign credits. As we pointed out last week, repayment has been accomplished largely by a process of cancelling foreign claims against obligations. Indeed, if the pound were to recover very substantially, we should find that we had repaid our debts at a considerable loss. In short, with the "economic" level of sterling difficult to forecast, and with no official declaration of policy suggesting that we shall aim at stabilising at a figure higher than the recently maintained rate, a big bull movement, whether it be initiated by the action of British nationals or by foreigners, is highly dangerous for the speculator. It is also very undesirable from the point of view of the monetary situation of the world.

There are several reasons why this is so. In the first place, it might foster the idea that we intended to return to gold at the old gold parity. To do this on the strength of a speculative movement would, of course, be folly. It is conceivable that a big rise in gold prices and costs in present "gold" countries might one day restore the

relation between sterling and gold on the old parity level, leaving competition reasonably equal; but, we confess, we think this is very unlikely, and in any case it cannot be expected for a long time to come. Meanwhile, though a rise of sterling might just possibly lead to some improvement of gold prices by reversing the influences which the slump in sterling exercised on gold standard countries, it would have the more serious disadvantage of starting a fresh price decline in the wide area in which sterling is the main price-determinant. It would tend to check employment in this country and in countries which have left the gold standard; it would probably stimulate the demand here for still higher tariffs; and it would certainly throw a greater burden on foreign debtors in sterling. Moreover, and this is possibly for the time being the most important point of all, a big bull movement would make us once again vulnerable by bringing to this country "bad money"—money, that is, which could be withdrawn at the slightest sign of nervousness—against which we should hold in foreign countries assets which, in the event of trouble, we might find it as difficult to realise as we found it in August and September last. In short, any such movement is to be discouraged, because it would impair the underlying stability of our position, because it would introduce a new economic dislocation as between gold countries and countries which have left the gold standard, because it would increase the difficulty of keeping the exchange stable between London and other non-gold centres, and finally, because it is almost certainly unjustified by any surplus balance on our current items of account.

What, then, should the authorities do? There is a school of thought, much supported by opinion abroad, which would like to see us return to a gold basis forthwith at, say, \$3.60. If it were certain that we could now, and permanently, hold this position, such a step would, of course, put an end to any further speculation; but for the present, at all events, this policy must be rejected. It is still uncertain whether this is the right value for sterling, either now or in the future; we are still in the dark as to the ultimate attitude of other great countries in regard to the gold standard; and the problems of reparations, tariffs and other restrictions all remain unsolved. Until these difficulties, which played a large part in forcing us off the gold standard, are overcome, Britain could not safely decide to return to gold even on a figure of her own choice.

But apart from actual revalorisation, or even an announcement of the intention to revalorise, the authorities are not without resource. It is known that the Bank of England has already acquired a very considerable amount of foreign exchange. It is possible to continue sales of sterling to a very large amount and thereby in effect to peg the exchange. We can see no reason why this policy—supported by boldly deterrent reductions of Bank rate—should not be pursued. Though certain technical difficulties might have to be eliminated, there are no insuperable obstacles or any other valid objections to the Bank's acquiring—with the co-operation, if need be, of the Treasury—large reserves of *devisen*. Moreover, if it were considered a matter of national moment and if it were justified by circumstances, a threat that restrictions on dealings might be reimposed would certainly give pause to speculators "for the rise." Many other devices, such as discriminatorily low rates for foreign deposits, or even special stamp duties, could be brought into play if the capital influx assumed dimensions whose influence on the sterling exchange it was beyond the power of the Bank of England, unaided, to check.

As matters stand, we see no reason to doubt that the Bank's power, if resolutely exercised, would be completely effective in reversing the pound's recent tendency towards untoward appreciation. In saying this, we do not for a moment suggest that the deliberate depreciation of sterling to a level giving us a greedy competitive advantage in international trade should be the objective of our monetary policy. On a long view we must clearly strike a balance between the advantage of a moderate rise in sterling prices and that of a steady sterling exchange exercising an influence which might in some directions act as an encouragement to world trade. In

steering our monetary course, with an eye to the wide repercussions inevitably produced by our policy on international commerce, we have no reason to fear a controlled expansion of credit necessary to carry such a limited upward movement of prices as was envisaged at the outset of this obstacle. Equally, we would add, though to-day conditions call emphatically for minimum money rates, eventual stability of prices may undoubtedly, from time to time, call for the use of high Bank rate.

These considerations, however, are of less immediate moment than the imperative need of decisive action to counter the present disturbing effects of demands for sterling quite extraneous to our current balance of payments on revenue account. Speculators, it seems, are "talking" the pound to \$4 and more. Whether we look at price movements (bearing always in mind the recent large reductions in producing costs abroad) or at our trading position, we can find nothing to justify economically such a figure. In fact, the real economic equation is being upset simply by movements of capital. Even in normal times these movements enter into the balance of payments of Great Britain to a much larger proportion than is the case with any other country; and at present they are the governing factor in determining the exchange—to an extent which may prove to be a grievous embarrassment, unless the authorities act with promptness and vigour. We have already suggested that, rather than allow an "uneconomic" rise of sterling to take place, with all its attendant damage to the interests of this and every other country, the Bank of England should absorb all the *devisen* offered in the market above, say, \$3.60, even if it be technically necessary, for the purpose, to create, at a certain cost to the State, some additional securities for market sale. Further, in so far as demands for sterling represent the proceeds of the sale of British-owned overseas securities, or the normal amortisation of loans by our foreign debtors, there is a surplus available which might appropriately be invested abroad at long-term, and it might well be desirable therefore to consider, before long, the terms on which, and the countries to which, we may resume the normal process of foreign lending. But if there is any chance of a further speculative bull movement in the pound developing—and we are not disposed to minimise the danger—it would, we urge, be useful if it were made clear by the actions of the Bank of England, reinforced, if need be, by a definite official statement of policy, that while no decision as to the ultimate level of sterling has yet been reached, there is, so far, no underlying justification for any substantial upward movement, and that, therefore, effective steps will be taken, by the acquisition of *l'outrance* of foreign short-term assets (or even gold), to give speculation "for the rise" its quietus.

ARISTIDE BRIAND.

By the death of Aristide Briand the world's stage has been robbed of one of the most characteristic of the figures that have dominated it in our time. The theatrical metaphor is apt, for it was Briand's histrionic and oratorical and conversational abilities that made him the force that he was. Like his contemporary and "co-Celt," Mr Lloyd George, he was an eminent representative of that type of political genius which excels by an infinite capacity for improvisation, in contrast to a Poincaré or a Curzon with an infinite capacity for taking pains. His natural medium was not ink and paper but "winged words." His colleagues and subordinates sometimes found it difficult to exact from him that minimum amount of reading and writing from which even a Minister of State cannot be excused; but when it was a question of making a speech or conducting a negotiation, Briand could be counted upon to achieve the impossible.

Briand's character—like almost all really interesting and effective characters—was a tissue of inconsistencies. He was a profound cynic and at the same time a sincere idealist; a bold and effective man of action in some situations, yet in others a passive observer, shrugging his shoulders as he watched himself being carried along by currents which he had egregiously failed to control. He was

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a man of the Left who put himself at the service of the Right; the first Socialist Prime Minister in modern history and also the first Socialist Minister to use the machine of Government on the grand scale for breaking a strike. He was "a man of realisations"—an opportunist—who failed again and again to "bring off" his combinations and coups. And—invaluable quality for a politician—he was a cat with nine lives, a statesman whom his opponents used to hunt from power, only to find themselves constrained to invite his collaboration next day. Politics were the breath of his nostrils—indeed, he had no other life—and yet he never gave the appearance of grasping after power, and was always content to relapse into the life of the common people, from among whom he had originally come and with whom he never lost touch.

Perhaps the central element in Briand's character, and the main thread in his career, was his passion for peace and conciliation. Instinctively he cast himself for the conciliator's part in the sequel to each of the great political conflicts in which he was successively implicated by the chances and changes of life and history. After the struggle in France between State and Church at the beginning of the century, after the great French railway strike of 1910, and last, but not least, after the European War, Aristide Briand's rôle was each time the same. The unity beneath the inconsistencies lies here; and this ruling passion for conciliation is the key to many things: the impatience of principles and the belief in compromise and finesse; the alternations of inaction and activity; the contempt for human nature and the devotion to the welfare of mankind; the refusal to recognise defeats on the calculation that some sleight of hand might after all convert them into victories.

Aristide Briand's career would take volumes to record, because it is practically co-extensive with the histories of France and of Europe during one full third of the 20th century. In this place, we can only touch upon a few salient points. His origin, to begin with, is noteworthy; for Briand's father was a Breton and his mother of La Vendée; and he was brought up in Brittany at St. Nazaire. Thus this Socialist and sceptic—this eminently "modern" man—came out of the most conservative, clerical, traditional region in France, the region that has been the last refuge of the *ancien régime* since the Revolution. Perhaps Briand's early radicalism was a natural reaction against the mental atmosphere of his local environment. One is reminded of another portentous Breton vironment. One is reminded of another Breton sceptic, who burst upon an astonished and admiring France in an earlier generation and in a different walk of life: Ernest Renan. But, if one is an Englishman, one is inevitably reminded still more forcibly of the contemporary Celtic politician on the other side of the Channel who has likewise emerged from the Celtic fringe and achieved as great a political career in *partibus peregrinis*, among the alien English, as Briand achieved among the alien French.

Is it fanciful to trace some of Briand's qualities as a politician to this Celtic origin? For instance, his preference for short cuts or facile detours to highways and for

flanking movements to frontal attacks? And his alternations of mood from what looks like audacity to what looks like weakness? If one thinks of the historical experiences which have been common to all the peoples of the Celtic fringe, from Brittany to Wales and from Ireland to the Highlands, one may well expect to find them developing the psychology of oppressed races, and to see this psychology manifested in the great men whom the Celtic fringe here and there throws up into the limelight of the great European stage.

The difficulty about telling the story of Briand's life in headlines is that, on this deceptively reduced scale, one can tell two almost equally plausible stories which have little or nothing in common. The *Advocatus Diaboli*—a rôle which Briand would assuredly have played against himself with inimitable zest and brilliance—will sketch the picture of the lost leader who spent twenty years in building up the French Socialist movement, and was carried into office by its tide, in order to use his inside knowledge for dealing his comrades a smashing blow when, as Minister of Justice in 1910, he broke the railway strike by calling out the railwaymen on military service and ordering them to perform their civil duties under pain of military discipline. He will paint for us the anti-clerical who eventually undermined the foundations of the *Etat Laïque* by renewing the severed diplomatic relations between France and the Vatican in 1921. He will show us the awkward customer in diplomatic intercourse, the French statesmen who tried to sow discord at the Washington Conference between his British and American colleagues; who encouraged Monsieur Franklin-Bouillon to conclude a private agreement between the French Government and Mustafa Kemal; who sought to entice the United States into a bilateral peace pact with France in order to secure for France a free hand in Europe, and who then found himself committed, by an American perspicacity and adroitness for which the Breton had not bargained, to a Kellogg Pact embracing all the countries of the world; a French statesman who nearly spoilt the entry of Germany into the League of Nations by trying to secure a permanent seat on the Council for Poland, cheek by Germany's jowl; a French Minister for Foreign Affairs who did not resign office when the Cabinet of which he was a member went back upon the "gentleman's agreement" for a Franco-British-Italian naval arrangement to which France had been a party in March, 1931.

Our imaginary detractor could also give good grounds for regarding Briand's policy as not only *risquée* but unsuccessful; for Briand had a habit of suffering sudden reverses at critical moments. His experiment in forming a Centre Party proved a disastrous failure in the general election of 1914, just before the war. He became Prime Minister (for the fifth time) during the war itself in 1915, but fell in 1917 so heavily that he had no part or lot in the shaping of the peace settlement. He returned to office (but hardly to power) at the mercy of the Right in 1921, and was thrown out by the President of the Republic at a moment when, at Cannes, he was not only playing golf with Mr Lloyd George, but was negotiating with him a

comprehensive Franco-British understanding. He became Prime Minister yet again in 1925, to be thrown out next year by the Socialist-Radicals. He became Monsieur Poincaré's Foreign Minister in the same year, and continued in office because he did not choose to resign over the virtual repudiation of his famous understanding with Herr Stresemann at Thoiry. He was defeated in the Presidential Elections of 1931; and in this year (1932) he was finally superseded at the Quai d'Orsay by Monsieur Laval.

What is left of poor Aristide Briand when the Advocatus Diaboli has said his say? Let us suspend judgment till we have listened to the defendant's guardian angel (and how greatly tickled Briand would have been at the notion that he had one!). The guardian of Briand's memory need not say very much, for two sentences will be decisive. "This is the man who did more than any other single human being to reconcile Church and State in France, and France and Germany in Europe." Assuredly Briand will be remembered as the French statesman who, working hand in hand with Stresemann, divides with him the honours of the Pact of Locarno and the entry of Germany into the League and the completion of the evacuation of the Rhineland five years before the extreme treaty date. He will also be remembered as the author of the Briand Plan for European Union. At this moment, when Briand has only just gone from us, we cannot tell what will be the ultimate fate of his work. This work of appeasement may appear, in the light of history, either as a pathetic failure or as the beginning of a new and happier chapter in European history. It will still seem something momentous in either event, and Briand's personality will be bound up with it. Europe has lost a great citizen, and the international stage a great figure, whose performance it is easy to criticise in cold blood but whose charm was irresistible to all who ever came into personal contact with him—whether in the lobbies at Geneva or in the French countryside, to which Briand loved to retreat in the intervals of an unusually long and varied political activity.

THE INDIAN BUDGET.

SINCE the Government at Delhi, like that at Westminster, had already taken arms last autumn against a sea of financial troubles, rendered particularly stormy by the world economic crisis for a mainly agricultural country such as India, the Budget which Sir George Schuster opened last Monday contained, as was to be expected, few surprises and imposed no fresh taxation. Accordingly, interest centred mainly on those portions of the Finance Minister's speech which dealt with the development of India's general economic and financial position since the decision was taken last September to preserve the link between the rupee and sterling in its departure from the gold standard. In the picture which Sir George Schuster presented, the background could not be other than one of the severe trade depression which India was inevitably sharing with other countries. Although the monsoon had been generally favourable and India had had quite a good year as regards agricultural production, her foreign trade had fallen to barely half that of two years ago. In the first ten months of the current year, exports of merchandise had declined to under 185 crores, as compared with 265 crores for the first ten months of 1929-30, jute and jute products falling from 69 to 29.5 crores and raw cotton from 51 to 20.5 crores. On the other side of the account, merchandise imports had fallen from 201 to 105 crores, the most notable declines being those of cotton manufactures, which fell from 49.7 to 15.9 crores, and sugar, which fell from 13.8 crores to 4.9 crores. On the other hand, when bullion was added to the exports of merchandise India had enjoyed a favourable balance of 71 crores, as compared with 43 crores in the corresponding period of 1929-30. The rupee exchange and the sterling resources of the Government of India had been so strengthened by exports from India of "unhoarded" gold that not only had it been possible to repay the £15 millions of debt maturing in London in January, 1932, without borrowing or drawing on reserves, but it was hoped to be able to repay without re-borrowing the £6 millions of 6 per cent. sterling bonds which the

Government had an option to repay at par next June, i.e., a year before their final maturity.

Armed with this impressive evidence of the advantages which had accrued from the decision to maintain the rupee at parity of exchange with sterling, the Finance Minister was able to dispose effectively of the criticism which had been raised in some quarters against the Government's "failure" to buy up gold offered by the public and use this opportunity to build up reserves for starting the Indian Reserve Bank. He pointed out that for the Government, as the currency authority, to buy gold would be pure speculation; that the Government could not afford to buy and hold all the gold being offered, since it had its own external obligations to meet; that if currency reserves were acquired and if the Government could now afford to accumulate them, it already had its proper proportion of gold, and—in so far as the proceeds of gold exports were not required to meet the balance of payments—it was proceeding to complete an ample margin of reserve by the indirect acquisition of external securities. Meantime, the free movement of gold was tiding India over a difficult moment; the taxpayer was being saved interest charges, and the credit of the Government, as illustrated by the price of its securities both in India and in London, had so improved that it was hoped in the coming year not only to meet London maturities, but to float in India on satisfactory terms a loan sufficient both to provide for the repayment of the 1932 bonds falling due next October, and to effect a further reduction of the floating debt. Moreover, even if the sales of gold to some extent represented a forced realisation of savings, increased purchases of Post Office cash certificates, a rise in Post Office Savings Bank's deposits, and big subscriptions by small investors to the 6½ per cent. rupee Treasury bonds suggested that if a large section of the people were in dire straits owing to the trade depression, India still had a considerable amount of money available for investment. In a period of immense difficulties for all agricultural countries India could rightly take comfort from the fact that there was not a total absence of encouraging signs.

Turning from the Finance Minister's survey of the general position to the actual figures of the Budget, it may be convenient to begin with a word in retrospect. A year ago Sir George Schuster found himself with a deficit of 13½ crores in the accounts for 1930-31, a deficit which he was now able to state had eventually been reduced to 11.58 crores. Confronted last spring with a prospective deficit of 17½ crores for 1931-32 (reduced by economies to one of 14½ crores), the Finance Minister, as will be recalled, bridged the gap by higher Customs duties, estimated to yield 9.82 crores, and additional income tax, whose yield was put at 5 crores. Last September, however, when an Emergency Budget was introduced, Sir George Schuster had to inform the Assembly that the small surplus for which he had budgeted would be turned into a deficit of 19½ crores owing to an estimated shortfall of 11.33 crores in tax revenue and 8.23 crores in other receipts. On the existing basis of revenue and expenditure, about the same deficit was to be anticipated in 1932-33. To meet this situation economies were proposed amounting to 0.9 crores in 1931-32 and to 8.9 crores in the following year, while surcharges on Customs duties and income tax, together with new import duties on machinery, dyes and raw cotton, were estimated to yield fresh tax revenue of 8.1 crores in the current year and 15.1 crores in 1932-33. The result would be a deficit of 10.2 crores in 1931-32, followed by a surplus of 5.2 crores next year.

Reviewing the results up to date of his emergency proposals, Sir George Schuster was able to confirm the realisation of the promised retrenchment, but as a result mainly of foreign trade contraction it was necessary to revise downwards the estimates of tax revenue. On the current year's estimates there would be a short-fall of 5 crores in respect of Customs and of 1 crore in respect of income tax, against which, thanks to the improvement in the Government's position as a currency authority, there would be an improvement of about 2.5 crores under the heading of financial items. For next year it was anticipated that the tax short-fall would be 4.6 crores and the financial items improvement 1.5 crores. Thus the net

deterioration on balance, as compared with the estimates of last September, would be 3.5 crores and 3.1 crores respectively in the current and the following years. In consequence, the balance for 1931-32 and 1932-33 would be approximately a deficit of 13.5 crores, followed by a surplus of only 2.25 crores.

The problem with which Sir George Schuster has been faced and the way in which it has been tackled may be summarised in tabular form as follows:—

BUDGET DEFICITS AND SURPLUSES (IN CRORES).			
	1931-2.	1932-3.	Total for Two Years.
Prospective situation revealed in February, 1931.....	- 17½	...	...
Budget forecast after allowing for economies (2½) and new taxes (14½).....	+ ½	...	...
Situation revealed in September, 1931.....	- 19½	- 19½	- 39
Estimates resulting from emergency budget (economies 0.9 and 8.9, and new taxes 8.1 and 15.1).....	- 10½	+ 5½	- 5
Situation now disclosed owing to short-fall of revenue.....	- 13½	+ 2½	- 11½

The significance of these figures—which show that next year India will be bearing fresh taxation estimated at the time of its imposition to yield 30 crores, and that over 11 crores of economies are being made—will be fully appreciated when it is remembered that the tax revenue on which Government is relying in the coming year amounts only to 77 crores. On the other hand, it has equally to be borne in mind when considering the deficit of 11 crores over the two years that the budgets include provision for debt redemption amounting to 18½ crores.

Sir George Schuster is fully entitled to the congratulations which he received from many sections of the Assembly for his success in maintaining the finances of the Government of India in a position which compares very favourably with that of many other Governments. His statement will confirm the more favourable opinion that has been forming with regard to India's financial position, and, subject to all the reserves which must attach to any such assertions in these times of unexpected and large-scale changes, justifies his claim that the budgetary position is "sound."

In carrying out this task he is acting in the spirit of the famous Irwin despatch, in which it was very clearly indicated that if responsibility for the Central finances of India is to be handed over to an Indian Parliament, it is essential that India should be in a thoroughly solvent condition, with every prospect of being able to pay her way. But the results have been achieved at a price. Though the ways and means position, which not very long ago was a cause of grave anxiety, is almost miraculously improved, a main factor in the change has been the drastic curtailment of capital expenditure. Fresh railway expenditure, for example, is to be reduced next year to 4.15 crores, compared with 30 crores three years ago, while advances to the Provinces will amount to only 10 crores, against 15 crores this year.

Indeed, satisfaction at India's determination to adhere to principles of sound finance and to balance the Budget at the cost of admittedly painful efforts must be qualified by the reflection that recent developments have emphasised the financial vulnerability of a Central Government whose resources depend so largely on Customs revenue. This year the Government collected 29 crores of import duties from 201 crores of imports in 1929-30. The Finance Minister, alluding to the protective effect of the various import duties at their recently enhanced level, recognised this weakness and admitted that it will be necessary for the Central Government in the future to broaden the basis both of direct taxation and of revenue from excise on such commodities as kerosene, salt, betel nuts and spices.

The desirability of strengthening the revenue position is, indeed, underlined by Sir George Schuster's admission that many of the Provincial Governments are to-day labouring under financial difficulties in some respects greater than those of the Centre, and that some Provinces have had recourse to loans from the Centre in order to cover budgetary deficits. Taking a long view, apart from the

exigencies of the present crisis, the objective of financial policy in India must clearly be to render possible the transfer in future years of some of the Central revenue to the provinces for "national-building" services. The realisation of such an objective will plainly depend in large part on recovery of world trade and of the prices of agricultural products; but, even with this assistance, the exploration of new sources of taxation is a task with which the Central Government must increasingly pre-occupy itself if the economic and social development of India is not to be unduly postponed.

RAILWAY RESULTS.—II.

It is significant of the pass to which the railways have been brought, that during the last few years it has been to the expenditure side of the accounts that shareholders have had to turn for encouragement. We recorded last week that the four main line railways had suffered a fall of over £16 millions, or 8½ per cent., in gross receipts for 1931, while railway receipts fell £14 millions, or 8 per cent. Great efforts on the part of the companies, aided in this respect by the decline in traffic, brought about a very substantial reduction in outlay, as the following table shows:—

EXPENDITURE. (000's omitted.)					
	1929.	1930.	1931.	Decrease in 1931.	%
London Midland & Scottish	£ 66,907	£ 64,468	£ 58,999	- 5,469	- 8.5
Adjusted for wages cut ...	65,818	64,063	...	- 5,064	- 7.9
London and North Eastern	50,896	49,206	44,990	- 4,216	- 8.6
Southern.....	20,914	20,702	19,762	- 940	- 4.5
Great Western	23,209	22,226	26,053	+ 2,173	+ 7.7
Adjusted for wages cut ...	22,736	22,054	...	- 2,001	- 7.1
Total	167,926	162,602	149,804	- 12,798	- 7.8
Adjusted total.....	166,364	162,025	...	- 12,221	- 7.6

Exact comparison between the different groups is rendered difficult by the fact that for 1930 the 2½ per cent. deduction from wages and salaries which was in force during part of the year is treated by the London and North Eastern and the Southern railways as a deduction from expenditure, while the other two groups show it as an item of revenue. We have shown in italics the figures of the latter as they would have appeared if they had been calculated on the same basis as the others. The percentage reduction was greatest in the case of the London and Northern Eastern; the London Midland and Scottish and the Great Western were not far behind, but the Southern Railway, owing presumably in part to the steps taken to maintain its passenger traffic against road competition, was only able to reduce its outlay by 4½ per cent.

Purely railway expenditure was reduced by 9½ and 9 per cent. respectively on the two largest groups, by 4 per cent. on the Southern and 7 per cent. on the Great Western. The most important items in this expenditure are shown in the next two tables. To combine them in one table might be slightly misleading, owing to the differing treatment of the 2½ per cent. deduction in 1930:—

PRINCIPAL ITEMS OF RAILWAY EXPENDITURE. (000's omitted.)

	Maintenance of Way and Works.		Maintenance of Rolling Stock.		Locomotive Running and Traffic Expenses.		Total Engine Miles.	
	1930.	1931.	1930.	1931.	1930.	1931.	1930.	1931.
L.N.E.R.	£ 5,566	£ 5,078	£ 8,344	£ 7,359	£ 24,808	£ 22,853	170,525	161,159
S.R.	3,420	3,209	2,777	2,763	9,872	9,424	74,413	74,772

PRINCIPAL ITEMS OF RAILWAY EXPENDITURE. (000's omitted.)

	Maintenance of Way and Works.		Maintenance of Rolling Stock.		Locomotive Running and Traffic Expenses.		Total Engine Miles.	
	1930.	1931.	1930.	1931.	1930.	1931.	1930.	1931.
L.M.S.	£ 7,192	£ 6,566	£ 9,882	£ 8,631	£ 33,909	£ 31,320	227,258	216,133
G.W.R.	3,647	3,215	3,975	3,603	13,546	12,678	96,646	92,376

At first sight there appears to have been a substantial reduction in the expenditure of all four companies upon the maintenance of way and works, but this apparent economy is exaggerated in each case, and very substantially as far as the two smaller groups are concerned, by a larger transfer from renewal funds than was made in 1930. The Great Western actually spent more under this head last year than in 1930, but £725,970 of this expenditure was met from renewal funds, against £256,565 in 1930. As, however, economies under this heading can for the most part only be a postponement of expenditure, it is perhaps satisfactory that they have not been carried very far. The reduction, ranging from 9½ to 12½ per cent., except on the Southern, in expenditure on the maintenance of rolling stock, read in conjunction with diminutions in the neighbourhood of 5 per cent. in engine mileage, show that the great endeavours which have been made of recent years to reduce the cost of workshop repairs are still bearing fruit, and many striking examples of achievement in this direction were given in the speech of the chairman of the London Midland and Scottish. Reductions in locomotive running and traffic expenses were also greater in proportion than the reduction in engine mileage, and this is one of the respects in which the capital expenditure of recent years is now beginning to produce permanent economies in working. The Southern, for example, largely owing to the electrification of its suburban lines, worked more engine miles at a 4½ per cent. reduction in running costs.

A further analysis of locomotive running and traffic expenses, in which fuel and wages are the most important elements, is given below:—

LOCOMOTIVE RUNNING AND TRAFFIC EXPENSES—MAIN ITEMS.
(000's omitted.)

	Wages and Salaries.			Fuel.		
	1929.	1930.	1931.	1929.	1930.	1931.
London Midland and Scottish Percentage of expenditure...	£ ...	£ ...	£ 22,486	£ 5,797	£ 5,646	£ 5,375
	...	...	71.8	16.6	16.7	17.2
London and North Eastern Percentage of expenditure...	18,483	18,368	16,879	4,150	4,057	3,830
	73.7	74.0	73.8	16.6	16.3	16.7
Southern Percentage of expenditure...	6,427	6,456	6,091	2,146	2,127	2,150
	64.9	65.4	64.6	21.7	21.5	22.9
Great Western Percentage of expenditure...	...	...	9,471	2,028	1,984	1,899
	...	...	74.7	14.8	14.6	15.0

Economies in fuel were little more than in proportion to the reduced engine mileage, so that the percentage of this item of traffic expenditure increased. The reduction during 1931 in the remuneration of railway workers, combined with a certain amount of reduction in personnel, reduced both the absolute and the relative part played by wages under this heading.

It is unfortunate that the railway accounts, so admirably detailed in most other respects, do not make it possible to distinguish the share formed by wages of the total expenditure, or even of the total railway expenditure, of each group. Even in the foregoing table, the item "wages" is incomplete, as there are many items of expenditure on locomotive running and traffic, the wages element in which is not separately shown. It would have been particularly valuable this year to know just what part of the economies the railways have effected has been due to reductions in the wages bill; but the only information available is contained in various statements in the respective chairmen's speeches. Sir Josiah Stamp stated that of the £5 millions saved in 1931 and £11 millions saved since 1927 on the London Midland and Scottish, "much the greater part . . . must find its expression ultimately in reduction in the salary and wages bill." In that group, £2,800,000 were saved last year by reductions in the numbers employed, and £6,500,000 since 1927, while the saving as compared with 1927 through reductions in wages and salaries amounted to £1,500,000. On the Southern Railway, out of a saving of £940,000 in expenditure, £325,000 was due to reductions in wages and salaries. Necessary as this form of economy is—and nobody has urged a closing of the gap between sheltered and unsheltered wages more persistently than ourselves—it is on a different footing from those reductions in expenditure

which reflect a real economy in the effort needed to bring about a given result, and it is satisfactory that the railways are still pursuing successfully this more fruitful form of thrift.

We indicated last week that whereas railway working showed a uniform reduction in net revenue, some of the ancillary activities of the railways, which include road transport, steamboat services, the conduct of docks, harbours and wharves and of hotels and refreshment rooms, canals, and the collection and delivery of parcels and goods, had shown an improved net result. Road transport, which is now beginning to yield a return on the outlay of previous years, yielded a very much higher net revenue on all groups. On the London Midland and Scottish the net return rose from £8,842 to £28,625; on the London and North Eastern from £3,078 to £6,247; on the Southern from £300 to £2,136; and on the Great Western a small deficit was turned into a profit. The net revenue from steamboats increased on the London Midland and Scottish, but was badly down on the other systems. The deficit on canals was reduced in three groups, and on the Southern its modest surplus was increased. The collection and delivery of parcels, which, though indirectly profitable, was a source of direct loss to all four companies in 1930, showed a reduced deficit in all cases and even a small profit on the Southern. The net effect of all these developments upon the financial position will be discussed in our next article.

COAL REGULATION.

(BY A CORRESPONDENT.)

PROVISIONAL statistics are now available relating to the administration during 1931 of Part I. of the Coal Mines Act of 1930. They show that in every quarter the output allocated was greater than that produced, and that on the average the excess was about 6 per cent. In the March quarter the national output, as returned by the Executive Boards to the Central Council, was 58.4 million tons, compared with an allocation of 62.6 million tons; in the June quarter 54.8 million tons, compared with an allocation of 58.2 million tons; in the September quarter 52.1 million tons, compared with 55.1 millions; and in the December quarter 57.8 million tons, as against an allocation of 61.6 million tons. The shortages were due chiefly to the increasing severity of the depression in the export trade. In the March quarter there were five districts in which the outputs were in excess of the allocation, and eight others where they were only slightly below the quotas. In the June quarter outputs exceeded the allocations in the Cannock Chase and North Staffs coalfields, and there were seven other districts where the average shortage was less than 2 per cent.; while in the September quarter Northumberland, Cannock Chase, North Staffs, Kent, Shropshire and Warwickshire actually exceeded their quotas, and Lancashire, Midland Amalgamated, South Staffs, Somerset returned output figures averaging only about 2 per cent. below those allocated. In the exporting districts the differences between allocations and outputs were far greater, and, on the average, allocations for those areas exceeded outputs by about 10 per cent.

The administration of the price-control provisions of the Act was accompanied by far more friction than attended those relating to output control. In the South Wales coalfield the minimum schedule previously operative under a voluntary marketing scheme was continued under the Act with few changes; in the other districts, however, there were considerable delays in the fixing of minimum prices, and in the September quarter the Central Council had to take strong disciplinary action against Scotland. At that period Scotland alone of all the districts had not put minimum prices in force, and this circumstance was held by the Central Council to justify its action in allocating a quota of only 5½ million tons, as compared with an output of 7½ million tons in the corresponding quarter of 1930, and a claim by Scotland for a quota of 7 million tons. The Central Council was over-ridden by arbitrators, but its action had the effect of compelling the Scottish colliery owners to bring their price policy into closer relation with that of the other districts.

An outstanding feature of the financial results is the improvements which they show in the position of the inland coalfields relative to that of the exporting districts. In the following tables a summary is given of the production and trading balances in the exporting districts, and in the districts mainly supplying the inland markets in 1930 and 1931:—

DISTRICTS MAINLY SUPPLYING THE INLAND MARKET.

	1930.		1931.	
	Output. Tons.	Trading Balance. £	Output. Tons.	Trading Balance. £
Yorkshire	44,409,200	1,274,443	40,607,700	864,741
Derby, Notts and Leicester	31,859,600	748,214	30,582,200	1,281,477
Staffs, Warwick, Salop and Worcester	17,601,400	598,797	16,956,600	804,493
Lancs., Cheshire & North Wales	18,394,000	-19,143	17,237,000	144,013
	112,264,200	2,602,311	105,383,500	3,094,724

EXPORTING DISTRICTS.

Scotland	31,696,800	-98,841	28,950,700	-214,343
Northumberland	13,122,800	395,972	12,573,000	44,460
Durham	35,810,400	614,366	30,481,000	-89,033
South Wales ...	45,214,100	307,941	37,522,500	30,244
	125,844,100	1,219,438	109,527,200	-228,672

In the case of the Midland coalfield, the trading balances do not cover precisely the same geographical areas as those for which the outputs are given; but this does not materially affect the value of the comparisons, from which it will be seen that while in the districts mainly supplying the inland markets there was a decrease last year in output of only about 6.9 million tons, and an actual increase in the credit trading balance of £492,000, the figures for the principal coal exporting districts show a decrease in output of 16.3 million tons, and the conversion of a credit balance of £1,219,438 into a debit balance of £228,672. It would be difficult to discover any other year in which so sharp a contrast has been provided between the respective earnings of the exporting districts and the coalfields depending either exclusively or mainly on the inland market. One of the natural effects of the statutory regulation has been to strengthen the monopoly advantages of the inland coalfields, and a secondary factor which tended in the same direction was the ban placed by the Act on fixing minimum prices according to destination in this country. Under the protection of the Act, Lancashire pit-head prices in the September quarter of 1931 were about 6½d. per ton higher than in the corresponding period in 1930; in the South Derbyshire group 11½d., in the North Derby and Notts 8½d., and in Yorkshire 2½d. per ton higher. In the exporting districts, on the other hand, there were decreases in Northumberland of about 9½d. per ton, in Scotland of 5½d., in Durham of 3½d., and in South Wales of just over 3½d. per ton. In the export trade the conditions were those of unprecedentedly severe competition, and the reduced price level was accompanied by a drop of about 13 million tons in the foreign cargo and bunker shipments. These facts are exercising a considerable influence on the attitude which the various districts are adopting towards the question of the continuance or discontinuance of Part I. of the Act after the present year. It is very probable that, if the Government decides to extend the marketing provisions of the Act for a further period, strong efforts will be made to secure for the industry statutory authority for the imposition of a national levy for the assistance of the export trade.

POLITICAL OMENS AT WASHINGTON.—II.

(BY A CORRESPONDENT.)

In the Democratic camp the past few months have witnessed some interesting developments. At the end of the summer the political experts were all agreed that Governor Franklin Roosevelt of New York had a long lead over all his rivals for the Democratic nomination. His backing was of a somewhat variegated character, including such divergent elements as Tammany, the *New York Times*,

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and some western Progressive Senators like Senators Norris and Wheeler; but he was credited with having half of the potential delegates to the Democratic convention definitely committed to him, and only on rare occasions has a candidate in such a position failed to secure the nomination. More recently, however, there have been indications that since November his fortunes have undergone a setback; indeed, a very definite anti-Roosevelt movement has been steadily gathering momentum, and it is no longer certain that Roosevelt will enter the convention with a majority of the Democratic delegates.

The elements opposed to Roosevelt are as varied as his supporters. The "Big Business" elements in the Democratic Party have come to regard him as too progressive, and their suspicions have been strengthened by the eulogies heaped upon him by his radical western friends. Then, again, he has lately alienated many liberal devotees of Woodrow Wilson's memory by a sudden backsliding on the subject of the League of Nations; in a public statement he declared that he had changed his mind about the advisability of the United States entering the League, because the experience of recent years had proved that it was not the sort of League which Wilson had contemplated. But his most formidable opposition has come from a group of powerful Democratic leaders headed by ex-Governor "Al" Smith, the party candidate in 1928, Mr Raskob and local bosses in the New Jersey, Illinois and other States. They repudiate the suggestion that their opposition is animated by personal dislike of Roosevelt, and avow that it is based upon a sincere conviction that he is not the best available candidate for the party; they allege that he has neither the intellectual vigour nor the political skill which any occupant of the White House should have at his command in these troubled days. For some months past they have been bending all their energies to check the progress of Roosevelt's candidacy.

For a time they adopted the tactics of encouraging the candidacies of "favourite sons" in different States in order to prevent the delegates being pledged to Roosevelt, but now they have induced "Al" Smith to declare himself willing to accept the Democratic nomination if it is offered him. He has, however, qualified his announcement by asserting that he is not a candidate in the sense of campaigning for the support of the delegates, and that his real objective is to ensure that the Democratic Party shall have a free choice of nominees at its convention. His friends, however, have lost no time in bestirring themselves to secure delegate support for him, and they have entered his name in the Democratic primaries of a number of States. It would only be a natural ambition on the part of Mr Smith to desire another chance at the Presidency under more auspicious conditions than in 1928, but he is too clear-headed and realistic a politician to believe that he can be nominated. In 1928 the Democrats of the South and West, who hated both his religion and his views on Prohibition, acquiesced sullenly to his nomination, but they would not present a solid opposition to his candidacy. The backers of Roosevelt, moreover, who include eleven Democratic Senators, are taking counter measures, and there is evidence that they are going to be able to revive in favour of Roosevelt the old anti-Smith sentiment in the South and West. Smith can probably beat Roosevelt in the Democratic primaries of States like Massachusetts, New Jersey and Illinois, and come to the convention with several hundred delegates behind him;

but it is plain that if Smith and his allies can stop Roosevelt's nomination, the Rooseveltians will be equally able to prevent the success of Smith.*

So the view gains ground that the choice of some compromise candidate is probable, and the claims of other aspirants are being freely discussed and analysed. Governor Ritchie of Maryland was openly in the field for the nomination before anybody else, and at intervals he has outlined his political creed in speeches in different cities. He has a good record as an upright politician and sound administrator, but his addresses have revealed him as an old-fashioned individualist who believes in the unfettered working of the law of supply and demand, and untrammelled freedom for business from any interference by the State. His forthright "wetness" appeals to the enemies of Prohibition, but on all other domestic issues he is essentially conservative, and has shown little understanding of the realities of the present economic plight of his country. He has also declared against any cancellation of war debts, and offered no evidence of international statesmanship. As a result, he is unpalatable to the progressives of the Democratic Party and to independent liberal elements; and, while he will have some strength at the Convention, his nomination is only a remote possibility.

Much more acceptable to the Democratic Progressives is Mr Newton Baker of Ohio, who was Secretary for War in the last Cabinet of Woodrow Wilson, and is now a successful corporation lawyer in Cleveland. A capable platform speaker, he is an able and experienced politician, and he is also an avowed "wet." Few public men in the United States have since the war taken such an enlightened attitude upon international problems, and he has always been regarded as the lineal heir of the Wilson tradition; but within the last month he has surprised many of his friends by following Roosevelt's example and renouncing his old advocacy of American adhesion to the League of Nations. Mr Baker maintains the pose that he is not a candidate for the nomination, and he has not made any effort to enlist the support of delegates, having spent the past month in a holiday trip to South America; but, undoubtedly, if it befell that he was nominated, he would cheerfully accept the honour.

Another candidate who is accumulating considerable support is Mr Garner of Texas, who is now Speaker of the House of Representatives. He is being vigorously boomed by the Hearst papers, and has great strength in his own and adjacent States, but under present conditions his "dryness" is almost a fatal disability. The Smith group, as well as the "Big Business" elements of the Party, would probably prefer to see the nomination go to Mr Owen D. Young, but he is taking no steps to promote his candidacy, and is at present only a very dark horse. Still, as a result of recent developments, the Democratic nomination is once more a completely open question, and Roosevelt's lead, if it exists, is by no means a winning one.

The Republican Progressive group find themselves in a difficult quandary. They detest Hoover and openly proclaim their desire to compass his political extinction. They have held conferences about the question of forming a third party or of fighting him in the Republican primaries, but their best available champions, Senators Hiram Johnson and Borah, conscious probably of the unhappy experiences of third parties in the United States, have so far declined to enter the lists against him. It is true that one Republican dissident, ex-Senator France of Maryland, has entered the primaries in North Dakota for the Republican nomination, but his candidacy is not taken seriously. Some of the Republican Progressives are ready to throw their political influence to help Governor Roosevelt, but they condemn politicians like Ritchie and Baker as "just Democratic Hoovers," and if either of this pair is nominated, they seem likely to be reduced in the Presidential campaign to an attitude of sulky neutrality. Yet it is quite clear that throughout the country the Progressive vote which Mr Hoover secured in a large measure in 1928 is now lost to him.

* In the polling, this week, at New Hampshire, delegates pledged to support Mr Roosevelt were elected by unexpectedly large majorities.

Notes of the Week.

Parliament and Defence Economies.—Retrenchment proposals seldom have a good reception in the House of Commons, and to the Conservative Party, which forms so great a proportion of the present House, savings on the defence services are, traditionally, *anathema maranatha*. It is not surprising, therefore, that the debates on Monday and Tuesday on the reduced Navy and Army estimates respectively were marked by many expressions of uneasiness and anxiety, not at the size of the defence forces which the country still has to finance thirteen years after the peace, but at the smallness of the provision made for these services. The First Lord of the Admiralty, Sir B. Eyres-Monsell, and the Financial Secretary to the War Office, Mr Duff Cooper, vied with each other in emphasising that, unless there was some progress with general international disarmament, estimates as low as the present could not again be sanctioned next year either by the Army Council or by the Board of Admiralty. The gist of the speeches of both Ministers was that the Services for which they were responsible had generously contributed to the cause of economy in a great emergency, but that the cuts could not be repeated. The burden of numerous Conservative speeches which followed reveals quite clearly that, although we are spending £100 millions per annum now on defence services, the bill presented to Parliament next year cannot fail to be substantially higher unless some constructive plan for international reduction obtains acceptance at Geneva. The two debates were indeed a most timely reminder to the British taxpayer of his own personal interest in the success of the vital disarmament discussions which are now proceeding, and which the world has looked forward to ever since the Treaty of Versailles laid it down that the forcible disarmament of Germany was to be the prelude to voluntary disarmament by the victorious nations. It is clearly the overwhelming view of the present House of Commons that, in relation to present international circumstances, the Navy have been cut to the bone; and, failing some multilateral agreement, the demand that we should build up to the full amount of tonnage permitted under the Washington and London agreements may be irresistible a year hence.

The League Assembly.—The Special Session of the Assembly, which has been called at China's instance to deal with the Far Eastern situation, has shown a decidedly different temper from the Council. Although the Great Powers, as our League correspondent observes in a dispatch which we print on a later page, have continued to play a very cautious rôle, the representatives of the small countries have made it clear that they regard Japan as the aggressor; that they look upon her invasion of Chinese territory as a direct menace to their own security; that they view this as a test case of the efficacy of the League; and that they consider it essential, if the League system is to function effectively in world affairs, that it should vindicate itself by securing the withdrawal of the invader as a preliminary to the investigation of the merits of the dispute and the arrangement of a settlement in some accord with justice. Last Friday the Assembly passed a first resolution, calling upon the Japanese and Chinese Governments to take steps for ensuring that the cessation of hostilities should be effective; asking the Powers with special interests in Shanghai to keep the Assembly informed of the military situation; and recommending that negotiations should be entered into by the Chinese and Japanese representatives, with assistance from the neutral authorities on the spot, "for the conclusion of arrangements which shall render definite the cessation of hostilities and regulate the withdrawal of the Japanese forces." Using the tactics which he has so often employed triumphantly on the Council, Mr Sato contended this last phrase, in which Japan only is mentioned, but—with or without mental reservations—he gave And, on the suggestion of M. Motta (Switzerland), the vote was taken by roll-call, so that the unanimity of the

Assembly should be manifest. It is noteworthy that the feeling in the Assembly for the vindication of the Covenant is felt and expressed by the small countries of all categories: not only by the ex-neutrals—e.g., Switzerland and the Scandinavian countries—but equally by Belgium and Czechoslovakia, who are allies of France, and by Canada and South Africa, who are fellow-members, with the United Kingdom, in the British Commonwealth. The Great Powers will do well to take good note of the attitude of their smaller associates. When Sir John Simon spoke he made the positive suggestion that the Assembly should take occasion to re-affirm the terms of the Covenant and the Kellogg Pact. Such a declaration would be important, and would bring the States Members of the League into line with the attitude of the United States, as set forth in Mr Stimson's letter to Senator Borah. Indeed, it is evident that Sir John Simon is now working in Geneva in close harmony with Washington. But pious affirmations of principle *in vacuo* are obviously not enough. There can be no advance at all towards a settlement until the Japanese troops have withdrawn from Shanghai, and the Assembly will probably remain in session until that much, at least, has been accomplished.

Shanghai.—Meanwhile, there is neither peace nor truce at Shanghai, but merely a cessation of fighting; and this cessation is incomplete, for there appear to be frequent skirmishes and exchanges of fire, and any one of these incidents might lead to serious operations—as witness the whole history of these hostilities. Precise and trustworthy information is now difficult to obtain; for the front has moved to a distance from the city at which it no longer comes under the direct observation of the neutral forces that are guarding the two foreign settlements. It is manifest, however, that the Japanese have made no motion to withdraw, but that, on the contrary, they have been reinforcing their Shanghai Army—a fact which the Japanese Government admits, but defends on the ground that it has merely refrained from countermanding the reinforcements which had already been under orders to sail while the Japanese offensive was in progress. There is unofficial talk, however, of keeping at least one Japanese division quartered in the International Settlement in perpetuity. Presumably we shall hear about this when we learn the new Japanese armistice terms, which were communicated to the Chinese authorities at Shanghai, through Sir Miles Lampson, on Wednesday. In the Settlement itself, relations between Japanese and Chinese are as tense as ever; the municipal police are finding it extremely difficult to keep the peace; and the Japanese naval and military authorities are threatening once again to take the law into their own hands.

And Japan.—At this moment, the League of Nations Commission of Inquiry is en route to Shanghai from Japan, where it has been carrying out the first stage of its investigations. The Japanese authorities have assiduously flattered the Commission; but Lord Lytton and his colleagues were perhaps more deeply impressed by the fact that one of the distinguished private citizens of Japan, Baron Dan, who gave them hospitality, was assassinated next day by a young fanatic who believed that Baron Dan had been guilty of unpatriotic business transactions. The crime is sensational, owing to the prominence of Baron Dan, who is head of the firm of Mitsui—one of the two outstanding business concerns in Japan. It will be recalled that Mr Inouye, the Finance Minister in the late Government, was assassinated by another young fanatic—an associate of Baron Dan's murderer—as lately as February 8th; that Baron Shidehara's life has been threatened; and that, only last year, a former Prime Minister of Japan, Mr Hamaguchi, died of wounds previously inflicted on him in a similar attempt. On the 4th of this month Dr. Nitobe, who was an Assistant-Secretary-General of the League of Nations from 1919 to 1926, was dragged out of hospital by a party of ex-officers and compelled to recant a statement to the effect that militarists may be as dangerous as Communists. The plain fact is that in Japan, at this moment, to be both liberal-minded and distinguished is tantamount to being in danger of death by criminal assault. We do not believe that this

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state of things can endure; and, if there is not sufficient public feeling and public spirit to put a decisive end to this campaign of reactionary crime, we venture to prophesy that things will end in an equally violent swing to the opposite political extreme. If the internal condition of Japan is thus extremely unstable, we must rate still lower the stability of the spurious Manchurian Government, which has been installed this week at Changchun. The *ci-devant* Emperor, Mr Henry Piu, would have been better advised to go on living happily ever after at Tientsin than to clamber on to his wall again. For Humpty Dumpty can hardly hope to survive a second fall without some breakage.

The Danubian Problem.—Once again the problem of the Danubian States is to the fore. This will always be the case, when Europe is in difficulties, until some more reasonable economic arrangement is made in that part of the world. It is not chance that made Austria the trail that set light in Europe to the financial crisis of last year, or that her troubles followed so closely on the failure of the project of an Austro-German Customs Union. It is no accident that Hungary was the first of the States of Europe to declare a moratorium on its external debt. We are faced here with the consequences of an unsound economic system which has been set up for political reasons. It is now almost universally admitted that something must be done to correct this mistake. The bankers and investors have certainly learned the lesson; and the Governments of the four chief Powers of Europe are so clearly convinced of the necessity for action that steps have been taken to promote discussions between the Little Entente Powers and Austria and Hungary. But what form is the new regime to take? On that the Powers are not agreed, and it has yet to be seen whether there is the possibility of a common opinion even among the parties directly concerned. In favour of progress there is the fact that the evident failure of the present system makes the present a more favourable moment for a *rapprochement* than any since the war. But when the parties come to close grips it would appear that none of the States is yet ready for a political confederation, even if powerful neighbours were ready to acquiesce. The stumbling-block of many unsolved political questions may—it is suggested—be overcome by a five-year political truce. But even if ambitions are confined to an economic *rapprochement*, it would seem that vested interests are too strong to permit us to envisage a complete Customs Union—one of the greatest difficulties being the perennial problem of agricultural communities with differing standards of living. We are thus driven back to the possibility of a preference system which has been so many times explored before. The experts of some of the countries concerned are once again studying together the various forms which such a scheme might take. To reach agreement will require very great determination, and M. Benes—one of the most important of the small band of statesmen from whom the impulse must come—is fully occupied at Geneva in the

important post of rapporteur to the General Committee of the Disarmament Conference. Even if internal agreement is reached, the old external difficulties remain. To what sort of preference will third parties consent, and will Germany and Italy agree to a beginning being made with a new European group to which they are not parties from the outset? To retrace—in the economic sphere at all events—the path entered upon by Central Europe as a result of the Peace Conference is a task second only in importance to that of creating real peace between France and Germany. But it is one to tax the resources of the wisest statesmanship. If the ground is carefully prepared this is perhaps one of the problems in which the Conference of Lausanne may be able to point the way to a solution.

President De Valera.—Dail Eireann met on Wednesday for the first time since the general election, and elected Mr De Valera President of the Executive Council of the Irish Free State, in the room of Mr Cosgrave, by 81 votes to 68, the official Labour Party voting, as was expected, with Fianna Fail. Mr De Valera then announced the names of his Cabinet, which is composed exclusively from members of his own party. Mr Sean Lemass, who is generally regarded as Mr De Valera's ablest lieutenant, becomes Minister for Industry and Commerce, an appointment which should please the Labour Party, who have declared that their support of the new Government is conditional upon the pursuit of a vigorous industrial and commercial policy. The importance both of external trade relations and of the Shannon hydro-electric scheme will also have weighed with Mr De Valera in choosing Mr Lemass for this post. The position of Vice-President and Minister for Local Government goes to Mr Sean O'Kelly, and Mr Sean MacEntee becomes Minister for Finance. Other Ministerial appointments are: Land and Fisheries, Mr Patrick Rutledge; Agriculture, Mr James Ryan; Defence, Mr Frank Aiken; Education, Mr Thomas Derrig; Justice, Mr James Geoghegan; Posts and Telegraphs, Mr Joseph Connolly. In the election of the Speaker, the Fianna Fail candidate, Mr Frank Fahy, received 79 votes against 71 for the outgoing Speaker, whose re-election was urged by Mr Cosgrave on the ground that the conversion of the office into a political one was against the spirit of the constitution. The complete results of the general election are now available. The distribution between parties of the first preference votes and seats secured is as follows:—

Party.	First Preferences.	Seats.	Votes per Seat.
Fianna Fail	566,325	72	7,800
Cumann na nGoedhael ...	449,779	56	8,000
Labour	98,263	7	14,000
Farmers	34,989	4	9,000
Independents	118,872	13	9,000

The above results are very interesting in two respects. In the first place they show that the system of proportional representation succeeds in apportioning seats to the voting strength of each party far more accurately than the single vote method of election. Secondly, they show that only a minority of the votes are in favour of a departure from the Treaty position. The Fianna Fail poll includes all those who are in favour of such a policy, and probably a good many who are not, having voted against the late Government for other reasons; while it may be taken that every vote cast for every other party is a vote in favour of maintaining the Treaty relationships.

Bank Rate.—For considerations which we advance in a leading article, we welcome the decision of the Bank of England authorities on Thursday to reduce Bank rate once more by a full point. So long as bull speculation in sterling maintains an abnormal premium on "forward" pounds, money rates in this centre might have to fall to a very low level before they became deterrent to an influx of foreign funds in search of profit through a rise in "spot" exchange. Indeed, it may be questioned whether the technical effects of even a 3 per cent., or lower, Bank rate could be relied upon to counter altogether the effects of bull psychology in view of the magnitude of the British-owned assets which might be repatriated if their holders were convinced that, given the outlook for sterling, such

a process would be profitable. We trust, however, that a 4 per cent. Bank rate may be regarded as evidence of the Bank's determination to make it clear by its policy that it desires to discourage a capital influx which would not be of interest to this country, and which would be bound to add a further disturbing influence to the world's entire monetary system.

February Trade.—The preliminary figures of overseas trade in February show an excess of imports over exports of merchandise amounting to £34,639,000. This balance is greater by £8,735,000 than the figure for January, and £8,638,000 greater than a year ago. Exports of United Kingdom produce and manufactures show a drop of about £1 million in the month to the figure of £30,012,000, the decline being divided among all classes of exports. Re-exports of raw materials and "semis" were on a slightly larger scale. The big change occurred in imports, which totalled £70,108,000, against £62,266,000 in January. Every class of imports, except, unhappily, raw materials and mainly unmanufactured articles, shows a big rise on the month. Imports of food, drink and tobacco, at £33,616,000, are up by £2 millions, and imports of wholly or mainly manufactured articles by £7 millions, raising that item to £20,049,000. It is impossible, however, to deduce from these figures any conclusions as to the prospective state of our trade balance, since they were undoubtedly influenced heavily by abnormal imports seeking to escape the new Customs tariff, which came into force on March 1st. The March returns may also be expected to show traces of the same movement, as imports during the last few days of February will be included therein. These none too satisfactory trade returns should be weighed against the recent rise in the value of sterling before any attempt is made to base a long-term policy on what may prove to be a fictitious and impermanent strength derived from capital movements.

Unemployment.—The latest unemployment return, relating to February 22nd, does not show any very positive trend. Following the rise of 220,000 in total numbers unemployed, which occurred between December 21st and January 25th, the figure has now fallen by 27,000 to 2,701,000. But as the official announcement states that comparisons with the previous month's figures are affected "as a result of administrative and legislative changes," the apparent slight improvement has to be discounted to allow for such numbers as may have ceased to register in consequence of being disallowed benefit under the new regulations. It is perhaps significant that women accounted for two-thirds of the month's fall in the total unemployment figure. The Ministry of Labour reports that during the past month conditions improved in the textile industries and in metal goods manufacture, whereas there was some decline in employment in coal mining and the jute industry. On the whole, we appear to be just holding our own so far as the volume of employment is concerned.

Professor Clay on Finance and Industry.—An important address was delivered last Wednesday to the Manchester Statistical Society by Professor Henry Clay, who is economic adviser to the Securities Management Trust, a subsidiary of the Bank of England. After emphasising the importance of new industries in securing the prosperity of the country, Professor Clay proceeded to analyse the means by which the capital necessary for industrial expansion was raised. The larger issuing houses had the experience, resources and prestige required, but their historical development had made them more interested in governmental and quasi-governmental loans than in industrial flotations, and in overseas rather than internal issues; while the fact that they were only agents for the investment of other people's money made them excessively cautious, so that they almost ceased to function when industry was depressed and it was most important to promote the flow of savings into industrial investment. Internal industrial issues were undertaken more usually by smaller finance companies or by individual stock

brokers and small syndicates formed for the purpose, but these agencies were limited in their operations by their small revenues and prestige. The banks had always refused to make long-term loans to industry, though they played a rather larger part in the long-term financing of industry than this principle would imply, since a good client, known to have an expanding business in which he left a large proportion of his profits, and needing an advance for some purpose usually served by a long-term loan, would usually get it. "We are left," said Professor Clay, "with the impression, which I believe is justified, that the chief source of long-term capital for new enterprise is the savings of individuals and firms which are applied direct through no intermediate agency. If the chief need of British industry, he continued, was the assistance and encouragement of firms that had found a way to turn the flank of the depression, it would appear unwise to subject these savings to drastic reduction by direct taxation. We earnestly commend to Mr Chamberlain, when he considers the distribution of any surplus he may have available in his next Budget, the possibility of relieving company reserves of some measure of taxation. Professor Clay spoke also of the tendency, which the amalgamation and extension of the joint-stock banks had fostered, for the earnings of the people to flow to the great reservoir in London, whereas part of them would, before the war, have been invested locally in some relative's or friend's business. Professor Clay would not propose that the joint-stock banks should follow Continental practice in making long-term advances, but he did declare—and we warmly endorse his suggestion—that they should consider the possibility of adopting the American practice by which banks establish and maintain subsidiary companies for the purpose of providing long-term capital.

The "More Looms" Dispute.—Our Manchester correspondent writes:—The representatives of the Cotton Spinners' and Manufacturers' Association and the Operative Weavers' Amalgamation have at last reached an agreement regarding the "more looms per weaver" system in the cotton industry, and a series of meetings are being held to discuss the proposals. Particulars of the draft agreement were issued in Manchester this week by the Cotton Spinners' and Manufacturers' Association. In a preamble, the employers state that the agreement is based on the understanding that there will be practically no more work involved in the running of more looms than under the normal four-loom system. The price list agreed will enable a weaver operating six looms and producing the standard cloth to earn an average wage of 42s. per week, but the employers state that this does not legally bind them to pay that wage as a minimum. The agreement covers only plain cloths, and where no provision is made for other fabrics the appropriate percentages contained in the existing Uniform List shall operate. The price basis is 18d. per 100,000 picks. The speed of the looms is to be reduced, the reduction recommended being 10 per cent. of the average normal speed of the four-loom system. Ancillary labour is to be provided for cleaning, sweeping, oiling and carrying heavy cloths. The mills will run 47½ hours per week. The total number of weavers regularly running less than six looms shall be limited to 20 per cent. of the total number of weavers in the mill engaged on this system, and any displacement of labour is to be carried out in such a way that minimum hardship is involved. The employers state that they cannot agree to any alteration in the present practices regarding fining. The principal point not yet agreed upon is that of the fall-back wage, and on this matter the employers have suggested a wage of 66½ per cent. of the normal average wage of weavers engaged on the system, irrespective of the number of looms stopped, and the operatives have suggested a fall-back wage of 80 per cent. with a minimum of 35s. per week. Juvenile and elderly weavers running a lesser number than six looms and other weavers who for special reasons are desirous of running a lesser number of looms are to be paid according to the new list. Both sides have yet to ratify the proposed agreement; it is expected that a final decision will be reached on March 19th.

VIEWS

Imperial and Parochial

Soundness of judgement usually rests upon an ability to combine the 'close up' with the bird's-eye view. To encourage the wide angle, the Westminster Bank issues a periodical 'Review' of current trade conditions, with surveys based on local reports drawn from all over the country. Readers of *The Economist* may obtain copies monthly, without cost, on addressing a request to the Manager

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International Cotton Statistics.—The International Federation of Master Cotton Spinners' and Manufacturers' Associations has published its usual statistics of cotton consumption and stocks for the half-year ended January 31st last. The returns show a further increase in consumption; the amount of all kinds of cotton used throughout the world during the six months was 11,470,000 bales, against 11,324,000 bales in the previous half-year and 11,164,000 bales in the half-year ended January 31, 1931. In Great Britain there has been an appreciable increase; for the past half-year the amount used was 1,212,000 bales, against 988,000 bales in the previous six months and 976,000 bales in the half-year ended January 31, 1931. With regard to the different kinds of cotton, the figures show that during the past half-year there was an increase in the consumption of American qualities of 662,000 bales, compared with the same period in last year, the totals being 5,940,000 bales, against 5,278,000 bales. On the other hand, a decrease of 289,000 bales in the use of East Indian cotton is reported, the comparative figures being 2,724,000 bales, against 3,013,000 bales. As anticipated, there has been an increase in the consumption of Egyptian cotton, the figures being 485,000 bales, against 394,000 bales. With regard to sundry cottons, there has been a reduction in the consumption of 158,000 bales, the total figures being 2,321,000 bales, against 2,479,000 bales. The tables show that there has been a tendency during the past half-year for India, Japan, Germany, Italy, Czechoslovakia, Belgium, Austria, Sweden, Canada and Brazil to use more cotton, but the consumption of the United States, France, Russia, Spain, Poland, Holland, Portugal and Hungary has decreased. The total world's mill stocks of all kinds of cotton on January 31st last were 4,636,000 bales, against 4,586,000 bales on the same date last year, the figures for American descriptions being 2,710,000 bales, as against 2,427,000 bales same time in 1931. In market circles there is always considerable interest in the outlook for the consumption of American cotton, and according to the returns now issued it looks as though the consumption for this season will be between 12,000,000 and 12,500,000 bales, as compared with rather less than 11,000,000 bales in the previous season. As the crop for this season will be nearly 17,000,000 bales, the carry-over on July 31st next will probably be increased by over 4,000,000 bales, making the total about 13,000,000 bales.

Sterling and Gold Prices.—The rate of the recovery which we welcomed a fortnight ago in our index of gold prices has been checked during the past fortnight, though the latest figure, 90.3 (September 18, 1931 = 100), still shows a slight upward tendency. As was to be expected from the rise in the exchange value of sterling, our sterling index of primary products shows a sharp fall. This is

reflected to a minor extent in the complete index, which has fallen during the past fortnight by approximately 1 per cent. :—

SEPTEMBER 18TH, 1931 = 100.

Date.	Economist Indices.			Irving Fisher, U.S.A.	Statistique Générale, France.	Milan Chamber of Commerce, Italy.	Statistische Reichsanstalt, Germany.
	Complete Index (sterling).	Primary Products (sterling).	Gold Prices.				
Sept. 30th ...	107.8	112.0	94.7	98.7	96.9	98.8	98.9
Oct. 14th ...	108.3	114.3	95.7	98.9	96.9	99.7	98.0
Oct. 28th ...	108.4	114.4	101.4	99.3	95.6	99.9	98.7
Nov. 11th ...	110.3	119.3	103.5	99.3	96.0	99.3	98.3
Nov. 25th ...	109.1	114.8	98.0	98.3	94.2	98.8	97.6
Dec. 9th ...	110.3	117.3	93.0	97.3	93.3	97.1	96.1
Dec. 30th ...	108.9	117.1	94.4	96.1	93.4	96.9	94.6
1932.							
Jan. 13th ...	109.6	117.7	94.5	94.5	93.8	96.3	92.5
Jan. 27th ...	108.3	115.7	93.8	93.8	93.6	95.8	91.6
Feb. 10th ...	108.6	117.3	88.8	92.2	94.2	98.0	91.5
Feb. 24th ...	110.9	120.9	89.6	92.4	95.1	97.2	92.0
Mar. 9th ...	109.8	116.3	90.3	...	...	...	...

A more detailed analysis of the regular *Economist* index of British prices is given below :—

"ECONOMIST" INDEX.

(1927 = 100.)

	Sept. 18, 1931.	Feb. 24, 1932.	Mar. 9, 1932.
Cereals and meat	64.5	72.3	74.3
Other foods	62.2	68.6	68.1
Textiles	43.7	53.7	52.4
Minerals	67.4	75.3	73.4
Miscellaneous	65.8	66.7	65.2
Complete Index ...	60.4	67.0	66.3
1913 = 100	83.1	92.2	91.2
1924 = 100	52.2	57.9	57.3

It will be observed that the cereals and meat group was an exception to the declining tendency of the others.

International Production in 1931.—In the following table we have converted the indices of the physical volume of production of various countries to a percentage of the average of 1928 :—

INTERNATIONAL PRODUCTION INDICES.

(1928=100.)

Period.	Canada.	France.	Germany.	Poland.	Sweden.	United Kingdom.	United States.
	Dom. Bureau of Statistics.	Statistique Générale de la France.	Institut für Konjunktur-forschung.	Institute for Economic Research.	Svensk Finans-tidning.	Board of Trade.	Federal Reserve Board.
1929 average	(b) 111.6	(c) 109.4	101.8	99.8	122.7	106.0	107.2
1930 "	94.9	110.2	84.3	82.2	119.1	97.9	86.5
1931 (d)	79.2	97.8	69.0	70.1	103.2	88.8	72.9
1930—First quarter	100.1	113.1	93.7	84.6	134.6	105.1	94.6
Second "	101.2	113.1	89.3	79.9	124.9	97.7	93.1
Third "	91.7	109.4	79.5	82.2	114.3	94.3	83.2
Fourth "	86.7	106.3	75.0	82.0	110.9	93.8	76.0
1931—First "	84.9	104.4	70.2	72.0	108.5	90.0	77.2
Second "	84.3	101.3	74.9	72.3	100.0	87.1	78.7
Third "	78.8	95.0	68.7	71.4	98.2	84.6	71.5
Fourth "	72.2	90.0	62.3d	64.8	106.4	91.8	64.9d

(a) Quarterly Index. (b) Adjusted for seasonal variations. (c) Partly adjusted for seasonal variations. (d) Provisional.

A comparison of the past year with 1930 shows that the decline was most pronounced in Canada, Germany, and in the United States. The figures for these three countries show a fall of 16.5 per cent., 18.2 per cent., and 15.7 per cent. respectively. In France, where the effects of the world depression were not felt seriously until the end of 1930, the volume of production declined by over 11 per cent. in 1931. A comparison with 1928 shows that the lowest level has been reached by the United States, Germany and Poland. At first, the setback was most marked in the industries engaged in the output of producers' goods. In 1931, however, the reduction in the spending power of the public, particularly in North America and in Germany, led to a sharp contraction in the demand for the less indispensable consumers' goods.

British Migration in 1931.—The emigration and immigration statistics for 1931, published in last week's issue of the *Board of Trade Journal*, illustrate the truth of the old saying that in bad times the sheep return to the fold. For the first time (excluding the war period) since 1876, when complete returns became available, a net inward balance of British subjects has been recorded. The number of British subjects taking up permanent residence abroad declined from 143,686 in 1929 to 92,158 in 1930, and 34,310 in the past year. On the other hand, the inward movement increased from 56,217 in 1929 to 66,208 in 1930 and 71,382 in 1931. The net movement of British migrants between the principal non-European countries and the United Kingdom is shown below for the past two years :—

Countries.	1930.	1931.
British North America	- 15,254	+ 10,244
Australia	+ 4,291	+ 7,288
New Zealand	- 837	+ 1,357
British South Africa	- 143	+ 1,225
India and Ceylon	+ 2,945	+ 3,367
Other parts of British Empire	+ 1,199	+ 2,549
Total, British Empire	- 7,799	+ 26,030
United States	- 19,405	+ 8,908
Other foreign countries	+ 1,249	+ 2,134
Total	- 25,955	+ 37,072

The inward movement has been most marked from the United States, Australia and Canada, which normally record the largest inflow of British subjects. The provisional figures of departures under the Empire Settlement Act show a total of only 1,921, against 11,509 in 1930 and 34,476 in 1929. The result of this tendency has obviously been to aggravate further the unemployment problem in this country by adding to an already congested labour market.

The Putsch in Finland.—The Fascist pronunciamento in Finland, which appeared so threatening a week ago, has had a happy ending—happy for all concerned, since the failure of the insurrection has not been followed by reprisals. The resolute preparations for the maintenance of lawful authority which were made by the Government at Helsinki were accompanied by a manifesto, in which President Svinhufvud made a personal appeal to the loyalty of the Civic Guards; and this dual action had its effect. The insurgents found themselves without support; and upon the approach of the Government forces they wisely held a religious service as a preliminary to laying down their arms, while the Government forces, on their side, were careful to give them time and to avoid any possibility of untoward incidents. The disarmed Lapuans have now peaceably dispersed, and they are hardly likely to repeat their performance in a hurry after this fiasco. The outcome ought to have a moderating influence in all the uneasy countries of Eastern Europe. Above all, it ought to reassure the Soviet Government, and to further the efforts that have been made during the last few months to bring about a political and military *détente* between Russia and her European neighbours. President Svinhufvud and his colleagues are to be congratulated on the success with which they have handled this troublesome affair.

L'Affaire Lindbergh.—The kidnapping of Colonel Lindbergh's baby forms a story which holds more than the poignancy of personal grief and more than the mere newspaper sensationalism which has made a seven days' wonder of this outrage on the household of America's popular idol. The inability of the police to find the slightest trace of the missing child, the appeals by Colonel Lindbergh to the "underworld," and the despairing recourse to the services of two well-known gangsters as potential intermediaries in negotiations with the undisclosed leaders of a supposed kidnapping "racket"—the whole extraordinary chronicle is a curiously revealing commentary on one angle of the social life of the United States. American "Big Business," individualist by strong inclination and tradition, has stood consistently for a weak, compliant administration. The nation-wide organisation of "rackets" is the price which the public

is now paying for that policy. From the doctrines of "100 per cent. pure" American capitalism, on the basis of unrestricted private enterprise, it is no very long step to Al Capone.

Sun Life Assurance Society.—Unfortunately the customary quinquennial valuation of this society fell due to be made on December 31, 1931. As is well known, the society has followed an investment policy of eschewing preference shares and ordinary shares, and of confining its Stock Exchange securities to fixed-interest securities having a fixed date of redemption. Again, its holding of British Government securities has for some years consisted preponderantly of "shorts." Nevertheless, the society has evidently suffered heavily from depreciation last year, much more heavily, indeed, than might have been expected. From a note to the balance sheet it appears that the book values of the investments are in excess of the market values by a sum equal to 5 per cent. of the total assets. Since the total assets amount to nearly £38 millions, the uncovered depreciation totals just under £2 millions. Notwithstanding this, the directors certify that the assets are in the aggregate fully of the book values (less a newly created investment reserve fund of £600,000). An examination of the items in the balance sheet would seem to indicate that the society has been hit by reason of its unusually large holding of foreign bonds, amounting to 14 per cent. of the total assets, and to a lesser extent by a substantial holding (11 per cent. of the total assets) of Dominions and Colonial bonds. As for the results of the actuarial valuation, the figures are set out below :—

	1922-26.	1927-31.
Profits from normal trading	2,323,958	4,305,213
Profits from exchange	21,653	16,246
Brought forward from previous valuation ...	156,350	297,306
	2,501,961	4,618,765
Allocations :—		
To Bonuses to policyholders	1,902,682	693,439
„ Shareholders' account	211,425	82,480
„ Superannuation fund	90,548	209,106
„ Investment reserve fund	...	600,000
„ Carried forward	297,306	3,033,740
	2,501,961	4,618,765

In commenting on these figures it may be noted that the 1931 valuation has been made on a less stringent basis than formerly, since a portion of the business has been valued at 4 per cent. instead of 3 per cent. The chairman stated at the annual meeting that, as a result of this change in the valuation basis, the sum released from reserve amounts to £150,000. In face of these figures, and of the depreciation still unprovided for, the society has wisely postponed a general distribution of surplus for one year. The sum of £693,000 now allocated to bonuses represents interim bonuses paid on claims during the last five years, together with the cost of one year's bonus at the normal rate in respect of 1927, and the distribution at the end of 1932 will, therefore, be in respect of a full quinquennial period. Hardship to the older policyholders as a result of this course will be avoided by the decision to pay interim bonuses for the current year on claims at the normal rates and on surrenders at three-quarters of the normal rates. After allowing for the cost of the year's bonus distribution now made, and for the uncovered depreciation, the carry-forward is reduced to approximately £1½ millions (approximately equal to the cost of three years' bonuses). With regard to the transactions of the year 1931, the accounts still bear clear indications of the disturbing effect of single-premium business. Surrenders are swollen as a result of the discontinuance of many of these policies. The new business of the year at £15,215,000 represents an increase over that of the preceding year by nearly £2 millions, a very creditable achievement in the circumstances. The rate of interest has declined from £5 0s. 10d. per cent. net to £4 16s. per cent. net, a measure not only of the rise in income tax, but also, no doubt, of the difficulties in the collection of interest on foreign bonds.

The Ottawa Conference.—Our Ottawa correspondent writes:—A beginning has now been made with the work of preparation for the forthcoming Imperial Economic Conference. For some weeks past officials have been collecting data bearing upon the problems facing the Conference and a special sub-committee of the Bennett Cabinet has been appointed to take charge of the organisation and preparatory work. One of its meetings was recently attended by Sir William Clark, the British High Commissioner, and he participated in a preliminary exploration of certain problems. Meanwhile, the officials of the Canadian Manufacturers' Association are working at their survey of the local industrial field and preparing a list of products made in Britain which they think could be placed in the free list, and leading industrialists have been requested by the Government to submit a report about the possible effects of a preference to British goods upon their business. Nothing more has been heard officially about the new commercial treaty with New Zealand which Mr Stevens, the Minister of Trade and Commerce, negotiated last month with a member of the New Zealand Government at Honolulu; it was subject to the approval of both Cabinets, and there is a suspicion that some adjustments have been necessary to placate objectors. This week the Government accepted and lent its influence to secure passage for a private member's resolution advocating a duty upon raw wool, and it is now expected that the Budget will include such a general duty with free preferential entry for New Zealand and Australian wool. The Commons passed a resolution asking the Government to exert all its influence to secure a removal of the British embargo upon Canadian potatoes, but the agitation, resulting in a demand for a boycott of British goods which had been fomented by Lord Beaverbrook in the potato-growing counties of New Brunswick, has been frowned upon by responsible politicians like the Premier of New Brunswick and has now died down. It could hardly prosper after it became known that Canada had in force an embargo upon British potatoes.

Overseas Correspondence.

LEAGUE OF NATIONS.

The Assembly — The Shanghai Powers — Briand.
(FROM OUR CORRESPONDENT.)

GENEVA, March 8.

The scepticism which my last week's letter reflected, a few hours only after the reported armistice conditions agreed to on the "Kent," was quickly and unhappily justified. Japan went on blandly fighting until it suited her to declare the offensive stopped for the time being; and she has been fighting more or less ever since and landing thousands of reinforcements to show her peaceful determination. The spectacle of the League's failure to enforce an effective cessation of hostilities has given rise to very genuine anxiety and apprehension.

Nothing has been more striking or more painful during the proceedings of the Special Assembly than the disquiet caused by the rôle played by Great Britain and the other big Powers on the Council. Indeed, it is said in many quarters that Great Britain, whose policy is regarded as particularly disappointing, can no longer be considered the accepted champion of the rights of small and weak Powers, and rarely, since the birth of the League, has there been so sharp a cleavage between the caution of the Great Powers and the keenness of the smaller nations to vindicate the authority of the League and to ensure the observance of its Covenants, on which their security so vitally depends. This point of view has again and again been emphasised by the steady flow of speeches from the smaller Powers, which sometimes bluntly and always in effect have condemned Japanese action and the Council's reluctance to do or even to say something effectual. The Great Powers

have been trying to manoeuvre themselves out of an uncomfortable situation by bringing the Assembly to approve what they have done and not to ask for more; but there are signs and hopes that this may be stubbornly resisted.

The Assembly began well. A resolution was tabled calling for a conference at Shanghai comprising the representatives of China, Japan, and the other Powers with interests in Shanghai, to draw up a plan to secure definite cessation of hostilities and "to regulate the withdrawal of Japanese troops." The Japanese representative at once tried to get additions covering political requirements of Japan in connection with the withdrawal of Japanese troops, and the President (M. Hymans, Belgian Foreign Minister) argued the point until his patience was tried. "Il faut que l'Assemblée parle," he almost snarled. There was a moment or two of waiting, until the Swiss Foreign Minister rose and pressed for the adoption of the resolution as it stood, observing that under Article 15 they could do so without Japan's assent. This was applauded with relief as the first outspoken word for five months. M. Benes supported, and the Japanese representative reluctantly gave way, but in the sense that he accepted the interpretation of the President, while recognising that it was only the President's own opinion. As a matter of fact, the President gave nothing away, but unless the Shanghai Powers show some sort of firmness, it is confidently assumed that Japan will insist at the Conference on her own interpretation of the President's opinion in order to press for the political conditions which the Assembly explicitly rejected.

The resolution was followed by a long series of speeches which are likely still to continue for a day or two. They have mostly been clear in their direction, except for those of the Great Powers, which have contributed little or nothing and have been mainly on the defensive. It remains to be seen whether the Assembly as a whole will have the strength to galvanise the Powers to agree to some consideration of the fundamental issues at stake; their present attitude is one of prolonged and lofty impartiality, according to their own conception, but the simple fact is that for the most part the attitude is attributed to sympathy with Japanese conduct and aims. Sir John Simon's insistence on the importance of keeping an open mind until the Assembly is fully informed suggested only that he cannot yet say whether China has invaded Japan or Japan invaded China. For the rest, his speech was an advocacy of a reaffirmation of the principles of the Covenant and the Paris Pact. That is only valuable if the principles are applied; for the application of the principles is all that matters. It is no use repeating *ad nauseam*, for example, that force must not be used; what is required is a decision as to who has wrongly used force. Sir John's speech was also supposed to be an approach to the policy laid down in the Stimson-Borah Note. It is difficult to discover it. He did not, in fact, mention the Nine Power Treaty, but if it was his intention to repair the error of failing to support America's declaration that she will not recognise any situation in violation of existing treaties, it is unfortunate that Sir John was not careful to make it plain. What is the objection to saying so as definitely as Mr Stimson to China and Japan, instead of wrapping it up in a declaration (not yet drafted) on the general principles of the Covenant, which are not disputed?

There is a general suspicion that Manchuria is being sold for peace and quiet in Shanghai, and that the so-called impartiality of the Great Powers is an excuse to avoid, as long as possible, if not altogether, a pronouncement against Japan. It is clear from Sir John Simon's over-emphasis on the duty of mediation (which has failed for five months) that it is his hope and that of the representatives of other Powers not to have to say at any time whether Japan has kept the treaties but merely to use their good offices to reach a settlement regardless of the methods employed by Japan and probably, in order to save political embarrassments, regardless even in a large measure of China's political claims in Manchuria. Such action would be fatal to everything that has been done since the war to build up a new conception of international relations, would be fatal to British interests, and would be

a deification of "the scrap of paper" philosophy amongst the nations of the world. The fight of the majority of the small States is for the kind of policy outlined in the four points summarised in the *Economist* last week. The attitude of the Great Powers towards such a comprehensive plan depends upon public opinion. Unfortunately, the deplorable attitude reflected in some English Conservative newspapers—it is worse still in Paris—gives little promise of sufficient public manifestation of opinion to encourage the Great Powers in such a course.

An event that adds to the depression here is the death of M. Briand. He was, without doubt, the greatest figure who ever represented any Government at Geneva. He lent distinction to League debates by his eloquence, humour and conciliatory temper, and, whatever his critics may have said of him, he won a solidly established reputation at Geneva as a sincere and ardent worker for peace. The future of the League depends upon those who are prepared to carry on his tradition.

UNITED STATES.

Finance — Money — Prices.

(FROM OUR CORRESPONDENT.)

NEW YORK, February 26.

THE political strategy of those with eyes glued to the general elections of next November makes it difficult to follow the Washington movements, but it is becoming clear that in administration and Congressional circles the seriousness of the economic situation is freely recognised. Congress is working hard on measures to raise enough revenue to balance the Budget.

Many people would feel better if more attention were also given to reducing Federal Government expenditure. More sincerity in that direction will probably come later as tax collections fall, but just now attention is centred on revenue-producing schemes, with side diversions such as the anti-hoarding "baby" bond issue and the Glass-Steagall bank credit measure. After opposing a general manufacturers' sales tax in favour of excise taxes on special articles, the Treasury is now helping Congress leaders to frame such a tax. It is hoped to obtain between five and six hundred millions in revenue from it in the next year. Higher income and other taxes are expected to contribute about \$450 millions, so that the gap of \$1,241 millions in estimated expenditures for 1923 is greatly narrowed.

A reduction in the Federal Reserve Bank's discount rate to 3 per cent. from the $3\frac{1}{2}$ per cent. rate ruling since last October was expected, although not this week, by the majority of the bill dealers, some of whom had made contracts at the old rates into next week. Two days ago the Federal Reserve Banks turned heavy buyers of bills, explaining that it was for replacement of maturities, which had been unusually heavy. The real reason is more apparent now, and a cut in the bill buying rate automatically followed the discount rate reduction.

That the Reserve Banks were unable to add to their bill holdings by the buying is shown by the week's statement. Bills dropped \$13 millions, bond holdings were unchanged, member bank borrowings declined \$11 millions and total reserve bank credit outstanding fell \$47 millions. Money in circulation dropped \$17 millions and the gold stock fell \$19 millions. President Hoover is released at the rate of \$20 millions a week, but his estimates are necessarily guess work. Most bankers believe that, left alone, the hoarding movement will disappear. A strenuous campaign is planned by Washington to bring more money out of hoarding and increase bank deposits, but the efficacy of the scheme is seriously doubted by many bankers, most of whom feel that it would be better to say and do nothing. The Treasury has authorised the issue of special one-year certificates in denominations as low as \$50, bearing 2 per cent. interest, and redeemable in sixty days on notice. It is planned for

the banks to sell them among the public, and, to prevent loss of deposits through subscription by those already having money in the banks, the banks will be allowed to retain the subscription money in the form of Treasury deposits, paying only one-half of 1 per cent. for it. If the Treasury makes no call for these deposits, probably no less will result, but few expect any great good to come of the matter.

Discount rate reduction is regarded as rather a bold step in the fact of gold exports, and it is expected to reassure those who have been shivering at the efflux of the metal. It is a logical step along the course adopted by the central banking authorities a few weeks ago leading toward an end of deflation. No one thinks that the lower rate will go far toward lifting business activity at this time, but it will be helpful along with other measures which have been taken, such as the widening of the lending power of the Reserve Banks under the Glass-Steagall Bill and the operations of the Reconstruction Finance Corporation. Lower discount rate will automatically make it cheaper and easier for the Treasury to put through its heavy financing programme of the next few months and will aid in financing the Reconstruction Corporation. Wall Street does not anticipate any stimulation to the gold outflow, except, perhaps, temporarily, and the Reserve feels itself well able to meet all demands for gold likely to be made upon it.

For the week ended February 25th gold exports fell to less than \$10 millions, but there was a net gain of \$12 millions of gold held under earmark. It is expected that France will take out more gold and no objection will be made to it. In its current bulletin the Federal Reserve Board notes that in recent weeks the Bank of France has once more converted a considerable amount of its foreign exchange holdings into gold.

Bank credit continues to decrease, but more slowly. Brokers' loans, after a slight gain last week, resumed their decline with a drop of \$10 millions, but total loans on securities by member banks in the New York district fell \$20 millions. Reporting member banks in the past week report a drop of \$30 millions in security loans. Investments fell nearly as much, about half in Government securities. However, the bank pressure against the Government bond market has almost disappeared, and prices have risen for a fortnight without interruption. The establishment of a central office here to handle the liquidation of national banks which have failed is helping the situation.

Treasury financing around the March 15th tax date will amount to around \$1,000 millions, and will take place entirely in short-term notes and certificates. If the year promises to bring some improvement in the financial situation, it is showing few signs so far of business recovery. The steel industry has dropped another point in its operating rate, being down to around 26 per cent., and railroad traffic is lower. Earning statements of railroads in January show, on the first reports, a decline of around 70 per cent. in net income and of 25 per cent. in gross, compared with a year ago. This is by far the heaviest cut yet suffered, and indicates that the higher freight rates which came into effect at the beginning of the year have driven some traffic to competing motor trucks. The 10 per cent. cut in wages was effective this month, but will not be fully revealed in operating statements until March. Meanwhile, the Railroad Credit Corporation has given assurance that no defaults on bond interest will be made on March 1st.

The Bureau of Labour Statistics index for wholesale commodity prices for the week of February 20th is a point higher at 66.3. The indices are as follows:—

	Week ending				
	Jan. 23.	Jan. 30.	Feb. 6.	Feb. 13.	Feb. 20.
All commodities	67.6	66.7	66.7	66.2	66.3
Farm products	54.6	51.1	52.1	50.7	50.9
Foods	65.7	63.1	63.0	62.4	62.9
Hides and leather products	79.7	79.2	79.1	78.5	78.1
Textile products	60.1	60.1	60.0	59.9	59.9
Fuel and lighting	68.0	68.2	68.1	68.0	67.8
Metals and metal products	81.7	81.6	81.3	81.0	80.9
Building materials	74.9	74.7	73.8	73.3	73.2
Chemicals and drugs	75.8	75.8	75.8	75.7	75.5
House furnishing goods	78.7	78.7	78.7	78.7	78.7
Miscellaneous	65.5	65.0	64.9	64.5	64.7

Wheat and cotton prices have shown some improvement, but metals have weakened. The copper reduction agreement of a few months ago is endangered by the fact that production has failed to keep under consumption. The revision of the Copper Export Association's rules has encountered difficulties, and there is now some pressure to permit suspensions and free selling. Companies which at the last conference worked for strict selling rules as against more drastic cuts in production are now said to have swung round to the view that the important thing is to cut production. It would not be entirely unexpected if the agreement were dissolved, and there is much feeling that only complete shut-down for principal producers, forced by weak prices if nothing else, will pave the way for recovery.

FRANCE.

M. Briand — Stock Exchange — Foreign Issues.

(BY A CORRESPONDENT.)

PARIS, March 9.

THE death of M. Briand came on France with the shock of a surprise, for nothing had been made public to suggest that the veteran statesman's illness had reached a stage at which a fatal termination might be expected. To-day, for the average Frenchman, the whole drama of the European situation is summed up in the phrase, "Aristide Briand is dead, and Adolph Hitler is candidate for the Presidency of the Reich." When Briand, in 1921, under the influence of the then universal conviction in France that "Germany will pay," attempted to enforce the reparations clauses of the Versailles Treaty, made his historic declaration that he would "seize Germany by the coat collar," and followed it up by occupying Ruhrort, Duisburg and Düsseldorf—thereby anticipating M. Poincaré's seizure of the Ruhr area for similar reasons—all France acclaimed him to the skies. His subsequent policy of concessions to Germany—Dawes Plan, Locarno Agreement, Young Plan, evacuation of Allied troops from the Rhineland—always in the belief that such obvious evidences of a desire for better relations between the two countries would lead to that moral disarmament by Germany, without which all other kinds of disarmament are worthless, has never had more than half-hearted support from the French as a whole, and its failure to produce the expected change of heart in Germany, which was its declared object, was the direct cause both of the fact that M. Briand's plan for a United States of Europe fell stillborn and of his final fall. Of Briand's sincerity and his good intentions probably no Frenchman has had any doubt, but, rightly or wrongly, so far as the average Frenchman is concerned, Hitlerism has apparently killed all chance of any revival of the Locarno policy. Whether the Tardieu plan of direct conversations with Germany, "all cards on the table," with a view to a blending of financial and economic interests, will have any better result, will evidently depend on the outcome of the pending German presidential and Prussian Landtag elections. As an alternative to friendly co-operation with a non-Hitlerist Germany there is a growing feeling here that nothing can solve the problem of restoring European economic prosperity and lasting peace except a renewed close co-operation between Great Britain and France, such as prevailed during the war. Their political interests, it is pointed out, are nowhere antagonistic, each supplements the other economically, and together they—and they alone—can enforce European co-operation.

The Parliamentary situation has improved markedly during the past week, and there is now every probability that the Budget will be passed through both Houses before the beginning of the new (nine months') financial year beginning on April 1st. The Opposition, in face of the Government's determination to secure the passage of the Finance Bill before the two Houses separate for the general elections, have formally decided to renounce everything in the way of obstructive tactics, and are now as anxious as Ministerialists to complete the Budget discussion, in order to be free to devote themselves to election-

eering. No date has yet been fixed for the elections, as to which there are three distinct courses favoured. The Socialists are anxious that the first ballots shall take place as soon as possible after the Budget is disposed of—which, according to present forecasts, should enable voting to take place during the last week in March. The Nationalist section, on the contrary, wish the date to be fixed for May 22nd, by which time the German elections will be over. Candidates belonging to the Centre Parties, on the other hand, strongly favour the selection of April 24th for the first ballots, which at present appears the most likely date to be chosen.

The Bourse, since the beginning of the year, has been actively anticipating recovery from the long-drawn-out crisis. Since December 31st quotations in the Paris market have recovered by something like 33 per cent. The general index figure representing quotations of 300 French issues of variable yield, which stood at 221 at the end of the year, is returned for the week ending last Saturday at 300, or a rise of 6 points on the week, 24 on the fortnight, and 79 since December 31st. Bank of France shares closed to-night at 14,050, against 10,950 in December, Suez Canals at 15,240 (against 11,905), Tintos at 1,740 (1,180), Royal Dutch 10ths at 1,716 (1,127), and other leaders show similar improvements. The volume of business has increased to a still greater extent, and dealings in many leading issues have, during the past week, exceeded all totals registered during the past two or three years. Dealings in Canpacs, for instance, one day last week totalled over 37,000 units of stock, as compared with a minimum during 1931 of only 245 units. Banque de Paris shares are exchanging hands at the rate of between 10,000 and 11,000 a day (against a minimum of 365 a few months back), while Wagons-lits, Royal Dutch and many others are being dealt in in almost un-hoped for volume. There is every sign that the Paris market has recovered, if not surpassed, its former activity. The public, which has persistently held aloof from the Bourse since the Oustic crash, has now returned in force to the market, and there is good evidence that a substantial proportion of the bank notes which have been hoarded for many months past has recently been transformed into active French and international stocks. If an actual boom has not yet developed, the market suggests that something very much like one has begun.

There is now a prospect that the list of foreign issues negotiated on the Paris market will be considerably lengthened by the inclusion of a number of leading American stocks, as well as several British issues which have not yet been negotiable in France. Authorisation in principle was given many months ago for the introduction here of U.S. Steel, American Telegraph and Telephone, General Electric and American Tobacco, as well as of the British Coats, Bovril and other issues, but administrative fiscal obligations have until recently placed practically insuperable difficulties in the way of the matter being carried to a practical conclusion. These obstacles have now been removed by the exemption of French banks from the heavy stamp duties hitherto imposed on them in the event of their handling such foreign issues in this country, and it is urged that all that is now necessary is for formal application to be made to the Finance Ministry for these "authorisations in principle" to be transformed into authorisations in fact, with the effect of largely broadening the scope of arbitrage business here.

GERMANY.

Politics — Konjunkturinstitut — Reichsbank.

(FROM OUR CORRESPONDENT.)

BERLIN, March 8.

THE Minister of the Interior, Herr Groener, whom Herr von Hindenburg asked to deal with Hitler's open letter to the President, has now published a reply to it. This reply is an important political document, as it shows in what irreconcilable opposition to Herr Hitler Herr Groener, whom many people here for some time suspected of a leaning towards compromise with the National Socialists,

now stands. Herr von Hindenburg himself, Groener states, could not reply to Hitler's letter, as it was published in the foreign press before the President himself had received it. "The dignity of the Head of the German State forbids a personal reply to a communication which was only formally addressed to him, and was really intended to serve as propaganda abroad."

Hitler had complained that the Social-Democrats alleged, in an election appeal, that his election would mean war and civil war. To this Herr Groener replies:—

"Though I am not a political propagandist myself, it seems to me that there is one simple way for you to defend yourself from the apprehensions which seem to you so unjust—to publish at long last a clear statement of your positive aims, and thereby to dissipate the grave anxiety which many people feel as to the development of our foreign policy and the dangers of a Bolshevistic development in the more distant future."

It is, indeed, one of the most remarkable features of this election campaign that the National-Socialist Party are avoiding any concrete statement of their objects, and especially of their economic objects. Their invariable argument is that sound economic reform is impossible until they are in power, and that therefore they will not produce their programme until then. Meanwhile they are becoming involved in the most complete contradictions. It happened quite recently that in one and the same issue of the *Völkischer Beobachter*, their principal organ, there appeared on one page an unequivocal condemnation of the proposal to nationalise the banks, while on another page was reported a National-Socialist resolution in the Landtag of Hesse calling for State banking administration. Only one thing is clear, that if the National-Socialists came into power they would introduce the highest possible protectionism.

The Institut für Konjunkturforschung, in its report for the end of February, reaches the conclusion that "with political problems still unsolved, it is scarcely possible to anticipate any definite change in the tendency of world economy during the next few weeks or months." Meanwhile, however, the Institute points out that the decline in some of the overseas raw material producing countries has been arrested, as the markets for the raw materials of the industries which produce consumers' goods have become firmer. The relaxation of the English money market is also reckoned as a favourable factor for world economy. Against this, however, must be set the intensified individualism of the various national units, in their struggle to maintain their currencies and their domestic markets, which has brought about a further decline in world trade and a complete paralysis of world credit movements.

The greatest danger of this protectionist policy of isolation lies, in the opinion of the Konjunkturinstitut, in the renewed impulse to deflation which it offers: "for no nation can afford to lag behind in the international competition to achieve the lowest level of costs, unless it wishes to see itself extruded from the steadily contracting world market, with devastating consequences to its economic life. The tempo of deflation has been especially forced, owing to the fact that the exchange of advantage enjoyed by the countries which have abandoned the gold standard has turned the race into a handicap, for in spite of the initial advantage which exchange depreciation gives these countries on the world market, their efforts to reduce costs have not been relaxed."

Deflation has not, however, been arrested, "because the hoarding of cash to the tune of many milliards—some 9-10 milliard reichsmarks in Europe and the United States since last May—undermined the deposit foundation of the banks." The Institut believes that the new legislation in America will make it easier for the banks of issue to restore to the banks by means of credits the sums which have been withdrawn from them by their depositors. The countries in which there already appears to have been a check to economic decline or even signs of revival are, according to the Institut, Great Britain, British India, Australia, the Argentine and Brazil.

In Germany, contraction has proceeded further. Apart

from purely seasonal short time, industry is only working at 40 per cent. of capacity. Industries which manufacture producers' goods are only working at 36 per cent. and consumers' industries at 50 per cent. of capacity. The most important consumers' industries, notably the textile industry, are still about 30 per cent. below the lowest level of the 1926 crisis, while the output of iron and steel in January was little over one-third of the 1926 monthly average. The greater power of resistance shown by the consumers' industries is due to the fact that real wages, at any rate those of full-time workers, are still relatively high, and also to the action of emergency benefit, in spite of successive reductions, as a sort of parachute to the fall of consumption.

The Reichsbank has reduced its rate of discount from 7 to 6 per cent. Since the reduction from 8 per cent. on December 9th, there has been ceaseless pressure for a further lowering of the rate, but the Reichsbank had good reason for resisting it. It was necessary to see first what the exchange movements would be after the turn of the year, to what extent money would flow back, and, most important of all, whether the rediscount credit would be renewed. Meanwhile, many things happened to make a reduction much easier. Of these, the most important was the development in the New York and London money markets. As America and England lowered their discount rates, the pressure from these two directions upon the German foreign exchange holdings was reduced, and in February the withdrawal of exchange from the Reichsbank practically ceased, although the foreign trade position grew perceptibly worse in January and February. This, of course, was only achieved by further tightening of the exchange regulations, restrictions in the allocation of import bills, and a ruthless closing of all remaining loopholes.

The rediscount credit was prolonged for three months after wearisome negotiations, but the Reichsbank had to agree to pay off 10 per cent., i.e., 10 million dollars. The foreign exchange position is at the moment very uncertain, but, on the other hand, the position of the Reichsbank has shown a relatively favourable development. The bill portfolio only rose 180 millions in the last week of February, against 453 millions in the corresponding week of 1931. The note circulation at the end of February this year, at 4,268 millions, was even 160 millions lower than last year, and total circulation (including the coin circulation, which was 400 millions higher) was only up by 220 millions. The volume of credit and the circulation are far below the level of the end of November, when the last reduction in discount rate took place. The return to 6 per cent. is, of course, felt as a general relief, though its stimulating effect can in present conditions only be very modest, as the scarcity of credit is still very great, and there are not even the most modest signs yet of an effective capital market. Perhaps, however, the reduction in discount rate is the first symptom of a relaxation of the paralysis which has afflicted German economy since last July.

AUSTRIA.

Finance — Trade — Industry.

(FROM OUR CORRESPONDENT.)

VIENNA, March 7.

IN spite of all efforts towards retrenchment and of the energetic endeavours of the Government to cut down expenditure, the cash position has been greatly strained recently. No further reductions can be made in the salaries of officials, for the average salary of the civil servants now amounts to only 250 schillings per month. At the same time, civil servants of sixty years of age are being superannuated, and the discharging of other dispensable civil servants is being continued.

There is again talk of raising the merchandise turnover tax, which constitutes the backbone of the Budget, and which is estimated for the year 1932 at 198 million schillings, and, on the other hand, of abolishing or reduc-

ing the social levies which are derived from the provinces and municipalities and are levied on salaries. This burden on wages constitutes a strong inducement to discharge employees, but the question now is whether the Federal State can increase its revenue sufficiently by raising the merchandise turnover tax to be in a position to compensate the provinces and the municipalities for the abolition of the social imposts. The increases in the tax on wine and in the duty on coffee, which are under consideration, are hardly likely to bring in much revenue. At least 200 million schillings and perhaps as much as 300 millions have still to be saved on expenditure, and, even then, the extent of the Financial Administration's guarantee for the commitments of the Credit-Anstalt is not reached. It is still calculated that the liability of the Federal State amounts to 400 to 500 million schillings. In addition, the State will have to assume responsibility for a portion of the bills of exchange, which the National Bank has discounted for the Credit-Anstalt under guarantee from the State. It is possible that part of these bills will be converted into a State loan. It appears that the Financial Administration will float two loans in order to cover these expenditures and to clear up the foreign obligations. One plan is to issue a lottery loan in Austria in the amount of 300 million schillings; the second aims at amortisation of the debt to the foreign creditors in the course of the next forty years through the issue of bonds bearing a low rate of interest. Definite plans have not yet been made, however.

The Pan-German Party and the Social Democrats appear to take the view that there should be an audit of all the State liabilities incurred in connection with the collapse of the Credit-Anstalt. At that time figures were laid before the representatives of the State Administration, according to which the total deficit could be covered with a sum of 140 million schillings, whereas the losses of the State now run to several times that estimate. The commercial-political facilities, which, according to the statements of the Federal Chancellor, Dr. Buresch, were to be expected from abroad, have not yet been realised.

There is again more talk of the Danubian Federation and less of union with Germany, but in economic circles here no positive help is anticipated from these sources. Neither the statements of the German Government nor those of M. Tardieu have made any difference. An inquiry is to take place into the question whether Austria's economy would benefit from prohibition of imports. Commercial people are absolutely against such a measure, while the views of the industrialists are divided; on the other hand, the banks are in favour of prohibition of imports, because it would ease the foreign exchange situation. Meanwhile several commercial agreements are being made. For instance, an agreement covering credit and customs facilities has been signed between Austria and Italy. The handling of it is to be entrusted to an Austro-Italian stock company with its office in Milan. The management in Vienna is being conducted by the Credit Institute for Public Enterprises and Works.

The housing scheme, which last year still gave employment to a great many people, will be continued this year on a very small scale on account of shortage of capital. The State is trying to obtain a credit of 28 million schillings from the banks and savings banks, which sum is needed for the completion of several buildings already financed by the State. The peak of unemployment for this year has probably now been reached, unless the crisis is aggravated in consequence of further import and export restrictions. The number of unemployed in receipt of benefit is 361,948, while at the corresponding period of last year there were only 334,041. Failures are still occurring, and one of the oldest steel works, which was formerly highly respected, the Schmied Steel Works, has become a victim of the crisis.

The first of the bank balance sheets has appeared, that of the Giro and Kassen Verein, which functions as a clearing house for the members of the Stock Exchange and for the banks. It has closed its accounts with a loss and is distributing no dividend. The Bankverein and the Escompte-Gesellschaft have not yet come to a decision in regard to publishing their balance sheets. The former will

pay no dividend, while in regard to the latter there is still uncertainty. The balance sheets of the banks reflect the fact that the industrial enterprises belonging to them are still unable to repay their debts to them.

It is hoped that the increase in the duty on lead will be of assistance to the lead industry. The agreement between the Steyr Works and the Opel Works, whereby the former is to produce a small car in Austria, is not likely to effect much improvement in the fate of the Steyr Works, though this little car will be a serious competitor with the small cars which have been imported into Austria up to the present, and the representatives of the firms in question, and especially of the French automobile factories, are already demanding an increase in their import quota and a reduction of the customs duty. It is characteristic of the present situation that railway tickets are being bought weeks in advance by people who intend to go abroad, as further restrictions on foreign travel are anticipated.

HUNGARY.

Politics — Finance — Prices.

(FROM OUR CORRESPONDENT.)

BUDAPEST, March 8.

PARLIAMENT was unexpectedly adjourned, on March 1st, for 30 days, by Order of the Head of the State, to enable the Government to prepare the Budget and other urgent financial and economic Bills for the House, when it re-assembles. The new Budget will be introduced in all probability in the first half of April. The political situation is rather unsettled; the governing party shows signs of disintegration, and it is possible that a new political rally will take its place to support the Government. It is significant that before adjourning the House the Prime Minister, Count Károlyi, made an appeal for the union of all the national forces to work for the salvation of the country, and definitely committed himself to change the electoral law, which has given rise to bitter complaints at home and did so much harm to the country's reputation abroad. It is generally believed that the franchise reform will substitute a secret ballot for the constituencies voting at present by open ballot.

Monsieur Tardieu's plan for economic co-operation among the Danubian countries has aroused great interest here. Though its details are not known—according to the domestic Press the Hungarian Government has not received any official representation in the matter so far—the idea of an economic *rapprochement* finds favour in almost all political and economic circles. It remains to be seen whether M. Tardieu aims only at the conclusion of preferential and quota treaties among the Successor States of the Hapsburg Monarchy, or whether these treaties are to be a prelude to a Customs Union of the Danubian countries financed by France and in agreement with Great Britain, Germany and Italy. There is little doubt that it is high time for the Great Powers to face realities on the Danube, but the fact should not be overlooked that a lasting economic *rapprochement* among the Danubian States depends, apart from political factors, mainly on sound finance. Yet budgets are disclosing heavy deficits and currencies are maintained by the strictest exchange control, which makes trade between neighbouring nations almost impossible. Practically all the Danubian countries are more or less insolvent, so that unless the foreign creditors are willing to come to terms at the earliest date with their debtors, according to their capacity to pay, it is to be feared that the Danubian bloc will be nothing short of an association of insolvent States. The Hungarian Minister of Foreign Affairs, Dr. Walko, has gone to Rome to confer with the Italian Government, and thence will proceed to Geneva and Paris to discuss M. Tardieu's plan.

Clearing treaties have been recently concluded with Germany, France, Austria and Italy. The German and French agreements give preferences to Hungarian wheat in exchange for Hungarian preferences to certain German and French industrial commodities. The Italian treaty is based on credit and freight facilities, the Austrian clearing on mutual premiums. Negotiations for the conclusion of

a treaty with Czechoslovakia have not yet been successful, which is again a striking evidence of the difficulties which have to be surmounted in order to set in motion an economic *rapprochement* of the Successor States. Foreign trade returns for January are the lowest since 1923. Exports amounted to 23.8 million pengő, as against 39.7 million pengő a year ago, and imports totalled 27.8 million pengő as compared with 44.1 million pengő.

The standstill agreement negotiated with the British creditors for a period of six months will be shortly signed, as all the important differences have been cleared away. Interest on the Treasury Bills of £3.2 millions, which matured on February 22nd, will be paid in pengő to the Foreign Creditors Fund at the National Bank, as there is no available foreign exchange to pay them in sterling. On the other hand, the British standstill agreement recognises the priority of the League Loan service and interest on the B.I.S. credit is to be paid in foreign exchange.

The special meeting of the Financial Committee of the League in Paris will also deal with the finances of Hungary. Mr Royall Tyler, the League's resident representative in Budapest, is on his way to Paris to confer with the Committee. The last statement of the Finance Minister shows that in the first seven months of the financial year actual expenditure of the administration Budget amounted to 519.2 million pengő, and in addition to this sum 3.9 millions have been spent on funded investments and 28.2 million pengő advanced to cover the deficit of certain State undertakings, etc., making a total of 551.2 million pengő. Revenue amounted to 458.6 millions only, leaving a net deficit of 92.6 millions, while that of the State undertakings amounted to 12.8 millions, so that the deficit of the period July, 1931-January, 1932, aggregates 105.4 million pengő. According to a statement of Baron Korányi, revenue in February fell short by three million pengő of the estimated 87.9 millions, against an expenditure estimated at 77.6 millions. The receipts of the State undertakings in February accounted for 28.8 million pengő only, as against an estimated expenditure of 38.9 millions, which means that the available meagre cash reserve of the Treasury was further depleted in February. March is not a good month for the Exchequer, so that there is no hope of improvement in the near future. According to the last return of the National Bank, public deposits totalled only 15.2 million pengő on February 29th.

The gold reserve of the national Bank has been successfully maintained at 100 million pengő and other foreign exchange cover amounted to 14.9 millions at the end of February. The bill portfolios, including 145 million pengő discounted with the B.I.S. and other central banks, totalled 541 million pengő at the end of February, as against 589 million pengő, a very moderate decrease as compared with the corresponding periods of the past year. In spite of the liberal credit policy of the National Bank, demands from agrarian circles are becoming louder every day for a reduction of the bank rate, an extension of credit facilities and an increase of the means of payments. It is very regrettable that the rate of interest and the credit policy of the National Bank, which is in the best interest of the country, is becoming the subject of a dangerous political propaganda. President Popovics, of the National Bank, has warned the public that according to the statute of the bank the Government has no right to interfere with the policy of the bank, that it has not tried to do so in the past, and that there is good reason to believe that it will not do so in the future.

Considering that Hungary is officially still on the gold standard it is curious that prices do not fall in sympathy with world gold prices. The wholesale price index of the Statistical Department (1913 = 100) shows the average of all commodities at 98 on January 31st, as against 92 a year ago. The cost of living index remained unaltered at 103. Though the computation of the price indices leaves much to be desired, the above figures clearly show that the Hungarian price level is somewhat inflated; for both wholesale and retail prices ought to have decreased as they have in all other countries which have remained on the gold standard. It is true that food prices and rents have considerably declined, but real estate prices have

risen recently, which is a purely inflationary sign. On the other hand, coal, iron and other staple industrial commodity prices have been inflated for years owing to high tariffs and other devices. The price level in Hungary certainly calls for a restrictive credit policy, if the country is to remain on the gold standard.

HOLLAND.

Import Quotas — Treaties — Money — Capital.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, March 2.

THE situation of the industries of the Netherlands continues gloomy, though the quota restrictions on imports should eventually bring some temporary revival of activity in industries catering for the home market. In the boot and shoe industry, in fact, more activity is already reported, and Van Schijndel, one of the largest factories, which was declared bankrupt some time ago, is now operating at full capacity again. No more import permits for boots and shoes are now being granted, for these articles were imported in such quantities between January 1st and February 8th that the quotas of the principal countries have already been exceeded.

As is only natural, numerous manufacturers and producers are desirous of sharing in the advantages of the new crisis import law, and are appealing to the Government to extend the quota regulations. All these applications are, however, closely investigated and sifted by the advisory committee appointed for the purpose, and the Government has recourse to the quota weapon only in instances of extreme urgency and necessity.

A Member of Parliament, in a written question in the Second Chamber, has asked the Minister of Labour whether he does not consider it high time that the import of foreign coal into Holland was restricted, and, if restriction of importation is not feasible for the time being in view of the commercial treaty between Holland and Germany, whether the Minister will consult with the Ministers of Finance and of Foreign Affairs on the question of Holland also levying import duties on foreign coal. A large number of coal miners were dismissed on March 1st, and discussions are in progress with regard to a new wages agreement to be effective from April 1st next.

Additional serious difficulties are now menacing the Dutch dairy industry. Our butter exports to Germany are doomed unless some change for the better takes place in the measures which Germany has been adopting during the last few weeks with regard to the import of butter. Since the beginning of this year, the import duty on butter imported into Germany has been raised from 50 to 100 marks per 100 kg. With such an exorbitant customs duty, that impoverished country cannot possibly afford to import our butter. Countries, however, with which Germany has a commercial treaty, are each permitted to export butter to Germany via certain frontier stations to a total quantity of 5,000 tons a year, at the tariff of 50 marks per 100 kg. So far, our butter exporters have accordingly been subsisting on that quota, but that will very soon come to an end. In any case, it does not represent a third of the quantity of butter which Holland exported to Germany even in 1931. In normal times Holland exported about 30,000 tons of butter a year to Germany, and in the crisis year 1931 the quantity reached 19,000 tons, which was almost 60 per cent. of Holland's total export of butter. In the meantime Germany has decided to divide the 5,000 tons quota into monthly quantities. The Committee of Economic Defence of the Netherlands agricultural and horticultural organisations have submitted a petition to the Government, calling upon them to take steps to ensure a change in the German policy with regard to the quota.

The negotiations with Belgium concerning the commercial treaty were to be resumed at Brussels on March 1st, the subjects for negotiation being: (1) a treaty

with regard to the residence of Dutch subjects in Belgium and of Belgians in the Netherlands, the time of military service of the respective subjects in both countries, and the operations of Dutch and Belgian companies established on the other country's territory; (2) a treaty, similar to that between Belgium and France, for the avoidance of double taxation of the subjects resident in the other's country; and (3) a commercial and shipping treaty, involving chiefly the modernisation of the treaty on this subject concluded between the Netherlands and Belgium in 1865.

The financial situation in the Netherlands is relatively satisfactory. The money market continues to be very liquid, and the average rate for prolongations was 1.634 per cent. in February as against 2.4355 per cent. in January. A return of confidence in the bonds market is also evident. A number of municipalities have been successful in issuing 5 per cent. and 5½ per cent. loans, and for municipal and State loans the tendency during the last few days has been especially firm. From the varying rates of interest of the new loans, it is evident that the interest on the capital market has an upward tendency; in September, 1931, the 4 per cent. loans were the current type on issue, in November and December 4½ per cent. loans were already being marketed, and now the 5 per cent. type has already been superseded and numerous local authorities are now appearing with offers of 5½ per cent. loans. The operating company of the State Railways has been authorised to issue a loan of 12 million guilders, so that for the time being a greater degree of activity on the Amsterdam issues market may be expected.

BELGIUM.

Industry — Customs — Banks — Finance — Budget Equilibrium.

(FROM OUR CORRESPONDENT.)

LOUVAIN, February 29.

THE situation of the Belgian collieries has become more and more unfavourable. In January stocks at the pithead increased by 175,000 tons, against 50,000 tons in November and December. Coal stocks have thus reached a new record figure of 3,720,000 tons, against 2,640,000 tons a year ago. Coal output has been reduced about 10 per cent. as compared with the average of 1929 and 1930; there has been a reduction in the number of hands employed of about 10,000, and most employees have lost two working days per month. At the same time, the rate of production per man and per day has shown a slow but persistent progress. The average output per working day and per man employed was 525 kilos. in 1913; 591 kilos. in 1931; and in January, 1932, it reached 610 kilos.

The situation of the metallurgical industries has been unchanged for three months; these industries have operated at 70 per cent. of their full capacity, which was developed in 1929. Out of 60 blast furnaces, 43 have been in activity. The textile industry, after a decline in November and December, improved slightly in January, but short time has prevailed widely. Owing to the difficulties in the inland market, as well as abroad, many producers have been agitating for a general increase of customs, basing their claim upon the depreciation of sterling, British protectionism and the French quota system. The Government has raised the nominal amount of the duties on textile fabrics by one-half. Such concessions to protectionism have met with vigorous opposition from free traders, who have stressed the fact that, thanks to free trade, the foreign trade of Belgium has put up a creditable resistance to the depression. Belgium has not been seriously injured in her trade with Great Britain, and in connection with the increase in the duties on cotton tissues it has been pointed out that in 1931 exports increased while imports slackened. A tariff increase is therefore regarded as a flouting of common sense.

A few failures occurred at the beginning of the year among small local banks. Only one of these, the Handelsbank Limited, established in Ghent, was of any great importance; it handled at one time 200 million francs de-

posits, but owed only about 100 million francs to depositors when it became insolvent. The other banking enterprises which have closed are a Liège co-operative society, the Banque Populaire de Liège, with deposits of 50 million francs, and another bank with a similar status, the Middenstandbank De Rupel at Boom-on-Rupel, with a paid-up capital of one million francs, as well as other very small banks established at Huy and at Verviers. It is expected that the losses of these institutions will involve subscribed capital and reserves; a very large portion of the deposits will be repaid. The failures have been ascribed mainly to credit pressure which caused vast withdrawals, and partly to the system of management. Besides, as far as the Handelsbank and the Banque Populaire de Liège are concerned, failure must be ascribed to that of the Comptoir Peemans, Limited, a Brussels financial company largely interested in speculation in industrials. Incorporated with a subscribed capital of 20 million francs, this public company had accumulated reserves of 20 million francs, and reported in 1930 nine million profits. At the end of 1930 several very dubious institutions merged into the company; this undermined its position. It will be liquidated in very unfavourable circumstances. The Comptoir Peemans, Limited, owes 12 million in all to the Banque Populaire de Liège.

These events have led to withdrawals from banks which have branches in the northern part of the country. Large cash reserves have enabled the banks to meet this abnormal demand for withdrawals promptly. Those balance sheets which are available show that bank deposits had ceased to grow by the end of 1931. In the State Savings Bank alone the excess of deposits over withdrawals has continued. On the other hand, an increase in bank note circulation shows that savings have still been accumulated, but they have remained for the most part unprofitable to their owners and to the country in the form of bank notes.

The Government has drawn up a plan for meeting the financial situation, and it is now before Parliament. The Budget deficit seems to amount to one and a half milliards, and most taxes, customs included, will be increased 10 per cent. Civil service salaries will be curtailed 10 per cent., according to the fall registered by the cost-of-living index figure. The cost of living is now 20 per cent. lower than in 1929, including rent. The issue of an internal loan will also be ventured in order to finance public works provided for in the Extraordinary Budget, and to fund the floating debt of the Congo Colony. It has been said that it will be issued under the form of 5 per cent. bonds, and that one or two million-franc prizes will be paid out at the drawings to certain holders. The subscription list will be open on March 14.

TURKEY.

Economic Inquiry — Revenue — Export Organisation.

(FROM OUR CORRESPONDENT.)

CONSTANTINOPLE, February 27.

The first step of the Ismed Pasha Government after the recess was to hand over to a specially created grand commission of the Government Party the task of examining the economic and financial situation of the country and proposing remedies. This was done especially in view of the forthcoming presentation of the new budget, but the examination which is being made is fundamental and concerns the general productive economy and regime of the country. It will not confine itself to the question of budgetary reductions and increases, which have already practically reached their limit, but will try to find constructive means of arresting the inroads of the world crisis on the financial stability of the country. The fact that the Government has called upon a sort of extra-parliamentary commission to fulfil this task is significant. Though the party and the National Assembly are almost duplicate bodies, the former has a wider range and freedom than the Assembly and is really the organisation which, under Kemal Pasha, determines the general policy of the State. It is called upon to express its opinion and to give its

advice whenever there is a situation of danger to the State, and the weight of its decisions is greater than that of the Assembly, which gives effect to them. The fact that the Government has asked for its intervention at the present time indicates that the economic peril to the country is considered pressing, despite the changes which were made to meet it at the end of last year.

The establishment of restrictive quotas on imports with a view to rectifying the trade balance has, it is true, fulfilled its purpose after only three months' working. The excess of exports over imports in January achieved by this means was £T.4,568,695. But against this satisfactory result has to be put a diminution in Customs receipts over the same period amounting to £T.7 millions, so that the gain to the immediate economy of the State is small. Nevertheless, there is no doubt that the system of restrictive quotas will be continued. The third instalment of quotas is about to be published, and it is learnt that the Government has given up the idea of apportioning the quotas among the different importing countries according to the ratio of their purchases from Turkey. The establishment of such a system of strict "equalisation" has been found to be too complicated at present.

It is clear that when Customs receipts show such a diminution as £T.7 millions in three months the budgetary prospects must be seriously affected. It is anticipated that the deficit on the working of the budget for the current year ending in May next will be not less than £T.26-30 millions. Some part of this deficit has already been discounted by the establishment of the "crisis tax" and by the non-utilisation of certain credits, but this will not suffice to wipe it out. The diminution of tax receipts has been phenomenal owing to the fact that the producers of wheat, cotton and tobacco have been unable to dispose of their products, or have done so at less than remunerative prices. On the business turnover tax alone there is a deficit on the current budget of £T.2½ millions. The officials are proving to be almost the only class which can be made to yield a regular tax revenue.

In these conditions the Government has decided to reduce the forthcoming budget to £T.140 millions, which compares with £T.222 millions two years ago and with £T.52 millions in the first year of the National Assembly. But as it cannot go lower without damaging the efficiency of the new State, and as the producing majority of the population is becoming untaxable, it is clear that an impasse has been reached. It is for this reason that the attention of the Government is being directed not merely to getting a full view of the economic situation, but to organising production and exports under semi-Governmental control so as to assist the scattered and individualist producers and exporters to adopt a proper modernised standardisation.

The first trade to be submitted to this sort of control was the nut trade, which was taken in hand in December last. The results have been satisfactory. The producers have co-operated with the Government in bringing their exports under corporate and scientific control. There is in this no tendency to a Sovietisation of commerce in Turkey, as some critics have interpreted it. The aim is simply to eliminate fraudulent exports, which have greatly damaged the name of certain Turkish products recently, and to bring the trade, without constituting it either a trust or a State monopoly, into line with the modern principles governing export. In this way the marketable quality of Turkish goods is enhanced, and the general economy of the country benefits. The trade remains entirely in the hands of the individual producers and exporters, but under the Government they constitute themselves into a controlling body which supervises their exportation and sees that it is in harmony with the needs of modern markets.

The experiment has been so successful with the nut trade that the Government has just called a tobacco congress and has announced that the same procedure is to be applied to tobacco. As tobacco constitutes from one-third to a quarter of the total exports of the country, this action means that the Government is setting out to remedy the grave situation of the main productive industry of the country as far as it can be remedied by reforms within

Turkey alone. The larger problem represented by the surplus world production will be met by the coming arrangements between Turkey, Greece and Bulgaria, on which there is already agreement in principle and which are being worked out into a practical plan. But meanwhile the Turkish Government is taking its own local tobacco trade in hand with the object of scientifically limiting production to areas where good quality tobacco can be produced—about fourteen areas have already been prohibited—and of presenting the various tobaccos of the country on the world markets without leaving any place for fraud and according to scientific standards of separation. It is, in fact, carrying out a sort of "rationalisation" of the tobacco trade for the purpose of improving the prospects of the main economic asset of the country.

JAPAN.

Banks — Prices — Trade — Crops.

(FROM OUR CORRESPONDENT.)

TOKYO, February 12.

THE end of the year according to the lunar calendar, which is generally followed in the rural districts, has passed easily, but monetary conditions have not relaxed to any appreciable extent. Short loans are not obtainable below 6½ per cent., and fine bills are quoted at around 8 per cent. The prevailing monetary stringency is fully revealed in the Bank return; the note circulation for the first week of this month stood at 1,158.8 million yen, or 12.7 millions more than a year ago, and bankers' deposits were down to 53.5 millions, as against 239.5 millions. The Tokyo clearing banks' statement for last week also reflects uncomfortable conditions on smaller cash resources, which shrunk to 124.5 million yen, as against 275.8 millions for the corresponding week of last year. The decrease in the banks' cash holdings, together with bankers' deposits, is roughly equivalent in amount to the banks' loss of gold during the last quarter of 1931, which must be primarily responsible for the prevailing monetary stringency. The whole position may change more or less as the year advances, but present indications point to the maintenance of tight conditions unless inflation develops rapidly.

In face of strong objection on the part of the Ministerial party, the Finance Minister granted the Yokohama Specie Bank a special licence for gold exports to settle its forward dollar contracts, to which the bank had committed itself to defend the yen before the gold embargo was re-imposed by the present Government. During January 39 million yen of gold was shipped to the United States. One of the chief difficulties in the foreign exchange market was thus finally removed, but the yen exchange is still unable to find its own economic level, and the official rates remain unquoted. Though the yen has lately hardened as a result of the partial return of funds from abroad, its future is altogether uncertain. The Sino-Japanese dispute, the unusually heavy imports, and the fear of currency inflation are a few depressing factors in the course of the exchanges.

The depreciation of the yen is clearly reflected in the price index for last month. The Bank of Japan's wholesale index number for January registered a sharp rise of 5.6 per cent. on the month, following an advance of 2.7 per cent. during December last. There was an all-round increase in almost all the important commodities that enter into international trade with the single exception of coal, trade in which was reduced by the unseasonably warm weather. The advance, however, after the abandonment of the gold standard is only 8.3 per cent., in contrast with a depreciation of more than 25 per cent. in the yen. The explanation is partly that gold prices have continued to fall and partly that a sufficient interval has not yet elapsed for domestic prices to adjust themselves to the decline in the exchange value of the yen.

The foreign trade figures for last month are rather disappointing. The January returns show that, in comparison with the corresponding month of last year, imports increased by 12,093,000 yen, while exports fell by

34,877,000 yen, thus revealing an adverse balance of 45,321,000 yen, as against a credit balance of 1,649,000 yen. Exceptional purchases made before the departure from the gold standard are primarily responsible for the all-round increase in imports, while the sharp contraction in exports is accounted for partly by the unsettled exchange and partly by the cessation of trade with China. The repercussion of the Sino-Japanese dispute is reflected, with appalling clarity, particularly upon cotton exports; what little expansion the trade made elsewhere, owing to the depreciation of the yen, was more than offset by the virtual cessation of Chinese purchases.

The rice crop for 1931 was revised by the final report of the Department of Agriculture and Forestry recently published, the year's actual yield being placed at 55,215,000 koku, a decrease of 11,660,000 koku (- 17.4 per cent.) upon the preceding year, and was 5,671,000 koku (- 9.3 per cent.) below the five years' average. The total value of the crop at the ruling price is 1,335 million yen, or an increase of some 130 million yen upon 1930. The actual cocoon crop for last year is finally put at 97,072,000 kamme, valued at 275,580,000 yen, in the report of the same Department, as against 106,463,000 kamme, valued at 304,212,000 yen. Thus the farmers' revenue from those two staple products shows, on balance, a gain of roughly 100 million yen.

SOUTH AFRICA.

Trade — Gold Standard — Unemployment — Railways — Indian Conference — Revenue.

(FROM OUR CORRESPONDENT.)

JOHANNESBURG, February 10.

DURING 1931 imports into the Union of South Africa amounted to the value of £52,974,882, compared with £64,579,696 in 1930. The corresponding figures for exports were £71,936,571 and £83,432,534. It must be remembered that the figures for 1930 were not so good as those for 1929, whilst present indications are that 1932 will be decidedly worse. With such signs already visible there is no question that taxation—and almost certainly income tax—will be materially increased in April. Apart from shortages in other revenues, income tax receipts are over £1,000,000 less than at this time last year, and the final figure is expected to show a much greater difference.

The Government has, however, shown no sign, so far, of any change of view or policy on the question of maintaining the South African pound at its existing value. In the earliest days of the Session, the Prime Minister announced that a Select Committee would be appointed to consider the question. Very shortly it appeared that the Government scheme was not to consider the matter at all but to use the Select Committee procedure to marshal evidence in favour of their policy. The debate has already been in progress for a fortnight, and seems likely to last for days yet. Whatever may have been the position in September, all informed opinion to-day is in favour of devaluation. Even the Minister of Finance himself was weak in his speech in support of his leader, and had little or nothing to say on several points which are crying aloud for defence. His best point is one which he could hardly make. Few of the protagonists refer to the fact that the question is a practical one of balance of advantage. It is believed here that the gold standard is white or black, and devaluation is black or white according to one's side. Here and there a more or less inarticulate expert, of no public importance at all, ventures to his friends a suggestion that something has been wrong with the currency position all over the world for some time past, and that devaluation is comparable to a desperate and possibly dangerous remedy for a desperate disease of trade. The Minister very probably feels that the Government back benchers are not to be trusted (seeing that they have the voting strength) with a paper currency even as a temporary expedient. If that is his view, there are people—otherwise opponents of the gold standard in present circumstances—who would be inclined to agree with him. In the meantime, Dr. A. J. Bruwer, lately chairman of the Board of

Trade and Industries, a director of the Government iron and steel works, spoken of not long since as a possible Deputy-Governor of the Reserve Bank, has vacated all his official appointments and has joined the technical opposition. Dr. Bruwer's defection is bound to affect the Government—he contributed a long article to the *Cape Times* immediately after his resignation—and may even influence their policy.

The economic position of large numbers of the population, both white and black, is giving rise to more and more anxiety. According to a speech in Parliament by a prominent member of the Opposition yesterday, over 200,000 Europeans out of our population of 1,800,000 are unemployed, employed on relief work, or in a state of indigency in rural areas. In large areas of the Union the condition of the natives is no better. On the Rand the Native Affairs Department estimates that there are 10,000 unemployed natives, 4,000 of whom are being fed by the mines. Measures are under consideration to stop natives from moving from their homes to labour areas. The current figure for natives working on the gold mines is 216,000, while European mine employees increased by 1,000 in 1931. The number of unemployed on the Reef is, however, greatly swelled by accretions from other parts of the Union and from the copper fields in Rhodesia.

As a natural consequence of the position of trade, the railways are experiencing severe and increasing losses. At April 1st last the accumulated deficit was £880,000 (£780,000 loss on previous year's working, less £105,000 transferred from rates equalisation account). During the first eight months of the current year the loss was £1,100,000, the figure for the month of November being £191,000. However reluctant the railway authorities may be to admit the position, there is no room for doubt that drastic reorganisation, including revision of labour policy, curtailment of unremunerative services and some form of recognition of the loss of capital, will be necessary before the railways pay again, whether times be good or bad.

On January 12th an important conference was opened in Cape Town between representatives of the South African and Indian Governments having for its object the harmonisation of the interests of the two countries in regard to Indians resident in the Union. The Indian delegation was led by Sir Fazl-i-Husain and included the Rt. Hon. V. S. Srinivasa Sastri, former Agent-General for Indians in the Union. There are about 160,000 Indians in the Union, of whom over 100,000 are of Union birth. They are regarded—especially in Natal—as a racial intrusion, and the fact that most of their ancestors were deliberately induced to come here as labourers is now forgotten. Many of them are of the lower classes, and this section of our population has, on the whole, very few friends. When the post of Agent-General was created, and Mr Sastri arrived, one public man made the remarkable statement that South Africans were best suited by their existing conceptions of "men of colour," and that it was unwise to disturb these conceptions by welcoming a man of Mr Sastri's culture and distinction! However, Mr Sastri became very well-known and popular—he was a most willing speaker and much the best most of us have heard—and his appointment, followed by that of Sir Kurma Reddi as his successor, undoubtedly brought intelligent consideration of the Indian problem nearer. One attempt to ease the situation (which in some parts of Natal is serious from both the economic and sociological points of view) lay in a subsidised repatriation scheme, but the repatriated Indians mostly regret their departure. It may be remembered that his treatment in South Africa played its part in the development of Mahatma Gandhi.

According to the recently published report of the Controller and Auditor-General, the audited revenue of the Union for the year ended March 31st last was £28,563,005, while the expenditure was £29,948,831. After allowing for the surplus of March 31, 1930 (£498,656), the deficit on the accounts at March 31, 1931, was thus £897,170. The public debt on the latter date was £256,845,100, an increase of about £7,200,000 during the year. The interest-bearing capital of the railways and harbours amounts to £145,147,701. Against the debt of £256,845,100, there is a sinking fund valued at market

prices at £19,905,020. Of the debt of £249,651,197 at March 31, 1930, 83.4 per cent. is regarded as productive in the sense that interest thereon is recoverable from railways, the Post Office, and other Government enterprises; interest on the balance is paid from taxation receipts.

Letters to the Editor.

NEWSPAPER FIRE INSURANCE.

TO THE EDITOR OF THE ECONOMIST.

SIR,—Mr Cant's very interesting letter in your issue of the 27th instant raises a matter of wider importance than the propriety of daily papers covering fire risks. I gather that in his opinion comprehensive policies are issued only on a warranty that the insured sum represents, and will continue to represent, the full value of the contents. If this is so, these policies are dangerous things, for an innocent under-estimate invalidates the whole insurance—fire, burglary and workmen's compensation.

And this danger must extend beyond the year in which the proposal form is signed. In 1932 the householder gives the warranty on a policy of £1,000. In 1933 the insurance continues on the same policy with a renewal receipt. In 1934 the same thing happens, and so on for the rest of time, the original warranty hanging always over the policyholder's head. By purchase of new furniture, or by a change in fashion or by the inflation of currency, or by the operation of a tariff, the value increases to £1,300, but the householder fails to notice the increase, and his whole insurance is invalidated, so that in 1944, when his house is burnt down or one of his maids is killed in the course of her employment, he has no claim because of a warranty of value that he gave in 1932.

Personally, I have never given this warranty for any comprehensive policies, and I hope I never shall, but I should be interested to know whether Mr Cant's view of the proposal form is the official view of insurance offices.—Yours, etc.,
LONDON.

February 29, 1932.

LINCOLN'S INN.

BOOKS RECEIVED.

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

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

Statistical Abstract of the United States, 1931. (Washington) Superintendent of Documents. \$1.25.

An exhaustive and indispensable book of reference.

Fairplay's Annual Summary of British Shipping Finance. (London) "Fairplay," 51-56, Palmerston House, 51, Bishopsgate. 15s. net.

Contains particulars of a large number of shipping, trust, and marine insurance companies, and very full details of British vessels sold in 1931.

OFFICIAL PUBLICATIONS.

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

General Annual Report on the British Army for the Year Ending September 30, 1931. Cmd. 4020. 2s. net.

Civil Estimates for the Year ending March 31, 1933: Class I, Central Government and Finance, 1s. 6d. net; Class III, Home Department, Law and Justice, 2s. net; Class IV, Education, 1s. 3d. net; Class VI, Trade and Industry, 2s. 6d. net; Class VIII, Non-Effective Charges (Pensions), 9d. net; Class IX, Exchequer Contributions to Local Revenues, 1s. net.

Civil Estimates and Estimates for Revenue Departments for the Year ending March 31, 1933. 2d. net.

Reports to the League of Nations by the Committee of Representatives at Shanghai of Certain States Members of the League Council appointed to Report on Events in Shanghai and Neighbourhood. Cmd. 4021. 2d. net.

Navy Estimates for the Year 1932. 9s. net.

Army Estimates for the Year 1932. 5s. net.

Air Estimates for the Year 1932. 3s. 6d. net.

The Stock Exchange.

TRUSTEE LAW ANOMALIES.

ECONOMIC depression is a refiner's fire in which even the oldest-established financial institutions suffer strange metamorphoses. The decline in national earning power has inevitably affected even the most respectable of securities, including many stamped with the hall-mark of trustee status, and, in the process, has drawn attention to various anomalies in trustee law generally. Within the last few weeks the public has learned, after a temporary Australian default, that a Colonial stock cannot be removed from the Trustee List, even though its interest is not paid, unless the Government concerned alters its basis by a definite legislative act. The second largest British railway has failed to pay full interest on a junior preference stock, and the whole of its fixed-interest securities have lapsed from trustee status in England, but its debenture stocks remain eligible in Scotland. Two more railways, the Southern and the Metropolitan, have failed to pay 3 per cent. on their ordinary stocks. All their prior stocks, nevertheless, remain eligible in England under the "Chancery Rules," but the Southern's preference issues are now ineligible in Scotland.

It appears, again, anomalous, to say the least, that L.N.E.R. debenture stocks should no longer be eligible in England although their interest was covered, last year, with an earnings surplus of £5,169,505, while the junior preference issue of the L.M.S. failed to earn its full dividend by £257,898, but retains its eligibility. The Court might helpfully use its discretionary power to reinstate senior L.N.E.R. stocks in the List. Their interest is being both earned and paid. Who knows whether other railways may not be in the L.N.E.R.'s position twelve months hence, if trade depression is not speedily relieved?

Public disquietude over these and other features of trustee law is evidenced by numerous letters we have recently received from our readers. Some of the suggestions made have been drastic but impracticable, an example being the proposal that trustee investment should be limited to British Government stocks. The correspondence, however, reveals remarkable unanimity on one point: that present difficulties are due less to the inclusion of any one group of stocks in the List than to the inability of some of the conceptions of past trustee law-makers to stand the test of time. This view directly controverts that of a Committee which reported to the Lord Chancellor, only four years ago, that any attempt to place the Trustee List upon "a sounder and more symmetrical basis" was inadvisable.

Thus, there are two opposite schools of opinion on the matter. The conservatives desire to retain the existing system with a few external repairs and a new coat of paint, and the progressives advocate the rebuilding of at least part of the structure. These differences must be read in the light of historical fact. The initial object of the Trustee List was the protection of private trustees. The List, which at first included merely Government stocks, was gradually extended in accordance with the trend of private investment. The Act of 1893 embodied the views of the 'nineties as to the best means of obtaining maximum security for a very special class of investors. The first significant departure from this principle was the Colonial Stock Act of 1900, which was designed in the interests of Dominion and Colonial borrowers rather than in those of trustee investors. Subsequent changes were made chiefly by way of amplification, the List being extended by the inclusion of the enormous war-time issues of the British Government and the securities created by the "grouping" of the railways under the Act of 1921 (which, *inter alia*, conferred trustee status on fixed-interest stock given in part-exchange for ordinary stock in some of the stronger pre-amalgamation lines). Various India and Northern Ireland stocks were included under the Trustee Act of 1925. Other stocks have also been included by special legislation, like the Housing Act, 1919, and the Agricultural Credits Act, 1928. The

creation of the office of Public Trustee, by an Act of 1906—under which some 28,081 trusteeships, to a total value of £313,878,729, are now administered under conditions which preclude any element of fraud or negligence—was a desirable administrative reform which was without bearing on the broader question of the make-up of the Trustee List.

The Trustee Securities Committee, in its 1928 report, criticised the Trustee List as being too wide rather than too narrow, and recommended its future restriction. It is not easy to reconcile their dictum that "it cannot be suggested that there is any need felt by trustees for a wider range of investment than exists at present" with the desire of certain classes of borrowers to obtain or retain trustee status on the ground that they will thereby be enabled to raise new capital at a lower interest rate than otherwise. Economists, like Mr J. M. Keynes, have argued, with force, that the List may be at the same time unduly wide and unduly narrow—unduly wide because it includes many stocks whose security, under modern conditions, is open to question, and unduly narrow because many sound stocks, by general admission, are excluded. The following is a summarised list of the groups of stocks, etc., authorised by Section I of the Trustee Act, 1925:—

(a) Parliamentary stocks, public funds, of Government securities of the United Kingdom; (b) legal mortgages on freehold property in the United Kingdom; (c) Bank of England or Bank of Ireland stock; (d) sterling loans charged on the revenues of India; (e) securities, the interest on which is guaranteed by Parliament; (f) certain Metropolitan and London County Council stocks; (g) prior charge and preference stocks of railways in the United Kingdom which have paid 3 per cent. on their ordinary stock for ten years; (h) the stock of railway or canal companies leased in perpetuity or for not less than 200 years at a fixed rental to any railway mentioned under (g) above; (i) debenture stock of Indian railways, carrying sterling interest guaranteed by the Secretary of State in Council; (j) certain annuities arising out of the purchase by the State of railways in India; (k) Indian railway stocks guaranteed by the State; (l) prior charge or preference stocks in British water companies which have paid 5 per cent. ordinary dividends for ten years; (m) stocks of British county councils or corporations with a population of over 50,000; (n) stock issued for water-supply purposes by commissioners with compulsory power of levying rates over a population exceeding 50,000; (o) securities authorised under the Colonial Stock Act of 1900; (p) local bonds under the Housing Act of 1919; (q) Northern Ireland Government securities; (r) securities authorised under Rules of the Supreme Court; in addition, the Agricultural Credits Act authorises investment in Agricultural Mortgage Corporation 5 per cent. debentures.

The List, broadly, covers stocks issued by Governments in the British Empire, the larger British municipalities and companies in two of the older "public utilities"—railways and water supply—and freehold property mortgages. Since these categories were decided on, the principal changes affecting the investment market have been the growth of building societies (which now handle the bulk of mortgage business), the loss by the railways of their "monopoly" position, and the consolidation of large operating units in British industry and banking, whose prior securities, in some cases, have a degree of stability and "earnings cover" quite unparalleled by any similar concerns in the 'eighties and 'nineties of last century. It can scarcely be contended that a lower degree of investment security attaches, *ipso facto*, to the prior securities of big gas concerns, public bodies owning first-class ports and harbours or responsible for electrical development under a nation-wide "grid" system, or large banking, insurance and industrial concerns than to railway preference stocks covered, possibly, by small, or nominal, surplus earnings, to municipal loans raised, in some cases, to provide socially desirable but non-earning urban amenities, or to issues by Dominion Governments over which the British Treasury has no direct control.

The case against the present List, therefore, has two main grounds—that the ideas of a past epoch have become rigidly stereotyped, and that more recent additions have been made in the interests of borrowers rather than of

investors. It would appear, therefore, that any official body which may be set up in the future to consider the question of reform and "modernisation" should have three guiding principles in its deliberations: (1) that the List should be more flexible, since rigid classification cannot be safely maintained in a world of ceaseless economic evolution; (2) that earnings rather than dividends should be the criterion of "security," since earning power is the ultimate reservoir for all interest payments; and (3) that the List should be drawn up with an eye to the sole benefit of *cestuis que trust*, and not to the convenience of any particular borrower.

A Committee, working on these lines, might conceivably conclude that the law should include provision for a frequent overhaul of the position, possibly at quinquennial or, at most, decennial intervals. The committee might also consider whether the List should be extended to include exceptionally well-secured prior stocks of the newer public utilities, and a necessarily small minority of the best British financial and industrial concerns (say, debentures of companies, having not less than £500,000 in issue, covered at least four times by earnings in ten successive years). At the same time, a question might arise as to the possible exclusion of future issues by municipalities, or other public bodies, whose proceeds did not appear likely to be used for soundly reproductive purposes, or whose total appeared injudicious, having regard to the outstanding obligations of the borrowers. The Committee might also consider the advisability of retaining or repealing the provisions of the Colonial Stock Act, on the argument that Dominions whose credit is good can to-day obtain adequate facilities from a well-organised and generally well-disposed London capital market without adventitious aid, while those whose credit is bad are, *ipso facto*, unsuitable repositories for trustee resources.

Sooner or later, a broad revision of the List will be imposed upon those concerned by *force majeure*. Abnormal trade depression has forced the matter into the limelight in the present instance, but the further efflux of time will serve only to render the problem more acute. To leave the matter to the discretion of the Supreme Court (which in England has powers of inclusion or exclusion without direct reference to statutory stipulations), would place too heavy a burden on the Court's shoulders. We believe that the initiative in a measure of comprehensive reform should come from the Government itself. The latter, in any case, would not in any way commit itself by a decision to set up an exploratory committee on the lines we have suggested.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET. ACCOUNT.
March 15. March 17.

The sharp buying movement of last week did not long persist, and though the general tone of markets remained firm, and dealings were of satisfactory volume, sentiment was decidedly more cautionary. Paris, in particular, lost last week's ebullience. Gilt-edged stocks were firm with sterling, but did not follow the spectacular fluctuations in the exchange. Thursday's reduction of 1 per cent. in Bank rate was welcomed, but had been discounted in advance.

Upward changes in gilt-edged quotations were on a much more limited scale than last week. Four and a Half per Cent. Conversion Loan was prominent, and Funding Loan rose further. Home corporation issues were firm, dealings opening in Poole Corporation Fives at 1½ premium. India loans were strong on the announcement that the Six per Cents. of 1932-33 would be repaid.

Foreign bonds were heavy at the outset, Japanese loans weakening on news of important bank failures. French Rentes were sold on the exchange position, but modest speculative buying of German loans was based on hopes of a favourable presidential election result. Hungarians

suffered from renewed fears regarding the debt service, and confidence in the position of Greece's finances (discussed on page 589) was insufficient to prevent a further decline in prices.

Interest in home rails at first centred in dealings in the Metropolitan District Scrip, which opened at a premium of 3. Later a fair demand arose for the junior stocks of the "Big Four" lines, following the publication of unexpectedly favourable traffic returns. The suggestions of the Minister of Transport for an early "road-rail" conference were well received. Undergrounds strengthened on unconfirmed rumours that the Passenger Transport Bill was to be dropped. Little business occurred in foreign rails, Argentines weakening with the peso, but subsequently recovering.

Irregular conditions prevailed in the industrial market. International and trans-Atlantic issues were lower on liquidation from Paris and Wall Street, and, in part, on price readjustment to the higher sterling exchange. Cables and Wireless stocks were depressed by the announcement (discussed on page 586) that the company had decided to sell its new building. Electrical supply shares remained firm. The Home and Colonial group advanced on the latest results (discussed on page 588). Iron and steel shares trended downwards in company with textiles and rayons, Courtaulds being marked lower on the chairman's restrained speech. Carreras and Imperial Tobacco were in fair demand, but brewery shares suffered from scattered selling, though Distillers were good on support from Glasgow. The Imperial Continental Gas bonus of 100 per cent. created a good impression; dealings were active around 375 on Thursday, with expectations of a further rise.

There was no renewal of Paris interest in oil shares, and the market became reactionary, despite intermittent interest in New York. Rubber shares were dull, although the price of the commodity was firmer. Tea shares continued to show a firmer tendency, though the volume of business was not considerable.

A sharp reaction occurred in the mining share market, Tinto, Brakpan, "Chartered" and Rand Mines being among the issues chiefly affected. The market showed little interest in the probable outcome of the New York discussions for a further reduction in copper production "quotas." Tin shares were dull on the heaviest decline in the price of the metal for many weeks past.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	Mar. 3, 1932.	Mar. 4, 1932.	Mar. 5, 1932.	Mar. 7, 1932.	Mar. 8, 1932.	Mar. 9, 1932.	Mar. 10, 1932.
Government and Municipal Loans	1,868	1,826	729	1,903	1,769	1,781	1,826
Transport, Communications, and Public Utilities...	1,291	1,051	423	1,226	1,122	1,110	1,144
Commercial and Industrial...	2,858	2,523	988	2,946	2,321	2,202	2,004
Banks, Insurance and Financial...	946	906	340	775	678	708	652
Mines (including Nitrates)	1,025	803	301	823	581	793	509
Oil.....	319	207	73	216	160	126	125
Rubber, Tea and Coffee.....	103	152	66	227	139	163	105
Total.....	8,410	7,468	2,920	8,116	6,770	6,883	6,365

* Including iron and steel and breweries.

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

Highest of 1932. (Mar. 3.)	Lowest of 1932. (Feb. 11.)	Mar. 3, 1932.	Mar. 4, 1932.	Mar. 5, 1932.	Mar. 7, 1932.	Mar. 8, 1932.	Mar. 9, 1932.	Mar. 10, 1932.
63.7	58.5	63.7	63.7	64.3	64.0	63.4	63.5	63.3

FOREIGN STOCK EXCHANGES.

NEW YORK.

The markets opened with a reactionary tendency, but prices rose moderately on Tuesday's strength of sterling. Although there was no increase in the volume of share transactions, a certain amount of foreign buying was reported in leading issues. Profit-taking appeared, how-

ever, on Wednesday, immediately upon the reaction in sterling. The markets, generally, continued to drift, without conviction of any fundamental change in the general situation. The bond market, however, was firm, both Government stocks and the best industrial bonds touching high levels for the year. The Treasury announced the closure, after over-subscription, of the lists for the issue of \$300 millions seven months' 3½ per cent. Certificates and \$600 millions 3½ per cent. One-Year Certificates. The terms offered were from the outset regarded as favourable by the market. A certain liveliness was apparent among oil shares, on suggestions of a tax of 42 cents per barrel on imported oil, though the proposal provoked strong opposition along the Atlantic seaboard. The revival of reports of a more sympathetic attitude of the administration towards the suggested relaxation of the Anti-Trust Law, to permit the more effective control of oil production on a national scale, were regarded as significant in connection with the expected early announcement from the Royal Dutch side of a plan for world-wide co-operation. Copper prices were weak, though hope was entertained that the representatives of European and African interests would agree on more severe curtailment before sailing for home. Trade reports indicated a less than normal seasonal expansion in activity. Steel-mill operations increased last week from 26 to 27 per cent. of capacity, the absence of a more marked rise being attributed to delay in placing Ford orders owing to last-minute adjustments of the new models. The net income for January of all railroads was \$11,714,000, compared with \$34,341,000 in January, 1930. It was announced in mid-week that the Reconstruction Finance Corporation had approved loans to a total of \$183 millions, of which \$62 millions were to financial institutions, \$46 millions to railroads and \$75 millions to agriculture. Freight-car loadings for the week ended February 27th were 535,567, compared with 572,675 in the previous week, 682,000 in the corresponding week of 1931 and an average of 942,954 for the same week in the seven years 1924-30. The period included a one-day holiday.

	Feb. 25, 1932.	Mar. 3, 1932.	Mar. 10, 1932.		Feb. 25, 1932.	Mar. 3, 1932.	Mar. 10, 1932.
U.S. 3½% T. Bds.	135½	98½	97½	Natl. Biscuit	43½	44½	45½
Do. 4½% 32-47	97½	98½	98½	Phelps Dodge	6	5½	6½
Do. 4½% 32-47	99½	99½	100½	Fullman	21	23	21½
Do. 4½% 33-38	100½	100½	100½	Sears-Robuck	33½	34½	34½
Atchafalpa	79½	82½	83	Studebaker	10½	10½	9½
Ches. & Ohio	23½	23½	23½	Un. Fruit	25½	26½	29
Erie	8	8½	8½	U.S. Leather	4	4½	4½
Illinois Central	13½	13½	14½	U.S. Rubber	3½	4	4½
N.Y. Central	30	31½	31½	U.S. Steel	47½	49½	48½
Pennsylvania	19½	18½	18½	Westinghouse	30	31½	30½
Southern Pacific	27½	27	27	Woolworth	43½	44½	43½
Southern Ry.	10½	10½	9½	Am. Tel. & Tlg.	126½	132½	132½
Union Pacific	82	83½	84½	Interboro R.T.	12½	11½	10
Am. Can.	67½	71½	70½	Int. Tel. Teleg.	10	9½	8½
Amer. Smelting	15½	16½	15½	Radio Corp.	7½	6½	6½
Anacosta	9½	9½	9½	Utilities P. & L.	44½	44	44½
Bethlehem Steel	21½	22½	21½	W. Union Tlg.	4	3½	3
Chrysler Motor	12½	12½	12½	Associated Gas "A"	16	16	17
Corn Produce Rf.	43½	44½	46	Pan. Amer. B.	13½	13	13½
Eastman Kodak	77½	83	81½	Shell	3	3½	3½
Gen. Electric (New)	20½	21	21	Shell Union	5½	6	6½
Gen. Motors	21½	21½	20½	Sinclair Oil	24½	25	26½
Int. Harvester	23½	23½	23	Sid. California	28½	29½	30½
Mont. Ward	9	9½	10½	Do. N.J.			

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

	1930.		1931.		1932.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	Mar. 2.	Mar. 9.
537 Industrials	98.2	174.1	51.4	114.7	52.2	56.4	57.2
33 Rails	89.1	145.6	31.7	105.7	32.2	35.5	35.4
34 Utilities	153.2	267.4	90.6	187.6	91.8	98.8	99.7
Total, 404 stocks	105.5	184.2	54.7	124.6	55.5	60.0	60.7
Average yield of 50 Industrial Common Stocks	4.15%	5.95%	9.37%	5.11%	9.29%	7.55%	7.17%

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

Highest of 1932. (Mar. 8.)	Lowest of 1932. (Feb. 10.)	Mar. 2, 1932.	Mar. 3, 1932.	Mar. 4, 1932.	Mar. 5, 1932.	Mar. 7, 1932.	Mar. 8, 1932.	Mar. 9, 1932.
68.9	57.4	66.9	66.9	66.8	68.8	67.7	68.9	67.5

TOTAL DEALINGS IN NEW YORK.

	Mar. 4, 1932.	Mar. 5, 1932.*	Mar. 7, 1932.	Mar. 8, 1932.	Mar. 9, 1932.	Mar. 11, 1932.
Stock Exchange—Shares (Thous.)	1,500	1,200	1,600	1,600	1,300	1,000
Bonds (Value Thous. \$).....	5,926	5,926	10,705	13,459	13,109	11,912
Curb—Shares (Thous.)	140	140	230	230	250	200

* 2-hour session.

CANADA.

At the beginning of last month the volume of trading on the Canadian stock markets remained acutely restricted in the absence of any favourable news, pessimism being aggravated by the unfortunate earnings figures of industrial corporations and a further decline in railway tariffs. Despite the announcement of the new British tariff, which promised to benefit industries like salmon canning, the market drifted until February 12th, when the upturn in New York, in sympathy with the Hoover administration's anti-deflation programme, caused a brisk upward movement. Conditions became moderately active on two successive days, but no indication was forthcoming of any serious advance. A meeting, called on February 12 to discuss the Montreal Stock Exchange executive's policy of continuing the "pegging" of certain stocks at minimum prices, produced a majority of 41 to 19 in favour of the practice, but as a concession the "pegs" have since been removed from certain stocks. The Bureau of Statistics "Investors' Index" (covering all common stocks) in mid-February was 59.2, as compared with 62.2 in the week ended January 21.

	Nov. 25, 1931.	Jan. 20, 1932.	Mar. 9, 1932.		Nov. 25, 1931.	Jan. 20, 1932.	Mar. 9, 1932.
Abitibi Power & Paper	34	22	3	Fraser Companies	11	1	1
Canadian Traction	11½	13½	14½	Hollinger Gold Mining	5½	5½	5½
Canadian Car	7½	7	6½	International Nickel	10	9½	9½
Canada Cement	7½	6½	6½	Massey Harris	4½	3½	3½
Can. Indus. Alcohol "A"	2	1½	1	Steel of Canada	23½	22½	22½
Canada Power & Paper	5	5½	5½	Winnipeg Electric	7	6½	6½
Cochran & Plover							

PARIS.

The strong upward movement in all sections of the Paris Bourse was decisively checked during the week-end. Quotations this week suffered a sharp setback on profit-taking, the death of M. Briand having an appreciable effect on sentiment. Large blocks of shares came on the market on Tuesday, but in a feverish session floating supplies were largely absorbed. Oil shares were very unsettled, and copper shares adversely affected by the fall in the metal. The strength of sterling, however, was regarded as a bull point, and in mid-week a strong demand arose for bank shares. Dutch, Shell and De Beers were prominent, and rubber shares firm. On Thursday quotations resumed their downward trend in most sections.

	Mar. 3, 1932.	Mar. 7, 1932.	Mar. 10, 1932.		Mar. 3, 1932.	Mar. 7, 1932.	Mar. 10, 1932.
Banque de France	14,800	13,810	13,975	Wagons Lits	134	130	132
Crédit Lyonnais	2,395	2,150	2,200	Mexican Eagle	45	41	40
Suez Canal	15,600	15,000	15,005	"Chartered"	108	102	100
Chargeurs Réunis	321	312	304	Ford	180	155	150
Rio Tinto	1,770	1,701	1,665	De Beers	370	381	359
Royal Dutch	17,500	17,100	16,750	"Johnnies"	116	117	112

BERLIN.

The Berlin Bourse was quieter than most other European centres, the proximity of the Presidential elections checking business. A feature of Monday's dealings was an upward swing in certain mining shares on unconfirmed

(Continued on page 586.)

THE
FIVE YEAR PLAN
of the
NATIONAL PROVIDENT INSTITUTION
will be of interest to all Business Men. It is specially designed to assist them in the present period of Economic Reconstruction.
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LONDON ACTIVE SECURITY PRICES AND YIELDS.

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

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

Prices Year 1931.							Prices Year 1932 (Jan. 1 to Mar. 9) inclusive.							Prices Year 1932 (Jan. 1 to Mar. 9) inclusive.							Prices Year 1932 (Jan. 1 to Mar. 9) inclusive.								
High.		Low.		Name of Security.			Price Mar. 2, 1932.		Price Mar. 9, 1932.		Rise or Fall.		Present Yield.		High.		Low.		Name of Security.			Price Mar. 2, 1932.		Price Mar. 9, 1932.		Rise or Fall.		Present Yield.	
£ s. d.		£ s. d.													£ s. d.		£ s. d.												
British Funds.																													
60 1/2	49 1/2	60 1/2	54 1/2	Consols 2 1/2 %	59 1/2	60 1/2	+1 1/2	4	3	4	21	8	8	6 1/2	70 1/2	70 1/2	70 1/2	70 1/2	Paraguay Cen. D. B.	70 1/2	70 1/2	...	...	...	...	...	...	...	
85 1/2	77 1/2	85 1/2	81 1/2	Consols 4 1/2 %	92 1/2	94 1/2	+2 1/2	4	4	7	150	94	105	94	150	94	105	94	San Paulo Ord. Stk.	95 1/2	99 1/2	+4	12	1	2	10	0	0	
104 1/2	87 1/2	104 1/2	83 1/2	Cons. Loan 3 1/2 %	101 1/2	102 1/2	+1 1/2	4	7	0	65 1/2	20	25 1/2	20 1/2	65 1/2	20	25 1/2	20 1/2	Talita Rio Ord. Stk.	25 1/2	25 1/2	...	...	...	...	...	...	...	
106 1/2	93 1/2	106 1/2	91 1/2	Do. 5 % 1944-64	105 1/2	106 1/2	+1 1/2	4	7	3	9 1/2	2 1/2	4 1/2	2 1/2	9 1/2	2 1/2	4 1/2	2 1/2	Utd. Havana Ord. Stk.	25 1/2	25 1/2	...	...	...	...	...	...	...	
97 1/2	78 1/2	97 1/2	74 1/2	Funding 4 1/2 % 1960-90	95 1/2	96 1/2	+1 1/2	4	4	0	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
102 1/2	93 1/2	102 1/2	91 1/2	Treasury 4 1/2 % 1932-34	100 1/2	101 1/2	+1 1/2	4	2	9	16 1/2	5 1/2	6 1/2	5 1/2	16 1/2	5 1/2	6 1/2	5 1/2	...	...	...	...	...	...	...	...	...		
103 1/2	93 1/2	103 1/2	91 1/2	Treasury 5 % 1933-35	101 1/2	102 1/2	+1 1/2	4	7	0	11 1/2	8 1/2	9 1/2	8 1/2	11 1/2	8 1/2	9 1/2	8 1/2	...	...	...	...	...	...	...	...	...		
98 1/2	85 1/2	98 1/2	81 1/2	Victory Bonds 4 1/2 %	96 1/2	97 1/2	+1 1/2	4	2	6	11 1/2	8 1/2	9 1/2	8 1/2	11 1/2	8 1/2	9 1/2	8 1/2	...	...	...	...	...	...	...	...	...		
104 1/2	90 1/2	104 1/2	86 1/2	War Loan 5 % 1929-47	100 1/2	101 1/2	+1 1/2	4	6	11	25 1/2	12 1/2	13 1/2	12 1/2	25 1/2	12 1/2	13 1/2	12 1/2	...	...	...	...	...	...	...	...	...		
70 1/2	69 1/2	70 1/2	65 1/2	Local Loans 3 1/2 %	68 1/2	69 1/2	+1 1/2	5	2	0	55 1/2	31 1/2	50 1/2	44 1/2	55 1/2	31 1/2	50 1/2	44 1/2	...	...	...	...	...	...	...	...	...		
46 1/2	29 1/2	46 1/2	24 1/2	India 2 1/2 %	57 1/2	59 1/2	+2 1/2	5	1	8	27 1/2	23 1/2	25	23 1/2	27 1/2	23 1/2	25	23 1/2	...	...	...	...	...	...	...	...	...		
55 1/2	41 1/2	55 1/2	36 1/2	Do. 3 1/2 %	66 1/2	68 1/2	+2 1/2	5	2	11	58 1/2	43 1/2	56 1/2	47 1/2	58 1/2	43 1/2	56 1/2	47 1/2	...	...	...	...	...	...	...	...	...		
64 1/2	41 1/2	64 1/2	36 1/2	Do. 4 1/2 %	67 1/2	69 1/2	+2 1/2	5	5	0	26 1/2	19 1/2	25 1/2	21 1/2	26 1/2	19 1/2	25 1/2	21 1/2	...	...	...	...	...	...	...	...	...		
85 1/2	74 1/2	85 1/2	69 1/2	Palatine 5 % 42-67	106 1/2	106 1/2	0	4	10	0	6 1/2	5 1/2	6 1/2	5 1/2	6 1/2	5 1/2	6 1/2	5 1/2	...	...	...	...	...	...	...	...	...		
110 1/2	90 1/2	110 1/2	83 1/2	Sudan 5 1/2 % Bonds	108 1/2	109 1/2	+1 1/2	4	10	0	28 1/2	18 1/2	23 1/2	21 1/2	28 1/2	18 1/2	23 1/2	21 1/2	...	...	...	...	...	...	...	...	...		
99 1/2	87 1/2	99 1/2	79 1/2	Uster 4 1/2 % 45-75	93 1/2	95 1/2	+2 1/2	4	17	10	5 1/2	3 1/2	4 1/2	3 1/2	5 1/2	3 1/2	4 1/2	3 1/2	...	...	...	...	...	...	...	...	...		
Dom. & Colonial Govts.																													
85 1/2	75 1/2	85 1/2	72 1/2	Australia 5 % 1945-75	85 1/2	86 1/2	+1 1/2	5	18	6	14 1/2	9 1/2	14 1/2	11 1/2	14 1/2	9 1/2	14 1/2	11 1/2	...	...	...	...	...	...	...	...	...		
95 1/2	82 1/2	95 1/2	78 1/2	Canada 4 % 1940-60	87 1/2	88 1/2	+1 1/2	4	16	0	66 1/2	43 1/2	55 1/2	45 1/2	66 1/2	43 1/2	55 1/2	45 1/2	...	...	...	...	...	...	...	...	...		
105 1/2	97 1/2	105 1/2	91 1/2	Ceylon 6 % 1936-51	102 1/2	105 1/2	+3 1/2	5	0	0	42 1/2	38 1/2	40 1/2	36 1/2	42 1/2	38 1/2	40 1/2	36 1/2	...	...	...	...	...	...	...	...	...		
101 1/2	87 1/2	101 1/2	81 1/2	Gold Coast 4 1/2 % 1956	93 1/2	95 1/2	+2 1/2	4	18	9	4 1/2	2 1/2	4 1/2	2 1/2	4 1/2	2 1/2	4 1/2	2 1/2	...	...	...	...	...	...	...	...	...		
105 1/2	90 1/2	105 1/2	83 1/2	Kenya 5 % 1948-58	99 1/2	100 1/2	+1 1/2	5	2	10	11 1/2	8 1/2	8 1/2	8 1/2	11 1/2	8 1/2	8 1/2	8 1/2	...	...	...	...	...	...	...	...	...		
104 1/2	92 1/2	104 1/2	86 1/2	Nigeria 5 % 1950-60	99 1/2	100 1/2	+1 1/2	5	0	0	11 1/2	8 1/2	8 1/2	8 1/2	11 1/2	8 1/2	8 1/2	8 1/2	...	...	...	...	...	...	...	...	...		
80 1/2	46 1/2	80 1/2	36 1/2	N.S. Wales 5 % 35-55	72 1/2	74 1/2	+2 1/2	7	5	0	63 1/2	38 1/2	52 1/2	49 1/2	63 1/2	38 1/2	52 1/2	49 1/2	...	...	...	...	...	...	...	...	...		
102 1/2	85 1/2	102 1/2	78 1/2	N. Zealand 5 % 1946	99 1/2	100 1/2	+1 1/2	5	0	0	11 1/2	8 1/2	8 1/2	8 1/2	11 1/2	8 1/2	8 1/2	8 1/2	...	...	...	...	...	...	...	...	...		
81 1/2	48 1/2	81 1/2	38 1/2	Queensland 5 % 40-60	99 1/2	100 1/2	+1 1/2	5	0	0	11 1/2	8 1/2	8 1/2	8 1/2	11 1/2	8 1/2	8 1/2	8 1/2	...	...	...	...	...	...	...	...	...		
105 1/2	82 1/2	105 1/2	76 1/2	S. Africa 5 % 1945-75	99 1/2	100 1/2	+1 1/2	5	0	0	11 1/2	8 1/2	8 1/2	8 1/2	11 1/2	8 1/2	8 1/2	8 1/2	...	...	...	...	...	...	...	...	...		
100 1/2	85 1/2	100 1/2	79 1/2	Strat. Sett. 4 1/2 % 35-45	93 1/2	97 1/2	+4 1/2	5	0	9	4 1/2	2 1/2	3 1/2	2 1/2	4 1/2	2 1/2	3 1/2	2 1/2	...	...	...	...	...	...	...	...	...		
Foreign Governments.																													
85 1/2	75 1/2	85 1/2	72 1/2	Argentina 4 % Reclos.	96 1/2	99 1/2	+3 1/2	6	15	0	35 1/2	29 1/2	34 1/2	31 1/2	35 1/2	29 1/2	34 1/2	31 1/2	...	...	...	...	...	...	...	...	...		
105 1/2	97 1/2	105 1/2	91 1/2	Austrian 6 % 1923-43	96 1/2	99 1/2	+3 1/2	5	0	0	14 1/2	9 1/2	10 1/2	8 1/2	14 1/2	9 1/2	10 1/2	8 1/2	...	...	...	...	...	...	...	...	...		
98 1/2	85 1/2	98 1/2	78 1/2	Do. 7 % Int. red. by 1957	96 1/2	99 1/2	+3 1/2	5	0	0	14 1/2	9 1/2	10 1/2	8 1/2	14 1/2	9 1/2	10 1/2	8 1/2	...	...	...	...	...	...	...	...	...		
56 1/2	23 1/2	56 1/2	18 1/2	B. Aires (Prov.) 3 1/2 %	39 1/2	39 1/2	0	8	17	3	80 1/2	47 1/2	70 1/2	56 1/2	80 1/2	47 1/2	70 1/2	56 1/2	...	...	...	...	...	...	...	...	...		
112 1/2	89 1/2	112 1/2	81 1/2	Belgian 7 % red. by 1956	107 1/2	107 1/2	0	6	11	5	21 1/2	16 1/2	20 1/2	16 1/2	21 1/2	16 1/2	20 1/2	16 1/2	...	...	...	...	...	...	...	...	...		
83 1/2	36 1/2	83 1/2	30 1/2	Bulgaria 7 % Loan	32 1/2	34 1/2	+2 1/2	21	14	0	13 1/2	9 1/2	11 1/2	9 1/2	13 1/2	9 1/2	11 1/2	9 1/2	...	...	...	...	...	...	...	...	...		
75 1/2	43 1/2	75 1/2	37 1/2	Brazil 5 % Fund, 1914	63 1/2	67 1/2	+4 1/2	4	0	0	24 1/2	16 1/2	20 1/2	16 1/2	24 1/2	16 1/2	20 1/2	16 1/2	...	...	...	...	...	...	...	...	...		
79 1/2	40 1/2	79 1/2	34 1/2	Do. 6 1/2 % (1927)	40 1/2	43 1/2	+3 1/2	15	11	1	14 1/2	11 1/2	14 1/2	11 1/2	14 1/2	11 1/2	14 1/2	11 1/2	...	...	...	...	...	...	...	...	...		
92 1/2	40 1/2	92 1/2	34 1/2	Chili 6 % (1929)	25 1/2	25 1/2	0	28	19	2	26 1/2	20 1/2	26 1/2	20 1/2	26 1/2	20 1/2	26 1/2	20 1/2	...	...	...	...	...	...	...	...	...		
92 1/2	40 1/2	92 1/2	34 1/2	China 5 % (1912)	38 1/2	38 1/2	0	12	19	0	34 1/2	25 1/2	32 1/2	26 1/2	34 1/2	25 1/2	32 1/2	26 1/2	...	...	...	...	...	...	...	...	...		
70 1/2	55 1/2	70 1/2	48 1/2	Do. 5 % (1913)	57 1/2	58 1/2	+1 1/2	9	0	0	16 1/2	12 1/2	15 1/2	12 1/2	16 1/2	12 1/2	15 1/2	12 1/2	...	...	...	...	...	...	...	...	...		
113 1/2	78 1/2	113 1/2	72 1/2	Czechoslovakia 8 %	70 1/2	70 1/2	0	4	6	9	14 1/2	9 1/2	12 1/2	9 1/2	14 1/2	9 1/2	12 1/2	9 1/2	...	...	...	...	...	...	...	...	...		
86 1/2	70 1/2	86 1/2	64 1/2	Danish 3 1/2 %	63 1/2	63 1/2	0	10	5	0	24 1/2	17 1/2	22 1/2	18 1/2	24 1/2	17 1/2	22 1/2	18 1/2	...	...	...	...	...	...	...	...	...		
87 1/2	58 1/2	87 1/2	52 1/2	Danish 4 1/2 %	63 1/2	63 1/2	0	10	5	0	24 1/2	17 1/2	22 1/2	18 1/2	24 1/2	17 1/2	22 1/2	18 1/2	...	...	...	...	...	...	...	...	...		
8																													

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Mar. 2, 1932.	Price, Mar. 9, 1932.
Central Electricity Board 5% Debts.....	95	25	2½-2¾pm	3½-4½pm
Croydon Corporation 5% Stock 1950-60.....	100	30	1½-2½pm	3½-4½pm
Darlington Rustless Steel and Iron Ord. £1	...	£1	21/6-22/6	21/6-22/6
Electrical Finance Co. 5½% Debts.....	99	ty. pd.	99-101	99-102
Manitowish 5% 1951-1971.....	98½	ty. pd.	104½-105½	105½-106½
Metropolitan District Railway 5% Debts.....	97½	20	3-3½pm	3-3½pm
Metropolitan Electric Supply New Ord. £1	...	...	39/-40/-	39/6-40/6-
Nyasaland 4½% Gtd. 1952-72.....	97½	5	1½-2½pm	3½-4½pm
Poole Corporation 5% Stock 1952-72	100½	5	...	2½-3½pm
Uganda 5% 1951-71.....	96	35	3½-4½pm	5-5½pm
Westminster Electric New Ord.	£1	...	25/-26/-	25/-26/-

(Continued from page 583.)

rumours that negotiations were pending for a Government credit on the pit-head coal stocks. Rayon shares were in some demand. Siemens and Halske were more active. Unofficial quotations, for the most part, showed a moderate decline on the week. Dye Trust were done at 91 (against 97), Siemens at 112 (against 114), General Electric at 30 (against 30½), and Reichsbank at 118 (against 115).

AMSTERDAM.

Dullness marked the opening of the Amsterdam Bourse, considerable profit-taking being in evidence. Unilever, however, resisted the prevailing tendency owing to the good results of Home and Colonial and Lipton. Philips Lamps reacted. A.K.U. improved on the favourable Snia Viscosa report, but subsequently weakened on the announced restriction of production. Royal Dutch trended downwards, but Rubber shares were steady. A more cheerful tone developed on Wednesday, the strength of sterling inducing a certain amount of bear covering. Amsterdam Trading was a firm feature, the Sugar market being encouraged by the large Java sales.

	Mar. 3, 1932.	Mar. 7, 1932.	Mar. 10, 1932.		Mar. 3, 1932.	Mar. 7, 1932.	Mar. 10, 1932.
5½% German	37½	37½	4½	Steel Common	52½	52½	50½
Unilever N.V.	116½	118½	122½	A. K. U.	42½	43	44½
Philips Lamps	75½	75½	76½	Ford Motor	154	142	137½
Netherlands Ship	63½	64½	68½	Dell Batavia	171	165	159
Java Cultuur	140½	145	145	Royal Dutch	172	164½	162½

OTHER CENTRES.

Irregular conditions prevailed in most of the minor European centres, with no marked trend either way. Stockholm was quiet at the opening, but weakness subsequently spread from Swedish Match and Kreuger and Toll, which were marked down on adverse dividend rumours, to the market as a whole. Brussels enjoyed a recovery after an earlier recession on Paris selling. An improvement occurred in Milan after a poor start.

INVESTMENT NOTES.

Markets and "Money."—The events of last week, which may be regarded as having reached their culminating point on Tuesday, when the authorities removed the "peg," caused investors to recast their policies with dramatic suddenness. In the first place, the gilt-edged market saw the way open to an unlimited rise. A reduction in Bank rate became inevitable, and domestic buying of British Government funds was accelerated by foreign demand for 4 per cent. Funding Loan (which is free of tax to foreign holders). At the same time, the foreign gamble in sterling led to foreign buying of sterling securities which are either dealt in on the Paris Bourse or favoured by Paris speculators. Quotations for such international counters as Royal Dutch, Rio Tinto, Brazilian Traction and the South African mining shares were raised sharply in a rush of indiscriminate buying. When the inevitable setback occurred, the prices of the same counters fell almost as rapidly as they had risen. At the same time the South African gold-mining share market experienced something like a slump. Apart from the sell-

ing of Paris speculators, the British holder of these shares realised that, as the gold price of sterling appreciated, so the sterling price of his gold shares went down. On Wednesday dealings in the South African market were wide and erratic, and at first almost a matter of negotiation, though the market became more stable after the sterling rate had reached. The following table shows the further rise which has taken place in British Government funds:—

	Price Feb. 10.	Price Mar. 4.	Price Mar. 10.
Consolidated Loan, 4%	84½	93½	94½
Conversion Loan, 3½%	75½	82½	82½
Conversion Loan, 4½% 1940-44.....	95½	102	102½
Funding Loan, 4%, 1960-90	86½	96	96½
Victory Bonds, 4%, by 1976	93½	96½	96½
War Loan, 5%, 1929-47	98½	101	101½

After Bank rate had been reduced to 4 per cent., markets quietened down, and industrial shares suffered from profit-taking. The week's events, as a whole, were an object-lesson in the undesirability of extreme fluctuations in the sterling exchange.

Stock Exchange Commissions.—We stated last week that the Committee for General Purposes of the Stock Exchange had announced their approval in principle of a reduction in the proportion of commission returnable to outside agents from 50 per cent. to 38½ per cent., except in the case of the banks. This did not apply to the clerks and half-commission men in the exclusive employment of brokers, as to whose position the opinion of the House was to be canvassed. A mass meeting, attended by over 800 members, was held on Tuesday to discuss this question, and a remarkable degree of unanimity was shown. The following resolutions were put and carried unanimously:—(1) That the commission allowed hitherto by brokers to bankers and agents had been excessive; (2) that in future the allowance to bankers who were members of the British Bankers' Association should be 38½ per cent., and to all other recognised agents 25 per cent.; (3) that all agents receiving commission should be registered with the Committee, which should have power to effect or refuse registrations without assigning reasons; (4) that no commission amounting to 20s. or under on a bargain should be divisible; (5) that the sponsors of the movement should place these resolutions before the Committee, and continue their efforts in furtherance of this policy. These resolutions, in point of fact, expressed the moderate point of view. Some members suggested the total abolition of the commission-sharing system; while others pointed out that the banks deserved their commissions, seeing that orders from this source involved the broker in no financial risk and assured him of prompt payment and delivery of stock. Considering that some firms do little business with banks, while others are large beneficiaries, and that some brokers make little use of the outside half-commission man, while others are dependent on business coming to them in this way, it is remarkable that complete agreement should have been reached on these resolutions. The Committee will, no doubt, attach due importance to this weight of opinion. It is obvious that the split-commission system, as a whole, does more harm than good to the Stock Exchange, and that it is in the interests of the whole "House" to make public dealing on the Stock Exchange as cheap as possible. Unless drastic reductions in half-commission allowances are made, there is little chance of the investing public securing lower charges. It is interesting to know that the provincial stockbrokers are entirely behind this movement for reform.

Reception of the Royal Mail Scheme.—The Royal Mail Scheme, a summary of which was given in our last issue, has had, on the whole, a favourable reception. Some publicly-voiced criticisms appear to be based on incomplete appreciation of the Scheme's aims, while others have been mutually self-destructive. The London Maritime Investment Company, as trustee for the 6 per cent. debenture stockholders of the African Steam Ship Company, has criticised certain "amendments of principle,"

made after the original proposals had obtained its approval, but has declared that stockholders would be well advised not to oppose the Scheme. The fiercest criticism, so far, has come from the trustees for the "A" debenture stockholders of Elder Dempster and Company, who, in a circular, have declared that, if available assets were placed under the control of all the company's debenture-holders jointly, the "A" stockholders might obtain about 5s. in the £. They have also referred to a High Court application. Replies to this circular have come from two quarters. The trustees of Elder Dempster 5 per cent. debenture stock have pertinently pointed out that their issue ranks in priority to the "A" stock, and there is no possibility of the control of the assets being placed under representatives of the two classes of debenture stockholders. The chairman of Elder Dempster has also issued a circular dealing with a point which the "A" trustees' document scarcely made clear—namely, that Elder Dempster itself has only one ship (now laid up), its interest in the African Steam Ship and British and African Steam Navigation Companies consisting mainly of shareholdings. If the Scheme of arrangement is rejected and receivers are appointed, there is "no probability" of the assets of the two latter companies realising sufficient to meet their liabilities, in which case no value will attach to Elder Dempster's shareholding. On the other hand, if the Scheme is carried and trading conditions improve, substantially more than 5s. in the £ should be available for Elder Dempster's "A" debenture stock. The Court has directed that the meetings of debenture-holders and creditors are to be held on specified dates from March 18th to March 24th. An application for the holding of the Harland and Wolff meetings in London, however, has not been granted. The meetings will, therefore, be held in Belfast not later than April 24th. It may be hoped that debenture-holders and creditors will make every effort to attend these meetings, in order that the opinion of really representative majorities may be ascertained.

Cables and Wireless.—The passing of dividends on the £23,160,741 of 5½ per cent. cumulative preference stock of Cables and Wireless, followed by the announcement that the company will not occupy its new building on the Victoria Embankment, has naturally depressed market sentiment. The 5½ per cent. preference stock has fallen to 45, as compared with a high level of 78 last year. Indeed, it was only a few months ago that a relatively cheerful view was taken of Cables and Wireless prospects. A memorandum prepared by one of the leading dealers of the Stock Exchange last October declared that, as a result of the fall in the exchange value of the £, the company was in a position to compete successfully with the American telegraph companies. It was added that the income from investments alone in 1930 amounted to £611,941, which was sufficient to pay a dividend of 2.7 per cent. on the 5½ per cent. preference stock, and that the company held British Government and other securities valued at over £14 millions, whereas the market value of the three classes of the company's capital was then approximately £17 millions. This memorandum led to such a demand for Cables and Wireless preference stock that prices rose from 51½ to 78. How ill-considered this memorandum was is now apparent from the figures of traffic receipts of the operating subsidiary, Imperial and International Communications, for 1931, which, at £4,624,437, showed a decline of £741,124, or 13.8 per cent., as compared with those of 1930. The directors now declare that the estimated financial results of Cables and Wireless for 1931 do not permit of the declaration of any dividend for the year. In the *Economist* of January 30th we estimated that, after allowing for the 13.8 per cent. decline in traffic receipts of the Communications Company and for a decline of 20 per cent. in investment income, Cables and Wireless should earn approximately 3½ per cent. on its preference stock. It would appear from the directors' latest statement that either the investment income has declined much more heavily than we anticipated or that the company is applying a large proportion of its profits to writing-off depreciation on these investments.

It is time, we think, that the stockholders were taken into the confidence of the directors and were told the true position. A committee was set up last July by the Imperial Communications Advisory Committee, which is a Government body, to enquire into the position of the Communications Company and to suggest measures which would remedy the discrepancy between the standard revenues and the present earnings. The stockholders would seem to be entitled to have the results of this committee's work placed before them. If Cables and Wireless is over-capitalised, having regard to possible future earnings, it is essential that a drastic writing-down of capital should be carried out without further delay. The capitalisation of the company was based largely on the high prices to which the ordinary stocks of the Cable Companies and of Marconi were carried in the boom which preceded the merger in April, 1929. The following table shows the present market capitalisation as compared with the par valuation fixed at the time of the merger:—

	Par Value.	High, 1930. Quota-tion.	Market Capitali-sation.	Present Market Quota-tion.	Market Capitali-sation.
5½% cum pref stk	23,160,741	100	23,160,741	45	10,422,333
7½ "A" ordinary stock	20,686,854	77	15,928,878	15	3,103,028
"B" ordinary stk.	8,655,977	39½	3,419,111	9½	822,318
	52,503,572		42,508,730		14,347,679

It will be seen that the aggregate decline in market value has been nearly 73 per cent. from par value. The market undoubtedly feels that a serious blunder was made in arranging the merger company's capitalisation, and that an early opportunity should be taken of readjusting the capitalisation to earning capacity.

THE STANDARD BANK OF SOUTH AFRICA LIMITED

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

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

Board of Directors.

William Selouson Arbuthnot, Esq. Rt. Hon. the Earl of Athlone, K.G. Rt. Hon. Lord Balfour of Burleigh. Stanley Christopher, Esq. Edward Clifton-Brown, Esq. Robert E. Dickinson, Esq.	Horace Peel, Esq. Rt. Hon. the Earl of Selborne, K.G. William Smart, Esq. Rt. Hon. Lord Sydenham. G.C.S.I., F.R.S. Sir Roderick Roy Wilson.
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Joint General Managers in South Africa—James S. Shiel, G. F. Le Sueur, W. K. Robertson.
Deputy General Managers in South Africa—Francis E. King, Herbert G. Hoey.
Assistant General Manager in South Africa—E. C. Frost.
London Manager—Bertram Lowndes.
Secretary—T. D. Williams.

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

Provision Store Profits.—In spite of the adverse trading conditions of 1931, satisfactory results are shown by the latest accounts of the "Unilever" group of multiple shop provision dealers, embracing Home and Colonial Stores and its associated companies, Lipton, Maypole Dairy and Meadow Dairy. The earnings of Home and Colonial, after deduction of tax provision, rose from £564,988 to £795,825, an increase of £230,837, but of this difference some £214,940 is accounted for by the profit of Lipton, whose issued capital was acquired during the year. Both companies have distributed an ordinary dividend of 25 per cent., representing, in the case of Lipton, an increase of 5 per cent. compared with last year. The net profit of Maypole Dairy fell from £537,216 to £432,294, the reduced dividend being barely covered at 15 per cent. The decline in the earnings of Meadow Dairy was less severe, but the ordinary dividend was reduced from 30 per cent. to 25 per cent. The reserve allocations of the four companies amounted in the aggregate to £85,000, compared with £105,000 in 1930:—

	Year.	Home and Colonial.	Lipton.	Maypole Dairy.	Meadow Dairy.
Net profit†	1929	£ 638,182	£ 118,377	£ 544,587	£ 257,915
	1930	564,938	148,717	537,216	259,282
	1931	795,825	214,940	432,294	233,725
Preference dividend	1929	129,000	43,000	107,500	63,750
	1930	129,000	43,000	107,500	63,750
	1931	178,372	43,000	107,500	63,750
Ordinary dividend (Amount)	1929	395,244	22,250	377,708	169,087
	1930	395,244	44,500	377,708	169,087
	1931	502,835	55,625	323,750	140,907
Ordinary dividend (%)	1929	25	10	17½	30
	1930	25	20	17½	30
	1931	25	25	15	25
Earned for Ordinary (%)	1929	33.9	39.8	20.3	35.6
	1930	28.3	55.5	20.6	36.0
	1931	32.1	94.7	15.1	31.9
To Reserve.....	1929	105,369	20,000	48,333	25,000
	1930	Nil	30,000	50,000	25,000
	1931	Nil	50,000	10,000	25,000
Other allocations	1929	Nil	25,000	Nil	Nil
	1930	Nil	25,000	Nil	Nil
	1931	Nil	Nil	Nil	Nil
Inc. or dec. in carry fwd.	1929	+ 8,569	+ 8,127	+ 11,046	+ 78
	1930	+ 40,694	+ 5,217	+ 2,008	+ 1,445
	1931	+ 114,618	+ 66,315	- 8,956	+ 4,068

* With approximate adjustment for income tax.
† After taxation allowances.

The balance sheet of Home and Colonial shows investments in and advances to subsidiary companies totalling £4,918,723, while cash, Treasury bills, and investments in Government and other securities stand at £356,402, against £254,150 last year. Creditors amount to £110,054, against £185,758. Lipton has liquid assets of £1,041,745, against £1,046,779, while a new item has appeared of £112,940, representing shares in an associated company. Creditors total £573,424, against £548,723. Maypole Dairy has liquid assets of £1,696,347 to set against a creditor item of £816,009, while Meadow Dairy has available resources of £530,053 and creditors of £126,844. All the balance sheets show a reduction in stocks carried, chiefly attributable, doubtless, to the lower prices which have ruled during the year. No important changes have occurred in fixed assets.

The "Harman Group."—On Saturday last, March 5th, Mr Justice Clauson gave judgment in an action brought by Morris and Jones, Limited, wholesale grocers, of Liverpool and Manchester, etc., against Mr Martin Coles Harman and other defendants on a claim for damages for alleged breach of trust. The judge found that Mr Harman, having become a director of Morris and Jones, obtained a resolution of the board, under which the finance side of the business was detached from the grocery side, and a finance committee formed, whose subsequent decisions Mr Harman and the other defendants effectively controlled. They thus obtained powers over a sum of £150,000 of the plaintiffs' money, invested in gilt-edged securities. Between the beginning and the middle of September, 1928, they spent £100,700 in purchasing six blocks of securities, £52,500 in purchasing two other blocks and £989 in paying a broker's commission. In the course

of 1929, the two latter blocks of securities were realised, and some £53,750 of the amount obtained was used to purchase two other blocks of securities. The company at the date of the action still held the six blocks of securities bought in September, 1928, and the two blocks bought in 1929, for which it had paid an aggregate sum of £154,450. It was contended that their total value was £7,776 and that they had never been worth more. In a detailed judgment, Mr Justice Clauson found that the eight purchases referred to (which embraced the securities of concerns in the "Harman group"), were made in breach of the duty of the defendants as directors; that the finance committee were not justified in locking up the funds of a large wholesale grocery business in securities of that character which had a common characteristic of being unmarketable; and that the purchases were made in direct disregard of the plaintiff company's interests in order to further the interests of the "Harman group" companies. Accordingly, damages of £145,564 were awarded. The judge, incidentally, criticised what he described as the "most unsatisfactory position," under which dealings were marked in the Stock Exchange lists, in the various securities, when there was no evidence that a real market existed. As a result, the defendant, Harman, had been able to state at a general meeting of the company, with some show of justification, that practically the whole of the investments were quoted on the London Stock Exchange above the balance-sheet figure. This matter was commended to the attention of those responsible for the publications of the lists. The matter, it is understood, has been considered by the London Stock Exchange Committee this week. The Committee, it is well known, have already taken a firm stand against abuse of the facilities for publicity afforded by quotations in the lists, and on more than one recent occasion have suspended quotations, and even dealings, on evidence of "manipulation." It is difficult to see, however, how they can effectively guard against misuse of "marking" facilities in respect of what, for all they know, may be perfectly genuine, although small, dealings. When a quiescent share suddenly blazes into apparent activity, with a long list of markings, there is an obvious *prima facie* case for inquiry, but when a similar share has merely one or two markings, in a period of inactivity, there is no obvious means of imputing "manipulation."

London Passenger Transport Bill.—The report is current on the Stock Exchange that the London Passenger Transport Bill is to be dropped. In the *Economist* of December 5th and January 2nd last, we dealt with the objections which had been raised to the Bill by interested parties since the defeat of the Labour Government. In particular, we referred to a memorandum circulated by Thomas Tilling which alleged that since the amount of stock to be issued had been greatly increased by the better terms secured by the London County Council, while the cost of petrol had risen and receipts were showing a tendency to diminish, it was more than likely that, on Sir William McLintock's estimate of profits, the annual interest charges would not be met, and that there would be no surplus available to finance future expenditure unless fares were raised. The chairman of Thomas Tilling, at the shareholders' meeting on Wednesday, confessed, however, that, having regard to the amendments secured in the Bill, the position of Thomas Tilling was not one that called for undue anxiety. Nevertheless, he reiterated his company's objections to the Bill, which, he said, "most of us concluded would be dropped" when the Labour Government was defeated. Mr Heaton now alleges that the Bill is not in the public interest and that the Labour Minister of Transport, "anxious to get on to the Statute Book a measure which he characterised as the greatest Socialistic scheme affecting transport ever placed before the country," had cleverly appeased the powerful opponents who had presented petitions against the Bill. The latter would not bring about a relief of congestion in the streets. If the proposed transport authority was to remain solvent, the number of public service vehicles in the London area would not be reduced by a single unit. Supporters of the measure will doubtless

reply that it is late in the day to object to the London Passenger Transport Board on account of its alleged Socialistic and monopolistic character, seeing that these fundamental issues were fully considered by a Committee of both Houses of Parliament. In view of the conditions in the London area, public control in some form would seem inevitable. The chairmen of the main line railway companies have expressed their view that the co-ordination of London passenger traffic is desirable and have emphasised the need for some central authority with which the railways can enter into firm arrangements. For our part, we have never disguised the fact that there are technical objections which ought to be considered. For example, it seems inequitable to take over the Metropolitan Railway in its entirety seeing that it owns valuable real estate property in London and outside, and runs a country line into the Chilterns. Whether the Metropolitan Railway should be treated as one of the main line railways, as the company claims, is another question, seeing that it owns a branch of the Inner Circle line between South Kensington and Aldgate, which is an indispensable link in any London scheme. These technical details must necessarily be considered, but to argue that the Bill should be dropped entirely is a different matter.

The Greek Debt Position.—Although the Finance Committee of the League of Nations was summoned to an extraordinary meeting on March 3rd last to hear, *inter alia*, the report of the Commission of Inquiry sent to Greece to inquire into the state of the country's finances, no official statement has yet been made. According to a report of a recent speech by M. Venizelos in the Greek Chamber, Greece has asked for the suspension, for five years, of the service for the redemption of the external debts, while there is a suggestion, in unofficial quarters, that a default on both sinking fund and interest of the internal debt may shortly occur. As will be seen from the following table of London price quotations for the most important Greek loans, dealers have taken a very conservative view of the country's prospects during recent weeks:—

GREEK GOVERNMENT LOANS.

Description.	Prices in 1930.		Prices in 1931.		Feb. 10, 1932.	Mar. 9, 1932.
	Highest.	Lowest.	Highest.	Lowest.		
Greek 5%, 1881	77½	68	85	63	61	50½
" 5%, 1884	78	68½	85½	60	59½	50½
" Monopoly, 4%, 1887	64½	56½	70	48	48½	40½
" 4% Rentes, 1889	62	55½	64	45	47½	40½
" 5% 1890	76½	68	85½	71	59½	50½
" 5% Funding Loan, 1893	74	70	82	65	59½	50½
" 4% Railways Loan, 1902	64½	57½	64	50	45½	42½
" 5% National Loan, 1907	90	83½	93	80	70	65
" 4% Bonds	64	56½	62½	47	48½	42½
" 5% Loan, 1914	81½	73½	84	58	61½	50½
" 7% Refugee Loan, 1924	104½	100	104½	66	69	65½
" 6% Stabilisation Loan, 1928	93½	86½	94½	58	54½	47½
" 6% Public Works Loan, 1928	91½	82	90	51	45½	45
" 8% Exchanged Refugees Loans, 1926-28	102½	97	84	65	65	65

In several cases, stocks have lost nearly a fifth of their value since the beginning of the year, and last month every loan except the 8 per cent. Exchanged Refugees of 1926-28 suffered some recession. Nervousness is likely to continue pending the report of Sir Otto Niemeyer, who recently returned from Athens to Paris in order to present his findings to the Finance Committee of the League.

A.E.G.—The balance sheet of the A.E.G., in which the American General Electric Group holds substantial interests, is much less favourable than that of its great competitor, the Siemens group. The A.E.G., which has a capital of Rm. 200 millions, has experienced a net loss of Rm. 19.3 millions, against net profits in the preceding year of Rm. 14.2 millions. The loss is covered by a reduction of the open reserves, but this company, like Vereinigte Stahlwerke, has omitted to undertake any revision of its balance sheet in order to allow for all the effects of the

crisis upon the book value of its assets. Total sales by A.E.G. last year fell from Rm. 520 to 370 millions, a fall, like that of Siemens-Schuckert, which is also a large producer of power plant, amounting to 30 per cent. About half the output of the A.E.G. is for export, and shipments abroad have recently been rendered difficult by the increased duties and the exchange regulations of many countries. Moreover, owing to the extraordinarily severe competition, some of them have only been possible at prices which represented a loss. In the home market, on the other hand, all improvements are crippled by the lack of capital, and in any case no extension is called for with the present downward tendency of the market for electric current. The Berlin Stock Exchange, therefore, takes a somewhat unfavourable view of the prospects of A.E.G., and the shares are down to one-third of their nominal value.

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

Monthly Average.	(000's omitted).				Total.
	United Kingdom.	British Possessions.	Foreign Countries.	£	
1924	7,051	6,023	4,370	£	17,444
1925	12,918	5,077	1,356	£	19,351
1926	10,765	4,431	4,036	£	19,232
1927	17,240	8,318	4,039	£	29,597
1928	21,965	5,263	3,526	£	30,754
1929	16,502	5,081	2,186	£	23,769
1930	14,220	5,121	2,975	£	22,316
1931	4,542	3,209	761	£	8,512
Monthly Total.	Govt. 850	Other. 11,839	12,000	£	26,961
October, 1930....	Dr. 1,350	684	49	£	Dr. 617
October, 1931....	Dr. 450	2,468	Nil	£	2,918
November, 1930	1,050	6,479	6,158	£	16,580
November, 1931	Dr. 450	2,468	Nil	£	2,028
December, 1930	850	26,914	3,361	£	31,463
December, 1931	Nil	2,503	15	£	2,518
January, 1931	1,800	6,331	118	£	8,249
January, 1932	Dr. 1,200	123	2,127	£	1,050
February, 1931	2,450	4,368	13,705	£	20,573
February, 1932	Dr. 600	7,660	2,470	£	9,530

The largest borrower, the Central Electricity Board, was unfortunate in its market, but its £7,000,000 issue has now gone to a premium and been rapidly absorbed, to the relief of underwriters. The Nyasaland loan of £2,000,000, at the end of the month, struck the beginning of the improvement in sentiment, and, like the Croydon Corporation loan of £750,000, was heavily oversubscribed.

Modder B.—Our mining correspondent writes:—In his report of a year ago the consulting engineer of the Modderfontein B Gold Mines gave frank warning that a reduction in profits was likely. A more or less corresponding reduction in dividends might reasonably have been anticipated. The warning has received ample justification in the event, the net earnings of 1931 displaying a shrinkage of well over £100,000. An increased tonnage of ore was put through, with the accompaniment of a saving of 1s. per ton in the cost ratio, but the revenue per ton shrank by 4s. 5d. From the 80 per cent. total which ruled from 1926 to 1930 inclusive the dividend rate was cut to 60 per cent. Nevertheless, the sum distributed amongst the shareholders once again substantially exceeded the earnings, the appropriation account being swollen by a transfer of a credit on property and equipment. For each of the

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past two years the amount has been in the neighbourhood of £33,000. Our usual tabulation is appended:—

	Year ends December 31.		
	1929.	1930.	1931.
Ore milled (tons)	836,000	840,000	887,000
Yield per ton (dwts.) ...	7.2	7.0	6.0
Costs per ton	17/3	16/11	15/10
Profit per ton	13/9	12/11	9/7
Total working profit (£) ..	574,560	543,437	424,173
Brought forward	389,323*	337,213*	324,682*
Ordinary capital:—			
Earned (£)	507,616	481,058	370,445
Paid (£)	560,000	560,000	420,000
Earned %	72.5	68.7	52.9
Paid %	80	80	60
Carried forward	336,939	291,054	275,127
Ore reserves (tons)	1,445,400	1,226,400	1,177,460
Value (dwt.)	7.3	7.03	6.57

* Including forfeited dividends and credit on capital account.

In the circumstances, satisfaction can be derived from the smallness of the shrinkage in the calculated ore reserves, though the value is nearly $\frac{1}{2}$ dwt. less than before. That the material included in the payable category should be down only by about 49,000 tons, while over a million tons were taken out of the mine, arises partly from the more productive character of the developed footage performed and partly from the utilisation of ore not included in the payable reserves. In point of fact, the latter represent little more than one year's supply. Still, the indications are that the life of the mine will be eked out by the use of "reclamation" material. Altogether Modder B 5s. shares do not appear overvalued at the current reduced level of around 11s. The balance of cash assets over liabilities stands at £275,100, against a capital of £700,000. Here a complication is introduced by Great Britain's departure from the gold standard. Of the £538,730 on deposit, £348,090 is receivable in British sterling; and of £238,870 dividends unpaid, £28,870 is due in the same currency. Very reasonably, no provision has been made for possible losses on exchange, as their amount "can only be ascertained as and when conversions actually take place."

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies: Refuge Assurance, Britannic Assurance, Sun Life Assurance Society, Provident Mutual Life Assurance Association, Beira Railway, King Line, Metropolitan Electric Supply, Midland Counties Electric Supply, United States Debenture Corporation, River Plate Trust Loan and Agency, and B. Morris and Sons. At the annual meeting of the Refuge Assurance Company the chairman said that the company administered the National Health Insurance of a membership of 663,000, an increase of 8,000 over that of the previous year. In the course of the year 1,158,997 payments of benefit were made, amounting to £704,118, including £80,338 in respect of maternity benefit. In the preceding year the corresponding payments of benefit numbered 1,194,560, amounting in all to £749,662. At the annual meeting of the Britannic Assurance Company, Mr Murray Laing mentioned that in the industrial branch last year they had issued over 100,000 free policies to persons who discontinued the payment of premiums. This showed the value of the concession introduced in 1930, under which automatic free policies were granted after the payment of only two years' premiums. Presiding at the annual meeting of the Midland Counties Electric Supply Company, Mr George Balfour pointed out that the real measure of the company's progress last year was the increased supply to bulk consumers and power users of 12 million units and to domestic consumers of 3 million units.

CAPITAL ISSUES.

The re-opening of the capital market to borrowers of good standing has produced a number of issues which have been more remarkable for the enthusiasm with which they have been taken up than for any particular significance as regards their total. Two more municipal corporations have made public issues, that of *Poole Corporation*, for £750,000, being offered direct to the public, to yield just under 5 per cent., while that of *Grimsby Corporation*, for £625,000, is being placed by Stock Exchange "introductions." Both stocks are trustee securities, and will enable the corporations to fund certain obligations. Another trustee issue of the week was made by the *Metropolitan Railway Company*, in the form of Debenture stock covered rather less than twice by last year's profits. The stock was priced to yield, with redemption in 1962, £5 3s. 3d. per cent., and the proceeds were to be applied partly to liquidating an overdraft on capital account and partly to general purposes, including expenditure on new works which the company is energetically prosecuting in its Outer-London area. Both the Poole and the Metropolitan issues were considerably over-subscribed, the basis of allotment in the former case being 4 per cent. An issue of another type was made by the *Bristol Greyhound Racing Association*, which offered 180,000 shares of 2s. (65,000 of which had been underwritten firm), out of its capital of £25,000. Greyhound racing, in the hands of the small minority of companies which have survived the orgy of the last boom, has become a more or less settled and localised "industry." Any new concern, however, even in a large centre of population, falls into the most speculative category, and the process of financing its early years is best left to specialists in the type.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Total recorded, January 1 to March 5, 1932, excluding conversions, £12,322,483.
Total recorded, January 1 to March 5, 1932, including conversions, £13,462,483.

National Savings Certificates.

Net receipts, week ended March 5, 1932, Dr. £200,000.
Total net receipts, April 1, 1931, to March 5, 1932, £1,900,000.

	Nominal Capital.	Conversions or New Money.	First Payment.	Further Liability.
To the Public.				
Poole Corporation £750,000 5% Stk. red. at par 1957-72, issued at 100%	750,000	341,011	412,639	75,000
Metropolitan Rly. £2,000,000 5% Stock red. 1957-62 issued at 97%	2,000,000	...	1,950,000	100,000
Bristol Greyhound Racing Association, Ltd., 180,000 shares 2s. at par	18,000	...	18,000	...
Total offered to the Public, week ended March 12, 1932	2,768,000	341,011	2,380,639	193,000
To Shareholders only.				
Duchess Property £80,000 6% Guar. Mt. Deb. Stk. at 97%	80,000	...	78,000	4,000
Duff Development £30,000 8% 1st Deb. Stk. at par	30,000	...	30,000	...
Northampton Electric Light and Power, 100,000 Ord. £1 at 31s.	100,000	...	155,000	50,000
Total offered to Shareholders only, week ended March 12, 1932	210,000	...	263,000	57,000
Total Offered for Subscription.				
Including Conversions.				
Jan. 1 to date—				
1932	16,247,133	14,766,122	...	...
1931	38,366,843	32,395,700	...	...
1930	44,812,595	44,812,595	...	...
1929	97,911,270	84,332,050	...	...
1928	...	155,555,110	...	...
1927	...	130,493,081	...	...
1926	...	63,507,780	...	...
1925	...	40,183,403	...	...
Total Offered for Subscription—				
Including Conversions.				
Whole year—				
1932	114,290,666	102,044,291	...	...
1931	454,888,784	267,800,700	...	...
1930	488,764,940	285,239,400	...	...
1929	693,100,056	369,058,073	...	...
1928	...	355,165,970	...	...
1927	...	230,782,800	...	...
1926	...	232,214,500	...	...
1925	...	209,326,101	...	...

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1932	13,466,514	630,000	£	14,766,122
1931	29,588,907	521,571	2,285,222	32,395,700
1930	33,955,302	8,045,697	2,811,596	44,812,595
1929	74,835,599	6,911,859	20,296,833	102,044,291
1928	227,658,500	15,548,800	24,593,300	267,800,700
1927	137,670,300	31,543,400	116,025,700	285,239,400
1926	218,817,900	45,062,800	111,177,600	375,058,300
1925	228,958,000	36,836,600	98,381,400	364,176,000
1924	145,180,000	39,393,200	46,208,800	230,782,800

By Stock Exchange Introduction.

	Amount previously recorded	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Total to date, 1932	535,750	...	...	570,300
Total to date, 1931	2,744,375	...	...	2,807,132

Poole Corporation.—Issue of £750,000 5 per cent. redeemable stock, 1957-1972, at £100½ per cent. Trustees are authorised to invest in this stock, which will be redeemed at par on March 1, 1972, or at the option of the corporation on or after March 1, 1957, on three months' notice. The proceeds of the issue will be utilised in repaying a bank loan raised in connection with expenditure on waterworks, &c., and to provide for the repayment of £341,011 5½ per cent. stock, 1932-52. A rate of one penny in the pound will produce £1,807.

Metropolitan Railway.—Issue of £2,000,000 5 per cent. redeemable debenture stock, 1957-62, at £97½ per cent., to yield, with redemption in 1962, £5 3s. 3d. per cent. The stock will be redeemed at par on January 15, 1962, or at the option of the company on or after January 15, 1957, on six months' notice. Trustees are permitted to invest in this stock. Net revenue of the company for the past five years has ranged from £765,866 to £844,515, so that interest on debenture stock, requiring £429,990, is amply covered. The capital is to be devoted to the furtherance of the company's development programme.

Bristol Greyhound Racing Association.—Issue of 180,000 shares of 2s. each at par, of which 65,000 shares were underwritten firm and allotted in terms of the prospectus. The company was incorporated to acquire, equip and operate a greyhound racing track at Bristol. Estimated net annual profit, £13,000, representing 60 per cent. on total issued capital.

Particulars of the following have been issued "for information only," with a view to Stock Exchange introduction:—**Grimsby Corporation.**—Particulars of an issue of £625,000 Grimsby Corporation 5 per cent. redeemable stock, 1962-1972, redeemable at par on March 15, 1972, or at the option of the corporation at any time on or after March 15, 1962, on six months' notice. The stock is a trustee security. The proceeds will be applied towards the costs of construction of the new Fish Dock at Grimsby.

AMERICAN RAILROAD MONTHLY GROSS AND NET RECEIPTS.

Company.	Month.	Ending.	Description.	Receipts for Month.	Aggregate to Date.
				1931.	1931.
				+ or -	+ or -
Alabama Gt. Southern	1	Jan. 31	Gross	\$ 362,427	\$ 169,127
			Net	Dr. 61,289	Dr. 61,289
Baltimore and Ohio	1	Jan. 31	Gross	11,439,237	3,952,058
			Net	1,354,916	1,354,916
Chicago & N. Western	12	Dec. 31	Gross	6,810,698	1,916,129
			Net	207,944	207,944
Chicago Great Western	1	Jan. 31	Gross	1,316,235	296,985
			Net	1,014	1,014
Colorado and Southern	12	Dec. 31	Gross	1,724,230	557,070
			Net	1,247,798	1,247,798
Denver and Rio Grande	12	Dec. 31	Gross	337,090	186,576
			Net	337,090	337,090
Erie Railroad	1	Jan. 31	Gross	6,037,651	1,657,104
			Net	366,958	583,813
Great Northern	1	Jan. 31	Gross	3,869,419	1,886,741
			Net	Dr. 735,184	Dr. 735,184
Illinois Central	1	Jan. 31	Gross	7,805,829	2,473,640
			Net	659,504	659,504
Lehigh Valley	1	Jan. 31	Gross	3,257,472	619,915
			Net	Dr. 55,112	Dr. 55,112
Louisville and Nashville	12	Dec. 31	Gross	6,089,971	2,403,607
			Net	783,159	783,159
Missouri Pacific	12	Dec. 31	Gross	6,040,175	2,119,990
			Net	620,648	620,648
N. York, New Haven and Hartford	1	Jan. 31	Gross	7,008,748	1,429,116
			Net	928,715	928,715
N. York, Ontario & Wn. Railway	1	Jan. 31	Gross	821,725	2,982
			Net	821,725	821,725
Norfolk and Western	12	Dec. 31	Gross	5,897,056	1,106,651
			Net	1,511,036	1,511,036
Northern Pacific	1	Jan. 31	Gross	3,422,193	1,422,577
			Net	Dr. 555,257	Dr. 555,257
Pennsylvania Railroad	12	Dec. 31	Gross	30,798,606	7,845,009
			Net	2,259,167	2,259,167
Reading Co.	1	Jan. 31	Gross	4,740,416	1,914,526
			Net	469,927	469,927
Rock Island Railroad	1	Jan. 31	Gross	6,207,084	2,206,463
			Net	3,073,456	3,073,456
Seaboard Air Line	12	Dec. 31	Gross	12,215,895	7,445,378
			Net	403,616	403,616
Southern Pacific	1	Jan. 31	Gross	6,527,960	1,919,541
			Net	24,224	24,224
Southern Railway	1	Jan. 31	Gross	9,368,640	3,579,465
			Net	596,949	596,949
Union Pacific	1	Jan. 31	Gross	3,155,743	1,355,741
			Net	Dr. 307,212	Dr. 307,212
Wabash	1	Jan. 31	Gross	626,605	626,605

† Net operating income.

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended March 4, 1932. (c) Week ended March 5, 1932.	Miles Open.	Gross Receipts, week ended March 6, 1932. (000's omitted.)						Aggregate Gross Receipts, 9 weeks. (000's omitted.)					
		Passen- ger, &c.	Merchan- dise, &c.	Coal and Coke.	Total Gross.	Total for Week.	Passen- ger, &c.	Merchan- dise, &c.	Coal and Coke.	Total Gross.	Total for Week.		
Great Western	1932	3,761	162	185	117	302	464	1,430	1,582	990	2,572	4,002	
(c) L. & N.	1931	3,761	173	190	114	304	477	1,577	1,685	972	2,657	4,234	
Eastern	1932	6,349	249	317	237	554	803	2,218	2,779	2,225	5,004	7,222	
L. M. & S.	1931	6,349	253	325	242	567	820	2,408	3,090	2,390	5,480	7,888	
Scottish	1932	6,962	380	471	266	737	1,117	3,338	4,015	2,339	6,352	9,692	
(c) L. M. & S.	1931	6,962	381	478	262	758	1,139	3,527	4,227	2,605	6,359	10,359	
Southern ...	1932	2,181	227	63	33	96	323	2,065	558	310	868	2,934	
(c) Southern	1931	2,180	243	61	25	86	329	2,228	625	314	939	3,167	
Total...	1932	19,253	1,018	1,036	653	1,689	2,707	9,052	893	586	14,798	23,850	
(c) Total...	1931	19,247	1,050	1,052	663	1,715	2,765	9,740	962	621	15,908	25,648	
(c) Metro- politan	1932	59	29-2	...	...	3-6	32-8	262-4	...	...	33-2	295-6	
(c) Under- ground E.R.	1931	59	30-6	...	...	3-8	34-4	279-3	...	...	34-6	313-9	
(c) Green Buses, &c.	1932	...	283-4	...	...	...	...	283-4	...	...	...	282-1-6	
(c) L. & S. Group	1931	...	285-5	...	...	...	...	289-0-6	...	...	...	269-0-8	
(b) Belfast & Co. Down	1932	...	25-5	...	...	...	...	23-6	...	...	...	23-6	
(b) Great Northern	1931	...	...	...	...	...	...	...	...	...	...	...	
(b) Great Southern	1932	...	...	...	...	...	...	...	...	...	...	...	
(b) Belfast & Co. Down	1931	80	1-8	...	...	...	...	381-6	...	...	...	381-6	
(b) Great Northern	1932	80	1-9	...	...	...	...	389-8	...	...	...	389-8	
(b) Great Southern	1931	562	8-9	...	...	...	...	1-6	...	...	...	6-3	
(b) Great Northern	1932	562	8-9	...	...	...	...	1-7	...	...	...	6-5	
(b) Great Southern	1931	562	8-9	...	...	...	...	78-2	...	...	...	115-3	
(b) Great Northern	1932	562	11-4	...	...	...	...	84-5	...	...	...	127-6	
(b) Great Southern	1931	2,182	20-9	...	...	...	...	170-6	...	...	...	324-8	
(b) Great Southern	1932	2,182	20-9	...	...	...	...	185-2	...	...	...	380-4	

* The operations of these Companies were extended during 19

COMPANY MEETINGS, &c.

REFUGE ASSURANCE COMPANY, LIMITED.

PROGRESS MAINTAINED.

PROFITS TO POLICYHOLDERS IN BOTH BRANCHES.

INCOME EXCEEDS £11,500,000.

ASSETS, £52,719,006.

DEPRECIATION COVERED BY INVESTMENTS RESERVE FUNDS.

The sixty-eighth annual ordinary general meeting of the Refuge Assurance Company, Limited, was held, on the 7th instant, at the chief office of the company, Oxford Street, Manchester.

Mr J. Wilcock Holgate (the chairman of the company) presided. The Secretary (Mr John W. Moss) having read the notice convening the meeting and the auditors' report,

The Chairman, in moving the adoption of the report and accounts, which were taken as read, after referring to the loss which the board had sustained by the death of Mr W. H. Aldcroft, F.I.A., who was appointed to the board in 1930 on his retiring from the position of general manager and actuary of the company, said:—

Gentlemen,—The report and accounts which I submit to-day indicate, I think, that notwithstanding the accentuated depression and the financial disturbances which characterised 1931, the company has again produced a record of progress and development which should give satisfaction to all who are associated with it. The year has provided many difficult problems, but the progress the company has made is evidence of the strength and adaptability of our organisation, and also of the confidence which is placed in the "Refuge" by the public.

The total premium income amounted to £9,223,551, an increase of £270,793 over that of the previous year, and the total net interest income was £2,265,147, showing an increase under that heading of £45,614. Our total funds now stand at £52,719,006, showing an increase of £3,350,759. The amount paid in claims by death or maturity during the year was £4,923,215—a figure which represents the payment of approximately £16,000 each working day—and the total sum paid under this head since the inception of the company is now £70,946,838. The aggregate surplus shown by the valuation of the two branches of the company, after transferring £2,500,000 to the investments reserve funds, is £1,884,328, which includes £648,140 brought forward from the previous valuation, and the investments reserve funds now amount to £4,350,000. It is proposed to allocate £902,393 to the policyholders, and £120,000 to the shareholders, the balance of £861,935 being carried forward.

INDUSTRIAL BRANCH.

The industrial branch, which comprises, of course, those assurances subject to weekly or monthly premiums collected at the homes of the policyholders, has had to contend with the very difficult conditions created by the long-continued depression in trade and employment, and the progress the branch has shown in 1931 is, I submit, very convincing proof of the value which the industrial community place upon their life assurances, and the efforts which they make, not only to maintain their policies in force, but also to take advantage of fresh assurance cover when the necessity arises. In very many cases when death occurs, it is literally true to say that the industrial assurance policy provides the only funds available to meet the expenses which then fall upon the survivors, and in such circumstances the prompt payment of claims with a minimum of formality, upon which the company has always prided itself, is daily proving the worth of industrial assurance and justifying its place in the social scheme.

In the industrial branch, the company issued 967,207 policies during the year for a total sum assured of £17,791,755. The premium income in this branch was £5,084,493, which shows an increase of £142,902 over the corresponding item of the previous year, and the net income from interest on investments, after deduction of income tax, was £841,403, showing a net yield of £5 9s. 2d. per cent. on the assurance fund of this branch, the corresponding figure for the previous year being £5 10s. 6d. The death claims amounted to £1,895,558, and £343,076 was paid on matured endowment policies. The expense ratio for the year was 36.47 per cent., which compares with 36.52 per cent. for 1930. The company, in common with the whole community, experienced a heavier death-rate in 1931, and the claim rate from deaths and survivals combined was 44.03 per cent. of the premium income, as compared with 41.04 per cent. for 1930 and 45.18 per cent. for 1929.

The industrial branch life assurance fund now amounts to £16,112,942, having increased by £563,813 during the year, in addition

to which there is an investments reserve fund in this branch amounting to £1,875,000, a sum of £1,000,000 having been transferred to the latter fund at the end of the year to meet the exceptional depreciation to which I refer later.

INDUSTRIAL BRANCH VALUATION.

The valuation of this branch has again been made on the basis of the English Life Mortality Table No. 8 Males, with interest at 3 per cent. for all classes of policy except adult single whole-life assurances by weekly premiums and infantile whole-life assurances by weekly premiums not exceeding one penny, which are valued at 3½ per cent. As regards these whole-life policies, a modification has been introduced, as compared with the previous year, the percentage thrown off the office premiums before valuation now varying from 32½ per cent. upwards, as against from 35 per cent. upwards last year, a net positive liability being provided in every case. The remaining policies, including the whole-life assurances by monthly premiums, have again been valued on a strict net premium basis. After the transfer of £1,000,000 to the investments reserve fund, the surplus is £291,830, which includes £73,394 brought forward from the preceding year. It is proposed to set aside £159,338 for allocation amongst the policyholders in this branch, and from the remainder to allocate to the shareholders the sum of £14,938, and to declare a dividend of 7½ per cent., absorbing £22,500. The balance of £95,054 would then be carried forward unappropriated.

The number of industrial branch policies in force at the valuation date was 6,901,492, assuring the sum of £97,049,674, and their average duration was ten years and five months.

ALLOCATION OF PROFITS TO POLICYHOLDERS IN THE INDUSTRIAL BRANCH.

I am sure you will share my pleasure that the events of the past year have not rendered it necessary to interrupt the sequence of allocations of profit to policyholders, which have become a feature of our industrial branch business. The amount available on this occasion is, as I have said, £159,338; and it is proposed to utilise it in favour of policyholders under our whole-life tables 1, 2, 3 and 12, 13, 14, by increasing to the latest and most favourable scales of benefit the amounts payable under claims in respect of deaths which occur under these tables between March 7, 1932, and March 5, 1933, inclusive, where the sum assured by the policy is less than that shown by the latest scale.

It will be recalled that, as a result of previous allocations of profit, the benefits under all other classes of policy are now permanently increased to the amounts shown by the latest and best scales of benefit.

ORDINARY BRANCH.

The ordinary branch has shown an expansion which, I think, can be regarded as gratifying. We have been able to increase the number of our existing assurances and our premium income, notwithstanding the circumstances of the times, and also the effect of another factor which is growing more important as the years go on—I refer to the large and increasing number of our ordinary branch endowment assurances which are now maturing for payment each year, upon completion of the endowment term. In spite of these two influences, our premium income in this branch increased by £127,891 in 1931, and amounted to £4,139,059.

The number of policies issued was 51,056, assuring the sum of £6,524,321, at annual premiums of £458,727, and at single premiums of £64,786. The net income from interest, after deduction of tax, was £1,423,744, and the net rate of interest earned on the assurance fund of this branch was £4 13s. per cent., as compared with £4 16s. for the previous year. Claims paid amounted for £2,684,544, comprising £810,129 paid under endowments by death and £1,874,415 on matured endowments.

The ordinary branch life assurance fund now amounts to £31,479,305, having increased by £273,853 during the year, in addition to which there is an investments reserve fund in this branch amounting to £2,475,000, a transfer of £1,500,000 having been made

to the latter fund at the end of 1931, for the same reason as that to which I referred when dealing with the industrial branch.

The expense rate in this branch was again reduced, the figure being 14.65 per cent. for 1931—a reduction of 0.50 as compared with the rate for 1930.

ORDINARY BRANCH VALUATION.

The ordinary branch has again been valued by the OM table of mortality, the premiums taken into account being the OM 3 per cent. net premiums corresponding to the ages at entry. As regards the endowment assurances and paid-up policies, the valuation rate of interest has been increased from 3 per cent. to 3½ per cent., and in respect of all other contracts remains at 3 per cent.

After transferring £1,500,000 to the investments reserve fund, the surplus is £1,592,498, out of which it is proposed to declare a reversionary bonus at the rate of £1 14s. per cent. on with-profit policies, absorbing £743,055, and to allocate £82,562 to the shareholders, the balance of £766,881 being carried forward unappropriated.

The total number of ordinary branch policies existing at December 31, 1931, was 554,082, assuring the sum of £68,955,923, including bonus additions of £7,646,150.

REVERSIONARY BONUS.

You will perhaps remember that when speaking last year of the general financial position of the country, I spoke somewhat cautiously as to the outlook. This caution has unfortunately been justified; and, having regard to the present altogether abnormal conditions and the uncertain outlook generally, it has been deemed prudent to conserve the company's resources, and to declare a reversionary bonus at the modified rate of £1 14s. per cent. This rate represents a decrease of 10s. as compared with that of the previous year; but I am sure you will agree with me that, at a time such as this, we should have been unwise to adopt any other policy than that of a complete recognition of the facts, and an acceptance of the accompanying restrictive effects.

As regards the future, I am not prepared to make any attempt to foretell when we are to see the return of what may be termed "normal" financial conditions. The immediate concern of this company, as I see it, is to take no step which is not in accordance with those principles of consolidation and caution traditional with life assurance organisations and to which so much of their just reputation for financial stability may fairly be attributed; and we have been guided by this consideration throughout.

ORDINARY AND INDUSTRIAL VALUATIONS.

You will have observed that the basis of valuation in each branch has been modified on this occasion, and I should say at once that these altered bases are well within the actual experience of the company. The changes have been made for the purpose of releasing the additional amounts which, in view of the unprecedented depreciation which occurred last year in the market values of securities, it was deemed necessary to transfer to the investments reserve funds, and in each branch the amount so transferred considerably exceeds the amount released by the modification in the basis of valuation.

INVESTMENTS.

You will observe that the total assets of the company increased during the year by £3,350,759, and now amount to £52,719,006, the principal increases having occurred under the classification of:—

British Government securities.....	£1,574,123
Indian and Colonial Government securities.....	£571,883
Railway and other debentures and debenture stocks—	
Home and foreign.....	£510,760

The only substantial reduction occurs in our foreign Government securities, which show a decrease of £137,688 at £668,312.

The gross interest received amounted to £2,579,242, being an increase of £118,967 over the previous year, and produced a gross yield on the combined invested funds of both branches of £5 6s. 1d. per cent., against £5 8s. 6d. per cent. in 1930. The net interest, as I have already stated, amounted to £2,265,147, against £2,219,533 last year, giving an increase of £45,614, and a net yield of £4 18s. 5d. per cent., as compared with £5 0s. 9d. per cent. last year.

By far the most important feature of the year as regards our investments, however, has been the severe depreciation in their market value. Having regard to the unprecedented economic disturbance which has occurred throughout the world during the period under review, it is far from probable that you would anticipate that this company could have been immune from its consequences. Nor could we as a matter of fact, having regard to the widespread nature of the disturbance, have kept clear had we seen in advance exactly what was going to happen. I am pleased to say, however, that serious as the depreciation has been, in the aggregate it is considerably less in amount than, judging by the various

published investment indexes, we should have expected; and, what is more important, I am able to state that—after making due allowance for all anticipated losses on unquoted securities—it is more than covered by the investments reserve funds of £4,350,000, leaving intact the increased amount carried forward of £861,935. It is further gratifying for us to know that since the date of the valuation on December 31st last, a material reduction in the amount of depreciation has taken place.

AUTOMATIC FREE POLICIES IN THE INDUSTRIAL BRANCH.

In my speech last year, I referred to the automatic free policy scheme which was introduced in 1930 under which industrial branch policyholders who are unable to maintain their policies in force automatically become entitled to a free paid-up policy for a reduced amount, provided at least two years' premiums have been paid (with the exception of certain infantile policies). The grant of this free policy is not conditional on application being made for it; on the contrary, the company takes active steps, once the cessation of premium payments is established, to obtain the policy, endorse it with the free policy benefit, and then return it to the policyholder, who thus becomes aware of the benefit to which he is entitled, free from any further premium payments.

The company takes every possible step to avoid lapses of its policies, and allows what I think may be fairly described as liberal periods of grace for payment of premiums before it enforces a lapse, and, further, gives facilities afterwards for revival if the arrears, or a substantial portion of them, can be paid. But with all the goodwill in the world, both on the part of the company and of the policyholder, in view of the periods of unemployment and of under-employment which are now the lot, at varying and uncertain periods, of so many of the industrial population, lapses cannot always be prevented, and where, after every effort has been made, a policyholder finds it impossible to continue his assurance, this free policy scheme automatically looks after his interests. There is no doubt that the introduction of the scheme marked a great advance in the practice of industrial life assurance, and made an industrial assurance policy a more valuable and attractive contract than before.

I should like to add, as showing the very earnest desire of the company to assist its clients, that if a policyholder has incurred arrears through lack of employment, and finds himself able to pay current premiums but not to liquidate his arrears, then, under certain conditions, the company will cancel the arrears, subject to a suitable abatement being made in the sum assured by the policy.

EVENTS OF THE YEAR.

There are two other matters to which I think some brief reference should be made. The first of these is the progress of the deliberations of the departmental committee appointed in April of last year to examine the law and practice of industrial assurance and to consider whether any amendment of, or addition to, the law was desirable. The appointment of the committee seems to me a perfectly natural sequel to the endeavour in 1923 to compress within the rigid limits of a comparatively short Act of Parliament rules and conditions which should henceforth govern the innumerable details of administration of a business so complex, and with so great a need for elasticity of control, as that in which we are engaged; and our experience of the last few years has clearly shown the need for clarification of the law on certain points and its amendment on others. A considerable body of evidence has been put before the committee during the year, including that submitted by the Association of Industrial Assurance Companies and Collecting Friendly Societies, of which, as you know, this company is a member; and I am confident that the outcome of the committee's deliberations will be such as to encourage us in our endeavour to carry on this great business with the maximum efficiency of which the industry is capable.

The second matter to which I desire to draw your attention is the widening of our appeal to prospective policy holders by the addition of a new table in each of the two branches of our activities. In the industrial branch, the new table is an improved form of one previously in force and now cancelled in those areas in which the new table is put into operation; whilst in the ordinary branch, the new contract is one which breaks entirely fresh ground. In this case, the appeal is directed principally to the young married man with a family, and a considerable amount of business of the first class has followed its introduction. We anticipate that an important proportion of our new business in future years will be secured under this table.

NATIONAL HEALTH INSURANCE.

Turning now to the company's activities in connection with the national scheme of health insurance, I have to report that on behalf of the National Amalgamated Approved Society, with which, as you know, we are associated for the purposes of the National Health Insurance Acts, the company administers the national health insur-

ance of a membership of 663,000, an increase of 3,000 over that of the previous year. In the course of the year 1,158,997 payments of benefit were made, amounting to £704,118, including £80,338 in respect of maternity benefit. In addition, the further considerable sum of £119,406 was received by "Refuge" members by way of additional treatment benefits during the year. In the preceding year, the corresponding payments of benefit numbered 1,194,560, amounting in all to £749,622. The number of new members admitted during the year to the "Refuge" section of the Society was 38,197.

The magnitude of these figures affords convincing evidence of the importance of the part played by our representatives in carrying out the provisions of the National Health Insurance Acts.

GENERAL OUTLOOK.

As regards the general outlook, there are far too many unsolved international problems, to which has recently been added the trouble in the Far East, for me to venture to prophesy as to what the immediate future has in store. It would appear that a settlement of war debts and reparations will have to precede any real revival in world trade, upon which, of necessity, this country so much depends.

At home, however, it would appear that there are some indications which would seem to offer justification for a little carefully restrained optimism. When last I had the pleasure of addressing you, I suggested that one of the preliminary requirements to a recovery was a frank facing of the facts. Well, I think the country is entitled to claim that it has now faced the facts. The burden that is being borne as a consequence is an almost intolerable one, but it is being borne with the usual British grit and determination, and there are, I think, signs already that our National Government, in whom the vast majority have entire confidence, is getting a grip of the situation. We have reason to anticipate that the Budget will be balanced, and steps have been taken by which it is hoped to balance our trade, two essential tasks which must be accomplished before the credit of this country can be fully restored. The next step, if circumstances permit, would appear to be some reduction in direct taxation, without which, I am afraid, the country cannot get firmly on its feet. If this could be realised, the psychological as well as the actual effect on our people would be very far-reaching, as it would provide a ground for confidence, which for so long has been absent. We are not yet out of the wood, but, with patience, I believe we may see a little more daylight in the not distant future.

TRIBUTE TO STAFF.

Before bringing my remarks to a close, I wish to express the board's cordial appreciation of the efforts of the field staff and the chief office staff, and of the whole-hearted manner in which their activities have been pursued in a year which has presented many problems, both on the productive and the administrative side. The conditions which characterised 1931, and which still prevail, are undoubtedly a very severe test of character and ability, but the staff as a whole have demonstrated that they are not in any degree daunted by them; in fact, judging by the results which have been achieved, the difficulties encountered have, to the great majority, served as a stimulus and incentive to go all out for every opportunity of business which, by diligent seeking, could be secured.

The relations between the company and the staff organisations during 1931 continued on the friendly and cordial basis which has always hitherto existed, and I take the opportunity of saying how helpful both to staff and company is the spirit of mutual understanding and fair play which pervades these relations.

Gentlemen, I have now much pleasure in moving the adoption of the annual report and accounts.

The report and accounts were adopted.

Messrs William Proctor Smith and James Wilcock Holgate were reappointed directors.

Messrs Walton, Watts and Company were reappointed auditors.

The meeting closed with a vote of thanks to the chairman.

OFFER TO NEW READERS.

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

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

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THE KING LINE, LIMITED.

WELL EQUIPPED FOR TRADE REVIVAL.

SIR F. VERNON THOMSON ON THE SHIPPING OUTLOOK.

The forty-third annual general meeting of the King Line, Limited, was held, on the 10th instant, at Winchester House, Old Broad Street, London, E.C., Sir F. Vernon Thomson, K.B.E. (the chairman), presiding.

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

The Chairman said: Gentlemen,—The report and accounts having been circulated amongst the shareholders a few days ago, may we, as usual, take them as read? (Agreed.)

As stated in our report, the shrinkage in the volume of the trade of the world during 1930 and the consequent depression in the shipping industry continued in 1931. This world-wide economic depression resulted in the crisis of last autumn. As indicating the state of shipping about 3,000,000 gross register tons are at present laid up in the United Kingdom. A large proportion of our steamers had to be laid up over most of the year, and five are still laid up.

The printed accounts set out clearly the position. The total trading profit for the year, inclusive of dividends, &c., was £35,592. After deducting £27,093 interest, providing £4,500 income tax, and transferring £4,000 to the reserve fund, the balance has been included in the total of £40,315 carried forward to 1932.

As no dividend has been earned for 1931, and having regard to the liabilities of the company and the unsettled outlook for trade generally throughout the world, the directors, whilst regretting any inconvenience that may be caused, do not recommend the distribution of a dividend out of reserves. They consider that in the long run this will be in the best interests of the shareholders.

BOOK VALUE OF THE FLEET.

The company's fleet of nine motor-vessels and eight steamships, of an average age of eight years, and of a total deadweight of 138,000 tons, now stand in the books at the reasonable average figure of £7 5s. 8d. per ton deadweight, or, allowing for the reserve fund and the amount carried forward, at £8 5s. 5d. per ton. At present it is impossible to sell steamships except at abnormally low prices, in the case of the older vessels approximating scrap prices, but the normal depreciation for a well-managed continuing steamship company has now been provided on your steamers to date.

As will be observed from the report, under the new regime the directors deemed it well forthwith to clear up the position regarding the company's unfortunate investments in the Royal Mail group. These consist of £249,000 Royal Mail ordinary stock and 4,500 ordinary shares of £1 each in the Piracca Trust, Ltd., both of which have now been written down to a merely nominal value by the allocation of £170,191 from the reserve fund. The reserve fund thus depleted has been made up again to £100,000 by the transfer of £89,829 from the insurance fund, no longer needed in the insurance fund, which is now £27,386, our vessels being fully insured at Lloyds and the principal companies. The value of the investments in the aggregate is now more than the £153,467 at which they stand in the books of the company.

FUTURE OF BRITISH SHIPPING.

There have been signs recently of a growing feeling of confidence in the trading community, which has engendered a broadening of demand in the freight markets, but the immediate outlook for shipping is still far from encouraging. Looking ahead, however, I do not take a gloomy view of the future if, as hitherto, we can offer efficient service on a competitive basis. The whole of the vessels of the King Line fleet are in first-class condition for their type and so ready to share in any improvement in maritime trade.

In these times of fiscal change, I hope that those in authority will not lose sight of the facts (1) that there is no industry more vital to Britain than the shipping industry; (2) that as Britain is the world's greatest ocean carrier, owning as it does about a third of the tonnage of the world, it should be our aim to promote, not to restrict, international trade; and (3) that our export trades are essential not only to shipping, but to the country as a whole if our present population is to be maintained in Britain.

I now beg to propose: "That the report and accounts as submitted be received and adopted."

The Earl of Coventry seconded the resolution, which was carried unanimously.

The retiring director, the Earl of Coventry, was re-elected, and Messrs. James Brown and Sandeman were re-appointed auditors.

Mr F. Hill said that he had intended to ask some questions, but had been anticipated by the chairman in his speech. He wished, however, to propose a hearty vote of thanks to the chairman, directors and staff for the way in which they had carried on the business of the company.

The vote was unanimously accorded, and a brief acknowledgment by the chairman concluded the proceedings.

RIVER PLATE TRUST LOAN AND AGENCY COMPANY, LIMITED.

STRONG FINANCIAL POSITION.

IMPROVED OUTLOOK IN ARGENTINA.

The fifty-first ordinary general meeting of the River Plate Trust Loan and Agency Company, Limited, was held, on the 4th instant, at 52, Moorgate, London, E.C., Mr James Anderson (the chairman) presiding.

The Chairman, in the course of his speech, said that during the last fifty years the company had had to pass through many periods of crisis, at times in the River Plate and on other occasions in England, but it had rarely, if ever, occurred that they had had to meet economic crises in both countries at the same time, as was the case last year. In Argentina economic crisis was occasioned by the unprecedentedly low and unremunerative prices obtainable for the primary products of grain, meat and wool, which formed the basis of the country's income. This had entailed curtailment of income of the whole community, making it difficult for the Government, as well as private individuals, to pay their way. In England we had had heavy depression in our principal industries, resulting in reduced profits and heavy depreciation in the realisable value of invested capital. Such adverse conditions were bound to be reflected in the profit and loss account. The profits for the year were down by some £36,800, but they were still able to pay dividends of 20 per cent. on the "A" shares and 7 per cent. on the "B" shares, and pass £25,000 to the reserve. The assets, taking Argentine and English together, showed a depreciation of £633,000, or 10.90 per cent. This, however, was covered more than twice over by the reserve and undivided profits. In the circumstances, these results must be considered as very satisfactory, and had only been possible because of the large reserves accumulated in past years.

STRONG FINANCIAL POSITION.

The balance sheet disclosed a very strong financial position, the liabilities to the public being exceptionally small and the liquid assets exceptionally large. The loans on first mortgage of freehold properties, £2,003,983, were for the most part in Argentine currency gold dollars, which at the close of the year showed a depreciation of about 13½ per cent. As, however, the sterling cost of the Argentine dollar had been written down in past years, the depreciation on the book figure was only £80,500, or approximately 4 per cent. The investments stood at £3,574,000, of which £590,000 was represented by British Government securities, the remainder being investments of a general character. At the close of the year the market price of these investments, of which 97 per cent. were quoted on the London Stock Exchange, fell short of the book cost by £552,500, or roughly 15½ per cent. This was the first year in which they had had to admit depreciation in their investments. He thought they might claim that the ratio of depreciation was below the average of most investment companies. The market prices ruling at the close of the year could not be regarded as a test of the real value of the investments, and it was to be expected that, when times become normal, the present depreciation would to a large extent disappear. During the year the decline in income was approximately 9 per cent., whereas the fall in market value was over 15½ per cent. The net profit, at £270,783, showed a falling off of £36,761, due to the increased loss on exchange remittances, which amounted to £36,915, as against £15,740 in the preceding year.

The outlook in Argentina was more settled and hopeful than it was a year ago. A new Government was in power, committed to a policy of retrenchment and economy. To balance the Budget, new taxes of a somewhat onerous character had been imposed, including an income tax, which was something of a novelty to Argentine citizens. Their share of the new taxation was 5 per cent. on the profits made in Argentina. The crops just harvested had given a fairly satisfactory yield, and prices were better than they were a year ago, but a return to prosperity could hardly be looked for until there was a substantial recovery in the world price of primary products.

The report and accounts were unanimously adopted.

SUN LIFE ASSURANCE SOCIETY.

NORMAL PROGRESS MAINTAINED—QUINQUENNIAL VALUATION.

The annual general meeting of the Sun Life Assurance Society was held, on the 8th instant, at 63, Threadneedle Street, London. The Hon. Sir William H. Goschen, K.B.E. (the chairman), said, in the course of his speech:—Gentlemen,—The report will have informed you that, notwithstanding all the difficulties of last year and the various ways in which our policy holders and the potential policy holders have been affected, the new business and income and outgo of the society have followed a normal course.

A life assurance holds a very special position among the financial possessions of a policyholder. A life assurance has a stability very different from most of the forms in which people place their savings. I need not enlarge on this, as there must be few of those who have practised the commendable habit of thrift who have not seen a large portion of their savings disappearing during the past year. We can thus understand how it is that, in times like the present, a man turns to life assurance for safe keeping of his savings and for protection of those dependent upon him.

A surplus of £4,409,658 is revealed. The greater part of this would have been available for distribution had the general economic circumstances been favourable. The society would have had a very successful quinquennium and increased bonuses could probably have been declared, but under present circumstances your directors decided not to make the usual quinquennial distribution but to limit the amount now to be divided to £775,918 and to make another valuation as at the end of 1932, so postponing until then the decision regarding the distribution of the greater part of the surplus amounting to over £3,000,000.

The sum of £775,918 that your directors have decided to divide at present, has been determined by two considerations which arise out of the postponement for a year of the decision regarding the distribution of the greater part of the surplus:—

BONUS DECISIONS.

Firstly, the declaration of the normal bonus in respect of only the first year of the quinquennium, i.e., 1927, and secondly, the protection against loss of bonus, in respect of the four other years of the quinquennium, of those policyholders whose assurances may terminate during the year of postponement.

The bonuses in respect of the year 1927 will apply to with-profit assurances which, being in force over December 31st last, were effected before January 1, 1928, and will, as shown on page 9 of the report, be at rates similar to those declared at the last quinquennial distribution in 1927.

The bonuses in respect of the year 1928-32, payable in respect of assurances terminating during 1932, will depend upon the cause of the termination. The rates of bonus applicable to claims, whether caused by death or maturity, will be the same as the reversionary bonus declared in respect of the year 1927 and the rate applicable to surrenders will be equal to the surrender value of a reversionary bonus at 75 per cent. of the rate declared in respect of the year 1927.

OUTLOOK FOR 1932.

Having now described how the interests of those policyholders who leave us during 1932 have been safeguarded, I should perhaps say something regarding the position of the many thousands who will remain to share in the results to be revealed at the end of 1932. I regret that we cannot forecast what those results will be; if we could there would be no need for the postponement of our decision regarding the distribution of that £3,000,000 of surplus that we are carrying forward. The fact that substantial bonuses are being paid in respect of policies terminating during 1932 is an indication of our expectations that normal profits will be earned during that year and of our not unreasonable hopes that, ultimately, circumstances will improve and the position become sufficiently stable to justify the distribution of the greater part of that £3,000,000. If these expectations and hopes are realised during 1932 we shall have ample profits available to provide customary bonuses in respect of the five years 1928-32. In the meantime, our policyholders have the added security provided by the £3,000,000 of carried forward surplus.

I would further like to emphasise that the financial position of the society is immensely strong, but with insurance (and especially life assurance) safety and strength are paramount considerations. It is hoped, therefore, that both policyholders and proprietors will realise the advantage of the disclosure of this strength, and I think that as soon as satisfactory economic circumstances can be reasonably anticipated the society will be able to return to normal distributions; also, that in the meantime the arrangements that have been made have ensured that, as far as possible, equity shall be preserved between the various interested parties.

The report and accounts were unanimously adopted.

BRITANNIC ASSURANCE COMPANY, LIMITED.

MR J. A. JEFFERSON'S REVIEW OF THE PAST YEAR.

SOUND PROGRESS DESPITE ACUTE DEPRESSION.

INVESTED FUNDS TOTAL TWENTY MILLION POUNDS.

The sixty-sixth annual ordinary general meeting of the shareholders of the Britannic Assurance Company, Limited, was held, on Friday, March 4, at the chief offices, Broad Street Corner, Birmingham, Mr J. A. Jefferson, F.I.A., chairman, presiding.

The Assistant-Secretary (Mr F. A. Powell, F.C.A.) read the notice convening the meeting and the auditors' report.

Mr Jefferson, in moving the adoption of the report, said: Ladies and gentlemen,—My first thought in addressing you is one of great relief at the passing of the Old Year.

The events of the past year must be so well known to you that I need refer only very briefly to them. The one consolation left to those responsible for the management of any financial concern at such a time is that the conditions were quite outside the control of any individual man or company and, indeed, were to a large extent outside the control even of our own country. The position seemed to be that throughout the wide world the means of exchange and systems of credit had broken down and distress was rampant everywhere in the midst of a world abounding in plenty. What a paradox, to be sure, but the facts were that we were faced with conditions of an altogether unprecedented character.

SELECTION OF INVESTMENTS.

As trustees for the savings of our policy-holders and responsible for the due fulfilment of every one of the four million contracts in force, whether effected for the provision of dependants at the time of death or for the assured's own old age, you will appreciate the grave responsibility resting upon the directors at such a time. The commodity in which we deal is money and, in order to meet our obligations as they emerge, it is essential that we should seek remunerative outlets for the money entrusted to us. Thus we have become the holders of invested funds of upwards of twenty million pounds. The world-wide crisis of last year was reflected in very serious depreciation in every class of gilt-edged security, and we have not escaped, and like every other financial institution we have suffered depreciation.

It has been our policy in the selection of investments to have regard primarily to the safety of the capital invested, and consequently the bulk of our funds are invested in well-secured mortgages or fixed-interest bearing stocks, the proportion invested in ordinary stocks being strictly limited to securities of the highest class in each group. When it is borne in mind that the depreciation during the year in British Government securities, according to the Official Actuaries' index, was no less than 11.7 per cent., it is unnecessary for me to state that we have had to meet heavy depreciation—that you would take for granted. What it is necessary for me to tell you is that I am satisfied that the extent of that depreciation is not excessive having regard to the market values prevailing as at December 31st last. Indeed, it might conceivably have been a good deal heavier. It was, however, within our capacity to bear the whole of the depreciation, but not only so, and this is the most important announcement I have to make to-day—it was within our capacity *without resort to any weakening of the standards by which we arrive at the actuarial liabilities of our policy contracts*. With the experience of last year as a warning that in this world nothing is certain except death, the directors felt we must relax nothing in the stringency of those steps which are within our control for meeting any further, even though we must hope unlikely, periods of adversity. Therefore, we decided to face reduced surpluses rather than resort to any weakening of our valuation bases. In the adoption of this prudent course I feel sure we shall have the approval of the shareholders, just as I am certain it will have afforded to our policy-holders that greatest of all attributes to a life policy—a feeling of absolute security in regard to the sum assured even at a time when values in so many other directions have been crumbling.

PROVISION FOR DEPRECIATION.

We have made provisions for all depreciation in our securities as at December 31st, and our ability to do so may be attributed to three factors (1) that the depreciation on our investments was not abnormal having regard to prevailing monetary conditions; (2) that we had built up large reserves in the good years for the specific purpose of meeting such a position of adversity should it arise; and (3) that our trading profits in other directions were well maintained last year. By these means we were enabled to give the certificate which appears at the foot of the balance sheet in your

possession, and I am proud to be able to say even that certificate is unduly modest, for, in fact, we could have said that we had more than covered the depreciation at the date mentioned.

The steps thus taken place the company in a very strong position when better times come, as come they must, sooner or later. Indeed, already, since the close of the year a very substantial appreciation has taken place in many of our securities, but, of course, whilst that is a highly gratifying feature, it is not discounted in any way in the accounts before you or in the allocation of surplus now being recommended.

As regards our trusteeship for the year 1931, I am delighted at being able to present such a report to you.

THE ACCOUNTS.

Turning to the accounts themselves, you will notice that the trading profits of the year have been highly satisfactory. We have passed another milestone in regard to our total funds, which now amount to over twenty millions, and the net increase for the year is £1,175,707 after applying the substantial sum of £327,617 in writing down our investments, so really the actual additions to the funds before writing down amounted to over one and a half millions, which again creates a record for the company.

Our total income, excluding the general branch, shows an increase of over £246,000, which is very satisfactory, bearing in mind the conditions operating throughout the year.

The total sum paid away in claims in the life branches was £1,826,070. An interesting feature is the fact that well over one-third of the total was paid to persons who had survived to the maturity of their policies.

In the ordinary branch you will note we have again passed the two and a half million mark in new sums assured, and the premium income of £1,083,138 shows an increase of £59,027.

In the industrial branch we have issued an average of over twelve thousand new policies per week, assuring a sum of over nine million pounds, which constitutes a record for the company. The premium income shows an increase of over £117,000, which I think is very satisfactory.

Referring to the general branch, the total income now amounts to over £131,000—showing an increase of over £44,000, which means we have increased our premium income in this department during the year by over 50 per cent.

BONUSES TO POLICYHOLDERS.

With regard to bonuses to policyholders in the ordinary branch, you will note we have for the year allocated £1 12s. per £100 sum assured. Whilst we regret having to reduce our bonus we feel confident that having regard to the exceptional difficulties of the past year and the stringency of the steps we have taken to meet the position, the bonus declaration will be received with approval by our policyholders.

In the industrial branch you will notice we have set aside £60,000 to provide a bonus to policies becoming claims prior to April 1, 1933.

In regard to the staff, you will note we have once again given tangible appreciation of their efforts by transferring £65,000 to the trustees of the staff pension fund, and I am sure it needs no words of mine to recommend this transfer.

In addition to writing down our investments by £327,000 odd, to which reference has already been made, we have transferred a further sum of £350,000 to our investment reserve funds, bringing them up to the handsome figure of £1,000,000. Again I make no apology for allocating these large sums to meet the situation, and although at the present moment quite a substantial recovery in market values has taken place, still I am sure you will realise what a source of strength it will be to us in the future to have met the position as at December 31st, as we have done.

COST OF INFLUENZA EPIDEMIC.

There has been a fairly substantial increase in death claims in the industrial branch. This is mainly due to the influenza epidemic in the early part of last year, and whilst that epidemic was not as virulent as some of its predecessors, still, I calculate that it cost the company about £100,000 in extra claims.

Cash surrenders show quite a considerable increase in both branches, but that only reflects the conditions prevailing during the

past year. Under this heading you will notice we have paid over £358,000, of which sum approximately £215,000 was paid out in the industrial branch.

The next item to which I would desire to draw your attention is the very important one of expenses of management. In the ordinary branch our total expenses amount to 13.14 per cent. only of the premium income as against 13.26 per cent. in 1930. In the industrial department there has also been a small reduction in expenses, the ratio being 35.97 per cent. for the year, as compared with 36.22 per cent. for 1930.

Turning now to the balance-sheet figures it will no doubt interest you to know that our Stock Exchange securities comprise approximately 75 per cent. of our assets, and of these about 70 per cent. fall under the category of redeemable securities.

Taking the first two items on the assets side you will notice that we have the substantial sum of over £2,720,000 advanced by way of mortgage. This comprises just over 13 per cent. of our total assets, and is largely accounted for by our house purchase scheme, which I am glad to state is still showing good progress, and, despite the distressing times through which we have been passing, our experience in regard to defaulters is most satisfactory.

Loans on parochial and other public rates show an increase of over £190,000, whilst under the heading of municipal and county securities an increase of over £100,000 is shown. Together these two groups represent over 10 per cent. of our total assets.

GILT-EDGED INVESTMENTS.

Under the heading British Government Securities we show an increase of £346,000—thus increasing our total holding to over £3,774,000, which is over 18 per cent. of our total assets. It may interest you to know that we took advantage of the low prices prevailing in the latter part of the year, and the average price paid is something like seven points below the present market price.

The next item to which I would draw your attention is the substantial increase of £481,000 in our railway and other ordinary stocks. You might at first glance be somewhat perturbed that we had thought fit to invest such a large amount in this class of security, but I feel you will be reassured when I tell you that the bulk of the money has been invested in shares of well-known insurance companies and banks, and I think I am justified in saying that the reports already issued give ample justification for our having bought these securities at the low prices which prevailed at certain periods during 1931.

As regards the other classes of Stock Exchange investments the position does not call for much comment. In the main the movements were downwards, and were due almost entirely to our taking advantage of the favourable opportunities created by the unique exchange position for selling our holdings of Currency Bonds.

It has been my custom to make reference to the work the staff have been doing in connection with the National Amalgamated Approved Society, and of which no doubt you are aware I have the honour of being president. The Britannic membership as at December 31, 1931, amounted to the substantial total of 348,000. During the year the staff made no less than 576,000 cash payments, including over 20,000 maternity claims—the actual amount paid in cash being £358,000.

Taking our record for the year, I think I cannot do better than sum up the whole position by the words used in a leading article in a financial paper on the morning after our report was issued, namely, that the results were "a most creditable achievement."

ACTUARY'S REMARKS.

Mr Murray Laing, in seconding the resolution, emphasised the significance to be attached to the statement that, in the valuation of the policy liabilities, they had not relaxed in any way the stringency of the basis previously adopted. That basis was 3 per cent. for all policies, and the net premium method in all branches except "British Legal" industrial. Such a basis was recognised by actuaries as a very high standard of achievement.

Next in importance to sound assets—and those of the "Britannic" were worth 20s. in the pound on December 31st last—was a sound ascertainment of the future liabilities. If, at such a time, a life office adopting such standards as these could announce a surplus—reduced though it must inevitably be—then he was sure the policyholders would regard a modest reduction in the rate of bonus declared as a small price to pay for such a practical application of the principles of "safety first" to the security of so vital a contract as a life policy.

It was the policy of the directors to improve the benefits to policyholders as far as possible on sound lines.

Mr Laing mentioned that in the industrial branch last year they issued over 100,000 free policies to persons who discontinued the payment of premiums, thus showing the value of the concession

introduced in 1930, under which automatic free policies are granted after the payment of only two years' premiums.

Referring to the ordinary branch, Mr Laing mentioned the good reception which had been given to the new policy issued some months ago, and known as the family income policy, designed specially to meet the needs of the young married man with family responsibilities—a feature being the immediate payment of the sum assured on death, with an income thereafter for the support of the family during the remainder of a period of twenty years from the date of the policy. Substantial business was done under the scheme during the few months it was in force last year, and much better results are expected during the current year. Whatever the needs of the insuring public might be the "Britannic" was out to meet them.

The report and accounts were unanimously adopted. The retiring director, Mr W. Roscoe, was unanimously re-elected, and Messrs Flint and Thompson were re-elected auditors to the company.

Votes of thanks to the directors, officials and the inside and outside staffs of the company for their services during the past year, and to the Chairman for presiding, terminated the meeting.

BEIRA RAILWAY COMPANY, LIMITED.

IMPORTANT NEW CONTRACTS.

The thirty-first ordinary general meeting of the Beira Railway Company, Limited, was held, on the 7th instant, at 2, London Wall Buildings, London.

Sir Henry Birchenough, Bt., K.C.M.G. (the chairman), in the course of his address, said: The railway administration took energetic steps immediately there were signs of an appreciable fall in revenue, and economies were effected in every possible direction. Economies cannot be made immediately effective, and I think you will agree that a reduction in expenses in the year of nearly £100,000 is not altogether unsatisfactory.

Our net revenue of £214,673 was £150,249 less than in 1930, a result which was largely brought about by the falling off in the high-rated general merchandise import traffic, from which we received £95,350 less than in the previous year.

During the current financial year the approximate gross receipts for the first quarter—that is, October 1 to December 31, 1931—only reached £119,405, as compared with £185,112 for the same three months of 1930 and with £241,413 for the similar period in 1929. As you know, the last few months have been a period of exceptional anxiety for the whole world, and in Africa the position has been aggravated by currency difficulties owing to the Union of South Africa, Portuguese East Africa, and the Belgian Congo remaining on the gold standard, while the two Rhodesias have followed Great Britain and maintained a sterling currency.

After careful consideration we have decided upon a moderate programme of increases in charges for general goods and passengers, which we think can be imposed without inflicting any undue hardship on the public, and which will relieve our position to some extent.

Now a word as to what we are doing to secure our position for the future, so that we can take full advantage of a return to normal conditions. Our route has hitherto enjoyed a large proportion of the import and export traffic exchanged with Northern Rhodesia and the Belgian Congo, but through rail connection has now been made between Lobito Bay and the Belgian Congo. It is too early yet to say whether this new line will affect our traffics to any appreciable extent, but I can tell you what has been done by your directors to safeguard the position of our company.

We have recently concluded agreements under which all the Northern Rhodesia copper mines will import all their requirements via Beira and will export all their copper by that route for a period of 13 years.

A new agreement has also recently been made with the Union Minière du Haut Katanga whereby a substantial percentage of their copper traffic is secured to Beira until 1939.

Appreciable quantities of copper from Northern Rhodesia are now actually passing over our system, which for the last three months of 1931 amounted to 6,819 tons of copper and 8,852 tons of copper concentrates.

The report was adopted.

Orders for the publication in these columns of the reports of Company Meetings should be addressed to the Reporting Manager of THE ECONOMIST, 8, Bouverie Street, Fleet Street, London, E.C.4.

MIDLAND COUNTIES ELECTRIC SUPPLY COMPANY, LIMITED.

CONTINUED GROWTH OF THE BUSINESS.

The nineteenth ordinary general meeting of this company was held, on the 7th instant, at Winchester House, Old Broad Street, London.

Mr George Balfour, J.P., M.P. (the chairman), presiding, in the course of his speech, said that the report and accounts would, he felt sure, be considered satisfactory. The revenue of £283,436 was derived from the trading profits of their lighting and power properties, such trading profits amounting to £402,139 after payment of income tax on the increased scale, against the trading profits for the previous year of £376,963.

The areas in which their power, lighting and transport properties were situated, in common with most areas throughout the country, had suffered from the general industrial depression, and it was therefore all the more gratifying to note that the continual expansion of their services had year after year provided new connections which not only overtook any drop in industrial demand but showed a steady growth in output and revenue. Last year was rather remarkable owing to the fact that, apart from the general effect of trade depression, two customers alone showed a drop of 14,000,000 units—one which was anticipated owing to the termination of a short-term bulk supply contract and the other a large industrial user. It was very satisfactory to note that that drop had been more than replaced by the miscellaneous demands of upwards of 8,000 new customers of the smaller class producing a better revenue per kilowatt. It was interesting to know that this year the industrial consumer to whom he had referred was taking not only his load of 1930 (i.e., the year before last) but was showing an increase over that year.

POLICY OF DEVELOPMENT AMPLY JUSTIFIED.

Their policy of forcing development, in spite of hampering legislative and industrial conditions, had been amply justified by results. They owned one of the finest power plants in the country and afforded efficient supplies alike in urban areas near the power station and in remote hamlets in the outskirts of their area.

After stating that they had rather slowed down their programme of changing over to trolley or bus in regard to their transport properties, but that they were satisfied with the progress made, he went on to say that with the two special orders granted in December last the whole of the area of the Leicestershire and Warwickshire Electric Power Company was now covered by special orders enabling that company to supply electricity for all purposes, including purely domestic lighting throughout its whole territory in addition to its power supply rights.

NEW CONNECTIONS.

During the year 8,607 new consumers were connected to their supply, almost the same number as the total number of customers served by their companies in 1925. The total number of consumers supplied directly by the operating companies at the end of 1931 was 41,860, including ten local authorities taking bulk supplies. The new connections for the first two months this year were in excess of the average monthly connections last year. Altogether they had laid and erected 273 route miles of new lines during the year, and they now owned 1,038 route miles of extra high tension lines, and 866 route miles of low tension distributors.

They generated during the year 203,368,000 units, and sold 175,430,000, an increase of approximately 930,000 units as compared with 1930. This figure, however, did not give a true indication of the growth of the business, as they dropped approximately 14,000,000 units, most of it temporarily, as already indicated. The real measure of their progress was the increased supply to bulk consumers and power users of 12,000,000 units, and to domestic consumers of 3,000,000 units. The growth of their domestic load had a stabilising effect on their revenue, and they were steadily encouraging domestic consumers to make greater use of their supply by the adoption of two part tariffs, the hiring of apparatus, and suitable propaganda.

The average revenue received by the Derbyshire and Nottinghamshire Electric Power Company during the past year from the sale of electricity to consumers throughout its area was 0.85d. per unit, and that received by the Leicestershire and Warwickshire Electric Power Company was 1.21d. per unit, while for the combined undertakings the average was 0.99d. per unit.

The report was unanimously adopted, and a final dividend was declared on the ordinary shares at the rate of 9 per cent. per annum, making 7 per cent. for the year, less tax.

UNITED STATES DEBENTURE CORPORATION, LIMITED.

DIVIDEND POLICY AND OUTLOOK.

The ordinary general meeting of the United States Debenture Corporation, Limited, was held, on the 8th instant, at Winchester House, Old Broad Street, London, Mr Frank Chaplin (chairman of the company) presiding.

The Chairman, in moving the adoption of the report and accounts, said the past year, as you all know, has been one of unparalleled financial crisis over the whole world, and so you will have been prepared for a diminution in our revenue and a fall in the value of our investments.

The charges on our income are, of course, in order of priority, the administration expenses, the debenture stock interest, and the preference stock dividend, the balance being available for the dividend on the ordinary stock. In the case of a trust company like our own, in which the debenture interest requires only 20 per cent. of the revenue, and the preference dividend only the next 25 per cent., the latter stock is certainly better secured than some full trustee investments. But, however large the proportion allotted to the ordinary stock dividend, nothing can relieve the ordinary stockholders from having to bear the brunt of any serious loss of revenue. In a company with a conservative capital structure, a fall of 5 per cent. in income probably means a fall of about 10 per cent. in the revenue available for the ordinary stockholders. So trust company ordinary stocks are bound to reflect hard times just as clearly as they reflect good times, but even so, it is safe to say that they provide a wider and sounder basis for investment than the average concentrated industrial risk.

DEPRECIATION OF SECURITIES.

In the year ended January 31, 1931, we experienced a drop of about 3 per cent. in our income from investments, and of just over 6 per cent. in valuation. At that time few people anticipated the severity of the crisis which was to come. However, the quarterly valuations which have been made during the year show how the depreciation has steadily been intensified. At the end of the first quarter the depreciation was 8.8 per cent., at the end of the second quarter 15.2 per cent., at the end of the third 19.9 per cent., and at the end of the year 24.3 per cent., but, even on the basis of market quotations on January 31st last, our ordinary capital was rather more than intact. Under the circumstances our investment revenue, with a fall of only about 6 per cent., has held up well.

But, as stockholders will realise, the depreciation of 24 per cent. is a clear indication that a further fall in revenue is to be expected during the coming year. We regret that it has been necessary to recommend a final dividend of 6½ per cent., as against 9 per cent. last year, but stockholders must bear in mind that, in the past good years, distributions have been generous. We must also warn you that even if there is an improvement in the valuation in the near future, that will not necessarily mean an improvement in revenue, and, in fact, some reduction in the dividend for the current year is more than probable. For not only are there whole classes of investments whose safety is imperilled by the present economic chaos, but an additional factor of uncertainty is introduced by the question of exchange. For instance, in theory we shall receive from our holdings in foreign Government bonds for the current year an income of about £13,000 and £110,000. But we do not know how many pounds or how many dollars we shall in fact receive, nor do we know what the dollars will be worth in terms of pounds sterling.

INVESTMENTS IN UNITED STATES.

There are one or two points which need, perhaps, a few more words of explanation. In the early months of 1931, anticipating the risk of danger to our currency, we increased our investments in the United States from 7 per cent. to 13 per cent. Practically the whole of this increase was invested in fixed-interest bearing securities, the majority of which are in companies with small prior charges and with a strong financial position. No American common stocks were bought until January, 1932, and then only on the basis of a reasonable yield. Although some of the investments made in the past two years in the United States have not fulfilled our expectations, on balance, both from the point of view of valuation and of income, we have no reason to be dissatisfied, especially taking into account the peculiar market conditions now obtaining in New York.

Our total risk in ordinary shares has increased in the past year from 15 per cent. to 19 per cent. About one-quarter of this increase of 4 per cent. represents our recent purchases of American common shares, and about one-quarter represents purchases of gold mining shares, which have recently been sold. The balance of one-half, or 2 per cent., represents purchases of sound ordinary shares of British companies.

Mr Henry P. Lawson seconded the resolution, and it was carried unanimously.

PROVIDENT MUTUAL LIFE ASSURANCE ASSOCIATION.

RECORD PREMIUM INCOME.

The annual general meeting of Provident Mutual Life Assurance Association was held, on the 9th instant, at 25 Moorgate, London, Mr Owen Hugh Smith (the chairman) presiding.

The Manager and Actuary (Mr C. R. V. Coutts, F.I.A.) having read the notice convening the meeting and the report of the auditors,

The Chairman, in moving the adoption of the report and accounts, said: During the past year unemployment has increased, and wages, salaries and incomes from other sources have fallen, while taxation has increased. It is not surprising, therefore, to find that the number of new policies issued during the year fell to 13,400, as compared with 21,300 in the previous year. Further, 8,000 of our existing members were forced, through economic pressure, to surrender their policies, receiving payments of £123,000. And 11,500 took advantage of the facilities we offer for borrowing on policies, thus raising the total amount of loans on policies within their surrender values to £571,000.

In spite of all these adverse conditions, it is remarkable that during the past year the total volume of the association's business has actually increased. The premium income of £927,000 is the highest on record, and shows an increase of £12,000 over that of the previous year. During the same period there has also been a record addition of £822,000 to our funds.

INVESTMENTS.

The whole of the structure of life assurance is built on the accumulation of funds at compound interest to meet liabilities spread over the next forty or fifty years. I therefore turn in the first instance to the figures showing our interest income. You will see that while the gross income increased by over £21,000, more than half this increase was absorbed by higher income tax, leaving the net increase rather over £10,000. The net rate of interest earned has fallen from £4 14s. 6d. to £4 9s. 10d. This is due mainly to the increase in income tax, but it is also due partly to the fact that during the past year we have invested a further £350,000 in British Government securities which give a low interest yield.

In surveying our financial position, we have to consider not only the interest income from our funds, but also the question of their capital value. For many years past we have kept investments in the balance sheet at their cost price. We have taken no credit for any appreciation. And in spite of the fall in market values during recent years, there was at December 31, 1930, after taking into account the investment reserve fund of £160,000, still a margin between the balance-sheet values and the market quotations. During the first six months of last year the market values still continued on balance to fall, and at June 30, 1931, the balance-sheet values, together with the investment reserve fund, were approximately equal to the then market values. Since June 30th, and more especially since sterling abandoned the gold standard, there has been a catastrophic fall in market quotations, with the result that at December 31st last, after taking into account the then investment reserve fund of £160,000, the market quotations disclosed a net depreciation of 9.9 per cent. of the Stock Exchange closed a net depreciation of 9.9 per cent. of the total assets. As during the same investments, or 8 per cent. of the total assets. As during the same six months the market value of 3½ per cent. conversion loan and 4 per cent. funding loan fell between 13 per cent. and 14 per cent., we must, I suppose, consider that we have been let off comparatively lightly in this respect.

BONUS PROSPECTS.

We are not on this occasion called upon to take any definite decision on the extremely difficult problem of the proper treatment of market quotations in ascertaining divisible surplus. This is a problem we shall have to deal with in a year's time, when our next quinquennial valuation and distribution of profits is due. Without in any way committing ourselves as to what course we shall then take, we have transferred a further £140,000 to the investment reserve fund, bringing this fund up to a total of £300,000. As you will observe, this does not fully cover the depreciation at December 31st. But since that date I am glad to say that this depreciation has been substantially reduced by the general improvement which has recently taken place in the Stock Exchange prices.

Our usual investigation shows that, apart from the question of shrinkage of capital values, to which I have referred, our profit-making power is being maintained at the level which enabled us to declare so high a rate of bonus at the last distribution. Under normal conditions, therefore, we might have confidently predicted the declaration next year of a bonus at least as good as that declared in 1928.

Mr Herman B. Sim seconded the resolution, and it was carried unanimously, no questions being asked.

METROPOLITAN ELECTRIC SUPPLY COMPANY, LIMITED.

INCREASED SALES AND REVENUE.

The annual general meeting of the Metropolitan Electric Supply Company, Limited, was held, on the 8th instant, at Winchester House, Old Broad Street, London.

Mr George Balfour, M.P. (the chairman), who presided, said that it was gratifying to be able to place before shareholders an account which could be regarded not only as satisfactory, but which registered a continuation of the progress which the company had recorded for several years. Throughout the whole of the area directly supplied, and the areas supplied by their subsidiary companies, the board were able to record increased sales and revenue. A steady policy of extending the company's services throughout their area, taking over smaller undertakings when opportunity offered, and modernising and cheapening the supplies, was gradually demonstrating the sound method of progression to a cheap and abundant supply.

Dealing with the London and Home Counties Joint Electricity Authority, the Chairman said he was still at a loss to know what service that body could render to any of the larger undertakings, or by what authority of knowledge or experience the members of that authority claimed to be able either to cheapen or to facilitate supplies. It was the hampering effect of the existence of busy-body authorities which alone retarded the more rapid and efficient combination, along natural lines, of the smaller undertakings in the London and home counties area.

He, the chairman, asked the question: Was the electricity supply industry in the country, incidentally as fine as any, if not the finest, in the world, so bankrupt of capacity that it required a costly experiment conducted by an authority which had tried, during the last six years, to train itself at the expense of the industry in the London area to be capable of acting at one and the same time as a judicial body and active competitor? He certainly would desire to co-operate with any authority which could suggest any improvements either in the company's scheme of tariffs or in its technical lay-out. So far, he was afraid, the joint authority, instead of being able to help companies such as theirs, had been going through a process of education to familiarise itself with the problems of electrical supply.

The report and accounts were unanimously adopted.

B. MORRIS AND SONS, LIMITED.

BURDEN OF INCREASED DUTY.

The annual general meeting of B. Morris and Sons, Limited, was held, on the 9th instant, at Winchester House, Old Broad Street, London.

Mr Arthur James May (the chairman and managing director), said: You will note that investments have been written down to market value. This is sound finance in these times, and possibly it is only a paper loss.

I am not going to say much about last year's trading. I am very thankful we survived and managed to make a profit. We have difficult conditions still to face, and the present Government have not made matters easier by increasing the already high revenue duty on our raw material 8d. per lb., and expecting the trade to pay the increase out of their profits. The duty of 9s. 6d. per lb. is bound to affect consumption, and the Government will realise before long that there is such a thing as a limit. If the Government were to leave the tobacco trade alone and tackle and lower the excessive cost of the internal debt, both national and municipal, which is the chief reason of the bad trading conditions, we should soon be on the road to prosperity and a more workable rate of tobacco duty than the present excessively high one.

We are chiefly concerned with cigar manufacturing, and, although we have been affected by the lack of purchasing power in 1931, our sales were fairly well maintained, and with more prosperous times in view there is no reason why the smoker should not turn to cigars. Nothing gives such satisfaction as a good cigar, and if you want the best you buy a Morris brand. I can recommend, for a medium-price cigar, our La Santera Monarchs, which are very remarkable value at the retail price of 6d. each. In view of the exchange and extra cost of imported cigars, we are developing our high-grade cigar trade, and we hope for increased sales for our Las Dos Coronas, which are manufactured entirely from imported Havana tobacco, with the exception of the wrapper, which is the finest Sumatra. This is a very old brand of ours, and retails at varying prices for sizes—up to 1s. 6d. each.

We are doing our best to develop our tobacco and cigarette trade, and before long hope to increase our sales very considerably. The financial position of your company is liquid and very sound. The report was unanimously adopted.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended March 5, 1932, amounted to £25,886,000 against ordinary expenditure of £14,613,500. After allocating £1,924,000 to Sinking Fund and having allowed for an increase in Exchequer Balances of £211,874, the operations for the week, as shown below, reduced the National Debt by £9,136,000 to £7,617,230,000:—

(000's omitted.)

Bank of England Advances ...	+ 7,250	Excess Interest of Nat. Saving	— 1,650
Public Department Advances ...	+ 35,250	Certificates ...	— 200
Treasury Bills ...	+ 11,422	National Savings Certificates ...	— 61,230
Land Settlement ...	+ 22	British Govt. Loans Abroad ...	— 63,080
	+ 53,944		

A complete analysis of the National Debt at December 31, 1931, was printed in the *Economist* of January 9, 1932.

REVENUE.	Revised Estimate for the year 1931-32.	Total Receipts into the Exchequer.			
		April 1, 1931, to Mar. 5, 1932.	April 1, 1930, to Mar. 7, 1931.	Week ended Mar. 5, 1932.	Week ended Mar. 7, 1931.
ORDINARY REVENUE.					
Inland Revenue—					
Income Tax	272,000,000	254,485,000	217,848,000	14,377,000	17,032,000
Sur-tax, including Areas of Super-Tax	73,000,000	62,140,000	48,490,000	4,530,000	3,930,000
Estate, &c., Duties	83,000,000	59,560,000	76,520,000	1,240,000	1,490,000
Stamps	20,000,000	13,820,000	17,400,000	1,000,000	1,270,000
Excess Profits Duty and Corporation Profits Tax	2,200,000	500,000	500,000	...	...
Land Tax and Mineral Rights Duty	800,000	720,000	700,000	70,000	90,000
Total Inland Revenue...	451,000,000	391,225,000	361,458,000	21,217,000	23,812,000
Customs and Excise—					
Customs	131,770,000	125,314,000	111,665,000	2,831,000	2,907,000
Excise	121,230,000	112,200,000	116,400,000	959,000	1,100,000
Total Customs and Excise	253,000,000	237,514,000	228,065,000	3,790,000	4,007,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	4,690,000	4,790,041	180,000	351,000
Post Office (Net Receipts)	12,200,000	13,700,000	11,400,000	450,000	100,000
Crown Lands	1,300,000	1,230,000	1,280,000	...	...
Receipts from Sundry Loans	15,400,000	13,672,109	31,313,053	84,174	79,377
Miscellaneous Receipts	42,800,000	16,762,872	32,510,584	164,845	2,490,588
Appropriation from Rating Relief Suspense Account	4,000,000	3,900,000	16,000,000	...	...
Total Ordinary Revenue	784,700,000	682,693,981	686,816,678	25,886,019	30,839,965
SELF-BALANCING REVENUE.					
Post Office	58,232,000	52,450,000	54,150,000	700,000	1,000,000
Motor Vehicle Duties apportioned to Road Fund	23,350,000	22,319,000	22,589,959	...	...
Total Self-Balancing Revenue	81,582,000	74,769,000	76,739,959	700,000	1,000,000
Total	866,282,000	757,462,981	763,556,637	26,586,019	31,839,965

EXPENDITURE	Revised Estimate for the year 1931-32.	Total Issues out of the Exchequer to meet payments.			
		April 1, 1931, to Mar. 5, 1932.	April 1, 1930, to Mar. 7, 1931.	Week ended Mar. 5, 1932.	Week ended Mar. 7, 1931.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt	289,400,000	285,937,636	289,467,793	2,975,284	5,026,925
Payments to Northern Ireland Exchequer	6,350,000	5,625,888	5,638,420	345,238	337,441
Other Consolidated Fund Services	3,000,000	2,582,810	2,333,631	700	...
Total	298,750,000	294,146,334	297,439,844	3,321,222	5,364,366
Total Supply Services (excluding Post Office)	451,829,000	395,576,744	394,442,229	11,292,283	13,216,411
Total Ordinary Expenditure	750,579,000	689,723,078	691,882,073	14,613,505	18,580,777
SELF-BALANCING EXPENDITURE.					
Post Office	58,232,000	52,450,000	54,150,000	700,000	1,000,000
Road Fund	23,350,000	22,319,000	22,589,959	...	...
Total Self-Balancing Expenditure	81,582,000	74,769,000	76,739,959	700,000	1,000,000
Total Ordinary and Self-Balancing Expenditure	832,161,000	764,492,078	768,622,032	15,313,505	19,580,777
New Sinking Fund (1928) ...	32,600,000	30,040,649	53,038,131	1,924,018	5,459,508
Total (including New Sinking Fund)	864,761,000	794,532,727	821,660,163	17,237,523	25,040,285

The aggregate revenue and expenditure to March 5, 1932, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1st TO MARCH 5, 1932.		(000's omitted.)	
		£	£
Expenditure	689,723	Revenue	682,694
New Sinking Fund	30,041	Decreases in balances	2,940
		Net amount borrowed	34,130
			719,764

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Outstanding—	Mar. 7, '31.	Mar. 31, '31.	Mar. 5, '32.	Mar. 5, '32.
Advances by Bank of England	37,100,000	24,500,000	7,250,000	+ 7,250,000
Advances by Public Departments	598,305,000	569,825,000	564,830,000	+ 35,250,000
Treasury Bills outstanding	635,405,000	594,325,000	622,480,000	+ 53,960,000
Total Floating Debt	1,270,810,000	1,418,650,000	1,264,560,000	- 144,090,000

* Includes £42,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £40,000,000 in Treasury Bills were opened on March 4, 1932, and the total amount applied for was £52,560,000. Tenders were accepted for bills at three months, dated Monday to Friday, at £99 6s. 10d., about 36 per cent. and above in full, and Saturday at £99 7s. 0d. and above in full. The amount allotted was £40,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1932.			
February 12	30,000,000	35,225,000	4 15 d.
February 19	35,000,000	59,095,000	3 19 4-09
February 26	40,000,000	61,565,000	3 5 5-22
March 4	40,000,000	52,560,000	2 9 9-95

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, March 9, 1932.

ISSUE DEPARTMENT.

Notes Issued:—		Government Debt	11,015,100
In Circulation	354,475,000	Other Government Securities	249,022,515
In Banking Department	41,326,751	Other Securities	11,168,353
		Silver Coin	3,794,033
		Amount of Fiduciary Issue	275,000,000
		Gold Coin and Bullion	120,801,751
		£395,801,751	

BANKING DEPARTMENT.

Proprietors' Capital	14,553,000	Government Securities	54,370,906
Reserve	3,689,115	Other Securities	11,168,353
Public Deposits	7,835,625	Discounts and Advances	£11,545,035
Other Deposits	£93,565,017	Securities	44,930,328
Other Accounts	£33,182,133		
7-Day and other Bills	126,747,150	Notes	56,475,363
	1,795	Gold and Silver Coin	41,326,751
			553,665
	£152,826,685		

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

Both Departments.		Amount, March 9, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation		354,475,000	+ 2,689,174	+ 4,145,062
Public deposits		7,835,625	+ 812,935	+ 921,614
Bankers' deposits		93,565,017	+ 13,082,447	+ 34,290,432
Other deposits		33,182,133	+ 293,674	+ 286,545
Seven-day bills		1,795	+ 750	+ 296
Total, outside liabilities		489,059,570	+ 16,291,632	+ 37,230,039
Capital and reserve		18,242,115	+ 16,553	+ 39,408
Government debt and securities		314,408,521	+ 8,623,777	+ 39,354,467
Discounts and advances		11,545,035	+ 188,390	+ 2,306,374
Other securities		56,098,680	+ 7,527,839	+ 16,359,660
Silver coin in issue department		3,794,033	+ 34,502	+ 566,258
Coin and bullion (bank's reserve)		121,455,416	+ 2,681	+ 20,273,612
Reserve of notes and coin in banking department		41,980,416	- 2,686,493	- 9,421,674
Proportion of reserve to outside liabilities—				
(a) Banking department only ("proportion")		31½%	- 5½%	- 19½%
(b) Gold stocks to deposits and notes ("reserve ratio")		24½%	- 1%	- 6½%

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Ratio
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1932.							
Feb. 3	395,765	347,666	14,802	77,326	32,845	NH	6
10	395,765	346,519	16,435	66,998	32,727	NH	6
17	395,766	344,883	15,359	70,456	31,989	NH	6
24	395,773	346,404	14,125	67,924	32,198	NH	6
Mar. 2	395,801	351,786	7,023	80,483	33,476	NH	5
9	395,802	354,475	7,836	93,565	33,182	NH	5

(000's omitted.)

Date.	Govt. Debt and Securities.		Govt. Securities.		Other Securities.		Reserve and "Proportion."
	£	%	£	%	£	%	
1932.							
Feb. 3	257,599	13.547	121,313	25½	40,701	13.634	48,647
10	260,090	11.057	121,294	26½	34,626	13.008	49,775
17	262,309	8.842	121,318	26½	33,496	11.945	49,943
24	264,589	6.563	121,348	26½	33,676	11.943	49,943
Mar. 2	258,549	12.623	121,453	25½	33,476	11.357	44,657
9	260,038	11.168	121,455	24½	54,371	11.545	44,930

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1932.				
January 1 to February 24	3,523,437	255,025	437,226	4,225,688
Week ended March 2	601,481	29,186	46,723	677,390
Week ended March 9	691,059	34,956	61,774	787,789
Total to date, 1932	4,815,977	330,167	545,723	5,691,867
Total to date, 1931	7,151,982	352,037	565,606	8,069,625
Increase or decrease in 1932	-2,336,005	-21,870	-19,883	-2,377,758
	= 32.6%	= 6.2%	= 3.6%	= 29.4%
Total for year 1931	31,815,808	1,667,852	2,752,209	36,235,869
Total for year 1932	38,782,577	1,812,146	2,963,631	43,558,354
Increase or decrease in 1931	+ 6,966,769	+ 144,294	+ 211,422	+ 7,322,485
	= 17.9%	= 7.9%	= 7.1%	= 17.8%

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

No. of working days	Week ended March 5.		Month of February.		Inc. or Dec.	Aggregate Totals, January 1 to March 5.	
	1931.	1932.	1931.	1932.		1931.	1932.
BIRMINGHAM	2,776	2,775	9,697	8,691	-10.3	23,718	21,631
BRADFORD	785	921	3,063	3,598	+17.4	7,187	7,991
BRIGHTON	1,630	1,437	4,422	4,350	-1.6	9,184	9,168
DUBLIN	4,728	4,980	18,980	17,629	-6.6	47,629	49,615
HULL	823	855	3,140	3,188	+1.5	7,574	7,697
LEEDS	922	953	3,837	3,474	-9.4	9,370	8,840
LIVERPOOL	734	860	2,633	2,958	+12.3	6,620	7,163
MANCHESTER	6,423	6,471	23,263	22,738	-2.2	52,980	50,840
NEWCASTLE	10,913	11,859	37,865	42,538	+12.3	92,466	93,978
NOTTINGHAM	1,602	1,552	5,552	5,215	-6.0	13,602	12,027
Sheffield	558	549	1,875	1,859	-0.8	5,008	4,821
Sheffield	1,069	1,016	3,557	3,292	-7.4	8,615	7,710
Total	32,963	34,228	98,904	101,901	+3.0	283,953	281,481

OVERSEAS BANK RETURNS.

NOTE.—The latest return of the National Bank of Egypt appeared in the *Economist* of January 9; Canadian Banks and Roumanian in February 27; Italy in March 5.

BANK FOR INTERNATIONAL SETTLEMENTS.

(In Millions of Swiss Francs.)

ASSETS.	Feb. 28, 1931.	
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MONTHLY STATEMENT OF LONDON CLEARING BANKS.

(000's omitted.)

Average Weekly Balances. FEBRUARY, 1932.	Barclays Bank Limited.	Coutts and Co.	Glyn, Mills and Co.	Lloyds Bank Limited.	Martins Bank Limited.	Midland Bank Limited.	National Bank Limited.	National Provincial Bank Limited.	West- minster Bank Limited.	Williams Deacon's Bank Limited.	Aggre- gate.
ASSETS.	£	£	£	£	£	£	£	£	£	£	£
Coin, bank and currency notes and balances with the Bank of England	33,717	1,460	2,832	35,748	7,110	35,179	3,007	24,970	26,016	2,779	172,818
Balances with and cheques in course of collection on other banks in the United Kingdom	8,077	539	948	7,684	1,913	8,196	178	6,364	6,375	916	41,190
Items in transit	...	...	...	2,724	641	...	...	...	...	...	3,365
Money at call and short notice	19,844	1,588	5,078	24,453	6,932	13,864	3,309	15,025	17,442	2,271	109,806
Bills discounted	47,408	2,038	846	36,488	5,562	43,155	2,207	36,328	32,048	1,463	207,543
Investments	56,050	3,908	6,101	46,400	17,617	42,120	15,484	33,412	51,107	7,408	279,607
Advances to customers and other accounts	173,294	8,921	12,452	173,890	34,666	199,392	16,008	139,638	130,199	13,818	902,278
Liabilities of customers for ac- ceptances, endorsements, &c....	7,165	457	2,009	34,803	4,594	15,226	13	6,633	18,073	1,667	90,640
Bank premises account	6,742	380	695	7,887	2,836	10,824	770	7,070	5,778	1,049	44,031
Investments in affiliated banks	6,690	...	...	5,278	...	7,294	...	2,514	2,992	...	24,768
	358,987	19,291	30,961	375,355	81,871	375,250	40,976	271,954	290,030	31,371	1,876,046
Ratio of cash to current, deposit and other accounts	10.35	8.67	10.43	11.26	10.12	10.52	8.08	10.07	10.19	10.28	10.41
LIABILITIES.											
Capital paid up	15,858	1,000	1,060	15,810	4,160	14,248	1,500	9,479	9,320	1,875	74,310
Reserve fund	10,250	1,000	530	7,500	2,900	11,500	1,015	8,000	7,500	800	50,995
Current, deposit & other accounts Acceptances, endorsements, &c....	325,714	16,834	27,128	317,236	70,200	334,276	37,170	247,842	255,122	27,029	1,658,551
Notes in circulation	7,165	457	2,009	34,803	4,594	15,226	13	6,633	18,073	1,667	90,640
Reduction of bank premises a/o	...	...	234	...	...	...	...	...	...	...	1,316
	358,987	19,291	30,961	375,355	81,871	375,250	40,976	271,954	290,030	31,371	1,876,046

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

ASSETS.	Position, May 31, 1931.	Mar. 7, 1932.	Feb. 15, 1932.	Feb. 23, 1932.	Feb. 29, 1932.	Mar. 7, 1932.
Gold	171,175	642,956	2,471,945	2,497,771	2,497,803	2,458,261
Foreign bills and balances abroad	...	365,597	110,759	109,239	97,625	108,396
Discounts	...	41,777	25,966	26,103	24,144	23,732
Advances	103,000	36,584	50,424	50,636	51,999	50,493
LIABILITIES.						
Notes in circulation	275,925	935,350	1,455,625	1,442,575	1,505,458	1,481,306
Deposits	33,750	284,294	1,209,351	1,244,728	1,170,486	1,162,853

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

ASSETS.	Mar. 7, 1931.	Feb. 13, 1932.	Feb. 20, 1932.	Feb. 27, 1932.	Mar. 5, 1932.
Gold reserve	240,220	205,813	205,878	205,889	205,894
Government Securities—Swedish foreign	5,331	3,730	3,730	3,730	3,730
Other Swedish bonds quoted on Stockholm	65,929	...	...	...	...
Foreign bills and balances abroad	84	94	94	94	94
Bills payable in Sweden	120,499	396,629	392,790	399,855	396,982
Advances	99,629	1,543	1,540	1,699	1,691
Balance abroad	181,739	87,397	89,190	90,116	92,702
Advances made on Government securities and bonds	32,684	37,232	34,442	38,407	35,125
LIABILITIES.					
Notes in circulation	513,461	486,852	466,133	507,772	509,192
Government deposits	180,518	167,484	175,261	161,875	156,919
Private deposits	14,454	41,081	38,727	31,133	29,963

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

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

ASSETS.	Position, May 31, 1931.	Feb. 28, 1932.	Feb. 15, 1932.	Feb. 22, 1932.	Feb. 29, 1932.
Coin and bullion—Gold	44,224	146,412	118,080	118,080	118,080
Balance abroad and foreign bills Norwegian and Foreign Govern- ment securities	88,470	171,852	144,267	146,854	144,584
Discounts	24,102	85,436	36,293	33,638	24,456
Advances	11,988	43,109	51,062	48,509	49,517
LIABILITIES.					
Notes in circulation	157,266	340,115	339,669	346,489	324,749
Deposits at sight	6,698	25,210	48,616	62,640	37,519

* In addition the Bank has at its free disposal about Kr. 37,159,000.

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

ASSETS.	Position, May 31, 1931.	Feb. 28, 1932.	Nov. 30, 1931.	Dec. 31, 1931.	Jan. 30, 1932.	Feb. 29, 1932.
Coin and bullion	76,644	171,852	144,267	146,854	144,584	144,584
Loans & discounts	88,470	171,852	144,267	146,854	144,584	144,584
Balance abroad	24,102	85,436	36,293	33,638	24,456	24,456
Advances	11,988	43,109	51,062	48,509	49,517	49,517
LIABILITIES.						
Circulation	157,266	340,115	339,669	346,489	324,749	320,846
Deposits	6,698	25,210	48,616	62,640	37,519	37,519

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

ASSETS.	Position, May 31, 1931.	Feb. 28, 1932.	Feb. 6, 1932.	Feb. 13, 1932.	Feb. 20, 1932.	Feb. 27, 1932.
Gold	521,775	2,415,772	2,248,479	2,248,552	2,248,695	2,248,812
Silver	728,600	713,020	2,248,479	2,248,552	2,248,695	2,248,812
Loans & Discounts	800,725	2,241,020	3,201,496	3,159,578	3,079,850	3,074,082
Spanish 4% stock	344,475	344,475	344,475	344,475	344,475	344,475
Advances to Treasury	150,000	150,000	150,000	150,000	150,000	150,000
LIABILITIES.						
Circulation	901,550	4,688,897	5,010,853	5,010,069	4,969,332	4,947,865
Deposits	477,500	801,006	1,061,764	1,066,502	1,035,321	1,021,182

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

ASSETS.	Dec. 9, 1931.	Dec. 16, 1931.	Dec. 23, 1931.	Dec. 31, 1931.	Jan. 6, 1932.
Gold	215,363	279,428	282,986	285,351	286,327
Balances abroad	648,494	672,769	672,456	681,752	680,460
Discounts	352,594	351,768	351,501	345,431	342,384
Government loans	1,058,029	1,058,029	1,058,029	1,058,029	1,058,029
LIABILITIES.					
Notes in circulation	1,982,430	1,987,738	2,029,368	2,061,786	2,049,856
Government deposits	64,352	55,916	12,314	...	...
Bankers' deposits	225,009	232,952	250,367	247,742	256,457
Other deposits	36,457	40,537	33,892	29,294	26,080

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

ASSETS.	Feb. 28, 1931.	Feb. 7, 1932.	Feb. 15, 1932.	Feb. 23, 1932.	Feb. 29, 1932.
Cash Reserve	215,363	179,416	179,416	179,416	179,416
Gold coin and bullion	137,447	83,296	77,533	70,659	75,020
Foreign exchange	490,226	12,082	10,799	8,707	115
Other foreign exchange	112,981	865,368	863,653	839,466	877,401
Bills discounted	100,718	95,643	95,643	95,643	95,643
LIABILITIES.					
Share capital	43,200	43,200	43,200	43,200	43,200
Reserve fund	10,272	10,803	10,803	10,803	10,803
Notes in circulation	976,290	1,033,841	992,137	937,677	1,043,886
Deposits	217,316	151,582	168,587	196,489	128,502

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

ASSETS.	Feb. 28, 1931.	Feb. 7, 1932.	Feb. 15, 1932.	Feb. 23, 1932.	Feb. 29, 1932.
Metal reserve	148,003	100,059	100,023	100,023	100,044
Gold coin and bullion	27,007	15,540	15,441	15,525	14,885
Silver coin and bullion	12,810	8,824	9,309	10,341	10,277
Inland bills, warrants and securities	243,374	413,234	391,014	369,800	396,093
Advances to the Treasury	60,167	64,536	64,536	54,536	54,536
LIABILITIES.					
Share capital (gold crowns 30,000,000)	34,756	34,756	34,756	34,756	34,756
Notes in circulation	399,653	404,565	371,358	343,378	383,007
Current accounts, deposits, &c.	37,718	93,817	105,996	110,725	90,390

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K. (000's omitted).

ASSETS.	Feb. 28, 1931.	Feb. 7, 1932.	Feb. 15, 1932.	Feb. 23, 1932.	Feb. 29, 1932.
Gold	1,542,708	1,648,114	1,647,553	1,646,561	1,645,847
Balance abroad and foreign currency	2,142,824	934,694	909,998	899,625	877,242
Discounts and advances	123,313	1,405,406	1,199,775	1,083,444	1,371,378
State notes debt balances	3,381,599	3,099,800	3,099,800	3,099,800	3,076,118
Other assets	973,522	653,421	560,115	551,999	686,418
LIABILITIES.					
Bank notes in circulation	6,570,687	6,446,915	6,130,708	5,923,852	6,692,595
Cheque account balances	819,612	637,559	614,086	586,846	578,588
Other liabilities	262,754	221,267	220,927	225,945	249,247

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

ASSETS.	Feb. 8, 1932.	Feb. 15, 1932.	Feb. 22, 1932.	Feb. 29, 1932.
Cash reserve	1,759,118	1,759,151	1,759,386	1,759,441
Gold at home and abroad	261,324	223,867	176,300	121,545
Foreign exchange	85,621	84,996	86,270	82,778
Other foreign exchange	2,217,247	2,189,471	2,189,657	2,189,657
Bills and advances against security	1,800,307	1,801,214	1,801,632	1,801,972
LIABILITIES.				
Notes in circulation	4,990,242	4,841,663	4,717,286	4,775,979
Sight deposits	604,641	665,013	628,043	480,689

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

ASSETS.	Feb. 23, 1931.	Jan. 31, 1932.	Feb. 7, 1932.	Feb. 15, 1932.	Feb. 23, 1932.
Gold and silver holdings	1,461,853	1,512,001	1,512,024	1,512,247	1,512,343
Balances abroad and foreign currency	678,733	333,320	392,557	337,266	337,959
Discounts and advances	651,332	699,122	697,040	689,686	694,333
Advances to the Treasury	3,064,426	2,965,482	2,965,482	2,965,482	2,965,482
LIABILITIES.					
Capital paid up	500,000	500,000	500,000	500,000	500,000
Reserves	1,184,174	1,189,068	1,189,057	1,190,735	1,190,753
Bank notes in circulation	3,070,232	2,730,337	2,706,332	2,670,594	2,650,910
Other liabilities	1,348,382	1,514,336	1,567,468	1,846,209	1,570,934
Deposits	267,289	241,266	241,258	238,608	238,553

BANK OF GREECE.—In drachmae (000's omitted).

ASSETS.	Feb. 28, 1931.	Feb. 7, 1932.	Feb. 15, 1932.	Feb. 23, 1932.	Feb. 29, 1932.
Gold	514,587	869,358	869,369	869,373	869,373
Gold exchange	2,637,229	829,359	646,208	589,854	635,133
Other foreign exchange	5,181	2,171	2,181	2,164	2,171
Bills discounted	145,179	146,403	146,402	146,243	144,555
Advances	192,593	705,433	733,609	729,453	680,722
Debt to State	3,386,763	3,150,892	3,150,317	3,150,317	3,150,411
LIABILITIES.					
Capital paid up	400,000	400,000	400,000	400,000	400,000
Notes in circulation	4,416,672	3,794,211	3,742,930	3,694,448	3,739,144
Deposits and current ac- counts	2,073,171	509,916	429,166	452,682	476,844
Foreign exchange liabilities	321,325	108,608	116,157	104,186	153,444

OVERSEAS BANK RATES.

Changed.	From	To	Changed.	From	To
Albania	July 1, 1931	9 8	Madrid	July 8, 1931	6 6
Amsterdam	Sept. 29, 1931	2 3	Oslo	Mar. 3, 1932	5 5
Athens	Feb. 20, 1932	12 11	Paris	Oct. 9, 1931	2 2
Batavia	Mar. 10, 1932	5 4	Prague	Dec. 22, 1931	6 6
Belgrade	July 20, 1931	6 7	Pretoria	Nov. 13, 1931	5 6
Berlin	Mar. 8, 1932	7 6	Reval	Jan. 28, 1932	6 5
Brussels	Jan. 13, 1932	7 6	Riga	Oct. 1, 1930	7 7
Bucharest	Mar. 3, 1932	8 7	Rome	Sept. 28, 1931	5 7
Budapest	Jan. 19, 1932	8 7	Sofia	Sept. 30, 1931	8 9
Calcutta	Feb. 25, 1932	7 6	Stockholm	Mar. 3, 1932	5 5
Copenhagen	Mar. 11, 1932	6 5	Swiss Bank		
Danzig	Nov. 24, 1931	6 5	places	Jan. 22, 1931	2 2
Helsingfors	Feb. 12, 1932	8 7	Tokyo	Nov. 4, 1931	5 8
Kovno	Mar. 1, 1932	8 7	Vienna	Nov. 11, 1931	10 8
Lisbon	Aug. 8, 1931	7 7	Warsaw	Oct. 3, 1930	6 7
New York Federal Reserve	Feb. 25, 1932	3 3	Irish	Mar. 10, 1932	6 5

Central Bank of Chile.—Discount rate for member banks, 6%; discount rate for the public, 7%.
 a 6% applied to banks and credit institutions.
 b 7% applied to private persons and firms.

CURRENT PRICES IN NEW YORK.

The Irving Trust Company cable the following money and exchange rates in New York:—

	Mar. 11, 1932.	Feb. 17, 1932.	Feb. 24, 1932.	Mar. 2, 1932.	Mar. 9, 1932.
Call money	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Time money (90 days' mixed coll.)	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Bank acceptances	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Members—eligible, 90 days	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Non-members—eligible, 90 days	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Ineligible, 90 days	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Commercial accept., 90 days	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2

Bank of Exchange, New York on—	Par Level.	Mar. 11, 1932.	Feb. 24, 1932.	Mar. 2, 1932.	Mar. 9, 1932.
London—					
60 days	Dollars for £1	4.8666	4.831	4.845	4.866
Cable					
Oblique					
Paris—					
Oblique					
Brussels					
Switzerland					
Italy					
Berlin					
Vienna					
Madrid					
Amsterdam					
Copenhagen					
Oslo					
Stockholm					
Athens					
Montreal					
Yokohama					
Hong Kong					
Shanghai					
Calcutta					
Buenos Aires					
Rio de Janeiro					
Valparaiso					

SOUTH AFRICAN EXCHANGE RATES.

BUYING RATES.

	T.T.	Sight.	30 days' sight.	60 days' sight.	90 days' sight.
London on—					
Rhodesia	£79	£79	£80 1/2	£81 1/2	£82 1/2
South Africa					

SELLING RATES PER £100 (STERLING).

	Sight.	Telegraphic.
London on—		
Rhodesia	99 17 5	99 15 0
South Africa	78 5 0	78 0 0

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.

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

Country.	Method of Quoting.	Par Value.	Usance.	Latest Rate.
Ecuador	Sucre to £	24.3325	Sight London	20.687
Venezuela	Bolivar to £	25.2215	"	23.10
Colombia (Bogota)	Peso to £	5	"	3.71
Nicaragua	Colon to £	4.8665	"	4.96
Salvador	Colon to £	9.73	"	8.76
Bolivia	Boliviano to £	17.33	"	13.33

† Nominal.

POUND STERLING AND U.S. DOLLAR AT MOSCOW.

Daily Quotations on the Moscow Stock Exchange of the Pound Sterling and the U.S. Dollar for the period February 1-29, 1932:—

	£1,000.	\$1,000.	£1,000.	\$1,000.
Feb. 1	669.93	194.34	670.03	194.34
" 2	669.04	194.34	668.11	194.34
" 3	670.67	194.34	667.92	194.34
" 4 and 5	669.18	194.34	669.04	194.34
" 6	669.74	194.34	668.88	194.34
" 7 and 8	669.30	194.34	670.44	194.34
" 9	669.36	194.34	673.40	194.34
" 10	668.31	194.34	675.08	194.34
" 11	663.26	194.34	674.86	194.34
" 12	665.63	194.34	675.48	194.34
" 13	666.20	194.34	676.13	194.34
" 14 and 15	667.97	194.34		

OVERSEAS DOMINION RATES.

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND.

	London on Australia and New Zealand.				Australia and New Zealand on London.			
	Buying.		Selling.		Buying.		Selling.	
	Aus.	New Zealand.	Aus.	New Zealand.	Aus.	New Zealand.	Aus.	New Zealand.
T.T.	126 1/2	111 1/2	125 1/2	109 1/2	125 1/2	108 1/2	125 1/2	109 1/2
Sight	127 1/2	112 1/2	125 1/2	110	125 1/2	108 1/2	125 1/2	109 1/2
30 days	128 1/2	113 1/2	125 1/2	110	125 1/2	107 1/2	124 1/2	109 1/2
90 days	128 1/2	113 1/2	125 1/2	110	125 1/2	107 1/2	124 1/2	109 1/2

All rates (Australia and New Zealand) now based on £100—LONDON.

INDIA: REMITTANCES TO THE HOME TREASURY.

	From Apr. 1, 1931.	During the week ending Feb. 27, 1932.
Sterling purchased in India	1,738,000	33,745,000
Net transfer to Home Treasury	...	...
Less sales of sterling	1,738,000	56,792,804
Net remittance to Home Treasury	1,738,000	42,745,000

The following statistics of imports and exports of gold for week ended March 10, 1932, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.		Exported from Great Britain and Northern Ireland.	
From—	£	To—	£
France	1,300	Poland	2,300
U.S.A.	14,853	Germany	714
U.S.A.	4,362	Netherlands	214,600
Panama	6,066	Belgium	5,002
Irish Free State	18,347	France	3,176,013
Palestine	3,900	Switzerland	504,057
British W. Africa	60,898	Italy	1,050
British S. Africa	1,639,000	Czechoslovakia	23,800
British India	1,540,477	Other countries	96
Straits Settlements	64,324		
Australia	262,980		
New Zealand	1,113		
Other countries	1,580		
Total declared value of imports	3,618,800	Total declared value of exports	3,927,634

GOLD MOVEMENTS.

The following shows bullion movements at the Bank of England, since March 3rd, 1932.

1932. ARRIVALS.		1932. WITHDRAWALS.	
Mar. 3 Foreign Gold bought	£	Mar. 3	£
Mar. 4 to Mar. 10	Nil	Mar. 4 to Mar. 10	Nil
Total	9	Total	Nil

Messrs Samuel Montagu and Company write on March 9, 1932, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £120,800,686 on the 2nd inst. as compared with £120,772,648 on the previous Wednesday. The s.s. "Ranchi," which left Bombay on the 5th inst., carries gold to the value of about £1,250,000. As a result of the favourable movements of the foreign exchanges, the price of gold has fallen rapidly. About £650,000 of bar gold available in the open market yesterday was realised at 115s. 8d. To-day's quotation of 110s. 5d. shows a fall of 5s. 3d. as compared with yesterday.

Quotations during the week:—

	Per fine ounce	Equivalent value of £ sterling.
March 3	118s. 9d.	14s. 3.7d.
" 4	118s. 2d.	14s. 4.5d.
" 5	117s. 10d.	14s. 5.0d.
" 6	117s. 0d.	14s. 6.3d.
" 7	115s. 8d.	14s. 8.3d.
" 8	110s. 5d.	15s. 4.7d.
Average	116s. 3.7d.	14s. 7.4d.

SILVER.

There has been a substantial decline in prices during the week under review, the market being influenced by the rapid appreciation of sterling. The fall was gradual until the 7th inst., when 19 1/2d. for cash and 19 1/4d. for two months' delivery were quoted, but yesterday a drop of 1/2d. in both deliveries saw prices fixed at 18 1/2d. and 18 1/4d. for the respective deliveries. Selling has been fairly

general, the Indian Bazaars, America and China offering to sell, whilst the market found little support except for a moderate demand for the Continent and small purchases for China at the lower level. To-day there was a further fall of 1d. to 17 1/2d. and 17 1/4d., a continuation of the selling forcing the market down in the absence of demand. There are as yet no indications of any appreciable recovery, but the outlook is uncertain as it depends to a large extent on movements of the foreign exchanges.

The following were the United Kingdom imports and exports of silver registered from mid-day on the 29th ult. to mid-day on the 7th inst.:—

IMPORTS.	£	EXPORTS.	£
Australia	46,100	Belgium	58,202
British India	24,398	Germany	16,480
Belgium.....	5,800	British India.....	9,100
Aden and Dependencies	5,492	Other countries	2,399
Other Countries	1,118		
	<u>82,908</u>		<u>86,181</u>

Quotations during the week:—

IN LONDON.		IN NEW YORK.	
Cash	Two Months' delivery.	Cash	Two Months' delivery.
March 3	19 1/2d.	March 2	30 1/2
" 4	19 1/2d.	" 3	30 1/2
" 5	19 1/2d.	" 4	30 1/2
" 6	19 1/2d.	" 5	30 1/2
" 7	18 1/2d.	" 6	30 1/2
" 8	17 1/2d.	" 7	30 1/2
Average	18-812d.	" 8	30 1/2

The highest rate of exchange on New York recorded during the period from the 2nd inst. to 9th inst. was \$3.77 and the lowest \$3.48 1/2.

INDIAN CURRENCY RETURNS (in lacs of rupees).

	Feb. 29.	Feb. 22.	Feb. 15.
Notes in circulation	17,954	18,042	18,195
Silver coin and bullion in India ..	11,221	11,259	11,313
Gold coin and bullion in India ..	492	483	483
Securities (Indian Government) ..	5,941	5,950	6,049
Bills of Exchange	300	350	350

The stocks in Shanghai on the 5th inst. consisted of about 56,130,000 ounces in sycee, 169,000,000 dollars and 6,320 silver bars, as compared with about 55,700,000 ounces in sycee, 169,000,000 dollars and 6,740 silver bars on the 27th ultimo.

GOLD AND SILVER PRICES.

	Gold Per Ounce.	Silver—Per Ounce.		Date.	Silver.
		Cash	Forward		
1932.					
Mar. 4	118 2	19 1/2	19 1/2	Mar. 20, 1926	30 1/2
" 5	117 10	19 1/2	19 1/2	" 11, 1927	25 1/2
" 6	117 0	19 1/2	19 1/2	" 8, 1928	26 1/2
" 7	115 8	18 1/2	18 1/2	" 14, 1929	26
" 8	110 5	17 1/2	17 1/2	" 13, 1930	19 1/2
" 9	112 3	17 1/2	18 1/2	" 12, 1931	13 1/2

NOTICES.

The Chartered Bank of India, Australia and China announce the closing of the agency of the bank at Dairen.

The Commercial Bank of Australia Limited announce that a branch of this bank has been opened at Prosperpine (Queensland).

The Midland Bank announces that on Monday next, March 7th, a new branch will be opened at Aldford House, Park Lane, London, W.1. Simultaneously, the business heretofore conducted at the Mayfair branch at 70 South Audley Street, London, W.1, will be transferred to the Park Lane branch.

Company News.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash. • Interim div. † Final div.			Dividend for Whole Years.	
	Interim or Final.	Date of Payment.	Method of Payment.	Latest Year.	Previous Year.
RAILWAYS.					
Bengal Dockers Railway	3%*	Apr. 15	...	...	...
Natal Zululand Railway	2%*	Mar. 11	...	...	...
BANKS.					
Agricultural Bank of Egypt ...	...	...	...	...	...
INSURANCE.					
London Assurance	5/5 p.s.*	Apr. 1	...	...	...
MINING.					
Gopeng Consolidated	...	...	...	1/4 p.s.	2/9 p.s.
Kramat Pual	2 1/2%*	Mar. 18	...	...	...
Malayan Tin Dredging	2 1/2%*	Mar. 17	...	...	...
Pato Mines (Colombia)	20/- p.s.*	Mar. 14	...	...	...
Rawang Concessions	6d. p.s.*	Mar. 22	...	10	12
St. John del Rey	...	...	...	...	...

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash. * Interim div. † Final div.			Dividend for Whole Years.	
	Interim or Final.	Date of Payment.	Method of Payment.	Latest Year.	Previous Year.
OTHER COMPANIES.					
ance Trust	2½%†	Apr. 9	...	25	25
algamated Zinc	15/- p.c.*	...	Quarterly	...	...
lo-American Telegraph	...	...	...	25	25
in and Barrett	...	...	...	8	10
ckett and Son	...	...	...	7½	10
otol and South Wales Railway	5%†	...	...	6	12½
Wagon	5%†	...	...	3	4
otol Tramways and Carriage	14%*	...	Quarterly	8½	10
ish Tobacco Co. (Australia).	2½%†	...	Tax free	7½	10
tons	...	...	...	6	12½
endish House (Cheltenham)	3%†	...	...	3	4
yton Dewandre	6d. p.s.*	Apr. 1	...	8½	8½
ly's	4½%†	...	...	5	5
ver Gas	...	...	Tax free	10	7½
at End Dwellings	...	...	...	7½	15
ogarty and Co.	4½%†	...	...	7½	15
glish Association, &c.	2½%*	Apr. 1	...	3	5½
her and Ludlow	2%†	...	...	7½	5
ank Mason and Co.	2%*	...	...	10	15
ars Investment Trust	6%†	...	...	7	11
W. Hampshire	1%†	...	...	1½	11
udy Belt Manufacturing	...	...	...	12½	12½
eneral and Commercial Trust...	...	...	...	12½	12½
and Union Canal	...	...	...	7	8
mby, Hughes and Co.	7½%*	...	...	2½	8½
ctor Powe	10%*	...	...	2½	8½
mel Hempstead Patent Brick	2/- p.s.†	...	Tax free	2½	8½
ndel Electric Supply	...	...	...	7	8½
lt Brewery	...	...	...	25	25
me and Colonial	1/3 p.s.†	...	...	13½	10
gon	15*	...	Quarterly	10½	1
de's Bird Seeds	...	...	...	15	15
perial Tobacco of Canada	...	...	...	12½	12½
mes Booth and Co.	...	...	...	25	25
mes Colmer	...	...	...	4	4
G. Mooney and Co.	...	...	Less tax	12½	15
nn C. Parkes	...	...	...	17/1811d	17/1811d
R. Roberts' Stores	...	...	...	5	5
ington & Knightbridge Elec.	...	...	...	7	8
dderminster Electric	...	...	...	9	9
maon Paragon	5%†	...	...	4	4
w Land Co.	...	...	...	1	1
eds and Liverpool Canal	...	...	Tax free	7½	17½
eds Industrial Dwellings	...	...	...	17½	20
cester Real Property	...	...	...	5	5
ewis's Investment Trust	...	...	...	20	20
oton's	...	...	...	5	5
verpool Exchange	...	...	...	20	20
ndon Brick	5%†	...	...	9½	9
ndon Electric	...	...	...	4½	9
nchester Royal Exchange	...	...	...	9	9
nchester Safe Deposit	...	...	...	25	30
adow Dairy	...	...	...	5	6
arcantille Dry Dock	...	...	...	10	10
ld-Cheshire Electricity	1/6 p.s.†	...	...	10	10
aid Counties Motor Finance	10%†	...	...	2½	3
ill and Co.	...	...	...	5	7½
jectile and Engineering	35%*	...	...	...	...
J. Lea	4%†	Apr. 7	...	10	10
bert Stephenson and Co.	7½%*	...	...	5	7½
muel Webster and Sons	3%†	...	...	...	...
ottish Eastern Invest. (Def.)	11%*	...	...	4	5
ond Alliance Trust	...	...	...	6	6
ond Edinburgh	...	...	...	4	5
tle Speakman	10%†	plus bon	us of 5%	7½	7½
anghal Waterworks Fittings	...	...	...	8½	8½
roshire, Worcestershire, &c.,	...	...	...	9	9
Electric "B"	5½%†	...	...	7	7
Electric London Electric Supply	6%†	...	...	15	15
uth Metropolitan Electric	3½%†	...	...	10	10
uth West Suburban Water	1/6 p.s.†	plus bon	us of 6d. p.s.	10	10
rate's Patent	24%*	...	Tax free	10	10
ley Coal	5†	...	...	10	10
oneway (1928)	7½d. ps*	Mar. 23	Quarterly	6	8
nday Pictorial Newspapers	6†	...	Tax free	10	12½
nday and Co.	...	...	...	8	8
rmac	...	...	...	13	15
ylor Walker	...	...	...	20	20
ephone and General Trust	24%*	Mar. 22	...	10a	10a
nnant Bros.	...	...	...	6	11½
nnant Bros.	6%†	...	...	25	10
nn's	12½%†	Mar. 15	...	2½	NI
arden.	7½%†	...	...	25	25
aygood-Otis	...	...	...	3	3
Canning and Co.	...	...	...	...	...
B. Reld and Co.	...	...	...	...	...
est Ham Stadium.	...	...	...	...	...
William Hollins	...	...	...	...	...
William Whiteley	...	...	...	...	...

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefer.	Ordinary.					
					Amount	Amount.	Rate.				
Banks.		£	£	£	£	£	%	£	£	£	%
Eastern Bank, Ltd.	Dec. 31	49,685	119,607	169,292	...	60,000	6	75,000	34,292	116,694	9
Mercantile Bank of India ...	Dec. 31	166,845	152,082	318,927	...	126,000	12	25,000	167,927	213,339	16
Breweries.											
Cannon Brewery Co.	Dec. 31	76,146	253,256	329,402	138,000	52,500	7½	...	138,902	237,173	12½
Taylor, Walker and Co. ...	Dec. 31	57,935	329,475	387,410	...	245,000	10	55,000	87,410	341,034	12½
Electric Lighting, &c.											
London Electric Supply ...	Dec. 31	54,793	170,409	225,202	41,952	63,869	9½	72,023	47,358	182,030	9
Newcastle & District Electric	Dec. 31	15,044	55,495	70,539	...	23,625	7	31,591	15,323	58,490	7
Shropshire, Worcestershire and Staffordshire Electric	Dec. 31	...	274,092	274,092	117,000	24,000 75,000	8 A 7½ B	58,092	...	204,080	8 A 7½ B
Financial Land, &c.											
Law Land Co.	Dec. 31	14,315	86,419	100,734	14,907	31,342	9	41,735	12,750	86,730	10
Liverpool Exchange Co. ...	Dec. 31	891	22,470	23,361	...	20,000	5	1,600	1,761	26,659	5
Hotels, Restaurants, &c.											
Rowton Houses ...	Dec. 31	5,365	21,528	26,893	5,758	10,166	5½	5,000	5,969	25,283	5½
Iron, Coal and Steel.											
Davis and Timmins ...	Dec. 31	16,389	16,160	22,549	6,500	...	...	...	16,049	7,670	8
North British Locomotive Co.	Dec. 31	1,668	Dr. 18,079	Dr. 16,417	28,125	...	...	Dr. 45,000	464	Dr. 2,911	...
Projectile & Engineering Co.	Dec. 31	30,830	5,897	36,727	...	6,250	5	...	30,477	15,309	7½
Rubber, &c.											
Bahru Selangor Rubber ...	Dec. 31	3,928	Dr. 1,531	2,397	...	...	...	...	2,397	Dr. 690	...
Buket Cloh Rubber ...	Dec. 31	5,431	Dr. 2,253	3,178	...	...	...	...	3,178	Dr. 113	...
Shipping.											
King Line ...	Dec. 31	40,247	4,068	44,315	...	...	...	4,000	40,315	Dr. 14	...
Shops and Stores.											
Home and Colonial Stores...	Jan. 2	185,205	854,325	1,039,530	178,372	502,835	25	62,500	295,823	588,938	25
Liberty and Co.	Jan. 31	21,279	Dr. 15,327	5,952	6,000	20,000	20½	Dr. 26,000	5,952	40,506	20½
Lipton, Ltd.	Jan. 2	14,345	214,940	229,285	43,000	55,625	25	50,000	80,660	148,718	20
Maypole Dairy ...	Jan. 2	209,870	472,294	682,164	107,500	323,750	15	50,000	200,914	547,217	17½
Meadow Dairy ...	Jan. 2	21,937	238,725	260,662	63,750	140,906	25	30,000	26,006	279,283	30
Peter Robinson ...	Jan. 31	25,869	95,787	121,656	69,500	30,000	6	...	22,156	123,528	12
Roberts (J. R.) Stores.....	Feb. 14	10,348	12,478	22,826	1,000	9,688	12½	3,575	8,563	14,005	15
Telegraphs, &c.											
Marconi International Marine Communication ...	Dec. 31	28,506	147,729	176,235	...	119,272	10	31,735	25,228	200,010	15
Textiles.											
Hollins (William) and Co. ...	Dec. 31	5,152	49,263	54,415	18,000	31,750	2½	...	4,665	Dr. 67,190	...
Lancashire Cotton Corp'n....	Oct. 31	Dr. 162,368	Dr. 393,723	Dr. 558,093	...	...	...	...	...	Dr. 162,368	...
Sammugger Jute Factory ...	Dec. 31	110,454	85,946	196,400	8,100	88,650	20	...	99,650	143,969	25
Titagur Jute Factory ...	Dec. 31	74,154	80,955	155,109	8,100	88,650	20	...	58,359	123,687	25
Victoria Jute Company ...	Dec. 31	57,466	52,071	109,537	8,100	58,650	20	...	42,787	97,179	25
Tramways and Omnibuses.											
Bristol Tramways & Carriage	Dec. 31	5,045	109,835	114,880	20,000	80,000	8	10,000	4,880	120,767	10
Trusts.											
Lewis's Investment Trust...	Feb. 29	25,362	274,550	299,912	82,250	154,219	17½	30,000	33,443	274,244	17½
Scottish Eastern Investment	Jan. 31	6,151	27,874	34,025	14,295	10,745	2½	...	8,985	34,152	3½
Telephone and General Trust	Dec. 31	26,637	84,548	111,185	56,894	24,000	8	...	30,291	77,114	8
Waterworks.											
Southend Waterworks Co. ...	Dec. 31	19,836	98,947	118,783	44,884	62,465	(s)	...	11,434	93,158	(s)
Other Companies.											
Buttons, Ltd.	Dec. 31	4,343	18,349	22,692	6,333	13,204	7½	...	3,155	22,851	10½
Canning (W.) and Co.	Dec. 31	15,014	45,444	60,458	...	30,938	13½	13,500	16,020	52,937	15
Cooper, McDougall and Robertson ...	Sept. 30	33,047	84,265	117,312	52,323	...	...	25,000	39,989	148,004	7
Delta Metal Co.	Dec. 31	16,005	41,087	57,092	...	37,500	12½	4,000	15,592	54,423	15½
Enfield Cable Works ...	Dec. 31	34,333	89,678	124,011	15,000	100,000	25	7,000	2,011	160,774	25
Evans, Sons, Leacher & Webb	Dec. 31	618	1,474	2,092	...	...	...	...	2,092	8,144	...
Fisher and Ludlow ...	Dec. 31	20,086	15,324	35,410	7,000	8,438	7½	...	19,972	31,150	15
Hampshire (F. W.) and Co.	Dec. 5	5,677	18,304	23,981	5,625	6,000	7½	7,000	5,356	13,076	5
International Cold Storage	Dec. 31	Dr. 231	507	276	...	...	...	...	276	1,393	...
Lamson Paragon Supply ...	Jan. 31	29,490	75,845	105,335	35,713	28,000	7	10,000	31,622	83,696	8
Macleod (R. and R.) and Co.	Oct. 31	2,253	26,193	28,446	2,517	18,278	30½	5,000	2,651	23,355	25½
Manchester Royal Exchange	Feb. 29	113,879	25,895	139,774	...	27,000	4½	...	112,774	38,454	6
Mooney (J. G.) and Co.	Dec. 31	15,270	20,369	35,639	732	9,368	25	10,000	15,539	21,918	25
Robinson (Thomas) and Son	Dec. 31	5,763	Dr. 3,939	1,824	...	...	...	...	1,824	Dr. 5,309	...
Scottish Greyhound Racing Company ...	Dec. 31	65	31,299	31,364	9,000	6,000	100	8,000	8,364	5,309	Nil
Settle Speakman and Co. ...	Dec. 31	9,942	23,804	33,746	...	12,562	6	8,500	12,684	23,770	6
Stevenson (Hugh) and Sons	Dec. 31	11,502	(t) 46,770	58,272	10,547	...	...	31,180	16,545	37,910	...
Switzer and Company ...	Jan. 31	10,934	7,666	18,600	1,500	6,000	6	...	11,100	10,386	8
Tarmac, Ltd.	Dec. 31	6,288	108,528	114,816	11,000	28,286	6	46,403	29,127	86,651	5
Western Wagon & Property	Dec. 31	2,330	8,910	11,240	...	10,675	10	...	565	4,964	10

† Free of income tax.

(s) Full statutory dividend.

(t) 15 months.

The Hon. John Mulholland has been elected a director of Gallaher, Ltd.

Colonel James A. Innes, D.S.O., has been appointed a director of the City of London Real Property Company, Ltd.

Mr Robert W. M. Arbuthnot, a director of Messrs Arbuthnot, Latham and Co., has been appointed a director of the London Assurance.

It is announced that Mr G. E. Rowland has resigned his directorship of Agricultural and General Engineers, Ltd., and the directorships of any of its associated companies that he holds.

Mr Maurice Hely-Hutchinson, a partner in Messrs Robert Fleming and Company, merchant bankers, of 8 Crosby Square, London, E.C.3, has been appointed a director of the London Life Association.

The London Committee of Companhia de Mocambique state that the Customs receipts for the Port of Beira during December was £24,720 as compared with £33,479 for same period of 1930.

Mr Alexander Macdonald, the secretary of the New Zealand Loan and Mercantile Agency Company, Ltd., has retired after forty-seven years in the company's service. The directors have appointed Mr. L. A. R. King to succeed Mr. Macdonald and Mr Walter Lewis to be chief accountant of the company.

We are officially informed that Messrs. Cazenove and Akroyds are entering into an amalgamation with Messrs. Greenwood and Company as from the end of March. The name of the new firm will be Cazenove, Akroyds and Greenwood and Company, and the business will be carried on by the existing partners of both firms.

SUMMARY OF BALANCE SHEETS.

COURTAULDS, LIMITED.			
December 31, 1931.			
LIABILITIES.	Amount.	ASSETS.	Amount.
Ord. shares (£1) 24,000,000	24,000,000	Freehold properties, &c.	5,796,033
5% cum. pref. (£1) 8,000,000	8,000,000	Stock-in-trade	1,628,620
Creditors & current liabilities	1,740,928	British Govt. stks. and other investments	11,607,759
Capital reserve	466,422	Investments in & advances to artificial silk and allied cos.	20,954,658
Special reserve	2,153,300	Debtors	977,418
General reserve	5,300,000	Cash	1,563,510
Profit and loss	867,344		
Total	42,527,998	Total	42,527,998

HARRODS, LIMITED.			
January 31, 1932.			
LIABILITIES.	Amount.	ASSETS.	Amount.
Ord. shares	2,215,194	Property & good-will, &c.	90,000
Prof. shares	4,000,000	Sundry leaseholds	242,859
Deposits, &c.	1,178,022	Freeholds	4,170,045
Sundry creditors	1,000,000	Plant, &c.	755,565
Reserve	3,468	Horses, vans, &c.	22,522
Special reserve	79,510	Sundry debtors	1,147,443
Pension funds	5,923	Investments	2,322,066
Unclaimed divs.	...	Stocks	898,194
Amounts owing to subsidiaries	3,585	Unexpd insur.	15,386
Profit and loss	537,953	Subsidiary cos.	11,963
		Cash	486,252
Total	10,162,295	Total	10,162,295

TRANSVAAL GOLD OUTPUT STATISTICS.

Name of Mine.	January, 1932.			February, 1932.		
	Ore.	Est. Yield.	Est. Profit.	Ore.	Est. Yield.	Est. Profit.
	Tons.	£	£	Tons.	£	£
Brakpan	98,000	153,941	46,480	96,500	151,833	44,549
City Deep	79,000	89,442	5,057	72,500	86,940	4,644
Consolidated Main Reef	70,800	100,997	16,020	68,500	97,466	15,109
Crown Mines (10s. sh.)	274,000	354,257	95,071	260,000	340,247	83,439
Durban Rdoopt. Deep	49,700	67,434	3,386	47,000	65,430	3,040
East Rand Proprietary	161,000	180,033	11,103	152,000	171,265	10,009
Geduld Proprietary ...	85,500	116,054	47,563	81,000	110,974	45,181
Geldenhuis Deep	74,500	72,270	6,716	71,000	72,426	6,493
Glyn's Lydenburg	6,600	10,903	1,320	6,100	9,928	911
Government Areas	204,000	403,290	231,117	200,000	389,510	222,191
Kleinfontein, New	55,400	45,744	4,805	49,000	40,961	2,812
Langlaagte Estate	80,000	111,664	31,049	77,000	107,180	29,076
Lalupard's Vlei	33,200	35,386	5,334	31,000	33,148	4,553
Meyer and Charlton	18,400	17,284	3,014	17,200	16,822	3,015
Modderfontein B.	76,500	92,195	31,050	72,500	87,454	29,525
Modderfontein Deep	44,800	53,894	59,312	43,000	88,951	55,749
Modderfontein East	169,000	281,005	16,428	162,000	89,430	15,800
Modderfontein, New	73,500	91,907	152,271	161,000	268,295	145,665
New State Areas	80,000	170,683	83,288	82,000	172,064	84,320
Nourse Mines	71,000	89,204	7,052	68,000	85,832	6,759
Randfontein Estates	248,000	280,569	56,605	235,000	267,286	51,044
Robinson Deep	98,300	119,481	26,281	92,800	114,676	24,600
Rose Deep	61,400	54,732	2,909	59,600	54,320	2,396
Simmer and Jack	82,100	92,715	11,172	78,500	90,464	11,352
Spring's Mines	68,100	149,845	70,979	67,500	148,264	70,293
Sub-Ngval	26,700	131,722	70,102	35,000	129,919	69,654
Transvaal G.M. Estates	16,600	21,396	3,305	17,500	20,888	3,180
Van Ryn	47,500	44,679	5,045	45,100	42,748	4,024
Van Ryn Deep	65,000	94,162	26,583	66,000	93,500	25,068
West Rand Consolid'd	94,500	105,725	25,037	89,000	100,718	23,005
West Springs	75,000	75,935	14,752	73,800	75,570	14,512
Witwatersrand Knight's	67,000	56,465	3,013	62,000	51,473	1,021

OVER ONE HUNDRED YEARS OF SERVICE.
SCOTTISH UNION & NATIONAL
 INSURANCE COMPANY.
ASSETS EXCEED - £15,600,000
FIRE. LIFE. ACCIDENT. MARINE.
 Edinburgh: 35, St. Andrew Square
 London: 5, Walbrook, E.C.4, and 4, St. James's Street, S.W.1

and Brazilian coffee remained firm. In view of the uncertainty of the outcome of the Cuba-Java negotiations, the market in sugar was depressed. Sterling quotations of commodities which lend themselves to grading, and therefore to international arbitrage, declined sharply in view of the advance in sterling in terms of gold. As was to be expected, the upward movement of sterling was accompanied by heavy selling. According to reports from various industrial centres, there has been no improvement in the situation of the coal trade, though demand for heating purposes continues brisk. Iron and steel makers find it increasingly difficult to maintain production. The textile trades have not so far suffered an appreciable setback, but the total volume of business is not large.

THE COAL TRADE.

SHEFFIELD.—Further weakness has developed in the export market, and quotations for best steams have declined to 16s. f.o.b. Demand for industrial fuels, too, is easier, and some pits have reduced prices of domestic coal. Best ordinary house is quoted at round about 22s. at pits. Consumption of blast furnace coke at the furnaces is dropping, but there is a brisk demand for heating purposes; good brands are worth 12s. at ovens, or a trifle more. The production of the mines exceeds sales. There is little forward contracting.

GLASGOW.—There has been no change in conditions in the Scottish coal trades. Home trade remains fairly brisk in the household side, but export trade continues to feel the effects of the restrictions placed on the import of British coal by Continental countries. The London trade has been better during the week. There has been no notable change in prices, those for shipment being approximately as follows (f.o.b. district ports) LANARKSHIRE.—Ell best, 14s. 3d.; splint best, 16s.; splint second, 14s.; navigation, 15s.; navigation second, 14s. 6d.; Hartley, 15s. 6d.; steam, 13s. to 13s. 3d.; trebles, 12s. 6d.; doubles, 10s. 9d.; singles, 9s. 6d.; pearls, 9s.; dross, 9s. FIRE.—Screened navigation, 16s. 6d.; first-class steam, 12s. 6d.; third-class steam, 11s. 6d.; trebles, 12s. 6d. to 13s. 6d.; doubles, 10s. 6d.; singles, 9s. 6d.; pearls, 9s. LOTHIAN.—Prime steam, 12s.; secondary steam, 11s. 9d.; trebles, 11s. 9d. to 12s.; doubles, 10s. 9d.; singles, 9s. 6d.; pearls, 9s. Ayrshire.—Unscreened navigation, 16s.; jewel, 17s.; steam, 13s.; trebles, 12s. 6d.; doubles, 10s. 9d.; singles, 9s. 9d.; pearls, 9s.; dross, 9s.; all per ton f.o.b. Ayr or Troon.

CARDIFF.—The most important event in the South Wales coal trade this week has been the decision of a majority at a meeting of the South Wales colliery owners recommending the discontinuance at the end of the present year of Part I. of the Coal Mines Act of 1930, providing for the statutory regulation of output and prices. Apparently, a vote based on output was not taken, but it is notorious that the South Wales colliery owners are very sharply divided on the question of control. On December 5th last the Executive Board of the local district scheme adopted resolutions favouring the continuance of some form of control of prices, and also expressing the opinion that "no control of prices can be effected unless it has statutory authority," but a third resolution, expressing the view that control of output was necessary to the effective control of prices, was lost on a vote by show of hands. The recent questionnaire elicited the fact that owners producing 96 per cent. of output favoured the principle of control within prescribed limits, but so far it has been found impossible to secure anything like agreement between them as to the extent or character of these limits, and it is in these circumstances that the decision was reached on Monday to recommend the discontinuance of Part I. of the 1930 Act. It is understood also that this course is favoured by a small majority of the Northumberland owners as well as by a considerable proportion of those of Scotland, but Durham, Yorkshire, Notts., Derby, Lancashire, and other districts are urging the continuance of Part I. subject to amendments, and the output of these districts exceeds greatly the combined output of the coalfields which are recommending the discontinuance of statutory control. The market has otherwise been featureless, but shipments at the South Wales ports were slightly greater last week than in the preceding week. The following are the current approximate quotations:—Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 4½d.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams, 13s. 6d.; cargo smalls, 11s. 6d. to 12s. 6d.; coking smalls, 13s. 6d. to 13s. 9d.; anthracite best large, 36s. to 38s. 6d.; Red Vein large, 22s. 6d. to 27s. 6d.; machine-made cobbles, 40s. to 48s. 6d.; French nuts, 40s. to 48s. 6d.; stove nuts, 39s. 6d. to 43s. 6d.; rubbly culm, 8s. 3d. to 8s. 9d.; foundry coke, 32s. 6d. to 36s.; patent fuel, 19s.; pitwood, ex ship, 20s. 6d. to 22s. 6d.

IRON AND STEEL.

MIDDLESBROUGH.—A little more business has been transacted in Cleveland foundry iron during the past week, but this does not indicate any sustained revival in trade, and is probably due to it being the beginning of the month when a few extra requirements generally need to be covered. In any case the demand seems to have tapered off again as very little business was reported at

Tuesday's weekly market, and there was not much inclination shown to make purchases. Official prices were again unchanged, viz.: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s. f.o.b. or f.o.t. The market for hematite continues depressed. Demand is very quiet and the number of second-hand parcels offering on the market keeps prices down. The only transactions reported are for early delivery, for which prices are being cut, particularly by merchants, who are anxious to secure orders to enable them to take out iron due to them from makers and which are in arrears in many instances. Mixed numbers for prompt delivery can be obtained at 63s. 6d. per ton and this figure has been shaded for very prompt lots. Shipments of pig iron are only on a moderate scale, the total of all kinds cleared to 8th inst. being 4,137 tons, against 5,163 tons to same date in February. In the finished steel departments trade continues very slack, and short time continues to be worked in several departments. Prices for steel for home consumption under the rebate scheme are: Plates, £8 15s.; angles, £8 7s. 6d.; joists, £8 15s. Other products are: Iron crown bars, £10; heavy steel rails, £8 10s.; 24-gauge galvanised corrugated sheets, £9 15s.; and 24-gauge black sheets, £8, also for home use. The ore market is practically dead with consumers almost entirely off the market. Best rubio is nominally 16s. 6d. c.i.f. and the rate of freight Bilbao/Middlesbrough is about 5s. Coke is in poor request and the price is weak at 16s. 6d. per ton delivered consumers' works for good blast-furnace qualities. The number of blast-furnaces in operation in the district is unchanged at seventeen.

SHEFFIELD.—The week has seen no relief to the stagnant conditions which have prevailed in the pig iron and steel branches since the beginning of the year. The rise in the value of sterling will tend to depress further the export trade of the country, already hampered by the restriction abroad of exchange transactions. Business in billets and similar materials lacks tonnage orders. In fact in no section of the industry is there any disposition to buy forward. The execution of the naval programme will bring work to several Sheffield firms. Trade in fine steels and rolling is as quiet as ever. Tool and cutlery makers are picking up considerable business formerly done by the United States, Germany, Czechoslovakia and Sweden, Holland and Denmark, and buying British hardware goods on a much more considerable scale than the past. This new trade is largely at the expense of Germany. The usual spring revival is bringing increased orders for plate and cutlery. There is some improvement in the call for sterling silver goods. Sellers of ferro-alloys used in iron and steel making have added ten per cent. to their quotations to cover the Customs duty.

GLASGOW.—In this district the heavy steelmakers are finding it exceedingly difficult to keep plants going, and, while inquiries are more numerous, there is no increased volume of business being placed. Continental semis are being offered at still lower prices than those quoted a week ago, on account of the advance in sterling, but a surprisingly small tonnage has been bought by users here. Bar iron makers, tube makers and indeed almost every branch report no change in the unsatisfactory conditions which have now existed for a considerable time. Machinery makers are somewhat busier again and have a large amount of work on hand. The export demand for black and galvanised sheets remains steady and prices are inclined to stiffen.

CARDIFF.—At the meeting of the South Wales tinplate manufacturers on Tuesday certain differences which had arisen in connection with the administration of the new output and price regulating scheme were removed, and the scheme is now operative with the consent of all the makers. The market is settling down to the new minimum price of 16s. per basis box, and there has been a slight expansion in the volume of trade. Imports of foreign bars were phenomenally heavy last week, reaching the record figure of 40,279 tons. Quotations for both Welsh and imported bars are nominally unchanged. Galvanised sheets are a shade steadier at £9 10s. per ton f.o.b. for corrugated in bundles.

OTHER METALS.

TIN.—The London metal market has been characterised by heavy selling in view of the rise in the gold value of sterling. Liquidation has been most pronounced in the case of tin, the price of which fell £10 per ton since the end of last week. In New York the metal has been steady and was quoted at 22-40 cents per lb. on Wednesday, against 22-15 cents per lb. a week ago and 21-40 a month ago. Wednesday's official closing quotations in London, in terms of sterling for "standard" cash, at £129 17s. 6d. to £130 2s. 6d. per ton, compares with £138 15s. to £139 on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 33,525 tons, show an increase of 68 tons on the week.

COPPER.—Towards the end of last week copper prices advanced sharply in New York as a result of a report that the producers' conference had decided to curtail output to 17 per cent. of capacity. It also appears that one of the largest foreign producers has expressed his willingness to co-operate in this drastic restriction scheme. On Wednesday, "Domestic" spot was quoted officially at 6½ cents per lb. in New York, against 5-75 cents a week ago, and 6 cents a month ago. Wednesday's official closing price for "standard cash" in London, in terms of sterling at £33 2s. 6d. to £33 5s., compares with £33 2s. 6d. to £33 5s. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 20,830 tons, show an increase of 797 tons, while stocks of rough copper, at 1,226 tons, are 51 tons larger.

LEAD.—The demand for lead was quiet and prices did not recover from the low level reached a week ago. In New York the metal was quoted at 3-25 cents per lb. on Wednesday, against 3-25 cent, a week ago and 3-75 cents a month ago. Wednesday's official

closing quotation for "soft foreign" in London in terms of sterling, at £12 2s. 6d. per ton for shipment during the current month compares with £12 11s. 3d. on the corresponding day last week.

SPELTER.—Freer offerings of this metal caused a slight decline in quotations. In New York spelter has been a little steadier. Wednesday's quotation in New York, at 2-80 cents per lb., compares with 2-75 cents a week ago and 2-80 cents a month earlier. Wednesday's official closing quotation in London in terms of sterling for "good ordinary brands" was £12 15s. per ton for shipment during the current month, against £13 7s. 6d. a week ago.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotation for aluminium has been maintained at £95 per ton. On the other hand, nickel and foreign antimony declined from £240-£245 to £230-£235, and from £31-£31 10s. to £30 10s., respectively. Quicksilver sold at £19 per flask against £18 10s.-£19 last week. Platinum, at £10 6s., shows a reduction of 15s. on the week.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Imports for the week, 3rd to 9th March (inclusive) are 63,279 bales, of which 31,764 are American, 1,014 Peruvian, 14,480 Egyptian, 218 African, 9,773 East Indian and 6,030 sundries.

Manchester.—The outstanding event in the market this week has been the decline in raw cotton prices as a result of the remarkable rise in sterling. The larger inquiry in yarn and cloth has continued, but buyers owing to the falling tendency of values have exercised more caution in giving out orders. There is some nervousness in view of the possibility of depreciation in stocks, and this development is unfortunate in view of the bigger turnover during the last few weeks. In piece-goods for India the inquiry has again been of substantial dimensions and a fair business has been done in light bleaching descriptions, prints and fancies, chiefly for Calcutta, Karachi, and the up-country markets of Cawnpore and Amritsar. More offers have also been met with from Bombay. With regard to China most of the demand has been in white shirtings for Hong Kong and some useful lines have been booked. Fine goods have moved off fairly well for Rangoon, Singapore and the Straits Settlements. Not much has been done for Egypt and the Near East, and the off-take for South America has been rather disappointing. Steady buying has taken place in home trade fabrics. Increased irregularity has shown itself in quotations for American and Egyptian yarns and spinners have had to shade prices to secure contracts, the sales being rather smaller than recently. Some moderate lots have been booked for India and China.

Cotton Prices.

	1932.				Corresponding Date.	
	Feb. 17.	Feb. 24.	Mar. 2.	Mar. 9.	1930.	1931.
Raw Cotton—Mid. American per lb.	5-82	5-73	5-71	5-31	8-06	5-90
" Sakalawide Fully Good Fair per lb.	7-55	7-65	7-75	7-10	13-60	9-55
Yarns—32's twist per lb.	91	91	91	91	121	91
" 40's twist per lb.	91	91	91	91	121	91
" 60's twist (Egyptian) per lb.	151	151	151	141	211	17
32-in. Printers, 11½ yds., 16 by 16, 32's and 60's a. d.	17 101	18 0	18 3	18 0	22 11	18 7½
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's 19 9	20 0	20 6	20 3	20 3	24 10	20 9
38-in. ditto, 38 yds., 18 by 16, 10 lb. ... 10 11	11 1	11 3	11 11	11 11	13 7	11 7
39-in. ditto, 37½ yds., 16 by 15, 8½ lb. ... 9 10	10 1	10 3	10 3	10 11	12 3	10 6

THE WOOL TRADE.—Bradford.—The London sales this week, writes our correspondent, have proved to be as good in every way as those held previously during this series, and the operations of the various sections of the trade have been large enough to impart a better tone. Prices are not showing a very distinct advance, but when the saleroom is occupied by people who are determined to get wool, it does not take long before a change comes over the situation. Withdrawals are not being made quite as freely as last week, and the initial decline in prices had disappeared from all descriptions which were previously selling at less money compared with the January sales. Taking examples of the prices realised, very good West Australian greasy merinos of 70's quality have been sold at 10½d., and even 64's to super 64's quality has been sold at 9½d. The well-known Queensland mark, DSW/Terrick passed the hammer at 11d. for the top lot, which was super 64's to good 70's quality. The next two lots sold at 10½d. and 10½d. Many other examples could be given of good greasy merino wool selling at under 1s. per lb., and crossbreds are still cheap, medium wools frequently selling at about 5d. a lb. A little improvement has come about in Bradford. More business has been done in merino tops, and whereas topmakers could not sell average 64's at 22d., that price can now be realised. All crossbred qualities are also rather steadier, and there is reason for saying that more is being done in medium and low sorts than is generally admitted.

THE GRAIN MARKETS.

WHEAT.—At the principal international wheat markets prices fluctuated within narrow limits, and, on balance, little change can be recorded. Sterling prices declined in proportion to the rise in the £ in terms of gold. The smaller volume of international trade the past week is ascribed mainly to a temporary falling off during the past week in Continental buying. France, Germany and Italy are, however, expected to resume purchasing on a large scale in the near future

owing to the growing scarcity of native wheat. Crop reports from North America and Europe are so far satisfactory and the damage by frost seems to have been slight. On Wednesday, "March" futures were quoted at 57½ cents per bushel in Chicago, against 57½ cents on the corresponding day last week, and 54½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 35s. 6d. per 996 lbs., as compared with 36s. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 33s., against 34s.; No. 3 Northern Manitoba, Vancouver, ex ship, 32s., against 32s. 6d. to 33s.; Russian, on sample, 20s. 9d. to 30s. 6d., against 30s. 6d.; Australian, ex ship, 29s. to 30s., against 29s. 6d. to 30s. 6d. a week ago.

WHEAT FLOUR.—The market in flour has been quiet during the past week. North American shipments, at 162,000 sacks, showed a decrease of 25,000 sacks as compared with the previous week. Of this total, only 18,000 sacks have been consigned to Europe. Quotations in London, Wednesday: Straight run, delivered country, 27s. 6d. per sack of 280 lbs., as compared with 27s. 6d. last week; delivered London, 26s. 6d., against 26s. 6d. Manitoba patents, ex store, 27s. 6d. to 30s., against 27s. 6d. to 30s.; and Australian, ex store, 22s. to 23s. 6d., against 22s. to 23s. 6d. a week ago.

BARLEY.—Barley has again been in good demand on the Continent, and Argentina was able to dispose of substantial quantities in Germany. On Wednesday, "May" futures were quoted at 44½ cents per bushel in Winnipeg, against 42½ cents last week and 40 cents a month ago. Quotations in London, Wednesday: "English feeding," f.o.r., per 448 lbs., 27s. to 28s., as compared with 26s. to 27s.; Russian, landed, 24s. 6d. per 400 lbs., against 25s. 6d. a week ago.

OATS.—The demand for oats has been quieter on the Continent during the past week. The requirements of this country are at present met mainly by home-grown varieties. "May" futures, which last week stood at 22 cents per bushel in Chicago, sold at 23½ cents per bushel on Wednesday this week, against 24½ cents a month ago. Quotations in London, Wednesday: "River Plate," landed, 18s. 6d. per 320 lbs., as compared with 18s. 6d. last week; "River Plate," ex ship, 17s. 3d., against 17s. 3d.; "Chilean White," landed, 27s., against 27s. a week ago.

MAIZE.—The market in maize has witnessed a substantial advance in prices this week, following the setback a week ago. The advance was occasioned partly by an improvement in Continental demand

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and by unfavourable crop reports from Argentina and smaller shipments from that country. Wednesday's quotation in Chicago for "March" futures, at 40½ cents, shows an advance of ¼ cent on last week, and one of 5½ cents as compared with the price a month earlier. Quotations in London, Wednesday: "Plate," landed, 21s. 9d. per 480 lbs., as compared with 21s. 3d. last week; "Plate," ex ship, 21s., as against 20s. 3d.; "Plate," March-April, 21s., as against 20s. 9d. Yellow maize meal, ex wharf, was quoted at £6 per ton, against £6 a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1931-32, 1930-31, 1929-30, 1928-29:—

	1931-1932.	1930-1931.	1929-1930.	1928-1929.
Estimated sales of home-grown wheat—				
1 week to March 5	Cwts. 127,990	Cwts. 110,664	Cwts. 178,438	Cwts. 240,677
27 weeks to March 5	2,246,711	3,234,063	6,850,858	7,432,264
Average price of English wheat per cwt.	s. d. 5 11	s. d. 5 2	s. d. 8 4	s. d. 9 9

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1928 to 1931:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Feb. 27, 1932	Cwts. 114,812	Cwts. 173,502	Cwts. 76,819	s. d. 5 9	s. d. 8 1	s. d. 7 5
Mar. 5, 1932	127,990	143,642	73,854	5 11	8 2	7 5
Mar. 5, 1928	252,969	168,217	75,839	9 6	10 8	10 4
Mar. 2, 1929	312,567	183,167	74,491	9 9	10 4	9 8
Mar. 2, 1930	178,438	164,139	39,462	8 4	7 8	6 1
Mar. 7, 1931	110,664	102,378	45,504	5 2	8 1	5 9

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks with comparative figures for 1930:—

NAREST FUTURE.	Jan. 2, 1930.	Jan. 2, 1931.	Mar. 11, 1931.	Jan. 4, 1932.	Mar. 2, 1932.	Mar. 9, 1932.
Winnipeg (No. 1 Manitoba) —Cents per 60 lb.	148½	56½	60½	62½	67	67½
Chicago (No. 2 Winter) —Cents per 60 lb.	130½	79½	79½	55½	57½	57½

The visible supply of wheat in Canada, at 62,144,000 bushels, shows an increase on the week of 575,000 bushels. Supplies a year ago stood at 64,498,000 bushels.

OTHER FOODS.

SUGAR.—The uncertainty as regards the probable outcome of the Cuba-Java negotiations again exercised a depressing effect on the market. Heavy selling, particularly from Cuba, caused prices to fall back. The fall in sterling prices was more pronounced because of the appreciation of the £ in terms of gold. "March" futures in New York were quoted at 0.80 cent per lb. on Wednesday, against 0.84 cent per lb. a week ago, and 0.89 cent per lb. a month earlier. Wednesday's sales of "raws" include "May delivery" at 5s. 5½d. to 5s. 8½d. per cwt., against 6s. 2½d. to 6s. 4d., and "December" at 5s. 11½d. to 6s. 2½d., against 6s. 8½d. to 6s. 10d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1932.	1931.	1932.	1931.	1932.	1931.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London	1,474	...	599	1,184	5,313	34,305
Liverpool	12,007	2,896	11,821	13,015	112,059	115,536
Total tons ...	13,481	2,896	12,420	14,199	117,372	149,841
Last week ...	9,165	17,763	14,949	13,225	116,311	161,064

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FOR 2 OZS.

COFFEE.—The New York coffee market has been steady throughout the past week. At Wednesday's auction in London competition was less keen and with the exception of outstanding qualities, lower prices were realised. Last week's movements of coffee in London were as follows: Brazilian, landed, 159 bags; delivered for home consumption, 13 bags; exported, nil; stocks, 3,153 bags, against 3,152 bags last year. Central American, landed, 9,350 packages; delivered for home consumption, 3,597; exported, 2,259; stocks, 83,734 packages, against 96,344 a year ago. Other kinds, landed, 11,990 packages; delivered for home consumption, 2,902; exported, 840; stocks, 79,411 packages, against 101,762 a year ago.

COCOA.—Cocoa prices continued to advance during the past week. "May" futures were quoted at 4.51 cents per lb. in New York on Wednesday, against 4.30 cents per lb. a week ago and 3.79 cents a month ago. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, new crop, March-May, at 27s. per cwt. f.o.b., London contract, shows a rise of 1s. 3d. per cwt. on the week. Last week's movements of cocoa in London were as follows: Landed, 33,228 bags; delivered for home consumption, 11,161 bags; exported, 825 bags; stocks, 159,802 bags, as against 202,096 last year.

TEA.—The quantities catalogued for this week's auction comprise 53,049 packages of Indian, 25,818 packages of Ceylon, and 23,885 packages of Java and Sumatra tea. The market for Indian tea opened strong on Monday. Tuesday's "Ceylon" auctions witnessed keen competition and a further advance in prices owing to the improvement in the quality. At Wednesday's Indian sales a slight reaction became noticeable. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account:—

AVERAGE PRICE PER LB.						
Week ending	Northern India.	Southern India.	Ceylon.	Java.	Sumatra.	Nyasa-land.
Mar. 5, 1931	s. d. 0 9-92	s. d. 0 10-08	s. d. 1 2-61	s. d. 0 7-23	s. d. 0 8-19	s. d. 0 6-71
Feb. 11, 1932	0 10-24	0 9-49	0 11-74	0 7-03	0 7-21	0 10-13
Feb. 18, "	0 10-10	0 9-62	0 11-83	0 7-34	0 8-93	0 10-04
Feb. 25, "	0 10-75	0 9-00	0 10-10	0 7-99	0 8-97	0 10-51
Mar. 3, "	0 11-47	0 9-85	1 1-00	0 7-82	0 7-42	0 10-95

RICE.—The market in rice has again been strong. Spot prices remained unchanged but "forward positions" advanced further. Wednesday's "spot" quotation for Burma No. 2, cleaned, at 10s. 6d. per cwt., shows no change as compared with last week. Movements in London during the past week were as follows: Landed, 97 tons; delivered, 133 tons; stocks, 846 tons, as against 501 tons last year.

POTATOES.—As supplies at the principal markets were sufficient to meet the demand, there was no advance in prices. At the Borough Market, "Best King Edward" sold from 11s. to 12s. per cwt., as compared with 11s. to 12s. per cwt. a week ago.

SPICES.—The market in spices has been steady. "Spot" pepper was slightly dearer. Wednesday's quotation for "Black Singapore" pepper, at 7d. per lb., shows a rise of ¼d. on the week.

MEAT.—The outstanding feature of the market in meat was the advance in beef prices, both home grown and foreign. Other meats are scarcely changed on the week. On Wednesday, Argentine beef (chilled hindquarters) was sold at 3s. 8d. to 4s. 2d. per 8 lbs., against 3s. 4d. to 3s. 8d. on the corresponding day last week, while New Zealand frozen mutton realised 2s. 6d. to 3s. 6d., as against 2s. 6d. to 3s. 6d. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 9,530 tons, as compared with 9,312 tons in the corresponding week last year. Imported beef, principally Argentine, formed 84.6 per cent. of the supplies, as against 84 per cent. a year ago; and imported mutton, mainly New Zealand, formed 79.4 per cent. of the total supply, as against 81.2 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OLSEEDS.—Markets generally are quiet, but with a better demand from the Continent linseed is firmer and values show some advance on the lowest. In view of the poor sales of linseed oil, English crushers are buying very sparingly or not at all. Plate for shipment to April is now quoted £8 12s. 6d., with later positions a little more. Shipment of the Argentine crop is proceeding steadily, but is 73,000 tons behind a year ago, due entirely to the reduced European demand. The quantity now afloat for Europe is 242,800 tons (or 8,400 tons less than last week), including 4,300 tons from India. Indian linseed is very quiet, there being no buyers at the present level of shippers' quotations. Cottonseed is in slow request and easier, current value of black Egyptian being around £8 10s. for March and April loadings. Trade in linseed oil is disappointing, and prices are easier. Raw oil for March delivery, naked ex Hull mill, is quoted £15, and April £16 5s., with later positions at a substantial premium. Cotton oil is neglected and lower. Crude Egyptian, ex Hull, is available at £22, and common edible at £24 5s. Ground nut oil is again firmer, but other seed oils have an easier tendency. Oilcakes are in steady demand, with mill prices unchanged.

HIDE, LEATHER AND ALLIED TRADES.—Prices for most weights and classes of ox and heifer hides were ¼d. per lb. lower at the auctions held in Manchester, the only exception being 80/89 lbs. which sold at last prices. Cows were cheaper by a similar

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ANNUAL REPORT OF THE DIRECTORS

to be presented to the Shareholders at the Annual General Meeting of the Society, to be held at Halifax, on Monday, the 21st day of March, 1932.

The Directors have great pleasure in submitting to the Members the Annual Statement of Accounts, showing the operations of the Society during the financial year ended 31st January, 1932.

It is very gratifying to the Directors to be able to report that, in a year of continued depression in trade and industry, and widespread unemployment, and through a period of the greatest anxiety in the National financial situation, there have been very substantial increases in all departments of the Society.

The following statement of the business at the end of last year, compared with the figures on the 1st February, 1928, being the date of the union of the Halifax Permanent and the Halifax Equitable Building Societies, indicates the enormous expansion and development of the business of the United Society during the last four years, viz.:—

	Number of	Open Accounts.	Invested Funds.	Assets.	Reserve Funds.
Feb. 1st, 1932	-	476,604	£75,137,211	£77,950,353	£2,813,142
Feb. 1st, 1928	-	329,224	£45,520,281	£46,981,482	£1,461,200

Increase in 4 yrs. 147,380 29,616,930 £30,968,871 £1,351,942

ASSETS.—The Total Assets at the end of the year amounted to £77,950,353, an increase of £7,909,954.

RESERVE FUND.—The Reserve Fund, after providing for all interest and bonus allotted up to the date of the account stands at £2,813,142.

INCOME.—The Income for the Year, exclusive of investments realised, was £33,458,870.

MORTGAGES.—During the year there was a very heavy demand for loans upon mortgage of property, and the total amount advanced was £17,069,830. This sum is £176,768 more than the record sum advanced in the preceding year, and the average amount of advances completed each month has again exceeded £1,400,000.

The number of new Borrowers was 30,383, compared with 29,543 in the previous

year, and the average amount advanced on each Mortgage was £561. The total amount now owing upon Mortgages is £69,775,663, an increase during the year of £6,872,879, and the total number of Borrowers is 152,035, an increase of 16,630.

Of this total, 77 per cent. are in respect of Mortgages where the debt does not exceed £500, and the average amount owing on all the Society's Mortgages is only £393 each. The Mortgage accounts are again in an entirely satisfactory condition, and there are no properties of Borrowers in the possession of the Society to be reported in the statutory Schedule.

SHARE AND DEPOSIT FUNDS.—The amount standing to the credit of Investing Shareholders and Depositors is £75,137,211, an increase of £7,382,400.

PROFITS.—The net profit of the year, after payment of all expenses and Income Tax, and after providing for all interest due to Depositors and Shareholders up to the date of the Account, is £428,641.

The Directors recommend that there shall be distributed, in addition to the interest of £3 10s. 0d. per cent., a bonus of £1 10s. 0d. per cent. upon the sum standing to the credit of Paid-up Shareholders, Class 1; and, in addition to the interest of £3 10s. 0d. per cent., a bonus of £2 10s. 0d. per cent. to the Subscription Investing Shareholders upon the total amount paid by them up to the end of the preceding year.

ACCOUNTS.—The new accounts opened during the year numbered 91,014, and the total number of Shareholders and Depositors' accounts open at the end of the year was 476,604, an increase of 37,976.

The Directors desire to congratulate the members upon the exceedingly satisfactory results of the business of the past year, and upon the very strong financial position of the Society, as revealed by the Statement of Accounts. In every respect the Society has maintained and strengthened its pre-eminent position as by far the largest Building Society in the World, a distinction it has now held for over 20 years.

ENOCH HILL,
President and Managing Director.

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COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Market Hides, London—				
GRAIN, &c.				POTATOES—				Kangaroo Southdown, washed				Dry and Drysalted Cape—				
No. 2, M. Man. 495 lb.	33	0	0	Good English, per cwt.	11	0	12	Lincoln wdg. washed	13	0	0	Best heavy ox and heifer	0	54	0	
Eng. Gaa. av., per cwt.	5	11	0	Good English, per cwt.	11	0	12	Queensland, 1/2 d. per cwt.	21	0	0	Best cow	0	4	0	
Barley, Eng. Gaa. av.	8	2	0	SPICES—				N.Z. grey, half-bred 50-56	11	0	0	Best calf	0	44	0	
Oats, "	7	5	0	Pepper, per lb.	0	8		Topo, " Crossbred 40-44	10	0	0					
Maise, La Plata, landed	21	9	0	Mustok, fair White	0	8		Merino 73's	22	0	0					
480 lb., Lon. stan. ex mill,	21	9	0	Chinamon—1st sort, per lb.	0	7		64's	22	0	0					
280 lb., "	25	3	0	Cloves—7 annabar, per lb.	0	8		Crossbred 48's	10	0	0					
Rice, No. 2 Burma, per cwt.	10	4	0	Ginger—per cwt.	18	6	20	COAL—								
Tapoca, per cwt.	27	0	0	African, ord. to good	55	0	85	Wash, best 1/2 ton 19	6	0	0					
Pine Java, spot	27	0	0	Java, white, c. & f. India	8	4		Durham, 1 ton, gas, L.O.B.	14	6	0					
Fair Fluke, Singapore	11	3	0	March-April	18	6	20	Type	14	6	0					
MEAT—				SUGAR—				Sheffald, best house, at				Bengal gid. red-vio. to				
Beef, per 8 lbs.	4	10	5	(Duty 11s. 6d. per cwt.)	18	6	20	pts	22	0	23	fine—per lb.	5	6	6	
English long sides	4	10	5	B.W.L., crystallised	18	6	20	IRON AND STEEL—								
Argentine chilled sides	3	8	4	Java, white, c. & f. India	8	4		Pg. (Leveford No. 3, ton 56	6	0	0					
Mutton, per 8 lbs.	4	0	5	March-April	18	6	20	Bo. (Leveford No. 3, ton 56	6	0	0					
English wethers	4	0	5	REVISED—London—				Bo. (Leveford No. 3, ton 56	6	0	0					
N.Z. frozen	2	6	3	Yellow Crystals	18	10	23	Steel Rail, heavy	170	0	0					
Pork, English, per 8 lbs.	5	0	5	Cuba	23	3	23	Tia Plates, per box	16	0	0					
OTHER FOODS.				Cranberry	21	3	21	MTALS—								
Irish	79	0	0	Granulated	19	4	20	Copper, Electrolytic, ton	37	0	0					
Swedish	44	0	0	Home grown	19	0	19	Sheet (strong)	66	0	0					
Butter	70	0	74	TEA—				Standard	32	17	6					
Canadian	70	0	74	Indian—per lb.	0	6	2	Lead Eng. Pk.	32	17	6					
American	70	0	74	Broken Pekoe	0	6	2	Soft Forward	12	12	6					
Butter	105	0	107	Orange Pekoe	0	6	2	Spelter (G.O.B.)	12	15	6					
Australian	110	0	112	Broken Orange Pekoe	0	6	2	Tia—English Ingots	132	0	0					
New Zealand	110	0	112	Ceylon—per lb.	0	7	2	standard cash	129	17	6					
Danish	132	0	136	Pekoe	0	7	2	CHIMELABOON								
CHEESE—				Orange Pekoe	0	8	2	Arctic, per lb. less 5%	1	1	1					
Cheddar	68	0	72	Broken Orange	0	8	2	Nitr.	0	2	0					
New Zealand	63	0	67	TOBACCO—				Crab, net	0	1	0					
Emmentaler	94	0	110	(Duty 9-6-10-6) per lb.				Tartar, English less 5%	1	2	0					
Swiss	76	0	86	Virginia leaf	0	10	3	Alcohol, Plain Ethyl	13	0	0					
COFFEE—				Sumatra leaf	0	10	3	Alum, lump	9	0	9					
Arabica, per cwt.	26	0	31	Rhineland leaf	0	9	1	Ammonia carb.	36	0	38					
Robusta, per cwt.	44	0	52	Nyasa leaf	0	9	1	Sulphate	7	0	7					
Sumatra, per cwt.	33	0	38	Sumatra leaf	0	10	3	Ammonia carb.	36	0	38					
COPPER—				East Indian leaf	0	10	3	Ammonia carb.	36	0	38					
1st. 1/2, foreign, 1/2 cwt.	59	0	0	FLAX—				Ammonia carb.	36	0	38					
Colombian, good	78	0	86	Livonian 7K	46	0	0	Ammonia carb.	36	0	38					
Costa Rica, med. to good	82	0	120	Perman HD	44	0	0	Ammonia carb.	36	0	38					
Best Indian	90	0	120	Slavets Medion lot sort	50	0	0	Ammonia carb.	36	0	38					
Kanya, medium	88	0	110	HKMP	42	0	0	Ammonia carb.	36	0	38					
SUGAR—				Italian P.C.	18	15	0	Ammonia carb.	36	0	38					
English, per 120	10	9	11	March-April	19	26	0	Ammonia carb.	36	0	38					
Danish	11	6	12	Dahes 2/3 cwt. (London)	21	7	5	Ammonia carb.	36	0	38					
FRUIT—				March-April	21	7	5	Ammonia carb.	36	0	38					
South African	13	6	17	March-April	21	7	5	Ammonia carb.	36	0	38					
Java	9	6	13	March-April	21	7	5	Ammonia carb.	36	0	38					
London, 100 lbs.	10	0	24	March-April	21	7	5	Ammonia carb.	36	0	38					
Malaga	23	0	31	March-April	21	7	5	Ammonia carb.	36	0	38					
Apples: Amer. (var.)	9	0	16	March-April	21	7	5	Ammonia carb.	36	0	38					
" Australian	15	0	16	March-April	21	7	5	Ammonia carb.	36	0	38					
Oranges	15	0	16	March-April	21	7	5	Ammonia carb.	36	0	38					
Valencia, 100 lbs.	15	0	16	March-April	21	7	5	Ammonia carb.	36	0	38					
Egyptian	15	0	16	March-April	21	7	5	Ammonia carb.	36	0	38					
Grapes, Lisbon	15	0	16	March-April	21	7	5	Ammonia carb.	36	0	38					
" Almeria	15	0	16	March-April	21	7	5	Ammonia carb.	36	0	38					

amount, while calf skins were steady. Sheepskins remain a poor market, and prices are again lower owing to the difficulty of selling wool and the restricted demand for fellmongers pelts. Actual sales of imported hides have not been on a large scale, although a fair amount of interest has been taken in the market for some sorts. In South American wet-salted hides, Argentine ox are quoted at a fraction over 4½d., while 4½d. is the figure mentioned for second ox. Sales of dry South American hides have been moderate, with B.A. Americans on offer at 6½d., Inservibles at 3½d., and Cuyabanos at 5½d. Business has been done in Africans, dry Capes having realised 6½d. and 5½d. for firsts and seconds, while dry salted, 20/30 lbs., have changed hands at 5½d. and 4½d. Unbathed Adis Abebas are on offer at 5½d., and Mombasas at 5d. Australians are still held for full prices, with only a small amount of business being done in them. Turnover of sole leather has again been small, although a slight improvement in orders for footwear is reported. From the trend of events, it would seem that manufacturers of boots and shoes still have sufficient stocks of leather in hand to carry them on for some time, and are only compelled to come into the market for certain lines. Consequently, individual orders are for limited quantities. Dry hide manufacturing bends have been inquired for in the light and medium weights, and a fair amount of business has been concluded in these. The same applies to English and wet-salted bends, but the call for heavy weights is very slow. Rough shoulders have been a slightly better sale, but, generally speaking, the market for all descriptions of offal is weak. In the upper leather section, business remains moderately steady in regard to box and willow calf and glacé kid, while sales of patent have been rather more frequent in the commoner grades. Fancy upper stock has been moved off in small quantities, but, speaking generally, trade in all sections is below normal, and prospects for an improvement before the Easter holiday appear to be remote.

RUBBER.—Rumours concerning the "restriction" negotiations in Holland have dominated the market this week. A decision has not yet been taken by the Dutch Government, but the market was a little steadier than a week ago. In New York, Wednesday's spot price for rubber, at 3½ cents per lb., shows a rise of ½ cent on the week. Wednesday's official closing price for standard ribbed sheet in London, at 2½d. per lb., shows a fall of ½d., as

compared with the corresponding day last week. In forward positions, business has been done at 2½d. to 2½d., for April-June, against 2½d. to 2½d. and at 2½d. to 2½d. for October-December, as against 2½d. to 2½d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 1,493 tons; delivered, 1,537 tons; stocks at the end of last week, at 125,747 tons, show a decrease of 44 tons, as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.
(New York quotations, unless otherwise stated.)

	Feb. 10.	Mar. 2.	Mar. 9.
Cents.	Cents.	Cents.	Cents.
Wheat, No. 2, Winter, nearest future,	54½	57½	57½
Chicago, per bushel			
Maize, nearest future, Chicago, per	35	36	40½
bushel			
Oats, nearest future, Chicago, per	24½	22	23½
bushel			
Rye, nearest future, Chicago, per	41½	44½	49
bushel			
Coffee, Rio No. 7, cash, per lb.	7-7½	7-7½	7-7½
" Santos No. 4, cash, per lb.	9-9½	9-9½	9-9½
Cocoa, Acra, nearest future, per lb.	3-79	4-30	4-51
Sugar, Cuban Centrifugal, 96 deg.,			
spot, per lb.	2-90	2-87	2-80
Cotton, New Orleans, middling, spot,			
per lb.	6-41	7-02	6-97
Rubber, smoked sheet, spot, per lb.	4	3½	3½
Petroleum, Pennsylvania crude, stan-			
dard grades, per barrel	155-170	155-170	155-170
Copper, "Electrolytic," Domestic,			
spot, per lb.	6-00	6½	6½
Copper, "Electrolytic," Copper Ex-			
porters, Inc., spot, per lb.	8-375	8½	8½
Spelter, East St. Louis, spot, per lb.	2-80	3-75	3-80
Lead, spot, per lb.	3-75	3-25	3-25
Tia, "Strains," spot, per lb.	21-40	22-15	22-40

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A
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TABLE OF CONTENTS.

The Money Market.....	777	Berlin	807
Leading Articles—		Amsterdam	807
The London Conference.....	779	Other Centres	807
Truth About the Danube.....	780	Investment Notes—	
The Movement of Prices.....	781	Course of Equity Share	
Coffee Valorisation	782	Values	807
Coal Mining in 1931	783	Disquieting Kreuger Dis-	
The League and the		closures	808
Danube	785	New York Weakness	808
Notes of the Week—		"Danubian" Loans	808
Transitional Benefit Ex-		Brazilian Developments	809
tension	786	Cunard Policy	809
The Nazis in the Saddle.....	786	Stewart and Lloyds	810
"Zweiter Akt"	787	Cement Manufacturers'	
The Politics of the Scheldt	787	Results	810
The Cyprus White Paper	788	United Molasses	810
Land and Labour in Spain	788	First Co-operative Invest-	
Japan in Manchuria	788	ment Trust	811
Ivar Kreuger	789	Industrial Profits	811
The New South Wales		Canadian Pacific Report	812
Default	789	Rubber: R.G.A. State-	
Sterling and Gold Prices.....	789	ment	812
Cotton Trade Wages	789	Indian Gold Mining Re-	
Central Electricity Board		sults	813
The Motor Industry in		Rio Tinto	813
1931	790	West Rand Consolidated	
French Estates	791	Company Meetings of the	
The 1930 Census of Pro-		Week	814
duction	791	Capital Issues	814
Argentina	791	Transvaal Gold Output	
Bank of Scotland	792	Statistics	814
Anglo-Portuguese Colonial		Company Meetings, &c. ...	815
and Overseas Bank.....	792	Government Returns, &c.—	
Skandinaviska Kredit-		National Accounts	822
aktiebolaget	792	Treasury Bills by Public	
New Capital Issues in the		Tender	822
United States	793	The Bankers' Gazette—	
Insurance Notes—		Bank of England	822
London Life Association.....	793	Bankers' Clearing Returns	
Scottish Amicable	794	Provincial Clearing Re-	
British and Foreign		turns	822
Marine	794	Overseas Bank Returns.....	822
Life Assurance of Scotland		Loan and Discount Rates	
794		Rates of Exchange	824
Overseas Correspondence—		Overseas Bank Rates	825
United States	794	Bullion	825
France	795	Gold and Silver Prices ...	826
Germany	796	Company News—	
Austria	797	Dividend Announcements	826
Hungary	798	Weekly Traffic Returns ...	826
Turkey	798	Balance Sheets	827
Canada	799	Reports and Notices	827
Japan	800	Profit and Loss Accounts	828
Hongkong	800	Commercial Reports—	
Books Received	801	Market Summary	829
The Stock Exchange—		The Coal Trade	829
Ford and Dagenham	802	Iron and Steel	829
The Week in the Markets		Other Metals	830
London Active Security		Textiles	830
Prices	804	The Grain Markets.....	830
New Issue Prices	806	Other Foods	831
Foreign Stock Exchanges—		Miscellaneous Commodities	831
New York	806	Commodity Prices in the	
Paris	806	United States	832
		Prices Current	832

or only \$5.5 millions above this limit; but it must be remembered that owing to depressed trade and low commodity prices, the demand for money to-day is far below normal. Even so, it is not surprising that money has become less plentiful, and next month when the new financial year will have begun and with it the seasonal expansion in the floating debt, money may become even more usable.

At the moment, however, conditions are still very comfortable. Since the middle of last week, the rate for renewals has hardened fractionally from $1\frac{1}{2}$ to $1\frac{3}{4}$ per cent. New money was not quite so plentiful on Friday, owing to a little calling by lenders, and on Saturday a fair turnover of funds took place, with a certain amount of calling outside the clearing banks. The rate over the week-end was $1\frac{1}{2}$ per cent. On Monday new loans could be obtained fairly easily early in the day, but supplies became somewhat depleted in the afternoon, and in some quarters up to $2\frac{1}{4}$ per cent. had to be paid. On Tuesday money was again inclined to be usable at rates up to $2\frac{1}{4}$ per cent., and one of the clearing banks was calling, but on Wednesday money was definitely easier, as no fresh calling took place, and the funds taken off the market the previous day were released. It will be apparent that throughout the whole of the period rates were below the minimum level charged by the clearing banks, and this proves that money was at no time inclined to be at all scarce.

Once more the market found considerable difficulty in judging the Treasury bill tender rate. Applications again attained unusually large dimensions, as they amounted to £74.0 millions for the £45.0 millions on offer. The average tender rate worked out at £2 ls. 2.17d., against £2 11s. 5.55d. the week before, when Bank rate was $\frac{1}{2}$ per cent. higher. Thus there is still a margin of practically $1\frac{1}{2}$ per cent. between Bank rate and the tender rate. "Hot" Treasury bills were dealt in on Monday at 2 per cent., and perhaps $\frac{3}{4}$ under, but notwithstanding the easier tendency of money, the rate had hardened by Wednesday to a full 2 per cent., with $2\frac{1}{2}$ per cent. mentioned in places. Prime three months' bank bills have also eased, this week's market rate being $2\frac{1}{4}$ per cent., against $2\frac{3}{4}$ per cent. the week before. Here again there is an inordinately wide margin of $1\frac{1}{2}$ per cent. Standstill bills were dealt in on Wednesday at rates ranging from $2\frac{1}{4}$ per cent. up to Bank rate.

	Mar. 3, 1932.	Mar. 10, 1932.	Mar. 17, 1932.	Mar. 23, 1932.	Previous Rate and Date Changed.
Bank Rate	$\frac{5}{8}$	$\frac{4}{8}$	$\frac{3}{8}$	$\frac{3}{8}$	$\frac{1}{4}$ (Mar. 17, '32)
Banks' Deposit Rate..	$\frac{3}{8}$	$\frac{2}{8}$	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{2}{8}$ (Mar. 17, '32)
Discount / Call	$\frac{3}{8}$	$\frac{2}{8}$	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{2}{8}$ (Mar. 17, '32)
Houses / Notice ...	$\frac{3}{8}$	$\frac{2}{8}$	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{2}{8}$ (Mar. 17, '32)
Market rate (3 months' bills)	$3\frac{1}{4}$	$2\frac{1}{4}$	$2\frac{1}{4}$	$2\frac{1}{4}$	...

Early this week there was a revival of foreign purchasing of sterling for the rise, and while so far it has been possible to hold sterling down to \$3.64, it is generally believed that large official acquisitions of devisen proved necessary. There is no doubt that foreign opinion holds that sterling is under-valued, quite apart from the fact that today London banks and the sterling bill between them command the greatest confidence. Furthermore, the renewal of speculative and other operations in sterling have caused the discount on forward foreign exchange rates to widen, so that on Wednesday the discount upon three months' forward dollars was equivalent to an annual return of nearly $2\frac{1}{2}$ per cent. If this be added to the ordinary return of 2 to $2\frac{1}{4}$ per cent. obtainable on money in London, whether lodged on fixed deposit or invested in Treasury or commercial bills, it is clear that to-day American money can earn more in London than New York. Thus, quite apart from such possibilities of appreciation as the pound is believed to possess, there is a powerful incentive to American money to come to London.

There are many good reasons why an influx of foreign short money should not be permitted to drive the pound up beyond its present level. The danger to our stability arising from the presence of most of the world's nomadic short money in London, and the needs of our export industries at once to come to mind. It is equally common knowledge that to restrain the pound the authorities have had to purchase devisen to a very considerable extent. The question of technical methods is much discussed in the market. The Treasury is believed to be buying gold in order to offset the offerings of devisen, but this is hardly within the Treasury's normal functions, and places the Treasury in danger of loss should an appreciation of sterling take place after all.

It is conceivable, however, that further steps could usefully be taken. One obvious measure consists of official operations in the forward exchange market, designed to narrow the discount of forward upon spot rates and so render London a less remunerative centre to foreign currencies. The other is that London banks and other financial institutions should, as far as is practicable, add to their own holdings of devisen in order to relieve the pressure upon the authorities. It is possible that in such ways a good deal could be done to check a rise in sterling which in many ways would be most undesirable.

In New York call money remains unchanged at $2\frac{1}{4}$ per cent., but a further reduction of $\frac{1}{8}$ per cent. has been made in open market acceptance rates, and 90-day bankers' acceptances are now quoted at $2\frac{1}{4}$ per cent., against $2\frac{3}{4}$ per cent. last week. This is thought to point to a reduction in the New York rediscount rate, which so far has remained at 3 per cent., the point to which it was lowered on February 25th. The National Credit Corporation is to refund 15 per cent. of the banks' subscription to its debentures, as the loans originally made by it are being taken over by the new Reconstruction Finance Corporation. The Mexican Government has purchased 23,000,000 ounces of silver for delivery over a period of twelve months.

Except for a certain rush to buy sterling on Monday the Foreign Exchange market was very quiet. The tendency generally of the principal currencies was in our favour, but in some instances they closed below the best. New York was three points higher at 3.64. Montreal went from 4.06 to 4.07, and Paris from 92 to 92 $\frac{1}{2}$ after being higher. Milan was fractionally weaker at 70 $\frac{1}{2}$, but Brussels fell from 25.92 to 26 $\frac{1}{2}$. Madrid went from 47 $\frac{1}{2}$ to 48 $\frac{1}{2}$, and Amsterdam from 8.97 to 9.05. Berlin was rather weaker at 15.30, and Switzerland fell rather sharply to 18.87. The Scandinavian currencies reacted differently, Stockholm weakening from 18.68 to 18.87 and Oslo from 18.18 to 18.55, but Copenhagen gained point at 18.15. The South American currencies were relatively steady, but quotations are still largely nominal. Rio being unchanged at 4 $\frac{1}{4}$ d., as was Montevideo 31 $\frac{1}{4}$ d.; but Buenos Aires weakened by $\frac{1}{4}$ d. to 35 57 $\frac{1}{2}$ the Far East the rupee was steady at 1s. 6 $\frac{1}{2}$ d. 40 $\frac{1}{2}$ yen weakened by $\frac{1}{4}$ d. to 1s. 9 $\frac{1}{2}$ d., and Ba declined from 9.05 to 9.10. In the forward market 23 $\frac{1}{2}$ month's dollars remained at $\frac{1}{2}$ cent discount, 49 month's weakened by $\frac{1}{4}$ to 2 cents discount, 7 $\frac{1}{2}$ month's Paris gained a point at 4 centimes discount, three months' weakened by the same margin to 16 centimes discount. Brussels was at discounts of $\frac{1}{8}$ and $\frac{3}{8}$, and Milan at $\frac{1}{4}$ and $1\frac{1}{4}$ lire discount. Madrid remained at one peseta discount for three months' delivery, but weakened to $\frac{1}{2}$ peseta discount for one month. Amsterdam and Switzerland remained at last week's levels, and Berlin was again not quoted. Silver weakened with the rise in sterling, cash by $\frac{3}{4}$ d. to 17 $\frac{1}{2}$ d., and forward by $\frac{1}{4}$ d. to 17 $\frac{1}{2}$ d., but the market was small and inactive. The Chinese silver currencies weakened in sympathy, Hongkong from 1s. 4 $\frac{1}{4}$ d. to 1s. 3 $\frac{1}{4}$ d., and Shanghai from 1s. 9 $\frac{1}{4}$ d. to 1s. 9 $\frac{3}{4}$ d.

MR. LLOYD GEORGE AND REPARATIONS.

On the positive side, Mr Lloyd George's book* on reparations and war debts sets out a policy to which the bulk of opinion in this country will rally, and which will command the assent also of large numbers of liberal-minded folk in other countries, including France and the United States. The thesis that it would be in the best interests of the world that reparations and war debts should be entirely cancelled, but that the world can only hope to gain the full benefits of this step if it is accompanied by disarmament and by a lowering of tariff barriers, is one which has been stressed so frequently in the pages of the *Economist* that it is unnecessary here to marshal the arguments anew. We welcome, however, the emphasis which Mr Lloyd George lays on the point that, if this policy is carried out, there is no need for France to regard the end of reparations as the overthrow of the Treaty system. He is rightly at pains to show that such a conclusion would be in accordance with what was envisaged at Versailles, and could be carried out strictly in conformity with various provisions that find their place in the Treaty itself. These clauses do not merely provide for modification by the Reparation Commission of the time and form of payment, but also contemplate the possibility that part of the reparations debt itself may actually be cancelled. Cancellation, therefore, in the circumstances that have now arisen would be "good law."

In this connection, moreover, Mr Lloyd George claims, not without justification, that, in the early reparation period, the Commission worked less favourably to Germany than was fairly to be expected in 1919, owing to the fact that no American representative sat on the Commission, the result being that France had the casting vote. It can, indeed, hardly be doubted that, if America had been a member there would have been no majority declaration of default in January, 1923, and no occupation of the Ruhr. Nor would a cancellation of reparations mean that Germany has been "let off." Mr Lloyd George does not attempt to examine the various figures which have been put forward as to the total amount which Germany has paid or as to the amount which has been spent by France on the restoration of the devastated areas. But the figures given in the *Economist* a few weeks ago show that, whatever estimate is taken, France has received from Germany not merely the whole cost of the Army of Occupation, which ran into very large sums of money, but also a very substantial proportion of her cost of reconstruction. Even if we leave aside the question whether Germany should be credited with the surplus value of the property of her nationals sequestered by the belligerent countries, and accept Mr Moulton's estimate of the value of ceded property and of deliveries in kind, Germany has paid altogether some 27 milliard marks, a figure nearly seven times as large as Germany demanded from France after the Franco-Prussian war. Mr Lloyd George also reminds France that her obligation to disarm is an essential part of the system set up in 1919 and that Germany, who has met a very large part of her reparation obligations, may justly accuse France of having failed to carry out her side of the bargain.

Pronouncements on the past, however, do not dispense statesmen from the obligation to deal practically with the future; and whether bald out-and-out cancellation of all Germany's obligations is the only way out of the problem, is a point for argument. Germany's solemn undertaking at the Hague to provide the annuities of the Young Plan on her own credit, in return for the abolition of the controls of the Dawes Scheme, is a fact which cannot be simply overlooked. The harmful effect on the world's economic life which has been caused by the attempt to collect large reparation payments without providing the means for their due discharge in goods and services is now widely understood. But if the settlement of the whole complex problem can be facilitated by the payment of such modest sums as Germany may be able to pay with-

out bankruptcy to herself or dislocation to the trade of the world, that possibility must be carefully examined at Lausanne. When Mr Lloyd George observes that "it is not worth while keeping afloat any part of reparation debts. . . . Salvage operations to rescue any scrap from the deep into which it has sunk are not worth the cost and risk," he can scarcely expect French endorsement of his views.

For ourselves, we welcome all the arguments which Mr Lloyd George is able to adduce in support of a liberal solution of the present problem; but, though every reader will find many illuminating suggestions and comments both on men and on affairs, there are very few pages in this book that will not arouse acute controversy. The sharpest criticism will inevitably be directed to the description of the part which Mr Lloyd George himself played in launching the reparations problem on its ill-starred career. We are quite ready to believe that Mr Lloyd George, from the very outset, doubted the possibility of extorting from Germany the huge sums that were spoken of in the weeks immediately following the war. But that is only a small part of the story. During the first fortnight of December, 1918, Mr Lloyd George made the great mistake of his career in allowing himself to be pushed into adopting as his election programme the promise that he would bring the Kaiser to justice and that he would demand from Germany the whole cost of the hostilities, though this demand was not in accordance with the terms which we had accepted a month before. Mr Lloyd George himself gave currency to the excessive figures of the Hughes Committee, and though he always added the warning that it might not be possible to get payment in full from Germany, he was, in fact, carried into power on the cry of making Germany pay for the war. Thereafter Mr Lloyd George's great army of jingo M.P.s proved a fatal handicap to him. As Mr Rae Stannard Baker rightly observes in his life of Wilson, "Mr Lloyd George won his election in December on Cunliffe's figures," and he was compelled to appoint Mr Hughes, Lord Cunliffe and Lord Sumner as the British members of the Commission on Reparations, though he knew perfectly well that their ideas were—to use a phrase famous in subsequent reparations history—"grotesque and ridiculous."

In his desire to shelter himself behind current opinion, Mr Lloyd George rather unhappily quotes the *Economist* as supporting the "big reparations" school. We are tempted to break a lance. A sufficient answer is contained in the very relevant passage which immediately precedes the quotation which Mr Lloyd George makes from the article of December 7, 1918. It runs as follows:—

Mr Lloyd George says (we quote *The Times* of December 6th), "all the European Allies have accepted the principle that the Central Powers must pay the cost of the war up to the limit of their capacity," implying that we and our European Allies propose to get as much as we can back of our whole war cost. This is a serious variation of the terms on which we stated our readiness to make peace early in November, and on which Germany accepted the conditions of the armistice. The Allied Governments then (see *The Times* of November 7th) stated that they took President Wilson's stipulation with regard to the restoration of invaded territories to mean that "compensation will be made by Germany for all damage done to the civilian population of the Allies and to their property by the aggression of Germany by land, by sea, and from the air." These were the terms on which we were then prepared to make peace—payment for damage to civilian property. They were certainly generous, especially in view of Germany's exaction from France at the end of the Franco-German war. But to expand them now into a demand for total war cost up to the capacity of the Central Powers would be to go back on our pledged word. We can only hope that the Prime Minister has written carelessly, or has allowed his electioneering zeal to cloud his memory of a scrap of paper that binds him and his country.

A week later, referring to the same critical clause, the *Economist* expressed its views in still more pointed language:—

Any attempt to twist this phrase into meaning the whole cost of the war would be financial sophistry that would be flouted in

* "The Truth About Reparations and War Debts." By the Rt. Hon. D. Lloyd George. (London): Heinemann. 3s. 6d. net.

[March 26, 1932.]

Houndsditch; and yet the Prime Minister, and most of the Press and of the candidates, are demanding, in a joyful chorus, that we should forget our pledged word and the country's honour.

Again, taking up a quotation of some months later, Mr Lloyd George represents the *Economist* as criticising Mr Bonar Law for being pessimistic regarding what could be obtained from Germany. The passage which Mr Lloyd George quotes merely challenges Mr Bonar Law for suggesting that the visible trade figures of Germany were the test of what foreign payments she could make. This was clearly a *non-sequitur*, for Great Britain herself is an example of a country which, though having a large excess of imports, nevertheless, through her other earnings, has been able for decades to invest large sums abroad. The article in question was one in which the *Economist* spoke of Mr Bonar Law's speech as follows:—

It enabled Mr. Bonar Law to make a lucid and interesting statement on the difficulties of collecting anything like the enormous sums that have been suggested as possible, to show that he at least had made no promises during the election which could not be fulfilled. . . . It is now clear enough that the Allies will be fortunate if they are able to get from Germany even the total that she owes them on the ground of actual damage to civilian property, unexpended by Old Bailey ingenuities.

The *Economist* at the time may have underestimated the reactions which any substantial payments would have on British or other competing industries; but, in the light of these comments, it is absurd to quote the *Economist* as representative of a body of expert financial opinion which egged on the sceptical politicians to put forward inflated claims against their better judgment, or to draw the inference that "economic authority was far more confident than were the politicians that reparations could be paid." The false expectations, the illusions and their tragic influence on the peace were due to a claim which Mr Lloyd George still defends. The *Economist* has always held that the judgment of history will confirm that of Mr Keynes when he wrote that "the campaign for securing out of Germany the general costs of the war was one of the most serious acts of political unwisdom for which our statesmen have ever been responsible."

Mr Lloyd George has chosen to draft his book in a way which will evoke heated discussion on this and many other topics; his strictures on the Mellon-Baldwin settlement are not calculated to please the United States; but we do not propose to pursue in further detail these controversies of past years. The world to-day will do well to receive his sweeping and critical judgments in a spirit chastened by the recognition that the post-war policies of all the victorious nations have combined, in one way or another—be it greed or blindness or vacillation—to blast the hopes of peace. If Mr Lloyd George will have none of the white sheet of penitence for his own wear, his book is a convincing proof of the world's need to make the future atone for the past.

THE COMMUNAL PROBLEM.

LAST Saturday it was announced at Delhi that His Majesty's Government at Westminster have now decided to frame and put into effect, at the earliest possible moment, a provisional scheme for disposing, in India, of the communal problem. Although this is a very grave responsibility to undertake, the announcement of the Government's decision is, in the actual circumstances, distinctly good news; for the decision is, after all, simply a decision to shoulder, at the right moment, an obligation to which this country is already fully committed in every sense.

It is true that, though we are pledged to hand over the government of India progressively to the Indian people, we must necessarily have regard to the degree of willingness to accept an agreed constitution; but, while we retain sovereignty, we are morally bound to attempt by unilateral action to resolve the present deadlock. Again, we are committed politically; for quite apart from the question whether a deadlock, in the circumstances just envisaged, would fairly lay us open to an imputation of bad faith or not, it is evident that the process of transfer cannot be arrested at this point in practice without arousing in India a political bitterness,

and precipitating a political upheaval, which might make the task of carrying on the administration and maintaining law and order virtually impossible. In the third place, we are committed by an explicit promise—or warning—which Mr MacDonald gave, and rightly gave, in London, on December 1st last, to the Round Table Conference. The Prime Minister announced on that occasion that, if the Indian communities failed to settle the communal problem for themselves, the Government at Westminster would take it upon itself to supply this part of the Indian Constitution temporarily, by the use of its own powers, as a *pis aller* which would at any rate be less undesirable than an *impasse*.

The necessity for fulfilling this contingent undertaking has now unfortunately arisen in consequence of what has happened since then. About a month ago the Muslim members of the Consultative Committee of the Round Table Conference in India formally declared themselves unable to agree with representatives of other communities upon a settlement of the communal problem; and thereafter the Committee itself formally requested that His Majesty's Government at Westminster should give a decision in the matter. In these circumstances, the Government would have stultified itself, and have invited disaster in India, if it had held back; and the announcement of its intention to act has come at an opportune moment.

Indeed, the moment was opportune to a nicety; for it overtook the Indian Muslim leaders on board their trains *en route* to a meeting of the All-India Muslim Conference at Lahore, where they were proposing to boycott the Round Table Conference on the ground that the British Government had failed to carry out its promises. Even before the announcement of March 19th, this boycott proposal had been a contentious question on which the Indian Muslim community was by no means unanimous; and, after the announcement, the proposed resolution was dropped by its promoters on the eve of the Lahore Conference, before the proceedings actually opened. In place of the boycott resolution, the Executive Committee of the Conference accepted, at the first sitting of the Conference last Monday, an alternative resolution demanding that the British Government should settle the communal question by the end of June, and settle it on the Muslim's terms.

These terms, which are already well known, were reaffirmed on Monday by the President of the Muslim Congress, Sir Muhammed Iqbal. No settlement is acceptable to Muslims which does not satisfy their demands for separate communal electorates; for majority rights in the provinces where they have a majority; for equality between the federal units of an Indian Federation (especially equality between the North-West Frontier Province and Sind and the older "Governors' Provinces"); complete provincial autonomy; the transfer of power from the Parliament of Westminster to the Indian provinces (presumably in opposition to a transfer of powers to an All-India Government); and a one-third share of representation and control at the centre for Muslims. Broadly, the Indian Muslims' policy is to keep the Federal Government as weak as possible, since they cannot hope to possess more than a third of the power there; and to secure as much local power for the provinces as possible, in order that the provinces in which the Muslim community is in a majority may serve as Muslim citadels.

Such an arrangement, in combination with the alliance that they have contracted with the other minorities, particularly the Depressed Classes, would no doubt give the Indian Muslims a fair prospect of holding their own against the Caste Hindus, even if the British were to withdraw from the Indian arena and cease altogether to hold the view, and perhaps also from the Muslim point of view, and perhaps also from the Muslim point of view, already their failure to convince the Caste Hindus and the Sikhs of the excellence of what they propose. It is prement to intervene; and it seems extremely improbable that the arbitrator, or mediator, will give a decision precisely in accordance with the desiderata of one of the parties to

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the dispute without taking account of the other party's case. The British Government's provisional settlement of the communal problem will assuredly be something that is not wholly pleasing either to the Muslims or to the Depressed Classes or to the Sikhs or to the Caste Hindus; and therefore the announcement of the terms, when it is made, may be the signal for trouble—though certainly less serious trouble (notwithstanding the Muslims' threat of "direct action") than would arise if the Government were to shirk its plain duty. It is always an awkward business to cut the Gordian knot, for there are so many mishaps that can occur. If the cord is too slack, the sword fails to sever it and merely becomes entangled in the loops; on the other hand, if the cord happens to be too taut (and in this instance the tension is evidently extreme), the severed ends are apt to fly up and lash the operator in the face. A difficult operation, decidedly, yet one which, as things are, we cannot possibly refuse to perform.

THE QUARTER'S NEW CAPITAL.

THE market for new capital issues, like that for money, underwent an appreciable change during the first three months of 1932. At the end of last year, with Bank rate still at the "crisis" level of 6 per cent., the volume of new issues had fallen to negligible dimensions. To-day, there are unmistakable signs of greater activity, though such modest revival as has occurred is a reflection of cheaper money rather than of any recrudescence of enterprise.

In the first of the following tables we show the geographical distribution of the past quarter's issues. The debit figure of £3 millions on British Government account represents the surplus of encashments over sales of National Savings Certificates:—

DESTINATION OF NEW CAPITAL.

	First Quarters of Years.					
	1913.	1928.	1929.	1930.	1931.	1932.
United Kingdom— Government	£ Nil	£ 85,761,000	£ 1,900,000	£ 38,360,000	£ 6,150,000	£ Dr. 3,000,000
Other	7,542,000	48,646,000	56,220,000	29,933,500	19,781,100	15,768,500
	7,542,000	134,407,000	58,120,000	68,293,500	25,931,100	12,768,500
British Possessions— Government	7,626,600	17,930,100	23,590,000	14,625,800	12,786,600	4,077,000
Other	14,327,500	3,672,600	2,801,100	1,453,200	2,548,700	899,600
	21,954,100	21,602,700	26,391,100	16,079,000	15,335,300	4,976,600
Foreign countries— Government	3,523,600	4,765,100	3,650,000	Nil	1,740,000	Nil
Other	17,325,000	8,269,000	8,791,900	3,360,000	2,217,500	Nil
	20,848,600	13,034,100	12,441,900	3,360,000	3,957,500	Nil
Grand total	50,344,700	169,043,800	96,953,000	87,732,500	45,223,900	17,745,100

It will be observed that during the past quarter foreign lending has been nil; and the total volume of new financing, at less than £18 millions, represents well under half of that of even a year ago. As compared, however, with the two last quarters of 1931, when aggregate new capital issues amounted to only £9 millions and £3.9 millions respectively, the present figure betokens some reawakening of life. The distribution of the total among different classes of borrowers is more fully analysed in the table which follows:—

CLASSES OF BORROWERS. (£ million.)

	Total.	British Government.	Foreign Colonial Govt.	British Colonial and Foreign Corpns.	Foreign Railways.	Mines, Finance, and Exploitation.	Rubber and Oil.	Balance (Mainly Home Industry).
Total whole year, 1923	271.4	77.7	95.8	4.8	5.4	15.5	7.7	64.5
Total whole year, 1924	209.3	13.7	90.6	18.8	1.0	12.7	2.3	70.2
Total whole year, 1925	232.2	45.6	30.7	25.3	3.8	18.0	19.1	89.7
Total whole year, 1926	230.7	4.7	54.6	49.2	8.2	26.9	6.2	80.9
Total whole year, 1927	355.1	66.0	67.5	37.9	5.4	33.2	11.0	134.1
Total whole year, 1928	369.0	83.8	56.1	26.4	3.1	49.7	8.7	141.2
1929—1st quarter	96.9	1.9	27.2	0.3	3.8	21.2	4.9	37.6
2nd " "	77.4	Dr. 0.3	Nil	11.4	Nil	12.9	0.1	53.3
3rd " "	18.7	Dr. 1.4	2.8	0.4	4.0	2.4	1.1	13.4
4th " "	92.2	65.2	Nil	Nil	4.0	5.0	0.3	17.7
Total whole year, 1929	285.2	65.4	30.0	12.1	7.8	41.5	6.4	122.0
1930—1st quarter	87.7	38.4	14.6	15.9	2.7	1.0	6.7	8.4
2nd " "	81.9	1.6	30.9	18.8	Nil	6.3	2.0	22.3
3rd " "	22.9	3.8	3.0	Nil	4.8	3.0	0.6	11.8
4th " "	75.3	21.8	21.8	10.0	4.1	1.2	0.1	16.3
Total whole year, 1930	267.8	65.6	70.3	44.7	7.6	11.5	9.3	58.8
1931—1st quarter	45.2	6.1	14.5	2.7	Nil	5.6	0.1	16.2
2nd " "	44.0	4.1	14.9	3.5	2.8	5.9	0.1	12.7
3rd " "	9.0	2.3	2.8	0.5	0.1	0.7	...	2.6
4th " "	3.9	Dr. 1.8	Nil	1.3	Nil	...	...	4.4
Total whole year, 1931	102.1	10.7	32.2	8.0	2.9	12.2	0.2	35.9
1932—1st quarter	17.7	Dr. 3.0	4.1	9.8	Nil	0.5	0.4	5.9

Colonial Governments, British and Colonial corporations, and—in the last group—two British railways, accounted for almost the whole of the quarter's flotations. In view of this distribution it is not surprising to find from a further analysis that nearly the whole of the total took the form of issues of debentures and bonds:—

NATURE OF BORROWING.

Year	Preference		Ordinary		Total.
	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.		
Year 1927	228,958,000	36,836,600	89,371,400	355,166,000	
" 1928	212,817,900	45,062,600	111,177,600	369,158,100	
" 1929	137,670,300	31,543,400	116,025,700	285,239,400	
" 1930	227,658,500	15,548,800	24,593,300	267,800,600	
" 1931	74,835,599	6,911,859	20,296,833	102,044,291	
First quarter, 1930	76,368,500	8,145,700	3,218,200	87,732,400	
First quarter, 1931	35,879,000	521,500	8,823,400	45,223,900	
First quarter, 1932	15,296,500	1,755,000	693,600	17,745,100	

A more detailed list of the various forms of new capital applications during the past quarter, in comparison with previous years, will be found on page 673. Substantially, the quarter's events in the market have been confined to ten issues, two in January, three in February, and five in March, of which three, representing a nominal amount of £4.2 millions, were Crown Colony loans; four, amounting to £12 millions nominal, were British corporation loans (including the Central Electricity Board and the Port of London Authority in this category); two were Home railway issues and one an issue of £3.4 millions in 5 per cent. debenture stock by a large industrial combine for conversion purposes. Among other operations there need only be noted an issue of £700,000 in 7 per cent. debentures at par by a firm of newspaper proprietors, an offer (to shareholders only) of one million 7 per cent. preference shares at 22s. 6d. by Messrs. J. Lyons and Company, and a relatively small issue of 8 per cent. preference stock by an oil company. Other issues under various heads were all of negligible amounts and confined to shareholders only.

In the next table we show the issue and present prices of the chief flotations:—

Month of Issue.	Name and Description.	Nominal Amount.	Issue Price.	Price, March 22, 1932.
1932.				
January	Mauritius 5% Guar. Deb.	600,000	98½	106
January	Uganda 5% Ins. Stk., 1951-71	1,600,000	96	103½
February	Nyasaland 4½% Guar. Stk., 1952-72...	2,000,000	97½	3½ prem.
February	Central Electricity Board 5% Stk., 1955-75	7,000,000	95	6 prem.
February	Oroydon Corporation 5% Red. Stk., 1950-60	750,000	Par	5 prem.
March	Poole Corporation 5% Stk., 1957-72 ..	750,000	100½	3½ prem.
March	Metropolitan District Rly. 5% Stk., 1985-95	1,500,000	97½	5 prem.
March	Metropolitan Railway 5% Stk., 1957-62 ..	2,000,000	97½	2½ prem.
March	Port of London Authority 5% Inscribed Stk., 1950-70	2,000,000	101½	2½ prem.
March	Lever Brothers 5% Deb. Stk.	3,440,000	98	...

From this it will be seen that sound borrowers have succeeded in obtaining money readily on a basis of slightly over 5 per cent. The figures of premium at which these issues are now standing and the large over-subscriptions which are known to have accompanied the majority of the offers, suggest that with the progressive cheapening of money a slightly lower yield-basis has now become practical politics. From the point of view of the psychology of investors, it is evident from this demonstration of the willingness of rentiers to invest money at fixed interest—notwithstanding the heavy losses already incurred in this sphere during the present crisis—that fears of inflation or of drastic depreciation of sterling have definitely receded; and that where confidence is placed in the security or earning capacity of borrowers, there are ample funds, untapped during the previous six months' paralysis of the new issue market, immediately available for investment. In so far as home issues or loans to Crown Colonies whose currencies are on a sterling basis are concerned, it is obviously desirable that full advantage should be taken of money market ease, both to finance reproductive capital development and to fund short-term indebtedness, thereby increasing the liquidity of banking creditors. Every encouragement in this direction should be given.

The question, however, of fostering a revival of new issues for foreign borrowers equally demands careful consideration of its advantages. On the one hand, it would be manifestly contrary to the national interests if an influx of short-term foreign money should be used as a basis for long-term lending abroad, thus re-creating the vulnerability from which we suffered during the period immediately preceding the suspension of the gold standard. On the other hand, in so far as the recent strength of sterling is a reflection of the repatriation of British-owned capital formerly invested abroad, there is everything to be said for offsetting such re-imports of British funds by re-lending abroad on long term. Otherwise, the strain on the sterling exchange, making for an appreciation unwarranted by our current trading balance, might become unmanageable. Indeed, fresh investment, eliciting exports from this country and preventing the accumulation of sterile deposits of idle money would be doubly welcome. The difficulty is obviously to find destinations for foreign lending in which the borrowers are

able to afford security satisfactory to the potential investor. So far as the debtor countries of the Continent of Europe are concerned, fresh loans to-day are a matter for the consideration of statesmen rather than the individual investor; but, however circumscribed may be the limits within which foreign lending without special Government guarantees is now a practical possibility, it would be well, perhaps, for the authorities to let it be known that the recent unofficially imposed embargo can now be experimentally withdrawn.

THE RUBBER POSITION.

THE decision of the British and Dutch Governments against official control of the supply of crude rubber is likely to prove an important milestone in the history of the rubber industry. The removal of the Stevenson Restriction Scheme at the end of 1928 found actual productive capacity much enhanced by the liberation of supplies from the whole of the well "rested" British areas. In addition, there was a great increase in potential capacity from the extensive areas of new Dutch estate and native plantings undertaken during the period of high prices resulting from restriction. The shock of the transition to unrestricted production was, however, mitigated until late in 1929 by the phenomenal increase in American absorption of rubber, while the new Dutch areas had not for the most part come into tapping. The Wall Street crash and the beginning of the world depression quickly reduced absorption; but on the production side no corresponding contraction resulted or was in prospect. European estates endeavoured to reduce costs per pound, to conform with selling prices by increased output, while the ever more imminent maturity of large new Dutch native areas foreshadowed an increase in native output.

In these circumstances an attempt was made to organise voluntary restriction by the British and Dutch European producers. The May "tapping holiday" of 1930, although well supported and ably executed, showed that voluntary restriction by Europeans—having regard to the impossibility of securing native co-operation—was inadequate to solve the difficulties of the industry, and would, indeed, only strengthen the native section of the industry at the expense of the large estates. The degree of international co-operation attained in this experiment promised, however, if directed to securing compulsory regulation through Governmental agency, to achieve the desired results. From June, 1930, to March, 1932, the political endeavour of the industry consequently centred round this objective.

At the outset the efforts of pro-restrictionist producers received a severe setback. In September, 1930, the Governor-General of Malaya, while on a courtesy visit to the Dutch East Indies, obtained from the Governor-General of the Netherlands East Indies an expression of the views of his Administration on the question of rubber restriction. These were, firstly, that restriction was contrary to the policy of his Government, and, secondly, that even if policy were reversed, the administration of the restriction of native output would be "very difficult or scarcely possible." In face of this pronouncement, the Governor-General of Malaya concluded that economic forces must be left to work themselves out. For the time being restriction appeared to be dead. And yet within six months a renewed agitation both by British and Dutch producers was in full swing. Early in 1931 a number of Commissions and Committees were instituted in Holland with a view to organising unanimous support amongst Dutch producers and informing the Minister of the Colonies of the restrictionist case. Although a minority of Dutch producers were still antagonistic to restriction, it appears that by the autumn there was overwhelming pressure in favour of action on the Dutch Minister. At this juncture the British Government, at the instance of British producers, opened direct negotiations with the Dutch Government in consultation with the Colonial Governments concerned. After the lapse of a further six months of negotiation the decision now announced was reached.

The grounds stated for this decision were that the Governments concerned were satisfied of the impossibility of framing and operating "an international scheme which would guarantee the effective regulation of the production or export of rubber." The inference, which is supported by comment in Dutch circles, is that the Dutch Government was unable to satisfy itself or the British Government that it could effectively control native output in the Netherlands East Indies. The presence and well-known opinions of Dr. Luitjes, head of the Agricultural Department of the Netherlands East Indies, on whose advice the Dutch Government had to act, lend support to this conclusion. The importance of these events is that the "appeal unto Caesar" on this question has been made, and after protracted and exhaustive investigation and discussion, a decision has been made against Governmental interference. Further, the decision is based not on the desirability or otherwise of restriction, but on its impracticability. This time it may legitimately be hoped that restriction and the inevitable uncertainties which go with it are dead.

The pros and cons of rubber restriction have for a long time attained an almost theological complexity. In view of the finality now reached, it is more profitable to consider the implications of this decision than its merits. As regards the immediate outlook, it may be said at once that the time of making the announcement was well chosen. At this time of the year shipments are at their lowest, and absorption is tending to increase to the seasonal peak. This fact, coupled with intelligent anticipation of the probabilities, is no doubt responsible for the market having taken the announcement so well. As regards the short-term outlook on the production side, distinctions must be drawn both as between producing countries and as between European and native producers. There can be little doubt that rubber producers in Malaya and the Dutch East Indies are naturally better situated to contend with the present extremely rigorous conditions than those in other countries. As regards the European producers, it is likely that a certain, not very large, proportion will cease production forthwith. Another and rather larger section, including those companies which are both strong financially and efficient in production, can ride the storm almost indefinitely. The most difficult group on which to generalise is the great bulk of producers in an intermediate position between these categories. On the whole it would seem likely, having regard to the remarkable reduction in production costs already achieved in the last two years, that many of them will proceed further in this direction on a basis of full output. Many others ultimately destined to go on "care and maintenance" will not do so until the possibilities of hanging on have been fully exhausted. On the whole, it would not, therefore, seem wise to postulate any very large reduction in estate output during 1932.

As regards native output, the Malayan native may be expected to continue production substantially at the level of recent years. In the Netherlands East Indies the native producer will be severely affected by the recent fall in prices. He has, however, in the past shown a surprising ability to accommodate himself to successive reductions in the price level, while a further counter-balancing factor is the increasing area of new rubber coming into tapping. On the whole, only a slight reduction can be anticipated from this quarter. On the basis of the statistics issued by the Commercial Research Department of the Rubber Growers' Association, production in 1931 may be put at 797,000 tons. Leaving native output substantially unchanged, it would be surprising if the output of the remaining producers were to be reduced by much more than 100,000 tons in 1932.

The absorption of rubber is unlikely to be stimulated directly by the low prices obtaining, as the cost of the raw product is insignificant in relation to the price of manufactured rubber goods. On the other hand, the removal of uncertainty with regard to possible artificial inflation of the price by restriction may foster both extended use and new uses. A further reduction of the use of "reclaim" to the minimum proportions necessary should also result. The world situation is so full of uncertainties

that nothing in the nature of a precise forecast can be attempted. There would not seem, however, to be any reason to anticipate a smaller demand for either original equipment or replacement tyres in the United States, having regard to the extremely low current level of operation, while the absorption of rubber in products other than tyres has held up surprisingly well throughout the depression. In the United Kingdom it would not seem that any reduction from last year's level of absorption need be anticipated, while in other countries, where absorption is mainly for manufactures other than tyres, demand has been maintained well during the last two years. It would, therefore, seem reasonable to anticipate no important reduction in absorption below the 670,000 tons reached in 1931.

Allowing for the necessarily wide margin of error in such approximations, it may be said that there is a prospect that demand and supply may come nearly into equilibrium during the next twelve months, as contrasted with a recorded increase in stocks of 130,000 tons between December, 1930, and December, 1931. If the position were to work out in this way, there would seem to be no reason to regret the abandonment of restriction hopes. The substantial maintenance of absorption in such a period as that through which the world is now passing augurs well for a largely increased demand for rubber as soon as the depression lifts. Although world rubber stocks at 650,000 tons equal nearly a year's world absorption, and must, therefore, in the meantime depress the price, even if demand and supply are balancing, the industry will in reality be gaining time. Meanwhile, the elimination of the high-cost producer will proceed, and a prolonged period of low prices will act as a stimulus to the efficiency and resource of active producers. Ultimately it is possible to foresee a strong European industry in a position to supply the bulk of the world demand profitably at a low price which will be stabilised by the reserve output of those native areas which have for so long been the bugbear of the rubber industry.

GETTING RICH QUICK.

(BY A CORRESPONDENT.)

A SWEEPSTAKE ticket before the draw is one of the very few things in this world with an intrinsic value. The value of war loan or of wheat or of a painting by Millais hangs on a number of varying factors, and particularly on the state of public opinion and public taste. If the majority of people interested in investment believe that money is likely to become cheaper, the value of War Loan increases in anticipation of the change; if a sufficient number of people interested in pictures think that the fashion for modern French painters is losing momentum and that the pendulum is likely to swing back to Victorian Academicians, then the value of Millais' works, resting in the respectable seclusion of provincial dining-rooms, may in a moment shoot up by as much as one hundred per cent. So relative, so sensitive a thing, with them, is value. But with sweepstakes things are different, for there (if the management is honest) each ticket possesses, in the currency in which the sweepstake is run, a definite mathematical value and, given the necessary knowledge, value can always be ascertained. If we know that a sweep is being honestly managed and that none of the money contributed is going in working expenses or being deducted for any other purpose, the mathematical value of each ticket is the sum paid for it—no more and no less. If there are 10,000 tickets of 10s. each, the value of each ticket in sterling is 10s.; and if there are 20 tickets of 10s. each, the value of each ticket in sterling is still 10s. For in the one case it gives you a ten-thousandth chance of winning £5,000, and in the other a twentieth chance of winning £10; and the two chances are of equal value.

Thus with a sweep in which there are no deductions from the pool the value of a 10s. ticket is arithmetically determined as 10s., and before the draw nothing but dishonesty can raise it to any higher figure; but the moment you begin to deduct from the pool working expenses or

commission for the man running the sweep or contributions to deserving charity the mathematical value of the tickets falls. Dishonesty alone can increase the value of an undrawn ticket above its face figure. Deductions are bound to reduce it. If, for example, you have a sweep with tickets at 10s. each and 20 per cent. of the pool is taken for expenses and charity, then the value of each ticket—the mathematical value—is 8s., and nothing but dishonesty can put it up to a higher figure. If the deductions are 25 per cent. then the mathematical value is 7s. 6d., and nothing but dishonesty can make it more than 7s. 6d.

The plain truth is that every man who buys a ticket in the Irish sweep is paying 10s. for a piece of paper which is demonstrably worth less than 10s. If the deductions for management and for the Irish hospitals are 12½ per cent. of the whole fund, then he is giving 10s. for 8s. 9d.; if 15 per cent., then he gives 10s. for 8s. 6d.; if 20 per cent., then 10s. for 8s.; if 25 per cent., then 10s. for 7s. 6d.—and so forth. If he had backed a horse or gambled on the Stock Exchange, his judgment might have proved better than the judgment of his contemporaries, and he might in consequence have bought a share that was undervalued or got money on a horse at too long odds; but when he takes part in the sweep he must be paying for what he buys with more money than it is worth.

To all this line of argument the obvious answer is "To hell with your pedantry and your arithmetic. We do not relax by long division or enjoy ourselves by rule of three. We are sportsmen, and what we want is not a mathematical chance, but a run for our money and the amusement of a small stake at enormous odds in a popular race. We may, as you say, be paying more than the ticket is worth, but the difference is more than accounted for by the fun and the excitement, and we buy our tickets in the sweep as sportsmen out for enjoyment, not as business men out for profit." Well, if anyone is so blind to the odds against him, or so easily moved as to excite himself over the thousandth fraction of an off chance that a ticket in the Irish Sweep carries with it, and if he can afford to lose his 10s., and if he really does treat the whole thing as a piece of amusement and forgets his ticket and his excitement and his hopes of getting a winner as soon as the draw is known—if all these things are true of a man, there cannot be much harm in his wasting the 2s. or 2s. 6d. that the ticket costs him over and above its true value. But a gigantic sweep is not built up on the ten-shilling notes of people who take it in this spirit. It can only reach the vast size that it has now attained by attracting the money of people who cannot afford the price of a ticket and the waste of half-a-crown, who do not regard the venture as a piece of casual amusement to be forgotten as soon as it is over, who do not understand the simple fact that the scrap of paper for which they have paid 10s. is really worth a good deal less than 10s., who think of the sweep as a business proposition and a short cut to fortune and a life of leisure. Let anyone who doubts this turn to the evening papers of March 19th and see how the result of the Grand National was treated, and where, to the experienced sub-editor, its news value lay. First come the three horses placed and then:—

"Thus is decided the fate of £1,210,000 awaiting the result in Dublin."

"A Rickmansworth baby, only one year old, shares a £30,000 ticket."

"A Teddington draper kept all his holding in the £15,000 Egremont ticket."

"What am I going to do? Clear out and enjoy things."

The motive running through it all is to get rich quick and to lodge for the rest of time the necessity to work by scooping a big fortune on one outside chance.

In the past few years, thanks to the helplessness of the law and the latitude given to hospital gambles and newspaper competitions disguised as tests of skill, there has been an enormous increase in the number of people who devote their leisure or working hours and more money

than they can afford to the pursuit of this game of fortune hunting. There is a certain weekly paper which boasts a circulation of over 600,000 and describes itself as "the paper that puts you in the prize lists"—a paper which is almost entirely given up to competitions and lives largely on the advertisements of tipsters. Here is one advertisement, typical of many:—

"Do not miss this glorious chance to get rich quick. Let —, Britain's greatest advertising solutionist, make his greatest triumph by winning this mighty Bullet fortune for you. Thanks to —, Mrs. —, Mrs. —, Mrs. — (here come three photographs of middle-aged ladies) are, now independent."

No sensible man can believe that this kind of thing, the pursuit of "the glorious chance to get rich quick," is anything but vicious, and no one with any sense of proportion can watch without qualms an enormous industry being built up to exploit the gambling spirit in the British people. One need not be a puritan or take a high moral line to realise that this widespread expenditure of money, of time, of thought, of application is wicked waste which no country struggling with economic troubles can afford and no sane Government will encourage.

Notes of the Week.

Dumbartonshire By-Election.—The result of the Dumbartonshire by-election has, presumably, given satisfaction to the supporters of the National Government. The Conservative candidate retained the seat by a majority of 3,045, his poll dropping from 28,762 to 16,749. At the General Election, in a straight contest, Labour polled 16,474, whereas on this occasion the Opposition votes were divided in the proportions of 13,704 Labour, 5,178 Scottish Nationalist, and 2,870 Communist. In a constituency in which the unemployment percentage is terrible, the unpopularity of the means test might have cost the Government dear, notwithstanding Sir Archibald Sinclair's advice to Liberals to vote for the Conservative candidate and the fact that Mr. Cochrane, who withdrew in favour of a Liberal candidate at the General Election, might be regarded as a candidate of broad views. But if the Conservatives can fairly claim to have done well in retaining the seat, their poll, like that of the Labour Party, making due allowance for the complications imported by the addition of two other candidates, shows a significant drop. If the Dumbartonshire electorate are in no mood to make James King, they do not seem ultra-enthusiastic over Charles.

The Disarmament Conference.—On Thursday, March 17th, the Disarmament Conference went into its Easter recess, from which it is to reassemble on April 11th. Its history up to date has not been quite what had been expected. On the one hand, the deep and widespread desire for disarmament, which undoubtedly exists now throughout the world, has found stronger expression in the Conference than human desires usually find in assemblages of politicians and experts. On the other hand, unexpectedly little has actually happened, so far, for good or evil. Like wasps on a cold day, the delegates have crawled sluggishly round one another and occasionally brushed one another with the tips of their antennæ, but they have not yet come to close quarters. The truth is that it is not easy for the Disarmament Conference to get to work at a time when there are so many unknown quantities in the problem of international politics. The Conference opened on February 2nd under the shadow of the Far Eastern crisis, which had then just entered upon its Shanghai phase. During the last few weeks, Geneva has been taken up with the Extraordinary Assembly of the League; the first round of the German Presidential Elections has followed; and when the Conference meets again,

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the Parliamentary elections in Prussia and in France will be impending, not to speak of the Presidential election in the United States. At this moment, nobody can foretell what the aspect of the international landscape will be by the early summer. Will the League be recognisably intact or palpably moribund? Will Tardieu or Herriot be in power in France? Brüning or Hitler in Germany? Will Mr. Stimson's policy at the State Department at Washington be in prospect of being continued or of being reversed? If some or all of these questions receive their answers, the Conference will be able to see better where it stands. But these uncertainties do not, after all, absolve it from action; and the point has now been reached at which the difficult and disagreeable and contentious business of taking action ought to begin. Already, two lines of action have been marked out. The first is the abolition of certain barbarous weapons of offence—poison-gas, bombing-planes, submarines, tanks, and mobile heavy artillery. Such abolition would be good as far as it went; it would somewhat mitigate the horrors of war and somewhat decrease the sense of insecurity. This is something which the Disarmament Conference ought to achieve as a matter of course. But that is not nearly enough. We cannot do without a reduction of weapon-power and man-power all round. The text of the Draft Disarmament Convention, which has reasonably been adopted as a basis for discussion, means nothing unless the blanks are filled in with figures; and these figures cannot possibly be inserted automatically, on some *à priori* mathematical formula. They can only be reached by a frank political discussion—a review of the relative positions of the individual countries, with an eye to the concrete factors which make every case an individual case to be considered on its merits. This concrete, empirical method is difficult and delicate; but we believe that it is the only method that will serve.

The Policy of Japan.—The one piece of good news—and apparently certain news—from the Far East is that a substantial part of the Japanese naval forces which have been concentrated at Shanghai is now being withdrawn. The negotiations for an armistice, to be accompanied by a Japanese withdrawal on land, in accordance with the resolution of the League Assembly, are also still continuing at Shanghai under the auspices of the interested neutral Powers; but it is not yet clear whether a possibility of agreement has been found. The Japanese announce their readiness to accept, as a basis for discussions, the three points: namely, that the Chinese troops shall remain in their present positions; that the Japanese troops shall withdraw "according to programme"; and that a joint commission, including representatives of the neutral Powers, shall be established to supervise the execution of the first two provisions. Are these Japanese points the same as the Assembly's points, or not? In order to answer that question, we have to know whose "programme" it is that is to be followed: the programme of the Assembly? The programme of the Civil Government at Tokyo? Or the programme of the Japanese naval and military authorities on the spot? According to all the precedents, it is likely to be the last programme of the three, and this probability does not augur well for an agreement. Meanwhile, last Tuesday, an evidently very carefully prepared speech on Japanese foreign policy was delivered in the Diet at Tokyo by the Minister for Foreign Affairs, Mr. Yoshizawa. The most important and significant passage is that relating to Japan's participation in the recent proceedings of the Assembly at Geneva. The Japanese Foreign Minister now declares that Japan participated "with an unequivocal reservation" to the effect that there was "no legitimate ground for applying Article 15" of the Covenant. "The Assembly passed a resolution on March 11th which was in more than one respect unacceptable" to the Japanese Government. "On account of this unacceptability," the Japanese representatives, "under instructions of the Government, expounded the Japanese position, declared a protest embodying the Japanese contention with regard to the application of Article 15 of the Covenant, and abstained from voting."

What do Mr. Yoshizawa's slippery sentences mean? The Assembly's resolution was undoubtedly unanimous in the legal sense, and therefore valid, since an abstention counts as absence under its rules of procedure. Mr. Yoshizawa does not explicitly admit this or deny it. Does he venture to imply that Japan is not legally bound by this resolution of March 11th? This is a question which ought to be officially taken up with Japan by her colleagues on the Assembly. For the rest, Mr. Yoshizawa spoke soft words to the Soviet Government over the fisheries question and to the British Government over the Open Door in Manchuria. He virtually invited Sir John Simon to intimate again (as he has intimated already *à propos* of the American Note of January 7th) that a formal assurance of the maintenance of the Open Door is Great Britain's sole political concern in Manchuria. But this country, at any rate, cannot deny that the resolution of March 11th is binding upon it; and this resolution lays down clearly that States Members of the League will not recognise any political change in the Far East—whether in Manchuria or elsewhere—that is brought about by force. We should have preferred to see Sir John Simon more forthright in this sense during Tuesday's debate in the House. Judicial impartiality, mediation, conciliation—these are excellent things in certain circumstances; but is it a wholly convincing defence of British policy—at least of that policy before the Assembly stung the Powers into action—to say that our relations with China and Japan have remained "perfectly friendly"? This is "moral neutrality" with a vengeance.

The Political Tension in Germany.—The immediate sequel to the first ballot in the German Presidential Elections has been a head-on conflict between the National-Socialist Party and the Prussian Government. The Prussian Government have taken energetic action against the Nazi organisation; and in this action they have not received the Reich Government's whole-hearted support—or perhaps it would be more accurate to say that the Prussian Minister of the Interior, Herr Severing, has not been supported by the Reich Minister of the Interior and Minister of Defence, General Groener. On Thursday, March 18th, the Prussian police, by order of the Prussian Government, raided National-Socialist offices and branch headquarters throughout Prussia, and also, apparently, the private houses of some of the Nazi leaders; and the Prussian Minister of the Interior had committed himself to a statement that, on the election Sunday, certain long and carefully prepared dispositions of the Nazi forces were put into effect which were tantamount to a mobilisation of the Nazi organisation for Civil War. The Prussian authorities claim to have obtained possession of Nazi plans for investing and starving out Berlin and for commandeering arms, supplies and transport for the Nazi *Sturm Abteilungen*. A more startling allegation—though this does not appear to have been made by the Prussian authorities officially—was to the effect that General Groener and the Reich Ministries for which he is responsible were cognisant of these Nazi plans and deliberately took no action to frustrate them. In a statement issued on March 18th General Groener confirmed the fact that, before the election day, the Nazi headquarters at Munich did inform him of their intention, on that day, to keep

all the "storm detachments" mustered in their assembly rooms in order to avert possible disturbances in the streets; that he saw no objection to a step by which the Nazi organisation virtually assumed responsibility for any trouble that might occur and that his non-intervention had been justified by the event, inasmuch as the elections actually went off peacefully. Meanwhile, the Nazis have taken the Prussian Government's accusation hard; and last Sunday a "declaration of legality," signed by all the principal leaders of the party, by the National-Socialist members of the Reichstag and of the Diets of the *Länder* of the Reich, by leaders of "storm detachments," and by others, was handed to General Groener by Herr Hitler's lieutenant, Captain Goering, and his legal advisers, Herr Frank. The two delegates vouchsafed, at the same time, an elaborate explanation of the alleged illegal preparations which does not read very convincingly. Herr Hitler's latest step has been to apply to the Supreme Court of the Reich at Leipzig for an injunction against the Prussian Government, on the plea that their police action has contravened the Reich constitution. The rift between the Prussian and the Reich Ministries of the Interior, which this incident has revealed, is unfortunate. At the same time, it would probably be a mistake to take the affair too tragically. We may believe that the Nazis have actually planned—and thought better of executing—some kind of *Putsch*; and even that they have received improper countenance in certain official circles of the Reich Government. But we must also remember that the Prussian Government, which has to bear the brunt of the Nazi offensive in the forthcoming elections for the Prussian Diet, has a powerful motive for getting in the first blow; and that the Nazis, on their part, having lost the Presidential election, are in want of a new "stunt" and are therefore probably delighted to assume that sympathetic rôle of injured innocents. In fact, in this affair there is a palpable cloud of electioneering smoke as well as a possible spark of revolutionary fire.

Pragmatic Liberalism in Spain.—A correspondent writes:—There were some lively exchanges in the Spanish Cortes before it adjourned for the Easter holiday. Spaniards are very touchy at anything that looks like infringement of the accepted civil liberties, and the continued suspension of one of the principal newspapers—*El Debate*—which was suppressed under the Law for the Defence of the Republic over two months ago, has mobilised a heterogeneous opposition to Señor Azaña, the Prime Minister, who is accused of apostasy from Liberalism. "The shadow of Mussolini has appeared in our midst," cried out an excited Deputy the other day, and Señor Azaña's "tyrannous rigour" is the chief topic of conversation in the lobbies and cafés. The Radical leader, Señor Lerroux, loses no opportunity for playing on this discontent, declaring that the present Government's strong position in the Cortes is not reflected in the country. Señor Azaña goes on his way undaunted, not troubling to account for the specific severity meted out to *El Debate* (the management of which has so far continued payment of salaries and wages to a staff of 200), but adjuring the public to learn to distinguish between Liberalism and liberty. "We guarantee liberty, assuring all Spaniards that they shall be free, and we do not care if we ourselves are judged anti-Liberal or not." His Socialist colleagues are evidently becoming a little restive, and the Prime Minister is wisely concentrating his energies on recruiting support for his pragmatic liberalism from the smaller parties and groups—including the Catalan deputies—other than Socialists or Radicals. The Socialist leaders, it is well known, want to withdraw from the Government as soon as they may safely do so without plunging the Republic into the eddies of intrigue and *caciquismo* which still centre round the party of Señor Lerroux. Señor Azaña's firm handling of a delicate situation may be best appreciated against the background of continued social unrest. The complicity of Royalist and Syndicalist malcontents in the recent plot was never established, but evidently it is regarded as an ever-present danger. In the meantime the police and Civil Guards are having their hands full in the Provinces of Seville and

Huelva, where clashes of Syndicalist and Socialist local leaders occur nearly every day. The Government has made no attempt to interfere with a Communist Congress which has been meeting in Seville this week. It did, however, take the opportunity to arrest one of the delegates, Ramon Casanellas, who escaped to Russia in 1921 after participation in the murder of the Conservative Prime Minister, Don Eduardo Dato. Agitation funds have been supplied from Moscow, it is claimed, to the tune of more than £50,000; nevertheless, Communism proper has made very little headway, and the Government can afford to exercise a tolerant vigilance. Trouble is brewing again in the North, a general strike having been called at Orense as a protest against the Government's decision to suspend work on the Zamora-Orense railway, which was begun as a sop to Galician local patriotism during the Dictatorship.

Exchange Restrictions.—The British National Committee of the International Chamber of Commerce recently issued a statement endorsing the campaign undertaken by the Chamber for the removal or alleviation of the restrictions on dealing in foreign exchange which are in force in so many countries. There will be general agreement as to the obstacles to trade presented by these restrictions and as to the desirability of removing them as soon as circumstances permit. At the same time, it is scarcely a wise or practical policy to urge immediate relaxation at all costs. The case of South-Eastern Europe is obviously not one in which abolition of control is immediate practical politics; but other instances also occur to mind. For example, it is true that the Scandinavian currencies have stood up to the effects of the Kreuger shock better than might have been expected; but it is equally certain that they could not have done so in the absence of official control and support. One of the Scandinavian countries, Denmark, will be called upon to make a decision in this matter at the end of the present month, when the present exchange restrictions are due to lapse or to be renewed. Farming opinion is apparently exerting pressure in the favour of allowing them to lapse; but we do not expect that the Danish authorities will see their way to take a step which might stultify their persistent and successful efforts to keep the kroner steady over recent months. The causes necessitating exchange restrictions must be removed before the restrictions themselves can be dispensed with.

Scotched but not Killed.—The luncheon organised by three Free Trade bodies, which was held in London on Tuesday, was remarkable for the size of the attendance and the variety of business interests represented; and the proceedings revealed a determination not to regard Free Trade as dead but to lend every effort to revive its scotched body. Lord Snowden and one or two other members of the Government were present, but they left the talking entirely to the business men. Mr Eric MacFadyen, one of the leading representatives of rubber and tea planting, ridiculed the idea that Lord Beaverbrook's scheme of Imperial tariffs could do anything but hamper colonial trade, and, in particular, emphasised the big loss which that system would bring to the great free port of Singapore. British agriculture had its spokesman in Mr Arthur Holgate, the Lancashire farmer, who argued that tariffs were bad for farmers and quotas unjust to the consumers. The viewpoint of the shipping industry was put forward by Mr R. D. Holt, who rubbed in the truth that all trade restrictions meant fewer cargoes and explained that British shipping must lose, not gain, from an Empire tariff ring. Professor W. A. Bone expressed the opinion that the iron and steel industry had "everything to lose and nothing to gain" from Protection. The Professor described the difficulties of the parallel industries in the Protectionist countries of Germany and the United States, and avowed that the troubles of the British iron and steel industry were due to a world-wide slump affecting Free Trade and Protectionist countries alike. This luncheon was the forerunner of an organised campaign to rally into action the forces which are still prepared to work for the recapture of the Free Trade citadel. We wish it well.

Reasonableness and Reparations.—The importance to the world's welfare of a *détente* in Franco-German relations is so great that Lloyds Bank have performed a valuable service in publishing a supplementary number of their Monthly Review dealing with this question from the angle of the world depression. In an introduction, Sir William Dampier offers much excellent advice on international monetary and fiscal policy; Dr. Schumpeter, of Bonn University, emphasises the complementary rather than the antagonistic nature of French and German economic interests; and the Financial Editor of *Le Temps* states the French thesis as regards both reparations and the causes of the crisis with studied moderation. Summing up the case, Sir Arthur Salter observes that while Germany is inclined to make cancellation of reparations a matter of principle, France, as evidenced by M. Jenny, though holding firmly to the principle, is now prepared for substantial concessions. Sir Arthur makes the suggestion that the Lausanne Conference might consider a solution on the following basis: that there should be a moratorium, either of four years or for a shorter period, with provision for extension on the basis of a pre-determined criterion; and that, thereafter, reparation annuities should be reduced to £20 millions gold, of which a part might be made in the form of deliveries in kind or direct constructive work, and the remainder paid in the form of equity shares in German railways and industrial concerns. It is, indeed, a conceivable solution; but the question arises whether, for the sake of maintaining a principle whose abstract justice is a matter for the President of the Immortals rather than man, and which has proved to be a cancer in the body politic of Europe, it is worth while to seek to maintain the payment of any reparations at all. The scale suggested is one whose yield—after all the bitter haggling likely to surround the question of their distribution—would not be of much practical utility in facilitating a solution of the cognate issue of inter-Allied debts.

The Road-Rail Inquiry.—The joint committee fore-shadowed by Mr Pybus last week has now been set up, with the following terms of reference:—

To investigate the facts relating to the total costs of the highway system (including the regulation of traffic), the incidence of those costs and the contributions of the different classes of users of mechanically propelled vehicles; to consider and report on the nature and extent of the regulation which, in view of modern economic developments, should be applied to goods transport by road and by rail; and, in the light of any conclusions reached under these heads, to make such further recommendations as they are able to frame designed to assist the two sides of the industry to carry out their functions under equitable conditions, which adequately safeguard the interests of trade and industry; and to report by the end of July.

The members of the Committee are:—Sir Herbert Walker, chief general manager of the Southern Railway; Sir Josiah Stamp, president of the London, Midland and Scottish Railway; Sir James Milne, general manager of the Great Western Railway; Sir Ralph Wedgwood, general manager of the London and North Eastern Railway; Mr W. H. Gaunt, distribution manager of Messrs. J. Lyons and Company, Limited; Mr C. Le M. Gosselin, past president of the Commercial Motor Users' Association; Mr E. Graham Guest, president of the Scottish Commercial Motor Users' Association; Mr P. R. Turner, president of the London Haulage Contractors' Association. Mr G. Cole Deacon (secretary of the Railway Companies' Association) and Mr Frederick G. Bristow (general secretary of the Commercial Motor Users' Association) were appointed as joint secretaries. The appointment of this Committee is a welcome measure, as it should afford clearer information upon the costs of road maintenance and provide at least a starting-point from which to consider the most economic distribution of traffic. The second part of the Committee's terms of reference, however, is by no means as simple as it sounds. The railways work entirely with capital provided by private enterprise for no other purpose than the transport by the railway companies of persons and goods; the road transport companies use capital, in the shape of highways, part of which has been provided from public funds for a variety of uses of which the transport of persons

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and goods by public motor carriers is only one. The regulation of two competing industries whose capitalistic bases are so radically different presents issues of principle and policy which will tax the ingenuity of any body of experts.

Lancashire and the Government.—Our Manchester correspondent writes:—There has been great interest in Lancashire trade circles this week in the further developments relating to the scheme for scrapping machinery and concentrating production, prepared by the Joint Committee of Cotton Trade Organisations. At the end of last week representatives of the Joint Committee had an interview with the President of the Board of Trade; since then, Mr Runciman has informed Mr T. D. Barlow, the chairman of the Committee, that if it is decided to prepare a suitable detailed scheme for concentrating production through a levy for the purchase of redundant machinery, and if the Committee is able to secure for it a measure of support of a kind which would commend it to Parliament, he would be prepared to recommend his colleagues to authorise him to promote the legislation needed to give authority for the collection of the levy. In the circumstances the Joint Committee has decided to prepare a detailed scheme for the spinning section. The action of the Committee has met with some criticism. It is pointed out that the recent ballot showed that the owners of less than half of the spindles in Lancashire voted in favour of action of this kind, the figures being nearly 28,000,000 spindles in favour, and 17,000,000 spindles against, whilst no votes were received from the owners of over 14,000,000 spindles. It will be remembered that when the proposals were considered, two or three months ago, by the Master Spinners' Federation, the General Committee declined to recommend the members to support the scheme, but agreed that their views should be obtained. This decision showed very clearly the wide difference of opinion among the leading spinning employers, and it has certainly been believed in some quarters that the result of the recent ballot meant that the proposals would be abandoned. It is fully recognised that no Government would be likely to use its power to foster a Bill in Parliament for a compulsory levy unless it was assured that this action commanded the full consent of practically the whole of the industry. It is therefore doubtful, in the circumstances, whether the Joint Committee of Cotton Trade Organisations will be able to convince Mr Runciman that the necessary measure of support has been obtained. Bitterness is, unhappily, arising between the several sections of the industry, and it is to be feared that it is not yet possible to eliminate the extreme individualism for which Lancashire is so renowned.

The "More Looms" Dispute.—Another deadlock has arisen in connection with the negotiations in the Lancashire cotton industry for the institution of the "six looms per weaver" system. At the beginning of this month the Joint Committee of employers and operatives, after many meetings, reached a limited agreement, but on Saturday last the General Council of the Operative Weavers' Amalgamation refused to endorse the action taken by its representatives on the Negotiating Committee, and rejected the clauses in the proposals upon which agreement had

been reached. This decision was reached on a card vote, the voting being 83 to 73. On Tuesday last there was a meeting in Manchester of the Central Committee of the Cotton Spinners' and Manufacturers' Association to receive reports from their District Associations, but in view of the action of the weavers' trade union the situation was discussed and it was decided to adjourn for a fortnight to enable the position to be considered in all its aspects by the chairmen of the District Associations. The employers, writes our Manchester correspondent, feel that the action of the workpeople in not endorsing the agreement made by their representatives has brought co-operative bargaining between the employers and the trade unions to an end, especially since it has been proved that the six looms system can be worked successfully without any hardship upon the operatives. It remains to be seen what further action will be taken by the employers, but it is probable that the District Associations will endeavour to institute the system according to local requirements and on the basis of the provisional agreement. In some quarters, however, it is being urged that, owing to the importance of a reduction in production costs, the weaving employers should join the Master Spinners' Federation in a claim for a general reduction in wage rates.

American Cotton Crop.—On Monday last the Census Bureau of the United States Government issued its final ginning report on the cotton crop for this season, the amount being 16,595,000 bales, against 13,756,000 bales in the previous year and 14,548,000 bales in 1930. The ginning return is, of course, in running bales, and if the total is turned into bales of 500 lb. each the amount is 17,061,000, a total beaten only in 1926-27, when 17,977,000 bales were produced. The statistics issued at the beginning of this week had practically no effect upon prices in New York and Liverpool. The carryover from last season was about 9,000,000 bales, and thus the supplies for the year are some 26,000,000 bales, against probable consumption of 12½ millions. On the other hand, consumption tends to increase, as compared with a year ago, and larger exports are now being reported from the United States as, in relation to the price of other cottons, American descriptions are considered cheap.

Sterling and Gold Prices.—During the past fortnight, as a result of a variety of causes, in which Mr Kreuger's death was possibly a contributory factor, gold prices have fallen catastrophically, our index number showing a fall of 4 per cent., which is reflected proportionately in our sterling index of primary products and, to a less extent, in our complete index, notwithstanding the slight depreciation of sterling during the period:—

SEPTEMBER 18TH, 1931 = 100.

Date.	Economist Indices.			Irving Fisher, U.S.A.	Statistique Générale, France.	Milan Chamber of Commerce, Italy.	Statistische Reichsanst., Germany
	Complete Index (sterling).	Primary Products (sterling).	Gold Prices.				
Sept. 30th ...	107.8	112.0	94.7	98.7	96.9	98.8	98.9
Nov. 11th ...	110.3	119.3	103.5	99.3	96.0	99.3	98.3
Nov. 25th ...	109.1	114.8	98.0	98.3	94.2	98.8	97.6
Dec. 9th ...	110.3	117.3	93.0	97.3	93.3	97.1	96.1
Dec. 30th ...	108.9	117.1	94.4	96.1	93.4	96.9	94.6
1932.							
Jan. 13th ...	109.6	117.7	94.5	94.5	93.8	96.3	92.5
Jan. 27th ...	108.3	115.7	93.8	93.5	93.6	95.8	91.6
Feb. 10th ...	108.6	117.3	88.8	92.2	94.2	98.0	91.5
Feb. 24th ...	110.9	120.9	89.6	92.4	95.1	97.2	92.0
Mar. 9th ...	109.8	116.3	90.3	91.8	96.7	97.2	92.1
Mar. 22nd ...	108.1	111.9	86.5	...	...	...	...

A more detailed analysis of the complete *Economist* index of British wholesale prices is given below:—

"ECONOMIST" INDEX.

(1927 = 100.)

	Sept. 18, 1931.	Mar. 9, 1932.	Mar. 23, 1932.
Cereals and meat	64.5	74.3	74.4
Other foods	62.2	68.1	66.1
Textiles	43.7	52.4	52.3
Minerals	67.4	73.4	72.8
Miscellaneous	65.8	65.2	62.9
Complete Index ...	60.4	66.3	65.3
1913 = 100	83.1	91.2	89.9
1924 = 100	52.2	57.3	56.4

The decline centred chiefly in "other foods" which were affected by a fall in sugar and butter prices, and in the miscellaneous group in which the slump in rubber played a large part. During the past month our complete index has fallen by nearly 3 per cent., a movement which suggests that, if the fall continues, it might be desirable, in the interests of preventing such an unwelcome recession, to lower the rate at which sterling is now pegged.

Eastern Banking Results.—The annual reports of the leading Indian and Eastern exchange banks have recently been published, and it is possible to form an opinion of the banking situation in that part of the world. In so far as India is concerned, the position is summarised in the report of the Imperial Bank of India for the half year ended December 31, 1931. After alluding to the suspension of the gold standard in England and the Indian Government's decision to abandon gold and link to sterling, the Bank observes that for such a drastic change surprisingly little dislocation was felt. The devaluation of the rupee in terms of gold gave a fillip to gold exports, and for the last quarter of 1931 Rs. 35 crores of gold were exported. This movement strengthened the exchange, enabling the Government to secure all their sterling requirements. Apart from some slight improvement in commodity prices, the economic position at the end of 1931 was little better. There was general lack of confidence, which affected both trade and the market value of Government securities. As a result, the Imperial Bank itself has drawn both upon inner and published reserves, the latter to the extent of Rs. 42,50,000. The National Bank of India has similarly appropriated £800,000 from its published reserves of originally £3,000,000, and the Mercantile Bank of India has transferred £450,000 from published to inner reserves. The Chartered Bank of India, Australia and China has reduced its published reserves from £4,000,000 to £3,000,000, though the smaller figure still equals its issued capital. Profits and dividends have also suffered, in some cases considerably, for the Imperial Bank and Mercantile Bank have both reduced their dividends from 16 to 12 per cent., and the Eastern Bank from 9s. to 6s. per share, while the Chartered Bank and Hong Kong and Shanghai Banking Corporation have each suspended their bonus. Still, as the Imperial Bank's report very properly points out, many of the banks' investments consist of short-dated securities, which will gradually recover their depreciation as they approach maturity. The accounts of the banks as a whole have been so much affected by the suspension of the gold standard that their interpretation in detail is extremely difficult. This particularly applies to banks possessing an extensive connection with China, and the Hong Kong and Shanghai Bank has calculated the sterling equivalent of its assets at an exchange of 1s. 1½d. for the end of 1930, and of 1s. 5½d. a year later. This represents an appreciation in exchange of 31 per cent., which has completely masked the shrinkage which has actually occurred in many of its resources when valued in dollars. The general impression left by the accounts is that the Eastern banks have had much the same difficulties to contend with as have the leading British banks. The similarity can be pressed still further, for it is equally true to say that the Eastern banks have met the emergency in the same spirit of prudence and conservatism, and are also in possession of reserves which should be ample to see them through the difficulties of the present abnormal situation.

The Miners and the Coal Mines Act.—The Memorandum on the working of the Coal Mines Act, Part I, recently issued by the Miners' Federation of Great Britain, is a restrained and business-like document. It summarises the permanent changes which have brought about increasing difficulties in the coal industry during recent years and expresses very decided approval of the effect of the Act in putting an end to the disastrous results of free competition. It complains, however, that the Act "has not succeeded in its main object," namely, "to ensure a fair margin of profits to the owners and a proper standard of living for the men." This failure is attributed

to the absence of a proper co-ordination of prices between the districts, and, while the Federation would like to see this remedied by the transference of the industry to public ownership, it recommends, in the meantime, the amendment of the Act to give the Central Council full control over prices with a view to their co-ordination throughout the country. It proposes, more tentatively, as a further means to co-ordination, that prices for the inland trade should be fixed on a delivered instead of a pit-head basis, and that minimum delivered prices should be fixed for various classes of coal in prearranged zones, in order to eliminate unnecessary transport charges and prevent wasteful competition between zones. The miners further submit that they ought to share with the owners the responsibility for the control and direction of the schemes under the Act, urging, on the one hand, that they have a genuine contribution to make, and, on the other, that the knowledge and interest that they would gain would be of great benefit to their work. Whether or not the grant of such representation would, as they claim, "mean the transformation of the relationships which at present exist between the owners and workmen in the industry," it would certainly improve feeling between masters and men, and the quality of this Memorandum shows that some, at any rate, of the miners are well qualified for such participation. The remaining recommendations are a national levy for the purpose of facilitating the sale of export coal, and the raising to a prohibitive level of the penalties for exceeding the quotas. The latter suggestion, if carried out, would remove the last trace of elasticity from a system whose principal weakness is its tendency to render supply too inflexible. As to the proposal that the domestic consumer of coal should be forced to subsidise his competitors overseas by paying more for his fuel in order that they may buy theirs below cost, it is difficult to see any justification for so uneconomic a method of supporting the mining industry in the export districts. As an emergency expedient for retaining a foothold in foreign markets which in the long run could be retained by normal methods, it might be justifiable, but the able opening section of the Memorandum shows that the Miners' Federation itself is under no delusions as to the permanence of the difficulties that encompass the world market for coal. With the plea for still closer co-operation within the industry, however, all who have the welfare of the coal-mining industry at heart will be in sympathy.

Australasian Trade and Industry.—Our Melbourne correspondent writes:—An unofficial compilation based upon the monthly official statements shows that Australian trade for the last two calendar years compares as follows (the imports being in British currency and the exports in Australian currency):—

	1930.	1931.
Imports—		
Merchandise	94,391,090	43,450,287
Bullion and specie	339,422	460,226
Total imports	94,730,512	43,910,513
Exports—		
Merchandise	90,804,396	91,529,871
Bullion and specie	24,128,298	9,829,505
	114,932,694	101,359,376*

* Or £80,043,000 in British currency.

Reckoning British currency values on both sides, the excess of exports for 1931 is £36 millions, of which several millions consists of gold drawn from stocks. The record total of Australian imports (by calendar years) was over £161 millions in 1927, and the decline of over 70 per cent. which has since taken place is the result of smaller purchasing capacity due to the low prices obtained for Australian exports and the cessation of external borrowing, which means that an excess of exports is now required to provide for interest and other external payments. Contraction in business has affected local manufacturers as well as importers. An official return just issued in New South Wales shows that the output of factories and works in that State during 1930-31 was only £118,493,534, against £167,250,618 in 1929-30, and £185,298,575 in 1928-29, while the wages paid amounted to only

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£25,197,260 for 1930-31, against £34,875,995 for 1929-30 and £38,544,687 for 1928-29. The New Zealand figures have also shown a substantial change, the total imports for 1931 being £24,812,958, against £43,025,914 for 1930, and exports £35,153,028 against £44,940,692. The excess of New Zealand exports over imports for 1931 is thus £10,340,070, against £1,914,778 for 1930, and after allowing for the swelling of export values by the adverse exchange rates (which are not so heavy in New Zealand as in Australia), the excess of New Zealand exports largely provides for interest payments.

Transvaal Gold Output in February.—The output of gold of the mines of the Transvaal during February amounted to 914,012 ounces of fine gold, comparing with 936,784 ounces produced during January and 839,937 ounces produced in February 1931. In the following table we show the monthly output since the beginning of 1926:—

Month of	1926.	1927.	1928.	1929.	1930.	1931.	1932.
	Fine Ozs.	Fine Ozs.	Fine Ozs.	Fine Ozs.	Fine Ozs.	Fine Ozs.	Fine Ozs.
January	796,270	839,782	843,857	876,452	882,801	914,576	936,784
February	753,924	779,339	816,133	815,284	818,188	839,937	914,012
March	834,340	860,511	877,380	866,529	889,370	910,998	...
April	803,303	824,014	825,907	872,123	868,606	882,337	...
May	849,214	859,479	886,186	897,598	916,213	910,279	...
June	852,145	855,154	862,363	856,029	887,867	897,750	...
July	860,134	851,861	867,211	889,480	912,652	916,843	...
August	843,854	863,345	891,863	889,601	921,081	916,425	...
September	839,939	842,118	857,731	849,553	903,176	916,024	...
October	853,296	855,743	897,720	888,690	926,561	945,113	...
November	840,276	848,059	872,484	861,593	884,753	900,510	...
December	836,157	851,225	859,761	851,134	908,492	923,353	...
Total.	9,962,852	10,130,630	10,358,596	10,414,066	10,719,760	10,874,145	...

The following table shows the number of natives employed at the mines during the past nine months:—

	June, 1931.	July, 1931.	Aug., 1931.	Sept., 1931.	Oct., 1931.	Nov., 1931.	Dec., 1931.	Jan., 1932.	Feb., 1932.
Gold mines	207,209	208,155	209,409	209,424	208,987	209,270	211,552	215,752	216,171
Coal mines	13,286	13,512	13,563	13,276	13,061	12,882	12,260	12,394	12,177
Diamond mines	3,345	1,817	1,705	1,626	1,517	1,429	1,402	1,598	1,363
	223,840	223,484	224,677	224,326	223,565	223,581	225,214	229,744	229,711

Refuge Assurance Company.—This is the last of the "big four" in the industrial assurance world to issue its report, and it has followed the precedent set by the other three in declaring in its ordinary branch a reversionary bonus at a rate less by 10s. per cent. than the full normal rate. The 1931 figures of these four companies are a wonderful demonstration of the inherent strength of life assurance in general, and of these companies in particular. The combined funds of the four amount to some £355 millions, and in spite of depreciation, which must have totalled something like £35 millions, the companies have been able to deal with this out of their internal or

disclosed resources, and at the same time to maintain a distribution of bonus to policyholders, and of dividend to shareholders. In the case of the Refuge, this result has been achieved at the cost of some relaxation of stringency of the basis of actuarial reserves. In the ordinary branch endowment assurance policies and paid-up policies have been valued at $3\frac{1}{2}$ per cent. instead of 3 per cent., and in the industrial branch a somewhat smaller provision has been made for expenses and profits. The results of the valuation in each branch are set out below in detail:—

	1929.	1930.	1931.
Ordinary Branch—			
Surplus earned during the year	1,089,490	1,108,804	2,517,752
Brought forward from previous year	725,592	537,821	574,746
	1,815,082	1,646,625	3,092,498
Allocations—			
To Bonuses to Policyholders ...	924,535	964,691	743,055
„ Shareholders' Account	102,726	107,188	82,562
„ Investment Reserve Fund .	250,000	—	1,500,000
„ Carry forward to next year	537,821	574,746	766,881
	1,815,082	1,646,625	3,092,498
Industrial Branch—			
Surplus earned during the year	467,092	481,463	1,218,436
Brought forward from previous year	44,715	49,691	73,394
	511,807	531,154	1,291,830
Allocations—			
To Bonuses to Policyholders ...	164,842	164,948	159,338
„ Shareholders' Account	47,274	42,812	37,438
„ Investment Reserve Fund .	250,000	250,000	1,000,000
„ Carry forward to next year.	49,691	73,394	95,054
	511,807	531,154	1,291,830

The reversionary bonus in the ordinary branch for 1931 is at the rate of 34s. per cent. on the sums assured, compared with the full normal rate of 44s. per cent. The amount allocated to policyholders in the industrial branch is practically up to the level of the 1930 allocation, and on this occasion is to be utilised for the payment of a bonus in respect of claims occurring during the current year under certain classes of policies. The sums allotted to investment reserve fund have increased these funds respectively to £2,475,000 and £1,875,000. As a result, the company is able to certify that the book value of the assets is in the aggregate fully of the value stated, less the augmented investment reserve funds. The volume of transactions in 1931 has been on the whole well maintained. New business in the ordinary branch was for policies assuring a sum of £6,524,000, compared with £6,482,000 in 1930, the corresponding figures in the industrial branch being £17,792,000 and £17,368,000 respectively. The expense ratio in the ordinary branch works out at 14.6 per cent. compared with 15.1 per cent. in 1930. In the industrial branch the expense ratio is also slightly reduced, from 36.5 per cent. to 36.4 per cent. Due to the increase in the standard rate of income tax, the net interest yield on the combined funds of £48,000,000 is lower by 2s. 4d. per cent. at £4 18s. 5d. per cent. The dividend on the capital of £300,000, which is all privately held, has been reduced from 50 per cent. to 40 per cent., tax free.

Equity and Law Life Assurance.—The new business transacted by this society in 1931 constitutes a record in its history, and the average sum assured, at about £3,500 per policy, is again very high. The total new business was £3,006,000, as compared with £1,890,000, but of this figure £1,267,000, as compared with £22,000, is represented by sinking fund policies, by far the greater part of which have been effected by way of single premiums. A short time ago the society increased the rates which it is prepared to pay for each £100 invested with it by way of immediate annuity, and the result of these more favourable terms is reflected in a greatly increased annuity business, the society having collected in consideration money £184,000 compared with £42,000. With

regard to the investments which now total £10,000,000, the chairman was able to state at the annual meeting that the book values of the Stock Exchange securities exceeded the market values on December 31st last by no more than £160,000. This favourable result on so large a fund is due to the fact that only 25 per cent. of the total, namely, £2½ millions, is invested in Stock Exchange securities, the remainder being invested in mortgages and in reversions and life interests directly and indirectly. Moreover, the recovery since the end of last year has meant that the society has regained £100,000 out of the £160,000 needed to restore the book values.

Merchants Marine Insurance.—Founded originally in 1871, this company has been controlled since 1921 by the Employers Liability. For many years past the company has experienced a series of underwriting losses, which have drained it of its resources, and, but for the support of the parent company, must have had serious consequences. Fortunately, the losses in the last three years have been reduced to moderate proportions, and the outcome of the 1930 underwriting account shows a small loss of £10,000, compared with £30,000 as a result of the closing of the 1929 account. The premiums in the 1931 account show a further contraction to £247,000, but the result of the first year's underwriting is promising, and the fund enters upon its second year with a balance of 67 per cent. of the premiums, as compared with 60 per cent. at the corresponding stage of the 1930 account. In addition to marine business, the company has a fire and general account with premiums of £58,000, which last year yielded a small profit of £2,800, against £4,600 in 1930. The net result of the year has been an addition to the debit balance of the profit and loss account of £18,000, thus increasing that item to the considerable total of £395,000. In addition, the market value of the investments was some £61,000 less than the book values. As the issued capital amounts to £500,000, of which only £125,000 is paid up, the reorganisation of the company's affairs, when it comes, will obviously need to be drastic.

Overseas Correspondence.

IRISH FREE STATE.

Government's Programme — Budget — Cottage Industries.

(FROM OUR CORRESPONDENT.)

DUBLIN, March 19.

THE change of Government has taken place with the utmost smoothness. The banks and the Stock Exchange have not experienced the slightest tremor, and the future is regarded with a returning confidence. An undercurrent of uneasiness prevails on account of the renewed activities of the un-uniformed army that is controlled by the extreme Republican Left Wing, but the new Ministers are apparently satisfied that the problem can be satisfactorily handled. President de Valera has stated in the Dail that the removal of the Oath of Allegiance will put an end to the excuse for any militant opposition to the established Government, and it is therefore to be inferred that any manifestations of armed resistance will be sternly repressed as soon as the Oath has been got out of the way. It is not clear what the position is to be in the meanwhile; the removal of the Oath may occupy several months, during which the Republican brigades will be augmented and reorganised without interference; and their suppression may be a dangerous and expensive undertaking six months or a year hence. It is impossible to believe that the Government is blind to these contingencies, and rumour has it that the Oath question may be dealt with much more expeditiously than is generally thought. The way will thus be opened for an early assen-

tion of the Government's determination to tolerate no overt challenge to its uniformed and constitutional forces.

In respect of its economic programme, the new Government is not displaying undue haste. It is becoming clear that any measures undertaken will be carefully considered, and mention has been heard of the setting up of an economic headquarters staff.

The official *communiqué* of the interview between the leaders of the Fianna Fail and Labour parties states that agreement between the two parties was reached regarding the following matters of policy:—Unemployment, housing, the development of the home market, widows' and orphans' pensions, the protection of flour milling, transport, and the reduction of retail prices. Nobody will question that each of these subjects provides scope for ameliorative legislation, and that some of them—housing, for example—are of urgent importance. It is important to note, however, that action in regard to most of them will entail considerable expenditure, and it is difficult to see how the necessary funds can be obtained in the present financial stringency.

It is generally thought that, unless the present expenditure is reduced and taxation rigorously raised, the Budget will disclose an estimated deficit of over a million pounds for the year 1932-33. The late Government promised to achieve economies to the extent of £450,000, but the promise has not been fulfilled, and the unpleasant task of applying the axe has devolved on their successors, who have shown a good example by a drastic reduction in their own Ministerial salaries. It is difficult to see how any reasonably feasible scheme of economies could be devised to wipe out the whole of the estimated deficit, and it is certain therefore that resort will be had to fresh taxation. Doubtless the Labour Party will clamour for an increase in the income tax, accompanied possibly by a super-tax on income from foreign investments. But the main source of new revenue will probably be found in an extension of the protective tariff. In spite of the protective policy of the late Government, the free list in the Free State is still quite long, and there are numerous important articles the taxation of which would yield a substantial revenue. It is not surprising that longing eyes are cast on the land annuities, amounting to three millions a year, which are paid to the British Government. The retention of these annuities would not only solve the Budget problem, but would in addition enable a forward policy to be pursued in regard to the social services, which are so dear to the Government's allies in the Labour Party. Much interest has been aroused by Mr de Valera's announcement that it is his intention to claim the repayment of all the annuities, amounting to about £30 millions, which have been paid to Great Britain since the Treaty. If this claim succeeds it will be possible to extinguish the whole national debt of the Free State.

Serious efforts are being made to develop the cottage industries in the backward parts of the West of Ireland. For many years the late Congested Districts Board attempted the industrial development of these areas, but without much permanent success. The provision of industrial employment is very important, inasmuch as it serves as a source of supplementary income for the peasants on the smallest holdings. There has been established in Dublin a body known as the Gaeltacht Industries Depot, which co-ordinates the work of the local weaving, knitting, embroidery, and crochet centres. This body buys the raw materials in bulk, provides looms and other appliances, directs the production in the local units, and disposes of the finished products. Great attention is paid to variety of design, and already tweeds are being produced of 140 designs and seven weights. Over 600 workers are employed in these cottage industries to-day, and it is probable that further employment will be found in the near future in the making of ties, boots and shirts. The development of rural industries throughout the country generally is part of the new Government's declared industrial policy; and some such expansion of rural employment is vitally necessary in view of the stoppage of emigration.

UNITED STATES.

Business Conditions — Production — Currency — Money Rates — Budget.

(FROM OUR CORRESPONDENT.)

NEW YORK, March 11.

As spring burgeons the picture on this side is one of gradual improvement in the financial position, but of retrogression industrially. The better feeling in the security markets is based wholly on returning confidence in banks, the subsidence of the gold efflux, credit extensions to needy companies, completion of a taxation plan whereby the Federal Government will balance its Budget for the coming fiscal year, and the apparent relaxation of credit stringency in parts of Europe. The bond market is relieved at the lessened danger of heavy Government flotations and the certainty of a long period of cheap money, and has steadily advanced for nearly a month. Stocks are little more than steady and they owe that principally to a hope of some increase in trade later in the spring.

February appears to have set a new low record for business activity. Automobile production, estimated by the National Automobile Chamber of Commerce at 160,000 vehicles, was nearly 4 per cent. under that of January and 48 per cent. below a year ago. Steel mill operations, after dropping to around 25 per cent. of capacity have recovered to about 27 per cent. United States Steel Corporation's unfilled orders dropped 102,000 tons last month to the lowest total since records were first kept, in 1910. However, daily output of pig iron rose 6 per cent. over the January figure, this being the first increase since April, 1931. The daily rate of 33,251 tons compares with 60,950 tons a year ago. The daily rate of steel ingot production increased by 3 per cent. of the January output. Railroad traffic failed to improve, but earnings probably were higher on account of the savings on wages, the 10 per cent. reduction having been effective as from the first of the month. January earnings struck a new low point, being only \$11.7 millions for all roads, or at the rate of eight-tenths of 1 per cent. on investment. Eighty roads operated at a deficit, and gross revenues fell by 25 per cent.

Loans to railroads by the Reconstruction Finance Corporation are being made steadily, the total now amounting to about \$50 millions. These loans have prevented defaults on interest payments, and enabled some lines to meet current bills. The Pennsylvania has asked for \$55 millions to provide funds for electrification of some of its lines, but such a loan would not be quite in the spirit of the emergency finance body's policy. The roads are being charged 6 per cent. Total loans made by the Corporation are approximately \$185 millions, including loans of over \$60 millions to 255 banks.

Loans to banks have been effective recently in reducing failures to negligible figures and in helping to return currency to circulation. The sums lent are greater than the \$150 millions originally provided by the Treasury, so that a fresh credit doubtless will be made available shortly, and probably will mean a new public Treasury loan. An illustration of the re-entry into favour of Treasury loans is to be seen in the latest offering of \$900 millions to cover March tax date financing. Over-subscription amounted to nearly four times the amount offered, desire for the loan being in part inspired by the shelter offered from the increased income tax rates. Demand came from all over the country, and the loan went to a premium.

Although the campaign against hoarding, conducted by committees appointed to do educational work and to sell the new "baby" bonds of the Treasury, bearing 2 per cent. interest and running for a year with privilege of redemption at sixty days, was begun rather showily, it is largely a propaganda "stunt." It is not believed here that many bonds are actually being sold, nor is it likely that there is any great sincerity behind the bond offering. What is sought is to bring realisation to the public of the absurdity of hoarding currency. Most hoarding goes on in the East, the West, perhaps, using more currency,

largely because of the lack of banking facilities. Currency circulation this week dropped \$39 millions, which was encouraging, as there is usually a gain for this season.

In other ways, the weekly statement of the Federal Reserve Banks was "favourable." The reserve banks continued their campaign for cheaper money by adding another \$25 millions to the United States bonds bought, and they increased their bill holdings by \$22 millions. However, the reduction of \$80 millions in member bank borrowings sent down total reserve bank credit in use by \$31 millions. Monetary gold stock rose \$12 millions. Since March 1st nearly \$38 millions in gold have been released from earmark. In the same period imports have been above \$7 millions and exports have reached \$32 millions. The net gain of \$12 millions has helped to ease money, and incidentally it is the first reversal of the outflow since last December.

Another indication of cheaper money, which probably will be followed before long by another cut in the New York discount rate, is this week's reduction by an eighth in bill rates. The open market rate was easy to change, because at this season there is a rapid shrinkage in the total volume of bills and in competition outside the reserve system, besides which the seasonal financial settlements drive dealers and some banks to sell bills to the Federal Reserve.

The British Treasury's success in acquiring foreign exchange has been gratifying to Wall Street, and although shortly after the pound left its gold moorings there was a good deal of pessimism in some quarters, the swing is now in the other direction. Still higher quotations for the pound are predicted, and an early announcement of the cancellation of the remaining \$50 millions of banking credit here, as well as a portion of the French credit, is expected.

It is, of course, now too late for Congress to make any changes in the tax laws in order to obtain more revenue at the mid-March collection date, but work is going forward on the Budget-balancing programme, which includes a manufacturers' sales tax of 2½ per cent. This tax, estimated to produce some \$600 millions of revenue, is meeting with a good deal of opposition, but generally it has the approval of all sections which realise that borrowing is not only undesirable, but impossible, and that a balanced Budget, even with a form of tax which ordinarily would be disliked, is the only possible goal. Wall Street would very much like to see more emphasis placed on expenditure reduction than on the ways and means of huge tax collections (more than \$1,000 millions will be raised in the measure now before Congress), and it is still apprehensive lest Congress should approve proposals to pay another soldiers' bonus. However, the Administration is at least giving lip service to the cause of economy, and the leader of the Opposition party in Congress is also committed to that policy.

FRANCE.

Budget — Revenue — Kreuger — Electrical Bill.

(FROM OUR CORRESPONDENT.)

PARIS, March 22.

It now appears practically certain that the Budget Bill will receive the approval of both Houses before the end of the current financial year on March 31st. The Finance Commission, although limited for time, appears to have done its work of revision with a good deal of care, and by eliminating clauses, concerning both revenue and expenditure, which required more thorough examination, it has reduced to a round figure of 3,000,000 francs the estimated surplus of 4,773,000 francs arrived at by the Chamber. The Finance Minister, at his last appearance before the Commission, recognised that the contention of that body to the effect that the Budget achieved only a paper balance is justified, but urged that, nevertheless, the Senate would assure its passage into law before the end of the month.

M. Henry Chéron, the former Finance Minister, insisted on the necessity for the real deficit covered by the Budget, and the estimated still larger one for the following year, to be made public, in order to prevent promises of fresh expenditure and "dangerous consolidations" being made by candidates at the coming elections. The Commission decided unanimously to request the Rapporteur-Général, M. Abel Gardey, during the coming discussion in the Senate, to make public the real state of the national finances and the exact situation of the new Budget, "in order that the country may know the truth." M. Gardey's report, which is issued this evening, states that the Budget for 1930-31, when finally settled, will show a deficit of about 2,000,000,000 francs, and that for the current year one of between 2,500 and 3,000 millions, while he estimates that the Budget for the coming nine months now under consideration, although it is balanced at present with an estimated surplus of 3,000,000 francs, will result in a real deficit of over 4,000,000,000 francs.

That senatorial misgivings are not without foundation is confirmed by the fact that, during the past three months, recoveries of indirect taxes and revenue from State monopolies, which were estimated to yield 8,636,435,000 francs during that period, were 1,755,000,000 francs, or over 11½ per cent., short of that figure. Income tax recoveries during the 11 months, moreover, have been only 8,002,000,000 francs, out of an estimated 9,056,000,000 francs. It is true that the yield for March has still to come in, but with a shortage of 1,032,000,000 francs already established (as compared with the corresponding 11 months of the previous year), it is difficult to see how the recovery of the outstanding balance can be expected in the time available, notwithstanding the exceptionally large volume of summonses for unpaid income tax that have been served during the past two or three months.

The revenue returns for February indicate total recoveries from all "normal and permanent" sources of 2,504,306,000 francs, as compared with 2,890,000,000 francs in the corresponding month of last year, and 2,994,000,000 francs in February, 1930. The only encouraging factor is that, although February is always the worst month of the year, recoveries were only 314 millions (or 12½ per cent.) below Budget estimates, whereas in the previous month the deficit was 15 per cent., or the worst of the 11 months of the current financial year. Revenue from indirect taxation and State monopolies was 2,178,000,000 francs, or 303,173,000 francs lower than in February last year. This was principally due to a drop of 133,544,000 francs (or over 19 per cent.) in the yield from the turnover taxes, compared with February, 1931. The yield, during the first 11 months of the financial year, from the turnover taxes (perhaps the best gauge of the general economic situation) was 1,109,143,000 francs (or 13½ per cent.) below Budget estimates and 1,056,841,000 francs (13 per cent.) less than in the corresponding period of 1930-31. Down to the end of November, increased yield from Customs duties, due to recent revision upwards of many of the schedules, compensated for declines in total yield from other sources. This resource has now apparently dried up, owing to the steady fall of imports, and for the past three months indirect taxes and monopolies have shown a total drop of over 900,000,000 francs, notwithstanding an increased yield of 169 millions from Customs duties. Increased import duties, as a matter of fact, have produced during the 11 months 1,372,000,000 francs of extra revenue, whereas the yield from all other sources of indirect taxation was 615 millions below expectations during the same period. But for these increased Customs rates, therefore, the total yield would have shown a deficit, as compared with Budget estimates, of 1,987 millions, instead of the 615 millions actually registered.

The tragic death of Mr Ivar Kreuger, the founder of the Swedish Match Trust and its multifarious associated companies, proved a severe shock to the Paris Bourse, where stocks declined, during the session immediately following the announcement of his suicide, by an average extent of around 10 per cent. Twenty-four hours' reflection, however, which led to the conclusion that this market was less affected than perhaps any other, wiped

March 26, 1932.]

THE ECONOMIST.

685

out the effect on issues in general—with the exception of those directly associated with the Kreuger and Toll organisations—and the close of last week saw stocks on the whole very nearly back at the levels they occupied prior to Mr Kreuger's disappearance. As a matter of fact, France, like the rest of Europe, has been largely selling Kreuger issues, during the past twelve months, to America. Neither banks nor private holders here appear to have suffered appreciably from the Kreuger collapse.

GERMANY.

Politics — Foreign Trade — Shipping Companies — Schultheiss Verdict.

(FROM OUR CORRESPONDENT.)

BERLIN, March 21.

ON March 17th the Government of Prussia and Hamburg instituted a search of all National Socialist business premises and all centres of the National Socialist organisation. This action was dictated by the discovery of the police that on the day of the election the so-called "storm detachments" had been holding themselves in readiness for a signal. Only very incomplete information as to the result of the search has been made public; all that is known is that arms were found, and plans according to which a blockade of Berlin was in certain circumstances to have been undertaken. The Prussian Government considers the material before it to be proof that preparations were being made and armaments collected for a civil war.

The political effects of this action by the Prussian Government cannot yet be assessed. Herr Hitler has hastened to offer the Government fresh assurances of the legality of his programme, which he has made all the leaders and subalterns of his party sign, and, in addition, two envoys from Herr Hitler presented themselves before Herr Groener, the Minister for the Interior, to offer further assurances. A National Socialist report of the conversation with General Groener was immediately declared by the Minister to be inaccurate. The public has once more received the impression that the Reich Government is not pursuing the conflict with the National Socialist organisation with the same energy as the Prussian Government. The Right is making use of this to denounce the action of Prussia as propaganda for the Landtag elections.

The Landtag elections have been definitely fixed for April 24th, and the Government has decreed a political truce over Easter, as it did at Christmas, to last until April 3rd. This only leaves a week for the campaign for the second presidential election, a week which will be most intensively utilised by both sides. The Chancellor himself proposes to participate again by holding large meetings.

Foreign trade in February showed no improvement after the sharp decline in the January export surplus. Imports, at 440.8 millions, were almost unchanged, and exports, at 537.8 millions, were down by only 4 millions. The export surplus fell from 102 to 97 millions. The volume of exports was well maintained, but the value was reduced by falling prices. While the sharp decline in the January export surplus might be regarded as seasonal, the February figures show that a return to the big surpluses of last year is not to be hoped for at present. This is a matter of serious concern in responsible circles, for the Beneduce report has already established the fact that Germany requires Rm. 1.8 milliards a year for the service and redemption of her long-term loans alone. The Reichsbank also parted with a further 18 millions of foreign exchange last week, mainly for the payment of interest, and the responsible authorities cannot postpone their decision until the last reserves of the Reichsbank are exhausted.

The Reichsverband der Industrie and the Industrie und Handelstag have recently been preoccupied by the critical foreign exchange situation. It was inevitable that protec-

tionist tendencies should be stimulated by this extremity, and the proposal has been put forward from many quarters that the demand for foreign exchange should be checked by extensive prohibition of imports. That, however, would only increase the difficulties with which Germany is struggling in her commercial policy, for it may be presumed that all the countries which were hit by German import prohibitions would seek to defend themselves, so that German exports would decline to an even greater extent than imports. The exchange situation would thus only be made worse. The project of commandeering all German holdings of foreign securities is equally impracticable, and the Basle experts rightly recommended against it. Not only are those holdings inconsiderable, but they could not be realised without large losses and other most serious disturbance to foreign stock exchanges. There remain, therefore, only two possibilities: either Germany must import a large part of her raw materials on credit, which might be possible within limits, but would only give temporary relief at the cost of burdening the future, or else she will have to conclude with her long-term bondholders a similar standstill agreement to that already in force with her short-term creditors. Disagreeable as that would be, it can only be avoided if the restrictions on trade and exchanges which have checked German exports for several months are rapidly removed, and German exports are allowed once more to expand freely.

Since the reorganisation of the big banks was concluded, the Government and the creditor banks have been working at the reorganisation of the two big German shipping companies, Hapag and the North-German Lloyd. The immediate impulse to these negotiations was given by the fact that Rm. 140 millions bank credits fall due on April 1st. As in the reconstruction of the banks, the Government laid great stress upon the importance of complete rectification of the balance sheets. Simultaneously, with the prolongation of old bank credits and the granting of new credits which are indispensable for the continuation of the businesses, the capital of the two companies is to be so severely reduced that not only the working losses of last year and the current year, together with the losses on the depreciation of investments, can be covered, but also the book value of the fleets can be written down to a very low level. The rectification proposals, which the Government has just approved, involve a writing down of the shares in the proportion of ten to three. Both Hapag and Lloyd will thus in future have only a share capital of 48 millions instead of 160 millions. There is to be no increase of capital, at any rate for the time being, as the new shares at present could only be placed with public undertakings, and the private character of the German shipping companies is to be preserved. The German banks are placing a new credit of Rm. 46.4 millions at the disposal of the companies, and the Reich is guaranteeing it. The guarantee of the Reich for the two companies amounts in all to Rm. 70 millions, for it was only possible to secure a prolongation of the older credits with the aid of a Government guarantee. No loss is anticipated through the guarantee, for it is secured on the shipping companies' claims to compensation payments from the American Treasury, amounting to almost Rm. 200 millions. In the interest of economy, the close association which has existed between Hapag and Lloyd for two years is to be made still closer, and until the credits are paid off the Reich will have a certain voice in the composition of their advisory councils.

The largest producer of electric power in Central Germany, the Electrowerke A.G., which is controlled by the Reich, is distributing on its Rm. 90 millions capital a dividend of 5 per cent., against 7 per cent. last year. As the company is largely concerned in the supply of power to small industrial firms, its output has fallen much more than that of other power producers which have a more extensive market. Its stations produced in 1931 only 1,766 million kwh., against 2,234 kwh. in the preceding year, a decline which reflects the reduced consumption of power by the nitrate and aluminium industries.

After a trial lasting two months judgment has at last been pronounced in the case of the five directors of the Schultheiss Patzenhofer Brewery. The trial aroused

great interest, because the defendants were among the best-known leaders of German industry, and the leading Berlin bank directors participated in the transactions which are the subject of the proceedings and have given evidence. On all important counts the defendants have been acquitted. The Court found the directors not guilty of intent to defraud or of bad faith towards their firms, and decided that the concealment of certain transactions, as, for example, the purchase of shares to the value of more than Rm. 40 millions, was not criminal. Ludwig Katzenellenbogen, who a few years ago was considered one of the richest men in Germany, was, however, found guilty of falsifying the balance sheet, and has been sentenced to three months' imprisonment, as in the Schultheiss balance sheet advances to a subsidiary company which held nothing but Schultheiss shares appeared as bank balances. The Court held that Katzenellenbogen intended to deceive the public, in that, while his company was in debt, the balance sheet gave an impression of liquidity. The verdict will command general approval, as it was proved that the accused directors of Schultheiss had throughout the welfare of their company at heart and never intentionally acted contrary to its interests. They made mistakes which were grave from the economic point of view, but not criminal. The general director, Katzenellenbogen, has already expiated these errors by the loss of his office and of his property.

ITALY.

Rayon — Banking — Commercial Treaties — Wheat Quotas.

(FROM OUR CORRESPONDENT.)

TURIN, March 14.

SHAREHOLDERS' meetings, banking developments and commercial negotiations have been interesting enough in the last two weeks, but they were insufficient to arouse interest in the stock exchanges, which remained dull, dominated by the usual current of continuous purchases by the saving public of fixed-interest-bearing public securities. The subscription to the first 150 million lire issue of 6½ per cent. debentures of the Naval Credit Institute at 480 lire, with a net yield of 7.4 per cent., which should have remained open until March 15th, were closed on March 8th, as the required sum was heavily over-subscribed at that date.

The report of the Banca Commerciale Italiana has perhaps marked a turning point from which should date the final liquidation of past frozen assets, and the decrease of current commercial insolvencies. This impression was strengthened by another important shareholders' meeting, that of the Snia Viscosa, the biggest Italian producer of rayon. The directors' report stated that the world situation was better in 1931 than in 1930, production having increased from 195 to 215 million kilograms and consumption from 175 to 225, so that stocks decreased from 45 to 35 million kilograms. In this improved world situation, the Italian industry was well able to take its fair share; production increased from 30 to 34.6 million kilograms, or 15 per cent., exports from 19 to 21 million kilograms, and internal consumption from 10 to 12 million kilograms. As Italian exports in 1931 went as to 28 per cent. to China, as to 23 per cent. to Germany and 9 per cent. to India, the results achieved appear remarkable. They were possible only through reduction of costs—Snia Viscosa costs were reduced by 45 per cent. on the 1930 average, together with a reduction of 30 per cent. on salaries and wages. The 1931 accounts of the Châtillon Artificial Silk Company did not permit the distribution of a dividend, but 21.8 million lire were allocated to the amortisation fund. The company's production increased by 20 per cent., while its costs decreased by 17.3 per cent. and its selling prices by 23 per cent. The Fiat Company also had to omit the distribution of a dividend for the year 1931, owing to a decrease of 43 per cent. in its production of motor cars, but was able to allocate a sufficient sum to

reserve and to maintain at work a staff of 27,000 hands, some of them possibly on a short-time basis.

Two banking failures, that of the Banca Bergamasca di Depositi e Conti Correnti, of Bergamo, and that of the Unione Bancaria Nazionale, which, though medium-sized, had flung its net widely in the thickly industrialised districts of Bergamo and Brescia with 120 and 600 million lire deposits and correspondents' accounts respectively, originated a short-lived panic among the customers of other banks. The panic was soon checked; the Banca Bergamasca offered to depositors payment in cash up to 79 per cent. of their credits, the remaining 21 per cent. to be paid in shares of a reconstituted bank; and authorisation was therefore given for the resumption of operations. The Banca di Gallarate, to which the panic was extending, was promptly absorbed by the Credito Italiano, which took full responsibility for its deposits.

Commercial negotiations have been rife in Rome during the past few weeks; new treaties have been negotiated between Italy and France, Germany, Spain, Austria and Hungary. All of them may be characterised as provisional, the contracting States reserving to themselves far more freedom to change custom duties than in older treaties, but all of them hope for more stable and general agreements in the future. The Italian Press was unanimous as regards the instability of the Successor States in the Danubian basin, and advocated stricter commercial relationship between them all, at least by groups of two, to be sponsored by France, Great Britain, Italy and Germany. The French-Italian *modus vivendi*, while maintaining tariffs at the present level, leaves to the contracting parties greater freedom to establish quotas for special reasons and special goods. Further negotiations between interested producers are contemplated for wine and motor cars, and conferences are already being held in Paris and Rome respectively. Dr. Schüller, the well-known Austrian economist and economic section-chief at the Austrian Foreign Office, is in Rome, as special negotiations have to be conducted in consequence of the cessation as from April 10th of the Italo-Austrian Clearing Agreement. As Italian exports to Austria were greater than Austrian exports to Italy, a debt was accumulating against Austria which it seemed inexpedient to let grow indefinitely, and, therefore, the clearing agreement was denounced by Austria. Something, however, will have to be substituted if trade is to continue.

As the quota system for imports of wheat and other agricultural products from Empire and foreign countries is under examination in Great Britain, present Italian experience may be of interest. A quota system was established last autumn, under which only 5 per cent. of foreign wheat could be milled, 95 per cent. being reserved to domestic wheat. The aim was to raise and stabilise prices at about 1,000 lire per ton. The price aimed at was reached; but the system, soon proved unworkable, owing to the necessity of blending different sorts of foreign and home-grown wheat, in different proportions for different uses. Moreover, as the internal production was being gradually consumed, a higher proportion of foreign wheat was required. Unhindered by parliamentary delays, the Italian Government changed the quota proportions in a rapid series of Decrees, according to the requirements of trade. The last change is to take place on March 21st, 80 per cent. of total milled wheat. As to soft wheat, foreign imports may not exceed 50 per cent. in Northern and Central (excluding Latium) Italy and 30 per cent. in Latium, Southern Italy and Isles. It would seem clear that, should a similar plan be devised, the House of Commons should delegate to a Minister or a Commission the power to effect from time to time the needed changes in the quota; and that the problem will be made more difficult if the quota system should be the result of binding conventions between the Mother Country and the Dominions. The quota system could not have been made to work in Italy if legal proportions of foreign and domestic wheat were not promptly changeable, even by districts. Even so, the price has not been maintained at the 1,000-lire level which was deemed sufficient at the beginning,

the level having gone up at present to 1,200 lire, with no small complaint from those agriculturists who have sold their wheat at or under 1,000 lire per ton. Clearly the quota system, if it is to work at all, is a case for free administrative regulations, as opposed to legislative acts or international conventions.

HUNGARY.

Budget — Standstill Agreement — Banks.

(FROM OUR CORRESPONDENT.)

BUDAPEST, March 20.

THE spring outlook is not encouraging. The political situation is unsettled, the economic distress shows no sign of improvement, and, worst of all, the financial outlook is almost hopeless. The Treasury is practically empty, and revenue in the next six months will not suffice to cover expenditure. The proceeds of the Treasury bills issued in August, 1931, totalling 130.2 million pengő, will be exhausted by the end of March. At least 40-50 million pengő are needed to cover the deficit of the Administration and the State undertakings in the last quarter (April-June) of the present financial year, and another 30 million pengő for July and August. How the Treasury is going to raise 70-80 million pengő without causing inflation is the greatest problem of the day.

The Budget for 1932-33 is in preparation, but the Finance Minister has not so far been able to cut down expenditure to the taxpayers' capacity to meet expenses from current revenue. At best 775 million pengő can be reasonably hoped for, yet the draft submitted by the Departments would necessitate a revenue of 856 million pengő. Baron Korányi aims at an expenditure limit of 810 millions for the Administration Budget, but it is very unlikely that this sum can be raised in view of the steady deterioration of economic conditions. The Finance Minister will have to choose between the unpopular expedient of cutting salaries of State employees or resorting to a small capital levy, or, what is the worst of all, to a disguised inflation in the form of borrowing from the banks, which naturally will result in swelling the already inflated bill portfolio of the National Bank. Considering that the actual expenditure of the State Administration in 1930-31 amounted to more than 1,000 million pengő, it will be a great achievement to have reduced it by 20 per cent. to approximately 800 million pengő, but it is disquieting to see that, in spite of the apparent evils of foreign borrowing in the past, the panacea of balancing the Budget is still sought in further borrowing. As there are no foreign funds available, an internal loan is suggested. This is an absurd proposal, as the country's resources hardly suffice to meet the most vital credit requirements of production and trade. It is high time that the mischievous habit of borrowing came to an end, for the recovery of Hungary depends mainly on adapting public and private expenditure to the current resources of the people. This requires courage and determination from the leaders, and the Government which achieves it will deserve well of its country.

The State finances cannot be put on a healthy basis without drastic changes in municipal finance. The budgets of the autonomous municipalities amount to 400 million pengő, and include a great deal of wasteful expenditure, all efforts to reduce which have so far been unsuccessful. The same applies to the management of the State undertakings. Retrenchment in public finances is delayed by the passive resistance of bureaucracy.

There is good reason to believe that the Standstill Agreement with the British creditors will be signed next week, as the draft proposed by the London Committee has been accepted by the Hungarian authorities. Both the transfer moratorium decree of the Hungarian Government, issued in December, 1931, and the British creditors' draft for a Standstill Agreement for short-term loans, exclude the possibility of the repayment of principal, realising that any capital repayment at this stage would be

injurious to both debtors and creditors. Yet in some Hungarian quarters the optional right was demanded to settle capital accounts if and when the creditors are prepared to accept pengő in payment for debts contracted in foreign currency. This proposition would further embarrass the National Bank, because there are considerably more than 1,000 million pengő short-term debts owed to foreign creditors, and if only a small fraction of this sum were privately settled and paid accordingly to the account of the Foreign Creditors' Fund, it would paralyse the economic system of the country. There is little doubt that this proposition would be rejected by the British creditors, who, next to the Americans, are Hungary's biggest creditors both on long-term and on short-term account, and would gain nothing by such discrimination.

The proposed Standstill Agreement is to run for six months as from February 1st until August 1st. The British creditors are entitled to send a representative to Budapest to see the working of the foreign exchange control and that of the clearing agreements to carry on foreign trade. The thorny question of merchandise credits has been settled favourably to both parties. According to the agreement merchandise debts can only be repaid if *pari passu* new credits are granted to import goods necessary to Hungary.

All the important commercial banks have published their annual balance sheets. The following table shows the position of the eleven principal banking institutions as disclosed in their returns at December 31, 1931:—

	Own Re- sources	Total Assets and Lia- bilities (In million pengő)	Net Profits	Divi- dend paid out
Hungarian Commercial Bank	55.5	452.6	5.6	2.5
of Pest	66.7	353.9	2.6	...
Hungarian General Creditbank				
First National Savings Bank of				
Pest	34.2	240.6	2.5	1.6
Hungarian Discount and Ex- change Bank	21.3	192.4	1.8	.96
Hungarian Italian Bank, Ltd.	26.4	168.0	1.9	1.2
British Hungarian Bank, Ltd.	39.6	162.6	1.7	1.15
National Central Savings Bank	21.3	135.1	1.1	.6
Hungarian General Savings Bank	33.5	130.8	1.2	1.0
Municipal Savings Bank	10.9	110.7	.4	.27
City Savings Bank, Ltd.	15.1	74.4	.7	.48
National Banking Corporation, Ltd.	17.7	148.6	.9	.6
Total	342.1	2,069.7	20.4	10.4

These figures show practically no difference, as far as business is concerned, between banks and savings banks, as in addition to accumulating deposits, discounting bills, making advances and mortgage loans to their customers, more or less all are engaged in financing and participating in commercial and industrial undertakings. It is therefore very disappointing that the total disclosed writings-off for bad debts and depreciation of investments amounted to 6 million pengő for all the eleven institutions, especially if it is taken into account that, according to the private quotations ruling for banking shares, the total resources of the above institutions are valued at scarcely more than one-third of the disclosed 342.1 million pengő.

The computation of the items of the balance sheets leaves very much to be desired. Rediscounts with the National Bank are not disclosed at all, and the foreign short-term credits are not shown separately. The creditors are divided into three categories in the composite balance sheets of the eleven institutions as follows:—

	1930	1931
	(In million pengő)	
Saving Deposits	550.8	515.9
Current Accounts	603.1	500.9
Other Creditors	381.3	233.3
Total	1,535.2	1,250.1

The decrease of the saving deposits and current account balances is due mainly to withdrawals of home depositors, devoted partly to direct investments in real estate, repayments of other debts, etc., and partly spent on necessities owing to the reduced earnings of the depositors. On the other hand, the decline of other creditors, which item

covers chiefly the acceptance credits contracted by the banks abroad, is due to the partial repayment of foreign short-term credits in 1931.

Advances to customers have fallen to 527.8 million pengö, as against 653.8 million pengö a year ago, and the bill portfolio has decreased to 602.5 million, as compared with 718 million pengö at the end of 1930. Owing to the cessation of the inflow of foreign credits and their withdrawals, after the Credit-Anstalt collapse in May, the banks have taken refuge in the National Bank, whose bill portfolio, including its rediscounts with the B.I.S., increased to 589 million pengö at the end of 1931, as against 297.6 million pengö at December 31, 1930. Though exact details are not available, as the banks do not show rediscounts in their balance sheets, it can be safely assumed that the facilities accorded by the National Bank to these eleven banks amounted to 500 million pengö at the end of 1931, which clearly demonstrates that the central bank has done its utmost to help the banks to face the critical times.

The security holdings of the eleven banks, owing no doubt to repurchases for the support of stock market prices in the first half of 1931, increased to 59.2 million as against 50.5 million pengö a year ago, the participations, syndicates, etc., are valued at 145.2 million pengö, against 154.7 million, a very moderate writing off considering the huge depreciation during the past year. Gross profits declined to 72.9 million pengö, as against 82.6 million pengö, and the aggregate net profits amounted to 20.4 million pengö, as compared with 33.8 million pengö for 1930. It is evident from all the figures published that banking reorganisation has been again postponed. It would be unfair to the banks not to recognise the enormous difficulties which have been, and are still in the way of the necessary fusions and other changes in the banking system, but it must be emphatically pointed out that the process of reorganisation is highly desirable and cannot be long postponed.

HOLLAND.

Netherlands Bank — Trade — Coal Industry.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, March 15.

A BILL has been introduced into Parliament dealing with the means for meeting the loss sustained by the Netherlands Bank during the financial year ending March 31, 1932. The Netherlands Bank, in conformity with its foreign exchange policy as circulation bank, was in possession of a considerable sum in sterling when England abandoned the gold standard. The consequent loss suffered by the Bank will be between 28.5 and 30 million guilders. Part of the loss thus sustained during the 1931-32 financial year can be covered from the working profit anticipated, as well as by drawing upon part of the general and the special reserves. The general reserve amounts to 7,563,206 guilders, and the special reserve to 8,000,000 guilders. These are to be written down to 3 millions and 5 millions respectively, so that the amount of 7,563,206 guilders is released for writing off against the loss on sterling. Adding the working profit, the loss would accordingly be reduced to approximately 20 million guilders. The intention is gradually to work off these remaining 20 million guilders out of profits to be made by the Netherlands Bank over a number of years to come. During that period the State's annual share in the profits and the dividends of the shareholders will, in consequence, be greatly curtailed.

The new allotment of the profits is temporarily fixed as follows:—Half the annual profits are to be utilised for writing off the loss, subject to a minimum of one million guilders. The part of the profit then remaining is to be used for augmenting the general reserve to 3 million guilders if it has dropped below that level. The remainder will then be divided equally between the State and the shareholders of the Bank, to such amount as represents 5 per cent. dividend to the shareholders. Any profit then

remaining is to serve for additional writing off against the loss.

It will accordingly be seen that, irrespective of the extent of the profits, the shareholders will not get more than 5 per cent. (or 1 million guilders) for some years to come, with a corresponding limit to the share for the State. Hitherto the allotment of the profits was such that the State received the majority. Of the profits in 1930-31, amounting to some 5 million guilders, the State received 3.3 millions and the shareholders only 1.57 millions. It is thus obvious that in the long run the State will shoulder the loss sustained by the Netherlands Bank to a large extent. In recent years the profits of the Netherlands Bank available for distribution have occasionally reached 10 to 12 million guilders. At that rate the sterling loss would be completely wiped out within a very few years. It is, however, to be expected that the profits of the Netherlands Bank will be limited in future, as the large income resulting from the operation of the "gold-exchange" policy has come to an end since that policy was abandoned.

As regards the balance of trade of the Netherlands, the February returns, as summarised below, make a relatively satisfactory showing:—

(In millions of guilders.)				
	February 1931.	February 1932.	Jan.-Feb. 1931.	January 1932.
Imports	149	110	338	241
Exports	109	75	227	145

Imports of gold and silver in February totalled 41,709,919 guilders, and exports 36,521,855 guilders. The sharp rise recorded in the imports is artificial, as it is attributable to anticipation of import quotas.

The National Bank of Austria, with the approval of the Austrian Government, has agreed to the release, to Dutch exporters, of balances in schillings originating from export transactions to Austria, with the object of enabling Dutch importers to utilise such funds, subject to certain conditions, for payment for goods exported from Austria to the Netherlands. This arrangement, which is of a tentative character, has resulted from the discussions on the foreign exchange clearing problem recently held at Vienna.

No solution has yet been found to the conflict in the Dutch collieries. The employers demand a wage cut of 10 per cent. as from April 1st. They contend that the Limburg mines from April 1st to December 31, 1931, after deduction of 60 cents per ton for necessary depreciation, yielded a net surplus of only 6 cents a ton. During the month of January, 1932, figured on the same basis, the result was a loss of 44 cents a ton. The average proceeds of the output are at present lower than in 1913, whereas the wages of the pit workers are about 89 per cent. and of the other employees about 100 per cent. above pre-war level. The standard of wages in the Dutch collieries is far above that in mining districts abroad, where numerous wage reductions have already taken place. The miners originally made a counter-proposition for a cut of 5 per cent., but now offer to accept a reduction of 5 per cent. on April 1st and a second reduction of 5 per cent. on June 1st. The trade unions maintain that wage cuts are not the right means for coping with the difficulties in which the coal-mining industry is involved, and consider that Government measures are called for.

The death of Herr Kreuger was not without influence on the Amsterdam Stock Exchange. It was said at first that trading in Kreuger securities would be suspended, but no such measures were taken. The course of prices of the Kreuger securities officially quoted at Amsterdam was:—

	Mar. 12.	Mar. 14.	Mar. 15.
Swedish Match.....	67	34½	46
Kreuger and Toll shares.....	96	38½	38
" " " particip. debentures	100½	37½	49
" " " dollar debentures	54½	—	36

No great interests are involved in this country, and apparently bank credit has hardly been given at all, either to the Kreuger and Toll concern or to Sweden. It is believed that the holdings of Kreuger and Toll securities, including Swedish Match, are of no great consequence here. Holland, therefore, is not seriously involved.

Letters to the Editor.

MALAYAN RUBBER.

TO THE EDITOR OF THE ECONOMIST.

SIR,—I have the honour to invite your attention to the article entitled "The Malayan Rubber Position," which was published on pages 1168-1169 of the *Economist* appearing on December 19, 1931. In this article the statement is made that "Malayan law allows the Chinese contractor to supply food to his coolies and make a profit out of the transaction, whereas the estate owner employing Tamils is not allowed to do this." The statement as regards Chinese contractors is incorrect, and I would ask you to be so good as to publish this correction in your columns.

Throughout Malaya an employer is prohibited from supplying food to his labourers without authority in writing from the Controller of Labour, Malaya, and no employer, be he Chinese or of any other nationality, is allowed to make a profit in the transaction.—I have the honour to be,

Kuala Lumpur,
Federated Malay States
February 12, 1932.

Sir,
Your obedient servant,
J. M. BARRON,
Ag. Controller of Labour, Malaya.

Books and Publications.

COMMERCIAL BANKS.*

THE Economic Intelligence Service of the League of Nations has recently completed a remarkable piece of work in the analysis of the statistics of the commercial banks of some 29 countries, and, undaunted by the immense labour involved, it promises more to follow in a later edition. In order to facilitate comparison between the statistics of different countries, the Economic Intelligence Service has reduced them as far as possible to a standard form. The statistics of each country are preceded by a description of the development and characteristics of its banking system, and an account of the main provisions of its banking law.

By no means the least valuable part of the volume is the introduction, which contains an excellent account of the development of post-war banking up to the beginning of the present crisis. Altogether, the work is an exceedingly welcome contribution to the available knowledge of the banking systems of the world, and its production is an achievement upon which the Economic Intelligence Service is to be congratulated.

"BURDETT."†

The new "Burdett" is out. Inevitably, after such a year as we have just experienced, it contains less new matter than usual, but its contents have been brought up to date, and 79 companies and 16 public loans have been added since the last issue. It contains, as always, the fullest information about all securities which are dealt in on the Stock Exchanges, and many which are not, and revised information about stamp duties, trustee investments, British and American income tax and other matters which concern investors. There are valuable special chapters on the finances of British local authorities and of Empire and foreign countries, and this year for the first time there is also a list of members of the Associated Stock Exchanges.

* "Commercial Banks, 1913-1929." Allen and Unwin. 12s.
† "The Stock Exchange Official Intelligence for 1932." Edited by the Secretary of the Share and Loan Department. (London) Spottiswoode, Ballantyne and Company, Limited, 1, New Street Square. 60s. net.

BOOKS RECEIVED.

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

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

Correction.—We regret that the price of *The Mining Year Book* was incorrectly given in last week's issue. The price of the book is 20s. net.

The Theory of Social Economy. By Gustav Cassel. Translated by S. L. Barron. In two volumes. (London) Ernest Benn, 154, Fleet Street. 42s. net.

To this new and revised edition Professor Cassel has added a section in which he expounds the theory of international trade in the light of purchasing power parity. For this and other additions space has been made by certain curtailments and omissions.

Political Handbook of the World. Edited by Walter H. Mallory. (New York) Harper and Brothers, 45, East 65th Street. \$2.50.

A useful reference book giving an outline of the party programmes in each of 64 countries, with lists of party leaders and of the principal newspapers.

Canada. By Professor A. Brady. (London) Ernest Benn, Ltd., 154, Fleet Street. 18s. net.

An interpretation of the political, cultural and economic forces which are forming the Canadian nation.

The Social and Economic Aspects of the Drink Problem. (London) Victor Gollancz, Ltd., 14, Henrietta Street. 5s.

The report of a committee planned before the Royal Commission on Licensing was set up. The conclusions suggest that the impartiality required of the committee has been successfully achieved.

The Annals. January, 1932. *Power and the Public.* (London) P. S. King and Son, Ltd., Great Smith Street.

A collection of papers on the economic problems presented by the development of the electric power industry.

The Value of Money. By Tjardus Greidanus. (London) P. S. King and Son, Ltd., 14, Great Smith Street. 15s. net.

A classification and discussion of theories from the Middle Ages to the present day.

The Gold Standard and Other Diseases. By A. H. Mackmurdo. (London) Desmond Harmsworth, Ltd., 44, Great Russell Street. 1s.

A pamphlet on the monetary problem.

Le Contrôle des Finances. Vol. III. By Victor de Marcé. (Paris) Librairie Félix Alcan, 108, Boulevard Saint-Germain. 40 francs.

This volume is devoted to the financial administration of the German Reich, States and communes.

Incorporated Accountants' Students' Society of London and District, 1930-31. (London) Incorporated Accountants' Hall, Victoria Embankment. 3s. 6d. net.

Contains the transactions of the year, and reprints of lectures and discussions held during 1930-31.

The Liberal Year Book, 1932. (London) Liberal Publication Department, 42, Parliament Street. 2s.

A useful political work of reference.

International Review of Agriculture, January, 1932. (Rome) Treves, Trecanni, Tumminelli, 32, Via Michelangelo Caetani.

In addition to the usual crop reports and agricultural statistics there is an article on the marketing of agricultural produce.

OFFICIAL PUBLICATIONS.

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

The Income Tax Act, 1918, and Finance Acts, 1919 to 1931 inclusive, so far as they relate to Income Tax, Super-Tax and Sur-Tax. 15s. net.

A valuable reference work, setting out the law in regard to income tax (including sur-tax), in force for the year 1931-32, and super-tax in force until the end of the year 1928-29, indicating such differences as existed for any year from the year 1925-26, that being the earliest for which at this date an additional assessment can be made, or a claim to repayment admitted. It is intended to bring this work up to date each year.

Financial Situation of Mauritius. December, 1931. Cmd. 4034. 4s. 6d. net.

The Stock Exchange.

THE "ROAD COMBINE."

INVESTORS with a sense of dramatic values, pursuing the sun by road or railway this Easter, may or may not be oppressed by the realisation that they are traversing a predestined field of battle. The road versus rail controversy, after a period of quiescence, has trebly thundered of late in the Press and in Whitehall. The Committee of Eight appointed this week by the Minister of Transport will be fortunate, indeed, if they discover any basis of agreement which simultaneously placates the rival vested interests and satisfies the public demand for maximum transport facilities at minimum cost. We do not propose to enter here into the merits of the controversy, but rather to point out that, from the investors' point of view, the issue has changed profoundly since it was first raised. To-day, the disputed territory is mainly the field of goods transport by road. The question of road passenger services is to a much greater extent a *chose jugée*, thanks to two decisive legislative factors—the grant to the railways of powers, under the Railway (Road Transport) Acts of 1928, to own and operate road vehicles, and the enactment of the Road Traffic Act, in 1930, with provisions for the "elimination of unnecessary services," and the creation of boards of Area Traffic Commissioners with the object of eventually establishing a "controlled monopoly" in road passenger transport.

While the movement of goods by road remains largely a "tramping" rather than a "liner" business, in the hands of some thousands of concerns with small average capital, passenger transport interests have already become closely knit under the capital ownership of powerful representatives both of older and newer forms of transport, working, if not closely, at least in harmony. To the ordinary passenger, the provision of road services appears to be still in the hands of locally-organised units. Actually, there are few concerns which operate networks of omnibus routes outside the large towns, whose capital is not held, in part at least, by Thomas Tilling, Limited, the British Electric Traction Company, Limited, or their joint holding concern, Tilling and British Automobile Traction, Limited—with or without railway participation.

With the exception of three companies, all concerns within the group are nominally subsidiaries of Tilling and British Automobile Traction, the holding company of the group, in which Thos. Tilling has a 32.9 per cent. interest and British Electric Traction a 21.3 per cent. interest. There is, however, a well-defined demarcation of spheres of influence, within the Tilling and B.A.T. Company, between the two parent companies over a large proportion of the territory. Elsewhere the joint holding concern, Tilling and British Automobile Traction, remains in a position of control. It makes for clarity to classify the satellites according to the planet around which they revolve. This we have done in a diagram, on the opposite page, showing the chief road companies in the Tilling-British Electric Traction galaxy, and the distribution of voting power, according to the latest obtainable information.

Broadly, the "Thomas Tilling" interests shown in our table cover nine satellite omnibus concerns (excluding E. W. Rudd, who are haulage contractors), with a total voting capital of £3,405,645, of which Tilling controls £1,784,168. Two are "hundred per cent. subsidiaries," with an aggregate voting capital of £650,000, including the important National Omnibus Company, the "parent" of three other "National" concerns. In the remaining seven cases, Tilling's voting interest varies from 50 per cent. down to 27.7 per cent., with one or more of the "Big Four" railways controlling precisely the same number of votes in every case. Thus the joint will of the two parties is paramount, but neither party, in the words of the Creed, "is afore or after" the other.

The British Electric Traction company's satellites

number twelve, with a total voting capital of £3,918,521, of which the B.E.T. controls £2,801,618. Some five companies, with a total ordinary capital of £1,468,718, are hundred per cent. subsidiaries, including the National Electric Construction Company, the "parent" of Devon General Omnibus, City of Oxford Motor Services and Western Welsh Omnibus. These three concerns are numbered among the seven concerns in which the B.E.T. shares control—usually on a fifty-fifty basis—with one or more of the main-line railways. Finally, the subsidiaries Traction number seventeen, with a total voting capital of £4,612,154, of which the holding company owns £1,958,418. Only one of the smallest of these concerns is a hundred per cent. subsidiary, a nice adjustment of voting power with the railways obtaining in all other cases. Outside the Tilling and British Electric groups, the railways hold an aggregate of £830,622 of a voting capital of £1,701,130 in four concerns, of which much the most important is Scottish Motor Traction, with its subsidiary, W. Alexander and Company.

The extent to which these groups of interests dominate the "omnibus" system (outside London and certain urban areas where municipal ownership obtains), is shown by the fact that whereas the road-operating concerns already mentioned have a total voting capital of £13,637,450, the remaining twelve concerns given in our list on the next page, which are not included in one or other of the solar systems, have a total capital of only £1,135,314.

All the three central concerns have a satisfactory earnings record:—

Company and Date of Balance Sheet.	Thos. Tilling. (Dec. 31.)	British Electric Traction. (Mar. 31.)	Tilling and British Auto- mobile Traction. (Dec. 31.)
Paid-up ordinary capital { 1929 1930 1931	£ 527,350 527,350 1,318,375*	£ 147,888† 167,676† 184,444†	£ 1,600,000 1,600,000 1,600,000
Net profits (after deb. int.)..... { 1929 1930 1931	225,120 272,789 324,865	196,995 253,081 271,005	192,017 217,060 230,105
Ordinary shares { 1929 1930 1931	Earned. Paid. % % 44.4 20 55.4 25† 45.6 20	Earned. Paid. % % 29.3 5 (a) 68.3 5 (a) 74.0 5 (a)	Earned. Paid. % % 10.9 10 13.0 10 14.2 10
Stock Exchange values (ord. shares): Highest price, 1929-31 Present price.....	6 3/4 (b) 2 1/4	1,820 825	2 1/2 24
Yield (%)..... { on last div. on earnings	6.96 15.87	0.60 8.97	4.70 6.68

* March, 1931, capital bonus of £263,675 (50 per cent.) to ordinary shareholders. capital bonus—see preceding note. † Deferred ordinary stock. ‡ With 6 per cent. cumulative participating preference stock and £1,326,263 8 per cent. non-cumulative preferred ordinary stock. (a) Deferred ordinary received capital bonuses of dividends of 1.67 per cent., 1.89 per cent., and 2 per cent. respectively. (b) Smaller

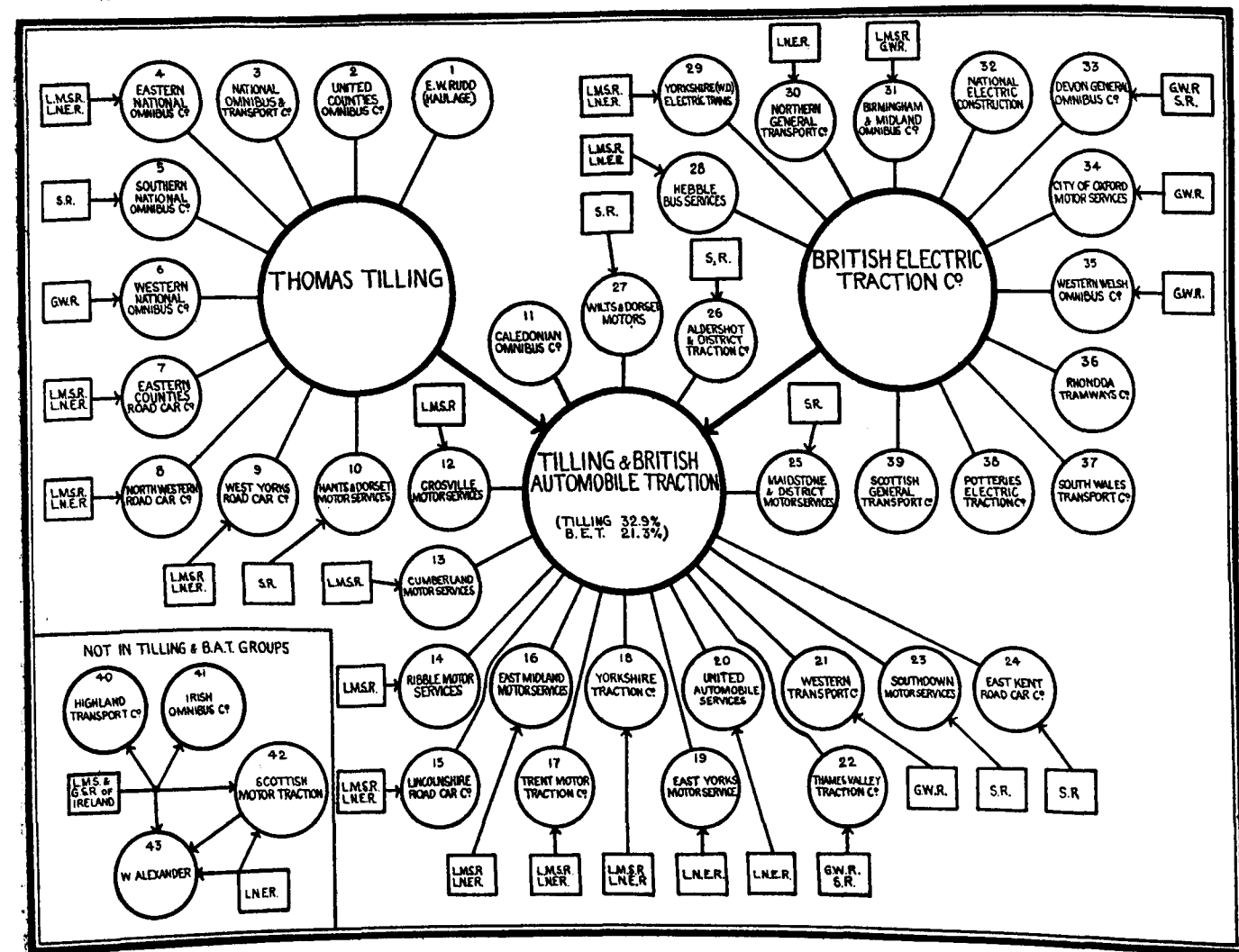
From the investor's point of view the incidence of the appeal made by the shares of the three companies varies considerably. Thomas Tilling is an old-established "omnibus" concern with important operating interests of its own in London (where it has an agreement with the London General Omnibus Company) and elsewhere, which has consistently followed a policy of expansion, financed by earnings ploughed back into the business. Shareholders have frequently received capital bonuses, but last year something of a break was made with tradition by the issue of 527,350 ordinary £1 shares at 90s. for cash. This was associated in some quarters with possible negotiations with Scottish Motor Traction, the largest concern remaining outside the Tilling-B.E.T. network. British Electric Traction, as its name suggests, first entered the

(Continued on page 692.)

TILLING—BRITISH ELECTRIC TRACTION GROUPS.

(Note.—With a few exceptions, notably the National Omnibus group, National Electric Construction and United Counties Omnibus, the actual shareholding in the companies named is in the hands of the Tilling and British Automobile Traction Company. The percentages shown for Tilling, and for British Electric Traction, respectively, relate to effective voting control.)

THOMAS TILLING GROUP.		18. Yorkshire Traction Co. (including County Motors (Lepton)).		35. Western Welsh Omnibus Co. (including Eastern Valley Motor Services; Western Valley Motor Services).	
1. E. W. Rudd and Co. (haulage contractor).	£50,000 ordinary. Tilling, 100%.	£24,350 preference; £150,000 ordinary. Tilling and B.A.T., 47.6%; L.N.E. Railway, 23.8%; L.M.S. Railway, 23.8%.		£290,000 ordinary. B.E.T., 50%; G.W. Railway, 50%.	
2. United Counties Omnibus Co.	£100,000 preference; £50,000 ordinary. Tilling, 100%.	19. East Yorkshire Motor Services.		36. Rhondda Tramways Co.	£100,000 preference; £50,002 ordinary. B.E.T., 100%.
3. National Omnibus and Transport Co.	£250,000 preference; £250,000 ordinary. Tilling, 100%.	£160,000 ordinary. Tilling and B.A.T., 49.8%; L.N.E. Railway, 49.8%.		37. South Wales Transport.	£179,694 preference; £327,896 ordinary. B.E.T., 100%.
4. Eastern National Omnibus Co.	£300,000 preference; £200,000 ordinary. Tilling, 50%; L.N.E. Railway, 25%; L.M.S. Railway, 25%.	20. United Automobile Services.		38. Potteries Electric Traction Co.	£245,000 preference; £245,000 ordinary. B.E.T., 100%.
5. Southern National Omnibus Co.	£75,000 preference; £350,000 ordinary. Tilling, 50%; S. Railway, 50%.	£100,000 preference; £541,714 ordinary. Tilling and B.A.T., 42.4%; L.N.E. Railway, 42.4%.		39. Scottish General Transport Co. (including Greenock Motor Services; Rothessay Tramways Co.).	£236,126 ordinary. B.E.T., 100%.
6. Western National Omnibus Co. (including Bristol Trams and Carriage Co.).	£1,400,000 preference; £683,576 ordinary. Tilling, 41.2%; G.W. Railway, 41.2%.	21. Western Transport Co.		NOT IN TILLING AND B.A.T. GROUPS. (Companies in which Railways have Voting Powers.)	
7. Eastern Counties Road Car Co.	£672,062 ordinary. Tilling, 27.7%; L.N.E. Railway, 24.4%; L.M.S. Railway, 3.3%.	£175,000 ordinary. Tilling and B.A.T., 44.0%; G.W. Railway, 44.0%.		40. Highland Transport.	£35,000 ordinary. L.M.S. Railway, 50%.
8. North Western Road Car Co.	£450,000 ordinary. Tilling, 49.8%; L.N.E. Railway, 16.6%; L.M.S. Railway, 33.2%.	22. Thames Valley Traction Co. (including Marlow and District Motor Services).		41. Irish Omnibus Co.	£66,130 ordinary. L.M.S. Railway, 100%.
9. West Yorks Road Car Co.	£200,000 preference; £200,000 ordinary. Tilling, 49.7%; L.N.E. Railway, 24.9%; L.M.S. Railway, 24.9%.	£150,000 ordinary. Tilling and B.A.T., 50%; G.W. Railway, 34.1%; S. Railway, 15.9%.		42. Scottish Motor Traction Co.	£1,000,000 preference; £700,000 ordinary. L.N.E. Railway, 21.2%; L.M.S. Railway, 21.2%.
10. Hants and Dorset Motor Services.	£150,000 preference; £200,000 ordinary. Tilling, 33.3%; S. Railway, 33.3%.	23. Southdown Motor Services.		43. W. Alexander and Co.	£700,000 preference; £200,000 ordinary. Scottish Motor Traction, 50%; L.N.E. Railway, 25%; L.M.S. Railway, 25%.
		£426,250 ordinary. Tilling and B.A.T., 33.3%; S. Railway, 33.3%.		NOT IN TILLING AND B.A.T. GROUPS. (Companies in which Railways have no Voting Powers.)	
		24. East Kent Road Car (including London and South Coast Motors).		A. Timson and Sons.	£58,350 preference; £73,000 ordinary.
		£200,000 preference; £350,000 ordinary. Tilling and B.A.T., 33.3%; S. Railway, 33.3%.		Bath Tramways.	£40,000 ordinary.
		25. Maidstone and District Motor Services.		Barton Transport Co.	£70,000 preference; £25,000 ordinary.
		£200,000 preference; £300,000 ordinary. Tilling and B.A.T., 33.3%; S. Railway, 33.3%.		Belfast Omnibus Co., Ltd.	£144,330 ordinary.
		26. Aldershot and District Traction Co.		H. M. S. Catherwood, Ltd.	£25,000 ordinary.
		£200,000 ordinary. Tilling and B.A.T., 33.3%; S. Railway, 33.3%.		J. Bullock and Sons.	£3,985 preference; £26,793 ordinary.
		27. Wilts and Dorset Motors.		Lancashire United Transport and Power Co.	£192,878 ordinary.
		£50,000 ordinary. Tilling and B.A.T., 25%; S. Railway, 25%.		Mansfield and District Tramways, Ltd.	£80,000 preference; £44,834 ordinary.
				Midland General Omnibus Co.	£75,000 ordinary. Midland Counties Electric Supply Co., 100%.
				Red and White Services.	£100,000 ordinary.
				Westcliff Motor Services.	£95,538 ordinary.
				West Riding Auto Car Co.	£80,006 ordinary. Yorkshire (W.R.) Electric Tramways, 75%.
					* Non-voting preference shares.



road transport industry from the electrical side. In some ways it resembles an investment trust. Its portfolio is strong in electrical and road transport securities, but includes considerable holdings of home and foreign government, railway, commercial and industrial stocks. Since 1927, when the outstanding ordinary stock was converted into 8 per cent. non-cumulative preferred ordinary, the company's capital structure has been somewhat "high-gear," with £712,744 of 6 per cent. preference stock (participating up to an additional 2 per cent.) and £1,326,263 of 8 per cent. preferred ordinary ranking in front of £202,889 of deferred ordinary stock. Since the latter's creation it has been the board's practice to pay low cash dividends, accompanied by a 10 per cent. capital bonus every year.

Tilling and British Automobile Traction is almost entirely a holding company, to which Thomas Tilling and British Electric Traction transferred most of their road subsidiaries in May, 1928, to achieve a pooling of forces in view of the granting of Parliamentary road powers to the railways. The company has been the spearhead in many of the subsequent negotiations of the joint interests with the railways. It has not merely served as a medium in the admission of the railways to share ownership in subsidiary and allied enterprises, but, in turn, has taken interests in companies with which the railways have made previous arrangements. It has only £200,000 of 8 per cent. preference shares (participating up to a further 2 per cent.) in front of £1,600,000 of ordinary shares. The profits of subsidiaries are taken into the company's accounts only to the extent of dividends actually received by the holding company. The latter has a reserve of £962,000, and its financial position is in many respects strong.

The effect of the developments of the last four years may be summarised as the creation of a basis for the future exploitation of road passenger transport as a "controlled monopoly," with a strong element of centralised capital ownership and a soul of its own. Local joint committees have co-ordinated road and rail transport in particular areas, by way of co-operative "timing" of services, omnibus calls at railway stations, and, to some extent, the avoidance of duplication of services on parallel routes. The railways, further, are understood to have made working arrangements with certain municipal authorities, like Todmorden, Leeds, Halifax and Sheffield, operating services in urban areas which fall outside the scope of their road powers under the Acts of 1928. They are also reported to be in negotiation with the authorities in other places, such as Manchester, Liverpool, Newcastle and Brighton.

Some trains have been withdrawn on country branches obviously better served by the omnibus, but further development in this direction must be a matter of time. Various road companies in which railways are interested still run long and medium distance services between different towns, at fares below those on the railways, though facilities may exist for return journeys by rail or vice versa on payment of a supplementary charge. In short, while further measures of co-ordination will doubtless be worked out in due course, it is clear that road passenger transport can still be regarded by the investor as possessing its own "equity" as a separate transport arm, and that the shares of Tilling, Tilling and B.A.T., and British Electric Traction—in that order—are directly bound up with its future development.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET. ACCOUNT.
April 5. April 7.

THE quiet tone normally in evidence before a holiday was interrupted, from time to time, by spasms of Continental liquidation. While high-grade fixed-interest securities were in steady demand, activity in industrial issues was

restricted. Cheap money helped Government stocks, but international and foreign bonds remained out of favour and speculative counters were neglected.

Gilt-edged stocks suffered at the outside from a little scattered realisation, but the undertone remained firm, and prices subsequently were steady on a good turnover. Conversion 5 per cents. were in sustained demand. Dealings in the new Port of London scrip opened at 2½ premium. Dominion stocks were favoured, and long-dated India loans strong. Irish issues, which have a narrow market, were not affected by political developments.

Increased weakness prevailed in the Foreign market. Realisation of Central European issues continued, German bonds being heavily marked down. Anxiety regarding the Greek bond position was reflected in a lowering of prices practically to default levels. Japanese stocks declined further, but Chinese improved. Brazilian issues had a heavy aspect, but Argentines were helped by the intimation that funds were in hand to meet the April coupons.

Both Home and Foreign Rails were lifeless. The week's Home Rail traffic figures were less satisfactory than their immediate predecessors, but few price changes took place. Canadian Pacific were again a heavy market.

Apprehension regarding the European position and the absence of favourable news of the domestic trade situation upset the Industrial market, though a slightly firmer tone ensued in mid-week. International issues were heavy, particularly the Kreuger group. Brazil Traction and Hydro-Electric were sold from the Continent. Cables and Wireless continued to decline at first, but rallied on better February traffic receipts. A steady investment demand kept electrical supply shares firm, though the market became irregular before the holidays. Engineering shares were dull and motors easier. Textiles were adversely affected by news of a fresh deadlock over the "more looms per weaver" question. Canadian Celanese had a firm appearance on the year's results. Turner and Newall declined on unfavourable rumours, but a reassuring official statement brought a speedy recovery. Dunlop and Harrisons and Crosfield reflected the fall in the price of rubber. Shipping shares were easier on a few scattered sales.

Oil shares were somewhat harder after initial losses, but the volume of business remained small. Paris and Brussels were intermittent sellers, Royal Dutch fluctuating sharply. Rubber shares were marked down after the Colonial Office's "No restriction" announcement and the decline in the commodity to a new low level of 1½. Liquidation, however, was not particularly heavy, and a moderate recovery ensued. Tea shares remained dull, with a conspicuous absence of business. Consolidated Tea and Lands being marked lower.

Mining shares were affected by the proximity of the holiday and the weaker Continental tone. Gold Fields and Brakpan declined, though other "Kaffir" shares held their ground in mid-week. Tinto remained on offer falling sharply. Ashanti were a good feature. A slight mid-week recovery in the price of tin had little or no effect on the shares, which remained quiet and dull.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.
(Approximate number of Bargains recorded in Stock Exchange Lists.)

	Mar. 15, 1932.	Mar. 16, 1932.	Mar. 17, 1932.	Mar. 18, 1932.	Mar. 19, 1932.	Mar. 21, 1932.	Mar. 22, 1932.
Government and Municipal Loans	1,456	1,531	1,656	1,645	617	1,650	1,746
Transport, Communications, and Public Utilities	834	1,030	865	879	315	780	875
Commercial and Industrial*	1,588	1,639	1,658	1,541	650	1,660	1,621
Banks, Insurance and Financial	442	513	381	478	192	457	564
Mines (including Nitrate)	295	415	432	427	104	348	368
Oil	104	92	100	107	49	107	123
Rubber, Tea and Coffee	103	73	61	87	16	147	72
Total	4,822	5,293	5,153	5,164	2,023	5,149	5,369

* Including iron and steel and breweries

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS.

(1928 = 100.)

Highest of 1932. (Mar. 3.)	Lowest of 1932. (Feb. 11.)	Mar. 15, 1932.	Mar. 16, 1932.	Mar. 17, 1932.	Mar. 18, 1932.	Mar. 19, 1932.	Mar. 21, 1932.	Mar. 22, 1932.
63.7	58.5	62.6	63.1	63.1	63.1	63.0	62.5	62.3

NEW YORK.

The markets remained irregular and dull, though a firmer tone obtained temporarily at the beginning of the week on a moderate volume of short covering. Business was on a small scale, and price movements were fractional. Further selling was effected of Kreuger and Toll securities, as many as 82,000 shares being offered in a single block. Government bonds were steady. Market expectations of a reduction in the Federal Reserve rediscount rate were strengthened by the announcement, on Tuesday, that bankers' acceptance rates had been reduced by ½ of 1 per cent. for all maturities. Municipal bonds were one of the most active sections of the market, thanks in part to the sharp increase in surtaxes voted by the House of Representatives. As this puts a premium on securities carrying tax exemption, its effects by way of facilitating future municipal finance may be appreciable. Railroad issues have remained depressed on President Hoover's statement, which rules out the making of loans by the Reconstruction Finance Corporation to railroads for new construction. The National Credit Corporation is refunding 15 per cent. of the subscriptions by banks for its debentures, since the loans it has made are now being repaid, partly by way of advances from the Reconstruction Finance Corporation. General trade continues to show a lack of vitality. Steel mill production is running at 25 per cent. of capacity, against 26 per cent. earlier this month. The absence of the usual seasonal increase is attributed partly to the failure of Mr Ford, as yet, to place any large buying order.

INVESTMENT NOTES.

Stock Exchange Control: Unofficial "Referendum" Result.—In our issue of March 5th last we referred to the movement for Stock Exchange reform, which had been revived by an unofficial committee of members, familiarly known as the Dual Control Committee, who had previously launched a scheme of reform in 1920. Members were asked, this month, to vote on the question whether they were "in favour of the Trustees and Managers and the Committee for General Purposes reviewing the present constitution and rules in order to obtain unity of control and interest." The result of this unofficial vote shows that members are overwhelmingly in favour of putting their "House" in order. Of 3,912 members entitled to vote, 3,159, or 81 per cent., actually voted, and of these 2,840, or nearly 90 per cent., voted "in favour." This means that the Dual Control Committee can now lay their case before the Committee for General Purposes and the Trustees and Managers, in order that these two bodies may collectively consider the whole question of the reform of the constitution of the Stock Exchange. In view of the large and representative character of the voting majority, the Trustees and Managers will doubtless consider the advisability of calling a meeting of Stock Exchange proprietors to sanction further developments in the direction of a new constitution. No modernisation of Stock Exchange practice and procedure can be attempted until "Dual Control" is abolished and one Committee is in charge of Stock Exchange affairs. There is every reason to believe that the Committee for General Purposes views this movement for reform with sympathy. It is interesting to see that all the old Committee, who offered themselves for re-election, have now been elected, while two new members representing jobber firms were elected in place of the two jobbers who resigned. In view of the fact that a mass meeting of members had lately expressed opposition to the proposals of the old Committee, as

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regards the granting of half-commissions to banks and one-third to other agents (apparently on the ground that they did not go far enough, in some respects), it was uncertain how the voting for the Committee would go. The re-election of the "old firm" implies that the half-commissions proposals will now be carried through.

No Rubber Restriction.—The Colonial Office announcement declaring the impracticability of any concrete policy of rubber output restriction (discussed in a leading article on page 678) had been foreseen and largely discounted in the market. The negotiations with the Dutch had dragged on for months without the emergence of a basis of agreement, and sentence of death was more or less officially pronounced upon them at the beginning of this month, when Mr Lutyjes, Minister of Agriculture in the Dutch East Indies, made public his continued and inflexible opposition. On that occasion the London price of rubber fell to 2½d. per pound. Last Saturday's Colonial Office statement carried prices down to 1½d., but a slight recovery subsequently took place. The share market has long been stagnant, and although most shares were marked down on Monday, there was no formidable pressure to sell. Moderate bear closing caused a firmer tone on Tuesday. The extent of recent movements in a number of leading rubber shares is shown:—

	High-est, 1929-31.	High-est, 1932.	Feb. 3, 1932.	Mar. 2, 1932.	Mar. 18, 1932.	Mar. 22, 1932.
Rubber Plantations Trust (£1).....	46/10	16/-	14/9	11/-	11/6	10/-
Anglo-Dutch (£1)...	44/3	13/1½	11/-	7/3	8/-	7/3
United Siam Betong (£1).....	88/9	27/-	23/9	18/9	20/-	18/9
Allied Sumatra (£1) 20/7½	8/1½	6/9	5/9	6/-	5/3	5/3
Malacca (£1).....	47/9	12/7½	10/-	8/9	11/3	7/6
London Asiatic (2/-)	6/4	2/2½	1/10½	1/4½	1/4½	1/3
Highlands (£1).....	45/-	13/-	12/6	10/-	10/-	8/9
Sumatra Para (2/-)	5/4	10d.	9d.	9d.	9d.	9d.

The market at least has a firmer basis for calculating future possibilities. Even after world depression has passed, it is believed that rubber prices will remain under 6d. a pound. Further, it is now possible to differentiate more sharply between those companies which have and have not reasonable future prospects. Ability to ride out the storm is not in itself a guarantee of survival, though the liquid resources of many of the stronger companies are ample for the purpose. Under conditions which will be "normal" in years to come, reasonable profits will accrue only to those companies which can obtain a large output at a low cost. Their most formidable competitor will be the native producer, who has large areas coming into bearing during the next few years. The Rubber Growers' Association has recently published an informative table summarising the world's plantation

rubber acreage at the end of 1930. At that date, "small holders" had a total planted area of 3,702,424 acres, against 4,180,982 acres in the hands of large estates. For every 100 acres in full bearing throughout the world, nearly 55 immature acres were coming into production. But whereas large estate owners had 28 acres of immature rubber per 100 mature in Malaya, and 55 immature per 100 mature in the Dutch East Indies, the Dutch "native" grower had no fewer than 129 acres coming into bearing per 100 in full production. Over the whole field, the "native" immature area was 1,617,488 acres, and the "estate" immature area 1,163,106 acres. Allowing for the forcing out of production of considerable uneconomic areas, rubber supplies should obviously be capable of taking care of increased world demand for many years. For good or ill, the low-cost native producer has become a dominant factor in the industry, and the strongest companies cannot afford to neglect any opportunity for meeting his competition by the adoption of modern methods of obtaining maximum output at minimum cost.

Inter-Railway Co-operation.—The problem of rail and road competition loomed so large at the recent railway meetings that references by the chairmen to the advisability of increased inter-railway co-operation received less attention than they deserved. The continuance of partial duplication of services in certain districts served by more than one railway company was a feature to which the Royal Commission on Transport drew attention, the Commission advising the pooling of traffic at points where two territories joined. At the annual meeting of the London and North Eastern Railway Mr William Whitelaw declared that the time was long past when one railway company could afford to waste either time, energy or money in competition with another. Discussions had for some time been in progress with the board of the London, Midland and Scottish Railway regarding the possibilities of increased co-operation, and as certain old agreements were expiring the time was ripe for closer arrangements. The directors had no doubt that economies could be realised as a result of pooling arrangements. Any "pool" would need the assent of the Minister of Transport before it could be brought into operation, and it was hoped that the two companies would shortly be in a position to submit a scheme to that Minister. At the London, Midland and Scottish meeting Sir Josiah Stamp also referred to this problem, and expressed his confidence that the not inconsiderable difficulties in the way would be satisfactorily overcome. He added that on an allied matter they had been able, in conjunction with the Southern Railway, to effect economies for the two companies in the region of £60,000 per annum in connection with a joint line.

Powell Duffryn.—The results of this South Wales company for 1931 show a smaller setback than might have been feared, considering that the year opened with a three weeks' strike in the coalfield, continued with deepening world depression, and ended with damaging restrictions on British coal exports in foreign countries. Though

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neither the £260,936 of preference capital nor the £3,671,667 of ordinary is to receive a dividend, the company is better placed than many, since it is duly covering its loan charges each year out of earnings, and £61,358 of debenture stock appears to have been redeemed during the year. Net profit, after meeting all charges, fell from £112,309 to £50,970, of which £50,000 is to be allocated to depreciation.

Years ended December 31.	1929.	1930.	1931.
Trading profit	309,475*	370,468	304,502
Interest charges	259,573	254,028	249,167
Directors' fees	5,812	4,131	4,365
Depreciation and reserves	...	100,000	50,000
Preference dividends	Nil	12,134	Nil
Ordinary dividend	Nil	Nil	Nil

Increase in carry-forward 44,090 175 970
* After allocating an unstated amount to depreciation.

Cash in the balance sheet stands at only £10,036, which probably explains the withholding of the relatively small sum (£12,134) required to pay full preference dividends. There is a bank overdraft of £419,356, reduced from £480,784 a year ago. A gratifying piece of news is contained in the report. Valuations of the whole of the collieries owned by the company and its subsidiaries, carried out by an independent valuer, have shown a large surplus over the aggregate balance-sheet figures. The assets, however, are not being written up, the surplus thus being treated as an internal capital reserve. At the annual meeting, which was held on Tuesday, the chairman was not encouraging as to the future of the industry, which, he declared, was in a worse state than for years past.

Rolls-Royce.—The maintenance, last year, of the profits and dividend of Rolls-Royce is a highly creditable performance. Car sales have suffered heavily, sales of the 44-horse-power vehicle falling from 444 in the calendar year 1930 to 173 in 1931. The sales of the smaller 26-horse-power model may be estimated to have declined from about 500 to 350 in the twelve months to September 30th last. On a moderate computation this contraction in the home market may have cost the company something like £638,600 in gross revenue, but the company's net declared profits on its entire business are only 2 per cent. below the 1930 figure:—

	Net Profits	Ordinary Dividend
1929—		
Fourteen months	201,706	10
Equivalent twelve months	172,900	...
1930 Twelve months	147,171	10
1931 Twelve months	144,197	10

The air engine side of the company's business, largely developed and advertised by the Schneider Trophy race, is doubtless largely responsible for the maintenance of profits, and has maintained the Derby factory in full production. Contracts with the Air Ministry have been supported by orders from foreign Governments, notably Belgium. Rolls-Royce recently acquired the business of Bentley Motors, Limited, thus eliminating a formidable competitor to its car business. While all stock of existing Bentley models has been offered to the public at a discount, the trade name is to be kept alive by a small sports type. Further progress with the design and production of this car is, however, held up pending a case, now sub judice, to define the position of Mr W. O. Bentley, inventor and designer of the Bentley cars. The application for a receivership in respect of Rolls-Royce of America, Inc., has been refused, the applicant having failed, in the opinion of the judge, to make out a case. The English company is at present supplying the American company with the chassis it requires.

County of London Electric.—Despite the reduction of the ordinary dividend from 11 to 10½ per cent., this leading supply concern has continued to make substantial progress in 1931. Sales of current and rentals have brought in £2,094,000, against £1,880,558, and after deduction

of all charges, net profit at £689,871 has increased by £56,802:—

Year to December 31.	1929.	1930.	1931.
Sales of current, &c.	1,678,522	1,880,558	2,094,000
Other income	195,527	211,187	214,679
Net revenue	1,180,944	1,308,594	1,397,687
Interest	94,775	Nil	7,415
Debenture interest, &c.	297,942	284,443	265,784
Taxation reserve	10,000	10,000	25,000
Depreciation, &c.	284,953	381,082	424,447
Net profit	682,824	633,069	689,871
Brought forward	364,210	445,037	447,992
Preference dividend	199,291	202,687	202,916
No. of times covered	3.4	3.1	3.4
Ordinary dividend—			
Amount	358,731	427,426	470,577
Earned %	15.8	11.1	11.0
Paid %	11	11	10½
Other allocations	43,975	...	...
Carried forward	445,037	447,992	464,370

New applications for supply totalled 55,281 kilowatts last year, against 50,942 kilowatts in 1930, while at the annual meeting on Tuesday the chairman pointed out that, whereas in 1920 the demand on the company's system was some 80,900 kilowatts, by 1931 it had risen to 178,400 kilowatts. Units sold totalled 509,528,914, an increase of 62,040,054, or 14 per cent., against a national increase of under 5 per cent. The number of consumers supplied by the company increased by over 44,000, the present total being over 246,000. The company is in negotiation to acquire the Maldon and District undertaking, whose acquisition will add 16 square miles to its "sphere of influence" in Essex. Extensions to the Barking Power Station are in progress, and contracts covering an addition of 150,000 kilowatts to its capacity have been placed. At 2½ the £1 ordinary shares give a flat yield of about £4 16s. 6d. per cent.

Scottish Power.—The 1931 profits of the undertakings owned and operated by this company amounted, after payment of income tax, to £332,605, compared with £271,635 in 1930:—

	Year to December 31.	1929.*	1930.	1931.*
Revenue	£	213,218	271,635	334,245
General expenses	£	20,048	11,906	11,721
Directors' fees	£	1,150	1,150	4,000
Debenture interest, &c.	£	18,080	13,793	3,396
Net profit	£	173,940	244,786	315,129
Preference dividend	£	16,800	19,065	45,000
No. of times covered		10.4	12.8	7.0
Ordinary dividend:—				
Amount	£	104,565	164,848	186,315
Earned %		12.0	11.0	11.6
Paid %		8	8	8
Reserved in accounts of operating companies	£	41,410	62,203	82,854
Reserve	£	7,854	...	...
Inc. or dec. in carry-forward	£	+3,311	—1,330	+960

* Including miscellaneous revenue.

The construction of the Tummel development of the Grampian Electricity Supply Company is proceeding according to programme, which provides for the completion of the works by the end of 1933. The Tummel works, on completion, are expected to become revenue-producing, additional supplies to the extent of over 52 million units having been contracted for in advance. At the annual meeting, held in Edinburgh this week, resolutions were carried increasing the share capital to £5,000,000 by the creation of 800,000 new shares of £1 each. Discussing the progress made during the past year, the chairman said that 170 miles of high tension and low tension transmission lines were constructed, while 8,139 new consumers were connected, consisting mainly of

domestic and small power users. Some 155 million units were generated, and 139 million sold, an increase of about 62 million units as compared with the sales for 1930. At 28s. 9d. the £1 ordinary shares yield about £5 18s. 6d. per cent.

Snia Viscosa.—The accounts of Snia Viscosa for the year ended December, 1931, confirm the favourable impression created by the announcement of a 6 per cent. dividend (the first since 1926) on which we commented in our issue of February 13th:—

	1930.	1931.
Profits	Lire. 42,136,448	Lire. 66,840,308
Expenses and sinking fund	52,696,144	21,798,570
Depreciation	657,231,243	21,500,000
Net profits	(loss) 667,790,939	23,541,737

The profit for 1931 was distributed as to 5 per cent. to legal reserve (1,177,087 lire), 3 per cent. to board of directors (670,940 lire), and 6 per cent. dividends on the shares of 200 lire (21,000,000 lire), leaving 693,711 lire to be carried forward. The trading position of the company has been improved to a surprising degree. There has been an increase in production of 30 per cent., an increase in sales of 25 per cent., a reduction in costs on the average of 1930 of 45 per cent., and on those of December, 1930, of 25 per cent., and a reduction in salaries and sundry expenses of 30 per cent. Selling prices, were, however, unsatisfactory, having shown a continual decline. The prices of exported goods were 30 per cent. below those of 1930. The balance sheet of Viscosa shows a very satisfactory cash position. Cash in hand, government securities and bonds, debentures of Snia Viscosa purchased and bills receivable, amounted to 244,933,096 lire and stocks, stores, debtors and payments in advance to 80,018,172 lire, against sundry creditors of 25,843,521 lire. The directors point out that Snia Viscosa is in a better financial position than any other artificial silk company. The ratio between share capital and production, which in the world industry is calculated at an average of 75 lire per kg. is for the Snia Viscosa 20 lire per kg., while for every 100 lire of fixed assets the world industry shows only 19 lire of liquid assets, whereas Snia Viscosa shows 125 lire of liquid assets.

World Oil Restriction Scheme.—An ingenious scheme for the "solution of the world oil crisis" has been put forward by Mr J. B. Aug. Kessler, a managing director of the Royal Dutch Petroleum Company. This is a restriction scheme designed to comply with the United States "anti-trust" legislation and to appeal to such recalcitrant producers as Russia and Roumania. There are many complicated details into which we need not enter, but briefly the scheme proposes that each producing country should estimate the "minimum" output it desires to produce under a conservation scheme, and the world oil industry should then estimate, each quarter, the world consumption of petroleum products. The estimated consumption per country will, of course, be below the desired "minimum" production per country, and in order to encourage producers to restrict output to the level of consumption Mr Kessler proposes that each producer should pay 8 cents per barrel on his "minimum" production into a central fund and be accredited with 40 cents per barrel for every barrel which he produces below his "minimum." Mr Kessler also proposes that the producers in each country, with the exception of the United States, should persuade their respective Governments to prohibit drilling altogether (or alternatively to put a tax of \$30 on each foot drilled) over and above the

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declared "minimum" production. The chief difficulty lies in the United States. Mr Kessler suggests that the American oil industry should undertake that its exports during any quarter will not be more than its imports plus 50 per cent. of the export surplus plus certain fixed quantities for each petroleum product. He hopes that the American industry will revive the now dormant Export Petroleum Association, so that it can co-operate as one unit under his scheme. This proposal, in effect, gives the United States a first call on the export markets for a certain barrelage each quarter of gasoline, kerosene and other products, which is a valuable advantage if consumption declines. The obvious criticism which will be raised Mr Kessler answers in his memorandum. It is that the insincere producer may fix his minimum production at a dishonestly high figure, and then produce at a reasonably low figure, so as to claim his 40 cents per barrel profit on the difference. This risk, Mr Kessler argues, is obviated by the fact that the payments out of the central fund are not made to producers individually but to associations representing the industry for the whole country. We understand that the scheme has received a large measure of support, that the Soviet Government is willing to co-operate, and that the American industry is calling a conference to consider the scheme in detail. There are many difficulties, such as estimating consumption accurately and inducing bankrupt producers to find 8 cents per barrel for the central fund, but if the scheme could be started it might conceivably work. That it is not an attempt to manipulate prices is at least a point in its favour.

Crown Mines.—Our mining correspondent writes:—In the case of a large low-grade proposition, an abundant supply of native labour is a factor of prime importance. The position in this respect—a position partly due to the depression prevalent in other South African industries—permitted the Crown Mines last year to maintain its development footage at the enhanced total of 1930—no less than 128,100 feet. That the exceptional values disclosed in the former period should also have been maintained could scarcely have been expected. Nevertheless, the results proved highly satisfactory. The payable percentage was somewhat higher than before though the reef declined both in width and value, giving 383 inch-dwts. as compared with 410 in 1930. Including shaft and safety pillars, which are responsible for about one-quarter of the quantity and more than one-quarter of the value, the ore reserves total 12,997,400 tons—an increase of 712,200 tons during the period despite the extraction of a record tonnage. The figures for three years are contrasted below:—

	Years to December 31.		
	1929.	1930.	1931.
Ore milled, tons	2,643,000	2,905,000	3,136,000
Revenue per ton	27/7	27/1	26/9
Costs per ton	20/5	20/3	19/3
Profit per ton	7/2	6/10	7/-
Working profit	£947,110	£990,150	£1,094,050
Net profit	£966,200	£783,960	£952,780
Earned per cent.	87.2	83.1	101.1
Paid per cent.	65	67½	70
Amount	£599,990	£636,570	£660,140
Capital expenditure	£207,440	£165,620	£273,140
Carried forward	£358,390	£440,640	£459,520
Ore reserves (available) tons	8,896,270	9,974,980	10,578,940
Value, dwt.	6.4	6.6	6.5

Last year's heavy capital expenditure was chiefly in connection with the extension of the treatment plant, the building of new compounds, the final equipment of two shafts and the initial equipment of No. 174 sub-vertical shaft. It is interesting to note that the latter, which is to be sunk to 7,400 feet in a virtually untouched section

of the property, will be the deepest vertical shaft in the world. This work, and further additions to the treatment plant, will trench upon the profits of the current year—to what extent no indication is given. Prospects generally are good, and the mine has a long life, despite the depth of many of the workings. Still, in the event of there being another "bulge" in the price of the shares such as the one which occurred a week or two ago under the stimulus of French buying, British holders would preferably do well to realise—if only with the idea of repurchasing should an appreciable setback occur. On a gold basis the yield on the 1931 dividend rate is about 6½ per cent.

Durban Roodepoort Deep.—Steady progress continues to be made by this "Corner House" subsidiary. Last year, thanks partly to improvements in the reduction plant, the record tonnage of 565,200 was put through. Reduction in grade, reflecting the lower value of the ore reserves, was more than offset by economy in costs. As a result the working profit totalled £87,500, or 3s. 1d. per ton, against £66,700, equal to 2s. 7d., in 1930. Following the financial re-organisation of the last-named period, the company—after a five-years' absence from the dividend list—made a distribution of 7½ per cent. The payments for 1931 totalled 15 per cent., and left the expanded balance of £83,000 to go forward. Of cash and investments totalling £168,000, the sum of £79,400 is receivable in British sterling. The performance of a somewhat larger amount of development work than before had the effect of raising the ore reserves by 107,100 tons to 2,150,200 tons, though the value is 0.3 dwt. lower at 6.7 dwts. Allowance being made for sorting, the quantity represents about three and a half years' supply for the mill. The plan issued with the annual report indicates very clearly that, except in the western section of the property, little fresh ground remains to be opened up. Acquisition of the dip area, which belongs to the New Steyn Estates, seems inevitable—as soon as the parties can come to terms. On the basis of last year's dividend, the yield shown is 8 per cent. in South African currency, equal to approximately 10½ per cent. to the British investor at current rate of exchange. All things considered, this is by no means excessive. The par value of the shares is 10s.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Mercantile Bank of India, Eastern Bank, Standard Life Assurance, Scottish Power, City of London Electric Lighting, County of London Electric Supply, The Employers Liability Assurance Corporation, Powell Duffryn Steam Coal, Radiation, Pinchin Johnson and Company, London and Thames Haven Oil Wharves, and Consolidated Mines Selection. At the annual meeting of the Mercantile Bank of India, Sir T. S. Catto, reviewing the outlook for the current year, said that there had been an improvement in the economic position of India since the suspension of the gold standard and the resulting large exports of gold, but like other agricultural countries, India required a revival of trade throughout the world and, above all, the cessation of political disturbances. There was no sign of improvement in the conditions in British Malaya, in view of the low prices for rubber and tin, though the prospects for rice in Burma and Siam seemed a little brighter. The fluctuations in the price of silver and the unsettled internal conditions in China continued seriously to restrict trade with that country. At the annual meeting of Pinchin Johnson the chairman mentioned that the Argentine business was proving very successful, the initial year's trading having resulted in a profit of over 14 per cent., of which only a portion had been distributed.

CAPITAL ISSUES.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Total recorded, January 1 to March 19, 1932, excluding conversions, £17,745,122.
Total recorded, January 1 to March 19, 1932, including conversions, £139,064,715.

National Savings Certificates.

Net receipts, week ended March 19, 1932, Dr. 800,000.
Total net receipts, April 1, 1931, to March 19, 1932, £2,000,000.

	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
To the Public.	Nil	Nil	Nil	Nil	Nil
To Shareholders only.	Nil	Nil	Nil	Nil	Nil
Total Offered for Subscription—	Including Conversions.	Excluding Conversions.	Total Offered for Subscription—	Including Conversions.	Excluding Conversions.
Jan. 1 to date—			Whole year—		
1932	138,264,715	16,945,122	1931	114,290,666	102,044,291
1931	54,893,888	45,223,939	1930	454,888,784	267,800,700
1930	144,225,447	87,732,429	1929	488,764,940	285,239,400
1929	110,532,270	96,953,050	1928	693,100,056	369,058,073
1928	...	169,043,750	1927	...	230,782,600
1927	...	144,888,400	1926	...	232,214,500
1926	...	75,028,400	1925	...	209,326,101
1925	...	49,950,256	1924	...	...

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1932	14,496,514	1,755,000	693,608	16,945,122
1931	35,878,907	521,571	8,823,461	45,223,939
1930	76,368,534	8,145,697	3,218,198	87,732,429
Whole year—				
1931	74,835,599	6,911,859	20,296,833	102,044,291
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	98,381,400	355,156,600
1926	145,180,000	39,393,200	46,209,500	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	535,750	...	570,300
Total to date, 1932	535,750	...	570,300
Total to date, 1931	2,744,375	...	2,807,132

Eastbourne Gas Company.—Issue by tender of £20,000 5 per cent. irredeemable debenture stock, minimum price par, yielding at that price £5 per cent. The net revenue of the company for the year ended December 31, 1931, was £25,339, thus covering the interest on the debenture stock nearly four times.

Watford and St. Albans Gas.—Sale by tender of £100,000 5½ per cent. preference stock, at a minimum price of £97 per £100 stock.

Particulars of the following have been issued "for information only," with a view to Stock Exchange introduction. **Shropshire, Worcestershire, and Staffordshire Electric Power Company.** Particulars of an issue of £1,800,000 5 per cent. redeemable debenture stock, redeemable 1952-82. Profits for 1931 amounted to £216,000 after deduction of all charges.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash.			Dividend for Whole Years.	
	Interim or Final.	Date of Payment.	Method of Payment.	Latest Year.	Previous Year.
RAILWAYS.					
Ile of Man Railway	...	...	...	% 1	% 1
BANKS.					
Heritable Investment Bank	...	...	...	4	5
National Bank of India	...	...	...	20	20
MINING.					
East Rand Proprietary	...	...	...	5	...
Gopeng Consolidated	3%†	...	Tax free	3d. p.s.	4d. p.s.
Hickleton Main Colliery	...	...	...	5/- p.s.	...
Robinson Deep "A"	...	...	...	2½	3½
Transvaal Gold Mining Estates	3%*	Apr. 21	...	...	...
Yarra Falls	...	...	...	...	...
OTHER COMPANIES.					
American Investment and Gen. Trust (Def.)	4%†	...	...	9	12
Anderson Grice	...	...	...	3d. p.s.	3d. p.s.
Associated Portland Cement	...	...	...	8	8
Barrett and Pomeroy	...	...	...	5	5
British Aluminium	4%*	Mar. 31	...	...	...
Burt, Boulton and Haywood	5†	...	...	5	10
Cannock and Co.	5†	...	...	8	8
Carrick's (Caterers)	5%†	...	...	5	8

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash.			Dividend for Whole Years.	
	Interim or Final.	Date of Payment.	Method of Payment.	Latest Year.	Previous Year.
OTHER COMPANIES—continued.					
City National Investment	...	...	...	% 8	% 10
Coleman and Co.	6%†	Mar. 2	...	10	10
Collisons	...	...	...	10	17½
Culver Mills Paper	...	...	...	7½	7½
Daniell and Sons' Breweries	5	Apr. 1	...	8½	10
D. F. Taylor and Co.	4%*	...	...	2½	2½
Eastwoods, Lewis	5%†	...	...	...	...
Egyptian Markets	5%†	...	...	10	11
Evans and Owen	3%†	...	...	12½	13½
Foreign, American and General Gaskell and Chambers	...	...	...	10 (6)	10 (6)
Hide and Co.	2d. p.s.†	Apr. 2	...	...	...
Howard and Wyndham	...	...	...	7	10
International and Automatic Tel. (Def.)	...	...	...	12½	12½
Ile of Thanet Electric	4%†	...	...	4	...
James Shipstone and Sons	10%†	...	Less tax	15½	15(n)
John Dickinson and Co.	5%†	...	Tax free	11	10
John Groves and Sons	7%†	...	...	...	...
John Howard and Co.	10%*	...	...	...	...
John G. Murdoch and Co.	2½%*	...	...	...	...
Jones and Higgins	9%†	plus bonus of 6d.	...	15	17½
Kings Lynn Docks and Railway	...	...	...	3	...
Lancashire Dynamo	...	...	...	1½	2½
London Border Trust	...	...	...	2½	5
M. B. Foster and Sons	8%†	...	...	13½	14½
McCrack and Drew	...	...	...	3	8
McDonalds	...	...	...	6½	6½
Mellor's Stores	...	...	...	14	70
Maidenhead Brick and Tile	10d. p.s.†	...	...	13½	13½
Manchester Commercial Buildings	2½%*	Mar. 31	...	...	...
Maynards	...	...	...	15	15
Mazawattee Tea	...	...	...	5	5
Mersey Power	...	...	...	10	8
Midland Counties Motor Finance	...	...	...	8	4
Natal Land and Colonization	...	...	Tax free	...	...
National Dwellings	8%†	Mar. 6	Less tax	7	7
National Omnibus and Transport	3½%†	...	...	6	6
Newcastle and District Electric	...	...	...	5	5
Newcastle-upon-Tyne Electric	...	...	...	10	20
New Egyptian	...	...	...	30	50
Paquin	9d. p.s.†	Mar. 21	...	10	10
Patent Victoria Stone	...	...	...	12½	12½
Property Estates and Reversion	...	...	...	...	...
Railway and General Investment	2%*	Mar. 31	...	...	...
Ransomes and Rapier	7½%†	...	Tax free	6	7
Richmond Park Laundry	...	...	Less tax	12½	15
Rivoli Cinemas	3%*	...	...	4d. p.s.	4d. p.s.
Robertson Ledlie Ferguson & Co.	3%*	...	...	...	...
Robinson and Cleaver	3%*	...	...	10	10
Rolls Royce	2½%†	...	Tax free	5	5
Rowton Houses	6½%†	...	...	13	13
Royal Brewery, Brentford	...	...	...	...	...
Salisbury Railway and Market House	2½%†	...	...	5	5
Salt Union	...	...	...	9	9
Scottish Greyhound Racing (Def.)	...	...	...	100	NIH
Scottish Power	3%†	...	...	8	8
Second Caledonian Trust	...	...	...	5	12½
Smart Bros.	5%†	...	...	8	8
Smithfield Markets Electric	...	...	...	10	NIH
South Essex Waterworks	...	...	...	...	...
Spillers (Def.)	...	...	...	...	...
Staffordshire and Worcestershire Canal	1½%†	...	...	2½	2½
Swan Hunter	7½%†	plus bonus of 5%	...	5	6
Sweet and Maxwell	...	...	...	20	25
Tarslag (1923)	...	...	...	6½	...
Third Guardian Trust	...	...	...	3½	...
Third Scottish Western Investmt.	3½%†	...	...	7	8
Tyneside Investment	6%†	...	...	2	5
United Carlo Gatti	5%*	...	...	10	12½
United Dairies	4%†	...	...	7	12
United States Investment	6%†	...	...	13	15
Upsons	...	...	...	...	...
Vickers	...	Apr. 4	...	5	...
W. J. Harris and Co.	7½†	Mar. 26	...	7½	7½
Waller and Hartley	...	...	...	25	25
Wardle and Davenport	2½%*	Mar. 24	Tax free	...	...
Waste Heat and Gas	...	...	...	8	8
West Yorkshire Road Car	5%†	...	...	12	12
Western Wagon and Property	3½%†	...	...	10	10
Whitehall Court	...	...	...	...	...
W. T. Harris and Co.	...	...	...	7½	7½
William Melhuish (Props.)	...	...	...	4d. p.s.	6d. p.s.
Windsor Trust	...	...	...	25	30
Winterbottom Book Cloth	12½%†	...	Less tax	42½	37½
Wright Layman	...	...	...	...	...

(a) Tax free. (b) Plus bonus of 1s. p.s.

CENTRAL URUGUAY NORTHERN EXTENSION RAILWAY COMPANY.—Owing to the unfavourable conditions which continue to affect the company's business in respect of both its currency earnings and the depreciated sterling value of the Uruguayan dollar, the results do not permit of the payment of an interim dividend on the shares of the company.

CENTRAL URUGUAY EASTERN EXTENSION RAILWAY.—Owing to the unfavourable conditions which continue to affect the company's business in respect of both its currency earnings and the depreciated sterling value of the Uruguayan dollar, the results do not permit of the payment of an interim dividend on either the 5 per cent. preference or ordinary shares of the company.

CENTRAL URUGUAY RAILWAY COMPANY OF MONTE VIDEO.—Owing to the unfavourable conditions which continue to affect the company's business in respect of both its currency earnings and the depreciated sterling value of the Uruguayan dollar, the results do not permit of the payment of an interim dividend on either the 5½ per cent. preference shares or ordinary stock of the company.

IMPERIAL CONTINENTAL GAS ASSOCIATION.—The Imperial Continental Gas Association announce that, as a revaluation of the company's assets discloses a considerable surplus over the book value, the board have decided to recommend to the stockholders that part of this surplus be capitalised and that a bonus distribution of stock be made at the rate of 100 per cent. (one hundred per cent.), thus doubling the existing issued capital. The new stock will rank pari passu with the existing stock for the final dividend of the year ending on March 31, 1932. A general meeting will be held on March 22nd to pass the necessary resolutions. The 1931 accounts of the associated companies have been received and the board are able to indicate that they will recommend a final dividend at the rate of 7 per cent. (actual), less income tax, upon the doubled capital. This, taken with the interim dividend of 7½ per cent. (actual), less tax, paid on November 13th last, is equivalent to a rate of 10½ per cent. (less tax) for the year upon the doubled capital.

THE MERCANTILE BANK OF INDIA, LIMITED.

EFFECT OF DEPRESSION ON YEAR'S RESULTS. CHAIRMAN'S REVIEW OF CONDITIONS IN INDIA.

The thirty-ninth annual general meeting of the shareholders of this bank was held at Winchester House, Old Broad Street, London, E.C., on Tuesday, the 22nd day of March, 1932, Sir T. S. Catto, Bt., the Deputy-Chairman, presiding.

Sir T. S. Catto, Bt., in opening the proceedings, said:—Ladies and gentlemen, I am sorry to say the Chairman is ill. He has asked me to express to you his regret that, on the advice of his doctor, he is unable to be present to-day to preside over the meeting. I am glad, however, to be able to assure you that he is progressing favourably. His devoted attention to the affairs of the bank is well known to you all, and I am sure I am interpreting your wishes in asking your permission to send to him an expression of your regret at his absence and the best wishes of us all for his speedy recovery.

I know you have come to hear the Chairman deliver one of his interesting addresses. I am afraid you will find me an inadequate substitute; but it will be my privilege to read his speech to you and my duty afterwards to answer any questions that may be put to me.

Before reading the Chairman's address, may I, just for a moment, touch on one point? I would like to emphasise the difficulties of the year we are reviewing. I am sure you realise that the board and the officials of the bank have had an anxious and trying time. We all owe a tribute to the cautious policy of your directors in better years which made the financial timbers of the good ship "Mercantile Bank" so strong that she was able to ride the tempest of last year in a manner worthy of her traditions and of her place in Eastern banking.

In these uncertain times he would indeed be a rash man to prophesy the future. I do not intend to attempt it; but there is a silver lining to all clouds, even if we can see it only dimly, and so we shall go forward with courage and confidence, seared a little perhaps by the ordeal of last year, but richer by the experience.

Before I read the Chairman's speech, I will ask the chief manager (Mr J. Steuart) to read the notice convening the meeting and the auditors' certificate.

The Chief Manager read the notice and the auditors' certificate.

THE CHAIRMAN'S SPEECH.

Sir T. S. Catto:—Well, ladies and gentlemen, the Chairman's address to you is as follows:—

I would at once wish to say how much we regret the loss we have suffered by the resignation of Mr Robinson from the board. He not only took a deep interest in the welfare of the bank, but gave us valuable advice and assistance. We are sorry to lose his services, but unfortunately his health was such that he felt it was only fair to the bank he should resign. I am sure you will all join me in wishing him a quick restoration to health.

The closing of our sub-agency at Kuala Krai is due chiefly to a change in the plans and organisation of the Federated Malay States Railways and as the other business of the bank in Kelantan can be carried on at Kota Bharu.

At our meeting last year I referred to what I described as the world-wide depression in 1930, and said that the outlook for the then current year depended upon a recovery in prices generally. Unfortunately, not only has there been no such recovery, but there has been a further fall in prices and a grave world economic crisis. The suspension of the gold standard by this country is the most momentous event in post-war financial history. It is true that, so far, at any rate, the depreciation of the pound has not brought about any material rise in internal prices in this country, but this is at least partly due to the reduced purchasing power of our people is, as the result of high taxation, are finding it necessary to exercise strict economy. Any tendency to an advance in sterling prices has been offset to some extent by a fall in gold prices. This in turn has reduced the purchasing power of countries still on the gold or gold exchange standard, such as the Dutch East Indies and Siam. The causes and effects of the crisis have been ably and lucidly set out by the chairman of the "Big Five" and other banks, and there is not much left for me to say. The fall in prices resulting in loss of purchasing power and confidence is, of course, at the bottom of our troubles, and it is difficult to select the chief cause of this. I do not think it is due to monetary causes or that monetary policy can control the world price level, and certainly not in the absence of wide international co-operation. There are those who advocate a return to bi-metallism for the purpose of enlarging the basis of

credit, raising prices and, as they say, increasing the purchasing power of China and other countries. But here again a wide international agreement would at least be necessary, and at the present time particularly it would be difficult, if not impossible, to fix a ratio between gold and silver, while surely the purchasing power of a country depends upon the volume and prices of its exports visible and invisible.

INDIA'S FINANCIAL POSITION.

In spite of a satisfactory monsoon, India has had to bear her share of the world-wide economic depression, as she depends largely upon the prices obtainable for her agricultural products; unfortunately also the depression was accentuated by the civil disobedience campaign, the boycott of British goods and the closing of markets, resulting in disturbances and discouragement of trade. Of all this there is more than sufficient evidence in the figures relating to imports and exports and in the railways' deficit, all of which have necessitated the Emergency Finance Bill. The Government found it necessary to cut down expenditure, increase the import duties and raise taxation generally, while in addition to selling Reserve Council Bills to the extent of £17,000,000 to support exchange, large issues of Treasury Bills at high rates of interest had to be issued with the result that the average Bank rate has been over 7 per cent., and there was a serious depreciation in Government securities. The amount of Treasury Bills outstanding at the beginning of the year was equivalent to about £40,000,000, which was increased to £63,000,000 in September and reduced to £45,000,000 at the end of the year. But in the last quarter of the year, and as the result of our forced break with gold, and the rupee following sterling, a marked change in the situation arose as a consequence partly of the economic depression, but due chiefly to the desire to take advantage of the profit to be obtained by selling and shipping gold. The fact that by the end of the year shipments amounted to £25,000,000 proved of great assistance to the Government, the effect being that Government was able to remit £19,000,000 to this side at rates rising to 1s. 6½d. Since the end of the year these shipments of gold have continued in large volume, the total since the movement started now amounting to about £41,000,000, and this had enabled the Indian Government to obtain further sterling to an amount not only sufficient for necessary requirements, but to pay off a large amount of maturing debt. It may be said, therefore, that so far as finance is concerned, the Government of India is in a much stronger position than at any time in the last year or two, while incidentally these shipments of gold have been helpful in maintaining the value of the £ in gold currencies, the shipments in question having gone chiefly to the Continent, but also to America. As I have said, conditions in India are reflected in the trade figures for the past year. As compared with 1930 the exports of merchandise show a decline in value of £62,000,000 at £127,000,000, and at £101,000,000 the imports have fallen by £38,000,000. The imports of silver were only £5,000,000 against £9,000,000 in 1930, while instead of nearly £12,000,000 of gold imported in that year there were net exports of £25,000,000 last year. The result is that, including merchandise and bullion, the visible balance of trade in favour of India last year was £46,000,000 comparing with £34,000,000 in 1930, but this favourable result was due to reduced imports of silver and the unusual exports of gold. If the figures relating to merchandise alone are compared the balance in favour of India declined from £54,000,000 in 1930 to £28,000,000 last year. On the export side of the account the value of cotton declined from £41,000,000 to £24,000,000, raw jute from £11,500,000 to £9,000,000, jute goods from £28,000,000 to £16,000,000, tea from £17,500,000 to £15,000,000 and ground nuts from £8,750,000 to £7,500,000, these differences being accounted for chiefly by the general fall in prices. Of the imports, I will only mention the figures relating to cotton piece-goods and yarn shipped from the United Kingdom, the value of which fell from £14,750,000 in 1930 to £6,250,000 last year. Economic conditions were the main cause of this, but the boycott of British goods partly contributed, as imports from Japan did not fall to nearly the same extent. But it is the Bombay cotton mills that feel the competition of Japanese goods most in spite of the fact that they are protected to the extent of 25 per cent. It is, of course, natural that the cotton industry, the most important in the country, and which counts for so much on the Bombay side of India, should feel the effects of the economic depression and the disturbances created by the Congress

Party. The Calcutta jute mills had not to face such a heavy fall in the price of jute as in the previous year but, as the result of a poor demand for their manufactured goods, stocks accumulated and shorter hours of working had to be adopted. Then with a further decline from the already low price of tea the Companies engaged in this industry had a very lean year. The rupee fluctuated between 1s. 5½d. and 1s. 6½d., which was the high point touched in December, the average for the year being 1s. 5¾d.

REPORT OF CENTRAL BANKING ENQUIRY COMMITTEE.

The report of the Central Banking Enquiry Committee, to which I referred at our last meeting, was published in September and embodies much useful and interesting information. The chairman and the other members of the committee are to be congratulated upon the painstaking manner in which they have carried out the inquiry, which involved much time and labour. To refer to the report in detail to-day is not only unnecessary, but it would take up too much of your time. But as some of the suggestions and recommendations closely concern what are called foreign banks, under which heading British banks are included, I cannot avoid making some reference to the report. In the first place I would say that so far as the majority report goes, there is little or nothing to which we can take exception, but although this report was signed by all the members of the committee except one, who has issued a minority report, there is unfortunately a minute of dissent signed by six members which can hardly be described as fair to British banks, considering all they have done to foster and develop Indian trade. I will confine myself, however, to a few general remarks. To begin with, so far as we are concerned we would welcome the establishment of a Reserve or Central Bank, which would be free from political influence and confine its operations to the control of currency and credit, but we cannot think that a new Indian Exchange Bank is required, and it would be a new and dangerous precedent for the Government of India to provide the capital for such a bank. As we value the business of our Indian customers very highly, it is perhaps unnecessary for me to say that it would be folly on the part of British banks to discriminate against such good friends in the matter of making advances and we certainly do not do so, but we are not prepared to lock up the money of the bank in industrial debentures, as it is suggested we should do, for that is not good business or good banking, either for British or Indian banks. The suggestion that we should appoint local advisory boards at each of our branches seems not only unnecessary but might be opposed to the interests of many of our Indian customers. Then there seems to be an impression that British banks are prejudiced against sound Indian insurance companies. This is far from the case, as we are always ready to and do accept the policies of such companies. The proposals that, while British banks are to be licensed, Indian banks should not require a licence and that British banks should not be allowed to accept Indian deposits or have branches up-country are, to say the least, unreasonable. I must now refer to the conditions prevailing last year in countries other than India and where we have branches, but as no country has escaped the effects of financial stringency and the loss of purchasing power resulting from the low prices ruling for primary commodities, I have nothing encouraging to say.

CEYLON.

The shipments of tea from Ceylon show an increase in quantity, but, at £15,750,000, a decline of nearly £3,000,000 in value compared with the previous year, while the shipments of rubber declined from 75,000 tons to 62,000 tons and in value from nearly £4,000,000 to £1,750,000.

BRITISH MALAYA.

The depression in British Malaya, where the price of rubber and tin is of such importance, has been even more acute than elsewhere, and heavy losses have been made. The average price of rubber last year was only about 3d. per lb., against 5½d. in 1930, and the corresponding prices of tin £118 and £142. The net shipments of rubber, which exclude imports from the Dutch East Indies, were 422,000 tons, compared with 442,000 tons in the previous year, the respective values being, say, £12,000,000 and £23,000,000. The shipments of tin amounted to 83,600 tons, valued approximately at slightly under £10,000,000, which compares with 96,800 tons and £13,750,000 in the previous year. The total value of all merchandise imported is entered at £52,750,000, the comparative figures for 1930 being £82,000,000, while the corresponding figures relating to exports are £46,750,000 and £76,000,000. These figures, I need hardly say, speak for themselves, showing as they do the extent to which British Malaya is feeling the economic crisis.

BURMA AND SIAM.

I mentioned last year the extent to which Burma and Siam depend on the market for rice and as, until the gold standard was suspended, prices continued to fall, both suffered from this cause, in spite of larger shipments than in the previous year. The ship-

ments from Burma amounted to 3,500,000 tons and those from Siam to 1,200,000 tons. The rupee being linked with sterling, Burma has lately had an additional advantage over Siam, as the currency of the latter country is still based on gold, with the result that in order to compete with Burma and market her crop, she has been obliged to accept a lower price in teals, while the cultivator in Burma has been able to obtain a higher price in rupees. But in spite of this handicap there was a small balance of trade in merchandise in favour of Siam last year as compared with a smaller adverse balance in 1930.

CHINA.

Of China it is always difficult to know what to say. It is a land of mystery and surprises, but that it has suffered from the world depression is natural. In addition, there were serious floods and various military operations, all of which interfered with business. In spite of these disturbing features, there was a further substantial increase in the receipts of the Chinese Maritime Customs, which amounted to taels 246,000,000 last year and which compares with taels 180,000,000 in 1930, though this increase is largely due to increased duties and the continued collection of these on a gold basis. Then the action of Japan in Manchuria, resulting in an anti-Japanese boycott, which spread to Siam and British Malaya and proved of assistance to Lancashire manufacturers, inflicted losses on the importers of the large stocks of Japanese goods. The wide fluctuations in silver also presented difficulties for those engaged in the import trade in China and at Hongkong. The low price of the metal ruling during the greater part of the year ought to have given an impetus to exports, but the economic crisis in Europe and America, combined with the disturbed state of the country and difficulties of transport, checked this. In February the quotation for silver touched a new low record of 12d., the highest price of the year being 21½d., which was quoted in November, but of course this wide range is explained by the depreciation of sterling. The Hongkong dollar and the Shanghai tael fluctuated accordingly, the former ranging from 10½d. to 1s. 6½d. and the latter from 1s. 1½d. to 2s. 0½d. The sales of silver by the Government of India, who raised the duty on imports twice during the year, are estimated at 35,000,000 ounces, and it is reported that the Siamese Government disposed of about 18,000,000 ounces. The Commission appointed by the British Government to inquire into and advise upon the question of Hongkong currency issued its report in August and does not recommend stabilisation of the exchange in the meantime, but makes certain proposals for placing the currency more directly on a silver bullion basis than it is at present. An interesting feature of the proposals is that the dollar should practically cease to be legal tender and that the notes of the three banks of issue—of which we are one—should be given legal tender status.

MAURITIUS.

The cyclone in Mauritius in the early part of the year resulted in a small crop of sugar and, with large world stocks of this commodity and no recovery in the price, conditions in the island have deteriorated further. A loan had to be issued recently for the purpose of giving financial assistance to the planters.

DUTCH EAST INDIES.

The Dutch East Indies also are seriously affected by the low price of and poor demand for sugar, a large part of the 1931 crop still remaining unsold, and at present it does not look as if the Chadbourne plan to restrict the world crops of sugar is meeting with any particular measure of success. Also Java and Sumatra are suffering from the low prices of rubber and tea, and, as the guilder is attached to gold, this means that to meet competition with British Malaya and India they have to accept very low prices in local currency.

THE ACCOUNTS.

I come now to the accounts and, while of course these compare unfavourably with those of past years, I hope that, in view of the unexampled difficulties and anxieties of last year, you are not unduly disappointed with the results. It was more particularly in the second half of the year that our troubles arose as the result of the suspension of the gold standard by this country and the heavy fall in the value of British and Indian Government securities. The results of the first six months, however, were such that we deemed it prudent to reduce the interim dividend from 8 per cent. to 7 per cent., hoping then to pay a similar final dividend, and it is with regret that, in view of the unfortunate events of the latter half, we do not now see our way to recommend a final distribution of more than 5 per cent. The non-recurring losses on exchange arose in the ordinary course of our business in Siam and the Dutch East Indies and as the result of those countries remaining on gold, while the very heavy depreciation in our investments was quite beyond our control. Then you will not be surprised to hear that, arising from the further fall in prices, the decline in the value of investments generally and the universal depression, we have found it necessary to provide for more than the usual bad and doubtful debts. In

doing this I may say that, so far as it is possible to judge in times like the present, we have made ample provision and, indeed, hope it may prove we have provided too much. It was, however, impossible to provide for all these contingencies out of the profits for the year, but fortunately we had substantial inner reserves, and by transferring £450,000 from the reserve fund (leaving this still at £1,050,000, equal to the paid-up capital) and adding the former sum to our inner reserves, we have made all the necessary provision. Of our investments, I may mention that a large number are of a short-dated character, maturing within the next five years, and that, while we have written down the whole of our investments to market prices ruling on December 31st last, a valuation made on February 29th discloses that nearly all the depreciation for which we have provided has been recovered, and our inner reserves are strengthened accordingly. The balance sheet reflects a contraction in our business all round, due chiefly to a decline in the volume of trade as compared with the previous year and the fall in prices. The figures under the heading, "Current Fixed Deposit and other Accounts, &c.," show a reduction of £2,759,000, the principal explanation of this being the high rates of interest at which Treasury bills were issued in India and in this market. On the assets side, cash is lower by £1,163,000, this reduction corresponding with our smaller liabilities in respect of deposits. The decline in the value of our Government and other securities, which, as I have said, have been written down to values ruling at December 31st, is explained by this writing down. The reduction in bills receivable of £1,163,000, which curiously are also the figures relating to the reduction in cash, indicates the contraction in our turnover. At £5,285,000, our loans receivable and advances show a remarkably small decline of £164,000, and make it clear that we have not restricted the facilities we are always ready to afford our customers even in bad times. The total of the balance sheet, you will notice, is lower by £2,975,000. The profit and loss account calls for very little comment, except that unfortunately the profit shows a substantial decline. We have as usual added £15,000 to the officers' pension fund and again written £10,000 off freehold banking premises, while at £167,926 the amount carried forward is slightly increased. There is, of course, no addition to the reserve fund on this occasion. As I have said, we recommend a final dividend of 5 per cent., making 12 per cent., less tax, for the year.

STAFF AND EXPENSES.

In view of the difficult times through which we are passing and the necessity everybody is under of adjusting expenditure to income, you will no doubt expect me to tell you that your directors have been looking into the question of our expenses and considerable economies have been carried out, though the full effect of these will only appear in the current year. First of all, the directors having agreed to a reduction in their fees, the staff were then asked to accept a reduction in their salaries, and I need not say they appreciated the position and readily accepted the proposed reductions. As the bank received such loyal service from the staff it was with regret that we approached them in this matter, but in your interests we deemed it our duty to do so under existing conditions, and there was no alternative other than a reduction of their numbers. In other directions also, and with the full co-operation of the chief manager and the staff generally, we have been able to cut down our expenses to a level more in proportion with the profits of the last two years. But it is not only for meeting us so readily and helping us to reduce our expenses that our thanks are due to the staff, but also for their devotion to and unceasing work in the interests of the bank during a year carrying with it exceptional difficulties and problems. On behalf of the board, therefore, I take this opportunity of saying how much we appreciate the assistance we have received from Mr Steuart, Mr Crichton and Mr Linton, who I know have in turn been ably supported by the accountants and those in charge of other departments at the head office; while our thanks are due also to the managers, accountants, assistants and the local staff at the branches and particularly to those serving us at Shanghai, where conditions recently have been both difficult and dangerous.

OUTLOOK FOR THE CURRENT YEAR.

At this time last year I did not take an optimistic view of the outlook for the year then before us, but I ventured to say I thought we had arrived at a convalescent stage, and unfortunately in this I was somewhat premature, as the situation is more abnormal than ever, and with so many financial and international problems still to be solved it is impossible to form any reliable opinion of the future course of events. But we can at least congratulate ourselves upon the fact that, in this country, we have survived the crisis of the past year better than other countries by reason of the sturdy character of our people and their willing response when called upon to bear the burden of heavy taxation. We have had no banking failures, and there has been no hoarding. But, while the National Government have already done much in the direction of balancing the Budget, correcting the balance of payments and defending the pound sterling,

they cannot alone bring us prosperity until the trade of the world recovers and there is a marked improvement in the price level. The change in our fiscal policy by the introduction of the Import Duties Bill is admittedly an experiment the effects of which have yet to be seen, but, like the suspension of the gold standard, this may be said to have been forced upon us, and if it only results in restoring a favourable balance of trade and raising revenue we shall have cause for satisfaction. But even then there will be many international questions outstanding, the settlement of which will take time, and until the balance between production and consumption is restored by the liquidation of the existing large stocks of many primary products, I am afraid we cannot look for the essential rise in prices generally, the free exchange of goods and the restoration of confidence. It is too much to hope for a cancellation of Reparations and War Debts as the result of the coming Conference at Lausanne, but a revision of these to correspond with the price level would clear the air, while if there is to be a measure of credit expansion and a better use made of gold in America arising from recent legislation in that country, this would be helpful all round, provided there is no uncontrolled inflation. Of India it can be said there has been an improvement in the economic position since the suspension of the gold standard and the resulting large exports of gold, but, like other agricultural countries, India requires a revival of trade throughout the world, and above all a cessation of political disturbances. Money conditions in London and India are now easier than they have been for a long time and give reason for hope that 1932 may see some revival in trade, but unfortunately conditions in Central Europe are still far from stable, and one would have to be an optimist indeed to prophesy at the present time.

There is no sign of improvement in conditions in British Malaya in view of the low prices for rubber and tin. As to Burma and Siam, prospects for rice seem to be a little brighter, though due to smaller crops, resulting in some improvement in prices, the estimated surplus for export from Burma being 2,700,000 tons, and that from Siam only 900,000 tons. The position in the Dutch East Indies, where, as I have said, the currency is still attached to gold, shows no sign of improvement, and depends mainly upon the price of sugar and rubber. In China the trouble with Japan, particularly at Shanghai, where Japan is fighting for her trade, gives great anxiety, although at the moment there is a cessation of hostilities, which I hope will prove permanent. The fluctuations in the price of silver and the unsettled internal conditions in China continue seriously to restrict trade with that country.

The Chairman concluded by moving the adoption of the report and accounts.

Mr P. R. Chalmers.—I have much pleasure in seconding the resolution.

The resolution was put to the meeting and carried unanimously. The retiring directors, Mr J. M. Ryrie and Mr C. J. Hambro, were re-elected, and the auditors, Messrs Cooper Brothers and Company and Messrs W. A. Browne and Company, were re-appointed auditors of the bank.

The Chairman.—Well, ladies and gentlemen, I think that concludes the business of the meeting, and I thank you for the patient manner in which you have listened to me.

VOTE OF THANKS TO CHAIRMAN AND DIRECTORS.

Mr P. E. Gourju.—May I suggest that we pass a hearty vote of thanks to the chairman and to the board of directors? Of course, it was quite a shock to the shareholders when they heard of the reduction in dividend, and must have brought home to everybody the exceptional difficulties with which the directors have had to contend, but we are pleased to see that the results shown are quite good as compared with those of many other banks. I hope in the future we shall see better times, and then I have no doubt the board will make the most of their opportunities. Will somebody second the vote of thanks?

Mr F. G. Jones.—I have pleasure in seconding the motion. The vote was unanimously accorded.

The Chairman.—Mr. Gourju, ladies and gentlemen,—I beg to thank you very much for the cordial vote of thanks which you have passed, and I can assure you that in the current year we shall endeavour to continue to work as we have done in the past, so that as you have expressed in us in past years. (Applause.) The proceedings then terminated.

Orders for the publication in these columns of the reports of Company Meetings should be addressed to the Reporting Manager of THE ECONOMIST, 8, Bouverie Street, Fleet Street, London, E.C.4.

THE EASTERN BANK LIMITED.

A DIFFICULT YEAR.

IMPROVED OUTLOOK.

The twenty-second annual general meeting of the Eastern Bank, Limited, was held, on the 23rd instant, at 2 and 3, Crosby Square, London.

Mr J. S. Haskell (the chairman) said that the past year had been the most difficult and perhaps the most eventful in the history of banking, industry and commerce within living memory. A number of adverse circumstances coming upon the world in rapid succession, both in the economic and political spheres, had paralysed business and created one critical situation after another. Although the working profits of the bank were, in fact, a little higher than in the previous year, it could not be a matter of surprise that, in the abnormal circumstances which had prevailed, the bank should incur certain losses. Including the balance brought forward, the profits amounted to £169,291. It was proposed to allocate £20,000 to the reserve, bringing it up to the round figure of £500,000, to pay a final dividend of 3s. per share, less income tax at 3s. 10.305d. in the £, after allowing for Dominion relief, making 6 per cent. for the year, and to set aside £55,000 for contingencies, leaving £34,291 to be carried forward. All losses had been fully met out of the contingency fund. It was much to be regretted that there had to be a reduction in the dividend, after a uniform rate of 9 per cent. had been paid for over a decade, but the past year had been an abnormal one and should not be taken as a criterion of the earning capacity of the bank under normal conditions.

POSITION IN INDIA.

India, apart from its own local troubles, such as political agitations and the boycott, had also been affected by the repercussions of the events in Europe and the continued fall in world commodity prices.

It was reassuring to learn from the statement of the Finance Member recently that the Budget would be balanced, no new taxation being proposed and no fresh borrowing contemplated except for the purpose of repayment of maturing loans.

Trade had been affected by the low prices and lack of buying power in India and abroad, the balance of trade in favour of India being £25,400,000 (excluding gold and silver) as compared with £54,300,000 in 1930.

In September last, however, markets became more animated. The prices of raw cotton, jute and gunnies began to improve. During the last two months the price of rice had risen by about 50 per cent. owing to the demand from China and Japan. Imports of cotton piece-goods from the United Kingdom had likewise shown a welcome increase. The change in the economic situation was also reflected in the improvement of India's credit. All her securities had materially advanced within the last two months, testifying to the increased confidence in the soundness of her finances, and, given tranquillity and freedom from political strife, of which there seemed to be a fair prospect, India, in the words of Sir Samuel Hoare in the House of Commons, "is through the worst of the crisis, and is in a better position to take advantage of a general recovery than almost any other great country in the world."

SITUATION AT HOME.

The situation at home was also improving; the economic measures introduced by the National Government and now in force had put new heart into manufacturers and traders and greatly restored confidence, casting a brighter aspect all round. As regarded wheat, a direct duty on imports in lieu of the quota would have been preferable. It was a fallacy to assume that import duties must always be borne by the consumer. This was certainly not so in the case of wheat, which was imported from all parts of the world, Russia, the United States of America, Argentina, Canada, Australia and the United States of America, all competing with each other as to who would be the best seller. Whatever the incidence of a duty might be, it would certainly not make bread dearer than the quota, which, it was admitted, would put up the price of the loaf by one halfpenny. The advantage of a duty would be an additional yield to the revenue and a direct and simple arrangement with the Dominions for preferences. If a quota were to be allotted to each Dominion and India separately it would greatly complicate the situation. As much as 70 per cent. was mentioned as the total of the quotas, leaving very little for competing foreign countries such as Russia, the U.S.A. and the Argentine. A direct duty on imports would not be so objectionable to those countries. It was to be hoped that when this subject came up for discussion at the Ottawa Conference the question of a duty would not be ruled out, as a suitable arrangement with the Dominions on that basis would be found more sound and practical.

The reports and accounts were unanimously adopted.

SCOTTISH POWER COMPANY LIMITED.

SUCCESSFUL RESULTS DESPITE INDUSTRIAL DEPRESSION.

The twenty-second annual ordinary general meeting of the Scottish Power Company Limited was held on the 18th instant, at 10 Melville Street, Edinburgh, Mr George Balfour, M.P., chairman of directors, presiding.

The Chairman, in moving the adoption of the report and accounts, said: The report and accounts your directors submit to-day must, I think, be regarded as fulfilling our forecasts, notwithstanding the industrial depression, which not only continued, but became more acute as the year advanced.

The capacity of the generating plant installed in our various power stations totals 96,460 k.w. The total load connected at the close of the year was approximately 106,500 k.w., and resulted in a maximum demand on the generating plant of 42,500 k.w.

170 miles of high tension and low tension transmission lines were constructed during the year, and altogether underground and overhead transmission lines in the various undertakings have now been laid or erected to an aggregate of over 1,330 route miles, of which 57 miles are 132,000 volt and 770 miles are from 33,000 to 6,000 volts, the balance of 503 miles being low tension overhead lines or underground mains.

OVER THREE THOUSAND NEW CONSUMERS.

During the year, 3,139 new consumers were connected, consisting mainly of domestic and small power users, the type of business which for some years we have successfully encouraged by the introduction of two-part tariffs and propaganda directed towards popularising and extending the use of electricity. The number of consumers connected at the end of 1931 in all of the undertakings totalled 27,113, as compared with the previous year's figure of 23,974.

We generated about 155,000,000 units, and sold approximately 138,500,000 during the year, an increase of 61,500,000 units as compared with the sales for the year 1930. Of this increase, over 54,000,000 units were delivered to the Central Board at Abernethy and Bonnybridge, and the balance is attributable to the general growth in our business, notwithstanding the falling off in industrial demand, which is general throughout the country.

It may interest shareholders to know that the average revenue received by the combined undertakings for the year was .95d. per unit, a very low average figure to receive for all the supplies from such a diversified load over so large an area.

DIVIDEND.

There was brought into the accounts of the company by way of interest, dividends and management fees the sum of £249,751 2s. 6d., and the total revenue received by this company, including revenue from temporary investments and transfer fees, amounted to £251,391 10s. 3d. After deducting administration expenses, and adding £5,380 2s. 11d., the carry-forward from the previous year, there was a credit at net revenue account of £241,051 2s. 8d. Out of this amount there have been paid interest on loans totalling £3,396 4s. 6d. and the full year's dividend on the preference shares of the company amounting, less tax, to £45,000, leaving a balance of £192,654 18s. 2d., which the directors propose to deal with as follows: (1) In payment of a dividend on 3,105,250 ordinary shares for the year at the rate of 8 per cent. per annum, less tax, £186,315; (2) To be carried forward to next year's accounts, £6,339 18s. 2d.

In order to meet capital expenditure on new works and mains extension in all the undertakings, it will be necessary to make a further issue of capital during the current year. The directors, therefore, ask your approval to an increase of the share capital of the company from £4,200,000 to £5,000,000 by the creation of an additional 800,000 new shares of £1. The appropriate resolution is incorporated in the notice calling this meeting, and I will submit the resolution on the conclusion of our general business. No decision has so far been arrived at with regard to the class of capital to be issued since, as you will appreciate, this will depend on financial and other conditions at the time of issue, but you may rest assured that the directors will take all factors into account in the interests of the shareholders.

The motion was seconded by Mr Ian C. A. Murray, and after being put to the meeting, was carried unanimously.

Mr George Balfour, M.P., was unanimously re-elected a director of the company.

The Chairman thereafter submitted to the meeting as special business a resolution in the terms incorporated in the notice calling the annual general meeting that the share capital of the company be increased to £5,000,000 by the creation of 800,000 new shares of £1 each.

Mr Henry Brown seconded the resolution which, upon being put to the meeting, was carried unanimously.

The meeting terminated with a vote of thanks to the chairman.

STANDARD LIFE ASSURANCE COMPANY.**BONUS AGAIN 42s. PER CENT. ANNUAL AND COMPOUND.****STRINGENCY OF VALUATION FULLY MAINTAINED.****RECORD NEW BUSINESS.**

The hundred and sixth annual general meeting of the Standard Life Assurance Company was held, on the 22nd instant, within the company's office, at Edinburgh, Mr E. M. Beilby (the chairman) presiding.

The Chairman said:—At the annual general meeting last year I referred to the fact that 1930 had been a bad year for trade at home and abroad, and that the conditions prevailing were difficult and unsettled. Unfortunately, what I then said is again applicable, but with added emphasis. For trade and finance the past year has been one of the worst within living memory.

THE WORLD CRISIS.

Lately a great deal has been said and written about the various factors which may have contributed to the world depression. The fall in commodity prices, the drift of gold to France and America, the raising of tariff barriers and the imposition of restrictions on exchange have all been enlarged upon. I do not propose to dwell on these matters or to make more than a short reference to the great financial crisis through which we have been, and, indeed, are still passing. The effects of the suspension of the gold standard, which was forced upon this country last September, have been felt in every corner of the globe. The dislocation in the rates of exchange completely upset the normal relations between debtors in one country and creditors in another, and stock and commodity markets were violently disturbed and abnormal protective expedients were adopted by one nation after another. The resulting loss of confidence was experienced in varying degrees in all countries, but, although for some time the people of this country had anxious moments, they faced their difficulties with a resolution which astonished the world.

CONFIDENCE IN THE FUTURE.

In times of trial the true character of a nation is displayed, and looking back on the past six months we may be proud and thankful that this country has been able to weather the economic storm satisfactorily so far. Great credit must, in my view, be given to the financial institutions which serve our country, but it is perhaps the spirit of the people themselves, as exemplified in cool judgment and shrewd commonsense, which has been our greatest asset. There are, of course, some people who always take a gloomy view, whether the question at issue be our trade, our currency, or our security values. Seldom, however, is a useful purpose served by pessimism. It is true that reparations and war debts and other important financial matters are still ahead of us; it is also true that trade in general has not yet shown any marked signs of convalescence, and that the burdens of unemployment and public debt are heavy; but in the knowledge of what the people of this country can accomplish when they are called upon to make sacrifices or to endure hardship I feel confident that we shall eventually win through to more prosperous times.

THE PAST YEAR.

So far as the Standard Life Assurance Company is concerned, the results of the past year's working must be considered satisfactory, especially in view of the difficult circumstances prevailing throughout the year. Our total new business exceeded £4,700,000, being the largest amount recorded in the history of the company. We also transacted a record amount of business in immediate annuities, the total purchase money exceeding £849,000. The new premiums of £566,000 received during the year, as well as the increase in funds of over £1,500,000, were also of record amount. As to the composition of the new business, more than £2,750,000 of life assurances were completed after deduction of reassurances, a figure which is less than the previous year's total by about £380,000; but, on the other hand, leasehold assurances and the value of deferred annuities at pension age have each increased by more than £500,000 over the previous year's respective totals.

If you turn to the life revenue account you will see that in each of the previous four years we transferred £100,000 to the general reserve and it now stands at the large sum of £800,000. On the present occasion the directors have set aside £15,000 as a provision for pensions and have carried £85,000 to inner reserve as it was thought advisable, in view of the uncertain outlook, to strengthen still further our "first line of defence" by adding to this reserve. The only other item in the revenue accounts of any note is the large increase in the premium income of the capital redemption fund to which I have already alluded when discussing new business.

VALUATION RESULTS.

The valuation of the company's liabilities and assets was made as at November 15, 1931, the manager and actuary adopting the same stringent basis in valuing the actuarial liabilities as he has employed for some years past, the rate of interest assumed for the purpose of his calculations being again 2½ per cent. As regards the assets, you will see from the report that the directors, as a result of their investigation, were satisfied that our various holdings were fully of the value stated in the balance sheet; in the case of Stock Exchange securities the market value was arrived at by taking the lowest quotations on November 14, 1931. It may be remarked that market quotations have for some months past been very sensitive, and the low levels to which securities fell during the concluding months of last year involved a considerable strain on life assurance companies called upon to make their valuations, the depreciation affecting all classes of Stock Exchange investments. Last year I told you that the market value of our investments was considerably in excess of the value which appeared in the balance sheet. It was only to be expected that we should have experienced depreciation when valuing our holdings, but I am pleased to be able to report that there was still a good margin on the right side between the market and the balance sheet values of our assets.

COMPOUND REVERSIONARY BONUS OF £2 2s. MAINTAINED.

After valuing our securities and providing for the liabilities in the stringent manner mentioned above, and making the transfer to inner reserve already referred to, it was possible to provide the compound reversionary bonus at the rate of £2 2s. per cent. per annum declared last November and to carry forward over £30,000. We must count ourselves fortunate in being able to present such a satisfactory statement of affairs.

I take this opportunity of drawing attention once more to our cash bonus minimum premium scheme; in difficult times such as the present I cannot conceive a more useful form of policy, seeing that the rates are little higher than ordinary non-profit rates, the assured having nevertheless the right to participate in profits. By the operation of the cash bonuses the yearly cost of insurance under this scheme is reduced to a minimum. In particular those who require to make provision for death duties and consequently need large cover at the lowest cost should ask for quotations from one of the company's offices. I may mention that during the year a large number of policies were effected under this scheme.

CONSOLIDATED MINES SELECTION COMPANY, LIMITED.**INTERESTS AFFECTED BY WORLD CONDITIONS.**

The thirty-sixth ordinary general meeting of this company was held, on the 22nd instant, at River Plate House, London.

Mr Walter McDermott, the chairman, said that the depression in all securities relating to their sphere of action which they had to face for 1930 continued on a still larger scale during 1931, and its effect was reflected in the figures set out in the directors' report.

The profit and loss account had again suffered from the failure of the Anglo-American Corporation to pay the large dividend they had been accustomed to receive yearly up to 1930, that corporation having suffered from the universal depression in the mining industry and from the world conditions, which were destructive of the diamond trade in a manner never experienced before. The Anglo-American Corporation had to its credit the development of the Daggafontein Gold Mine into an important producer, with a sound financial position and having ore reserves of over 2,000,000 tons, averaging 8.09 dwt. in gold contents. The mill started operating in January, 1932, and could be calculated on as a regular contributor to the yearly Rand gold production in future.

Their small investment in the Botanamo Gold Mine of Venezuela proved a satisfactory one. The mine continued to yield monthly profits, and the latest reports stated that the newly opened 600 ft. level showed an ore shoot of about 130 ft. in length on an 8 ft. vein assaying about 30 dwt. gold per ton. It was a nice little mine, making profits of about £2,500 monthly, out of which they received dividends on their investment which had been written down to nothing in their books.

In conclusion, the chairman said that what they had to look forward to to-day as a basis of future success was an improvement in their Rhodesian copper interests and the revival of the diamond trade. Both of these must depend on world industrial conditions, but a refusal to believe in those conditions improving would imply an unwarranted pessimism about the earth and all its peoples. The report was unanimously adopted.

POWELL DUFFRYN STEAM COAL COMPANY, LIMITED.**LOWER COSTS—STRONGER FINANCIAL POSITION.**

The annual general meeting of the Powell Duffryn Steam Coal Company, Limited, was held, on the 22nd instant, at the Cannon Street Hotel, London, Mr Edmund L. Hann, chairman and managing director of the company, presiding.

The Chairman, in moving the adoption of the report and accounts, said that the fixed assets had in the past been written down to amounts below their true value, and during 1931 the whole of the collieries and washeries have been revalued by Mr E. O. Forster Brown, who is recognised as being one of the most eminent independent mining engineers in the country, and who also valued the collieries of the two subsidiary colliery companies, the Rhymney Iron Company, Limited, and the Great Western Colliery Company, Limited. The combined valuations show a considerable surplus over the total at which these assets and investments are held in the books of the company.

The trading profits for the year £304,280 show a decrease upon last year of £66,014. The fall in profits as compared with last year has been occasioned mainly by the miners' strike in January, 1931.

Both the directors and staff continue to waive a substantial portion of their fees and salaries.

PRODUCTS OF THE COMPANY.

Mr Hann mentioned Synthatar and Synthacold, two improved tar products which are being very successfully used for road dressings, and asked local authorities and all interested in road making to use tar produced by British firms. Synthacold, which is Synthatar in cold form, has proved a most successful tar dressing, not only for roads but for small or large garden paths, drives, etc., and is being marketed in small quantities as well as in bulk to meet the requirements of the small user.

The quality of the Powell Duffryn coals stands to-day at even a higher level than it has in the past. Shipowners are studying more than ever their fuel costs, and the use of the company's Penallta washed bunker coal and Penallta No. 2 bunker coal is increasing, but the Chairman confessed to some disappointment at the lack of interest displayed in Welsh coals by the large steam users in London. The higher calorific value, entire freedom from smoke and practical immunity from sulphur fumes should make these coals an ideal proposition in London.

For use among the smaller industries and institutions in the London area a coal is being marketed which has been found by experiment to be most suitable for vertical boilers and to which has been given the trade name of "Powell Duffryn Virticol Smokeless Coal." "PhurnoD," for domestic hot-water boilers, etc., is also finding an increasing sale.

The time has now come when this unfair burden on the industry of the Miners' Welfare Levy should be removed. There is nothing but sympathy for any practical scheme to better the lot of the miner, but to segregate from the profits of the industry a levy of some £1,000,000 per annum in a period of prolonged slump, during which profits have almost entirely disappeared, is indefensible.

THE FUTURE.

The outlook at the present time cannot be said to be very encouraging. Whilst the devaluation of the £ must be a help in rebuilding our trade, its effect has been very largely counteracted by the import restrictions imposed by foreign countries and also by the constantly diminishing trade of the world.

Parliament will have to deal again with the working hours in mines before next July, otherwise we shall automatically return to the seven hours' day which proved so calamitous to the trade and country from 1919 to 1926. The state of the coal trade to-day is far worse than it was in 1929, and Parliament should at the earliest possible moment pass a measure which will maintain unchanged the present working hours without limit of time and without any extraneous complications.

Referring to the working of the marketing scheme, the Chairman said that had it not been for the statutory powers given to the coalowners by the Coal Mines Act, 1930, the situation to-day would be infinitely worse than it is, when supply is so enormously in excess of demand the whole world over. The Act and the schemes made under it should not be scrapped but amended in the light of the experience that we have had.

This country is not yet out of its difficulties, but personally Mr Hann considered the future to be full of hope. Apart from the better demand for coke, trade at present shows little signs of improvement, but the costs of the company are lower and its financial position stronger than it has been for some time. In every way it is ready to take advantage of the good times when they return.

The report and accounts were unanimously adopted.

THE COUNTY OF LONDON ELECTRIC SUPPLY COMPANY, LIMITED.**LARGE INCREASE IN NEW BUSINESS.**

The thirty-eighth ordinary general meeting of the County of London Electric Supply Company, Limited, was held on the 22nd instant, at Winchester House, London, Sir Bernard E. Greenwell, Bart., chairman, presiding.

The Chairman said:—Once again it is my pleasure to present to you a report which, even in prosperous times, would, I think, meet with your approval.

The units sold by the company in 1931 amounted to 509,528,914, which is an increase of approximately 14 per cent. over the units sold in the previous year. New business has been increased by over 55,000 kilowatts, making a total of over 440,000 kilowatts connected, and I am glad to say that the number of consumers supplied directly and indirectly has increased by some 44,000, making now a total of over 246,000 consumers.

The revenue from sale of current shows an increase of £213,441, that is an increase of over 11 per cent., and I should like to draw your attention to the fact that our receipts from sale of current have now passed the two million mark.

With dividends and interest receivable and rents, etc., the gross revenue amounts to £2,308,679, being an increase of over 10 per cent. on the preceding year, and the balance to net revenue account shows an increase of £89,092.

Under the next item, rates, taxes, etc., there is an increase in the rates payments alone of over £50,000, an increase of nearly 20 per cent. over the previous year, and it must be remembered that this 20 per cent. increase is reflected in the cost per unit sold by us. A really unsatisfactory feature with regard to rating is the continued re-assessments which are being made on our properties in certain districts outside London; we are hardly ever free from the threat of revaluation. Although, as you know, in the areas outside the Metropolis the principle of quinquennial revaluation is laid down, there is no protection to undertakings such as ours against revaluations every six months. With the restrictions on the constant revaluation of private property and the effect of the De-Rating Act, public utility undertakings fall victims to the authorities in this matter of rating.

A SATISFACTORY BALANCE

Turning now to the net revenue account and adding to the profit for the year the balance brought forward and the interest charged to capital, there is a total on the credit side of £1,853,094. On the debit side there is interest on debenture stock and temporary loans, the provision for depreciation, sinking funds, and for the difference between issue and redemption price of debenture stock. To reserve for taxation we have placed £25,000.

The preference dividend for the year amounts to £202,915 10s., and we have already paid an interim dividend of 3 per cent. on the ordinary shares, amounting to £134,450 10s. Thus there remains a balance of £800,496. Out of this balance of £800,496 we propose to pay a final dividend on the ordinary shares of 7½ per cent., making, with the interim dividend already paid, a total of 10½ per cent. for the year.

As you will see, we were successful in January of this year in placing a further £500,000 5 per cent. debenture stock on the market in order to provide further funds. We obtained a price of 98½ for this stock, which at that time was an exceedingly good price.

Excellent progress has been made since the date on which we obtained the Electricity Commissioners' consent to the extension, which, as you know, is for two units of 75,000 kilowatts each. On the whole the works are up to scheduled time, and we are aiming at the preliminary tests towards the end of this year.

Again, as an indication of the progress, in the year 1926 the demand on the company's system was some 80,900 kilowatts, whilst in 1931 it was 178,400 kilowatts, that is, over double the amount in a period of six years; whilst in 1926 the units sent out were 177 millions, against 577 millions sent out in 1931—or between three and four times as much, which is a good indication of the improved load factor we have obtained on the system.

Now as to our own development, it was two years ago when I told you that we were embarking upon an intensive campaign for the use of power for domestic purposes, and I am glad to say that the results have justified our belief in this market. One other market which is coming to us is that of public street lighting.

With regard to those companies which are so closely associated with us, I am glad to tell you that similar good results have been enjoyed for 1931.

The report and accounts were adopted, and a vote of thanks to the directors, staff and employees, was unanimously carried.

During the meeting, the chairman described the growth of the great Barking power house and many of its interesting features, his remarks being illustrated by lantern slides.

CITY OF LONDON ELECTRIC LIGHTING COMPANY LIMITED.

PROGRESS DESPITE DEPRESSION.

The ordinary general meeting of the City of London Electric Lighting Company Limited was held, on the 23rd instant, at Falcon House, Aldersgate Street, London.

Mr J. B. Braithwaite (the chairman) commenced by expressing regret at the death of Mr Frank Bailey, M.Inst.C.E., in June last. Dealing with the results of the past year's operations, he said it had been an uneventful year in many ways, and a very difficult year owing to the depression and stagnation in trade generally, and he thought that the company was to be congratulated, and the shareholders especially, on the fact that, in spite of the depression in trade and the difficulties which they had encountered in consequence, their output had been maintained and even slightly increased. Their sales showed an increase of about 3 per cent., but their connections showed an increase of 8½ per cent. In fact, their connections were extremely encouraging. During the past year they had been in the neighbourhood of 10,000 kw., and in the previous year they had been between 5,000 and 6,000.

Translating those figures into actual cash, their revenue had increased by £26,206, which had been earned by an additional expenditure of £1,791, so that they had retained of that £26,206 £24,415 gross, or 93 per cent. Those figures were a high testimony to the continued efficiency of the operation of their generating station.

They might have hoped, therefore, that the accounts would show satisfactory results on the whole, but that additional profit and more had been wiped out by the increased assessment for rates made upon them. It seems an unfortunate thing that a great public utility undertaking such as this should be bombarded on all sides to supply cheap electricity to the public and that the same people who bombarded them in that way should have no hesitation in planting upon them very large additional rates. In a full year the additional rates which they were asking for would be £46,000, which more than wiped out their modest additional profit of £24,000. In the current account only £39,520 appeared, being three-quarters of that £46,000, but in the current year they would have the full £46,000 unless they were successful in the appeal which they were making against that assessment. That assessment had obliged them to postpone the further reduction in rates which they had planned to make to their consumers. It was impossible to make reductions to consumers if the additional economies introduced were more than wiped out by hungry local authorities and other people increasing their rates.

It was interesting to note that they had paid to the Central Electricity Board, the Joint Electricity Authority and the Electricity Commissioners, since they had been established, £16,000, which had come out of the pockets of the shareholders without any compensating benefit whatever as far as he could see. They had appealed against that assessment of £46,000 on the ground that the "A" and "B" sinking funds, which they had to provide, were statutory obligations and ought to be considered as operating expenses.

With regard to lighting and power units sold, the total was practically the same as for the previous year, but there was an increase of 2,236,772 in the number of units sold for heating, an increase of 15.8 per cent. That was very encouraging, and he hoped they might see a further increase in the heating load in the current year. As he had pointed out before, one of their difficulties had always been the smallness of the load factor for lighting, so many offices closing down in the summer without having to use any lighting units at all, but all offices had to be warmed, and he thought they might expect a considerable increase in the load factor for heating in the future.

They had for the first time gone below 2d. per unit for the total of their sales, namely, 1.98d. That was due to the inclusion of the bulk supply to Southwark. The lighting price remained the same, 3.34d., because, owing to the assessment for rates, they had been unable to carry out the reduction which they had intended. The heating supply was down to 1.25d. and the power supply to 1.1d., so that they had done their part in seeking to reduce the price to consumers on all classes of load.

As to the prospects for the coming year, they had a small increase of 1½ million units up to date, which showed that they were holding their own and tending to increase the output. Should trade improve, they would see a very rapid recovery, no doubt, owing to the increased connections to which he had already drawn attention and which had not yet brought forth their legitimate fruit in additional supplies.

At the end of the year they intended to capitalise a further £400,000 out of the special reserve and to distribute 400,000 fully-paid ordinary shares to the shareholders. After 1932 they would have to reduce the statutory dividend from 10 per cent. to 7 per cent. On the increased capital the 7 per cent. would be almost equal to the present 10 per cent., and no doubt they would be able to supplement that.

The report and accounts were unanimously adopted.

PINCHIN, JOHNSON AND COMPANY, LIMITED.

FINANCIAL STRENGTH.

MR. EDWARD ROBSON'S SPEECH.

The annual general meeting of Pinchin, Johnson and Company, Limited, was held, on the 22nd instant, at the Hotel Metropole, London.

Mr Edward Robson (the Chairman) presided.

The Secretary (Mr E. P. Thompson) read the notice convening the meeting, and Mr H. J. Gully read the report and certificate of the auditors.

The Chairman, in moving the adoption of the directors' report and balance sheet for the year 1931, said:—

A year ago I expressed the opinion that it was necessary to view the future with a great deal of caution. I am sorry to admit that conditions in 1931 became so extremely unfavourable that in the autumn the international position was unparalleled in our commercial history.

SATISFACTORY PROFITS.

It would be idle to suppose that a large and important business such as ours, with interests in almost every principal country, could not be affected. The fact, however, that in spite of these extraordinary troubles this company has been able to maintain its activities throughout the world in such a remarkable degree, and to earn a net profit exceeding that of any similar undertaking, is, I think, evidence of its fundamental strength and soundness, and an indication of the potentialities of the undertaking when we are favoured with an improvement in conditions.

Both at home and abroad difficulties have had to be met. Yet, in spite of this, it is gratifying to report that every unit of the organisation operated at a profit in the past year.

In dealing with the net profit figures, I want to make it clear that in the case of those companies which we do not own outright, but in which we have shareholdings, only our share of the actual dividends paid out is brought into our accounts. I can give you one instance where one of our largest associate companies earned in 1931 net profits four times as great as the dividends declared, the undistributed profits being left in the business.

STRONG ASSOCIATED COMPANIES.

The items in the balance sheet "Investments in Associated and Subsidiary Companies" stand at extremely conservative figures. Their actual value, on a most critical basis, is greatly in excess of the balance-sheet figures.

Without anticipating the future, I can imagine that when world conditions are more stabilised, your directors will consider the question of bringing the book value of these assets more into line with their actual value, and it is reasonable to suppose that associated companies, such as the one I have recently referred to, will also consider it desirable that a larger share of actual earnings should be distributed.

In passing, I may mention that the Argentine business is proving very successful. Its initial year's trading has resulted in a profit of over 14 per cent. on its capital. Here again only a portion of these earnings has been distributed.

CASH AND LIQUID ASSETS.

I would now refer to our cash position; this is very satisfactory, the available funds exceeding £609,000.

The disclosed reserves and carry forward, after dealing with the allocations proposed in the present report, approach the sum of £900,000.

The balance sheet indicates that the liquid assets of the company show a surplus of over £2,000,000 over our total liabilities, which latter amount to the modest figure of £234,000 only.

With regard to the outlook for the future, I still feel that restraint is desirable. One must admit that we in Great Britain have a definite confidence now established. It is an undisputed fact, however, that a settlement of some of the international political and financial problems is of vital importance.

As far as our own particular business is concerned, every effort is being made to maintain the business in the most efficient, up-to-date and progressive condition; and I am inclined to the view that we can look forward in 1932 to a measure of improvement in the results which we are entitled to anticipate.

The resolutions were carried; the directors and auditors were re-elected, and the proceedings terminated with a cordial vote of thanks to the Chairman, proposed by Mr S. H. Abbott.

RADIATION, LIMITED.

SATISFACTORY RESULTS—DIVIDEND MAINTAINED.

The ordinary general meeting of Radiation, Limited, was held, on the 21st instant, at Southern House, Cannon Street, London, Mr H. James Yates (the chairman) presiding.

The Chairman said: I am glad that we can again present to you a report which enables us to recommend the continuance of a dividend at the same rate as in previous years, and I am sure you will consider this a satisfactory result of our work during the past year.

From the profit and loss account it will be observed that the net income from the subsidiary companies, together with transfer fees and bank interest, makes a total of £293,754, compared with £295,292 a year ago.

Turning to the combined statement of assets and liabilities of the subsidiary companies, on the liabilities side it will be seen that the debentures of those companies have been reduced to £50,850 by the further purchase of debentures by the companies.

Sundry creditors have increased from £510,634 to £542,299, the increase being partly due to additional liability for taxes.

Turning to the assets side of the combined statement, the first item, freehold and leasehold land and buildings, has increased from £776,150 to £804,141, and plant and machinery from £285,043 to £308,777, the total increase in these assets being £51,725.

Stocks have decreased from £604,737 to £531,952, and sundry debtors have also decreased, the present figure being £464,652.

There is an increase in the amount of investments from £1,505,144 to £1,656,997, and the cash balances have increased from £404,589 to £484,035.

Against the figure of goodwill, £901,724, we have undistributed profits standing to the credit of profit and loss accounts in the subsidiary companies amounting to £891,743, which, if deducted from the goodwill item, would reduced the amount from £901,724 to £9,981.

"RADIATION"—THE HALL-MARK FOR GAS APPLIANCES.

Occupying the position we do as the pioneers in the development of the modern gas cooker, gas fire, gas radiator, and domestic gas-heated hot-water apparatus, we regard it as essential to devote our attention to the production of new or improved types of apparatus so that the name "Radiation" shall continue to be recognised as the hall-mark for gas appliances. I would recall to your minds that our "New World" cooker, with its automatic "Regulo" oven-heat control, when first introduced was considered so revolutionary a departure from long-established practice that certain of its features were even disparaged at that time. Now, however, these features have become the standard throughout the country, and in consequence the sales of "New World" cookers are still increasing.

You will no doubt remember my telling you last year of the growing appreciation in medical circles of the value, as a therapeutic adjunct, of infra-red energy, and since that address we have had further evidence that the heat from gas fires fitted with "Beam" radiants is of definite therapeutic value. An advance in a similar direction has been the introduction of the Radiation clinical gas lamp. This appliance has been well received, and a considerable number of the lamps are now in use. The lamp was developed primarily to provide an efficient and economical source of infra-red energy for use in hospitals and clinics, and its introduction marks the opening up of a new field for the application of gas. The gas is burned within a refractory radiant treated with a mixture of inorganic compounds to ensure the production of energy rich in short infra-red rays. The radiant is secured in position near the focus of a highly-polished parabolic reflector so that the energy can be directed in a slightly-diverging beam on to the part of the body to be treated.

Treatment with the energy emitted by the Radiation clinical gas lamp has been found to alleviate the pain and discomfort caused by such complaints as rheumatism, neuritis and sprains; it has also been found effective in clearing up eruptions such as acne, etc. We are about to place on the market a cheaper form of this lamp for home use.

Our business in gas boilers for domestic hot-water supply, fitted with the automatic "Regulo" control, has developed on a very large scale. Thousands of satisfied users are among our best advertisements of the expansion of this side of our business. We were the first to introduce a highly-efficient self-contained storage water-heater with a maximum consumption of 10 cubic feet of gas per hour, which will deliver, at a cost of a few pence per day, sufficient hot water for the domestic supply, not only in existing property, but in the many thousands of new houses that are being built to-day. We have now added to the number of designs of our hot-water apparatus of various types so as to meet the many requirements in this field.

The report and accounts were unanimously adopted.

THE EMPLOYERS' LIABILITY ASSURANCE CORPORATION LIMITED.

IMPROVED RATIO OF PROFIT.

The fifty-first ordinary general meeting of this corporation was held, on the 23rd instant, at Hamilton House, Victoria Embankment, London.

Sir Joseph G. Broodbank (chairman) first referred to their associated companies, and said that the Clerical, Medical and General had proceeded on their successful way during 1931. They had suffered some depreciation in the value of their Stock Exchange securities, but the depreciation was only a little over 3 per cent.—a remarkable record for any undertaking in these times. As to the Merchants' Marine Company, the £400,000 which had already been provided in past years would have been sufficient to cover the profit and loss debit of the company, but an additional £75,000 had been provided this year against any loss that might occur through the depreciation in their Stock Exchange investments. This was more than covered by the additional £100,000 placed to investment reserve.

In the corporation's accounts the chief point of interest to the shareholders was that the sum carried to appropriation account, £410,203, was £90,890 more than for 1930. The total premiums for the year from all departments, excluding premiums of the corporation's associated companies, amounted to £6,481,143, as compared with £7,430,057 in 1930. The decrease was mainly due to the effects of the worldwide depression in trade.

Of the total investments of £5,239,345 in Stock Exchange securities in the United States 87 per cent. consisted of first-class terminable bonds and debentures, a large proportion of which was repayable at or above par within ten years.

While the amount available in the appropriation fund was larger than in the previous year, the directors considered that, in view of the depreciation in the corporation's investments and the present international financial outlook, it would be prudent to strengthen their resources by substantial additions to its reserves, and they accordingly recommended a further dividend of 2s. 6d. per share, making 4s. 6d. per share, less income tax, for the year. Of the balance they had carried £100,000 to investment reserve and £50,482 to general reserve. The gratifying feature was that the ratio of profit had so improved that, while the decrease of premium was over 12 per cent., the amount carried to appropriation account showed an increase of 28 per cent.

The report and accounts were adopted.

THE LONDON AND THAMES HAVEN OIL WHARVES, LIMITED.

COMPANY'S BEST YEAR.

The thirty-fourth ordinary general meeting of this company was held, on the 22nd instant, at Winchester House, London.

Mr Thos. C. J. Burgess (chairman and joint managing director) said that the accounts represented the best result in the company's history. During the year the reorganisation of the company's capital had been carried out. The preference shares had been changed into ordinary shares and a further 300,000 shares issued, all at a premium of £1 10s. The total premium, amounting in all to £487,500, was added to reserve; £187,500 was subsequently written to depreciation funds, bringing the reserve to £1,300,000, equal to the issued capital of the company.

Investments in subsidiary companies now stood at £1,300,000, equal to the capital of the company and also to the reserve, which was thus covered by investments outside and entirely independent for their success from the Thames Haven concern. The disposable profits for the year were about £227,000, against £225,000 in the previous year.

The year had been full of anxiety, but the company was not directly affected by changing prices. It had been able to place at the disposal of the whole trade facilities complete, up to date and as perfect as possible, and it was due to the ultra-careful management and financing in the past that they were able in times of depression to make the return they did.

They had been instrumental in assisting their French colleagues to make the finest, most up-to-date and safest port in Northern France in a direct line of traffic from the United States, which must eventually be the only possible port for important traffic between these parts of the world. After eight years of hard work and some misunderstandings, they were now experiencing, with the French authorities and French personalities, a feeling full of confidence and reciprocal effort, which was making for complete success.

The chairman expressed disappointment that the Government had not seen fit to deal with a tariff on oil. If only some preference were shown to enable refining to be done in this country it would greatly increase the number of persons employed in the industry. The company had extensive facilities for this work and unlimited power and capacity for extension.

The report and accounts were adopted.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended March 19, 1932, amounted to £22,667,000 against ordinary expenditure of £17,382,000. After allocating £485,000 to Sinking Fund and having allowed for an increase in Exchequer Balances of £562,972, the operations for the week, as shown below, reduced the National Debt by £5,363,000 to £7,599,373,000:—

(000's omitted.)

Treasury Bills	£	613
Public Department Advances	—	2,750
Excess Interest of National Savings Certificates	—	1,200
National Savings Certificates	—	800
	—	5,363

A complete analysis of the National Debt at December 31, 1931, was printed in the *Economist* of January 9, 1932.

REVENUE.	Revised Estimate for the year 1931-32.	Total Receipts into the Exchequer.			
		April 1, 1931, to Mar. 19, 1932.	April 1, 1930, to Mar. 21, 1931.	Week ended Mar. 19, 1932.	Week ended Mar. 21, 1931.
ORDINARY REVENUE.	£	£	£	£	£
Inland Revenue—					
Income Tax	272,000,000	277,384,000	239,575,000	8,576,000	10,701,000
Sur-tax, including Arrears of Super-Tax	73,000,000	70,520,000	59,680,000	4,400,000	4,780,000
Stamp Duty	83,000,000	82,540,000	80,080,000	1,050,000	2,350,000
Excise, &c., Duties	20,000,000	14,270,000	18,080,000	250,000	340,000
Excess Profits Duty and Corporation Profits Tax	2,200,000	500,000	500,000	...	...
Land Tax and Mineral Rights Duty	800,000	770,000	810,000	...	60,000
Total Inland Revenue	451,000,000	425,984,000	398,725,000	14,276,000	18,231,000
Customs and Excise—					
Customs	131,770,000	131,670,000	118,094,000	3,524,000	4,021,000
Excise	121,230,000	119,000,000	122,760,000	5,800,000	4,870,000
Total Customs and Excise	253,000,000	250,670,000	240,854,000	9,324,000	8,891,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	4,908,000	4,925,041	...	...
Post Office (Net Receipts)	12,200,000	13,000,000	10,400,000	Dr 100,000	Dr 100,000
Crown Lands	1,300,000	1,230,000	1,280,000	...	...
Receipts from Sundry Loans	15,400,000	13,886,267	32,691,663	...	1,378,610
Miscellaneous Receipts	42,800,000	16,829,852	33,904,762	66,980	1,268,594
Appropriation from Rating Relief Suspense Account	4,000,000	3,900,000	16,000,000	...	...
Total Ordinary Revenue	784,700,000	730,208,119	738,780,466	22,666,980	28,769,204
SELF-BALANCING REVENUE.					
Post Office	58,232,000	55,150,000	57,150,000	2,000,000	2,000,000
Motor Vehicle Duties apportioned to Road Fund	23,350,000	22,319,000	22,633,959	...	...
Total Self-Balancing Revenue	81,582,000	77,469,000	79,783,959	2,000,000	2,000,000
Total	...	807,677,119	818,564,425	24,666,980	30,769,204

EXPENDITURE	Revised Estimate for the year 1931-32 (including Supplementary Grants).	Total Issues out of the Exchequer to meet payments.			
		April 1, 1931, to Mar. 19, 1932.	April 1, 1930, to Mar. 21, 1931.	Week ended Mar. 19, 1932.	Week ended Mar. 21, 1931.
ORDINARY EXPENDITURE.	£	£	£	£	£
Interest and Management of National Debt	289,400,000	286,938,574	290,780,115	339,805	630,792
Payments to Northern Ireland Exchequer	6,350,000	5,669,888	5,722,825	44,000	...
Other Consolidated Fund Services	3,000,000	2,582,900	2,808,387	90	354,100
Total	298,750,000	295,191,362	299,311,327	383,895	984,892
Total Supply Services (excluding Post Office)	452,343,000	423,317,981	412,277,050	16,998,057	12,115,119
Total Ordinary Expenditure	751,093,000	718,509,343	711,588,377	17,381,952	13,100,011
SELF-BALANCING EXPENDITURE.					
Post Office	58,232,000	55,150,000	57,150,000	2,000,000	2,000,000
Road Fund	23,350,000	22,319,000	22,633,959	...	...
Total Self-Balancing Expenditure	81,582,000	77,469,000	79,783,959	2,000,000	2,000,000
Total Ordinary and Self-Balancing Expenditure	832,675,000	795,978,343	791,372,336	19,381,952	15,100,011
New Sinking Fund (1928)	32,600,000	31,145,649	62,010,131	485,000	6,352,000
Total (including New Sinking Fund)	...	827,123,992	853,382,467	19,866,952	21,452,011

The aggregate revenue and expenditure to March 19, 1932, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1ST TO MARCH 19, 1932.

(000's omitted.)

Expenditure	718,509	Revenue	730,208
New Sinking Fund	31,146	Decreases in balances	3,174
		Net amount borrowed	16,273
	749,655		749,655

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Out- standing	Mar. 21, '31.	Mar. 31, '31.	Mar. 19, '32.	Mar. 19, '32.
Advances by Bank of England	40,050,000	24,500,000	33,550,000	—
Treasury Bills outstanding	568,135,000	569,825,000	575,435,000*	—
Total Floating Debt	608,185,000	594,325,000	608,985,000	—

* Includes £3,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £45,000,000 in Treasury Bills were opened on March 18, 1932, and the total amount applied for was £74,005,000. Tenders were accepted for bills at three months, dated Monday to Thursday, at £99 9s. 6d., about 71 per cent. and above in full, and Saturday at £99 9s. 8d. and above in full. The amount allotted was £45,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1932.			
February 26	40,000,000	61,565,000	3 5 5-22
March 4	40,000,000	52,560,000	2 9 9-95
March 11	45,000,000	71,470,000	2 11 5-55
March 18	45,000,000	74,005,000	2 1 2-17

The Bankers' Gazette.

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

No. of working days	Week ended March 19.		Month of February.		Aggregate Totals January 1 to March 19.	
	1931.	1932.	1931.	1932.	1931.	1932.
BIRMINGHAM	£ 2,046	£ 1,856	£ 9,697	£ 8,691	£ 10-3	£ 27,738
BRADFORD	531	659	3,063	3,598	+ 17-4	8,332
BRISTOL	1,191	1,039	4,422	4,350	- 1-6	13,221
DUBLIN	4,428	4,062	14,118	13,221	- 8,954	12,683
HULL	673	668	3,140	3,188	+ 1-5	56,657
LEEDS	782	1,063	3,837	3,474	- 9-4	8,954
LIVERPOOL	669	808	2,633	2,958	+ 12-3	10,678
LIVERPOOL	5,683	5,555	23,263	22,738	- 2-2	63,989
MANCHESTER	8,271	9,267	37,865	42,538	+ 12-3	109,391
NEWCASTLE	1,217	1,417	5,552	5,215	- 6-0	15,868
NOTTINGHAM	498	445	1,875	1,859	- 0-8	5,793
SHEFFIELD	788	819	3,557	3,292	- 7-4	10,057
Total	26,777	27,658	98,904	101,901	+ 5-0	338,845

OVERSEAS BANK RETURNS.

NOTE.—The latest return of the National Bank of Egypt appeared in the *Economist* January 9; Bank for International Settlements, Russia, and Denmark, in March 19; U.S. Federal Reserve, New York Federal Reserve, Federal Reserve Member Banks, Reichsbank, France, Italy, Norway, Greece, and Netherlands in March 18.

STATEMENT OF CANADIAN BANKS.—In \$'s (000's omitted.)

	Dec. 31, 1930.	Sept. 30, 1931.	Oct. 31, 1931.	Nov. 30, 1931.	Dec. 31, 1931.
ASSETS.					
Cash and bank balances	419,385	341,056	352,148	424,317	360,106
Bank balances abroad	89,805	112,378	97,054	94,729	109,682
Call and short loans	350,686	256,671	249,327	269,643	217,855
Securities	604,109	677,577	695,521	719,490	694,033
Loans in Canada	1,282,467	1,294,600	1,304,057	1,273,568	1,263,672
Loans abroad	213,965	192,623	188,943	183,746	188,357
Other assets	183,339	170,543	170,248	167,537	163,967
LIABILITIES.					
Note circulation	148,017	139,908	152,929	145,533	141,013
Deposits					
Government	68,033	59,643	90,084	197,194	177,386
Public in Canada	2,067,539	2,049,794	2,042,901	2,012,868	1,926,627
Foreign	372,276	313,097	301,951	320,208	300,086
Bank balances—					
Canadian	12,807	12,695	10,223	10,056	11,385
Foreign	65,046	70,441	60,731	61,108	47,172
Bills payable, &c.	83,652	67,433	66,255	62,539	58,688
Capital and res.	307,250	306,500	306,500	306,500	306,500
Other liabilities	4,704	3,603	4,114	6,643	3,760

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

	Feb. 27, 1931.	Jan. 29, 1932.	Feb. 5, 1932.	Feb. 12, 1932.	Feb. 19, 1932.	Feb. 26, 1932.
ASSETS.						
Gold coin and bullion	7,091	8,172	7,145	7,196	7,381	7,335
Subsidiary coin	273	434	439	449	458	462
Bills discounted	7,595	3,001	2,849	1,989	1,886	2,565
Investments	1,848	1,054	1,260	1,177	1,043	1,132
LIABILITIES.						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	720	802	802	802	802	802
Notes in circulation	8,190	8,117	7,592	6,891	6,510	7,710
Government deposits	1,517	1,180	846	947	1,561	1,363
Bankers' deposits	5,933	4,618	5,002	4,601	4,369	4,186
Ratio of cash reserves to liabilities to public	45-8%	58-5%	52-1%	56-9%	59-7%	56-1%

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

	Feb. 27, 1931.	Jan. 29, 1932.	Jan. 29, 1932.	Feb. 12, 1932.	Feb. 12, 1932.	Feb. 15, 1932.
ASSETS.						
Total securities	30,39,63	26,19,76	24,24,11	19,21,15	18,32,95	19,29,11
Loans	15,26,81	8,92,36	9,32,76	9,46,89	9,30,67	9,35,49
Cash credits	28,13,36	25,55,87	25,53,09	25,31,03	24,59,93	24,63,27
Inland bills	6,46,98	5,25,53	5,53,03	5,66,80	6,31,43	6,22,59
Foreign bills	4,26,26	1,73,21	2,13,31	32,82	28,38	28,24
Dead stock	2,75,43	2,68,47	2,68,61	2,68,65	2,68,85	2,68,84
Bal. with other banks	44,46	37,87	27,80	16,44	46,43	44,60
Cash	9,63,04	9,59,53	8,90,24	8,16,74	9,01,72	9,86,62
LIABILITIES.						
Capital paid up	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50
Reserve	5,40,00	5,40,00	5,40,00	5,40,00	5,40,00	5,40,00
Total deposits	82,36,79	70,63,87	67,61,82	67,42,64	69,37,52	69,10,85
The above includes						
Deposits in London	7,037	1,407	1,379	1,405	1,527	1,660
Advances in London	6,814	1,355	1,378	1,373	1,294	1,395
Cash, &c., at other Banks in London	331	286	212	125	350	337

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

	Position, May 28, 1914.	Mar. 19, 1931.	Feb. 25, 1932.	Mar. 3, 1932.	Mar. 10, 1932.	Mar. 17, 1932.
ASSETS.						
Gold	232,650	914,935	45,937	46,276	46,971	48,876
Foreign Bills and Balances Abroad	697,600	761,524	945,051	913,225	890,870	970,844
Silver and other coin		4,511				
Securities		945,051				
LIABILITIES.						
Notes in circulation	934,150	3,167,626	3,715,263	3,746,810	3,720,922	3,615,768
Current accounts	112,125	268,847	170,818	105,377	121,582	107,463

(b) In thousand francs.

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

	Position, May 30, 1914.	Mar. 21, 1931.	Feb. 27, 1932.	Mar. 5, 1932.	Mar. 12, 1932.	Mar. 19, 1932.
ASSETS.						
Gold.....	22,971	118,625	158,600	159,600	154,900	153,600
Silver.....	29,785	46,587				
Discounts, advances, and other investments.....	77,567	119,852	102,500	108,400	109,400	106,400
LIABILITIES.						
Notes in circulation.....	109,499	204,389	225,400	229,400	231,100	227,200
Deposits and bills payable.....	11,250	53,778	34,500	37,300	33,700	32,700

BANK OF LATVIA.—In lats (gold francs) (000's omitted).

	Mar. 15, 1931.	Feb. 15, 1932.	Feb. 15, 1932.	Feb. 15, 1932.	Feb. 15, 1932.	Feb. 15, 1932.
ASSETS.						
Gold bullion and coins.....	24,068	32,861	32,905	32,907	32,910	32,922
Silver coins.....	6,461	14,147	13,998	13,746	13,552	13,483
Balance abroad.....	30,191	13,348	13,358	13,027	12,924	13,516
Treas. notes and sm. change.....	15,366	14,977	15,197	15,026	14,721	15,123
Short term bills.....	82,540	75,611	75,259	75,154	75,106	74,787
Loans against securities.....	70,767	57,561	57,497	57,246	57,284	58,021
Other assets.....	20,617	21,252	21,611	21,778	22,363	
LIABILITIES.						
Notes in circulation.....	46,021	39,823	39,124	39,553	39,170	38,842
Capital paid up.....	18,735	19,676	19,676	19,676	19,676	19,676
Reserve.....	4,352	4,729	4,729	4,729	4,729	4,729
Special reserve.....	3,500	3,500	3,500	3,500	3,500	3,500
Deposits.....	21,044	17,957	17,939	18,021	18,040	17,994
Current accounts.....	66,897	75,807	76,171	76,325	76,098	78,157
Government accounts.....	77,173	57,500	58,362	56,077	56,071	55,923
Other liabilities.....	6,256	10,129	10,322	10,477	10,969	11,394

BANK OF JAPAN.—In yen (000's omitted).

	Position June 30, 1914.	Feb. 28, 1931.	Feb. 6, 1932.	Feb. 13, 1932.	Feb. 20, 1932.	Feb. 27, 1932.
ASSETS.						
Gold coin and bullion.....	221,320	836,264	430,554	430,556	430,556	430,562
Other coin and bullion.....		53,543	50,796	51,583	52,990	53,953
Discounts.....	41,740	654,497	823,781	753,459	716,009	768,580
Advances.....	70,540	58,318	56,791	57,572	58,059	58,198
LIABILITIES.						
Notes.....	362,270	1,188,374	1,124,346	1,016,583	983,070	1,094,318
Govt. deposits.....	87,340	417,220	381,648	396,223	407,954	366,836
Other deposits.....	11,440	210,800	53,520	64,121	53,882	62,646

CENTRAL BANK OF CHILE.—In \$'s (000's omitted).

	Feb. 15, 1931.	Jan. 29, 1932.	Feb. 5, 1932.	Feb. 12, 1932.
ASSETS.				
Gold at home.....	61,604	66,952	66,963	66,971
Gold abroad.....	249,916	109,232	106,584	102,780
Discounts and advances.....	90,668	64,329	45,632	44,984
LIABILITIES.				
Notes of the bank in circulation.....	288,264	322,715	323,802	329,191
Deposits.....	45,555	143,604	110,219	100,343
Paid-up capital.....	90,832	90,832	90,832	90,832

LONDON RATES.

	Mar. 16, 1932.	Mar. 17, 1932.	Mar. 18, 1932.	Mar. 19, 1932.	Mar. 21, 1932.	Mar. 22, 1932.	Mar. 23, 1932.
Bank rate (changed from 4% Mar. 17, 1932).....	4	3½	3½	3½	3½	3½	3½
Market rates of discount.....	2½	2½	2½	2½	2½	2½	2½
60 days' bankers' drafts.....	2½	2½	2½	2½	2½	2½	2½
3 months' do.....	2½	2½	2½	2½	2½	2½	2½
4 months' do.....	2½	2½	2½	2½	2½	2½	2½
6 months' do.....	2½	2½	2½	2½	2½	2½	2½
Discount Treasury Bills.....	2½	2½	2½	2½	2½	2½	2½
2 months'.....	2½	2½	2½	2½	2½	2½	2½
3 months'.....	2½	2½	2½	2½	2½	2½	2½
Loans—Day-to-day.....	11½	12	12	12	12	12	12
Short.....	2½	2½	2½	2½	2½	2½	2½
Deposit allowances: Bank.....	2	1½	1½	1½	1½	1½	1½
Discount houses at call.....	2	1½	1½	1½	1½	1½	1½
At notice.....	2½	1½	1½	1½	1½	1½	1½

Comparison with previous week—

	Short Loans.	Bank Bills.			Trade Bills.		
		3 Months.	4 Months.	6 Months.	3 Months.	4 Months.	6 Months.
1932.	%	%	%	%	%	%	%
Mar. 3	3½	3—3½	3½	3½	5	5½	5½
" 10	2—2½	2½	2—2½	2½	4	4½	5
" 17	2½	2½	2½	2½	4	4½	5
" 23	1½—2	2½	2½	2½	3½	4½	5½

RATES OF EXCHANGE.

London on	Usance.	Par.	March 26, 1931.	March 17, 1932.	March 23, 1932.
New York.....	dollars to £1	Cable	4-86½	4-85½-86½	3-61½-62½
Montreal.....	dollars to £1	Cable	4-86½	4-86½-87½	4-05½-4-06½
Paris.....	francs to £1	T.T.	124-21	124-20-22	91½-92½
Berlin.....	marks to £1	T.T.	20-43	20-38½	15-20-15-25
Amsterdam.....	florins to £1	T.T.	12-107	12-12-12½	8-95-9-00
Brussels.....	lira to £1	T.T.	32-00	32-11½	9-03-9-06
Milan.....	francs to £1	T.T.	92-46	92-75-77	26-10-26-15
Zurich.....	francs to £1	T.T.	25-22½	25-24½-25½	18-70-18-75
Osaka.....	krone to £1	T.T.	18-159	18-15½-16½	18-50-18-55
Stockholm.....	krone to £1	T.T.	18-159	18-15½-16½	18-50-18-55
Copenhagen.....	krone to £1	T.T.	18-159	18-15½-16½	18-50-18-55
Madrid.....	pesetas to £1	T.T.	25-22½	45-10-15	48-48½
Lisbon.....	escudo to £1	T.T.	110	108½	109½-110½
Vienna.....	schilling to £1	T.T.	34-58½	34-55-58	30-34½
Prague.....	krone to £1	T.T.	164½	163½-164	122½-123½
Belgrade.....	dinars to £1	T.T.	276-316	276½	200-210
Budapest.....	pengo to £1	T.T.	27-82	27-86-89	20-21 (f)
Bucharest.....	lei to £1	T.T.	813-6	816-818	600-615
Sofia.....	leva to £1	T.T.	673-659	668-673	490-520
Athens.....	drachme to £1	T.T.	375	374½-375½	275-300
Constantinople.....	piastre to £1	T.T.	110	102½	740-770
Moscow.....	ruble to £1	T.T.	9-46	9-43½-9-45½	7-02-7-04
Warsaw.....	zloty to £1	T.T.	43-38	43½-44	32-33
Helsingfors.....	F. marks to £1	T.T.	193-23	192½-193½	215-220
Kovno.....	lita to £1	T.T.	48-66	48½	32-36
Reval.....	krone to £1	T.T.	18-159	18-20-27	12-14
Riga.....	lata to £1	T.T.	25-22½	25-20-30	17-19
Alexandria.....	piastre to £1	T.T.	97½	97½	97½-97½
Buenos Aires.....	peso to £1	T.T.	47-62½	39½-41	38½-38½
Rio de Janeiro.....	peso to £1	T.T.	51	34½-35½	4-4½
Montevideo.....	peso to £1	T.T.	40	39-93	30-25½
Valparaiso.....	peso to £1	T.T.	17-3	17-00	12-90½
Lima.....	soles to £1	T.T.			
Calcutta.....	rupee to £1	T.T.	18	1/5½-1/5	1/6½-1/6
Bombay.....	rupee to £1	T.T.		1/5½-1/5	1/6½-1/6
Madras.....	rupee to £1	T.T.		1/5½-1/5	1/6½-1/6
Hong Kong.....	ster. to dollar	T.T.		1/10½-1/10	1/9½-1/10½
Shanghai.....	ster. to dollar	T.T.		2/3½-2/3	2/3½-2/3
Singapore.....	ster. to dollar	T.T.		2/3½-2/3	2/3½-2/3
Kobe.....	ster. to yen	T.T.		1/9½-1/9	1/9½-1/9
Manila.....	ster. to peso	T.T.		2/8½-2/8	2/7-2/8½
Mexico.....	peso to £	T.T.		10-15-30	10½-10½
Samoa.....	ster. to baht	T.T.		2/4½-2/5½	2/5-2/6

† Nominal.

(f) Official rate.

OVERSEAS BANK RATES.

	Changed.	From	To	From	To
Albania.....	July 1, 1931	%	%	July 8, 1931	%
Amsterdam.....	Sept. 29, 1931	2	3	Oct. 3, 1931	2½
Athens.....	Feb. 20, 1932	12	11	Oct. 3, 1931	2½
Batavia.....	Mar. 10, 1930	5	4½	Dec. 22, 1931	6½
Belgrade.....	July 20, 1931	6½	7½	Nov. 13, 1931	5
Berlin.....	Mar. 8, 1932	7	6	Jan. 28, 1932	6½
Bucharest.....	Jan. 3, 1932	2½	3½	Oct. 1, 1930	7
Budapest.....	Jan. 19, 1932	8	7	Oct. 1, 1930	7
Calcutta.....	Feb. 25, 1932	7	6	Mar. 21, 1932	7
Copenhagen.....	Mar. 11, 1932	6	5	Sept. 30, 1931	8½
Danzig.....	Nov. 24, 1931	6	5	Mar. 3, 1932	5½
Helsingfors.....	Feb. 12, 1932	8	7	Jan. 22, 1931	2½
Kovno.....	Mar. 1, 1932	8½	7½	Mar. 12, 1932	6½
Lisbon.....	Aug. 8, 1931	7½	7	Mar. 17, 1932	6½
New York Federal Reserve.....	Feb. 25, 1932	3½	3	Oct. 3, 1930	7½
				Mar. 17, 1932	5

Central Bank of Chile.—Discount rate for member banks, 6%; discount rate for the public, 7%.
a 6% applied to banks and credit institutions.
b 7% applied to private persons and firms.

CURRENT PRICES IN NEW YORK.

The Irving Trust Company cable the following money and exchange rates in New York:—

	Mar. 25, 1931.	Feb. 24, 1932.	Mar. 2, 1932.	Mar. 9, 1932.	Mar. 16, 1932.	Mar. 22, 1932.
Call money.....	1½	2½	2½	2½	2½	2½
Time money (90 days' mixed coll.).....	1½	2½	2½	2½	2½	2½
Bank acceptances.....	2	4	3½	3½	3½	3½
Members—eligible, 90 days.....	1½	2½	2½	2½	2½	2½
Non-mem.—eligible, 90 days.....	1½	2½	2½	2½	2½	2½
Ineligible, 90 days.....	2	4	3½	3½	3½	3½
Commercial accept., 90 days.....	2½	3½-4	3½	3½	3½	3½

	Par Level.	Mar. 25, 1931.	Mar. 9, 1932.	Mar. 16, 1932.	Mar. 22, 1932.
Rates of Exchange, New York on—					
London.....	Dollars for £1	4-8666	4-83½	3-66½	3-61½
60 days.....			4-85½	3-69½	3-62½
Cable.....			4-85½	3-69½	3-62½
Cheques.....			4-85½	3-69½	3-62½
Paris.....	Cents for 1 franc	3-918	3-91½	3-92½	3-92½
Brussels.....	Cents for 1 franc	13-90	13-91½	13-90½	13-93
Switzerland.....	Cents for 1 franc	19-30	19-34	19-35	19-30½
Italy.....	Cents for 1 lire	5-263	5-23½	5-18½	5-18
Berlin.....	Cents for 1 mark	23-82	23-82	23-78	23-77
Vienna.....	Cts. for Austn. shg.	14-07	14-05½	14-07	14-07
Madrid.....	Cents for 1 peseta	19-30	10-74	7-64	7-64
Amsterdam.....	Cents for 1 guilder	40-195	40-08½	40-21	40-21
Copenhagen.....	Cents for 1 kroner	26-80	26-74½	26-35	26-05
Stockholm.....	Cents for 1 krona		26-77½	26-25	26-05
Athens.....	Cents for 1 drachma	1-297	1-29½	1-29	1-29
Montreal.....	Can. cents for \$1	100	3½ dms.	10 dms.	10½ dms.
Yokohama.....	Cents for 1 yen	49-85	49-35	31½	31½
Hong Kong.....	Cents for H. Kong \$	25-20	25-20	32	32½
Shanghai.....	Cts. for 1 Shing. tael	36-50	36-17	28-00	27-50
Buenos Aires.....	Gold pesos for \$100	103-65	126-45	126-45	126-45
Rio de Janeiro.....	Cents for 1 milreis	11-96	7-30	7-30	7-30
Valparaiso.....	Cents for 1 peso	12-125	12-02	12-02	12-02

SOUTH AFRICAN EXCHANGE RATES.

	T.T.	Sight.	30 days' sight.	60 days' sight.	90 days' sight.
BUYING RATES.					
London on—					
Rhodesia.....	1½% dis.	2½% dis.	1½% dis.	2½% dis.	3½% dis.
South Africa.....	27½	27½	27½	27½	27½

SELLING RATES PER £100 (STERLING).

	Sight.	Telegraphic.
London on—		
Rhodesia.....	£ s. d.	£ s. d.
Rhodesia.....	99 17 6	99 15 0
South Africa.....	77 0 0	76 15 0

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.

Country.	Method of Quoting.	Par Value.	Usance.	Latest Rate.
Ecuador.....	Soles to £	24-3325	Sight London	20-68½
Venezuela.....	Bolivares to £	25-2215	"	23-00
Colombia (Bogota).....	Pesos to £	5	"	3-83½
Nicaragua.....	Coronas to £	4-8665	"	4-96
Salvador.....	Colonos to £	9-73	"	9-61
Bolivia.....	Bolivianos to £	13-33	"	13-26

† Nominal.

OVERSEAS DOMINION RATES.

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND.								
	London on Australia and New Zealand.				Australia and New Zealand on London.*			
	Buying.		Selling.		Buying.		Selling.	
	Aus- tralia.	New Zealand.	Aus- tralia.	New Zealand.	Aus- tralia.	New Zealand.	Aus- tralia.	New Zealand.
T.T.	126½	111½	125½	109½	125	...	125½	110
Sight ...	127½	112½	126½	110½	124½	108½	125½	109½
30 days	127½	112½	...	...	124½	108½	125	109½
60 days	127½	112½	...	...	123½	107½	124½	109
90 days	128½	113	...	...	123½	107½	124½	108½
All rates (Australia and New Zealand) ...								

to-day published the results of the company's business for 1931, showing a net profit of Kr. 12,480,973-08, after deduction of depreciation on buildings and machinery amounting to Kr. 4,079,171-48 and provision for taxes amounting to Kr. 2,400,000. The board at the same time announces its intention of proposing that of the above net profits Kr. 9,100,000 be distributed to the stockholders (amounting to 7 per cent. for the year), and that the remainder, Kr. 3,380,973-08, be transferred to undistributed profits, which will thereafter amount to Kr. 18,148,595-18. Cash at banks and in hand, and bonds, amounted on December 31, 1931, to Kr. 22,100,628-76, of which amount bonds totalled Kr. 2,675,011-50. Contingent liabilities, including acceptances discounted, totalled Kr. 3,285,438-64. The general meeting will take place in Gothenburg on May 10, 1932.

BRITISH, FOREIGN AND COLONIAL CORPORATION, LTD.—We understand that notices have been sent to the shareholders in the British, Foreign and Colonial Corporation, Ltd., summoning an extraordinary general meeting for April 4th, to consider a resolution that the company be wound up voluntarily, and that Sir Gilbert Garnsey be appointed liquidator.

CRYSTALATE TO ACQUIRE VOCALION GRAMOPHONE COMPANY.—The London and Yorkshire Trust is authorised to announce that negotiations for the acquisition by the Crystalate Gramophone

Record Manufacturing Company, Ltd., of the Vocalion Gramophone Company, Ltd., have now been completed, subject to confirmation by the shareholders of the companies concerned at meetings to be held on April 8th.

IMPERIAL AND INTERNATIONAL COMMUNICATIONS LIMITED.—The estimated traffic receipts for two months ended February 29, 1932, are as follows:

	1931.	1932.	Rise or Fall
January.....	£ 412,908	£ 404,411	— 8,497
February ...	390,461	439,092*	+ 48,631
	803,369	843,503†	+ 40,134

* The sum of £20,000 must be deducted from the message receipts for February, 1932, in making a comparison with February, 1931, owing to changed conditions of sharing traffic.

† In comparing aggregates regard must be had to the notes issued with the traffic figures from March, 1931, onwards.

INSTITUTE OF ACTUARIES.—At the March meeting of the Council of the Institute of Actuaries, Mr W. Palin Elderton, C.B.E., manager and actuary of the Equitable Life Assurance Society, was elected president to succeed Mr H. M. Trouncer, whose term of office expires in June next.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Dividend Interest.	Amount Available for Distribution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Depreciation, &c.	Balance Forward.	Net Profit.	Dividend.
					Prefee.	Ordinary.	Rate.				
		£	£	£	Amount	Amount.	%	£	£	£	%
Banks.											
Bank of Australasia	Oct. 12	192,027	217,536	409,563	...	343,500	9	Dr. 85,000	151,063	615,084	13†
Chartered Bank of India, &c.	Dec. 31	187,597	381,787	569,384	...	420,000	14	...	149,384	634,343	20†
National Bank of Egypt ...	Dec. 31	237,519	459,719	697,238	...	450,000	15	...	247,238	599,038	18
National Bank of India ...	Dec. 31	278,791	470,019	748,810	...	400,000	20	70,000	278,810	480,329	20†
Breweries.											
Bernard (Thomas & James)	Jan. 31	8,643	14,880	23,523	8,750	6,000	8	...	8,773	18,880	10†
Dartford Brewery Co.	Dec. 31	28,695	41,248	69,943	7,975	18,450	9	16,222	27,296	42,219	9
Groves (John) and Sons ...	Dec. 31	12,167	19,696	31,863	5,000	9,912	11†	2,500	14,451	20,134	13†
Shipstone (James) and Sons	Dec. 31	97,907	139,033	236,940	23,842	84,695	16‡	45,000	83,403	164,257	15†
Canals and Docks.											
Grand Union Canal	Dec. 31	4,894	42,117	47,011	15,000	26,994	1‡	...	5,017	48,191	1‡
Electric Lighting, &c.											
Bournemouth and Poole	Dec. 31	15,160	155,488	170,648	10,753	76,703	15	71,298	11,894	156,062	15
Electricity	Dec. 31	116,669	631,791	748,460	185,451	241,769	6	250,000	71,240	696,169	6
Newcastle-upon-Tyne Elect.	Dec. 31	3,838	48,972	52,810	...	22,000	11	27,932	2,878	45,962	11
Richmond (Surrey) Electric	Dec. 31	...	...	...	...	...	...	...	...	...	...
Financial Land, &c.											
Natal Land and Colonisation	Dec. 31	22,008	40,111	62,119	3,963	27,226	8	10,055	20,875	34,212	8
Gas.											
Alliance and Dublin	Dec. 31*	36,205	59,483	95,688	...	59,165	7‡	...	36,523	59,959	7‡
Iron, Coal and Steel.											
Baker (John) and Bessemer	Dec. 31	20,087	2,409	22,496	5,474	...	...	...	17,022	24,228	4
Hickleton Main Colliery ...	Dec. 31	52,063	81,623	133,686	...	60,000	5†	20,000	53,686	82,686	5†
United Collieries	Dec. 31	38,551	Dr. 195	38,355	...	...	...	...	38,355	45,665	...
Motor and Cycle.											
Willys Overland Crossley ...	Dec. 31	4,113	Dr. 47,134	Dr. 43,021	...	...	...	...	Dr 43,021	Dr 62,263	...
Rubber, &c.											
Johore River Rubber	Dec. 31	6,703	Dr. 1,974	4,729	...	...	...	...	4,729	...	...
Mengkibol (Central Johore)	Dec. 31	1,598	2,318	3,916	668	...	...	...	3,248	Dr. 2,972	...
Rubber	Dec. 31	13,892	Dr. 3,756	10,136	...	...	...	Dr. 2,500	12,636	Dr. 6,228	...
Rubber Estates of Johore	Dec. 31	...	...	...	...	...	...	...	1,086	Dr 21,541	...
Shipping.											
Cairn Line of Steamships ...	Dec. 31	1,086	...	1,086	...	...	...	...	...	...	...
Shops and Stores.											
Bon Marché	Jan. 31	65,305	79,780	145,085	12,000	56,950	33‡	5,481	70,654	84,461	36
Gorrington (Frederick)	Jan. 31	20,065	24,877	44,942	10,000	14,000	7	625	20,317	32,819	11
Tea.											
Augusta Tea Estates	Dec. 31	15	170	185	163	...	...	...	22	175	...
Telegraphs, &c.											
International Automatic	Dec. 31	92,981	146,081	239,062	12,962	130,405	12‡	10,000	85,695	131,075	12‡
Telephone.											
Telephone	Dec. 31	38,663	42,374	81,037	17,500	16,223	8	2,052	45,262	37,045	8
Tramways and Omnibuses.											
Nat. Omnibus and Transport	Dec. 31	1,905	9,779	11,684	5,625	1,500	2	2,000	2,559	15,108	5
Trust.											
Tyneside Investment Trust	Dec. 31	2,487	13,084	15,571	4,565	8,400	10	...	2,606	12,602	10
Waterworks.											
Jersey New Waterworks ...	Dec. 31	Dr. 3,331	Dr. 11,037	Dr. 14,368	...	...	...	...	Dr 14,368	Dr. 8,824	...
Other Companies.											
Achille Serre	Dec. 31	279,318	538,440	817,758	57,500	250,000	15	220,000	290,258	526,011	15
British Insulated Cables ...	Dec. 31	204,452	609,358	813,810	100,800	252,000	15	255,000	206,010	650,092	15
British Portland Cement ...	Dec. 31	1,555	12,041	13,596	...	9,000	15	2,800	1,796	...	...
Handicrafts, Limited	Dec. 31	7,287	16,088	23,375	1,125	10,135	7	6,000	6,115	32,477	10
Howard and Wyndham ...	Dec. 31	3,843	34,503	38,346	4,200	21,450	15	8,500	4,196	29,053	15
Indestructible Paint, &c. ...	Dec. 31	94,090	321,250	415,340	84,000	220,000	13‡	25,000	86,340	355,484	15†
Lloyd (Edward)	Dec. 31	...	...	...	...	...	...	...	...	...	...
Provincial Cinematograph	Jan. 31	114,721	485,605	600,326	202,500	75,000	15	202,253	120,573	506,810	15
Theatres	Dec. 31	51,664	75,585	127,249	75,000	...	...	...	52,249	119,117	...
Smithfield and Argentine	Dec. 31	...	...	...	...	...	...	...	...	...	...
Meat	Dec. 31	...	...	...	...	...	...	...	...	...	...

* For half year.

† Free of income tax.

OIL OUTPUTS.

BRITISH CONTROLLED OILFIELDS, LTD.—Production for the week ended February 17th: Venezuela, 30,002 barrels; Trinidad, 35,875 barrels; total, 65,877 barrels. Production for the week ended February 24th: Venezuela, 29,993 barrels; Trinidad, 34,173 barrels; total, 64,166 barrels. Production for the week ended March 2nd: Venezuela, 28,435 barrels; Trinidad, 33,562 barrels; total, 61,997 barrels. Production for the week ended March 9: Venezuela, 28,328 barrels; Trinidad, 40,437 barrels; total, 68,765 barrels. Production for February: Venezuela, 123,711 barrels; Trinidad, 136,718 barrels; total, 260,429 barrels. Shipments for February: Venezuela, 111,020 barrels; Trinidad, 82,438 barrels; total, 193,458 barrels. Production for the week ended March 16: Venezuela, 27,562 barrels; Trinidad, 36,909 barrels; total, 64,471 barrels.

Commercial Reports.

MARKET SUMMARY.

Business at the principal international commodity markets was restricted because of the approach of the Easter holidays. The trend of gold prices has been downwards and quotations in the United States have generally been lower. Among non-ferrous metals, copper has been maintained in view of the fact that the principal producers of the world have decided to reduce production below the current level of consumption. Lead, tin and spelter have been dull. Cotton has lost a few points. The official announcement against restriction by the British and Dutch Governments brings to an end a long period of uncertainty. The announcement was followed by a sharp reaction in prices. Wheat prices suffered a sharp setback following rumours that the Federal Farm Board intended to unload its large holdings. Other cereals declined in sympathy with wheat prices. The market in coffee has been steady. Raw sugar was weak in view of rumours of the breakdown of the International Sugar Convention. Sterling quotations of commodities which lend themselves to grading, and therefore to international arbitrage, moved in sympathy with gold prices. Business in this country was generally on a small scale. It is significant that sterling prices of commodities such as meat, dairy produce and tea continue to decline. According to reports from various industrial centres, the situation in the coal trade has deteriorated, and the iron and steel industries make little headway. On the other hand, the cotton and wool trades appear to have maintained their recent volume of business and the home demand for rayon fabrics shows a slight improvement.

THE COAL TRADE.

SHEFFIELD.—All sections of the South Yorkshire coal market are characterised by poor trade. Output has been reduced lately, throwing considerable numbers of men out of employment. House coal prices are easier at some pits, but the general quotations for best quality is 22s. to 23s. at pits. Export sales are extremely restricted, and the outlook for Continental trade is not favourable. Conditions are unchanged as regards industrial coals and the various types of coke.

GLASGOW.—The coal position shows little change. Some fair sized Scandinavian orders have been booked, and another interesting feature is the arrangement of some cargoes of washed nuts for the Preston Electricity Works. This, like the Liverpool contract reported last week, is a new departure for the Scottish trade. The London trade continues on steady lines. Most classes of coal are quite plentiful, and prices show little or no change.

CARDIFF.—The recent improvement in the volume of the South Wales coal export trade was not maintained last week, when the shipments, foreign and coastwise, totalled 410,445 tons compared with 457,300 tons the previous week, and 463,737 tons in the corresponding week last year. The approach of the Easter holidays has strengthened the current demand for one or two grades, and bituminous nuts, and particularly the drier classes, are scarce and commanding prices above the schedule. In the large coal market there is no material change, and supplies are easily obtainable for early loading. A contract for the supply of 75,000 tons is reported to have been placed by the Brazilian Central Railways under an arrangement whereby the German Government is to accept cargoes of coffee in exchange. A similar arrangement was made last year, but South Wales exporters have been reluctant to tender for new business with Brazil because of the delays in the settlement of accounts which have been outstanding for some years, and in regard to which representations have been made to the Board of Trade. The following are the current approximate quotations:—Trade. The following are the current approximate quotations:—Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 4‡d.; best dries, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7‡d.; best small 17s. 9d. to 18s.; cargo smalls, 11s. 6d. to 12s. 6d.; coking smalls, steams, 13s. 6d.; machine-made cobbles, 40s. to 48s. 6d.; French nuts, 40s. to 48s. 6d.; stove nuts, 39s. 6d. to 43s. 6d.; French culm, 8s. 3d. to 8s. 9d.; foundry coke, 32s. 6d. to 36s.; patent fuel, 19s.; pitwood, ex ship, 19s. to 21s. 6d.

IRON AND STEEL.

MIDDLESBROUGH.—The market for Cleveland pig iron is unchanged, but a gradual expansion in business is looked for. Local consumption is not on a large scale at present, and there will be some interruption over the Easter holidays, but stocks at the furnaces

OVER ONE HUNDRED YEARS OF SERVICE.
SCOTTISH UNION & NATIONAL
INSURANCE COMPANY.
ASSETS EXCEED - £15,600,000
FIRE. LIFE. ACCIDENT. MARINE.
Edinburgh: 35, St. Andrew Square
London: 5, Walbrook, E.C.4, and 4, St. James's Street, S.W.1

are not likely to increase to any serious extent as the suspension of deliveries will only be slight. In spite of the substantial concessions in prices to Scotch consumers, little extra business is being secured from that quarter, as the foundry trades there continue very slack, but prospects are now regarded as brighter. The business reported at Tuesday's weekly market consisted of only a few lots for early delivery, official prices being again unchanged, viz.:—No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d., and No. 4 forge, 57s., f.o.b. or f.o.t. There is practically no improvement in the demand for hematite, and purchases are for short periods only. Makers are still booking mixed numbers at 63s. 6d. per ton for fairly early delivery, but this price would be shaded for very prompt lots, particularly by merchants. Shipments of pig iron have fallen off recently, the total cleared to 21st instant being 7,870 tons against 8,958 tons to same date in February. In the finished departments a few orders have come to hand recently, but nothing of any great volume. There are, however, some important inquiries in circulation, and it is expected that some of the business will eventually be placed in this district. All prices are unchanged. It is just announced that London Midland and Scottish Railway Company has placed orders for 40,000 tons steel rails, in which three local firms—Dorman, Long and Company, Ltd., Pease and Partners, Ltd., and Cargo Fleet Iron Company, Ltd.—will participate, but the respective quantities are not given. It is also reported that the same railway has placed an order with Dorman, Long and Company, Ltd., approaching £30,000 in value, for several bridges to be built in the Peak district. The ore market is idle. One of the largest consumers has stopped further deliveries for the present, and will only accept steamers already stemmed which, with stocks on hand, will carry them on until about August. With outlets restricted, owners are finding difficulty in keeping their mines in operation and are weaker in their prices. Best rubio is now not more than 16s. c.i.f., and the freight, Bilbao-Middlesbrough, is slightly lower at about 4s. 9d. Coke is slow of sale and, with full supplies available, ordinary blast-furnace qualities can now be obtained at 16s. delivered works, for early delivery. The number of blast furnaces in operation in the district is unchanged at 17.

SHEFFIELD.—Apart from instances of improvement in engineering work, the local trade situation fails to improve. Inquiries for heavy steel have tapered off somewhat lately, and in the absence of any improvement in this direction it will be necessary to prolong the holiday stoppage. In fact, it is certain to be longer than usual. Difficulties in arranging overseas trade increase, and less business is being booked from the Continent. Nevertheless, Australia is beginning to buy more freely than for some time past. Demand is brisk for steel strip, motor-car steel and parts, and electrical accessories. The position of silver plate and table cutlery has probably never been so bad before. Makers of scissors, safety razors and hand tools are busy for the home market.

GLASGOW.—Nothing has occurred within the past week to relieve the dullness in the iron and steel markets in the West of Scotland. There is certainly a larger number of inquiries on the market, but the resulting business is disappointingly small, and the orders placed are almost invariably for small tonnages calling for early delivery. This holds in almost every department. Continental competition for semis remains very keen, and prices quoted are tempting, but not a great deal of business is being done, mainly on account of users being already well bought. There are rather more tube inquiries on the market, and makers are hopeful that business will result shortly. There is still only a poor demand for re-rolled steel bars. Sheet makers, while more fortunately placed than other re-rollers, are still not able to keep all plants in operation. There is a fair amount of export business being offered, but at prices which are quite unacceptable to makers. The pig-iron market remains quiet, and output of the few plants in operation is more than sufficient for all demands.

CARDIFF.—The position in the tinplate trade is practically unchanged. The deliveries from the factories for shipment at Swansea last week were 132,590 boxes as against shipments of 94,028 boxes, thus increasing the stocks to 201,376 boxes. Quotations were on the basis of the new minimum of 16s., and prices of steel bars were unaltered. Imports of foreign steel bars last week totalled only 5,744 tons, and since the 10 per cent. *ad valorem* duty has been in operation these imports have averaged only 4,500 tons per week, compared with a weekly average of 22,854 tons in the nine weeks ended February 29th and 15,000 tons in the corresponding period of last year.

OTHER METALS.

TIN.—There has been no change in the international situation of tin during the past week. The New York market has been a little more active at the lower level. Quotations in London declined a few points on Monday, and there was a slight increase in demand, but prices failed to recover. In New York the metal was quoted at 21.75 cents per lb. on Wednesday, against 21.75 cents per lb. a week ago and 22.15 a month ago. Wednesday's official closing quotations in London, in terms of sterling for "standard" cash, at £127 15s. to £128 per ton, compares with £129 15s. to

£129 17s. 6d. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 33,470 tons, show a decrease of 28 tons on the week.

COPPER.—According to a report from Brussels, the agreement between the principal copper producers of the world to effect a further reduction in output appears to be definite. As the new rate of production is based on an estimate of consumption during recent months, it is stated that the operation of the new agreement will result in a reduction of stocks. The turnover in New York and London was on a small scale. On Wednesday, "Domestic" spot was quoted at 6 cents per lb. in New York, against 6 cents a week ago, and 6½ cents a month ago. Wednesday's official closing price for "standard cash" in London, in terms of sterling at £32 16s. 3d. to £32 17s. 6d., compares with £33 7s. 6d. to £33 10s. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 21,113 tons, show a decrease of 217 tons, while stocks of rough copper, at 1,025 tons, are 75 tons smaller.

LEAD.—The demand for lead was small during the past week. In New York the metal was quoted at 3.15 cents per lb. on Wednesday, against 3.15 cents a week ago, and 3.75 cents a month ago. Tuesday's official closing quotation for "soft foreign" in London in terms of sterling, at £12 per ton for shipment during the current month compares with £12 3s. 9d. on the corresponding day last week.

SPELTER.—Little interest was taken in this metal. Although sellers were prepared to make concessions, markets remained inactive. Tuesday's quotation in New York, at 2.775 cents. per lb., compares with 2.80 cents a week ago and 2.85 cents a month earlier. Tuesday's official closing quotation in London in terms of sterling for "good ordinary brands" was £12 8s. 9d. per ton for shipment during the current month, against £12 3s. 9d. a week ago.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotation for aluminium and nickel has been maintained at £95 per ton, and £230-£235 per ton respectively. Foreign antimony and quicksilver again sold at £28-£28 10s. per ton and £18 10s.-£19 per flask respectively. The quotation for platinum, at £10 13s. per ounce, remained unchanged.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Imports for the week March 18th to 22nd (inclusive) are 49,620 bales, of which 32,294 are American, 1,112 Peruvian, 10,881 Egyptian, 2,200 African, 1,440 East Indian, and 1,693 sundries.

Manchester.—The market has continued to present a quieter appearance. The wider fluctuations in raw material rates have had a rather disconcerting influence upon trade in yarn and piece-goods. A little nervousness prevails with regard to the labour situation in Lancashire in view of the operatives rejecting the provisional agreement on the more looms system. Although the amount of cloth inquiry has been on a reduced scale a fair amount of business has been under consideration. Miscellaneous transactions have taken place for India in light fabrics and fancies, most of the orders being for Calcutta and Karachi. Further lines have been booked in fine cloths for Rangoon. Not much has been done for China and the decline in the price of silver has affected trade operations. Cloths suitable for printing and dyeing have moved off in moderate lots for several minor outlets east and west, but trading has not been on a free scale. Some makers of home trade fabrics have had a fair week. A slower demand has been reported in American and Egyptian yarns for home consumption and prices have been more irregular when tested. Less activity has shown itself in shipping yarns.

Cotton Prices.

	1932.				Corresponding Date.	
	Mar. 2.	Mar. 9.	Mar. 16.	Mar. 22.	1930.	1931.
Raw Cotton—Mid. American per lb.	5.71	5.51	5.48	5.33	8.43	5.88
" Sakellaridis Fully Good Fair	7.75	7.10	7.50	7.25	14.05	9.50
" Egyptian per lb.	9½	9½	9½	9½	12½	9½
Yarns—32's twist per lb.	9½	9½	9½	9½	13	10
" 40's twist per lb.	15½	14½	15	15	21½	17
" 60's twist (Egyptian) per lb.						
32-in. Printers, 116 yds., 16 by 16, 32's and 50's	18 3	18 0	18 0	18 0	22 1½	18 9
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	20 6	20 3	20 3	20 3	24 9	20 6
38-in. ditto, 38 yds., 18 by 16, 10 lb.	11 3	11 1½	11 1½	11 1	13 7½	11 7
39-in. ditto, 37½ yds., 16 by 15, 8½ lb.	10 3	10 1½	10 1½	10 1	12 3	10 6

THE WOOL TRADE.—Bradford.—The approach of the Easter holiday, writes our correspondent, finds the wool textile trade in a fairly good position. The Australian clip has been well marketed. Last September, when the trade was faced with lifting nearly 3,000,000 bales of Australian wool, besides supplies from other sources, and considering the unsatisfactory state of the textile industry in Yorkshire, the task seemed almost too great. It is therefore not surprising to find that values have not risen a great deal, but the average cost of wool, which last September was returned in Australia at about £8 10s., is now just over £10, and it is most satisfactory that, in addition to the slight rise, a very big weight of wool has been disposed of. Next month the Australian selling season will close. Selling brokers and pastoralists have mostly met the market. The financial status of most Continental countries is not strong enough to enable them to buy heavily at much more than current prices. During the last London sales the home trade absorbed about 48,500 bales and the Continent 44,000 bales, practically nothing being taken by America. There is thus

a carry-over of 80,000 bales for the series expected to commence on April 12th. The policy of owners who have refused to meet the market will then be tested. Trade in Bradford is rather quiet, but quotations for all qualities of tops are firm, and yarns are quite steady.

THE GRAIN MARKETS.

WHEAT.—The international wheat markets were depressed during the past week, following rumours that the Federal Farm Board intends to dispose of its wheat holdings abroad. Although Mr Stone, chairman of the Federal Farm Board, denied these rumours, and stated that the Board did not consider a change in the policy adopted in July last year, prices failed to recover immediately. Nevertheless, it appears from a letter published by Mr Hyde, Secretary of Agriculture, that the Farm Board is anxious to reduce its stocks by "developing new markets." In view of the large holdings of the Farm Board, an attempt to liquidate would of course demoralise the wheat markets. International trade has not been on a large scale, but the Continent is expected to purchase substantial quantities in the near future. The foreign milling quota in France has just been raised from 30 per cent. to 35 per cent. On Tuesday, "March" futures were quoted at 50½ cents per bushel in Chicago, against 55½ cents on the corresponding day last week, and 58½ cents a month ago. Quotations in London, Tuesday: No. 1 Northern Manitoba, Vancouver, ex ship, 32s. 9d. per 496 lbs., as compared with 35s. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 30s. 6d. to 32s. 6d., against 32s. 3d.; No. 3 Northern Manitoba, Vancouver, ex ship, 29s. 6d. to 31s., against 31s. 3d. to 32s. 6d.; Russian, on sample, 28s. 6d. to 30s., against 20s. 9d. to 30s. 6d.; Australian, ex ship, 28s. 6d. to 29s., against 29s. to 30s. a week ago.

WHEAT FLOUR.—Flour has been easier in sympathy with wheat. Quotations in London, Tuesday: Straight run, delivered country, 27s. per sack of 280 lbs., as compared with 27s. last week; delivered London, 25s., against 26s. Manitoba patents, ex store, 26s. to 28s., against 27s. 6d. to 30s.; and Australian, ex store, 21s. to 22s. 6d., against 21s. 6d. to 23s. a week ago.

BARLEY.—The market in barley was easier. On Tuesday, "May" futures were quoted at 39½ cents per bushel in Winnipeg, against 42½ cents last week and 41½ cents a month ago. Quotations in London, Tuesday: "English feedings," f.o.r., per 448 lbs., 27s. to 28s., as compared with 27s. to 28s.; Russian, landed, 24s. per 400 lbs., against 24s. 3d. a week ago.

OATS.—The demand for oats was quiet. "May" futures, which last week stood at 24½ cents per bushel in Chicago, sold at 23½ cents per bushel on Tuesday this week, against 22½ cents a month ago. Quotations in London, Tuesday: "River Plate," landed, 18s. per ship, 17s., against 17s. 6d.; "Chilean White," landed, 27s., against 27s. a week ago.

MAIZE.—Business in maize was smaller this week, and prices were generally lower. Tuesday's quotation in Chicago for "March" futures, at 39 cents, shows a decline of 1½ cents on last week, and an advance of 2½ cents as compared with the price a month earlier. Quotations in London, Tuesday: "Plate," landed, 21s. per 480 lbs., compared with 22s. last week; "Plate," ex ship, 20s. 3d., as against maize meal, ex wharf, was quoted at £6 per ton against £6 2s. 6d. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1931-32, 1930-31, 1929-30, 1928-29:—

	1931-1932.	1930-1931.	1929-1930.	1928-1929.
Estimated sales of home-grown wheat—	Owts.	Owts.	Owts.	Owts.
1 week to March 19	127,075	139,082	157,079	203,739
29 weeks to March 19	2,249,145	3,849,357	7,169,537	7,876,680
Average price of English wheat per cwt.	s. d. 6 1	s. d. 5 2	s. d. 8 3	s. d. 9 9

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1928 to 1931:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Mar. 12, 1932	Owts. 120,359	Owts. 127,060	Owts. 62,243	s. d. 6 1	s. d. 8 6	s. d. 7 5
Mar. 19, 1932	127,075	108,697	55,411	6 1	8 3	7 5
Mar. 17, 1928	285,040	133,515	70,075	9 9	10 8	10 7
Mar. 16, 1929	229,446	141,451	64,058	9 8	10 2	9 8
Mar. 22, 1930	157,079	149,076	35,569	8 3	7 8	8 0
Mar. 21, 1931	139,082	73,038	45,537	5 2	7 11	5 11

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Jan. 2, 1931.	Mar. 25, 1931.	Jan. 4, 1932.	Mar. 16, 1932.	Mar. 23, 1932.
Winnipeg (No. 1 Manitoba) —Cents per 60 lb.	148½	56½	58	62½	64½	60½
Chicago (No. 2 Winter) —Cents per 60 lb.	130½	79½	80½	55½	55½	50½

The visible supply of wheat in Canada, at 62,832,000 bushels, shows an increase on the week of 580,000 bushels. Supplies a year ago stood at 65,087,000 bushels.

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Throughout the World Crisis, the Company has steadfastly pursued its policy of giving the Public an ever-improving Life Assurance Service. The Public has shown its appreciation and confidence in unmistakable manner, as the following figures for 1931 testify:—

NEW ASSURANCES ISSUED IN 1931	...	...	...	...	£108,400,000
TOTAL ASSURANCES NOW IN FORCE	...	...	...	...	£626,900,000
PAYMENTS TO BENEFICIARIES AND POLICYHOLDERS IN 1931	...	...	...	...	£18,800,000
TOTAL INCOME	...	...	...	...	£40,200,000
SURPLUS AND CONTINGENCY RESERVE	...	...	...	...	£4,300,000
TOTAL ASSETS	...	...	...	...	£128,300,000

In 1931 the Income exceeded Disbursements by Twelve Million Pounds.

The business of the Company is conducted in accordance with the laws of Great Britain, and under the exacting provisions of the Canadian Insurance law. The Company's own valuation of its Policy Reserves is on an even stronger basis than that required by the Canadian Insurance Act.

In the British Isles, the total new business in 1931 amounted to Eleven Million Pounds

For Great Britain and Ireland there is a complete Head Office Organisation in London. There are 25 fully-staffed Branch Offices, with 700 trained Representatives. All Representatives undergo an intensive course of training at the Company's own Training School. Life Assurance being a highly specialised business, such training is considered indispensable in the interests of the Public.

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Assurances in Force.				
1911	...	...	...	£33,800,000
1916	...	...	...	£57,800,000
1921	...	...	...	£110,200,000
1926	...	...	...	£258,100,000
1931	...	...	...	£626,900,000

Assets.				
1911	...	...	...	£9,000,000
1916	...	...	...	£17,000,000
1921	...	...	...	£26,500,000
1926	...	...	...	£70,900,000
1931	...	...	...	£128,300,000

To H. O. LEACH (General Manager),
SUN LIFE ASSURANCE COMPANY OF CANADA
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Exact Date of Birth

OTHER FOODS.

SUGAR.—According to a report from Paris, the meeting of the International Sugar Conference came to an end on March 22nd, without having reached a final agreement. It has, however, been arranged that negotiations shall be continued between the Conference headquarters at the Hague and Cuba. Cuba has not yet announced the acceptance of the proposals made to her by the European members of the Conference and Peru. The proposals are: (1) That Cuba should reduce her 1932 crop to 2,500,000 tons; (2) that, if Cuba did this, they would reduce their exports by any amount by which Java's exports exceeded 1,500,000 tons during the year from April, 1932, to April, 1933. Measures regarding the production and export quotas for 1933 will be decided later, and the next regular meeting of the Conference will take place in Paris on June 13th. "March" futures in New York were quoted at 0.73 cent per lb. on Tuesday, against 0.73 cent per lb. a week ago, and 0.85 cent per lb. a month earlier. Wednesday's sales of "raws" to include "May delivery" at 5s. 2½d. per cwt., against 5s. 5½d. 5s. 8½d., and "December," at 5s. 8½d. to 5s. 9½d., against 5s. 11½d. to 6s. 2½d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1932.	1931.	1932.	1931.	1932.	1931.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London	1,300	248	764	1,030	5,675	32,668
Liverpool ...	6,412	4,999	14,295	14,847	97,676	93,174
Total	7,712	5,247	15,059	15,877	103,351	125,842
Last week	8,337	974	15,111	14,343	110,598	136,472

COFFEE.—The market in coffee has been quiet, but prices remained steady. Last week's movements of coffee in London were as follows: Brazilian, landed, 325 bags; delivered for home consumption, 136 bags; exported, 10 bags; stocks, 5,562 bags, against 2,834 bags last year. Central American, landed, 7,170 packages; delivered for home consumption, 4,499; exported, 1,557; stocks, 95,569 packages, against 101,665 a year ago. Other kinds, landed, 9,401 packages; delivered for home consumption, 2,633; exported, 889; stocks, 92,206 packages, against 98,820 a year ago.

COCOA.—The market in cocoa has been a little less active and quotations were slightly easier. "May" futures were quoted at 4.31 cents per lb. in New York on Tuesday, against 4.44 cents per lb. a week ago and 4.04 cents a month ago. As compared with the corresponding day last week, Tuesday's quotation for Acra, fair fermented, new crop, March-May, at 26s. per cwt. f.o.b., London contract, shows a fall of 6d. per cwt. on the week. Last week's movements of cocoa in London were as follows: Landed, 8,884 bags; delivered for home consumption, 6,949 bags; exported, nil; stocks, 164,534 bags, as against 201,511 last year.

TEA.—The quantities catalogued for this week's auction comprise 30,049 packages of Indian and 23,975 packages of Ceylon tea. At Monday's auctions of Indian tea, outstanding qualities found ready buyers, but other varieties were dull. The Ceylon sales on Tuesday found little support, and all plain to good medium descriptions lost 1d. to 2d. per lb. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account:—

AVERAGE PRICE PER LB.

Week ending	Northern India.		Southern India.		Ceylon.		Java.		Sumatra.		Nyasaland.		Total.
	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	
Mar. 19, 1931	0 10	62	1 0	10	1 3	30	0 7	32	0 8	32	0 6	72	0 11 11
Feb. 25, 1932	0 10	75	0 9	00	1 0	10	0 7	99	0 6	97	0 6	92	0 10 51
Mar. 3, "	0 11	47	0 9	85	1 1	00	0 7	82	0 7	42	0 6	74	0 10 95
Mar. 10, "	0 11	63	0 10	78	1 1	51	0 7	66	0 7	25	0 7	26	0 11 15
Mar. 16, "	0 10	82	0 9	92	1 3	12	...	...	...	...	0 6	34	1 0 04

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RICE.—The "spot" price for rice remained unchanged at 10s. 6d. per cwt., but forward positions were easier. Movements in London during the past week were as follows: Landed, 52 tons; delivered, 81 tons; stocks, 875 tons, as against 483 tons last year.

POTATOES.—Potatoes were in good demand at the principal markets, and as supplies were not quite as plentiful as recently, prices advanced a little. At the Borough Market, "Best King Edward" sold from 11s. 6d. to 12s. 6d. per cwt., as compared with 11s. to 12s. per cwt. a week ago.

SPICES.—The market in spices has been dull. Tuesday's quotation for "Black Singapore" pepper, at 6½d. per lb., shows no change on the week. Movements of pepper in London during the past week were as follows: Black, landed, 17 tons; delivered, 33 tons; stocks, 305 tons, against 549 tons last year. White, landed, 32 tons; delivered, 54 tons; stocks, 837 tons, against 484 tons a year ago.

MEAT.—The recent advance in meat prices was not maintained. The prices realised for beef, mutton and pork at the Smithfield Market this week were generally lower than a week ago. On Tuesday, Argentine beef (chilled hindquarters) was sold at 4s. to 4s. 6d. per 8 lbs., against 4s. 2d. to 4s. 8d. on the corresponding day last week, while New Zealand frozen mutton realised 2s. 8d. to 3s. 6d., as against 2s. 8d. to 3s. 8d. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 9,040 tons, as compared with 9,671 tons in the corresponding week last year. Imported beef, principally Argentine, formed 83.9 per cent. of the supplies, as against 85.9 per cent. a year ago; and imported mutton, mainly New Zealand, formed 78.5 per cent. of the total supply, as against 80.8 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—Very quiet conditions indeed continue to rule in the markets for oilseeds and their products, and values generally have a downward trend in the absence of effective demand. Linseed is neglected and Plate for March and April shipment has declined to £8 5s., with later positions at a small progressive premium. The shipment of the Argentine crop proceeds on a fair scale, though to date it is below the level of a year ago. The quantity on passage to Europe has increased to 284,800 tons (including 6,100 tons from India), 11,400 tons more than last week, and comparing with 254,600 tons at the same date last year. Cottonseed also is in extremely small demand, and lower black Egyptian to Hull offering at £6 5s. March and April landings, and £6 7s. 6d. May, without attracting buyers. Vegetable oils are very quiet, and this is attributed to the considerable imports which came to hand prior to March 1st and the imposition of an excise duty. In January and February these imports exceeded 50,000 tons, and were more than twice the volume in the corresponding two months of last year. Linseed oil has consistently declined until business has been done in London at £13 7s. 6d. for March delivery and £13 17s. 6d. April. Current values ex Hull mill are £13 10s. for March and £13 15s. April. Cotton oil is without support, crude Egyptian offering at £21 10s. and refined at £24 10s. ex Hull. Oilseeds are in slow demand and quoted lower.

HIDE, LEATHER AND ALLIED TRADES.—Prices for market hides were lower at the auctions held in Manchester this week, all 60 lbs. and up ox and heifers, with the exception of second warbled, making ½d. per lb. less money than the previous week. Cows were ½d. per lb. cheaper, but there was little variation in the price of calfskins. The sheepskin market remains weak, and prices show a lower tendency. Only a small amount of business has transpired in connection with foreign hides, and although quotations for most sorts have not varied to any great extent, there is an undercurrent of weakness. In the South American wet-salted market a limited number of sales have been concluded with European buyers. Argentine ox having changed hands on the basis of 4½d., while 4½d. has been accepted for light ox and 5d. for cows. Prices for dry South American hides remain fairly steady, 6d. being the figures asked for B.A. Americanos, a fraction under 3½d. for Inservibles, 6½d. for M.V. Americanos and 6½d. for Sierra Cordobas. Business in regard to African hides is quiet, with first and second dry Capes quoted at 6½d. and 5½d., and dry salted at 5½d. and 4½d. Mombasas are offered at 5d., while 5½d. is asked for unbathed Adis Abebas. The position of Australians is unchanged. Slightly more activity has been experienced in the leather market this week, although it is thought that the additional business is accounted for by the holiday orders for footwear, and is no indication of a real improvement. In the sole leather section, shoe manufacturers have been in the market for light weight dry hide bends, in which some fair business has been concluded. Medium and heavy weights, however, remain quiet. English and wet-salted bends have also been inquired for in the lighter averages, while there has been an improvement in the call for pinned bellies and shoulders. Rough bellies. Producers and distributors of upper leathers have met with a fairly good demand for glacé kid, but other lines have been inquired for in small quantities only. As a matter of fact, business in connection with box and willow calf has been very restricted, while the call for patent leather has been confined to a few parcels of the cheaper grades only.

THE TIMBER TRADE.—Our timber trade correspondent writes that although imports of European sawn and planed wood showed large increases last month compared with February, 1931, dock stocks are lower. Demand, however, although picking up a little this month, has continued to be very disappointing throughout the

The North American Company

60 Broadway, New York, N.Y., U. S. A.



ORGANIZED in 1890, controls through stock ownership four main groups of public utility companies operating in large and important areas of the United States centering in Cleveland, Milwaukee, St. Louis and Washington, D. C. Territories served by subsidiaries have a total area of 17,959 square miles, with a population of 4,960,000, and include 684 communities receiving various classes of public utility service. The electric properties in each group form a distinct interconnected power system.

The North American Company classifies its subsidiaries only companies in which it or its subsidiaries own voting control and at least 75% of the Common Stock. The North American Company does not include in consolidated income the undistributed earnings applicable to its investments in non-subsidiary companies, chief of which are The Detroit Edison Company, North American Light & Power Company and Pacific Gas and Electric Company.

Summary of the Forty-second Annual Report to Stockholders of The North American Company for the Year 1931, by F. L. Dame, President, and Edwin Gruhl, Vice President and General Manager

THE North American Company's report for 1931 covers a period in which operations of subsidiaries were somewhat curtailed and revenues consequently diminished, these effects of the general depression having been experienced by practically all businesses. The management expresses satisfaction with the results achieved under the extremely difficult circumstances and reaffirms its confidence in the opportunities for progress in the future and calls attention to the sound financial position of the Company and its subsidiaries and to the excellent physical condition of their properties.

Under the Company's policy of paying dividends on its Common Stock in Common Stock at the quarterly rate of 2½%, earnings have been conserved and, together with the liberal provision for reserves, have provided a substantial part of the funds necessary for the development of plant facilities of subsidiaries. From inauguration of the stock dividend policy April 1, 1923 to December 31, 1931 outstanding Common Stock increased 202% while net earnings gained 232%. During the same period book value of Common Stock, after deduction of all reserves including \$12,000,000 appropriated for contingencies in 1931, increased from \$16.14 to \$31.29 per share. In addition depreciation and other reserves were equivalent to \$16.79 per share.

The business of North American subsidiaries in 1931 was influenced to a greater extent than in 1930 by lessened activities of large industrial and commercial power users, the past year's depression having borne heavily upon large industrial regions. Electric business contributed 86% of net operating revenues. Output of present subsidiaries was 4,829,446,204 kilowatt hours in 1931, a decrease of 4.49%, and customers numbered 1,074,448 at the end of the year, a slight increase over 1930.

Although industrial use of electricity in 1931 declined 10.67% and commercial use 3.31%, residential use increased 7.55%. The total amount paid by residential customers was only 3.42% greater than in 1930, and average cost for household use decreased from 4.72 cents to 4.54 cents per kilowatt hour. The average use per residential customer increased from 624 to 663 kilowatt hours.

Only one-sixth of total sales of electricity by North American subsidiaries was for household purposes and the increase in its relatively small volume fell far short of offsetting the adverse effect of industrial and commercial declines. Conversely, the upturn in manufacturing and commercial activities which will mark the return of normal conditions will be reflected in a corresponding degree in operating revenues. There is excellent promise in the preparations made by industries in the subsidiaries' territories for greater employment of electricity when business conditions justify increased activity. Manufacturers are taking advantage of the period of slackness to revamp their factories for the greater use of electricity or the substitution of central station power supply for that of their own plants.

Total plant capacity at the end of 1931 was 1,848,944 kilowatts, a net increase of 77,000 kilowatts after deduction of facilities retired from service. The principal addition was 129,000 kilowatts in the new Ohio hydro-electric plant in Missouri, placed in operation in October, 1931. Contracts for additional industrial connected load totaled 149,188 kilowatts in 1931 compared with 214,292 kilowatts in 1930. Maximum demands of subsidiaries aggregated 1,049,202 kilowatts in 1931 compared with 1,093,025 kilowatts in 1930. Owing to the static condition of industry only a part of the new business added in 1930 was reflected in 1931 revenues and the remainder, together with new business contracted for in 1931, is an important backlog.

The ratio of 56% of demand to plant capacity shows that the unused capacity was greater than required as a margin of safety to insure reliability and continuity of service even considering that large steam reserve capacity is necessary for hydro-electric operation subject to low water variations. Comparison of the capacity available and that utilized indicates that a substantial part of the capacity of North American subsidiaries was unused, with consequent effect on revenues. It does not, however, indicate that the subsidiaries have overbuilt, taking into account the steadily increasing demands prior to the severe industrial recession, the large potential demand represented by 601,757 kilowatts of new load for industrial uses alone connected during the last three years and not at present reflected in increased output, and the required margin of spare capacity. Resumption of industrial activity and employment of most of the now unused part of the

connected industrial load, including that added to the lines during the period of depression, would make necessary the present available capacity.

Gross Earnings for 1931 were \$117,921,860. Balance for Common Stock, after all charges including Preferred dividends, amounted to \$22,452,917, a decrease of 16.85% from 1930, and was equal to \$3.41 per share on the average number of shares of 1931 compared with \$4.33 per share for 1930. The percentage of Gross Earnings represented by Appropriations for Depreciation Reserves increased from 10.67% to 11.45%, and the 1931 appropriations were equivalent to \$2.05 per share. Taxes were a relatively greater burden during a year of reduced revenue because these charges continued to mount while other expenses of operation were responsive to efficient and economical management. In Other Net Income of \$8,077,480 the principal item was dividends of \$7,613,950.

Total consolidated assets of The North American Company were \$870,868,558. Investments were carried at \$140,044,484. Company directors appropriated as of December 31, 1931 from Undivided Profits \$12,000,000 as a Reserve for Contingencies

to provide for the difference between book value and market value of listed securities, which constitute over 93% of total investments, and of United States government securities included in current and working assets, and for contingent losses on investments not dealt in on security markets.

Principal investments in non-subsidiary public utilities at the end of 1931 were 2,075,455 shares of Pacific Gas and Electric Company Common Stock, 706,011 shares of North American Light & Power Company Common Stock and 240,163 shares of The Detroit Edison Company Capital Stock.

Total Reserves on December 31, 1931 were \$117,482,915, an increase of \$13,812,846. Total Surplus was \$148,916,796, including Capital Surplus of \$30,921,600 and Undivided Profits of \$118,524,195, the latter showing an increase of \$977,081 for the year after appropriating \$12,000,000 for Reserve for Contingencies.

At the end of 1931 there were 9,503 holders of Preferred Stock and 53,854 holders of Common Stock, the latter an increase of 21% over 1930. At the end of February, 1932 Common stockholders numbered 55,799, of whom 87% held less than 100 shares each.

CONSOLIDATED INCOME STATEMENT

	Year 1931 (See Note)	Year 1930 (See Note)
Gross Earnings	\$117,921,860.35	\$133,751,380.67
Operating Expenses, Maintenance and Taxes	62,792,738.21	69,838,439.45
Net Income from Operation	\$ 55,129,122.14	\$ 63,912,941.22
Other Net Income	8,077,479.62*	7,461,528.17*
Total	\$ 63,206,601.76	\$ 71,374,469.39
Deductions: Interest Charges (including amortization of Bond Discount and Expense), Preferred Dividends of Subsidiaries, Minority Interests	25,427,471.65	28,277,176.27
Balance for Depreciation, Dividends and Surplus	\$ 37,779,130.11	\$ 43,097,293.12
Appropriations for Depreciation Reserves	13,506,179.57	14,274,173.30
Balance for Dividends and Surplus	\$ 24,272,950.54	\$ 28,823,119.82
Dividends on North American Preferred Stock	1,820,034.00	1,820,034.00
Balance for Common Stock Dividends and Surplus	\$ 22,452,916.54	\$ 27,003,085.82

NOTE: Excludes Stock Earnings, Operating Expenses and all other details of income accounts of former California subsidiaries for entire 12 months ended December 31, 1931 and for 6 months and 18 days ended December 31, 1930, and includes in Other Net Income Dividends the proportion applicable to these respective periods of dividends on the Common Stock of Pacific Gas and Electric Company received in consideration for the North American interests in such subsidiaries. The 1930 Consolidated Income Statement includes Gross Earnings of former California subsidiaries of approximately \$9,558,000 for 5 months and 18 days.

* Includes stock dividends received from non-subsidiary companies taken up, where retained, at amount charged in respect thereof to Surplus of issuing Company: 1931—\$1,310,033.50, 1930—\$1,188,789.50; and, where sold, at proceeds of sale: 1931—\$14,010.58, 1930—\$74,921.46.

CONSOLIDATED BALANCE SHEET

ASSETS		December 31, 1931
Property and Plant		\$670,865,518.44
Cash and Securities on Deposit with Trustees		1,959,396.98
Investments		140,044,484.39†
Current and Working Assets:		
Cash	\$14,900,097.50	
United States Government Securities	4,359,062.50†	
Notes and Bills Receivable	553,964.37	
Accounts Receivable	13,124,784.48	
Material and Supplies (at cost or less)	10,323,203.07	
Prepaid Accounts	1,193,593.32	
Discount and Expense on Securities	13,544,452.66	
		\$870,868,557.71

LIABILITIES

Preferred Stock: (Authorized: Six Per Cent. Cumulative Preferred Stock, \$50 par value, 606,678 shares; Serial Preferred Stock, without par value, 5,000,000 shares)	\$ 30,333,900.00
Six Per Cent. Cumulative Preferred Stock	68,254,170.00†
Common Stock: (Authorized: 50,000,000 shares, without par value)	1,700,400.25
Dividend Payable in Common Stock	138,892,803.93
Preferred Stocks of Subsidiaries	15,507,975.36
Minority Interests in Capital and Surplus of Subsidiaries	25,000,000.00
Funded Debt of The North American Company	289,825,713.44
Funded Debt of Subsidiaries	34,953,883.96
Current and Accrued Liabilities	117,482,915.23
Reserves (including \$12,000,000 Reserve for Contingencies)	\$ 30,392,600.05
Capital Surplus	118,524,195.49
Undivided Profits	148,916,795.54
	\$870,868,557.71

† The sum of \$12,000,000 has been appropriated from Undivided Profits and credited to Reserve for Contingencies to provide for the difference between book value and market value at December 31, 1931 of listed securities (over 93% of total investments), and of United States Government Securities (market value \$3,909,068.75) included in Current and Working Assets, and for contingent losses on investments not dealt in on security markets. The listed securities include 21,713 shares of Common Stock of The North American Company (represented in part by shares of the January 2, 1932 dividend stock) acquired on balance by a subsidiary which purchases and sells dividend stock and scrip for stockholders.

‡ Represented by 6,825,417 shares.

Copies of complete Annual Report may be obtained from DILLON READ CORPORATION, 10, Cloak Lane, London, E. C. 4, or from Messrs. J. HENRY SCHRÖDER AND CO., 145, Leadenhall Street, London, E. C. 3, or from the Company.

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, TUESDAY.				LARD—				WOOL—				Market Hides, London—			
GRAIN, &c.—				CEREALS AND MEAT.				English Southdown, washed				Dry and Drysalted Cape—			
Wheat—	s. d.	s. d.	s. d.	Irish bladders	65	0	80	Lincoln hog, washed	13			Best heavy ox and heifer	0	5	0
No. 2, N. Man. 496 lb.	30	6	32	American, boxes, 56 lbs.	41	3	43	per lb.	7			Best heavy ox and heifer	0	3	0
Eng. Gaz. av., per cwt.	6	1		POTATOES—				Queensland, s.d. super cmbg.	20			Best cow	0	3	0
Barley, Eng. Gaz. av.	8	3		Good English, per cwt.	11	6	12	N.S.W. greasy, super	10			Best calf	0	4	0
Oats, " " "	7	5		SPICES—				N.Z., gray, half-bred 50-56	10			Best cow	0	4	0
Maize, La Plata, landed	21	0		Pepper, per lb.—				Topes—	10			Best cow	0	4	0
480 lb.	21	0		Muntok, fair White	0	8	1	Crossbred 40-44	5			Bengal gd. red-vio. to	5	6	6
Flour, Lon. stan. ex mill.	23	9		Black Lampong	0	6	1	Merinos 70's	23			fine—per lb.	5	6	6
280 lb.	23	9		Cinnamon—1st sort, per lb.	0	7	1	Crossbred 48's	22			LEATHER—			
Rice, No. 2 Burma, per cwt.	9	10		Ginger—per cwt.—	25	0			10			Sole Bends 8/14 lb.—			
Taploca, per cwt.—	27	0		African	55	0	85		9			per lb.	1	0	2
Fine Java, spot	27	0		Jamaica, ord. to good ..	55	0	85	COAL—				Bark Tanned Sole	2	3	0
Fair Flake, Singapore.	11	1		Mace	9	1	8	Welsh, best ad'ty.—	19	6		Shoulders 1m DS Hides	0	6	0
MEAT—				Nutmegs 65's	1	5		Durham, test gas, f.o.b.	6			Do. Eng. or WS do.	0	8	1
Beef, per 8 lbs.—				SUGAR—				Tyne	14	6		Belles from DS	0	4	0
English long sides	5	0	5	(Duty, 11s. 8d. per cwt.)				Sheffield, best house, at	6			Do. Eng. or WS do.	0	6	0
Argentine chilled hinds	4	0	4	B.W.I., crystallised ..	18	6	20	pts	22	0	23	Dressing Hides	1	0	1
Mutton, per 8 lbs.—				Java, white, c. & f. India	8	0		IRON AND STEEL—				Ro. Eng. Calft, 20/50 lb.	2	6	5
English wethers	4	0	5	March-April	8	0		Pig, Cleveland No. 3, ton	58	6		Aust. Bends	1	0	1
N.Z. frozen	2	8	3	REFINED—London—				Bars, M'burgh	200	0		VEGETABLE OILS—			
Pork, English, per 8 lbs.	5	0	5	Yellow Crystals	18	7	1	Steel Rails, heavy	170	0		Linseed, naked, p. ton net	13/15/0		
OTHER FOODS.				Cubes	21	0	23	Tin Plates, per box	16	0		Rape, refined	30/0/0		
BACON—				Crushed	21	0	21	per ton	16	0		Cotton-seed, crude	22/0/0		
Irish	82	0		Granulated	19	1	19	Standard	32	16/3		Coconut, crude	28/0/0		
Danish	54	0	56	Home Grown	18	9	18	Lead Eng. Pig	32	17/6		Palm	16/10/0		
Dutch	46	0	49	TEA—				per ton	32	17/6		Oil Cakes, Linseed, Eng.			
HAMS—				Indian—per lb.—				Soft Foreign	12	0/0		Oil Seeds—Linseed ..	7/10/0		
Canadian	70	0	74	Pekoe	0	6	1	Spelter G.O.B.	12	8/9		La Plata, p. ton ..			
American	70	0	72	Broken Pekoe	0	6	2	Tin—English Ingots ..	130	0/0		March-April	8/5/3		
BUTTER—				Orange Pekoe	0	6	1	Standard cash	127	15/0		Calcutta—per ton ..	10/16/3		
Australian	103	0	105	Broken Orange Pekoe ..	0	6	3	MISCELLANEOUS.							
New Zealand	108	0	110	Ceylon—per lb.—				CHEMICALS—				Turpentine, per cwt.	54	9	
Danish	118	0		Pekoe	0	6	2	Acid, citric, per lb. less 5%	1	1	1	PETROLEUM PRODUCTS—			
CHEESE—				Broken Pekoe	0	7	2	Nitric	0	2	0	Motor spirit, No. 1, Lon-			
Canadian	68	0	72	Orange Pekoe	0	8	2	Oralic, net	0	3	0	don	1	3	1
New Zealand	62	0		Broken Orange	0	8	2	Tartaric, English less 5%	1	2	1	Petroleum, Amer. rfd.			
English Cheddars	94	0	110	TOBACCO—				Alcohol, Plain Ethyl ..	13	0	0	fuel of London per gal.	0	9	1
Dutch	59	0	69	(Duty 9/6-10/6 per lb.)				Alum, lump	9	0	9	per ton			
COCOA—				Kenia growths, 7/5-8/4				Ammonia, carb.	36	0	38	contracta, ex instal.,			
British grown, (Duty, 11s. 8d.; foreign, 14s. cwt.)				8/3 per lb.)				Sulphate	7	0	7	Furnace ... per ton	60	0	
Accra, f.f.	26	0	31	Virginia leaf	0	10	3	Arsenic, lump	35	0	40	Diesel	67	6	
Trinidad	44	0	52	Common to fine	0	10	3	Bleaching powder, per cwt.	7	10/0	6	Lubricating oil ex store,			
Grenada	33	0	40	Rhodesian leaf	0	10	1					London—per ton ..	10/0/0	25/7/6	
COFFEE—				Nyasaland leaf	0	9	1	Borax, gran.	13	0		Reds	11/0/0	17/10/0	
(Duty, British grown, 11s. 8d.; foreign, 14s. cwt.)				strips	0	10	1	Do.	16	6		Cylinder	11/2/6	30/5/0	
Santos sup., c. & f. cwt.	58	0		East Indian leaf	0	4	0	Nitrate of Soda	8	6	9	ROBIN—			
Colombian, good	75	0	95	strips	0	5	1	Potash—Chlorate, net ..	0	3	0	American	s. d.	s. d.	
Costa Rica, med. to good	80	0	112	COTTON—				Sulphate	10	0	11	per ton	14/0/0	25/0/0	
East Indian	90	0	120	Mid-American	5	33		Sal-Ammoniac	42	6	45	RUBBER—			
Kenya, medium	85	0	108	Sakelaria, f.g.f.	7	25		Soda Bicarb.	9	0	10	St. ribbed smoked sheet	s. d.	s. d.	
EGGS—				Yarns, 32's twist	9			Crystals	5	0	5	per lb.	0	1	0
English	9	3	9	60's twist	15			Sulphate of Copper, per ton	18	10	19	SHIELAC—			
Danish	10	3	10	FLAX—				CEMENT, London—				TN Orange	65	0	66
FRUIT—				Livonian ZK	47	0		Portland, best Eng. pr. ton				SHEELS			
Oranges—				Pernau HD	44	0		In jute sacks (11 to ton)	44	9	46	W. Anst. M.-o.-P. ..	s. d.	s. d.	
South African ..boxes	12	0	18	Slanetz Medium 1st sort ..	51	0	52	In free paper bags (20				TALLOW—			
Java, Sicilian ..boxes	8	0	12	HEMP—				to ton)	46	0	48	London Town per cwt.	23	0	
Lemons, Sicilian ..cases	10	0	19	Italian P.C.	42	0		COPRA—				Swedish u/s 3 x 8	per std.	17	0
Malaga ..cases 420 No. 1	23	0	34	Manila, Mar.-May "J 2"	19	0		S.D. Straits C.f.f., per ton	16	0/0		Do. 2 1/2 x 7	"	16	0
Apples: Amer.(var.) bris.	23	0	34	Sisal, African, Mar.-May	14	0	15	Smoked South China	14	15/0		Do. 2 x 4	"	15	0
" (var.) boxes	9	0	16	JUTE—				DRUGS—				Can'dn Spruce, Dis	"	24	0
" Australian				Native 1st mks. ... per ton				Camphor—				Pitchpine	per load	9	0
Onions—				C.L.F. H.A.B.B.	19	0/0		Japan, refined	2	7	2	Rio Deals	per std.	28	0
Valencia, case, 4s.	16	6		March-April	17	7/6		Ipecacuanha	1	5	3	Teak	per load	30	0
Egyptian Bage	14	0	17	SILK—				Peppermint, Wayne Co.				Honduras Mahg. logs	c. ft.	0	10
Grapes, Lisbon ..boxes				Canton	8	6	10	HIDES—				African	"	0	6
" Almeria ..bris.				Tussah	4	0	6	Wet salted—Australian				Amer. Oak Boards	"	0	6
				Japan	8	0	10	per lb.	0	4	0	Do. Ash	"	0	6
				Italian—raw, fr. Milan	10	0	12	West Indian	0	3	0	English Oak Planks	"	0	7

quarter, owing largely to the bad state of the building trade and the heavy industries. Prices generally are steady. For forward importation the market is of a more lively character, the Russian wood leading the way, although there are also inquiries for those Finnish and Swedish varieties whose values come within the range of the Soviet productions. The hardwood section of the trade is not being hampered by large imports in these times of very quiet demand. The decline in mahogany receipts last month was heavy. Following poor February shipments of American hardwoods to the United Kingdom, this month's supplies have been poor. States shippers are meeting United Kingdom buyers on the exchange, but production on the other side is very low, and any improvement in demand in the States would immediately stiffen up f.o.b. prices for delivery to the United Kingdom. There has been a larger importation of Indian teak logs despite the slump in shipbuilding trade and railway services, as well as inquiries for the majority of other Empire woods, but what is wanted primarily for these—in the main, luxury woods—are more new offices, more high-class residences, and especially more furniture and decoration. Supplies of foreign pitwood also are much smaller this year than last, but whereas France was premier shipper of these descriptions in 1931 with Russia a close runner-up, Portugal this year has taken the lead. In this pitwood branch, as in all departments of the wood trade, the Soviet has made a bad start, although, of course, there is time to make up for deficiencies in shipments. Plywood imports were exceptionally large for the first two months this year—for obvious reasons—but, as with the legitimate woods, the great thing wanted is an increase in the actual consumption.

RUBBER.—After many months of negotiation, official announcements have been made on March 19th in this country and in Holland, that there would be no restriction. A survey of the rubber situation will be found on an earlier page in this issue. On Monday, rubber prices declined sharply both in London and New York. In New York, Tuesday's spot price for rubber, at 3½ cents per lb., shows a fall of ½ cent on the week. Tuesday's official closing price for standard ribbed smoked sheet in London, at 2d. per lb., shows a fall of ½ d., as compared with the corresponding day last week. In forward positions, business has been done at 1½ d. to 2d., for April.

June, against 2½ d. to 2¾ d. and at 2¾ d. to 2½ d. for October-December, as against 2¾ d. to 2½ d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 1,628 tons; delivered, 1,589 tons; stocks at the end of last week, at 125,936 tons, show an increase of 39 tons, as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.

(New York quotations, unless otherwise stated.)

	Feb. 24, Cents.	Mar. 16, Cents.	Mar. 22, Cents.
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	58½	55½	50½
Maize, nearest future, Chicago, per bushel	36½	39	33½
Oats, nearest future, Chicago, per bushel	22½	24½	23½
Rye, nearest future, Chicago, per bushel	43	47½	44½
Coffee, Rio No. 7, cash, per lb.	7-7½	7-7½	7-7½
" Santos No. 4, cash, per lb.	9-9½	8½-9½	8½-9½
Cocoa, Accra, nearest future, per lb.	4-04	4-44	4-31
Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	2-88	2-77	2-74
Cotton, New Orleans, middling, spot, per lb.	6-85	6-83	6-61
Rubber, smoked sheet, spot, per lb...	3½	3½	3½
Petroleum, Pennsylvania crude, standard grades, per barrel	155-170	155-170	155-170
Copper, "Electrolytic," Domestic, spot, per lb.	6½	6	6
Copper, "Electrolytic," Copper Exporters, Inc., spot, per lb.	6½-6½	6½	6½
Spelter, East St. Louis, spot, per lb.	2-85	2-80	2-775
Lead, spot, per lb.	3-75	3-15	3-15
Tin, "Straits," spot, per lb.	22-15	21-75	21-75

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WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

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TABLE OF CONTENTS.

The Money Market	717	Canada	743
Leading Articles—		Paris	743
Mr de Valera's Predica-		Berlin	743
ment	719	Amsterdam	743
Washington and the Dollar	720	Investment Notes—	
A Great Budget Feat	721	Royal Mail Scheme Ap-	
Town and Country Plan-		proved	746
ning	723	Kreuger Group Develop-	
Canadian Newspaper	723	ments	746
Diary of the Crisis	725	Vickers	746
Notes of the Week—		Reorganised Coal and Steel	
The Four-Power Confer-		Companies	747
ence	726	Imperial Chemical Report	
The League and Central		Cunard	747
Europe	727	Morris Motors	748
The Indian Princes and		Lancashire Cotton Cor-	
Federation	727	poration	748
The League, Japan and		North America Company	
Manchuria	728	Tin Restriction	749
Armistice Negotiations at		Mining Notes—	
Shanghai	728	"Johnnies" Group Results	
The Language Question in		Rand Mines	750
Malta	728	Robinson Deep	750
The Future of the I.L.P.		Simmer and Jack	750
Cotton Trade Redundancy		East Rand Proprietary ..	750
Scheme	729	City Deep	751
The International Sugar		Geduld Proprietary	751
Convention	729	Company Meetings of Week	
Dock Wages Dispute	730	Capital Issues	751
The Means Test	730	Dividend Announcements	
Germany's Coal Output		Weekly Traffic Returns ..	752
Quotas	730	Company Meetings, &c. ...	753
Worse than the Boll		Government Returns, &c.—	
Weevil	730	National Accounts	762
The Revenue	731	Treasury Bills by Public	
Insurance Notes—		Tender	762
Employers Liability Insur-		The Bankers' Gazette—	
ance	732	Bank of England	763
Abstainers' and General		Bankers' Clearing Returns	
Insurance	732	Provincial Clearing Re-	
Provincial Insurance Com-		turns	763
pany	732	Overseas Bank Returns ..	76

for over-night money, and in some quarters as much as 4 per cent. was being paid. It was, indeed, rumoured that a small amount had had to be borrowed at the Bank, but this did not prove necessary, though it is believed that the Bank did give some assistance by buying end-of-May and early-June maturities at $2\frac{3}{4}$ per cent.

There were several explanations for this sudden stringency. First came the Easter currency withdrawals, which took nearly seven millions out of the banks, and so off the market. Next came the final revenue collections of the financial year. A third explanation lay in the recent heavy speculation in sterling, especially in the forward exchange market, which must have entailed an unusually heavy foreign exchange settlement. It is clear that, now that sterling is free to fluctuate and complete freedom to deal in foreign exchanges is permissible, heavy month-end forward exchange settlements on the scale of the years prior to the establishment of the gold standard in 1925 must be anticipated.

The main cause of the stringency, however, arose from events at the beginning of this calendar year. It will be recalled that the turn of the year fell in the middle of the week and that, in order to ease the year-end pressure for funds, the market concentrated its application for Treasury bills for that week entirely upon bills due to be paid for upon January 1st and 2nd. It is those bills that are maturing this week, and the bulk of them obviously were not due until Friday and Saturday, April 1st and 2nd. On the other hand, this week's applications for Treasury bills were mainly for those maturing on or before June 30th—so that the market could be placed in funds in readiness for the end of the half-year—and these bills fell due for payment on the earlier days of the week up to and including March 31st. Thus by Thursday the market had paid for all its new bills and had received nothing in respect of its maturing old bills, and so it is not surprising that extreme stringency had developed.

	Mar. 10, 1932.	Mar. 17, 1932.	Mar. 23, 1932.	Mar. 31, 1932.	Previous Rate and Date Changed.
Bank Rate	4	3½	3½	3½	4 (Mar. 17, '32)
Banks' Deposit Rate..	2	1½	1½	1½	2 (Mar. 17, '32)
Discount of Call	2	1½	1½	1½	2 (Mar. 17, '32)
Houses (Notice ...)	2½	1½	1½	1½	2½ (Mar. 17, '32)
Market rate ("hot" Treasury bills).....	2½	2½	2	1½-2	...
Market rate (3 months' bank bills)	2½-3½	2½-3½	2½-3½	2-3½	...

It is equally obvious that this stringency is a passing phase, for by the end of the week when the old bills have been paid off, money is likely to be as easy as ever. Moreover, the Treasury is about to redeem the balance of its New York credit, and, judging by the experience of a month ago, when the first part of the credit was repaid, the Treasury may well have to add temporarily to the floating debt and so make money more plentiful. The amount being now repaid, however, is far smaller than that repaid in early March. On the other hand, we are now at the beginning of the new financial year, and the Treasury bill issue will henceforward be steadily expanding. So it by no means follows that the unusual ease of recent weeks will persist indefinitely.

In the meantime discount rates have been very steady. In view of the general shortage of money, the demand for bills eased off in the middle of the week, but few sellers were in evidence, and the rate of $2\frac{1}{2}$ per cent. offered in connection with the special buying of bills was only accepted with reluctance. Last week's applications for Treasury bills were naturally very heavy, for, in addition to the keen foreign demand, the bills on offer represented the useful end of June maturity. Home applications for the £45.0 millions on offer ran up to £60.3 millions, and the average tender rate was as low as £1 16s. 11.89d. per cent. This week hot Treasury bills have been quoted at $1\frac{1}{8}$ per cent., rising to $1\frac{1}{8}$ - $\frac{1}{4}$ per cent. on Thursday.

Prime bank bills were quoted at 2 per cent. early in the week and $2\frac{1}{4}$ per cent. on Wednesday and Thursday, while standstill bills were quoted at $2\frac{1}{4}$ per cent. and upwards.

Taking this week's and last week's Bank returns together, the total increase in the note circulation over the fortnight was one of £6.8 millions, and the reserve is reduced by the same amount. The revenue influx and, still more, this week's divergence between the dates of Treasury bill payments and maturities has raised Public Deposits to the unusually large figure of £27.2 millions, and has contributed largely towards the reduction of Bankers' Deposits to £54.6 millions, a figure which was fully low enough to explain the temporary stringency. The past fortnight has also witnessed a reduction of £10.1 millions in the Bank's holdings of Government securities and an increase of £17.7 millions in its holdings of other securities. This last movement probably represents absorptions of *devisen* made with the object of checking the appreciation of the pound.

Apart from the major question of American public finance and its reaction on the dollar, which is dealt with in a leading article, interest centred this week upon whether or not a reduction in the New York rediscount rate was likely. On Monday the New York Reserve Bank reduced its buying rate for bills from $2\frac{3}{4}$ to $2\frac{1}{4}$ per cent. for all maturities up to 120 days, and as this move often fore-shadows a rediscount rate reduction, many were inclined to look for a change this week. Other authorities, however, regarded the cut in the Reserve Bank's buying rate as nothing more than the consequence of the recent reduction in open market rates, and it was also pointed out that the supply of bankers' acceptances was inadequate to meet the demands of both the Reserve System and outside sources. It was also doubtful if a reduction in rediscount rates would be wise under present circumstances. In the end the Reserve Bank decided to make no change in their rate, which remains at 3 per cent.

The foreign exchange market was fairly active this week, and fluctuations were frequent and wide as a result of the weakness of the dollar on the revelations in Congress as to the Budget deficit in the United States. Sterling appreciated strongly against nearly all other currencies. The New York rate rose from 3.64 to 3.80, after touching 3.82. Montreal lost 12 points at 4.19. Paris, after considerable daily fluctuations, was 4 points weaker at 96½, and Brussels lost a point at 27½. Milan fell away from 70.25 to 73.00, and Madrid from 48.25 to 50½. Amsterdam weakened to 9.40 and Berlin from 15.30 to 16.00. Switzerland was very erratic, and weakened from 18.85 to 19.50. The Scandinavian currencies were relatively steady, Stockholm moving in our favour from 18.55 to 18.60, and Oslo from 18.75 to 18.90, whilst Copenhagen was unchanged at 18.15, and Helsingfors at 216. Bucharest was weaker at 645. Quotations of the South American currencies are still largely nominal. Rio lost ½d. at 4d., Buenos Aires 1½d. at 37½d., and Montevideo 2d. at 29½d. In the Far East the rupee was weaker by ½d. at 1s. 6¾d., but the yen gained ¾d. at 1s. 9½d. Batavia fell away from 9.10 to 9.45. In the forward market, one month's New York was unchanged at ½ cents discount, but three months' delivery weakened to 2½ cents discount. One month's Paris gained a point at 3 centimes discount, and three months' also improved by 4 points to 12 centimes discount. Brussels and Madrid were unchanged for both periods. Milan was firmer for one month's delivery at ½ lira discount, but weaker at 1½ lire discount for three. Berlin is still unquoted. Amsterdam was unchanged at 1 and 3 cents discount for the two periods respectively. Switzerland declined from one centime premium to par for one month's delivery, but was unchanged at 2 centimes premium for three. The silver market was quiet. Prices fell away with the rise in sterling, and in the absence of support, cash being ½d. weaker at 17½d., whilst forward recovered at the close and remained unchanged on balance at 17½d. The China silver exchanges were weaker in sympathy, Hong Kong losing ½d. at 1s. 3¾d., and Shanghai ¾d. at 1s. 9d.

MR DE VALERA'S PREDICAMENT.

BEFORE commenting on the events which have threatened to disturb the peace of the Irish Free State, and the amity between the Free State and the United Kingdom, during the last few days, it may be well to remind ourselves of certain obvious general considerations. The first of these is that, in the existing situation which Mr de Valera proposes to alter, the Irish are in fact already masters in their own house in the political sense. The second consideration is that in the economic sphere—in which no country in the world is independent of its neighbours—Southern Ireland is not only dependent but overwhelmingly dependent upon the market of the United Kingdom. A third point which is very relevant to the present crisis is that the economic and the political elements in the existing situation are both alike dependent upon a single set of Anglo-Irish arrangements: that is to say, the Articles of Agreement of December 6, 1921, and the various subsidiary agreements, mostly on points of finance, by which these have since been supplemented. The "Dominion of Canada Status" which the Irish Free State at present enjoys or endures (whichever word one chooses to employ) involves those formal, though not substantial, restrictions upon Irish sovereign independence which have caused and are causing such heart-searchings to Mr de Valera and his followers; but the same status equally ensures to Irish farmers that the British market will be open to their produce on the same terms (bettered by geographical proximity) as apply to the produce of Canada and the other self-governing Dominions, whatever terms the United Kingdom may impose upon agricultural imports from foreign countries. It is also in virtue of one of the subsidiary Anglo-Irish financial agreements that the Irish investors who hold about £150,000,000 worth of securities in the United Kingdom are exempted from having to pay double income tax on their incomes.

It is no doubt true that the respective interests of the two parties in the economic and the political aspects of the existing arrangements—if these aspects are considered separately—are unequal. The economic relations which are vital to Ireland are of considerably less importance to Great Britain, while the political relations involved in common membership of the British Commonwealth of Nations are a matter of moment to the Government and people of the United Kingdom, but are apparently irksome to the Irish. An abstraction of the political from the economic aspect of Anglo-Irish relations is, however, quite artificial and misleading. The present relations are in fact an indivisible whole; and, taken as a whole, they are manifestly to the mutual interest of the two countries concerned.

Whence, then, the present trouble? We must say frankly that, in our opinion, the trouble has been created on one side only—and that not the English side—of the Irish Channel. To English eyes it looks as though Mr de Valera were wantonly "asking for trouble." But Mr de Valera himself would probably reply to this that, on the contrary, he is acting under extreme pressure from the left wing of his supporters, and that, if he is making a little trouble at once, he is doing so with the statesmanlike object of preventing, if he can, an outbreak of more serious trouble later on.

In instructing the Irish High Commissioner in London to inform the Government of the United Kingdom, on Tuesday, March 22nd, that he did not consider the Oath of Allegiance mandatory in the Treaty, and in declaring in the Senate at Dublin on the same day that he did not propose to continue the payment of the Land Annuities, Mr de Valera was apparently looking forward—on the assumption that he could induce the Government at Westminster to accept his demands—to healing the feud which has continued in Ireland itself ever since the conclusion of the Anglo-Irish Treaty and the defeat of the Republicans by the supporters of the Treaty in the subsequent Irish Civil War. If he can plausibly represent to the leaders of "The Irish Republican Army" that he has

obtained, by negotiation, the results which the I.R.A. exists in order to secure by force, then he can fairly call upon the I.R.A. to disband. For if the actual Irish Free State becomes identical with the ideal Irish Republic, then the Republicans' justification for maintaining a clandestine and militant "State within the State" is logically removed. This, if we rightly understand it, is Mr de Valera's policy; but its realisation is obstructed by two formidable obstacles. He is unlikely to secure the United Kingdom's assent to his demands for modifications in existing Anglo-Irish arrangements; and supposing that, by a miracle, he does secure this British assent, he is even more unlikely to secure, on that account, the disbandment of the I.R.A.

The temper of the Irish Republican Army is the really serious factor with which all parties have to reckon. That temper was clearly displayed in the parade at Dublin, and the lesser parades in many other places in Ireland, in which the Republicans commemorated on Easter Sunday the rising of Easter, 1916. The demonstrators paraded without arms—though they are believed to have arms in secret storage—and the proceedings were orderly; yet the demonstration was none the less ominous. Nor was this Easter parade really needed to prove the strength of the Republican feeling. That was proved much more effectively by the intense and ever-intensifying campaign of repression which the late Government in the Free State had to maintain in order to hold the Republicans down. There is no doubt that the Republican Movement is a formidable reality.

The worst of it is that this formidable movement cannot easily be placated by anything that either Mr de Valera or the Government at Westminster can do. If they succeed, between them, in removing this or that specific Republican grievance, the Republicans are only too likely to thank them for nothing and to set about finding some new grievances instead. For it is not any specific living grievances that make this Irish Republicanism implacable. Implacability itself is its mission and its *raison d'être*. Its stimuli, so far as we can discern them, are not specific remediable grievances but irrational and imponderable psychological forces. Irish Republicanism feeds, and feeds chiefly, we believe, on a past which is over and done with in fact, but is unforgotten and perhaps unforgettable in the minds of the generation in Ireland which was already full grown by the time when peace was established by the Anglo-Irish Agreement of 1921. Then there is a younger generation which joins the I.R.A. because it is baulked of the old Irish outlet of emigration overseas. In the third place there is the world economic crisis: a force which has precipitated revolutions during the last year or so in most of the Latin American countries, has been the making of Hitlerism in Germany, and has impelled the Japanese to run amok in the Far East. In Ireland, as a matter of fact, the incidence of the economic crisis has been less severe than in most countries. The Irish farmer—who is the typical Irish *homo economicus*—has not been hit so hard as his North American or Central European confrères. All the same, we may safely credit the crisis with a share in the maintenance of the implacable Republican spirit.

It is this spirit in the left wing of Mr de Valera's followers that makes the legal issues which he has raised rather serious. In themselves they are not vastly important, and on their merits he has not a leg to stand on; but they have to be taken seriously because they are symbolic.

As to the Treaty Oath, which is the symbol of membership in the British Commonwealth, it is perhaps sufficient to observe that as a matter of fact an oath of allegiance is taken by the members of all the parliaments in the British Empire, including Canada, and it is provided in the Agreement of 1921 that "the general constitutional position of the Irish Free State should be the same as that of Canada." This surely shows the intention with

which the form of oath was incorporated in the Agreement, and disposes of Mr de Valera's contention that it is not mandatory. Since, apparently, no fresh oath-taking falls due in Ireland for five years to come, it is perhaps premature to speculate upon the legal effect of a default. We imagine that, if the Oath is an integral part of the Agreement, and if a failure to renew the Oath legally causes the Agreement to lapse, then Southern Ireland automatically reverts to its previous legal status as an integral part of the United Kingdom. Or, on the contrary, does failure to renew the Oath automatically sever the links between the Free State and the British Empire? The Irish Republicans fancy that they would love to have it so; but would they really? Let us suppose that a non-renewal of the Oath on the part of members of the Dail automatically deprives Irish imports into the United Kingdom of Imperial preference. What will the Irish farmers say then to the Irish Republican Party's policy? At any rate, if that situation arises, we have a shrewd idea of what the Danish farmers will do. They will assuredly besiege the Parliament House at Copenhagen and compel their own M.P.s to take the Oath to His Britannic Majesty forthwith! So much for the Oath.

As for the Land Purchase Annuities, these are private debts from Irish ex-tenants, who are still paying by instalments for land, of which they have already entered into possession, to the present holders, whoever they happen to be (and they happen mostly to be Irish people domiciled in Ireland), of the bonds in which the Irish ex-landlords have been paid for land with which they have already parted. The Government of the Irish Free State, which collects the annuities from the debtors, and the United Kingdom National Debt Commissioners, who receive the money from Dublin and pay it out again to the bondholders, are merely acting as clearing-houses in what is essentially a private transaction. There is, it is true, a balance of Land Purchase Stock the service of which is not covered by the private debtors' annual payments; and this balance requires the finding from other sources of about £1,100,000 per annum; but only £134,000 of this annual balance is found by the Irish Free State Government, the remainder being paid by the Government of the United Kingdom. The Irish Government has actually paid over the annuities themselves from the beginning, and has expressly pledged itself to the present arrangement in the two Anglo-Irish financial agreements of February 12, 1926, and March 19, 1926. On the other side, the United Kingdom has remitted to the Free State that "equitable proportion" of the United Kingdom National Debt and War Pensions for which the Irish made themselves responsible in the Agreement of 1921.

The United Kingdom's case does not need, as Mr de Valera's case needs, to be laboured. It is intrinsically and manifestly so strong that the Government at Westminster can afford to go slow and speak gently though plainly in this controversy. On this matter we shall know more when the official correspondence of the last few days is published at the end of this week. But this controversy lies on the surface. The real problem—and it is Mr de Valera's problem more than Mr MacDonald's or even Mr Cosgrave's—is the temper of the I.R.A.

WASHINGTON AND THE DOLLAR.

DURING the Easter holidays the international markets in foreign exchange treated the world to a startling and most unwelcome display of pyrotechnics. On the eve of Good Friday, sterling was bought heavily in London, Continental purchasers being much in evidence; the Bank of England either withdrew temporarily from the market as a seller of pounds or its operations could not suffice to meet the demand for sterling, and the dollar rate rose from 3.64 to 3.71. On Saturday it became apparent that the strength of the pound was attributable to marked weakness of the dollar which depreciated further to 3.76½; and, on Monday, when the market in London was closed, sterling in New York rose to 3.82½, while the franc reached \$3.94½ for 100 francs against parity \$3.91½. Extensive sales of dollars in New York against purchases of sterling suggested that French and other Continental balances held in

that centre were being temporarily transferred to London. On Tuesday, when the London market reopened, sterling reacted to 3.78 after opening at 3.82; and on the following day the dollar recovered further to 3.72½, there being no signs on either day of active intervention on the part of the Bank of England. Thus the sharp upward fluctuations in the pound which developed during the week-end had been to some extent smoothed out by Wednesday evening, though not before sufficiently disturbing movements had occurred in the sterling prices of the leading internationally-traded commodities.

The primary cause of this renewed embarrassing movement of short-term funds to London is clearly to be sought not so much in belief abroad that sterling is undervalued—though confidence in the strength of the British financial position, augmented this week by the news of the repayment of the outstanding balance of the Treasury's New York credits, is still an important underlying factor—as in a somewhat exaggerated wave of distrust regarding the future stability of the dollar, which was created by political developments in Washington last Thursday. On that day the House of Representatives, which was dealing with the Tax Bill designed to fill the estimated gap of \$1,240 millions between revenue and expenditure in the fiscal year beginning July 1, 1932, decided by 223 votes to 153 to strike out from that measure the Sales Tax provisions, estimated to yield about \$560 millions. As our New York correspondent observes in a despatch which we print on a later page, the proposed 2½ per cent. tax on manufactured products had already been modified by certain exemptions, but considerable opposition had been mobilised, not without economic force, against a form of taxation which is apt to be passed on to the consumer with accretions *en route*. There was, in fact, a strong case for the rejection of a Sales Tax, always provided that alternative sources of revenue were sought. The attitude of Congress, however, during the debate on Thursday appears to have created the impression that, with the power of the "machine" much weakened by the present even distribution of parties, the House of Representatives, concerned predominantly with forthcoming electoral considerations, did not intend to adhere to the straight and narrow path of achieving a balanced Budget by taxation, but was prepared to create the risk of inflation by allowing the gap to be bridged by further Treasury borrowing. Another factor conducive to mistrust of the position was the Bill which is being promoted by a Texan Senator to provide some \$2,500 millions for encashment of outstanding war veterans' bonus certificates. These events were the signal, not merely for an ominous movement of exchanges, but also for a slump in the stock markets.

Fortunately, reassurance was forthcoming on Tuesday. After an impressive warning against "playing politics while the dollar burned" had been delivered by Mr Garner, the Democrat Speaker of the House of Representatives, the Chairman of the Ways and Means Committee introduced fresh proposals providing for a slight further screwing up of income tax and sur-tax, levies of 4 cents a share on stock sales, and of ½ per cent. on bond transfers, and a wide range of luxury duties, which, in conjunction with an increase of from 2 to 3 cents in the first-class postal rates, were estimated to be sufficient to secure a small surplus over prospective expenditure for 1932-33. The fate of the amended Tax Bill still remains to be decided, and the world is all too painfully aware of the unexpected "snags" which crop up unexpectedly in the American legislature; but at the moment of writing it seems that the Lower House of Congress has executed a complete *volte face* and that adequate steps to secure a balanced Budget next year will eventually be taken. This being so, it may be presumed that European panic with regard to the dollar will subside. Indeed, though too much importance should not be attached to cancellation of gold shipments previously arranged from New York to Paris—it would not be surprising if these cancellations were a reflection of central banking co-operation—concern regarding the future American currency was considerably reassured by the middle of the week.

As we have said, we can find little justification for the extreme pessimism which appears to have been occasioned by the temporary failure of Congress to face up to

the budgetary situation. In the case of such a country as the United States, with its creditor position on foreign payments account, its surplus of exports over merchandise imports, and its holding of well over \$1,000 millions of "free" gold, it is a long step from one or two unbalanced Budgets to enforced recourse to the printing press. During the past decade the internal debt of the United States has been enormously reduced, and such expansion of credit as would be brought about by Treasury borrowing for Budget purposes would not necessarily be alarming or even disadvantageous. Even if the present Congress, notwithstanding the great untapped resources of America, should shrink from imposing sufficiently drastic taxation to obviate some deficit in 1932-33, it is difficult to foresee a resulting situation which would drive the dollar off the gold standard, unless public opinion in America became so alarmed as to the future that a wholesale domestic flight from the dollar developed.

In saying this we do not wish to imply that the United States can afford any more than other countries to under-rate the seriousness of the situation, or that, if it is not firmly handled, periods of danger may not yet recur. Indeed, wise men will in these days endeavour to prepare themselves for every possibility. Even though the House of Representatives fully makes amends for its apparent irresponsibility of last Thursday, and even though it may be taken for granted that the veterans' war bonus proposals will not survive the Presidential veto, each week of the continued crisis renders it more questionable whether the "anti-deflation" measures, represented by the Financial Reconstruction Corporation and the Glass-Steagall Banking Act, will suffice to lift the strain of a depression whose psychological and material repercussions on the economic life of America cannot be lightly contemplated. The threatened Budget deficit is after all only one symptom of a critical economic situation which embraces the whole of American enterprise from the banking system and the railroads to the majority of the large industrial corporations. The world crisis, in fact, has reached a point at which even the strongest countries are subject to waves of mistrust, resulting in rapid and disturbing flights of capital from one country to another.

Until the United States at all events is free from such uncertainties, other countries cannot finally determine their monetary policy; for clearly, in the unlikely event of the suspension of the convertibility of the dollar, the repercussions throughout the world would be very serious. It is true that many central banks have taken warning from their unhappy experience in the case of the pound last September and have acquired gold instead of foreign exchange. It is true also that, in spite of New York's monetary importance, the dollar does not play so universal a rôle in world commerce as the "sterling" bill. Moreover, although the exchange rate of a "free" dollar in terms of gold is incalculable, there is no reason to fear that after the first flutter the dollar would seriously depreciate either in terms of gold currencies or of a free currency such as sterling. If the dollar were to go, it would be through the breakdown of the machinery for stabilising exchanges during an unexampled dislocation of trade and finance and our inability to control capital movements—not because there is any need to readjust American prices to world levels as was the case with Great Britain. But the "suspension" would undoubtedly mean that other countries which are maintaining a precarious and artificial hold upon gold would loosen their grip, and in some of these cases the result would be a currency slump which could not be controlled. In any case, an American suspension would mean another period of doubt. Its worst effect would be that it would almost certainly precipitate currency chaos—or an almost complete closing down of trade—elsewhere.

London is not only a focal point on which such disturbances would inevitably be concentrated, but is already feeling the influence of movements of capital which are the symptoms of uneasiness. Opinion is, therefore, growing in some quarters—particularly in industrial circles where the inconvenience resulting from violent

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movements of the sterling exchange is most felt—that we should end exchange fluctuations by venturing forthwith to revalorise the pound at its present level. Greatly as we sympathise with the difficulties of industrialists in a situation of chaotic exchange fluctuations, we would hesitate to endorse such a proposal while the future of political international relationships is still so obscure and the course of gold prices still so uncertain. We cannot steady the situation by acting alone. Indeed, it is beginning at the wrong end for any one country to attempt to do so. For the Bank of England to peg the exchange at a specified figure, even as a temporary measure, would be a hazardous undertaking, unless it were very sure of its final goal; for, as the experience of the Bank of France has shown, if a rate is once fixed it is extremely hard to let it go, and if it proves to be the wrong figure and has to be abandoned it may be followed by something in the nature of a landslide. In the circumstances, in spite of all the disadvantages, it is difficult to see how the Bank of England can do anything other than endeavour to punish the speculator and to neutralise by buying foreign capital movements which are obviously temporary.

A GREAT BUDGET FEAT.

THE expectation that in spite of all the troubles of the past year Great Britain would achieve a balanced Budget has been fulfilled, and the country may well congratulate itself upon a very remarkable achievement. Six months ago the heavy burden of providing for our unemployed and the treacherous device of meeting what we hoped would be a temporary charge by resorting to borrowing made the task look very formidable. But a courageous lead and an appeal to the patriotism of the taxpayer—aided by what is probably the most efficient tax-raising machine in the world—have achieved the desired result and placed our finances in a position which may well be the envy of other nations.

Three weeks ago we ventured a forecast that, with the help of £23 millions (including interest), which Mr Snowden proposed to take into the year's revenue from the dollar exchange reserve fund, there would be a surplus of £13 millions. Actually, the results achieved would show, on this basis, a surplus of £10½ millions. But as the dollar reserve fund consists of money voted during the war, and is a "nest egg" that has been lying by for many years, the Treasury has quite reasonably drawn upon it only to the extent of the £12½ millions needed to square accounts and give a modest margin of £364,000.

In order to appreciate the nature of the effort that has been made, it is useful to recall the sequence of events of the last twelve months. A year ago, in spite of the fact that he was borrowing substantial sums to meet the deficit in the Unemployment Insurance Fund and that he proposed to reduce the fixed debt charge by £5 millions, Mr Snowden found, when he came to present his accounts for 1931-32, that his prospective revenue was £37½ millions short of his estimated expenditure. He met only £7½ millions of this gap by taxation, namely, an additional 2d. per gallon on petrol, the rest being covered by withdrawing £20 millions (besides the accumulated interest) from the exchange reserve fund and the balance of £10 millions by calling upon the income tax payer to pay three-quarters of his tax during the fiscal year, instead of one-half as hitherto. But this was the last of the makeshift Budgets, and the events of the summer quickly led to the great

effort of September last. The three outstanding points of the Emergency Budget were: (a) Borrowing for the Unemployment Insurance Fund and the Road Fund ceased; (b) economies in expenditure were introduced amounting to £70 millions in a full year; and (c) new taxation, estimated to yield £81½ millions in a full year, was imposed. For the year ended this week Mr Snowden had further to fill a big gap left by the need of revising downward his estimates of revenue, his second guess being practically £30 millions down as compared with his estimate five months before. Altogether, Mr Snowden was faced in the year 1931-32 with a deficit of £74.7 millions, which he arranged to cover by the following means: He expected his new taxes to yield an additional £40.5 millions before the year ended; he anticipated that his economies would save £22 millions of expenditure in the last half of the year, and he provided for the balance by reducing the Sinking Fund still further to £32½ millions. The additional taxation which he expected to obtain during the year was made up as follows:—

ADDITIONAL TAXATION, 1931-32.

	Estimated Yield.		
	(Million £.)		
	April Budget.	September Budget.	Total.
Income Tax	10	25	35
Surtax	4	4	8
Customs and Excise	7.5	11.5	19
Total	17.5	40.5	58

These new sources of revenue together with the other changes already referred to enabled him to frame the following final Budget for the year in comparison with that of 1930-31:—

	Final Actual Estimate 1930-31. 1931-32.			Final Actual Estimate 1930-31. 1931-32.	
	£ Mn.	£ Mn.		£ Mn.	£ Mn.
Customs & Excise	245.4	253.0	Cons. Fund.....	302.5	298.8
Inland Revenue	431.0	451.0	Supply Services	429.9	451.8
Motor Duties	4.9	5.0	Sinking Fund.....	66.8	32.5
Non-Tax Revenue	94.6	75.7	Surplus	...	1.6
Deficit	23.3	...			

Total*..... 799.2 784.7 Total* ... 799.2 784.7

* Excluding self-balancing items.

The extent to which these expectations have been realised is shown in detail in the following summary of actual receipts and issues published on Thursday night:—

REVENUE AND EXPENDITURE, 1931-32. (000's omitted.)

REVENUE.	Ex- chequer Receipts.	Larger (+) or Smaller (-) than 1930-31 Re- ceipts.	EXPENDITURE.	Ex- chequer Issues.	Larger (+) or Smaller (-) than 1930-31 Expendi- ture.
Customs.....	136,152	+ 14,751	National Debt Services: Interest and Manage- ment.....	289,492	+ 3,678
Excise.....	119,900	- 4,100	New Sinking Fund (1928).....	32,508	- 34,322
Total Customs and Excise.....	256,052	+ 10,651	Total Debt Services....	322,000	- 38,000
Income Tax	287,367	+ 31,320	Northern Ireland Ex- chequer.....	6,347	- 78
Surtax.....	76,700	+ 8,870	Local Taxation Ac- counts, Other Consoli- dated Fund Services..	3,052	+ 156
Estate, &c., Duties ..	65,000	- 17,610	Total	9,399	+ 78
Stamps	17,070	- 3,580	Total Supply Services (excluding Post Office).....	439,200	+ 9,350
R.P.D., &c.*	2,500	- 500			
Land Tax, &c.....	850	+ 20			
Total Inland Revenue	449,487	+ 18,520			
Motor Vehicle Duties (Exchequer Share)...	4,961	+ 35			
Total Tax Revenue...	710,500	+ 29,206			
Crown Lands	1,250	- 30			
Sundry Loans.....	13,810	- 19,081			
Miscellaneous Receipts	29,913	- 4,417			
Appropriation from Rating Relief Sus- pense Account	3,990	- 12,010	Total Expenditure (except Self-bal- ancing).....	770,599	- 28,572
Post Office, net receipts	11,500	+ 1,400	Self-balancing Expen- diture:—		
Total Non-Tax Revenue	60,463	- 34,138	Post Office	58,000	- 1,000
Total Ordinary Revenue	770,963	- 4,932	Road Fund	22,519	- 347
Self-balancing Revenue: Post Office	58,000	- 1,000	Total Self-balancing Expenditure	80,519	- 1,347
Motor Vehicle Duties apportioned to Road Fund	22,519	- 347	Surplus	364	+ 23,640
Total Self-balancing Revenue	80,519	- 1,347			
Grand Total.....	851,482	- 6,279	Grand Total.....	851,482	- 6,279

* Including Corporation Profits Tax.

A few outstanding facts emerge from this table. The first is the very great increase in the receipts of income tax and super tax, which are not merely considerably in excess of the amounts received a year ago but have improved on the estimates of last September, the amounts received being £287.4 millions and £76.7 millions respectively, compared with estimates of £272 millions and £73 millions. On the other hand, estate duties have only yielded £65 millions, which is £18 millions less than the estimate—a drop largely no doubt to be accounted for by the depreciation of the securities included in the estates that have become subject to duty; while Stamps have produced £3 millions less than the estimate. Customs and Excise have exceeded the estimate by £3 millions, but of this £2 millions is due to new import duties under the various Acts that have been passed by the present Government.

On the expenditure side, the issues for the supply services amounted to £439.2 millions, against Mr Snowden's final estimate of £451.8 millions. The savings achieved this year have therefore amounted to £12.6 millions instead of the £22 millions which the late Chancellor anticipated. The chief reason for the additional saving is, of course, the fortunate fact that whereas Mr Snowden budgeted on the assumption of an unemployment figure of three millions, we have got through the winter with an average of less than 2½ millions.

But before congratulating ourselves too wholeheartedly on the results of the past year it must not be overlooked that although our statutory Sinking Funds have been maintained, there has been an actual increase in debt when all items are taken into account. Including the surplus, £33 millions have nominally been credited to Sinking Fund. Against this there have to be set £39.6 millions borrowed for Unemployment Insurance Benefit and £8.4 millions borrowed for Savings Certificate interest not covered by the debt charge, while £9 millions of the principal withdrawn from the dollar exchange reserve fund represent a capital asset used for revenue. Balancing these various items, the Sinking Fund shows a real debit of £24 millions. This calculation, of course, ignores our international payments and receipts on account of reparations and war debts, which should normally balance but are now in suspense. Nor does it take into reckoning the loss on exchange involved in the repayments of the Franco-American credits obtained last summer. Mr Chamberlain has stated that it may be possible to offset against this loss the advantage of an enhanced value in sterling of our gold reserves, but unless the pound is finally stabilised at or below its present figure, this benefit will not be realised. In view of the uncertainty as to the final value of the pound, it would be prudent to make provision for a contingent loss under this head.

To sum up, the nation's accounts tell the story of a remarkable achievement, and had Death been more relentless in his dealings with the richer section of the population, the results would have looked even more satisfactory. As it is the remarkable performance of the income tax payer, who has played so large a part in restoring the financial ship to an even keel, and the rapidity with which the yawning deficit of last autumn has been covered, are, despite the minor reservations which we have made, matter for sincere satisfaction. But this legitimate satisfaction must not delude the taxpayer into the belief that the next Budget, which Mr. Chamberlain will introduce on April 19th, can very greatly relieve the burdens which he has been asked to carry. The calculations which we made a fortnight ago suggest that the Chancellor may have a surplus of revenue over expenditure in the coming year of the order of £25 millions with which to satisfy the hungry claims of clamourers for relief. But the figure of next year's prospective surplus will be in some respects illusory. The sinking fund, as we have pointed out, needs fortification as soon as circumstances permit; the equation between international debt receipts and payments remain uncertain; world conditions are not such that a rise in unemployment can be ruled out of the list of possibilities. Indeed, all the circumstances indicate the necessity for caution; and in any case justice demands that whatever favours the Chancellor is properly able to distribute should be allocated,

not to one section alone, but with full regard to one of the initial pledges given by the National Government, namely that the aim to be pursued was an equality of national sacrifice. As and when improved conditions allow burdens to be lightened, such relief must be spread in equitable proportions among all who have been called upon to bear the brunt of a national emergency.

TOWN AND COUNTRY PLANNING.

A CONSERVATIVE Minister of Health could hardly have hoped for an easy time in persuading a Standing Committee of the present House of Commons to accept, as in the main a non-contentious measure, a Bill which was described by a former Labour Minister (Mr Morrison) as a piece of the finest Socialistic legislation ever brought before the House. Sir Edward Hilton Young has, indeed, found the Standing Committee which has been considering the Town and Country Planning Bill far from docile, and in spite of his warnings their labours have rendered the measure, in his own words, "unworkable." That he must attempt some form of compromise with the Conservative mutineers if the Bill is to proceed further is clear; that he will try to persuade the House to undo at the Report stage some of the Committee's work is equally certain. But it is not so obvious how far he will be able to carry the mass of Conservative back-benchers with him or whether, inflamed by the example of the United States Congress, the party may not pull a long nose at its leaders. Among the rebels in Committee were two Parliamentary Private Secretaries, Captain Waterhouse and Mr M. W. Beaumont, who are reported to have sought, somewhat impudently and very ominously for the future of party discipline under a "National" Government, to justify their defiance of the Whips by pleading the precedent of the "agreement to differ" over the Import Duties Bill.

The Town and Country Planning Bill, which has the support—as recent amendments equally have the opposition—of the Town Planning Institute, the Royal Institute of British Architects, the Council for the Preservation of Rural England and a great many other interested bodies, as well as of the chief local authorities and statutory regional committees, was introduced in the last Parliament after consultation with land-owners and house property-owners, sent down in a slightly amended form by the Standing Committee as an agreed measure, re-introduced in this Parliament by the new Government, and given a second reading without a division. It repeals the Town Planning Act of 1925, and those parts of the Local Government Act of 1929 which made county councils planning authorities, and it consolidates and enlarges the powers conferred on local bodies and on the Minister by those measures. Local authorities are given power (*inter alia*) to combine together in prescribing the form of development to be permitted over wide areas, including urban, suburban and rural districts. The Manchester regional scheme, for instance, which it is hoped to enforce under the new provisions, involves eighty local authorities. The essential innovation of the Bill is to extend planning powers to built-up areas, and it is therefore of special interest to great cities like London or the industrial cities of the North whose development has hitherto been haphazard and uncontrolled. Schemes may prescribe the number of buildings to be erected in any area and the space to be left open round such buildings; may regulate their design, appearance or use; reserve areas unbuilt upon for use either as public or as private open spaces; control the display of advertisements; and reserve lands for widening or constructing roads.

Amendments made in Committee alter the Bill in two vitally important respects. Sir Edward Hilton Young has been forced to concede that resolutions by local authorities to prepare planning schemes shall be subject to approval by the Minister, who shall not give his consent unless and until he is satisfied that, in the case of any

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land already built upon, public improvements are likely to be made or other developments are likely to take place "within such a period of time and on such a scale as to make the inclusion of the land in a scheme expedient." While that sounds innocent enough, its effect would clearly be to compel local authorities to apprise the Minister of the details of future development in the areas which they were seeking to "plan" at a stage when, normally, such details could not possibly be known. They would thus be severely handicapped in seeking to promulgate schemes for the sane development of built-over areas any considerable time before the opportunity of embarking on large public improvements might arise, whereas the only hope of reforming urban areas lies in planning far ahead of imminent necessity. A further amendment carried in Committee makes it compulsory for local authorities to pay compensation to owners of property, who claim that they are prejudicially affected by a scheme, before the scheme has been actually enforced. The Bill, it may be said, made ample provision for compensation after the loss of property-owners could be properly ascertained, and allowed local authorities the option—which it was expected they would exercise in all cases of hardship—of paying compensation at the earlier stage. If they are to be loaded from the start with the burden of hypothetical damage, authorities will obviously be most reluctant to initiate planning schemes. It was this amendment which drew from the Minister his declaration of despair.

These wrecking amendments appear to have been made at the behest of the National Federation of Property Owners and Ratepayers, which has been conducting a vigorous campaign against the Bill. Landowners do not appear to be dissatisfied with the measure; for they probably realise that in the long run no one stands to gain more from a controlled development of both urban and rural areas than the landlords, who would be thus protected against the corruption of the countryside and the confusion of the towns, with all the accompanying depression of site values. The urban property owners apparently have still to learn that elementary lesson. They and their parliamentary spokesmen would also do well to remember that the electorate did not elect the representatives of sectionalism last October merely in order to make room for sectionalism of another colour.

CANADIAN NEWSPRINT.

(BY OUR OTTAWA CORRESPONDENT.)

THE Canadian newsprint industry is struggling with grave difficulties. They began half a dozen years ago, when greedy entrepreneurs and company promoters, working in alliance with complaisant politicians, were allowed to create a serious condition of over-production which brought prices down to an unprofitable level; and they have been enormously aggravated by the great American slump which, by its drastic curtailment of advertisements, has seriously reduced the demand of the market normally absorbing more than seven-eighths of Canada's output. The following statistics give a picture of the position of the

industry in regard to production, exports and domestic consumption in recent years:—

	Production. Tons.	Export. Tons.	Domestic consumption. Tons.
1920	876,000	762,000	114,000
1928	2,381,000	2,207,000	174,000
1929	2,729,000	2,511,000	218,000
1930	2,505,000	2,331,000	173,000
1931	2,221,000	2,008,000	213,000

Output more than trebled itself between the years 1920 and 1929, but since then there has been a sharp recession, wholly attributable to the curtailment of exports. Figures of shipments in the past two years are given below:—

	1930. Tons.	1931. Tons.
United Kingdom	134,639	104,027
Cuba	9,733	5,196
Jamaica	1,111	1,083
Argentina	82,285	44,295
Other Latin America	7,795	12,038
South Africa	15,964	14,744
Australia	45,096	29,502
New Zealand	21,670	14,673
All other	6,707	29,265
Overseas	325,000	254,823
To United States	2,006,011	1,753,414
Total	2,331,011	2,008,237

During 1931, according to the Newsprint Service Bureau, the operating ratio of the Canadian mills ranged between 50 and 60 per cent. of their capacity; by December it had shrunk to 51.3 per cent. The Newsprint Bureau has now announced the cessation of its monthly reports on operating ratios, and in explaining this decision points out that

"not only are there no more machines building but it is also obvious that some machines cannot be profitably operated at present price levels. In other words, the capacity of the industry for practical purposes cannot be determined by compiling the possible speeds and trims of all existing machines—whether they are running or not—but is definitely limited by a multitude of economic factors."

It is well known to people acquainted with the industry that many machines in Canadian newsprint plants are obsolete, or the plants loaded with capital charges prohibitive of their profitable operation at the present price of newsprint; and the Bureau's statement is a frank admission that the rated capacity of 12,376 tons per diem does not coincide with the capacity which can at present be profitably employed. It is known, moreover, that certain of the larger mills, which are more happily situated in regard to pulpwood supplies, transportation facilities and other factors, have been operating far above the average

while the remainder have had an operating ratio of under 40, which is obviously hopeless from the viewpoint of dividends. But even the largest and strongest mills are sailing in troubled waters. The report of the Power and Paper Company, Limited, for 1931

shows that earnings for the year were \$5,397,152, as compared with \$7,374,338 in 1930, and that after bond interest and other obligations had been met, there was

only a margin of \$1,301,973. A further reduction of stocks, effected by using accumulated wood-piles and refraining from buying fresh supplies, has enabled a bank loan of \$4½ millions to be reduced to \$2,150,000, but the directors do not feel justified in resuming dividend payments on the preferred stocks, which were suspended some time ago. The stock market's appraisal of the value of the company's common stock, which has been without a dividend for a considerable period, can be gauged by the fact that it is selling at between 2 and 3 as compared with a peak of above 80 in 1927.

In the last quarter of 1931 the Canadian newsprint companies were deriving considerable profits from the premium on the American dollar which existed in Canada, but this advantage was only temporary, as the general upheaval in the exchanges put the newsprint manufacturers of Northern Europe in a position to reinforce the strenuous efforts which they had previously been making to secure a larger share of the American newsprint market. The result has been that, whereas the United States' imports of newsprint for the first eleven months of 1931 showed a general decline of about 9 per cent., combined imports from Finland, Sweden, Norway and Germany

actually showed an increase during this period of 15.5 per cent., and the gain largely occurred in the latter part of the year. It is true that the Canadian mills will only suffer from European competition in the areas bordering on the Atlantic and Pacific seaboard and the Gulf of Mexico, and that the more favourable location of the Canadian mills will preserve their market in inland cities like Chicago and St. Louis; but the newsprint consumption of the great cities situated on the seaboard is so large that European competition has to be reckoned with as a serious factor. Recent despatches from the Pacific coast indicate that the Scandinavian mills were offering newsprint at Los Angeles and San Francisco at prices substantially under those sought by the Canadian companies. Accordingly, over a large part of the United States the Canadian mills have been compelled to meet the price of their European competitors and have thereby had to yield practically all the benefit derived from the premium upon the American dollar. There is to-day a certain mystery about the prevailing price of newsprint, but as a result of the latest cut, which was made towards the close of 1931, the average price now being received by Canadian mills does not exceed \$50 net per ton.

Negotiations for a gigantic merger of as many as possible of the newsprint companies of Canada have been proceeding intermittently for many months, but so far have not come to any practical fruition. Most of the leaders of the industry are convinced that such a merger, which would make possible great administrative economies and might also offer an instrument for a certain measure of price control, is the only real solution of the industry's troubles; but the fundamental difficulty is that the directors of practically every newsprint corporation have a higher estimate of the value of their properties than others are willing to concede. It is an open secret in Montreal that not long ago one of the most influential personages in the Canadian business world convened a meeting of the leaders of the newsprint industry, and, confronting them with a committee of eminent bankers, informed them that as the situation of the industry was desperate and they had failed to reach any agreement among themselves, they must, if they wanted to avert a complete *débâcle*, consent to accept this committee of experienced bankers as arbiters about the value of their respective properties and the securities covering them. Most of the newsprint men who were present acquiesced in the proposal, some with obvious reluctance, but the representatives of two important units of the industry firmly declined to participate in any merger. Great pressure was brought to bear upon the dissentients, but they were not to be cajoled into any merger, and, as their inclusion was almost essential to its success, the architects of the project have for the time being suspended their efforts. Their present fear is that certain mills, which are in a receivership or about to suffer this fate, will be picked up on the bargain counter by American interests, who will wipe out all the junior securities and so be able to produce newsprint at an even lower price than now prevails. It is known that a group of American papers have been negotiating for the acquisition of a large newsprint plant in Ontario which has reached the end of its financial tether and has been shut down.

One interesting recent development in the newsprint situation has been the visible lukewarmness of the Canadian newsprint companies towards the campaign which Lords Rothermere and Beaverbrook were waging for the application of the British 10 per cent. tariff to foreign newsprint with preferential free entry for Dominion newsprint. Not only did the leaders of the newsprint industry in Canada see no advantage in such a tariff preference for themselves, but they visualised too much business in the open newsprint market in Britain owing to the lower production costs and closer proximity of their Scandinavian competitors; and, in the present petitive position in the British market has become worse. A 10 per cent. preference would be quite inadequate to overcome the heavy differential now existing between the

Canadian and Scandinavian currencies in relation to sterling; and, if the Scandinavian newsprint now sold annually in Britain lost this market it would in all probability be shipped to the United States, which it can enter without any duty. The result would be a further demoralisation of the newsprint market of the U.S.A., and as the Canadian newsprint interests regard its recovery as their paramount need, they do not want to encourage any developments which might retard this.

Nor is there any demand among the Canadian producers of wood pulp for preferential tariff treatment in Britain, because they know the costs of producing and transporting Scandinavian pulp are so much lower than their own that only a duty intolerable to British paper-makers could give them a share of the British market. Again, when a 50 per cent. dumping duty was imposed by the British Government on wrapping paper last autumn it was predicted in some quarters that Canada would benefit greatly, but so far there has been no noticeable increment of business to Canadian mills from this move. What the leaders of the pulp and paper industry in Canada realise, with a clarity denied to their would-be allies in Britain, is that their true interest lies in Britain's absorbing as large a volume of Scandinavian paper products as possible and keeping them off the American market.

DIARY OF THE CRISIS.

- Jan. 3rd. Japanese enter Chinchow.
- Jan. 4th. U.S. Democrats introduce Bill requesting, *inter alia*, international conference on tariff policy.
- Jan. 6th. Foreign Ministers of Denmark, Norway and Sweden meet to discuss Scandinavian currency and fiscal policy.
Sterling weak: \$3.35½.
- Jan. 7th. Dr. Brüning and Herr Hitler discuss possible prolongation of President von Hindenburg's term of office.
U.S. Government dispatch Notes to China and Japan refusing to recognise any agreement between these countries impairing American treaty rights in China.
- Jan. 8th. British and French Treasury officials resume reparations discussions in Paris.
Bulgarian Prime Minister states that Bulgaria will be unable to meet her external obligations without foreign assistance.
Sterling rallies: \$3.40½.
- Jan. 9th. Dr. Brüning states: "Germany's situation renders it impossible for her to continue political payments."
British Government request Japanese Ambassador to obtain confirmation of previous assurances that Japan adheres to "open-door" policy in Manchuria.
Austrian National Bank states that foreign exchange for repayment of short-term credit instalments due after January 10th will not be available. Foreign creditors invited to Vienna to discuss new terms.
- Jan. 11th. B.I.S. Board agree to renewal for three months of credits to Germany, Austria, Hungary and Yugoslavia, provided other central banks extend their shares.
Bulgarian Prime Minister announces intention of asking League Council for financial assistance.
- Jan. 12th. French Cabinet resigns.
Franco-British reparation conversations adjourned.
M. Moret intimates that Bank of France is willing to extend for one month only its share of the Reichsbank credit.
Herr Hitler and Hugenberg reject German Government's plan for prolonging the President's term of office.
Greek Bank Rate raised from 11 to 12 per cent.
- Jan. 13th. French Cabinet reconstructed under M. Laval.
Norwegian Government increase Customs duties by 20 per cent. (sugar and coffee 15 per cent.), except goods covered by treaties and those not produced in Norway.
Chinese Government assure United States that they are ready to co-operate in upholding Nine-Power Treaty.
Belgian Bank Rate raised from 2½ to 3½ per cent.
- Jan. 14th. Composition of League Commission of Inquiry in Manchuria announced: Lord Lytton chairman.
Indian Bank Rate reduced from 8 to 7 per cent.
Sterling stronger: \$3.46½.
- Jan. 16th. Japanese Note to United States on Manchuria states that Japan has no territorial aims in Manchuria.
Standstill negotiations between United States and Hungarian banks abandoned owing to inability of latter to provide payment of interest and commission.
- Jan. 19th. French Chamber reassembles. M. Laval states that France will not sacrifice any reparations due to her without a corresponding remission of her own war debts.
German decree issued empowering Government to impose compensating surcharge on imports from countries with depreciated

currency and to increase Customs duties on goods from countries with which Germany has no commercial treaty or from which she does not receive most-favoured-nation treatment.

Five Japanese monks attacked and injured by Chinese in Shanghai.

Gen. Dawes appointed president of American Reconstruction Finance Corporation.

Hungarian Bank Rate reduced from 8 to 7 per cent.

Jan. 20th. Postponement of Lausanne Conference announced. Rioting between Chinese and Japanese in Shanghai.

Jan. 21st. Japanese warships sent to Shanghai. Chinese authorities asked by Admiral Shiosawa for apology and compensation in connection with recent riots, and for dissolution of all anti-Japanese organisations.

Jan. 22nd. Announced that British Cabinet "agrees to differ" on fiscal policy.

Reconstruction Finance Corporation Bill passed by U.S. Congress.

Jan. 23rd. Report of Bankers' Standstill Committee (Germany) published.

Jan. 26th. Bank of England announces that on February 1st its outstanding credits from the New York Federal Reserve Bank and the Bank of France will be repaid in full.
London Stock Exchange restriction on "contangoes" removed.

Jan. 27th. Japanese Consul at Shanghai intimates that 6 p.m. on January 28th is the time-limit allowed to Chinese authorities for compliance with Japanese demands.
Austrian Government resigns.

Jan. 28th. Mayor of Shanghai intimates compliance with Japanese demands. Japanese Admiral announces intention of landing forces to protect Japanese nationals. Marines endeavour to occupy Chapei, but meet with considerable resistance; Woosung forts bombarded by Japanese warships.

Bank of France agrees to renew for one month further its share of Reichsbank credit on condition that the German Government will not oppose transference of gold in event of repayment.
Estonian Bank Rate reduced from 6½ to 5 per cent.

Jan. 29th. Japanese aircraft bomb Chapei; China appeals to League under Articles X. and XV. of Covenant.

Austrian Government reconstructed under Dr. Buresch.
New South Wales Government announces inability to meet forthcoming interest payments in London and New York.

Jan. 30th. Chinese reinforcements reach Shanghai; fighting continues. League Council instructs representatives of States Members in Shanghai to report on crisis.

Feb. 1st. British, French and United States reinforcements sent to Shanghai. British and American Ambassadors protest to Tokyo Government at violation of neutrality of International Settlement. Japanese warships shell Nanking.

Feb. 2nd. Japanese offensive in Chapei resumed.
British Parliament reassembles. Chancellor of Exchequer announces that British Government is in favour of cancellation of reparations and war debts.
Disarmament Conference opens at Geneva.

Feb. 3rd. Japanese warships and aircraft bombard Woosung forts; further attack on Chapei.
Reichsbank accepts French terms for credit renewal.

Feb. 4th. British Government's tariff proposals announced.
Renewed Japanese attacks on Chapei meet with strong resistance; Japanese army division ordered to Shanghai.

Feb. 5th. French put before Geneva Conference scheme for League control of certain armaments.

Feb. 6th. Austrian Government agree to appointment of M. Van Hengel as managing director of Credit-Anstalt.
Japanese troops landed at Woosung.

Feb. 7th. Sir John Simon places British proposals for reduction of armaments before Disarmament Conference.

Feb. 8th. United States disarmament proposals placed before Geneva Conference.

Japanese Finance Minister murdered in Tokyo.
Australian Government decide to meet New South Wales external obligations due on February 1st.

Feb. 10th. Import Duties Bill introduced in British Parliament.
Italy proposes to Disarmament Conference abolition of capital ships, submarines, bombing aircraft and chemical warfare.

Feb. 12th. China requests Special Session of League Assembly.
Finnish Bank Rate reduced from 8 to 7 per cent.

Feb. 13th. Agreement reached by Six Powers concerned to hold Lausanne Conference in June, with the object of agreeing on "a lasting settlement" and on the solution of "the other economic and financial difficulties" responsible for the crisis.

Feb. 15th. Powers concerned again protest against use of International Settlement at Shanghai as a Japanese base of operations.

President von Hindenburg announces that he will stand for re-election in the German Presidential election.

Feb. 16th. Committee of Twelve of League Council address Note of remonstrance to Japan.

French Government defeated; Cabinet resigns.
Austrian Chancellor invites Ministers of Great Britain, Germany, France and Italy to discuss with him Austria's financial situation.
Irish Free State General Election polling day.

Feb. 17th. Foreign representatives arrange meeting between Japanese and Chinese Commanders for February 18th.

Feb. 18th. British Bank Rate reduced from 6 to 5 per cent. Sino-Japanese truce conference breaks down. Japanese deliver ultimatum demanding, *inter alia*, the cessation of hostilities by Chinese 19th Army, the evacuation of first-line position by 7 a.m., and withdrawal to 12½ miles from International Settlement by sundown on February 20th. Chinese reject terms. Independence of Manchuria proclaimed. Swedish Bank Rate reduced from 6 to 5½ per cent.

Feb. 19th. League Council appeal to Japan to delay giving effect to ultimatum, and call meeting of Assembly for March 3rd.

Feb. 20th. Mr Henry P'u chosen as head of new State of Manchuria. Japanese offensive reopened on front extending from Woosung to Hongkew. Irish Free State election returns reveal Government defeat. Greek Bank Rate reduced from 12 to 11 per cent.

Feb. 21st. M. Tardieu forms new French Cabinet.

Feb. 22nd. German banking reorganisation scheme announced, with State participation, involving the merging of the Darmstadter und Nationalbank in the Dresdner Bank, and the drastic writing down of capital of the Deutsche und Disconto, the Commerz and other banks.

Feb. 23rd. Shanghai: Japanese advance checked. Reichstag reassembles.

Feb. 24th. Mr Stimson states that the United States will agree to no alteration of the Nine-Power Treaty.

Feb. 25th. Japanese attacks renewed. Herr Hitler appointed an official of the State of Brunswick, thereby obtaining German nationality. New York Bank Rate reduced from 3½ to 3 per cent. Indian Bank Rate reduced from 7 to 6 per cent.

Feb. 26th. Severe fighting north of Shanghai. Japanese bomb Chinese aerodromes at Hangchow. German Reichstag rejects by 289 votes to 264 motions of non-confidence in the Brüning Cabinet. Glass-Steagall Banking Bill, providing for an expansion of credit, finally passed by both Houses of Congress.

Feb. 27th. Herr Hitler formally announces his candidature for German Presidency. Japanese occupy Kiangwan.

Feb. 28th. Japanese reinforcements landed in the International Settlement and at Woosung. In order to press political claims, Finnish Lapuan leaders mobilise forces and threaten to march on Helsingfors.

Feb. 29th. British Import Duties Bill receives Royal Assent; duties operative forthwith.

Japanese forces advance at Kiangwan. Japanese and Chinese military representatives meet on board H.M.S. "Kent." Truce proposals discussed and submitted to respective Governments. Emergency meeting of League Council considers and approves plan for joint conference between Japan, China and the other Powers for final settlement of dispute. Scheme accepted by China and referred to Japanese Government.

Mar. 1st. Japanese break Chinese lines and advance towards Tazang. Japanese 11th Division disembarked in the Yangtze 20 miles above Woosung. Finnish Government orders arrest of Lapuan leaders; revolt collapses; two pro-Lapuan Cabinet Ministers resign. Lithuanian Bank Rate reduced from 8½ to 7½ per cent.

Mar. 2nd. British Chancellor of Exchequer announces partial repayment Treasury's Franco-American credits. Restrictions withdrawn on the purchase by British nationals of foreign exchange. Dollar 3.48. Owing to landing of Japanese division threatening their left rear, Chinese troops withdraw 20 kilometres from Shanghai area. Swedish and Norwegian Bank Rates reduced from 5½ to 5 per cent. respectively.

Mar. 3rd. League Assembly meets. Reichsbank announces immediate repayment of 10 per cent. of B.I.S. and Central Bank rediscount credit and the renewal of the remainder for 3 months to June 4th. Roumanian Bank Rate reduced from 8 to 7 per cent.

Mar. 4th. League Assembly passes resolution calling upon the Governments of China and Japan to take immediate steps to ensure that orders for cessation of hostilities in Shanghai be made effective; and requests the "Shanghai" Powers to inform it whether such measures have been carried out. Handelsbank Aktiengesellschaft of Berlin suspends payment. Sterling improves: Dollar 3.50½.

Mar. 5th. Memorandum containing suggestions by the French Government for economic and financial reconstruction in the Danubian States communicated to British, Italian and German Governments.

Mar. 7th. Death of M. Briand.

Mar. 8th. Details published of new German tariff, imposing heavily increased duties on certain imports from countries with which Germany has no trade treaties or which discriminate against German goods. Reichsbank Rate reduced from 7 to 6 per cent. Hungarian Finance Minister announces that the British standstill agreement has been extended until August 1st. Rapid rise in sterling: Dollar 3.71½.

Mar. 9th. Composition of new Irish Cabinet under Mr de Valera announced. Japanese peace terms transmitted to Chinese representatives by British Minister at Shanghai. German Debtors Committee request Foreign Creditors Committee to lower rates of interest and commission on standstill credits.

Mar. 10th. British Bank Rate reduced from 5 to 4 per cent. China agrees to open negotiations with Japan for definite cessation of hostilities provided that there is a complete and unconditional withdrawal of Japanese forces. Danish Bank Rate reduced from 6 to 5 per cent. Sterling reacts. Dollar 3.66.

Mar. 11th. League Assembly adopts resolution for Shanghai peace settlement; neutral zone to be established. Action approved by United States Government. Japanese Bank Rate reduced from 6.57 to 5.84 per cent.

Mar. 12th. Suicide in Paris of Mr Kreuger.

Mar. 13th. German presidential election polling day. President von Hindenburg fails by only 168,453 votes to obtain absolute majority.

Mar. 14th. Swedish Stock Exchange closed for one week. Government approves moratorium for certain Kreuger interests during investigation of the combine's financial position.

Mar. 15th. Chinese Government accept League Assembly resolution of Mar. 11th. Irish Parliament meets. Mr De Valera states that the Government intend to remove Oath of Allegiance from the Constitution. French Budget modifies imports tax imposed in 1928 from flat rate of 2 per cent. *ad valorem* to 6 per cent. on finished articles, 4 per cent. on semi-finished products, and 2 per cent. on raw materials.

Mar. 16th. Mr de Valera states that no further land annuities will be paid by Irish Free State to Great Britain. German Government replies to M. Tardieu's Danubian memorandum, suggesting that the consultations should include France, Germany, Great Britain and Italy, as well as the Danubian States. Governor of Bulgarian National Bank reports that Financial Committee of the League and the Bondholders Committee, now sitting in Paris, will make certain concessions to Bulgaria if she meets the payments due on March 15th. Government decide to pay.

Mar. 17th. Disarmament Conference adjourns until April 11th. British Bank Rate reduced from 4 to 3½ per cent. Austrian Bank Rate reduced from 8 to 7 per cent.

Mar. 21st. International Chamber of Commerce invites chairmen of its national committees in Austria, Czechoslovakia, France, Germany, Great Britain, Hungary, Italy, Yugoslavia, Poland and Rumania to attend a conference on April 16th to discuss the situation of the Danubian States. Italian Bank Rate reduced from 7 to 6 per cent.

Mar. 23rd. South African Budget imposes additional import duty of 7½ per cent. on nearly all imports. Mr Thomas states British Government's objections to Irish Free State's Oath policy.

Mar. 24th. United States House of Representatives reject Sales Tax proposals for balancing the Budget. Irish Free State impose 33½ per cent. tariff on all imports of foreign agricultural machinery, with a 25 per cent. duty on British imports. Sterling strong: Dollar 3.71½.

Mar. 26th. Heavy sales of dollars: rate on London 3.75½.

Mar. 27th. Announced that British Government has invited France, Germany and Italy to attend a conference in London early in April to discuss the Danubian Plan.

Mar. 28th. Continued heavy selling of dollars in New York. Sterling: Dollar 3.82½.

Mar. 29th. Announced that British Treasury is repaying forthwith outstanding balance of New York credit. Announced that M. Tardieu and M. Flandin will visit Mr MacDonald in London on April 4th. League Financial Committee accept suspension for one year of sinking fund payments on Greek foreign obligations. Fresh tax proposals, estimated to yield \$160 millions, approved by United States House of Representatives. Dollar steadier. Sterling: Dollar 3.77½.

Mar. 30th. United States House of Representatives approve further taxes, estimated to yield \$170 millions. Sterling: Dollar 3.76.

Notes of the Week.

The Four-Power Conference.—In the European sector of the world crisis two developments of importance fall to be recorded: M. Tardieu, a welcome guest, visits London this Sunday to discuss the situation informally with Mr MacDonald, and invitations have been issued to France, Germany and Italy by the British Government to join in a Four-Power Conference on the position of the Danubian States. The hope is that this Conference—the invitations have already been accepted by Germany and Italy, and French acceptance will probably be notified

before these lines are read—can be held next week, though Dr. Brüning's preoccupation with the Presidential Election in Germany may make his personal attendance impossible. Regrettably, a section of the Paris Press has seen fit to depict the British Government's initiative in proposing this Conference as a manoeuvre of Mr MacDonald's calculated to checkmate the supposedly promising arrangement concluded between M. Tardieu and Sir John Simon, whereby a joint understanding, first fruits of a renewed *entente cordiale*, between Britain and France was to pave the way for successful negotiations between the countries of South-Eastern Europe. To place this construction on the invitations to the Four-Power Conference—whatever the Foreign Secretary may have said to M. Tardieu—is both to misconceive and to do scant justice to British policy. Welcome as is M. Tardieu's visit, opinion in this country is overwhelmingly opposed, we will not say to hitching the British wagon to French policy, either in the matter of reparations or as regards the "system of Europe," but opposed rather to any particularist understandings exclusive of other countries. Moreover, so far as the Danubian crisis is concerned, it is patent that no useful steps preparatory to a "South-Eastern Conference" could be taken without the co-operation of Germany and Italy. So far from being inspired by any "manoeuvring" motive, the British Government's attitude in proposing a meeting of the Four Powers appears to us to be plainly to the general interest of Europe. What will come of the Conference is another matter. Apart from the obvious, if questionably sound, plan of once more "putting their hands in their pockets" in order to alleviate for a moment the menacing financial strain that extends from Vienna to the Black Sea and the Aegean, the Western Powers will have to consider if any form of trade agreement can be devised which will help these distressed countries without asking for greater privileges than the Powers are ready to concede. Preferential tariff arrangements are very much in the air; but, apart from the difficulty of securing agreement on plans that give special opportunities to A. and not to B., we must be careful lest, under the guise of helping the needy, we may be devising yet another method of tying up trade in leading strings. We are far from wishing to discourage any attempt at economic federation between the Danubian States, but it is well to realise that recovery is not to be achieved by crying, "Reconstruct" and waving a political wand.

The League and Central Europe.—On the deliberations of Mr MacDonald and M. Tardieu next week-end, and on those of the projected subsequent Four-Power Conference, the conclusions of the Financial Committee of the League on the present difficulties of Austria, Hungary, Bulgaria and Greece will obviously have an important bearing. The Committee is understood to have completed its work before Easter but, under normal procedure, its reports are submitted before publication to the League Council. The next ordinary meeting of the Council will not take place until May 9th, and, though a special meeting is to be called early in April, it is understood that this is summoned purely for dealing with Far Eastern affairs. If it is really true that five or six precious weeks are to be allowed to elapse before the Committee's urgent proposals to meet a very urgent problem are considered by the Council, the situation is most unfortunate, and we hope that the necessity of earlier consideration by the Council may yet be recognised. No official *communiqué* was issued by the Committee at the close of its proceedings but, according to the news from Athens, Greece appears to have been advised by the Committee that it is prepared to accede to the Greek Government's request for temporary relief to the extent of permitting the suspension for one year of sinking fund payments on account of foreign obligations, including the League loans of 1924 and 1928. It is apparently intended that the sums thus held in suspense should be temporarily lent for productive expenditure to the Greek Government. Although the budgetary, as well as the transfer, position of Greece confronting the Financial Committee had obviously to be recognised as critical, the situation of the other three

countries whose present straits were surveyed by the Committee is clearly such as to suggest that if the above-mentioned concessions have had to be granted to the Greek Government, temporary relief of one kind or another may well have had to be recommended in the other cases also. The *Economist* found occasion last autumn to criticise earlier findings of the Financial Committee, *e.g.*, in the case of Hungary, on the ground that the Committee failed (it may be from lack of unanimity among its members) to face squarely the crucial fact that, given the existing political structure of South-Eastern Europe, the fiscal policy of the Western Creditor Powers and, above all, the present price of primary agricultural products, the Central European States, including Austria, Bulgaria and Greece, form an area whose collective insolvency cannot be cured by individual policies of monetary deflation, budgetary economies and import restrictions. The Committee is entitled to plead that it could not foresee last autumn that the Reparations Conference would be postponed until June, 1932—a postponement which has necessarily aggravated the difficulties of the whole of Central and South-Eastern Europe. It might, however, have done much good had the Committee laid more urgent emphasis six months ago on the necessity of dealing radically with the problems of prices and trade outlets if disaster was to be avoided. How far the Committee has now been constrained to face unpalatable facts remains to be seen. But if, as seems inevitable, and as is in fact to be deduced from the disclosures already made in the case of Greece, the Committee has had to face the virtual failure of the League's attempts to restore by financial aid the post-war system of South-Eastern Europe, that very fact is a cogent reason why the Great Powers—who may indeed have to face the question whether further urgent financial aid is not imperative to avoid an economic collapse in that area—should do all in their power at the forthcoming Conference to contribute to the foundation of a basis for Central European reconstruction. Under the circumstances, we would strongly urge that the report of the Financial Committee should be made known to the public with the least possible delay, without waiting for the next meeting of the League Council.

The Indian Princes and Federation.—The Eleventh Annual Session of the Chamber of Princes was opened this Monday, March 27th, by the Viceroy; and on this occasion the rulers of the Indian States have reaffirmed their intention—originally expressed some two years ago—of entering into an All-India Federation with the British Indian provinces. The substantive passage in this week's resolution runs: "This Chamber declares that the Indian States will join an All-India Federation on the assumption that the Crown will accept the responsibility of guaranteeing to them the necessary safeguards." The resolution then goes on to lay down the conditions that the safeguards shall be embodied in the new All-India Federal Constitution as an integral part of it; that all existing treaties, *sanads* and other obligations regulating the relation between the States and the Crown shall remain inviolate and inviolable; and that the rights of internal sovereignty shall remain untouched. In one sense the new resolution goes further than its predecessor, inasmuch as it is expressed as a "declaration" instead of a mere statement of opinion in regard to the probable action which the States might be expected to take individually. The States have now definitely pledged themselves to federation as a body. At the same time, the conditions and guarantees, as re-stated, are uncompromising and comprehensive. If the States were really to stand on the letter of these conditions in perpetuity, the All-India Federation of the future might find its life and growth and movement seriously cramped; but perhaps this is not a very formidable practical danger. The great thing is that the Princes should have made up their minds definitely to enter the Federation. The histories of other federations show that, at the moment of taking the decision to merge their separate existences in a larger whole, the federating States are apt to insist upon their State rights very jealously; but that in process of time the logic of facts impels them to modify and even waive these

jealously preserved rights of their own volition. For a Federal Union, once successfully established, becomes a living thing in itself, which changes and grows and carries its parts and organs along in the movement of its own life. Thus, on a long view, the Indian Princes' resolution, taken as a whole, is not unsatisfactory, while, on a short view, it is highly opportune as a fresh practical step towards the goal of Indian self-government. It is particularly important, of course, that as many such steps as possible should be taken at a time when the Government of India is having, unfortunately, to pursue a dual policy of simultaneous constitutional advance and administrative repression.

The League, Japan and Manchuria.—The Lytton Commission has now sent an interim report to Geneva, which records its movements up to date and its future programme. Having first visited Japan (which was, perhaps, a diplomatic error), and then Shanghai and Nanking, the Commission is proposing to travel on to Manchuria via Peking, arriving in Manchuria at the beginning of the third week in April. It is at that point, of course, that the Commission's "tough job" will really begin. Pending the Commission's arrival, the Japanese are going ahead as fast as they can with their systematic endeavours to sever the links between Manchuria and the rest of China, and to gather up the whole of the Manchurian administration and Manchurian revenues into their own hands under guise of supporting their puppet Government of Manchukao. The Japanese advisers of Mr Henry P'u are reported to have given written instructions to the managers of the Customs banks at Antung and Newchang to hand over all present Customs balances and all future payments, on Customs account, that the banks receive. Similar instructions have been sent to the Commissioner of the China Salt Gabelle at Mukden. Presumably these officials will refuse these illegal demands; and presumably the Japanese puppet, backed by Japanese bayonets, will then seize their funds and papers and offices. There will be all the more material for the Lytton Commission to report upon when it arrives. In the meantime, "official circles" in Japan are airing, ostensibly for foreign consumption, the suggestion that Japan will prefer to withdraw from the League rather than assent to her dispute with China over Manchuria being dealt with under Article 15 of the Covenant. On this Japanese *ballon d'essai* there are two comments to be made. In the first place, a Japanese notification of withdrawal from League membership would make no juridical difference to the Manchurian position. Notifications of withdrawal do not legally take effect until after the lapse of two years (a provision inserted in the Covenant precisely in order to prevent Covenant-breaking States from slipping out of their obligations in this way). In the second place, the League, under the Covenant, claims the right of insisting that non-members should accept the procedure of the League in the settlement of their disputes with a State member if the State member invokes the Covenant; and the League further reserves the right to employ its sanctions against non-member States in these circumstances in case they are recalcitrant. The second point is that in losing Japan the League would not be losing a loyal and valued member, but, on the contrary, a member who, during the last few months, has persistently broken her League obligations, blocked the League procedure, and resisted and, in the last resort, defied her fellow States-members. If Japan chooses to brand herself as an outlaw by notifying intention to withdraw, that is her affair. This threat—or bluff—leaves us unmoved.

Armistice Negotiations at Shanghai.—The armistice negotiations at Shanghai still drag on; and though it always remains possible that the strenuous and unremitting efforts of the local representatives of the neutral Powers may succeed at length in bringing the belligerents to an armistice agreement, the prospect seems to become daily more remote. There seems, in fact, to be no point on which the Chinese and the Japanese are disposed to agree. The Japanese insist that the Chinese must remain in their present positions at a

radius of 20 kilometres from Shanghai, while the Japanese themselves withdraw, not from Chinese soil or even from Chinese territory outside the International Settlement, but merely to the line of the Shanghai-Woosung Railway—an arrangement which would give Japan the military command over the approaches to Shanghai by water for an indefinite time to come. The Chinese, on the other hand, are not content that they themselves shall remain in their present line; and they insist that the Japanese shall withdraw at least into the Settlement. The utmost concession they envisage is that part of the Japanese force shall remain in the extra-settlement area round Hongkew Park. Apart from this disagreement on the primary topographical issue, there is also disagreement on the conditions under which the Japanese withdrawal (to whatever line it may be) is to be made. The Chinese insist that the Japanese withdrawal must be unconditional, and indeed (in our view, quite reasonably) that compensation must be paid for the extensive damage which the Japanese have wantonly and barbarously inflicted upon Chapei. The Japanese, on the other hand, decline to withdraw until their original demands for the cessation of the anti-Japanese boycott and the protection of their nationals are satisfied, or at least until they have some guarantee that satisfaction will be secured. In these circumstances, agreement seems improbable; and we have to expect an *impasse*—continuing for an indefinite future—on the basis of the present *de facto* situation. A resumption of hostilities is improbable. The Chinese Nineteenth Army will hardly venture to counter-attack on the new front, now that the Japanese have dug themselves in. On the other side, the Japanese, who have already withdrawn a large part of their troops and warships from Shanghai, seem equally unlikely to resume the offensive against an enemy who has shown, and is still showing, fight, and who is admirably posted for defence in the midst of a maze of creeks and canals stretching away into an illimitable hinterland. It seems, therefore, that the contest of wills is to be decided by the method of economic exhaustion. As things are, the Chinese Government at Nanking will go on losing its revenues from Shanghai, Japan will go on losing her China trade through the boycott, and the Western community in Shanghai will go on losing its business. We prophesy that the Chinese will come out of this ordeal the least badly and the Westerners the worst.

The Language Question in Malta.—Malta seem fated to be in ferment. She is hardly out of one controversy before she finds herself on the verge of another. In fact, the new controversy over the Italian language in Malta has actually arisen out of a recommendation made in the report of the Royal Commission which was sent to Malta *à propos* of the recent local conflict between Lord Strickland's Ministry and the Catholic Church. The Royal Commission recommended, among many other things, that, in the primary schools of Malta, the Italian language should cease to be taught, and that in the secondary schools it should become an optional instead of a compulsory subject. The purpose of the recommendation was to make room for English as the principal supplementary language of the Maltese people. It is taken for granted that they must at any rate be educated in their own Maltese; but by some accounts, of Punic. It is spoken nowhere in the world except in Malta itself and since there are always more Maltese living outside Malta than in it, the choice of the supplementary language to be taught in Maltese schools is a question of national importance. The traditions from a now obsolete state of affairs in which Italian was the *lingua franca* of the Mediterranean (and as such language of command in the Austrian and the Ottoman Navy). Now that English has become the most widely current *lingua franca* in the world (the Mediterranean included), while Malta has become part of the British Empire instead of being the possession of the International Crusading Order of St. John, the case for giving the

English language the status formerly enjoyed by the Italian language is very strong; the more so considering the number of Maltese who find employment in connection with the British Navy. There are, however, certain complications. For instance, Italian has won a permanent place in the affections of the Maltese educated and governing classes, both ecclesiastical and secular. They think and write in Italian, because Maltese itself has never been fashioned into a literary language; and in this sense Italian has become the national language of a small but important and influential minority of the Maltese people. This bilingual minority quite humanly resents the deposition of the language which has become its own instrument of self-expression; it does not relish the prospect of being engulfed in the rising tide of a Maltese commonality which will now grow up to be Anglo-Maltese and not Italo-Maltese in its speech; and accordingly this Italianate minority in Malta finds a certain attraction in playing with Italian nationalism. On this account the British Government's decision to implement the Royal Commission's recommendation on the language question has aroused some feeling and this feeling has not been eased by the utterances which are reported to have been made by Signor Giunta, the Under-Secretary of State in the Italian Prime Minister's Department, when he was passing through Malta at the end of last week *en route* from Rome to Tripoli. Both Signor Giunta himself and the Italian Government have issued suitable *démentis*; and no "incident" has been created. But the event indicates that Malta is not yet out of the wood.

The Future of the I.L.P.—The Independent Labour Party celebrated Eastertide by holding their annual conference at Blackpool; but despite the notoriously bracing air of that seaside resort it is to be doubted whether the delegates derived much satisfaction or inspiration from their visit. The proceedings, indeed, revealed a cleavage between two sections in the I.L.P. which is hardly less fundamental than that which exists between the I.L.P. and the official Labour Party. The main question before the conference was whether the I.L.P. should secede or not secede from the parent body. On this question three votes were taken, the first rather narrowly rejecting definite disaffiliation, the second decisively turning down the continuance of unconditional affiliation, and the third showing a large majority for "affiliation on terms." The main condition on which the majority were prepared to continue affiliation is that the standing orders of the Labour party should be revised so as to accord certain privileges of independence to members of the I.L.P. Apparently the I.L.P. will only continue its official connection with the party if it is allowed to live within the movement as an autonomous minority—on terms, indeed, not dissimilar to those on which the dissentient Ministers remain within the present Cabinet. But this decision of the conference would not appear to advance matters very much, since, before the conference, Mr Arthur Henderson emphatically repudiated something very similar to the conditional affiliation proposal which the I.L.P. now has in mind. Indeed, Mr Maxton (who advocated out-and-out disaffiliation) warned the delegates that no one was likely to get more concessions out of Mr Henderson than he himself had obtained. So, after all, the I.L.P. is likely to be faced with the choice between playing second fiddle to the beat of Mr Henderson's baton—or going out into the wilderness. And the wilderness looks so much chillier and more lonely than it did a year ago. It is one thing to become an irresponsible "ginger-group" on the flank of a party which is in power; and quite another thing to break off from a party which has been temporarily shattered by the electorate and reduced to impotence in the House of Commons.

Cotton Trade Redundancy Scheme.—Our Manchester correspondent writes:—A rather important development has occurred this week in connection with the scheme in the Lancashire cotton industry for scrapping surplus machinery and concentrating production. On Tuesday last a meeting of the General Committee of the Master Spinners' Federation was held in Manchester to consider the request from the Joint Committee of Cotton Trade

Organisations for the co-operation of the Federation in preparing a detailed scheme. It will be remembered that the Joint Committee last week received a letter from Mr Runciman, the President of the Board of Trade, to the effect that he would be prepared to recommend the Government to introduce legislation providing for the necessary levy if the industry could show a satisfactory measure of support for the proposals. After a full discussion the Federation General Committee decided that it was not in a position to co-operate in the formation of a scheme, but it offered no objection to the Joint Committee preparing a detailed scheme. The Federation also announced that it was willing to supply any required information to the Joint Committee and was prepared to submit such a scheme on completion to a ballot vote of the members. It was further stated that, on the understanding that no responsibility attached to the Federation, the General Committee was not averse to any of its members co-operating in their individual capacity with the Joint Committee. It has been learned unofficially that many members of the Federation Committee were in favour of no further action being taken whatever, and the resolution ultimately adopted was a compromise. Amongst spinning employers there is some resentment against the members of the Joint Committee approaching the Government with regard to the matter in view of the relatively poor support given to the proposals at the recent ballot. A meeting of the Executive of the Joint Committee was due to be held in Manchester yesterday (Friday) to consider the situation. There is a wide difference of opinion throughout the industry with regard to the proposals for dealing with surplus machinery and some doubt is expressed as to whether the Joint Committee will be successful in securing support which will be sufficient to warrant the Government in introducing legislation. It has been suggested that in order to deal with the situation it will be necessary to scrap about 10,000,000 spindles and 100,000 looms, and the levy on the machinery remaining will provide a fund for compensating those employers who decide to go out of business and hand over their machinery.

The International Sugar Convention.—The attempt to adjust the world's supply of sugar to requirements by means of an international export restriction scheme, signed on May 9th last year, has been frustrated by subsequent events. The export quotas were based on the level of consumption at the time of the inception of the scheme. Provision was made for an increase in exports under certain conditions, but the weakness of the "Chadbourne Plan" was the absence of flexibility in case of the necessity for a downward revision of the quotas. The restriction scheme has come to grief, not because the adherents to the Convention exceeded their quotas, but because of the enormous decline in consumption which had not been foreseen. The United States was unable to absorb the Cuban quota, and Java found it impossible to dispose of her quota in the Far East. The price of raw sugar (96° centrifugal) in New York declined from 1.58 cents per lb. in July, 1930, to 1.15 cents per lb. at the end of December. In order to bring about an adjustment of supplies to the reduced level of demand, negotiations were started at the end of last year, and in March an international conference was held in Paris. That meeting came to an end on March 22nd without having reached a final agreement. Meanwhile the quotation for raw sugar had reached the low level of 0.73 cents per lb. in New York. Negotiations were, however, continued on the basis of a proposal made by the European and Peruvian members of the Convention. These proposals were that Cuba should reduce her 1932 crop to 2,500,000 tons, and that, if Cuba did this, they would reduce their exports by any amount by which Java's exports exceeded 1,500,000 tons during the year from April, 1932, to April, 1933. According to an announcement made by the International Sugar Council on Wednesday last, these proposals have now been accepted. Cuba's adherence was secured on the understanding that she might grow 2,700,000 tons during 1932, which is 200,000 tons above the original figure. The Council states that the acceptance of these arrangements has overcome the difficulties in the execution of the International Sugar Agreement.

Dock Wages Dispute.—The London ocean shipowners, tired, apparently, of waiting for the Transport and General Workers and the National Amalgamated Stevedores and Dockers to ratify an agreement which was initiated last December, have announced that as from Monday, April 11th, all piecework discharging of cargo will be paid at the rates set out in the slightly reduced tariff then agreed upon. There is time for further negotiation, but discussions aimed at a salutary reduction of the existing high piecework rates have lasted for so many years that the prospects of a fruitful outcome to negotiations of a few days' duration do not seem very bright. The shipowners' position is that the unions have openly expressed the view that the agreement which they initiated in December was fair, and that, while the postponement of its ratification during and immediately after the lightermen's strike was reasonable, its repeated subsequent postponement, followed by the announcement of the unions on March 7th that the agreement could not be accepted, leaves the employers no alternative but to enforce the agreement as it stands, subject to possible reconsideration of individual points. The unions, on the other hand, allege that the schedule was only initiated "as a correct record" and that it was always made clear that it was accepted by the union representatives only subject to ratification by the members. As both sides have everything to lose by a stoppage of work, it can only be hoped that the opposing points of view may be cleared up in the course of next week.

The Means Test.—The *Manchester Guardian* called attention a fortnight ago to the remarkable disparity between the figures of different public assistance authorities showing the numbers of claims disallowed after application of the means test. Below are some of the more extreme figures quoted:—

	Cases deter- mined.	Full rates allowed.	Partial benefit allowed.	No benefit allowed.
Great Britain	1,884,074	943,527	665,008	275,537
London City and County	99,683	54,777	19,206	25,700
Lancashire County	89,239	20,310	29,879	39,050
Yorkshire, West Riding	66,893	43,122	15,823	7,948
Glamorganshire	43,109	40,128	1,552	1,429
Staffs. administrative county	41,763	...	...	4,592

These figures, which relate in most cases to the period November 12th to January 23rd, show a very wide divergence in the proportion of claims disallowed. In Glamorganshire it was 3 per cent.; in Lancashire 44 per cent., and for Great Britain as a whole 14.6 per cent. This the *Manchester Guardian* cites as evidence of disquieting local divergence in the treatment of the unemployed. While such local divergence is a serious danger, in the stressing of which our contemporary has undoubtedly performed a valuable service, the inference of such divergence from statistics alone (the *Manchester Guardian*, it is only fair to add, adduces other and more convincing evidence) would be a *non sequitur*. The proportion of claims disallowed would, if our system of administration were uniform over the whole country, vary with the alternative sources of income available in different localities, and this, in return, varies with the age and sex composition of the working population; the extent to which the district is dependent upon a very limited number of industries; the length of time that depression has obtained in the locality; the proportion of well-to-do residents and innumerable other factors. In Lancashire, where the proportion of girls and women whose husbands and fathers may be able to contribute to their support is comparatively high, one would expect to see more claims disallowed than in the mining villages of South Wales, where few families have alternative employment. Again, in the big industrial towns there are more chances of picking up some supplementary pittance than in Welsh villages where there are few people left with money to employ odd-job men. Perfect uniformity in the principles of administration, therefore, would be reflected in a wide diversity of disallowment percentages. None the less, the Ministry of Labour has found it necessary to protest to certain Public Assistance Committees in respect of the way in which they have been administering transitional benefit, and it seems

evident that the absence of any guarantee that the underlying principles of administration will be the same everywhere is giving rise to variations which, if they are not checked, will bring this very important reform into discredit. This would be a most regrettable development, and it is to be hoped that the Ministry of Labour will find means to enforce a greater degree of uniformity.

Germany's Coal Import Quotas.—Among the steadily multiplying restrictions on international commerce few are more unfortunate for British trade than the progressive reductions in the German coal import quotas. On October 1, 1931, the British quota was reduced to 300,000 tons a month. This was further reduced to 200,000 tons on February 1; curtailed by another 50,000 tons during March and will be reduced by yet another 50,000 tons on April 1st. This is a severe hardship for the British coal industry and pressure is naturally being brought to bear upon Mr. Runciman to be "as firm as he is courteous" in pursuing his negotiations on the matter with the German Government. At the same time, unfortunate as Germany's action is for the British coal industry, it is less easy to see how she can be blamed. Her need for an active trade balance is even more imperative than that of other countries, and the decline of some 44 per cent. in the output of coal in the Ruhr district since 1929 suggests coal imports as an obvious subject of economy, while the reduction, since October, 1929, of 174,000 in the number of miners employed, shows what strong social pressure the Government is under to adopt this method of relief. The allegation that Germany is discriminating unfairly against British coal arises from the fact that Great Britain is the chief exporter of coal to Germany, and still more the chief net exporter, since most of the other countries which sell coal to Germany also buy it from her. Any step which is effectively to curtail German coal imports must therefore have the appearance of being especially directed against Great Britain, just as British restrictions on luxury imports inevitably have the appearance of being especially directed against France. The question of the violation of the Anglo-German Commercial Treaty of 1924 is more difficult than might appear at first sight. Germany was bound by that treaty not to impose import prohibitions or restrictions against British goods unless they apply to the imports of goods from any other country, but it may be argued that these quotas are not new restrictions but the application of a system of licences already in force at the time of the conclusion of the treaty—licences analogous to the British licences for German dyestuffs. Whether this extension of those licences in the present manner is in accordance with the spirit of the treaty is another matter, but in this connection it must be remembered that the treaty rested on "the favourable treatment at present accorded to goods the produce or manufacture of Germany on importation into the United Kingdom." It may reasonably be contended that the triumph of protectionism in Great Britain has somewhat altered the nature of Germany's moral obligation. The real point is that, if our monthly exports of coal to Germany, which in 1929 amounted to over 460,000 tons, are threatened with reduction to less than a fourth of that volume, the need becomes the more obvious for a settlement of reparations on a basis which will permit the restoration of Germany's economic life.

Worse than the Boll Weevil.—The contemplation of dwindled trade figures has led our well-known contemporary, the *Wall Street Journal*, to give new emphasis to certain fiscal home-truths. In an editorial in the issue of March 18th occur the following passages:—

How are we to export more merchandise when our principal customers are building up higher tariff walls, creating exchange restrictions, and imposing quotas that act almost as prohibitions? If we asked that question of them they might answer it by asking another like this: "How can you expect to sell to us when you will not buy from us?" That is the situation: how can we answer it? Trade is an exchange of goods, and, not only this country, but an increasing number of other countries, are making the exchange more difficult. . . . Instead of building more barricades and barbed wire entanglements, it would be better for all nations to join in clearing away the obstructions in the road over which international trade must travel.

THE REVENUE.

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

	Quarter from January 1 to March 31, 1932, compared with the corresponding Quarter of the preceding Year.				Year ending March 31, 1932, compared with the preceding Year.			
	Quarter ending Mar. 31, 1932.	Quarter ending Mar. 31, 1931.	Increase.	Decrease.	Year ending Mar. 31, 1932.	Year ending Mar. 31, 1931.	Increase.	Decrease.
Ordinary Revenue.								
Inland Revenue—								
Income Tax	£ 210,895,000	£ 176,700,000	£ 34,195,000	...	£ 287,367,000	£ 256,047,000	£ 31,320,000	...
Sur-tax, including Arrears of Super-Tax	55,100,000	50,020,000	5,080,000	...	76,700,000	67,830,000	8,870,000	...
Estate, &c., Duties	16,610,000	22,260,000	...	5,650,000	65,000,000	82,610,000	...	17,610,000
Stamps	6,670,000	7,400,000	...	730,000	17,070,000	20,650,000	...	3,580,000
Excess Profits Duty and Corporation Profits Tax	2,500,000	3,000,000	...	500,000	2,500,000	3,000,000	...	500,000
Land Tax and Mineral Rights Duty	660,000	650,000	10,000	...	850,000	830,000	20,000	...
Total Inland Revenue	292,435,000	260,030,000	32,405,000	6,880,000	449,487,000	430,967,000	18,520,000	21,690,000
Customs and Excise—								
Customs	35,379,000	30,387,000	4,992,000	...	136,152,000	121,401,000	14,751,000	...
Excise	29,000,000	28,500,000	500,000	...	119,900,000	124,000,000	...	4,100,000
Total Customs and Excise	64,379,000	58,887,000	5,492,000	...	256,052,000	245,401,000	10,651,000	4,100,000
Motor Vehicle Duties (Exchequer share)	2,916,000	3,224,000	...	308,000	4,961,000	4,926,041	34,959	...
Post Office (Net receipts)	950,000	150,000	1,100,000	...	11,500,000	10,100,000	1,400,000	...
Crown Lands	240,000	230,000	10,000	...	1,250,000	1,280,000	...	30,000
Receipts from Sundry Loans	1,291,972	6,191,907	...	4,899,935	13,809,853	32,890,401	...	19,080,548
Miscellaneous Receipts	14,119,388	12,138,814	1,980,574	...	29,913,088	34,330,533	...	4,417,445
Appropriation from Rating Relief Suspense Account	90,340	...	90,340	...	3,990,340	16,000,000	...	12,009,660
Total Ordinary Revenue	376,421,700	340,551,721	35,869,979	12,087,935	770,963,281	775,894,975	£4,931,694	Net Decrease, 1,000,000
Self-Balancing Revenue.								
Post Office	16,350,000	16,750,000	...	400,000	58,000,000	59,000,000	...	...
Motor Vehicle Duties apportioned to Road Fund	13,936,000	13,968,000	...	32,000	22,519,000	22,865,959	...	346,959
Total Self-Balancing Revenue	30,286,000	30,718,000	...	432,000	80,519,000	81,865,959	...	1,346,959
Total	406,707,700	371,269,721	35,437,979	12,519,935	851,482,281	857,760,934	£6,278,653	Net Decrease, 1,000,000

II.—An Account showing the RECEIPTS into and ISSUES out of the EXCHEQUER in the Year ending March 31, 1932, as compared with the corresponding period of the preceding year.

RECEIPTS.	Year ending Mar. 31, 1932.	Year ending Mar. 31, 1931.	ISSUES.	Year ending Mar. 31, 1932.	Year ending Mar. 31, 1931.
Ordinary Revenue, as shown in Account I.	£ 770,963,281	£ 775,894,975	Ordinary Expenditure.	£ 289,492,214	£ 293,169,569
Self-Balancing Revenue, as shown in Account I.	80,519,000	81,865,959	Interest and Management of National Debt	6,346,945	6,424,670
Total Revenue	851,482,281	857,760,934	Payments to Northern Ireland Exchequer	3,051,999	2,896,276
Temporary Advances Repaid—			Other Consolidated Fund Services	298,891,158	302,490,515
Interest on Exchequer Bonds under the Capital Expenditure (Money) Act, 1904	17,224	36,917	Total	107,280,000	110,524,000
Under the Unemployment Insurance Acts, 1920 to 1931	11,414,000	4,940,000	Army, Navy and Air Votes	331,920,000	319,326,000
Road Fund	...	...	Civil and Revenue Votes (excluding Post Office)	439,200,000	429,850,000
Money Raised by Creation of Debt—			Total, Supply Services (excluding Post Office)	738,091,158	732,340,515
(a) For Capital Expenditure Issues—			Total Ordinary Expenditure	58,000,000	59,000,000
Under the Post Office and Telegraph (Money) Acts, 1928 and 1931	9,700,000	11,000,000	Post Office	22,519,000	22,865,959
By Exchequer Bonds under the Capital Expenditure (Money) Act, 1904	...	362,600	Road Fund	80,519,000	81,865,959
(b) Under the Unemployment Insurance Acts, 1920 to 1931	39,610,000	36,440,000	Total Self-Balancing Expenditure	818,610,158	814,206,474
(c) For other Issues—			Total Ordinary and Self-Balancing Expenditure	32,507,786	66,830,431
By Treasury Bills	2,625,923,000	2,638,426,000	New Sinking Fund (1928)	851,117,944	881,036,905
By 4½ per cent. Conversion Loan, 1940-44	...	46,774,808	Total, including New Sinking Fund	...	...
By 5 per cent. Conversion Loan, 1944-64	...	198,395	Interest on National Savings Certificates—		
By National Savings Certificates	47,300,000	49,100,000	Paid in excess of the provision in the Permanent Debt Charge	8,430,922	...
By 4 per cent. Treasury Bonds, 1934-36	151,846,544	105,590,181	Temporary Advances	...	...
By British Government Loans Abroad	882,610,000	752,325,000	Interest on Exchequer Bonds under the Capital Expenditure (Money) Act, 1904	17,224	36,917
(d) Ways and Means Advances	78,115	...	Under the Unemployment Insurance Acts, 1920 to 1931	39,610,000	36,440,000
Repayments—			Road Fund, under Section 27 of the Finance Act, 1928	11,414,000	4,940,000
In respect of Suez Canal Drawn Shares	141,740	164,499	Issues to meet Capital Expenditure—		
In respect of Issues under Land Settlement (Facilities) Acts, 1919 and 1921	4,620,122,904	4,503,119,334	Under the Post Office and Telegraph (Money) Acts, 1928 and 1931	9,700,000	11,000,000
Balances in Exchequer on April 1—			Under the Capital Expenditure (Money) Act, 1904	...	362,600
Bank of England	5,296,468	5,504,595	Unemployment Insurance Acts, 1920 to 1931—		
Bank of Ireland	695,075	620,619	Repayment of Amounts Borrowed	...	...
	£ 4,626,114,447	£ 4,509,244,548	Redemption of Debt—		
			Treasury Bills paid off	2,591,290,000	2,646,500,000
			Principal of 4 per cent. War Loan, 1922-42, paid off	350,100	75,060,160
			Principal of National Savings Certificates	...	...
			(a) Repaid by issues under Section 33 (1), Finance Act, 1923	47,300,000	35,900,000
			(b) Repaid otherwise	1,000,000	...
			Principal of National Savings Bonds paid off	19,148	15,677
			Principal of Treasury Bonds paid off	1,331,390	35,605,746
			Principal of British Government Loans Abroad	150,276,637	...
			Issues to National Debt Commissioners under Section 3 (3) of the War Loan Act, 1919	7,319,000	...
			Securities surrendered for Duties under Section 34 of the Finance Act, 1917	74,790	...
			Ways and Means Advances Repaid	899,610,000	776,355,000
			Depreciation Fund—		
			Under the Finance Act, 1917	1,370,137	...
			Issues to National Debt Commissioners to Reduce Debt—		
			Suez Canal Drawn Shares Repayments	78,115	...
			Balances in Exchequer—		
			March 31, 1932.	March 31, 1931.	
			£ 4,620,309,307	£ 4,503,253,005	
			Bank of England	5,334,959	5,296,468
			Bank of Ireland	470,181	695,075
				£ 5,805,140	£ 5,991,543

Mem.—Floating Debt outstanding March 31, 1931

	1932. March 31.	1931. March 31.
Ways and Means Advances outstanding:—		
Advances by Bank of England	£ 7,500,000	24,500,000
Advances by Public Departments	604,455,000	569,825,000
Treasury Bills outstanding	611,955,000	594,325,000
Total Floating Debt outstanding	£17,630,000	...
Net decrease	£17,630,000	...

Treasury, March 31, 1932.

* Includes £29,000, the proceeds of which were not carried to the Exchequer within the period of 'the account'.

Four days later the same journal published an editorial under the caption "Worse than Boll Weevils." This caption was suggested by an address delivered before a conference of business men, in which it was affirmed by the speaker that, while the weevil destroys only a portion of the cotton crop, the tariff destroys the means of payment of those who would buy the crop. *The Wall Street Journal* comments:—

Before the war, the United States was a debtor country and an import balance of goods was not considered a benefit; accordingly, public sentiment favoured a protective tariff. The economic change in the country has come more rapidly than the change in political thinking, so we are in the position of a creditor country with our minds still those of debtors. . . . We cannot increase foreign customers' means of payment by shutting out their goods; furthermore, we cannot hope for an increased demand for our goods so long as all the nations of the world are engaged in increasing their tariffs. The protective principle for debtor countries for the present seems to be lost to sight, and nations are bent on destroying international trade at a greater rate than weevils destroy cotton.

We expect that our Wall Street contemporary would agree with us that one most hopeful approach towards a way out of the present impasse would be by way of the liberal exercise of the elastic provisions of the United States tariff law.

INSURANCE NOTES.

Employers Liability Assurance.—Being largely identified with casualty insurance business in the United States, and having also a considerable proportion of its funds invested in America, this Corporation had a difficult time in 1931. The total premium income has decreased from £7,480,000 to £6,481,000, due not only to a reduction in the volume of employment and in wage rates, but also to the fall in the value of commodities. Of the total premium income, approximately 90 per cent. is drawn from the United States. Considering the difficult position, the underwriting results as a whole have been not unsatisfactory:—

	1930 Profits.		1931 Profits.	
	Amount.	Percentage of Premiums.	Amount.	Percentage of Premiums.
Fire	27,385	6.3	20,218	5.2
Accident	25,742	6.0	12,586	3.4
General	156,157	2.4	304,110	5.2
Investment and Exchange Profits	49,218		16,373	
Gross surplus	256,502		328,115	
Less taxes	248,573		236,425	
Net trading surplus	7,929		91,690	

Interest earnings are practically unaltered at £295,000, and would virtually have sufficed to meet the dividend at the same rate as for 1930. As a precautionary measure, however, the rate has been reduced from 100 per cent. to 90 per cent. The corporation has not, of course, escaped losses on its securities, for of the total investments of £8½ millions, £6½ millions are represented by Stock Exchange securities, and of these £5½ millions are American securities. These securities are valued at par of exchange, and, on this basis, the excess of the book values over market values is £1,220,000. If the dollar securities had been valued at current rates of exchange, the book values would be increased by £1,860,000, though, on the other hand, the liabilities if valued on the same basis would have required some £1,760,000 more than their book values. There is an investment reserve which has been increased by £100,000, and now stands at £500,000, and, in addition, there is, of course, a large general reserve, exceeding £2½ millions. The report also hints that there are assets other than Stock Exchange securities which are worth considerably more than their book value. Another cause of anxiety during the year has been the operations of the corporation's subsidiary, the Merchants Marine, whose accounts are also reviewed in this issue. This company, which was purchased in 1921, for £750,000, now stands in the books at £125,000. There is, however, an uncalculated liability of £375,000, and £125,000 of this is to be called up immediately to provide funds to enable the company to repay an advance of just under £100,000 owing to its parent.

Abstainers' and General Insurance.—Founded originally in 1888 as the Blue Ribbon Insurance Company, the name was subsequently changed to the Abstainers' and General, but the company has throughout been identified particularly with Quakers and the transaction of temperance business. In pursuance of this policy a separate Abstainers' section is maintained, and life policies are issued to abstainers at a rebate on the normal rate charged to non-abstainers, it being claimed that the mortality of the former is superior. More recently fire and general business has been added to the company's activities, and the total assets now amount to £3½ millions. In the life department in 1931 the sums assured under new policies issued amounted to £695,000, compared with £730,000 in 1930. Owing to the rise in the rate of income tax, the net rate of interest earned is 2s. 5d. per cent. lower, at £4 13s. 5d. per cent., and the proportion of premium income absorbed in expenses and commission is unchanged at the rather high figure of 20 per cent. The premium income in the fire and general branches, which have shown a steady expansion each year, now amounts to £51,000, and provided last year a net trading surplus, apart from interest, of £3,300, as compared with £5,800 in 1930. Investments are carried in the balance sheet at the book values on December 31, 1930, when the last triennial valuation was made. Of the total of £3½ millions nearly £1½ millions is invested in mortgages, and £800,000 in British Government securities. With regard to the former, a large proportion of the mortgages are in the form of small advances to policyholders for the purpose of purchasing their own houses, the rate of interest generally charged being 5½ per cent.

Provincial Insurance Company.—Although this company, in common with all investing institutions, was a heavy sufferer from depreciation last year, the real feature of the 1931 report is once again the extraordinarily good underwriting results—achieved on this occasion in a particularly difficult year. Details of the last two years' accounts are set out below:—

	1930.		1931.	
	Amount.	Percentage of Premiums.	Amount.	Percentage of Premiums.
	£		£	
Fire	18,631	10.6	20,010	11.8
Employers' Liability, Accident and General	41,454	6.7	49,299	7.1
Marine	4,991	5.2	5,139	6.0
Less income tax, &c. ...	55,094		64,170	
Less losses on invest- ments realised	12,751		17,272	
Less allocation to staff pensions and profit- sharing	...		9,776	
Total net underwriting surplus	18,096		8,717	
	24,247		28,405	

Fire premiums are slightly down at £170,000, but the accident and general account shows a substantial increase in premiums from £621,000 to £698,000. The marine account shows further contraction to £86,000, and, although there is again a small loss, this represents little more than the interest earnings which have been left in the account. The total 1931 underwriting profit is stated to constitute a record in the history of the company. Interest earnings show little change at £29,500. The dividend has been maintained for the fourth year in succession at 20 per cent., and in normal times is capable of a further increase, since the cost of the preference and ordinary dividends combined is covered by interest earnings with some £12,000 to spare. The report is again overshadowed by the stock market depreciation, and this has been responsible for a further fall of approximately 10 per cent. of the invested funds, i.e., 10 per cent. of about £780,000. This result, since it is actually less than the depreciation suffered last year by British Government stocks, may be regarded as not unsatisfactory, and the depreciation has been met by an increase of £75,000 in the contingency fund, which now amounts to £110,000. General reserve has been drawn upon for £25,000, reducing the item to £180,000, and the sum of £9,600 has been released from reserve in the marine account.

Maritime Insurance Company.—The accounts of this company illustrate markedly the need for revising and extending the scope of the Assurance Companies Act, 1909, which governs the conduct of insurance business and the form of the accounts to be returned to the Board of Trade. This Act does not apply to marine companies, and the Maritime Insurance Company presents its accounts in a form wherein the claims are lumped together in one item irrespective of the underwriting year to which they relate. The only possible indication of progress, therefore, is the course of the claims paid over a series of years. Moreover, the investments in the balance sheet are lumped together in one item, which now amounts to over £1½ millions, and there is no attempt whatever to classify the investments into various groups of securities. Such indications as are afforded by the 1931 report suggest that the company, which has throughout succeeded in showing a profit on its marine business, has had a more profitable experience in 1931. The amount transferred to profit and loss account in 1931 is £30,000, compared with £20,000 in 1930, and the premium income is now £331,000. The company, which is controlled by the Scottish Union and National, is in a strong position, for, as compared with a paid-up capital of £500,000, there is a general reserve of £200,000, and a profit and loss balance of £352,000. For the first time for many years the investments stand at a book value in excess of the market value, but the difference, namely £33,000, is small.

Standard Life Assurance.—The Standard has achieved the considerable feat of maintaining unchanged its full rate of reversionary bonus for 1931, and it has done this in spite of depreciation which on assets of £22 millions must have amounted to a very large sum. A study of the 1931 accounts now published indicates that the company is fully justified in this demonstration of its strength. The valuation was made as before on a basis which, for stringency, is not excelled by any other British Life Office, and the results are as follows:—

	1928-29.	1929-30.	1930-31.
Surplus earned during the year	363,988	374,287	376,592
Surplus income transferred from guarantee fund	30,923	36,944	42,282
Brought forward from previous year	21,811	25,717	28,520
	416,722	436,948	447,394
Allocations—			
To bonuses to policyholders	291,005	308,428	317,369
„ Transfer to inner reserve	...	...	85,000
„ Guarantee Fund	100,000	100,000	...
„ Pension Fund	...	...	15,000
„ Carried forward to next year	25,717	28,520	30,025
	416,722	436,948	447,394

The ordinary reversionary bonus of 42s. per cent. compound has been earned with a smaller, though still satisfactory, margin, and £100,000 has again been transferred to reserves. On this occasion, however, £85,000 of this sum has been utilised to strengthen what are termed "inner reserves," the purpose of which is not revealed either in the report or in the chairman's speech, and £15,000 has gone to provide for pensions. The guarantee fund now amounts to £1,650,000, and was created five years ago as security for the issue of £850,000 5 per cent. perpetual stock. Thus, the fund is now nearly double the nominal liability against which it was created, and the 1931 allocations to reserve bear the impress of devices to obviate an increase in carry forward. The surplus thrown off by the company's exceedingly stringent basis of valuation is so large that it may well find itself placed in the dilemma of being forced either to raise the ordinary bonus to a level which may not be justified by the scale of premiums or to "slice the lemon" by a special distribution to the policyholders. The balance sheet shows total assets of almost £22 millions, and the chairman stated in his speech that notwithstanding the depreciation of 1931 there is "still a good margin on the right side between the market and balance sheet values of our assets." This is a revealing statement, for it must mean that, assuming the depreciation of 1931 was in the neighbourhood of £2,000,000, the hidden reserves must have largely exceeded

that figure at the beginning of the last financial year. The classification of the assets shows two movements of some interest during the year; firstly, a substantial increase in holdings of British Government securities, the amount having risen from £4,100,000 to £4,900,000, and a proportionately larger increase in holdings of ordinary shares from £1,870,000 to £2,730,000, the latter being equivalent to 13 per cent. of the total assets. With regard to the business of the year, although the sums assured under new life policies issued declined from £3,141,000 to £2,764,000, the total volume of new business issued was greater than in the preceding year, since Capital Redemption policies were effected for £644,000 compared with only £68,000, and once again a large annuity business was transacted.

Universal Automobile.—Although founded only a few years before the war, this company has devoted itself exclusively to motor car insurance, and its business has, therefore, shown a very rapid expansion. This tendency was accentuated in 1930 by the compulsory insurance conditions of the Road Traffic Act, and the premium income rose during the year by £31,000 to £154,000. The underwriting profit earned was £2,210, equal to 1.4 per cent. of the premiums, compared with £1,554, equal to 1.3 per cent., in 1930. A dividend of 12 per cent. has been declared for many years, but the interest earnings by themselves would permit this rate to be doubled. The Stock Exchange investments, which are entered at cost at £82,000, were on December 31st last worth, on market prices, £76,700. The book values have, however, been retained unaltered, and no provision has been made for the depreciation, as the directors state that, taken at to-day's prices, the market value now exceeds the book value. The company is a tempting morsel for an acquisitive composite office.

Overseas Correspondence.

UNITED STATES.

Finance — Capital — Prices — Industry.

(FROM OUR CORRESPONDENT.)

NEW YORK, March 22.

WHILE political leaders have struggled to lift Congress out of the taxation morass, financial markets have marked time and trade has barely managed to hold its own. The situation at Washington is not hopeless, but it is discouraging that so much callousness can exist among Congressmen toward so pressing a problem as balancing the Budget. Special interests and the conflicting wishes of different parts of the country have inevitably come forward to attack first one and then another provision of the new revenue measure, and it is now a matter of guesswork as to which provisions will be retained and which abandoned in order to secure passage of the whole.

In its general outlines the measure, which has the sponsorship of leaders of both the Republican and Democratic parties and the Administration, seeks to raise about \$600 millions with a 2½ per cent. tax on manufactured products, to be collected at the source. An increase in income tax rates to about the 1924 levels, along with a lowering of exemptions, is to raise a similar amount. Judged solely on its merits as a taxation measure, the Bill provides much material for criticism. Business men are afraid that the tax on manufactures will multiply a few times before the goods reach the consumer, that it will be difficult to collect, and that it will tend further to depress business. Labour leaders and others of a Socialistic turn oppose it because they claim that the chief burden will fall upon the poor.

It now appears that with the elimination of food products, including tinned and bottled foodstuffs, as well as exemptions for clothing and medicines, the expected revenue from the Bill will drop by \$150 millions, but that

support enough may be obtained to pass it. Meanwhile the gap will have to be filled in, and this probably will be done through substitution of special Excise taxes, such as a gasoline tax, or possibly an increase in postage rates. The move for a 4 cents a pound duty on copper was abandoned, as it was realised that such a measure would produce no revenue, but a small import tax on oil is possible.

The proposed sales tax is disliked by nearly everyone, but it is realised that the supreme need is a balanced Budget. For this reason other features of the Tax Bill probably will be opposed only mildly. One of these is the provision to limit writing off losses on stock and bond sales to the extent of the gains in any one year, this being, of course, the equivalent of a gross receipts tax. However sharp the struggle may be, it is reasonably certain that Congress will pass a measure capable of balancing the Budget for the coming fiscal year, and may later make a real start toward reduction of expenditure. Fortunately there is full respect in the best quarters for the good standing of this country's credit, and even in Congress the opposition to an adequate tax measure is weakening.

Certain other proposals calculated to delay restoration of confidence have not yet been disposed of. There is still an active demand for another large soldiers' bonus, and also for a large Federal appropriation to be given the States for poor relief. Meanwhile, the excitement in Congress over the activities of the Stock Exchange has somewhat subsided and an investigation into short selling has at least been postponed. Markets would be relieved if as much could be said of the threat contained in the revised Glass banking Bill. Senator Glass, after joining the constructive forces long enough to lend his name and influence to the Glass-Steagall Bill, designed to halt deflation, has brought in his proposed amendment to the Federal Reserve Act before Congress in but slightly modified form. Hearings on it will be held over the next ten days.

The revised measure retains the old idea of directional flow of credit, and of severe penalties on bank loans which may be used in speculation on stocks and bonds (though real estate speculation is not restricted.) It contains provisions also for increasing the reserve required under time deposits (which bankers estimate would be the equivalent in effect to the loss of \$130 millions in gold), and altogether brings pressure which it is estimated would mean liquidation of \$2,000 millions in bank investments. The practical effect of the Bill in its present form would doubtless be to drive from national to State charters the majority of the large banks and to force them to withdraw from the Reserve system. This would, of course, be unfortunate for the central banking system. Bad as the Bill is held to be, it is disliked mainly because it is introduced just at a time when other strong measures, with a fair prospect of success, are being taken to stem deflation and restore confidence in the security and commodity markets.

The first quarterly tax date passed with virtually no disturbance to money markets. The Treasury borrowed only \$50 millions, and that was quickly paid back, but the natural slackness of the demand for credit has given money rates an easier appearance. In spite of the Treasury overdraft, Reserve system credit last week dropped \$64 millions. Member banks repaid \$87 millions to the system and bill holdings ran off \$30 millions. There was a further drop of \$22 millions in currency circulation and monetary gold stock rose \$12 millions.

New capital issues are still confined mostly to municipal borrowing, running from \$10 to \$30 millions weekly, and the bond market has lately lost some of its strength. The tax-exempt issues of the Government have drawn some investment money from industrial and railroad bonds on the threat of heavier surtaxes and continued lack of business revival. The Reconstruction Finance Corporation has adopted a more liberal policy toward railroad loans, and will probably permit no defaults. President Hoover has announced that a survey of the situation reveals less need for railroad credit than had been expected. He places probable calls for aid to meet interest, maturities and expenses at between \$300 and \$400 millions. He

thinks the Railroad Credit Corporation will supply \$50 to \$60 millions of this.

Income tax collections for the March quarter declined sharply, as was expected. For the first eighteen days collections for March were \$152.4 millions, compared with \$239.1 millions a year ago. As of March 18th the Treasury's deficit was \$1,811 millions. Another \$100 millions issue or thereabouts of Treasury bills will be announced shortly to meet maturities.

Trade statistics show little change in trend. Merchandise exports in February rose \$5 millions over January to \$155 millions, but were only two-thirds of last year's shipments. However, it was the first February in many years to show a rise over January, shipments to beat the British tariffs and larger cotton exports being responsible. Imports totalled \$131 millions, a drop of \$5 millions from January. Cotton consumption in February was 450,018 bales, against 435,337 bales in January and 433,376 bales a year ago. February payrolls increased a tenth of 1 per cent. in major industries, but employment fell three-tenths of 1 per cent., according to the Department of Labour.

Commodity prices are again unsettled. Copper is steadier on a tentative agreement for curtailment of copper production to 20 per cent. capacity and the likelihood that a number of producers will have to shut down entirely, but sugar has flattened on what appears to be abandonment of the Chadbourne plan. Rubber also has sunk to new low prices, and fears over the Farm Board's intentions have depressed wheat and cotton. The index for wholesale commodity prices of the Bureau of Labour statistics for February decreased nearly 1½ per cent. Farm products and foods lost most heavily. Prices by groups follow:—

INDEX NUMBERS OF WHOLESALE PRICES

(1926 = 100.0).

Commodity Groups.	February, 1931.	January, 1932.	February, 1932.
All commodities	76.8	67.3	66.3
Farm products	70.1	52.8	50.6
Foods	78.0	64.7	62.5
Hides and leather products	86.9	79.3	78.3
Textile products	70.9	59.9	59.8
Fuel and lighting materials	72.5	67.9	68.3
Metals and metal products	86.5	81.8	80.9
Building materials	82.5	74.8	73.4
Chemicals and drugs	83.3	75.7	75.5
Housefurnishing goods	88.1	77.7	77.5
Miscellaneous	71.5	65.6	64.7
Non-agricultural commodities	78.2	70.3	69.6
All commodities less farm products and foods	78.3	71.7	71.3

Excitement over the Kreuger episode has abated. There never was much real apprehension over difficulties on this side. It was known that short-term banking commitments here did not exceed \$9 millions, of which no more than a third was held by one house, which also had investments in Kreuger and Toll of only about a million dollars. The view here is that pessimism over the company's future has been overdone on the European side. The affair nevertheless has had one unfavourable effect in that it has brought to the fore the losses of investors in this country in foreign obligations and enterprises, perhaps making more difficult the matter of a foreign debt settlement later. At the same time, the bombastic speeches in Congress over the unshaken stand of the country on debt reduction or cancellation may be taken with much salt.

FRANCE.

Budget — M. Flandin's Defence — Politics.

(FROM OUR CORRESPONDENT.)

PARIS, March 30.

THE Budget for the nine-months "financial year" April 1st to December 31st, which the Finance Minister has just characterised as "marking the end of a chapter of French post-war finance," was disposed of by the Senate in the small hours of this morning, and will during the next twenty-four hours have been passed into law. As modified by the Upper Chamber, the Bill provides for

total expenditure for the nine months of 41,083,000,000 francs (equivalent, according to M. Flandin, to 53,182,000,000 francs for the whole year), and postulates an estimated surplus of 3,886 millions, or practically the same estimated surplus as originally forecast by the Chamber. The total expenditure, based on the full twelve months' scale, works out at 7,800,000,000 francs more than the 1929 Budget, the first voted by the present Legislature, and 10,700,000,000 francs more than the one voted for 1928 ("Stabilisation Year"). These figures, however, are admittedly purely arbitrary, and by common consent cannot be interpreted as representing the facts, for since 1928 practically no fresh taxation has been voted, expenditure has largely increased, and at the same time reductions of imposts totalling some 6,000,000,000 francs have been accorded, while during recent months the yield from taxation has proved less than Budget estimates.

The situation has been further upset by the serious reduction in revenue due to suspension of German reparation payments by the Hoover Moratorium. The present balanced Budget, nevertheless, has been arrived at in face of the fact that the expiring financial year will result, according to the Budget Rapporteur Général in the Senate, M. Abel Gardey, in a deficit of at least 3,000,000,000 francs, which will be increased to 5,000,000,000 francs if the suspension of German reparation payments be taken into account. This deficit must naturally have been substantially larger, as he points out, but for the fact that during the financial years 1930-31 and 1931-32 about 5,000,000,000 francs have been taken from the surplus funds in the hands of the Treasury towards meeting the successive deficits due to shortage from normal Budget sources. M. Gardey estimates that the drafters of the 1933 Budget will have to make provision for a deficit of certainly 3,000,000,000 francs on the coming nine months, apart from fresh expenditure already inevitable, as to the volume of which no exact total can yet be suggested. Everything points to the probability that, before the end of the present year, those responsible for the national finances will be faced with the double dilemma: (1) The necessity of securing either a resumption of German reparation payments or else a reduction or suspension of French war debt payments to Great Britain and the United States; or (2) the imposition of a heavy burden of fresh taxation, which the country's economic position will render impracticable. Striking evidence in support of the thesis that the limit of taxation has been reached, if not already surpassed, has been afforded during the past week by the remarkable action of the theatre, music-hall, cinema and other amusement industries who had made preparations to close all their establishments indefinitely as from last Tuesday and would undoubtedly have done so had not the Government at the last moment agreed to reduce forthwith the present scale of taxation on them.

The pending General Election—which it is now probable will be fixed for May 1st and 8th, immediately after those in Germany—has been the predominating factor overhanging the Budget discussions in both the Chamber and the Senate. On this occasion, however, the more or less reckless voting of demagogic expenditure which marked previous pre-general election Budget debates has been rendered impossible by the obviously difficult situation of the national finances. The Opposition has, therefore, fallen back, for the purpose of creating electioneering capital, on the expedient of endeavouring to make the present Cabinet and its predecessors responsible for the country's present financial situation, and particularly in regard to the manner in which they are alleged to have "wasted," since the early days of 1930, the plethora Treasury surplus then existing.

"On March 24, 1930," M. Chéron (the then Finance Minister) told the Senate, "I was able to announce that the reserve funds of the Treasury amounted to 19,071,000,000 francs. All that has since vanished, and now the Senate is asked to vote a Budget which is only problematically balanced. When there is a deficit in the Budget, it has to live on the Treasury, and when that is exhausted, the only way out is to raid the Sinking Fund."

M. Flandin immediately took up the challenge. The only means to muzzle electoral demagoguery, he insisted, was to tell the country the truth. The present situation of France, like that of all other countries, was due to two causes:—(1) The State had become a tentacular State, projecting its arms to a constantly greater distance and into fresh domains every day; and (2) the State had become a Providence-State, whose beneficiaries were becoming more numerous and more exigent every day. The expenditure under the last Budget of the present four years' Legislature has been 8,000,000,000 francs more than the first one in that period, and the last Budget of the previous Legislature had been 9,000,000,000 francs more than that of the first one during that term.

Dealing with the Opposition accusation that Cabinets during the past two years have frittered away the Treasury's colossal surplus of 19,000,000,000 francs, M. Flandin stated that 2,000,000,000 francs had been handed over to the Caisse d'Amortissement, under the law stipulating for this form of disposal of Budget surpluses; 1,994,000,000 francs had been utilised to repay a foreign loan contracted at an onerous rate of interest; 1,500,000,000 francs had been used as cash payments to sufferers from war losses; 500,000,000 francs had been applied to re-equipment of the national economic plant; 800,000,000 francs for frontier defence; 1,600,000,000 francs to agricultural credit organisations, cheap housing, rural electrification and water supply; 2,700,000,000 francs had been lent to the Post Office (since covered by a P.T.T. bond issue); 1,950,000,000 francs advanced to the railways to cover deficits on working during the period 1921-26; 1,400,000,000 francs represented cession of foreign currency instruments, under the law of April 10, 1930 (Article 120); 700,000,000 francs had been advanced in loans to foreign Governments; and about 3,000,000,000 francs to various banks in distress. "A year ago," M. Flandin added, "I was told that it would be impossible to keep the Treasury going until December 31st last without issuing Treasury bills and that the Government coming into power after the elections would find the Treasury empty and would be faced with insurmountable difficulties. I took up the challenge, and down to the present moment I have not issued a single one of the 5,000,000,000 francs of Treasury bills authorised by the law of 1926; and I have done this in spite of the fact that the first few months of the year are a period of low water, as the inflow of direct taxation ceases in November and does not recommence until June. The incoming Finance Minister, after the elections, will not find the Treasury empty, however, for direct taxation is again beginning to come in, and he will be able, if necessary, to issue the whole intact volume of 5,000,000,000 francs Treasury bills."

GERMANY.

Bank Reorganisations — Transfer Moratorium — Michael Concern.

(FROM OUR CORRESPONDENT.)

BERLIN, March 29.

THE big banks of Berlin have been holding general meetings this week to pass the reconstitution schemes. For the Danatbank it was the last general meeting in its eighty-year history. In the general meeting of the DD Bank Herr Oskar Wassermann discussed developments since July 13th and joined issues with the critics of the bank's policy. Herr Wassermann sees the principal causes of the economic crisis in political mistrust and the intolerable burden of international indebtedness. After the July banking crisis the DD Bank was reproached with having made the decisive contribution to the collapse of the Danatbank by refusing, for reasons of competition, to take part in a joint rescue scheme by the other banks. Herr Wassermann denies this reproach. "We were," he said, "by no means so short-sighted that we failed to see what the consequences must be for all credit institutions, including ourselves, if one of the big banks closed its doors. But the disaster could no longer be avoided. It could only have been postponed as long as the Danat-

bank's lack of liquidity could be concealed from the public. After the foreign drain the other banks were no longer so liquid that they could secretly transfer to their colleague the sums which would have been necessary to support its milliards of liabilities. We had to be satisfied with localising the crisis."

The banks had already used up their hidden reserves in 1929 and 1930 and had bought large quantities of their own shares in 1930 and 1931. The fact that public funds were used to assist the banks is justified by Herr Wassermann on the grounds that the banks had been obliged to bear the consequences of the political developments of the last two years and that if the losses had not been confined to the banks they would have fallen heavily upon a very large section of the population.

One might approve or disapprove, continued Herr Wassermann, of the fact that a large part of the banking system had come under public ownership, but a commercial bank owned by the Government was in such irreconcilable contradiction to the essence of a banking system in a non-socialised community that the compulsory nationalisation of the banks which had been inevitable would have later on to be followed by their compulsory denationalisation.

The supervisory council of the DD Bank has now been reconstructed in accordance with the reform law. The council, which formerly had 120 members, is now legally limited to a maximum of 30, and the DD Bank is for the time being only appointing 16, of whom nine are former directors. A committee is being formed of the hundred or so retiring members of the supervisory council.

Herr Jakob Goldschmidt made a farewell speech in the general meeting of the Darmstädter Bank. He, too, dealt mainly with the events of July 13th, but he did not regard the collapse of the Danatbank as an isolated phenomenon; the banking system as a whole, he pointed out, was already fighting for its very existence.

Contrary to the original plans, Herr Goldschmidt is to retire altogether. He will not be on either the board of directors or the supervisory council of the Dresdner Bank, which is taking over the Danat Bank. It is significant of Herr Goldschmidt's position that this was especially lamented in the general meeting by the officials of the bank. Of the former principals of the Danatbank only Herr Bodenheimer is being taken over by the Dresdner Bank. The former Reichskommissar, Herr Bergmann, ex-Secretary of State, is to be a director. The dismissal of Herr Goldschmidt, which will not make the carrying out of the amalgamation any easier, is due to personal and political reasons. He will, however, continue to represent the bank on the supervisory boards of the principal industrial undertakings in which it is interested, including Vereinigte Stahlwerke, Krupp and A.E.G.

The declines in quotations for German dollar bonds last week have been attributed in New York to rumours in London that a partial suspension of the service of German foreign loans was impending. Last Thursday the Government issued a most emphatic contradiction of these rumours. It is no mere chance that they have arisen just now. The German foreign exchange situation is no secret, and it goes without saying that the growing acuteness of this situation is preoccupying the responsible members of the German Government intensively, but all the responsible authorities are perfectly clear as to what the consequences would be of any decision which even resembled a transfer moratorium on private debts. It is therefore highly improbable that any important step will be taken before the Lausanne Conference unless an absolutely catastrophic deterioration in the trade balance takes place meanwhile.

Just before Easter the Industrie- und Privatbank of Berlin suspended payment. The bank acted as financier for the concern which was built up by Jakob Michael during the last ten years, and its failure means the final collapse of that formerly large and active group. Jakob Michael, especially in the years 1924-26, was regarded as one of the most prosperous German financiers, after very successful speculations in marks and in various pre-war loans. He really began in the chemical industry, but

he was most active in the real estate market and in mortgage bank and insurance business. At times he controlled large numbers of shares in the leading German mortgage banks and in some of the oldest insurance concerns. The indiscriminate construction of a variety of properties of unequal value, however, in this case as in many others, proved a mistake, and the disintegration of the concern began in 1926. One holding after another had to be disposed of, so that now only a relatively small part of German economy is effected by the failure.

AUSTRIA.

Banking — Railways — Industry — Trade.

(FROM OUR CORRESPONDENT.)

VIENNA, March 28.

At the general meeting of the National Bank the new president, Dr. Kienböck, said that they might have to make some change in the policy of the bank of issue under his management. In the first place, a restrictive discounting policy is to be adopted. This can be done with greater ease than under Dr. Kienböck's immediate predecessor, who had continually to fight against the difficulties of banks, and was obliged to discount bills in order to save them from collapse. Dr. Kienböck does not want to discount any new finance bills of the Credit-Anstalt, and he hopes also to induce the other banks not to hand in any more finance bills and to do their best to meet those maturing. The increase in the rediscount fee for finance bills of exchange from $\frac{1}{4}$ to $\frac{3}{4}$ per cent. is not, however, a very effective weapon, and the chief pressure will be the absolute refusal to discount such paper.

The National Bank is to permit a certain relaxation of the foreign exchange restrictions and particularly to facilitate the use within the country itself of schilling credits belonging to foreigners. A start in this direction was observable at the Vienna Fair, and this was the principal reason why the Fair did not show a distinctly unfavourable results. Finally, Dr. Kienböck declared that the National Bank is prepared to stand a certain amount of loss in favour of the State in the settling up of the commitments of the Credit-Anstalt. Of the bills which were discounted by the National Bank to an amount of 547 million schillings under the guarantee of the State, the greater portion will not be collectable and will have to be written off.

The policy thus announced by the new president is already being pursued, but on an average only $\frac{1}{4}$ to $\frac{3}{4}$ per cent. of the sums applied for in foreign means of payment is being allowed. The reason is that the National Bank must see to it that within the next few weeks very important sums are on hand for coupon purposes. For instance, in the first place, \$900,000 are payable abroad for the Vienna municipal loan; further, about 50 million schillings in foreign means of payment must be found for the interest and amortisation service of the League of Nations loan. In this connection, great significance is attached by Austrian economic circles to the resolution of the Financial Committee of the League of Nations, which states that Austria is in need of a loan in order to survive the crisis without giving up the service of the foreign loans. This clearly characterises the seriousness of the situation.

On the occasion of the general meeting the president of the National Bank called upon the public to be reserved in its judgment of the further development of the State finances and of the affairs of the Credit-Anstalt and to cultivate a little optimism. This appeal would be gladly responded to in Austria if so many disappointments had not already been suffered. Still, the position of the schilling abroad is somewhat firmer, especially in Czechoslovakia and Italy, particularly as there has been a demand there for schilling notes for travelling purposes and for the Vienna Fair. At the same time, the checking of foreign exchange traffic is most stringent at the frontiers.

The last reduction of the bank rate from 8 to 7 per cent. met a long-felt need of business interests, by whom it was pointed out that the high bank rate was not attracting

foreign capital. The banks have also reduced their rates of interest on credits and loans outstanding by 1 per cent. At the savings bank the state of deposits is satisfactory, and, in any case, better than at the banks. In consequence, the savings banks are again issuing modest mortgage credits, whereas they had previously been refusing practically all applications.

Attempts are being continued at the Federal Railways to bring about an improvement in the financial situation through reform of the administration. The bureaucratic apparatus is to be simplified and the train of departments bridged. It is certainly a fact that the management of the Federal Railway is much too large and more extensive than it was under the old monarchy, when there was really a big system to operate. Within the last few days some of the officials have begun to object energetically to the constant experiments in reform which are being made without any practical success. The Federal Railways intend to proceed with electrification on individual stretches, and they are of the opinion that the necessary credits might be obtainable from the electricity industry against long-term annuities. The constant deficit will not be eliminated in this manner, especially as motor competition is steadily growing.

Unemployment is being reduced at a very slow pace. In Vienna during the first half of March it was 128,650, which means 14,644 more than last year. In the whole of Austria there are 360,000 in receipt of benefit. In the provinces, too, there is no improvement as yet, but a good deal of foreign tourist traffic is anticipated for summer, and there is consequently some investment going on and requiring labour. The Alpine Montangesellschaft intend to start producing coarse sheeting again, as the agreement between the Alpine Montangesellschaft and the Czechoslovakian foundries is not to be renewed. One of the provisions of this agreement was that the Alpine should have charge of the sale of Czechoslovakian sheeting in Austria so long as it did not resume the production of sheeting at its own works at Zeltweg. Employment at the textile mills is fair, though slowing down is observable here, too. Coal raising in Austria is to be promoted by greater use of brown coal on the part of industry and the railways. Whereas the Federal Railways last year used only 25 per cent. of Austrian coal, at the present time contracts for 37 per cent. of their coal requirements have been given to Austrian mines. It is intended to cover requirements in Austria up to 50 per cent.

The clearing treaty with Switzerland continues to be unfavourable for Austria, and for this reason notice of cancellation has been served. Up to the present the Austrian payments have been almost four times as high as those of Switzerland. Fresh trade-treaty negotiations are in progress, among them an agreement concluded between Austria and France for the purpose of promoting the exportation of Austrian timber. France raised an objection, because its schilling credits in Austria could not be easily disposed of on account of the foreign-values regulations. Austrian exports of timber are now to be paid for the greater part out of the schilling credits for French account in Austria, which are estimated at 15 million schillings at least. Timber exports are, however, still to be subject to the previous contingent clauses, while Austria has been obliged to give up the privilege it previously enjoyed in regard to the French duties on timber. Under certain circumstances this might be unfavourable for Austria, and especially if the proposed big increase on all timber duties in France should take place. It is possible that the Dutch schilling credits will also be liberated in order to afford Holland the opportunity to make purchases in Austria. Roumania is also endeavouring to procure the liberation of about eight million schillings, which it has lying in Austria, the intention being to buy goods in the country. A new treaty has been concluded with Italy, covering facilities for Austria for the exportation of cellulose, paper, timber and certain manufactures to Italy against facilities for Italy in regard to exports to Austria of southern fruits, silks and canned fish. With Brazil, too, exchanges are to be arranged. These relate to increased quotas of coffee from Brazil and increased exports of Austrian industrial products to Brazil. It is hoped to reserve to Brazil 90 per

cent. of Austria's requirements of coffee, the present percentage being only about 60 per cent.

The negotiations which are now being carried on with the banks, insurance companies and savings banks in regard to the taking up of eight million schillings in Housing Loan have not proved easy, because the credit institutes are anxious to maintain and enhance the liquidity of their resources, and because resale to the public would not be an easy matter. It is now possible, however, that the national insurance institution will take up the greater part of this loan.

HUNGARY.

Danube Plan — Trade — Exchange Control.

(FROM OUR CORRESPONDENT.)

BUDAPEST, March 29.

THE news that a conference of the Great Powers has been called in London to examine the recommendations of the Financial Committee of the League and the reconstruction plan of Monsieur Tardieu concerning the Danubian States has been received here with great satisfaction. The desperate economic conditions of the Danube Valley and the financial difficulties of the Border States call for urgent and efficient action by the Great Powers, who are in a position to offer the necessary financial assistance and can use their good offices to eliminate the political divergencies between the Succession States. Hungary is willing to be a party to any big economic unit wherein she can sell her agricultural surplus products, and would favour, therefore the closest possible economic co-operation with Austria, Czechoslovakia, Germany and Italy. The trend of Hungary's foreign trade is shown in the following table:—

	1930.	1931.	1930.	1931.
	Value in	Value in	Percentage of	Percentage of
Imports from	Million Pengö.	Million Pengö.	Total Trade.	Total Trade.
Austria	94.8	69.5	11.5	12.6
Czechoslovakia	172.9	50.1	21.0	9.1
Roumania	72.9	71.2	8.9	13.0
Jugoslavia	42.1	39.8	5.1	7.2
Four Successor States together	382.7	230.6	46.5	41.9
Germany	175.0	132.6	21.2	24.1
Italy	41.4	31.7	5.0	5.8
Other countries	224.3	154.7	27.3	28.2
Total imports	823.4	549.6	100.0	100.0

As can be seen from the above figures, nearly three-quarters of Hungary's imports came from the Successor States and Germany and Italy; and, as is shown in the following table, more than three-quarters of her exports went to these States in 1930; the drop in 1931 is due only to the temporary cessation of trade with Czechoslovakia on account of the Customs war.

	1930.	1931.	1930.	1931.
	Value in	Value in	Percentage of	Percentage of
Exports to	Million Pengö.	Million Pengö.	Total Trade.	Total Trade.
Austria	256.0	170.9	28.1	30.1
Czechoslovakia	153.2	24.2	16.8	4.3
Roumania	29.4	20.1	3.2	3.6
Jugoslavia	51.8	32.6	5.7	5.7
Four Successor States together	490.4	247.8	53.8	43.7
Germany	94.1	68.4	10.3	12.6
Italy	117.3	57.3	12.9	10.1
Other countries	209.9	193.6	23.0	33.6
Total exports	911.7	567.1	100.0	100.0

Few people realise either in Britain or in Hungary that in 1931, apart from the Successor States, Germany and Italy, the most important market for agricultural exports was Great Britain. While imports from Britain declined from 34.2 million pengö in 1930 to 20.6 millions in 1931, exports to Britain increased from 51.5 to 55.4 million pengö, thus leaving a favourable balance of 34.8 million pengö, as against 17.3 millions in the previous year. The development of exports to Britain is particularly important, because though Hungary's trade is, for

instance, largely active with Austria, the Austrian currency cannot be used either for the payment of foreign obligations contracted in dollars and sterling or for the purchase of the necessary raw materials.

The total value of exports, which declined from 911.7 million pengö in 1930 to 567.1 millions in 1931, will further deteriorate in 1932, unless a miracle happens. Comparative figures for January-February in the last four years are as follows:—

January-February.	1929.	1930.	1931.	1932.
		In Million Pengö.		
Imports	153.8	127.4	86.7	53.9
Exports	105.9	140.0	80.5	47.1
Balance	-47.9	+12.6	-6.2	-6.8

As can be seen from these figures, imports have fallen to scarcely one-third of the 1929 volume, owing to the foreign exchange regulations and to the decline of purchasing power, which is determined solely by the merchandise export now that the financing of imports by foreign borrowing has stopped. The catastrophic fall in exports is due partly to the trade barriers and currency regulations of other countries and partly to the inability of Hungary to compete with Poland, Roumania, Yugoslavia, etc., owing to the inflated price level. No improvement can be hoped for so far as exports are concerned until harvest time.

The National Bank has issued a very interesting survey of the foreign exchange control, which has been in force now for eight months. It is stated that from August 1, 1931, till March 15, 1932, the amount of the export *devisen* surrendered to the bank amounted to 100.2 million pengö, which is less than one-third of the total merchandise exports in the same period. Another 30 million pengö was notified to the bank by exporters who were permitted to import raw material within the limits of the compensation scheme sanctioned by the bank. The bank has allowed 69.9 million pengö in foreign exchanges for merchandise imports, which sum, together with the 30 million pengö covered by the compensation agreements and 7.7 millions used for imports from private balances with the permission of the bank, makes a total of 108 million pengö, which is again scarcely one-third of the total value of the imported goods in the period August, 1931-March, 1932. With the building up of the commercial clearing treaties under the auspices of the bank and the more effective regulation of export, it is hoped that about two-thirds of the currency necessary to carry on foreign trade will be subject to the control of the authorities. In such circumstances there is, of course, very little hope of procuring the foreign exchanges necessary for the service of Hungary's huge foreign debt. It is worth while to remember that the value of the total merchandise exports of January and February, amounting to 23.8 million and 23.3 million pengö respectively, would not suffice to meet the monthly service of the foreign debts, amounting approximately to 800 million pengö per annum. At best it will be possible to transfer the service of the League Loan and the B.I.S. credit, which is permitted by the British Standstill Agreement.

The French creditors show little eagerness to come to terms with their Hungarian debtors on the lines of the British Standstill Agreement which is now being signed by all the creditors and debtors concerned in London and in Budapest. The great merit of the British Standstill Agreement is that it brings within the control of the National Bank and its advisers all the interest and commissions deposited in pengö at the bank. On the other hand, it is much to be regretted that investments in real estates and stocks are permitted, for these transactions would further inflate the already inflated price level and would create vested interests and discriminations between the creditors which would make the liquidation of the transfer moratorium much more difficult in the future.

JUGOSLAVIA.

Production — Foreign Trade — Financial Conditions — Budget.

(FROM OUR CORRESPONDENT.)

BELGRADE, March 15.

THE end-year industrial and trade reports show unmistakably how deep and general is the present crisis. The mining output of practically all ores has declined, and in the cases of copper and iron the fall amounts to 36 per cent. and 74 per cent. respectively, as compared with the same quarter last year. The timber industry is working at only 50 per cent. of its capacity, while the alcohol, meat products, sugar, oil, paper, glass, shoes, carbide, and artificial manure trades are equally hard hit. Agriculture is at a low ebb. New credits placed in the villages by the Privileged Agrarian Bank during 1931 amount to only 349 million dinars, against 757 millions placed during 1930, and owing to the difficulty of obtaining cash for agricultural products many villages are penniless. It is for these reasons that the internal wheat monopoly is now being rescinded, and that the discussion of the formation of a Danubian economic bloc is being followed with interest, if not with much solid hope.

Foreign trade figures place exports for 1931 at 8,323,416 tons, valued at 4,801 million dinars, against imports of 1,133,110 tons, valued at 4,800.3 million dinars, thus giving, on paper, a favourable balance of 700,000 dinars. The total volume of trade at 9,600 million dinars compares with a total volume of 13,740 million dinars in 1930, when exports amounted to 6,780 and imports to 6,960 million dinars. The full extent of the decline will best be realised, however, if we compare these figures with the total volume of 15,510 million dinars in 1929—the fall in trade during the past two years being about 40 per cent.

It cannot be said that any improvement has been noticeable during the first quarter of 1932. Unemployment, although not catastrophic in an industrially undeveloped country, is on the increase, and poor relief is being organised by many municipalities. Bankruptcies, it is true, have increased only slightly, but the figures are completely misleading, since in addition there are many "compulsory settlements," as well as latent bankruptcies which are allowed by creditors to go on for fear lest everything may be lost. Foreign trade figures for January are: exports 218.2 and imports 228.2 million dinars, as compared with 384 and 410 million dinars respectively in January, 1931.

On the other hand, financial confidence is gradually reviving, although this process has not reached a point at which new credits are being opened. Bank deposits, which at the end of September were 13,235 million dinars, and which reached their lowest ebb during November, have begun to come back, and although their total for the end of December was only 12,170 millions, it may be confidently anticipated that the end of March figures will not be far short of 13,000 millions. The Bourse has shown a bullish sentiment since the end of January, and the tightness of the money market has in general relaxed. The State, which borrowed 431 million dinars from the National Bank during January, has taken only 6 millions more during the past six weeks. Loans issued by the Bank are gradually trickling back, although at a rather slow rate. Many obligations "at sight" are being turned into "long-term obligations," which eases the problem of circulation, since only those at sight need be covered by metal. The cover itself has been reduced since December from 2,096 to 1,945 million dinars, and the circulation from 5,172 to 4,861 million dinars. The relation of cover to paper has declined from 37.51 per cent. to 36.53 per cent. At the moment it may be said that Yugoslavia is standing the financial strain better than any of the Danubian or Balkan countries on which she borders, and, given a reasonable chance of economic improvement in Europe, should be able to pull through.

Much of this is reflected in the Budget for 1932-33, which still awaits the approval of the Senate. Its total of 11,400 million dinars is 1,800 million dinars less than that for 1931-32, and is the smallest for any Budget since

1925-26. It is characterised by severe all-round cuts, the biggest being in the Ministries of War and Education. All Civil Servants' supplements and bonuses are being reduced by amounts varying between 5 per cent. and 11 per cent., this being the second reduction since October 1st, and all capital expenditure which could be postponed has been cut out. The average saving, taking each Ministry separately, is 20 per cent. One item alone is larger than in the preceding Budget, namely, State debts, amounting to 1,558 million dinars, against 1,220 millions. This is partly due to the natural increase in the scale of repayments, and partly to service of the two new loans concluded during 1931—the 1,000 million French francs stabilisation loan and the 250 million French francs credit granted in October. The scale of estimated receipts has also been considerably lowered, particularly in the case of direct taxation, which has been reduced from 1,601 millions to 1,170 million dinars. To make up for some of the losses, the Stamp Duty has been raised and educational fees introduced—education having hitherto been completely free. Two points in the Budget deserve particular mention. One is that no receipts from reparations have been entered in the estimates, and the other is the statement of the Finance Minister that the floating debt, amounting to 700 million dinars, will be repaid in the course of six years, bearing interest in the interim. The Budget has revealed some interesting figures as regards Treasury receipts during the first eight months of the financial year 1931-32. The total receipts were 7,330 millions, against 8,092 million dinars in 1930-31. Indirect taxes have declined from 2,435 millions to 2,052 millions, direct from 1,484 millions to 1,210 millions, and monopoly receipts from 1,622 millions to 1,515 million dinars. Receipts from railways, posts, telegraphs, State forests and mines were roughly the same as during the preceding year.

SPAIN.

Politics — Finances — Bank of Spain.

(FROM OUR CORRESPONDENT.)

MADRID, March 12.

THE past month has not witnessed the political changes that were anticipated; and Señor Lerroux's speech, on February 11th, the announcement of which had awakened intense interest throughout the country, did not prove entirely satisfactory either to his listeners in general or to the Radical Party. It is realised that Señor Lerroux's advanced age is beginning to tell on him, and that his aggressive spirit is on the wane. The result has been a further rise in the prestige of Señor Azaña, the Prime Minister, who continues to pull the wires within the Government. Whatever the final outcome may be, the country is grateful for a respite in political bickerings; and the Bolsa reflected, perhaps with exaggeration, the optimism which resulted.

On the other hand, the peseta continues weak, and the easing of restrictions as to trading between banks has not improved the situation. The index of the cost of living, slightly higher in 1931 than in the previous year, has not followed the course of the peseta as compared with gold currencies. At the end of 1930 the peseta showed a depreciation of 45 per cent., which increased to 53 per cent. on December 31, 1931, while the index of the cost of living in Spain only moved from 172 to 175 during the same period. This stability of prices in the face of a depreciating currency is, in a great measure, due to the world crisis which has enabled Spain to avoid the unpleasant results which have accrued in other countries under similar exchange conditions. Furthermore, the economic isolation of the country with respect to the rest of Europe has proved to be a safeguard against the repercussion of economic disasters abroad.

The issue of Treasury bonds, which is to be made shortly, is the subject of much comment on the Stock Exchange. Generally speaking, Government securities have weakened of late, probably thanks to sales made with the object of providing funds for subscription to the new issue on the supposition that the terms will present certain

advantages over previous issues. It would appear that, following the usual custom, the Bank of Spain will allow advances up to 90 per cent. of the current quotations of the new Treasury Bonds, but that institution is not in favour of a reduction of the interest rate on such advances. This would induce the banks to take up large packets of bonds, thereby eliminating to some extent the small subscribers. In the past, banks have been able to realise large profits on Government issues by exaggerating their subscriptions and paying for 90 per cent. of them with money borrowed from the Bank of Spain. The bonds allotted to them were either resold on the market at a profit or held for the difference between the interest produced by the bonds and that charged by the Bank of Spain for the advances, the latter being invariably less than the former. It is not surprising, therefore, that all Government issues made of late years in Spain have been very considerably oversubscribed.

Taking advantage of the favourable atmosphere which existed a week ago, and the proximity of the issue of Treasury Bonds, several private issues of shares and bonds have been offered to the public with satisfactory results. The market conditions have, however, changed somewhat; and, at the time of writing, owing to a revival of social troubles in the provinces, the Bolsa has lost some of its buoyancy.

The reduction of Government expenditure, which, it was announced, would be enforced with an iron hand, has been toned down to meet political exigencies. On the other hand, railway construction and hydraulic works are being carefully sifted, and only the most essential are to be authorised, while the thousands of schools which the Minister of Education announced his intention of building will probably not take tangible form for some time to come.

The annual report of the Bank of Spain indicates that during the year 1931 the bills discounted increased by Ptas. 2,278,000,000. This movement has continued during the present year; already discounts amount to 1,218 millions, compared with 773 millions in the corresponding period of last year, and these figures are an indication of the severe economic crisis through which the country is passing. The profits of the Bank of Spain amounted to Ptas. 169,261,976. Including the carry forward from 1930, and after deducting charges, the net profit was 120 million pesetas. The dividend of 26 per cent. absorbs Ptas. 46,020,000 and 64 millions go to the Treasury in income tax, stamp duty and participation of the State in the profits of the Bank.

SOUTH AFRICA.

Gold Question — Public Debt — Diamonds.

(FROM OUR CORRESPONDENT.)

JOHANNESBURG, March 9.

THE Government of the Union continues obstinately with its policy of deflation and maintenance of the gold standard with a basic coin of 113 grains of gold. Whatever the ultimate outcome of the policy may be, the course of the discussion has been curious and regrettable, and becomes more so. Originally, the Government defended their attitude on the ground that their professional advisers anticipated a rise of sterling prices, which would give the Union producer for export a paying return for his produce. Then it could reasonably be considered in October last that the future of sterling was unpromising, or, at best, indefinite, and sterling seemed to be the only reasonable alternative. It is not clear why the rise in sterling prices was expected to help a gold-standard country, unless the gold equivalents of sterling prices were expected to rise—an event of which there has never been any sign. The ethical arguments against "compounding with creditors" were made much of, and still are, although almost all South African indebtedness overseas is payable in sterling. It is to be feared that the advice of General Smuts that the Union should leave the existing gold standard was not practically helpful, as the Government side are really unable to dissociate General Smuts' political or technical

statements from their strong dislike of the General himself.

The Prime Minister's closing speech in the debate on the proposed appointment of the Select Committee on the Gold Standard was an extraordinary utterance for a Prime Minister. General Hertzog candidly eschewed technical argument and devoted the whole of his remarks to criticism of the part played by General Smuts in the controversy. In the upshot, the South African Party members of the Committee were appointed without the formality of invitation, and resigned immediately the Committee was constituted and before any evidence was heard. The party view was that the Committee is a waste of time in view of the Government's announced decision that its object is to marshal arguments for the Government case rather than to investigate the whole position. The abstention may, in such circumstances, be understood, but is felt to be unwise, as it deprives the Committee of all members who combined with any understanding of the problem an attitude of opposition to the Government case.

In the meantime, the Government is proceeding with the measures ordinarily accompanying deflation. State expenditure is being pruned as rigorously as possible. All allowances have already been abolished, and now pensionable salaries are to be reduced, also the salaries of Ministers and the allowances to Members of Parliament. With all the forces tending so strongly towards economy, it is anticipated in Government circles that it may be possible to balance the Budget, although it may be more difficult to finance the loan account this year. Ordinarily the Public Debt of the Union increases by some £7 millions per annum. The Minister of Finance has been asked how he proposes to deal with this aspect of the matter, and has replied—not unnaturally—"Wait and see." The effect of this reply is spoiled by the widely held cynical opinion that that is what the Minister himself is doing.

Since Union, the Public Debt has increased by some £140 millions. Converting the net increases, year by year, in the ratio of the index of wholesale prices for the relevant year to the index for 1931, the burden of this is now equivalent to about £180 millions. Further than that, of course, in some lines—e.g., wool—the burden of old debts in terms of the commodities whose production they were incurred to promote is now crushing. On the other hand, there may be some idea behind the Government's decision to the effect that rigid deflation will reduce our production costs and compel the writing down of the value of over-capitalised farms, as nothing else will. Moreover, the Government may quite reasonably doubt whether their supporters as a whole are to be trusted with the management of the currency. They fear that our last state might become worse than our present condition.

The diamond mines associated with De Beers and the Premier companies have been placed on a caretaking basis or are in process of being reduced to that position. It is much to be hoped that improvement in trade and some arrangement for effective control by the people who understand a highly specialised business will lead to a resumption of operations. Some £350 millions' worth of diamonds have been produced in the Union since 1870, and £25 millions have been paid to the Union Treasury since 1910, according to the Government Mining Engineer's Report. The Premier Mine alone has paid £8,000,000 to the Government as the share of profit. South Africa owes much to diamonds, and, on sentimental as well as business grounds, the present position of the industry is regrettable. The Government has admitted Mr I. W. Schlesinger to its confidence and commissioned him to carry on the cutting of diamonds from the diggings and the training of diamond cutters. Mr Schlesinger is a distinguished local financier, but his special qualifications to enter the diamond trade at a crisis in its fortunes are not obvious. The whole position has been the subject of an acrimonious debate in Parliament, and it cannot be said that the Government came through it with credit. In any case, the present Minister of Mines is not one of the Cabinet's most wisely chosen members, and it is unlikely that he will hold office again.

The present Parliament shows signs of having outlived its usefulness. The gold standard question is a sort of King Charles' head whatever the subject of debate, and only some other matter of really major interest can relieve the Whips of difficulty in maintaining a quorum. As the gold standard is before a Select Committee, members cannot discuss it on the floor of the House, and they prefer to discuss it in the Lobby to dealing with other business.

In the meantime, the gold-mining industry is revealing itself even to its most prejudiced critics as the one mainstay of the country, and if the present circumstances continue to favour an increasing scale of production, we may hear less of the fear that the world will seek some alternative currency basis.

BOOKS RECEIVED.

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

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

Economic Co-operation of Japan and China in Manchuria and Mongolia. By Yosuke Matsuoka. (Dairen) Chunichi Bunka Kyokai.

A brief exposition of the Japanese point of view.

Business Forecasting. By J. H. Richardson. 2s. 6d. net; *Finding Capital for Business.* By David Finnie. 2s. 6d. net; *Currency and Banking.* By D. T. Jack. 5s. net. (London) Sir Isaac Pitman and Sons, Limited, Parker Street, Kingsway.

Three additions to a very useful series.

Annual Report of the Director of the Mint, 1930-1931. (Washington) Superintendent of Documents. 75 cents.

A valuable source of gold and silver statistics.

The Manufacturing Industries of the British Empire Overseas. Part V, *Newfoundland and Crown Colonies and Protectorates.* (London) Erlangers, Limited, 4, Moorgate. 2s. 6d.

An exceedingly valuable collection of statistics.

The Functioning of the Gold Standard. By Dr. Feliks Mlynarski. (London) Allen and Unwin, 38, Great Ormond Street. 3s. 3d.

A memorandum submitted to the Gold Delegation of the Financial Committee of the League of Nations.

Balance of Trade Delusions. By Edwin Cannan. (London) Oxford University Press, Warwick Square. 1s. 6d. The Sidney Ball lecture.

Economics: The Study of Wealth. By A. L. Gordon MacKay. (London) Sir Isaac Pitman and Sons, Limited, Parker Street, Kingsway. 5s. net.

A Searchlight on Gandhi. By the Author of "India on the Brink." (London) P. S. King and Son, Limited, Orchard House, Westminster. 3s.

Le Comte Albert Apponyi. By Alexandre Pethö. (Paris) Les Œuvres Représentatives, 41, Rue de Vaugirard. 12 francs.

Monetary Leadership. By J. F. Darling. (London) Ernest Benn, Limited, Bouverie House, Fleet Street. 2s. 6d. net.

A plan for an Empire currency.

Die Bank für Internationalen Zahlungsausgleich. By Dr. Hans L. Schlüter. (Berlin) Dr. Walther Rothschild.

Practical Aspects of Taxation. By A. W. Rawlinson and R. Hunter. (London) Gee and Co. (Publishers), Limited, 8, Kirby Street.

OFFICIAL PUBLICATIONS.

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

Criminal Statistics, 1930. Cmd. 4038. 3s. 6d. net.

National Health Insurance Fund: Appendix to Accounts for the Year ended December 31, 1929. Cmd. 4039. 2d. net.

Forty-third Annual Report of the Railway and Canal Commission for the Year 1931. Cmd. 4038. 4d. net.

The Stock Exchange.

STOCK EXCHANGE REFORM.

REFORM, like charity, best begins at home. There will be satisfaction among investors over the fact, announced in our last issue, that more than four-fifths of the total voting members of the Stock Exchange have taken the trouble to record their opinion in an unofficial referendum, and that nine-tenths of those who voted are in favour of joint discussions between the Trustees and the Committee for General Purposes "to obtain unity of control and interests." While we have frequently had occasion to congratulate the Stock Exchange Committee on its perseverance in the laudable task of making investment safer for the investor, we have never disguised our view that the internal government and constitution of the Stock Exchange are in some respects antiquated and inadequate. There is, indeed, a danger that, unless efforts are made from within to bring the Stock Exchange into line with the requirements of the modern investor, its business may dwindle, and attempts may be initiated, with greater prospects of success than on earlier occasions, to secure some of its connections for other bodies.

The question of dual control forms an obvious starting-point for any comprehensive plan of Stock Exchange reform. Its origin has been fully dealt with in a pamphlet* circulated to members on the occasion of the recent vote. The original Deed of Settlement of the Stock Exchange, in 1802, appointed two managing bodies—the Trustees and Managers and a Committee for General Purposes. The latter had the sole management and direction of all the business of the undertaking, but the Trustees were responsible for the treasurership and the management of the buildings, including the determination of the price at which subscribers should be admitted to transact business as brokers or jobbers. Under a new Deed of Settlement, drawn up in 1875, however, it appears that the Managers and Trustees are compelled to carry on the Stock Exchange as a commercial undertaking in the interests of the shareholders—in other words, the Stock Exchange is to be regarded merely as a block of buildings leased to a body of members who, so far as the Trustees and Managers are concerned, might as well be dealing in old iron as in stocks and shares. In 1878, a Royal Commission on the Stock Exchange commented on a "Committee of Consultation" being the only means of communication between the two bodies, but no move for closer unity was made until 1918, when certain respected members formed an unofficial committee. After taking legal advice, this body drew up a scheme of reform. It was suggested that a new company should be formed, limited by guarantee, in which all Stock Exchange members, and members alone, should participate equally. The company was to be under the control of the Committee for General Purposes, and was to take a lease of the whole properties pending their ultimate purchase at a price of £3,600,000 (equal to £180 per share), rent being paid, meanwhile, to the Trustees and Managers, on behalf of the proprietors, at a rate not exceeding £200,000 in any year, this representing entrance fees, annual subscriptions, etc., less various expenses. This rent, it was understood, would be distributed by way of dividend to shareholders. Finally, all new members, after 1918, were to pay an additional subscription of £50 a year—to maintain a fund sufficient to produce the £3,600,000 required for the purchase of the properties at the end of thirty years. After amendment and revision the scheme was recommended for favourable consideration by a large majority of members, but the Trustees and Managers were hostile, and the proposal failed to secure acceptance at a shareholders' meeting.

The outside investor is interested in the present revival of the question mainly because dual control is regarded

* "The Stock Exchange and Its Constitution." Edited by F. I. Pitman, with the assistance of E. H. Davenport.

as standing in the way of certain wider reforms. For example, the existing constitution of the Stock Exchange is believed to be responsible, in considerable part, for the absence of any Guarantee Fund to protect investors against loss arising out of the failure or defalcation of members. The Hatry failure showed that the Stock Exchange was fully alive to the necessity of protecting the public, for a Guarantee Fund of £1,000,000 was raised at short notice, but investors should not be left dependent on the charity, tempered by wisdom, of members of the Stock Exchange. The absence of any Guarantee Fund may tend, slowly but surely, to induce investors to place their dealings in the hands of other institutions who will guarantee the completion of their orders. From 1802 to 1868, Stock Exchange profits were not paid away to shareholders, but were used to improve and enlarge the buildings for the benefit of members as a whole. Subsequently this policy was radically changed, and profits began to be paid away entirely to shareholders. According to the pamphlet, to which we have previously referred, for the thirty-two years ended March, 1931, the total net revenue of the Stock Exchange amounted to £5,887,323, of which £5,698,000—some 96.78 per cent. of the whole—was paid to shareholders in dividends. If the present constitution, in fact, operates to prevent the appropriation of Stock Exchange profits for the maintenance of a Guarantee Fund, or other "internal" and useful purposes beyond the payment of dividends, there would appear to be a strong *prima facie* case for its modification.

There is, further, a substantial body of opinion which holds, rightly or wrongly, that Stock Exchange charges are high, from the viewpoint of the investing public, and that reform of the constitution would enormously strengthen the hands of the Committee in dealing with this matter. In practice, the issue largely centres round the question of the return of half-commission by stock-brokers to authorised agents. The Committee has already proposed to modify existing arrangements by making commissions returnable as to 50 per cent. to the joint-stock banks and as to 33½ per cent. to other agents, while allowing members to propose different arrangements for agents wholly employed by them. But the general public is inclined to ask whether the "House," in the last resort, must necessarily be dependent upon outside agents for new business. Is not "half-commission" the worst of all advertisements of the Stock Exchange? A policy of enlightened and controlled advertising might be more satisfactory in all respects than dependence on half-commission agents, who, in some cases, are employed not for their business qualifications, but for their social position and family connections, and whose business acumen is not infrequently conspicuous by its absence.

Some members may reply that the profitability of their business, at the present scale of commissions, is limited as much by high "overhead charges" as by the return of part-commission to agents. It will be generally admitted that increases in the price of Stock Exchange membership have been fairly frequent and onerous since the adoption of the 1875 Deed of Settlement. From £21 in 1876, annual subscriptions have been raised, successively, to £31 10s. (1879), £42 (1899), £52 10s (1917), £78 15s. (1919), and £105 (1920). The entrance fee for three-surety members was raised from £525 to £630 in 1917. In addition, no member can normally be elected unless he holds the nomination of a retiring or deceased member, which must be purchased. Thus, if an enterprising firm of brokers or jobbers has expanded its business by means of the intelligent service it provides for its clients, and finds it necessary to have more clerks to deal for its clients on the floor of the "House," it will have to apply, if it has reached the limit of "blue button" men, for another

membership. This involves the payment of an entrance fee of £630, an annual subscription of 100 guineas, the acquisition of a minimum holding of Stock Exchange shares (now standing at £155), and the purchase of a "nomination," which at present costs £150-£200, but commands a much higher figure when Stock Exchange business is active. Incidentally, the system of purchases of "nominations" implies that members are deprived of the cost of their nominations at compound interest for the term of their membership. They are thus denied of a portion of their working capital at the time they are most in need of it for the starting up of their business. If the sums paid by members for the purchase of nominations were contributed to a general fund, the results might be of much greater advantage to the Stock Exchange.

Whatever direction eventual reforms may take, it would seem that a condition precedent to their successful initiation must be the setting up of a single governing body with power to employ the receipts from its members' subscriptions in the interests of members as a whole and of the investing public. The Stock Exchange has no monopoly at law, but it has built up for itself a most valuable goodwill, which, in the general interest, it should make every effort to retain. For this reason we trust that those members who have once more raised the question of the abolition of "dual control" will not be weary of well doing, and that their proposals will be considered, by those in authority, sympathetically and on their merits.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET. ACCOUNT.
April 6. April 7.

Paucity of business marked the resumption of trading after the holiday, and dealers remained apprehensive regarding the international position. A graver view was taken of the Kreuger position and the United States budgetary situation. International issues were affected by unloading from Brussels. Home issues, on the whole, showed gratifying stability in the face of these adverse influences, and the general tone, though quiet, was by no means depressed.

Gilt-edged securities were strong at first in sympathy with the appreciation of sterling. Apart from a little with the appreciation of sterling. Apart from a little subsequent profit-taking, prices were fairly well maintained. The year, and support was forthcoming for 4 per cent. "Consols." The London and Home Counties Joint Electricity Authority issue was well received. India loans were offered, the 4½ per cents. of 1950-55 being weak. Dominion stocks encountered profit-taking, particularly Commonwealth Fives. Home Corporation stocks remained firm.

In the Foreign market, a feature was a rise in German issues on bear covering following the news that Berlin official quotations would be resumed on April 12th. Austrians responded to more encouraging reports regarding pending interest payments, while Hungarian issues improved on an official statement that no new loan was being sought. Greek and Bulgarian loans remained, however, at default levels, unofficial reports of the League of Nations' finding being not altogether encouraging to bond holders. Sino-Japanese issues were firmer, despite the hitch in the Shanghai negotiations.

Disappointing holiday "traffic" figures caused a decline in Home Rails, particularly Midland and Scottish and Great Western, prior charges being also easier. Argentine traffics also made a poor showing, but quotations improved with the peso. American rails were firmer.

The industrial share market was again overshadowed by the Kreuger débâcle. A fresh slump occurred in Swedish Match, dealings becoming largely a matter of negotiation. Brussels was a seller of Hydro-Electric and Brazilian Traction. Cables and Wireless rallied after scattered selling. A fall occurred in Anglo-South American Bank "A" shares on interim dividend fears. Electric Supply shares were helped by the success of the new loan, and a steady

investment demand continued. Engineering shares were dull. A small speculative demand was maintained for brewery shares on the prospects of taxation alleviation. Guinness recovered part of last week's "political" decline. Shipping shares were only slightly affected by the announcement of a "cut" in North Atlantic rates, and by the Cunard loss, after depreciation (discussed on page 747).

Paris was again a seller of oil shares, and most of the leaders declined in a narrow market. A further increase in United States crude oil production, however, failed to prevent the maintenance of a steady tone in mid-week. Rubber shares were lower where changed, the market reflecting the dullness of the commodity. Anglo-Dutch and Allied were marked lower. Tea shares were apathetic, as ever, apart from a small advance in Consolidated Tea and Lands.

Movements in the Mining share market were mainly by way of adjustment to the higher level of sterling. Falls occurred in the prices of all metals, tin quotations breaking sharply. "Kaffirs" were dull in the absence of Paris support. Brakpan were marked down and South African sales of Randfontein counteracted the effect of a good report. Movements in Rhodesians were few, though buyers were found for Globe and Phoenix. Wiluna rose on a satisfactory progress report.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.
(Approximate number of Bargains recorded in Stock Exchange Lists.)

	Mar. 21, 1932.	Mar. 22, 1932.	Mar. 23, 1932.	Mar. 24, 1932.	Mar. 29, 1932.	Mar. 30, 1932.	Mar. 31, 1932.
Government and Municipal Loans	1,650	1,746	1,730	1,519	1,650	1,378	1,370
Transport, Communications, and Public Utilities	780	875	804	804	744	744	852
Commercial and Industrial	1,660	1,621	1,668	1,520	1,494	1,372	1,801
Banks, Insurance and Financial	457	564	512	402	463	470	535
Mines (including Nitrates)	348	368	350	322	355	342	403
Oil	107	123	130	87	104	79	105
Rubber, Tea and Coffee	147	72	116	95	86	71	118
Total	5,149	5,369	5,310	4,749	4,896	4,456	5,189

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS.
(1926 = 100.)

	Highest of 1932 (Mar. 3)	Lowest of 1932 (Feb. 11)	Mar. 21, 1932.	Mar. 22, 1932.	Mar. 23, 1932.	Mar. 24, 1932.	Mar. 29, 1932.	Mar. 30, 1932.	Mar. 31, 1932.
63.7	58.5	62.5	62.3	62.3	62.3	62.5	62.4	62.4	62.2

We are officially informed that the Stock Exchange will be closed on Saturdays, April 16th, 23rd, and 30th next, in order to expedite certain structural alterations.

FOREIGN STOCK EXCHANGES.

NEW YORK.

The markets were dismayed last week-end by the failure of the House of Representatives to vote the Sales Tax, and the resulting possibility of a badly unbalanced Budget and an encashment of \$2,500 millions of veteran's bonus bonds, to make confusion worse confounded. The effect of Mr Garner's speech, on Monday, in bringing the House back to a sense of its duty was entirely favourable. Wall Street had no love for many of the specific proposals of the new financial programme, but regarded any practicable measures to balance the Budget as vastly preferable to a huge prospective deficit. Markets remained quiet, but the tone was firmer, a fair amount of short covering being induced by the imposition of restrictions on "back-wardation" loans as from April 1st. Government bonds were particularly affected by Congress developments and showed only a moderate recovery as the week progressed. Heavy liquidation of Kreuger and Toll was accentuated by the pessimistic announcement of the Stockholm Committee, blocks of as many as 50,000 securities changing hands in single deals. A sharp break in International Telephone was arrested by the issue of a statement that the company had not delivered to Kreuger interests any of its own Common stock in exchange for its participation

in Ericsson Telephone. Utility issues were unsettled by the news of a sharper decline in electric power output. Procter and Gamble was one of the few stocks which made an improved showing, the president circularising stockholders to the effect that business was running only 5 per cent. below the 1931 level, and that the regular dividend would be declared for the March quarter. Steel mill activity for the week ended March 26th was 22 per cent. of capacity, against 25 per cent. in the preceding week. Demand from automobile producers was still in abeyance, the Ford sales campaign continuing to be delayed, although dealers were called to Detroit to view the new model. Mr Myson Taylor has been elected chairman of the United States Steel Corporation in succession to Mr J. P. Morgan, who assumed the position temporarily on the death of Judge Gary. Freight car loadings for the week ended March 19th were 584,698, against 575,545 in the previous week, 741,942 in the corresponding week of 1931 and an average of 939,904 for the same week in the seven years 1924-30.

	Mar. 17, 1932.	Mar. 24, 1932.	Mar. 31, 1932.		Mar. 17, 1932.	Mar. 24, 1932.	Mar. 31, 1932.
U.S. 3½% T. Bds.	97½	97½	97½	Natl. Biscuit	43½	40½	37½
Lib. Lm. 3½% '32-47	98½	98½	97½	Phelps Dodge	6½	5½	5½
Do. 4½% '32-47	100½	100½	100½	Pullman	20½	18½	17½
Do. 4½% '33-38	100½	100½	100½	Sears-Roebuck	31½	30½	28½
Atchafalpa	77½	73½	63½	Studebaker	9½	8½	7½
Chen. & Ohio	20½	19½	18½	Un. Fruit	25½	23½	22½
Erie	7½	7½	6½	U.S. Leather	4½	4½	4
Illinois Central	13½	13½	12½	U.S. Rubber	43½	41½	39
N.Y. Central	28½	28½	25½	U.S. Steel	28½	27½	23½
Pennsylvania	17½	16½	15½	Westinghouse	42½	41½	40½
Southern Pacific	24½	22½	18½	Woolworth	123½	115½	110½
Southern Ry.	8½	7½	7	Am. Tel. & Tlg.	12½	11½	8½
Union Pacific	76	74	68½	Interboro R.T.	9	7½	6½
Am. Can.	66½	64½	61½	Int. Tel. Teleg.	9	7½	6½
Amer. Smelting	13½	12½	10½	Radio Corp.	5½	4½	3½
Anacosta	19½	18½	17	Utilities P. & L.	42	38½	35
Bethlehem Steel	19½	18½	17	W. Union Tlg.	2½	2½	2½
Chrysler Motor	10½	10½	10½	Associated Gas "A"	16	17	16½
Corn Produce Rf.	44	43	40½	Pan. Amer. B.	6	12	12
Eastman Kodak	77	75½	72½	Shell	3½	3½	3½
Gen. Electric (New)	20½	19½	17½	Shell Union	5	5	5
Gen. Motors	18½	16½	15½	Sinclair Oil	26½	25½	24½
Int. Harvester	23½	21½	20½	Std. California	29½	28½	28½
Mont. Ward	9½	9½	7½	Do. N.J.	29½	28½	28½

x Ex dividend.

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

	1930.		1931.		1932.		
	Lowest.	Highest.	Lowest.	Highest.	Be- ginning of Year.	Mar. 23.	Mar. 30.
337 Industrials	98.2	174.1	51.4	114.7	52.2	51.7	50.6
33 Rails	89.1	145.6	31.7	105.7	32.2	30.2	29.0
34 Utilities	153.2	267.4	90.6	187.6	91.8	89.4	88.2
Total, 404 stocks	105.5	184.2	54.7	124.6	55.5	54.5	53.2

	Average yield of 50 Industrial Common Stocks	4.15%	5.95%	9.37%	5.11%	9.29%	7.56%	7.73%
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DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1926 = 100).

Highest of 1932 (Mar. 8).	Lowest of 1932 (Feb. 10)	Mar. 16, 1932.	Mar. 17, 1932.	Mar. 18, 1932.	Mar. 19, 1932.	Mar. 21, 1932.	Mar. 22, 1932.	Mar. 23, 1932.
68.9	57.4	62.3	63.3	61.5	61.0	61.7	61.6	60.8

Highest of 1932 (Mar. 8).	Lowest of 1932 (Feb. 10)	Mar. 24, 1932.	Mar. 25, 1932.	Mar. 26, 1932.	Mar. 28, 1932.	Mar. 29, 1932.	Mar. 30, 1932.
68.9	57.4	60.0	*	58.1	57.8	57.9	59.4

* Stock Exchange closed.

TOTAL DEALINGS IN NEW YORK.

	Mar. 17, 1932.	Mar. 18, 1932.	Mar. 19, 1932.	Mar. 21, 1932.	Mar. 22, 1932.	Mar. 23, 1932.
Stock Exchange—Shares (Thous.)	1,800	1,400	800	900	900	800
Bonds (Value Thous. \$)	9,075	7,098	3,563	7,784	8,690	9,886
Curb—Shares (Thous.)	200	300	150	190	190	170

	Mar. 24, 1932.	Mar. 26, 1932.	Mar. 28, 1932.	Mar. 29, 1932.	Mar. 30, 1932.	Mar. 31, 1932.
Stock Exchange—Shares (Thous.)	800	1,100	1,400	1,100	1,000	1,500
Bonds (Value Thous. \$)	7,957	7,295	14,102	11,310	10,086	9,603
Curb—Shares (Thous.)	150	127	200	200	160	240

* 2-hour session.

CANADA.

Though the Canadian markets have had spasmodic bursts of liveliness, their tone has remained uncertain and the volume of business meagre. The strength of Canadian Pacific Railway has been associated with rumours of pending recommendations by the Special Commission on Transportation calculated to improve the outlook for common dividends. Newsprint stocks are still out of favour. Most distillery companies have been compelled to pass or reduce their dividends. The majority of brokerage and investment houses have been making ends meet by the business arising out of numerous public offerings by the Federal Government, provincial administrations and municipalities, practically all of which have been oversubscribed, though the high rate of interest offered has aroused disquietude in some cases. Provincial bonds, for example, have been offered to yield practically 6½ per cent. The "Investors Index" of the Bureau of Statistics for the three main groups of common stocks in the middle of March was 62.9, as against 61.5, 60.0, and 60.3 for the three previous weeks, respectively.

	Jan. 20, 1932.	Mar. 30, 1932.	Mar. 31, 1932.		Jan. 20, 1932.	Mar. 30, 1932.	Mar. 31, 1932.
Abitibi Power and Paper	13½	14½	11½	Fraser Companies	1	1½	1½
Canadian Traction	7	6½	6½	Hollinger Gold Mining	5½	5½	5
Canada Cement	6½	6½	5½	International Nickel	9½	9½	8½
Can. Indus. Alcohol 'A'	1½	1½	1½	Massey Harris	3	3½	3½
Canada Power and Paper	5½	5½	5	Steel of Canada	22	22½	22
Cockshutt Plow	5½	5½	5	Winnipeg Electric	6½	5½	4

PARIS.

Nervousness increased last week-end, and the volume of transactions was greatly reduced. The interim report of the Kreuger and Toll Committee was unfavourably received. Kreuger and Toll shares lost a third of their value in a single day, and it was deemed necessary to apply a quota system to offers of stock. The atmosphere became slightly more favourable in mid-week, and on Thursday, after a brisk session, substantial improvements were recorded in most departments.

	Mar. 24, 1932.	Mar. 29, 1932.	Mar. 31, 1932.		Mar. 24, 1932.	Mar. 29, 1932.	Mar. 31, 1932.
Banque de France	13,350	13,160	13,490	Wagons Lits	114	113	116
Crédit Lyonnais	2,100	2,005½	2,120	Mexican Eagle	35	34	36
Suez Canal	14,675	14,650	14,850	"Chartered"	87	87	89
Chargeurs Réunis	270	268	261	Ford	124	120	127
Rio Tinto	1,290	1,248	1,305	De Beers	322	316	323
Royal Dutch	13,000	13,075	14,000	"Johnnies"	101	97	101

BERLIN.

A reaction occurred under the influence of the Kreuger Committee's statement, the shares of the group revealing marked weakness. Most of the leading home issues were simultaneously on offer. A mild recovery, however, took place on Wednesday. The German Bourses will reopen on April 12th for the transaction of business (including the marking of "Official" quotations) on the lines prevailing before September 18, 1931. Comparative "unofficial" quotations are given in the table below:—

	Mar. 24, 1932.	Mar. 29, 1932.	Mar. 31, 1932.		Mar. 24, 1932.	Mar. 29, 1932.	Mar. 31, 1932.
Reichsbank	104½	103	105	A. E. G.	28	27½	27½
Disconto	45	45	45	Siemens & Halske	109	108	108½
Dresdner	28	28½	28½	German Petroleum	56	56	54½
Norddeutscher	16	16½	15	A. K. U.	48	44½	44½
Lloyd	92	90	91½	Svenska Tandsticks	33	28	24
Dye Trust							

AMSTERDAM.

Listless conditions prevailed, dealers and public alike being disposed to await some clarification of the international situation before undertaking fresh commitments. The Kreuger issues fell sharply. Among home securities, Philips Lamps and A.K.U. were weak, and Unilever reacted. Rubber shares were idle, and Amsterdam Trading lacked support.

	Mar. 24, 1932.	Mar. 29, 1932.	Mar. 31, 1932.		Mar. 24, 1932.	Mar. 29, 1932.	Mar. 31, 1932.
5½% German	34	33½	36½	Steel Common	43½	41½	42½
Unilever N.V.	111	110	110½	A. K. U.	39½	38½	38½
Philips Lamps	70½	68½	68	Ford Motor	124½	127½	106
Netherlands Ship	56	55½	56½	Dell Batavia	127	125	123
Union	138	135	130	Royal Dutch	132½	127	174½
Java Oultuur							

(Continued on page 746.)

LONDON ACTIVE SECURITY PRICES AND YIELDS.

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

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

Prices Year 1931.				Prices Year 1932 (Jan. 1 to Mar. 30) inclusive.				Prices Year 1932 (Jan. 1 to Mar. 30) inclusive.				Prices Year 1932 (Jan. 1 to Mar. 30) inclusive.				Prices Year 1932 (Jan. 1 to Mar. 30) inclusive.			
High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.		
Name of Security.																Price Mar. 16, 1932.	Price Mar. 30, 1932.	Rise or Fall.	Present Yield.
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Name of Security.																Price Mar. 16, 1932.	Price Mar. 30, 19		

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Am't. paid.	Price, Mar. 16, 1932.	Price, Mar. 30, 1932.
Brazil 5% 20 Yr. Funding "A"	...	...	...	69-70
Do. Funding "B"	...	...	...	45-46
Central Electricity Board 5% Debs.	95	50	3-3/4 pm	7-1/2 pm
Croydon Corporation 5% Stock 1950-60....	100	30	3-4/4 pm	5-1/2 pm
Darlington Rustless Steel and Iron Ord. £1	...	£1	21/6-22/6	21/6-22/6
Electrical Finance Co. 5 1/2% Debs.	99	fy. pd.	99-102	101-104
Lever Bros. 5% Debs.	98	20	...	3-1/4 pm
Lyons (J.) and Co. 7% Pref.	22/6	...	...	26/- - 26/6
Mauritius 5% 1951-1971	98 1/2	fy. pd.	105 1/2-106 1/2	105-107
Metropolitan District Railway 5% Deb. 1985-95	97 1/2	20	3-3/8 pm	5-1/2 pm
Metropolitan Electric Supply New Ord. £1	...	...	39/6-40/6	39/6-40/6
Metropolitan Railway 5% Deb. 1957-62 ..	97 1/2	25	1-1/2 pm	2-1/2 pm
Nyasaland 4 1/2% Gtd. 1952-72	97 1/2	42 1/2	2-1/2 pm	4-4/8 pm
Poole Corporation 5% Stock 1952-72	100 1/2	15	2-1/2 pm	4-4/8 pm
Port of London 5% Stk. 1950-70.....	101 1/2	5	...	2-1/2 pm
Shropshire, Worcestershire, etc., Elec. Power 5% Deb. 1952-82	94	10	...	6-7/4 pm
Uganda 5% 1951-71	96	fy. pd.	6-1/2 pm	10 1/2-105

(Continued from page 743.)

OTHER CENTRES.

Restricted business and considerable apprehension ruled on most of the minor European Bourses at the outset. Brussels was a disturbing influence, heavy unloading being attributed to an important failure. Stockholm was depressed, Ericsson falling to a nominal figure, while Skandinaviska Bank shares were weak. A slightly firmer tone followed the announcement of Government assistance for the bank. Conditions were dull and heavy in Milan.

INVESTMENT NOTES.

Royal Mail Scheme Approved.—On March 23rd, the approval of the Royal Mail Scheme, by meetings of creditors in respect of loans and guarantees of Harland and Wolff, completed the successful navigation of the difficult waters between Scylla and Charybdis. The decisions at the twenty-nine meetings in connection with the Scheme were either unanimous or given by sufficiently large majorities to leave no doubt of the emphatic support of those concerned. The opposition of the trustees of the Elder Dempster "A" debenture stockholders was not pushed to extreme lengths, while the trustees for the African Steam Ship 6 per cent. debenture stockholders did not go beyond somewhat frigid acceptance of a *pis aller*. The actual voting in all cases was a tribute to the efficacy of Sir William McLintock in the rôle of Orpheus. The most dangerous opposition, in effect, came from the representatives of certain banks interested as holders of discounted bills, who were finally induced to accept the terms offered. As no critics have seen fit to carry opposition to extreme lengths, the Scheme stands confirmed as an ingenious and equitable arrangement, which will come into force after approval by the Court. The rehabilitation of the fortunes of the largest shipowning group in the world is now in excellent hands, though immediate conditions in world shipping could scarcely be less favourable.

Kreuger Group Developments.—Increasing nervousness has been evident in the market in Kreuger and Toll and Swedish Match securities, which have suffered further severe depreciation. This has been due partly to rumours and partly to a preliminary statement issued by the investigating committee in Stockholm. The latter intimated that, although the investigation was by no means completed, it was already apparent that if the company were compulsorily liquidated at the present time it would not be in a position to meet all its liabilities. This was attributed by the Committee mainly to the heavy depreciation in the value of its assets, but there was a hint that further trouble might be discovered. The statement was not regarded as altogether happily worded, for the market had already realised that the company was not immediately solvent and that if it were to meet all its liabilities its assets would require to be nursed. Moreover, Messrs. Lee, Higginson and Co., the American fiscal agents of Kreuger

and Toll, declared last Saturday that the findings of the Swedish investigating committee were at variance with statements made to them by the late Mr Kreuger on his recent visit to New York. According to Messrs. Higginson, Mr Kreuger's figures showed that the company was able to meet all its obligations without further borrowing. Another disturbing development was the publication in New York of the revised list of collateral deposited as security for the 5 per cent. secured debentures. The original prospectus on which these 5 per cent. secured debentures was issued in 1929 showed that \$13 1/2 millions of French rentes had been deposited out of the total list of \$60 millions. The revised list showed that this block of French rentes had disappeared and that holdings of Yugoslavian and other Central European bonds had been substituted. This, in point of fact, would not appear directly to infringe the terms of the prospectus, which allowed a change-over of the collateral, provided that the par value of the total list was not less than 120 per cent. of the 5 per cent. secured debentures and the income not less than 120 per cent. of the debenture interest requirements. It has been announced from Sweden that application has been made for the prolongation of the moratorium until May 1st, while a semi-official statement has referred to the desirability of further measures to protect the holdings of the Kreuger companies against forced liquidation. Meanwhile the Swedish Prime Minister has issued a statement to the effect that the Government is preparing measures to help the credit institutions which have been most affected. The Skandinaviska Kreditaktiebolaget, in particular, is to receive Government support to a total of Kr. 100 millions, with a further Kr. 40 millions to Kr. 50 millions from the Swedish banks. At the moment of writing, Kreuger and Toll "B" shares are quoted at only 7s. 6d., as compared with 2 1/2 a fortnight ago, and the 5 per cent. secured debentures at 20, as compared with 45. Swedish Match "B" shares have fallen to 1 1/2, as compared with 3 1/2.

Vickers.—The very wide range of the interests covered by Vickers, now entirely a holding company, makes its annual results a species of industrial barometer. Net trading profit was reduced last year from £1,173,269 to £943,811, and the payment of an ordinary dividend of 5 per cent., in place of the 8 per cent. maintained for the previous four years, involves the distribution of earnings up to the hilt, a departure from the company's previous practice. Doubtless the directors regard accumulated reserves of £3,834,329 as adequate for the time being:—

	Years ended December 31, 1929.	1930.	1931.
Net trading profit.....	1,270,999	1,173,269	943,811
Tax and interest charges, &c.	329,028	397,343	369,318
Balance	941,971	775,926	579,493
Preference dividends	418,190	418,190	418,190
Ordinary { Earned	15.9%	11.2%	5.0%
{ Paid	8%	8%	5%
{ Amount of dividend	262,730	254,520	153,944
To reserve.....	250,000	100,000	Nil
Increase in carry-forward	11,050	3,216	2,359

Considerable changes are shown among the items composing "floating assets," which, in the aggregate, are diminished by £332,000, while "creditors" are down by £490,000. These movements will doubtless be explained in the chairman's speech next Monday. The company's position, nevertheless, remains thoroughly liquid. An item "British Government securities, £3,560,448," is the more impressive since the valuation is stated to be at or below market prices, so that substantial appreciation must have accrued since December 31st. These large free resources will permit of the company's taking full advantage of any future revival of trade. Of the two principal subsidiaries, Metropolitan-Cammell suffered a loss in 1931, and the value of Vickers' holding has accordingly been written down by £100,000. The other subsidiary, Vickers-Armstrongs, suffered a reduction in profit from £337,407 to £282,244, and also a heavy

capital loss through a drastic reduction of capital by the English Steel Corporation, which is discussed in a succeeding Note. This, however, necessitates no provision in Vickers' balance sheet, in which the holding of 5,206,800 Vickers-Armstrongs £1 ordinary shares is already valued at nil. Vickers ordinary shares, of 6s. 8d. nominal value, stand at 7s. 3d. cum dividend, and yield £4 16s. 6d. per cent.

Reorganised Coal and Steel Companies.—Four great companies whose names have been to the fore in reconstruction schemes during the past few years have just issued their reports for 1931. Together they throw light on the special difficulties which the economic depression has created for those who have been attempting to reorganise the heavy industries of Britain. Only one of the four—Vickers-Armstrongs—was able to make any distribution to its preference shareholders. This company was formed four years ago to take over all the armament and naval shipbuilding interests of Vickers, and is interested in heavy steel through the English Steel Corporation. It reports a profit of £266,868 (against £337,407 in 1930), which is struck after allocating £233,826 to depreciation. Its earnings represent only 1 1/2 per cent. on the total issued capital. The English Steel Corporation, itself the child of a reconstruction scheme as recent as 1929, has been under the necessity of writing down its capital by no less than £5,372,820 as from January 1, 1932. Vickers-Armstrongs appears to have suffered a capital loss of some £2,830,000 in connection with this writing down, for which provision remains to be made in its balance sheet. Baldwins, the South Wales coal and steel company, which carried through a capital reduction in 1928, earned £174,080 last year against £300,905 in 1930, and thus covered its debenture interest and sinking fund charges. But the income debenture stockholders, who received 3 1/2 per cent. in 1929 and 2 1/2 per cent. in 1930, are to have nothing, and in order to allocate £60,000 (against £80,000) to depreciation it has been necessary to withdraw £45,995 from the reserve and the carry-forward. Though the company suffered through the three weeks' coal strike in South Wales at the beginning of last year, the report discloses that the British (Guest Keen-Baldwins) Iron and Steel Company, which was formed two years ago to amalgamate the heavy steel interests of Baldwins and Guest, Keen and Nettlefolds, showed a manufacturing profit of £174,077, against a loss of £68,457 in 1930. This is an impressive testimony to the potentialities of "rationalisation," since the company's actual turnover may well have been lower. The other two "reconstruction" companies—the Lancashire Steel Corporation and the Wigan Coal Corporation—were formed during 1930 to take over the steel and the coal assets respectively of the Pearson and Knowles, Wigan Coal and Iron Company and associated companies in Lancashire. The Lancashire Steel Corporation, exemplifying the value of well-considered amalgamation, has raised its profits from £19,567 to £53,367 (subject to depreciation in each case) in spite of the deepening of the industrial depression. The Wigan Coal Corporation reports a net profit of £4,461, against £13,059, but the diminution appears to be more than accounted for by the recharging of £8,995 (against nothing in 1930) for depreciation of wagons. The maintenance of a small profit was achieved in spite of a decrease of 130,000 tons in the output of coal. Neither of these two operating companies is able to pay any dividend at present to the holding concerns, but both appear well placed to take advantage of revival in due course. Lancashire Steel, like Vickers-Armstrongs, has no debenture charges whatsoever, whereas Baldwins, which was left after capital reconstruction with a somewhat heavy burden of debenture stock, and has no reserve fund, may have its earnings for some time to come absorbed by payments to debenture holders. None of the companies reviewed in this Note has yet achieved assured success, but all are weathering the storm, and have the more reason to be thankful for past pruning and re-financing, without which their showing would be much sorer.

Imperial Chemical Report.—The preliminary earnings figures of Imperial Chemical Industries for 1931 (which were dealt with in the *Economist* of March 19th last, page 644) showed that gross income had fallen only by 9 per cent. The full accounts give the credit for this achievement to "a steady and successful pursuit . . . of a vigorous policy of efficiency" and afford a few general indications of the nature of the year's trading. The volume of home business in alkali products showed only a trifling fall as compared with 1930, but a sharp decline occurred in the export trade, accentuated by the catastrophic floods in China. Aggregate sales of fertilisers showed a fall of 19 per cent., but the volume of sales of dyestuffs increased by 9 per cent. As the market for the company's products is world wide, and the total international trade of countries responsible for more than half the world's commerce fell by 28 per cent. last year, the company's "vigorous policy of efficiency" has clearly stood it in good stead. Its balance-sheet figures are so large, and its subsidiary interests so ramified, that even the most informative of annual reports would leave the average shareholder peering through a glass darkly. It is clear, however, that while holdings in and advances to subsidiary companies, previously valued at £71,102,574 have been written down by £1,837,596 (which in the directors' opinion represents the value of works rendered redundant by concentration of manufacture, etc.), and approximately £1,750,000 has been expended from revenue on the maintenance of buildings and plant, nothing has been written off the book value of "marketable and other investments." The latter stand at £10,182,771, but on December 31st last had a market value £3,346,565 lower. No revaluation is, apparently, to be made "until the general financial situation is clearer." Important adjustments have been made in reserves. The "Central Obsolescence and Depreciation Fund" has received £1,500,000 from capital reserve, some £1,337,596 of which has been used to write down holdings in subsidiaries (the remaining £500,000 used for that purpose coming direct from general reserve). Out of last year's profits, as previously stated, a further £1,000,000 has been appropriated for the central obsolescence and depreciation fund, which now stands at £5,662,404. A statement at the end of the accounts makes it quite clear that this fund is to be used for the requirements of practically the whole group, the subsidiaries no longer making separate depreciation provision in their own accounts. Broadly, therefore, it may be said that the 1931 profits have been arrived at after charging £1,000,000 for depreciation, writing down investments in subsidiaries out of reserves, and leaving the question of depreciation in marketable investments in abeyance. The company's holding of cash has increased from £2,928,576 to £4,222,900.

Cunard.—The latest accounts may be read in conjunction with the announcement that discussions between the members of the North Atlantic Shipping Conference have resulted in acceptance, in principle, of a general reduction of 20 per cent. in fares, which a number of companies had previously announced independently. The Cunard's gross income for 1931 was £5,614,311, and showed a decline of nearly 30 per cent. as compared with 1930. The company covered its interest charges and part of its depreciation,



SECURITY FIRST

FUNDS EXCEED
£42,000,000CLAIMS PAID, OVER
£200,000,000Head Offices,
LIVERPOOL
North John St.LONDON
Lombard St.

but, after charging the latter at the normal rate, showed a net loss of £553,204. Some £350,000 was transferred from contingencies reserve and the carry-forward was reduced by £270,704:—

	Year to December 31,		
	1929.	1930.	1931.
	£	£	£
Gross income	9,425,606	7,945,386	5,614,311
Expenditure	7,573,083	6,948,791	5,217,803
Depreciation	778,047	732,664	704,779
Fees	11,956	13,280	12,883
Interest, &c.	252,881	232,050	232,050
Net profit	809,639	18,601	Dr. 553,204
Preference dividend.....	135,000	135,000	67,500
Ordinary dividend	417,770	Nil	Nil
Rate %	7½	Nil	Nil
Transferred from contingencies reserve	Nil	Nil	350,000
Reserve	50,000	Nil	Nil
Increase or decrease in carry-forward	+ 206,869	- 116,399	- 270,704

The transfer from contingencies reserve has been fully offset by credits of a non-recurring nature available during the year. The accounts, though more informative than usual, fail to make plain the extent of the company's current liabilities, since the item "due to creditors," of £3,435,068, includes the contingencies reserve, whose amount is unknown. As readily realisable assets amount to no more than £1,926,817, the company's decision to suspend the construction of its new liner is clearly justified. Sailings have been curtailed as a result of the reduced volume of business and the almost complete cessation of emigration, and arrangements have been made with certain other companies to avoid operation of redundant tonnage. Second-class travel has been abolished on all the company's steamers, and "tourist class" accommodation proportionately extended.

Morris Motors.—The accounts for 1931 show that gross profit has fallen by nearly 40 per cent. to £1,020,800. After allowances for wear and tear, losses on exchange and benevolent funds and deduction of tax, net profit is £574,637, against £955,402. The ordinary shares, which are all privately held, receive 5 per cent., against 10 per cent.:—

Year to December 31.	1929.	1930.	1931.
	£	£	£
Gross profit	1,607,528	1,689,875	1,020,800
Taxation	246,062	357,314	236,107
Net profit (after tax).....	1,039,118	955,402	574,637
Brought forward	154,635	118,753	258,112
Preference div.	225,000	225,000	225,000
No. of times covered	5.7	5.8	3.6
Ordinary div.—			
Amount	200,000	200,000	100,000
Earned % (before tax).....	53.0	54.3	29.2
Paid %	10½	10½	5½
Written off securities	Nil	Nil	148,418*
Goodwill, &c., written off	650,000	391,043	100,000
Carried forward	118,753	258,112	259,331

* Including loss on sale of investments, £5,756.
† Tax free.

Government securities have been written down to market value at the date of the balance sheet, requiring a transfer of £114,882 from reserve for contingencies, which stands in the balance sheet at £245,792, and a charge of £142,661 on revenue account. Losses incurred on the sale of Government securities total £5,756. The report points out that Government securities, at the date of publication, show an appreciation of £246,572 over their written-down value. A further sum of £100,000 is used to write down patents, goodwill, etc., the item being thus reduced to £500,000. A decidedly liquid position is again disclosed. The directors have decided to meet the current economic difficulties by establishing the selling prices of the

1931-32 models at such figures as will show the lowest margin of profit consistent with business prudence in view of the reserves created in the past. The £1 Preference shares, at 23s. 3d., yield about £6 9s. per cent.

Lancashire Cotton Corporation.—A series of critical circulars issued from Manchester by Mr W. K. Waller, in which the conclusion is reached that the corporation "has failed to justify its existence," serve at least to concentrate attention on the published results for the year to October 31st last of this merger concern, which embodies the most determined practical effort made, as yet, to rationalise the Lancashire spinning industry. The profit and loss account showed a debit trading balance of £310,780, compared with a debit balance for the previous year of £140,795. After deduction of fixed charges, a debit of £556,098, against £162,368, was carried forward. The report pointed out that rapid progress had been made towards completing the legal formalities in connection with the acquisition of mills, and that the corporation had completed negotiations in respect of 107 mills. The share capital and income debenture stock had grown from £2,596,092 to £6,725,656. The total cost of fixed assets acquired amounted to £8,383,103 and £144,237 had been expended on improvements during the year. Liquid assets amounted to £1,968,112, against bills payable and sundry creditors of £321,449. The results for the past two years are tabulated below:—

	Years to October 31,	
	1930.	1931.
	£	£
Trading loss	140,795	310,780
Interest, &c., received.....	2,810	7,366
Interest and bank charges	20,133	26,375
Directors' fees	4,250	4,250
Other fees	Nil	6,353
Debenture interest	Nil	53,333†
Earned for dividends	Dr. 162,368*	Dr. 393,725*
Carried forward	Dr. 162,368	Dr. 556,098

† Paid by guarantor. * Before providing for depreciation.

The corporation was registered in January, 1929. The three years since its inception have been a difficult transition period, in which inevitable technical problems have been accentuated by unprecedented trade depression. In the circumstances, Mr Waller's dictum that "any company that cannot show justification, with all the privileges and benefits that this company has enjoyed, within a period of three years, may definitely abandon hope as to its future," is both premature and unfair. Similarly, when Mr Waller states that "in comparison with individual concerns, the corporation's methods are responsible for a deficiency of about £5,800 per 100,000 spindle mill per annum," he again entirely disregards the factor of initial and temporary disequilibrium, which is quite independent of "method." The Lancashire Cotton Corporation has still to prove its ability to produce profits from chaos, but no useful purpose can be served by expecting it completely to rectify in three abnormal years all the past misfortunes, errors and omissions of its industry.

OFFER TO NEW READERS.

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

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MINING NOTES.

"Johnnies" Group Results.—Thanks to the richness of two of the Eastern Rand propositions, the subsidiaries of the Johannesburg Consolidated Investment Company as a whole account for some 40 per cent. of the profits of the Witwatersrand, although they produced no more than 30 per cent. of the gold. Last year that particularly high-grade property, the Government Areas, secured a working profit of £2,711,770, against £2,686,750 in 1930. The effect of a moderate expansion in costs was more than offset by a fresh advance in revenue per ton, which averaged 39s. 5d. Payment of the 20 per cent. dividend total (which had ruled for the three preceding years) left the substantially enhanced balance of £118,200 to go forward. At the second of the two mines mentioned above—the New State Areas—a renewed increase in the tonnage milled was accompanied by a fresh rise in the yield, the latter averaging 42s. 6d. per ton, against 40s. 9d. in 1930 and only 35s. 8d. two years previously. Costs, at 22s. 8d., were nearly 1s. up, but the working profit came out at £951,500, permitting the payment of 20 per cent., as compared with 17½ per cent. in respect of 1930 and 12½ per cent. for each of the three preceding periods. Capital expenditure and debenture redemption absorbed £67,400, entailing a small draft upon the carry-forward. The debenture issue has now been reduced to £186,600. While no definite pronouncement on the point is available, there would appear to be ground for the belief that, owing to the Union Government's participation in the profits—a participation recently exceeding one-half the total—these two companies will not be liable for the increase of 5 per cent. in income tax. The results of the Van Ryn Deep display a further all-round falling off, the working surplus of £335,300 comparing with £460,100 in 1930 and £497,600 in 1929. The dividend aggregate is cut from 30 per cent. to 25 per cent., but even so the carry-over is £17,400 lower at £42,270. Last year's earnings on the part of the Langlaagte Estate fell somewhat short of those of 1930, but sundries brought in rather more than before, and the appropriation account was swollen by £14,880 from sales of property and township lands. After repetition of the 1930 enhanced dividend rate of 20 per cent., £123,400 remained to go over, as against £108,200 brought in. Particular interest attaches to the showing of the Randfontein Estates, which has made such notable progress during the past two years. At £595,600 the working profit of 1931 shows a fresh expansion of £183,100. In the main this difference is attributable to improvement in grade, although increase in tonnage crushed played its part. Capital expenditure and debenture redemption again called for a large amount—£381,100—which was somewhat less than in 1930. Provision has been made for a distribution of 2½ per cent.—the first since June 1925—the balance forward being £20,600 higher at £165,000. By the year's appropriation of £146,400, the debentures issue had by

North American Company.—This company controls, through stock ownership, four main groups of American public utility companies. Gross earnings for 1931 show a decline of nearly 12 per cent., and earnings on the common stock are equal to \$3.41 per share on the average number of shares outstanding, compared with \$4.53 per share in 1930:—

	Year.	
	1930.	1931.
	\$	\$
Gross earnings	133,751,380	117,921,860
Operating expenses, &c.	69,838,439	62,792,738
Net income from operation	63,912,941	55,129,122
Other net income	7,461,528	8,077,479
Total	71,374,469	63,206,601
Deductions	28,277,176	25,427,471
Balance for depreciation, dividends and surplus	43,097,293	37,779,130
Depreciation reserves	14,274,173	13,506,179
Preference dividend	1,820,034	1,820,034
Common dividend	5,947,487	8,133,290
Surplus	21,055,599	14,319,627

The total consolidated assets of the company are now \$870,868,558, of which investments account for \$140,044,484. The sum of \$12,000,000 has been appropriated from undivided profits as a reserve for contingencies to provide for the difference between book value and market value of listed securities. Total reserves amount to \$117,482,915, an increase of \$13,812,846. Although industrial consumption of electricity in 1931 declined by 10.67 per cent. and commercial consumption by 3.51 per cent., "residential" takings increased by 7.55 per cent. Only one-sixth of the total sales of electricity by the North American company subsidiaries, however, are for household purposes.

Tin Restriction.—The International Tin Committee has just congratulated the Governments participating in the Tin Restriction Scheme on their very close adherence to the quotas allotted. There appears to be little else on which the industry can be congratulated at the moment. The figures for the first complete year of restriction showed that the adjusted totals of exports were only 36 tons in excess of the authorised quotas for the five participating countries. The congratulations of the Tin Committee are no doubt intended to prepare the Governments for a further turn of the restriction screw. It is reported that at the next meeting of the Tin Committee to be held in London on April 22nd, a further cut in production of 8,420 tons a year, corresponding to one month's production, will be considered in order to keep pace with the falling-off in world consumption. The Tin Committee, faced with an effective world output, on the 1929 basis, of 191,876 tons, started with an initial schedule of 145,000 tons as from March 1, 1931, and, as consumption continued to decline, imposed further cuts of 20,000 tons as from June 1, 1931, and of 15,000 tons from January 1, 1932, thus bringing the annual production figure down to under 110,000 tons. Consumption fell from 185,000 tons in 1929 to 156,000 tons in 1930, and the Anglo-Oriental Mining Corporation estimates consumption in 1931 at 123,701 tons, as against supplies of 182,828 tons. The total visible supply and carry-over in the Straits Settlement at the end of February, 1932, according to trade statistics, amounted to 59,703 tons, against 51,886 tons at the end of February, 1931. The restriction scheme has admittedly prevented surplus stocks from reaching more dangerous proportions, but the outlook for consumption is not promising. Deliveries in the United States have shown a somewhat startling fall this year. Over the Easter holiday the London cash price of tin fell from £126 10s. to £118 2s. 6d. a ton, partly in adjustment with the higher gold value of sterling. A further break on Thursday carried the price down to £114.

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December 31st been reduced to £201,960, and is now only £46,760. It may be recalled that in his report for 1930 the consulting engineer gave confirmation of rumours which had been current as to a flattening of the reefs. It is now stated "there is no reasonable doubt that the flattening is and will continue to be progressive. . . . Permanent works have been designed to take advantage of the change." The principal work of the mine having a strike of some 19,000 ft. of the main reef series, the importance of this development cannot easily be over-rated. We have made no reference to the ore reserve figures, which have been published in advance and commented upon in our issue of January 31st.

Rand Mines.—The reduction in last year's receipts under the heading of dividends is chiefly attributable to the company's interests other than gold mining. A fresh shrinkage in the interest and exchange revenue is partly offset by a recovery in the net income from the reservoirs, which no longer has to be trenced upon by depreciation. Despite the conditions which have prevailed, the profits on sales and investments was fairly well maintained, though the total remains comparatively small. The net addition to investment reserve account falls below even the reduced total of 1930. The amount written off investment reserve stands at £221,400, as compared with £355,800 twelve months ago. The results of the past three years are summarised below:—

	1929.	1930.	1931.
	£	£	£
Dividends on shareholdings ...	486,530	500,510	476,120
Sundries	92,310	80,490	51,920
Investment realisation profits...	5,910	47,640	44,660
Total income.....	584,750	628,640	572,700
Administration expenses.....	29,690	24,360	23,110
Taxation	33,200	37,040	31,410
Prospecting	9,490	2,570	8,560
Net profit.....	512,380	564,670	509,620
Dividends	511,290	460,160	409,030
Rate per cent.	100	90	80
Earned per cent.	96.4	106.2	95.9
To reserve account	477,190	98,230	63,080
Brought forward	897,800	422,030	828,820
Carried forward†	422,030	428,820	466,710

† Including forfeited dividends refunded.

At £2,446,400 the portfolio shows a reduction of some £80,000. The principal changes comprise a lessening of the company's holding of Durban Deeps and an increase in the participation in Modder B. A small interest has been taken in the Grootvlei Proprietary. On December 31st the cash assets totalled £3,260,100, against creditors for £609,000. As a whole, the company's mining subsidiaries are giving satisfactory results. Only the oil holdings continue under a cloud, and the position of the Anglo-Spanish Construction Company is not assured. In the latter concern £248,000 debentures are held. On the basis of last year's distribution the yield shown is about 7 per cent. (in Union currency).

Robinson Deep.—The accounts for 1931 reflect a full year's working under the changed conditions as regards capital. Reduction in the tonnage crushed is accounted for by the suspension of milling at the Village Deep plant; the Robinson Deep mill treated 99,000 tons more than in the preceding period. A slight advance in costs being considerably more than counterbalanced by improvement in grade, the profits showed a fresh expansion. Disappointment was felt at the failure of the company to repeat, as interim for the past year, the rate declared in respect of the concluding session of 1930. This, it will be recollected, was due to the necessity of finding £37,500 to complete the purchase from the Village Deep. All told, capital outlay last year absorbed £118,000, as compared with £129,000 in 1930, and nothing further was required for debenture re-

demption, the balance of the issue having been cleared off. We contrast the results of the past four years:—

	1928.	1929.	1930.	1931.
Tons of ore milled	918,400	919,900	1,339,000	1,158,000
Yield per ton	23/5	23/4	23/3	24/6
Costs per ton	19/8	19/7	19/3	19/6
Profit per ton	3/9	3/9	3/11	5/-
Profit on working	£ 173,954	£ 172,830	£ 261,170	£ 291,530
Net profit	116,335	135,020	134,480	147,300
"A" shares { £	75,000	75,000	75,000	75,000
%	300	300	300	300
"B" shares:—				
Earned £	41,335	60,020	59,480	72,300
Paid £	Nil	Nil	57,180	80,050
Earned %	4.7	6.8	8.7	10.5
Paid %	Nil	Nil	8½	11½
To debenture redemption	35,700	35,700	35,800	...
Other allocations	1,714	1,714	1,716	1,000
Carried forward	76,845	99,452	64,234	53,480
Ore reserves, tons	1,407,000	1,357,000	2,397,000	2,592,000
Value, dwt.	6.1	6.0	5.9	5.9

The expansion in the ore reserves seems scarcely commensurate with an increase from 37,530 to 50,620 ft. in the development footage. This may be associated with the policy of carrying out work in areas previously classed as unpayable—a policy which, it is stated, "has in several cases disclosed highly payable reef." It should be realised, however, that some of the workings are now distinctly deep. At one point they are at a vertical depth of 9,730 feet from the surface.

Simmer and Jack.—A fresh improvement in profits occurred last year, thanks to the treatment of an increased tonnage of ore carrying somewhat better values. The working surplus of £135,800 compares with £106,140 in 1930 and £70,000 in 1929. For the last-named period there was no distribution. In respect of 1930 the shareholders received 1½d., and for the past year 2d. per unit. Despite the performance of a substantially increased development footage the ore reserves are 66,300 tons down at 1,558,700 tons. The difference is explained partly by a reduction of one inch in the estimated stoping width, and partly by the exclusion of certain blocks where the distribution of gold was found to be extremely erratic. Allowance being made for sorting, the tonnage at present available represents barely a year and a half's supply. The cash position shows a small deficit, and further capital outlay must be faced. In all the circumstances the quotation of the 2s. 6d. shares at about 3s. 6d. appears to make rather a liberal allowance for the possibilities of the future.

East Rand Proprietary.—In the case of this large-scale undertaking some expansion in tonnage milled last year, together with a small reduction in costs, more than offset a slight decline in grade, the working profit coming out at £153,200, against £137,500 for 1930 and £135,300 for 1929. Capital expenditure, at £63,600, although still considerable, fell £37,600 below the total of the preceding period, certain items having been deferred. To the policy followed in this respect the ability of the company to re-enter the dividend list is partly responsible. The payment of 5 per cent., absorbing £75,000, entailed a small draft upon the carry-forward, which now stands at £315,600. Of cash assets totalling £466,200, some £320,200 is receivable in British sterling. The performance last year of an increased footage was accompanied by an improvement in the percentage of payability which worked out at 38.3 as compared with 31.9. At 3,519,500 tons the ore reserves display an expansion of 263,900 tons, the value being slightly better than before at 6.3 dwts. Even now the ore reserve position cannot be described as strong, the quantity of material taken out of the mine last year exceeding 2,000,000 tons. The 10s. shares are quoted on the Stock Exchange at around 18s. 6d.

CAPITAL ISSUES.

Although conditions in the new issue market remain favourable for borrowers of high standing, and preparations for certain offers are advanced, the pace has slackened over the holidays. *The London and Home Counties Joint Electricity Authority* has offered £1,500,000 of 5 per cent. stock, 1955-75, at 101½, to yield approximately £4 18s. 6d. per cent. The proceeds are to be used to purchase certain electricity undertakings under the Electricity (Supply) Act, 1919, to repay bank advances, and for other purposes. The Authority's area now embraces 160 square miles in Middlesex and Surrey, and during the last three years its sales of units have increased by approximately 100 per cent. With the sanction of the Electricity Commissioners the Authority may issue stock, ranking pari passu, for a further £4,262,009. The stock is a first-class investment holding, though it is not, in the present state of the law, a trustee issue. An increasing number of important issues are being floated by way of Stock Exchange "introduction." *The Shropshire, Worcestershire and Staffordshire Electric Power Company*, for example, has issued £1,800,000 of 5 per cent. debenture stock at 94, Stock Exchange dealings beginning at 100½. *The Commissioners of the Port of Calcutta* have issued £1,075,000 of 5½ per cent. bearer debentures, 1962, with the sanction of the Government of India. These have been purchased by Haes and Sons at 93½ less a commission of ¼ per cent. The issue is of interest as the first non-Government overseas offer of importance since the resumption of activity in the capital market.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Total recorded, January 1 to March 26, 1932, excluding conversions, £16,945,122
Total recorded, January 1 to March 26, 1932, including conversions, £138,264,715

National Savings Certificates.

Net receipts, week ended March 19, 1932, Dr. £800,000.
Total net receipts, April 1, 1931, to March 19, 1932, £2,000,000.

	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
To the Public.					
London and Home Counties Joint Electricity Authority, £1,500,000 5% Stock 1955-75 issued at 101½ %	1,500,000	...	1,522,500	75,000	1,447,500
Total offered to the public, week ended April 2, 1932 ...	1,500,000	...	1,522,500	75,000	1,447,500
To Shareholders only.	Nil	Nil	Nil	Nil	Nil
Total Offered for Subscription.					
Including Conversions.		Excluding Conversions.			
Jan. 1 to date—	£	£	Whole year—		
1932	139,787,215	18,467,622	1931	114,290,666	102,044,291
1931	58,572,888	48,902,939	1930	454,888,784	267,800,700
1930	153,262,582	96,767,064	1929	488,764,940	285,239,400
1929	111,286,770	97,705,550	1928	693,100,056	369,058,073
1928	...	172,980,625	1927	...	355,165,970
1927	...	147,370,918	1926	...	230,782,600
1926	...	75,108,400	1925	...	232,214,500
1925	...	52,577,006	1924	...	209,326,101

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1932	16,019,014	1,755,000	693,608	18,467,622
1931	39,128,907	727,571	9,046,461	48,902,939
1930	82,470,144	8,345,697	5,951,223	96,767,064
Whole year—				
1931	74,835,599	6,911,859	20,296,833	102,044,291
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,600	369,058,073
1927	228,958,000	36,836,600	98,381,400	355,165,970
1926	145,180,000	39,393,200	46,209,500	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	535,750	...	570,300
Grimsby Corporation, £625,000 5% red. stk., 1962-72 at 99½	...	...	...
Shropshire, Worcestershire and Staffordshire Electric Power Co., £1,800,000 5% deb., 1952-82, at 94	621,875	102½	639,062
Total, week ended April 2, 1932	1,692,000	100½	1,809,000
Total to date, 1932	2,313,875	...	2,448,062
Total to date, 1931	2,849,625	...	3,018,362
Total to date, 1931	2,744,375	...	2,807,132

City Deep.—Thanks to completion of the revised and restricted programme of operations, small profits were earned during the latter part of 1931 in place of small losses. Thus the deficit on working amounted to only £1,600, as against £23,000 in 1930 and £139,200 in 1929. After providing for taxation, miners' phthisis and the like, the net loss totalled £35,050. This sum was re-transferred from funds previously transferred in respect of capital expenditure. The cash position shows a shortage of £404,800, the loan from the parent companies having increased to £418,350. Despite a material cut in the development footage, the ore reserves have expanded by 55,600 tons to 1,795,000 tons; the value is also a trifle up at 6.23 dwts. The available tonnage represents little more than a year's supply for the mill, but last year only 47 per cent. of the material crushed was taken from the calculated reserves. Barring unforeseen contingencies, there seems little prospect of the company's return to the dividend list.

Geduld Proprietary.—Once again the results closely correspond with those of the preceding period. The slight difference, however, is on the right side and finds reflection in the dividend rate. A small relapse has occurred in the ore reserve tonnage, but even now the total falls little short of five years' supply:—

	1929.	1930.	1931.
Ore crushed	1,008,100	1,011,000	1,012,000
Yield per ton	26/10	27/1	27/1
Cost per ton	16/6	16/5	16/3
Profit per ton	10/4	10/8	10/10
Total working profit	522,190	541,290	548,050
Net profit	471,000	488,900	494,050
Issued capital	1,460,860	1,460,860	1,460,860
Earned per cent.	32.7	33.3	33.8
Dividends	456,520	474,780	493,040
Rate per cent.	31½	32½	33½
Carried forward*	190,270	202,590	201,800
Ore reserves	5,900,000	6,000,000	5,900,000
Value	6.7	6.6	6.6

* After deduction of directors' percentages.

The company took up its proportion of the 60,000 shares recently issued by the East Geduld. This interest at cost, less credits, stands in the balance sheet at £402,900. The ore reserves of the East Geduld on December 31st last totalled 3,750,000 tons, averaging 6.9 dwts. Crushing was commenced in July, and up to the end of the year 231,700 tons had been treated for a net working loss of £33,000. These rather disappointing results are attributed to the "limited nature of operations inherent to the opening-up of the mine and to absorption of gold in the plant."

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies: Bank of Australasia, Chartered Bank of India, Australia and China, National Bank of India, London Life Association, British Insulated Cables, Midland Electric Corporation for Power Distribution, Newcastle-upon-Tyne Electric Supply, Godfrey Phillips, British Aluminium, and Provincial Cinematograph Theatres. At the annual meeting of the Newcastle-upon-Tyne Electric Supply Co., Mr Robert Sloan told shareholders that, although their supply of current for industrial purposes had been seriously affected by the depression, the domestic supply business had again shown a substantial increase, the number of new consumers connected during the year exceeding 18,000. This represented an increase of 18 per cent. over the number connected in 1930. Presiding at the annual meeting of British Insulated Cables, Sir Alexander Roger said that during the past year they had completed the Scottish Overhead Grid for the Central Electricity Board and the electrical track equipment for the Great Indian Peninsular Railway, in both cases with entire satisfaction. At the annual meeting of Godfrey Phillips, Mr Arthur Phillips stated that during the year under review the company had been able to maintain its output in spite of the fact that towards the end of the period the total clearances of raw leaf tobacco from bond had tended to fall.

Last year there was a good deal of comment in the Press about inner reserves. They appear under the heading "Bills payable

etc., including provision for contingencies." It will be seen that the changes which I have detailed in our reserves, which, under whatever name, are all in the balance sheet, emphasise the value of the provision which we have built up in happier times.

In the last forty years' history of the bank these contingency funds have been on three occasions of great value to the bank. In the bank crisis in 1892 our contingency funds were not large, and they were almost entirely utilised in providing for bad debts made during that crisis. During the severe droughts which ended in 1903, some of our large pastoral advances seemed certain to become bad debts and had to be provided for out of the contingency funds, which our additions enabled us to meet. Fortunately, during the good seasons which came after 1903, some of these apparently bad debts were ultimately paid off in full and, as we told the shareholders in March, 1904, the whole cost of the site and buildings of our fine Sydney premises were provided for out of these fortunate recoveries.

Since 1909 we have steadily added to our contingency funds, and as a result we have been able to meet the present exceptional crisis without exhausting our balance of reserve, and, as I have already said, the load placed upon them has already been lightened.

You will, I am sure, realise that, with all the storms around us, a reduction in dividends was inevitable. The 9 per cent., less tax, which we have been able to pay, though considerably less than the dividend of two years ago, is still substantial and, in consequence of the incidence of colonial income tax, is equal to £7 12s. 8d. per cent. to the shareholders.

RESTORATION OF CONFIDENCE.

It is difficult to prophesy as to the future. The measures taken by the new Federal Government have, as in this country, restored a measure of confidence. A genuine effort is being made to provide for interest payable abroad. The increase of exports, apart from gold, over imports, which, expressed in sterling, amounts to £27,000,000 for 1931, is an exceedingly good showing. The prospects of Empire trade due to our new departure in tariff are reassuring, but the period of convalescence so far as earning power is concerned must necessarily be considerable.

Authorities claim that 1932 once over, we shall have passed our most troublous time, but this can only be achieved if all parties co-operate on sound lines. Though I have deliberately avoided anything in the nature of criticism, I can assure you that no body of men realise more than the directors of this bank the danger of new fiscal doctrines which are fatal to the security of States as well as of bankers. Proceedings such as ours to-day are scanned in interested quarters, and it will greatly assist us in the pressing responsibility which we have to incur in these difficult times if our shareholders will support us not merely by their confidence but by their reticence.

I have endeavoured to put before you fully the position of the bank. I hope for your unanimous support, and move that the report and accounts be accepted. (Applause.)

Mr Harold Nelson seconded the motion.

SHAREHOLDERS' REMARKS.

Mr F. Tomkinson said he would like to express his extreme gratification, and also that of other shareholders who were not present, at the results of the past year. They thought the bank had done extremely well in a most difficult period. He also desired to thank the chairman for the lucid speech he had delivered.

Mr E. Levy said he was sorry he could not repeat his congratulations of last year on the report and balance sheet, but he did not think the directors expected it. He was quite satisfied that they had weathered, as far as it was possible, the peculiar circumstances they had had to encounter during the last twelve months. He felt sure that the state of trade was now a great deal better in Australia than it was at the time of the publication of the balance sheet.

The report and accounts were unanimously adopted.

The Chairman proposed the re-election of Mr Frederick V. C. Livingstone-Learmonth, D.S.O., Mr Harold Nelson and Mr Charles Edward Barnett as directors.

Mr John Sanderson seconded and the resolution was agreed to unanimously.

On the motion of Mr. J. H. Butterworth, seconded by Mr. G. W. Jones, the auditors (Messrs. Deloitte, Plender, Griffiths and Company) were re-appointed.

TRIBUTE TO OFFICIALS AND STAFF.

The Chairman proposed a vote of thanks to the officers of the bank in Australia and in London and said they must all be aware that the bank had done well under difficult circumstances. The conditions in Australia had been extremely trying to the general

manager in the Commonwealth and his staff. The proprietors had every reason to be satisfied at the admirable way and the resource with which the staff had met a very difficult period. He added that he, of course, included their head office manager, Mr Godward, and the London staff, in the resolution.

Mr W. A. Welch, who seconded the motion, mentioned that he was in Australia last year, and had been connected with that country for many years. He had also been a customer of the bank for over forty years, and he thought he could say it stood very well in Australia and that they had a good staff.

The resolution was carried unanimously.

VOTE OF THANKS TO THE BOARD.

A shareholder then proposed a vote of thanks to the chairman and directors and said he could assure the board that they had the fullest confidence of the proprietors.

Mr A. J. Waley seconded, and said that last year, when he proposed a vote of thanks to the directors, he expressed the hope that the optimism of the chairman would be justified. He thought to a certain extent it had been, because when they heard that the balance of trade was so largely in favour of Australia they must feel that conditions were on the move towards an improvement. In addition to their thanks, he also said last year that the directors were entitled to their sympathy. When they realised how world-wide the crisis has been, and how the responsibilities, doubts and anxieties of directors had been increased, they had every reason to thank them and to renew their confidence in them. At the same time, they could express their sympathy with the directors, who still had a very difficult time to overcome. He believed those difficulties would be overcome with the same satisfaction to the shareholders in the future that they had been in the past. (Hear, hear.) He would also like, having had business relations with the bank, to endorse what the chairman had said with regard to the staff. He did not think there was any bank where one met with a greater amount of courtesy and efficiency than the Bank of Australasia.

The resolution was carried unanimously.

The Chairman briefly replied, and the proceedings then terminated.

BRITISH ALUMINIUM COMPANY, LIMITED. USE FOR COOKING UTENSILS.

The twenty-second ordinary general meeting of the British Aluminium Company, Limited, was held, on the 31st ultimo., at Winchester House, London, E.C.

Mr R. W. Cooper, M.C., J.P. (the Chairman), said that the available profit, at £343,631, was £44,054 less than that earned in 1930, but it was to be noted that the trading profit had fallen off by £71,670, and that interest on deposits and dividends from investments had offset this drop to the extent of £27,616. The trading profit was the lowest they had experienced for ten years, but this was not to be wondered at, considering the extremely difficult conditions under which British industries had had to be carried on recently. The markets of the world were largely closed to British producers by high and ever-increasing protection, while Britain retained free entry for any and every importer. The recent duty of 10 per cent. on most imports, including aluminium, should, on balance, be of some small benefit to the industry, but that duty was still much inferior to the permanent protection enjoyed by the large producers of the metal in their own territories in other parts of the world. It was to be hoped that our present Government would speedily protect a national industry which directly and indirectly contributed so largely to employment of British labour.

It was pleasing to be able to record increasing and widening interest in certain applications of the metal and the development of further new uses. The sales of the metal for older and well-established uses had been relatively well maintained, considering the prevailing trade depression. Among such uses he would especially mention the use of aluminium for cooking utensils. The great value of the metal for this application lay in the fact that it had no deleterious effect upon foodstuffs or the human frame. The evidence of scientists was overwhelmingly in favour of the absolute non-toxicity of aluminium, and two medical journals whose names were household words, which had satisfied themselves by practical experiment and by studying the scientific evidence on the point, had endorsed this opinion.

It was not possible to offer any prediction as to the future, but if the industry was assisted by the fiscal policy of the Government, and if other conditions did not change for the worse, the board had every hope of maintaining, and possibly improving, the present position of the company.

The report was unanimously adopted, and a dividend of 5 per cent. on the ordinary shares was declared.

THE NATIONAL BANK OF INDIA, LIMITED.

SATISFACTORY RESULTS IN A DIFFICULT YEAR.

BETTER OUTLOOK IN INDIA.

SIR CHARLES MCLEOD'S SPEECH.

The ordinary general meeting of the National Bank of India, Limited, was held at the Wesleyan Hall, Bishopsgate, London, E.C., on Thursday, March 31st, Sir Charles C. McLeod, Bart. (the Chairman), presiding.

The Chairman: Gentlemen, I should like, before we start the meeting, to tell you that we have among us to-day the High Commissioner of India, and we welcome his presence here. (Applause.)

The General Manager (Mr Ross Munro) then read the notice convening the meeting, and the auditors' report.

The Chairman: Gentlemen, The report of the directors and the accounts to December 31, 1931, have been in your hands for some days, and I presume you will allow me as usual to take them as read. (Agreed.)

As was to be expected and in accordance with general banking experience, our balance-sheet figures show a reduction, the principal on the liabilities side being that in deposits, chiefly due to the fact that the Government of India was offering more attractive rates of interest for Treasury bills and short loans than it suited the banks to pay. It is possible that some part of the reduction may also be accounted for by the less prosperous condition of depositors generally. The reserve fund has been reduced by a sum of £800,000, and to this matter I will refer in a few minutes. An item of loans payable appears in the balance sheet. This was a temporary loan occasioned principally for the finance of gold shipments from India during December, which were very heavy, and at that time it would not have been a wise policy to have disposed of any of our securities at depreciated prices. Acceptances are down and reflect the poor state of the import trade into India.

CASH AND INVESTMENTS.

On the assets side cash is lower and investments show a reduction. The reduction in the latter is partly accounted for by the depreciation in the value of our securities which have been written down to and under prices ruling at December 31st by the amount taken from reserve. Bills of exchange and discounts, loans, &c., show very little variation from the figures of a year ago.

You will observe that we have made ample provision for the fall in gilt-edged securities of which our investments wholly consist. Our balance sheet must show the actual position as at December 31st last. You are aware of the considerable rise which has taken place in the value of these securities both here and in India since that date. Our securities, as we have stated in the report, are all terminable and mostly short-dated, but we have adopted the policy of writing down the whole of them to or under market value as at December 31st last. Whilst the amount required to adjust values at December 31st was a considerable one, you will observe that the reserve is still left at the satisfactory figure of £2,200,000—a figure exceeding the total of our paid-up capital by £200,000.

A STRONG BALANCE SHEET.

A reduction in the total figures was inevitable, but our balance sheet is a strong one with large liquid assets, and is a remarkably satisfactory document from the depositors' point of view, and in proof of this fact I need only draw your attention to the total of readily realisable assets in the shape of cash, securities and bills of exchange totalling some £22,400,000 against a total of deposits and other accounts of £27,800,000, but at the same time we would prefer less liquidity in the figures shown and an increase in the figures which would indicate improved trade and the finance required for same, which after all is our legitimate business. I told you a year ago that it would take a long time to get back to normal conditions, but if and when a recovery eventuates we are in a strong position to take advantage of any such improvement.

It is a commonplace to say that a bank's balance sheet must reflect the condition of business where it operates. Practically all balance sheets show reductions indicative of reduced operations, and considering that our principal business is with a country which, whilst suffering in common with the rest of the world from low prices for commodities, has in addition been in the throes of political agitation, the reduction in our balance-sheet figures must be considered moderate.

PROFIT AND DIVIDEND.

Turning to our profit and loss account, the expenses of management show a considerable reduction on the previous year and in

view of economies effected the accounts presented a year hence should reflect a further reduction. I need scarcely say that the directors have the full and loyal support of the staff in our efforts to produce satisfactory results.

The year's operations have resulted in a net profit of £470,018 18s. 7d., compared with £480,329 4s. 4d. for the previous year. With the amount brought in from the previous year the available total is £748,809 19s. 6d. We have already dealt with £200,000 of this sum in payment of an interim dividend at the rate of 20 per cent. per annum, and we now propose a further dividend at the same rate less income tax, to add £50,000 to the officers' pension fund, to transfer £20,000 to contingency account and to carry forward a balance of £278,809 19s. 6d.

When we last met I referred to the question of continuing to pay our dividend free of tax. Since then this matter has become more acute, and in common with many banks and companies, we have had to reconsider it in view of the further burden imposed by an increase in income tax to 5s. in the £, coming as it has done during a period of reduced earning power. The dividend paid by us in September last indicated the directors' attitude in this matter and on this occasion we again propose a dividend on a less tax basis. You will, however, observe from the report that in respect of the interim dividend the bank has borne the extra 6d. in the £ imposed by the Finance No. 2 (1931) Act. This is, of course, equivalent to a small increase in the dividend declared and will, I feel sure, be quite welcome. Let us hope that the Chancellor of the Exchequer will be able to afford some relief in taxation in the forthcoming Budget. I need scarcely tell you that all bad and doubtful debts are fully provided for.

Inasmuch as we have during the past year passed through a period of unprecedented difficulties, of which India has had more than her share, I trust you will agree with me that the results placed before you are satisfactory. (Hear, hear.)

THE EXPORT OF GOLD.

One of the most interesting features in connection with the trade of India during the past year or so has been the large export of gold. In normal times gold movements were largely influenced by the exports of produce. In lean years there were exports and in good years there were large imports. Thus, we have it that in 1921, a lean year, gold was exported to a value of about £15,000,000, and in 1925, a fat year, gold was imported to a value of about £45,750,000. Recent exports have, however, been occasioned partly through the low prices obtainable for produce, but mainly on account of the high premium which has been obtainable since Great Britain went off the Gold Standard in September last. The net exports of gold during the year 1931 were about £26,000,000, and since then further gold to the value of about £17,000,000 has been exported. Just recently exports have been falling off, possibly due to the boycotting of the Bullion Exchange in Bombay, and perhaps also to the fact of its being the harvest season when cultivators are able to realise their produce. Various estimates have been made as to the amount of gold held in India. These vary from £5,600,000,000 to a figure well over that amount, but it is impossible to make any proper estimate except that the sum must be an enormous one, held both in hoards and in the form of ornaments.

These gold exports which commenced on a large scale after Great Britain went off the Gold Standard have greatly benefited the Government of India's finances. From January up to September, Government had to sell Reverse Councils in order to support exchange and during that period sold £17,457,000 in this way. From October up to the end of December when gold exports were heavy, Government remitted by way of Council Bills £19,812,000, and since then they have remitted a further sum of about £20,000,000. Being in this happy position, the Indian Government repaid an outstanding loan in this market of about £15,000,000 which fell due in January, and have also notified that they will repay a loan of £6,000,000 which falls due in June.

Silver imports into India were on a reduced scale, being £7,077,000, as against £9,180,000 in 1930. There was a recovery from the lowest point touched in 1931 of 12d. to the highest point of 21½d. in that year. The Imperial Bank rate moved up to 8 per cent. in September, but has since been reduced to 6 per cent. The average for 1931 was 7.046 as against 5.887 in 1930.

INDIAN TRADE FIGURES.

The balance of trade in favour of India for the year 1931 was Rs. 61 crores as against Rs. 45 crores for the previous year. These figures are arrived at by taking into account the values of the imports and exports of merchandise and the imports and exports of treasure. Last year the exports of merchandise and net exports of treasure amounted together to about Rs. 196 crores and the imports of merchandise to about Rs. 135 crores.

It may interest you to have some comparative figures of some of the principal commodities. The total exports from India (including re-exports) have fallen from 257 crores in 1930 to 169 crores in 1931, while imports into India show a decline from 184 crores to 135 crores. Cotton exports from India fell from 60 crores to 36 crores, but imports into India rose to 7 crores, as against 4 crores in 1930, of which East Africa contributed over 3 crores worth. Imports of cotton piece-goods and yarns dropped from 36 crores in 1930 to 18 crores in 1931, the United Kingdom share being only 8 crores, as against 21 crores in 1930. The total jute exports (raw and manufactured) fell from 53 crores in 1930 to 33 crores in 1931. The exports of wheat were down to 23,000 tons, as against 193,000 tons the previous year. The Burma rice crop was about the same as the previous year, but prices were on a very low scale. India absorbed over a third of the crop.

The Bombay cotton trade has shown some improvement and cotton mills have reaped some benefit. The boycott of British goods has been and still continues to be, insistent, although there is evidence that an improvement is slowly but surely making headway.

There has been no outstanding feature in the jute manufacturing industry in Bengal. In spite of the curtailment of output by the closing down of 15 per cent. of looms and the continuance of working 40 hours per week only and a substantial reduction in the stock of manufactured goods, there has been no response from consuming countries and the outlook at present is not encouraging. A short crop of jute has not resulted in any substantial increase in price.

The coal industry shows no material improvement and coal prices are still at a low and unremunerative level.

FLIGHT OF THE TEA INDUSTRY.

The tea industry has suffered a serious set back and prices now ruling are in most cases under cost of production. This state of affairs has been brought about by excessive imports of tea from Java and Sumatra, these countries having increased their crop since 1910 by 400 per cent., whereas the out-turn in that period from India and Ceylon only increased by 65 and 39 per cent. respectively. The outlook for India and Ceylon estates, representing some £76,000,000 of British capital, is nothing short of desperate unless some measure of protection in the shape of discriminating duties is introduced in the next Budget. Assam in particular, so largely dependent on the tea industry, will feel the situation acutely.

In East Africa conditions continue unfavourable and a further fall in commodity prices does not help that colony to recover any measure of prosperity.

Conditions in India are still disturbing, and although the outlook is more reassuring, there is a long way to go before we can get back to normal times. The efforts of the Round Table Conferences are still in the melting-pot, but we are glad to notice that there is evidence of more respect for law and order, and if established firmly,

and picketing and boycotting cease, we may look to a return of prosperity for that great continent.

TRIBUTE TO MANAGERS AND STAFF.

The sustained effort and efficiency of our managers and staff, both at home and abroad, have in no small measure contributed to our efforts to show in a most difficult year the satisfactory result that the figures before you give, and to them must be accorded full credit and our appreciation of their good work.

I now beg to propose: "That the report of the directors and statement of accounts for the year ended December 31, 1931, be received and adopted, and that a dividend for the six months to December 31, 1931, at the rate of 20 per cent. per annum be paid on the shares of the company registered at this date, the same to be payable, less income tax, on and after April 1, 1932."

The resolution will be seconded by Mr Langford James, our deputy chairman, and before I ask you to vote upon it, I will be glad to answer any questions to the best of my ability.

Mr. R. Langford James (deputy chairman), seconded the resolution. Mr Joseph Nissim (late legal adviser to the Government of Bombay) said that the shareholders were very pleased to see present a distinguished representative of India in the High Commissioner, all the more because he had completed, after two years of strenuous labours, his gigantic inquiry into the banking position in India (Hear, hear.)

The resolution was carried unanimously.

The retiring directors (Sir John P. Hewett, G.C.S.I., K.B.E., C.I.E., and Mr W. Shakspeare) were re-elected, and the auditors (Messrs Cooper Brothers and Company and Messrs W. A. Browne and Company) having been reappointed, a vote of thanks to the chairman, directors and staff concluded the proceedings.

LONDON LIFE.

CLERGY MUTUAL AND METROPOLITAN.

STRONG FINANCIAL POSITION.

SUCCESS OF NEW VALUATION METHOD.

The ordinary general meetings of the above companies were held, on Wednesday, March 30th, at 81, King William Street, London, E.C. Mr Reginald B. Jacob (president of the London Life Association, Limited), in opening the proceedings, referred to the appointment as a director of Mr Maurice Hely-Hutchinson, a partner in the well-known firm of Messrs Robert Fleming and Company, and said that his wide investment experience would, no doubt, be of great value.

After referring to the easy conditions under which life assurance has been carried on since the war, the President said:—Now we have had to face a financial test more severe than the present generation has known and I think you will agree that this is an occasion on which we should take our members into our fullest confidence.

We have alluded in the report to the fact that although the system of a yearly valuation and distribution has many advantages over the usual quinquennial valuation, it is obviously a greater strain to have to provide for heavy depreciation in one year than if it is spread over a period of five years. In 1931 depreciation amounted to £1,631,000, representing some 7½ per cent. on the total funds, towards which we brought forward some £917,000 in addition to our valuation reserves.

DEPRECIATION OF SECURITIES.

He added that in the case of a life office with contracts lasting over so many years, depreciation is no more than an inconvenience except to the extent that it may be a rough measure of possible loss of income.

He then gave his reasons for thinking that it was reasonably safe to use a rate of 4 per cent. interest in calculating the liabilities. He said that "Taking a table of mortality which closely follows our own experience and making full provision for future expenses, our actuary has made a valuation of all our contracts and finds that we have funds in hand sufficient to provide for satisfactory increases in rates of reduction and for reversionary bonuses as set out in the report."

BONUS RESERVE VALUATION.

He explained that in using what is known as a bonus reserve valuation the association was breaking away from a convention which at any time is open to criticism on the grounds of lack of adaptability to changing circumstances. There was no wish to make any claim to be pioneers and he gladly paid his compliment to the "Old Equitable," whose actuary, Mr Elderton, was, he thought, the first to base a published quinquennial valuation on this method.

THE YEAR'S RESULTS.

The President continued:—We have written down values of securities by £1,000,000 and have transferred £350,000 to the investment fluctuation fund, thus bringing it up to £750,000. We have, at a cost of £343,626, declared reversionary bonuses and increases in rates of reduction which are consistent with our valuation and with the reasonable prospect of their maintenance. We have carried forward as unappropriated the large figure of £375,887, so that taking into account reserves of £300,000, we have a considerable sum in hand for future contingencies. It is satisfactory to compare the cost of bonuses declared of £343,626 with the surplus of the year, excluding investments, of £555,423.

With regard to the individual funds, we have in the case of the London Life declared an increase of two in the rates of reduction for policies effected under that system. This is the same increase as was given last year. For reversionary bonus policies we have declared a compound reversionary bonus of 35s. against 40s. last year. In the case of the Clergy Mutual the reversionary bonus is £3 per cent. both for whole life and endowment assurances, with

the usual increase in the case of the former for lives over 65. Last year the bonus was £4 per cent.

The increase in the rates of abatement for the Metropolitan is again three.

We have completed in the year net new assurances of £2,730,885. Although this figure is below our record of 1930 it has never been surpassed in any previous year. The ratio of our expenses of management to premiums has, I am glad to say, decreased from £5 12s. 7d. per cent. in 1930 to £5 7s. 9d. only in 1931, and I think we may consider these two results together and be well satisfied. It is hardly necessary for me to stress the advantage to our members of the saving to them from the low rate of expense, but some may not realise that, in comparison with the average expense ratio of all ordinary companies, it represents a saving of over £120,000 per annum.

The President concluded his address with a tribute to the services of Mr Trouncer, Mr Evans and the staff.

The formal resolutions were then put and carried and the proceedings terminated.

CHARTERED BANK OF INDIA, AUSTRALIA AND CHINA.

A YEAR OF UNPARALLELED DIFFICULTY.

SIR MONTAGU TURNER'S REVIEW OF POSITION AND PROSPECTS.

The seventy-eighth ordinary general meeting of the shareholders of the Chartered Bank of India, Australia and China was held on the bank's premises, 38 Bishopsgate, London, E.C. Sir Montagu Cornish Turner (the Chairman) presiding.

Mr W. E. Preston (Chief Manager) having read the notice convening the meeting and the auditors' report,

The Chairman, in moving the adoption of the report and accounts, said: Since I addressed you in this room twelve months ago, the world has passed through a financial crisis of unparalleled magnitude and much has happened which would have seemed impossible in normal times. We have seen a continuance of world-wide trade depression with large increases in the ranks of the unemployed in most nations of the world. We have seen an unreasonable want of confidence in the international money markets, resulting in a flight from nearly every currency each in its turn, involving exchange restrictions and tariff barriers ever increasing. All these have combined to cause great anxiety and bewilderment to those engaged in financial operations, both in the East and the West.

Perhaps the most important of the events in the past year, certainly as affecting the interests of the Bank, has been the departure by Great Britain from the gold standard. This was no willing action on the part of our Government. We were driven from the standard by the persistent and heavy withdrawals of our gold reserves by foreign lenders in this market. We have now a world divided into gold standard countries, such as the United States, the Philippines, France, Germany, Holland, Java, Siam—and the non-gold standard, such as Great Britain and India, Australia, Sweden, Denmark and Norway. The Chartered Bank, with its branches in the East and in America, has to deal not only with sterling currencies, but also with those on a gold standard basis, e.g., gold dollars, francs, pesos, guilders, and ticals. That we should have outstandings in these currencies when Great Britain suddenly went off the gold standard was inevitable if we were to pursue the ordinary course of business, and to be in the exchange market for such business as might be and to be out of the market would mean the Chartered Bank offering. To be out of the market would mean the Chartered Bank was not doing its duty, was not functioning as an exchange bank; and so it happened that when the momentous decision was made by England to abandon the gold standard, we were faced with liabilities in respect of commitments involving risks in gold currencies, and to provide for losses occasioned by these commitments consequent on the depreciation of our currency, a transfer of one million pounds from our reserve fund was found to be necessary.

INDIA.

Conditions in India since I last addressed you have improved. Business is still difficult in the Punjab, but the political situation in the N.W. Provinces has been handled with a statesmanlike prudence and tact, and the position is in a fair way to becoming normal. Bombay, unfortunately, is still a storm centre, but even there we look for an improvement, and we may reasonably hope that the flame of non-co-operation and racial dissension fostered by interested parties is now burning itself out. There are signs that the business Indian community, whose losses must have been exceedingly heavy,

would welcome a return to peaceful trading. Meanwhile, the Ahmedabad Mills are benefiting by the misfortune of the Bombay Mills, which are in a sad plight. Apart from a terrorist area which seems to be concentrated in Bengal, it looks as though the Congress Movement is losing strength, and as a result civil disobedience is on the decline. This improvement may be due to a consideration of policy, but there is a real desire on the part of the British Government to help India reach her political goal, and this object would be advanced by India settling her communal differences—thus bringing about goodwill and good order in the country.

A remarkable feature in the world's financial transactions during the past 12 months has been shipments of gold from India's hoards of that metal. Shipments which commenced in September last and up to date amount to £42 millions, have been fairly steady, and we may take it as long as a remunerative price is offered to the sellers in India they will continue. The gold has been drawn out from hoards by the attractive profit offered. It has been a blessing in many respects and has benefited India in several ways. The holders in many cases needed cash to meet their requirements, either for agricultural or other purposes, and that cash has been obtained on very favourable terms. The Indian Government has been able to remit the funds required in this country by the Secretary of State, and provision has been made for sterling loans falling due here. Exchange has been kept wonderfully steady at the rate of 1s. 6d. and a fraction, and India has been able to show a favourable balance of trade in spite of the low prices prevailing in the consuming countries which has made business with Indian products most difficult. As a result of these operations and of the financial conditions generally as disclosed in the Budget speech at Delhi on the 7th instant, Sir George Schuster was justified in concluding his speech with these words: "We may fairly claim that there is no country in the world whose intrinsic financial position is sounder or whose ultimate prospect of economic advance in the future is more bright."

CHINA.

The unhappy differences between China and Japan have had a most detrimental effect on the trade of Shanghai—and, indeed, on the trade of the country generally. The effects of the boycott of Japanese goods which was the main reason for the starting of hostilities have meant colossal losses not only to Japan, but great hardships to Chinese traders as well. Conditions in general in China are now much worse than they were even six months ago. The fact that six provinces with a population of 150,000,000 are seriously overrun by Communists, which virtually means war between Communists and the provincial authorities, naturally restricts the volume of trade, and when it is considered that the Government had 200,000 troops fighting the Communists in Kiangsi during the first half of 1931 with unsatisfactory results, it can easily be understood that agriculture, the organisation of trade, and the purchasing power of the people suffered accordingly. The impetus which should have been given to exports by the cheaper silver prices in China did not operate fully because, owing to the interior insecurity due

Banking in Finland

CAPITAL AND RESERVES:
Fmk. 428,000,000.
TOTAL ASSETS (31/1/32):
Fmk. 3,899,061,000.

KANSALLIS-OSAKE-PANKKI

(National Joint Stock Bank)

HEAD OFFICE: HELSINKI
(HELSINGFORS), FINLAND

Established 1889.

to banditry and Communism, to excessive military and other taxation, and to the decline in the efficiency of communications, the cost of bringing produce to the coast has become almost prohibitive. Added to her political troubles, China has suffered from the appalling disaster caused by the floods last summer in the Yangtze valley—a disaster almost unprecedented when the area of devastation is considered and the huge numbers, estimated at 10 millions at least, who, as a consequence of these floods, are reported to be absolutely destitute. I need not go into further detail. That is fully set out in the letter which appeared in *The Times* of the 21st instant, and shows the need for early and prompt action on the part of those who can help to give the assistance needed. It would be a matter of great satisfaction to the friends of China and Japan if the present outstanding differences could be amicably adjusted at a Round Table Conference, though negotiations may be protracted. Meantime it is eminently satisfactory that active hostilities have apparently come to an end.

JAPAN.

Trade in Japan has suffered badly from the boycott of her products in China. On the other hand, Japan has benefited by the growing demand for her textiles, especially in India and Malaya. Probably, cheapness is a telling factor. In any case, the increase of her sales of cloth and the decrease of sales of Lancashire goods is very remarkable. Japan has also suffered by the absence of demand for her silk by American buyers. Her import trade has declined mainly owing to high tariffs deliberately imposed to restrict the consumption of foreign goods and create a favourable balance of trade.

FUTURE OF GOLD AND THE £.

The future of gold is very obscure indeed, and America, with the largest holding of the metal, will be the dictating factor at no distant date. With a budgetary deficit for the current year estimated at \$2,000,000,000, coupled with a big demand for currency which must ensue if President Hoover's new financial scheme is to succeed, a policy of deliberate inflation may be put into operation to meet the situation. If a similar inflation should occur in France (where there is also a huge gap in the Budget), a general fall in the value of gold is inevitable. Withdrawals of gold would immediately ensue if either or both countries went in for a policy of inflation on a large scale, and if these exports went to big dimensions, necessitating an embargo put on them, it would be tantamount to the country concerned going off the gold standard.

One final observation on this subject: our pressing need in this country is not a high exchange value for the pound, but a stable exchange value and a fixed internal value; so far, the internal value has been preserved because the pound at 13s. or 15s. has purchased as much food, clothing, and other necessities as it did at 20s.—due to the fact that there has been no inflation. With, however, a pound worth 13s. one month and perhaps 16s. or 14s. the next, it is quite impossible for traders to make forward contracts—in a word, the pound must be pegged down at some definite figure, and it is good news that the Chancellor of the Exchequer is alive to this pressing need in the interests of all concerned who have overseas commitments.

SILVER.

The range of silver prices during the period under review was the widest for many years—and we have witnessed a new low record with silver at a shilling an ounce, while the highest point touched was 21½d. Vigorous steps to secure the adoption of some method of revalorisation and subsequent stability have so far failed to provoke official action—which must obviously be of an international nature—but the sponsors of the movement who are in earnest, and seem to be actuated by altruistic motives, have the courage of their convictions and are still pursuing their objective.

FUTURE PROSPECTS.

As regards the future, taking a general view of the position affecting the well-being of this bank, I can claim that prospects have distinctly improved and the outlook is hopeful. We have gone very carefully into the matter of overhead charges; economies compatible with efficiency are being carried out, and the Chartered Bank should prosper in the future as it has in the past.

In conclusion, I would on your behalf, and of the board of directors, convey our sincere thanks to Mr Preston and his colleagues at home for their devoted labours and unwearied attention to the interests of this bank during the past year. Our thanks are also due to the staff at home and abroad for their loyalty and good work on behalf of the institution to which they are proud to belong.

I now move: "That the report now submitted, together with the balance sheet and profit and loss account, be approved and adopted."

Sir William Henry Neville Goschen, Bt., K.B.E., seconded the resolution, which was carried *nem. con.*

PROVINCIAL CINEMATOGRAH THEATRES, LIMITED.

ANOTHER SUCCESSFUL YEAR.

The twenty-second annual general meeting of Provincial Cinematograph Theatres, Limited, was held, on the 30th ultimo, at 142-150, Wardour Street, London.

Mr Mark Ostrer (the chairman) said that, taking into consideration the unprecedented depression during the period under review, he thought the shareholders were to be congratulated upon having had such a successful year. The revenue for the year amounted to £485,605, and, adding the balance brought in, there was an available balance of £600,326, out of which the board recommended a dividend of 15 per cent. on the ordinary shares, leaving £120,572 to be carried forward.

There was no doubt that the picture theatre had become an integral part of the lives of the majority of the population, but the economies introduced by the National Government, coupled with increased taxation, had considerably reduced the spending capacity of the public. The company, together with its subsidiaries, had collected on behalf of the Government approximately £450,000 for entertainments tax during the year. Since the increased tax came into operation in November last, until the end of their financial year, the amount paid in tax had increased by about £20,000 as compared with the same period last year. There could be no doubt whatever that the increased tax had seriously affected the takings at the company's theatres.

Since the end of the financial year, The Gaumont Palace, Peckham, and The Gaumont Palace, Hammersmith, had been opened, the latter being one of the largest—if not the largest—and most modern in London, accommodating approximately 4,000.

As to the future, there appeared to be signs of a slight improvement in trade, which should lead to further employment, and, provided this was maintained, and they were relieved of some portion of the present crushing taxation, he thought the company would be one of the first to benefit. They owned first-class theatres, which provided the public with a widening form of entertainment at reasonable prices, and their financial position was very sound. Shareholders would be particularly pleased to learn that an increasing number of British films had been shown at the theatres—far in excess of the number they were required by law to show—and it was very gratifying to know that these films were greatly appreciated by their patrons.

The report and accounts were unanimously adopted.



DISCOVERY.

Over 400 years ago, Balboa crossed the Isthmus of Panama from the Atlantic Coast and discovered the Pacific Ocean.

To-day, the Isthmus is traversed by the Canal, while other vital arteries of modern commerce are provided elsewhere by the great railway systems which link the two Oceans.

The great and growing trading development of the New World is also largely dependent upon complete international banking facilities, and these are afforded by

THE ANGLO-SOUTH AMERICAN BANK LTD
117 OLD BROAD ST. LONDON, EC2

MIDLAND ELECTRIC CORPORATION FOR POWER DISTRIBUTION, LIMITED.

DIVIDEND MAINTAINED—INCREASE IN DOMESTIC CONSUMERS.

EFFECTS OF DEPRESSION ON HEAVY INDUSTRIES.

DIVIDEND AND CARRY-FORWARD.

Turning to the front page of the accounts, it will be seen that profits have been maintained. To a profit of £140,164 has to be added a balance brought forward of £31,937, making a total of £172,101.

From this it is proposed to deduct:—For depreciation, £35,072; for investment reserve, £10,000; for general reserve, £30,000; for preference dividend, £14,000; for interim dividend of 2½ per cent., £17,500.

These items total £106,572, and leave a disposable balance of £65,529.

From this it is proposed to pay a further dividend of 5½ per cent. on the ordinary shares, making 8 per cent. for the year, and to carry forward the balance of £27,029 16s. 3d. to next year.

EXTENSION OF TENURE.

In 1929 the company first submitted proposals for a consolidation Order extending its period of tenure. After considerable negotiations an Order was drafted suggesting an initial reduction of 10 per cent. from all charges for electricity to the public, and thereafter variations in costs, plus or minus, taking the 1928 figures as a basis, were to be handed on to the consumer. A large majority of the Local Authorities supported this Order, but two of them raised a legal point that prices should be related to dividends and not to costs, and this was upheld.

It then became necessary to draft a new Order on standard lines, in which charges were related to divisible profits. This has now been done, and the draft deposited. The draft provides for a differentiation between the funds of the company used in the undertaking and its free reserves.

The capital of the company nominally allocated to the undertaking is fixed at a commencing figure of £900,000, carrying a standard divisible profit at the rate of 6½ per cent. per annum. An additional ½ per cent. is permitted on such original capital for the first ten years if such additional profit can be made without an increase of prices.

PROFITS AND PRICES.

Should excess profits be made they are to be used to reduce the prices charged, but the company may retain a quarter of 1 per cent. additional profit for each reduction of 2½ per cent. from the prices scheduled in the Order. It is proposed to retain the free reserves, or undistributed profits of the company, which amount to £200,000, and to use the income therefrom to supplement the income derived from the undertaking under the terms of the Special Order.

Our undertaking would, in the ordinary course of events, be subject to purchase in 1940 at its then value without allowance for goodwill. The draft Order offers us an opportunity to continue our activities and our present standard of dividend for a considerable period beyond that date.

A large measure of agreement has been reached with the Conference of Local Authorities, although some points still remain to be cleared, and negotiations to this end are continuing.

FUTURE PROSPECTS.

It is difficult to forecast the position with regard to power supply. Any revival in trade is bound to improve the output, as the company's power consumers cover an exceptionally wide range of industries. At the moment we are slightly in advance of last year.

The domestic load still offers good prospects. The use of wireless from the mains, and of small electrical domestic labour-saving devices, is helping to attract consumers who might otherwise have been content to do without electricity. At the same time lighting consumers are being educated in the advantages electricity can offer beyond its use merely for lighting purposes.

During the present year we propose to develop the company's rural area, and extensions are in hand to supply Seisdon, Trysull and Claverley.

LOYAL SERVICE.

In conclusion, I desire to express, on behalf of the board, our thanks to the management, staff and workers for the loyal service they have given throughout the year, and I feel that you will also desire to be associated with it.

I now beg to move:—"That the report and accounts for the year ended 31st December, 1931, as certified by the company's auditors, be received, approved and adopted."

The report and accounts were duly approved.

The thirty-fourth ordinary general meeting of the Midland Electric Corporation for Power Distribution, Ltd., was held, on the 1st instant, at Liverpool.

Mr G. H. Nisbett, M.Eng., J.P. (chairman of the company), presided.

Mr C. Heathcock, F.C.I.S. (secretary), having read the notice convening the meeting,

The Chairman proposed the adoption of the report of the directors and the statement of accounts for the year ending December 31, 1931. He said:—Ladies and Gentlemen,—I regret to have to commence the meeting by a reference to the death of a director. Mr J. A. Smith died suddenly on May 13, 1931. He had been a director a comparatively short time, but had earned high esteem for his business ability and the genial and pleasant manner in which he assisted the board.

ACCOUNTS.

You have had the opportunity of studying the directors' report and accounts for some days, and I assume it is your wish that they be taken as read. (Agreed.) The accounts are again printed in considerable detail, and it appears to me only to be necessary to refer to those items which are new or call for special explanation.

CAPITAL EXPENDITURE.

The year's expenditure of £65,765 is almost entirely due to mains and services for connecting new consumers, or strengthening existing provisions to meet additional domestic load. The item for transformers shows a credit on the year. The actual expenditure for new supplies was £2,300, but some large transformers, returned from power consumers who have changed over to high-tension bulk supply, are responsible for the year's transactions being shown as a credit.

A new item appears in "Installations and Apparatus on Hire Purchase." This refers to assisted schemes for the installation of wiring and apparatus. The item of £17,597 is made up by bringing together expenditure previously appearing under other headings. A further sum of £2,837 has been expended during the year. Over 3,000 consumers have now been helped by spreading the first cost of installation over periods of three years, and, with prepayment meter installations, over an average of seven years. Interest is charged on outstanding balances. The expenditure on meters is larger than usual. This is partly due to the record number of consumers connected, and also to the number of prepayment meters used, which are more expensive to purchase.

REVENUE.

You will observe the revenue from sale of electricity shows a reduction of £7,000 notwithstanding the substantial increase in the number of domestic consumers connected during the year. This is entirely due to the acute depression in the heavy industries in the company's area of supply. The reduction in the cost of electricity purchased is due, firstly, to a reduction in the scale of charges for bulk supply purchased from the West Midlands Joint Electricity Authority. The Authority has now co-ordinated the supply from its three generating stations, and is obtaining the maximum efficiency from the existing plant.

Secondly, it is due to a reduction in the number of units purchased.

The new item—Cost of Change over of Sundry Services—has been explained in the printed report, and it only remains to state that the continuation of this change over is dependent on an extension of the company's right to supply in Wednesbury beyond 1940.

PROVISION FOR BAD DEBTS.

The increased provision for bad debts reflects the special difficulties of industry at the present time.

INCREASED CHARGES.

The expenses of the Electricity Commissioners show an increase due to standardisation charges. It is expected that this item will increase steadily over the next few years. This is a statutory obligation and cannot be avoided. The expenditure should ultimately be for the good of the electricity supply industry.

BALANCE SHEET.

The figures need no explanation other than to call attention to the fall of £12,000 in the market value of investments, which has been specially provided for.

NEWCASTLE-UPON-TYNE ELECTRIC SUPPLY COMPANY, LIMITED.

DIVIDEND MAINTAINED AT 6 PER CENT.

RECORD NUMBER OF CONSUMERS.

The forty-fourth annual general meeting of the Newcastle-upon-Tyne Electric Supply Co., Ltd., was held, on the 30th ultimo, at the Central Station Hotel, Newcastle-upon-Tyne. Mr Robert P. Sloan, C.B.E., the chairman and managing director, presided. The notice convening the meeting was read by Mr M. Short (joint secretary), and the auditors' report was also read.

The Chairman said: The proposed amalgamation of companies was dealt with in considerable detail during the course of my speech last year. In order to obtain the necessary authority for this amalgamation a Bill was deposited in Parliament on November 27th last. In January and February of this year extraordinary general meetings of the various companies concerned were held, and the necessary resolutions, providing for the transfer to this company of the undertakings of certain of its subsidiary companies, were approved. As you are aware, it is intended to alter the name of the company to the North-Eastern Electric Supply Company, Limited, the reason for this being that the present name would no longer be appropriate in view of the fact that, after the amalgamation, the company will hold statutory powers and operate throughout the major portions of the counties of Northumberland and Durham, and a large portion of North Yorkshire.

The present position with regard to the Bill is as follows:—In the House of Commons, where the Bill was introduced, four petitions only were lodged against it. We were able to dispose of three of these prior to going before the Parliamentary Committee—the remaining petition being that of the Newcastle Corporation. After a hearing of a day and a half the preamble of the Bill was found by the Committee to be proved. The next step will be that, probably in the month of May, the Bill will come before a Committee of the House of Lords, and we confidently anticipate that the measure will receive Royal Assent about July or August of this year.

Good progress has been made during the past year in regard to the standardisation of frequency throughout the North-East Coast area.

1931 RESULTS.

With regard to the working results for the year, our total connections have amounted to 32,888 horse-power (h.p.), the corresponding figure for 1930 being 27,675 h.p., so that there has been a substantial increase in the rate at which we have secured new business. The profit amounted to £857,866, compared with £913,741 for the previous year.

In the early part of last year we considerably reduced our charges for lighting and domestic supplies, and I stated, at the last annual meeting, that these reductions represented concessions, to our then consumers, of about £49,000 per annum. As these reductions did not come into operation until April, 1931, they affected the results of the year under review to the extent of about £36,000. They will, of course, enable us to obtain certain additional business, but, in the comparatively short time they have been in operation, we have not yet reaped the full benefit which is likely to accrue therefrom, and this, coupled with the falling-off in sales in certain other directions, accounts for the reduction in our gross profit.

The directors have again transferred from profit to reserves sums totalling £250,000, and recommend the same rate of ordinary dividend as that of last year—namely, 6 per cent. per annum. This will necessitate drawing upon the sum brought forward to the extent of £45,428, and will leave £71,240 to be carried forward to the current year.

During the year trading conditions showed a further decline, which was most noticeable in the shipyards, marine engineering works and general engineering works. In the case of shipbuilding and marine engineering our sales of electrical energy during 1931, due to further depression in that section, showed a reduction on those of the previous year of no less than 45 per cent., and, bearing in mind that the year 1930 itself was far from normal, it is evident that we have suffered very considerably in this section of our business. The production of ships on the North-East Coast during 1931 was the lowest recorded for over 40 years.

Our colliery supply business was well maintained throughout the year, our sales in this section showing some little improvement on those of the previous year. They were not, however, commensurate with what reasonably might have been expected in view of the additional motive-power plant installed during the year by colliery companies at various mines throughout the district. Further, the output of coal for household purposes was adversely affected owing to a fall in demand, due to the very mild weather experienced during the latter part of the year.

I am glad to say that our domestic supply business again shows a very substantial increase—the number of new consumers connected during the year exceeding 18,000. This represents an increase over the number connected in 1930 of over 28 per cent., and establishes a record for us in any one year. Apart from obtaining new domestic consumers, there has been a marked increase in the consumption of electricity by many of our existing consumers of this class, largely due to their utilising additional household appliances.

I think that, having due regard to the very adverse conditions with which we have had to contend, we may in the circumstances feel reasonably satisfied with the results achieved, and that the accounts disclose a more satisfactory position than might have been anticipated.

THE OUTLOOK.

In these times of industrial depression no one who appreciates the present difficult position would predict an early trade revival, but if we are to overcome the financial difficulties with which the country is beset it is essential that we should not lose confidence and that no stone should be left unturned in our endeavour to restore industry to its own. So far as this company is concerned, every effort is being made towards this end, and it is hoped that our endeavours will assist to bring about the desired result in the North-East Coast area, however gradual the process may be.

As regards our supplies to collieries, these naturally will be affected by the "quota" allotted in our area, but as Northumberland was fortunate enough to obtain the benefit of an increased "quota" late in 1931, it is to be hoped that this may be repeated during the course of the present year. It may interest you to know that, as a result of our efforts to obtain further business during last year, no less than twelve privately owned colliery generating plants, representing a total capacity of about 20,000 h.p., have been, or will be, closed down and future supplies taken from the system. In consequence of the exceptionally large number of new domestic consumers which we secured during 1931, it is our intention to concentrate, to a great extent, on increasing the use of electricity for various household purposes, with a view to improving our revenue from this source. As approximately one-half of those whom we obtained as domestic consumers last year only became revenue-earning during the last quarter of that year, we shall receive a considerably greater revenue from this source during the current year.

Good progress has been made in connection with developments in the North Riding of Yorkshire, to which I referred at the last annual meeting. During the present month we have obtained, in that area, our first supply from the Central Electricity Board's main transmission system, and as an ample supply of electricity is now available from this source, we are proceeding rapidly to obtain more consumers. I also then referred to our associated company, the Cleveland Power Company, having acquired several electricity undertakings in that area, among which I specially mentioned that of the Northallerton Electric Light and Power Company, Limited.

During the past year we have entered into an arrangement with the War Department for a supply to Caterick Camp, which is situated to the north-west of Northallerton, and we expect to have a supply available there in a few months' time. The availability of a supply from the "Grid" will enable us to close down certain small and isolated generating stations—including one at Northallerton—and to adopt a policy of active development which, so far, has not been possible in that area.

In the northern part of our area we obtained, in December last, a Special Order, covering the North Wansbeck area, which is situated north of Morpeth, and we are taking steps to develop this area also.

Throughout the whole area the rate at which additional domestic consumers have been connected up since the commencement of this year shows a substantial increase over the rate for the corresponding period last year, which is extremely gratifying.

TOTAL CONNECTIONS.

I referred in my earlier remarks to the additional horse-power we had connected during the past year. The total connections to the system, at the end of that year, exceeded three-quarters of a million h.p., and we had, on our books, orders for additional supplies exceeding 20,000 h.p. As these large connections represent a great diversity of trades, any general improvement, whether in home or export trade, will result in an increased use of our supplies on the part of our existing consumers, and should stimulate developments involving a further application of electricity for power purposes.

The Chairman moved the adoption of the report. Mr James Tennant seconded the motion, which was carried. The chairman then moved the payment of dividends, the Hon. Robert H. Brand seconded, and the motion was carried.

The chairman moved the re-election of the retiring directors, Mr James Tennant and Mr Norbert Merz. Mr Alfred Bonnin seconded this motion, which was adopted.

BRITISH INSULATED CABLES, LIMITED.

INCREASED PROFIT—STRONG FINANCIAL POSITION.

SIR ALEXANDER ROGER'S INTERESTING REVIEW.

BIG CONTRACTS CARRIED OUT.

The thirty-sixth ordinary general meeting of British Insulated Cables, Limited, was held, on the 1st instant, at Exchange Station Buildings, Liverpool.

Sir Alexander Roger (chairman) presided over a good attendance of shareholders.

The Secretary (Mr W. Kerfoot) having read the notice convening the meeting,

The Chairman, in proposing the adoption of the report and accounts, said:—When we met at this time last year I stressed the need for economy and for reduction of costs in the administration of our business, and, taking into consideration the world conditions at the time, I viewed our immediate trading prospects with a certain amount of anxiety. It is, therefore, very gratifying to your board to be able to report a profit for the year which slightly exceeds that of the previous year.

This result has been achieved in the face of a decline in the value of the turnover consequent to a large extent on the unprecedented fall in the cost of raw materials and reduction in the selling price of your company's products, and will, I trust, be regarded by shareholders as satisfactory.

SUCCESS OF BOLD POLICY.

The electrical industry has not felt the world depression so acutely as have many other businesses, and your board consider they have been justified in the bold and aggressive policy they have pursued for some time.

In addition to spending £245,000 on maintenance and renewals, we have, during the last three years, spent £367,000 in the provision of modern machinery and buildings, etc., largely to achieve more economical output.

We have also extended manufacturing in directions other than pure cable making, and thus broadened the base of our business. We have invested in or acquired certain carefully selected allied businesses, and, in co-operation with some other of the larger cable manufacturing companies, we have been able to apply a considerable degree of rationalisation in many directions. You will be glad to know that, apart from the question of reduction of costs, these various acquisitions are justifying themselves from the purely investment point of view. I just want to add that your board has no intention of being drawn into business which is not allied to the cable business.

PROFIT, DIVIDEND, RESERVE.

The profit and loss account shows that the profit on trading, dividends on investments, etc., amounts to £589,610, as compared with £576,593 for the previous year, or an increase of £13,017. To this profit there falls to be added the balance brought forward from last year, making a total of £868,928, out of which have been paid year, making a total of £868,928, out of which have been paid directors' and trustees' fees, etc., debenture interest, preference share dividend and interim dividend on the ordinary shares, amounting in all to £192,003, leaving a disposable balance of £767,924.

We then appropriate £100,000 for depreciation on property and plant and transfer £120,000 to reserve account, thus leaving a balance of £456,924 available for dividend, out of which we recommend a further dividend of 10 per cent. on the ordinary share capital, making, with the interim dividend already paid, a total distribution for the year of 15 per cent., and carrying forward £290,258 to next account, which is £10,941 more than was brought in.

A STRONG POSITION.

May I now refer you to the details appearing on the balance sheet, from which you will see that our position is a strong one. There is no change in the amount of the capital account, nor in the amount of debentures outstanding. The reserve account will amount to £1,140,000 if our proposals to-day are approved by you.

The dividend equalisation account and compassionate fund for workpeople remain unaltered, and, as regards the latter, I am glad to assure you it continues to serve adequately its admirable and beneficent purpose.

Sir Alexander reviewed various items in the balance sheet, and, in regard to investments, said at cost they amounted to £1,012,560, showing an increase of £44,361. These had recently been carefully scrutinised, and, on a conservative basis, their present value exceeded substantially the amount at which they stood in the account. In most cases these investments had been chosen with regard to their potentiality as feeders to their manufacturing business, so that their value was not merely assessable in terms of dividend.

During the past year they had completed the Scottish Overhead Grid for the Central Electricity Board, and the electrical track equipment for the Great Indian Peninsula Railway, in both cases with entire satisfaction. They had now carried out the electrical equipment of a total of 1,215 track miles of railway. The company fully maintained its prestige in the manufacture of super tension cables, having up to the present supplied about 270 miles of 66,000-volt cable.

In what he might call the "bread and butter" every-day work, business was well maintained. The number of orders received continued to grow as a result of increase of clientele, and their range of manufactures.

FACTORY DEVELOPMENT.

During the year the reorganisation of the Helsby factory had been completed and was now one of the best-equipped factories of the kind in the Kingdom. They recently removed the enamelled wire plant from Prescott to Huyton Quarry in order to provide more room for a rapidly-growing business, and were about to commence the building of new shops at Prescott for the increased and better manufacture of fine wires and tinned wires.

"HIGHER THAN EVER."

Every endeavour was being made to take business hitherto done by the foreigner, and several additional sales branches had been opened. Last, but not least, they felt confident the company's name for good work stood higher in the electrical industry than ever it did before. (Hear, hear.)

The future of industry generally remained a matter of great anxiety, but were we not surmounting our difficulties gradually? Had we not during the past few months instituted reforms which have gone some way towards stabilisation and recovery?

Bad as the general conditions had been and still were, it seemed to him that this country had felt the depression less than many others, and we were certainly in advance of any other country in the matter of taking steps to secure a revival in trade.

OUTLOOK FOR ELECTRICAL INDUSTRY.

So far as our own business is concerned (Sir Alexander continued) it does look as if we are likely to continue for 1932 on the scale of last year. We do not think we can look forward in the immediate future to any great acceleration of progress in the extension of electric light and power supply, but up to the present there is no diminution of demand. On the other hand, the electrification of the British railways, at least for all suburban services, cannot long be further deferred. If the railways are to regain a measure of their former prosperity, which is clearly in the national interest, they must be modernised so as to provide a more frequent, faster and cheaper service in competition with road transport.

RAILWAY ELECTRIFICATION.

The day of the steam locomotive as a prime mover is over. Electric working provides economy in train staff, saves time and money in preparing and fuelling locomotives for service, gives quicker acceleration in operation, and speeds up the whole running, thus obviating the necessity of duplicating lines in busy sections. Moreover, there is a substantial saving in the cost of operation per train mile.

A proposition so obviously economical cannot be indefinitely postponed, and, when it is taken up, it will help forward the whole electrical industry immensely by loading the National Grid and so reducing the incidence of capital costs, and rendering possible the supply of cheaper power to the advantage of industry generally.

When this work is put in hand your company certainly ought to be able to obtain a large portion of the orders for cables and track equipment, as we undoubtedly have much more experience in this technique than any other firm in this country.

A CORDIAL TRIBUTE.

I cannot conclude without paying a tribute to our tireless and indefatigable managing director, Mr G. H. Nisbett. He is a tower of strength to the company, especially in these troublous and difficult times, and I am sure it is your wish that we tender to him and to the staff and to all the workers our warm thanks for their efficient and successful work during the past year. (Applause.)

The report and accounts were adopted.

GODFREY PHILLIPS, LIMITED.

GRATIFYING RESULTS DESPITE YEAR'S DIFFICULTIES

The twenty-third annual general meeting of ordinary shareholders of Godfrey Phillips, Limited, was held, on the 24th ultimo, at the registered offices of the company, 112, Commercial Street, London, E., Mr Arthur I. Phillips (chairman and managing director) presiding.

The Chairman, in moving the adoption of the report and accounts, after paying a tribute to the late Mr Philip Phillips, said that the board had been fortunate in anticipating the country's departure from the gold standard, and had contracted to buy the great bulk of their leaf requirements in sterling. They had, therefore, been spared the necessity of taking their stocks at a variable exchange value. The tobacco duty was now 9s. 6d. per lb., far too high, and was gradually killing their mythological friend, the goose with the golden eggs. Consumption was now falling. It was a popular saying that no matter how bad things were people would smoke. The truth of that fallacy was confined only to what it said, but it did not say how often or how much, and less was being smoked, and revenue was suffering.

The net profit of £150,166 compared with £178,810 for 1930, and was actually higher, because in last year's accounts a deduction of some £29,000 had to be made to cover a loss by a subsidiary— which this year had made no loss—in order to arrive at the final net profit figures. He thought they should be gratified with that figure in view of the very acute competition which had trade always brought. The board recommended a dividend on the ordinary shares of 5 per cent. for the year, that the sum of £6,183 4s. should be transferred to reserve, leaving the sum of £84,572 8s. 7d. to be carried forward. It might be suggested that, in view of the fact that the actual net profit was slightly more than that of the preceding year, the recommended distribution on the ordinary shares might be larger. As one of the biggest shareholders, his first impulse would be to agree, but with the inside knowledge he was bound to have, he realised that they could not both pay out their earnings and finance increased duties without further borrowings, a thing he was anxious to avoid. Although on the first flush it is disappointing, we must realise that we are not in business for the day, and that it would not be wise to leave ourselves too short of working capital.

In carrying forward this larger sum, your board is actuated solely by the desire to do what it deems best for the business. It should be borne in mind that for some years we have carried forward a sum towards the coming year's advertising appropriation which has gone to the credit of that account each year. This year we have not deemed it necessary, as at the moment we do not contemplate any large advertising expenditure for the purpose of introducing a new brand.

The amount carried forward is not earmarked for any particular purpose, so that it is available either for further working capital or to cover any special contingency which might arise.

During the year under review, in spite of the fact that towards the end thereof the total clearances of raw leaf tobacco from bond had tended to fall, the company had been able to maintain its output. In fact, they did a slightly bigger volume of business than in the preceding year.

The last year had witnessed the completion of a marketing scheme which the board had deemed practicable when they had first made the acquaintance in 1928 of Canadian-grown Virginia tobacco, and they had placed on the market a series of various tobaccos under the brand name "Canadian Club." The Canadian tobacco they had secured was equal to the finest raw leaf tobacco the world produced, and had all the pleasing characteristics of the United States tobacco. In fact, it was a first-class Virginia tobacco enjoying the Canadian preference. Still more recently they had placed on the market "Canadian Club" cigarettes, for which they anticipated a considerable demand.

They continued to sell large quantities of their leading brands. Their sales for "B.D.V." cigarettes for the last year showed a healthy increase. "Army Club" cigarettes still commanded a large and growing demand, and "De Reszke" cigarettes had merited further popularity by the introduction of this high-grade cigarette in a smaller size to retail at a lower popular price, namely, twenty for 8d. "B.D.V." tobacco had had a considerably increased sale, and "Grand Cut Virginia" had also increased its sale.

Quality told, and he did not think that many proprietary brands could point to having had larger sales in 1931. They took a great deal of pride in their products, and had adopted every tested appliance to enable them to turn out better and better cigarettes and milder and purer tobaccos. They would always maintain that policy.

The report and accounts were unanimously adopted.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the twelve days ended March 31, 1932, amounted to £40,755,000 against ordinary expenditure of £19,582,000. After allocating £1,362,000 to Sinking Fund and having allowed for an increase in Exchequer Balances of £2,988,000, the operations for the week, as shown below, reduced the National Debt by £16,823,000 to £7,582,550,000:—

(000's omitted.)	
Treasury Bills	+ 28,994
Post Office	+ 2,400
Public Department Advances	— 26,050
Excess Interest of Nat. Saving	— 1,391
Certificates	— 1,200
National Savings Certificates	— 18,696
British Govt. Loans abroad	— 889
National Debt Commissioners	— 11
Sundries	— 48,217
	+ 31,394

A complete analysis of the National Debt at March 31, 1932, is shown below:—

NATIONAL DEBT—(Million £).

	Aug. 1, 1914.	Dec. 31, 1919.	Mar. 31, 1927.	Mar. 31, 1928.	Mar. 31, 1929.	Mar. 31, 1930.	Mar. 31, 1931.	Dec. 31, 1931.	Mar. 31, 1932.
2½% and 2½% Consols	573	300	300	300	300	300	300	300	300
Term Annuities	30	20	12	12	12	12	12	12	12
4% Consolidated Loan	...	...	166	204	354	342	342	342	342
3½% Conversion Loan	...	...	740	832	811	790	770	770	770
Other Funded Debt	15	15	14	14	14	14	14	14	14
4½% Conversion Loan	...	...	211	221	223	267	317	317	317
5% Conversion Loan	...	...	...	...	...	323	323	323	323
3½% War Stock	...	...	63	63	...	...	...	...	...
4½% War Stock	...	...	13	13	13	13	13	13	13
4% and 5% War Bonds	...	2,047	2,154	2,253	2,264	2,171	2,087	2,082	2,081
National War Bonds	...	1,509	556	194	...	...	...	...	...
4% Funding Loan	...	...	409	389	385	381	...	...	...
4% Victory Bonds	...	...	360	277	261	246	374	374	374
Treasury Bonds	...	...	...	454	675	681	219	219	219
Exchequer Bonds	20	323	15	16	16	542	607	607	606
National Savings Certs.	...	267	372	362	361	358	372	376	371
Other Debt	...	1,306	1,103	1,097	1,087	1,076	1,068	1,149	1,069
American Loan (Anglo-French)	...	...	51	...	...	...	...	...	...
Treasury Bills	15	1,107	699	527	700	589	570	664	604
Temporary Advances	1	243	117	162	37	49	25	63	8
Other Capital Liabilities	654	8,033	7,555	7,528	7,500	7,470	7,413	7,625	7,423
	57	46	98	103	120	127	170	159	159
Total Liabilities	711	8,079	7,653	7,631	7,620	7,597	7,583	7,784	7,582

* Includes debt to American Government.
† Includes recent United States and French credits to British Treasury.

The aggregate revenue and expenditure to March 31, 1932, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1ST TO MARCH 31, 1932. (000's omitted.)

	£	Revenue	£
Expenditure	738,091	Revenue	770,963
New Sinking Fund	32,508	Decreases in balances	186
Net amount repaid	550		
	771,149		771,149

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Out- standing—	Mar. 19, '31.	Mar. 19, '32.	Mar. 31, '31.	Mar. 31, '32.
Advances by Bank of England	...	...	...	...
Advances by Public Departments	24,500,000	33,550,000	7,500,000	— 26,050,000
Treasury Bills outstanding	569,825,000	575,435,000	604,455,000*	+ 29,020,000
Total Floating Debt	594,325,000	608,985,000	611,955,000	+ 2,970,000

* Includes £29,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £45,000,000 in Treasury Bills were opened on March 24, 1932, and the total amount applied for was £60,315,000. Tenders were accepted for bills at three months, dated Tuesday and Wednesday, at £99 10s. 7d., about 65 per cent. and above in full, and Thursday to Saturday at £99 10s. 9d. and above in full. The amount allotted was £45,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1932.			
March 4	40,000,000	52,560,000	2 9 9-95
March 11	45,000,000	71,470,000	2 11 5-55
March 18	45,000,000	74,005,000	2 1 2-17
March 24	45,000,000	60,315,000	1 16 11-39

The OCEAN ACCIDENT AND GUARANTEE CORPORATION, Limited.

Accidents and illness.
Employers' Liability. Fidelity Guarantees.
Burglary. Fire. Motor Cars. Public Liability.
Inspection and Insurance of Boilers, Engines, Electrical Plant and Lifts.
Executors and Trusteeships.

Head Office: 36-44 MOORGATE, LONDON, E.C.

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, March 23, 1932.

ISSUE DEPARTMENT.

Notes issued:—		£	
In Circulation	358,835,523	Government Debt	11,015,100
In Banking Department	36,971,475	Other Government Securities	241,794,776
		Other Securities	18,380,290
		Silver Coin	3,809,534
		Amount of Fiduciary Issue	275,000,000
		Gold Coin and Bullion	120,806,998
			£395,806,998

BANKING DEPARTMENT.

Proprietors' Capital		£	
Rest	14,553,000	Government Securities	37,615,906
Public Deposits	3,678,486	Other Securities	240,854,396
Other Deposits	10,439,004	Discounts and Advances	11,272,884
Bankers	73,448,534	Securities	48,643,641
Other Accounts	32,969,577	Notes	59,916,525
7-Day and other Bills	1,298	Gold and Silver Coin	36,971,475
			602,915
			£135,106,821

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

Return for Week ended Wednesday, March 30, 1932.

ISSUE DEPARTMENT.

Notes Issued:—		£	
In Circulation	360,529,134	Government Debt	11,015,100
In Banking Department	35,277,869	Other Government Securities	240,854,396
		Other Securities	19,314,668
		Silver Coin	3,805,836
		Amount of Fiduciary Issue	275,000,000
		Gold Coin and Bullion	120,807,003
			£395,807,003

BANKING DEPARTMENT.

Proprietors' Capital		£	
Rest	14,553,000	Government Securities	35,695,906
Public Deposits	3,678,486	Other Securities	240,854,396
Other Deposits	27,230,726	Discounts and Advances	11,272,884
Bankers	54,565,819	Securities	51,086,890
Other Accounts	34,381,270	Notes	62,812,256
7-Day and other Bills	1,518	Gold and Silver Coin	35,277,869
			624,788
			£134,410,819

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

Both Departments.		Amount, March 30, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	£	360,529,134	+ 1,693,611	+ 3,472,198
Public deposits	£	27,230,726	+ 16,791,722	+ 9,987,983
Bankers' deposits	£	54,565,819	+ 18,882,715	+ 4,222,401
Other deposits	£	34,381,270	+ 1,411,693	+ 312,168
Seven-day bills	£	476,708,467	+ 1,014,531	+ 8,925,580
Total, outside liabilities	£	18,231,486	+ 16,922	+ 36,509
Capital and rest	£	287,575,402	+ 2,850,380	+ 14,218,282
Government debt and securities	£	11,725,366	+ 452,482	+ 12,903,518
Discounts and advances	£	70,401,558	+ 3,377,627	+ 31,770,169
Other securities	£	3,805,836	+ 5,998	+ 240,466
Silver coin in issue department	£	121,431,791	+ 21,878	+ 23,955,396
Coin and bullion (bank's reserve)	£	35,902,657	+ 1,671,733	+ 12,427,594
Reserve of notes and coin in banking department	£	30 1/2%	— 1/2%	+ 12 1/2%
Proportion of reserve to outside liabilities	£	25 1/2%	— 1/2%	+ 5 1/2%

(000's omitted.)

Issue Department.		Banking Department.		Gold in or out of Bank.	
Date.	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.
1932.					
Feb. 24	395,773	346,404	14,125	67,924	32,198
Mar. 2	395,801	351,786	7,023	80,483	33,476
9	395,802	354,475	7,836	93,565	33,182
16	395,805	353,714	9,477	73,054	32,433
23	395,807	358,836	10,439	73,449	32,970
30	395,807	360,529	27,231	54,566	34,381

(000's omitted.)

Issue Department.		Both Depts.		Banking Department.		Reserve & "Proportion."	
Date.	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Discounts & Advances.	Other Securities.	Reserve & "Proportion."
1932.							
Feb. 24	264,589	6,563	121,348	26	33,676	11,493	49,943
Mar. 2	258,549	12,623	121,453	25 1/2	47,236	11,357	44,667
9	260,038	11,168	121,455	24 1/2	64,371	11,545	41,980
16	257,968	13,231	121,461	25 1/2	40,296	11,380	38,797
23	252,810	18,380	121,410	25 1/2	37,616	11,273	48,644
30	251,879	19,315	121,432	25 1/2	36,696	11,725	51,087

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1932.				
January 1 to March 16	£ 5,411,955	£ 360,271	£ 596,206	£ 6,368,432
Week ended March 23	572,763	30,125	48,774	651,662
Week ended March 30	340,723	24,336	35,708	400,767
Total to date, 1932	6,325,441	414,732	680,688	7,420,861
Total to date, 1931*	8,814,643	436,849	698,950	9,950,442
Increase or decrease in 1932	- 2,489,202	- 22,117	- 18,262	- 2,529,581
	- 28.2%	- 5.1%	- 2.6%	- 25.4%
Total for year 1931	31,815,808	1,657,852	2,752,209	36,225,869
Total for year 1930	38,782,577	1,812,146	2,963,631	43,558,354
Increase or decrease in 1931	- 6,966,769	- 144,294	- 211,422	- 7,322,485
	- 17.9%	- 7.9%	- 7.1%	- 17.8%

* Adjusted on account of Easter holidays.

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

	Week ended March 26.		Month of February.			Aggregate Totals, January 1 to March 26.	
	1931.	1932.	1931.	1932.	Inc. or Dec.	1931.	1932.
No. of working days	£	£	24	25		£	£
BIRMINGHAM	2,131	1,762	9,697	8,691	- 10.3	29,867	27,253
BRADFORD	1,068	679	3,063	3,598	+ 17.4	10,069	9,399
BRISTOL	1,606	1,087	4,422	4,350	- 1.6	14,827	13,770
DUBLIN	4,666	3,796	...	...	...	61,334	61,912
HULL	633	564	3,140	3,188	+ 1.5	9,564	9,670
LEEDS	725	853	3,837	3,474	- 9.4	11,579	11,532
LEICESTER	593	587	2,633	2,958	+ 12.3	8,575	9,184
LIVERPOOL	5,043	5,174	23,263	22,738	- 2.2	69,032	67,969
MANCHESTER	9,886	9,102	37,865	42,538	+ 12.3	122,863	124,863
NEWCASTLE	1,290	1,353	5,552	5,215	- 6.0	19,276	18,676
NOTTINGHAM	368	350	1,875	1,859	- 0.8	6,241	6,035
SHEFFIELD	636	652	3,557	3,292	- 7.4	10,693	9,839
Total.....	28,644	25,959	98,904	101,901	+ 3.0	367,547	365,132

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

ASSETS.	Mar. 6, 1931.	Jan. 29, 1932.	Feb. 12, 1932.	Feb. 19, 1932.	Mar. 25, 1932.	Mar. 4, 1932.
Total assets.....	29,32,32	24,24,11	19,21,15	18,32,95	19,29,11	17,07,68
Loans.....	14,45,51	9,32,76	9,46,89	9,30,67	9,35,49	9,89,59
Cash credits.....	27,12,47	25,53,09	25,31,03	24,59,95	24,63,27	24,36,93
Inland bills.....	5,98,81	5,53,03	5,66,80	6,31,43	6,22,59	6,30,38
Foreign bills.....	42,57	21,31	32,82	28,38	28,38	33,67
Dead stock.....	2,75,19	2,68,61	2,68,65	2,68,65	2,68,84	2,68,88
Bal. with other banks.....	60,51	27,80	16,44	46,43	44,60	56,73
Cash.....	8,43,31	8,90,24	8,16,74	9,01,72	9,86,62	8,39,94
LIABILITIES.						
Capital paid up.....	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50
Reserve.....	5,40,00	5,00,00	5,00,00	5,00,00	5,00,00	5,00,00
Total deposits.....	79,32,94	67,61,82	67,42,64	69,37,55	69,10,85	68,50,81
The above includes—						
Deposits in London.....	£ 9,91	£ 1,379	£ 1,405	£ 1,527	£ 1,660	£ 1,694
Advances in London.....	6,609	1,378	1,373	1,294	1,395	1,396
Cash, &c., at other banks in London.....	456	212	125	350	337	427

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

ASSETS.	Mar. 27, 1931.	Mar. 4, 1932.	Mar. 11, 1932.	Mar. 18, 1932.	Mar. 25, 1932.
Gold.....	56,116,440	75,737,753	76,157,288	76,508,642	76,631,523
Foreign assets.....					
Sight deposits.....	6,939,034	4,333,384	4,149,751	3,923,097	3,848,636
Bills, &c.....	19,367,559	8,903,286	8,934,035	8,804,857	...
Home bills.....	7,083,928	4,499,025	4,504,126	4,329,620	...
Advances against sec. To the State.....	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Other advances.....	2,858,325	2,802,935	2,778,756	2,771,489	2,715,643
Negotiable Bonds, Sinking Fund Dept. Other assets (excluding forward exch.).....	5,082,397	6,882,476	6,880,527	6,880,527	6,880,527
LIABILITIES.					
Notes in circulation.....	77,863,568	83,452,267	82,580,848	81,929,466	81,782,044
Public deposits.....	11,772,854	3,909,747	3,652,246	3,823,039	3,526,377
Private deposits.....	12,042,333	22,266,484	23,190,969	23,497,911	24,443,717
Other liabilities.....	2,787,936	2,626,550	2,447,110	2,446,414	...

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

ASSETS.	Mar. 23, 1931.	Mar. 7, 1932.	Mar. 15, 1932.	Mar. 23, 1932.
Gold.....	2,286,123	880,006	876,859	877,088
Of which deposited abroad.....	207,638	164,607	77,577	76,625
Reserve in foreign currencies.....	222,592	156,409	141,666	142,188
Bills of exchange and cheques.....	1,474,029	3,302,496	3,302,893	3,219,323
Silver and other coin.....	194,922	135,582	175,769	208,698
Notes of other German banks.....	20,797	6,314	7,416	7,813
Advances.....	86,690	218,430	200,170	134,869
Investments.....	102,262	161,752	161,752	361,753
Other assets.....	555,653	876,514	854,994	824,454
LIABILITIES.				
Share capital.....	122,788	150,000	150,000	150,000
Reserves.....	371,139	337,331	337,331	417,426
Notes in circulation.....	3,765,684	4,178,896	4,115,151	4,005,896
Other daily maturing obligations.....	242,845	341,872	344,470	491,453
Other liabilities.....	34,682	750,404	776,547	711,409
Cover of note circulation.....	66.7%	24.8%	24.8%	25.4%

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

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

ASSETS.	Position, May 30, 1914.	Mar. 26, 1931.	Mar. 3, 1932.	Mar. 10, 1932.	Mar. 17, 1932.	Mar. 23, 1932.
Gold.....	232,680	1,439,389	2,521,620	2,509,222	2,511,069	2,512,209
Foreign bills and balances abroad.....	697,600	4,581	46,276	46,971	48,876	49,709
Silver and other coin.....	697,600	755,118	913,225	890,870	970,844	966,062
LIABILITIES.						
Notes in circulation.....	934,126	3,164,419	3,746,810	3,720,922	3,615,768	3,600,637
Current accounts.....	112,125	251,908	105,377	121,562	107,465	127,844

(b) In thousand francs.

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

ASSETS.	Position, May 30, 1914.	Mar. 23, 1931.	Feb. 29, 1932.	Mar. 7, 1932.	Mar. 14, 1932.	Mar. 21, 1932.
Gold.....	163,092	46,000	879,281	881,333	875,656	876,153
Silver.....	8,436	35,237	25,868	25,927	25,927	25,927
Home bills discounted.....	265,504	45,663	69,146	64,522	63,552	63,113
Foreign bills.....		220,697	84,309	84,309	84,309	84,349
Loans and advances in current acct.....		82,891	99,134	92,836	93,941	94,642
LIABILITIES.						
Notes in circulation.....	316,632	805,030	1,007,944	988,293	975,792	967,039
Deposits.....	6,016	40,321	164,008	174,249	181,063	192,650

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

ASSETS.	Position, May 30, 1914.	Mar. 28, 1931.	Mar. 5, 1932.	Mar. 12, 1932.	Mar. 19, 1932.	Mar. 26, 1932.
Gold.....	22,971	118,664	159,600	154,900	153,600	150,200
Silver.....	29,785	47,429				
Discounts, advances, and other investments.....	77,567	120,688	108,400	109,400	106,400	104,800
LIABILITIES.						
Notes in circulation.....	109,499	238,651	229,400	231,100	227,200	224,800
Deposits and bills payable.....	11,250	66,816	37,300	33,700	32,700	32,000

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

ASSETS.	Mar. 1931.	Feb. 1932.	Mar. 1932.	Mar. 1932.	Mar. 1932.	Mar. 1932.
Gold, coin and bullion.....	5,310,400	5,626,300	5,626,400	5,626,400	5,626,900	5,626,900
Foreign bills and balances abroad.....	4,074,900	1,727,900	1,725,300	1,656,600	1,609,700	1,609,700
Other cash.....	227,100	299,200	304,500	307,200	311,300	311,300
Gold deposited abroad due by the State.....	1,778,600	1,772,800	1,772,800	1,772,800	1,772,800	1,772,800
Discounts.....	3,467,000	4,236,300	4,627,900	4,632,900	4,634,000	4,634,000
Advances.....	1,100,600	1,028,200	1,126,500	970,500	9,026,000	9,026,000
Credit with "Istituto di Liquidazione".....	626,200	1,575,600	1,575,600	1,590,600	1,590,600	1,590,600
Government securities.....	1,159,500	1,369,400	1,369,600	1,370,100	1,370,500	1,370,500
LIABILITIES.						
Notes in circulation.....	16,021,000	13,637,000	13,938,400	13,883,200	13,651,100	13,651,100
Public deposits.....	300,000	300,000	300,000	300,000	300,000	300,000
Other deposits and drafts.....	1,940,200	1,893,700	1,691,000	1,490,300	1,471,700	1,471,700
Ratio of reserve to note and sight liabilities combined.....	54.37%	46.45%	46.15%	46.61%	46.92%	46.92%

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

ASSETS.	Position, May 31, 1914.	Mar. 26, 1931.	Feb. 29, 1932.	Mar. 7, 1932.	Mar. 15, 1932.	Mar. 23, 1932.
Gold.....	171,175	642,922	2,497,803	2,458,261	2,438,598	2,438,598
Foreign Bills and Balances abroad.....	—	316,841	97,625	108,396	108,507	104,146
Discounts.....	—	27,969	24,142	23,732	22,411	21,827
Advances.....	103,000	36,007	51,999	50,493	51,065	51,249
LIABILITIES.						
Notes in circulation.....	276,925	898,414	1,505,458	1,481,390	1,453,999	1,467,435
Deposits.....	33,750	208,478	1,170,486	1,162,853	1,184,610	1,167,478

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

ASSETS.	Mar. 28, 1931.	Mar. 5, 1932.	Mar. 12, 1932.	Mar. 18, 1932.	Mar. 26, 1932.
Gold reserve.....	240,026	205,894	205,896	205,897	205,898
Government securities—Swedish.....	3,358	3,730	3,730	3,730	3,730
Other Swedish bonds quoted on foreign bourses.....	69,609	—	—	—	—
Other Swedish bonds quoted on foreign bourses.....	84	94	94	94	94
Bills payable in Sweden.....	136,807	396,982	372,674	405,074	418,364
Advances abroad.....	97,223	1,691	1,691	1,690	1,689
Balance abroad.....	134,901	92,702	105,043	111,308	110,922
Advances made on Government securities and bonds.....	37,458	35,125	30,750	38,743	33,806
LIABILITIES.					
Notes in circulation.....	517,342	509,192	495,789	523,748	526,843
Government deposits.....	164,635	156,919	153,268	152,895	148,316
Private deposits.....	6,597	29,963	36,810	56,080	67,631

* The sum of the items "Bills payable in Sweden" and "Advances made on Government Securities and Bonds" excludes advances and cash credits which are not available as cover for the note issue.

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

ASSETS.	Position, May 31, 1914.	Mar. 16, 1931.	Feb. 29, 1932.	Mar. 7, 1932.	Mar. 15, 1932.
Coin and bullion—Gold.....	1914	1914	1914	1914	1914
Balance abroad and foreign bills.....	28,533	146,418	118,080	118,080	118,100*
Norwegian and Foreign Government securities.....	25,701	14,520	16,159	16,159	16,191
Discounts and loans.....	8,816	54,325	27,974	28,394	29,456
LIABILITIES.					
Notes in circulation.....	113,484	279,968	303,172	296,877	296,877
Deposits at sight.....	7,188	69,792	71,281	73,917	80,575

* In addition the Bank has at its free disposal abroad Kr. 37,159,000.

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

ASSETS.	Position, May 30, 1914.	Mar. 21, 1931.	Feb. 27, 1932.	Mar. 7, 1932.	Mar. 15, 1932.	Mar. 19, 1932.
Gold.....	521,775	2,419,315	2,248,812	2,249,055	2,249,294	2,249,478
Silver.....	728,600	711,763	533,613	532,266	534,710	539,869
Loans & Discounts.....	800,725	2,037,969	3,074,083	3,120,210	3,050,693	3,065,555
Spanish 4% stock.....	344,475	344,475	344,475	344,475	344,475	344,475
Advances to Treasury.....	150,000	150,000	150,000	150,000	150,000	150,000
LIABILITIES.						
Circulation.....	901,550	4,628,436	4,947,865	5,017,842	4,977,670	4,931,057
Deposits.....	477,500	798,965	1,021,182	1,027,027	1,009,372	1,023,958

† In dollar and sterling only.

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

ASSETS.	Mar. 23, 1931.	Feb. 29, 1932.	Mar. 7, 1932.	Mar. 15, 1932.	Mar. 23, 1932.
Cash Reserve—Gold coin and bullion.....	214,366	179,020	179,416	179,416	179,416
Foreign exchange.....	135,212	79,020	179,416	179,416	179,416
Other foreign exchange.....	492,681	115	75,330	69,535	63,137
Bills discounted.....	59,365	877,401	115	115	115
Govt. debt.....	96,144	95,643	856,948	841,296	831,845
LIABILITIES.					
Share capital.....	43,200	43,200	43,200	43,200	43,200
Reserve fund.....	10,803	10,803	10,803	10,803	10,803
Notes in circulation.....	836,449	1,043,886	986,814	949,415	910,918
Deposits.....	165,370	128,502	158,730	173,459	194,544

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

ASSETS.		Mar. 23, 1931.	Feb. 29, 1932.	Mar. 7, 1932.	Mar. 16, 1932.	Mar. 23, 1932.
Metal reserve—						
Gold coin and bullion		147,985	100,044	100,047	100,047	100,047
Drafts and notes		13,119	14,885	15,405	15,596	14,554
Silver coin and bullion		13,892	10,277	9,748	10,123	10,722
Inland bills, warrants and securities		197,892	396,093	385,728	377,396	365,538
Advances to Treasury		60,140	54,536	54,512	54,205	54,205
LIABILITIES.						
Share capital (gold crowns 30,000,000*)		34,756	34,756	34,756	34,756	34,756
Notes in circulation		329,192	383,007	371,667	358,263	341,422
Current accounts, deposits, &c.		45,791	90,390	86,602	90,931	93,882

* Calculated at pre-war parity of exchange.

CURRENT PRICES IN NEW YORK.

The Irving Trust Company cable the following money and exchange rates in New York:—

	Mar. 31, 1931.	Mar. 2, 1932.	Mar. 9, 1932.	Mar. 16, 1932.	Mar. 22, 1932.	Mar. 30, 1932.
Call money	1 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Time money (90 days' mixed coll.)	2 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Bank acceptances:—						
Members—eligible, 90 days	1 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Non-members—eligible, 90 days	1 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Indefinite, 90 days	2 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Commercial accept., 90 days	2 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2

Rates of Exchange, New York on—	Par Level.	Mar. 31, 1931.	Mar. 16, 1932.	Mar. 22, 1932.	Mar. 30, 1932.
London—					
60 days	4-8666	4-83 1/2	3-60	3-61 1/2	3-75 1/2
Cable		4-85 1/2	3-62 1/2	3-64 1/2	3-78 1/2
Cheques		4-85 1/2	3-62 1/2	3-64 1/2	3-77 1/2
Paris—					
Cheques		13-90	13-90	13-95	13-95
Brussels		19-30	19-23 1/2	19-35	19-37 1/2
Switzerland		5-25 1/2	5-23 1/2	5-18 1/2	5-18 1/2
Italy		23-82 1/2	23-81 1/2	23-77	23-77
Berlin		14-07	14-05 1/2	7-60	7-54
Vienna		19-30	10-95	40-35	40-21
Madrid		40-195	40-07 1/2	19-95	20-05
Amsterdam		26-80	26-74	19-60	19-92
Copenhagen		26-80	26-74	19-60	19-92
Oslo		26-80	26-74	19-60	19-92
Stockholm		26-80	26-74	19-60	19-92
Athens		1-297	1-29 1/2	12-87 1/2	12-87 1/2
Montreal		100	10 1/2	10 1/2	9 1/2
Yokohama		49-85	49-35	32	32 1/2
Hong Kong		25-00	25-00	27-50	28 1/2
Shanghai		36-40	31-87 1/2	27-37 1/2	28 1/2
Calcutta		103-65	126-45	---	---
Buenos Aires		11-96	7-50	---	---
Rio de Janeiro		12-125	12-02	---	---
Valparaiso		---	---	---	---

SOUTH AFRICAN EXCHANGE RATES.

BUYING RATES.

	T.T.	Sight.	30 days' sight.	60 days' sight.	90 days' sight.
London on—	1 1/2 dis.	1 1/2 dis.	1 1/2 dis.	2 1/2 dis.	3 1/2 dis.
Rhodesia	£80 1/2	£81	£81 1/2	£82 1/2	£82 1/2
South Africa	---	---	---	---	---
SELLING RATES PER £100 (STERLING).					
		Sight.	Telegraphic.		
London on—	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Rhodesia	99 17 6	99 15 0	99 15 0	99 15 0	99 15 0
South Africa	79 15 0	79 15 0	79 15 0	79 15 0	79 15 0

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.

The Anglo-South American Bank, Limited, quotes the following rates of Exchange:—

Country.	Method of Quoting.	Par Value.	Usance.	Latest Rate.
Buenos Aires	Sucres to £	24-3325	Sight London	20-68 1/2
Venezuela	Bolivares to £	25-2215	"	23-00
Colombia (Bogota)	Pesos to £	4-8665	"	3-97 1/2
Nicaragua	Colonos to £	9-7	"	4-96
Salvador	Bolivares to £	13-33	"	10-10
Bolivia	Bolivares to £	13-33	"	13-26

† Nominal.

OVERSEAS DOMINION RATES.

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND.

	London on Australia and New Zealand.		Australia and New Zealand on London.*	
	Buying.	Selling.	Buying.	Selling.
	Aus. tra.	New Zealand.	Aus. tra.	New Zealand.
T.T.	126 1/2	111 1/2	125	109 1/2
Sight ...	127 1/2	112 1/2	124 1/2	108 1/2
30 days	127 1/2	112 1/2	123 1/2	107 1/2
60 days	127 1/2	112 1/2	123 1/2	107 1/2
90 days	128 1/2	113	123 1/2	107 1/2

All rates (Australia and New Zealand) now based on £100—LONDON.

INDIA: REMITTANCES TO THE HOME TREASURY.

	From Apr. 1, 1931.	During the week ending to Mar. 26, 1932.
Sterling purchased in India	874,000	39,061,000
Net transfer to Home Treasury	...	...
From paper currency reserve in England	...	...
From gold standard reserve in England against gold transferred in India from paper currency reserve to gold standard reserve	...	23,047,804
Less sales of sterling	874,000	62,108,804
Net remittance to Home Treasury	874,000	48,061,000
India Office, S.W.1, March 29, 1932.		

BULLION.

The following statistics of imports and exports of gold for week ended March 24, 1932, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.		Exported from Great Britain and Northern Ireland.	
From—	£	To—	£
Netherlands	3,552	Germany	1,370
Iraq	7,706	Netherlands	29,110
U.S.A.	3,638	France	1,763,520
Brazil	276,785	Switzerland	9,000
British W. Africa	49,875	Austria	4,965
British S. Africa	947,739		
Straits Settlements	57,400		
Australia	6,538		
New Zealand	42,770		
Other countries	3,665		
Total declared value of imports	2,481,152	Total declared value of exports	1,807,965

The following statistics of imports and exports of gold for week ended March 31, 1932, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.		Exported from Great Britain and Northern Ireland.	
From—	£	To—	£
Iraq	13,908	Poland	1,400
Malta and Gogo	3,400	Netherlands	12,253
British India	1,278,625	France	581,177
Straits Settlements	21,000	Switzerland	10,000
Australia	195,550	Other countries	233
New Zealand	50,000		
Other countries	2,421		
Total declared value of imports	1,565,004	Total declared value of exports	605,063

Messrs Samuel Montagu and Company write on March 30, 1932, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £120,806,998 on the 23rd inst., as compared with £120,804,985 on the previous Wednesday. The s.s. "Letitia," which sailed from Bombay on the 24th inst., carries gold to the value of about £1,004,000, and the s.s. "Mooltan," which left on the 26th inst., about £500,000. Gold offered in the open market has been taken for the Continent, but operations have been restricted owing to the Easter holidays. Prices have shown rather wide fluctuations following movements in the foreign exchanges.

Quotations:—

	Per fine ounce.	Equivalent value of £ sterling.
March 17	114s. 5d.	14s. 10-2d.
" 18	114s. 4d.	14s. 10-3d.
" 19	113s. 2d.	15s. 0-2d.
" 21	112s. 10d.	15s. 0-7d.
" 22	113s. 1d.	15s. 0-3d.
" 23	113s. 2d.	15s. 0-2d.
Average	113s. 6d.	14s. 11-6d.
March 24	112s. 2d.	15s. 1-8d.
" 29	108s. 11d.	15s. 7-2d.
" 30	110s. 5d.	15s. 4-7d.
Average of above three days	110s. 6d.	15s. 4-6d.

SILVER.

Owing to the Easter holiday the week under review contained only three working days, during which prices showed an easier tendency influenced by movements in the exchanges. After two successive falls of 1/4d., prices were fixed yesterday at 17 1/2d. for both deliveries, but there was a recovery to-day to 17 1/4d. for cash and quiet, with China inclined to sell and bears covering at the low level, whilst America has continued to give support. The tendency remains uncertain and at present seems likely to be dominated by the exchange situation.

The following were the United Kingdom imports and exports of silver registered from mid-day on the 21st inst. to mid-day on the 26th inst.:—

IMPORTS.		EXPORTS.	
	£		£
British West Africa	30,413	Czechoslovakia	52,360
Canada	8,293	United States of America	35,700
France	5,792	Germany	4,680
Other countries	1,539	Other countries	1,608
	46,037		94,348

Quotations:—

IN LONDON.		IN NEW YORK.	
Bar silver per oz. std.	Cash Two Months' delivery.	Bar silver per oz. std.	Cents per ounce.
March 17	18-0d.	March 16	30
" 18	18 1/4d.	" 17	29 1/2
" 19	18 1/2d.	" 18	29 1/2
" 21	17 1/2d.	" 19	29 1/2
" 22	17 1/2d.	" 21	29 1/2
" 23	18 1/4d.	" 22	29 1/2
Average	17-979d.		29 1/2

The highest rate of exchange on New York recorded during the period from the 17th inst. to 23rd inst. was \$3-66 1/2 and the lowest \$3-61.

IN LONDON.		IN NEW YORK.	
Bar silver per oz. std.	Cash Two Months' delivery.	Bar silver per oz. std.	Cents per ounce.
March 24	17 1/2d.	March 23	29 1/2
" 29	17 1/2d.	" 24	29 1/2
" 30	17 1/2d.	" 25	29 1/2
Average of above		" 26	29 1/2
3 days	17-833d.	" 28	29 1/2
		" 29	30 1/2

The highest rate of exchange on New York recorded during the period from the 24th inst. to the 30th inst. was \$3-82 1/2 and the lowest \$3-64.

INDIAN CURRENCY RETURNS (in lacs of rupees).

	March 22.	March 15.	March 7.
Notes in circulation	17,959	18,048	18,071
Silver coin and bullion in India	11,070	11,061	11,136
Gold coin and bullion in India	511	511	501
Securities (Indian Government)	5,978	6,076	6,084
Bills of exchange	400	400	350

The stocks in Shanghai on the 29th inst. consisted of about 57,800,000 ounces in sycee, 174,000,000 dollars and 4,480 silver bars, as compared with about 57,800,000 ounces in sycee, 172,000,000 dollars and 5,460 silver bars on the 19th inst.

GOLD AND SILVER PRICES.

	Gold Per Ounce.	Silver—Per Ounce.	Date.	Silver.
	Cash	Forward		Cash.
1932.				
Mar. 22	113 1	17 1/2	April 3, 1926	31 1/2
" 23	113 2	18 1/2	" 9, 1927	30
" 24	112 2	17 1/2	" 1, 1928	26 1/2
" 29	108 11	17 1/2	" 4, 1929	26 1/2
" 30	110 5	17 1/2	" 3, 1930	19 1/2
" 31	109 1	17 1/2	" 1, 1931	12 1/2

NOTICES.

The Midland Bank announces that the business of the sub-office in Nelson Road, Whitton, near Twickenham, has been transferred to new premises in Percy Road (adjoining Whitton railway station), where a full branch has been established. Night-safe banking facilities are available at the new office.

Company News.

SUMMARY OF BALANCE SHEETS.

BALDWIN'S, LIMITED.		December 31, 1931.	
LIABILITIES.	Amount.	ASSETS.	Amount.
6% "A" pref. shares (£1)	250,000	Properties and plant	1,812,326
7% "B" pref. shares (10s.)	751,691	Shares, &c., in British Iron and Steel Co.	2,076,046
Ord. shares (4s.)	1,299,655	Shares in and indebtedness of subsidiary cos.	395,410
6% deb. stock	992,147	Stocks and stores	472,683
6 1/2% "A" deb. stock	1,153,459	Debtors	320,731
6 1/2% income deb. stock	678,219	Investments and loans	719,313
6 1/2% conv. income deb. stock	481,944	Bills receivable	30,734
5 1/2% income notes	399,000	Cash and loans at short call	289,591
Interest 6% deb. stock	15,005	British and India Govt. securities at cost	308,432
6 1/2% "A" deb. interest	37,807	Trustee securities at cost	20,803
Income deb. stock	---	Surrender value of policy with Sun Life Soc.	69,088
Sinking fund 6% deb. stock	7,500		
Creditors	444,525		
Owing to subsidiaries	4,116		
General reserve	1,089		
Profit and loss	---		
Total	6,516,157	Total	6,516,157

CUNARD STEAM SHIP COMPANY, LIMITED.

December 31, 1931.		December 31, 1930.	
LIABILITIES.	Amount.	ASSETS.	Amount.
5% cum. pref. stk.	1,500,000	Steamships at cost	8,743,598
6% 2nd cum. pref. stk.	1,000,000	Freehold and leasehold properties	567,410
Ord. shares, £1	5,570,241	Plant	73,101
Govt. share	20	Shares in subsidiaries at cost	4,735,664
Reserve fund	500,000	Due from subsidiaries	51,647
5% deb. stk.	4,000,000	Shares in other companies	126,889
Int. accrued	83,333	Debtors	265,679
Loan on freehold property	420,000	Discount on deb. issue	90,000
Due to subsidiaries	---	Cash	1,341,839
Creditors	3,435,063		
Divs. on pref. stks.	---		
Profit and loss	8,163		
Total	16,529,158	Total	16,529,158

THE LANCASHIRE STEEL CORPORATION, LIMITED.

December 31, 1931.		December 31, 1930.	
LIABILITIES.	Amount.	ASSETS.	Amount.
7% non-cum. 2nd pref. £1	898,438	Properties, &c., in investments	2,775,976
"A" ord. £1	2,862,238	cos. at cost	1,119,609
"B" ord. £1	500,000	Trade investments at cost	60,350
Amounts provided by Guarantee Gp.	312,500	Stocks	521,996
Creditors	301,608	Trade debtors	229,514
Profit and loss	2,251	Due by subs. cos.	58,142
		5% War stock at cost	Nil
		Cash	111,448
		Preliminary exps.	Nil
Total	4,877,035	Total	4,877,035

MORRIS MOTORS, LIMITED.

December 31, 1931.		December 31, 1930.	
LIABILITIES.	Amount.	ASSETS.	Amount.
Ord. shares, £1	2,000,000	Cash	532,377
7 1/2% cum. pref. £1	3,000,000	Debtors	316,722
Creditors	502,799	Stocks	1,122,891
Accrued charges	282,257	Govt. securities at market value	2,854,007
Reserve for contingencies	245,792	Other investments	1,066,273
Reserve fund	2,000,000	Morris Oxford Frs.	42,354
Employees savings club	49,589	Plant	

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Debenture Interest.	Amount Available for Distribution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Depreciation, &c.	Balance Forward.	Net Profit.	Dividend.
					Prefe.	Ordinary.					
						Amount	Amount.				
		£	£	£	£	£	%	£	£	£	%
Banks.											
Anglo-Portuguese Colonial and Overseas Bank	Jan. 31	3,810	Dr. 22,286	Dr. 18,476	...	...	...	...	Dr 18,476	21,447	...
Breweries.											
Style and Winch	Dec. 31	112,305	162,691	274,996	21,897	112,500	22½	25,000	115,599	140,740	20
Canals and Docks.											
Sharpness New Docks, &c....	Dec. 31	...	18,055	18,055	10,950	...	...	7,105	...	17,033	...
Electric Lighting, &c.											
Brompton and Kensington Electricity	Dec. 31	1,604	40,013	41,617	454	31,847	1/8-4694	9,316	...	44,267	1/8-473
Lancashire Electric Light, &c.	Dec. 31	7,957	(t) 168,433	176,390	61,952	63,000	7	7,000	44,438	...	...
Llanelli and District Electric	Dec. 31	3,481	37,573	41,054	13,392	6,000	4	18,440	3,222	41,691	3½
Hotels, Restaurants, &c.											
Dolphin Hotel & Restaurant	Dec. 31	1,186	2,463	3,649	1,913	...	...	...	1,736	492	...
Waldorf Hotel Company ...	Jan. 31	8,616	16,407	25,023	15,000	...	...	...	10,023	42,184	10
Iron, Coal and Steel.											
Baldwins, Ltd.	Dec. 31	27,084	Dr. 45,995	Dr. 18,911	...	...	...	Dr. 20,000	1,089	119,190	...
Coltness Iron Company	Dec. 31	148,688	101,235	249,923	25,750	63,000	8	5,000	156,173	194,277	10
Edinburgh Collieries	Jan. 31	Dr. 97,615	Dr. 18,085	Dr. 115,700	...	...	...	...	Dr 11,570	Dr 28,815	...
Hadfields, Ltd.	Dec. 31	62,202	Dr. 36,206	25,996	...	...	...	...	25,996	Dr 16,593	...
Lancashire Steel Corporation	Dec. 31	3,913	53,367	57,280	...	...	...	...	55,030	2,250	19,567
Macelllan (P. and W.)	Dec. 31	874	Dr. 28,737	Dr. 27,863	...	...	...	Dr. 33,500	5,637	Dr. 1,870	...
Partington Steel and Iron...	Dec. 31	Dr. 20,459	Dr. 21,396	Dr. 41,855	...	...	...	...	Dr 41,855	Dr 20,459	...
Pearson and Knowles Coal and Iron	Dec. 31	Dr. 725	1,629	903	...	...	...	...	903	...	...
Stephenson (Robert) and Co.	Dec. 31	19,285	Dr. 3,690	15,595	...	8,250	4	Dr. 10,000	17,345	12,172	5
Vickers, Ltd.	Dec. 31	231,970	574,493	806,463	418,190	153,944	5	...	234,329	775,925	8
Wigan Coal Corporation	Dec. 31	436	4,461	4,897	...	...	...	...	4,897	5,441	...
Motor and Cycle.											
Morris Motors, Ltd.	Dec. 31	258,112	426,219	684,331	225,000	100,000	5½	100,000	259,331	1,055,402	10½
Rolls-Royce, Ltd.	Dec. 31	65,148	144,197	209,345	...	82,581	10	55,000	71,764	147,170	10
Rubber, &c.											
Batu Caves Rubber	Dec. 31	9,534	Dr. 866	8,668	...	...	...	1,615	7,053	872	...
Damansara (Selangor) Rub'r	Dec. 31	8,563	Dr. 4,141	4,422	...	...	...	...	4,422	1,430	...
Java Amalgamated Rubber	Dec. 31	1,414	Dr. 8,831	Dr. 7,417	...	...	...	Dr. 9,000	1,583	Dr 17,700	...
Kuala Kangsar Plantations	Oct. 31	Dr. 698	Dr. 3,329	Dr. 4,027	...	...	...	Dr. 2,000	Dr. 2,027	Dr. 7,056	...
Pataing Rubber Estates ...	Dec. 31	15,119	6,019	21,138	...	4,500	2	2,000	14,638	13,382	4
Shipping.											
Cunard Steamship	Dec. 31	278,867	Dr 553,204	Dr. 274,337	67,500	...	...	Dr 350,000	8,163	18,601	...
Shops and Stores.											
Baker (Charles) and Co.	Jan. 31	Dr. 52,223	1,914	Dr. 50,309	...	...	...	Dr 50,309	363	...	...
Barker (John) and Co.	Jan. 31	300,954	462,540	763,494	46,175	221,266	20	195,000	301,053	466,140	20
Bradleys (Chepstow Place)	Jan. 16	126,904	29,246	156,150	16,500	20,000	5	...	119,650	66,883	12½
Lewis (John) and Company	Jan. 31	12,207	88,558	100,765	52,500	35,000	5	...	13,265	88,057	5
Tea.											
Dimbula Valley (Ceylon) Tea	Dec. 31	6,928	36,921	43,849	3,784	36,035	20	...	4,030	50,827	25
Travancore Tea Estates	Sept. 30	5,103	1,016	6,119	5,828	...	...	Dr. 5,572	5,863	14,584	7½
Telegraphs, &c.											
Anglo-Portuguese Telephone	Dec. 31	54,768	58,537	113,305	...	51,965	8	20,000	41,340	60,250	8
Ericsson Telephones	Dec. 31	21,135	44,442	65,577	13,998	27,003	12	...	24,576	88,713	12
Trust.											
Investors' Trust Association	Feb. 29	11,322	24,435	35,757	14,062	7,032	2½	...	14,663	35,345	5
Lonsdale Investment Trust	Dec. 31	14,404	97,572	111,976	16,000	75,375	25	5,000	15,601	...	...
Standard Property Investm't	Dec. 31	1,096	6,666	7,762	...	2,700	12	3,892	1,170	6,481	11
Other Companies.											
Argus Press, Ltd.	Dec. 31	2,770	58,146	60,916	6,662	36,000	24	15,000	3,254	56,731	22
Bowater (W. V.) and Sons	Dec. 31	19,378	45,113	64,491	16,000	12,000	8	12,500	23,991	44,694	8
British Aluminium Co.	Dec. 31	47,496	172,428	219,924	60,000	50,052	5	60,000	49,872	305,549	10
Canning Town Glass Works	Dec. 31	11,309	20,827	32,136	...	14,350	4	7,000	10,786	34,522	5
Dickinson (John) and Co. ...	Dec. 31	70,254	174,666	244,920	17,500	111,177	8	44,475	71,768	183,651	10
Dwyer and Company	Jan. 31	19,753	5,416	25,169	1,402	5,500	10½	...	18,267	10,902	10
Knight (John), Ltd.	Dec. 31	68,336	258,522	326,858	125,000	90,000	30	...	111,858	211,927	20
Mellersh and Neale	Dec. 31	8,528	15,266	23,794	...	10,151	15	5,000	8,643	14,296	15
Pettigrew and Stephens	Feb. 19	20,692	31,296	51,988	7,250	20,400	15	5,000	19,338	32,797	15
Rowntree and Company ...	Dec. 31	103,096	176,154	279,250	154,800	18,750	7½	...	105,700	171,028	10
United Kingdom Tobacco ...	Dec. 31	Dr. 19,148	30,061	11,913	7,500	...	...	...	3,413	Dr 29,732	...

† Free of income tax.

(t) For nine months.

REPORTS AND NOTICES.

The directors of the National Mutual Life Assurance Society have appointed Mr E. H. Davenport to be a director of the society, subject to re-election at the next annual general meeting. Mr Davenport, who has been connected with Messrs Rowe and Pitman for some years, is well known as a writer and lecturer on the practical aspects of finance.

GOVERNMENT, &c.

CONVERSION OF 15s. 6d. SAVINGS CERTIFICATES.—EXTENSION OF CONVERSION PERIOD.—The Treasury announce that the offers of conversion now open to holders of savings certificates issued prior to April 1, 1922 (i.e., the first issue of certificates issued at 15s. 6d.), will remain open for a short time after March 31st in

order to give full opportunity of converting to the holders of the very large number of certificates which reach their tenth year of maturity in the last days of March. The definite closing date of the offers will be announced shortly.

MINES.

RHOKANA CORPORATION, LTD.; ROAN ANTELOPE COPPER MINES, LTD.; MUFULIRA COPPER MINES, LTD.—A communication has been received from New York stating that 90 per cent. of the copper producers of the world have agreed to a reduction in output for the remaining nine months of 1932, from April 1st, to 20 per cent. of capacity. Rhokana Corporation, Ltd., Roan Antelope Copper Mines, Ltd., and Mufulira Copper Mines, Ltd., will therefore reduce their production accordingly. This co-operative effort is intended to bring current production below consumption and includes arrangements for an orderly liquidation of existing stocks.

RAILWAYS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.—For receipts for 12 weeks see our usual traffic column.

(b) Week ended March 18, 1932. (c) Week ended March 19, 1932.	Miles Open.	Gross Receipts, week ended March 20, 1932. (000's omitted.)						Aggregate Gross Receipts, 11 weeks. (000's omitted.)					
		Passenger, &c.	Merchandise, &c.	Coal and Coke.	Total Goods.	Total for Week.	£	Passenger, &c.	Merchandise, &c.	Coal and Coke.	Total Goods.	Total Receipts.	£
Great Western	1932	3,761	170	182	116	298	468	1,767	1,945	1,226	3,171	4,938	
(c) L. & N.	1931	3,761	175	198	119	317	492	1,927	2,068	1,212	3,280	5,207	
Eastern	1932	6,355	256	330	254	584	840	2,720	3,417	2,733	6,150	8,870	
(c) L. & N.	1931	6,351	266	360	259	619	885	2,932	3,784	2,899	6,683	9,615	
L. M. & Scottish	1932	6,962	403	452	274	726	1,129	4,116	4,911	2,887	7,798	11,914	
(c) L. M. & Scottish	1931	6,957	400	500	275	775	1,175	4,317	5,200	3,169	8,369	12,686	
Southern	1932	2,181	236	68	37	105	341	2,531	690	385	1,075	3,606	
(c) Southern	1931	2,180	249	76	34	110	359	2,717	769	381	1,150	3,865	
Total	1932	19,259	1,065	1,032	681	1,713	2,778	11,134	10,963	7,231	18,194	29,328	
(c) Total	1931	19,249	1,090	1,134	687	1,821	2,911	11,893	11,821	7,661	19,482	31,375	
(c) Metro-politan	1932	59	29-2	...	...	3-5	32-7	320-6	...	...	40-2	360-8	
(c) Under-ground	1931	59	30-8	...	...	3-8	34-6	340-2	...	...	42-2	382-4	
(c) Green Buses, &c.	1932	...	285-7	...	...	285-7	319-5	...	...	...	...	319-5	
(c) L. & S.	1931	...	302-7	...	...	302-7	327-4-3	...	...	...	...	327-4-3	
(c) L. & S.	1932	...	26-4	...	...	26-4	287-4	...	...	...	...	287-4	
(c) Group	1931	...	44-3	...	...	44-3	474-8	...	...	...	...	474-8	
(b) Belfast & Co. Down	1932	80	1-9	...	...	0-7	2-4	19-9	...	...	7-7	27-6	
(b) Great Northern	1931	80	1-9	...	...	0-7	2-6	21-2	...	...	7-18	29-0	
(b) Great Southern	1932	562	9-1	...	...	13-7	22-8	95-5	...	...	143-4	238-9	
(b) Great Southern	1931	562	10-8	...	...	16-3	27-1	104-9	...	...	159-4	264-3	
(b) Great Southern	1932	2,182	20-3	...	...	37-8	58-1	209-1	...	...	405-5	614-6	
(b) Great Southern	1931	2,182	22-0	...	...	43-1	65-1	226-3	...	...	468-1	694-4	

* The operations of these Companies were extended during 1931.

MISCELLANEOUS.

FORD MOTOR COMPANY, LIMITED.—The trading profit for year 1931 amounted to £412,143, against £1,054,286 for 1930. The sum of £506,360 is brought in from preceding year, making £918,503 available, as compared with £1,312,793. The sum of £101,014 is put to depreciation, against £43,556. Obsolescence receives £14,699, against £13,775. Directors' fees, etc., amount to £13,268, against £18,352. Taxation reserve receives £217,416, against £188,250. Loss on exchange amounted to £170,329, against nil. Loss on trading abroad for period December, 1928, to date amounted to £29,905. No dividend is being paid on ordinary shares, against 10 per cent. for each of the two preceding years. For 1929 the ordinary dividend absorbed £560,000 and for 1930 £542,500. The

OTHER METALS.

TIN.—According to the Metallgesellschaft A.G., the mine production of tin in February, at 7,553 tons, shows a reduction of 2,090 tons on January. The New York market has not been active, but prices were maintained. On the other hand, the advance in the gold price of sterling was accompanied by heavy selling at declining quotations. In New York the metal was quoted at 21.20 cents per lb. on Wednesday, against 21.75 cents per lb. a week ago and 22.15 a month ago. Wednesday's official closing quotations in London, in terms of sterling for "standard" cash, at £120 10s. to £120 15s. per ton, compares with £127 15s. to £128 on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 33,510 tons, show an increase of 40 tons on the week.

COPPER.—A communication having been received from New York stating that 90 per cent. of the copper producers of the world have agreed to a reduction in output for the nine months of 1932 from April 1 to 20 per cent. of capacity, Rhokana Corporation, Roan Antelope Copper Mines, and Mufulira Copper Mines will, therefore, it is announced, reduce their production accordingly. This co-operative effort aims at bringing current production below consumption, and includes arrangements for an orderly liquidation of existing stocks. Business in copper has been on a small scale, but prices were maintained at last week's level. On Wednesday, "Domestic" spot was quoted at 6 cents per lb. in New York against 6 cents a week ago, and 5½ cents a month ago. Wednesday's official closing price for "standard cash" in London, in terms of sterling at £31 12s. 6d. to £31 15s., compares with £32 16s. 3d. to £32 17s. 6d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 21,085 tons, show a decrease of 28 tons, while stocks of rough copper, at 950 tons, are 75 tons smaller.

LEAD.—The market in lead was quiet, and prices declined a few points both in New York and London. In New York the metal was quoted at 3.00 cents per lb. on Wednesday, against 3.15 cents a week ago, and 3.25 cents a month ago. Wednesday's official closing quotation for "soft foreign" in London in terms of sterling, at £11 15s. per ton for shipment during the current month compares with £12 on the corresponding day last week.

SPELTER.—The demand for spelter has been poor, and quotations in London declined under selling pressure. According to the Metallgesellschaft A.G., the daily average smelting output of spelter in February at 2,329, shows an increase of 8 tons per day on January. Wednesday's quotation in New York, at 2.80 cents per lb., compares with 2.775 cents a week ago and 2.75 cents a month earlier. Wednesday's official closing quotation in London in terms of sterling for "good ordinary brands" was £11 15s. per ton for shipment during the current month, against £12 8s. 9d. a week ago.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotation for aluminium has been maintained at £95 per ton. Nickel declined from £230-£235 per ton to £220-£225. Foreign antimony was reduced from £28-£28 10s. to £27 10s.-£28. Platinum, at £10 6s. per ounce, shows a reduction of 7s. per ounce on the week.

TEXTILES.

THE COTTON TRADE.—Liverpool. —Imports for the week March 24th to 30th (inclusive) are 45,840 bales, of which 31,807 bales are American, 362 Peruvian, 11,052 Egyptian, 225 East Indian, 50 Argentine, and 2,344 sundries.

Manchester.—The Easter holidays and the fall in cotton prices followed by wide fluctuations, have had a disturbing effect upon business in the market. Numerous buyers have been in the mood to hold aloof, and quotations of producers have been irregular when tested. Mail advices from India continue fairly encouraging, but new business in piece goods remains on a smaller scale than a week or two ago. Scattered transactions, however, have taken place in light fabrics and fancies, chiefly for Calcutta and Karachi. There has not been any development in the demand for China, but exports continue on a free scale. Miscellaneous sales have occurred for several minor outlets, East and West, but individual contracts have not been at all important. There has not been much activity in home trade fabrics. Owing to the fall in values, manufacturers are very anxious to keep up to contract time with deliveries, as there is a danger of cancellations if goods are late. Quotations in American and Egyptian yarns have been irregular, and trade has been of limited dimensions. It is difficult at the moment for most spinners to prevent loss of ground.

Cotton Prices.

	1932.				Corresponding Date.	
	Mar. 9.	Mar. 16.	Mar. 22.	Mar. 30.	1930.	1931.
Raw Cotton—Mid. American	d. 5-31	d. 5-48	d. 5-33	d. 4-94	d. 8-80	d. 5-83
" Sakellaridis Pully Good Fair Egyptian	7-10	7-50	7-25	6-80	14-25	9-40
Yarns—32's twist	9½	9½	9½	8½	12½	9½
" 40's twist	9½	9½	9½	8½	13½	10
" 60's twist (Egyptian)	14½	15	15	14½	21½	17
32-in. Printers, 116 yds., 16 by 16, 32's and 50's	s. d. 18 0	s. d. 18 0	s. d. 17 6	s. d. 17 6	s. d. 22 3	s. d. 18 9
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	20 3	20 3	20 3	19 9	24 10½	20 6
38-in. ditto, 58 yds., 18 by 18, 32's and 40's	11 11½	11 11½	11 11	10 10	13 7½	11 7
38-in. ditto, 57½ yds., 16 by 16, 32's and 40's	10 11	10 11	10 1	9 10	12 3	10 6

THE WOOL TRADE.—Bradford.—Business has been partially suspended this week, and, writes our correspondent, there is no new feature in the situation. Nothing has happened to give a strong turn to the market for wool and tops. Just before the recess cable information came to hand, which suggested the desirability of topmakers standing out very firmly for their then current quotations, and one or two firms whose merino tops are a household name on the market, were refusing to accept anything less than 23d. for warp 64's. They were influenced in this chiefly by the information received from Geelong, but that centre does not dictate to Bradford like Sydney, though some very good wools are obtainable there. The weakness in the latter centre reported this week seems to have had a slightly depressing effect here, but generally speaking traders are satisfied that there is a big consumption of all qualities of wool down to 50's. As regards crossbred wool, it will not be easy to pass all the current supplies into consumption. The reasonable prices at which B.A. crossbreds are being offered to merchants here does not induce them to buy any big weights, and it looks as if further slight concessions in price will have to be granted before the business now pending is concluded.

THE JUTE TRADE.—Dundee.—The jute industry is still passing through very quiet times, and this is resulting in a general decline in values of practically all commodities. The Calcutta goods market has displayed distinct weakness recently, due to lack of demand, and values of heavy goods especially slumped to a considerable extent when the market reopened after the Easter holidays. Prices of raw jute were affected, though sellers are not pressing for business on account of the uncertainty surrounding the new crop. Propaganda for the restriction of sowings of the fibre for next season has been circulated freely amongst the growers, and this is expected to have the effect of curtailing the next crop to about the dimensions of the present one. The imports into Calcutta this season so far are just equal to the quantity of jute estimated from this crop, but a fair quantity of this must include old crop carried forward from the previous season, of which a considerable quantity was carried forward up-country. Not many offers are being made from Calcutta to this market, owing to the apathy of spinners. Good First Marks are nominal at £21, and Lightnings at £19, while Fuji-M First Mark is offered at £19 17s. 6d., and Asahi Lightning at £19 5s., April-May shipment, with Triangle Jajodia Lightning quoted at £18 10s., also April shipment. Spinners are not interested in shipment material, and only a few small lots are being picked up from the plentiful supply of jute on spot. Jute yarn business is so small that spinners are compelled to resort to further curtailment of production. A number of large works are off this week, and the general method of working now appears to be only on alternate weeks. Prices continue more or less nominal. Buyers are unwilling to pay 1s. 11d. for common 8 lb. cops and 2s. for 8 lb. spools, though a few spinners would accept these very unprofitable rates. The majority are still holding for 2s. for cops and 2s. 1d. for spools. Twist is very firm, because of a large business done in this commodity. The value of 3 ply 8 lb. is lowest at 3½d., but up to 3½d. is obtainable for the better class spins. Sacking yarns are quiet at 2½d. for 24 lb. web and 3½d. for 8 lb. chains, while Rove is of small interest at from £16 15s. for 200 lb. and £19 for 48 lb. The finer yarns are dull and nominal, and carpet 14 lb. warp is steady at from 3½d. to 3½d. Only trifling lots of jute cloth are being bought, and the prices accepted by manufacturers are very irregular. Quotations rule from 2½d. for 10½ oz. 40 in. and from 1½d. for 8 oz. in the narrow widths, but ½d. more can be got for the wide widths. Linoleum hessians are very slow, and only a very small trade is being done in heavy goods. Calcutta hessians were sold at 19s. for 10 oz. 40 in. and 14s. 9d. for 8 oz. April shipment. Liverpool twills were quoted down to 53s. and "B" twills at 47s. for April to September.

THE GRAIN MARKETS.

WHEAT.—In view of the Easter holidays business at the international wheat markets has been on a small scale during the past week. The sharp fall in wheat prices which was caused by rumours that the Federal Farm Board intended to dispose of its holdings, has given way to a firmer tendency when it was announced that no change in policy was contemplated. So far, quotations have, however, not recovered to the level prevailing during recent weeks. Meanwhile, supplies of home-grown wheat are running short in Continental countries. France's foreign milling quota has again been increased from 35 per cent. to 40 per cent. It is expected that before the new harvest becomes available. The market in this country was not very active, but prices declined in proportion to the rise in the gold value of sterling. On Wednesday, "May" futures were quoted at 52½ cents per bushel in Chicago, against 50½ cents on the corresponding day last week, and 57½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 32s. per 496 lbs., as compared with 32s. 9d. against 32s. 6d.; No. 2 Northern Manitoba, Vancouver, ex ship, 30s., against 29s. 6d.; Russian, on sample, 25s. 6d. to 27s., against 28s. 6d. to 30s.; Australian, ex ship, 27s. 6d. to 28s., against 28s. 6d. a week ago.

WHEAT FLOUR.—International trade in flour has been on a small scale. The demand in this country has been small, although both home-milled and foreign flour were offered at lower prices. North American shipments, at 121,000 sacks, showed a decrease of 53,000 sacks as compared with the previous week. Of this total, only 14,000 sacks have been consigned to Europe. Quotations in London Wednesday: Straight run, delivered country, 26s. per sack of 280 lbs.

THE NATIONAL BANK OF INDIA, LIMITED.

Registered in London under the Companies Act of 1862 on the 23rd March, 1866.

ESTABLISHED IN CALCUTTA, 29th SEPTEMBER, 1863.

Subscribed Capital	£4,000,000	Reserve Fund	£2,200,000
Paid-up Capital	£2,000,000	Number of Shareholders	2,820

HEAD OFFICE: 26, BISHOPSGATE, LONDON, E.C.2.

CALCUTTA.		LAHORE.		BRANCHES.		ENTEBBE	
BOMBAY.	TUTICORIN.	TUTICORIN.	STEAMER POINT, ADEN.	ADEN.	STEAMER POINT, ADEN.	KAMPALA	Uganda.
MADRAS.	COCHIN.	COCHIN.	ZANZIBAR.	ZANZIBAR.	ZANZIBAR.	JINJA	
KARACHI.	RANGOON.	RANGOON.	MOMBASA.	MOMBASA.	MOMBASA.		
CHITTAGONG.	MANDALAY.	MANDALAY.	NAIROBI.	NAIROBI.	NAIROBI.		
AMRITSAR.	COLOMBO.	COLOMBO.	KISUMU.	KISUMU.	KISUMU.		
CAWNPORE.	KANDY.	KANDY.	ELDORET.	ELDORET.	ELDORET.		
DELHI.	NUWARA ELIYA.	NUWARA ELIYA.					

GALLE, CEYLON ... Messrs. Clark, Spence and Co.

BOARD OF DIRECTORS:
 Sir CHARLES C. McLEOD, Bart., Chairman.
 Hon. E. JULIAN HAWKE.
 Sir JOHN P. HEWETT, G.C.S.I., K.B.E., C.I.E.
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LONDON BANKERS:
 BANK OF ENGLAND.
 NATIONAL BANK OF SCOTLAND, LIMITED.
 Solicitors—Messrs. SANDERSON, LEE AND CO.

GENERAL BALANCE SHEET, 31st December, 1931.

The Rupee Assets and Liabilities have been converted at the rate of 1s. 6d. per Rupee.

Dr.	£	s.	d.	Cr.	£	s.	d.
To Capital:				By Cash on hand, at call and at Bankers	3,796,408	1	9
Authorised and Subscribed, 160,000 Shares of £25 each, £4,000,000				By Bullion on hand and in Transit	23,054	2	10
Paid up £12 10s. per share	2,000,000	0	0				
To Reserve Fund	2,000,000	0	0	By Indian Government Rupee Securities			
To Current, Fixed Deposit and other Accounts, including provision for Bad and Doubtful Debts and Contingencies	27,804,029	4	7	By British Government Securities, Indian Government Guaranteed Debentures and other Securities (of which £300,000 War Loan lodged with Bank of England as Security for Government Accounts)	8,365,708	8	3
To Bills Payable	757,989	0	7	By House Property and Furniture (at cost, less amounts written off)	649,469	13	7
To Acceptances for Customers	193,248	2	9	By Bills of Exchange including Treasury Bills	5,632,312	13	2
To Loans Payable against Securities	1,759,500	0	0	By Discounts, Loans Receivable, and other sums due to the Bank	12,012,718	16	3
To Profit and Loss Account, as under	648,809	19	6	By Customers for Acceptances per Contra	193,248	2	8
	£35,263,577	7	5				
					£35,263,577	7	5

To Bills receivable, re-discounted, £3,138,594 19s. 4d., of which up to 16th March, 1932, £2,132,909 8s. 4d. have run off. Forward contracts outstanding for the Purchase and Sale of Sterling Bills and Telegraphic Transfers, £4,664,863 14s. 7d.

PROFIT AND LOSS ACCOUNT for the Year ended 31st December, 1931.

PROFIT AND LOSS ACCOUNT for the year ended 31st December, 1931.							
	£	s.	d.		£	s.	d.
To ad Interim dividend at the rate of 20 per cent. per annum for the half-year ended 30th June, 1931	200,000	0	0	By Balance at 31st December, 1930	558,781	0	11
To Expense of Management at Head Office and Branches, including Directors' Fees, £6,307 19s.	612,140	19	1	DEDUCT—			
To Balance	548,809	19	6	Dividend at the rate of 20 per cent. per annum for the half-year ended 31st December, 1930	220,000	0	0
				Officers' Pension Fund	50,000	0	0
				Contingencies Account	30,000	0	0
					280,000	0	0
				Balance brought forward	278,781	0	11
				By Gross Profits for the year ended 31st December, 1931, after providing for all Bad and Doubtful Debts	1,082,189	17	8
	<u>£1,360,950</u>	<u>18</u>	<u>7</u>		<u>£1,360,950</u>	<u>18</u>	<u>7</u>

W. ROSS MUNRO, General Manager.
 G. B. LINTON, Sub-Manager and Accountant.

C. C. McLEOD,
 W. SHAKESPEARE,
 C. NICOLL,
 Directors.

REPORT OF THE AUDITORS TO THE MEMBERS.

We have audited the above Balance Sheet with the Books in London and the certified Returns from the Branches. We have obtained all the information and explanations we have required. In our opinion such Balance Sheet is full and fair, containing the particulars required by the Regulations of the Company, and is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us and as shown by the books of the Company.

London, 16th March, 1932.

COOPER BROTHERS AND CO.,
 W. A. BROWNE AND CO.,
 Chartered Accountants.
 Auditors.

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A. MOIR & CO., No. 1 London Wall Buildings, London, E.C. 2.

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Market Hides, London—			
CEREALS AND MEAT.				Irish bladders.....				English Southdown, washed				Dry and Dried Cape...			
GRAIN, &c.—				American, boxes, 56 lbs. 40				per lb. 12½				Best heavy ox and heifer			
Wheat—				Good English, per cwt. 12				Lincoln hog, washed				Best cow			
No. 2, N. Man. 496 lb. 30				POTATOES—				Queensland, red, super cmbg.				INDIGO—			
Bulg. Gaz. av., per cwt. 8				Good English, per cwt. 12				N.S.W. greasy, super				Bengal gd. red-vio. to			
Barley, Eng. Gaz. av., 8				SPICES—				N.Z., grey, half-bred 50-56				fine—per lb.			
Oats, 7				Pepper, per lb.—				Tops—				LEATHER—			
Maize, La Plata, landed				Muntok, fair White				Merinos 70's				Sole Bends 8/14 lb.—			
480 lb.				Black Lampong				64's				per lb.			
Flour, Lon. stan. ex mill,				Cinnamon—last sort, per lb.				Crossbred 40-44				Bark Tanned Sole			
280 lb.				Cloves—Zanzibar, per lb.				46's				Shoulders fm DS Hides			
Rice, No. 2 Burma, per cwt. 9				Ginger—per cwt.				COAL—				Do. Eng. or WS do.			
Tapoca, per cwt.				African				MINEALS.				Bellies from DS do.			
Fine Java, spot				Jamaica, ord. to good...				s. d. s. d.				Do. Eng. or WS do.			
Fair Flake, Singapore..				Mace				Sheffield, best house, at				Dressing Hides			
MEAT—				Nutmegs 65s				pits				Ro. Eng. Calf, 20/30 lb.			
Beef, per 8 lbs.—				SUGAR—				IRON AND STEEL—				Aust. Bends			
English long sides				(Duty, 11s. 8d. per cwt.)				Pig, Cleveland No. 3, ton				VEGETABLE OILS—			
Argentine chilled hinds				B.W.I., crystallised ..				Bars, M'brough				Linseed, naked, p. ton net			
Mutton, per 8 lbs.—				Java, white, c. & f. India				Steel Rails, heavy				Rape, refined			
English wethers				March-April				Tin Plates, per box				Cotton-seed, crude			
N.Z. frozen				REFINED—London—				Yellow Crystals				Coconut, crude			
Pork, English, per 8 lbs.				Crushed				Crushed				Palm			
OTHER FOODS.				Granulated				Standard				Oil Cakes, Linseed, Eng.			
BACON—				Home Grown				Lead Eng. Pig				per ton			
Irish				TEA—				Soft Foreign				Oil Seeds—Linseed			
Danish				Irish—per lb.—				Spelter G.O.B.				La Plata, p. ton—			
Dutch				Pekoe				Tin—English Ingots				March-April			
HAMS—				Broken Pekoe				Standard				Calcutta—per ton—			
Canadian				Orange Pekoe				MISCELLANEOUS.				Turpentine, per cwt.....			
American				Broken Orange Pekoe..				Acid, citric, per lb. less 5%				Motor spirit, No. 1, Lon-			
BUTTER—				Ceylon—per lb.—				Nitric				don			
Australian				Pekoe				Oxalic, net				Petroleum, Amer. fld.			
New Zealand				Broken Pekoe				Tartaric, English less 5%				bri. London per gal.			
Danish				Broken Orange				Alcohol, Plain Ethyl....				Fuel oil, in bulk, for			
CHEESE—				Ceylon				Alum, lump				contracts, ex instal.			
Canadian				Pekoe				Ammonia, carb.				Furnace			
New Zealand				Ceylon				Sulphate				Diesel			
English Cheddars				TOBACCO—				Bleaching powder, per cwt.				London			
Dutch				(Duty 9/6-10/6½ per lb.)				Borax, gran.				Pales			
COCOA—				Empire growths, 7/5½-				Do. powder				Reds			
(Duty, British grown,				8/3½ per lb.)				Nitrate of Soda ... per cwt.				Cylinder			
11s. 8d.; foreign, 14s. cwt.)				Virginia leaf				Potash—Chlorate, net				ROBIN—			
Acacia, f.f.				Common to fine				Sulphate				American			
Trinidad				Rhodesian leaf				Sulphate				per ton 13/15/0 24/10/0			
Grenada				Nyassaland leaf				Sulphate				RUBBER—			
COFFEE—				East Indian leaf				Sulphate				St. ribbed smoked sheet			
(Duty, British grown,				strips				Sulphate				per lb. 0 1½			
11s. 8d.; foreign, 14s. cwt.)				COTTON—				Sulphate				per lb. 0 3½			
Santos sup., c. & f. cwt.				Mid-American				Sulphate				TN Orange			
Colombian, good				Sakellaris, f.g.f.				Sulphate				per cwt. 65 0 66 0			
Costa Rica, med. to good				Yama, 32's twist				Sulphate				SHELLS—			
East Indian				60's twist				Sulphate				W. Aust. M.-o.-P. ..			
Kenya, medium				FLAX—				Sulphate				TALLOW—			
EGGS—				Livonian ZK				Sulphate				London Town per cwt. 23			
English				Pernau HD				Sulphate				TIMBER—			
Danish				Slanetz Medium 1st sort..				Sulphate				Swedish u/s 3 x 8 per std.			
FRUIT—				HIMP				Sulphate				2½ x 7			
Oranges				Italian P.C.				Sulphate				2 x 4			
South African ..boxes				Manila, Mar.-May "J 2"				Sulphate				Pitchpine			
Jaffa				Sisal, African, Mar.-May				Sulphate				Rio Deals			
Lemons, Sicilian ..boxes				Native 1st mks. ... per ton				Sulphate				Teak			
10 0 20 0				c.i.f. H.A.R.B.				Sulphate				Honduras Mahg. logs c. ft.			
Malaga ..cases 420 No. 1				Daisee 2/3 c.i.f. Dundee...				Sulphate				African			
Apples: Amer.(var.) bris.				March-April				Sulphate				Amer. Oak Boards			
(var.) boxes				£18/5/0				Sulphate				Ash			
" Australian				£17/0/0				Sulphate				English Oak Planks			
Onions				s. d. s. d.				Sulphate				Ash			
Volcanica, case, 4s.				Canton				Sulphate				" "			
15 0 15 6				Tusah				Sulphate				" "			
Egyptian Baga,				Japan				Sulphate				" "			
14 0 15 0				Italian—raw, fr. Milan				Sulphate				" "			
Grapes, Lisbon .. boxes				s. d. s. d.				Sulphate				" "			
" Almeria ..brls.				Canton				Sulphate				" "			
" "				Tusah				Sulphate				" "			
" "				Japan				Sulphate				" "			
" "				Italian—raw, fr. Milan				Sulphate				" "			

VAN RYN DEEP, LIMITED.

(Incorporated in the Union of South Africa.)

Issued Capital, £1,196,892, in Shares of £1 each.

DIRECTORATE:

J. H. CROSBY (Chairman).

J. B. JOEL, J.P.; SIR REGINALD A. BLANKENBERG, K.B.E.; J. G. LAWN, C.B.E.;
SIR WILLIAM DALRYMPLE, K.B.E.; SIR ABE BAILEY, Bart.; G. J. JOEL, M.C.; and A. J. ANDERSON.

Extracted from the Annual Report to 31st December, 1931.

Tons crushed, 753,000, yielding 268,839 fine ounces of gold.

		Per ton, based on tonnage crushed.
Total Working Revenue	£1,145,018 17 6	£1 10 5
Total Working Costs	807,110 5 11	1 1 5
Working Profit	£337,908 11 7	£0 9 0
Rents, Interest and Sundry Revenue	12,778 17 6	
Balance at 31st December, 1930, brought forward	59,689 9 1	
	£410,353 18 2	
This amount has been dealt with as follows:—		
Taxation—Union and Provincial	£44,864 4 0	
Miners' Phthisis Sanatoria, Donations and Depreciation	1,970 0 5	
Royalty on ore from Brakpan Mines, Ltd.	837 18 8	
Contribution in respect of outstanding liabilities, Miners' Phthisis Compensation Fund	15,857 13 5	
Capital Expenditure	6,030 3 8	
Dividends Nos. 36 and 37 of 12½ per cent. each	299,223 0 0	
	368,082 18 0	
Leaving a balance carried forward of	£42,271 0 2	

The Payable Ore Reserves at the end of the year were estimated at 2,669,000 tons, with an average value of 6.7 dwts. over a stoping width of 48 inches.

The full Reports and Accounts may be obtained from the London Agents, The Johannesburg Consolidated Investment Co., Ltd., 10/11, Austin Friars, London, E.C.2.

THE LANGLAAGTE ESTATE AND GOLD MINING COMPANY, LIMITED.

(Incorporated in the Union of South Africa.)

Issued Capital, £1,519,833 in Shares of £1 each.

DIRECTORATE:

J. B. JOEL, J.P. (Chairman).

J. H. CROSBY (Vice-Chairman), Sir REGINALD A. BLANKENBERG, K.B.E., J. G. LAWN, C.B.E., G. J. JOEL, M.C.,
F. L. MARX and Sir WILLEM VAN HULSTEN.

Extracted from the Annual Report to 31st December, 1931.

Tons crushed, 943,000, yielding 317,660 fine ounces of gold.

		Per ton, based on tonnage crushed.
Total Working Revenue	£1,351,425 4 0	£1 8 6
Total Working Costs	981,049 7 7	1 0 10
Working Profit	£370,375 16 5	£0 7 10
Rents, Interest and Sundry Revenue	31,018 11 11	
Sales of Property, etc.	14,876 10 11	
Balance at 31st December, 1930, brought forward	108,224 8 5	
	£524,495 7 8	
This amount has been dealt with as follows:—		
Taxation—Union and Provincial	£51,745 8 6	
Government's share of profits (Bewaarsplaatsen)	4,903 15 2	
Royalty on Ore	71 1 1	
Miners' Phthisis Sanatoria, Donations and Depreciation	1,037 0 11	
Contribution in respect of Outstanding Liabilities, Miners' Phthisis Compensation Fund	34,788 1 1	
Capital Expenditure	3,640 6 10	
Dividends Nos. 30 and 31 of 10 per cent. each	302,966 12 0	
	401,082 5 7	
Leaving a balance carried forward of	£123,413 2 1	

The Payable Ore Reserves at the end of the year were estimated at 1,180,000 tons, of an average value of 7.2 dwts. over a stoping width of 44 inches.

The full Reports and Accounts may be obtained from the London Agents, The Johannesburg Consolidated Investment Company, Ltd., 10/11, Austin Friars, London, E.C.2.

The Economist,
WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

Vol. CXIV.

SATURDAY, APRIL 9, 1932.

No. 4,624.

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TABLE OF CONTENTS.

The Money Market.....	777	Berlin	807
Leading Articles—		Amsterdam	807
The London Conference...	779	Other Centres	807
Truth About the Danube...	780	Investment Notes—	
The Movement of Prices...	781	Course of Equity Share	
Coffee Valorisation	782	Values	807
Coal Mining in 1931	783	Disquieting Kreuger Dis-	
The League and the		closures	808
Danube	785	New York Weakness	808
Notes of the Week—		"Danubian" Loans	808
Transitional Benefit Ex-		Brazilian Developments	809
tension	786	Cunard Policy	809
The Nazis in the Saddle...	786	Stewart and Lloyds	810
"Zweiter Akt"	787	Cement Manufacturers'	
The Politics of the Scheldt	787	Results	810
The Cyprus White Paper	788	United Molasses	810
Land and Labour in Spain	788	First Co-operative Invest-	
Japan in Manchuria	788	ment Trust	811
Ivar Kreuger	789	Industrial Profits	811
The New South Wales		Canadian Pacific Report	812
Default	789	Rubber: R.G.A. State-	
Sterling and Gold Prices...	789	ment	812
Cotton Trade Wages	789	Indian Gold Mining Re-	
Central Electricity Board		sults	813
The Motor Industry in		Rio Tinto	813
1931	790	West Rand Consolidated	
French Estates	791	Company Meetings of the	
The 1930 Census of Pro-		Week	814
duction	791	Capital Issues	814
Argentina	791	Transvaal Gold Output	
Bank of Scotland	792	Statistics	814
Anglo-Portuguese Colonial		Company Meetings, &c. ...	815
and Overseas Bank	792	Government Returns, &c.—	
Skandinaviska Kredit-		National Accounts	822
aktiebolaget	792	Treasury Bills by Public	
New Capital Issues in the		Tender	822
United States	793	The Bankers' Gazette—	
Insurance Notes—		Bank of England	822
London Life Association...	793	Bankers' Clearing Returns	
Scottish Amicable	794	Provincial Clearing Re-	
British and Foreign		turns	822
Marine	794	Overseas Bank Returns...	822
Life Assurance of Scotland		Loan and Discount Rates	
794		Rates of Exchange	824
Overseas Correspondence—		Overseas Bank Rates	825
United States	794	Bullion	825
France	795	Gold and Silver Prices	826
Germany	796	Company News—	
Austria	797	Dividend Announcements	
Hungary	798	Weekly Traffic Returns	826
Turkey	798	Balance Sheets	827
Canada	799	Reports and Notices	827
Japan	800	Profit and Loss Accounts	
Hongkong	800	Commercial Reports—	
Books Received	801	Market Summary	829
The Stock Exchange—		The Coal Trade	829
Ford and Dagenham	802	Iron and Steel	829
The Week in the Markets		Other Metals	830
London Active Security		Textiles	830
Prices	804	The Grain Markets	830
New Issue Prices	806	Other Foods	831
Foreign Stock Exchanges—		Miscellaneous Commodities	
New York	806	United States	832
Paris	806	Prices Current	832

THE MONEY MARKET.

As had been anticipated, money has once more become easy after the passing stringency at the end of the quarter, but the ease is not so apparent as might have been expected. On Friday and Saturday of last week the market was put in funds by the maturity of the large quantity of Treasury bills applied for on January 1st and 2nd, while further funds became available as the week progressed through the disbursement of Conversion Loan and other

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G. C. CASSELS, Manager.

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A. JOEL, Manager.

Correspondents to the Italian Treasury.

Government dividends. On Friday money was still inclined to be usable, as these new funds had hardly become available, and new money commanded 2-2½ per cent., but over the week-end the rate eased to 1½-2 per cent. Early in the current week conditions were variable, and some borrowers had to pay up to 2½ per cent., but as the Government dividend money reached the market the situation again eased, and by Wednesday rates were back at 1½-2 per cent., but on Thursday money was rather more wanted at a full 2 per cent. Renewals were charged at 2 per cent. during the whole week, with a tendency towards 1½ per cent. in places.

While applications for last Friday's Treasury bill issue were maintained at £61.9 millions, against £60.3 millions the week before, the average tender rate rose sharply from £1 16s. 11.39d. to £2 3s. 3.73d. per cent. This increase is readily explained by the fact that July bills are not nearly so useful a maturity as June bills, which are paid off just in time to put their holders in funds for the end of the half-year. As a result of this, outside interests did not take part in the tender, and the market had the field left almost entirely to itself. The amount on offer was £45.0 millions, but £1,050,000 was cut off the allotment. The discount market has been very inactive. The clearing banks have not been operating, and there was a general disposition to await Thursday's Bank rate decision, as a reduction was fairly widely anticipated. On Wednesday there was some demand by banks outside the clearing system for May bills at 2 per cent. Market rates for hot Treasury bills ranged from 2½ to 2¾ per cent. during the week, and those on three months' bank bills from 2¼ down to 2⅞ per cent. for prime bills. Standstill bills were quoted at 2¼-3½ per cent.

	Mar. 17, 1932.	Mar. 23, 1932.	Mar. 31, 1932.	Apr. 7, 1932.	Previous Rate and Date Changed.
Bank Rate	3½	3½	3½	3½	4 (Mar. 17, '32)
Banks' Deposit Rate...	1½	1½	1½	1½	2 (Mar. 17, '32)
Discount Call	1½	1½	1½	1½	2 (Mar. 17, '32)
Houses { Notice ...	1½	1½	1½	1½	2½ (Mar. 17, '32)
Market rate ("hot" Treasury bills).....	2½	2	1½-¾	2½-¾	...
Market rate (3 months' bank bills)	2½-3½	2½-3½	2-3½	2½-3½	...

The failure of the Bank of England to make any reduction in its rate was naturally the cause of some disappointment. It is true that money has this week been somewhat more usable than in March, but discount rates of 2½ and 2¾ per cent. are widely out of sympathy with a Bank rate of 3½ per cent., and on technical grounds alone there was ample room for a reduction. General grounds, too, equally call for a lower rate of 3 and even 2½ per cent. The premium upon forward sterling in New York is still equivalent to a return to American holders of three months' sterling bills of just over 2 per cent., making a total yield to them from British Treasury bills of a full 4 per cent., against 2½-¾ per cent. obtainable upon 90-day bankers' acceptances in New York. Apart from any question of confidence or lack of confidence in the two centres, this differential between London and New York rates is in itself a sufficient magnet to American funds. If official operations in forward exchange are impracticable or undesirable—and of this we are not wholly convinced—the only way of reducing this differential in favour of London, and so of checking the present embarrassing influx of short money, is to lower Bank rate to the point where it will drive market discount rates down still further.

There is another strong argument in favour of a lower Bank rate, and that is its effect upon the gilt-edged market. Two of the chief needs to-day are the diversion of idle funds from short-term to long-term channels and the facilitating of a major conversion operation. Were Bank rate reduced to the point which would make London deposit rates unattractive, there is little doubt that, in view of the rehabilitation of the national credit, there would arise a renewed demand for British Government and other high-grade stocks, which might easily render a

conversion operation practicable. It may be that from this point of view the psychological moment for a reduction in Bank rate to 2½ per cent. may not be reached until Budget week or even later, and that, in the meantime, the Bank is holding its hand as a measure of co-operation with the Treasury. Such an explanation, however, even if true, cannot be called convincing, and it is difficult to see why no change has been made this week.

The Bank return shows several wide movements. Curiously enough the note circulation has only decreased by £0.7 million, so that apparently the Easter currency is very slow in returning from circulation. In the Issue Department there has been another large turnover from Government to Other Securities, and the latter now stand at the unusually high figure of £25.8 millions. Taking both departments of the Bank together, Government Securities have risen by £9.0 millions and Other Securities have fallen by £2.7 millions. These changes possibly arise from the repayment of the balance of the Treasury's Paris and New York banking credits. Government dividend disbursements and the heavy Treasury bill maturities on April 1st and 2nd explain the contraction of £17.2 millions in Public Deposits. As a result of the foregoing movement, Bankers' Deposits have risen by £25.0 millions to £79.5 millions. In view of the size of this last figure, money should be considerably easier than it actually is.

Although the New York rediscount rate was not changed from 3 per cent. on March 31st, a reduction of ¼ per cent. was made the following day in open-market discount rates on bankers' acceptances of all maturities. This brings 90-day bills down to 2½-¾ per cent. and six months' bills down to 2½-¾ per cent. This lowering of open-market rates in part reflects the decrease in the supply of bills, and there was less talk this week of a reduction in the New York rediscount rate. Since the Reserve system started their easy money policy in the middle of February, there has been an increase of only \$38 millions in Reserve Bank credit, and all this is in the form of Government bonds, as bill holdings have decreased. Call money remains at 2½ per cent., and markets are depressed by the provisions of the new Tax Bill.

The foreign exchange market was less busy this week, and fluctuations were less frequent and within narrower limits. The undertone of sterling was firm. The New York rate was unchanged at 3.80 after being lower, as was also Montreal at 4.19. Paris improved by a half to 96½, and Brussels was unchanged on balance at 27½. Milan was rather weaker at 74.00, but Madrid closed at last week's level of 50½. Amsterdam lost 2 points at 9.42, as did Berlin at 16.02. Switzerland, after some hesitation, was unchanged at 19.50. The Scandinavian exchanges moved in varying degrees in our favour, Stockholm from 18.60 to 18.85, Oslo from 18.90 to 19.05, and Copenhagen from 18.15 to 18.20. The South American currencies are still rather nominal. Rio gained ¼d. at 4½d., Buenos Aires was weak and lost ¼d. at 36½d., while Montevideo was unchanged at 29½d. In the Far East the rupee was weaker than of late and declined by ¼d. to 1s. 6½d. The yen also fell away from 1s. 9½d. to 1s. 8½d. Batavia was unchanged at 9.45. In the forward market one month's New York remained at ½ cent discount, but three months was ¼ lower at 2 cents discount. Paris improved from 3 and 12 centimes discount to par for one month and 4 centimes discount for three. Brussels was quoted at 1 and 5 centimes discount. Milan was unchanged for one month's delivery, but improved to ¾ lira discount for three. Madrid showed no change. Berlin remains unquoted. Amsterdam three months' hardened by one point to 2 cents discount. Switzerland was better at one centime premium for one month and unchanged for three. The silver market was uncertain at times as a result of the fluctuations in sterling, and prices fell as a result of small selling in an inactive market, cash declining by ¼d. to 17d. and forward by the same margin to 17½. The close was quiet. The China silver exchanges fell away in sympathy. Hong Kong weakened from 1s. 3½d. to 1s. 3¼d., and Shanghai from 1s. 9d. to 1s. 8½d.

THE LONDON CONFERENCE.

A DOZEN years have elapsed since the making of the European "peace settlement"; yet this week the European Powers are meeting to reconsider, we do not say the peace-drawing, but in effect the financial and economic implications, of the treaty-map of South-Eastern Europe. The fact that fresh international conferences on these problems are called for at this date demonstrates—if proof be needed—that the so-called "peace settlement" was utterly inconclusive. True, this is only what was to be expected. Peace settlements after great wars are inconclusive almost as a matter of course, because the statesmen left in power at the end of a great war, in the victorious countries, are apt to have their eyes concentrated on the immediate past and to have little vision for a longer future. But the inconclusiveness of the peace settlement of 1919-20 does not need to be pointed by precedents. It is written large on the face of the post-war map.

Anyone who studies this post-war map of Europe—and, a fortiori, anybody who has been trying to live on that map during the last dozen years—must perceive that the map is provisional. A "Balkanised" Europe is not a permanent possibility in an "Americanised" world; and the sheer pressure of the gigantic overseas and Asiatic countries that are looming up over the European horizon from all sides is bound to impel the European countries, sooner or later, into some kind of "closer union"—if not outright unification. The post-war map of Europe reveals two things: first, that "closer union" can hardly fail to come in time; secondly, that this movement may take one of two alternative outward forms. One possible line of development is an accentuation of the one-sidedness of the peace treaties; a perpetuation of the status of inferiority imposed on the defeated countries; the virtual reduction of Italy to the same category as Germany; and the withdrawal of Great Britain from active participation in Continental affairs. Along this line Europe will move towards "closer union" in the form of a French hegemony. The other possible line is a re-interpretation of the peace treaties in the spirit of the League Covenant; the restoration of Germany to the status of the other European Powers; and the active participation of Great Britain in the life of a European Commonwealth in which the relations of the various members, great and small, will be comparable with those which the members of the British Commonwealth have managed to establish with one another. Along this line Europe will move towards "closer union" in the form of a European understanding within the wider framework of a world-wide League of Nations.

In defining the first alternative as that of French hegemony, we do not imply that France is influenced by motives of acquisitive aggression. As Sir Arthur Salter observes in his new book*, the fundamental desire of France is for security in the maintenance of the *status quo*. But in pursuance of this aim her policy has consistently tended to create a system of grouping, based on alliances and common sympathies, whose reactions are inevitably the growth of a counter-group, and whose basis is fundamentally opposed to that of attempts to bring about security on "collective" lines.

Which of these two alternative roads is Europe likely to follow? That is a momentous question, not only for Europe but for the world. For we shall arrive at our destination in very different condition according to our choice of route. If we achieve something like a European Commonwealth, Europe will still remain the centre of the world and the heart of Western civilisation. If we succumb to a French hegemony, the spring will have gone out of Europe's great year.

Which turn of events is the more likely? The future, unfortunately, remains as obscure as ever in this fourteenth year after the Armistice; and all that we can say at present is that, so far, neither of the two possible

alternative outcomes has succeeded in asserting itself over the other. The French have failed to establish their hegemony. Germany has shown too much recuperative power; Italy too much vitality; Great Britain and the ex-neutrals too keen a concern for the balance of power to allow the French solution to materialise. The symbol of a French hegemony—an international force at the service of the League but under the control of France—seemed still just as chimaerical when M. Tardieu re-exhibited this cherished French plan at Geneva the other day, as it seemed in 1919 when General Foch expounded it to the Peace Conference in Paris. Yet, though the French have so far failed to impose their own ideas on Europe, they have been omnipotent in their power to prevent any other ideas for the organisation of Europe from being carried out. The result is an *impasse*. In fact, we are still fast bound in the political deadlock into which we fell before the Peace Conference had half-finished its business. And this unnatural political deadlock, indefinitely prolonged, has brought the economic position in Europe to the verge of breaking-point.

Is there any sign of the political deadlock loosening? We may possibly gain some light on that question if we compare the circumstances in which the Four-Power Conference is sitting in London this week with those in which the Seven-Power Conference met in London last July. It is unfortunately possible enough that the present Conference may prove to resemble its predecessor in being economically and financially fruitless; yet, from the political standpoint, at any rate, there are certain obvious differences. In the July discussions it was Great Britain that took the initiative and France that held back. In the present instance it was M. Tardieu who wanted the discussion and the British Government that stipulated for Italian and German participation. This week, as in July, the Conference was preceded, during the foregoing week-end, by *tête-à-tête* conversations between two particular Powers. In July France tried in vain, through antecedent conversations, to drag Germany in advance; this time she has tried—as it proved, in vain—to persuade Great Britain, in a similar prelude to the Conference, to fall in with French views. This time, no doubt, as last time, it is in the power of France to say to the other parties: "Well, if you decline to do what I want, I can at any rate prevent you from doing what you want." Once again the deadlock may remain unbroken when the Conference rises. All the same, an observer of the course of European affairs is left with the impression that France to-day is distinctly less sure of herself and her position, and distinctly more anxious to secure an agreed settlement, than she was a few months ago.

Last summer France stood at what may prove in retrospect to have been the zenith of her post-war power. The military predominance which she had enjoyed on the European Continent since the Armistice had been reinforced by a financial predominance to which even America was finding herself compelled to bow. This combination of military and financial strength seemed overwhelming, and France used it effectively to win two striking European political victories. She quashed the project of closer union between Austria and Germany, and she compelled Hungary to leave the Italian orbit and to gravitate into the French orbit instead. The immediate apparent result was a conspicuous increase in French power. France was no longer merely the leader of her co-victors, Poland and the Little Entente. The whole of Eastern Europe was at her feet. Great Britain—politically eclipsed by her financial plight—was unable to play her traditional moderating rôle. Italy and Germany were helpless. The game seemed to be in France's hands; European hegemony within her grasp. To-day, however, the position of France in Europe seems by no means so brilliant.

What is it that has happened? Perhaps the fact is that

* "Recovery." By Sir A. Salter, K.C.B. Bell. 10s. 6d. net.

when France was converting financial into political values last year the political stock which she bought was really not an asset but a liability. Her victories were signal, but they were negative. By quashing the Austro-German customs union project and by bringing Hungary to heel she barred certain sporadic attempts at a reorganisation of Europe on non-French lines; but she left unattended the untenable situation which had been created in the Danubian area by the peace settlement, and took over responsibility for keeping things as they were at a moment when an impossible state of affairs was on the point of breaking down.

France has thus involved herself in a dilemma: either she must permit Hungary and Austria and the whole of South-Eastern Europe to live and move and breathe in a normal healthy way—and that is politically unpalatable to her—or else she must keep them alive, under their present unnatural duress, by a transfusion of blood from her own veins; and that is very expensive. In effect, the Danubian countries are saying to France now very much what Mr P'u, in Manchuria, is saying to Japan. Their ultimatum is: "Your money or our life."

It is not, we think, to misrepresent French policy to say that in this dilemma France has endeavoured strenuously, during recent weeks, to persuade the British Government to participate with her in a much wider sense than would be represented by a joint mobilisation of Franco-British financial resources for the salvaging of the more acutely distressed countries of South-Eastern Europe. The objective which M. Tardieu appears to have had before his eyes, and which was hailed prematurely by the Paris Press as a *fait accompli*, appears to have been little less than a revival of a political *entente* between Britain and France which would reinforce the French "group" to the exclusion of Italy, to say nothing of Germany. If an agreement on these lines is what M. Tardieu sought to obtain from Sir John Simon—and apparently with less success from Mr MacDonald—he asked too much. Any weakening of our friendly relations with Germany and Italy would be far too heavy a price to pay politically for securing economically a joint "rescue endeavour" by France and ourselves, even were the lines of rescue, of which we have more to say in the following article, more wisely planned. If the British Government ever toyed with such an idea, we trust that they will promptly dismiss it from their minds; for if there is one thing certain, it is that British public opinion is overwhelmingly in favour of "collective" as opposed to "group" attempts at international co-operation. Indeed, the very atmosphere created at the outset of the Four-Power Conference by the suggestion that there had been a Franco-British exclusive understanding appears to have proved so considerable a handicap to the progress of the Conference that there is here, if proof were needed, proof undeniable that it is not by Britain's joining in the fatal policy of "forming camps" that the political soul of Europe is to be saved.

TRUTH ABOUT THE DANUBE.

FROM the political implications of the London Conference we may fitly turn to a consideration of the economic and financial aspects of the Danubian problem, which was its genesis. Though the conference is still sitting as we write, it is obvious from the proceedings of the early meetings that the assembled statesmen are encountering heavy weather. The reason is not far to seek; for there has been no sign throughout the discussions which have led up to these negotiations that any Government has seriously faced the question as to what the future economic organisation of Europe should be, or attempted to come to an understanding as to how it should be attained.

It is true that perhaps many statesmen would pay lip-service to the doctrine propounded by the economic experts last August at Geneva, that Europe must aim at becoming, some day, a single economy unity; but unfortunately there is as yet no evidence of a willingness to begin to make the radical readjustments which a development in this direction involves. On the contrary, in

almost all quarters the tendency is to cling to the *status quo* and to insist on a minimum of change. The so-called French plan, for example, of a 10 per cent. preferential reduction in the tariffs of the five Danubian States, coupled with a loan, on terms, of some £10 millions sterling, is clearly quite inadequate either to turn the course of economic depression in the countries concerned, or even to tide them over the period of depression. A reduction of an import duty from, say, 40 per cent. to 36 per cent. in favour of neighbouring States may direct a little trade from third parties, but under the most favourable circumstances it would have next to no effect in fostering the total volume of trade. Moreover, if 10 precautions are taken to prevent it, there is every reason to fear that the experience of the British Empire preferential system would be repeated, and that the scheme would be followed by a raising of the general rate to, say, 45 per cent., leaving the preferential rate where it was before. In any case, tariff adjustments are at present of next to no importance so long as trade is in fact throttled by the control of foreign exchange, quotas, etc., which are far more effective devices for stopping the international movement of goods.

Consider again what part may be played by another loan of £10 millions. The reconstruction loans of the League of Nations alone total £82 millions, and as late as 1930 Austria raised £11.3 millions. British participation in these loans amounted to nearly £40 millions, whereas France contributed less than £2½ millions (gold). Including commercial obligations, Hungarian indebtedness to Great Britain alone is of the order of £35 millions. Indeed, Great Britain herself must have invested in South-Eastern Europe, on long or on short term, an amount much more than ten times the sum now proposed to be lent. It is difficult to see what good purpose could be served by a new loan of so small an amount. Unless there is real hope of a fundamental change in economic conditions, a loan of this kind must be regarded, not as a commercial proposition, but as a gift which the wealthier nations are prepared to lose in order to tide over a crisis, which might otherwise involve them all in a general collapse. It is from this point of view, presumably, that Germany and Italy are invited, under the French plan, to give preferential advantages to the produce of the Danubian countries in their home markets without asking any corresponding benefit or raising any objection to proposed preferences for internal Danubian trade which must to some extent prejudice their own.

The French scheme is, in fact, a relief measure coupled with a small and, in itself, unimportant departure in commercial policy which, however, points towards a future evolution in a particular direction. Whether this is a step in the right direction depends on the answer to two questions. Firstly, are the nations ready to push the scheme much further, so as to break down the present obstacles to the economic development of Europe and enable the changes in economic structure, which are essential, to take place? Secondly, is the particular grouping and method proposed the right one?

To enable trade to expand again, it is essential to start with the monetary situation and to untie or to cut through the tangle of exchange restrictions which now exist. But it is also imperative, when this is done, that serious modifications should be made in tariffs. In asking whether or not the nations are prepared to begin to make a radical modification of existing tariff systems, one raises the vital question whether they are prepared to abandon uneconomic industries or agricultural activities for the sake of the much greater development of those that can contribute to their real wealth. This is really the crux of the question, and it points, moreover, to the need of modifications not merely between a select group of countries, but in the tariffs against third parties. To attempt, without tackling the general question of European trade, simply to create new self-contained units, even if somewhat larger than the absurdly small units of the Peace Treaties, is not enough, but would merely perpetuate one of the evils which by general admission has contributed to bring about the present situation.

Next, it is pertinent to ask—even assuming that a beginning should be made with a small group of nations—

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whether the proposed grouping is appropriate. If the three countries, Austria, Hungary and Czechoslovakia, were alone in question, it could at least be said that we were returning to something like the old Austro-Hungarian Empire. The inclusion of five countries, however, and in particular the admission of Roumania, means that the Danubian group would have a large agricultural surplus to dispose of. A preference system within this group would have substantial advantages for Czech and Austrian industries, but would leave a difficult agricultural question which can be solved only by arranging for markets outside the group. In itself, even if the preference were a large one, or if internal tariffs were abolished altogether, such a system would not solve the economic difficulties of the agriculturalists who form the bulk of the population. It would not, therefore, give the necessary stimulus to increase productivity or enlarge buying power. In other words, success depends on the relations established with other countries, and particularly with Germany and Italy, with whom a large part of the trade of these countries is done.

This question, as well as the discussion that has taken place as to whether Bulgaria should, or should not, be included, clearly shows that the Danubian problem is part of a much larger question. It is possible—even probable—that some departure from the old most-favoured nation rule, under which all countries benefit from a tariff change, may be necessary and that some measure of preferences will be unavoidable—at all events as a provisional stage—in moving towards the distant ideal of a single European market; but it would be a great mistake to start by creating simply, and unconditionally, a new unity in the middle of Europe and setting in motion forces that would tend to solidify a new tariff wall. Whether this new move would prove a help or a hindrance to the ultimate and inevitable development of Europe depends on two considerations: one is the nature of the tariffs adopted by the Danubian States towards third parties, and the other is the terms on which these other countries may be permitted to participate in the preferences or other special advantages of the agreement.

It is suggested that as France is likely to supply the greater part of any new money that may be put up, she is entitled to have a specially important voice in determining what form the arrangements to be made at this stage should take. This is not a claim that can be maintained. Italy and Germany are far more interested in the trade of these countries than France—and therefore stand to lose far more by any modification of their most-favoured-nation rights; while England and America both have much greater financial commitments in these countries than France, and are entitled to insist that any change which is made will lead to a condition of affairs which will restore the real basis of the credit of the nations concerned.

So far as the question of preferential arrangements and the surrender of most-favoured-nation rights is concerned, the only sound line of progress is to examine and define the conditions under which other countries may

participate. Clearly, one of the conditions must be that countries which wish to share the benefits must give equivalent advantages. But that perhaps is not all; for we must be very careful not to throw overboard the great benefits of the most-favoured-nation system in favour of a plan of bargaining and discrimination. If the old system is to be modified it must be in a form which will lead to a real reduction of tariffs, and the only way to ensure this is to lay down—and this applies to preferences in a wider field than the Danube—that countries should only be entitled to ask for special privileges if their own tariffs conform to a clearly defined standard of moderation.

In conclusion, we would add that if we have dwelt upon the difficulties with which the statesmen assembled at the Four-Power Conference were faced, and the defects in the tentative proposals which, apparently at the instance of France, were placed before them, we have done so not from any lack of sympathy with the straits in which the debtor countries of South-Eastern Europe are situated, or because we fail to recognise the urgent need of action to deal with the impingement of the crisis on what is perhaps the weakest spot in the world's economic structure. The report of the Financial Committee of the League, which we summarise on a later page, points cogently to the imperative need of taking immediate steps to arrest the present drift to disaster; and, though the Committee's recommendations, professedly of the nature of palliatives, fail to go to the root of the disease—which they rightly diagnose as centring in the world price problem—their frank admissions of the increasing inadequacy of temporary and partial measures of relief, and of the threatened position of the League loans themselves, should serve to bring home to Governments the urgency of fundamental remedial measures. Yet, necessary though it be to go beyond mere temporising stop-gaps and to seek an enduring solution of the south-eastern problem, it is the more necessary that the long-range objective at which we aim should be sound. Europe has gone so far along the road of economic folly in pursuit of economic self-sufficiency that it is a hard and painful task to retrace her steps; but retraced the steps must be. Simply to "mark time," in an effort to avoid the need for readjustments involving an immediate sacrifice, is to perpetuate the conditions which have made for increasing impoverishment.

THE MOVEMENT OF PRICES.

A NOTE published later in this issue shows the most recent movement of commodity prices, comparing them with the level of a fortnight ago; but we take the opportunity to analyse in greater detail the condition of prices at the end of the first quarter of the year, just over six months since the suspension of the gold standard. At the end of March sterling stood at a discount of about 23 per cent. on gold currencies, so that had there been since September 18th

no movement of gold prices, one would have expected sterling prices—or at all events all sterling prices which are subject to external influences—to stand about 30 per cent. higher than on that date. The combined effects, however, of the British abandonment of the gold standard and the continuation of the world depression had lowered gold prices meanwhile by 13½ per cent., so that unless the pound were falsely valued, or unless British prices were moving out of step with world prices, it would have been natural to expect a rise of about 62 per cent. in the sterling price index. Actually, the latter rose by only 6.4 per cent. between September 18th and March 30th, and stood on the latter date at only 97.1 per cent. of its level a year earlier. The percentage changes in the individual items are shown below:—

	Inc. (+) or Dec. (—) per cent. compared with			Inc. (+) or Dec. (—) per cent. compared with	
	18th Sept. 1931.	Year Ago		18th Sept. 1931.	Year Ago
Wheat, foreign.....	+31.9	+17.6	Hemp.....	+12.5	— 7
Wheat, English.....	+30.2	+17.6	Jute.....	+ 8.9	+21.7
Flour.....	+28.4	+13.1			
Barley.....	+17.1	+11.4	Textiles.....	+15.3	— 6.1
Oats.....	+33.0	+27.3			
Maize.....	+39.0	—	Pig Iron.....	—	—
Rice.....	+17.1	+15.4	Steel rails.....	—	— 4.8
Potatoes.....	+104.2	+75.0	Iron bars.....	—	+ 4.9
Beef, English.....	+19.4	+ 3.4	Tin plates.....	+23.1	— 2.5
Beef, Argentine.....	— 1.9	+ 2.2	Coal, Welsh exp.	— 1.3	— 4.9
Mutton, English.....	—18.2	—30.8	Coal, Durham gas.....	+ 5.9	— 3.3
Mutton, N.Z.....	—17.2	+ 8.6	Coal, household.....	+ 8.3	— 3.7
Bacon, Danish.....	+11.3	— 1.8	Lead.....	+ 8.7	+ 1.1
Cereals and meat.	+14.3	+10.2	Copper.....	+14.2	—26.3
Tea.....	—22.3	+ 1.2	Spelter.....	+10.6	— 2.1
Coffee.....	+ 4.2	—13.9	Minerals.....	+ 5.9	— 4.2
Cocoa.....	+18.5	+ 6.7			
Sugar, cane.....	+ 0.9	— 3.7	Timber, English.....	—	— 9
Sugar, refined.....	+12.9	— 6.7	Timber, Swedish.....	— 8.5	— 8.5
Butter, Danish.....	— 9.9	— 6.3	Cement.....	—20.5	—13.6
Cocoa nut oil.....	+48.6	—	Hides.....	— 7.3	—13.6
Tobacco.....	+15.0	+15.0	Leather.....	—	+14.8
Other foods.....	+ 5.8	— 1.8	Petrol No. 1.....	—	— 9.5
Cotton A.....	+32.1	—15.3	Petroleum oil.....	—	— 7.7
Cotton B.....	+13.3	—27.7	Fuel oil.....	— 9.2	—26.4
Cotton yarn.....	+18.3	— 6.6	Linseed oil.....	+27.8	+ 4.5
Cotton cloth.....	+12.3	— 6.4	Rubber.....	—18.1	—43.6
Wool, English.....	+ 8.7	—10.7	Soda crystals.....	—34.1	—34.1
Wool, Australian.....	+11.1	—13.0	Sulphate ammonia.....	+14.3	+14.3
Wool tops.....	+ 4.8	—15.4	Cresosote.....	— 5.5	—11.0
Silk.....	+ 7.5	— 2.3	Miscellaneous.....	—	—
Flax.....	+44.6	+30.5	Total, All Groups.....	+ 6.4	— 2.9

The rise in sterling prices since the suspension of the gold standard has been very unevenly distributed. Among the commodities whose prices have risen by a greater measure than that by which sterling has meanwhile depreciated are all the principal grains except rice and barley, potatoes (in which case last year's crop failure is a special factor), coconut oil, raw cotton and flax, while other commodities showing an "abnormal" rise include rice, English beef, cocoa, tobacco, most of the textile group, tinplates, copper and spelter. Commodities, on the other hand, which show a fall even of their sterling price include barley, chilled beef, mutton (both home-grown and imported) and bacon; tea, sugar and Danish butter; steam coal, cement, hides and leather, and rubber. (The last was specially affected by the failure of negotiations for a fresh restriction scheme.) Foodstuffs and textiles have much the best tale to tell, in spite of the heavy fall of mutton prices, which diminished the margin between the sterling and the gold price indices, since mutton finds no place in the latter. The cereals group is the only one to show a rise in the twelve months, and indeed the better prices now obtaining for grain form perhaps the most important feature of recent price movements. There have, of course, been sharp fluctuations from time to time, but a new basic level, for wheat and oats at least, seems to have been definitely established. It should be noted that mutton, bacon, tea and butter, as well as other commodities, are obtained principally from within the "sterling area," so it would be misleading to apply to their prices the test of the depreciation of the pound against gold. In any case, even in normal times, individual commodities show considerable variations from the average over a period of six months; and, in times like these, it is natural that individual commodities should be affected in very different degrees by special influences such as import re-

strictions (e.g., by Germany) or exceptional conditions of over-production.

In the textiles group it will be seen that the prices of American cotton, of cotton yarn and of cotton cloth have advanced by successively smaller proportions, which was only to be expected, as the costs of each stage of manufacture are relatively inelastic. The world market for cotton, wool and flax has definitely improved of recent months, on the better statistical outlook, though cotton has received a setback of late and its gold price (spot in New York) is lower than it was when we suspended the gold standard. Among metals, lead fell by over 30 per cent. in New York, the increase in the British price for this metal being thus greater than was indicated by the discount on sterling. The price of lead, which had been pegged in the United States, has since been allowed to fall to a free market level.

It may be asked at this point what light our index throws on the effect of tariffs upon prices. The answer is that the figures have little bearing on the question, since not only is a large proportion of the items (including wheat and maize, meat, tea, tobacco, raw cotton and wool, silk, coal, copper, petrol, hides, and rubber) exempt from the 10 per cent. duty, but the prices of a further group, notably rice, cheese, cotton yarns and cloth and jute, are determined, as far as the British market is concerned, almost entirely within the Empire, including Great Britain. Prices of a few commodities may have been affected by the tariff, but even where the duty applies, the quoted prices, as in the case of coconut and linseed oils and of metals, are exclusive of duty. An index number of wholesale commodity prices is an altogether unsuitable instrument for measuring the effect of a tariff on prices, as it is concerned almost exclusively with primary products which no tariff would be designed to make more costly.

On the whole, the picture given by these figures of the course of sterling prices is not altogether gloomy. In Great Britain, and presumably within the "sterling area," which covers so large a part of the world, prices are still appreciably higher than before the suspension of the gold standard. On the one hand, the perils of inflation have been avoided, while on the other gold prices have not fallen all the way to meet the depreciation of sterling. But when we turn to gold standard markets the scene at once darkens. Prices have fallen further than ever, and if the present tendency continues the whole of the discount on sterling will before long have been blotted out by the increase in the purchasing power of gold. Already the relative undervaluation of sterling, on the basis of price levels, has been removed, for in three months, while British prices fell by only 2 per cent., gold prices fell by 8 per cent., whereas the pound rose in value. It is not, however, too much to hope that, in view of the circumstances affecting individual commodities, the process will sooner or later be reversed, and that an improvement in sterling prices, through the economic improvement of this country and the relaxation of credit conditions, may draw gold prices upward also.

The experience of the past few weeks lends no support to the view that an appreciation of sterling stimulates a recovery of gold prices. Though the initial influence of the depreciation of the pound may have contributed considerably to lowering prices in "gold" markets, the recent rise in sterling (with all its attendant depressing effects in an area now much more important to international trade than the "gold" region) has not produced the reverse effect.

COFFEE VALORISATION.

Though there is nothing new about attempts to regulate the markets for staple commodities, regulation of this kind has been so very much in evidence during the past few years, and has led to such unhappy results and usually to its own undoing, that it has attracted an unusual degree of interest. Instead, however, of being merely looked at askance as "restraint of trade," attempts at conscious control will certainly continue to be made, and must receive consideration as a device which may play a permanent part in the world's economic activities. No more valuable contribution to the study of this development in modern commerce has been

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made than the series of investigations which Mr J. W. F. Rowe is conducting for the London and Cambridge Economic Service, the latest of which deals with the control of the coffee market in Brazil.

Apart from the statistical section, Mr Rowe's study* falls into two parts. The first relates, as briefly as the extreme complexity of the story to be told will allow, the history of the various valorisation schemes which have been tried in Brazil; the second is a most interesting account of the liquidation which followed the collapse of September, 1929, and is still in progress, and an attempt to gauge the future prospects. A special interest attaches to this study because, as Mr Rowe points out, whereas most market control schemes are conceived in bad times and tend to be abandoned when prosperity returns, coffee valorisation has become part and parcel of the Brazilian economic system, and whatever Brazilians may think of the merits of this or that system of regulation, they are apparently convinced of the necessity of some form of permanent control. The reason for this is the extremely variable character, owing to purely natural causes, of the coffee crop, which, in conjunction with a very inelastic demand, means that the market difficulties which arise in other industries only in times of general trade depression or of exceptional bad luck are a permanent problem for the coffee planter.

Valorisation was first tried in 1906, and by the beginning of the war valuable experience had been gained and certain lessons learned—such, for example, as that the stocks which had to be carried for the purpose of regulation should be carried in Brazil and not in consuming centres. Another lesson which might have been, but apparently was not, learnt from the pre-war experience was that a permanent valorisation scheme might have to be accompanied by regulation of new planting.

Two successful experiences in 1917 and 1921—though a heavy frost had much to do with the triumph in the earlier instance—confirmed the Brazilian belief in the system, and a permanent scheme of control, by the regulation of entries into Santos, was established by the Federal Government, and handed over, in 1924, to the Government of the State of Sao Paulo, which set up the Sao Paulo Coffee Institute for the purpose. For two years control was conducted, in Mr Rowe's judgment, "with considerable skill and with benefit to the producer." At the end of 1926 the system of regulating entries into Santos was made automatic, permitted entries being based on the exports of the previous month, some increase in elasticity being made later. About the same time, the Banco do Estado de Sao Paulo was established with the aid of a £10,000,000 loan from London. The crop of the following year was so heavy that a breakdown was only averted by additional funds from London and the other coffee-producing states, which had hitherto held aloof, were induced to join the scheme.

A considerable amount of new planting had been taking place, and its effects when the new trees should come into bearing were not taken into account in considering the statistical position. How far this new planting was the result of valorisation is discussed in the Memorandum; a more immediately serious occurrence which was the direct result of, perhaps, the most serious mistake made in the course of valorisation was the development of a general trade boom. Advances made to the planters had been based, not on their minimum cash requirements, but on the full value of the security they offered, with the result that they felt unwontedly wealthy, spent lavishly, and soon created a strained exchange situation, which was only eased by further foreign borrowing. Another bumper crop in 1929, requiring extensive financing, thus found the available credit exhausted, and the Stock Exchange crash of September set the seal on the impossibility of obtaining foreign assistance.

From his study of the history of valorisation up to the collapse of September, 1929, a study of which no short summary can give any adequate idea, Mr Rowe draws several conclusions, some of which are of interest for the general question of control. In the first place he considers that the effect of the scheme in raising, as distinct from

stabilising prices, has been greatly exaggerated. Secondly, he is impressed by the very serious openings for corruption which any similar system offers, and which were probably used to the full in this case. Apart from this, the mechanism of the scheme appears to have worked smoothly. The two greatest errors in the administration of the scheme during these ten years were the granting of credit to planters beyond their requirements and the failure, until 1931, to prohibit new planting. The extent to which the scheme was used by the Government of Sao Paulo for political purposes suggests the importance, wherever it is possible, of keeping schemes of this kind in the hands of the interests concerned and avoiding administration by Governments, though Mr Rowe admits that this might prove impracticable in a newly-developing country like Brazil.

Mr Rowe's account of the liquidation which followed is most absorbing, and unfortunately does not lend itself to summarisation. He expresses the view that it was fortunate for Brazil that the crash was not postponed, since, with excessive productive capacity, stocks would have continued to accumulate, while the maintenance of the price would have meant the continuance of new planting. The policy of gradual liquidation of stocks over a number of years he approves, if only because there was no practicable alternative, but he criticises the Coffee Realisation Loan, which was raised abroad for this purpose in April, 1930, after the Federal Government of Brazil had refused its help, on three grounds. First, that the amount of the loan was excessive, for, while it is impossible to find out exactly how much new money it produced after outstanding commitments had been met, the net yield was certainly more than the Sao Paulo Government could need for coffee financing if it adhered to its express determination not to accumulate more stocks. In the second place, the terms of the loan included a rather complicated arrangement for the Government purchase of three million bags of coffee with the object of raising the price, whereas the most urgent need was for a decline in price to a level which would discourage production. Thirdly, the regulation of entries into Santos was left in the hands of the Sao Paulo Government, which would be perpetually under pressure from planters to err, since error in crop estimating is inevitable, always on the side of underestimating the crops. Apart from these three considerations, Mr Rowe reaches the conclusion that the loan was the best available means of meeting the situation.

Immediately, however, new difficulties began. Stocks were found to be several millions more than had been generally supposed and the price began to decline. A bumper crop for 1931-32 was anticipated and it was this and the general realisation of Brazil's excessive productive capacity, rather than the political situation, which led to the vicious circle of declining exchange and coffee prices which followed, since the balancing of Brazil's international accounts depends largely on remunerative exports of coffee. As the Federal Government could not face a further heavy fall in coffee prices, with its consequent effect on the exchanges, the only sound recourse was to restriction of output, though actually the Government did embark on a scheme, characterised by Mr Rowe as "the decision of a madman," of purchasing all the stocks existing in Sao Paulo on July 1, 1931. The main remedy, however, was the adoption, after a short-lived attempt to impose a prohibitive tax on planting, of a tax on exports, the proceeds of which were to be used for the purchase and destruction of surplus supplies.

* "London and Cambridge Economic Service." Special Memorandum No. 35.

Mr Rowe's discussion of the export tax device is extremely interesting. As a means of securing gradual liquidation he approves it, and he argues convincingly that those responsible never believed, whatever they may have tried to tell the public, that it could do anything more. As a means, however, of discouraging production in Brazil it has so far not been very effective, because the decline in the exchange has prevented the milreis price of coffee from falling as much as the gold price and has therefore partly counteracted the burden of the tax upon the producers, whose costs are mainly affected by the internal value of the milreis.

In discussing the prospects of a large scale reduction of capacity, Mr Rowe sees hope in the facts that weather of recent years has been exceptionally favourable, a state of affairs which presumably must soon come to an end; that cultivation has been much less careful during the last two years, and that the practice of interplanting with cereals has been growing. Nevertheless, he gives convincing reasons for believing that there is little immediate prospect of extensive abandonment of planting, especially as the immense scheme of coffee-destruction launched last December seems certain to keep the price at its present level throughout 1932. Everything, therefore, seems to depend upon the promise next summer of the 1933-34 crop.

In ending upon this note, Mr Rowe leaves his reader, whose interest has been worked up during the closing section, with the feeling commonly associated with the tantalising words "to be continued." But although his study has some of the characteristics of an instalment of a serial, it is complete in itself as a penetrating and impartial examination of a method which is obviously beset at every turn with hidden pitfalls and unexpected dangers.

COAL MINING IN 1931.

ONCE again Parliament will shortly be asked to review its past legislation on the coal industry. Part I. of the Coal Mines Act of August 1, 1930, which established schemes for the regulation of production, supply and sale of coal, expires at the end of this year. Further, unless the Act of July 8, 1931, providing for the continuation of the 7½-hour day for one year, is prolonged, the industry will automatically revert in three months' time to the 7-hour shift.

It is therefore of interest to analyse the coal-mining results for 1931, which is the first complete year covered by the Act of 1930. Combining the last four statistical summaries issued by the Mines Department (that for the three months ended December 31st last was published this week), we show in the following table comparative results of the coal industry's working during the past four years:—

Item.	1928.	1929.	1930.	1931.
Tonnage disposable (millions) ...	211.5	230.4	214.2	195.9
Wages	Mn. £. 100.2	Mn. £. 105.7	Mn. £. 99.7	Mn. £. 90.5
Stores and timber	17.0	18.0	17.2	15.0
"Other" costs	27.4	26.6	24.9	24.0
Total "net costs" (a)	150.0	156.0	147.1	134.5
Proceeds	140.2	160.2	150.8	137.3
Profit or loss	-9.8	+4.2	+3.7	+2.8
Miners employed (thousands) (b) ..	881	894	875	811
Output per man-shift (cwt.) (b)...	21.29	21.69	21.61	21.61

(a) Including royalties and miners' welfare fund contributions, and after deducting proceeds of miners' coal.
(b) Mean of quarterly averages.

It will be seen that a decline in the tonnage disposable of 18.3 million tons was accompanied by a decrease of £18.5 millions in proceeds. As the reduction in costs, at £12.6 millions, did not keep pace with the falling off in sales revenue, profits declined from £3.7 millions in 1930 to £2.8 millions in 1931. The next table shows the quarterly trend of results per ton disposable:—

Quarter ended.	Per ton disposable.						Thousand Miners Employed.	Output per Man-shift.
	Proceeds	Costs.		Profit.	Loss.			
		Wages.	Total.					
Dec., 1928 ...	s. d. 13 5½	s. d. 9 2½	s. d. 13 8½	s. d. ... 0 3	s. d. 0 3	851	Cwts. 21.80	
Dec., 1929 ...	14 3	9 3	13 3½	0 11½	...	904	21.78	
Dec., 1930 ...	14 1½	9 3	13 7½	0 6½	...	849	21.84	
Mar., 1931 ...	14 3½	9 2½	13 6½	0 9	...	839	21.78	
June, 1931 ...	13 9½	9 3½	13 11½	...	0 1½	819	21.44	
Sept., 1931 ...	13 10	9 4½	14 0½	...	0 2	788	21.35	
Dec., 1931 ...	14 1½	9 1½	13 6	0 7	...	799	21.86	

In the December quarter, the rate of output per man-shift was higher than in the corresponding period of recent years, with a consequent fall in wage costs per ton. Despite the decline in the total tonnage disposable, as compared with the December quarter of 1930, "other costs" remained unchanged, and, as was to be expected, the proceeds per ton were slightly lower. The rise in profits per ton from 6½d. to 7d. is therefore entirely due to the increase in the output per man-shift.

The subjoined table gives comparative results per ton for the principal districts in the December quarter of 1930 and 1931:—

District.	Quarter ended December 31st.					
	1930.			1931.		
	Proceeds.	Net costs.	Profit (+) or Loss (-).	Proceeds.	Net costs.	Profit (+) or Loss (-).
Scotland	s. d. 13 1½	s. d. 12 10½	s. d. +0 2½	s. d. 12 1	s. d. 12 0	s. d. +0 1
Durham	12 11½	12 7½	+0 3½	12 7	12 7	+0 0½
S. Wales	15 7½	16 1½	-0 6	15 3½	15 2	+0 0½
Yorkshire	13 7½	12 9½	+0 10½	13 10½	13 0	+0 10½
N. Derby and Notts.	13 8½	12 6½	+1 2½	14 4	12 10	+1 6
Lancs. and N. Staffs.	17 0½	16 5½	+0 7	17 2½	16 4½	+0 10½

It is interesting to note that there has been a considerable reduction in costs in Scotland and in South Wales. In both these districts economies have, however, been partly negated by a sharp decrease in proceeds. On the other hand, in Yorkshire and in North Derby and Nottinghamshire, the increase in proceeds per ton has outweighed a rise in costs.

The following table reveals that the decline in home consumption of coal has been much less pronounced than the decrease in exports. Unfortunately, the recent restrictions imposed on the importation of British coal by Germany and other countries is aggravating the situation in those districts which depend mainly on foreign markets:—

	(Million tons.)			
	1928.	1929.	1930.	1931.
Tonnage disposable	211.5	230.4	214.2	195.9
Exports (a)	53.7	64.4	58.4	45.9
Bunkers	16.7	16.4	15.6	14.6
Retained in United Kingdom	141.1	149.6	140.2	135.4

(a) Including coke.

In view of the havoc caused by the world financial crisis, the coal-mining results have not been too satisfactory. Though it is true that the regulation of production, supply and sale of coal has not yet resulted in a marked increase in the efficiency of the industry, the schemes have nevertheless prevented what might well have been a catastrophic decline in prices. At the same time, the anxieties of consumers lest supplies might be unduly limited, with a consequent rise in prices, has proved to be without foundation. The chief problem of the industry is one of surplus capacity. This difficulty must be solved before the industry can once more become profitable. The Coal Mines Reorganisation Commission set up by Part II. of the Coal Mines Act to promote the reorganisation of the industry by amalgamations has so far achieved little of concrete value. Admittedly, a complete reorganisation of a complex industry must of necessity be gradual, and it is therefore premature to pronounce final judgment yet upon the Commission's work. It is clear,

however, that only in so far as Part II. of the 1930 Act leads to greater concentration of production and the elimination of permanently redundant units, will the industry be able ultimately to reap the benefits of the powers of output and price regulation which Parliament, experimentally, conferred upon it.

THE LEAGUE AND THE DANUBE.

Report of the 45th Session of the Financial Committee of the League Council.

In view of the significance of its conclusions and their bearing on the problems before the Four-Power Conference, we print below a summary of the Report of the 45th Session of the League's Financial Committee dealing with the situation in Austria, Hungary, Bulgaria and Greece. A special meeting of the Council to consider the report has been convened at Geneva on April 12th. Earlier documents of the Financial Committee relevant to this problem are the Report on Austria and Hungary, A.55 (b), dated September 19, 1931; the Report on the Financial Position of Hungary, C.749 M.348, dated October 24, 1931; and the Report of the 44th Session of the Committee, C.91 M.46, dated January 28, 1932. In addition, there are two reports, C.34 M.18 and C.31 M.16, both dated January 12, 1932, on the financial position of Austria and Hungary, respectively, in the last quarter of 1931, submitted by the representatives of the Financial Committee in those two countries.

The present report consists of an introduction reviewing the general situation, followed by separate memoranda on the position of the four countries with whose problems the Committee is more particularly concerned.

Introduction.

Referring to the general setting in which the difficulties of Austria, Hungary, Bulgaria and Greece have to be considered, the Committee observes that whatever may be the errors in budget or loan policy which have been committed, the strain to which these countries are subjected is due mainly to world causes over which they have had but little control. In a previous report last September the Committee had declared that the success of individual methods of reconstruction recommended by them for particular countries was closely dependent on the early solution of the general world price-problem. Last autumn the Committee had entertained hopes that the Powers would be able to take prompt action in connection with certain major financial problems, such as political debts. In the event, the Lausanne Conference was postponed until June; the world situation seriously deteriorated, gravely affecting the situation of the four countries within the Committee's purview; and, in consequence, the measures hitherto suggested to help individual countries became increasingly insufficient.

The fundamental cause of the present inability of the four States in question to obtain the foreign exchange necessary to meet in full their external obligations is to be sought not in defects of internal administration or policy, but in the collapse of world prices, which has resulted in a 70 per cent. increase since 1928 in the burden of fixed charges. Faced with growing difficulties in exporting a sufficient quantity of goods to meet their obligations, and weakened in the *crise de confiance* both by withdrawals of short-term credits and inability to obtain long-term loans, the debtor countries have endeavoured, by import restrictions and control over transactions in foreign exchange, to improve their export balance and at the same time to avoid currency depreciation. But such measures must be looked upon as transitional. Unless the creditor States accept the goods in which the major part of the debts can alone be paid, the tendency is simply to still more rigorous methods of control and trade obstruction. As a result of the fall in prices and the progressive strangulation of commerce, a shrinkage of fiscal receipts everywhere menaces budgetary equilibrium; retrenchment becomes imperative, but the resistance of different interests dependent on the public revenue renders rapid readjustment difficult.

When it approved, in its earlier reports, temporary measures of exchange control, the Financial Committee was fully conscious that such a policy could be effective only for a relatively short period, and was justified only on the expectation that within that period steps would be taken to deal with the fundamental causes of the crisis. As that expectation has not been fulfilled, it is now urgently necessary that positive action should be taken to reinforce the merely negative steps which the Committee has so far recommended. At the same time, the Committee does not think that a final solution can to-day be put forward. The bases for such a solution cannot be clearly envisaged until hoped-for developments in Europe and elsewhere take place. The immediate and urgent problem is to gain a breathing space and to arrest the present tendencies to disaster.

Remedial Measures.—In order to avert the grave consequences of further financial collapse in many parts of Europe, it is necessary to preserve certain elements of financial stability on which future improvement can be based. This being so, there is urgent need for

immediate collective action in the form of loans to be raised on international markets under Government guarantees, without which financial aid could not be mobilised. Austria and Hungary are the two countries most urgently in need of aid to-day; but it is desirable to make provision in fixing the amount of the loans for other possible pressing eventualities. In connection with the flotation of the loans the following recommendations are made:—

- (1) The form of guarantees should be the same as that employed in the case of the 1923 Austria Reconstruction Loan.
- (2) The loan should be of a maturity of not more than three to five years. The Committee contemplates that it would be subsequently repayable out of the proceeds of long-term loans to be raised by the borrowing Governments.
- (3) The granting of such aid to any Government should be conditional on its acceptance of such methods as the League may suggest for assuring sound administration of public finance and of the national bank.

The Committee welcomes recent developments directed towards the establishment of closer economic relations in Central Europe (i.e., the project of a "Danubian Federation"), but suggests that Bulgaria should be included in the group of countries under consideration. The Committee further suggests that an independent person enjoying the confidence of the various Governments might be appointed to render assistance in the negotiations attending any such scheme for promoting greater freedom of Central European trade.

The League Loans.—The Committee observes that the Hungarian Government, when compelled to suspend the transfer of the greater part of Hungary's foreign obligations, decided to give priority to the service of the 1924 Loan. This decision was taken by the Hungarian Government without consultation with the Committee, but, as it has now become necessary for other States to postpone part of their foreign debt transfer, the Committee has endeavoured to form an opinion on certain general considerations affecting such cases. The Committee's view is that, in the absence of contractual provisions which decide the position, a Government which is compelled to default on any of its foreign obligations must make its choice as to priority in the light of what is in the best interests of the country concerned and its creditors as a whole. In many cases the final prospects of short-term lenders depend on the possibility of ultimate funding operations. If obligations such as those of the League loans are allowed to fall in disrepute the possibility of such funding will be very greatly decreased.

Austria.

The difficulties of Austria are steadily increasing as a result partly of the world crisis, partly of the fact that the readjustment of Austrian costs has not yet been achieved. The State Budget for 1932 (January to December) was voted at a total of 2,000 million schillings revenue, 1,900 millions expenditure, and 100 millions debt redemption. Revenue is likely to show a short-fall of 30.2 millions, and expenditure, on the present basis, an increase of 73.5 millions. It is proposed to meet the deficit by further administrative economies (80 millions) and by additional taxation. Apart from the State Budget, the railway administration anticipates a deficit of 20 million schillings, to which must be added a similar amount due to be paid on previous capital commitments. The Committee considers that no further railway commitments should be undertaken, and that in the additional Budget to be submitted to Parliament provision should be made for covering the prospective railway deficit. The floating debt of the Treasury (105 million schillings) and of the railways (104 million schillings) has already reached an unduly high figure.

After noting (a) that a plan for the reorganisation of the Credit-Anstalt has been elaborated by the new general manager, subject to future negotiations between the Austrian Government, the Credit-Anstalt and the creditors concerned, and (b) that the new president of the National Bank has initiated a conservative credit policy, the Committee observes that the foreign exchange reserve of the bank again diminished in February. Until the balance of trade can be effectively influenced by an appropriate credit policy, exchange restrictions should be rigorously enforced. Temporary measures to curtail the present volume of imports by prohibitions, or otherwise, if necessary, would appear to be advisable.

Assuming that Austria will do her utmost to solve her problems, the Committee recommends that (1) foreign short-term credits previously given to the State or the National Bank should be prolonged for a further period without reduction, and (2) that an international loan under the scheme outlined in the Introduction should be raised for the benefit of Austria to the extent of 100 million schillings.

Hungary.

The Committee is unable to report a great improvement in the position of Hungary. With regard to the Budget for 1931-32, revenue is unlikely to exceed 800 million pengő (against 890 millions estimated expenditure). For 1932-33 immediate reductions in expenditure must be made. Moreover, financial equilibrium cannot be restored until the State undertakings cease to be a burden on the State Budget.

The balance of trade has not substantially changed. Both exports and imports show a great contraction. Hungary is faced by a constantly increasing inability to dispose of her goods abroad, and it is doubtful whether clearing agreements, to which there are many objections in principle, can bring any marked improvement. Until the next harvest, the position with regard to external transfer is extremely grave. All foreign payments, other than amounts due for international railway and postal clearings, have been suspended, except service of the 1924 Loan and interest on the National Bank's foreign debt. A six months' standstill agreement with British short-term creditors has been concluded, and ought, in the

Committee's opinion, to be followed by similar agreements with other short-term creditors.

Considerable efforts have been made to meet the immediate difficulties, but it is impossible in the uncertain state of general world conditions to reach a final solution.

Bulgaria.

(1) *The Transfer Problem.*—Bulgaria has no substantial invisible exports. On an estimate of probabilities, the National Bank may expect to receive on an average during the next half-year 300 million leva a month in respect of merchandise exports, against which, however energetic be the measures of restriction, imports cannot fall below a level which will require the National Bank to disburse in foreign exchange less than 200 millions monthly. Out of the balance of 100 leva monthly there have to be met invisible imports, placed at 10 million leva monthly, and transfers on account of public debt totalling 91 millions per month, including 22.3 millions for reparation payments. In addition, there are outstanding debts of 1,300 million leva due abroad in respect of goods.

Bulgaria cannot meet all the transfer obligations which she has contracted. Monthly reparation payments, whose resumption under the Hoover Moratorium is due to begin on April 15, 1932, should continue to be suspended on the understanding that this prolongation leaves the legal position unaltered. In addition, transfers for the whole of the payments in respect of external public debt should be reduced by 50 per cent. during the six months April-September, 1932. The Bulgarian Government should continue to enter in the Budget the amounts not transferred and to pay these amounts in leva into a special blocked account opened with the National Bank. The sum standing to the credit of this account may be temporarily invested in Bulgaria by the transfer to the fund of commercial bills or Treasury bills in the possession of the National Bank. It might be permissible to allow—for a period not exceeding one year and by an amount not exceeding 100 million leva—an increase of the limit of 600 million leva fixed for the short-term borrowing allowed to the Bulgarian Government by Article 9 of the Protocol of September 8, 1928, provided that the proceeds shall be used solely to meet arrears of payments for the financial year ended March 31, 1932.

(2) *The Budgetary Problem.*—The Budget for 1931-32 (April 1st to March 31st) is likely to show a deficit of 600 million leva, and revenue in 1932-33 will probably not exceed 6,000 million leva, while expenditure is now at a level of 7,300 millions. The Bulgarian Government is prepared to introduce further economies totalling 300 millions and new taxation amounting to 320 millions, while the Financial Committee's delegation has proposed additional measures to produce 150 millions in economies and 200 millions by new taxes. The Committee considers that further energetic measures must be taken to meet the remaining deficit of over 300 millions, and that this should be possible if a radical reorganisation of the financial administration is carried out. It is suggested that, on the 20th of each month, the Minister of Finance should establish the total of receipts and expenditure in the previous month, and that, within a week, the Council of Ministers should fix the total expenditure authorised for the following month, within a limit not exceeding 90 per cent. of the three previous months.

Greece.

(1) *Present Conditions.*—There is a steady fall in the foreign exchange reserve of Greece, due partly to the depressing effects on trade of the present crisis and partly to the cessation of foreign loans. The Bank of Greece lost in 1931 about 1,100 million drachmæ in exchange, and since the beginning of 1932 has lost over 600 millions more, in spite of exchange restrictions. There is a small deficit in the current Budget year ended March 31, 1932. For 1932-33, on the previous basis, a deficit of 1,800 million drachmæ was in sight. Economies of 500 millions have been effected; and it is proposed to save 500 millions on internal debt, 300 millions by suspending repayments of State debt to the Bank of Greece and the National Bank, and 75 millions by certain other economies. This still leaves a deficit of 425 million drachmæ, in addition to which, if the present programme of irrigation works is carried out, 1,000 million drachmæ in cash must be found in 1932-33. The service of the foreign public debt of Greece may be estimated at not less than 900 million drachmæ for interest and 330 millions for sinking fund.

(2) *The Committee's Recommendations.*—The Greek Government cannot maintain in full the transfer service of its foreign debt. The Committee feels obliged to recommend that the International Financial Commission should be authorised to agree to suspend for twelve months the transfer of the sinking funds of Greek loans under its control and that similar measures should be applied to other Greek foreign loans that are not under the control of the International Financial Commission. This suspension of transfer is to apply to the League loans of 1924 and 1928.

The Committee's recommendation is subject to the maintenance by the Greek Government of the full payment in drachmæ of the amortisation, which should be paid into an account in the Bank of Greece in the name of the International Financial Commission. That Commission should be authorised to agree to these sums being temporarily employed by the Bank of Greece in advances to the Greek Government for unavoidable expenditure on the existing irrigation schemes.

The Committee raises no objections, subject to certain conditions, to the suspension of debt redemption payments to the Bank of Greece and the National Bank. Suggestions that have been made that the central bank should be re-amalgamated with one of the existing Greek banks are not approved.

The Committee considers that a foreign railway expert, to be suggested by the League, should investigate the position of the Greek railways.

A further effort must be made in order to secure a properly balanced Budget, partly by readjustment of certain taxes—including

the introduction of a turnover tax and increases in postal rates—and partly by a further reduction in expenditure. Government expenditure abroad, on other than debt services, which last year reached the very large figure of £2½ million sterling, should be reduced. At best, however, the transfer position must be regarded with anxiety; and it is of urgent importance that Greece should be included in the scheme set forth in the Introduction for the raising of guaranteed loans under international auspices. If Greece were enabled to borrow a sum of not more than \$10 millions, this would reassure the Greek public with regard to the drachma, and would enable further progress to be made on the irrigation works, the successful conclusion of which offers the best hope of ultimately enabling Greece to meet her foreign obligations in view of the resulting greater national production of foodstuffs.

Notes of the Week.

Transitional Benefit Extension.—On its resumption on Tuesday the House of Commons discussed a resolution, upon which a financial Bill will afterwards be based, to extend until June 30, 1933, the period in which "transitional" benefit may be paid. As the Minister of Labour, Sir Henry Betterton, reminded the House, transitional beneficiaries consist of two classes: firstly, those who do not satisfy the statutory condition of the unemployment insurance scheme that they shall have made 30 contributions during the past two years; and, secondly, those who, while satisfying that condition, have already received the full 26 weeks' benefit. In the absence of such legislation as is now proposed, those whose statutory benefit rights become exhausted on and after April 18th would be disqualified for passing into the category of transitional beneficiaries. Immediate new legislation is, therefore, necessary, and, on the estimate of the Ministry of Labour, it will entail a cost to the Exchequer of about £20 million between April 18, 1932, and June 30, 1933. The selection of the date June 30, 1933, is important. At that date are due to expire both the major Act passed by the Labour Government and also the Anomalies Act. It will, therefore, serve as "zero hour" for a comprehensive attempt to reform the whole unemployment insurance system in the light of the recommendations which, in the interval, will have been made by the Royal Commission now sitting. It is probable, therefore, that the Bill now contemplated will be the last of those temporary "tinkering" measures which, recurring frequently, complicate more and more what Sir Henry Betterton admitted to be a "chaotic" state of affairs. The Labour Opposition naturally seized the opportunity afforded by Tuesday's debate to call for the abolition or revision of the means test, and for the restoration of the emergency cuts in the rates of benefit. But the Minister wisely refused to deal piecemeal with various aspects of the problem, and stated the determination of the Government to "place our system of unemployment insurance next year on what I trust will be a permanent footing." The first stage in redeeming the whole system, namely, the cessation of borrowing for the fund and the stoppage of "legal abuses," has been achieved. Next year is to see the second stage—the co-ordination of a host of amending legislation. This is very much to the good, and it should not be impossible, when the time comes for a "consolidating" measure, to remove many of the anomalies and injustices which are apparently unpreventable under the present state of affairs. Should there be a continuance of the recent decline in the total of unemployed, the task of fair and just reform will grow easier. But it is too soon as yet to count upon that.

The Nazis in the Saddle.—The German Revolution has been a moderate revolution so far. Since the overthrow of the old regime at the end of the war, almost the whole of Germany has been under decent orderly government for almost the whole of these thirteen years and more. There has been a short-lived spell of "Red" government at one time or another in Kiel and Bavaria and the Ruhr, and a spell of "Pink" government in Saxony; and in 1924 Herr Hitler himself, in company with General Ludendorff, made his debut in Bavaria, where the ground had been prepared for reaction by the previous Communist excesses. These political vagaries, however, have

all been brief and local and exceptional. The solid central fact in the internal history of the German Reich during the post-war years has been the moderation and the stability of the Government of Prussia in the hands of a steady coalition of Social-Democrats and Democrats and Catholics. This regime in Prussia, which is the key-point in the domestic political situation in Germany, will be in jeopardy in the forthcoming Prussian general election, which is due to follow a week or two after the second ballot in the Reich Presidential Election. What would happen to Germany if Prussia—the premier State, which is the body and soul of the Reich—were to fall under the dominion of one of the parties of violence? The aspirants for the domination of Prussia on the present occasion are not the Communists but the Nazis; and at this moment the Nazis are giving Germany and the world a foretaste of how they will behave in Prussia, if they are victorious, by their actual behaviour in Brunswick, one of the lesser States of the Reich, where Herr Hitler's followers have been in the saddle for the past few months. Brunswick is actually an enclave in Prussian territory. It lies within a stone's throw of Hanover, and not so very far from either Westphalia or Berlin. So that what goes on in Brunswick is in the full view of the Prussian electorate; and what is going on in Brunswick now is nothing less than a National-Socialist reign of terror. In Brunswick, since the last elections, the Prime Minister (who also holds the portfolios of Finance and Justice) has been a Nationalist; but his sole colleague (who combines the Interior with Education) is a Nazi; and this Brunswickian combination of policeman and schoolmaster holds the keys of order and of anarchy. Herr Klagges has used his power to unloose anarchy; and the population of Brunswick is now at the mercy of "flying squads" of Nazi "storm detachments," who scour the country in lorries and descend upon any person or group of people who are obnoxious to them. Three killed and a hundred grievously injured in and around the town of Brunswick itself is reported to be the toll of major casualties since last September—apart from a much larger number of flesh-wounds and black-and-blue bruises and broken heads. The moral should not be lost in the second round of the Reich Presidential Election campaign.

"Zweiter Akt."—After the Easter holiday truce (and that was not inviolate) the campaign in Germany for the second and final ballot in the Presidential election has started again; and the pace is now fast and furious. The Nationalist candidate has withdrawn; and President Hindenburg is left to compete with the two representatives of alternative forms of violence—the Communist, Herr Thälmann, and Herr Hitler himself. Herr Thälmann is not seriously in the running; and Herr Hitler has only a theoretical chance of beating President Hindenburg, who will be elected, on the second ballot, by the mere fact of gaining more votes than any other single candidate. Nevertheless, the hope of changing the figures by a million or two in one or other direction (on a 43,000,000 electorate) is arousing both the Nazis and the anti-Nazis to unprecedented exertions. President Hindenburg's supporters aim at gaining for him that now superfluous absolute majority over all other candidates combined which he came so near to obtaining on the first ballot. Herr Hitler's supporters aim at gaining for him at least a substantial increase of votes—mainly, perhaps, for the psychological effect upon the general election for the Prussian Landtag which is to follow. Herr Hitler is conducting a lightning campaign—travelling by aeroplane all over the country—and the local branches of the National-Socialist organisation are "all out." But it is perhaps more significant that the methods of intensive political campaigning that have been elaborated by the Nazis are now being imitated by their antagonists. On April 1st the ex-Crown Prince announced publicly that he intended to vote for Hitler on the second ballot—a gesture which seems hardly consistent with the undertaking to abstain from politics which he gave to the Government of the German Republic as a condition of their allowing him to return to Germany. Whatever the propriety of

the Crown Prince's gesture, the effect is likely to do Hitler more harm than good among the margin of the German electorate which he has set himself to capture. His candidature is also likely to be prejudiced by the news of the Nazi reign of terror in Brunswick. Moreover, the evidence of provisional arrangements for a Hitlerite *coup d'état* on the first polling day of the presidential election, last month, is continuing to accumulate in the hands of the Prussian and Bavarian Governments. On the whole, there seems some possibility that these various factors may combine, not merely to give President Hindenburg a definite victory, but also to give Herr Hitler a further setback.

The Politics of the Scheldt.—On the whole, Western Europe is happily free from those standing international controversies which complicate life in the Central and Eastern tracts of the Continent. The Dutch-Belgian controversy over the navigation of the Scheldt is the exception that proves the rule. It is sullen, perpetual and occasionally even dangerous. The problem arises from the fact that Antwerp lies under one political jurisdiction, while the navigable channel of the Scheldt, through which all shipping has to pass *en route* between Antwerp and the high seas, lies under a different political jurisdiction. In fact, here, as at a score of other points which are of vital importance in the economic life of the Continent, an indivisible economic asset is politically partitioned. Hence these tears. In the Netherlands this awkward situation dates back more than three centuries, to the outcome of the Dutch War of Independence, which left a free Holland in possession of the estuary of the Scheldt and Spain in possession of a subject Belgium, in which Antwerp was included. For nearly two centuries the international problem thus created was solved by the ruthless expedient of keeping the Scheldt closed and thereby killing the trade of Antwerp. This solution satisfied everybody concerned except the Flemings, who had no say in it. The Dutch ports were relieved of a formidable competitor, Great Britain was screened from "the pistol pointed at her throat," and Spain was indifferent. So it went on till 1792, when the French revolutionary armies, which had just overrun the once Spanish and now Austrian Netherlands, unceremoniously opened the Scheldt to commerce and thereby gave Great Britain an occasion for going to war with France in vindication of the sanctity of treaties. A controversy which had thus drawn this country into the Revolutionary and Napoleonic Wars broke out again in "the eighteen thirties," when Belgium broke away from Holland, with whom she had been somewhat arbitrarily united in the peace settlement of 1814-15. The present phase of the controversy began then and has been going on ever since. There has, of course, been no question of closing the Scheldt again to the seaborne commerce of Antwerp; but trouble is inevitably bred by a situation in which the buoying and lighting of a channel in which Belgium has a vital interest is the business of Holland, who has no interest whatever in equipping the port of Antwerp to compete with the port of Rotterdam. The political problem is aggravated by the local hydrography; for the Wielingen channel, which is the principal waterway for ocean-going vessels in the estuary of the Scheldt, happens to hug the Belgian

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coast right round the corner within a mile or so of Zeebrugge. Is the whole channel within Dutch territorial waters, like the estuary? In that case Holland masks not only Antwerp but Zeebrugge. Or is the outermost section of the Wielingen channel within Belgian territorial waters? In that case, the channel is alternately Belgian and Dutch and Belgian again. It will be seen that a bare century is none too long a time for arguing such a case as this; but it is to be hoped that the negotiations which are now taking place between The Hague and Brussels may at last remove a source of friction from one of the vital points of our West-European body-economic.

The Cyprus White Paper.—An official account of the disturbances in Cyprus last October has now been published in the form of a despatch from the Governor of Cyprus to the Secretary of State for the Colonies, with enclosures (Cmd. 4045, 1932). This official narrative amplifies and confirms the picture of the situation which emerged from the news at the time. It is just the regular situation which always does arise when a Nationalism and an Imperialism are at loggerheads. Four-fifths of the population of Cyprus are Greeks, and the White Paper gives us a glimpse of the movement for union with Greece starting among the lawyers, schoolmasters and ecclesiastics, capturing the mass of the Greek population in the towns, and then beginning to spread into the villages. Out of 598 Greek or mixed Græco-Turkish villages in Cyprus there were demonstrations, last October, in some 200, though positive act of anti-governmental violence were committed in less than seventy. In the history of national movements this is common form; and unfortunately the British reaction is common form in the history of Imperialism. The official British attitude is that there are no Greeks in Cyprus but merely British subjects of Orthodox religion who happen to speak Greek as their mother-tongue (though the despatch fails to keep this vocabulary up, and slips into "Greek" v. "British" before the end). The official British doctrine is that no question of the union of Cyprus with Greece exists. The official British remedy for the disturbances has been to deport six leading Greek Cypriot Nationalists (nominally, at least, for life); to abolish the Cyprus Legislative Council; to eliminate the elective element in the appointment of Cypriot village authorities and to make them the British Governor's nominees; to prohibit the unauthorised flying or exhibition of flags; and to restrict the ringing of church and other bells. These are the methods of Metternich and Francis Joseph. Is the British Empire, in its old age, slipping into the Hapsburgs' castaway shoes? There is not, of course, any likelihood that, if we choose to go on holding Cyprus by force, we shall be ejected by force within any predictable period. The Cypriot outbreak of last autumn was easily suppressed, at the cost of six Cypriot civilians killed and 30 wounded (of whom one afterwards died), and 38 casualties among the police. All the warships and troops that were rushed to the island for the emergency have been withdrawn; and the permanent garrison, which stood at three officers and 123 men before, stands at no more than four officers and 175 men now. Obviously Cyprus, unlike Ireland or India, can be held by us indefinitely against the people's will, unless and until the British Empire happens to find itself on the losing side in another general war, when the Cypriots would presumably be liberated as the Poles and the Czechoslovaks and all the others were in 1918. The contingency is infinitely remote. But do we really want to leave this Cyprus question at that? Nothing, at present, can prevent us from holding Cyprus by force; but, equally, nothing can save us, if we persist in this commonplace *basseesse*, from losing face.

Land and Labour in Spain.—A correspondent writes:—With the passage last week of the first Budget of the Spanish Republic another milestone has been passed, and members of the Cortes are enjoying a respite from the rather stuffy atmosphere of Madrid. The Finance Minister resisted the attempts to make party capital out of a blunt admission of the need for fresh revenue, and

in the end the increased taxes on tobacco and petrol were accepted without a murmur. Those of the Deputies, however, who have gone to the provinces to resume contact with their constituents will find an atmosphere of turbulence and *désarroi* that may well be a shock to them. The situation is most highly charged in Andalusia. The town of Seville itself is in sore straits, owing to financial mismanagement in the past and to the falling-off of receipts for tourist traffic this year. Consequently the seed of maleficent propaganda such as that of the harum-scarum aviator, Major Franco, for a "Workers' Republic finds a fruitful soil. The latter has recently become conspicuous again in an attempt to wean the poor unorganised proletariat (especially in Andalusia) from their "Communist" or anarchist allegiance. He has formed a new Labour Party, called the *Aleanza de Izquierdas* (Left Alliance), which is recruited from the ignorant discontented agricultural labourers who had been imbued with the idea that the Republic was going to bring with it a sort of land of Cockaigne and who have found that it has made very little difference to their lot. The programme of the *Aleanza* does not bear scrutiny, its demand for confiscation of large farms by the municipalities as a preliminary to peasant cultivation having been already implemented in the agrarian reform bill sponsored by the Socialists which will have to run the gauntlet of the Cortes next month. It is not true, of course, that the Republic has done nothing to redeem its promises to the *peones*. Big land-owners and employers of labour take a very different view. They point out, for instance, that the way was left open for convenient rent moratoria by the decree authorising workers who considered their contracts onerous to put in a claim for revision; and that the threat of expropriation, contained in another earlier decree last year, has indeed maintained production yield, but only at the price of favoured conditions for the workers which cannot possibly be upheld in any future system of land and labour regulation. The result has been to fill their heads with exaggerated ideas as to the relation of work and wages, easy enough to come by in this warm, relaxing climate, but fatal to the very project of agrarian reform which the Government has prepared. Opposition from property interests is likely to be stronger on this question than on any issue that the Cortes has yet tackled. It may well lead to the Socialist Ministers' withdrawal from the Cabinet, in spite of their undertaking to remain until all the major Supplementary Laws—Regional Statutes, Land Reform, Electoral Law and Constitutional Court—as well as the Constitution itself had gone through. When it is realised that out of Spain's three-quarter of a million unemployed seventy per cent. are agricultural workers, one gets some idea of the possibilities of unrest that are still latent. The Government is fully alive to the dangers of delay—Señor Azaña went out of his way to pay a special tribute to Spain's "simple civilisation," in a speech the other day, which the if it is going to be a race against the clock. Not until land reform is a *fait accompli* and the Catalan Statute has been approved by Madrid will it be possible to say that the Republic is living up to the high hopes that friends of Spain have placed in it.

Japan in Manchuria.—The Lytton Commission finds itself en route for Manchuria at an interesting moment; for it is evident now that the Japanese are not having things in Manchuria all their own way. Clearly, the first phase of their Manchurian adventure was the easy phase, and the business is becoming more difficult as the situation, which the Japanese themselves have created, develops on lines which they are not altogether able to control. It is one thing to occupy strategic points on railway lines by a surprise attack; it is quite another thing to police a vast country with a hostile population. And this is the Japanese crux; for, unless they can maintain at least that standard of law and order that was maintained in the three Eastern Provinces by the late local Chinese Government which they have overthrown, they will actually draw less economic profit from Manchuria than they were drawing under the previous regime, and they

will lose their last remaining chance of justifying their lawless action in the eyes of the world. Perhaps the grossest error that the Japanese have committed is the installation of their puppet "Independent Government of Manchuria" under the nominal headship of the *ci-devant* Manchu Emperor of China, Mr Henry P'u. This is a deception which deceives nobody; it costs money; it identifies Japan in Chinese eyes with the effete, defunct and discredited Manchu regime; and it gives the Chinese population of Manchuria a target to shoot at. This week two significant events are reported. First, Mr P'u has been given a loan of 20,000,000 yen (£2,000,000 at par) for five years without interest by the Japanese. (Nominally, the transaction is undertaken by the two great private Japanese firms of Mitsui and Mitsubishi, in order to keep up the solemn farce that the Japanese Government and Mr P'u have nothing to do with one another.) The other piece of Manchurian news is that a serious insurrection against the Japanese and their puppets has broken out in the mountainous and wooded eastern parts of Kirin Province. This is a good theatre for guerilla warfare, and it lies awkwardly close to the northern corner of Korea—the Achilles' heel of Japan's continental empire. Just on the other side of Mr P'u's capital (Changchun), other insurgents have been besieging a walled city, and a Japanese relief force has had to be sent to the rescue. The dispatch of reinforcements to Manchuria, "to take the place of time-expired men," has now been sanctioned by the Emperor of Japan, and, apart from this, some units of the Japanese garrison in Korea are being sent across the border into the insurgent territory on the Manchurian side. The growing unpleasantness of Japan's position in Manchuria is a salutary feature in the Far Eastern situation.

Ivar Kreuger.—Writing, three weeks ago, of the suicide of Ivar Kreuger, we spoke of his death as that of a man "who for once seemed about to combine with the profits of private enterprise a real contribution to the welfare of nations." That the Kreuger schemes might in happier circumstances have become "a great force for good in the world" we still believe, but the revelations of the chartered accountants who have examined the situation of his firm—there are dealt with more fully in a later column—disclose the stark fact that even a man who had the imagination and the courage to launch and develop an international financial system on so great a scale could not resist the temptation to follow the all too easy path of deception and manipulation of accounts when the pressure of world events became too strong for his hastily built structure. It is a humiliating story, particularly for those who look to the salvation of the world from its super men, and may well cause us to ask whether such concentration of power may safely be entrusted to any man—unless, indeed, it be exercised in conditions where every action is exposed to the fullest glare of an inconvenient but healthy publicity.

The New South Wales Default.—Following upon the default by the New South Wales Government in respect of its external debt obligations last February, it will be recalled that the Commonwealth Government passed a new Act, called the Financial Agreement Enforcement Act, empowering the Commonwealth Government to attach certain State revenues, including income tax, for the purpose of meeting this and similar defaults, and throwing upon the Commonwealth Government the duty of making good such State defaults to the foreign bondholders. As soon as the Act had been passed, the money due to New South Wales bondholders was paid out of Commonwealth funds. This Act naturally caused some misgivings to State Governments, who regarded it as an encroachment upon their rights, but it was realised that it provided the only way of dealing adequately with Mr Lang and his colleagues. Mr Lang, however, was quick to challenge the validity of the new Act, for he issued a High Court writ against Mr Lyons and his colleagues, claiming that the Act was invalid and seeking an injunction

against its enforcement. Mr Lyons at once adopted the very proper attitude of refraining from using the powers conferred upon him by the Act pending the High Court decision. This has now been delivered in the form of a majority judgment of four to two against Mr Lang. The judgment at present has been only given formally, and the arguments present in the minds of the six members of the Court are to be delivered at a later date. Meanwhile it is noticeable that the judgment has already been approved by public opinion, especially in a considered statement by Mr Hill, the Labour Premier of South Australia. The next move lies with Mr Lyons, and it is very probable that he will issue an immediate proclamation covering the sum of £924,000 which became in default on February 1st. A further £1,000,000 has since become due by New South Wales, and it is understood that between now and June 30th the New South Wales Government have further payments of £4,000,000 to meet. It is to be hoped that Mr Lang will now realise that it is fruitless for him to persist in his present obstructive attitude, and that any attempt to do so will be to the detriment not only of Australian credit but of the reputation of himself and his colleagues.

Sterling and Gold Prices.—During the past fortnight the sterling exchange has risen from approximately \$3.65 to \$3.80, an appreciation of 4.1 per cent. In the same period, as the following table shows, our index of sterling prices of primary products has fallen by 5.6 per cent. and our complete index by 2.9 per cent. :—

SEPTEMBER 18TH, 1931 = 100.

Date.	Economist Indices.			Irving Fisher, U.S.A.	Statistique Générale, France.	Milan Chamber of Commerce, Italy.	Statistisches Reichsanst., Germany.
	Complete Index (sterling).	Primary Products (sterling).	Gold Prices.				
Sept. 30th ...	107.8	112.0	94.7	98.7	96.9	98.8	98.9
Nov. 11th ...	110.3	119.3	103.5	99.3	96.0	99.3	98.3
Nov. 25th ...	109.1	114.8	98.0	98.3	94.2	98.8	97.6
Dec. 9th ...	110.3	117.3	93.0	97.3	93.3	97.1	96.1
Dec. 30th ...	108.9	117.1	94.4	96.1	93.4	96.9	94.6
1932.							
Jan. 13th ...	109.6	117.7	94.8	94.5	93.8	96.3	92.5
Jan. 27th ...	108.3	115.7	93.8	93.5	93.0	95.8	91.6
Feb. 10th ...	108.6	117.3	88.8	92.2	94.2	96.0	91.5
Feb. 24th ...	110.9	120.9	89.6	92.4	95.1	97.2	92.0
Mar. 9th ...	109.8	116.3	90.3	91.8	96.7	97.2	92.1
Mar. 22nd ...	108.1	111.9	86.5	91.5	96.3	97.0	91.4
Apr. 6th ...	105.1	105.9	85.0	...	...	...	...

As compared with the position on February 24th, since when sterling exchange has risen by 10.1 per cent., the sterling prices of primary products have fallen by 13.1 per cent., whereas gold prices have fallen by 5.1 per cent., a movement whose implications we discuss more fully in a leading article. In the next table we give a more detailed analysis of the complete *Economist* index :—

"ECONOMIST" INDEX.

(1927 = 100.)

	Sept. 18, 1931.	Mar. 23, 1932.	Apr. 6, 1932.
Cereals and meat	64.5	74.4	73.5
Other foods	62.2	66.1	64.5
Textiles	43.7	52.3	49.9
Minerals	67.4	72.8	69.1
Miscellaneous	65.8	62.9	61.8
Complete Index ...	60.4	65.3	63.4
1913 = 100	83.1	89.9	87.3
1924 = 100	52.2	56.4	54.8

It will be observed that, during the past fortnight, the reaction has been most violent in the case of the textiles group.

Cotton Trade Wages.—When the cotton-weaving operatives in Lancashire refused to ratify the provisional agreement on the "more looms" system, consideration was given by the employers to the question of demanding a general reduction in wages. On Tuesday last there was a meeting in Manchester of the Central Committee of the Manufacturers' Association, and reports were received from the district organisations. There was no official statement at the close of the meeting, but since then, writes our Manchester correspondent, it has been learned

that there was a wide difference of opinion as to the advisability of making a claim to the trade unions for a general reduction in wages. Owing to the absence of unity it was decided to ask the representatives of the trade unions to meet the employers in joint conference to discuss the trade situation "with special reference to wages." The joint meeting will take place on Tuesday next. Although this section of the industry is still doing very badly, a number of manufacturers have fair order lists, and it has been realised that if a wages reduction were claimed there would be a danger of a stoppage of production. Such a development would be very unsatisfactory to numerous firms, and the opposition has been sufficiently great to prevent drastic action. During the last few months there has been increasing irregularity in labour and wages conditions in Lancashire. Several firms have reopened their sheds with an agreement with the operatives for a reduction in wages of 10 to 12½ per cent. below the present standard. Other manufacturers are working under the "more looms" system. In the circumstances more irregularity in cloth prices is beginning to show itself, and firms that are working on special terms with the workpeople have a distinct advantage in competing for orders in the market. It is understood that at the joint conference next week the employers will point out the disadvantage of these varying conditions and suggest that it would be good for the trade for a general reduction in wages to be arranged and thus to eliminate the special cases, which are increasing in number. It is doubtful, however, whether the leaders of the operatives will agree to any suggestion of this kind.

Central Electricity Board.—The publication of the fourth annual report covering the year ending December 31, 1931, marks the virtual completion of the work of the Central Electricity Board in surveying Great Britain in connection with the development of the Grid, in obtaining the necessary wayleaves for the erection of transmission towers, and in the placing of contracts for the structural work. Henceforth the problems before the Board will turn rather upon the sale, rather than upon the generation of current. Wayleaves acquired for the Board's primary transmission lines during the year covered by the report amounted to 1,286 miles, leaving only 225 further miles to be obtained. In secondary transmission, or lower voltage lines, 424 miles of wayleaves were obtained during 1931, bringing this total to date to 779 miles out of a final estimated total of 1,059 miles. In addition, by the end of 1931, sites for 15,452 towers out of an estimated total of 17,265 required for primary lines, and 6,918 sites out of an estimated total of 8,878 sites for secondary lines had been secured. In actual construction, the year 1931 witnessed the erection of 1,143.6 miles of main transmission lines, and of 350 miles of secondary lines, bringing the totals constructed by the end of 1931 to 1,775 miles and 534 respectively. In the placing of contracts the year 1931 fell considerably behind those covered by previous reports. The actual value of these amounted to £3,584,000, compared with a value of approximately £11,000,000 of contracts placed during 1930. The fall is due, as already indicated, to the nearing in completion of the preliminary work connected with the development of the "Grid." The total value of contracts placed up to the end of 1931 by the Board with electrical manufacturers of this country amounts to £21,848,869. Examination of the details of the several schemes shows that greatest progress was made in the Central Scotland Scheme, the first to be adopted by the Commission in 1927. All the main transmission lines had been erected and were in actual operation by the end of 1931. In the Central (1928) and South-East England (1927) Schemes 364 and 370 miles respectively of main transmission lines had been erected, and in both cases approximately two-thirds of this mileage was in operation. The other scheme, in which actual operation had commenced by the end of the year was that of Mid-East England, the length of route in this respect amounting to nearly 100 miles out of a total erected of 110 miles. In order to show the relative sizes of the Schemes comprising the "Grid" the following

table has been drawn up giving, together with the related population and areas covered, details of the values of contracts entered into by the Board:—

Name of Scheme.	Area (Square Miles).	Population (1931 Census). 000's.	Contracts Entered Into. £'000's.
Central Scotland	4,980	3,785	1,774
South Scotland	4,308	252	384
North-East England ...	5,049	2,701	1,239
North-West England ...	9,082	7,131	3,209
Mid-East England	7,546	4,914	2,398
Central England	7,311	5,603	2,484
East England	3,438	783	490
South-East England ...	8,828	12,519	7,740
South-West England ...	17,090	6,298	2,130
Total schemes adopted	67,632	43,985	21,849
Remaining area	20,509	806	...
Great Britain	88,141	44,790	...

It will be noticed that the total of the nine Schemes adopted to date cover 77 per cent. of the total area, and 98 per cent. of the total population of Great Britain. During 1930 the Board's power to borrow was increased from £33,500,000 to £50,000,000, and this latter figure remained unaltered at the end of 1931. Consents for borrowing were issued by the Commissioners during 1931 to the amounts of £4,700,000 for the purposes of the Grid and £2,000,000 for the purpose of standardisation, bringing the total amounts to date to £25,200,000 and £7,500,000 respectively, or to £32,700,000 in all. Stocks issued by the Board during the period covered by the Report include £3,000,000 of Central Electricity 5 per cent. Stock 1950/70, issued privately during October and November, 1931, and £7,000,000 of Central Electricity 5 per cent. Stock 1955/75, issued in January, 1932. The total amount borrowed by the Board at the end of December, 1931, was £17,862,500, while the total amount of securities issued and outstanding was £18,943,091. Capital expenditure on all purposes at the same period amounted to £20,116,820. No details are given in the Report in the nature of an operating revenue and expenditure account.

The Motor Industry in 1931.—By the courtesy of the Statistical Department of the Society of Motor Manufacturers we are able to publish a provisional estimate of the production of motor vehicles in this country during the past year. For purposes of comparison we have added the figures for North America:—

Period.	NUMBER PRODUCED. (000's omitted.)						
	United Kingdom.			United States.		Canada.	
	Total.	Private Cars.	Commercial Vehicles.	Total.	Private Cars.	Total.	Private Cars.
1927	212	165	47	3,401	2,941	179	147
1928	212	165	47	4,359	3,821	242	197
1929	239	182	57	5,358	4,586	263	207
1930	237	172	65	3,355	2,785	154	125
1931	223	160	63	2,390	1,973	83	63

Although the output of the British motor car industry is small in comparison with that of the United States, the results for the past year are, nevertheless, encouraging. The number of motor vehicles produced in the United Kingdom in 1931, at 223,148, shows a decline of only about 6 per cent. on the past year, whereas in the United States and Canada, production decreased by 29 per cent. and 46 per cent. respectively. The drastic decline since 1929 in factory sales in North America suggests that the saturation point had been narrowly approached in that year. As a consequence, the progressive reduction in purchasing power during 1930 and 1931 had a disastrous effect on sales. The smaller decrease in the production of this country indicated that the limit of potential demand had not been reached before the world depression. The next table shows the exports of motor vehicles from North America and the United Kingdom during recent years:—

Period.	NUMBER EXPORTED. (000's omitted.)						
	United Kingdom.			United States.		Canada.	
	Total.	Private Cars.	Commercial Vehicles.	Total.	Percentage of Production.	Total.	Percentage of Production.
1927	36	16.8	Not available	384	11.3	57	32.1
1928	33	15.4	26	508	11.6	80	32.9
1929	42	17.7	34	547	10.2	102	38.6
1930	30	12.5	23	238	7.1	47	30.3
1931	24	10.8	19	130	6.6	14	16.7

The decrease in the ratio of exports to production shows that the shrinkage in demand has been even more pronounced in the principal importing countries. The Canadian motor industry has nearly been driven off the field by the enormous drop in sales at home and abroad. During the last quarter of 1931 production in Canada averaged only 1,700 units per month, and by December her exports had reached the low figure of 244 units. The decline of about 6,000 vehicles in British exports as compared with 1930 may be compared with a drop of nearly 8,000 units in imports. New registrations of motor vehicles in this country during the past year, at 204,300, were only 18,500 below those of the preceding year. Of this total, private cars accounted for 139,300, against 155,000 in 1930 and 165,000 in 1929.

French Estates.—The Government Finance Department, writes our Paris correspondent, has now published detailed statistics setting forth the number of estates which passed at death in 1930, in the form of some interesting figures from which approximate conclusions may be drawn as to present-day French family fortunes. The total number of successions declared was 360,490, of which 3,259 were estates in regard to which debts represented more than the entire value (the excess of liabilities in these cases totalling 50,670,000 francs). Of the 357,240 successions where assets exceeded liabilities, 31,458 brought in debts payable totalling 605,725,000 francs. The vast majority of the estates, numbering 325,782, had no outstanding liabilities whatever attaching to them. The general trend of private capital accumulation since the *de facto* stabilisation of the franc at its present level in 1926, may be gathered from the following table showing the comparative numbers and values of "productive" successions declared in each of the four years:—

	No. of Estates.	Net Values. Frs.
1927	381,456	12,142,639,216
1928	359,981	13,478,108,271
1929	388,620	15,894,351,656
1930	357,240	15,978,934,378

It will be noted that, while the total number of successions has appreciably decreased, the total value steadily increased each year, the value having risen 11 per cent. in 1928 and 17 per cent. in 1929, but only ½ per cent. in 1930. Classified according to their importance, the successions registered in 1930 worked out as follows:—

Categories.	No. of Estates.	Net Total Value. Frs.
1 to 500 frs.	31,505	8,538,280
501 to 2,000 frs.	51,298	66,080,278
2,001 to 10,000 frs.	113,460	636,015,468
10,001 to 50,000 frs.	112,767	2,535,556,808
50,001 to 100,000 frs.	24,911	1,667,486,489
100,001 to 250,000 frs.	14,769	2,146,988,051
250,001 to 500,000 frs.	4,668	1,581,429,596
500,001 to 1,000,000 frs.	2,102	1,482,250,818
1,000,001 to 2,000,000 frs.	1,002	1,409,635,460
2,000,001 to 5,000,000 frs.	522	1,530,020,451
5,000,001 to 10,000,000 frs.	167	1,142,627,729
10 to 50 millions	62	1,129,857,022
Over 50,000,000 frs.	7	642,386,908
	357,240	15,978,934,378

The figures suggest that the seven estates of over 50,000,000 francs averaged well below the 124,000,000 francs necessary to reach the equivalent (in sterling, par value) of the amount represented by the minimum British

millionaire estate. The seven successions of over 50,000,000 francs (10,000,000 pre-war francs, or £400,000) totalled 642,000,000 francs, as compared with five similar estates, totalling 590,500,000 francs in 1929. Total successions of over 1,000,000 francs (say £8,000 at par) numbered 1,760 in 1930, for a total of 5,584,000,000 francs, as compared with 1,684 in 1929, for a total of 5,507,000,000 francs. While the number of large estates has increased, the number of successions of 2,000 francs and less has declined. Nine-tenths of the total successions in 1930 were under 50,000 francs (say £400 at par).

The 1930 Census of Production.—Volume VIII of the preliminary reports of the Census of Production of 1930, published in a recent issue of the *Board of Trade Journal*, deals with chemicals, petroleum refining and cement. The following summary shows the gross value, the net value (gross value less cost of materials and work given out to other firms), and the net output per person employed in the various industries in 1924 and in 1930:—

Industry.	Gross Output.		Net Output.		Net Output per Employee.	
	1924.	1930.	1924.	1930.	1924.	1930.
	Thous. £	Thous. £	Thous. £	Thous. £	£	£
Chemicals, dyestuffs and drugs	54,472	50,665	24,696	25,111	369	356
Fertilisers, disinfectants and glue	7,695	5,847	2,774	2,629	287	300
Explosives and fireworks	5,306	5,252	2,803	3,055	328	325
Petroleum refining	14,062	16,128	3,411	5,208	503	926
Cement	8,071	8,077	4,899	4,637	361	417

The decline in the total value of chemicals, dyestuffs and drugs is ascribed mainly to the reduction in the cost of materials used from £29,765,000 in 1924 to £25,546,000 in 1930. While it is impossible to measure changes in the aggregate volume of the production of chemicals, the slight advance in the total net selling value, and the increase of over 5 per cent. in the operative staff, suggests an appreciable expansion of the industry as a whole between the two census years. This conclusion is confirmed by a rise of 2.2 per cent. in the official index of production. The decrease in the total net selling value of fertilisers, disinfectants and glue, conceals a substantial quantitative expansion. The total production of simple fertilisers (basic slag, superphosphates and sulphate of ammonia) rose from 1,330,000 tons in 1924 to approximately 1,600,000 tons in 1930. The increase in the net output per employee in the petroleum refining trade from £503 in 1924 to £926 in 1930 reveals a striking improvement in the technique of petroleum refining. The total output for sale in 1930, at 603,593,000 gallons—shows an advance of about 18 per cent., while the total net selling value rose by 53 per cent. The average value per gallon of imported crude petroleum in 1930 was 44 per cent. below the level of 1924. The production of cement for building and engineering purposes rose from 3,281,400 tons in 1924 to 4,943,200 tons in 1930. The relatively smaller increase in the total selling value from £6,839,000 to £7,346,000 is explained by a decline of about 30 per cent. in the average selling value per ton.

Argentina.—Our Buenos Aires correspondent writes:—The announcement of the intention to issue a "patriotic" loan of \$500,000,000 paper, part of which will to all intents and purposes be underwritten by the Conversion Office, has brought Argentine financial matters to a head. Following a series of Cabinet meetings, the plan outlined by Dr. Hueyo, Minister of Finance, was adopted, but attention may be drawn to the rather significant fact that Dr. Raul Prebisch, who has acted as Under-Secretary of Finance since September, 1930, and is particularly well posted in the inner working of the administrative side of the national finances, has resigned, being in disagreement with the policy adopted by his chief. The Government proposal is to bring budget outlay within the figures of the 1929 estimates, even although in the doing of this it will be necessary to institute salary cuts running up to 10 per cent. Thus all increased outlay approved since 1929 becomes automatically inoperative as far as the spending

departments are concerned. The Minister of Finance has not, down to the time of writing (March 24th), been able to issue a detailed statement covering the minor points of the measure, but the main aim is to supply the administration with ready funds immediately. A "patriotic" loan of \$500,000,000 paper will, therefore, be proposed, and the law relative to the system of re-discount will be amended to permit the handling of Government paper. This difficulty removed, the Government will be empowered to obtain notes, against the bonds of the proposed loan, from the Conversion Office; with the stipulation that the percentage of gold cover to the total circulation must not fall below the established 40 per cent. In practice this will mean that a sum of approximately \$223,000,000 paper will be at once obtainable; but, as and when the public subscribe to the loan, the funds they pay in, presumably through the banks, will be used to withdraw the bonds required. An autonomous committee, comprising four banking representatives, the President of the Conversion Office, and a delegate of the Rediscount Committee, will control the funds thus obtained. In a later statement to the Press, Dr. Hueyo explained that there was no time to draft a scheme for a Central Bank, the Government requiring here and now \$100,000,000 paper to meet overdue salaries, and \$300,000,000 paper for overdue accounts; and, in addition to this, there was the heavy and technically illegal Treasury overdraft in the Banco de la Nacion. Thus the Government proposals are in their essence straightforward and practicable, if Congress will but pass them as they stand without discussion. Unfortunately it is already clear that this common-sense course is too much to hope for. The fact that the funds named above must be found, here and now, will not, one greatly fears, prevent the various party groups from exercising, not only their oratory, but also their ability to veto the proposal. What will then be done is hard to say, but everything points to the likelihood that an issue of notes would then be inevitable. There are advocates of debt suspension, but they are in the minority. Argentina's financial troubles to-day are chiefly internal and, one may reasonably hope, of a temporary nature.

Bank of Scotland.—The accounts of this famous Scottish institution for the year ended February 29th last record a shrinkage in profits from £367,000 to £268,000. In part this contraction is the natural consequence of the decline in the bank's resources, for deposits have fallen from £32.5 to £30.8 millions, and advances, the most remunerative asset, from £16.7 to £15.1 millions. At the same time, the Bank of Scotland, in common with other banks, has had to deal with the problems of bad and doubtful debts and the depreciation of its investments; indeed, the report categorically states that full provision for bad and doubtful debts has been made from inner reserve. The directors have decided to repeat the previous dividends of 18 per cent., but to make no allocation to published reserves. This decision suggests that this year the directors have levied upon gross earnings a bigger toll than usual for the benefit of inner reserves, and that the actual shrinkage in profits may not be quite so big as appears from the published results. If so, the directors have done no more than is required of them in these uncertain times, when too generous provision for unforeseen events cannot be made. The salient features in the accounts are reproduced below:—

	February 29th.	1930. £'000.	1931. £'000.	1932. £'000.
Liabilities:—				
Capital	1,500	1,500	1,500	
Reserve fund	2,000	2,100	2,100	
Deposits	32,258	32,535	30,828	
Note circulation	3,041	2,995	3,064	
Acceptances	802	622	500	
Assets:—				
Cash	3,124	3,021	3,024	
Balances with other banks	252	344	364	
Cheques in transit	1,762	1,864	1,154	
Call money	2,689	2,425	2,505	
Discounts	2,104	2,040	1,740	
Investments	11,336	13,283	13,777	
Advances	17,852	16,722	15,081	
Net profits	366	367	268	
To reserve fund	117	100	Nil	
Dividend	18%	18%	18%	

From a wider aspect, the most ominous feature of the accounts is the decline in the item "cheques in transit," for this is a reliable index of the rate at which money is circulating and so of the activity of general trade. The balance sheet as a whole shows that the bank's strength has in no way been impaired, and the ratio of liquid assets to deposits still stands at 28.5 per cent., as against 29.8 per cent. last year, while a further 44.6 per cent. of the deposits are covered by investments consisting almost entirely of British Government securities.

Anglo-Portuguese Colonial and Overseas Bank.—It will be recalled that when, just over two years ago, the Banco Nacional Ultramarino became virtually the Bank of Issue for the Portuguese Colonies, it found it advisable to transfer its London business to a new British subsidiary, the Anglo-Portuguese Colonial and Overseas Bank. This subsidiary has now been in operation for two years, and the report and accounts for the second year have just become available. These show that the bank has had serious difficulties to contend with in the shape of dwindling resources, but the report ascribes the loss on the year 1931-32 to the severe fall in the prices of securities. Out of the bank's £234,000 of investments, £166,000 consist of British Government securities, and here the loss is being rapidly recovered. Another holding consists of an investment in an "Associated Company," whose character is unspecified, and here the report states that, as a result of a rearrangement with the vendors, this has been re-valued, and the bank has been relieved of the depreciation in value occurring during the year ended January 31, 1932. The investment is subject to an option which fixes its value to the bank at the figure now appearing in the balance sheet. The bank has no commitments subject to the standstill agreement in Central Europe; and, as the accounts show, 48.7 per cent. of the deposits are covered by cash. The salient features in the accounts are reproduced below:—

	Year ended January 31,	
	1931. £'000.	1932. £'000.
Liabilities:		
Capital	1,000	1,000
Loans at call	195	55
Deposits	552	427
Acceptances	652	138
Contingent liabilities:		
Forward exchange contracts	1,389	1,443
Endowments	1,234	752
Assets:		
Cash	303	208
Balances with banks abroad	38	60
Loans at short notice	83	...
Discounts:		
British bills	156	82
Foreign bills	37	32
Investments	343	233
Advances	228	265
Banco Nacional Ultramarino account	467	488
Preliminary expenses	18	...
Goodwill at cost	95	95
Net profit (+) or loss (—)	+21	—22

In judging these results, it must be remembered that the bank is a subsidiary and that the shares are not widely held. Hence criticism of such items as the £95,000 for goodwill, the treatment of the investment in the associated company, and the relatively large sum of £488,000 due by the parent bank must be qualified by the consideration that any loss arising from these items will fall upon the parent bank, which is doubtless ready to run any risk of loss as part of its general policy. The important factor is the security behind the loans at call and deposits. These are practically covered by such sound and liquid assets as cash, United Kingdom bills, and British and Indian Government securities, such assets between them amounting to £457,000, against £482,000 of outside liabilities, etc.

Skandinaviska Kreditaktiebolaget.—The reactions of the Kreuger and Toll difficulties upon this Swedish banking house, which have culminated in the resignation of Mr O. Rydbeck from the chairmanship, and in the extension to the bank of Government support to a total of Kr. 100 millions, together with further support of Kr. 40

to 50 millions from other Swedish banks, render the report for the year 1931 largely of historic interest. It may be useful, however, under present conditions, to place on record the position of the bank as shown by the most recent accounts, and these are summarised below:—

	December 31st,	1929. Kr. '000.	1930. Kr. '000.	1931. Kr. '000.
Liabilities:—				
5½ per cent. Registered certificates	100,000	100,000	100,000	
Share capital	87,188	87,188	87,188	
Reserve fund	94,812	94,812	94,812	
Deposits and savings accounts	380,670	410,831	443,426	
Current accounts:—				
At sight	109,644	120,901	137,809	
At notice	80,299	67,271	35,067	
Due to other banks:—				
Swedish	28,947	54,273	28,472	
Foreign	21,777	72,515	16,646	
Bills at sight in circulation	21,253	19,028	20,763	
Sundry accounts	23,231	35,491	38,529	
Assets:—				
Cash	14,756	16,871	13,411	
Bills at sight and foreign money	10,111	11,699	13,955	
Swedish bills	193,585	183,375	174,387	
Foreign bills	22,474	30,810	35,920	
Loans	443,290	464,625	463,583	
Current accounts	104,968	193,258	175,608	
Due by other banks:—				
Swedish	2,792	1,910	4,192	
Foreign	77,731	31,445	18,285	
Sundry accounts	38,077	71,680	45,000	
Bonds	38,764	53,490	50,258	
Shares	4,928	7,961	10,629	
Gross profits	29,373	29,330	35,987	
Expenditure	12,843	13,562	13,252	
Written off bonds	Nil	Nil	4,828	
Written off shares	Nil	Nil	2,744	
Written off debts (net)	1,943	1,343	4,126	
Net profits	14,587	14,425	11,037	
Dividend per share	Kr. 18	Kr. 18	Kr. 15	

It is noticeable that, although the report is dated February, 1932, the directors thought it advisable to allocate unusually large amounts to writing down the bank's holdings of shares and bonds and its doubtful debts, and that these appropriations reduced the net profit from Kr. 14.4 to Kr. 11.0 millions, and enforced a reduction in the dividend from Kr. 18 to Kr. 15 per share. The course of world events is reflected in the mutual reduction of liabilities between the Skandinaviska Kreditaktiebolaget and its foreign banking agents and correspondents. As regards the principal earning assets, there is naturally nothing to show the extent to which they are affected by the Kreuger and Toll difficulties, and so it is at present impossible to pass any opinion upon them. It is to be hoped that the bank will be able to re-assess these assets at their true value and to recast its balance sheet with the smallest possible delay, as only by so doing can it restore confidence in its solvency. The directors would, indeed, be well advised to issue a provisional statement delimiting the extent of their likely losses, as this would be calculated to reassure opinion.

New Capital Issues in the United States.—Through the courtesy of the *New York Journal of Commerce* we are able to supplement our recently published statistics of British capital issues during the first quarter of 1932 with a comparative table for the United States:—

	Year 1929.	Year 1930.	Year 1931.	First quarter 1932.
Foreign:—				
Government	178,816,161	688,923,588	153,612,233	Nil
Corporate	284,503,847	433,498,000	176,650,000	Nil
Domestic:—				
Municipal	1,074,476,451	1,064,402,752	1,095,359,777	225,123,948
Railroad	528,659,620	986,791,670	353,354,000	3,425,000
Public utility	1,559,144,726	2,228,859,584	1,386,768,065	115,700,000
Industrial	2,578,364,051	1,082,603,506	265,925,720	150,000
Others	2,550,867,842	582,486,938	147,197,400	60,731,500
Totals	8,754,832,698	7,067,566,038	3,578,867,195	405,130,448

No issues were made by foreign Governments and foreign corporate issues during the first quarter of 1932. New issues in the United States continue to show a downward trend.

INSURANCE NOTES.

London Life Association.—The London Life (including the Clergy Mutual and the Metropolitan) entered upon 1931 with surplus resources (over and above the actuarial reserves) of £920,000, on funds totalling £22 millions. At the end of 1931 it was faced with depreciation on Stock Exchange securities of £1,630,000, to meet which the carry forward of £920,000 and the ordinary trading profits of the year, some £550,000, were together insufficient. Moreover, the usual annual valuation and distribution of bonuses was due to be made. Following the precedent set elsewhere, a decision might well have been taken to announce a postponement of revaluation of assets and of distribution of bonuses. Instead, the association has boldly chosen, by a radical recasting of the whole basis of its actuarial reserves, to provide for the whole of the depreciation, and at the same time to set free from actuarial reserves a sum sufficient to permit a declaration of bonuses, though on a reduced scale. This apparent conjuring trick has been accomplished by the open abandonment of what is known technically as the "net premium system" of valuation in favour of the "bonus reserve system." Adequate discussion of the distinction between the two methods is impracticable here, and the briefest description must suffice. The "net premium system" implies the use of an artificially low rate of interest (usually 3 per cent., and sometimes less), and mathematical premiums on the same basis, and the net result of the assumptions made is the production of reserves vastly greater than are required to meet the liabilities for the sums assured and existing bonuses, though broadly sufficient in the aggregate to ensure the continuance of future bonuses at the current rates. To supplement the information afforded by this conventional net premium valuation and to provide more exact justification for their bonus distributions, actuaries are accustomed to revalue the existing liabilities by the more realistic method of assuming rates of interest, mortality and expenses, more in consonance with actual experience, and then to assign as a definite liability the cost of declaring bonuses at approximately the current rate for the whole future duration of the existing policies. This is what the London Life has done, with the exception that the supplementary valuation has been adopted as the published basis. The "old Equitable" set the lead a year ago, and the London Life, which has much in common with its sister institution, has followed in direct succession. In the new basis, interest has been assumed at 4 per cent., combined with a modern mortality table, and an allowance for expenses which, though unstated, may be presumed to conform to the actual expenses, and the financial results of 1931, together with those for 1930, are detailed below:—

	1930. £	1931. £
Ordinary trading profits of the year	547,322	555,423
Profits from investments realised	150,035	24,215
Amount set free by adoption of new valuation system	...	1,272,230
Taken from general reserve fund	5,000	205,000
Amount brought forward from preceding year	85,485	52,645
	787,842	2,109,513
Allocations:—		
To Bonuses to policyholders	398,221	343,626
„ Strengthening of actuarial reserves	32,690	...
„ General reserve fund	30,000	40,000
„ Amount written off investments	202,286	1,000,000
„ Investment reserve fund	72,000	350,000
„ Amount carried forward	52,645	375,887
	787,842	2,109,513

The allocations to investment reserve fund have raised the fund to £750,000, and this, together with the amount directly written off, more than suffices to cover the depreciation on December 31st last. After meeting this, it is stated that the assets exceed the actuarial liabilities by more than £600,000. Taking as an example the reversionary bonus fund of the London Life, the liabilities include the cost of declaring each year in future a reversionary bonus of 30s. per cent. compound. These two facts, taken in conjunction with interest earnings last year at the rate of £4 9s. 3d. per cent. net, compared with the

rate of 4 per cent. used in the valuation, appear to provide ample justification for the large release of reserves, and the distribution of a reversionary bonus of 35s. per cent. compound. It may, indeed, be said with truth that the London Life in this notable report has demonstrated in its own position the unshakeable solidity of British life assurance institutions.

Scottish Amicable.—It is clear that the financial difficulties of 1931 have prevented any quantitative expansion in this society, for, as a result of the operations of the year, the total assurances in force increased by no more than £40,000 on a total of nearly £23 millions; and yet the society issued during the year new policies for sums assured of £1,187,000, a figure not appreciably less than the 1930 new business of £1,810,000. Since claims occurring by death and by maturity called for much the same sum last year as in 1930, the failure of the business in force to respond to this large volume of new business must have been due to the strain of policies surrendered and lapsed. This is borne out by the fact that the society paid in surrenders on policies, and in bonuses surrendered for cash, the sum of £135,000, compared with only £94,000 in 1930. The interest income was greater but the increase was more than neutralised by the rise in the income tax, with the result that the net rate earned fell from £4 14s. 3d. per cent. to £4 11s. 5d. per cent. The expense ratio rose from 14 per cent. to 15.1 per cent., but the increase is accounted for by the fact that the 1931 accounts include the special expenses connected with the quinquennial valuation due at the end of 1930. The balance sheet, which shows total assets of £11 millions, contains few changes in the classification of the assets, and it would seem that the society's new investments last year were made almost exclusively in British Government securities. Last year it was stated in the report that the aggregate of the market values of the assets was "substantially in excess of the amount appearing in the balance sheet." On this occasion the chairman stated in his speech at the annual meeting that on December 31, 1931, the book values of the assets were some £500,000 less than the market values, and that this difference was more than covered by the general reserve fund of £500,000.

British and Foreign Marine.—This company has exemplified in its own experience the fact that it has been possible to secure in recent years a profit from the conduct of marine insurance. The evidence of this is contained in the company's record over the past five years:—

Year.	1st and 2nd Year Claims Premium and Transfer to			
	Income.	Suspense Account.	Expenses.	Surplus.
	£	£	£	£
1926	469,493	366,979	96,462	6,052
1927	502,387	385,100	93,152	24,134
1928	611,729	461,141	99,239	51,349
1929	550,408	435,158	95,222	20,028
1930	454,580	308,045	95,391	51,144

The outcome of the 1930 account has been unexpectedly satisfactory, since first-year claims in the account were rather heavier than in former years. In 1931 the premium income shows a small increase to £482,000, and as first-year settlements have been lower in absolute amount, the account enters upon its second year with 55 per cent. of the premium income in hand, as compared with 51 per cent. in the case of the 1930 account a year ago. Fire insurance business, the transaction of which was commenced in 1929, is responsible for a small income of £29,000, on which a profit was earned of £3,900. The net underwriting surplus resulting from the year's operations was £17,750, compared with £21,300 in 1930. The interest earnings are virtually sufficient to cover the dividend, which is maintained at the same rate as for 1930, namely, 18½ per cent., and is paid to the Royal, as proprietors of the company's share capital. In order to meet the depreciation on investments during the year, a general contingencies fund of £233,000 has been created by a transfer from suspense account of £165,000, and the balance from profit and loss account. This is stated to be sufficient to provide for the depreciation in the book values of the investments of £2,600,000.

Life Assurance of Scotland.—The year 1931 was the beginning of a new triennial valuation period. Bearing in mind the general circumstances of the year, and also the fact that the concluding year of a valuation period is usually accompanied by a larger influx of business, the decline in the new business transacted from £1,376,525 to £1,212,891 may be regarded as not unsatisfactory. The general difficulties of the year are reflected in a large increase in the amount paid out on surrendered policies, and in the failure of the interest income to show a normal increase. In regard to the latter, the rate of interest earned on the funds has declined from £4 12s. 6d. per cent. net to £4 9s. 2d. per cent. net. The expenses in this company are on rather a higher level than in other comparable offices, and the ratio of these to premium income at 19.4 per cent. shows some increase over that of the preceding year. The company is a proprietary one with a small paid-up capital of £100,000, consisting of 10,000 £40 shares, each with £10 paid up. The dividend is £2 per share, and the price of the shares at £45 is exactly the same as that twelve months previously. Indeed, in the Insurance Share Index, which we publish from time to time, it is shown that the shares of this company, alone amongst the companies represented in the Index, showed an appreciation during the year 1931.

Overseas Correspondence.

UNITED STATES.

Finance — Industry — Money — Prices.

(FROM OUR CORRESPONDENT.)

NEW YORK, March 28.

WALL STREET has been forced to take a rather gloomy view of the prospect for domestic recovery by the disappointing action of Congress. Due allowance must be made for the fact that this is a political year, and that even the staunchest supporters of sound economic and financial measures give way under pressure for political advantage, real or fancied, and that more attention is paid to the credit than to the cash. However, after decisively rejecting the proposed sales tax, which it was hoped would yield nearly \$600 millions in a year, Congress has floundered about with alternative schemes for making good the deficit. It has found none that give much chance of success, apart from a whole series of special excise taxes which would meet with perhaps even more determined opposition than did the general sales tax. This gives rise to the hope that after a delay of a fortnight or so leaders of both parties may again marshal enough votes to reconsider and pass a sales tax Bill.

Speaker Garner of the House has apparently taken fresh courage and is attempting to secure the support of the majority party for an early balancing of the Budget, which doubtless means reconsideration of the sales tax. The Administration is said not to be discouraged over the outlook. Markets, however, are plainly disappointed, perhaps as much by threats of special taxation on security trading and of huge appropriations for a soldiers' bonus and other forms of dole as by the muddling and the reluctance to face adequate taxation, to say nothing of reduced expenditures.

Even with no disturbing elements such as the tax uncertainty, the trade position is not one to inspire determined recovery in the markets. Although it clings to the hope of some belated rise in activity, the steel trade has lost further ground, and now, at well below 25 per cent. of capacity, is operating near the low levels of the year end. Industrial production on the whole, according to the Federal Reserve Board's review, increased slightly in February and early March, but the gain was less than seasonal. The board's index, making allowance for usual seasonal variations, declined to 70 from 71 per cent. of the 1923-25 average. Textile and shoe factories enjoyed more than seasonal gain, but motor output was 35 per cent. under a year ago, and for the first time in many years fell

below January. Output here and in Canada was 122,890 vehicles. Building contracts, on a daily average, were fairly steady to the middle of March at about 65 per cent. under a year ago. Railroad traffic felt none of the seasonal improvement, though the earning statements for February are running at only about 30 per cent. from a year ago, against a fall of 70 per cent. in January. The difference is due to the saving in expenditure on wages, the reductions having gone into effect on February 1.

Meanwhile the financial situation continues to improve. Reopenings are reported for 32 banks in February, against closings of only 115, according to the Federal Reserve Board's report, and failures are now sporadic and without effect on confidence. Currency continues to return to the banks, although almost no sales were made of the much-discussed "baby bond" offering by the Treasury designed to lure currency out of hoarding.

Last week, circulation dropped \$42 millions, and now stands only \$933 millions above a year ago. Other changes in the Federal Reserve system accounts were of no great moment. The reserve ratio was slightly higher at 70.6 per cent. and the monetary gold stock rose \$7 millions. Banking authorities and others regard the current sharp gains in foreign currencies against the dollar as threatening a resumption of gold exports, four European currencies now being at or nearly at the gold point. However, due provision has already been made for the withdrawal of foreign balances, and no anxiety will be caused so long as there is not heavy pressure on markets for liquidation of foreign-owned American securities. It is thought that before anything of the sort happens it will have become clearer that sound financial measures will be taken at Washington.

In the first three months nearly \$112 millions in gold was removed from earmark at the Federal Reserve Bank, more than half going this month. Not all this gold has been shipped abroad, but a good deal has gone to France. It is now calculated that gold under earmark is \$318 millions, the bulk being held by the Bank of France. Almost no gold was exported last week, imports were negligible, and \$3 millions were released from earmark.

Money has continued easy without special occurrence. The Federal Reserve Bank has cut its bill buying rate. This brought it into line with the open market, and does not necessarily mean the renewal of pressure for lower rates. It is unlikely that the Federal Reserve will get many bills under present conditions. The British Treasury is expected to pay off the \$30 millions in bills bought by the banking syndicate here which made available credits last summer. The \$20 millions due April 5th, it is understood, will also be retired, but this remainder of \$50 millions of the original \$200 millions credit is not expected to be cancelled at this time. Bankers here are sorry to see the bills taken up, as they found the credit a desirable employment for their funds.

Another sign of returning confidence in banks is the decision of the National Credit Corporation to return to its subscribers 15 per cent. of the money paid in. This corporation was formed by the banks to lend money to such banks as were solvent but frozen and were having or expected to have heavy deposit drains. The amount thus released was \$20 millions. Altogether the corporation has helped 1,200 banks and lent \$190 millions. It had called for payment of \$135 millions from its subscribing banks. Further repayment is expected, as banks taking aid repay their loans, and eventually the functions of the corporation will be taken over by the Reconstruction Finance Corporation.

New capital issues have shown no sign of appearing, except for municipal financing and Treasury borrowing, the former running from \$15 to \$35 millions weekly. Banks holding \$13 millions of 6 per cent. Argentine notes, due April 1, are negotiating with the Buenos Aires Government for an extension of time, and it is thought likely that this will be arranged, thus obviating a shipment of gold or a reduction in the Argentine holdings of exchange.

VIEWS

Imperial and Parochial

Soundness of judgement usually rests upon an ability to combine the 'close up' with the bird's-eye view. To encourage the wide angle, the Westminster Bank issues a periodical 'Review' of current trade conditions, with surveys based on local reports drawn from all over the country. Readers of *The Economist* may obtain copies monthly, without cost, on addressing a request to the Manager

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FRANCE.

Budget — Railways — Coal — Quotas.

(FROM OUR CORRESPONDENT.)

PARIS, April 6.

THE Budget Bill has been finally approved by the Senate, and became operative as from April 1. Both Chambers have now adjourned until June 1, when a new Legislature will begin after the general elections, the date for which will, apparently, be the first two Sundays in May, by which time the German election results will be known.

The final figures of the Budget (for the nine months ending December 31st), as adopted, were as follows:—

Estimated revenue ...	41,100,883,494
Estimated expenditure ...	41,097,501,752

Estimated surplus ...	3,881,742
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The measure, by common consent, is a makeshift, and has necessarily been balanced only by means of Treasury Bonds, manipulations of the sinking fund and other devices, which the Government has been able to justify by the notoriously exceptional circumstances with which the country's finances are now faced. The Opposition made it clear, by their attitude during the Budget discussions, that they intend to base their attack, during the elections, on the financial policy followed by the present and preceding Ministries; and the Premier showed every disposition to meet them on this ground. "The internal debt, in spite of apparent extinctions," insisted M. Bedouce, an Opposition financial expert, "is now more than 284,000,000,000 francs and larger than at the end of July, 1926" (when M. Poincaré assumed the task of restoring the situation), "and expenditure alone has increased by 124,000,000,000 francs since that date. This aggravation has been due to the simultaneous pursuit of two policies which cannot co-exist—the policy of social betterment and that of an armed peace. Socialists will denounce the latter policy to the electors, and warn them that they must choose between disarmament and bankruptcy." M. Tardieu, in a fighting final reply, said that the Government would "reply shortly" to M. Bedouce and would contest his figures, demonstrate that the expired Legislature had completed M. Poincaré's work, reduced taxation by 6,000,000,000 francs (which the Socialists, who now insist that this amount was excessive, had themselves proposed should be twice as much), and had carried out certain refloations (Compagnie Transatlantique, Banque Nationale de Crédit, etc.) and authorised by decree certain foreign loans.

The Senate Rapporteur stated in his report on the Budget that the total expenditure proposed by the

Chamber for military purposes for the coming nine months was at the rate for the year of 12,814 million francs, or equivalent to an increase of 984,000,000 francs as compared with the previous Budget credits for similar purposes. This was made up as follows: Army, 5,240,000,000 francs (or an increase of 520,000,000 francs); Navy, 3,233,000,000 francs (424,000,000 francs up); Air, 2,550,000,000 francs (350,000,000 francs up); and Overseas Defence, 1,771,000,000 francs (89,000,000 francs up), plus Colonial military expenditure of 691,557,000 francs (70,000,000 francs increase). In the Chamber discussion on March 1st, M. Bouilloux-Lafont, Rapporteur for the Army and Colonial Defence Budget, declared that the total proposed expenditure for the coming nine months was 10,831,000,000 francs, equivalent to 13,775,000,000 francs for the full twelve months. M. Pietri, Minister for National Defence, on the same occasion, stated that the total effective strength of the land and air forces provided for in the 1932 Budget represented 625,000 men, plus 67,000 representing the naval strength, or 692,000 in all. In 1913, the Minister added, M. Painlevé, the then War Minister, in an answer to a written question, stated that the total effectives amounted at that period to 736,000 men.

Complete figures for the past year are now available which indicate that in 1931 the French railways as a whole finished the year with a deficit on working of 2,579,552,000 francs, or double the deficit of 1,293,000,000 francs in 1930. The heaviest deficit was incurred by the State system, where the shortage amounted to over 734,000,000 francs, against 632,662,000 francs in 1930 (exclusive of the deficit on lines belonging to that system which are only partially worked). The P.L.M. lines came second with a deficit of 696,000,000 francs (against 373,000,000 francs). The Est lines, which alone in 1930 showed a surplus (of 63,000,000 francs) this year registered a deficit of 188,000,000 francs. In 1928 and 1929 the State lines and the Midi company alone finished with a deficit on working. The deficit in the common fund of the railways as a whole at the end of the present month will amount, it is declared, to 4,880,000,000 francs. Bond issues by the various systems have recently been authorised to a total of over 6,000,000,000 francs, to provide necessary financial resources. The unfortunate situation of the lines, as has already been pointed out, is due only to a very slight extent to the existing economic difficulties. Passenger rates remain appreciably below their pre-war level, while goods rates have been increased only to a fraction of the extent necessary to compensate for augmented expenditure due to higher cost of labour and materials, and particularly to the operation of the Eight Hours Law. Enormously increased taxation has also been imposed on the railways since the war, which the lines have been unable to pass on to users owing to the refusal of the Government to sanction adequately increased traffic rates.

Coal production figures for February, which were issued last Saturday, indicate a total output from the French mines of 3,825,000 tons, for the 25 working days, against 3,840,000 tons in January (25 days) and 4,331,000 tons in February, 1931 (24 days). Daily production during the month averaged 153,594 tons, with 270,256 labour units engaged, against 180,471 tons in February last year, when 299,105 labour units were working. Metallurgical coke production by the colliery plants in February was 275,447 tons, against 397,964 tons in February, 1931.

A strong protest has this week been forwarded to the President of the Board of Trade by the British Chamber of Commerce in Paris complaining of the "direct and indirect prejudice caused to British trade with France by imposing of quotas on imports of various classes of merchandise and the insecurity of trading resulting therefrom." The protest stigmatises "the complexity of the whole system in practice," and calls attention to the "inevitable abuses and the misuse of inside knowledge secured by certain nations or certain firms to the detriment of others." Curiously enough, protests against the present quota system are also being made to the French Government from French sources. The *Intransigeant* a night or two ago printed a striking article from one of its staff complaining of the "regrettable errors" made by

the French authorities in fixing the quota bases. The article cites the case of sheep imports, and points out that, while Hungarian sheep entries, which have been normally 1,500 a week, have been fixed at 3,800 head per quarter, Germany's quota has been fixed at 13,000 head, which that country is totally unable to furnish, and never has furnished.

GERMANY.

Elections — Trade Restrictions — Polish Agreement.

(FROM OUR CORRESPONDENT.)

BERLIN, April 5.

UPON the termination of the Easter truce, during which all political meetings were prohibited, the presidential election campaign was resumed this week with the greatest keenness. It coincides with the election campaign for the *Landtage* of Prussia, Bavaria and other States, the elections to which take place on April 24th. These elections have an especial importance because, under the German constitution, the administration of the police is in the hands of the State Governments, and the result of the presidential election will undoubtedly have a great influence upon them.

The magnitude of the issue was bound to bring about a very fierce conflict, and the antagonism between the National Socialists and the Hindenburg parties was very much intensified when the public learnt of the preparations which the National Socialists had made, on March 13th, for the possibility of a victory. The sequestration by the Prussian police of documents relating to these plans was the subject of complaint by the National Socialists to the *Staatsgerichtshof für das deutsche Reich*. The proceedings in this court, which has so far made no pronouncement, have revealed that it was Herr Groener, the Minister for the Interior, who brought these questionable preparations of the Hitler Party to the notice of the State Governments and initiated an inquiry. This means that, contrary to an impression which arose at first, Reich official circles have taken just as serious a view of the business as has Prussia. At the moment of writing, the Prussian Government has not yet published the material at its disposal, but the discoveries of the Bavarian Government, which have already been published, make it possible to guess at its content. In Bavaria, the National Socialists intended, immediately their victory was announced on the evening of March 13th, to expel all the more important Government officials who were not members of their party and replace them, by force, with people for the purpose, most of whom were entirely uneducated, and they proposed to forestall police interference with these acts of violence, principally by destroying telephone lines. Such proceedings would, of course, not have been legal even if Hitler had really become President, for not even the President may deal arbitrarily with officials, especially as this programme referred mainly to officials of the State and not of the Reich. What the National Socialists had planned was thus a thoroughgoing *coup d'état*, which would certainly not have succeeded.

The discovery of the plot has stiffened the resistance of the authorities and of the supporters of Herr von Hindenburg. The Berlin Chief of Police has ordered parts of the National Socialist headquarters to be closed, as attacks had been made from them upon passers-by of other ways of thinking. The Chancellor is travelling about in support of Herr von Hindenburg, and is finding larger audiences than Hitler.

The entry into the campaign of the former Crown Prince on Hitler's side has certainly not improved the prospects of the National Socialists. This announcement must offend everybody who remembers that Hindenburg did his best, up to the last possible moment, to maintain the monarchy in Germany. It facilitates the work of canvassing for Hindenburg's supporters, as the fight against Hitler now becomes a fight against both the Fascist and the Monarchist reaction.

The deterioration in foreign trade has caused the *Reichsverband der Deutschen Industrie* to pass a resolution calling for "greater consideration of the interests of national economy" in the allocation of bills of exchange for import purposes, and for "preference for the import of necessities of life, raw materials and certain indispensable semi-manufactured goods." The wording is somewhat obscure, but the sense is clear enough: the allocation of foreign exchange for the import of goods which could by any means be produced at home is to be especially limited, and this is even more clearly expressed in a statement addressed to the Government. The Protectionist tendency of this declaration is somewhat modified by the closing sentences, in which the *Reichsverband* expresses itself just as strongly opposed to "a policy of self-sufficiency as to the currency experiments which are associated with it." Nor was opinion in the *Reichsverband* by any means unanimous, while no less important a Chamber of Commerce than that of Hamburg recently passed a resolution vigorously denouncing the restriction of imports by withholding foreign exchange. There is, however, no doubt that opposition to these views is steadily growing, as German exports become increasingly hampered by duties and other burdens, imposed for the most part through the medium of exchange restrictions. The Reichsbank, which rigidly refrains from any misapplication of its foreign exchange policy for purposes of commercial politics, has nevertheless been obliged by the shortage of foreign means of payment to cut down its allowances of exchange to 65 per cent. of a standard requirement calculated by reference to last year's figures, with due allowance for the decline in prices and in trade. There is, therefore, a great temptation to reserve the limited amount of bills for "indispensable" imports, and very acute insight into the complex of conditions is required in order to realise that the saving on imports cannot balance the injury to export which would be involved, so that the final consequence would be, not an improvement but a deterioration in the trade balance. Nothing is more urgent, on both material and psychological grounds, than international co-operation to make a serious beginning with the removal of impediments to trade.

In one direction, trade with Poland, some small relaxation of mutual restrictions has been achieved, but only some of the measures which have been exacerbating the commercial war since the beginning of the year have been done away with. For almost all goods on which an import prohibition has been imposed since the end of 1931 Germany is to receive import licences sufficient to remove the disadvantage under which German exports were labouring as against those of other countries. The most important German concession consists in the reduction of the German duty on Polish butter from Rm. 172 to Rm. 100 and in a reduction in the duty on Polish eggs. Tariff peace with Poland is still a long way off, and there seems to be no immediate prospect of further progress. The atmosphere, however, has improved, and what is perhaps even more important an example has been forthcoming to show that even to-day, in an exceptionally difficult case, it is still possible to conclude a commercial agreement.

AUSTRIA.

Industry — Finance — Agriculture — Banks.

(FROM OUR CORRESPONDENT.)

VIENNA, April 3.

THE report of the Finance Committee states that the Federal Railways must further reduce their investment activity, at least until the report has been published of the Swiss expert, Dr. Herold, who is to make recommendations for the placing of the railways on a sound basis. Apart from bridge construction, which is obviously unavoidable repair work, the railways have given no contracts of importance. They will undoubtedly exercise still greater caution, and investment activity in Austria will thereby further decrease. Rationalisation activity has also come to a full stop. Until a year ago applications from Austrian industry for duty-free importation of machines for capital development and rationalisation

purposes numbered from 90 to 100 per week; since the beginning of this year the total has been only about 30 per week, and these applications refer almost wholly to small plant or machines. At the same time, the fact that so few orders are going abroad is not helping the Austrian machine industry very much, in view of the lack of capital and the credit difficulties in the country. The machine industry is working at most to the extent of 50 per cent. of normal capacity.

The report of the trade research institute, recently published, states that there has been no change observable within the past few months in the very depressed condition of Austria. Prices are said to be anything but uniform, sensitive prices once more showing a downward tendency. The public shows marked reluctance to buy, and even the greatly reduced prices during clearance sales fail to attract many buyers. In extensive classes there prevails a remarkable shortage of capital. For example, it is said that big firms, whose assets are but slightly burdened, meet with very considerable difficulty in raising credit to the extent of a few tens of thousands of schillings. In according fresh credits, the banks and savings banks are very reluctant. For this reason, the demands of the Vienna Chamber of Commerce that the most stringent restriction on credit should take place in Austria can only be agreed to with reservations, for there is the danger that solid enterprises, which have kept above water up to the present, might begin to flounder.

After April 24th, when the local election fever has died down, Parliament will again occupy itself with combating the deficit in the Budget which is threatening. Reform of unemployment benefit will be necessary. Last year the Federal Government had to meet a deficit of 42.2 million schillings, which could not be covered by the contribution of the workers and the employers. In previous years it was necessary for the State to make advances amounting to 84.8 million schillings, so that its claim is now 126.5 millions, and there is no hope that this money will be repaid. Further increases of the debt can only be checked by a decrease of benefits. The same process will also have to take place in regard to clerks' and employees' insurance and health insurance; and in these cases, too, the sums paid by the institute will have to be cut down. This necessity is also due to the fact that taxes are bringing in less revenue. The reduction of income from the consumption tax in January as against December was from 21.9 to 10.9 million schillings, while Customs revenue fell from 26.1 to 24.9 millions and the merchandise turnover tax from 20 to 18.8 million schillings. It will be largely thanks to considerations of State finance if the plan to issue general import prohibitions falls more and more into the background. It is feared that the consequence of applying this plan might be a big drop in revenue from Customs and from the merchandise turnover tax. Clear evidence of the effect of price advances in diminishing the revenue of the State is available in the case of the post, telegraph and telephone department. In spite of the increase in the rates for telephone service, revenue shows a drop of four million schillings for the first two months of the present year. As a result of the economic crisis, the telegraph and postal services are also declining constantly.

Farmers have been a little more contented lately, for, though they still complain that prices are low, they have a better hold on the Austrian market now as a result of the present Customs policy. It has recently been possible on the Vienna cattle market to cover requirements to an extent of nearly 90 per cent. in the case of cattle and about 75 per cent. in the case of pigs for slaughter. In regard to sugar, too, beet production may this year be such that home products will cover requirements, especially as sugar consumption is falling in Austria and is likely to be 20 per cent. lower this year than last. Furthermore, efforts are being made to become independent of foreign supplies of eggs and poultry. Imports of milk have stopped completely, while imports of butter and cheese have regressed greatly. Attempts are also being made to increase rye consumption, as against the consumption of wheat, in order to limit importation of grain.

It now appears certain that the Bankverein will distribute no dividend, while the Niederoesterreichische Escomptegesellschaft will probably pay one of 5 per cent. In industry, several enterprises will pay dividends, but they will probably be less than last year. Much will also depend upon the further development of the Credit Anstalt affair. This is once more the centre of political interest, and, in view of the approaching elections, the two big parties are trying to shelve the responsibility upon one another. In any case, the public prosecutor is again occupied with the question of the responsibility of the former management and of the board of directors, and has summoned a number of persons to give evidence. It remains to be seen whether, after the elections, the whole question will be allowed to die down again, and the matter be reduced to attending to the liability towards foreign creditors and the Austrian National Bank. Political considerations are playing a bigger part than ever in the treatment of the Credit Anstalt question, particularly as the impoverishment of the masses is progressing rapidly and the search for a scapegoat is becoming frantic.

HUNGARY.

League Report — Economic Situation — Budget.

(FROM OUR CORRESPONDENT.)

BUDAPEST, April 5.

THE Financial Committee of the League welcome the standstill agreement which the Hungarian banks and commercial concerns have just concluded with their British short-term creditors for six months, and recommend the conclusion of similar agreements with Hungary's other short-term creditors. Unfortunately neither the American nor the Swiss and French creditors show much willingness to do this. There are considerably more than 1,000 million pengő short-term loans placed by foreigners in Hungary, and it is obvious to any dispassionate observer that in view of the overborrowed status of the country all these loans are frozen and cannot be thawed out, but must be subject to a general conversion in the form of long-term bonds bearing a moderate rate of interest. The creditors, however, show little eagerness to face facts, and instead of acting together for the common good, they quarrel about priorities of little practical value.

The Budget for 1932-33 will be introduced in Parliament next week. The exhortations of the Financial Committee of the League to make further efforts to balance the Budget, including the undertakings from current revenue, but cutting down the present level of expenditure are very timely. In view of the results for the current year, the Committee do not think that next year's Budget can be balanced at as high a level as 830 million pengő, which figured in the Government's programme last October, or even at that of 810 million pengő, which has recently been publicly mentioned by the Finance Minister; they are strongly of the opinion that this level must be reduced. The probable revenue results of 1931-32—800 million pengő at best—reinforce the Committee's belief that not only must immediate reductions be made, but the Budget for 1932-33 be brought down to a considerably lower level than the figures hitherto contemplated. The League experts' view thus coincides with the opinion expressed in these columns in February, that it would be unwise to budget for more than 750 million pengő in view of the general impoverishment of the country.

Although budgetary expenditure actually incurred in January and February and estimated for March and April is within the rate of the Government's pledge to the League, and total expenditure in all probability will be less—thanks to the careful administration of Baron Kórányi—than the 890 millions limit agreed between the League and the Government in October last, a huge deficit cannot be averted, so low are the receipts of the Treasury. In all probability there will be a deficit of 90-100 in the Administration Budget and another 70 million in the State undertakings and the Boletta Fund (wheat and rye subsidy), together 160-170 million pengő for which cash will have to be found. Yet the State loan contracted in August, 1931, amounted to scarcely 135 million pengő, and this is

exhausted by now. How the Treasury is going to meet the deficit in the rest of the financial year is still the greatest problem of the day. It is understood that the Government is planning to increase certain taxes to secure additional revenue, but it is very doubtful whether any measure short of immediate cutting of expenditure could restore budgetary equilibrium. The difficulties of presenting a balanced budget are considerably enhanced by the internal political uncertainty and the unwillingness of the deputies to vote for unpopular measures. The real test for the Károlyi Government's solidity will be the Budget debate.

TURKEY.

Revenue — Monopolies Reform — Trade — Credit Bank.

(FROM OUR CORRESPONDENT.)

CONSTANTINOPLE, March 28.

THERE have been ill-founded rumours, since the Government Party's special commission reported on the financial and economic prospects of the country, that the Ismed Pasha Government, unable to meet its difficulties, was about to resign. This has been officially denied, and there is no doubt that it is incorrect, if only because there is no other outstanding personality to head a government. In any case, the finances of the State are not in a really critical condition, because they are not involved in the system of post-war loans which is keeping so many countries precariously afloat. The policy of basing the administration of the State on foreign loans was terminated at once by the Republic, and in spite of some tempting offers has never been revived. Thus the financial foundations, though meagre, are sound. It is the immediate budgetary situation which the Party's commission found to be insoluble without special measures.

It appears that the commission considers it impossible to get in a revenue of more than 155 millions (Turkish pounds), whereas the Government thinks it impossible to carry on the work of the State under 183 millions. But there are practically no home sources which have not been drained of all they can yield, so that the finding of this 28 millions is a problem. One of the methods which is to be applied is to cut out the payments to foreign groups carrying out big public works such as railways, which fall due in the coming year. Negotiations have already been opened with this object, and the principal groups involved, Swedish, German, and others, are accepting the principle. They are, however, naturally exacting conditions on their side, and it seems certain that the public works in question will be slowed up. Another payment to foreigners, which will probably be deferred or modified, is the annual payment on the Ottoman Debt, about which close negotiations are now proceeding.

The unification of the State Monopolies, which is going on owing to the constitution of a Ministry of Monopolies, has made it clear that there has been considerable extravagance and incompetence in the administration of these monopolies, and that they have needlessly increased the expenditure of the State. They have been made the homes of retired functionaries whose pensions were inadequate, and who could get an engagement in the monopolies out of favour or pity. The tobacco monopoly has swelled its employees to over 5,000, in comparison with about 2,000 when the monopoly was in the hands of a foreign Régie. It is true that the activities of this monopoly have been greatly increased, but the debate in the National Assembly revealed that retired and pensioned functionaries of the State aged over eighty had been engaged by the monopolies. It was even proposed, in view of the abuse which the monopolies have made of their position, that, in future, the employment of ex-State officials by the new unified monopoly administration should not be allowed. This was considered to be an inequitable discrimination and was ruled out. The new Ministry of Monopolies, however, obtained a retiring gratuity for over 1,100 employees of the monopolies who are to be "axed" on the ground that they are not competent for their work. During the debate it was pointed out that officialism was still the chief burden of the Treasury, and that, out of the

Treasury receipts of 140 million Turkish pounds, 80 millions are still absorbed by payments to officials.

The trade balance for 1931 is now known exactly, and is for the second time in the history of Turkey favourable. The excess of exports over imports amounted to 614,977 Turkish pounds, as compared with 3,890,668 in 1930. It was only brought about by the device of restrictive quotas for imports which was applied from the beginning of November, and which immediately reduced the monthly imports to under half the total of exports. Thus all through the year up to September, the exporting season, every month had shown an excess of imports. It was only in the last four months, and particularly in the last two, that the unfavourable difference was righted, some 15½ millions being made up in November and December. The same encouraging result of the restrictive quotas has been continued into this year, and the month of January showed imports at 5,323,132 Turkish pounds as against exports at 10,346,877. Nevertheless, the Government is not yet satisfied with the working of the restrictive quota system. It will probably apportion the quotas for goods among the various importers instead of allowing the importer landing goods first to benefit by as much of the quota as he can; and it has also sent delegates abroad to study the systems of equalising commercial exchanges between countries which it still desires to put into practice.

Though in 1931 the total value of Turkish commercial exchanges diminished by 45,073,331 Turkish pounds as compared with 1930, owing to the world crisis and the low prices of agricultural produce, the most noticeable factor was the increase in quantity of Turkish exports. This has been largely due to the record quantity of cereals which were exported in the last few months. At the same time, there has been a considerable diminution in the quantity of imports, especially of comparatively heavy products, owing to the growth of home manufactures. Turkish imports tend to become limited to relatively finer and lighter products. The principal imports in value were cotton fabrics, followed by steel and iron for the new railways and industrial equipment of the country, which is going on actively, then machinery. Woollen textiles fell to exactly half the amount imported in 1930, coming down to about 5 million Turkish pounds. This is a good indication of the progress of home industry, though part of it is also due to the diminution of the purchasing power of the peasantry. As to exports in 1931, for the first time fruits exceeded the exports of tobacco, which went down to 29 million Turkish pounds as compared with 43, 41, and 54 millions for the three preceding years. To remedy the tobacco crisis a tobacco export office is to be organised by the new unified monopolies administration.

Meanwhile the encouragement of industry is to take a new line by the organisation of an industrial Bank of Credit. Up till now the nascent industries of the country have been favoured by a special law exempting building material and machinery for factories from customs duties, but there was no effective source of credits. The Government has now drafted a new law establishing a bank of credit: customs duties will be imposed on imported material and machinery for industry, but the produce of the duties will be handed periodically to the new bank to bring its capital up to the desired amount, which is 10 million Turkish pounds. The bank will accord credits for the installation of new factories and for the exploitation of those recently created, many of which owing to mutual competition and lack of credits already find themselves in a difficult situation. The bank will act as an intermediary for procuring to the various industries the raw materials they need and will be able to guarantee payment.

CANADA.

Business — Parliament — Beauharnois — St. Lawrence — Revenue.

(FROM OUR CORRESPONDENT.)

OTTAWA, March 23.

DURING this month abnormally low temperatures have ruled and as a result the stimulus which usually comes to business from the break-up of winter in the latter half of

March has been postponed and there are few signs of any real betterment in the business situation. The carloading figure for the week ending March 12th, at 41,738 cars, showed a decline of 91 cars as compared with the figure for the previous week and of 6,368 cars compared with the figure for the corresponding week of 1931; for the year up to date the aggregate decline in carloadings is roughly 11 per cent. The inclement weather has had an adverse effect upon retail sales of spring merchandise and wholesale houses report a poor demand from the country storekeepers.

The primary industries are still in an unhappy plight, for there has been a setback in grain prices and the volume of forestry operations during the winter has been materially reduced; prices for salted fish remain deplorably low and the representatives of fishing districts on the Atlantic are now demanding that the fishermen get the same treatment as the grain growers of the prairie in the shape of a bonus for their catch or at least for their exports. In the manufacturing field, however, some evidence of improvement is claimed, and in February the Bureau of Statistics' index for manufacturing showed a gain of one point. The output of iron and steel was larger in February than in January, indicating a heavier demand from the secondary industries using iron and steel; this is confirmed by an increase in the output of motor vehicles and by the fact that one farm implement firm, on the strength of new orders, has taken on 400 extra employees. The textile mills are maintaining a reasonably steady level of production and most of the boot and shoe factories are well supplied with orders, but the furniture factories are only working part-time to fill spasmodic orders. The slaughtering figures for livestock indicate increased activity in meat-packing establishments, but the flour-milling industry is still operating far below its daily capacity and the operating ratio of the newsprint mills shows little change.

The unemployment problem is still serious and as work upon certain items of the relief programme has been shut down or curtailed, the local authorities are being compelled to spend larger sums on direct relief. The auspices for an extensive programme of new construction during the present year are not bright and the figures of the Bureau for building permits granted in the 61 leading cities during the first two months of 1932 show a value of only \$5,340,526, as compared with \$14,797,115 in the parallel period of 1931.

The Bennett Ministry had intended to bring down the Federal Budget before the Easter recess which will last from March 23rd to 29th, but its plans have been altered as the result of the persistent blockade which the Liberals have maintained for the last fortnight against the Government's Bill extending the operation of the Unemployment and Farm relief measure from March 1st to May 1st. This measure conferred upon the Cabinet a blank cheque in regard to expenditures and very arbitrary powers in respect to the maintenance of "peace, order and good government," and the Liberals, who allowed it to pass under protest a year ago, now contend that when Parliament is in session, the Government is not justified in demanding a continuance of such arbitrary powers. A series of speakers, from Mr Mackenzie King downwards, have denounced Premier Bennett as a would-be dictator and argued that the authority of Parliament is being contemptuously flouted. The Government, at the time of writing, is threatening to enforce closure and had decided that it will not introduce the Budget until the Relief Bill is disposed of.

The fortunes of the Beauharnois Corporation and correlated matters are again in the limelight. On April 1st there falls due \$900,000 interest on 30 million dollars' worth of collateral trust bonds issued to the public, and it is an open secret that there are no funds in the company's treasury to meet this obligation. For some time past its construction operations have been financed by a group of banks who are said to have advanced over ten million dollars; no official announcement has been made of the fact, but it is understood that more than half of these advances have been guaranteed by the Federal Government. Now, however, the banks will not advance

any more money until the future of the corporation is settled and the bonds are at present being offered at about one-third of their par value. The provincial Government of Quebec, which gave the company its lease of power rights, would like to turn the whole enterprise over to the Holt group of Montreal, but the Bennett Ministry, knowing that it would be accused of strengthening an existing power monopoly, fears the political repercussions of such a move. So the latest plan is that the power interests of the Beauharnois Corporation should be jointly acquired by the Montreal Light, Heat and Power Company, the Shawinigan Company and the Canadian Hydro-Electric Corporation, which is a subsidiary of the International Power and Paper Company, but so far conferences which have taken place in Ottawa with this end in view have had no definite result.

The problem of the St. Lawrence Deep Waterway is also occupying the attention of the Bennett Ministry. As the result of a series of conferences the questions at issue between the Federal Ministry and the provincial Government of Ontario have apparently been satisfactorily settled, and an agreement reached whereby Ontario is to be given the Canadian share of the large amount of power to be developed on what is known as the international section of the waterway and to pay for it a sum estimated at about 75 million dollars. A conference with Premier Taschereau, of Quebec, has been less successful, and on returning from it to Quebec City, Mr. Taschereau declared that the attitude of Quebec was unchanged and demanded that any treaty negotiated with the United States about the waterway should be submitted for the approval of the Legislature of Quebec before it was signed. The Bennett Ministry will not agree to this, taking the ground that the projected treaty will deal solely with a navigation problem about which the Federal Government has unquestioned jurisdiction and that the Quebec Legislature has no more claim to be consulted about it than about the deepening of the St. Lawrence from Montreal to tide-water. However, it is now being forecast by papers friendly to the Bennett Ministry that the treaty now being negotiated will only cover the international section and that the United States will pay the whole cost of the construction work in that section, making generous allowance for what has already been spent by Canada on the new Welland Canal. Canada would undertake to complete the rest of the waterway at her own expense; part of it is available already in the Beauharnois Canal and the only remaining link would be a canal at Lachine which would be undertaken once the other works were finished.

The latest statement of the Federal Department of Finance, covering the first eleven months of the present fiscal year up to February 28th, places the revenues for this period at \$298,008,394 as compared with \$322,729,407 for the similar period the previous year and expenditures at \$319,170,507 as contrasted with \$331,243,180. The revenue returns for February, placed at \$20,516,116, were somewhat encouraging, as for the first time in many months they showed a gain (1½ millions) over the figure for the same month of the previous fiscal year. For the decrease in the 11-month period a decline of 26 million dollars in income tax was mainly responsible. The total of the net debt on February 29th was placed at \$2,336,680,272, as compared with \$2,207,895,964 on February 28, 1931.

JAPAN.

Money — Trade — Bank Results.

(FROM OUR CORRESPONDENT.)

TOKYO, March 11.

MONEY is extremely difficult. A decidedly more stringent tendency has been in evidence this week in short loan conditions, and this tendency has communicated itself to open market rates of discount. Overnight loans are not obtainable at less than 6½ per cent. and fine bills are quoted as high as 7½ per cent. The bank return for the current weeks shows that the note circulation rose to the

level of 1,200 million yen, and advances expanded to 1,145 millions. This is attributable mainly to banking difficulties in the midland districts, where a number of small banks failed during last week, but generally the explanation may lie in the rapid rise in primary commodity and security prices since the abandonment of the gold standard.

In a conference with leading bankers on Wednesday the Governor of the Bank of Japan announced that the stringency was to be relieved by disbursement of 82 million yen of the Treasury bonds and by advancing the military loan of 22 millions to the Government, instead of offering it for public subscription. This step is regarded as inflationary in some quarters, but it is, in fact, a very conservative one that involves no undue increase of credit and currency. Although the verdict of the country in the general election, held on February 20th, was clearly in favour of an inflationist policy, the financial authorities have so far been sober enough not to yield to the prevailing temper of public opinion.

The upward movement in the general level of commodity prices continues, though at a much less rapid pace than in the preceding month. Following a sharp rise of 5.6 per cent. in January and of 2.7 per cent. in December last, the Bank of Japan's wholesale index number for February registered a further advance of 1.2 per cent. on the month, and the average level is 2½ per cent. higher than a year ago. The fall in the yen exchange is primarily responsible for the rise. The Sino-Japanese conflict, abnormally large imports, the pressure of foreign debt repayments, and fear of inflation have all combined to depress the yen.

The trade returns for February show that, in comparison with the corresponding month of last year, imports at 128,087,000 yen were 29.4 millions higher, while exports at 80,348,000 yen were 11.4 millions lower. Almost all imports increased and raw cotton rose by 18.1 millions, as compared with February, 1931. On the export side, the decreases in cotton piece-goods, paper, and rice are most conspicuous.

The earnings statements of the Japanese joint-stock banks for the December half-year made a decidedly poor showing. Combined net profits of the five leading banks in the latter half of last year totalled 15.7 million yen, as compared with 16.5 millions in the preceding half-year, and 17 millions in the corresponding half of 1930. Despite the decreased earnings those banks drastically wrote down their investments and balance sheet reserves to the tune of 33.8 millions in the aggregate. If the provisions for investments depreciation had been made, as is customary, from the past half-year's profits, their accounts would have shown heavy losses. The customary rates of dividend, however, were generally maintained except in the Mitsubishi, which reduced its dividend from 10 per cent. to 8 per cent. The earnings of the two colonial banks also showed substantial decreases. The Bank of Chosen earned a net profit of 701,000 yen, as against 921,000 yen in the preceding half-year, and paid the usual 4 per cent. dividend, while the net profit of the Bank of Taiwan amounted to only 330,000 yen, as compared with 416,000 yen, and the dividend was again passed.

HONGKONG.

Trade — Customs — Politics.

(FROM OUR CORRESPONDENT.)

HONGKONG.

For the first time for seven years the Hongkong Government is able to publish trade statistics for a full twelve months. The total imports into the Colony during 1931 amounted to \$737,700,000, and the exports to \$542 millions, an increase over 1930 of \$87,700,000 and \$42 millions respectively. Compared with 1924, the last year in which statistics were completed, there is an increase in the 1931 figures of \$124,400,000 for imports, but only \$1 million for exports. Measured in sterling, however, there is a different story to tell, for whereas the value of

1924 imports was £72,100,000, the equivalent of the 1931 imports was only £38,500,000. The corresponding figures for exports were £63,800,000 in 1924 and £28,900,000 in 1931. The rate of exchange for the former year averaged 2s. 4½d., but during 1931 it ranged from 10½d. in February to 1s. 6d. in December.

This wide difference between the rates of conversion into sterling, together with the severe decline in prices during the past seven years, makes it almost impossible to form a satisfactory comparative estimate of the volume of trade. The outstanding feature of the statistics for 1931 is the drop in Japan's share of the Colony's trade. For 1930 Japanese imports were 12.3 per cent. of the total, while they were slightly higher at 12.7 per cent. for the third quarter of 1931. The boycott came into effect at the end of September, with the result that, for the last quarter of the year, Japan's share of the import trade has fallen to 4.3 per cent. The effect of the boycott is particularly severe in the case of piece-goods; the Japanese share of this trade has fallen from 31.6 per cent. in the last quarter of 1930 to 7.6 per cent. in the last quarter of 1931, while there has been an increase in British imports of 18.9 per cent. to 30.4 per cent. for the corresponding periods. Apart from piece-goods, Japan's trade has suffered almost as severely in regard to food-stuffs and metals. There has also been a decline in the imports of Japanese coal, but this has been small, as North China is unable to increase its supply and Indian coal is a more expensive and less satisfactory substitute. The movement of treasure in and out of the Colony during 1931 was on a smaller scale than in 1930, but, nevertheless, amounted to no inconsiderable volume. The exports of silver bars were valued at \$40 millions, and those of gold bars and gold coins came to nearly \$59 millions. The exports of gold bars were destined almost entirely for the United States, and, as in the case of the recent flow of gold from India, were largely due to the sale of personal ornaments stimulated by the unprecedentedly high silver exchange value.

Cost-of-living statistics compiled by the Government show that, as compared with 1924, the last available figures for a complete year, there has been a big rise. With 1922 as the base period, the following table reveals that prices have practically doubled in the eighteen years since the pre-war period:—

	1913.	1922.	1924.	1931.
Foodstuffs	73.6	100.0	106.1	144.3
Textiles	55.1	100.0	112.5	135.8
Metals	63.2	100.0	102.3	140.9
Miscellaneous	64.2	100.0	106.3	125.4
Average all articles	64.0	100.0	106.8	136.6

The Chinese Maritime Customs returns for 1931 show that a total of Haikwan Taels 246,064,000 was collected on account of import and export duties and tonnage dues. There have been substantial increases in the collections for all the Treaty Ports, with the exception of one, and in view of the persistent interruption of traffic on the Yangtze by civil war and flood, it is surprising to find that Hankow figures have increased by Taels 2,063,000 over 1930. The official notification gives no indication of the amount remitted to Nanking, but it is to be feared that quite a large proportion of the huge revenue collected was retained by local administrations to be squandered.

With the rapid development of events in Shanghai, Hongkong has become the last sure refuge for Chinese capital. So long as the Colony is adequately protected from any outside menace, much of the capital which has sought safety here will remain. Although Hongkong is mainly a clearing house for South China, there has been a remarkable development of its industrial resources during the past few years, and this development seems likely to receive much impetus from funds seeking an outlet here instead of flowing through the usual channels into the interior of China. Hitherto local industries have been handicapped by the comparatively enlightened factory regulations of a British Colony and the consequent higher cost of labour, as compared with production costs in Canton and other industrial cities of China. It may now

dawn upon Chinese capitalists that such a handicap is compensated for by security of property and superiority of production, and when this consideration is fully appreciated there is no doubt that Hongkong will make rapid progress as an industrial centre.

BOOKS RECEIVED.

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

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

Economic Development in the Nineteenth Century. By the late C. A. Knowles. (London) George Routledge and Sons, Ltd., 68-74, Carter Lane. 12s. 6d. net.

An account of the effect of the changes of the nineteenth century in the economic history of France, Germany, Russia and the United States.

Futures Trading. By G. Wright Hoffman. (London) Oxford University Press, Warwick Square. 28s. net.

A descriptive account of the activities of the organised commodity markets in the United States.

The Silver Situation. By T. E. Gregory. (Manchester) University Press, 23, Lime Grove, Oxford Road. 1s. 6d. net.

A contribution, by an acknowledged expert, to a very live discussion.

The Economic Journal, March, 1932. (London) Macmillan and Company, Ltd., St. Martin's Street. 6s. net.

Includes, *inter alia*, articles on "Economic Conditions in Canada, 1931-32," by Professor H. A. Innis, and "Recent Italian Economics," by C. W. Guilleband.

The Future of Europe. By H. Wilson Harris. (London) Sidgwick and Jackson, Ltd., 44, Museum Street. 3s. 6d. net.

A readable and stimulating little book.

Income Tax and the Professional Man. By K. A. Coles. (London) Crosby, Lockwood and Son, Stationers' Hall Court, Ludgate Hill. 4s. 6d. net.

The Cost of the World War to the American People. By John Maurice Clark. (London) Oxford University Press, Warwick Square. 21s. net.

A Carnegie Endowment publication.

The Truth About Forced Labour in Russia. By the Duchess of Atholl, M.P. (London) Philip Allan and Company, Limited, 69, Great Russell Street. 6d. net.

Railway Economics. By K. G. Fenelon. (London) Methuen and Company, 36, Essex Street. 5s. net.

Mussolini Diplomat. By Gaetano Salvemini. (Paris) Bernard Grasset, 61, Rue des Saints-Pères. 15 frs.

The Anglo-Swedish Year Book, 1932. (London) Swedish Chamber of Commerce, 14, Trinity Square. 3s.

A useful little volume for British business men who are interested in the Swedish market.

International Labour Review, March, 1932. (London) George Allen and Unwin, Ltd., 40, Museum Street. 2s. 6d.

Contains a collection of unemployment statistics of many countries.

Agricultural Research in 1930. (London) John Murray, Albemarle Street. 1s.

Pacific Affairs, February, 1932. (Honolulu) Journal of the Institute of Pacific Relations. 25 cents.

Includes two articles on "Manchurian Backgrounds" from opposite points of view.

City of Birmingham Handbook, 1932. (Birmingham) The Council House.

OFFICIAL PUBLICATIONS.

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

British and Foreign State Papers. Vol. CXXV., 1926. Part III. (£1 7s. 6d. net.)

Department of Overseas Trade: Economic Conditions in the Argentine Republic, October 31, 1931. 4s. net.

The Stock Exchange.

FORD AND DAGENHAM.

THE past few months have been eventful in the history of the Ford Motor Company, Ltd., the pivot of Mr Henry Ford's European expectations. Since the publication of its 1930 accounts the company has issued 1,539,451 new £1 shares at £2 premium, which have brought in additional resources of £4,618,353. Dagenham has reached the producing stage, and the transfer of manufacturing activities from Manchester has been effected. At this, of all moments, economic depression has swept Dagenham's predestined European markets like a tornado, tariffs and trade barriers have multiplied, and purchasing power has been reduced. It now appears that Mr Ford's great venture was launched sufficiently in advance of the world slump to allow of the completion of its effective organisation, but not to assure it, immediately, of its markets.

The report for the year to December 31st last is a resultant of these conditions. Share capital has risen from £7,000,000 to £8,539,451, and capital reserve account, after various deductions, from £899,621 to £2,897,720. The company's land, buildings, plant, tools, etc., are valued at £4,926,702, against £2,475,287. The initial stage of its development is complete. It has overcome the formidable engineering difficulties involved in the construction, in a marsh, of a vast self-contained manufacturing unit, capable of an ultimate annual production of approximately 200,000 cars. In return, it will now enjoy the advantage of a deep-water frontage capable of accommodating ocean-going vessels within the boundary of the greatest port in the world. Its Continental organisation is similarly complete. Its subsidiary companies in France, Germany, Holland, Belgium, Denmark, Sweden, Finland, Spain, Italy, Turkey, etc., are all "going concerns," each with a separate organisation for the exploitation of its particular market. All are linked to the parent, directly or indirectly, by a holding company in Luxemburg, one of whose main functions is to act as banker to the group.

The capital structure bears convincing evidence of strategic foresight. The Ford Company of Detroit, with Mr Ford and his son, according to the last Somerset House return, hold 5,401,572 shares, or 63 per cent., of the (British) Ford Motor Company. Of the remaining capital of the latter, some 2,906,027 shares (34 per cent.) are held by a nominee company of the Guaranty Trust Company of New York, the majority of these shares being presumably in the hands of private American investors. Thus the British holding, at the outside, is not more than 3 per cent. of the whole. The (British) Ford Motor Company, in turn, holds investments by way of shares and loans, in subsidiary companies, valued at £4,273,178, mainly through the Luxemburg holding company, which in turn holds 60 per cent. of the capital of the European subsidiaries, the remaining 40 per cent. having been issued to the public in each of the countries concerned. The chief exceptions to this latter arrangement are the Cork company, Henry Ford and Son, Ltd., in which the British company has a direct shareholding, and the Italian company, which has issued no shares to the public, its capital being held entirely by the Luxemburg holding company.

In short, Ford-in-Europe is now a complete self-contained organisation. It has no manufacturing or selling rights in the New World or the British Empire (the latter being the prerogative of Canadian Ford), but it possesses exclusive initiative in its own territory, viz., the British Isles, Europe, and certain parts of Asia and Africa, either geographically or "colonially" related thereto. The European countries, officially, need not now import a single car part from Detroit or employ a single worker of non-European domicile. Mr Ford has a controlling voting

interest in the British company, which in turn controls each one of the subsidiaries through its share ownership in the holding company. Thus, presumably, he retains ultimate control over all matters of high policy. But the European organisation, and with it Mr Ford's reputation as the prophet of profits, must now stand or fall by its own achievements.

That the onset of European depression has been, to say the least, inopportune is suggested by the results of the British company. These do not include dividends from shares in subsidiary companies which, if and when declared, are paid to the Luxemburg holding company. The figures for the three years since the company's formation have been:—

(December 31)	1929.	1930.	1931.
Trading profit	918,230†	1,054,286	412,143
Depreciation and obsolescence ...	†	57,330	115,712
Directors' fees, &c.*	9,235	18,352	13,269
Taxation	195,000	188,250	217,416
Exceptional charges (see text below) ...	...	...	200,235
Net earnings	713,995†	790,354	Dr. 134,489
Earnings % (gross)	12.9†	14.0	0.97
Paid % (gross)	10	10.0	Nil
Amount of dividend (net)	560,000	542,500	...
Total carried forward	258,507	506,360	371,871
Paid-up capital	7,000,000	7,000,000	8,539,451

* Including interest on employees' investments and boys' training school expenses.

† Excluding £104,512 profits of affiliated companies prior to their reorganisation.

† Profits figure struck after allowing for depreciation.

The British company's operations in 1931, after deducting "normal" charges and taxation, resulted in a profit of only £65,746, against £790,354 in 1930. In addition, the company was burdened by "abnormal" charges of significant dimensions. These included £29,905 for accumulated loss on trading operations outside the British Isles, and a reserve of £170,329 for exchange loss on the company's dollar debts to Detroit. Sterling's subsequent rise will have diminished this liability by approximately one-fourth, and, in any case, the Detroit company is accommodating and has postponed payment for an indefinite period.

Heavy charges, in addition, have fallen to be made on capital account. The company's shareholding in Henry Ford and Son, Ltd., Ireland, has been entirely written off, and an asset of £224,263 thus disappears from the balance sheet. Special provision has been made, further, to the tune of £1,000,000, against contingent depreciation in the value of a loan to the same company. The migration from Old Trafford to Dagenham has required a net appropriation of £124,360, after allowing for the surplus upon revaluation of the machinery and plant purchased from the old company. These capital losses reach the imposing aggregate of £1,848,622. Some £288,532 has been provided out of the surplus arising from the sale of the company's Italian interests to the holding company, from taxation reserve not required, etc. (the nature and dimensions of "etc." are not explained), and the remaining £1,060,090 has been taken from premiums on the 1931 issue of 1,539,451 £1 shares at £3. Thus, in effect, about 23 per cent. of the new money secured last year (nearly four-fifths of which was actually subscribed from Detroit) has been required to write off losses, actual or potential, of the Cork company. For the last two years this concern, which turns out the Fordson tractor, has been the weakest link in the Ford European chain. Its production declined considerably last year, the total value of all tractors and parts exported from Ireland,

according to the Free State trade returns, falling from £2,586,639 to £516,844 last year. How far the Cork factory is being profitably employed to-day is uncertain. Last year's figures of tractor imports into Great Britain showed a sharp drop as regards consignments from Ireland, a noteworthy increase from America, and a significant growth in the figures from Germany, Switzerland and Turkey, which suggests that recent demand may have been partly met by drawing on the surplus tractor stocks of some of the Continental Ford companies.

Economic depression, in short, has necessitated the passing of the Ford dividend and the making of a substantial inroad into the new resources provided mainly by the parent company in Detroit. Nevertheless, the current financial position of the British company is liquid. On December 31st last, it had £1,433,099 in cash and Government securities and £1,024,473 on deposit with the Luxemburg company. Dagenham is on the threshold of its career as a European exemplar of Ford ideals of efficiency. What policy will be followed? Clearly, the British market cannot keep Dagenham fully employed. In the year to September last, the British market is believed to have taken about 14,000 Ford commercial vehicles. The standard "A" passenger model competes with British cars in horse-power groups in which only 45,000 new cars of all makes, on a generous estimate, were registered last year. The new "Baby" 8 horse-power car competes with other makers (already strongly entrenched), for a British market which in 1931 appears to have absorbed about 40,000 cars.

Economic exploitation of Dagenham's resources will necessitate extensive sales to the Continental companies. By the time this article is in the hands of readers, the chairman of the company will doubtless have outlined the company's policy in his speech to shareholders on Friday, April 8th. Apparently, that policy is two-fold. First, while the depression endures, European liquid resources are to be strictly conserved. Apart from the Irish, Finnish and German companies, none of the European concerns is understood to have made a loss last year, but profits in every case were carried forward, no dividends being paid. The determination to maintain a liquid position was categorically affirmed at last week's meeting of the Dutch company, when certain outside shareholders, not unnaturally, protested against the decision to distribute nothing, against 20 per cent., although the company had earned 48 per cent. on its issued capital. At the meeting of the Belgian company the chairman was even more definite. He declared that although net profits of nearly 23 million francs had been earned, against 15 million francs required for the maintenance of the previous year's 15 per cent. dividend, the British company had insisted upon the omission of any distribution. The Belgian company's profits, incidentally, were stated to have been realised chiefly during the first months of 1931, receipts having declined to a low point in December.

The second cardinal feature of Ford policy is that, with the completion of Dagenham, the Continental companies will virtually cease to take supplies from Detroit, even though Dagenham costs may be somewhat higher while production is getting into its stride. If the difference is appreciable, while the Continental companies are unable to increase their selling prices under present conditions, the effect may be to enhance the trading profits of the British company (which are distributable in cash dividends to its shareholders), and to reduce, temporarily, the profits of the Continental subsidiaries (which are not brought into the British company's revenue account). The profit-earning capacity of Ford-in-Europe, therefore, can be satisfactorily tested only when normal conditions have returned, and Dagenham has had time to win its spurs. Meanwhile, its resources should be sufficient to weather the combined effects of depression and transition. The British company's shares, however, which have fallen to 21s. 6d. from a high 1930 price of 93s., may remain, for the present, under the dual influence of conservative estimates of the company's contemporary trading experience and depressed conditions for equity shares in the American market.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.
April 19.

ACCOUNT.
April 21.

THE accountants' revelations regarding the falsification of the Kreuger and Toll accounts for 1930 (discussed on page 808), gave markets their worst shock since Mr Kreuger's suicide. They suggested not only that popular estimates of the late Mr Kreuger's character needed revision, but also that the group's troubles began earlier and probably extended further than had previously been realised. The "Danubian" conversations in London were viewed with a scepticism which their absence of achievement did something to justify. Belief in a change of Bank rate tended to widen as the week progressed, and the announcement of the "no change" decision caused a setback in gilt-edged values. Elsewhere, however, prices were relatively steady considering the unfavourable environment, London's record in this respect contrasting favourably with the weaker showing of New York.

Although slight selling of British Government stocks was in evidence at the outset, investment demand carried all prices quotably higher before the movement was checked by the maintenance of Bank rate. This was regarded in some quarters as evidence that the Government did not intend to disclose a 5 per cent. War Loan conversion scheme in this year's Budget speech. India loans were unable to hold their fairly widespread gains at the beginning of the week, but Australian issues were firm on the High Court decision, upholding the Commonwealth Finance Agreement (Enforcement) Act. New Zealand stocks were slightly easier on the new £5,000,000 issue, which was not enthusiastically received.

Business in the foreign bond market was lifeless. The market's assumption, after the MacDonald-Tardieu *communiqué*, that the Four-Power Danubian discussions would make little headway, was mainly responsible for continued selling of German issues. Sino-Japanese stocks were lower on the absence of progress at Shanghai.

Business was meagre among home rails, equity stocks attracting little interest, while prior charges were easier in sympathy with the partial reaction in gilt-edged. The week's traffic figures were not satisfactory, allowance being made for comparison of Easter week with Good Friday week of 1931. The leading Argentine rails were liquidated, traffic receipts continuing their downward trend and the peso showing unexpected weakness, which was vaguely ascribed to political factors. Canadian Pacific were unable fully to hold an early improvement.

The industrial markets were somewhat fearful of Continental liquidation at the outset, but took the shock of the Kreuger revelations better than might have been expected. Electrical shares—normally one of the steadiest investment markets in the "House"—were fractionally easier. Tobacco shares came on offer early in the week, and breweries were irregular. International Tea were firm on rumours of a pending share offer on favourable terms. Dealings in Kreuger and Toll and Swedish Match became a matter of negotiation, but British Match, after a sharp drop, were stronger on an official statement that the company was not implicated in the Kreuger difficulties. Coal and steel shares fell off slightly, the market not liking the labour outlook. Stewarts and Lloyds (whose results are discussed on page 810), were in demand on the announcement of the placing of the Iraq pipe-line contract. No interest was taken in textile shares. Dunlop receded on renewed dividend fears. United Molasses were weak on the unfavourable report (analysed on page 810). The tone of the Cunard speech caused a slight recession in shipping share values. Bank shares, as usual, followed the movements of gilt-edged, and insurance shares were dull.

After a relatively firm start, helped by talk from America, oil shares became easier on fears of Continental selling, though little stock, in fact, came on offer. Business in rubber shares dwindled to vanishing point after the uncompromising statement of the Rubber Growers' Association regarding the finality of the abandonment of

(Continued on page 806.)

LONDON ACTIVE SECURITY PRICES AND YIELDS.

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

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

Prices Year 1931.				Prices Year 1932 (Jan. 1 to Apr. 6) inclusive.				Name of Security.				Prices Year 1932 (Jan. 1 to Apr. 6) inclusive.				Name of Security.				Prices Year 1932 (Jan. 1 to Apr. 6) inclusive.				Name of Security.				
High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.			
British Funds.																												
60½	49½	61	54½	Consols 2½%	60½	49½	61	54½	Consols 2½%	60½	49½	61	54½	Consols 2½%	60½	49½	61	54½	Consols 2½%	60½	49½	61	54½	Consols 2½%	60½	49½	61	54½
97	77½	95	81½	Consols 4½%	97	77½	95	81½	Consols 4½%	97	77½	95	81½	Consols 4½%	97	77½	95	81½	Consols 4½%	97	77½	95	81½	Consols 4½%	97	77½	95	81½
85½	67½	84½	73½	Consols 5½%	85½	67½	84½	73½	Consols 5½%	85½	67½	84½	73½	Consols 5½%	85½	67½	84½	73½	Consols 5½%	85½	67½	84½	73½	Consols 5½%	85½	67½	84½	73½
104½	88½	103½	93	Do. 4½% 1944-45	104½	88½	103½	93	Do. 4½% 1944-45	104½	88½	103½	93	Do. 4½% 1944-45	104½	88½	103½	93	Do. 4½% 1944-45	104½	88½	103½	93	Do. 4½% 1944-45	104½	88½	103½	93
108½	93½	108½	99	Do. 5½% 1944-45	108½	93½	108½	99	Do. 5½% 1944-45	108½	93½	108½	99	Do. 5½% 1944-45	108½	93½	108½	99	Do. 5½% 1944-45	108½	93½	108½	99	Do. 5½% 1944-45	108½	93½	108½	99
97½	78	98½	83½	Funding 4½% 1960-90	97½	78	98½	83½	Funding 4½% 1960-90	97½	78	98½	83½	Funding 4½% 1960-90	97½	78	98½	83½	Funding 4½% 1960-90	97½	78	98½	83½	Funding 4½% 1960-90	97½	78	98½	83½
102½	93	101	97½	Treasury 4½% 1932-34	102½	93	101	97½	Treasury 4½% 1932-34	102½	93	101	97½	Treasury 4½% 1932-34	102½	93	101	97½	Treasury 4½% 1932-34	102½	93	101	97½	Treasury 4½% 1932-34	102½	93	101	97½
98½	85	97½	89½	Treasury 5½% 1933-35	98½	85	97½	89½	Treasury 5½% 1933-35	98½	85	97½	89½	Treasury 5½% 1933-35	98½	85	97½	89½	Treasury 5½% 1933-35	98½	85	97½	89½	Treasury 5½% 1933-35	98½	85	97½	89½
104½	90½	102½	95½	Victory Bonds 4½%	104½	90½	102½	95½	Victory Bonds 4½%	104½	90½	102½	95½	Victory Bonds 4½%	104½	90½	102½	95½	Victory Bonds 4½%	104½	90½	102½	95½	Victory Bonds 4½%	104½	90½	102½	95½
70½	57	70½	60½	War Loan 5½% 1929-47	70½	57	70½	60½	War Loan 5½% 1929-47	70½	57	70½	60½	War Loan 5½% 1929-47	70½	57	70½	60½	War Loan 5½% 1929-47	70½	57	70½	60½	War Loan 5½% 1929-47	70½	57	70½	60½
46	29½	49½	36	Local Loans 3½%	46	29½	49½	36	Local Loans 3½%	46	29½	49½	36	Local Loans 3½%	46	29½	49½	36	Local Loans 3½%	46	29½	49½	36	Local Loans 3½%	46	29½	49½	36
65½	34	59½	42½	India 2½%	65½	34	59½	42½	India 2½%	65½	34	59½	42½	India 2½%	65½	34	59½	42½	India 2½%	65½	34	59½	42½	India 2½%	65½	34	59½	42½
44½	41	49½	49½	Do. 3½%	44½	41	49½	49½	Do. 3½%	44½	41	49½	49½	Do. 3½%	44½	41	49½	49½	Do. 3½%	44½	41	49½	49½	Do. 3½%	44½	41	49½	49½
86½	55	92½	67½	Do. 4½%	86½	55	92½	67½	Do. 4½%	86½	55	92½	67½	Do. 4½%	86½	55	92½	67½	Do. 4½%	86½	55	92½	67½	Do. 4½%	86½	55	92½	67½
106½	94	107½	87½	Do. 4½% 1958-59	106½	94	107½	87½	Do. 4½% 1958-59	106½	94	107½	87½	Do. 4½% 1958-59	106½	94	107½	87½	Do. 4½% 1958-59	106½	94	107½	87½	Do. 4½% 1958-59	106½	94	107½	87½
110	90	110½	103½	Do. 4½% 1959-60	110	90	110½	103½	Do. 4½% 1959-60	110	90	110½	103½	Do. 4½% 1959-60	110	90	110½	103½	Do. 4½% 1959-60	110	90	110½	103½	Do. 4½% 1959-60	110	90	110½	103½
99½	87½	96½	87½	Sudan 5½% Bonds	99½	87½	96½	87½	Sudan 5½% Bonds	99½	87½	96½	87½	Sudan 5½% Bonds	99½	87½	96½	87½	Sudan 5½% Bonds	99½	87½	96½	87½	Sudan 5½% Bonds	99½	87½	96½	87½
				Ulster 4½% 45-75					Ulster 4½% 45-75					Ulster 4½% 45-75					Ulster 4½% 45-75					Ulster 4½% 45-75				

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Mar. 30, 1932.	Price, Apr. 6, 1932.
Brasil 5% 20 Yr. Funding "A"	...	...	69-70	67-68½
Do. Funding "B"	...	...	45½-46½	44½-45½
Central Electricity Board 5% Debts.	95	50	7½-7¾ pm	6½-7 pm
Croydon Corporation 5% Stock 1950-60.	100	30	5½-6½ pm	6-6½ pm
Darlington Rustless Steel and Iron Ord. £1	...	£1	21½-22½	21½-22½
Electrical Finance Co. 5½% Debts.	99	fy. pd.	101-104	101-104
Lever Bros. 5% Debts.	98	20	3½-3¾ pm	2½-3 pm
London and Home Counties Joint Elec- tricity Authority 5% Stk. 1951-71	101½	5	...	7½ pm
Lyons (S.) and Co. 7½% Pref.	22½	...	26½-26¾	26½-27½
Metropolitan District Railway 5% Deb.	97½	20	5½-6½ pm	5½-6½ pm
1925-95	...	...	39½-40½	39½-40½
Metropolitan Electric Supply New Ord. £1	97½	25	2½-3½ pm	2½-3½ pm
Metropolitan Railway 5% Deb. 1957-62	98½	5	4½-4¾ pm	3½-4½ pm
New Zealand 5% Ins. Stk. 1955-75	97½	42½	4½-4¾ pm	3½-4½ pm
Nyasaland 4½% Gtd. 1952-72	100½	fy. pd.	107½-108½	96-97
Pools Corporation 5% Stock 1952-72	101½	16½	2½-3½ pm	2½-3½ pm
Port of Calcutta 5% Bearer Debts.	94	10	6½-7½ pm	6½-7 pm
Port of London 5% Stk. 1950-70	...	...	...	...
Shropshire, Worcestershire, etc., Elec. Power 5% Deb. 1952-82	94	10	6½-7½ pm	6½-7 pm

(Continued from page 803.)

restriction. Dealings in tea shares, after a quiet opening, tended slightly to expand in the latter part of the week, but prices were not maintained, an exception being Nuwara Eliya, which was supported on satisfactory report figures.

In spite of the Kreuger scandal, Paris did not sell mining shares to any large extent, except in isolated instances like Langlaagte, where attempts to realise in a narrow market caused a sharp setback. The virtual maintenance of the Union Corporation profit was deemed highly satisfactory, though the dividend was paid in English currency. The absence of a Rio Tinto dividend, for the first time since 1921, had been fully discounted, but the picture of contemporary conditions presented by the report was not regarded as reassuring, the shares falling on selling from Paris. Base metal shares remained dull in sympathy with the weak tone of the commodity markets. Little interest was shown in circumstantial reports of moves for a still further tightening of tin restriction procedure.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	Mar. 31, 1932.	Apr. 1, 1932.	Apr. 2, 1932.	Apr. 4, 1932.	Apr. 5, 1932.	Apr. 6, 1932.	Apr. 7, 1932.
Government and Municipal Loans	1,370	1,626	709	1,722	1,491	1,553	1,520
Transport, Communications, and Public Utilities	852	925	387	1,064	889	883	911
Commercial and Industrial	1,801	1,750	663	1,795	1,632	1,768	1,717
Banks, Insurance and Financial	535	477	195	435	365	469	517
Mines (including Nitrates)	403	413	134	416	340	335	361
Oil	105	125	30	98	106	133	128
Rubber, Tea and Coffee	118	108	35	135	106	56	145
Total	5,189	5,424	2,153	5,665	4,969	5,197	5,299

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (1926 = 100.)

Highest of 1932. (Mar. 3.)	Lowest of 1932. (Feb. 11.)	Mar. 31, 1932.	Apr. 1, 1932.	Apr. 2, 1932.	Apr. 4, 1932.	Apr. 5, 1932.	Apr. 6, 1932.	Apr. 7, 1932.
63.7	51.3	62.2	61.7	61.4	60.9	61.1	60.7	60.2

We are officially informed that Mr Herbert David Sewill ceased to be a member of the Stock Exchange on April 6, 1932.

FOREIGN STOCK EXCHANGES.

NEW YORK.

Second thoughts on the ½ per cent. tax on sales of stock, passed by the House of Representatives, were decidedly unfavourable. The Price, Waterhouse statement showing gross irregularities in Kreuger and Toll finance merely reinforced the general pessimism. Both railroad and industrial stocks broke new low ground for the present depression, offerings of the former being increased after the reduction of the Atchison dividend from \$6 to \$4. This was accompanied by a statement that

the continuation of dividend payments was contingent upon an upturn in earnings. Bond prices made no progress. The market became more or less resigned to the prospect of no reduction in the rediscount rate until the attitude of Congress towards the Budget had been more clearly defined. The difficulties of a large Middle Western concern caused weakness in utilities generally. Dealers were not unprepared for the passing of the American Smelting dividend, the weakness of other steel issues being connected rather with the view expressed in a leading trade organ that no practicable increase in demand from the automobile industry could materially improve the steel position, in the absence of better business conditions generally. That these remained to seek was shown by the March reduction in electric power consumption of 11.9 per cent., as compared with March, 1930, and the continued decline in the *New York Times* Business Index, which for the week ended March 26th was 60.0, against 61.4 in the previous week. Steel mill activity was maintained at 22 per cent. of capacity. Freight-car loadings for the week ended March 26th (which included the Easter holiday), were 561,139, compared with 584,698 in the previous week, 740,079 in the corresponding week of 1931, and an average of 936,884 during the seven years 1924-30.

	Mar. 24, 1932.	Mar. 31, 1932.	Apr. 7, 1932.		Mar. 24, 1932.	Mar. 31, 1932.	Apr. 7, 1932.
U.S. 3½% T. Bds.	97½	97½	97½	Natl. Biscuit	40½	37½	32
U.S. 4½% T. Bds.	100½	100½	100½	Phelps Dodge	18½	17½	16½
Do. 4½% 33-38 100½	100½	100½	101½	Pullman	18½	17½	16½
Atchison	73½	63½	53½	Sears-Roebuck	30½	28½	26½
Ches. & Ohio	19½	18½	15½	Studebaker	8½	7½	6½
Erie	7	6½	4½	Un. Fruit	23½	22½	20½
Illinois Central	13½	12½	10½	U.S. Leather	2	2	1½
N.Y. Central	28	25½	22	U.S. Rubber	4½	4	3½
Pennsylvania	16½	15½	13½	U.S. Steel	41½	39	35
Southern Pacific	22½	18½	15½	Westinghouse	27	25½	23½
Southern Ry.	7½	7	5½	Woolworth	41½	40	37½
Union Pacific	74	68½	60½	Am. Tel. & Tlg.	115½	110½	108½
Am. Can.	64½	61½	53½	Interboro B.T.	11	8½	6½
Amer. Smelting	12½	10½	8	Int. Tel. Tele.	7½	6½	5½
Anaconda	8	6½	5	Radio Corp.	7	6	5
Bethlehem Steel	18½	17	14½	Utilities P. & L.	4½	3½	3
Chrysler Motor	10½	10	9½	W. Union Tlg.	38½	35	31½
Corn Produce Rt.	43	40½	35½	Associated Gas "A"	24	24	24
Eastman Kodak	75½	72½	65½	Pan. Amer. B.	17	16½	16
Gen. Electric (New)	19½	17½	15½	Shell	12	12	12
Gen. Motors	16½	15½	13½	Shell Union	3½	3	2½
Int. Harvester	21½	20½	17½	Std. California	25½	24½	23½
Mont. Ward	9½	7½	7	Do. N.J.	28½	28	26½

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

	1930.		1931.		1932.		
	Lowest.	Highest.	Lowest.	Highest.	Be- ginning of Year.	Mar. 30.	Apr. 6.
537 Industrials	98.2	174.1	51.4	114.7	52.2	50.6	44.3
33 Rails	89.1	145.6	31.7	105.7	32.2	29.0	23.4
34 Utilities	153.2	267.4	90.6	187.6	91.8	88.2	74.6
Total, 404 stocks	105.5	184.2	54.7	124.6	55.5	53.2	46.0

Average yield of 50 Industrial Common Stocks	4.15%	5.95%	9.37%	5.11%	9.29%	7.73%	8.96%
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DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1926 = 100).

Highest of 1932 (Mar. 8.)	Lowest of 1932 (Apr. 6.)	Mar. 30, 1932.	Mar. 31, 1932.	April 1, 1932.	April 2, 1932.	April 4, 1932.	April 5, 1932.	April 6, 1932.	April 7, 1932.
68.9	50.9	59.4	56.3	55.3	54.8	54.5	52.2	50.9	

TOTAL DEALINGS IN NEW YORK.

	April 1, 1932.	April 2, 1932.	April 4, 1932.	April 5, 1932.	April 6, 1932.	April 7, 1932.
Stock Exchange— Shares (Thous.)	1,500	1,000	1,600	1,500	2,100	1,800
Bonds (Value Thous. \$)	8,072	5,049	10,060	7,776	10,200	11,846
Over- Shares (Thous.)	240	130	260	270	320	350

* 2-hour session.

PARIS.

A cheerful tone prevailed on the Paris Bourse in the earlier sessions on substantial bear covering, and optimism was felt concerning the eventual result of the Franco-British conversations. Banque de Paris, Royal Dutch,

Tintos, and Kreuger and Toll all enjoyed a mild recovery. A reaction subsequently set in. "Young" bonds were heavy. Banque de France displayed weakness. On Wednesday all markets were seriously affected by the news of a relapse on Wall Street, and the Kreuger and Toll revelations, though liquidation was not as heavy as was feared. Rio Tintos were easy on the report, which was regarded as a discouraging indicator of immediate prospects. On Thursday a further sharp recession occurred in all sections on renewed uneasiness regarding the international position.

	Mar. 31, 1932.	Apr. 5, 1932.	Apr. 7, 1932.		Mar. 31, 1932.	Apr. 5, 1932.	Apr. 7, 1932.
Banque de France	13,490	13,390	12,935	Wagons Lits	116	112	101
Crédit Lyonnais	2,120	2,090	1,990	Mexican Eagle	36	34	33
Suez Canal	14,850	14,575	14,205	"Chartered"	89	85	83
Chargeurs Réunis	261	245	205	Ford	127	120	117
Rio Tinto	1,305	1,248	1,170	De Beers	323	255	253
Royal Dutch	14,000	13,010	12,400	"Johnnies"	101	94	94

BERLIN.

The Berlin Bourse was depressed, the insolvency of the well-known Berlin store of Hermann Gerson creating a bad impression. One or two mining shares had a better appearance, and electrical shares were in demand, but bank, shipping and rayon shares receded. A.K.U. suffered heavily, offers being received on Dutch account. The markets were further upset by news of the Kreuger defalcations. Comparative "unofficial" prices are given below.

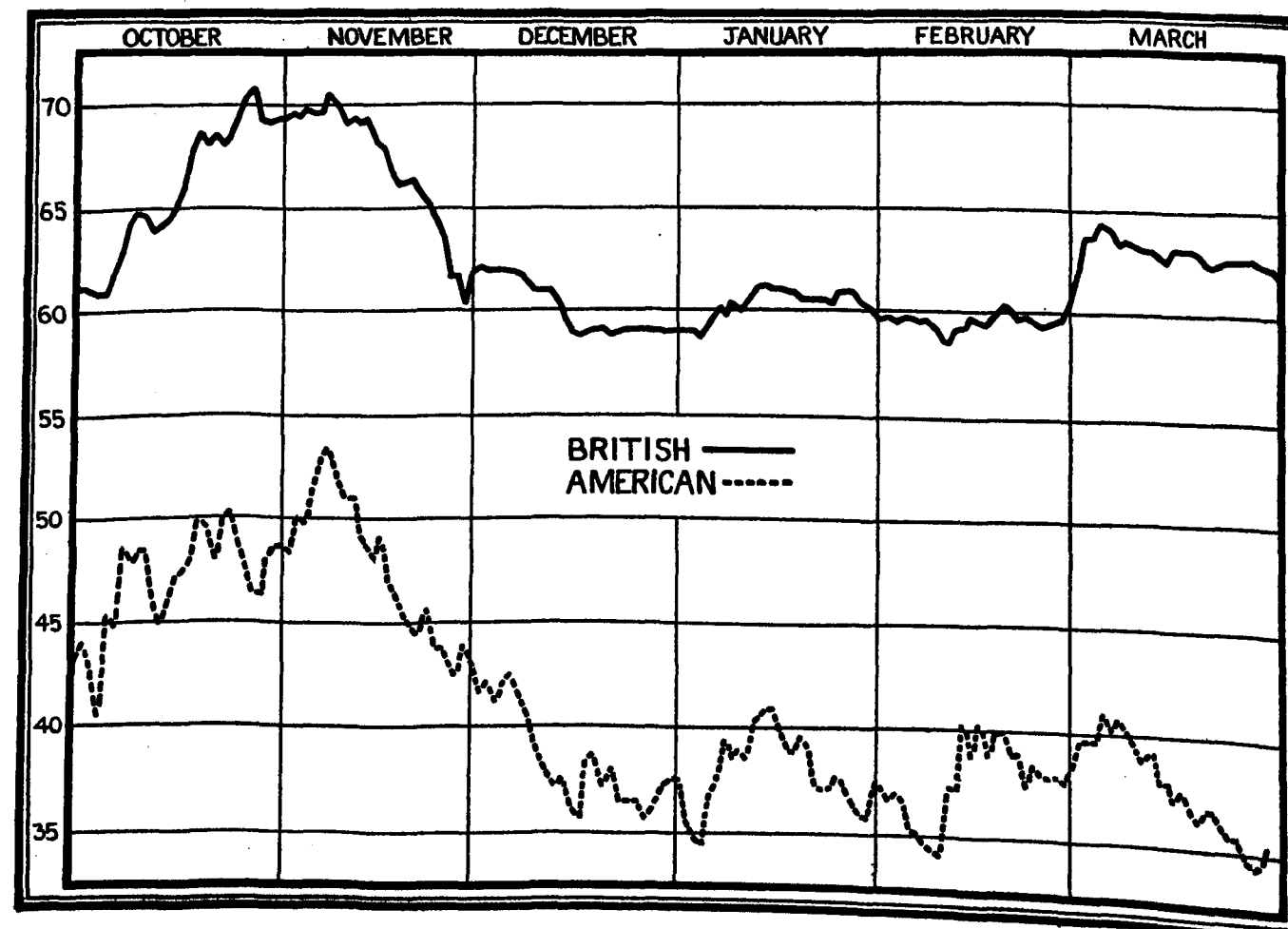
	Mar. 31, 1932.	Apr. 5, 1932.	Apr. 7, 1932.		Mar. 31, 1932.	Apr. 5, 1932.	Apr. 7, 1932.
Reichsbank	105	104	100½	A. E. G.	27½	25	23½
Disconto	45	45	45	Siemens & Halske	108½	101½	98
Dresdener	26½	26	20½	German Petroleum	54½	54	50
Norddeutscher	15	13½	12	A. K. U.	24	37	28
Lloyd	15	13½	12	Svenska Tandsticks	24	16	13

AMSTERDAM.

Business was restricted, and prices continued to crumble, rayon issues being noticeably weak. A.K.U. fell to a new low level. Royal Dutch were marked lower, and

BRITISH AND AMERICAN INDUSTRIAL SHARE VALUES, October 1931 to March 1932. (1928 = 100.)

British: "Financial News" Index of 30 Ordinary Shares. American: "Standard Statistics" Index of 50 Common Stocks.—Daily Figures.



BRITISH —
AMERICAN - - - -

February. The recession showed signs of being checked at the same low point reached in the two preceding months, but early in April Wall Street prices broke below this level, and at the moment are at the lowest point for over ten years.

Disquieting Kreuger Disclosures.—The market in Kreuger and Toll and Swedish Match securities was badly upset by the disclosure, late on Tuesday, that the investigating committee at Stockholm had received a preliminary report from Messrs Price, Waterhouse and Company, the examining auditors, declaring that the balance sheet of Kreuger and Toll, as of December 31, 1930, while in agreement with the balances appearing in the books, grossly misrepresented the true financial position. Under the late Mr Kreuger's personal direction, entries had been made eliminating substantial balances shown to be owing to the parent company by him and by subsidiaries. Other entries had either entirely eliminated liabilities to other subsidiaries or had established accounts purporting to represent substantial assets. In some instances there was reason to believe that the book assets greatly exceeded the assets they purported to represent or were entirely fictitious or were duplications of assets appearing on the books of associated companies. These manipulations evidently extended, according to the auditors, to the profit and loss accounts of the different subsidiary companies. No more devastating attack could have been made on the honesty or credit of the Kreuger group. Those who were in close touch with the late Mr Kreuger had implicit confidence in his integrity. The *Economist* always paid tribute to his apparent devotion to high ideals of financial service. Yet it appears that gross irregularities had been going on for at least the last two years. The fiscal agents, both in London and New York, have declared that the irregularities of Kreuger and Toll could only have been concealed by the most flagrant misrepresentations to them by Mr. Kreuger in word and in writing. In view of natural fear lest the investigation should disclose other irregularities, possibly prejudicing the position of the Swedish Match Company itself, shareholders of British Match will be gratified to learn that the company has made no loans to and has no shareholdings in either Kreuger and Toll or Swedish Match. It is satisfactory that steps are being taken to protect the interests of British and American bondholders and shareholders. A meeting, convened by Messrs. Higginson and Company, N. M. Rothschild and Sons, and Hambros Bank on Wednesday decided to set up a provisional committee to maintain touch with the investigating committee in Sweden, and to consider what steps should be taken to protect the interests of British holders. A similar committee is being appointed in New York, and will take up the question of the payment of the next instalment of bond interest on International Match debentures, which is due on May 1st. With regard to Sweden, the Riksdag has agreed to grant support to the Skandinaviska Bank subject to the reservation that a member of the National Debt Commission should in future act as a member of the Skandinaviska Bank board and decide the question whether shareholders shall receive dividends. The State loan to the Skandinaviska Bank of Kr. 115 millions will carry interest at 1 per cent. above the official bank rate, with a minimum of 5½ per cent. It remains to record the disastrous fall in market quotations:—

	High Prices.	Present
	1929. 1930. 1931.	Price.
	£ £ £	5s.
Kreuger "B"	42½ 33½ 27½	10s.
Do. participating debts....	47½ 36½ 28½	22
Do. (gold debts.) \$500 ...	105 105½ 99	13s. 9d.
Swedish Match "B"	24½ 17½ 13½	

The fall in the market capitalisation of the securities of the Swedish Match and Kreuger and Toll group (excluding International Match) from the high levels of 1929 now amounts to about £215 millions.

New York Weakness.—The New York Stock Exchange has now been reacting steadily for a month and during each of the last four days has broken new low ground. For some time, a resistance level was established at just above the low levels of January 5th, but the absence of any sign of recovery in business has brought the market into a state of unrelieved gloom. Indeed, being so much concerned with its own domestic problems, it was almost too numbed to feel the shock of the Kreuger disclosures. We may summarise the bad news which has led up to the prevailing break in the New York stock markets as follows:—The downward tendency of commodity prices and business indices, in particular the continued fall in electric power consumption, which shows a reduction of 11.9 per cent. as compared with the corresponding period last year; and the decline in steel mill operations to 22 per cent. of capacity; the failure of many of the leading railroads to earn their bond interest, and the passing of common stock dividends by Baltimore and Ohio; the nervousness regarding the coming dividend announcement of United States Steel and the passing of the dividend this week by American Smelting and Refining; the "rot" in the Middle West Utilities group which is unable to meet the maturing \$10 millions note issue on June 1st; and finally the behaviour of Congress in refusing, first, to balance the Federal Budget and then balancing it in a manner distasteful to the Stock Exchange by including a tax on the sales of stocks and bonds. If there had been any big volume of liquidation to come, the market would have broken by the 10 to 20 points that used to be typical of major breaks, but so liquidated is the individual investor that the worst is now an orderly daily wastage of quotations. The new rules regarding short selling appear to have been wholly ineffective in lessening the amount of short-interest. The following Dow Jones indices show the fall in the market since January, 1931:—

Date.	20 Rails.	30 Industrials.
January 6, 1931	102.21	172.77
June 27, 1931	88.31	156.00
January 5, 1932	31.36	71.24
March 5, 1932	38.65	88.49
April 1, 1932	28.53	72.18
April 2, 1932	27.53	71.30
April 4, 1932	27.43	71.19
April 5, 1932	25.77	68.07
April 6, 1932	29.40*	66.46†

* Lowest ever recorded. † Lowest since October, 1921.

The special feature of the break this week has been the pronounced weakness in the utility group and in particular in Middle West Utilities and Electric Bond and Share. It is stated that the reorganisation of the Middle West Utilities group is being considered by a group of bankers and that by a writing-down of capital the group may be saved from disintegration.

"Danubian" Loans.—The loans of the Central European States have been a difficult market for some time, with the exception of the Austrian 6 per cent. Guaranteed Loan, which is guaranteed as to 24½ per cent. each by Great Britain, France and Czechoslovakia and as to 20½ per cent. by Italy. Even this loan, however, is now quoted under par. The "League of Nations" loans have not escaped severe liquidation, for it is felt in the market that if the difficulties of transfer become insuperable for debtor countries, it will not be feasible to make distinctions in favour of holders of League loans. The Financial Committee of the League has itself proposed that Greece should suspend for one year the transfer of the sinking fund payments of all loans under the control of the International Financial Commission, while Bulgaria should reduce by 50 per cent. the transfers in respect of the entire external debt for six months. Hungary, it will be recalled, declared a moratorium last December, but made an exception in favour of the 7½ per cent. League Loan of 1924. The highest prices last year and this year and the present market price of the League Loans and other

Central European bonds are shown in the following table:—

	High Prices.	Present	Yield
	1931.	1932.	(%)
			£ s. d.
Loans issued under auspices of			
League of Nations:—			
Austria 6% Gtd.	105½	100½	98 6 2 5
Bulgaria—			
7% Settlement, 1926	78½	34½	27 26 8 4
7½% Stabilisation, 1928.....	83½	38	32 23 8 8
Greek—			
7% 1924 Refugee.....	104½	81½	55 12 14 7
6% 1928Stabilisation	94½	66	34 17 12 10
Hungary 7½%, 1924.....	104½	70	53 14 3 0
Other Loans:—			
Austria 7%	98½	49½	48 14 11 8
Greek 6% Public Works "A" ..	90	56	34 17 12 10
Counties of Hungary—			
7½%	98½	45	37 20 5 5
6%	88½	35	25 24 0 0
Roumanian 7%	82½	71½	47 14 18 0
Czechoslovakian 8%	113½	104	99 8 1 8
Poland 7%, 1927	86½	79	78 8 19 5

It remains to be seen to what extent the position of the bondholders will be strengthened by the Four-Power Conference regarding the Danubian Confederation, which is dealt with in a leading article on page 780 of this issue. The relief proposals include financial aid by France and Great Britain on the lines of a central pool from which contributions may be made to the different States. Whether such financial assistance should be utilised for the purpose of payment of interest on "League of Nations" loans as against other loans, is one of the difficult questions awaiting solution.

Brazilian Developments.—In pursuance of the external debt funding scheme of the United States of Brazil, which was outlined in the *Economist* of March 19th last, Messrs Rothschild announce that they are now prepared to receive coupons of four Brazilian loans for funding under the plan, viz.: 4 per cent. Railway Guarantees Rescission Bonds, 5 per cent. loan of 1895, 4 per cent. loan of 1910, and 4 per cent. loan of 1911 for £4,500,000 nominal. Although, as regards the main body of the external debt, efforts are thus being made to conserve the available resources of Brazil, it is also announced that the whole of the outstanding bonds of the United States of Brazil 7½ per cent. (Coffee Security) loan of 1922 will be repaid on October 1st next at 102 per cent., together with accrued interest. The total amount of this loan was £9,000,000, of which £7,000,000 was issued in London in sterling bonds in May, 1922, at 97, the balance being offered simultaneously in New York. The amount of the sterling loan outstanding is roughly £7,899,000, a sinking fund of 1 per cent. per annum having been provided. The Government has the right of redemption on October 1, 1932, or at any interest date thereafter at 102 per cent. The loan was secured by a general bond of the Government, and by the first hypothecation on about 4,535,000 bags of coffee, the value of which was estimated at over £13 millions. The Government undertook always to maintain in the hands of the bankers a quantity of coffee, the value of which, at 80 per cent. of its current price, together with the market value of any other security in the hands of the bankers, should be equal in the aggregate to the nominal amount of the bonds outstanding, together with one year's interest. A committee of five were empowered to sell in every year at least 453,500 bags of coffee, out of the proceeds of which the amortisation of the bonds would be provided. In point of fact, by seizing a favourable opportunity in 1923, the Government was able to dispose of the whole amount of the hypothecated coffee and with the proceeds to acquire bonds of the 1922 Coffee Loan or British Government securities. The repayment of the loan in 1932 was therefore assured nine years ago.

Cunard Policy.—Sir Percy Bates, addressing the Cunard Company's shareholders on Wednesday, chose his words carefully, but did not mince them, his speech being clearly intended to leave no loophole for complacency over the immediate outlook. The company, he declared, had suggested a cut in North Atlantic charges some time ago, but had unsuccessfully opposed it in the present instance as being a year too late, and, therefore, possibly more than a year too soon. It was apparently suggested that the Cunard's hand was forced by the decision of the White Star to follow the lead given from New York. If the Cunard is to earn the same revenue as in 1931 it will require to carry an additional 21,500 first-class, 30,000 cabin and 52,500 tourist and third-class passengers. What shareholders may not have appreciated, after hearing Sir Percy's speech, is that the "cut" may be, on balance, advantageous to the company, even if the passenger total fails to increase to anything like the extent suggested. A true economic comparison will lie, not with the numbers carried last year, but with the total which might have been expected in the absence of lower fares. Nevertheless, as the company covered only £161,000 of its £705,000 depreciation by earnings last year, the prospects of dividends in respect of 1932 on its £8,070,261 of capital are not bright. Nor is it easy to see whence the money is to come for the resumption of work on the 70,000-ton liner "No. 534," if the company adheres to its resolve to finance the operation entirely out of cash earnings set aside for depreciation and the Government maintains a *non-possumus* attitude. The vessel could be made ready for launching within five months of resumption, but the Government has turned down a further proposal which the company "had some reason to think attractive," and matters appear to be at an *impasse*. The company holds firmly to its contention that "No. 534" and her sister ship alone can secure its position in a trade in which success has always followed

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the best ships. Whatever vessel replaces the "Mauretania" must run for twenty or twenty-five years, and a cheaper unit, built for a "three-ship" instead of a "two-ship" service could not, in the company's opinion, earn an economic return for more than half its working life. Government intervention in shipping, indeed, bears upon the Cunard position in a variety of ways. The multiplication of tariffs is restricting movement by sea, while the subsidies and other differential advantages given by some Governments to their shipping services are compelling the Cunard, sturdy representative of British trade freedom that it is, to consider whether it may not one day be necessary to ask for Government help in running its Transatlantic services. This conclusion appears plainly between the lines of Sir Percy Bates' speech.

Stewarts and Lloyds.—Shareholders in Stewarts and Lloyds, the largest steel tube makers in this country, were warned a few months ago of the possibility of less favourable accounts. In view of subsequent trade conditions, the management deserves credit for avoiding a loss, and enabling the company to cover its preference dividends with £78,000 to spare. No dividend is recommended on the deferred or the "liaison" shares. Only £150,000 (against £200,000) is allocated to depreciation, and £75,000 is earmarked for a new "special reserve" of unspecified purpose.

	Years ended December 31,		
	1929.	1930.	1931.
Profit	694,771	590,645	317,272
Depreciation	200,954	200,000	150,000
Income tax reserve	...	50,000	...
Pref. and pref. ord. dividends	94,400	97,350	89,360
No. of times covered	5.2	3.5	1.8
Deferred			
{ Earned	12.1%	6.7%	2.3%
{ Paid	7½%	3½%	Nil
{ Amount of div.	246,816	134,585*	Nil
To reserve fund	150,000	100,000	...
To special reserve	...	...	75,000
Increase in carry-forward ...	2,601	8,710	2,912

* Including dividends on 197,500 new deferred shares and 625 liaison deferred shares issued during the year.

Bank overdrafts have been reduced from a high figure of £928,615 to £609,247, apparently by calling in debts from subsidiaries, which are down from £1,781,188 to £1,130,664. The balance sheet shows no substantial change. Though the cash situation is evidently stringent, the total of semi-liquid assets (stocks, work in progress, and trade debts owing) is fully double the total of current liabilities, including the bank loan, so that the intrinsic position is thoroughly sound. An agreement has been reached with the Scottish Tube Company. Through a previous arrangement with Tube Investments, Stewarts and Lloyds can now co-ordinate the policy of almost, but not quite, the whole of the tube industry in Great Britain. The chairman's speech on Tuesday is likely to make important reference to the future of the International Tube Cartel, in which this country participates. The Cartel was liable to lapse at the end of last month, but it is reported to have been continued, at the last moment, until 1935, with power to terminate in 1933. Stewarts and Lloyds deferred ordinary shares spurted last week on the news that the company had received a good share of the order for the new Iraq pipe-line, and they now stand at 13s. 4½d.

Cement Manufacturers' Results.—The "Blue Circle" group of cement manufacturers, which includes Associated Portland Cement, British Portland Cement, and a large number of subsidiaries, maintained their position in gratifying fashion last year. The absorption of the erstwhile "Horne" group of "Red Triangle" producers has been completed, the net profits of the acquired undertakings being included in the figures of the Associated Cement Company as from July 1st last. The trading profit of Associated Portland rose from £534,781 to £668,886, and after allowing, *inter alia*, £300,000, against £250,000, for

general depreciation, net profit was £399,963, against £387,650. The changes in the balance sheet reflect the acquisition of the "Red Triangle" undertakings. The expenses incurred have been written off partly out of trading profits and partly by a transfer from contingencies reserve. Sundry creditors and reserves for taxation and contingencies are shown in the balance sheet at £517,681 and £175,000 respectively, instead of being lumped together in one item of £530,461 last year. The general position is liquid:—

	Year to December 31,		
	1929.	1930.	1931.
Ordinary capital	3,000,000	3,000,000	3,500,000
Trading profit	575,484	534,781	668,386
Net profit	367,515	387,650	399,963
Brought forward	140,006	140,899	160,964
Preference dividend.....	126,622	127,584	137,500
No. of times covered	2.9	3.0	2.9
Ordinary dividend—			
Amount	240,000	240,000	260,000
Earned %	8.0	8.9	8.3*
Paid %	8	8	8 and 4†
Carried forward	140,899	160,964	163,427

* On average amount of capital outstanding during the year.
† 8 per cent. on 3,000,000 ordinary shares on issue before August, 1931, and 4 per cent. on 500,000 ordinary shares issued in August, 1931.

The earnings of the chief subsidiary company, British Portland Cement, have also been well maintained, net profit, after deductions, being £354,358, compared with £348,128. Preference dividend requires £100,800, and dividend on the ordinary capital, maintained at 15 per cent., absorbs £252,000, leaving £1,558 to be added to carry forward. Reserves of £163,500 for taxation and contingencies are now shown as a separate item in the balance sheet. At the annual meeting the chairman pointed out that, while an increased tonnage of Portland cement sold last year in the home market had offset declining prices, the present demand was hardly as good as a year ago. The ordinary shares of Associated Portland are quoted at 25s. 9d. to yield £6 4s. per cent. and of British Portland at £2½ to yield about £6 17s. 3d. per cent.

United Molasses.—The year 1931 has done nothing to restore this company's fortunes. Total income declined from £454,247 to £430,681, but heavy abnormal charges were incurred, and there remained to go forward a debit balance of £775,678, including the adverse balance of £64,260 brought in from the last accounts:—

	Year to December 31,		
	1929.	1930.	1931.
Revenue	1,296,297	454,247	430,681
Expenses	42,960	48,775	71,957
Taxes	97,342	39,000	30,000
Depreciation	106,878	155,279	190,787
Interest	Nil	17,992	32,798
Staff fund	10,000	Nil	Nil
Directors' fees	...	3,125	2,383
Special allocation.....	...	1,059,022†	703,568‡
Earned for divs.	1,039,117	Dr. 868,946	Dr. 600,812
Brought forward	8,888	45,408	Dr. 64,260
Preference dividend.....	66,969	89,895	Nil
Ordinary dividend—			
Amount	585,627	Nil	Nil
Earned %	41.5	Nil	Nil
Paid %	25*	Nil	Nil
Reserve	350,000	Dr. 849,173	Nil
Carried forward	45,408	Dr. 64,260	Dr. 775,673§

* And capital bonus of 50 per cent. from reserve.
† Provision for balance of losses in subsidiary and associated companies.
‡ Being £433,393, molasses run to waste; £52,289, expenses in connection with laying up of ships; £217,887, provision for losses of subsidiaries.
§ Including £110,601, capital losses incurred during the year.

The decline in the consumption of molasses continued until late in the year, deliveries falling from 1,900,000 tons in 1929 to 1,100,000 tons in 1931. Freights, even when

obtainable, were insufficient to pay more than bare running costs, and 75 per cent. of the fleet was laid up. Consumption in Great Britain and some Continental markets, however, has recently been running about 50 per cent. higher than last year, but the decline continues in America and India. Material changes have occurred in the balance sheet. Investments in and advances to subsidiaries stand at £2,095,815, compared with £4,163,279, the difference being mainly accounted for by the liquidation of the British Molasses Company and the Pure Cane Molasses Company, and the sale of the Eastern Alcohol holding. The bank loan has been reduced from £623,250 to £315,000, and amounts owing to subsidiaries from £818,592 to £125,760. The liquid position is not satisfactory, the consolidated balance sheet showing liquid assets of £796,215 against current liabilities of £1,174,927. The £1 6 per cent. cumulative preference shares are at present quoted at 8s. 9d., and the £1 ordinary shares at 7s. 6d.

First Co-operative Investment Trust.—A further decline in revenue for the half-year ended January 31st last is shown by the First Co-operative Investment Trust. A final dividend of 2 per cent. is declared, making 3 per cent. for the year, against 4 per cent. for the year ended January, 1931. Net revenue has fallen from £87,463 in the twelve months to January, 1931, to £71,084 in the last twelve months. The reduction may partly be explained by the rearrangement of the company's securities. It would appear that the Trust is hoping for a recovery in equity values, since it has reduced the percentage of its bonds and debentures to total holdings:—

	Percentage of Valuation.		
	Jan., 1931.	July, 1931.	Jan., 1932.
Bonds and debentures	55.47	53.23	46.79
Preference	14.87	15.78	17.66
Ordinary and deferred	29.66	30.99	35.55
	100.00	100.00	100.00

The geographical distribution shows an increase in the percentage represented by Germany (from 16.71 per cent. to 18.02 per cent.), although there is a reduction for other European countries from 21.13 per cent. to 18.43 per cent. The large proportion of the portfolio held in Germany was always considered a weakness of the Trust. The depreciation now shown on the Trust's investment at middle market prices for the quoted securities has increased to no less than 46.27 per cent. as compared with 35.42 per cent. six months ago and 26.2 per cent. at January 31, 1931. Even so, this gives an optimistic picture, since there is frequently a considerable difference, in today's markets, between middle prices and selling prices. Reserves and carry-forward have been deducted in arriving at these figures. If reserves are not allowed for (on the ground that they are invested reserves), the investments show a depreciation of over 52 per cent. It is difficult to see how this depreciation of capital can be made good in the near future, even if the markets improve. Something might be said for acceptance of the corollary of this view—the submission to the shareholders of a scheme for the writing-down of capital.

Industrial Profits.—During March we received 210 company reports, aggregate profits showing a decline of 13.37 per cent. compared with 6.81 per cent. February:—

Reports published in 1931.	No. of Companies.	(1931 compared with 1930).
April	217	— 10.49
May	211	— 22.3
June	192	— 21.93
July	185	— 39.46
August	55	— 19.59
September	74	— 44.02
October	170	— 58.26
November	147	— 35.59
December	157	— 68.54
		(1932 compared with 1931).
January	127	— 19.65
February	211	— 6.81
March	210	— 13.37

We set out below the figures for various industrial groups, according to reports received during the past three months:—

INDUSTRIAL PROFITS—FIRST QUARTER, 1932.

Group.	No. of Companies.	Net Profit (after Payment of Debenture Interest). Reports received during first three months of 1932.		Increase or Decrease.
		1930-1931.	1931-1932.	
		£	£	
Breweries	21	2,186,984	1,920,923	- 12.17
Canals and docks	4	444,895	209,362	- 52.90
Electric lighting and power	29	6,725,584	6,765,126	+ 0.58
Financial, land and investment	22	950,880	751,247	- 21.01
Gas	39	3,417,886	3,421,212	+ 0.09
Hotels, restaurants, &c.	7	128,252	60,282	- 53.02
Iron, coal and steel	25	1,526,425	919,752	- 39.74
Motor and cycle	9	526,999	269,749	- 48.81
Nitrate	1	287,337	Dr. 656,611	- 328.53
Oil	2	332,478	281,227	- 15.41
Rubber	37	Dr. 22,213	Dr. 117,924	
Shipping	8	294,683	217,277	- 26.20
Shops and stores	32	5,507,866	5,200,631	- 5.58
Tea	1	175	170	- 2.85
Telegraphs and telephones	2	331,085	293,810	- 11.26
Textiles	27	2,611,118	1,948,133	- 25.39
Tramway and omnibus	10	921,938	933,535	+ 1.25
Trusts	62	5,167,822	4,385,159	- 15.14
Waterworks	18	772,689	782,758	+ 1.33
Other companies	192	31,290,844	26,728,907	- 14.56
Total	548	63,403,727	54,314,815	- 14.33

Among the reports received in March, that of Courtaulds was noteworthy for a decline in profits from £2,274,409 to £1,551,587. Agricultural and General Engineers showed a loss of £700,208, against a profit of £108,864, while Pinchin Johnson earned £196,017 against £315,077, and Powell Duffryn £50,970 compared with £112,309. British Oil and Cake was remarkable for an increase from £155,106 to £666,163, while profits of Thomas Tilling rose from £272,788 to £324,865, and of Home and Colonial from £588,938 to £854,325. Our usual quarterly analysis will appear in the *Economist* next week.

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Plus what?

Plus a little
something
some others
haven't got

Canadian Pacific Report.—The revenue figures of the Canadian Pacific Railway for 1931 were summarised in the *Economist* of March 19th last, page 645. The full report adds valuable information regarding the sources of the considerable economies made in working expenses during the last two years, which totalled \$24 millions in 1930 and a further \$27 millions in 1931. Passenger train services have been reduced by 3½ million train-miles per annum, and the number of locomotives in service has been considerably curtailed. Less repair work has been undertaken. Expenditure on stores and supplies has been lowered during 1931 alone by over 42 per cent. Wages and salaries have been reduced by 10 per cent. In addition, certain expedients have been adopted which are relevant to periods of depressed earnings. For example, amounts expended on renewals, in order to aid the unemployment situation, are being charged into the company's income accounts, not immediately, but at the time the work would ordinarily have been performed. The company now has 27,156 preference and 77,046 ordinary stockholders, some 97 per cent. of the preference and 45 per cent. of the ordinary stock being held in the United Kingdom and other British countries (other than Canada). Canadian citizens hold 20 per cent. and United States citizens 29 per cent. of the ordinary stock. The company has been increasing its fixed charges somewhat rapidly of late. Last year, funded debt rose from \$447 millions to \$475 millions, and a further issue of \$12½ millions has subsequently been made. Recent issues of preferred capital have raised the latter's total by nearly \$10 millions since the end of 1930. In the same period the company's holdings of cash and Government bonds have been reduced by nearly \$15 millions. The resources, thus provided, have been used for the most part to finance capital expenditure, which has relieved Canadian unemployment and will be directly remunerative in future years. Since last year's income, however, covered fixed charges and preference dividends only 1.3 times, there is a danger of the capital structure's becoming somewhat top-heavy if the period of depression and abnormally low receipts is prolonged.

Rubber: R.G.A. Statement.—The Rubber Growers' Association has followed up the Colonial Office announcement of the abandonment of restriction negotiations by an official pronouncement, which appears not merely decisively to dispose of the matter for the present, but to preclude its being raised in the future. The Association will neither put forward any recommendations for the re-opening of official negotiations nor consider any schemes for voluntary regulation. It will concentrate its efforts on securing further relief of the burden upon growers of such charges as taxation, rents, health expenses, railway rates, wages, repatriation of workers, road and drainage schemes, etc. It is doubtful whether the Association is equally well advised in its decision to urge the Governments in the rubber-growing areas to concentrate their research activities on the problems of utilising rubber in new commercial products instead of measures for increasing estate productivity. Admittedly, the discovery of new uses for rubber opens up a wide and tempting field, while research into problems like bud-grafting may seem peculiarly inopportune at a time when the industry is faced with over-abundance of supplies, actual and prospective. Nevertheless, "quantity production" and low costs seem destined to be the strongest future weapons in the armoury of the European grower against his formidable native competitor, and to neglect the prosecution of scientific research in this direction would be, in the long run, a fatal policy. Meanwhile, it may be expected that tapping will now cease on a significant acreage owned by the less economic producers. The course of prices over the next few months may be influenced by the dimensions of possible rubber stocks, held by such producers (which have not hitherto been included in the figures of visible supply), and the policy adopted as regards their realisation. If these stocks are at all heavy, it may be hoped that their owners will endeavour to liquidate them gradually, rather than throw them rapidly on the market.

Indian Gold-Mining Results.—The rupee being linked with sterling, the companies operating on the Kolar Field obtained during the latter portion of 1931 an enhancement in the price of their product sufficient to raise the average for the year to £4 13s. 9d. Thus, there was an expansion in the rate of dividend declared by three out of the five companies—although in several cases operations were adversely affected by accident. The Champion Reef is paying 15 per cent., as against 10 per cent. previously. With the labour position "much improved," a largely increased development footage was carried out, but the ore reserves show only a modest expansion. An interesting feature of underground work is the discovery in the southern section of the mine of what may be the commencement of a new ore shoot. At the Mysore, underground work was seriously restricted and expenses were swollen by severe lockbursts. Accordingly, despite the advance in the sterling price of gold, the company is only able to pay 10 per cent., in place of 12½ per cent. The ore reserves continue their progressive decrease. At the date of the balance sheet the surplus liquid assets amounted to £263,500. The following tabulation contrasts the salient features of the results for the past three financial periods of the five companies:—

	Tons of ore milled.	Mill yield per ton. Dwt. s.	Working profit. £	Carried forward.* £	Ore reserve tonnage.
Balaghat—					
1929	50,100	13	26,040	7,080	56,000
1930	39,200	11½	16,800	†210	41,520
1931	41,850	12½	14,380	21,940	19,750
Champion Reef—					
1929	101,280	†11	52,370	4,250	278,100
1930	91,550	†11½	42,580	4,110	229,130
1931	98,930	†11½	68,620	5,810	239,060
Mysore—					
1929	213,040	†9½	130,710	8,670	517,020
1930	190,830	†10½	127,070	8,870	471,420
1931	93,870	†10½	122,410	7,230	445,260
Nundydroog—					
1929	129,860	10½	108,080	11,190	265,600
1930	126,820	10½	100,410	9,880	302,830
1931	122,720	†11½	116,020	9,550	319,660
Ooregum—					
1929	165,450	†8½	76,560	13,760	270,800
1930	143,760	†7½	18,100	13,190	215,500
1931	135,100	†7½	39,920	13,530	174,050

* Subject to directors' percentage. † Average assay value.
‡ Loss.

At the Nundydroog, ore above the average of the reserves was treated as a temporary measure to counteract the effects of the fire which broke out in the Oriental Section of the mine and caused the suspension of underground operations for seven weeks. Naturally the cost ratio was forced up. The damage exceeded that covered by insurance, and will entail further outlay during the current year. In the circumstances the fact that the ore reserves show a fresh, although small, increase must be regarded as satisfactory. The dividends totalled 27½ per cent., against 25 per cent. As regards the Ooregum, ability to pay 1s. 3d. on the preference and 3d. on the ordinary (in place of 6d. only on the preference for 1930) arose entirely from the enhancement in the price of gold. The results generally disclose a renewed falling off—especially marked in the case of the ore reserves. Perhaps the outstanding incident in connection with the group is the absorption of the Balaghat by the Nundydroog company. The arrangements—which will, it is claimed, be advantageous to both parties—found ready approval at Wednesday's meeting. They had already caused Balaghat preference to score a substantial advance, and the ordinary to double in price. It may be regarded as significant that the Mysore, Nundydroog and Ooregum companies have opened negotiations with the Mysore Government as to the terms for an extension of their leases beyond March, 1940. A dividend of 20 per cent. is likely to be declared shortly on Balaghat preference and 10 per cent. on the ordinary.

Rio Tinto.—In some quarters doubts had been entertained as to whether this company would be able to provide the dividend on its preference shares for the second half of 1931. The revenue account has been called upon to bear a new charge of £50,000 for interest on the debenture

issue made during the period; nevertheless, the net profit more than suffices to cover the full preference dividend. The balance of additional Spanish taxation, however, for the year 1923-30, amounting to £400,000, has been written off against reserve, which is reduced to £600,000. Moreover, no action has been taken in regard to the further heavy depreciation (£869,700) on the company's investments, this being regarded as amply covered by the investment and general development fund of £2,000,000, which is invested in the business. In respect of 1930, a writing-down of over half a million was made from the fund in question. Allowing for the amount required to cover the final dividend, the balance sheet shows a cash shortage of £215,000. We show below a summary of the results of the past four years:—

	1928.	1929.	1930.	1931.
	£	£	£	£
Trading profit	1,669,780	1,812,200	1,070,400	424,900
Net profit	*1,047,080	1,286,280	687,000	100,200
Issued capital	3,500,000	3,750,000	3,750,000	3,750,000
Dividends	831,250	1,250,000	506,250	81,250
Per cent. (ordy.)	40%	55%	20%	Nil
Carried forward	167,370	203,650	384,370	403,300
Property and plant ...	2,968,980	3,075,450	3,381,520	3,461,250
Investments	1,615,630	3,060,940	2,565,830	3,906,380

* Before deduction of amount carried to emergency account.

In our note on the 1930 report we referred to the low yield offered by the ordinary shares on the basis of the 20 per cent. dividend, and to the discouraging outlook. At that time the price of the shares was approximately 24. It is now about 12. In estimating prospects of the current year, account has to be taken of the fact that the price of copper is only three-quarters the average of 1931, while pyrites have fallen heavily. Fresh taxation has been imposed in Spain, and several of the American enterprises in which large interests are held by the Rio Tinto company are in a parlous condition. No revenue is likely to be received from the Rhodesian copper enterprises for some while to come.

West Rand Consolidated.—Operations having been to some extent hindered by the fire in the engine-room, last year's treatment results fell slightly below those of the preceding session. The loss of profit, as well as the damage, being covered by insurance, the "additional revenue" comes out at £49,500, in place of £18,700, giving a total surplus of £282,500, as compared with £256,800. Thanks to the disappearance during the year of the company's indebtedness, interest called for only £6,500, instead of £26,500, the actual net balance being £44,600 up at £270,200. This amount is transferred to the capital expenditure account. On December 31, 1930, the cash and cash assets showed a deficit of £241,500. The amount is now only £17,800. Even so, it is doubtful whether the company will be able to make any appreciable distribution on account of the current half-year, unless the General Mining and Finance Corporation should exercise its option on the reserve shares. There is food for reflection in the fact that, while up to the end of last year the company had made an aggregate gross profit exceeding £2,000,000, no more than £74,200 has been disbursed by way of dividend. As regards the ore reserves, 965,000 tons of low-grade material, formerly not included in the computation, is now taken into account; the ore "is being profitably worked under existing conditions." The reserves consequently total 5,018,000 tons, value 5.2 dwts. over 46 ins., as compared with 4,039,000 tons, value 5.6 dwts. over 48 ins., twelve months previously. Failing a reduction in working costs or an appreciable increase in the tonnage milled, the reduction in grade may affect the profits.

WEST RAND CONSOLIDATED MINES, LIMITED.

(Incorporated in the Union of South Africa.)

CAPITAL:

Registered	£2,150,000
In 4,250,000 Ordinary shares of 10s. each and 25,000 Deferred shares of £1 each.	
Issued	£2,014,712
In 3,979,424 Ordinary shares of 10s. each and 25,000 Deferred shares of £1 each.	

DIRECTORS.

SIR GEORGE ALBU, Bart. (Chairman and Managing Director); LEOPOLD ALBU; C. S. GOLDMAN; PAUL STRAKOSCH; ARTHUR FRENCH; J. FRIEDLANDER; A. G. GILL; S. C. BLACK; C. E. FARQUHARSON.

Extract of Annual Report to 31st December, 1931.

Tons crushed, 1,066,000, yield (5.39 dwts. per ton) 287,227 fine ounces.	
Working Revenue (22-85s. per ton)	£1,217,900 17 6
Working Costs (18-48s. per ton)	884,879 5 1
Working Profit (4-37s. per ton)	£233,021 12 5
Sundry Revenue	48,462 11 2
Total Profit	£282,514 3 7
Appropriated as follows:—	
Miners' Phtisis—Provision on account of outstanding liability as at 31st July, 1931 ...	£5,059 13 4
Interest on Loan	6,490 7 11
French Fiscal Tax	250 5 7
Companies Tax—Provincial Council of the Transvaal	5 0 0
Companies Licence—Government of the Union	503 15 0
Revenue appropriated for Capital Expenditure	270,205 1 9
	£282,514 3 7

Ore Reserves.—On the basis adopted at the end of 1930, the ore reserves, as calculated at the end of 1931, consist of a fully developed payable tonnage of 4,053,000 tons, of an average value of 5.6 dwts. over a stopping width of 45 inches, which, in comparison with the previous year's estimate, shows an increase of 14,000 tons, the value being unchanged, and the stopping width, due to the inclusion of a substantial tonnage of South Reef, being 3 inches lower. Over and above the tonnage mentioned there is in the mine a fully developed tonnage of ore equal to 985,000 tons, of an average value of 3.7 dwts. over a stopping width of 49 inches, which is being profitably worked, in its correct proportion, under present operating conditions.

The total fully developed payable tonnage as at the 31st December, 1931, was, therefore 5,018,000 tons of an average value of 5.2 dwts. over 46 inches.

General.—The ore crushed, at 1,066,000 tons, shows a decrease of 21,000 tons, in comparison with the previous year's figure, due to a fire which occurred in the West Shaft engine room on the 19th June, resulting in all work in this section being suspended for, approximately, six weeks. The Machinery, Plant and Buildings damaged by fire, being covered by insurance, were reinstated without loss to the Company, while loss of profits and standing charges, which is also insured, was recovered to the amount of £45,000 in British Sterling, the equivalent of which in South African currency, namely, £32,287 10s., is included in the Profit and Loss Account under the heading of "Additional Revenue."

The drop in tonnage accounts for an increase of 2d. per ton in working costs, which, however, is compensated for by an equivalent advance in the revenue from gold, and, since sundry revenue shows a substantial improvement, the total profit—at £282,514—exceeds the former return by £25,683.

The full Report and Accounts can be obtained from the London Secretary, Winchester House, Old Broad Street, London, E.C.2.

THE
FIVE YEAR PLAN
of the
NATIONAL PROVIDENT INSTITUTION
will be of interest to all Business Men. It is specially designed
to assist them in the present period of Economic Reconstruction.
48 GRACECHURCH ST., LONDON, E.C.3

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Bank of Scotland, Grand Union Canal, Wesleyan and General Assurance Society, Lancashire Electric Light and Power, Lilanely and District Electric Supply, Anglo-Portuguese Telephone, International Automatic Telephone, Vickers, John Barker, Champion Reef Gold Mines, Nundydroog Mines, Balaghat Gold Mines, and Mysore Gold Mining. At the annual meeting of the Grand Union Canal Company Mr W. H. Curtis said that it had been a handicap to this country that the ports had not had the backing of an efficient canal system to the same extent as their Continental rivals. Along 280 miles of waterway, there were innumerable sites suitable for factories, and the modern manufacturer was tending more and more to build on the banks, thereby adding greatly to the company's business. Presiding at the annual meeting of the Anglo-Portuguese Telephone Company, Sir Alexander Roger said it might interest shareholders to know that Portugal was one of the first countries to adopt the telephone on a commercial basis. The first telephone concession was granted to the Edison Gower Bell Telephone Company of Europe in 1881. On December 31st last the stations of the Anglo-Portuguese Company numbered 31,000, showing an average increase of 620 new stations a year during the last fifty years. At the annual meeting of Vickers, Sir Herbert Lawrence said that from the technical point of view it was interesting to record that the seaplane which won the Schneider Trophy outright was built by the Supermarine Company at the Southampton works, this making the fourth occasion upon which Supermarine seaplanes were successful in that international contest.

CAPITAL ISSUES.

The New Zealand Government £5,000,000 offer came just a little too soon. The desire of the Government to take advantage of the London new issue revival to fund its £4,000,000 Treasury Bills, falling due next June, was readily comprehensible. The British investor, further, has always had a high regard for New Zealand as a borrower discreet in applying the proceeds of her borrowing productively, and zealous in honouring her obligations. But the recovery of sentiment from the shock administered by earlier developments in another British Dominion was a comparatively recent phenomenon, and this sensitive plant might well have been given a little longer time for growth, or its strength have been experimentally tested, in the first place, by a somewhat smaller issue than £5,000,000. That over half the loan was subscribed (underwriters being left with 47.2 per cent.) was, in the circumstances, a reassuring indication of the extent to which investment confidence had been restored. Market dealings opened at $\frac{1}{2}$ discount.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Total recorded, January 1 to April 2, 1932, excluding conversions, £18,467,622.
Total recorded, January 1 to April 2, 1932, including conversions, £13,978,215.

National Savings Certificates.

Net receipts, 12 days ended March 19, 1932, Dr. £1,200,000.
Total net receipts, April 1, 1931, to March 31, 1932, £800,000.

	Nominal Capital.	Conversions.		New Money.		First Payment.	Further Liability.
		£	£	£	£		
To the Public.							
New Zealand Government £5,000,000 5% Inscribed Stock, 1956-71, issued at 98½%	5,000,000	...	4,925,000	250,000	4,675,000		
Total offered to the Public, week ended April 9, 1932.	5,000,000	...	4,925,000	250,000	4,675,000		
To Shareholders only—	NIL	NIL	NIL	NIL	NIL		

Jan. 1 to date—	Including Conversions.		Excluding Conversions.		Whole year—	Including Conversions.		Excluding Conversions.	
	£	£	£	£		£	£	£	£
1931	143,512,215	22,192,622	114,320,666	102,044,291	1931	114,320,666	102,044,291	114,320,666	102,044,291
1932	59,539,555	49,869,606	48,888,784	267,800,700	1932	48,888,784	267,800,700	48,888,784	267,800,700
1933	151,590,066	105,094,548	129,919	285,239,400	1933	129,919	285,239,400	129,919	285,239,400
1929	112,232,703	98,653,483	693,100,056	369,058,073	1929	693,100,056	369,058,073	693,100,056	369,058,073
1928	...	174,069,000	...	355,165,970	1928	...	355,165,970	...	355,165,970
1927	...	150,752,574	...	230,782,600	1927	...	230,782,600	...	230,782,600
1926	...	76,390,601	...	232,214,500	1926	...	232,214,500	...	232,214,500
1925	...	53,985,068	...	209,326,101	1925	...	209,326,101	...	209,326,101

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1932	19,744,014	1,755,000	693,608	22,192,622
1931	40,095,574	727,571	9,046,461	49,869,606
1930	105,094,548	11,400,697	8,309,707	105,094,548
Whole year—				
1931	74,835,599	6,911,859	20,296,833	102,044,291
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	98,381,400	355,165,600
1926	145,180,000	39,393,200	46,209,500	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	2,313,875	...	2,448,062
Port of Calcutta, £1,075,000 5½% Debentures Bearer at 93½%	1,005,125	96½	1,040,061
Total, week ended April 9, 1932	1,005,125	...	1,040,061
Total to date, 1932	3,854,750	...	4,058,423
Total to date, 1931	2,744,375	...	2,807,132

New Zealand Government.—Issue of £5,000,000 5 per cent. inscribed stock, 1956-1971, at 98½ per cent. The issue is a trustee security. If not previously redeemed, the stock will be paid off at par on November 1, 1971, but the New Zealand Government reserve the right to repay the stock at par, in whole or part, at any time on or after November 1, 1956, on three months' notice. Of the proceeds, £4,000,000 will be used to repay Treasury bills due in London on June 18, 1932. The remainder will be used to finance productive works. It is anticipated that the year ended March 31, 1932, will close with a deficit of approximately £2½ millions. Exports from New Zealand during the calendar year 1931 exceeded imports by £10,340,000.

Liverpool Corporation.—Issue by tender of Liverpool Corporation bills to the amount of £1,000,000 in replacement of bills falling due on April 11. The bills will be in amounts of £1,000, £5,000 and £10,000, dated April 11, 1932, and will be payable at twelve months after date.

Southend Waterworks.—Offer for sale by tender of £100,000 5 per cent. irredeemable preference stock at a minimum price of £101 per cent. The stock is a trustee security. The company was incorporated in 1879, and the area of supply is about 200 square miles with a residential population of over 180,000 supplied by the company. Net profits, after payment of all charges, totalled £90,993 in 1929, £83,639 in 1930, and £88,477 in 1931. Dividends on the preference stocks for the current year, including the present issue, are estimated to amount to £48,226, so that they are well covered by earnings.

TRANSVAAL GOLD OUTPUT STATISTICS.

Name of Mine.	February, 1932.			March, 1932.		
	Ore.	Est. Yield.	Est. Profit.	Ore.	Est. Yield.	Est. Profit.
Brakpan	96,500	151,833	44,549	104,000	160,922	49,100
City Deep	72,500	86,940	4,644	83,000	91,315	5,142
Consolidated Main Reef	68,500	97,466	15,109	67,500	96,627	10,508
Crown Mines (10s. shs.)	260,000	340,247	83,439	275,000	361,286	90,049
Durban Rdooft, Deep	47,000	65,430	8,040	49,500	68,506	8,101
East Rand Proprietary	159,000	171,265	10,009	158,000	177,563	10,542
Geduld Proprietary	81,000	110,974	45,181	85,300	116,233	45,824
Geldenhuis Deep	71,000	72,426	6,493	75,000	74,249	6,408
Glyn's Lydenburg	6,100	9,328	2,812	6,000	10,935	1,286
Government Areas	200,000	389,510	222,911	208,000	406,678	231,062
Kleinfontein, New	49,000	40,961	2,812	50,200	42,828	3,587
Langlaagte Estate	77,000	107,180	29,076	80,000	112,415	30,049
Luiperd's Vlei	31,000	33,148	4,553	33,500	35,500	4,997
Meyer and Charlton	17,200	16,622	3,015	18,200	17,804	4,092
Modderfontein B.	72,500	87,454	29,525	76,000	91,509	30,601
Modderfontein Deep	43,000	88,951	55,749	44,800	92,272	57,615
Modderfontein East	72,000	89,430	15,800	73,500	91,384	16,127
Modderfontein, New	161,000	268,064	145,665	167,000	282,317	154,807
New State Areas	82,000	172,295	84,230	87,000	180,742	89,007
Nourse Mines	68,000	85,832	6,759	70,000	89,246	6,685
Randfontein Estates	232,000	267,286	51,044	240,000	283,485	55,078
Robinson Deep	92,800	114,676	24,996	95,500	119,367	25,470
Rose Deep	59,600	54,320	2,396	62,500	55,171	2,487
Shinner and Jack	78,500	90,464	11,352	78,900	92,369	11,239
Springs Mines	67,500	148,264	70,293	68,800	160,554	78,048
Sub-Nigel	35,000	129,919	68,654	37,000	135,038	70,301
Transvaal G.M. Estates	17,100	20,888	3,180	18,300	22,051	3,050
Van Ryn	66,000	93,300	4,024	49,000	43,163	5,007
Van Ryn Deep	42,000	42,748	25,068	67,000	92,421	22,788
West Rand Consolidated	89,000	100,718	23,005	85,000	107,723	26,603
West Springs	73,800	75,570	14,512	77,000	81,584	17,100
Witwatersrand Knight's	62,000	81,473	1,021	66,000	85,684	1,503

* Loss.

COMPANY MEETINGS, &c.

BANK OF SCOTLAND.

A VERY DIFFICULT YEAR.
DIVIDEND OF 18 PER CENT. MAINTAINED.
STRONG LIQUID POSITION.
LORD ELPHINSTONE'S INTERESTING REVIEW.

THE BANK'S BALANCE-SHEET.

If you will now turn to the bank's report, you will see that our deposits, at £30,828,263, show a reduction of £1,707,205. This is in no way connected with the withdrawal of funds from London last summer by Continental depositors. This bank had no such deposits, and the reduction in the ordinary way of business will, we hope, soon be made good.

The note circulation, at £3,063,722, shows an increase of £88,385. Drafts issued at £235,434 show a decrease of £428,733, which has no significance whatever: the amount of such drafts fluctuates daily.

The acceptances of the bank, at £500,094, show a decrease of £122,314, due to a lessened demand from our customers for such accommodation.

LARGE LIQUID ASSETS.

You will see that cash, bank balances, documents *in transitu* and money at call and short notice amount to £7,046,078, i.e., 20 per cent. of our liabilities to the public. Bills discounted (including £1,115,000 Treasury bills) and our investments amount to £15,517,414, i.e., 45 per cent., giving a total of £22,563,492, or 65 per cent. of our liabilities to the public in liquid assets, thus showing a very strong position.

ADVANCES.

Advances, at £15,080,934, show a decrease of £1,641,069, due in part to a lessened demand for such facilities, owing to the depressed state of trade and industry. In consequence of the slump in prices of Stock Exchange securities, there has also been a reduction of loans from the realisation of stocks held in security.

You will observe that on this occasion we have made full provision for all bad and doubtful debts by drawing upon the bank's inner reserve. The provision necessary this year has been of a special nature which it is hoped may not recur. I need hardly assure you that the inner reserve, after making this full provision, is of a very ample nature.

INVESTMENTS.

Investments at £13,777,285 show an increase of £493,857. These, you will observe, are, with the exception of £170,422, all British Government securities. The surplus in excess of the value in our books is very substantial.

BANK PREMISES AND HERITABLE PROPERTIES.

During the year £81,000 has been spent on the purchase, reconstruction and renovation of properties. The very handsome block of bank premises and chambers at Sauchiehall Street, Glasgow, has been completed; and at St. George's Cross, Glasgow, and Giffnock we have now excellent premises. A new building has been erected at Kilmarnock; an extensive reconstruction is almost completed at Crosshill, Glasgow, and premises for new branches at Marchmont Road, Edinburgh, and West End, Aberdeen, have been acquired during the year. Several reconstructions are presently in hand, and with these our programme of overhaul, and reconstruction where desirable, of the whole of the bank's properties during the last ten years, will be practically completed.

You will see that we have applied £50,000 to properties accounts, which will enable us to retain the total for all bank premises and let properties at £400,000. I need hardly say that that figure is far below the market value, and that in properties there is a large surplus.

RESULTS.

In view of what I have already said, you will not be surprised to hear that it has been a very difficult year, but that has apparently been the general experience of banks at home and abroad. The decline in our profits has, as you will readily understand, been the inevitable result of the conditions of industry and the serious fall in Stock Exchange prices which have affected many of our customers. In a large measure, the decrease has been caused by additional taxation, including a special charge applicable to this year, and by

The annual general meeting of the proprietors of the Bank of Scotland was held within the head office, Edinburgh, on April 5, 1932, the Right Honourable Lord Elphinstone, K.T., presiding.

In submitting the directors' report, the Chairman said:—
My lords, ladies and gentlemen, I assume that, as usual, we may hold as read the report by the court of directors of the affairs of the bank as at February 29th last, a copy of which you have all, no doubt, received.

The directors much regret the loss by death during the year of a greatly esteemed colleague, Mr Henry E. Richardson, Writer to the Signet, who has been a member of the board since April, 1909, and whose valued services were much appreciated. To fill the vacancy, the directors invited Mr John Parker Watson, Writer to the Signet, to be an ordinary director, and I am glad to say that he agreed to accept office. You will be asked to confirm the appointment by re-electing him to-day.

THE PAST YEAR.

The past year has been one of the worst which this country has ever experienced. It is true that the misfortunes have not been confined to Great Britain: the whole world is similarly affected, and the recovery of prosperity will necessarily be difficult and protracted.

Once again, I would stress the necessity for a drastic reduction in the burden of taxation. However much we value the social services of this country and believe in the desirability of a high standard of living, we can only do harm by seeking to continue these on a scale which is at present beyond our means. We have only to contrast the conditions in this country with those which are prevalent among our competitors to see that we are handicapping our industrial and commercial life beyond what can be borne. I trust that the National Government will recognise the urgency of a steady and substantial reduction in public expenditure.

The events of the past twelve months have been of an extraordinary nature. We had in the spring of last year bank rate at 3 per cent., from which it fell to 2½ per cent. in mid-May, and for a time a 2 per cent. rate was actually forecasted. The serious banking troubles which arose in Germany and elsewhere on the Continent, the subsequent heavy withdrawals of gold from the Bank of England, resulting in credits of £130,000,000 being obtained from France and the United States, the alarm at the prospect (foreshadowed by the Report of the May Economy Committee) of a large deficit in the National Budget, and at the adverse balance of trade, culminated in the practical exhaustion of the credits and the announcement on Sunday, September 20th, of the suspension of the gold standard. Bank rate, which had been rapidly rising, was simultaneously raised to 6 per cent. The existing Government on assuming office immediately took steps to balance the Budget and to remedy the adverse balance of trade. The former has now been accomplished, but the latter will take time.

Meanwhile, with the return of confidence in this country and its Government, sterling was stabilised and rapidly appreciated, and money has latterly been offered freely from the Continent. Bank rate has fallen by quick changes from 6 per cent. to 3½ per cent. and the outlook at the moment is for still cheaper money.

UNFAVOURABLE BANKING CONDITIONS.

The conditions for banking during the year have been distinctly unfavourable. With the depression in our industries, this bank has done its full share in helping those passing through difficult times. In addition to advances for trade and industry, the bank has thought it right to assist many of its customers who had accommodation against Stock Exchange securities. The catastrophic fall in values during the year—from which even British Government and other gilt-edged stocks were not immune—resulted in margins disappearing as quickly as provided, but there are grounds for hoping that eventually there will be a good recovery in the stocks of sound commercial undertakings, as there has already been in our Government securities.

an unprofitable period when rates were unfavourable. It is anticipated that, to a certain extent, these experiences are not likely to recur.

	£
The net profits are	268,180
Add the balance from last year.....	200,076
Together	468,256
Deduct :	
Applied to bank premises and heritable properties	50,000
Dividend at 18 per cent. per annum, less income tax.....	202,500
	252,500
Leaving to be carried forward	215,756
The reserve fund remains at	2,100,000
Add the balance carried forward	215,756
Total	2,315,756

BANK STAFF.

It is a pleasure to me, on behalf of the court of directors, to express our appreciation of the services rendered by the executive, managers, agents and staff throughout a very difficult year.

Since we last met, Mr A. J. Rose, our much-esteemed secretary, has retired after long and valued service. The board have already expressed their appreciation of his work, and I am sure the proprietors will join with them in their good wishes. The board appointed Mr W. A. Tait secretary in room of Mr Rose, and Mr J. W. Macfarlane superintendent of branches in succession to Mr Tait. Both these officials have had long experience in the bank, and can be relied upon to discharge their responsible duties with efficiency.

AUDITOR.

The directors much regret the loss by death of Mr C. E. W. Macpherson, one of our auditors, who had served in that capacity for a period of sixteen years, and whose duties had always been discharged with great ability and entirely to our satisfaction. In his room you will be invited to-day to re-appoint Mr R. Arthur Morrison, C.A., who has been closely associated with Mr Macpherson for many years, and was appointed by the board recently to act until this meeting with Mr Usher as joint auditor.

DIVIDEND.

I now have pleasure in moving that the report and balance sheet as submitted be adopted, and that a dividend for the past half-year at the rate of 18 per cent. per annum, less income tax, be now declared, payable on 15th current, making, with the dividend paid in October last, 18 per cent. for the year, less income tax, being the same rate as paid for the previous year.

The motion was agreed to.

The Lord Elphinstone, K.T., and Sir Ralph Anstruther of Balcaskie, Baronet, were unanimously re-elected governor and deputy-governor respectively for the current year. Mr John Parker Watson, W.S., Mr James Gourlay, B.Sc., and Mr William Brodie, LL.D., were re-elected ordinary directors.

Mr H. L. Usher, C.A., and Mr R. Arthur Morrison, C.A., were reappointed to conduct the audit of the books for the current year, and a vote of thanks to the chairman terminated the meeting.

BALAGHAT GOLD MINES, LIMITED.

SALE OF PROPERTY APPROVED.

The twelfth ordinary general meeting of Balaghat Gold Mines, Ltd., was held at Southern House, London.

Mr Ernest R. Woakes (the Chairman) said that during the past year a slightly higher tonnage was milled than in the previous year, 41,850 tons having been treated of a somewhat higher grade, and the total production was 25,835 oz. of fine gold, an increase of 3,399 oz. as compared with 1930. There was a balance to the credit of profit and loss account of £21,941.

The report and accounts were unanimously adopted.

An extraordinary general meeting of the company was then held for the purpose of submitting a resolution approving a draft agreement providing for the acquisition by Nundydroog Mines, Limited, of the company's mining leases and certain of its other assets and the mining and milling of the company's remaining ore reserves.

The Chairman said it was now over three years since the limits of the orebody last discovered were defined, but after three years they were without any substantial discovery, and in the meantime their reserves of ore were nearing exhaustion, and a declining output was inevitable. They therefore opened negotiations with the board of

Nundydroog Mines, Limited, with the result that terms were arrived at which were now submitted for the approval of the shareholders. Briefly, the scheme was to sell to Nundydroog the Balaghat Mine, the pumping plant, and all the machinery and equipment necessary to keep the mine free of water, for £40,000, and Nundydroog to work this company's remaining ore reserves on a profit-sharing basis. A conservative estimate, based on gold at 84s. per ounce, indicated a profit of £21,000 from this source to the Balaghat Company.

When the detailed arrangements connected with the sale had been satisfactorily carried out, the shareholders would be called together to consider the desirability of winding up the company. The assets of the company, in liquidation, should be sufficient to pay off the preference capital in full, and leave a substantial balance for the ordinary shareholders.

The resolution was carried unanimously.

VICKERS, LIMITED.

STRONG FINANCIAL POSITION.

The sixty-fifth annual general meeting of Vickers, Limited, was held, on the 4th instant, at the Hotel Victoria, London, General the Hon. Sir Herbert A. Lawrence, G.C.B. (chairman of the company), presiding.

The Chairman, in the course of his speech, said: The general world-trade depression and the reduction in armaments under the influence of public opinion, both in this and in other countries, have affected adversely your company's trading results. The net profit is £574,493, a reduction of £201,433 compared with 1930, and allows the payment of a dividend of 5 per cent. on the ordinary share capital, although no transfer to reserve fund is possible on this occasion.

With regard to Vickers-Armstrongs, during the past year the concentration of the company's products in the most efficient and best-situated works has been completed.

As builders of passenger liners, we have maintained our position in the foremost rank, and during the past year have completed the "Strathnaver" and the "Strathaird" for the P. and O. Company, the "Monarch of Bermuda" for the Furness Withy Company, and the "Rangatira" for the Union Steamship Company of New Zealand. Since the end of the financial year we have received an order for a sister ship to the "Monarch of Bermuda" to replace the ill-fated "Bermuda," which was destroyed by fire.

Your directors have devoted much anxious thought to the position of the English Steel Corporation, and it was decided to reduce the capital of the company by writing off the losses occasioned by the closing down of the redundant works, together with the trading losses to date, and to modernise the works at Sheffield in order to secure greater efficiency and economy in production.

The business of Vickers-Armstrongs, both in armaments and shipbuilding, depends on the availability of the supply of that high-class steel, so your board had no alternative but to face the position and make possible the modernisation of the Sheffield works.

Vickers (Aviation), Limited, which is entirely controlled by Vickers, Limited, acquired in 1929 the whole of the share capital of the Supermarine Aviation Works, Limited, and the financial return from this aviation group has again proved satisfactory. From the technical point of view, it is interesting to record that the seaplane which won the Schneider Trophy outright was built by the Supermarine Company at their Southampton works, thus making the fourth occasion upon which Supermarine seaplanes were successful in this international contest.

The Metropolitan-Cammell Carriage Wagon and Finance Company, Limited, is almost entirely dependent on foreign railways for its orders, and, as I have indicated on previous occasions, there is a growing tendency in many countries since the war to build themselves the coaches and wagons they require, and, where this is not the case, the falling off in traffic receipts and depreciated exchanges have made it financially impossible for foreign railway companies to place orders for the renewal of their rolling stock.

With regard to the future prospects of your company, I have already indicated the position of our main activities, and, without some general revival of trade, and particularly more orders for armaments and shipbuilding, the immediate outlook is not encouraging. Administrative expenditure has been reduced in every direction and an all-round reduction in salaries has been made, but unless the volume of orders required to keep our works occupied is available, it is impossible for the trading results to be satisfactory.

The most encouraging feature is that the financial position of your company continues on a sound basis, its liquid resources having been conserved so that they may be profitably employed when a period of trade prosperity returns.

The report was unanimously adopted.

ANGLO-PORTUGUESE TELEPHONE COMPANY, LIMITED.

POLICY OF ECONOMIC EXPANSION.
POSSIBILITIES IN LISBON AND OPORTO.
SATURATION POINT NOT IN SIGHT.
SIR ALEXANDER ROGER'S STATEMENT.

The forty-fifth ordinary general meeting of the Anglo-Portuguese Telephone Company, Limited, was held on the 6th instant, at Winchester House, Old Broad Street, London, E.C., Sir Alexander Roger (Chairman of the company) presiding.

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

The Chairman said: Gentlemen,—I presume that you are willing to accept the report and accounts as read. (Agreed.)

The profit and loss account shows a gross operating revenue of £217,361—an increase of £8,006—while operating and management expenses amount to £133,667, against £125,160, leaving a gross profit of £83,694, which, but for the increased charge to depreciation (£36,000, as against £30,000), would have been £5,500 more than in 1930. Loan interest and income tax have increased, the final result being a net profit of £58,537, as compared with £60,250.

In the balance sheet you will note that a new special reserve for contingencies, amounting to £20,000, has been created, and is available at any time for these purposes. Debenture stock at £112,455 is slightly reduced owing to purchases for account of the redemption fund. Loan account at £123,000 compares with £51,500, while reserve for renewals at £72,356 is £17,715 up, due to the depreciation allocation for the year being greater than the loss on plant withdrawn from service. Sundry creditors amounting to £28,647 compare with £47,056. Capital expenditure has increased by £78,302, representing the net additions to plant, land and buildings during 1931.

After transferring, as stated, £20,000 to contingencies reserve your directors now recommend a final dividend of 5 per cent., less tax, on the ordinary shares, making 8 per cent. for the year, and an 8 per cent. dividend, less tax, on the "A" ordinary shares, carrying forward to next account £41,340, compared with £54,769.

EXCHANGE PROBLEMS.

The local accounts have been converted at the rate of 110 escudos to the pound sterling. In June, 1931, the Government of Portugal issued a decree stabilising the exchange rate for sterling as from July 1, 1931, at 110 escudos. Great Britain's departure from the gold standard and its attendant effects upon the exchange rates of many other countries, particularly the United States, caused the Minister of Finance to call a conference of the bankers and representatives of the chief financial interests in Lisbon, when it was decided that should the London-New York exchange fall below \$3.32 the parity of the escudo would leave the £ and accompany the dollar on the basis of 33.40 escudos to the gold dollar. Judging from the present condition of the London-New York exchange, there seems to be little danger of it becoming operative and therefore, I think we may assume that the sterling exchange rate in Portugal—namely, 110 escudos to the £—will remain constant.

The Commission appointed by the Government to examine the company's affairs as a result of the petition referred to in the directors' report has not yet completed its investigations. These matters cannot be hurried, but a decision is expected shortly. Mr Kerr, the deputy-chairman, has been in Portugal for some time, giving the matter his personal attention.

PERSONAL IMPRESSIONS.

In August last, accompanied by Mr Kerr, I paid a brief visit to Lisbon and Oporto. I found our business to be running smoothly, the quality of the service high, the employees enthusiastic and hardworking, a satisfied public and the relations with the authorities (as they have been from the inception of the company) of the most cordial nature.

Since my previous visit in 1928 I was much impressed with the progress which had been generally made in the country. Portugal is, of course, suffering from the world depression, but in spite of adverse conditions, the country is financially sound. The capital required for extensive development of public services has been raised by over-subscribed internal loans. The Budget for the year ended June 30, 1931, showed a surplus of £1,400,000, and for the third year in succession Portugal has balanced its Budget. Within the past

few days the bank rate in Portugal has again been reduced, and stands at 6½ per cent.

A silver currency has recently been brought into use, and it is even suggested that large quantities of gold have been imported with the intention of issuing a gold coinage. The Treasury now holds in bullion a reserve of over 40 per cent. of the currency in circulation.

Taxation has been increased, but at the same time drastic economies have been effected. Snr Salazar was appointed Minister of Finance in 1928, and it is a remarkable tribute to his genius that such a complete transformation of the situation has been brought about in such a short time. The inherent financial strength of Portugal is very evident when it is remembered that all the great improvements that have taken place have been achieved without any external assistance.

The growth of Lisbon during the past few years is astonishing. Large and spacious avenues have been extended towards the north and what once were gardens, fields or quintas are now the residential quarters of the better classes. The motor-car traffic, which is reputed to be heavier in Lisbon than in any other European city in proportion to the number of its inhabitants, is extremely well controlled. Nowhere are taxi fares so cheap—about 3½d. is the initial charge—or the cars better appointed. Much has been done of late years in improving Lisbon from the hygienic point of view, and the amenities of the town and its suburbs are constantly being added to. Oporto, with its historical associations, is one of the most delightful of Continental towns, and although it is expanding in every direction under a regime which is fully appreciative of modernised conditions, it still retains its charm of long ago.

THE GROWTH OF HALF A CENTURY.

It may interest you to know that Portugal was one of the first countries to adopt the telephone on a commercial basis. The first telephone concession was granted to the Edison Gower Bell Telephone Company of Europe, Limited, in 1881. In 1887 your company acquired the business, and has provided telephone service since then in the districts of Lisbon and Oporto, the country outside these districts being operated by the State. On December 31st last the company's stations, which numbered 31,000, showed an average increase of 620 new stations a year during the last 50 years. Apart from its internal telephone communications, Portugal has for almost three years been linked up with most other European countries, and within the last few months a Transatlantic service with the Argentine, Brazil, Chile and Uruguay has been established.

Especially since the inauguration of international wireless links, the highly developed and scientific art of telephony has assumed a world-wide influence and importance. To meet the exacting demands of a modern telephone service continuous and expensive research is necessary, both in the development of scientific inventions and in the production of the most efficient methods of operation. Portugal is fortunate in these respects, as the company has at its command the whole technical, as well as the financial, resources of one of the largest groups of companies in the fields of research, manufacturing and world-wide telephone operation.

INCREASED BUSINESS.

The growth of the company's business during 1931 shows a 7 per cent. net increase, represented by 2,026 additional stations, bringing the total number of stations at December 31st last up to 31,000, as just mentioned. This rate of increase in such a year as 1931 is nothing short of remarkable, and compares with the figure of increase for the United Kingdom of 4.2 per cent. for the same period.

Towards the close of the year an intensive telephone canvassing drive was launched. We have the usual regular canvassers whose work goes on all the year round, but on this occasion it was decided to engage the whole of the company's employees on canvassing work in their spare hours. You will be gratified to learn that in five weeks 1,827 new stations were added, this number including 1,262 entirely new subscribers. (Hear, hear.) I think it is not unreasonable to assume that this is a distinct proof that telephone saturation point is very far off in Portugal.

Since the present Board took office the company has spent £535,000 on capital account as compared with £274,000 spent in the previous five years. It is our view that nothing less than a first-class modern telephone service is good enough for the areas we serve in Lisbon and Oporto, and we propose not only to meet the demands for telephones as they arise, but to push expansion in every economic direction.

The difficulties of financing experienced by many companies during these past two years or more have not been an acute problem of your company because of its association with the Telephone and General Trust, Limited. It is our practice to borrow on loan money required from time to time for capital requirements, and at stated periods we fund these loans into permanent capital. The outstanding loan has increased during the year by £71,500 and stands at £123,000, and your directors are carefully considering the question of funding this loan in anticipation of further expansion during 1932.

DEFINITELY HOLDING OUR OWN.

The company has maintained and continues to maintain a satisfactory position in times which could not well be more difficult. I will make no attempt to forecast the future but we are definitely holding our own and, unless very unfortunate conditions prevail, of which there is at present no sign, your company can look forward to very considerable further development.

Before moving the resolution adopting the accounts, I feel I am fulfilling your wishes in thanking the general manager and his entire staff in Portugal for their good and courageous work throughout a year of great difficulty.

I now beg to move:—

"That the report and accounts be received and adopted and that the dividends therein recommended be paid."

I will ask Sir Arthur Stanley to second this resolution, but before putting it to the meeting I shall be glad to answer any questions.

The Hon Sir Arthur Stanley seconded the motion, which, in the absence of question or comment, was carried unanimously.

The retiring directors, Sir Alexander Roger, the Hon Sir Arthur Stanley and Mr H. S. Bennett of the London Board, and Dr P. Chagas and Sr R. Peixoto of the local Board, and the auditors, Messrs Fitcher Head Smith and Company, were re-elected.

AN EFFICIENT ORGANISATION.

Mr W. Shand, in proposing a vote of thanks to the Chairman, directors and staff, said that a week or two ago he had had the pleasure of inspecting the buildings and plant of the company in Lisbon, and he wished to place on record that in his opinion the company had every reason to be proud of its organisation. He was taken over the Lisbon Trindade Exchange, which was fully automatic, and he could safely say that nothing better could be seen in London or elsewhere. Another thing that struck him very much was the excellent team work displayed by the whole of the personnel. He could congratulate the shareholders on the high quality of the plant possessed by the company; they were equal to anything he had seen in London. They possessed a very fine property in Portugal, where the telephone was in evidence everywhere. In that connection he might mention that the boat on which he was travelling arrived at Lisbon at 9 o'clock in the morning, and within a quarter of an hour the company's staff had established telephone communication with the mainland.

The vote of thanks was accorded by acclamation, and, the Chairman having acknowledged the compliment, the proceedings terminated.

OFFER TO NEW READERS.

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

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GRAND UNION CANAL COMPANY, LIMITED.

IMPROVED RESULTS AND PROSPECTS.

The annual ordinary meeting of the Grand Union Canal Company was held, on the 30th ultimo, at 5 Lloyd's Avenue, London.

Mr W. H. Curtis (the chairman), in the course of his speech, said: I hope you will appreciate the significance of the results of our last half-year's working. You have before you every day in the Press some reference to the present terrific competition between our rivals—rail and road. This competition, which looks almost like a fight to the death, has had the effect of lowering transport rates in every direction, and, according to the published accounts of railways, this competition became accentuated during the last six months—July to December. In the face of all this fierce competition we are able to increase our revenue from the canal for the last half-year over that of a year ago, which was before the present world-wide depression had begun to be felt throughout every form of industry.

And so it will go on. Those canals which have made efforts to put themselves in order will reap the benefit of their very low transport costs. It is a common idea that canals represent a form of transport which has become obsolete. There could not be a greater mistake.

Just let us look at the history of transport of this country over the past ages from the time that roads were used for the conveyance of goods by means of pack-horses until the advent of the canal era in the eighteenth century. Canals suffered a partial eclipse by the construction of the railways, but, judging by recent events, the effect of motor transport upon rail traffic would appear to show that roads have again come into their own. Canal transport, however, will, by the invention of the internal combustion engine as applied to the modern power-driven barges, have an opportunity for its fullest development when the improvements which the company are carrying out are completed, and thus it would appear that the history of transport in the country has come round full circle—back to canal transport.

For several years now the waterways belonging to this company have been drastically overhauled. When finished, not only will the capacity of the canal be greater, but the cost of upkeep will be much less. When the works contemplated by the new capital scheme are finished, the company will be in possession of a waterway linking the chief Midland towns and coalfields to the Metropolis, providing a means of transport at a cost which will be much less than any other method. When one realises the importance of low transport cost to the export trades, it is not surprising to learn that the facilities the company will have to offer to the Midland manufacturers are likely to be taken advantage of to a very large extent.

It has been a handicap to this country for some time that the ports have not had the backing of an efficient canal system to the same extent as their Continental rivals. Another point should be mentioned, along 280 miles of waterway there are innumerable sites suitable for factories. The modern manufacturer, recognising the great advantage of canal transport, is tending more and more to build on the banks, thereby adding greatly to the company's business.

To sum up, we believe that our system is the most up-to-date canal in the kingdom and has a great future before it, inasmuch as it provides the cheapest form of transport with the lowest upkeep and the lowest capital cost, and we feel confident that the ordinary shareholders will soon reap the benefit of their enterprise.

With our cost so low new traffic is bound to come to us and when trade gets over its troubles we can confidently expect increased business. I do not think it can be called undue optimism if we count on getting back to 1928, or pre-amalgamation, figures in a short time. If we can double the million odd tons of traffic carried on our Grand Junction section in the year 1928 at the same average toll of about 1s. per ton, and it should not cost us any more to convey it, a simple mathematical calculation will show how much our ordinary stockholders will benefit by the patience they have displayed during the progress of development. It will give us, in fact, another £50,000 more to distribute. In every direction figures will show you how we can afford to keep steadily on in the face of present competition.

New traffic in 1931 brought us in over £2,000 increased revenue. It is interesting to note that traffic originating on our then 240 miles, which can hardly be displaced by our rivals, in 1931 amounted to 1,870,718 tons, against 1,693,905 tons in 1930 on railway-owned canals, with a length of about 900 miles.

Our dredging campaign has resulted in barges of 86 tons being able to go through from Brentford to Willemsden on our Paddington arm. This compares with 65 tons before the amalgamation. When our dredging is completed on this London section, barges of 100 tons will be able to go through.

The report was unanimously adopted.

At a subsequent extraordinary meeting resolutions were passed creating and sanctioning the issue of £500,000 five per cent. redeemable debenture stock to be designated "Grand Union Canal Development Loan No. 1," and £400,000 six per cent. preference stock.

CHAMPION REEF GOLD MINES OF INDIA, LIMITED.

IMPROVED POSITION—INCREASED PROFITS.

The ordinary general meeting of the Champion Reef Gold Mines of India, Limited, was held, on the 5th instant, at Southern House, Cannon Street, London, the Hon. A. T. J. Fraser, D.S.O., the chairman, presiding.

The secretary (Mr F. H. Williams, F.C.I.S.) having read the notice convening the meeting and the report of the auditors,

The Chairman, in moving the adoption of the report and accounts, said:—The mill ran throughout the year and crushed approximately 99,000 tons, some 7,500 tons more than last year. From this current ore 56,758 oz. of gold were recovered. From old tailings re-treated 3,260 oz. were obtained, which, with 702 oz. from old mill plates, gave a grand total of 65,720 fine oz. of gold, an increase of just over 3,000 oz. compared with the previous year.

Thanks to the premium on gold, which affected the last four months' output, the value of the year's gold production has increased, not by £13,000 odd, but by £43,000, amounting for the year under review to £308,171.

After deductions for royalty and refining, and after adding interest and other receipts, the total figure for income is £297,703. After deducting £229,078 for working costs, a balance of profit is left amounting to £68,624, an increase of rather more than £26,000 compared with 1930.

The balance from last year, with dividends received, brings the credit at profit and loss to £73,589. Your directors have decided to treat this sum as follows:—The dividend paid on March 19th absorbs £39,780; £7,500 is put to depreciation, £5,500 to Heathcote's Shaft, 2,000 purchase account, £6,000 to insurance and contingency fund, and £7,000 provided for income tax. The balance, £5,809, is carried forward. The amount spent during the year on capital account was £10,900.

Progress at the mine during the year has been continuous, and work has not been interrupted by serious rockbursts, accidents or labour troubles. This has been reflected in the very satisfactory reduction in working costs, which, excluding development, are 3s. 3.66d. a ton lower than the previous year.

At this time last year we were not quite certain what had happened to the ore chute at Carmichael Shaft at the horizon of the 73rd level. Since then this level has been opened up and a rather complicated position has been more or less cleared up. We now appear to have a total length of payable reef at this point amounting to 540 ft., which compares favourably in length with the level above.

At Glen's ore shoot the 74th level has now been completed, and up to the end of the year the total length of payable reef amounted to 871 feet, a considerable improvement on the levels above. Since the end of the year a further length of 110 feet has been opened up, making a total of 981 feet, averaging 18.8 dwt. over 39 inches.

Taken as a whole, the development for the year is distinctly encouraging. It might perhaps be expected that in view of this our ore reserves might have been increased by a larger figure than 9,928 tons, the figure given in the report. The reason for this is that no tonnage has been taken into reserve in what I may call the "promising areas," where payable ore is indicated but not yet sufficiently blocked out.

In the directors' report mention is made of negotiations having been started with the Mysore State with a view to the extension of the mining rights of your company beyond 1940, the date on which the present lease expires. In mining, especially at depths such as we are now at, it is essential to plan many years ahead regarding such questions as shaft sinking and ventilation, and the terms of the new lease must have a bearing on these factors.

The premium on gold has had a very great effect on our profits in the past year. To what extent this premium will continue in the future is not for me to so much as guess. But, apart altogether from the abnormal price of gold in terms of sterling, we can safely say that the past year has been a satisfactory one, and that present indications point to the current year being also satisfactory.

I cannot sit down without referring to the great loss which we have all suffered in the death of Mr Arthur Taylor. He had for the last eight years addressed you at this annual meeting, and had for 30 years taken a leading part in the affairs of the Kolar Field. His work during that long period is as well known to you as to me. Speaking for myself and for my fellow directors, I can say that we have lost not only a colleague, but a great personal friend.

Mrs H. J. Tennant, C.H., seconded the motion, which was carried unanimously.

INTERNATIONAL AUTOMATIC TELEPHONE COMPANY, LIMITED.

CONTINUED PROGRESS—IMPORTANT CONTRACTS.

The twelfth ordinary general meeting of the International Automatic Telephone Company, Limited, was held, on the 4th instant, at the Incorporated Accountants' Hall, Victoria Embankment, London, W.C., Sir Alexander Roger (Chairman of the company), presiding.

The Chairman, in moving the adoption of the report and accounts, said that the year's profits were £148,864 as compared with £134,024 for 1930. Dividend and bonus received from the subsidiary company—Automatic Electric Company, Limited, of Liverpool—had been maintained at 10 per cent. and 2½ per cent. respectively. The directors again recommended a final dividend at the rate of 6½ per cent. on the ordinary shares, making 10 per cent. for the year, and a bonus of 2½ per cent. On the deferred shares there was again recommended a dividend of 10 per cent. with a bonus of 2½ per cent., leaving £85,695 to be carried forward, as against £92,980 brought in. The directors were of opinion that the carry-forward could safely be drawn on to the extent approximately of £7,000.

AUTOMATIC ELECTRIC COMPANY.

In dealing with the manufacturing activities of the subsidiary company, the Chairman said it was a matter for congratulation that although business generally had been very difficult, the value of turnover for 1931 had been little less than the average for the past four or five years, notwithstanding falling prices. The Automatic Telephone exchanges in Manchester and Bristol, to which he had referred last year, were brought into operation in June and November last, whilst the Mayfair (London) exchange would be brought into service about September next. That represented a total of 60,000 lines. In order to meet the present-day demand for a cheap automatic telephone service, the company's engineers had developed the "Strowger" 200 point finder system, which was a development of the system installed in Victoria, B.C., and adopted by the South African and Polish Governments.

In regard to all-electric totalisator activities, the outstanding achievement was the installation of the totalisator for Royal Ascot, the largest racecourse yet equipped with an all-electric system. As in the case of Newmarket, Ascot was inspected by their Majesties the King and Queen prior to the official opening in June last.

STREET TRAFFIC CONTROL.

Their subsidiary had acquired from America the rights in an improved and well-tried system of street traffic control known as the "Electromatic," under which the vehicles themselves actuated the signal changes. The Ministry of Transport and the police authorities had evinced keen interest in it, and a trial equipment was now in operation in London at the junction of Leadenhall Street and Gracechurch Street. The Liverpool company's past record in the development of the "Strowger" director, which solved the problem of London's automatic telephone service, the design and immediate success of the all-electric totalisator on leading British racecourses, the adaptation of "Strowger" apparatus and principles to the supervisory control of remote power sub-stations, street traffic control, &c., to name but a few of its achievements, was an indication of its versatility and capacity.

Foreign business received included a contract with the Polish Government for the installation of automatic telephone equipment. The initial order called for 17 exchanges totalling, ultimately, 29,000 lines. That was the first important automatic telephone order taken on the Continent of Europe by any British firm. A substantial order had been received from Holland for loading coils. An order had been obtained for a special telephone installation in connection with Uhl River Hydro-electric Scheme in India, and orders for additional exchange equipments for Johannesburg had also been received. In considering the outlook, they might congratulate themselves that the board had foreseen the trend of international competition, and had refrained from inflating the capital structure of the company. Their manufacturing efforts had been co-ordinated with those of other important foreign factories, and, incidentally, they had been able to maintain a considerable amount of employment in this country which assuredly would have gone elsewhere. In referring to the length to the company's British-American group relationships, the chairman said it represented a mobilisation of the world's "Strowger" technique, having in view the international standardisation of telephone operation and practice. The company was engaged in one of the most important of the essential industries, and the board proposed to remain organised and represented throughout the world in the belief that they could secure a fair share of whatever business was available or could be promoted.

The report and accounts were unanimously adopted.

WESLEYAN AND GENERAL ASSURANCE SOCIETY.**PROGRESS MAINTAINED.**

The ninety-first annual general meeting of the members of the Wesleyan and General Assurance Society was held, on the 5th instant, at Birmingham, Mr John B. Field, the society's chairman, being in the chair.

The Chairman, in moving the adoption of the reports, said:—When looking back on the year 1931, I feel impelled to express my deep feelings of thankfulness for what our beloved country has succeeded in accomplishing. The dogged determination of all classes to submit with good heart and courage to unparalleled taxation in order to re-establish our national finances on a firm foundation, gives me the greatest confidence for the future.

As members of the society, you are particularly interested in its ordinary department, but you will also want to know what progress has been made in those other departments of the society's activities which have been undertaken by you, and in which certain of your funds have been and are employed.

Commencing with the activities of the ordinary department, the report records that, during the year, 7,791 new policies were issued assuring the large sum of 1,213,040. A comparison with the report for 1930 shows that this is more than £105,000 greater than the new business of that year. The total premium income was £609,255, showing an increase of £19,710, and the net interest, after deduction of income tax, amounted to £213,715, an increase of £13,131. The payments in claims and surrender values amounted to £402,336, a sum greater by £17,940 than that for the previous year; and the ordinary department fund at the end of the year, after transferring therefrom no less than £95,000 to investments reserve, amounted to £4,773,662, an increase during the year of £213,163.

Turning to the industrial department, you will observe that, while the number of policies issued—namely, 173,106—was 3,502 more than those of the previous year, the sums assured under these policies amounted to £3,280,193, or about £18,000 less than the corresponding amount for 1930. This shows that, while the desire for assurance remains unabated, the reduced means of proposers among the industrial population has to a slight extent affected the amount of the assurance they can afford. The premium income of this department was £1,228,577, showing an increase of £10,878, and the income from interest amounted to £276,225, being £17,759 greater than that for the previous year. The amount paid in claims and surrender values was £575,537, being £56,463 greater than the corresponding sum for 1930, and the industrial department fund at the end of the year, after transferring £110,000 to investments reserve, was £5,426,759, showing an increase during the year of £293,449. These figures again are bare recitals of fact, but I ask you to reflect what it must have meant, in the matter of relief of suffering and distress, when it is borne in mind that the large sum of £441,482 was paid as the result of the deaths of lives assured.

I have referred to the transfer of £95,000 from the ordinary department fund and of £110,000 from the industrial department fund to the investments reserve. There are other smaller items of transfer of a similar character from the funds of each of the other departments, and the total of such transfers amounts to the large sum of £210,000.

An examination of the balance sheet will show that the society holds no ordinary stock or shares—it has no power so to do—and comparatively little in the form of preference stocks. On the other hand, its holding of British Government securities, Indian and Colonial Government securities, and of debenture stocks are relatively very considerable. How little the true value of the securities has depreciated is made clear when I state that with a gross interest income of over £528,000, the interest in default for the year 1931 was only £3,931.

In these circumstances, the directors had no hesitation in certifying that, in their belief, with so substantial an investments reserve fund at £450,000 taken into account, the assets are in the aggregate fully of the value stated. I need hardly add that since January 30th prices have improved much more than they did during the month of January itself, and that a valuation at current prices would show a vastly improved position.

In the ordinary department the surplus shown is £118,873; this is the amount after transferring £95,000 to investments reserve and £7,000 to the staff pension scheme fund. The gross surplus before these transfers were made was £220,873, which included £87,740 brought forward from the previous year, so that the profit for the year amounted to £142,133. On the actuary's recommendation, the directors have declared reversionary bonuses on with-profit policies in this department at the rate of £1 10s. per cent. of the sum assured for endowment assurances and £1 16s. per cent. for whole life assurances. The cost of these bonuses is £88,343, and the balance of the surplus—namely, £30,530—is carried forward unappropriated.

The report and accounts were unanimously adopted.

LLANELLY AND DISTRICT ELECTRIC SUPPLY COMPANY, LIMITED.**IMPROVING OUTLOOK.**

The annual general meeting of Llanelly and District Electric Supply Company, Limited, was held, on the 4th instant, at Winchester House, London, Mr A. H. Beatty, O.B.E. (the chairman), presiding.

The Chairman, in moving the adoption of the report and accounts, said: The account we present to-day shows in all the circumstances what I think we can regard as a satisfactory result of the year's operations. While trade conditions throughout the country were bad it is, I think, true to say that the depression was felt most acutely in South Wales. In view of these conditions I think it is a matter for congratulation that operating profit only showed a decrease of £3,200 as compared with the previous year.

The Chairman, having referred to the question of conversion to trolley bus system, continued: The output of the Llanelly station was 24,092,000 units, as compared with 24,546,000 units for 1930. This figure includes the bulk supply to Gorseinon, and in addition we purchased from the Swansea Corporation under an old agreement 602,000 units for distribution in the Gorseinon area.

The depression in the heavy industries was responsible for the decrease in consumption of the larger power users; the supplies to other classes of consumers showing a satisfactory increase. The company's policy is to endeavour to foster the greater use of electricity for domestic purposes, as this class of load has a stabilising effect on a system such as ours, supplying a large industrial demand.

The available profit is £55,318 6s. 4d., debenture and loan interest absorbed £14,264 9s. 1d., and after making appropriations for the 5 per cent. debenture stock redemption account—£5,439 15s., and for general reserve—£13,000, there is an available balance of £22,614 2s. 3d. The directors now recommend the payment of a dividend on the ordinary shares of 4 per cent., less tax, amounting to £6,000, leaving to be carried forward to next year's account £3,221 19s. 9d.

The returns to the end of March show an improvement as compared with the corresponding period last year. There are indications of a better outlook in the miscellaneous industries, but I dare not prophesy regarding improvement in the heavy industries. All I can say at the moment is that we hope to meet you with an improved account next year, and, I should like to feel, sufficiently improved to justify another advance in the rate of dividend on the ordinary shares.

The resolution was carried unanimously.

NUNDYDROOG MINES, LIMITED.**INCREASED DIVIDEND—BALAGHAT ACQUISITION.**

The eleventh ordinary general meeting of Nundydroog Mines, Limited, was held, on the 6th instant, at Southern House, London.

Mr V. Herbert Smith (the Chairman) said that during the past year 122,717 tons of ore were treated, the total production being 79,836 ozs. of fine gold—an increase of 1,090 ozs. as compared with the production in 1930. The value of the bullion returned was enhanced by the increased selling price of gold during the last few months of the year, and amounted to £378,554. There was a profit of £116,020, an improvement of £15,611, and the company had been able to make distributions of dividends amounting to 27½ per cent. on the issued capital, as compared with 25 per cent. for the previous year. It would be realised, however, that the balance available for dividend had been assisted by the extra revenue obtained from the gold premium, which had amounted to £40,460. The financial position of the company had improved, as the balance of liquid assets at December 31st last amounted to £130,482, as against £109,950 twelve months previously; while, in addition, the materials and stores on the mine and goods in transit were valued at £64,259. The year's development work in the Nundydroog Mine yielded most satisfactory results, and the reserves were increased by 16,329 tons, the estimate at December 31st last being 319,656 tons of ore.

The report and accounts were unanimously adopted.

An extraordinary general meeting was then held for the purpose of submitting a resolution approving a draft agreement made between Balaghat Gold Mines, Limited, and this company.

The chairman said that the directors had issued a circular setting out clearly the reasons which actuated the directors in recommending to the shareholders the acquisition of the Balaghat mining leases, together with certain machinery and plant. The purchase price proposed for these assets was £40,000, to be paid in cash, spread over a period of nine months, and the company was not proposing to take over any assets or machinery from the Balaghat company of which it could not make good use. There was a further proposal,

and it was with regard to the remaining reserves of ore in the Balaghat property. The larger organisation of Nundydroog and its milling capacity enabled it to mine and treat this ore more cheaply than could be done by the Balaghat company itself, and terms had been agreed for undertaking this work on a profit-sharing basis.

The resolution submitted was passed unanimously.

JOHN BARKER AND COMPANY, LIMITED.**ANOTHER SUCCESSFUL YEAR.**

The thirty-ninth annual general meeting of John Barker and Company, Limited, was held, on the 7th instant, at 63-65 Kensington High Street, London.

Sir Sydney M. Skinner, J.P. (chairman and one of the managing directors), said that the past financial year had again covered a period of continued fall in prices, and had been marked by profound political, economic and monetary disturbances throughout practically the whole world. In our own country events developed rapidly to a crisis, during which, in September of last year, the Bank of England was forced to suspend the convertibility of the pound sterling into gold. The consequent depreciation in value of the pound sterling in terms of other currencies, and the possibilities opened up by such a situation, threatened to create serious internal financial difficulties, and combined to deal a severe blow to that confidence which was vital to international trade.

The situation, however, had been faced traditionally, as our country was always ready to face any national emergency, and a strong National Government was empowered with overwhelming authority to take whatever steps might be found necessary to put our financial house in order, to balance our national Budget, and to restore that confidence in the pound sterling which made this country the financial centre of the world. These events, with their accompanying uncertainty and resultant increased taxation, had naturally made the past year a difficult one in controlling the affairs of any great business. Assisted by the strong and liquid position of the company's assets, and in spite of their rebuilding obligations, the directors had again been able to take full advantage of market opportunities in the purchase of fresh and up-to-date merchandise.

In addition to these conditions, external to the business, they had also been steadily pushing ahead with their rebuilding programme during the past year. The second section of Derry and Toms' old store premises was demolished in the earlier part of the year, and the first portion of the new store building was sufficiently advanced to enable a substantial part of the frontage lands to be surrendered to the public authority in accordance with their contractual obligations for the widening of Kensington High Street. Practically the whole of the new frontage at the street level was now free from disturbance, and its range of modern shop windows made possible very attractive displays of merchandise, and generally gave effect to a very considerable improvement to trading conditions in the High Street.

In view of the conditions obtaining during the past year, the directors considered they were in a very happy position in that they were able at its conclusion to report only a very slight decrease—£3,600—in the net trading result, and that the net profits amounted to the satisfactory figure of £462,540.

The gross profit for the year amounted to £1,753,938, an increase of £8,668 as compared with that of the previous year. This was the result of further definite progress of the undertaking, and such an achievement in a year of difficult trading and falling prices was a striking example of the confidence which the public rightly had in Barkers and in the enormous range of merchandise at outstanding values which the resources of the company were able to place at their disposal in Kensington High Street. The Zeeta business had also shown an improved result.

The final result of the year's operations was a net profit of £462,540, and it was proposed to write £25,000 off fixtures, fittings and furniture; £10,000 off plant and machinery; to place £100,000 to rebuilding and modernisation reserve; £50,000 to general reserve, and £10,000 to pension and benevolent fund; and also to declare a final dividend on the ordinary shares of 15 per cent., making 20 per cent. for the year. This rate had been maintained for thirteen consecutive years, and would leave £301,053 to be carried forward.

In conclusion, the chairman drew attention to the noteworthy advance which had been made during the year in the development of Kensington High Street as a great shopping thoroughfare, and said he looked forward to the not far distant future when Kensington High Street would be a wide and spacious thoroughfare, dignified by worthy buildings and rivaling for trading purposes some of the best-known shopping thoroughfares in the world.

The report and accounts were adopted.

LANCASHIRE ELECTRIC LIGHT AND POWER COMPANY, LIMITED.**SUCCESSFUL RESULTS—INCREASED DIVIDEND.**

An ordinary general meeting of the Lancashire Electric Light and Power Company, Limited, was held, on the 4th instant, at Winchester House, Old Broad Street, London.

Mr Alfred Shepherd (the chairman), after mentioning that on this occasion the accounts embraced a period of only nine months, said that the trade depression which marked the declining months of 1930 continued during the first five months of 1931, and for each of those months the output of their subsidiary company, the Lancashire Electric Power Company, showed a reduction as compared with 1930. In June, 1931, however, trade in the district took a more favourable turn, and for the last seven months of the year the output for each month showed an improvement on the corresponding month of 1930. This fortunate change in the state of trade had resulted in an increase in the sale of electricity by 8,547,000 units for the year.

The trade mainly responsible for the improvement was the textile trade, and he was glad to be able to report that since the close of the year this improvement had continued. The report showed that the units generated or purchased had increased from 237,279,437 in 1928 to 263,517,515 in 1931, the receipts from £582,554 to £633,458, and the profit on trading from £238,406 to £278,199, while the increase in expenditure during the same period was only £11,111.

The Ormskirk Electric Supply Company, their other subsidiary, showed a profit, after payment of interest and expenses, which admitted of a dividend of 6 per cent. on its capital being paid to the parent company.

There was an available balance of £107,437, as against £88,556 last year, and the directors recommended a dividend at the rate of 7 per cent. per annum, less income tax, on the ordinary shares, leaving £44,437 to be carried forward. A careful consideration of the net income to be received by the company at March 31st this year, with the amount carried forward, showed a sum equal to a dividend for the three months on the preference shares and on the ordinary shares at the rate now proposed. The directors therefore felt justified in increasing the dividend on the ordinary shares by ½ per cent., which would no doubt give satisfaction to the shareholders. Unless the position changed adversely, shareholders might expect the payment of an interim dividend on the ordinary shares during the current year.

The report and accounts were unanimously adopted.

MYSORE GOLD MINING COMPANY, LIMITED.**ENCOURAGING SIGNS AT DEPTH.**

The fifty-second ordinary general meeting of the Mysore Gold Mining Company, Limited, was held, on the 7th instant, at Southern House, London.

The Hon. Lionel Holland, Chairman of the company, said that the lamentable rock burst, news of which was received on the very morning of the last annual meeting, while the most severe and destructive, was unfortunately not the only one that took place during the financial year.

The damage, dislocation and delay resulting entailed a substantial reduction in the tonnage mined and milled of over 8,000 tons, compared with 1930, the return of fine gold had been 5,862 ozs. less, and at the same time the costs of production had been heightened appreciably. In spite, however, of the fewer ozs. of gold produced and marketed, the actual sum received from the sale of gold last year had been over £18,000 in excess of the sum realised in 1930. Of the total of £425,553 realised by sales of gold, over £41,000 represented the premium secured on the gold.

The ultimate disposable profit for the year was at £133,018, rather more than £8,000 down on the preceding twelve months. After making certain allocations, they were left with a balance profit of £69,451 odd, which would admit of the payment of a dividend of 1s. a share as against 1s. 3d. a share for 1930.

The general financial strength of the company had suffered no setback. Readily realisable assets such as Government securities and fixed policies, cash at the bank and on deposit, stock of gold and sundry debtors, were £263,483 in excess of current liabilities. Those surplus funds, however, were not too large for what might be needed to carry out their programme of development at depth. Signs that they would encounter deposits of value by deeper development below the main workings of the mine were increasingly encouraging, especially in the northern section.

If work was not again interrupted before the end of the current year, mining on normal lines might be rendered possible. For some months to come tonnage, output and grade of ore would continue to be affected, but he hoped there would be some set-off in the shape of a sensible addition to revenue from the present gold premium which it seemed to be generally anticipated would continue or many months.

The reports and accounts were adopted.

Government Returns, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the twelve days ended March 31, 1932, amounted to £40,755,000 against ordinary expenditure of £19,582,000. After allocating £1,362,000 to Sinking Fund and £19,582,000, having allowed for an increase in Exchequer Balances of £2,988,000, the operations for the week, as shown below, reduced the National Debt by £16,823,000 to £7,582,550,000.—

	£	000's omitted.
Treasury Bills	+ 28,994	
Post Office	+ 2,400	
Public Department Advances	— 26,050	
Excess Interest of Nat. Saving	— 1,381	
Certificates	— 1,200	
National Savings Certificates	— 18,896	
British Govt. Loans abroad	— 889	
National Debt Commissioners	— 11	
Sundries	— 48,217	
	+ 31,394	

The aggregate revenue and expenditure to March 31, 1932, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1ST TO MARCH 31, 1932.

	£	000's omitted.
Expenditure	738,091	
New Sinking Fund	32,508	
Net amount repaid	550	
	771,149	
Revenue	770,963	
Decreases in balances	186	

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Out- standing—	Mar. 31, '31.	Mar. 31, '32.	Mar. 31, '31.	Mar. 31, '32.
Advances by Bank of England	24,500,000	33,550,000	7,500,000	26,050,000
Advances by Public Departments	569,825,000	575,435,000	604,455,000*	+ 29,020,000
Treasury Bills outstanding	594,325,000	608,985,000	611,955,000	+ 2,970,000
Total Floating Debt	1,448,650,000	1,517,970,000	1,283,910,000	+ 234,060,000

* Includes £29,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £45,000,000 in Treasury Bills were opened on April 1, 1932, and the total amount applied for was £61,860,000. Tenders were accepted for bills at three months, dated Monday to Saturday at 99 9s. 1d., and above in full. The amount allotted was £43,950,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1932.			
March 11	45,000,000	71,470,000	2 11 5-55
March 18	45,000,000	74,005,000	2 1 2-17
March 24	45,000,000	60,315,000	1 16 11-39
April 1	45,000,000	61,860,000	2 3 3-73

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, April 2, 1932.

ISSUE DEPARTMENT.		£
Notes Issued:—		
In Circulation	359,791,591	
In Banking Department	36,015,648	
Government Debt	11,013,100	
Other Government Securities	234,386,666	
Other Securities	25,796,898	
Silver Coin	3,801,336	
Amount of Fiduciary Issue	275,000,000	
Gold Coin and Bullion	120,807,239	
	£395,807,239	

BANKING DEPARTMENT.

	£	000's omitted.
Proprietors' Capital	14,653,000	
Reserve	3,097,929	
Public Deposits*	9,992,816	
Other Deposits—		
Bankers	£79,542,470	
Other Accounts	£33,643,757	
7-Day and other Bills	113,186,227	
	£140,831,082	
Government Securities	51,110,906	
Other Securities—		
Discounts and	£12,164,130	
Securities	£40,910,277	
Notes	53,074,407	
Gold and Silver Coin	36,015,648	
	£140,831,082	

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

Both Departments.	Amount, April 2, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	359,791,591	— 737,543	+ 906,708
Public deposits	9,992,816	— 17,237,910	+ 129,676
Bankers' deposits	79,542,470	+ 24,976,651	+ 20,035,702
Other deposits	33,643,757	— 737,513	— 356,385
Seven-day bills	113,186,227	— 408	— 670
Total outside liabilities	482,971,744	+ 6,263,277	+ 20,715,031
Capital and reserve	17,650,929	— 580,597	— 14,398
Government debt and securities	296,512,672	+ 8,937,270	+ 17,880,784
Discounts and advances	12,164,130	+ 438,764	+ 1,274,144
Other securities	66,707,175	— 3,694,383	+ 27,407,462
Silver coin in issue department	3,801,336	— 4,500	— 275,749
Gold and bullion (bank's reserve)	121,437,360	+ 5,569	— 25,586,008
Reserve of notes and coin in banking department	36,645,769	+ 743,112	— 11,492,716
Proportion of reserve to outside liabilities			
(a) Banking department only	29 1/2 %	— 1 1/2 %	— 16 1/2 %
(b) Gold stocks to deposits and notes ("reserve ratio")	25 1/2 %	— 1 %	— 6 1/2 %

Issue Department.		Banking Department.				Gold in or out of Bank.	
Date.	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.	£	000's omitted.
1932.							
Mar. 2	395,801	351,786	7,023	80,483	33,476	£	NI
9	395,802	354,475	7,836	93,565	33,182	NI	NI
16	395,805	353,714	9,477	73,054	32,433	NI	NI
23	395,807	358,836	10,439	73,449	32,970	NI	NI
30	395,807	360,829	27,233	54,566	34,381	NI	NI
April 2	395,807	359,792	9,993	79,542	33,644	NI	NI

Issue Department.		Both Depts.		Banking Department.		Reserve & the "Proportion."	
Date.	Govt. and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Dis- counts & Advances.	Other Securities.	£
1932.							
Mar. 2	258,549	12,623	121,453	25 1/2 %	47,236	11,357	35,948
9	260,038	11,168	121,455	25 1/2 %	54,371	11,545	44,930
16	257,968	13,231	121,461	25 1/2 %	40,296	11,380	38,797
23	252,810	18,380	121,410	25 1/2 %	37,616	11,273	48,644
30	251,879	19,315	121,432	25 1/2 %	35,696	11,725	51,087
April 2	245,402	25,797	121,437	25 1/2 %	51,111	12,164	40,910

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1932.				
January 1 to March 23	5,984,718	390,396	644,980	7,020,094
Week ended March 30	340,723	24,336	35,708	400,767
Week ended April 6	629,459	39,354	67,788	736,601
Total to date, 1932	6,954,900	454,086	748,476	8,157,462
Total to date, 1931	9,602,546	483,788	764,317	10,850,651
Increase or decrease in 1932	— 2,647,646	— 29,702	— 15,841	— 2,693,189
	— 27.6 %	— 6.1 %	— 2.1 %	— 24.8 %
Total for year 1931	31,815,808	1,667,852	2,752,209	36,235,869
Total for year 1932	38,782,577	1,812,146	2,963,631	43,558,354
Increase or decrease in 1932	— 6,966,769	— 144,294	— 211,422	— 7,322,485
	— 17.9 %	— 7.9 %	— 7.1 %	— 17.9 %

PROVINCIAL CLEARING RETURNS.

(000's omitted.)		Month of March.		Aggregate Totals, January 1 to April 2.	
Week ended April 2.	1931.	1932.	Inc. or Dec.	1931.	1932.
No. of working days	26	25			
BIRMINGHAM	2,815	2,509	9,540	9,039	— 5.2
BRADFORD	1,135	1,184	3,274	3,395	+ 3.6
BRISTOL	1,080	1,184	6,035	4,937	— 18.1
DUBLIN	4,518	8,780	—	—	—
HULL	828	679	3,065	3,046	— 0.6
LEEDS	1,131	765	3,459	3,769	+ 8.9
LEICESTER	728	930	2,919	3,081	+ 5.5
LIVERPOOL	5,623	5,812	24,724	25,646	+ 3.7
MANCHESTER	10,732	10,086	41,875	42,473	+ 1.4
NEWCASTLE	1,932	1,135	6,020	5,698	— 5.3
NOTTINGHAM	620	512	1,915	1,856	— 3.0
SHEFFIELD	1,115	864	3,507	3,329	— 5.0
Total	32,257	34,413	106,333	106,269	— 0.06

OVERSEAS BANK RETURNS.

NOTE.—The latest returns of the Banks of Lithuania, Roumania, and Canada appeared in the Economist of March 26; Federal Reserve Member Banks, National Bank of Egypt, Poland, Finland, Italy and Latvia in April 2.

BANK FOR INTERNATIONAL SETTLEMENTS.

(In Millions of Swiss Francs.)

ASSETS.	Mar. 31, 1931.	Dec. 31, 1931.	Jan. 31, 1932.	Feb. 29, 1932.	Mar. 31, 1932.
Cash	7.2	15.4	17.3	6.4	14.2
Sight funds	186.3	143.1	187.0	82.3	74.4
Bills and acceptances:—					
Commercial bills	471.5	356.4	406.5	438.3	473.6
Treasury bills	138.1	96.0	100.4	142.5	136.7
Time funds:—					
Not exceeding 3 months	850.7	240.8	233.5	221.1	206.5
Between 3 and 6 months	12.8	—	—	—	—
Sundry investments	222.6	177.4	111.0	110.8	210.9
Other assets	12.0	11.8	10.4	9.5	9.7
LIABILITIES.					
Capital paid up	103.2	108.5	108.5	108.5	108.5
Reserves	—	3.8	—	—	—
Annuity trust account	—	—	—	—	—
German Government deposit fund	154.9	153.8	153.8	153.8	153.6
French Government guarantee fund	77.4	76.9	76.9	76.9	76.8
Time deposits of Central Banks:—					
Between 3 and 6 months	68.9	68.6	68.6	68.6	68.6
For their own account	5.7	—	—	—	—
For account of others	5.3	—	—	—	—
Not exceeding 3 months:					
For their own account	495.1	166.2	159.4	158.4	145.2
For account of others	355.7	34.2	35.5	21.3	—
Other deposits	13.8	—	—	—	—
Sight deposits of Central Banks:—					
For their own account	311.0	297.4	315.5	321.6	463.0
For account of others	292.2	101.4	77.7	61.5	68.2
Other deposits	0.2	3.4	5.9	5.9	7.8
Miscellaneous items	17.8	26.7	30.3	30.6	30.4

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

	Apr. 9, 1932.	Mar. 17, 1932.	Mar. 24, 1932.	Mar. 31, 1932.	Apr. 7, 1932.
RESOURCES.					
Total gold reserve	3,131,020	2,996,680	3,007,490	3,017,760	3,032,300
Total bills discounted	142,580	660,790	210,900	633,250	635,270
Bills bought in open market	171,730	105,710	665,580	66,360	57,950
Total U.S. Govt. securities	598,650	842,160	81,700	871,620	885,010
Total bills and securities	912,970	1,615,620	747,280	1,578,150	1,582,550
Total resources	4,666,440	5,450,670	835,000	5,338,640	5,340,030
LIABILITIES.					
Federal Reserve notes in actual circulation	1,505,140	2,601,260	1,589,270	2,546,270	2,561,570
Deposits—Memberbank—reserve account	2,388,700	1,919,320	5,342,000	1,911,500	1,942,270
Total deposits	2,442,510	1,977,770	2,572,820	2,018,640	2,020,160
Capital paid in and surplus	443,350	415,700	1,910,600	415,040	414,980
Total liabilities	4,866,440	5,450,670	5,342,000	5,338,640	5,340,030
Ratio of total reserves to deposit and Federal Reserve note liabilities combined	83.8 %	70.0 %	70.6 %	70.9 %	70.8 %

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

	Apr. 9, 1932.	Mar. 17, 1932.	Mar. 24, 1932.	Mar. 31, 1932.	Apr. 7, 1932.
Total gold reserves	1,037,120	908,160	935,000	971,930	957,140
Total bills discounted	34,750	129,670	132,850	138,180	131,250
Bills bought in open market	57,540	32,530	20,740	21,080	16,280
Total U.S. Govt. securities	182,710	367,400	344,460	364,900	385,340
Total bills and securities	275,010	535,350	502,350	529,440	535,730
Deposits—Memberbank—reserve account	984,470	815,300	821,860	849,990	867,170
Ratio of total res. to dep. and Federal Res. note liabilities combined	85.9 %	67.9 %	70.4 %	69.7 %	69.1 %

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

	Mar. 13, 1932.	Feb. 12, 1932.	Feb. 19, 1932.	Feb. 26, 1932.	Mar. 4, 1932.	Mar. 11, 1932.
ASSETS.						
Gold coin and bullion	6,774	7,196	7,381	7,535	6,831	6,964
Subsidiary coin	281	449	458	462	460	467
Bills discounted	7,198	1,989	1,886	2,565	4,930	4,137
Investments	1,849	1,177	1,043	1,132	1,321	1,278
LIABILITIES.						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	720	802	802	802	802	802
Notes in circulation	7,017	6,891	6,510	7,710	7,781	7,0

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

ASSETS.	Mar. 31, 1931.	Mar. 31, 1932.	Mar. 15, 1932.	Mar. 23, 1932.	Mar. 31, 1932.
Metal reserve—					
Gold coin and bullion	125,709	100,047	100,047	100,047	100,048
Drafts and notes	25,007	15,460	15,460	15,460	15,460
Silver coin and bullion	13,752	9,748	10,123	10,123	10,123
Inland bills, warrants and securities	257,638	385,728	377,396	365,538	407,175
Advances to Treasury	60,140	54,512	54,205	54,205	54,205
LIABILITIES.					
Share capital (gold crowns 30,000,000*)	34,756	34,756	34,756	34,756	34,756
Notes in circulation	384,506	371,667	358,263	341,427	373,934
Current accounts, deposits, &c.	37,997	85,602	90,931	93,828	97,503

* Calculated at pre-war parity of exchange.

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K. (000's omitted).

ASSETS.	Mar. 31, 1931.	Mar. 7, 1932.	Mar. 15, 1932.	Mar. 23, 1932.	Mar. 31, 1932.
Gold	1,542,092	1,644,377	1,643,674	1,643,023	1,642,861
Balance abroad and foreign currency	2,199,268	861,270	843,060	816,173	784,024
Discounts and advances	163,201	1,287,830	1,160,129	964,574	1,432,050
State notes and debt securities	3,363,886	3,074,498	3,064,620	3,059,514	3,059,255
Other assets	1,095,022	686,895	628,787	661,123	854,023
LIABILITIES.					
Bank notes in circulation	6,698,906	6,461,935	6,180,188	5,974,819	6,825,997
Check account balances	828,027	426,735	474,263	506,847	278,757
Other liabilities	325,625	229,629	249,248	226,130	230,888

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

ASSETS.	Mar. 8, 1932.	Mar. 15, 1932.	Mar. 22, 1932.	Mar. 31, 1932.
Cash reserve—				
Gold at home and abroad	1,789,514	1,760,317	1,762,358	1,762,578
Foreign exchange	194,931	186,829	207,115	192,229
Other foreign exchange	86,884	86,826	86,390	83,906
Discounts and advances	2,200,469	2,186,278	2,184,481	2,181,445
Bills and advances against security	1,802,134	1,802,295	1,802,678	1,802,746
Government securities				
LIABILITIES.				
Notes in circulation	4,861,656	4,803,714	4,750,986	4,823,612
Sight deposits	487,239	535,711	567,184	495,129

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

ASSETS.	Mar. 23, 1931.	Feb. 29, 1932.	Mar. 7, 1932.	Mar. 15, 1932.	Mar. 23, 1932.
Gold and silver holdings	1,467,821	1,512,402	1,512,417	1,512,656	1,512,746
Balance abroad and foreign currencies	779,174	347,114	363,456	361,741	360,518
Discounts and advances	630,165	86,884	86,826	86,390	83,906
Advances to Treasury	3,064,428	2,965,482	2,965,482	2,965,482	2,965,483
LIABILITIES.					
Capital paid up	500,000	500,000	500,000	500,000	500,000
Reserves	1,183,283	1,190,753	1,190,752	1,190,821	1,190,875
Bank notes in circulation	3,170,136	2,671,572	2,776,504	2,743,838	2,801,347
Sight liabilities	1,449,660	1,595,738	1,511,678	1,505,095	1,434,488
Deposits	265,945	238,554	238,447	238,231	238,163

BANK OF GREECE.—In drachmae (000's omitted).

ASSETS.	Mar. 23, 1931.	Feb. 29, 1932.	Mar. 7, 1932.	Mar. 15, 1932.	Mar. 23, 1932.
Gold	516,991	869,373	869,380	831,354	777,591
Gold exchange	2,595,080	635,131	560,932	536,778	549,202
Other foreign exchange	2,886	2,170	2,162	2,578	2,549
Bills discounted	152,629	144,553	147,312	151,632	308,230
Advances	195,838	680,722	733,601	744,023	844,299
Debt to the State	3,368,763	3,150,417	3,150,417	3,150,417	3,150,567
LIABILITIES.					
Capital paid up	400,000	400,000	400,000	400,000	400,000
Notes in circulation	4,518,517	3,739,145	3,781,298	3,746,892	3,759,554
Deposits and current accounts	1,675,772	476,846	415,269	453,285	544,073
Foreign exchange liabilities	314,103	155,442	155,627	136,374	123,165

RUSSIAN STATE BANK.—Note-Issuing Department.

(In Tchernovets—000's omitted.) (NOTE: 1 Tchernovets = 10 gold roubles.)

ASSETS.	Apr. 1, 1931.	Apr. 1, 1932.	Apr. 1, 1932.	Apr. 1, 1932.	Apr. 1, 1932.
Gold in coin and bullion	50,351	63,794	63,842	63,996	64,050
Other precious metals	2,025	2,280	2,184	2,227	2,282
Foreign currency	4,751	4,493	4,436	4,458	4,459
Drifts in foreign currency	257	154	154	160	164
Collateral for short-term loans	162,716	208,779	198,883	198,659	198,445
LIABILITIES.					
Bank-notes transferred to State Bank	219,385	278,441	266,966	263,518	267,577
Balance to which notes may still be issued	615	1,059	2,534	5,982	1,923

BANK OF FINLAND.—In F. Marks (000's omitted).

ASSETS.	Position, May 30, 1914.	Mar. 23, 1931.	Mar. 7, 1932.	Mar. 15, 1932.	Mar. 23, 1932.
Gold	35,091	302,048	303,977	303,977	303,982
Balance abroad and foreign bills	90,379	376,109	859,263	929,808	922,966
Finland and Foreign Government securities	21,826	367,840	356,905	355,876	356,197
Discounts and loans	105,161	838,361	1,069,828	1,018,071	996,682
LIABILITIES.					
Notes in circulation	123,941	1,260,798	1,297,745	1,296,513	1,272,086
Deposits at notice	21,225	149,057	216,197	244,905	224,566

BANK OF ESTONIA.—In Est. kronas (000's omitted).

ASSETS.	Mar. 23, 1931.	Feb. 29, 1932.	Mar. 7, 1932.	Mar. 15, 1932.	Mar. 23, 1932.
Gold coin and bullion	6,514	7,310	7,311	7,319	7,320
Net foreign exchange	15,537	15,607	15,628	14,072	14,315
Subsidiary Estonian coin	1,787	1,648	1,883	1,863	1,695
Home bills discounted	11,102	10,668	10,637	10,729	10,819
Loans and advances	12,746	12,008	11,124	11,103	12,423
Thereof loans to Government	2,000	2,800	2,500	2,500	3,900
LIABILITIES.					
Notes in circulation	35,803	34,487	33,409	33,114	35,009
Sight deposits and current liabilities	11,009	13,052	12,939	13,586	12,772
Ratio of reserve to current liabilities	47.11%	44.00%	45.18%	45.81%	45.28%

* Includes Ekr. 4,050,785-65 guaranteed by the Government.

CENTRAL BANK OF CHILE.—In \$'s (000's omitted).

ASSETS.	Mar. 13, 1931.	Feb. 19, 1932.	Feb. 26, 1932.	Mar. 4, 1932.	Mar. 11, 1932.
Gold at home	61,594	67,136	67,231	67,365	67,576
Gold abroad	259,394	98,528	96,564	98,049	97,448
Discounts and advances	82,786	35,283	32,940	43,305	40,061
LIABILITIES.					
Notes of the bank in circulation	291,380	321,125	331,293	335,827	336,774
Deposits	47,746	122,232	114,412	111,704	116,252
Paid-up capital	90,832	90,832	90,832	90,832	90,832

LONDON RATES.

	Mar. 31, 1932.	Apr. 1, 1932.	Apr. 2, 1932.	Apr. 4, 1932.	Apr. 5, 1932.	Apr. 6, 1932.	Apr. 7, 1932.
Bank rate (changed from 4% Mar. 17, 1932)	3½	3½	3½	3½	3½	3½	3½
Market rates of discount—							
60 days' bankers' drafts	2½	2½	2½	2½	2½	2½	2½
3 months' do.	2½	2½	2½	2½	2½	2½	2½
4 months' do.	2½	2½	2½	2½	2½	2½	2½
6 months' do.	2½	2½	2½	2½	2½	2½	2½
Discount Treasury Bills—							
2 months'	1½	1½	1½	1½	1½	1½	1½
3 months'	1½	1½	1½	1½	1½	1½	1½
Loans—Day-to-day—							
Short	2½	2½	2½	2½	2½	2½	2½
Deposit allowances: Bank	1½	1½	1½	1½	1½	1½	1½
Discount houses at call	1½	1½	1½	1½	1½	1½	1½
At notice	1½	1½	1½	1½	1½	1½	1½

Comparison with previous week—

Short Loans.	Bank Bills.			Trade Bills.		
	3 Months.	4 Months.	6 Months.	3 Months.	4 Months.	6 Months.
1932.	2½	2½	2½	2½	2½	2½
Mar. 23 1931.	2½	2½	2½	2½	2½	2½
Apr. 7 1932.	2½	2½	2½	2½	2½	2½

RATES OF EXCHANGE.

London on	Usance.	Par.	April 9, 1931.	March 31, 1932.	April 7, 1932.
New York	dollars to £1	Cable	4.86½	4.86½	4.86½
Montreal	dollars to £1	Cable	4.86½	4.86½	4.86½
Paris	francs to £1	T.T.	124.21	124.21	124.21
Berlin	marks to £1	T.T.	20.43	20.43	20.43
Amsterdam	florins to £1	T.T.	92.107	92.107	92.107
Brussels	belgas to £1	T.T.	35.00	35.00	35.00
Milan	lire to £1	T.T.	92.46	92.46	92.46
Zurich	francs to £1	T.T.	25.22½	25.22½	25.22½
Oso	kroner to £1	T.T.	18.159	18.159	18.159
Stockholm	kroner to £1	T.T.	18.159	18.159	18.159
Copenhagen	kroner to £1	T.T.	18.159	18.159	18.159
Madrid	pesetas to £1	T.T.	25.22½	25.22½	25.22½
Lisbon	escudo to £1	T.T.	110	110	110
Vienna	schillings to £1	T.T.	34.54	34.54	34.54
Prague	kroner to £1	T.T.	164½	164½	164½
Budapest	dinars to £1	T.T.	276.316	276.316	276.316
Bucharest	lei to £1	T.T.	27.82	27.82	27.82
Sofia	leva to £1	T.T.	813.6	813.6	813.6
Athens	drachmas to £1	T.T.	673.659	673.659	673.659
Constantinople	piastres to £1	T.T.	375	375	375
Moscow	roubles to £1	T.T.	110	110	110
Warsaw	zloty to £1	T.T.	9.46	9.46	9.46
Helsingfors	F. marks to £1	T.T.	43.38	43.38	43.38
Kovno	litas to £1	T.T.	193.23	193.23	193.23
Reval	kroner to £1	T.T.	48.66	48.66	48.66
Riga	lats to £1	T.T.	18.159	18.159	18.159
Alexandria	piastres to £1	Sight	25.22½	25.22½	25.22½
Buenos Aires	pence to peso	T.T.	47.62½	47.62½	47.62½
Rio de Janeiro	pence to mils.	90 days	5.899	5.899	5.899
Montevideo	pence to peso	T.T.	51	51	51
Valparaiso	pence to £1	90 days	40	40	40
Lima	soles to £1	90 days	17.3	17.3	17.3
Calcutta	pence	T.T.	1½	1½	1½
Bombay	rupees	T.T.	1½	1½	1½
Madras	rupees	T.T.	1½	1½	1½
Hong Kong	ster. to dollar	T.T.	1½	1½	1½
Shanghai	ster. to tael	T.T.	1½	1½	1½
Singapore	ster. to dollar	T.T.	1½	1½	1½
Kobe	ster. to yen	T.T.	24.582d.	24.582d.	24.582d.
Manila	ster. to peso	T.T.	24.066d.	24.066d.	24.066d.
Mexico	pesos to £	T.T.	9.76	9.76	9.76
Siam	ster. to baht.	T.T.	21.82d.	21.82d.	21.82d.

† Nominal. (c) Official rate.

OVERSEAS BANK RATES.

Changed.			From To			Changed.			From To		
		%			%			%			%
Albania	July 1, 1931	9	8			Madrid	July 8, 1931	6	6	5	
Amsterdam	Sept. 29, 1931	2	3			Oslo	Mar. 3, 1932	5	4	5	
Athens	Feb. 20, 1932	12	11			Paris	Oct. 9, 1931	2	2	2	
Batavia	Mar. 10, 1930	5	4			Prague	Dec. 22, 1931	6	6	6	
Belgrade	July 20, 1931	6	7			Pretoria	Nov. 13, 1931	5	5	5	
Berlin	Mar. 8, 1932	7	6			Reval	Jan. 28, 1932	6	5	6	
Brussels	Jan. 13, 1932	2	3			Riga	Oct. 1, 1930	7	6	7	
Bucharest	Mar. 3, 1932	8	7			Rome	Mar. 21, 1932	7	6	7	
Budapest	Jan. 19, 1932	8	7			Sofia	Sept. 30, 1931	8	9	9	
Calcutta	Feb. 25, 1932	8	7			Stockholm	Mar. 3, 1932	5	5	5	
Copenhagen	Mar. 11, 1932	6	5			Swiss Bank					
Danzig	Nov. 24, 1931	6	5			places	Jan. 22, 1931	2	2	2	
Helsingfors	Feb. 12, 1932	8	7			Tokio	Mar. 12, 1932	6-57	5	8	
Kovno	Mar. 1, 1932	8	7			Vienna	Mar. 17, 1932	8	7	8	
Lisbon	Apr. 4, 1932	7	6			Warsaw	Oct. 3, 1930	6	6	7	
New York Federal Reserve ...	Feb. 25, 1932	3	3			Irish	Mar. 17, 1932	5	4	4	

FOREIGN AFFAIRS

AN AMERICAN QUARTERLY REVIEW.
Hamilton Fish Armstrong, Editor.



IN THE APRIL ISSUE

"Manchuria, the League,
and the United States."

By A. Lawrence Lowell.

"After the Indian
Conference."

By The Marquess of Zetland.

"Hitler: Phenomenon
and Portent."

By Paul Scheffer.

"Trade, Tariffs, the
depression."

By Percy Wells Bidwell.

Other Notable Articles in this Issue:

- Bülow and the War Jules Cambon.
Neighbors: A Canadian View R.
In the Disarmament Labyrinth:
Can Aircraft be Limited? Edward P. Warner.
Chemical Warfare James E. Mills.
Soviet Economy in a New Phase.. Bruce Hopper.
1931 Shepard Morgan.
The Protection of American Foreign Bondholders.
Allen W. Dulles.
Japanese Finance Since the War.. A. Andreades.
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FOREIGN AFFAIRS

45 East 65th Street, New York, N.Y.

WEEKLY TRAFFIC RETURNS. RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended April 1, 1932. (c) Week ended April 2, 1932.	Miles Open.	Gross Receipts, week ended April 3, 1932. (000's omitted.)					Aggregate Gross Receipts, (000's omitted.)				
		Passen- ger, &c.	Merchandise, &c.	Coal and Coke.	Total Goods.	Total for Week.	Passen- ger, &c.	Merchandise, &c.	Coal and Coke.	Total Goods.	Total Receipts.
Great Western	1932	3,761	188	141	72	213	401	2,195	2,236	1,404	5,835
1931	3,761	276	175	108	283	559	2,387	2,451	1,440	5,891	6,278
(c) L. & N.	1932	6,355	289	267	190	457	748	3,355	3,961	3,118	10,434
1931	6,351	390	336	177	513	903	3,596	4,496	3,312	9,750	11,404
L. M. & S.	1932	6,962	424	376	175	551	975	5,119	5,658	3,292	14,069
1931	6,957	626	437	203	640	1,266	5,377	6,133	3,628	9,750	15,138
Scottish	1932	2,181	259	66	34	100	359	3,130	808	447	4,385
1931	2,180	386	68	27	95	481	3,359	914	443	1,357	4,716
Total...	1932	19,259	1,160	850	471	1,321	2,481	13,799	12,663	8,261	34,723
1931	19,249	1,678	1,016	515	1,531	3,209	14,719	13,994	8,823	22,817	37,536

The operations of these Companies were extended during 1931.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Receipts.	Gross Receipts for Week.		Total Gross Receipts.	
				1932.	+ or -	1932.	+ or -
INDIAN.							
Assam Bengal.....	49	1932. Mar.	Rs. 1,330	Rs. 3,78,600	Rs. + 5,987	Rs. 1,78,95,823	Rs. - 15,13,301
Barri Lt. Ry.	50	12	202	29,100	+ 8,500	19,55,000	+ 32,000
Bengal & N. Western	24	12	2,114	7,54,032	+ 24,347	1,46,06,808	+ 4,65,866
Bengal-Nagpur	49	5	3,274	14,98,000	- 1,18,599	6,20,90,592	- 97,69,834
Bombay, Bar. & C.I.	51	26	3,084	15,76,000	+ 1,70,065	6,56,91,700	+ 91,83,329
Madras & S. Mahr.	50	12	3,230	15,77,000	- 4,27,738	7,44,44,036	- 29,59,995
† Rohilk. & Kumaon	24	12	572	1,64,542	+ 12,615	29,13,251	+ 92,204
South Indian.....	49	5	2,495	11,05,207	+ 1,89,045	5,21,22,885	+ 51,23,487

† Including Lucknow-Bareilly State Railway.

† Including Lucknow-Bareilly State Railway.

CANADIAN.

Canadian National	13	Mar. 31	20538	14,231,021	660,567	34,201,360	7,999,640
Canadian Pacific...	13	31	16811	3,322,021	538,000	28,310,000	6,446,000

† Ten days.

SOUTH AMERICAN.

		1932.	£	£	£	£
Antofagasta (Chili and Bolivia)	14	April 3	804	13,510	760	168,420
Argentina N.M.	40	2	753	10,700	300	478,800
Argentina/Trans/dn.	40	2	111	2,184	1,200	71,928
B.A. and Pacific	40	2	2,806	125,000	33,000	68,943
B.A. Central	40	3	...	9,865	2,725	5,005,000
B.A. Gt. Southern	40	2	5,076	222,000	15,000	249,000
B.A. Western	40	2	1,926	201,000	10,000	71,492
Central Argentine	40	2	273	16,491	10,000	8,391,000
Central Uruguay	40	2	273	16,491	10,000	2,938,000
C. U. (East Ext.)	40	2	311	4,193	1,429	8,598,000
C. U. (N. Nxt.)	40	2	185	1,978	86	557,469
C. U. (W. Ext.)	40	2	211	1,187	844	121,906
Entre Rios	40	2	1,218	40,000	5,000	59,292
Entre Rios	40	2	810	22,100	600	44,726
G. Westn. of Brazil	14	2	1,052	7,600	3,100	50,749
Leopoldina	14	2	1,918	34,908	12,084	1,888,000
Leopoldina Tarnal	14	2	...	411	4,227	150,600
Nitrate	3	Mar. 31	411	4,227	13,000	150,600
Paraguay Central	40	April 2	274	2,650	1,240	347,986
Salvador	40	2	...	2,855	1,004	348,000
San Paulo	13	Mar. 27	1,334	34,596	7,878	21,411
United of Havana	40	April 2	1,367	39,635	5,608	117,300
						114,252
						420,003
						68,934
						580,533

OTHER OVERSEAS.

Egyptian Delta Light Railways	49	Mar. 10	620	27,012	715	240,586	40,757
Egyptian Markets	12	24	104	44,343	37,246	19,927	1,350
Gt. Southern of Spain.	12	26	104	44,343	37,246	610,023	402,406
Mexican Railway ..	13	31	483	259,400	80,000	2,167,600	508,200

TRAMWAYS WEEKLY GROSS RECEIPTS.

				MONTHLY REVENUES.			
1932.				£	£	£	£
Anglo-Argentine ...	13	April 1	329	66,969	11,355	869,598	104,825
B. Aires Lacroze ...	40	3	...	9,987	1,853	410,799	52,885
Isle of Thanet Elec.	12	Mar. 23	...	2,248	94	30,722	3,018
Liverpool Corp. ...	52	30	124	28,216	1,444	1,558,818	13,367
Madras Electric ...	+3	31	...	Rs. 52,638	3,821	3,07,100	16,201
L.O.O. Tramways ..	52	30	166	71,647	8,899	4,126,306	143,534
				† Months			

MONTHLY TRAFFICS.

Company.	Months.	Ending 1932.	Des- crip- tion.	Receipts for Month.		Receipts to Date.	
				1932.	+ or -	1932.	+ or -
Alcoa and Gandia Ry.	3	Mar. 31	Gross	\$2,629	— 352	8,637	+ 78
Costa Rica Ry.	3	Jan. 31	Gross	\$23,434	8,638	168,722	+ 44,72
La Guaira and Caracas ..	3	Mar. 31	Gross	\$8,050	610	24,665	+ 8,61
Midland Ry. of W. Austr.	9	Feb. 29	Gross	\$13,204	1,199	101,586	+ 20,16
Peruvian Corporation ...	9	Mar. 31	Gross	\$77,290	7,013	707,573	+ 259,17
Rangoon Electric	3	Mar. 31	Gross	Rs. 1,86,778	+ 16,653		+ 78,36
Zafra and Huéla	2	Feb. 29	Gross	Rs. 200,699	— 124,670	481,913	+ 202,30

Company News.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash.	Interim or Final.	Date of Pay-ment.	Method of Payment.	Dividend for Whole Years.	Latest Year.	Previous Year.
INSURANCE.							
Legal and General.....	...	...	...	...	% 42½	% 42½	
TEA AND RUBBER.							
Ellawatte Ceylon Tea	10%†	...	...	...	16	22½	
Highland Tea of Ceylon	10%†	...	...	...	15	20	
Portmore Tea	10%†	...	...	...	15	30	
Fundalaya Tea	17%†	...	...	...	25	25	
MINING.							
Greville Dredging	...	...	...	...	...	...	...
Kramat Tin Dredging	6d. p.s.*	Apr. 30	...	...	5	10	
Tharais	...	...	...	...	...	...	...
OTHER COMPANIES.							
Alexander Thom and Co.	8%†	...	...	...	10½	9½	
A. Reyrolle	...	...	...	...	12½	12½	
Associated Newspapers (Def.) ...	3d. p.s.*	...	...	Quarterly	...	...	
Balks	2½%*	May 2	...	...	5	5	
Barrett and Pomeroy	2½%†	...	...	...	10	10	
Battersby and Co.	1½%*	...	...	Tax free	...	...	
Burnley Paper Works	1½%*	...	...	Tax free	...	...	
C. and W. Walker	...	...	...	...	5	12½	
Crystalate Gramophone	...	...	...	...	25	20½	
D. Gestetner	5%*	...	...	...	6	10	
Dickson and Benson	...	...	...	...	11	15	
Direct Supply Aerated Water ...	6%†	...	...	...	100	100	
E. Robinson and Sons	5%†	...	...	...	9	12	
Edinburgh Investment	4%†	...	...	...	5	3	
Futurist (Liverpool)	...	...	...	...	...	...	...
Henry C. Stephens	8%†	Apr. 22	...	...	7½	7½	
Henry Tomlinson	1½ p.s.*	...	...	Less tax	...	...	
Hodgson's Kingston Brewery ...	4%*	...	...	...	...	...	
Irish American Oil	5†	...	...	Tax free	15	15	
J. and B. Allan	...	...	...	...	12½	12½	
John Sumners and Sons	...	...	...	...	2½	5	
Joseph Crossfield	...	...	...	...	30	15	
Kean and Scott	3%†	...	...	...	11	12½	
Lawsans	5½%†	May 2	...	...	10	20	
Lawson	3½%*	...	...	...	...	...	
Paquin	2½%†	...	...	...	22½	22½	
Radcliffe's Edible Products	...	...	...	...	...	...	
Reckitt and Sons	...	...	...	...	...	...	

(a) Tax free. (b) Plus bonus of 1s. 3d. p.s.

SUMMARY OF BALANCE SHEETS.

FORD MOTOR COMPANY, LIMITED. December 31, 1931.			
LIABILITIES.	Compared with Dec. 31, 1930.	ASSETS.	Compared with Dec. 31, 1930.
Ord. shares, £1...	£ 8,539,451 + 1,539,451	Freehold and leasehold properties at cost less depreciation ...	3,856,155 + 1,824,298
Debts due by the company	1,255,385 + 423,564	Machinery, plant, &c., at cost less depreciation ...	1,070,547 + 627,116
Res. for taxation	250,000 - 21,355	Investments in and loans to subsidiary cos. ...	4,273,178 - 1,300,456
Employees' investment acct. ...	66,301 + 8,886	Freehold land, buildings, plant, &c., outside British Isles ...	94,300 + 94,300
Reserve account	...	Stocks of autos, parts & stores, cash, &c., relative to above... ..	349,025 + 349,025
Capital reserve	2,897,720 + 2,897,720	Bills Receivable... ..	59,204 - 59,204
Profit and loss ...	371,871 - 676,989	Stocks	766,686 - 9,152
		Debtors	513,263 + 182,155
		Short date deposit with a subsidiary co. ...	1,024,473 + 1,024,473
		British Govt. Securities	377,950 + 377,950
		Cash	1,055,151 + 161,150
Total	13,380,728 + 3,271,656	Total	13,380,728 + 3,271,656

* Realised since December 31, 1931, at a higher value.

UNITED MOLASSES COMPANY, LIMITED. December 31, 1931.			
LIABILITIES.	Compared with Dec. 31, 1930.	ASSETS.	Compared with Dec. 31, 1930.
6% cum. pref. (£1) 2,500,000	...	Motor vessels, steamships ...	2,978,405 - 15,025
Ord. shares (£1) ...	4,851,251	Installments on motor vessels ...	...
Bank loan	315,000 - 308,250	Freehold land at cost	24,115 + 21,265
Creditors	294,592 + 113,079	Tanks	122,608 + 122,608
Due to subsidiary companies	125,760 - 192,831	Rail tank cars ...	21,098 + 21,098
Contingencies reserve	1,502	Investments in subsidiaries at cost	2,095,815 - 2,067,464
		Investments in Industrial Alcohol Distilleries	1,105,469 - 5,256
		Debtors	188,316 + 180,579
		Stock	764,767 + 764,767
		Cash	11,839 + 3,007
		Profit and loss ...	775,673 + 711,413
Total	8,088,105 - 388,002	Total	8,088,105 - 388,002

MISCELLANEOUS.

BRITISH MATCH CORPORATION.—The directors of the British Match Corporation, Limited, announce that the company and its subsidiary companies have no holding of shares in Kreuger and Toll or the Swedish Match Company. They have not made loans to these companies or entered into any financial guarantees.

HUDSON'S BAY COMPANY.—Sir George May, Bart., and Mr. A. K. Graham have resigned from the Board. Sir Alexander Murray, C.B.E., has been elected deputy governor and Sir Evelyn Wallers, K.B.E., has been elected a director.

LANCASHIRE ELECTRIC LIGHT AND POWER COMPANY, LIMITED.—The change in the date of closing of this company's accounts to December 31st will enable the company to hold the annual general meeting each year several months earlier than in previous years. Owing to only nine months' dividend being payable at this time, the directors are considering the advisability of paying an interim dividend during the current year. The amount carried forward and the first quarter's net earnings are sufficient to cover the preference dividends to March 31, 1932, leaving a balance available for an interim dividend on the ordinary shares. The trade depression which marked the declining months of 1930 continued during the first five months of 1931. In June, however, trade took a more favourable turn, which became still more marked towards the end

of the year, and the improvement continues. The generating stations and distributing plant and mains have been maintained efficiently out of revenue. The scheme of the Central Electricity Board for North West England has not yet come into operation, and it is not known whether any of the company's stations will be connected to the grid during the present year. During the year an issue of £400,000 5 per cent. redeemable debenture stock was made at a satisfactory price, bringing the total debenture issue to £1,400,000. The ordinary dividend for nine months was at the rate of 7 per cent. per annum. The carry forward is £44,438. Treasury bills at cost amount to £167,658. Balance at credit in Lloyds Bank Limited amounts to £27,919. Reserve account stands at £212,516.

LLANELLY AND DISTRICT ELECTRIC SUPPLY COMPANY, LIMITED.—Considering that South Wales has suffered very severely during the year from trade depression, it is satisfactory that this company is able to report an improvement in the consumption of electricity since the close of the year. The operating profit and sundry receipts amounted to £65,329, against £68,551 for 1930. The ordinary shareholders receive a dividend of 4 per cent., less tax, against 3½ per cent., less tax, for 1930. The carry forward is £3,222, against £3,481 brought in. Reserve accounts stand at £88,614, against £75,739. Loan account is £61,000, against £70,000. The meeting was held at Winchester House (Hall 174), London, on April 4th, at 12 o'clock noon.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Debenture Interest.	Amount Available for Distribution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Depreciation, &c.	Balance Forward.	Net Profit.	Dividend.
					Prefee.	Ordinary.	Rate.				
					Amount.	Amount.	Rate.				
Banks.		£	£	£	£	£	%	£	£	£	%
Bank of Scotland	Feb. 29	200,077	268,180	468,257	...	202,500	18	50,000	215,757	366,870	18
Commercial Bank of The Near East	Dec. 31	370	9,893	10,263	...	3,875	2½	6,300	88	8,236	5
Electric Lighting, &c.											
Chelsea Electricity Supply ...	Dec. 31	6,875	57,377	64,252	1,800	35,166	1/8-866	20,879	6,407	52,405	8.11½
Midland Electric Corporation	Dec. 31	31,938	140,164	172,102	14,000	56,000	8	75,072	27,030	139,656	8
Financial Land, &c.											
Trust and Agency Co. of Australasia	Dec. 31	18,607	35,213	53,820	50,000	...	...	...	3,820	66,973	10½
Gas.											
Primitiva Gas Company of Buenos Aires	Dec. 31	60,317	167,445	227,762	...	89,984	4	85,000	52,778	237,564	6½
Iron, Coal and Steel.											
Stewarts and Lloyds	Dec. 31	134,207	317,272	451,479	89,361	...	...	225,000	137,118	590,645	13½
Motor and Cycle.											
Ford Motor Company	Dec. 31	506,360	35,840	542,200	...	...	...	170,329	371,871	978,603	10
Vauxhall Motors	Dec. 31	Dr. 448,385	56,040	Dr. 392,345	...	...	...	...	Dr. 392,345	Dr. 885,336	...
Rubber, &c.											
Bikam Rubber Estate	Dec. 31	25,566	Dr. 4,407	21,159	...	...	...	...	21,159	Dr. 4,407	...
Edinburgh Rubber Estates	Nov. 30	3,311	Dr. 2,210	1,101	...	...	...	...	...	3,498	...
Kuala-Nal Kelantan Rubber	Dec. 31	Dr. 269	Dr. 2,273	Dr. 2,542	...	...	...	...	Dr. 2,542	Dr. 4,397	...
Mapalagama Rubber	Dec. 31	509	Dr. 1,523	Dr. 1,014	...	...	...	Dr. 1,500	486	Dr. 1,757	...
Taiping Rubber Plantations	Sept. 30	19,480	705	20,185	...	...	...	...	20,185	8,408	2½
Tea.											
Highland Tea Co. of Ceylon	Dec. 31	2,264	11,181	13,445	...	8,700	15	2,000	2,745	13,975	20
Nuwara Eliya Tea Estates..	Dec. 31	15,639	125,891	141,530	...	106,400	38	19,000	16,130	111,307	37
Textiles.											
British Enka Artificial Silk	Dec. 31	Dr. 406,208	Dr. 64,389	Dr. 470,597	...	...	...	13,889	Dr. 484,486	Dr. 166,607	...
Tramways and Omnibuses.											
Para Electric Railways, &c.	Nov. 30	6,441	Dr. 15,070	Dr. 8,629	...	...	...	Dr. 8,629	...	12,836	...
Trusts.											
Alliance Trust	Jan. 31	52,064	356,943	409,007	69,257	193,528	25	65,000	81,222	359,550	25
British Combined Investors	Mar. 1	10,189	37,930	48,119	22,408	9,300	3	...	16,411	51,839	6
Edinburgh Investment Trust	Mar. 15	200,664	67,096	267,760	20,137	43,680	9	...	203,943	92,840	12
Second Caledonian Trust ...	Mar. 1	29,753	24,378	54,131	11,312	9,050	6	...	33,769	31,561	7
Third Guardian Trust	Mar. 15	6,430	28,267	34,697	13,125	9,188	3½	...	12,384	34,458	5
Third Scottish Western Inv.	Mar. 1	42,549	36,012	78,561	15,838	14,782	7	...	47,941	43,575	8
Other Companies.											
Allan (J. and R.)	Feb. 19	14,042	19,673	33,715	3,000	15,000	15	...	15,715	22,810	15
Associated Dyers & Cleaners	Dec. 31	20,430	36,320	56,750	24,240	...	...	...	32,510	55,856	5
Associated Portland Cement	Dec. 31	160,964	827,618	988,582	137,500	260,000	8	427,655	163,427	763,030	8
Blythe (William) and Co. ...	Dec. 31	6,146	23,233	29,379	1,696	15,407	7	...	6,281	5,995	8
British Thomson-Houston...	Dec. 31	215,698	182,768	398,466	82,200	75,000	5	20,000	221,266	169,310	5
Crosfield (Joseph) and Sons	Dec. 31	51,793	680,072	731,865	227,500	450,000	30	...	54,365	598,459	15
Crystalate Gramophone	Jan. 31	14,200	76,792	90,992	8,000	37,500	25	...	21,160	71,488	20½
Dickson and Benson	Feb. 29	8,814	10,819	19,633	7,200	1,800	6	...	8,052	13,073	10
Imp. Chemical Industries ...	Dec. 31	653,483	4,408,290	5,061,773	158,346	1,961,532	4½	1,000,000	516,825	4,973,392	16
Kellner Partington Paper ...	Dec. 31	5,209	74,768	79,977	30,000	45,515	5½	...	4,462	67,764	5½
London County Freehold & Leasehold Properties	Mar. 31	75,193	217,218	292,411	...	178,200	11	34,000	80,211	216,511	11
Niger Company	Dec. 31	108,018	41,090	149,108	...	...	...	15,000	134,108	62,700	...
Pequin Limited	Dec. 31	26,722	42,930	69,652	11,250	13,125	10	5,000	40,277	47,740	20
Slough Estates Limited	Dec. 31	30,901	65,928	96,829	...	64,100	10	...	32,729	71,269	10
Sprenta Patent (America) ...	Dec. 31	6,151	19,318	25,469	...	12,000	15	6,000	7,469	22,091	15
Steel Brothers and Co.	Dec. 31	10,817	309,238	320,055	183,000	103,045	10½	...	34,010	397,579	17½
Tayside Floorcloth Co.	Feb. 29	26,563	18,588	45,151	...	15,000	12½	...	30,151	19,616	12½
Telephone Properties	Dec. 31	(5 mos.)	29,809	29,809	5,479	12,328	4	3,936	8,066	...	...
United Molasses Co.	Dec. 31	Dr. 64,260	Dr. 711,413	Dr. 775,673	...	...	...	...	Dr. 775,673	Dr. 886,947	...

† Free of Income Tax.

Commercial Reports.

MARKET SUMMARY.

In the absence of any encouraging feature, the tendency of prices at the principal international commodity markets has been downwards during the past week. Among non-ferrous metals, the New York quotations for copper and tin suffered a sharp setback. The reaction in copper is particularly disappointing, as only recently the world's principal producers decided on a drastic curtailment in output. Among textile raw materials, the heavy slump in cotton is noteworthy. Rubber was again quoted at the low level reached a week ago. Among cereals, wheat recovered to the level of three weeks ago, but maize, oats and rye lost a few points. Despite the recent agreement among the members of the International Sugar Convention to effect a reduction in the current year's crops, the commodity slumped heavily. Cocoa has also been cheaper, but Brazilian coffee gained a little. Sterling commodities, which lend themselves to grading and therefore to international arbitrage, declined owing to the rise in the value of sterling in terms of gold, and because of the further decline in gold prices. According to reports from various industrial centres, the coal trade and the iron and steel industries show no improvement in activity. On the other hand, business in rayon yarn and fabrics has been maintained and the demand for Bradford goods remained steady. Business in cotton manufactures has, however, been hampered by the heavy fall in the price of the raw material.

THE COAL TRADE.

SHEFFIELD.—Business in the South Yorkshire coalfields is as restricted as ever, and overseas contracts continue to shrink. The home trade remains as before, with some improvement in boiler fuel, but rather reduced demand for steams. Prices for best steams for export are from 15s. 6d. to 16s. f.o.b. For inland the quotations are much the same, but on trucks at pits best house fetches from 21s. to 22s. at pits. Less blast furnace coke is going into consumption, but rather increased quantities of foundry coke are going out.

GLASGOW.—Business is on a disappointing scale in the Scottish coal trade. In addition to the seasonal falling off in the home market, the shipping trade has been quieter. Many foreign buyers are apparently working for lower prices and they are accordingly restricting their purchases as much as possible for the time being. All classes of coal remain plentiful, with prices on the easy side. Current quotations for the shipping trade are approximately as follows (f.o.b. district ports): LANARKSHIRE.—Ell best, 14s. 6d.; splint best, 16s.; splint second, 14s. 3d.; navigation, 15s.; navigation second, 14s. 6d.; Hartley, 15s. 6d.; steam, 13s.-13s. 3d.; trebles, 12s.-12s. 6d.; doubles, 10s. 6d.; singles, 9s. 6d.; pearls, 9s.; dross, 9s. FIFE.—Screened navigation, 16s. 6d.; first-class steam, 12s.-12s. 3d.; third-class steam, 11s. 6d.; trebles, 12s. 6d.-13s. 6d.; doubles, 10s. 3d.-10s. 6d.; singles, 9s. 3d.-9s. 6d.; pearls, 9s. LOTHIAN.—Prime steam, 11s. 9d.-12s.; secondary steam, 11s. 6d.; trebles, 11s. 6d.-12s.; doubles, 10s.; singles, 9s. 6d.; pearls, 9s. Ayrshire.—Unscreened navigation, 16s.; jewel, 16s. 6d.; steam, 13s.; trebles, 12s. 6d.; doubles, 10s. 9d.; singles, 9s. 9d.; pearls, 9s.; dross, 9s. 7d.

CARDIFF.—The South Wales steam coal market remains in a sluggish condition. Foreign inquiries are very slack, and with inland requirements tending to decline with the approach of milder weather, and with little increased activity in local industrial demand, supplies are plentiful, and prices with only one or two exceptions, are ruling on the basis of the minimum schedule figures. According to the Customs returns, the total shipments to foreign destinations in March were 1,335,140 tons, compared with 1,269,329 tons in February, and 1,487,079 tons in the corresponding month last year. France was the principal market, the deliveries to which were 433,834 tons, as against 385,902 tons the previous month, and 533,594 tons a year ago. Sized coals are about the only active grades, and while at the moment there is a good steam for patent fuel, there is no pressure of demand. Relatively the position in the anthracite trade is better, and there are fairly active inquiries for sized grades. The following are the current approximate quotations: Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 4½d.; best dries, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams, 13s. 6d.; cargo smalls, 11s. 6d. to 12s. 6d.; coking smalls, 13s. 6d. to 13s. 9d.; anthracite best large, 36s. to 38s. 6d.; Red Vein large, 22s. 6d. to 27s. 6d.; machine made cobbles, 40s. to 48s. 6d.; French nuts, 40s. to 48s. 6d.; stove nuts, 39s. 6d. to 43s. 6d.; rubbly culm, 8s. 3d. to 8s. 9d.; foundry coke, 32s. 6d. to 36s.; patent fuel, 19s.; pitwood, ex ship, 18s. 9d. to 20s. 9d.

IRON AND STEEL.

MIDDLESBROUGH.—The market for Cleveland iron is steady and although new business is still on quiet lines, there are indications that trade will gradually improve and a more confident feeling exists. Trade with Scotch consumers last month proved better than first expected, 4,704 tons Cleveland iron being sent, against 2,411 tons in February, and although Scotch foundries in many cases are only working short time, a greater proportion of iron from this district is likely to be used in the future. Deliveries to local consumers are on a fair scale, but exports abroad are poor, and were only 2,625 tons in March, against 5,087 tons in February. At the weekly market on Tuesday a moderate business was reported in Cleveland iron, mostly for early delivery. Official prices were unchanged, viz.: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s., f.o.b., f.o.t. In hematite there is slightly more demand, and with reduced competition from merchants

who have not now control of any great quantity of iron, makers are not inclined to make concessions and hold to 63s. 6d. for ordinary mixed numbers for early delivery. The resumption of shipments of hematite to Wales is regarded very favourably, as business has been practically impossible in that market for a considerable time; 2,200 tons were sent towards the end of March, and hopes are entertained that more sales will follow. The total shipments of pig iron last month showed a gain of 2,503 tons on February and manufactured iron and steel one of 2,688 tons. In the finished departments a few orders of moderate size are coming to hand, but no further contracts of importance have been booked recently. Several large jobs, however, are under negotiation by local firms, and it is reported that Dormans are likely to secure two big bridge contracts to cost about £2,000,000 each, one for Auckland (New Zealand) and the other for Brisbane. Prices are unchanged on the week. There is nothing doing in ore, and it is impossible to name definite prices. Best rubio is nominally 15s. 6d. c.i.f., and the current freight Bilbao/Middlesbrough is 4s. 6d. Imports of all kinds of ore into Middlesbrough for March totalled only 38,617 tons, against 52,154 tons in February. Coke is weak, and although the general quotation for ordinary blast-furnace qualities is 18s. delivered works, business has been done below this. The number of furnaces in blast in the district is unchanged at 17s.

SHEFFIELD.—The heavy steel branches have not yet resumed operations fully after the holiday stoppage and the volume of work coming in for semi-manufactured steel, heavy forgings and castings and tool steel still tends to shrink. A considerable number of the workmen suspended at Easter are still unemployed. Conditions continue to brighten in certain of the light and finished sections. Confidence in a revival later in the year is not lacking. Exchange fluctuations are checking overseas business, both inward and outward. Demand for hand and engineers' small tools is expanding steadily. The position of cutlery, electro and silver plate becomes worse every month, and the present stagnation in the home market is somewhat phenomenal. The makers of a famous brand of American hacksaws are acquiring a site in Sheffield for a factory. A large German cutlery firm is equipping a disused works in Sheffield with plant for producing pocket knives. It is also reported that a foreign firm is about to produce precision tools in the Rotherham district. The German Government is discouraging the establishment of German businesses in this country by controlling the export of capital and a prohibitive export duty on second-hand machinery. A Swiss firm making twist drills is seeking a site in the Sheffield district.

GLASGOW.—Business in the West of Scotland remains very quiet, but on the whole the outlook would appear more promising than in recent weeks. There is a slightly better export demand, although invariably for small parcels, and the home market is also showing a little more activity. Semis are in poor request and although the figures quoted by Belgian makers are exceedingly low very little business is being done. Sheetmakers have booked a fair tonnage for Canadian shipment, but little business is at the moment being done for shipment to other overseas markets. It is announced this week that Messrs. Stewart and Lloyds, Ltd., have secured a contract for some 1,200 miles of pipe line from the Iraq Petroleum Company, part of which will be manufactured in Glasgow district. There has been considerable unemployment in the tube trade for some time, but the manufacture of this piping will give employment to a large number of men for a year at least. In addition to manufacturing the piping, Messrs. Stewart and Lloyds will also make the steel necessary for the contract, amounting to about 60,000 tons.

CARDIFF.—On the Swansea Metal Exchange on Tuesday current inquiries were reported to be slow, but production generally has improved, and for the March quarter the output is likely to show a considerable increase on that in the corresponding period last year. The figures for the quarter are not yet available, but in January the output was 75,500 tons, which compares with 55,600 tons in the corresponding month last year, and with a monthly average in 1931 of 59,800 tons. Prices are nominally unchanged both for tinplates and local steel bars. At a meeting of the manufacturers on Tuesday consideration was given to complaints in regard to the allocation of orders under the new regulation scheme. The quantity of tinplate boxes received from the works at the Swansea docks last week was 117,399, as against 69,616 in the corresponding period last year, and stocks totalled 203,716 boxes as against 240,163 boxes.

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11½d per oz
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OTHER METALS.

TIN.—The outstanding feature of the London metal market has been the heavy slump in the prices to lowest level, since the suspension of the gold standard. The world's visible supply at the end of March, at 61,500 tons, shows little change on the previous month. In New York the metal was quoted at 19.25 cents per lb. on Wednesday, against 21.20 cents per lb. a week ago and 22.40 a month ago. Wednesday's official closing quotations in London, in terms of sterling for "standard" cash, at £108 10s. to £108 12s. 6d. per ton, compares with £120 10s. to £120 15s. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 33,217 tons, show a decrease of 531 tons on the week.

COPPER.—Despite the drastic curtailment of world output since April 1st, the market in copper was dull, and prices declined both in London and New York. On Wednesday, "Domestic" spot was quoted at 5½ cents per lb. in New York against 6 cents a week ago, and 6½ cents a month ago. Wednesday's official closing price for "standard cash" in London, in terms of sterling at £30 2s. 6d. to £35 compares with £31 12s. 6d. to £31 15s. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 20,945 tons, show a decrease of 140 tons, while stocks of rough copper, at 919 tons, are 31 tons smaller.

LEAD.—Business in lead was on a small scale, and, as sellers predominated, the metal declined a few points in London. In New York the metal was quoted at 3.00 cents per lb. on Wednesday, against 3.00 cents a week ago, and 3.25 cents a month ago. Wednesday's official closing quotation for "soft foreign" in London in terms of sterling, at £10 16s. 3d. per ton for shipment during the current month compares with £11 15s. on the corresponding day last week.

SPELTER.—Spelter, too, was a dull market, and prices gave way in London, though the New York quotation was maintained. Wednesday's quotation in New York, at 2.80 cents per lb., compares with 2.80 cents a week ago and 2.80 cents a month earlier. Wednesday's official closing quotation in London in terms of sterling for "good ordinary brands" was £10 11s. 3d. per ton for shipment during the current month, against £11 15s. a week ago.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, the quotations for aluminium and nickel have been maintained at £95 per ton and £220-£225 per ton respectively. Foreign antimony declined from £27 10s.-£28 to £27-£27 10s. Quicksilver was quoted at £17 10s.-£18 per flask, against £18 to £18 10s. a week ago. Platinum was again sold at £10 6s. per ounce.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Imports for the week March 31st to April 6th (inclusive), are 50,832 bales, of which 29,351 bales are American, 82 Brazilian, 989 Peruvian, 19,623 Egyptian, 429 East Indian, and 358 sundries.

Manchester.—Although on the whole the market during the past week has been rather steadier, the business done has been limited and it has not yet been possible to re-establish confidence amongst buyers in current prices. A certain amount of buying has taken place in yarn and piece-goods to meet urgent wants, but customers have not been prepared to anticipate future requirements. Cloth inquiry for India has been fairly encouraging and scattered sales have occurred in white shirtings, mulls and prints, chiefly for Calcutta and Karachi. Operations for China have been restricted, but bleached shirtings and poplins have been booked for Hong Kong. Most of the demand for Java and the Straits Settlements has run on fine fabrics. Business has been done in lawns for Rangoon. Not more than a retail turnover has taken place for Egypt and the Near East, and sales have been difficult to arrange for South America. Heavy goods have attracted some attention for East and West Africa. There has not been much activity in home trade cloths. The yarn market has continued generally slow. Restricted operations have occurred in American and Egyptian counts for home consumption and only occasional transactions have been reported in shipping numbers.

Cotton Prices.

	1932.				Corresponding Date.	
	Mar. 16.	Mar. 22.	Mar. 30.	April 6.	1930.	1931.
Raw Cotton—Mid. American per lb.	5.48	5.33	4.94	d.	8.66	5.62
Sakellaridis Fully Good Fair	7.50	7.25	6.80	6.70	14.20	8.90
Egyptian per lb.	9½	9½	8½	8½	12½	9½
Yarns—32's twist per lb.	9½	9½	9½	9½	13½	9½
40's twist per lb.	15	15	14½	14½	21½	16½
60's twist (Egyptian) per lb.	15	15	14½	14½	21½	16½
32-in. Printers, 116 yds., 16 by 16, 32's and 50's per lb.	18	0	17	6	17	3
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's per lb.	20	3	20	3	19	4
38-in. ditto, 38 yds., 18 by 18, 10 lb.	11	11	11	10	10	8
39-in. ditto, 37½ yds., 16 by 15, 8½ lb.	10	11	10	1	9	8

THE WOOL TRADE.—Bradford.—The third series of London sales will commence on Tuesday with an offering of 132,500 bales, including approximately 85,000 bales of crossbreds. The quality of the latter is large, writes our correspondent, in view of the present state of trade. The popularity of anything above 50's is well known, but lower qualities are neglected. One of the problems with which the trade is faced is how to secure an adjustment of this anomaly. Taken by itself, the demand for merino wool is all right, and prices are not likely to fall much, if anything, below their present level. If there were a bigger supply of merino wool immediately available it is probable that it could be taken up without much difficulty. This is entirely attributable to the present trend of fashion, which includes a large absorption of wool for hosiery manufacturing purposes. As regards the movement of values in London, merinos may be slightly in buyers' favour, for before Easter a slight softening in the Bradford market commenced, and it is known that some reasonable prices were accepted for merino tops—prices which did not represent the current cost of wool. Within the last week the Bradford market has begun to present a rather steadier appearance, but there is not yet any definite evidence of an upward movement, even in fine qualities. The outlook for crossbreds is just as uncertain as ever, and any forecast of the future is exceptionally difficult. South American crossbreds being available at very reasonable prices, does not point to any recovery in the balance of the New Zealand clip.

THE GRAIN MARKETS.

WHEAT.—There has been a slight but distinct improvement in the international wheat situation during the past week and prices in terms of gold have now recovered to the level of three weeks ago. International trade has been on a larger scale and, of Continental countries, France has bought considerable quantities. The foreign milling quota in France has again been raised from 40 per cent. to 45 per cent. A year ago the quota was only 20 per cent. It is expected that Continental countries will be obliged to purchase heavily until the new harvest becomes available. World stocks at the end of July will therefore probably show a reduction on last year. Another factor making for firmer prices is the unsatisfactory condition in several districts of the United States winter wheat crop. On Wednesday, "May" futures were quoted at 56 cents per bushel in Chicago, against 52½ cents on the corresponding day last week, and 57½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 32s. 3d. per 496 lbs., as compared with 32s. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 30s. 3d., against 30s.; No. 3 Northern Manitoba, Vancouver, ex ship, 29s., against 29s.; Russian, on sample, 26s. to 27s. 6d., against 25s. 6d. to 27s.; Australian, ex ship, 28s. to 28s. 6d., against 27s. 6d. to 28s. a week ago.

WHEAT FLOUR.—Business in wheat has been a little more active than a week ago. North American shipments, at 142,000 sacks, showed an increase of 35,000 sacks as compared with the previous week. Of this total, only 28,000 sacks have been consigned to Europe. Quotations in London Wednesday: Straight run, delivered country, 26s. per sack of 280 lbs., as compared with 26s. last week; delivered London, 25s., against 25s. Manitoba patents, ex store, 25s. 6d. to 28s., against 25s. 6d. to 28s.; and Australian, ex store, 20s. 6d. to 22s., against 20s. 6d. to 22s. a week ago.

BARLEY.—The market in barley has again been dull. On Wednesday, "May" futures were quoted at 4½ cents per bushel in Winnipeg, against 40½ cents last week and 43 cents a month ago. Quotations in London, Wednesday: "English feeding," f.o.r., per 448 lbs., 27s. to 28s., as compared with 27s. to 28s.; Russian, landed, 23s. to 24s. per 400 lbs., against 23s. 6d. a week ago.

OATS.—Little interest has been taken in foreign oats in this country, but other European countries have purchased considerable quantities of this grain from Argentina and Canada. "May" futures, which last week stood at 24½ cents per bushel in Chicago, sold at 24 cents per bushel on Wednesday this week, against 23½ cents a month ago. Quotations in London, Tuesday: "River Plate," landed, 17s. 9d. per 320 lbs., as compared with 17s. 9d. last week; "River Plate," ex ship, 16s. 9d., against 16s. 9d.; "Chilean White," landed, 26s., against 27s. a week ago.

MAIZE.—There has been a slight increase in turnover during the past week. Demand has been good, and Argentina and the Balkan countries have found a ready outlet at slightly firmer prices. Wednesday's quotation in Chicago for "May" futures, at 35½ cents, shows a decrease of 1½ cents on last week, and a fall of 5 cents as compared with the price a month earlier. Quotations in London, Wednesday: "Plate," landed, 21s. 6d. per 480 lbs., compared with 20s. 6d. last week; "Plate," ex ship, 20s. 9d., as against 19s. 9d.; "Plate," April-May, 19s. 3d., as against 19s. 3d. Yellow maize meal, ex wharf, was quoted at £6 per ton, against £5 17s. 6d. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1931-32, 1930-31, 1929-30, 1928-29:—

	1931-1932.	1930-1931.	1929-1930.	1928-1929.
Estimated sales of home-grown wheat—				
1 week to April 2	Cwts. 111,390	Cwts. 61,081	Cwts. 171,659	Cwts. 135,452
31 weeks to April 2	2,441,617	3,681,218	7,523,965	8,117,590
Average price of English wheat per cwt.	s. d. 6 1	s. d. 5 2	s. d. 8 4	s. d. 9 9

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1928 to 1931:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Mar. 26, 1932	Cwts. 81,082	Cwts. 42,701	Cwts. 29,198	s. d. 6 1	s. d. 8 1	s. d. 7 5
Apr. 2, 1932	111,390	51,510	31,694	6 1	7 11	7 5
Mar. 31, 1928	286,826	110,069	53,854	10 0	10 11	11 0
Mar. 30, 1929	105,458	61,881	30,310	9 9	10 3	9 9
Apr. 5, 1930	171,659	123,919	28,355	8 4	7 7	6 0
Apr. 4, 1931	61,081	32,316	19,064	5 2	7 5	6 1

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Jan. 2, 1931.	April 8, 1931.	Jan. 4, 1932.	Mar. 30, 1932.	April 6, 1932.
Winnipeg (No. 1 Manitoba)	148½	56½	57½	62½	61½	62½
Chicago (No. 2 Winter)	130½	79½	83	55½	52½	56

The visible supply of wheat in Canada, at 64,796,000 bushels, shows an increase on the week of 1,710,000 bushels. Supplies a year ago stood at 65,290,000 bushels.

OTHER FOODS.

SUGAR.—Despite the agreement reached among the principal producers of raw sugar to curtail output during the next season, prices failed to improve. On the contrary, a further heavy fall in quotations took place during the past week. "May" futures in New York were quoted at 0.65 cent per lb. on Wednesday, against 0.75 cent per lb. a week ago, and 0.83 cent per lb. a month earlier. Wednesday's sales of "raws" include "May delivery," at 4s. 1½d. to 4s. 4d. per cwt., against 5s. 0½d., and "December," at 4s. 10½d. to 4s. 11½d., against 5s. 6½d. to 5s. 7d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1932.	1931.	1932.	1931.	1932.	1931.
London	841	2,442	345	1,074	5,466	32,930
Liverpool	24,398	10,332	15,712	10,921	96,371	82,988
Total	25,239	12,774	16,057	11,995	101,837	115,918

Last week 47 9,504 10,643 20,207 92,655 115,139

COFFEE.—The New York coffee market witnessed a slight improvement in prices during the past week. The demand at the auctions in London was steady, and good qualities found ready buyers. Last week's movements of coffee in London were as follows: Brazilian, landed, 225 bags; delivered for home consumption, 78 bags; exported, 50 bags; stocks, 5,788 bags, against 2,872 bags last year. Central American, landed, 9,554 packages; delivered for home consumption, 1,596; exported, 1,265; stocks, 109,511 packages, against 105,276 a year ago. Other kinds, landed, 8,394 packages; delivered for home consumption, 1,880; exported, 687; stocks, 102,561 packages, against 103,475 a year ago.

COCOA.—After a period of rising prices, a slight reaction has to be recorded. "May" futures were quoted at 4.12 cents per lb. in New York on Wednesday, against 4.43 cents per lb. a week ago and 4.51 cents a month ago. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, new crop, April-May, at 24s. 6d. per cwt. f.o.b., London contract, shows a fall of 1s. 3d. per cwt. on the week. Last week's movements of cocoa in London were as follows: Landed, 21,993 bags; delivered for home consumption, 11,960 bags; exported, 40; stocks, 178,381 bags, as against 211,461 last year.

TEA.—The quantities catalogued for this week's auction comprise 52,468 packages of Indian, 26,018 packages of Ceylon, and 27,360 packages of Java and Sumatra tea. The London tea auctions reopened on Monday, when there was a good demand for most Indian varieties on offer. There was keen competition for Ceylon teas of outstanding on Tuesday. Wednesday's "Indian" sales again experienced a good demand, and sellers generally realised higher rates.

RICE.—After a period of good demand and steady prices rice has been dull since the beginning of last week. Both cash and forward quotations continued to decline this week. Wednesday's "spot" price at 10s. per cwt., shows a reduction of 3d. per cwt., while forward positions at 8s. 10½d. fell 6d. per cwt. Movements in London during the past week were as follows: Landed, 6 tons; delivered, 45 tons; stocks, 809 tons, as against 496 tons last year.

POTATOES.—The principal markets were well supplied with potatoes, and prices did not rise further. At the Borough Market, "Best King Edward" sold from 12s. to 12s. 6d. per cwt., as compared with 12s. to 12s. 6d. per cwt. a week ago.

SPICES.—The market in spices, though quiet, was a little steadier. Wednesday's quotation for "Black Singapore" pepper, at 6½d. per lb., shows no change on the week. Movements of pepper in London during the past week were as follows: Black, landed, 4 tons; delivered, 2 tons; stocks, 305 tons, against 536 tons last year. White, landed, 15 tons; delivered, 41 tons; stocks, 766 tons, against 512 tons a year ago.

MEAT.—At the Smithfield Market both home-grown and foreign beef was slightly dearer, but mutton shows little change on last week. On Wednesday, Argentine beef (chilled hindquarters) was sold at 4s. 2d. to 4s. 6d. per 8 lbs., against 4s. to 4s. 4d. on the corresponding day last week, while New Zealand frozen mutton realised 2s. 8d. to 3s. 6d., as against 2s. 8d. to 3s. 8d. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 8,010 tons, as compared with 8,996 tons in the corresponding week last year. Imported beef, principally Argentine, formed 86.2 per cent. of the supplies, as against 83.9 per cent. a year ago; and imported mutton, mainly New Zealand, formed 79.7 per cent. of the total supply, as against 82.0 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—Very quiet conditions continue and comparatively little business is passing. The general trend of prices has been downward and Plate linseed on passage to Hull was done at the close of last week at £7 15s., which is probably the lowest price (gold basis) on record. A steadier feeling has, however, developed on reduced Plate shipments, while the quantity afloat for Europe has again decreased. At 200,800 tons, which is 47,000 tons reduction on the week, it is still large and likely to be ample to meet requirements of crushers, both here and on the Continent. For April-May shipment £8 has been conceded, and this or less is current value, while for June and July a small premium is asked. Cottonseed is without buyers, and black Egyptian, afloat and April loading, has fallen to £5 17s. 6d. Vegetable oils of all descriptions are in poor demand and in most cases are quoted lower. Raw linseed oil on spot has declined to £13 per ton, naked, ex Hull mill. For May-August delivery £13 15s. is quoted. Cotton oil is neglected, crude Egyptian ex Hull mill being obtainable at £21 and refined at £23 10s. The demand for oilcakes and meals is fair and mill prices remain unchanged.

HIDE, LEATHER AND ALLIED TRADES.—Quotations for most descriptions of hides are now on a lower basis, and at the reduced figures a fair amount of business is passing for some sorts. At the Manchester sales this week, resumed after a fortnight's interval, prices for ox and heifers, with the exceptions of the two heavy weights, were from ½d. to ¾d. per lb. lower, while all cows realised ¾d. per lb. less money. Calfskins were a disappointing sale, as the three top weights did not change hands. The sheepskin market



PLAYER'S
 NAVY MIXTURE
 OR
 NAVY CUT TOBACCO

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Market Hides, London—			
CEREALS AND MEAT.				Irish bladders.....				English Southdown, washed				Dry and Dressed Cape—			
GRAIN, &c.—				American, boxes, 55 lbs. 39				Lincoln hog, washed				Best heavy ox and heifer			
Wheat—				Good English, per cwt. 12				Queensland, scd. super cmbg.				Best cow			
No. 2, N. Man. 496 lb.				SPICES—				N.S.W. greasy, super				Best calf			
Eng. Gaz. av., per cwt.				Pepper, per lb.—				Tops—				INDIGO—			
Barley, Eng. Gaz. av.....				Muntok, fair White				Crossbred 40-44				Bengal gd. red-vio. to			
Oats, " "				Black Lampong				Merinos 70's				fine—per lb.			
Maize, La Plata, landed				Cinnamon—1st sort, per lb.				Crossbred 48's				LEATHER—			
480 lb.				Cloves—Zanzibar per lb.				Sole Bends 8/4 lb.—				per lb.			
280 lb.				Ginger—per cwt.—				Dark Tanned Sole				Shoulders fm DS Hides			
Rice, No. 2 Burma, per cwt.				African				Do. Eng. or WS do.				Bellies from DS do.			
Tapoca, per cwt.—				Jamaica, ord. to good...				Do. Eng. or WS do.				Dressing Hides—			
Fine Java, spot				Mace				Ro. Eng. Calif, 20/30 lb.				Aust. Bends			
Fair Flake, Singapore..				Nutmegs 65s				SUGAR—				VEGETABLE OILS—			
MEAT—				(Duty, 11s. 8d. per cwt.)				B.W.I., crystallised				Linsed, naked, p. ton net			
Beef, per 8 lbs.—				B.W.I., crystallised				Java, white, c. & f. India				Rape, refined			
English long sides				March-April				REFINED—London—				Cotton-seed, crude			
Argentine chilled hinds				Yellow Crystals				Cubes				Coconut, crude			
Mutton, per 8 lbs.—				Crushed				Granulated				Palm			
English wethers				Home Grown				IRON AND STEEL—				Oil Cakes, Linsed, Eng.			
N.Z. frozen				TEA—				Fig, Cleveland No. 3, ton 58				per ton			
Pork, English, per 8 lbs.				Indian—per lb.—				Steel Rails, heavy				Ro. Eng. Calif, 20/30 lb.			
OTHER FOODS.				Pekoe				Tin Plates, per box				Aust. Bends			
BACON—				Broken Pekoe				METALS—				Turpentine, per cwt.—			
Irish				Orange Pekoe				Copper, Electrolytic, ton 34/5/0				Motor spirit, No. 1, London			
Danish				Broken Orange Pekoe				Sheets (strong)				Petrolium, Amer. rd.			
Dutch				American Orange Pekoe				Standard				Fuel oil, in bulk, for			
HAMS—				Ceylon—per lb.—				Lead Eng. Fig. ... per ton 12/0/0				contracts, ex instal.,			
Canadian				Pekoe				Soft Foreign				Thames—			
American				Broken Pekoe				Spelter G.O.B.				Furnace ... per ton			
BUTTER—				Orange Pekoe				Tin—English ingots				Diesel			
Australian				Broken Orange				Standard cash				Lubricating oil ex store,			
New Zealand				Ceylon—per lb.—				Tin—English ingots				London—per ton			
Danish				Pekoe				Standard cash				Pales			
CHEESE—				Common to fine				CHEMICALS—				Motor spirit, No. 1, London			
Canadian				Rhodesian leaf				Acid, citric, per lb. less 5%				Petrolium, Amer. rd.			
New Zealand				Nyasaland leaf				Nitric				Fuel oil, in bulk, for			
English Cheddars				East Indian leaf				Nitric				contracts, ex instal.,			
Dutch				Virginia leaf				Sulphate				Thames—			
COCOA—				Common to fine				Arsenic, lump				Furnace ... per ton			
(Duty, British grown,				Rhodesian leaf				Bleaching powder, per cwt.				Diesel			
11s. 8d.; foreign, 14s. cwt.)				Nyasaland leaf				7/10/0 6/12/6				Lubricating oil ex store,			
Accra, f.f.				East Indian leaf				BORAX, gran. per cwt. 13				London—per ton			
Trinidad				COTTON—				Do. powder				Pales			
Grenada				Mid-American				Nitrate of Soda				Reds			
COFFEE—				Sakellaris, f.f.				Potash—Chlorate, net				Cylinder			
(Duty, British grown,				Yarns, 32's twist				Sulphate				ROBIN—			
11s. 8d.; foreign, 14s. cwt.)				60's twist				Sal-Ammoniac				per ton 13/1/0 24/10/0			
Santos sup., c. & f. cwt.				FLAX—				Soda Bicarb. per cwt.				RUBBER—			
Colombian, good				Livonian ZK				Crystals				St. ribbed smoked sheet			
Costa Rica, med. to good				Pernau HD				Sulphate of Copper, per ton				per lb. 0 1 1/4			
East Indian				Shanetz Medium 1st sort...				CEMENT, London—				Fine Hard Para per lb.			
Kenya, medium				HEMP—				Portland, best Eng. pr. ton				SHRILLAC—			
EGGS—				Italian P.C. per ton				In jute sacks (11 to ton)				TN Orange			
English				Manila, Mar-May " J 2 "				In free paper bags (20				W. Aust. M.-o.-P. "			
Danish				Sierra African, Mar-May				to ton) 46 0 46 0				TAILLOW—			
FRUIT—				Native 1st mks. ... per ton				COPRA—				London Town per cwt. 22 0			
Oranges—				c.f. H.A.R.B.				S.D. Straits c.f., per ton				TIMBER—			
South African ..boxes				April-May				15/0/0				Swedish u/s 3 x 8 per std.			
Java				Dalsee 2/3 c.f. Dundee...				Smoked South Sea				" 2 1/2 x 7 "			
Lemons, Sicilian ..boxes				April-May				DRUGS—				" 2 x 4 "			
Mangoes ..cases 420 No. 1				SILK—				Camphor				Can'tu Spruce, Dis			
Apples: Amer.(var.) bris.				Canton				Japan, refined ... per lb.				Pitchpine			
" (var.) boxes				Tussah				Castor-oil				Rio Deals			
" Australian				Japan				Ipeacacanha				Teak			
Onions—				Italian—raw, fr. Milan				Turpentine, Wayne Co.				Honduras Mahg. logs c. ft. 0 10			
Valencia, case, 4s.				Canton				Wet salted—Australian				African			
Egyptian Bags, 13 0 13 6				Tussah				West Indian				Amer. Oak Boards			
Grapes, Lisbon .. boxes				Japan				Cape				" Ash			
Almeria ..bris.				Italian—raw, fr. Milan				HIDES—				English Oak Planks			

pronounced at rates running down to $1\frac{1}{2}$ per cent., but since then money has become a shade more usable at $1\frac{1}{2}$ and $1\frac{3}{4}$ per cent., partly because of some absorption of short money by the gilt-edged market. Renewals were arranged at $1\frac{1}{2}$ per cent. early in the week, but latterly the rate has eased to $1\frac{1}{2}$ per cent.

At last week's Treasury bill tender it was generally understood that a higher rate would be desirable, while some reliance was also placed on the fact that the new bills represented the unpopular July maturities. Consequently tenders were made at higher rates, so much so that a certain number of applicants tendered too high and so missed the allotments. Heavy applications were made by both British and foreign banks, and in the end applications totalled £76.2 millions for the £45.0 millions of bills on offer, against £61.9 millions the week before. The average tender rate worked out at £2 8s. 4.15d., in comparison with £2 8s. 3.73d. the previous week. The higher rate, however, was not held, for a keen demand for bills sprang up from those who had missed the tender, and they rapidly drove the rate for "hot" bills down to a minimum of $1\frac{1}{8}$ per cent. By Thursday the rate had recovered slightly to $2-2\frac{1}{8}$ per cent.

	Mar. 23, 1932.	Mar. 31, 1932.	Apr. 7, 1932.	Apr. 14, 1932.	Previous Rate and Date Changed.
Bank Rate	$\frac{3}{4}$	$\frac{3}{4}$	$\frac{3}{4}$	$\frac{3}{4}$	$\frac{3}{4}$ (Mar. 17, '32)
Banks' Deposit Rate..	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	2 (Mar. 17, '32)
Discount { Call	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	2 (Mar. 17, '32)
Houses { Notice ...	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$2\frac{1}{2}$ (Mar. 17, '32)
Market rate ("hot" Treasury bills).....	2	$1\frac{1}{8}-\frac{3}{4}$	$2\frac{1}{8}-\frac{3}{4}$	$2-2\frac{1}{8}$	...
Market rate (3 months' bank bills)	$2\frac{1}{2}-3\frac{1}{2}$	$2-3\frac{1}{2}$	$2\frac{1}{8}-3\frac{1}{2}$	$2\frac{3}{8}-3\frac{1}{2}$	...

The pressure of money has also held down the market rate on three months' bank bills, which were quoted at $2\frac{1}{8}-\frac{3}{4}$ per cent. on Wednesday and $2\frac{1}{2}$ per cent. the following day. Standstill bills were quoted on Thursday at rates ranging from $2\frac{1}{2}$ to $3\frac{1}{4}$ per cent. according to the name these carried. The week has witnessed a keen demand for short bills from the banks, who are believed to be buying fresh bills in order to find an outlet for their surplus funds. This demand gradually depressed the rate on short bills, until by Thursday both May and early June maturities were dealt in at $1\frac{1}{8}-\frac{3}{4}$ per cent. It is believed that the market's supplies of May bills have been practically exhausted, and if the banks continue to absorb June maturities greater stringency than usual will prevail at the half-year.

The main change in this week's Bank return consists of a further big increase of "other" securities held by the Issue Department. This item now stands at £36.9 millions, against £25.8 millions last week, and only £6.6 millions as recently as February 24th last. This increase of £30.3 millions in seven months arises from the heavy purchases of devisen made by the Bank during this period. The note circulation has been reduced by £3.0 millions during the past week, which practically completes the return of the holiday currency. Taking both departments together, Government Securities show a reduction of £6.8 millions and Other Securities an increase of £5.0 millions. Public Deposits have risen by £2.3 millions, and Bankers' Deposits are little changed at £78.4 millions, against £79.5 millions last week. The Proportion stands at 32.1 per cent., against 29.7 per cent. a week ago.

Once more, some slight disappointment was expressed in the market at the absence of any reduction in Bank rate. In one or two quarters it is thought that a reduction has been postponed until it can be made to coincide with the announcement of a conversion scheme, possibly in conjunction with next week's Budget. Another point of view put forward is that, inasmuch as the market is convinced that Bank rate must ultimately fall to $2\frac{1}{2}$ per cent., a reduction from $3\frac{1}{4}$ to 3 per cent. would give the signal

for a further landside in market rates of discount, and so Bank rate would remain ineffective. Neither of these reasons is exactly convincing, and it is to be hoped that the decision to reduce the rate will not be delayed much longer.

The March averages of the nine English clearing banks afford definite evidence of the return of funds to London from abroad. Notwithstanding the further collection of revenue, which continued up to the end of the month, deposits have risen since February by £17.6 millions.

	March, 1931.	December, 1931.	January, 1932.	February, 1932.	March, 1932.
Capital and reserves.....	132.1	130.0	122.8	122.8	122.8
Acceptances	121.5	102.1	98.7	90.6	98.7
Deposits (including undi- vided profits, &c.).....	1,726.2	1,700.5	1,677.3	1,621.7	1,639.3
Total liabilities	1,979.8	1,932.6	1,898.8	1,835.1	1,860.8
Coin, notes, balance at bank, and cheques in course of collection	227.3	237.1	224.0	214.2	218.0
Money at call.....	110.7	116.6	113.9	106.5	109.2
Investments	320.9	305.9	292.7	284.9	290.9
Discounts	238.5	244.1	237.0	205.3	214.7
Loans and advances.....	919.4	884.0	889.3	886.3	886.0
Over for accept., premiae, &c.	163.0	144.9	141.9	133.9	142.0
Total assets	1,979.8	1,932.6	1,898.8	1,835.1	1,860.8

Acceptances have recovered to their January level. As regards the banks' assets, advances are fractionally lower on the month. Apparently loans arranged in January for income-tax purposes are being repaid. There is an increase of £3.8 millions in cash, and the banks' purchases of bills are reflected in an increase of £9.4 millions in discounts. Investments are practically unchanged.

In New York, call rate has remained unchanged at $2\frac{1}{2}$ per cent., but further reductions have been made in open market rates on bankers' acceptances, so that 90-day bills are now quoted at rates running at levels as low as $1\frac{1}{2}-\frac{3}{4}$ per cent. Last week's Federal Reserve statement recorded an increase of \$19 millions in currency in circulation, thus reducing the recent downward trend. Gold imports of \$2,000,000 were reported from Canada on Wednesday of this week, and exports of \$495,000 to Holland.

The Foreign Exchange market was not very active this week, and although sterling fluctuated to some extent, and closed below the best, the undertone was firm. New York went rather against us at 3.78, against 3.80 last week. Montreal improved to 4.18. Paris was very firm and went from $96\frac{1}{2}$ to $95\frac{1}{2}$. Brussels was considerably better at 26.97, and Milan improved by $\frac{3}{4}$ to 73 $\frac{3}{4}$. Madrid was at 49 $\frac{1}{2}$, against 50 $\frac{1}{2}$ last week. Berlin went from 16.02 to 15.90 and Switzerland from 19.50 to 19.42. The Scandinavian exchanges were weak and irregular with the Kreuger revelations, Stockholm falling away from 18.88 to 19.95 and Oslo from 19.05 to 19.40. Copenhagen was not so seriously affected and declined from 18.20 to 18.30. The South American currencies are, to a large extent, still only nominal. Rio gained $\frac{1}{4}$ d. at 4 $\frac{1}{4}$ d., and Buenos Aires was irregular and weakened from 36 $\frac{3}{4}$ d. to 36 $\frac{1}{2}$ d. Montevideo gained $\frac{1}{4}$ d. at 29 $\frac{1}{4}$ d. In the Far East the rupee was weaker at 1s. 6 $\frac{1}{4}$ d., but the yen improved by $\frac{1}{4}$ d. to 1s. 9 $\frac{1}{4}$ d. Batavia gained 7 points at 9.38. In the forward discount, three months being unchanged at 2 cents discount. Paris went from par and 4 centimes discount to 3 and 6 centimes premium. Brussels weakened to 2 and 7 centimes discount. Milan was unchanged at last week's quotations. Madrid was firmer at $\frac{1}{4}$ peseta and $\frac{3}{4}$ peseta dam improved to $\frac{1}{2}$ cent and 1 cent discount, against 1 and 2 cents discount last week. Berlin is still not quoted. 2 $\frac{1}{2}$ centimes premium. The silver market was quiet and transactions were small, but sufficient to advance prices by $\frac{3}{4}$ d. to 16 $\frac{3}{4}$ d. for cash and by $\frac{1}{4}$ d. to 16 $\frac{1}{4}$ d. for forward. The Chinese silver exchanges, however, fell away, Hong-kong declining from 1s. 3 $\frac{1}{2}$ d. to 1s. 2 $\frac{1}{2}$ d. and Shanghai from 1s. 8 $\frac{1}{2}$ d. to 1s. 7 $\frac{1}{2}$ d.

THE REALITIES OF DISARMAMENT.

In one sense the Disarmament Conference has had a bad season. It opened under the shadow of the Far Eastern conflict; indeed, the conflict had just spread from Manchuria to Shanghai on the eve of the opening day, and the initial ceremony had to be postponed in order to make way for an emergency meeting of the League Council. This week, again, when the Conference has reassembled after the Easter recess, the skies are rather dark. In the Far East the Shanghai armistice negotiations have broken down. In Europe the Four Power Conference has been abortive, and at least four Central and South-East European countries are in imminent danger of a financial breakdown. From one standpoint these grave troubles are unfavourable to the Disarmament Conference's prospects, inasmuch as they distract the attention of the statesmen and the public to the immediate day-to-day problems and at the same time create an atmosphere of tension and apprehension. From another standpoint, however, it might be argued that this menacing course of international affairs which has been the Conference's background and accompaniment points the necessity for the Conference to persevere in its labours until it has achieved something really tangible.

There are three distinct fields in which it is incumbent upon the Conference to produce substantial results. Its principal and most important is also its most obvious task. The Conference has to secure an agreed reduction, by all parties, of the effective means of destruction at the disposal of the self-governing States of the world for making war. This task is imperative on account of the formidable intensification of war in modern times, a process which has been going on for about a century and a half, and which has been advancing, crescendo and accelerando, since 1914. Owing to our remarkable modern advances in mechanical technique and in organising power, the institution of war has become vastly more destructive to the victims and vastly more exhausting to the victors than it has ever been before; and these material advances in the art of destruction must admittedly prove fatal to the society which has made them unless we counteract the danger by some kind of self-denying ordinance—denying to ourselves and to each other, by national agreement, the prize of social suicide which we can hardly fail to win if we continue the Ishmaelitic competition of all against all.

This voluntary reduction in the means of warfare—that is to say, in weapon-power and in man-power—is the Disarmament Conference's first and most important objective; but it has at least two other goals. It has to put in hand, if not to carry to completion, an equalisation between the means of warfare that have been respectively allowed to the ex-victors and to the ex-vanquished under the four European peace treaties. And it has to secure for all Governments, in a financially straitened and embarrassed world, a perceptible instalment of budgetary relief.

The goal of equalisation is, of course, the special concern of Germany. On the other hand, everybody wants budgetary relief, though many Governments are perhaps still able to persuade their constituent taxpayers that the "sacrifice" of scrapping a battleship or an army corps is greater than the sacrifice of continuing to pay for their maintenance. As for the voluntary reduction in the means of warfare, the first session of the Conference revealed a remarkable and unexpected consensus among the statesmen, at any rate in regard to the peculiarly destructive or peculiarly barbarous new-fangled weapons that have been introduced since the beginning of the Great War. All parties—in the French and in the non-French camp alike—singled out certain of these weapons and made proposals for dealing with them which differed in many respects yet had one significant point in common, namely, that it ought not to be left to the discretion of individual Governments to possess these weapons in what quantities they choose or to make use of them at their own unfettered will.

This was the common postulate of "the Tardieu Plan" and of what may be called "the Grandi Plan," since the contra-French thesis was formulated best by the Italian delegate, though it was endorsed by almost every Government that did not happen to be the French Government's military ally. In everything beyond this, of course, the French and the contra-French theses differed in toto. M. Tardieu proposed to deal with the new-fangled deadly weapons by placing them at the disposal of the League of Nations (which was interpreted by unfriendly critics to mean at the disposal of France), while the Italian and American and British delegates, supported by the representatives of the great majority of the smaller countries, classified these weapons as specifically weapons of offence, and on that ground proposed that they should be either abolished outright or else limited drastically.

The proponents of this so-called "qualitative" reduction of armaments base their case on the following grounds. Suppose, they say, we all agree to abolish, or drastically reduce, our stocks of bombing planes and tanks and mobile heavy guns, while making lesser reductions, for the time being, in our stocks of stationary heavy guns and machine guns and rifles and barbed wire, it looks as though we might be able to weight the scales of warfare very considerably in favour of the defence and to the disadvantage of the attack. With these defensive weapons in hand, every country—even a small country—might be fairly confident of being able to defend its frontiers against all comers by calling up its native inhabitants and setting them to dig trenches in their native earth. The sense of security would be increased all over the world; and sooner or later an agreed reduction in defensive armaments, likewise, would follow. Incidentally, the other two purposes of the Disarmament Conference would be served. For the offensive weapons which it is proposed to abolish or reduce to vanishing point are, perhaps, the most expensive items in all national land armaments bills, and they are also the weapons that were specifically denied to the vanquished and allowed to the victors in the peace treaties.

In the case thus stated there is not a little force, though we are not disposed to minimise the weight of the criticism that security in Europe was ill to seek, long before the invention of poison gas, the heavy mobile gun, and the tank—two of which, indeed, were not in existence in August, 1914—and that in the absence of a real will to renounce aggression human invention might be only too successful in the discovery of effective aggressive means other than those formally renounced. This criticism cannot be dismissed as irrelevant; yet a beginning must be made somewhere, and in this matter of disarmament *c'est le premier pas qui coûte*. There is, therefore, much to be said for concentrating at this stage, when the Disarmament Conference has resumed its work after the Easter recess, upon dealing with the comparatively simple problem of the offensive weapons which were singled out, with impressive unanimity, for special treatment during the first stage of the Conference's work. It may be true, as our League correspondent points out on a later page, that no real progress can be made by the Conference until a decision has finally been taken on the plan—unlikely enough of acceptance—put forward by France for the establishment in effect of an international "army of security." Yet it is something if some positive action towards disarmament can be taken even on the limited and necessarily incomplete lines of "qualitative" reduction. It is, therefore, welcome news that the American delegation has taken a prompt and vigorous initiative on these lines. Last Monday—the opening day—Mr Hugh Gibson made a definite proposal for the scrapping of heavy mobile guns and tanks, and the abolition of poison gas; and he has demanded that the Conference should discuss this American proposal within

a week. In the expectation that this discussion will duly take place, Mr Stimson, the Secretary of State himself is at this moment on his way from Washington to Geneva. This American proposal has received immediate support from the British, Italian and German delegations. It has been opposed by M. Tardieu, for reasons described by our League correspondent, but it is to be hoped that the non-French group will have the courage of their opinion and will insist upon the new "Stimson Plan" being effectively discussed forthwith. The time has come for practical action; and the Conference will stultify itself if it goes on deliberately marking time while it waits wistfully for the Far Eastern crisis to relax or for the German Presidential Election to be followed by the parliamentary elections in Prussia, and for these to be followed in their turn by the parliamentary elections in France. Instead of waiting upon events, the Conference ought now to begin to make history on its own account.

THE ROAD TO RECOVERY.

FALLING unemployment, a balanced Budget and trade returns which show that our exports are holding their own are among a number of signs that Britain is putting up a stout resistance to the further spread of trade depression. On the Continent, the victory of Hindenburg at last Sunday's polls has removed for some time to come one major cause of uncertainty in the political field. Indeed, the story of recent events generally in Germany illustrates the immense forces of resistance inherent in a great economic entity to disintegrating tendencies. But it is at best a ding-dong battle. The repercussions of the Kreuger failure, a new slump in Wall Street, the vagaries of Mr Lang in New South Wales, fresh barriers to trade and commerce in every direction are all giving, in their various ways, new shocks to the low economic vitality of the world.

Nor do well-meaning statesmen seem to be very efficient or prompt in their efforts to bring much-needed relief. The failure of the Four-Power Conference on the Danubian problem was not altogether unexpected, for no plan was proposed that went to the root of the trouble or seriously attempted to reconcile the conflicting interests which since 1918 have blocked the way to sane economic reconstruction in Central Europe. But to say this is to explain, not condone, the fiasco; and if the Four Powers could not agree, it is not surprising that the League Council, which has had before it, as a matter of urgency, its Financial Committee's recommendation of a guaranteed loan to some of these States, should have been unable to do anything more original than postpone its decision until May. The Financial Committee's plea of urgency has, in fact, had precisely the same fate as those of the Wiggan Committee and of the Young Plan Advisory Committee.

Under these circumstances, we must wait, say some, until the big issues are settled at Lausanne. Others again plead that Britain cannot be expected to take up definite position regarding economic reconstruction until after Ottawa. Ominous whisperings, however, are to be heard suggesting that it will be premature to do anything very definite in June, and that some excuse for further delay must be found. The simple truth is that the Governments of the world are a team without a leader, a council without a policy, a moving crowd without a definite sense of direction.

But if we cannot see any way out of the wood, it is the more desirable that we should try to learn from those who have been in a position to study the topography. Among those best qualified to guide us in reading the lessons of the past ten years, there is no one with higher credentials than Sir Arthur Salter, who surveys—perhaps too cursorily—in three hundred pages the chief financial, economic and political problems with which the world has to deal.* Sir Arthur writes from the point of view of an international civil servant who has spent nearly a decade in the service of the League of Nations, who pre-

viously had experience of inter-Allied administration during the war, and who was for two years secretary of the Reparation Commission. This administrative experience alone would entitle his views to respect, but Sir Arthur's international reputation stands high, not merely as an official, but as a man of initiative and imagination and as the chief architect of the reconstruction work of the League in Central Europe. His judgment on world affairs will, therefore, carry exceptional weight.

If the book is in the main a precipitation of a singularly experienced judgment on a variety of subjects, it does in passing throw very illuminating side-lights on some of the events of the recent past. Most of us, for example, have forgotten, if we ever knew, that though France as a whole rejected Germany's offer to take steps to repair the devastated areas herself, this suggestion was, in fact, welcomed and supported by the Confederation of French Labour. How much trouble would have been avoided if this far-sighted judgment had been more widely held in France ten years ago! Sir Arthur writes, too, with the first-hand knowledge of the man whose business it was to smooth the working of the machine, when he describes the unsatisfactory working of the Reparation Commission. While agreeing with Mr Lloyd George that the scheme in its original inception had merits, he points out that its success was dependent on two assumptions, both of which were proved false—the first being that the total of scheduled damage would prove within Germany's capacity to pay; the second that America would ratify the Treaty and send a representative to occupy the fifth chair at the table and ensure that there would not be a deadlock. It was America's abstention which was responsible for the device of giving the French chairman a casting vote.

Under these disabilities, especially the first, the Commission, instead of being all-powerful, independent and united, was, in fact, impotent, dependent and divided. . . . its internal organisation founded upon what one member described as the "sacred principle of international distrust." Its relations with the Government alternated between individual protests and collective compliance. . . . For a year or two it retained at least some illusion of power; thereafter it remained, like the town of Trieste, a structure built too generously for a business that had gone elsewhere.

Equally illuminating, and even more valuable in its implication for the future, is the scathing indictment which Sir Arthur brings against the wasteful expenditure of many public authorities in borrowing countries and the abuses which have arisen in connection with private foreign loans in the post-war period. There is much food for reflection in his final judgment—and in the grounds on which he arrives at it—that "with the exception of loans recommended by the League of Nations and the central banks, the bulk of the foreign loans in these years to public authorities in debtor countries would better not have been made."

If that is a fair judgment—and Sir Arthur's illustrations are drawn from many continents—it is due not merely, or, indeed, chiefly, to abuses in the system of competitive private loans, but to the fact that capital has flowed without adequate or far-sighted regard to the economic future of the countries whose individual borrowers seemed to be able to offer reasonable security. If the environment in which Austria was set to work out a new economic life were such as to make it impossible to retain her industries and commerce, Austria was a "bad risk" for any but self-liquidating short-term loans, except on the assumption that common sense would prevail over the restrictive policies that have established such a stranglehold on the commerce both of Europe and the world, and have distorted production from its natural courses. In its reconstruction work the League sought to ensure political security and budgetary stability, and it tried also to improve the economic background. But in this it was less successful. The chapter in which Sir Arthur Salter explains why it failed in this attempt and what line should now be pursued, touches the most vital problem with which we are now faced.

The story makes sorry reading. In the foreground is the action and example of the United States, which, from being a debtor, suddenly emerged after the war as a great creditor nation. But America's position as a lender was new and uncertain; it was important that to the utmost possible extent she should receive what was due to her

in the form of goods. "In other words, the American tariff needed to be the lowest in the world. In fact, it was one of the highest." To a less extent the same is true of France. The one service performed by the crisis of 1931 is to reveal as never before "the anatomy of the world's economic structure."

In 1927 the World Economic Conference recommended the reduction and then the stabilising of tariffs; its influence and the subsequent discussions was such that the chief increases in tariffs were made not in Europe, but by countries outside, who did not participate in the debate. But the negotiations for general reduction—or even for a tariff truce—produced almost no result. Here are a few of the reasons:—

Tariffs have become exceedingly complex, they are on different levels, and constructed on different principles and with differing nomenclature. General agreements to modify these barbed-wire entanglements are extremely difficult to devise, and unless done on a general scale their technicalities prevent the enlistment of any general body of public opinion in their support.

Vested interests, both of labour and capital, have steadily grown up and created an atmosphere inimical to change. Consequently, when agriculturists, for example, find themselves damaged by industrial protection, it is easier to ask for and to obtain corresponding protection than to get the offending obstacles removed.

Those responsible for commercial policy habitually think in terms not of the policy that in their judgment may be best for the country, but of the reaction of a given policy on the party groupings on which their political support depends.

The most-favoured-nation clause as at present applied means that any reductions that may be made have to apply not only to the trade of those who offer liberal treatment in return, but to that of countries whose tariffs may be almost prohibitive.

Sir Arthur's proposals for coping with these difficulties, and for initiating a more liberal tendency in Europe follow broadly the lines of the report of the Conference of Economic Experts of August last. The following are among the conditions which he lays down. There is a case for asking non-European countries to concur in special arrangements for the European nations. Even a limited Customs Union—still less one for Europe as a whole—could not be achieved at one step, but the declared object of any plan should be to reduce and finally remove the barriers between the participating States. Between these States the most-favoured-nation clause should apply, and the reductions should aim at making any "intermediate" tariffs more level. Groups must be open to the admission of other countries and not create new and exclusive groups. There must be no increase of protection against non-participating States, and other countries whose general tariffs are equal to the lowest in the group should be given the advantage of the lower rates without having to increase their tariffs against the rest of the world.

Such a plan, which clearly can only hope to succeed if tariffs are simplified and cleared of their present excessive complexities, would create a lower tariff regime between certain countries and would tend to encourage its extension by offering inducements to other countries to conform to its clearly defined conditions.

This problem, however, like all the others which he discusses, forcefully illustrates what may almost be described as the main thesis of Sir Arthur Salter's book, namely, the striking contrast between the avowed opinion of the nations of the world as a whole and the action of its individual members. While all agree that barriers must be removed, everyone adds a new tier to his tariff wall. While all agree that, if the world is to be saved from a reversion to barbarism, civilised nations must disarm and live in peace, everyone polishes up his weapons of war. Even now, with the whole world in the toils, is it not yet possible for collective wisdom to prevail over individual folly? Lausanne will give one more opportunity for the statesmen to answer this challenging question. Because the world has shown such unsuspected power of resistance to the effects of credit collapse, suspension of contractual obligations, diminution of production and the slaughtering of trade, we cannot assume that the strain can be indefinitely prolonged without disaster. Nor is it enough to prop up a corner here or repair a crack there when a whole building is in danger of collapse. It will be high time in June to take a general look round and see what must be done in every direction—and not in the limited field of reparations alone—to restore the shattered economic structure of the world.

THE OATH AND THE ANNUITIES.

THE correspondence between His Majesty's Governments in the Irish Free State and in Great Britain, relating to the parliamentary oath and the land purchase annuities, has dispelled some of the pretence that had gathered around this controversy. Mr De Valera himself had fostered the belief that his claims were made upon a legal foundation, namely, the status of the oath in the Treaty and the degree of solemnity attaching to the agreement to pay the annuities. He himself, by a reversal of front which only the single of aim can accomplish in sincerity, has exposed that illusion. On March 22nd the High Commissioner for the Free State communicated to the Dominions Secretary a statement of which the first and key clause read: "The Oath is not mandatory to the Treaty." Mr De Valera, writing on April 5th in reply to the British Government's comment on that statement, begins his letter with these words: "Whether the Oath was or was not an integral part of the Treaty made ten years ago [he is quoting Mr Thomas's phrase] is not now the issue. The real issue is that the Oath is an intolerable burden to the people of this State, and that they have declared in the most formal manner that they desire its instant removal." The main impression that one receives from reading the correspondence is that Mr De Valera is obsessed with an idea and is prepared to "damn the facts." His description of the Treaty as having given the Free State "ten years of blood and tears and besmirched the name of England wherever a foul propaganda has been able to misrepresent us" would be ludicrous to anyone who had not deliberately blinded himself to the rising prosperity of Ireland, her complete internal autonomy and her accepted equality in the concert of nations. It is, no doubt, "foul propaganda" to point out, as Mr Thomas does in his second despatch, that Mr De Valera's claim that the Treaty of 1921 meant "the consummation of the outrage of Partition" is a flat contradiction of the truth. "There can be no conceivable hope for the establishment of a united Ireland except on the basis that its allegiance to the Crown and its membership of the British Commonwealth will continue unimpaired." Even this generalisation produced a little storm in Ulster, where it was falsely interpreted as hinting that the British Government actively contemplated the incorporation of the Six Counties with the Free State even within the framework of the Treaty. Sir Herbert Samuel is reported to have given Viscount Craigavon, the Premier of Northern Ireland, an explicit denial of such intention, but it is noteworthy that, according to Mr Lloyd George, "it was the hope of the framers of the Constitution that at no distant date North and South would willingly unite." All this exposes what an Alice-in-Wonderland world Mr De Valera lives in. He is not merely crying for the moon; he imagines it to be a cream cheese.

The British Government must have been at a loss to know how to answer his Note, since he had ruled out as irrelevant the legal question that he himself had raised, and had substituted a recital of the rights and wrongs of the Irish people which no knowledgeable person could accept. The Government contented themselves with a reaffirmation of their determination to stand by the Treaty Settlement and wisely abstained from uttering even the most veiled threats. Their attitude is rather like that of a benevolent father dissuading his son, who is of age and not to be forbidden outright, from marrying the tobaccoist's assistant. "This is not a quarrel between you and me, my boy; it concerns all the family." When the young man, who is high-spirited and only too likely to defy threats, has deliberately said "To hell with the family" and put up the banns, then it will be time to explain the consequences of estrangement. But there must be no hasty cutting off with a shilling, for in this case no simple act of forgiveness would effect a return of the prodigal. Once Mr De Valera is told that Ireland can become a republic and take the consequences, he is no man to be daunted by consequences, and it might take another civil war in Ireland to undo his decision.

* "Recovery." By Sir Arthur Salter, K.C.B. G. Bell & Sons, Ltd., London.

Let Mr De Valera pass what Bills he may. The British Government will certainly not coerce Dail Eireann into voting otherwise than it thinks fit; but equally the British Government should not recognise the validity of its resolutions until the whole Commonwealth has pronounced upon them. Ottawa will give an opportunity for that, and likewise for the exposure of the commercial consequences of secession. Irish and world opinion could not then arraign us for using an economic weapon to secure political allegiance. There is no question of economic war or retaliation, but the Free State could no longer expect the advantages if she renounced the duties of membership of the Commonwealth. The Free State Government has itself transferred the dispute from the legal to the material plane. True, it appears to base its case for the retention of the land annuities upon an implicit denial that there exists any legally valid undertaking to hand them over, but, whether or no the financial agreements of 1923 and 1926 can be so described, Mr De Valera can scarcely rest his claim in this matter upon juridical interpretation when in the matter of the Oath he comes dangerously near, by implication at least, to repudiation of the Treaty of 1921. A correspondent, whose letter we print on a later page, rightly deprecates hasty prejudgment of issues awaiting responsible solution; but while we agree with his view that there may be a case for "revision by mutual consent"—and this applies not only to the Oath, but to the Treaty as a whole—Mr De Valera will obviously risk impairing the amicable relations between Great Britain and the Free State, to the mutual injury of both parties, if he bases his attitude in regard to the land purchase annuities on the crude assertion, "What we have we hold." Mr De Valera must either submit a legal claim to legal test, or accept the stigma of repudiation, with its grave reactions on the credit of his country.

THE QUARTER'S OVERSEAS TRADE.

THE March returns of overseas trade reflect somewhat violently, as was to be expected, on the imports side the after-effects of forestalling in anticipation of the 10 per cent. tariff imposed on March 1st. Compared with February, total imports are down by £9.1 millions, while exports are £1.2 millions higher, the adverse balance of trade on merchandise account being thus reduced from £34.8 millions to £24.5 millions. Comparison with the figures of March, 1931, is affected probably to some extent—though it is believed that the returns exclude for the most part entrances and clearances later than the 25th of any month—by the fact that Easter fell this year in March and last year in April. Thus, the March figures, which we tabulate below, furnish a less informative guide to the trend of our overseas trade than the subjoined figures giving comparative totals for the first quarter of the past three years:—

MONTH OF MARCH. (000's omitted.)

	Increase or Decrease as compared with					
	1932.			March, 1931.		
	£	£	%	£	£	%
Imports	61,119	— 9,482	— 15.4	— 32,330	— 34.6	
British exports	31,196	— 2,793	— 8.2	— 22,750	— 42.2	
Re-exports	5,424	— 2,236	— 40.5	— 24,986	— 40.5	
Total exports	36,620	— 2,808	— 7.1	— 24,986	— 40.5	
Excess of imports over total exports	24,499	— 6,674	— 21.4	— 7,344	— 23.1	

FIRST QUARTER. (000's omitted.)

	Increase or Decrease as compared with					
	1932.			March, 1931.		
	£	£	%	£	£	%
Imports	193,416	— 15,844	— 7.8	— 90,087	— 31.8	
British exports	92,331	— 11,015	— 10.6	— 71,801	— 43.8	
Re-exports	16,115	— 1,213	— 7.0	— 8,365	— 34.2	
Total exports	108,446	— 12,228	— 10.1	— 80,167	— 42.5	
Excess of imports over total exports	84,970	— 4,156	— 4.7	— 9,920	— 10.5	

Practically the whole of the £9.5 millions reduction in imports recorded last month fell in the category of articles "wholly or mainly manufactured." Smaller imports of iron and steel represent probably a natural reaction from previous forestalling rather than the 10 per cent. duties' powers of exclusion, but over the range of manufactured articles covered by the 50 per cent. Abnormal Import Duties the contraction, as compared with a year ago, is enormous. For example, the value of cotton yarns and manufactures imported fell by comparison with March, 1931, from £737,000 to £78,000, and that of wool textile imports from £1,207,000 to £146,000.

Turning now to the totals for the quarter, it will be seen that the combined effects of the "protective factors"—tariffs plus a depreciation of sterling, which gives, in relation to "gold" countries, a "shelter" of nearly 100 per cent. in the case of "abnormal" imports and of nearly 50 per cent. on goods covered by the 10 per cent. tariff—have resulted, in conjunction with general world trade depression, in producing no very striking change, so far, in our visible balance of payments. Including movements of bullion and specie, the excess of imports over total exports in the first quarter of this year amounted to approximately £80 millions, as compared with £82 millions a year ago. It should, however, be noted that in March—i.e., after the reaction from February forestalling and the imposition of the 10 per cent. tariff—the adverse merchandise balance had fallen to a level nearly £9 millions below the monthly average of over £33 millions last year. This enormous change in the balance of payments, with all its attendant repercussions on the economy of other countries, scarcely suggests the need of additional fiscal devices designed to "correct by a slimming process" our foreign trading account. Indeed, comparison with the corresponding figures for the first quarter of the past two years, as set forth in the table above, reveals with tragic clarity the impoverishing contraction which has taken place on both sides of the ledger.

As an aid to further elucidation of the position we give in the next table an analysis of the past quarter's figures divided into different classes:—

RETAINED IMPORTS AND BRITISH EXPORTS BY CLASSES. (£'s million.)

	Retained Imports.			British Exports.		
	First Quarter.			First Quarter.		
	1930.	1931.	1932.	1930.	1931.	1932.
Food, drink and tobacco	114.1	93.2	90.8	12.3	9.5	8.3
Raw materials and articles mainly manufactured	67.1	39.0	41.7	18.7	11.6	10.6
Articles wholly or mainly manufactured	75.0	67.7	42.6	128.4	78.4	70.2

As compared with a year ago, the changes in values, respectively, of imports of foodstuffs and raw materials approximately cancel out. In the first-named group the chief features which emerge from a study of the detailed figures are (1) an increase of some 10 per cent. in the volume of our wheat imports—larger shipments from Argentina, Australia and Canada outweighing heavy reductions in purchases from Russia and the United States—accompanied by a rise from 5s. 6d. to 6s. 4d. in the average cost per hundredweight; (2) a rise of over 20 per cent. in the volume of maize imports without appreciable change in the average value per hundredweight, the additional supplies coming from the Argentine; (3) a fall of £3 millions in the case of meat imports approximately unchanged in volume, the saving being due mainly to lower prices for imported beef; (4) a large increase, owing to the dearth of home supplies, in potato imports; (5) an increase of five million tons in volume and of £2 millions in value in respect of unrefined sugar imports; (6) a fall, at the expense mainly of the United States, of 14 million pounds weight in imports of tobacco, at a saving of £1.6 millions in cost.

Among raw materials the chief changes, as compared with a year ago, are to be found in a large increase, at lower value per pound, in the volume of imports of raw cotton, together with a substantial expansion in our pur-

chases of wood pulp and hides, as compared with a striking reduction in our imports of raw rubber. In the "wholly or mainly manufactured" group our imports of iron and steel (these, of course, are predominantly "semis") fell from 609,000 to 556,000 tons, but this would appear to represent a continuance of the progressive decline in the "capital investment" industries rather than a consequence of the 10 per cent. tariff, though forestalling in February, particularly in the case of Belgian tinsplate bars, may have swollen to some extent the 1932 totals. For the rest, the volume of our imports of non-ferrous metals has been fairly well maintained as compared with the corresponding quarter of last year, while, as already stated, the Abnormal Import Duties have nearly effaced from the trade map our imports of manufactured cotton and wool textiles. For example, as compared with the first quarter of 1931, cotton piece-goods imports fell from 11.8 to 0.6 million square yards, while our imports of woollen and worsted tissues from the Continent dropped from 10 million to 1.4 million square yards. Similar contraction is to be found in our imports of apparel, whose value fell from £5.1 millions to £1.9 millions, electrical goods, cutlery and hardware. By contrast, the value and volume of our machinery imports showed only an insignificant contraction. We conclude this side of our survey with comparative figures of the retained volume of certain leading imports:—

RETAINED IMPORTS.

	First Quarter.		
	1930.	1931.	1932.
Wheat	20,272,473 cwt.	21,874,697 cwt.	23,487,637 cwt.
Beef	2,830,298 cwt.	3,069,167 cwt.	2,834,409 cwt.
Sugar	6,969,676 cwt.	7,054,015 cwt.	11,813,453 cwt.
Iron ore	1,335,200 tons	598,097 tons	505,453 tons
Raw cotton	3,786,438 cents	2,781,684 cents	3,393,246 cents
Sheep and lambs' wool	1,973,056 cents	2,213,348 cents	2,299,276 cents
Raw silk	511,723 lbs.	480,085 lbs.	524,409 lbs.
Flax, hemp and jute	104,142 tons	69,495 tons	108,587 tons
Wood and timber, sawn, soft	577,562 loads	370,080 loads	347,463 loads
Rubber	808,973 cwt.	796,400 cwt.	309,292 cwt.
Crude petroleum	101,481 thousand galls.	108,141 thousand galls.	81,385 thousand galls.
Wood pulp	333,932 tons	309,446 tons	466,110 tons
Hides, wet and dry	281,354 cwt.	278,222 cwt.	314,720 cwt.

That tariff duties, coupled with the lower exchange value of the pound, should have resulted in a sharp curtailment of manufactured imports was so much a foregone conclusion that greater interest attaches to an endeavour to seek such inferences as may be drawn from the export side of our trade accounts. From the above table analysing classes, it will be seen that the bulk of the 10 per cent. decline recorded, in comparison with the first quarter of 1931, fell in the "wholly or mainly manufactured" group. The shrinkage in our relatively small exports of food, drink and tobacco is generally indicative of consumers' enforced economies throughout the world. In the raw materials section the predominant part is naturally played by our shipments of coal. Here a total decline of one million tons, as compared with 1931, was due, in the main, to a fall of 700,000 tons in sales to France. Italy, Belgium and Germany also curtailed their purchases of British coal to a minor extent, whereas some ground was regained, to the exclusion presumably of our "gold" competitors, in the Scandinavian and Brazilian markets.

From a study of the manufactured group of exports several features of interest emerge. The total value of iron and steel exports, at £7.1 millions, as compared with £8 millions a year ago, contrasts very unfavourably with £15.4 millions recorded in the first quarter of 1930, but some modified encouragement on a comparison with the position last year is to be derived from signs of revival in our trade with India in galvanised sheets, while shipments of tinsplates to China and Japan, the Straits Settlements, Australia and to Scandinavia all showed a welcome expansion. Proceeding from iron and steel to machinery we find that exports in the aggregate were also fairly well maintained, as compared with 1931, though the impover-

ishment of the primary producing countries was reflected in considerably lessened sales of agricultural and electrical machinery. With regard to the cotton industry, an interesting development is an appreciable increase in exports of yarn to Germany, but the picture is dominated, so far as cotton textiles are concerned, by the notable increase in sales of piece-goods to China, which absorbed 42 million square yards, as compared with less than 14 million square yards a year ago—a striking reflection of the indirect advantage to Lancashire of the Japanese boycott in China. Shipments to Hong Kong, India, Australia, British West Africa and Egypt also rose substantially, and there was an improvement in trade with Scandinavia. On the other hand, the effects of the financial crisis operating in various ways on different countries are to be seen in a curtailment of our sales to distressed countries, such as Greece, Turkey and the Argentine, while even the United States' purchases showed a fall. Moreover, though the total value of the quarter's cotton piece-goods exports amounted to £11.3 millions, as compared with £10.3 millions a year ago, it was still only half the value recorded in the first three months of 1930. In wool textiles the trend was similar. Germany and Scandinavia bought a larger quantity of tops and worsted yarns, while exports of woollen and worsted tissues were well maintained for Scandinavian destinations, but fell sharply both to the United States, Central Europe and primary producing countries overseas. The total value of wool exports, at £6.6 millions, compared with £7.4 millions a year ago and £12.2 millions in the first quarter of 1930. To conclude with a type of exports which is highly sensitive to changes in the flow of capital investment abroad, "vehicles," which includes locomotives, railway wagons, etc., as well as motor cars and ships, showed a fall of nearly 50 per cent., as compared with a year ago, this result being indicative mainly of the cessation of railway development and replacement in South America and in India. A quantitative list of leading exports is appended:—

SOME LEADING EXPORTS.

	First Quarter.		
	1930.	1931.	1932.
Coal	15,012,511 tons	10,416,201 tons	9,471,811 tons
Pig iron and ferro-alloys	106,771 tons	48,419 tons	32,933 tons
Railway material	127,062 tons	47,047 tons	19,649 tons
Total iron and steel	983,847 tons	481,187 tons	473,517 tons
Textile machinery	26,681 tons	12,287 tons	16,415 tons
Total machinery	131,421 tons	89,181 tons	34,114 tons
Cotton yarns	38,106,500 lbs.	31,403,600 lbs.	43,673,500 lbs.
Cotton piece-goods	894,046,100 sq. yds.	438,410,300 sq. yds.	562,930,600 sq. yds.
Wool tops	71,332 cwt.	70,943 cwt.	114,875 cwt.
Woollen tissues	25,572,200 sq. yds.	16,754,700 sq. yds.	14,496,500 sq. yds.
Worsteds tissues	11,409,900 sq. yds.	9,055,800 sq. yds.	8,101,400 sq. yds.
Linen piece-goods	19,703,000 sq. yds.	16,439,800 sq. yds.	19,461,400 sq. yds.
Boots and shoes	230,938 doz. pairs	161,166 doz. pairs	155,088 doz. pairs
Leather	71,963 cwt.	37,438 cwt.	38,613 cwt.
Paper and cardboard	1,217,242 cwt.	796,166 cwt.	957,685 cwt.
Locomotives	11,286 tons	8,517 tons	1,158 tons
Motor cars and chassis	8,789 number	6,529 number	9,304 number

To sum up, such evidence as is furnished by the past quarter's returns of our export trade suggests that in maintaining an average monthly figure slightly over £30 millions we are indebted to the depreciation of sterling for an ability to acquire a slightly increasing proportion of a diminishing world quantum of international trade. The fall in the pound, however, appears to have been less effective in stimulating purchases from us by countries still actually, or nominally, remaining on the gold standard, than in diverting to our market from other "non-gold" countries a greater proportion of purchases which those countries formerly made in "gold" markets. Poverty of consumers in the primary producing countries, coupled with pressure directed by the Governments of externally indebted nations towards restriction of imports has stood, and seems likely increasingly to stand, in the way of any notable expansion of the exports on whose development—and not on further contraction of our imports—the restoration of real industrial prosperity in this country depends.

THE CRISIS IN GREECE.

(BY OUR ATHENS CORRESPONDENT.)

UNTIL the summer of 1931 Greece had not felt acutely the effects of the world crisis. Production and trade were, naturally, being affected to an increasing degree; but, on the whole, the country was facing the storm fairly well, while the situation of the public finances remained satisfactory. Last summer's intensification of the crisis, however, followed by the abandonment of the gold standard in Great Britain, brought a sudden and dramatic change in the situation. In order to understand the causes of the present difficulties of the country, it is necessary to remember that Greece had always a considerable passive balance of trade, which, normally, was covered by the "invisible" export items, chiefly the remittances of Greek emigrants and the profits of the merchant marine; and that the population has increased from 5,016,889 in 1920 to 6,397,000 in 1930—this increase including over a million of destitute refugees from Asia Minor.

Before the war a continuous stream of emigration to overseas countries—principally to the U.S.A. and Canada—procured a double benefit to the country, by relieving it of its surplus population, and by increasing the national income through the important sums regularly sent home by the thrifty emigrants. With the end of the war, however, the flow of Greek emigrants to other countries practically ceased. In addition, an abnormal increase of the population took place suddenly by the arrival of the refugees. The authorities were thus confronted with the extremely difficult and urgent problem of settling these newcomers and giving them the means of subsistence, and, moreover, of providing for the annual growth of the population, which could no longer be exported abroad.

To solve this problem the settlement of the refugees was combined with the execution of a big programme of productive public works. The necessary funds were raised chiefly by means of external loans, in addition to appropriations from the ordinary Budget of the State and large issues of internal bonds distributed to exchanged refugees and other sufferers from the war. These bonds represented partly the value of immovable property under liquidation, left by the exchanged Turks, and partly a direct liability of the State. The programme of productive works included the reclamation of large areas of land and the construction of roads. By means of these works and, more generally, the economic reconstruction of the country started after the war, it was and is still hoped that the national income, especially from agriculture, will rise to such an extent that not only will it be possible to maintain the increased population, but also to raise the standard of living of the people which is, indeed, very low.

Unfortunately, the world crisis broke out before the completion of this programme. The fall of prices brought, it is true, a partial relief to Greece by diminishing the unfavourable balance of trade from £16,700,000 (gold) in 1929 to £12,329,000 (gold) in 1931. But, on the other hand, the invisible credit items diminished too. Consequently, for the last three years, the gap in the balance of international payments of the country—even after allowing for the inward movement of capital in the form of foreign loans and credits—was filled from the gold and foreign exchange reserves of the Bank of Greece, which fell from Drs. 4,240 millions at the end of 1928, to Drs. 3,115 millions at the end of 1929, Drs. 3,011 millions at the end of 1930, Drs. 1,916 millions on December 31st last, and Drs. 935 millions on March 31st of this year.

The crisis of last summer in Great Britain and other countries brought, as stated, a sudden change in the financial situation of Greece. On the one hand, the principal source—London—from which capital was drawn for the construction of public works and the importation of goods from abroad was closed. On the other hand, owing to the restrictive measures imposed on foreign exchange operations and the movement of capital, enacted for the purpose of protecting national currencies, the already heavily reduced invisible items of exports almost disappeared, what still remained of them leaking out of the country through free and illicit exchange markets. Hence the rapid decline in the cover of the circulation, which has assumed dangerous dimensions, especially in the last few

months. This decline necessitated a corresponding decrease of circulation and credit, which, in conjunction with the lessened imports, consequent upon the restrictions on the grant of foreign exchange, and a continuous falling-off in exports, as a result of world-wide trade obstacles, accentuated the hitherto relatively small trade depression and created severe difficulties for the national finances. Indeed, with State expenditure not only incapable of readjustment, but even increasing owing to larger annual payments for the service of the public debt; with decreasing revenue, and prospects of still lower receipts from taxation, the Budget for the year 1931-32, originally estimated to close with a small surplus, will hardly balance, despite the utilisation of a reserve fund of 300 million drachmas, while the Budget of the new financial year 1932-33 is anticipated to show a deficit of not less than 1,800 million drachmas.

Thus the problem of Greece is twofold: a foreign exchange and a Budget problem. To meet the situation the Greek Government prepared a plan which it submitted to the three Governments represented on the International Financial Commission in Athens and to the Council of the League of Nations. A delegation of the Council, headed by Sir Otto Niemeyer, came to Athens in January at the request of the Government, and conducted a thorough investigation of the situation. Its findings were communicated to the Financial Committee of the League, convened in Paris last month.

Briefly summarised, the Greek plan provides for: (1) A foreign loan of \$50,000,000, to be issued, with the assistance of the League, in four yearly instalments of \$12,500,000 each. The proceeds of this loan, converted into drachmas, would be utilised for completing the productive works and improving the lands being reclaimed, which are expected to render their full yield—estimated at \$28,000,000 per annum—in five years. At the same time, the foreign currencies representing the proceeds of the loan would strengthen the exchange reserve of the Bank of Greece. (2) A five years' moratorium on the sinking fund of the external debts of Greece. This would render possible a saving in public expenditure of 480 million drachmas annually, and a reduction of the debit side of the country's foreign accounts by some £700,000 to £800,000 (gold) yearly. (3) A restriction of imports from abroad to the extent of £7,000,000 (gold) per annum. (4) Postponement of annual payments of 300 million drachmas due, under the Protocol of Geneva, to the Bank of Greece and the National Bank of Greece, against the State debt to them, and compulsory conversion and unification of the internal debt, rendering possible an economy in Budget expenditure of 500 million drachmas yearly. (5) Further economy in expenditure of 575 millions per annum, mostly by cutting down expenses of administration. The combined effect of these measures would be to improve the balance of international payments by £10,300,000 (gold) yearly, covering the present deficit with a margin for a possible further reduction of exports; and to secure the equilibrium of the Budget. It should be added that there exist also private commercial foreign debts of about £5,000,000 (gold). The Government intends to pursue an arrangement allowing for their redemption by instalments spread over a long period.

After a thorough study of the problem and the suggestions of the Greek Government, the Financial Committee of the League made recommendations which were summarised in last week's *Economist*. But it will be observed that there is a serious divergence between the proposals of the Greek Government and the recommendations of the Committee.* Mr Venizelos will endeavour to obtain from the Council of the League acceptance of the Greek plan. Meanwhile, and as from April 1st, payment of the sinking fund on the national debt, external and internal, has been suspended, while interest on the foreign loans is to be paid in full with the exception of the loans contracted in pounds, the coupon on which is payable

* The chief differences were two, namely: (a) the Committee suggested a foreign loan of not more than \$10,000,000; (b) they proposed a moratorium of one year only on the sinking funds of the foreign loans.

hereafter in sterling and not in gold. The coupons on the internal loans, moreover, are reduced by 25 per cent. The Government has declared that, in case the Council of the League fails to satisfy its demands, and an immediate advance is not made to Greece, it will be unable to pay the coupons next due on external loans from the meagre reserve of the Bank of Greece. Should the Council of the League or the June Conference on Reparations not give a satisfactory solution to the Greek problem and repair the injustice done to Greece during and after the war, the Government intends to submit the whole question to arbitration, which will decide, according to a statement made by Mr Venizelos, "which proportion of the State's revenue may be appropriated for the service of the public debt without depriving the people of at least the elementary services which every civilised State should afford to its citizens, and without giving the means of a social overthrow to the enemies of social order by an exhaustion of the country's resources."

It is hoped here that the Council of the League will display a more accommodating spirit towards Greece than the Financial Committee has done. The presence of Mr Venizelos at the head of the Government is indispensable in the present circumstances, and constitutes a guarantee of order and stability in Greece, which is advisable from every point of view. If, as a result of an unfavourable solution of the Greek financial problem by the League of Nations, Mr Venizelos should resign or fail in the forthcoming general election—both of which contingencies are probable—the alternative might well be political instability, with all its concomitant evils, political, social and financial.

INDUSTRIAL PROFITS.

DURING the past quarter we have published the accounts of 548 industrial undertakings whose net profits, after payment of debenture interest, amounted in the aggregate to £54.3 millions, as compared with £63.4 millions earned in their previous year's working, a decrease of 14.3 per cent. These results are contrasted in the following table with those disclosed by reports published in the four previous quarters:—

[NET PROFITS (AFTER PAYMENT OF DEBENTURE INTEREST, &C.).

	No. of Companies.	Reports Published in		Increase (+) or Decrease (—).
		1930.	1931.	
First quarter	596	£ 75,816,474	£ 67,736,226	— 8,080,248 —10.6
Second quarter	619	79,490,653	64,051,136	— 15,439,517 —19.4
Third quarter	320	24,793,702	15,996,685	— 8,797,017 —35.5
Fourth quarter	474	26,460,390	12,292,859	— 14,267,531 —53.9
Total	2,009	206,561,219	160,076,906	— 46,584,313 —22.5
First quarter	548	1931. 63,403,727	1932. 54,314,815	— 9,088,912 —14.3

Superficially, the foregoing figures would appear to suggest that the accelerating decline in net profits which was recorded in 1931 has been checked. This conclusion, however, requires very considerable modification. It should be borne in mind that in the composition of our quarterly aggregates the "weighting" as between different types of enterprise varies greatly, i.e., there may be a great divergence from quarter to quarter in the proportion borne to the total by capital whose earning power is more or less violently affected by changes in economic conditions. Thus, out of the total of £54.3 millions net profits shown in the first quarter of this year, no less than £17.1 millions were contributed by electricity and gas companies, shops and stores, tramways and waterworks. These forms of enterprise, whose earnings have been comparatively unscathed, so far, by the depression, contributed only £420,000 out of the £12.3 millions net profits revealed in the fourth quarter of 1931, when the decline in profits, as compared with a year before, amounted to nearly 54 per cent. Moreover, it will be observed from the next table, which analyses net profits in greater detail, that £26.9 millions of the past quarter's total was accounted for by the large miscellaneous group. Of this figure, nearly £18 millions was made up of the

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profits of four tobacco companies and six firms manufacturing patent foodstuffs, all of which succeeded in maintaining considerably greater stability of net earnings than the average industrial undertaking:—

NET PROFITS (AFTER PAYMENT OF DEBENTURE INTEREST, &C.).

	No. of Companies.	Reports published in Quarter ended Mar. 31		Increase.	Decrease.
		1931.	1932.		
Breweries	21	£ 2,186,984	£ 1,920,923	...	266,061 12.2
Electric lighting, &c.	29	6,725,584	6,765,126	39,542 0.6	...
Financial land	22	950,880	751,247	...	199,633 21.0
Gas	39	3,417,886	3,421,212	3,326 0.1	...
Hotels, restaurants, &c.	7	128,252	60,282	...	67,970 53.0
Iron, coal and steel	25	1,526,425	919,752	...	606,673 39.7
Motor and cycle	9	526,999	269,749	...	257,250 48.8
Rubber	37	Dr 22,213	Dr 17,934	...	4,279 19.0
Shipping	8	294,683	217,277	...	77,406 26.3
Shops and stores	32	5,507,866	5,200,631	...	307,235 5.6
Tea	1	175	...	...	175 2.9
Textiles	27	2,611,118	1,948,133	...	662,985 25.4
Tramways	10	921,938	933,535	11,597 1.2	...
Trust	62	5,167,822	4,385,159	...	782,663 15.1
Waterworks	18	772,689	782,758	10,069 1.3	...
Miscellaneous	201	36,886,639	26,856,795	...	9,029,844 17.8
Total	548	63,403,727	54,314,815	...	9,088,912 14.3

In contrast to the fractional increases in earnings shown by the electric light, gas, tramway and waterworks undertakings, there are to be noted the heavy declines in the profits of the iron, coal and steel group, motor and cycle manufacturing, textiles, shipping, and hotels and restaurants. In the case of the miscellaneous group, apart from the relatively good showing made, as stated, by firms catering for the smoker and the domestic table, a large range of fairly heavy percentage decreases was offset to some extent by the satisfactory results shown by a limited number of important concerns, such as Thomas Tilling, London Brick and Forders, Provincial Cinematographs, British Portland Cement, and British Insulated Cables.

Our next table shows the distribution of profits during the past five quarters:—

DISTRIBUTION OF PROFITS.

	Net Profits.	Ordinary Dividend.	Preference Dividend.	To Reserve, &c.
1931.	£	£	%	£
First quarter ...	67,736,226	42,043,943	62.1	14,731,666
Second quarter ...	64,051,136	37,090,515	57.9	17,512,738
Third quarter ...	15,996,685	11,479,274	71.8	5,337,287
Fourth quarter ...	12,292,859	9,462,779	76.9	5,315,499
Total	160,076,906	100,076,511	62.5	43,497,190
1932.	£	£	%	£
First quarter ...	54,314,815	37,438,571	68.9	11,647,128
Second quarter ...	...	...	...	...
Third quarter ...	...	...	...	...
Fourth quarter ...	...	...	...	...
Total	...	...	...	...

The allocation to reserve during the past three months compares favourably with that recorded in the two previous quarters. But here again the qualification has to be borne in mind that, of the companies whose reports are analysed in the first quarter of the year, an unusually large proportion normally consists of somewhat "sheltered" undertakings accustomed to "plough back" a safe proportion of their earnings. Moreover, not only has the reserve proportion fallen to 9.6 per cent., as compared with 16.2 per cent. a year ago and 18.4 per cent. in the first quarter of 1930, but, as may be seen from the next table, the net total of £5.2 millions put

"back into the business" represents a balance struck from widely different sectional experience:—

	Net Profits.	Ordinary Dividend.	Preference Dividend.	To Reserve, &c.
	£	£	£	£
Breweries	1,920,923	1,019,079	53.1	386,887
Elect. lighting, &c.	6,765,126	2,785,476	41.2	1,294,627
Financial, land, &c.	751,247	544,181	72.4	188,703
Gas	3,421,212	2,928,637	85.6	403,130
Hotels, restaurants, &c.	60,282	43,566	72.2	28,258
Iron, coal and steel	919,752	460,715	50.1	226,910
Motor and cycle	269,749	75,500	28.0	96,197
Rubber	Dr 117,934	6,565	...	668
Shipping	217,277	97,883	45.1	29,562
Shops and stores	5,200,631	2,916,760	56.1	1,615,701
Tees	170	Nil	...	163
Textiles	1,948,133	1,906,230	97.8	1,033,759
Tramways	933,535	491,758	52.7	154,715
Trusts	4,385,159	2,410,251	55.0	1,554,640
Waterworks	782,758	489,543	62.5	245,376
Miscellaneous	26,856,795	21,262,427	79.2	4,388,232
Total ...	54,314,815	37,438,571	68.9	11,647,128
				21.5
				5,229,116
				9.6

Consistent adherence to principles of conservative finance is again exemplified by breweries, electric light companies, iron, coal and steel concerns, motor and cycle companies, shipping lines, and tramways. The allocation, however, of only 4.5 per cent. to reserve by the miscellaneous group, as compared with 12.4 per cent. a year ago, is noteworthy; while a strikingly heavy draft on accumulated resources was made by the group of textile companies. It should, however, be appreciated in this connection that the £2.9 millions of dividends paid out by this group were in fact earned by the dividend-distributing units, the debit on reserve allocation account representing broadly the losses made and carried forward by companies which actually distributed no dividend.

We print on page 882 of this issue our usual tables showing the ratio of net profits and reserve allocations to total preference and ordinary capital, and also the average rates of debenture interest and preference and ordinary dividend. The ratio of net profits to capital in the past quarter was 8.2 per cent., as compared with 8.9 per cent. a year ago and 10.4 per cent. in the first quarter of 1930, while the ratio of amounts reserved was 0.8 per cent., as compared with 1.4 per cent. and 1.9 per cent. respectively in the corresponding quarters of the past two years. The average rate of ordinary dividend works out at 8.7 per cent., as compared with 8.5 per cent. a year ago and 10 per cent. in the first quarter of 1930. But this result was due predominantly to the relatively high rate of distribution maintained in the miscellaneous group, at the expense, be it said, of reducing to somewhat slender dimensions its reserve allocation.

Notes of the Week.

Lord Grey and Tariffs.—Lord Grey of Fallodon made one of his all too rare public appearances last week, and in a speech delivered at the annual meeting of the Liberal Council roundly condemned tariffs and trade barriers as a leading cause of the world's present discontent. "Circumstances," said Lord Grey, "are always changing, but certain truths remain true, and one of them, which is the foundation of Free Trade principles, is that trade is exchange. The Protectionist policy is to try to stimulate exports by shutting out imports. Exports are purchased by imports, and if we refuse imports we destroy the opportunity of other countries to purchase our exports." Having asserted these principles, Lord Grey turned to a review of the plight to which European nations had been reduced by tariff strangulation of commerce, and in apposite and timely phrases asked whether the medicine of freer trade, which was being prescribed for the Danubian countries, was not equally suitable to the rest of the world. The new British tariff received its full share of Lord Grey's censure. He denied that, except in a few special constituencies, the last general election gave a verdict for permanent Protection, and complained that, while Mr Runciman and Mr Baldwin were calling the new tariff "an experiment,"

Mr Chamberlain unashamedly introduced it as a complete reversal of the fiscal system of the country. Yet, in spite of his obviously full appreciation of the fiscal position, Lord Grey approves of the decision of the "dissentient" Liberal Ministers to remain in the Government. His main reason for holding this view appears to be his belief that, had they left the Government, the new tariff would have been even worse than it is. It was easy to say, some months ago, that by their presence in the Cabinet the Liberal Ministers would be able to exert a restraining influence upon the Protectionist propensities of their colleagues. But to-day we search in vain for proof that such pressure, if exerted, has been effective. Nor, apparently, is Lord Grey himself hopeful of the service which Liberal Ministers can give inside the Government to the cause of low tariffs. "We are not a very high Protectionist country yet," said Lord Grey, "but there are tendencies towards our becoming so." We see no reason for believing that Sir Herbert Samuel and Sir Donald Maclean, in a hopeless minority in the Council chamber, can do much to check these tendencies; while, on the other hand, it is certainly arguable that, by leaving the Government on this fundamental issue of a complete reversal of our fiscal system, they would stimulate and rally all the forces in this country which still believe that a liberal economic policy is essential to the well-being of Britain.

The Dominions and Ottawa.—Scarcely a week goes by now without some important pronouncement from the Dominions upon the character and possibilities of Imperial preference. From Australia, which has exposed in painful practice the fallacies of protection, now comes timely exposure of some of the futilities commonly regarded as truth among the economic Imperialists of this country. Speaking on Tuesday to a Chamber of Agriculture Convention, Mr Hawker, Minister of Markets, said that the Commonwealth's surplus wheat and wool must find markets outside the Empire, since the whole demand of Empire countries was less than the exportable surplus of Australia and her fellow-Dominions. An Imperial quota for wheat which did not raise the price to British consumers would merely dislocate trade and damage the hard-won trade relations of the Dominions with other countries without increasing the return to their own farmers. The Australian Government, therefore, did not intend to encumber its case at Ottawa by seeking preference on wool or wheat but would concentrate on tariff concessions for meat and dairy produce. It is remarkable that enthusiasm for a Dominion wheat quota, which has been rampant in Great Britain, should not be shared by the supposed beneficiaries; for it is equally well realised among Canadian grain merchants, if not among the farmers themselves, that neither tariff preference nor quota could raise the world price of wheat, which in competitive conditions they must accept. As for meat, which Mr Hawker described as "the key commodity at Ottawa," he mentioned the difficulties associated with British investments in the Argentine, but is not reported to have pointed out that the beef which we buy from the Argentine is chilled, and is therefore essentially a different product from Australian beef, which comes to us in the less attractive frozen form. From Canada, too, we have lately heard some home truths. Colonel Ralston, who is regarded by many as a potential successor to Mr Mackenzie King, declared recently that the "Canada First" policy of the Bennett Government had shut out imports, decreased employment, and maintained high prices. He criticised the Government for failing to make a fine gesture on the eve of the Ottawa Conference by embodying in the Budget reciprocal tariff concessions for the benefit of British goods in return for the advantages conferred by the British tariff. This speech is important as indicating that the Canadian Liberal party, which in the past has been a little doubtful about the merits of Imperial preference, now intends, if it can, to use it wholeheartedly as a means of getting tariffs down. For balance, its effect it can be of no advantage either to Great Britain or to the Dominions.

Hindenburg's Victory.—The second ballot in the German Presidential Election has resulted—as was a foregone conclusion—in the victory of President Hindenburg. The cost in casualties (four killed and about ten injured, throughout Germany, on election day) must be accounted light; and it is a piece of good fortune that the attempt, which was made the night before, to assassinate the President of the Reichsbank, Dr. Luther, when he was taking the train from Berlin for Basle, was unsuccessful. It remains to consider what the real significance of last Sunday's election figures may be—or, rather, what their significance may appear to be in German eyes; for this subjective aspect of the election figures is the aspect which is likely to have a practical effect upon the outcome of the now imminent general election for the Prussian Landtag. The total poll last Sunday was 36,589,000—little more than a million less than the 37,647,115 votes that were cast at the first ballot on March 13th. Out of this hardly less representative total vote, President Hindenburg this time has secured a decisive majority over all other candidates together. He has received 19,367,000 votes, whereas Herr Hitler and the Communist Herr Thälmann between them have only received 17,122,000. This gives President Hindenburg a clear absolute majority of 2,245,000 votes on the second ballot, whereas he just failed to secure an absolute majority on the first ballot. Considering that, on the second ballot, a mere plurality over any other single candidate is all that is required, President Hindenburg may be considered in one sense to have won a handsome victory. But there is another side to the picture. For President Hindenburg has only increased the absolute figure of the votes cast for him by just over 700,000, whereas Herr Hitler has risen by nearly 1,838,000 votes, from 11,339,285 to 13,177,000. If it is true that the decline in the total poll is mainly due to the abstention of Communist voters who did not feel it worth while to vote again for Herr Thälmann, then the figures indicate that Hitler has succeeded in winning about 72 per cent., and Hindenburg only about 28 per cent., of the 2,557,590 votes which were cast at the first ballot for the Nationalist candidate, Colonel Düstenberg, who refrained from standing again and whose votes were therefore the principal prize contended for last Sunday. Does this portend that nearly three-quarters of the Nationalists in Germany will line up, henceforth, behind the Hitlerites? If so, it is a considerable success for Herr Hitler.

The Prussian Elections.—The next question of international political moment is how the Hitlerite Party will fare in the forthcoming elections for the Prussian Diet on April 24th. Prophecies in the existing political conditions of Germany are more than normally dangerous, but a study of the Presidential voting suggests that the Nazis will probably return in numbers not far short of those of the middle bloc on which the Prussian Government now depends for its support. In so far as the Communists are prepared to vote with them, they may thus be able to exercise a decisive power of veto; much obviously turns on how public opinion reacts to the Reich's Government's drastic step taken last Wednesday in proclaiming by Presidential Decree the dissolution of Hitler's Storm Troops. In any case, since the Communists would presumably not consider forming a coalition Government with Herr Hitler, the election is unlikely to result in the actual supersession of the present Administration; for a Bill which the Prussian Diet passed on Tuesday makes it necessary for any future Prime Minister to be elected by an absolute majority, instead of his election being, as hitherto, from the party with the largest number of seats.

The Far Eastern Deadlock.—Once again procrastination and tortuous diplomatic manoeuvres are threatening to defeat the organised efforts of the world to find a solution for the Far Eastern conflict. It is the same story in Manchuria and at Shanghai. At Shanghai, the armistice negotiations which have been

carried on for weeks past through neutral good offices finally broke down last Monday. As for Manchuria, the Lytton Commission's itinerary has been held up by the refusal of the puppet Government of Manchukuo to allow the Commission's Chinese assessor, Mr Wellington Koo, to set foot on Manchurian territory. Lord Lytton has rightly and naturally pointed out that the Chinese and Japanese assessors are an integral part of the Commission's personnel, and that a refusal to admit Mr Koo is tantamount to a refusal to admit the Commission itself. Now the resolution of the Council of the League of Nations, setting up the Commission and defining its duties, bears the signature of Japan as well as of the other States Members of the Council; but though Japan now says that she will do all in her power to ensure Mr Koo's safety, she will not ask the Government of Manchuria to remove its ban. Thus, once again, Japan is hampering the work of the League. At Geneva she accepts the League Commission; but in Manchuria she connives at action designed to prevent it functioning effectively. Again the Shanghai armistice negotiations have now broken down because the Japanese negotiators on the spot have insisted upon conditions involving permanent alterations in the regime at Shanghai, whereas the Japanese representatives at Geneva had agreed to an unconditional withdrawal—subject only to temporary arrangements for controlling the movements of military forces on either side until such time as the Japanese withdrawal should be complete. Thus the Japanese are now displaying an intention of digging themselves in at Shanghai for an indefinite period. What is the world going to do about it? Clearly it is time for the League Assembly's Committee of Nineteen to meet again.

The Disturbances in Newfoundland.—What is the status of Newfoundland? Its obscurity is indicated by the fact that, in the official parlance of Downing Street, the place is usually described, non-committally, as "the Island of Newfoundland," in subtle distinction from the Dominion of Canada, the Commonwealth of Australia, the Irish Free State, etc., etc. At Imperial Conferences, Newfoundland is represented side by side with the four great self-governing Dominions. On the other hand, she does not share with the Dominions and India the privilege of being a State member, in her own right, of the League of Nations. At this moment, her finances are out of the hands of her own Government and under the control of a United Kingdom official from the Treasury in Whitehall; but this somewhat drastic suspension of the normal working of Dominion self-government in Newfoundland has not been sufficient, or not been in time, to avert a popular *émeute* against the local Government. At a public meeting which was held at St. John's on Monday, April 5th, and was attended by representatives of all classes, professions and religions, unanimous resolutions were passed demanding a proper investigation of certain grave charges that have been brought against members of the Newfoundland Cabinet. The resolutions were carried next day to the House of Assembly by a crowd 10,000 strong; and when there was a delay in receiving the deputation which was to present the resolutions, the crowd broke loose, overpowered the police, sacked the basement of the Parliament Building, besieged the Cabinet in the upper storeys, and mauled the Prime Minister, Sir Richard Squires, when he attempted to make a "get-away" after dark. Thereupon the Prime Minister and the Chief of Police took refuge in a private house, where they were sheltered by a screen of four clergymen until they were able to escape from the back door in disguise. The crowd consorted itself for their escape by attacking the principal Government liquor depot in the capital. A British warship has now been sent to Newfoundland from the West Indies station to preserve order. These events in a North American island last week are reminiscent, in certain respects, of the disturbances which occurred in a Levantine island—likewise belonging to the British Empire—last October. In the circumstances, an ingenious pair of Colonial and

Dominions Secretaries of State at Westminster might perhaps be tempted to deal at one stroke with two unrestful islands by the operation which chess players call "castling." Why not give Newfoundland and Cyprus an interchange of regimes: for Cyprus, Dominion self-government; for Newfoundland, the present dispensation in Cyprus? Both islands might benefit by the change, and the British Empire benefit doubly into the bargain!

The Law and the Sabbath.—Unless Parliament passes new legislation in the meanwhile, the Sunday opening of cinemas, concert halls, museums and other homes of entertainment will cease in the first week in October. Such a compulsory relapse into the old Sabbatarianism would clearly not be tolerated by public opinion to-day, and legislation is therefore generally regarded as necessary. Mr Clynes introduced a Bill last year which would have solved the problem for the time being, but the fall of the Labour Government and the arrival of the national crisis caused that Bill to be dropped. This week the Under-Secretary for Home Affairs, Mr Oliver Stanley, introduced a new measure, on the merits of which the House of Commons showed a sharp cleavage of opinion; and on a free vote the second reading was only carried by the narrow margin of 18. This is surprising, since Mr Stanley's Bill is not of a compulsory nature, but provides for local option to be exercised by local authorities. Even if the Bill be passed, no part of England need have Sunday entertainments unless it wishes to have them. Part of the opposition comes from religious bodies and represents the large volume of opinion which is scared by any approach towards the "Continental Sunday." Another part comes from the owners and promoters of entertainments which are not legalised by this measure. To the former section three questions may be put: Is it right for the law to deny to hundreds of thousands of people the chance of employing part of their weekly day of leisure in recreation outside irksome surroundings or overcrowded homes? Do they not trust local councils to interpret the wish of the majority? Again, if they regard this Bill as "the thin end of the wedge," do they not realise that that wedge will be inserted only in proportion to the demand of public opinion? As to the opposition of alternative entertainers, especially the theatres, it would seem to be short-sighted. It is certainly arguable that it is unjust to the theatres to withhold from them the facilities allowed to cinemas. But we do not hold, with Sir Alfred Butt, that that is a sufficient reason for wrecking the present Bill and producing an intolerable position. Theatre owners, surely, would be wiser to assist the passage of this Bill and remember that if and when there is evidence of a real public demand for Sunday theatres, Sunday opening facilities will doubtless be extended to them. An objection raised to Mr Stanley's Bill, from quite another angle, is that it is only one small bite at a very large cherry. There are those who regard the Bill as merely tinkering with a situation which demands complete and comprehensive overhauling. The answer to this contention is clear. The close voting at Westminster affords strong evidence that public opinion is not ripe for a complete revolution of our Sunday Observance Laws. But it is ready, in many parts of the country at any rate, for a step forward. Such a step, and a proper one, is made by Mr Stanley's Bill, and it should be passed to the Statute Book.

A Simian Conundrum.—How many legs has a monkey? This is no nursery riddle, but an actual business problem, which it falls to the lot of Mr Runciman to solve. An importer of monkeys into this country has just pleaded that, being quadrupeds, they are exempt from import duties; the officials at the port of landing argued that they were bipeds; and, on the matter being referred to the Board of Customs in London, the ruling was given that monkeys have no legs at all, only hands. An appeal against this scandalous charge of quadrumanity has been lodged. At least, that is the story as told by a London newspaper which is by no means inclined to throw its searchlight on tariff absurdities. The final decision of this momentous question rests, we presume, with the President of the

Board of Trade. Will he empanel an advisory committee of zoological professors? Or will he make a bold bid himself to interpret the mysteries of simian fiscality? Or will he take the line of least resistance and exempt the humble ape from his tariff altogether? By so doing he would offend no vested interest, for monkey-rearing in this country is not, as yet, a major industry. Of course, if simian dumping is really menacing the stability of the pound or if the imported monkey is officially deemed to be a luxury which, in these stern days, children and nut-sellers can forgo, then he will have to face the music and enrich the field of scientific knowledge by deciding

On how many toes
A marmoset goes.

Even then the President's mental strain will not be relaxed; for it is certain to be asked "What tax is due on a kangaroo?"

British Industry.—Sir James Lithgow, in his address as retiring President to members of the Federation of British Industries, was faced with an enjoyable task; for he was able to point out that the Federation's appeals for protection and national economy were at last being put into practice by the Government of the day. On the more controversial aspects of his address we need say but little, but we cannot accept his claim that those who opposed and still oppose protection should for the moment hold their peace. Protection is an experiment which, as many of its advocates will admit, requires careful watching, and we fail to see how Sir James can object to a close and critical study of its consequences. In fact, such objections suggest a lack of faith on his part in the efficacy of his remedy. On the question of national economy Sir James is on firmer ground, though his argument that "under no fiscal nor social system can productive industry act effectively as the medium for the exchange of the commodities which enable our people to live and at the same time support an annual budget of the order of those of recent years" is valid on psychological rather than economic grounds. His plea that the interests of the producer demand greater attention than they have so far received is one that might fittingly have been coupled with a still greater insistence upon the duty owed by British industry to the community. We agree with him that one of the chief needs of the moment is the restoration of the confidence of the prospective investor in British industry, and there may be some force in his argument that the conduct of industry is hampered by legislation and other regulations which may have found their origin in isolated instances of abuse. Even so, before it is possible to accept his plea that British industry should be given, legislatively, a free hand, we need more reassurance that those responsible for the conduct of our industries are able and willing to live up to the spirit of Sir James' address. Our industrial history of recent years is not entirely a happy one, nor can industrialists wholly blame others for their misfortunes. The real value of this speech is that it reminded industrialists that they have now a unique opportunity to put their houses in order. There is much that British industry can do to rehabilitate itself, both morally and materially. Unless it seizes the opportunity presented by the recent change in fiscal policy, and does not abuse it, then, to quote Sir James' own words, British industry will stand self-condemned.

The Skandinaviska Kreditaktiebolaget.—Further information as to the relations of this bank with Kreuger finances was forthcoming at the adjourned annual meeting held on April 8th and is fully discussed in our Stockholm correspondent's letter on a later page. The relations began on November 27, 1930, with the sale by the bank to M. Kreuger of 50,000 Grangesberg shares at a price of Kr. 860. Between November, 1930, and February, 1931, the bank had granted to M. Kreuger loans and credits amounting to Kr. 180 millions, and a few weeks after the latter date the bank took up temporarily Kr. 80 millions of the Kr. 32 millions Polish Government loan placed on the Swedish market. In April, M. Kreuger asked for a further loan of \$35 millions, to finance current operations in Germany. Had this loan been refused, there was grave

danger of an immediate collapse of the Kreuger interests, and in these circumstances the Riksbank promised the Skandinaviska Bank any necessary assistance in this matter. A fortnight later came the Credit-Anstalt collapse and the entry of the world crisis upon its acute stage, and it is easy to appreciate that from then onwards the bank had little hope of liquidating its commitments in this direction. M. Lauritzen, the Managing Director of the bank, informed the meeting that the collateral held by the bank was intrinsically satisfactory, and that the whole trouble was one of liquidity. At the same time he admitted that the bank might have to meet claims from foreign interests in respect of \$50 millions of its collateral, and, while such claims were not believed to be well-founded, the whole situation is obviously still very insecure. At the same time, M. Lauritzen stated that the bank had only lent Kr. 10 to 12 millions on special Kreuger securities, and that the greater part of the collateral consisted of such securities as Roumanian, Hungarian and German State bonds which could fall to half their value before the bank would be affected. It was finally decided at the meeting that the Kr. 260 millions of bills rediscounted with the Riksbank should be entered in the year's balance-sheet, so that the full extent of the bank's obligations would be visible, and that the necessary adjustments be made in the profit and loss account and dividends. With these alterations the accounts were adopted.

The New South Wales Default.—Mr Lyons has been swift to take advantage of the High Court judgment upholding the validity of the Financial Agreement Enforcement Act. On April 7th he issued a proclamation authorising the attachment of the New South Wales income tax for the purpose of compensating the Commonwealth Government for its assumption of responsibility for the discharge of the external debt obligations of the defaulting State. Simultaneously, the Commonwealth Bank issued a notice directing individual income tax returns to be paid into its office at Sydney. Four days later the Commonwealth Government served notice on all banks in Australia requiring them to surrender to it all New South Wales Government credits. Mr Lang at once retaliated by closing the Sydney income-tax office, thereby suspending the work of issuing both Federal and State assessment notices, and by repudiating the agreement of 1923 which made the State the collecting authority for both State and Federal income tax. So far as can be told, this somewhat childish gesture will hardly possess even a nuisance value. New South Wales citizens are paying income tax to the Commonwealth authorities at a very satisfactory rate, and on April 11th the Commonwealth Government took further steps by issuing a proclamation attacking the betting, race-course, totalisator and entertainment taxes and also the revenue from the State railways and tramways. Mr Lang's reply to this further move was to issue orders that railway and tramway receipts are not to be handled by the banks but to be sent to Sydney from the country centres under armed guard. He apparently has the support of the tramway and railway officers' trade union in New South Wales. The State Government is also doing the best it can in face of the attachment of its revenue by settling its accounts in cash and orders on the Treasury instead of by cheque. The whole of this resistance, however, is obviously so futile that it is difficult to believe that it can be persisted in for long. In the meantime, the Premiers' Conference has assembled in Melbourne, and it has become clear that quite apart from New South Wales, the financial position of the Commonwealth is demanding renewed consideration, especially as the reduction in the Budget deficit to date has not kept pace with that estimated in the Premier's plan of last year. Australian exchange and tariff policy will also have to be discussed, and in particular the respective arguments in favour of a high or low rate of exchange. At the moment, economic opinion in Australia favours a high (i.e., depreciated) rate, in order to assist Australian primary industries. The State Under-Treasurers, with external obligations to meet, naturally take the contrary view.

Iron and Steel Production.—There is little evidence of the normal seasonal increase in activity in the production statistics for March, published this week by the National Federation of Iron and Steel Manufacturers. The output of pig iron, at 335,600 tons, compares with 323,600 tons in February and is 21,500 tons below that of March, 1931. The number of furnaces in blast, however, has been increased from 71 at the end of February to 72 at the end of the past month. The output of steel declined from 480,600 tons in February to 462,800 tons in March, and is 37,300 tons lower than a year ago. In this connection, however, allowance has to be made for the incidence of the Easter holidays, which fell last year in April. British iron and steel prices remained substantially unchanged during March, but Continental quotations show a further decline. The London quotation (f.o.b. Antwerp) for sheet bars, at £2 18s. per ton, shows a reduction of 8s. per ton; steel bars declined from £3 11s. per ton to £3 2s. per ton; whilst joists, B.S., were offered at £3 3s. per ton at the end of March, against £3 11s. per ton a month earlier. As there has been no improvement in the principal consuming industries, it is improbable that the production of iron and steel will increase substantially during the current month.

The Shipbuilding Returns.—The shipbuilding statistics for the first quarter of this year, issued by *Lloyd's Register of Shipping*, established new low records. The sub-joined table shows work in hand and work commenced, at home and abroad, during each of the last five quarters:—

	(Thousand Tons.)			
	Work in Hand.	Work commenced.	United Kingdom.	Abroad.
1931—				
First quarter.....	693	1,306	33	209
Second quarter	556	1,271	23	211
Third quarter	417	1,114	39	134
Fourth quarter	400	1,003	105	120
1932—				
First quarter.....	373	925	26	55

The tonnage under construction in this country at the end of March was not much more than half that in hand at the same time last year, and this year's figure includes 165,000 tons on which work has been suspended. The decline in tonnage under construction abroad, though severe, is relatively less, and of the world total only 28.7 per cent. is at present being built in the United Kingdom. The figures for tonnage commenced, both at home and abroad, are evidence of the deplorable stagnation still prevalent in the industry. In this country the slight revival in new orders—entirely for small ships—placed last autumn has now "petered out," and the contraction in tonnage begun abroad has been progressive over the past fifteen months. The tonnage launched from British yards during the first three months of 1932, namely, 35,324 tons out of a world total of 125,000 tons, is the lowest ever recorded.

Cotton Trade Wages.—On Tuesday last, writes our Manchester correspondent, there was an important conference in Manchester of representatives of the cotton weaving employers and the operatives for the purpose of considering the wages question. The joint meeting was held at the request of the employers, who stated at the outset that they had decided to ask the trade unions if they were willing to discuss the question of wages in the manufacturing section of the industry with a view to reaching by agreement an all-round reduction, which they felt to be necessary in view of the continued loss of trade. The employers did not put forward a demand in specific terms nor did they suggest any figures of reduction. After considering the situation in private, the trade union officials informed the employers that the committees of the several unions would meet this week-end and a report would then be presented to the Council of the Northern Counties Textile Trades Federation on the following Tuesday, when their reply to the employers would be formulated. In trade circles there is not much hope that the representatives of the operatives will ultimately give

a satisfactory reply to the employers' statement. It will probably be urged that the slight benefit which might come to the industry as a result of lower wages would not affect the industry to a sufficient extent to remove the depression and bring about a trade revival. It is not unlikely that the trade union officials will state that in their opinion the difficulties of the present time are due to the absence of up-to-date methods in producing and distributing goods, and that the solution is to be found in wholesale reconstruction of the trade from the purchase of raw cotton to the selling of the manufactured article. It remains to be seen what further action is likely to be taken by the employers, but there will have to be much greater unanimity amongst the rank and file before a specific demand for a wages reduction can be made, as numerous employers are certainly not prepared to force an issue with the operatives.

The Sugar Beet Controversy.—The British Sugar Refiners' Association have issued a lively reply, *pro bono publico*, and, incidentally, in defence of their own interests, to those beet sugar manufacturers who have recently been besieging Parliament with demands for "bigger and better doles" for home-grown sugar. The manufacturers assert that not only was employment found for nearly 10,000 workers in 1930, but that the organisation of the industry is "simple, effective and efficient," and fully merits the "½d. per lb. on the retail price of sugar," which the subsidy costs. The refiners retort that, in fact, it is the British taxpayer who has been "simple, effective and efficient," and recall the comment of the Economy Committee that "the total assistance to the industry during 1930-31 works out at £300 per man." Home-grown sugar, they point out, has already cost over £20 per ton to produce, though raw sugar can be bought at the moment for under £5 per ton. Moreover, the reference to "½d. per lb." is "deliberately misleading," and really means that the manufacturers require ½d. for every lb. of the 4,500 million lbs. of sugar consumed in this country annually, or £6 millions on the one-fifth part of that amount which they could produce at home. In so far as the refiners desire to show that the home sugar industry is "artificial" and uneconomic, their case is proved beyond the need of argument. Beet sugar profits, of which some £1,000,000 has been distributed to foreign shareholders since 1926, are earned, not in the field or factory, but in the lobby of the House of Commons. The refiners are prepared to grant that "for social and agricultural" reasons, a case for this extravagant "dole" may be made out, but only as long as its purpose is to help the farmer, and not to subsidise an uneconomic refining industry. "There is no reason," they claim, "why the industry should be allowed to produce a finished article in competition with a similar article which can already be manufactured without a penny of State assistance, and at a cost that is lower than in any other refining country." We associate ourselves with this expression of opinion. It is high time that the eyes of the taxpayer were opened to the nature and extent of the sugar beet "ramp."

Shipping Freight Index.—Movements in the tramp shipping freight markets during March are summarised by a fractional rise of 0.2 per cent. in our index number:—

AVERAGE 1898-1913=100.

	Average, 1913.	March, 1931.	January, 1932.	February, 1932.	March, 1932.
European Waters	110.0	86.5	88.8	88.7	87.3
North America	113.1	94.0	85.2	85.5	86.3
South America	123.4	90.5	88.2	89.0	87.0
India	106.3	99.2	90.9	87.4	87.7
Far East and Pacific	117.4	91.9	98.3	95.8	95.9
Australia	127.9	105.0	101.5	99.7	103.3
Total	116.3	94.5	92.2	91.0	91.2

The volume of chartering showed little or no signs of expansion during the month. Outward coal trade was particularly dull to near Continental destinations, though a moderate volume of business was noted for Mediter-

ranean discharge. The North American group was dull and inactive, and the South American market ended the month with a weaker tendency. The homeward quotation from Australia was slightly higher, but the number of vessels was small. Movements of the various sections of our index numbers are shown in detail below:—

AVERAGE 1898-1913=100.

	Index Number.	Inc. or Dec. Points.		Index Number.	Inc. or Dec. Points.
Home trade	77.7	- 2.8	South America—		
Bay—outwards	99.1	- 5.5	outwards	65.2	...
Bay—homewards	88.7	- 3.2	South America—		
Mediterranean—			homewards	108.7	- 4.0
outwards	89.4	+ 8.6	India—outwards	82.8	+ 0.7
Mediterranean—			India—homewards	92.7	...
homewards	91.1	- 2.8	Far East, &c.	95.9	+ 0.1
North America	86.3	+ 0.8	Australia	103.3	+ 3.6

Expressed as a percentage of the average for 1913, the total figure of our index number of March works out at 78.4, compared with 78.2 in February and 81.3 a year ago.

United Kingdom Provident Institution.—Almost alone amongst the mutual life offices, the U.K.P. has succeeded in transacting during last year a substantially greater volume of new life business, the total having risen from £3,080,000 to £3,503,000. The only feature of interest in the revenue account, which otherwise shows a normal expansion, is the further considerable rise in surrenders, which were responsible last year for payments of £280,000, compared with £213,000 in 1930, and only £129,000 in 1929. The experience of the U.K.P. in this respect has been shared by other offices, and is a regrettable, though inevitable, feature of hard times making it impossible for policyholders to keep up payment of their premiums. The gross rate of interest earned is slightly higher than in the preceding year, but the net rate, owing to higher income tax, is down from £4 12s. 3d. per cent. to £4 10s. 8d. per cent. Expenses, which have for many years been at a very low level, are practically unchanged at 13.5 per cent. of the premium income. A comparison of the last two balance sheets shows that movements in the assets have been on a very much smaller scale than in former years, and that practically the whole of the new money of 1931 was invested in mortgages, in British Government securities, and in Indian and Colonial Government securities. The Stock Exchange securities are retained at their values on December 31, 1929, the occasion of the last triennial valuation, and, compared with market values on December 31, 1931, show a depreciation on book values of £1,350,000. Compared with total assets of nearly £20 millions, this is a moderate figure, and it is stated in the report that, taking into account the substantial rise in security prices since December 31st, the greater part of this depreciation has been recovered.

Norwich Union Life.—The year 1931 was the first year of a new quinquennium, and in spite of the financial difficulties, which especially beset a society transacting a world-wide business, the Norwich Union succeeded in issuing a larger number of new policies, and for a greater amount than in 1930. Although this was also true of 1930, the increase in that year was realised in spite of a falling off in foreign business. On this occasion it has been the foreign business which has been responsible for the increase in the total, as the following figures show:—

	Sums Assured under New Life Policies.		
	1929.	1930.	1931.
United Kingdom	£ 4,247,781	£ 4,677,475	£ 4,628,035
Irish Free State	384,078	378,346	448,869
Dominions	2,052,329	1,998,286	2,017,477
Foreign	1,207,473	979,527	1,155,264
	7,891,661	8,033,634	8,249,645

The 1931 accounts bear evidence of the difficulties of the year, for surrenders of policies are 50 per cent. greater than a year ago, and yet the premium income has grown by £200,000 to £9½ millions. This large premium income is a great assistance in keeping expenses within bounds,

Overseas Correspondence.

LEAGUE OF NATIONS.

Disarmament Conference — The Danube.

(FROM OUR CORRESPONDENT.)

GENEVA, April 12.

The Disarmament Conference has reopened, and the Council met this afternoon to consider the Financial Committee's report, but no definite day has yet been fixed for the resumption of the work of the Assembly Commission on the Sino-Japanese conflict. Never has the League been faced at once with a series of such difficult and important problems, and the immediate prospects are not very encouraging about any one of them. It is in reality one vast question of international relations as a whole.

The Disarmament Conference has begun to discuss the opening article of the Draft Convention, by which the contracting parties undertake to limit and so far as possible to reduce their respective armaments. Mr Gibson, the head of the American delegation, at once got down to business by proposing as a start that tanks, heavy mobile guns and gases should be abolished. He made it plain that his resolution was by no means meant to be all-inclusive and that he would make proposals later about heavy bombing aeroplanes, his purpose being to capitalise the various suggestions which had been made for weakening the power of aggression on land, and so contributing to the sense of security. The feeling of security, he argued, would not be restored until defence had recovered its superiority. Sir John Simon was in substantial agreement, asserting that the temptation to resort to armed conflict would obviously be reduced if defence were strengthened at the expense of attack. Security would be substantially promoted if agreement were reached to prohibit the monstrous weapons named. Corresponding questions would have to be considered with equal definiteness in the field of naval and air armaments. M. Nadolny, the German delegate, accepted in principle, but once again drew attention to the imperative need for reduction of armaments as a whole.

M. Tardieu succeeded in having the resolution proposed by Mr Gibson referred to the General Bureau, on the understanding that the Bureau should at the same time be asked to consider all similar proposals, whether of a general or piecemeal character. The purpose of this was evident. M. Tardieu is prepared to discuss nothing which is not related to the elaborate French plan for arming the League. He returned to the question this morning in a clever but destructive speech. He made fun of the various kinds of offensive and aggressive weapons which had been named, argued that if particular weapons were abolished, others would take their place, such as the German pocket cruiser, and they would be having other things equivalent to pocket guns and pocket aeroplanes. He regarded the whole idea of abolishing specific weapons as a mere return to the efforts of The Hague conferences which had been proved useless, and he made an assertion which, if accepted, would make any further effort to arrive at a disarmament convention abortive. The Paris Pact, he said, was a major international instrument, and if any Power decided, against its obligations, to use war as an instrument of national policy, it would have no hesitation about breaking any subsidiary international engagements. The only conclusion to be drawn from such a statement is that the Paris Pact should be left as the sole international engagement and that every Power should keep what forces it likes. Some one wittily observed that the idea seemed to be that it was no good putting a muzzle on a dog unless it had good teeth. But the purpose, of course, of M. Tardieu's illogical intervention was to demonstrate that nothing would be any use except the French plan. As this would involve very serious and complicated undertakings to place arms at the disposal of the League, why should it be supposed that States, after violating the Paris Pact, would be any more inclined to carry out their duties under such an

despite the fact that one-third of the premiums are collected from abroad, and the ratio of the expenses to premiums, at 14.6 per cent., is very moderate in the circumstances. For many years past the feature of the business from the bonus-earning point of view has been the high rate of interest earned, and the 1931 rate—though slightly lower than in 1930—is still much above the average at £4 19s. per cent. net. An unusually high percentage of investments in mortgages, and particularly in foreign mortgages, has been largely responsible for the high interest earnings, and an incidental effect of this traditional interest in mortgages is especially evident at this time; for mortgages, though similar in character to debentures, have no Stock Exchange quotation, and are not subject to the nightmare of depreciation which overcame the world last December. The society has been exempt also from the necessity of providing for depreciation on its largest assets, the controlling interest in the Norwich Union Fire, which stands in the books at the cost price of £6,088,000. Had the book value of this asset been varied from year to year to accord with the general movement in insurance share prices, a sum of £1½ millions would have been required to deal with the depreciation in 1931 of this one asset. Of the total assets of £34½ millions, only £10 millions are represented by Stock Exchange securities, and this circumstance explains the relatively small depreciation of £1,100,000 that has been written off out of accruing profits. With this sum written off, the assets are stated to stand in the balance sheet at a figure substantially less than their market value.

Norwich Union Fire.—Since the control of this society passed in 1925 from the Phoenix to the Norwich Union Life, the policy of the new parent has been gradually to eliminate the uncalled liability on the shares of its offspring. This it has been enabled to do out of trading profits, with the result that £550,000 of uncalled liability has disappeared, and the capital now consists of 44,000 fully-paid shares of £25. Thus, the way was clear for an increase in dividend, and, therefore, in the return on the Norwich Union Life Society's investment. But the world slump has intervened, the premium income has dwindled and in 1931 was superimposed the disorganisation of Stock Exchange values. And yet, though earlier hopes have not been realised, or at any rate have perforce been postponed, the society has succeeded in emerging very satisfactorily from the difficulties of 1931. On trading, the society has suffered a moderate further diminution of premium income from £4,118,000 to £4,023,000, but on the smaller total has earned a larger underwriting profit, as the following analysis shows:—

	1930.		1931.	
	Amount of Profit.	Percentage of Premiums.	Amount of Profit.	Percentage of Premiums.
Fire	66,248	3.2	68,733	3.4
Personal accident	582	.4		
Employers' liability	4,480	1.8	105,652	5.8
General	56,614	3.9		
Marine	7,500	4.4	15,000	8.8
	135,424		189,385	
Less taxes, &c.	64,155		77,242	
Less written off in investments	...		79,974	
Total net surplus ...	71,269		32,169	

The depreciation of the year has been fully provided for, and the investments stand at or under market values on December 31, 1931. The contribution for this object from trading profits was nearly £80,000, and a further £300,000 has been made available from reserves, the contingency fund of £100,000 being utilised, and £200,000 from the general reserve of £1,000,000. The dividend remains at 24 per cent.

The Movement of Prices—A Correction.—Owing to a printer's error in the article appearing under this title in last week's issue, it was stated that a rise of 62 per cent. might have been expected in sterling prices between September 18, 1931, and the end of March, 1932. The figure should have been 12 per cent.

agreement than under any other agreements subsidiary to the Paris Pact?

It is obvious that every proposal put forward will be related by M. Tardieu to the French proposals, and it would be well if these were immediately dealt with. There is no chance of their being accepted, and, doubtless, the Conference will arrive at a seriously critical point if M. Tardieu persists; but that point must be reached some time, and it is better it should be soon than that every other idea put forward should be stone-walled. The French position must ultimately be challenged, and if it is their determination to do nothing unless their plan is accepted, the earlier this is declared the better; it is difficult to believe that it is the final French word. Hovering over it all is the central problem, which still remains to be tackled—is Germany to come into the convention on the same principles as everybody else?

At present it looks as if the only promising tendency of the Conference (namely, the abolition or weakening of specifically aggressive weapons) will be resisted by France unless her so-called international force is created; there is no hope of the Conference accepting that. The deadlock must be reached before anything can be done. It is a deadlock which has always been inevitable, and when it comes it will be time to consider what the Conference can really do to avoid catastrophe. M. Tardieu virtually declined to recognise that any weapon was essentially offensive, on the argument that offence was necessary for defence. There was no word of any readiness to consider reduction except on French conditions, and the one question everywhere asked is whether France, as the most heavily armed State in Europe, could reasonably be expected to pass over to the League the great weapons to be earmarked for the League's use if France should at any time be declared an aggressor. Naturally the French reply to this is that this will never happen, and certainly no one would accuse France of any such intention; but the French seem incapable of understanding that security means something more than French security, and there is little chance of progress until they begin to face that fact. Whether the arrival of Dr Brüning and Mr Stimson this week and the expected later arrival of Mr MacDonald will change the situation, no one knows; but it is proper that these responsible Ministers should be here to deal with the critical tendencies in this and other directions.

At the request of the four Powers who took part in the Danubian conversations in London, the Council has postponed until its May meeting any consideration of raising loans, as suggested by the Financial Committee. It was explained that the financial experts of the four Governments were considering the general questions raised by the Financial Committee's report, and that they would enter into consultation with the Committee and report in time for the May meeting. The Council will hear representatives of Bulgaria, Greece, Austria and Hungary in private during the week; but as no question of loans can be considered till May, it is not easy to see what the Council can do to help any of these States meanwhile. There was some curiosity at the assertion by Herr von Bulow, the German representative, that the failure of the London meeting had been exaggerated.

UNITED STATES.

Public Finance — Reconstruction — Industry.

(FROM OUR CORRESPONDENT.)

NEW YORK, April 6.

UNCERTAINTY over the form which the new Tax Bill will take has perhaps been a more depressing factor during the past fortnight than has the continued lack of cheer in the business skies. Wall Street, for all its desire to see a Tax Bill passed which will meet proposed expenditure, has, nevertheless, been feeling much disturbed over some provisions of the House measure, now before the Senate. Hope is entertained that the Senate will at least soften some of the rougher parts of the Bill, in particular the taxes on stock and bond transfers, but so long as the

higher charges are threatened it is unlikely that the markets will take much heart.

Mr Mills, Secretary of the Treasury, has appeared before the Senate Finance Committee, which now has the Tax Bill for revision, and stated the case in opposition to the taxes, which it is feared will so hamper business as seriously to delay a business recovery. He opposed the increase in the corporation tax to 13½ per cent. from 12 per cent. (the Treasury having recommended a 13 per cent. tax); a 1½ per cent. tax on consolidated corporation reports; a tax on company dividends (now subject only to surtaxes and to some State taxes); the full extent of the estate tax, set by the House at 45 per cent.; the provision disallowing carrying of net losses of one year into the next to balance corporation income, and that section limiting the right to deduct from taxable income the amount of loss on security sales; the House Bill limiting such deduction to the amount of gain on similar sales; and the security transfer taxes.

At present the New York State tax, doubled this year, is 4 cents a share of \$100 or no par and graduated on intermediate par values, and the Federal Government tax is 2 cents a share, on a similar basis. It is now proposed in the House Bill to tax stock transfers at ½ per cent. *ad valorem*, or a minimum of 4 cents a share. The higher tax, with commission rates and narrow movements generally, would, it is feared, thin out the markets by driving out speculative dealing, to say nothing of placing heavy penalties on odd lot sales of stock going largely to small investors, that the share market would no longer be a possible means of raising corporate capital.

The higher tax proposed on bond transfers is ¼ of 1 per cent. Since bond dealers make their turn on as low as ¼, many believe that such a high tax would drive most of them out of business and cripple capital flotations. Stock Exchange memberships have dropped sharply in price, sales this week at \$83,000 comparing with a bull year high level of over \$600,000. The position taken by the supporters of the proposed security taxes shows that they are rooted in the desire to hurt Wall Street rather than to raise revenue. At the same time, some of the outcry against them is probably too loud, and in the end the investor would suffer more than the speculator. Much the same thing may be said about the proposal to increase the tax on produce transfers, notably on wheat, to 5 cents on each \$100 of sales.

If the optimistic estimates which place the revenue to be produced by the Tax Bill passed by the House at a little over \$1,000 millions are accepted, a deficit of approximately \$300 millions must be made good. The original Sales Tax Bill rejected in the House would have cleared this up, and it is now proposed to cut that amount off estimated expenditure. Few people doubt that so severe a reduction could be made, but whether the President and Congress will have the courage to do it remains to be seen. President Hoover has taken a firm verbal stand on the matter, but he is showing signs of succumbing once more to his old weakness for relegating responsibility to a Commission.

The cloud of a \$2,000 million soldiers' bonus is still hovering over Washington, but active opposition has developed among many of the ex-service men's organisations, and there is a good chance that Congress will not be able to muster the necessary two-thirds majority to carry such a measure over the veto which President Hoover has promised. The Glass Banking Bill also has yet to be settled, but it is certain to be revised, and perhaps when it again emerges from committee it will have lost much of its venom.

Improvement in financial conditions continues, and the National Credit Corporation has made a second refund of 10 per cent. to subscribing banks. A third repayment is expected shortly, partly due to the improvement in the position of banks which it has aided and partly due to the gradual taking over of bank loans by the Reconstruction Finance Corporation. The needs of the latter body will probably mean a fresh Treasury note issue in the middle of this month.

A dispute has developed between the Reconstruction Finance Corporation and the Interstate Commerce Commission over the granting of railroad loans. It was clearly the purpose of the former organisation to assist railroads with money to meet their fixed charges and current bills, provided the loans could not be otherwise obtained. Most railroads are heavy borrowers at the commercial banks, and these demand or short-term loans have in effect become frozen, since the bond market makes refunding impracticable. The banks naturally have wished to lessen their credit extensions since the reconstruction body began to act, and already a good many loans, releasing private bank credit, have been approved.

It was provided in the Reconstruction Act that, as a formal matter, the Interstate Commerce Commission should approve the railroad loans, but it was not intended that this approval should go beyond the merit of a loan to the road. Acting largely under political pressure brought to bear by one or two members of the reconstruction organisation, a few members of the Commerce Commission have given only "reluctant approval," as they call it, to railroad loans, on the ground that the banks and not a quasi-governmental body should carry them. The banks are accused by Western politicians, and particularly those of a complexion different from that of the Administration, of abandoning the railroads, little being said about the obviously shaky loans (in reality gifts) made by the Reconstruction Finance to farmers. While some anxiety has been raised by the affair, the outcome will probably be continuance of railroad lending and the avoidance of receivership for important lines.

Bank earnings for the first quarter have run in most cases above current dividend rates, but there has been a considerable drop in deposits. The member banks of the Federal Reserve system are rapidly paying off their borrowings at the Federal Reserve, which continues to buy Government securities. Many people feel that an immediate reduction in the discount rate would have no great effect, and the market is not looking for one immediately.

Trade conditions are unsatisfactory. The steel industry has been unable to recover to as high as a fourth of its rated capacity. Pig iron output in March fell to the low levels of the 1921 depression, running on a daily average about 6 per cent. under February. Railroad traffic also, after a brief spurt in the middle of March, is in a fresh slump, but it is difficult to say how much is due to decline in business volume and how much to the further inroads of motor truck and waterway competition. Railroad earnings in February were considerably better than those of January, thanks to the 10 per cent. reduction in wages.

Some trouble has developed in the Middle West among the public-utility concerns directed by the Insull interests of Chicago. Financial reorganisations are being undertaken, and some hope is held that water may be squeezed out and bank loans met without resort to the courts. The affair provides an illustration of the unwarranted lengths to which the holding company idea was carried in this country.

FRANCE.

Politics — Prices — Industry — Employment.

(FROM OUR CORRESPONDENT.)

PARIS, April 13.

THE General Elections, which have been definitely fixed by Decree to take place on May 1st (with the second ballots on the following Sunday), are now the one subject of preoccupation so far as internal affairs are concerned. The foreign situation, however, more than ever dominates all sections of opinion, and since the increase of the Hitlerist poll by 2,000,000 votes at last Sunday's German presidential contest, the outcome of the Prussian and other German Parliamentary elections on April 24 has become a predominant factor in determining the political character of the new Chamber of Deputies. Until the prorogation of the Chamber a fortnight ago there was a widespread feeling throughout the country, and even among a large

section of the supporters of the parliamentary majority, that a swing of the pendulum towards the Left was likely to be revealed by the pending French elections. Last Sunday's menacing increase of the Hitlerist vote, however, has made an enormous impression on the French mind, both in the provinces and in Paris. The feelings of nervousness as to the possibility of the advent to power of a Socialist Ministry—or at least of another Herriot Cabinet, largely controlled, as in 1924, by an augmented although non-participating Socialist Party—have disappeared; and there is now little doubt that the pending contest in this country will result in a strengthening of the Nationalist forces in the Chamber through sheer pressure of circumstances.

Whether, in view of Hitler's recent activities, a *de facto* revival of the Cartel des Gauches will now be found possible for application to the second ballots on May 8th has now become an extremely open question. On all really Nationalist questions—such as the voting of the Budget, for example—at least a large minority of the Radical leaders, if not of the rank and file, differ as widely as the poles from their possible Socialist allies for election purposes. M. Herriot and his friends, however, are faced with an awkward dilemma, which has been intensified by the death of M. Briand. Since the 1928 elections they have lost a serious number of seats to the Socialists, and the party slogan of "No enemies to the Left" appears likely to cost them many more if they persist in relying on the Marxian Socialists for salvation.

On the face of it, the future of the once omnipotent Radical Party appears to be at least doubtful, with indications pointing to the probability of a scission, the one fraction (and apparently the major one) adopting the rôle of Socialist Party Right, and the minor half, including M. Herriot himself, constituting the Centre Left, and again forming a *bloc* with the groups representing the present majority (after, possibly, the elimination of the Marin Nationalists, whose continued existence as a constituent part of the Tardieu, Laval and Poincaré majorities has latterly been M. Herriot's ostensible reason for refusing to resume co-operation with the groups of the Centre and Right Centre). So far nothing has occurred to bar the road to M. Herriot's return to co-operation with the Moderate Centre, which would at least ensure France a more stable Government than she has enjoyed for the past three years. It is a question, however, whether M. Herriot and his "Moderate" wing are in a position to shake off the trammels of the real dictators of the Radical Socialist Party—the provincial professors and other doctrinaires, who refuse to recognise that conditions have changed since the days of Gambetta and who still regard the slogan, "Clericalism is the enemy," as voicing the fundamental doctrine of a great political party whose talents and energy are required to aid in restoring European peace and prosperity.

The general index figure for wholesale prices at the end of March indicates a rise of six points on the month and fourteen points since the end of December. The general unweighted index for the end of March (July, 1914 = 100) is 427, against 421 for the previous month, 414 January, and 413 December, which was the lowest index recorded for many years. Wholesale prices of French goods show a rise (from 486 to 493) on the month, and of 22 points since the end of December. The figure for imported products rose four points (304 to 308) on the month, and cancelled out the drop at the end of January from 308 to 300. Weighted index (1913 = 100) is returned as 444, against 446 at the end of February, 439 end of January (lowest) and a mean of 502 in 1931.

French industrial production, as shown by the monthly figures issued on Monday by the Statistique Générale, has now dropped slightly below pre-war volume. The general index returned for February, the last month fully reported on, is 100 (1913 = 100), as against 105 in January, 133 in February last year, and means of 124 in 1931 and 140 in 1930. Of the nine chief industries covered by the general figure, the heaviest drop is in engineering, output in which fell 7 points on the month (111 to 104). Building is returned as 115, or 4 points down on the month, and has since dropped to 113. Extractive industries and

metallurgy each declined a point, rubber trades output 4, textiles and leather 3 points each. The paper industry, which has improved steadily since it dropped to 102 in November, moved up another two points on the month to 107. The motor industry, which stood at a mean of 657 in 1929, is returned at 469 (against 598 in the corresponding month of 1931), representing a seasonal recovery of 5 points on the month.

Unemployment, as usual at this season, appears to be on the decrease. The total number in receipt of unemployment allowances on March 19th was 305,496, which set up a new high record (the previous highest total under this heading having been 81,916 during the crisis of 1927). During the week ending March 26th the number of persons on benefit throughout the country dropped by 2,278 units, and for the week ending April 2nd by a further 745 units (to 303,473, of whom 158,653 were in Paris and the Seine Department which surrounds it). The monthly return issued by the Labour Ministry showing the results of the systematic inquiry made by its inspectors, covering undertakings throughout the country employing 100 hands and upwards, indicates that at the beginning of March the total number of units employed was 2,407,834, as against 2,818,144 at the corresponding period of 1931, equivalent to a decrease in employment on the year of 14.53 per cent.

GERMANY.

Elections — Reichsbank — Stock Exchange.

(FROM OUR CORRESPONDENT.)

BERLIN, April 12.

THE second ballot in the Presidential election has confirmed the expectation that Herr von Hindenburg would be elected by an absolute majority. The result did, however, produce one surprise: not the fact that Hitler secured most of the votes which had been cast for the German Nationalist candidate Dürstberg in the first election, for there never could have been any doubt about that. But the transfer of some half million votes from the Communist candidate Thälmann to Hitler caused great astonishment in political circles. The close connection between the ideas of the Communists and the National Socialists is obvious to every student of German politics. Active support for Herr Hitler's candidature was completely in accordance with the election watchword of the Communists, who put up Herr Thälmann as a candidate in order to draw labour votes from Herr von Hindenburg and the anti-Hitler campaign, in order that a Hitler victory might destroy the "system"; that is, the existing democratic state, and a "revolutionary situation" might thereby be created. The only surprising thing is that Communist voters thought out this argument to its logical conclusion, and as they saw that Thälmann had absolutely no chance, and that Hitler's own party was not strong enough to carry him to victory, they voted directly for Herr Hitler. This fact, when it became known, constituted a tactical disadvantage not only for the Communists but for the Hitler Party. Hitler loves to pose, both at home and abroad, as the champion of Germany against Bolshevism, and the Communist support which has been lent him upsets this pose. The Communists, on their side, have not hitherto openly admitted to the workers in what direction their tactics were leading, but have represented themselves as the most ardent opponents of Fascism. That is precisely why it is so remarkable that so many Communist electors should have grasped the situation and acted accordingly. This union of the Communist supporters with the National Socialists will provide the Social Democrats with an effective argument in the Landtag elections.

The attempt on the life of the President of the Reichsbank has no political significance. His assailants belong to a group of monetary reformers who are particularly strongly opposed to the gold standard, and would like to abolish interest by the issue of money which would lose a prescribed proportion of its value every week. Some of the notions of this group suggest certain ideas of the National Socialists, who are deluded, in their campaign for "breaking the bonds of interest," by ideas which are

not much sounder. The National Socialist Party had, however, nothing to do with the attempt, and it is not even certain whether there was a serious intention of wreaking revenge on Dr. Luther or whether the object was merely to attract attention to the ideas of the assailant and his friends.

At the end of last week the Reichsbank decided to reduce the rate of discount by one half per cent. to 5½ per cent. The bank wishes, of course, to afford every encouragement to business that the monetary situation allows, and considers it justifiable, in the present state of its bill portfolio, to give an inducement to the offer of an increased number of bills by cheapening this form of credit in accordance with the reductions in discount rates abroad. The discounts, including Treasury bills and Lombards, are shown below:—

	(In Million Reichsmarks.)				
	Dec. 31, 1930.	Mar. 31, 1931.	Dec. 31, 1931.	Feb. 29, 1932.	Mar. 31, 1932.
Bills	2,828	2,367	4,487	3,671	3,607
Total circulation...	6,406	6,063	6,679	6,253	6,254

The rise in discounts as compared with the end of March last year is due to the credits which the Reichsbank was obliged to extend, in the form of re-discounts, during the banking crisis last summer. Relatively few re-discounts were asked for at the end of last quarter.

The Reichsbank considers the exchange regulations now to be so effective that it anticipates no flight of capital in consequence of the reduction in discount rates. Every reduction in interest reduces somewhat the pressure to liquidate stocks and the inducement to export, which is undesirable; but most undertakings have so great a thirst for employment that there is little to be feared in this direction. It therefore appeared to the Reichsbank that a maintenance of the discount rate, which cannot at the moment improve the German capital position, would, after the reductions in rates abroad, be an unnecessary burden on German economy. No doubt also it was anxious not to make more difficult, by unnecessary obstinacy on the discount rate question, its position in resisting demands that it should finance a large programme for the provision of employment.

To-day regular trading on the stock exchanges is at last resumed. Since September 20th the exchanges have been closed and the publication of the prices arrived at in outside trading forbidden. The uncertainty of the political, economic and monetary situation was the principal reason for the prolonged hesitation of the Government and the banks in deciding to resume the publication of quotations. The importance of the stock exchanges in German economic life must not, indeed, be overrated. The number of security holders is relatively small, and many of the shares of companies which are quoted on the Stock Exchange are not in circulation. All the same, the lack of activity on the Stock Exchange which was already apparent in the first half of last year is a crisis symptom of the first importance. There are no accurate turnover statistics, but reliable estimates place the decline in stock exchange transactions at 25 per cent. in two years.

In comparison with the course of stock exchange prices on many foreign bourses the present level of quotations is not unsatisfactory. The indices of share prices show a decline of only 10-15 per cent. since September, and some shares (e.g., Salzdettfurth, Gelsenkirchen, Rheinische Braunkohle) have risen, while others, such as I.G. Farben, Siemens and Reichsbank have only fallen a few points. Other leading shares, including A.E.G., Stahlverein, Hapag and Lloyd, and especially the shares of the German private banks, have lost a third and in some cases even a half of their value while the Stock Exchange was closed. Among the bank shares, Dresdner, Danat- und Kommerzbank are quoted at only 23, against a new nominal value of 30 established after the reconstruction; DD Bank, however, stands at 44, against a normal value of 40.

There have been great changes in the prices of German rentes, though after the December conversion of interest rates they almost all pay 6 per cent. on the nominal value. While the 7 per cent. Reichsbahn preference shares are quoted at 68½, the best 6 per cent. mortgage bonds of the

mortgage banks stand at 70, but city loans bearing the same rate are only 50 or less, and the 6 per cent. loan of Vereinigte Stahlwerke can even be had at 34. There is also a very wide difference between the yield on long-term loans and the interest on short-term money. Since the discount rate was reduced to 5½ per cent., bank acceptances are available at 5 per cent., and 30-day money at 6 per cent.

In comparison with the unofficial rates obtaining at the end of March, there has been an almost universal slight decline. This is explained principally by foreign influences, which are still further reducing enterprise in Germany. The Kreuger affair and the slump in the New York Stock Exchange are having repercussions in Berlin. On the other hand, opinion as to the German foreign exchange position is somewhat more optimistic at the moment. The prolongation of the \$125 millions two-year credit which the Reich took up in November, 1930, caused general satisfaction. The prolongation will, however, involve the party with foreign exchange by the Reichsbank this summer, as it was agreed to by the international consortium of bankers under the leadership of Lee Higginson on condition the Government and the Reichsbank paid back \$15.5 millions in foreign bills in July of this year.

ITALY.

Banking — Exchequer Bonds — Unemployment — Kartels.

(FROM OUR CORRESPONDENT.)

TURIN, April 4.

PERHAPS the only visible reaction of changed monetary conditions has been the reduction by the Bank of Italy of its discount rate from 7 per cent.—to which level it had been raised from 5½ per cent. on September 28th—to 6 per cent. on March 21st. This was a move preliminary to the issue of a milliard 5 per cent. nine-year Treasury bonds, to take place between April 7th and 20th. The bonds will be made attractive by 58 half-yearly premiums ranging from one million to 10,000 lire. The issue is at 97, and, including premiums, the yield works out at about 6 per cent. The proceeds will primarily be used to reimburse the 1924 4.75 per cent Treasury bonds which fall due in November, and of which there are outstanding 905.8 million lire. As subscriptions will probably exceed a milliard, the surplus will be welcomed by the Treasury, which is subjected to the strain of a budgetary deficit amounting for the first eight months of the year to 2,091.2 million lire. Owing to the usual time lag between budgeting and disbursements, the excess of actual expenditure over actual receipts has been in the same period only 633 million lire.

The Exchequer needs, however, to be relieved, particularly in view of the fact that the floating debt amounted on February 28th to 6,130.6 million lire, almost wholly due to the Deposit and Loan State Bank, a public institution to which are entrusted the deposits of postal saving banks and the funds of various social and public insurance bodies. As in France, this Deposit and Loans Bank (Cassa Depositi e Prestiti), though little known among the general public, is the biggest bank in Italy, with funds of upwards 17 milliard lire. Of these, roughly 6.6 are advanced to public bodies, provinces, municipalities, public works and other corporations, 4.6 are invested in State securities, and 6 are advanced to the State Exchequer as a current account. Thus the bank, by canalising savings to the State and other public bodies, is a major pillar of public credit.

Trade and industry grow restive from time to time under this wholesale absorption of public savings for State use. At present, however, criticism is disarmed, as it was by means of the large funds in possession of the D. and L. Bank, that the Bank of Italy was able to withstand the monetary storm of last autumn without decreasing advances to trade. As Governor Azzolini observed at the shareholders' meeting held on March 31st, the Bank of Italy had to suffer a decrease during 1931 in the total gold and gold exchange reserves amounting to 1,827 million lire, in order to satisfy the demands of importers and other

debtors. The Bank therefore decreased its note circulation during the same period by 1,385 million lire. Instead of contracting, discounts and advances—inclusive of advances to the Liquidation Institute—increased by 972 million lire, a feat which was possible only by an increase of 603 million lire in the current account of the Exchequer at the Bank. These letters have repeatedly called attention to this interesting policy, akin, in a way, to the open market operations of the Bank of England and the Federal Reserve Board. It works somewhat on the following lines: Private savings are deposited at from 5 to 6 per cent. in the postal banks, who in their turn transfer their deposits to the D. and L. Bank; the D. and L. Bank lends some of it to the State Exchequer, presumably at the same rate of interest, the Exchequer redepositing a part of it at the Bank of Italy in a 1.50 per cent. current account, thus enabling the Bank of Italy to keep the note issue within strict bounds. The system has worked out satisfactorily, partly owing to the crisis, which renders savers shy of direct investments and devout buyers instead of postal bills and of Treasury bonds. The saving public being obdurate against buying of shares and advances to industry, it is made to invest its funds in industry by these devious ways.

An interesting interpretation of the continued increase of unemployment is given in the Press. The net number of emigrants, which was 151,000 in 1930, decreased in 1931 to 58,000 and in the first two months of 1932 to 6,000. This fact does not entirely account for the increase from 642,169 unemployed at the end of 1930 to 982,321 at the end of 1931 and to 1,147,945 at the end of February, 1932, but may have been a contributory cause.

Further regulations enacted by a recent Cabinet council add interesting details to the general outlines already given of compulsory State-regulated kartels (Consortii). In the industrial field, the consent of 75 per cent. of the firms of a given branch and of 75 per cent. of capital invested, or of 90 per cent. of capital invested only, if the necessary quorum of firms is not forthcoming, is required for the constitution of such compulsory kartels. In the agricultural field a firm's quorum would not be attainable owing to the great number of farmers, and therefore the consent of 70 per cent. of production will suffice. Government factories or societies, with a 50 per cent. Government capital share, shall be obliged to become members of such kartels, or, at least, to act with them. Minorities shall have a right of appeal to a special board in case of regulations limiting their freedom of action. The State can delegate a public supervisor with a seat on the board of directors of the kartels. Nobody shall start a new business in an already cartellised field without State authorisation, and should the authorisation be granted, he must enter the kartel at once. A jute kartel has been recently formed, and many others are planned. Whether kartels are going to be an appropriate remedy for the crisis is doubtful. At the meeting held on March 31st of the shareholders of the "Montecatini," a big concern interested mainly in the field of artificial fertilisers (57 per cent. of the national production of superphosphates), it was stated that the consumption of superphosphates in Italy fell from 1,525,000 tons in 1929 to 1,287,000 tons in 1930 and to 892,500 tons in 1931. Kartels or Consortiums, however State regulated, will be of no avail against the reaction of the consuming public if they are not able to reduce costs and prices.

HOLLAND.

Belgian Treaty — Imports — Money — Capital.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, April 5.

DURING the last few weeks, public attention has largely been concentrated upon the negotiations between the Netherlands and Belgium concerning a commercial treaty and the revision of the treaties of 1839, with particular reference to the Antwerp-Rhine communications. In the Press and at meetings throughout the country, the proposed Netherlands-Belgium treaty has been a subject of active discussion for some time past, and, in consequence of rumours in circulation, considerable opposition arose.

The subject has now also been brought forward in the First Chamber of Parliament, and the Minister of Foreign Affairs made a pronouncement on the matter. The discussions have been conducted under the leadership of the Dutch ex-Minister, Dr. Colijn, and the Belgian Minister of State, Dr. Frans van Cauwelaert. The Dutch Minister of Foreign Affairs, in his statement in the First Chamber of Parliament last week, declined to give any information as to what stage had been reached in the negotiations. "The Houses of Parliament are concerned with the result of the negotiations, but the negotiations are the sole affair of the Government," the Minister declared. "Both the Dutch and Belgian Governments had hoped to find a solution to the complicated problems, before the general elections due in both countries next year. Difficulties entailing closer consideration, however, have arisen. Through the economic situation, moreover, economic rapprochement comes more into prominence than the revision of the political treaties of 1839. By means of a new commercial treaty it is hoped to tighten the bonds of friendship uniting the two nations."

From this Ministerial statement it is evident that the negotiations have been suspended for the time being, and that no agreement with Belgium will be achieved before 1933. Although it is assured that the utmost conciliation was displayed by both parties, it was found impossible to arrive at an agreement. It is said, however, that the two points of view had closely approached agreement, for which reason the negotiations are not being abandoned, although matters are at a deadlock for the time being. The divergence of opinion still concerns the Antwerp-Rhine communication desired by Belgium, but it is hoped that sooner or later complete agreement will be reached on this matter too.

The labour conflict in the Twente textile branch has been settled, and the general strike has accordingly come to an end. No employment is, however, available for 40 to 50 per cent. of the employees, owing to shortage of work in the factories.

Increasing use is being made of the provisions of the Emergency Imports legislation, and quota restrictions have now been decreed for china, earthenware, and tiles. For the period March 1, 1932, to May 31, 1932, the import of china from all countries is prohibited, in so far as the value of the imports exceeds 90 per cent. of the average per quarter imported from each country during the years 1928, 1929 and 1930. For fine earthenware, the quota is 75 per cent., for sanitary earthenware 85 per cent., and for wall tiles 60 per cent. By Royal Decree of March 24, a temporary restriction on the importation of outer and inner cycle tyres has also been enforced, the quota order reading:—

"During the period March 1, 1932, to May 31, 1932, the importation of inner and outer cycle tyres from every country is prohibited in so far as the number imported exceeds 95 per cent. of the average number per quarter imported from each country during the years 1928, 1929 and 1930."

The Amsterdam money market continues to display greater liquidity. The average rate for prolongations was 1.0542 per cent. in March, as against 1.634 per cent. in February, 1932, and 1.0443 per cent. in March, 1931. The tendency on the foreign exchange market was also satisfactory, and the guilder rate was firm, so that a small increase could be registered in the gold stock of the Netherlands Bank. The Stock Exchange, on the other hand, displayed a weak tendency, under the influence of the reaction in Kreuger securities and several disappointing annual reports issued by prominent companies.

The new issues market, however, was well maintained. In the majority of cases the issuing houses have only been undertaking the receipt of the subscriptions, without guaranteeing the success of the issue. Their rôle has accordingly become entirely passive. During March, issues of 113.6 million guilders solely for account of the State, provinces and municipalities were marketed. During the first quarter of 1932 the issues totalled 137.8 millions, as against 57.1 millions in 1931. The high figure this year is attributable to the recent State loan, which absorbed 100 million guilders of new capital from the market. Industrial undertakings did not come on the market with a single issue during the first quarter of 1932.

AUSTRIA.

Credit-Anstalt — Foreign Trade — Industry.

(FROM OUR CORRESPONDENT.)

VIENNA, April 11.

THE report of the reconstructive committee of the Credit-Anstalt has appeared, and has been passed over to a very small parliamentary committee. The report makes the most serious criticisms of the management of the former Credit-Anstalt and the balance sheets of recent years; and this criticism is said to be based on thorough investigation. The report is not to be published for the present, but the Government have stated that they will hand it over to the public prosecutor for further investigation. It is a fact that the former directors have already been cross-examined by the court, and several members of the board have been called upon for information. There are large groups in Parliament which desire to conclude from the report of the reconstruction committee that the conditions under which the Government undertook the guarantee to the creditors no longer obtain. The Government itself does not take this view.

The fact that the report is kept secret has not prevented a stream of details from leaking out. Further, a book which has just been published by the former chairman of the Boden-Credit-Anstalt, Dr. Sieghart, mentions that at the time the Credit-Anstalt took over the affairs of the Boden-Credit-Anstalt the former was already in difficulties, and that it might have been saved for a fraction of the financial expense which has subsequently proved necessary. It is certain that, when the Boden-Credit-Anstalt took over the Verkehrsbank and the Unionbank, it did not make bad bargains, and the shares of several of the subsidiary enterprises of the latter bank in particular proved to be valuable assets.

It is now stated that the surviving Austrian banks will not pay any dividends for the past year. The Bankverein, the Länderbank and the Merckbank made a private resolution to this effect some time ago. The Niederoesterreichische Escompte-Gesellschaft will probably follow suit. It would have been in a position to distribute a dividend half the size of last year's, but this plan, too, has been dropped. One reason for the passing of their dividend by the Vienna banks is the change which has taken place in the banking interests in Prague. The Vienna banks hold large batches of the shares of the Czechoslovak banks, dating from the time when they were obliged to nationalise their branches in Czechoslovakia or merge them with Prague banks, and a great deal of money will be lost on these shares. Furthermore, the present year has begun very unfavourably for the banking business. There is no new business, issue activity has stopped, foreign exchange business is becoming more and more centralised at the National Bank, and, in spite of the large sums written off from the accounts of debtors, further writings-off are necessary. The restrictions upon trade are also a disadvantage to banking business.

If the Government now announce, after the fruitlessness of the London Conference, that limitation of imports is to be introduced, this will hit commerce and, as a consequence, the banks also. There is a proposal to limit importation from those countries whose deliveries are chiefly instrumental in causing the deficit in the Austrian balance of foreign trade. Among these are Czechoslovakia, Poland and Hungary. Trade with Germany, which shows a balance in favour of Austrian exports, will be affected less, especially as Germany is inclined to facilitate tourist traffic to Austria and has also offered preferential Customs treatment. There will probably be a limitation of imports of brown coal, and various semi-manufactured articles for the textile industry will also be excluded. Importation of agricultural products is also to be affected. A special ministerial committee has been elected to speed up the necessary preliminary work. In this connection it must not be overlooked that Austrian exports to the above-mentioned countries are constantly dwindling. For instance, Austrian exports to Hungary in the year 1928 amounted to 190 million schillings, and last year to only 90 millions. Exports to Czechoslovakia

amounted to only 157 millions, against 280 millions formerly. Last year the difference between export and import values in trade with Poland was 120 million schillings on the side of imports; exports fell by a full half, while imports were reduced by only a third.

The Federal Railways are effecting savings by curtailing the service and giving up certain local lines completely. The summer service is also to start later this year. In the matter of reducing salaries, it is probable that nothing further will be done, as a further reduction of the standard of living is considered insufferable, and the clerks' association and the political parties are ready to protest strongly. The drop in purchasing is felt keenly by the shops. The weekly average showed 106 compositions and 19 bankruptcies against 62 and 15 for March of last year. The greater portion of the compositions took place with commercial enterprises, especially dealers in personal linen and ready-made clothes. Foodstuff dealers and restaurant keepers, who have long enjoyed a particularly favourable position, are now also beginning to suffer.

The movement of deposits at the savings banks, which is not so unfavourable, is slowing up, as the deposits were made chiefly by the smaller tradespeople. Still, the savings banks are now in a position to accord a few mortgage credits, whereas they formerly exercised great reserve. On the other hand, the State housing scheme has come to a standstill, as the means to continue it have run out, and there is no hope of placing the second batch of the Housing Loan in the near future. The reconstruction of the mountain road up the Glockner, which was widely announced some time ago, and in which the A.E.G. of Berlin desired to participate, has met with obstacles, especially as the estimate of 12 million schillings might not cover the material and it is not certain that even the 12 millions could be raised. An important event of last week was the fact that the National Bank of Austria came under liability for the bank-note tax. As long as the cover relation, which is at present about 23 per cent., remains below 22 per cent., the tax amounts to one per cent. over the bank rate, or eight per cent. at present.

HUNGARY.

Danube Project — Politics — Finance.

(FROM OUR CORRESPONDENT.)

BUDAPEST, April 12.

THE failure of the Four-Power Conference in London did not discourage Hungarian public opinion. It is firmly believed here that the Danubian problem, now in the forefront of the European political arena, will not disappear from it until a *modus vivendi* has been found by the Great Powers to save Central Europe from the threatening economic and financial collapse. The Tardieu plan, with its problematical preferential tariffs and moderate financial backing, was never considered here as a satisfactory or a permanent solution, but it was welcomed as a sign that France is willing to take an active part in the restoration of the Danubian States.

The lessons of the past decade prove that without far-reaching economic changes financial assistance alone will never bring about a durable recovery in any of the Succession States. The Government, realising that Hungary is largely over-borrowed, does not look any more towards new foreign loans as a desirable objective, but is concentrating its efforts on obtaining a reduction of the intolerably high interest rates on its present foreign obligations. Hungary has borrowed since 1924 almost £100 millions (gold) of which more than three-quarters was supplied by British and American capitalists. Therefore, it is obvious that, although the commercial interests of Great Britain and the United States are not significant in Hungary, their financial interests are predominant. As to the economic aspect, Hungary would welcome any solution in the Danube Valley which would bring about an economic unit sufficiently large to take her agricultural surplus products, both cereals and cattle. It should not be overlooked, however, that, with the inclusion of Roumania and Jugoslavia, the Succession States of the

Old Hapsburg Monarchy will still have a huge agricultural surplus which only Germany and Italy could take from them, as the Austrian and Czechoslovakian markets are too small. It is natural, therefore, that Hungary should be chiefly interested in a solution which would secure for her the German and Italian markets, for they are, next to the Austrian market, Hungary's chief purchasers at present.

The internal political situation is still rather unsettled, though the Government's prestige has been greatly strengthened by Count Károlyi's flat refusal to enter into negotiations with the representatives of the printers, who went on a "political sympathy" strike following the suppression of the Socialist newspaper *Vépszava*. Thus the two days' strike came to an end, and a general strike was averted. On the other hand, there is good reason to believe that the Government will reconsider the case of the Socialist newspaper.

In view of the grave financial situation calling for immediate and unpopular measures, the firm attitude of the Prime Minister was very fortunate, and it is hoped that the provisions of the recent Emergency Decree of the Government—including certain tax increases and a moderate reduction of the emoluments of the State employees and pensioners ranging from 2 to 5 per cent.—will not be torpedoed by Parliament. According to a statement of the Finance Minister, the proposed curtailments of salaries and pensions which are to come into force on July 1st, at the beginning of the next financial year, will mean a saving of 15 million pengő per annum, while the emergency taxes are expected to yield about 50 million pengő. Baron Károlyi has stated also that the Administration Budget for 1932-33 will provide for an expenditure of 806 million pengő, as against an expenditure limit of 890 million pengő for the current Budget year, and actual expenditure of over 1,000 million pengő in the past two financial years. Unfortunately, the revenue returns of the Treasury do not warrant the hope that even 800 millions could be raised. In the period July, 1931-February, 1932, receipts amounted to 542.5 million pengő only, and in the remaining four months 240 million pengő at best can be reasonably expected. Current expenditure amounted in the first eight months of the present financial year to 598.4 million pengő, leaving a deficit of 55.9 million pengő, which is further increased by the additional expenditure on funded investments and cash advances of 36.6 million pengő and 27.3 million pengő for the deficiency of the State undertakings so that the total deficit at the end of February amounted to 119.8 million pengő, which was increased by another 10 million pengő in March.

By Government Order-in-Council the wheat and rye subsidy granted to the farmers in 1930 and 1931 will be discontinued as from July 1st. In its stead the Government proposes to relieve the farmers by suspending the collection of the Land Tax and to make up the loss of the Treasury from the proceeds of the milling tax on wheat and rye, which is nothing short of a consumption tax on bread. The discontinuation of the Boletta system (wheat and rye subsidy) was promised by the Government to the Financial Committee of the League in October last, as it has involved considerable expenditure from the public Exchequer. It is a point in favour of the new relief scheme that its advantages will go to the smallholders, whereas the Boletta system benefited only the medium and large estates.

Great pressure is being brought to bear on the National Bank to reduce its discount rate, which is 7 per cent. at present. In all probability the Bank rate will be reduced shortly by $\frac{1}{2}$ per cent. The last return of the National Bank, dated April 7th, is not very satisfactory, as it shows that the credit system of the country has almost lost its flexibility. The first quarter of the year is normally marked by a seasonal decline both in the note circulation and in the bill portfolio. This year the decrease has been proportionately considerably below that of last year. In 1931 the note circulation declined from 469.2 million pengő at the beginning of the year to 366 million pengő, a decrease of more than 103 million pengő, or 22 per cent.; whereas in 1932 the contraction from 422.8 million pengő

to 360.1 million pengö is less than 15 per cent. The same phenomenon is manifest in the bill portfolio, which last year decreased from 297.7 million pengö to 236.5 million pengö, whereas this year the bills discounted (including rediscounts with the B.I.S.) have decreased from 589 million pengö on January 1st to 549.5 million pengö, a decrease of less than 7 per cent. as compared with a seasonal decline of more than 20 per cent. in the corresponding period in 1931. The gold cover of the National Bank fell to 96.4 million pengö, but the foreign exchange holding rose to 17.3 million pengö, so that the statutory cover amounted in the first week of April to 113.7 million pengö. The other liabilities of the bank have risen by 8.1 million pengö this week to 100.6 million pengö. This is explained by the fact that the "Foreign Creditors Fund," to which the non-transferable sums of the interest and amortisation services are paid in pengö, is not shown separately in the Bank's return, but figures among "other" liabilities. It is estimated that the amount held now by the "Foreign Creditors Fund" is about 40 million pengö.

SWEDEN.

Kreuger Affair — Skandinaviska Bank and National Bank.

(FROM OUR CORRESPONDENT.)

STOCKHOLM, April 11.

SCARCELY anything has contributed so greatly towards unveiling the veil of secrecy around the Kreuger catastrophe as the report given at the meeting of the Skandinaviska Bank on to the connection of this bank and the National Bank with the Kreuger concern. The information furnished also casts an entirely new light on the whole of our economic development during the past year, and, not least, the events surrounding the abandonment of the gold standard are placed in an unexpected light. The Kreuger concern, and thereby the Skandinaviska Bank and National Bank of Sweden, are to a considerable extent responsible for Sweden's departure from the gold standard owing to the enormous credits which were asked and granted.

The report of the statement made at the general meeting of the Skandinaviska Bank is scarcely complete, but it makes the development clear in its main features. The course of events was as follows. Even at the end of 1930 the Kreuger concern had begun to suffer from difficulties of liquidity. It was, therefore, compelled in an ever-increasing degree to lay claim to the services of its special banking connection, the Skandinaviska Bank, as it became more and more impossible to procure credits on the international finance market. Between November, 1930, and February, 1931, the credits still kept to the figure of about 50 million crowns, but very shortly afterwards they jumped up so quickly that in March they were 180 million crowns. To what extent repayments were subsequently effected does not appear from the report, but in September they had further risen to 200 million crowns. On account of the enormous withdrawals of foreign investments entailed by the crisis of liquidity and confidence of the summer, the Skandinaviska Bank was no longer able to be responsible itself for its credits to the Kreuger concern, but had to call for the assistance of the National Bank, and, after this, the National Bank had to allow the concern direct further credits to the amount of 40 million crowns, in which connection a number of securities pledged with the Skandinaviska Bank were transferred to the National Bank, while the Skandinaviska Bank had to sign a guarantee for half this amount.

The co-operation between the Skandinaviska Bank and the National Bank in the financing of the Kreuger concern, which is thus revealed, had in actual fact begun much earlier. When the concern required 32 million crowns in February last year, in order to meet its loan agreement with Poland, the Skandinaviska Bank had obtained the consent of the National Bank before the credit was given, and this procedure was continued thereafter. The same applied in April when the concern had to obtain 35 million dollars in order to be able to make its

last payment of the loan to Germany. The responsibility of the National Bank for what occurred is, therefore, indisputable, and the final effect, as is now known, was that the State had to step in and assist the Skandinaviska Bank to the extent of no less than 215 million crowns in order to rescue the institution from the difficulties involved by the Kreuger crash.

The following conclusion may be drawn from the information given at the general meeting of the Skandinaviska Bank: the Kreuger concern obtained credits of 240 million crowns during the past year from the Skandinaviska Bank and the National Bank alone. It is still an open question as to what extent the concern may also have obtained credits from other Swedish banks at the same time. Sweden has, in fact been compelled, through the Kreuger concern, to finance foreign businesses outside our interests and considerably beyond our resources. It may be difficult to determine to what extent these credits have been disposed of for settlements abroad. It appears, however, more than probable that this has been done to a very large extent. It evidently happened in respect of the 32 million crowns for the Polish loan, and also the 35 million dollars for the German loan. It is, moreover, clear that about 50 million crowns of last year's distributions of dividends by the concern have gone abroad. (This is without regard to the Match Company's spring coupon for 27 million crowns, of which about 19½ million crowns would appear to have gone abroad.) These transactions alone involve about 210 million crowns, which in reality the National Bank of Sweden has placed at the disposal of the foreigner. Certainly this did not take place immediately on putting through the respective transactions, as the Skandinaviska Bank, of course, granted the credits; but the National Bank was fully aware that it would have to step in itself if the Skandinaviska Bank should get into difficulties, which in fact happened in the autumn. Moreover, it was the National Bank which finally had the responsibility for our currency reserves being drained by such enormous amounts at a time when the exchange was extremely sensitive. Even to an observer with much less information before him than had the National Bank, it was clear last spring that the adverse balance in our balance of trade would place abnormal demands on our currency reserves. For the first five months of the year, the surplus of imports amounted to 180 million crowns and the holding of currencies by the National Bank was reduced by 110 million crowns, and at the same time nobody could fail to see that the influx of foreign floating capital involved a dangerous factor of uncertainty.

Under such circumstances, how is the mode of procedure of the Skandinaviska Bank and the National Bank to be explained? It must be admitted that it was difficult last spring for anybody to foresee the devastating crisis which broke loose with the failure of the Credit Anstalt. Even apart from this, however, the consequences for our currency reserves must have been clear to the National Bank, especially during the autumn months, when, however, the grants of credits to the Kreuger concern were further increased in spite of this. It is therefore clear that both the Skandinaviska Bank and the National Bank have all along foreseen these consequences, and the National Bank would appear to have been faced for a whole year with the question whether it should take upon itself the responsibility of overthrowing the Kreuger concern.

The question arises whether it was necessary to allow the concern, in this state of affairs, to distribute dividends which, for the first half of last year, including the Match Company, amounted to 88 million crowns, and of which, moreover, about 69 million crowns would appear to have gone abroad. In reality it was, of course, the National Bank which had to advance these funds, and there is still greater reason to ask why the National Bank did not in good time last year take up the foreign currency loan which it was impossible to mobilise in September. The position is that Ivar Kreuger forced the National Bank to provide the amounts for his Polish and German loans, which amounts, according to the original

calculation, he was to have procured in the international money market. In other words, the National Bank has committed the same fault here as Ivar Kreuger, with the difference, however, that the latter speculated in the developments of the market and therefore delayed in procuring capital, but as the National Bank had to provide necessary currencies by drawing on its own currency reserve, it actually loaned floating capital to Poland and Germany. It should naturally have secured itself by taking up a long-dated loan from abroad. Reason for such action, moreover, already existed owing to the increasing adverse balance of the balance of trade. Such a loan could certainly have been placed on favourable terms in April, when the Kreuger concern got its 35 million dollars for the German loan.

Letters to the Editor.

THE ANGLO-IRISH TREATY.

TO THE EDITOR OF THE ECONOMIST.

SIR,—In spite of Mr. de Valera's retreat, in his argument about the Oath, from a legal to a moral claim, it is obviously premature—and therefore unwise—to cry out that the Treaty of 1921 is being violated. It is yet more unwise to employ spirited language as to the disagreeable punitive consequences which will be visited upon the Irish Free State for a violation of the Treaty which is, as yet, no more than hypothetical. Threats breed contentiousness, and contentiousness tends to precipitate conflicts which should, if possible, be avoided. It would be well if commentators would abstain from prejudging issues which await responsible solution. It would not, for instance, be inherently improper if a proposal for the revision of the Treaty were propounded from either side. For the Treaty has already been revised by the Agreement of December, 1925, which was duly ratified by both legislatures, and quite conceivably further cause for revision at some time or other may arise. The point is that revision must rest upon mutual consent, and not upon unilateral action. Contemporary history is rich in precedents for the procedure in such a case.

It is well to recall how profoundly the significance of Anglo-Irish relations has been changed during the post-War period. Ireland's strategic importance has waned to insignificant proportions with the coming of the League of Nations and of the Briand-Kellogg Pact. Political or constitutional control of Ireland by Great Britain has vanished with the advent of an equalitarian status for the Dominions and the Mother Country, which has been completed by the Statute of Westminster. There is an His Majesty's Government in Dublin no less than at Westminster; and it is to be hoped that nothing will be allowed to occur which would mar the decorum which ought to subsist between them, even if they come to be at issue on matters of grave importance. The gossamer threads of constitutional liaison between the component parts of the British Commonwealth of Nations are strong, and not a little of their strength has been proved to lie in their elasticity. Constitutional development from precedent to precedent has marched apace. It should not be overlooked that it is upon the basis thus attained that all the high hopes of an Imperial economic unity, or at least co-operation, to be achieved at Ottawa are founded. Thus we reach the conclusion that the truly significant factor in Anglo-Irish relations to-day is no longer strategic nor political but economic, and that the most binding ties are those which mutual economic benefit and the inter-linking of economic arrangements create with the irresistible force of natural growth. A conflict, of which there is some glib talk amongst the less responsible, would be a tragedy—an injury wellnigh insupportable to Ireland and a source of grave loss and inconvenience to Britain. Britain herself has so preponderating a weight to throw into the scale if necessary that she can afford to bear herself with a patient and forbearing courtesy in the pending discussions. It is to be hoped that stress will be laid upon matters of substance rather than upon "the letter of the bond."

For the Irish Free State as an economic body must necessarily respond to the gravitational pull of Britain's economic mass; and she scarcely can stray, or desire to stray, from her appointed orbit. Ireland can practise economic nationalism to her heart's content. If she thrives on it, her prosperity will make her a more profitable customer for Britain. If she does not, she will at the least be more dependent on Britain. And, just as Ireland with her £150 millions or more invested in Britain must be always solicitous for Britain's economic welfare,

so Britain with her predominant, virtually monopolistic, interests in Irish shipping, banking, insurance and railways must participate heavily in any economic adversity that might befall Ireland.—I am, etc.,

HIBERNIAN.

[We comment on this question in a leading article.—ED., *Economist*.]

THE VALUATION OF STERLING.

TO THE EDITOR OF THE ECONOMIST.

SIR,—Professor Gustav Cassel has recently stated that "a simple calculation will show that . . . on the basis of its purchasing power parity the pound ought to have been (January, 1932) worth 4.35 dollars." The calculation is certainly "simple" enough, but in view of the great issues which depend upon proper realisation of the relative values of the world's currencies, a protest should be registered against applying even "simple" calculations to the entirely unsuitable data used for comparing the "purchasing power" of currencies in different countries.

Whatever the merits of the "purchasing power parity" theory may be for the purpose of reaching ideas as to the *equilibrium* values of currencies, the utility of it must depend largely upon the suitability of the data to which it is applied. Professor Cassel—as is not uncommon with economists—takes any data already conveniently available which seem to be applicable to the case, without investigating whether they really are properly applicable. The Irving Fisher index of wholesale prices in the U.S.A. (based upon the prices of 200 commodities), and the *Economist* index in this country (based upon the prices of 58 commodities), however, were not constructed in conjunction for the purpose of comparing "purchasing power" in the two countries, and it is as erroneous to assume that they are proper for this comparison as it is to assume that the comparison of the average handicaps of the members of 200 American golf clubs with the corresponding average of 58 British clubs affords a measure of the relative golfing ability of the two countries. A detailed analysis of the indices would be necessary to demonstrate fully the unsuitability of the material as a measure of comparative currency values, but two points may be illustrated.

The material for the indices in both countries includes an item for rubber. Neither country produces rubber, but both purchase it in the same markets. A comparison of the quotations for rubber prices in the two countries shows that one is generally nearly the same as the other, converted at the ruling rate of exchange. Thus, in using these indices as a means of determining the "equilibrium" exchange rates we are permitting the ruling exchange rate to exercise some influence. If only articles of this character were included in the construction of the index, the conclusion would be reached that the so-called "true" value of the exchange was the ruling value. To what extent the prices of various items occurring in the two indices are already connected through the ruling exchange it is difficult to say, but the mere fact that a number of them are must vitiate the use of the indices for determining the "equilibrium" exchange.

At the other end of the scale there may be articles in which the ruling exchange has no effect on the prices—e.g., bricks. For most of the commodities on which the indices are based, however, the ruling exchange will have some influence on the relative prices in the two countries, though it may be remote. An illustration of this type of article is afforded by the case of hides. Each country has a native supply and each country draws upon supplies from various parts of the world. The following figures (compiled from data in *The Leather World*) compare the indices of native hide prices in the two countries (and also in France and Germany) at the end of August last and the end of March:—

	United Kingdom.	United States.	France.	Germany.
End of August...	100	100	100	100
End of March ...	98	62	50	70

The rate of exchange required to give parity between the United Kingdom and United States indices is 3.07 dollars to the pound, while the figure in the case of the United Kingdom and France is 62 francs to the pound. It would take too much space to give the full reasons for the marked disparity between the movements in this country and in the others, but one of them—which is probably generally applicable—is that the question of "time lag" is much more important now than previously. The prices will tend to get on a parity at the ruling rate of exchange, but the process of doing so is now very sluggish.

If the use of data relating to certain articles employed in the indices leads to a figure of about 3.80 dollars to the pound and the use of others leads to a figure of 3.07, while, when all of them are used together, according to Professor Cassel,

[April 16, 1932.]

the figure is 4.35, it would seem that the use of others would lead to a very high figure. In other words, though the average figure may be 4.35, the variations from the average in individual cases may be as much as 30 per cent. This fact alone should cause us to be suspicious of the practical value of the "purchasing power parity" theory.

The selection of a group of articles in the two countries which can be used to form a satisfactory basis for comparing "purchasing power" in the countries is an interesting but difficult task. The more the matter is thought over the more complex it appears, and we are justified in asking that those who publish views as to what the value of sterling *should* be, based on "purchasing power parity," should show how these difficulties can be overcome; if they cannot, the figures they announce have no particular value as a contribution to the discussion of the problem of sterling.—Yours faithfully,

E. C. SNOW.

"Thornhill,"
Kenley, Surrey.
April 13, 1932.

THE BEET SUGAR SUBSIDY.

TO THE EDITOR OF THE ECONOMIST.

SIR,—Nothing has so far transpired as to the intention of the Government in respect of the application for increased assistance made by the home-grown beet industry. The situation thus naturally continues to give much concern to persons dependent on the old sugar-refining industry and its associated and allied trades.

There have appeared in your correspondence columns recently interesting letters showing the extravagance of the sugar beet subsidy, and the wastefulness of encouraging the subsidised factories to produce white sugar to the detriment of the self-supporting refineries. I trust you will permit me, as representing a town which, like London and Liverpool, is closely interested in the refining of both foreign and Dominion and Colonial-grown sugar, to state a few facts on this important subject.

My chief object is to emphasise that, in the event of the Government acceding to the suggestion that the beet factories should receive assistance amounting to 16s. 4d. per cwt., this would have a disastrous effect on the old refineries—quite apart from the enormous loss to the Exchequer which would be involved. In the second subsidy period of the Act, when the assistance was only slightly over the above figure, the quantity of home-grown sugar produced was advancing at the rate of about 100,000 tons per annum, and during the last year it amounted to 420,000 tons. Had the subsidy continued at the same rate, the quantity would no doubt have continued to increase. If, therefore, it is restored to a similar level, it can be expected to advance again.

But that is by no means all. The tonnage of imported raw sugar being worked by the "home-grown" factories is also increasing to a serious extent, and amounted last year to about 240,000 tons. Now, the total consumption of the country is only about 2,000,000 tons, so that, adding the output of subsidised beet to that of imported raw, it will be easily seen what a disastrous percentage of the total consumption would be monopolised by the home-grown factories. Even as it is, the output from Greenock refineries is being restricted owing to this competition. The working of imported sugar in subsidised factories, in many cases built with money guaranteed by the Government, is, as a matter of fact, becoming as great a menace as the production of subsidised beet, and is an injustice which calls urgently for the attention of His Majesty's Government.

There are two staple industries in Greenock—shipbuilding and sugar refining. The shipbuilding industry here is almost at a complete standstill, and, therefore, any serious blow to the remaining industry of sugar refining would be a disaster of great magnitude to the town. Independently of the labour employed directly in sugar refining, there are many auxiliary trades which would be affected. These trades give employment to a large number of people—transport workers, dock labourers, coopers, box makers, tinsmiths, jute bag workers, engineers, copper-smiths, charcoal makers, &c. The annual consumption of coal in the Greenock refineries, when fully employed, amounts to about 150,000 tons, and it is estimated that an additional 30,000 tons are consumed in the allied trades, and for transport purposes.

The Greenock Harbour Trust is almost entirely dependent on the sugar trade for the revenue necessary for the maintenance of its harbours, wharves and other property.

In conclusion, I am pleased to be able to state that, appreciating the parlous condition of the industry, Glasgow, Liverpool and Greenock Chambers of Commerce passed

resolutions expressing concern at the effects which the suggested changes might have on the old-established sugar-refining industry, and suggesting that the matter should receive the Government's most careful attention.—I am, Sir,

Your obedient Servant,

JOHN DRUMMOND, JR.

Provost of Greenock.

Provost's Room,
Municipal Buildings, Greenock.

TO THE EDITOR OF THE ECONOMIST.

SIR,—It is somewhat discouraging to those who are enthusiastic in the cause of economy to find that the sum of £2,400,000 has been allocated for sugar beet subsidy in the 1932 estimates, especially when it is realised that further substantial assistance will reach the sugar beet industry through the medium of duty preferences.

I quite realise that the sugar beet subsidy was given for ten years and is therefore in the nature of a contract which cannot lightly be broken, but there are several ways in which the outpouring of national funds for this pampered industry might, at this period of crisis, be limited and controlled in the public interest.

In the first place, under the Trade Facilities Acts, loans over £2,200,000 in value have been guaranteed to the factory companies. Of this, some £171,180 has already been lost, and more may be in the future. In view, however, of the large profits made by many of the factories it is not unreasonable to suggest that some portion thereof might be allocated to making good these losses of public money.

In the second place, immediate steps ought to be taken to prevent any of the factories carrying their operations on sugar beyond the "raw" stage. To the extent that they do so and carry out refining operations, it only means that for every man they employ another is thrown out of work in one of the self-supporting refineries of Liverpool or London! It is, I believe, satisfactorily proved from experience both in this country and on the Continent that sugar beet factories can operate with equal economy if they cease operations at the raw sugar stage. To allow them to proceed farther produces grossly unfair competition between subsidised and non-subsidised undertakings, all at the taxpayers' expense.

Assistance to the sugar beet industry in this country now amounts to 12s. a cwt. on an article worth 6s. in world markets, i.e., the equivalent of a 200 per cent. *ad valorem* protection! If wheat growers were asking for the same rate of protection under the Wheat Quota Bill they would have to demand a guaranteed price of nearly 90s. per cwt.!

Finally, the sugar subsidy scheme, as at present arranged, seems to be superfluous now that the National Government is embarking on a policy of wholesale protection for agriculture, and Imperial Preference. If it were wisely controlled, our farmers would be able to concentrate on other crops at less expense to the taxpayer; our Colonies, which can produce sugar three or four times cheaper than we can in this country, would be able to offer useful markets for our manufactured goods in return for the consequent encouragement of their sugar production; whilst our refineries could work with far greater efficiency with their output increased by the elimination of redundant refining in subsidised sugar beet factories.—

Yours faithfully,

A. ENGLAND,

Ex-M.P., Heywood and Radcliffe Division.

Cannon Street,
Manchester.

TO THE EDITOR OF THE ECONOMIST.

SIR,—After the interesting correspondence which has appeared in your columns on the sugar-beet "ramp," it will be interesting to see what action is taken by the Chancellor of the Exchequer in regard to this matter in his forthcoming Budget.

At the present time the sugar duties give protection to the British sugar-beet industry equivalent to about 100 per cent. *ad valorem*. This is in addition to the subsidy, and the two together give a protection of about 200 per cent., or 12s. per cwt., as against the preference of only 3s. 9d. which we accord to our sugar-producing Colonies! Although the latter can produce sugar far more cheaply than we can in this country, such a weighting of the scales in favour of home-produced sugar damages their market very seriously.

Again, the present detailed arrangement of the sugar duties gives direct encouragement to sugar-beet factories, not only to produce "white" sugar as opposed to "raw" from British beet, but to import foreign raws for refining purposes during the "off" seasons. This has led to grossly unfair competition with the non-subsidised refineries on whose large throughput

April 16, 1932.]

THE ECONOMIST.

and consequent efficiency the consumer is vitally dependent for cheap sugar supplies.

Here are two points which clearly call for attention in the Budget that is to be opened on April 19th.—Yours, etc.,
Taunton. "TAXPAYER."

March 22nd.

[Reference to The Sugar-Beet Subsidy will be found in a Note of the Week on page 846.—Ed., *Economist*.]

RAILWAYS AND ROADS.

TO THE EDITOR OF THE ECONOMIST.

SIR,—Lord Strathspey assumes, in his letter in your issue of March 19th, that road vehicles reduce the total cost of transport. As a matter of fact, they increase it, just as I should increase the real cost of business statistics if I were a millionaire and foolish enough to start a rival to the *Economist*, offering the same kind of information. All the costs of transport in any country have to be paid by the people of that country; therefore when, as in England, we have the roads congested with heavy vehicles while railway trains are running half empty, the cost of transport is needlessly high.

It is very convenient for the spokesmen of the road concerns to lump all motor taxation together, as they obtain a nice large total. But if they had to give the amounts paid by the heavy vehicles—lorries, tractors, coaches and omnibuses—the result would be very different. These heavy vehicles cost the ratepayer from £40 to £50 millions a year directly, not to mention indirect costs; I doubt if they pay as much as £20 millions, even with the petrol duty, which is not paid if they are driven by steam, heavy oil, town gas, or electricity. I am not sure that motor owners can claim the yield of the petrol duty as their contribution to road costs; if they do, the vehicles driven by any other motive power ought to pay an equivalent either in licence duty or in a mileage tax. Does the brewer claim that the yield of the beer duty shall be used to increase the amenities of the public-house?

Industry has little to gain from road transport except the convenience of door-to-door conveyance, which is worth paying for. What the heavy industries want is lower railway rates. Road competition, by skimming the cream off the railway traffics, is more likely to raise railway rates.—Yours, etc.,

J. E. ALLEN.

2 St. Peter's Terrace, Cambridge.

March 21, 1932.

TO THE EDITOR OF THE ECONOMIST.

SIR,—Lord Strathspey, in giving figures in the Road v. Rail controversy, overlooks the fact that the alleged injustice lies against commercial and public service vehicles, those taxed on h.p. being really outside the controversy. The private owners' sympathies must really lie more on the side of the railways, since he supplies a disproportionate amount of funds for the damage caused by him to the roads, in order to make them more dangerous for him by the introduction thereon of what are rapidly tending to become motor trains.

For the year 1930 the yield from motor vehicles taxation was £27 millions, but excluding £13.2 millions levied on the h.p. category it will be found that amounts paid were as follows:—

£9.2 millions for goods, agricultural vans, lorries and tractors;

£3 millions for motor hackney vehicles;

omitting the lesser amounts for cycles, invalid carriages, showmen's vehicles, motor ploughs, agricultural tractors, general and limited trade licences, since these can hardly enter into the controversy.

In regard to motor hackney vehicles, if the analysis of figures published in the Motor Transport Year Book be considered it will be found that there has been a pronounced shift from small capacity to the larger kind, obviously more detrimental both to the road surface as well as interests of the h.p. category.

	1927.	1930.
Seating capacity up to 32	87,242	88,605
" " 32 " 64	8,275	12,464
" " Over 64	9	58

In considering the petrol tax, it should be borne in mind that a large portion of this is not only borne by the h.p. category but also by aeroplanes, so it is hardly accurate to include this figure in respect of costs which the chief competitors of the railways have to bear.

The private motorist is probably as anxious to see a weeding-out of his formidable road rivals as the railways, for it is bad enough for a 7 h.p. to be forced into the ditch by a 64-seater as well as seeing his taxation made an excuse for multiplying his juggernaut rivals.—Yours, etc.,

3, Heathfield Road, A. N. STUART-MENTEITH.

Croydon.

March 23, 1932.

BOOKS RECEIVED.

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

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

The Rand Gold Mines. By E. Sturzenegger. Published by the Author at 4, Copthall Buildings, London, E.C.2. 10s. 6d.

A statistical account of the position and prospects of individual companies.

The Dragon's Teeth. By Major-General J. F. C. Fuller. (London) Constable and Company, Limited, 10-12, Orange Street. 10s. net.

A historical and critical study of war.

Poland, 1914-1931. By Robert Machray. (London) George Allen and Unwin, Limited, Museum Street, 15s. net.

The Banking Systems of Great Britain, France, Germany and the United States of America. By Kenneth Mackenzie. (London) Macmillan and Company, Limited, St. Martin's Street. 3s. 6d. net.

British Empire Trade Index, 1931-32. (London) Business Dictionaries, Limited, 8/9 Johnson's Court. 5s.

Journal of the Royal Statistical Society. Part I., 1932. (London) Royal Statistical Society, 9, Adelphi Terrace. 7s. 6d.

Includes a discussion on the balance of trade, opened by Dr. Snow.

OFFICIAL PUBLICATIONS.

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

British Documents on the Origins of the War, Vol. VII: The Agadir Crisis. 17s. 6d. net.

Papers relating to the Parliamentary Oath of Allegiance in the Irish Free State and the Land Purchase Annuities. Cmd. 4056. 2d. net.

Second Report on the Profitableness of Farming in Scotland. 1s. 3d. net.

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The Stock Exchange.

STOCK EXCHANGE OUTLOOK.

THERE is only one part of the London Stock Exchange to-day in which business is freely and actively transacted—the gilt-edged market. In some respects this market has reverted to its position of twelve months ago, as if the departure from the gold standard and the threatened financial breakdown of Central and South-Eastern Europe were disagreeable episodes which could now be forgotten. We may recall that a year ago money was becoming cheap, Bank rate being 3 per cent. and the market rate for three months' bills 2½ per cent. The Budget of April, 1931, though it failed to restore the credit of the Government or to improve the national finances, opened the way for a striking advance in British Government funds merely by avoiding a further increase in direct taxation. Thus, the gilt-edged market a year ago advanced to a yield basis, approximately, of 4½ per cent. for British Government funds until the financial crisis abroad and at home began to upset confidence in sterling.

To-day, the market is again enjoying the benefit of cheap money, in spite of alarms and excursions abroad. The "disgrace" of the departure from gold has been lived down, the Budget has been balanced, the credit of the Government has been restored, and the protection of a depreciated exchange (not to mention a new tariff system) has suggested that the international account is by way of being balanced. Thus, although the financial crisis in Europe is worse than it was a year ago, although the postponement of the Reparations Conference to June has merely allowed conditions to deteriorate in the Central and South-Eastern States, an opinion is gaining ground which, in its highest terms, is expressed in the circular of a stockbroking firm: "This country will not have to wait upon the settlement of the Reparations problem and the European financial crisis before experiencing the full effects of the cheap money phase. Bank rate will be reduced again, and interest rates will be lowered further to first-class borrowers independently of conditions on the Continent." In short, a substantial part of the market believes that the pressure of cheap money will exert its full force—that Bank rate will fall to 2½ per cent. and the yield of Government stocks will be driven down below 4 per cent.

The market, as always, tends to swing between extremes of optimism and pessimism, and some of the hopes of its more sanguine supporters may not be completely realised. Nevertheless, the movement has undoubted vitality. The warning hint of the Chancellor of the Exchequer that the heavy burdens of direct taxpayers may have to be borne for another year—in other words, that 6d. may not come off the income tax—has had no appreciable effect upon quotations. The following figures, for which we are indebted to the Actuaries Investment Index, show the extent of the recent recovery in British Government and Home Corporation stocks:—

GILT-EDGED STOCKS.

	Price Index (December 31, 1928 = 100).				Average Yields (%).			
	Mar. 31, 1931.	June 30, 1931.	Dec. 29, 1931.	Feb. 23, 1932.	Mar. 31, 1931.	June 30, 1931.	Dec. 29, 1931.	Mar. 23, 1932.
British Government	102.0	108.4	92.9	99.1	107.9	4.42	4.16	4.85
Home Corporations	101.9	105.9	93.4	97.3	103.9	4.60	4.43	5.01

In view of the probability of a conversion operation, 5 per cent. War Loan has participated only slightly in the general advance. It is expected that the Chancellor may have something to say regarding a conversion offer in his Budget speech, but one section of opinion on the Stock Exchange, at least, declares that a waiting policy will advantage the Government—that the longer conversion is postponed, the cheaper the cost of refunding. For

all practical purposes, however, the 5 per cent. War Loan is now regarded in the market as a short-dated security. As such, incidentally, it has attracted appreciable foreign buying.

Whether activity, based upon short-term monetary prospects, should extend to every stock quoted in the gilt-edged list is more than doubtful. India stocks may have been entitled to benefit as a result of the improved financial position of the India Government—assisted by the outflow of hoarded gold—but the advance in Australian and New Zealand Government stocks from a 6½ per cent. to a 5½ per cent. yield basis appears to have been somewhat rapid. Budgetary equilibrium in these countries depends not merely upon the will of their Governments to balance expenditure with revenue, but also on economic factors such as the prices of primary products vital to their economy. Further, the Commonwealth Government has obtained judicial endorsement of its Financial Agreement Enforcement Act, but has not been able to supersede the obstreperous Premier of New South Wales. The following prices of representative Indian, Australian and New Zealand stocks given in the Actuaries' Index suggest that some of these stocks may recently have been carried forward by the momentum of British Government issues:—

DOMINION GOVERNMENT STOCKS.

	Prices (Dec. 31, 1928 = 100).		Gross Yield Per Cent. (allowing for Redemption).	
	Dec. 31, 1931.	April 13, 1932.	Dec. 31, 1931.	April 13, 1932.
Australia 5% 1945/75	90	90	6.57	5.51
Canada 4% 1940/60	81½	93	5.23	4.60
India 3½%	50	56½	7.05	5.25
New Zealand 4½% 1943/58	83	90½	6.36	5.23
South Africa 4% 1943/63	77	87	5.69	4.80

The favourable outlook for gilt-edged stocks is shared by all utility and industrial fixed-interest stocks of irreproachable security. Opinions may differ, of course, as to the meaning of the latter term. It is significant, however, that whereas in last year's period of cheap money, prices of industrial debentures and preference shares showed no appreciable rise because the industrial future of the country was held to be in jeopardy, the investor is now tending, rightly or wrongly, to regard the depreciation of the £ and the new tariff system as protective forces for British industrial earnings. The prior charges of the leading industrial companies have thus begun to react to the influences of cheap money. In its broader aspects, the upward movement of fixed-interest securities of various degrees of intrinsic security may be seen in the representative groups recorded in the Actuaries' Investment Index as follows:—

DEBENTURE AND PREFERENCE STOCKS.

	Price Index (Dec. 31, 1928 = 100).				Average Yields Per Cent.			
	March 31, 1931.	June 30, 1931.	Dec. 29, 1931.	March 23, 1932.	March 31, 1931.	June 30, 1931.	Dec. 29, 1931.	March 23, 1932.
DEBENTURE.								
Investment Trusts	104.3	106.2	97.1	101.6	5.01	4.92	5.38	5.16
Industrial (Productive)	97.6	94.7	90.8	94.5	5.39	5.62	5.85	5.59
Do. (Miscellaneous)	102.1	102.9	96.0	100.0	5.39	5.35	5.73	5.46
INDUSTRIAL (ALL CLASSES COMBINED)*	96.6	96.1	89.4	94.1	5.61	5.72	6.18	5.55
PREFERENCE.								
Investment Trusts	103.0	102.3	94.5	96.9	5.27	5.28	5.75	5.61
Industrial (Productive)	93.7	96.2	85.0	88.6	6.25	6.75	6.13	5.61
Do. (Distributive)	79.7	86.0	64.4	67.9	5.98	6.60	8.36	6.03
Do. (Miscellaneous)	87.1	90.4	79.0	85.3	6.22	6.13	6.36	5.82
INDUSTRIAL (ALL CLASSES COMBINED)†	87.4	91.2	77.2	81.9	6.17	6.43	6.75	5.81

* 45 securities.

† 90 securities.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

TICKET.	SETTLING DAYS.	ACCOUNT.
April 19.		April 21.

THE week was colourless, gilt-edged stocks alone showing firmness. The revealed divergence of American and French views on armaments was not a bull point for European stocks, Danubian issues, in particular, being irregular. The gilt-edged market, having expected no change in Bank rate, was not disappointed with the Bank's decision. Little interest was shown in industrials, despite the slight fillip given by the March overseas trade figures. More speculative stocks reflected the somewhat harder tone of commodity prices, and the tendency of Paris, from time to time, cautiously to "nibble" at her favourites. Generally, however, a subdued tone obtained, which was not inappropriate to a pre-Budget week in a period of wide uncertainty.

Steady investment demand caused rises throughout the gilt-edged list, not excluding War Loan. Treasury bonds were firm. India loans strengthened in sympathy. Australians were inclined to sag, but the scrip of the New Zealand Loan steadily rose towards par. Other recent issues maintained a premium, and although nearly three-fourths of the Agricultural Mortgage issue was taken by underwriters, a premium of 1½ was established.

Argentine bonds showed more resistance than had been expected to selling on the first exaggerated news of volcanic damage, and made good recovery on more reassuring reports. Despite President Hindenburg's majority, German bonds were sold at the outset on the increase in the Hitler poll, but subsequently became harder. South-Eastern European issues remained depressed. Sino-Japanese stocks were better despite the continuance of an anomalous situation.

Home rails hardened at first, but were sold on the publication of traffic figures which made disappointing comparison with Bank Holiday week last year. Prior charges were easier, but retained much of their recent rise. The sensitivity of the market for Argentine rails was illustrated by the sharp decline in quotations on the first news of volcanic disturbances, but subsequent official statements induced a mild recovery.

Though the volume of dealings in industrial shares was broadly maintained, conditions were irregular. A speculative movement arose in iron and steel shares on inspired statements of a forthcoming tariff, but lacked vitality and speedily expired. Electrical supply shares were steady, but Associated Electrical Industries were sharply marked down on a disappointing dividend. General Electric were lower in sympathy, but, looking cheap, recovered. Brewery shares were supported on prospects of Budget concessions, despite the depressing consumption figures. Kreuger and Toll and Swedish Match reached new low levels. The latest developments are recorded in an Investment Note on page 863. Cables and Wireless tended again to lose ground, the market awaiting the report with a certain impatience. Imperial Chemical were unchanged on the not over-informative speech of the chairman, which is summarised on page 865. Textiles remained dull. Tobacco shares were easier on scattered selling. Unilever were firm on the results for 1931 (set out on page 863), which the market, though unable fully to explain, considered particularly satisfactory. Quotations for insurance showed a tendency to recede, and overseas banking shares were heavy, Anglo-South American especially suffering a sharp decline.

The rubber share market showed symptoms of being oversold. Though intermittent liquidation continued, a small volume of inquiries gave quotations a steadier appearance, until unsatisfactory American consumption figures forced prices down. Dull and uninteresting conditions ruled in the tea share market at the outset, but a mild speculative inquiry was received later, inspired by optimism concerning a possible duty on imports of Dutch teas in next week's Budget. The leading oil shares were firmer, anticipated selling from Paris and Amsterdam failing to mature.

(Continued on page 862.)

Outside the range of gilt-edged and selected fixed-interest securities, however, the outlook for Stock Exchange markets is, to say the least, gloomy. The foreign bond market has gone from bad to worse. The situation of some Central and South-Eastern European countries is regarded as desperate and the prospects of international trade obscure. There is a widespread tendency, therefore, to write down an increasing number of bonds practically to "default" levels.

Finally, in the equity share markets, international countries have been unfavourably affected by liquidation from the Continent following the Kreuger collapse, the persistent weakness of the New York Stock Exchange, and the renewed fall in gold commodity prices. The position of British industrial equity shares is more complex. The expectation of a 33½ per cent. tariff on iron and steel imports caused a ripple on the surface of the iron and steel share market last weekend. It remains to be seen, however, whether the industries of this country will be able to show better results this year, or even to maintain last year's results if there is no rise in the internal price level. Companies depending on export trade can obviously expect no real revival as long as the volume of international trade continues to shrink under the blight of exchange restrictions, tariffs and falling commodity prices. No must it be forgotten that the new tariff system of Great Britain will reduce the purchasing power of the countries which formerly depended on their export trade to Great Britain.

The course of the equity share markets can be followed from the following table, based on the Actuaries' Index:—

INDUSTRIAL ORDINARY SHARES.

	Price Indexes (Dec. 31, 1928 = 100.)			Average Yields (%).		
	Apr. 7, 1931.	Dec. 29, 1931.	Apr. 5, 1932.	Apr. 7, 1931.	Dec. 29, 1931.	Apr. 5, 1932.
Coal	64.5	64.6	60.6	6.48	4.45	4.61
Cotton	46.5	42.3	44.4	5.86	3.36	2.99
Electric light and power	97.3	90.8	97.4	5.08	5.46	5.00
Gas	98.9	94.2	102.8	6.21	6.51	5.85
Iron and steel	52.9	49.9	44.8	7.18	4.62	3.73
Electric supplies	83.7	82.4	89.3	6.43	6.55	6.17
Shipping	26.3	21.2	20.8	4.41	3.37	3.80
Stores and catering	69.3	58.8	67.2	7.52	7.08	5.75
Breweries and distilleries	80.0	59.4	69.4	7.89	10.00	8.09
INDUSTRIALS (ALL CLASSES COMBINED)*	59.7	49.3	52.5	6.88	6.94	5.48

* 132 stocks and shares.

It is a significant fact that dividend yields are lower, to-day, in many groups, than they were twelve months ago. In other words, prices have not fallen so as fully to discount dividend reductions. Shareholders would appear, therefore, to be taking an optimistic long view of British industrial recovery. Whether they are justified time will show.

The wide "spread" of industrial share yields is symptomatic of an obscure situation, which is scarcely likely to clear until international factors can be more closely appreciated. Purely national causes, like cheap money, may favourably determine the immediate outlook for gilt-edged stocks, but cheap money is itself a consequence of trade stagnation. The success of Great Britain's efforts to put her financial house in order has attracted, and is attracting, appreciable amounts of foreign money to these shores, some of which is swelling the upward movement in the highest grade fixed-interest stocks. But this, again, is as much a portent of distrust of other currencies as a tribute to sterling. There have been minor price rises in British industrial ordinary shares in recent months, but they have invariably been halted after a very few days. Hope and propaganda, both powerful market agents in normal times, are to-day able, occasionally, to start movements in equities, but not to sustain them. In any case, the yield on British industrials is already lower than on the majority of ordinary shares in other countries. For the present, therefore, it may be surmised that market interest will continue to be focussed rather on the best fixed-interest stocks, whose status is beyond cavil.

LONDON ACTIVE SECURITY PRICES AND YIELDS.

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

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

Prices Year 1931.		Prices Year 1932 (Jan. 1 to Apr. 13) Inclusive.		Name of Security.		Price Apr. 6, 1932.	Price Apr. 13, 1932.	Rise or Fall.	Present Yield.	Prices Year 1931.		Prices Year 1932 (Jan. 1 to Apr. 13) Inclusive.		Name of Security.		Price Apr. 6, 1932.	Price Apr. 13, 1932.	Rise or Fall.	Present Yield.
High-est.	Low-est.	High-est.	Low-est.						s. c. d.	High-est.	Low-est.	High-est.	Low-est.						s. c. d.
British Funds.																			
60 1/2	49 1/2	61	54 1/2	Consols 2 1/2 %	60 1/2	60 1/2	...	4 2 8	21	8	8	6 1/2	Paraguay Cen. D. Db.	70	7	...	NH		
97 1/2	77 1/2	95	83 1/2	Consols 4 %	94 1/2	94 1/2	...	4 5 10	70 1/2	70 1/2	70 1/2	70 1/2	Salvador Ord. (£100)	70	70	...	NH		
85 1/2	68 1/2	80 1/2	73 1/2	Do. Loan 3 %	84	84	+	4 7 0	108	108	108	108	San Paulo Ord. £5	106 1/2	104 1/2	...	6 14	0 1/2	
104 1/2	88 1/2	103 1/2	93	Do. 4 1/2 % 1940-44	102 1/2	102 1/2	...	4 7 0	65 1/2	20 1/2	25 1/2	12 1/2	Talial Ry. Ord. £5	176 1/2	176 1/2	...	14	6	0 1/2
108 1/2	93 1/2	108 1/2	99	Do. 5 % 1944-64	105 1/2	105 1/2	+	4 3 6	9 1/2	2 1/2	4 1/2	2	Utd. Havana Ord. St...	3 1/2	3 1/2	...	NH		
97 1/2	78 1/2	98 1/2	83 1/2	Funding 4 1/2 % 1960-90...	100 1/2	100 1/2	...	4 3 3											
102 1/2	93 1/2	101 1/2	97 1/2	Treasury 4 1/2 % 1932-34	101 1/2	101 1/2	-	4 6 3	16 1/2	5 1/2	6 1/2	4 1/2							
103 1/2	93 1/2	102 1/2	98 1/2	Treasury 5 % 1935-55	97 1/2	98 1/2	+	4 2 0	11 1/2	8 1/2	9 1/2	8 1/2	Anglo-Internat. (£1)...	5 1/2	4 1/2	-9d	NH		
98 1/2	85 1/2	98 1/2	89 1/2	Victory Bonds 5 % 1923-47	102 1/2	103	+	4 19 0	6 1/2	11	37 1/2	11 1/2	Anglo S. A £10 £5 pd	1	1	...	34	6	9
104 1/2	90 1/2	103 1/2	99 1/2	War Loan 5 % 1923-47	69 1/2	70	+	4 5 2	25 1/2	12 1/2	50 1/2	40 1/2	American B £1 £5 pd	11 1/2	9 1/2	-1 1/2	12	12	0
70 1/2	57 1/2	57 1/2	47 1/2	India 2 1/2 %	48	48	...	5 5 0	27 1/2	23 1/2	27 1/2	23 1/2	Bank of N. Zealand £1	47 1/2	42 1/2	-5 1/2	6	14	0
55 1/2	34 1/2	49 1/2	36 1/2	Do. 3 %	57 1/2	58 1/2	...	5 6 9	58 1/2	43 1/2	56 1/2	47 1/2	Barclay B. (£1)	27 1/2	24 1/2	-1	4	7	9
64 1/2	41 1/2	69 1/2	49 1/2	Do. 3 1/2 %	59 1/2	60 1/2	...	5 4 6	26 1/2	19 1/2	25 1/2	21 1/2	Bard. (Dom. & A.) £1	56 1/2	56 1/2	-6d	4	19	0
86 1/2	55 1/2	92 1/2	67 1/2	Do. 4 1/2 % 1958-68	105 1/2	105 1/2	...	4 7 6	9 1/2	6 1/2	7 1/2	7 1/2	Bk. of Australasia (£5)	25 1/2	25 1/2	+	5	13	0
106 1/2	94 1/2	107 1/2	97 1/2	Palestine 5 % 42-67	107 1/2	108 1/2	...	5 1 0	63	47	53	44	Bk. of Montreal (£100)	24 1/2	24 1/2	+	5	13	0
110 1/2	90 1/2	110 1/2	103 1/2	Sudan 5 1/2 % Bonds	95	96	+	5 16 0	26	18 1/2	23 1/2	21	Bk. of N.S.W. (£20)	21 1/2	21 1/2	-£2 1/2	7	8	9
99 1/2	87 1/2	96 1/2	87 1/2	Uster 4 1/2 % 45-75	95	96	+	5 1 0	17 1/2	9 1/2	14 1/2	9 1/2	British Overseas A 5 1/2	4 1/2	4 1/2	...	6	13	3
Dom. & Colonial Govts.																			
85 1/2	58	93	77	Australia 5 % 1945-75...	90 1/2	89 1/2	-1	5 15 0	14 1/2	9 1/2	14 1/2	11 1/2	Comor. Bk. of Aus. 10 1/2	12 1/2	12 1/2	+	6d	9	0
96 1/2	75	93	82	Canada 4 1/2 % 1940-60	92 1/2	92 1/2	...	5 3 0	42 1/2	38 1/2	42 1/2	36 1/2	Dist. A £5 £10 pd	53 1/2	53 1/2	...	6	6	0
106 1/2	97 1/2	106 1/2	100 1/2	Ceylon 6 % 1936-61	106	106	...	4 12 10	4 1/2	2 1/2	8 1/2	7 1/2	Do. B £1 fully pd	40 1/2	40 1/2	...	5	0	0
101 1/2	87 1/2	99 1/2	91 1/2	Gulf Coast 4 1/2 % 1956...	104	105	+	4 16 0	8 1/2	6	5 1/2	5 1/2	Eng. Scot. & Aust. £5 £3 pd	5 1/2	5 1/2	+	6	3	0 1/2
105 1/2	90 1/2	105 1/2	94 1/2	Kenya 5 % 1948-58	104	105	...	4 14 0	11 1/2	9 1/2	10 1/2	9 1/2	Hambros £10, £24 pd	5 1/2	5 1/2	+	8	12	0
104 1/2	92 1/2	105 1/2	93 1/2	Nigeria 5 % 1950-60	74 1/2	73 1/2	-1	7 6 0	63 1/2	38 1/2	52 1/2	41 1/2	Hong. & S. (£125)	10 1/2	10 1/2	...	5	18	6
80 1/2	46 1/2	79 1/2	45 1/2	N.S. Wales 6 % 35-55	99	99	...	5 3 0	7 1/2	4 1/2	7 1/2	6 1/2	Lindia £20, £24 pd	6 1/2	6 1/2	...	4	11	0
102 1/2	85 1/2	100 1/2	84 1/2	N. Zealand 5 % 1946	86 1/2	83 1/2	-3	6 0 0	80 1/2	60 1/2	29 1/2	21 1/2	Midland £1, fully pd.	70 1/2	70 1/2	...	5	18	6
81 1/2	48	87 1/2	70 1/2	Queensland 5 % 40-60	100 1/2	100 1/2	...	4 17 0	14 1/2	9	12 1/2	9 1/2	Nat. of Ind. £25 £12 1/2 pd	33 1/2	33 1/2	...	5	19	0
105 1/2	82 1/2	101 1/2	90 1/2	S. Africa 5 % 1945-75	99	99	...	4 17 0	14 1/2	9	12 1/2	9 1/2	Nat. Prov. £20, £24 pd	33 1/2	33 1/2	...	5	19	0
100 1/2	85 1/2	99 1/2	88 1/2	Stras. Sett. 4 1/2 % 35-45	99	99	...	4 17 0	14 1/2	9	12 1/2	9 1/2	Royal Bk. of Scotland	33 1/2	33 1/2	...	5	19	0
Foreign Governments.																			
88 1/2	53	77	67	Argentina 4 % Recies.	75	69 1/2	-5 1/2	7 17 3	35 1/2	29 1/2	35 1/2	31 0	St. of S. Af. £20, £5 pd	10 1/2	10 1/2	...	7	10	0
105 1/2	87 1/2	100 1/2	88 1/2	Austrian 6 % 1923-43	98	93	-5	7 1 0	14 1/2	9 1/2	10 1/2	8 1/2	Windsor £4, £1 pd	70 1/2	70 1/2	...	7	10	0
98 1/2	33 1/2	49 1/2	36 1/2	Do. 7 1/2 % 1919-57	48	45 1/2	-2 1/2	15 11 3	80 1/2	47 1/2	70 1/2	56 1/2							
56 1/2	29 1/2	41 1/2	31 1/2	B. Aires (Prov.) 3 1/2 %	37	32	-4 1/2	10 18 9	6	10 0	0	0							
112 1/2	89 1/2	108 1/2	94 1/2	Belgian 7 1/2 % 1914	108	107 1/2	-1 1/2	6 10 0	27 1/2	5 1/2	8 1/2	9 1/2							
75 1/2	36 1/2	58 1/2	37 1/2	Bulgaria 7 % Loan...	30 1/2	27 1/2	-3	27 5 1/2	8 1/2	9 1/2	10 1/2	10 1/2							
73 1/2	28 1/2	46 1/2	34 1/2	Brazil 5 % Fund, 1914	66 1/2	60	-6 1/2	...	15 1/2	11 1/2	14 1/2	11 1/2							
59 1/2	20 1/2	30 1/2	10 1/2	Do. 6 1/2 % (1927)	45	38	-7	...	28 1/2	19 1/2	26 1/2	26 1/2							
54 1/2	33 1/2	43 1/2	31 1/2	Chili 6 % (1929)	20	20	...	13 17 9	34 1/2	25 1/2	33 1/2	26 1/2							
70 1/2	55 1/2	63 1/2	52 1/2	China 5 % (1912)	61	58	-3	9 4 9	16 1/2	12 1/2	15 1/2	12 1/2							
113 1/2	78 1/2	103 1/2	77 1/2	Do. 5 % (1913)	100 1/2	87 1/2	-13	9 8 0	13 1/2	9 1/2	12 1/2	9 1/2							
86 1/2	70 1/2	83 1/2	70 1/2	Czechoslovakia 3 %	70	70	...	4 6 9	14 1/2	9 1/2	13 1/2	10 1/2							
87 1/2	58 1/2	65 1/2	55 1/2	Danzig 6 1/2 %	58 1/2	58 1/2	...	11 4 3	24 1/2	17 1/2	20 1/2	14 1/2							
85 1/2	65 1/2	65 1/2	55 1/2	Egypt Unified 4 %	85 1/2	87 1/2	+1 1/2	15 11 3	6 1/2	6 1/2	6 1/2	6 1/2							
76 1/2	35 1/2	60 1/2	45 1/2	Estonia 7 % 1927	45	45	...	9 17 5	6 1/2	6 1/2	7 1/2	6 1/2							
92 1/2	30 1/2	28 1/2	24 1/2	Finland 6 % 1923	65	65	...	4 3 6	3 1/2	3 1/2	3 1/2	3 1/2							
104 1/2	20 1/2	28 1/2	26 1/2	French 4 % (British)	24 1/2	25 1/2	...	5 2 0	3 1/2	2 1/2	3 1/2	2 1/2							
106 1/2	53 1/2	79 1/2	56 1/2	Do. 5 %	26 1/2	26 1/2	...	11 0 6	5 1/2	4 1/2	5 1/2	4 1/2							
101 1/2	37 1/2	57 1/2	45 1/2	German 7 %	50	47	-3	11 19 3	14 1/2	11 1/2	13 1/2	11 1/2							
93 1/2	59 1/2	66 1/2	29 1/2	Do. 5 1/2 % Stg. Bds. 1930	35	30	-5	20 0 0	29 1/2	24 1/2	21 1/2	21 1/2							
104 1/2	73 1/2	81 1/2	35 1/2	Greek 6 % Stab. Lb.	70	70	...	15 11 3	29 1/2	24 1/2	21 1/2	21 1/2							
103 1/2	42 1/2	100 1/2	82 1/2	Do. 7 % Refugees	50	45	-5	16 9 9	21 1/2	18 1/2	17 1/2	17 1/2							
104 1/2	77 1/2	93 1/2	76 1/2	Hungary 7 1/2 %	55 1/2	45 1/2	-10	6 12 6	7 1/2	6 1/2	7 1/2	6 1/2							
106 1/2	5 1/2	10 1/2	7 1/2	Japanese 5 1/2 % 1935-65	85 1/2	85 1/2	...	...	18 1/2	15 1/2	15 1/2	15 1/2							
94 1/2	5 1/2	90 1/2	78 1/2	Do. 6 % (1924)	78 1/2	78 1/2	...	...	18 1/2	15 1/2	15 1/2	15 1/2							
83 1/2	40 1/2	55 1/2	40 1/2	Mexican 5 % (1899)	9 1/2	8 1/2	-1	4 13 0	11 1/2	12 1/2	12 1/2	10 1/2							
86 1/2	54 1/2	78 1/2	66 1/2	Norwegian 4 % 1911	88 1/2	85	-3 1/2	16 13 6	17 1/2	10 1/2	70 1/2	70 1/2							
104 1/2	92 1/2	103 1/2	90 1/2	Peru 7 1/2 % 1922	102 1/														

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Apr. 6, 1932.	Price, Apr. 13, 1932.
Agricultural Mortgage Corporation 4½% Deb. Stock, 1961-91	95	5	67½-68½	par-1 pm
Brazil 5% 20 Yr. Funding "A"	...	...	44½-45½	39-40
Do. Funding "B"	95	50	62-7½ pm	62-7½ pm
Central Electricity Board 5% Deb.	100	30	6-6½ pm	6-6½ pm
Croydon Corporation 5% Stk. 1950-60	...	...	21½-22½	21½-22½
Darlington Rustless Steel and Iron Ord. £1	99	ty. pd.	101-104	102-105
Electrical Finance Co. 5½% Deb.	98	20	2½-3 pm	2½-3 pm
Lever Bros. 5% Deb.	101½	21½	1-1½ pm	1-1½ pm
London and Home Counties Joint Electricity Authority 5% Stk. 1951-71	22½	...	26½-27½	26½-27½
Lyons (J.) and Co. 7% Pref.	...	...	5½-6½ pm	5½-6½ pm
Metropolitan District Railway 5% Deb. 1955-95	97½	20	39½-40½	39½-40½
Metropolitan Electric Supply New Ord. £1	97½	25	2½-3 pm	2½-3 pm
Metropolitan Railway 5% Deb. 1957-62	98½	5	1-1½ dia	1-1½ dia
New Zealand 5% Ins. Stk. 1955-75	97½	72½	105½-105½	105½-105½
Nyasaaland 4½% Gtd. 1952-72	100½	ty. pd.	95-97	95½-96½
Poole Corporation 5% Stock 1952-72	93½	...	2½-3 pm	2½-3 pm
Port of Calcutta 5½% Bearer Deb.	101½	16½	6½-7 pm	6½-7 pm
Port of London 5% Stk. 1950-70	...	...	...	...
Shropshire, Worcestershire, etc., Elec. Power 5% Deb. 1952-82	94	10	6½-7 pm	6½-7 pm

(Continued from page 859.)

Business showed a slight expansion in the mining share market after a quiet start. Demand for gold mining shares came from London rather than Paris or Johannesburg. The reports of the Anglo-American group of companies (dealt with on page 867) were generally satisfactory, the announcement of an increase of capital having no depressing effect on Brakpan. Though actual recoveries in metal prices were too small perceptibly to change share quotations, both tin and copper shares had a firmer tone. The London Tin report was no worse than had been expected, and the shares remained firm on bear closing. The position regarding tin "control" is discussed on page 866.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	Apr. 7, 1932.	Apr. 8, 1932.	Apr. 9, 1932.	Apr. 11, 1932.	Apr. 12, 1932.	Apr. 13, 1932.	Apr. 14, 1932.
Government and Municipal Loans	1,520	1,548	671	1,498	1,634	1,474	1,527
Transport, Communications, and Public Utilities	911	891	356	984	848	876	893
Commercial and Industrial	1,717	1,685	644	1,891	1,531	1,703	1,681
Banks, Insurance and Finance	517	450	178	542	498	518	476
Mines (including Nitrate)	361	333	118	422	375	385	431
Oil	128	100	31	137	115	105	81
Rubber, Tea and Coffee	145	134	25	128	112	128	107
Total	5,299	5,146	2,023	5,602	5,113	5,189	5,196

* Including iron and steel and breweries.

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

Highest of 1932. (Mar. 3.)	Lowest of 1932. (Feb. 11.)	Apr. 7, 1932.	Apr. 8, 1932.	Apr. 9, 1932.	Apr. 11, 1932.	Apr. 12, 1932.	Apr. 13, 1932.	Apr. 14, 1932.
63.7	58.5	60.2	59.9	60.0	60.2	60.2	60.0	59.8

FOREIGN STOCK EXCHANGES. NEW YORK.

Uncertainty remained the main constituent in market psychology. The Senate inquiry into short selling was unexpectedly suspended after Mr Richard Whitney, the president of the New York Stock Exchange, had given evidence. Accordingly, the covering movement in the market, which had been particularly in evidence over the week-end, was not continued, prices again turning downwards. The worst showing was made by stocks like Standard Oil of New Jersey, in respect of which the banks were reported to be forcing heavy selling from collateral loans. Railroad shares remained weak, Atchison declining further, while Union Pacific were sold on bad figures for the winter wheat crop. Utility issues showed somewhat greater resistance, despite further rumours and counter-rumours regarding the "Insull" companies, plans for the readjustment of which were later understood to be making progress. The announcement was expected, before week-end, of the names of members of an association, under official auspices, to protect foreign bondholders, in view of the

growing list of defaults, actual and prospective. A conference of Federal Reserve Governors at Washington was reported to have agreed on more vigorous "open market" operations, involving the buying of \$75 millions in place of \$25 millions of Government bonds each week. Steel production was put at 21 per cent. of capacity, against 22 per cent. The Bethlehem Steel chairman, at the annual meeting, stated the company's intention to pay the usual preferred dividends. General trade showed no change for the better. Car loadings for the week ended April 2nd were 544,982, against 561,139 for the preceding week, 728,511 for the corresponding week last year, and an average of 922,089 for the same week over the seven years 1924-30.

	Mar. 31, 1932.	Apr. 7, 1932.	Apr. 14, 1932.		Mar. 31, 1932.	Apr. 7, 1932.	Apr. 14, 1932.
U.S. 3½% T. Bds.	97½	97½	101½	Natl. Biscuit	37½	32	31½
Do. 4½% 12-47	100½	100½	101½	Phelps Dodge	54	41	44
Do. 4½% 13-38	100½	101½	102½	Pullman	17½	16	15½
Atchison	61½	53½	44½	Sears-Roebuck	28½	23½	21½
Ches. & Ohio	18½	15½	15	Studebaker	7½	6½	6
Erie	6½	4½	4½	Un. Fruit	22½	20½	19½
Illinois Central	12	10½	10½	U.S. Leather	2	1½	1½
N.Y. Central	25½	22	20½	U.S. Rubber	3	3½	3½
Pennsylvania	15½	13½	13	U.S. Steel	39	35½	34½
Southern Pacific	18½	15½	13	Westinghouse	23½	23½	22½
Southern Ry.	7	5½	5½	Woolworth	40½	37½	37
Union Pacific	68½	60½	52½	Am. Tel. & Tlg.	110½	108½	107½
Am. Can.	61½	53½	51½	Interboro R.T.	8½	6½	7½
Amer. Smelting	10½	8	8½	Int. Tel. Telegr.	6½	5½	5½
Anacosta	16½	5	5½	Radio Corp.	6	5	5
N.Y. Edison	17	14½	9	Utilities P. & L.	3½	3	2½
Chrysler Motor	104	18½	9	W. Union Tlg.	35	31½	31½
Corn Produce Rf.	40½	35½	30½	Associated Gas "A"	2½	2	2½
Eastman Kodak	72½	65½	61½	Am. B.	16½	15½	22
Gen. Electric (New)	17½	15½	15½	Shell	12	12	12
Gen. Motors	15½	13½	11½	Shell Union	3½	2½	2½
Int. Harvester	20½	17½	19½	Std. California	24½	22½	18½
Mont. Ward	7½	7½	7½	Do. N.J.	28½	26½	23½

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

	1930.		1931.		1932.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	April 6.	April 13.
337 Industrials	98.2	174.1	51.4	114.7	52.2	44.3	40.4
33 Rails	89.1	145.6	31.7	105.7	32.2	23.4	20.5
34 Utilities	153.2	267.4	90.6	187.6	91.8	74.6	42.3
Total, 404 stocks	105.5	184.2	54.7	124.6	55.5	46.0	42.5
Average yield of 50 Industrial Common Stocks	4.15%	5.95%	9.37%	5.11%	9.29%	8.96%	9.88%

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

Highest of 1932. (Mar. 8.)	Lowest of 1932. (Apr. 13.)	Apr. 6, 1932.	Apr. 7, 1932.	Apr. 8, 1932.	Apr. 10, 1932.	Apr. 11, 1932.	Apr. 12, 1932.	Apr. 13, 1932.
68.9	46.1	50.9	50.5	48.1	49.0	47.1	46.9	46.1

TOTAL DEALINGS IN NEW YORK.

	April 8, 1932.	April 9, 1932.	April 11, 1932.	April 12, 1932.	April 13, 1932.	April 14, 1932.
Stock Exchange—Shares (Thous.)	2,100	1,100	1,700	1,600	1,100	1,700
Bonds (Value Thous. \$)	16,400	6,627	10,776	12,197	14,276	15,158
Over-the-counter—Shares (Thous.)	450	220	270	300	240	270

* 2-hour session.

PARIS.

Although conditions throughout the week remained unsettled, bear covering for the mid-monthly account checked the crumbling tendency of prices. Rentes were dull. Kreuger issues continued on offer. Later quotations were favourably affected by the rise in wheat, and Bank of France led a general improvement, though the volume of business remained small. On Thursday the better tone was maintained, with further buying of bank shares and

	Apr. 7, 1932.	Apr. 12, 1932.	Apr. 14, 1932.		Apr. 7, 1932.	Apr. 12, 1932.	Apr. 14, 1932.
Banque de France	12,935	12,970	13,160	Wagons Lits	1932.	1932.	1932.
Crédit Lyonnais	1,990	2,015	2,025	Mexican Eagle	101	105	108
Suez Canal	14,205	14,200	14,350	"Chartered"	33	33	35
Chargeurs Réunis	205	213	222	Ford	83	83	85
Rio Tinto	1,170	1,236	1,207	De Beers	117	114	119
Royal Dutch	12,400	12,550	12,700	"Johnnies"	253	249	259
					94	94	98

BERLIN.

The Bourse was quiet and dull on the "official" reopening, quotations being adversely affected by the increase in Herr Hitler's presidential vote. Electrical, chemical and mining share quotations were all marked lower. Reichsbank was also adversely affected. A.K.U. resisted selling pressure, but Bemberg gave ground. The tone improved in mid-week, hopes being expressed of a further cut in the Reichsbank discount rate in view of continued easy money conditions.

	Apr. 7, 1932.	Apr. 12, 1932.	Apr. 14, 1932.		Apr. 7, 1932.	Apr. 12, 1932.	Apr. 14, 1932.
Reichsbank	100½	98	105	A. E. G.	23½	24	26½
Disconto	45	45	44	Siemens & Halske	98	98	101
Dresdner	20½	22	23½	German Petroleum	50	47½	...
Norddeutscher	...	...	...	A. K. U.	28	31	37
Lloyd	12	12	14½	Svenska Tandsticks	13	11	8½

AMSTERDAM.

The market was overshadowed by news of the suspension of payments by Scheurleer en Zohnen, an important private bank. Irregular conditions, later, however, made way for a more cheerful tone, as a result of firmer commodity prices. Philips Lamps recovered 9 points. Unilever 3 and Royal Dutch 6. Amsterdam Trading and Amsterdam Rubber showed similar improvement.

	Apr. 7, 1932.	Apr. 12, 1932.	Apr. 14, 1932.		Apr. 7, 1932.	Apr. 12, 1932.	Apr. 14, 1932.
5½% German	33½	32½	32½	Steel Common	...	21½	27½
Unilever N.V.	96½	100	103½	A. K. U.	86½	88	97
Philips' Lamps	56	54	63	Ford Motor	101	99	95
Netherlands Ship	47	48½	49	Deli Batavia	121	121	123
Union	110	108	111	Royal Dutch	...	...	...
Java Cultuur	...	...	...				

OTHER CENTRES.

The absence of any definite tendency in the main centres was reflected in irregular conditions on most of the minor European bourses. Milan opened briskly, but fell away in mid-week. Brussels recovered slightly after a weak opening. Quotations were dull in Frankfurt despite the resumption of "official" quotations on Tuesday. Stockholm remained dull and inactive.

INVESTMENT NOTES.

Further Kreuger Developments.—The further disclosures of the Kreuger débâcle, which were made at the annual meeting of the Skandinaviska Kreditaktiebolaget, are discussed elsewhere in this issue. Meanwhile, a receivership has been requested for the International Match Corporation by a holder of stocks and bonds on the charge that the Corporation has incurred a loss of \$250 millions, and the Irving Trust Company has been appointed receiver in equity. There is a possibility that an action may be brought against Skandinaviska Kreditaktiebolaget with a view to the recovery of \$50 millions belonging to the International Match Corporation, which were pledged to the bank as a collateral for loans. It is significant that the Skandinaviska Bank has declared that it holds among its collateral in Kreuger loans a block of shares of the British Match Company. This suggests that the Swedish Match Company is heavily involved in the foreign commitments which Mr Kreuger made, for the British Match Company shares were held in the portfolio of Swedish Match. It is expected that there may be many legal disputes regarding the ownership of the securities deposited with the various banks as collateral for Kreuger loans. A sensational story has been circulated to the effect that the Ericsson and International Telephone deal was cancelled some time ago on the discovery by New York bankers that the Ericsson accounts had misrepresented the true position. The International Telephone has issued a statement to the effect that it has not yet parted with any of its shares to Ericsson Telephone. The market is anxiously awaiting the official report of the Investigating Committee

in Stockholm so that the circulation of these highly complicated and alarming reports may be stopped. Meanwhile, the protective committees formed in London and New York are busy obtaining from stockholders the deposit of their securities. The secretary of the London Committee has obtained an official statement from the Stockholm body that, under Swedish law, ownership of shares in Kreuger and Toll and Swedish Match does not involve shareholders in liability for the debts of those companies.

Scottish Investment Trust Results.—The latest batch of investment trust company reports comes from Scotland, and the same marked distinction is noticeable as in the case of the English companies between the results of the pre-war and those of the post-war companies. So heavy is the depreciation in the investments of the post-war companies that after allowing for the repayment of debentures and prior capital the break-up value of the ordinary stocks is a minus quantity. Yet all these ordinary stocks are earning dividends and are fairly valued as dividend-earners in the Edinburgh and Glasgow markets. The following table gives the book and market values respectively of the investment portfolios, the percentage depreciation, the percentage of ordinary capital covered by the assets at break-up value, and the market valuation of the ordinary stocks of seven Scottish companies (whose accounts were closed for the most part on January 3rd last):—

	Date Formation.	Book Value.	Market Value.	Depreciation.	Per cent. of Ord. Capital covered by Assets.*	Market Price Ord. Stk.
Pre-War Companies.		£'000.	£'000.	%	%	
Alliance Trust	1888	10,917	9,733	10.8	22½-6	505
Caledonian Trust	1910	2,362	2,069	12.4	78-6	240
Edinburgh Investment	1889	1,962	1,503	23.4	78-6	180
Scottish Western	1907	2,745	Not stated	Unknown surplus	410-0	315
Post-War Companies.						
Second Caledonian	1927	1,072	682	36.4	Nil	125
Scottish Eastern	1924	1,361	920	32.4	Nil	71½
Third Scottish Western	1926	1,546	989	36.0	Nil	130

* Investments shown at break-up value without taking into account surplus of current assets over current liabilities.

The depreciation shown in the portfolios of these post-war Scottish companies is greater in extent than that of the London post-war companies whose reports we last examined, but we venture no comment on this fact. The next table shows that the earnings available for the ordinary stocks have declined substantially in all cases, although in all but two cases there is a fair margin between earnings and dividends paid:—

	Ordinary Capital.				Div. Yield %
	Earned.		Paid.		
	1930.	1931.	1930.	1931.	
Pre-War Companies.	%	%	%	%	£ s. d.
Alliance Trust	37.5	34.0	25.0	25.0	4 19 3
Caledonian Trust	20.0	17.2	16.0	15.0	6 5 0
Edinburgh Investment	14.6*	9.1*	12.0*	9.0*	5 0 0
Scottish Western	27.1	23.6	19.0	19.0	6 0 8
Post-War Companies.					
Second Caledonian	12.9	7.0	6.5	6.0	4 16 0
Scottish Eastern	9.0*	6.3*	7.5*	5.0*	6 19 6
Third Scottish Western	8.3	7.2	6.0	7.0	5 7 9

* On deferred stock.

The most interesting report, that of the Alliance Trust, Dundee, which is one of the largest in Great Britain, refers to the difficulty experienced in collecting income from mortgages in America. In view, however, of its conservative financial policy in the past, the company has no difficulty in maintaining its dividends at the old rate. The chairman of the Scottish Western is also hopeful that dividends will be maintained this year.

Unilever Accounts.—A year's Unilever accounts are a symphony of which the investor hears only the concluding bars. From Greenland's icy mountains to Africa's sunny fountains its subsidiaries, sub-subsidiaries and sub-sub-subsidiaries extend, and all that shareholders can

conclude from the published reports is that trading profits have been satisfactorily maintained, but losses have been suffered on raw material holdings, particularly on whale oil:—

	Unilever, Ltd. 1930.	Unilever, Ltd. 1931.	Unilever, N.V. 1930.	Unilever, N.V. 1931.
Profit	1,798,856	1,733,805	30,064,333	30,023,717
Dividend tax	...	...	780,000	400,000
Special reserve	Nil	350,000	Nil	13,500,000
Net profit	1,798,856	1,383,805	29,284,333	16,123,717
Preference dividend.....	155,053	186,313	2,381,470	2,381,470
Available for ordinary...	1,643,803	1,197,492	26,902,863	13,742,247
Ordinary dividend	1,031,875	1,031,875	17,026,350	13,621,080
Rate %	10%	10%*	10%	8%†
Deferred dividend	6,000	Nil	...	...
General reserve	600,000	Nil	10,800,000	Nil
Brought in	37,269	43,197	1,884,000	960,514
Carried forward	43,197	108,814	960,514	1,081,681

* Sterling. † Gold.

The group's stocks have been made over to two new "raw material companies." Stocks whose market value has depreciated since their purchase have been taken from the raw materials companies at cost price when consumed. It is felt, however, that "circumstances are now such as to make it prudent" to create reserves against depreciation in whale oil stocks. Hence the setting aside of £350,000 by Unilever, Limited, and Fl. 13½ millions by Unilever N.V. As regards other materials, the problem has solved itself, since early this year a point was reached where their book value was lower than their replacement value. The formation of the new raw materials subsidiaries vitiates comparisons between the values of stocks carried, but the summary of the main subsidiaries given with the Unilever report shows that a marked fall has taken place in every instance. Lever Brothers, which showed an advance of 3 per cent. in net profits at £5,903,498, carried stocks valued at £719,224 at the end of last year, against £1,421,867 twelve months earlier. Jurgens, Limited, whose declared net profits of £296,271 showed a decline of 21 per cent., carried stocks totalling £107,472, against £265,639. Van den Berghs, Limited, whose net profits at £463,126 were practically unchanged, appears to have made over an even larger proportion of its stocks to the raw material company, the balance-sheet figure being only £67,539, against £621,390. Of the main Dutch subsidiaries, N.V. Anton Jurgens' profits showed a decline of 4 per cent. at Fl. 14,228,455; N.V. Van den Berghs' earnings were only 1 per cent. down at Fl. 6,019,893, and N.V. Hollandsche Vereeniging tot Exploitatie Van Margarine declared profits of Fl. 3,639,281—approximately 18 per cent. below the 1930 figure. The group investments of these main subsidiaries show very little change. Their current finances, so far as the accounts show, are rather more liquid than a year ago, the total cash items of the three British subsidiaries being £1,795,417, against £1,581,665, and of the three Dutch concerns Fl. 6,238,635, against Fl. 4,701,844. Cash held by Unilever, Limited, has increased from £259,736 to £1,227,571, and by Unilever, N.V., from Fl. 5,441,383 to Fl. 15,927,066. On the whole, the accounts suggest a creditable maintenance of the group's trading and financial position in a period of difficult external conditions.

Hudson's Bay Company.—The accounts to January 31st last show a loss on trading of £465,906, against £761,744 in the previous year. Their main interest, however, is their testimony to the energy with which the present board have prosecuted their task of reorganisation. Following an extended visit of the Governor to North America last autumn, a strong Canadian committee has been entrusted with powers of general administrative operation on the spot. The London board retains control of policy and finance, but has divested itself of the impossible task of endeavouring to hold all the threads in its hands. The financial position has been further cleaned up. Nine months ago some £476,921 was provided against the value of interests in subsidiary and

associated companies, and £296,960 allocated to buildings depreciation account to lighten the amortisation charge in future years. This year a further £199,588 is allocated to the latter account, £69,325 is written off shares in subsidiaries and associates, and £62,873 off store buildings. A total debit of £778,303 is eliminated by a transfer from share premiums account, which now stands at £2,313,715, against £4,476,672. The origin of this account was the issue of some £1,492,224 of £1 shares at premiums of 50s. to 70s. at various dates between 1926 and 1929. Subscribers to these issues have thus played an opportune, if involuntary, part. Without the working capital they provided, it is difficult to see how the company could have weathered the storm without extensive capital reorganisation and onerous outside borrowing. During last year alone net current assets were reduced from £1,526,232 to £893,799. From now on, the company will increasingly reap the fruits of internal reform, but profits and dividends are contingent on a change in Canadian economic conditions. A short wheat crop is now being marketed at low prices. Fur prices have declined further, vindicating the company's previous determination not to accumulate large unsold stocks. Store operations are being limited, and no adequate profit is to be expected for some time on a capital expenditure which, in some cases, was excessive. The land department remains depressed, and oppressed by uneconomic incidence of taxation. Cash receipts for land sales were £45,487 last year (against £97,770 in 1930-31), but taxation was as much as £124,149. The directors' detailed *exposé* should confirm the confidence of proprietors in their new broom.

Agricultural Mortgage Corporation.—The latest offer by this corporation is dealt with in our "Capital Issues" column. The corporation was registered in November, 1928, under influential auspices, to make loans on first mortgages or agricultural or farming lands. During the year ended March 31st last interest received totalled £504,669, against £436,018. Some £429,510 was paid in debenture interest, etc., against £396,838. The dividend on the 650,000 £1 shares, which are held by the Bank of England and other banks, is again 2½ per cent.:—

Year to March 31.	1930.	1931.	1932.
Interest received	£188,964	£436,018	£504,669
Other income	76,266	19,308	12,845
Expenses	26,687	24,105	26,743
Other charges	23,923	7,280	10,000
Debenture interest, &c.	195,301	396,838	429,510
Earned for dividend	19,319	27,103	51,261
Brought forward	...	2,401	5,164
Dividend:—			
Amount (after tax)	Nil	12,594	12,594
Earned %	2.2†	4.2	7.1
Paid %	Nil	2½	2½
Preliminary expenses written off ...	6,918	Nil	...
Reserve	10,000	15,000	2,664‡
Contingency reserve	Nil	5,000	36,000
Carried forward	2,401	5,164‡	5,168

* Period November 12, 1928, to March 31, 1930.
† Rate per annum.
‡ After crediting £8,254 excess provided for income tax.
§ Special reserve.
|| Written off issue expenses.

Mortgage loans completed up to March 31, 1932, totalled £8,817,469, the security consisting of mortgages of 595,038 acres of agricultural land with the necessary farmhouses and buildings, valued at £13,978,630. Additional loans of £653,275 have been approved by the directors, subject to completion of the necessary formalities. Reductions totalling £176,843 were made in the principal amount of loans during the year, of which £53,332 was in respect of capital repayments as provided in the mortgage deeds and £123,511 was accepted in special reductions and repayments approved by the directors.

Allied Newspapers.—The results of the "Berry" group of companies show a decline in gross profits for 1931 of a little over 9 per cent.—from £687,221 to £624,095, which is considerably less than might have been expected in view of the effects of economic depression on advertising and other "staple" newspaper revenues. Net profit is £410,910, against £495,220, and is equal to over 8 per cent. on the ordinary shares. The directors, however, are conserving cash resources and have passed the dividend:—

	Year 1929.	1930.	1931.
Profit	£654,367	£687,221	£624,095
Income tax	...	150,000	175,000
Directors' fees	3,989	5,489	3,561
Debenture interest	39,172	36,512	34,624
Net profit	611,206	495,220	410,910
Brought forward	138,655	177,861	215,081
Preference dividend.....	304,000	299,250	289,750
No. of times covered	2.0	1.7	1.4
Ordinary dividend:—			
Amount	158,000	38,750	Nil
Earned %	19.4	12.6	8.1
Paid %	10	2½	Nil
General reserve	110,000	120,000	100,000
Carry forward	177,861	215,081	236,241

A further allocation of £100,000 brings reserve to £800,000. Losses have been sustained in centres where competition "has been of an abnormal character," but the trading of the subsidiaries owned by Allied Northern Newspapers "has been on the whole of a satisfactory character." "Abnormal" competition—i.e., the provincial newspaper "war"—has now ended. Every trading subsidiary of Allied Northern Newspapers is now earning profits, and the holding company this year will show a surplus. The directors, therefore, consider the moment opportune for funding the loans of the Northern Company, incurred in connection with its newspaper acquisitions. Allied Newspapers 8 per cent. cumulative preference shareholders are therefore to be asked to agree to the creation and issue of £2,000,000 6½ per cent. cumulative preference shares, ranking in front of their own. In other words, they are asked to relinquish their prior rights over the first £130,000 of the Allied Company's future annual profits. The *quid pro quo* offered them is relief from the risk that the company may be called upon to discharge some of the Allied Northern loans, which it has guaranteed, and may find it necessary to retain profits for the purpose. Detailed evidence should be furnished at the meeting as to the Northern company's ability to earn future profits commensurate with the requirements of the new shares.

Imperial Chemical Meeting.—At Thursday's Imperial Chemical Industries meeting, Sir Harry McGowan, for the most part, confined his lengthy discussion of the company's development and prospects to somewhat general terms. The policy of concentration of manufacture had, he declared, resulted in the closing down of certain plants. After the adjustments mentioned in the report (see the *Economist* of April 2nd last, page 747) the total reserves for central obsolescence and depreciation covered over 16 per cent. of the book value of land, buildings, plant and machinery, and 27 per cent. of the plant and machinery alone. Marketable and other investments (standing at £9,540,677) mainly represented investments in large industrial companies with which Imperial Chemical had trade connections, including General Motors, Du Pont, Allied Chemical, International Nickel, I. G. Farben industries, and Joseph Lucas in this country. Discussing the benefits of rationalisation, Sir Harry referred to international agreements, concluded or attempted, as regards dyes, nitrogen, and coal oil. If the results of the last three months were maintained, trading in 1932 would be somewhat better than in 1931.

Ford Meeting.—The cautionary note sounded in our leading article last week was emphasised by Sir Percival Perry at the annual meeting on April 8th. Sir Percival declared that sales of Fordson tractors had fallen by 60 per cent. throughout the world, though in Britain sales had increased in 1931 by 20 per cent. The Ford Motor Company during 1931 sold more than one-third of the new commercial vehicles registered in Great Britain and Ireland and 41.6 per cent. of the "light delivery" vehicles, with a carrying capacity under two tons. The new 8-h.p. car had had a good reception. The associated companies in Europe had been adversely affected by the "economic blizzard." Ford S.A.F. Asnières would show profits exceeding 12½ per cent., but substantial losses had been incurred by the Cologne concern. In most other countries profits, though reduced, were substantial. The policy of conserving these profits had emanated from Mr Henry Ford himself. Sir Percival's comments on the immediate prospects in view of international depression, tariffs and exchange difficulties, were naturally restrained, but the Ford organisation appears to be well equipped to take advantage of better times, whenever they arrive.

Whitbread.—The accounts of Whitbread suggest that the company has had a most successful year. The dividend is maintained at 14 per cent.

Year ended December 31.	1929.	1930.	1931.
Net profit	£314,585	£303,133	£302,483
Brought forward	243,437	213,964	72,799*
Preference dividend	43,407	43,407	43,407
No. of times covered	7.2	6.9	6.9
Ordinary dividend:—			
Amount	153,660	143,416	143,416
Paid %	15%	14%	14%
To reserve	146,991†	100,000	100,000
Amount transferred to Superann. Fund	...	...	157,475
Carried forward	213,964	230,274	88,459

* After transferring £157,475 to Superannuation Fund. † Also £91,500 to Property Reserve from net profit on sale of properties in 1928 and 1929.

The superannuation fund, in operation since 1925, has been extended to include all members of the staff. The company has guaranteed the payment of a capital sum of £275,475 by fifteen equal annual instalments, which, as far as possible, will be met by the issue of an equivalent amount of "C" debenture stock created for the purpose. The cash position of the company is satisfactory, liquid assets being well in excess of current liabilities. No losses have been sustained by any of the subsidiary companies.

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London County Freehold.—Clarity in company accounts is a virtue which investors are not prone to underestimate. The accounts of the London County Freehold and Leasehold Properties, Limited, might well serve as a model to many other concerns by reason of their logical arrangement, wealth of detail and celerity of presentation. For example, loans and mortgages are duly shown on the "liabilities" side of the balance sheet, but are not taken into the total, being deducted, instead, from the value of properties on the "assets" side, so that the shareholder may see at a glance the net value of the company's "equities in properties." The company's income has been well maintained, a slight reduction in the rent roll (which totalled £835,091), being largely offset by increased rentals on reletting and income from additional purchases. The net income for the year, at £217,218, represents over 13 per cent. on the total share capital, and a dividend of 11 per cent., less tax, is paid. The assets of the company (including subsidiaries) aggregate £5,611,096, and the liabilities, £3,083,658. At 28s. 9d. the £1 ordinary shares yield £7 13s. per cent.

Greyhound Racing Companies.—Although the shares of greyhound racing companies have remained outside the orbit of many conservative investors since the melancholy collapse of numerous "boom" flotations, the survivors of that grim period have now succeeded in establishing their business, on the whole, on a stable profit-earning basis. The results of five such companies, for the last three years, are shown in the table below. Their aggregate profits increased by nearly 14 per cent. in 1930 and by over 24 per cent. in 1931. In 1929 only one company paid an ordinary dividend, but all made distributions in respect of last year:—

Name of Company	1929		1930		1931	
	Net Profit.	Ord. Div.	Net Profit.	Ord. Div.	Net Profit.	Ord. Div.
Clapton Stadium	£ 57,736	30	£ 47,398	40	£ 61,035	47½
Scottish Greyhound Racing	Dr. 551	Nil	5,309*	Nil	25,191	100†
Wembley Stadium	31,526	Nil	37,381	17½	28,566	17½
West Ham Stadium	15,343	Nil	14,611	10†	24,128	25†
Greyhound Racing Association Trust	87,519	10	113,128	10	131,867	10

* October 1, 1929, to December 31, 1930. † Deferred.

The companies' reports suggest that while severe competition obtains in certain centres, greyhound racing (in association, frequently, with motor-cycle racing) is maintaining, and even slightly increasing, a regular clientele. The increase in earnings of the Greyhound Racing Association Trust, which controls the operation of tracks in a number of urban centres, are a fair measure of the "industry's" progress.

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

Monthly Average.	(000's omitted).			Total.	
	United Kingdom.	British Possessions.	Foreign Countries.		
1924	£ 7,051	£ 6,023	£ 4,370	£ 17,444	
1925	12,918	5,077	1,356	19,351	
1926	10,765	4,431	4,036	19,232	
1927	17,240	8,318	4,039	29,597	
1928	21,965	5,263	3,526	30,754	
1929	16,502	5,081	2,186	23,769	
1930	14,220	5,121	2,975	22,316	
1931	4,542	3,209	761	8,512	
Monthly Total.	Govt. Other.				
October, 1930....	850	11,839	12,000	1,480	26,961
October, 1931....	<i>Dr. 1,350</i>	684	49	Nil	<i>Dr. 617</i>
November, 1930	1,050	6,479	6,158	2,893	16,580
November, 1931	<i>Dr. 450</i>	2,468	Nil	10	2,028
December, 1930	850	26,914	3,361	338	31,463
December, 1931	Nil	2,503	15	Nil	2,518
January, 1931	1,800	6,331	118	Nil	8,249
January, 1932	<i>Dr. 1,200</i>	123	2,127	Nil	1,050
February, 1931	2,450	4,368	13,705	50	20,573
February, 1932	<i>Dr. 600</i>	7,660	2,470	Nil	9,530
March, 1931	1,750	10,341	1,513	5,490	19,094
March, 1932	<i>Dr. 3,250</i>	9,508	380	Nil	6,638

Net encashments of National Savings Certificates in March totalled £3,250,000, the highest figure for some time. Renewed activity was displayed in the market for high-grade issues. The Port of London Authority offered £2,000,000 of 5 per cent. inscribed stock at 101½ and the London and Home Counties Joint Electricity Authority £1,500,000 of stock on approximately the same terms. Poole Corporation issued £750,000 5 per cent. stock at 100½, of which some £341,000 was for conversion. Two successful offers were made by London railway companies, one by the Metropolitan District of £1,500,000 5 per cent. at 97½ and one by the Metropolitan of £2,000,000 on the same terms for a shorter period. Lever Bros. were responsible for a conversion issue of £3,440,000, and the Port of Calcutta offered £1,075,000 5½ per cent. debentures by way of a Stock Exchange introduction.

MINING NOTES.

Tin Developments.—In an investment note in the *Economist* of April 2nd, we referred to the report that at the next meeting of the International Tin Committee, to be held in London, on April 22nd, a further cut in production of 8,420 tons a year, corresponding with one month's production, would be considered in order to keep pace with the falling-off in world consumption. This further cut would bring world production down to about 101,000 tons. It is understood that unofficial meetings have been taking place between certain members of the Tin Committee and the Tin Pool in London with a view to the formation of a large marketing combine which might have important consequences for the London Metal Exchange. Whether some organisation in the manner of Copper Exporters Inc. is to be created for the tin industry—to finance tin at the producing points, that is, before it enters the smelters—is a matter of guesswork. As the total visible supply is now about 60,000 tons (including carry-over in the Straits Settlements), the organisation of any such finance export corporation would be a formidable undertaking. Short of some marketing organisation, the members of the Tin Pool, it is thought, might decide to increase their holdings above 21,000 tons, now that the price has slumped further to £103 15s. per ton. No doubt the Tin Pool may feel that with an uncertain currency policy it is unwise to add to their commitments, for with every rise in the gold value of the £, the sterling price of tin will fall. Actually the price has now fallen below its gold parity largely through liquidation by Paris speculators who had "bulled" tin on the supposition that inflation in Great

Britain was a certainty. It may be added that the tin held by the British-American Tin Corporation has now been taken over by Tin Holdings, Limited, while the other assets of the corporation have been acquired by the British Tin Investment Corporation. The fact that the directors of the British Tin Investment Corporation include Mr O. G. V. Hoare, of New Consolidated Gold Fields, Mr O. Lyttelton, of the British Metal Corporation, Mr J. H. C. E. Howeson, of the London Tin Corporation, and Mr C. V. Stephens, of Southern Malayan Tin Dredging, suggest that the powerful interests on the Metal Exchange are working in harmony with the Anglo-Oriental Mining Corporation and that the latter has made peace with its rivals.

Union Corporation.—Our mining correspondent writes: Having regard to the conditions which prevailed during the period, the accounts for 1931 make a fairly good showing. Indeed, the operating profit, at £286,800, exceeds the previous year's total by £12,000; but by reason of the provision of £30,000 for income tax—a charge which did not appear in the 1930 statement—the net profit comes out at £229,100, in place of £248,900. Of the former amount, £100,000 is placed to reserve, and after the payment of 2s. 6d. per share, the somewhat enhanced balance of £114,000 remains to go forward. In respect of 1930, the dividends totalled 3s. 3d. per share, of which 1s. 3d. was disbursed as interim. On the present occasion a noteworthy departure is made in the declaration of the dividend in sterling. Holders in South Africa will receive the equivalent in Union currency at the rate of exchange ruling on the day the dividend is payable. The transfer to reserve just mentioned has been made partly as provision against exchange differences, which may arise by reason of the application without adjustment of the London sterling price of securities with respect to Union of South Africa currency, in cases which it is below cost and where the London price is the only one available. The holdings in question, it is stated, represent in market value less than one-fifth of the total. As a whole the investments at current market prices "show a very substantial surplus over the amount at which they stand in the balance sheet." The principal items are contrasted below:—

	1930.	1931.
Shares, debentures, &c.	£ 2,057,150	£ 1,822,800
Temporary advances (secured)	291,140	411,950
Government, &c., securities ...	243,600	184,800
Cash	1,435,040	1,133,180

Contingent liabilities in the shape of uncalled capital, etc., are somewhat less than twelve months ago at £467,800. Last year the corporation's large interest in the San Francisco Mines was unproductive, and owing to the continuance of low metal prices, work was suspended at the end of December. The diminishing returns from the Modder Deep are by way of being replaced from the holding in the East Geduld, which "should enter the dividend-paying stage this year." Following the acquisition of an important interest in Grootvlei, the Union Corporation has taken preliminary measures to test the farm Vlakfontein. The No. 21, which lies south-east of the Daggafontein. The Corporation's industrial interests have naturally felt the effects of the prevailing depression. In their report the directors devote attention to the production and distribution of gold during recent years, arguing that the restoration of international trade is only possible by the re-establishment of a stable international monetary system.

Anglo-American Group Results.—Two of the Witwatersrand subsidiaries of this important group last year established records in several respects. With the Springs Mines the expansion in earnings was translated into dividends, the total being 7s. 9d. per share, as against 7s. 6d. for 1930, 7s. 3d. for 1929, and 6s. 9d. for 1928. The crushing of an increased tonnage was accompanied by improvement in average revenue and reduction in expenses, giving an operating surplus of £831,900, or 19s. 9d. per ton, compared with £791,700, or 18s. 11d. per ton previously. To some extent the saving in the cost ratio is attributable to

the treatment of development ore from the Daggafontein, which has been opened up from the Springs Company's workings. The Union Government's share of the profits amounted to £154,500, or 18.4 per cent. of the total. A moderate expansion in the ore reserve tonnage has been accompanied by a small decline in value. For the current year results at least as good as those of 1931 are anticipated by the consulting engineers. With the Brakpan the treatment of a substantially larger tonnage at a slightly reduced cost average was almost counterbalanced by the sharp fall in grade, the working surplus of £553,100 showing little change. The cut in the dividend rate from 8s. 9d. to 8s. per share is chiefly accounted for by the appropriation of £17,200 for capital expenditure, although the carry-forward is added to instead of being drawn upon as in the two preceding years. The trifling decrease in the ore reserve tonnage is explained by reduction in the stoping width. The consulting engineers emphasise that a record development footage was performed last year, and that a large programme is contemplated for the current session, particularly in the Western section, upon which reliance will fall to be placed in an increasing degree. Nervousness regarding the outlook will be alleviated by the acquisition of the adjoining Witbank property. To provide the purchase price of £200,000 a small share issue is apparently intended. The progressive decline in development values at the West Springs found reflection last year in a cut in the dividend rate from 2s. to 1s. 6d. per share, but £103,850 is carried forward, as against £88,440 brought in. Once again the profits were insufficient for the Government's percentage to come into effect. "The disclosures made in the Western, Southern and South-Western districts of the mine continued to be disappointing." In these circumstances much importance attaches to the outcome of further work in a section where two boreholes have given encouraging indications. With the Daggafontein, last year was a notable period as the last before the commencement of crushing. The subscription of additional shares (at a premium) raised the issued capital to £1,608,800. On December 31st the net cash assets amounted to £23,560—a modest margin. This company's entry into the production stage is notable for the fact that a profit of £6,000 was reported for the second month, followed by £14,500 in respect of March—the latter from the treatment of 36,000 tons. The capacity of the present plant is 50,000 tons per month minimum, and an increase is envisaged.

Globe and Phoenix.—Our mining correspondent writes: The enhancement in the profits of the last three months of 1931, consequent upon Southern Rhodesia's departure from the gold standard, naturally aroused hopes of an increase in the dividend total for the year. In the event not only is there no supplementary distribution, but the usual date has passed without any interim announcement on account of the current year. At £171,000 the earnings of 1931 show an expansion of £44,500 compared with those of the preceding period. But taxation now absorbs £45,250, in place of £22,350, while the allocation to depreciation is £48,000 against only £6,400. Thus, after repetition of the dividend total of 40 per cent., tax free, the balance forward is somewhat down at £34,900. The utilisation of the bulk of the increase in earnings in the manner indicated is due to the necessity of replacing the power plant. Action in this respect was prudently delayed until developments proved it to be warranted. It is estimated that the savings to be effected will redeem the cost of the plant in three years. At 124,000 tons the ore reserve total is 14,800 tons above that of twelve months ago, the value being about ½ dwt. lower at 24½ dwt. The consulting engineer sums up the development position by stating that the ground in the north end of the mine has been well explored, although the possibilities of finding more ore in this direction are not completely exhausted; in the south end of the mine there are still large areas to be explored and developed. The absence of any interim dividend may be explained by certain legal proceedings—to which no reference is made in the report. The 5s. shares are quoted on the Stock Exchange at around 14s. 6d.

Rezende.—A satisfactory feature in the position of this Rhodesian enterprise is the comparatively small extent of the shrinkage in the ore reserves. Development continued to be attended with negative results; but actual stoping last year proved the ore bodies to carry payable values over greater widths than reckoned upon, while of the ore crushed 17,600 tons came from pillars and old workings. Hence, despite the extraction from the mine of 88,300 tons, the ore reserves are only 21,000 tons down at 159,000 tons. Continuation of anything like these conditions would give the mine a life substantially in excess of the two years indicated by the reserves. The earnings of 1931 were swollen by £5,000 from bullion reserve, and at the same time costs were lowered, the profit coming out at £72,600, as against £64,000. As for each of the three preceding periods, the dividends totalled 5s. per share, the par value of which has meantime been reduced by the return of 2s. 6d. The options on the neighbouring Reliance and Monarch properties have been abandoned, results not proving encouraging enough to warrant further outlay. In their place, a small participation has been taken in an alluvial gold dredging venture in Portuguese East Africa, a mineral reservation has been secured in the same territory, and an option over a gold mine in Rhodesia. The balance sheet shows net cash assets £113,700, against an issued capital of £131,250.

St. John del Rey.—Last year the management of this veteran property took advantage of the gold premium to treat ore of lower grade than would otherwise have been profitable. Hence, although the availability of an ample supply of labour permitted the crushing of an increased tonnage, the gold yield was 7,700 ozs. down at 115,500 ozs. With the premium, however, the value was £16,300 up at £541,500. The working costs being reduced, the net profit came out at £142,300, as against £124,400. From the latter the fortunate shareholders received a "centenary bonus" of 6d. per share, making a total of 2s. 6d. The final dividend for 1931 of 1s. 3d. brings the amount up to 2s., £60,000 being transferred to capital works account, £20,000 more than on the previous occasion. It may be noted that the Brazilian exchange last year averaged only 3,932d. per milreis, instead of 5,386d. during 1930. The performance of an increased amount of development work was attended with satisfactory results, except in one of the outside properties. In the principal mine (the Morro Velho) the ore reserves, at 1,552,300 tons, show an increase of 244,100 tons on the year, although they include only material payable with gold at par. Altogether there would seem to be no reason for those who hold shares to part with their interest.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Bank of Athens, United Kingdom Provident Institution, Norwich Union Fire Insurance Society, Norwich Union Life Insurance Society, Telephone Properties, Associated Portland Cement Manufacturers, Imperial Chemical Industries, London County Freehold and Leasehold Properties, British Enka Artificial Silk, Paquin, Rio Tinto, and Ooregum Gold Mining of India. At the annual meeting of Associated Portland Cement, Mr Malcolm Stewart outlined the events leading up to the purchase by the company of the "Red Triangle" group. The purchase had involved an alteration of the working agreement with British Portland Cement, which allocated the percentage of the aggregate deliveries each company was entitled to make, and provided compensation for under-deliveries. The agreement, which had been in operation for twelve years and had worked without a hitch, had abolished overlapping of selling effort, increased economy in administration and provided for each company its fair proportion of profit from the aggregate tonnage delivered. Referring to other aspects of rationalisation, the chairman said the company's total cost of production had fallen by 28 per cent. in the last seven years, while the

cost of raw materials had remained virtually constant. The average net selling price, however, had fallen by 36 per cent., the margin of profit per ton in 1931 being approximately half that of 1925. At the annual meeting of London County Freehold and Leasehold, the chairman stated that the great majority of flat rentals averaged less than £200 a year, 1,393 producing under £100 a year, and 2,276 under £200 a year. The company was, therefore, in a favourable position to supply the demand for reasonably rented flat premises. At the Bank of Athens meeting the chairman said that the slump in raw materials and agricultural products had particularly affected the tobacco and currant industries. Greece was experiencing considerable difficulty in selling her crops.

CAPITAL ISSUES.

This week's new issues comprise two offers of trustee stock and two industrial debenture issues. The issue of the *Agricultural Mortgage Corporation, Ltd.*, was left as to 73 per cent. with underwriters. The Corporation, whose results are dealt with in a Note on page 864, is regarded as having made a satisfactory start with its useful work, and the absorption of the whole of the present issue by the permanent investor may be looked for in the very near future. The *County Borough of West Bromwich* issue is the cheapest corporation offer, from the borrower's point of view, for some time, the borough having taken full advantage of the recent rise in gilt-edged prices. More than half the proceeds are to be used to repay short-term loans. The total rate in the borough is 15s. in the £. The offer for sale of 5½ per cent. mortgage debenture stock of *Slaters and Bodega, Ltd.*, made at par by the British Shareholders Trust (who purchased at 96, paying underwriting commission and other expenses), was covered 3½ times by net assets and approximately the same number of times by profits in an old-established and progressive business. The offer by *Meccano, Ltd.*, of 6 per cent. first mortgage debenture stock at 97½ was of more speculative character, as the yield indicates. Profits have been affected by economic depression, but past finance has been conservative, and the debenture stock is reasonably well secured.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Total recorded, January 1 to April 9, 1932, excluding conversions, £22,192,622
Total recorded, January 1 to April 9, 1932, including conversions, £143,512,215

National Savings Certificates.

Net receipts, April 1 to April 9, 1932, Dr. £1,700,000.

	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
To the Public.					
Agricultural Mortgage Corporation, £2,000,000 4½% deb. stk. 1931-32, issued at 95%.	2,000,000	...	1,900,000	100,000	1,800,000
Meccano, Ltd., £200,000 6% 1st mt. deb. stock at 97½%	200,000	...	195,000	10,000	185,000
Slaters and Bodega, £350,000 5½% mt. deb. stk. at par	350,000	...	350,000	17,500	332,500
West Bromwich £650,000 4½% red. stk. 1955-65 issued at 99½%	650,000	...	646,750	32,500	614,250
Total offered to the Public, week ended April 16, 1932...	3,200,000	...	3,091,750	160,000	2,931,750
To Shareholders only.					
Fortnum and Mason, 50,000 7% cum. pref. £1 at 21s.	50,000	...	52,500	6,250	46,250
Murex 500,000 7% cum. pref. £1 at 21s.	500,000	...	525,000	62,500	462,500
Total offered to Shareholders only, week ended April 16, 1932...	550,000	...	577,500	68,750	508,750
Total Offered for Subscription.					
Including Conversions.	3,750,000	...	3,669,250	228,750	3,440,500
Excluding Conversions.	2,650,000	...	2,514,250	131,250	2,483,000
Whole year—					
1931.....	145,481,465	24,161,872	114,290,666	102,044,291	102,044,291
1932.....	59,689,555	50,019,606	454,888,784	267,800,700	267,800,700
1930.....	162,540,066	106,044,548	488,764,940	285,239,400	285,239,400
1929.....	114,064,030	100,484,810	693,100,056	369,058,073	369,058,073
1928.....	...	176,948,000	...	355,165,970	355,165,970
1927.....	...	150,709,484	...	230,782,600	230,782,600
1926.....	...	79,202,450	...	232,214,500	232,214,500
1925.....	...	55,504,718	...	209,326,101	209,326,101

	Nature of Borrowing.			
	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1932.....	21,185,764	2,332,500	693,608	24,161,872
1931.....	40,245,574	727,571	9,046,461	50,019,606
1930.....	106,094,548	11,400,697	8,309,707	106,044,548
Whole year—				
1931.....	74,835,599	6,911,859	20,296,833	102,044,291
1930.....	227,658,500	15,548,800	24,593,300	267,800,600
1929.....	137,670,300	31,543,400	116,025,700	285,239,400
1928.....	218,817,900	45,062,600	111,177,600	375,058,100
1927.....	228,958,000	36,836,600	98,581,400	364,376,000
1926.....	145,180,000	39,393,200	46,209,500	230,782,600
By Stock Exchange Introduction.				
	Amount previously recorded	Amount Prices at which of Capital Introduced.	Dealings Began.	Total Cash Involved.
	£	£	£	£
Total, week ended April 16, 1932.....	Nil	...	...	Nil
Total to date, 1932.....	3,854,750	...	...	4,058,423
Total to date, 1931.....	3,623,875	...	...	3,714,257

Public Offers.

Agricultural Mortgage Corporation.—Issue of £2,000,000 4½ per cent. debenture stock, 1961-91, at £95 per cent. The stock is a trustee investment. The corporation was formed in pursuance of the Agricultural Credits Act, 1928, principally for the purposes of making loans on first mortgages of agricultural or farming estates and of making loans in accordance with the Improvement of Land Acts. The company has carried on business since January 14, 1929. The principal assets of the company consist of the mortgages held by the company in respect of loans made by it, and the guarantee fund, paid to the company by the Minister of Agriculture, which now amounts to £650,000, and has to be invested in British Government securities. Interest received in 1931-2 amounted to £504,669, and in 1930-31 to £436,018. Debenture interest required £425,000 in 1931-2 and £381,250 in 1930-31. The stock will be redeemed over the years 1941-91 by the operation of a cumulative sinking fund of 11s. 3d. per cent. per annum. Any stock not previously redeemed will be repaid at par on December 1, 1991, but the company reserve the power to redeem at par on any interest date on or after December 1, 1961, on three months' notice.

County Borough of West Bromwich.—Issue of £650,000 West Bromwich Corporation 4½ per cent. redeemable stock, 1955-65, at £99½ per cent. Trustees are authorised to invest in this stock. The issue will be redeemable at par on October 1, 1965, unless previously cancelled by purchase or agreement, but the corporation will have the option of redemption, in whole or part, at any time on or after October 1, 1955, on three months' notice. The rateable value of the borough is £308,043, and a rate of one penny in the £ will produce £1,220. Of the proceeds of the issue, £395,796 will be applied to the repayment of existing short-term loans and the remainder to development purposes.

Slaters and Bodega.—Offer for sale of £350,000 5½ per cent. mortgage debenture stock at £100 per cent., secured by a trust deed constituting a first specific mortgage on 23 freehold and two long leasehold properties, and a floating charge on the balance of the company's assets. The company have the right to redeem the 5½ per cent. stock on April 1, 1953, or any subsequent interest date, at 105 per cent., on six months' notice. The business of Slaters was founded in 1828 and was amalgamated with the Bodega Company in 1928. Net profits, after charging interest on the £100,000 4½ per cent. first mortgage debenture stock outstanding, but before charging income tax and interest on loans, amounted to £69,712 (adjusted for 12 months) in 1929, £83,093 in 1930, and £86,011 in 1931. Interest on the present issue requires £19,250. The proceeds will be applied to paying off the bank overdraft and developing the company.

Meccano.—Issue of £200,000 6 per cent. first mortgage debenture stock at £97½ per cent. The stock will be secured by trust deed and will be redeemed by means of a cumulative sinking fund of 1 per cent. per annum, commencing April 1, 1932, and operating by annual drawings at 100 per cent. or by purchase or otherwise at or under 100 per cent. Any stock not previously redeemed will be repaid on April 1, 1960, at 100 per cent. The company was converted into a public company on March 12, 1932, and carried on the business of manufacture, distribution and sale of Meccano outfits. The object of the issue is to repay a bank overdraft, against which £175,000 of first mortgage debentures have been issued. These debentures will be cancelled. Net profits, after depreciation, but before charging income tax and interest, totalled £86,153 in 1929, £50,514 in 1930, and £52,141 in 1931. These figures do not include profits and/or losses of subsidiaries, which conjointly have made substantial profits over the period 1927-31.

Great Yarmouth Water Works.—Issue by tender of £40,000 5 per cent. perpetual debenture stock, minimum price £102 per £100, yielding at that price £4 18s. per cent. The net revenue of the company for the year ended March 25, 1931, was £27,272. Interest on debenture stock, including the present issue, amounts to £4,708, so that it is more than five times covered.

Stock Exchange "Introductions."

Gateshead Corporation.—Particulars of an issue of £350,000 4½ per cent. redeemable stock, 1952-62, to be redeemed at par on May 1, 1932, the Corporation to retain the option of redeeming in whole or part at any time on or after May 1, 1952, on six months' notice. The stock is a trustee security. The proceeds will be applied to local development purposes and to the repayment of debt. The stock has been sold to J. and A. Scrimgeour at £99 per cent., less ½ per cent. commission. It is secured on the Corporation funds and revenues and ranks *pari passu* with all other loans of the Corporation.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash.			Dividend for Whole Years.	
	Interim or Final.	Date of Payment.	Method of Payment.	Latest Year.	Previous Year.
INSURANCE.					
Drapers and General.....	20	...	Less tax	20	20
Guildhall Insurance.....	10	...	...	27	27
Royal Exchange Assurance.....	...	...	...	...	...
TEA AND RUBBER.					
Hornsey Tea.....	10%*	Apr. 18	...	...	5
Rosehaugh (Ceylon) Tea.....	2½%†	Apr. 18	...	5	5
Scottish Tea and Lands.....	2%†	May 2	...	...	...
MINING.					
Union Corporation.....	...	...	...	2/6 p.s.	3/3 p.s.
OTHER COMPANIES.					
Aberdeen Trust.....	2½%†	Apr. 21	Less tax	...	...
Adams Peak Tea.....	4%†	...	...	12	12
African City Props.....	6%†	...	...	...	...
American Investment and Gen. (Def.).....	5%†	Apr. 30	...	9	12
Ansell's Brewery.....	4½%†	...	Less tax	8	...
Bombay Gas.....	5%†	...	...	10	10
Bristol United Breweries.....	...	...	...	10	10
British and Bevington's.....	4%*	Apr. 16	Less tax	10	9
British Canadian Trust.....	7%†	...	...	12	12
Brown and Eadie.....	8%†	...	Less tax	6	8
Burmah Oil (First and Sec. Pref.)	3s. 7½†	Apr. 30	...	12	12
Calcutta Electric Sup.....	7%†	...	...	6	5
Clarence Hotels (Dublin).....	8%†	...	Less tax	11	15
Con. Waterworks of Rosario.....	3½%†	...	...	8	9
County of Durham Elec.....	6%†	...	...	10	10
Dawson Bros. (London).....	6%†	...	...	7	7
Direct Supply Acrated Water.....	6%†	...	...	10	10
Electrolux.....	6%†	...	...	7	10
Falkstone Electric.....	6%†	...	...	10	10
Foreign American and General Trust.....	2½%*	...	Less tax	10	11
Halford Cycles.....	1½%†	...	...	7	8
H. J. Searle and Son.....	4½%†	...	...	15	15
Hope Bros.....	5%†	...	...	3	7½
Johns, Son and Watts (Pref.).....	5%†	Apr. 21	...	10	10
John V. Hutton.....	15	...	...	15	15
J. S. Darwin and Company.....	15	...	...	15	15
Kean and Scott.....	2½%*	Apr. 23	...	6	10
Kenward and Court.....	6	...	Less tax	18	20
Lane Bros.....	10%†	...	...	25	30
London Trust (Def.).....	10%†	...	...	2½	10
Madras Electric Tramways.....	10%†	...	...	10½	10½
Mountronn (Ceylon) Tea.....	...	...	...	5	5
Radcliffe's Edible Products.....	...	...	Less tax	5	5
River Plate Electricity.....	...	...	...	6	7
Roches Stores, Dublin.....	2½%†	...	...	6	7
Rosehaugh (Ceylon) Tea.....	3½%†	...	...	3	6
Scottish Capital Investment.....	3½%†	...	...	10	15
Second Caledonian Trust.....	...	...	...	20	20
Second Edinburgh Investments (Def.).....	6%*	...	...	12½	12½
Second Scot. Invest.....	5%†	Apr. 10	...	6	...
Second Scottish Northern Investment.....	7½%†	...	...	...	...
Soho.....	4%†	...	...	...	...
Spratt's Patent (America).....	5%†	Apr. 21	...	...	...
Stanley Bros.....	4%†	...	...	...	...
Tamworth District Electric.....	3½%†	...	...	...	...
Telephones Properties.....	3½%†	...	...	...	...
Third Scottish Western Invest.....	3½%†	...	...	...	...
United Drapery.....	3½%†	Apr. 3	...	...	...
United Flexible Metallic Tubing.....	3½%†	...	...	...	...
United Flexible Metal Tubing.....	7%†	...	...	...	...
U.S. & South Am. Invest. Trust.....	10	...	Less tax	11	14
Vine Products.....	7%†	...	...	10	12½
W. H. Brakspear.....	7%†	...	...	12½	12½
Warwickshire Coal.....	5	...	...	17½	15
Wellington Elec. Sup.....	4	...	...	5	5
Western Transport.....	2½%†	...	...	4	4
West London & Provincial Trust.....	5%†	...	...	5	9
Wickens Pease Co.....	5%†	...	...	4	8
William Blythe and Co.....	3%†	...	...	5	...
William Nash.....	10	...	...	...	...
Yorkshire (Wool. Dic.) Elec. Tr.....	10	...	...	...	...

(c) Plus bonus of 6d. p.s.

BORAX CONSOLIDATED, LTD.—The directors have decided to postpone the consideration of payment of the dividend on the preferred ordinary shares until the accounts for the full financial year terminating September 30th next are available.

COMPANY MEETINGS, &c.

IMPERIAL CHEMICAL INDUSTRIES, LIMITED.

PROGRESS WITH RATIONALISATION AND CENTRALISATION.

STRONG FINANCIAL POSITION.

TARIFF PROSPECTS AND POSSIBILITIES.

SIR HARRY MCGOWAN'S REVIEW.

The fifth annual general meeting of Imperial Chemical Industries, Limited, was held, on the 14th instant, at Central Hall, Westminster, London, S.W.

Sir Harry McGowan, K.B.E. (the chairman) said that the year's trading of Imperial Chemical Industries had exceeded expectations. That the company had been able to show a gross income before depreciation of only £461,072 less than in 1930 was ground for real satisfaction.

The expression "gross profit for the year" hitherto used in the profit and loss account had been altered so as to describe the profit and loss account of income and to make it clearer that the company's sources of income were paid before providing dividends of the principal subsidiaries were paid before providing for their depreciation of buildings and plant. The central obsolescence and depreciation fund existed for that purpose. The total disposable income for the year amounted to £5,322,168, out of which, after appropriations for central obsolescence and income tax, £4,061,773 was left for dividend purposes. Payment of the preference and ordinary dividends amounted to £3,544,948, leaving a carry-forward of £516,825, which was £136,658 less than in the year previously. It was felt that that small encroachment was justified. The amount placed to central obsolescence—£1,000,000—was double that so allocated last year, since it was essential to have a strong obsolescence fund in order continually to keep pace with the improvements in plant and machinery brought about by the advance of knowledge.

PROFIT AND LOSS ACCOUNT.

The only comment he wished to make on the profit and loss account was that the income for the year contained nothing of an exceptional nature, and related solely to the year's operations. It included neither profit arising from the sale of investments, nor any transfers from reserve funds accumulated in past years, and it was arrived at after making full provision for the reduced value of all stocks of materials, stores and finished products.

As in previous years, the dividends from the wholly-owned subsidiary companies represented their full profits, subject to the statement under the Companies Act, 1929, printed at the end of the annual report.

The directors' report for 1931 gave the shareholders particulars of the movements of the volume of trade during that year as regarded their principal products. No other explanation of the decreases was needed than the general condition of world affairs, of which the daily Press provided ample detail. No industrial enterprise to-day, however wide its ramifications, however skilful its management, or however efficient its staff and workers, could hope completely to escape from the over-riding effects of the semi-paralysis of international trade, the chaos of monetary conditions and the unrelenting pressure of a continuous fall in prices.

BALANCE SHEET.

The balance sheet showed that £1,837,596 had been written off the shares and debentures in and advances to subsidiary companies. The company had adhered to their policy of concentrating manufacture where most advantageous, and had closed down certain plants. That did not lead to a reduction in earning power but tended to increase it. As a result of inquiry at Billingham it had been decided to write off a number of specific items which in the light of improved methods did not justify the value at which they stood in the books. To provide for that writing down £2,000,000 had been taken from general reserve, which was thereby reduced to £10,725,000, central obsolescence fund being increased from £4,500,000 to £5,662,404. Nothing had been added to the general reserve out of the year's profits because a year of extreme depression was not the time to increase reserves which were already powerful.

They had continued the policy of 1930 of carrying their marketable and other investments at their book value. A time of world financial crisis defied any attempt to decide what was a reasonable normal value of an investment. The note on the balance sheet stated that, at December 31, 1931, the market or computed value of their marketable and other investments showed a depreciation of £3,346,565 on book value. That represented a fall in value during 1931 of £623,200. When conditions were more stable, it might be

necessary to review the book value of that asset. In the meantime, even on the lower values of to-day the general reserve amply covered the depreciation.

The shares and debentures in and advances to subsidiary companies, shown in the balance sheet at £69,264,978, represented in the main the company's holdings in the eight manufacturing groups referred to in the report, namely, alkali, general chemical, explosives, fertiliser and synthetic products, dyestuffs, leathercloth, lime and metals. The shares and debentures in associated companies standing in the balance sheet at £6,522,062 represented in the main their investments in African Explosives and Industries, Limited, Canadian Industries, Limited, and a number of smaller Dominion and foreign companies engaged in industrial activities cognate to their own. The marketable and other investments, standing at £9,540,677, represented investments in large industrial companies with which they had, directly or indirectly, trade connections. The main items were investments in the General Motors Corporation, Du Pont and Company and the Allied Chemical Company in the United States, the International Nickel Company in Canada, the I.G. Farbenindustrie in Germany, and Joseph Lucas and Sons in this country.

The only other item on the balance sheet upon which he need comment was the amount of cash at bankers and in hand. It showed an increase over the amount at the end of 1930 of £1,294,524, and now stood at £4,222,900. They had, therefore, ample liquid resources for a long time to come.

THE CHANGE IN FISCAL POLICY.

He was naturally gratified at the change in the fiscal policy of the country. There would be difficulties to be overcome and some temporary uncertainty as to the readjustments of trade which would follow the change. Imperial Chemical Industries were in an advantageous position for two reasons. First, most of their raw materials were home produced. Secondly, they stood to be little affected by retaliatory measures.

He believed that the new trade opportunities presented by a tariff could only be utilised satisfactorily through more closely-knit industrial entities, welding into one body existing competitive units. Imperial Chemical Industries was to-day regarded in many countries as the British prototype of large-scale business, but doubts had recently been expressed about the soundness and permanence of such concerns. Those sprang from a few striking failures. It was an elementary fallacy to assume that what was true in one or two instances must be true in general. Specific failures did not invalidate the soundness of a principle. Imperial Chemical Industries was as free as it could be made from the defects which elsewhere had led to trouble. To begin with, members of the company's board had been freed from definite executive duties so as to be able to give attention to new problems as they arose. They were daily in touch with one another. Their policy was hammered out in candid discussion.

ORGANISATION OF SUBSIDIARIES.

Their principal subsidiary companies in the United Kingdom were organised in eight groups, the names of which were given in the annual report. Every group contained a number of separate companies, the products of which were cognate to each other. For all purposes of control and administration they treated the companies that formed one group as a unit. The statutory board of each of those companies was the parent company, viz., Imperial Chemical Industries, so that there was a uniform legal controlling authority vested in their own board. That method of control ensured harmonious working and co-ordinated direction over the whole wide field of the company's activities. Group or company inter-competition was avoided, there was no conflict of authority, and wasteful duplication was eliminated. Each group had a subordinate board, which was in reality the group executive, consisting entirely of members of their staff, some attached to the companies within the group, and the remainder to head office; none of the company's directors acted in that capacity. All technical, commercial, financial and administrative problems, concerning one group were therefore studied in the first place, as affecting one

entity, although in putting decisions into effect they naturally complied with any obligations arising out of the separate legal existence of each company.

The necessary co-ordinating link between himself and his full-time colleagues on their general purposes committee and the various group executives was provided by an intermediate body which the directors called the central administration committee. It was composed of the group chairmen and a number of their headquarters senior officers, and was presided over by one of his colleagues. Through that machinery they secured both devolution of responsibility and a free channel of communication from the factories right up to the chairman and the board. Devolution encouraged decision and self-reliance. Free communication permitted of orderly reference on points of policy and rapid execution of decision.

Some people asked whether so large an organisation could be efficiently managed without losing elasticity and initiative. The company's system fostered and preserved those qualities. Apart from new policies and activities instituted by their own board, much of their management lay in harmonising the impulses for action which continually welled up from below. Their ideal was a thoroughly dovetailed executive staff, well balanced, self-supporting, with a clearly defined policy, so that its full power should not be impaired or even shaken by the loss of any one individual.

INTERNAL ECONOMIES.

This scheme of control had been used for the continuous study of internal economies, in which the centralised service departments at Millbank had played a large part. The company had steadily aimed at concentrating manufacture by fresh capital expenditure at the most appropriate point as well as by the transference of business. Some factories also had been sold, some demolished and some held for fresh developments. That physical rationalisation was not yet complete.

On the side of financial rationalisation the company had early achieved a large measure of uniformity, but much remained to be done in eliminating disadvantages arising from the separate existence of different companies. Steps were being gradually taken to reduce the number of those, one of which was the registration last week of the Imperial Chemical Industries (Explosives), Limited. Companies which had already been dispensed with had been liquidated after their assets and business had been transferred elsewhere in the group. The liquidation of an Imperial Chemical Industries company was not due to failure. He wanted to make that clear. Liquidation of any of their subsidiary companies represented not a tale of disaster but a mark of progress in the work of financial rationalisation. In the future there would be more of them, but care would be taken to see that the goodwill of their names should be preserved.

The administrative policy had to be thanked for the progress made in wage and salary adjustments, which had been achieved without friction. The fact that wage reductions were accepted in a spirit of good will was a tribute both to the workers and to the company's labour policy. In addition to economies so effected, the most careful scrutiny had been made of every class of expenditure and all outlays not judged sufficiently remunerative or promising eliminated.

NEW PRODUCTS.

The fruits of a policy of rationalised production and research were to be found in their new products. They were now manufacturing some fifty dyestuffs hitherto not manufactured in this country and had improved the quality of many others. Research in the dyestuffs laboratories had also been applied to rubber accelerators, anti-oxidants, softeners, &c. They had successfully co-operated with other concerns in the search for a British-made celluloid for safety glass.

Rapid progress was also taking place in Dulux "new process" paints and varnishes, which could be used when nitro-cellulose was not suitable. The range of low freezing blasting explosives had been extended by the introduction of more powerful compositions. Special types of black powder, one for slate blasting and one for rifle ammunition of the high velocity type, had been effected in long-range target competition, which had greatly increased accuracy in their competitive trials. That had also materially improved their competitive position. They had placed on the market a solid carbon dioxide refrigerant, developed at Billingham, and sold under the name of Drikold. It would, they believed, play a large part in enabling perishable foodstuffs to be marketed in perfect condition. It had, in addition, other important industrial applications. To develop their mineral resources at Billingham, a range of new building materials based on anhydrite was now being placed on the market. He might add that the production at Billingham of general chemicals, to which he had referred last year, namely, concentrated compound fertilisers, methanol, nitric acid, acetic acid, etc., had shown substantial progress during 1931.

INTERNATIONAL AGREEMENTS.

In some respects the purposes of tariffs and international agreements were in conflict. Unassisted as they had been in the past by tariffs, he and his colleagues had been convinced believers in the long-range wisdom of international agreements as instruments of world rationalisation of industry. Co-operation, they had always found, was better in the long run than competitive warfare.

In pursuance of that policy they had recently concluded an agreement, following protracted negotiations, with the Continental manufacturers of dyestuffs. For some years arrangements had existed between French, German and Swiss makers under which they co-operated with one another and marketed their products in an orderly manner. He was inclined to think that for some time the British dye industry had been regarded as not having proved its permanence. The agreement entered into with Continental dyestuffs manufacturers was an assurance that the British dye industry had proved its permanence. It would strengthen the international position of the industry. They had also participated in another international agreement which unfortunately was of but short duration. The International Nitrogen Convention had, during its short life, done much to assist in orderly marketing apart from its substantial contribution towards regulating production to consumption, but negotiations last summer for the continuance of the Convention had unfortunately broken down.

On the other hand, the formation of the International Hydrogenation Patents Company, in April last, was a far-sighted piece of action to avoid conflict or waste in the future world industrial development of the great scientific achievement of the production of oil from coal.

The necessity of co-operating with manufacturers in the British Dominions overseas had always been recognised by Imperial Chemical Industries. The ideas to be developed at Ottawa had long animated the company's actions, so that to-day most of their practical ends had been achieved. In Australasia, Imperial Chemical Industries of Australia and New Zealand, Limited, in Canada, Canadian Industries, Limited, in South Africa African Explosives and Industries, Limited, each had factories on the spot. The imperial character of their work had met with the sympathy of the respective governments. Though none had escaped the ravages of 1931, the fact that each company should have been able to yield rates of return almost equal to those of 1930 was a fine tribute to their soundness and initiative. There need be no fears for their future. In other overseas markets, Imperial Chemical Industries were following the same policy of close and friendly liaison with the principal makers of the same class of goods, and as world problems were solved, he believed that there would be a satisfactory growth in the trade of the Imperial Chemical Industries selling companies.

BRIGHTER OUTLOOK.

Prophecy was dangerous, but in his view the outlook was brighter than it had been for some time. Great Britain had regained her monetary freedom, so that industry had its future much more in its own hands. Behind the security of a tariff, industries which had not yet been able to organise themselves upon modern lines or talk upon even terms with their foreign competitors, would be able to look forward with more confidence. The sales of Imperial Chemical Industries products at home were so intimately tied to the prosperity of the principal industries that everything which helped them to better their conditions should improve those of Imperial Chemical Industries. So far as the evidence of the early months of 1932 was available, it went to show that British industry was becoming more active. That was a hopeful augury for the year.

The economies which Imperial Chemical Industries had been able to introduce were another encouraging factor. No organisation would be better equipped to grasp any and every opportunity which might present itself. But it must be remembered that Imperial Chemical Industries was a great international organisation. There was not a single country of importance in the world in whose prosperity, directly or indirectly, they were not interested. Even should the reparations problem of the world be solved, there still remained a huge network of international commercial debts unadjusted to the present low prices of goods. Until some broad lines of solution were agreed upon, it was to be feared that the restrictions on international trade would be continued. In so far as that happened, the trade of Imperial Chemical Industries would be affected in some part of the world or another. But it could be said that unless some unforeseen calamity should overtake the world, the results of the company's trading for 1932 should be at least as good as those for 1931. If the first three months were any index, they should be better.

The Chairman moved the adoption of the report and accounts, which was carried.

ASSOCIATED PORTLAND CEMENT MANUFACTURERS, LIMITED.

DIFFICULT TRADING YEAR.

RED TRIANGLE ACQUISITION.

The thirty-third ordinary general meeting of the Associated Portland Cement Manufacturers, Limited, was held, on the 13th instant, at River Plate House, Finsbury Circus, London, E.C., Mr P. Malcolm Stewart, chairman and one of the managing directors of the company, presiding.

Mr J. A. White (the secretary) having read the notice convening the meeting, and Mr H. Crewdson Howard, representing the auditors, Messrs Crewdson, Youatt and Howard, having read the report of his firm,

The Chairman, in the course of his address, gave a full review of the accounts and said: If you will turn to the balance sheet you will observe that the issued preference share capital has been increased by £180,280, raising the total to £2,500,000, and the issued ordinary share capital by £500,000, bringing up the total to £3,500,000. The combined share capitals stand at £6,000,000, both classes being fully issued. The 5 per cent. second debenture stock has also been increased by the sale and issue of £900,000 of stock. These increases in share and loan capital amount in all to £1,580,280, and were effected for the purpose of financing the purchase of the cement and other undertakings of the companies known as the Red Triangle Group.

Turning to the profit and loss account for the year, you will see that the profit on trading, at £668,386, shows an increase of £133,605, whereas the interest and dividends earned, at £355,622, show a reduction of £64,347, due mainly to decreased returns from the companies in which we are interested overseas. I want to make it quite clear that the trading profits benefited because we felt justified last year in making a reduced provision for taxation in view of the ample reserves previously created and that, whilst the profit and loss account has benefited from the inclusion of six months' profits from the new works acquired, our Portland cement trading account on a comparative basis showed a substantially decreased profit compared with 1930. This is due to the lower selling prices realised owing to severe competition.

The loss of profit due to low prices has to a considerable extent been offset by the improved profits earned by our subsidiary manufactures, which we have been nursing for some years; they have furnished an increased proportion of the total profits earned.

SHARE AND DEBENTURE ISSUE EXPENSES.

We have written off the whole of the expenses incurred in connection with the issue of shares and debenture stock, partly from contingencies reserve and partly from profits. I am confident that shareholders will feel gratified to learn that these expenses have been dealt with in the same year as that in which they were incurred, and that future years have been relieved of the burden of providing for them. (Hear, hear.)

The total revenue for the year was £1,024,712, an increase on last year's figure of £69,562, and we are able, after meeting our debenture stock interest and providing £427,655 for depreciation reserves and debenture stock sinking funds, and the payment of the dividend, amounting to £137,500 on the increased 5½ per cent. preference share capital, to recommend to you the payment of a dividend of 8 per cent. on the 3,000,000 ordinary shares issued prior to August, 1931, and 4 per cent. on the 500,000 ordinary shares issued in August, 1931. These dividends absorb £260,000, and there remains a balance of £2,463 to be added to the carry-forward, which will then stand at £163,427.

AN OUTSTANDING EVENT.

The outstanding event of the year was the acquisition of the manufacturing and certain marketing interests of the Red Triangle Group embraced by the Allied Cement Manufacturers, Limited, and its subsidiary companies. On several occasions we had been offered shares which it was stated would give control. These offers were consistently declined. We had definitely made up our minds that, in view of the many knots into which these concerns were tied by an undesirable interlocking of interests, life was not long enough to attempt the task of their unravelling. We were only prepared to become interested if the knots could be cut, and this involved liquidation. The assets of the allied company were of varying value; liquidation alone could give complete freedom to fit them advantageously into our own organisation.

The time came when we made the Receiver, Sir William McIntock, a definite offer for practically the whole of the assets,

provided they were bought in liquidation. This offer was declined; an improved offer, which was made on April 22nd, was accepted subjected to the confirmation of the court. This was given on August 19th. I make this statement so as to place the matter in its true perspective. We paid a fair price for the assets and I am satisfied, given fair trading conditions, we shall turn the purchase to advantage.

THE TRADING POLICY.

During the year under review trading has been carried on under difficulties of a varied character. The aggregate deliveries of Blue Circle Portland cement in all markets were but slightly below those of the previous year. It was inevitable that we should feel the effects of the world crisis and the tonnages exported showed a heavy decrease. On the other hand the deliveries in the home market were expanded, but the selling prices realised were reduced by the keen undercutting of the standard prices which had remained in force although they had not been maintained.

We are not and never have been in favour of high prices, on the contrary we are anxious to increase further the uses of cement by establishing the lowest prices compatible with the maintenance of a sound balance sheet and a fair return to the shareholders, a difficult task in an industry faced continuously with over-production. The policy of factory concentration, embarked on seven years ago, has enabled us to make successive reductions in our costs of manufacture.

Last year the margin of profit earned per ton was approximately one half of that earned in 1925. It goes without saying that we could not have so substantially reduced prices to the consumer and at the same time have earned even the modest dividends paid in the past few years had we not been successful in marketing a much increased tonnage.

PROSPECTS.

You will expect to hear something from me as to the prospects for the current year. To be frank, it is not easy to make a definite forecast, but we know the barometer has risen and, I believe, is still rising.

Although we are faced with considerable uncertainty and have to date felt the effects of the decreased activity in the building industry, I am hopeful that as the year progresses we shall benefit from an increase of wise building which should be encouraged by the remarks of the Prime Minister in a recent speech.

The Chairman concluded by moving the adoption of the report and accounts, and the approval of the dividends paid and recommended to be paid.

Major-General Sir Philip A. M. Nash, K.C.M.G., C.B., the vice-chairman, in seconding the motion, said that, with the acquisition of the manufacturing assets and certain other interests of the Red Triangle Group, it might be said that the company had successfully passed an important milestone in its progress, and he thought the occasion would be incomplete if a well-earned tribute were not paid to Mr Stewart and his fellow managing directors, who not only had had the responsibility for the daily conduct of the affairs of their large undertaking in a year of unusual difficulties, but had also to negotiate the large and important transaction which had involved eventually the taking over of the assets and interests of the Red Triangle Group. The principal burden of the negotiations had fallen on Mr Stewart himself, but it had meant also a great deal of additional work for the other managing directors and their staffs, among whom he felt sure the chairman would like him to mention their old friend, Mr Alfred Stevens. (Applause.) The company was particularly fortunate in the strength of its administrative personnel—an asset which could not be shown in its full value on the face of a balance sheet—and it was also fortunate in possessing a chairman of such outstanding business ability as theirs. (Applause.)

The report and accounts were unanimously adopted.

The Chairman proposed and Mr Alfred Stevens seconded the re-election of the retiring directors, Major-General Sir Philip Nash, K.C.M.G., C.B., the Right Hon. Lord Meston, K.C.S.I., Mr E. C. Charleton, and Mr G. F. Earle, which was carried unanimously, and the auditors, Messrs Crewdson, Youatt and Howard, having been reappointed, a hearty vote of thanks to the chairman, directors and staff, proposed by Mr T. Gilbert Scott, closed the meeting.

NORWICH UNION LIFE INSURANCE SOCIETY.

STRENGTH AND PROGRESS OF THE SOCIETY.

A SAFE AND STABLE INVESTMENT.

The 124th annual general meeting of the Norwich Union Life Insurance Society was held on April 12th at Norwich.

Mr Michael Falcon (the president) said that those who had studied closely the trend of our country's finance during the past decade knew that, instead of a readjustment of major importance on the lines of strict economy, State and municipal extravagance, accompanied by reckless company finance, led up to the crisis which culminated in the closing months of last year. The combined effect was detrimental to all enterprise and thrift. The period of readjustment had again arrived, and the outlook suggested that this time it was being grasped by all right-thinking British people. During the whole decade life assurance had been on the increase in this country, even in a troublous year like 1931.

The reason was that life assurance was recognised as a security superior in stability to all other forms of investment. The progressive figures of the Norwich Union Life Insurance Society demonstrated this, as was shown in the annual report. The net premium income of the life insurance account was £3,492,402, and included £507,180 received by way of new premiums on policies effected during the year. The total exceeded the premiums of the previous year by £188,252. The new life insurance written was £3,249,645, an increase of £216,011, or 2.7 per cent. The insurances in force at the end of the year totalled £99,053,837, and showed an increase on the amount outstanding at the beginning of the year of £6,532,814. The insurance societies were the mediums through which dependants were shielded from want; and for many their endowment policies constituted a valuable, if not the only, provision for those whose earning days were over. The large aggregate premium income, coupled with careful investment and sound economy in management, must and did ensure the stability of the fund from which all benefits to its members were derived.

INVESTMENTS.

The mortality experience for the year worked out at 70 per cent. of the expected. This compared with 61 per cent. in 1930 and an average rate of 65 per cent. over the last five years. The net income from investments amounted to £1,648,563, an increase of £53,466, and showed a net return, after payment of income tax, of £4 17s. 5d., before making provision for depreciation. The movement towards a better condition of affairs in Britain was gradually gathering momentum, but, as depreciation had affected the whole world, it had been thought best to write out of the accounts the depreciation on Stock Exchange securities as at December 31st last at a cost of £1,098,746, even although as much as £600,000 of appreciation had taken place on a re-valuation as at March 31st. The society had £11,600,000 mortgages in and outside the United Kingdom. These were all revised carefully by the directors at the end of December, 1930, and, as showing how satisfactory they were, the interest, dividends and rents outstanding in the balance sheet, amounting to £95,028, had all been received with the exception of £2,300.

STRONG FINANCIAL POSITION.

There was sufficient margin over the valuation of the liabilities to indicate that, after writing off the depreciation, bonuses at the same rates as those declared at the quinquennium could be made out of surplus, retaining all the strength of the 2½ per cent. valuation on the society's whole life and endowment assurance contracts. To make sure of this a valuation of the whole of the society's liabilities was made as at December 31st last, which confirmed the strong financial position in which the society found itself. In arriving at this conclusion no account had been taken of the balance of the favourable exchange over unfavourable exchange, which ran to over £400,000.

The strength of the society was undoubted. The stability and success of a mutual life insurance society must always be based upon carefully selected membership, the sound investment of its funds, economic management, coupled with good interest earnings. It would be abundantly clear that, in the case of the Norwich Union Life, these four factors were undoubtedly present—all proposals made by new entrants were scrupulously supervised by their medical directors; a committee of the board met every week to investigate and deal with new investments. The interest rate, at £4 19s. per cent., after allowing for the write-off, gave a margin of £2 9s. over the valuation rate, and was an important aid in the maintenance of bonuses. Here then they had a combination ensuring the stability of this great office, and, therefore, its policyholders could look forward to the future with the utmost confidence.

The report and accounts were unanimously adopted.

NORWICH UNION FIRE INSURANCE SOCIETY, LIMITED.

PROFITS IN ALL DEPARTMENTS.

The 134th annual meeting of the Norwich Union Fire Insurance Society, Limited, was held, on Monday, April 11, at Norwich.

Mr Michael Falcon (the chairman) said that the operations of the society in 1931 had been carried on under conditions which were certainly the most difficult which any of those present could remember. The fall in value of basic commodities abroad, and the diminution of export trade from home continued, while the financial position in many of the countries where they did business reached a crisis, from which, even at the present time, there was little sign of recovery. He therefore thought he was justified in feeling some pride that the trading operations of the society again showed a profit in all departments, and the volume of business was only slightly diminished.

The fire premium income, at £2,005,679, was almost exactly £70,000 less than in the previous year. The continued trade depression and fall in prices in the United States had caused a further loss of income there, and generally in the overseas field conditions had operated in the same direction, accentuated by the depreciated currency value in Australia, New Zealand and elsewhere, but their English business was maintained at almost exactly the same figure as last year. Losses had been heavier abroad, but the experience at home had been quite good. The profit realised was £68,733, which was 3.43 per cent., as compared with 3.19 per cent. in the previous year, and might be regarded as not unsatisfactory in the existing circumstances.

ACCIDENT AND GENERAL ACCOUNT.

The premium income in the accident and general account was £1,823,362, which was £48,000 less than in 1930, the shrinkage being chiefly accounted for by a diminution in the business of the Norwich Union Indemnity Company, their United States subsidiary. At home they had a very satisfactory increase and the results had been good. The outcome of the whole account was that they were able to transfer £105,652 to profit and loss, which was 5.79 per cent., as against 3.3 per cent. last year.

In the marine account the improvement referred to in the previous two years continued, and they were able to transfer £15,000 to profit and loss after closing the year 1930. This left the marine fund at £200,574, which materially exceeded all expected liabilities, and was 103.32 per cent. of the year's income of £194,124. There was an increase of some £24,000 in the premiums.

The transfers from the revenue account totalled £189,385, and provision had been made for a dividend at the same rate as in the previous year, namely, £6 per share, less income tax. In previous years the position would have been that they would have had a substantial sum either to add to the carry forward, or to dispose of as an addition to their funds. However, this was not the case, as the directors had decided to deal with the investments in the balance sheet by what they believed to be a thoroughly sound method, under which, if conditions did not improve, there would be no leeway to make up, but, if they did, the benefit would be reaped. The directors were accordingly writing off £379,974 as decreased value of investments, and, to enable them to do this, they had transferred the contingency fund of £100,000 and taken £200,000 from the general reserve, their Stock Exchange securities then standing in the balance sheet, as certified by the auditors, at or under market value at December 31st last. It would be realised that there had already been a substantial amount of appreciation since that date, owing to the betterment in quotations.

THE OUTLOOK.

In spite of the difficulties which had surrounded them, the directors had continued to look hopefully to the future. They had established the society in one or two countries in which it had not been previously represented, and had lost no opportunity of strengthening the organisation all round, so that they might not be left behind when the forward movement took place.

Insurance would continue to be a necessity in connection with almost every class of undertaking, both private and commercial. The risks of fire and accident on land and sea would always be with us, and security against their results must be available. British insurance companies were international in their activities, strong financially, and with vast experience, ready and willing to assist in this recovery, and they all looked forward to seeing the Norwich Union well to the fore in the future, as it had been in the past.

The report and accounts were unanimously adopted, and a dividend was declared in respect of the year 1931 of £6 per share, less income tax, payable by equal half-yearly instalments on May 2nd and November 1st next.

BRITISH ENKA ARTIFICIAL SILK COMPANY, LIMITED.

SMALL BUT ENCOURAGING WORKING PROFIT.
CAPACITY OF WORKS INCREASED.

The seventh ordinary general meeting of British Enka Artificial Silk Company, Limited, was held, on the 11th instant, at Winchester House, London, E.C.

Mr C. T. Potts presided, and, in the course of his remarks, said: We made in the past year a small but encouraging working profit. It amounts to £34,546, and compares with a loss of £72,139 in the previous year. The improvement is, therefore, £106,685, a remarkable and interesting turn in our affairs when you bear in mind that it occurred in a year of great depression in trade, at a time when some companies engaged in the industry have shown a falling off in profit and when we had to contend with an average level of selling prices lower than in the preceding year. This substantial progress has been possible through the steady improvement of manufacturing methods and a revision of our marketing organisation.

This moderate working profit is wiped out and converted into a net loss of £78,278 for the year, as a consequence of debenture interest and head office expenses costing £19,226 and provision for plant depreciation and the reserve for unrealised loss on exchange absorbing £95,599. It is of interest to note that we should not have shown any net loss for the year had the general level of prices remained stable at the average of the preceding year.

In the early months of the year we found business rather dull. Then demand began to improve and stocks decreased. With the improving demand, selling prices tended to be slightly harder. On this country abandoning the gold standard in September last, demand increased rapidly, but our plant was already being worked to capacity and our output had been sold in advance.

TRADE CONDITIONS

The trade improvement is confined in the main to the home market. Thus, while yarn production for the first two months of this year was over 70 per cent. higher than for the same period in 1931, exports show a comparative rise of only about 6 per cent. The conditions in the rest of the world are showing no signs of amelioration; indeed, they seem to be getting rather worse than better. We cannot close our eyes to the fact that the position in this country is delicate, for one cannot depend upon a permanent revival in trade unless and until measures are taken internationally to remove the serious obstacles standing in the way of a world industrial revival.

We naturally constantly review our position in the rayon industry. We are the second largest producer of viscose rayon in this country. Nevertheless, our productive capacity is far below that of the biggest yarn manufacturer, and as a consequence we have little or no influence on the fixing of selling prices. In fact, we have to be prepared to market our yarn at whatever level the leaders choose to sell. However, our brands are now well known, and we have had in the past year no difficulty in securing full trade prices. Should the position in this regard at any time become difficult, I am sure we should not attempt to cut prices unless compelled by undue pressure to do so, as we do not believe in creating price instability. It is bad for consumer and producer alike. Naturally, we should like to see higher prices, but we have reason to assume that these will not be raised by those in a position to do so.

COST PROBLEMS.

Our ability to earn profit depends upon price, quality, cost and quantity. Price is in effect fixed for us. Our yarns sell at full prices, and that is sufficient indication as to the quality of our production. There remain the problems of cost and quantity. Now, if we can only produce at a fair competitive cost, price must in the long run show a proper profit margin. Our problem, therefore, is largely one of reduction of cost. Having arrived at what we believe to be the probable production cost of competitors, we are led to the conclusion that the capacity of our works has been somewhat too small to be comfortable under present conditions, where the industry is disposing of its yarn at prices which leave but a small margin even to those best placed to earn profit. We were, therefore, glad of a recent opportunity to purchase a number of spinning machines and other equipment from a company that had gone into liquidation. The plant thus purchased was exceedingly cheap, unused, is the same type as our original installation, and, if anything, it is somewhat more up-to-date in design. The installation of this plant is practically complete, and it is gradually coming into operation. This enlargement, while hardly adequate, should help us in reducing our costs considerably.

In conclusion, I think we can say we have reached the stage where we can claim to be aboard a good ship, and when fair weather comes we shall sail forth, I hope, on a prosperous voyage. (Applause.)

The report and accounts were adopted.

UNITED KINGDOM PROVIDENT INSTITUTION.

LORD REVELSTOKE'S ADDRESS.

A RECORD YEAR.

THE FINANCIAL OUTLOOK.

The annual meeting of the members of the United Kingdom Temperance and General Provident Institution was held, on Wednesday, April 13, at Southern House, Cannon Street Station, London, E.C.

The Right Hon. Lord Revelstoke (chairman of the Institution) presided.

RECORD NEW BUSINESS.

The Chairman, in presenting the report and moving the adoption of the balance sheet, said: Ladies and Gentlemen,—The year 1931 has been a satisfactory one, both in regard to the number and the amount of new assurances effected, and while a large volume of new business is not necessarily a criterion of prosperity, it is undoubted evidence of the efficiency with which our Institution's affairs are being conducted, and is particularly satisfactory when it is borne in mind that this large new business has been secured at a low ratio of expense. The number of new policies issued was 5,343, assuring a net sum of £3,503,351, on which the annual premiums payable amount to £104,293. In respect of each item named, these figures surpass any previously recorded in the history of our Institution.

You will be interested in noting that of the amount paid in claims by death during the year, bonus additions accounted for £183,131, which is 44 per cent. of the sums assured under with-profit policies. In 146 cases the amount payable was more than double the original sum assured, while in 25 cases it was more than two-and-a-half times the original sum assured.

Our working expenses continue to be light; notwithstanding the large volume of new business the ratio of expenses to premium income was only 13.5 per cent., or 8.3 per cent. of our total income.

INVESTMENTS.

You will see in the report before you a reference to the depreciation which took place last year in the market value of our assets. Your Institution has naturally not been exempt from the vicissitudes which have affected all holders of Stock Exchange investments, but you will be glad to know that the depreciation with which we started this year has, to-day, been very materially reduced.

In accordance with the usual practice, no adjustment has been made in our book values, but on December 31, 1932, when our triennial valuation is due to take place, any depreciation which may then exist will, of course, be given its full effect in the balance sheet.

On the results of that valuation, of course, will depend the decision which we shall arrive at in regard to our bonus distribution, and on that head I feel sure that I shall have your approval if I refrain from anything in the nature of an explicit prophecy. Although our domestic outlook may be described as not unpromising, the international situation, about which I shall say a few words presently, contains so many elements of uncertainty that it would be wiser not to attempt any definite forecast.

IMPROVED CONDITIONS.

The Stock Exchange barometer, as you know, was unfavourable to valuations made at the end of last year. Chiefly as a consequence of improved monetary conditions it is, to-day, much more favourable. Bank rate has been lowered; there has been a flow of money into Government securities and a notable demand for first-class investments. Although this movement shows that capital is still timid, it also shows, viewed in conjunction with the balancing of the National Budget and the steady purchasing power of the pound sterling, that confidence in Great Britain is growing. A year ago, speaking in this room, I expressed the opinion that British enterprise and British craftsmanship would triumph, in time, over the difficulties which beset them, and that this country would emerge, perhaps sooner and better equipped than others, from the fiery ordeal which had then lasted ten years. In the interval, we have found ourselves forced to suspend payment in gold equivalents to our short-term creditors, and by so doing it is true that, for the time being, we renounced the financial leadership of the world. But no one has taken our place, and provided we concentrate our aim upon efficiency and can keep our public expenditure under control, there is, to my mind, no reason why this country of ours should not, whenever international trade revives, take the place that belongs to it in the front rank. Subject to these reservations, there is ground for cautious optimism at home.

NECESSITY FOR LOWERING TARIFF WALLS.

The Chairman then proceeded to review the foreign situation, which, he suggested, presented many features of difficulty and distress. Disregard of economic law had involved the whole world in a monetary deadlock which was slowly strangling trade. A solution of the reparations problem was earnestly desired, and the obvious way of bringing this about was by lowering the tariff walls which were obstructing international intercourse. While, in theory, this view was generally accepted, the prevailing nationalism prevented it from being put into practice, and the prolonged halt in trade was subjecting the fabric of capitalism to very severe strain. We could only hope that the statesmen in whose hands the future lay would be able to devise plans, without undue delay, which would bring relief to a suffering world.

The resolution was seconded by Mr E. H. Illingworth, and carried unanimously.

OOREGUM GOLD MINING COMPANY OF INDIA, LIMITED.

CURRENT YEAR'S PROSPECTS.

The ordinary general meeting of the Ooregum Gold Mining Company of India, Limited, was held, on the 13th instant, at Southern House, London, E.C.

The Hon. Lionel Holland (the chairman), in moving the adoption of the report and accounts, said that when they met last year to review the working results of the preceding twelve months, the proved to have been the most disappointing and least profitable in the history of the Ooregum Mine since it first started serious mining operations. He was afraid, he said, that the story he had to put before the shareholders that day showed no improvement upon that of 1930, except in one particular. Their revenue for the twelve months and the profit realised were something better than for 1930, and permitted, besides paying the full fixed dividend upon the preference shares, the distribution of a small dividend on the ordinary share capital. That improvement, however, was due not to any increase in the tonnage mined, nor in the grade of ore treated, but to the company's having enjoyed for the last four months of its financial year a premium upon its gold output—their gold fetching approximately the price gold commanded in London, less insurance and freight charges.

The tonnage mined and crushed—135,095 tons—was less by 8,666 tons than the tonnage crushed in 1930. The ore mined again was of slightly lower grade. The return from the mined ore last year was 49,235 oz. of fine gold—over 4,200 oz. below the 1930 return. The tonnage, however, put through the dump retreatment plant was substantially higher—260,905 tons, over 35,000 more than in 1930—and a return of more than 13,800 oz. from this and other sources reduced to just over 600 oz. the total shrinkage as compared with the previous year. That better results were not obtained was due on the present occasion not so much to less favourable development results as to the lowering of grade and reduction in tonnage following upon the rock bursts from which the property had suffered.

The output of gold realised £285,111, after deducting royalty and refining charges, as compared with £255,622 for 1930. The premium represented over £30,000 of last year's total. They were writing down their mining rights by £8,000, and after satisfying proposed to pay a dividend of 3d. a share on the ordinary shares and 3d. a share, in addition to the fixed dividend, on the preferred shares. The financial position of the company had not been impaired, the readily realisable assets exceeding the liabilities by over £148,000.

The reserves of payable ore now stood at something over 174,000 tons, a drop of 41,453 tons. Development during the year only brought into reserves some 16,000 tons of new ore; and over 12,000 tons of the old reserves had to be written off, as disturbances had rendered these blocks irrecoverable, at any rate for the present. Until the mining position had been re-established, it would not be wise to multiply the stopping areas, and it might be advisable to keep the monthly output during the current year below last year's average; but the company should get the benefit throughout the year, and not only for four months as last year, of the gold premium. While it was probable that the premium on gold would not rule so high as during the final quarter of last year, it was not likely to be extinguished before the termination of the current financial year, and unless the mine suffered from renewed disturbances, or unless the gold premium was much reduced, the coming 12 months should not show worse financial results than those for the year under review.

The report was unanimously adopted.

BANK OF ATHENS.

GREECE AND THE CRISIS.

The directors' report for 1931 may be summarised as follows: The break in World economic stability culminated during the year under review in an unprecedented crisis in all spheres, economic, financial and monetary, and Greece has felt its effects as acutely as any other country.

The slump in raw materials and agricultural products has particularly affected, of course, the tobacco and currant industries, so important to Greece. Crops have been, and are being sold with very great difficulty, possibilities of exporting are declining more and more, and decreased purchasing power reflects itself in the increase of unsold goods held by manufacturers and importers. Purchasing power has also been reduced for very many, because of the very considerable losses due to the depreciation of their sterling holdings.

Such conditions could not but have a serious effect on banking operations, as the changes in the balance sheet as at December 31st last show.

LIQUID CASH POSITION.

The different items of this balance sheet all give testimony to a constant care to maintain a liquid cash position, and the board has given further proof of its wise policy by writing-down the bank's investments (a detailed list of which, as well as of its premises and other properties, together with a statement of its position in foreign currencies, is published with the Report) to London prices of December 31st (with the £ valued at 270 only) or Athens prices of September 18th (since when the Athens bourse has remained closed), less 20 per cent., for securities quoted only there; this has involved taking Drs. 77,000,000 from reserve, reducing the latter to Drs. 149,200,000 (as against a paid-up capital of Drs. 100,800,000).

REDUCED EXPENSES.

The "general expenses," which were reduced by Drs. 10,917,000 last year, show a further reduction of Drs. 12,054,000, thanks to the vigilance and loyalty of the staff. In addition, the board has again renounced one-fifth of its statutory fees. A final dividend of 15 per cent., making a total of 20 per cent., leaves a carry forward (after provision for taxes, fees, etc., pensions and charity) increased to Drs. 5,738,311.

PAQUIN, LIMITED.

COMPANY'S PRESTIGE WELL MAINTAINED.

The thirty-fifth annual general meeting of Paquin, Limited, was held, on the 12th instant, at Cannon Street Hotel, London.

Sir Harry K. Newton, Bart. (the chairman), said he was sure that the shareholders must have experienced a feeling of considerable satisfaction with the manner in which the company had emerged from the past year. It was unnecessary for him to enlarge on the difficulties which had beset such a business as this during a period of almost unparalleled depression in every part of the world. The name of Paquin had shed none of its lustre in the gloomy months through which they had travelled, but, on the contrary, had gained added distinction, and it was their policy and intention to maintain in every way the reputation and prestige of the house.

The net profit was £42,929, or only some £4,800 less than in the previous year, there having been a total reduction under the heading of taxation of £25,598. He hoped there were good grounds for believing that the rate of English income tax would be reduced in the Chancellor's Budget statement next week, and French taxation payable by the company would show a reduction in consequence of the smaller dividend now being paid, so that he thought they might again look forward with confidence to some relief in their accounts for the current year. The directors recommended a dividend of 10 per cent. on the ordinary shares, placing £5,000 to reserve. One moiety of the £13,554 remaining was carried forward to the credit of ordinary shareholders, and the other moiety was added to the general carry-forward, which was increased by £6,777 to £33,499, subject to the rate of income tax deducted from the dividend on the ordinary shares.

The results of the current year must depend on the extent to which the company's clientèle found itself in a position to indulge its natural taste for the best clothes that the world had to offer. The effect of a continuing crisis, however, was cumulative. The longer it lasted the more severely it must affect such a business as this, and for that reason they were already feeling it more acutely still this year. He would only repeat that the prestige and reputation of the house would be fully maintained, so that when the good times came again they might receive an ever-increasing share of the custom of all women who had the supreme wisdom to desire to look and feel their best.

The report was unanimously adopted.

LONDON COUNTY FREEHOLD AND LEASEHOLD PROPERTIES, LIMITED.

POSITION WELL MAINTAINED—SATISFACTORY RE-LETTINGS.

The twenty-second annual general meeting of the London County Freehold and Leasehold Properties was held, on the 12th instant, at the registered office of the company, 114-116 Park Street, London, Mr A. C. Bourner, F.C.A. (the chairman of the company) presiding.

The Chairman, in moving the adoption of the report and accounts, said that the directors had had a difficult period to deal with, with many changes in tenants and unusual empties in all classes of flats, yet the final result made a good showing.

They had only expanded in the year under review by a very moderate amount of purchases of additional properties, the prices of most of those offered to them being unsatisfactory, but their recent purchases had proved to be very advantageous; none had so far produced less than their estimated annual income, and during the past year almost everyone of their properties had shown some increase on re-letting, in some cases very substantial increases indeed.

The great majority of their flat rentals averaged less than £200 a year, 1,393 producing under £100 a year, and 2,276 under £200 a year. The board felt, therefore, that as the rents varied from £60 upwards, they were in a most favourable position to supply the demand for reasonably rented flat premises. The company possessed 164 entirely distinct buildings within a few miles of Charing Cross, the majority being in Paddington, St. Marylebone, Kensington, Westminster, Fulham, Hammersmith, Chelsea and Barnes, all which had been carefully selected to produce satisfactory results, alike from the point of appearance, amenities and income. A brochure issued by the company showed the class of property it owned.

The eventual loss of capital invested in a wasting security—such as leaseholds—was provided for by an annual charge to revenue over the period of the leases as a sinking fund for leasehold amortisation. Therefore it would be seen that variations in value were ultimately not of consequence. The important feature with them was that there should be reasonable stability of income; the board's aim was to maintain their properties in so satisfactory a condition that that would be ensured.

The dividends paid on the share capital of the subsidiary companies were the same as paid last year, and £5,010 was added to that carry-forward; the excellence of the investments was this year again fully established. One of their subsidiaries owned most valuable properties in Gloucester Place, W.1, known as Bickenhall Mansions, and Montagu Mansions, Baker Street. When the subsidiary company owning these properties was acquired the board knew that they were in an unattractive condition, and in consequence rents were on the low side and the reversions to improved rents were valuable. They had made the interior of the premises very attractive, and had installed every modern amenity, with the result that the present rents exceeded those of three years ago by no less than £5,000 per annum, and they anticipated considerable further increases as existing tenancies expired. Out of 175 flats there were now only three just vacated, and they hoped for a continuance of, if not an improvement in, the results in the future.

The total rent roll of the company, including subsidiary companies, now amounted to £835,091, but their income for the year had been lessened by additional vacancies representing over £20,000 in rentals. These additional voids had, however, been substantially offset by increased rents of re-letting, and even if the larger losses from empties continued for a time, they anticipated obtaining for the current year increased rentals on re-letting which, with further income from additional purchases, gave some indication that the net result should continue to be satisfactory. It was of great interest to note that the company's medium-sized flats in most cases this year had produced higher rents upon re-letting and that the shop and office rentals had been well maintained. The fact that in such a period of disturbance the company's vacant premises were only about one in twenty, augured well for the future when prosperity returned. The board's policy was to maintain a dividend of 10 per cent. per annum, and only to add a bonus after providing out of the year's revenue for the proportional repayment of debentures and loans. The revenue balance sheet enabled that to be done again this year, and the board therefore recommended a repetition of last year's bonus of 1 per cent.

The redemption of loans and provision for wasting assets was secured by the allocation, generally annually, of a sum of money which would accumulate at compound interest in a given number of years to the amount required. Sinking funds and fixed redemption dates were of advantage both to lender and borrower, and were an essential element for the protection of the investor. The number of new flat erections in London during last year proved the demand for that form of residence, but the favourable rents charged by the company for larger and better accommodation made their position exceedingly strong.

The report and accounts were unanimously adopted.

TELEPHONE PROPERTIES, LIMITED.

AUSPICIOUS FIRST RESULTS.

NOTABLE ADVANCES IN TELEPHONY.

SIR ALEXANDER ROGER'S STATEMENT.

The first ordinary general meeting of Telephone Properties, Limited, was held, on the 14th instant, at the Incorporated Accountants' Hall, Victoria Embankment, London, Sir Alexander Roger, chairman of the company, presiding.

The secretary (Mr F. Hollier) having read the notice convening the meeting and the report of the auditors,

The Chairman said: Gentlemen,—In accordance with practice I assume you will take the accounts as read. Those accounts, now submitted, are in respect of five months only, that is from August 4, 1931, the date of incorporation of the company, to December 31st last.

I am pleased to report that the results show a net revenue of £29,809, and, as stated in the directors' report, £3,936 has been appropriated in writing off the whole of the preliminary expenses, £5,479 in payment of a preference share dividend of 4 per cent. for the six months ended December 31, 1931, and the payment of a dividend of 4 per cent., less income tax, on the ordinary shares, which is at the rate of 8 per cent. per annum, will absorb £12,328, leaving a balance of £8,066 to be carried forward. I think you will agree it is very satisfactory that your directors are able to recommend the maintenance of the same rate of dividend on the increased capital.

You will remember that following the creation of the Compania Anonima Nacional Telefonos de Venezuela the Venezuelan assets were vested in that company in exchange for debentures and shares and by agreement dated August 6th, 1931, your company took over these investments from the Venezuela Telephone and Electrical Appliances Company, Limited, which was the predecessor of your company.

Issued share capital stands at £547,907 and includes the additional 136,975 £1 fully paid ordinary shares distributed when your shares in the old company were exchanged for shares in the present company. This distribution was made possible by the release of the accumulated reserves of the old company.

REDUCTION IN LIABILITIES.

Loans appear on both sides of the balance sheet, and show a net position of £105,743 owing by the company, which compares with £458,179 at June 30, 1931—a reduction of £352,436. This substantial reduction was effected by the sale at par to Telephone and General Trust, Limited, of Bolivares 8,750,000 eight per cent. debentures of the Nacional Company, the sterling equivalent being £346,535, and the proceeds were applied in reducing the then large temporary loans made by that trust for expansion and the general purposes of the Nacional telephone system. As soon as practicable your directors intend to take suitable measures for further improving the loan position. Sundry creditors at £24,059 include £13,147 provision for income tax and approximately £6,000 in respect of reserves for contingencies and accrued expenses. You will note that investments and loans together represent £770,542, as against £1,116,338 at June 30th last, the decrease being largely accounted for by the sale of investments just explained to you. Your directors are of opinion that the value of the investments is in excess of the figure in the balance sheet. Cash at £26,888 compares with £49,014.

A RADIO TELEPHONE SERVICE.

The progress of the Nacional Company will be readily appreciated when I tell you that at the close of the past three years, namely, 1929, 1930 and 1931, the number of telephone stations was 14,144, 16,057 and 17,077 respectively. The increase for 1931 is equivalent to a rate of 6.4 per cent., which can be regarded as exceptionally good when remembering the difficulties of the year.

The Nacional Company, whose system is now 80 per cent. automatic, is steadily equipping itself to form part of any international telephone system with complete facilities for rapid communication throughout the world, and I learn that arrangements are almost completed for the establishment of a radio service between Venezuela and Europe via the United States. Further expansion in the wireless communication field should follow as a natural corollary. The inauguration of wireless links, the latest development of the scientific art of telephony, has assumed an importance which is world-wide, and the entry of the Nacional Company into this field of communication should prove of great benefit to the international relationships of the Venezuelan community.

At the back of the telephone instrument which the public sees, it is seldom appreciated that there is a vast, complicated, scientific machine housed in special buildings, with veins and arteries of cables, wires, ducts and poles radiating in every direction, all

continually in the process of alteration and expansion to meet the demand for telephone extension, and for quicker and more reliable service. The modern telephone service never sleeps—it is expected to be at the command of the public day and night. A telephone company and its administration, if it is to be in the first rank, must at all times have at its disposal technique, research, and material of the latest type. This the Nacional Company is able to draw upon through its association with your company and, in turn, through our affiliated companies.

PERSONAL IMPRESSIONS.

I was recently in Venezuela for the first time while on a visit to South America and I was much impressed with our investment and the country generally. The depression has not been felt so acutely as in other countries. The Government has no external debt, while its internal indebtedness is in the neighbourhood of £1,000,000 only. Caracas, the capital of Venezuela, with a population of 135,000, is a fine city, situated 3,500 feet above sea-level and blessed with a wonderful climate; the town of Maracay, where the President resides, is a miniature Washington. Excellent roads have been built in all directions, whilst regular aeroplane facilities between the important towns and adjoining countries are available; the country is well governed and taxation is moderate. I think it is safe to say there remains a field for telephone development open to the Nacional Company of which. I am convinced, they will not be slow to take advantage.

You will be glad to note that Mr Wallis, who was resident director of the old Venezuela company, has joined our board, where his long experience will be of great value.

I now beg to move:—

"That the report and accounts, as submitted, be received and adopted, and that the dividend therein recommended be paid."

Mr Herbert Simmonds seconded the motion, which was carried unanimously.

The retiring directors and the auditors having been re-elected, a vote of thanks to the chairman, directors and staff concluded the proceedings.

RIO TINTO COMPANY, LIMITED.

POSITION OF THE COPPER INDUSTRY.

The fifty-ninth ordinary general meeting of the Rio Tinto Company, Limited, was held, on the 14th instant, at Southern House, London.

The Rt. Hon. Sir Auckland Geddes, G.C.M.G. (the chairman), said that in their Spanish business the company had had to face many difficulties, the aftermath of the revolution. The situation had been made more difficult by the large sums in cash which the company had had to hand over to the taxgatherers, amounting in all countries to over £800,000 in gold—a sum eight times as great as their net profits for the year, and twenty times as great as the amount which they proposed should be distributed at this time to shareholders. This drain on their liquid resources at a time when the inward cash flow was reduced in volume had deprived them of the financial elasticity they had enjoyed for many years. He did not mean from this that they were nearing the end of their resources. They had no bank overdraft, and they had considerable internal reserves in the form of produce; their mines were in good shape and well written down; and their railway, pier, plants, machinery, and, &c., were all well maintained and in first-class shape. In short, they were ready to take advantage of a recovery in the markets for copper, iron and sulphur when it came.

Two years ago he ventured to utter a warning about the future of copper, and to lay some stress upon the possibility of a copper shortage within a few years. Those—and there were many—who urged that economic laws should be permitted to have unhampered play in the field of copper production, in other words that there should be a fight to a finish—which, of course, might have to come—could hardly have envisaged the devastation that would result or the ultimate effects when the world once more was ready to advance in civilisation and the application of power.

Suppose they had such a fight and that the United States did not put a high duty on imported copper, and suppose, further, that after a desperate struggle the Chilean, Canadian and Rhodesian mines and Rio Tinto were still alive, what then? A copper famine and soaring prices would result, and, in his view, in no circumstances to-day was a copper producers' war likely to lead to a lasting solution. He preferred so long as possible to lend his aid to keeping the industry together, to preventing any further increase of productive capacity, and so to win through to a healthy industry capable of playing its part in the world without feverish attacks of high price followed by price collapse.

The report and accounts were adopted.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the nine days ended April 9, 1932, amounted to £19,586,000 against ordinary expenditure of £29,823,200. After allocating £690,300 to Sinking Fund and having allowed for a reduction in Exchequer Balances of £3,257,569, the operations for the week, as shown below, increased the National Debt by £7,670,000 to £7,590,220,000:—

(000's omitted.)

Bank of England Advances ...	£ 5,500	Treasury Bills	£ 5,879
Public Department Advances ...	15,400	National Savings Certificates ...	1,700
Land Settlement Repayments ...	8	British Govt. Loans abroad ...	5,659
	+20,908		-13,238

A complete analysis of the National Debt at March 31, 1932, was printed in the *Economist* of April 2, 1932.

REVENUE	Total Receipts into the Exchequer	
	1st April, 1932, to 9th April, 1932.	1st April, 1931, to 11th April, 1931.
ORDINARY REVENUE.		
Inland Revenue—	£	£
Income Tax	8,945,000	10,497,000
Income Tax	2,020,000	2,700,000
Surplus, including Arrears of Super-Tax	1,640,000	1,870,000
Estate, &c., Duties	...	50,000
Stamps	30,000	30,000
Excess Profits Duty and Corporation Profits Tax	...	...
Land Tax and Mineral Rights Duty	12,635,000	15,147,000
Total Inland Revenue	19,585,987	24,700,215
Customs and Excise—		
Customs	4,029,000	3,117,000
Excise	1,000,000	1,315,000
Total Customs and Excise	5,029,000	4,432,000
Motor Vehicle Duties (Exchequer Share)	767,000	1,071,000
Post Office (Net Receipt)	300,000	1,050,000
Crown Lands	854,068	2,845,908
Receipts from Sundry Loans	919	154,307
Miscellaneous Receipts	...	...
Appropriation from Rating Relief Suspense Account	...	...
Total Ordinary Revenue	19,585,987	24,700,215
SELF-BALANCING REVENUE.		
Post Office	950,000	900,000
Motor Vehicle Duties apportioned to Road Fund	800,000	1,364,000
Total Self-Balancing Revenue	1,750,000	2,264,000
Total	21,335,987	26,964,215

EXPENDITURE	Total Issues out of the Exchequer to meet payments	
	1st April, 1932, to 9th April, 1932.	1st April, 1931, to 11th April, 1931.
ORDINARY EXPENDITURE.		
Interest and Management of National Debt	17,460,503	16,411,059
Payments to Northern Ireland Exchequer	212,705	232,582
Other Consolidated Fund Services	...	...
Total	17,673,208	16,643,641
Total Supply Services (excluding Post Office)	12,150,000	11,700,000
Total Ordinary Expenditure	29,823,208	28,343,641
SELF-BALANCING EXPENDITURE.		
Post Office	950,000	900,000
Road Fund	800,000	1,364,000
Total Self-Balancing Expenditure	1,750,000	2,264,000
Total Ordinary and Self-Balancing Expenditure	31,573,208	30,607,641
New Sinking Fund (1928)	690,318	1,003,226
Total (including New Sinking Fund)	32,263,526	31,610,867

The aggregate revenue and expenditure to April 9, 1932, is shown below:—

FINANCIAL YEAR, 1932-33, APRIL 1st TO APRIL 9, 1932.

(000's omitted.)

Expenditure	£ 29,823	Revenue	£ 19,586
New Sinking Fund	690	Decreases in Balances	3,258
		Net amount borrowed	7,669
	30,513		30,513

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Out- standing—	Apr. 11, '31.	Mar. 31, '32.	Apr. 9, '32.	12 days ended Mar. 31, '32.
Advances by Bank of England	£	£	£	£
Advances by Public Departments	37,050,000	7,500,000	5,500,000	5,500,000
Treasury Bills outstanding	558,760,000	604,455,000	598,560,000*	5,895,000
Total Floating Debt	595,810,000	611,955,000	626,960,000	+15,005,000

* Includes £13,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £45,000,000 in Treasury Bills were opened on April 8, 1932, and the total amount applied for was £76,220,000. Tenders were accepted for bills at three months, dated Monday to Saturday at £99 7s. 9d., about 88 per cent., and above in full. The amount allotted was £45,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1932.	£	£	£ s. d.
March 18	45,000,000	74,005,000	2 1 2-17
March 24	45,000,000	60,315,000	1 16 11-39
April 1	45,000,000	61,860,000	2 3 3-73
April 8	45,000,000	76,220,000	2 8 4-75

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, April 13, 1932.

ISSUE DEPARTMENT.

Notes Issued:	£	Government Debt	£
In Circulation	356,753,055	Other Government Securities	223,293,702
In Banking Department	39,055,292	Other Securities	36,891,544
		Silver Coin	3,799,654
		Amount of Fiduciary Issue	275,000,000
		Gold Coin and Bullion	120,808,347
			£395,808,347

BANKING DEPARTMENT.

Proprietors' Capital	£	Government Securities	£
Reserve	3,099,286	Other Securities	55,385,906
Public Deposits	12,258,974	Discounts and Advances	£11,267,453
Other Deposits	£78,446,795	Securities	£34,833,853
Other Accounts	£32,823,562		
7-Day and other Bills	111,270,357	Notes	46,101,306
	1,185	Gold and Silver Coin	39,025,292
	£141,182,802		£141,182,802

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

Both Departments.	Amount, April 13, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	356,753,055	+ 3,038,536	+ 2,389,551
Public deposits	12,258,974	+ 2,266,158	+ 3,886,750
Bankers' deposits	78,446,795	+ 1,095,675	+ 17,216,333
Other deposits	32,823,562	+ 820,195	+ 2,306,991
Seven-day bills	1,185	+ 75	+ 1,732
Total outside liabilities	480,283,571	+ 2,688,173	+ 21,183,911
Capital and reserve	17,652,286	+ 1,357	+ 12,707
Government debt and securities	289,694,708	+ 6,817,964	+ 11,676,379
Discounts and advances	11,267,453	+ 896,677	+ 2,891,499
Other securities	71,725,397	+ 5,018,222	+ 31,648,469
Silver coin in issue department	3,799,654	+ 1,682	+ 291,394
Coin and bullion (bank's reserve)	121,448,645	+ 11,285	+ 24,753,749
Reserve of notes and coin in banking department	39,695,590	+ 3,049,821	+ 12,143,300
Proportion of reserve to outside liabilities			
(a) Banking department only ("proportion")	32½%	+ 2½%	+ 17½%
(b) Gold stocks to deposits and notes ("reserve ratio")	25½%	+ ½%	+ 6½%

(000's omitted.)

Date.	Issue Department.	Banking Department.	Gold in or out of Bank.
	Notes Issued.	Public Deposits.	Bankers' Deposits.
1932.	£	£	£
Mar. 9	395,802	354,475	7,836
16	395,805	353,714	9,477
23	395,807	358,836	10,439
30	395,807	360,529	27,231
April 6	395,807	359,792	9,993
13	395,808	356,753	12,259

(000's omitted.)

Date.	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Dis- counts & Advan- ces.	Other Securities.	Reserve & the "Pro- portion."
1932.	£	£	£	£	£	£	%
Mar. 9	260,038	11,168	121,455	24½	54,371	11,545	41,980
16	257,968	15,231	121,461	24½	40,296	11,380	42,747
23	252,810	18,380	121,410	25½	37,616	11,273	44,644
30	251,679	19,315	121,432	25½	35,696	11,725	35,903
April 6	245,402	25,797	121,437	25½	51,111	12,164	36,646
13	234,309	36,892	121,449	25½	55,386	11,267	34,834

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1932.	£	£	£	£
January 1 to March 30	6,325,441	414,732	680,688	7,420,861
Week ended April 6	629,459	39,354	67,788	736,601
Week ended April 13	499,442	30,853	51,556	581,851
Total to date, 1932	7,454,342	484,939	800,032	8,739,313
Total to date, 1931	10,309,267	515,260	823,033	11,647,560
Increase or decrease in 1932	- 2,854,925	- 30,321	- 23,001	- 2,908,247
	- 27.6%	- 5.9%	- 2.8%	- 24.9%
Total for year 1931	31,815,808	1,667,852	2,752,209	36,235,869
Total for year 1930	38,782,577	1,812,146	2,583,631	43,558,354
Increase or decrease in 1931	- 6,966,769	- 144,294	- 211,422	- 7,322,485
	- 17.9%	- 7.9%	- 7.1%	- 17.8%

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

	Week ended April 9.		Month of March.			Aggregate Totals, January 1 to April 9.	
	1931.	1932.	1931.	1932.	Inc. or Dec.	1931.	1932.
No. of working days	£	£	26	25	%	£	£
BIRMINGHAM	1,224	2,022	9,540	9,039	- 5.2	33,909	31,783
BRADFORD	680	702	3,274	3,395	+ 3.6	11,214	11,955
BRISTOL	740	1,761	6,035	4,937	-18.1	16,687	16,688
DUBLIN	5,456	6,269	...	...	...	71,308	76,960
HULL	726	735	3,065	3,046	- 0.6	11,157	11,084
LEEDS	778	636	3,459	3,769	+ 8.9	13,488	12,933
LEICESTER	436	513	2,919	3,081	+ 5.5	9,739	10,627
LIVERPOOL	4,511	5,520	24,724	25,646	+ 3.7	79,166	79,301
MANCHESTER	7,259	9,372	41,875	42,473	+ 1.4	137,267	141,341
NEWCASTLE	893	1,372	6,020	5,693	- 5.3	19,983	18,522
NOTTINGHAM	317	419	1,915	1,856	- 3.0	6,754	6,966
SHEFFIELD	499	743	3,507	3,329	- 5.0	12,307	11,447
Total	23,559	37,064	106,333	106,269	- 0.06	422,979	429,607

OVERSEAS BANK RETURNS.

NOTE.—The latest return of the Canadian Banks appeared in the *Economist* of March 28; National Bank of Egypt and Japan in April 2; Denmark, Danzig, Chile, Russia, and Bank for International Settlements in April 9.

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

	Apr. 15, 1931.	Mar. 24, 1932.	Mar. 31, 1932.	Apr. 7, 1932.	Apr. 14, 1932.
RESOURCES.					
Total gold reserve	3,141,860	3,007,490	3,017,760	3,032,000	3,018,310
Total bills discounted	132,000	210,900	633,250	635,270	628,600
Bills bought in open market	131,480	665,580	66,360	57,950	51,810
Total U.S. Govt. securities	598,630	81,700	871,620	885,010	985,020
Total bills and securities	862,120	747,280	1,578,150	1,582,540	1,669,910
Total resources	4,946,710	835,000	5,338,640	5,380,030	5,509,360
LIABILITIES.					
Federal Reserve notes in actual circulation	1,515,720	1,589,270	2,546,270	2,561,570	2,537,070
Deposits—Memberbank—reserve account	2,356,410	5,342,000	1,911,500	1,952,270	2,010,900
Total deposits	2,406,190	2,572,820	2,018,640	2,020,150	2,123,960
Capital paid in and surplus	443,370	1,910,600	415,040	414,980	414,880
Total liabilities	4,946,710	5,342,000	5,338,640	5,380,030	5,509,360
Ratio of total reserves to deposit and Federal Reserve note liabilities combined	84.6%	70.6%	70.9%	70.8%	69.4%

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

	Apr. 15, 1931.	Mar. 24, 1932.	Mar. 31, 1932.	Apr. 7, 1932.	Apr. 14, 1932.
RESOURCES.					
Total gold reserves	1,050,690	935,000	971,930	957,140	965,530
Total bills discounted	26,140	132,860	138,180	131,250	122,180
Bills bought in open market	24,550	20,700	21,080	16,280	13,870
Total U.S. Govt. securities	182,710	344,460	364,900	385,340	456,400
Total bills and securities	233,410	502,350	523,440	535,730	595,370
Deposits—Memberbank—reserve account	974,560	821,860	849,990	867,170	926,190
Ratio of total res. to dep. and Federal Res. note liabilities combined	85.3%	70.4%	69.7%	69.1%	66.4%

FEDERAL RESERVE MEMBER BANKS.

In \$'s (000,000's omitted.)

	Mar. 25, 1931.	Feb. 24, 1932.	Mar. 2, 1932.	Mar. 9, 1932.	Mar. 16, 1932.	Mar. 23, 1932.
Loans	15,470	12,609	12,588	12,436	12,388	12,254
Investments	7,576	6,997	6,935	6,869	7,200	7,149
Demand deposits	13,690	11,001	11,003	10,970	10,932	10,843
Time deposits	7,278	5,685	5,700	5,714	5,687	5,675
Due from banks	1,866	874	912	872	972	917
Federal reserve bor- rowings	3,912	2,262	2,386	2,340	2,444	2,376
	35	478	474	397	328	334

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

	Mar. 20, 1931.	Feb. 19, 1932.	Feb. 26, 1932.	Mar. 4, 1932.	Mar. 11, 1932.	Mar. 18, 1932.
ASSETS.						
Gold coin and bullion	6,410	7,381	7,535	6,831	6,964	6,938
Subsidiary coin	287	458	462	460	469	457
Bills discounted: Domestic and Union Govt. Treas.	295	1,824	2,492	4,850	4,056	3,570
Bills discounted: Foreign	6,495	63	73	80	60	64
Investments	1,778	1,043	1,132	1,321	1,278	1,147
LIABILITIES.						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	720	802	802	802	802	802
Notes in circulation	6,711	6,510	7,710	7,781	7,054	6,615
Government deposits	1,971	1,561	1,353	900	1,134	1,138
Bankers' deposits	4,635	4,369	4,186	4,820	4,166	4,287
Ratio of cash reserves to liabilities to public	49.1%	59.7%	58.1%	50.9%	55.9%	58.7%

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

	Mar. 20, 1931.	Feb. 19, 1932.	Feb. 25, 1932.	Mar. 4, 1932.	Mar. 11, 1932.	Mar. 18, 1932.
ASSETS.						
Total securities	29,80,01	18,32,95	19,29,11	17,07,68	17,59,60	17,68,57
Loans	11,78,76	9,30,67	9,35,49	9,89,59	9,92,68	9,69,91
Cash credit	27,53,62	24,59,93	24,63,27	24,36,89	24,41,00	24,49,48
Inland bills	6,00,02	6,31,43	6,22,59	6,30,38	6,68,92	6,49,03
Foreign bills	31,68	28,38	28,24	33,67	36,54	36,87
Dead stock	2,75,37	2,68,85	2,68,84	2,68,88	2,69,09	2,69,09
Bal. with other banks	1,03,73	46,43	44,60	56,73	33,93	49,31
Cash	10,01,38	9,01,72	9,86,62	8,39,94	8,37,43	9,26,24
LIABILITIES.						
Capital paid up	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50
Reserve	5,40,00	5,00,00	5,00,00	5,00,00	5,00,00	5,00,00
Total deposits	77,90,79	69,37,55	69,10,85	68,50,81	68,67,73	68,79,00
The above includes—						
Deposits in London	5,002	1,527	1,660	1,694	1,858	1,942
Advances in London	4,380	1,294	1,396	1,396	1,688	1,684
Cash, &c., at other Banks in London	780	350	337	427	256	372

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

	Apr. 9, 1931.	Mar. 18, 1932.	Mar. 25, 1932.	Apr. 1, 1932.	Apr. 8, 1932.
ASSETS.					
Gold	56,107,297	76,508,642	76,831,523	76,785,995	76,909,171
Foreign assets					
Sight deposits	6,911,797	3,923,097	3,848,636	4,347,874	4,230,393
Bills, &c.	19,397,913	8,804,857	8,783,615	8,184,442	...
Home bills	5,534,201	4,329,620	4,820,334	3,746,757	...
Advances against sec. To the State.	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Other advances	2,926,757	2,771,489	2,715,843	2,858,413	2,807,043
LIABILITIES.					
Notes in circulation	78,707,503	81,929,466	81,782,044	83,438,128	82,523,540
Public deposits	11,074,039	3,823,039	3,526,377	3,338,253	3,432,967
Private deposits	10,093,227	23,497,911	24,443,717	22,737,466	23,324,779
Other liabilities	3,578,641	2,446,414	2,498,934	2,321,989	...

MONTHLY STATEMENT OF LONDON CLEARING BANKS.

(000's omitted.)

Average Weekly Balances. MARCH, 1932.	Barclays Bank, Limited.	Coutts and Co.	Glyn, Mills and Co.	Lloyds Bank, Limited.	Martins Bank, Limited.	Midland Bank, Limited.	National Bank, Limited.	National Provincial Bank, Limited.	West- minster Bank, Limited.	Williams Deacon's Bank, Limited.	Aggre- gate.
ASSETS.											
Coin, bank and currency notes and balances with the Bank of England	£ 34,736	£ 1,506	£ 2,623	£ 33,271	£ 7,083	£ 37,614	£ 2,985	£ 24,623	£ 26,800	£ 2,785	£ 174,026
Balances with and cheques in course of collection on other banks in the United Kingdom	7,518	486	907	7,662	1,967	8,506	175	7,667	7,677	789	43,354
Items in transit	...	...	...	2,904	849	...	...	...	...	...	3,753
Money at call and short notice	19,645	1,507	4,073	22,257	6,599	17,762	3,274	15,544	19,202	2,637	112,500
Bills discounted	41,555	2,400	864	40,493	5,230	56,943	2,108	31,170	35,024	1,002	216,789
Investments	58,072	3,957	5,706	45,987	17,544	42,554	15,696	34,325	50,574	7,470	281,885
Advances to customers and other accounts	177,347	8,428	12,265	173,085	34,221	198,807	16,088	138,534	129,761	13,538	902,074
Liabilities of customers for accept- ances, endorsements, &c.	7,136	449	1,995	35,375	4,229	14,965	14	6,796	25,870	1,888	98,717
Bank premises account	6,738	380	695	7,901	2,860	10,841	770	7,079	5,827	1,049	44,140
Investments in affiliated banks ..	6,690	...	...	5,278	...	7,294	...	2,514	2,992	...	24,768
	359,437	19,113	29,128	374,213	80,582	395,286	41,110	268,252	303,727	31,158	1,902,006
Ratio of cash to current, deposit and other accounts	10.64	9.03	10.36	10.54	10.22	10.60	8.00	10.09	10.26	10.47	10.38
LIABILITIES											
Capital paid up	15,858	1,000	1,060	15,810	4,160	14,248	1,500	9,480	9,320	1,875	74,311
Reserve fund	10,250	1,000	530	7,500	2,900	11,500	1,015	8,000	7,500	800	50,995
Current, deposit and other ac- counts	326,193	16,664	25,309	315,522	69,275	354,573	37,290	243,976	261,021	26,595	1,676,418
Acceptances, endorsements, &c.	7,136	449	1,995	35,375	4,229	14,965	14	6,796	25,870	1,888	98,717
Notes in circulation	...	...	...	6	...	...	1,291	...	16	...	1,331
Reduction of bank premises account	...	...	234	...	...	...	...	...	...	...	234
	359,437	19,113	29,128	374,213	80,582	395,286	41,110	268,252	303,727	31,158	1,902,006

NATIONAL BANK OF ROUMANIA.—In lei (000's omitted).

ASSETS.	Mar. 5, 1932.	Mar. 12, 1932.	Mar. 19, 1932.	Mar. 26, 1932.	Apr. 2, 1932.
Gold & silver holdings	9,717,124	9,720,305	9,836,481	9,753,902	9,746,406
Commercial bills	12,391,981	12,400,502	12,505,636	12,399,252	12,498,222
State debt, advances to State, &c.	5,767,101	5,767,101	5,767,101	5,767,101	5,767,101
LIABILITIES.					
Notes in circulation	22,432,805	22,530,661	22,664,971	22,741,948	22,725,605
Other sight liabilities	4,559,846	4,417,641	4,626,910	4,337,657	4,314,321

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

ASSETS.	Mar. 31, 1931.	Mar. 7, 1932.	Mar. 15, 1932.	Mar. 23, 1932.	Mar. 31, 1932.
Gold and silver holdings	1,471,062	1,512,417	1,512,656	1,512,746	1,512,795
Balances abroad and foreign currencies	647,377	363,456	361,741	360,518	370,732
Discounts and advances	621,583	705,122	711,598	714,771	727,002
Advances to the Treasury	3,064,426	2,965,482	2,965,482	2,965,483	2,965,483
LIABILITIES.					
Capital paid up	500,000	500,000	500,000	500,000	500,000
Reserves	1,183,268	1,190,752	1,190,821	1,190,875	1,191,725
Bank notes in circulation	3,128,804	2,776,504	2,743,838	2,801,347	2,797,054
Sight liabilities	1,444,890	1,511,678	1,505,095	1,534,488	1,551,559
Deposits	265,594	238,447	238,231	238,163	236,787

BANK OF GREECE.—In drachmas (000's omitted).

ASSETS.	Mar. 31, 1931.	Mar. 7, 1932.	Mar. 15, 1932.	Mar. 23, 1932.	Mar. 31, 1932.
Gold	498,631	869,380	831,354	777,591	715,949
Gold exchange	2,667,830	560,932	536,778	549,202	341,708
State Gold Bonds	3,070	2,162	2,578	2,549	2,235
Other foreign exchange	146,061	147,312	151,632	306,230	313,027
Bills discounted	156,285	733,601	744,023	844,299	902,014
Advances	3,388,763	3,150,417	3,150,417	3,150,567	2,696,636
Debt to the State	...	...	...	...	...
LIABILITIES.					
Capital paid up	400,000	400,000	400,000	400,000	400,000
Notes in circulation	4,464,777	3,781,298	3,746,892	3,759,554	3,908,903
Deposits and current ac- counts	1,674,517	415,269	453,285	544,073	440,678
Foreign exchange liabilities	411,459	155,627	136,374	123,165	127,028

CENTRAL BANK OF TURKEY.—In £T (000's omitted).

LIABILITIES.	March 24, 1932.	March 31, 1932.
Gold coin and bullion	12,044	12,166
Other coin and notes	8,725	8,508
Over to Supplementary Note Issue:—		
(a) Gold	1,057	1,057
(b) Foreign exchange	2,638	2,774
Free foreign exchange	1,197	1,128
Treasury bonds	156,949	156,949
Bills	24,705	24,705
Securities	7,667	7,665
ASSETS.		
Capital	15,000	15,000
Note issue:—		
Ordinary	156,949	156,949
Supplementary	12,384	12,384
Sight liabilities	6,377	4,842

BANK OF POLAND.—In zloty* (000's omitted).

ASSETS.	Mar. 31, 1931.	Feb. 29, 1932.	Mar. 10, 1932.	Mar. 20, 1932.	Mar. 31, 1932.
Gold	562,886	606,468	608,403	608,451	573,518
Of which held abroad	77,396	119,733	121,585	121,585	124,888
Foreign currencies	381,221	175,473	164,094	160,283	191,944
Bills discounted	571,095	645,208	629,133	644,257	641,860
Loans against securities	97,615	131,307	128,821	129,342	135,468
Reserve fund securities	90,816	92,800	92,800	92,761	92,761
LIABILITIES.					
Share capital	150,000	150,000	150,000	150,000	150,000
Reserve funds	114,000	114,000	114,000	114,000	114,000
Notes in circulation	1,260,511	1,150,974	1,111,721	1,076,486	1,130,529
Current accounts	218,989	191,354	196,039	237,909	169,239

BANK OF FINLAND.—In F. Marks (000's omitted).

ASSETS.	Position May 30, 1931.	Mar. 31, 1931.	Mar. 15, 1932.	Mar. 23, 1932.	Mar. 31, 1932.
Gold	35,091	301,870	303,977	303,982	303,989
Balance abroad and foreign bills ..	90,379	979,650	929,808	922,966	902,807
Finnish and Foreign Govern- ment securities	21,826	367,225	355,876	356,197	356,300
Discounts and loans	105,181	824,192	1,018,071	996,682	972,807
LIABILITIES.					
Notes in circulation	123,941	1,319,545	1,296,513	1,272,086	1,299,389
Deposits at notice	21,225	66,689	244,905	224,566	150,932

BANK OF ESTONIA.—In Est. kronas (000's omitted).

ASSETS.	Mar. 31, 1931.	Mar. 7, 1932.	Mar. 15, 1932.	Mar. 23, 1932.	Mar. 31, 1932.
Gold coin and gold bullion	6,511	7,311	7,319	7,320	7,321
Net foreign exchange	17,551	15,628	14,072	14,315	14,369
Subsidiary Estonian coin	1,823	1,883	1,863	1,695	1,778
Home bills discounted	11,220	10,637	10,729	10,819	10,476
Loans and advances	16,352	11,124	11,103	12,423	13,159
Thereof loans to Government	5,000	2,500	2,500	3,900	3,900
LIABILITIES.					
Notes in circulation	35,658	33,409	33,114	35,009	34,009
Sight deposits and current accounts ..	17,394	12,939	13,586	12,772	13,839
Ratio of reserve to current liabilities ..	45.36%	45.18%	45.81%	45.28%	45.33%

BANK OF LATVIA.—In lats (gold francs) (000's omitted).

ASSETS.	Apr. 6, 1931.	Mar. 7, 1932.	Mar. 14, 1932.	Mar. 21, 1932.	Mar. 28, 1932.	Apr. 4, 1932.
Gold bullion and coins	24,070	32,910	32,922	32,925	32,925	34,489
Silver coin	6,217	13,552	13,483	13,314	13,099	13,200
Balance abroad	31,273	11,760	14,721	13,516	13,886	12,679
Treas. notes and sm. change	11,760	14,721	13,516	13,591	13,886	12,679
Short term bills	82,118	75,106	75,123	74,640	74,747	75,264
Loans against securities	70,488	57,264	58,021	57,373	56,915	58,225
Other assets	15,131	21,778	22,363	22,998	22,789	22,685
LIABILITIES.						
Notes in circulation	47,130	39,170	38,842	38,983	39,151	38,784
Capital paid up	18,735	19,876	19,876	19,876	19,876	19,876
Reserve	4,352	4,729	4,729	4,729	4,729	4,729
Special reserve	3,500	3,500	3,500	3,500	3,500	3,500
Deposits	20,961	18,040	17,994	17,982	18,005	17,652
Current accounts	66,531	76,098	76,157	76,157	76,157	76,157
Government accounts	72,486	66,071	66,923	66,923	66,923	66,923
Other liabilities	7,361	10,969	11,394	10,523	11,063	11,527

BANK OF LITHUANIA.—In lt. (000's omitted).

ASSETS.	Mar. 31, 1931.	Jan. 31, 1932.	Feb. 15, 1932.	Feb. 28, 1932.	Mar. 15, 1932.	Mar. 31, 1932.
Gold	39,445	50,153	50,200	50,200	50,210	50,216
Silver and other coins	2,755	2,888	4,315	4,428	4,436	4,458
Foreign currency	1,396	28,872	27,315	26,582	25,901	25,446
Discounts	109,209	103,211	95,128	94,696	94,266	93,517
Advances	...	...	7,317	7,276	...	...
LIABILITIES.						
Capital	12,000	12,000	12,000	12,000	12,000	12,000
Reserve	1,900	2,015	2,015	2,015	2,015	2,015
Banknotes in circulation	112,845	103,679	100,326	104,019	99,736	101,200
Current accounts	...	...	25,023	19,705	24,355	19,120
Deposits	98,109	73,441	49,819	50,399	49,773	51,130

LONDON RATES.

	Apr. 7, 1932.	Apr. 8, 1932.	Apr. 9, 1932.	Apr. 11, 1932.	Apr. 12, 1932.	Apr. 13, 1932.	Apr. 14, 1932.
Bank rate (changed from 4% Mar. 17, 1932)	3½	3½	3½	3½	3½	3½	3½
Market rates of discount:—							
60 days' bankers' drafts	2½	2½	2½	2½	2½	2½	2½
3 months' do.	2½	2½	2½	2½	2½	2½	2½
4 months' do.	2½	2½	2½	2½	2½	2½	2½
6 months' do.	2½	2½	2½	2½	2½	2½	2½
Discount Treasury Bills:—							
2 months'	1½-2	1½-2	1½-2	1½-2	1½-2	1½-2	1½-2
3 months'	2½	2½	2½	2½	2½	2½	2½
Loans—Day-to-day	1½-2	1½-2	1½-2	1½-2	1½-2	1½-2	1½-2
Short	2	2	2	2	2	2	2
Deposit allowances: Bank Discount houses at call	1½	1½	1½	1½	1½	1½	1½
4% notice	1½	1½	1½	1½	1½	1½	1½

Comparison with previous week—

	Short Loans.	Bank Bills.			Trade Bills.		
		3 Months.	4 Months.	6 Months.	3 Months.	4 Months.	6 Months.
1932.		%	%	%	%	%	%
Mar. 23	2 1/4 - 2	2 1/4 - 2 1/4	2 1/4 - 2 1/4	2 1/4 - 2 1/4	3 1/4 - 3 1/4	4 - 4	4 1/4 - 4 1/4
" 31	2 - 3 1/4	2 - 2 1/4	2 - 2 1/4	2 1/4 - 2 1/4	3 1/4 - 3 1/4	4 - 4	4 1/4 - 4 1/4
Apr. 7	2 1/4 - 2 1/4	2 1/4 - 2 1/4	2 1/4 - 2 1/4	2 1/4 - 2 1/4	3 1/4 - 3 1/4	4 - 4	4 1/4 - 4 1/4
" 14	1 1/2 - 2	2 1/4 - 2 1/4	2 1/4 - 2 1/4	2 1/4 - 2 1/4	3 1/4 - 3 1/4	4 - 4	4 1/4 - 4 1/4

Messrs Samuel Montagu and Company write on April 13, 1932, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £120,807,239 on the 6th instant, as compared with £120,807,003 on the previous Wednesday. The s.s. "Viceroy of India," which sailed from Bombay on the 9th instant, carries gold to the value of about £272,700. Most of the gold offered in the open market has been taken for a destination not disclosed.

Quotations during the week:—

	Per fine ounce.	Equivalent value of £ sterling.
April 7	109s.	15s. 7-1d.
" 8	109s. 8d.	15s. 5-9d.
" 9	109s. 1d.	15s. 6-9d.
" 11	109s. 4d.	15s. 6-5d.
" 12	109s. 2d.	15s. 6-8d.
" 13	109s. 5d.	15s. 6-3d.
Average	109s. 3-3d.	15s. 6-6d.

SILVER.

A further decline in prices was seen during the past week. Although China was inclined to buy, the market has been poorly supported and, following re-sales by Indian Bazaar and other bulls, quotations have fallen to 16½d. for cash and 16¼d. for two months' delivery by the 9th instant. At this level, sellers showed some hesitation, and a continuation of China buying, assisted by inquiry from the Continent, caused a reaction on the 11th instant to 16½d. and 17d. for the respective deliveries. The improvement, however, was not maintained, there being little demand at the advance; and with America disposed to offer, prices again eased, being quoted to-day at 16½d. and 16¼d., which are the lowest fixed since October 3, 1931.

Quotations during the week:—

IN LONDON.		IN NEW YORK.	
Bar Silver per oz. std.		Cents per Ounce	
Cash	Two Months'	Cash	Two Months'
April 7	16½d.	16½d.	28½
" 8	16½d.	16½d.	28½
" 9	16½d.	16½d.	28½
" 11	16½d.	17d.	28½
" 12	16½d.	16½d.	28½
" 13	16½d.	16½d.	28½
Average	16-781d.	16-844d.	28½

The highest rate of exchange on New York recorded during the period from the 7th instant to the 13th instant was \$3-82, and the lowest \$3-77½.

GOLD AND SILVER PRICES.

Gold		Silver—		Date.	Silver.
Per Ounce.	Cash	Per Ounce.	Forward		
1932.	s. d.	d.	d.		d.
April 8	109 8	16½	16½	April 18, 1926	31½
" 9	109 8	16½	16½	" 17, 1927	29½
" 11	109 4	16½	17	" 9, 1928	26
" 12	109 2	16½	16½	" 12, 1929	26½
" 13	109 5	16½	16½	" 16, 1930	19½
" 14	109 7	16½	16½	" 16, 1931	13½

Company News.**SUMMARY OF BALANCE SHEETS.****HUDSON'S BAY COMPANY.**

LIABILITIES.		ASSETS.	
Amount.	31, 1931.	Amount.	31, 1931.
Ord. shares, £1	2,492,224 + 137	Cash	294,338 + 118,990
5% cum. pref., £5	2,000,000	Treasury bills	216,940 + 216,940
Creditors	1,098,244 + 11,143	Freehold & leasehold premises in London	993,715
Capital reserve	629,848 + 6,848	Shares in other companies	228,302 + 130,733
Reserve—		Debtors	733,532 + 283,743
Share premium account	2,313,725 + 778,303	Ships & steamers	53,417 + 21,045
Insurance Act	150,000	Merchandise in hand and in transit	1,920,014 + 179,620
Shareholders' extension	196,676 + 75,102	Land, buildings & equipment in Canada	5,463,241 + 62,208
Buildings	962,548 + 199,588	Redemption policies	1,768 + 1,768
Allocations—		Net advances	239,766 + 56,290
Officers' and servants' pensions	275,000		
Provident & welfare fund	25,000		
London premises redemption account	1,718 + 1,768		
Total	10,146,933 + 633,921	Total	10,146,933 + 633,921

LEVER BROTHERS, LIMITED.

LIABILITIES.		ASSETS.	
Amount.	31, 1930.	Amount.	31, 1930.
7% cum. pref.	30,577,099	Shares in and loans to subsidiary cos.	30,903,367 + 667,005
8% cum. A. pref.	15,505,173	Soap and perfumery cos.	16,928,667 + 1,460,814
20% cum. pref.	3,787,312	Land Transport and Investment Cos.	4,598,470 + 1,891,876
20% cum. B. pref.	3,000,000	Capital loans and advances	790,873 + 115,555
5% cum. pref.	Nil	Shares in allied and other companies and dividends estimated to be received thereon	400,053 + 65,252
Ord. shares	6,500,000 + 1,500,000	Properties	8,147,997 + 431,148
7% deb. 1931-41	3,440,000	Trustee securities and cash	6,476,426 + 771,621
5% deb.	3,380,330 + 127,792	Stocks	79,555 + 1,354
Interest accrued	103,862 + 3,063	Debtors	719,224 + 702,643
General reserve	1,000,000	Cash	1,232,805 + 103,521
Creditors—Employees' savings bank depositors	222,370 + 7,931		1,481,611 + 126,605
Reserve for taxation, bills payable and open accounts	950,729 + 293,409		
Shares acquired	Nil		
Divs. on pref.	Nil		
Divs. on ord. shares	3,019,119 + 30,829		
Divs. on pref. certs. under Co-Partnership Trust	42,572 + 42,572		
Profit and loss	230,482 + 22,687		
Total	71,759,048 + 75,554	Total	71,759,048 + 75,554

UNILEVER, LIMITED.

LIABILITIES.		ASSETS.	
Amount.	31, 1930.	Amount.	31, 1930.
7% cum. pref.	£1 2,720,000 + 123,885	Investments at cost	19,261,511 + 2,591,337
Ord. £1	11,318,750	Debtors	2,007,063 + 779,834
Def. (Is.)	100,000	Unilever N.V., current ac.	1,227,571 + 967,835
Reserve	5,823,312 + 620,000	Cash	1,227,571 + 967,835
Creditors	413,442 + 56,502		
Unilever N.V. current ac.	1,445,890 + 1,445,890		
Profit and loss	674,751 + 633,571		
Total	22,496,145 + 1,499,702	Total	22,496,145 + 1,499,702

INDUSTRIAL PROFITS.

(See page 841.)

	Total Ordinary and Preference Capital.	Net Profits.	Carried to Reserve, &c.
1931.			
First quarter	£ 756,871,719	£ 67,736,226	% 8-9
Second quarter	£ 745,477,186	£ 64,051,136	% 8-6
Third quarter	£ 343,500,531	£ 15,996,885	% 4-6
Fourth quarter	£ 383,451,625	£ 12,292,859	% 3-2
Total	£ 2,229,301,061	£ 160,076,906	% 7-2
1932.			
First quarter	£ 665,704,181	£ 54,314,815	% 8-2
			% 5,229,116

AVERAGE RATES PAID.

	On Debenture Capital.	On Preference Capital.	On Ordinary Capital.
1929.			
1st quarter	% 4-89	% 4-82	% 4-8
2nd "	% 5-10	% 4-94	% 4-9
3rd "	% 4-88	% 5-36	% 5-24
4th "	% 5-29	% 5-19	% 5-18
Year	% 5-15	% 5-39	% 5-01
1930.			
1st quarter	% 5-4	% 5-8	% 5-6
2nd "	% 5-9	% 5-3	% 5-8
3rd "	% 6-0	% 5-0	% 4-5
4th "	% 4-7	% 4-5	% 3-8
Year	% 5-5	% 5-7	% 5-2
1931.			
1st quarter	% 5-4	% 5-8	% 5-6
2nd "	% 5-9	% 5-3	% 5-8
3rd "	% 6-0	% 5-0	% 4-5
4th "	% 4-7	% 4-5	% 3-8
Year	% 5-5	% 5-7	% 5-2

	Debiture Capital.	Rate of Int.	Preference Capital.	Rate of Int.	Ordinary Capital.	Rate of Div.	Rate of Div. Year Ago.
Breweries	£ 9,965,234	4-8	£ 8,084,774	4-8	£ 9,132,331	11-2	% 11-4
Electric Lighting, &c.	23,107,601	5-2	22,440,758	5-8	37,527,193	7-4	7-7
Financial land & investment	3,113,271	4-6	3,979,947	4-7	7,901,784	6-9	7-2
Gas	23,746,517	4-2	8,696,617	4-6	51,655,839	5-6	5-8
Hotels, restaurants, etc.	437,000	4-0	2,020,554	1-4	886,126	4-9	9-7
Iron, coal and steel	8,089,692	6-2	10,056,053	2-3	31,476,789	1-5	3-3
Motor and cycle	355,000	8-7	4,021,800	2-4	3,072,624	2-5	8-6
Rubber	354,812	7-0	36,349	1-7	6,310,192	0-1	0-4
Shipping	300,000	5-0	575,000	6-1	3,578,063	2-7	1-3
Shops and stores	9,457,743	5-1	23,281,045	5-9	19,732,548	14-8	15-2
Tea	5,200	5-0	2,715	6-0	5,000	18-2	18-2
Textiles	9,005,144	5-2	21,536,146	4-8	44,882,567	4-2	5-5
Tramway and omnibus	2,441,139	4-4	2,868,964	5-4	6,630,491	7-4	7-1
Trusts	44,912,101	4-5	37,277,363	4-2	29,334,606	8-2	8-6
Waterworks	4,448,073	5-5	4,801,285	5-1	7,392,059	8-6	7-0
Miscellaneous	21,903,075	5-1	85,834,053	5-1	170,670,546	12-5	10-5
Total	162,041,602	4-8	235,515,423	4-9	430,188,758	8-7	8-5

WEEKLY TRAFFIC RETURNS.

		Gross Receipts, week ended April 10, 1932.						Aggregate Gross Receipts, 14 weeks.					
		(000's omitted.)						(000's omitted.)					
(b) Week ended April 8, 1932.	(c) Week ended April 9, 1932.	Miles Open.	Passen- ger, &c.	Merchan- dise, &c.	Coal and Coke.	Total Goods.	Total for Week.	Passen- ger, &c.	Merchan- dise, &c.	Coal and Coke.	Total Goods.	Total Receipts.	
			£	£	£	£	£	£	£	£	£	£	
Great	1932	3,761	181	178	111	289	470	2,376	2,414	1515	3,923	6,305	
Western	1931	3,761	220	167	72	239	459	2,607	2,618	1512	4,130	6,737	
(c) L. & N.	1932	6,355	272	295	234	529	801	3,627	4,256	3352	7,608	11,255	
Eastern	1931	6,351	328	321	225	546	874	3,924	4,817	3537	8,354	12,278	
L. M. & S.	1932	6,962	405	442	257	699	1,104	5,524	6,101	3548	9,649	15,173	
Scottish	1931	6,957	484	418	207	625	1,109	5,851	6,551	3835	10,386	16,247	
Southern ...	1932	2,181	247	63	30	93	340	3,377	3,771	477	1,348	4,725	
	1931	2,180	297	65	25	90	387	3,656	979	468	1,447	5,103	
Total...	1932	192,594	1,105	978	632	1610	2,715	14,904	13,642	8892	22,554	37,438	
	1931	192,499	1,329	971	529	1500	2,329	16,048	14,965	9352	24,317	40,365	
(c) Metro- politan	1932	59	30.5	...	...	3.6	34.1	411.7	...	...	49.7	461.4	
	1931	59	32.7	...	...	3.3	36.0	435.0	...	...	48.7	487.6	
(c) Under- ground & R.R.	1932	...	287.0	...	...	287.0	4045.9	...	...	...	4045.5	...	
(c) Green	1931	...	305.8	...	...	305.8	4156.8	...	...	...	4156.1	...	
Buses, &c.	1932	...	27.0	...	...	27.0	380.2	...	...	...	380.0	...	
(c) L. & Sd.	1931	...	41.8	...	...	41.8	592.2	...	...	...	592.2	...	
(b) Group	1932	...	45.5	...	...	45.5	605.1	...	...	...	605.1	...	
(b) Belfast	1931	80	...	...	...	0.7	2.5	26.9	...	...	9.7	36.6	
& Co. Down	1932	80	3.9	...	...	0.6	4.5	28.9	...	...	9.9	38.8	
(b) Great	1931	562	8.9	...	...	11.9	20.8	127.4	...	...	184.1	311.1	
Northern	1932	562	13.6	...	...	12.1	25.7	139.1	...	...	207.0	346.6	
(b) Great	1931	2,182	20.9	...	...	38.2	59.1	279.0	...	...	522.8	801.1	
Southern	1932	2,181	26.1	...	...	39.3	66.6	300.5	...	...	600.5	901.0	

* The operations of these Companies were extended during 1931.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross R/cpts.	
				1932.	+ or -	1932.	+ or -
INDIAN.							
		1932.		Rs.	Rs.	Rs.	Rs.
Assam Bengal.....	50	Mar. 12	1,330	3,40,100	- 99,907	1,82,35,923	16,13,208
Barel Lt. Ry.	51	19	202	31,700	- 4,500	19,86,700	27,100
Bengal & N. Western	25	12	2,114	6,78,116	- 40,958	1,52,81,465	+ 4,21,449
Bengal-Nagpur ...	50	12	3,274	16,53,000	+ 6,310	6,73,44,700	- 91,77,019
Bombay, Bar. & C.I.	1	April 9	3,084	20,97,000	- 1,99,000	26,57,000	- 2,95,000
Madras & S. Mahr	51	Mar. 19	3,230	16,39,000	- 2,46,355	7,60,83,036	- 32,06,560
+Rohilk' ds Kumaon	25	19	572	1,63,316	- 1,972	30,76,567	- 94,176
South Indian.....	51	19	2,495	10,99,389	+ 85,712	5,43,25,668	- 49,68,747
† Including Lucknow-Bareilly State Railway.							

† Including Lucknow-Bareilly State Railway.

CANADIAN.

		1932.	\$	\$	\$	\$
Canadian National	14	Apr. 7	20538	2,771,166	— 625,222	36,972,516 — 8,624,862
Canadian Pacific...	14	7	16811	2,221,000	— 556,000	30,531,000 — 7,002,000

SOUTH AMERICAN.

		1932.	1931.	1930.	1929.	1928.	
Antofagasta (Chili and Bolivia)	15	Apr. 10	804	13,170	2,710	181,590	112,360
Argentine N.E.	15	9	753	8,100	4,500	486,900	69,200
Argentine Trans. & P.	15	9	1111	1,769	1,196	73,697	70,139
B.A. and Pacific	15	9	2,806	126,000	27,000	5,131,000	276,000
B.A. Central	15	10	10	10,214	1,487	410,799	54,372
B.A. Gt. Southern	15	10	5,076	210,000	7,000	8,601,000	265,000
B.A. Western	15	10	1,926	65,000	20,000	3,003,000	57,000
Central Argentine	15	10	273	202,000	17,000	8,800,000	184,000
Central Uruguayana	15	10	273	14,678	4,887	572,147	364,818
C. Urug. (East Bxt.)	15	10	311	5,806	823	125,712	81,039
C. Urug. (W. Bxt.)	15	10	185	1,591	911	60,883	45,637
C. Urug. (W. Bxt.)	15	10	211	1,265	425	52,014	40,201
Cordoba Central	41	9	1,218	41,000	13,000	1,929,000	386,000
Cordoba Central	41	9	810	18,100	950	914,000	229,800
Entre Rios	15	9	1,052	8,300	2,600	158,900	32,000
G. Westn. of Brazil	15	9	1,918	17,688	860	365,674	34,600
Leopoldina	15	9	11	Ma281,000	3,000	4,121,000	207,000
Leopoldina Termal	15	9	411	4,227	4,714	21,411	45,337
Mitrace	41	Apr. 9	274	3,260	1,070	120,560	29,800
Pernambuco Central	41	9	1	3,260	1,896	117,477	27,960
Salvador	15	9	1534	36,400	14,383	459,155	84,841
San Paulo	14	9	1,367	34,335	2,139	1,046,924	582,672
United de Havana	41						

NIGER COMPANY.—The accounts for the year 1931 of the Niger Company, which is controlled by Lever Brothers, show a divisible profit of £1,076,804, as compared with £551,761 for 18 months, and comprises £108,017 brought in, £221,411 profit and £747,375 as allowance from Lever Brothers in respect of the losses of the United Africa Company and exchange differences. The Lever Brothers allowance in the preceding period of £92,927. Debenture interest requires £279,417, against £476,208 (for 18 months), £15,000 (£22,500) is written off debenture stock issues discount and expenses, and £648,279 is put to reserve against investment in United Africa Company, being the company's proportion of the estimated loss accrued to December 31, 1931. The sum left over of £134,107 (against £108,017) is carried forward.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Debenture Interest.	Amount Available for Distribution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Depreciation, &c.	Balance Forward.	Net Profit.	Dividend.
					Prefee.	Ordinary.					
						Amount.	Rate.				
					Amount.	Rate.					
Breweries.		£	£	£	£	£	%	£	£	£	%
Whitbread and Co.	Dec. 31	230,274	256,226	486,500	...	140,566	14	257,475	88,459	303,132	14
Electric Lighting, &c.											
Notting Hill Electric	Dec. 31	32,590	46,848	79,438	9,000	9,414	9/1-365	36,887	24,137	53,502	17/4-408
South Wales Elec. Power ...	Dec. 31	3,210	22,550	25,760	...	...	...	20,000	5,760	23,209	...
Financial Land, &c.											
Agricultural Mortgage Corp.	Mar. 31	17,758	61,567	79,325	...	25,197	5	48,969	5,159	49,940	2½
Hudson's Bay Company ...	Jan. 31	...	Dr 778,303	Dr 778,303	...	...	...	Dr 778,303	...	Dr 746,334	...
Gas.											
Bombay Gas Co.	Dec. 31	39,266	26,054	65,320	...	24,000	8	2,287	39,033	28,327	8
Hotels, Restaurants, &c.											
Gordon Hotels	Dec. 31	23,112	Dr 28,519	Dr 5,407	...	...	...	Dr 35,000	29,593	102,272	5
Savoy Hotel	Dec. 31	53,486	28,403	81,889	17,500	...	...	10,600	53,789	163,778	10
Iron, Coal and Steel.											
Fairbairn Lawson Combe											
Barbour	Dec. 31	Dr 130,437	Dr 45,821	Dr 176,258	...	...	...	...	Dr 176,258	Dr 89,414	...
Motors and Cycles.											
Albion Motors	Dec. 31	36,955	Dr 18,966	17,989	8,032	...	...	...	9,957	46,195	7½
Rubber.											
Amherst Estates (Selangor) ..	Dec. 31	8,622	Dr 4,001	4,621	...	...	...	1,159	3,462	1,304	...
Batu Tiga (Selangor) Rubber	Dec. 31	17,602	1,216	18,819	...	...	...	...	18,819	6,141	...
Cluny Rubber Estates	Dec. 31	5,579	Dr 2,073	3,506	...	...	...	...	3,506	Dr 1,614	...
Grand Central (Ceylon)											
Rubber	Dec. 31	39,786	Dr 32,732	7,054	...	...	...	Dr 32,732	39,786	Dr 28,649	...
Gula-Kalumpung Rubber ...	Dec. 31	63,610	Dr 4,312	59,298	...	...	...	15,000	44,298	22,542	...
Jugra Land and Carey	Nov. 30	20,086	Dr 14,627	5,459	...	...	...	...	5,459	924	...
Landanrub Rubber	Dec. 31	7,305	Dr 3,443	3,862	...	...	...	...	3,862	Dr 7,782	...
Ledbury Rubber	Dec. 31	12,001	Dr 3,560	8,441	...	...	...	587	7,854	2,660	...
New Crocodile River Rubber	Dec. 31	4,719	Dr 12,200	Dr 7,481	...	...	...	Dr 9,643	2,162	Dr 14,424	...
Panagula Rubber Co.	Dec. 31	2,008	Dr 2,315	307	...	...	...	216	91	69	...
Rubber Estates of Ceylon...	Dec. 31	455	Dr 3,872	Dr 3,417	...	...	...	Dr 3,500	83	Dr 5,099	...
Soengei Rampah Rubber ...	Dec. 31	8,792	Dr 3,429	5,363	...	...	...	...	5,363	Dr 2,707	...
Trolak Estates	Nov. 30	Dr 157	Dr 2,750	Dr 2,907	...	...	...	...	Dr 2,907	Dr 3,726	...
Shipping.											
Anchor Line (Henderson											
Brothers)	Dec. 31	17,703	Dr 17,054	649	...	...	...	...	649	Dr 46,421	...
United British Steamship ...	Dec. 31	51,252	Dr 13,723	37,529	...	...	...	...	37,529	1,070	...
Tea.											
Mount Vernon (Ceylon) Tea	Dec. 31	2,591	11,177	13,768	...	10,000	25	465	3,303	14,814	30
Pantiya Tea and Rubber ...	Dec. 31	1,572	Dr 1,868	Dr 296							

† Free of income tax. || Ordinary stock. (m) Ordinary dividend absorbed £399,787. (t) Preferred ordinary stock.

MIDDLESBROUGH.—The prospects of a substantial increase in duties on imported iron and steel, writes our correspondent, is having a strengthening effect on this market. Already business is a little more active in Cleveland pig iron, and whereas consumers have hitherto only been buying from hand to mouth, they are now willing to purchase a little ahead, and a fair business has been put through, since particulars of the proposed increase duties became known. The weekly market on Tuesday was firm in tone, but no change was made in the official prices for Cleveland iron, which remain: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s.

CARDIFF.—The recent improvement in the volume of the export trade in tinplates was maintained last week, when the shipments amounted to 180,432 boxes, compared with 120,552 the previous week, and 68,940 in the corresponding week last year. Production has hardly kept pace with this rate of export, and stocks are down by nearly 70,000 boxes, compared with the previous week, and to little more than half what they were a year ago. Prices are unchanged, ruling at 16s. per basis box. Galvanised sheets are steady at about £9 10s. f.o.b. for corrugated in bundles, while Welsh steel bars are unchanged at 95s. per ton net.



MANCHESTER: 36, Charlotte St. *Affiliated to*
Lloyds Bank Limited. **BRADFORD:** 33, Hustlergate.

And at NEW YORK, PARIS and ANTWERP

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Market Hides, London—			
CEREALS AND MEAT.				Irish bladders.....				English Southdown, washed per lb. 12				Best heavy ox and heifer			
GRAIN, &c.—				American, boxes, 56 lbs. 39				" Lincoln hog, washed				Best cow			
Wheat—	s. d.	s. d.		Good English, per cwt. 12				Queensland, red, super combg.				Best calf			
No. 2, N. Man. 496 lb.	31	0		SPICES—				N.S.W. greasy, super				INDIGO—			
Eng. Gas. av., per cwt.	6	0		Pepper, per lb.—				N.Z., gray, half-bred 50-56				Bengal gd. red-vio. to			
Barley, Eng. Gas. av.	8	0		Muntok, fair White				Tops				fine—per lb.			
Oats,	7	3		Black Lampong				Merinos 70's				LEATHER—			
Maize, La Plata, landed	21	6		Cinnamon—1st sort, per lb.				Crossbred 40-44				Sole Bands 8/14 lb.—			
480 lb.	21	6		Cloves—Zanzibar per lb.				Crossbred 48's				per lb.			
Flour, Lon. stan. ex mill.	23	9		Ginger—per cwt.—				COAL—				Bark Tanned Sole			
280 lb.	23	9		African				Welsh, best Ad'ty..ton				Shoulders tra DS Hides			
Rice, No. 2 Burma, per cwt.	8	10		Jamaica, ord. to good...				Durham, best gas, f.o.b.				Do. Eng. or WS do.			
Tapioca, per cwt.—	27	0		Mace				Tyne				Belles from DS			
Fine Java, spot—	27	0		Nutmegs 65s				Sheffield, best house, at				Do. Eng. or WS do.			
Fair Flake, Singapore..	10	6		SUGAR—				pits				Dressing Hides—			
MEAT—				(Duty, 11s. 8d. per cwt.)				IRON AND STEEL—				Ro. Eng. Cal'f, 20/30 lb.			
Beef, per 8 lbs.—	5	2	5 10	B.W.I., crystallised				Fig. Cleveland No. 3, ton				Amst. Bands			
English long sides	4	6	4 10	Java, white, c. & f. India				Bars, 4 1/2" x 1/2"				VEGETABLE OILS—			
Argentine chilled hinds	4	6	4 10	March-April—				Steel Rails, heavy				Lined, naked, p. ton net			
Mutton, per 8 lbs.—	3	8	5 4	REFINED—London—				Tin Plates, per box				Rape, refined			
English wethers	3	8	5 4	Yellow Crystals				METALS—				Cotton-seed, crude			
N.Z. frozen	2	8	3 6	Cubes				Copper, Electrolytic, ton				Coconut, crude			
Pork, English, per 8 lbs.	5	0	5 4	Crushed				Sheets (strong)				Palm			
OTHER FOODS.				Granulated				Standard				Oil Cakes, Lined, Eng.			
BACON—				Home Grown				Lead Eng. Pig. per ton				per ton			
Irish	84	0		THA—				Soft Foreign				Oil Seeds—Lined—			
Danish	47	0	49 0	Indian—per lb.—				Spelter G.O.B.				La Plata, p. ton—			
Dutch	46	0		Pekoe				Tin—English ingots				April-May			
HAMS.				Broken Pekoe				Standard cash				Calcutta—per ton—			
Canadian	74	0		Orange Pekoe				MISCELLANEOUS.				Turpentine, per cwt.			
American	70	0	72 0	Broken Orange Pekoe				Acid, citric, per lb. less 5%				Motor spirit, No. 1, Lon-			
BUTTER—				Ceylon—per lb.—				Nitric				don			
Australian	106	0	108 0	Pekoe				Oxalic, net				Petroleum, Amer. rfd.			
New Zealand	107	0	110 0	Broken Pekoe				Tartaric, English less 5%				bri. London per gal.			
Danish	117	0	118 0	Orange Pekoe				Alcohol, Plain Ethyl.				Fuel oil, in bulk, for			
CHEESE—				Broken Orange				Alum, lump				contract, ex instal.			
Canadian	68	0	72 0	TBACCO—				Ammonia, carb.				Thames			
New Zealand	63	0		(Duty 9/8-10/6) per lb.,				Sulphate				Furnace			
English Cheddars	94	0	110 0	Empire growths, 7/5-8/3				per ton				Diesel			
Dutch	45	0	55 0	8/3) per lb.—				Arsenic, lump				Lubricating oil ex stove,			
COCOA—				Virginia leaf—				Bleaching powder, per cwt.				London—per ton—			
(Duty, British grown,				Common to fine				Borax, gran.				Pales			
11s. 8d.; foreign, 14s. cwt.)				Rhodesian leaf				per cwt. 13				Do. powder			
Accra, f.f.	24	0	29 0	Nyassaland leaf				Nitrate of Soda, per cwt.				Reds			
Trinidad	40	0	48 0	strips				Potash—Chlorate, net				11/0/0 17/10/0			
Grenada	32	0	39 0	East Indian leaf				Sulphate				Cylinder			
COFFEE—				strips				per cwt. 10				ROBIN—			
(Duty, British grown,				COTTON—				Sal-Ammoniac				American			
11s. 8d.; foreign, 14s. cwt.)				Mid-American				per cwt. 42				per ton			
Santos sup't., c. & f. cwt.	59	0	92 0	Sakellaridis, f.f.				Soda Bicarb.				St. ribbed smoked sheet			
Colombian, good	72	0	115 0	Yarns, 32's twist				per cwt. 9				per lb.			
Osta Rica, med. to good	78	0	115 0	" 60's twist				Crystals				Fine Hard Para per lb.			
East Indian	88	0	118 0	FLAX—				Sulphate of Copper, per ton				0 3/4			
Kenya, medium	83	0	105 0	Livonian ZK				18 10 19 10				SHELLAC—			
EGGS—				Pernau RD				CEMENT, London—				TN Orange			
English	9	9	10 3	Slanetz Medium 1st sort.				Portland, best Eng. pr. ton				per cwt. 60			
Danish	9	9	9 6	HERMP—				In jute sacks (11 to ton)				SHELLS—			
FRUIT—				Italian P.O.				to ton) 46 0 48 0				W. Aust. M. o. P.			
Oranges—				Maula, Mar-May "J 2"				COPRA—				London Town per cwt.			
South African boxes	13	0	16 9	Slah. African, Mar-May				S.D. Straits c.f., per ton				22 0			
Java	10	0	15 0	Native 1st mks. per ton				15/5/0				Swedish u/s 3 x 8			
Lemons, Sicilian boxes	10	0	20 0	c.f.f. H.A.R.B.				Smoked South Sea				per std. 17 0 0			
Malaga cases 420 No. 1	24	0	30 0	Daisee 2/3 c.f.f. Dundee				13/17/6				" 2 1/2 x 7			
Apples: Amer. (var.) bris.	8	0	12 0	April-May				Campher				" 2 x 4			
(var.) boxes	8	0	16 6	April-May				Japan, refined per lb.				Castor oil			
" Australian	8	0	16 6	SILK—				per lb. 85 0 95 0				Pitchpine			
Onions—				Canton				Peppermint, Wayne Co.				per load 9 0 0			
Valencia, case, 4s.	13	0	13 6	Tussock				HIDES—				Rio Deals			
Egyptian Bags	13	0	13 6	Japan				Wet salted—Australian				per std. 28 0 0			
Grapes, Lisbon boxes	13	0	13 6	Italian—raw, fr. Milan				Dry and Drysalted Cape...				Honduras Magd. logs c. fr.			
" Almeria bris.	13	0	13 6									0 10 8			

POTATOES.—Although the demand for potatoes at the principal markets was again good, supplies were large enough to prevent a rise in prices. At the Borough Market, "Best King Edward" sold from 12s. to 12s. 6d. per cwt., as compared with 12s. to 12s. 6d. per cwt. a week ago.

SPICES.—The market in spices has been dull, and prices were generally lower. Wednesday's quotation for "Black Singapore" pepper, at 6½d. per lb., shows no change on the week. Movements of pepper in London during the past week were as follows: Black, landed, 78 tons; delivered, 13 tons; stocks, 370 tons, against 537 tons last year. White, landed, 41 tons; delivered, 38 tons; stocks, 759 tons, against 659 tons a year ago.

MEAT.—Although supplies have been plentiful at the Smithfield Market, the firmer prices of last week have been maintained. Both Argentine and home-grown beef advanced further. On Wednesday, Argentine beef (chilled hindquarters) was sold at 4s. 6d. to 4s. 10d.

per 8 lbs., against 4s. 2d. to 4s. 6d. on the corresponding day last week, while New Zealand frozen mutton realised 2s. 8d. to 3s. 6d., as against 2s. 8d. to 3s. 6d. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 9,258 tons, as compared with 8,920 tons in the corresponding week last year. Imported beef, principally Argentine, formed 81.5 per cent. of the supplies, as against 85.7 per cent. a year ago; and imported mutton, mainly New Zealand, formed 80 per cent. of the total supply, as against 85.4 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OLSEEDS.—The week has witnessed some improvement in certain sections, notably linseed and linseed oil, which have rallied and are steadier. The extremely low levels of quotations brought in buyers and some advance in values from £7 15s., which was repeated for Plate on passage to Hull, buyers

paying £7 17s. 6d. to £8 for shipment to July and £8 2s. 6d. for August. Current values are around £8 on spot, and April-May, with later positions a trifle more. There have been pretty good arrivals of seed at English and Continental ports and fair shipments from Argentina. The total afloat for Europe, at 181,300 tons, is 19,500 tons lower on the week. Cottonseed declined sharply in the absence of demand to £5 12s. 6d. for black Egyptian, which, however, is steadier, with shippers asking £5 17s. 6d. to £6 for shipment. Linseed oil, after falling to £12 10s. per ton ex Hull mill for April delivery, has firmed up on a fair measure of support from consumers, £13 10s. now being quoted for the same position and £14 5s. for May-August. Cotton oil continues neglected. Crude Egyptian is now available at £20 ex Hull and refined (technical and edible) at £22 10s. prompt. Other vegetable oils are quiet and quotations of most have undergone reduction. Oil-cakes are in fair demand and mill prices are unchanged.

HIDE, LEATHER AND ALLIED TRADES.—Prices for hides from home-slaughtered cattle recorded further reductions at the sales held at Manchester this week, all ox and heifers making from ½d. to ¼d. per lb. less money. The reduction in regard to cow hides was ¼d. per lb., while there was also an easier tendency in regard to calfskins. The sheepskin market is very poor and sales can only be effected at low figures. Business in regard to foreign hides makes no headway and the majority of quotations for these goods are again on a lower basis. In the South American market wet-salted Argentine ox are now being offered at the equivalent of a fraction under 3½d., while seconds are to be had at 3½d. The turnover of dry hides from the same source also remains small, and with the reduced amount of business passing it is possible to obtain these goods for lower figures, B.A. Americanos being offered at 5d., Inservibles at 3d., Cuyabanos at 4½d., and M.V. Americanos at 5½d. With the small amount of trade being done in Africans the market has weakened and offers of dry Capes are now coming forward at 5½d. and 4½d. for firsts and seconds, with dry-salted 20-30 lbs. at 4½d. and 3½d. Unbathed Adis Abebas, 12 lbs. and up, are being marketed in small parcels at 5d., while Mombasas are fetching from 4½d. to 4½d. Prices for most descriptions of Australians are weaker in view of the small business passing. Rather more interest has been taken in sole leather, and although orders are still confined to small quantities for immediate use, the aggregate turnover has been larger. Repairers of footwear have been good customers for English and wet-salted bends in the light and medium weights, but not much business has been done in heavier selections. Medium weight dry hide bends have also accounted for a better trade, but manufacturers of footwear are still loth to place orders for quantities, in spite of the fact that the basis of quotations is considered very low. Shoulders and bellies have been only a quiet sale. In the upper leather market the bulk

of the business done is confined to black and brown glacé kid and cheap patent. In addition, orders have come to hand for moderate quantities of suede and reptile leathers, while here and there calf leathers have accounted for fair business.

RUBBER.—The market in rubber has undergone little change during the past week. There has been a little buying by manufacturers in London and in New York and prices remained steady. In New York, Wednesday's spot price for rubber at 3½ cents per lb. shows no change on the week. Wednesday's official closing price for standard ribbed smoked sheet in London, at 1½d. per lb., shows a rise of ½d., as compared with the corresponding day last week. In forward positions, business has been done at 2½d. to 2½d. for October-December, as against 2½d. to 2½d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 1,402 tons; delivered, 1,381 tons; stocks at the end of last week, at 124,847 tons, show an increase of 24 tons as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.

(New York quotations, unless otherwise stated.)

	Mar. 16. Cents.	Apr. 6. Cents.	Apr. 13. Cents.
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	55½	56	59½
Maize, nearest future, Chicago, per bushel	39	35½	34½
Oats, nearest future, Chicago, per bushel	24½	24	23½
Rye, nearest future, Chicago, per bushel	47½	46	47½
Coffee, Rio No. 7, cash, per lb.	7-7½	7½-7½	7½-7½
" Santos No. 4, cash, per lb.	8½-9½	9½-9½	9½-9½
Cocoa, Accra, nearest future, per lb.	4.44	4.12	4.05
Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	2.77	2.61	2.60
Cotton, middling, spot, per lb.	6.83	6.10	6.25
Rubber, smoked sheet, spot, per lb.	3½	3½	3½
Petroleum, Pennsylvania crude, standard grades, per barrel	155-170	155-170	155-170
Copper, "Electrolytic," Domestic, spot, per lb.	6	5½	5½
Copper, "Electrolytic," Copper Exporters, Inc., spot, per lb.	6½	6½	6
Spelter, East St. Louis, spot, per lb.	2.80	2.80	2.80
Lead, spot, per lb.	3.15	3.00	3.00
Tin, "Straite," spot, per lb.	21.75	19.25	18.50

DAGGAFONTEIN MINES, LIMITED

(Incorporated in the Union of South Africa.)

REPORT OF THE DIRECTORS for the Year ended 31st December, 1931.
To be submitted at the Seventeenth Ordinary General Meeting of Shareholders, to be held in the Board Room, "Ammercossa House," Johannesburg, on Thursday, the 19th day of May, 1932, at 11 a.m.

To the Shareholders,
DAGGAFONTEIN MINES, LIMITED.
Gentlemen,
Your Directors beg to submit their Report and the Audited Financial Statements for the year ended 31st December, 1931.

CAPITAL.
During the year the registered capital of the Company was increased to £1,500,000. On the 19th March, 1931, 145,000 new shares were offered to the shareholders at 37s. 6d. per share, and this issue was underwritten by the Rand Selection Corporation, Limited, in consideration of the right, until the 30th June, 1932, to take up 55,000 additional shares at 45s. per share. The shares offered to shareholders realised £271,875, while of the shares under option to the Rand Selection Corporation, Limited, 8,801 were taken up prior to the 31st December, 1931, realising £19,802 5s. The issued capital of the Company at that date therefore becomes £1,603,801 and 46,199 shares are still under option at 45s. per share to the Rand Selection Corporation, Limited.

PROPERTY.
The property of the Company is No. 9, situated in the Mining District of Johannesburg, Transvaal, in extent 4,367 morgen 183 square feet, and the roads. The farm was proclaimed on the 22nd November, 1921, and the roads. The farm has been granted Owners' Reservations over areas totalling 2,401 morgen 66 square feet. By circular dated 19th March, 1931, that the Shareholders were notified by the Government the underwriting rights in respect of approximately 722 additional claims. On survey this area was found to embrace 727.408 claims, and the claim holding of the Company is now as follows:—
Mynpacht Area No. 657, in extent 1,848.68 acres..... 1,257.785 claims.
Discoverers' Claims..... 178.999 "
Leased from the Government (1st Lease)..... 448.898 "
Leased from the Government (2nd Lease)..... 778.176 "
Leased from the Government (3rd Lease)..... 727.408 "
Leased from the Government (4th Lease)..... 172.604 "
Acquired by Purchase..... 172.900 "
Cassell Clydesdale Mynpacht..... 3,736.770 claims.

OPERATIONS.
Technical matters are dealt with in the attached Reports of the Consulting Engineers and Mine Manager, to which your attention is directed.

FINANCE.
The cash receipts and expenditure from the inception of your Company to the 31st December, 1931, after making allowance for sales effected, were as follows:—

	£	s.	d.
Working Capital—1,377,427 Shares at 20s. each (including Shares issued ex Options exercised).....	1,377,427	0	0
308,993 Shares at 22s. 6d. each	347,617	2	6
145,000 Shares at 37s. 6d. each	271,875	0	0
8,801 Shares at 45s. each.....	19,802	5	0
2,437 Shares at 45s. each.....	2,437	15	4
Cash and Cash Assets taken over from Vendors	67,857	18	0
Sundry Revenue received to date	8,253	17	0
Sales of Surplus Water	15,552	8	1
Owners' Share of Licences	450,000	0	0
Loans	22,560,823	6	0

ANGLO-AMERICAN CORPORATION OF SOUTH AFRICA, LIMITED,
Johannesburg,
8th March, 1932.

Per W. WESTRUP

SPRINGS MINES, LIMITED.

(Incorporated in the Union of South Africa.)

REPORT OF THE DIRECTORS for the Year ended 31st December, 1931.
To be submitted at the Twenty-third Ordinary General Meeting of Shareholders, to be held in the Board Room, "Ammercossa House," Johannesburg, on Thursday, 19th May, 1932, at 12 noon.

To the Shareholders,
SPRINGS MINES, LIMITED.

Gentlemen,
Your Directors beg to submit their Report and the Audited Financial Statements for the year ended the 31st December, 1931, accompanied by the Reports of the Consulting Engineers and the Mine Manager.

CAPITAL.
The Capital of the Company is unaltered at £1,500,000 in shares of £1 each, all fully paid and issued.

PROPERTY.
The position of your Company's holdings at 31st December, 1931, was as follows:—

Mynpacht No. 637, in extent 1,675.693 acres, equal to...	1,140.09	claims.
Railway Area (leased from the Government).....	20.63	"
Discoverer's Rights	171.60	"
Claims on Farm Rietfontein No. 8 (leased from the Government).....	2,235.60	"
	3,567.92	claims.

Fourteen freehold stands in Springs Township are owned by the Company.

OPERATIONS.
Technical matters are dealt with in the attached Reports of the Consulting Engineers and Mine Manager, to which your attention is directed.

FINANCE.
From the Working Expenditure and Revenue Account it will be seen that the profit from operations for the year amounted to

	£	s.	d.
amounted to	831,890	6	2
Deduct—			
Donations	3,301	8	1
Add—			
Dividends on Shareholdings, Interest, Commission and Exchange, and Sundry Revenue.....	828,588	18	1
Leaving a net balance of Revenue over Expenditure for the year of	11,382	7	0
Add—			
Balance to credit of Appropriation Account at 31st December, 1930	839,971	5	1
Making a total available credit of	61,178	12	7
Against which the following amounts have been appropriated:—	901,149	17	8

	£	s.	d.
Government Taxes	76,064	9	3
Government Participation in Profits	154,467	4	0
Reserve for Liability under Miners' Phthisis Act	11,262	6	4
Dividend No. 24.....	281,250	0	0
Dividend No. 25.....	300,000	0	0
Capital Funds.....	5,000	0	0
	828,043	19	7
Leaving a balance unappropriated at 31st December, 1931, of	273,105	18	1

	£	s.	d.
To Capital	1,500,000	0	0
Registered and Issued:—			
1,500,000 Shares of £1 each			
As per Balance Sheet, 31st December, 1930,	1,122,840	16	5
As per Balance Sheet, 31st December, 1930,			
Funds Appropriated for Expenditure in Excess of Working Capital provided	526,932	7	6
As per Balance Sheet, 31st December, 1930	521,932	7	6
For the year ending 31st December, 1931	5,000	0	0
	3,149,773	3	11

	£	s.	d.
Unexpended Balance of Capital Fund brought down	11,772	13	6
Sundry Shareholders	302,208	9	9
Unpaid and Unclaimed Dividends			
Government of the Union of South Africa	230,159	9	0
Taxation under Income Tax Act, 1925	75,692	5	0
Participation in Profits under Mineral Lease	154,467	4	0
Sundry Creditors and Credit Balances.....	84,794	9	5
Reserve for Liability under Miners' Phthisis Act (see contra).....	48,148	5	11
Balance of Appropriation Account	73,105	18	1

	£	s.	d.
CONTINGENT LIABILITIES.			
Shares and Interests in other Concerns	£11,981	8	0

The Company is liable for its proportion of the Miners' Phthisis Compensation Funds in terms of the Miners' Phthisis Acts Consolidation Act, 1925 (vide Directors' Report).

This Balance Sheet is drawn up in South African currency, and the Assets and Liabilities on British sterling have been converted into South African currency at the rate of exchange ruling on the 31st December, 1931, namely, £1 15s. South African currency equals £100 British sterling.

	£	s.	d.
£3,898,962	9	7	

	£	s.	d.
£3,898,962	9	7	

	£	s.	d.
£3,898,962	9	7	

	£	s.	d.
£3,898,962	9	7	

	£	s.	d.
£3,898,962	9	7	

	£	s.	d.
£3,898,962	9	7	

	£	s.	d.
£3,898,962	9	7	

	£	s.	d.
£3,898,962	9	7	

	£	s.	d.
£3,898,962	9	7	

	£	s.	d.
£3,898,962	9	7	

	£	s.	d.
£3,898,962	9	7	

	£	s.	d.
£3,898,962	9	7	

	£	s.	d.
£3,898,962	9	7	

ANGLO-AMERICAN CORPORATION OF SOUTH AFRICA, LIMITED, Secretaries
Per W. WESTRUP.
Johannesburg, 8th March, 1932.

By Property, at Cost..... £ 308,748 19 8
Mining Claims and Freehold Stands—
As per Balance Sheet, 31st December, 1930,

Shaft Sinking, Permanent Haulage Ways and Equipment, at Cost

(As per attached Schedule.)

Development, at Cost

As per Balance Sheet, 31st December, 1930,

Shares and Interests in Other Concerns

at or under Cost.....

Stores and Materials—Standard Stock

Unexpended Balance of Capital Fund carried down

Stores and Materials on Hand and in Transit in Excess of Standard Stock.....

General

Construction

Sundry Debtors and Debit Balances.....

Reserve Fund Investments (see contra).....

Loans at Call.....

Cash at Bankers and in Hand

£ 671,809 14 2

£3,898,962 9 7

L. A. POLLAK, Chairman,
R. B. HAGART, Deputy Chairman,
W. J. O'BRIEN, } Directors.

J. D. LOW,
A. E. PAGE (Incorporated Accountants) } Auditors.

The sum of £3,023 reserved in respect of the Company's liability under the Miners' Phthisis Act represents the total estimated liability of the Company to the Compensation Fund. Of this amount £1,194 was reserved in 1929-30, and the balance, after allowing for accrued interest, has been dealt with in the current accounts.

Certain of your Company's assets and liabilities are payable in British sterling. As a result of the suspension by Great Britain of the gold standard as from the 21st September, 1931, a wide difference in value has resulted between British sterling and South African currency. In making up the balance sheet as at 31st December, 1931, therefore, all assets and liabilities payable in British sterling have been converted to the equivalent in South African currency at the rate of exchange ruling on that date, namely, £71 15s. South African currency equals £100 British sterling. Debits and credits arising out of these conversions have been passed to an account styled "Currency Differences Suspense" and result in a debit balance of £11,862 0s. 5d., which appears in the balance sheet. This amount is not a realised loss. The position in this respect will only be determined when the assets and liabilities in British sterling have been disposed of. Certain of the contingent liabilities for machinery orders outstanding are payable in British sterling, and on such portion of the funds of the Company in London there will be no loss on exchange.

A statement is attached to the Balance Sheet showing General Expenses and Revenue Account to the 31st December, 1931. As operations commenced on the last day of the year the balance of this account has been transferred pro rata to the various Capital accounts.

DIRECTORATE.
In terms of the Articles of Association, Messrs. C. L. Read and H. G. Latilla retire by rotation, but are eligible and offer themselves for re-election.

AUDITORS.
Early in the current year Mr. Alex Aiken, one of the Company's Auditors, became seriously ill, and in order to carry on the work of the annual audit Mr. J. G. Carter was appointed an Auditor of the Company during Mr. Aiken's indisposition.

You are requested to fix the remuneration for the past audit, and to appoint Auditors for the ensuing year. The Auditors, Messrs. Alex. Aiken and A. E. Page, retire, but are eligible and offer themselves for re-election.

GENERAL.
With the provision of further funds referred to under the heading of Capital, the Directors decided to authorise the erection of certain sections of the plant with a capacity in excess of the 50,000 tons per month originally contemplated, and the permanent equipment for Shafts Nos. 1 and 2 was ordered with a view to de-watering the old section of the mine and bringing it into commission. It is hoped to start de-watering operations in June of the present year.

L. A. POLLAK, Chairman,
R. B. HAGART, Deputy Chairman,
J. DAVIDSON,
P. DREYFUS, } Directors.

A. F. MULLINS,
E. M. HIND,
C. L. READ, } Directors.

BRAKPAN MINES, LIMITED. (Incorporated in the Union of South Africa.)

REPORT OF THE DIRECTORS for the Year ended 31st December, 1931.
To be submitted at the Twenty-ninth Ordinary General Meeting of Shareholders, to be held in the Board Room, "Ammercoosa House," Johannesburg, on Thursday, the 19th May, 1932, at 2.30 p.m.

To the Shareholders, BRAKPAN MINES, LIMITED.

Gentlemen,
Your Directors beg to submit their Report and the audited Financial Statements for the year ended 31st December, 1931, accompanied by the Reports of the Consulting Engineers and the Mine Manager.

CAPITAL.—The capital of the Company remains unaltered at £1,020,000 in 1,020,000 shares of £1 each, fully paid and issued.

PROPERTY.—No change has taken place during the year in your Company's claim holdings, which remain as follows:—
Mynpacht No. 490/1919, in extent 405.754 acres, equal to 276.06 Claims.
Mynpacht No. 543/1906, in extent 888.936 acres, equal to 604.80 "
Claims on Farm Benoni No. 3, with Coal Rights on 201.59 "
73.326 Claims 68.00 "
Claims on Farm Weltevreden or Brakpan No. 5 1,811.70 "
Claims on Farm Weltevreden or Brakpan No. 5— 424.90 "
leased from Union Government
Claims on Farm Koolbult or Schapenrust No. 7 3,387.05 Claims.

The undermining rights of seven stands and four portions of stands on Farm Benoni No. 3.
Twenty-one freehold stands in Brakpan Township, on which are erected quarters for the Company's employees.

OPERATIONS.—Technical matters are dealt with in the attached Reports of the Consulting Engineers and Mine Manager, to which your attention is directed.

FINANCE.—From the Working Expenditure and Revenue £ s. d.
Account it will be seen that the profit amounted to 553,058 2 4
Deduct—Donations 3,419 19 7

Add—Dividends on Shareholdings £1,076 0 9
Interest, Commission, Exchange, etc. 5,711 16 3
6,787 17 0

Leaving a Net Balance of Revenue over Expenditure for the year of 556,425 19 9

Add—Balance to Credit of Appropriation Account at 31st December, 1930 50,376 18 4

Making a total available Credit of 606,802 18 1

Against which the following amounts have been appropriated:—
Government Taxes 247,031 12 7
Government Participation in Profits 54,283 12 6
Reserve for Liability under Miners' Phthisis Act 24,943 6 3
Dividend No. 38 204,000 0 0
Dividend No. 39 204,000 0 0
Capital Funds 17,213 14 11
551,472 6 3

Leaving a Balance unappropriated at 31st December, 1931, of... 55,330 11 10

BALANCE SHEET AT 31st DECEMBER, 1931.			
Dr.	£ s. d.	£ s. d.	Cr.
To Capital—			
Registered and Issued:			
1,020,000 Shares of £1 each		1,020,000	0 0
As per Balance Sheet, 31st December, 1930			
" Premium on Shares		998,850	10 0
As per Balance Sheet, 31st December, 1930			
" Funds Appropriated for Expenditure on Equipment and Development in Excess of Working Capital provided		850,832	3 9
As per Balance Sheet 31st Dec., 1930	833,618	8 10	
For the year ending 31st Dec., 1931	17,213	14 11	
" Unexpended Balance of Capital Fund brought down	22,869,682	13 9	
" Sundry Shareholders' Unpaid and Unclaimed Dividends	222,799	14 9	
" Government of the Union of South Africa Taxation under Income Tax Act, 1925	55,675	1 0	
Participation in Profits under Mineral Lease	54,283	12 6	
" Sundry Creditors and Credit Balances	132,484	8 3	
" Reserve for Liability under Miners' Phthisis Act (see contra)	99,407	7 0	
" Balance of Appropriation Account	55,330	11 10	
CONTINGENT LIABILITIES—			
Shares and Interests in other Concerns	£13,855	13 0	
Machinery Orders Outstanding	2,822	19 11	
	£16,678	12 11	
The Company is liable for its proportion of the Miners' Phthisis Compensation Funds in terms of the Miners' Phthisis Act Consolidation Act, 1925 (vide Directors' Report)			
This Balance Sheet is drawn up in South African currency and the Assets and Liabilities in British sterling have been converted into South African currency at the rate of exchange ruling on the 31st December, 1931, namely, £11 15s. South African currency equals £100 British sterling.			
	£3,498,663	9 1	

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA, LIMITED, Secretaries.
Per W. WESTRUP.

To the Shareholders, BRAKPAN MINES, LIMITED.

We have audited the Balance Sheet dated 31st December, 1931, above set forth, and have obtained all the information and explanations we have required. The Company has kept proper Books and Records, and, in our opinion, the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs, according to the best of our information and the explanations given to us and as shown by the Books of the Company.

JOHANNESBURG,
3rd March, 1932.

The Capital Expenditure for the year amounted to £3,727 3s., made up as follows:—

Sinking and Equipment, as per Schedule attached to Balance Sheet	£	s. d.
Shares and Interests in Other Concerns	3,236	7 6
	490	15 6
	£3,727	3 0

Your Directors thought it advisable to capitalise a further amount of £7,000 in respect of standard stores and materials on hand, and this amount has been included in the Capital Funds appropriated.

The amount payable to the Government for the year under the terms of the Mineral Lease Agreement is estimated at £54,283 12s. 6d. This figure represents 9.756 per cent. of the total profits of the Company for the year.

The amount charged to working costs for development was £148,943. In connection with the annual reserve in respect of the Company's liability under the Miners' Phthisis Act, the amount set aside for 1931 is £24,943 6s. 3d. This, with the previous figure of £69,643 6s. 2d. and interest accrued, gives a total reserve of £94,586 7s. 9d. against the Company's total terminal liability of £225,288 as assessed at the 31st July, 1931.

DIVIDENDS.
Two Dividends were declared during the year, as follows:—

Dividend No.	Per Cent.	Rate per Share.	Total Amount.
Dividend No. 38	20	s. d.	£ s. d.
		4 0	204,000 0 0
Dividend No. 39	20	4 0	204,000 0 0
	40	8 0	408,000 0 0

DIRECTORATE.
In terms of the Articles of Association, Messrs. J. L. Jourdan and W. J. O'Brien, O.B.E., M.P., retire by rotation, but are eligible and offer themselves for re-election.

AUDITORS.
You are requested to fix the remuneration for the past audit, and to appoint Auditors for the ensuing year. The Auditors, Messrs. A. E. Page and P. Whiteley, retire, but are eligible and offer themselves for re-election.

GENERAL.
As notified to shareholders by advertisement in the press on the 21st January, 1932, the Company has entered into a provisional agreement for the acquisition of the whole of the assets of the Witpoort Gold Areas, Limited, for the sum of £200,000. The agreement is subject to confirmation by the shareholders of the Witpoort Company, for which purpose an Extraordinary General Meeting has been convened for the 31st March, 1932, and to Government consent.

If the agreement is ratified, it will mean the acquisition of a further 3,009 claims, which should have an important bearing on the effective life of your Company.

L. A. POLLAK, Chairman
R. B. HAGART, Deputy Chairman
J. BOYD
W. E. HUDSON
J. L. JOURDAN
W. J. O'BRIEN
F. A. UNGER
Directors.

ANGLO-AMERICAN CORPORATION OF SOUTH AFRICA, LIMITED,
Per W. WESTRUP.
JOHANNESBURG, 7th March, 1932.
Secretaries.

By Property, at Cost	£ s. d.	£ s. d.	Cr.
Mining Claims and Freehold Stands.	489,116	16 3	
As per Balance Sheet, 31st December, 1930			
" Shaft Sinking and Equipment, at Cost... (As per attached schedule.)	2,106,022	2 6	
" Development, at Cost	216,226	12 2	
As per Balance Sheet, 31st December, 1930			
" Shares and Interests in Other Concerns, at or under Cost	13,913	18 3	
" Office Furniture	1,009	3 0	
" Livestock and Vehicles	394	1 7	
" Stores and Materials, Standard Stock	34,000	0 0	
" Unexpended Balance of Capital Fund carried down	49,317	2 10	
	9,000	0 0	
" Stores and Materials on Hand and in Transit in Excess of Standard Stock	2,869,682	13 9	
" Reserve Fund Investments (see contra)	14,649	8 2	
" Sundry Debtors and Debit Balances	29,407	7 0	
" Loan at Call	1,784	14 3	
" Cash at Bankers and in Hand	325,910	0 4	
	157,395	14 7	
	485,090	9 2	
	£3,498,663	9 1	

L. A. POLLAK, Chairman.
R. B. HAGART, Deputy Chairman.
J. L. JOURDAN, } Directors.

A. E. PAGE (Incorporated Accountant).
PERCIVAL WHITELEY (Chartered Accountant). } Auditors.

THE REPORT OF THE YOUNG PLAN ADVISORY COMMITTEE BASLE—DECEMBER 1931

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A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

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SATURDAY, APRIL 23, 1932.

No. 4,626.



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32, Threadneedle Street, E.C.2.

A. JOEL, Manager.

Correspondents to the Italian Treasury.

TABLE OF CONTENTS.

The Money Market—		
Three per Cent.	893	
Leading Articles—		
A Grim Budget	895	
The Budget Accounts	896	
Security and Treaties	897	
Policy and the Price Level	899	
Unemployment in the Ruhr	900	
An Inquiry into Profits	901	
Notes of the Week—		
The Exchange Fund	902	
The Cost of Education	902	
Mr Runciman	902	
—and Mr Baldwin	903	
The Free List	903	
The Tariff Makers	903	
America and War Debts	903	
The Election Campaign in France	904	
The North-West Frontier Province	904	
Deadlock at Shanghai	904	
Greek Finances	905	
Australian Finance—	905	
—and Exchange	905	
The Canadian Budget	905	
Sterling and Gold Prices	906	
International Trade	906	
Employment and Cost of Living during March	906	
The Ministry of Labour Report	907	
The 1930 Census of Production	907	
Australian Insurance Legislation	907	
Instalment Buying	908	
Hongkong and Shanghai Banking Corporation	908	
Amsterdamsche Bank	908	
Wesleyan and General Assurance Society	908	
National Guarantee and Suretyship	909	
World Marine and General	909	
Overseas Correspondence—		
League of Nations	909	
United States	910	
France	911	
Germany	912	
Austria	913	
Czechoslovakia	913	
Spain	914	
Canada	916	
Argentina	916	
Letters to the Editor—		
Sweden and the Gold Standard	917	
American Foreign Investments	917	
Foreign Bonds in Default	918	
Railways and Roads	918	
Books Received	918	
The Stock Exchange—		
Building Societies	919	
The Week in the Markets	920	
London Active Security Prices and Yields	922	
New Issue Prices	924	
Foreign Stock Exchanges—		
New York	921	
Paris	924	
Berlin	924	
Amsterdam	924	
Other Centres	924	
Investment Notes—		
Markets and the Budget	924	
Fresh Kreuger Developments	925	
"Insull" Group Receivership	925	
Corporation of Foreign Bondholders	925	
Lever Brothers	926	
Associated Electrical Industries	926	
Babcock and Wilcox	926	
Amalgamated Anthracite	927	
Marks and Spencer	927	
San Paulo Railway	927	
Insurance Share Index	927	
Oil Dividend Prospects	928	
British Controlled Oilfields	928	
American Rubber Absorption	928	
Rio Tinto Meeting	929	
Company Meetings of the Week	929	
Capital Issues	929	
Company Meetings, &c. ...	930	
Government Returns, &c.—		
National Accounts	937	
Treasury Bills by Public Tender	937	
The Bankers' Gazette—		
Bank of England	937	
Bankers' Clearing Returns	938	
Provincial Clearing Returns	938	
Overseas Bank Returns	938	
Loan and Discount Rates	940	
Rates of Exchange	940	
Overseas Bank Rates	940	
Bullion	941	
Gold and Silver Prices	941	
Company News—		
American Railroad Monthly Receipts	941	
Weekly Traffic Returns	942	
Balance Sheets	942	
Dividend Announcements	943	
Reports and Notices	943	
Profit and Loss Accounts	944	
Oil Outputs	944	
Commercial Reports—		
Market Summary	945	
The Coal Trade	945	
Iron and Steel	945	
Other Metals	946	
Textiles	946	
The Grain Markets	946	
Other Foods	947	
Miscellaneous Commodities	947	
Commodity Prices in the United States	948	
Prices Current	948	

THE MONEY MARKET. THREE PER CENT.

MONEY remained easy over the week-end, with 1½ and 1½ per cent. quoted for new money and 1½ per cent. for renewals. Comfortable conditions again prevailed on Monday and Tuesday, with rates running mainly at 1½ per cent., though some borrowers had to pay 2 per cent., and others were able to satisfy their needs at 1½ per cent.

These somewhat variable conditions were again in evidence on Wednesday, but although callings by the banks were relatively light, money on the whole was inclined to be dearer, and 2 per cent. was a more common rate than earlier in the week. Even so, $1\frac{1}{2}$ per cent. continued to be charged for renewals. The more usable tendency of money was ascribed to heavier demands from the Stock Exchange. Rates were naturally unsettled on Thursday, as the result of the Bank rate reduction from $3\frac{1}{4}$ to 3 per cent., which entailed the lowering of the clearing banks' minimum rate for short loans from $2\frac{1}{4}$ to 2 per cent.

Last week's applications for Treasury bills were again unusually heavy, amounting to £78.2 millions, against £76.2 millions the week before. As the number of bills on offer had been reduced from £45.0 to £40.0 millions, it was not surprising that there was a sharp drop in the average tender rate from £2 8s. 4.75d. to £2 1s. 11.6d. per cent. This week the bills on offer are being further reduced to £35.0 millions, so that the tender rate is likely again to be low. Early in the week there was a strong demand for July Treasury bills by the clearing banks at a rate of 2 per cent. These bills were also taken by the banks at $1\frac{1}{8}$ per cent., with the rate shaded to $1\frac{1}{4}$ per cent. for end-of-June maturities. On Wednesday afternoon, prior to the Bank rate reduction, "hot" Treasury bills were quoted at $1\frac{1}{8}$ per cent., and bank bills, other than standstills, at $2\frac{1}{8}$ per cent. Standstill bills were quoted to $2\frac{1}{4}$ to $3\frac{1}{4}$ per cent.

As usual the market took some time to settle down after the Bank rate reduction, but in the end rates showed but little change. Hot Treasury bills were quoted at $1\frac{1}{8}$ per cent., against $1\frac{1}{4}$ per cent. earlier in the week. Prime bank bills eased to $2\frac{1}{8}$ per cent., and standstill bills to $2\frac{1}{4}$ per cent. Money was a little more usable at $1\frac{1}{4}$ per cent., and the clearing banks were also lending a trifle at 2 per cent. Calling by one of the leading banks and continued demands from the gilt-edged market were responsible for this.

	Mar. 31, 1932.	Apr. 7, 1932.	Apr. 14, 1932.	Apr. 21, 1932.	Previous Rate and Date Changed.
Bank Rate	$3\frac{1}{4}$	$3\frac{1}{4}$	$3\frac{1}{4}$	$3\frac{1}{4}$	$3\frac{1}{4}$ (Apr. 21, '32)
Banks' Deposit Rate..	$1\frac{1}{4}$	$1\frac{1}{4}$	$1\frac{1}{4}$	$1\frac{1}{4}$	$1\frac{1}{4}$ (Apr. 21, '32)
Discount Call	$1\frac{1}{4}$	$1\frac{1}{4}$	$1\frac{1}{4}$	$1\frac{1}{4}$	$1\frac{1}{4}$ (Apr. 21, '32)
Houses { Notice ...	$1\frac{1}{4}$	$1\frac{1}{4}$	$1\frac{1}{4}$	$1\frac{1}{4}$	$1\frac{1}{4}$ (Apr. 21, '32)
Market rate ("hot")	$1\frac{1}{4}$	$1\frac{1}{4}$	$1\frac{1}{4}$	$1\frac{1}{4}$	$1\frac{1}{4}$ (Apr. 21, '32)
Treasury bills).....	$1\frac{1}{8}$	$2\frac{1}{4}$	$2\frac{1}{4}$	$1\frac{1}{8}$	...
Market rate (3 months' bank bills)	$2\frac{1}{4}$	$2\frac{1}{4}$	$2\frac{1}{4}$	$2\frac{1}{4}$	...
Market rate (standstill bills)	$2\frac{1}{4}$	$2\frac{1}{4}$	$2\frac{1}{4}$	$2\frac{1}{4}$	...

The main change in the Bank return is a further big increase of £14.6 millions in Other Securities in the Issue Department, which have now risen to £51.5 millions. The note circulation has fallen by another £2.5 millions to £354.3 millions, and the Reserve is increased by the same amount to £42.2 millions. Taking both departments of the Bank together, Government Securities have been reduced by £12.3 millions, and Other Securities have risen by £3.1 millions, so that with Discounts and Advances unchanged the Bank's earning assets are reduced by £9.2 millions. Against this must be set reductions of £2.5 millions in the note circulation, £3.1 millions in Public Deposits, and £5.6 millions in Bankers' Deposits; and an increase of £1.7 millions in Other Deposits. The Proportion stands at 36.1 per cent., against 32.1 per cent. last week.

The Chancellor's announcement in his Budget speech that he is proposing to establish an Exchange Equalisation Account for the purpose of curbing speculation in sterling has already taken effect. Foreign exchange dealers report that there has been a definite shrinkage in the volume of business, and that foreign operators now feel that so far as sterling is concerned there is nothing left to "go for." In fact, there is now a disposition to

look for foreign sales of sterling and for the covering of positions now open.

Apart from the Chancellor's statement, it is generally believed that no official intervention in the foreign exchange market has been necessary for the past few weeks, and, indeed, Other Securities now held by the Bank are only four millions greater than at the end of March. It is also thought that the recent demand on Wall Street for United Kingdom $5\frac{1}{2}$ per cent. dollar bonds has emanated in part from official British sources. If so, this is a wise move on the part of the authorities, for it not only provided a means of meeting the recent demand for sterling, but did so in such a way as to reduce our indebtedness to the American investor.

New York money rates remained unchanged, with call money at $2\frac{1}{4}$ per cent. and open market discount rates at $1\frac{1}{4}$ per cent. for 90-day bankers' acceptances. Gold movements for the week ended April 13th are returned at imports of \$4.4 millions, including \$3.0 millions from Canada and \$1.0 million from Uruguay; and exports at \$20.1 millions, of which \$18.7 millions went to France and \$1.1 millions to Holland. Earmarkings on foreign account were increased by \$2.4 millions. Subsequent movements include a shipment of \$1.0 million to France and the arrival of \$1.3 millions at San Francisco from Japan. Last week's expansion of \$100 millions in the Federal Reserve System's holding of United States Government securities excited some comment, especially as it was coupled with Mr Eugene Meyer's somewhat obscure statement at Washington that since the New Year the Reserve Board had had hopes of "holding the line." He is further reported to have estimated that during the current year \$250 millions of the \$1,000 millions of hoarded currency have returned to circulation.

The Foreign Exchange market was quieter this week, and fluctuations were less wide, while the tendency of sterling was to be a little weaker. The New York rate moved from 3.78 to 3.77, after touching 3.80. Montreal lost a point at 4.19. Paris was better by $\frac{1}{2}$ at 95.75, and Brussels gained seven points at 26.90. Milan improved by $\frac{1}{2}$ to 73.3, and Madrid, which is again believed to be controlled, went from 49.2 to 48.1. Amsterdam gained three points at 9.30, as did Berlin at 15.87. Switzerland was little changed on balance at 19.40. The Kreuger revelations continued to exercise a depressing influence, Stockholm at one time touching 20.80, against 19.95 last week, but later it improved to 20.25. Oslo, although not directly affected by the Kreuger collapse, fell away from 19.40 to 20.50, after touching 20.80. In contrast, Copenhagen improved to 18.27. The South American quotations are still largely nominal. Rio improved from 4.4d. to 4.4d.; Buenos Aires was hesitant and inclined to be weak, and lost $\frac{1}{4}$ d. on balance at 36.1d.; Montevideo was unchanged at 29.1d. In the Far East the rupee fell away to 1s. 6.3d., a loss of $\frac{1}{2}$ d. on the week. The yen was steady and firm at 1s. 9.4d., and Batavia improved from 9.38 to 9.36. In the forward market dollars were firmer at rather narrower discounts of $\frac{1}{2}$ cent. for one month and $1\frac{1}{2}$ cents for three months. Paris was much firmer at 5 and 14 centimes premiums, against 3 and 6 centimes last week. Brussels went from 2 to 7 centimes discount to par for one month and 2 centimes discount for three. Milan was better by $\frac{1}{2}$ for both deliveries at $\frac{1}{2}$ centesimi and $\frac{3}{4}$ centesimi discount for the two periods, respectively. Madrid improved to $\frac{1}{2}$ peseta and $\frac{3}{4}$ peseta discount. Amsterdam was unchanged at $\frac{1}{2}$ cent and one cent discount. Switzerland declined from $1\frac{1}{2}$ centimes to 1 centime premium for one month, but advanced from $2\frac{1}{2}$ to 3 centimes premium for three. The silver market was quiet with some Chinese and a little American buying, which was sufficient to advance prices in the face of small offerings at one time to 17d. for cash and 17.1d. for forward, but there was later a fall on profit-taking to 16.3d. and 16.1d. respectively, a gain of $\frac{1}{4}$ d. on balance in each case for the week. The Chinese silver exchanges advanced by $\frac{1}{4}$ d. each, to 1s. 3d. in the case of Hongkong and 1s. 8d. in that of Shanghai.

A GRIM BUDGET.

BLEAKLY presented in a cold and comfortless speech, the Budget which the Chancellor introduced on Tuesday merits respect for its integrity but leaves enthusiasm unstirred. Mr Chamberlain has rightly eschewed the temptation to court popularity by recourse to subterfuges for "raising the wind," such as the "uncovered" borrowing, or the conversion of capital assets into revenue, whereby the soundness of our national house-keeping was seriously impaired in recent years. Provided that the estimates of revenue and expenditure are not seriously upset by events, the 1932-33 Budget should make a genuine contribution towards debt redemption on a scale comparing very favourably with the experience of the past few years, in whose course the "true" sinking fund has averaged no more than £10 millions annually. For his stiff-lipped adherence to sound principles of financial rectitude the Chancellor is entitled to due credit. But the complete tale of Budget Day does not end here.

We have no criticism to raise against Mr Chamberlain's resolve to tread cautiously; nor are we among those who affect disappointment at the omission from the Budget of any immediate concessions to the taxpayer. The trend of the depression has long made it clear that, having assumed the task of financing unemployment relief wholly out of revenue, we should require to maintain, well beyond the period of a single Budget, the effort which Mr Snowden, last September, called upon the country to make. Where the present Chancellor failed to do justice to his opportunity was in his adoption of the static rôle of routine book-keeper, preoccupied seemingly with the task of balancing a difficult account, when the country looked rather for assurance that the Government are alive to the dynamics of a situation in which vast forces are influencing unprecedentedly both our national earning power and our taxable capacity. Mr Chamberlain commanded the dispirited acquiescence of the House in the grim balance sheet of a crisis whose implications he barely mentioned and to whose solution he promised little specific contribution.

In a subsequent article we give our customary analysis of the Budget accounts. In drawing them up on a basis which excludes, provisionally, all receipts and payments on reparations and war debt account, the Chancellor has acted in a spirit of sensible realism, and has provided for the potential loss of £10 millions which would result from another year of all-round suspension. Should we make to the United States the payment of interest and amortisation due next December, while receiving nothing from Germany, the Allied debtors or the Dominions, provision for \$100 millions would have to be added to the Consolidated Fund Vote; but this eventuality can well be left for consideration after the results attained at Lausanne are known. As they stand, the accounts reveal the formidable character of the burden which the country is carrying on shoulders whose vigour the unrelieved world crisis is inevitably weakening.

How severely the taxable capacity of the country has been hit by the depression is indicated by the grave drop which Mr Chamberlain has had to anticipate in the yield of Income Tax and Surtax. Here his estimate would appear to be reasonably cautious, whereas in expecting a substantial increase in receipts from Stamps and Estate Duties he is more confident than we are that security and other property values in the present financial year will recover and Stock Exchange activity expand. To attribute last year's "short-fall" in the yield from Estate Duties predominantly to an unusually—and therefore presumably non-recurrent—meagre harvest of dead millionaires is surely to overlook the attrition wrought by the depreciation of securities in the ranks of living richissimes. If, however, we may assume that Mr Chamberlain's forecast of total revenue is approximately realised—the assumption begs the question that the anticipated yield of £83 millions from a variety of Tariff Duties is obviously

problematical—then we are left with the outstanding fact that, in a year of acute economic depression, our Budget has required a tax-revenue of £732 millions. Add to this the Motor Vehicle Duties, and a figure of £755 millions is reached, as compared with £690 millions in the relatively prosperous year 1924-25, when Mr Snowden introduced his first Budget. Though the ratio between direct and indirect taxes has now been considerably altered to the detriment of the indirect taxpayer—an increase of £75 millions in Customs contrasts with a rise of only £6 millions in Income Tax, Surtax and Estate Duties' yield combined, while, despite a fall of £10 millions in Excise, Customs and Excise together are up by £65 millions, against a fall of £8 millions in total Inland Revenue—the important consideration is the formidable aggregate tax-burden confronting us even when no provision is made for resumption of debt payments to America.

It is in the light of this consideration that we regret that the Chancellor's statement was marked by so many omissions. He paid tribute to the taxpayer's efforts, and counselled "hard work, strict economy, firm courage, unflinching patience." Not only, however, did he gloss over the fact that the promised economies, outside the Ministry of Labour Vote, are still several millions short of accomplishment; he gave little indication that, in lines of major policy, the Cabinet is pursuing clearly visualised objectives whose attainment would afford promise of relief to the taxpayer, whether by way of diminished national expenditure or through recovery of national income.

Let us examine briefly Mr Chamberlain's major reticences. Firstly, there is the question of monetary policy, in relation particularly to the debt charge. In announcing the establishment of an Exchange Equalisation Account, on whose details we comment in a Note of the Week, the Chancellor was very properly strengthening the technical machinery at the authorities' disposal for neutralising the disturbances caused by short-term capital movements. But of our domestic monetary policy he had little to say either in forecast or declaration of intention. Making no estimate specifically of the probable cost of short-term Treasury financing this year, he held out no promise of the phase of ultra-cheap money which existing conditions warrant and require; and he gave no hint of any attempt at a conversion operation. Secondly, he was curiously silent as to the prospects of alleviation of our straits through fruitful action in the international sphere. Economies resulting from a successful issue to the Disarmament Conference? Measures to reverse the present tendency towards extinction of international commerce under a load of exchange restrictions, quotas and tariffs whose incidence is increasing every day with the fall of prices? The Chancellor had no word of encouragement to give, nothing but the promise of an Order erecting a superstructure of additional duties on the 10 per cent. tariff, duties whose effect, as we observe in a Note of the Week, will be to aggravate international difficulties. Nor did he indicate, beyond a vague reaffirmation of preference for a "clean slate," what precise policy the Government intended to pursue at Lausanne and *vis-à-vis* the United States.

In short, Mr Chamberlain elected to present his Budget in a form suggestive of a statement of accounts torn oddly from its context. He voiced no sense of real appreciation that unless the international credit and trade crisis is relieved, the task of maintaining the balance of a Budget on anything like the present scale must ultimately prove an impossibility, so that the primary function of the Chancellor, as of the whole Cabinet, is to visualise the budgetary problem to-day less in terms of figures than in terms of policy. The vital issue is what contribution we intend to make to the solution of the world's fiscal and monetary tangle. Ignoring this aspect of our financial question, Mr Chamberlain, whose speech had an air of almost conscious insularity, conveyed the uncomfortable impression that policy was lacking.

THE BUDGET ACCOUNTS.

HAVING dealt above with the main features of Mr Chamberlain's Budget policy, we publish below a summary of our national finances as set forth in the Financial Statement circulated, in accordance with custom, after the conclusion of the Chancellor's speech. In the first table we compare last year's revised Budget estimate of expenditure (other than the self-balancing items) with (a) the actual issues and (b) Mr Chamberlain's forecast for the coming year:—

EXPENDITURE ON EXISTING BASIS.

	Revised Estimate, 1931-32.	Actual Issues in 1931-32.	Estimate, 1932-33.	Estimate for 1932-33 compared with 1931-32 Issues.
	£ Mn.	£ Mn.	£ Mn.	£ Mn.
Cons. Fund Services:—				
Debt Interest, &c.	289.4	289.5	276.0	-13.5
Sinking Fund	32.6	32.5	32.5	...
Total	322.0	322.0	308.5	-13.5
Payments to N. Ireland	6.4	6.3	6.8	+ 0.5
Other Cons. Fund Items	3.0	3.1	3.5	+ 0.4
Total	9.4	9.4	10.3	+ 0.9
Supply Services:—				
Army Votes	39.9	38.5	36.5	- 2.0
Navy Votes	51.6	51.1	50.5	- 0.6
Air Votes	18.1	17.7	17.4	- 0.3
Civil Votes	330.8*	320.1	330.2	+10.1
Revenue Dept. Votes	11.9	11.8	12.6	+ 0.8
Total	452.3	439.2	447.2	+ 8.0
Grand Total	783.7	770.6	766.0	- 4.6

* Amount provided in revised Budget less anticipated economies of £22,000,000. The estimates finally presented for Unemployment and Road Fund were £13,300,000 less than Mr Snowden anticipated. The final estimate allowing for proposed economies should therefore be £317,500,000.

With regard to the Consolidated Fund services, it will be recalled that last September Mr Snowden reduced the fixed debt charge in 1931-32 from £355 millions to £322 millions—a reduction which took account of the fact that the second half-yearly payment of interest and the amortisation on the American debt due last December were suspended in accordance with the Hoover moratorium. The further reduction of £13.4 millions, as compared with the revised (September) estimate for 1932-33, now made on account of the debt charge is arrived at by excluding from the Budget all interest and sinking fund payments to the United States in 1932-33. Though he made no specific reference to the point, Mr Chamberlain appears to have placed his figure of domestic debt charges at about the same level as Mr Snowden did a year ago, when Treasury bills were being discounted at about 2½ per cent.

As for the Supply Services, the story of the last six months had shown that whereas the Exchequer had greatly benefited by the fact that unemployment was not so bad as Mr Snowden feared, the full tale of £22 millions of economies had not quite been made. Reviewing the current year, Mr Chamberlain reminded the House that last September it had been estimated that before the application of economies the total required for Supply in 1932-33 would be £526 millions, taking into account the decision to bear on the Votes the cost of the Unemployment Insurance Fund and the Road Fund. Total savings of £70 millions had been promised, leaving a figure of £456 millions, whereas the current estimates amounted to only £447.2 millions—a saving of £79 millions, notwithstanding the fact that concessions on pay cuts had cost £3.5 millions, while a sum of £1.25 millions previously unprovided for had had to be found for Income Tax collec-

tion and work under the Import Duties Act. It has, however, to be remembered that Unemployment and the Road Fund took £13.3 millions less in 1931-32 than Mr Snowden anticipated, and in the current estimates the Unemployment figure alone is lower than Mr Snowden's forecast by £13.5 millions. If the full economies had been made the Supply Estimates, allowing for the drop in Road Fund expenditure, should have been down by some £88 millions.

The next table compares the estimates of revenue on the basis of existing taxation with the revised estimates for 1931-32 issued last September and the actual receipts of the past year:—

REVENUE ON EXISTING BASIS.

	Revised Estimate for 1931-32.	Actual Receipts in 1931-32.	Estimate for 1932-33.	Estimate for 1932-33 compared with 1931-32 Receipts.
	£ Mn.	£ Mn.	£ Mn.	£ Mn.
Customs	131.8	136.2	173.3	+37.1
Excise	121.2	119.9	124.2	+ 4.3
Total	253.0	256.1	297.5	+41.4
Inland Revenue:—				
Income Tax	272.0	287.4	260.0	-27.4
Surtax	73.0	76.7	66.0	-10.7
Estate Duties	83.0	65.0	76.0	+11.0
Stamps	20.0	17.1	23.0	+ 5.9
E.P.D., &c.	2.2	2.5	1.2	- 1.3
Land Tax, &c.	0.8	0.8	0.8	...
Total	451.0	449.5	427.0	-22.5
Motor Duties, Exchequer Share	5.0	5.0	5.0	...
Total Tax Revenue	709.0	710.5	729.5	+19.0
P.O. Net Receipts ...	12.2	11.5	11.7	+ 0.2
Crown Lands	1.3	1.3	1.2	...
Sundry Loans	15.4	13.8	4.4	- 9.4
Miscellaneous	42.8	29.9	17.5	-12.4
De-Rating Account ...	4.0	4.0	...	- 4.0
Non-Tax Revenue	75.7	60.5	34.8	-25.6
Total Revenue ...	784.7	771.0	764.3	- 6.7

With regard to Customs and Excise, Mr Snowden last September estimated that on the basis of the then existing taxes the yield in 1931-32 would be £241.5 millions, which he increased to £253 millions by additional duties on beer, tobacco, petrol and entertainments, estimated to bring in £11.5 millions. From these duties the yield in a full year was estimated at £24 millions and the total revenue from Customs and Excise for 1932-33 was provisionally put at £265.5 millions, a figure which presumed that the yield of the pre-1931 duties would be the same in 1932-33 as in 1931-32. Receipts in 1931-32 proved to be £3.1 millions in excess of expectations. Mr Chamberlain explained that there had been a short-fall of over £1 million in respect of spirits and of £1.25 millions in respect of beer, but recent large imports of sugar—presumably by way of forestalling—had yielded £1.3 millions more than anticipated, while there had been receipts of £1,165,000 from the Abnormal Import Duties, £164,000 from the Horticultural Products Duties and £760,000 from the 10 per cent. tariff imposed on March 1st. For 1932-33 Mr Chamberlain estimated that the "old" duties—i.e., all but the three forms of tariff duties above-mentioned—would yield £264.5 millions, or £1 million less than the September forecast. With regard to the "new" duties, he expected £250,000 from the Abnormal Importation Duties before their expiry on May 19th, £750,000 from the Horticultural Products Duties, which continue until next December, and "highly conjecturally" £27 millions from the 10 per cent. general *ad valorem* duty. In addition, a forthcoming Order under Section 3 of the Import Duties Act—this new precedent

of counting unhatched chickens is open to criticism—would impose fresh tariff duties estimated to yield a further £5 millions. Thus, taken together, the "new" duties would yield £33 millions, bringing the total revenue from Customs and Excise to £297.5 millions.

Turning to Inland Revenue, Mr Chamberlain had a less encouraging tale to tell. In 1931-32 Mr Snowden's revised estimate had anticipated £272 millions from Income Tax, whereas actual receipts showed a surplus of £15.4 millions. For 1932-33 Mr Snowden had to provide for a drop of £10 millions through the non-recurrence of the "acceleration" gained by making three-quarters of assessments under Schedules B, D and E payable on January 1, 1932, but had estimated that in a full year the increase in the standard rate from 4s. 6d. to 5s., together with the changes in allowances, would yield £26.5 millions more than in 1931-32. Thus, it would appear that in September Mr Snowden had calculated on 1932-33 receipts from Income Tax amounting to £288.5 millions, while his provisional estimate for Surtax was apparently £75 millions. Mr Chamberlain, however, announced that "from information received" he must anticipate a heavy fall both in Income Tax and in Surtax, which he placed at levels of £28.5 millions and £9 millions respectively below the September forecast. Estate Duties he estimated at a figure £7 millions lower than the revised estimate for 1931-32, but £11 millions higher than actual receipts. In commenting on these estimates and on that of an increase of £5.9 millions in receipts from Stamps, he observed: "I think I am entitled to expect a slow but continuous recovery in values during the current year."

With regard to non-tax revenue, Mr Chamberlain paralleled the procedure which he adopted in respect of the American debt payments. No receipts are allowed for in respect of reparations and war debts. The fall in Miscellaneous Receipts reflects also the cessation of the special transfer from the Dollar Reserve Exchange Account, from which £12.75 millions (including £4 millions accumulated interest) was taken into revenue in 1931-32.

Comparing the two foregoing tables, it will be seen that on this basis Mr Chamberlain was left with a prospective deficit of £1.7 millions. This deficiency he increased by £1.1 millions by conceding an extra shilling per hundredweight preference on all Colonial sugar imported and by granting a special supplementary preference of a further shilling on a specific quantity—limited in 1932 to 275,000 tons—of Colonial sugar, to be allocated by the Colonial Office to the various sugar-producing Colonies in proportion to their total sugar exports. Both these additional preferences are to run for the next five years, subject to adjustment if the sterling wholesale price of foreign full-duty sugar rises beyond 7s. 6d. per hundredweight.

To fill the gap of £2.8 millions thus disclosed Mr Chamberlain revived the duty of fourpence per pound on foreign tea which was repealed in 1929. Previous to the repeal there had been a preference of two-thirds of a penny on Empire tea. This preference Mr Chamberlain now increased to twopence. In addition, having regard to the present large stocks of tea, he announced that there would be an Excise duty of twopence per pound on all stocks, Empire and foreign, in individual ownership exceeding 1,000 pounds in weight. The estimated yield from the tea duty this year was £3.6 millions, and a further £25,000 would be obtained by cancelling the concession made in 1926 whereby silk apparel imported for private use and not for sale might, at the importer's option, pay a specific duty on weight instead of the stipulated *ad valorem* duty. Recent reports of abuse of this concession lend point to its withdrawal.

Mr Chamberlain's final balance sheet is therefore as follows:—

I. ORDINARY REVENUE AND EXPENDITURE, 1932-33.

ESTIMATED 1932 REVENUE.	ESTIMATED 1932 EXPENDITURE.
<i>Inland Revenue—</i> £ Mn.	<i>£ Mn.</i>
Income Tax	260.0
Surtax	66.0
Estate Duties	76.0
Stamps	23.0
Excess Profits Duty ...	1.2
Corporation Profits Tax	0.8
Land Tax, &c.	0.8
Total Inland Revenue	427.0
<i>Customs and Excise—</i>	
Customs	174.6
Excise	125.4
Total Customs & Excise	300.0
<i>Motor Vehicle Duties—</i>	
Exchequer Share	5.0
Total Receipts from Taxes	732.0
Post Office Net Receipt	11.7
Crown Lands	1.2
Receipts from Sundry Loans due to British Government	4.4
Miscellaneous	17.5
Non-Tax Receipts	34.8
TOTAL 1932 REVENUE	766.8
<i>ESTIMATED 1932 EXPENDITURE.</i>	
Interest and Management of National Debt	276.0
Payments to Northern Ireland Exchequer	6.8
Miscellaneous Consolidated Fund Services ...	3.5
Total	286.3
<i>Supply Services—</i>	
Defence:—	
Army	36.5
Navy	50.5
Air Force	17.4
Total	104.4
<i>Civil:—</i>	
I. Central Government and Finance	2.0
II. Foreign and Imperial	4.8
III. Home Department, Law and Justice	15.5
IV. Education	52.0
V. Health, Labour, Insurance (including Old Age and Widows' Pensions)	141.3
VI. Trade and Industry	11.1
VII. Works, Stationery, &c. ...	8.6
VIII. War Pensions and Civil Pensions	49.9
IX. Exchequer Contributions to Local Revenues	45.0
Total	330.2
<i>Tax Collection:—</i>	
Customs and Excise and Inland Revenue Votes (including Pensions, £944,000)	12.6
TOTAL 1932 EXPENDITURE	733.5
National Debt—Sinking Fund	32.5
Surplus	0.8
	766.8

II. SELF-BALANCING REVENUE AND EXPENDITURE.

	£ Mn.
Post Office	59.2
Road Fund	22.9
Total	82.1

The figure at which the Budget (excluding the Post Office and Road Fund items) balances, namely, £766.8 millions, contrasts with £803.5 millions a year ago, when the debt charge, including Sinking Fund, stood at £355 millions, as compared with £308.5 millions in the present accounts.

SECURITY AND TREATIES.

THE problem of security and disarmament is being debated at Geneva once again, but, for good or evil, the circumstances of the debate have changed. It is no longer a discussion in the air. A challenge to the existing "collective system" of security—the system which we have been building up laboriously ever since the end of the Great War—has been provided by the action of Japan. How has the test been stood by the two main pillars of the post-war security system—the Covenant of the League and the Kellogg Pact? It would be not only disingenuous but futile to pretend that "the collective system" has escaped unscathed from the Japanese bombardment, for it is evident that Japanese bombing planes and heavy artillery and tanks have battered "the collective system" of security as well as the Chinese city at Shanghai.

Some of the well-wishers of "the collective system" have tried to minimise the seriousness of this assault. They have sought to show that the Far Eastern conflict is a peculiar local affair which has no vital bearing upon the problem of security and disarmament in general. But their arguments bear the stamp of special pleading; and it is manifest that these arguments do not carry conviction among the representatives of the nations who are assembled now in the World Disarmament Conference at Geneva—especially the representatives of the small and weak nations, who constitute about 80 per cent. of the total number of fully-self-governing States.

It is argued that the Far Eastern conflict has no moral for the world at large on three separate accounts: because the state of China is peculiar, or because the state of Japan is peculiar, or because Manchuria and Shanghai are situated at the ends of the earth. But none of these arguments really holds water.

China, certainly, is in a state of internal disorder approaching anarchy. But, though this condition is exceptional, there always have been and always will be a certain number of countries in this condition in the world at any given moment; and these are precisely the countries that are always in most danger of being attacked by exasperated or designing neighbours. Witness the fates of Turkey and Persia and Morocco before the war. Similarly, to-day, China is in greater danger of attack than, say, Siam, and Mexico than Uruguay. In fact, China as she is to-day is just the kind of country which the Covenant and the Kellogg Pact have been framed to defend. As for Japan, it is true that the Japanese army and navy are independent—*de facto* and perhaps also *de jure*—of the civil Government at Tokyo; and this dispersion of national sovereignty (which is also a form of anarchy) is again peculiar and exceptional. But is not this just the peculiarity that is characteristic of aggressive Powers? In fact, did not the constitutional position in Germany, before the Armistice and Revolution of 1918, resemble, in a mild degree, the position in Japan to-day? It looks as though the circumstances which are alleged to be peculiar in the positions of both Japan and China are likely to be found prevailing wherever there is an aggressor and a victim and a breach of the world's peace.

As for the argument that the Far East is too remote for "the collective system" to be expected to work there, nobody in the world except a heavily-blinkered European will be convinced by it. Shanghai and Manchuria are indeed as remote from Europe as Danzig and Silesia are from America; but they play more important parts than either Danzig or Silesia in the general life of the world; and the argument obviously cuts both ways. If the Far East is "too remote" for the European countries to enforce "the collective system" of security there, then, *vice versa*, Eastern Europe is "too remote" for Canada and the United States to intervene when the issue of security is raised in Danzig or Silesia. Before the Japanese coup it was a common saying that "the collective system" might be possible to enforce if only a test case were to arise first in some region in which the overseas countries felt themselves to be directly interested. This contingency, which used to seem so unlikely, has now actually been realised. The Sino-Japanese conflict has flared up before the German-Polish. America and the Dominions are interested in the Far East to a vastly greater degree than in Europe. Yet it is in this field that "the collective system" has been challenged—so far with success. That being so, can we assume that there are any situations or circumstances or regions in which "the collective system" really would work?

So much for the arguments which seek to prove that the Far Eastern conflict has left "the collective system" of security intact. It cannot really be denied that "the collective system" has been badly battered. It is best to face this unpleasant fact and to ask ourselves how it has happened.

Is it the fault of the United States? Undoubtedly the non-participation of the United States in the League of Nations has weakened its authority and impaired the efficiency of its functioning. But is this difficulty the real cause of the present breakdown? After all, the United States Government has been in constant touch, and at times in actual co-operation, with the League of Nations since the beginning of the Far Eastern crisis. And on certain crucial occasions the State Department at Washington has taken a firmer line than, for example, the Foreign Office in Whitehall.

It is true that the United States is not prepared to use all the weapons which are in the armoury of the League of Nations, and pins its faith to the theory that the pressure of clearly and, if necessary, forcefully expressed world opinion, reinforced by the fear of the dangers resulting

from political isolation, will suffice to safeguard the treaty system. But the United States has gone farther and has made it clear that, if the League decided to use its own special weapon of the boycott, America would not stand in the way or create difficulties. In the circumstances it would be hypocrisy to lay the blame at the door of the United States.

The real cause of the dilatory and hesitating action of the nations of the world is due to a state of mind which is not peculiar to the United States and not peculiar to the Great Powers but is characteristic of the world at large at the present time. "The collective system" is threatened because Japan has shown that she will not yield to reason or conciliation or, indeed, to anything short of pressure; and it is feared that the pressure—even mere diplomatic and economic pressure—would expose the countries exerting it to a risk—however small—that Japan might retaliate by military measures. But in their anxiety to avoid any risk of the kind, the Powers are running a risk which in a long view is a far more serious danger—namely, that the whole existing system of international law and order may fall into discredit. None of them would hesitate to fight in self-defence if individually attacked; but, as long as a breach of the peace is committed at the expense of somebody else, they are strongly disposed to lie low, and, like timid onlookers at a street fight, hope that something will turn up to put a stop to the row. No society of individual human beings could exist if its members were all to feel or behave in this way and if no one were ever willing to take the responsibility of playing his part to ensure the maintenance of peace. Can a society of States exist any more effectively under such conditions?

But, it may be said, this Eastern question will, in fact, solve itself if we have patience. See how unexpectedly effective China's self-defence has proved. The policy of violence is already bringing in diminishing returns to Japanese militarism. When Japan's China trade is quite dead, Japan will probably think better of her military adventure in China, and will voluntarily return to the *status quo*. The part of wisdom, for other Powers, lies in leaving Japan to her own devices and allowing her to learn wisdom for herself by bitter experience. If you only give militarism rope, it will hang itself. But this argument really will not serve. For even if it were true that militarism sooner or later brings its own punishment upon itself, it is obvious that it may first involve years of misery to its victims, and, rather than face the risk of being the unhappy object on which the experiment is tried, the nations will arm to the limit of their resources to ensure their own security.

Since the Great War no graver issue has presented itself before the statesmen of the world. Its handling will greatly influence the fate of the Disarmament Conference and determine whether hereafter individual countries will be willing to place increasing trust in the collective support of the nations of the world, or whether they will feel that they can rely only on their own right arm. The presence at Geneva of Mr Stimson—who will this week talk with the Prime Ministers of England, France and Germany—means that there is an unexampled opportunity of securing the closest possible co-operation between America and the League, and of reaching mutual understanding. If the League will not shoot its last bolt till it has heard what its Commission has to say, it can at least be made crystal clear to Japan forthwith that the members of the League and America are at one in requiring that treaties must be strictly observed by those who expect to enjoy their advantages and that, so far as diplomatic and political action is concerned, all the great nations of the world will adopt a common attitude. If American opinion is right in thinking that a common front is in itself a potent influence, that a nation even in the heat of patriotic enthusiasm will hesitate openly to range itself alone against the whole world—and that, indeed, the joint action of England and America has already induced Japan to refrain from recognising the new independent Government of Manchuria—now is the moment to put this to the test. But it must be a genuine test. This is no time for ambiguous formulae that can be interpreted by one party in this way—by another party

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in that; and the political consequences of the judgments reached must be quite clearly understood. In this problem of the Far East, as in all of the great international problems of to-day, great progress could be made if our statesmen would realise that the surest way to let things get completely out of hand is to let things drift.

POLICY AND THE PRICE LEVEL.

NEARLY a year ago the Macmillan Committee on Banking declared that stabilisation of prices at the level then existing would be "a serious disaster" for all countries of the world. Since then gold prices of primary products have fallen by not far short of 20 per cent., while British wholesale prices, notwithstanding the depreciation of the pound, now stand at approximately the same level as when the Macmillan Committee reported. With every week that passes it is becoming more and more patent that the alternative to a recovery of prices to something like the level at which they stood three years ago will be defaults in respect of fixed interest indebtedness, governmental and private, on a scale with which the capitalist system has never yet had to cope. On the other hand, with many countries "off gold" and others wondering whether they may not be compelled to follow suit, the dangers of a complete breakdown of monetary systems through inflation, if Governments do not pay their way and the situation is allowed to get out of control, is a real source of anxiety—particularly to those who have been through the mill.

The subject of our own monetary policy has this week been brought once again to the front of the stage by Mr Chamberlain's references in the Budget speech. The substance of his statement, which is more fully discussed on a later page, is to the effect that, while it would be premature for Great Britain to stabilise now, the Treasury will make funds available and assume responsibility for such action as may be possible to restrict exchange fluctuations. But what policy is to guide its operations? Two notable contributions have recently been made to the elucidation of this problem—the one a memorandum on "British Economic Policy" issued by O. T. Falk and Company, the other an article entitled "Reflections on the Sterling Exchange" by Mr J. M. Keynes, in the current issue of *Lloyds Bank Review*.

Mr Falk, who signs the first-mentioned memorandum with two associates, begins by reviewing briefly the causes which led to our enforced suspension of the gold standard. He depicts us, not without justice, as having subsisted for some years before the crash on a quasi-equilibrium maintained by offering high interest rates for short-term foreign capital, and having failed to take such measures—namely, wage reductions, increased relative efficiency of production, etc.—which might have made the position a stable one. He then proceeds to examine the effects which have been produced on gold prices by sterling depreciation, coupled with our fiscal policy. The conclusion

which he reaches is that British "protective factors," i.e., a depreciated pound plus tariff duties, have "inevitably tended to force gold prices to a still lower level and to cause a further deterioration in the general condition of insolvency, inequilibrium, business losses and unemployment abroad, while at best it has achieved for us the stabilisation, and perhaps only the temporary stabilisation, of our very depressed *status quo*." In short, present British economic policy, in resisting a rise of internal prices, curtailing public development expenditure and restricting imports, is having a disastrously deflationary effect on the economy of the world.

The question arises: What courses now lie open to us? We might reduce the "protective factors," i.e., lower our tariffs and aim consciously at an appreciation of sterling, while endeavouring to maintain the stability of our internal prices. This policy, in Mr Falk's view, would benefit the outside world, but it would go far towards reviving the industrial handicap under which we laboured previous to last September with the additional disadvantage that other countries have reduced their production costs and we have not. Alternatively, while lowering the "protective factors," we might force a reduction in our internal price level; but, Mr Falk suggests, deflation of our prices would neutralise the beneficial effect on the gold price level of reducing British "protective factors," and in view of the rigidity of our wage structure, would aggravate our internal mal-adjustment between prices and costs, apart from increasing our already intolerable debt burden. Finally, to end the list of rejected possible courses, raising the level of "protective factors," while maintaining a stable price level, would merely increase the damage wrought by our policy of recent months. Therefore, in the view of the signatories of the memorandum, the only sound policy is one which includes as its essential element a raising of internal prices. Can this objective be realised, and by what means? The answer, according to Mr Falk, is that the Bank of England can and should aim at broadening the basis of credit. The danger to-day is not extreme inflation, but a failure to check the ravaging process of deflation. The initiation of a policy designed to raise prices, coupled with an assurance that it will be maintained, would increase the demand for loans and lead to an expansion of business activity. As one of the world's largest buyers, with sterling used by a great part of the world as a basis for its currency and as a medium for its trade, we are in a peculiar degree free and able to determine the world price level without necessarily waiting for the co-operation of America and France.

In the general sense of Mr Falk's thesis there is little to which, we imagine, serious exception would be taken by Mr Keynes. In addition, however, to giving his readers a lucid analysis of the factors which led to our departure from the gold standard—incidentally he prefers to describe the event as gold's "going off sterling"—Mr Keynes puts forward a programme for British monetary policy in somewhat more specific terms. He

starts from the premise that under existing conditions, with our adverse balance of foreign payments on income account in process of rapid reduction to a figure probably below £50 millions per annum, sterling has an "equilibrium value" which he places within the limits of \$3.90 and \$3.40. The higher figure he derives from the widely-spread impression that British industrial prices would not be competitive with a lesser degree of exchange depreciation, while he points in justification of the lower limit of \$3.40 to the general feeling that a depreciation of much more than 30 per cent. would write down too drastically the value of sterling debts to us and would give British industry an uneconomic bounty likely to promote reprisals.

Within these limits, Mr Keynes thinks that the Bank of England is in a position to exercise a completely decisive influence on the rate of exchange, provided that it has a clear idea of its policy, strengthens its technique and has the approval and the co-operation of the Treasury in its actions. On the technical side he makes the following recommendations:—(1) that all exchange transactions, including purchases and sales of gold, entered into by the Bank should be on account of the Issue Department, which would mean that the final outcome of exchange dealings would go to the profit or loss of the Treasury; (2) that a large holding of foreign exchange should be built up, after which it might be advisable to accumulate gold; (3) that the Bank should operate on the forward exchange as well as "spot," thus easing the technical problem by reducing the amount of sterling cash which the Bank would have to find for its exchange operations; (4) that short-term rates in London should be brought down to a very low level, thus reducing the yield on funds held in London by foreign exchange speculators; (5) that after the Bank's purchases of gold and foreign exchange, by producing their normal effect on the volume of credit, had brought down Treasury bill rate as low as desired, further expansion of market resources should be obviated, if necessary, by replacing by gold and foreign exchange the Government securities now held in the Issue Department; (6) that the Bank should announce each week a pegged upper limit at which it would purchase gold until further notice.

Having thus defined the technical steps which he deems advisable—step (1) has now been more or less adopted officially—Mr Keynes proceeds to consider what policy the Bank should consciously follow with an eye to the level of prices and industrial employment. Prefacing his recommendations with a hint of hope that "invincible forces" are now tending to the destruction of the "unbalanced creditor positions" of France and the United States—forces which should ultimately lead to depreciation of the dollar and franc in terms of goods and a consequent appreciation of non-gold currencies—he suggests that though we are now moving out of the first phase of financial crisis, at least so far as Great Britain is concerned, it may need a prolonged interval of ultra-cheap money before the phase of industrial crisis begins to pass away. Like Mr Falk, he describes the real problem as that of arresting the present process of deflation and the real risk as being that of failure to accelerate by bold monetary policy the time-table of recovery. Since investors must be induced to consider reasonable risks once more by the yield on riskless bonds falling very low, an optimum Bank rate in existing conditions should be $2\frac{1}{2}$ per cent., with Treasury bill rate at 1 or $1\frac{1}{2}$ per cent. and deposit rate at $\frac{1}{2}$ per cent. But while these should be the lines of the Bank's credit policy, the authorities must also consider the optimum rate for sterling exchange. Here Mr Keynes suggests that the Bank should start in the neighbourhood of the existing market rate and should aim at working the exchange gradually downwards to a level of, say, \$3.40 to \$3.50. The case for such a figure he bases on the considerations (1) that recent foreign speculative purchases of pounds are a factor on which we should not rely, since we need a figure which will not put too much strain on us when we are getting no benefit from the repatriation of capital or speculative transactions; (2) that regard must be had to the need for stimulating employment and exports; and (3) that an exchange rate

of \$3.40-50, as opposed to a higher figure, would be in the interests of the raw material producing countries which belong to the sterling bloc.

We have summarised at some length these two important contributions to current discussion of our monetary policy because we find in them much with which we agree. At the same time, though we are at one with those who discern in the "reflation" of prices the only alternative to an appalling vista of defaults, from which the confidence of investors might hardly recover within a generation, we feel that there may be a danger lest proponents of "progressive" monetary policy may create among the public a false impression that central bankers are keepers of an "Open Sesame" secret formula which would magically unbar the gates to prosperity but which, from cowardice, lack of vision, or, it may be, some inscrutable *odium humani generis*, they will not pronounce.

To create false hopes in this direction would be a mistake. The practicable policy, as we see it, which our authorities should follow, is to create, very much on the lines of Mr Keynes' programme, credit conditions favourable to expansion when other factors permit enterprise to recover, and to leave no stone unturned to restore the confidence in the political, financial and economic organisation of the world, without which no offer of credit will tempt the business man to expand his activities. That the desirability of clearing the way for expansion when conditions are favourable—and, incidentally, of discouraging the "flight to the pound" which has latterly caused such an unwelcome appreciation—is appreciated by the Bank of England is shown, we hope, by the announcement this week of a further, if belated, fall in Bank rate to 3 per cent.

UNEMPLOYMENT IN THE RUHR.

(BY A CORRESPONDENT.)

IN Germany to-day out of a total population of 65 millions over 6 millions are without work. Of these, some 500,000 represent the surplus labour within 20 miles radius of the city of Essen, that is, in the industrial area of the Ruhr Basin. If the families and dependents of these half-million unemployed are taken into account, it may fairly be estimated that 83 per cent. of the $4\frac{1}{2}$ million population of the Ruhr are supported by the State or the municipalities. As a mitigating circumstance one should perhaps mention that long terms of unemployment are the exception, there being no absolute body of surplus workers, but rather a constantly shifting personnel.

The situation thus created in the industrial heart of Germany is one well calculated to cause anxiety. It is generally realised both by employers and employed that no improvement can be expected in the near future, and the view has rapidly taken root that only by international action can the conditions essential to an industrial revival be restored. In the meantime, pending such action, the unpleasant necessity remains of preventing a further deterioration which might lead to a complete disruption. It is a sign of the fundamental strength of German industry and of the sense of responsibility existing among the working class that this disheartening, because negative, task is being steadily pursued without undue disturbance. To ensure the continuance of the present tranquil conditions the prime requisite is the punctual working of the machinery of unemployment relief, a provision which is not made easier by the growing budgetary difficulties of both central and local authorities. There are rapidly dwindling receipts to meet the vast demands on the public purse.

The administration of unemployment relief in the Ruhr is as efficient as elsewhere in Germany, but in the course of the last few months certain defects and anomalies have revealed themselves. In particular, the tripartite system of insurance benefit, transitional benefit, and welfare relief sometimes works inequitably, so that in Essen, for example, an unemployed workman with a large family may enjoy a higher standard of maintenance under welfare relief than by drawing insurance benefit. Or, to give another instance, a skilled miner working full time is not paid more than 120 marks a month, however large a family he may have, a sum which corresponds exactly to the

allowance granted by the local Institute for Welfare Relief to an unemployed married man with five children. Such anomalies have developed through the division of function between the Reich labour exchanges, which control the payment of insurance and transitional benefit, and the municipal relief departments, which concern themselves with all other demands for maintenance. It is therefore now being seriously considered whether it would not be more satisfactory and at the same time more economical to abolish for the present the insurance principle (which has already been discarded in the Ruhr coal industry as a subsidy against British competition) and to rationalise the administration of unemployment relief by placing it under a single authority. The *Frankfurter Zeitung* estimates that the double reorganisation, financial and administrative, would effect a saving of 300 million marks, which is roughly 10 per cent. of the total expenditure on unemployment in Germany last year.

Where unemployment has reached such formidable dimensions as in the Ruhr it is natural that every kind of scheme for reducing the evil should have been tried. Such employment as is available is to a great extent portioned out by various methods of short time, which, however, find little popularity with the underpaid employees. Proposals have also been put forward for creating work outside the normal sphere of private enterprise. Some idea as to the practical realisation of these proposals may be deduced from the following figures for Essen, a city with a population of 640,000, of whom 80,000 are seeking work. In 1931 the municipality employed on building and reconstruction schemes 7,000 workmen, who would otherwise have been drawing the dole, but even this small number has now been reduced to 4,000. Some 3,000 more are given compulsory work, for which they obtain a small bonus on their unemployment benefit. In addition, there are a certain number of voluntary labour corps organised as a rule by religious or athletic associations, who devote their energies to laying out sports grounds and other occupations which involve no serious overhead charges. For those for whom no work can be found, paid or unpaid, an admirable system of free educational courses has been devised. In Essen itself there are no less than 90 of these schools for the unemployed, and it says much for the character of the local working class that the courses are well attended, even if the attraction of an occasional free breakfast be discounted.

Notwithstanding the vast network of official relief services, and in spite of the fact that in an industrial district such as the Ruhr but a very small section of the population enjoys a large income, charity is playing a large part in relieving distress. In particular, the middle classes, who have suffered hardship ever since the destruction of their savings during the inflation, are greatly dependent upon charity. The latter mostly takes the form of free gifts of food and clothing, cheap coal and the payment of arrears of rent, and is organised on a businesslike basis by religious and other benevolent societies.

Although there is much and very real distress in the Ruhr, and even if things do not go from bad to worse, no discernible prospect of alleviation, the casual visitor sees few outward signs of dissatisfaction or even of poverty. The admirable custom of having changing-rooms and baths at the pitheads contributes in no small degree to the smart, pleasant appearance of the man in the street. Moreover, a tradition of tidiness and responsibility prevails which makes street lounging as rare a sight as slovenly clothes. As for the extraordinary absence of malcontents, a certain explanation is afforded by the consideration that, where wages are so low, to be unemployed seems not such a very great evil. It is the irregularity and uncertainty of employment rather than the lack of it which the workman fears most. The means tests for the receipt of transitional benefit and welfare relief have provoked considerable discontent, and, as always in times of depression, the extreme political factions have gained an accretion of strength. Nevertheless, the working-man has learnt from his experience of past "putches" to distrust the efficacy of violence, and Communist propaganda falls for the most part on barren ground. It must also be added that the authorities have learnt from experience how to keep the unemployed more contented, by encouraging them to edu-

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cate themselves and by providing them with free meals and free entertainments. The National Socialists have been even less successful than the Communists in extending their influence over the Ruhr. Among the miners they have hardly gained a single convert, owing perhaps to the hostility of the trade unions, although they have achieved better results with the small shopkeepers, clerical workers, and official classes. In the Krupp works only one man out of the thirty comprising the Workers' Council is a Nazi, while on the other hand among the fifteen members of the staff council no less than five are supporters of the Hitler movement.

To sum up, if one were asked what was the most notable feature of the crisis in the Ruhr the answer would undoubtedly be the resignation and fortitude of the working classes at a time of hardship more severe even than that of the inflation or Occupation period. Nevertheless, it can not be too strongly insisted that, with one-third of the population dependent on the public purse and on charity for a minimum livelihood, a dangerously unstable situation has been created at the most critical point in Germany's industrial life.

AN INQUIRY INTO PROFITS.

As our readers are aware, we have published for many years quarterly analyses of the net profits of joint-stock undertakings classified in accordance with usual Stock Exchange practice. While the analyses perform the useful function of measuring increases or decreases in the net earnings, reserve allocations, etc., of particular classes of companies in relation to their previous year's working, the statistical results obtained are obviously open to criticism in various respects and do not provide a completely satisfactory basis for calculating the real trend of changes in industrial profits. For example, companies operating at home and companies operating overseas are commonly lumped together in one category, whereas in any given period it may well be the case that earnings abroad and in this country show fundamentally different movements. Again, our surveys have always referred to net profits after deduction of debenture interest; but while this calculation is designed primarily to show dividend-paying capacity, the inclusion of debenture interest with profits is preferable when figures are required which show broad changes in the profitability of industry as a whole.

There are other points of difficulty also. For instance, methods of deducting income tax before declaring profits are not uniform, and, since many companies pay their dividends "tax free," a change in the standard rate of income tax has the effect of distorting the profits of such companies. Further, the delay in the publishing of profit and loss accounts after the end of the trading period to which they refer varies considerably as between companies, and an important consideration is that the time-lag is greatly increased in the case of holding companies. Again, the fact that important companies' accounts may be published in different quarters of successive years renders it difficult to carry comparisons accurately back for more than a year at a time. Particularly during the period when there is any violent fluctuation in profits, there are serious objections to multiplying the proportionate changes between year A and year B by the proportionate change between year B and year C in the hope of obtaining a figure showing the proportionate figure

between year A and year C. Finally, the Stock Exchange classification fails to bring out clearly the results obtained in different types of industrial enterprise—as witness the large conglomeration of diverse undertakings covered by our “Miscellaneous” group.

We have, therefore, attempted a re-classification which begins by isolating those industries which are shown to be important by figures of their production or volume of employment. In this re-classification we have divided joint-stock undertakings into three broad groups: (1) Manufacturing and mining, which may be defined as all industries (except building) which come within the Census of Production, including the production of gas, water and electricity. (2) Transport, distribution and services. (3) Companies operating overseas. Since it was desired to carry our re-examination back to 1924 a complete recalculation of the results of every company whose accounts we have published would have been a labour unlikely to give results of proportionate value; some selection of data was clearly necessary. Accordingly, we have eliminated from our list of companies (a) all investment trusts and financial companies; (b) companies controlling or controlled by other companies; (c) rubber companies other than those whose names begin with certain letters of the alphabet. This leaves a conveniently sized residue of some 700 companies. Next we have added to the figures of net profits shown for each company in our previous published analyses such debenture interest as was disbursed. Finally, in obtaining the totals we have obviated the difficulty arising from the fact that the returns of some of the companies were not continuously available by the use of a chain index number. In classifying the industries within each of the three above-mentioned groups we have endeavoured to construct a list comparable with the results of the Census of Production. The results of our inquiry will be published in forthcoming issues of the *Economist*.

Notes of the Week.

The Exchange Fund.—The announcement that the Government would take powers in the Finance Bill to establish an Exchange Equalisation Account formed one of the most interesting features of Mr Chamberlain's Budget statement. The new account, Mr Chamberlain said, would have as a nucleus the remaining balance of some £12 millions standing to the credit of the Dollar Exchange Reserve Account, and would be supplemented by Government “borrowing” up to £150 millions. The funds thus available would have a dual purpose. On the one hand they would permit the Treasury, operating through the agency of the Bank of England, to acquire substantial holdings either of gold or of foreign exchange. On the other hand, the funds would be utilised, for book-keeping purposes, both to cover potential losses on account of the repayment of foreign credits—their figure would depend upon the eventual level at which sterling was stabilised in relation to gold—and to provide that any foreign exchange assets held in the Issue Department as cover to the note issue should be entered in the Bank's weekly statement at the exchange of the day, any deficiency passing from the Equalisation Account to the Issue Department and *vice versa* in the event of a surplus being shown. With the general principle of increasing the resources available in the hands of the authorities for neutralising the effect on the exchanges of movements of floating capital, we are in entire agreement. Mr Chamberlain gave no detailed account of the precise technique which is contemplated. Possibly such “borrowing” as the Government undertakes for the Equalisation Account will be in the form of loans from the Bank of England, whose otherwise inflationary effect will be neutralised by sales of sterling securities now held by the Bank. Whether this is the precise procedure contemplated or not, it is clear that the account can be so operated as to avoid any dislocation of the money market. One feature, however, of the proposals appears to us to be open to question. Mr Chamberlain stated that no details of

the assets in the Exchange Account would be published. While we do not begrudge the authorities any weapon which they can usefully employ to make the path of the speculator more difficult, the concealment of the total gold and *devisen* holdings, whether held by the Bank or the Treasury, may easily stimulate, instead of discouraging, speculation based on rumours. While no one would wish to hamper the Bank in the ticklish business of attempting to restrain the vagaries of a free currency, there is an even greater danger to be feared from a policy of secrecy. Nothing has done more to undermine public confidence in the policy of the Bank than the air of mystery with which its proceedings have frequently been surrounded. Whatever their charters may say, Central Banks are public institutions with a national responsibility. Our own Bank is far behind other leading central banks in the extent to which it takes the public into its confidence. If we are to have a managed currency for some time to come, it will only be possible for management to be effected successfully if market forces automatically come into play to correct fortuitous aberrations of the exchange. The system will never be successful or inspire confidence if a single performer who knows the facts plays a lone hand against the great mass of buyers and sellers of foreign exchange working in the dark. This question, which may seem to be a minor detail, is really of very far-reaching importance, and deserves very careful consideration by the authorities. It is admittedly not an easy matter to settle, but we sincerely hope that the Treasury and the Bank will consider what can be done—both from the point of view of enabling market forces to be a help and not a hindrance, and also as an example to the Central Banks of the world.

The Cost of Education.—The debate in the House of Commons on Monday on the Education estimates produced the usual controversy between those who think we are spending too much on education and those who think that present expenditure is still inadequate. The President of the Board of Education, Sir Donald Maclean, steered a middle course. While emphasising the huge burden on the taxpayer and ratepayer, he dwelt with equal force upon the vital necessity for keeping our educational standard high, and expressed regret at the cuts which the crisis had imposed upon his department. Any occupant of this Ministerial post is entitled to sympathy to-day. For he, of all men, must be impressed with the truth that no use to which public money can be put is likely to be more reproductive socially and economically than proper and efficient education. On the other hand, Mr Chamberlain's Budget has given the sternest of reminders that, in the absence of trade revival, public retrenchment is the only possible way to alleviate an exceptional tax burden. The figures relating to expenditure on education call, therefore, for severe and critical scrutiny. Sir Donald himself opened his speech by admitting that nearly £100,000,000 is raised every year from rates and taxes for education services—a sum which is more than half the total national Budget of 1914. This figure is about £12 millions higher than in 1921, in spite of the great fall in prices during the decade. If these figures suggest the question whether we can afford it, there is another figure available which raises the equally important question whether we are getting value for money. In 1913-14 total educational expenditure per head of elementary pupils was £4 15s. 2d. For 1932-33 it works out at no less than £12 11s. 7d. Can it really be true that the value to the children and to the nation of the education provided to-day is nearly three times as great as that of the education provided before the war? If Sir Donald will concentrate upon the task of answering that question, he may be successful in finding an avenue of approach towards the achievement of substantial economy without the sacrifice of efficiency.

Mr Runciman.—Towards the close of the last Parliamentary week Mr Runciman took advantage of a debate on the Civil Estimates to review the trade position. The keynote of the speech was optimism. Between September, 1931, and March, 1932, said the President of the Board of Trade, the number of workers actually in em-

ployment increased by 250,000; forty-three new factories have been started to produce such goods as knitwear, ribbons, furnishing fabrics, clothing, electric radio apparatus, leather goods, toilet products, etc.; the signs of decadence which foreign critics described a year ago have disappeared. “I wish Mr Siegfried would come to England now,” said Mr Runciman, “and spend some time in Lancashire and Yorkshire and the industrial districts of London.” We rejoice with the President at such patches of improvement as there are in an industrial picture still unhappily blackened by the plight of coal, iron and steel, engineering, shipbuilding and shipping; and we share his satisfaction that Britain's position has improved relatively to the deterioration elsewhere. But there is much in Mr Runciman's review of the situation which provokes certain queries. “The trade of Europe,” he said, “is much the most important to which we devote ourselves. One-third of our foreign trade was until recently European trade, but, as one of our publicists said recently, with a Europe which is half angry and half afraid, there has been a very great shrinkage in European traffic.” How far, it must be asked, is Mr Runciman's own policy of import restriction responsible for the decline in our exports to Europe? “The prospect of our extending our markets in Europe has become smaller,” Mr Runciman remarked, and confined his blame to Continental prohibitions and restrictions. But he omitted to mention that, in proportion as Continental goods have been shut out of our market by tariffs, Continental capacity to purchase British exports has been reduced. By applying his famous “slimming process” to British trade, he has automatically tightened the thongs which are slowly strangling the trade of Europe. Mr Runciman's peroration showed that he still dreams of progress through tariff bargains after Ottawa to an era of freer trade all round. While his dream works itself out to fruition or inanition, the world bleeds to death. Conservative critics of the speech hailed it as marking a fresh approach by Mr Runciman to the traditional Conservative view of the blessings of Protection. We prefer to suggest that it is high time the Government's intentions towards foreign countries should be more clearly defined.

—**and Mr Baldwin.**—Mr Runciman was followed the next day by Mr Baldwin, who, boldly invading Mr Lloyd George's constituency, addressed a mass meeting at Llandudno. For the most part, the Conservative leader was content to paraphrase the parliamentary speech of Mr Runciman referred to above; for he, like the President of the Board of Trade, emphasised the brighter patches in the domestic sky, and, in effect, repeated the slogan “through Ottawa to freer trade.” It is comforting to note this insistence upon the aim of “freer and more beneficent” trade, and we trust that both Mr Baldwin and Mr Runciman will bear continually in mind that, whatever arrangements and bargains may be made at Ottawa, they will lead us nowhere if the increased preferences to British goods involve higher tariffs to the rest of the world. Each from his own angle, Mr Baldwin and Mr Runciman look to Ottawa as the starting point of a campaign to revive world trade. “A successful example in our Empire,” said Mr Baldwin, “would blaze the trail for the rest of the world.” It might do so, provided inter-Imperial arrangements are not exclusive, but, while scaling down the barriers to the trade of the Commonwealth leave the door open for the adhesion of all countries which will themselves conform to a low tariff policy. For the moment there is some satisfaction in noting that Mr Baldwin agrees with Mr Runciman that freer trade is an essential need, not merely inside the Empire, but in the world at large. Let us hope that this simple expression of an obvious truth will be printed and framed and packed in the luggage of every one of our delegates to the Ottawa Conference.

The Free List.—To one aspect of the proceedings of the House on Budget Day particular exception may legitimately be taken. Included among the Budget resolutions was an affirmation that it is expedient to amend the Import Duties Act by providing that on the recommendation of the Advisory Committee the Treasury may be

authorised to eliminate by Order any class of goods from the Free List. Debarred on a point of order from securing this objectionable amendment to the Act at the time when the Bill was under discussion, Mr Chamberlain announced that he would seek legislative powers in this sense at a later date. But to incorporate in the customary resolutions one to which he made no reference in his speech, but which commits the House on an important point of policy, is suspiciously like an attempt to stifle criticism in advance. Presumably the question will be raised afresh in the Finance Bill when, we hope, strong opposition will be made to this further attempt to remove from the purview of Parliament the imposition of fresh taxation by way of tariff duties.

The Tariff Makers.—Details of the first recommendations of the Import Duties Advisory Committee and of the schedules of new duties imposed this week by Treasury Order were made available to the Press too late for us to do more than give, in this issue of the *Economist*, our first impressions, to which we shall have more to add next week, when there will have been an opportunity of fuller study of the Order. This may be said at once: On the plea of urgent need to meet the situation arising next month, when the Abnormal Import Duties expire, the Committee, who admit naively that the erection of a “scientific tariff” is a task requiring “much inquiry,” have made a strangely unscientific leap into the dark in the direction of moderately high Protection. There are to be four stages in the tariff. On agricultural machinery and tools, most building materials, cordage, ropes and twine, dressed leather, pulp and some other articles, the duty (including the 10 per cent. already levied) is to be 15 per cent. On a wide range of manufactures, which comprise the bulk of the manufactured category—including finished iron and steel products—the rate is to be 20 per cent., while the 25 per cent. category includes the strange assortment of fruit pulp, leather trunks, pipes, sporting guns and games. Luxury articles, such as oysters, caviare, furs, jewellery, artificial flowers and toilet articles, fall under the highest rate of 30 per cent. In addition, bicycles and some chemical products are to be subject to 33½ per cent., bringing them within the “safe-guarded” category, while semi-finished steel imports are to be taxed 33½ per cent. for a minimum period of three months to check importations at a time when it is alleged that stocks are high—until Protection of a more permanent nature is devised for this industry. With regard to the duration of the other duties, the Committee indicate that they do not propose, save in exceptional cases, to recommend changes in a downward direction for twelve months. On the other hand, they are ready to propose higher duties in “appropriate cases.” The new duties come into operation at midnight on Monday, April 25th. We look in vain for any justification of the grounds upon which this escalator tariff has been imposed. It is a tariff which will undoubtedly restrict trade, delay the restoration of prosperity in countries which will be particularly affected, and hamper our own exporting industries and shipping. While there is no evidence whatsoever that our trade balance is to-day a menace to the pound, this tariff will force our foreign trade to a lower level on both sides of the account. The sole excuse that could conceivably be advanced for it is that it has been imposed in order to be taken off again if other countries will give our goods equivalent treatment. But the words of the report have an ominous sound to those who look forward to this development.

America and War Debts.—Isolated voices in the United States are to be heard urging Congress to modify its present *non-possumus* “last cent” attitude with regard to inter-governmental debts arising out of the war. Recently Dr. Nicholas Murray Butler has pleaded eloquently for drastic revision and—still more significantly—at a conference of the Democratic Party last week Mr Al. Smith made the original suggestion that the United States should “forget all about” European war debts for twenty years and meanwhile should credit each debtor country with 25 per cent. of the gross value of her pur-

chases of American goods. It is evident, however, from proceedings at Washington this week that no immediate change of Congressional policy is to be expected. On Tuesday, Senator Reed, referring to the absence of provision for debt payment in Mr Chamberlain's Budget, expressed his conviction that "no responsible American official has given the British any reason to think that these payments will not be expected," and on the following day Senator Borah made a trenchant attack on Mr Al. Smith's proposal—reminding Congress that no provision had been made in the United States Budget for non-receipt of payments from the European debtors. There was, however, one passage in Mr Borah's speech which is significant and with which we agree. If Europe, he said, cannot solve the reparations problem "it is useless to talk to the American tax-payer about aiding Europe by cancelling debts. . . . Until the fundamental questions which inhere in the European situation can be adjusted it is not within the power of the United States, however liberal and generous its policy may be, to reanimate Europe." The moral is clear. Whatever the future may hold with regard to the eventual attitude of Congress towards debt cancellation or revision, it is hopeless for the forthcoming Lausanne Conference to shelve the specifically European problem as such until American intentions are disclosed. No matter what the risk, a beginning in Europe must be made.

The Election Campaign in France.—In the intervals of discussing Reparations and Danubian Relief and Disarmament at international meetings, Monsieur Tardieu is conducting his election campaign at home; and last Sunday he made an important speech in his own constituency at Giroumagny, near Belfort. Perhaps the most interesting aspect of the speech was the picture of France and her problems which Monsieur Tardieu partly drew and partly took for granted; for the picture was less unlike everyone else's picture of his own country nowadays than a Frenchman's picture of France would have been six months or a year ago. Monsieur Tardieu shows us a France whose situation is not very different from that of Britain or even that of Germany: a France who has reached the limits of her taxable capacity; who requires positive and substantial relief from taxation if there is to be a revival of trade; a France who is at the same time anxious about the balancing of her Budget. Now if France is really finding herself in the same boat as all the rest of us, does that mean that she is becoming more inclined to make those contributions which only she can make towards the common recovery? In the matter of using the French stock of gold for investments abroad, Monsieur Tardieu defended himself against critics of the loans which France has made already. But the very fact that these somewhat exiguous loans require defence presumably means that there is little prospect of the French embarking upon foreign investment on what, from a world standpoint, would be anything like an adequate scale. For the rest, Monsieur Tardieu was concerned last Sunday to insist that, whatever the outcome of the elections might be, the new Chamber would be certain to be in favour of the same foreign policy as its predecessor. Of course, this was his inevitable cue in his rôle as the spokesman of those parties, now in power, by whom this policy has been made. We are not sure how far Monsieur Tardieu really expects to see his foreign policy survive the elections intact. All the same, it is safe not to build our hopes upon the French elections. The France with whom we shall have to collaborate in finding a solution for the world crisis may be hardly distinguishable from the France of to-day when the elections have come and gone; and we had better face this prospect in advance.

The North-West Frontier Province.—The formalities required in order to raise the North-West Frontier Province to the status of a "Governor's Province" have been completed by the holding of a general election for the new provincial legislature last week and by the investiture of the first Governor by the Viceroy last Monday. These

changes remove an anomaly; for the settled districts of the North-West Frontier Province do not differ in social character or political aptitude from the adjoining province of the Punjab, from which they were separated administratively, at the beginning of this century, for the strategic convenience of India as a whole. When the Punjab, like other Governors' provinces, was being endowed with self-government at a rapid rate, it would have been impossible to keep the North-West Frontier Province permanently under a purely bureaucratic regime. The new regime in the North-West Frontier Province is also intended to facilitate an accommodation between the Muslims and the Hindus in the projected All-India Federation. For the erection of the North-West Frontier Province and of Sind into Governors' provinces gives the Muslims two more British Indian Governors' provinces in which they predominate, and thus places them at less of a numerical disadvantage in any federal organisation. On these several grounds, the proceedings in the North-West Frontier Provinces during the last few days are to be regarded as both desirable and timely. At the same time, they have not been altogether convincing or altogether reassuring. For example, the elections gave the Red-shirt organisation an opportunity of demonstrating that, although it has been "proclaimed" under the present ordinances, it has merely been driven underground and has not been broken up. The Redshirts have had considerable success in their campaign of keeping the electors away from the polls, whether by persuasion or by force. The polling has been farcically light, not only in outlying rural areas like the Marden district, but also in the city of Peshawar itself. And even such polling as there has been has involved the intervention of police and troops, with inevitable casualties. The actual state of the province is indicated by the arrangements which were made for the Viceroy's visit. His Excellency arrived at Peshawar by air, and the aeroplane alighted in the interior of a cordon which had been drawn round the city by the troops in order to prevent the Redshirts from coming in from the country-side. In the circumstances, we doubt whether the pomp and circumstance with which the Viceroy installed the Governor next day was well advised. As the effectiveness of the Redshirt movement shows, the North-West Frontier is moving politically with the times; and there is perhaps a danger that the traditional Anglo-Indian scenic displays, à la *Grand Mogul*, may become an anachronism—with the opposite psychological effect to that which is intended.

Deadlock at Shanghai.—Since the breakdown of the long-continued armistice negotiations at Shanghai—a breakdown which could no longer be averted by the utmost efforts of the neutral authorities on the spot—the Committee of Nineteen have been wrestling with the problem at Geneva; but they seem to be making little headway. The League Assembly's Committee can only suggest that the determination of the moment when "normal conditions" may be deemed to "have been restored" at Shanghai shall be entrusted to a commission on the spot on which China and Japan shall be represented, together with France, Great Britain, Italy and the United States. The Japanese insist that this is a question which they have to decide for themselves. In other words, the Japanese are now insisting, at Shanghai as well as in Manchuria, upon continuing their military occupation as long as they choose, without admitting that either the Chinese or the neutrals have any say in the matter. And this means that the Japanese troops will remain unless and until they are forced out either by stress of the Chinese boycott or by pressure from some other quarter. The Japanese Press is now beginning to complain of Russian military concentrations on the Siberian side of the Manchurian frontiers; while simultaneously the Russian Press is adopting a much more militant tone about the Japanese adventure—particularly in regard to the flagrant Japanese trespass upon the zone of the Chinese Eastern Railway, which is in the joint ownership and under the joint management of the Chinese and the Soviet Governments. Relations between the Soviet Union and Japan will not be improved by the

foundation of a Japanese "Nazi" Party, which was accomplished—by secession from the Social-Democratic Party—at the end of last week. No doubt these Japanese Nazis are still further than their German ensamples from coming into power; yet the gesture of founding this new party suggests that the political current in Japan is still flowing in the direction of reaction and violence. Unless this is checked the Japanese will surely bring retribution on their own heads.

Greek Finances.—The trend of events in relation to the financial crisis of Greece is occasioning, not without good reason, considerable concern in London. It will be recalled that whereas the Financial Committee of the League, in its recent report on South-Eastern Europe, endorsed the Greek Government's plea for relief in respect of external indebtedness to the extent of recommending a twelve months' moratorium on the sinking funds of foreign loans and a fresh foreign loan of not more than \$10 millions, the Greek proposal had been that a foreign loan of \$50 millions should be issued in four yearly instalments and that the moratorium on the sinking funds should be of five years' extent. On Friday of last week M. Venizelos intimated bluntly to the League Council that the Greek Government "finds itself obliged to contemplate" (1) five years' suspension of sinking funds, and (2) non-payment, in the absence, at all events, of the loan recommended by the Financial Committee, of the coupons due on May 1st. To treat the issue in this somewhat high-handed manner is scarcely becoming to a debtor country or calculated to enhance Greek credit. But apart from this consideration, subsequent rumours have been current to the effect that the Greek Government intends to leave the gold standard. In view of the fact that the drachma, in common with the pengö and in minor degree the Austrian schilling, is being dealt with at a heavy discount on the Black Bourse in Athens, we are not disposed to challenge the advisability of a devaluation of the Greek currency. But in the case of Greece, as of the other States in distress, such an operation is exposed to the gravest dangers unless it be conducted with the assurance, not only of adequate external support, but, we would suggest, of supervision and co-ordination by means of some such party as the Financial Committee of the League. M. Venizelos would do well to take counsel once again before launching under existing circumstances on the precarious waters of completely "free" currency.

Australian Finance.—The Premier's Conference met last week, and among other matters proceeded to discuss a joint plan for the relief of unemployment. The proposal put forward by Mr Lyons on behalf of the Commonwealth Government was that the State Governments should all give satisfactory guarantees for the observance of last summer's "Premiers' Plan" of national economy and of the Bruce Committee's report on unemployment, and that the Commonwealth Government should co-operate with the States for the negotiation of an Unemployment Loan of £10,000,000 for half of which sum the Commonwealth Government should itself be responsible. Simultaneously Mr Lyons endorsed the Bruce Committee's recommendation that the exchange rate (i.e., of sterling) should be raised. This proposal had a very mixed reception. Mr Lang returned a flat negative, and Mr Tunnecliff, the acting Premier of Victoria, was almost as hostile. Mr Moore from Queensland and Mr McPhee from Tasmania rejected the recommendation that the exchange rate should be raised, and Mr Hill from South Australia was non-committal. Discussion dragged on for a few days, and at one moment it was suggested that New South Wales and Victoria should be omitted from the scheme and left to deal with their unemployment problems by themselves. Meanwhile, following a Government defeat in the House, the Governor-General of Victoria has granted a dissolution, and the election is due to take place next month. It is generally expected that this will result in a Labour defeat and a change of Government; and the result is that, following a fruitless insistence by Mr Lyons that the adoption of any fresh unemployment scheme

must be contingent upon the determination of all the States to balance their budgets and meet their interest obligations, the further discussion on the Unemployment Loan has been shelved pending the return to power of a new Victorian Government. The situation in New South Wales remains a deadlock. The garnishee order upon State funds in New South Wales and other banks remains in force; and, in consequence, payment of all drafts and warrants drawn by the New South Wales Government is being refused by the banks, to the considerable hardship of many of their presenters. Mr Lang and Mr Lyons have made vigorous onslaughts upon each other at the Premier's Conference. Mr Lang's thesis is that in seeking an alleviation of its external debt burden his Government has done no more than that of many other countries, to which Mr Lyons has replied that it is obviously impracticable to obtain the consent of Australia's external bondholders to a reduction of their claims, and that the only hope of relief lies in the formulation of an international scheme for the relief of debtor countries.

—and Exchange.—The objections voiced by Mr Moore and Mr McPhee to the Bruce Committee's proposal to depreciate the Australian pound have great force and are endorsed by many of the State Treasurers and also by a fair volume of banking opinion. The main ground for these objections is that a depreciated exchange adds to the cost, in Australian currency, of the service of the external debt. On the other hand, as the Bruce Committee clearly envisages, a depreciated currency would both stimulate export trade and lead to an increase in Australian internal prices, especially in those of primary materials. Provided the disadvantages of inflation can be avoided—or at all events kept strictly within bounds—this dual consequence would both assist the transfer of Australia's external debt obligations and alleviate the burden of Australia's internal indebtedness and indeed the whole cost of her public administration. The effect of currency depreciation upon the problem of transfer is too wide to be dealt with in the course of a brief note, and it also applies to a large number of countries besides Australia. We will only observe that the countries where it has occurred do not afford an example which encourages imitation. At the same time, the State Treasurers may well reflect that the alternative policy of appreciating the value of the currency for the sake of lightening external payments presents other difficulties which may well impede the solution of their problems.

The Canadian Budget.—Receipts for the past fiscal year, which ended March 31st, writes our Ottawa correspondent, were placed at roughly \$334½ million. The table below shows receipts and expenditure for the past two years:—

(In millions.)					
	1930-31.	Estimated 1931-32.		1930-31.	Estimated 1931-32.
Receipts from taxation	296.3	273.3	Ordinary expenditure	389.5	378.7
Non-tax revenues	53.3	54.4	Capital	28.2	17.0
			Special	16.8	55.1
Consolidated Fund receipts	349.6	327.7	Loans and advances	5.5	3.4
Special receipts	6.6	7.0	non-active		
	356.2	334.7		440.0	454.2

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Of the major items only the income tax yielded the sum forecast, and it was down by \$10 millions compared with the previous fiscal year; the heaviest fall was in Customs returns, which had shrunk from \$131½ millions to \$108 millions. Ordinary expenditure was some \$19 millions less than the estimates, but "special expenditure" was inordinately swollen by the demands entailed by the consequences of the prevalent depression. The total cost of the programme of public works undertaken was \$70½ millions, of which the Federal Government provided \$26½ millions, and the expenditure on direct relief was nearly \$9 millions, mostly spent in the drought-stricken areas of the Prairie Country. The Budget speech revealed that some of the provinces had been unable to pay their share of the cost of the relief works, and had been given loans totalling \$10½ millions. Further loans of \$11½ millions had also been made to certain Western provinces to avert their default on obligations in the United States, and at the end of the fiscal year the provinces together owed the Federal Treasury some \$22 millions, secured by their one-year Treasury notes. The gap between revenue and expenditure of roughly \$119½ millions took no account of the demands of the Canadian National Railway system, which had shown an operating deficit of about \$61 millions, but the Government had been compelled to make a total provision of \$108,976,265 for the C.N.R. Of this sum \$59 millions had been provided by the proceeds of guaranteed Canadian National bonds, \$41½ millions out of the National Service Loan and the balance had been included in the expenditures. The aggregate Federal deficit for the past fiscal year is in the neighbourhood of \$180 millions. It was largely met by borrowing, and Mr Rhodes placed the figure of the country's net debt on March 31st at \$2,381,117,486. In addition there are outstanding \$1,000,918,406 bonds guaranteed by the Federal Government on account of the railway, harbour commissions, etc. For the present fiscal year 1932-33 the ordinary and capital expenditure is estimated at \$379,500,000 which, after absorbing an increase of \$12,700,000 in interest charges, shows a decrease of \$25½ millions as compared with the previous fiscal year. Mr Rhodes forecast that on the existing basis of taxation and with a continuance of present business conditions the revenues would be roughly 319 million dollars. He therefore submitted proposals for increased taxation, calculated to yield 55 million dollars, which he claimed would balance the ordinary expenditures and leave a surplus of about \$4,300,000. Provision is, therefore, not fully made for the capital expenditures and the substantial sums which will be required for unemployment relief and railway deficit for 1932-33, which is likely to be greater, instead of less, will obviously have to be secured by borrowing. There is a sharp increase in the income tax; all the existing exemptions are cut down by 20 per cent., and there is a special surcharge of 5 per cent. on the amount of the tax payable by all persons with incomes in excess of \$5,000. The corporation tax is also raised from 10 to 11 per cent.; the sales tax from 4 to 6 per cent., and the special excise tax on imports from 1 to 3 per cent. In addition, the stamp tax on cheques is increased, and a variety of what are known as "nuisance taxes," introduced during the war, and later abandoned, are now reimposed; such levies affect sleeping and parlour car tickets, telegrams, cablegrams and long-distance telephone calls, and there is also to be imposed a tax on insurance premiums, with an exemption for life, marine and farm mutual companies. In respect to the tariff, Mr Rhodes announced that in view of the impending Imperial Conference, the Government had decided not to interfere with the British preferential rates, and this decision precluded any general adjustment of the tariff.

Sterling and Gold Prices.—As compared with a fortnight ago, sterling shows a fractional fall—from \$3.80 to \$3.77. In the same period, gold prices, as measured by our index number, have fallen by 1.6 per cent.; and this decline has proportionately communicated itself to our indices of sterling prices. That of primary products has remained comparatively stable, but our complete sterling index is down on the fortnight by fractionally over 1 per cent.:—

SEPTEMBER 18TH, 1931 = 100.

Date.	Economist Indices.			Irving Fisher, U.S.A.	Statistique Générale, France.	Milan Chamber of Commerce, Italy.	Statistik Reichsamt, Germany.
	Complete Index (sterling).	Primary Products (sterling).	Gold Prices.				
Sept. 30th ...	107.8	112.0	94.7	98.7	96.9	98.8	98.9
Nov. 11th ...	110.5	119.3	103.5	99.3	96.0	99.3	98.3
Nov. 25th ...	109.1	114.8	98.0	98.3	94.2	98.8	97.6
Dec. 9th ...	110.3	117.3	93.0	97.3	93.3	97.1	96.1
Dec. 30th ...	108.9	117.1	94.4	96.1	93.4	96.9	94.6
1932.							
Jan. 15th ...	109.6	117.7	94.5	94.5	93.8	96.3	92.8
Jan. 27th ...	108.3	115.7	93.8	93.8	93.6	95.8	91.6
Feb. 10th ...	108.6	117.3	88.8	92.2	94.2	96.0	91.5
Feb. 24th ...	110.9	120.9	89.6	92.4	95.1	97.2	92.0
Mar. 9th ...	109.8	116.3	90.3	91.8	96.7	97.2	92.1
Mar. 22nd ...	108.1	111.9	86.5	91.5	96.3	97.0	91.4
Apr. 6th ...	105.1	105.9	85.0	90.6	97.0	96.0	90.6
Apr. 20 ...	103.8	105.4	83.6	...	...	...	...

A feature of interest which emerges from a comparison of the four foreign index numbers, which we reprint from the *Financial Times*, is the growing divergence between the course of French and American price levels. Fuller details of the complete *Economist* index are given below:—

"ECONOMIST" INDEX.
(1927 = 100.)

	Sept. 18, 1931.	Apr. 6, 1932.	Apr. 20, 1932.
Cereals and meat	64.5	73.5	73.4
Other foods	62.2	64.5	63.0
Textiles	43.7	49.9	48.0
Minerals	67.4	69.1	70.5
Miscellaneous	65.8	61.8	60.9
Complete Index ...	60.4	63.4	62.7
1913 = 100	83.1	87.3	86.3
1924 = 100	52.2	54.8	54.2

The most pronounced decline was in the textile group as a result of weakness in the price of cotton and, to a minor extent, wool.

International Trade.—The trade returns for March of various countries abroad provide further evidence of the progressive diminution in international trade. The German figures, which are shown below, reveal a reduction of more than 9 per cent. in the total turnover:—

(Millions of Reichsmarks.)

Period.	Retained Imports.	Domestic Exports (excluding Reparations in Kind).	Export Surplus (+) Import Surplus (—).	Reparations in Kind.
1929—Total	13,447	12,663	— 783	819
1930 "	10,393	11,328	+ 935	707
1931 "	6,727	9,206	+ 2,479	393
" October	483	866	+ 383	13
" November	421	738	+ 317	26
" December	425	712	+ 287	11
1932—January	441	530	+ 91	11
" February ...	441	527	+ 86	11
" March	364	516	+ 152	11

The decline in exports was rather less than expected, but the shrinkage in imports is a striking feature. The statistics for Italy show a similar trend. Exports during the first three months of the current year, at 1,679,000,000 lire, compare with 2,390,000,000 lire during the corresponding period in 1931. During the same period imports declined from 3,087,000,000 lire to 2,210,000,000 lire. French imports in March, at Frs. 2,619,000,000, show an increase of Frs. 220,000,000 on February, but exports declined from Frs. 1,768,000,000 to Frs. 1,721,000,000.

Employment and Cost of Living During March.—Employment during March showed some improvement. According to the *Ministry of Labour Gazette*, among the insured workpeople in Great Britain and Northern Ireland, the percentage unemployed at March 21st was 20.8, as compared with 22.0 per cent. at February 22nd and 21.5 per cent. a year ago. It is estimated that on March 21st there were approximately 9,549,000 insured persons in employment, or 146,000 more than in February and

166,000 more than a year ago. The number of persons registered as wholly unemployed on March 21st was 2,042,444, as compared with 2,112,927 on February 22nd and 1,859,526 on March 23, 1931. Those temporarily without work on March 21st numbered 422,676, or 63,923 less than a month before and 181,413 less than a year before, while the unemployed among those usually in casual employment amounted to 102,212, as compared with 101,647 at February 22nd. Thus the total number of registered unemployed on March 21st amounted to 2,567,332, and showed a reduction on the corresponding figure for February of 133,841, of which 9,000 was estimated to be due to the legislative and administrative changes introduced last autumn. With regard to the cost of living during March, the index number of the Ministry of Labour stood on April 1st at 44 per cent. above the level of July, 1914, as compared with 46 per cent. on March 1st and 47 per cent. a year ago. For food alone the corresponding indices were 26, 29 and 29 respectively. The fall in the percentages during March was accounted for mainly by reductions in the prices of eggs, butter and milk.

The Ministry of Labour Report.—The annual report just published by the Ministry of Labour is a useful record of the work of the Ministry during 1931, under the headings employment, training, juveniles, unemployment insurance, industrial relations, administration of the Trade Boards Acts, statistics, and international labour. In view of the important reforms in the Unemployment Insurance Acts during 1931, special interest attaches to the chapter dealing with unemployment insurance. Direct legislation during the year consisted of two Acts raising the borrowing limit of the unemployment fund by stages to £115,000,000 and extending the period during which persons might receive transitional benefit, and the Unemployment Insurance (No. 3) Act, more familiar under its soubriquet of Anomalies Act. This last affected four classes of persons: those who habitually work for less than a full week but earn more than the normal weekly earnings for the same occupation in the same district; seasonal workers; persons who are normally employed for not more than two days in the week; and married women. Under the new regulations, benefit paid to persons in the first of these classes was reduced by the amount by which earnings plus normal benefit would exceed the normal earnings in the same occupation and district; seasonal workers were required to prove that they had been employed in their occupation during a substantial part of each of the two preceding seasons and had a reasonable chance of re-employment; benefit to the third group was only to be payable in respect of the days on which they were normally employed; and married women had to prove that they had been, and would normally continue to be, employed in insurable employment, and that they had a reasonable chance of obtaining it. Up to the end of 1931 no disallowance had been made under the first head; 19,063 cases of seasonal workers out of 25,470 had been disallowed by the courts of referees and 15 out of 28 by the umpire; 1,659 out of 2,186 had been disallowed by the courts under the third head, and there were 4 disallowances out of 5 cases referred to the umpire; and 134,089 married women out of 158,609 had been disallowed benefit by the courts of referees and 181 out of 344 by the umpire. More far-reaching were the two Orders-in-Council made under the provisions of the National Economy Act, 1931. These, following the recommendations of the Royal Commission on Unemployment Insurance (contained in its interim report) and of the Committee on National Expenditure, raised the rates of contribution, which were made equal for employers, employees and the Exchequer, reduced the rates of benefit by about 10 per cent., limited insurance benefit to twenty-six weeks in a benefit year, and substituted transitional payments, subject to a means test, for transitional benefit. It was also provided that borrowing by the Insurance Fund should cease, and that after the exhaustion of the existing borrowing powers any excess of its expenditure over income should be met by a deficiency payment from the Exchequer. The savings to be effected

by these reforms in 1932-33 were estimated in a White Paper (Cmd. 3952) as follows:—

Removal of anomalies.....	£ 3,000,000
Needs test	10,000,000
Reduction in rates of benefit	12,800,000
Increase in contributions	10,000,000
	35,800,000

The total expenditure from the Unemployment Fund in 1931 was £124,972,644, compared with £86,606,299 in 1930 and around £51 million in each of the two preceding years. The 1921 expenditure was made up as follows:—

Ordinary benefit	£ 88,197,482
Transitional benefit and transitional payments	26,378,819
Administration:—	
Ordinary benefit	5,322,627
Transitional benefit and transitional payments	1,234,666
Interest	3,555,284
Other payments	283,766
	124,972,644

The debt grew from £59,990,000 to £110,320,000 in the course of the year.

The 1930 Census of Production.—Volume VIII of the preliminary reports of the Census of Production of 1930, published in a recent issue of the *Board of Trade Journal*, covers the silk, rayon, butter and cheese, and tobacco trades. The following summary shows the gross value, the net value (gross value less cost of materials and work given out to other firms), and the net output per person employed in the various industries in 1924 and in 1930:—

Industry.	Gross Output.		Net Output.		Net Output per Employee.	
	1924.	1930.	1924.	1930.	1924.	1930.
Silk and rayon	Thous. £. 20,299	Thous. £. 22,779	Thous. £. 10,152	Thous. £. 9,235	£ 254	£ 155
Lace	8,616	6,932	2,860	2,514	165	178
Butter, cheese, condensed milk and margarine	24,441	27,369	4,316	5,668	389	490
Tobacco	93,050	113,520	23,897	30,057	620	699

The rayon industry has made rapid strides between the two census years. The output of rayon yarn and straw advanced from 21,860,000 lbs. in 1924 to 48,823,000 lbs. in 1930. During the same period the proportion of the home market held by British manufacturers increased from 60.7 per cent. to 98.8 per cent. The average value of rayon yarn declined from 6.6s. per lb. in 1924 to 4.4s. per lb. in 1930. If allowance is made for Excise duty at the rate of 1s. per lb., these figures indicate a fall in prices of 48 per cent. between the two census years. The results of the census of 1930 reveal a substantial increase in the production of butter, cheese and margarine. In 1930, 72,800 cwt. of butter were made in the creamery, as compared with 35,700 cwt. in 1924. The total quantity of butter blended for sale advanced from 681,300 cwt. to 933,500 cwt., while the output of cheese, at about 387,000 cwt., shows an increase of 314,000 cwt. In addition, 4,033,000 cwt. of margarine were made in 1930, against 3,663,500 cwt. in 1924. The total output of tobacco manufactures increased from 153,960,000 lbs. in 1924 to 202,110,000 lbs. in 1930. It is noteworthy that this expansion is due entirely to the increase in the production of cigarettes from 92,140,000 lbs. to 140,460,000 lbs. The output of cigars and all other tobacco products with the exception of snuff shows a decline as compared with 1924.

Australian Insurance Legislation.—Our Melbourne correspondent writes:—The Commonwealth Government has introduced a Bill requiring insurance companies to lodge deposits of amounts ranging up to a limit of £50,000 for life offices and up to £40,000 for other classes of insurance business. The requirement of a deposit forms part of a Bill, dealing with life assurance generally, which has been before the Commonwealth Parliament for some years past. In introducing a Bill dealing with the one point, the Commonwealth Government is endeavouring to anticipate

legislation by New South Wales, which would be superseded by Commonwealth legislation in accordance with the Constitution, which empowers the Commonwealth Parliament to legislate on insurance. The position in New South Wales is that legislation on life insurance, including deposits and other matters, after the model of the English Act of 1870, has never been enacted in that State, though the 1870 Act has been followed in other Australian States. The proposal of the New South Wales Labour Government to pass an Act requiring a deposit in cash only in that State has been brought forward simply with the object of providing the Government with upwards of £4,000,000 in cash to spend; but if the Commonwealth Bill is passed, that object will be frustrated, and the New South Wales Government will have to conduct its borrowing, if any, in co-operation with the Loan Council. The Commonwealth Bill has met with criticism from the point of view of other States in which deposits have been required for many years past, the aggregate amount being an item in their finances the disturbance of which would cause them a little embarrassment. To meet this point the Commonwealth Government has introduced an amendment to provide that existing deposits with State Governments should count as part of the amount required by the Commonwealth Bill.

Instalment Buying.—In a paper read last week before the Royal Society of Arts, Mr J. Gibson Jarvie, the chairman of the United Dominions Trust, Limited, was so carried away by enthusiasm for his subject as to claim that the system of instalment buying "may even abate, to a large extent, the causes of international strife." Among the achievements already completed which he noted to its credit in America were a rapid development of transport, including the building of roads which would otherwise not have been built, and the development of mass production on sounder lines than the war had taught in England. Mr Jarvie lamented the extreme reluctance to adopt the system which has been shown by British manufacturers. This he attributed in part to the lack of soundness with which it was administered in its early stages, when a misguided use of insurance made possible the financing of transactions which were inherently undesirable. This stage, however, he characterised as a closed book. Mr Jarvie was almost bitter in his handling of those critics who object to the system on the ground that it involves a mortgaging of future income, and maintained that "the judicious use of credit for the purchase of durable articles, and especially of productive articles, cannot in any way diminish next year's income. It must inevitably increase the national income and the national capital assets." At this point in his paper Mr Jarvie stated definitely, what was implicit in his earlier arguments, that in his opinion the system "should not be applied to consumable articles or articles of pure luxury." If this rule had always been followed, the critics would have deserved his strictures, but Mr Jarvie glosses over the fact that instalment selling has undoubtedly been used as a device for persuading people to buy luxuries which do not in any way add to their future income and which often constitute a serious strain on their resources. While abuse of a system should not be allowed to discredit the system as such, criticism of a system which lends itself to such abuses is surely legitimate. There is, however, no doubt, and Mr Jarvie cites high economic authority on his side, that instalment purchase of durable productive goods can play a valuable part in industry. If the principles laid down in his paper were universally adopted there would be less room for criticism.

Hong Kong and Shanghai Banking Corporation.—At this year's meeting, held in Hong Kong rather over a month ago, and reported more fully on a later page, Mr C. G. S. Mackie, the chairman of the bank, touched on several matters of interest and importance. The decrease in the bank's profits he ascribed to the need they were under to provide for exceptionally heavy and unusual losses due to the heavy fall in commodity prices in the

middle of the year, the rise in the Chinese exchange following the British suspension of the gold standard, and failures among the bank's customers due to speculation and over-trading. Fortunately the bank had been able to meet these losses out of current profits, which were also able to provide the sum of £110,000 needed to meet the depreciation in the bank's holding of gilt-edged securities; and there is evidence that the earning power of the bank is in no way impaired. Referring to the recent official investigation into Hong Kong currency problems, Mr Mackie advised a policy of caution, especially as the high premium on the dollar which raised the discussion has not been in evidence during the past year, and in his opinion is not likely to recur. Mr Mackie had much of interest to say on the silver question generally. He was particularly insistent upon the fact that in relation to commodities in general and not to gold, silver has remained very stable during the past few years, for the fall in gold prices has paralleled the fall in the gold price of silver. This has given China the advantage of a relatively stable price-level and also explains the increase in China's adverse trade balance during the past two years, whereas the depression of silver prices should have operated in exactly the contrary direction. For these reasons "it is not surprising that many Chinese as well as foreigners hold the view that the stabilisation of the rate of exchange between silver and gold would be a mixed blessing to China, and that a sudden artificial rise would have extremely harmful results." Nor would such a change necessarily add to China's capacity to buy foreign goods, when once the initial stimulus due to the dishoarding of silver had worn off. In the long run China's capacity to import depends like other countries on the extent to which she can export.

Amsterdamsche Bank.—Our Netherlands correspondent writes:—The annual report of the Amsterdamsche Bank is of considerable interest. It shows large losses on securities (4,973,000 guilders) and on its sterling bills (3,297,000 guilders). In the previous year there was a profit of 930,000 guilders and 812,000 guilders respectively under these heads. The gross earnings last year were not unfavourable. Interest amounted to 9,907,000 guilders, against 10,442,000 guilders in 1930, but owing to the large depreciations on shareholdings and bills, the net earnings amounted only to 255,000 guilders, against 6,302,000 guilders in 1930. The dividend has been passed, whereas in the previous year 8 per cent. was paid:—

	(In thousands of guilders.)			
	1928.	1929.	1930.	1931.
Gross profit.....	18,892	19,674	17,720	15,188
Expenses	5,877	6,068	6,209	6,063
Depreciation	1,407	1,844	1,742	8,389
To reserves	3,000	3,000	2,975	...
Net earnings	7,639	7,672	6,302	255
Dividend	9½%	9½%	8%	...
Capital.....	55,000	55,000	55,000	55,000
Reserve	47,500	48,250	49,000	49,500
Deposits	74,848	83,019	86,536	51,324

The passing of the dividend had an unfavourable effect on the stock market, and the shares dropped far below par. According to stock exchange rumours, other big banks in Holland, such as the Nederlandsche Handel Maatschappij, the Koloniale Bank and the Nederlandsch Indische Handelsbank, will also make no distribution to shareholders.

Wesleyan and General Assurance Society.—The 1931 report of this society is of particular interest, for in it the directors have demonstrated yet another method of dealing with the exceptional Stock Exchange depreciation of last year. The chairman, in his speech at the annual meeting, declared that the society was faced, in connection with its annual valuation and distribution of bonuses, with the alternative, if the assets were to be valued strictly on December 31st prices, of relaxing the stringency of the actuarial reserves in order to provide the sum needed for depreciation and for bonuses, or of declaring a greatly reduced bonus. After discussing the artificiality of the

Stock Exchange quotations as criteria of real values, he explained why both of these alternatives were rejected. In the event, the actuarial reserves have been maintained on the same bases as formerly, and the assets were valued, not on December 31st prices, but on the basis of the somewhat higher—and more rational—values ruling on January 30, 1932. Even so, as will appear from the detailed results of the valuation of liabilities, the allocation to investment reserve fund for depreciation is large, and the bonuses declared are on a greatly reduced scale:—

Ordinary Branch.		1929.	1930.	1931.
	£	£	£	£
Surplus earned during the year	125,682	131,829	136,777	
Investment profits realised.....	25,462	13,270	5,355	
Transferred from industrial branch	18,739	21,215	...	
Brought forward from previous year	74,890	70,717	78,741	
	244,773	237,031	220,873	
Allocations:—				
To Bonuses to policyholders...	111,256	118,290	88,343	
„ Investment reserve fund...	41,800	30,000	95,000	
„ Staff pension fund	21,000	10,000	7,000	
„ Carried forward to next year	70,717	78,741	30,530	
	244,773	237,031	220,873	
Industrial.				
Surplus earned during the year	139,461	171,143	153,380	
Investment profits realised	28,452	14,817	6,027	
Brought forward from previous year	34,617	37,837	42,722	
	202,531	223,797	202,129	
Allocations:—				
To Bonuses to policyholders...	56,216	63,645	7,600	
„ Investment reserve fund...	47,000	35,000	110,000	
„ Staff pension fund	24,000	40,000	33,000	
„ Bonuses to outdoor staff...	18,739	21,215	7,600	
„ Ordinary branch	18,739	21,215	...	
„ Carried forward to next year	37,837	42,722	43,929	
	202,531	223,797	202,129	

The effect of the allocations to investment reserve fund have raised this fund to £425,000, as compared with total assets of £11 millions, and the comparison shows that the society has escaped with relatively small depreciation. At the same time, the cost to the policyholders is heavy; for in the ordinary branch the reversionary bonus is reduced by 12s. per cent. to 30s. per cent. for endowment assurances, and to 36s. per cent. for whole life assurances, and these reduced rates have necessitated a considerable draft on the surplus brought forward from 1930. As regards the industrial branch, the "carry forward" has been maintained at the same level as before, but the amount available for the policyholders—to be utilised as before for the purpose of reducing the premium-paying period—is reduced to negligible proportions. The bonus to the outdoor staff has perforce been cut down, and nothing is transferred on this occasion to the ordinary branch. This omission is connected with a dispute which has arisen with the Industrial Assurance Commissioner, who has declared that past transfers of this kind were *ultra vires* and must be replaced. The principles involved are complicated and technical, and will shortly be the subject of an action for the declaration of the law on the matter. The society has also been recently subjected to very unfavourable criticism in the course of a report by an inspector—appointed by the Commissioner—on the conduct of certain aspects of its industrial business. Whatever the merits of the case may be, the society is entitled to general sympathy at thus being singled out for criticism in a report published on the very day before the activities of the inspector, in connection with a report on another society, were roundly condemned by the House of Lords, and the principle was explicitly laid down that such reports are for the information of the Commissioner only, and are not public documents.

National Guarantee and Suretyship.—This is a company centred in Edinburgh, and specialising in the business of fidelity guarantee insurance. Perhaps because the company has not sought to guarantee the fidelity of international financiers, and has confined its policies to the more ordinary doings of lesser mortals, its business has continued to prosper over a long period of years. During the seven years 1925-1931 the total premium income has amounted to £386,694, and the corresponding underwriting profit on this works out at £73,341, equal to 19 per cent. of the premiums. This high rate of profit and the consistency with which it has been earned argue skilful management and the possibility also that the premiums charged are somewhat high. The underwriting results for 1931 show a rate of profit in excess of the average, and materially higher than that for 1930, which was a comparatively poor year; the premiums were some £2,000 less at £56,972, and earned a profit of £12,179, compared with £4,516. After allowing for profit and loss account items, the net trading surplus was £9,334 last year, as against £867 in 1930. Interest earnings were slightly lower, but were sufficient to cover the cost of the 12½ per cent. dividend. The book value of the investments of £284,000 exceeded market values on December 31st last by £7,110, but the company has a large general reserve of £50,000 as well as a carry forward of £36,000. The company is controlled by the Northern Assurance Company.

World Marine and General.—This company is one of the satellites of the "Northern" group, and is itself of a respectable age, having been formed in 1894. Until the war the business was confined to marine insurance, but afterwards fire and accident business was added to its activities. But whereas the marine account even in the past few years has been uniformly successful, the newer account has been recently a source more of loss than of profit. In 1931, fire and accident premiums totalled £140,000, a decrease of £45,000 on 1930, and the marine account yielded an income of £161,000, compared with £171,000. The underwriting results were as follows:—

	1930.		1931.	
	Amount of Profit.	Per-centage of Prems.	Amount of Profit.	Per-centage of Prems.
Fire and accident.....	9,264	5.0	8,430	6.0
Marine	20,000	11.7	20,000	12.4
	10,736		11,570	
Less items debited to profit and loss account	186		205	
Net trading surplus	10,550		11,365	

The dividend has been maintained at 40 per cent., free of tax, and is covered by interest earnings. The balance sheet is a strong one, with a general reserve of £300,000 and a carry-forward of £213,000, compared with a capital of £100,000. There is a depreciation in the book value of the assets of £100,000, which is covered by an augmented investment reserve fund of the same amount.

Overseas Correspondence.

LEAGUE OF NATIONS.

Disarmament — Sino-Japanese Question.

(FROM OUR CORRESPONDENT.)

GENEVA, April 19.

THE Disarmament Conference began yesterday. The American proposal to abolish heavy guns, tanks and gases, supported by Sir John Simon, and subsequently by M. Grandi, was relegated by the Bureau to its proper place in the agenda as previously drawn up before the adjournment. The General Commission, therefore, started yesterday at the beginning of its agenda, and has been devoting its attention to resolutions of a very general nature on the

principle of reduction by stages and on the criteria to be applied. These mean little or nothing. When they have been completed the first real problem will be approached, namely, the consideration of the principle of qualitative and quantitative reduction, connected with which will be the American proposal for the abolition of heavy guns, tanks and gases; the Italian proposals; the French plan, and suggestions made by various other delegations. At the end of this week, or the beginning of next, therefore, it seems probable that the definite business will begin.

Mr Stimson appeared for the first time this morning at the General Commission of the Conference, and has had conversations with Dr. Brüning and Sir John Simon. There is, so far, no information available of any kind upon these conversations, in which Mr MacDonald and M. Tardieu will be taking part towards the end of the week. It has doubtless been useful that Mr Stimson should be on the spot during the consideration by the Special Assembly Commission of the deadlock in the Shanghai armistice negotiations. The Commission has devoted its whole attention to the question of the withdrawal of Japanese forces, and the smaller Powers have once again asserted their authority by insisting upon a resolution which would have been very different if they had not had their way. Sir John Simon at first seemed to be content that the Japanese should be allowed to withdraw when they themselves decided, but it was objected that this could not possibly be the policy of the Assembly. The question of fixing a date for withdrawal raised difficulties. Some of the members, whose motives could not be suspected, disliked the idea of fixing any date, as this might imply a recognition of the right of the Japanese forces to remain in occupation of Chinese territory. The problem, therefore, was to settle who should decide the moment of withdrawal, and how that moment should be decided. Eventually M. Hymans, President, submitted a draft resolution to which strengthening amendments were proposed by a group of States comprising Czechoslovakia, Switzerland, Spain, Sweden, Norway, the Irish Free State and Colombia. Their desire was that the Mixed Commission, including neutrals, to be set up under the armistice conditions to see to their fulfilment, should decide the date of withdrawal. Sir John Simon considered this to be a grave responsibility to put on the shoulders of the representatives of the Powers with interests in Shanghai, and the Irish Free State representatives thereupon suggested that they should merely be asked to recommend and that the Assembly itself might take the responsibility of deciding. This was supported by M. Boncour and others, and Sir John Simon was not unresponsive.

After reference to a drafting committee, the Commission has this evening unanimously adopted a resolution, the main points of which are an assertion that in accordance with the previous Assembly resolution, the Japanese troops should be withdrawn "in the near future," that the resolution of March 4th will only have been fully complied with when Japanese forces have been entirely withdrawn, and that the Mixed Commission which is to supervise the carrying out of the armistice conditions, is competent to declare, at the request of one of the parties, when the moment has come at which the complete withdrawal of Japanese troops can reasonably be effected; this commission may take its decisions by majority vote. The President is to discuss the resolution with the two parties, and a public meeting will then be summoned.

The position taken by the Assembly Commission is considered fairly good in the circumstances; it might have been worse if some members had had their way, but the diplomatic representatives at Shanghai do not command a great deal of confidence in Geneva, and it is a fairly widespread assumption that, if they can avoid it, they will make no declaration about the moment of withdrawal unless they are assured that the Japanese will agree. However, it is better, both for the League and for the Chinese Government, that the Japanese should not be left with the complete freedom which they have so dangerously arrogated to themselves in Manchuria. There is little point, at present, in fixing a date for withdrawal unless the Powers in the Assembly have decided upon a course of action in the probable event of Japanese refusal to accept.

Count Apponyi reminded the Commission that the Manchurian affair remained, and the President at once accepted it as a matter of course—it was provided for in the Assembly resolutions, and the Commission had asked the two parties to state what they had done to carry out the Council resolutions of September 30th and December 10th. Considerable interest has been evinced in a communication from General Ma on the methods employed by the Japanese to get him to take part in the so-called Manchurian Government (which he has since left) and on Japanese tactics generally in Manchuria.

UNITED STATES.

Public Finance — Stock Exchange — Industry.

(FROM OUR CORRESPONDENT.)

NEW YORK, April 12.

In the past week Congress has brought to the fore a number of threats to the country's economic peace of mind, meanwhile laying aside work on the all-important Tax Bill. The soldiers' bonus measure has come up for consideration in a form which provides for immediate payment to ex-service men of \$2,600 millions. The most specious reasons are offered in its support by its Congressional sponsors. It appears that officially, at least, the principal service men's organisation, the American Legion, is opposed to a bonus payment at this time. The American Legion gave President Hoover a pledge to that effect last summer, and it numbers among its leaders the cream of those entitled to membership. Many individual members of the Legion, however, and virtually the whole membership of another powerful organisation, the Veterans of Foreign Wars, are actively campaigning for a bonus. In Congress the movement is now shifting from its origin of charity, generosity and gratitude to a nostrum for the curing the country of business depression.

The country is asked to swallow inflation in large doses, and is told that with the bonus small merchants will be able to collect their bills and business generally will be stimulated. Fortunately, some able political leaders in Congress are outspoken in their opposition to this method of relieving the depression, and dissension in both parties over the matter suggests at this time that the Bill will at least be unable to muster enough votes to carry it over President Hoover's veto.

A good impression was created by President Whitney of the Stock Exchange in his testimony before a Congressional committee investigating short selling. Mr Whitney showed conclusively enough that liquidation and not short selling has been responsible for the decline in prices, and observed that security owners appear to be trying to "give the United States away." Short interest is only about 5 per cent. of the total, and has declined this month. Fantastic rumours of contemplated bear raids, repeated to a few Congressmen, prompted the sudden calling of the investigation. Drastic legislative action is not deemed probable.

The Treasury is meeting with a better market for its bill issues. One this week was taken at 1.05 per cent., a full 1 per cent. under the price paid for the previous tender, and open market bill rates have fallen further, the 90-day asking rate being 1½ against a Federal Reserve Bank discount rate of 3 per cent. The Reserve Banks are sticking to their policy of adding an average of \$25 millions in Government bonds weekly to their portfolio, thereby stiffening the market and aiding the member banks in paying off borrowings. Continued flight of capital from taxable income-producing securities into tax-exempt Liberty bonds is responsible for the rising prices for gilt-edged securities, and this market affords a sharp contrast to other sections.

The Reconstruction Corporation has been doing a great deal of good, but the drain on its funds has not been as rapid as has been the actual approval of loans. The Treasury subscribed at the outset \$150 millions of its capital. A bill issue of \$51 millions is due on April 27, which will be refunded. In May there will be maturities

of \$215 millions in bills. On June 1st an issue of \$101 millions is due, and another of \$102 millions falls on June 29th. The first certificate maturities are \$324 millions on June 15th. The next one is \$228 millions on August 1st and \$700 millions fall on the September tax date. As of April 9th the Treasury deficit for the fiscal year since July 1st was within \$50,000 of \$2,000 millions. Collections from all sources amounted to \$1,625 millions. Expenditure was \$500 millions greater than for the same period of last year.

For all the huge total of the deficit which will face the country at the end of the fiscal year on June 30th, the feeling in good quarters is that, after the smoke screen of talk clears at Washington at least some reduction in expenditure will be made and a tax programme drawn up which will balance the budget. The absurd rumours recently afloat in Paris over banking troubles here or the danger of departure of the country from gold were greatly disliked but were not taken seriously.

A good deal of gold has been shipped or is under consignment for shipment to Paris. Since the movement began last week a total of \$18 millions has been engaged. From the middle of January to the middle of March \$170 millions were exported to France, all from the earmarked supply of the Bank of France. In addition, \$50 millions were shipped on exchange transfers. France's withdrawal last year from our gold stock was \$345 millions.

Since the introduction in Congress, about a fortnight ago, of Bills intended to cripple stock market activities with heavy increases on transfers of stocks and bonds and commodities, it is estimated that the market value of all listed shares has dropped \$6,000 millions. Much of this liquidation has been done by holders of long standing. Brokers' loans have receded only moderately, but loans on securities made direct to clients by reporting member banks of the Reserve system fell last week over \$100 millions. The member banks continue to deplete their investment portfolios, and for the first week of the month the deflation in loans and investments totalled \$181 millions for the principal city banks, holding about 40 per cent. of the country's banking resources.

Commodity prices in general are still falling, but some isolated upturns have come. Mid-Continental oil producers have forced up crude oil to a dollar a barrel, and under the spur of a Government estimate of winter wheat crop damage the wheat market has risen sharply. Industry is showing no signs of revival. Railroad traffic is not increasing. Electric output has fallen into a more pronounced slump, and motor activity is not yet showing any beneficial effects of a strenuous selling campaign. The steel industry is working at about 22 per cent. of capacity, and this week the head of the Bethlehem Steel Corporation professed to see no improvement immediately ahead. Steel ingot output in March was 50 per cent. lower than a year ago and 3 per cent. lower than in February. United States Steel Corporation's unfilled orders as of the end of March were down 73,000 tons to the lowest total in the history of the company.

FRANCE.

Election — Revenue — Trade — Industry — Wages.

(FROM OUR CORRESPONDENT.)

PARIS, April 20.

THE general election campaign throughout France is now fully under way, and there is already every evidence that the contest will resolve itself chiefly into a severe struggle between the Tardieu Nationalists on the one hand and the Marxian Socialists on the other—with the Radical Party more or less lined up against both of the others and relying largely on a species of unwritten agreement between themselves and the Socialists to act kindly towards each other at the crucial period of the second ballots. With the recent developments in Germany and the general impression which seems to prevail as to the probable victory of the Hitlerists in Prussia, opinion is now hardening in the direction of a probable return to

office of M. Tardieu and his friends, with an appreciably reinforced majority. The Premier himself insists that he will be able, after the elections, to depend upon a stable majority of seventy. Doubts are already being expressed, however, as to whether even in that event the endorsement of the new Government by the country will enable it to overcome the opposition of what is now generally regarded as a positively antagonistic Senate.

M. Tardieu's amazing energy, which is enabling him to divide his time about equally between the duties of his official post in Paris, the Disarmament Conference at Geneva, and a continuous series of electioneering visits to his constituency on the Eastern frontier, is obviously making a marked impression on the electors. The Premier's speeches are crammed with practical plain speaking and are being hailed as an entirely new departure in Ministerial electioneering methods. M. Tardieu is himself full of confidence and his oratorical style is of a kind that is apparently being immensely relished by both his convinced supporters and by the uncertain mass of so-called "silent voters" who usually hold the destiny of parties in their hands at election times. M. Léon Blum, the Socialist leader, is limiting himself largely to destructive criticism of the present and preceding Ministries' financial accomplishments, and to insistent reiteration of Marxian doctrine, but is having some difficulty in demonstrating how it is to be possible to carry out the Socialist doctrine of land nationalisation without involving confiscation of the freeholds of the millions of peasant proprietors, whose votes it is vitally necessary for Socialist candidates to secure.

Revenue returns for March are disappointing. Total recoveries from all "normal and permanent" sources, on account of the general Budget, were 2,526,552,000 francs (as compared with 2,788,000,000 francs in the corresponding month of last year, and 2,974,000,000 francs in March, 1930). The yield for the last month of the financial year, nevertheless, was less unfavourable than that for January, which was the most unsatisfactory registered for several years, and probably marked the peak month of the present crisis, so far as France is concerned. The drop in March, as compared with Budget estimates, would have been 94,000,000 francs larger, but for the increased yield from Customs duties. The total yield from indirect taxes and State monopolies was 312,233,000 francs less than in March, 1931, and brought the drop in yield, so far as these sources are concerned, to a total of 1,433,000,000 francs for the financial year which has just ended. Indirect taxes produced 2,068,000,000 francs during the month (or nearly 90 per cent. of the total from normal sources). The yield from direct taxation during the month was only 243½ millions, or between 9 and 10 per cent. of the whole. The balance is made up by revenue from the State domains. Taxes on Bourse operations produced 2,743,000 francs more than in the corresponding month of 1931. The only other taxes which showed an increase on the month (as compared with March, 1931) were those on vanilla, colonial foodstuffs, and the surtax on motor spirit and benzol. The heaviest drop was in the turnover taxes, which yielded 446½ millions (or roughly 24 per cent.) less than in March, 1931. The yield from income tax was 234,000,000 francs, or 86,000,000 francs more than in the corresponding month last year.

The foreign trade returns for March indicate total visible exports of 1,720,000,000 francs (against 1,768,000,000 francs in the previous month and 3,061,000,000 francs in March, 1931), and imports of 2,618,000,000 francs (against 2,399,000,000 francs in the previous month and 3,939,000,000 francs in March last year). The adverse balance on the month was 898 millions, as compared with 631 millions in the previous month and 877,000,000 francs in March, 1931. The total volume of exchanges for the first quarter of the year was thus brought up to 12,652,000,000 francs, as compared with 20,201,000,000 francs for the corresponding period of 1931, representing a decrease of 38 per cent. The falling off in absolute value has been much more rapid in regard to imports than exports, consequently the deficit on the quarter is substantially less, amounting only to 2,033 millions for the first

three months of the current year, as compared with 3,413 millions in the corresponding period of last year.

Iron and steel production figures for February show a substantial reduction under both headings as compared with those for February last year. The total output of pig iron was 461,000 tons, against 726,000 tons in February, 1930, and monthly averages of 864,000 tons in 1929, 832,000 tons in 1928 and 756,000 tons (Alsace-Lorraine plants included) in 1913. Crude steel production totalled 464,000 tons against 693,000 tons in February last year, and monthly averages of 808,000 tons in 1929, 792,000 tons in 1928 and 581,000 tons (Alsace-Lorraine included) in 1913. The number of blast furnaces in activity in February was 81, as compared with 133 in the corresponding month of last year, and the number out of action or under construction was 130, against 80.

The Statistique Générale has published the results of the inquiry made annually in October as to prevailing wage rates. Analysis of the returns explains why, in spite of the prevailing crisis, there are still no signs of popular discontent in regard to either wages scales or commodity prices. The *questionnaire* sent out annually covers some 50 different categories of urban labour, exclusive of miners, railway workers and the textile and metallurgical industries. The general index (1913 = 100), covering 38 masculine occupations in all French towns except Paris, is returned as 887, as compared with 891 in the previous October. This figure concerns hourly pay. For daily pay the general figure for the same categories of workers is 729, against 732 in the previous year. For female workers the general index, covering seven categories of labour (ironers, dressmakers, glove-makers, etc.) is 1,052 (against 1,045 in October, 1930) for workers paid by the hour and 862 (against 866) for workers paid by the day. For the Paris area the index for male workers is 756 (against 774) for hourly pay (21 categories of workers), and 663 (against 668) for men who are paid by the day. The higher indices for towns other than Paris is due to the fact that wages scales in the provinces have during recent years been increased in a much larger proportion than those obtaining in the capital.

The trend of interest yield continues upward. The average rate offered by new bond issues in March was 5.52 per cent., as compared with 5.40 per cent. in February and a mean of 4.88 per cent. during last year. The average net yield from issues of fixed and variable yield in March was 4.41 per cent., as against a mean of 3.70 per cent. in 1931 from issues of fixed yield and one of 4.39 per cent. from those of variable yield. The Credit Foncier is issuing as from Monday 1,500,000,000 francs of new premium bonds, in 1,000-franc bonds (offered at 987½ and bearing interest at 4½ per cent. (free of all taxes).

GERMANY.

Socialist Demands — Trade — A.D.C.A. — Stock Exchange.

(FROM OUR CORRESPONDENT.)

BERLIN, April 19.

THE Socialist trade unions held a congress last week in Berlin, at which they called upon the Government to take immediate and comprehensive measures for the reduction of unemployment. The unions have evolved the following programme: work is to be provided for a million people; this requires two milliard marks. Towards this sum 600 millions would be released by the saving in unemployment allowances, to which would be added 300 millions from tax receipts and social insurance contributions. To cover the remaining sum of about one milliard the unions demand the floating of a special loan, and as this could not be marketed immediately they suggest that the Reichsbank should make advances against it in the form of specially designed discounts. This last suggestion would undoubtedly involve a credit expansion of a very dubious character.

The Minister of Labour, Herr Stegewald, tried to mitigate the difficulties of the unions by conceding some of their demands, in his address to the congress. He ex-

pressed willingness to meet the demand for a cessation of wage reductions and for energetic measures for the shortening of working hours, but he promised no support for their financial programme for the provision of employment. On the contrary he stressed the fact most strongly that all credit experiments which might endanger the currency are to be avoided. The maintenance of the stability of the mark during 1931, he declared, was, even from the social standpoint, the greatest achievement which could have been accomplished at such a time. On this point, therefore, the Government will resist the pressure of the trade union leaders, who themselves moreover are anxious to maintain the stability of the currency in all circumstances, and are merely not quite clear as to the effect their proposals would have. There is no doubt that in this the Government will be supported by those Socialist politicians who have some training in economics, for their opposition to the unions' proposals is scarcely concealed.

Foreign trade in March showed an export surplus of 163 millions, against 97 millions in February and 102 millions in January. March is a favourable month for foreign trade, and in March, 1931, the balance was 268 millions. Exports at 527 millions show a heavy decline as compared with 867 millions last year, but imports have fallen far more, and were only 364 millions, against 584 millions last year. Germany, having been more severely hit by the crisis than other countries, can only buy very little from the rest of the world. The decline is common to all groups:—

	Imports into Germany			
	March, 1931.	March, 1932.	March, 1931.	March, 1932.
	Thousand Tons.	Million Marks.	Thousand Tons.	Million Marks.
Food and livestock	412	176	450	115
Raw materials and semi-manufactured goods	2,738	297	1,854	188
Finished manufactures ...	109	111	83	60

The increase in imports of food is solely due to the bad grain harvest, while the reduced purchasing power of the people has curtailed fruit imports from 258,000 tons to 127,000 tons, and imports of tropical products from 827,000 to 543,000 tons. Imports of iron ore, copper, hides and leather have fallen very severely; imports of textile raw materials and of yarn have on the other hand largely escaped the decline, and in some instances, notably imports of cotton, the position has greatly improved since last year. This indication of the relatively favourable world situation of the textile industry is borne out by the export figures.

While the Reich budget, which is still in course of preparation, will be balanced, the financial difficulties of the communes are still increasing. The cause lies in the rapid increase in the number of unemployed who have exhausted their right to benefit and to emergency relief, and have therefore become a charge on the poor law authorities. The number of this class of unemployed has risen by more than 60 per cent. in the last six months. The President of the German Council of Cities, Dr. Muhlert, estimates the deficit in the budgets of the communes for 1932 at not less than 750 million marks.

The reorganisation of the largest Saxon deposit bank, the Allgemeine Deutsche Credit Anstalt of Leipzig, is now being carried through in a different form from that announced at the end of February, simultaneously with the reorganisation plans of the Dresdner and Commerz banks. The original plan was to turn A.D.C.A. into a Saxon State bank, and the State of Saxony had already taken over the guarantee for A.D.C.A.'s deposits last July. But just as the Reich has withdrawn its guarantee for the deposits of the Danatbank, the Saxon guarantee for A.D.C.A.'s deposits is now cancelled and the fusion which had been planned between A.D.C.A. and the State Bank of Saxony is not being carried out. A.D.C.A. is to be reorganised on similar lines to the Commerzbank. It remains a private institution, but the Golddiskontbank is to hold the major part of its share capital for the time being, and the losses are to be partly covered by the issue of Reich Treasury bills which will subsequently be redeemed out of the profits. In place of its 40 millions capital, most of which has been lost, A.D.C.A. is being provided with

20 millions capital and 6 millions reserve, and the Golddiskontbank is to take up 14 million new shares. The big banks which are controlled by the Reich, the Dresdner, the Commerz and the A.D.C.A., are to work quite separately for the time being, but the present arrangement is only regarded as a transitional stage.

The reopening of the Stock Exchanges has been a complete success. By the second day, the quotations published in the Press had attracted purchases from a very wide public. Although prices on the average were only 15 per cent. lower than last September, so that German shares have fallen far less during the last half year than American shares, for example, the quotations for very many shares were considered unjustifiably low. Turnover increased daily and quotations improved by nearly 10 per cent. during last week. Reichsbank, Siemens, A.E.G. and Stahlverein were the favourites. There was also a large demand for rentes, but the average yield was still over 9 per cent., a fact which will restrict the efforts which are being made to secure a further reduction in the discount rate. The note circulation and the bill portfolio of the Reichsbank have, indeed, developed very satisfactorily even during last week, but between April 7th and 15th the Bank has lost 38 millions in gold and foreign exchange, so that cover is now down to Rm. 988 millions, the first time since 1924 that it has been below 1,000 millions. In the preceding four weeks the supply and demand for foreign exchange had balanced, and the recent losses are due to especially large payments of interest and amortisation, which will not recur during the next four weeks.

AUSTRIA.

Clearing Agreements — Credit Anstalt — Industry.

(FROM OUR CORRESPONDENT.)

VIENNA, April 18.

In a speech, the pessimism of which has caused some sensation, the Minister of Finance has pointed out that the increase in unemployment is surpassing even the worst fears, and in the first three months of the present year 28 million schillings more have had to be expended for benefit purposes than was reckoned upon in the estimate. At the same time the Minister stated that the financial circumstances of the Federal Railways have grown still worse. In view of the fact that no financial support may be expected from abroad in the immediate future, he arrived at the conclusion that measures of self-defence would have to be accelerated. Within the next few days a list will be published showing the import quotas for certain articles. The distribution of these quotas among the States which export to Austria is to be the subject of negotiations. Further, the frontier control of foreign currencies is to be made much stricter, and the allotment of foreign values by the National Bank is to be even more reluctant than now.

A new agreement has been arrived at between France and Austria in regard to payments between the two countries; clearing will be done by the Compensation Office of the Paris Chamber of Commerce and the Austrian National Bank. Under the agreement, "compensation" transactions in goods are to be promoted in every way. Transit traffic is also to be taken into consideration. An agreement with Germany is also approaching conclusion, and, in accordance with its terms, schilling credits in Austria for goods exported to Austria by Germany are to be liberated for the purchase of goods in Austria for export to Germany. For the promotion of tourist traffic from Germany, an agreement has already been arrived at. Between Italy and Austria there is a prospect of a contract on the lines of the agreement with Switzerland. The treaty with Yugoslavia will be on the same basis as that with France, and the negotiations with Roumania and Russia are still meeting with great difficulties.

The conclusion of these treaties appears necessary, because the National Bank is compelled to be extremely careful with its small holdings of foreign exchange. It has again reduced the quota of foreign currencies allotted to applicants, and even the sums which have already been

allotted are not paid out at once, but often in instalments in the course of several weeks. This reserve on the part of the National Bank is the more comprehensible when the fact is taken into consideration that it is still liable to tax on the note circulation, because the cover is below the legal minimum. The credits of the B.I.S. and of the Bank of England have been prolonged for three months, but a further credit, of which eager expectations have long been entertained, is not forthcoming. Furthermore, in financial circles there is talk to the effect that the English creditors of the Credit Anstalt, who, on the occasion of the institute's fusion with the Boden-Credit-Anstalt, opened a rather large credit, are making retrospective claims upon the deposits, which were at that time made with it by the Austrian National Bank. The management of the National Bank, however, takes the view that there were entirely separate transactions, and that a compensation out of the deposits of the National Bank of the sums granted to the Credit Anstalt is not possible.

The negotiations at the Credit Anstalt itself are proceeding very slowly indeed. They are rendered more difficult by the opening of the question of the guilt of the former directors and of the board of the Credit Anstalt. As the directors of the Credit Anstalt state in their defence that they themselves were deceived in regard to the position of the Boden-Credit-Anstalt at the time fusion took place, the former managers of the Boden-Credit-Anstalt also are to be cross-examined.

The Vienna share market has suffered heavy losses through the decline in all Czechoslovakian securities. It appears that the re-opening of the Vienna market has really only afforded an opportunity for the sale in Austria of big batches of Czechoslovakian securities, which, out of exchange considerations, were quoted above parity in Vienna, and rather large batches of Hungarian securities, which were unsaleable in Budapest itself. In a relatively short time the preference shares of the Danube-Save-Adriatic Railway have undergone the severe decline of nearly 40 schillings. The non-payment of the Hungarian annuity gave rise to fears that Yugoslavia, too, would not deposit its next year's instalment. As a matter of fact, with the exception of Hungary, which wished to deposit the two instalments due in pengös only, a request which was not granted, all the States have punctually fulfilled their obligations.

The negotiations with the Germans interested in the Berndorf Krupp Works, which is now experiencing great difficulty, have led to no result. The representatives of Krupp in Essen have not yet concluded their calculations. The Escompte Gesellschaft published its balance sheet this week, and it is probable that the Bankverein will publish its returns early in May. The Finance Department will also publish a supplementary Budget shortly, as the deterioration of the economic position and the absence of foreign credits make further restriction of the Budget necessary. Impoverishment is extending, and compositions with creditors and bankruptcies continue. Though the public is not generally aware of it, one of the large industrial concerns in the heavy industries, which bears the name of a prominent industrialist of the old monarchy, was just saved from collapse within the last few days.

CZECHOSLOVAKIA.

Industry — Trade — Finance — Danube Plan.

(FROM OUR CORRESPONDENT.)

PRAGUE, April 12.

THE industrial situation has been showing no improvement lately. Building activity has been retarded owing to the late spring, and the number of unemployed has reached the figure of 626,000. The textile, iron, metal, engineering, porcelain, glass and leather industries have been hit hardest by the crisis, as these industries cater for capital investment and export. In the motor car industry great hopes were entertained of the agreement concluded between two largest concerns, the Ceskomoravská and the Skoda Works, who created a common organisation for the manufacture and sale of motor cars; this organisation,

however, soon broke down and the intensified competition only made the trade conditions worse.

The first two months of 1932 show imports at 1,329.9 million Cz.K. (against 1,727.3 million Cz.K. in 1931) and exports at 1,156.3 million Cz.K. (against 2,001.7 million Cz.K.). This fact best illustrates the sharp decline of the foreign trade and its growing passivity. A year ago Czechoslovak trade was active by 274.4 million Cz.K.; now it is passive by 173.6 million Cz.K. This development demonstrates the influence of import limitations, especially in neighbouring countries, while Czechoslovakia still adheres to a relatively liberal commercial policy.

The unfavourable situation of the home industry and events abroad have caused a further decline on the Stock Exchange. Whereas fixed interest securities have been fairly well maintained, shares have fallen to an unprecedented level. In view of this development, which involved a decline in many bank shares far below their intrinsic value, four of the leading banks decided not to support their own shares any more, but to cancel their own shares, so far as they were holding them themselves and to reduce their capital by a corresponding amount.

The National Bank held its General Assembly on February 29th. The Governor, Dr. Pospisil, explained his point of view with regard to the attempts to interpret the crisis and to remedy it, especially as far as currency and credit policy is concerned. He declared himself an adherent to the gold standard as an indispensable international basis of currency. He stressed again the necessity of co-operation among the central banks, and of greater liberty for international commerce, admitting the advisability of agreement among the various countries with regard to temporary import licences and quotas, which appear necessary under the present conditions. Dr. Pospisil emphasised the necessity of a balanced Budget and an active balance of trade. The relatively small indebtedness of Czechoslovakia had saved it, however, from the worst effects of the credit crisis. A certain credit expansion was, he said, beginning in Czechoslovakia. The National Bank could, however, not intervene more effectively owing to the volume of Treasury notes still outstanding. Dr. Pospisil touched also upon the question of remodelling the Czechoslovak banks on British lines and reforming their relations with industrial concerns. This is also the subject matter of the recently-introduced Banking Bill.

The French loan, amounting to 600 million francs, has been concluded and guaranteed by the French Government, and, on April 4th, an agreement regarding its issue was signed with nine French banks. The first 200 million francs have already been placed on Czechoslovak account at the Banque de France. Besides this alleviation for the Treasury, the Government decided to secure new sources of revenue. A Bill has been presented to the Parliament, despite the protests of some economic circles, to raise the turnover tax and adjust the alcohol, beer or yeast duty. It is expected that these Bills will be passed without much delay. The deficit resulting from the management of the State railways has been responsible for the nomination of a new Minister of Railways, who has been entrusted with their reorganisation and with solving the problem of the relations between the railways and omnibus traffic.

The most discussed subject in political and the economic circles is the question of Central Europe. This question was referred to by the Foreign Minister, Dr. Benes, in the foreign committees of the Chamber of Deputies and Senate on March 22nd. His standpoint with regard to the economic situation of the Central European States remains the same even after the unsuccessful result of the London Conference. The Czechoslovak point of view can be summed up as follows:—A regime of commercial policy as such is not sufficient to the restoration of Central Europe. An adjustment of the financial system of some of these states—especially that of Austria and Hungary—appears to be a necessary condition for commercial rapprochement. A Customs union is out of the question, both for political and economic reasons, and the only acceptable solution would be a preferential system, naturally, with equal preferences for all participating countries. Such a

system at present could include practically only five Central European countries:—Czechoslovakia, Austria, Hungary, Yugoslavia and Roumania, and these must be left to themselves to come to an agreement without dictation or influence from the Great Powers. Any inclusion of bigger States such as Germany or Italy in the proposed system would be fatal. The inclusion of Germany, in particular, would cause great disturbance to the equilibrium.

The relation of Central Europe to Germany and Italy cannot be discussed without simultaneous settling the relation of Central Europe to France or to the rest of Europe, and that can be done only when the Central European countries have reached an agreement among themselves, because this is a European and not only a Central European problem. Such a solution is only possible as a second stage. It is also advisable to begin with the small measure, where the probability of an agreement is greater instead of trying to adjust all at once the economic system of the whole of Europe or of the greater part of her economically important States.

If this agreement in Central Europe is to be left to the Central European States themselves, without any selfish interference on the part of a third Power, it is also quite clear that such an agreement is only possible with the approval of the Great Powers, because it will be necessary to maintain free passage outside Central Europe for the agricultural surplus of the Central European States and to maintain the market possibilities for those industrial goods which Central Europe cannot absorb. No Central European State can risk a trade conflict with the big States and their big markets. That is why Dr. Benes put such a great stress in his *exposé* on his determination that without the consent of the big States—in the first place without the consent of Berlin and Rome—Czechoslovakia will undertake nothing.

SPAIN.

Politics — Finance — Agriculture — Emigration.

(FROM OUR CORRESPONDENT.)

MADRID, April 15.

THE Spanish Republic has successfully weathered its first year, and the anniversary of the change of regime was celebrated with due solemnity. In spite of discontents, there is no doubt that the present regime has established itself, and even the monarchists seem to have lost hope of a return to the old order of things. As the military question has been dealt with by Señor Azaña with a firm hand, there is very little prospect of a revolt in that quarter, while the greater part of the country is principally concerned in obtaining and maintaining social peace, which is so essential to industrial progress. In view of the fact that large numbers of the unemployed are passing over to the ranks of the communist and syndicalist organisations, it will be difficult to avoid occasional disturbances in the provinces, but the members of the Government, owing to their experience on the other side of the fence, know very well how to deal with the turbulent masses, so that the threat of a Communist rising on May 1st is not taken seriously.

The economic outlook of Spain has not improved, nor are there as yet any signs that the bottom has been reached. The demand for foreign currency continues to exceed the supply, and, in spite of restrictions and regulations, the foreign exchange office has considerable difficulty in supplying the necessary currency. The peseta has, therefore, showed continued weakness throughout the month, and is now about 50 to the pound sterling. Furthermore, the export season for oranges is practically terminated, and the sales of foreign currency are diminishing in consequence. Formerly this fall of the peseta would have been sufficient to bring about the resignation of the Finance Minister, but in the present case, whether from fatigue or indifference, the fact has attracted comparatively little attention except in such circles as are directly affected, especially as the cost of living has not increased to any appreciable extent.

The issue of Treasury Bonds was, as anticipated, a complete success, and, owing to the measures taken, a large part was allotted to small subscribers. The subscription list was closed within a few hours, when it was found that bonds to the value of 628,062,000 pesetas had been applied for. Of this amount 298,884,500 pesetas were subscribed in Madrid and the remainder in the provinces. The amount of the issue is Ptas. 500,000,000 at par, the bonds bearing interest at the rate of 5½ per cent. per annum and maturing on April 12, 1934.

The publication by the Government of the projected clauses of the new Agrarian Bill has produced a rise in the quotation of the bonds of the National Mortgage Bank, as it is evident that the security will not be affected by the measures which are to be taken as soon as the Bill becomes law. The Minister of Agriculture, in a recent speech, stated that a small Commission had just been nominated by the Government, completely independent of all political influence, to study the economic situation of Spain and to advise Parliament as to the measures to be taken to remedy the present crisis. The names of the members of this Committee have not yet been made public, nor has any other official mention been made of the Committee itself. The Minister of Agriculture also stated that the Government was considering the question of taking over large tracts of land that were unfit for cultivation and not only undertaking the replanting of trees, but eventually monopolising the wood industry in an attempt to replace the large imports of wood by national production.

The figures published by the Minister of Finance for March show an increase of revenue amounting to 40 million pesetas as compared with the same month of last year. The increase of revenue for the first quarter of 1932 is 65 millions over the same period of 1931. Disbursements are stated to have been reduced by 148 millions and 128 millions during the month of March and the first quarter of 1932, respectively, as compared with the same periods of the previous year. These figures would appear eminently satisfactory; but it remains to be seen—and the statistics for the second quarter of the year will doubtless throw some light on the subject—whether some part of the reduction is not represented by payments due but deferred. Mines, motor cars and tobacco have produced considerably less income this year, and the Government has just made an all-round increase in the price of tobacco in an attempt to obtain compensation for the contraction.

The Ministry of Labour has, after considerable delay, at last published the figures of emigration from Spain during 1930. The total of emigrants was 41,560, of which the Argentine Republic alone took 31,403. The nationality of the steamers which carried them were, in the order of their importance: German, British, French, Spanish, Italian, Dutch and Portuguese. The number of emigrants diminished by 8,822 as compared with the year 1929.

CANADA.

Business — Parliament — Beauharnois Deferred Bonds — The St. Lawrence — C.N.R.

(FROM OUR CORRESPONDENT.)

OTTAWA, April 5.

THE latest business survey published by the Bureau of Statistics covering up to the end of February adduces some evidence of improvement in business compared with January, and the following are the comparative indices of different lines of economic activity corrected for seasonal variation:—

(1919-24 = 100).

	Feb., 1931.	Jan., 1932.	Feb., 1932.
Forestry	153.7	136.5	134.2
Mining	130.6	131.6	160.4
Construction	262.1	159.2	153.5
Manufacturing	128.7	117.2	119.4
Imports	119.2	82.8	87.0
Exports	102.4	88.0	89.7
Car loadings	101.2	81.5	89.4
Shares traded	279.0	49.7	53.8
Bank debits	146.1	105.6	116.4
Physical volume of business...	138.9	113.8	127.3

The unusual prolongation of winter conditions has held back the normal spring seasonal buying, and merchants report that the aggregate volume of Easter trade was less than a year ago. There has, however, been some further slight improvement in manufacturing conditions. The artificial silk mills are well employed, and the furniture and boot and shoe factories have a reasonable amount of work on hand. On the other hand, the cotton mills are operating on low schedules, and the iron and steel plants are comparatively idle. The lumber market is also dull, and the newsprint plants are still operating at little more than 50 per cent. of their capacity. Canada's exports of newsprint in February were valued at \$6,894,515, as compared with \$8,971,696 in January and \$8,086,266 in February, 1931. The March employment index of the Bureau of Statistics again declined to 88.7, as compared with 89.7 on February 1st and 100.2, 110.2 and 114.4 on February 1, 1931, 1930 and 1929, respectively. The Canadian dollar has been fairly steady in New York at a discount of around 10 per cent., but there has been a substantial appreciation in sterling. Importers are still full of complaints about the difficulties which the present system of tariff administration in Canada places in the way of conducting their business.

In the Federal Parliament the Liberal Opposition adopted obstructionist tactics against the Government's Bill for extending the operation of the unemployment and farm relief measure till May 1st with such success that they held up its passage for three weeks and upset the Ministry's plans for submitting the Budget before the Easter recess. The Liberals objected to giving the Government a further blank cheque when Parliament was in session, and took the line that they were fighting for proper parliamentary control of finance against an attempt at a dictatorship. Before they could get their Bill the Government had twice to resort to closure, which is rarely applied at Ottawa, and Mr Bennett pledged himself to call a conference of the provincial Governments to discuss ways and means of dealing with the unemployment situation after May 1st, when the authority given under the present legislation expires.

The Bennett Ministry has so far found it impossible to arrive at a decision about the fate of the Beauharnois Corporation, and in consequence the company defaulted on the interest payment of \$30,000,000 of collateral trust bonds which fell due on April 1st. By the trust agreement, ninety days of grace are available before the bondholders can take action, but they have appointed a strong committee to look after their interests. Mr Bennett told the House of Commons that this step had created a new situation, and that its implications, legal and otherwise, must be studied before the Government could make any announcement of its policy. The position apparently is that the banks will advance no more money with a Government guarantee, and the Federal Ministry says that as the corporation is now merely a power company operating under a licence from Quebec, the Quebec Government should be the guarantors; on the other hand, the Quebec Government says that, as the Federal Government has assumed ownership of the Beauharnois Canal for navigation purposes, it should provide the guarantee.

Prospects of an agreement on this point are not improved by the open divergence of opinion on the subject of the St. Lawrence waterway between the two Governments, which has lately been disclosed to the public. Following a conference at Ottawa about the waterway between Mr Bennett and Premier Taschereau of Quebec, the latter made public the contents of a lengthy letter which he had sent to the Federal Premier. In it he declared that he had submitted to his Cabinet the Federal Ministry's plans about the waterway, and they had found them objectionable in various respects. He repeated most of the arguments which have been advanced in Quebec against the waterway, and stressed the probable adverse effects of the waterway when it was completed upon the already embarrassed fortunes of the two great railway systems. He appealed to Mr Bennett and his Cabinet to desist from a project which would breed dissension disastrous to the national unity, and altogether made it

clear that his Government intended to resist to the bitter end the completion of the waterway. Moreover, his views at once received editorial endorsement from the Conservative *Montreal Gazette*. However, the Ontario Government has announced that it is satisfied with the Bennett Ministry's plans about the waterway, and negotiations with Washington are still busily proceeding.

The Government is persevering its efforts to cure the deficiencies in the Federal insurance law revealed by a recent decision of the Privy Council. After withdrawing two Bills which it introduced for this purpose, and which were unpalatable to some provincial governments and the insurance companies, it has now split its legislation into three Bills, one creating a Department of Insurance, another regulating foreign companies, and a third dealing with Dominion and British companies. Only the first two have been introduced, but they have encountered sharp criticisms in the Senate. Senator Lynch-Staunton, who is probably the ablest lawyer on the Conservative side in the Senate, held that the terms of the constitution and the decisions of the Privy Council precluded any success for this attempt of the Government to secure effective jurisdiction over insurance, and that it was beneath the dignity of the Canadian Parliament to try by such Bills to circumvent a decision of the Privy Council. The provincial governments of Ontario and Quebec have also notified Ottawa that they take strong objection to the Federal legislation and intend to fight it.

There was lately tabled the annual report covering 1931 of the Canadian National Railways. It showed a net income deficit of roughly \$60 millions, as compared with a deficit of \$29 millions for 1930, and this without any provision for interest on Government advances, which would amount to about \$32 millions. On April 1st the Minister of Railways gave a rather pessimistic account of the situation of the State-owned system. He was moving the second reading of a Bill which authorised the provision of \$61 millions from the Federal Treasury to meet the needs of the railway for 1932.

ARGENTINA.

Budget — Proposed Loan — Banking Reform.

(FROM OUR CORRESPONDENT.)

BUENOS AIRES, April 8.

THE situation of the national finances overshadows all other affairs in Argentina, and business of every kind is in suspense pending definite knowledge as to the intentions of Congress with respect to the Budget estimates and the proposed "patriotic" loan. General disappointment was felt when the new Government announced that it was budgeting for \$770,736,238 paper—a saving of barely \$14,000,000 paper as compared with the suggested budget of the Provisional Government, published but a fortnight before the latter went out of office. To add to the general *désenchantement*, Dr. Hueyo has estimated his receipts at \$800,000,000 paper, a figure quite out of the question when it is borne in mind that revenue receipts for 1931 were little more than \$630,000,000 paper.

It is felt in commercial and financial circles that to bring forward such figures showed great want of comprehension of the needs of the moment. The 1926-27 Budget amounted to \$673,000,000 paper, and was at that time subjected to severe criticism as being far beyond what the taxable capacity of the country could bear. Congress has appointed special committees to consider the present Budget, and it will undoubtedly be cut down to a considerable extent when it comes back to the legislature for discussion, though there is every reason to fear that the cut will not be as deep as present circumstances demand. It is all very well to point out that Argentina has to-day a smaller debt *per capita* than that of many nations, and to emphasise the relative lightness of existing direct taxation. Neither statement can be contested, but both overlook the fact that, in the first place, the indebtedness is

almost wholly non-reproductive, and certainly contributes nothing towards current revenues in the form of interest or profits; in the second place, the statement contains a *suggestio falsi*, inasmuch as Argentina's fiscal receipts have been obtained from time immemorial by indirect taxation. That source of revenue has latterly seriously diminished, and the expedient of imposing higher import duties has failed lamentably, unless the end sought was complete cessation of imports, which, though it may help the balance of trade, leaves all commercial enterprise high and dry with but little prospect of an early turn of the tide. The new taxes, imposed by the Provisional Government, are bringing in next to nothing, and therefore estimates based on the calculated yield from that source, and from the higher Customs dues, are completely misleading.

Congress is undoubtedly alive to the position, and it is a matter for congratulation that the legislators of Argentina appear to be determined to go to the bottom of things. They realise that the financial position at the moment is thoroughly serious and will, unless carefully handled, do irreparable damage to the credit and trade of the country, notwithstanding that, to-day, prospects for both are undoubtedly good. The fundamental soundness of Argentina's position makes it all the more regrettable that the Government should have thought it necessary to call for a "patriotic" loan, well knowing that the success of an operation of this nature was exceedingly doubtful.

The small prospects of a response have been admitted by the Government, inasmuch as they state that \$225,000,000 will be immediately rediscounted with the Conversion Office as soon as Congress has authorised the Bill relative to the loan in question. It is unnecessary yet to give full details of the various safeguards, such as the creation of an autonomous board to regulate not only the conditions of the loan, but also its treatment through the Conversion Office, with the proviso that the gold guarantee must not fall below 40 per cent. of the total circulation; for it is highly probable that this veiled emission will eventually be combined with compulsory acceptance of the bonds by banks, insurance companies, and other important commercial enterprises.

If the control of this emission is sufficiently drastic, and its proceeds are employed immediately in the liquidation of the current indebtedness of the National Government—in salaries alone there are at present some \$116,000,000 overdue—the effect on this market will be beneficial, while, as regards foreign exchange, no immediate depreciation of the peso is to be looked for. It is, however, more than ever regrettable that the whole matter of currency, and banking reform as regards the relationship between the Government and the Banco de La Nacion, was not examined, and the necessary changes carried out, at least a year ago. The present Minister of Finance has stated that for the time being he must put the idea of a central bank out of his calculations. Nevertheless, it is now more than ever obvious that only by refunding the Conversion Office gold with a State-guaranteed currency issue, subject to expert control and not to arbitrary market movements, can Argentina get clear from the entanglement that, now as in 1890, has made waste paper of the charter of the Banco de La Nacion in so far as its relations with the National Treasury are concerned. Dr. Lisandro de la Torre has publicly estimated the total indebtedness, in various forms, of the Government to the Banco de La Nacion at \$720,000,000 paper. Fortunately, no comparison can be made between the state of affairs to-day and those which prevailed in 1890, inasmuch as the Republic is now, despite all its present troubles, in a reasonably flourishing position. Argentina has immense actual, as well as potential, reserves of strength, in cash and in kind, behind her. Moreover, there is a complete absence of anything approaching a speculative position, in land, in industries, or in other national investments. Last, but not least, there is both in the Cabinet and in Congress a manifest desire to pull things straight, even at the cost of considerable personal sacrifice. This statement is not belied by what has been previously said regarding the possible result of the patriotic loan. That, as drafted, is an ill-advised measure, and has immediately been seen in that light by the general public.

Letters to the Editor.

SWEDEN AND THE GOLD STANDARD.

TO THE EDITOR OF THE ECONOMIST.

SIR,—In your issue of April 16th, your Stockholm correspondent reviews the information revealed by the report given at the meeting of the Skandinaviska Kreditaktiebolag as to the connection between this bank, the Kreuger concern and the National Bank. He arrives at the conclusion that "the Kreuger concern, and thereby the Skandinaviska Bank and National Bank of Sweden, are to a considerable extent responsible for Sweden's departure from the gold standard owing to the enormous credits which were asked and granted."

It is no doubt true that the credits thus given have played a great rôle in Sweden's balance of payments, particularly as the funds obtained were mainly utilised for payments abroad. But there are certain other points which should be borne in mind when the cause of the departure of Sweden from the gold standard is discussed:—

(1) At the beginning of 1931 the National Bank held foreign exchange to the amount of 370 million crowns. A substantial part of these holdings—perhaps more than half—consisted of money brought into Sweden by the Kreuger concern, when foreign issues had been made and the proceeds largely utilised to buy shares in Swedish companies (pulp, gold mines, &c.).

It seems rather one-sided only to emphasise the demands which the concern made upon the National Bank, without taking into account the funds it had previously brought into the bank.

(2) Your correspondent mentions that during the first five months of 1931 the surplus of imports into Sweden amounted to 180 million crowns. The previous year it had been only 97 million crowns. The aggravation of the adverse balance was not only important in itself, but was also a sign of the fact that the price level and the purchasing power in the hands of the Swedish public had not been adjusted to the lower level of prices on the main world markets. There had been hardly any credit deflation in Sweden in 1929, and the cost of living was very much the same in 1931 as in 1929. Wages had not fallen, and Government expenditure had rather shown a tendency to rise. Whilst the requirements of the Kreuger concern were still unknown, many economists in Sweden anxiously began to point out the importance which these underlying factors must have on the monetary situation. It is true that a foreign loan might have helped matters, but only if the authorities, the industrial leaders and the trade unions had realised that a strong policy of deflation was necessary—and acted accordingly. The resistance against such a policy was, however, very great, even before sterling became depreciated. After the depreciation of sterling—involving still further reduced prices in gold on Sweden's most important market—deflation in Sweden would have had to be pushed very far in order to enable the country to remain on the gold standard. It is interesting in this connection to note that in the Swedish Parliament the National Bank has been criticised for having kept too high a discount rate and not allowed prices to rise after depreciation took place.

An authority on Swedish monetary policy, Dr. E. Lindahl, in a speech at Gothenburg on the 16th instant, expressed the opinion that without a doubt the Kreuger business accelerated the movement which took place, but that a departure from the gold standard would, nevertheless, have been necessary. It is understandable, and also justifiable, that the Swedish people should carefully consider the question whether a small country like Sweden could form sufficient basis for such a huge undertaking as the Kreuger concern. But it would be manifestly wrong to make the credit transactions of the concern solely responsible for monetary developments which are as much or more due to the general economic policy, viz., unwillingness to bring down prices, expenses and costs.—Yours, &c.,

Stockholm.
April 18th.

K. R. P.

AMERICAN FOREIGN INVESTMENT.

TO THE EDITOR OF THE ECONOMIST.

SIR,—In your issue of February 20, on page 403, is a note on "American Foreign Investments in 1931," which invites a rejoinder in view of the last two sentences. You quote from the report of the Foreign Policy Association that the investigations of the Senate Finance Committee into recent foreign lending "have strengthened the substantial group of persons who have come to feel that the only cure for the evils of an

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unbridled foreign investment policy lies in a complete withdrawal from the international investment field." Following this, you conclude with the *obiter dictum*, "This is 'the burnt child' with a vengeance." The comment quoted from the Foreign Policy Association and your concluding remark sound overdrawn in contrast with the figures given in the article, according to which the net export movement of American capital declined from 1,101 million dollars in 1928 to 924 million dollars in 1930, and 439 million dollars in 1931.

If the investing fingers of the United States have been burnt, in whose fires were they injured? According to the data you employed, American long-term foreign investments in Europe (presumably ex-Russia) are 5,765 million dollars. In the light of the historical theory of international trade, why should this money have been loaned to Europe? Europe is not an undeveloped region, a backward continent, a part of the world still in the extractive stage. Europe was a creditor continent for centuries; from Europe proceeded the capital movements which developed the outlying regions of the globe. To-day the net foreign investments of Europe ex-Russia exceed the net foreign investments of the United States. It was an anomaly for the younger continent to lend to the older continent. If Europe felt herself constrained to reorganise her international financial affairs, this could have been done by the sale of her foreign securities instead of borrowing money in the United States, and there was ample opportunity for such sale of foreign securities at high prices between 1925 and 1929. The orthodox economist who traces the history of foreign investment from the period of Queen Elizabeth to the world-war will find it difficult to explain on traditional grounds why Europe has borrowed nearly six billion dollars from the United States on long term.

But, perhaps, it will be rejoined that the second major influence in foreign investment explains the occurrence, namely, that America loaned almost six billion dollars to Europe in order to enable Europeans to purchase export goods from the United States. This proves too much. If one will take the history of tariffs since the war, including the final act of the British tariff, to suggest that Americans have loaned six billion dollars to promote exports to Europe, and that Europe has borrowed six billion dollars to promote imports from the United States, is far-fetched indeed.

Much is to be said for the view that the normal field for American foreign investments is in the Western Hemisphere, and especially in North America. That American foreign investments in Australasia and Asia have declined is less surprising than the fact that Americans ever entered these traditional British fields. The decline in American investments in Canada and Central America has been due quite as much to unwillingness of *entrepreneurs* in those regions as to unwillingness of American lenders.

The fingers of the American foreign investors were burned because they entered into a new game with too much zest and too little caution, and because an extensive and intensive trade cycle has brought to this country the shift from bullishness to beariness upon which Keynes has laid such stress. American investors meeting with losses on loans to undeveloped and naturally debtor regions can console themselves with historical reflections. But if American investors lose money on loans to highly-developed creditor Europe, they will find it difficult to find solace in such reflections.—Very respectfully yours,

Stanford University, California. A. E. TAYLOR.

FOREIGN BONDS IN DEFAULT.

TO THE EDITOR OF THE ECONOMIST.

SIR,—On page 167 of your issue of January 23rd last, you quote a report of the Foreign Policy Association on recent defaults of Government loans, and include a table of Government loans in default.

In this table Guatemala is shown as having \$366,300 of interest in arrears, and since the loans are not mentioned, the impression given in this country is that the arrears of interest are in respect of loans quoted on the London market, namely, the 4 per cent. External Debt, 1895, 1913 and 1928, which we administer.

The Foreign Policy Report specifies that the interest is in arrear on the International Railways of Central America (Zacapa-Salvador Extension) to an amount of \$169,500 and on the Los Altos Maintenance Contract for \$196,800,

The recent formation of the Business Transfer Partnership & Property Agents Institute of Great Britain raises the status of the profession of Business Transfer Agents. A very comprehensive course dealing with B.T. can be secured for £1 1s. 0d., spread over 4 monthly payments of 5s. 3d. each. Course is sent on receipt of first payment.

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making a total of \$366,300. These two loans appear to be American commercial ones, neither being quoted in London.

The Government of Guatemala has requested us to bring the point to your notice and to ask you to be good enough to make it clear that the interest in arrear is in no way connected with the 4 per cent. External Debt of Guatemala, on which the Government has punctually met its obligations both for interest and sinking fund.—Yours, etc.,

Council of Foreign Bondholders,

17, Moorgate,

London, E.C. 2.

April 20, 1932.

L. REID,

Secretary.

RAILWAYS AND ROADS.

TO THE EDITOR OF THE ECONOMIST.

SIR,—In common with other members of the travelling public, I find thrust upon my attention in the dining saloons of trains, in hotels and elsewhere a tract distributed by the railway interests which, in view of the coming Conference on Rail and Road Transport, it seems to me it would now be a graceful act to withdraw from circulation.

I have no wish to write anything which might tend to increase the exasperation of those who have broadcast their plea for "fair play," but it is surely a fantastic twist of logic to say that because the railways have to pay for the upkeep of their own tracks, therefore the owners of motor vehicles should pay "the full current expenditure on roads" belonging, not to them, but to the community; and anyhow, motor users are already paying, including the petrol tax, £59,000,000 a year for the privilege of being what they are.

Nobody blames the railways for failing to foresee that there would come a day when their rigid tracks would fail to pay. These tracks remain a necessary feature of our national life, but it is absurd to say that they must be made solvent by bleeding their more mobile rival. And that certainly will not be a solution which will appeal to the approaching Conference.

If the railways seek fair play, they must give it; and the first step in that direction is to recall this unfortunate pamphlet.—Yours faithfully,

8, Queen Street,

Mayfair, W.1.

April 16, 1932.

SILBY.

BOOKS RECEIVED.

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

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

"Eureka." By R. M. Sneddon. (Glasgow) Political Bookshop, 132, Bothwell Street. 2s.

Claims, in the sub-title, to elucidate "the true but hitherto unrecognised First Principle of the Science."

The Elements of Economics. By J. M. Mehta. (London) George Routledge and Sons, Ltd., 68-74, Carter Lane. 10s. 6d. net.

A text-book for students on the use of graphs in economics. A certain amount of mathematical economics is included.

An Editor Looks at Russia. By Ray Long. (London) Constable, 10-12, Orange Street. 3s. 6d. net.

A slight but most interesting and unbiased little book.

OFFICIAL PUBLICATIONS.

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

Royal Commission on Transport: Communications received from certain Organisations in response to the Ministry of Transport's request for their observations on the conclusions and recommendations of the Final Report of the Royal Commission on Transport. Cmd. 4048. 1s. 6d. net.

Report of the Ministry of Labour for the year 1931. Cmd. 4044. 2s. 6d.

Department of Overseas Trade: Economic Conditions in Brazil, December, 1931. 2s. 6d. net.

Fortieth Annual Report of Trustee Savings Banks for the year ended November 20, 1931. 3d. net.

Department of Overseas Trade: Economic Conditions in Ethiopia (Abyssinia), 1929-31. 1s. net.

Department of Scientific and Industrial Research: Empire Timbers from Home and Overseas for Building and Structural Purposes. 1s. 8d. net.

The Stock Exchange.

BUILDING SOCIETIES.

THE Stock Exchange has no dealings with building societies. The loss is the Stock Exchange's, for the building societies have obtained £275 millions of new "capital" in the last ten years without paying a penny in brokers' commissions. The movement has recently emerged creditably from an anxious period. Last autumn's financial hurricane caught most societies with sails fully set. The success with which the storm was weathered was a reassuring testimony to the sound lines of the ships and the navigation of the crews, though all concerned were greatly helped by external factors—Britain's attainment of Budget equilibrium before suspending gold payments, the absence of any inflationary internal price movement and the speedy re-establishment of public confidence in the national position. The crisis was short-lived. It strengthened the moral position of exponents of sound building society canons without weakening the movement. The subsequent decline in money rates and in gilt-edged yields reinstated the popular appeal of building society shares and deposits, and the rise in income tax enhanced it. The societies' operations have now resumed their former course and magnitude, but with a difference.

Last year's crisis, in fact, has compelled building society directors and managers to ask whether the movement is tending, and whether the progress of the last few years can be indefinitely maintained. It is admitted that the proportion of the annual increase in the national capital which has been drawn into one particular form of investment—the ownership of medium-sized residential property—has been far greater than in any previous epoch. Between 1904 and 1913, the average annual amount advanced on mortgage by the building societies of Great Britain was £9,077,000, and the average increase in the balance due on mortgage (after deducting repayments) was little more than £1,000,000. Between 1921 and 1925 the average annual advances and increases were £32,961,000 and £15,409,000 respectively. In the next five years they were no less than £66,038,000 and £34,091,000 respectively. The following table shows the figures for each year since 1921, together with the total assets of all building societies:—

(000's omitted.)				
Year.	Total Advances on Mortgage made during Year.	Balance Due on Mortgages.	Total Assets of all Building Societies.	
1921	19,673	75,503	95,265	
1922	22,708	83,725	107,438	
1923	32,015	98,845	124,719	
1924	40,585	119,745	144,890	
1925	49,822	145,857	169,197	
1926	52,151	171,221	193,856	
1927	55,887	197,748	223,346	
1928	58,665	227,533	268,465	
1929	74,719	268,141	312,746	
1930	88,767	316,314	371,165	

The returns of individual societies so far published suggest that the total new advances on mortgage during 1931 were in the neighbourhood of £90-£100 millions, and that total building society assets passed well beyond the £400 millions mark.

These vast figures are meaningless apart from their peculiar post-war context. At the end of the war the nation was faced by an acute housing shortage. The continuance of rent restriction condemned non-occupying owners of existing small dwellings to an uneconomic return. The State urged local authorities to fill the breach, and subsidised both public and private building, directly and indirectly. The most striking response, however, came from the private owner who, finding unprecedented difficulty in obtaining a house to rent, was willing to finance the erection of his own dwelling—costing, say, from £700 to £1,000—by local speculative building enter-

prise, provided he could obtain outside financial accommodation in respect of the cost over and above a moderate initial outlay. The building societies already possessed the necessary organisation for collecting resources from general investors, and a wide experience of the technique of valuation and lending. Demand being insistent, they were able to charge remunerative rates to borrowers and offer interest to investors appreciably above the level paid by other "savings" institutions and the yield on gilt-edged stocks. Their success was enhanced by effective advertising, the infusion of new blood to supplement the skill of the older leaders (Sir Harold Bellman, for example, joining the movement in 1920), the downward tendency of general interest rates, apart from exceptional periods, and the maintenance of high standard rates of income tax. About 1,700,000 houses have been built since the war, including approximately 700,000 for letting by local authorities, and over 1,000,000 for sale to private owners, mainly with the help of building societies, which have collected the necessary resources from about 1,800,000 depositors and share investors.

A concentration of internal control has accompanied the extension of operations. At the end of 1929, one society, the Halifax, owned 19 per cent. of the total assets of the movement. The Halifax and Abbey Road together owned 25 per cent. of the total. The ten largest societies accounted for 50 per cent., and the 45 largest for 76 per cent. of the total resources of over a thousand societies. The following table gives a picture of the financial position and progress of six typical large societies during the last three years. Three of the societies have head offices in the provinces and three in London.

ASSETS, ADVANCES, &c., OF SIX SOCIETIES.

(000's omitted.)

Society (and Year).	Due to Share and Deposit Holders, End Year (including Interest).	Advanced on Mortgage during Year.	Out-standing on Mortgage, End Year.	Gilt-Edged Securities and Cash.	Total Assets.	Shares and Deposits, With-drawn—Proportion of Total Received during Year.
Halifax (Jan. 31)	1930 57,377 1931 67,755 1932 75,137	12,456 16,893 17,070	44,783 52,903 59,776	5,809 3,880 3,039	59,394 70,047 77,950	83.0 63.8 73.5
Abbey Road (Dec. 31)	1929 18,419 1930 30,262 1931 33,809	8,801 12,299 8,007	18,010 27,944 32,693	630 2,218 1,691	19,167 31,061 35,059	22.8 29.4 61.7
Woolwich (Sept. 30)	1929 10,650 1930 16,202 1931 20,280	4,141 5,592 6,362	10,898 15,067 19,390	326 1,539 1,351	11,403 16,967 21,157	27.6 21.3 33.2
National (Jan. 31)	1930 8,067 1931 11,442 1932 16,010	3,886 3,488 3,369	9,351 11,792 15,891	404 540 1,104	9,953 12,542 17,218	38.0 32.6 34.6
Leeds (Sept. 30)	1929 11,340 1930 13,483 1931 15,564	3,178 3,775 4,098	10,626 12,789 15,058	120 357	12,002 14,091 16,593	63.4 60.7 66.5
Burnley (Dec. 31)	1929 6,817 1930 7,502 1931 7,863	1,942 1,586 1,661	6,336 6,902 7,475	333 310 370	7,277 7,992 8,371	67.3 79.5 99.6

* Unascertainable. Total investments and cash of £1,277,000 included corporation mortgages, which stood at £1,044,000 in 1931 accounts.

Though all the societies show creditable progress, which was not perceptibly interrupted last year, the experience of the "London" and "provincial" societies has not been quite on all fours. The former have advanced the more rapidly, partly through economic changes which need not be gone into here. The building society movement had its birth in the North and has been traditionally strong in the West Riding of Yorkshire. The South, however, has been rapidly "catching up." Generally speaking, Northern depositors and shareholders appear to regard their society more as a savings bank than their Southern colleagues, all the provincial societies having

a larger percentage of annual "turnover" in shares and deposits than the London societies. In one or two instances this ratio tended to increase last year, but seldom to a serious extent, investors having shown a freedom from panic creditable both to themselves and their societies.

The next table shows the average shareholdings, mortgage totals, interest rates, etc., of the six societies:—

AVERAGE HOLDINGS AND INTEREST RATES.							
Society.	Date of last Balance Sheet.	Average Deposit.	Average Shareholding.	Average Mortgage Outstanding.	Average Interest Paid to Depositors.	Average Dividend to Shareholders.	Average Rate Received from Borrowers.
Halifax ...	Jan. 31, 1932	£ 75	£ 330	£ 393	3.6	4.55	5.86
Abbey Road	Dec. 31, 1931	414	141	619	3.7	4.77	6.65
Woolwich	Sept. 30, 1931	129	310	579	3.7	5.15	6.39
National ...	Jan. 31, 1932	Nil	209	676	4.2	4.25	5.53
Leeds	Sept. 30, 1931	97	229	452	3.0	4.82	5.57
Burnley ...	Dec. 31, 1931	38	244	361			

Note.—The average "deposit" and "shareholding" figures are based on published totals, including interest. The average "interest," "dividend," and "rate from borrowers" figures are based on the mean totals of deposits, shares and mortgages outstanding between the beginning and end of the year.

The average deposit and shareholding figures vary considerably, individual shareholdings greatly exceeding deposits except in the case of the Abbey Road. Broadly, deposits tend to be lower in the provincial than in the London societies, but the difference is less marked as regards shareholdings, the biggest society of all—the Halifax—having a comparatively large average shareholding, while that of the Abbey Road is comparatively small. The ratio of numbers of depositors to shareholders, however, is 1 : 1.6 in the Halifax and 1 : 19.6 in the Abbey Road.

The size of the average outstanding mortgage is demonstrably higher in the case of the London than of the provincial societies, but this is partly a reflection of the more rapid recent increase in the business of the former, and partly of somewhat higher property values in the South of England. On the whole, the Southern societies pay higher rates to investors and charge higher rates to borrowers than the Northern societies, special arrangements being understood to obtain as regards rates charged in the London area. The distinction between "London" and "provincial" societies, however, is approximate only, some of the largest societies doing a considerable business in both areas. The existence of a special London arrangement would, of course, tend to raise the average figures of societies with provincial head offices doing an important Metropolitan business. All the average interest and dividend figures in the table are necessarily approximate, in view of extensive recent changes in the totals of investments and mortgages, and of other factors—such as the charging, in some cases, of premiums during the early years of a loan, and frequent repayments of mortgages before their due dates.

What is the outlook for the movement? The result of its recent trials has been reassuring. Last year's withdrawals by investors were moderate and shortlived. Concessions were made in some cases to mortgagors in difficulties, but for the most part the ability of borrowers to maintain payments suggested that the "placing" of past loans had been well-advised. Though many societies have prudently adopted a policy of conserving liquid assets, these would seem to have been sufficient to meet claims even had the crisis been more prolonged.

During the temporary restriction of new advances, on the other hand, the sharp contraction in the volume of speculative building suggested that the identification of the movement with the contemporary activity of one particular industry had become so complete as to be potentially embarrassing. How far building society activity has tended to augment medium-sized residential property values and building profits is an open question. The movement is protected against a much greater decline in values than has already taken place, partly owing to the fact that so many of its mortgagors are owner-occupiers, who are not likely to require to sell their houses, and partly to the practice of societies of advancing only a given percentage of their surveyor's valuation in each case.

Nevertheless, last year's events have aptly emphasised the efforts of the leaders of the movement to check

potential "over-lending." A large measure of agreement has been secured for a policy whose main features are insistence on a purchaser's having at least a 10 per cent. personal stake in his property, the protection of any advance in excess of 75 per cent. of a current valuation by guarantees and cash deposits for the balance, with concessions only in exceptional cases, and the non-release of such cash collateral security until the principal sum under the mortgage has been reduced to at least two-thirds of the original valuation. It is also understood that certain builders and "estates," whose position is regarded as unduly speculative, will not readily obtain future building society assistance.

The movement, assuredly, has not exhausted the potentialities of the special "market" it has conspicuously developed of late years. "Demand" from this direction, however, cannot maintain its recent pace indefinitely, and already shows signs of slackening. Rather than run the risk of "forcing" loans, in an effort to maintain turnover, the largest societies may decide mainly to consolidate the ground lately occupied, and to seek new extensions—possibly on a smaller scale—in fresh directions. That they will seek considerably to add to their interests in the more expensive properties is doubtful. This is a section of the market of which the societies have had little experience. At the end of 1930, out of £316 millions due on mortgages, only £10 millions was in respect of mortgages over £5,000. A year earlier, 81½ per cent. of the total represented mortgages of under £1,000.

The attention of some spokesmen appears to be turning rather to the possibilities of lower working-class housing. The most insistent demand of the time, they declare, is for houses costing about £400. The field is undoubtedly wide, but the financial security offered by poorly-paid workers for advances on normal building society lines is disproportionate to their economic need. The suggestion has been made that the Government should shoulder the risk by giving a guarantee to the building societies. Whether the Government, in present circumstances, will see its way to give such a guarantee, or whether the societies have themselves considered all its implications, is doubtful. In the meantime, the income-tax liabilities of the societies have been increased under the arrangements adopted with the authorities since last September's Budget, and the largest society has already reduced its interest to certain shareholders by ½ per cent., largely on this account. The prospects are, therefore, that the movement, while continuing to do a large annual business, will seek a policy of consolidation rather than unlimited expansion, with its corollary—a stringent determination to prevent competition for the placing of new resources from reaching lengths which may endanger the stability of the movement, and infringe its basic principles.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.	
TICKET.	ACCOUNT.
May 3.	May 5.

The Stock Exchange, which had anticipated the Budget without enthusiasm, found its contents stern, salutary and cheerless. Gilt-edged stocks were moderately firm, but inclined to falter before the welcome, though unexpected, reduction in the Bank rate confirmed the stronger tendency, dealers looking for the early establishment of long-term British Government stocks on a 4 per cent. yield basis. The advance discounting of expected favours limited the post-Budget rise in tea shares, and was responsible for a sharp decline in brewery issues, though prices recovered somewhat on Thursday, when stock failed to come in to the extent anticipated. Generally, the volume of business failed to expand appreciably, in contrast to normal Budget-week experience. The immediate influence of the Chancellor's statement, in short, was largely neutral, and its future effect may be, on the whole, reactionary.

Movements in gilt-edged values were confined between modest limits, the Bank rate reduction being a more important factor than the Budget proposals. War Loan was in request, however, after it had been made clear that the Government did not intend to launch an immediate conversion operation. India loans were neglected. Agricultural Mortgage scrip was conspicuously in demand, rising to 4 premium on Thursday. Little business was done in Australian issues, which were depressed by fears of further depreciation in the Australian pound and dissensions among the State Premiers. New Zealand scrip continued to relapse as a result of the Auckland disturbances. Business in foreign bonds remained restricted and difficult. German bonds improved slightly. Austrian stocks were liquidated, despite the renewal of the Bank of England's loan to the National Bank. Greek bonds showed signs of recovery on an optimistic forecast that interest payments would be continued despite the probable suspension of sinking funds. The weakness of Brazilians was associated with special liquidation arising out of the Kreuger position. Selling of Japanese was attributed to fears based on reports of strained relations with the Soviet.

The home railway traffic figures were the worst so far published this year, and dealers lowered quotations sharply rather than take even small amounts on their books. The reduction extended to prior charges, particularly those in the "depressed" zone. Argentine rails became dull after a mild improvement at the beginning of the week, the trend of traffic movements being by no means reassuring. The San Paulo report (dealt with on page 927) was regarded as satisfactory, though the stock failed to hold an initial rise.

The new account opened quietly in the industrial market. Breweries were in request, but reacted before the Budget speech and suffered a heavy fall on Wednesday, only part of which was regained on the following day. Iron and steel shares were little affected by the Budget, the inclusion of the industry in the list of new protectionist beneficiaries being confidently expected. A slight demand sprang up for Courtaulds, but textile shares generally did not reflect the amelioration in trade conditions suggested by the most recent trade and employment returns. Motor shares were steady, Austin being firm on the introduction of a new model. Dennis lost ground on the reduced interim dividend. Electrical supply shares were inactive, and electrical manufacturing securities easier, the Associated Electrical Industries' report (discussed on page 926) failing to soften the disappointment occasioned by the reduction of dividend. In the store market, Marks and Spencer were firm on the excellent preliminary dividend statement (set out on page 927). The passing of the P. and O. dividend cast a shadow over the whole market for shipping shares, groups like Furness Withy being affected. Bank shares were fractionally lower, moving against the trend of gilt-edged prices, and insurance shares were mainly unchanged on a very restricted business.

Dealings in rubber shares remained negligible, despite a trifling improvement in the quotation of the commodity. The reimposition of a preferential tea duty by Mr Chamberlain had been widely anticipated. The Budget statement was a signal for profit-taking, from which the best Indian estate companies were among the chief sufferers. Oil shares opened under the influence of French selling, became steady on a small professional business, and slumped badly, under the lead of Royal Dutch, on Thursday. The outlook for a number of the larger companies is discussed on page 928.

The "Kaffir" market showed a determination to extract the maximum of comfort from the Budget speech, the establishment of the Exchange Equalisation Account being used as an argument for the maintenance of the attractions of South African dividends under a pegged sterling regime. Rio Tinto was unable to hold a rise, and considerable inside buying failed to enhance the price of Rhokana. The sharp rise in tin prices had no proportionate effect on shares values, its permanence, origin and motives being looked at somewhat askance.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	Apr. 14, 1932.	Apr. 15, 1932.	Apr. 16, 1932.	Apr. 18, 1932.	Apr. 19, 1932.	Apr. 20, 1932.	Apr. 21, 1932.
Government and Municipal Loans	1,527	1,459		1,754	1,424	1,471	1,510
Transport, Communications, and Public Utilities...	893	882		1,084	751	746	732
Commercial and Industrial*	1,681	1,685		2,002	1,684	1,536	1,545
Banks, Insurance and Financial...	476	517		575	368	393	378
Mines (including Nitrate)	431	395		436	269	299	310
Oils	81	82		123	117	77	170
Rubber, Tea and Coffee	107	147		188	187	150	87
Total	5,196	5,167		6,162	4,800	4,672	4,732

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS.

(1928 = 100.)

Highest of 1932. (Mar. 5.)	Lowest of 1932. (Feb. 11.)	Apr. 14, 1932.	Apr. 15, 1932.	Apr. 16, 1932.	Apr. 18, 1932.	Apr. 19, 1932.	Apr. 20, 1932.	Apr. 21, 1932.
63.7	58.5	59.8	59.9	*	50.1	60.1	59.5	59.4

* Stock Exchange closed.

FOREIGN STOCK EXCHANGES.

NEW YORK.

The market opened weak, and many issues reached new low levels. The volume of transactions, however, was lower than for some weeks. Liquidation emanated mainly from banks, in connection with frozen loans, rather than from investors proper. It was felt that the position in some respects, indeed, was slightly improving. Crude oil production showed a decrease. The drop in the latest freight car loading figures was negligible, an appreciable increase being reported in the movements of certain classes of merchandise. The first railroads reporting for March showed more clearly the effect of wage cuts and economies, several roads maintaining their 1931 net figures despite declines in gross takings. The Federal Farm Board reported evidence of conditions likely to result in heavier demand for American wheat. A reduction by the New York banks of ½ per cent. in their interest rates on foreign deposits revived the expectation, in some quarters, of a reduction in the re-discount rate of the Federal Reserve Bank, which was strengthened after the announcement of the London reduction on Thursday. The Reserve Banks as a whole continued their purchases of Government securities on a large scale. An issue was forecast of new Treasury Certificates to a total of \$300 millions, to take place at the beginning of next month. It was expected that the issue would be well taken, many New York banks having excessive amounts of unemployed money. The Business Index of the *New York Times* for the week ended April 9th was 59.6, compared with 60.2 for the previous week. Car loadings for the same week were 544,806, compared with 544,982 a week earlier.

	Apr. 7, 1932.	Apr. 14, 1932.	Apr. 21, 1932.		Apr. 7, 1932.	Apr. 14, 1932.	Apr. 21, 1932.
U.S. 3½% T. Bds....	97½	101½	101½	Natl. Biscuit	32	31	33½
Lib. T. 3½% 1932-47	100½	101	100½	Phelps Dodge	48	48	54
Do. 4½% 1927-47	100½	101½	101½	Pullman	16	15½	17
Do. 4½% 1933-38	101½	102½	102½	Seas. Rubber	23½	21	21
Atchafalca	53½	44½	47½	Studebaker	6	6	6
Ches. & Ohio	15½	15	17½	Un. Fruit	20½	19½	20½
Erle	10½	10½	11	U.S. Leather	1	1	1
Illinois Central	41	41	41	U.S. Rubber	3	3	3
N.Y. Central	22	20½	21½	U.S. Steel	35½	34	30½
Pennsylvania	13½	13	13	Westinghouse	23½	22½	22½
Southern Pacific	15½	13	15½	Woolworth	37½	37½	38½
Southern Ry.	54	54	54				
Union Pacific	60½	52½	56½	Am. Tel. & Tlg.	108½	107½	101½
				Interboro R.I.	6	7½	8
Am. Can.	53½	51½	45½	Int. Tel. Teleg.	5	5	6
Amer. Smelting	8	8	9	Radio Corp.	5	5	6
Anacosta	5	5	5	Utilities P. & L.	3	2½	3
Bethlehem Steel	14½	13½	13½	W. Union Tlg.	31½	31	28½
Chrysler Motor	39	39	31				
Corn Produce Rf.	35½	31	56½	Associated Gas "A" ..	2	2½	2½
Gen. Electric (New) ..	65½	61½	56½	Pan. Amer. B.	15½	22	22
Gen. Motors	15½	15½	14½	Shell	12	12	12
Int. Harvester	17½	19½	19½	Shell Union	2	2	2
Mont. Ward	7½	7½	7½	Std. California	22½	18½	18
				Do. N.J.	26½	23½	22½

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(Continued on page 924.)

LONDON ACTIVE SECURITY PRICES AND YIELDS.

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

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

Prices Year 1931.				Prices Year 1932 (Jan. 1 to Apr. 20) Inclusive.				Name of Security.				Prices Year 1932 (Jan. 1 to Apr. 20) Inclusive.				Name of Security.				Prices Year 1932 (Jan. 1 to Apr. 20) Inclusive.				Name of Security.			
High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.		
British Funds.																											
60½	49½	61	54½	60½	49½	61	54½	Consols 2½%	60½	49½	61	54½	Consols 2½%	60½	49½	61	54½	Consols 2½%	60½	49½	61	54½	Consols 2½%	60½	49½	61	54½
97	77½	91	81½	97	77½	91	81½	Consols 4%	94½	84½	94½	84½	Consols 4%	94½	84½	94½	84½	Consols 4%	94½	84½	94½	84½	Consols 4%	94½	84½	94½	84½
85½	67½	84½	73½	85½	67½	84½	73½	Con. Loan 3½%	102½	102½	102½	102½	Con. Loan 3½%	102½	102½	102½	102½	Con. Loan 3½%	102½	102½	102½	102½	Con. Loan 3½%	102½	102½	102½	102½
108½	93½	108½	99	108½	93½	108½	99	Do. 5% 1944-44	105½	106½	105½	106½	Do. 5% 1944-44	105½	106½	105½	106½	Do. 5% 1944-44	105½	106½	105½	106½	Do. 5% 1944-44	105½	106½	105½	106½
97½	78	98½	83½	97½	78	98½	83½	Do. 5% 1944-44	100½	101½	100½	101½	Do. 5% 1944-44	100½	101½	100½	101½	Do. 5% 1944-44	100½	101½	100½	101½	Do. 5% 1944-44	100½	101½	100½	101½
102½	93	101	97½	102½	93	101	97½	Treasury 4½% 1932-34	101½	101½	101½	101½	Treasury 4½% 1932-34	101½	101½	101½	101½	Treasury 4½% 1932-34	101½	101½	101½	101½	Treasury 4½% 1932-34	101½	101½	101½	101½
103½	93	102	98½	103½	93	102	98½	Treasury 5% 1933-35	101½	101½	101½	101½	Treasury 5% 1933-35	101½	101½	101½	101½	Treasury 5% 1933-35	101½	101½	101½	101½	Treasury 5% 1933-35	101½	101½	101½	101½
98½	85	98	89½	98½	85	98	89½	Victory Bonds 4%	98	98½	98	98½	Victory Bonds 4%	98	98½	98	98½	Victory Bonds 4%	98	98½	98	98½	Victory Bonds 4%	98	98½	98	98½
104½	90½	103½	95½	104½	90½	103½	95½	War Loan 5% 1929-47	103	103	103	103	War Loan 5% 1929-47	103	103	103	103	War Loan 5% 1929-47	103	103	103	103	War Loan 5% 1929-47	103	103	103	103
70½	57	70½	60½	70½	57	70½	60½	Local Loans 3%	70	70	70	70	Local Loans 3%	70	70	70	70	Local Loans 3%	70	70	70	70	Local Loans 3%	70	70	70	70
46	29½	49½	36	46	29½	49½	36	India 2½%	56½	56½	56½	56½	India 2½%	56½	56½	56½	56½	India 2½%	56½	56½	56½	56½	India 2½%	56½	56½	56½	56½
55½	41	59½	42½	55½	41	59½	42½	Do. 3%	65½	65½	65½	65½	Do. 3%	65½	65½	65½	65½	Do. 3%	65½	65½	65½	65½	Do. 3%	65½	65½	65½	65½
64½	41	69½	49½	64½	41	69½	49½	Do. 3½%	90	90	90	90	Do. 3½%	90	90	90	90	Do. 3½%	90	90	90	90	Do. 3½%	90	90	90	90
86½	55	92½	67½	86½	55	92½	67½	Do. 4½% 1958-68	105½	105	105½	105	Do. 4½% 1958-68	105½	105	105½	105	Do. 4½% 1958-68	105½	105	105½	105	Do. 4½% 1958-68	105½	105	105½	105
106½	94	107½	103½	106½	94	107½	103½	Palestine 5% 42-67	108½	108	108½	108	Palestine 5% 42-67	108½	108	108½	108	Palestine 5% 42-67	108½	108	108½	108	Palestine 5% 42-67	108½	108	108½	108
110	90	110½	103½	110	90	110½	103½	Sudan 5½% Bonds	108½	108	108½	108	Sudan 5½% Bonds	108½	108	108½	108	Sudan 5½% Bonds	108½	108	108½	108	Sudan 5½% Bonds	108½	108	108½	108
99½	87½	97	87½	99½	87½	97	87½	Uster 4½% 45-75	96	97	96	97	Uster 4½% 45-75	96	97	96	97	Uster 4½% 45-75	96	97	96	97	Uster 4½% 45-75	96	97	96	97
Dom. & Colonial Govts.																											
85½	58	93	77	85½	58	93	77	Australia 5% 1945-75	89½	84½	89½	84½	Australia 5% 1945-75	89½	84½	89½	84½	Australia 5% 1945-75	89½	84½	89½	84½	Australia 5% 1945-75	89½	84½	89½	84½
105½	97	106½	100½	105½	97	106½	100½	Canada 4½% 1940-60	92½	92½	92½	92½	Canada 4½% 1940-60	92½	92½	92½	92½	Canada 4½% 1940-60	92½	92½	92½	92½	Canada 4½% 1940-60	92½	92½	92½	92½
101	87½	100½	91½	101	87½	100½	91½	Ceylon 6% 1936-61	106	106	106	106	Ceylon 6% 1936-61	106	106	106	106	Ceylon 6% 1936-61	106	106	106	106	Ceylon 6% 1936-61	106	106	106	106
105½	92	105	93½	105½	92	105	93½	Gold Coast 4½% 1956	105	106	105	106	Gold Coast 4½% 1956	105	106	105	106	Gold Coast 4½% 1956	105	106	105	106	Gold Coast 4½% 1956	105	106	105	106
104½	92	105	93½	104½	92	105	93½	Kenya 5% 1948-58	105	106	105	106	Kenya 5% 1948-58	105	106	105	106	Kenya 5% 1948-58	105	106	105	106	Kenya 5% 1948-58	105	106	105	106
80	46½	79½	58	80	46½	79½	58	Nigeria 5% 1950-60	105	105	105	105	Nigeria 5% 1950-60	105	105	105	105	Nigeria 5% 1950-60	105	105	105	105	Nigeria 5% 1950-60	105	105	105	105
102½	85	100½	84	102½	85	100½	84	N.S. Wales 5% 35-55	73½	69	73½	69	N.S. Wales 5% 35-55	73½	69	73½	69	N.S. Wales 5% 35-55	73½	69	73½	69	N.S. Wales 5% 35-55	73½	69	73½	69
81	48	87½	70	81	48	87½	70	N. Zealand 5% 1946	83½	80½	83½	80½	N. Zealand 5% 1946	83½	80½	83½	80½	N. Zealand 5% 1946	83½	80½	83½	80½	N. Zealand 5% 1946	83½	80½	83½	80½
105	82	101½	90	105	82	101½	90	Queensland 5% 40-60	100½	100½	100½	100½	Queensland 5% 40-60	100½	100½	100½	100½	Queensland 5% 40-60	100½	100½	100½	100½	Queensland 5% 40-60	100½	100½	100½	100½
100	85½	100	88½	100	85½	100	88½	S. Africa 5% 1945-75	99	100	99	100	S. Africa 5% 1945-75	99	100	99	100	S. Africa 5% 1945-75	99	100	99	100	S. Africa 5% 1945-75	99	100	99	100
Foreign Bonds.																											
88	53	77	64½	88	53	77	64½	Argentina 4% Recds.	69½	65½	69½	65½	Argentina 4% Recds.	69½	65½	69½	65½	Argentina 4% Recds.	69½	65½	69½	65½	Argentina 4% Recds.	69½	65½	69½	65½
105½	97	106½	100½	105½	97	106½	100½	Austrian 6% 1923-43	93	92½	93	92½	Austrian 6% 1923-43	93	92½	93	92½	Austrian 6% 1923-43	93	92½	93	92½	Austrian 6% 1923-43	93	92½	93	92½
98	53½	93	77	98	53½	93	77	Do. 7% Int. red. by 1957	107½	107½	107½	107½	Do. 7% Int. red. by 1957	107½	107½	107½	107½	Do. 7% Int. red. by 1957	107½	107½	107½	107½	Do. 7% Int. red. by 1957	107½	107½	107½	107½
112½	89	108½	84	112½	89	108½	84	Belgian 7½% red. by 1956	107½	107½	107½	107½	Belgian 7½% red. by 1956	107½	107½	107½	107½	Belgian 7½% red. by 1956	107½	107½	107½	107½	Belgian 7½% red. by 1956	107½	107½	107½	107½
75½	36	39	24	75½	36	39	24	Bulgaria 7½% Loan	27½	24½	27½	24½	Bulgaria 7½% Loan	27½	24½	27½	24½	Bulgaria 7½% Loan	27½	24½	27½	24½	Bulgaria 7½% Loan	27½	24½	27½	24½
94	20	30	10	94	20	30	10	Brasil 5% Fund, 1914	60	60	60	60	Brasil 5% Fund, 1914	60	60	60	60	Brasil 5% Fund, 1914	60	60	60	60	Brasil 5% Fund, 1914	60	60	60	60
73½	28	46	34	73½	28	46	34	Do. 6% (1927)	38½	36	38½	36	Do. 6% (1927)	38½	36	38½	36	Do. 6% (1927)	38½	36	38½	36	Do. 6% (1927)	38½	36	38½	36
62½	33	43½	31	62½	33	43½	31	Chili 6% (1929)	20	15	20	15	Chili 6% (1929)	20	15	20	15	Chili 6% (1929)	20	15	20	15	Chili 6% (1929)	20	15	20	15
113½	78	103½	77½	113½	78	103½	77½	China 5% (1912)	36½	34	36½	34	China 5% (1912)	36½	34	36½	34	China 5% (1912)	36½	34	36½	34	China 5% (1912)	36½	34	36½	34
86½	70	83½	77½	86½	70	83½	77½	Do. 5% (1913)	58	58	58	58	Do. 5% (1913)	58	58	58	58	Do. 5% (1913)	58	58	58	58	Do. 5% (1913)	58	58	58	58
105	82	101½	90	105	82	101½	90	Czechoslovakia 8%	87½	87	87½	87	Czechoslovakia 8%	87½	87	87½	87	Czechoslovakia 8%	87½	87	87½	87	Czechoslovakia 8%	87½	87	87½	87
85½	66½	87½	79½	85½	66½	87½	79½	Danish 3%	58	58	58	58	Danish 3%	58	58	58	58	Danish 3%	58	58	58	58	Danish 3%	58	58	58	58
92½	70	83½	77½	92½	70	83½	77½	Danish 4%	58	58	58	58	Danish 4%	58	58	58	58	Danish 4%									

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Apr. 13, 1932.	Price, Apr. 20, 1932.
Agricultural Mortgage Corporation 4½% Deb. Stock, 1961-91.....	95	5	par-1 pm	3½-3½ pm
Brazil 5% 20 Yr. Funding "A".....	...	...	64½-65½	56½-57½
Do. Funding "B".....	...	...	39-40	31½-32½
Central Electricity Board 5% Debts.....	95	50	61-7½ pm	7-7½ pm
Croydon Corporation 5% Stock 1950-60.....	100	65	6-6½ pm	6½-6½ pm
Darlington Rustless Steel and Iron Ord. £1 Electrical Distribution of Yorkshire 6% Preference £1.....	21/-	5/-	...	2/9-3/- pm
Fortnum and Mason 7% Cum. Pref. £1.....	21/-	5/-	...	6d.-1/- pm
Gateshead Corporation 4½% Red. Stk. 1952-62.....	...	...	2½-2½ pm	99-100
Lever Bros. 5% Debts.....	98	50	2½-2½ pm	3½-3½ pm
London and Home Counties Joint Electricity Authority 5% Stk. 1951-71.....	101½	21½	1-1 pm	1-1 pm
Lyons (J.) and Co. 7% Pref.....	22½	27½	25/6-27/-	25/6-27/-
Maccano 6% Debts.....	97½	27½	...	1/--1/6 pm
Metropolitan District Railway 5% Deb. 1985-95.....	97½	20	5½-6½ pm	6-6½ pm
Metropolitan Electric Supply New Ord. £1.....	...	...	39/6-40/6	31-3½ pm
Metropolitan Railway 5% Deb. 1957-62.....	97½	25	2½-3 pm	1½-1½ dis
New Zealand 5% Ins. Stk. 1955-75.....	98½	28½	4-4½ dis	4½-5 pm
Nyasaland 4½% Gtd. 1952-72.....	97½	72½	105½-106½	105-106
Poole Corporation 5% Stock 1952-72.....	100½	fy. pd.	95½-96½	94½-95½
Port of Calcutta 5½% Bearer Debts.....	93½	16½	2½-1 pm	6½-7½
Port of London 5% Stk. 1950-70.....	101½	...	...	...
Shropshire, Worcestershire, &c., Elec. Power 5% Deb. 1952-82.....	94	10	6½-7 pm	2-1 dis
Slaters and Bodegas 5½% Debts.....	100	36	...	...
West Bromwich Corp. 4½% Red. Stock 1955-65.....	99½	5	...	1-1 pm

(Continued from page 921.)

the following index figures of American values calculated on closing prices (1926 = 100):—

	1930.		1931.		1932.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	April 13.	April 20.
337 Industrials ...	98.2	174.1	51.4	114.7	52.2	40.4	40.4
33 Bonds	89.1	145.6	31.7	105.7	32.2	20.5	22.4
34 Utilities.....	153.2	267.4	90.6	187.6	91.8	42.3	71.4
Total, 404 stocks...	105.5	184.2	54.7	124.6	55.5	42.5	42.7
Average yield of 50 Industrial Common Stocks	4.15%	5.95%	9.37%	5.11%	9.29%	9.88%	9.77%

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

	Highest of 1932 (Mar. 8).	Lowest of 1932 (Apr. 20).	April 13, 1932.	April 14, 1932.	April 15, 1932.	April 17, 1932.	April 18, 1932.	April 19, 1932.	April 20, 1932.
68.9	45.9	46.1	48.1	49.2	48.7	47.0	46.1	45.9	

TOTAL DEALINGS IN NEW YORK.

	April 15, 1932.	April 16, 1932.	April 18, 1932.	April 19, 1932.	April 20, 1932.	April 21, 1932.
Stock Exchange—Shares (Thous.)	1,500	600	800	1,000	1,000	1,100
Bonds (Value Thous. \$).....	15,176	7,879	8,559	9,107	10,101	15,345
Over-the-counter—Shares (Thous.)	230	90	160	130	130	150

* 2-hour session.

PARIS.

An unsettled tendency prevailed and movements were irregular throughout the week. Bear offers were mostly absorbed, but there was no inclination to increase commitments. Swedish Match and Kreuger and Toll were again marked down, the shares of a number of banks being easier on exaggerated unofficial stories of their Kreuger commitments. Tinto improved after early weakness, but Royal Dutch and Shell were sold. In the Mining section, Rand Mines, Central Mining and Geduld improved. On Thursday markets experienced one of the worst sessions for months, renewed apprehension being felt regarding the international position. Rio Tinto were heavily sold, and oil shares were among the worst sufferers.

	Apr. 14, 1932.	Apr. 18, 1932.	Apr. 21, 1932.	Apr. 14, 1932.	Apr. 18, 1932.	Apr. 21, 1932.
Banque de France	13,160	13,050	12,850	108	104	101
Ordre Lyonnais.....	2,025	1,918	1,805	33	32	30
Suez Canal.....	14,350	14,295	14,055	85	84	83
Chargeurs Réunis.....	222	215	213	119	115	114
Rio Tinto.....	1,207	1,260	1,241	259	259	264
Royal Dutch.....	12,700	12,300	11,000	98	96	96

BERLIN.

A reactionary tone obtained, due partly to the insolvency of the Deutsche Kredit-Verein, partly to the lower Reichsbank note cover, and partly to uncertainty regarding the outcome of Sunday's elections for the Prussian Diet. Losses of one to two points were general on Tuesday.

	Apr. 14, 1932.	Apr. 18, 1932.	Apr. 21, 1932.		Apr. 14, 1932.	Apr. 18, 1932.	Apr. 21, 1932.
Reichsbank.....	106	103½	103½	A. E. G.	26½	25½	25½
Disconto.....	44	43½	41½	Siemens & Halske	101	97	97½
Dresdner.....	23½	23½	23½	A. K. U.	37	35½	34½
Norddeutscher	...	...	...	Svenska Papperstiden	8½	11	10½
Lloyd.....	14½	15	15½	Ford Motor A. G.	...	...	150

AMSTERDAM.

Conditions were listless, and price changes mostly against holders. Royal Dutch were sold at first on Paris account and later continued to relapse on adverse dividend rumours. Tobacco shares were dull, but tea shares were uninfluenced by the British Budget, the effect of the increased duty having been discounted.

	Apr. 14, 1932.	Apr. 18, 1932.	Apr. 21, 1932.		Apr. 14, 1932.	Apr. 18, 1932.	Apr. 21, 1932.
5½% German.....	32½	33½	32½	Steel Common ...	34½	34½	31½
Unilever N.V.....	103½	100	98	A. K. U.	29	26½	25½
Phillips' Lampen	63	60½	58	Ford Motor.....	97	105	100
Netherlands Ship	...	...	...	Deli Batavia.....	95	102	90
Union.....	49	49½	46	Royal Dutch.....	123	120	106½
Java Cultuur.....	111	115½	108				

OTHER CENTRES.

Business in most of the minor European centres was restricted and prices tended to sag. Frankfurt was quiet, the publication of the Dye Trust report having little effect on sentiment. Stockholm was depressed, with S.K.F. out of favour. Brussels was steady, but the volume of trading was below the level of recent weeks.

INVESTMENT NOTES.

Markets and the Budget.—The City received the Budget much as the garrison of a battered front-line trench receives new orders instead of relief after days of heavy bombardment. It was agreed that Mr Chamberlain had put sound finance in the forefront of his objectives, and that in the straitened circumstances of the Treasury there was no hope of any immediate relief for the direct taxpayer. Surprise was felt, however, that he did not refer to the possibility of a Supplementary Budget in October, in which the whole field of taxation might be reviewed in the light of a large debt conversion scheme. There is little doubt but that the conversion of 5 per Cent. War Loan will become a practical possibility before many weeks are over, now that the measures taken to stabilise the exchange have left the way clear for a further reduction in Bank rate. The gilt-edged market showed no change on the morning after the Budget speech, hopes of 6d. off the income tax having been abandoned some time ago. Prices, however, improved by the evening, and on Thursday, following the reduction in Bank rate to 3 per cent., there was an all-round advance. The prices ruling at the close of business on Thursday, as compared with a week earlier, are shown:—

	Price, April 14.	Price, April 21.	Flat Yield %
Consols 2½%	60½	60½	4 2 6
Consols 4%	94½	94½	4 5 6
Conversion 3½%	84½	84½	4 3 0
Funding 4%	96½	96½	4 2 0
Victory 4%	98	98½	4 1 6
Local Loans 3%	70	70½	4 5 6
War Loan 5%	103	103½	4 18 6

Among trustee stocks, a striking movement was the further advance to 4 premium in the Agricultural Mortgage Corporation 4½ per cent. stock which was issued recently at 95. Among equity shares, the brewery market provided a "sensation." The decision not to make any reduction in the beer duty came as a distinct shock to

dealers. The brewers had printed notices of a reduction in prices, and many shares had been marked up by several shillings in anticipation. Some sharp falls were seen on Wednesday, but part of the losses were recovered on Thursday. Watney Coombe £1 deferred shares, for example, which had been marked up by 3s. to 44s. on the eve of the Budget, fell to 36s. the morning after, and recovered to 39s. on Thursday. Gold shares derived some benefit from the measures taken for exchange stabilisation. Dealers argued that if sterling was to be kept stable the disturbing influences in the market would disappear and the shares would possess greater investment merits. As it was thought that sterling would be prevented from rising higher, holders of gold-mining shares would be assured of the prevailing gold premium in their dividends. The announcement of the tea duty did not have any immediate effect on the market, but later on the bulls began to take profits and the market became weak, Indian tea shares being particularly heavy. It was realised that while the differential duty, plus the exchange factor, would help the commoner teas in competition with the Dutch, the higher Indian and Ceylon qualities (which are not directly affected by Dutch competition) might suffer from a contraction in demand. The Stock Exchange is now left with little to "go for" after the Budget—except, possibly, a further "gilt-edged boom."

Fresh Kreuger Developments.—Every week witnesses the disclosure of further amazing frauds in connection with the Kreuger and Toll companies. On Friday of last week three directors associated with Mr Kreuger were arrested—M. Lange, an accountant of the Garanta Company of Amsterdam; M. Hult, a director of the Dutch Bank for Scandinavian Trade, and M. Holm. The indictment against these three directors declares that companies and banks were founded with the sole purpose of rendering possible the fraudulent transfer of funds, and that contracts were concluded by and loans made to companies which existed only on paper. The Garanta Company was formed for the purpose of manipulating taxation, and complicated transactions were carried out between this company and the Swedish Match, the International Match and the Continental Investment Company. According to the books, the Garanta Company was granted the rights for the retail sale of matches in Poland, but no such sales ever took place, and there is nothing to show that the contract ever existed in reality. The Dutch Bank for Scandinavian Trade, according to the indictment against M. Hult, never did any real business, but fictitious entries were made in the books relating to a loan contract with the Spanish Government in connection with a match monopoly. "Assets in bank and in safe" figured in the balance sheet of the bank at December, 1930 for a total of Kr. 109 millions, of which about Kr. 42 millions were shown in the account of the Swedish Match and the balance in that of the Dutch Kreuger and Toll. Among the fictitious assets of the Dutch Kreuger and Toll was Fl. 35 millions in the International Bank and Finanz Gesellschaft of Danzig, which had been founded at the beginning of 1931 by the order of Mr Kreuger. This deposit had been transferred from the account headed "International Finance Syndicate," which was identical with Mr Kreuger himself, and on the day before his death Mr Kreuger had ordered the re-transfer of the Fl. 35 millions to the International Finance Syndicate. The next amazing development has been the discovery among the Kreuger and Toll documents of a parcel of Italian State bonds. The Italian Government has denied that any business relations ever existed with Mr Kreuger beyond an offer made by Mr Kreuger to the Italian Government for a loan to be secured on a match monopoly, which had been refused in writing. It has been established, according to a Stockholm report, that 42 Italian bonds amounting to £500,000 each had been forged, and that Mr Kreuger alone was responsible for the forgeries. It is feared that further investigation may disclose other defalcations of a similar nature. Meanwhile, the International Match Corporation has filed a voluntary petition in bankruptcy without listing assets and

liabilities. The extent of the losses suffered by banks and investors cannot yet be estimated. The chief losses would appear to fall on investors in America. The London Protective Committee has already received particulars from over 4,000 holders. It is reported that the total engagements of French banks amount to approximately Frs. 500,000,000, of which half represents ordinary banking credits, the number of banks concerned being over twenty in number. We would ask our readers to note that the British Protective Committee is not requesting the deposit of securities, but has asked all British holders of shares or securities in Swedish Match, Kreuger and Toll, and International Match to send full particulars of their holdings to the Secretary at 80, Lombard Street, E.C.3, in order that the Committee may know the extent to which such holders are interested and may communicate with them as occasion requires.

"Insull" Group Receivership.—The fact that receivers have now been appointed for five of the holding companies of the Insull Group without involving the operating companies in disaster has come as a relief to the New York Stock Exchange, which had feared that the whole group might be disintegrated. The Insull group is one of the most complicated of the "pyramid" structures in the public utility industry, and its finances appeared to be in a hopeless tangle. Insull Utility Investments, Inc., and Corporation Securities of Chicago were the two investment trusts exercising control over the so-called "Insull Utility Empire." The principal holdings of these trusts consisted of Middle West Utilities (a holding company), Public Service of North Illinois, Commonwealth Edison Corporation, and Peoples Gas Light and Coke Corporation, the last three being operating companies. All in turn dominated various groups of smaller operating units. Each of the two trusts had substantial stockholdings in the other, and each had made substantial loans to the other. Despite a heavy shrinkage in the market value of the securities held, the two investment trusts might have been able to avoid a receivership if financial operations had been confined to the public. Unfortunately, the companies resorted to bank borrowing, and at the end of 1931 nearly 90 per cent. of the total securities held had been pledged as collateral for short-term loans. The Insull Utility Investments had no debentures maturing before 1940 and 1949, but the Corporation Securities of Chicago had \$8 millions of 5 per cent. notes maturing this year and \$7,038,000 maturing next year. Both companies passed their dividends in January this year. The Middle West Utilities, which was the holding company serving as a channel for the investments of the two trusts, had maturities of notes amounting to \$10 millions in June this year and \$10 millions each on June 1st in 1933, 1934 and 1935. Its securities were valued on December 31, 1931, at \$255,626,000, of which \$85,588,702 were pledged. Its bank loans amounted to \$75 millions. As the company does not publish a consolidated balance sheet, it was always impossible to ascertain the real financial position of the Middle West Securities stocks. The 1931 income account showed earnings of \$40 per \$6 preferred, but it was obvious that if the prior obligations of the operating companies had been allowed for there was nothing like this cover available. If Mr Insull's statement to the effect that three main operating companies of the group—the Commonwealth Edison, the Public Service of Northern Illinois, and the Peoples Gas Light and Coke Company—are not involved, implies that none of the operating properties are to be sold to raise cash, there is some hope left for the preferred and equity shareholders of the holding companies.

Corporation of Foreign Bondholders.—The fifty-eighth annual report* of the Council of Foreign Bondholders is a melancholy record of depression and default. During 1931, Colombia paid off the balance of her 3 per cent. consolidated external debt of 1896, and Costa Rica,

* Corporation of Foreign Bondholders, Council House, Moorgate, 7s. 6d.

Guatemala, Honduras, Nicaragua, Paraguay, Salvador and Uruguay maintained the services of their external debts. In January, 1932, however, Salvador intercepted the revenues pledged to the service of her external debt, while Nicaragua and Uruguay suspended remittances for their sinking funds. Colombia followed their example in March. Brazil has suspended debt payments since October, and a funding scheme has been formulated. In July, Chile declared a complete moratorium, though hitherto she had enjoyed an excellent record as a borrower. Peru suspended the service of her national debt in May till the end of the year and has failed to make any provision for its resumption. Santa Domingo suspended its sinking fund payments in October and Bolivia is in total default. Ecuador continues in default on all three of her external debts. Greece has recently sought the assistance of the League of Nations, but interest payments falling due on May 1st are unlikely to be met. The Mexican position is still obscure. Hungary declared a suspensive transfer moratorium as from December 23, 1931. Bulgaria has applied to the League for further assistance. The attitude of the Soviet Government towards Tsarist debts has not changed. No success has attended the efforts of the corporation to secure debt recognition from the Southern States of America. Turkey continues in default on the arrangement of 1928, though certain payments were made in November. China's progress towards financial equilibrium has not been expedited. Present indications suggest, unfortunately, that the Corporation this year will not lack new "copy" for its default records, in view of the straits in which depression and falling values have brought the majority of debtor countries.

Lever Brothers.—The accounts of this £60 millions soap manufacturing company for 1931 show that earnings have been maintained in gratifying fashion. After deduction of debenture interest, net profit amounts to £5,903,498, or £153,839 more than the previous year. The usual payments are made on the various classes of preference shares, while the increased ordinary capital, which is held by Unilever, Limited, receives the customary 10 per cent. dividend, absorbing £650,000, against £500,000:—

	Year to December 31,		
	1929.	1930.	1931.
Profit	£ 6,649,777	£ 6,176,579	£ 6,320,133
Debiture interest	436,272	426,920	416,635
Net profit	6,213,505	5,749,659	5,903,498
Brought forward	160,337	119,192	207,794
7% pref. div.	2,140,359	2,140,361	2,140,362
8% "A" pref. div.	1,240,415	1,240,414	1,240,414
20% pref. ord. div.	757,462	757,462	757,462
20% "A" pref. ord. div.	600,000	600,000	600,000
20% "B" pref. ord. div.	81,100	81,100	*
8% pref. ord. div.	76,198	76,198	*
Earned for ord. and co-partnership div.	1,317,971	854,124	1,165,260
Ordinary dividend	240,000	500,000	650,000
Rate %	10	10	10
Copartnership div.	119,116	40,522	42,572
Reserve	1,000,000†	225,000‡	450,000§
Carried forward	119,192	207,794	230,482

* Converted into ordinary stock, 1931.

† Including £500,000 written off balance of cost of Rotterdam Company's note issue, and further provision for closing down factory of an associated company.

‡ Special appropriations.

§ £200,000 special appropriations and £250,000 contingency reserve.

Apart from a sharp fall in stocks, from £1,421,867 to £719,224, due presumably to transfers to the new raw materials company (see the *Economist*, April 16th, pages 868-4), the balance sheet shows few important alterations. Cash and debtors together total £2,714,417, while on the other side creditors total £1,173,098 and provision for dividends £3,061,691. The 7 per cent. cumulative preference shares of £1 are quoted at 28s. to yield £6 1s. 9d. per cent., and the 8 per cent. "A" preference shares at 22s. 9d. to yield £7 2s. 8d. per cent.

Associated Electrical Industries.—The source of the drop of 23½ per cent. in the earnings of Associated Electrical Industries last year is difficult to trace. Unspecified provision has been made for exchange losses, but the volume of business appears also to have fallen. The volume of orders was less than in 1930, and in the consolidated balance sheet, stock and work in hand appear at £3,178,496, compared with £4,204,820. Receipts from British Thomson-Houston (which earned a profit of £450,046 against £462,446 and paid its normal 5 per cent. ordinary dividend), were unchanged, and as the Edison Swan and Ferguson, Pailin subsidiaries would appear to be too small to have accounted for much of the difference in A.E.I. profits, it may be that the falling off occurred chiefly on the "Metro-Vick" side.

	Years to December 31,		
	1929.	1930.	1931.
Profit	£ 365,961	£ 372,998	£ 284,829
Brought in	101,851	109,241	110,411
Available	467,812	482,239	395,240
Interest	41,454	41,454	41,454
Depreciation	62,696	66,226	74,937
General reserve	15,273	25,000	...
Pref. dividend	76,449	76,449	73,983
Ordinary :—			
Amount	162,699	162,699	104,967
Earned %	6.8%	7.0%	3.6%
Paid %	6%	6%	4%
Forward	109,241	110,411	99,899

The lower profits and dividend are a disappointing sequel to an official statement in connection with an issue of 1,399,560 new £1 ordinary shares at 21s. to repay £1,396,390 of British Thomson-Houston 7 per cent. debenture stock last autumn. It was then declared that, subject to certain losses on exchange, for which the company had reserves, it was estimated that the profits for the current year would be substantially the same as in 1930. The report for 1931, as for 1930, states that profits are arrived at "after adjusting reserves"—an unilluminating phrase, of which a fuller explanation may be forthcoming at the annual meeting. The group has a liquid financial position, and given more settled economic conditions is well placed to take advantage of any revival. The repayment of the B.T.H. debentures has been financed mainly through the cash obtained from the reduction of stock-in-trade (and possibly, in part, by temporary borrowing reflected in a rise of £553,000 in the "creditors' item"). As only 2s. had been paid up on the new shares at the time of the balance sheet, the company has by this time obtained further cash of well over a million pounds, the shares having become fully paid at the beginning of March. The ordinary £1 shares at 18s. yield £4 18s. 3d. per cent.

Babcock and Wilcox.—Although the earnings of this prominent engineering company have again declined, the results for 1931 are not unsatisfactory in view of prevailing conditions. Manufacturing profit totalled £488,714, compared with £650,666, but receipts from investments were only slightly lower at £114,769, against £117,349. Net profit, after deduction of all charges, amounted to £549,783, compared with £590,706, but the comparison is not exact, since only £58,562 was reserved for income tax, against £193,641 in 1930. The ordinary dividend is nominally maintained at 14 per cent., but the payment is subject to tax, instead of tax free:—

	Year to December 31,		
	1929.	1930.	1931.
Net profit†	£ 665,530	£ 590,706	£ 549,783
Brought forward	118,363	75,992	49,793
Preference dividends	14,953	14,953	14,953
No. of times covered	55.4	52.3	40.7
Ordinary dividend—			
Amount	644,948	601,952	601,952
Paid %	15*	14*	14†
Reserve	48,000	Nil	Dr. 60,000
Carried forward	75,992	49,793	32,671

† After taxation.

* Free of tax.

† Less tax.

The dividend is not fully covered, some £50,000 having been transferred from dividend equalisation account. The directors have also transferred from reserve fund £400,000 as a special reserve for depreciation of investments, capital employed abroad and other contingencies. The market value of investments has risen since the date of the balance sheet. Insufficient orders were secured in 1931 to keep the factories fully employed. To reduce costs the operations of the Lincoln works will be transferred to Renfrew, Dumbarton and Oldbury. At 43s. 6d. the £1 ordinary shares yield £6 18s. 9d. per cent.

Amalgamated Anthracite.—The total trading profit for 1931, at £471,022, shows a decline of 24 per cent. To a single unhappy event—the three weeks' stoppage in the South Wales coalfield in January, 1931—is attributed some £100,000 of the total decline of £150,466, and the remainder to difficult trading conditions—though the anthracite industry would appear to have been better situated in this respect than the remainder of the South Wales coalfield. The preference shares again receive no dividend, some £250,000 out of total net profits of £289,478 being allocated to depreciation and general reserve:—

	Years ended December 31,		
	1929.	1930.	1931.
Net profit	£ 320,195	£ 447,153	£ 289,478
Brought forward	Dr 270,835	168,323	111,578
Amalgamation exes.	31,377	3,898	...
Depn. and general res.	...	500,000	250,000
Carry-forward	168,325*	111,578	151,056

* After bringing in £150,340 from taxation reserve.

The policy of conservation of earnings is steadily improving the liquid position. Bankers' advances are £116,000 lower at £1,515,900, and cash has increased from a negligible sum to £152,412. The auditors' certificate contains the usual qualification as regards depreciation. Capital reduction would appear inevitable, once the return of approximately normal conditions makes possible a reasonable ascertainment of future earning power.

Marks and Spencer.—This company goes from strength to strength, economic depression serving to retard the extension of its scope only slightly, if at all. The rise of 41 per cent. in net profits for the year to March 31st last, following upon a rise of 42 per cent. in the previous year, may be attributed to various factors, including increased trading by the older stores, a full year's business by the newer shops which were open for only a part of 1930-31, further progress in building new stores and enlarging earlier premises, and the bringing of new articles within the company's 5s. price limit, as a result of the continued fall in retail values. The ordinary and "A" ordinary shareholdings receive 35 per cent., against 30 per cent. in 1930-31, together with the customary capital bonus of 10 per cent. in "A" ordinary shares, and the general reserve allocation is further increased to £170,403, against £120,000:—

	Years to March 31,		
	1930.	1931.	1932.
Net profit	£ 335,174	£ 476,073	£ 670,117
Brought in	37,023	51,111	53,105
Available	372,197	527,184	723,222
Income tax	36,586	54,071	97,407
Pref. dividends	35,000	64,708	105,000
Ordinary :—			
Dividend	132,000	217,800	279,510
Paid	20%*	30%*	35%*
General reserve	100,000	120,000	170,403
Properties reserve	10,000	17,500	17,500
Pref. share reserve	7,500	...	...
Forward	51,111	53,105	53,402

* Plus share bonus of 10 per cent. in each year.

A further extension of the company's operations is planned for the coming year, new stores being opened throughout the country, at the present time, at an average rate of £51 about one each week. The ordinary 10s. shares at £51 yield £3 6s. 6d. per cent., exclusive of rights in connection with the capital bonus.

San Paulo Railway.—The report of the San Paulo (Brazilian) Railway reveals a depressing anomaly. Receipts for the main line show an increase in currency and a decrease of £386,351 in sterling, due to the fall in the Brazilian exchange. Net revenue is £482,801, a decrease of £117,295:—

	Years to December 31,		
	1929.	1930.	1931.
Net revenue	£ 727,367	£ 600,096	£ 482,801
Brought forward	123,356	126,937	93,319
Income tax	120,000	80,000	80,000
Improvements	...	50,000	50,000
Investment depen.	...	...	11,619
Debiture interest	93,750	93,750	93,750
Preference dividend	50,000	50,000	50,000
Ordinary dividend :—			
Amount	360,000	360,000	210,000
Earned %	15.4	10.9	6.6
Paid %	12	12	7
To reserve fund	100,000	...	...
Inc. or dec. in carry-forward	+ 3,617	— 33,654	— 12,567

Working expenses were £971,097—or 63.71 per cent. of the gross receipts—the reduction of £319,520 being a highly creditable achievement. A drop in the number of passengers was slightly offset by an increase in the tonnage carried. During the year the company secured three increases under its sliding scale of charges, to which the higher revenue, in currency, was largely attributable.

Insurance Share Index.—The table which appears below exhibits the history of an investment, in 1913, of £1,000 in the ordinary shares of each of 25 leading insurance companies. The annual figures are based on the mean of the highest and lowest prices in each year. Where issues of bonus shares have been made, it has been assumed that the rights have been sold and the proceeds utilised to purchase an additional holding in the original shares:—

	SHARE INDEX. (1913 = 1,000 in each case.)						
	1920.	1928.	1929.	1930.	1931.	Dec. 31, 1931.	Mar. 31, 1932.
Alliance	1,018	1,738	1,675	1,588	1,475	1,323	1,575
Atlas	2,059	3,595	3,532	3,222	2,809	2,540	2,888
Caledonian	1,775	5,254	5,700	4,702	4,041	3,585	4,777
Commercial Union	2,485	5,038	4,545	4,179	3,540	2,960	3,570
Employers' Liability	3,558	2,955	2,725	2,636	2,068	1,622	1,847
Equity and Law	922	1,725	2,009	1,864	1,866	1,785	1,786
General Accident	2,650	6,538	8,133	7,983	7,189	6,000	7,600
Gresham Fire	2,869	3,886	2,872	2,251	2,248	1,905	1,905
Gresham Life	649	3,852	4,030	5,015	4,336	3,908	3,786
Guardian	1,731	2,678	2,596	2,558	2,340	2,115	2,558
Legal and General	1,443	5,233	6,536	6,776	5,696	4,481	5,902
Life Association of Scotland	1,009	1,804	1,989	1,801	2,036	2,140	2,140
London and Lancashire	1,801	4,673	4,548	4,327	3,731	3,077	4,000
London Assurance	1,832	2,350	2,126	1,910	1,653	1,455	1,747
North British & Mercantile	1,338	4,467	4,514	4,309	3,857	3,280	4,013
Northern	2,067	2,068	2,011	1,884	1,700	1,522	1,851
Phoenix	1,429	1,937	1,945	1,818	1,569	1,252	1,691
Prudential	730	1,995	2,163	2,227	2,027	1,703	2,110
Royal Exchange	2,325	2,481	2,227	2,114	2,027	2,341	2,957
Royal	1,379	2,961	2,882	2,731	2,460	2,151	2,538
Scottish Life	1,129	2,242	2,680	2,697	2,352	2,163	2,242
Scottish Union & National	2,764	5,032	5,213	4,741	3,928	3,106	3,771
Sun Fire	1,159	2,604	2,853	2,729	2,347	1,906	2,400
Sun Life	645	2,138	2,237	2,131	2,023	1,713	2,116
Yorkshire	2,293	3,005	3,041	2,685	2,441	2,061	2,577
Average	1,721	3,330	3,431	3,275	2,900	2,484	2,954

During last year's depression, insurance shares showed a depreciation exceeding that of industrial shares generally. The rebound this year is natural and on a substantial scale, the Index having risen by 19 per cent. between December 30, 1931, and March 31, 1932. Of the 25 companies whose shares are included in the Index, the shares of one only, the Gresham Life, have fallen in value, while those of three others, the Equity and Law, the Gresham Fire and the Life Association of Scotland, remain unchanged. During the same period, industrial shares, according to the Actuaries' Investment Index, have risen only by 8 per cent. The recovery has coincided with the cheapening of money rates. The assets of the companies have appreciated considerably with the rise in gilt-edged securities. The company announcements of the past three months, with the general maintenance of rates of dividend, have also been helpful factors.

Oil Dividend Prospects.—The dividend season for oil companies is drawing near, and the reactionary nature of the market suggests that no great optimism is felt over the forthcoming announcements. The most important factor as regards market sentiment will be the declarations of the Royal Dutch-Shell group. These begin with the dividend of the Anglo-Egyptian Oilfields (about May 4th), and will be followed by the Royal Dutch and Shell Transport (May 14th), Venezuelan Oil Concessions (May 21st), and Mexican and Canadian Eagle (May 30th). The Burmah Oil dividend is usually declared on May 15th, and that of the Anglo-Persian on June 3rd. Some indication of the attitude of the Royal Dutch-Shell directors towards their dividend policy may be gathered from the accounts of the Shell Union Oil Corporation, which will be published this month. In common with other large American oil companies, the Shell Union will disclose a heavy trading loss after book depreciation, but it is believed in the market that it will show a substantial increase in cash resources. The following table, giving the 1931 net earnings and dividends of leading American oil companies as compared with those of 1930, suggests that oil trading could not have been carried on at a profit in America last year:—

Companies.	1930. Net Earnings available to Common Stockholders.	1931. Net Earnings available to Common Stockholders.	1930. Common Dividends Paid.	1931. Common Dividends Paid.
Barnsdall Corp.	5,130,891	3,268,637	4,425,659	1,098,511
Continental Oil Co.	255,598	12,045,575	...	...
Gulf Oil Corp.	10,625,252	23,670,052	6,787,906	6,787,904
Mid - Continent Pet. Corp.	1,493,057	6,000,000	3,694,177	924,000
Ohio Oil Co.	8,043,454	8,638,359	10,420,664	1,668,593
Phillips Pet. Co.	3,040,630	5,576,409	6,444,400	...
Skelly Oil Co.	1,413,472	2,296,810	1,780,000	...
Standard Oil Co. of Indiana	46,371,438	17,500,000	45,255,252	25,600,000
Standard Oil Co. of Ohio	3,116,958	1,783,785	1,400,379	1,881,167
Texas Corp.	15,073,303	9,954,478	29,553,211	24,627,878

* Includes a non-recurring profit of \$1,433,000. † Estimated.
‡ Before inventory adjustment of \$4,151,877. § Loss.

As a comment on the foregoing table, it may be added that gasoline prices in 1931 were, on the average, 40 per cent. and crude oil prices from 41 per cent. to 45 per cent. below those of 1930. As regards marketing conditions outside America, trading in the East last year was no doubt conducted at a profit, but consumption is believed to have declined. In Europe where the consumption of petrol was maintained, prices in most markets were at an uneconomic level. In Great Britain, after deducting tax at 8d., inland delivery charges, say 2d., tanker freight and landing charges ½d., and allowing, say, 2½d. for the raw material (totalling 1s. 1d.), the "combine" companies have been selling No. 3 petrol to retailers at 1s. 1½d. (or 1s. 0½d. if a "loyalty" bonus has been given), and No. 1 petrol at 1s. 3½d. or 1s. 2½d. At the present time, Russian Oil Products, whose quota agreement with the "combines" expired on March 31st, and the Standard Oil Company of Indiana are undercutting the big companies in order to obtain a larger quota of British trade. Russian petrol, for example, is being offered to certain municipalities at 10d. per gallon. Such cut-throat marketing conditions do not favour a generous dividend policy on the part of the large oil combines. The fact that the Royal Dutch-Shell group and the Anglo-Persian have maintained a strong liquid cash position and have effected large economies both in drilling and in marketing expenditures—their marketing organisations in Great Britain having been pooled—gives the shareholders some hope that, in spite of the passing of the interim dividend, some dividend, even if of modest proportions, will be declared in respect of 1931. On the other hand, the financial crisis abroad is such that if no dividends were paid, shareholders should not be surprised. Happily, the Burmah Oil Company, the only one of the large companies to pay an interim, is expected to declare a final dividend, whatever happens.

British Controlled Oilfields.—The report of British Controlled Oilfields is another illustration of the unprofitable nature of oil marketing operations to which we refer in the preceding Note. Although production increased from 2,761,992 barrels in 1930 to 3,240,524 barrels in 1931 from Venezuelan properties, and from 817,150 barrels to 1,459,717 barrels from Trinidad properties, a trading loss was made. Venezuelan sales are based on the price of petrol in Great Britain (which has fallen from 11d. to 7½d. per gallon wholesale, excluding tax), and Trinidad sales on the Gulf Coast price of crude oil (which has fallen from \$1.27 to 46 cents per barrel). The trading results for the past three years have been:—

	(000's omitted.)	12 months to July, 1929.	17 months to Dec., 1930.	12 months to Dec., 1931.
Net production income	\$	1,890	2,514	508
Other income		371	240	196
Total (less directors' fees)		2,201	2,674	675
Depreciation		524	808	865
Available for dividends		1,676	1,866	Dr. 189
Carrying forward		6,623*	168†	Dr. 21,899†

* Less write-offs 470. † Subject to income tax, if any.

The balance sheet shows a reduction in cash (\$270,000 to \$42,000), but with Government securities at \$500,000 a satisfactory financial position has been maintained and the company should be able to hold on for better times. The ordinary shares are quoted at 1s. 1½d., and the preferred at 1s. 10½d.

American Rubber Absorption.—Now that the question of rubber output restriction has been definitely settled, shareholders are inclined to turn their attention to possibilities on the demand side, whence, it is expected, the first signs of recovery will come. The Rubber Growers' Association has just published a most useful review of American conditions, which reveals a number of surprising facts. The consumption of reclaimed rubber in America is now about one-third as large as that of crude rubber, though the price of reclaimed, at the moment, is actually greater than that of crude. Motor tyre production, which normally accounts for more than 80 per cent. of American rubber production, has undergone many technical changes in the last decade. The "life" of tyres has greatly increased. The average tyre ran approximately 5,500 miles in 1920, 10,000 miles in 1928, and 20,000 miles in 1931, though economic depression in the last-named year probably induced consumers to run their tyres for a somewhat abnormal mileage. Both "new" demand and "replacement" demand for tyres fell off last year. The number of automobiles turned out declined from 5,358,000 in 1929 to 2,390,000 in 1931, and only 1.67 tyres were replaced on every "old" vehicle re-registered last year, against 2.19 in 1929. Last year, the cost of crude rubber in the average American tyre was no more than 8.7 per cent. of that tyre's selling price. Two years ago the proportion was 39.9 per cent. So far as technical conditions are concerned, however, the immediate outlook for American rubber consumption is not unencouraging. The average age of motor vehicles in service has increased perceptibly during the depression, whereas the aggregate mileage, to judge from the figures of motor spirit consumption, has not decreased. The industry has kept production, if anything, below sales, so that whereas approximately 450,000 new cars were in dealers' hands at the end of 1929, the total four months ago was only 188,000. Any increase in automobile demand after the announcement of the Ford and Chevrolet programmes will quickly be reflected in the tyre industry, where stocks represent only seven weeks' supply at the current average rate of absorption, and only one month's supply at the highest rate of the last few years.

Rio Tinto Meeting.—At the annual meeting of the Rio Tinto Company, held on April 14th last, several shareholders commented on the balance-sheet valuations. Mr George Marsden, while acknowledging that the company did not depend wholly on its Spanish mines, suggested that in view of the serious economic and political difficulties, the Tinto mine and properties should be valued at a figure nearer a liquidation basis. He criticised the amounts written off for depreciation, the absence of indication as to what proportion of the "trade debtors" item was represented by old or bad debts, and the valuations of shares in and amounts owing to subsidiaries. He asserted that the market valuation of "other investments," appearing at £3,028,444, was probably nearer £1,500,000. Another shareholder questioned the position of Davison Chemical and Silica Gel, in which the Rio Tinto Company held large interests. In reply, Sir Auckland Geddes re-emphasised that too much stress was frequently laid on the copper-producing activities of Rio Tinto, its production of sulphur in the form of pyrites being far more important. As to the company's assets, he was of the opinion that their value in the books was already too low. The major part of the debtors' item had been paid since the adoption of the report. Stocks were undervalued, and could be realised for a figure well in excess of four millions. As far as the value of investments was concerned, he "attached no importance whatsoever" to Stock Exchange values. The situation of Davison Chemical, which possessed one of the finest acid factories in the world, was sound. Rio Tinto £5 shares now stand at £13½, against a high figure for 1931 of £31.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Hong Kong and Shanghai Banking Corporation, Agricultural Mortgage Corporation, Nestle and Anglo-Swiss Condensed Milk Company, and Gordon Hotels. At the annual meeting of the Agricultural Mortgage Corporation the chairman said that the payment of interest and repayments of principal continued to be promptly made, and it was a satisfactory feature of the business that 98 per cent. of the amounts falling due were received within a week of their fixed dates. In addition to repayments in accordance with mortgage deeds, special loan reductions of £123,511 were effected by borrowers. At the Nestlé and Anglo-Swiss meeting Mr Louis Dapples said that in the opinion of the directors industrial equipment could not be valued at too low a figure in the books, and it was their ambition to be able to assure shareholders that their readily available funds, in the shape of cash, goods, or other equally liquid assets, should cover their share capital and outstanding liabilities, and that all factories and fixed assets should be reduced as far as possible to a nominal figure. The company had repaid Frs. 25 millions of obligations in 1930 and a further Frs. 66 millions in 1931.

CAPITAL ISSUES.

Conditions not unconnected with the Budget have limited this week's new public offers of capital to a single issue, made through Messrs J. Henry Schroder and Company on behalf of the *City and County of Bristol*. This was a 4½ per cent. trustee stock at 100½ per cent., and was largely a conversion issue, on profitable terms for the borrower. It will result in the replacement of £1,065,092 of 5½ per cent. redeemable stock, 1932-42, by a new security giving a flat yield of £4 9s. 6d. per cent., and in the payment of certain short-term loans. The rateable value of Bristol is steadily increasing. The City rates have now been reduced to 12s., and the outstanding debt is well covered by municipal assets.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Total recorded, January 1 to April 9, 1932, excluding conversions, £23,636,872.†
Total recorded, January 1 to April 9, 1932, including conversions, £144,956,465.†
† Adjusted figures. Murex issue, £525,000, given last week, deducted. Should be as shown below, £52,500.

To the Public.	National Savings Certificates.				
	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
Bristol Corporation, £2,250,000 4½% red. stk., 1952-1962, issued at 100½%	2,250,000	1,065,092	1,196,158	112,500	2,148,750
Total offered to the Public, week ended April 23, 1932	2,250,000	1,065,092	1,196,158	112,500	2,148,750
To Shareholders only—					
Berry, Wiggins and Co., 55,000 10% cum. ptg. pref., £1 at par	55,000	...	55,000	55,000	...
Mid-Cheshire Electricity Supply, 40,000 ord. £1 at 22s. 6d.	40,000	...	45,000	2,000	43,000
Murex, 50,000 7% cum. pref. £1 at 21s.	50,000	...	52,500	6,250	46,250
St. Austell and District Electric Lighting and Power, 10,000 7% cum. pref. £1 at 22s. 6d.	10,000	...	11,250	11,250	...
Total issued to Shareholders only, week ended April 23, 1932	155,000	...	163,750	74,500	89,250
Total Offered for Subscription—					
Including Conversions.	Excluding Conversions.	Total Offered for Subscription—			
Jan. 1 to date—	£	Whole year—	£	£	£
1932	147,031,465	1931	114,290,666	102,044,291	...
1931	65,542,521	1930	448,888,784	267,800,700	...
1930	164,041,190	1929	488,764,940	285,239,400	...
1929	135,391,517	1928	693,100,056	369,058,073	...
1928	...	1927	...	355,165,970	...
1927	...	1926	...	230,782,600	...
1926	...	1925	...	232,214,500	...
1925	...	1924	...	209,326,101	...

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—	£	£	£	£
1932	22,031,922	1,876,250	738,608	24,646,780
1931	45,155,074	747,786	9,639,661	55,542,521
1930	87,337,144	11,450,697	8,672,831	107,460,672
Whole year—	£	£	£	£
1931	74,835,599	6,911,859	20,296,833	102,044,291
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	98,381,400	355,165,600
1926	145,180,000	39,393,200	46,209,500	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	3,854,750	...	4,058,423
Gateshead £350,000 4½% red. stock, 1952-62, at 99%	346,500	100	350,000
Total, week ended April 23, 1932	346,500	...	350,000
Total to date, 1932	4,201,250	...	4,408,423
Total to date, 1931	3,873,875	...	4,198,632

City and County of Bristol.—Issue of £2,250,000 Bristol Corporation 4½ per cent. redeemable stock, 1952-62, at 100½ per cent. The stock is a trustee security. It will be repaid at par on May 1, 1962, unless previously cancelled by purchase or agreement, but the Corporation will have the option of redemption at par at any time on or after May 1, 1952, on three months' notice. Holders of Bristol Corporation 5½ per cent. redeemable stock, 1932-42, may convert their holdings into an equal nominal amount of the new stock at par. Any portion of the old stock not converted will be paid off on August 1, 1932. The rateable value of the city is £2,715,427, and a rate of one penny produces over £10,700.

Dover Gas Company.—Offer for sale by tender of £17,500 new stock, ranking for a basic dividend of 7½ per cent., subject to the sliding scale, equally with existing similar stock now receiving a dividend of 8½ per cent. per annum. Minimum price of issue, £125 per £100 stock, yielding at that price £6 16s. per cent. The net revenue of the company for the year ended December 31st last was £14,279. Interest required £2,770 and dividend on the existing stock and share capital £8,925. Dividend at 8½ per cent. on the new stock will require £1,488.

Further Stock Exchange information, including the latest American railroad receipts, traffic returns, summary of balance sheets, dividend announcements, reports and notices, profit and loss accounts and oil outputs, will be found under the heading of "Company News" on page 941.

COMPANY MEETINGS, &c.

HONG KONG AND SHANGHAI BANKING CORPORATION.

(Incorporated in the Colony of Hong Kong. The liability of members is limited to the extent and in manner prescribed by Ordinance No. 6 of 1929 of the Colony).

RESULT OF YEAR'S WORKING.

EFFECT OF ADVERSE FACTORS IN 1931.

BANK'S EARNING POWER UNIMPAIRED.

CAUSES OF WORLD TRADE SHRINKAGE.

FAR EASTERN BUSINESS AND SILVER.

TRADE DIFFICULTIES IN CHINA—HANDICAP OF POLITICAL DISTURBANCES.

MR C. G. S. MACKIE'S INTERESTING REVIEW OF CONDITIONS IN THE FAR EAST.

The ordinary yearly meeting of the Hong Kong and Shanghai Banking Corporation was held at the head office on February 27th last.

The Hon. Mr C. G. S. Mackie (chairman) presided. The Chief Manager read the notice convening the meeting.

The Chairman said:—Gentlemen,—Before proceeding with the business of this meeting I would refer with the deepest regret to the loss we have sustained since last we met through the death of Sir Newton Stabb. As many of you will remember, Sir Newton was chief manager of the bank from 1910 to the end of 1920, when he went home on leave; during 1921 he took over charge of London office, where he remained until his untimely death on December 1st last.

In the City of London, where there are so many men of note, it is no exaggeration to state that in the banking world Sir Newton was outstanding and conspicuous for his ability. He was ever ready to help both by word and deed, and not only have the City of London and all connected with business affairs in the East lost an extraordinarily able adviser but all who knew him have lost a staunch friend.

The report and statement of accounts having been in your hands for some days I shall, with your permission, take them as read.

PROFIT AND ALLOCATIONS.

It will probably not come as a surprise that the figures we are able to put before you are not so satisfactory as you have been accustomed to; after making full provision for losses and contingencies the net profits for the year amount to \$16,469,461, or about \$4,250,000 less than in 1930, while expressed in sterling they show a decrease of about £206,000.

After deducting the interim dividend, paid at 1s. 0½d., and directors' remuneration, the amount available for distribution is \$10,599,772.02, which it is proposed to deal with as follows:—

To pay a final dividend of £3 per share (subject to deduction of income tax)	\$6,678,260.87
Transfer to bank premises account	500,000.00
Carry forward to new account	3,421,511.15

\$10,599,772.02

The usual phrase that net profits have been arrived at after making provision for losses has rather more significance this year. We have been called upon to provide for exceptionally heavy and unusual losses, otherwise the result of the year's working would have compared favourably with 1930.

LOSSES MET FROM CURRENT PROFITS.

The causes of the losses are not far to seek—some are due to the heavy drop in commodity prices in the middle of the year, others to the sudden rise in China exchange *vis-à-vis* sterling caused by Great Britain going off the gold standard. Speculation and over-trading brought many large operators to grief with the result that quite a number of these disappeared and left the bank to shoulder the loss. The only pleasing factor is that we have been able to meet these exceptional losses from current profits, which shows that the earning power of the bank is in no way impaired.

With regard to investments, we have naturally felt the depression in the depreciation of gilt-edged securities. Last year my predecessor stated that our investments stood in our books at a figure much below market values, but I regret to say that it has been

necessary to utilise current profits to the extent of £110,000 to write them down to present market level, and at the end of the year our book value and market value were practically identical.

Owing to the wide difference in exchange values compared with the previous year it is more difficult than ever to make a comparison between balance sheets, but the figures shown this year reflect the absence of trade in a marked degree. Investments are considerably higher at some £17,500,000, while bills receivable show a decline of about £2,000,000 and our liability on bills rediscounted is reduced by over £1,000,000, which is not a very healthy sign of the times.

CURRENCY PROBLEMS.

Since our last annual meeting the British Government sent out a small Committee to look into our currency problems, and their report was published towards the end of the year. Without going into details, I would merely say that I think it would be wiser to let well alone in this matter of currency. The high premium on our dollar which raised the discussion has not been in evidence during the past year, neither is it likely to recur, so I cannot think it would be wise to depart from a currency which is functioning satisfactorily, in favour of one, the utility of which must be problematical for quite a long period.

It has not been customary for the chairman at these annual meetings to make more than a passing reference to international financial and economic developments—the subject of so much expert analysis and highly informed comment in the speeches delivered by the heads of the leading banks at home. The welfare of an exchange bank such as our own is, however, no more exempt from the influence of world conditions than that of those other banking institutions, and at a time of such profound disturbances as the present I feel that a few remarks are called for.

EVENTS OF 1931.

I shall refrain from quoting statistics, which, in any case, are not needed to illustrate a state of affairs only too well realised by all of us here. We are, perhaps, still too close to the events of the past year to be able fully to appraise or even comprehend them; yet there are certain facts and conclusions which, in my opinion, stand out clearly and which cannot be too strongly emphasised, because it is upon their recognition by the world at large that our whole economic structure in the immediate future very largely depends.

The major fact to be faced is that the cause of the disastrous conditions of 1931 is no mere concatenation of local and transient evils—a mere swing down of the scale—but is something fundamental. Again and again we have seen a break in the clouds only to have our hopes incontinently dashed. Taking British trade in particular, the depreciation of sterling has stimulated exports, but, like most stimulants, its effects are largely evanescent, and, as other countries follow in our wake, are bound to diminish in force.

World trade continues to shrink under the influence of falling prices, increasing national tariffs and Government control of exchange used to redress adverse trade balances. The fall in world prices of about 30 per cent. during the last two years is unprecedented, and all attempts to solve the resulting problems—industrial, commercial, and social—have till now been baffled. Great Britain's volume of trade and industry in 1931 was less by 20 per cent. than in 1930. Taking an international view, the very roots of economic relations are being attacked and the world is threatened with the destruction of its whole credit system.

BURDEN OF INTER-ALLIED DEBTS AND REPARATIONS.

It is universally recognised that President Hoover's plan for the postponement for one year of Government War Debts saved the world at the edge of a precipice. We are still perilously near the brink, and something more is required than a mere extension of the moratorium as from June of the present year. It is now perfectly apparent that the burden of inter-Allied debts and of German reparations has become intolerable and must be adjusted to what present conditions and a sense of reason demand if confidence is to be restored.

The gold reserves of the countries concerned have proved quite inadequate to provide the means of maintaining the balance of international payments by abnormal movements of gold. The transfer from one country to another of the immense sums involved in the payment of war debts and reparations, which produce no compensating return, upsets the balance of payments and intensifies the prevailing disorders.

NEED FOR CANCELLATION.

Unfortunately, in this respect, the statesmen of Europe and America have shown themselves less statesmanlike than the bankers, who have consistently maintained that cancellation of war debts and reparations is the only way out of the *impasse*. If a compromise is attempted, such as a temporary prolongation of the Hoover moratorium, this can only have the effect of piling up future liabilities and perpetuating the existing apprehension and distrust.

While it is only common sense to realise the gravity of the present situation, it would, at the same time, be foolish to exaggerate it. There is no instance in economic history of a crisis, no matter how great, which was not followed by periods of stability and prosperity. But, as things are at the present, the sands are rapidly running out.

The attempt to reinstate the gold standard has failed, and for the first time in history we may be brought face to face with a situation in which debtor countries might consider that they were justified in refusing to acknowledge liability for debts, finding themselves unable to pay either in gold—gold being no longer available—or in commodities, the export of which may be rendered impracticable by the tariff policy of the creditor countries. A return to the gold standard or a restoration of the normal value of international trade must remain extremely unlikely until the obstructive forces of reparations and inter-Allied debts have been swept out of the way.

THE SILVER MARKET.

To the continued decline in prices of raw material in general silver proved an exception, its headlong downward career—in which in the previous year it had outpaced other commodities—being checked in February last after it had touched the record depth of exactly 1s. the ounce. Measured in terms of gold it showed an inconsiderable rise in average price in the second half of the year. Sterling quotations, of course, no longer afforded an index for comparison after September 20, but for the purpose of record I may mention that the highest spot price of the year was 21½d. on November 10th.

Apart from the automatic effect of the depreciation of sterling and the transient consequences of the "Hoover" moratorium, nothing occurred in the year to produce a violent reaction in the silver market. The market was, however, stirred within moderate limits by various cross-currents. These included the rise in the Indian duty, a sale by Siam of some 20,000,000 oz. of demonetised silver, the adoption by Mexico of the silver standard, and, towards the end of the year, Germany's purchases for coinage requirements; to these must be added the operations of speculators in silver, not least in New York, which on certain occasions disturbed the market considerably.

STATISTICAL POSITION.

As regards the statistical position, estimates place the new production of the year at 190 million fine ounces (54 millions less than in the previous year), and supplies from other sources, chiefly Siam and India, at 57 millions, giving a total output of 247 millions—a 68 millions reduction from 1930. On the consumption side, shipments to India totalled 62 millions and to China 57 (a reduction respectively of 28 and 73 millions). Purchases by Governments of other countries account for 30 millions, and 40 millions is the estimated consumption by industry and the arts. The unaccounted surplus for the year is thus in the neighbourhood of 60 million ounces.

The question of silver price levels and of means and methods of stabilisation has during the past year provoked a great deal of discussion, revealing considerable divergence of opinion among bankers, economists and currency experts in the leading countries of the world. The range of discussion has widened with the growing difficulties of world gold shortage and maldistribution, which has driven those concerned with currency problems to explore the possibilities of securing relief by means of harnessing silver to gold as an auxiliary currency basis. It is not for me to pursue the

problem on to this wider plane, and I shall here only touch on the question from the limited standpoint of Far Eastern trade.

INFLUENCE ON TRADE OF CHINA.

From this special angle there are, however, one or two points which perhaps deserve rather more attention than they have generally received. In its effect on the China trade the decline of silver has naturally tended to encourage exports and handicap imports, but it is important to bear in mind that the extent of this influence on the import and export trade is measurable by the fall of silver, not in relation to gold, but in relation to the gold price of the commodities which make up China's trade.

Now this relative fall has been comparatively small, and its effect on the trade correspondingly slight, a fact which helps to explain the superficially puzzling fact that China's adverse trade balance has actually risen during the last two years in the face of a silver depression which should have operated in exactly the contrary direction. At the same time, the benefit to China, from a national point of view, of having a currency not linked to gold and consequently free to adjust itself to local commodity prices has shown itself in the steadiness which China has enjoyed, in contrast to other countries, in her domestic price levels.

The advantage of a constant price level needs no stressing in these days when we have had so many examples of the effects of fluctuating prices as reflected in costs of living, labour conditions, and so forth. It is not surprising, therefore, that many Chinese as well as foreigners hold the view that the stabilisation of the rate of exchange between silver and gold would be a mixed blessing to China, and that a sudden artificial rise would have extremely harmful results. It is frequently argued that a rise in the purchasing value of silver would render China a better customer of the world's goods. This is true to the limited extent to which silver might be brought out of hoard for the purchase of foreign products, but—as my predecessor had occasion to stress last year—China, like all countries, buys her imports by means of her exports, and it is upon the quantity of the latter, and not on the price of silver, that her capacity to buy from abroad really depends. Silver is merely the medium of exchange, the intrinsic value of which is of purely temporary importance.

TRADE AND FINANCIAL CONDITIONS.

In the midst of a period of economic depression affecting the whole world, it is not easy to strike the correct proportion when reviewing trade and financial conditions in those particular areas in which our interests lie. The shrinkage of world trade has had such a sweeping effect as to over-ride local conditions in most parts of the world and produce a uniform dreary landscape of shrunken markets, diminished purchasing power, crippled industries and general economic distress. Except in the case of China, where the silver currency introduces an outside factor and where the political events of the year have had a particular bearing on trade, a few general remarks will, in the main, suffice to describe conditions in each of the countries concerned.

With the fall in commodity prices the volume of trade which the banks are required to finance was naturally much reduced, and local merchants have, in the main, experienced difficult times. So long as sterling remained at par, British trade, especially in piece-goods, had a harder struggle than ever against ever-increasing competition in ever-contracting markets.

Our divorce from the gold standard has had in this respect very appreciable effects. The impulse to British trade has made itself noticeably felt, and British exporters have been enabled to get on to terms with foreign competitors to an extent unknown for a good many years past. The subsequent "going off gold" of other currencies, particularly the yen, of course diluted the benefit to Great Britain; we may hope, nevertheless, that our manufacturers at home will succeed in consolidating a part at least of their gains and that the fillip to British trade will prove not entirely transitory.

SITUATION IN INDIA.

Indian trade was severely hit by the reduced demand for Indian commodities combined with a long period of uncertainty concerning the sterling-rupee ratio, which caused at one time a pronounced flight from the local currency. With the removal of this uncertainty, following Great Britain's abandonment of the gold standard, an improvement set in and the outlook at the end of the year was, generally speaking, brighter.

Considerable reductions have taken place in the stocks of jute and gunnies held in India and abroad, while a reviving demand has shown itself for Burma rice and Bombay cotton. The shadow of the political situation still lies across the horizon, but here, too, I think we may indulge in a certain degree of optimism. By openly laying down a broad and liberal line of policy in regard to the future of India the British Government has done much to remove the fatal cloud of uncertainty which has darkened the situation during the last few years.

Progress will not be easy, but with the goal well defined and the road thereto lying clear, is it too much to hope for a sinking of communal differences and a renewed spirit of constructive co-operation on the part of the peoples of India? I cannot but think that we may have already come through the most difficult stage in the process of evolution through which India is passing.

STRAITS SETTLEMENTS AND MALAYA.

The Straits Settlements and Malaya, it is needless to say, have suffered very acutely from the unprecedented slump in rubber and the low market for tin. In the face of crushing difficulties the owners of rubber estates are, we are told, "grimly holding on"; there is, I fear, little success to record in the efforts to stem over-production, and we must look to the turn of the wheel in regard to world prosperity to bring to the rubber industry much needed relief.

Although the statistical position in regard to tin has become steadily worse due to declining consumption, I am glad to say that there are at the present time signs of a near improvement. Meanwhile, the general export trade has experienced some benefit from the depreciation of the local currency, cheapening Malayan produce in competition with that of the Netherlands East Indies which remain on the gold standard.

Of the Philippine Islands all to be said is that, although trade is naturally reduced and conditions not too good, the position compares favourably with that prevailing in other places in the East, chiefly on account of the assured market which Philippine sugar enjoys by virtue of free entry into the United States.

JAPAN.

Japan's share of the world distress has been aggravated by the injury of her exports caused by the boycott in China and by Chinese merchants in other parts of the East, while Great Britain's abandonment of the gold standard was a further blow to her export trade, a large part of which is done on a sterling basis. Despite this, her adverse balance of trade showed a reduction from 162 to 140 millions of yen. I shall refer later in my speech to the Sino-Japanese conflict, which at present overshadows the economic, as well as the political, future.

The only other mention I need to make concerns Japan's action in following the British example by quitting the gold standard. This occurred in the month of December subsequent to a change of Government. Released from gold, the yen fell by the end of the year just over 30 per cent., leaving the banks and the Government with the still unfinished task of liquidating foreign exchange contracts—a task which will call for a good deal of statesmanlike handling.

China's export trade should logically have benefited from the continued drop in the tael exchange in 1931, but any gain from this cause was more than offset by the weakness of foreign demand for Chinese products. The figures for 1931 will, I fear, show a further considerable growth of the unfavourable trade balance, which is becoming a serious feature for China and reflects itself in her reduced demand for silver.

TRADE HANDICAPS IN CHINA.

Trade in the centre of China was much hampered by floods and widespread banditry, and in the Manchurian provinces by the political disturbances which broke out in the autumn. Throughout the country as a whole there was little, if any, relief from the burden of military taxation, and in spite of the absence of party warfare, interference with the railways was still very general. The increase in export duties introduced on June 1st—coming as it did in the midst of a depression—proved a serious addition to the difficulties of the exporters in certain branches of trade.

Silk, as a luxury product, suffered in a special degree, the export dropping by about one-third; most of the filatures are at present closed down, and many are finding themselves in serious financial straits. The bean trade in the North was hard hit both by the local political troubles and by the exceptional weakness of the market for this produce, while the supply of eggs—which is becoming one of the chief export commodities of China—was greatly reduced by the wholesale destruction by floods of the farms in the Yangtze Valley.

REDUCED CONSUMPTION.

On the import side reduced consumption was general, except in the case of cereals. Of these unusually large quantities came in during the year, including special cargoes of about 150,000 tons of wheat, being the first shipments of nearly 500,000 tons furnished by America, on terms generous to China, for food famine relief. Australia, helped by exchange, provided most of the ordinary wheat shipments, and large quantities of rice were imported from Rangoon. The principal cause of this large introduction of food-stuffs lies in the abnormal movement of prices, the drop in the

world market resulting often in foreign-imported grain coming cheaper into the market than crops grown and transported in China.

Kerosene imports, a very large item nowadays, fell by nearly a half, partly because of a heavy increase in duty; it is a retrograde sign of the times that the poorer households are stated in many cases to have gone back to the habit of burning the local bean oil. Gasolene, too, has fallen, indicating a temporary check in the hitherto rapid development of motor transport in China.

ENGINEERING TRADE.

The engineering trade survived relatively well, but the long credit terms attached to most large contracts proved as usual a stumbling-block to importers of British goods. Railway orders were few. From now on, however, British manufacturers are beginning reap the benefit of the Sino-British agreement for the use of the remitted "Boxer" funds. The major part of these funds is earmarked for the purchase of British material to be supplied, in the form of investment, to the Chinese railways and other constructive enterprises, the funds to revert ultimately to educational purposes.

China is started on the road of producing for her own use textile machinery and other objects of more or less skilled manufacture.

The tendency to set up modern factories inside the tariff wall (although at present mainly confined to the treaty port areas) has also been stimulated by the considerable increases in China's Customs tariff. From a world point of view it cannot be said, however, that the industrialisation of China has yet advanced to a really significant extent with the single exception of cotton mills, the output of which is already making its mark on international trade.

SITUATION AT SHANGHAI.

Though I have up to the present refrained from alluding to the momentous situation at Shanghai which has developed out of the relations between Japan and China, I cannot pass on to the political record of the year without some reference to the events whose shadow lies so heavily at the present moment over the Far East, and, I may add, over the world in general.

The events now taking place are too close to us in time as well as in space to permit of our judging them in their proper perspective. I shall therefore content myself with expressing the deep concern with which we watch the struggle between two countries with whom we, as a bank, have such close and friendly connections and such intimate business relations, adding our fervent hope that they will manage to achieve a peaceful solution of their differences on a basis which will be a lasting pledge for the future.

Of the Manchurian troubles I shall also say very little, seeing that the events in that region have already received very copious attention in the world's Press. Many factors, both old and new, have combined to create in Manchuria an international problem of great complexity and of a very delicate nature. Local difficulties between China and Japan multiplied during last summer, and the position grew ever more critical till in September the Japanese attempted to cut the knot by means of military action, the final results of which still remain to be seen. Appeal to the League of Nations has brought about the dispatch of a Commission of Inquiry which is now on its way to the East. In the meantime it is satisfactory to note the reaffirmation of the "Open Door" principle explicitly laid down in the international treaties which cover Manchuria.

INTERNAL POLITICS.

As regards the internal politics of China, one regretfully has to admit that the past year has given but little sign of any radical improvement. The endless struggle between military leaders and political factions continues to check progress and to drain the resources of wealth and energy which the country needs for development. Hardly had North China settled down, early in the year, from the disturbances caused by the revolt of Feng Yu-hsiang and Yen Hsi-shan than signs of fresh trouble showed themselves in the South.

A split in the ranks of the Government took place in March and widened rapidly into a breach between those in control in Nanking and what we may broadly term the "Cantonese" party. At one time fighting was imminent, but in the end the conflict was played out in the political arena. A threatened revolt by one of the northern generals having failed to materialise, China was able at least to congratulate herself on surviving a year free from civil war, if we except the campaign against the Communists which the President undertook in the mid-summer months.

I will pass over all details of the struggle between Nanking and Canton, which reached its crisis in the last days of the year, when General Chiang Kai-shek resigned from the presidency of the National Government which he had held since 1928. A new administration then came into power, mainly composed of Cantonese party members under the leadership of Mr Sun Fo. Since then events

have taken place which, in spite of their importance, form no part of a record of the year under review.

It is profoundly disturbing to watch this untoward development of events, and one can only pray that the international effort, made since the Great War, to replace the arbitrament of force by other effective means for the settlement of disputes will prove its value in the crisis with which we are now faced.

BANDITRY AND COMMUNISM.

To return to domestic affairs in China during the past year, disbanded or unpaid soldiers and ruined and desperate farmers combined to swell the ranks of the bandits, whose numbers became so great as seriously to affect the economic life of the country. In the central Yangtze region, and especially round Hankow, banditry and communism were particularly rampant, and added greatly to the confusion and misery caused by last summer's floods. A district further south on the lower borders of Kiangsi is now an organised self-contained centre of communism. In this area Soviet government has been established and a "red" army exists, which has been substantially strengthened by large deserting units from the Government forces.

The growth of communism is causing widespread concern, and one hears grave apprehensions of the effect which the movement may have upon the foundations of social order in China if nothing is done to remove the basic causes. Communistic tendencies are not a natural growth among the Chinese people, and would, we may feel sure, cease to threaten the country if only the peasants could be relieved from the burdens of militarism (in the Chinese sense) and if the educated classes could see in the present system a better hope of stable and peaceable government.

THE YANGTZE FLOODS.

The Yangtze floods of last summer were on a scale appalling even for China, where nature is wont to stage disasters of vast proportions. Along the Yangtze alone the inundation covered a strip of nearly a thousand miles long, other basins of central China involving enormous areas. The loss of life was terrible, and a well-conducted investigation of the material damage places the latter at no less than \$2,000,000,000; as the coming spring crops will, moreover, be greatly diminished owing to water-logging and the absence of seed grain, the full magnitude of the disaster will only show itself in the course of the present year. Relief work was set on foot by the National Government, who, on the recommendation of the League of Nations, has entrusted its supervision to the able and experienced hands of Sir John Hope Simson.

On the subject of extra-territoriality I need only refer to the fact that the diplomatic conversations between H.B.M. Minister and the Chinese Minister for Foreign Affairs, which took place in the earlier part of the year, have been suspended, and that the Chinese Government on January 1st last decreed the postponement of the new regulations regarding foreigners contained in a Mandate issued in the previous May.

The weakness of civil authority in China, coupled with the experiences of the past year, have strongly reinforced the arguments for avoiding all hasty action, and there is no question of the wisdom of both the Governments concerned in "going slow" for the present.

An exceedingly valuable contribution to the study, and eventual solution, of the problem of the future of Shanghai was afforded by Mr Justice Feetham's report published last spring. Its general conclusions are too well known to call for repetition, and I would only emphasise that the report is an essentially constructive document, containing the most carefully considered suggestions and recommendations, which I trust will duly bear fruit when translated into action.

MARITIME CUSTOMS AND SHANGHAI REVENUES.

The Chinese Maritime Customs revenue for 1931 was 248,000,000 Haikwan taels. The increase of 68,000,000 is due, of course, not to larger trade, but to higher tariffs. Shanghai revenue again shows a disproportionate increase, rising this year to a full one-half of the Customs revenue of China. The discrepancy between Shanghai's rate of development and that of the rest of China can hardly be looked on as entirely healthy and desirable from the Chinese national point of view, but it should serve to bring home in all quarters the magnitude of the stake which Shanghai now represents and the immeasurable importance of assuring its safety and orderly government.

During the year the Customs once again saw its integrity challenged by local governments, and for some months Canton actually retained part of the revenue. The position is now restored. That in times of such stress and confusion the Customs held together and did not fail in its obligations, whether foreign or Chinese, is a remarkable tribute to the Inspector-General, Sir Frederick Maze, to whose loyal assistance and able championship of duty recognised

rights both the Central Government and the bondholders have reason to be indebted.

SALT REVENUE.

The Salt Revenue also has exceeded previous totals, and from the portion available to the Central Government regular payments have been made on the "sale-secured" foreign loans, though the liquidation of arrears undertaken by the Minister of Finance in 1929 has unfortunately fallen slightly short of the programme. A fact which, perhaps, is apt to escape notice is that, in origin, the Salt Inspectorate, by means of which between 150,000,000 and 200,000,000 dollars of revenue is now annually collected, owes its organisation to the scheme elaborated by the foreign banks in 1912 and 1913 in connection with the Reorganisation Loan and to the work of Sir Richard Dane and his foreign and Chinese staff engaged by the Government to put the scheme in effect.

For holders of Chinese Railway loan bonds the position has not changed, and I am bound to record that the authorities persist in ignoring the claims of British purveyors of railway material delivered and never paid for. The promise in their behalf given by the Chinese Minister for Foreign Affairs to H.B.M. Minister on the occasion of the handing back to China of the British Boxer Indemnity has, I am sorry to say, remained a dead letter.

CENTRAL GOVERNMENT'S CREDIT.

Sir Arthur Salter's visit to China last spring to advise the Chinese Government on financial matters roused hopes of a possible reorganisation of a general nature, but the subsequent deterioration of the political situation put this out of the question. With no prospect of reduction of the regional armed forces, the Government's "military expenses" continue to drain the exchequer and to add to the current deficit, which at present exceeds \$12,000,000 a month.

Outstanding domestic bonds have increased during the year by over \$200,000,000, face value, bringing the total to nearly \$1,000,000,000. The Central Government's credit, as reflected in the market price of these loans, has fallen disastrously, and the situation calls for speedy and drastic measures of reform which, to be effective, must, however, start on the political plane. Some encouragement may be gleaned from the fact that the sane and salutary influence of the Chinese bankers is apparently steadily increasing in the conduct of the national finance.

TRIBUTE TO OFFICIALS AND STAFF.

In conclusion, I wish, on behalf of the directors, to express our great appreciation of the good work done by our chief manager, branch managers and staff. The past year has been one of the most difficult in the history of the bank and a particularly trying one for Mr Grayburn, who, in addition, was handicapped by illness for a considerable period.

The figures of the last year are not so good as we have been accustomed to, but they reflect great credit on the management and all concerned. It is, therefore, with all the more regret that on this occasion the directors are unable to recommend the usual bonus to staff. I hope this is only a pleasure deferred. (Applause.)

I have now to propose the adoption of the report and accounts, and after this has been seconded I shall be pleased to answer, to the best of my ability, any questions shareholders may care to ask. (Applause.)

MR PAUL LAUDER'S SPEECH.

Mr Paul Lauder, seconding the motion, said:—Mr Chairman and Gentlemen,—Before seconding the adoption of the report and accounts I would like to associate myself with what our chairman has said in regard to the death of Sir Newton Stabb. Sir Newton was well known in this Colony and in London as an eminent banker and an able business man. It was with real feelings of pleasure that many of us used to visit him when we proceeded to London on leave, and where his kindly and helpful advice was always at our disposal. We regret his death very much indeed.

Gentlemen, the report and accounts of the bank have been awaited this year with possibly more than ordinary interest, for it was felt by many that, after the trying and troublesome year we have passed through, we could not expect equally excellent results to those disclosed in the balance sheet for the year ended December 31, 1930. Nevertheless, after making full provision for losses and contingencies, the net profit for the year amounts to over \$16,000,000, which has enabled the bank to maintain its dividend of £6 per share and to carry forward approximately the same amount in dollars as it did the previous year.

CONFIDENCE IN THE FUTURE.

It is true that no amount is being passed to the reserve fund, and the sum transferred to bank premises account is less than at the end of the preceding year, but the causes which have accounted for these differences have been stated, and the inference is that these are not likely to recur. I think, therefore, we can look forward to the future with reasonable confidence. Some of us may be somewhat

disappointed that the bonus dividend of £1 per share has been discontinued, but for my own part I think that, even if the figures had been as favourable as those disclosed in the previous balance sheet, in view of general world conditions it would not have been the time to pay a bonus dividend, and, in keeping with great banks in other parts of the world, I think the bank is wise in discontinuing the payment of a bonus distribution.

The magnitude and strength of our bank is a matter of great pride to this Colony. Unlike many similar institutions, I believe I am right in saying that its present position has been achieved by means of its own resources and initiative, and not by amalgamation with other banks. This fact bears eloquent testimony to the skill and ability with which its affairs have always been conducted.

You have, Mr Chairman, very ably reviewed the trade and economic conditions existing last year, and particularly in the countries where our bank operates, and I feel there is not a great deal I need add to what you have already told us. I would say, however, that I think if the world is successfully to overcome its present economic troubles, the various nations must be brought to realise that they are more than ever dependent upon one another, and that isolation of a country without thought of its neighbours will in the end not work out in the best interests of its own people.

NEED FOR REMOVAL OF TRADE OBSTACLES.

Great Britain has, during the past year, been forced to forsake much of her free trade methods, this action being largely necessitated by the ever-increasing tariff barriers that are being set up against her. I hope, however, that the various countries will, by common agreement, remove a number of these obstacles to trade, for I believe that the free and unrestricted exchange of the world's merchandise would go a long way to lessen the present distress. A greater measure of free trade the world over is perhaps an ideal which is a very long way from attainment, but in these hard times, when the road to security seems so difficult to find, it is, I think, more than ever necessary to keep ideals prominently in view.

We are all very much concerned about the distressing situation that has arisen in Shanghai, and with you, Mr Chairman, we earnestly trust that a speedy solution of the present differences will be found. In this connection we hope that everything will be done to preserve the great International Settlement of Shanghai, which has played such an active and dominant part in the development and trade of China. I have every confidence that those responsible for these great interests will bring the Settlement through its present difficulties with undiminished prestige and that its fine traditions will be upheld and the safety and well-being of its inhabitants preserved.

WORK OF MANAGERS AND STAFF.

The year under review has been an extremely difficult one, and it was very unfortunate that our chief manager was handicapped by illness. We are all very glad to know that he is in much better health to-day. I feel that the shareholders are much indebted to the chief manager, branch managers and staff, who, notwithstanding the great trade difficulties that existed throughout the year, have achieved excellent results. I heartily wish the bank continued prosperity.

I have now great pleasure in seconding the adoption of the report and statement of accounts as presented. (Applause.)

The report and accounts were unanimously adopted.

The retiring directors were then re-elected, and the auditors re-appointed. This concluded the business of the meeting.

OFFER TO NEW READERS.

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

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GORDON HOTELS, LIMITED.

EFFECTS OF TRADE DEPRESSION.

The forty-second ordinary general meeting of this company was held, on the 21st instant, at the Whitehall Rooms of the Hotel Metropole, London.

Major-General Guy Dawnay, C.B., C.M.G., D.S.O. (the chairman), said that the falling off in business of the company—and not of this company alone, for it appeared to be general throughout the hotel industry—was caused by factors which they could not control, and which they would have to wait to see eliminated largely by wise political and monetary action, both national and international. The business done during the past year had fallen by 20 per cent., and this naturally accounted for the great reduction in the balance transferred from trading account to profit and loss account. He was sorry to say that, owing to the increasingly unfavourable conditions which had prevailed, they had not been able to effect the sale of their unissued debenture stock to enable them to take up their share in the equity of the Dorchester House Syndicate, which owned the Dorchester Hotel, and they had been obliged to finance the purchase of the £274,400 second mortgage debenture stock of the Dorchester House Syndicate by arrangement with the bank.

The directors had been under the urgent necessity of attempting two things at once—first, to provide the company with a sufficiently modern installation to enable it to hold its own and to compete on equal terms in the industry in which they were engaged; and, secondly, to improve their financial position. When they embarked upon the Dorchester Hotel enterprise they believed they were adopting the best and wisest method of attaining the first of these objects, and he still believed that, in the circumstances which had then obtained, they were right, just as he believed that, in any revival of general trade they would find that the Dorchester Hotel was a property capable of earning profits on the scale which was only possible for the highest class and most modern hotel.

THE MAY FAIR HOTEL.

They acquired the May Fair Hotel for precisely the same reasons as those which decided them upon the Dorchester Hotel enterprise, and when he stated that, for the four complete years since the May Fair Hotel was built, the trading profits of that hotel—including, of course, the last most unfavourable year—had amounted to more than the combined trading profits of the Metropole and the Victoria added together, shareholders would, he thought, see some justification for pursuing a policy involving the acquisition of the most up-to-date properties.

The recent Licensing Commission recommended that there should be a license for hotels of a different character from that provided for mere public houses, and free from many of the restrictions to which the existing licensing laws subjected hotel keepers. He understood that a Bill had already been drafted with this object. It was a matter of great importance to this company, and he thought that the hotel industry was more than entitled to press upon the authorities the desirability and the justice of giving effect to the Licensing Commission's recommendations at the earliest possible moment.

Reverting to the question of the Dorchester Hotel, the Chairman said he wished to take this opportunity of stating categorically that the stories which were constantly being spread to the effect that the Dorchester Syndicate was contemplating the sale of the hotel, or that negotiations for its sale had ever been considered, or that the hotel was shortly going to be closed, or that the business of the hotel was being carried on with a skeleton staff, or any other of the variations of these rumours which were apparently put about by the ill-disposed, were all completely and wholly false.

ECONOMIES EFFECTED.

He next referred to the drastic economies which had been put into force throughout the organisation, and said that every possible effort had been made to reduce expenditure in all controllable items. Out of a total of just over £161,000 of uncontrollable expenditure—rent, rates, taxes, licenses, insurance, etc.—£92,000 represented the company's direct contribution to Imperial and local taxation.

Having mentioned that the company's Riviera hotels had naturally felt the depression to a more pronounced degree than their other properties during the past year, the Chairman said that the prospects for the current year so far as the company's business was concerned must depend upon a revival in industry and commerce and upon the extent and the speed of their recovery. He could only say that this company, with the modern installations which it now owned wholly or in part, and with the savings in administration which had been made, was prepared to take advantage of the recovery when it arrived.

The chairman concluded by moving the adoption of the report and accounts, which were seconded by Sir Francis W. Towle, C.B.E. (managing director), and carried after some discussion.

NESTLÉ AND ANGLO-SWISS CONDENSED MILK COMPANY.

WORLD-WIDE ACTIVITIES.

DIVIDEND MAINTAINED.

HIGH EFFICIENCY OF THE ORGANISATION.

MR LOUIS DAPPLES ON FINANCIAL POLICY

The sixty-fifth annual general meeting of Nestlé and Anglo-Swiss Condensed Milk Company was held, on the 15th instant, at Cham, Switzerland, the chair being taken by Mr Louis Dapples, the president of the company.

Mr Dapples expressed the hope that shareholders would share with the directors their satisfaction in having been able to justify the indications, which they had given in the past, that shareholders could count upon a certain stability of dividends, so that even this year, in spite of the universal economic upheaval, they were able to propose the same dividend as in the exceptionally good years of 1929 and 1930.

It could hardly be expected that their company should have escaped unscathed from all the difficulties of the past year, and they had naturally had to register a contraction in their profits, which was the reflection, not only of a reduced turnover, but also of reductions in their selling prices. At the same time they had maintained their organisation at the highest pitch of efficiency, and as long as they were able to follow this policy they would retain their commanding position, to the benefit of all elements of the company, whether the active staff or the shareholders.

SUCCESS OF EXTENSION PROGRAMME.

Although through their subsidiaries and participations they had established themselves in all countries, to facilitate giving their customers the best possible service even in the most remote parts of the world, they had always carefully avoided anything in the nature of piling up their activities in such a way as to lead to difficulties in supervision or to run the risk of such activities becoming, as was not altogether unknown, beyond effective control. Shareholders could visualise by a perusal of the balance sheet the extent of the company's activities and commitments, and they would see that their organisation was such as to render it comparatively easy for the management to consider carefully every step taken and thus to avoid exposing the structure of the company to danger.

As he had on previous occasions explained to shareholders, circumstances had compelled them for several years to follow a programme of extension of their industrial plants. This programme had been pursued with the most meticulous care, and the existence of these facilities of production was now of immense advantage to the company, and he wondered what their position would have been to-day if they had not followed this far-sighted policy. Their industrial programme (so far as it had been possible to fix it) was now pretty complete, so that, subject to unforeseen circumstances, it did not appear as if there would be any necessity for considerable extensions in the near future, and their aim would be to maintain all their installations on the highest plane of technical and scientific efficiency; for that purpose they would not hesitate to utilise whatever funds were necessary.

FINANCIAL POSITION.

The Chairman referred to the delicacy of the task of estimating the value of such installations in various countries of the world under the continually changing economic conditions of to-day. Factories were only of value as long as they were in active production, and when they were compelled to cease their activities they often became almost unsaleable. In this connection he pointed out that in some countries the law stipulated how much should be written off for depreciation of plant and machinery, etc., so that what was left should be considered as profit and taxed accordingly, and he had the conviction that this was a policy that was bound to foster temptation in the direction of the production of balance sheets which would be found unsound when times of serious difficulties arrived.

In their opinion, industrial equipment could not be valued at too low a figure in the books, and it was their ambition to be able to assure shareholders that in their balance sheet their readily available funds, in the shape of cash, goods or other equally liquid assets, should cover their share capital and outstanding liabilities and that all factories and fixed assets should be reduced as far as possible to a nominal figure. That this was not a mere vain aspiration was evidenced by the fact that they had repaid Frs. 25,000,000 of their obligations in 1930 and a further Frs. 66,000,000 in 1931. In May of 1933 the balance of the 7½ per cent. obligations of 1921, amounting to approximately £430,000, would fall due, and thereafter there would only remain two series of their obligations outstanding

—namely, Frs. 10,000,000 of the loan of 1915 and Frs. 5,000,000 of the loan of 1925 falling due on July 1, 1936 and 1940, respectively.

At the same time, they were careful not to reduce their liquid funds to too great an extent, as it was especially in difficult times like the present that the best opportunities presented themselves. They also had to bear in mind the fact that raw material prices were extremely low, and if they ever got back to the level of 1928, for instance, it would mean that the company would require additional working capital to the extent of Frs. 30,000,000.

The Australian company had followed a similar policy. It had gradually accumulated surplus funds which now put it in a position to repay £1,500,000 of its ordinary shares at par. This had already received the sanction of the company in general meeting and would be carried into effect as soon as certain legal formalities in Sydney had been completed.

WORLD TRADE CONDITIONS.

The condition of world business to-day could be described as one of general liquidation. All commodities had become cheaper, and no one could say whether prices might not fall still further. Under such circumstances, it was therefore a proper and reasonable policy to proceed with the liquidation of indebtedness, although unfortunately this was precisely a point which people did not seem willing or able to understand, and, in his opinion, this imprudence was partly responsible for the existing general difficulties. Loans were floated only too readily, and the future, with all its uncertainties, pledged and mortgaged, so that, when difficult times arrived, or when further borrowings were not available, people turned to the State for help, which involved all kinds of political, economic and sentimental pressure.

The results which they had so far been able to show in their own business had been achieved by pure commercial competition, and no enforced or stereotyped State administration could have produced such results. On the contrary, the ramifications of their activities all over the world had made it possible for them to ensure their profitable operation, though their profit was in truth rather modest in relation to their turnover.

A STRONGHOLD OF PRIVATE ENTERPRISE.

They would continue to be in the future a stronghold of private enterprise under which they had maintained an honourable record throughout the world for the last sixty years. Their results for the year 1931 illustrated the success that could be attained by private initiative, even in times of universal economic upheaval, provided courage was maintained and devotion to their affairs was continued with ever-increasing energy; but it was a vitally necessary condition that the State should not kill such private initiative or deprive it of the greater part of its legitimate remuneration by well-meaning and disturbing interference or by excessive taxation. The State should set a good example as to honesty, impartiality, economy and respect for constitution and law, and not jeopardise, by entering into various kinds of industrial and social ventures, the capital of the people upon whom the economic structure is built up—even more to-day than ever before.

The many dangers of socialisation were to be seen more and more plainly throughout the whole world, although England had shown how a great and really free nation understands how to recover in dignified silence without resorting to such expedients.

BIGGER AND BETTER FUTURE IN VIEW.

The Chairman concluded by remarking that he wished, with industry generally, that the results of last year compared more favourably with those of recent and more normal years, but to express such a wish without giving thought to the future value of the experiences gained and valuable lessons learned during the past year would be to ignore the fact that business trials and adversities such as those now experienced all over the world, calling for necessarily harder work and more intensive thinking and planning, have great constructive value that should lead to a bigger and better future. For after all the Nestlé Company was not so much a purely industrial concern as, one could almost say, an institution for the better nutrition of the people.

The resolutions referred to in the notice convening the meeting were duly passed, and the two retiring directors, as well as the auditors and substitute auditors, were re-elected.

THE AGRICULTURAL MORTGAGE CORPORATION, LIMITED.

NEARLY NINE MILLIONS LENT TO FARMERS.

SIR HARRY GOSCHEN'S SPEECH.

The third annual general meeting of the shareholders of the Agricultural Mortgage Corporation, Limited, was held, on the 20th inst., at Stone House, Bishopsgate, London, E.C.

Sir Harry Goschen, Bt., K.B.E. (chairman of the company), presided.

The Chairman said:—Gentlemen,—I am glad to be able again this year to report a considerable further increase in our business. (Hear, hear.) Up to March 31st last we had lent £8,817,469 in advances of a further £653,275 had been sanctioned and will be paid over to the borrowers as soon as the necessary formalities have been completed. There is now 595,038 acres of land, valued at nearly £14,000,000, in mortgage to the corporation. Of this, more than 46,000 acres is in Yorkshire and over 30,000 acres in each of the counties of Northumberland, Essex, Wiltshire and Lincolnshire, and, although the total of our loans in these counties is, in consequence, larger than in other districts, our advances are widely spread over the whole of England.

We continue to grant a large proportion of loans to the smaller farmers, and more than 25 per cent. of our borrowers have loans of less than £1,000.

Loans under the Improvement of Land Acts have increased to over £30,000, and a number of works already sanctioned by the Ministry of Agriculture are in course of construction and will be paid for by means of loans from the corporation as soon as the improvements have been completed and approved.

REPAYMENTS STILL WELL MAINTAINED.

I am very pleased to be able to report that the payment of interest and repayments of principal continue to be promptly met, and it is a satisfactory feature of our business that 98 per cent. of the amounts falling due are received by us within a week of the actual fixed date for payment. (Hear, hear.) This is particularly gratifying in view of the extremely difficult times through which farmers have recently been passing. In addition to the repayments of principal made in accordance with the provisions in the mortgage deed, special loan reductions of £123,511 were effected by borrowers, with the sanction of the directors. Many of these special repayments were made in respect of releases of large or small areas of land from the properties mortgaged, and I would like to make it clear again that we are always pleased to meet our borrowers' requirements in this direction as far as possible, provided, of course, that our loan security is not impaired.

Early in the present year Sir George E. May, one of the original directors of the corporation, accepted the office of chairman of the Tariff Committee, and, in consequence, it became necessary for him to resign his seat on our board. We much regret the absence of Sir George from our councils. His long business experience and knowledge of affairs generally, especially in the sphere of loans against property and of investments, enabled him to render the corporation most valuable service.

To fill the vacancy caused by this resignation the directors have elected Mr Robert Martin Holland-Martin to a seat on the board. His long connection with banking and finance and his keen and practical interest in agricultural matters, especially in modern fruit farming, will make him a most valuable member of the board. (Hear, hear.)

In accordance with the articles of association, Mr Holland-Martin now retires, and I shall presently propose his re-election as a director of the corporation.

ISSUE OF £2,000,000 FOUR AND A-HALF PER CENT. DEBENTURE STOCK.

I would now direct your attention to our balance sheet. The only change of importance is the considerable reduction in the other investments, which is counterbalanced by the increase in loans on mortgage. It will be obvious to you that at the close of our financial year our resources available for loans to farmers had been almost fully utilised, and we therefore decided to make a further issue of debentures to the extent of £2,000,000 in the form of four and a-half per cent. debenture stock at a price of £95 per cent.

The issue was made some ten days ago, and, although it did not meet with an immediate response from the public to the full amount offered, the stock left with the underwriters has been rapidly absorbed by the investor at a substantial premium, and still stands, I am pleased to say, at a considerably higher price than at which it was originally issued.

PROFIT AND LOSS ACCOUNT.

Turning to the profit and loss account, a most satisfactory feature is the increase in total income to over £517,000. The majority of the items in the account do not call for special comment, but you will no doubt have noticed that the proportion which working expenses bears to total income continues to fall. You will, however, possibly wish me to give you some particulars concerning the largely increased allocation to contingency account. I have already drawn your attention to the large decrease in other investments in the balance sheet, and this is chiefly due to the sale of the greater part of our holding of War Loan and other investments as funds were required for the granting of new loans, entailing in some cases a capital loss on account of the prices realisable at the time, which has had to be provided for from our contingency account. As has been the case with practically all similar institutions, a further transfer was necessary to provide for depreciation of the investments we still hold. In addition, sufficient provision was made from contingency account to cover the whole of the interest and capital repayments due before December 31, 1931, which had not been received by the end of our financial year, as well as to provide for all bad and doubtful debts.

After taking into our profit and loss account the allocation for contingency account, as well as all the various expenses, and, in addition, providing the interest accrued on our debenture stock, there remains a balance on profit and loss account, including the amount of £5,164 9s. 9d. brought forward from last year, of £30,426 7s. 8d., which has been carried to the balance sheet and allocated as follows:—

By transfer to special reserve £2,664
To writing off a part of the expenses of issue and cost of underwriting our issue of £8,500,000 5 per cent. debenture stock £10,000
leaving a balance of £17,762 7s. 8d. available for distribution.

From this amount the directors recommend the payment to the shareholders of a dividend of £2 10s. per cent., less income tax, on the share capital of the corporation. This payment will absorb £12,187 10s. of the above-mentioned amount, leaving £5,574 17s. 8d. to be carried forward to the new account.

BRIGHTER OUTLOOK.

I think the continued demand for loans and the regularity with which our clients generally have met their loan instalments all augur well for the future prosperity and usefulness of the corporation. We may even look forward to a steady and possibly increasing demand on our services. The assistance the Government is giving to agriculture, and particularly to arable farming, by the guaranteed price of milling wheat under the Wheat Bill which has just become law will, I trust, afford some relief to those who are principally engaged in that branch of farming. Other measures designed to afford the British producer a reasonable chance of competing with foreign imports appear to be under consideration, and, indeed, as far as market garden produce is concerned, are in some cases in force. I can only hope that, as a result of the deliberations which are continually taking place, we shall see in the present year some alleviation of the difficulties which have beset our farmers during the last few years, and a return even of some measure of prosperity to our oldest industry. A prosperous agriculture would undoubtedly bring increased business and prosperity to our undertaking.

TRIBUTE TO MANAGEMENT AND STAFF.

Before I move the adoption of the report I should like again to acknowledge the constant care and ability and tact with which our general manager, Mr Bonner, ably seconded by Mr Jennings, continues to manage our business. Indeed, I am happy to say that the entire staff have the interest of the corporation at heart, and it will interest you to know that we received a special commendation from our auditors on the excellent way in which our accounts are conducted, compiled and presented.

I now move: "That the report and accounts, as audited and certified by the corporation's auditors, now before the meeting, showing the position of the corporation's affairs as at 31st March, 1932, be approved and adopted."

Mr E. J. Bedford, of Williams Deacons Bank, seconded the resolution, which was carried unanimously.

The dividend of 2½ per cent., less income tax, for the year was approved; the retiring directors, Sir William Henry Neville Goschen, Bt., K.B.E., Mr William Gavin, C.B.E., and Mr Robert Martin Holland-Martin, C.B., were re-elected; and Messrs Peat Marwick Mitchell and Company were reappointed auditors.

A hearty vote of thanks was accorded to the chairman, directors and the staff, and the proceedings terminated.

Government Returns, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended April 16, 1932, amounted to £8,838,400 against ordinary expenditure of £14,853,600. After allocating £475,000 to Sinking Fund and having allowed for an increase in Exchequer Balances of £166,143, the operations for the week, as shown below, increased the National Debt by £6,656,000 to £7,596,876,000:—

(000's omitted.)

Treasury Bills	£ 13,790	Bank of England Advances	£ 1,250
		Public Department Advances	1,225
		National Savings Certificates	350
		Treasury Bonds paid off	3,900
		P.O. and Telegraph Money	400
		Sundries	9
	7,134		
	+ 13,790		

A complete analysis of the National Debt at March 31, 1932, was printed in the *Economist* of April 2, 1932.

REVENUE.	Total Receipts into the Exchequer			
	April 1, 1932, to April 16, 1932.	April 1, 1931, to April 18, 1931.	Week ended April 16, 1932.	Week ended April 18, 1931.
ORDINARY REVENUE.				
Inland Revenue—				
Income Tax	10,492,000	12,063,000	1,547,000	1,566,000
Sur-Tax, including Arrears of	2,550,000	3,630,000	530,000	930,000
Super-Tax	2,820,000	3,370,000	1,180,000	1,500,000
Estate, &c., Duties	160,000	230,000	160,000	180,000
Stamps	...	...	...	...
Excise Profits Duty and Corporation Profits Tax	...	...	...	...
Land Tax and Mineral Rights Duty	30,000	30,000	...	...
Total Inland Revenue	16,052,000	19,323,000	3,417,000	4,176,000
Customs and Excise—				
Customs	6,538,000	5,138,000	2,509,000	2,021,000
Excise	2,620,000	7,848,000	1,620,000	6,533,000
Total Customs and Excise	9,158,000	12,986,000	4,129,000	8,554,000
Motor Vehicles Duties (Exchequer Share)	1,150,000	509,000	383,000	350,000
Post Office (Net Receipts)	850,000	1,400,000	550,000	350,000
Crown Lands	868,226	4,220,908	14,158	1,375,000
Receipts from Sundry Loans	346,142	1,364,056	345,223	1,209,749
Miscellaneous Receipts	...	...	...	...
Appropriation from Rating Relief Suspense Account	...	...	...	...
Total Ordinary Revenue	28,424,368	39,802,964	8,838,381	15,102,749
SELF-BALANCING REVENUE.				
Post Office	1,400,000	1,300,000	450,000	400,000
Motor Vehicle Duties apportioned to Road Fund	1,458,000	2,029,000	658,000	665,000
Total Self-Balancing Revenue	2,858,000	3,329,000	1,108,000	1,065,000
Total	31,282,368	43,131,964	9,946,381	16,167,749

EXPENDITURE.	Total Issues out of the Exchequer to meet payments.			
	April 1, 1932, to April 16, 1932.	April 1, 1931, to April 18, 1931.	Week ended April 16, 1932.	Week ended April 18, 1931.
ORDINARY EXPENDITURE.				
Interest and Management of National Debt	24,614,129	21,970,781	7,153,626	5,559,722
Payments to Northern Ireland Exchequer	212,705	232,582	...	...
Other Consolidated Fund Services	...	...	...	...
Total	24,826,834	22,203,363	7,153,626	5,559,722
Total Supply Services (excluding Post Office)	19,850,000	19,000,000	7,700,000	7,300,000
Total Ordinary Expenditure	44,676,834	41,203,363	14,853,626	12,859,722
SELF-BALANCING EXPENDITURE.				
Post Office	1,400,000	1,300,000	450,000	400,000
Road Fund	1,458,000	2,029,000	658,000	665,000
Total Self-Balancing Expenditure	2,858,000	3,329,000	1,108,000	1,065,000
Total Ordinary and Self-Balancing Expenditure	47,534,834	44,532,363	15,961,626	13,924,722
New Sinking Fund (1928)	1,165,318	1,488,226	475,000	485,000
Total (including New Sinking Fund)	48,700,152	46,020,589	16,436,626	14,409,722

The aggregate revenue and expenditure to April 16, 1932, is shown below:—

FINANCIAL YEAR, 1932-33, APRIL 1st to APRIL 16, 1932.

(000's omitted.)

Expenditure	£ 44,677	Revenue	£ 28,424
New Sinking Fund	1,165	Decreases in balances	3,092
		Net amount borrowed	14,326
	45,842		45,842

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Out- standing	Apr. 18, '31.	Mar. 31, '32.	Apr. 16, '32.	Apr. 19, '32.
Advances by Bank of England	...	4,250,000	1,250,000	...
Advances by Public Departments	33,300,000	7,500,000	21,675,000	1,225,000
Treasury Bills outstanding	560,765,000	604,455,000	612,345,000*	+ 13,785,000

Total Floating Debt 594,065,000 611,955,000 638,270,000 +11,310,000

* Includes £8,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £40,000,000 in Treasury Bills were opened on April 15, 1932, and the total amount applied for was £78,160,000. Tenders were accepted for bills at three months, dated Monday to Saturday at £99 9s. 6d., about 66 per cent., and above in full. The amount allotted was £40,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1932.			
March 24	45,000,000	60,315,000	1 16 11-39
April 1	45,000,000	61,860,000	2 3 3-73
April 8	45,000,000	76,220,000	2 8 4-75
April 15	40,000,000	78,160,000	2 1 11-6

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, April 20, 1932.

ISSUE DEPARTMENT.

Notes Issued:—	£	Government Debt	11,015,100
In Circulation	354,271,157	Other Government Securities	208,680,636
In Banking Department	41,544,341	Other Securities	51,486,758
		Silver Coin	3,617,507
		Amount of Fiduciary Issue	275,000,000
		Gold Coin and Bullion	120,815,498
	£395,815,498		£395,815,498

BANKING DEPARTMENT.

Proprietors' Capital	£ 14,553,000	Government Securities	57,605,908
Reserve	3,115,867	Other Securities	...
Public Deposits	9,149,015	Advances	£11,197,845
Other Deposits	...	Securities	£23,282,500
Bankers' ...	£72,839,657		34,480,345
Other Accounts	£34,585,207	Notes	41,544,341
	107,424,864	Gold and Silver Coin	614,918
7-Day and other Bills	1,864		
	£134,244,610		£134,244,610

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

Both Departments.	Amount, April 20, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	354,271,157	— 2,481,898	+ 5,826,909
Public deposits	9,149,015	— 3,109,959	— 4,715,058
Bankers' deposits	72,839,657	— 5,607,138	+ 18,054,956
Other deposits	34,585,207	+ 1,761,645	— 617,907
Seven-day bills	1,864	+ 679	— 681
Total, outside liabilities	470,846,900	— 9,436,671	+ 18,348,819
Capital and rest	17,668,867	+ 16,581	— 3,580
Government debt and securities	277,301,641	— 12,393,067	+ 4,668,827
Discounts and advances	11,197,845	— 69,608	+ 5,215,969
Other securities	74,769,258	+ 3,043,861	+ 34,028,346
Silver coin in issue department	3,617,507	+ 17,853	— 258,305
Coin and bullion (bank's reserve)	121,429,516	— 19,129	— 25,310,198
Reserve of notes and coin in banking department	42,158,359	+ 2,462,769	— 16,137,107
Proportion of reserve to outside liabilities—			
(a) Banking department only ("proportion")	36½%	+ 4%	— 19½%
(b) Gold stocks to deposits and notes ("reserve ratio")	25½%	+ ½%	— 6½%

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Inc. or Dec.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1932.							
Mar. 16	395,805	353,714	9,477	73,054	32,433	£ NI	% 34
23	395,807	358,836	10,439	73,449	32,970	NI	34
30	395,807	360,529	27,231	54,566	34,381	NI	34
Apr 6	395,807	359,792	9,993	79,542	33,644	NI	34
13	395,808	356,753	12,259	78,447	32,824	NI	34
20	395,815	354,271	9,149	72,840	34,585	NI	34

(000's omitted.)

Date.	Issue Department.		Both Depts.		Banking Department.			
	Govt. Debt and Securities.	Other Securities.	Gold and Bullion and Reserve Ratio.	Govt. Securities.	Discounts and Advances.	Other Securities.	Reserve and the "Proportion."	
1932.								
Mar. 16	257,968	13,231	121,461	25,111	40,296	11,380	38,797	42,747
23	252,810	18,380	121,410	25,111	37,616	11,273	48,644	37,574
30	251,879	19,315	121,432	25,111	36,696	11,273	51,087	35,903
Apr. 6	245,402	25,797	121,437	25,111	51,111	12,164	40,910	36,646
13	234,309	36,892	121,449	25,111	55,386	11,267	34,834	39,696
20	219,696	51,487	121,430	25,111	57,606	11,198	23,283	42,158

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1932.				
January 1 to April 6	6,954,900	454,086	748,476	8,157,462
Week ended April 13	499,442	30,853	51,556	581,851
Week ended April 20	459,895	31,216	53,527	544,638
Total to date, 1932	7,914,237	516,155	853,559	9,283,951
Total to date, 1931	10,937,142	548,686	878,908	12,364,736
Increase or decrease in 1932	-3,022,905	-32,531	-24,349	-3,080,785
	-27.6%	-5.9%	-2.8%	-25.0%
Total for year 1931	31,815,808	1,667,852	2,752,209	35,235,869
Total for year 1930	38,782,577	2,963,631	4,558,354	46,304,562
Increase or decrease in 1931	-6,966,769	-1,442,294	-2,111,422	-7,322,485
	-17.9%	-7.9%	-7.1%	-17.8%

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

No. of working days	Week ended April 16.		Month of March.		Inc. or Dec.	Aggregate Total January 1 to April 16.	
	1931.	1932.	1931.	1932.		1931.	1932.
BRISTOL	1,842	1,991	9,540	9,039	-5-2	35,751	33,774
BRISTOL	657	535	3,274	3,395	+3-6	11,871	12,490
BRISTOL	1,096	1,031	6,035	4,937	-18-1	17,783	17,719
BRISTOL	5,439	4,566	...	...	...	76,746	81,526
BRISTOL	739	719	3,065	3,046	-0-6	11,833	11,803
BRISTOL	864	881	3,459	3,769	+3-9	14,352	15,141
BRISTOL	665	677	2,919	2,646	-9-5	10,404	11,505
BRISTOL	5,399	5,792	24,724	25,646	+9-7	84,565	85,093
BRISTOL	9,190	9,152	41,875	42,473	+5-4	146,457	150,493
BRISTOL	1,116	1,230	6,020	5,698	-5-3	21,099	19,752
BRISTOL	434	388	1,915	1,856	-3-0	7,612	7,354
BRISTOL	733	631	3,507	3,329	-5-0	13,040	12,077
Total	28,174	27,593	106,333	106,269	-0-06	451,513	457,200

OVERSEAS BANK RETURNS

NOTE.—The latest return of the Canadian Banks appeared in the *Economist* of March 26; Denmark, Russia, and Bank for International Settlements in April 9; Netherlands, Hungary, Czechoslovakia, Roumania, and Lithuania in April 16.

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

	Apr. 23, 1931.	Mar. 31, 1932.	Apr. 7, 1932.	Apr. 14, 1932.	Apr. 21, 1932.
RESOURCES.					
Total gold reserve	3,162,820	3,017,760	3,032,300	3,018,310	3,023,730
Total bills discounted	135,250	633,250	635,270	628,600	564,520
Bills bought in open market	151,810	66,360	67,950	51,810	48,550
Total U.S. Govt. securities	599,530	871,620	885,010	985,020	1,078,130
Total bills and securities	886,590	1,571,230	1,582,540	1,669,910	1,699,700
Total resources	4,919,290	5,338,640	5,380,030	5,509,350	5,512,540
LIABILITIES.					
Federal Reserve notes in actual circulation	1,526,310	2,546,270	2,561,570	2,537,070	2,544,760
Deposits—Memberbank—reserve account	2,379,780	1,911,500	1,952,270	2,010,900	1,978,640
Total deposits	2,435,790	2,018,640	2,020,160	2,123,960	2,131,370
Capital paid in and surplus	443,330	415,040	414,980	414,880	414,800
Total liabilities	4,919,290	5,338,640	5,380,030	5,509,350	5,512,540
Ratio of total reserves to deposits and Federal Reserve note liabilities combined	84.5%	70.9%	70.8%	69.4%	69.2%

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

	Apr. 23, 1931.	Mar. 31, 1932.	Apr. 7, 1932.	Apr. 10, 1932.	Apr. 21, 1932.
Total gold reserves	1,056,470	971,930	957,140	965,530	932,780
Total bills discounted	31,190	138,180	131,250	122,180	107,810
Bills bought in open market	40,980	21,080	22,280	13,870	14,360
Total U.S. Govt. securities	182,710	364,900	385,340	456,400	496,850
Total bills and securities	254,890	529,440	535,730	595,370	621,960
Deposits—Memberbank—reserve account	996,330	849,990	867,170	926,190	874,290
Ratio of total res. to dep. and Federal Res. note liabilities combined	87.3%	69.7%	69.1%	66.4%	64.8%

FEDERAL RESERVE MEMBER BANKS.

In \$'s (000,000's omitted.)

	Apr. 8, 1931.	Mar. 9, 1932.	Mar. 16, 1932.	Mar. 23, 1932.	Mar. 30, 1932.	Apr. 6, 1932.
Loans	15,212	12,436	12,368	12,254	12,211	12,060
Investments	7,633	6,869	7,200	7,149	7,143	7,113
Deposits	13,678	10,070	10,992	10,843	10,941	10,875
Time deposits	7,273	6,714	6,687	6,675	6,680	6,566
Due from banks	1,776	872	972	917	949	1,010
Due to banks	3,907	2,340	2,444	2,376	2,400	2,561
Federal reserve borrowings	20	397	328	334	305	313

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

	Mar. 27, 1931.	Feb. 26, 1932.	Mar. 4, 1932.	Mar. 11, 1932.	Mar. 18, 1932.	Mar. 24, 1932.
ASSETS.						
Gold coin and bullion	6,423	7,535	6,831	6,964	6,938	7,189
Subsidiary coin	309	462	460	469	457	460
Bills discounted: Domestic and Union Gov. Treas.	382	2,492	4,850	4,056	3,570	3,896
Bills discounted: Foreign	6,751	73	80	60	64	54
Investments	1,848	1,132	1,321	1,278	1,147	1,127
LIABILITIES.						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	720	802	802	802	802	802
Notes in circulation	7,412	7,710	7,781	7,054	6,615	7,055
Government deposits	2,135	1,353	900	1,134	1,138	1,457
Bankers' deposits	4,705	4,186	4,820	4,166	4,287	3,756
Ratio of cash reserves to liabilities to public	46.8%	56.1%	50.9%	55.9%	58.7%	55.6%

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

	Mar. 27, 1931.	Feb. 25, 1932.	Mar. 4, 1932.	Mar. 11, 1932.	Mar. 18, 1932.	Mar. 25, 1932.
ASSETS.						
Total securities	29,73,74	19,49,11	17,07,68	17,59,60	17,68,57	18,36,01
Loans	12,10,70	9,35,49	9,89,59	9,92,68	9,69,91	9,43,79
Cash credits	29,33,47	24,63,27	24,36,89	24,41,00	24,49,48	25,03,98
Inland bills	4,92,88	6,22,59	6,30,36	6,68,92	6,49,03	5,93,04
Foreign bills	39,06	28,24	33,67	36,54	36,87	28,40
Dead stock	2,75,37	2,68,84	2,68,98	2,69,09	2,69,18	2,69,18
Bal. with other banks	1,24,60	44,60	56,73	33,93	49,31	55,34
Cash	13,32,66	9,86,62	8,39,94	8,37,43	9,24,24	9,72,78
LIABILITIES.						
Capital paid up	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50
Reserve	8,40,00	5,00,00	5,00,00	5,00,00	5,00,00	5,00,00
Total deposits	82,35,71	69,10,85	68,50,81	68,67,73	68,79,00	68,34,71
The above includes—						
Deposits in London	5,173	1,660	1,694	1,858	1,942	2,159
Advances in London	4,486	1,395	1,396	1,688	1,684	1,880
Cash, &c., at other Banks in London	937	337	427	256	372	417

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

	Apr. 17, 1931.	Mar. 25, 1932.	Apr. 1, 1932.	Apr. 8, 1932.	Apr. 15, 1932.
ASSETS.					
Gold	56,098,292	76,431,523	76,785,995	76,909,171	77,065,206
Sight deposits	6,905,026	3,848,636	4,347,874	4,230,399	4,408,306
Bills, &c.	19,399,359	8,783,615	8,184,442	8,169,891	8,143,738
Home bills	5,532,927	4,820,334	3,746,757	4,005,260	3,683,232
Advances against sec.	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
To the State	2,885,324	2,715,643	2,858,413	2,807,043	2,808,121
Negotiable Bonds	5,082,397	6,880,527	6,880,527	6,880,527	6,880,527
Sinking Fund Dept.	4,163,053	5,170,794	5,831,828	5,565,675	5,583,980
Other assets (excl. ing forward exch.)	77,791,068	81,782,044	83,438,128	82,523,540	81,827,134
LIABILITIES.					
Public deposits	11,352,533	3,526,377	3,338,263	3,432,967	3,143,562
Private deposits	11,138,089	24,443,717	22,737,466	23,324,971	24,307,736
Other liabilities	2,984,687	2,498,934	2,321,989	2,486,680	2,504,984

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

	Apr. 15, 1931.	Mar. 31, 1932.	Apr. 7, 1932.	Apr. 15, 1932.
ASSETS.				
Gold	2,344,333	878,650	878,742	859,786
Of which deposited abroad	207,638	80,465	92,922	73,489
Reserve in foreign currencies	114,199	141,819	141,708	128,006
Bills of exchange and cheques	1,550,857	3,317,855	3,176,374	3,025,609
Silver and other coin	187,504	139,063	175,964	221,178
Notes of other German banks	19,409	2,797	7,465	8,854
Advances	148,452	289,874	100,415	8,135
Investments	102,636	361,751	361,517	361,561
Other assets	473,042	902,635	855,489	929,168
LIABILITIES.				
Share capital	122,788	150,000	150,000	150,000
Reserves	371,159	417,426	417,426	417,426
Notes in circulation	3,872,643	4,231,073	4,085,675	4,000,384
Other daily maturing obligations	312,904	577,688	370,263	384,448
Other liabilities	261,451	658,257	674,310	681,359
Cover of note circulation	63.5%	24.1%	25.0%	24.7%

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

	Position, May 28, 1931.	Apr. 16, 1932.	Mar. 23, 1932.	Mar. 31, 1932.	Apr. 7, 1932.	Apr. 14, 1932.
ASSETS.						
Gold	232,660	906,995	4,738	50,260	49,695	50,358
Foreign bills and balances abroad	697,600	731,035	966,062	964,830	955,742	946,299
Silver and other coin	...	...	...	...	...	...
LIABILITIES.						
Notes in circulation	934,150	3,225,929	3,600,637	3,663,678	3,680,464	3,670,968
Current accounts	112,125	182,660	127,844	131,011	155,916	196,475

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

Assets and Liabilities (in thousands of dollars)						
ASSETS.	Position, May 30, 1931.	Apr. 18, 1931.	Mar. 26, 1932.	Apr. 2, 1932.	Apr. 9, 1932.	Apr. 16, 1932.
Gold.....	22,971	118,407	150,200	151,600	151,500	149,400
Silver.....	29,785	47,443				
Discounts, advances, and other investments	77,567	112,601	104,800	106,100	111,400	108,500
LIABILITIES.						
Notes in circulation.....	109,499	244,396	224,800	225,600	230,400	227,100
Deposits and bills payable	11,250	39,222	32,000	32,100	32,000	30,900

NATIONAL BANK OF EGYPT.—In £ (000's omitted).

Banking Department	Feb. 28, 1931.	Dec. 31, 1931.	Jan. 31, 1932.	Feb. 28, 1932.
LIABILITIES.				
Capital	2,925	2,925	2,925	2,925
Reserves	2,925	2,925	2,925	2,925
Government deposits	5,968	4,774	4,256	3,472
Other deposits	15,466	16,723	16,672	17,558
Other accounts	2,467	2,812	3,167	3,191
ASSETS.				
Cash: Notes	1,091	1,562	1,254	1,018
Gold, silver, &c.	1,381	765	789	833
Money at call and short notice	1,214	1,638	1,341	1,370
Investments	15,734	14,074	14,381	14,778
Advances	7,094	9,216	9,175	8,833
Bills	1,593	1,568	1,601	1,706
Other accounts	1,664	1,335	1,404	1,533
Notes Issued Department				
LIABILITIES.				
Notes issued	21,000	21,100	20,500	20,600
ASSETS.				
Gold	3,340	3,803	3,803	4,154
British Treasury Bills	11,285	11,118	10,518	10,168
British War Loan at par	4,875	4,680	4,680	4,777
Egyptian Government securities at market price	1,500	1,500	1,500	1,500

By authority of the Egyptian Government British Treasury Bills were deposited in lieu of gold.

CENTRAL BANK OF CHILE.—In \$'s (000's omitted).

	Mar. 20, 1931.	Feb. 26, 1932.	Mar. 4, 1932.	Mar. 11, 1932.	Mar. 18, 1932.
ASSETS.					
Gold at home	61,670	67,231	67,365	67,576	67,821
Gold abroad	263,120	96,564	98,049	97,448	97,255
Discounts and advances	85,213	32,940	43,505	40,061	25,510
LIABILITIES.					
Notes of the bank in circulation	285,325	331,293	335,827	336,774	335,504
Deposits	56,910	114,412	111,704	116,252	111,308
Paid-up capital	90,832	90,832	90,832	90,832	90,832

LONDON RATES.

	Apr. 14, 1932.	Apr. 15, 1932.	Apr. 16, 1932.	Apr. 18, 1932.	Apr. 19, 1932.	Apr. 20, 1932.	Apr. 21, 1932.
Bank rate (changed from 3½% Apr. 21, 1932)	3½	3½	3½	3½	3½	3½	3½
Market rates of discount—							
60 days' bankers' drafts	2½	2½	2½	2½	2½	2½	2½
3 months' do.	2½	2½	2½	2½	2½	2½	2½
4 months' do.	2½	2½	2½	2½	2½	2½	2½
6 months' do.	2½	2½	2½	2½	2½	2½	2½
Discount Treasury Bills—							
2 months	1½	1½	1½	1½	1½	1½	1½
3 months	1½	1½	1½	1½	1½	1½	1½
Loans—Day-to-day—							
Short	1½	1½	1½	1½	1½	1½	1½
Deposit allowances: Bank	1½	1½	1½	1½	1½	1½	1½
Discount houses at call	1½	1½	1½	1½	1½	1½	1½
At notice	1½	1½	1½	1½	1½	1½	1½

Comparison with previous week—

1932.	Short Loans.	Bank Bills.			Trade Bills.		
		3 Months.	4 Months.	6 Months.	3 Months.	4 Months.	6 Months.
		%	%	%		%	%
Mar. 31	2-3	2-2½	2-2½	2-2½	7	4	4½
Apr. 7	2	2½	2½	2½	3½	4	4½
" 14	1½-2	2-2½	2½	2½	3½	4	4½
" 21	1½-2	2½	2½	2½	3	3½	4

RATES OF EXCHANGE.

London on	Usance.	Par.	April 23, 1931.	April 14, 1932.	April 21, 1932.
			3.45 p.m.	3.45 p.m.	3.45 p.m.
New York	dollars to £1	Cable	4-86½	4-86½	3-76½
Montreal	dollars to £1	Cable	4-86½	4-86½	3-76½
Paris	francs to £1	T.T.	124-21	124-29-31	95½-95½
Berlin	marks to £1	T.T.	20-43	20-40-41	15½-15½
Amsterdam	florins to £1	T.T.	12-107	12-104-1	9-27-9-32
Brussels	francs to £1	T.T.	35-00	34-95½-95½	26½-26½
Milan	lire to £1	T.T.	32-46	32-72-81	73½-73½
Zurich	francs to £1	T.T.	25-22½	25-22½-23½	19-19½
Cairo	pounds to £1	T.T.	18-159	18-16½	19-19½
Stockholm	kronor to £1	T.T.	18-159	18-16½	19-19½
Copenhagen	kronor to £1	T.T.	18-159	18-16½	19-19½
Madrid	pesetas to £1	T.T.	25-22½	48-80-90	48-48½
Lisbon	escudos to £1	T.T.	110	108-23-27	109½-110½
Vienna	schillings to £1	T.T.	34-58½	34-55-58	30-34½
Prague	krouns to £1	T.T.	164½	164-04-08	126½-127½
Belgrade	dinars to £1	T.T.	276-316	276½	210-220
Budapest	pengo to £1	T.T.	27-82	27-85-89	20-21 (6)
Bucharest	lei to £1	T.T.	813-6	816½-817½	620-640
Sofia	leva to £1	T.T.	675-659	668-673	500-540
Athens	drachmas to £1	T.T.	375	375-05-15	280-320
Constantinople	piastres to £1	T.T.	110	102½ sellers	775-825½
Moscow	roubles to £1	T.T.	9-46	9-439-453	7-34½-7-36½
Warsaw	zloty to £1	T.T.	43-38	43-36-40	33½-34½
Helsingfors	F. marks to £1	T.T.	193-23	193-00-10	210-220
Korvo	litas to £1	T.T.	48-66	48-1	35-40
Reval	kroon to £1	T.T.	18-159	18-21-26	13-15
Riga	late to £1	T.T.	25-22½	25-20-30	19-21
Alexandria	piastres to £1	Sight	97½	97½	97½-97½
Buenos Aires	pence to peso	T.T.	47-62½	39-3½	36-36½
Rio de Janeiro	pence to mils.	90 days	5-899	5-899	4-4½
Montevideo	pence to peso	T.T.	51	31-32½	28-30½
Valparaiso	pence to £1	90 days	40	39-95	31-55½
Lima	soles to £1	90 days	17-3	17-20	13-55½
Santiago	pence	T.T.	1½	1½	1½-1½
Bombay	rupee	T.T.	18	1½	1½-1½
Madras	rupee	T.T.	18	1½	1½-1½
Hong Kong	ster. to dollar	T.T.	11½	11½	1½-1½
Shanghai	ster. to tael	T.T.	1½	1½	1½-1½
Yokohama	ster. to dollar	T.T.	24-54½	24-54½	24-54½
Kobe	ster. to yen	T.T.	24-54½	24-54½	24-54½
Manila	ster. to peso	T.T.	20-66½	20-66½	20-66½
Mexico	pence to \$	T.T.	9-76	10-11½-30	2½-2½
Siam	ster. to baht.	T.T.	21-82½	19½	2½-2½

† Nominal. (r) Official rate.

OVERSEAS BANK RATES.

Changed.	From To	Changed.	From To
Albania	July 1, 1931 3½	Madrid	July 8, 1931 6½
Amsterdam	Apr. 18, 1932 3½	Oelo	Mar. 3, 1932 5½
Athens	Feb. 20, 1932 12½	Paris	Oct. 9, 1931 2½
Batavia	Mar. 10, 1930 5½	Prague	Apr. 11, 1932 6½
Belgrade	July 20, 1931 6½	Pretoria	Nov. 13, 1931 5½
Berlin	Mar. 8, 1932 7½	Reval	Jan. 28, 1932 6½
Brussels	Jan. 13, 1932 2½	Riga	Oct. 1, 1930 7½
Bucharest	Mar. 3, 1932 7½	Rome	Mar. 21, 1932 7½
Budapest	Apr. 16, 1932 7½	Sofia	Sept. 30, 1931 8½
Calcutta	Feb. 25, 1932 7½	Stockholm	Mar. 3, 1932 5½
Copenhagen	Mar. 11, 1932 6½	Swiss Bank	places
Danzig	Nov. 24, 1931 6½	Tokio	Jan. 22, 1931 2½
Helsingfors	Apr. 19, 1932 7½	Tokio	Mar. 12, 1932 6-57
Korvo	Mar. 1, 1932 8½	Vienna	Mar. 17, 1932 8½
Lisbon	Apr. 4, 1932 7½	Warsaw	Oct. 3, 1930 6½
New York Federal Reserve	Feb. 25, 1932 3½	Irish	Apr. 21, 1932 4½

Central Bank of Chile.—Discount rate for member banks, 5%; discount rate for the public, 7%.
a 6% applied to banks and credit institutions.
b 7% applied to private persons and firms.

CURRENT PRICES IN NEW YORK.

The Irving Trust Company cable the following money and exchange rates in New York:—

	Apr. 22, 1932.	Mar. 22, 1932.	Mar. 30, 1932.	Apr. 6, 1932.	Apr. 13, 1932.	Apr. 20, 1932.
Call money	1½	1½	1½	1½	1½	1½
Time money (90 days' mixed coll.)	2½	2½	2½	2½	2½	2½
Bank acceptances:—						
Members—eligible, 90 days	1½	1½	1½	1½	1½	1½
Non-mem.—eligible, 90 days	1½	1½	1½	1½	1½	1½
Ineligible, 90 days	1½	1½	1½	1½	1½	1½
Commercial accept., 90 days	2½	2½	2½	2½	2½	2½

Rates of Exchange, New York on—	Par Level.	Apr. 22, 1931.	Apr. 6, 1932.	Apr. 13, 1932.	Apr. 20, 1932.
London—					
60 days	Dollars for £1	4-8666	4-86½	3-79½	3-75½
Cheques					
Paris	Cents for 1 franc	3-918	4-86½	3-81½	3-78½
Brussels	Cents for 1 franc	13-90	13-90½	3-81½	3-78½
Switzerland	Cents for 1 franc	19-30	13-90½	3-81½	3-78½
Italy	Cents for 1 lire	5-263	19-30	3-81½	3-78½
Berlin	Cents for 1 mark	23-82	19-30	3-81½	3-78½
Vienna	Cts. for Aust. shg.	14-07	14-05½	3-81½	3-78½
Madrid	Cents for 1 peseta	19-30	9-98	7-56	7-61
Amsterdam	Cents for 1 guilder	40-195	40-16	40-30	40-50
Copenhagen	Cents for 1 kroner	26-80	26-74	20-95	20-60
Oslo	Cents for 1 kroner	26-80	26-74	20-95	20-60
Stockholm	Cents for 1 krona	26-80	26-74	20-95	20-60
Athens	Cents for 1 drachma	1-297	1-297	12-87½	12-87½
Montreal	Can. cents for \$1	100	99	99	99
Yokohama	Cents for 1 yen	49-85	49-35	94	94
Hong Kong	Cents for H. Kong \$	24-45	24-45	33½	33½
Shanghai	Cts. for 1 Shng. tael	36-50	36-05	28½	28½
Buenos Aires	Gold pesos for \$100	115-65	134-00	...	...
Rio de Janeiro	Cents for 1 milreis	11-96	7-20	...	...
Valparaiso	Cents for 1 peso	12-125	12-06	...	...

SOUTH AFRICAN EXCHANGE RATES.

BUYING RATES.					
	T.T.	Sight.	30 days' sight.	60 days' sight.	90 days' sight.
London on:—					
Rhodesia.....	1½ dis.	1½ dis.	1½ dis.	2½ dis.	3½ dis.
South Africa	£80	£80½	£81½	£81½	£82½
SELLING RATES PER £100 (STERLING).					
		Sight.	Telegraphic.		
London on:—					
Rhodesia.....		£ s. d.	99	17	6
South Africa.....			79	5	0
				99	15 0
				79	0 0

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.

Country.	Method of Quoting.	Par Value.	Usance.	Latest Rate.
Ecuador	Sucres to £	24-3225	Sight London	20-68½
Venezuela	Bolivares to £	25-2215	"	24-50½
Colombia (Bogota)	Pesos to £	5	"	3-98½
Nicaragua	Cordobas to £	4-8665	"	4-96
Salvador	Colonos to £	9-73	"	10-48
Bolivia	Bolivianos to £	13-33	"	13-30

OVERSEAS DOMINION RATES.

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND.								
London on Australia and New Zealand.					Australia and New Zealand on London.*			
Buying.		Selling.		Buying.		Selling.		
Aus- tralia.	New Zealand.	Aus- tralia.	New Zealand.	Aus- tralia.	New Zealand.	Aus- tralia.	New Zealand.	
T.T. ...	126½	111½	125	109½	125½	110	109½	
Sight ...	127½	112½	124½	108½	125½	109½	109½	
30 days ...	127½	112½	124½	108½	125½	109½	109½	
60 days ...	127½	112½	124½	108½	125½	109½	109½	
90 days ...	128½	113½	125½	109½	126½	109½	108½	
All rates (Australia and New Zealand) on London.								

All rates (Australia and New Zealand) now based on £100—LONDON.

INDIA COUNCIL REMITTANCES.

India: Remittances to the Home Treasury.—There were no remittances from the Government of India to the Secretary of State for India during the week ending April 16, 1932.—India Office, S.W.1. April 19, 1932.

INDIAN GOLD STANDARD RESERVE.

Statement showing the form in which the balance of the Reserve was held on March 31, 1932:—

	£	£
In India:		
Gold	27,153,000	
In England:		
Cash at the Bank of England	29	
Gold	2,152,334	
British Treasury Bills:—Value as on March 31, 1932	4,213,772	
Other British and Dominion Government Securities:—At market value on March 31, 1932	6,480,865	
		12,847,000
		£40,000,000

India Office,
April 11, 1932.

SIDNEY TURNER,
Accountant-General.

BULLION.

The following statistics of imports and exports of gold for week ended April 21, 1932, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.		Exported from Great Britain and Northern Ireland.	
From—	£	To—	£
Netherlands	9,118	Germany	706
Iraq	31,911	Netherlands	143,309
United States of America	6,631	Belgium	10,000
Irish Free State	6,415	France	1,602,547
Palestine	13,500	Other countries	95
British West Africa	50,641		
British South Africa	965,117		
Kenya	2,675		
Anglo-Egyptian Sudan	2,088		

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefee.	Ordinary.					
					Amount	Amount.	Rate.				
		£	£	£	£	£	%	£	£	£	%
Financial Land, &c.											
Canada Company	Dec. 31	766	Dr. 604	162	...	...	...	...	162	1,235	5
Iron, Coal and Steel.											
Amal. Anthracite Collieries	Dec. 31	111,578	289,479	401,057	...	...	...	250,000	151,057	443,255	...
Babcock and Wilcox	Dec. 31	49,793	569,620	619,413	14,953	601,952	14	Dr. 30,163	32,671	609,303	14½
Beyer, Peacock and Co.	Dec. 31	7,770	Dr. 66,544	Dr. 58,774	...	...	...	Dr. 60,000	1,226	87,259	8
Welsh Navigat'n Steam Coal	Dec. 31	Dr. 81,040	2,594	Dr. 78,446	...	...	...	...	Dr. 78,446	9,885	...
Motors and Cycles.											
Simms Motor Units	Dec. 31	31,049	Dr. 22,062	8,987	5,625	...	...	...	3,362	16,140	2½
Rubber.											
Ceylon (Bibile) Rubber	Oct. 31	994	Dr. 8,809	Dr. 7,815	...	...	...	...	Dr. 7,815	Dr. 7,715	...
Ceylon Timber and Rubber	Dec. 31	257	Dr. 3,018	Dr. 2,761	...	...	...	...	Dr. 2,761	Dr. 1,827	...
Cheviot Rubber	Dec. 31	11,605	4,951	16,556	...	...	...	...	16,556	12,167	2½
Eow Seng Rubber	Dec. 31	166	Dr. 2,082	Dr. 1,916	...	...	...	Dr. 3,950	2,034	Dr. 3,764	...
Goleonda Malay Rubber	Dec. 31	3,442	Dr. 933	2,509	...	...	...	...	2,509	Dr. 1,844	...
Golden Hope Rubber	Dec. 31	7,588	Dr. 9,566	Dr. 1,978	...	...	...	Dr. 3,000	1,022	Dr. 1,203	...
Hanwella Rubber	Dec. 31	133	Dr. 3,967	Dr. 3,834	...	...	...	...	Dr. 3,834	Dr. 2,286	...
Hewagum Rubber	Dec. 31	3,290	Dr. 3,242	48	...	...	...	...	48	Dr. 8,123	...
Highlands and Lowlands											
Rubber	Dec. 31	33,446	454	33,900	...	...	...	...	33,900	4,526	...
Jasin (Malacca) Rubber	Dec. 31	4,491	Dr. 159	4,332	...	...	...	...	4,332	200	...
Labu (F.M.S.) Rubber	Dec. 31	9,665	5,288	14,953	...	...	...	...	14,953	14,575	2½
Lavant Rubber	Dec. 31	Dr. 173	Dr. 1,332	Dr. 1,505	...	...	...	...	Dr. 1,505	Dr. 2,532	...
Lubok Rubber Estate	Dec. 31	2,506	Dr. 1,387	1,119	...	...	...	Dr. 111	1,230	Dr. 3,464	...
Selangor Rubber Company	Dec. 31	13,651	Dr. 1,078	12,573	...	...	...	Dr. 1,500	14,073	Dr. 1,511	...
Sittang Valley Rubber	Dec. 31	Dr. 5,965	Dr. 5,296	Dr. 11,261	...	...	...	...	Dr. 11,261	Dr. 6,176	...
Strathmore Rubber	Dec. 31	5,235	207	5,442	...	...	...	1,000	4,442	7,531	2
Sungei Way (Selangor) Rubr.	Dec. 31	15,359	3,072	18,431	...	...	...	800	17,631	5,373	...
Shops and Stores.											
Army & Navy Co-operative	Jan. 30	125,244	120,756	246,000	...	102,500	12½	37,058	106,442	204,750	22½
Austin Reed	Feb. 20	26,440	54,242	80,682	24,000	18,160	10	7,000	31,522	78,281	15
Hope Brothers	Dec. 29	33,240	48,947	82,187	16,500	28,000	7	1,000	36,687	55,441	8
McIlroy (William)	Feb. 17	60,500	23,415	83,915	5,600	15,000	15	...	63,315	35,546	20
Tea.											
Amblamana Tea Estates ...	Dec. 31	68	1,510	1,578	...	...	...	800	778	7,826	10
Battalgalla Estate	Dec. 31	2,606	6,416	9,022	...	6,300	14	...	2,722	7,782	17½
Ceylon Tea Plantations	Dec. 31	45,878	101,841	147,719	10,579	56,400	15	33,000	47,740	151,759	30
Craig Tea Estates	Dec. 31	4,859	7,421	12,280	...	7,500	15	150	4,630	9,084	15
Hanipha (Ceylon) Tea, &c. ...	Dec. 31	5,055	15,167	20,222	...	15,000	15	...	5,222	14,727	12½
Lindoola Tea Co.	Dec. 31	1,458	3,921	5,379	780	3,250	25	...	1,349	5,259	35
Panawatte Tea and Rubber	Dec. 31	371	Dr. 3,806	Dr. 3,435	...	...	...	...	Dr. 3,435	Dr. 4,369	...
Pundaloya Tea Co. of Ceylon	Dec. 31	3,640	15,663	19,303	1,485	12,375	25	1,500	3,943	13,944	25
Tyspane Tea Co.	Dec. 31	430	710	1,140	140	...	...	...	1,000	3,306	10
Vellikelle Tea Co. of Ceylon	Dec. 31	1,419	9,153	10,572	285	8,107	23	1,000	1,180	9,972	25
Yatiyantota Ceylon Tea	Dec. 31	630	Dr. 5,004	Dr. 4,374	...	...	...	Dr. 4,500	126	Dr. 935	...
Tramways and Omnibuses.											
Tynemouth & Dist. Electric	Dec. 31	1,065	6,979	8,044	...	...	...	7,000	1,044	3,770	...
Trusts.											
British and Continental											
Plantations Trust	Mar. 31	136	Dr. 2,045	Dr. 1,909	...	...	...	Dr. 2,500	591	136	...
London and South American											
Investment	Mar. 31	11,713	31,101	42,814	18,750	...	...	...	24,064	49,075	5
London Trust Company ...	Mar. 31	46,255	80,259	126,514	21,018	57,600	16	...	47,896	114,570	20
Northern Securities Trust ...	Dec. 31	8,989	17,741	26,730	11,055	5,240	4	...	10,435	23,275	7
West London and Provincial											
Electric and General Trust	Mar. 31	2,458	12,872	15,330	7,200	7,425	5	...	705	21,096	9
Waterworks.											
Consolidated Waterworks Co.											
of Rosario	Dec. 31	65,558	42,805	108,363	8,400	30,000	6	...	69,963	58,740	8
Other Companies.											
Apollinaris and Prestea	Dec. 31	...	8,955	8,955	...	...	...	8,955	...	20,060	1½
Bridges and Company	Feb. 17	2,064	10,132	12,196	...	...	...	11,000	1,196	...	...
Bruce, Peebles and Co.	Dec. 31	175	Dr. 7,795	Dr. 7,620	...	...	...	Dr. 8,000	380	Dr. 29,511	...
Bryant and May	Mar. 31	43,343	520,038	563,381	67,200	390,997	...	50,000	55,184	530,035	(t)
Ciro Pearls (Holdings)	Mar. 25	25,936	22,177	48,113	8,438	9,688	5	...	29,987	68,615	20
English China Clays	Dec. 31	21,744	Dr. 28,882	Dr. 7,138	...	...	...	Dr. 20,000	12,862	60,569	...
Goodson's Mantle & Costume	Jan. 19	401	19,020	19,020	19,421	...	...	...	19,421	Dr. 1,481	...
Olympic Portland Cement...	Dec. 31	29,894	7,817	37,711	...	...	...	9,263	28,448	8,260	6
Pullman (R. and J.)	Dec. 31	5,811	Dr. 6,400	589	...	...	...	...	589	1,323	...
Robertson (John) and Son...	Feb. 29	1,087	451	1,538	544	1,875	10	Dr. 1,500	619	1,240	10
Stephens (Henry C.)	Dec. 31	5,417	64,928	70,345	14,000	39,000	8	10,000	7,345	72,757	8
Telephone Manufacturing...	Dec. 31	6,807	18,451	25,258	...	...	...	...	25,258	8,807	...
Vine Products	Dec. 31	16,740	76,544	93,284	20,000	38,500	10	15,134	19,650	91,353	12½

(t) Dividend absorbed £390,101.

OIL OUTPUTS.

BRITISH CONTROLLED OILFIELDS, LTD.—Production for the week ended March 30th: Venezuela, 40,012 barrels; Trinidad, 32,164 barrels; total, 72,176 barrels. Production for the week ended April 6th: Venezuela, 40,083 barrels; Trinidad, 31,736 barrels; total, 71,819 barrels. Production for March: Venezuela, 148,968 barrels; Trinidad, 160,650 barrels; total, 309,618 barrels. Deliveries for March: Venezuela, 148,991 barrels; Trinidad, 176,541 barrels; total, 324,532 barrels. Production for the week ended April 13th: Venezuela, 39,391 barrels; Trinidad, 37,616 barrels; total, 77,006 barrels.

ANGLO-ECUADORIAN OILFIELDS, LTD.—The production for March is cabled as 16,057 tons.

DACIA ROMANO PETROLEUM SYNDICATE, LTD.—Gross production for March: Dacia, 5,602 tons; Perimeter X, 4,987 tons; Star-naphta, 1,022 tons.

HAMILTON'S OIL CONCESSIONS (ROUMANIA), LTD.—Cabled advice has been received from Bucarest as follows: Production for the month of March, 1932, 8,464 tons = 59,248 barrels.

THE KERN RIVER OILFIELDS OF CALIFORNIA, LTD.—The total production during the month of March amounted to 87,384 barrels or approximately 12,484 tons.

Commercial Reports.

MARKET SUMMARY.

A survey of the principal international commodity markets offers little encouragement. Business was generally dull, price movements showed a weakening tendency, and there is as yet no evidence of an increase in the demand for raw materials. In New York, non-ferrous metals, with the exception of tin, failed to recover. A renewed decline in United States consumption of rubber in March had a depressing influence on the market. Cotton has only just been maintained at last week's level. Among cereals, wheat, maize, oats and rye all show a decline on the week. Coffee was a shade firmer, but cocoa and sugar were easier. Sterling commodities, which lend themselves to grading, and therefore to international arbitrage, moved in sympathy with gold prices. As the index of wholesale prices on an earlier page shows, there was a renewed decline in prices generally during the past fortnight. According to reports from various industrial centres, the situation in the coal trade is deteriorating, while little headway is being made by the iron and steel industries. The demand for cotton manufactures appears to have fallen off, but the wool and rayon trades are still relatively active.

THE COAL TRADE.

SHEFFIELD.—The depression in the South Yorkshire coal trade is unrelieved. Output is being curtailed and concentration of activities at the newer pits is responsible for a number of men being discharged. Contract business in steams for export is exceptionally scarce. Prices keep steady at round about 16s. In the industrial field business is largely confined to deliveries under contract and consumption of best steams lacks expansion. Small boiler fuel is in better request than of late. House coal has been moving more freely, owing to the severe weather. Prices are irregular, the nominal quotations for best ordinary quality being 22s. and 23s. at pits. Lower figures are, however, available. Blast furnace coke is a steady market with consumption on the low side.

GLASGOW.—Shippers continue to experience difficulty in negotiating new business, and the tone of the market generally is weak. The tonnages being dispatched meanwhile are largely against contracts made some time ago. Forward business is practically at a standstill. All classes of coal and nuts are plentiful, and the collieries have had to make concessions in prices to keep their outputs moving. Current prices for the shipping trade are approximately as follows (f.o.b. district ports): LANARKSHIRE.—Ell best, 14s. 3d.; splint best, 15s. 9d.; splint second, 14s. 3d.; navigation, 15s.; navigation second, 14s. 6d.; Hartley, 15s.; steam, 13s.—13s. 3d.; trebles, 12s.; doubles, 10s.; singles, 8s. 9d.; pearls, 8s. 6d.; dross, 8s. 9d. FIFE.—Screened navigation, 16s. 6d.; first-class steam, 11s. 9d.; third-class steam, 11s.; trebles, 12s.—12s. 6d.; doubles, 10s.; singles, 8s. 9d.; pearls, 8s. 6d. LOTHIAN.—Prime steam, 11s.—11s. 6d.; secondary steam, 10s. 9d.—11s.; trebles, 11s.—11s. 6d.; doubles, 10s.; singles, 8s. 9d.—9s.; pearls, 8s. 6d. Ayrshire.—Unscreened navigation, 16s.; jewel, 16s. 6d.; steam, 13s.; trebles, 12s. 3d.; doubles, 10s. 3d.; singles, 9s. 9d.; pearls, 9s.; dross, 9s. 7d.

CARDIFF.—There has been no improvement this week in the condition of business on the Cardiff coal market. The current volume of trade is from 10 per cent. to 15 per cent. less than it was a year ago, and there are no indications of the likelihood of any improvement in the immediate future. In Continental Europe, as well as in most of the more distant markets, demand is declining, and further restrictions have latterly been imposed by France and Germany on imports. South Wales collieries are finding that the reduced allocations for the June quarter are more than they can market, and in many parts of the coalfield employment is irregular. Except for some of the dry grades, prices are ruling on the basis of the minimum schedule. The following are the current approximate quotations: Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 4d.; best dries, 18s. 6d. to 19s.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7d.; Black Veins, 18s. 3d. to 18s. 6d.; best small steams, 13s. 6d.; cargo smalls, 11s. 6d. to 12s. 6d.; coking smalls, 13s. 6d. to 13s. 9d.; anthracite best large, 36s. to 38s. 6d.; Red Vein large, 22s. 6d. to 27s. 6d.; machine made cobbles, 40s. to 48s. 6d.; French nuts, 40s. to 48s. 6d.; stove nuts, 39s. 6d. to 43s. 6d.; rubbly culm, 8s. 3d. to 8s. 9d.; foundry coke, 32s. 6d. to 36s.; patent fuel, 19s.; pitwood, ex ship, 20s. 3d. to 20s. 9d.

IRON AND STEEL.

MIDDLESBROUGH.—Pending receipt of definite news in regard to the increased duties on iron and steel, there is not a great amount of business passing, but the tone is firm, and an improvement in business is generally looked for. In Cleveland iron moderate lots are being sold on home account for fairly early delivery. At are being sold on home account for fairly early delivery. At Tuesday's weekly market a fair business was reported, and official prices were again unchanged, viz.:—No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s., f.o.b. or f.o.t. These are made to meet the competition of Midland and Indian irons, and an increased business has resulted recently. Hematite is in no longer a serious competitor in that market. Hematite is in somewhat better request, and there is less competition from merchants whose holdings are now considerably reduced, and they are not inclined to sell "short" under present conditions. Makers have recently realised 63s. 6d. for ordinary mixed numbers for the prompt delivery, and are still prepared to accept this figure where the iron can be taken at once, but are asking more for forward delivery. In the finished departments there is little to report so far, but favourable developments are looked for in the near future. Mean-

time, some mills are fairly well employed, while others are only working short time. Prices are generally unchanged. The ore market is almost stagnant, best rubio is nominally 16s. 6d. per ton c.i.f., and the freight Bilbao/Middlesbrough is now about 4s. 9d. Coke is freely offered, but there is little demand. Ordinary blast-furnace qualities are obtainable at 15s. 6d. per ton delivered works. The number of furnaces in blast in the district is unchanged at seventeen.

SHEFFIELD.—Activity tends to increase in a few special lines of steel, and requirements of the automobile industry provide a considerable amount of business. A large tonnage of steel strip, both hot and cold rolled, is going out. Tool steel producers are generally on very short time, and the easier tendency in the open-hearth steel department continues. Bookings of billets and other part material have been disappointing since Easter. Production, however, is maintained at former levels. Users of Swedish iron and steel are benefiting by the high value of sterling in Sweden. Requirements of shipbuilders and railway companies have never been less, and there is a decided slump in the export of locomotives, wagons and carriages to one time very valuable markets abroad. A busy side line is the manufacture of permanent magnets for wireless purposes. Prices of steel material have undergone no change for a long period. Depressed conditions in the market for ferro-alloys are reported. There is a scarcity of business for best quality hand tools, whereas, the cheaper classes are being called for in large quantities. Makers of several brands of American tools have decided to produce in this country. Conditions in cutlery and table plate get worse rather than better, apart from contracts for gift and restaurant goods.

GLASGOW.—The situation here is practically unchanged. There is no improvement at the steel-making plants, and only a very small proportion of the available plant is in operation and so long as the Clyde shipbuilding yards have so little important work on hand, the outlook is not promising for the steelmakers. Just recently there has been a slightly better demand for structural material, but this has not been sufficient to make any apparent difference to the steelmakers. The demand for semis, either Home or Continental, is very restricted, although very low prices are still being quoted for Continental material. Some quite considerable export orders for black sheets have been booked by local makers during the present week, and a steady business is being maintained in both black and galvanised sheets for home consumers. Tube makers and others remain quiet.

CARDIFF.—General conditions in the South Wales steel and tinplate trades are unchanged, and the steel makers are disappointed



PLAYER'S
NAVY MIXTURE
OR
NAVY CUT TOBACCO

OVER ONE HUNDRED YEARS OF SERVICE.
SCOTTISH UNION & NATIONAL
 INSURANCE COMPANY.
ASSETS EXCEED - £15,600,000
FIRE. LIFE. ACCIDENT. MARINE.
 Edinburgh: 35, St. Andrew Square,
 London: 5, Walbrook, E.C.4. and 4, St. James's Street, S.W.1

with the failure of the Chancellor of the Exchequer to announce an increase in duties on foreign bars in his Budget statement. Current inquiries are scarce, but prices are unaltered with tinplates ruling at 16s. per basis box, Welsh bars at 95s. per ton, and galvanized sheets at 99 10s. per ton. There has been a slight revival during the past week in the volume of the foreign import trade in steel bars and other partly manufactured iron and steel products.

OTHER METALS.

TIN.—As was to be expected, the violent fall in the price of tin has given way to a slight upward movement, following reports that output would be reduced further. In New York the metal was quoted at 19.375 cents per lb. on Wednesday, against 18.50 cents per lb. a week ago and 21.75 a month ago. Wednesday's official closing quotations in London, in terms of sterling for "standard" cash at £108 7s. 6d. to £108 10s. per ton, compares with £103 7s. 6d. to £103 12s. 6d. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 32,787 tons, show a decrease of 343 tons on the week.

COPPER.—No change has occurred in the international copper situation, and prices show no improvement in New York. On Wednesday, "Domestic" spot was quoted at 5½ cents per lb. in New York, against 5½ cents a week ago, and 6 cents a month ago. Wednesday's official closing price for "standard cash" in London, in terms of sterling at £29 11s. 3d. to £29 13s. 9d., compares with £29 7s. 6d. to £29 10s. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 21,306 tons, show an increase of 285 tons, while stocks of rough copper, at 789 tons, are 25 tons larger.

LEAD.—The demand for lead in this country has been steady at firmer prices. In New York the metal was quoted at 3.00 cents per lb. on Wednesday, against 3.00 cents a week ago, and 3.15 cents a month ago. Wednesday's official closing quotation for "soft foreign" in London, in terms of sterling at £11 6s. 3d. per ton for shipment during the current month, compares with £11 on the corresponding day last week.

SPELTER.—Spelter, too, has been in better demand in London and prices show a slight improvement. Wednesday's quotation in New York, at 2.775 cents per lb., compares with 2.80 cents a week ago and 2.775 cents a month earlier. Wednesday's official closing quotation in London, in terms of sterling for "good ordinary brands," was £12 7s. 6d. per ton for shipment during the current month, against £11 2s. 6d. a week ago.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotations for aluminium and nickel have been maintained at £95 per ton and £220-£225 per ton respectively. Foreign antimony declined from £26 10s.-£27 to £28 10s. Quicksilver was quoted at £17-£17 10s. per flask, against £17 10s. a week ago. Platinum was sold at £10 3s. 6d. per ounce, as compared with £10 6s. last week.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Imports for the week, April 14th to 20th (inclusive) are 50,621 bales, of which 28,057 are American, 688 Peruvian, 95 Argentine, 12,311 Egyptian, 1,052 African, 8,643 East Indian, and 775 sundries.

Manchester.—A dull and depressing state of affairs has prevailed in the Manchester market during the past week. There has been a further falling off in demand, and the aggregate turnover in yarn and cloth has been much below the output of the machinery. Spinners' and manufacturers' order lists are lighter, and unless there is a speedy improvement in trade further machinery stoppages appear inevitable. Cloth buyers have been testing prices, but only small sales have been arranged. Most of the offers from India have had to be turned down. Business, however, has been done in light bleaching fabrics and fancies. Only isolated contracts have taken place for China. The turnover for the remaining minor outlets has been unimportant. America yarns have been in quiet request. Spinners' margins are worse than a month ago. In the Egyptian section sellers are reducing output rather than sacrifice margins.

Cotton Prices.

	1932.				Corresponding Date.	
	Mar. 30.	April 6.	April 13.	April 20.	1930.	1931.
Raw Cotton—Mid. American..... per lb.	d. 4.94	d. 4.79	d. 4.91	d. 4.90	d. 4.48	d. 5.57
Sakalardis Fully Good Fair.....						
Egyptian..... per lb.	6.80	6.70	6.50	6.50	14.30	8.15
Yarn—32's twist..... per lb.	8½	8½	8½	8½	12½	9½
40's twist..... per lb.	12½	12½	12½	12½	13	9½
60's twist (Egyptian)..... per lb.	14½	14½	14	14	21½	15½
32-in. Printers, 116 yds., 16 by 16, 32's and 40's.....	s. d. 17 6	s. d. 17 3	s. d. 17 3	s. d. 17 3	s. d. 22 0	s. d. 18 1
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's.....	19 9	19 4½	19 4½	19 3	24 9	19 10
38-in. ditto, 36 yds., 18 by 16, 10 lb.	10 10	10 8	10 8	10 8	13 6	11 2
39-in. ditto, 37½ yds., 16 by 15, 8½ lb.	9 10	9 8	9 8	9 8	12 1	10 1

THE WOOL TRADE.—Bradford.—The inability of the trade to absorb bigger weights of wool, writes our correspondent, is demonstrated by the fact that it was decided to curtail the current series in Coleman Street. The selling brokers, after consultation with the Importers' Committee, have abandoned the four sales which should have been held next week. A better tone has since developed, and it appears that the auctions will close firm. The curtailment of the auctions means an additional 30,000 bales carried forward to the May series, but even a short interval will enable a big weight of wool which is now in users' hands to be absorbed. Depressing reports have been received from Australia and South Africa, values having again fallen. This is particularly disappointing as regards Cape wool, for there is a substantial part of the clip still to clear, and imports are being offered at low prices. Big weights of crossbreds have been cleared in Coleman Street, and the demand for greasies and slipes has improved, better prices being paid for good halfbreds. Owners are rightly meeting the market, for any improvement in prices in the near future is largely dependent on the development of demand. According to Messrs Dalgety and Company, Ltd., the wool sales held in Napier, New Zealand, closed irregular, with prices slightly easier. There was little competition at the sales held in Brisbane. With the exception of greasy fleece and greasy shirtings, quotations were from 5 per cent. to 10 per cent. lower. A rather better tone has developed in Bradford. This is not attributable so much to new demands for tops as to the belief that adequate protection will be afforded to spinners and manufacturers under the Abnormal Importations Bill. A considerable weight of tops could now be sold if makers would meet spinners, but more firmness is now being shown in quotations.

THE GRAIN MARKETS.

WHEAT.—Wheat quotations during the past week have been subject to fluctuations caused by varying crop reports. The general situation shows little change. On balance, it appears that the slight recession in values is due mainly to the improvement in weather conditions in the United States. Nevertheless, it is assumed that the current year's crop in that country will be small and that the huge supplies, hitherto such a depressing factor, will be greatly reduced. Mr. Milner, of the United States Grain Stabilisation Corporation, expects the Farm Board's holdings to be reduced to 110,000,000 bushels by the end of June. On July 1, 1931, the Board's holdings amounted to 257,000,000 bushels. It is as yet too early to estimate the European crop or even the winter crop of Russia. No doubt the extent of the export surplus of the latter country will again profoundly influence the course of prices. Business in wheat has been active and Continental Europe has again purchased substantial quantities. On Wednesday, "May" futures were quoted at 57 cents per bushel in Chicago, against 59½ cents on the corresponding day last week, and 50½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 33s. 3d. per 496 lbs., as compared with 33s. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 30s. 9d., against 31s.; No. 3 Northern Manitoba, Vancouver, ex ship, 30s. 3d., against 30s.; Russian, on sample, 26s. 6d. to 29s., against 27s. to 28s. 6d.; Australian, ex ship, 28s. 6d. to 29s. 6d., against 28s. 9d. to 29s. a week ago.

WHEAT FLOUR.—Trading in flour has been a little more active and shipments from North America, mainly to non-European countries, show a substantial increase. North American shipments, at 180,000 sacks, showed an increase of 39,000 sacks as compared with the previous week. Of this total, only 14,000 sacks have been consigned to Europe. Quotations in London, Wednesday: Straight run, delivered country, 26s. per sack of 280 lbs., as compared with 26s. last week; delivered London, 25s., against 25s. Manitoba patents, ex store, 25s. 6d. to 28s., against 25s. 6d. to 28s.; and Australian, ex store, 21s. to 22s., against 21s. to 22s. a week ago.

BARLEY.—The principal buyer of barley during the past week has been Germany. A large part of these purchases consisted of Canadian barley. Prices, consequently, hardened a little. On Wednesday, "May" futures were quoted at 42½ cents per bushel in Winnipeg, against 41½ cents last week and 39½ cents a month ago. Quotations in London, Wednesday: "English feeding," f.o.r., per 448 lbs., 28s., as compared with 27s.; Russian, landed, 24s. per 400 lbs., against 23s. 6d. a week ago.

OATS.—There has been a better demand for oats in European markets and prices remained firm. The principal source of supplies is still Argentina. In North America, however, a slight decline in quotations became noticeable. "May" futures, which last week stood at 23½ cents per bushel in Chicago, sold at 22½ cents per bushel on Wednesday this week, against 23½ cents a month ago. Quotations in London, Tuesday: "River Plate," landed, 18s. 3d. per 320 lbs., as compared with 18s. 3d. last week; "River Plate," ex ship, 17s. 3d., against 17s. 3d.; "Chilean White," landed, 26s., against 26s. a week ago.

MAIZE.—Business in maize has been a little less active, with a consequent slight decline in quotations. Wednesday's quotation in Chicago for "May" futures, at 32½ cents, shows a decrease of 2½ cents on last week, and a fall of 1½ cents as compared with the price a month earlier. Quotations in London, Wednesday: "Plate," landed, 21s. 3d. per 480 lbs., compared with 21s. 6d. last week; "Plate," ex ship, 20s. 6d., as against 20s. 9d.; "Plate," April-May, 19s. 6d., as against 19s. 9d. Yellow maize meal, ex wharf, was quoted at £6 per ton, against £6 a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1931-32, 1930-31, 1929-30, 1928-29:—

	1931-1932.	1930-1931.	1929-1930.	1928-1929.
Estimated sales of home-grown wheat—	Owts.	Owts.	Owts.	Owts.
1 week to April 16	121,798	67,087	118,822	148,778
33 weeks to April 16	2,639,622	3,846,908	7,797,829	8,385,455
Average price of English wheat per cwt.	s. d. 5 11	s. d. 5 3	s. d. 8 10	s. d. 9 10

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1928 to 1931:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Apr. 9, 1932	Owts. 76,207	Owts. 51,508	Owts. 30,766	s. d. 6 0	s. d. 8 0	s. d. 7 3
Apr. 16, 1932	121,798	38,634	32,857	5 11	7 10	7 5
Apr. 14, 1928	217,983	67,802	39,235	10 1	10 9	11 5
Apr. 15, 1929	119,087	38,329	32,877	9 10	10 3	9 9
Apr. 19, 1930	118,822	68,294	22,035	8 10	7 9	6 7
Apr. 18, 1931	67,087	26,739	24,375	5 3	7 3	6 0

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Jan. 2, 1931.	April 22, 1931.	Jan. 4, 1932.	April 13, 1932.	April 20, 1932.
Winnipeg (No. 1 Manitoba).....	148½	56½	61½	62½	64	63
Chicago (No. 2 Winter).....	130½	79½	87½	55½	59½	57

The visible supply of wheat in Canada, at 66,437,000 bushels, shows an increase on the week of 770,000 bushels. Supplies a year ago stood at 64,882,000 bushels.

OTHER FOODS.

SUGAR.—Mr. Licht's estimate of sowings in Europe shows a smaller reduction than expected and it exercised a depressing influence on markets. Mr. F. O. Licht estimates the Continental beet area, excluding Russia, at 1,405,000 hectares, compared with 1,525,000 hectares last season, a decrease of about 8 per cent. The Russian area is given as 1,690,000 hectares against 1,495,000 hectares last year. Heavy liquidation in North America was again in evidence. "May" futures in New York were quoted at 0.59 cent per lb. on Wednesday, against 0.60 cent per lb. a week ago, and 0.71 cent per lb. a month earlier. Wednesday's sales of "raws" include "May delivery" at 4s. 2½d. to 4s. 2½d. per cwt., against 3s. 11d. to 3s. 11½d., and "December," at 4s. 11½d. to 4s. 11½d., against 4s. 7½d. to 4s. 10d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1932.	1931.	1932.	1931.	1932.	1931.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London	1,993	731	1,051	2,296	7,137	30,661
Liverpool.....	8,271	20,128	20,136	16,945	79,582	84,271
Total	10,264	20,859	21,187	19,241	86,719	114,932
Last week ...	10,791	12,869	14,986	15,473	97,642	113,314

COFFEE.—The international situation of coffee shows a further improvement and prices hardened in New York. The auctions in London revealed a good demand for East Indian varieties of good quality, but African coffee, being of poor quality, was dull. Last week's movements of coffee in London were as follows: Brazilian, landed, 20 bags; delivered for home consumption, 271 bags; exported, nil; stocks, 5,473 bags, against 2,246 bags last year. Central American, landed, 15,722 packages; delivered for home consumption, 5,795; exported, 2,249; stocks, 123,408 packages, against 116,313 a year ago. Other kinds, landed, 3,878 packages; delivered for home consumption, 2,331; exported, 468; stocks, 107,377 packages, against 106,496 a year ago.

COCOA.—The demand for cocoa was slack, which resulted in a further weakening of prices. "May" futures were quoted at 4.01 cents per lb. in New York on Wednesday, against 4.05 cents per lb. a week ago and 4.31 cents a month ago. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, new crop, April-May, at 22s. 6d. per cwt., f.o.b., London contract, shows a fall of 1s. per cwt. on the week. Last week's movements of cocoa in London were as follows: Landed, 8,247 bags; delivered for home consumption, 5,189 bags; exported, 87; stocks, 191,869 bags, as against 211,867 last year.

TEA.—No auctions were held this week, but the private market was steady. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account:—

AVERAGE PRICE PER LB.

Week ending	Northern India.	Southern India.	Ceylon.	Java.	Sumatra.	Nyasa-land.	Total.
Apr. 16, 1931	s. d. 1 0-04	s. d. 1 3-71	s. d. 1 6-64	s. d. 0 7-26	s. d. 0 7-67	s. d. 0 6-74	s. d. 1 1-23
Mar. 16, 1932	0 10-82	0 9-92	1 3-12	...	...	0 6-34	1 0-04
Mar. 22, "	0 10-88	0 9-32	1 3-87	0 7-39	0 6-88	0 6-59	0 10-90
Apr. 6, "	0 10-17	0 10-41	1 4-34	...	...	0 7-73	1 0-13
Apr. 14, "	0 9-89	0 11-60	1 5-96	0 7-51	0 6-78	0 7-95	0 11-67

RICE.—The market in rice has been steady. Wednesday's "spot" price at 9s. 9d. per cwt., shows a fall of 3d. per cwt. on last week, while forward positions at 9s. show a slight advance. Movements in London during the past week were as follows: Landed, 267 tons; delivered, 36 tons; stocks, 1,074 tons, as against 535 tons last year.

POTATOES.—There was a steady demand for potatoes at the principal markets, but supplies were adequate and prices remained generally unchanged. At the Borough Market, "Best King Edward" sold from 12s. to 12s. 6d. per cwt., as compared with 12s. to 12s. 6d. per cwt. a week ago.

SPICES.—The market in spices was quiet. There were small sales of pepper in the shipment section and prices remained steady. Wednesday's quotation for "Black Singapore" pepper, at 6½d. per lb., shows no change on the week. Movements of pepper in London during the past week were as follows: Black, landed, 19 tons; delivered, 20 tons; stocks, 369 tons, against 584 tons last year. White, landed, 12 tons; delivered, 50 tons; stocks, 721 tons, against 748 tons a year ago.

MEAT.—The recent advance in beef prices at the Smithfield market was almost entirely lost during the past week. On the other hand, mutton remained steady and pork was firmer. On Wednesday, Argentine beef (chilled hindquarters) was sold at 4s. to 4s. 6d. per 8 lbs., against 4s. 6d. to 4s. 10d. on the corresponding day last week, while New Zealand frozen mutton realised 2s. 8d. to 3s. 6d., as against 2s. 8d. to 3s. 6d. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 9,249 tons, as compared with 10,073 tons in the corresponding week last year. Imported beef, principally Argentine, formed 82.8 per cent. of the supplies, as against 84.7 per cent. a year ago; and imported mutton, mainly New Zealand, formed 81.2 per cent. of the total supply, as against 86 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—Quiet conditions have returned and very little business is passing. Demand all round is restricted and prices generally have been on the down grade and the recent advantage gained has been lost. Large arrivals of linseed in Europe and the advent of open weather causing a reduced demand for cakes, have supplied crushers' requirements for the moment. The quantity on passage to Europe, however, is not excessive, and at 153,300 tons is 28,000 tons less than last week, and compares with 222,400 tons a year ago. This has led to some interest in forward positions and the market closes steady at the decline. Current value of Plate afloat and shipment to May is around £7 15s. Indian linseed is neglected, Calcutta to London, April-June shipment, offering at £9 15s. Cottonseed continues quiet, with black Egyptian on passage and April loading steady at £5 15s. Demand for vegetable oils continues on narrow lines. Linseed oil, in sympathy with seed, has fallen back, raw oil, ex Hull mill, for April delivery, declining to £12 10s., whereat consumers are still largely indifferent. Cotton oil is easier and lower, Egyptian crude, ex Hull, offering at £19 10s. and refined (technical and edible) at £22. Oilcakes are in less demand and mill prices are 2s. 6d. per ton down on the week.

HIDE, LEATHER AND ALLIED TRADES.—Rather more interest is being taken in the market for hides from English cattle, and at the sales held in Manchester this week prices were unchanged for all ox and heifers, cows and bulls. Calfskins continue to meet a poor inquiry, and for those weights which were sold reduced figures had to be accepted. Sheepskins also are difficult to move, as both fellmongered pelts and wool met with only a limited trade, and concessions in price have to be made in order to do business. Turnover in imported hides has not shown any expansion, and there is still a considerable amount of weakness about the prices for most sorts. In South American descriptions some sales have been made.

CANADIAN

CLUB

and now
CIGARETTES
50 for 2/3
SAMPLE 5 for 3d

definitely a
man's cigarette

TOBACCOES
11½d per oz
1/10 per 2 oz
tin

GODFREY PHILLIPS LTD. LONDON & MELBOURNE

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Market Hides, London—			
CEREALS AND MEAT.				Lard bladders.....				Wool—English Southdown, washed per lb. 12				Best heavy ox and heifer			
GRAIN, &c.—				American, boxes, 56 lbs. 38 0 41 3				" Lincoln hoo, washed 6 1/2				Best cow 0 21 0			
Wheat—				POTATOES—				Queensland, scd. super cmbg. 18				Best calf 0 6 1/2			
No. 2, N. Man. 496 lb. 30 9				Good English, per cwt. 12 0 12 6				N.S.W. greasy, super 10				INDIGO—			
Eng. Gaz. av., per cwt. 5 11				SPICES—				N.Z., gray, half-bred 50-56 9 1/2				Bengal gdl. red-vio. to fine—per lb. 5 6			
Barley, Eng. Gaz. av. 7 10				Pepper, per lb.—				Tops— 5				LEATHER—			
Oats, 14 lb. flat, landed 7 5				Muntok, fair White 0 7				Merinos 70's 22 1/2				Sole Bends 8/14 lb.—per lb. 1 0 2 0			
Maize, La Plata, landed 21 3				Black Lampong 0 7 1/2				46's 9				Bark Tanned Sole 2 0 3 0			
480 lb. flat, landed 21 3				Cinnamom—1st sort, per lb. 0 7 1/2				Crossbred 48's 10				Shoulders (in DS Hides) 0 6 0 8			
Flour, Lon. stan. ex mill. 23 9				Cloves—Zanzibar per lb. 0 7 1/2				COAL— MINERALS—				Do. Eng. or WS do. 0 8 1 0			
280 lb. flat, landed 23 9				Ginger—per cwt.—				Welsh, best Ad'ty, ton 19 6				Bellies from DS do. 0 4 0 5			
Rice, No. 2 Burma, per cwt. 9 0				African 24 0				Durham, best gas, f.o.b. 14 6				Do. Eng. or WS do. 0 5 0 8			
Tapioa, per cwt.—				Jamaica, ord. to good 55 0 85 0				Sheffield, best house ad. 22 0				Dressing Hides— 1 0 1 6			
Fine Java, spot 27 0				Mace 0 10 1 11				pite 22 0 23 0				Ro. Eng. Calf, 20/30 lb. 2 6 3 6			
Fair Flake, Singapore.. 10 3				Nutmegs 65s 1 5				IRON AND STEEL—				Aust. Bends 1 0 1 4 1/2			
MEAT—				SUGAR—				Pig, Cleveland No. 3, ton 58 6				VEGETABLE OILS—			
Beef, per 8 lbs.—				(Duty, 11s. 8d. per cwt.) 18 0 20 6				Bars, M'brough 200 0				Linseed, naked, p. ton net 13/5/0			
English long sides 5 0 5 6				B.W.I., crystallised 18 0 20 6				Steel Rails, heavy 170 0				Rape, refined 27/0/0			
Argentine chilled hinds 4 0 4 6				Java, white, c. & f. India 7 9				Tin Plates, per box 16 0				Cotton-seed, crude 20/0/0			
Mutton, per 8 lbs.—				March-April 7 9				METALS—				Coconut, crude 24/0/0			
English wethers 4 0 5 0				REFINED—London—				Copper, Electrolytic, ton 34/0/0				Palm 14/15/0			
N.Z. frozen 2 8 3 6				Yellow Crystals 17 7 1/2				Sheets (strong) 63/0/0				Oil Cakes, Linseed, Eng. 7/5/0			
Pork, English, per 8 lbs. 5 4 5 8				Cubes 22 0 22 6				Standard 29/11/3 29/13/9				La Plata, p. ton 7/15/0			
				Crushed 20 0 20 6				Lead Eng. Pig. —per ton 12/0/0				April-May 7/15/0			
				Granulated 18 1 18 10 1/2				Soft Foreign 11/6/3				Calcutta—per ton 9/15/0			
				Home Grown 17 9 18 0				Spelter G.O.B. 12/7/6							
								Tin—English ingots 111/0/0							
								Standard cash 108/7/6 108/10/0							
OTHER FOODS.				TEA—				CHEMICALS—				Turpentine, per cwt.—			
BAKON—				Indian—per lb.—				Acid, citric, per lb. less 5% 1 1/2 1 1/2				54 0			
Irish 88 0 56 0				Pekoe 0 10 1 6				Nitric 0 24 0 1 1/2				PETROLEUM PRODUCTS—			
Danish 52 0 49 0				Broken Pekoe 0 10 1 6				Oxalic, net 0 3 0 4				Motor spirit, No. 1, London 1 3 1/2			
HAMS—				Orange Pekoe 0 10 1 6				Tartaric, English less 5% 1 1/2 1 2				Petroleum, Amer. gdl. 0 9 1/2			
Canadian 74 0				Broken Orange 0 10 1 6				Alcohol, Plain Ethyl. 13 0 0 0				Fuel oil, in bulk, for contracts, ex instal., Thames—			
American 66 0 70 0				Ceylon—per lb.—				Alum, lump —per ton 9 0 9 10				Diesel 60 0			
BUTTER—				Pekoe 0 10 1 6				Ammonia, carb. —ton 36 0 38 0				Lubricating oil ex store, London—per ton 2 8			
Australian 104 0 105 0				Orange Pekoe 0 10 1 6				Sulphate 7 0 7 10				Pales 9/10/0 24/7/6			
New Zealand 104 0 105 0				Broken Orange 0 10 1 6				Arsenic, lump —per ton 35 0 40 0				Reds 10/0/0 16/15/0			
Danish 118 0				Cotton—per lb.—				Bleaching powder, per cwt. 7/10/0 6/12/6				Cylinder 10/10/0 28/10/0			
CHEESE—				TOBACCO—				Borax, gran. —per cwt. 13 0				ROBIN—			
Canadian —per cwt. 68 0 72 0				(Duty 9/8-10/6 per lb.) 0 10 3 0				Do. powder 14 6				S. a. d. s. d.			
New Zealand 62 0				Virginia leaf 0 10 3 0				Nitrate of Soda 9 0 9 6				American —per ton 13/0/0 23/10/0			
English Cheddars 94 0 110 0				Common to fine 0 10 3 0				Potash—Chlorate, net 0 3 0 3 1/2				St. ribbed smoked sheet —per lb. 0 1 1/2			
Dutch 46 0 56 0				Rhodesian leaf 0 10 1 6				Sulphate 10 0 11 0				FINE HARD PARS per lb. 0 3 1/2			
COCONUTS—				Nyassaland leaf 0 9 1 6				Sal-Ammoniac —per cwt. 42 6 45 0				SHRILL—			
Duty, British grown 11s. 8d.; foreign, 14s. cwt.)				strips 0 10 1 8				Soda Bisulphate —per cwt. 9 0 10 6				TN Orange —per cwt. 60 0 62 6			
Accra, f.f. —per cwt. 24 0 29 0				East Indian leaf 0 4 0 8				Crystals —per cwt. 5 0 5 3				SHRELS—			
Trinidad 40 0 45 0				strips 0 5 1 3				Sulphate of Copper, per ton 18 10 19 10				W. Aust. M. o.-P. 5 0 14 0			
Grenada 32 0 39 0				COTTON—				CEMENT, London—				TAILLOW—			
COFFEE—				Mid-American —per lb. 4-90				Portland, best Eng. pr. ton 44 9 46 9				London Town per cwt. 21 0			
Duty, British grown 11s. 8d.; foreign, 14s. cwt.)				Sakellaria, f.g. twist 6-50				In jute sacks (11 to ton) 44 9 46 9				TIMBER—			
Santos sup., c. & f. cwt. 58 6				Yarns, 32's twist 8 1/2				COPRA—				Swedish u/s 3 x 8 per std. 17 0 18 0			
Colombian, good 72 0 92 0				60's twist 14				S.D. Straits c.f.f. per ton 15/5/0				" 2 1/2 x 7 " 16 0 0 0			
Costa Rica, med. to good 73 0 115 0								Smoked South Sea 13/17/6				" 2 x 4 " 15 0 0 0			
East Indian " 88 0 118 0								DRUGS—				Can. Spruce, Dis 24 0 0 0			
Kenya, medium 82 0 105 0								Camphor —per lb. 2 7 2 8				Pitchpine —per load 9 0 0 0			
EGGS—								Castor-oil —per lb. 85 0 95 0				Rto Deals —per std. 28 0 0 0			
English —per 120 9 0 9 9								Ipecacuanha —per lb. 5 3				Teak —per load 30 0 0 0			
Danish —per 9 0 9 6								Peppermint, Wayne Co. —per lb. 9 3 9 6				Honduras Mahg. logs c. ft. 0 10 6 0			
FRUIT—								HIDES—				African —per lb. 0 6 0 6			
Oranges—								Wet salted—Australian —per lb. 0 4 0 5 1/2				Amer. Oak Boards —per lb. 0 6 0 6			
South African boxes —								West Indian —per lb. 0 0 0 3 1/2				" Ash —per lb. 0 7 0 0			
Jaffa —								Cape —per lb. 0 3 0 3 1/2				English Oak Planks —per lb. 0 6 0 6			
Lemons, Sicilian boxes 12 0 15 0								Dry and Drysalted Cape —per lb. 0 5 0 6							
Malaga cases 420 No. 1 29 0 29 6															
Apples: Amer. (var.) bria. 9 0 12 0															
" (var.) boxes 8 0 12 0															
" Australian 8 0 15 6															
ONIONS—															
Valencia, case, 4s. 12 9 13 9															
Egyptian Bags 12 9 13 9															
Grapes, Lisbon boxes —															
" Almeria bria. —															

to the trade of this country. B.A. Frigorific ox having realised just under 3½d., while seconds have changed hands at 3d., and Montevideo ox at a fraction over 3½d. Quotations for dry hides from the same origin remain low, business having been done in B.A. Americanos at 4½d., while parcels of Inservibles are obtainable at 2½d., and M.V. Americanos at 5½d. Trade in regard to Africans is very limited; small sales of dry Capes have been made at 5½d. and 4½d. for firsts and seconds, while 4½d. and 3½d. are the figures mentioned for dry salted. Australian hides remain too dear to allow of much being done on this side. Producers and distributors of leather appear to be a little more optimistic regarding conditions, and it is hoped that from now until the Whitsun holiday trade will show gradual expansion. At the moment orders generally are on the small side, but they are coming to hand rather more frequent than has been the case for several weeks past. For shoe manufacturing requirements medium weight dry-hide bends are the best sale, and moderate quantities of these have gone into consumption. There has been a slight improvement in the inquiry for the lighter weights in this type of bend, in addition to which medium weight English and wet-salted bends have been taken up on account of the repairing section. In regard to ofal, pinned bellies have commanded the bulk of the trade passing in this direction; there has been a small amount of business done in shoulders, but rough ofal has remained quiet. In the case of upper leathers, there has been no improvement in the call for calf leathers, but a moderate turnover is being done all the time in black and brown glauc kid. Patent leather has also received more attention, in addition to which a regular, if limited, call is met with for suede and reptile leathers.

RUBBER.—The past week has been dull and featureless, and prices hardly fluctuated. Meanwhile, the demand for this commodity remains disappointing. The average daily consumption in March in the United States, at 1,031 tons, shows a fall of 274 tons per day on February. In New York, Wednesday's spot price for rubber at 3½ cents per lb. shows no change on the week. Wednesday's official closing price for standard ribbed smoked sheet in London, at 1½d. per lb., shows no change, as compared with the

corresponding day last week. In forward positions, business has been done at 2½d. to 2½d. for October-December, as against 2½d. to 2½d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 1,984 tons; delivered, 1,812 tons; stocks at the end of last week, at 125,019 tons, show an increase of 172 tons as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.

(New York quotations, unless otherwise stated.)

	Mar. 22.	Apr. 13.	Apr. 20.
Cents.	Cents.	Cents.	Cents.
Wheat, No. 2, Winter, nearest future,			
Chicago, per bushel	50½	50½	57
Maize, nearest future, Chicago, per			
bushel	33½	34½	32½
Oats, nearest future, Chicago, per			
bushel	23½	23½	22½
Rye, nearest future, Chicago, per			
bushel	44½	47½	44½
Coffee, Rio No. 7, cash, per lb.	7-7½	7½-7½	7½-8
" Santos No. 4, cash, per lb.	8½-9½	9½-9½	9½-9½
Cocoa, Acra, nearest future, per lb.	4-31	4-05	4-01
Sugar, Cuban Centrifugals, 96 deg.,			
spot, per lb.	2-74	2-60	2-61
Cotton, middling, spot, per lb.	6-61	6-25	6-25
Rubber, smoked sheet, spot, per lb.	3½	3½	3½
Petroleum, Pennsylvania crude, stan-			
dard grades, per barrel	155-170	155-170	155-170
Copper, "Electrolytic," Domestic,			
spot, per lb.	6	5½	5½
Copper, "Electrolytic," Copper Ex-			
porters, Inc., spot, per lb.	6½	6	6
Spelter, East St. Louis, spot, per lb.	2-775	2-80	2-775
Lead, spot, per lb.	3-15	3-00	3-000
Tin, "Straits," spot, per lb.	21-75	18-50	19-375

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TABLE OF CONTENTS.

The Money Market	949	Foreign Stock Exchanges—	
Leading Articles—		New York	977
Wanted—A Policy	951	Canada	977
The German State Elec- tions	952	Paris	977
Our Protective Tariff.....	953	Berlin	977
British Industrial Profits —I.....	954	Amsterdam	977
The Tariff Schedules	956	Other Centres	980
Capital for British In- dustry	956	Investment Notes—	
Notes of the Week—		The New Issue Market ...	980
A Government Reverse ...	958	Tariffs and Industrial Shares	980
Liberal Ministers and the Tariffs	958	Stock Exchange Adver- tising and Closing	981
Marking Time at Geneva ..	959	Auditors and Company Law	981
The Situation in Man- churia	959	Home Railway Receipts...	981
The Arrests at Delhi	960	Kreuger (Continued)	982
The Exchange Equalisa- tion Account	960	The Tea Duty	982
The Budget Debates	960	Johnson and Phillips....	982
The Free State and the Oath	961	Rubber Plantations In- vestment Trust	983
Lord Beaverbrook and the Prince	961	Shell Union	983
Greece Abandons Gold... ..	961	Baltimore and Ohio Rail- road	983
The Volume of Overseas Trade	962	Tin Restriction	984
Cotton Trade Hours and Wages	962	London Tin Corporation ..	984
Canada and New Zealand ..	962	British Controlled Oil- fields—A Correction ...	984
Idle Shipping	962	Waihi Gold	984
The Commonwealth Bank of Australia	963	Company Meetings of the Week	985
Insurance Notes—		Capital Issues	985
The Royal Exchange	963	Balance Sheets.....	986
London and Lancashire ..	963	Weekly Traffic Returns...	986
Law Union and Rock	964	Company Meetings, &c.—	987
Legal and General	964	Government Returns, &c.—	
Car and General	964	Treasury Bills	995
Motor Union Insurance....	964	National Accounts	995
Caledonian Insurance	965	The Bankers' Gazette—	
World Auxiliary	965	Bank of England	996
Guildhall Insurance	965	Bankers' Clearings	996
Overseas Correspondence—		Provincial Clearings	996
League of Nations	965	Overseas Bank Returns....	996
United States	966	Loan and Discount Rates ..	998
France	967	Rates of Exchange	998
Germany	968	Overseas Bank Rates	998
Austria	969	Bullion	998
Hungary	970	Gold and Silver Prices....	999
Norway	971	Company News—	
Turkey	972	Dividend Announcements ..	999
Letters to the Editor—		Reports and Notices	999
Capital for Industry	972	Profit and Loss Accounts ..	1000
Books Received	973	Commercial Reports—	
The Stock Exchange—		Market Summary	1000
The Royal Dutch-Shell Group	974	The Coal Trade	1001
The Insult Failure	975	Iron and Steel	1001
The Week in the Markets ..	976	Other Metals	1001
London Active Securities ..	978	Textiles	1002
New Issue Prices	980	The Grain Markets	1002
		Other Foods	1003
		Miscellaneous Commodi- ties	1003
		Commodity Prices in the United States	1004
		Prices Current	1004

special buying of early June bills at $1\frac{1}{4}$ per cent., a procedure which was of benefit both to the market and to the authorities, for the latter will automatically find themselves in funds just in time to meet the June War Loan dividend payment. Money was perhaps at its dearest on Monday, when 2 per cent. was a common rate. On Thursday $1\frac{1}{4}$ per cent. was charged for old and new money alike.

Friday of last week witnessed another heavy application for Treasury bills, the amount applied for running up to £76.5 millions for the £35.0 millions on offer. It is believed, however, that many applicants are now in the habit of tendering two or three times over, at slightly different rates, as their opinions change as to the rate at which allotment will be made. It is further believed that if by any chance all these alternative tenders proved successful, the applicants would find themselves allotted a considerably larger number of bills than they desired. Still even allowing for this multiplication of tenders, there is no doubt that there is still a keen demand for Treasury bills, for last week's issue went at £1 16s. 3.92d. per cent., which is the lowest rate on record since July 28th, 1922. This week £40.0 millions are on offer, and, as pointed out, the steady increase in the Treasury bill issue which began with the new financial year is already beginning to make money more scarce. Hence a stiffening of the rate from this low level is not unlikely.

Immediately after the result of the tender was known, "hot" Treasury bills were quoted at $1\frac{1}{4}$ per cent., but during the current week the rate has hardened until, on Wednesday, $1\frac{1}{2}$ per cent. was a common quotation. On Thursday, $1\frac{1}{2}$ per cent. was again the general rate. Three-months' prime bank bills have been quoted consistently at 2 per cent. and a shade over. The best standstill bills, however, eased during the week to $2\frac{1}{2}$ per cent.

	Apr. 7, 1932.	Apr. 14, 1932.	Apr. 21, 1932.	Apr. 28, 1932.	Previous Rate and Date Changed.
Bank Rate	$\frac{3}{4}$	$\frac{3}{4}$	$\frac{3}{4}$	$\frac{3}{4}$	$\frac{3}{4}$ (Apr. 21, '32)
Banks' Deposit Rate.....	$1\frac{1}{4}$	$1\frac{1}{4}$	1	1	$1\frac{1}{4}$ (Apr. 21, '32)
Discount of Call	$1\frac{1}{4}$	$1\frac{1}{4}$	1	1	$1\frac{1}{4}$ (Apr. 21, '32)
Houses (Notice ...)	$1\frac{1}{4}$	$1\frac{1}{4}$	$1\frac{1}{4}$	$1\frac{1}{4}$	$1\frac{1}{4}$ (Apr. 21, '32)
Market rate ("hot")					
Treasury bills.....	$2\frac{1}{4}$ - $\frac{3}{4}$	$2\frac{1}{4}$ - $\frac{3}{4}$	$1\frac{1}{2}$	$1\frac{1}{2}$	...
Market rate (3 months' bank bills)	$2\frac{1}{4}$ - $\frac{3}{4}$	$2\frac{1}{4}$ - $\frac{3}{4}$	$2\frac{1}{4}$ - $\frac{3}{4}$	$2\frac{1}{4}$ - $\frac{3}{4}$	...
Market rate (standstill bills)	$2\frac{1}{4}$ - $3\frac{1}{4}$	$2\frac{1}{4}$ - $3\frac{1}{4}$	$2\frac{1}{4}$ -3	$2\frac{1}{4}$ -3	...

In spite of this week's relapse of sterling to \$3.67 and Frs. 93 $\frac{1}{2}$, and the narrowing of the discount on forward dollars to $\frac{1}{2}$ cent, foreign bank demands for British Treasury bills remain in evidence. It must be remembered that even to-day a better return is obtainable upon sterling bills than upon bankers' acceptances in New York, whose rate has now been cut to $1\frac{1}{4}$ per cent; also foreign buyers can cover themselves by forward sales of sterling. Apparently the authorities have during the last few months been concerned mainly with checking speculative and not investment purchases of sterling, on the ground that it is speculation that is the main cause of wide exchange fluctuations. This explains why their operations have been confined mainly to the spot market and why special steps were not taken to reduce the high premium at which forward sterling recently stood, and which served to attract foreign funds to London, thereby intensifying the investment demand for sterling.

This week's Bank return bears evidence of the disappearance of market funds, for mainly owing to an increase of £14.2 millions in Public Deposits, Bankers' Deposits have fallen by £14.6 millions to £58.3 millions. It must be remembered that the Bank return only reflects the position at the close of business upon Wednesday afternoon, and that a very different position may exist a few hours before or after that time. Hence this transfer from Bankers' to Public Deposits is very likely purely for-

tuitous, and represents some passing discrepancy between Treasury bill issues and maturities. It is by no means certain that it is a fair representation of the situation during the whole of the week.

The only other changes of importance in the return are an increase of £6.3 millions in Government Securities and a decline of £7.7 millions in Other Securities. It would be dangerous to assume that these movements reflect sales of *Devisen* by the Bank. The note circulation has contracted by £1.5 millions, and the Reserve has increased by the same amount. The Proportion stands at 37.3 per cent., which is little different from last week.

In New York call money remains at $2\frac{1}{4}$ per cent., but further reductions have been made in open market discount rates with the result that 90-day bankers' acceptances are now quoted at $1\frac{1}{4}$ per cent. against $1\frac{1}{2}$ per cent. last week. Last week's Federal Reserve statement recorded further open market purchases of Government Securities of \$93 millions, raising the total net acquisition by the Reserve system to \$193 millions for the preceding fortnight. The Reserve Banks are thus continuing and intensifying their easy money policy. Gold movements during the week were limited, the chief shipments being imports of \$999,000 from Canada and exports of \$500,000 to Holland. Earmarkings on foreign accounts, however, were increased by \$7.5 millions.

The foreign exchange market was active in patches during the week, almost all currencies moving fairly sharply against sterling on the closing of "bull" sterling accounts after the announcement of the creation of the sterling Exchange Equalisation Account. New York went from 3.77 to 3.67 after touching 3.65 $\frac{1}{2}$. Montreal was better by 6 points at 4.13. Paris, after 92 $\frac{1}{2}$, reacted to 93 $\frac{1}{2}$, against 95 $\frac{1}{8}$ last week. Brussels was firmer at 26.25, as was Milan at 71 $\frac{1}{2}$. Madrid improved from 48 $\frac{1}{4}$ to 47. Berlin, after hesitation on the news of the Prussian elections, improved from 15.87 to 15.42. Amsterdam was considerably firmer at 9.06. Switzerland went from 19.40 to 18.90. All the Scandinavian currencies reacted after their recent weakness, Stockholm being 25 points better at 20.00, Oslo improving from 20.50 to 19.75, and Copenhagen going from 18.27 to 18.23. Bucharest went to 615 after being for some time past quoted at 635. The first official quotation of the drachma since Greece abandoned the gold standard was given at 449 $\frac{1}{2}$ and 456 $\frac{1}{2}$. In the Far East the rupee fell away to 1s. 5 $\frac{1}{2}$ d. against 1s. 6 $\frac{1}{2}$ d. last week. The yen was unchanged at 1s. 9 $\frac{1}{2}$ d., but Batavia improved from 9.36 to 9.13. In the forward market dollars were rather more in demand at narrower discounts of $\frac{3}{4}$ cent. and $\frac{1}{2}$ cent. Paris was firmer at 6 centimes premium for one month and 16 for three. Brussels, from par and 2 centimes discount, went to round about par for both deliveries. One month's Milan remained at $\frac{1}{4}$ lira discount, but three months' weakened by $\frac{1}{4}$ to $\frac{1}{2}$ lira discount. Madrid for one month's delivery was unchanged at $\frac{1}{4}$ peseta discount, but for three months' it weakened by $\frac{1}{4}$ to $\frac{1}{2}$ peseta discount. Amsterdam, from $\frac{1}{2}$ and 1 cent discount, moved to $\frac{1}{2}$ cent premium for both periods. Switzerland was considerably firmer at 2 centimes premium for one month and 4 centimes premium for three. The silver market was quiet and transactions small. Chinese buying at the close advanced prices on the week by $\frac{1}{4}$ d. to 17 $\frac{1}{2}$ d. for cash and to 17 $\frac{1}{4}$ d. for forward. The Chinese silver exchanges reacted in sympathy, both Hong Kong and Shanghai improving by $\frac{1}{4}$ d. to 1s. 3 $\frac{1}{4}$ d. and 1s. 8 $\frac{1}{4}$ d. respectively.

MONTHLY TRADE SUPPLEMENT

We publish this week our Monthly Supplement, in which will be found an appreciation of the trade situation at home and abroad, together with statistical information on the foreign trade, price movements, currency, and production of the leading commercial countries of the world. Its contents include an index of electricity production, and a series of indices of British trade activity.

WANTED—A POLICY.

A YEAR has passed since the Credit-Anstalt affair set in motion the financial crisis, and since that date most of the efforts made to check its development have proved abortive. It cannot be claimed that much progress has been made in any direction. If since September last Great Britain has avoided being dragged down by a further slump in gold prices, we cannot pretend that we have done more than hold our own, and it is extremely difficult to find signs of improvement in any other country. This week Greece has gone "off gold," and there is no doubt that, ultimately, others will follow. If there is any ground at all for confidence it is not to be found in the achievements of statesmen or in the initiative of leaders of industry or commerce, but rather in two simple facts. One is that the 1,800 million inhabitants of this globe are all consciously trying all the time to resume their normal economic activity. The urge to live is inducing the merchant to try and sell, the agriculturalist to produce, and the carrier to find something to transport. Happily, the urge of life is stirring all the time among the masses of humanity. The other consideration is that the first shock of disease is as a rule the worst, and the physical body gradually develops powers of resistance. Similarly, the body economic has, to-day, become so used to shocks that, unless those which are still to come are of a much more violent kind than hitherto, each one will do less damage than the last.

But such comfort as these reflections may afford is not very flattering when viewed as the results of modern statesmanship, and there is, indeed, no reason why the world should be compelled to have to rebuild its economic life from its roots. Seeing that so many of our present ills are due to human shortsightedness, to prejudice and to error, we should be able to retrieve the situation by reversing mistaken policies.

In this matter, British statesmen have a great responsibility and an exceptional opportunity for leadership. The measure of our responsibility is the fact that any action we may take profoundly affects the trading conditions over a great part of the world; we are far the largest market for the world's products, of which, indeed, we have bought nearly one-fifth of all that has been exported by other countries during recent years. Even in our own interest, we cannot and dare not think in insular or even imperial terms alone. But we also have an opportunity. Whatever mistakes we have made in the past, or however distasteful our attitude may have been to other countries, it happens that at the present moment there is no Great Power which is not anxious to be on friendly terms with England, and would not feel itself strengthened by co-operation with this country. M. Tardieu has made it abundantly clear, since his accession to the Prime Ministership, that the central feature of his foreign policy is a good understanding with England, and the French Press reflects in no uncertain manner the anxiety of France to avoid isolation. Similarly, Germany for some time past has looked to this country for an understanding of her difficulties, while the readiness of the United States to co-operate with Great Britain has been greatly strengthened by the emergence of a common interest in the Far Eastern crisis. Last summer's temporary eclipse of British influence is over.

How has the National Government risen to its opportunity? On a cynical view, after a multitude of conferences, the progress made in solving the great international problems which are besetting us, whether in the political or economic field, is nil. The Indian Round Table Conference has had to refer its most critical issue to the Prime Minister for arbitration after many months of talk; the authority of the League of Nations has not yet been established in the Far Eastern dispute; in disarmament, the Powers have not yet come to grips. In the economic sphere the progress has been even less, for there has as yet been almost no concrete proposition laid upon the table on any leading question. Indeed, the only

one that may be called at all specific, namely, the proposal laid before the Four Power Danubian Conference early in April, went to complete shipwreck on the rocks of the conflicting interests created by the Peace Treaties. The vital question of reparations and war debts has been put off again and again, and the best that can be said on this topic is that at last a definite date has been fixed, six weeks ahead, for the Lausanne Conference. To-day, however, things have got to such a pass that the complete wiping out of reparations and war debts would not alone serve to turn the tide. The world can only get going again if reasonable arrangements are arrived at with regard to the two central conditions for the restoration of trade, namely, a solution of the monetary problem which will lead to stability of prices at a figure above their present depressed level, and a removal of the trade barriers which, not only in the past, but to an exceptional degree at present, are responsible for the paralysis in international trade. Our contribution towards the solution of these problems has been to leave the world in doubt as to our monetary policy, leaving the road open to speculation in the pound, which has swung during the last quarter between \$3.25 and \$3.80, and to erect a new, and in some cases insurmountable, trade barrier to international trade in the world's greatest market.

If this view does less than justice to the efforts of the National Government, it is because it does not allow sufficiently for the extraordinarily complex nature of the questions which we are to-day called upon to solve, and the serious obstacle created by the great differences in outlook with which the nations of the world approach all these questions. But to say that all the routes are rough and overgrown does not make it any the less necessary to hack a way out of the jungle and to do it quickly.

It is hardly necessary for us to repeat the view, which we have consistently reiterated, that economic revival requires the solution of the political questions of the day no less than of economic conundrums; but it is with regard to the latter that the business world not only at home, but abroad, is looking to the British Government for guidance. The general attitude of Great Britain towards war debts and reparations is quite well known. The country expects that our representatives will disclose sufficient resources of statesmanship and diplomacy to enable this problem to be cleared up finally at the Conference in June.

As to our policy on the equally pressing, and now more far-reaching, questions of currency and trade, the world is in the dark. It is in the field of currency more than any other that we have the sense of having regained the initiative. But how are we going to use it? We have heard much in recent months of the so-called "sterling" area—though the term is something of a misnomer applied to a group of countries, most of whose currencies are in no way linked to sterling. There is undoubtedly among many of them a readiness to associate themselves, through their monetary policy, with the economic prospects of Great Britain. But it is not to be expected that they can take any definite steps in this direction until it is known more clearly what Great Britain's monetary policy is. The establishment of the Exchange Equalisation Fund is a step in the right direction as an indication that resources will be made available to enable the Bank of England to exercise some influence over the exchange. But in accordance with what policy will this influence be exerted? In the absence of any indication of our intentions, other countries of the sterling group have no guide as to what their policy should be, and to associate themselves definitely with us would be a leap in the dark. It is not sufficient to say that the world will discover our policy as a result of experience, and that in the end it will prove to be the wise course to link with sterling. That course of action, or inaction, means prolonging uncertainty almost indefinitely. Nor must it be forgotten that the experience of the last three months has not been encouraging. The rise in

the sterling exchange in February and March, which caused such perturbations among our own industrialists, proved a real and serious setback to India, and began to undermine confidence in the sterling link in the most important of the currencies which are now linked to the British pound. We are well aware of the difficulties and drawbacks in forming any definite policy, but we are strongly of the opinion that the time has come for the Government and the Bank of England to formulate a definite policy, and that any risks that might be involved would be far outweighed by the advantages to the world in knowing on what course our ship is set.

But there is another point. There can be no expectation of bringing foreign countries within the orbit of sterling's influence unless we are prepared to trade with them. Whatever technical measures might be taken to try to link the given currency with a managed pound, it is quite certain that they would break down if tariffs are maintained between the two countries in question at sufficient heights to choke off trade between them. This brings us to the whole question of tariffs and the possibility of releasing the channels of trade from the obstructions from which they are becoming almost completely blocked. Here again it is said that we cannot take the initiative until after Ottawa. Even from the point of view of those who believe most firmly in the possibility of a big expansion of British trade with the Empire, this is not a valid excuse, for not only are the forms of trade with foreign countries in the main different from those within the Empire, but it would be quite easy to formulate a basis of negotiations which would not in any way prejudice our ability to give preferences to the Empire. But, though the use of a tariff for securing greater freedom of international trade stood in the very forefront of the election manifestoes of Mr Baldwin and Mr MacDonald, the truth of the matter is that the tariff is being considered purely from the protective point of view and not from the point of view of bargaining. That is to say, the interests of industries competing with imports and not those of the exporters are being considered. We do not read the statement of the Advisory Committee as barring the way entirely to any agreement with foreign countries in the next twelve months, and Mr Runciman's statement that he is prepared to take up this matter as soon as Ottawa is over must be read to mean that he at least does not consider his hands to be tied. But it would have been very much better if, when the Government approved and laid before Parliament the conclusions of the Committee, they had stated in general terms the basis on which they were prepared to make arrangements with foreign countries. The removing of exchange restrictions is actually the most urgent step to enable trade to begin once more to expand, but there can be no real recovery if, when this obstruction is removed, there is revealed behind it a new and equally effective barrier of high tariffs. Unless the Government has a policy in all these matters upon which the solution of the world economic problems depend, we must abandon hope of any important trade revival in the autumn. The longer that the Government delay in stating their policy, the more inclined will the world be to suppose that their silence denotes an absence of constructive purpose.

THE GERMAN STATE ELECTIONS.

It would be idle to deny that, in the five general elections for State Parliaments which were held in Germany last Sunday, the Hitlerites have scored a substantial success. The figures cannot be gainsaid, and unprejudiced observers will accept the fact and save their energies for the task of inquiring why this event has come to pass.

What, then, is the psychological force that has carried the Nazis, in Prussia and these other four German States, not quite into the saddle but only just short of it? The general nature of the impetus is not difficult to understand. In fact, it is something so familiar that there can be very few people left in our post-war world by this time who have not some rudiment of the same feeling

in their own breasts. The rising wave of Hitlerism is a local German exhibition of the general human exasperation with the perverse ineptitude of post-war international statesmanship. This exasperation is a sentiment that we not only understand but share. Yet any disposition to sympathise with Hitlerism on this account will not survive a moment's reflection. For if the world's statesmanship is at fault, what hope is there in a protest which surpasses even orthodox statesmanship in its folly? And if the head and front of the world's present political offending is nationalism, how in the name of reason can anyone seriously propose to remedy the evils of nationalism by a double dose of the same poison? As well try to cure a drunkard by administering brandied port.

No, this Hitlerism offers no cure for Germany's, or the world's, distemper. It is rather one of the most threatening local symptoms of a world-wide malady that is at last apparently on the point of coming to its crisis. The Nazi gains in these German elections of last Sunday can only do one conceivable piece of good; and that is to put the fear of God into the hearts of the statesmen. They may shirk the question of disarmament until after the French elections, and then perhaps postpone it once again by piling it on to the overloaded agenda for Lausanne. But their time of grace—which dates, after all, from November 11, 1918, now thirteen and a half years ago—has now almost run out; and these German election results are only one of many signs and portents which all give the same urgent and unmistakable warning.

As for the bearing of last Sunday's elections upon the internal politics of Germany, the results are unquestionably representative of the state of German political feeling as it actually is at this moment. For one thing, the combined area of the five States in which the elections were held amounts to no less than four-fifths of the total area of the Reich. Prussia alone covers two-thirds of the Reich and comprises most of the key-points: the Ruhr, Berlin, the Ostmark. Hamburg and Bavaria stand for the two extreme poles of German social life: the northern maritime, commercial, Protestant city-state against the southern, inland, agrarian, Catholic ex-kingdom. Anhalt, again, is typical of the tiny principalities that have preserved their separate identities, like flies in amber, as geographical enclaves within the overgrown body-politic of Prussia. Protestant Württemberg is a kind of middle term between North and South. It is evident that, in these five local elections, a fair sample has been taken of German national feeling.

Polling day was marked by manifestations of intense bitterness but by few physical casualties—few, at any rate, according to recent German standards. The credit for this may be partly due to Herr Hitler's determination to follow constitutional methods; but it must also be credited in part to the action—taken by the public authorities on the morrow of the second ballot in the Reich presidential election—when they disbanded Herr Hitler's "brown army." These considerations, however, make Herr Hitler's success last Sunday all the more impressive. The figures are eloquent. In Prussia, the number of Nazi seats in the new Diet will be 162, as against a previous 9; in Bavaria they will be 43 as against 9; in Württemberg, 23 as against 1; in Hamburg, 51 as against 43; in Anhalt, 15 as against 1. It is the Prussian significance can only be understood in relation to the general state of the parties and in the light of Prussian parliamentary procedure.

In Prussia (as likewise in the other four States) one of the smaller factions under the pressure of the bigger groups. Take, for example, the respective fortunes of the three parties which, in Prussia, have hitherto commanded, in alliance, a sufficient majority in the Landtag for the comfortable maintenance of a stable coalition Government. The largest of these three parties, the Social-Democrats, have been reduced from 137 seats to 93; the second largest, the Centrum (i.e., the Catholic Party), only from 71 to 67; while the smallest, namely

"the State Party" (the heir and assign of the former Democratic Party) has been virtually annihilated by its reduction from 22 seats to 2. The Christian Socialists, again, have dropped from 4 seats to 2, while cranks like the German Faction, the Economic Party and the Independents, whose seats formerly aggregated 48, have been totally wiped out. In the new Diet, they will not have one single seat among them. (Only those super-crank, the Hanoverians, have increased their representation from nought to one). Most striking portent of all is the whitening down of the old humdrum parties of the Right. The German Nationalists have shrunk from 71 seats to 31, and the People's Party from 40 to 7. In fact, the Hitlerites have poached the most heavily upon the preserves of their nearest neighbours—though they have, of course, nibbled away some support from every other party in the field with the exception of the Communists. Of the non-Hitlerite parties, the Communists alone, apart from the semi-farical Hanoverians, have added to their strength, and their gains are not sensational. They have merely raised their number of seats to 57 from 48.

What is the upshot of these figures? In the new Prussian Landtag, there will be four parties that will count; and these, in order of numerical strength, will be the Nazis, the Social-Democrats, the Centre and the Communists. If the new Landtag divides into the old coalition camp on the one side and the Nazis—with the Nationalists and the People's Party now in tow—on the other, then the Communists will be in a position numerically to hold the balance; for the old coalition forces will muster 162, and the Nazis and their satellites 200; and the 57 Communists will thus be able to place either of these two possible alliances in a minority. What practical use, however, will the Communists be able to make of this power, since conscientious scruples debar them from contracting political alliances, even if any other group were willing to have them for partners? The Communists can only obstruct, they cannot govern; and it looks as though it were not the Communists, but the Centre, that will find themselves, after all, in the key-position. Their very standing-ground in the middle gives the Centre the potential command, and their trifling loss of four seats still leaves them sufficient "mass of manoeuvre" to remain, strategically, masters of the situation. The strength of the Centre is that their co-operation is indispensable for the formation of any conceivable coalition Government; and though, in the new Landtag, their old alliance with the Social-Democrats and the State Party will no longer command a majority, there is one possible alternative coalition, commanding a substantial majority, if—and only if—the Centre Party could be induced to form it; and this, of course, is a coalition between the Centre and—the Nazis!

Will the Hitlerites in the new Prussian Landtag purchase office by going into coalition with the Centre on the Centre's terms? Or will they insist intransigently upon holding all the important ministries and settling all the important points of policy (supposing they can lay hands on a policy, for at present they have none!)? Judging by their recent tactics, intransigence will be their cue; and then, under the present rules of Prussian parliamentary procedure, we shall see the *ci-devant* coalition Government resume, after its resignation in default of any alternative coalition commanding a majority. This would mean a virtual stoppage of the Parliamentary machine. And since, in a State of the size and importance and complexity of Prussia, the work of administration and legislation simply must go on, this might lead very soon to some kind of dictatorial intervention on the part of the Government of the Reich. Seeing that the new Landtag will not meet, apparently, until June 20th, the parties have eight weeks' leisure for considering every possible permutation and combination; and by then the Lausanne Conference will be upon them and us. Is June, 1932, destined to be the month in which the world crisis will come to a head?

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OUR PROTECTIVE TARIFF.

THE Additional Import Duties Order, together with the Report* of the Advisory Committee, lays open so many points of attack that it is a matter of embarrassment for the critic to choose at which point to aim his first quiver full of arrows. But, before he shoots at all, he will do well to pause and consider how this amazing target came to be placed before him. The story of the way in which the country has been manoeuvred into protection is childishly simple. Last September the Government appealed for a mandate to apply any emergency measures (including tariffs) which they might deem necessary to save the pound and "correct the balance of payments." But at the same time explicit pledges were given that, before tariffs were permanently imposed, there would be full and careful examination of all the interests involved, including those of the consumer. Political pressure drove the Cabinet speedily into the tariff field. Mr Runciman and Sir John Gilmour jumped in with schedules of prohibitive duties, which were defended as being purely temporary "crisis" expedients. Next the exigencies of the Exchange were paraded as the reason for the introduction of a 10 per cent. revenue tariff. Then the wheat grower was propitiated with a quota—which is protection trying hard to disguise itself. But ravening political wolves were in no way satisfied. All this was only a morsel—they wanted a meal; and here it is, a protectionist pottage, full and tasty. The Pound no longer gives trouble except to those who wish to keep it from rising; no one pretends that the position of the balance of payments remains critical; the revenue argument is invalid so long as the Government shirk the task of stern retrenchment. Yet here we have, thrown at the country, without discussion and without inquiry, a frankly protectionist tariff, ranging from medium to high in its incidence, extensive in its scope, permanent in its design and containing all the insidious germs of growth and expansion. It is one of the most astounding and deplorable chapters in our political history.

Those who examine the analysis of the schedules will probably reach the conclusion that the object of our tariff framers is not so much to provide revenue as to shut out goods competing with home products, and to do it by imposing duties which will equal or exceed the difference in the cost of production at home and abroad. It is the famous "compensating" principle which has led to all the high tariffs of the world, and when carried to its logical conclusion puts an end to all exchange of goods. The new Orders will certainly apply very drastically the "slimming" process to both sides of the trade account both of Britain and her foreign customers. The result cannot fail to be substantial and disastrous to some already harassed European countries, for, as a glance at our analysis shows, the schedules add gravely to the overwhelming odds against which many countries, all of them potentially our customers, many of them actually our debtors, are struggling to keep in existence the export surplus upon which their stability depends. Germany and Belgium appear to be the hardest hit. At home a grave and a dual blow is struck at our export trades; for not only is the purchasing power of our foreign customers substantially damaged, but the cost of exports will ir

* "Import Duties." Recommendations of the Import Duties Advisory Committee and Additional Import Duties (No. 1) Order 1932. H.M. Stationery Office. Cmd. 4066. Price 6d. net.

some cases be seriously raised—particularly in the absence of any provision for rebates on the materials used directly or indirectly in the manufacture of goods for export. This point have been raised in the House of Commons this week, a promise has been given to deal with the matter in the Finance Bill. The resulting proposals will require careful scrutiny, and it is indeed astonishing that a rebate system was not made an integral part of the original tariff arrangements. The need for a rebate is particularly glaring in the case of steel, where the position created by the topsy-turvy imposition of 33½ per cent. on imported "semis" and a lesser duty of 20 per cent. on finished goods is so impractical that it will certainly prove temporary. The new steel tariff is an outstanding example of the way in which political exigencies have triumphed over economic expediency. Several committees, as well as Mr Baldwin's last Government, have concluded that the introduction of a steel tariff was fraught with such far-reaching influences affecting so many important branches of national life that prolonged study was essential before any scientific scheme could be devised with proper regard to broader national inferences. To-day a high steel tariff is imposed without further inquiry, and in a form which even the most enthusiastic protectionist could not call scientific. As we have more than once shown in the *Economist*, the number of workers employed in industries using steel in some form as a raw material is nearly ten times as great as the number employed in the steel-producing industries themselves; on these consuming industries the new imposts cannot fail to have far-reaching effects.

The establishment of the protective as against the revenue aim in framing the tariff is of grave significance in many ways. It means that henceforth any industry, however inefficient (no distinction is made by the tariff between the sheep and the goats), will feel itself aggrieved unless it is afforded protection of any height necessary to exclude the competing goods of foreign producers. It will raise its voice and bring pressure to bear through political channels; and join in the process of log-rolling which so notoriously blots the public life of all high tariff countries. Moreover, the mere expectation now given to the inefficient that they will be bolstered up by State action is the greatest obstacle that could have been placed in the path of sound and efficient reorganisation, in the pursuit of which many British industries are sadly behind the times. Then, again, what of the poor consumer whose interests were to be so carefully safeguarded? We can only assume that the Chancellor of the Exchequer, who actually claimed in so many words in a broadcast speech last week that the foreigner pays all the duties, believes that the consumer needs no guarding. The most cursory glance at the experience of other tariff nations would shatter this belief into smithereens.

What explanation, then, apart from the sordid one of party politics—which were supposed to be put aside by the formation of the National Government—is there for this reckless plunge into the uncharted waters of fiscal revolution? There is one which has been repeatedly advanced by both Mr Baldwin and Mr Runciman, and it is that duties are to be used for bargaining negotiations by which the British Government hope to force down the tariff levels of foreign countries. But this explanation reads strangely side by side with the statement of the Advisory Committee that they do not propose to recommend the lowering of any duties within the next twelve months. If the Government allows its hands to be tied in the matter of tariff negotiations for the next crucial year, during which, in the absence of an increasing trade volume which can only be brought about by the lifting of present restrictions, and can only be initiated and inspired by Great Britain, the spectre of ruin and default will stalk even more victoriously around the world.

As for the actual scope of the schedules, we have made as close an analysis as the nature of the Foreign Trade Returns permits of the amount of trade in 1930 which falls under the various rates of duty and have set out the results in full on a later page. The summarised results of the analysis enable us to show how much trade falls under the original 10 per cent. import duty and how much

under each rate of the new order. The figures exclude the newly-imposed tea duty:—

IMPORTS FROM FOREIGN COUNTRIES IN 1930, SHOWING INCIDENCE OF NEW PROTECTIVE DUTIES. (In thousand £.)					
Rate of New Duty.	Food, Drink and Tobacco, Class I.	Raw Materials and Articles mainly manufactured, Class II.	Articles wholly or mainly manufactured, Class III.	Animals not for Food, Class IV.	Total.
10 per cent.	148,841	54,880	62,267	81	266,069
15 "	...	...	15,775	...	15,775
20 "	4,276	...	99,230	...	103,506
25 "	1,077	...	4,157	...	5,234
30 "	128	...	2,827	...	2,955
33½ "	...	...	15,764	...	15,764
Total	154,322	54,880	200,020	81	409,303

In a second table we have combined these figures in a general analysis of our total imports in 1930, which amounted in all to £1,036 millions—of which £736 millions came from foreign countries and £300 millions from the Empire—in order to give a general perspective of our present tariff situation:—

ANALYSIS OF TOTAL IMPORTS OF 1930 IN ACCORDANCE WITH PRESENT TAXATION. (In thousand £.)				
	Free List.	Old Revenue Duties.*	Old Protective Duties.	New Protective Duties.
Imports from foreign countries:—				
Food, &c.	87,664	55,036	...	154,322
Materials	106,777	...	...	54,880
Manufactures	3,528	61,063	12,040	200,020
Animals	359	...	...	81
Total	198,328	116,099	12,040	409,303
Imports from Empire:—				
Food, &c.	61,754	54,406	...	Exempt
Materials	68,988	...	...	61,934
Manufactures	3,495	1,257	1,036	19,814
Animals	2,482	...	...	24,979
Total	136,719	55,663	1,036	758
Total Imports	335,047	171,762	13,076	516,788

* Including tea—£4,507,767 from foreign countries subject to new duty of 4d. per lb. and £29,569,487 from the Empire subject to 2d. per lb.

Reading these two tables together it will be seen that while about £335 millions are covered by the free list, and £172 millions (if tea be excluded) are subject to "old revenue duties," which include the petrol and silk duties as well as duties on drink and tobacco, nearly £410 millions of imports from foreign countries have become subject to new protective duties. Of these, £266 millions are still subject to the general 10 per cent. duty. But of these only £62 millions fall within the category of manufactured or partly manufactured goods—half of which falls in the 20 per cent. group. Empire products that would be taxed under the new duties—but for the Empire exemption—total £107 millions in all, of which £82 millions fall within the category of food and raw materials and £25 millions of manufactures.

It may be claimed that our statistical examination shows that Britain has been placed in the medium level tariff class and has not yet achieved the dignity of membership of the highest tariff section. But it is a sombre fact to be remembered to-day that those who now occupy the highest class began with low or moderate levels of duties; unfortunately, the way in which our own tariff has been imposed and the structure of the machinery by which it is to be administered give rise to the most anxious fears that history will repeat itself in the case of Britain.

BRITISH INDUSTRIAL PROFITS.—I.

For reasons explained in our issue of April 23rd, we have conducted an inquiry into the profits since 1924 of some 700 British companies, a list which excludes investment trusts and concerns controlling or controlled by others. We have grouped the results under three heads:—(1) Manufacturing and Mining; (2) Transport, Distribution and Services; and (3) Companies operating overseas.

In the case of each industry the net profits (i.e., profits minus losses of the year 1924) are taken as a base. These

represent profits before the deduction of debenture interest or taxation. In cases where losses have been made these are shown separately, expressed in the same units as the figures of profits; thus the one can be subtracted from the other if desired. The figures of "undistributed profits" are given in the same units as the figures of total profits, that is to say, an industry showing for 1924 a profit of 100 units and undistributed profits of 20 units is one in which 20 per cent. of profits were put to reserve in that year. If, in some later year, the profits rise to 120 units, and the undistributed profits rise to 30 units, we can say that the industry is now putting back into its businesses 25 per cent. of its profits, and that the amount so saved has risen 50 per cent. from 20 units to 30. This method, in fact, enables us to compare in each industry the amount of "undistributed profits" from year to year, which can only be done indirectly if we express them in the form of percentages of total profits. Unfortunately, there is no uniformity between companies in the principles of charging depreciation. Most of the figures of net profit as returned seem to be struck after making some provision for depreciation, but not an entirely full provision. Of the "undistributed profits," therefore, some part would appear to be properly attributable to depreciation and not to represent any addition to the companies' assets.

As has been suggested above, trading periods of different companies come to an end at different dates, and it is important to define what is meant by the different years. In this investigation the income tax year has been used. This method of reckoning has the advantage that the weighted average of the terminal dates of companies thus selected is within a few days of December 31st. Further, this method nearly accords with the method used in the Census of Production.

The results for our first group are now given below. As has been mentioned above, the estimated profits and losses in each industry are shown separately, except for 1931, for which year it is impossible as yet to disentangle the estimates. The figures of undistributed profits are shown immediately below the figures of total profits. A minus sign in this case indicates that the industry has been drawing on reserves or diminishing its assets in some other way. Where the figures for total profits are divided so as to show separately profit and loss, the figures for undistributed profits are also divided, the companies which make losses being analysed separately. These companies are bound to draw upon assets in some way, at least to the extent of their annual loss, and more if they pay any dividends or debenture interest. But in any case we require some measure of the sacrifice of assets by each industry whether in the form of losses or of drawing upon reserves to pay dividends, and such quantities should be deducted from the undistributed profits placed to reserve by the more prosperous companies in the same industry. It sometimes happens, as will be seen, that an industry which is not making losses nevertheless has no net undistributed profits, but on balance draws upon its reserves to pay dividends.

The results presented in this form show some expected features, and some unexpected. Heavy and systematic losses, continued over a period of years, are shown by the textile industries, iron and steel, coal and (rather unexpectedly) the motor industry. For 1930, however, one or two industries showed heavy losses, which had not before, and although a full analysis of the 1931 figures is not yet possible, it is clear that in most cases these losses were repeated. For most industries the high-water mark of profits was in 1928 or 1929. In practically every industry there was a fall between 1929 and 1930, and a heavier fall between 1930 and 1931. This makes all the more remarkable the figures for coal-mining, which shows profits practically as great in 1930 as in 1929, with a comparatively small fall between 1930 and 1931, leaving the figure for the later year considerably higher than for 1928. The Coal Mines Act, and the partial measures of cartellisation under private auspices which preceded it, appear to have achieved their purpose. For both cotton and wool 1931 shows considerably better results than 1930. The largest of the "other textile" trades, silk and rayon, has enjoyed since 1928 much poorer fortunes than in the earlier years; this is clearly reflected in the figures.

I. MANUFACTURE AND MINING.

(Profits (a) less losses (b) in 1924 = 100.)

(a) Profits. (b) Losses. (c) Profits less dividends (i.e., net addition to assets) of companies making profits. (d) Losses plus dividends (i.e., net drawing upon assets) of companies making losses.

	No. of Cos.	1923	1924	1925	1926	1927	1928	1929	1930	1931.
A. Cotton	(a) 11	115	105	81	60	78	74	70	32	25
	(b)	—5	—5	—7	—37	—35	—10	—5	—41	8
	(c)	30	13	11	18	12	11	4	—	—
	(d)	—10	—14	—42	—40	—11	—5	—50	—	—
B. Wool	(a) 9	230	100	53	58	107	89	87	48	50
	(b)	...	...	—6	—7	...	...	—5	—22	—12
	(c)	33	15	7	25	14	15	5	—	—
	(d)	...	—8	—19	...	...	—6	—31	—	—19
C. Other textiles	(a) 15	105	100	73	37	90	67	56	23	—25
	(b)	...	10	—3	...	...	—11	—24	—37	—80
	(c)	...	...	—4	21	1	—7	—12	—	—
	(d)	...	...	—3	...	—14	—27	—45	—	—
D. Breweries and Distilleries. No losses recorded.	(a) 42	84	100	203	102	106	24	112	121	99
	(b)	20	27	26	26	25	25	32	32	23
E. Other food, drink and tobacco. No losses recorded.	(a) 19	84	100	127	122	140	144	168	163	158
	(b)	32	58	33	44	37	44	31	31	20
F. Clothing and Hosiery.	(a) 17	129	105	91	89	130	112	95	84	81
	(b)	—3	—5	—1	—1	...	...	...	...	9
	(c)	19	15	10	10	33	23	16	7	...
	(d)	—5	—1	—1	—1	...	...	...	...	...
G. Boots and Shoes.	(a) 9	93	100	92	71	88	85	78	90	63
	(b)	...	...	—5	—1	—1	—1	—1	—1	15
	(c)	41	40	15	31	29	16	22	...	...
	(d)	...	—9	—1	—1	—1	—1	—1	—1	...
H. Heavy iron and steel.	(a) 13	126	103	93	53	193	88	115	84	63
	(b)	—5	—3	—20	—31	—10	—23	—12	—1	12
	(c)	...	40	27	1	68	30	46	33	...
	(d)	...	—3	—35	—44	—10	—26	—12	—1	...
I. Engineering and Shipbuilding.	(a) 47	120	110	113	105	130	122	122	99	55
	(b)	—9	—10	—2	—3	...	—2	—7	—7	0
	(c)	16	11	6	22	13	25	14	...	...
	(d)	—15	—5	—10	...	—3	—6	—12	—	...
J. Electrical goods (including cables.)	(a) 9	59	100	110	99	99	112	122	108	90
	(b)	—4	...	...	...	...	...	...	...	10
	(c)	31	38	30	18	29	30	31	...	...
	(d)	...	...	...	—2	...	...	...	...	...
K. Motors, cycles and aircraft.	(a) 17	50	100	119	137	142	150	196	169	118
	(b)	—4	...	—31	—12	—19	—17	—9	—9	46
	(c)	59	68	89	80	69	53	44	...	...
	(d)	...	—31	—12	—19	—17	—3	—10	...	...
L. Other metal trades. No losses recorded.	(a) 12	109	100	87	77	117	102	96	85	62
	(b)	2	19	12	9	29	27	26	19	8
M. Chemicals, soap, &c.	(a) 16	61	101	59	56	79	100	97	64	61
	(b)	—13	—7	—2	—2	...	...	—1	—2	12
	(c)	38	13	15	24	27	25	13	...	...
	(d)	—1	—7	—2	...	...	—1	—5	...	...
N. Leather (excluding boots and shoes).	(a) 5	82	100	76	55	65	49	27	22	—27
	(b)	...	...	25	14	...	...	—13	—3	—50
	(c)	...	...	...	...	...	...	—9	...	...
	(d)	...	...	...	...	...	...	...	...	...
O. Paper and printing.	(a) 12	101	100	102	93	95	119	108	86	78
	(b)	...	...	39	29	23	39	35	28	24
	(c)	...	...	...	...	...	...	...	...	...
	(d)	...	...	...	...	...	...	...	...	...
P. Timber trades.	(a) 5	78	100	91	79	69	73	108	95	6
	(b)	...	...	29	21	19	8	13	35	—35
	(c)	...	...	...	...	...	...	...	...	...
	(d)	...	...	...	...	...	...	...	...	...
Q. Miscellaneous manufacture.	(a) 17	71	100	102	104	104	128	115	72	3
	(b)	...	...	—1	...	...	—2	—2	—77	0
	(c)	32	26	34	19	56	34	6	...	...
	(d)	...	...	—1	...	...	—2	—2	—81	...
R. Coal mining.	(a) 16	182	102	49	24	26	14	59	56	49
	(b)	...	—2	—6	—7	—6	—11	—1	—2	11
	(c)	...	30	3	5	1	—2	17	19	...
	(d)	...	—3	—6	—7	—6	—14	—1	—2	...
S. Other mining and quarrying, building materials, &c.	(a) 19	89	100	129	135	148	148	188	160	49
	(b)	...	...	13	29	28	43	—4	—30	—33
	(c)	...	...	...	...	...	...	...	...	...
	(d)	...	...	...	...	...	...	...	...	...
T. Gas	(a) 28	118	100	112	100	145	135	131	138	112
	(b)	...	...	1	—15	24	13	4	13	2
	(c)	...	...	...	...	...	...	...	...	...
	(d)	...	...	...	...	...	...	...	...	...
U. Water	(a) 11	106	100	107	107	114	118	117	121	118
	(b)	...	...	3	—2	...	9	7	5	9
	(c)	...	...	...	...	...	...	...	...	...
	(d)	...	...	...	...	...	...	...	...	...
V. Electricity ...	(a) 10	93	100	117	106	121	128	122	124	137
	(b)	...	...	46	62	47	54	52	39	39
	(c)	...	...	...	...	...	...	...	...	...
	(d)	...	...	...	...	...	...	...	...	...

Estimated Total Figures for all Manufacture and Mining.

(a)	108	101	95	86	107	104	113	100	73
(b)	—2	—1	—3	—4	—3	—3	—4	—9	...
(c)	27	24	18	28	26	27	21	...	7
(d)	—2	—4	—5	—4	—4	—4	—11	...	...

* Rubber, musical and scientific instruments and miscellaneous manufacture.

The prosperity of the breweries and distilleries has been steady from year to year, and there are no very surprising changes in the index number. The best year in this trade was 1930; and there was a substantial drop in profits for 1931. The other food, drink and tobacco trades show one of the most sharply rising figures, with a very small drop during the last two years. The profits of the clothing trades, and of the boot and shoe trades, move in rather a similar manner. Both show a maximum, in this case in 1927; and not so serious a drop as some industries in 1929-31. In iron and steel and engineering the maximum in 1927 is most readily explained as a result of the reaction from the stoppage of 1926. In electrical engineering, on the other hand, 1927 appears to have been a comparatively bad year. Probably this is due to the fact that the work of the Central Electricity Board only got properly under way in 1928. The movement of profits in the motor trade can best be described by saying that it shows in exaggerated form the general tendencies of the profits of industry as a whole.

The paper and printing trades, in which production and employment underwent a big increase during this period, showed a comparatively moderate increase in profits. The Stock Exchange boom of 1928 was most marked in industries which are included in the table under Miscellaneous Manufactures, but the profits of this group of industries are more marked for the severity of their fall since 1929 than for any very spectacular rise in the earlier years. The group of industries included in Class S, whose fortunes are bound up with the activity of the building and contracting trades (including roadmaking) show a remarkable violence of movement, both upwards and downwards. The sheltered position of the gas, water and electricity industries requires no comment. The electrical generation industry even contrived to increase its profits in 1931.

The total figures for manufacture and mining as a whole are perhaps not unexpected. Distinct falls are noticeable both for 1923-4 and 1924-5, due partly to the restoration of Germany as an industrial competitor, and partly to the return to gold. After the damage of 1926, and the reaction of 1927, a rising tendency, however, set in, leading to a culmination in 1929, followed by two falls of equal magnitude for 1929-30 and 1930-31.

It is interesting to compare these figures with the Board of Trade index of the volume of industrial production:—

	1924.	1927.	1928.	1929.	1930.	1931.
Net profits.....	100	109	101	109	91	73
Volume of production.....	100	106.8	105.5	111.8	103.3	93.7
Profits per unit of production.....	100	97½	96	97½	88	78

The interesting point about the calculation made in the last line is that profits per unit of production fell so comparatively little up to 1929, during a period of generally falling prices. Between 1924 and 1929 the prices of industrial finished goods, as measured by export values, fell 16 per cent. The fact that profits per unit of output fell so little suggests that costs of production were very considerably reduced. This was due partly to a reduction of labour costs owing to increasing output per head and partly to a greater relative fall in the prices of raw materials than in the prices of finished goods.

Turning now to the figures of "undistributed profits," we see first in the total figures that the rise in profits up to 1929 was used to increase dividends, the amount of undistributed profits falling slightly from 25 units net in 1924 to 23 in 1929. This figure falls to 10 in 1930 and 7 in 1931, as a result partly of diminished allocations to reserve by companies whose profits have fallen, and partly of drafts upon assets to meet losses. But it will be seen that for the period 1930-31 almost the whole burden of falling profits fell upon dividends, companies apparently making an effort to keep their placings to reserve up to the 1930 level.

When we look at the figures of undistributed profits for different industries we find wide diversities. In the textile trades such companies as were not making losses can be seen to be tending more and more to pay out the whole of their profits as dividends. In the food, drink and tobacco trades there has been a good saving made from the ample

profits earned, and a distinctly smaller provision in the clothing trades. The heavy iron and steel industry has apparently made strenuous efforts to provide itself with fresh capital out of undistributed profits—probably because it has found difficulty in raising capital any other way. The engineering trades have made less provision, but the motor and electrical trades have saved a considerable proportion of their profits. The increasing production of the printing and paper trades, commented on above, has been partly financed by considerable undistributed profits.

It remains to comment on the three public utility industries. Of these, gas and water appear to have reached equilibrium, and to have little use for any large amount of saving; but the expansion of the electrical generation industry appears to be financed out of its own savings to a considerable though perhaps decreasing extent.

THE TARIFF SCHEDULES.

On the opposite page we give a detailed analysis of the amount of imports covered by the new schedule of duties under the Additional Import Duties (No. 1) Order, in which we have indicated the principal source of supply. Owing to the fact that the Trade Returns do not in all cases give itemised figures corresponding to the descriptions in the new Order, the figures must be regarded as provisional in the absence of any official calculation. We believe, however, that the margin of error is small. Owing to the fact that we have taken total and not retained imports the figures may in some cases be a little in excess of those to which the duties would have applied. But the trade returns show that the re-export of imported manufactures is not large. Our readers will appreciate how very important these figures are for a proper understanding of the incidence of the new tariff. It is very desirable that the Government should present to Parliament an official analysis on these lines at the earliest possible date.

CAPITAL FOR BRITISH INDUSTRY.

A QUESTION of considerable importance, which has recently been driven into the background by more absorbing day-to-day developments in the crisis of international finance, is that of the provision of long-term and medium-term capital to British industry. The Macmillan Committee, in their report last year, expressed fairly definite views on the subject. They agreed that the machinery of the City of London might be more usefully co-ordinated with British industry, and they accepted the very generally held view that the City is more highly organised to provide capital to foreign countries than to British industry. In justice to the City, it is only right to add their further opinion that this is due in part to the historical organisation of British industry and to its traditional desire to remain independent of banking control, and to point out that as the proportion of our savings invested abroad has fallen, British industry has in recent years made far more use of the London capital market than ever before. But there is still room for further evolution.

Opinion, both on the Macmillan Committee and in financial circles generally, is inclined to reject the Continental precedent under which the banks are accustomed to make long-term loans or even to take definite participations in industrial undertakings, with which they may be partly responsible for their conduct.

The widespread Continental banking difficulties of the past year have not unnaturally nor without good reason stiffened the British view that such practice is exposed to serious objections. Indeed, the fact that Great Britain is banking failures or difficulties of a grave character is a very strong argument for leaving untouched the present

(Continued on page 958.)

TOTAL IMPORTS during 1930 of Articles liable to Duty under the "Additional Import Duties (No. 1) Order, 1932".

Item.	1930.			Additional Duty on Foreign Produce	Principal Sources.	
	From Foreign Countries.	From British Countries.	Total Imports		Country.	Imports in 1930.
(Thou. £)	(Thou. £)	(Thou. £)	%		(Thou. £)	
SCHEDULE I.						
CLASS I.						
Fresh shell fish (other than oysters)	128	61	189	20	Irish F. State .	57
Preserved fruit (not preserved in sugar)	1,077	36	1,113	15	Holland	397
Vegetables (preserved, other than tomatoes)	1,134	10	1,144	10	Italy	514
Milk, condensed, sweetened	3,142	174	3,316	...	Holland	2,592
Total CLASS I.	5,481	281	5,762			
CLASS III.						
Group I.						
A. Pottery and clay products:—						
Roofing tiles, &c.	312	(a)	312	5	Belgium	142
Other pottery	1,474	47	1,521	10	Germany	821
B. Glass and glassware:—						
Plate and sheet glass ..	1,795	(a)	1,795	5	Belgium	1,441
Illuminating glassware ..	446	(a)	446	10	Germany	291
Domestic glassware	2,061	1	2,062	10	Germany	835
Glass bottles and jars..	737	1	738	10	Czechoslovakia ..	583
C. Asbestos manufactures ..	524	49	573	5	Germany	343
D. Granite	495	16	511	5	Belgium	372
E. Marble	713	1	714	5	Norway	199
F. Slates for roofing	264	12	276	5	Italy	615
					France	217
Total	8,821	127	8,948			
Group II.						
A. Furniture, of metal ...	211	15	226	10	U.S.A.	120
B. Hollow-ware	304	(a)	304	10	Germany	188
C. Baths, window frames ..	210	(a)	210	5	Germany	180
D. Stoves, grates & ranges ..	270	4	274	10	U.S.A.	153
E. Iron and steel manufactures:—						
Tubes, pipes and fittings ..	1,433	32	1,465	10	Germany	633
Railway and tramway material	195	(a)	195	10	Germany	66
Springs and spring steel ..	100	1	101	10	U.S.A.	59
Wire manufactures	1,770	28	1,798	10	Belgium	1,009
Screws, nails and tacks ..	130	1	131	10	Sweden	63
Rivets and washers	78	(a)	78	10	Germany	38
Bolts and nuts	258	1	259	10	Germany	112
Anchors, grapnels, etc.	76	5	81	10	Germany	45
Total	5,095	87	5,182			
Group III.						
A. Gold leaf	191	...	191	5	Germany	187
B. Non-ferrous metal manufactures.....	1,553	38	1,591	10	Germany	630
Total	1,744	38	1,782			
Group IV.						
A. Cutlery	473	16	489	10	Germany	240
B. Locks, latches and keys ..	127	8	135	10	U.S.A.	177
C. Unexposed photo. paper, films, &c.	621	384	1,005	15	Germany	74
D. Forks, shovels, &c.	33	11	44	5	U.S.A.	339
Other tools	1,002	11	1,013	10	Germany	17
					U.S.A.	562
					Germany	346
Total	2,256	430	2,686			
Group V.						
A. Electrical manufactures:—						
Wires and cables	965	(a)	965	10	Germany	421
Telegraph, telephone and wireless apparatus ..	1,193	4	1,197	10	Germany	480
Carbons	194	(a)	194	10	U.S.A.	79
Lighting appliances.....	490	(a)	490	10	Germany	273
Batteries etc.	773	1	774	10	Germany	472
Electric meters etc.	228	9	237	10	Germany	111
Others	960	5	965	10	Germany	394
Total	4,803	19	4,822			
Group VI.						
A. Agricultural machinery ..	421	199	620	5	U.S.A.	268
B. Ball bearings	135	(a)	135	23½	Sweden	75
C. Other machinery	16,669	496	17,165	10	U.S.A.	8,617
					Germany	4,389
Total	17,225	695	17,920			
Group VII.						
A. Timber manufactures:—						
Builders' woodwork ...	1,196	20	1,216	5	U.S.A.	685
Other timber manufactures ..	4,725	304	5,029	10	U.S.A.	686
Total	5,921	324	6,245			
Group VIII.						
A. Textile manufactures:—						
Wool, cotton tissues, etc. ..	13,853	1,333	15,186	10	Germany	3,150
Flags and handkerchiefs ..	133	30	163	10	Belgium	2,915
Not in the piece	77	63	140	10	Switzerland ..	107
Blankets, shawls, &c.	3,164	6	3,170	10	Germany	24
Carpets, rugs, &c.	2,801	29	2,830	10	Belgium	854
Household goods	21	1,610	1,631	10	France	635
B. Sacks and bags	143	462	605	10	Germany	992
C. Coir mats and matting ..	761	70	831	10	British India ..	1,556
D. Cordage	16	1	17	5	Belgium	459
E. Nets and netting.....					Netherlands ..	256
					Netherlands ..	6
Total	20,969	3,604	24,573			
SCHEDULE II.						
CLASS III.						
A. Spiegeleisen and ferro-manganese	89	...	89	23½	Norway	50
B. Iron and steel (excluding pig iron, but including alloy steel):—						
Ingots	232	...	232	23½	Holland	87
Blooms, billets and slabs	3,385	...	3,385	23½	Belgium	1,217
Sheet and tinplate bars ..	2,672	...	2,672	23½	Belgium	1,787
Bars, rods, etc.	4,697	1	4,698	23½	Belgium	2,855
Forgings	164	...	164	23½	Germany	136
Castings	348	1	349	23½	Belgium	210
Grinders, beams, etc.	779	...	779	23½	Belgium	557
Hoops and strips	1,147	...	1,147	23½	Belgium	892
Plates and sheets	1,369	1	1,370	23½	Belgium	928
Total, SCHEDULE II. ...	14,882	3	14,885			
SCHEDULE I.—cont.						
Group IX.						
A. Apparel	17,108	304	17,412	10	Germany	6,391
B. Boots and shoes	1,861	15	1,876	10	Czechoslovakia ..	320
C. Feathers	62	(a)	62	10	France	270
					Belgium	259
					France	52
Total	19,031	319	19,350			
Group X.						
A. Tartaric acid	219	...	219	10	Germany	84
B. Cream of tartar	141	(a)	141	10	Italy	60
C. Citric acid	42	...	42	10	Italy	38
D. Aluminium sulphate ...	130	(a)	130	10	Germany	61
E. Ammonium chloride	44	(a)	44	10	Germany	26
F. Lithopone	401	...	401	10	Netherlands ..	167
G. Acetone	50	1	51	23½	Austria	18
H. Acetic acid	108	270	378	23½	Germany	270
I. Vinegar	25	...	25	23½	Germany	13
J. Formaldehyde	44	1	45	23½	Germany	13
K. Menthol	41	...	41	10	Japan	42
M. Boric acid (refined) ...	137	...	137	10	U.S.A.	17
N. Borax (refined)	13	...	13	10	U.S.A.	130
O. Aluminium oxide	20	(a)	21	10	France	6
P. Sulphate of ammonia ...	28	...	28	10	Belgium	11
Q. Nitrate of ammonia	431	(a)	431	10	Germany	10
R. Sodium nitrate, etc.	291	(a)	291	10	Chile	378
S. Zinc oxide	1,333	64	1,397	10	U.S.A.	123
T. Paints and colours	3,578	339	3,917	10	U.S.A.	543
Total, including others	3,578	339	3,917			
Group XI.						
A. Candles	14	7	21	10	Germany	10
B. Soap	287	226	513	10	Australia	217
Total	301	233	534			
Group XII.						
A. Leather, dressed	4,638	50	4,688	5	Germany	1,716
B. Saddlery and harness ...	1	2	3	10	U.S.A.	...
C. Trunks, bags, &c.	36	2	38	15	U.S.A.	16
Total	4,675	54	4,729			
Group XIII.						
A. Paper and Paper Manufactures	12,817	327	13,144	5-10	Germany	2,972
					Sweden	2,719
					Holland	2,413
Group XIV.						
A. Cycles and parts.....	440	8	448	23½	Germany	181
Group XV.						
A. Rubber manufactures.....	2,307	1,168	3,475	10	Canada	1,160
Group XVI.						
A. Arms and ammunition:—						
Guns and rifles	54	1	55	15	Belgium	26
Revolvers and pistols...	3	(a)	3	15	Belgium	2
Cartridges	65	(a)	65	15	Germany	22
B. Toilet preparations ...	1,062	107	1,169	20	Belgium	19
C. Beads and bead trimmings	89	(a)	89	20	U.S.A.	482
D. Artificial flowers.....	401	2	403	20	France	417
E. Fur and other skins, except leather.....	4,087	228	4,315	5	Czechoslovakia ..	41
F. Manufactures of skins and furs	894	3	897	20	Germany	223
G. Jewellery	181	(a)	181	20	Germany	1,508
H. Goldsmiths and silver-smiths' wares, not included in G.	147	1	148	20	France	459
I. Articles made of ivory, amber, jet, &c.	53	(a)	53	20	Germany	103
J. Brooms and brushes ..	756	11	767	10	Germany	73
K. Cork manufactures, other than stoppers... ..	401	1	402	10	Germany	73
L. Linoleum and oilcloth ..	556	2	558	10	Spain	147
M. Push buttons and studs ..	8	...	8	10	U.S.A.	343
N. Machinery belting.....	135	18	153	5	Czechoslovakia ..	4
O. Pipes	257	1	258	15	U.S.A.	68
P. Sports accessories.....	340	14	354	15	France	186
Q. Toys	2,781	6	2,787	15	U.S.A.	136
R. Stationery, other than paper	434	81	515	10	Germany	2,263
S. Umbrellas, walking sticks	184	(a)	184	10	Germany	211
					Germany	99
Total	12,888	476	13,364			
TOTAL, CLASS III.	122,871	8,248	131,119			
TOTAL, SCHEDULE I.	128,352	8,529	136,881			
SCHEDULE II.						
CLASS III.						
A. Spiegeleisen and ferro-manganese	89	...	89	23½	Norway	50
B. Iron and steel (excluding pig iron, but including alloy steel):—						
Ingots	232	...	232	23½	Holland	87
Blooms, billets and slabs	3,385	...	3,385	23½	Belgium	1,217
Sheet and tinplate bars ..	2,672	...	2,672	23½	Belgium	1,787
Bars, rods, etc.	4,697	1	4,698	23½	Belgium	2,855
Forgings	164	...	164	23½	Germany	136
Castings	348	1	349	23½	Belgium	210
Grinders, beams, etc.	779	...	779	23½	Belgium	557
Hoops and strips	1,147	...	1,147	23½	Belgium	892
Plates and sheets	1,369	1	1,370	23½	Belgium	928
TOTAL, SCHEDULE II. ...	14,882	3	14,885			

arrangement, under which in theory the British banker contents himself with supplying industry with short-term capital, granted under stringent conditions and repayable nominally within six months. On the other hand, quite apart from the needs of industry, British banks have repeatedly been forced by the continuance of the trade depression to renew and expand their industrial advances, so that in practice the distinction between the British and Continental banking attitude towards industry has in many cases become somewhat blurred.

In one sense, therefore, the need of British industry for freer access to long-term capital coincides with the need of British banking to liquidate its outstanding frozen loans, so that in his own interest the banker should be devoting serious study to this problem. One view that commands a certain measure of support is that British banks should follow the American plan of setting up security affiliates or subsidiary undertakings charged with the duty of mobilising and providing for their industrial clients such capital as is needed. Such a view, for example, was expressed a few weeks ago by Professor Clay, who pointed his argument by emphasising the fact that the big banking amalgamations of the past fifteen years had had the effect of directing the flow of capital to London away from provincial centres, where it would have been invested in local industries. This view received a measure of endorsement in our columns at the time.

Before proceeding further, however, it is necessary to study all the implications and consequences of the American system of security affiliates; and we are therefore glad to publish, in another page in this issue, a carefully considered letter of warning from an American banker. The fundamental danger to which he calls attention is the divergence of duty between the banker and the company promoter. The banker, whose first duty is to his depositors, must view every proposition put before him with an almost jaundiced eye. He must take a pessimistic view of the ability of his customers to meet their engagements, not only at the time that he grants a loan, but during the whole course of its currency. He must always look on the worst side of things. The promoter's attitude is rather different. It is true that when a new scheme is laid before him he must examine it critically, and satisfy himself to the full both as to its chances of success and as to the character and ability of those behind it. Nevertheless, his function is to persuade people, not to put money into a venture simply in order to get it out again in six months' time, but to retain it there as a permanent and remunerative investment. Hence, once he has satisfied himself as to the soundness of a scheme—and so far he is at one with the banker—he must believe in it wholeheartedly, take an optimistic view of its prospects, and give the public the impression that it is the best thing on offer in which they can invest their money.

To recall a simile that appeared in a novel many years ago, the banker may be compared to the austere church dignitary whose apron hung in vertical folds. The promoter is like his more festive brother whose apron ran in horizontal creases. As our American correspondent points out, it has not always proved possible to combine the two temperaments without detriment to the soundness of banking practice, and one serious consequence recently visible in the United States has been the impairment of public confidence in American banking as a result of the public's fingers being badly burnt in contact with the banks' security affiliations. It is highly desirable that a similar result should be avoided in England, and in designing any new mechanism intended to meet the needs of British industry, realisation of this danger should be borne prominently in mind.

In all probability the Macmillan Committee were not unmindful of this consideration, for their suggestions were of a very tentative character, and were in the main confined to the separation of the Bankers' Industrial Development Company from its original close relation with the Bank of England and its reconstruction as a private, self-supporting institution. They also hinted at the establishment of additional undertakings which might usefully specialise in definite industries, but there was no suggestion that each bank should establish its own subsidiary for

this purpose. Indeed, the Committee were doubtful "whether the banks can with advantage depart from their traditional banking sphere."

Two lines of approach to the problem suggest themselves. Notwithstanding a further warning by the Macmillan report that the great private houses cannot combine the high degree of liquidity necessitated by the conduct of their acceptance business with the serious liabilities that can arise from industrial financing, it is not easy to see why a house that has for long successfully assumed the risks arising out of the financing of foreign Government and public utilities could not adjust its technique so that it could safely assume what might well be lesser risks in the case of financing home industrial concerns of standing. The other possibility is that of an adaptation of the investment trust principle. The Macmillan Committee's view that existing investment trust companies do not look with favour on small issues lacking a free market may be correct, but there seems no justifiable reason why they should not divert at least a small proportion of their funds to this valuable end, especially as a large number of small businesses could be adequately financed at little aggregate cost. Moreover, there should be no difficulty in forming new houses, deriving the bulk of these funds from permanent share and debenture capital, whose function would be much the same as the security affiliates of American banks. It may well be that such companies should be entirely independent of the banks, but there would be certain advantages in their having the banking world adequately represented on their boards.

Admittedly, if British industry is to obtain fresh capital, new machinery is not enough. Such conditions must also be restored as will enable it to earn a profit. For the crux of the immediate problem is that under present conditions the investor is not confident that British industry will give him either security or an adequate return on his money. So long as he remains in that frame of mind the improvement and extension of the machinery of investment can avail little; but this is in no sense an argument against the installation of this new machinery. In fact, to-day is a singularly opportune moment at which to initiate such a task, for the simple reason that no unduly heavy demands are likely to be made upon the machinery until conditions improve, by which time it should be in working order.

Notes of the Week.

A Government Reverse.—The Government sustained their first by-election defeat at Wakefield at the end of last week. There is nothing sensational about the result. Traditionally, Wakefield is not a seat which a Conservative expects to win in a straight fight. Last September's Conservative majority of 4,107 was small, as majorities went in that moment of hysteria; and at the by-election the Socialist majority was the narrow one of 344. Moreover, on this occasion the Socialist candidate was an ex-Minister and a doughty election campaigner. Nevertheless, the result possesses significance. It should cause the Government to reflect upon the degree to which the result was affected by the introduction of a discouraging "national" Governments are immortal. There is another point of view from which the Wakefield result may be welcomed. By the return of Mr Greenwood it reinforces the debating strength of a front Opposition bench which at present entirely inadequately represents opposition opinion in the country. A few more Wakefields bringing about the return to the House of Commons of some of the authoritative spokesmen of anti-Government views would do no harm at all to the Government or to the country.

Liberal Ministers and the Tariffs.—The first statement made by the Liberal Ministers since the publication of the new tariff Orders was made in a speech delivered by Sir Herbert Samuel at the National Liberal Club on Tuesday. Sir Herbert availed himself to the full of his

liberty to criticise, and indeed riddled the new tariffs with sound and acute analysis. But almost in the same breath he made a laboured defence of the decision of the Liberal Ministers to remain inside the Government. Sir Herbert argued that so long as Liberal Ministers were at one with their colleagues over such questions as disarmament, India and Ireland, and also possessed the freedom to express their Free Trade views, they considered it their duty to retain their posts. This is not very convincing. In the first place, events have shown that Liberal Ministers have had very little power to influence the Government's tariff policy in the direction of moderation. In the second, the Protectionist programme of the Government must be taken as an outward and visible sign of a tendency for the policy of the Government to develop along lines of increasingly narrow nationalism. By staying in the Cabinet Sir Herbert and his colleagues are running certain very definite risks. They are in danger of maintaining an appearance of unity when unity no longer exists. They are depriving the forces in favour of a Liberal economic policy both of a rallying point and of leadership. They can hardly escape a share of the responsibility for a general policy which shows every sign of developing on lines repugnant to every shade of Liberal opinion. Conservatives entirely dominate both the Cabinet and the House of Commons. Conservative policy therefore will inevitably prevail. The only definite policy so far revealed is that of protection. Unless the Government quickly shows by its acts or its public declarations that it has a policy on the great issues raised in our first article it is difficult to see any advantage in the retention of their posts by the Liberal leaders.

Marking Time at Geneva.—The Disarmament Conference, since it started operations at the beginning of February, has been executing a series of long and complicated evolutions: "left incline," "right incline," "stand at ease," and even "three paces to the rear,"—in fact, almost anything rather than "forward, march." Last week, however, it at last found itself up against its objective; and, finding itself there, it has decided to mark time for ten days in order to have the French elections behind it before it goes, at last, into action. Probably these are prudent tactics. Yet the Conference must not flinch from acting as soon as the French elections are over, even if these elections do not result in the hoped-for *détente*. In view of the fact that M. Tardieu was apparently just as much in favour of postponement as were the advocates of the anti-Tardieu thesis, it would obviously be unwise to place our hopes too high. In any case, the postponement has been agreed upon, and it remains to sum up the situation as it now stands. Broadly, the principle of quantitative handling of the disarmament problem is under eclipse, and the principle of quantitative handling is in the ascendant. France and Japan struck a blow at the quantitative principle on the 19th, when they obtained from the several committees of the Conference a reaffirmation of the ruling, contained in Article VIII. of the Covenant, that, in formulating plans for reduction, the geographical situation and circumstances of each State shall be taken into account. On the other hand, the strength of the current which is now flowing in the direction of qualitative disarmament was shown by the extent of the support which was given to the motion proposed by Sir John Simon on the 20th. This motion was that "without prejudice to other proposals which fall to be discussed under later heads of the agenda, the Conference declares its approval of the principle of qualitative disarmament; that is, the selection of certain classes or descriptions of weapons with a view to prohibiting by international convention their possession or use by any State." The British delegate was tactically in a strong position, because the practical possibility of dividing armaments into an offensive and a defensive category had already been assumed in M. Tardieu's proposal for placing certain categories of national armaments at the disposal of the League. Accordingly, M. Paul Boncour, in opposing Sir John Simon's resolution, was reduced to basing his objection on the ground that it seemed to exclude discussion

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of the Tardieu Plan. On the 22nd, Sir John Simon responded by proposing an amendment to his own resolution, in which the internationalisation of certain categories of armaments was now introduced as an alternative to prohibition. The amended resolution was accepted by France and her associates; and the technical committees of the Conference on land, sea and air armaments have been instructed to stigmatise the weapons which, in their respective domains, are conspicuously efficacious for offence and conspicuously threatening to the civil population. Thus the principle of qualitative handling seems to be established; but we must not rate this achievement too high, for the really vital question is whether the offensive armaments, when they have been duly branded, are to be dealt with by abolition or by internationalisation. As to the respective merits of these two alternative and rival methods which are now in the field, there can surely be no question. The current experience of the Far Eastern crisis is in itself decisive. Supposing that M. Tardieu's plan were already in force, by international convention, does anyone really believe that Japan would have refrained from using the offensive weapons in her national armoury as instruments of her national policy? Or that the neutral Powers would have placed their offensive weapons at the League's disposal for bringing Japan to heel? In the light of our actual experience in this crisis, it is surely plain that abolition, not internationalisation, is the genuinely practicable course.

The Situation in Manchuria.—Nemesis is overtaking the Japanese Army more rapidly than could have been expected. When the Japanese High Command planned the *coup* which it executed with such efficiency on September 18th-19th of last year, it evidently calculated that this scientifically aimed stroke would be a knock-out blow. Marshal Chang Hsueh-liang's Government would be destroyed, his army put permanently out of action, and the 27 million Chinese inhabitants of Manchuria would be convinced of the necessity of bowing, without further resistance, to Japanese *force majeure*. To-day, some seven months after the execution of the Japanese *coup*, it is evident that the first two Japanese calculations were right, but that the third was a mistake. Chinese public organisation in Manchuria has proved frail—as frail as the Japanese expected—but the converse of this feebleness of Chinese public organisation is the vitality and spontaneity of Chinese private mass action. This has been proved already by the efficacy of the anti-Japanese boycott throughout China, and it is being proved again now by the progress of the anti-Japanese guerilla movement in Manchuria itself. At the moment when the League of Nations Commission of Inquiry has arrived in Manchuria, the Japanese authorities are compelled to admit that they cannot guarantee the safety of the Commission outside the Japanese railway zone. The admission cuts deep; for if the Japanese Army, outside the Japanese zone, cannot protect the Lytton Commission, then presumably it cannot protect Japanese nationals there either, and, if it cannot, then the sole excuse which the Japanese Government has ever put forward for keeping its troops outside its own zone would seem to be stultified. The effectiveness of the Chinese guerilla warfare in Manchuria is not now denied by the Japanese themselves. The mountainous eastern part of Kirin

Province, which marches with Japanese territory in Korea and with Soviet territory in the Maritime Province, is now in the insurgents' hands. The Chinese Eastern Railway has been cut not more than 80 miles east of Harbin itself; and the complacency of the Manchurian puppet Government towards the Japanese does not go the length of risking life and limb. While Mr P'u is ready enough to oblige the Japanese Foreign Office by refusing its formal request that he should grant a safe-conduct to the Lytton Commission's Chinese assessor, "the Manchukuo forces display a lack of fighting spirit"; and the Japanese are now facing the fact that they will have to do the job themselves with their own blood and treasure. The Japanese General Tamon has stated frankly, in an interview given to the Press, that to "clean up" Northern Manchuria would take the Japanese Army two or three years, and would require a hundred thousand troops. This is the prospect with which Japan is now faced. And Japanese propaganda is embarking on a forlorn hope if it expects to divert our attention and win our sympathies by tales of Russian preparations for aggression. The aggressor in Northern Manchuria is not difficult to identify, and it is not Russia, but Japan, that answers to the description.

The Arrests at Delhi.—In the present trial of strength between the Government of India and Congress, the Congress has gained another tactical victory by compelling the Government to have recourse, once again, to the invidious and inconclusive procedure of making mass arrests. Having announced its intention of holding a special session in Delhi, and having elicited the expected official veto, the Indian Nationalists have successfully played the game of running the gauntlet of the police in order to compel the police to catch them. At the end of last week, when the delegates were converging upon Delhi from all parts of India, as many as 200 were intercepted by the police and arrested at that stage. The prisoners taken in the act of entering Delhi included Mrs Sarojni Naidu and Pundit Malaviya; but, of course, such conspicuous personalities were easy game. The majority of the delegates chosen for the occasion appear to have been nonentities of whom the police had no previous record; and some 500 of these are reported to have penetrated the police cordon and made their way into the city. On Saturday and Sunday last, the Forty-Seventh Session of the Congress was formally inaugurated in Delhi, five resolutions were adopted, and a number of demonstrations were carried out in public places before the police were able to put a stop to the proceedings by arresting some 400 more people. These arrests were not effected without lathi charges, and a dramatic exhibition of passive resistance was given by a party of a hundred Sikhs. Thus the Government of India has been compelled once more to take action with its left hand which militates against what its right hand is attempting to perform. The dual policy of simultaneous administrative repression and constitutional reform is proving harder and harder to carry out. In fact, time is on the *saboteurs'* side. The present situation was virtually decreed by the breach between the Viceroy and Mr Gandhi. At that time, it is possible that Mr Gandhi already saw as far ahead as the present stage. We wonder whether Lord Willingdon and his official advisers were so long-sighted.

The Exchange Equalisation Account.—The Financial Resolution antecedent to the establishment of the Exchange Equalisation Account, which was passed by the House of Commons on Monday, adds little further information as to the nature and scope of the fund. Its purpose is to strengthen the currency and to check undue fluctuations in the exchange value of sterling. The Treasury is to have power to transfer to it all or any of the assets of the Exchange Account, to issue to it sums up to an aggregate of £150 millions out of the Consolidated Fund, and to raise money in any way authorised by the relevant section of the War Loan Act, 1919; the Bank of England is also authorised to advance to the Treasury any money which the Treasury are so authorised to raise. Transfers between the fund and the Issue Department of

the Bank of England can be made for all or any of the following purposes:—(a) to compensate for any loss or gain to the Issue Department in connection with changes in the value of any foreign currency assets held by it due to variation in rates of exchange; (b) on the purchase or sale of any gold by the Issue Department to compensate for any difference between the value of the gold as required to be calculated for the purpose of the accounts of the Bank and the price in fact paid or realised therefor; (c) to make good to the Issue Department any loss, not exceeding £8,000,000, sustained in connection with the foreign credits raised by the Bank last August. It is further intended to make it clear beyond doubt that the Bank is legally entitled to hold foreign currency assets in the Issue Department. During the course of the debate on the resolution Major Elliot indicated that the fund could be expended up to a limit of £175 millions, as the existing assets of the Exchange Account amount to £25 millions. He was careful to point out that the fund would be raised and controlled under the authority of the Treasury, but it is clear from a brief perusal of the Bank return that the Bank's own resources would not permit it to operate on the scale envisaged by the limits of the fund, for outside the Issue Department, in which the Treasury as well as the Bank has an interest, the Bank's total resources are little over £100 millions. In any case, the point is of little practical importance, for there is no doubt that in this, as in other matters, the Treasury will take all necessary decisions but will listen to the advice of the Bank. To some extent participants in the debate surrounded the scheme with much needless mystery. The salient point is very simple. Both the well-being of the country, and—in a narrower sphere—the assets of the Issue Department are exposed to exchange fluctuations which in theory have no limit. As a defence against these it is necessary to have this big fund in existence, and it is essential that this fund should be in the hands of the Treasury, for as Mr Chamberlain warned the House, its operation may involve heavy and unforeseen loss of a magnitude which neither the Bank of England nor any other single institution could endure. Without this resolution and the relevant clause in the Finance Bill, the Treasury has no powers to borrow for such a purpose, and the beginning and end of the scheme is to confer these powers upon the Treasury. It may be taken for granted that the exercise of these powers will be exercised in such a manner as to cause no more disturbance to the money market than is experienced when the Treasury borrows to meet a passing gap between revenue and expenditure or to pay a War Loan dividend or for any of the thousand and one purposes for which it has to borrow to-day. It is unlikely that any specific borrowing operation will take place solely for the purpose of financing the fund.

The Budget Debates.—The Budget debates have on the whole run a normal course. As was to be expected, considerable disappointment was evinced at the absence of any reduction in the beer duty, and at one time it looked as if the malcontents might press the matter to a division. There were the usual general pleas for economy, but these were either couched in very general terms or else centred upon minor items of expenditure whose exclusion, however necessary or meritorious such an operation might be, would make little difference to the sum total of national expenditure. Apparently it is not yet realised that administrative economies, however drastic, can by upon debt conversion, disarmament and changes in policy repelling the advocates of economy by a jocular reference to the transfer of Mr Chamberlain and himself to another place in a fiery chariot. Mr Churchill made a characteristic intervention in the debate, in which he coupled an onslaught upon Viscount Snowden—described as the "Late Financial Administration"—and relegated to the neuter gender—with several constructive suggestions. These last included the raising of the tea and sugar duties to the level of 1924, thereby recovering £20 millions of lost revenue without unduly penalising the consumer, and a striking plea for the formulation of a joint monetary

policy, preferably with the United States and France, but otherwise with other members of the "sterling convoy." Fresh from his visit to America, he expressed his confidence that an invitation on these lines to the Government of the United States would not meet with a rebuff. The Exchange Equalisation Fund attracted considerable attention, and at times this portion of the debate touched a high level, as when Sir Robert Horne reviewed the consequences of the recent world fall in prices, and went on to discuss future monetary policy. It became clear, however, that Government spokesmen were not ready to put forward any considered policy, and this part of the debate must be regarded as indeterminate.

The Free State and the Oath.—The publication of the Bill to remove the parliamentary oath, now before the Oireachtas, confirms Mr Thomas's statement that "what is actually raised is nothing less than a repudiation of the settlement of 1921 as a whole"; for it purports to remove from the Free State Constitution, not merely the article prescribing the terms of the oath, but also the whole of Section 2, which subordinates the Constitution to the Treaty. Mr De Valera, in Wednesday's debate on the second reading in Dail Eireann, claimed that he had a perfect legal right to take this course. He taunted Mr Cosgrave with having insisted that the Free State was co-equal in status, not only with Canada and other Dominions, but also with Great Britain herself; and asked whether the Opposition would deny that the British Parliament could pass an Act removing its own Oath. By what was, perhaps, more than a coincidence, the House of Commons was at that very moment occupied in refusing leave to Mr McGovern, by a majority of 294 to 4, to bring in a Bill designed to assuage republican conscience-pangs by amending the Parliamentary Oaths Act. No one, indeed, suggested that such a measure was *ultra vires*, but the opposer roused cheers when he declared that "the Oath was not peculiar to that House; it was a common characteristic of every legislature throughout the British Empire." The loyal oath is, indeed, the symbol and the condition of that co-equality upon which Mr De Valera insists. His idea of co-equality apparently is to do whatever he pleases, however offensive to his partners; Mr Cosgrave's idea, as he insisted in opposing the Bill, is to discuss on level terms the alteration of any engagement concluded in mutual good faith. Mr De Valera used the still more remarkable argument that he was entitled to "put the Anglo-Irish Treaty in its proper place," because municipal law was always superior to treaties. Of course it is—in the sense that if, for instance, we were to flout our most-favoured-nation agreements no court of law would restrain a customs officer from carrying out his consequent duties. What have local courts of law to do with national or even personal honour? A cad may win a case. Indeed, when Mr De Valera is openly admitting that the removal of the oath is but a step towards the declaration of "a completely independent republic," from which action he is restrained at the moment only by the insufficiency of votes cast for him at the General Election, all his talk of the implications of co-equality and of legal justification is pure nonsense. What is at issue is not a breach of law, but a breach of faith, and it is strange that those who claim to speak with the true voice of Ireland should be the first to sully her honour.

Lord Beaverbrook and the Prince.—Lord Beaverbrook's paper, the *Daily Express*, has taken it upon itself to chide the Prince of Wales because he has lent the support of his patronage to an exhibition of British goods which is to be held in Copenhagen in the autumn. The object of this exhibition is to exhibit to the Danish people the range of British commodities available for their purchase, and thereby to stimulate British exports to Denmark, which at present fall very far short of our imports from that country. What is the ground for Lord Beaverbrook's objection to this project? We gather from the *Daily Express* article that the sole objection is that Copenhagen is not inside the British Empire. Does this mean that

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the Empire Free Trade campaign has taken on a new aspect, and that we are now to be told, not only that it is wicked to buy foreign products, but that it is actually harmful to sell the output of British factories to any country outside the Commonwealth? We can hardly believe that Lord Beaverbrook is guilty of such an amazing absurdity, but, if not, where is the ground for his attack upon the latest effort of the Prince of Wales to stimulate Britain's overseas exports?

Greece Abandons Gold.—The news that Greece had abandoned the gold standard did not come as a surprise to those who had been following the trend of affairs in that country, for the Bank of Greece's holdings of gold and *devisen* have been seriously and progressively depleted during recent months. The drachma has, in fact, stood in the "black" market at a discount of at least 25 per cent., and it has for a long time been evident that unless a drastic plan under international auspices were made, the abandonment of the gold standard was only a matter of time. More interest, therefore, attaches to the measures consequent upon this step. Henceforward foreign exchange rates are to be fixed each day by the Bank of Greece, which will also control purchases and sales of foreign exchange with a view to preventing speculation. Exporters of Greek produce are to pay over to the Bank of Greece 20 to 25 per cent. of their foreign currency receipts, the proceeds to constitute a reserve fund to finance the importation of necessities. Import quotas are to be established forthwith, and it is intended that these shall bring about a reduction in imports amounting to the equivalent of £7,000,000 gold. Simultaneously M. Venizelos has outlined the new Budget proposals. There is a shrinkage of revenue of Dr. 1,600 millions, which it is intended to offset by economies of the same amount. The most controversial aspect of these economy proposals is their application to the service of the Greek external debt, where it is intended to suspend the sinking funds and also to default on the coupons due for payment on May 1st. In so far as these defaults are enforced by the difficulties Greece is experiencing in balancing her foreign payments and in checking the steady loss of foreign exchange—and in this respect, together with the proposed import restrictions M. Venizelos hopes to improve the balance by £12 millions gold—it is just possible to regard the defaults as a regrettable necessity, but when the Government proceeds to propose that the money so saved on the external debt service shall be applied to the prosecution of public works, foreign bondholders naturally feel they have grounds for complaint. Early this week Sir John Simon was questioned as to the position of the Greek 7 per cent. 1924 Refugee Loan, but all he could say was that, while the International Financial Commission would continue to press the Greek Government to carry out their obligations, the Commission possessed no real powers. On the other hand, M. Venizelos has stated this week that Greece is in need of further

assistance from abroad. He will doubtless be brought to realise that if such assistance is to be forthcoming, he must first meet the claims of Greece's foreign creditors up to the full limit of his powers. Meanwhile, the drachma was quoted on Thursday at Dr. 450 to the pound, against parity of Dr. 375. It remains to be seen—and the matter will be watched with keen interest by several other nations—if the fall in the drachma can be kept within bounds.

The Volume of Overseas Trade.—The publication by the Board of Trade of its index of the volume of foreign trade for the first quarter of this year provides further illustration of the effects of the tariff restrictions recently imposed by this and other countries. The table below shows the volume and value figures for retained imports and domestic exports during each of the last five quarters:—

VOLUME AND VALUE OF IMPORTS AND EXPORTS.

Period.	Retained Imports.				Exports of Domestic Produce.			
	Declared Values.	Index of Average Values.	Values in terms of 1930 Values.	Index of Volume.	Declared Values.	Index of Average Values.	Values in terms of 1930 Values.	Index of Volume.
	1930 = 100.	1930 = 100.	1930 = 100.	1930 = 100.	1930 = 100.	1930 = 100.	1930 = 100.	1930 = 100.
	Million £.		Million £.		Million £.		Million £.	
1924	1,137	135.0	842	88.0	801	120.8	663	116.2
1930	957	100.0	957	100.0	571	100.0	571	100.0
1931.								
1st quarter	192.5	84.5	227.7	95.2	103.3	93.2	110.9	77.7
2nd "	189.7	82.0	231.2	96.6	95.8	90.8	105.6	74.0
3rd "	191.0	79.1	241.5	100.9	93.2	87.8	106.2	74.4
4th "	225.0	79.0	284.8	119.0	96.8	86.0	112.5	78.8
1932.								
1st quarter	177.3	78.4	226.1	94.5	92.3	84.4	109.4	76.7

The downward trend in average values has continued, especially on the export side. When the influence of this is eliminated and the volume expressed as a percentage of the 1930 volume, the resulting index shows that there was an enormous rise in imports during the last quarter of 1931, when the anticipation of a tariff much more than counteracted the deterrent influence of the fall in sterling exchange, followed by a decline well below the level of any quarter of 1931, due partly to reaction after the previous "anticipatory" buying, and partly to the combined influence of the tariff and the rate of exchange. On the export side, the exchange stimulus, which had caused a sharp increase in the last quarter of 1931, was less effective in the face of a growing fence of restrictions abroad, and the volume declined somewhat, though it remained higher than in any of the two preceding quarters, but was less than a year ago. The number of influences and counter-influences at present reacting upon British foreign trade is so great that any conclusions drawn from the figures must be very provisional. On one point, however, they leave no doubt, and that is the disastrous fall in the volume of our export trade since the slump set in.

Cotton Trade Hours and Wages.—Our Manchester correspondent writes:—A further important development has taken place this week in connection with the labour situation in the Lancashire cotton industry, in that the weaving employers have decided unanimously to recommend the local associations to give the Central Committee authority to abrogate the agreement with the workpeople of July, 1919, when the weekly hours were reduced from 55½ to 49, with an advance in wages of 80 per cent. on list rates. Meetings of the district associations are to be held without delay, and the replies will be considered at a further meeting of the Central Committee in Manchester on Tuesday next. This decision is a result of the trade unions affected refusing to discuss with the employers the question of a wages reduction. Last November a similar recommendation was made with regard to the termination of all hours and wages agreements, but the district associations did not give the proposal adequate support and the matter had to be dropped. It is anticipated, however, that on this occasion the vote will be more substantial and that the employers' com-

mittee will be in a position to give one month's notice to abrogate all agreements. If this is done employers will be in a position to make special arrangements with their operatives relating to labour conditions without breaking agreements, and it is expected that such a development will result in increasing irregularities in working conditions throughout Lancashire. It may be pointed out that at the end of last year the spinning employers abrogated the agreement of July, 1919. It has been suggested that the two sets of employers, spinning and weaving, may ultimately join hands in a claim for a general reduction in wages, but action of this kind is not likely at the moment. So far as the spinning section is concerned, it must be remembered that the mills of the Lancashire Cotton Corporation are not in membership with the Master Spinners' Federation, and without the support of the Corporation it is doubtful whether any wages move would be successful. With regard to the weaving branch, although trade as a whole is depressed, quite a number of manufacturers are not prepared to join in any wages movement which might mean a stoppage of machinery to enforce the demand. The trade unions in the industry are undoubtedly passing through a very trying time. More firms are getting their operatives to accept wages and hours which are not in accordance with trade agreements and trade union membership is steadily declining. It would certainly be to the advantage of the industry as a whole for wages and hours to be on a uniform basis, and the time may not be far distant when the leaders of the workpeople will recognise this fact and be more prepared to grant concessions from the conditions existing during the last few years.

Canada and New Zealand.—The terms of the commercial agreement between His Majesty's Governments in Canada and New Zealand, which was negotiated several months back, have now been made known. Some two years ago the Canadian Government, under pressure from farmers of the eastern provinces and British Columbia, abolished the preferential entry which had been enjoyed by New Zealand butter, subjecting it to a protective rate of duty so high as to be almost prohibitive. In 1929-30 Canadian imports of butter from New Zealand amounted to \$13½ millions, other New Zealand goods imported being by comparison negligible. As a result of the duty, this trade was practically killed, and in August, 1930, the New Zealand Government retaliated by placing Canadian motor vehicles on the general tariff, thus almost doubling the rate of duty. This counter-attack proving ineffective, the British preferential treatment accorded by New Zealand to many other classes of Canadian goods was withdrawn in June, 1931. Pricked by the fact that trade between the two countries was now practically at a standstill, Mr Stewart, the New Zealand Minister of Customs, and Mr Stevens, the Canadian Minister of Commerce, negotiated, last December, amid the balmy delights of Honolulu, the agreement which has been published. The Canadian tariff on New Zealand butter is to be reduced from 8 cents a pound to 5 cents a pound; wool and hides from New Zealand will be admitted duty free and the tariff will be lowered on certain other agricultural products. For her part, New Zealand will replace Canadian motor vehicles and parts, timber, newsprint, and a number of other goods on the British preferential list. So the two Dominions stand almost where they started, with nothing to show for their quarrel but two years of recrimination and commercial loss. The conclusion of this treaty is of good augury for the Ottawa Conference, but the whole story is a warning of the dangers of the fire with which our sucking tariffists so cheerfully play. Would it be necessary for our trade with, say, Germany, to be reduced almost to zero before the folly of provocative trade restrictions was realised and undone?

Idle Shipping.—The statistics of laid-up shipping tonnage, compiled by the Chamber of Shipping, show that a welcome reduction took place in the first quarter of this

year. The figures for April 1st, and comparative figures for previous quarters, are as follows:—

	No.	Net tons.
April 1, 1931	778	1,919,786
July 1, 1931	752	2,044,092
October 1, 1931	778	2,089,443
January 1, 1932	728	1,966,417
April 1, 1932	734	1,800,000

The drop of 289,000 tons from the peak figure of October last is substantial. The April total includes 27,671 net tons of foreign shipping, the true British figure, therefore, being 1,772,239 tons, of which 744,896 tons have been idle for a year or longer. The figures do not include British tonnage laid up in foreign ports.

The Commonwealth Bank of Australia.—The report of the Commonwealth Bank for 1931 provides much interesting comment upon Australian conditions during the year. On public finance, the report remarks dryly that "one of the principal features of financial interest has been the efforts which have, or have not, been made by the various Governments to live up to the requirements of the Premiers' Plan, adopted at the May-June Conference in 1931." It adds that the banks have honoured their undertaking to provide the means required to cover the budget deficits for 1931-32. The report also alludes to the absorption by the Commonwealth Savings Bank of the Government Savings Bank of New South Wales, following the suspension by the latter last spring. Within one month of the absorption the whole of the Savings Bank deposits and current accounts in the Rural Bank section had been made available to the depositors, and the fixed deposits of the Rural Bank had been converted into fixed deposits of the Commonwealth Bank. The main point of interest in the report, however, is the explanation of the lowering of the exchange rate last December from £130 to £125 Australian to £100 sterling. Following the suspension of the gold standard in England, sterling prices of Australian exports began to rise, while there was also a reversal of the previous flow of funds from Australia to England, so that funds began to return to Australia. The banks were thus pressed by their customers to buy sterling at a premium of 80 per cent., while the demand for sterling fell away. Faced with the risk of loss on these transactions, some of the banks threatened to cease buying sterling unless they could re-sell to the Commonwealth Bank, and so shift the risk. So acute did the position become that on December 2nd the Commonwealth Bank issued a statement that it would buy sterling, at rates to be fixed by itself, from the public without restriction and from the banks up to the limit of the surplus accumulated by them. Simultaneously it fixed the new rate of £125. The report points out that this shows that it is not true that the Commonwealth Bank forced down the rate, but that by fixing its buying rate for sterling it arrested a catastrophic collapse in the Australian value of sterling. There is nothing to prevent interested parties from quoting higher rates for sterling if they desire, as has been done in the past. This certainly puts the Australian exchange controversy in a new light, for apparently all the Commonwealth Bank has done is to fix a minimum rate for sterling.

INSURANCE NOTES.

The Royal Exchange.—This well-known chartered company, founded in 1720, transacts all classes of insurance business, and, together with its seven subsidiary companies, controls funds of £23 millions and a premium income of £8½ millions. Contrary to the usual custom of composite companies, the accounts are not presented in consolidated form, and are concerned only with its own operations, affecting a premium income of £4,840,000. Each of the constituents of the group (the accounts of the principal subsidiaries are reviewed also in this issue) pursues a separate existence, competing for the same classes of business and maintaining separate organisations and different boards of directors. If there are any advantages in this wasteful form of amalgamation they are not apparent to the lay mind. The aggregate surplus for 1931 from all departments, though smaller than in 1930, is

satisfactory having regard to the exceptional conditions which, as will be seen, have borne particularly heavily on the fire department:—

	1930.		1931.	
	Amount of Profit.	Per-centage of Prems.	Amount of Profit.	Per-centage of Prems.
Fire department	129,095	7.7	62,088	3.8
General department	39,387	3.1	56,443	5.0
Marine department	19,830	3.0	19,161	4.1
Life department	26,151		26,151	
Annuity department	10,450		10,450	
Capital redemption department	2,293		2,293	
Trustee and executor department	12,754		8,568	
Less taxes, expenses, &c. .	200,300		146,832	
	93,765		83,827	
Total net trading surplus..	106,535		63,005	

The trustee department, though producing a relatively small contribution to surplus, is an interesting result of a pioneer experiment first undertaken 27 years ago. The department now administers trust funds of nearly £120 millions, and is exceedingly valuable as a feeder for insurance business. The depreciation in sterling exchange has caused some important changes on capital account; for while credit has been taken on the assets side for the increased sterling value of American investments, an exchange reserve fund of £275,000 has been set up (by a transfer from general reserve) to provide for the automatic increase in American liabilities, which have been taken into the accounts as before at par value. The feature of the life department is the revelation of the fact that only £100,000 has been needed to provide for depreciation on the funds of nearly £11 millions, thus leaving intact the bonus equalisation fund of £250,000 which was created last year following upon the 1930 quinquennial valuation. The dividend has again been maintained at 27 per cent., and the cost is more than covered by interest earnings.

London and Lancashire Insurance.—Controlling total funds of almost £27½ millions, and a premium income of £7½ millions, the London and Lancashire comprises one of the largest and—more important still—one of the most consistently successful insurance organisations in the world. Actually the group contains twenty-six subsidiary companies, six of them, including the most significant, being in Great Britain. One measure of the great financial strength of the group is that on this huge aggregation of funds only £500,000 has been needed for depreciation last year to bring the book values of the assets to a figure within market values. Of the total premium income the life department—administered by the Law Union and Rock whose accounts are separately reviewed—is responsible for £700,000. The remainder, some £6½ millions, is drawn as to £3 millions from fire, £2,200,000 from accident, and £1,300,000 from marine business. Except in the case of marine these figures are less than the corresponding totals of 1930, though the aggregate decline of rather more than £800,000 is small for so widespread a business. The underwriting results tell again the same story of consistent profit earning capacity on which the company has built its reputation and strength.

	1930.		1931.	
	Amount.	Percentage of Premiums.	Amount.	Percentage of Premiums.
Fire	324,132	10.1	345,319	11.4
Accident and general	85,198	3.6	77,766	3.5
Marine	187,111	14.8	200,558	17.0
Life	32,184		32,184	
Capital redemption	3,007		1,502	
	631,632		657,329	
Less				
Income tax	160,556		157,740	
Pension fund	40,000		45,000	
Written off investments	...		240,000	
Total net trading surplus	431,076		214,589	

The dividend is maintained at 100 per cent., and costs at £560,000 compare with interest earnings of £502,000.

Law Union and Rock Insurance.—This company, with assets of over £13 millions, is a subsidiary of the London and Lancashire, and its accounts are incorporated in those of the parent concern. The company is itself the result of an amalgamation of three separate companies, the Law Union, the Rock, and the Crown. The life funds of the last two named, amounting to £2½ millions, are administered as closed series. Last year the life business showed a large increase from £1,646,000 to £2,049,000, though the latter total is still slightly below the 1929 figure. In spite of the increased business and of a smaller volume of claims, the premium income remains practically at the same level as before. Interest income is lower and the rate, viz., £4 9s. 2d. per cent. net compares with £4 10s. 9d. per cent. in 1930. After writing off the relatively small amount of £250,000 for depreciation, the book values of the assets are in the aggregate not in excess of market values. The fire and accident accounts with somewhat lower premium incomes of £494,000 and £218,000 respectively, both yielded satisfactory underwriting profits last year. Owing, however, to the need for providing in these accounts for depreciation of £25,000, the net trading surplus is lower at £81,000 compared with £110,000. Fire and accident interest earnings at £54,000 are substantially lower as a result of a special bonus dividend paid in 1930 of over £500,000. The consequence of this (combined with an increase in the rate of dividend from 14s. to 16s. per share) is that the gap which has existed for many years between interest income and cost of dividend, has been widened to the considerable total of £83,000, which has to be provided by underwriting surplus.

Legal and General Assurance.—December 31, 1931, coincided, in the case of this society, with the date of a quinquennial valuation and distribution of surplus; and the natural importance of this event was intensified by the financial conditions then—and now—prevailing. The problem the society had to solve was the double one of providing for depreciation and for distributing a bonus to the with-profits policyholders. The former difficulty, though serious enough, was not acute, for although the total assets amount to £25½ millions, only £6 millions are invested in Stock Exchange securities. At the end of 1930 the book values of the assets exceeded market values by £162,000; and during 1931 there was a further depreciation of £749,000, equal to 12.2 per cent. of the Stock Exchange securities, but only 3 per cent. of the total assets. The society has met the situation, and at the same time achieved a distribution of bonus, by a complete revision of the system of actuarial valuation, involving a release of reserves of £465,000. The new system is known as a "bonus reserve valuation," now publicly adopted by the old Equitable and, more recently, by the London Life. The reserves for the existing sums assured and bonuses are calculated by reference to assumptions, closely corresponding with actual experience, as to interest, mortality, and expenses, and to these reserves are added the value of future bonuses on the existing business. It is this definite and specific provision for future bonuses which gives the system its name and special character. In the case of the Legal and General, the "bonus reserve" method of valuation happens to be peculiarly appropriate, for the transaction of new with-profits business ceased in 1919, and the rights of then existing with-profits policyholders were limited to a maximum reversionary bonus of 88s. per cent., compounding quinquennially. So far as the most important factor in the valuation is concerned, namely, interest, 4 per cent. has been assumed (compared with an average of £4 12s. 6d. per cent. net earned in the last five years), and the provision for future bonuses has been made at the full maximum rate of 98s. per cent. The surplus resulting from this valuation amounts to £919,882, of which £800,000 has been transferred to the profit and loss account, and £119,882 carried forward. Out of the £800,000 so transferred, £750,000 has been used to increase the investment reserve fund to £1,000,000, which more than covers the depreciation in the book values of the assets. The profit and loss account has also benefited by profit on investments amounting to £286,000, and £100,000 has been transferred to the

general reserve fund, which now totals £250,000. Turning to the normal operations of the year, the new life business suffered diminution from £11,533,000 to £9,780,000, but the latter figure is much larger in proportion to size than that of any other British office. In addition, the society continues to transact a very large sinking fund and annuity business. The fire and general departments are rapidly growing, and produced premiums of £370,000 and a profit of £17,000. Interest earnings from this section alone provided £49,000 towards the cost of the dividend, which has been maintained at 42½ per cent. tax free, and requires £85,000. At the present price of £13½ for the £5 shares, with £1 paid up, the yield is £4 4s. per cent. gross.

Car and General Insurance.—This company, after twenty-eight years of experience of motor car insurance, occupies a leading position in this market, and although it preserves a separate existence it is controlled by the Royal Exchange. The total premium income is £1,147,000, of which some 80 per cent. is derived from motor insurance. The exact amount is not disclosed, for the company has taken the retrograde step of lumping together into one conglomerate mass the whole of its transactions apart from fire and marine. The underwriting results are shown below, and make a good showing:—

	1930.	Per-centage of	1931.	Per-centage of
	Amount of Profit.	Profits.	Amount of Profit.	Profits.
Fire	11,394	12.5	9,157	10.7
Accident	942	6.4	...	...
Employers' liability	11,017	15.8	...	...
Motor	34,532	4.3	37,933	3.6
Miscellaneous	6,312	5.8	...	...
Marine	10,000	21.5	...	...
Sundries	788	...	...	...
Less items charged to profit and loss account	42,361	...	47,090	...
Total net trading surplus..	15,553	...	35,262	...
	26,808	...	11,828	...

The company works on an unusually small capital of only £51,000, half of this being in 5 per cent. preference shares, so that for each £100 of ordinary capital there is some £4,300 of premium income. In consequence of this the dividend is at the very high rate of 200 per cent.

Motor Union Insurance.—The 1931 report of this important motor insurance company makes a more favourable showing than that for many years. Like the Car and General the company is controlled by the Royal Exchange, though a separate existence is preserved with all that this means in the way of separate organisation, separate board of directors, and internal competition within the group. The main cause of the bad times on which the company had previously fallen was a series of terrific losses from marine business; but any danger of recurrence of this has been permanently removed by a reduction of premium income in this department to nominal dimensions. These losses culminated in the omission of a dividend for 1927 and 1928 when the Royal Exchange acquired control. Last year the premium income was some £100,000 lower at £1,780,000, of which some 80 per cent. is derived from motor insurance, and the comparison of the underwriting surplus is given below:—

	1930.	Per-centage of	1931.	Per-centage of
	Amount of Profit.	Profits.	Amount of Profit.	Profits.
Fire	1,353	0.7	—9,683	—5.2
Accident	5,608	14.9	...	...
Employers' liability	8,353	16.5	116,608	7.4
Motor	94,812	6.3	...	...
Miscellaneous	53,492	69.0	...	...
Marine	20,000	...	...	...
Less items debited to profit and loss account	36,634	...	106,925	...
	9,847	...	1,089	...
	26,787	...	105,836	...

Dividend payments were resumed at the reduced rate of 20 per cent. in 1929, and this rate has again been declared for 1931, and the cost is well within the interest earnings. The price paid by the Royal Exchange for control in 1927 was £9 15s. per £1 share, and the yield at this very inflated price is thus only 2 per cent. gross. The general reserve has been increased to £500,000, but £100,000 of this has been taken to form an exchange reserve, and a further £240,000 for an investment reserve. After taking this investment reserve into account the book values of the assets are within the market values.

Caledonian Insurance Company.—This company suffered last year from the combined effect of adverse trading conditions and heavy Stock Exchange depreciation. As regards the former, the total premium income, of which a substantial proportion is written in the United States, is only slightly smaller at £1,404,000, but, as will be seen from the detailed statement below, the profits in most departments have fallen off considerably:—

	1930.	Percentage of	1931.	Percentage of
	Amount.	Premiums.	Amount.	Premiums.
Fire	13,356	1.5	9,260	1.1
Accident	1,241	17.7	941	10.0
Employers' liability	279	6	3,617	8.9
General	14,577	3.9	13,368	3.4
Marine	7,485	5.9	17,648	14.3
Life	39,181	...	...	...
Less items debited to profit and loss account	76,119	...	18,098	...
Total net surplus	28,729	...	22,755	...
	47,390	...	4,657	...

The fire account is the most important, and yields 60 per cent. of the total premiums. The general department is the second in importance, and here the unfavourable result is wholly due to motor insurances. The above statement does less than full justice to the 1931 figures, since no credit is taken for profits from the life department, while the 1930 credit from this department represents three years' profits as the result of the triennial valuation on December 31, 1930. The operations of the life department also bear evidence of the state of general depression, for the new business has declined from £1,567,000 to £1,197,000, and the total premium income is lower. Moreover, reduced dividends and defaults (and higher income tax) have been responsible for a falling off in interest earnings, which work out at £4 10s. 7d. per cent. net, compared with £5 0s. 11d. per cent. net in 1930. With regard to the investments, the company publishes separate balance sheets for the life department and the fire and general business, and these show assets of £7 millions and £3 millions respectively. The book values of the Stock Exchange securities in the former exceed the market values by some 10 per cent., after taking account of the investment reserve fund of £200,000, but the book values in the fire and general balance sheet are, it is satisfactory to note, still below the market values. The dividend has been maintained at the same rate as before, namely, 87½ per cent., and is virtually covered by interest income.

World Auxiliary Insurance.—This company, which was formed 12 years ago, is associated with the "Northern" group of companies by reason of a large shareholding interest held by the World Marine and General, itself a subsidiary of the Northern. All classes of business, except life, are transacted, but the chief development in recent years has taken place in fire and general business. Premiums in this branch rose rapidly in the years 1928-1930, and in the latter year, at £303,000, were more than twice the total attained in 1925. In 1931, however, there has been a very steep drop to £221,000, and the poor underwriting results of 1930 have been repeated last year and accentuated by the pressure of expenses on the attenuated income. The details of the past three years are as follows:—

	1929.	Per-centage of	1930.	Per-centage of	1931.	Per-centage of
	Amount of Profit.	Profits.	Amount of Profit.	Profits.	Amount of Profit.	Profits.
Fire, accident and general	211	1	27,197	9.0	30,551	14.1
Marine	15,000	9.1	20,000	11.4	15,000	9.7
Less items debited to profit and loss account	14,789	...	7,197	...	16,051	...
Total net surplus	9,674	...	7,855	...	2,493	...
	5,115	...	15,052	...	18,044	...

The dividend has been maintained at 6½ per cent. free of tax, and is amply covered by interest earnings. The balance sheet for so young a company is strong, for the capital of £300,000 is protected by a general reserve of £175,000, an investment reserve of £40,000, and a "carry forward" of £35,000. Although there was on December 31st last a depreciation of £81,000 on the book values of the investments, it is stated in the report that the whole of this has now been recovered by the subsequent appreciation.

Guildhall Insurance.—The 1931 report of this company, the control of which was recently acquired by the London Assurance, makes a very favourable showing; for, although the premium income has suffered a considerable diminution, the underwriting profit is greater in amount, and proportionately, therefore, higher in relation to the reduced income. The total premiums amounted to £623,000, compared with £760,000 in 1930, and are now back to the level of the year 1928. The accounts show that the brunt of the reduction has fallen on the fire department, and that the accident account has been well maintained. Thanks to a large release of reserve for unexpired risks, the underwriting profit rose from £15,103 to £21,413, and the ratio to premiums from 2 per cent. to 3.4 per cent. After allowing for expenses and taxes debited to profit and loss account, the net trading surplus of the year was £9,980, compared with £8,714 in 1930. Interest income, at £25,540, was higher, and the dividend of 10 per cent., costing only £9,375, has been maintained. With regard to the investments, totalling £692,000, the chairman was able to state that, in spite of the depreciation of last year, the book values were "fully worth the amount stated."

Overseas Correspondence.

LEAGUE OF NATIONS.

Disarmament — Reparations — Far East.

(FROM OUR CORRESPONDENT.)

GENEVA, April 26.

THE General Commission of the Disarmament Conference reached discussion on the qualitative reduction of armaments, skirted round it without coming to grips, passed a resolution approving the principle of qualitative disarmament, described as "the selection of certain classes or descriptions of weapons, the possession or use of which should be absolutely prohibited to all States or internationalised by means of a general convention"; asked the Land, Sea and Air Commissions to select those weapons whose character is more specifically offensive, of the greatest efficacy against national defence, or most threatening for civilians; and adjourned until the three Commissions report.

This adjournment, during which these three and other Commissions will be at work, has been accepted at M. Tardieu's request that neither his plan nor the general political discussion of Germany's claim for equality of principles should be seriously broached until after the French elections. If M. Tardieu's Government does not remain in office, it will not be before the first few days of June that a new Government can be formed, and this would put off any further serious debate until that time. Will the Lausanne Conference, fixed for June 16th, be another interference? These postponements of the central problems are intelligible enough in the circumstances. But all the Governments knew last year that 1932 was to

be a year of elections, and they might have arranged their conference dates with more care. They all shirked the responsibility of suggesting a later date, and have, therefore, been more or less compelled to manipulate the agenda to meet the circumstances. It is too early to take this as a sign that they are running away from the problems. It may be true that the situation is just as likely to become more difficult as easier, but the Disarmament Conference has got its claws embedded, and escape does not seem possible. It will, in any event, be a slow business.

M. Tardieu's anxiety not to have his plan discussed before the elections rather suggests that he does not anticipate acceptance. There are some who profess to see a certain withdrawal by the French delegation from the rigid attitude hitherto maintained. At the same time, the anger of some elements of French opinion at the British and American desire to get the principle of qualitative limitation or reduction accepted in simple terms does not lend much support to the theory of greater French reasonableness. The original resolution proposed by Sir John Simon made it quite clear that in asking the Conference to declare its approval of qualitative disarmament, it was to be done without prejudice to other proposals on the agenda. It would have been simpler to leave it thus, but there was opposition, and at Sir John Simon's suggestion, the resolution was ultimately adopted in the form of considering what weapons should be absolutely prohibited or internationalised. This is a postponement of the fundamental difference; but, nevertheless, it is a point gained that the technical commissions should be considering what are the most offensive weapons.

The discussion was interesting in the fact that, in reply to the supposed difficulties of differentiating between offensive and defensive weapons, Sir John Simon, arguing that it was a matter to be settled by common sense, observed that certain arms had been indicated in the Treaty of Versailles as suitable for prohibition on the ground that they were clearly calculated to assist attack against national defence. The German delegate expressly stated that qualitative disarmament could not be effected by means of internationalisation, but only by destruction and absolute prohibition of aggressive weapons; the question appeared to be settled in advance in so far as they must include those which had already been abolished by Germany and the other disarmed States. The controversy thus remains in suspense; the election results in Germany are likely neither to weaken the German stand nor to encourage the French to make a more helpful contribution towards possible achievements. We shall have to wait some weeks to know more definitely.

Meanwhile, there is not much that is encouraging either in the conversations which have taken place between all the leading statesmen or in the Far Eastern crisis. The only precise information which has emerged from the conversations is the fixing of the date of the Lausanne Conference. There has been some circumstantial talk about M. Tardieu's interviews with Dr. Brüning and Mr. Stimson, the story being that Dr. Brüning suggested a three years' adjournment of reparations, during which the whole economic situation must be tackled, and that M. Tardieu, without any recorded results, discussed with Mr. Stimson the possibility of a two years' adjournment, basing this on a clause in the French debt agreement with the United States. The general assumption is that the reason why little is known of the conversations is that there has been little in them.

The Far Eastern crisis, as seen from Geneva, becomes worse and worse, and the reported armistice agreement at Shanghai deceives no one. It is the general view that, in their anxiety to disembarass themselves of an awkward situation, the representatives of the Great Powers at Shanghai have overborne the Chinese, if it is, in fact, the truth that agreement has been reached. Those who have been following events closely here and in the East are convinced that Japan will accept nothing which takes from her the power of deciding for herself what she will do. The Great Powers are credited with following the line of least resistance, more or less regardless of the Covenant and of the Assembly resolution. They have

made it known that they are impatient with the Chinese, and all they want is any settlement anyhow. In Shanghai, therefore, everything seems to be playing into the hands of the Japanese. In Manchuria they are putting every obstacle in the way of the Lytton Commission, with threats against the lives of the Chinese attached to it. The tone used in Japan towards Russia, towards the League and towards America is the tone and spirit of the Tanaka policy. It is a miserable and humiliating prospect for the League, and the one and only hope lies in the honesty and loyalty of the smaller Powers, who are almost as unpopular as the Chinese with some of the great Powers, who, this afternoon, have taken the Assembly Committee meeting from privacy to secrecy. Lord Londonderry explained what Sir Miles Lampson had been doing. The Japanese had declined the terms of the Assembly Commission, stating the opinion that the Mixed Commission to be set up under the Armistice terms was competent to declare by a majority when the moment had arrived for withdrawal of troops. Sir Miles then suggested in its place that the Mixed Committee might state if either party were negligent in carrying out the Armistice terms, and both sides were more or less disposed to accept, the Chinese adding a paragraph safeguarding the Mixed Commission's majority right. The Assembly Commission is awaiting Japan's definite decision. There seems no reason why Japan should refuse a text which gives her virtually everything. As the Armistice terms make no provision for a withdrawal date, or for anyone to settle that date, Japan could not be declared negligent in not withdrawing. The only possible explanation given of Chinese readiness to accept is that they must have been subjected to pressure.

UNITED STATES.

Industry — Prices — Credit.

(FROM OUR CORRESPONDENT.)

NEW YORK, April 19.

WHILE the Federal Reserve system during the past week, following a meeting at Washington of the regional bank heads with members of the Federal Reserve Board, has made a public statement of policy, announcing a more determined drive to force credit into use, actual trade conditions are little changed. Little if any seasonal improvement occurred in late winter and early spring, and the trend now seems to be slightly downward in some industries.

Steel mills are still working at about 22 per cent. of capacity, according to accepted estimates, although the United States Steel Corporation, it was brought out at the annual stockholders meeting, has dropped to 20 per cent. of capacity. It was also stated that the corporation's earnings were poorer in the first quarter than in the closing three months of last year. The much-reduced common stock dividend is virtually sure to disappear when the board meets next week, but the preferred dividend will be maintained. The United States Steel Corporation will find it necessary to make another cut in wages. An announcement of reduced pay for salaried workers is shortly expected, to be followed by lower wages for labour. Other units in the industry will certainly take the same course.

First quarter earnings are now being published by the leading companies, and they confirm expectations of lack of seasonal improvement. In the aggregate, earnings for industrial companies appear to have been rather worse than for the fourth quarter of last year. Public-utility companies, also, are now feeling the increasing pressure of the blows to confidence given by the collapse of the Insull organisation, which cast some doubts on the solidity of other great holding companies that have sought to weld together operating electric and gas companies over wide stretches of the country. On the other hand, the first of the March reports for the railroads show improvement, thanks to the full force of the lower wages. Railroad investors also see a ray of hope in the efforts made on their behalf in Congress by the Inter-State Commerce Commis-

sion to repeal the recapture clause of the Transportation Act and to bring motor transportation under regulation in such a way as to give the railroads fairer treatment.

Notwithstanding the improvement in the wheat market on reports of damage to the winter crop, the trend of commodity prices is still downward. The Bureau of Labour index for March fell from 66.3 to 66, or 10 points below a year ago. Comparisons follow:—

Commodity Groups.	March, 1931.	February, 1932.	March, 1932.
All commodities	76.0	66.3	66.0
Farm products	70.6	50.6	50.2
Foods	77.6	62.5	62.3
Hides and leather products	87.6	78.3	77.3
Textile products	70.0	59.8	58.7
Fuel and lighting materials	68.3	68.3	67.9
Metals and metal products	86.4	80.9	80.8
Building materials	82.5	73.4	73.2
Chemicals and drugs	82.9	75.5	75.3
Housefurnishing goods	88.0	77.5	77.1
Miscellaneous	72.0	64.7	64.7
Raw materials	69.5	56.9	56.1
Semi-manufactured articles	72.9	61.9	60.8
Finished products	79.6	71.4	71.5
Non-agricultural commodities	77.2	69.0	69.3
All commodities less farm products and foods	77.2	71.3	70.9

Further ground has been lost in April, the weekly index for the week of April 9th being 65.7, compared with 66.5 on March 12th. Foreign trade figures for March show exports of \$156 millions, or a gain of a million over February, which means a lower daily average. Imports were unchanged at \$131 millions. Exports of cotton rose further, and consumption in domestic mills was larger than in February, but fell slightly lower than a year ago. Exports and imports of general merchandise also were far lower than last year, the figures for March, 1932, being \$236 millions and \$210 millions respectively.

Another index of trade is the decline of \$8 millions in bankers bills outstanding at the end of March. Compared with a year ago the drop was \$555 millions. Export bills went up \$10 millions, against a decline of \$13 millions in import acceptances. An indication of the fall of trade with the smaller nations was given by the drop in acceptances to create dollar exchange, the volume being the smallest in five years. The Reserve banks, the accepting banks and the dealers held 87 per cent. of all bills at the end of the month.

So far the Federal Reserve system's campaign to force out credit has been instrumental only in lowering money rates. Time funds have dropped a half per cent. in the past week to 2½ per cent., Federal funds (excess bank reserves at the Federal) are one-eighth of 1 per cent., and call loans against gilt-edged collateral is 1 per cent. The Stock Exchange maintains the official pegged call money renewal rate at 2½ per cent. There is some talk of another reduction in bank deposit rates, but it probably would not be very effective just now.

Meanwhile, the reporting member banks in leading cities have found it necessary or desirable to sell more of their securities and to liquidate loans. In the past six months the deflation in loans and investments for the city banks alone has amounted to over \$3,000 millions. For the week of April 13th loans dropped \$90 millions, the bulk being against securities, and investments, mainly Government bonds, fell \$23 millions. Against a further drop of \$80 millions in Government and time deposits, net demand deposits rose \$101 millions. This was brought about by the return of currency to the banks, the withdrawal of Government deposits, which create demand deposits, and the sale by member banks of Government bonds to the Federal Reserve Banks.

Some measure of what the Federal Reserve system proposes to do in its invigorated push for a greater use of cheap credit is given in last week's statement of condition. A full \$100 millions in Government bonds was added to the portfolio, against recent weekly average purchases of \$25 millions. A small run-off in bills and in discounts left the total increase in Reserve Bank credit at \$87 millions. Currency in circulation declined \$35 millions.

These operations have greatly increased the excess reserves of the city banks held at the Reserve Banks. In

New York the excess is now around \$100 millions, and the authorities already see some indication of a sweepage into the interior, which is the goal sought. The new drive is merely a more determined use of policy which has been followed ever since the stock market crash of 1929, and a good deal of confidence is held of its ultimate success.

Efforts to expand the use of credit within the Federal Reserve sphere of influence, but without printing and distribution of currency as proposed by the soldiers' bonus advocates, will help to stop deflation without bringing on dangerous inflation, it is felt by the sponsors of the policy, and at the same time there will be no danger of abandonment of the gold standard. Until the passage of the Glass-Steagall Bill the central banking operations were hampered by the legal restrictions on gold and collateral backing for currency, but now Government bonds may be used as a partial substitute for commercial paper, automatically increasing the free gold, now around \$500 millions, by \$1,000 millions. Success for the latest thrust against deflation depends to a considerable extent, of course, on freedom from a major catastrophe abroad, abstention from any unsound inflationary measure at home and a balance Budget.

Some progress is being made on a new Tax Bill, but Congress has engaged in such minor distractions as an investigation of short selling on the New York Stock Exchange. It is now rather gloomy in outlook for a soldiers' bonus, and there is even more hope that some of the worst features of the house tax measure, as, for instance, the sharp increase on stock and bond transfer taxes, may be eliminated before a measure passes the Senate.

Ex-Governor Alfred E. Smith's rather ingenious proposal that the foreign debt question be settled by, first, a twenty-year moratorium and then by a rebate as credit on payments of 25 per cent. of our exports to debtors was favourably received. It had the merit of a frank facing of something which everybody admits privately, namely, that little is likely to be paid on the debts for a long time, and many hold that some such plan would avoid the ill will which would follow forcing Europe into open default.

FRANCE.

Politics — Hoarding — Revenue.

(FROM OUR CORRESPONDENT.)

PARIS, April 27.

OFFICIAL returns show that for next Sunday's general elections there are over 3,600 candidates for the 615 seats to be filled, or an average of practically six for each seat, while in many of the urban constituencies as many as twelve or thirteen official declarations of candidature have been made in respect of the same seat. Over 500 of the members of the recently expired Legislature are seeking re-election, but are almost everywhere having to face an overwhelming number of new men.

As far as can be seen, electoral opinion is hardening daily in favour of the maintenance of the Moderates in power, and against the extremist parties of the Left. On the pendulum theory the Left should on this occasion again return to power. In 1919 the Right was victorious, under M. Millerand; in 1924 the Cartel des Gauches drove M. Millerand from the Elysée and M. Poincaré from power; in 1928 the Right secured their revenge. Three months ago serious observers were inclined to predict a Cartellist victory. Since then, however, the Left, as a whole, appears to have lost ground. The large Hitlerist poll, first at the German presidential election, and since then at the Prussian general elections, and the resultant chaotic outlook on the other side of the Rhine have caused a large section of the French electorate to reflect seriously, and full advantage has been taken of this changed frame of mind by M. Tardieu and his colleagues.

Many Frenchmen now incline to the view that last Sunday's German revelations should be worth an additional fifty seats to the present Government. The speeches of M. Herriot and other Radical leaders during the past

two or three days appear to support this view. M. Herriot now seems to have definitely abandoned all desire to depend for office on Socialist support and to be much more inclined towards co-operation with the rest of the Moderate Parties of the Centre. M. Caillaux, in his speech on Monday, more than hinted at the desirability, in view of the present international situation, of a Ministry of Republican concentration, leaving the Socialists in the cold shades of Opposition. There is growing evidence that the Socialists, at the same time, are finding the contest much less comforting than they had expected, especially in the South of France, which has latterly been the main theatre of their effort—after having conquered many of the Northern industrial areas—to convert the peasantry to Marxian ideas. It now appears probable that the Unified Socialists will return to the Chamber appreciably shorn of their strength as the result of the skilful ramming home of the deplorable results of Socialist Governments in Great Britain, Germany, Australia and Austria. As matters stand at the time of writing, a Tardieu landslide, although not seriously foreshadowed, is by no means improbable, as a nation-wide retort to Hitlerism.

Increasing attention is being paid to the persistent hoarding of capital by all classes in this country, the swollen volume of which is causing some nervousness, both because of the artificial inflation of the note circulation thereby and for other reasons. Evidence of hoarding on a large scale is furnished by the fact that since the end of 1926, which synchronised with the stabilisation *de fait* of the franc, the total paper circulation has risen from 52,449,000,000 francs to 83,547,000,000 francs at the end of 1931. Analysis of the categories of currency shows that during the five years the respective quantities of small notes in circulation remained fairly constant. Five-franc notes diminished from 923,000,000 francs to 788,000,000 francs. Ten-franc notes increased from 1,726,000,000 to 2,116,000,000 francs, which was obviously partially due to the diminution meanwhile from 132,000,000 to 37,000,000 francs of 20-franc notes (which have now been retired from circulation). Fifty-franc notes increased only from 3,247,000,000 francs to 3,346,000,000 francs, while 100-franc notes rose from 20,093,000,000 francs to 24,600,000,000 francs. During the same period, however, 1,000-franc notes increased from 23,169,000,000 francs to 46,262,000,000 francs, and 500-franc ones from 3,059,000,000 francs to 6,398,000,000 francs.

The increase in the total circulation, it will be noted, was in round figures 31,000,000,000 francs, or as nearly as possible 60 per cent., whereas the increase in 1,000-franc notes alone was nearly 100 per cent., and in 500-franc notes over 100 per cent. The striking increase in the number of 1,000- and 500-franc notes in circulation can only be accounted for on the theory that they are being hoarded. It is believed that a large proportion of these hoarded notes are held outside France, and particularly in countries of depreciated currency.

Two other facts are interesting in this connection. Private deposits and current accounts at the Bank of France (exclusive of those of the Treasury and the Caisse d'Amortissement) increased from 7,520 millions in 1929 to 11,284 millions in 1930, and then to 23,152 millions in 1931. "Ordinary savings bank" (that is, exclusive of Post Office savings banks) deposits at the end of 1931 amounted to 30,282,000,000 francs, or 6,275,000,000 francs more than at the end of 1930. The enormous accumulation of capital, totalling some 75,000,000,000 francs, in the hands of the Caisse des Dépôts et Consignations and largely invested in Rentes and other public securities, was referred to in the *Economist* recently.

The total assessment notes for income tax levied during the financial year ending March 31st was 9,056,000,000 francs. Of this total 8,528,000,000 francs represented assessments in respect of incomes earned during the year ending December 31, 1930, and embodied in declarations made at the end of February, 1931. The balance of 528,000,000 francs concerned outstanding assessments for 1929 and previous years collected during the past twelve months. The grand total for the year (outstanding assessments included) was made up as follows:—

Assessments on:—	Fr.
Industrial and commercial profits	3,992,433,800
Developed building land	1,000,394,800
Undeveloped building land	346,075,800
Salaries, wages and fees	983,039,900
Profits from liberal professions	207,703,700
Agricultural profits	79,939,900
For general income tax (payable by all the above-mentioned scheduled categories)	2,445,261,600
Cost of levying assessment notes	714,500
	9,055,564,000

The exceptionally favourable treatment accorded to agriculture, the most important of the nation's industries, and which alone occupies something like 47 per cent. of the population, is strikingly indicated by the fact that total assessments in respect of agricultural profits represented barely 1 per cent. of the total levied on the whole of the scheduled categories. At the end of February 1,054,000,000 francs, or 11.64 per cent. of the year's assessments, were still outstanding. On the corresponding date in 1931, out of total assessments amounting to 9,647,914,000 francs, the amount outstanding was 581,000,000 francs, or only 6 per cent. Declarations returned at the end of February, covering incomes during 1931, indicate that incomes from industrial and commercial profits last year were 40 per cent. lower than in 1930. Inquiries show that a record number of (undated) summonses for unpaid direct taxes has been served since the beginning of January, but that, in view of the general situation, proceedings against defaulters have been taken in an extremely small proportion of cases.

GERMANY.

Elections — D.D. Bank — Burbach-Kaliwerke Scandal.

(FROM OUR CORRESPONDENT.)

BERLIN, April 26.

THE National Socialists have achieved substantial successes at the Landtag elections in Prussia and some of the other German states. In Prussia they received 162 out of 422 seats. These gains, however, have mostly been made at the expense of the other parties of the Right; for example, the number of seats held by the Nationalists in the Prussian Landtag has been reduced from 71 to 30. The moderate Conservative Parties, which separated from the Nationalists when the latter came under Hugenberg's leadership, are completely wiped out; the German People's Party, which held 40 seats, now has only 7 (though out of a smaller total of 422, against 450). On the other hand, the leading parties in the former Government coalition, the Social-Democrats and the Centre, have maintained their position very well. The Social-Democrats have, indeed, lost 44 of their former 137 seats, but their total poll is not much less than it was in the Reichstag election of 1930. The Centre Party has polled more votes than in 1930.

The decline of 10 per cent. in the Communist vote since 1930 is very striking, though not wholly unexpected. At a time of acute crisis, the Communist vote naturally increases, but the Presidential Election has already shown that the mistaken tactics of the Communists have prevented them from taking votes from the Social-Democrats, and have even caused them to lose votes to the National Socialists. They denounced the Social-Democrats as the "arch-enemy" and directed the spear point of their agitation against the Braun-Severing Government. This made it easy for the Social-Democrats to demonstrate to the workers that the election of Communists would only help to leave the way clear for Hitler, who would make use of the Communist votes to destroy the hated regime of the Weimar Parties in Prussia. Discontent with the Emergency Decrees, which, in the opinion of many workers, were not resisted with sufficient determination by the Social-Democrats, could, therefore, not be turned to their own advantage by the Communists, for every Communist attack was countered by the Social-Democrats with the question: "Do you suppose the Emergency Decrees of Hitler, whom your tactics are helping into power, would be any better for the workers?"

A large number, however, of those who allowed themselves to be convinced by the Communist attacks on the Social-Democratic Party on account of its "toleration" of Dr. Brüning and its rigid administration of the Prussian police, preferred to vote National Socialist because they rightly regarded the National Socialists as the most dangerous enemies for the time being of the Socialist-Republican regime."

In consequence of the great growth of the National Socialists, who have doubled their 1930 poll, the narrow majority of the Weimar Parties in Prussia has been wiped out. No majority has been created, however, for the parties of the Right, even if the meagre remains of the Moderate Right range themselves entirely under the leadership of the National Socialists. The National Socialists and Nationalists can, it is true, with the help of the Communists, make the task of governing very difficult for the Braun Government, but they cannot themselves form a new Government, as the Communists would naturally not lend their support to a Cabinet of the Right. A Government majority would only be possible if the Centre joined with the National Socialists. Now the Centre has already announced that it is not opposed in principle to negotiations to this end, but that it will oppose one-sided dictation from any party. It will, therefore, as it did in Hesse, enter into discussions with the National Socialists as to the possibility of a joint Government, but it will refuse to place the Prussian police under their control by giving them the Ministry of the Interior. These negotiations can therefore only lead to any result if the National Socialists modify their claims very greatly. It is not very likely that they will do so, for they are undoubtedly interested, not in the mere acquisition of seats in the Cabinet, but in precisely that influence on administration of the armed forces which the Centre intends to refuse them.

It is impossible to see clearly what influence the result of these elections will have upon Reich politics. On the one hand, the moral prestige of Dr. Brüning has been weakened by the losses of those sections of the moderate Right which still supported his policy; on the other hand, it has been strengthened by the success of his own party, the Centre. The more the increase in the number of Hitler's supporters threatens all moderate and enlightened policy in Germany, the firmer stands the narrowed circle of those who are defending that policy, grouping themselves round Brüning because there is nobody else with the necessary personality and qualities of leadership.

The Deutsche Bank und Diskontogesellschaft has closed the application lists for its shares. The result has not fulfilled the expectations of the bank: only 27 million shares, at 115, have been taken up. At the end of February the bank reduced its capital in circulation from Rm. 180 to Rm. 72 millions, by writing down the nominal value of the shares from Rm. 1,000 to Rm. 400, and 72 million new shares were issued to increase the capital to 144 millions. The Golddiskontbank declared itself prepared to take over these new shares at 115, but the DD bank did not wish to allow 50 per cent. of the bank's capital to pass into the control of the Reichsbank. It was able to announce by the end of February that 20 million shares had been taken up by industrial customers of the bank. A further amount was to be disposed of by a public issue, and it is now revealed that this further amount consists only of 7 millions, so that the Golddiskontbank will have to keep no less than 45 million shares. This does indeed make the influence of the Golddiskontbank on the DD bank considerably less than on the other big banks, for it holds only something over 30 per cent. of the capital. The failure of the issue is attributable not only to the unfavourable position of the German capital markets, but also to the distaste of German capitalists for bank shares. The issue price of 115 was generally regarded as too high. Although the capital of the DD bank is very small in comparison with the volume of its business, the earning prospects of the bank are very unfavourably estimated. As the crisis is still in full swing, the current year, and perhaps also next year, will bring losses on investments and on debts. Moreover, the DD bank will have to pursue a very cautious dividend policy for the next few years, in

order to build up its reserves again. There was, in consequence, no demand worth mentioning for the shares of the bank, and the Stock Exchange quotation fell, after the closing of the lists, to 40. That is, to 100 per cent. of the new nominal value, against an issue price of 115.

The history of industrial combination in Germany has recently been enriched by another share scandal. It appears that the Burbach Kaliwerke, in consequence of an amalgamation which had hitherto been kept secret, has become heavily indebted and has had to write off large losses. Burbach is one of the largest German producers of potash and produces 18.8 per cent. of the total German output. It is also one of Germany's largest oil producers. Two years ago it discovered the largest oil well in the country in one of its potash mines, and has made large profits by selling this oil for refining to I.C. Farbenindustrie on a several years' contract. Even for 1930 the company distributed a 12 per cent. dividend on its Rm. 70 millions capital. Now it emerges that no less than Rm. 33½ millions of its capital is held by a small and hitherto almost unknown company which has bank debts to the tune of 55 millions, guaranteed by the Burbach Kaliwerke. The creditors are mostly foreign banks, and the debt comes, for the most part, under the Standstill Agreement. Recent balance sheets have given a false impression of the state of the company, which has seriously injured the interests of many shareholders. The quotation for Burbach shares, which was still 175 at the beginning of 1931, fell from 55 to 31 on the receipt of this news. The creditors will have to face the fact that their claims will for a long time be impossible to liquidate, but, as far as has been ascertained so far, the company will be able to meet the debt. The shareholders' position is, however, far from favourable; no dividends can be distributed for 1931, and a probably not inconsiderable part of the capital is lost.

AUSTRIA.

Local Elections — Banks — Foreign Trade.

(FROM OUR CORRESPONDENT.)

VIENNA, April 25.

THE profound dissatisfaction of the general public with the present economic situation has been given expression in the fact that the National Socialists have obtained successes at the Local Government Elections in several of the Austrian federal countries, namely, in Vienna, Lower Austria and Salzburg. The election results show which classes are hardest hit by the crisis. The worst off are the middle classes, which up to the present have been supporters of the moderate bourgeois parties. Last Sunday these parties received very few votes. Nevertheless, in contrast to the elections in Germany, which were held at the same time, it is characteristic that the Communists did not meet with the slightest success anywhere here. No immediate redistribution of power will result from the elections. Still, it is possible that the grouping of the parties and their relation to the Government may undergo modification. In the hotly contested Vienna constituencies the Social-Democrats again have a big majority, the distribution of seats being as follows: Social-Democrats 66 (+ 1), Christian Socialists 19 (— 16), National Socialists 15 (+ 15). This means that the notorious anti-bourgeois "Breitner taxes" and the rapid house-building out of public funds will remain in principle. It is, however, possible that sharp opposition on the part of the new radical municipal councillors may cramp the absolute rule of the Government Party a little.

The first of the Vienna big banks has published its balance sheet. This is the Niederoesterreichische Escompte-Gesellschaft, which for the first time in its eighty-year existence has decided to pay no dividend. The board declares that the net profit would have sufficed to pay a dividend of 5 per cent., against the 10½ per cent. of last year; but that it appears more advisable, in view of the present conditions, to carry the sum forward. At the same time, it was stated that all the Austrian big banks would refrain from distributing dividends for the year 1931. The net profit of the Escompte-Gesellschaft

has sunk from 6.45 million schillings to 3.09 million schillings. This is chiefly due to the unfavourable development of the foreign exchange, security and syndicate business. These items show no profit at all, whereas for 1930 they showed 1.66 million schillings. As the slump on the share markets, the absence of issues and syndicates, and the monopolisation of the foreign exchange trade by the National Bank also affect all the other institutions, these items must be regarded in the records of all the banks as the central point of the unfavourable development of revenue. Lending has also become but slightly remunerative, as foreign capital, on which the banks had to pay only 3 to 3½ per cent. interest, and which they lent at 12 per cent. and still higher rates, has been almost completely withdrawn. Loans from the National Bank, insofar as the banks could get them at all, were much dearer, the average of the official Bank rate having been 7.22, against 6.74 per cent. in the previous year. Another source of relatively cheap loans, namely, the deposits, is diminishing; at the Escompte-Gesellschaft this item has sunk from 64 million schillings to 51.6 million schillings; moreover, as the present insecurity of the banks necessitates maintaining large liquid funds for fear of runs, deposits are re-lent rather hesitatingly. The decline in business may be seen from the drop in the total of the balance sheet by 88 million schillings to 491.9 million schillings.

It was not possible to reduce overhead charges in proportion to the decline in profits; on the contrary, they have increased, personal expenses, pensions, expenses and taxes showing an increase of 0.33 million schillings to make the total 11 million schillings. Although the Escompte-Gesellschaft has no branches or exchange offices at all, 40 per cent. of the expenditure goes in salaries and pensions. Another outstanding feature of the balance sheet is the writing down of the share holdings by 3.8 million schillings to 6.5 million schillings to bring them into accordance with present-day conditions. Debtors' accounts have gone down by 57 million schillings to 352 million schillings, creditors' accounts by 73 million schillings to 340 million schillings. It is probable that no serious losses have been suffered through debtors, the reduction of the total being due simply to stricter collection. In the creditor accounts are reflected, not only the cancelling of foreign loans, but also the fact that the smaller provincial savings banks have been obliged to withdraw their deposits from the Escompte-Gesellschaft, because they themselves need them. Nothing has been allocated to open reserves. In judging the balance sheet of the Escompte-Gesellschaft, it must be kept in mind that two years ago, on the occasion of the fusion with the Vereinigte Elektrizitätsgesellschaft, an electric power department was added to the bank, and this has shown satisfactory results and fair revenue, which does not come from the net profits of the bank and which is peculiar to this institution.

The reduction of the Bank rate of the Bank of England has caused a tendency in Austria to demand a modification of the discount rate. The National Bank declares, however, that it is not at present in a position to comply, and a glance at the half-monthly report confirms this view. Reduction of outstandings is only very slight, the bill portfolio having gone down in the second week of April by 13 million schillings to 845.7 million schillings. The holdings of foreign values, however, have sunk by 10 million schillings to 48 million schillings in value, so that the sum by which the note circulation is below the minimum cover has increased by 18.7 million schillings to 58.5 million schillings; about 6½ per cent. of the circulation is now subject to taxation. Under these circumstances, greater significance attaches to the constantly unfavourable development of foreign trade. In March the deficit amounted to 67 million schillings, which was 5 million schillings more than in February and 3.8 million schillings more than in March, 1931. The surplus of imports is, therefore, more than a third higher than the total foreign-value holdings of the National Bank, so that it is easily intelligible that the allotments of foreign values for import trade are very small, and that the question of prohibiting importation is becoming more and more

urgent. The deficit in the balance of foreign trade is all the more serious, because it continues to increase in spite of diminution in the volume of foreign trade. As against March, 1931, imports have gone down from 177 million schillings to 134 million schillings, and exports as much as from 144 million schillings to 88 million schillings. Austrian exportation is meeting with steadily increasing difficulty, and, according to the latest reports, it appears that the English market has been almost completely lost. In March, exports to England amounted to only 1.5 million schillings, as against 8 million schillings in the corresponding month of last year. The payment difficulties arising from the Austrian foreign-currency regulations are contributing to the decline in foreign trade; it is estimated that Austria's debt for foreign merchandise amounts to 250 million schillings to 300 million schillings, as compared with the level of about 80 million schillings considered normal up to the autumn of 1931. In economic circles it is feared that the new compensation treaties will not make any essential improvement in the remittance difficulty.

HUNGARY.

Budget — Foreign Creditors — Bank Rate.

(FROM OUR CORRESPONDENT.)

BUDAPEST, April 19.

THE Budget estimates for the financial year 1932-33, which begins on July 1st, were laid before the House of Deputies on April 15th. The Finance Minister has made an admirable effort to meet the difficult situation, and instead of the policy of camouflage practised by his predecessor in 1930 and 1931, which led to disaster last July, Baron Korányi gave a frank and honest survey of the financial position of the country, which was deservedly well received by Parliament and by public opinion of almost all political shades. Time alone can tell, of course, how far the receipts of 806.2 million pengő provided for the expenditure of the Administrative Budget and 401.1 millions for the State undertakings, at which figures the estimates balance, can be realised. Much depends on the development of the projected economic co-operation of the Danubian States and on a satisfactory solution of Hungary's foreign debt service, but much also remains to be done by the Government at home. The Finance Minister fully realises that further economies must be made and that administrative expenditure must be reduced below 800 million pengő if equilibrium at the current revenue is to be maintained.

Below is a comparison of the estimates for 1932-33 with the administration expenditure of 1926-27 and 1930-31:—

	Actual Expenditure.		Estimate.
	1926-27.	1930-31.	
Personnel	234.1	304.7	273.7
Pensions	100	132.8	116.8
Subsidies to autonomous administrations for salaries and pensions	44.5	57.7	49
Other expenditure (material, &c.)	269.7	310.6	242.9
Debt service	137.5	105	101.6
Treasury charges	5.4	8.7	.8
Capital outlay	15.3	27	21.4
Total	806.5	946.5	806.2

The reduction of the Administration Budget to the 1926-27 expenditure level is a great achievement, especially as actual expenditure in 1929, 1930 and 1931 amounted to well over 1,000 million pengő, including the still outstanding debts incurred by certain departments without proper credits to meet them. Baron Korányi will shortly introduce a Bill to reform the Accounting Law in order to stop expenditure for which there is no provision voted by Parliament. This Bill is long overdue, for the unprovided expenditure of the departments and State undertakings resulted in an unconsolidated debt of more than 600 million pengő in the period 1929-31.

The Budgets of the State undertakings were drawn up with too much optimism. Considerable economies must be made before the State railways' deficit can be reduced

to 10.2 million pengő, and there must be an economic revival before the proposed receipts of 242.8 million pengő can be realised. It seems also that the surplus of the Post, Telegraph and Telephone services, estimated at more than 20 million pengő, is unduly optimistic. In view of the present receipts there can be little hope of realising more than 350-360 million pengő instead of the 401.1 millions estimated for the revenue of all State undertakings. The State undertakings, especially the railways, are suffering from the very high ratio of pension charges which are caused mainly by the several thousands of refugees from the succession States.

The Finance Minister has announced in his *exposé* that to cover the deficit of April, May and June the State has to borrow from the banks 50 million pengő in the form of Treasury bills bearing 7 per cent. interest, which are eligible for rediscount with the National Bank. The news that the Treasury bills are eligible for rediscount with the Bank caused some bitter comments in Parliament from the Opposition benches. As the Treasury was empty some device to procure the necessary money to pay the salaries of the employees and to maintain the State services had to be found, but it must be emphatically pointed out that such an operation cannot be repeated without plunging the country into a dangerous inflation. Baron Korányi fortunately made it clear in his *exposé* that he does not propose to have any further recourse to borrowing, and that he will endeavour to raise the necessary revenue from current resources, because the Government is anxious to maintain the stability of the currency. That, of course, depends on further economies so far as the Budget is concerned, and on an equitable solution of the foreign debt problem. It is therefore very satisfactory to note that the League Council has approved the proposal of the Financial Committee that at the request of the Hungarian Government the Committee may suggest means for securing the assistance of one or more persons of international repute who might examine the various loans and make proposals for the consideration of all parties concerned.

Contrary to the general expectation that the discount rate would be reduced by ½ per cent., the National Bank has reduced its rate by a full 1 per cent., from 7 per cent. to 6 per cent. on April 16th. The decision of the Bank was accompanied by a statement of its president that the decrease of the rate does not mean an increase of the credit facilities granted by the Bank, as the authorities are resolved to oppose any artificial increase of the circulation, and their object in reducing the discount rate was only to lighten the burden of the high interest rates weighing on production, especially on agriculture. Following the reduction of the Bank rate, the maximum interest rate on credits has been fixed at 9 per cent., a decrease of 1½ per cent. On the other hand, the interest rates on deposits and current accounts have been decreased only by ½ per cent. in order to give an impetus to saving. The National Bank has insisted that the margin of the banks should be reduced by 1 per cent., a very wholesome measure which was received with great satisfaction by the public.

NORWAY.

Government — Banking — Foreign Trade.

(FROM OUR CORRESPONDENT.)

TRONDHEIM, April 11.

FOLLOWING the death of Mr P. Kolstad, who was Premier of the Government for about seven months, a reconstruction took place in March last, whereby Mr Hundseid, Parliamentary leader of the Peasant Party, was appointed Premier. In the course of the period during which Mr Kolstad's Government was in office, the economic crisis both abroad and at home was increasing steadily in strength and extension, and it was therefore natural that the inaugural declaration of the new Government, although to a great extent identical with that of its predecessor, should stress the necessity of taking extraordinary steps to cope with the manifold problems of

the great crisis. Among other measures already taken, the appointment of a committee to discuss on a broad basis the questions connected with foreign exchange, the krone and the price level forms an important feature. This new committee is supposed to act as an advisory council to the Government in matters bearing upon the above-mentioned questions, and will not supersede the already existing exchange committee, constituted without official co-operation by representatives of trade, industry and banking.

The policy of the Norges Bank during the greater part of this year has been to maintain the krone at a level corresponding rather with its intrinsic value than with its international valuation, and has consequently kept up a sterling rate of 18.35. This rate has, however, not been effective on account of the steady rise of sterling in New York and other centres, and on March 29th last this policy had to be abandoned, and the sterling rate raised to Krs. 18.90. The krone has appreciated in relation to gold standard currency by about 8 per cent. during the past quarter of the year, a fact which corroborates the general opinion that the depreciation of the krone in relation to sterling is not due to lack of confidence, but is a natural and inevitable result of the rise in sterling. Until quite recently there has been a sufficient supply of foreign exchange to satisfy ordinary demands, but some very natural unwillingness on the part of holders to sell sterling has been noticed.

Some time ago the findings of the so-called "Crisis Committee," which was appointed to revise in detail the Budget propositions, were put before the Storting. Although the Committee has found means of reducing expenditure to a certain extent, the general opinion seems to be that there is now either no real determination or no possibility of an effective reduction of State expenditure. The only course, therefore, now seems to be to take positive steps to encourage and promote trade and industry as far as possible, and a step in this direction is said to have been taken through preliminary investigations in London aimed at an *entente* with Great Britain with regard to fiscal policy.

Several of our most important industrial concerns have published their annual reports for 1931, which to a great extent reflect the adverse effects of the world crisis. This is also the case with several shipping and insurance companies, but on account of a prudent policy during successful years many of these concerns are able to declare a dividend, although in some cases it is considerably reduced. Against the rather dark background of the present economic position, a few bright features stand out perhaps more vividly than they really deserve on their own merits. One of them is the foreign trade statistics for February, which constitute a record favourable balance between export and import. The value of imports amounted to 55.2 million kroner, against 63 million kroner in February last year, while exports amounted to 58.7 million kroner in February this year, against 48.9 million kroner for the same month last year. This result is due to exceptional circumstances—for instance, the increased activity brought about by the war in the Far East and, to a still greater extent, the heavy imports into England on account of impending tariff increases. It should be remembered, however, that the export of whale oil is not included in the official export figures, and while this was a large item in 1931, it is altogether negligible this year. An agreement has been reached between Norway and the Soviet Union according to which the Soviet will buy from Norway 200,000 barrels of spring herring and 100,000 barrels of large herring. The Norwegian Government will guarantee Soviet purchases in Norway to an amount not exceeding 20 million kroner.

Another encouraging sign, though it is perhaps not very significant in itself, is the increase of deposits with free banks, which rose during February by about 4 million kroner. On March 15th Den Norske Creditbank and the Bergens Privatbank resumed normal operations, the three months' moratorium expiring on that date. The Central-banken for Norge recently published their annual report for 1931, showing a surplus of 3.4 million kroner. The effects of the Kreuger affair in this country have not been notice-

able, as interest in investments in foreign shares is not very highly developed with Norwegian investors generally. Operations on the Bourse have not been very brisk lately, but prices on the whole have kept firm, especially as regards Government bonds and industrial shares.

TURKEY.

Finance — Import Regulations — Opium.

(FROM OUR CORRESPONDENT.)

CONSTANTINOPLE, April 12.

THE Government has found it impossible to compress the expenditure side of the Budget within 149 million Turkish pounds, the maximum probable revenue for the financial year opening in June, according to the forecast of the special Commission appointed to look into the financial prospects. The Cabinet has insisted on an expenditure of 172 millions despite the desperate increase in taxation which will be involved. This insistence produced some signs of real differences within the Government Party, and at its general meeting as many as forty votes were cast against the Government's financial policy. When it is remembered that there is only one single Opposition deputy and that the rest of the National Assembly forms a solid block behind the Government, the significance of this vote is apparent. It represents a growing public discontent with the ever-increasing burden of taxation, and a growing opinion among responsible politicians that the limit has been reached.

The crisis tax which was put upon all salaried workers at the end of last year to make up the 30 million Turkish pounds deficit which was revealing itself in the current budget is now to be supplemented by a "Budget-balancing tax." The title given to the new imposition is intended to mark its provisional character, but it is certain to become a regular part of the tax machinery of the State until some sort of economic prosperity returns, especially to the agricultural population. Fifteen million Turkish pounds is expected from this new tax, and it will bring up the tax deductions from salaries to 25 per cent. and over. First they are to be subjected to this 10 per cent. deduction, then to a 7 per cent. profits tax, and then to a deduction of from 10 to 20 per cent. for the crisis tax. This will prove a great hardship for the Government employees, though the fact that their salaries burden the Budget with an expenditure of 82 millions—or nearly half the total expenditure—may seem some justification. It is remarkable, however, how submissive the salaried population has become to the financial exactions of the Government, and how deeply impressed the population still seems to be by the success of the policy of Kemal Pasha in maintaining Turkish currency stability.

The total amount which has to be found to raise the diminishing revenue up to the amount demanded by the Government is 23 million Turkish pounds. Such economy measures as the non-payment this year of any higher-grade salaries to defence officers or Government officials who may be promoted to a higher grade are to be put into force. Other taxes are to be increased and exemptions abolished. Among the latter are some of the exemptions from import duties on raw materials used by Turkish industry, exemptions which were granted under the law for the encouragement of industry. This has raised a certain outcry among industrialists, who have complained that it is equivalent to the Government breaking faith with them as they had started their activities on the basis of the Government's promises. The Government replies that it does not intend to alter the spirit of the law. But the exemptions have proved not to be altogether to the advantage of nascent Turkish industry. Too many small industrialists took advantage of them to found factories. The

consequence was that intense home consumption cut prices, and when the critical moments came many of the smaller factories could not stand. Turkish home industry has thus been thrown back a stage.

The total obligations for State debts and contract payments are to be included in the Budget, though the negotiations with the foreign groups engaged on public works, with the object of obtaining from them deferred or reduced payments in the coming financial year, are still going on. If they reach a favourable conclusion, the credits thus save will be kept as a reserve against a possible Budget deficit at the end of the year. The sum of 3,200,000 Turkish pounds will, it appears, be included for the Ottoman debt payments, as the Government is hopeful that the present negotiations with the bondholders will result in that reduced figure and in a satisfactory permanent arrangement. This scrupulousness in providing for the payment of State debts and obligations, at least on paper, is due to the wish to keep the credit of the Republic at a high level. Government spokesmen are now being put forward to point out that Turkey has never adopted the policy of refusing a foreign loan under all conditions. The Republican Government simply wants the conditions to be more satisfactory and less politically enslaving than they were under the Sultans. It is determined not to take out loans to balance its Budgets. But for the sake of carrying on the public works which are needed in the country it would, it is now insisted, be willing to accept a loan. This is an interesting change of propaganda, and indicates that the Government is convinced that it will have to hold up the progressive material improvement and modernisation of Turkey as long as the world crisis continues; unless it can get foreign credits.

An alteration has been made in the import quota law. Hitherto the importer of the first goods to arrive could take out his consignment up to the limit of the whole quota, thus cutting out his competitors. A new decree allows the importer to take out only one-sixth of the quota. He will then have to wait his turn till his competitors have received their respective sixths. A close watch is being kept on speculation, and several important Turkish concerns have been heavily fined for taking advantage of the quota system to raise prices. Smuggling is also being strongly dealt with, and the receipts of the State monopolies are going up considerably in consequence. In the past two months over 140 cases of smuggling have come before the new courts here alone.

An agreement has been reached between this country and Yugoslavia concerning opium exportation to Europe and America. This will stop the competition which was adversely affecting the opium producers of both countries. Three-quarters of the sales will be furnished by Turkey and the remaining quarter by Yugoslavia. The centre of the sales will be Constantinople. Though there has been talk of the Angora Government establishing a State monopoly of opium production, this idea has been abandoned. But the Government is going to undertake the same sort of benevolent intervention which it is already successfully applying to the tobacco export trade.

Letters to the Editor.

CAPITAL FOR INDUSTRY.

TO THE EDITOR OF THE ECONOMIST.

SIR,—The March 12th issue of the *Economist* carried an editorial relating to the desirability of English banks organising security affiliates along the American plan, premising that such affiliates could perform the useful purpose of providing fixed capital to industry. While it is true that a number of American banks have controlled security affiliates which perform such a service, the practice is not entirely above criticism. In fact, Senator Glass has introduced a Bill in Congress to amend the Federal Reserve Act. Among the provisions of the Bill are sections which are designed materially to curtail the activity of such bank affiliations.

The inherent dangers in the operation of security affiliates were exposed during the inflationary period ending with the

stock market collapse in 1929. Senator Glass's motives in suggesting restriction of such activities were dictated by this experience, and his conclusions are believed to be shared among a conservative element of American bankers. Although superficially the operation of security affiliates supplements the benefits of ordinary commercial banking, in practice the usefulness to be derived from these operations has not justified the anticipation of their sponsors, due primarily to the fact that commercial and investment banking cannot properly share a common meeting ground. Commercial banking, of course, presupposes the conduct of a commercial bank on the basis of demand deposits, and as such is the case, the commercial bank cannot safely tender long-term or capital loans, at least in volume, and at the same time be prepared to meet its demand liability. On the other hand, the investment banker organises his business for the purpose of supplying permanent capital to industry or commerce.

The two functions of commercial and investment banking are so radically different that any attempt to reconcile them through a single medium opens a path to dangerous practice and the possibility of the commercial banking structure being undermined with capital loans. The commercial banker, in extending credit, is primarily interested in the short-term outlook of the borrower and the borrower's ability to liquidate any credit extended within a reasonable period of time. The investment banker, for his part, is looking toward the future, and, in offering capital shares to the investing public, bases his sales appeal, not so much on the ability of the business involved to meet its obligations concurrently, as on the prospective earning power of the business in question. Future earning power cannot, of course, be ascertained with certainty, with the result that the investment banker is compelled to base his conclusions on estimate, while the commercial banker, in extending credit, is concerned with only a short length of time, and can, therefore, appraise the credit risk involved with more exactness. The investment banker is primarily a salesman and, to a very considerable extent, a promoter. As is well known, no investment banker can expect success in his field as a salesman and a promoter unless he himself is thoroughly convinced of the merit of his offerings and can share his optimism in the future earning power of his promotion with the clientèle he desires to serve. The commercial banker, on the other hand, by nature must temper optimism with critical analysis of fact, and, in extending credit, should necessarily lean toward the view that the future represents an element of uncertainty which cannot be forecast.

The attempt in this country to merge the activities of commercial and investment banking has not been entirely successful because of these wide differences existing between commercial and investment banking, and because of the differences in temperament that must exist between the successful commercial and the successful investment banker. It is believed that American experience has shown that in a period of inflation and optimism the sales complex of the investment banker, with his over-confidence in the future, overbalances the temperate opinion of the conservative commercial banker. This condition resulted in commercial bankers losing control of the financial situation in 1928 and 1929 to the investment banking element. The inflationary optimism of investment bankers communicated itself to commercial bankers during this period, which added to the entire inflationary movement. Where commercial banks maintain security affiliates, the interaction of the investment banker's and commercial banker's attitude was somewhat damaging, particularly as the commercial banking attitude was subordinated during this period.

Following the collapse of the stock market in 1929, further defects have been exposed in the plan of operation of security affiliates by commercial banks. A great many share issues were, of course, sponsored by security affiliates in the inflation years. The earnings of these shares have, of course, not lived up to the expectations of the issuing houses, and in most cases the value of such shares has dropped to a very small fraction of the original price at which they were distributed. To some extent at least investors purchased such shares on the strength and good name of the issuing house. Where such a house was a security affiliate of a commercial bank, the sponsorship of the issue and a sales point enhancing its distribution was the good name of the commercial bank in question. Investors suffering from the losses on their security investments have apparently found difficulty not to connect the distress caused by their losses with the name of the commercial bank whose affiliate had sold them shares. This attitude of investors, through which they attach blame to commercial banks for losses sustained through the purchase of shares from security affiliates of such banks, has been a contributing factor to the disturbed banking situation that has existed in the United States over the past nine months and the general lack of confidence in banks.

In the writer's opinion, there is undoubtedly a place for investment brokerage houses in our national economy, but there is a very serious doubt in his mind that investment houses

should have any affiliation with commercial banks. The result of such affiliation seems to have aggravated an already unsettled banking situation. There are undoubtedly two distinct fields of financing: the commercial banking field and the investment banking field. Of the two, the commercial banking field is fundamentally the more important, and any subsidiary banking function should be eliminated from that field if its operation casts any unfavourable reflection on commercial banking. The two fields of banking are mutually dependent on each other, but the desirability of merging them into a single function is open to serious question.—Yours respectfully,

First National Bank of Portland,

A. L. MILLS, JR.

Oregon.

March 29.

[The subject raised in this letter is dealt with in a leading article on page 956.—Ed., *Economist*.]

BOOKS RECEIVED.

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

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

Taxation of Foreign and National Enterprises. (London) Allen and Unwin, 40, Museum Street. 10s.

A League of Nations study of the tax systems and the methods of allocation of the profits of enterprises operating in more than one country. The study covers France, Germany, Spain, the United Kingdom and the United States.

The Stock Exchange. By Francis W. Hirst. Revised Edition. (London) Thornton Butterworth, Limited, 15, Bedford Street. 2s. 6d.

The Bankers' Magazine, April, 1932. (London) Waterlow and Sons, Ltd., London Wall. 2s. 6d. net.

Includes, *inter alia*, an article on "The Financial Outlook in Australia."

The Banker, April 1932. (London) Financial Newspaper Proprietors, Ltd., 20, Bishopsgate. 2s. 6d.

Contains an article on "Reorganisation in Debtor Countries."

Production Planning. By Clifton Reynolds. (London) Sir Isaac Pitman and Sons, Limited, Parker Street, Kingsway. 10s. 6d. net.

Die Volkswirtschaft Ungarns im Jahre 1931. By Dr. Georg Kemény and Josef Vágó. (Vienna) Verlag von Moritz Perles, Seilergasse, 4.

An account of all branches of Hungarian economic life during 1931.

OFFICIAL PUBLICATIONS.

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

Board of Trade: Memorandum on the Patents and Designs Bill. Cmd. 4067. 1s. net.

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THE BOY'S BOOK OF BUSINESS.

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The Stock Exchange.

THE ROYAL DUTCH-SHELL GROUP.

AFTER the Kreuger deception it is not unnatural that the market in international securities should be subject to periodic attacks of nerves. Any great combine with world-wide ramifications, with a dominant personality at its head, with accounts that are largely uninformative (as holding company accounts invariably are) and with its trading results and dividend policy a closely guarded secret, is liable in these days to become the subject of foul suspicion or the sport of market "bears." This was the fate of the Royal Dutch-Shell group last week when its shares encountered a wave of heavy selling, Royal Dutch (Fl. 100) falling from 13 to 12½ and Shell Transport (£1) from 1½ to 1¼ in forty-eight hours. Indeed, offerings of the shares that poured in from New York, Paris and Amsterdam gave every appearance of an organised "bear" raid. On Saturday, Lord Bearsted, the chairman of the Shell Transport and Trading Company, was impelled to issue a statement charging the circulation of adverse rumours to "persons of malicious intent, having as their object the achievement of personal gain," and affirming that "the financial position of the company and of the concerns with which it is interested is as strong and as liquid as it has ever been," and that the financial strength would be maintained "in order that there can be no doubt whatsoever as to the company's capability of weathering not only the existing storm but any storm that is likely to arise in the future." This reassuring statement made a good impression upon the market, and induced "bears" to cover, but until the dividend announcements have been made next month the market will probably remain extremely sensitive to speculative, if not deliberately malicious rumours.

The directors of the Royal Dutch-Shell group need not be surprised that market gossip is busily concerned with the dividend uncertainties of the two holding companies. A short time ago, when Paris speculators were buying their favourite shares on the London Stock Exchange in anticipation of a sterling exchange profit, Royal Dutch shares (Fl. 100) were carried up to 20 and Shell Transport (£1) shares to 2½. Yet both companies in November had passed their interim dividends in respect of 1931 (against interims of 10 per cent. for Royal Dutch and 10 per cent., tax free, for Shell Transport in the previous year). Seeing that dividends at the previous "final" rates of 7 per cent. for Royal Dutch and 7½ per cent., tax free, for Shell Transport will involve a cash distribution in sterling (at current rates of exchange) of approximately £6½ millions for the two companies (or £8½ millions if 10 per cent. be paid), there may be reason for the market to question the wisdom, in these days of financial crisis, of depleting current finances by any distribution whatever, even if one has been earned. Clearly, even the best equity shares with an uncertain dividend outlook, while they stand at 200 per cent. or more of their par value, are in a vulnerable market position. Neither shareholders nor directors can expect immunity from "bear" raids until the uncertainty has been cleared away.

Apart from dividend questions, shareholders are dependent upon the usually voluble report of the Royal Dutch and the usually restrained speech of the chairman of the Shell Transport for guidance as to the trading results of their group. Lord Bearsted, in the dignified statement he made last week, declared that the Shell Company, like every other concern, must feel the effects of the general trade depression. But the accounts of the holding companies would not necessarily reflect the reduced earnings of the group, in full, if the directors decided that the operating companies should approximately maintain their dividends by drawing upon their reserves. When the interests of Royal Dutch and Shell were merged in 1907, their assets were transferred to two new companies—the Anglo-Saxon Petroleum Company, registered in England, and the Bataafsche Petroleum

Maatschappij, registered in Holland. The Anglo-Saxon is responsible for the shipping, and certain producing areas, and the Bataafsche for the production side of the business, except that the Bataafsche now holds 64 per cent. of the shares of the American subsidiary—Shell Union Oil Corporation. The distribution of 60/40, covering the respective joint interests of Royal Dutch and Shell under this arrangement, was also applied to the shares of the Asiatic Petroleum Company, which is concerned with the marketing side of the business throughout the world.

Now, the accounts of these operating companies are not disclosed to the public, and shareholders have no means of judging how each has fared in any particular year. The directors merely state that, Royal Dutch and Shell, being holding companies, their profits, apart from the interest derived from gilt-edged investments, depend on the dividends declared by their operating subsidiaries, whose profits, in turn, are shown after ample provision has been made for depreciation. It may be that the real earnings of the group are much greater than the dividends received from the operating companies, but for reasons of taxation the dividends received in each year approximately coincide with the dividends declared by the holding companies, as the following table shows:—

ROYAL DUTCH. (000 omitted.)				
	Net Profits (i.e., Divi- dends received).	Dividends Distributed.		
		Pref.	Ordinary.	Total Pref. and Ord. Divs.
1925	Fl. 94,500	Fl. 3,638	Fl. 92,564 (23%)	Fl. 96,202
1926	101,595	3,840	96,844 (23.5%)	100,684
1927	101,378	3,829	98,905 (24%)	102,734
1928	103,367	3,871	98,904 (24%)	102,775
1929	126,471	4,397	120,870 (24%)	125,267
1930	90,837	2,827	85,616 (17%)	88,443

SHELL. (000 omitted.)				
	Net Profits (i.e., Divi- dends received).	Dividends Distributed.		
		Pref.	Ordinary.	Total Pref. and Ord. Divs.
1925	£ 4,818	£ 450	£ 4,367 (22.5%)	£ 4,817
1926	5,362	450	4,914 (25%)	5,364
1927	5,370	450	4,914 (25%)	5,364
1928	5,448	450	4,997 (25%)	5,447
1929	6,483	450	6,030 (25%)	6,480
1930	5,027	668	4,221 (17.5%)	4,889

It is evident from this table that the "net profits" (i.e., the dividends received) are no index of the real earnings of the operating subsidiaries, for, in 1929 the real earnings could scarcely have increased by 21 per cent. or 22 per cent. exactly, as the dividends did. Indeed, the directors of the Royal Dutch, in their report, referred to 1929 as a year of excessive competition in which the "over-production of crude oil and its derivatives caused the selling prices in the various importing countries to drop to a level below the figure representing the export prices in the countries of origin plus freight to ports of importation and all other charges." The apparent reason why the dividends received increased by over 20 per cent. in 1929 was that the Royal Dutch and Shell were required to pay dividends on a larger capital (one new share for every five having been offered to shareholders as from January 1st, 1929). In 1930 it was apparently found that the 1926-29 dividend rates of 24 per cent. for Royal Dutch and 25 per cent., tax free, for Shell could not be earned by the operating subsidiaries on the larger capitals of the holding companies, for the rates of distribution were

reduced to 17 per cent. and 17½ per cent., tax free, respectively. On this occasion, Lord Bearsted remarked that the profits from which the year's dividends were payable were the result of trading operations and that the reserves had in no wise been depleted.

How are the trading operations of the subsidiaries in 1931 likely to compare with the results for 1930? The Bataafsche will have received no dividends on its holding of 8,415,400 shares in Shell Union, which will represent a falling-off of \$5,890,780 as compared with 1930, and of \$11,781,560 as compared with 1929. This is equivalent to a loss in dividends of 1.75 per cent. for Royal Dutch and 2.0 per cent. for Shell Transport as compared with 1930, and of 3.5 per cent. and 4.0 per cent. respectively as compared with 1929. As regards operations outside America, the consumption of gasoline was maintained in Europe, but there was a drop of 20 per cent. in consumption of kerosene in the East. If the prices of oil in America are any index of marketing conditions outside, the trading results for 1931 will show a considerable decline. On an average, it appears that gasoline prices in the United States were about 40 per cent. and crude oil prices from 40 per cent. to 46 per cent. below the level of 1930. If, therefore, the Royal Dutch-Shell subsidiaries write down their stocks to current market values, their profits this last year will be evanescent. Book losses, however, are not as serious as actual cash losses. The Shell Union, for example, showed a book loss of \$27 millions last year, as compared with \$5 millions in 1930 (see page 983), although its cash, etc., increased during the year by \$11½ millions. There is, therefore, no reason why the operating subsidiaries of the Royal Dutch should not meet depreciation on their inventories in part out of reserves.

The next question is whether, having written down their inventories to current market values, they are able to make a trading profit with the prices of gasoline and other refined products at their present low levels. The answer depends largely on the extent of the reductions they have effected in costs. The possibility of extensive economies in operating expenditures is a factor too often left out of account in consideration of the Royal Dutch-Shell position. In the first place, large savings can be made in production by stopping new drilling and reducing the strings of tools working in the fields to a "maintenance of production" basis. It has been the practice of the Royal Dutch-Shell group to write off drilling expenditures entirely out of trading profits either in one year's or two years' accounts. In view of the restriction policy which the group is following in Venezuela and in the Dutch East Indies, not to mention in its American fields, the savings on drilling must have been very considerable. Next come the economies in marketing expenditures. A large measure of rationalisation has already been carried out. In the East, the Royal Dutch-Shell and the Anglo-Persian have pooled their marketing organisations in a joint marketing company called Consolidated Petroleum. In India, the group shares with the Anglo-Persian in the Indian oil trade surplus to the requirements of the indigenous oil companies. In Great Britain last year the group pooled their marketing organisation with the Anglo-Persian in a new company called Shell-Mex & B.P. Ltd. This should undoubtedly lead to very great economies in transport, storage and distributing expenses.

In spite of economies, however, it is doubtful whether petrol to-day can be sold at a profit except in the No. 1 grades. What are the possibilities of an advance in prices? Already the prices of crude oil and gasoline have been advanced in the United States—Mid-Continent crude oil by 15 cents per barrel as from April 1st, with rises of ½ to ¾ cent per gallon in gasoline. An advance in Great Britain and the European markets will depend on the elimination of price-cutting from the Russian Oil Products, the Roumanian exporters and the Standard Oil of Indiana. As regards the last-named, an announcement of the greatest importance was made last week. This indicated that negotiations for the purchase of the foreign properties of the Standard Oil Company of Indiana by the Standard Oil Company of New Jersey were nearing completion. This purchase is understood to include the marketing organisations of the Standard Oil of Indiana in Great Britain, Germany and South America. The completion

of this deal would remove the most important source of price-cutting, leaving only the Russian Oil Products and the Roumanian exporters as the possible cause of further trouble. Up to March 31st, Russian Oil Products were marketing petrol in this country under a quota agreement with the large oil combines, and there is no fundamental reason why a similar quota agreement should not now be negotiated. But it is undeniable that the future of the oil marketing companies will not be assured until there is an international agreement, for the restriction of oil production and exports, to which the Roumanian and Russian producers are parties.

If price-cutting in the British, European and Eastern markets is to continue indefinitely, adequate cash resources are all-important for the marketing combines. In this respect the Royal Dutch-Shell position is relatively favourable. In the last three calendar years the Royal Dutch-Shell group has raised £50 millions of new capital, not all of which has gone into capital expenditure. An analysis of their balance sheets shows that Royal Dutch at December 31, had a surplus of liquid assets over current liabilities of 61 million florins and Shell of £14 millions. On the whole, it may be that the strong cash resources of the Royal Dutch-Shell group will be held to justify the distribution of a modest dividend, particularly as there is some prospect of an early termination of the worst of the price-cutting in the petrol marketing trade. We doubt, however, whether any substantial dividends can be earned at the present level of oil prices, so that recovery in the profit-earning power of this great international combine is entirely bound up with an improvement in commodity prices.

THE INSULL FAILURE.

(BY OUR NEW YORK CORRESPONDENT.)

THE receivership for the Middle West Utilities Company, the great holding organisation promoted during the boom period by the brothers Samuel and Martin Insull, marked the greatest public utility company failure in the history of the United States of America. Few receiverships of magnitude, however, have come with less shock to the financial community. The matter had been openly discussed for a fortnight, and most people had come to realise that the receivership would involve a \$300 millions holding company, rather than a group of operating companies with properties valued at more than \$1,000 millions.

The Insulls and their associates had undertaken the building up of a system of operating properties, serving a multitude of communities, interconnected by transmission lines, and radiating from strategically located power plants. Except for half a dozen large cities, of which Chicago was the chief, the operating plants were in small towns. The idea was economically sound, its basic conceptions being a central authority for operating management and a single source for financial supervision and aid. It broke on the rocks of the distressing decline in security prices. A point was reached where its bank loans were no longer adequately covered by collateral. Less powerful interests than the Insulls might have seen their securities auctioned off to satisfy their loans (as, e.g., in the case of the Tri-Utilities failure). Banking creditors, however, refrained from this course as regards the Middle West Utilities and the two Insull-managed investment trusts, in view of the great interests involved, although some of the New York banks holding Insull collateral could have sold without loss, even on the day of receivership. An attempt was made to work out a reorganisation scheme without the intervention of the courts, but the various interests were found to be too conflicting.

The operating subsidiaries of Middle West Utilities serve 4,550 communities with electricity and 300 with gas. The Insull brothers endeavoured to diversify their interests geographically, and thus to serve a greater variety of industries. Properties were controlled within the borders of thirty States. Several well integrated systems were thus built up, and some may eventually be segregated and find a haven with other interests. Many of these misallied properties were bought by the Insulls

under highly competitive conditions at high prices. Naturally, the Insulls cannot expect to obtain anything like what they paid for their properties, if the system is broken up by the sale of some of the units. The various stocks, however, are in bank loan envelopes, and it is unlikely that sacrifice sales will be made.

Criticism of the Insulls is milder than might have been expected in view of the large losses investors must suffer. The opinion is widely held that they merely erred with the rest of the market in over-estimating the value of future possibilities, and were carried away by ambition to reach too far. The primary problem before the reorganisation bankers is how best to squeeze the water out of Middle West Utilities. The view of the stock market is that Middle West common stock, worth \$570 a share in 1929, now has no equity. Preferred stockholders and owners of the \$40 millions of notes sold to the public have seen a progressive and disastrous decline in their securities, the notes now selling at less than 10 cents to the dollar. Reorganisation, it is believed, will substitute for these securities a par value of new scrip approximately equal to the present market value. A similar process will probably be followed in the reorganisation of the two Insull investment trusts, the Insull Utility Investments and the Corporation Securities Company.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.
May 3.

ACCOUNT.
May 5.

CONDITIONS were unsettled, market psychology being affected by the unfavourable trend of foreign developments, particularly at Geneva, which caused a fear of liquidation from some Continental Bourses. At home, the new tariffs as a market factor were negligible and equity share values continued to lose ground. The gilt-edged market was disconcerted at first by the unexpected announcement of a large India Loan, but once it was seen that a favourable response would be forthcoming, the market regained its firm tone. The most disconcerting feature of the week was the sharp decline in home rail ordinary and preference stocks, owing to an accentuation of the falling trend of traffic receipts, which is discussed on page 981.

Among gilt-edged stocks, War Loan was well supported after going ex dividend, and 3½ per Cent. Conversion was in demand from investors. India loans were dull on the announcement of the new issue, but recovered on its successful result. Australian loans were better with the melancholy and notorious exception of those of New South Wales. Among recent issues, Agricultural Mortgage bonds were well supported.

The Foreign Bond market remained dull and apprehensive. Disturbances in North Manchuria were a bear point for Japanese stocks, budgetary possibilities at Tokyo continuing to be regarded unfavourably. A modest recovery in German bonds was maintained despite the Hitler successes in the Prussian elections, and disappointment at the departure of Mr MacDonald and Mr Stimson from Geneva, upon M. Tardieu's illness, without having effected a Franco-German disarmament rapprochement.

Home railway stocks were depressed, not merely by the week's figures but by the confirmation they afforded of an appreciable change for the worse since Easter. In every case, the junior "dividend" stocks were most affected—Great Western ordinary, Southern preferred, L.M.S. 1923 preference and L.N.E. second preference. Actual selling was not heavy, but the market was quite unwilling to take stock. Argentine rails receded to the levels established after the volcanic eruptions, owing to absence of any recovery in receipts. The postponement of payments on all Entre Rios preference stocks had been fully discounted.

Industrial shares had a heavy tone, the higher duties recommended by the Tariffs Advisory Committee affecting sentiment less than the fear that seasonal recovery in British trade had been slightly checked. The "House" had become hardened to fresh Krueger revelations, and

was inclined to put the group's stocks, if anything, rather better, but the bad results of U.S. Steel had an unfavourable influence over a large section of the market for international issues. Cables and Wireless were initially lower on the March traffic figures, which showed further recession rather than improvement, but slightly recovered later on bear covering. Electrical shares did not hold their ground, the Johnson and Phillips results (set out on page 982), and the conservative tone of the chairman's speech at the Associated Electrical Industries meeting, as regards the volume of electrical business, suggesting the possible imminence of a period of lower earnings. Brewery shares remained out of favour, no expectations being entertained of a change of mind on the Chancellor's part. Tobacco shares continued to fall in anticipation of lower national consumption. The market took a restrained view of the contents of the forthcoming Dunlop report, the shares weakening appreciably. The ante-tariff ripple of interest in iron and steel shares completely subsided. Provincial selling depressed textile shares, tariffs, in their case, being a bear point, owing to the pending removal of the Abnormal Importations Duty. Among store shares, selling of Harrods was unexpected, but persistent. Among the few issues showing slight strength were Pye Radio, on a good earnings statement (presaging a new share issue), and Spillers. Insurance shares were steady, but banking shares attracted little attention, with a few exceptions like Hambros Bank, whose results made a better showing than was expected, and Anglo-South American Bank, which recovered after a bout of weakness.

Dealings in rubber shares remained small, but the tone of the market improved perceptibly, on a slight hardening of the price of the commodity following the announcement of the cessation of production on a substantial Dutch acreage. Tea shares continued to belie the optimistic forecasts of the Government regarding the effects of the duty, which are discussed in a Note on page 982. The oil share market opened with a rally in the Royal Dutch-Shell group on Lord Bearsted's week-end *démenti*, but America and Paris subsequently became sellers, particularly after the announcement of the postponement until June of consideration regarding Canadian and Mexican Eagle first preference dividend. Business in mining shares chiefly hinged round the fall in sterling, which afforded an opportunity for professional arbitrage business. For the rest, Paris was preoccupied with election cares, and Kaffirs, after modest initial activity, became quiet and featureless. Despite the weakness of copper, Rio Tinto recovered after weakness at the outset, though the fall in the exchange made the movement largely nominal. Tin shares did not follow the commodity in its rise at the beginning of the week, and continued dull despite the cautiously optimistic tenor of the chairman's speech at the London Tin meeting.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	Apr. 21 1932.	Apr. 22 1932.	Apr. 23 1932.	Apr. 25 1932.	Apr. 26 1932.	Apr. 27 1932.	Apr. 28 1932.
Government and Municipal Loans	1,510	1,525		1,648	1,414	1,446	1,375
Transport, Communications, and Public Utilities	732	857		1,021	919	913	942
Commercial and Industrial	1,545	1,619		1,671	1,514	1,542	1,488
Banks, Insurance and Financial	378	369		509	468	466	437
Mines (including Nitrate)	310	298		382	309	381	344
Oil	170	177		189	162	100	153
Rubber, Tea and Coffee	87	109		128	101	134	79
Total	4,732	4,954		5,548	4,887	4,982	4,818

* Including iron and steel and breweries.

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

Highest of 1932 (Mar. 3.)	Lowest of 1932 (Apr. 28)	Apr. 21, 1932.	Apr. 22, 1932.	Apr. 23, 1932.	Apr. 25, 1932.	Apr. 26, 1932.	Apr. 27, 1932.	Apr. 28, 1932.
63.7	56.3	59.4	59.0	*	58.0	57.4	57.1	56.3

* Stock Exchange closed.

FOREIGN STOCK EXCHANGES.

NEW YORK.

Although the volume of business remained small, even by the standards of a depressed market, the undertone was appreciably firmer. Possibly the most reassuring factor was the way the market stood up to the United States Steel Corporation's decision to omit a common dividend for the first time since 1915, the operating deficit for the first quarter of this year being \$1,136,607. This statement had been overhanging Wall Street for some time, and, once the worst was known, it was felt that the way might be clear for a slight improvement following the better showing of numerous railroads and the continuation of the Reserve Banks' open market buying policy. The prospect of a defeat of the Soldiers' Bonus Bill were also viewed with satisfaction. Investors generally, however, remained sceptical of an improvement in general business, although the latest car-loading figures showed an increase of 21,923, and the operations of steel mills were reported at 23 per cent., against 22½ per cent. of capacity. The decision of the Pennsylvania Railroad to defer payment of a dividend on its common stock was in accordance with anticipation. The net earnings of General Motors for the first quarter of this year were disclosed at 17 cents per share, against 61 cents in the first quarter of 1931. The Ford Company was reported to be placing heavy steel orders for production of the "Eight" model at the rate of 2,000 cars daily next month. It was understood, however, that motor producers generally were pressing for reductions in steel prices. The Business Index of the *New York Times* for the week ended April 16th was 59.8, against 59.9 in the previous week.

	Apr. 14, 1932.	Apr. 21, 1932.	Apr. 28, 1932.	Apr. 14, 1932.	Apr. 21, 1932.	Apr. 28, 1932.
U.S. 3½% T. Bds.	101½	101½	101½	Natl. Biscuit	31½	31½
Do. 4½% 1937-47	101½	101½	101½	Phelps Dodge	15½	15½
Do. 4½% 1938-48	102½	102½	102½	Fullman	21½	21½
Atchafalpa	44½	47½	42½	Seaboard	6½	6½
Chas. & Ohio	15	17½	16	Studebaker	19½	19½
Erie	4½	4½	4½	Un. Fruit	19½	19½
Illinois Central	10½	11½	11½	U.S. Leather	1½	1½
N.Y. Central	20½	21½	21½	U.S. Rubber	34½	34½
Pennsylvania	13	13½	12	U.S. Steel	22½	22½
Southern Pacific	13	15½	13½	Westinghouse	22½	22½
Southern Ry.	5½	6½	5½	Woolworth	37½	36½
Union Pacific	52½	56½	52½	Am. Tel. & Tlg.	107½	101½
Am. Can.	51½	45½	40½	Int. Tel. Tel.	7½	8½
Amer. Smelting	8½	9½	9½	Int. Tel. Tel.	5½	5½
Anacosta	5½	5½	12½	Radio Corp.	5½	5½
Bethlehem Steel	13½	13½	9½	Utilities P. & L.	24½	24½
Chrysler Motor	30½	31½	32½	W. Union Tlg.	31½	28½
Corn Products	61½	56½	51½	Associated Gas "A"	22½	22½
Eastman Kodak	15½	14½	14½	Pan. Amer. B.	22½	22½
Gen. Electric (New)	11½	11½	11½	Shell	12½	12½
Gen. Motors	19½	19½	18½	Shell Union	18½	18½
Int. Harvester	7½	7½	7½	Std. California	23½	22½
Mont. Ward	7½	7½	7½	Do. N.Y.	23½	22½

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

	1930.		1931.		1932.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	April 20.	April 27.
337 Industrials	98.2	174.1	51.4	114.7	52.2	40.4	41.8
33 Rails	89.1	145.6	31.7	105.7	32.2	22.4	22.6
34 Utilities	155.2	267.4	90.6	187.6	91.8	71.4	74.9
Total, 404 stocks	105.5	184.2	54.7	124.6	55.5	42.7	44.2
Average yield of 50 Industrial Common Stocks	4.15%	5.95%	9.37%	5.11%	9.29%	9.77%	9.46%

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

Highest of 1932 (Mar. 8.)	Lowest of 1932 (Apr. 22)	April 20, 1932.	April 21, 1932.	April 22, 1932.	April 24, 1932.	April 25, 1932.	April 26, 1932.	April 27, 1932.
68.9	45.2	45.0	47.4	45.2	45.5	45.8	46.3	47.4

TOTAL DEALINGS IN NEW YORK.

	April 22, 1932.	April 23, 1932.	April 25, 1932.	April 26, 1932.	April 27, 1932.	April 28, 1932.
Stock Exchange—Shares (Thous.)	900	500	600	800	1,100	900
Bonds (Thous. \$)	7,920	4,392	6,727	7,932	8,555	9,059
Curb—Shares (Thous.)	120	60	90	100	150	140

* 2-hour session.

CANADA.

Conditions have worsened in the Canadian stock markets recently. There have been short pauses in the steady downward drift of prices, but the occasional upward flurries of previous months have been absent. Bell Telephone, possibly the most seasoned stock on the Canadian exchanges, is now selling below par for the first time for many years. The bisection of the Shawinigan dividend is a bad omen for the power stocks. The volume of trading remains low, only 3,040 shares and \$19,350 of bonds being traded on the Montreal Exchange on Saturday, April 16th. It is believed, however, that if a tax on stock transfers is imposed in America, Montreal and Toronto will secure a good deal of business formerly transacted in New York. The bond market has been quiet, but reasonably steady. On the mining market, gold stocks have also been noticeably weak. The Bureau of Statistics' "Investors" index for all common stocks was 49.7 for the week ended April 14th, as compared with 58.5 on March 24th, and a "peak" of 235.4 in the summer of 1929.

	Mar. 9, 1932.	Mar. 30, 1932.	Mar. 27, 1932.		Mar. 9, 1932.	Mar. 30, 1932.	Mar. 27, 1932.
Atchafalpa	3	2	1	Fraser Companies	1½	2	1½
Brazilian Traction	14½	11½	9½	Hollinger Gold Mining	5½	5	4½
Canadian Car	6½	6½	4½	International Nickel	31	34	31
Canada Cement	6½	5½	4	Massey Harris	22½	22	15
Canada Power and Paper	5½	5	4	Steel of Canada	5½	4	2½
Cockshutt Plow	5½	5	4	Winnipeg Electric	5½	4	2½

PARIS.

Liquidation became heavy before the end of last week, the market suffering from a not unprecedented fit of "nerves" on the eve of the Prussian elections. On Monday, however, the bears covered in a narrow market, and prices closed much firmer. The movement, however, was entirely professional, and prices tended to relapse once more as the week progressed, and the market became increasingly preoccupied with election considerations. Renten alone remained strong. Weakness in Suez Canal was attributed to a fresh decline in receipts.

	Apr. 21, 1932.	Apr. 25, 1932.	Apr. 28, 1932.		Apr. 21, 1932.	Apr. 25, 1932.	Apr. 28, 1932.
Banque de France	12,850	13,055	12,900	Wagons Lits	101	101	100
Crédit Lyonnais	1,805	1,840	1,845	Mexican Eagle	30	30	28
Suez Canal	14,055	14,005	13,520	"Chartered"	83	82	80
Chargers Réunis	213	210	215	Forl.	114	111	112
Rio Tinto	1,241	1,210	1,200	De Beers	264	264	255
Royal Dutch	11,000	11,100	11,150	"Johnnies"	96	93	92

BERLIN.

The outcome of the Prussian elections had little influence on Stock Exchange sentiment. A perceptible recovery began early in the week, became well marked on Tuesday, and on Wednesday resulted in the nearest approach to buoyancy seen since the official re-establishment of dealings. For once, evidence was available of slight public interest. The origin of the movement became clear on the announcement of the reduction in the Reichsbank discount rate from 5½ per cent. to 5 per cent.

	Apr. 21, 1932.	Apr. 25, 1932.	Apr. 28, 1932.		Apr. 21, 1932.	Apr. 25, 1932.	Apr. 28, 1932.
Reichsbank	103½	105½	115	A. B. G.	25½	25½	28
Disconto	41½	39½	38½	Siemens & Halske	97½	95½	105½
Dresdner	23½	23½	23	A. K. U.	34½	33½	35½
Norddeutscher Lloyd	15½	14½	16½	Syemaka Tandeticks	104	104	12
				Ford Motor A. G.	150	160	...

AMSTERDAM.

After an appearance of strength at the outset, sentiment became uncertain and lethargic. The market was sensitive to conflicting rumours, which put Royal Dutch up and Amsterdam Trading down. The volume of business, however, was small, and prices, outside the market ladders, moved within narrow compass.

	Apr. 21, 1932.	Apr. 25, 1932.	Apr. 28, 1932.		Apr. 21, 1932.	Apr. 25, 1932.	Apr. 28, 1932.
5½% German	32½	31½	32½	Steel Common	31½	29½	31
Unilever N.V.	96	98	95	A. K. U.	26½	25½	28½
Philips' Lamp	58	56½	57½	Ford Motor	100	100½	96
Netherlands Ship Union	46	44	40½	Dell Batavia	90	93	86
Java Cultuur	108	108	91	Royal Dutch	106½	109½	108½

(Continued on page 980.)

LONDON ACTIVE SECURITY PRICES AND YIELDS.

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

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

[illegible]

† Free of Income Tax

Prices Year 1931.				Prices Year 1932 (Jan. 1 to Apr. 27) inclusive.				Name of Security.	Prices Year 1932 (Jan. 1 to Apr. 27) inclusive.				Name of Security.	Prices Year 1932 (Jan. 1 to Apr. 27) inclusive.			
High.	Low.	High.	Low.	High.	Low.	High.	Low.		High.	Low.	High.	Low.		High.	Low.	High.	Low.
4/3	1/4	3/8	2/0	Baldwins 4/-	3/-	2/6	-6d	NH	11/7 1/2	5/1 1/2	7/1	5/4 1/2	Anglo-Bombardier £1...	6/-	5/9	-3d	NH
7/1 1/2	2/-	3/6	2/9	Bayer Iron £1	3/1 1/2	3/1 1/2		NH	48/0	28/0	28/0	20/-	Anglo-Egyptian B £1...	22/6	23/9	+1/3	14 1/4
17/-	8/-	12/6	10/0	Bengal Peacock £1	12/6	12/6		7 18 0	56/10	26/10	42/2 1/2	29/4 1/2	Anglo-Perian £1	33/9	32/6	-1/3	9 4 0
19/0	10/-	20/1 1/2	17/6	Bolshevik Collyer Ord. £1	1/6	1/3	-3d	NH	12/6	5/6	11/3	9/9	Aper (Trinidad) 5/-	10/-	10/-		10 0 0
4/6	1/4	2/1 1/2	1/3	Brown (John) Ord. 6/-	9d	9d		6 6 9	20/-	9/6	14/6	8/3	Attock £1	10/-	8/-	-1/3	NH
5/4 1/2	2/6	1/10	6/0	Camwell Laird £1	6/6	6/-	-6d	NH	2/9	1/14	1/7 1/2	1/7 1/2	Brit. Cont. Oil (V.T.O.)	1/1	1/-		NH
6/10 1/2	2/6	67/1 1/2	50/7 1/2	Consett Iron £1	55/-	55/-		6 6 9	72/6	30/0	46/10 1/2	33/9	Burmah Oil £1	42/6	38/-	-4 1/2	11 16 0
9/10 1/2	2/6	67/1 1/2	50/7 1/2	Cory, William, £1	55/-	55/-		6 6 9	3/2	1/14	2/5 1/2	8/0	Canal River Oil 10/-	5/6	1/6		NH
9/10 1/2	2/6	67/1 1/2	50/7 1/2	Dorman, Long £1	4/-	3/6	-6d	NH	30/0	12/6	26/1	16/3	Lebanon Oilfields £1	23/9	21/3	-2/6	9 5 3
9/10 1/2	2/6	67/1 1/2	50/7 1/2	D. 80% Non-Oil P.O. £1	4/6	4/-	-6d	NH	10/9	5/6 1/2	5/6 1/2	5/7 1/2	Mexican Eagle (£1/0/6)	6/-	5/9	-3d	NH
9/10 1/2	2/6	67/1 1/2	50/7 1/2	Ebbw Vale Ord. £1	9d	9d		NH	8/-	3/6	4/8 1/2	3/3	Phoenix Oil £1	3/6	3/4 1/2	-1 1/2	22 5 0
24/3	10/1 1/2	17/3	10/10 1/2	Guest Keen, & Co. £1	5/3	5/-	-1/6	NH	26 1/2	20 1/2	20 1/2	11 1/2	Royal Dutch (£8 1/2)	13 1/2	12 1/2		11 2 0
8/3	5/4	5/10 1/2	5/4	Hadfields £1	2/3	2/3		NH	76/3	26/3	50/7 1/2	29/4 1/2	Shell £1	35/-	33/9	-1/3	10 6 9 1/2
5/4 1/2	11/10 1/2	3/1	3/1	Har. & W. 5% Cum. Pr.	2/3	2/3		NH	30/1 1/2	10/-	28/5 1/2	21/9	Trinidad Leaseholds £1	25/-	25/-		4 0 0
23/1 1/2	12/6	19/0	14/9	Horden Collieries £1	21/3	15/-	-1/3	6 13 3	35/11 1/2	15/6	27/2 1/2	16/3	V.O.O. Ord. £1	20/7 1/2	22/-	+1 1/2	9 0 0
23/1 1/2	12/6	26/10 1/2	20/-	Lambert Bros. £1	16/3	20/-	-1/3	10 0 0	20/6	16/7 1/2	21/3	18/6	Aerated Bread £1	20/7 1/2	20/7 1/2		4 17 0
8/1 1/2	2/6	5/6	3/6	Millom & Aakam £1	3/9	3/9		NH	11 15 0	33/3	16/9	15/-	Agar Cross £1	15/-	15/-		NH
13/3	6/3	9/6	6/3	Ocean Coal & Wilsons	6/3	7/1 1/2	+10 1/2	NH	20/6	17/3	14/6	7/3	Alfred Newspapers £1	10/7 1/2	11/3	+7 1/2	NH
13/1 1/2	7/3	2/-	1/4	Pease and Partners £1	1/9	1/9		NH	3/9	2/3	3/8 1/2	2/4 1/2	Amal. Dental Def. 5/-	3/6	3/3	-3d	7 2 9
10/1 1/2	3/6	7/-	4/2 1/2	Powell Duffryn £1	25/9	25/9		3 10 0	20/-	11/-	13/6	10/6	Amal. Press (10/-)	12/6	12/6		8

† Free of Income Tax.

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Apr. 20, 1932.	Price, Apr. 27, 1932.
Agricultural Mortgage Corporation 4½% Deb. Stock, 1961-91	95	25	3½-3¾ pm	3½-4 pm
Brasil 5% 20 Yr. Funding "A"	...	...	56½-57½	55-56
Do. Funding "B"	...	...	31½-32½	34½-35½
British Corporation 4½% Red. Stk. 1952-62	100½	...	7-7¼ pm	7½-8 pm
Central Electricity Board 5% Deb. 1950-60	100	65	6½-6¾ pm	6½-6¾ pm
Croydon Corporation 5% Stock 1950-60	100	65	6½-6¾ pm	6½-6¾ pm
Darlington Rustless Steel and Iron Ord. £1	...	£1	21/6-22/6	21/6-22/6
Electrical Distribution of Yorkshire 6% Preference £1	21/-	5/-	2/9-3/- pm	3/--3/3 pm
Fortnum and Mason 7% Cum. Pref. £1	21/-	5/-	6d.-1/- pm	1/--1/6 pm
Gateshead Corporation 4½% Red. Stk. 1952-62	...	...	99-100	99½-100½
Lever Bros. 5% Deb.	98	50	3½-3¾ pm	3½-4 pm
London and Home Counties Joint Electricity Authority 5% Stk. 1951-71	101½	21½	1-1½ pm	1½-1¾ pm
Lyons (J) and Co. 7% Pref.	22/6	...	26/9-27/3	26/6-27/1
Meccano 6% Deb.	97½	27½	1-1½ dis	1½-1¾ dis
Murex 7% Pref.	21/-	10/-	1/--1/6 pm	1/3-9d pm
Metropolitan District Railway 5% Deb. 1955-95	97½	20	6-6½ pm	6½-6¾ pm
Metropolitan Railway 5% Deb. 1957-62	97½	25	3½-3¾ pm	3½-4 pm
New Zealand 5% Ins. Stk. 1955-75	98½	28½	4½-5 pm	1-1½ dis
Nyasaland 4½% Stk. 1952-72	97½	72½	5-5½ pm	5-5½ pm
Port of Calcutta 5½% Bearer Deb.	100½	ty. pd.	105-106	105½-106½
Port of London 5% Stk. 1950-70	93½	ty. pd.	6½-7½	94½-95½
Shropshire, Worcestershire, &c., Elec. Power 5% Deb. 1952-82	101½	ty. pd.	2½-2¾ pm	104-105
Slaters and Bodegas 5½% Deb.	94	10	6½-7½ pm	8-9 pm
West Bromwich Corp'n. 4½% Red. Stock 1955-65	100	36	2-1 dis	3-2 dis
	99½	19½	1-1 pm	1-1 pm

(Continued from page 977.)

OTHER CENTRES.

Other Continental centres were affected by the absence of progress in discussions of international questions at Geneva. Prices everywhere became weaker and business more restricted as the week wore on. Milan was consistently depressed. Brussels failed to hold an initial improvement. Stockholm, exceptionally, remained fairly firm in the face of new Kreuger disclosures, but Copenhagen lost further ground.

INVESTMENT NOTES.

The New Issue Market.—The decision of the Government of India to issue a large loan this week (see page 985), which was certainly not in contemplation by the authorities a few months ago, is a reflection both of the welcome recovery in India's borrowing status, and of the extent of the "unfreezing" of the London capital market since the passing of the "sterling crisis." For the 21 weeks between the suspension of gold payments last September and the reduction of Bank rate from 6 per cent. to 5 per cent. on February 18th last, the market was practically closed to new borrowers, however high their status. The subsequent rise in gilt-edged values, however, has been accompanied by a renaissance in new issue activity, as the following table shows:—

TOTAL ISSUES SINCE DEVALUATION OF £.

	Number of Weeks.	Total Issued.*	Average Amount per Week.	Average Amount per Issue.
Bank rate, 6%.....	21	£ 12,380,155	£ 589,531	£ 412,672
" 5%.....	3	6,936,139	2,312,046	990,877
" 4%.....	1	2,979,000	2,979,000	425,555
" 3½%.....	5	6,901,658	1,380,332	530,897
" 3%.....	1	3,600,000	3,600,000	1,800,000

* New money, excluding conversions.

Some £20 millions of new money has already been offered in the ten weeks since the lowering of the "crisis rate" of the Bank of England, whereas in the preceding twenty-one weeks only £12 millions was raised in all. The amount involved in the average issue, further, has been substantial. Below we give particulars of each issue, made at various levels of Bank rate. Unlike those of the previous table, our figures include amounts offered in conversion of earlier obligations:—

ISSUES SINCE BEGINNING OF THE PERIOD OF BANK RATE REDUCTIONS.

Issuer.	Stock, Amount and Price.	Running Yield Per cent.	Redemption Yield at Latest Date Per cent.	Present Price.
BANK RATE 5%.	5% 1951-71 £600,000 at 98½	5 1 6	5 1 9	106-108
Mauritius Government	5% 1951-71 £1,600,000 at 96	5 4 2	5 4 8	106
Nyasaland Govt. ...	4½% 1952-72 £2,000,000 at 97½	4 12 4	4 12 9	5-5½ pm
Croydon Corporation	5% 1950-60 £750,000 at par...	5 0 0	5 0 0	6½-6¾ pm
Metropolitan District Railway ...	5% 1985-95 £1,500,000 at 97½	5 2 7	5 3 0	6½-6¾ pm
BANK RATE 4%.	5% 1957-72 £750,000 at 100½	4 19 6	4 19 3	105½-106½
Poole Corporation (s)	5% 1957-62 £2,000,000 at 97½	5 2 7	5 3 3	3½-4 pm
Metropolitan Rly....				
BANK RATE 3½%.	5% 1956-71 £5,000,000 at 98½	5 1 6	5 1 9	1-1½ dis
New Zealand Govt. ...	5% 1950-70 £2,000,000 at 101½	4 18 6	4 17 3	104-105
Port of London.....				
London and Home Counties Joint Elec. Agricultural Mortgage Corporation	5% 1955-75 £1,500,000 at 101½	4 18 6	4 17 3	1½-1¾ pm
West Bromwich ...	4½% 1961-91 £2,000,000 at 95	4 14 9	4 15 1	3½-4 pm
J. Lyons.....	4½% 1955-65 £650,000 at 99½	4 10 6	4 10 9	1-1½ pm
Slaters and Bodegas	7% Pref. £1 £1,000,000 at 22/6	6 5 0	6 5 0	26/6-27/1
Meccano.....	5½% deb. stk. £350,000 at par	5 10 0	5 10 0	5-5½ pm
Lever Brothers (v)...	6% deb. stk. £200,000 at 97½	6 3 0	6 4 0	1½-1¾ dis
Bristol Corp'n. (m)...	5% deb. stk. £3,440,000 at 98	5 2 0	5 2 11	3½-4 pm
	4½% stk. 1952-62 £2,250,000 at 100½	4 9 6	4 9 3	¾-1 pm
BANK RATE 3%.	Govt. of India (n) ...	5 5 3	5 10 0	1 pm
Swansea Gas Light(t)	5½% preference stk. 1952 £350,000 at par.	5 10 0	5 10 0	...

(m) £1,065,092 for conversion. (n) £6,000,000 for conversion. (s) £341,011 for conversion. (t) £250,000 for conversion. (v) All for conversion.

The market, clearly, remains closed to all borrowers except those of the highest standing. Of the 19 issues shown in the table, five have been made by Governments in the British Empire, four by home corporations, two by home railways, three by public bodies (Port of London, London and Home Counties Electricity, and Agricultural Mortgage Corporation), and only five by trading companies. Equity stocks are conspicuously absent from the list. The evidence suggests that new financing has been mainly limited, so far (a) to the covering of urgent requirements for capital expenditure (a significant part having already been actually incurred and temporarily financed by short-term bank loans); and (b) the replacement of high- by low-yielding funded obligations. The rates paid by borrowers have declined with each fall in Bank rate, allowing for differences in status. For example, Croydon Corporation, at the end of February, paid 5 per cent., and Poole Corporation, a fortnight later, just under 5 per cent. In mid-April, however, West Bromwich offered only a redemption yield of £4 10s. 9d. per cent., and Bristol, a week later, of only £4 9s. 3d. per cent. The high premiums now obtaining for most of the earlier issues confirm this evidence of an appreciable decline in the price of long-term capital. Recent issues have been profitable to underwriters and issue houses, only three of the 18 issues shown in the table, with a market quotation, being now at a discount.

Tariffs and Industrial Shares.—As a market factor the new tariffs have fallen flat. It is true that iron and steel shares have been inquired for, but early gains have been lost and prices are now lower than before the new tariff charges were published. As regards industrial shares generally, a continued slide in market values is apparent. It is difficult to determine whether the investor is taking the view that the tariffs can do nothing for British industry while world trade is steadily declining, or whether the prevailing fashion is to exchange from industrial equities into the gilt-edged market, where at any rate there is a chance of capital profit instead of loss. The following table of representative movements shows, however, that a gradual decline is common to most sections of the industrial and railway markets:—

	High, 1932.	Price, April 21.	Present Price.
Associated Portland Cement £1	26/-	24/6	23/-
Babcock and Wilcox £1	46/3	45/-	42/6
Bradford Dyers £1	19/-	17/6	16/-
Dunlop Rubber £1 units	15/2½	9/1½	8/3
Furness Withy £1	20/9	15/9	14/6
Great Western Ord. stock	48½	37½	34½
L.M.S. ord. stock	20½	15½	14½
Imperial Chemical £1	16/4½	15/-	14/3
Imperial Tobacco £1	4½	3½	3½

This week, persistent selling from the provinces has affected the textile market. Dunlops have been a particularly weak feature, selling being noticeable in anticipation of an adverse annual report. Tobacco shares have been affected by the fear of reduced consumption in Great Britain under the pressure of heavy taxation. And the misery of the brewery share market hardly needs further comment.

Stock Exchange Advertising—and Closing.—At the annual meeting of the proprietors of the Stock Exchange, on Friday of last week, a member boldly proposed that expenditure on advertising should no longer be incurred. His reference was to the sum of about £2,000 annually spent on informing the public that members of the Stock Exchange must not advertise, but that the Secretary of the Stock Exchange will supply an official list of members on request. This advertisement is not designed to attract business, as the Stock Exchange Committee admit. It has, in fact, been suggested that it may deter business. To receive a list of over 2,000 names which are meaningless may, it is contended, induce unsophisticated members of the public to deal with the first outside broker who writes a personal human note. To prevent business going to the outside broker, or to bank managers, or to building societies, it is argued, the Stock Exchange should allow members to advertise intelligently. At the meeting, however, the motion was defeated by a majority of nearly two to one. After the meeting the Stock Exchange adjourned till the following Monday, as the "House" was closed on the Saturday for structural repairs. A petition has subsequently been presented to the Committee, signed by over 2,000 members, requesting that the "House" be closed on Saturdays for the rest of the summer. In support of this somewhat reactionary proposal it is argued that the Paris Bourse is closed on Saturday from May till October, that the attendance of members on past Saturdays has been meagre, so that markets have been restricted and prices quoted not as "close" as they should be, and that in general Saturday opening has not been a great success or brought much business to the "House." There is some force in these arguments, but we believe, nevertheless, that the Stock Exchange would be ill-advised to give any impression that its members were reluctant to sacrifice some part of their personal convenience on behalf of the investing public.

Auditors and Company Law.—It is difficult to reconcile the views put forward in a report by a Committee of the Council of the Society of Incorporated Accountants and Auditors with the standpoint publicly taken by some other members of the profession. The Committee, which included Mr Henry Morgan, the chairman of the Council, and five other members, has reported that the Government should be asked to appoint a departmental committee to consider legislation to amend the Companies Act, 1929. Any amending legislation, it is urged, should contain provisions ensuring (a) the disclosure, in the profit-and-loss account, of a "true balance" for the period covered; (b) the separate statement of any abnormal or extraneous debit or credit items, including reserves from a previous period; (c) the disclosure of free reserves on the face on the balance sheet; (d) the publication of profits or losses of subsidiaries or sub-subsidiaries to the extent that these have not been brought into the company's profit-and-loss account. The Committee's report was adopted by the Council of the Society, and a copy has been submitted to the Board of Trade. Mr Morgan has been a spearhead of the effort to secure greater clarity in company accounts, and not the least of his services to investors is his present success in identifying one of the leading bodies in his profession with that policy. The Board of Trade, however, may well ask for more detailed examination of the practicability of principles which in themselves are excellent. Sir Mark Webster Jenkinson has already indicated some of the difficulties of defining "abnormal" or "extraneous" items, which increase with the size and complexity of a company's operations. Lord Plender has suggested that

there is a negative as well as a positive side to the limitation of directors' discretionary powers, while declaring that obscurantism, as such, is indefensible in any circumstances. The Institute of Chartered Accountants has avoided any official pronouncement, after obtaining counsel's opinion that the Kysant case elicited no new principle. One thing, however, appears to be established: that it is unfair to throw upon auditors a moral duty of persistence in advocacy of disclosure beyond the limits of the law, in the face of opposition from directors. The Board of Trade might well adopt the suggestion of the Incorporated Accountants and appoint a small committee, with carefully worded terms of reference, including in its personnel, say, one member of each of the leading associations and three other accountants of eminence. It would be desirable, however, that no accounting body should consider itself pledged to any specific programme in advance.

Home Railway Receipts.—The market for junior railway stocks has lately been depressed, owing to the unfavourable trend of receipts, more particularly since the Easter holiday. At the beginning of the year, gross weekly traffic revenues were running, on the average, about 8 per cent. below the corresponding returns for 1931. As the first half of last year, however, was a period of the steepest relative fall in receipts, and the downward curve showed a tendency appreciably to "flatten out" in the autumn and winter, it was hoped that the discrepancy between figures for identical weeks in 1932 and 1931 would tend to be reduced as the present year progressed—quite apart from any benefits accruing to the railways from a possible slight increase in British trade activity. For some weeks this anticipation appeared to be borne out. The aggregate receipts on all the four main lines for the first five weeks of 1932, as compared with 1931, showed a decrease of 7.8 per cent., while those for the first ten weeks showed a decline of only 6.7 per cent. Easter traffic, however, was somewhat disappointing, and subsequent traffic returns have been relatively unfavourable. Receipts for the first sixteen weeks of this year, as compared with last, now show an over-all decline of 7.6 per cent. The figures under various traffic headings are shown below:—

TOTAL RECEIPTS ON FOUR MAIN LINE RAILWAYS.
(000's omitted.)

	Passengers, Parcels, &c.	General Merchandise.	Coal and Coke.	Total.
First five weeks, 1931	£ 5,428	£ 5,316	£ 3,483	£ 14,227
First five weeks, 1932	5,055	4,872	3,178	13,105
1932 compared with 1931	- 6.9%	- 8.3%	- 8.6%	- 7.8%
First ten weeks, 1931	10,803	10,688	6,973	28,464
First ten weeks, 1932	10,069	9,932	6,549	26,550
1932 compared with 1931	- 6.8%	- 7.0%	- 6.0%	- 6.7%
First sixteen weeks, 1931	18,469	17,299	10,707	46,474
First sixteen weeks, 1932	17,118	15,642	10,140	42,900
1932 compared with 1931	- 7.2%	- 9.5%	- 5.2%	- 7.6%

Coal traffic has been maintained better than general merchandise or passenger traffic, and has continued its improving tendency in recent weeks, while the discrepancy in the other two classes, by comparison with last year, has been increasing. Altogether, passenger receipts so



SECURITY FIRST

FUNDS EXCEED
£42,000,000

CLAIMS PAID, OVER
£200,000,000

Head Offices,
LIVERPOOL North John St. LONDON Lombard St.

far are down by 7½ per cent., general merchandise receipts by 9½ per cent. and coal and coke receipts by 5½ per cent. We show in the next table the figures for each of the four companies:—

TOTAL RECEIPTS ON EACH RAILWAY.
(000's omitted.)

	London, Midland and Scottish.	London and North- Eastern.	Great Western.	Southern.
First sixteen weeks, 1931	£ 18,699	£ 14,098	£ 7,803	£ 5,874
First sixteen weeks, 1932	17,399	12,851	7,244	5,406
1932 compared with 1931	- 6·8%	- 8·9%	- 7·1%	- 7·9%

The loss in gross receipts varies from roughly 7 per cent. on the L.M.S. and G.W. to 8 per cent. on the Southern and nearly 9 per cent. on the L.N.E. The Southern, presumably, is still feeling the effect of restricted Continental traffic, while the L.M.S. may have benefited from the slight improvement in activity in the textile industries of Lancashire and Yorkshire. So far, gross railway receipts are down by £1,300,000 on the L.M.S., £1,247,000 on the L.N.E., £559,000 on the G.W. and £468,000 on the Southern. How far further economies in expenditure, and a reduced wages bill as compared with the first quarter of 1931, have offset these declines is unknown. It is clear, however, that, on this year's showing so far, the L.M.S. is not fully covering the dividend requirements of its 1923 preference stock, while the L.N.E. is earning little, if anything, for its 4 per cent. second preference stock. The Great Western is probably covering its prior securities with a small margin of ordinary earnings. The Southern is earning its preferential payments with possibly a small balance for the preferred ordinary, but nothing for the deferred.

Kreuger (Continued).—Every week—almost every day—continues to produce its quota of disturbing Kreuger revelations. It is stated on the authority of Mr. Lyberg, one of the official Stockholm investigators, that the Swedish Government will be obliged to grant a further moratorium to the Kreuger and Toll combine beyond May 1st, but only for a short period of a few weeks, at the end of which the company will officially declare its bankruptcy. The Swedish Government has prepared a Bill outlining special methods of administration of the combine, in order to provide for its liquidation without forcing the sale of its assets, so as to entail the least possible loss to bondholders and shareholders. Meanwhile, further sensational disclosures have been made of the methods adopted by the late Mr Kreuger to attain his financial ends. In connection with the Boliden Gold Mine, Mr Kreuger obtained a loan of Kr. 40 millions from the Riksbank against the Boliden shares which he had withdrawn from the Skandinaviska-Aktiebolaget. The latter was given \$50 millions of German Government bonds in exchange, which Mr Kreuger took from the International Match Corporation, to whom he promised to give Italian Treasury bonds. This promise was never kept, and, as a matter of fact, as we explained in our last issue, the Italian State bonds were forged. Moreover, although the Boliden shares were deposited with the Riksbank, Mr Kreuger used these shares as a basis for a transaction in Kreuger and Toll debentures, of which he sold an amount between Kr. 60 and 70 millions at an issue price of 160 per cent. Among Mr Kreuger's papers in his room at the Swedish Match office was found a number of rubber stamps giving facsimile signatures of prominent business people in Sweden. It is thought that these stamps were used for making bogus share applications. Another portfolio which was discovered contained blackmailing letters from women, to many of whom he had paid large sums of money, while another dossier contained a list of Mr Kreuger's nominees throughout Europe, through whom he conducted his share transactions. These discoveries have made a profound impression in America, where a committee has been formed, independently of the bankers' committee, to protect all holders of Kreuger securities. Mr Bainbridge Colby, who was Secretary of State under President Wilson, is chairman, and Mr Samuel Untermyer is one of the council of this committee. As regards

the Swedish Match Company, the position will not be elucidated before the end of May, but it is thought that Mr Oscar Rydbeck, the chairman of the company, who has recently returned to Stockholm from Paris, will endeavour to draw up a plan for the reorganisation of the Swedish Match group.

The Tea Duty.—Investors, as such, are less interested in the political ethics of "breakfast table duties" than in their economic effects. The most significant contributions to Tuesday's House of Commons debate on the re-imposition of the tea duty, from this standpoint, were the statement by the Financial Secretary to the Treasury that the duty was estimated to involve an addition of about 2½d. to British retail prices, and the informative review of conditions in the industry, in the light of expert knowledge, made by Sir Walter Smiles. Sir Walter based reasoned support of the duty on the fact that the assistance given against Dutch competition would make for the greatest benefit of the greatest number of companies in India. He estimated that, with the duty, 70 per cent. of the tea companies in Assam would make a profit this year, against only 20 per cent. in 1931. He admitted that the remaining 30 per cent. would make a loss, because their gardens were old or had been planted in unsuitable soil. It is not clear, however, whether Sir Walter allowed for any decline in consumption which may follow an increase in the retail price representing about 18 per cent. on the cheapest blends. The case of Assam, unfortunately, is not quite representative of that of all India. Even under present difficult conditions, the average price secured at the London auctions by teas from Assam, this season, has been 1s. 1.37d., and from Darjeeling 1s. 4.26d. On the other hand, teas from the Doora and Terai have been marketed, on the average, at only 10.39d., and from Cachar and Sylhet at only 7.11d. These latter districts, it is true, have supplied only one-third of the Indian tea marketed this season, but the amount of British capital invested in them is far from negligible. Mr R. P. Wilkinson has estimated that, in 1930 (exclusive of producers covering several districts), £1,611,000 was invested in eleven public companies in the Doora and £1,441,000 in nineteen companies in Cachar and Sylhet, in ordinary capital alone. During that year, the Cachar and Sylhet companies made an average loss of 20.5 per cent. These companies produce the tea most subject to Dutch competition and should gain more by the protection afforded by the duty than they lose through a possible falling off in total consumption. That Dutch competition will be eliminated, however, is highly improbable, its increased intensity of late years having been due not merely to the 1929 removal of Imperial Preference in the British market, but to rapid growth of output. Between 1923 and 1929 alone, the planted area in Java and Sumatra increased from 281,000 acres to 394,500 acres, including 98,700 acres in native hands. Dutch costs, for various reasons, are low, and even the native "kampong" leaf, whose quality would be considered disgraceful on a British estate, has found buyers consistently on this side. Further, the effect of increased protection (reinforced by exchange differences), in the British market, which normally consumes more than half the world's tea exports, may well be to depress prices elsewhere. While, therefore, on a short view, the balance of advantage may be on the side of British growers, the re-imposition of the duty cannot be regarded as a short cut out of their more permanent difficulties and problems.

Johnson and Phillips.—The experience of this company in 1931 has badly belied the optimism of the chairman who, at the meeting a year ago, dwelt upon the growth of the company's order books, the possibilities of suburban electrification, and the probability of "interesting future developments." It came as an unpleasant surprise to shareholders to learn, last November, when the payment of an interim dividend was postponed, that many of the more important contracts then in hand had been suspended, that contemplated new business had been deferred, and that overseas operations had been seriously

restricted, particularly in Australia and India. The report for the year now shows net earnings only one-half of those of 1930 and one-third of those of 1929. The dividend of 5 per cent., against 10 per cent., is fully covered, but the allocation to research and development is greatly reduced and nothing is added to reserve:—

	Years ended December 31, 1929.	1930.	1931.
Net profit	102,514	78,806	35,494
Amount of dividend	60,000	60,000	30,000
Earnings per cent.	17·1	13·1	5·9
Paid per cent.	10	10	5
Research and development	...	25,000	5,000
Dividend equalisation	...	15,000	...
Inc. or dec. in carry-forward ..	+42,514	-21,194	+494

A contraction in manufacturing activity is suggested by a decline of 14½ per cent. in stock-in-trade, and it may possibly be inferred from a rise in debtors that extended assistance has been granted to some customers. The current position remains liquid, however, cash in hand and bills receivable totalling £86,893 (taking Australian balances at par), while current assets (excluding stock-in-trade and advances to subsidiaries), altogether exceed current liabilities by £318,188. The company's difficulties as regards current business may be traced largely to the importance of its overseas interests. The £1 ordinary shares are quoted at £1, yielding £5 5s. per cent., less tax, allowing for the dividend of 1s. per share.

Rubber Plantations Investment Trust.—In view of the conditions of the past year, the most noteworthy feature of the results of the Rubber Plantations Investment Trust is not that net profit is reduced to £23,537, against £157,894 in 1930, and £245,519 in 1929, but that any profit is made at all. There is, of course, no question of any dividend payment:—

	Years ended December 31, 1929.	1930.	1931.
Net profit	245,519	157,894	23,537
From dividend fund	50,000	...	...
Brought in	63,384	61,874	100,626
Available	358,903	219,768	124,163
Amortisation	11,400	7,500	...
Taxation	63,617	51,642	21,662
Loans reserve	...	60,000	...
Dividend amount	222,012	...	...
Dividend rate per cent.	12½	...	...
Forward	61,874	100,626	102,501

Some £21,662 has been transferred to taxation account, against £51,642 in 1930. The value of the company's investments (apart from its own properties) is, naturally, greatly depressed, a figure of £1,235,910 at December 31st last contrasting with the £2,278,146 balance-sheet valuation. To set against this depreciation, however, the company has a general reserve of £657,796, while the dividend equalisation reserve of £50,000 has been transferred to loans reserve account.

Shell Union.—The consolidated accounts of the Shell Union Oil Corporation and subsidiaries for 1931 disclose a net loss of \$27,008,310, after providing \$45,344,101 for depreciation, depletion, intangible drilling costs and surrendered leases. This compares with a net loss of \$5,095,574 in 1930. The amount charged for depreciation alone in 1931 was \$31,084,489, so that if the group had not followed its conservative policy of writing down stocks to cost or market values, it would have shown a profit of over \$4 millions. This indicates that the Shell Union is trading on a satisfactory cash basis. Indeed, cash, short-term and demand loans and United States Treasury short-term obligations on December 31, 1931, amounted to \$36,850,914, as compared with \$25,399,656 at the end of 1930. In addition, the company provided out of its cash resources the funds necessary in 1931 for current capital

development and investment amounting to \$16,605,880, and, further, purchased its own debentures to the amount of \$6,331,000 par value in excess of sinking fund requirements. The amount of \$1,909,805 by which the par value of debentures exceeded the actual cost of purchase was applied to the reduction of the unamortised debenture discount. The policy of reducing the debenture obligations is being extended during the current year. The comparative trading figures for 1930 and 1931 are as follows:—

	Years ended December 31st, 1930.	1931.
Gross operating income	240,297,494	177,582,783
Expenses	192,099,292	152,850,337
Balance after operating and general expenses	48,198,202	24,732,446
Depreciation, depletion, development costs and abandonments of wells	46,700,224	45,344,101
Available for fixed charges	1,497,978	Dr. 20,611,655
Interest on bonds, including amortisation	6,537,887	6,395,203
Minority interest	55,665	1,452
Preference dividends paid	2,200,000	1,100,000
Common dividends paid	9,148,867	...
Common dividends paid per share	70 cents	...
Surplus after dividends	Dr 16,444,441	Dr 28,108,310
Appropriation for Federal income taxes of prior years and other contingencies	...	Dr 3,214,000
Brought forward	35,265,642	18,821,201
Carried forward	18,821,201	Dr 12,501,109

The balance sheet shows that current assets on December 31st were \$93,521,578, as against current liabilities of \$23,240,379. As a result of the year's operations, the surplus account of \$18,821,200 was reduced to a deficit of \$12,501,109. The policy of the company has been to conserve its cash resources so as to emerge from the trade depression with its working capital unimpaired. This it seems likely to do. It has made very large economies by reducing its drilling programme and surrendering leases which are not considered necessary for the protection of its wells in wild-cat territory. The latest figures show that operating and general expenses in the first quarter of 1932 were no less than \$12 millions below the corresponding figures for 1931. The present market quotation for the 5 per cent. debenture is 62½ (New York), while the preferred shares, on which dividends are in arrears since June, 1931, are quoted at 23½, and the common shares at 2½.

Baltimore and Ohio Railroad.—The Baltimore and Ohio, like all American railroads, felt the effects of national depression far more severely in 1931 than in 1930. Total passenger miles declined by 17 per cent., freight tonnage by 25½ per cent., and ton-miles by 23 per cent. Total freight revenue, at \$132 millions, was reduced by 24 per cent., passenger revenue, at \$15 millions, by 20 per cent., and total operating revenue, at \$158 millions,

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Address

by 25 per cent. The company cut expenses heavily, recouping by this means approximately \$33 millions of a total drop of \$48 millions in operating receipts, but its net operating income was reduced from \$40 millions to \$26 millions, and the balance available for dividends from \$21 millions to under \$4 millions. Payment of 4 per cent. on the preferred and 3½ per cent. (against 7 per cent.) on the common stock necessitated a draft of \$7½ millions on surplus. The board regard with concern the loss of passenger traffic through the extension and improvement of competing highways. Branch line mileage has been materially reduced, and special efforts are being made to attract passengers by way of increased comfort, etc. At a total cost of \$25 millions, the company has acquired, as from July last, complete ownership of the Alton Railroad, formerly the Chicago and Alton, after a foreclosure sale. Stockholders may take heart of grace from the fact that, since January last, there has been no further decline in the trend of traffic. The company is benefiting from the operation of the 10 per cent. reduction in wages, so that, although gross receipts for the first two months of this year were \$6.7 millions below those of 1931, net income was \$0.7 millions higher. The decision, nevertheless, to suspend both preferred and common dividend payments is being maintained, in view of the necessity of conserving cash against maturing obligations.

Tin Restriction.—In an Investment Note in the *Economist* of April 2nd last (page 749), we stated that, at the meeting of the International Tin Committee, to be held in London on April 22nd, a further cut in production of 8,420 tons a year—corresponding to one month's production—would be considered, in order to keep pace with the falling off in world consumption. The committee has now decided to recommend to the four signatory Governments—Bolivia, Malaya, Dutch East Indies and Nigeria—a cut at the rate of 20,000 tons a year instead of the smaller cut at first contemplated. This is a very drastic proposal. Starting from the 1929 basis of 191,876 tons, the International Tin Committee has authorised cuts, altogether, of 101,876 tons a year:—

RESTRICTION OF WORLD TIN OUTPUT.

(1929 basis = 191,876 tons.)

	Quotas.
From March 31, 1931	145,000 tons.
From June 1, 1931	125,000 "
From January 1, 1932	110,000 "
From June 1, 1932	90,000 "

The next meeting of the International Tin Committee will be held at the Hague on May 20th, and it is hoped that some opinion will be expressed as to whether its members are contemplating the entire shutting down of the tin-producing industry. It is understood that the International Tin Pool, which at present holds 21,000 tons of tin out of visible supplies of about 60,000, will review the situation in the light of the International Committee's drastic recommendations. The proposed cut of 20,000 tons had an immediate effect upon the market, the price of tin advancing £4 15s. to £116½ a ton. Subsequently there was a reaction to £113½ a ton. The share market was more or less featureless. It is understood that the latest decision of the International Committee has caused dissatisfaction in Malaya, where some producers argue that, in an open market, demand would be sufficient to absorb a considerably higher total of Malayan tin than the scheme permits—in other words, that the sacrifices under the present regime accrue to Malaya and the benefits to Malaya's competitors.

London Tin Corporation.—In view of the conditions mentioned in the preceding Note, special interest attached to this company's meeting on Thursday, April 28th, when Mr John Howeson, the chairman, reviewed the position in

the tin-mining industry at some length. In the course of his address, Mr Howeson observed that, but for its own efforts, tin would now be in the same position as rubber. During the past twelve months stocks had been reduced 51,700 tons to 39,000 tons net, and the latest measure decided upon gave definite assurance of recovery in the situation. On the part of the four participants in the restriction scheme, there had been a progressive reduction in the quotas until now production was less than 44 per cent. of standard. Dealing with allegations relative to the International Tin Pool, Mr Howeson emphasised that its position was liquid, and that at no time had loans been incurred. The warrants representing the metal purchased were under independent control, and in accordance with the agreement no sales were to be effected under £165 per ton. Dealing with the report and accounts the chairman agreed that £765,000 was a large sum to be written off, but pointed out that it covered two years, no attempt having been made to deal with depreciation in respect of 1929-30. The accumulated reserves were sufficient to write down the investments to or below market value, and the ground had thus been cleared for the payment of dividends as soon as an expansion in profits occurred. Reduction in output had been largely offset by saving in expenditure. Some of the larger dredges were now operating at less than 3d. per cubic yard. Since the close of the accounts, funds for the financing of certain subsidiaries had been provided by the issue of 200,000 London ordinary shares at par. In conclusion, Mr Howeson referred to the comparative smallness of the available stocks of tin, and expressed a definite opinion that the worst of depression had been seen.

British Controlled Oilfields—A Correction.—We regret that, in a note in our last issue, the amount "carried forward" by British Controlled Oilfields, as at the end of 1931, was inadvertently stated to be a debit figure of \$21,899,000. The true debit (subject to income tax, if any) was \$21,899.

Waihi Gold.—Our mining correspondent writes:—In some small degree a recent experience on the part of this veteran New Zealand enterprise recalls that of the Rio Tinto. Additional taxation has been imposed—some of it of a retrospective character—entailing the provision of £71,600, of fully £43,000 more than in 1930. To offset the difference £35,000 has been transferred from various reserve accounts. At £143,440, last year's operating surplus exceeds the 1930 total by £11,800, the effect of some falling off in the value of the ore treated being more than counterbalanced by the crushing of a larger tonnage and by the enhancement in the price of gold during the last four months of the period. The final dividend of 1s. per share tax free makes a total of 2s. for the sixth year in succession. A feature is the strength of the financial position, the company holding gilt-edged securities worth at the date of the balance sheet nearly £340,000. As already announced, the payment by the New Zealand Government of £212,500 for the company's Hora-Hora hydro-electric works has been postponed until ore reserves in general account (167,020 tons), but the value is 11d. lower at 32s. With mining costs expanding depth, the profit margin is narrow; indeed, but for the opinion of the directors, be "precarious." Fortunately tinuance of a gold premium of greater or lesser extent of this material is supporting shafts and levels, and the quantity extractable at a profit is uncertain. Waihi 5s. 14s. 6d., the report having occasioned a fall of 1s. 6d.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Bank of Czechoslovak Legions, Law Union and Rock Insurance, Royal Exchange Assurance, Legal and General Assurance Society, State Assurance, General Accident Fire and Life Assurance, Scottish Equitable Life Assurance Society, Royal London Mutual Insurance Society, World Auxiliary Insurance, Hudsons Bay Company, Consolidated Water Works of Rosario, Army and Navy Co-operative Society, Associated Electrical Industries, London Tin Corporation, Apollinaris and Presta, Amalgamated Anthracite Collieries, and Simms Motor Units. The chairmen of the insurance companies, without exception, laid stress on the stability of British offices, despite the economic trials of 1931. Sir C. H. Morton, of the State Assurance, found little indication, in British operations, of any increase in the moral, physical or financial hazard. Mr A. Skeggs, of the Royal London Mutual, showed that premium income had again increased. Mr Romer Williams disclosed that only 25 per cent. of the funds of the Legal and General were invested in Stock Exchange securities, the policy of developing mortgage business having stood the society in good stead. Mr Vivian Hugh Smith, Governor of the Royal Exchange Assurance, declared that the outside world, which had been deeply impressed by the soundness of the position shown by the great British banks, would pay an equal tribute to the results achieved by British insurance companies. Mr F. A. Szarvasy informed shareholders in Amalgamated Anthracite Collieries that restrictions in the coal trade abroad had gone far to neutralise the advantages of sterling's departure from gold.

CAPITAL ISSUES.

This week's offer by the Government of India came as a surprise to the market, but the "stags," after initial hesitation, decided that the stock was worth attention, and the lists were closed within an hour. Approximately twice the total was applied for, and market dealings opened at ¾ rising to ¾ premium. It was realised that the Indian Government had decided on the issue, not through any anticipated difficulty in repaying its £6,000,000 of Six per Cent. bonds next June, but because lower rates for borrowers in London and the visible improvement in Indian political conditions, after the driving underground of civil disobedience, had presented an unexpected opportunity for new finance on profitable terms. The yield offered—5½ per cent. flat and 5½ per cent. on redemption in 1947—was much the lowest of any India new issue since January, 1929, when £10,000,000 of 1958-68 stock was floated at £5 0s. 7d. per cent. Since then India has raised in London £47 millions (excluding this week's issue) at various effective interest rates between £6 11s. per cent. and £6 per cent., the stocks having a short life, with currencies varying between two and seven years. The present issue, by contrast, has a maximum life of fifteen years. The extent of the improvement in India's credit, which has made possible this week's operation, is exemplified by the rise in existing India Three per Cent. stock, which, as recently as December 30th last, was selling in the market to yield £6 19s. 6d. per cent., but is now on a 5½ per cent. basis. The remaining issue of the week was of a public utility character, the *Swansea Gas Light Company* offering £350,000 redeemable preference stock, 1952, to yield 5½ per cent. The company is taking advantage of prevailing conditions to convert its £250,000 redeemable preference stock from a 7 per cent. to a 5½ per cent. basis, to obtain additional working capital and to repay a bank loan. The company has had an excellent record during its seventy years' existence, though the obduracy of South Wales depression is shown in a falling tendency of sales of gas during recent years. The consequent decline in total receipts, however, has been largely covered by substantial reductions in expenditure. The dividend requirements of the redeemable preference stocks are covered approximately twice.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Total recorded, January 1 to April 16, 1932, excluding conversions, £24,646,780.
Total recorded, January 1 to April 16, 1932, including conversions, £147,031,465.

National Savings Certificates.
Net receipts, week ended April 23, 1932, £1,000,000.
Total receipts, April 1, 1932, to April 23, 1932, Dr. £1,059,000.

	Nominal Capital. £	Conversions or Repayments. £	New Money Cash Subscriptions. £	First Payment. £	Further Liability. £
To the Public.					
Swansea Gas Light Company, £350,000 5½% red. pref., June 30, 1952, issued at par	350,000	250,000	100,000	5,000	95,000
Government of India, £10,000,000 5% stock, 1942-1947, issued at 95%	10,000,000	6,000,000	3,500,000	500,000	9,000,000
Total offered to the Public week ended April 30, 1932	10,350,000	6,250,000	3,600,000	505,000	9,095,000
To Shareholders only.					
Hanwell Rubber Estates, £16,000 8% conv. deb. stk. at par	16,000	...	16,000	4,000	12,000
Total offered to shareholders only, week ended April 30, 1932	16,000	...	16,000	4,000	12,000
Total Offered for Subscription—Including Conversions.					
Jan. 1 to date—	£	£	£	£	£
1932	157,897,465	29,262,780	1931	114,290,666	102,044,291
1931	65,616,626	55,946,677	1930	454,888,784	267,800,700
1930	177,138,198	116,538,084	1929	488,764,940	285,239,400
1929	142,015,948	128,436,728	1928	693,100,056	369,058,073
1928	...	190,661,848	1927	...	355,165,970
1927	...	172,218,455	1926	...	230,782,600
1926	...	83,638,688	1925	...	232,214,500
1925	...	56,804,718	1924	...	209,326,101

Nature of Borrowing.

	Debentures, Bonds, &c. £	Preference Stocks and Shares. £	Ordinary Stocks and Shares. £	Total. £
January 1 to date—	£	£	£	£
1932	26,547,922	1,976,250	738,608	29,262,780
1931	45,405,074	747,786	9,793,817	56,946,677
1930	95,909,256	11,450,697	9,178,131	116,538,084
Whole year—	£	£	£	£
1931	74,835,599	6,911,859	20,296,833	102,044,291
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	98,381,400	355,165,600
1926	145,180,000	39,393,200	46,209,500	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced. £	Prices at which Dealings Began. £	Total Cash Involved. £
Amount previously recorded	4,201,250	...	4,408,423
Total, week ended April 30, 1932	NH	...	NH
Total to date, 1932	4,201,250	...	4,408,423
Total to date, 1931	3,930,878	...	4,255,632

Public Offers.

Government of India.—Issue of £10,000,000 in 5 per cent. Stock, 1942-1947, at £95 per cent. The stock is a trustee security. It will be repaid at par on June 15, 1947, but the Government have the right to redeem the stock at par on or on any half-yearly interest date after, June 15, 1942, on three months' notice. The issue is made under the provisions of the East India Loans Act, 1923, and previous Acts. The proceeds of the issue will be used to provide funds for repayment of £6,000,000 Government of India 6 per cent. Bonds due on June 15, 1932; for capital expenditure on railways in India, and for general purposes.

Swansea Gas Light Company.—Issue of £350,000 5½ per cent. Preference Stock at par to be redeemed at par on June 30, 1952. This stock is entitled to a non-cumulative preferential dividend at the rate of 5½ per cent. per annum payable out of the profits of each year in priority to dividends on the ordinary stock. Holders of the maturing £250,000 7 per cent. Redeemable Preference Stock have been given the right exercisable up to April 28, 1932, to exchange either in whole or in part their holdings for a similar amount of 5½ per cent. Redeemable Preference Stock. Sales of gas in therms, total receipts, total operating expenses and interest charges, and profit before charging income tax are shown in the prospectus for the past five years. The profit for 1931 was £39,717. The annual dividend of the new stock will amount to £19,250. This is £1,750 in excess of the dividend on the existing £250,000 7 per cent. Redeemable Preference Stock, but this is counterbalanced by the fact that the present issue will provide new capital of approximately £92,000, out of which the company will repay the bank loan which amounted to £55,235 on March 31, 1932, and which has fluctuated between £84,407 and £27,329 during the five years ended December 31, 1931.

City of Chester Gas Company.—Issue by tender of £7,500 5 per cent. perpetual debenture stock, at a minimum price of £96 per £100, to yield £5 4s. 2d. per cent. Interest payable half-yearly, i.e., January 1st and July 1st. The net revenue of the company for 1931 was £4,810.

Interest on the loan capital, including the present issue, will require £1,296, leaving £3,514 available for dividends on ordinary stock. Reserve for renewals and repairs amounted to £3,065 on December 31st last. Sales of gas have expanded from 65,297,000 cubic feet in 1927 to 71,379,700 cubic feet in 1931.

The Wandsworth and District Gas Company.—Offer for sale by tender of £125,000 5 per cent. preference stock, at a minimum price of £99 10s. per £100. Tenders must be accompanied by a deposit of 10 per cent. of the nominal amount of stock, and the balance payable on or before June 30, 1932. Dividend accrues as from July 1, 1932. Particulars of sale and tender forms can be obtained from the Secretary, The Wandsworth and District Gas Company, Fairfield Street, Wandsworth, S.W.18.

Stock Exchange "Introductions."

British Gas Light Company, Limited.—Particulars of sale of 350,000 5½ per cent. "B" Cumulative Preference Shares of £1 each to Messrs Sheppards and Company at par. Payment to be made in full on May 3, 1932, a commission of 1 per cent. plus an over-riding commission of ½ per cent. being paid by the company in connection with the sale. Dividends payable half-yearly on January 1st and July 1st. Loan capital issued and outstanding amounts to £992,417. Temporary bankers' loan amounts to £278,000.

Tamworth Gaslight and Coke Company.—The directors have resolved to issue £15,000 5 per cent. debenture stock, redeemable at par on July 1, 1932. They have disposed of this stock to Messrs Seymour Pierce and Company, of 5 Lotherbury, London, at 96 per cent., less 1½ per cent. commission. This stock ranks *pari passu* with the existing debenture stock.

Further Stock Exchange information, including the latest reports and notices, dividend announcements, and profit and loss accounts, will be found under the heading of "Company News" on page 999.

SUMMARY OF BALANCE SHEETS.

ASSOCIATED ELECTRICAL INDUSTRIES, LIMITED.

December 31, 1931.		Compared with Dec. 31, 1930.		Compared with Dec. 31, 1930.	
LIABILITIES.	£	ASSETS.	£		
Ordinary shares (£1) 3,638,856	+ 139,956	Works, machinery, &c.	4,776,660	—	35,281
8% cum. pref. (£1) 1,233,050	...	Patents and goodwill	411,297	—	10,530
Calls paid in advance 7,847	+ 7,847	Preliminary exps.	...	—	3,451
Issued share cap. of sub. cos. not held within grp. 1,601,877	— 3,250	Discount on debentures sub. cos.	...	—	134,361
Debentures 1,591,642	— 1,485,298	Stocks 3,178,496	— 1,026,324		
Creditors 3,926,257	+ 330,307	Debtors 4,391,428	— 86,962		
Provision for final divs. 140,725	— 60,178	British and Dominion Govt. securities 67,286	+ 11,192		
Proportion of res. sub. cos. 22,076	— 4,043	Miscellaneous shares and securities 655,796	— 21,432		
Capital reserve 923,913	— 167,619	Cash 758,339	+ 171,660		
Premium on shares account 68,079	+ 68,079				
General reserves and profit and loss 1,084,980	+ 37,730				
Total 14,239,302	— 1,136,489	Total 14,239,302	— 1,136,489		

THE UNION BANK OF SCOTLAND, LIMITED.

April 2, 1932.		Compared with Apr. 2, 1931.		Compared with Apr. 2, 1931.	
LIABILITIES.	Amount.	ASSETS.	Amount.		
Deposits, &c. 28,305,209	— 828,073	Gold and silver coin, &c. 2,562,629	— 59,372		
Current drafts 8,100	— 48,279	Money at call and notice 4,618,209	+ 664,806		
Acceptances 528,057	— 78,938	British Govt. securities 7,870,031	+ 71,801		
Notes in circulation 2,343,039	— 63,781	Other investm'ts 2,765,181	— 636,304		
Capital paid up 1,200,000	...	Bills under discount 3,602,151	— 339,123		
Best account 1,800,000	...	Advances and loans 12,079,924	— 672,280		
Profit and loss 348,632	— 41,089	Acceptances 528,057	+ 789,938		
		Bank offices 253,575	+ 912		
		London property 100,000	...		
		Heritable property 153,280	— 11,662		
Total 34,533,037	— 106,0160	Total 34,533,037	— 106,0160		

WEEKLY TRAFFIC RETURNS. RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended April 22, 1932. (c) Week ended April 23, 1932.	Miles Open.	Gross Receipts, week ended April 24, 1932. (000's omitted.)						Aggregate Gross Receipts, 16 weeks. (000's omitted.)					
		Passenger, &c.	Merchandise, &c.	Coal and coke.	Other goods.	Total for week.	Total for 16 weeks.	Passenger, &c.	Merchandise, &c.	Coal and coke.	Other goods.	Total for 16 weeks.	Total Receipts.
Great Western 1932	3,761	187	178	108	285	473	2,739	2,768	1,737	4,505	7,244		
1931	3,761	206	202	122	324	530	3,104	3,035	1,754	4,789	7,803		
(c) L. & N. 1932	6,355	277	305	222	527	804	4,175	4,870	3,806	8,576	12,851		
1931	6,351	292	375	245	620	912	4,511	5,548	4,039	9,587	14,098		
Eastern 1932	6,962	414	452	251	703	1,117	6,339	7,005	4,055	11,060	17,399		
1931	6,958	443	503	269	772	1,215	6,746	7,573	4,390	11,953	18,699		
L. M. & Scottish 1932	2,181	248	64	32	96	344	3,865	1,000	541	1,541	5,406		
1931	2,180	269	80	31	111	380	4,198	1,143	433	1,676	5,874		
Southern 1932	192,591	1126	999	613	1612	2,738	17,118	15,643	10,139	25,782	42,900		
1931	192,501	1210	1160	667	1827	3,037	18,469	17,299	10,706	28,005	46,474		
Total 1932	192,591	1126	999	613	1612	2,738	17,118	15,643	10,139	25,782	42,900		
1931	192,501	1210	1160	667	1827	3,037	18,469	17,299	10,706	28,005	46,474		

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1932.	+ or -	1932.	+ or -
INDIAN.							
Assam Bengal 51	Mar. 19	1,330	3,20,100	Rs. 1,18,481	Rs. 1,85,55,023	Rs. 17,32,689	
Bard L. Ry. 52	31	202	44,600	— 45,100	— 18,000	— 18,000	
Bengal N. Western 51	31	2,114	10,66,883	— 1,39,309	1,63,48,348	2,82,140	
Bombay Bar. & C.I. 3	Apr. 23	3,274	16,61,000	+ 46,639	5,90,05,700	91,30,380	
Madras & S. Mahr. 52	Mar. 31	3,236	22,81,000	— 15,000	70,48,000	37,58,000	
† Rohilk'd & Kumaon 26	31	572	2,48,000	— 5,81,552	7,85,96,509	37,58,000	
South Indian 52	31	2,495	19,18,675	— 33,242	33,32,097	88,200	
† Including Lucknow-Bareilly State Railway.							
CANADIAN.							
Canadian National 16	Apr. 21	20,538	2,690,499	— 841,183	42,451,439	— 10,113,751	
Canadian Pacific 16	21	16,811	2,063,000	— 778,000	34,716,000	— 8,405,000	
SOUTH AMERICAN.							
Antofagasta (Chili and Bolivia) 17	Apr. 24	804	14,340	— 3,330	207,280	— 120,020	
Argentine N.H. 43	23	753	8,300	— 6,300	505,100	— 77,800	
Argentine Transp'n. 43	23	1,111	897	— 2,623	76,523	— 73,494	
B.A. and Pacific 43	23	2,806	130,000	— 31,000	5,377,000	— 356,000	
B.A. Central 43	23	2,806	130,000	— 31,000	5,377,000	— 356,000	
B.A. Gt. Southern 43	23	5,076	24,000	— 3,156	455,620	— 79,925	
B.A. Western 43	23	1,926	75,000	— 3,000	9,040,000	— 258,000	
Central Argentine 43	23	3,505	223,000	— 5,000	3,143,000	— 37,000	
Central Uruguay 43	23	2,733	13,395	— 14,000	9,232,000	— 153,000	
U. Ry. (East Bxt.) 43	23	311	3,635	— 5,317	599,753	— 375,384	
U. Ry. (W. Bxt.) 43	23	185	1,666	— 1,029	132,416	— 83,435	
O. Ry. (W. Bxt.) 43	23	211	1,399	— 247	64,481	— 47,248	
Oordoba Central 43	23	1,218	44,000	— 13,000	2,014,657	— 41,124	
Entre Rios 17	23	1,059	17,100	— 10,200	2,014,657	— 41,124	
G. Westn. of Brazil 17	23	1,918	18,300	— 2,500	175,100	— 246,000	
Leopoldina 17	23	1,918	18,300	— 2,500	175,100	— 246,000	
Leopoldina Termal. 17	23	1,918	18,300	— 2,500	175,100	— 246,000	
Nitrate 31	15	411	25,000	— 13,000	4,639,000	— 215,996	
Paraguay Central 43	23	274	2,700	— 3,212	23,911	— 46,549	
Salvador 43	23	274	2,700	— 3,212	23,911	— 46,549	
San Paulo 16	17	153	33,146	— 1,805	122,958	— 31,697	
United of Havana 43	23	1,367	28,891	— 7,176	1,106,516	— 597,533	
† Months.							
OTHER OVERSEAS.							
Egyptian Delta 1	Apr. 10	620	5,782	— 538	5,782	— 538	
Light Railways 15	14	...	1,683	— 65	25,720	— 775	
Egyptian Markets 14	9	104	54,307	— 23,583	800,998	— 428,430	
Gt. Southern of Spain 6	21	483	170,900	— 24,800	2,672,200	— 641,000	
Mexican Railway 1	...	...	...	...	...	...	

TRAMWAYS WEEKLY GROSS RECEIPTS.

Canadian National		16	1932.						
Canadian Pacific...		16	Apr. 21	20538	2,690,499	- 841,183	\$	\$	\$
			21	16811	2,063,000	- 778,000	42,451,439	34,716,000	- 10,113,777
SOUTH AMERICAN.									
Antofagasta (Chile and Bolivia)		17	1932.						
Argentina N.Y.		43	Apr. 24	804	14,340	- 3,330	\$	\$	\$
Argentina Trans'ns		43	23	753	8,300	- 6,300	207,280	505,100	- 120,020
B.A. and Pacific		43	23	111	897	- 2,623	73	505,100	77,800
B.A. Central		43	23	2,806	130,000	- 31,000	5,377,000	73,523	73,449
B.A. Gt. Southern		43	23	5,076	9,476	- 3,156	455,652	358,000	79,392
B.A. Western		43	23	1,926	75,000	- 5,000	9,040,000	258,000	79,392
Central Argentine...		43	23	3,505	223,000	+ 3,000	3,143,000	3,143,000	0

COMPANY MEETINGS, &c.

BANK OF CZECHOSLOVAK LEGIONS, PRAGUE.

8 PER CENT. DIVIDEND AS LAST YEAR.

The eleventh general meeting of shareholders of the Bank of Czechoslovak Legions was held in the Lucerna Hall, Prague, on April 24th last.

Dr. Rudolf Rase (the chairman) presided. We quote the following from his opening speech: I regret having to announce the passing away of several of our collaborators last year, and among them one of our worthiest colleagues, namely, Mr Jindrich Holna, mining engineer, manager of the industrial department. We shall always cherish the memory of our deceased colleagues.

It seems to me superfluous to say much about the hard times, the economic and financial crisis. Our Republic was dragged into it more by the condition of neighbouring States and by the depreciation of the different exchanges than by home affairs. The consequences of the crisis may be observed in all branches of economy and may be easily ascertained by a glance into the Stock Exchange records and the reports of the different undertakings and institutions. The fact that we are able to pay an 8 per cent. dividend, as last year, and at the same time increase our reserves by Kc. 35,000,000 is exclusively due to the prudent management of our bank and the self-sacrificing work of the entire staff. In the first place, I wish once more to emphasise the arduous and untiring work of the general manager, Mr Sip. He is steering our bank through the stormy seas of difficult economic conditions in a prudent and far-sighted manner. Since the foundation of the bank, Mr Khyn, assistant general manager, has worked in collaboration with Mr Sip and for the bank his work is of the greatest importance. Everyone who knows Mr Khyn will agree with me that his talent for negotiating insures the best results, and his optimistic character inspires sympathy in all those with whom he comes in contact.

In the name of all present, I heartily thank and congratulate Mr Sip, Mr Khyn and all the officers and staff of our bank and of the affiliated institutions for the successful completion of last year's difficult work.

Mr Sip, the general manager, gave an exhaustive explanation of all the items of the balance sheet.

The net profit amounts to Kc. 7,120,912.60 and the payment of a dividend of 8 per cent., i.e., Kc. 16 per share, as last year, was voted by the shareholders. According to the law, the item real property was increased and thus brought nearer the real value. A fund of Kc. 35,000,000 was created and the reserves brought up to Kc. 100,000,000, which is 142.85 per cent. of the stock capital.

The retiring directors, Mr Jaroslav Sejd, Dr. Augustin Straka, Mr Josef Dolezal and Mr Pavel Varsik, were re-elected, as well as the retiring members of the auditing committee, Mr Josef Jezek and Mr Jaroslav Krysa.

The report and accounts being unanimously adopted and the general assembly closed, the board of directors held a meeting and re-elected Dr. Rudolf Rase as president, Dr. Augustin Straka as first and Mr Stanislav Zavadilík as second vice-president.

STATEMENT OF CONDITIONS AS ON DECEMBER 31, 1931.

Assets.		Kc.	
Cash and due from banks	80,715,104.45		
Foreign exchange	33,182,007.80		
Discounted bills	106,485,077.15		
Securities	114,957,210.75		
Participations	57,877,650.00		
Debtors	777,622,785.80		
Real property, equipment and fixtures	9,911,246.10		
Transitory assets	35,356,001.25		
Other assets	1,280,366,783.30		
Transit items, Kc. 451,599,391.00.			

Liabilities

LAW UNION AND ROCK INSURANCE COMPANY, LIMITED.

ANOTHER SUCCESSFUL YEAR.

MR F. W. PASCOE RUTTER'S REVIEW.

The annual general meeting of the Law Union and Rock Insurance Company, Limited, was held, on the 28th instant, at the head offices of the company, 7, Chancery Lane, London, W.C.

Mr F. W. Pascoe Rutter (the chairman of the company) presided. The Secretary and Actuary (Mr James Stirling) having read the notice convening the meeting and the report of the auditors,

The Chairman said:—My Lords and Gentlemen,—In presiding for the first time over your annual meeting, I feel sure I shall be interpreting the thoughts of all present when I express our deep regret that circumstances have influenced Mr Hamilton to relinquish the chairmanship of this company, which position he had occupied with distinction for the long period of over eighteen years.

TRIBUTE TO MR HAMILTON.

Anybody who has been brought into close contact with Mr Hamilton, through his various vocations in the City of London, must be well acquainted with his personal activity, his acute mind, his knowledge of finance, and his assiduous attention to the duties falling to his care, all of which have contributed to the value of his work on behalf of the "Law Union" ever since it absorbed the business of the "Crown Life" in 1891.

The board have already passed a resolution recording their grateful sense of the services he has rendered, and I am sure this tribute will receive your cordial support. (Hear, hear.)

It was not my intention nor my desire to add to my responsibilities. Quite the contrary. But, in the circumstances, and for the time being, I have agreed to occupy the chair to which the directors have kindly elected me. The deputy-chairmanship having been revived, I shall thus have the valued support, in that capacity, of Lord Reading, to whose eminent services we have already been so much indebted, particularly since he became deputy-chairman of the parent company.

THE YEAR'S RESULTS.

The results for the year are very similar in total to those of 1930. They indicate the continuous regularity of our operations and the soundness of our underwriting. The figures must be very welcome to you, having regard to the troubles and drawbacks which we, like others, have had to encounter during the past twelve months.

The premium income in the fire department was £493,827, or £30,000 less than in the previous year, and the profit was £81,679, against £72,579 in 1930.

The accident premiums at £217,753 are £14,000 less than in the previous year, and the profit was £28,204, as compared with £34,733.

There is, however, a larger deduction for taxation consequent upon the increased income tax, and so the net surplus, apart from interest, is £83,475, as against £87,338 in 1930.

LIFE ACCOUNT.

In the life department, the new business for the year of £2,049,119 is a significant indication that, notwithstanding the times, it is possible, by planning and energy, to do as well as in the days of the country's flourishing prosperity.

The life premiums for the year amounted to £698,697, as compared with £695,110 in 1930.

But there is, of course, another aspect of this life account which we cannot ignore. There is little doubt that this fresh quinquennium, of which two years have now gone, can scarcely be as favourable as the last.

The year 1931 witnessed a serious fall in values, particularly of "gilt-edged" securities. December 31st, therefore, found us with an actual depreciation in the values of our Stock Exchange investments, and, notwithstanding the substantial improvement which has happened since, it is necessary to recognise strict compliance with the Assurance Companies' Act and the obligations of the auditors.

Therefore, as regards the life funds, we have set aside the sum of £250,000, which fully provides for the depreciation in the values of the Stock Exchange investments as at the end of the year.

Similarly, in the case of the proprietors' funds, apart from the life, we have met the situation by writing off, in the profit and loss account, the sum of £25,000.

The bold course which we have thus taken of fully providing in the accounts for the depreciation as it stood at December 31st,

enables us to state that those funds were then actually worth more than their book values.

You will be pleased to know that during the past four months the whole of, and even more than the £275,000 thus written off has been recovered.

As regards the remainder of the life investments, it is not practicable to assess the situation with any precision, and any definite valuation thereof will, of course, wait until the end of the current quinquennium in 1934.

You will conclude, therefore, that, having regard to all the difficult circumstances, 1931 has contributed to our successful record. When values were falling, and when investors did not know how to turn, it must have been comforting to many to be able to resort to the soundest investment of all—life assurance.

IMPORTANCE OF LIFE ASSURANCE.

It is unnecessary for me to emphasise the importance of life assurance to the community. It is really a great sheet-anchor, and this is proved all the more when we come to bad times. The capital and the incomes of individuals throughout the country have been and are steadily falling, and although payment of premiums is a tax upon any household's outgo, life assurance is, after all, the only sure investment against the future, and the only impregnable protection for one's dependents.

TRIBUTE TO MR. STIRLING.

The internal arrangements of the company are affected this year by a special event—the retirement of our secretary, Mr Stirling, who has occupied the post of chief officer for the last twelve years—practically ever since the "Law Union" came under the aegis of the "London and Lancashire." He had, indeed, already reached the age of retirement a few months ago, but by mutual consent he has remained until this meeting is over. Mr Stirling's very name indicates his character—staunch, conscientious, reliable, thorough. (Hear, hear.) He has worthily followed in the footsteps of his brother, and he is leaving us accompanied by the esteem, and the regrets, not only of the board, but of the entire staff, by whom he has been held in affectionate regard. We wish him many years of comfort and happiness in that leisure which some people seem to be fortunate enough, not only to earn, but to realise and enjoy.

APPOINTMENT OF MR A. H. SHREWSBURY

He will now be succeeded by Mr A. H. Shrewsbury, who joined us nearly twelve months ago, with excellent credentials, and we look forward to his being instrumental in still further enhancing the reputation and the lucrative success of the company. I am sure he will be well supported by our other officers and the staff, who have done such good work in an arduous year.

I now beg to move: "That the report, accounts and balance sheet be received and adopted and entered on the minutes."

The Most Hon. the Marquis of Reading, P.C., G.C.B., G.C.S.I., G.C.I.E., G.C.V.O., seconded the resolution, which was unanimously carried.

On the motion of the Rt. Hon. the Earl of Strafford, seconded by Mr Philip E. B. Fooks, the retiring directors (the Hon. E. C. G. Cadogan, C.B., M.P., and Col. A. G. Lucas, C.B., M.V.O.) were unanimously re-elected.

Mr Hendry proposed the reappointment of the auditors (Messrs. Peat, Marwick, Mitchell and Company), which was seconded by Mr Crossman and carried unanimously.

THANKS TO OFFICERS AND STAFF.

Mr C. G. Hamilton, in proposing a vote of thanks to Mr Stirling, the officials, staff and agents of the company for their services during the past year, said it was almost a platitude to say that this been achieved was demonstrated by the excellent reports which were received from year to year.

The vote was seconded by Mr Francis Scott and unanimously accorded.

The Hon. E. C. G. Cadogan, C.B., M.P., in moving a vote of tion to the chairman, congratulated Mr Rutter upon his elevation of his skill and ability in his presiding over the board. Col. A. G. Lucas, C.B., M.V.O., seconded the resolution, and it was carried unanimously.

The proceedings then terminated.

ROYAL EXCHANGE ASSURANCE.

SUCCESSFUL RESULTS DESPITE YEAR'S DIFFICULTIES.

The two hundred and twelfth annual general Court of the Royal Exchange Assurance was held, on the 27th instant, at the head office, Royal Exchange, London, Mr Vivian Hugh Smith (the governor) presiding.

The Secretary (Mr E. de M. Rudolf) read the notice convening the meeting and the report of the auditors.

The Governor, in the course of his speech, said:—In the life department the number of policies issued was 4,285, assuring a net sum of £2,417,000. In spite of, and possibly because of, the general condition of industry in the country, this is the largest number of life policies ever issued by your corporation in any one year, although the total sum assured was some £84,000 less than in 1930. During the year the life business of our affiliated company, the Motor Union Insurance Company, was transferred to your corporation, the sums assured and bonuses amounting to £1,188,000, with a premium income of £42,000 per annum. As the whole of the cost of the transfer was borne by the corporation and paid during the past year, there is naturally a slight increase in the expense ratio in the year under review. The healthy condition of the life fund is shown by the fact that it was only necessary to apply £100,000 at the end of the year to meet depreciation in the book value of our life investments, and after providing this figure the balance of profit on the year's working is within approximately £15,000 of the figure necessary to provide a compound bonus at the rate of £2 per cent. It is satisfactory to be able to say that the special funds, such as the bonus equalisation fund, which have been put aside from time to time from the surplus profits of the life department, as well as the carry-forward from the last quinquennium, remain intact. Had our quinquennium ended on December 31st last instead of at the end of 1930, there would have been sufficient profit in hand to provide a bonus at the compound rate of £2 per cent. in respect of the preceding five years, and, in addition, to have maintained these special funds to which I have referred.

In the annuity department 173 contracts were issued, securing annuities amounting to £13,795 per annum after deducting amounts reassured, and in the capital redemption department 44 policies were issued, assuring just under £200,000.

In the trustee and executor department the fees received at £52,000 were approximately the same as in the previous twelve months. The mechanised system of book-keeping, to which I referred last year, has been developed still further, and, owing to this and certain other expenditure, the expenses are slightly higher; but, nevertheless, we have been able to transfer a profit of £8,500 to the profit and loss account.

FIRE DEPARTMENT.

The fire department has had a very difficult year. The unsettled conditions throughout the world have naturally had their effect on the premium income, which, at £1,620,000, is some £80,000 less than in 1930.

Our experience in the home field has been satisfactory, but the condition of business abroad, and particularly in the United States, has had its effect on the results of the department.

The underwriting profit, excluding interest, was 3.8 per cent.; and, with interest, we were able to transfer the sum of £105,000 to the profit and loss account.

As a matter of interest and an example of old connections still existing which we value highly, you may like to know that an original fire policy issued by your corporation in 1815 is still in force on certain property in the City of London.

MARINE ACCOUNT.

In the marine department the premium income, at £460,000, shows a reduction of nearly £200,000. This is partly due to the deliberate policy which has been adopted, and the figures have also been affected by carrying an abnormal amount of re-insurances in the accounts before you, and also by the large amount of tonnage which has been laid up during the year, and to give you some idea of the effect of this I might say that on January 1st of this year there were nearly two million tons net of shipping laid up in the ports of Great Britain and Ireland, which was an increase of 23.4 per cent. over the tonnage laid up twelve months ago.

This department has always been liable to sudden heavy claims, and I need only mention the losses of the "Segovia" and the "Bermuda" as ships of special importance on which claims have had to be paid during recent months.

The marine fund at the end of the year stands at £859,000, which is practically 186 per cent. of the premium income shown in the revenue account.

In the general accident department we again see the effect of the disturbed conditions, as the premium income, at £1,100,000, is less by approximately £150,000 than in 1930, but the underwriting result shows a profit of slightly over 5 per cent., as compared with 3.12 per cent. in the previous year.

You will remember that last year, in referring to compulsory insurance of third party risks in connection with motor cars, I mentioned that legislation along these lines was not favoured by insurance companies for several reasons. Important among these reasons was the fear that legislation of this kind would lead to an increase in the number of claims as well as in the amounts awarded. It is unfortunately true, whatever may be the reason, that this tendency has been noted, and it can hardly be doubted that the knowledge that any compensation awarded will be paid by an insurance company has not been without its effect on many juries.

As a result of the year's trading we are able to transfer, with interest, the sum of £92,500 to profit and loss account, which is nearly £20,000 more than in the past year.

PROFIT AND LOSS ACCOUNT.

We now come to the profit and loss account, which, as you know, is the general reserve fund of your corporation. The interest income, at £103,000, is slightly more than last year, but if the interest in the fire, marine and accident revenue accounts is combined with that shown in the profit and loss account, you will find that the total interest is £201,200. This shows an increase of some £2,000.

On the other side of the accounts it is gratifying to see that the expenses not charged to other accounts, at approximately £39,000, are some £10,000 less than in 1930; and while I am referring to this question of expenses it will be of interest for you to know that nearly 10 per cent. of the total expenses shown in the accounts in front of you is paid away all over the world for taxation in one form or another, in addition to the sum of nearly £200,000 for income tax on our interest income.

EXCHANGE RESERVE FUND.

I now reach a special item, i.e., transfer of £275,000 to exchange reserve fund. The question of foreign exchange was probably the most difficult feature of our business during the past twelve months. The departure of Great Britain from the gold standard on September 21st introduced an entirely new factor into our operations, and the best method of meeting this problem has received the most careful consideration of your directors. After viewing the matter carefully, they were of opinion that it was essential that full provision should be made for these increased liabilities as at the date of the balance sheet in front of you.

Apart from the explanation which I have just given regarding the exchange reserve fund, I think the only other question on which you may like to have some information is that of the valuation of our investments. You will see in the certificate appended to the balance sheet that all the Stock Exchange investments have been valued at or below the market prices at December 31st and that they, with accrued interest, have been converted into sterling at the rates of exchange ruling on that date. You have already heard that our liabilities and the floating assets have been taken at the same rates in calculating the exchange reserve fund, so with all these factors you will understand that the balance sheet shows the true position of your corporation on December 31st last.

It is hardly necessary for me to refer to the widespread difficulties, both internal and international, which have had to be dealt with during the past twelve months. There have been difficulties of maintaining income, with a falling off in business everywhere and a great fall in insurable values; the demands of foreign governments on insurance companies trading abroad continue to increase; the movement of funds from one country to another and dealings in Exchange have been restricted; there has been a great depreciation in all investments; and, lastly, we have had the effects of our departure from the gold standard.

The small influences which these have had on our important insurance companies is a tribute to their strength and conservative management. The world was deeply impressed by the sound positions shown when the reports of the great banks were published, and I believe the same impression will be created when people all over the world see the results of the great British insurance companies.

The report was unanimously adopted, and a further dividend of 17 per cent., less income tax, making 27 per cent., less income tax, for the year, was approved.

GENERAL ACCIDENT FIRE AND LIFE ASSURANCE CORPORATION, LIMITED.

ANOTHER SATISFACTORY YEAR. GROWTH OF HOME PREMIUM INCOME.

The forty-sixth annual general meeting of the General Accident Fire and Life Assurance Corporation, Limited, was held, on the 27th instant, at the head office, Perth.

Dr. William Low, of Blebo, the chairman, said that they were again able to point to satisfactory results, notwithstanding the disastrous international depression which had prevailed in the year under review. He considered the very favourable report justified to the full his previous statements at the annual meetings as to the strength of their organisation and the outstanding ability and energy of their staff and connections in all parts of the world.

ACCIDENT AND FIRE RESULTS.

As regarded premium income, it was most gratifying to find that the accident and fire income combined was only down £22,700. It was most satisfactory that the home income in those departments was up over £300,000, unfortunately counterbalanced by a falling off in the United States income of £270,000. Their interest earnings still covered the cost of dividend and left a balance in hand sufficient to pay an additional 4s. per share, less tax, or over £54,000, which was evidence of exceptional strength in their financial position.

Their life premiums were down £67,000, but that was due to a cessation of the single premium business.

The life business completed was most satisfactory, as they showed an increase of £74,000 in new business. Their marine account continued small, but was on satisfactory lines, and would now, they thought, commence to show more adequate profits. Excluding the life department, their aggregate profits were £310,392, as compared with £425,536 in the previous year. That was a good result and the ratio was very satisfactory under existing conditions.

Their investments had decreased in value like those of every other company, but the investment reserve of £775,000 was more than sufficient to cover all depreciation as at December 31, 1931. They still had £600,000 in their general reserve, with a carry-forward of £474,000 in addition to the ample reserves which they had provided to meet every contingency in connection with the business.

Their foreign business was satisfactory, notwithstanding the present economic difficulties in all countries. In Canada, India, South Africa, Belgium and France, where they had a large premium income, their business was being ably carried on by reliable managers and the organisation was being kept up to date. Their affiliated company, the Road Transport and General Insurance Company, under the able management of Mr Smith and Mr Watson, was making great progress.

The staff, one and all, had done, and were doing, splendid work, and Mr Norie-Miller, their general manager, had worked harder than ever before in tackling difficulties and guiding the company's affairs. The directors, the executive, and the district managers owed him a tremendous debt of gratitude.

MR NORIE-MILLER'S STATEMENT.

Mr F. Norie-Miller, director and general manager, said that the year 1930 had been a difficult one, but its difficulties were as nothing compared with the difficulties they had experienced in conducting business during 1931, and it was a matter for congratulation that in that year their corporation was able to show the very satisfactory results now presented.

Their new life business had increased by £74,000, and remained over the £2,000,000 mark. The reduction in the fund was a nominal one, and was occasioned by their placing £200,000 to reserve for the depreciation of investments and writing down securities. The fire income showed a decrease of only some £3,000, and that account gave a very handsome profit. Their accident income was highly satisfactory. There was a reduction of £19,000, but he thought he was right in stating that that was the lowest reduction in income of any British company doing a world-wide business. The marine account had turned the corner and would now, he thought, show a satisfactory profit each year. They carried forward a fund in excess of 100 per cent. of the premiums.

The net profit for the year was in excess of £310,000. They paid £193,000 in dividend, and placed £30,000 to staff pension fund, which fund amounted to practically £300,000 and would earn interest of over £12,000 a year, a sum much in excess of their requirements for pensions at the present time. Their interest earnings were largely in excess of the amount they paid in dividend, so that the prospects as regarded the dividend being increased in the future were very bright.

The report and accounts were adopted.

LEGAL AND GENERAL ASSURANCE SOCIETY, LIMITED.

An extraordinary general meeting, followed by the ordinary meeting, of this society, was held, on the 26th instant, at 10, Fleet Street, London. Mr Romer Williams, D.L., J.P. (the chairman), said that they had met to consider the valuation report showing the results of the investigation of the position of the society covering the previous five years.

Full reserves had been made not only for the sums assured, existing bonuses and the new bonus now to be declared, but in addition a full reserve had been made for interim bonuses during the next quinquennium and for the declaration of the maximum rate of compound bonus of 38s. per cent. per annum for the whole future existence of the with-profit policies.

During the quinquennium the net sums assured and bonuses in force had increased from 44½ millions to over 70 millions and the society's assets from 19½ millions to nearly 25½ millions. Mortality had been generally favourable. Owing to the exceptional circumstances existing in the stock market on December 31st, they had had to face a depreciation exceeding £990,000 in their Stock Exchange securities. However, only some 25 per cent. of their funds were invested in that class of security, and the total assets showed a depreciation of less than 4½ per cent. The policy of developing mortgage business had, therefore, stood them in good stead on that occasion. They had set up an investment reserve fund of £1,000,000, but a valuation on March 31st showed a recovery of nearly £300,000. The rate of bonus proposed with that which would then have been paid for the eighth consecutive quinquennial period.

At the annual general meeting the Chairman said that the new life business transacted showed a reduction from the record figures of 1930, but was, nevertheless, substantial, and, having regard to the difficulties encountered during the year, might be deemed satisfactory. The mortality during the year compared favourably with that of the previous year. In the fire and accident departments increased figures were shown and progress had been made. The total net premium income for the year from all classes of business was £2,848,810, and the total annual revenue was £3,831,705. (Applause.)

The Chairman paid a tribute to the work of the general manager, Mr W. A. Workman, and the staff. The report and accounts were unanimously adopted.

POINTS OF SPECIAL INTEREST from the

95th ANNUAL REPORT of the

LEGAL & GENERAL Assurance Society Limited

1931 shows remarkable results

- NEW LIFE POLICIES 15,554 new Life Policies were issued during the year.
- NET NEW LIFE SUMS ASSURED for the year exceeded £9,780,000.
- NET NEW LIFE PREMIUM INCOME during the year exceeded £772,400.
- LIFE ASSURANCES IN FORCE The total number of Life Policies in force at the end of the year was 119,251. The Net Sums Assured amounted to £70,127,416.
- FIRE, ACCIDENT, MOTOR & GENERAL INSURANCES The total net Premium Income in these departments for the year was £376,175.
- TOTAL ASSETS EXCEED £25,000,000

Write to-day for particulars of the "SAFEGUARD" Policy which provides a generous tax-free income to dependants and a capital sum besides. The finest coverage value obtainable. "Safeguard" YOUR dependants!

10 FLEET STREET, LONDON, E.C.4.
Established 1836 Assets exceed £25,000,000
General Manager
W. A. WORKMAN, F.I.A.

THE STATE ASSURANCE COMPANY, LIMITED.

SATISFACTORY HOME BUSINESS.

The forty-first annual meeting of the State Assurance Company, Limited, was held, on the 25th instant, at the head offices of the company, State Insurance Buildings, Liverpool.

Sir Charles H. Morton, J.P. (the chairman), who presided, said:—At the last annual meeting I referred to the fact that, like most trading concerns, we were amidst the lean years, but that I hoped 1931 would bring about the much-desired improvement in trade. Instead, the year that has passed will surely be looked upon as one of the most vital in the history of the country, and it can scarcely be expected that a company like our own would not be affected by the financial and trade upheaval and the conditions which prevailed.

So far as the company's operations in this country are concerned, we have nothing much of which to complain. There is little indication of any increase having taken place either in the moral, physical or financial hazard. The results attained in the accident department are typical. It confines its operations almost entirely to this country, and the profit from the department continues to be satisfactory.

Again, to turn to the home fire business, whilst it is true that we have not quite maintained our income, the reduction is insignificant, and, with a normal loss experience, we have earned a satisfactory profit.

CONDITIONS IN THE UNITED STATES.

As regards our operations abroad, the financial and trade difficulties have reflected themselves adversely in our results. If our underwriting is any guide, conditions in the United States of America would seem to be much worse than with us, and we have suffered there to an unusual and unexpected degree from fires in dwellings. No section of the company's operations has received more consideration by the directors than the U.S.A., but the company has experienced a loss there during the past year. In this we share the experience of others. The outlook does not appear to be too promising, and endeavours are being made to effect a considerable curtailment of our income from this source.

Fortunately, the loss in the fire department is covered by the profits earned by the accident and marine departments, and, despite the shrinkage of premium income, it has been possible to effect a considerable saving on the expenses of all departments.

The directors have considered it prudent to establish, out of existing reserve funds, a reserve in respect of the difference between the 40 per cent. reserve for unexpired risks, as shown in the revenue account, and a reserve based on 40 per cent. of the whole year's premiums calculated at the rates of exchange ruling at December 31, 1931. This may appear to be a very stringent course to adopt, especially in applying it to our business in the United States of America, where we have dollar currency accounts available sufficient to meet any normal calls made upon us in the ordinary conduct of our business there. I do not anticipate, therefore, that it will be found necessary for us to draw upon the fund to the extent of anything like the sum we have provided.

MARINE DEPARTMENT RESULTS.

The results attained in the marine department continue to be satisfactory. The amount of £3,662 transferred from the account to profit and loss represents the profit for 1928, all liabilities having run off. It represents 8.2 per cent. of the income written. The 1929 account has been closed and shows a profit of £8,647, and following our general practice it is proposed to allow this sum to remain in the marine fund for another year before transferring it to profit and loss account. The experience up to date indicates that satisfactory results will also be earned on the business written in subsequent years.

There are few who have been spared the anxieties and difficulties of 1931, and when we consider their effect on the results of many trading concerns I feel we must consider ourselves fortunate in coming through the year without any permanent impairment of our resources. It is, as I have said on previous occasions, during difficult times like the present that we have good reason to congratulate ourselves upon taking advantage of the good years in building up our funds.

The report and accounts were adopted.

Orders for the publication in these columns of the reports of Company Meetings should be addressed to the Reporting Manager of THE ECONOMIST, 8, Bouverie Street, Fleet Street, London, E.C.4.

WORLD AUXILIARY INSURANCE CORPORATION, LIMITED.

DIVIDEND MAINTAINED.

The thirteenth ordinary general meeting of the World Auxiliary Insurance Corporation, Limited, was held, on the 22nd instant, at Winchester House, Old Broad Street, London, Captain the Rt. Hon. C. C. Craig, D.L. (the chairman), presiding.

The Chairman, in moving the adoption of the report and accounts, dealing first with the fire, accident and general account, said that the fund brought forward from December 31, 1930, was £151,831, and, adding premiums for the year, £220,691, and interest, £9,460, there was a total of £381,982. After paying all claims, commissions and expenses and making allowance for outstanding liabilities, the fund at December 31st last amounted to £97,928. Up to the date of the departure from the gold standard currency premiums had been converted into sterling at or about par, with the result that, when the pound depreciated, it was necessary to increase the sum which it was estimated might be required for claims notified and to be notified. Had the necessity for this exchange provision not arisen they would have carried forward a fund of approximately 60 per cent. of the premium income.

MARINE ACCOUNT.

In the marine account the premium for the year amounted to £155,098, and interest to £8,031, and, adding these items to the fund of £192,122 brought in from last year, there was a total of £355,251. Claims paid on the account of 1930 and previous years amounted to £85,444, and on the 1931 account to £30,539, or 19.7 per cent., and expenses to £8,234, leaving a marine fund of £208,004, or 134 per cent., after transferring £23,031 to profit and loss account.

From the balance of £53,561 on profit and loss account the directors recommended a dividend of 6½ per cent. free of income tax, the same as for the previous year. Reviewing the year's progress as a whole, he thought that when they took into consideration the condition of depression and extreme pessimism which had reigned in the business world during the past year they had no cause to complain.

The report and accounts were adopted.

THE ROYAL LONDON MUTUAL INSURANCE SOCIETY, LIMITED.

YEAR OF PROGRESS.

The seventy-first annual general meeting of the Royal London Mutual Insurance Society, Limited, was held on the 27th instant, at Winchester House, London.

After the Secretary (Mr J. H. Skinner) had read the directors' report and auditors' certificate, the Chairman (Mr Alfred Skeggs, F.C.I.I., the managing director), in the course of his speech, said:

It is a source of very much satisfaction that the society's accounts for the past year show such substantial progress, in spite of the adverse conditions, and he also referred to depreciation of security values, stating that, on a revaluation within the last few days, the investment reserve funds and balances on profit in hand were shown to be substantially more than sufficient to cover the depreciation shown at the end of last year.

It will be noted from the general revenue account that the income from all sources during the year amounted to £8,813,697, the combined premium income being £5,571,529. The total claims (including surrenders) for the year amounted to £2,483,704.

With regard to the ordinary life branch, the premium income for the year amounted to £1,300,884, showing an increase of £84,870 over the premium income for the previous year. The total funds of this branch at the end of the year amounted to £7,248,725, having increased during the year by nearly £838,000.

The directors have decided to continue the interim bonus of £2 per cent. per annum, this being the rate of bonus allotted at the last valuation.

In the industrial life branch the premium income for the year amounted to £4,174,176, showing an increase of £144,042 over the previous year. The life funds of the branch at the end of the year stood at £17,684,688, having increased during the year by £1,179,819. The number of new policies issued during the year was 1,076,403, assuring the sum of £17,699,204. The total amount assured by policies in force in this branch at December 31st last exceeded £100,000,000. Turning to the accounts for the five departments, it would be seen that the premiums for 1931 amounted to £68,101, an increase over the previous year of £1,843. The society's assets now total £26,245,250, an increase for the year of £2,084,384.

The report and accounts were unanimously carried.

SCOTTISH EQUITABLE LIFE ASSURANCE SOCIETY.

The one hundred and first annual general meeting was held in the Society's Offices in Edinburgh, on April 21, 1932; the Rt. Hon. the Earl of Stair, D.S.O., president of the society, in the chair, when the report was submitted by Sir Robert Gilmour of Liberton and Craigmillar, Bt., chairman of directors.

He referred with deep regret to the death of Sir Robert Moncreiffe of Moncreiffe, who had served on this board for over 30 years.

General Sir Charles Fergusson of Kilkerran, Bt., G.C.M.G., the late Governor-General of New Zealand, was elected in his place, and Sir William Prescott, C.B.E., D.L., was elected an extraordinary director.

The new business returns fell very little short of £1,500,000 under an increased number of policies as compared with last year. The premium income increased by £10,000, while the net income from interest shows a drop of only £3,500, in spite of increased income tax.

The claims by death were much below the "expected" amount, and the addition to the funds was £231,147.

The balance sheet shows an increased holding of British Government securities of over £500,000.

The valuation of Stock Exchange securities as on March 1st disclosed a small depreciation, which would, however, have been a feature of minor importance had the quinquennium closed this year and had the question of bonus declaration arisen. This depreciation could have been written off without any difficulty, but it was considered more appropriate to defer dealing with this till the quinquennial valuation next year.

During the current quinquennium the actuarial trading profit had been relatively and actually larger than for the same portion of the previous quinquennium, and prospects were therefore excellent.

The Chairman referred at some length to the crippling effect on large estates of Death Duties and to the unfortunate effect which the present rule of aggregation of the proceeds of Estate Duty Policies of Assurance with the rest of the estate had in discouraging the making of provision in this manner. He contended that a strong case could be made out in favour of non-aggregation of policies specifically effected to meet Estate Duty.

APOLLINARIS AND PRESTA, LIMITED.**STRONG FINANCIAL POSITION.**

The thirty-fifth ordinary general meeting of Apollinaris and Presta, Limited, was held, on the 26th instant, at the Holborn Restaurant, London.

Mr. Alfred R. Holland, chairman of the company, presided, and in moving the adoption of the report and accounts, said that the fact that, in spite of the widespread depression, their profits had only decreased by £11,397 was due to some extent to the progress made with the sweetened beverages sold under the name of Presta—tonic water, ginger ale, etc.—the demand for which was constantly increasing.

The strong position of the company was made apparent by the figure in the balance sheet, cash at bankers, £37,781. Although they had the large carry-forward of £97,796 12s. 4d, out of which some shareholders might expect a small dividend, the company had to provide annually £51,680 in respect of prior charges, and therefore the prudent financial policy must be maintained. Through the sinking funds £81,664 had been paid off in the last eight years.

Prosperity could only be restored when some of the difficulties of the international financial and political situation had been removed. They could only hope for better business conditions all round, and given a favourable summer, could face the future with confidence.

The managing director, Mr F. J. Schilling, referred to the company's extensive and valuable interests in the U.S.A., and stated that he had paid frequent visits to the States on behalf of the company ever since 1895. Never had he found conditions so depressing as during his last visit a few months ago, when they were much worse than during the great U.S. crisis of 1907-08. To the credit of the New York management it could be said that their bad debts during 1931 were insignificant. Business naturally showed a setback, but he believed it would recover as it did after the 1907-08 crisis, for the American department, like every other, was receiving the constant and unremitting attention of everyone connected with the business.

Lord Lurgan, in thanking the shareholders for his re-election to the board of directors, referred to a visit he had paid, with the chairman to the Apollinaris spring. He could recommend shareholders to visit it as well as the neighbouring watering-place of Bad Neuenahr. He mentioned that last year over 1,000 English visitors had been to see the spring and the baths at Bad Neuenahr, which were so easily accessible from Cologne by a short motor drive.

The report and accounts were adopted unanimously.

ARMY AND NAVY CO-OPERATIVE SOCIETY, LIMITED.**LORD EBURY'S REVIEW.**

The annual general meeting of the Army and Navy Co-operative Society, Limited, was held, on the 28th instant, at Caxton Hall, Westminster, London.

Brig.-Gen. Sir Frederick Gascoigne, K.C.V.O., C.M.G., D.S.O., D.L., J.P., the vice-chairman, presided, and said he was sure all present would share with his colleagues and himself very great regret at the unavoidable absence of the chairman of the company, Lord Ebury. As many were aware, Lord Ebury met with a serious accident about a month ago, and though progressing favourably was still unable to leave his room.

The chairman proceeded to read the statement prepared by Lord Ebury which noted that his (Lord Ebury's) unfavourable forecast of a year ago, and his recital of the factors then operating had proved all too accurate both in respect of the national position and that of the society. The results now presented reflected the unfavourable conditions of trading which had prevailed during the period under review. The society had not endeavoured to maintain the amount of profit on the lower value of commodities, but had been faithful to their policy of keeping down prices in the interests of those who dealt with it. As in the past, so to-day, their business literally provided a standard whereby price levels were established, and by its policy of regulated profit could only be regarded as a public benefactor.

In the matter of comparison of retail prices there was now to be noted a greater disparity than ever between the society's prices and costs elsewhere. In 1929 over a considerable range of commodities of everyday use, the cost elsewhere had been more by approximately 2s. in the £. In the year under review the difference was no less than 2s. 8d. in the £, from which it might be legitimately inferred that contrary to the Pharisaical claims made by others of meeting the needs of the public in these hard times, those people were seeking their own salvation by securing an even larger margin of profit than in the past. Sooner or later, it was certain, the discriminating public would awaken to such "quackery of competitors" and transfer their custom to establishments such as theirs, where long years of sound trading had taught people the world over not only to trust their capacity in matters of quality, but more especially the society's integrity in matters of price.

The revenue of the year from trading account and miscellaneous revenue had amounted to £646,094—a decrease of £114,601. Expenses showed a reduction of £30,697 to £525,338, leaving a net profit of £120,756, or a decrease of £83,994. It was proposed to pay a final dividend of 10d. per share, making with the interim dividend of 5d. already paid a total of 12½ per cent. for the year.

Having dealt with the chief figures in the balance sheet, Lord Ebury referred to the position of the Indian branches to which he had paid a short visit in the past year. A year ago he had told them that whilst the position in regard to their organisation had never been as satisfactory since his connection with the society as it then was, the board were perturbed in regard to the question of what the future in India held for them. He was glad to say that he had found even fuller confirmation of the improvement in their organisation than he had expected, and the impression he had formed was most favourable both as regards the personnel, and unfavourable conditions prevailing in India were taken into account, the results were by no means unsatisfactory.

As to the prospects of trade recovery in the current year, he regretted that so far as their business was concerned he could find no evidence that the tide had turned, and unless and until some relief was extended to the taxpayer it was to be feared that the tendency to restrict expenditure would remain in force.

While it was true that in the current year the society's orders were substantially as many as in the previous year, the fall in retail prices had not been arrested, and the average value of their orders continued to be lower than last year. The effect of the new Tariff duties would unquestionably be to increase retail prices of many commodities, but the society's policy would continue to be that of keeping their prices at the existing level so long as present stocks necessary.

As regards the future generally, it was extremely difficult to express an opinion. They had had a regrettable setback, but he the society's prosperity would be fully restored. Their policy in the past had been justified by results, and unless and until it was found the success of that policy demanded all the support that shareholders and members could give to the society. If they adopted that course, they would find it to their advantage both as customers and shareholders.

The report and accounts were adopted.

ASSOCIATED ELECTRICAL INDUSTRIES, LIMITED.**SIR FELIX POLE ON THE COMPANY'S ACTIVITIES.**

The thirty-second annual general meeting of this company was held, on the 28th instant, at Bush House, Aldwych, London.

Sir Felix J. C. Pole (the chairman) said that the profit for the past year amounted to £284,829, against £372,997 in the previous year. The directors recommended a dividend of 4 per cent., less income tax, on the ordinary shares, leaving £99,899 to be carried forward. The reduction in the rate of dividend was due entirely to the fact that the directors decided to charge against profits all exchange losses in connection with trading and depreciation of investments overseas. The board most carefully considered whether they should charge these losses against reserves, and had there been a revival of trade this year that course would probably have been taken, but as the anticipations of trade revival had not materialised, it was decided to conserve the company's resources. In the consolidated balance sheet, debentures in subsidiary companies held outside had decreased £1,485,298, the principal item being the repayment of the British Thomson-Houston 7 per cent. debentures. This was the most important financial change during the year, and was facilitated by Vickers, Limited, and the International General Electric Company providing ordinary capital at 21s. without underwriting commission, less subscriptions by other shareholders. Vickers, Limited, and the associated group of companies had many interests in common, and he personally was highly pleased that Vickers again had a very large shareholding in this company. The resultant change in this company's financial structure was most beneficial, and the consequent increase of security of their prior charges, more particularly their preference shares, would be appreciated.

Having regard to the unprecedented nature of the events of last year, nationally and internationally, and to the great depression existing in many industries, due to the financial difficulties which had beset this country and, indeed, the whole world, with consequent curtailment of orders for electrical apparatus, the year's results might be regarded as satisfactory. They had secured a good share of export business. At home they had now a measure of protection. This country had long been the dumping-ground for the excess products of other (usually protected) countries, and they welcomed the change of policy, believing that it would assist home manufacturers and at the same time provide the means of negotiating fair trading arrangements with other countries.

The great achievements of their companies in the field of railway electrification should be of immense value when—as must inevitably come—more extensive schemes of railway electrification were embarked upon. Electrification of suburban railways was definitely overdue, but seemed to be awaiting the decision of the Government in regard to the London Traffic Bill—a measure which those who were familiar with London traffic problems regarded as urgently necessary.

With regard to last year's achievements of their various companies, he would refer particularly to their continued progress in electric propulsion of ships. The advantages of this form of propulsion were so outstanding that its extension was inevitable, and he was interested to see advertisements of forthcoming cruises in which there was a special appeal to the public to take a cruise in an electric ship. He might be reminded that the new giant Cunarder, of which so much had been heard, was not designed for turbo-electric propulsion. Personally, he thought it should have been. It would have been observed, however, that the British Thomson-Houston Company secured an order for seven turbo generators for auxiliary service in this Cunard liner. Unfortunately, work had been suspended, and the Government had not yet seen its way to assist the Cunard Company financially to complete the ship. He thought they should do so, particularly in view of the fact that large financial assistance had been given to other forms of transport. From an official statement of the principal measures taken by the Government in connection with unemployment, he observed that schemes estimated to cost £28,211,230 had been approved for grant under the Development (Loans Guarantees and Grants) Act, 1929. All these schemes were for the benefit of statutory companies, but, in his judgment, grants to large commercial concerns, such as shipping, iron and steel, etc., had an equal, if not greater, claim.

Last year he said that it would be rash to speak about future prospects, having regard to the difficulty of the times. The outlook was little, if any, clearer, but it was hoped that, with more settled economic conditions, a revival in trade might be anticipated. One gratifying feature was that the Central Electricity Board reported that the national production of electricity for 1931 increased by about 4.5 per cent., and Britain found herself in the position that, alone among the industrial countries, she could show a definite increase.

The report and accounts were unanimously adopted, and the dividend recommendation of the directors was approved.

LONDON TIN CORPORATION, LIMITED.**POSITION AND PROSPECTS.****BENEFIT OF INTERNATIONAL CO-OPERATION.**

The annual general meeting of the London Tin Corporation, Limited, was held on the 28th instant, at the Institute of Chartered Accountants, Moorgate Place, London.

Mr John Howeson (the Chairman) referring to what had been achieved in the tin industry by international co-operation, voluntarily undertaken on the widest possible scale, said that the industry had survived conditions that were entirely without parallel, and the recently announced decision of the inter-Governmental Committee had brought the assurance of a recovery in the tin situation that could not be very long deferred. He looked upon March and April of this year as the critical months for tin, and up on last week's meeting of the International Tin Committee as the turning point for the industry. He was confident that the future efforts of the Committee would be directed, not merely towards the maintenance of an equilibrium between supply and demand, but also towards a progressive reduction in stocks which alone could lead to the re-establishment of an economic price level. The decision taken last week meant a further reduction to only 71,000 tons per annum, which was a little less than 44 per cent. of standard. (Applause.)

THE INTERNATIONAL TIN POOL.

When things were at their worst a powerful consortium, known as the International Tin Pool, had been brought together with the concurrence and strong approval of the governments concerned in the quota agreement, and for a period of months all pressure had been removed. Unhappily, consumption had failed to respond to seasonal influences, and continued upon its downward course. There had followed a sudden and very rapid appreciation of sterling in terms of gold, which had brought in its train heavy selling of tin on Continental account. The International Tin Pool had been blamed for not standing up to that onslaught. It had even been suggested that the Pool, having borrowed up to the hilt against the tin it held and being unable to obtain further advances, had then been compelled to liquidate part of its holdings, thus adding to the debacle. He was glad to have the opportunity of stating categorically firstly, that the Pool had at no time taken loans of any kind, whether against the tin it held or otherwise; and, secondly, that the warrants representing that tin were deposited in sealed packages entirely outside the control of the participants.

The decision recorded by the International Tin Committee last week happily carried with it the assurance that the period of over-production was now finally at an end, and that whatever further measures it might be necessary for the governments to take to accomplish the declared objective of the scheme, would from now onwards be taken firmly and immediately. It was not too much to say that the industry to-day stood firmly to a man behind the five governments who had taken charge of the situation and, it must be recognised, in doing so, had been forced to grips with conditions which even two years ago would have sounded utterly fantastic.

Despite the solid front of the present international co-operation, there were still, outside the industry itself, some who for their own ends appeared to cherish the hope that it might yet be possible to drive a wedge into that solidarity. The purpose of their insidious propaganda was clear enough. It aimed at creating in the mind of the Malay producer the delusion that there was some particular virtue inherent in the concentrate he mined which rendered the resultant metal a very much more desirable product than tin derived from any other source. That mischievous theory was built upon assumptions which, however, untenable in fact, might sound not unconvincing to the casual reader.

THE OUTLOOK FOR THE METAL.

As to prospects, the total visible supplies at the present time were of the order of 60,000 tons. Of that at least 21,000 tons were held under agreement by the pool, and a minimum quantity of from 15,000 to 20,000 tons. The possible excess weighing upon the market could not therefore greatly exceed 20,000 tons, and any real and enduring change in sentiment—such as would follow immediately demand was found to be keeping substantially ahead of current supplies—would lead to re-stocking by consumers. In that way it was by no means impossible that the 20,000 or 25,000 tons in question, together also with the 21,000 tons held by the Pool, would disappear more rapidly than might at present seem possible.

The complete plans under consideration were comprehensive and adequate, and would suffice beyond any question to achieve their purpose. With a full sense of his responsibility, he was bold enough to predict that they had seen the worst as far as tin was concerned. (Applause.)

The report and accounts were unanimously adopted.

AMALGAMATED ANTHRACITE COLLIERIES, LIMITED.

SATISFACTORY RESULTS OF A DIFFICULT YEAR.

The eighth annual general meeting of the Amalgamated Anthracite Collieries, Limited, was held, on the 26th instant, at the Hotel Victoria, London, W.C.

Mr F. A. Szarvasy (chairman of the company) said that the net profit amounted to £289,478, and he thought they might well regard that as very satisfactory in the condition of things as they existed to-day. The amount disposable was £401,056. The directors had very carefully considered the claims of preference shareholders; the payment of any of the arrears of preference dividend was not at the moment a practical proposition, but it would be considered from time to time.

Their 35 collieries had worked fairly regularly throughout the year, except for the first part of January. The relations between managements and men were generally friendly. Their total output was just under 4,000,000 tons. When the value of sterling at the end of September was adjusted to the necessities of competition, it had appeared that an opportunity was provided for holding their markets at better realised prices and even for extending them, but restrictions abroad had since gone a long way to neutralise their advantage. The industrial countries of the world were all adopting, it would seem, a rigid policy of restriction, apparently preferring to believe that the cure and antidote to difficulties was in the closing of the doors for international trade.

In the struggle for markets, Canada was the one bright spot. They were being helped to increase their shipments during the present season as Canada had excluded Russian coals and had imposed a duty on foreign anthracite. He was hopeful of good results from the coming Ottawa Conference. In the Home market they were continuing, by demonstrations and exhibitions, to prove the advantages of Welsh anthracite. He was glad to be in a position to state that their forward sales over the current year were fairly satisfactory, and, as far as he could see, provided that interruptions of the working of their collieries were not allowed to take place in connection with the hours of work, their collieries should be in a position to work not less regularly on the whole than had been the case in the year under review, which was not a bad position to be in.

The report was adopted.

SIMMS' MOTOR UNITS, LIMITED.

THOROUGHLY SOUND AND STRONG POSITION.

The twelfth ordinary general meeting of Simms' Motor Units, Limited, was held, on the 26th instant, at Winchester House, Old Broad Street, E.C. Mr Frederick R. Simms, M.I.M.E., M.I.A.E., M.I.E.E. (managing director and chairman), presiding.

The Chairman, in moving the adoption of the report and accounts, said: The accounts for the past year have been a source of keen disappointment to your board of directors. For the first time since the formation of this company the accounts show a loss; there may, however, be some consolation in the fact that your works and business, including every one of your fifteen home branches, have withstood the unprecedented trade depression prevailing throughout last year. The reason for the loss incurred for the period under review is entirely due to the world depression affecting our subsidiary companies and overseas branches on account of severe shrinkage of turnover.

It will be observed that a loss of £19,007 18s. 4d. has been incurred, and which we have to offset against the carry-forward from last year of £31,048 16s. 7d. If we further deduct income tax of £3,053 10s. 11d. and the interim preference dividend (less tax) paid on July 1, 1931, of £2,906 5s., as also the preference dividend (less tax) for the period of July 1st to December 31, 1931, amounting to £2,718 15s., which it is proposed to pay on May 2, 1932, we shall still have a carry-forward of £2,362 7s. 4d. to the next account.

Although the loss in connection with our subsidiary companies and overseas branches has been completely dealt with in our accounts, your directors recommend that, as a conservative measure, £15,000 be taken from the general reserve of £43,117 and allocated to a special reserve account in order to meet any possible depreciation.

The placing on the market of our new dynamo lighting equipment, a new type of magnet, and various motor accessories, should materially assist in increasing our turnover again, whereas for future developments, both Diesel fuel pumps and Diesel motor accessories are well in hand.

It should be a source of satisfaction to us all that our business is in a thoroughly sound and strong position, and that as we are starting the year with a clean bill of health, even a very moderate increase in business should show a reasonable return.

The report and accounts were adopted.

HUDSON'S BAY COMPANY.

PROGRESS OF REORGANIZATION WORK.

MR P. ASHLEY COOPER ON THE OUTLOOK.

A General Court of the Governor and Company of Adventurers of England trading into Hudson's Bay, was held, on the 28th instant, at Beaver House, Garlick Hill, London.

Mr P. Ashley Cooper (the Governor) said that when he accepted the governorship of the company he found that the proprietors felt they were not receiving all the information which they should, and it had been his endeavour to put that right as quickly as possible. Their records showed that the report before them was by far the most comprehensive ever published by the company. They were in the midst of a world-wide economic storm of unparalleled fierceness, and in many respects old standards of values had disappeared, and it was impossible to say when they might be restored.

After referring to the changes on the board since they last met, he proceeded to deal with the accounts, and said that the operations of the stores, furs and land departments covered a full 12 months; only the figures from the London books were for eight months. As he had warned them when he addressed them last year, the company had made another heavy loss in the year's operations. While this was disappointing, proprietors would, he was sure, take some satisfaction from the fact that they had not hesitated to deal with every doubtful situation they had met.

The loss on trading, as would be seen from the profit and loss account, amounted to £465,000 compared with a loss in the previous year of £665,000. He regretted to say that that loss was contributed to by every department and every section of their business, and by each of their operating subsidiary companies. The board were hopeful of reducing the losses in some directions and cutting them out altogether in others. The depreciation policy laid down by the board last year was being followed out, and no less than £199,000 had been placed to depreciation account. Since the last general court, a most careful inquiry had been made into the values of merchandise on hand and debtors and outstanding accounts, and they believed those items had been reduced to to-day's values. Cash and Treasury bills stood at the figure of £511,000, compared with £413,000 last year.

GOVERNOR'S VISIT TO CANADA.

The period since their meeting last July had been one of great activity, working in a world where conditions had been going from bad to worse; but in spite of all they were satisfied that they had made progress. He had decided, as he had told them last year, that the first thing to do was to make a thorough examination of the company's affairs on the spot, and so after the general court he had left for Canada.

On his return to London, after completing his tour of inspection in Canada, they had at once tackled the problems which faced them here. They had now created the machinery for keeping the board regularly and promptly informed so that it might exercise the necessary control over policy and finance. A managerial organisation was being built up by which the executive officials charged with full responsibility were at work on schemes for the improvement of the company's operations. Simultaneously, they were putting into execution drastic measures of economy.

With regard to the main branches of their activities, their large stores presented a most difficult problem. In their judgment, yet a more difficult problem, and that was management. The time. The fur department was their oldest department, and it had been in recent years the department in which the greatest losses had been made. The reasons were twofold: the one was the tremendous fall in the price of furs, and the other was to be found in the department itself. He had made a close examination of that department while he was in Canada, and they were satisfied that the reorganisation taking place was making progress. If world conditions got no worse, they might certainly expect better results.

While the immediate prospect was not bright, they did not forget that Canada was a land blessed with those natural resources which, they had been taught to believe, never failed sooner or later to bring expect him to prophesy. In times like the present, no one would worse than in 1931; on the other hand, the economies and methods of administration which they had introduced would undoubtedly sufficient to prevent further loss. Neither the world nor the company that the work of restoration of the fortunes of this great company had been well begun.

The report and accounts were adopted.

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CONSOLIDATED WATER WORKS COMPANY OF
ROSARIO, LIMITED.
CONDITIONS IN ARGENTINA.

The thirty-seventh ordinary general meeting of the Consolidated Water Works Company of Rosario, Limited, was held on the 26th instant, in London.

Mr Norman B. Dickson, O.B.E., M.Inst.C.E., said that the decrease of £1,734 in the gross receipts—the first since 1915—was an indication that the past year had been the least prosperous the company had had for a very considerable period. The less favourable results were not surprising when the depression which had fallen upon Rosario, in common with so many other parts of the world, was considered. Conditions had led to a marked falling off in building operations, to a reduction of about 25 per cent. in rental values, an increase in the number of unoccupied houses, and the practice of rigid economy in the use of water on the part of the large industrial concerns of the city. There had also been a loss on exchange amounting to £41,592, as compared with £28,658. In the circumstances it might be regarded as satisfactory that the amount available for distribution was only £5,594 less than last year. The board were recommending a final dividend of 3½ per cent. on the ordinary shares, making 6 per cent. for the year.

With reference to the differences with the authorities of Rosario in the matter of water charges, the chairman said it was unfortunate that the Argentine Government could not assist public utility companies such as theirs when attacked by local authorities, on the ground that they were paying unduly large dividends.

The report and accounts were unanimously adopted.

Government Returns, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended April 23, 1932, amounted to £13,540,900 against ordinary expenditure of £6,081,600. After allocating £475,000 to Sinking Fund and having allowed for an increase in Exchequer Balances of £979,875, the operations for the week, as shown below, decreased the National Debt by £6,005,000 to £7,590,871,000:—

(000's omitted.)

Treasury Bills	£ 9,905	Bank of England Advances	£ 4,250
National Savings Certificates ...	100	Public Department Advances	10,675
		Treasury Bonds paid off	1,600
		Issues to National Debt Commissioners	485
			16,010
	10,005		

A complete analysis of the National Debt at March 31, 1932, was printed in the *Economist* of April 2, 1932.

REVENUE.	Total Receipts into the Exchequer.			
	April 1, 1932, to April 23, 1932.	April 1, 1931, to April 25, 1931.	Week ended April 23, 1932.	Week ended April 25, 1931.
ORDINARY REVENUE.	£	£	£	£
Inland Revenue—				
Income Tax	11,062,000	13,200,000	570,000	1,137,000
Sur-Tax, including Arrears of Super-Tax	3,130,000	4,490,000	580,000	860,000
Excise, &c., Duties	5,060,000	6,080,000	2,240,000	2,710,000
Stamps	160,000	450,000	...	220,000
Excess Profits Duty and Corporation Profits Tax	...	...	...	...
Land Tax and Mineral Rights Duty	30,000	30,000	...	...
Total Inland Revenue	19,442,000	24,250,000	3,390,000	4,927,000

REVENUE.	Total Receipts into the Exchequer.			
	April 1, 1932, to April 23, 1932.	April 1, 1931, to April 25, 1931.	Week ended April 23, 1932.	Week ended April 25, 1931.
Customs and Excise—	£	£	£	£
Customs	10,040,000	8,682,000	3,502,000	3,544,000
Excise	8,800,000	9,101,000	6,180,000	1,253,000
Total Customs and Excise ...	18,840,000	17,783,000	9,682,000	4,797,000
Motor Vehicles Duties (Exchequer Share)	468,000	509,000	Dr. 682,000	...
Post Office (Net Receipts)	2,000,000	2,600,000	1,150,000	1,500,000
Crown Lands	868,226	140,000	...	140,000
Receipts from Sundry Loans	347,018	4,220,908	...	2,668
Miscellaneous Receipts	...	1,366,724	876	...
Appropriation from Rating Relief Suspense Account	...	...	...	...
Total Ordinary Revenue ...	41,965,244	50,869,632	13,540,876	11,066,668
SELF-BALANCING REVENUE.				
Post Office	1,850,000	1,700,000	450,000	400,000
Motor Vehicle Duties apportioned to Road Fund	2,140,000	2,029,000	682,000	...
Total Self-Balancing Revenue	3,990,000	3,729,000	1,132,000	400,000
Total	45,955,244	54,598,632	14,672,876	11,466,668

EXPENDITURE.	Total Issues out of the Exchequer to meet payments.			
	April 1, 1932, to April 23, 1932.	April 1, 1931, to April 25, 1931.	Week ended April 23, 1932.	Week ended April 25, 1931.
ORDINARY EXPENDITURE.	£	£	£	£
Interest and Management of National Debt	25,995,130	22,521,908	1,381,001	551,127
Payments to Northern Ireland Exchequer	...	202,464	...	202,464
Other Consolidated Fund Services	212,705	232,582	...	...
Total	26,207,835	22,956,954	1,381,001	753,591
Total Supply Services (excluding Post Office)	24,550,000	23,950,000	4,700,000	4,950,000
Total Ordinary Expenditure	50,757,835	46,906,954	6,081,001	5,703,591
SELF-BALANCING EXPENDITURE.				
Post Office	1,850,000	1,700,000	450,000	400,000
Road Fund	2,140,000	2,029,000	682,000	...
Total Self-Balancing Expenditure	3,990,000	3,729,000	1,132,000	400,000
Total Ordinary and Self-Balancing Expenditure ...	54,747,835	50,635,954	7,213,001	6,103,591
New Sinking Fund (1928)	1,640,318	3,086,226	475,000	1,598,000
Total (including New Sinking Fund)	56,388,153	53,722,180	7,688,001	7,701,591

The aggregate revenue and expenditure to April 23, 1932, is shown below:—

FINANCIAL YEAR, 1932-33, APRIL 1st to APRIL 23, 1932.

(000's omitted.)

Expenditure	£ 50,758	Revenue	£ 41,965
New Sinking Fund	1,640	Decreases in balances	2,112
		Net amount borrowed	8,321
	52,398		52,398

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Out- standing—	Apr. 25, '31.	Mar. 31, '32.	Apr. 23, '32.	Apr. 25, '32.
Advances by Bank of England	£	£	£	£
Advances by Public Departments	29,400,000	7,500,000	11,000,000	4,250,000
Treasury Bills outstanding	560,970,000	604,455,000	622,245,000*	9,900,000

Total Floating Debt

* Includes £3,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £35,000,000 in Treasury Bills were opened on April 22, 1932, and the total amount applied for was £76,455,000. Tenders were accepted for bills at three months, dated Monday to Saturday at £99 10s. 10d., about 17 per cent., and above in full. The amount allotted was £35,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1932.	£	£	£ s. d.
April 1	45,000,000	61,860,000	2 3 3.73
April 8	45,000,000	76,220,000	2 4 4.76
April 15	40,000,000	78,160,000	2 1 11.6
April 22	35,000,000	76,455,000	1 16 3.92

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, April 27, 1932.

ISSUE DEPARTMENT.

	£	Government Debt	£
Notes Issued :-		11,015,100	
In Circulation	352,814,389	Other Government Securities	209,987,252
In Banking Department	43,001,277	Other Securities	50,195,986
		Silver Coin	3,801,662
		Amount of Fiduciary Issue	275,000,000
		Gold Coin and Bullion	120,815,666
	£395,815,666		£395,815,666

BANKING DEPARTMENT.

	£	Government Securities	£
Proprietors' Capital	14,553,000	Other Securities	62,620,906
Reserve	3,162,738	Discounts and Advances	£11,534,796
Public Deposits*	23,351,318	Securities	£16,817,980
Other Deposits			28,352,776
Bankers' Deposits	£58,284,080	Notes	£43,001,277
Other Accounts	35,282,964	Gold and Silver Coin	661,005
	93,567,044		
7-Day and other Bills	1,864		
	£134,635,964		£134,635,964

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

Both Departments.	Amount, April 27, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	352,814,389	- 1,456,768	+ 2,999,525
Public deposits	23,351,318	+ 14,202,303	+ 5,672,976
Bankers' deposits	58,284,080	- 14,555,577	+ 9,360,195
Other deposits	35,282,964	+ 697,757	+ 1,746,232
Seven-day bills	1,864	- 1,009	- 1,009
Total outside liabilities	469,734,615	- 1,112,285	+ 16,285,453
Capital and reserve	17,715,738	+ 46,871	+ 2,929
Government debt and securities	283,623,258	+ 6,321,617	+ 10,068,595
Discounts and advances	11,534,796	+ 336,951	+ 4,336,623
Other securities	67,013,966	- 14,555,577	+ 27,925,522
Silver coin in issue department	3,801,662	- 15,845	- 291,643
Gold and bullion (bank's reserve)	121,476,671	+ 47,155	- 25,750,715
Reserve of notes and coin in banking department	43,662,282	+ 1,503,923	- 13,750,240
Proportion of reserve to outside liabilities			
(a) Banking department only ("proportion")	37 1/2 %	+ 1 1/2 %	- 18 %
(b) Gold stocks to deposits and notes ("reserve ratio")	25 1/2 %	+ 1/2 %	- 6 1/2 %

(000's omitted.)

Date.	Issue Department.	Banking Department.	Gold in or out of Bank.	Ratio
	Notes Issued.	Public Deposits.	Bankers' Deposits.	Other Deposits.
1932.	£	£	£	£
Mar. 23	395,807	358,836	10,439	73,449
30	395,807	360,529	27,231	54,566
13	395,807	359,792	9,993	79,542
20	395,808	356,753	12,259	78,447
27	395,816	354,271	9,149	72,840
	395,816	352,814	23,351	58,284

(000's omitted.)

Date.	Issue Department.	Both Depts.	Banking Department.	Gold in or out of Bank.	Ratio
	Govt. Debt and Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Discounts & Advances.	Other Securities.
1932.	£	£	£	£	£
Mar. 23	252,810	18,380	121,410	25 1/2 %	37,616
30	251,879	19,315	121,432	25 1/2 %	36,696
13	245,402	25,797	121,437	25 1/2 %	35,111
20	234,309	36,892	121,449	25 1/2 %	34,384
27	219,696	51,487	121,430	25 1/2 %	32,283
	221,002	50,196	121,477	25 1/2 %	30,283

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1932.	£	£	£	£
January 1 to April 13	7,454,342	484,939	800,032	8,739,313
Week ended April 20	459,895	31,216	53,527	544,638
Week ended April 27	510,385	28,550	47,070	586,005
Total to date, 1932	8,424,622	544,705	900,629	9,870,956
Total to date, 1931	11,616,729	580,146	927,738	13,124,613
Increase or decrease in 1932	- 3,192,107	- 35,441	- 27,109	- 3,254,657
	- 27.4 %	- 6.1 %	- 2.9 %	- 24.8 %
Total for year 1931	31,815,808	1,667,852	2,752,209	36,235,869
Total for year 1930	38,782,577	1,812,146	2,863,631	43,458,354
Increase or decrease in 1931	- 6,966,769	- 144,294	- 111,422	- 7,222,485
	- 17.9 %	- 7.9 %	- 7.1 %	- 17.8 %

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

	Week ended April 23.	Month of March.	Aggregate Totals, January 1 to April 23.
	1931.	1932.	1931.
No. of working days	26	25	25
BIRMINGHAM	1,643	1,766	9,540
BRADFORD	669	789	3,274
BRISTOL	872	943	3,395
DUBLIN	4,326	4,438	6,035
LIVERPOOL	608	659	3,065
LEICESTER	642	879	3,459
MANCHESTER	551	572	2,919
NEWCASTLE	4,735	5,267	24,724
NOTTINGHAM	8,256	8,534	41,875
SHEFFIELD	1,131	1,075	6,020
	363	366	1,915
	526	582	3,507
Total	24,322	25,870	106,333

OVERSEAS BANK RETURNS.

NOTE.—The latest returns of the Bank for International Settlements and the Banks of Denmark and Russia appeared in the *Economist* of April 9: Roumania and Lithuania in April 16: National Bank of Egypt, Chile, Danzig, Italy, Poland, Norway, Austria, Jugo-Slavia, Estonia, Latvia and Japan in April 23.

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

	Apr. 30, 1931.	Apr. 7, 1932.	Apr. 14, 1932.	Apr. 21, 1932.	Apr. 28, 1932.
RESOURCES.					
Total gold reserve	3,174,710	3,032,300	3,018,310	3,023,730	3,014,530
Total bills discounted	155,150	635,270	628,600	564,520	531,820
Bills bought in open market	169,760	57,950	51,810	48,550	45,870
Total U.S. Govt. securities	598,310	885,010	985,020	1,078,130	1,191,230
Total bills and securities	923,570	1,582,540	1,669,910	1,695,700	1,775,920
Total resources	4,906,840	5,380,030	5,509,350	5,512,540	5,548,110
LIABILITIES.					
Federal Reserve notes in actual circulation	1,527,740	2,561,570	2,537,070	2,544,760	2,526,570
Deposits—Memberbank—reserve account	2,407,530	1,952,270	2,010,900	1,978,640	2,114,420
Total deposits	2,462,840	2,020,160	2,123,960	2,131,370	2,234,200
Capital paid in and surplus	443,250	414,880	414,800	414,800	414,860
Total liabilities	4,906,840	5,380,030	5,509,350	5,512,540	5,548,110
Ratio of total reserves to deposits and Federal Reserve note liabilities combined	84.0 %	70.8 %	69.4 %	69.2 %	67.9 %

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

	Apr. 30, 1931.	Apr. 7, 1932.	Apr. 14, 1932.	Apr. 21, 1932.	Apr. 28, 1932.
Total gold reserves	1,084,370	967,140	965,530	932,780	917,730
Total bills discounted	30,560	131,250	122,880	107,810	104,840
Bills bought in open market	66,660	16,260	15,870	14,360	13,800
Total U.S. Govt. securities	182,710	385,340	456,400	496,850	583,860
Total bills and securities	279,930	522,850	621,960	621,960	705,650
Deposits—Memberbank—reserve account	1,036,690	867,170	926,190	874,290	1,000,890
Ratio of total res. to dep. and Federal Res. note liabilities combined	86.8 %	69.1 %	66.4 %	64.8 %	61.0 %

FEDERAL RESERVE MEMBER BANKS.

In \$'s (000,000's omitted.)

	Apr. 15, 1931.	Mar. 16, 1932.	Mar. 23, 1932.	Mar. 30, 1932.	Apr. 6, 1932.	Apr. 13, 1932.
Loans	15,258	12,388	12,254	12,211	12,060	11,970
Investments	7,793	7,200	7,149	7,143	7,113	7,088
Time deposits	13,811	10,992	10,843	10,941	10,875	10,976
Due from banks	7,304	5,687	5,675	5,680	5,656	5,629
Due to banks	1,804	972	917	949	1,010	1,069
Federal reserve borrowings	3,898	2,444	2,376	2,400	2,561	2,575
	19	328	334	305	313	314

STATEMENT OF CANADIAN BANKS.—In \$'s (000's omitted.)

	Jan. 31, 1931.	Oct. 31, 1931.	Nov. 30, 1931.	Dec. 31, 1931.	Jan. 31, 1932.
Cash and bank balances	330,632	352,148	424,317	360,106	326,057
Bank balances abroad	107,610	97,054	94,729	109,682	97,934
Call and short loans	311,760	249,327	269,643	217,855	197,092
Securities	593,008	694,521	719,490	694,033	673,719
Loans in Canada	1,280,320	1,304,087	1,273,558	1,263,672	1,257,712
Loans abroad	214,801	183,943	183,746	189,357	189,726
Other assets	183,743	170,248	167,537	163,967	158,685
LIABILITIES.					
Note circulation	141,439	152,929	145,533	141,013	133,673
Deposits—					
Government	60,102	90,084	197,194	177,386	158,228
Public in Canada	1,985,452	2,042,901	2,012,868	1,926,627	1,875,221
Foreign	347,364	301,951	320,208	310,086	296,185
Bank balances—					
Foreign	13,047	10,223	10,056	11,385	9,950
Bills payable, &c.	62,268	60,731	61,108	62,539	54,463
Capital and reserve	83,229	66,255	62,539	58,688	54,463
Other liabilities	307,250	306,500	306,500	306,500	306,500
	4,885	4,114	6,643	3,760	4,137

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

	Apr. 2, 1931.	Mar. 4, 1932.	Mar. 11, 1932.	Mar. 18, 1932.	Mar. 24, 1932.	Apr. 1, 1932.
ASSETS.						
Gold coin and bullion	7,131	6,831	6,964	6,938	7,189	6,420
Subsidiary coin	303	460	469	457	460	457
Bills discounted: Domestic and Union Gov. Treas.	523	4,850	4,056	3,570	3,896	3,685
Investments	7,732	80	60	64	54	63
LIABILITIES.						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	720	802	802	802	802	802
Notes in circulation	8,286	7,781	7,064	6,615	7,065	8,431
Government deposits	2,795	900	1,134	1,138	1,457	1,182
Bankers' deposits	5,012	4,820	4,166	4,287	3,756	3,435
Ratio of cash reserves to liabilities to public	43.8 %	50.9 %	55.9 %	58.7 %	55.8 %	49.7 %

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

	Apr. 3, 1931.	Mar. 4, 1932.	Mar. 11, 1932.	Mar. 18, 1932.	Mar. 25, 1932.	Apr. 1, 1932.
ASSETS.						
Total securities	30,016.3	17,076.8	17,596.0	17,687.7	18,367.1	19,687.5
Loans	14,979.3	9,895.9	9,922.6	9,639.2	9,437.9	10,033.9
Cash credits	29,730.6	24,356.9	24,410.0	24,494.8	25,039.8	24,677.2
Inland bills	3,954.4	6,303.8	6,689.2	6,490.3	5,935.0	5,935.0
Foreign bills	3,392.3	3,367.7	3,654.4	3,687.7	28.40	24.97
Dead stock	2,751.5	2,688.8	2,689.8	2,690.9	2,691.8	2,692.5
Bal. with other banks	24.20	56.73	33.93	49.31	55.34	40.02
Cash	11,184.2	8,399.4	8,374.3	9,264.2	9,727.8	11,954.0
LIABILITIES.						
Capital paid up	5,625.0	5,625.0	5,625.0	5,625.0	5,625.0	5,625.0
Reserve	5,400.0	5,000.0	5,000.0	5,000.0	5,000.0	5,000.0
Total deposits	81,406.6	68,508.1	68,677.3	68,790.0	68,347.1	71,852.4
The above includes—						
Deposits in London	5,195	1,694	1,858	1,942	1,159	2,039
Advances in London	5,404	1,396	1,688	1,684	1,880	1,941
Cash, &c., at other Banks in London	184	427	256	372	417	301

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

ASSETS.	Apr. 24, 1931.	Apr. 1, 1932.	Apr. 8, 1932.	Apr. 15, 1932.	Apr. 22, 1932.
Gold	55,615,943	76,785,995	76,909,171	77,065,206	77,480,944
Foreign assets—					
Sight deposits	6,905,514	4,347,874	4,230,399	4,408,306	4,567,468
Bills	19,399,848	8,184,422	8,169,891	8,143,738	7,791,903
Home bills	6,502,471	3,746,757	4,005,260	3,693,232	4,403,364
Advances against sec.					
To the State	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Other advances	2,794,578	2,858,413	2,807,043	2,808,121	2,750,969
Negotiable Bonds,					
Sinking Fund Dept.	5,082,397	6,880,527	6,880,527	6,880,527	6,880,527
Other assets (excluding					
forward exch.)	3,933,997	5,831,828	5,565,675	5,583,980	5,435,164
LIABILITIES.					
Notes in circulation	77,230,864	83,338,128	82,523,540	81,827,134	81,145,445
Public deposits	11,679,547	8,338,253	3,432,567	3,143,562	3,235,145
Private deposits	11,724,890	22,737,466	23,524,779	24,307,736	25,365,328
Other liabilities	2,799,449	2,321,989	2,486,860	2,504,984	2,493,422

LONDON RATES.

	Apr. 21, 1932.	Apr. 22, 1932.	Apr. 23, 1932.	Apr. 25, 1932.	Apr. 26, 1932.	Apr. 27, 1932.	Apr. 28, 1932.
Bank rate (changed from 3% Apr. 21, 1932).....	3%	3%	3%	3%	3%	3%	3%
Market rates of discount—							
60 days' bankers' drafts.....	2½	1½-2	1½-2	1½-2	1½-2	1½-2	1½-2
3 months' do.....	2½	2½	2½	2½	2½	2½	2½
4 months' do.....	2½	2½	2½	2½	2½	2½	2½
6 months' do.....	2½	2½	2½	2½	2½	2½	2½
Discount Treasury Bills—							
2 months'.....	1½	1½	1½	1½	1½	1½	1½
3 months'.....	1½	1½	1½	1½	1½	1½	1½
Loans—Day-to-day.....	1½	1½	1½	1½	1½	1½	1½
Short.....	1½	1½	1½	1½	1½	1½	1½
Deposit allowances: Bank.....	1	1	1	1	1	1	1
Discount houses at call.....	1	1	1	1	1	1	1
At notice.....	1½	1½	1½	1½	1½	1½	1½

Comparison with previous week—

		Bank Bills.			Trade Bills.		
Short Loans.		3 Months.	4 Months.	6 Months.	3 Months.	4 Months.	6 Months.
		%	%	%	%	%	%
1932.	7	2½	2½	2½	3½	4	4½
▲pr.	14	2½	2½	2½	3½	4	4½
"	21	2½	2½	2½	3	3½	4
"	28	2½	2½	2½	3	3½	4

RATES OF EXCHANGE.

London on	Usance.	Par.	April 30, 1932, 3.45 p.m.	April 21, 1932, 3.45 p.m.	April 28, 1932, 3.45 p.m.
New York	dollars to £1	Cable	4.86½	3.75½-3.76	3.65½-3.66
Montreal	dollars to £1	Cable	4.86½	4.18-4.20	4.12-4.14
Paris	francs to £1	T.T.	20.43	20.42-42½	15½-15½
Amsterdam	florins to £1	T.T.	12.107	12.09½	9.00-9.05
Brussels	belgas to £1	T.T.	35.00	34.96-96½	26-26½
Milan	lire to £1	T.T.	92.46	92.88-90	73-73½
Zurich	francs to £1	T.T.	25.22½	25.24½-25	18½-18½
Oslo	kroner to £1	T.T.	18.159	18.16½	19½-19½
Stockholm	kroner to £1	T.T.	18.159	18.16½	19½-19½
Copenhagen	pesetas to £1	T.T.	25.22½	45.95-46.07	48-48½
Madrid	escudos to £1	T.T.	110	108½	109½-110½
Lisbon	escudos to £1	T.T.	34.58½	34.54-57	30-34½
Vienna	krone to £1	T.T.	164½	164½	126½-127½
Prague	dinars to £1	T.T.	276-316	276-276½	210-220
Budapest	pengo to £1	T.T.	27-82	27-87-90	20-21(6)
Bucharest	lei to £1	T.T.	813-6	816-818	600-620
Sofia	leva to £1	T.T.	673-659	674½-675½	500-530
Athens	drachmas to £1	T.T.	110	1025-1025½	445-455
Constantinople	roubles to £1	T.T.	9.46	9.439-453	7.05-7.06½
Moscow	zloty to £1	T.T.	43-38	43½	32½-33½
Warsaw	F. marks to £1	T.T.	193-23	193½	210-220
Heligoland	lira to £1	T.T.	48-66	48½-49	36-40
Kyovo	lira to £1	T.T.	18-159	18-20-27	13-15
Reval	lira to £1	T.T.	25-22½	25-20-30	15-20
Riga	piastres to £1	Sight	97½	97½-97½	97½-97½
Alexandria	pence to peso	T.T.	47-62½	36½	36-36½
Buenos Aires	pence to peso	T.T.	5-899	3½	4½-4½
Rio de Janeiro	pence to peso	T.T.	50	32-32½	28-30
Montevideo	pence to peso	T.T.	41	40-02	64-60
Valparaiso	soles to £1	90 days	17-3	17-23½	13-15½
Lima	soles to £1	90 days	17-3	17-23½	13-15½
Calcutta	pence to rupee	T.T.	18	1½-1½	1½-1½
Bombay	pence to rupee	T.T.	18	1½-1½	1½-1½
Madras	ster. to dollar	T.T.	11½-11½	1/24-1/24	1/24-1/24
Hong Kong	ster. to dollar	T.T.	2a. 4d.	2/3½-2/3½	2/3½-2/3½
Shanghai	ster. to dollar	T.T.	24-582½	2/0½	1/8½-1/8½
Singapore	ster. to dollar	T.T.	24-582½	2/0½	1/8½-1/8½
Kobe	ster. to yen	T.T.	24-582½	2/0½	1/8½-1/8½
Manila	ster. to peso	T.T.	24-582½	2/0½	1/8½-1/8½
Mexico	pesos to £1	T.T.	9-76	10-20-35	11-11½
San Francisco	ster. to baht	T.T.	21-82½	1/9½	2/2½-2/2½

OVERSEAS BANK RATES.

Changed.	From To	%	Changed.	From To	%
Albania	July 1, 1931	9	Madrid	July 8, 1931	6
Amsterdam	Apr. 18, 1932	3 ½	Oslo	Mar. 3, 1932	5 ½
Athens	Feb. 20, 1932	12	Paris	Oct. 9, 1931	2 ½
Batavia	Mar. 10, 1930	5 ½	Prague	Apr. 11, 1932	6 ½
Belgrade	July 20, 1931	6 ½	Pretoria	Nov. 13, 1931	5 ½
Berlin	Apr. 27, 1932	5 ½	Reval	Jan. 28, 1932	6 ½
Brussels	Jan. 13, 1932	2 ½	Riga	Oct. 1, 1930	7 ½
Bucharest	Mar. 3, 1932	8	Rome	Mar. 21, 1932	7 ½
Budapest	Apr. 16, 1932	7 ½	Sofia	Sept. 30, 1931	8 ½
Calcutta	Apr. 28, 1932	6 ½	Stockholm	Mar. 3, 1932	5 ½
Copenhagen	Nov. 24, 1931	6 ½	Swiss Bank		
Danish	Apr. 19, 1932	7 ½	places	Jan. 22, 1931	2 ½
Heligoland	Mar. 1, 1932	8 ½	Tokio	Mar. 12, 1932	6-57
Kyovo	Apr. 4, 1932	7 ½	Vienna	Mar. 17, 1932	8 ½
Lisbon	Apr. 4, 1932	7 ½	Warsaw	Oct. 3, 1930	6 ½
New York Federal Reserve	Feb. 25, 1932	3 ½	Irish	Apr. 21, 1932	4 ½

Central Bank of Chile.—Discount rate for member banks, 6%; discount rate for the public, 7%.
 6% applied to banks and credit institutions.
 7% applied to private persons and firms.

CURRENT PRICES IN NEW YORK.

	Apr. 29, 1932.	Mar. 30, 1932.	Apr. 6, 1932.	Apr. 13, 1932.	Apr. 20, 1932.	Apr. 27, 1932.
Call money	1½	2	2	2½	2½	2½
Time money (90 days' mixed coll.)	1½	2	2	2½	2½	2½
Bank acceptances—						
Members—eligible, 90 days	1½	2	2	2½	2½	2½
Non-members—eligible, 90 days	1½	2	2	2½	2½	2½
Eligible, 90 days	1½	2	2	2½	2½	2½
Commercial accept., 90 days	2	3	3	3½	3½	3½

Rates of Exchange, New York on—	Par Level.	Apr. 29, 1931.	Apr. 13, 1932.	Apr. 20, 1932.	Apr. 27, 1932.
London—					
60 days		4.83½	3.75½	3.75	3.64½
Cable		4.86½	3.78	3.76½	3.65½
Cheques		4.86½	3.77½	3.76½	3.66½
Paris	Cents for 1 franc	3.918	3.90½	3.94½	3.93½
Brussels	Cents for 1 franc	13.90	13.91	14.00	14.01
Switzerland	Cents for 1 franc	19.30	19.26½	19.45	19.43
Italy	Cents for 1 mark	5.263	5.23½	5.14½	5.14½
Berlin	Cts. for Austro. shlg.	23.82	23.80	23.73	23.76
Vienna	Cents for 1 peseta	19.30	14.07	14.06½	14.06½
Madrid	Cents for 1 peseta	19.30	14.07	14.06½	14.06½
Amsterdam	Cents for 1 guilder	40.195	40.19	40.50	40.51
Copenhagen	Cents for 1 kroner	26.80	26.75	19.45	18.45
Oslo	Cents for 1 kroner	26.80	26.75	19.45	18.45
Stockholm	Cents for 1 kroner	26.80	26.75	19.45	18.45
Athens	Cents for 1 drachma	1.297	1.29½	12.87½	12.87½
Montreal	Can. cents for \$1	100	92 dis.	92 dis.	11 dis.
Yokohama	Cents for 1 yen	49.85	49.35	33½	32½
Hong Kong	Cents for H. Kong \$	...	24.60	...	...
Shanghai	Cts. for 1 Shng. tal.	...	31.37½	...	...
Calcutta	Cents for 1 rupee	36.50	36.05	28½	27½
Buenos Aires	Gold pesos for \$100	103.65	135.50	...	...
Rio de Janeiro	Cents for 1 milreis	11.96	7.25	...	...
Valparaiso	Cents for 1 peso	12.125	12.06	...	...

SOUTH AFRICAN EXCHANGE RATES

BUYING RATES.	T.T.	Sight.	30 days' sight.	60 days' sight.	90 days' sight.
London on—					
Rhodesia	1½% dis.	2½% dis.	1½% dis.	2½% dis.	3½% dis.
South Africa	£77½	£77½	£78½	£79	£79½
SELLING RATES PER £100 (STERLING).					
London on—					
Rhodesia	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
South Africa	99 17 6	99 15 0	96 15 0	96 15 0	96 15 0

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.

Country.	Method of Quoting.	Par Value.	Usance.	Latest Rate.
Ecuador	Sucres to £	24.3325	Sight London	22.64½
Venezuela	Bolivares to £	25.2215	"	24.70½
Colombia (Bogota)	Pesos to £	5	"	3.91½
Nicaragua	Colonias to £	4.8665	"	4.96
Salvador	Colonias to £	9.73	"	9.90
Bolivia	Bolivianos to £	13.33	"	13.35

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND.							
London on Australia and New Zealand.				Australia and New Zealand on London.*			
Buying.		Selling.		Buying.		Selling.	
Aus- tralia.	New Zealand.	Aus- tralia.	New Zealand.	Aus- tralia.	New Zealand.	Aus- tralia.	New Zealand.
T.T. ...	125½	111½	109½	125	108½	125½	110
30 days ...	127½	111½	109½	124½	108½	125½	109½
60 days ...	127½	111½	109½	123½	107½	124½	109
90 days ...	128½	113	109½	123½	107½	124½	108½

All Rates (Australia and New Zealand) now based on £100—LONDON.

INDIA COUNCIL REMITTANCES.—India: Remittances to the Home Treasury.—There were no remittances from the Government of India to the Secretary of State for India during the week ending April 23, 1932.—India Office, S.W. 1. April 26, 1932.

BULLION.

The following statistics of imports and exports of gold for week ended April 28, 1932, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.		Exported from Great Britain and Northern Ireland.	
From—	To—	From—	To—
France	£ 346,859	Germany	£ 2,281
United States of America	347,045	Netherlands	247,537
Irish Free State	120	France	745,013
British South Africa	1,290,327	Czechoslovakia	4,400
British India	407,328	Other countries	158
Australia	226,901		
New Zealand	5,537		
Other countries	2,208		
Total declared value of imports	2,626,725	Total declared value of exports	999,389

Messrs. Samuel Montagu and Company write on April 27, 1932, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £120,815,498 on the 20th inst., as compared with £120,808,347 on the previous Wednesday. The moderate amounts of gold which have been offered in the open market have been absorbed for export shipments of gold advised from Bombay total about £500,000.

Quotations during the week:—

	Per fine ounce.	Equivalent value of £ sterling.
April 21	109s. 11d.	15s. 5.5d.
" 22	110s. 6d.	15s. 4.5d.
" 23	110s. 6d.	15s. 4.5d.
" 25	110s. 10d.	15s. 4d.
" 26	113s. 3d.	15s. 0d.
" 27	113s. 5d.	14s. 11.8d.
Average	111s. 4.83d.	15s. 3.1d.

SILVER.

The main influence in a rather quiet market has been the tendency of sterling, but the movements of prices have not reflected the exchange fluctuations to the extent which might have been expected owing to the general lack of interest shown by buyers and an inclination on the part of speculators to sell at higher rates. China has been a buyer and small purchases have been made by the Indian Bazaars to cover bear positions. America has been rather inactive, although yesterday afternoon there was some support from that quarter above the rate.

The following were the United Kingdom imports and exports of silver registered from mid-day on the 18th inst. to mid-day on the 25th inst.:

IMPORTS.	£	EXPORTS.	£
Netherlands	2,886	Germany	988
Belgium	5,955	French Possessions in India	3,000
British India	15,886	British West Indian Islands	5,000
Australia	13,189	Netherlands	665
Japan	8,561	France	245
Irish Free State	30,011	Other countries	554
British South Africa	4,100		
New Zealand	1,934		
Other countries	11		
	82,533		10,452

Quotations during the week:—

IN LONDON.			IN NEW YORK.		
	Bar Silver per oz. std.	Cash Two Months' delivery.		Bar Silver per oz. std.	Cash Two Months' delivery.
April 21	16½	16½	April 20	28½	28½
" 22	17	17½	" 21	28½	28½
" 23	16½	16½	" 22	28½	28½
" 25	17	17½	" 23	28½	28½
" 26	17	17½	" 25	28½	28½
" 27	17½	17½	" 26	28½	28½
Average	16.979d.	17.041d.			

The highest rate of exchange on New York recorded during the period from the 21st inst. to the 27th inst. was \$3.77½ and the lowest \$3.62½.

GOLD AND SILVER PRICES.

		Gold Per Ounce.		Silver— Per Ounce.		Date.	Silver. Cash.
				Cash	Forward		
1932.		s.	d.	d.			d.
April 22.....		110	6	17	17 ¹ / ₂	April 25, 1926	31 ¹ / ₂
" 23.....		110	6	16 ¹ / ₂	16 ¹ / ₂	" 23, 1927	29 ¹ / ₂
" 25.....		110	10	17	17 ¹ / ₂	" 22, 1928	26 ¹ / ₂
" 26.....		113	3	17	17 ¹ / ₂	" 26, 1929	26 ¹ / ₂
" 27.....		113	5	17 ¹ / ₂	17 ¹ / ₂	May 1, 1930	19 ¹ / ₂
" 28.....		112	8	16 ¹ / ₂	17	April 30, 1931	13 ¹ / ₂

(t) Ordinary. (s) Deferred

Spelter lost a few points, but the probability of a further cut in the production of tin brought about a slight improvement in the quotations of that metal. There was no improvement in the market for rubber, while cotton failed to recover. Among cereals, wheat, maize, oats and rye show a slight decline on last week. Coffee was maintained at the high level reached a week ago, but cocoa was easier and sugar shows no improvement. Sterling quotations, which lend themselves to grading, and, therefore, to international arbitrage, moved in sympathy with gold prices. The outstanding feature of British commodity markets is the progressive

MIDDLESBROUGH.—A gradual improvement in business is anticipated, writes our correspondent. Pig iron is not included in the increased duties list, but the importation into the Tees of Continental pig iron has been on the decline for some time and only amounted to 258 tons during the first quarter of this year. Similarly the imports into Scotland have practically ceased and also at other ports in this country. This has been caused by the currency depreciation and the original 10 per cent. duty. Local founders expect to benefit by an improved demand for their manufactures hitherto largely imported from the Continent or produced from Continental iron. This should cause pig iron makers to secure more business and be able to start additional furnaces. There was a firm tone at Tuesday's weekly market and a fair business was reported for early delivery. There were also some inquiries for delivery ahead, but little actual business in this direction has resulted so far. Makers wisely made no advance in the official prices as to do so would jeopardise future prospects. They therefore remain : No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s. f.o.b. or f.o.t. In the hematite trade there is a better demand for small lots for early delivery and a few inquiries are circulating for larger quantities for forward, though up to now not much business has resulted. Makers hold to 63s. 6d. for a minimum for prompt, but more is asked for forward delivery. In the finished departments there is as yet very little movement on the result of the increased tariffs, but a substantial increase in

COPPER.—The London market in copper has been a little more active, following the decline in the gold value of sterling, but there has been no improvement in demand in the United States. On Wednesday, "Domestic" spot was quoted at 5½ cents per lb. in New York, against 5¼ cents a week ago, and 6 cents a month ago.

THE TIMBER TRADE.—In dealing with timber imports, writes our timber trade correspondent, comment on the quarter's arrivals is to be preferred, as it seems likely that the Board of Trade returns for March imports included many parcels that may have arrived in late February but were not dealt with until early the following month. In building woods, sawn deals, battens and board receipts declined for the three months, compared with January–March, 1931, but there was an advance in planed and dressed woods possibly on account of expectations of a further duty on the general 10 per cent. Of the sawn woods, Canadian receipts were lower than for the first quarter of the past two years, and although more attention is being given to these descriptions, the high dollar and European competition are restricting business at present. Stocks of deals, battens, scantlings and prepared floorings (from all countries) in docks in London are smaller than in early April, 1931, and it is evident that United Kingdom consumption is still below that of a year ago. Forward business other than for the Russian wood is quiet. The former is going into distribution very well, and until the demand for it is well satisfied there is not likely to be any large business for the other European varieties. Their turn should come later, although fair business has already been

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				Wool—				Market Hides, London—			
GRAIN & CEREALS.				Irish bladders.....				English Southdown, washed per lb. 11½				Best heavy ox and heifer			
Wheat—	s. d.	a. d.		American, boxes, 56 lbs. 38	0	40	6	Lincoln hog, washed	12			Best cow	0	2½	0 4½
No. 2, N. Man. 496 lb.	30	9		POTATOES—				Queensland, sed. super cimg.	18			Best calf	0	6½	
Eng. Gaz. av., per cwt.	6	0		Good English, per cwt. 12	0	12	6	N.S.W. greasy, super	10						
Barley, Eng. Gaz. av.	7	10		SPOES—				N.Z., grey, half-bred 50-56	9						
Oats, " "	7	6		Pepper, per lb.—				Crossbred 40-44	4½						
Maize, La Plata, landed	22	0		Muntok, fair White	0	7		Merinoes 70's	22½						
480 lb., per cwt.	22	0		Black Lampong	0	6½		64's	21½						
Flour, Lon. stan. ex mill,	23	9		Cinnamon—1st sort, per lb.	0	7½		Crossbred 48's	10						
280 lb., per cwt.	23	9		Cloves—Zanzibar per lb.	0	7½		46's	9						
Rice, No. 2 Burma, per cwt.	9	6		Ginger—per cwt.—											
Tapioa, per cwt.—				African	23	6									
Fine Java, spot	27	0		Jamaica, ord. to good	55	0	85	0							
Fair Flake, Singapore	10	1½		Mace	0	10	1 11								
MEAT—				Nutmegs 65s	1	5									
Beef, per 8 lbs.—				SUGAR—											
English long sides	4	10	5 6	(Duty, 11s. 8d. per cwt.)											
Argentine chilled hinds	3	10	4 4	B.W.I., crystallised	17	9	20	0							
Mutton, per 8 lbs.—				Java, white, c. & f. India	7	9									
English wethers	4	0	5 0	March-April	7	9									
N.Z. frozen	2	6	3 6	Refined—London—											
Pork, English, per 8 lbs.	5	4	5 6	Cubes	22	0	22 6								
OTHER FOODS.				Crushed	20	0	20 6								
BACON—				Granulated	18	1½	18 10½								
Irish	88	0		Home Grown	17	9	18 0								
Danish	44	0	46 0	TEA—											
Dutch	46	0		Indian—per lb.—											
HAMS—				Broke											
Canadian	72	0		Orange Pekoe											
American	66	0	70 0	Broken Orange Pekoe											
BUTTER—				Ceylon—per lb.—											
Australian	98	0	100 0	Pekoe											
New Zealand	98	0	100 0	Broken Pekoe											
Danish	116	0		Orange Pekoe											
CHEESE—				Broken Orange											
Canadian	68	0	72 0	TOBACCO—											
New Zealand	59	0	60 0	(Duty 9/6-10/6½ per lb.)											
English Cheddars	94	0	110 0	Empire growths, 7/5½											
Dutch	46	0	56 0	8/4½ per lb.)											
COCOA—				Virginia leaf—											
(Duty, British grown,				Common to fine	0	10	3 0								
11s. 8d.; foreign, 14s. cwt.)				Rhodesian leaf	0	10	1 6								
Accra, f.f., per cwt.	24	0	29 0	Nyasaland leaf	0	9	1 6								
Trinidad	40	0	48 0	strips	0	10	1 8								
Grenada	32	0	39 0	East Indian leaf	0	4	0 8								
COFFEE—				strips	0	5½	1 3								
(Duty, British grown,				COTTON—											
11s. 8d.; foreign, 14s. cwt.)				Mid-American	4	95									
Santos sup., c. & f. cwt.	59	0		Sakellaridis, l.g.f.	6	70									
Colombian, good	70	0	90 0	Yarns, 32's twist	8½										
Costa Rica, med. to good	75	0	112 0	60's twist	14										
East Indian	85	0	115 0	FLAX—											
Kenya, medium	80	0	102 0	Livonian ZK	£ s. d.										
EGGS—				Manila, May-June "J 2"	18	0									
English	9	0	9 6	Sisal, African, May-June	13	10	14 10								
Danish	9	0	9 6	Slant Medium 1st sort	49	10									
FRUIT—				HEMP—											
Oranges—				Italian P.O.	per ton	43	0								
South African	boxes			Manila, May-June "J 2"	18	0									
Jaffa	12	0	15 0	Sisal, African, May-June	13	10	14 10								
Lemons, Sicilian	boxes			Native 1st mks.	per ton										
Malaga	cases			April-May											
Apples: Amer. (var.)	boxes			Daisee 2/3 c.f. Dundee											
Onions—				April-May											
Valencia, case, 4s.	8	0	19 6	SILK—											
Egyptian Bags	10	0	12 0	Canton	s. d.										
Grapes, Lisbon	boxes			Tussah	4	0	5 0								
Almeria	boxes			Japan	7	0	9 0								
				Italian—raw, fr.	8	6	11 0								

done in Finnish woods. The hardwood situation is still aggravated by the slow consumptive demand, but notwithstanding the 10 per cent. import duty and the high dollar, the American shipments of lumber to the United Kingdom were larger last quarter than for January-March, 1931. Canadian hardwood logs and lumber also have increased in import, but yet still well below the volume of United States shipments to the United Kingdom. Although more hardwoods have come in via Danzig, compared with the States woods, they are not of much account as regards volume, but likely to increase more than is usual as the year goes on. Mahogany logs have increased in receipts, and although the demand is bad for that wood at the moment, consumption will increase rather than otherwise. The receipts of pitwood during the past quarter are a little less than same period last year; whereas the French woods have declined considerably, the Portuguese wood has made great progress. The Russian shipments are much lower this year to date; presumably deficiencies will be soon made up. General spots buying is quiet. The imports of plywood last quarter were exceptionally heavy, 118 million square feet against 63 million square feet, the increase being due to defeating the import duty rather than to any uplift in the consumption. A word as to the new duties. These are confined to 15 per cent. net *ad valorem* on builders' woodwork and 20 per cent. net *ad valorem* on woodware, with slight exceptions. Otherwise timber and its derivatives bear the 10 per cent. revenue duty. Of builders' imported foreign woodwork, doors are in most plentiful supply in this country, the London docks alone holding 1,066 tons as against 218 tons in April last year; for other articles under the heading of builders' woodwork official stock figures are not forthcoming. In spite of local authorities having cut down subsidy housing, new contracts kept well up last month, but the building trade is still very backward, which not only means much to United Kingdom timber traders but producers and traders the world over.

RUBBER.—The market in rubber has been a little firmer, following a slight increase in turnover. In New York, Wednesday's spot price for rubber at 3½ cents per lb. shows no change on the week. Wednesday's official closing price for standard ribbed smoked sheet

in London, at 1½ d. per lb., shows a rise of ½ d. per lb., as compared with the corresponding day last week. In forward positions, business has been done at 2½ d. for October-December, as against 2½ d. to 2½ d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 1,169 tons; delivered, 1,407 tons; stocks at the end of last week, at 124,781 tons, show a decrease of 238 tons as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.

(New York quotations, unless otherwise stated.)

	Mar. 30.	Apr. 20.	Apr. 27.
Cents.	Cents.	Cents.	Cents.
Wheat, No. 2, Winter, nearest future,			
Chicago, per bushel	52½	57	56½
Maize, nearest future, Chicago, per			
bushel	37	32½	31½
Oats, nearest future, Chicago, per			
bushel	24½	22½	22½
Rye, nearest future, Chicago, per			
bushel	47½	44½	41½
Coffee, Rio No. 7, cash, per lb.	7-7½	7½-8	7½-8
" Santos No. 4, cash, per lb.	8½-9½	9½-9½	9½
Cocoa, Acra, nearest future, per lb.	4-43	4-01	3-95
Sugar, Cuban Centrifugals, 96 deg.,			
spot, per lb.	2-70	2-61	2-63
Cotton, middling, spot, per lb.	6-33	6-25	6-25
Rubber, smoked sheet, spot, per lb.	3½	3½	3½
Petroleum, Pennsylvania crude, stan-			
dard grades, per barrel	155-170	155-170	175-197
Copper, "Electrolytic," Domestic,			
spot, per lb.	6	5½	5½
Copper, "Electrolytic," Copper Ex-			
porters, Inc., spot, per lb.	6½	6	6
Spelter, East St. Louis, spot, per lb.	2-80	2-775	2-60
Lead, spot, per lb.	3-00	3-000	3-00
Tin, "Straits," spot, per lb.	21-20	19-375	19-45

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Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

Vol. CXIV.

SATURDAY, MAY 7, 1932.

No. 4,628.

INCREASED ANNUITY RATES

The following are examples of the Rates of Annuity that will be allowed in respect of each £100 of Purchase Money:

Age Attained	Males.		Females.	
	£	s. d.	£	s. d.
60	9	8 2	8	4 8
65	10	18 9	9	8 10
70	13	1 11	11	4 2
75	16	5 6	13	17 4

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Correspondents to the Italian Treasury.

TABLE OF CONTENTS.

The Money Market	1005	Foreign Stock Exchanges—	
Leading Articles—		New York	1031
Factors in Recovery—		Paris	1031
I. Monetary Policy	1007	Berlin	1034
U.S.A. and the World	1008	Amsterdam	1034
Our New Tariff	1009	Other Centres	1034
The Russian Grain Situation	1011	Investment Notes—	
British Industrial Profits	1012	Treasury Bond Issue	1034
—II—		Accountants and Dis-	
Problems at Geneva	1013	closure	1034
Notes of the Week—		Depression and the	
The Tariff	1014	Gramophone Trade	1034
Ottawa Conference Ad-		Course of Equity Share	
visers	1014	Values	1035
The Oath and the Annu-		American Industrial	
ities	1014	Profits	1036
First Ballot in France	1015	Greek Default	1036
The Disarmament Con-		San Paulo Debt Scheme	1036
versations	1015	Kreuger (continued)	1037
The Shanghai Armistice	1015	Dunlop Accounts	1038
The Lethian Report	1016	British Match	1038
Trouble at Tangier	1016	Combined Pulp and	
The Treasury Bond Issue	1016	Paper	1038
Coal Wage Negotiations	1016	Spillers Directors' Fees	1038
Cotton Wages	1017	Drastic Tin Restriction	1038
The F.B.I. and Monetary		An Oil Truce (?)	1039
Policy	1017	Company Meetings of the	
Sterling and Gold Prices	1017	Week	1039
Australian Finance	1018	Capital Issues	1039
German Discount Rate	1018	Company Meetings, &c.	1041
The Dnieper Dam	1018	Government Returns, &c.—	
Record Transvaal Gold	1018	National Accounts	1045
Output	1018	Treasury Bills by Public	
Tender	1046	Insurance Notes—	
Equitable Life Assurance	1019	Bank of England	1046
Scottish Equitable	1019	Bankers' Clearing Re-	
"State" and British		turns	1047
Equitable Assurance	1019	Provincial Clearing Re-	
Atlas Assurance	1020	turns	1047
Friends' Provident and		Overseas Bank Returns	1047
Century	1020	Loan and Discount Rates	1048
Scottish Union and		Rates of Exchange	1049
National	1020	Overseas Bank Rates	1049
Overseas Correspondence—		Bullion	1049</

Treasury Bond issue depleted supplies of money, and both the money market and the Stock Exchange borrowed a fair amount from the clearing banks at 2 per cent. Outside lenders were also able in some cases to secure 2 per cent., though elsewhere $1\frac{1}{2}$ per cent. was the general rule. On Thursday, money became easier at $1\frac{1}{2}$ and $1\frac{3}{4}$ per cent. It was reported on the same day that a fair amount of money was available outside the clearing banks for a week at $1\frac{1}{2}$ per cent.

For the second week in succession the market largely missed the Treasury bill tender. On April 29th tenders for £40 millions were invited, and applications for £71.4 millions were received. It was decided, however, to cut £5 millions off the original offer, and the market obtained only part of its requirements. The average tender rate was £1 17s. 1.81d. per cent., against £1 16s. 3.92d. per cent. in the preceding week. Subsequently a keen demand for "hot" Treasury bills sprang up at $1\frac{1}{2}$ per cent., a rate which eased by Thursday of this week to $1\frac{3}{4}$ per cent., partly because the clearing banks were also buyers of late July and August Treasury bills at $1\frac{3}{4}$ per cent. Three months' bank bills were quoted at 2 per cent. in competition, but sales to meet a Continental demand were effected at $1\frac{3}{4}$ per cent. German standstill bonds were quoted at $2\frac{1}{2}$ -3 per cent.

The Treasury Bond issue had a dubious reception in the money market, largely because it was not an entirely suitable form of security. The banks, however, are inclined to rank the new bonds as "floaters," in the sense that they will accept them as collateral up to their usual limit for bonds. Even so, it was only the large houses that applied at all freely for the bonds, and they did so partly out of a sense of duty, and partly because the prevailing and growing dearth of commercial bills has deprived them of their normal means of employment for their funds. The average yield on the new bonds is about $3\frac{7}{8}$ per cent., which for the moment is relatively attractive.

	Apr. 14, 1932.	Apr. 21, 1932.	Apr. 28, 1932.	May 5, 1932.	Previous Rate and Date Changed.
Bank Rate	$3\frac{1}{2}$	$3\frac{1}{2}$	$3\frac{1}{2}$	$3\frac{1}{2}$	$3\frac{1}{2}$ (Apr. 21, '32)
Banks' Deposit Rate..	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$ (Apr. 21, '32)
Discount of Call	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$ (Apr. 21, '32)
Houses' Notice	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$ (Apr. 21, '32)
Market rate ("hot" Treasury bills).....	$2\frac{1}{2}$ - $2\frac{3}{4}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$ - $1\frac{3}{4}$	...
Market rate (3 months' bank bills)	$2\frac{1}{2}$ - $2\frac{3}{4}$	$2\frac{1}{2}$ - $2\frac{3}{4}$	$2\frac{1}{2}$ - $2\frac{3}{4}$	2	...
Market rate (standstill bills)	$2\frac{1}{2}$ - $3\frac{1}{2}$	$2\frac{1}{2}$ -3	$2\frac{1}{2}$ -3	$2\frac{1}{2}$ -3	...

It remains to be seen if the issue has any lasting effect upon the supply of money. There seems little doubt that a large part, perhaps as much as half, of the present issue has been taken up by Government Departments; and if the net result is that the bonds replace Ways and Means Advances by Public Departments, it is difficult to see that the operation becomes anything more than a matter of inter-departmental bookkeeping. To the extent that the bonds have been taken up by the public, payments for them will reduce the supply of money, though the repayment of the 1931-33 Treasury Bonds and also any consequent redemption of Treasury bills will be off-setting factors. It is not thought in the market that any portion of the proceeds of the issue will be immediately diverted to the Exchange Equalisation Account, but it is believed that last week's Treasury bill allotment was reduced in order to divert money into the Treasury Bond issue.

This week's Bank return reflects mainly the Conversion Loan dividend payments, for Public Deposits are reduced by £13.8 millions, and Bankers' Deposits increased by £16.3 millions. The note circulation has also risen by £3.8 millions, so that the Reserve is reduced by the same amount. The Bank has added slightly to its earning assets, Government Securities having risen by £4.3 millions and Other Securities by £4.6 millions. The Bank has lately been buying early June Treasury bills at $1\frac{1}{2}$ per

cent., and it is believed that, notwithstanding the prevailing ease, this special buying has saved the market from the need of having to borrow heavily at the clearing banks.

The other important event of the week has been a sudden break in the New York exchange. At one time the rate rose as high as \$3.69, but at this point official intervention took place—it is believed, on a large scale—and the rate was brought back to \$3.67 $\frac{1}{2}$, where it was held. The break was caused by widespread Continental distrust of the American position, loss of confidence in the stability of the dollar being intensified by senatorial activities. The panic was undoubtedly exaggerated, but it has to be remembered that, though America possesses enough free gold to meet foreign withdrawals, she could not simultaneously meet an internal encashment of her currency. The forward rate has also suddenly widened from $\frac{3}{4}$ to $2\frac{1}{2}$ cents discount for three months' dollars. This is further evidence of the prevailing lack of confidence, but it also suggests that the movement of short money from New York to London for investment purposes may once more be intensified.

Money rates on Wall Street have remained unchanged, with call money at $2\frac{1}{2}$ per cent., and 90-day bankers' acceptances at $1\frac{1}{4}$ per cent. The Reserve Banks are continuing their policy of easing money through purchases of U.S. Government Securities. They bought a further \$113 millions last week, which brings the total increase in these holdings during the past three weeks to \$306 millions. Still, the statement of the condition of reporting member banks issued a week ago showed a continued liquidation of loans secured by stock market collateral, and this somewhat offsets the Reserve Bank's operations. Gold imports for the week include \$1,000,000 from Canada and \$1,105,000 at San Francisco from China. Exports to France and other Continental countries totalled \$14,000,000, and earmarkings on foreign account have risen by \$7,895,000.

The Foreign Exchange market was fairly active this week. In the earlier stages sterling fluctuated a good deal, but steadied at the close, and was little changed on balance against most currencies. On Wednesday the dollar broke sharply on heavy selling from Paris and New York, as a result apparently of fears of possible inflation in the United States. On balance, New York weakened by $\frac{1}{2}$ to 3.67 $\frac{1}{2}$, after touching 3.69. Montreal gained three points at 4.10. Paris improved by $\frac{1}{2}$ to 93 $\frac{1}{2}$, after touching 92 $\frac{1}{2}$. Brussels was firmer at 26.15. Milan gained $\frac{1}{4}$ at 71 $\frac{1}{2}$, and Madrid $\frac{1}{8}$ at 46 $\frac{1}{8}$. Amsterdam went from 9.06 to 9.04, and Berlin from 15.42 to 15.43. Switzerland was considerably better at 18.75. The Scandinavian currencies were steadier and firmer than of late, Stockholm gaining 10 points at 19.90, and Oslo being unchanged at 19.75, but Copenhagen fell away from 18.23 to 18.80. The South American currencies were fairly steady. Montevideo was unchanged at 29 $\frac{1}{2}$ d., and Rio gained $\frac{1}{4}$ d. at 41 $\frac{1}{2}$ d., but Buenos Aires lost $\frac{1}{4}$ d. at 36d. In the Far East the rupee was less firm, and weakened by $\frac{3}{4}$ d. to 1s. 51 $\frac{1}{2}$ d. The yen again improved, and at 1s. 9 $\frac{1}{2}$ d. was $\frac{1}{4}$ d. better on the week. Batavia gained three points at 9.10. In the forward market the discount on one month's dollars widened from $\frac{3}{8}$ to $\frac{1}{2}$ cent, and on three months from $\frac{7}{8}$ cent to $2\frac{1}{2}$ cents. Paris was firm at 5 and 15 centimes premium. Brussels went from par for both deliveries to 1 and 3 centimes discount for one and three months' respectively. Milan was firmer at $\frac{3}{4}$ and $\frac{1}{2}$ centesimi discount, and Madrid was unchanged at discounts of $\frac{1}{2}$ and 2 centimos. Amsterdam one month went from $\frac{1}{2}$ cent premium to par, three months being unchanged at $\frac{1}{2}$ cent discount. Switzerland remained at last week's quotations of 2 and 4 centimes premium for the two periods respectively. The silver market was fairly active, but demand was easily satisfied. China operated both ways, but was chiefly a seller, and, as a result, prices fell away by $\frac{1}{4}$ d. for both deliveries, to 16 $\frac{1}{2}$ d. for cash and 16 $\frac{1}{2}$ d. for forward. The China silver exchanges moved in sympathy, Hongkong declining by $\frac{1}{4}$ d. to 1s. 2 $\frac{1}{2}$ d. and Shanghai by $\frac{1}{4}$ d. to 1s. 7 $\frac{1}{2}$ d.

FACTORS IN RECOVERY.

I. MONETARY POLICY.

In emphasising last week the desirability of clearer formulation of constructive policy by the British Government in relation to the world crisis, we had in mind the urgent need of assurance that the Government are preparing to act, all along the line, in directions calculated to induce and foster the factors making for world recovery. Of these factors—selecting the essentials in a many-sided problem—we would place first the recovery of wholesale commodity prices, and particularly those of the products of countries which are large producers of raw produce, to the level of, say, three years ago. Failing such a development, or unless the remuneration of labour in terms of money, as well as the burden of industrial and other fixed charges, can be drastically reduced—and in few countries is a reduction of such dimensions politically practicable—enterprise will continue to languish unremuneratively and the world will be faced with defaults on a scale whose repercussions would be disastrous.

Premising, then, the desirability of a rise of, say, 30 per cent. in the level of wholesale prices, the contribution which the British Government can make to the realisation of this objective depends on its pursuance of a definite monetary policy on lines most aptly described on the other side of the Atlantic as "forward-looking." So far, there is no sign even of the adumbration of such an attitude. Spokesmen of the Government have expressed satisfaction at so many diverse monetary happenings—the "salvation" of the pound from collapse, the absence of any rise in sterling prices, the assumption by the Treasury of powers to prevent "undue appreciation" of the currency—that it is difficult to believe that the Cabinet has yet made up its mind what effects it desires, with the collaboration of the Bank of England, to produce, or by what means. It is an omission which, we trust, will be swiftly made good. The longer uncertainty in this connection persists, the more tardy will be the fruits of even the wisest measures which may ultimately be adopted.

Before coming to the question what our declared monetary policy should be, we must admit frankly that, as matters stand, decisions taken to-day are bound to be provisional, and that lines of prudent action, as we conceive them, lie necessarily in the direction of compromise. Moreover, as we have repeatedly pointed out in these columns, it is a fallacy to imagine either that unilateral action on our part in the monetary field will cure all our own ills, or even that concerted international monetary policy can by itself remove magically the world depression.

Let us elaborate briefly these limitations. Firstly, there will be something like unanimity of opinion that until the reparations and war debts issue is settled, international commerce relieved of its present abnormal restraints, the present mal-distribution of the world's gold supplies redressed, and agreement reached as to future parities appropriate to the price levels of various countries, it would be premature for any decision to be taken whether we shall return, or at what exchange rate, to the gold standard. Our policy, therefore, requires at present to be related, *ad hoc*, to the near future, subject to revision in the light of eventual developments.

Secondly, as the world's greatest trading country, we have to remember that fluctuations in exchange rates may present an obstacle to international commerce just as formidable in its reactions on industry as instability of prices. We cannot afford, therefore, in monetary policy to play, without qualification, the rôle of "the Cat who walks by itself." Not only so, but it has to be remembered that whereas an appreciation of the pound would both penalise our exporters and increase the difficulty of our commercial debtors in meeting their obligations, so a violent depreciation of sterling would not only involve a heavy loss of real wealth to Great Britain as a creditor nation, but might intensify the collapse of prices in "gold" countries.

Clearly between the two desiderata of higher sterling commodity prices (in so far as they are not paralleled by higher "gold" prices) and reasonably stable sterling exchange rates, a balance has to be struck. We cannot have it both ways. Nor, indeed, should we do well either to ignore altogether the dangers inherent in "reflation" set going on our initiative, or to pin our faith too confidently on the capacity of monetary policy to achieve all that we desire. Apart from the general consideration that in manoeuvring the level of sterling exchange and the volume of our banking credit, we cannot afford wholly to disregard the risk of setting in motion a chaotic competition in international inflation, it is not completely certain that an injection of fresh banking credit into the economic system could be so directed as to affect exclusively or predominantly the prices of primary products which it is desired to raise, without inconvenient repercussions on other elements, such as wages, a rise in which would produce renewed disequilibrium. Admittedly, if credit expansion could overcome the present reluctance of the entrepreneur and lead to some revival of purchasing, the wholesale prices of primary products would be the first to rise; and their fall has so far outrun that of the cost of living and wages in recent years that much "slack" could be taken up before any increase in retail prices or wages need occur. Nevertheless, this difficulty of preventing an undesirable extension of the upward movement is not entirely negligible.

More important still is the consideration that, when all is said, monetary policy in relation to prices must be regarded not as an end, but as a means. That is to say, the benefits of a higher price level, greatly though such a development would relieve the problem of indebtedness, would not be conclusive unless higher prices removed, concurrently, existing defects in the economic, as opposed to the financial, structure. Except in so far as a recovery of wholesale prices facilitated the removal of existing obstructions to trade and changed the mentality that has governed economic policy for the last decade, it would not radically cure the world's ills. An essential step without which no monetary policy can possibly save the world is that a new and appropriate proportion should be established, not only between the production of one country and another, but also between the world's agriculture and its industry.

Finally, the difficulty has to be faced that, as the recent experience of the United States has demonstrated, it is one thing to reduce interest rates on short-term money and expand central bank credit, and quite another to generate willingness on the part of sound borrowers to undertake capital commitments in a situation dominated by psychological pessimism and lack of confidence in the future results of enterprise. Under existing conditions, the "calculated and controlled expansion and cheapening of the supply of money," for which the Midland Bank calls in its April-May Review, can easily be neutralised either by hoarding or, more simply, by the absence of any stimulus to foster circulation of the banking credit created.

For these and other reasons we should deprecate too great a reliance on purely monetary action as a nostrum for the whole of the world's troubles. But this is not to say that our authorities are therefore absolved from the duty of framing and enunciating their policy within the limitations which we have noted. The terms of their announcement, we suggest, should be somewhat as follows:—

That this country desires a 30 per cent. rise in commodity prices; that it would welcome such a development, particularly if it occurred uniformly throughout the world; but that, if "gold" countries are not prepared to make this their aim, then our objective will be to work for some such price-rise with all countries ready

to associate themselves with the so-called "sterling area."

That the gradual restoration of prices will be encouraged by cheap money, but not by any violently inflationary means; and that the Exchange Equalisation Account will be utilised, meanwhile, to minimise disturbing short-term exchange fluctuations.

That to that end Bank rate will be reduced progressively to, say, 2 per cent., and kept at that figure for a prolonged period, i.e., until demand for banking accommodation and new capital definitely revives to an extent which calls naturally for higher interest rates.

That *entrepreneurs* can be assured that until wholesale prices have risen by 30 per cent. (always provided there is no inflationary increase in other costs, e.g., of labour, the policy of ultra-cheap money will be maintained; that a price-rise within the stated limits will not be considered to afford warrant for credit deflation; and that gradual long-term depreciation of the pound in terms of gold, as a consequence of a rise in sterling prices, will not deflect the authorities from their pre-determined course of action.

In some such terms, we suggest, the British Government should frame its provisional monetary policy. But, as we have already indicated, declaration of policy is no less important than its formulation. Not until the Government has made known its intentions will the industrialist and the merchant in this country be able confidently to make plans for the future. Still more important, an official declaration of British monetary possibility is a condition precedent to the collaboration with us of other countries—in the Empire and without—whose authorities are looking to us for a lead, and whose closer association with us in the monetary field would be of the utmost value in the common pursuance of the many other objectives on which world recovery depends.

U.S.A. AND THE WORLD.

Two authoritative and significant pronouncements on American foreign policy have been made within the last few days. On April 30th, the American Secretary of State, Mr. Stimson, made a statement to American journalists at Geneva at the close of his visit to Europe and on the eve of his return to the United States. Ten days earlier, in the Senate at Washington, the Chairman of the Senate Committee on Foreign Relations, Senator Borah, had made a speech on inter-Governmental debts. The two pronouncements differ in tone and content and length. Mr. Stimson's is short and vague and diplomatically conciliatory. Senator Borah's is reasoned and precise and senatorially uncompromising. Yet these pronouncements are not mutually incompatible; and it would not be surprising to learn that Senator Borah, as well as Mr. Stimson, was expounding the State Department's policy. In fact, we shall not go far wrong if we regard Mr. Stimson's statement and Senator Borah's speech as exhibiting two facets—the positive and the negative—of an identical outlook and intention.

Mr. Stimson, in his parting message to Europe, deliberately struck the notes of solidarity and optimism. "The conversations which he had had with the leaders of numerous delegations had given him confidence in the final success of the Disarmament Conference." He took occasion to mention that he had also had valuable conversations on other subjects besides disarmament. "Each of his visits to Europe had demonstrated more and more the utility of personal contact with the Foreign Ministers of other States. These personal contacts were of the highest importance."

While this statement was manifestly diplomatic, there is no reason to suppose that it was not sincere; for it was entirely in line with a trend in American foreign policy which has been becoming increasingly prominent during the last few years and with which Mr. Stimson himself has been personally associated throughout his tenure of the Secretaryship of State in President Hoover's Administration. This co-operative tendency declared itself under the Coolidge Administration, when the United States Government first joined in the work of the Preparatory Commission for the Disarmament Conference, and then

took an initiative of its own in bringing about the conclusion of the Kellogg Pact. This independent American gesture for promoting "the collective system" of international security, which had previously been represented by the Covenant of the League alone, has been followed, since, by American collaboration with the League of Nations itself. The presence of an American representative at the sittings of the League Council in Geneva during October and December last, and the visit of General Dawes to Paris when the Council was sitting again in November and December, were events which may be of more lasting influence upon the course of international affairs than the Far Eastern crisis itself. It would not be an overstatement to say that, at the present time, the United States is less disinclined to dispute the desirability, and even the necessity, of international solidarity than at any time since American opinion veered round against President Wilson and his policy during the Peace Conference of Paris.

So much for the positive facet of current American foreign policy. We naturally welcome it, and we venture to believe that it will not again suffer eclipse. But, on this very account, we must be careful not to ignore the other side of the picture—an aspect which may be less pleasant to contemplate, but which is certainly not less important to bear in mind.

To consider Mr. Stimson's outlook first, we may surmise that the closer collaboration with the European statesmen, which he has been conscientiously practising, has cut both ways. It must have given him greater opportunities of seeing the seamy side of European statesmanship as well as its worthier qualities; and unfortunately the seamy side has been very blatantly exposed during the negotiations over the Sino-Japanese conflict. It is true that the Assembly of the League has re-affirmed its faith in, and loyalty to, "the collective system," and has also endorsed Mr. Stimson's own doctrine of non-recognition of changes in the *status quo* that are accomplished by force in violation of existing treaties. Yet the Assembly would not have had to make this manifesto if the Council had not left undone those things which it ought to have done. And Mr. Stimson's own doctrine of non-recognition was only enunciated after the League Council had shown lamentable vacillation, and the European Powers represented on the Council a deplorable lack of public spirit, during the last quarter of last year. Moreover, both in January and in February, the Government of the United Kingdom, of all Governments, almost ostentatiously dissociated itself from the non-recognition policy when Mr. Stimson put forward this policy in public.

As for "the other subjects," besides disarmament, which Mr. Stimson has been discussing just now with European statesmen at Geneva, we may infer what these subjects were, and what Mr. Stimson felt and said about them, by studying Senator Borah's speech of April 20th; for this speech was concerned with two things—European armaments and European debts.

Mr. Borah's speech is impressive because, on the whole, it is so moderately put—moderately, at any rate, by comparison with the tirades against the Hoover Moratorium which were delivered by other congressmen when Congress reassembled last December. There are obvious omissions; for while the Senator deals faithfully with what the European debtors of the United States have done and left undone on the debit side—their mercilessness to their own debtor Germany, their rising expenditures on their own national armaments, and their total failure up to date to find any constructive, sensible, generous solution for their own European ills—he says nothing of the corresponding items in the Recording Angel's American ledger—the insurmountable tariff wall which obstructs the payment of European debts to America, and the wayward insularity for which the recent American reorientation towards "the collective system" is, after all, a tardy and incomplete amends. It is also statement on the financial position of the United Kingdom from the mouth of the Chancellor of the Exchequer taken by Mr. Borah as evidence that "there is no occasion for assuming, as has been assumed of late, that these foreign countries cannot meet their obligations." When a sagging camel glances round at his hump and remarks that

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the last straw does not seem, after all, to have broken his back, that hardly seems to justify the camel-driver in refusing to remove that final extra fardel from the animal's intolerable burden. Still, these considerations leave Mr. Borah's main thesis untouched; and it is a thesis which ought to command our attention.

Mr. Borah's argument is simple, and it is not unconvincing; for he estimates the immediate future on the basis of the recent past. He first recalls that the total war debts of European countries to the United States have been scaled down, in the post-war debt-adjustment agreements, from about \$12,000 millions to a present value of about \$5,800 millions. He also recalls that "this cancellation . . . was made in the interest of financial recovery and of economic solidarity throughout Europe." And then he points out remorselessly that "those things did not happen."

The application of this precedent to current demands for debt-cancellation is formidable.

"So long as the peace treaties remain unrevised and in their present form, there will be a continuation of intellectual, emotional and spiritual war, and there will be, in my opinion, no disarmament in Europe of any moment or of any worth . . ."

"If Europe cannot solve the reparation problem . . . it is useless to talk to the American taxpayer about aiding Europe by cancelling debts, and equally useless to talk to the American banker about lending more money to Europe . . ."

"I do not know whether the reparations question can be settled or not. I do not know whether armaments can be reduced or not . . . But we do know that, until these things are settled, the United States is powerless to aid in the readjustment of conditions in Europe."

Does it not look as if Senator Borah and Secretary Stimson were saying the same thing in different language? "For Heaven's sake," they are surely both saying to Europe, "make haste to settle the reparation problem on a practical basis, and cut away the political cankers that are poisoning the relations between France and Germany, and scale down your land armaments. If you do these things—and it is your own elementary interest to get them done—America will be willing, then, to help in the common cause of pacification and reconstruction. But do make us a proposal under which we could feel that we were making a contribution towards a genuine settlement and that we were not just being asked to let Europe off."

We shall neglect this American appeal at our peril; for the America who is addressing it to us is herself, at the moment, in a chastened and a softened mood. Effort after effort has failed to turn the tide of depression in a country which believed a short while ago that it was the happy land on whom the gods had conferred the boon of perpetual prosperity. Under the terrible stress of the world economic crisis she has begun at last to accept the idea of international solidarity, after kicking so long and so stubbornly against the pricks. Let us respond to this mood before it passes.

OUR NEW TARIFF.

THE strange-looking bark to which we have entrusted our commercial and industrial fortunes has been so hastily put together, without forethought or design, and so hurriedly launched that it is important as quickly as possible to look over the craft in which we have put to sea. Last week, therefore, we gave some tables in the *Economist* showing approximately the amount of British imports which in 1930 would have been subject to our various new Protective duties if these had then been in force. The tables enable us to form a general picture of the sort of tariff that has now been introduced into this country, and to make some comparisons with other countries.

Our calculations showed that out of about £1,080 millions of imports—of which £13 millions were subject to McKenna and Safeguarding duties and £138 millions to revenue duties—the categories of imports to which the protective duties of 1932 apply amounted to £516 millions. But as £107 millions of these were imports from the Empire, which are for the present exempt, there remained £409 millions of foreign imports liable to duty. These imports fell into the following classification:—

IMPORTS FROM FOREIGN COUNTRIES IN 1930 SHOWING
INCIDENCE OF NEW PROTECTIVE DUTIES.
(In thousand £).

Rate of New Duty.	Food, Drink and Tobacco Class I.	Raw Materials and Articles wholly or mainly Unmanufactured Class II.	Articles wholly or mainly Manufactured Class III.	Animals not for Food Class IV.	Total.
10 per cent.	148,841	54,880	62,267	81	266,069
15 "	...	...	15,775	...	15,775
20 "	4,276	...	99,230	...	103,506
25 "	1,077	...	4,157	...	5,234
30 "	128	...	2,827	...	2,955
33½ "	...	...	15,764	...	15,764
Total ...	154,322	54,880	200,020	81	409,303

Before attempting to draw any conclusions from these figures, readers should bear in mind that it by no means follows that, if the new duties had been in force in 1930, these quantities would in fact have been imported, or even that the amounts imported would have continued in the above proportions in various groups; for clearly the duties will have some restrictive effect. But until experience has been gained we cannot tell to what extent the tariff will act as a check upon imports.

Some light, however, may be thrown on this subject by the following considerations:—Assuming that all the goods subject to the new taxes had come into the country and duty had been paid on them at the rate now chargeable, our tariff on these goods would have been approxi-

mately at an average rate of 15 per cent. But it must be remembered that in 1932 our imports are running, on the whole, at a rate at least 33½ per cent. lower than in 1930, owing to the great fall in prices and the reduction of trade. We may assume, therefore, that imports for 1932 on which the new duties are leviable would only amount, even if they had continued to be free of tax, to £270 millions. If these imports paid duty at 15 per cent. the yield would be £40 millions of revenue. But we know that the Chancellor has estimated that he will get only £32 millions from this new taxation. It would seem, therefore, that the Customs and Excise authorities anticipate that the effect of Protection on the present scale will be on the whole to reduce imports in these groups by yet a further 20 per cent—the restriction presumably being more marked in the 20 and 30 per cent. classes than in the 10 per cent. class. In other words, it is expected that the duties will reduce imports—and hence also restrict the buying power of our customers and reduce the carrying trade of our merchant marine—by some £50 to £60 millions; for it is very doubtful whether an increase of Empire imports is to be expected on any large scale.

But though the preceding figures cannot be taken as an indication either of the amount or even of the proportions of trade that will be carried on—after the event, they give a very useful basis for estimating the height and incidence of our new tariff. It is not possible to measure the height of a tariff by studying the goods which come in after it is imposed; for if the tariff is high enough it will mean that only those goods will come in which are on the free list and it will appear that practically no goods are taxed by the country in question. It is a general rule that the higher the tariff the lower is the proportion of taxed goods to total trade. It is to meet this difficulty that, in making a comparison of the tariffs of various nations, the League of Nations has never taken account of the ratio of revenue—or of taxed goods—to total trade, but has calculated what the tariff charge would be on a given assortment of goods, imported into various countries. Seeing, therefore, that the test is the nature of the obstruction that would be met by trade that might otherwise take place, the preceding figures give a basis for a reasonable comparison with previous estimates of the League of Nations.

We do not think, be it said, that any useful comparison can be made between the taxation on British imports as a whole and that of other nations, owing to the exceptional nature and extent of our imports and the very large part of our Budget revenue which is based upon them. Indeed, it is not generally appreciated that our customs revenue has long been the largest in the world and that on the £151 millions of imports which were taxed in 1930 the revenue levied by the Exchequer amounted to almost exactly 100 per cent. (150 millions of taxation levied on £151 millions of taxed imports). The most striking item in the list is tobacco, in the case of which £87 millions of duty were charged on £16 millions of imports.

This part of our customs revenue has no parallel in its amount in the fiscal systems of other nations. These large revenue duties are almost entirely non-protective—being in the main imposed on goods not made at home. They are economical in the sense that almost all that the taxpayer pays finds its way to the Exchequer and it represents the greater part of the indirect taxation by which the mass of the people make their contribution to the national revenue. These taxes are, from the economic standpoint, radically different from protective duties in that the latter deliberately aim at levying a charge on the consumer not for the benefit of the Exchequer but for that of some private interest. The counterpart of these revenues in foreign countries is to be sought in part in the customs revenue, but also in turnover taxes, and in the profits of tobacco, match and liquor monopolies.

In view of these exceptional conditions it is better to base a comparison on manufactured goods only—excluding certain special items, e.g., petrol covered by previously existing revenue duties. The figures for manufactures from foreign countries in the above table, together with those subject to the McKenna and safeguarding duties, amount to £213 millions, on which the present tariff amounts to an average height of 18½ per cent. This may

reasonably be compared with the height of tariffs in other countries on manufactured goods. No calculation of this kind has been made since that of the World Economic Conference of 1927; but, except in America, Australia and India, and, to a less extent, in Holland, no general changes have been made in tariffs as a whole; indeed, so far as Europe is concerned, the situation was stabilised in the following years by commercial treaties and the long-drawn-out negotiations of Geneva. The latest restrictions by means of the quotas, surcharges, exchange controls, etc., have, of course, radically altered the conditions of international trade. But, with the exceptions mentioned, the figures of the World Conference probably do not misrepresent the height of the permanent brick walls that will be revealed if and when the barbed wire and other temporary barricades that have been superimposed on them are cleared away. The figures with which our 18½ per cent. compares are as follows:—

LEVEL OF TARIFFS ON MANUFACTURED ARTICLES.							
Countries Outside Europe.		New States of Central Europe.		Great Powers of Europe.		Scandinavian and other Low-Tariff Countries.	
United States ...	37	Poland	32	Spain	41	Sweden	16
Argentina	29	Hungary	27	Italy	22	Belgium	15
Australia	27	Czechoslovakia ..	27	France	21	Switzerland ...	14
Canada	23	Jugoslavia	23	Germany	20	Denmark	10
India	16	Austria	16	...	...	Holland	6

The table shows that our level of protection of manufactures under the new scheme is higher than that of Switzerland, Belgium and Sweden, but a little lower than that of the Great Powers of Europe. It is considerably higher than that of Holland and Denmark. In fact, we take our place among the countries of moderate industrial protection.

It should, however, be added that at the time of the World Economic Conference the British figure was given as 5 per cent. We know of no case of a country making a change comparable to the jump from 5 to 18½ per cent. It is inevitable that such a change in the greatest market of the world should have a grave dislocating effect in every direction. All that can be said on the other side is that exchange control and complete prohibition, which are being enforced in certain countries of Europe, and even overseas, are even more disturbing to the world's economic life.

Another very striking feature of the new tariff is its widespread—indeed almost universal—character. As we have already indicated, only £151 millions out of imports exceeding £1,030 millions were taxed in 1930—leaving £880 millions free. Under the new scheme only £440 millions would remain free (of which over £107 millions consists of manufactures or semi-manufactures from the Empire), while nearly £600 millions would have been subject to tax. The following further analysis brings out forcibly what a large proportion of our foodstuffs and raw materials has now come under the ban:—

IMPORTS OF 1930 BY CLASSES. (Million £.)				
	As actually Taxed.		Under Taxation of 1932.	
	Amount.	%	Amount.	%
Food and drink and tobacco:				
Free	400	38½	211	20½
Taxed	75	7¼	264	25½
Materials and partly manufactured goods:	475	46	475	46
Free	250	24½	195	19
Taxed	Nil	...	55	5½
Wholly or mainly manufactured goods:	250	24½	250	24½
Free	232	22½	32	3
Taxed	75	7¼	275	26½
Total	307	29½	307	29½
	1,032	100	1,032	100

The preceding figures give a Free List percentage under the new plan of 43 per cent. and a tax percentage of 57 per cent., as against actual percentages in 1930 of 85½ per cent. free and 14½ per cent. taxed. If the Dominions are not forthcoming at Ottawa and the present complete exemption of Empire goods is replaced—in accordance with the common Imperial practice—by a preferential duty, the Free List percentage would fall to the low figure of 33 per cent. But even without taking this possibility into account, the new figures present a marked contrast with those of the United States, where the Free List amounts to 67 per cent., this percentage having risen from 56 per cent. in 1923. Comparing these two years, both of which were years of depression, it is interesting to find that the value of America's imports under the Free List in 1930 were almost the same as seven years earlier. The imports on the dutiable list, however, had fallen by one-third. The following are the actual figures:—

AMERICA'S FREE AND TAXED IMPORTS IN 1923 AND 1930.
(Thousand \$.)

	1923.			1930.		
	Free.	Dutiable.	% Free.	Free.	Dutiable.	% Free.
Crude materials	1,091,393	315,404	77.6	834,120	168,041	83.2
Crude foodstuffs and food animals	279,222	83,810	76.9	331,179	68,946	82.8
Manufactured foodstuffs	52,164	478,044	9.8	78,153	215,295	26.6
Semi-manufactures	471,775	248,954	65.5	448,618	159,536	73.8
Finished manufactures	241,388	529,912	31.3	359,041	397,981	47.4
Total imports	2,135,942	1,656,124	56.3	2,051,110	1,009,798	67.0

The table shows that the United States has found it desirable, in spite of its financial needs, to maintain a substantial free importation of crude materials and foodstuffs. Seeing that it is essential for our export trades to compare on the most favourable terms with other nations, it may well be that we shall be forced to consider the 10 per cent. handicap which we have imposed on them. On the other hand, the United States has very much higher rates of duty on those goods which are taxed than we have. Certain American apologists have prided themselves on the rising proportion of imports under the Free List, as though it were evidence of a liberal commercial policy. It is, of course, the exact reverse, for the figures indicate that the protective duties are, in fact, acting as a prohibitive tariff.

In short, our new tariff is in the main designed as a very extensive but low level tariff, in contrast to the American type, which tends to be exclusive for the main range of industrial products, other than specialties, but admits freely the goods in which the country desires to trade. The former type interferes much less with the natural channels of trade, but it is significant that our level is substantially higher than that of Holland, which, with a practically flat rate of duty, is the chief outstanding example of this kind of tariff. If the intention had really been to reduce imports in the hope that exports would not fall so much and thus assist our balance of trade, the case for a limited number of high prohibitive duties was—as Sir Herbert Samuel has frequently insisted—much stronger than for the present form of general tariff. Nor is the case a strong one from the revenue point of view, for there are clearly many alternative ways of raising £30 millions out of a tax revenue of £750 millions. The test of the present policy will come when the Government starts to deal with foreign countries, for it will justify itself only if the protective demands of British industries can be suppressed and our tariff used to lead the world back towards something like Free Trade. As the tariff stands at present, we are in danger of combining

the extensive plan of taxing almost everything with the very dangerous game of imposing high protection on finished goods for the benefit of home producers. If we drift along much farther in this direction we shall find that we have got the worst of both worlds.

THE RUSSIAN GRAIN SITUATION.

(BY A CORRESPONDENT.)

DEFECTIVE organisation, coupled with a late Spring, appears to be causing considerable backwardness in the Russian agricultural campaign this year. Spring-sown crops are rather more than twice as important as the Autumn-sown, and are a vital factor in the national economy; but Spring sowings made by April 25th this year covered only 24,700,000 acres, against 68,450,000 acres sown by the same date in 1930. Delayed seeding not only tends to check acreage expansion, but may also affect yields adversely. For example, 1930 was a more advanced year than 1931, at least as regards the earlier stages of Spring work, and made a much better Spring wheat crop. Recently published data for the State farm "Gigant" confirm the importance of this matter. On that enormous holding (it has about a quarter of a million acres under grain) seeding in 1931 finished on April 18th—a much earlier date than on most other Russian farms. It is stated that acreage seeded before April 3rd yielded 9½ bushels per acre, while acreage seeded after April 6th averaged less than 6 bushels per acre.

Major obstacles towards the fulfilment of the official programme are the shortage and poor condition of the work stock and the shortage of Spring seed grain—for both of which shortcomings some responsibility probably rests on earlier errors and excesses of official policy. Even the official estimates, which do not usually tend to err on the pessimistic side, reckon that only one-third of this year's Spring sowing can be done mechanically through the medium of machine tractor stations. Power for the remaining two-thirds must come from horses and work-oxen, and these are still affected in numbers by the "pre-collectivisation" slaughter in 1929-30, and in condition by the arbitrary methods of grain-collecting last autumn.

When the partial failure of the 1931 Spring crops—the result of late sowing and summer drought—began to be disclosed in September, 1931, and onwards, the Russian authorities were very reluctant to modify their plans for the centralised grain collections, which provide the central Government with supplies for provisioning the towns and for export. They announced, instead, that the fulfilment of the collections schedule must have precedence over the construction of reserves for any other purpose, whether for food, animal fodder or Spring seed. Managers of collective farms who stood out against this instruction were liable to be, and in some cases were, held guilty of sabotage. This coercion enabled the collections to make a paper showing about equal to the previous season, but it has now produced grave strain. In February, 880,000 tons of grain had to be allocated from the centralised grain collections for drought relief in mid-Volga districts—a not inconsiderable quantity in total collections aggregating about 20,000,000 tons—and there may be further drains on the centralised store for seed purposes if the official Spring-sowing plans are to be even approximately completed.

Originally the plan for seed accumulation in the collective farms, which are scheduled for about three-quarters of the total acreage this spring, called for 6,350,000 tons to be set aside, but this has been scaled down several times during recent weeks, until these farms now appear to be working on a schedule of 5,090,000 tons. Even the reduced plan appears impossible without further Government grants, since the figure on April 10th was 4,877,500 tons and had been practically stationary since the beginning of March. It seems clear, in fact, that Russia over-

Powers in Shanghai would show some determination to uphold more faithfully the Assembly decision to which their principals have subscribed at Geneva, there would be good prospects of this end of the conflict being regulated. But it is useless to deny that there are expectations that China will be compelled to come to the Assembly again, a step explicitly safeguarded in the resolution.

Meanwhile, the first report of the Lytton Commission has arrived from Manchuria, and is being issued this week in Geneva. The information which has so far emerged about the contents of this document shows that there are tens of thousands of troops carrying on a three-cornered conflict in Manchuria, with the result that there is a general sense of insecurity. The Japanese say they have about 22,000 troops, the Puppet Government about 80,000 (created with the help of the Japanese), and the Japanese estimate that there are about 140,000 Chinese troops of all kinds still in the field opposing them and their Puppet Government. The deduction which the Japanese draw from this picture of the law and order which their occupation was to guarantee is that they cannot withdraw at present, and they appear to consider that withdrawal must depend on the progress of the re-organisation of the troops described as the Manchukuo Government Army. This is what the Lytton Commission reports, without comment. It would, however, appear to the ordinary observer that Japan has created by her flagrant treaty violations in Manchuria a hopelessly chaotic situation, which will probably last as long as she remains there. It is more than likely that the troops said to be serving the Manchukuo "Government" are of uncertain allegiance, and, in any event, 140,000 Chinese troops can maintain a long period of discomfort for the Japanese and the usurpers of power under Japanese tutelage. There is not the slightest doubt that Manchuria is in a far more lawless state than it was before the short length of Southern Manchurian Railway track was supposed to have been torn up by Chinese—a fact which has never yet been substantiated, and which has been categorically denied by the Chinese.

Notes of the Week.

The Tariff.—In asking for the approval of the House to the first Order made under the Import Duties Act, Mr Chamberlain, who opened last Wednesday's debate, was content, in the main, to argue that the Order was the "logical, natural and expected sequence" of Parliament's previous determinations. As for the levels at which the various scales of duties had been fixed, he found it convenient to cover himself in advance against criticism either that the duties were too high or that they were too low to afford adequate Protection, by reference to the "independent and impartial" character of the Advisory Committee on whose recommendations the Treasury had acted. On the whole, he claimed that he was entitled to feel, like Warren Hastings, surprised at his own (or the Committee's) moderation. He also endeavoured to reassure the House that inefficiency under the shelter of Protective duties would not be tolerated, though his naïve confession that the formulation of conditions of efficiency was "extremely difficult" robbed this assurance, if not of its sincerity, at least of much practical value. The main point of interest, indeed, in Mr Chamberlain's speech is to be found in his reference to the Committee's statement that it is not their intention to recommend any reduction in the general level of Protection now imposed during the next twelve months. This declaration of policy on the part of the Committee, said the Chancellor, would not preclude the Government from undertaking negotiations with foreign Governments for commercial treaties, which were outside the purview of the Advisory Committee. Ottawa must come first, but "having once exhausted the possibilities that may accrue from our conversations with the representatives of the Empire, we shall be free to discuss commercial treaties which may involve the lowering of the

duties in this country in return for a similar lowering of tariffs against us by any countries that desire to enter into negotiations with us." We could wish that Mr Chamberlain had put more positively the Government's desire to negotiate treaties leading towards freer trade, and we are under no delusion as to the strength of the opposition from vested interests that will be raised against any action proposed by the Government along these lines. In the meantime, however, we trust that these significant words of Mr Chamberlain may be taken as an augury that the Government recognises that a general removal of obstructive trade barriers is the essential objective, and that Protection for Protection's sake is for this country a counsel of despair.

Ottawa Conference Advisers.—On Tuesday Mr Thomas announced in the House of Commons the names of the industrial advisers who will accompany the United Kingdom delegation to the Ottawa Conference. Sir Edward Davson will go as adviser on Colonial trade matters and for industrial and commercial questions there will be Sir Gilbert Vyle, Lord Weir and Sir Alan Anderson, nominated by the British Committee on Empire Trade, and Mr J. Bromley and Mr W. Citrine, nominated by the General Council of the Trades Union Congress. The appointment of Sir Douglas Newton as agricultural adviser to the delegation was announced on Thursday. The team is, on the whole, a strong and representative one, but the list is notable for more than one omission. There is no representative of the important industries of coal and textiles, whose interests in the export trade are predominant, and though Sir Alan Anderson carries the great authority of a former Deputy Governor of the Bank of England, his primary concern, as one of the leading shipowners, will be with the vitally important problems of commerce; the delegation might well have been strengthened by a special adviser on monetary policy, a question which should figure prominently in the business to be discussed at Ottawa.

The Oath and the Annuities.—On April 29th Mr De Valera's Bill to remove the Parliamentary Oath from the Irish Constitution, and along with it those provisions of the Constitution which make the Treaty the supreme law of the Free State, passed its second reading by a majority of 77 to 71, and on May 4th the Committee stage was ended. Mr McDermott's interesting amendment to substitute for the existing Oath a general expression of loyalty to the Crown as the symbol of partnership in the British Commonwealth of Nations was ruled out of order by the Speaker. Mr McDermott, who had denounced the Free State Government, in the first reading debate, for "behaving like guttersnipes" in evading the real issue, asked Mr De Valera point-blank whether or not he regarded the Treaty of 1921 as morally binding on the Free State; Mr De Valera replied that, whatever might be his private views, he spoke for a Government which, in accordance with its mandate from the electorate, had decided to accept the Treaty for the time being. This doctrine that the honourable observance of public engagements depends upon the temper of a general electorate at some particular moment is an interesting contribution to the dialectic of representative government. Besides the question of honour, the legal issue is of slight importance, but it is worth recording the published opinion of Professor Berridale Keith, one of our most noted constitutional lawyers, that any measure running counter to the Treaty which purports to have been passed by the Oireachtas would have to be held invalid by the Irish courts as a mere matter of law; this conclusion, of course, is based upon the fact that Dail Eireann sat in 1922 as a Constituent Assembly, and it is in no way affected by the Statute of Westminster. A very interesting situation will arise if, when the tumult and the shouting dies, Professor Keith's view is upheld in the Free State courts, and Mr De Valera finds himself constitutionally unable to break his country's plighted word. The question of the annuities has been overshadowed recently by the fundamentally more serious issue of the status of Ireland, but Mr De Valera made an important statement on

the matter in an interview on Saturday, when he said that the whole question of the land purchase annuities is to be re-examined in view of the financial agreement of 1928 "brought to light by Mr Thomas." Incredible as it may seem that Mr De Valera could have been in office for so much as a week without having his attention drawn to the agreement by his officials, it really does appear to have come as a surprise to him, and it is possible after all that the question may be submitted to amicable arbitration.

First Ballot in France.—Pending the results of the second ballot in the French General Election, which is to take place next Sunday, the results of the first ballot—taken on Sunday last—are singularly baffling. Yet a provisional attempt to interpret them, vain exercise of the fancy though it be, is, nevertheless, irresistible in view of the profound importance of this election for the future, not only of France herself, but of Europe and the world. It turns out that, on the first ballot, only 252 definitive elections have been made, and this leaves the fate of no less than 352 seats to be decided next Sunday. The outstanding general feature about this first batch of definitive results is that the late Government and the late Opposition are very evenly balanced, and that there has been very little change. Out of these 252 deputies who are already elected, the late Government can claim 129 and the late Opposition 123. The Opposition has gained eight seats, and the Government lost nine seats net. Six of these lost seats have been forfeited by Monsieur Tardieu's own group, "the Republicans of the Left." Everything now turns on how far, at the second ballot, the parties of the Left—and principally the two largest of them, the Radicals and the Socialists—will succeed in carrying out their pre-arranged and declared plan of concerted action. Our own experience in this country last autumn indicates that this kind of electoral strategy is easier to arrange between party headquarters than to execute in the constituencies. It would be rash, therefore, to forecast that the French Left will emerge, from the second ballot, with the majority of 50 or 60 which they are entitled, on paper, to expect, on the assumption that their electoral agreement is faithfully carried out in every single constituency. It is true that, in the constituencies, arrangements on the pre-agreed lines appear to be taking shape spontaneously. It also seems to be true that there has been a considerable incline towards the Left in the French electorate. All the same, it would be unwise to credit the parties of the Left with more than a bare majority, all told; and that might mean a repetition, this year, of the situation which arose after the elections of 1924. On that occasion the Radicals took office with the countenance, but not with the collaboration, of the Socialists, and found themselves compelled to take into partnership the Left Centre, who have latterly taken part in Monsieur Tardieu's coalition. Monsieur Herriot has now declared positively that he will not take office on these conditions again. Next week we shall see.

The Disarmament Conversations.—While the technical committees of the Disarmament Conference are dealing with the detailed and complicated work of defining offensive weapons, there have been important political conversations at Geneva between the statesmen representing the Great Powers. Mr Stimson is reported to have pressed three points: first, the adhesion of France and Italy to the London Naval Treaty; second, the prohibition of certain arms of offence (the problem with which the technical committees are now grappling); and, third, a general reduction of land armaments. For this latter purpose, the Americans are reported to be taking the strength allowed to Germany under the Versailles Treaty as the standard, with allowances for Colonial requirements, special geographical circumstances, comparative military value of professional soldiers and conscripts, and so on. On the German side, Dr. Brüning has contributed an offer that Germany will bind herself not to increase her present armaments until the meeting of the next Disarmament Conference, several years hence, on condition of her being

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released from certain, at least, of the more irksome "unequal" provisions in the Disarmament Chapter of the Versailles Treaty, e.g., the proviso that the Reichswehr must be recruited by voluntary enlistment for a term of twelve years. Dr. Brüning's offer is reported to have made a favourable impression on Mr MacDonald and Mr Stimson; and it is promising psychologically, for, if accepted, it will go far towards liberating Germany from her present inferior international status; and status is all-important to a nation which, like the German nation since the war, has been infected with the psychology of the "under-dog." These fruitful conversations were prematurely interrupted when Monsieur Tardieu took to his bed and Mr Stimson to the ship which is to carry him back to America. Now, unhappily, Mr MacDonald also is temporarily *hors de combat*; so that the statesmen's intention of resuming talks next week seems unlikely to be realised.

The Shanghai Armistice.—The Japanese Government has now defeated the League Assembly, as it previously defeated the League Council, over the question of a time limit being imposed, on the authority of the League, for the withdrawal of Japanese forces from Chinese territory. The question in this case concerns the Japanese forces not in Manchuria but at Shanghai. It will be remembered that, after the breakdown of the long-protracted armistice negotiations at Shanghai, the Assembly's Committee of Nineteen at Geneva drafted a resolution which provided, among other things, that a local Commission representing the League at Shanghai should be empowered to fix a date for the withdrawal of the Japanese troops there, and to take its decision by a majority vote. This provision was flatly rejected by the Japanese delegation at Geneva; and, after the problem had been referred back to the neutral representatives at Shanghai, a new formula was devised by the British representative, Sir Miles Lampson. Under this Lampson formula, the local League Commission is to advise the Japanese military authorities on the spot when, in its opinion, such normal conditions have been restored as would render a withdrawal of the Japanese forces possible. The League Commission may even go on to report "negligence," on the part of either the Japanese or the Chinese, in acting upon the Commission's advice. But the actual decision of the moment when the Japanese shall withdraw remains in the hands of the Japanese themselves. For the Japanese, this is the capital point, and the Lampson formula is therefore acceptable to them. The Chinese have accepted it under duress. And the Assembly has fallen into line by passing a resolution in the same sense at an extraordinary session held last Saturday. The Japanese delegate would not vote in favour even of this resolution, because the Japanese Government declines, "on principle," to recognise that Article 15 of the Covenant, under which the Assembly is acting, is applicable to any part or aspect of the present Sino-Japanese dispute. He was good enough, however, to allow the resolution to become technically unanimous by abstaining from voting instead of casting his vote against it. The Japanese are also taking credit to themselves for having allowed the Shanghai armistice negotiations to go forward in spite of a bomb outrage which was perpetrated at Shanghai on April 29th, by a Japanese subject of Korean nationality in Chinese territory under Japanese military occupation. In

the circumstances, the Japanese have everything to gain now by the simulation of handsome gestures. For they have compelled the League of Nations to acquiesce in their remaining in military occupation of Shanghai and its hinterland for as long as they choose.

The Lothian Report.—In the course of last week-end two events occurred in India which, when viewed in conjunction, are poignantly illustrative of the present struggle between good and evil in Indian politics. The first event was the assassination of a British official at Midnapore, in Bengal, on Saturday, April 30th; the second was the signature, at Simla next day, of the report of the Indian Round Table Franchise Committee of which Lord Lothian is the chairman. The murder of Mr Douglas is an unrelieved tragedy—one of those crimes which serve no purpose except to provide an argument for repression. On the other hand, the signature of the Lothian Report is a piece of constructive statesmanship which offers the glimpse of a better future. This much can be said with confidence already, though the text of the report (which is a voluminous document) will not be published for several weeks. The success of the Lothian Committee's work is attested by the remarkable approximation towards unanimity which this varied and representative body has achieved. And this success is to be ascribed in large measure to the chairman's personality and leadership. The Lothian Committee has not been content to take evidence on paper at second-hand. During a strenuous period of three months' activity it has travelled all over India and has made direct personal contact with the Indian people, not only in the cities but in the countryside. On at least one notable occasion, when a party of non-co-operators set themselves to make it impossible for the Committee to perform this essential part of its work, their obstruction yielded to the chairman's good humour and affability and obvious sincerity in his desire to do his part in helping the people of India along the road towards constitutional self-government. Which is going to prevail in India? The temper of the Lothian Committee? Or the spirit of political crime and political repression? Much will depend on the policy of the Government of India when the four main repressive Ordinances expire two months hence. Will the life of these Ordinances be prolonged over the whole of British India? Or in certain provinces but not in others? Or will the Government find it possible, at this stage, to dispense with the Ordinances altogether—a step which is so much harder to take than the enactment of the Ordinances in the first instance?

Trouble at Tangier.—Tangier is a kind of Moroccan Shanghai—a focus of foreign business interests and a point of contact between an old-fashioned hinterland and the great modern world beyond the sea. Happily, present-day Tangier is not cursed with anything corresponding to Chinese civil wars or Sino-Japanese hostilities. The days of Mulai Hafid, and even the days of 'Abdul Karim, are over and done with. There is peace, and an assurance of continued peace, in Tangier's hinterland. The trouble at Tangier is not home-grown. It is a product, not of indigenous Moroccan disorder, but of international jealousy between those foreign Powers that happen to have fingers in the Moroccan pie. "The Tangier Zone" of Morocco like the International Settlement at Shanghai, is a patch of urban land which has passed under an international administration while the juridical sovereignty has remained with the native Government of the country in which this international zone is an enclave. This, of course, means administrative complications—wheels within wheels, and tier upon tier. There are organs representing the local population and other organs representing, collectively or severally, the various interested Powers. The Powers have been competing for influence over the Tangerine administration for the last quarter of a century; and, in the name of international concord, they have made exemplary efforts to get rid of their mutual resentments and suspicions. At each stage, this problem of international jealousy has been solved in one invariable

fashion. The Tangerine administration has been made more and more top-heavy in order to allow this Power to appoint a judge and that Power a police-officer and this other Power a sanitary inspector. As between the Powers, the results of all these diplomatic efforts have not been in vain. The jealousies really have been overcome. But, while the Powers have called the tune, the Tangerines have paid the piper; and now at last they have struck. They have served an ultimatum upon the local Consular body, in which they "warn the authorities of the unfortunate consequences that will not fail to materialise if, as has always occurred up to the present, questions so vital to all Tangerine interests continue to be neglected for reasons which have no bearing on Tangier's welfare." Files docketed "Tangier" seem likely now to accumulate in the chanceries once again.

The Treasury Bond Issue.—An official announcement issued last Friday contained the offer of new 3 per cent. Treasury bonds, to be tendered for at a minimum price of £97 15s. per cent., and to be redeemed at par by annual drawings of not less than 10 per cent. of the nominal amount originally issued. The main purpose of the offer was to provide for the repayment, which was simultaneously announced, of £84.6 millions of 4 per cent. Treasury bonds, 1931-33, on August 15th next, but inasmuch as tenders were accepted for £110 millions, the Government has additional funds in hand as a result of this operation. The surplus proceeds of this issue will obviously be disposed of by the Government as seems best at the moment, and it is premature to assume that they will be exclusively or mainly diverted to the Exchange Equalisation Fund. In a few weeks' time they may help to cover the payment of the forthcoming 5 per cent. War Loan dividend, and in general they may permit of a reduction, or arrest an expansion, in the Treasury bill issue or in Ways and Means Advances from Public Departments. The Government rarely earmarks funds of this character for any specific purpose, and if a colloquialism is permissible in order to clarify a much-misunderstood situation, moneys thus raised, in common with all other cash receipts, invariably go "into the common pot," where they lose their identity. Various explanations have been put forward of the motives behind an issue of this character. One is that it was designed to test the gilt-edged market in preparation for a conversion operation, an aspect which is discussed in an Investment Note on a later page. Another is that it is intended to make further issues of this character with the specific object of substituting these bonds for Treasury bills. On this point we confess to some doubt. A security whose yield to some extent depends on the luck of the draw is not entirely suitable either for banks or the money market, even though the banks are apparently disposed to regard them as "floaters" up to their usual limit for bonds. It is, in fact, believed that neither the banks nor the money market took much interest in the offer, and that heavy tenders came from Public Departments. If so, the success of the operation is more apparent than real.

Coal Wage Negotiations.—As agreements which are distasteful to both participants tend to be concluded for very short periods, the prospect of a crisis in the coal industry is becoming almost an annual event. At the moment, another of these time-limits is drawing very near, namely, July 8th, on which date, in the absence of legislation, working hours in the coal mines are due to be reduced by half an hour a day. There is little question as to the Government's intention of introducing a Bill to prolong the seven and a half hour day, but so far there is no agreement between the parties concerned as to the terms and duration of this extension. The owners have offered to guarantee wages for another year if the seven and a half hour day is prolonged until the coming into effect of an international seven and a quarter hour convention. The miners, on the other hand, demand either that present wage rates be guaranteed for as long as the seven and a half hour day is continued, or that wages should be

regulated by national machinery. The first of these demands has a specious appearance of symmetry which has won it sympathy in many quarters, but actually it is a somewhat revolutionary economic theory which would tie a given wage rate indissolubly to a given length of working day. It is difficult to see how the owners could be expected to agree to bind their hands indefinitely in the face of unpredictable economic conditions, but their inability to do so makes it the more incumbent upon them to reconsider the alternative demand of the miners for a national machinery to regulate wages.

Cotton Wages.—The Cotton Spinners' and Manufacturers' Association, representing the weaving employers in the cotton industry, at a meeting in Manchester on Tuesday, decided, by a virtually unanimous vote, to abrogate the hours and wages agreement reached with the operatives in July, 1919. This particular agreement, writes our Manchester correspondent, provided for the working hours in the mills to be reduced from 55½ to 48 per week; and to compensate the operatives for reduced earnings their "list" wages were increased by 30 per cent. It is considered doubtful whether the weaving employers will attempt to force a general wages reduction, but manufacturers—when the one month's notice expires—will be able to arrange individual agreements with the workers regarding hours, wages and conditions; and it goes without saying that an increasing number of firms will come to separate terms and either reduce wages or attempt to introduce a working week in excess of 48 hours. Numerous firms have already seceded from the employers' organisations and introduced either wage reductions or an increase in working hours. This latest move ends for the time being collective bargaining and agreements, and has been brought about by the operatives' constant opposition to discussing in joint conference the more looms per weaver system or wages reductions.

The F.B.I. and Monetary Policy.—The Federation of British Industries has just issued a Report on "Industry and Monetary Policy." The introduction is mainly historical, and refers to "Britain's Pre-war Plan." According to the authors, in the pre-war period British monetary policy was directed, albeit largely unconsciously, along the lines of a consistent plan calculated to promote and foster British industry and commerce by active development of complementary as opposed to competitive countries. Thus British capital was invested in South America, the Empire, and the United States—at that time industrially undeveloped—but not in industrialised France and Germany. In those days, too, the world gold standard was, in fact, predominantly a sterling standard. All this is in a sense true, but we would be inclined to underline the word "unconsciously" so heavily as to end by suggesting that no pre-war plan really existed at all. We are also inclined to receive with some caution a recommendation of the F.B.I. that we should cease giving financial help to European reconstruction, on the ground that this involves making loans to competitive countries. After all, in 1913 Europe took £195 millions and in 1929 £235 millions of British goods, and trade of this magnitude is not to be sacrificed with equanimity. The Report finally comes to the primary objectives of British monetary policy. These are stated to be:—(a) To raise the level of sterling prices to a figure at which production can be carried on with reasonable profit; (b) the promotion thereafter of stability in the price structure and balanced production within the sterling area; (c) the conscious direction of the flow of savings into new investments calculated to secure the maximum of advantage for industry; (d) the direction of that part of the National savings available for external investment to countries within the sterling area, which are countries of complementary trade. With a view to promoting all these objectives, the opportunity of the Ottawa Conference should be seized to explore the possibility and bring about the maximum of mutual understanding, for the adoption of a common Empire monetary and industrial policy, so designed as to facilitate the admission of other countries willing and able to co-

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operate with a sterling group, leaving the question of a possible universal monetary understanding to be settled at a later date, if and when monetary internationalism again becomes a practical proposition. With many of these proposals we find ourselves in sympathy, and, indeed, we think the British Government will be well-advised to recognise that Empire monetary policy will be one of the chief subjects for discussion at Ottawa. The main difficulty is how to achieve these objectives, and here we are bound to confess that some of the tentative suggestions of the F.B.I. appear more calculated to stimulate further deflation than a raising of the level of sterling prices.

Sterling and Gold Prices.—A fortnight ago the sterling exchange rate stood at \$3.77, as compared with a present level (Thursday) of \$3.67½. Notwithstanding, however, this depreciation of the pound, our complete index of sterling prices shows a fall of approximately one-half of 1 per cent. Our index of gold prices also fell fractionally, whereas our index of the sterling prices of primary products rose by about 1 per cent. The discrepancy between the movements of the latter index and of our complete index is due to the fact that tin, which rose sharply during the fortnight as a result of the "output holiday" scheme, has a much larger weight in the short list of primary products than in the complete index. It will be seen that, between April 6th and April 20th, the four foreign index numbers, for which we are indebted to the *Financial Times*, all declined, with the exception of that relating to French prices, which remained stationary. The downward movement was most pronounced in the case of America:—

SEPTEMBER 18TH, 1931 = 100.

Date.	Economist Indices.			Irving Fisher, U.S.A.	Statistique Générale, France.	Milan Chamber of Commerce, Italy.	Statistische Reichsanst., Germany.
	Complete Index (sterling).	Primary Prods. Index (sterling).	Gold Prices.				
Sept. 30th ...	107.8	112.0	94.7	98.7	96.9	98.8	98.9
Nov. 11th ...	110.3	119.3	103.5	99.3	96.0	99.3	98.3
Nov. 25th ...	109.1	114.8	98.0	98.3	94.2	98.8	97.6
Dec. 9th ...	110.3	117.3	93.0	97.3	93.3	97.1	96.1
Dec. 30th ...	108.9	117.1	94.4	96.1	93.4	96.9	94.6
1932.							
Jan. 13th ...	109.6	117.7	94.5	94.5	93.8	96.3	92.5
Jan. 27th ...	108.3	115.7	93.8	93.5	93.6	96.8	91.6
Feb. 10th ...	108.6	117.3	88.8	92.2	94.2	98.0	91.5
Feb. 24th ...	110.9	120.9	89.6	92.4	95.1	97.2	92.0
Mar. 9th ...	109.8	116.3	90.3	91.8	96.7	97.2	92.1
Mar. 22nd ...	108.1	111.9	86.5	91.5	96.3	97.0	91.4
Apr. 6th ...	105.1	105.9	85.0	90.6	97.0	96.0	90.3
Apr. 20th ...	103.8	105.4	83.6	89.6	97.0	95.3	90.3
May 4th ...	103.3	106.5	83.4	...	...	...	...

In the next table we show in greater detail the sectional movements of the complete Economist index:—

	(1927 = 100.)		
	Sept. 18, 1931.	Apr. 20, 1932.	May 4, 1932.
Cereals and meat	64.5	73.4	73.1
Other foods	62.2	63.0	62.1
Textiles	43.7	48.0	46.6
Minerals	67.4	70.5	71.5
Miscellaneous	65.8	60.9	60.9
Complete Index ...	60.4	62.7	62.4
1913 = 100	83.1	86.3	85.9

The movements of prices in the textile group, under the lead of American cotton, was uniformly downward. The upward fluctuation in the minerals group reflects mainly the rise in tin.

Australian Finance.—Early this week the New South Wales State Taxation Commission bowed to the inevitable, and in compliance with the Financial Agreement Enforcement Act handed over to the Deputy Federal Taxation Commissioner in New South Wales all the documents relating to income tax assessments in his possession. The three floors of the State Taxation Office in Sydney, however, still remain locked and are reported to be "under guard" by members of the Timberworkers' Union. It certainly seems strange that this state of affairs should be allowed to continue, the more so as further defaults by New South Wales have raised the total amount to be made good by the Commonwealth Government to £3,058,000, of which only £440,000 have so far been recovered. This week a new Bill was passed, authorising the Commonwealth Government to secure part of any State revenue which had been or was to be attached for the repayment of a State default. This is apparently a technical measure, whose object is to permit the attachment of the net receipts of the New South Wales State railways and tramways, in contradistinction to the gross receipts, before defraying operating expenses. Canberra has also been concerned this week with monetary matters, for a new Government Bill has been introduced to enable the Board of the Commonwealth Bank to hold part of its "gold" reserve against the note issue in sterling, and to export all or part of its £10,000,000 gold reserve for conversion into British currency. At the prevailing rate of exchange such an operation will be highly profitable to the Commonwealth Bank and will also enhance the value (in Australian currency) of its reserve. Moreover, now that the British Government have established the exchange equalisation fund in this country, Australian opinion apparently believes that no serious loss to the Commonwealth Bank may be anticipated as a result of future fluctuations in sterling. It is understood that immediate gold shipments are not contemplated, and also that Australian banking opinion is not unanimously in favour of the Bill. It seems, however, a move in the right direction, both for Australia and the Empire.

German Discount Rate.—The Reichsbank reduced its discount rate on April 27th from 5½ to 5 per cent., the third reduction this year. It is safe to prophesy, writes our Berlin correspondent, that this will be the last reduction for some time. German banking law requires that bank rate should be not less than 5 per cent. as long as the notes of the Reichsbank are not backed to a minimum of 40 per cent. by gold and gold exchange. The cover ratio at present is 24 per cent., and there is no prospect of its being increased to 40 per cent. within the next few months. The latest reduction, the second in one month, has been freely criticised, for interest rates in the capital market have not fallen at all, and are still in the neighbourhood of 8-9 per cent., and sometimes very much higher. The Reichsbank, however, believes it to be its duty to reduce its discount rate as fast and as much as it can legitimately, in order to lighten the interest burden on German economy. A reduction of its bill portfolio, a decline in interest rates on the short-term money market, and above all the lower rates abroad, which have reduced the rates charged by the foreign banks to their German customers during the currency of the Standstill Agreement, made the reduction possible. The reduction automatically lowers the rates which the German private banks charge their debtors. The normal interest charged by the banks is now 7 per cent. per annum, inclusive of commission, against 10 per cent. three months ago. In order to cover their expenses the banks are, of course, obliged to reduce in proportion the interest they pay on deposits and they are now paying 2 per cent. on day-to-day deposits against 3½ per cent. at the beginning of the year. Time alone will show whether these rates will not lead to a great reduction in bank deposits; a counter-influence to any such tendency lies in the fact that the savings banks are still paying 4 per cent. on savings deposits. If there should be a decline in deposits a rise in the discount rate would be inevitable. The other danger evoked by the discount rate reductions, arises in connection with foreign exchange. In view of the low level of

the Reichsbank's exchange reserves the inflow of export bills has to be artificially promoted, and one encouragement to it was the relatively higher home discount rate. For the time being, it is true, the inflow and outflow of foreign bills at the Reichsbank seems to be about balanced, so that the transfer of the interest on German long- and short-term foreign debt seems for the moment to be assured.

The Dnieper Dam.—A correspondent writes:—One of the most ambitious engineering feats of all time was concluded on March 28th last, when the giant dam of Dnieperstroi, in the Ukraine, vaster even than the Lloyd Barrage, was finished. Three of the nine projected turbines have been installed, and this month the station will have a power of 372,000 kilowatts. When completed in the early part of 1933 it will boast a generating capacity of 756,000 horse-power, with an annual production of electrical energy of 2,800 million kilowatt hours, providing electricity for an area nearly one and a-half times that of England, with a population of roughly 16 million people. Power will be supplied for eight large industrial enterprises, including plants for metallurgy, coke and by-products, ferro-alloys, aluminium, firebrick, slag cement, fertilisers, and machine repairs. In addition, hydro-electrical energy will be used for the metal works at Dniepropetrovsk, Krivoi Rog and Nikopol, for the electrification of the Krivoi Rog-Zaporozhe-Donetz railway and for the agricultural areas of the lower Dnieper. Moreover, the Dnieper Dam will serve a double purpose. The level of the river above the dam will be raised more than 30 metres, thus completely covering the cataracts on the upper reaches which have hitherto impeded navigation. The river will consequently be made navigable along the whole of its course, and will form an important connecting link between the Baltic and the Black Sea. Electric engines will be used to pull vessels through a lock which will have three chambers, each with a rise of 12.5 metres, designed to deal with over two million tons of traffic per annum. The whole plant, which has been erected with the assistance of an American firm of consulting engineers, will have cost more than £20,000,000.

Record Transvaal Gold Output.—All previous records have been broken on the latest gold output statistics issued by the Transvaal Chamber of Mines. Production of gold on the mines of the Transvaal reached a new high record of 960,035 ounces of fine gold during the month of March. This compares with an output of 914,012 fine ounces in February and 910,993 fine ounces produced in March, 1931. In the following table we show the monthly output since the beginning of 1926:—

Month of	1926.	1927.	1928.	1929.	1930.	1931.	1932.
January	796,270	839,782	843,857	876,452	882,801	914,576	936,794
February	734,924	779,339	816,133	815,284	818,188	839,937	914,012
March	834,340	860,511	877,380	866,529	889,370	910,998	960,035
April	803,303	824,014	825,907	872,123	868,606	910,337	...
May	849,214	859,479	886,186	897,598	916,213	910,279	...
June	852,145	855,154	862,363	855,029	887,867	897,750	...
July	860,134	851,861	867,211	889,480	912,652	916,843	...
August	843,854	863,345	891,863	889,601	921,081	916,425	...
September	859,939	842,118	857,731	849,553	903,176	916,024	...
October	853,296	855,743	897,720	888,690	926,561	945,113	...
November	840,276	848,059	872,464	861,593	884,753	900,510	...
December	836,157	851,225	859,761	851,134	908,492	923,353	...
Total..	9,962,852	10,130,630	10,358,596	10,414,066	10,719,760	10,874,146	...

It will be noted from the abovetable that the trend of gold production has been steadily upward. The first three months of 1932 all make an excellent comparison with production in the corresponding months of the preceding years. The following table shows the number of natives employed at the mines during the past nine months:—

	July, 1931.	Aug., 1931.	Sept., 1931.	Oct., 1931.	Nov., 1931.	Dec., 1931.	Jan., 1932.	Feb., 1932.	March, 1932.
Gold mines	208,155	209,409	209,424	208,987	209,270	211,552	215,752	216,171	214,024
Coal mines	13,512	13,563	13,276	13,061	12,882	12,260	12,394	12,177	12,009
Diamond mines	1,817	1,705	1,626	1,517	1,429	1,402	1,598	1,363	NH
	223,484	224,677	224,326	223,565	223,581	225,214	229,744	229,711	226,035

The native labour force continues to decline. No natives are employed at the diamond mines against 1,363 in February. Over 2,000 less are employed at the gold mines, which makes the record production figures more noteworthy.

INSURANCE NOTES.

Equitable Life Assurance.—The detailed returns furnished to the Board of Trade following upon the quinquennial valuation on December 31, 1930, are now available, and afford the means for analysing more closely the expansionist policy which has characterised the conduct of this old society in recent years. Since the year 1926, the date of the preceding valuation, the society's renewal premium income has grown from £302,000 to £458,000—an increase of over 50 per cent. The changes in the constitution of the business in force are analysed below:—

	December 31, 1926.		December 31, 1930.	
	Sums Assured & Bonuses. £	Net Liability. £	Sums Assured & Bonuses. £	Net Liability. £
Assurances—				
With profits	7,560,000	3,944,000	8,426,000	4,399,000
Without profits ..	3,387,000	903,000	4,500,000	1,100,000
Annuities	196,000	632,000	419,000	1,169,000
	per annum.		per annum.	
Sinking fund assurances	734,000	98,000	1,359,000	236,000

These figures illustrate the changing character of the business. The annuity business and sinking fund assurances have both approximately doubled, the former largely owing to the cultivation of deferred annuities as a means of superannuation provision. "Without-profits" business shows rather surprisingly more evidence of growth than the "with-profits" section, though the Equitable is in a favoured position to attract such policies, since the absence of commission agents enables it to offer specially low rates; and, in addition, mortgage investments have, no doubt, brought to it numbers of large "without-profits" life policies by way of collateral security. The year 1931 witnessed a further increase in new business transacted. New life policies were issued for sums assured of £1,297,000, compared with £975,000 in 1930, while new sinking fund policies and annuity policies have both considerably added to the totals already in force. Interest earnings were greater in amount, but the effect of the higher rate of tax has reduced the net rate earned from £4 12s. 0d. per cent. to £4 9s. 11d. per cent. The society's total assets now amount to £8½ millions, and the Stock Exchange securities, comprising under £4 millions of this, are valued at or under market values on December 31, 1930. As compared with market values at the end of last year there is a depreciation on book values of £376,000, though, in spite of this, the society is able to state that, in the aggregate, the assets are fully equal to the stated values.

Scottish Equitable.—Although not quite up to the level of the figure reached in the preceding year—which was the society's centenary year—the new business transacted last year amounted to the substantial total of £1,375,000, and the fund now stands at £9,830,000. Interest income has been adversely affected by the rise in income tax—and no doubt also by defaults—and worked out at £4 7s. 6d. per cent. net compared with £4 10s. 8d. per cent. Expenses have been swollen by special items connected with the centenary celebrations, and absorbed the still quite moderate total of 14.7 per cent. of the premiums. The chairman's remarks on the society's investments made it clear that the society is in a strong position, though he acknowledged that the date on which the accounts are closed, namely, March 1st, was specially helpful on this occasion. On that date there was, he said, a small depreciation of minor importance which could easily be dealt with at the quinquennial valuation and distribution of bonus, which takes place a year hence. The Chairman's speech is also notable for the references it contains to the subject of death duties. It was recalled that when these were introduced in 1894 the maximum rate of duty was 8 per cent. Now the maximum rate is 50 per cent. Moreover, the effect of providing for death duties by means of a life

policy may aggravate the amount of duty payable. For life policies are aggregated with all other assets, and the existence of a policy expressly effected to provide for duties may mean that duty is payable at a higher rate. Thus, the duty payable on an estate of £150,000 is £33,000. "The effecting of a life policy for £33,000 would render the whole estate liable to taxation at an increased rate, and in order to pass on the estate intact at £150,000 it would be necessary to make provision not for £33,000 but for over £47,000." There is here a strong case for some concession from the Chancellor of the Exchequer—if not for complete exemption for estate duty policies, then at least for non-aggregation of such policies; and the life offices claim that the indirect gain to the revenue through avoidance of the break-up of large estates and the reduced incentive to deeds of gift during the lifetime of large estate owners would more than outweigh the cost of any such concession.

"State" and British Equitable Assurance.—These companies are both subsidiary concerns of the Royal Exchange. The "State" controls the British Equitable, whose accounts are incorporated in those of the State. Both companies transact fire and accident business in their own names, and the British Equitable has also a small life account. The consolidated premium income shows some reduction on that of the previous year, and amounts to just over £1 million, made up of £650,000 from fire, £180,000 from accident, £155,000 from life, and the small balance from marine business. Except in the accident section, where profits have been consistently shown, the underwriting results have recently been unsatisfactory. This has been especially true of the fire department, which derives a substantial revenue from America, and the 1931 figures make none too good a showing:—

	1930.		1931.	
	Amount of Profits. £	Per. centage of Premiums.	Amount of Profits. £	Per. centage of Premiums.
Fire	3,398	-0.5	14,900	-2.2
Accident	12,667	6.9	11,331	6.2
Marine	6,067	12.3	3,662	7.5
Gross underwriting surplus	15,336		93	
Less items debited to profit and loss account	26,078		38,655	
Net trading loss	10,742		38,562	

In face of these results it is not surprising to find that the dividend, which, of course, is paid to the Royal Exchange, has been cut down from 40 per cent. to 25 per cent. An exchange reserve fund of £54,000 appears for the first time in the balance sheet, and has been created by utilising £31,000 from the general reserve of £250,000 and £22,000 formerly specified as a contingencies fund. The need for this fund arises from the depreciation of sterling in terms of dollars, and the consequent automatic increase in current liabilities of the American business. The American assets, on the other hand, have been valued at the rate of exchange ruling on December 31st last. The new life business of the British Equitable shows a reduction from £535,000 in 1930 to £461,000 in 1931, and the fund, after writing off £30,000 for depreciation, stands at £1,689,000. It is stated that sufficient profits have been

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accumulated since the last quinquennial valuation on December 31st, 1928, to meet the depreciation in book values at the end of last year. No dividend has been paid by the British Equitable since 1923, apart from a small appropriation following upon the last quinquennial valuation.

Atlas Assurance.—The Atlas reports of late years have set so high a standard as to encourage the illusion of immunity from the effects of industrial depression. The 1931 report will finally shatter any such comfortable impression; for not only have premium income and underwriting profits fallen sharply but Stock Exchange depreciation has seriously depleted the company's resources. The foundation of the business is the fire account, and here premiums have fallen by £143,000 to £2,030,000, while the surplus is nearly halved:—

	1930.		1931.
	Amount of Profit.	Percentage of Premiums.	Amount of Profit.
	£		£
Fire	194,525	8.9	102,771
Accident	36,398	7.6	55,376
Marine	22,390		24,399
Life	253,313		182,546
Less items debited direct to profit and loss account...	139,140		165,785
Total net trading surplus...	114,173		16,761

The dividend has been maintained at 32 per cent., tax free, but the payment requires an increased draft on trading surplus of £44,000. As the net trading surplus was £16,761, there was a small deficit on the year's working of £27,000. In addition, a sum of £125,000 has been taken from the reserves of the fire department in order to form an exchange reserve to cover net increase in current American liabilities, as a result of the depreciation of sterling in terms of dollars. In the life department new business has fallen heavily from £4,244,000 to £3,061,000—as a result, it is stated, of the dearth of group policies and staff schemes which have figured largely in recent totals. The rate of interest earned was over 5s. per cent. less at £5 0s. 5d. net, but expenses worked out at a lower percentage of premiums. The feature of the life account is the provision for depreciation. At the end of 1930 the book values covered a hidden reserve of £430,000. Not only has this now disappeared, but a further sum of £550,000 has been needed to bring book values down to market prices on December 31, 1931—a total depreciation of £980,000, equal to nearly 13 per cent. of the total mean assets. The source of this loss is, no doubt, the unusually large investments in foreign Government and municipal securities, which together account for over 17 per cent. of the total assets. Under normal circumstances a triennial declaration of bonuses would have been made at this time, but this has been postponed. In the meantime interim bonuses at the full rate of 48s. per cent. compound will be paid in respect of the years 1929, 1930 and 1931, but not for 1932.

Friends' Provident and Century.—The Friends' Provident is a mutual office transacting life assurance and annuity business, and since 1918 has owned, as an investment, the share capital of the Century Insurance Company. This company transacts in its own name fire, accident, and marine business, and specialises also in permanent sickness insurance, while the life department is conducted as a closed fund. This arrangement presented the Friends' Provident with a ready-made organisation which enabled it greatly to extend its business beyond the limited circle of Quakers by whom it had been founded, and among whom it had till then been confined. As an investment for the funds of the life policyholders the arrangement has, however, been conspicuously less successful; and the suspicion that the value placed on this asset in the balance sheet is excessive is strengthened by a study of the 1931 report. The detailed results of the operations of the Century during the past two years are as follows:—

	1930.		1931.
	Amount of Profit.	Percentage of Premiums.	Amount of Profit.
	£		£
Fire	19,012	5.5	4,333
Accident	1,755	.7	2,462
Marine	20,054	14.8	4,525
Less expenses, &c.	37,311		11,320
Total net trading loss ...	46,298		28,045
Plus interest income ...	43,991		37,299
Total net surplus of the year	2,307		9,254

A dividend of 12 per cent., costing £32,550, was paid for 1930, thus involving a net depletion of the company's resources by nearly £35,000, but no dividend for 1931 has been declared; and the interest income of the Friends' Provident, as parent company, is, of course, so much the less. The balance sheet of the Century shows total assets of £4,120,000, which were worth £259,000 less than book values. As there is no general reserve fund this deficit will have to be dealt with by a release from actuarial reserves of the life fund at the next valuation in 1934. Turning now to the operations of the Friends' Provident, and dealing first with new business transacted, the sums assured under new policies issued has fallen from £1,847,000 in 1930 to £1,521,000 in 1931, but against this a larger number of new annuity policies and sinking fund policies were issued, and the total assets have increased to nearly £8 millions. The investment in the Century accounts for £700,000 of this, and the absence of a dividend from the Century has reduced the rate of interest earned from £5 3s. 1d. per cent. net to only £4 8s. 3d. per cent. net. A valuation of the assets reveals a depreciation—apart from the book value of the Century investment—of £386,000. Provision for this depreciation would normally be made at the end of this year when the next valuation and distribution of profits falls due; but in the circumstances the directors have announced their intention to defer the valuation until 1934, and in the meantime to omit payment of interim bonuses for 1932.

Scottish Union and National.—This company is accustomed to maintain in the departmental accounts a reserve for unexpired risks equal to 50 per cent. of the premiums, but the figures which follow have been re-calculated, using the more customary 40 per cent. reserve:—

	1930.		1931.
	Amount of Profit.	Percentage of Premiums.	Amount of Profit.
	£		£
Fire	46,612	3.5	10,780
Accident	1,830	6.8	1,438
Employers' liability	4,467	8.2	4,107
Miscellaneous	22,840	13.4	17,606
Marine	20,000	6.1	30,000
Less items debited to profit and loss account	95,749		42,371
Total net trading surplus	21,451		86,897

These results relate to a premium income of £1,742,000, of which fire business contributes £1,155,000. Until 1929 the underwriting profits each year were remarkably stable, but in each of the last two years there has been a marked retrogression, principally due to the fire department. The dividend has been maintained for the fourth year in succession at 65 per cent., and is covered by interest earnings with a small margin. The large and prosperous life fund of £11 millions shows evidence of further expansion. New business transacted last year amounted to £2,435,000, an advance of over £200,000 on the corresponding total for 1930. The total balance sheet assets of £15,700,000 are retained at their previous book values, except that dollar assets have been valued at rates of exchange current on December 31st, and on this basis are stated to be within the market values. There is no reference to any exchange reserve to meet the automatic increase in current liabilities, unless this is the purpose of the creation of a contingencies reserve of £50,000, which has been deducted from underwriting profits in the above statement.

Overseas Correspondence.

UNITED STATES.

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(FROM OUR CORRESPONDENT.)

NEW YORK, April 27.

WHILE Congress continues to fritter away its time, some success is beginning to attend the new drive of the Federal Reserve banks to stop credit deflation. It is wholly untrue that any new currency has been issued with Government bonds as backing in place of the gold and eligible paper provided for under the old law. Government bonds, as partial security, along with gold, for Federal Reserve notes, can be used under the terms of the Glass-Steagall Bill, but it will not be done until the present free gold is used up, and that will not be for some time. However, Federal Reserve Bank purchases of United States Government bonds continue at the rate of approximately \$100 millions weekly. This is bringing a rapid reduction in member bank borrowings in the cities, as the first use for the resulting expansion in member bank reserves is repayment of discounts. For the week of April 20th the member banks cut their borrowings by \$64 millions, but in spite of this and a small reduction in Reserve Bank bill portfolios, total Reserve credit in use rose \$14 millions. There was also a rise of \$2 millions in currency circulation, but that was without special significance.

As yet, the effect of this credit drive is being felt only in the New York district. In the past week the member banks in the New York district, for the first time in several months, reported an expansion in loans and investments. The rise was nearly \$100 millions, but deflation continued in other districts, so that the total increase in loans and investments for all reporting member banks in leading cities was only \$61 millions. In due course, Wall Street believes, the excessive credit surplus here will cause an overflow into the interior, with a consequent increase in willingness on the part of the banks to make loans and to invest in the bond market. It is difficult for the banks to find employment for their money, and with the decline in bank failures and rise in confidence of public depositors the need for liquidity has greatly lessened.

There has been some disappointment at the delay in reducing the New York discount rate, but the excuse is given that under present conditions the rate means little, one way or the other. Besides, to succeed in its campaign for stopping credit deflation, the system needs harmony, and a further reduction in the New York rate would need perhaps similar action in the other districts, and also probably awaits further repayment of discounts. A system made up of twelve district banks must necessarily move slowly. Open market rates are far below the levels which usually bring a reduction in the official rate. Asking rate on 90-day bills is $\frac{1}{4}$ per cent. Call funds are officially pegged at $2\frac{1}{2}$ per cent. on the Stock Exchange, but much money seeks employment at $1\frac{1}{2}$ per cent. to 2 per cent. in the outside market, and loans are made on Government and other gilt-edged collateral at less than 1 per cent. Excess reserves of New York member banks in the Federal Reserve Bank, which means money available for lending but unable to find takers, have been at a daily average of from \$75 to \$100 millions for some time.

Bank suspensions in March fell to only 45, and there were 28 reopenings. Closings in February were 122 and those for January were 342. The peak was reached last October, with 522 failures. The National Credit Corporation is rapidly bringing its operations to a close, partly because of less need for help from the banks and partly because the Reconstruction Finance Corporation is assuming the burden.

The Reconstruction Finance Corporation continues to dispense credit in a rather large way and with much good

to the business structure. Actual use of money has been only about \$300 millions, since the R.F.C. still has to its credit with the Treasury about \$200 millions of the original \$500 millions made available. Presumably, the whole shortly will be used, for the Treasury has agreed to subscribe to \$250 millions of the R.F.C. debentures. It had been thought that the debenture issues would be sold to the public, but it turns out to be the plan of the Treasury to borrow directly itself and then turn the money over to the R.F.C., which doubtless means a lower interest rate.

The Treasury announced this week an offering of \$450 millions of one- and two-year notes, to bear 2 and 3 per cent. interest coupons respectively, the amounts being equal for each maturity. The issues were reported as having a favourable reception. They were larger than had been expected, but it is recognised that the Treasury seized upon a favourable time to add to its already large cash balance and avoid borrowing later in the fiscal year. There is no indication that the Treasury in the last half of the fiscal year ending June 30th next will exceed the \$1,500 millions of new money contemplated for that period. If that proves to be the case only \$300 millions more will be needed.

Meanwhile, the deposit banks will find their Treasury deposits, on which they pay a half of 1 per cent., increased, and the banks probably will retain them longer than usual. In June the Treasury has \$324 millions in certificates to take up, but no other early maturities. General new capital issues are still small and confined mostly to municipal and high-grade utility borrowing. They were about \$45 millions last week.

The diversion created by the Senate's committee investigating Stock Exchange activities has been tinged with some anxiety. The inquiry was obviously inspired by the hope of the ruling party that it might develop evidence of heavy short selling by prominent politicians on the other side of the political fence. Also, the whole affair is a manifestation of the public's feeling that someone must be to blame for the business depression and the stock market losses which many have suffered. The committee at first sought to prove that short selling is largely responsible for the fall in market values and for trade slumps as well. It seems to be veering toward a mere fishing excursion into individual dealings which certain politicians might use to their advantage. Probably nothing much will come of the matter, but it is fairly certain that the Stock Exchange, well prodded out of its tendency toward lethargy, will institute some reforms on its own account which will add to its prestige.

If sentiment continues to improve under the sunlight of the Federal Reserve operations and the Reconstruction Corporation's activities, no change in actual trade conditions yet are discernible. This week some improvement in railroad traffic and a slight recovery in steel mill operations was reported, but the effect was offset by some discouraging earnings statements for the first quarter and further dividend omissions. General Motors reported earnings of only 17 cents a share on its common stock, compared with 61 cents a share in the first three months of a year ago. The United States Steel Corporation did much worse, and in the first quarter fell short by a little over \$1,000,000 in covering operating expenses and taxes. The deficit was further increased by depreciation charges and preferred share dividends. In the circumstances it was not surprising that the common share dividend was omitted. However, the Corporation has shown that in the poorest period it has yet experienced it can operate with virtually no out-of-pocket expense, and therefore the only reduction in the strong cash position will be preferred share dividend payments. These will be continued for a long time at least. All units in the steel trade are expected shortly to announce further salary and wage cuts.

The motor trade has had a disappointing response to its efforts to sell its new models, but the warmer weather is giving some encouragement. The Ford factories announce an increased schedule of manufacture. First quarter corporation reports are showing a drop in net earnings for industrial concerns of a little over 50 per cent. compared with last year, with little or no improvement

over the fourth quarter. Railroad earnings are running about 27 per cent. lower than in the 1931 first quarter, which reflects savings from the lower wage rates, the monthly average decline for some time having been nearly 45 per cent. Commodity prices are a trifle firmer.

FRANCE.

Politics — Industry — Employment.

(FROM OUR CORRESPONDENT.)

PARIS, May 4.

LAST Sunday's pollings in the General Elections resulted in the return of deputies for 249 out of the 611 seats contested—the remaining four consisting of some of the colonial constituencies, where first balloting has been fixed for Sunday next. The returns indicate an exceptionally heavy vote almost everywhere, from 80 to 90 per cent. of the electors having gone to the poll in the majority of the constituencies. The total figures show practically no transfer of votes anywhere, and prove clearly that there has been no real change in the country's opinions, except perhaps a slight hardening towards the Centre from both extremes. The total Communist vote, for instance, was about 250,000 smaller, while that of the Extreme Right was also less. All members of the present Cabinet who sit in the Chamber retained their seats, and so did the rest of the Party leaders of all shades.

The real decision now obviously depends on next Sunday's second ballots, and on the line M. Herriot will adopt when the complete results are known. It is now certain that the Cartel des Gauches is to be revived, and there is to-day some probability that these tactics may again prove successful; but exactly what form such success will take is a problem over which the whole country is now anxiously speculating. Everything depends on whether M. Herriot decides upon a Ministry of Concentration (in which case co-operation between the Radicals and most of the groups of the Tardieu-Laval majority would be assured, leaving the Extremists of both wings to form the Opposition), or upon a revival of the Cartel in the form it assumed after the 1924 elections, when the Socialists gave their entire support to a Radical Cabinet and largely dictated its policy, but refused to share Ministerial responsibility.

Meanwhile, since Sunday last, Socialist and Radical local party machines have already been hastily reviving the Cartellist agreements of 1924 and pledging themselves to withdraw in each other's favour, according to whether the one's or the other's candidate occupied the more favourable position in last Sunday's polling. At Radical and Socialist Party meetings yesterday resolutions were adopted in which each Party agreed, although in more or less veiled language, to make each other's way easier next Sunday. Similar arrangements have been come to in several constituencies between Socialists and Communists. Impartial estimates now forecast that, unless M. Herriot's dream of a Ministry of Concentration is realised, the new Chamber, thanks to the now generally expected "slight trend to the Left," will consist of two practically evenly-matched groups of parties, each commanding around 300 votes—which would render all hope of a stable majority illusory. This leaves out of the calculation, however, the possibility of many surprises next Sunday.

Coal production returns for March show a total output from the French mines of 3,888,000 tons during the 26 working days, as compared with 3,825,000 tons in the previous month (25 days) and 4,627,500 tons in March last year. Average daily production during the month was 149,538 tons, by a labour force of 267,140 units, against 153,000 tons in the previous month (270,256 units) and 177,982 tons (295,804 units) in March, 1931. The output of metallurgical coke by the colliery plants in March was 296,638 tons, against 275,446 tons in February, and 432,436 tons in March last year.

British coal exports to France are likely to be still further hit by a further series of modifications of the quota

system, which were put into operation on May 1, as the result of decisions reached after conferences between M. Tardieu and the representatives of the miners' trade unions. Henceforward import permits will be granted monthly, instead of three-monthly, and will be based on monthly quotas. Hitherto the quotas have been based on a nominal maximum tonnage equivalent to 30 per cent. less than the average imports during the corresponding periods in 1928, 1929 and 1930, while a fairly large excess margin of entries has been tolerated. This excess tonnage has latterly been estimated at 120,000 tons, which coal owners and miners' unions allege to be an under-estimate. From now onwards entries of metallurgical and ordinary cokes will be included in the coal entry quota, which will have a nominal maximum equivalent to 40 per cent. below the average entries during the three years, while excess entries will be brought down to an appreciably lower maximum. These modifications are expected to reduce total coal imports by about 3,000,000 tons a year, or 250,000 tons a month. Total imports of foreign coal, which during recent years have been about 32,000,000 tons a year, will thus be brought down to 18,000,000 tons, of which 12,000,000 tons will consist of Welsh anthracite and other special qualities which the French coalfields cannot provide. This further limitation of foreign coal entries, it is estimated by M. Maes, the Secretary of the French Miners' National Federation, will reduce unemployment among the French miners by four days per calendar month. As the men employed by most of the coal companies are at present laying off to an average of eight days a month, the new quota modifications would apparently reduce unemployment among the miners by about 50 per cent.

Iron and steel production figures for March indicate that output under both heads remained unchanged at the February figures. Total output of pig iron was 469,000 tons, against 461,000 tons in the previous month, 775,000 tons in March, 1931, and means of 836,000 tons in 1930, 864,000 tons in 1929, and 832,000 tons in 1928. In March 78 blast furnaces were in activity, against 133 in March last year. The output of crude steel in March was 464,000 tons, or exactly the same as in February, against 722,000 tons in March last year, and monthly averages of 787,000, 808,000 and 792,000 tons during each of the previous three years. The new British import duty of 33½ per cent. on foreign steel and kindred products is regarded by the French steel industry, when taken in conjunction with the 25 per cent. advantage due to the drop in the pound, as equivalent to an embargo of nearly 60 per cent. against French steel products. As French steel exports to Great Britain in 1931 amounted to 420,000 tons (out of total British steel imports of 1,258,000 tons), steel production figures from April onwards are expected to show a substantial decline.

Unemployment figures continue to decline. The number in receipt of unemployment pay on April 23 was 290,224, or a diminution of 5,310 on the week and of 15,272 during the five weeks since March 19, when the number reached the record figure of 305,416. The Labour Ministry's systematic inquiry as to the situation in all establishments employing over 100 hands indicates that at the beginning of April the total employed was 2,402,487, against 2,824,497 at the beginning of April last year, or a shrinkage of 14.94 per cent.

GERMANY.

Employment Loan — Reichsbahn — Herr Warmbold.

(FROM OUR CORRESPONDENT.)

BERLIN, May 3.

THE Government has decided to raise a loan for the provision of employment, as demanded by the trade unions at their recent congress. It is true that no formal Cabinet decision has been taken yet, but, as the plan has already been published as an official programme, the Government will have to adhere to it in any circumstances, although a number of points which are still unsettled may give rise to considerable difficulty.

One of the principal issues which has not yet been decided is whether funds are to be provided immediately, by means of advances, without waiting for the result of the issue. The unions demanded that the Reichsbank should provide a very large sum in the interval by purchasing bills from those *entrepreneurs* who execute the contracts, promising in advance to prolong them until such time as it becomes possible to redeem them out of the proceeds of the loan. The Reichsbank certainly will not agree to that. At the most, it will only advance such a sum as is absolutely certain to be recoverable during the next few months out of the proceeds of the loan. To such an advance there could be little objection, as it would have no undesirable effects on the currency, while, on the other hand, if relief works are to have any point they must be begun at once, since many kinds of work are only possible in summer. The loan is to bear a low rate of interest, and is to take the form of a premium issue with a very good chance of premature redemption. In addition, it is to be tax-free. There is to be no limit to the amount of the loan, so that, for the present at any rate, all applications will be accepted.

This rapid acquiescence of the Government in the unions' demands is not due only to the difficulties of the labour market, though these make the political position very difficult. The Government has a further object, in addition to the provision of work for the unemployed. One of the chief purposes to which the proceeds of the loan are to be applied is the settlement of small farmers in East Germany. That will create employment is so far as houses, roads and agricultural equipment are required, and the settlers themselves will be withdrawn from the labour market, but this method alone will not solve the problem of what is to be done with the land of those large farms of the East Prussian provinces which have already gone bankrupt, or for which bankruptcy is imminent. Not all the relief measures have been able to prevent a large proportion of these large farms from being declared beyond all hope of financial rehabilitation, and, therefore, outside the scope of the legislation providing for the reduction of debt. The creditors, most of whom are credit institutions, naturally wish to rescue some part of their claims, and it is in the general interest that they should be able to do so. This, however, is only possible if the market for agricultural land, which has ceased to exist in Eastern Germany except in a few districts, can be recreated. The proposal is now to buy part of this land for settlement purposes out of the funds provided for the creation of employment. If, however, the object of a maximum of relief to the labour market is to be achieved, the smallest possible amount of money will have to be spent on the acquisition of land, and in this there is a certain contradiction between the two purposes of the programme which will have to be met by compromise.

The Germany Railway Company suffered very severely in 1931 from the effects of the crisis. Its revenue fell from Rm. 4.57 milliards to Rm. 3.85 milliards. Of this decline of Rm. 721 millions (15.8 per cent.), Rm. 195 millions were in respect of passenger traffic, 532 millions in goods traffic and the rest in other forms of revenue. The fact that passenger traffic, though scarcely less sensitive to crisis conditions, declined less than goods traffic (14.5 per cent., against 18.7 per cent.), is probably due to the particular attention which the Reichsbahn has devoted to this branch of its business. It ran nearly as many passenger trains as in the preceding year, and more than in 1929, when the volume of traffic was at its highest. The number of goods trains, on the other hand, was severely curtailed.

Expenditure amounted to Rm. 3.62 milliards, against Rm. 4.09 milliards in 1930, and working profits to Rm. 226 millions, against Rm. 480 millions. Even in 1930 the profits were not sufficient to cover reparations payments and debt service, which then amounted to Rm. 660 millions and something over Rm. 100 millions respectively. The balance brought forward was requisitioned, and the Reich also contributed to the balancing of the railway budget by cancelling credits previously granted. A new way out of the difficulty had to be found in 1931. In spite of the Hoover Moratorium, there was little reduction in the railway's reparation burden. Until the

summer they had to make full payment under the Young Plan, amounting to Rm. 330 millions for the half year. When the Hoover Plan came into force, the Reich had to deposit with the B.I.S. bonds of the Reichsbahn as security for the conditional annuity. The Reichsbahn received no compensation from the Reich for these bonds. The assumption of the debt was regarded rather as a return for the reduction in the reparation levy. The Reichsbahn has thus only improved its position by the Hoover Plan to the extent that the new debt is less than the reparation levy would have been, that is, by about Rm. 25 millions from July 1st to December 31, 1931. In addition, it has the advantage of an improvement in liquidity, as the debt is redeemable in ten years, whereas the reparation payment would have had to be made in the current year. This enabled the Reichsbahn to avoid, as it would otherwise hardly have been able to do, the assumption of any kind of short-term debt.

In order to meet all payments it was necessary in 1931 to withdraw Rm. 442 millions from the so-called equalisation reserves and Rm. 76 millions from the dividend reserves. Though this has not exhausted all the reserve funds the Reichsbahn is very uneasy about the results of the current year, especially as the figures for the opening months of 1932 are anything but satisfactory.

At the moment of writing the resignation of Herr Warmbold, the Minister of Economics, seems certain, but there is no authentic information as to the reasons for it. There have probably been differences of opinion with the Minister of Labour, Herr Stegewald, on the Employment Loan and perhaps also on the legal limitation of hours of work which the unions are demanding and which the Minister of Labour wishes to carry out to a limited extent. Probably, however, a far more decisive part than the suspicious public, with its ready belief in serious political conflicts behind the scenes, is willing to accept, has been played by the desire to be free from the burden of an office in which Herr Warmbold has experienced a perpetual conflict between economic reason and political possibility, especially with the sphere of international trade relations. The Minister's resignation opens the way, of course, to all kinds of political combinations, but no serious danger to the Brüning Cabinet is at all likely.

HOLLAND.

Shipping — Import Quotas — Money.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, April 19.

It is understood that the Government is planning to provide support for the Dutch shipowners, or is at least investigating schemes to that end. As will be remembered, the Netherlands Association of Shipowners, comprising about 96 per cent. of the Dutch mercantile fleet, submitted an address to the Minister of Labour, Commerce and Industry some three months ago, drawing attention to the critical situation prevailing in Dutch shipping.

The ruinous effects of the depreciation of sterling on many Dutch shipowning enterprises are almost beyond exaggeration. The Dutch flag has been eliminated from the freight market, and the regular line services have been so badly hit that in consequence of the exchange position alone, each journey inevitably is made at a loss. It is obviously out of the question to economise in running expenses to such an extent as to compensate fully for the loss on the exchange. It is well known to what an enormous extent shipping is being subsidised in a large number of foreign countries, particularly in France, Italy, Japan, Spain and the United States. This policy of subsidising is in the first place to be blamed for the great surfeit of vessels and the excessive expansion of the capacity of the world's mercantile fleet. If a change for the better does not materialise very shortly, and if the operating charges remain so high for Dutch shipowners as to force them to give up in favour of their competitors, disastrous results will be inevitable. The Netherlands Association of Shipowners has advocated that the

Government should follow a policy of encouraging a reduction in the cost of living, thus enabling wages to be adjusted in relation to the international competition, caution in seeing that measures of commercial policy do not benefit one industry at the expense of another, encouragement to the use of Dutch vessels, the reduction of piloting and port dues, protest against the preferential rates of the German railways, and expansion of the traffic with Russia under the Dutch flag.

The annual report of the Holland-America Line, issued meanwhile, also shows only too clearly the alarming extent to which Dutch shipping is suffering under the prevailing crisis. The company's operations resulted in a deficit of 7,755,569 guilders, in 1931, against 2,355,722 guilders in 1930. The passenger traffic to and from North America declined from 31,618 to 18,898 persons. The company withdrew from the Java-New York Line, and resorted to the sale of ships. In consequence of the losses sustained, the cash position of the company has been impaired to such an extent that even the standing commitments for payment of interest and redemption could no longer be met. A scheme for reorganisation has now been submitted, involving a reduction in the share capital from 25 million guilders to 2½ millions, and in the debentures from 500 guilders to 400 guilders. Against this reduction and the arrears of interest, the debenture-holders are to receive new shares in two years' time. By means of drastic economies, the management has succeeded in making the operation account balance once more. In view of the uncertain future, however, it is quite possible that still greater losses are yet in store for the debenture-holders. Government support is accordingly becoming a more and more urgent necessity.

The meat quotas are in future to be based on the years 1929, 1930 and 1931, so that the quantities permissible become more correctly apportioned among the various countries. The quota restrictions on meat have accordingly been prolonged for three months, until July 15th. Denmark's quarterly quota is more than doubled thereby, while the quota for the Argentine has slightly decreased from 1,869 tons to 1,174 tons. The total importation of meat permissible in the next three months will now be 2,379 tons, as against 1,935 tons in the three months just expired. During the three months commencing April 1, 1932, the importation of butter from every country is restricted to the average quantity imported quarterly for such country during the years 1928, 1929 and 1930.

The yield of State revenue showed a further decrease in March; but, thanks to the operation of increased and new taxes, the decline has not been large. The revenue in March totalled 34.7 million guilders, as against 37.9 million guilders last year. In making the comparison with last year, however, a correction corresponding with the revised tax apportionment between the State and local authorities is necessary, in consideration of which correction the revenue would be 34.24 million guilders, as compared with 36.9 million guilders last year, thus reducing the decline to 2.68 million guilders. These satisfactory figures occasioned a firm tendency for State loans on the Stock Exchange, and municipal loans also registered advances.

The Minister of Finance has again announced the issue, on April 21st, of exchequer bonds to a maximum value of 130 million guilders, for the purpose of financing cash requirements. Great liquidity continued to prevail on the money market. Prolongation money was plentifully offered for 1 per cent., whilst private discount rates have dropped to ¾ per cent. The great extent to which the acceptance business in the Netherlands has declined through the abnormal circumstances is amply displayed by the following figures published by the Netherlands Bank, showing the value of acceptances in circulation (in millions of guilders):—

	1930.	1931.
First quarter.....	377.7	274.7
Second quarter.....	308.9	262.7
Third quarter.....	270.7	146.8
Fourth quarter.....	290.6	146.1
Total.....	1,247.9	830.2
In circulation at end of year.....	282.2	140.6

The gold position of the Netherlands Bank, as shown below, continues to become stronger week by week as a result of the satisfactory position on the foreign exchange market.

	14th.	March, 21st.	29th.	April, 4th.	11th.
Gold stock.....	875.6	876.1	879.4	885.7	891.8
Foreign drafts.....	84.3	84.3	84.4	84.4	84.4
Balances abroad....	34.7	36.7	42.0	35.8	34.5
Total.....	994.6	997.1	1,005.8	1,005.9	1,010.7

This gradual augmentation of the strength of the bank's position, coupled with the liquidity of the money market and the favourable level of the guilder rate of exchange, has induced the President of the Netherlands Bank, Dr. Trip, to decide upon a reduction of the discount rate from 3 per cent. to 2½ per cent., while the rate for loans on merchandise was decreased to 3 per cent.

ITALY.

Proceeds of Loan — Bank of Italy — Exchanges.

(FROM OUR CORRESPONDENT.)

TURIN, April 18.

THE outstanding event of the past fortnight was the remarkable success of the one billion lire issue of nine-year 5 per cent. Treasury Bonds, a success even more remarkable than was previously anticipated. The total sum subscribed was around 4,400 millions. This heavy over-subscription was in part due to the anxiety of capitalists anxious to secure the largest possible sum in case of allotments; but it was largely due also to a genuine offer of savings by the public. As Signor Olivetti observes in the *Stampa*, the fact that subscriptions did not proportionately reduce bank deposits, suggests that in Italy also there has been a certain amount of hoarding due to mistrust of banks and stock exchanges. The subscription, which should have remained open until April 20th, was closed at the end of the second day, and an official statement soon afterwards announced that the Treasury would keep 4 billion lire, returning the remaining 400 millions to subscribers. On April 9th a motion was voted by the Great Fascist Council to the effect that 905 million lire were to be used in repayment of the 4.75 per cent. Treasury Bonds, due on November 15th, one billion to finance public works and State purchases of industrial supplies, one billion to meet the Budget deficit, and the last billion to be credited to the Liquidation Institute, so as to enable it to reduce its debt towards the Bank of Italy. Such an allocation is highly significant, as it means that, leaving aside the first billion, which is merely substituted for the old 4.75 per cent. Bonds, the other three billions will be divided into two parts, of which two are to be put into the State Exchequer. These two billions will go far to cover the 1931-32 deficit.

The most interesting utilisation of the proceeds of the loan is, however, that whereby one billion lire is credited, through the Liquidation Institute, to the Bank of Italy. The Bank of Italy balance sheet of March 31, 1932, shows on the assets side a credit of 1,613 million lire with the Liquidation Institute, which I have previously described as a reservoir of frozen assets, which should have been dried up little by little by means of generous gifts on the part of the State and the Bank. Its origins go back to the great post-war slump of 1921-22, when about 4,000 million lire of frozen assets—which really amounted to losses—were taken over from the Banca Italiana di Sconto and the Banco di Roma. With a patient stewardship, the figure was reduced to 626 millions at the end of 1930, to go up again in the spring of 1931, reaching at last the above sum, for which the Banca Agricola Italiana, a bank connected with the many Gualino ventures, were mainly responsible. The loss should have been made good by means of a yearly gift of 200 millions from the State Exchequer and of part of certain banking taxes and of the profits of the Bank of Italy. The allocation of 1,000 million lire out of the

proceeds of the Treasury Bonds issue, will again reduce the credit of the bank to a manageable figure and enable it to reduce circulation correspondingly, or, according to the current opinion, to increase discounts and advances without resorting to inflation. In short, this Treasury Bonds issue, in so far as this one billion is concerned, would have been a device for snatching notes from timid hoarders and putting them again in circulation; a somewhat costly device, but understandable enough in these hard times. Much speculation is afoot as to who will benefit from the enlarged credit policy of the Bank of Italy. Discounts and advances reached on March 31st the total of 5,637.7 million lire, against 4,371, 3,940, 5,213, and 3,853 at the same date in 1931, 1930, 1929 and 1928 respectively. There seems to be no need in the face of these figures for any reflationist credit policy. If easier banking facilities by the Bank of Italy are deemed necessary, it will probably be not so much for the sake of stimulating industry as of easing its financial situation, which, indeed, is industry's most urgent problem at present, in Italy as elsewhere.

The solution of this problem, however, cannot be taken in hand at present, on account of the foreign exchange situation. During 1931 the gold held by the bank increased by 329.5 million lire; but the gold exchange securities diminished by 2,156.3 millions, with a net decrease of total reserves of 1,826.8 millions. During the first quarter of 1932 gold increased by 1.6 million lire, while gold exchange securities decreased by 636.5 millions. The total reserves on March 21st (5,627.9 millions gold and 1,533.7 millions gold securities) are, however, amply sufficient to guarantee a circulation reduced to 13,876 millions. The puzzle in the Italian position with regard to foreign exchanges and the balance of international payments is: since the excess of imports over exports in the first quarter of 1932 was of only 530.5 million lire, against which should be credited the invisible items of our balance of payments, certainly still favourable notwithstanding a decrease in foreigners' expenditure and emigrants' remittances, what is the cause of the decrease in the gold exchange securities held by the Bank of Italy? The recall of foreign deposits should have spent its force in 1931. Except for a rediscount of 367.8 million lire obtained by the Institute for Industrial Loans (Copsorzio sovvenzioni valori industriali) from the Bank for International Settlements at Basle, there are no current capital sums due from Italy to foreign markets. On the contrary, it is probable that Italians have large foreign balances, though these are partly frozen. Professor Mortara, in the *Prospettive Economiche* for 1932, also endeavours to solve the puzzle, quoting among other causes of the decrease of reserves in the face of a favourable balance of payments, possible purchases of future lire, exceptional credit terms to foreign buyers—Russian buyers for instance—difficulties in the cashing of foreign credits, keeping abroad by Italian exporters of their funds, and exports of capital. Reasoning from known data, and barring unforeseen developments, hopes are entertained that the tendency to a decrease in the foreign exchange securities held by the Bank of Italy may have spent its force, and that any further decrease will be due to a deliberate policy of the bank of exchanging gold securities for gold proper.

AUSTRIA.

Import Restrictions — Prices — Russian Treaty.

(FROM OUR CORRESPONDENT.)

VIENNA, May 2.

WEEK after week the Austrian National Bank sees its holdings of foreign values constantly decreasing, while there is no prospect of getting fresh supplies of foreign means of payment, either through a loan or through increasing export trade. At the end of March the National Bank's holdings of foreign exchange were still over 60 million schillings, but at the end of April they can scarcely

have exceeded 30 millions. The gold holdings of the Bank, 179 million schillings, are still intact, but the management of the Bank has relatively little say in regard to the disposal of this gold, for it is for the most part tied up in foreign countries. It is, therefore, not surprising that the Bank has used its influence to induce the Austrian Government, after long hesitation, to introduce import limitations in Austria.

About 50 items of the Austrian customs tariff will from now on be importable only with the special permission of the Government. These goods, which are not all articles of luxury, represent a sum of about 350 million schillings. As, in addition to caviar and decorative plants, the list contains such items as cattle, calves and pigs, butter and lard, cotton fabrics and motor tyres, automobiles and chemicals, it is out of the question completely to prohibit importation of these articles, and the utmost that can be saved is a sum of 200 to 250 million schillings. This represents only one-third of the yearly deficit on the Austrian balance of trade, but the purpose of limiting importation is not to constrict it to such an extent that no more foreign exchange will be necessary for the future; the new import-permit system merely represents a means of exercising pressure upon neighbouring States with the object of getting them to take more goods from Austria. The import limitations are so constructed as to favour those countries which import the larger quantities of Austrian goods.

The chief danger of the introduction of these limitations will be that the level of prices may rise. The Austrian Institute of Trade Research mentioned in its last publication that prices in Austria have corresponded fairly accurately to the depreciation of the schilling abroad, and in recent months the prices have been 27.4 per cent. above the world market (gold) level. Up to September the movement of prices in Austria was exactly parallel with that in gold standard countries. From October onwards the rise in Austria has been greater, and in April it reached the excess of 27.4 per cent. For a long time the schilling stood abroad at a discount of 31 per cent., but an enhanced demand for purposes of foreign tourist traffic and Russian purchases of schillings, have recently brought about a considerable appreciation of the schilling, so that the discount on the various foreign markets is at present fluctuating between 20 and 25 per cent. Before the issue of the importation limitations in Austria there was a certain tendency to a decline in prices in the country. Whether this tendency will be maintained after the publication of the new regulations is, unfortunately, very doubtful.

The interest which the Russians at present have in acquiring schillings is explained by the negotiations for the new Austro-Russian trade treaty. Up to the present the Russians have been selling their exports for the currencies of the various purchasing countries, and with the proceeds of the sales they have immediately bought dollars in the open market, as the payment for Russian orders has had to be in dollars. On account of the foreign exchange regulations in Central Europe, it has no longer been possible for the Soviets to use their exports to procure dollars. They have therefore been trying very hard for months to get out of their dollar obligations of the past two years and also to get permission to pay for a large portion of what they order in Central Europe in the currencies of the respective countries. After lengthy negotiations with Austria the Russians have succeeded in obtaining permission to pay a third of their old commitments, viz., 4 million dollars out of a total of 12 million dollars, in Austrian schillings, and the new orders, which the Russian desire to place in Austria, will be payable to an extent of two-thirds in Austrian schillings and only one-third in dollars. As the Russians cannot sell such a quantity of merchandise in Austria as to cover their commitments from orders to Austrian industry out of the proceeds of exports to Austria, they are naturally greatly interested in the purchase of schillings. In view of the discount on the schilling abroad, the Soviets manage to save in this way at least a quarter of the value of the goods.

HUNGARY.

Mr Tyler's Report — Finance— Trade.

(FROM OUR CORRESPONDENT.)

BUDAPEST, May 2.

THE Budget estimates for 1932-33 have passed the Financial Committee of the House of Deputies without alteration, and there is every reason to believe that they will be voted by Parliament before the present financial year ends on June 30th. The second quarterly report of Mr Royall Tyler, the League resident representative in Budapest, dealing with the financial situation in the first quarter and the prospects of the future, appeared at a particularly opportune moment, on the eve of the general Budget debate. Its conclusions have already found wide echo in the Press and in parliamentary discussion, both in Government and Opposition circles. Mr Tyler states with satisfaction that the Hungarian Government has made further notable progress towards balancing the State's finances, and it has kept current expenditure within the limits of its programme announced when the League Financial Committee visited Budapest in October last. On the other hand, the report strongly and justly criticises the finances of the State undertakings and those of the local authorities, the deficit of which threatens the financial recovery of the country. Thorough investigation by some energetic and objective agency and unreserved publication of its findings are required. So far, such economies as have been realised appear to be trifling, observes Mr Tyler, and he declares that in view of the sacrifices which the taxpayer is making in order that the State's Budget may be balanced, the local authorities cannot be permitted much longer to spend on the scale reached in the years of prosperity, even if a serious constitutional issue has to be faced in this connection.

The finances of the cities, towns, counties and communes are in a very bad way. More than one local authority has recently been unable to pay the salaries of their employees. According to the figures of Mr Tyler's report the deficit of the local authorities in 1931 amounted to 54.6 million pengö, and although a parliamentary sub-committee was engaged to carry out the necessary curtailments in expenditure to restore budgetary equilibrium such results as have been reported up to the present (April 15th) are disappointing, and there will be a substantial deficit in 1932. The debts of the local authorities are reported to amount, as at December 31, 1931, to 747.2 million pengö, of which 421.4 million pengö was accounted for by the city of Budapest. The wasteful expenditure and the reckless borrowing of the public authorities has in no small degree contributed to the financial plight of the country.

The economic situation shows no sign of improvement and the prospects are not encouraging. Foreign trade returns show further contraction. The first quarter of 1932 has resulted in an adverse balance of 12.8 million pengö, imports amounting to 85 million pengö and exports to 72.2 million pengö. The total value of the exports are so low that they would not suffice to maintain the service of Hungary's foreign indebtedness (about 25 million pengö per month), even if the importation of foreign goods were entirely stopped.

As to commercial policy, Mr Tyler observes that the results of the exchange clearings agreements are not satisfactory. The drawback of the Austrian clearing agreements is that Hungarian importers, able to secure means of payment that are accepted in Austria, buy from them articles which are either not needed in Hungary or might be bought, if exchange were available at more advantageous prices on other markets. Great consternation was caused in Hungarian agrarian and commercial circles by the recent decision of the Austrian Government to prohibit the importation of cattle, poultry, eggs, milk, wine, etc., articles which form the bulk of Hungarian exports to Austria. A new quota treaty with Austria will be necessary, and there is little doubt that it will result in a further strangulation of trade. Negotiations with Czechoslovakia for a more satisfactory commercial treaty have been unsuccessful, and Germany

does not show much willingness to take Hungarian agricultural products.

There has been an increase in cereal prices of late, because the surplus was exported last autumn, but there was a marked fall in the price of horned cattle. In the rural districts the peasants are compelled to kill their cattle because they cannot afford to feed them. Mr Tyler's report points out that over the last two years the decrease in wholesale prices have only amounted to 5 per cent., whilst in most countries of Central and Eastern Europe it has been between 20 per cent. and 30 per cent., and there was actually an increase last year. As regards private banking, Mr Tyler is of the opinion that the wisdom of distributing dividends—as practised by the Hungarian banks with one exception for the past year—is questionable where the value of the banks' holding probably represents, at any prices that could be obtained at present, but a fraction of that given in the balance sheets.

BULGARIA.

Exchanges — Debt Relief — Sugar.

(FROM OUR CORRESPONDENT.)

SOFIA, April 16.

AT MARCH 31st the National Bank's reserves of foreign exchange were 207.5 million leva, which, together with the gold reserves, give a cover of 35.73 per cent. of the note circulation and other sight liabilities. There is not the slightest possibility of increasing the foreign exchange reserves. The collapse of commodity prices is the chief obstacle, since grain constitutes the most important item of Bulgarian export. For the first three months of the current year, the unfavourable tendency, already visible in 1931, grew worse, especially during March, which, in spite of a decrease in imports, brought an unfavourable balance of 73.1 million leva, against a favourable balance of 207.8 million leva for the corresponding period of 1931.

In addition, the difficulties in the way of exports are increased by Customs barriers, import quotas, and foreign exchange clearings, so that the inflow of foreign currencies is almost prevented. By a new restriction order, the National Bank commandeered all reserves of foreign exchanges within the country under heavy penalties. The Bulgarian delegates will insist, before the Council of the League and the Council of Foreign Bondholders, on a reduced ratio for the valorisation of the pre-war loans, according to Article 8 of the Agreement of December 11, 1926, and on a further postponement of the amortisation and a reduction of the interest on the post-war State loans of 1926 and 1928, in accordance with the fall in commodity prices since 1929. Though these temporary reliefs will be of great value, full financial and economic recovery cannot be attained without new foreign credits, and the Report of the Financial Committee of the League recommends financial assistance. The inflow of foreign capital will help to mobilise the frozen assets in the country and thus enable the rationalisation of Bulgarian farm production and increase the output per acre. During the last five-year period 1927-31 the average wheat yield per hectare of cultivated land was only 11.2 quintals, against 24 in Great Britain, and over 30 quintals in Holland and Denmark. Foreign capital would make possible some substitution of grain production by the production of other commodities whose prices have fallen less and which command a better export market. In this connection the proposed Danubian Federation is of great importance, for Bulgaria will have to be included. The economic relations of Bulgaria with the five Danubian States, Austria, Hungary, Czechoslovakia, Roumania and Yugoslavia, are on a firm basis. During 1931 a quarter of Bulgarian foreign trade was conducted with these States: exports to them were 1,465 million leva, out of a total of 5,934.2 million leva, and imports from them were 1,104 million leva, of a total of 4,600 millions.

The Minister of Agriculture, as a representative of the Agrarian party in the Cabinet, has introduced a Bill for the alleviation of the debts of the farmer-proprietor, while the Minister of Justice, as a representative of the National

Liberal Party, did the same for the reduction of indebtedness in general. For those farmers whose properties do not exceed 25 hectares of land, that is, nine-tenths of all 840,000 Bulgarian farms, and with a debt up to 200,000 leva, the alleviation is to 40 per cent. of their debts contracted before January 1, 1931. The repayment of the remainder of the debt is to be made in several instalments. Four hectares of the general land property of a farmer form a so-called "untouchable" part, which cannot be sequestered or sold for debts in any way.

In regard to general indebtedness, each case is to be dealt with individually. Reductions are to vary from 1 to 30 per cent., and terms of repayment are to be revised. These legislative measures relate only to debts owing to private banks and individuals, while debts to the State, the State banks (National Bank, Agricultural and the Central Co-operative Bank), the Bulgarian Mortgage Bank (which works with foreign capital) and the Co-operative Popular Banks, remain as before.

According to the new law for sugar production, the five sugar factories in the country, four of them working with foreign capital, have been obliged to enter upon new agreements with the Ministry of Agriculture, which will fix strict quotas for the cultivation of sugar beet and production of sugar. For the next sugar campaign the total output of sugar is fixed at 26,000 tons, covering domestic consumption for a year. At present the sugar factories hold stocks of 45,000 tons, produced for export under State bounties. These export bounties have been abolished, so that the sugar export problem is aggravated after October 1st, and will be more so when the factories will no longer be able to sell for domestic consumption.

Letters to the Editor.

THE POLITICS OF THE SCHELDT.

TO THE EDITOR OF THE ECONOMIST.

SIR,—Will you allow me to offer some comment on your note on "The Politics of the Scheldt" in your issue of April 9th? It is quite true that the negotiations between Holland and Belgium about waterway questions and other matters have been dragging on now for many years, but your view of the position seems to err on the gloomy side. If the essentials of the case are remembered, there will be no temptation to compare it with the evil sores of Eastern and Central Europe.

According to your account, the crux of the matter is Antwerp's communication with the sea by means of the lower Scheldt, which is under Dutch sovereignty. To this you add the Wielingen puzzle, the significance of which is, however, not economic, but strategic. As regards the navigation on the Scheldt, you write that "Trouble is inevitably bred by a situation in which the buoying and lighting of a channel in which Belgium has a vital interest is the business of Holland, who has no interest whatever in equipping the port of Antwerp to compete with Rotterdam."

In the years immediately after the war a great deal was heard about the intolerable hardships to which Antwerp was exposed by Holland's position on her waterway to the sea. It is now clear, however, that these complaints must be considered as part of the annexationist campaign to which Belgium in the flush of victory had committed herself. It is true that the demand for the cession of Zeeland Flanders (the strip of Dutch territory south of the Scheldt) was never officially put forward, but a demand for "les attributs de la souveraineté" on the lower Scheldt was, and the allegations against Holland of neglect were intended, to support that policy. Later on more moderate counsels came to prevail in Belgium, and very little was said any more about Antwerp being suffocated by the Dutch masters of the Scheldt. In the negotiations which were carried on between the two Governments, no doubt the Belgians sought to strengthen their share in the administration of the Dutch part of the river, and when complete agreement is at last reached, they will certainly be seen to have obtained something in that respect. Meanwhile, however, the provisions of 1839, which were intended to safeguard the interests of Antwerp, are carried out by Holland in a spirit which has in no sense hindered or cramped the growth of the Belgian port. The best proof of this is in the fact that hardly any attention is given to this side of the problem during the long delays to

which the negotiations have been subjected. These delays themselves are not due to Holland refusing improvements in the economic regime of the Scheldt. The question that was largely responsible for the rejection by the Dutch First Chamber of the Treaty submitted to it in 1927, and that is almost wholly responsible for the hitch occurring at this moment, is the question of the communications of Antwerp, not with the sea, but with the Rhine.

These communications, too, were safeguarded to Antwerp by the Treaty of 1839, and Holland is not, of course, denying, or, in fact, neglecting, her obligations in this respect. But Belgium is now asking for a large-scale new canal to be dug across Dutch territory, and it is this point which is again proving difficult. Dutch public opinion is not moved only by the rival interests of Rotterdam; there is a certain suspiciousness remaining from the unfortunate days of 1918 and 1919, when Belgium was seen trying to use a favourable international situation to encroach upon the integrity of the Dutch State. At any rate, it should be kept well in mind that the Scheldt-Rhine canal question is one in which Holland is asked to make concessions far beyond her treaty obligations. This is not to say that no agreement on a basis of reciprocity is possible. Holland, too, has her desiderata. But it can serve no useful purpose to write as if the peace of Western Europe depended on Holland's pliability.—Yours faithfully,

London.

P. GEYL.

April 22nd.

[We were careful to refer to this matter as one which "complicates" the life of Western Europe—and not as one which threatens its peace. If at times in its long history it has occasionally reached the stage of being a "dangerous" issue, the purpose of our note was to call attention to the possibility of the present negotiations finally removing one of the possible sources of friction in Western Europe.—Ed., *Economist*.]

ROAD OR RAIL.

TO THE EDITOR OF THE ECONOMIST.

SIR,—In your last issue a correspondent says, "It is absurd that they (the railways) must be made solvent by bleeding the more mobile road."

Has he thought of the fact that if the railways were put out of business there would, owing to fog, frost, flood and snow, be no reliable means of transport for two months every year, to say nothing of the damage heavy lorries do to property, gas and water mains; on an average one of these mains gives out every week.

It is not a question of fair play, but the interests of the community which demands that some limitation should be placed on the activities of road users.—Yours truly,

167, Gloucester Terrace,
Hyde Park, W.2.

JOSEPH RICARDO.

April 24.

Books and Publications.

SURVIVAL AND EFFICIENCY IN INDUSTRY.*

THE introductory course or textbook on economics frequently opens with an exposition of the advantages of the division of labour, which leaves the average beginner with the dangerous impression that he is now well-informed on the question of the most profitable scale for industrial enterprises of various broad types. Thus is swollen the wearisome army of armchair critics, who, without having seen so much as the outside of an ironworks, a foundry or a steel mill, are fully prepared to tell British iron and steel manufacturers exactly why they fail to meet foreign competition.

To these, and to more modest possessors of a little knowledge, the latest volume in the Cambridge Economic

* "The Structure of Competitive Industry." By E. A. G. Robinson. Nisbet and Cambridge University Press. 5s.

The recent formation of the Business Transfer Partnership & Property Agents Institute of Great Britain raises the status of the profession of Business Transfer Agents. A very comprehensive course dealing with B.T. can be secured for £1 1s. 0d., spread over 4 monthly payments of 5s. 3d. each. Course is sent on receipt of first payment.

EFFICIENCY PUBLISHING COMPANY. 71, Lowlands Road, Harrow

Handbooks series is especially to be commended. Mr Robinson, who devotes about three-quarters of his book to the question of the optimum unit in industry and the optimum size of an industry, envisages his problem as one of very delicately balanced forces, differing in every instance, and he contrives to infuse into his treatment of it much of the fascination which a skilful presentation of an analogous subject in biology would have for the interested layman. He has particularly interesting observations to make on the question of survival, and the chapters on "risks and fluctuations," "the reconciliation of optima," and "the problem of growth" are especially rewarding. A sparing but extremely apt use of illustration adds to their effectiveness.

Mr Robinson's masterly handling of a section of the subject matter of economics which is rarely made the subject of interesting treatment, except in books designed for specialists, must be his excuse for leaving so little space for the remainder of his field that rationalisation has to be relegated to one short chapter. As those parts of his subject which receive disproportionately small space are also those parts which are best dealt with elsewhere, this arrangement is, perhaps, not a ground for complaint. Not the least of the virtues of this little book is the success with which it maintains the tradition of the series to which it belongs, that the reader, though not yet possessed of economic knowledge, is an intelligent and educated person.

BOOKS RECEIVED.

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

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

The United States in World Affairs. 1931. By Walter Lippmann, in collaboration with William O. Scroggs. (London) Harper and Bros., 90, Great Russell Street. 15s. net.

The Agricultural Situation in 1930-31. (Rome) Treves, Treccani, Tumminelli, Via Michelangelo Caetani, 32.

A commentary on the International Yearbook of Agricultural Statistics.

Banking Credit and the Crisis. By J. W. Kempster. With a Foreword by Sir Josiah Stamp. (London) London General Press, 6, Bouverie Street. 12s. 6d. net.

Ungarns Aussenhandelspolitik nach dem Kriege. By Dr. E. Kilbenbeyer. (Berlin and Leipzig) Walter de Gruyter and Co.

A German essay on Hungarian post-war trade policy.

Statecraft. By William Sanderson. (London) Constable and Company, Limited, Orange Street. 8s. 6d. net.

A discussion of the objects of politics, the need of experience, and the problems at present awaiting solution.

The New Gold Standard. By O. I. Stausing and D. Erik Sjöstrand. (Stockholm) C. E. Fritze. 1s.

An plan for an international gold standard currency to be administered by an international gold reserve bank.

The World Economic Crisis, 1929-31. By Paul Einzig. (London) Macmillan and Company, Limited, St. Martin's Street. 7s. 6d. net.

The London Money Market. By F. Bradshaw Makin. (London) Gee and Company (Publishers), Ltd., 8, Kirby Street. 2s. net.

A little book which should be a great aid to the intelligent perusal of financial newspapers.

The Anglo-American Year Book, 1932. Edited by D. L. Gill. (London) American Chamber of Commerce, Aldwych House, Aldwych. 10s. net.

A directory, Who's Who, and general *vade mecum* for Americans in Great Britain.

The Scottish Investment Trust Companies. By George Glasgow. (London) Eyre and Spottiswoode (Publishers), Limited, 6, Great New Street. 50s.

An analysis of the methods of these companies, with a tabulation of the results of seventy-one of them.

International Review of Agriculture. February, 1932. (Rome) Treves, Treccani, Tumminelli, 32, Via Michelangelo Caetani.

The Uneconomics of Advertising. By Lewis Carr. (London) Wishart and Company, 10, John Street. 1s.

L'Europe Centrale. By Elémer Hantos. (Paris) Librairie Félix Alcan, 108, Boulevard Saint-Germain. 15 francs.

A plan for the reconstruction of Central Europe.

The Russian Army in the World War. By Lieut.-General Nicholas N. Golovine. (London) Oxford University Press, Warwick Square. 20s. net.

Monetary Inflation in Chile. By Frank Whitson Fetter. (London) Oxford University Press, Warwick Square. 15s. 6d. net.

An interesting study of Chile's extensive experience with paper currency.

The Swedish-Australasian Trade Journal. Twentieth Anniversary Number, 1911-1931. (Sydney) Swedish Chamber of Commerce.

An interesting collection of illustrated articles on Sweden and Australasia.

The World Crisis and the Teaching of the Manchester School. By Moritz J. Bonn. (London) R. Cobden-Sanderson, Limited, 1, Montague Street. 1s. net.

The Economic Crisis as it Affects the Wool Textile Industry. By A. H. Gibson. (Bradford) Textile Society.

The Administration of Estates. By A. H. Cosway. (London) Sir Isaac Pitman and Sons, Limited, Parker Street, Kingsway. 5s. net.

A description of the new law of intestacy.

The Crisis of 1931. By D. T. Jack. (London) P. S. King and Son, Limited, Orchard House, Westminster. 2s.

The Crisis of the Pound. By J. Taylor Peddie. (London) Macmillan and Company, Limited, St. Martin's Street. 7s. 6d. net.

A plea for the revision of monetary policy.

The Smithsonian Institution. Annual Report for 1930. (Washington) Superintendent of Documents. \$2.00.

Parliamentary Companion. February, 1932. (London) Vacher and Sons, Limited, Westminster House, Great Smith Street. 1s.

OFFICIAL PUBLICATIONS.

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

Annual Report of the Prisons Department for Scotland for the Year 1931. Cmd. 4063. 1s. 6d. net.

Colonial Report, No. 1566: Leeward Islands, 1930-31. 1s. 6d. net.

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This work shows in explicit detail the only rational methods by which small businesses can be financed; how to obtain finance for a good invention or business idea, and how to obtain finance for the purchase of a business. Indispensable to all seeking capital. Third Edition. By G. A. Bush, F.R.E.C.O.N.S. 4/6

THE BOY'S BOOK OF BUSINESS.

With a foreword by Lieut.-Gen. Lord Baden-Powell. This book should be in the possession of every boy just entering business life. By Cecil Chisholm, M.A., and Dudley W. Walton, F.I.R.S. 2/6

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The Stock Exchange.

COMPANY RECONSTRUCTION.

SURGICAL skill advances with grim rapidity in wartime. The present depression has afforded accountants over-abundant opportunities of perfecting the technique of company reconstruction. Major industries, like coal, steel, shipbuilding, engineering and textiles, having been left dry by an ebb-tide of profits after expanding their capital obligations during and after the war, have provided material for the financial hospital knife. Further, though no epoch has a monopoly in human misjudgment and folly, it has happened that, during the last few years, company failures from this cause have been unusually numerous and important. There is a helpful convention, common to all liberal professions, under which members enjoying special facilities for research place the fruits of their experience promptly before their fellow practitioners and the public. As all readers are aware who have followed our records of company "accidents," no accountant has latterly performed more major operations with skill and success (if success be judged by the patients' survival) than Sir William McLintock, whose part in the formulation of the Royal Mail Scheme of Arrangement is fresh in the public memory. Investors, therefore, may be well advised closely to study the conclusions in which Sir William has embodied his experience, in the reprint of a lecture recently given at Edinburgh.*

At the outset, Sir William draws a sharp distinction between "shareholders'" and "creditors'" reconstruction schemes, confusion between which has probably been responsible for more premature and abortive capital plans than all other causes together. His view is, clearly, that capital reductions affecting only shareholders, *inter se*, have tended, of late years, to be unduly numerous, ill-considered and unbalanced. In many instances, directors have formulated and rushed through such schemes immediately their companies have emerged from a period of trading losses, before there has been any opportunity to discover true future earning power. The motive in practically every case has not been financial conservatism, but the reverse. Unless the cleaning-up of the balance sheet is a preliminary to the raising of new capital, the operation has merely a bookkeeping character, which adds nothing to the resources of the company, and, in far too many cases, is intended merely to facilitate the resumption of dividends. Its whole *raison d'être* would frequently disappear if British law permitted the issue of "no par" shares, whose valuation would be automatically adjusted to changes in the assets.

There is force in Sir William's point that the dangers of under-estimation or over-estimation of future profits alike counsel caution in framing schemes for capital reduction. If the directors' "budgeting" is over-rosy, the whole process may be required to be gone through a second time, after a company, possibly, has weakened itself by paying out, in dividends, resources which should have been retained as floating capital, and by reducing its annual depreciation charge on its written-down assets. If earning power, on the other hand, is likely to increase, the wisest course may be to defer reconstruction in the hope that it may be avoided altogether. Leyland Motors, in this way, has cleared off a million of accumulated losses, paid all preference arrears, and rehabilitated its ordinary capital. Austin Motor, after writing 15s. off its ordinary capital in 1927, is now compelled to explain, for the benefit of organised labour and other interests whose misapprehensions might be embarrassing, that a 100 per cent. annual dividend is not the "profiteering" figure it appears. Conversely, a reduction of 33 per cent. in paid-

up capital, in 1924, failed to save Agricultural and General Engineers from a winding-up order in 1932.

The truth is that few reconstructions involving shareholders alone are really urgent. If and when they are decided on, it is essential that preference shareholders obtain equitable treatment. The latter are concerned solely with the possibility that, after reconstruction, earnings will be sufficient to provide the fixed sum of money to which they are annually entitled. It is not their business to facilitate, by personal sacrifice, the early resumption of payments to ordinary shareholders. If the nominal value of their shares is written down, their interest rate should be raised proportionately, so that their *income* rights remain unaltered. If insistence in this regard would merely prolong a company's difficulties, the appropriate compensation for a reduction in income is a share in the equity, which, *pro tanto*, reduces that of the ordinary shareholders. They should not be asked to relinquish dividend arrears, unless they are compensated by an enhanced dividend or the issue of additional preference or ordinary shares. They should not consent to reconstruction by way of the registration of a new company unless their position in this respect is safeguarded, since in a winding-up all rights to dividend arrears are automatically extinguished.

The position of ordinary shareholders is simpler. They own the equity in surplus earnings, and it matters nothing whether their tokens of ownership are nominally valued at 1d. or £1. Their chief legitimate concern is that they be not extinguished altogether, even when the whole of the "ordinary capital" appears to have been lost. They are entitled at least to hold a deferred claim on the future, against the possibility of an eventual restoration of earning power. Equity rights can never perish entirely, so long as a company remains a going concern.

The most difficult reconstructions of the post-war era in British finance have not been "shareholders' schemes," which at bottom have been mainly matters of convenience, but "creditors' schemes," which have arisen out of circumstances threatening the very existence of large concerns in industries like steel, engineering, shipbuilding, textiles and shipping. Many British trades are threatened by the same catastrophe as the world in general—asphyxiation under the pressure of debts too grievous to be borne in an epoch of greatly reduced income. Sir William's examination of this aspect resolves itself into an indictment of heavy funded debt in general, and "bad" debentures in particular. The debenture, at first sight, holds out many attractions as an investment medium. It is a cheap form of long-term capital, the market yield on the best industrial debentures being, as a rule, only about $\frac{1}{2}$ per cent. higher than that on British Government stocks. Debentures can be floated in times, like the present, when the market will not look at equities. They are a favourite means of getting a company "out of the bank." They are well regarded by many ordinary shareholders, who argue that, while they involve no diminution of their own sovereignty (debenture holders having no votes) they increase the value of the equity. If a company can raise £1,000,000 in $\frac{1}{2}$ per cent. debentures, and earn 10 per cent. on the money, an additional £45,000 will be available each year for ordinary shareholders. Hence, industries with large amounts of fixed assets to pledge, like the "heavy" trades, railways, breweries, etc., have resorted largely to the debenture. Other trades, such as tobacco, merchanting and retail trading concerns, have a smaller proportion of debentures, mainly because investors have regarded a floating charge as affording much less "solid" security than a fixed charge.

Recent experience has shown, however, that, while rights of foreclosure may protect debenture holders against

* "Company Reconstruction Schemes," By Sir William McLintock, G.B.E., C.V.O., C.A. Being a lecture delivered to the Chartered Accountants Students Society of Edinburgh on February 4, 1932; reprinted from "The Accountants Magazine" for February, 1932.

short-term fluctuations of income, they are illusory and dangerous when earning power has been more permanently affected. Prolonged payment of unearned interest may bleed a company of working capital. When default occurs, holders may find that assets which provided ample "cover" when a concern was doing well, may have little or no break-up value. Practically all the iron and steel reconstructions of the last ten years—including Pearson and Knowles, Partington Steel, Armstrong-Whitworth, Baldwins, Barrow Hematite and Cammell Laird—have involved heavy sacrifices by debenture holders of their "paper rights" in order to keep their concerns alive.

Investors who would see Sir William McLintock's ideas in concrete shapes will find them all expressed in the Royal Mail Scheme. They depend upon the fundamental principle that, when security has ceased to be enforceable, in any productive sense, everybody's best interests are served if it disappears altogether. Creditors, by becoming equity holders in law, as they already are in fact, may profitably relax their hold on assets, to allow a company to secure new working capital and may agree to accept interest out of earnings alone, whenever they have reason to think that a concern, in the future, may be worth more to them alive than dead.

This proposition appears, however, to be subject to a number of qualifications. The technical details of freeing assets from charge, once creditors have agreed, are essentially simple. It is necessary only to form an operating company to take over the assets in return for its own shares, to which the rights of creditors will then attach. Where more than one company is involved, two objects may be achieved simultaneously by making the new unencumbered operating company a merger concern, which can proceed with "rationalisation" measures on the administrative side. This principle has been applied successfully in the Royal Mail, Vickers-Armstrong, and Cammell-Laird schemes. But it involves a difficult question regarding the duration of the periods during which creditors, compelled by *force majeure* to step into the shoes of proprietors, should be asked to accept the inferior status of, virtually, pre-preference shareholders. In some of the earlier "creditors' reconstructions" of the last decade, debenture holders were induced to part with their foreclosure rights for ever. In later schemes, creditors have insisted on the insertion of provisions for amortisation within the earliest possible period, though the latter's duration has frequently been, perforce, indefinite, since those drawing up the schemes have insisted on making amortisation, like the payment of interest, dependent upon future earnings. The recent Cammell-Laird reconstruction, for example, provided for the repayment of principal of two mortgage debenture stocks by sinking funds whose amounts, with a specified annual maximum, were governed entirely by the dimensions of future profits.

It is not improbable that the universal acceptance of the thesis that, in adversity, the distinction between the rights of a creditor and a proprietor is chiefly one of priority would have far-reaching reactions. Credit-givers might tend considerably to restrict their facilities, in normal times, if the impression became widespread that an unexpected turn of fortune might change them into quasi-permanent shareholders. Bankers, who are expert in the technique of "nursing" temporarily frozen loans, will, when their voice is paramount in reconstruction, usually agree only to the suspension of their rights for a limited period, such as the three years granted in the Royal Mail Scheme, rather than to their metamorphosis. Debenture holders, being more numerous, scattered and incoherent, will usually be guided by the advice of their trustees, whose point of view is not infrequently more closely identified with the "long-term" aspect than that of other outside creditors. There may be much to be said for the view that the utmost a creditor should be asked to do is to relinquish his claim to interest until a company has sufficiently recovered to make it more profitable for him to foreclose, and get out. A first debenture holder who, after waiting a few years, sees the prospect of recovering his principal by sale of the assets, even though the latter may leave little or nothing for second debenture holders, may ask what material inducement can be offered him for holding his hand.

The conclusion would seem to be that in company finance, as elsewhere, prevention is better than attempted cure. Since economic forces are always changing, demand for human satisfactions finding new channels, and industries rising and falling, no concern can wisely pledge its assets for very long periods on the assumption that, because it is prosperous to-day, it will be prosperous in twenty, thirty or forty years' time. The unenviable position occupied by the iron and steel industry in the last ten years may be filled, later, by other trades at whose identity one cannot guess. Prudence may dictate, in future, the limitation of short-term indebtedness to a reasonable figure, and, possibly, the eventual disappearance of "funded indebtedness" as a medium of sound company finance. Informed opinion may insist that a provider of long-term capital, as distinct from short-term accommodation, should, from the outset, freely accept the implications of proprietorship, and not be induced to tolerate a speciously low yield on his investment by being offered the shadow of immunity from earnings fluctuations. In other words, the process of investment evolution may be inimical to the survival of the mortgage debenture, in its present form—though this may be looking far ahead.

THE WEEK IN THE MARKETS. THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.
May 24.

ACCOUNT.
May 26.

AFTER Monday's May Day holiday, the markets made a mixed showing. Investment interest was again concentrated on Gilt-edged stocks, some British funds establishing new high records, while the drain of resources from equity shares continued. The movement, however, tended to lose impetus, and by mid-week was tentatively reversed. British Government stocks began slightly to lose ground, although the 3 per Cent. Treasury Bond issue was regarded as moderately successful. Industrial shares, simultaneously, showed a slight recovery, which was probably no more than an upward reaction after a fortnight of unusually rapid decline. Continental buying of more speculative issues, simultaneously, accentuated the outward and visible results of a change in sentiment which had every inward sign of evanescence.

Early business in Gilt-edged stocks was on a large scale, but the rapidity of the movement in quotations invited profit-taking. Funding Loan was in keen request, but reacted subsequently. India loans remained firm, and Australian stocks hardened slightly on the end of Mr Lang's physical resistance to Commonwealth "attachment" measures.

Recent home corporation issues maintained their premiums, but dealings in the Hull stock were done at a discount.

Greece's default (discussed on page 1086) had unfavourable reactions in the market for European bonds, particularly those issued under League of Nations auspices. Austrian Sixes, however, after a sharp decline, were assisted by sinking fund operations. Far Eastern stocks were weak. The San Paulo scheme (summarised on page 1086) had little effect, apart from the attraction of a modicum of speculative interest to 7½ per Cent. Coffee Bonds, which were not included within its scope.

Selling of home rails continued unabated until Thursday, when sentiment changed somewhat abruptly, despite the continued unfavourable nature of the traffic returns. The market, indeed, had shown signs of being oversold, and moderate closing sufficed to put prices better, particularly as regards the junior stocks. In the foreign rail market, the directors of the Buenos Aires Great Southern and the Buenos Aires Western sprang a pleasant surprise on their proprietors by the publication of announcements showing the cash and earnings position in a much better light than the market had foreseen. The ordinary stocks of the Argentine "Big Four" quickly responded to the news.

Although the new Account, covering the Whitsun holiday, was of the unpopular three weeks' duration, the tone of industrial shares was perceptibly more cheerful, and the decline in values was checked. Electrical issues remained dull, and breweries uncertain, despite moderate selective support from the provinces. The Dunlop accounts, dealt with on page 1037, were well above expectation, the ordinary recovering on the payment of full preference dividends. The denunciation of the 1919 agreements in the cotton trade was not regarded as a bear point for textiles, reports of slightly increased manufacturing orders and turnover causing a modest recovery in prices. The market was also inclined to discount the possible success of efforts to induce the Government to change its mind as regards the silk duties. The "Rothermere" newspaper reports of the week were deemed satisfactory, despite the reductions in earnings and dividends. The decline in tobacco shares was arrested, though the market still had an appearance of instability. Iron and steel shares again failed to benefit from their prospective gains as tariff beneficiaries. Unilever were purchased from Amsterdam. Harrods remained on offer. Bank shares were dull, with the exception of Hong-Kong and Shanghai and New Zealand institutions, which reflected improved local conditions. Little investment interest was shown in insurance shares, numerous fractional falls being recorded.

Evidence of declining production, at long last, in the rubber industry encouraged a few inquiries for the better-class shares, though the volume of actual buying orders was disproportionate. The prospects of the enactment of proposals for a 5 cents per pound duty on rubber entering the United States were not regarded seriously. Tea shares were again subject to liquidation, the disappointing report of the Eastern Produce Company depressing the market. Oil shares were more active and cheerful than for some time past, partly on Continental support and partly on speculative exploitation of the possibilities of the New York Conference on "co-operation."

A large volume of business was done in the mining market, almost entirely owing to Continental support. The movement was ascribed, obscurely, to French desire to insure against the possible assumption of power by the parties of the Left. Rises were general among the international "Kaffir" favourites. De Beers moved in sympathy despite the announcement that the company would probably refuse to give evidence before the Diamond Commission. Rhodesian shares did not benefit from the steadiness of copper, and only trifling gains in tin share prices followed the sharp speculative rise in the commodity on the announcement of new and drastic output restriction proposals, which are discussed on page 1038.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	Apr. 28 1932.	Apr. 29 1932.	Apr. 30 1932.	May 2, 1932.	May 3, 1932.	May 4, 1932.	May 5, 1932.
Government and Municipal Loans	1,375	1,455			2,374	1,613	1,478
Transport, Communications, Public Utilities, Commercial and Industrial	942	842			1,329	853	998
Banks, Insurance and Financial	1,488	1,602			2,142	1,413	1,410
Mines (including Nitrate)	437	471			707	439	525
Oil	344	354			475	436	452
Rubber, Tea and Coffee	153	134			193	183	134
Total	79	69			137	114	68
	4,818	4,927			7,357	5,051	5,065

* Including iron and steel and breweries.

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

Highest of 1932. (Mar. 3.)	Lowest of 1932. (May 3.)	Apr. 28, 1932.	Apr. 29, 1932.	Apr. 30, 1932.	May 2, 1932.	May 3, 1932.	May 4, 1932.	May 5, 1932.
63.7	55.1	56.3	55.3	•	•	55.1	55.4	55.8

* Stock Exchange closed.

In response to the petition they have received, the Committee for General Purposes announce that the Stock Exchange will be closed on Saturdays, the 7th and 14th instant. The further closing of the Stock Exchange on Saturdays will be considered at a later date.

FOREIGN STOCK EXCHANGES.

NEW YORK.

The faint signs of an improved undertone in the markets did not survive a severe buffeting at the hands of Congress. The passing by the House of Representatives of the Goldsborough Bill, calling on the Federal Reserve System to restore prices to the 1926 level, was regarded as of purely theoretical interest, but much more anxiety was shown over the mutilation of the Budget programme, and the report that the Senate Finance Committee had fixed a flat 4 per cent. transfer tax on bond sales, together with the approval by Mr Owen Young of the principle of bond issues for \$2,000 millions for new nationwide relief works. Stock Exchange business was severely restricted, with prices, particularly of railroad issues, drifting downwards, though a sharp rally occurred on Wednesday after many issues had broken to new record low levels. Oil stocks were a prominent exception, their relative strength being due partly to reduced production figures, but mainly to propaganda associated with the opening of the Producers' Conference for a world-wide restriction scheme. Steel ingot production showed another slight increase from 23½ to 24 per cent. of capacity.

	Apr. 21, 1932.	Apr. 28, 1932.	May 5, 1932.		Apr. 21, 1932.	Apr. 28, 1932.	May 5, 1932.
U.S. 3½% T. Bds.	101½	101½	100	Natl. Biscuit	33½	33	32½
Lib. L. 3½% '32-47	100½	100½	100½	Phelps Dodge	5½	5½	4½
Do. 4½% '32-47	101½	101½	101½	Pullman	17	15½	14
Do. 4½% '33-38	102½	102½	102½	Seam-Roebuck	21	19½	15½
Atchafalpa	47½	42½	35½	Studebaker	6	4½	4½
Ches. & Ohio	17½	16	16	Un. Fruit	20½	19½	16
Erie	4½	4½	4	U.S. Leather	11	11	11
Illinois Central	11½	11½	10½	U.S. Rubber	3½	3½	3
N.Y. Central	21½	18½	13½	U.S. Steel	30½	28½	27½
Pennsylvania	13½	12	10½	Westinghouse	22½	22½	22½
Southern Pacific	15½	13½	11½	Woolworth	38½	36½	32½
Southern Ry.	6½	5½	5	Am. Tel. & Tlg.	101½	98½	96½
Union Pacific	56½	52½	49	Interboro R.T.	8	7½	7½
Am. Can.	45½	40½	36½	Int. Tel. Teleg.	6½	5½	5½
Amer. Smelting	9½	9	8½	Radio Corp.	5½	4½	3½
Anacosta	15½	5	4½	Utilities P. & L.	2½	3	2½
Bethlehem Steel	13½	12½	12½	W. Union Tlg.	28½	26½	21½
Chrysler Motor	9½	9½	8½	Associated Gas "A"	2½	2½	2½
Corn Produce Rf.	31½	32½	33	Pan. Amer. B.	26	22	22½
Eastman Kodak	56½	51½	45½	Shell	12	9½	9½
Gen. Electric (New)	14½	14½	13½	Shell Union	18	18	18½
Gen. Motors	11½	11	10	Std. California	18	18	18½
Int. Harvester	19½	18	16½	Do. N.J.	22½	22½	23½
Mont. Ward	7½	7½	6½				

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

	1930.		1931.		1932.		
	Lowest.	Highest.	Lowest.	Highest.	Be- ginning of Year.	April 27.	May 4.
337 Industrials	98.2	174.1	51.4	114.7	52.2	41.8	38.6
33 Rails	89.1	145.6	31.7	105.7	32.2	22.6	19.4
34 Utilities	153.2	267.4	90.6	187.6	91.8	74.9	70.5
Total, 404 stocks	105.5	184.2	54.7	124.6	55.5	44.2	40.9
Average yield of 50 Industrial Common Stocks	4.15%	5.95%	9.37%	5.11%	9.29%	9.46%	10.32%

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

Highest of 1932. (Mar. 8.)	Lowest of 1932. (May 3.)	April 27, 1932.	April 28, 1932.	April 29, 1932.	May 1, 1932.	May 2, 1932.	May 3, 1932.	May 4, 1932.
68.9	42.8	47.4	45.8	44.1	44.2	43.4	42.8	43.5

TOTAL DEALINGS IN NEW YORK.

	April 29, 1932.	April 30, 1932.	May 2, 1932.	May 3, 1932.	May 4, 1932.	May 5, 1932.
Stock Exchange— Shares (Thous.)	1,200	400	800	900	1,300	1,000
Bonds (Value Thous. \$).....	8,297	4,861	9,662	10,973	14,360	10,373
Curb— Shares (Thous.)	140	80	120	120	190	150

* 2-hour session.

PARIS.

Weak conditions prevailed at the outset, but subsequently a certain liveliness developed, for reasons connected with the political outlook, to which, in election week, all other French interests are normally subordinate. Mid-week arbitrage operations assisted all securities with

(Continued on page 1034.)

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

Prices Year 1931.		Prices Year 1932 (Jan. 1 to May 4) Inclusive.		Name of Security.		Prices Year 1931.		Prices Year 1932 (Jan. 1 to May 4) Inclusive.		Name of Security.		Prices Year 1931.		Prices Year 1932 (Jan. 1 to May 4) Inclusive.		Name of Security.			
High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.		
				£ s. d.								£ s. d.							
British Funds.																			
60 1/2	49 1/2	61 1/2	54 1/2	Consols 2 1/2 %	60 1/2	61 1/2	+1 1/2	4 1 0	21	8	6	70/-	70/-	70/-	70/-	70/-	70/-		
97 1/2	77 1/2	96 1/2	81 1/2	Consols 4 %	94 1/2	95 1/2	+1 1/2	4 4 3	70/-	70/-	108	93	108	93	108	93	108		
85 1/2	67 1/2	86 1/2	73 1/2	Con. Loan 3 1/2 %	83 1/2	84 1/2	+1 1/2	4 4 1	65/-	20/-	25/-	12/6	65/-	20/-	25/-	12/6	65/-		
104 1/2	84 1/2	104 1/2	93 1/2	Do. 4 1/2 % 1940-44	106 1/2	107 1/2	+1 1/2	4 4 9	9 1/2	2 1/2	4 1 1/2	1 1/2	9 1/2	2 1/2	4 1 1/2	1 1/2	9 1/2		
104 1/2	93 1/2	108 1/2	99 1/2	Do. 5 % 1944-64	107 1/2	108 1/2	+1 1/2	4 4 1	10	10	10	10	10	10	10	10	10		
97 1/2	78 1/2	98 1/2	85 1/2	Treasury 4 1/2 % 1930-30	97 1/2	98 1/2	+1 1/2	4 5 0	16/9	5/9	6/6	4/-	16/9	5/9	6/6	4/-	16/9		
102 1/2	93 1/2	102 1/2	97 1/2	Treasury 4 1/2 % 1932-34	101 1/2	102 1/2	+1 1/2	4 5 0	11/6	8/9	9/3	8/9	11/6	8/9	9/3	8/9	11/6		
103 1/2	85 1/2	103 1/2	98 1/2	Treasury 5 % 1933-35	101 1/2	102 1/2	+1 1/2	4 5 0	6 1/2	3/6	10/-	10/-	6 1/2	3/6	10/-	10/-	6 1/2		
98 1/2	85 1/2	98 1/2	89 1/2	Victory Bonds 4 %	98 1/2	98 1/2	+1 1/2	4 5 0	11/6	8/9	9/3	8/9	11/6	8/9	9/3	8/9	11/6		
104 1/2	90 1/2	103 1/2	95 1/2	War Loan 5 % 1929-47	101 1/2	101 1/2	+1 1/2	4 4 6	25/6	12/6	15/-	6/3	25/6	12/6	15/-	6/3	25/6		
70 1/2	57 1/2	71 1/2	60 1/2	Local Loans 3 %	70 1/2	71 1/2	+1 1/2	4 4 2	55/9	31/3	50/-	35/-	55/9	31/3	50/-	35/-	55/9		
46 1/2	29 1/2	49 1/2	36 1/2	India 2 1/2 %	46 1/2	47 1/2	+1 1/2	4 5 3	27 1/2	23/6	27 1/2	23/6	27 1/2	23/6	27 1/2	23/6	27 1/2		
55 1/2	34 1/2	59 1/2	42 1/2	Do. 3 %	55 1/2	57 1/2	+1 1/2	4 5 0	58/3	43/9	58/-	47/6	58/3	43/9	58/-	47/6	58/3		
64 1/2	41 1/2	69 1/2	49 1/2	Do. 3 1/2 %	64 1/2	67 1/2	+1 1/2	4 5 0	26 1/4	19/9	25/-	21/6	26 1/4	19/9	25/-	21/6	26 1/4		
85 1/2	55 1/2	92 1/2	67 1/2	Do. 4 1/2 % 1958-68	89 1/2	87 1/2	+1 1/2	4 7 6	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2		
105 1/2	90 1/2	110 1/2	103 1/2	Palestine 5 % 42-67	105 1/2	105 1/2	+1 1/2	4 7 6	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2		
110 1/2	90 1/2	110 1/2	103 1/2	Sudan 5 1/2 % Bonds	108 1/2	108 1/2	+1 1/2	4 13 3	10	10	10	10	10	10	10	10	10		
99 1/2	87 1/2	98 1/2	87 1/2	Uster 4 1/2 % 45-75	98 1/2	99 1/2	+1 1/2	4 13 3	10	10	10	10	10	10	10	10	10		
Dom. & Colonial Govts.																			
85 1/2	58 1/2	93 1/2	77 1/2	Australia 5 % 1945-75	84 1/2	84 1/2	...	6 3 0	14/9	9/7 1/2	14/-	11/3	84 1/2	84 1/2	...	6 3 0	14/9		
96 1/2	75 1/2	94 1/2	82 1/2	Canada 4 % 1940-60	93 1/2	93 1/2	...	4 9 0	66/6	43/3	55/-	45/-	93 1/2	93 1/2	...	4 9 0	66/6		
105 1/2	97 1/2	106 1/2	100 1/2	Ceylon 6 % 1935-55	106 1/2	106 1/2	+1 1/2	4 11 0	42	2 1/2	87 1/2	70 1/2	106 1/2	106 1/2	+1 1/2	4 11 0	42		
101 1/2	87 1/2	101 1/2	81 1/2	Gold Coast 4 1/2 % 1950	100 1/2	101 1/2	+1 1/2	4 12 8	6 1/2	6 1/2	6 1/2	6 1/2	100 1/2	101 1/2	+1 1/2	4 12 8	6 1/2		
105 1/2	92 1/2	105 1/2	93 1/2	Kenya 5 % 1948-58	106 1/2	106 1/2	...	4 14 0	11 1/2	93	105	92	105 1/2	106 1/2	...	4 14 0	11 1/2		
104 1/2	92 1/2	105 1/2	93 1/2	Nigeria 5 % 1950-60	105 1/2	105 1/2	...	4 14 0	11 1/2	93	105	92	105 1/2	106 1/2	...	4 14 0	11 1/2		
80 1/2	46 1/2	78 1/2	58 1/2	N.S. Wales 5 % 35-55	65 1/2	65 1/2	...	4 3 0	7 1/2	48 1/2	52/-	41/9	65 1/2	65 1/2	...	4 3 0	7 1/2		
102 1/2	85 1/2	100 1/2	84 1/2	N. Zealand 5 % 1946	99 1/2	99 1/2	...	7 2 0	80/6	60/6	70/6	62 1/2	99 1/2	99 1/2	...	7 2 0	80/6		
81 1/2	48 1/2	87 1/2	70 1/2	Queensland 4 % 40-60	75 1/2	75 1/2	...	5 3 0	31 1/2	19	29 1/2	21 1/2	75 1/2	75 1/2	...	5 3 0	31 1/2		
105 1/2	92 1/2	101 1/2	90 1/2	S. Africa 5 % 1945-75	100 1/2	100 1/2	+1 1/2	4 12 0	43 1/2	27 1/2	38 1/2	28 1/2	100 1/2	100 1/2	+1 1/2	4 12 0	43 1/2		
100 1/2	85 1/2	101 1/2	88 1/2	Strat. Sect. 4 1/2 % 35-45	100 1/2	101 1/2	+1 1/2	4 12 0	43 1/2	27 1/2	38 1/2	28 1/2	100 1/2	101 1/2	+1 1/2	4 12 0	43 1/2		
Foreign Governments.																			
88 1/2	63 1/2	77 1/2	59 1/2	Argentina 4 % Reclos.	63 1/2	62 1/2	-1 1/2	8 16 0	357	295	354	310	63 1/2	62 1/2	-1 1/2	8 16 0	357		
105 1/2	94 1/2	100 1/2	76 1/2	Austrian 6 % 1921-43	90 1/2	80 1/2	-10 1/2	9 5 10	147	94	104	88 1/2	90 1/2	80 1/2	-10 1/2	9 5 10	147		
85 1/2	33 1/2	49 1/2	28 1/2	Do. 7 % Int. red. by 1957	43 1/2	40 1/2	-3 1/2	12 10 0	80/10	47/6	70/9	56 1/2	43 1/2	40 1/2	-3 1/2	12 10 0	80/10		
56 1/2	29 1/2	41 1/2	26 1/2	B. Aires (Prov.) 3 1/2 %	30 1/2	29 1/2	-1 1/2	6 16 6	3	21	16	20	30 1/2	29 1/2	-1 1/2	6 16 6	3		
112 1/2	89 1/2	108 1/2	94 1/2	Belgian 7 % red. by 1956	104 1/2	102 1/2	-2 1/2	9 10 6	24	16 1/2	20 1/2	17 1/2	104 1/2	102 1/2	-2 1/2	9 10 6	24		
83 1/2	36 1/2	38 1/2	21 1/2	Bulgaria 7 1/2 % Loan	22 1/2	25 1/2	+3 1/2	...	15 1/2	11	14 1/2	11	22 1/2	25 1/2	+3 1/2	...	15 1/2		
75 1/2	43 1/2	69 1/2	51 1/2	Brazil 5 % Jan. 1914	52 1/2	52 1/2	-1 1/2	9 10 6	24	16 1/2	20 1/2	17 1/2	52 1/2	52 1/2	-1 1/2	9 10 6	24		
99 1/2	28 1/2	46 1/2	23 1/2	Chili 6 % (1927)	34 1/2	31 1/2	-3 1/2	...	15 1/2	11	14 1/2	11	34 1/2	31 1/2	-3 1/2	...	15 1/2		
94 1/2	30 1/2	30 1/2	19 1/2	Do. 6 1/2 % (1927)	34 1/2	31 1/2	-3 1/2	...	15 1/2	11	14 1/2	11	34 1/2	31 1/2	-3 1/2	...	15 1/2		
62 1/2	33 1/2	43 1/2	32 1/2	China 5 % (1912)	34 1/2	34 1/2	...	14 14 3	34 1/2	25 1/2	33 1/2	26 1/2	34 1/2	34 1/2	...	14 14 3	34 1/2		
107 1/2	65 1/2	63 1/2	62 1/2	Do. 5 % (1913)	57 1/2	57 1/2	...	9 4 9	16 1/2	12 1/2	15 1/2	12 1/2	57 1/2	57 1/2	...	9 4 9	16 1/2		
78 1/2	103 1/2	77 1/2	77 1/2	Czechoslovakia 8 %	92 1/2	93 1/2	+1 1/2	4 15 0	13 1/2	9 1/2	12 1/2	9 1/2	92 1/2	93 1/2	+1 1/2	4 15 0	13 1/2		
86 1/2	70 1/2	83 1/2	70 1/2	Danish 3 %	70 1/2	70 1/2	...	4 13 0	9 1/2	13 1/2	9 1/2	13 1/2	70 1/2	70 1/2	...	4 13 0	9 1/2		
85 1/2	65 1/2	88 1/2	79 1/2	Danish 6 1/2 %	50 1/2	50 1/2	+1 1/2	4 16 0	40/-	28 1/2	40/-	30/-	50 1/2	50 1/2	+1 1/2	4 16 0	40/-		
76 1/2	35 1/2	60 1/2	45 1/2	Egypt Unified 7 %	45 1/2	45 1/2	...	15 11 3	6 1/2	4 1/2	6 1/2	4 1/2	45 1/2	45 1/2	...	15 11 3	6 1/2		
92 1/2	70 1/2	65 1/2	60 1/2	Ecuador 6 % 1923	65 1/2	60 1/2	-5 1/2	10 0 0	8 1/2	6 1/2	7 1/2	6 1/2	65 1/2	60 1/2	-5 1/2	10 0 0	8 1/2		
31 1/2	20 1/2	28 1/2	24 1/2	French 8 % (British)	25 1/2	24 1/2	-1 1/2	4 4 0	3 1/2	3 1/2	3 1/2	3 1/2	25 1/2	24 1/2	-1 1/2	4 4 0	3 1/2		
30 1/2	20 1/2	28 1/2	24 1/2	Do. 5 %	27 1/2	26 1/2	-1 1/2	5 4 0	3 1/2	3 1/2	3 1/2	3 1/2	27 1/2	26 1/2	-1 1/2	5 4 0	3 1/2		
106 1/2	83 1/2	67 1/2	45 1/2	German 7 %	65 1/2	64 1/2	-1 1/2	10 17 0	5 1/2	4 1/2	5 1/2	4 1/2	65 1/2	64 1/2	-1 1/2	10 17 0	5 1/2		
93 1/2	69 1/2	66 1/2	63 1/2	Do. 5 1/2 % Str. Bds. 1930	47 1/2	47 1/2	...	11 16 0	14 1/2	11 1/2	13 1/2	11 1/2	47 1/2	47 1/2	...	11 16 0	14 1/2		
104 1/2	73 1/2	81 1/2	30 1/2	Greek 6 % Stab. Ln.	30 1/2	30 1/2	-10 1/2	...	293	229	240	215	30 1/2	30 1/2	-10 1/2	...	293		
103 1/2	42 1/2	70 1/2	30 1/2	Do. 7 % Refugee	40 1/2	40 1/2	-10 1/2	22 19 0	14 1/2	8 1/2	11 1/2	7 1/2	40 1/2	40 1/2	-10 1/2	22 19 0	14 1/2		
111 1/2	83 1/2	100 1/2	70 1/2	Hungary 7 1/2 %	34 1/2	30 1/2	-4 1/2	10 0 0	28 1/2	14 1/2	24 1/2	16 1/2	34 1/2	30 1/2	-4 1/2	10 0 0	28 1/2		
105 1/2	77 1/2	93 1/2	60 1/2	Japanese 5 1/2 % 1935-85	79 1/2	79 1/2	-8 1/2	9 10 6	24	16 1/2	20 1/2	17 1/2	79 1/2	79 1/2	-8 1/2	9 10 6	24		
14 1/2	5 1/2	10 1/2	6 1/2	Do. 6 % (1899)	71 1/2	69 1/2	-2 1/2	...	185	156	157 1/2	147 1/2	71 1/2	69 1/2	-2 1/2	...	185		
98 1/2	78 1/2	90 1/2	78 1/2	Mexican 6 % 1911	80 1/2	84 1/2	+4 1/2	4 15 3	17 1/2	125 1/2	125	100	80 1/2	84 1/2	+4 1/2	4 15 3	17 1/2		
83 1/2	40 1/2	55 1/2	40 1/2	Peru 7 1/2 % 1922	40 1/2	40 1/2	...	18 25 0	110 1/2	70 1/2	70 1/2	70 1/2	40 1/2	40 1/2	...	18 25 0	110 1/2		
86 1/2	54 1/2	78 1/2	58 1/2	Poland 7 %	60 1/2	60 1/2	...	11 13 3	186	155	158 1/2	154 1/2	60 1/2	60 1/2	...	11 13 3	186		
104 1/2	92 1/2	103 1/2	90 1/2	Siam 6 % 1934-64	99 1/2	99 1/2	...	6 2 0	327	230 1/2	247	198	99 1/2	99 1/2	...	6 2 0	327		
89 1/2	75 1/2	79 1/2	70 1/2	Swedish 3 1/2 % 1908	70 1/2	70 1/2	...	5 0 0	427	335 1/2	341	298	70 1/2	70 1/2	...	5 0 0	427		
76 1/2	39 1/2	67 1/2	49 1/2	S. Paulo Coffee 7 %	48 1/2	50 1/2	+2 1/2	...	22 1/2	15/-	17 1/2	12/6	48 1/2	50 1/2	+2 1/2	...	22 1/2		
104 1/2	8 1/2	8 1/2	5 1/2	Turkish 4 % Unified	6 1/2	5 1/2	-1 1/2	10 0 0	235	210	207	200	6 1/2	5 1/2	-1 1/2	10 0 0	235		
80 1/2	45 1/2	50 1/2	46 1/2	Uruguay 5 %	50 1/2	50 1/2	...	10 0 0	380	313	316	296	50 1/2	50 1/2	...	10 0 0	380		
Corporation Stocks.																			
84 1/2	24 1/2	46 1/2	25 1/2	Berlin 6 % 1932-57	30 1/2	25 1/2	-5 1/2	24 0 0	92	50	50 1/2	44 1/2							

Prices Year 1931.				Prices Year 1932 (Jan. 1 to May 4) Inclusive.				Prices Year 1932 (Jan. 1 to May 4) Inclusive.				Name of Security.				Prices Year 1932 (Jan. 1 to May 4) Inclusive.				Prices Year 1932 (Jan. 1 to May 4) Inclusive.			
High.		Low.		High.		Low.		High.		Low.		High.		Low.		High.		Low.		High.		Low.	
Est.		Est.		Est.		Est.		Est.		Est.		Est.		Est.		Est.		Est.		Est.		Est.	
s. d.		s. d.		s. d.		s. d.		s. d.		s. d.		s. d.		s. d.		s. d.		s. d.		s. d.		s. d.	
Coal, &c.—cont.																							
4/3	1/4	3/8	2/0	Baldwin 4c.—cont.	2/6	2/6	...	NH	11/7	5/11	7/1	5/3	Anglo-Burmese B.L.	5/9	5/9	...	NH	...	...	...	...	...	...
17/1	2/1	3/6	2/9	Bengal Iron & Steel	12/6	12/6	...	NH	48/1	20/1	28/9	20/1	Anglo-Egyptian B.L.	25/1	25/1	+1/3	8	17	0	...	...	...	...
19/9	10/1	20/1	12/6	Bengal Iron & Steel	12/6	12/6	...	NH	56/10	26/10	42/2	29/4	Anglo-Persian B.L.	32/6	34/1	+1/4	8	17	0	...	...	...	...
4/6	1/1	2/1	1/3	Bengal Iron & Steel	12/6	12/6	...	NH	20/1	9/1	14/6	8/3	Anglo-Persian B.L.	10/1	10/6	+6d	9	16	0	...	...	...	...
3/4	2/6	7/1	4/6	Bengal Iron & Steel	12/6	12/6	...	NH	2/9	11/4	17/1	1/1	Anglo-Persian B.L.	8/9	8/9	...	NH	...	...	...	...	...	...
93/11	44/6	5/6	50/7	Bengal Iron & Steel	12/6	12/6	...	NH	72/6	30/9	46/10	33/3	Anglo-Persian B.L.	1/1	1/3	+3d	...	...	...	...	...	...	...
7/3	2/3	4/6	2/9	Bengal Iron & Steel	12/6	12/6	...	NH	3/3	2/1	8/1	4/1	Anglo-Persian B.L.	38/1	42/6	+4d	10	12	0	...	...	...	...
2/6	2/1	1/3	10/4	Bengal Iron & Steel	12/6	12/6	...	NH	10/9	5/6	8/6	5/3	Anglo-Persian B.L.	5/9	6/1	+3d	...	...	...	...	...	...	...
2/1	3/1	1/3	10/4	Bengal Iron & Steel	12/6	12/6	...	NH	26/1	9/1	20/1	1/1	Anglo-Persian B.L.	12/1	13/1	+1d	22	5	0	...	...	...	...
24/3	10/1	5/1	4/6	Bengal Iron & Steel	12/6	12/6	...	NH	76/3	26/3	50/7	29/4	Anglo-Persian B.L.	33/3	34/3	+6d	10	14	0	...	...	...	...
8/5	3/1	5/1	4/6	Bengal Iron & Steel	12/6	12/6	...	NH	30/1	10/1	28/5	1/1	Anglo-Persian B.L.	25/1	26/1	+10d	3	14	0	...	...	...	...
9/4	12/6	18/9	13/3	Bengal Iron & Steel	12/6	12/6	...	NH	35/11	15/6	27/2	16/3	Anglo-Persian B.L.	22/1	22/1	...	9	0	0	...	...	...	...
23/1	12/6	18/9	13/3	Bengal Iron & Steel	12/6	12/6	...	NH	20/6	16/3	21/3	18/3	Anglo-Persian B.L.	20/7	20/7	...	4	17	0	...	...	...	...
33/1	2/6	5/1	3/6	Bengal Iron & Steel	12/6	12/6	...	NH	33/3	15/1	16/9	15/1	Anglo-Persian B.L.	15/1	15/1	...	NH	...	...	...	...	...	...
18/3	6/3	9/6	5/9	Bengal Iron & Steel	12/6	12/6	...	NH	17/9	7/3	14/1	7/3	Anglo-Persian B.L.	11/3	10/1	-1/3	NH	...	...	...	...	...	...
10/1	7/4	2/1	4/4	Bengal Iron & Steel	12/6	12/6	...	NH	3/9	2/3	3/8	2/4	Anglo-Persian B.L.	3/3	3/3	-3d	7	2	9	...	...	...	...
33/1	3/6	2/1	4/4	Bengal Iron & Steel	12/6	12/6	...	NH	20/1	11/1	13/6	10/6	Anglo-Persian B.L.	12/6	12/6	...	8	16	0	...	...	...	...
18/3	6/3	9/6	5/9	Bengal Iron & Steel	12/6	12/6	...	NH	38/6	21/3	28/9	20/1	Anglo-Persian B.L.	23/9	23/9	+1d	5	9	0	...	...	...	...
10/7	3/9	27/6	25/3	Bengal Iron & Steel	12/6	12/6	...	NH	20/9	9/9	27/1	22/10	Anglo-Persian B.L.	16/3	16/3	-1/3	13	6	9	...	...	...	...
30/1	10/9	17/6	12/6	Bengal Iron & Steel	12/6	12/6	...	NH	27/6	18/9	29/1	22/10	Anglo-Persian B.L.	23/9	23/9	-1/3	7	5	9	...	...	...	...
28/9	11/3	15/1	12/6	Bengal Iron & Steel	12/6	12/6	...	NH	52/6	28/6	67/3	53/1	Anglo-Persian B.L.	63/9	63/9	-2/6	6	14	3	...	...	...	...
3/3	6d	12/11	1/3	Bengal Iron & Steel	12/6	12/6	...	NH	43/1	23/1	31/6	25/1	Anglo-Persian B.L.	27/6	28/3	-1/3	5	14	3	...	...	...	...
8/9	2/6	7/9	6/6	Bengal Iron & Steel	12/6	12/6	...	NH	14/3	7/1	11/6	7/6	Anglo-Persian B.L.	8/1	8/1	...	NH	...	...	...	...	...	...
31/6	13/9	14/8	12/6	Bengal Iron & Steel	12/6	12/6	...	NH	37/6	29/4	43/3	33/3	Anglo-Persian B.L.	25/6	25/6	...	7	15	0	...	...	...	...
156	85/4	87/1	83/4	Bengal Iron & Steel	12/6	12/6	...	NH	31/3	18/9	29/9	21/10	Anglo-Persian B.L.	23/9	22/6	-1/3	4	8	11	...	...	...	...
11/3	6/1	9/4	6/7	Bengal Iron & Steel	12/6	12/6	...	NH	26/1	20/3	25/9	18/9	Anglo-Persian B.L.	23/1	23/1	...	5	3	6	...	...	...	...
23/9	14/1	19/9	17/1	Bengal Iron & Steel	12/6	12/6	...	NH	105/1	65/7	82/6	72/3	Anglo-Persian B.L.	73/9	72/6	-1/3	5	10	3	...	...	...	...
Oil.																							
5/1	2/1	4/1	2/9	B. Ctn. & Wood D. 5c.	3/9	3/9	...	NH	37/6	25/1	31/6	22/1	Anglo-Persian B.L.	20/7	20/7	...	4	17	0	...	...	...	...
18/1	5/6	15/6	10/1	Breadf. 1c.	10/1	10/1	...	NH	20/6	12/1	11/6	7/1	Anglo-Persian B.L.	15/1	15/1	...	NH	...	...	...	...	...	...
25/7	11/3	23/6	15/1	Breadf. 1c.	10/1	10/1	...	NH	37/6	25/1	31/6	22/1	Anglo-Persian B.L.	11/3	10/1	-1/3	NH	...	...	...	...	...	...
14/1	4/1	7/1	5/10	Breadf. 1c.	10/1	10/1	...	NH	39/1	14/1	15/2	1/3	Anglo-Persian B.L.	12/1	10/7	-1/4	NH	...	...	...	...	...	...
11/6	4/1	7/1	5/10	Breadf. 1c.	10/1	10/1	...	NH	45/7	17/1	23/6	10/6	Anglo-Persian B.L.	25/1	24/3	-1/4	7	3	0	...	...	...	...
13/6	4/6	10/10	6/9	Breadf. 1c.	10/1	10/1	...	NH	23/6	17/1	25/4	20/3	Anglo-Persian B.L.	43/9	42/6	-1/3	7	1	3	...	...	...	...
9/4	3/4	5/6	35/7	Breadf. 1c.	10/1	10/1	...	NH	71/3	40/6	50/1	41/6	Anglo-Persian B.L.	2/6	2/6	...	NH	...	...	...	...	...	...
45/7	24/7	37/9	27/9	Breadf. 1c.	10/1	10/1	...	NH	6/3	2/3	3/9	2/6	Anglo-Persian B.L.	8/1	8/1	...	NH	...	...	...	...	...	...
40/7	19/3	30/6	23/6	Breadf. 1c.	10/1	10/1	...	NH	15/3	8/9	4/1	4/1	Anglo-Persian B.L.	2/6	2/6	...	NH	...	...	...	...	...	...
16/6	13/1	15/1	11/10	Breadf. 1c.	10/1	10/1	...	NH	45/6	24/3	45/1	45/1	Anglo-Persian B.L.	50/9	52/6	+2/6	6	18	0	...	...	...	...
25/1	10/1	18/6	11/6	Breadf. 1c.	10/1	10/1	...	NH	15/6	11/3	15/6	12/9	Anglo-Persian B.L.	14/9	15/1	+3d	6	13	3	...	...	...	...
28/9	16/6	24/8	21/3	Breadf. 1c.	10/1	10/1	...	NH	17/1	11/3	16/1	13/1	Anglo-Persian B.L.	15/1	14/3	-9d	4	3	6	...	...	...	...
18/3	7/6	15/6	12/6	Breadf. 1c.	10/1	10/1	...	NH	21/3	8/7	17/10	13/6	Anglo-Persian B.L.	15/1	14/3	-1/1	6	9	0	...	...	...	...
51/10	17/3	30/6	35/1	Breadf. 1c.	10/1	10/1	...	NH	7/1	2/6	5/3	3/6	Anglo-Persian B.L.	7/1	7/1	...	NH	...	...	...	...	...	...
60/10	41/1	52/1	47/6	Breadf. 1c.	10/1	10/1	...	NH	82/6	48/2	74/10	74/10	Anglo-Persian B.L.	75/1	75/1	...	NH	...	...	...	...	...	...
Electrical.																							
25/10	15/1	23/9	17/1	Associated Elec. (L.)	17/6	17/6	+3d	4	11	6	25/1	25/1	Anglo-Persian B.L.	25/1	25/1	...	NH	...	...	...	...	...	...
67/6	47/6	60/9	50/3	Associated Elec. (L.)	17/6	17/6	+3d	4	11	6	25/1	25/1	Anglo-Persian B.L.	25/1	25/1	...	NH	...	...	...	...	...	...
63/9	46/3	59/6	47/6	Associated Elec. (L.)	17/6	17/6	+3d	4	11	6	25/1	25/1	Anglo-Persian B.L.	25/1	25/1	...	NH	...	...	...	...	...	...
23/6	17/6	19/1	17/6	Associated Elec. (L.)	17/6	17/6	+3d	4	11	6	25/1	25/1	Anglo-Persian B.L.	25/1	25/1	...	NH	...	...	...	...	...	...
11/3	2/9	10/1	35/1	Associated Elec. (L.)	17/6	17/6	+3d	4	11	6	25/1	25/1	Anglo-Persian B.L.	25/1	25/1	...	NH	...	...	...	...	...	...
52/4	24/9	44/3	35/1	Associated Elec. (L.)	17/6	17/6	+3d	4	11	6	25/1	25/1	Anglo-Persian B.L.	25/1	25/1	...	NH	...	...	...	...	...	...
37/3	23/9	25/9	18/1	Associated Elec. (L.)	17/6	17/6	+3d	4	11	6	25/1	25/1	Anglo-Persian B.L.	25/1	25/1	...	NH	...	...	...	...	...	...
25/1	18/9	24/9	19/3	Associated Elec. (L.)	17/6	17/6	+3d	4	11	6	25/1	25/1	Anglo-Persian B.L.	25/1	25/1	...	NH	...	...	...	...	...	...
Electric Light & Co.																							
25/10	15/1	23/9	17/1	Electric Light & Co.	17/6	17/6	+3d	4	11	6	25/1	25/1	Anglo-Persian B.L.	25/1	25/1	...	NH	...	...	...	...	...	...
67/6	47/6	60/9	50/3	Electric Light & Co.	17/6	17/6	+3d	4	11	6	25/1	25/1	Anglo-Persian B.L.	25/1	25/1	...	NH	...	...	...	...	...	...
63/9	46/3	59/6	47/6	Electric Light & Co.	17/6	17/6	+3d	4	11	6	25/1	25/1	Anglo-Persian B.L.	25/1	25/1	...	NH	...	...	...	...	...	...
23/6	17/6	19/1	17/6	Electric Light & Co.	17/6	17/6	+3d	4	11	6	25/1	25/1	Anglo-Persian B.L.	25/1	25/1	...	NH	...	...	...	...	...	...
11/3	2/9	10/1	35/1	Electric Light & Co.	17/6	17/6	+3d	4	11	6	25/1	25/1	Anglo-Persian B.L.	25/1	25/1	...	NH	...	...	...	...	...	...
52/4	24/9	44/3	35/1	Electric Light & Co.	17/6	17/6	+3d	4	11	6	25/1	25/1	Anglo-Persian B.L.	25/1	25/1	...	NH	...	...	...	...	...	...
37/3	23/9	25/9	18/1	Electric Light & Co.	17/6	17/6	+3d	4	11	6	25/1	25/1	Anglo-Persian B.L.	25/1	25/1	...	NH	...	...	...	...	...	...
25/1	18/9	24/9	19/3	Electric Light & Co.	17/6	17/6	+3d	4	11	6	25/1	25/1	Anglo-Persian B.L.	25/1	25/1	...	NH	...	...	...	...	...	...
Gas.																							
20/9	17/6	20/7	18/1	Gas	20/6	20/6	...	NH	11/6	48/9	59/4	43/6	Anglo-Persian B.L.	25/1	25/1	...	NH	...	...	...	...	...	...
37/8	29/0	38/0	16/8	Gas	20/6	20/6	...	NH	11/6	48/9	59/4	43/6	Anglo-Persian B.L.	25/1	25/1	...	NH	...	...	...	...	...	...
18/4	15/1	18/4	16/1	Gas	20/6	20/6	...	NH	11/6	48/9	59/4	43/6	Anglo-Persian B.L.	25/1	25/1	...	NH	...	...	...	...	...	...
10/8	9/4	10/4	9/6	Gas	20/6	20/6	...	NH	11/6	48/9	59/4	43/6	Anglo-Persian B.L.	25/1	25/1	...	NH	...	...	...	...	...	...
Telegraphs, &c.																							
28/1	9/1	20/1	11/1	Telegraphs, &c.	13/1	13/1	...	NH	15/3	6/3	12/6	5/7	Anglo-Persian B.L.	6/3	6/3	...	NH	...	...	...	...	...	...
17/1	5	12																					

† Free of Income Tax.

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Apr. 27, 1932.	Price, May 4, 1932.
Agricultural Mortgage Corporation 4½% Deb. Stock, 1961-91	95	25	3½-4 pm	3½-3½ pm
Brasil 5% 20 Yr. Funding "A"	...	...	55-56	50½-51½
Do. Funding "B"	...	...	34½-35½	31½-32½
British Corporation 4½% Red. Stk. 1952-62	100½	20	7½-8 pm	7½-8 pm
Central Electricity Board 5% Deb. Stock	95	75	7½-8 pm	8½-9 pm
Croydon Corporation 5% Stock 1950-60	100	65	6½-6½ pm	6½-6½ pm
Darlington Rustless Steel and Iron Ord. £1	...	...	21/6-22/6	21/6-22/6
Electrical Distribution of Yorkshire 6% Preference £1	21/-	5/-	3/-3/3 pm	3/-3/6 pm
Fortnum and Mason 7% Cum. Pref. £1	21/-	5/-	1/-1/6 pm	1/-1/6 pm
Gateshead Corporation 4½% Red. Stk. 1952-62	...	...	99½-100½	99½-100½
Hull Corporation 4½% Stk. 1952-72	101½	5	...	1½-1½ dis
India 5% 1942-47	95	5	...	1½-1½ pm
Lever Bros. 5% Deb. Stock	98	80	3½-4½ pm	4-4½ pm
London and Home Counties Joint Electricity Authority 5% Stk. 1951-71	101½	21½	1½-1½ pm	2½-2½ pm
Lyons (J.) and Co. 7% Pref.	22/6	...	26/6-27/-	26/9-27/3
Mecano 6% Deb. Stock	97½	27½	1½-1½ dis	1½-1½ dis
Murex 7% Pref.	21/-	10/-	1/3-9d. pm	1/3-9d. pm
Metropolitan District Railway 5% Deb. 1935-95	97½	20	6½-6½ pm	6-6½ pm
Metropolitan Railway 5% Deb. 1957-62	97½	25	3½-4½ pm	4½-5½ pm
New Zealand 5% Ins. Stk. 1955-75	98½	28½	1-1½ dis	1-1½ dis
Nyasaland 4½% Gtd. 1952-72	97½	fy. od.	5-5½ pm	102½-103½
Poole Corporation 5% Stock 1952-72	100½	fy. pd.	105½-106½	105½-106½
Port of Calcutta 5½% Bearer Deb. Stock	93½	...	94½-95½	95-96
Shropshire, Worcestershire, &c., Elec. Power 5% Deb. 1952-82	94	10	8-9 pm	8½-9½ pm
Slaters and Bodegas 5½% Deb. Stock	100	36	3-2 dis	4-3 dis
Swansea Gas 5½% Pref.	100	25	...	1½-2½ pm
West Bromwich Corp. 4½% Red. Stock 1955-65	99½	19½	8-8 pm	8-8 pm

(Continued from page 1031.)

a London quotation. Bank of France improved after early weakness. The Bourse was closed on Thursday, in common with those of other Continental centres, but a fair amount of buying was done through London.

	Apr. 28, 1932.	May 2, 1932.	May 4, 1932.		Apr. 28, 1932.	May 2, 1932.	May 4, 1932.
Banque de France	12,900	12,000	12,100	Wagons Lits	100	89	92
Crédit Lyonnais	1,345	1,740	1,780	Mexican Eagle	23	25	30
Suez Canal	13,520	12,790	13,500	"Chartered"	80	76	82
Chargeurs Réunis	215	200	191	For.	112	97	112
Rio Tinto	1,200	1,137	1,194	De Beers	255	238	258
Royal Dutch	11,150	11,075	12,320	"Johnnies"	92	89	91

BERLIN.

The opening of the Berlin Bourse was quiet and uneventful, but the tone steadily improved. A.E.G. rallied on the publication of a further reassuring statement by the management to the effect that no capital reduction was contemplated. Siemens recovered after initial heaviness, and Dye Trust were marked up. Bank shares, however, were weaker, and potash shares were out of favour, but Reichsbank shares were a better market.

	Apr. 28, 1932.	May 2, 1932.	May 4, 1932.		Apr. 28, 1932.	May 2, 1932.	May 4, 1932.
Reichsbank	115	111	114½	A. E. G.	28	24½	25½
Disconto	38½	37½	37½	Siemens & Halske	105½	99½	105
Dresdner	23	21½	21	A. K. U.	35½	35½	38½
Norddeutscher	16½	13½	14½	Svenska Tandsticks	12	11	11
Lloyd	...	...	...	Ford Motor A. G.	...	56	...

AMSTERDAM.

The Amsterdam Bourse was quiet, and the volume of business small. Philips Lamps were firm on more favourable dividend hopes, and Unilever improved. Royal Dutch reacted immediately to the announcement of a world oil conference in America. Activity fell away on the eve of the mid-week holiday, without any perceptible weakening of the market's undertone.

	Apr. 28, 1932.	May 2, 1932.	May 4, 1932.		Apr. 28, 1932.	May 2, 1932.	May 4, 1932.
5½% German	32½	32½	32	Steel Common	31	29½	29½
Unilever N.V.	95	100½	105½	A. K. U.	28½	26½	27½
Philips Lamps	57½	63	64	Ford Motor	96	94	103½
Netherlands Ship Union	40½	42½	45½	Deli Batavia	86	85	92
Java Cultuur	91	85	88	Royal Dutch	108½	107	120

OTHER CENTRES.

The minor European bourses experienced quiet but improving conditions. Brussels opened dull, in sympathy with Paris, but business broadened perceptibly as the week progressed. Vienna was heavy. Buying was just sufficient to keep prices steady at Stockholm, but Copenhagen remained irregular.

INVESTMENT NOTES.

Treasury Bond Issue.—The response to the sale by tender of 3 per Cent. ten-year Treasury bonds is discussed on an earlier page. The market is now discussing the possibility that the relative success of the issue may encourage the Treasury to make a conversion offer to holders of 4½ per Cent. Treasury Bonds, 1932-34. As the next table will show, there is a wide field for conversions of short-dated Government bonds this year and next:—

Amount of Loan.	Stock.	Accrued Interest.	Price.	Flat Yield per Cent.	Redemption Yield per Cent.
(Millions.)					
14	Treasury 4½% (Feb. 1, 1933)	£ s. d. 1 3 5	101½	£ s. d. 4 8 4	£ s. d. 2 1 6 (1933)
140	Treasury 4½% (Feb. 1, 1932-34). (Repayable at 3 months notice.)	1 3 5	100½	4 9 0	3 16 10 (1934)
51	Treasury 4½% (Feb. 1, 1934)	1 3 5	102½	4 7 4	2 15 8 (1934)
115	Treasury 5% (Feb. 1, 1933-35)	1 6 0	102½	4 17 9	2 1 8 (1933)
105	Treasury 4% (April 15, 1934-36)	4 8	102½	3 18 2	2 16 8 (1934)
					3 8 0 (1936)

From this table it would appear not outside the bounds of possibility that the 4½ per Cent. Treasury Bonds, 1932-34, and Treasury 5 per Cent., 1933-35, amounting in all to £255 millions, may be the object of conversion operations within the next twelve months.

Accountants and Disclosure.—The presidential address of Mr H. L. H. Hill to the Institute of Chartered Accountants, on Wednesday, would seem to be intended as a formal dissociation of the Institute from the policy suggested by the Society of Incorporated Accountants and Auditors, which was described on page 981 of our last week's issue. Mr Hill's address dealt specifically with two of the main questions vexing the accounting profession to-day—secret reserves and disclosure by holding companies—but arrived at the conclusion that, while the law was not incapable of improvement, auditors did not require increased powers to enable them faithfully and properly to discharge their duties. This attitude may disappoint some who had hoped for a clear lead from the Institute. The larger accounting firms, who have invariably taken a high view of their duties and responsibilities, may doubtless be in a position to bring moral pressure to bear on directors. But individual accountants and small firms laboriously building up a practice—who represent no inconsiderable part of the profession—may be at a disadvantage if they are compelled, in effect, to choose between extra-legal ideals and their bread-and-butter. While we believe that the Council of the Society of Incorporated Accountants would have been wise not to commit itself to any specific programme in advance, we consider that a *prima facie* case has been made out for inquiry by an official body. If the Institute had seen fit to associate itself with such a request, the Board of Trade could scarcely have refused to listen to the unanimous voice of the two great professional associations.

Depression and the Gramophone Trade.—The £1 shares of Electrical and Musical Industries, which were as high as 23s. 6d. earlier this year, touched 7s. 7½d. this week, and are now quoted at 10s. 6d. The company has issued an announcement to the effect that the work of co-ordination of the operating and subsidiary companies is progressing satisfactorily, and British sales have exceeded expectations. Unsettled conditions abroad, however, have so affected foreign sales that a trading loss must be anticipated for the current fiscal period, which closes on June 30th next. The financial position of the company, however, remains liquid. This statement did not come altogether as a surprise, since it was known that the foreign factories both of the Gramophone (H.M.V.) and Columbia subsidiaries—established in some cases to offset

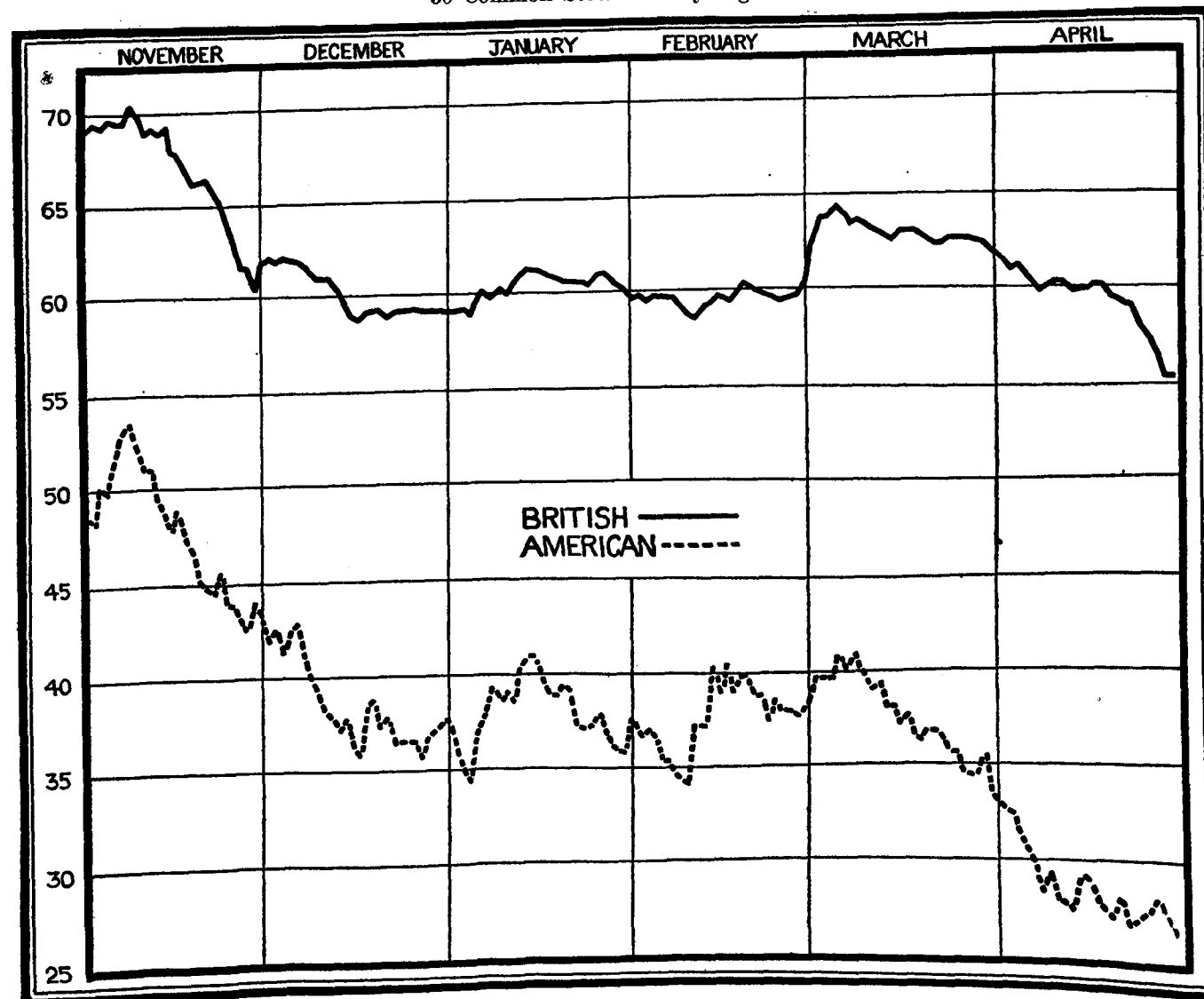
the effects of high tariffs—were suffering from depression, which had been proportionately more severe in foreign countries than in Great Britain. At home, though sales of records (on which the large companies are now much more dependent than on sales of gramophones), have been relatively well maintained, on the whole, competition is severe, and numerous price reductions have recently been made. A process of consolidation is continuing among the "outside" companies which have survived the heavy mortality of the period of collapse following the unhappy boom of 1928-29. The Crystalate Company, an old-established and successful concern, which does a large business in the cheaper records sold by multiple stores like Woolworth and Marks and Spencer, has taken in the Vocalion Company. The latter has a considerable output capacity in the cheap and medium-priced types, though its recent financial results have been somewhat chequered. The Decca Record Company took the lead, last autumn, in the policy of price reduction of dance records, in which the "quantity" business of the industry is chiefly done. To this factor, and possibly to the acquisition of the services of a popular conductor, may be attributed a subsequent increase in sales, with its inevitable corollary, increased competition throughout the home market. The company has also extended its interests by acquiring the British rights in the "Polydor" records produced by the German Polyphon Company and, more recently, those of the (American) Brunswick organisation, through the acquisition of its British offshoot. At present prices, all gramophone companies must secure a large minimum turnover in order to make profits, and much depends upon the future stability of prices. From the point of view of shareholders, therefore, the continuance of the policy of co-ordination of H.M.V. and Columbia, mentioned in the

directors' statement, is of the utmost importance, though the company may continue to market the products of the subsidiaries under separate trade names, to which a valuable goodwill attaches.

Course of Equity Share Values.—The past month has been a depressing period for holders of equity shares, both in this country and in America. Prices during the preceding four months had shown a series of minor rallies and recessions, but had tended to return, at four- or five-weekly intervals, to a more or less constant point of dead centre. During April, however, quotations broke well below this level in both centres, and, by the month-end, had shown no definite signs of having found a new bottom. In neither case were the reasons far to seek. American sentiment was discouraged by the publication of unfavourable earnings statements by large corporations like U.S. Steel, the tardiness of spring recovery in industry, the absence of all evidence of a responsible, constructive policy on the part of Congress, and the failure of much-advertised "reflation" measures to stimulate economic activity. In Great Britain industrial factors similarly played an important part in the decline in share values, particularly in the latter part of the month, when such indicators as the weekly returns of gross railway traffic suggested that trade recovery had suffered a perceptible, if slight, setback. The abortive nature of international discussions between responsible statesmen, and the growing evidence of financial weakness in certain European countries, also contributed to the creation of an unfavourable market "psychology." Much the most potent influence, however, was Mr Chamberlain's first Budget, which, with its insistence on

BRITISH AND AMERICAN INDUSTRIAL SHARE VALUES, November 1931 to April 1932. (1928=100)

British: "Financial News" Index of 30 Ordinary Shares. American: "Standard Statistics" Index of 50 Common Stocks—Daily Figures.



the need for grim, continued sacrifice, left speculation less than nothing to go for. The decline in values in the second half of last month, which was much the steepest of its kind during any month since last November, was a conscious "safety first" movement out of equities into gilt-edged stocks, which the new tariffs, recommended by the Advisory Committee, were powerless to check. It will probably be followed by the inevitable upward reaction, but it remains to be seen whether any decided improvement will take place before the Ottawa and Lausanne Conferences.

American Industrial Profits.—A compilation of American industrial profits by the National City Bank, covering 1,620 concerns, suggests that the percentage decline last year was much more severe than in this country. The bank's figures are arrived at after deducting all charges but before allowing for preferred or common dividends. The results for large groups of enterprises are as follows:—

	Number of Companies.	Net Profits (million \$).			Average Return.		
		1929.	1930.	1931.	1929.	1930.	1931.
Manufacturing and Trading.....	1,302	3,525.8	1,936.6	718.1	13.5	6.7	2.5
Class I. Railroads.....	156	896.8	523.9	131.9	7.0	3.9	1.0
Electric Light, Gas, &c.....	60	414.8	419.8	404.2	10.6	9.3	8.3
Telephone.....	24	217.1	201.6	193.4	11.2	9.7	6.8
Insurance*.....	60	75.0	Dr107.8	Dr144.0	18.7	10.7	8.3
Finance.....	18	36.6	35.3	26.9	17.4	10.7	8.3
Grand Total.....	1,620	5,164.1	3,009.8	1,329.5	11.3	6.0	2.6

* Fire and casualty insurance. Figures show total shareholders' gains or losses on both underwriting and investments.

Last year's losses were severe, even as compared with the reduced figures for 1930. The insurance companies showed a debit balance, finance companies' earnings fell by 24 per cent., and Class I railroad earnings by 75 per cent. The "average return" figures are calculated by reference to the "net worth" of the companies, the latter term covering outstanding preferred and common stocks plus the amount of surplus at the beginning of each year. If the figures had been related merely to issued capital, as in the case of the *Economist's* computations for British companies, the "average return" percentages would have been somewhat higher. Among separate industrial groups, only five—chain stores, paint and varnish manufacturers, pipe-line petroleum, shoe-making and tobacco—showed even small increases in profits last year. Large groups like agricultural implement manufacture, cotton textiles, iron and steel, copper-mining and petroleum, showed net losses. The bank declares that whereas 1930 was a year of marked contraction of the volume of business, accompanied by severe inventory losses, industry in 1931 plumbed the depths of depression and witnessed a thorough "house-cleaning." Heavy charges were made against future contingencies, fixed assets were written down to cover lower estate values as well as obsolescence, and investments in subsidiary companies were stringently reviewed. The relatively good results of the electrical and gas concerns were due to stability of consumption by domestic customers. The railroads were unable to offset, by reduced expenses, more than a part of the drop in gross revenues, which were no less than 83 per cent. below those of 1929. The wage reduction effected since February 1st last has, however, enabled a number of roads to show a gain in net income in their most recent returns. The losses of the insurance com-

panies were due to severe depreciation in bond and share investment values. Their real loss was greater than the figures show, since in a number of States official authority was given for the valuation of securities on December 31st last, at the end-June quotations.

Greek Default.—The discussions which have been proceeding between the Greek Government and the Financial Committee of the League of Nations regarding the financial assistance required to avert the calamity of default have been described in recent issues of the *Economist*. It was confidently expected in the market that a default would be avoided. The Greek Government had asked for a suspension of sinking funds for five years and a temporary postponement of funds for the May 1st coupons, pending the receipt of financial assistance, but it was felt that M. Venizelos had, possibly, slightly exaggerated Greece's financial plight in order to obtain the largest possible assistance. It came, therefore, as a considerable shock to the market to learn this week that Hambros Bank had not received the necessary funds for the payment of the May 1st coupons of the 7 per cent. Refugee Loan of 1924. The laconic *communiqué* from the Greek Government: "We request bondholders to tolerate the provisional postponement of the transfer of the coupons of May 1st and to defer any other negotiations until the next meeting of the Council of the League of Nations," created a most unfavourable impression. It was argued that if Bulgaria could find the funds to meet the May 15th coupons in full on its 7½ per cent. Stabilisation Loan of 1928, Greece could scarcely plead complete poverty. The bondholders are not, however, entirely defenceless. The International Financial Commission, which manages the assigned revenues of Greece, has protested against the action of the Greek Government, and is retaining from the assigned revenues the amount necessary to cover the service of the loan at the current rates of exchange, and has stated its intention, in the event of further depreciation of the drachma, to retain additional sums from the current yield of the revenues. The League, it is hoped, will use its best endeavours on behalf of the bondholders who subscribed to its loan. In all other cases the claims of the League of Nations' Reconstruction Loans have been respected. Hungary, for example, when she declared a moratorium last December, made an exception in favour of the 7½ per cent. League Loan of 1924. The Greek 7 per cent. Refugee Loan has fallen 10 points this week. The following table gives the present prices of other League of Nations' loans:—

	High, 1931.	High, 1932.	Present Price.	Flat Yield %.
Austrian 6% Guaranteed.....	105½	100½	80	7 5 0*
Bulgaria 7% Settlement, 1926	78½	34½	21½	35 18 0
7½% Stabilisation, 1928.....	83½	38	25½	34 2 0
Greek 7% Refugee, 1924.....	104½	81½	30	Nil
6% Stabilisation, 1928.....	94½	66	25	26 2 0
Hungary 7½% 1924.....	104½	70	30½	26 6 0
Danzig 7% 1925.....	96½	92	50	14 6 0

* Redemption yield.

The League of Nations Financial Committee have intimated that they cannot secure differential or special treatment for the loans issued under their auspices from debtor countries. It may be, therefore, that Greece will see the wisdom, in the interests of her own credit, of keeping her League of Nations' loans intact—at any rate as to interest.

San Paulo Debt Scheme.—A decree relating to the service of foreign loans of the State of San Paulo was issued on April 29th by the acting Federal Interventor. The loans concerned are the 5 per cent. loan of 1904, 5 per cent. Hypothecated Railway Gold Loan of 1905, External Gold Loan of 1907, 8 per cent. Loan of 1925, 7 per cent. Waterworks Loan of 1926, and 6 per cent. of the 8 per cent. Loan of 1921, for which the yield of the tax of 5 francs per bag of coffee may not be sufficient

will also be included in the terms of the decree, while the Government will meet immediately in the same manner those instalments of the service of the loans which, at the present date, are in arrears. Under the scheme, the State Treasury will remit to the bankers of each loan on due service dates two promissory notes carrying interest at 5 per cent. due in two years from the issue dates, one corresponding to that part of the service relating to interest and the other to that part relating to amortisation. As cover and in guarantee of the promissory notes, the Treasury will employ in the country in easily realisable securities, the deposits which it undertakes to make monthly in the Bank of Brazil: viz., beginning on April 30th of the current year inclusive, and in each of the eight succeeding months, 4,000 contos of reis; during the next succeeding nine months, 5,000 contos of reis; and during the next six months immediately following, 6,500 contos of reis. Such deposits can only be withdrawn or negotiated for the purpose of being converted into dollars, pounds or francs or other currencies mentioned in the respective contracts and remitted to the bankers. The proceeds of the remittances will be used for the redemption of the promissory notes, the maturity of which may be prolonged for one year at the option of the Government, provided it deposits monthly the sum of 5,000 contos of reis. The redemption of the promissory notes issued for amortisation may be made in bonds of the respective loans at the price at which they were purchased. The purchases of the bonds will be made by the bankers of the respective loans at prices previously agreed between the Treasury and the bankers. In the case of anticipated payments the Treasury may redeem in the first place the promissory notes for amortisation, but following the chronological order of their issue, and the redemption shall be *pro rata* to the amount of promissory notes for amortisation issued for each loan.

Kreuger (Continued.)—The Banking Committee of the Swedish Riksdag has issued a report regarding the management of the Riksbank in the Kreuger affair. The Conservative and Farmer members of the Committee consider that the granting of extensive credits to the Kreuger group contributed to the tightness of money in the latter part of 1931 and to the suspension of the gold standard. The Social Democrats and Liberal members, on the other hand, see no reason to reproach the Riksbank leadership. In their opinion, the Riksbank rightly extended these credits to avoid the disaster of bankruptcy of the Kreuger group, since they could not have known, at that time, that the annual balances of the Kreuger and Toll companies had been falsified. Reference is made in the report to demands which Kreuger made in October, 1931, for a Riksbank loan of Kr. 40 millions against the security of foreign Government bonds and for another credit of Kr. 86 millions against the security of Boliden Mine shares. Both requests were refused. On October 23rd a conference was held, the Prime Minister, the Finance Minister and the chief of the Riksbank attending, at which the Government representatives emphasised the grave consequences for the country if the Kreuger group were compelled to suspend payments. The Riksbank, accordingly, granted a credit of Kr. 40 millions against the security of the Boliden shares and a partial guarantee from the Skandinaviska Kreditaktiebolaget. On February 23, 1932, the Swedish Match Company was required to meet an engagement due in America of \$2 millions, while on March 1st Kreuger and Toll were due to pay \$1,200,000. Application for this money was made to the Riksbank and to some of the private banks. At a meeting attended by the Prime Minister it was agreed to grant the Swedish Match Company a credit of Kr. 16,680,000, of which two-thirds were to be found by the Riksbank and the balance by the private banks. It was made a condition that Kreuger and Toll should grant an opportunity for the bankers to make a complete investigation of its position, and on March 13th a meeting was arranged which Kreuger was asked to attend to answer questions. The day before this meeting Kreuger committed suicide. The Police Commission in Stockholm have now issued three reports concerning their investigation into the activities of MM. Lange,

Holm and Hultdt, who are under arrest. M. Lange declares that he was instructed by Kreuger each year as to the book-keeping, and that in 1930-32 he was sent to different places in France to sell Kreuger's own holdings in Kreuger and Toll. M. Hultdt is alleged to have acted secretly for Kreuger in amalgamating the still independent match companies in France and Belgium. The police continue their investigations into the Kreuger defalcations, and a fifth Swedish subject, named Bredberg, has been arrested. This man had been living at Zurich since 1923, where he acted as the manager and accountant of five small subsidiary companies connected with the Kreuger and Toll group. An estimate of the Swedish losses in connection with the collapse of the Kreuger group gives the total Swedish holding in Swedish Match and Kreuger and Toll shares and debentures at Kr. 335 millions at Stock Exchange values on July, 1931. This estimate can only give a very rough idea of the Swedish investment as the original purchase prices and subsequent sales are left out of account. The loss of prestige which Sweden has suffered in consequence of the Kreuger frauds cannot be measured in figures.

Dunlop Accounts.—Dunlop ordinary units, always a sensitive market, improved from 7s. 9d. to 10s. 6d. on the issue of the report for 1931, which showed that although preference dividends had not been fully earned (thanks to higher taxation requirements), the company had more than maintained its liquidity, stock-in-trade having declined by £490,000, while British Government and other securities increased by £704,000, cash by £673,000, and net current assets by £565,000:—

Years to December 31.	1929.	1930.	1931.
Profit.....	2,226,612	1,160,478	1,098,312
Depreciation.....	220,888	211,265	218,559
Taxes.....	225,761	100,031	374,943
Directors' fees.....	8,120	8,000	8,000
Debt interest, &c.....	421,019	399,789	391,724
Net profit.....	1,350,824	441,393	105,086
Brought forward.....	801,278	782,328	568,023
Preference dividend.....	295,313	290,625	281,250
No. of times covered.....	4.6	1.5	0.4
Ordinary dividend:—			
Amount.....	924,460	365,073	Nil
Earned %.....	17.1	2.5	Nil
Paid %.....	15	6	Nil

Reserve..... 150,000† Nil Nil
Carried forward..... 782,328 568,023 391,859
† In addition to £193,393, premiums on shares issued during the year.

The Dunlop accounts have increased in detail and clarity during recent years. The present report contains, not only the inevitable apology for reduced earnings, but a recital of the steps taken to meet them and the way in which every balance sheet item has been arrived at. The tyre business has necessarily been affected by a heavy reduction in world motor vehicle output and "replacement demand." The Dunlop companies in France, Germany and Japan, and the Dunlop Perdreau Company of Australia, nevertheless, maintained a healthy position, but the United States and Canadian companies encountered hard times. The parent concern has made full provision for its proportion of subsidiary losses, and transferred a further £1,000,000 from general reserve to special reserve, as a measure of prudence. In addition, £156,000 has been charged to general reserve against exchange losses arising out of the abandonment of the gold standard, though no credit has been taken for an increase in value of approximately £2,500,000 in the company's investments abroad. Stock-in-trade, a source of weak-

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ness more than once in the past, to-day is low and conservatively valued, and the company is not burdened by onerous forward contracts. The balance sheet itself is, without doubt, the most informative document published by any major British concern. Every species of asset and liability is separately given and arranged under its appropriate generic heading. Taxation reserve, for instance, is segregated from sundry creditors, the reserve for inter-company profits in subsidiary stock valuations is disclosed, and proposed dividends are treated as a liability, so that the profit-and-loss balance shows the net amount remaining in the business. The directors and accountants may next consider the possibility of publishing quarterly accounts and a consolidated balance sheet.

British Match.—The directors of this company, which holds all the ordinary shares of Bryant and May and J. J. Masters and Company, have already issued a reassuring statement to the effect that the concern has no holding of shares in Kreuger and Toll or Swedish Match, and that no loans have been made with these companies or any financial guarantees undertaken. The latest accounts should confirm favourable impressions as to the company's position. Revenue from investments has declined by a modest 5 per cent., and an unchanged ordinary distribution is fully covered:—

Year to April 30.	1930.	1931.	1932.
Revenue from investments	£ 506,993	£ 480,314	£ 455,917
Interest, &c.	6,197	3,853	7,118
Expenses	23,008	23,090	26,411
Depreciation	3,301	Nil	Nil
Directors' fees	3,900	3,900	£
Net profit	482,981	457,177	436,624
Brought forward	51,208	67,466	94,789
Preference dividend (net)	23,121	22,814	21,950
No. of times covered	16.7	15.8	15.1
Ordinary dividend:—			
Amount	371,250	371,250	371,250
Earned %	7.6	6.9	6.6
Paid %	6	6	6
Goodwill, &c., written off.....	80,000	40,000	40,000
Reserve	...	...	50,000
Carried forward	67,466†	94,789†	54,186†

‡ Included under "Expenses."
† Including £7,649 repayment of income tax in 1930, £4,210 in 1931 and £5,972 in 1932.

Goodwill stands in the balance sheet at £680,000. The position is liquid, cash having increased from £326,504 to £401,700. A continuous transfer audit has been performed during the year, and a certificate dated May 2, 1932, states that balances on the share registers as on April 30, 1932, agree in total with the number of shares issued as shown in the balance sheet. At £1½, the £1 ordinary shares yield about £5 8s. per cent., tax free.

Combined Pulp and Paper.—On Wednesday, May 4th, a City of London Special Jury, in the King's Bench Division, returned a verdict in favour of the plaintiffs in an action in which Combined Pulp and Paper Mills, Limited, claimed damages for alleged conspiracy, fraud and breach of duty, and repayment of dividends from certain parties. The company was formed in October, 1927, with a capital of £395,000. It was alleged that the defendants had represented, fraudulently, that the company's profits for the first year were £200,000, whereas, in fact, a loss was incurred. It was also alleged that on the basis of these representations they had issued a further £395,000 of capital at such premiums that they received over £600,000. Further allegations were that a dividend of just over 20 per cent. had been paid out of capital and that at the end of the second year a profit of £100,000 had been declared, whereas a loss had been incurred and all the assets had disappeared. The jury returned a verdict for the plaintiff company against the defendants, A. M. Oppenheimer, Sir Walter Townley, Adolph Goldsmith and Eugen Spier, assessing the damages in each case at £92,400—the amount of the dividend which had

been voted on the advice of the former directors. The jury awarded the plaintiffs £267,000 as against Bruno Philipp, whom Mr Justice MacKinnon described as the villain of the piece, and £24,400 as against Thomas Froude. In the case of Sir Henry Penson, the jury returned a verdict in his favour against the company. It was directed that any question against the firm of Messrs. Oscar Berry, Froude and Company should stand over. Judgment was entered on these lines, but a stay of execution was granted. As regards the legal ground for the verdict, Mr Justice MacKinnon stated that the jury had sent a message asking whether they should specify whether they found a verdict on the ground of fraud or wilful default, but that he had told them that in his view the distinction was immaterial.

Spillers Directors' Fees.—The sting of the latest report of Spillers, Limited, lies in its tail. The company, in the year to January 31st last, has completed the excellent recovery initiated during the previous twelve months. Profit has risen from a minus quantity of £170,000 in 1929-30 to £414,000 in 1930 and £549,000 in 1931-32, and the deferred shareholders this year are receiving a dividend of 10 per cent. after going dividendless since 1924-25:—

	Years to January 31.		
	1930.	1931.	1932.
Profit	Dr. 170,344	£ 413,593	£ 549,185
Directors' fees	20,500	20,911	34,500
Staff benefit	...	...	125,000
Investments reserve	...	100,000†	24,829†
Note interest	30,667	20,238	12,779
Net profit	Dr. 221,511	£ 272,444	£ 352,077
Brought forward	182,973	56,597	129,546
Preference dividend.....	54,865	53,151	51,436
No. of times covered	...	5.1	6.8
Ordinary dividend:—			
Amount	Nil	140,344	203,725
Earned %	Nil	15	15.2
Paid %	Nil	10	15
Deferred dividend:—			
Amount	Nil	Nil	62,460
Earned %	Nil	0.5	15.2
Paid %	Nil	Nil	10
Co-partnership dividend.....	Nil	584	1,597
Carried forward	56,597*	129,546§	162,405

* After transferring £150,000 from taxation and contingencies reserve.

† For losses sustained by subsidiaries.

‡ Loss on sale and depreciation of investments.

§ After deduction of directors' extra remuneration: £5,417.

|| Before deduction of directors' proposed extra remuneration: £38,632.

The directors have tabled a resolution under which they will receive, in respect of the past year, a further £38,632 and a future maximum of £40,000, or £74,500 in all. The additional remuneration will be based on the dividends earned and paid on the deferred shares. The directors claim to devote the whole of their time to the business of the company, but a maximum remuneration of £10,643 to each of seven individuals is decidedly high. The cost of the additional remuneration will fall entirely upon the deferred shareholders, so long as the latter's dividends do not exceed 15 per cent. It would appear objectionable in principle to base additional directors' remuneration on the payment of dividends, so that potential conservatism in profits distribution must be associated with pecuniary sacrifice by the board.

Drastic Tin Restriction.—In an Investment Note in the *Economist* last week, we referred to the decision of the International Tin Committee to recommend to the four signatory Governments—Bolivia, Malaya, Dutch East Indies and Nigeria—a cut at the rate of 20,000 tons a year as from June 1, 1932, in allowable quotas, which would bring down the world production for the restricting areas to 90,000 tons per annum. The London Council of the Tin Producers' Association has now proposed a far

more drastic scheme. This provides for a further curtailment of production by way of entire suspension for two consecutive months in all the participating countries from June 1, 1932; or alternatively a restriction of the quota to 13½ per cent. of standard for the first three months, i.e., from June to August. Production thereafter under this plan will be resumed at the rate of 40 per cent. of standard and will continue on this basis until the price of tin averages £200 per ton per calendar month, when the quota will be advanced to 50 per cent. of standard. This scheme is conditional on the International Tin Pool's increasing its minimum selling price to £200 a ton. The quota of production is to be maintained at 50 per cent. of standard until the pool has realised one-third, namely, 7,000 tons, of the tin it holds, such releases to begin when the price has averaged £200 a ton for a calendar month with a quota running at 50 per cent. Should the price fall back below £200 a ton for a calendar month, the quota is to revert to 40 per cent. and further releases by the International Tin Pool will cease until the price has again averaged £200 per ton for a calendar month. The remaining two-thirds of the tin held by the Tin Pool will be released when the price of tin has been maintained at £210 a calendar month and the quota will be kept at 50 per cent. of standard until the Pool has been finally liquidated. The standard tonnage allotted to Malaya, Bolivia, Dutch East Indies and Nigeria under the quota scheme is 161,846 tons. 40 per cent. of the standard thus represents a rate of 64,738 tons. The present quotas are at the rate of 91,096 tons, and the 20,000 tons cut proposed by the International Tin Committee, if accepted by the four Governments, implies a reduction to 71,096 tons. The Tin Producers' Association are of the opinion that the sacrifices which this scheme calls for from the tin producers during the first three months will be fully recompensed by the higher price for tin which should be assured. It is believed that the production will be brought within the present rate of consumption, while there will be an appreciable reduction in stocks. The effect of this scheme has been to cause an immediate jump in the price of tin, the price on Thursday being £130, as compared with £117 per ton on Monday. Whether the price of tin can be run up to £200 a ton within the next twelve months by means of an arbitrary bureaucratic restriction of supplies appears on the face of it improbable, for it implies a buoyancy of demand which only a world recovery in trade will bring about.

An Oil Truce (?)—In a leading article, last week, we referred to the possibility of an advance in petrol prices, following upon the elimination of price-cutting in the British and European markets. We referred in particular to the negotiations for the purchase of the foreign properties of the Standard Oil Company of Indiana by the Standard Oil Company of New Jersey which would eliminate a most important source of price-cutting, and leave the Russian Oil Products and the Roumanian exporters as the only possible cause for future trouble. It is now announced that a conference is to be held in New York to discuss the world restriction scheme propounded by Mr Aug. Kessler (described in the *Economist* of March 26, 1932, page 695), at which the Roumanian and Russian representatives will be present. Whether any agreement can be reached regarding restriction on a world scale in accordance with Mr Kessler's plan is doubtful, but no doubt an opportunity will be taken to arrive at an agreement with the Russian and Roumanian producers regarding a quota of the export trade in the various markets. A report of the negotiations has already brought about a recovery in the oil share market.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies: Union Bank of Scotland, London and Lancashire Insurance, Scottish Union and National Insurance, Licenses and General Insurance, Equitable Life Assurance Society, Friends' Provident and Century Life Office, Anglo-American Debenture Corporation, Calcutta Tramways, and James W. Cook and Company. At the annual meeting of the London and Lancashire Insurance Company

Mr F. W. Pascoe Rutter referred to the burdens under which the country was suffering. When it was considered that our aggregate taxation amounted to no less than £16 7s. 1d. per head (50 per cent. more than that of France and 100 per cent. more than that of any other country), it must be clear that its prolonged continuance would be an arithmetical impossibility. Presiding at the annual meeting of the Scottish Union and National Insurance Company, Mr G. A. Connor pointed out that a very satisfactory feature of the balance sheet was that they had not found it necessary to provide for any depreciation in the value of the assets, any decrease in the market value of the company's sterling assets having been made good by the increase in sterling values of the company's holdings of American and Canadian dollar investments. At the annual meeting of the Anglo-American Debenture Corporation Mr R. S. Guinness said the fall in values during the past year had been heaviest in their United States holdings, which, however, represented only about 8½ per cent. of the total investments. The depreciation of their American securities was no less than 58½ per cent., against 12 per cent. for quotations in this country.

CAPITAL ISSUES.

Apart from the issue of Three per Cent. Treasury Bonds, which is dealt with on earlier pages, the week's new capital offerings were, with one exception, of an industrial or public utility character. The exception was the offer by the *Hull Corporation* of £1,000,000 4½ per Cent. Stock at a premium of ½ per cent. This was a trustee issue by a progressive borough with an outstanding debt representing about seven times the rateable value, of which two-thirds was in respect of productive undertakings. The *Scottish Power Company, Limited*, issued 600,000

THE STANDARD BANK OF SOUTH AFRICA LIMITED

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

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

Board of Directors.

William Kelseron Arbuthnot, Esq. Rt. Hon. the Earl of Athlone, K.G. Rt. Hon. Lord Balfour of Burleigh Stanley Christopher, Esq. Edward Clifton-Brown, Esq. Robert E. Dickinson, Esq.	Horace Peel, Esq. Rt. Hon. the Earl of Selborne, K.G. William Smart, Esq. Rt. Hon. Lord Sydenham, G.C.S.I., F.R.S. Sir Roderick Roy Wilson.
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Joint General Managers in South Africa—James S. Shiel, G. F. Le Sueur, W. K. Robertson.
Deputy General Managers in South Africa—Francis E. King, Herbert G. Hoey.
Assistant General Manager in South Africa—E. C. Frost.
London Manager—Bertram Lowndes.
Secretary—T. D. Williams.

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

EXECUTOR AND TRUSTEE BUSINESS CONDUCTED.

COMMERCIAL SERVICE.

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

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

6 per Cent. £1 Cumulative Preference shares at a premium of 8s. to repay a temporary bank loan and to finance expenditure on the Grampian Hydro Electric Works and other developments. The company is destined to play a leading part in the exploitation of Scotland's electric power resources in the future, and the shares are a promising and well-covered investment. The *Metal Box Company*, which issued Mortgage Debenture stock and Preference shares, is the head of a group which now supplies over half the British output of plain and decorated tin boxes and about 90 per cent. of the cans purchased by fruit and vegetable canners in Great Britain. Results have been somewhat affected by the current depression, but the company's tactical position should ensure it an adequate return in an industry with wide potentialities of future development. The cover for the debenture stock is satisfactory without being generous, while the Preference shares have a moderate margin of earnings. *Cadena Cafes*, which, since its inception of business at Bristol in 1894 has built up an important business with twenty-two branches in the South of England, has shown a steady rise in earnings, approximately proportionate to its increases in capital, during recent years, and has been only slightly affected by trade depression. The company has no debentures. The week's operations also included the preliminaries for placing £1,000,000 of *Wolverhampton Corporation* 4½ per Cent. Stock.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Total recorded, January 1 to April 23, 1932, excluding conversions, £29,262,780.
Total recorded, January 1 to April 23, 1932, including conversions, £157,897,465.

National Savings Certificates.		New Money		First		Further	
Net receipts, week ended April 30, 1932, £150,000.		Cash Sub-		Payment.		Liability.	
Total receipts, April 1, 1932, to April 30, 1932, Dr. £900,000.		scriptions.		£		£	
Nominal Capital.		Repay-ments.		£		£	
To the Public.		Conver-sions or		£		£	
3% Treasury Bonds at 297 16s. 1d. 97%.	Red. at par by Annual Drawings commencing April 15th, 1932.	1,000,000	107,589,166	11,000,000	96,589,166		
Hull Corporation 4½% Red. stk.	1,000,000	1,005,000	50,000	955,000			
Metal Box Co., Ltd., 200,000 7% cum. pref. £1 at 21s.	200,000	210,000	25,000	185,000			
£600,000 5½% 1st mort. deb. stk. at 96%.	600,000	576,000	30,000	546,000			
Scottish Power Co., Ltd., 600,000 6% cum. pref. £1 at 23s.	600,000	690,000	60,000	630,000			
Cadena Cafes, 50,000 ord. £1 at £2.	50,000	100,000	25,000	75,000			
Total offered to the public, week ended May 7, 1932.	112,450,000	110,170,166	11,190,000	98,980,166			
To Shareholders only—							
County of London Electric Supply, 896,337 new ord. shares £1 at 38s. 6d.	896,337	1,725,433	224,084	1,501,349			
Harpender (Selangor) Rubber, £13,222 8% deb. stk. at par.	13,222	13,222	13,222				
Total offered to shareholders only, week ended May 7, 1932.	909,559	1,738,655	237,306	1,501,349			
Total Offered for Subscription—							
Including Conversions.	Excluding Conversions.	Including Conversions.	Excluding Conversions.	Whole year—	£	£	£
Jan. 1 to date—	£	£	£	1931	114,290,665	102,044,291	
1932	£269,956,286	141,321,601	1930	454,888,784	267,800,700		
1931	66,212,626	56,542,677	1929	488,764,940	285,239,400		
1930	195,107,496	134,507,472	1928	693,100,056	369,058,073		
1929	155,213,838	141,634,618	1927	355,165,970	230,782,600		
1928	194,583,872	194,583,872	1926	230,782,600	230,782,600		
1927	175,057,451	175,057,451	1925	232,214,500			
1926	83,638,688	83,638,688	1924	209,326,101			
1925	56,804,718	56,804,718					
† Includes £107,589,166, the whole amount of accepted tenders for 3% Treasury Bonds.							

Nature of Borrowing.

	Debtures, Bonds, &c.		Preference Stocks and Shares.		Ordinary Stocks and Shares.		Total.
	£	£	£	£	£	£	
January 1 to date—							
1932	28,392,144	2,876,250	2,464,041	33,732,435			
1931	46,001,074	747,786	9,793,817	56,542,677			
1930	107,828,644	11,450,697	15,228,131	134,507,472			
Whole year—							
1931	74,835,599	6,911,859	20,296,833	102,044,291			
1930	227,658,500	15,544,800	24,593,300	267,800,600			
1929	137,670,300	31,543,400	116,025,700	285,239,400			
1928	218,817,900	45,062,600	111,177,600	369,058,100			
1927	228,958,000	36,836,600	98,381,400	355,156,600			
1926	145,180,000	39,393,200	46,209,500	230,782,600			

By Stock Exchange Introduction.

	Amount of Capital Introduced.		Prices at which Dealings Began.		Total Involved.
	£	£	£	£	
Amount previously recorded	4,201,250				4,408,423
Total, week ended May 7, 1932.	Nil				4,408,423
Total to date, 1932.	4,201,250				4,408,423
Total to date, 1931.	3,930,878				4,255,632

Public Offers.

Three per Cent. Treasury Bonds.—Issue of 3 per cent. Treasury bonds by tender at a minimum price of £97 16s. per cent. The bonds will be redeemable at par by means of annual drawings of not less than 10 per cent. Tenders must be for sums of £10,000 or multiples thereof.

Hull Corporation 4½ per Cent. Redeemable Stock, 1952-72. Issue of £1,000,000 stock at £100½ per cent. Trustees are authorised to invest in this issue. Unless previously cancelled by purchase or agreement, the stock will be repaid by the corporation at par on July 1, 1972, but the corporation reserve the right to redeem the stock at par on or after July 1, 1952, on three months' notice. The rateable value of the city is £1,593,061, and a rate of one penny in the pound will produce £6,175. The loan is required to discharge expenditure in connection with improvements.

Scottish Power Company.—Issue of 600,000 6 per cent. cumulative preference shares of £1 each, at 23s. per share. The company was incorporated in 1909, and owns the earlier issued capital of a number of Scottish companies. The authorised areas of supply of the operating companies cover approximately 5,900 square miles. The proceeds of the issue will be utilised in the repayment of a temporary bank loan, towards current expenditure on the Grampian company's hydro-electric works, and towards further development expenditure. The profits of the operating companies for the past three years, before depreciation, were £213,218, £271,635 and £332,605 respectively. Net profits of Scottish Power, before charging interest on loans, were respectively £150,610, £196,376 and £235,671.

Metal Box Company.—Issue of £600,000 5½ per cent. first mortgage debenture stock at £96 per cent. and 200,000 7 per cent. cumulative preference shares of £1 at 21s. per share. The company was founded as a private company in 1921, and after acquiring a controlling interest in a number of old-established businesses, became a public company in 1930. The company manufactures plain and decorated tins and cans for fruit, vegetables and other foodstuffs, supplying over 90 per cent. of the cans purchased by fruit and vegetable canners in this country. Certified net profits, before interest and income tax, were as follows: 1926-7, £211,825; 1927-8, £212,413; 1928-9, £236,896; 1929-30, £235,217; 1930-31, £158,409; six months to September 30, 1931, £83,795.

Cadena Cafes.—Issue of 50,000 ordinary shares of £1, at £2 per share. The company was incorporated in 1894 and carries on business at twenty-two addresses in various towns in the South of England. Certified net profits, after all deductions, amounted to £35,913 in 1928-9, £45,637 in 1929-30, and £41,131 in 1930-31 (53 weeks). Dividends of 20 per cent. on the ordinary shares have been paid for the past seven years.

Luton Water Company.—Sale by tender of such amount of consolidated ordinary stock as will realise a net sum of £34,828 19s. 5d., to bear a maximum dividend of 4 per cent. The company was incorporated in 1865, and supplies an estimated population of about 73,000. Net revenue for the year to December 31st last, after debenture interest, totalled amounts to £242,500.

Mid-Southern District Utility Company.—Sale by tender of £100,000 4 per cent. consolidated preference stock, minimum price £75 per £100 stock. The company is the statutory supplier of gas, water and electricity in and around Aldershot. The loan is required for the purpose of further widening the scope of the company's activities. Net revenue of the company for the year ended December 31st last was £67,201, of which interest on loan capital absorbed £17,363, leaving £50,338 to cover dividends on preference stocks which, including the present issue, amount to about £32,746.

Lowestoft Water and Gas.—Offer for sale by tender of £60,000 5 per cent. perpetual debenture stock, minimum price par. Net revenue for the year ended December 25th last was £27,196, after depreciation, covering interest on the loan capital, including the present issue, nearly four times.

Province of Buenos Aires 3-3½ per cent. Loan, 1906-9.—Tenders are invited for amortisation on July 1, 1932, of bonds of this loan to the aggregate nominal value of £46,960.

Wolverhampton Corporation.—Particulars of an issue of £1,000,000 4½ per cent. redeemable stock, 1952-62. The proceeds of the issue will be applied to borough improvement schemes. Trustees are authorised to invest in this stock. The stock will be redeemed at par on April 1, 1962, but the after April 1, 1952, on three months' notice. A rate of one penny in the pound produces £2,860. The whole of the issue has been sold to Messrs. Cohen Laming Hoare at 99½ per cent.

COMPANY MEETINGS, &c.

THE LONDON AND LANCASHIRE INSURANCE COMPANY, LIMITED.

CONDITIONS AT HOME AND ABROAD.

MR F. W. PASCOE RUTTER'S INTERESTING REVIEW.

The seventieth ordinary general meeting of the London and Lancashire Insurance Company, Limited, was held, on the 4th instant, at the company's offices, Chancery Lane, London.

Mr F. W. Pascoe Rutter, Governor and Chairman, presided over a full attendance of shareholders.

The notice convening the meeting was read by the Secretary, Mr Thomas Wallas.

The Governor, in proposing the adoption of the report and accounts, said: The past twelve months has been the most absorbing of any year which we can remember.

If the troubles under which the world is labouring have been occasioned by the nations themselves in their rivalries and jealousies, they can only be cured by a frank recognition of the facts, and by a generous disposition to contribute to the solution.

The distrust created has led nation after nation to close its doors, and to think only of itself. And from this vogue of insular nationalism, engendered by peace idealism, we have not been immune. We have been driven to put up a shield of protection. Tariffs have been wisely adopted, partly as an expedient to obtain revenue, and partly as a weapon of defence against the pronounced tariff systems of other countries. But, tariffs are a barrier to international trading, and, like the race in armaments twenty years ago, must be futile if everybody can play the same game to an unlimited degree. The salutary perturbation, therefore, of other countries, because of our Government's action, has been its best justification.

For ourselves, we cannot ever forget that we are not a self-contained country; that our revival and even our survival must depend upon our ability, with an open door and a free hand, to exploit and trade with the uttermost nations of the earth. For it is this freedom and enterprise that made Great Britain the country which it has been, and which we all hope it will be again.

OUR ADVANTAGES.

Through all this uncertainty and confusion, there emerge three things which have sustained us through the great crisis, and which have blazoned to the world that, with all our debts, and all our anxieties, we are still sane, and masters in our own house.

And the most important of these things was the great awakening, the realisation by the country of what had been in the minds of many for years before, namely, the dangerous precipice to which we had been trending. Then came the National Government, which it is to be hoped will remain a comprehensive and united body—at any rate, until we see daylight.

And the third cause for satisfaction with the happenings of the past twelve months was the great and spontaneous vote of the people, when they understood the gravity of our position, and when they saw that heroic treatment was necessary for a case that had become so critical.

Therefore, we have much to be thankful for. We have stemmed a dangerous tide. We have balanced our Budget. We have restored confidence in the country, and extorted the admiration of other countries.

So far so good. But, for anybody to think that we have thus regained prosperity, or that we have grounds for feeling content, would be a grave fallacy.

OUR BURDENS.

First, we have our external debts, complicated by the reverberating, and, so far, insoluble, problem of reparations. However this problem may be settled, we know that at present what we owe is definite, and has been increased by our going off the Gold Standard; and that what is owing to us has already been whittled down, and some of it may never be paid to us at all.

Still, if all reparations, as well as war debts, were being paid and were then extinguished, we should probably be the worst off in actual finance. But we should gain, as the whole World would gain, by a final settlement of this question which hangs over Europe like a great cloud.

Secondly, we must remember that we have our internal debt of £6,329,000,000. It amounts to £138 per head, and bear in mind that

that capita comprises not only working men and workless men, but women and children. The service of that debt may, by schemes of conversion, be reduced, but the saving in interest would come out of the pockets of the people. Whilst, therefore, the very conversion of itself would enhance the revival of confidence in our ability to pay our way, the only pecuniary benefit to the people would be by the Government correspondingly reducing direct taxation.

The enormous debt itself cannot really be reduced except by substantial annual contributions to the sinking fund, that is to say, out of the country's profit and loss account.

Nevertheless, any satisfactory conversion scheme must help the appearance of our Budget, and further stimulate the confidence of our own people and of those abroad.

Finally, we have a rate of taxation which is notorious—a dead-weight upon the efforts of industry to struggle on to a plane of even decent solvency. When you consider that our aggregate taxation amounts to no less than £16 7s. 1d. per head; that this is 60 per cent. more than that of France, and that it is quite 100 per cent. more than that of any other country on the face of the Globe, it must be clear that its prolonged continuance, if our country is to survive, is an arithmetical impossibility.

As I have ventured to indicate before, our invisible exports, upon which, as a world-wide trading country, so much of our success in the past has depended, are diminished, and are still diminishing. In 1929 they amounted to £484,000,000; in 1930 to £414,000,000; in 1931 to £301,000,000; and in 1932 they are bound to be still less. If then we are to reach the revival of prosperity for which we have so long been yearning, it is obviously essential that we must get down to fundamentals, which means the question of wages, or hours, or both, as the Trades Union Council must by this time have surely realized. Only by dealing with this question courageously may we feel assured of that impetus to our internal trade which in its turn should lead to an increase in our direct exports, the foundation of any trading country's livelihood. Already there are evidences of some tentative revival, especially in the stricken districts of Lancashire and Yorkshire, and we must fervently hope that the measure of tariff protection which has been enacted will prove more than a mere help to our revenue, and, indeed, a real benefit to our industries and exports.

ECONOMY.

But beyond this question of the stimulus to our internal trade, there is the further pressing need for economy if the staggering item in our Budget of £330,210,000 is to be successfully reduced. Just think of it. That that sum for Civil Services (that omnibus item which covers so much questionable expenditure) is nearly twice the entire total expenditure of the country's Government only twenty years ago. Even the year before the War, our aggregate budgeted expenditure was no more than £195,684,000.

Political economy is a phrase which seems to have lost its meaning. But there is no doubt about the simple word economy, which, having regard to our prodigal expenditure on social services, our enormous departments, and our swollen bureaucracy, is still crying out for further adjustment. We cannot and must not forget that so much of our present disease is due to the post-war extravagance of governments, municipalities and individuals, so that spending became not merely a habit, but a fashion. Much more, therefore, has to be done in this direction if we are to reach the goal of true solvency, and be able to reduce our unparalleled taxation, which is so grinding the faces of rich and poor alike, that the one is becoming unrecognisable from the other.

Our national account has been upset first and foremost by unwarranted wholesale extravagance—it can only be soundly rectified by determined wholesale economy.

EFFECT UPON INSURANCE BUSINESS.

Almost every event which happens in any country—whether political or economic—affects us somehow. Exchanges alone in their violent oscillations have been a serious factor, involving more intricate calculations than in any year which I can remember. But, through it all, we have had buoying us up the welcome fact that, by transacting as we do, such a business in practically every

quarter of the globe, a reverse in one direction is frequently offset by an advantage in another. The extraordinary thing is that, with conditions so dislocated and depression everywhere, we should still come out, not only on the right side, but with an account which in almost every feature must have given you considerable gratification.

The reduction of stocks and their market values have been aggravated by the further drop in the exchanges of Australia, New Zealand, Brazil, and Uruguay, following upon the 1930 attrition in Spain, Argentina and China.

On the other hand, we have the paradox of South Africa where I spent a couple of weeks in March. For, there, the adherence to the Gold Standard has undoubtedly largely influenced the serious decadence in trade—both exports and imports—of which there is evidence on all hands.

FEATURES OF YEAR'S RESULTS.

Our fire premiums for the year amounted to £3,040,001, or a reduction of £183,832, as compared with the previous year. The profit amounted to £345,319, or 11.3 per cent., against 10.0 per cent. in 1930.

Our accident business, with premiums of £2,196,863, showed a falling-off in volume of £161,479, and, with a slightly accentuated expense ratio, the profit was £77,766, or 3.5 per cent., against 3.6 per cent. in the previous year.

Accident business abroad has proved, as you will quite understand, very difficult in various countries, and, whilst at home, we have done quite well, we were not assisted by any additional profits accruing from the new Road Act, but rather the contrary, as we have found by experience that many of the cars and motor cycles which had not been insured were in many cases, from the expert view of the underwriter, really uninsurable.

Our marine business has again been not only satisfactory, but highly satisfactory. Had it not been for our abandonment of the gold standard in September last, there would have been an undoubted fall in our premium income, but the immediate, and continued, greater value of the dollar meant a corresponding increase in our marine premiums in the United States, and, of course, a corresponding increase in our liabilities, the main effect of which has yet to be encountered.

This dollar appreciation, therefore, solely accounts for the fact that our marine premium income for the year, at £1,296,045, showed a slight increase over the previous year. The loss experience was, fortunately, quite good, but there is an increase in the expenses of nearly 2 per cent., the whole of which may be put down to foreign taxation.

The net result is a profit of £200,558, or 15.5 per cent., against 14.7 per cent. in 1930. It will again be pleasing to you, as it is to me, to know that this profit has been derived from both our companies—the "Marine" and the "Standard," and we are continually indebted to Mr Darby and Mr Barnes for the success accruing from their judgment and work.

Thus we come to the total premium income of £6,532,909, which is a drop of £317,782, but still, less than the reduction in the previous year.

The total outcome of all these underwriting operations, after crediting, of course, the 40 per cent. reserve on the reduction in income, is a profit of £623,643, or 9.5 per cent., against 8.7 per cent. last year.

From this you will require to deduct British income tax belonging to 1931-32, namely, £157,916, which leaves a net surplus of £465,727, just £30,000 better than in 1930.

Our life business, conducted, as usual, through the medium of the "Law Union and Rock," has proved satisfactory.

Interest from investments has, after deducting the interest which we have to pay on outstanding debenture stock, yielded £502,442. The reduction is mainly due to increased income tax.

The total surplus for the year, therefore, after including the small amount from the fixed term account, and the life profit of £32,184, and after making all necessary deductions, was £1,001,855.

The dividend has been maintained at the handsome figure of 20s. per share, less income tax, to which it was raised last year.

INVESTMENT OF FUNDS.

The problem of the wise investment of your funds has been greatly accentuated during the past 12 months. For you will bear in mind that the five years ending 1929 were precisely those years when the whole country, and the whole world, seemed to have forgotten that there ever was a war, and came to the conclusion that the temporary phase of pseudo-prosperity was real and would last.

Of course, it was nothing of the kind, as 1931 rapidly revealed. We found ourselves at December 31st with a position where the valuation of our investments had to be made at almost the very bottom of the market. Hence, we have written off in the profit and

loss account, the sum of £240,000 to cover the depreciation in our Stock Exchange investments as they stood at the end of the year.

Since then, there has been a substantial recovery, especially in "gilt-edged" securities, which predominate amongst our investments. And, as a matter of fact, if our valuation had had to be made at April 30, 1932, instead of December 31, 1931, there would have been some appreciation, which would, therefore, not have occasioned any special treatment.

It will probably be welcome to you to know that, of all our Stock Exchange investments comprised in funds belonging to the shareholders, the percentage of our holding in ordinary stocks does not at the present moment exceed 1½ per cent.

That is practical evidence of the conservatism which has guided your directors during the difficult times through which we have been passing.

THE UNITED STATES.

We operate in the United States, not only in our own name, but through the intermediary of four subsidiary companies. The requirements of the Federal Government, and of many individual States, are exacting, and thus we have been required to deposit and otherwise invest in the country a very large amount, sufficient to more than provide for all our probable liabilities.

Hence, when we come to a period of such grave disturbance as the United States has been encountering during the past three years, one is necessarily exercised by the position and the outlook. For two years past, although our loss is nominal, we have made no money in the United States from our underwriting, and there is no indication of improvement in the experience this year. This will not at all surprise you, as it would be difficult to find any company which had been making money there during this period of stress and depression.

UNITED STATES INVESTMENT POLICY.

The investment policy pursued by American companies has been much more elastic than ours. Many of them anticipated continuous unchecked financial prosperity by putting a very large proportion of their holdings in ordinary and preferred stocks—investments which are most liable to fluctuation.

You will, therefore, be relieved to know that, even in prosperous times, we have consistently pursued a policy of caution. Consequently, we have not suffered through investments in ordinary stocks during the anxious industrial period through which the United States has been passing.

The whole of the depreciation which we are writing off, and even more, does come from the United States, and applies almost exclusively to what were regarded as "gilt-edged" securities. At the present moment, whilst the figures of our total investments are quite satisfactory, America shows a not unimportant depreciation.

UNITED STATES MORAL HAZARD.

Before I leave this transatlantic question, I might refer to a psychological difference in making a comparison between this country and the United States, a difference which has an important bearing upon the results of our operations under what seem to be almost identical conditions. Both the United States and Great Britain have been suffering, and yet, on the one hand, the insurance experience in this country, that is to say, the incidence of fire loss, has been quite satisfactory. In the United States it has been the exact reverse—even private dwelling-houses, especially when mortgaged, suffering from the prevalent mortality. The disparity between the loss experience in the United States and here at home, during precisely similar times of difficulty, is a testimony to the commercial honesty of our people.

Most of us have been surprised at the intensity and length of America's ordeal of depression. But anybody who knows America, with its vast possibilities, its resilience and its comparatively small debt, must feel convinced that some day—perhaps before long—violent fluctuations and probable spectacular recovery, but with before they can again settle down into their stride.

BANNER OF SOUND TRADING.

Through all this disturbance the business of insurance, &c., in its multifarious phases, has managed to continue to hold aloft the banner of sound and, in some cases, even prosperous, trading. If our accounts are any criterion, it is the one section of our invisible exports which has stood up against adverse conditions. And, whilst I am not an optimist as to the prospects of the next few years, believing, as I do, that the world is barely on the threshold of the solution which must eventually come about, I am sanguine that we shall hold our own and be able to still set an example of what can be done by British enterprise and by sound finance.

The Marquis of Reading (Deputy-Chairman) seconded the resolution, which was carried unanimously.

THE UNION BANK OF SCOTLAND, LIMITED.

GRATIFYING RESULTS—STRONG POSITION.

The annual meeting of the shareholders of this bank was held, on the 4th instant, in Glasgow, the Right Honourable Viscount Novar, K.T. (chairman of the board), presiding.

In submitting the directors' report, the Chairman referred to the eventful nature of the twelve months which had elapsed since their last meeting and reviewed the circumstances which resulted in the Bank of England's decision in September last to suspend gold payments. Some of them had doubted the wisdom of the return to the gold standard in 1925 without anything being done to rectify the disparity between wages in the sheltered and unsheltered trades, thus making it more difficult than ever to compete in the world's markets, but it was a matter for regret that they had been forced reluctantly to lose for the time being their anchorage to gold. Much had been said recently about the tremendous amount of harm caused by mal-distribution of gold and the wrong use to which it had been put by certain countries. At a time when there were many loudly proclaimed but extremely doubtful cures, it had to be remembered that the gold standard was all right so long as the rules of the game were observed, as had generally been the case prior to the war. Gold had then been used to settle international differences only and had not been used as a commodity to pay debts. Until that comparatively simple position was arrived at and accepted universally once more, it mattered but little what standard was adopted or whether currency and credit were "managed" or otherwise, as real world recovery would be well-nigh impossible.

The one good thing about the crisis of 1931 was that they had been forced before it was too late—but only when on the brink of disaster—to commence to put their house in order. It was a matter for congratulation that they had now a strong National Government divorced from party politics, but it was regrettable that so little had been done in the way of economy. While the May report was a most valuable document and had helped greatly in bringing the nation to its senses, it did not pretend to be the last word, and much more required to be done before we were in a really sound financial position. The noteworthy alteration in our fiscal system was also referred to, and the hope was expressed that this would result ultimately in freer trading conditions all round. It was now over 13 years since the Great War ended, and a weary world now waited for the political leaders to do now what must be done sooner or later; that is, make a final and reasonable settlement of reparations and war debts.

YEAR'S RESULTS.

Dealing with the affairs of the bank, the Chairman stated that, considering the difficult times through which they had passed, they had every reason to be gratified with the results of the year and with the strong position disclosed in the balance sheet. The events he had narrated briefly had been accompanied by abnormal changes in money rates, and they would appreciate how this added to the difficulties of management. Quite contrary to ordinary public opinion, high rates were not welcomed, nor were they profitable to banks such as theirs, and their profit at about £330,000 showed a moderate decline of £24,000. All bad and doubtful debts had been fully provided for, as usual, and the amount appropriated from inner reserves to complete that process was a very moderate one and appreciably less than the amount—£100,000—which, in view of the extremely uncertain outlook, they had thought it prudent to place to contingencies. There was not much change in the balance sheet figures, deposits showing a decrease of £828,000. Owing to depressed trading conditions and normal liquidation by their customers, loans and advances were lower by £673,000, but they had nevertheless continued to support liberally the various industries with which their clients were connected, and they had ample resources available for suitable financing when times became more propitious. The extremely strong position of the bank was illustrated by the fact that the total of cash on hand, money at call and Treasury bills, close on £10,000,000, represented 31 per cent. of their liabilities to the public, and, if their holding in British Government Securities were included, the percentage was over 57. During the year the bank had opened a number of branches, and in the course of a few weeks another branch in London would be opened in Kensington High Street, where an excellent site had been obtained.

The report was adopted and a dividend at the rate of 18 per cent. per annum declared.

After referring to the valuable services rendered by His Grace the Duke of Atholl, K.T., as chairman of the bank since 1921 and to the regret with which they had learned of his desire to be relieved of the duties of that office, Sir Ludovic J. Grant, Bart., moved that the Right Honourable Viscount Novar, K.T., be elected chairman of the bank, and this was unanimously agreed to.

FRIENDS' PROVIDENT AND CENTURY LIFE OFFICE.

CONDITIONS IN PAST YEAR.

MR HAROLD J. MORLAND'S REVIEW.

The annual general meeting of the Friends' Provident and Century Life Office was held, on the 4th instant, at the London head office, 7, Leadenhall Street, London, E.C.

Mr Harold J. Morland, M.A., J.P., F.C.A. (the chairman) presided, and, in the course of his address, said:—Fellow members,—The life assurances effected during 1931 were mainly taken out for the primary purposes of protection for dependants and thrift. There was a falling off in single premium assurances, and also in the larger policies issued in connection with financial transactions, to an extent which more than accounted for the decrease of £325,778 in the new business as compared with 1930. The total of £1,520,950 secured was larger than that of any year prior to 1928.

The mortality profit has been well maintained, and was, in fact, larger than in any previous year except 1930.

LIFE REVENUE ACCOUNT.

During the past year single premiums were only £17,148, which was £172,918 less than for 1930. The premium income derived from annual premiums increased by nearly £20,000, a satisfactory record, especially in view of the wastage of premium income arising out of the larger numbers of policies now being surrendered. This is one of the ways in which a life office is affected by a serious trade depression, and it may be of interest to give the following particulars:—

Year.	Number of surrenders.	Amount of cash paid.	Sums assured surrendered.
1929	424	£41,110	£195,600
1930	491	80,968	255,900
1931	585	102,958	370,360

INVESTMENTS.

If you will turn to the balance sheet you will see that the invested assets of over £7,750,000 have been placed in a variety of classes of holdings. The board has not restricted its investments to gilt-edged securities, but has deemed it justifiable to venture outside that category to the extent of the purchase of a certain proportion of debentures, preference, and even ordinary stocks of well-founded commercial and industrial undertakings. Realising the possibilities of considerable fluctuation in the quoted values of marketable securities, it has been the board's policy to place considerable sums in carefully selected mortgages in the United Kingdom and also in Canada.

The Stock Exchange securities showed almost without exception a considerable depreciation. Even British Government stocks were at lower prices than for many years past. On balance, the depreciation amounted to £386,024, which was 5.3 per cent. of the funds.

INTERIM BONUS RATE.

At the end of 1929 the bonus declared was on a higher scale than at any previous declaration since the present premium rates were instituted.

In our case there is no necessity to have a valuation prior to the end of 1934, which will be five years from the previous valuation at the close of 1929.

After careful consideration, and as a measure of precaution, the directors have made the decisions stated in the report as follows:—

(1) To defer the next actuarial valuation until December 31, 1934—that is, five years from the date of the last valuation.

(2) In respect of policies becoming claims during the year 1932 to declare the following interim bonus: £2 2s. per cent. per annum compound in respect of each year's premium paid for the years 1930 and 1931, but no further bonus in respect of any premium which may be paid during 1932.

After the close of this year the directors will decide, in the light of the conditions then prevailing, the rate of interim bonus to be paid during 1933.

CENTURY ACCOUNTS.

The accounts of the Century Insurance Company, Limited, are, as usual, appended to the accounts of the office.

The fire premium income was reduced by about £67,000 (nearly 20 per cent.), and amounted to £275,000. The reduction was almost wholly abroad, the home income being fully maintained.

The year 1931 was one of the most critical years in the experience of any of us, but assurance offices have emerged comparatively little affected. No body of co-operative investors is so solidly placed and has emerged from the test so successfully as the life office.

The revenue accounts and balance sheet and report of the directors were unanimously adopted.

THE EQUITABLE LIFE ASSURANCE SOCIETY.

REMARKABLE BUSINESS FIGURES.

The one hundred and seventieth annual general meeting of the Equitable Life Assurance Society was held, on the 4th instant, at the society's house, 19, Coleman Street, London.

Mr H. L. M. Tritton (the president) said that he was again able to report a satisfactory increase in the business transacted and to refer with pride to the remarkable results accruing to policyholders. The directors and the actuary had no hesitation in giving a certificate that in their belief the assets set forth in the balance sheet were in the aggregate fully of the value stated therein. There were, moreover, other margins in the accounts in connection with various items, and he hoped and believed that the accounts of the Old Equitable would never be without substantial margins.

New business had reached a figure of £1,297,300, an increase of £322,750 on 1930, a figure of new sums assured only once exceeded by the Equitable—namely, in 1810—when the new sums assured were just over £1,500,000. The premiums last year had been inflated by an exceptional amount of single premiums, but, even without that, the premium revenue was over £500,000, and he would emphasise the fact that that premium income was obtained without the payment of a single penny in commission—a material saving to policyholders in the "Old Equitable."

The statement of claims by death showed how extremely satisfactory life assurance with the Equitable was, even if a policyholder died in old age after paying premiums for many years. On the average each £1,000 of sum assured (payable only at death) during 1931 was increased to £2,443—a result of which they could be proud. There was one claim included in the list amounting to over £13,500, of which the original sum assured was £4,000. He would ask—was there any other office in the world that would have paid £13,500 for an original sum assured of £4,000? The endowment assurances should be just as much a source of pride to the members of the society. The average rate of bonus had been £2 2s. per cent. per annum of the sum assured—a wonderful rate, remembering that endowment assurances now maturing were effected before the war, and that during the time they had been in force the society had suffered depreciation and taxation due to the war.

The report was unanimously adopted.

THE LICENSES AND GENERAL INSURANCE COMPANY, LIMITED.

SUCCESSFUL RESULTS—GOOD DIVIDEND RECORD.

The forty-second ordinary general meeting of the Licenses and General Insurance Company, Ltd., was held, on the 4th instant, at the offices of the Company, Moorgate, London, Mr A. W. Ruggles-Brise, J.P., D.L. (Chairman), presiding.

The Chairman said that while 1931 was a difficult year to all engaged in commerce or finance, they had this comfort, that it presented no tragedies for the "Licenses," but, indeed, some items of comfort and satisfaction. The direct home income of the company did not suffer, despite the bad times, but was slightly enhanced. The profit for the year in the fire department amounted to £5,074, and was transferred to profit and loss. In view of the interest which continued to be centred on the United States of America, that land of big figures, he thought it well to reiterate that they still continued to hold aloof from the American market and saw no good reason to alter that decision. An almost unique position. With regard to management expenses, the policy of retrenchment had been continued—spending reduced by nearly £6,000—and the fact that the ratio of working expenses throughout, including commission, amounted to no more than 43.5 per cent. on the reduced income was satisfactory and compared favourably with the experience of other offices.

The total of assets showed a reduction on the previous year, and definitely coincided with the reduction of liability, but, as a rough and ready test of value, the ratio of total assets to premium income in 1930 was 141.9 per cent., and for this year it stood at 146.3 per cent. It was interesting, he said, to note that the company commenced paying a dividend as far back as 1896, and that the total amount of dividend payments since that time slightly exceeded a quarter of a million pounds. On an original issued capital of £70,000, this surely created a record of which they all might well be proud.

In conclusion, the Chairman said their direct income since the year closed showed consistently the maintenance of the business. Indeed, one might almost venture to express the presence of an improvement, the first three months' figures being quite satisfactory.

The report was unanimously adopted, and a final dividend of 14 per cent., less tax, making 20 per cent., less tax, for the year was declared.

ANGLO-AMERICAN DEBENTURE CORPORATION, LIMITED.

THE CRISIS AND ITS SOLUTION.

The forty-second ordinary general meeting of the Anglo-American Debenture Corporation, Limited, was held, on the 4th instant, at Winchester House, Old Broad Street, London.

Mr Richard S. Guinness (the chairman) said that he thought shareholders would not be dissatisfied with the results now submitted. The revenue from investments showed a fall of a little over £17,000, or about 10 per cent., but nevertheless the income received of £155,392 showed a return of 6½ per cent. upon the book cost of the investments. Last year they paid a dividend of 15 per cent., placed £25,000 to reserve, and increased the carry-forward by nearly £2,200. This year it would have been possible to repeat that dividend, but the directors had to bear in mind not only the past results of the company but also the prospects for the coming year.

Only a few weeks ago the financial markets of the world received another shock by the disclosures of irregularities in the affairs of the Swedish Match Company and its subsidiaries, but he was glad to say that this company had no interest, and had not had for some time, in any of the companies. As might be expected, the fall in values during the past year had been heaviest in their United States holdings, which now, however, represented only about 8½ per cent. of the total investments. The depreciation was no less than 58½ per cent., but many of the prices quoted for American securities seemed to be quite out of relation even with the very depressed conditions ruling in that country. The same applied to a smaller extent to the quotations in this country, where, however, the fall was only 12 per cent. With any spark of recovery the well-seasoned list of investments which they held should substantially improve both in assets value and in income production, but, until the world's lost or misplaced capital had been readjusted—whether it be Government debts, inflated industrial or real estate capitalisation, or paper finance—there was no hope of recovery. The world was calling out for such readjustments, not by conjuring tricks of currency or tariff manipulations, but by world-wide reconstructions—by the methods, in fact, used by our fathers for solving financial and political crises.

The report was unanimously adopted.

CALCUTTA TRAMWAYS COMPANY, LIMITED.

SUCCESS OF NEW ROLLING STOCK.

The ordinary general meeting of the Calcutta Tramways Company, Limited, was held, on the 3rd instant, at 1 Queen Victoria Street, London.

Mr John G. B. Stone, the chairman, in the course of his address, said: The traffic receipts, £372,712, show a decrease of £5,248, of which £1,953 is attributable to Calcutta and £3,295 to Howrah. During the first three months of 1930 the "civil disobedience" movement had not affected operations to any great extent. It was not till April, 1930, that there was any serious falling-off in our earnings. Omnibus competition, judged by the number of vehicles licensed, was certainly as intense as during the previous year, but during the closing months the tramcars were able to attract a larger proportion of the traffic offering, due to the running of a quicker and more regular service coupled with the putting into operation in October last of the first instalment of the new rolling-stock. This is shown in the distinct improvement in the number of passengers carried, the total increase being 10½ millions, or over 15 per cent. on a 5½ per cent. increased mileage.

Revenue expenditure in respect of the tramways amounted to £248,603, a decrease of £2,747, notwithstanding the increased motor omnibuses, £4,744, there remains £122,816, out of which £11,727 interest and dividends received, there remains £79,543, leaving £25,180. Adding £5,499 brought forward, there is £30,679. The directors recommend a dividend on the ordinary shares of 3½ per cent., less income tax, carrying forward £6,179.

As regards our motor omnibuses we have been able to dispose of a few at fairly reasonable prices and we have dealt with the remainder by writing off the total cost, £93,265, against the depreciation fund. The policy in dispensing with the motor omnibus services has been fully justified by the improved tramway results. This improvement continues, the total tramway receipts for the current year to date showing an increase of £2,073 compared with the combined tramway and omnibus receipts for 1931, and of period.

We can only again express our confidence that with the return of normal conditions the tramways will maintain their position as the cheapest and most reliable form of transport for the city. The report and accounts were adopted.

SCOTTISH UNION AND NATIONAL INSURANCE COMPANY.

SUCCESSFUL RESULTS IN A DIFFICULT YEAR.

ANOTHER LIFE BUSINESS RECORD.

Mr G. A. Connor, chairman, presided at the 107th annual general meeting of the shareholders of the Scottish Union and National Insurance Company, held at Edinburgh on May 4, 1932. In moving the adoption of the report and accounts for the year 1931, he stated that, notwithstanding the disturbing conditions caused by the world-wide economic collapse, the life department of the company's business had continued to forge ahead. For the fourth year in succession all previous records have been broken. Another satisfactory feature is the reduction in claims by death of nearly £29,000, which follows a reduction of over £72,000 in the preceding year.

FIRE ACCOUNT

The fire account is much less satisfactory than we have been accustomed to in recent years. The serious fall in our income in 1931 of some £156,000 is mainly attributable to our operations in the United States of America. This has been occasioned by the great depression prevailing in that country. We cannot be forgetful, however, that up till the year 1930 we had for a long period of years a favourable experience in our American business, and we are satisfied that when normal times do return we can look forward to a repetition of good results. The total fire losses of the company, including contributions to fire brigades, show an increase of nearly £18,000. The amount transferred to the profit and loss account from the fire account is approximately £68,000. The fire insurance fund is 119 per cent. of the year's fire premiums. It is somewhat early to predict the results of the operations in the fire department for 1932, but I am pleased to say that the fire losses to date this year are considerably less than those experienced during the corresponding period of last year, this experience being largely due to a reduction in the American losses.

ACCIDENT, EMPLOYERS' LIABILITY AND MISCELLANEOUS ACCOUNTS.

The accident, employers' liability and the miscellaneous accounts together showed premiums amounting to over £255,000—an increase over the previous year of £4,000. The profits realised and transferred to the profit and loss account, although not quite up to those of the previous year, amount to the substantial sum of over £30,000.

MARINE ACCOUNT.

As regards the marine account, the premiums for last year show an increase of £4,000 over the previous year, but the losses are down by approximately £27,000. A sum of £30,000 (i.e., £10,000 more than in the previous year) was transferred to the profit and loss account.

PROFIT AND LOSS ACCOUNT.

In the profit and loss account it will be observed that £20,000 has been applied to reduce the book value of house property in the balance sheet and £50,000 has been transferred to a contingency fund. This latter item the directors considered it prudent to set up in view of the uncertainty in foreign exchanges throughout the whole world, but from time to time may be applied to other contingencies which may arise. After payment of the dividend

Banking in Finland

CAPITAL AND RESERVES:
Fmk. 428,000,000.
TOTAL ASSETS (31/1/32):
Fmk. 3,899,061,000.

KANSALLIS-OSAKE-PANKKI

(National Joint Stock Bank)

HEAD OFFICE: HELSINKI
(HELSINGFORS), FINLAND

Established 1889.

this year, the carry-forward is fully £309,000. This sum represents more than two years' dividends at the present rate.

SATISFACTORY VALUE OF ASSETS.

It will be seen from the balance sheet that the assets exceed £15,680,000, being £36,000 more than the total assets of the previous year. A very highly satisfactory feature of the balance sheet is that we have not found it necessary to provide for any depreciation in the value of the assets. Any decrease in the market value of the company's sterling assets has been made good by the increase in the sterling values of the company's holdings of American and Canadian dollar investments.

JAMES W. COOK AND COMPANY, LIMITED.

DECREASED PROFITS DUE TO DIFFICULT CONDITIONS.

YEAR'S OPERATIONS REVIEWED.

The thirty-fifth annual general meeting of James W. Cook and Company, Limited, was held, on the 29th ultimo, at 130-135, Minorities, London, E.C., Mr W. J. Clarke (chairman and managing director) presiding.

The Chairman, in moving the adoption of the report and accounts, said that at the last annual meeting he was careful not to indulge in any prophecy as to the future, and he was glad that was so, for the year under review had been one of continued difficulty. The result of it was shown in their decreased net profit, and that decrease was very largely due to the universal crop shortage of one of the articles they handled, resulting in a quicker sale after the crops were harvested and with consequent heavy decrease in the rent income they were able to secure for storage.

Their lighterage department had maintained itself during the past year, but here they suffered from the heavy ratio of wages to total expenditure, which became more difficult to maintain as world conditions were making competition keener and keener.

Referring to their subsidiary companies, he said the tanker fleet of the Bulk Oil Steamship Company, Limited, had been kept fairly employed during the past year. With regard to their other subsidiary, Eastern Roadways, Limited, they were making progress and had gathered together a good business in a short space of time. Here they were pursuing the same sound method of using all available profits for writing down and strengthening their fleet of lorries, and in a few years they should be able to reap the reward of their enterprise by receiving definite benefit from their activities.

The report was unanimously adopted, and a dividend at the rate of 15 per cent. per annum for the past half-year on the ordinary shares, making 10 per cent. for the year, less income tax, was declared.

LAW UNION AND ROCK INSURANCE COMPANY, LTD.—On April 28th, Mr James Stirling, F.F.A., secretary and actuary of the Law Union and Rock Insurance Company, Ltd., retired on pension with the best wishes of his friends and colleagues. Mr Stirling joined the Scottish Union and National in 1882 and went to the Scottish Imperial in 1897 as secretary, subsequently becoming manager and actuary of that company. In 1905 he was appointed sub-manager of the Law Union and Crown, now the Law Union and Rock, and became secretary and actuary in 1920. On the retirement of Mr James Stirling, the directors of the Law Union and Rock Insurance Company, Ltd., have appointed Mr A. H. Shrewsbury, F.I.A., secretary and actuary of the company. Mr Shrewsbury, who was formerly on the head office staff of the Royal Exchange, was actuary of the British Equitable from 1925 until October, 1931, when he joined the Law Union and Rock as an assistant secretary.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended April 30, 1932, amounted to £7,885,000 against ordinary expenditure of £7,954,600. After allocating £505,000 to Sinking Fund and having allowed for an increase in Exchequer Balances of £603,696, the operations for the week, as shown below, decreased the National Debt by £29,000 to £7,590,842,000:—

(000's omitted.)

Treasury Bills	+ 3,121	Public Department Advances	- 2,750
National Savings Certificates ..	+ 150	Treasury Bonds paid off	- 200
		Issues under P.O. and Telegraph Acts	- 350
			- 3,300
			- 3,300

A complete analysis of the National Debt at March 31, 1932, was printed in the *Economist* of April 2, 1932.

REVENUE.	Total Receipts into the Exchequer			
	April 1, 1932, to April 30, 1932.	April 1, 1931, to May 2, 1931.	Week ended April 30, 1932.	Week ended May 2, 1931.
ORDINARY REVENUE.	£	£	£	£
Inland Revenue—				
Income Tax	11,936,000	15,953,000	874,000	2,753,000
Sur-Tax, including Arrears of	3,680,000	5,600,000	550,000	1,113,000
Super-Tax	6,010,000	6,870,000	950,000	790,000
Stamps, &c., Duties	450,000	650,000	290,000	200,000
Excise Profits Duty and Corporation	...	...	...	...
Land Tax and Mineral Rights	30,000	30,000	...	...
Duty	...	...	...	...
Total Inland Revenue	22,106,000	29,103,000	2,664,000	4,853,000
Customs and Excise—				
Customs	13,448,000	10,927,000	3,408,000	2,245,000
Excise	10,000,000	10,146,000	1,200,000	1,045,000
Total Customs and Excise	23,448,000	21,073,000	4,608,000	3,290,000
Motor Vehicles Duties (Exchequer Share)	475,000	742,000	7,000	233,000
Post Office (Net Receipts)	2,350,000	3,000,000	350,000	400,000
Crown Lands	190,000	140,000	190,000	...
Receipts from Sundry Loans	868,226	4,316,067	...	95,159
Miscellaneous Receipts	412,988	1,668,467	65,970	301,743
Appropriation from Rating Relief	...	...	...	...
Suspense Account	...	...	...	...
Total Ordinary Revenue	49,850,214	60,042,534	7,884,970	9,172,902
SELF-BALANCING REVENUE.				
Post Office	3,200,000	3,000,000	1,350,000	1,300,000
Motor Vehicle Duties apportioned to Road Fund	2,379,000	2,029,000	239,000	...
Total Self-Balancing Revenue	5,579,000	5,029,000	1,589,000	1,300,000
Total	55,429,214	65,071,534	9,473,970	10,472,902

EXPENDITURE.	Total Issues out of the Exchequer to meet payments.			
	April 1, 1932, to April 30, 1932.	April 1, 1931, to May 2, 1931.	Week ended April 30, 1932.	Week ended May 2, 1931.
ORDINARY EXPENDITURE.	£	£	£	£
Interest and Management of National Debt	27,227,537	36,509,735	1,232,407	13,987,827
Payments to Northern Ireland Exchequer	207,143	202,464	207,143	...
Other Consolidated Fund Services	247,801	290,190	35,096	57,608
Total	27,682,481	37,002,389	1,474,646	14,045,435
Total Supply Services (excluding Post Office)	31,030,000	36,371,000	6,480,000	12,421,000
Total Ordinary Expenditure	58,712,481	73,373,389	7,954,646	26,466,435
SELF-BALANCING EXPENDITURE.				
Post Office	3,200,000	3,000,000	1,350,000	1,300,000
Road Fund	2,379,000	2,029,000	239,000	...
Total Self-Balancing Expenditure	5,579,000	5,029,000	1,589,000	1,300,000
Total Ordinary and Self-Balancing Expenditure	64,291,481	78,402,389	9,543,646	27,766,435
New Sinking Fund (1928)	2,145,318	3,601,226	505,000	515,000
Total (including New Sinking Fund)	66,436,799	82,003,615	10,048,646	28,281,435

The aggregate revenue and expenditure to April 30, 1932, is shown below:—

FINANCIAL YEAR, 1932-33, APRIL 1st to APRIL 30, 1932.		(000's omitted.)	
Expenditure	Revenue	Expenditure	Revenue
58,712	49,850	60,857	60,857
2,145	2,715		
	8,292		

POSITION OF THE FLOATING DEBT.		Movement week ended	
May 2, '31.	Mar. 31, '32.	Apr. 30, '32.	Apr. 30, '32.
Ways and Means Advances Outstanding—			
Advances by Bank of England	8,250,000	8,250,000	2,750,000
Advances by Public Departments	37,650,000	7,500,000	3,125,000
Treasury Bills outstanding	561,925,000	604,455,000	625,370,000 + 3,125,000
Total Floating Debt	607,825,000	611,955,000	633,620,000 + 375,000
* Includes £7,000, the proceeds of which were not carried to the Exchequer within the period of the account.			

TREASURY BILLS BY PUBLIC TENDER.
Tenders for £40,000,000 in Treasury Bills were opened on April 29, 1932, and the total amount applied for was £71,435,000. Tenders were accepted for bills at three months, dated Monday to Friday at £99 10s. 6d., about 11 percent., and above in full, and Saturday at £99 10s. 8d. and above in full. The amount allotted was £35,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1932.			
April 8	45,000,000	76,220,000	2 1/2 4-7 1/2
April 15	40,000,000	78,160,000	2 1/2 11-6
April 22	35,000,000	76,455,000	1 1/2 3-9 1/2
April 29	40,000,000	71,435,000	1 1/2 1-8 1/2

The OCEAN ACCIDENT and GUARANTEE CORPORATION, Limited.

Accidents and Illness. Fidelity Guarantees. Burglary. Fire. Motor Cars. Public Liability. Inspection and Insurance of Boilers, Engines, Electrical Plant and Lifts. Executorships and Trusteeships.

Head Office: 38-44 MOORGATE, LONDON, E.C.

The Bankers' Gazette.

BANK OF ENGLAND.		Return for Week ended Wednesday, May 4, 1932.	
ISSUE DEPARTMENT.		£	
Notes Issued:—			
In Circulation	356,580,278	Government Debt	11,015,100
In Banking Department	39,236,063	Other Government Securities	207,544,537
		Other Securities	52,628,951
		Silver Coin	3,811,412
		Amount of Fiduciary Issue	276,000,000
		Gold Coin and Bullion	120,816,341
		£395,816,341	£395,816,341

BANKING DEPARTMENT.		£	
Proprietors' Capital	14,553,000	Government Securities	69,075,906
Reserve	3,187,478	Other Securities—	
Public Deposits	10,296,748	Discounts and Advances	£11,584,952
Other Deposits	...	Securities	£19,227,858
Bankers' £75,060,256		Notes	30,812,810
Other Accounts 36,669,966		Gold and Silver Coin	39,236,063
			643,638
7-Day and other Bills	111,730,222		
	1,169		
	£139,768,617		£139,768,617

Both Departments.		Amount, May 4, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation		£	£	£
Public deposits		356,580,278	+ 3,765,889	+ 363,067
Bankers' deposits		10,296,748	+ 13,054,570	+ 4,297,809
Other deposits		75,060,256	+ 16,775,176	+ 16,488,206
Seven-day bills		36,669,966	+ 1,387,002	+ 1,158,331
Total, outside liabilities		1,169	+ 695	+ 6,388
Capital and reserve		478,808,417	+ 8,873,802	+ 22,301,025
		17,740,478	+ 24,740	+ 7,646
Government debt and securities		287,635,543	+ 4,012,285	+ 9,255,523
Discounts and advances		11,584,952	+ 50,156	+ 5,950,257
Other securities		71,856,809	+ 4,842,843	+ 34,390,315
Silver coin in issue department		3,811,412	+ 8,750	+ 280,381
Coin and bullion (bank's reserve)		121,460,179	+ 16,492	+ 27,022,335
Reserve of notes and coin in banking department		39,879,901	+ 3,782,381	+ 12,365,402
Proportion of reserve to outside liabilities				
(a) Banking department only ("proportion")		32 1/2%	+ 4 1/2%	+ 19 1/2%
(b) Gold stocks to deposits and notes ("reserve ratio")		25 1/2%	+ 1 1/2%	+ 7 1/2%

Issue Department.		Banking Department.		Gold in or out of Bank.	
Date.	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.
1932.					
Mar. 30	395,807	360,529	27,231	54,566	34,381
Apr. 6	395,807	359,792	9,993	79,542	33,644
13	395,808	356,753	12,259	78,447	32,824
20	395,815	354,271	9,149	72,840	34,585
27	395,816	352,814	23,351	58,284	35,283
May 4	395,816	356,580	10,297	75,060	36,670

Issue Department.		Both Depts.		Banking Department.		Reserve & the "Proportion."	
Date.	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Discounts & Advances.	Other Securities.	Ratio.
1932.							
Mar. 30	251,879	19,315	121,432	25 1/2%	35,696	11,725	51.087
Apr. 6	245,402	25,797	121,437	25 1/2%	51,111	12,164	40.910
13	234,309	36,892	121,449	25 1/2%	58,386	12,267	39.696
20	219,696	51,487	121,430	25 1/2%	57,606	11,198	32.283
27	221,002	50,196	121,477	25 1/2%	52,621	11,535	16.818
May 4	218,560	52,629	121,460	25 1/2%	69,076	11,585	19,228

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1932.				
January 1 to April 20	7,914,237	516,155	853,559	9,283,951
Week ended April 27	510,385	28,550	47,070	586,005
Week ended May 4	553,394	32,730	50,297	636,421
Total to date, 1932	8,978,016	577,435	950,926	10,506,377
Total to date, 1931	12,459,445	617,603	987,621	14,064,669
Increase or decrease in 1932	-3,481,429	-40,168	-36,695	-3,558,292
	-28.0%	-6.5%	-3.7%	-25.3%
Total for year 1931	31,815,808	1,667,852	2,752,209	36,235,869
Total for year 1932	38,782,577	1,812,146	2,963,631	43,558,354
Increase or decrease in 1931	-6,966,769	-144,294	-211,422	-7,322,485
	-17.9%	-7.9%	-7.1%	-17.8%

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

	Week ended April 30.		Month of April.			Aggregate Totals, January 1 to April 30.	
	1931.	1932.	1931.	1932.	Inc. or Dec.	1931.	1932.
No. of working days			24	26		£	£
BIRMINGHAM	2,467	1,954	8,093	9,209	+ 13.7	39,861	37,493
BRADFORD	1,080	906	3,518	3,525	+ 0.1	13,619	14,184
BRISTOL	1,201	955	4,192	5,406	+ 28.9	18,655	18,662
DUBLIN	4,687	4,836	...	...	...	85,739	90,799
HULL	769	641	3,096	3,078	- 0.5	13,142	13,103
LEEDS	887	774	3,523	3,692	+ 4.7	15,881	15,468
LIVERPOOL	660	512	2,496	2,885	+ 15.5	11,615	12,389
MANCHESTER	5,823	5,095	21,942	24,260	+ 10.5	95,123	95,455
NEWCASTLE	10,333	8,900	37,655	40,479	+ 7.4	165,046	167,926
NOTTINGHAM	1,334	1,152	4,837	5,548	+ 14.6	23,565	21,979
SHEFFIELD	436	390	1,831	1,891	+ 3.2	8,411	8,110
TOTAL	922	570	2,931	3,064	+ 4.5	14,487	13,230
Total	30,579	26,685	94,114	103,037	+ 9.4	505,144	508,798

OVERSEAS BANK RETURNS

NOTE.—The latest return of the Bank for International Settlements appeared in the Economist of April 9: Roumania and Lithuania in April 18; National Bank of Egypt, Danzig, and Japan in April 23; Bulgaria and Canadian Banks in April 30.

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

	May 7, 1931.	Apr. 14, 1932.	Apr. 21, 1932.	Apr. 28, 1932.	May 5, 1932.
RESOURCES.					
Total gold reserve	3,172,280	3,018,310	3,023,730	3,014,530	2,992,420
Total bills discounted	150,200	628,600	564,520	531,820	505,800
Bills bought in open market	193,870	51,810	48,550	45,870	44,520
Total U.S. Govt. securities	598,350	928,000	1,074,130	1,191,230	1,286,880
Total bills and securities	942,320	1,659,910	1,696,700	1,773,740	1,842,130
Total resources	4,941,200	5,509,350	5,512,540	5,548,110	5,603,920
LIABILITIES.					
Federal Reserve notes in actual circulation	1,540,780	2,537,070	2,544,760	2,526,570	2,561,650
Deposits—Memberbank—reserve account	2,417,730	2,010,900	1,978,640	2,114,420	2,147,150
Total deposits	2,417,540	2,123,960	2,131,370	2,234,200	2,237,100
Capital paid in and surplus	443,230	414,880	414,800	414,600	414,310
Total Liabilities	4,941,200	5,509,350	5,512,540	5,548,110	5,603,920
Ratio of total reserves to deposit and Federal Reserve note liabilities combined	83.4%	69.4%	69.2%	67.9%	66.8%

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

	Position, May 31, 1931.	Apr. 22, 1931.	Apr. 7, 1932.	Apr. 15, 1932.	Apr. 22, 1932.
ASSETS.					
Cash and bullion—Gold	44,224	146,398	155,259	155,259	155,259
Balance abroad and foreign bills	28,533	33,190	14,958	13,558	14,958
Norwegian and Foreign Government securities	8,816	63,940	29,252	29,158	29,102
Discounts and loans	76,911	172,009	26,449	266,558	268,257
LIABILITIES.					
Notes in circulation	113,484	287,995	307,658	307,878	307,442
Deposits at sight	7,188	62,926	92,475	92,475	96,141

* In addition the Bank has at its free disposal abroad Kr. 37,159,000.

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

	Position, May 30, 1931.	Apr. 30, 1931.	Jan. 30, 1932.	Mar. 31, 1932.	Apr. 30, 1932.
ASSETS.					
Cash and bullion	76,644	171,945	146,854	144,584	144,579
Loans & Discounts	88,470	121,054	199,677	173,404	171,318
Debtors abroad	24,102	61,021	24,456	26,219	23,446
Securities	11,988	42,673	49,517	54,986	63,222
LIABILITIES.					
Circulation	157,266	353,705	324,749	320,846	334,919
Deposits	6,698	30,553	49,773	37,519	46,183

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

	Position, May 30, 1931.	Apr. 25, 1931.	Apr. 2, 1932.	Apr. 9, 1932.	Apr. 16, 1932.	Apr. 23, 1932.
ASSETS.						
Gold	521,775	2,422,913	2,249,921	2,250,214	2,250,427	2,250,872
Silver	728,600	706,325	548,744	548,744	547,861	553,997
Loans & Discounts	800,725	2,357,666	3,097,877	3,086,686	3,529,238	3,538,890
Spanish 4% stock	344,475	344,475	344,475	344,475	344,475	344,475
Advances to Treasury	150,000	150,000	150,000	150,000	150,000	150,000
LIABILITIES.						
Circulation	901,550	4,950,872	4,918,729	4,976,685	4,931,065	4,886,002
Deposits	477,500	759,466	1,011,368	1,019,621	952,590	918,390

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

	Mar. 16, 1932.	Mar. 23, 1932.	Mar. 30, 1932.	Apr. 6, 1932.	Apr. 13, 1932.
ASSETS.					
Gold	345,187	357,848	358,535	361,649	362,757
Balance abroad	621,165	597,654	597,026	582,498	571,706
Discounts	326,744	322,810	318,387	318,805	320,226
Government loans	1,058,029	1,058,029	1,058,029	1,058,029	1,058,029
LIABILITIES.					
Notes in circulation	1,901,161	1,906,096	1,918,903	1,913,303	1,893,306
Government deposits	102,301	83,518	12,448	35,890	60,765
Bankers' deposits	280,428	288,223	322,459	301,997	296,023
Other deposits	32,576	28,419	37,029	32,426	28,952

† In dollar and sterling only.

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

	Apr. 23, 1931.	Mar. 31, 1932.	Apr. 7, 1932.	Apr. 15, 1932.	Apr. 23, 1932.
ASSETS.					
Cash Reserve—Gold coin and bullion	214,327	179,416	179,416	179,416	179,416
Foreign exchange	134,544	60,174	57,958	48,063	39,172
Other foreign exchange	500,897	115	115	115	115
Bills discounted	57,026	867,186	858,112	845,681	820,892
Govt. debt	96,102	95,643	95,643	95,571	95,571
LIABILITIES.					
Share capital	43,200	43,200	43,200	43,200	43,200
Reserve fund	10,803	10,803	10,803	10,803	10,803
Notes in circulation	834,313	1,008,577	946,124	921,839	879,795
Deposits	172,514	128,445	178,565	180,037	188,248

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

	Apr. 23, 1931.	Mar. 31, 1932.	Apr. 7, 1932.	Apr. 15, 1932.	Apr. 23, 1932.
ASSETS.					
Metal reserve—Gold coin and bullion	125,741	100,048	96,399	96,399	96,399
Foreign exchange	15,415	12,364	17,258	16,909	15,622
Drifts and notes	14,973	10,338	10,530	11,052	11,435
Silver coin and bullion	205,494	407,175	401,448	375,279	369,887
Inland bills, warrants and securities	60,115	54,205	54,182	54,182	54,182
Advances to Treasury	34,756	34,756	34,756	34,756	34,756
Share capital (gold crowns 30,000,000)*	319,957	373,934	360,120	347,236	338,167
Notes in circulation	41,524	97,503	98,887	83,299	84,891
Current accounts, deposits, &c.	41,524	97,503	98,887	83,299	84,891

* Calculated at pre-war parity of exchange.

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K. (000's omitted).

	Apr. 23, 1931.	Mar. 31, 1932.	Apr. 7, 1932.	Apr. 15, 1932.	Apr. 23, 1932.
ASSETS.					
Gold	1,541,682	1,642,661	1,642,640	1,642,320	1,642,051
Balance abroad and foreign currency	2,103,992	784,024	755,560	772,278	1,242,428
Discounts and advances	162,642	1,432,050	1,295,934	993,932	982,760
State notes debt balance	3,345,266	3,059,255	3,050,196	3,050,755	3,045,030
Other assets	1,115,634	854,023	853,263	930,356	588,441
LIABILITIES.					
Bank notes in circulation	5,743,482	6,825,997	6,381,233	6,166,454	5,940,911
Check account balances	1,594,555	278,757	568,582	570,114	905,912
Other liabilities	420,268	230,888	216,207	216,502	217,316

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

	Apr. 31, 1932.	Apr. 8, 1932.	Apr. 15, 1932.	Apr. 22, 1932.
ASSETS.				
Cash reserve—Gold at home and abroad	1,762,578	1,762,817	1,763,063	1,763,129
Foreign exchange	192,229	192,893	196,924	206,613
Other foreign exchange	83,906	81,498	82,831	82,831
Bills and advances against security	2,181,445	2,190,303	2,187,702	2,192,194
Government advances	1,802,746	1,802,987	1,802,941	1,803,257
LIABILITIES.				
Notes in circulation	4,823,612	4,923,521	4,874,935	4,849,554
Sight deposits	495,129	436,793	489,431	525,178

BANK OF GREECE.—In drachmae (000's omitted).

	Apr. 23, 1931.	Mar. 31, 1932.	Apr. 7, 1932.	Apr. 15, 1932.	Apr. 23, 1932.
ASSETS.					
Gold	480,922	715,949	700,214	642,093	491,288
Gold exchange	3,120,418	341,708	303,711	348,153	469,166
State Gold Bonds	607,930	607,930	607,930	607,930	607,930
Other foreign exchange	2,195	2,235	2,194	2,156	2,156
Bills discounted	146,278	313,027	317,871	320,527	323,717
Advances	156,324	902,014	979,065	1,007,706	956,354
Debt to the State	3,388,763	2,696,636	2,696,636	2,696,686	2,696,686
LIABILITIES.					
Cash paid up	400,000	400,000	400,000	400,000	400,000
Notes in circulation	4,424,056	3,908,903	4,001,282	4,037,881	4,067,196
Deposits and current accounts	1,692,657	440,678	465,776	595,267	676,366
Foreign exchange liabilities	926,579	127,028	116,947	121,518	117,029

CENTRAL BANK OF TURKEY.—In ₺ (000's omitted).

	March 31, 1932.	April 7, 1932.	April 14, 1932.	April 21, 1932.
LIABILITIES.				
Gold coin and bullion	12,166	12,308	12,403	12,467
Other coin and notes	8,503	7,485	8,441	7,898
Cover to Supplementary Note Issue:—				
(a) Gold	1,057	1,057	1,057	1,057
(b) Foreign exchange	2,774	2,900	2,210	2,286
Free foreign exchange	1,548	967	1,053	944
Treasury bonds	156,949	156,909	156,869	156,749
Bills	24,705	24,705	24,705	24,705
Securities	7,665	7,663	7,372	7,372
ASSETS.				
Capital	15,000	15,000	15,000	15,000
Note Issue:—				
Ordinary	156,949	156,909	156,869	156,749
Supplementary	12,520	12,645	11,957	12,032
Sight liabilities	4,842	4,156	5,449	5,383

BANK OF POLAND.—In zloty* (000's omitted).

	Apr. 20, 1931.	Mar. 20, 1932.	Mar. 31, 1932.	Apr. 10, 1932.	Apr. 20, 1932.
ASSETS.					
Gold	567,305	608,451	573,518	573,564	574,264
Of which held abroad	81,716	121,585	124,888	124,888	125,542
Foreign currencies	334,129	160,283	191,944	183,504	167,250
Bills discounted	538,613	644,257	641,860	629,490	603,881
Loans against securities	90,673	129,342	135,468	128,197	136,073
Reserve fund	90,673	92,761	92,761	92,556	92,556
LIABILITIES.					
Share capital	150,000	150,000	150,000	150,000	150,000
Reserve funds	114,000	114,000	114,000	114,000	114,000
Notes in circulation	1,164,234	1,076,486	1,130,529	1,100,705	1,087,576
Current accounts	254,543	237,909	169,239	197,855	192,956

* As from October 27, 1927, 8-91 zlotys equals 1 U.S. dollar.

RUSSIAN STATE BANK.—Note-Issuing Department.

	May 1, 1931.	Feb. 1, 1932.	Mar. 1, 1932.	Apr. 1, 1932.	May 1, 1932.
ASSETS.					
Gold in coin and bullion	50,396	63,842	63,996	64,050	64,317
Other precious metals	1,917	2,184	2,227	2,282	2,419
Foreign currencies	4,634	4,436	4,458	4,659	5,239
Drifts in foreign currency	229	154	160	164	101
Collateral for short-term loans	168,824	198,883	198,659	198,445	211,698
LIABILITIES.					
Bank notes transferred to State Bank	224,551	266,966	263,518	267,577	273,978
Balance to which notes may still be issued	145	2,534	5,982	1,923	7,522

BANK OF ESTONIA.—In Est. kroones (000's omitted).

	Apr. 23, 1931.	Mar. 31, 1932.	Apr. 7, 1932.	Apr. 15, 1932.	Apr. 23, 1932.
ASSETS.					
Gold coin and gold bullion	6,515	7,321	7,322	7,322	7,322
Net foreign exchange	17,265	14,369	14,347	13,591	13,348
Subsidiary Estonian coin	1,784	1,778	1,784	1,894	1,715
Home bills discounted	10,540	10,476	10,370	10,320	10,245
Loans and advances	15,303	13,159	11,508	11,878	12,959
Thereof loans to Government	5,000	3,900	3,900	3,900	5,000
LIABILITIES.					
Notes in circulation	35,658	34,009	33,005	32,379	34,511
Sight deposits and current accounts	14,524	13,839	13,072	13,243	11,947
Ratio of reserve to current liabilities	47-35%	45-33%	47-03%	45-84%	44-49%

* Includes Ekr. 4,049,403-20 guaranteed by the Government.

BANK OF LATVIA.—In lats (gold francs) (000's omitted).

	Apr. 27, 1931.	Mar. 28, 1932.	Apr. 4, 1932.	Apr. 11, 1932.	Apr. 18, 1932.	Apr. 25, 1932.
ASSETS.						
Gold bullion and coins	24,078	32,925	34,489	34,491	34,494	34,496
Silver coin	6,548	13,099	13,200	13,183	13,178	13,130
Balance abroad	27,002	13,886	12,679	12,679	13,148	13,131
Treas. notes and sm. change	13,702	14,587	15,752	16,039	15,905	16,039
Short term bills	80,578	74,747	75,264	74,478	74,309	73,881
Loans against securities	70,391	56,915	58,225	56,061	55,458	55,747
Other assets	17,081	22,789	22,665	22,788	22,695	23,748
LIABILITIES.						
Notes in circulation	46,273	39,151	36,784	38,722	38,678	38,556
Capital paid up	18,676	19,676	19,676	19,676	19,676	19,676
Reserve	4,732	4,729	4,729	4,729	4,729	4,729
Special reserve	3,500	3,500	3,500	3,500	3,500	3,500
Deposits	21,073	18,005	17,652	17,663	17,691	17,691
Current accounts	66,419	55,108	56,817	57,427	57,914	57,914
Government accounts	70,924	77,718	79,527	79,719	79,620	79,620
Other liabilities	8,103	11,062	11,589	12,283	10,480	10,212

Company.	Months.	Ending 1932.	Des- cription.	Receipts for Month.		Receipts to Date.	
				1932.	+ or -	1932.	+ or -
Barcelona Traction Light & Power	3	Mar. 31	Gross Net	Ps. 3,675,587 289,343	+ 409,138 - 11,892	30,077,022 20,502,814	+ 584,077 + 895,055
Costa Rica Ry. Canadian Pacific Railway	8	Feb. 29	Gross Net	219,343	- 11,892	188,065	- 56,622
.....	3	Mar. 31	Gross Net	\$10,273,000 \$1,171,000	- 2,040,000 - 165,000	28,520,000 2,018,000	- 6,508,000 - 447,000
Hellenic Electric Rangoon Electric Tramway	3	Mar. 31	Gross Net	£16,860 Rs. 4,56,055	1,666 + 44,161	50,594 13,60,360	- 2,575 + 58,979
.....	3	Mar. 31	Gross Net	Rs. 1,92,068	- 55,479	5,79,991	- 1,32,616

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Debenture Interest.	Amount Available for Distribution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Depreciation, &c.	Balance Forward.	Net Profit.	Dividend.
					Prefce.	Ordinary.					
						Amount	Amount.				
		£	£	£	£	£	%	£	£	£	%
Breweries.											
Chesters Brewery	Mar. 31	68,422	111,162	179,584	17,021	73,946	21	15,551	73,066	137,417	25
Electric Lighting, &c.											
British Power and Light ...	Mar. 31	47,866	53,868	101,734	...	36,056	3	10,361	55,317	27,330	Nil
Cawnpore Electric Supply...	Dec. 31	6,119	78,298	84,417	14,000	20,700	10	43,617	6,100	80,419	10
Electricity Distribution of											
North Wales and District	Dec. 31	1,374	28,255	29,629	12,000	...	...	10,614	7,015	22,016	...
North Wales Power Co.	Dec. 31	40,855	74,931	115,786	...	30,000	4	40,974	44,812	60,848	...
Financial Land, &c.											
Anglo-French Exploration...	Dec. 31	16,503	11,373	27,876	...	...	...	...	27,876	22,928	...
Pekin Syndicate.....	June 30	20,795	11,147	31,942	...	...	...	22,707	9,235	Dr. 22,955	...
Hotels, Restaurants, &c.											
Burlington Hotels Co.	Dec. 31	5,705	Dr. 1,756	3,949	...	...	...	...	3,949	1,731	...
Iron, Coal and Steel.											
Dixon (William), Ltd.	Feb. 29	10,186	29,221	39,407	15,000	16,400	2½	...	8,007	48,086	5½
Oil.											
Maritime Oilfields	Dec. 31	220	5,707	5,927	...	5,568	7½	...	359	3,497	5
New Brunswick Gas and Oilfields	Dec. 31	14,443	12,121	26,564	5,220	4,800	8	3,000	13,544	6,232	Nil
Rubber, &c.											
Baru (Java) Estates	Dec. 31	8,787	Dr. 4,611	4,176	...	...	...	...	4,176	Dr. 1,930	...
Bukit Sembawang Rubber..	Dec. 31	9,897	Dr. 5,515	4,382	...	...	...	...	4,382	Dr. 12,655	...
Bukit Tupah Rubber	Dec. 31	Dr. 6,443	Dr. 6,207	Dr. 12,650	...	...	...	...	Dr. 12,650	Dr. 7,596	...
Central Travancore Rubber	Dec. 31	7,447	Dr. 3,406	4,041	...	...	...	...	4,041	Dr. 892	...
Consolidated Malay Rubber	Dec. 31	2,082	Dr. 1,917	165	...	...	...	...	165	Dr. 4,129	...
Dusun Durian Rubber	Dec. 31	38,379	Dr. 1,892	36,487	...	...	...	...	36,487	6,651	...
Kelani Valley Rubber	Dec. 31	1,401	Dr. 2,283	Dr. 882	...	...	...	Dr. 1,000	118	Dr. 1,862	...
Kuala Pilah Rubber	Dec. 31	888	1,213	2,101	...	...	...	...	2,101	Dr. 2,902	...
Mahawale Rubber and Tea	Dec. 31	Dr. 615	Dr. 2,630	Dr. 3,245	...	...	...	Dr. 2,327	Dr. 918	Dr. 8,748	...
Rambutan Rubber	Dec. 31	...	Dr. 8,734	Dr. 8,734	...	...	...	...	...	...	...
Rembau Jelai Rubber	Dec. 31	31,443	Dr. 2,383	29,060	...	...	...	...	29,060	6,988	...
Riverside (Selanger) Rubber	Dec. 31	1,400	3,100	4,500	...	...	...	1,000	3,500	Dr. 1,695	...
Rosehaugh Company	Dec. 31	16,377	Dr. 1,762	14,615	...	...	...	Dr. 2,500	17,115	16,701	...
Scottish Malay Rubber.....	Dec. 31	1,298	4,429	5,728	...	...	...	1,000	4,728	Dr. 8,359	...
Seaford Rubber	Dec. 31	20,588	Dr. 1,337	19,251	...	...	...	1,284	17,967	Dr. 4,687	...
Sungei Kruit Rubber	Dec. 31	3,671	Dr. 1,034	2,637	...	...	...	...	2,637	Dr. 2,656	...
Sungei Salak Rubber.....	Dec. 31	5,720	Dr. 3,203	2,517	...	...	...	Dr. 1,000	3,517	2,626	...
Sungei Siput Rubber	Dec. 31	12,820	Dr. 139	12,681	...	...	...	Dr. 1,104	13,785	Dr. 3,884	...
Shipping.											
Houlder Brothers and Co....	Dec. 31	17,908	66,970	84,878	5,550	64,000	8½	...	15,328	88,210	8½
India General Navigation...	Dec. 31	26,598	Dr. 7,635	18,963	12,202	...	...	...	6,761	48,467	4½
Shops and Stores.											
Marks and Spencer	Mar. 31	53,106	670,117	723,223	105,000	279,511	35	285,310	53,402	476,073	30
Tea.											
Alliance Tea Co. of Ceylon..	Dec. 31	6,983	15,705	22,688	...	11,250	7½	4,000	7,438	17,940	9
British Darjeeling Co.	Dec. 31	3,972	9,358	13,330	...	7,920	11	1,500	3,910	18,058	20
Craighead Tea Co.	Dec. 31	8,487	11,253	19,740	482	10,800	15	...	8,458	19,981	20
Eastern Produce and Estates	Dec. 31	25,633	47,758	73,391	...	33,300	10	10,000	26,491	102,289	22½
Ederapolla Tea of Ceylon...	Dec. 31	1,329	Dr. 1,451	Dr. 122	...	...	...	Dr. 500	378	Dr. 1,318	...
Imperial Ceylon Tea Estates	Dec. 31	7,514	6,941	14,455	...	3,000	3	3,000	8,455	11,653	7
Mayfield (Dimbula) Tea ...	Dec. 31	7,980	11,342	19,322	1,980	6,130	20	2,500	8,712	14,454	26
Talawakelle Estates Co. ...	Dec. 31	4,707	11,064	15,771	1,567	10,842	30	...	3,362	...	...
Trust.											
Alliance Investment Co. ...	Apr. 15	24,013	42,704	66,717	19,913	15,750	7	...	31,054	58,401	10
Continental Union Trust ...	Mar. 31	4,872	50,327	55,199	22,125	22,500	5	...	10,574	58,103	5
Home and Foreign Invest...	Mar. 31	15,906	23,840	39,746	16,687	6,787	3	...	16,272	37,689	7
Rubber Plantations Invest.	Dec. 31	100,627	1,875	102,502	...	...	...	...	102,502	157,895	...
Scottish and Canadian General Investment.....	Mar. 31	3,963	25,306	29,269	11,156	10,500	7	3,000	4,613	29,483	9
Scottish Mortgage and Trust	Mar. 31	11,597	105,275	116,872	29,531	64,687	11½	10,000	12,654	128,115	11½
Third Scottish National	Mar. 31	19,760	31,021	50,781	16,690	4,532	2	...	29,559	41,039	6
Waterworks.											
Montevideo Waterworks Co.	Dec. 31	155,322	55,587	210,909	...	...	...	20,000	190,909	113,255	6
Other Companies.											
Abdulla and Co.	Dec. 31	6,228	61,470	67,698	20,000	40,000	13½	...	7,698	80,866	20
British Match Corporation	Apr. 30	94,789	442,597	537,386	21,950	371,250	6½	...	54,186	461,387	6½
Compton, J., Sons and Webb	Dec. 31	5,870	54,684	60,554	8,400	31,500	22½	90,000	7,154	60,740	27½
Craig and Rose.....	Mar. 31	4,065	10,079	14,144	5,000	4,000	4	13,500	5,144	6,048	4
Dunlop Cotton Mills	Dec. 31	5,257	246,756	252,013	109,688	80,000	32	56,932	5,393	151,445	15½
Dunlop Rubber Co.	Dec. 31	568,023	480,029	1,048,052	281,250	...	...	374,943	391,859	541,424	6
Egyptian Markets, Ltd.											
Gossage (William) and Sons	Dec. 31	33,251	299,727	332,978	71,250	192,500	27½	...	15,814	22,629	11
Inveresk Paper Company....	Dec. 31	65,719	22,267	87,986	...	...	...	15,439	53,789	267,549	20
Liverpool Storage Co.	Mar. 31	13,601	2,556	16,157	...	3,374	10	...	87,986	118	...
Lockwood's Clean Coal.....	Dec. 31	Dr. 19,299	Dr. 16,241	Dr. 35,540	...	...	...	...	12,783	6,973	10
Melbourne, Hart and Co....	Dec. 31	8,123	21,530	29,653	6,750	12,000	20	...	Dr. 35,640	Dr. 14,620	...
Spillers, Ltd.....	Jan. 31	129,546	475,480	605,026	51,436	203,725	15 (m)	3,603	7,300	22,853	20
						62,460	10 (n)	125,000	162,405	372,443	10

† Free of income tax.	(m) Ordinary shares.	(n) Deferred shares.
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† Free of income tax. (m) Ordinary shares. (n) Deferred shares. (i) £7 9s. 6d. per share on deferred shares.

OIL OUTPUTS.

BRITISH CONTROLLED OILFIELDS, LTD.—Production for the week ended April 20th:—Venezuela, 38,858 barrels; Trinidad, 35,490 barrels; total, 74,348 barrels. Production for the week ended April 27th: Venezuela, 38,335 barrels; Trinidad, 40,868 barrels; total, 79,203 barrels.

LOBITOS OILFIELDS LIMITED.—The production of the Peruvian Company for February is cabled as 21,701 tons. The production of the Peruvian company for March is cabled as 23,406 tons.

THE MEXICAN EAGLE OIL COMPANY, LIMITED.—Production for the week ended March 5, 1932, was 242,000 barrels. Production for the week ended March 12, 1932, was 239,000 barrels. Production for the weeks ended March 19 and 26, 1932, was 241,000 barrels and 235,000 barrels respectively. Production for the week ended April 2, 1932, was 236,000 barrels. Production for the week ended April 9, 1932, was 248,000 barrels. Production for the week ended April 16, 1932, was 248,000 barrels. Production for the week ended April 23, 1932, was 260,000 barrels.

Commercial Reports.

MARKET SUMMARY.

In view of the continued deterioration in the international economic situation, coupled with a progressive shrinkage in the demand for raw materials, the movement of prices is still in a downward direction. With the exception of tin, whose advance has been caused by the probability of a further drastic restriction in supplies, non-ferrous metals were weak in New York. Rubber has been a little steadier but cotton slumped heavily, following the recommendation of the American Cotton Advisory Bureau to the Farm Board to adopt a sales policy in regard to the stabilisation holdings. Among cereals, wheat, maize and rye all show a decline on the week. Coffee and cocoa showed some improvement, but sugar was again cheaper owing to the small demand from American refiners. Sterling quotations, which lend themselves to grading and therefore to international arbitrage, moved in sympathy with gold prices, while others—particularly dairy produce and meat—continued to decline. According to various reports from industrial centres, the coal trade is increasingly hampered by foreign import restrictions, while iron and steel has so far made little headway. The fall in the raw material has dislocated business in cotton manufactures. The wool trade is still fairly active, while activity in the rayon trade, though slightly smaller than at the beginning of the year, is still satisfactory.

THE COAL TRADE.

SHEFFIELD.—The South Yorkshire coalfield is experiencing a full share of the grave difficulties suffered by the coal industry which were outlined in the House of Commons this week. The position has been growing steadily worse since the beginning of the year. The problem of the export trade is the scarcity of forward contracts and a shrinking of deliveries. Prices are weaker for best steams, although still quoted at 15s. 6d. to 16s. f.o.b. Industrial requirements are also below normal, and the proximity of summer prices is responsible for quietude in house coal. Best South Yorkshire house is quoted at 22s. and 22s. 6d. at pits. Business is far from brisk in furnace coke at 12s. to 12s. 6d. at ovens.

GLASGOW.—The Scottish coal trade is still without any encouraging feature, new business continuing on disappointing lines, with prices just steady for the most part. Screened steam coals are slightly firmer for shipment from Fife and the Lothians, and among nuts washed doubles are in rather better demand. Export business is poor, with forward business almost at a standstill. Current quotations for the shipping trade are approximately as follows (f.o.b. district ports): LANARKSHIRE.—Ell best, 14s. 3d.; splint best, 15s. 6d.; splint second, 14s. 3d.; navigation, 15s.; navigation second, 14s. 6d.; Hartley, 15s.; steam, 13s. to 13s. 3d.; trebles, 11s. 6d.; doubles, 9s. 9d.; singles, 8s. 9d.; pearls, 8s. 6d.; dross, 8s. 9d. FIFE.—Screened navigation, 16s. 6d.; first-class steam, 11s. 9d.; third-class steam, 11s.; trebles, 11s. to 13s.; doubles, 10s. to 10s. 6d.; singles, 8s. 9d.; pearls, 8s. 6d. LOTHIAN.—Prime steam, 11s. to 11s. 6d.; secondary steam, 10s. 9d. to 11s.; trebles, 11s.; doubles, 9s. 9d. to 10s.; singles, 8s. 9d. to 9s.; pearls, 8s. 6d.; AYRSHIRE.—Unscreened navigation, 16s.; jewel, 16s. 6d.; steam, 12s.; trebles, 12s.; doubles, 10s.; singles, 9s. 9d.; pearls, 9s.; dross, 9s.

CARDIFF.—There has been no improvement this week in the state of business on the Cardiff coal market, and both the docks and the collieries have been only partly employed. The dock returns of the Great Western Railway Company show that on Wednesday less than 50 per cent. of the tips at Cardiff, Newport, Port Talbot and Swansea were working, while from all the steam coal districts of the coalfield temporary stoppages have been reported. Prices have been nominally unchanged, but inquiries have been received from Paris to the effect that the French Government is contemplating further restrictive measures on imports. The only gratifying feature of the situation is that the contract commitments of the collieries and exporters are fairly large, and the Customs returns for the month of April give total foreign shipments of 1,433,377 tons, compared with 1,335,140 tons in March, and with 1,531,853 tons in the corresponding month last year. The following are the current approximate quotations: Best Admiralties, 19s. 6d.; Black seconds, 18s. 9d. to 19s. 4d.; best dries, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams, 13s. 6d.;

cargo smalls, 11s. 6d. to 12s. 6d.; coking smalls, 13s. 6d. to 13s. 9d.; anthracite, best large, 36s. to 38s. 6d.; Red Vein, large, 22s. 6d. to 27s. 6d.; machine-made cobbles, 40s. to 48s. 6d.; French nuts, 40s. to 48s. 6d.; stove nuts, 39s. 6d. to 43s. 6d.; rubbly culm, 8s. 3d. to 8s. 9d.; foundry coke, 32s. 6d. to 35s.; patent fuel, 19s. to 19s. 6d.; pitwood, ex ship, 18s. 9d. to 20s. 3d.

IRON AND STEEL.

MIDDLESBROUGH.—The demand for Cleveland iron continues slow, but the position is regarded as satisfactory, writes our correspondent, and a gradual improvement is confidently anticipated. The present make barely covers current requirements, and stocks are very low. Consumers are still holding off the market, and purchases do not extend more than a month or two ahead, but the market is being closely watched, and a change may occur very quickly. Possibly the fact that makers are able to make substantial concessions to Scotch consumers has something to do with local users holding back, but these concessions may be reduced or withdrawn altogether at any time, as the competition of other irons for the Scottish trade is not now so keen. There was a firm tone at the weekly market on Tuesday, but the business transacted was not of large volume, and consisted of moderate parcels to home consumers for early delivery. Official prices were unchanged, viz.:—No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s., f.o.b. or f.o.t. In hematite, there is also very little forward buying, but sales of prompt lots are more numerous, and a further cargo of 1,000 tons has just been despatched to South Wales, which is a favourable feature, and gives encouragement to the hopes that this business may extend. Mixed numbers for early delivery are firm at 63s. 6d. per ton, but more is asked for forward, according to period. In the finished trades, more business is coming to hand in some departments, and indications point to a steady improvement all round. Prices for steel under the rebate scheme are unchanged at £8 15s. for plates; £8 7s. 6d., angles; and £8 15s., joists. Other products are: Iron Crown bars, £9 15s.; heavy steel rails, £8 10s.; 24-gauge galvanised corrugated sheets, £10; and 24-gauge black sheets, £8 5s., all for home use. There is no change in the ore market. New buying is still suspended, and deliveries against contracts are on a small scale. Best rubio is nominally 15s. 6d. c.i.f., and the freight Bilbao/Middlesbrough is about 4s. 9d. Imports of all kinds of ore into Middlesbrough during April totalled only 29,767 tons, against 38,617 tons in March. Coke remains in plentiful supply, and ordinary blast-furnace qualities can be obtained at 15s. 6d. delivered works. The number of furnaces in operation in the district remains at seventeen.

SHEFFIELD.—Conditions in the iron and steel branches fail to improve; in some sections sales and output have declined further. Tariff changes and uncertainties are militating against the placing of new business, and the requirements of the principal users of iron and steel remain far below the normal level. Specifications from railway, shipbuilding and engineer trades are disappointing. The only active sections are for stainless steel, alloy steels, cold rolled strip, motor parts and certain classes of tools. Improvements in trade resulting from tariffs and the position of sterling have not come up to expectations. Lincolnshire makers, however, seem confident of an early improvement in the demand for crude steel. Local firms are pressing

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 London: 5, Walbrook, E.C.4 and 4, St. James's Street, S.W.1

such a poor demand for shipbuilding material. Most branches of the iron and steel trades in Glasgow and neighbourhood are quiet, including tube makers, re-rollers of light bars, &c., and sheetmakers. The latter, who have on the whole been better employed than most branches during recent months, are maintaining a steady home trade, but export business is not quite so satisfactory.

CARDIFF.—Since the withdrawal of the minimum price, quotations for tinplates have declined, and on the Swansea Metal Exchange on Tuesday they ranged from 14s. 6d. to 15s. per basis box. Business was comparatively quiet, and shipments last week totalled only 87,715 boxes, compared with 127,792 boxes the previous week, and 96,752 boxes in the corresponding period last year. Welsh bars are quoted at 95s. per ton net, and foreign bars at 82s. to 84s. per ton delivered. Galvanised sheets are easier at from £9 5s. to £9 7s. 6d. per ton f.o.b. for corrugated's in bundles.

OTHER METALS.

TIN.—The possibility of a two months' "shut-down" from June 1st on the lines advocated by the Tin Producers' Association, coupled with a further turn of the restriction screw, caused a sharp recovery in tin prices. It must be remembered, however, that at £126 per ton, the sterling quotation is still about £3 below the average of March last. In New York the metal was quoted at 22 cents per lb. on Wednesday, against 19.45 cents per lb. a week ago and 19.25 a month ago. Wednesday's official closing quotations in London, in terms of sterling for "standard" cash at £126 to £126 5s. per ton, compares with £114 10s. to £114 15s. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 33,221 tons, show an increase of 220 tons on the week.

COPPER.—In the absence of any improvement in demand the market in copper was dull and prices remained weak. On Wednesday, "Domestic" spot was quoted at 5½ cents per lb. in New York, against 5½ cents a week ago, and 5½ cents a month ago. Wednesday's official closing price for "standard cash" in London, in terms of sterling, at £30 3s. 9d. to £30 6s. 3d., compares with £30 5s. to £30 7s. 6d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 20,635 tons, show a decrease of 336 tons, while stocks of rough copper, at 769 tons, are unchanged.

LEAD.—The market in lead, though inactive, was steady, as holders were loth to make concessions. In New York the metal was quoted at 3.00 cents per lb. on Wednesday, against 3.00 cents a week ago, and 3.00 cents a month ago. Wednesday's official closing quotation for "soft foreign" in London, in terms of sterling at £11 13s. 9d. per ton for shipment during the current month, compares with £11 12s. 6d. on the corresponding day last week.

SPELTER.—Although there was a further falling off in demand in the United States, the market in London was active, and prices show a slight rise on the week. Wednesday's quotation in New York, at 2.50 cents per lb., compares with 2.60 cents a week ago and 2.80 cents a month earlier. Wednesday's official closing quotation in London, in terms of sterling for "good ordinary brands," was £13 per ton for shipment during the current month, against £12 10s. a week ago.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotation for aluminium remained unchanged, at £95 per ton, while nickel advanced from £220-£225 per ton to £225-£230 per ton. Foreign antimony declined from £26-£26 10s. per ton to £26 per ton. Quicksilver was quoted at £16 per flask, against £16 10s.-£16 15s. a week ago. Platinum was maintained at £10 11s. per ounce.

TEXTILES.

THE COTTON TRADE.—**Liverpool.**—Imports for the week April 28th to May 4th (inclusive) are 43,898 bales, of which 21,576 are American, 53 Peruvian, 138 Argentine, 12,511 Egyptian, 2,326 African, 6,097 East Indian and 1,197 sundries.

Manchester.—Depressing reports have been given out in the Manchester market during the past week regarding the amount of business done in yarn and cloth. Owing to the easier tendency in raw-cotton prices, buyers have been content to look on, and it is only in isolated instances that business has been attempted. The turnover in piece-goods has been on a comparatively small scale. The usual styles of light bleaching fabrics have been in request for India and occasional transactions have taken place for Karachi and the up-country districts. There has been a little more price testing in dhooties for Calcutta, but Madras and Bombay have given no support worth mentioning. Only a scrappy sort of trade has been done for China and Hong Kong. Small transactions have been recorded for the remaining minor outlets. Manufacturers' order lists continue to run down. The turnover in American yarns has been below the output. Margins remain unsatisfactory. In the Egyptian section stocks are being kept down by the curtailment of production scheme. There has, however, been increased price irregularity. The general trade outlook remains very uncertain, and it is disappointing to record that no general improvement is in sight.

Cotton Prices.

	1932.				Corresponding Date.	
	April 13.	April 20.	April 27.	May 4.	1930.	1931.
Raw Cotton—Mid. American per lb.	d. 4.91	d. 4.90	d. 4.95	d. 4.57	d. 8.51	d. 5.35
" Sakellaridis Fully Good Fair Egyptian per lb.	6.50	6.50	6.70	6.25	14.00	8.30
Yarns—32's twist per lb.	8½	8½	8½	8	12½	9
" 40's twist per lb.	9½	9½	9	8½	12½	9½
" 60's twist (Egyptian) per lb.	14	14	14	14	22	15½
32-in. Printers, 116 yds., 16 by 16, 32's and 40's s. d.	17 3	17 3	17 3	17 0	21 9	18 1
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's s. d.	19 4½	19 3	19 1½	19 0	24 6	19 10
38-in. ditto, 38 yds., 18 by 16, 10 lb. s. d.	10 8	10 8	10 7	10 6	13 4½	11 2
39-in. ditto, 3½ yds., 16 by 15, 8½ lb. s. d.	9 8	9 8	9 7	9 6	12 0	10 1

THE WOOL TRADE.—**Bradford.**—Since the reduction of the import duties on yarns and piece-goods a somewhat pessimistic tone has developed in Bradford, but, writes our correspondent, this has been due more to unrealised expectations than to any reversal in the prospect for wool. Indeed, there are many firms who still have quite as much confidence as ever in merinos, and who are looking for a maintenance of values for anything above 50's quality. Fine crossbreds and average merinos are the most popular qualities to-day, and as the Australian season is drawing to a close, there cannot now be any further big quantity of good combing types. Firms anxious to buy raw material for standard merino tops have no big selection to work upon. Several of the buyers for the big importing firms have practically finished for this season, and it is gratifying to find the end so near with such firmness in prices as cable information from Sydney and elsewhere reveals. Crossbreds are still a disappointing proposition so far as visible consumptive requirements are concerned. The chief consolation here is that the wool is very cheap, and it is understood that some further purchases of 40-44's quality. So far as prices are concerned, the top market is no worse than before the lower duties came into force, but only a small amount of new business is being done in either merinos or crossbreds. Spinners are complaining about increased short time, due to the unwillingness of manufacturers to take up contracts.

THE GRAIN MARKETS.

WHEAT.—Nothing has happened to alter the international wheat situation during the past week. Prices moved within narrow limits, under the influence of varying crop reports. On balance, Chicago quotations show a slight drop on the week, which was occasioned by the improvement in climatic conditions in North America and in Northern Europe and by a temporary decrease in Continental buying. Another adverse factor was the weakening tendency of Stock Exchange values in New York and in London. The British wheat crop, though still backward in growth, has benefited by the recent improvement in weather conditions. On Wednesday, "May" futures were quoted at 54 cents per bushel in Chicago, against 56½ cents on the corresponding day last week, and 56 cents a month ago. Quotations in London, Wednesday: No. 1 compared with 33s. 6d. a week ago; No. 2 Northern Manitoba, as Vancouver, ex ship, 29s. 6d., against 30s. 9d.; No. 3 Northern Manitoba, Vancouver, ex ship, 28s. 6d., against 29s. 9d.; Australian, ex ship, 28s. 3d. to 28s. 9d., against 28s. 6d. to 29s. 6d. a week ago.

WHEAT FLOUR.—Business in flour has been a little more active. North American shipments, at 213,000 sacks, showed an increase of 38,000 sacks as compared with the previous week. Of this total, 61,000 sacks have been consigned to Europe. Quotations in London, Wednesday: Straight run, delivered country, 26s. per sack 25s., against 25s. Manitoba patents, ex store, 24s. 9d. to 27s. 9d., against 24s. 9d. to 27s. 9d.; and Australian, ex store, 20s. 6d. to 22s., against 20s. 6d. to 22s. a week ago.

BARLEY.—Demand for feeding barley in this country and on the Continent has been on a small scale, and quotations gave way a few points. On Wednesday, "May" futures were quoted at 39½ cents per bushel in Winnipeg, against 41½ cents last week and 41½ cents a month ago. Quotations in London, Wednesday: "English feeding," f.o.r., per 448 lbs., 28s., as compared with 28s.; Russian, landed, 24s. per 400 lbs., against 24s. 6d. a week ago.

OATS.—Although Argentina continues to export substantial quantities of oats, the market has remained firm. "May" futures, which last week stood at 22½ cents per bushel in Chicago, sold at 22½ cents per bushel on Wednesday this week, against 24 cents a month ago. Quotations in London, Tuesday: "River Plate," landed, 19s. per 320 lbs., as compared with 19s. 3d. last week; "River Plate," ex ship, 18s., against 18s. 3d.; "Chilean White," landed, 26s., against 26s. a week ago.

MAIZE.—Though maize is still in good demand, particularly in Continental countries, the increase in shipments from Argentina caused a slight weakening in prices. Wednesday's quotation in Chicago for "May" futures, at 31½ cents, shows a decrease of ½ cent on last week, and a fall of 5½ cents as compared with the "Plate," landed, 21s. 3d. per 480 lbs., compared with 22s. last week; "Plate," ex ship, 20s. 3d., as against 21s.; "Plate," May, was quoted at £6 per ton, against £6 a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1931-32, 1930-31, 1929-30, 1928-29:—

	1931-1932.	1930-1931.	1929-1930.	1928-1929.
Estimated sales of home-grown wheat—	Owts. 123,779	Owts. 101,987	Owts. 83,867	Owts. 132,984
1 week to April 30	2,885,035	4,141,350	8,317,585	8,874,130
35 weeks to April 30				
Average price of English wheat per cwt.	s. d. 6 0	s. d. 5 7	s. d. 8 11	s. d. 9 11

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1928 to 1931:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Apr. 23, 1932	Owts. 121,632	Owts. 27,186	Owts. 25,794	s. d. 6 0	s. d. 7 10	s. d. 7 6
Apr. 30, 1932	123,779	16,908	29,350	6 0	7 5	7 7
Apr. 28, 1928	278,138	56,229	37,442	10 5	11 1	12 2
Apr. 27, 1929	168,682	35,975	39,684	9 11	10 0	9 9
May 3, 1930	161,749	48,855	21,810	9 0	7 10	6 8
May 2, 1931	95,326	22,081	38,327	5 5	7 1	6 3

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Jan. 2, 1931.	May 6, 1931.	Jan. 4, 1932.	April 27, 1932.	May 4, 1932.
Winnipeg (No. 1 Manitoba) —Cents per 60 lb.	148½	56½	62½	62½	62	60½
Chicago (No. 2 Winter) —Cents per 60 lb.	130½	79½	82½	55½	56½	54

The visible supply of wheat in Canada, at 65,634,000 bushels, shows an increase on the week of 785,000 bushels. Supplies a year ago stood at 61,279,000 bushels.

OTHER FOODS.

SUGAR.—In the absence of an expansion in the demand from refiners in the United States, the pressure of holders to realise raw sugar had a depressing influence on the market. "May" futures in New York were quoted at 0.51 cent per lb. on Wednesday, against 0.58 cent per lb. a week ago, and 0.72 cent per lb. a month earlier. Wednesday's sales of "raws" include "May delivery" at 4s. 2½d. per cwt., against 4s. 5d., and "December," at 4s. 8½d. to 4s. 9d., against 5s. 1d. to 5s. 1½d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1932.	1931.	1932.	1931.	1932.	1931.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London	1,367	1,960	892	2,468	7,227	29,985
Liverpool.....	28,816	20,434	13,971	19,576	102,945	69,561
Total tons	30,183	22,384	14,863	22,044	110,172	99,546

Last week 24,266 3,019 16,133 18,745 94,852 99,206

COFFEE.—Movements in the New York coffee market have been erratic, but, on balance, quotations show a slight improvement on last week. The London auctions were characterised by a steady demand for good qualities at firm prices. Last week's movements of coffee in London were as follows: Brazilian, landed, 22 bags; delivered for home consumption, 261 bags; exported, 112 bags; stocks, 4,817 bags, against 2,254 bags last year. Central American, landed, 8,921 packages; delivered for home consumption, 2,545; exported, 1,531; stocks, 130,479 packages, against 123,905 a year ago. Other kinds, landed, 3,371 packages; delivered for home consumption, 2,460; exported, 688; stocks, 106,130 packages, against 107,799 a year ago.

COCOA.—After the recent reaction, the market in cocoa was more active and prices advanced, both in New York and London, to the level of a month ago. "May" futures were quoted at 4.09 cents per lb. in New York on Wednesday, against 3.95 cents per lb. a week ago and 4.12 cents a month ago. As compared with the corresponding day last week, Wednesday's quotation for Acara, fair fermented, new crop, May-June, at 24s. per cwt., f.o.b., London contract, shows a rise of 6d. per cwt. on the week. Last week's movements of cocoa in London were as follows: Landed, 9,551 bags; delivered for home consumption, 17,775 bags; exported, 433; stocks, 180,263 bags, as against 220,616 last year.

TEA.—Public auctions were resumed this week. The quantities catalogued for this week's auction comprise 56,834 packages of Indian, 29,938 packages of Ceylon, and 12,443 packages of Java and Sumatra tea. Monday's Indian auctions opened with a good demand and firmer prices, which were maintained on Tuesday and Wednesday.

RICE.—The market in rice was steady, and the improvement in quotations has been maintained. Wednesday's "spot" price, at 10s. per cwt., shows no change on last week, while forward positions at 9s. 6d. show an advance of 6d. per cwt. Movements in London during the past week were as follows: Landed, 570 tons; delivered, 59 tons; stocks, 1,825 tons, as against 635 tons last year.

POTATOES.—Supplies at the principal markets have again been plentiful in relation to demand, and prices remained unchanged. At the Borough Market, "Best King Edward" sold from 12s. to 12s. 6d. per cwt., as compared with 12s. to 12s. 6d. per cwt. a week ago.

SPICES.—The market in spices has been quiet, and quotations were slightly easier. Wednesday's quotation for "Black Singapore"

pepper at 6½d. per lb., shows a fall of ½d. on the week. Movements of pepper in London during the past week were as follows: Black, landed, 20 tons; delivered, 14 tons; stocks, 353 tons, against 556 tons last year. White, landed, 48 tons; delivered, 75 tons; stocks, 663 tons, against 765 tons a year ago.

MEAT.—There has been no recovery in meat prices during the past week. At the Smithfield Market beef prices were generally unchanged, but New Zealand mutton was a shade easier, and pork was cheaper. On Wednesday, Argentine beef (chilled hindquarters) was sold at 3s. 10d. to 4s. 4d. per 8 lbs., against 3s. 10d. to 4s. 4d. on the corresponding day last week, while New Zealand frozen mutton realised 2s. 6d. to 3s. 4d., as against 2s. 6d. to 3s. 6d. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 9,089 tons, as compared with 9,722 tons in the corresponding week last year. Imported beef, principally Argentine, formed 83.3 per cent. of the supplies, as against 84.9 per cent. a year ago; and imported mutton, mainly New Zealand, formed 83.1 per cent. of the total supply, as against 85.2 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OLSEEDS.—Extremely quiet conditions rule in practically all sections, and prices generally have a weaker tendency. Exchange fluctuations and a poor trade in oil and oil-cakes have affected business in oilseeds. Linseed, in sympathy with wheat, has declined to former low levels. Plate, May shipment, offering at £7 15s. The current value of seed on passage is the same, and June shipment is around £7 17s. 6d. No interest is taken in Indian linseed, and prices are purely nominal. Shipments from Argentina are again on a modest scale. The quantity afloat for Europe is 140,800 tons (including 6,300 from India) or 4,500 tons less than last week, and comparing with 203,600 tons a year ago. Cottonseed remains dull, and in the absence of demand, prices have fallen. Egyptian (black) afloat offering at £5 12s. 6d., and shipment £5 15s. to £5 17s. 6d. Trade in vegetable oils is at a low ebb, demand being almost negligible in spite of almost record cheapness. Linseed oil is in very small request, and easier in sympathy with seed raw oil for May-August delivery quoting £12 10s. per ton naked ex Hull mill. Cotton oil is largely nominal with crude Egyptian ex Hull obtainable at £19, and refined at £21. Oilcakes and meals are in slow request, and are slightly less money.

HIDE, LEATHER AND ALLIED TRADES.—There was no change in the prices realised for ox and heifer, cow and bull hides at the sales held in Manchester this week, but all calfskins were unsold.



PLAYER'S
 NAVY MIXTURE
 OR
 NAVY CUT TOBACCO

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Market Hides, London—			
CEREALS AND MEAT.				Irish bladders.....				English Southdown, washed per lb. 11				Best heavy ox and heifer			
GRAIN, &c.—				American, boxes, 56 lbs. 39				Lincoln hog, washed				Best cow			
Wheat—				Good English, per cwt. 12				Queensland, sod. super cmbg.				Best calf			
No. 2, N. Man. 496 lb.				SPEICES—				N.S.W. greasy, super				INDIGO—			
Eng. Gas. av., per cwt.				Pepper, per lb.....				N.Z. gray, half-bred 50-56				Bengal gd. red-vio. to			
Barley, Eng. Gas. av.....				Muntok, fair White				Tops.....				fine—per lb.....			
Oats, " " " "				Black Lampung				Merinos 70's				LEATHER—			
Maize, La Plata, landed				Cinnamon—1st sort, per lb.				Crossbred 40-44				Sole Bends 8/14 lb.—			
480 lb.				Cloves—Zanzibar per lb.				Crossbred 48's				per lb.....			
Flour, Lon. stan. ex mill,				Ginger—per cwt.....				46's				Bark Tanned Sole			
280 lb.				African				COAL—				Shoulders fm DS Hides			
Rice, No. 2 Burma, per cwt.				Jamaica, ord. to good.....				Welsh, best Ad'ty. ton 19				Do. Eng. or WS do.			
Tapoca, per cwt.....				Nutmegs 65's				Tyne				Balls from DS			
Fine Java, spot.....				Mace				Sheffield, best house, at				Do. Eng. or WS do.			
Fair Flake, Singapore..				SUGAR—				pita				Dressing Hides			
Beet, per 8 lbs.....				(Duty, 11s. 8d. per cwt.)				IRON AND STEEL—				Ro. Eng. Calf, 20/30 lb.			
English long sides				B.W.I., crystallised				Pig, Cleveland No. 3, ton 58				Aust. Bends			
Argentine chilled hinds				Java, white, c. & f. India				Bars, M'brough				VEGETABLE OILS—			
Mutton, per 8 lbs.....				March-April.....				Steel Rails, heavy				Linsed, naked, p. ton net			
English wethers				REFINED—London—				Tin Plates, per box				Rape, refined			
N.Z. frozen " " " "				Yellow Crystals				Copper, Electrolytic, ton 34/0				Cotton-seed, crude			
Pork, English, per 8 lbs.				Cubes.....				Sheets (strong)				Coconut, crude			
OTHER FOODS.				Crushed				Standard				Oil Cakes, Linsed, Eng.,			
BACON—				Granulated				Lead Eng. Pig				per ton			
Irish				Home Grown				Soft Foreign				Oil Seeds—Linsed—			
Danish				TRA—				Spelter G.O.B.				La Plata, p. ton—			
Dutch				Indian—per lb.—				Tin—English ingots				May-June			
Canadian				Pekoe				Standard cash				Calcutta—per ton—			
American				Broken Pekoe				MISCELLANEOUS.				Turpentine, per cwt.....			
BUTTER—				Orange Pekoe				CHEMICALS—				PETROLEUM PRODUCTS—			
Australian				Broken Orange Pekoe...				Acid, citric, per lb. less 5%				Motor spirit, No. 1, Lon-			
New Zealand				Ceylon—per lb.—				Nitric.....				don			
Danish				Pekoe				Oxalic, net				Petroleum, Amer. rfd.			
CHEESE—				Broken Pekoe				Tartaric, English less 5%				Fuel oil, in bulk, for			
Canadian				Orange Pekoe				Alcohol, Plain Ethyl.....				contracts, ex instal.,			
New Zealand				Broken Orange				Alum, lump				Pumace ... per ton			
English Cheddars				TOBACCO—				Ammonia, carb.				Diesel			
Dutch				(Duty 9/6-10/6) per lb.				Sulphate				Lubricating oil ex store,			
COCOA—				Empire growths, 7/5-8/3				Arsenic, lump				London—per ton—			
(Duty, British grown,				Virginia leaf				Bleaching powder, per cwt.				Pales			
11s. 8d.; foreign, 14s. cwt.)				Common to fine				Borax, gran. per cwt.				Reds			
Acorns, f.f.				Rhodesian leaf				Do. powder				Cylinder			
Trinidad				Nyasaland leaf				Nitrate of Soda ... per cwt.				Petroleum, Amer. rfd.			
Grenada				strips				Potash Chlorate, net				Fuel oil, in bulk, for			
COFFEE—				East Indian leaf				Sulphate				contracts, ex instal.,			
(Duty, British grown,				COTTON—				Soda Bicarb. per cwt.				Thames			
11s. 8d.; foreign, 14s. cwt.)				Mid-American				Crystals				Pumace ... per ton			
Santos sup., c. & f. cwt.				Sakelardia, f.g.f.				Sulphate of Copper, per ton				Diesel			
Colombian, good				Yarns, 32's twist				PORTLAND CEMENT—				Lubricating oil ex store,			
Costa Rica, med. to good				60's twist				Portland, best Eng. per ton				London—per ton—			
East India				FLAX—				In jute sacks (11 to 12)				Pales			
Kenya, medium				Livonian ZK				In free paper bags (20				Reds			
EGGS—				Pernau HD				to ton)				SHELLS			
English				SIAMET Medium 1st sort...				COPRA—				W. Aust. M. o. P. ..			
Danish				HEMP—				S.D. Straits c.f.f., per ton				TALLOW—			
FRUIT—				Italian P.O. per ton				Smoked South Sea				London Town per cwt.			
Oranges—				Manila, May-June "J 2"				DRUGS—				Swedish u/s 3 x 8 ..			
South African ..boxes				Sisal African, May-June				Camphor				" 2 1/2 x 7 ..			
Brazilian				JUTE				Jasper, refined ... per lb.				" 2 x 4 ..			
Lemons, Sicilian ..boxes				Native 1st mks. ... per ton				Castor-oil				Can'dn Spruce, Dis ..			
Malaga ..cases 420 No. 1				c.f.f. H.A.R.B.				Ipecacuanha				Pitchpine			
Apples: Amer.(var.) bris.				Dalsee 2/3 c.f.f. Dundee...				Peppermint, Wayne Co.				Rio Deals			
" Australian ..boxes				April-May				Wet salted—Australian				Teak			
Onions—				SILK—				per lb.				Honduras Mahg. logs ..			
Valencia, case, 4s.				Canton				per lb.				African			
Egyptian Bags				Tussah				West Indian				Amer. Oak Boards ..			
Grapes, Lisbon ... boxes				Japan				Cape				" Ash			
" Almeria ..bris.				Italian—raw, fr. Milan				Dry and Drysalted Cape...				English Oak Planks ..			

outside banks were calling while the activity in gilt-edged stocks also absorbed a fair amount of funds. In consequence, the rate for new money firmed up to $1\frac{1}{2}$ per cent. The following day, Bank Rate was reduced to $2\frac{1}{2}$ per cent., and for a short time some uncertainty existed, pending the decision of the clearing banks regarding their own rates. They quickly decided to conform to the Bank Rate reduction, and lowered their London deposit rates to $\frac{1}{2}$ per cent., and their minimum rates on loans to the money market to $1\frac{1}{2}$ per cent. Late that afternoon, the general impression was that money might become less plentiful, partly because of the Whitsun currency demand, and partly because of the instalment on the recent Treasury bond issue due the following day.

Bill rates have remained weak, as the absence of any alternative outlet for their money is making holders very reluctant to sell. Last Friday's applications for the £35.0 millions of Treasury bills on offer amounted to £62.1 millions, and as the market was determined not to miss the tender by bidding too high, the average rate fell sharply from £1 17s. 1.81d. to £1 10s. 11.36d. per cent. This last rate is the lowest on record since the system of tendering was introduced. Early this week "hot" Treasury bills were quoted at rates which gradually fell from $1\frac{1}{2}$ to $1\frac{1}{4}$ per cent., while three months' bank bills were quoted at $1\frac{1}{2}$ per cent. The discount market took some time to settle down after the Bank rate reduction, as bill-brokers were awaiting the clearing banks' decision. Ultimately "hot" Treasury bills were quoted at $1\frac{1}{2}$ per cent., and three months' bank bills at $1\frac{1}{2}$ per cent., with $1\frac{1}{2}$ to $2\frac{1}{4}$ per cent. charged for standstill bills.

	Apr. 21, 1932.	Apr. 28, 1932.	May 5, 1932.	May 12, 1932.	Previous Rate and Date Changed.
Bank Rate	$\frac{3}{4}$	$\frac{3}{4}$	$\frac{3}{4}$	$2\frac{1}{2}$	$\frac{3}{4}$ (May 12, '32)
Banks' Deposit Rate...	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$ (May 12, '32)
Discount / Call	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$ (May 12, '32)
Houses / Notice ...	$1\frac{1}{4}$	$1\frac{1}{4}$	$1\frac{1}{4}$	$1\frac{1}{4}$	$1\frac{1}{4}$ (May 12, '32)
Market rate ("hot" Treasury bills).....	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	...
Market rate (3 months' bank bills)	$2\frac{1}{2}$	$2\frac{1}{2}$	$2\frac{1}{2}$	$1\frac{1}{2}$	...
Market rate (standstill bills)	$2\frac{1}{2}$	$2\frac{1}{2}$	$2\frac{1}{2}$	$1\frac{1}{2}$	...

The main change in the Bank return is a further big increase of £12.2 millions in the Issue Department's holdings of Other Securities—presumably *devisen*. Other Securities in the Banking Department have also increased by £1.0 millions, so that there is a total increase of £13.2 millions. Government Securities have been reduced by £9.1 millions net, so that allowing for a small increase in Discounts and Advances, the Bank's earning assets have expanded by £4.6 millions. The approach of Whitsun is responsible for a small increase of £1.7 millions in the note circulation and an equivalent reduction in the Reserve. Among liabilities, Public Deposits have risen by £3.5 millions, and Bankers' Deposits by £3.0 millions. Other Deposits are reduced by £3.2 millions. The Proportion stands at 30.5 per cent., against 32.6 per cent. last week.

Demand for the recent Treasury bond issue has increased, and the price has risen to a small premium. Originally the banks did not apply extensively for the bonds, but they have since become fairly substantial buyers. This week it was officially stated that only £10.0 millions of the total allotment of £110.0 millions were taken up by Government Departments, and as the money market is known not to have applied very heavily, some curiosity is expressed as to where the bonds have gone. Insurance Companies were probably substantial applicants, and it is possible that some of the bonds have replaced Treasury bills as backing to the note issue; such an operation would of course be profitable to the Government. Incidentally, the money market feels that inasmuch as War Loan is now being bought largely as a short-term security, and so is passing into the hands of interests who are not in a position to accept a conversion offer, but who will require cash, it would be in many ways wise if any impending offer appeared without undue delay.

The April returns of the nine English clearing banks reveal a further increase in deposits, but at a much reduced rate.

	April, 1931.	January, 1932.	February, 1932.	March, 1932.	April 1932.
Capital and reserves.....	132.1	122.8	122.8	122.8	122.8
Acceptances	115.2	98.7	90.6	98.7	98.1
Deposits (including undivided profits, &c.).....	1,698.3	1,677.3	1,621.7	1,639.3	1,643.4
Total liabilities	1,945.6	1,898.8	1,835.1	1,860.8	1,864.3
Coin, notes, balance at bank, and cheques in course of collection	224.0	224.0	214.2	218.0	214.2
Money at call.....	113.5	113.9	106.5	109.2	108.9
Investments	318.2	292.7	288.9	290.9	296.6
Discounts	209.1	237.0	205.3	214.7	238.2
Loans and advances.....	923.8	889.3	886.3	886.0	864.8
Cover for accept., premises, &c.	157.0	141.9	133.9	142.0	141.6
Total assets	1,945.6	1,898.8	1,835.1	1,860.8	1,864.3

Cash and call money are both somewhat lower than in March, and advances have fallen by £21.2 millions. This last contraction probably reflects the repayment of loans obtained earlier in the year for income tax payments, but a contributory factor is undoubtedly the revival in the new capital issue market, as many recent issues have been made wholly or partly for the purpose of repaying bank loans. Investments are only £5.7 millions higher, but discounts have expanded by £23.5 millions.

The outflow of gold from New York continues. For the week ended May 4th, exports are returned at \$15.8 millions, of which \$5.9 millions went to Holland, \$4.6 millions to France, and \$4.0 millions to Switzerland. Later shipments include \$16.4 millions to Holland, \$4.0 millions to Switzerland, and \$756,000 to Belgium. For the week ended May 4th, earmarkings on foreign accounts increased by \$11.0 millions, and since then there has been a further net increase of \$2.2 millions. Call money has remained at $2\frac{1}{2}$ per cent., but on May 5th open market discount rates were raised by $\frac{1}{4}$ per cent. On May 11th, however, they were reduced by $\frac{1}{4}$ per cent. to their previous level of $1\frac{1}{2}$ per cent. for 90-day bank bills. The rate paid by clearing house banks on demand deposits is to be reduced to $\frac{1}{2}$ per cent. as from Friday of this week. The latest weekly statement of the Reserve system shows a further decline in member bank loans against securities. Contrary to expectation, member banks as well as the Reserve Banks are buying Government bonds, so that the cheap money regime has not served to divert bank resources into other channels, nor has it stimulated a bigger demand for bank loans.

The Foreign Exchange market was very quiet this week. New York was unchanged on balance at 3.67 $\frac{1}{2}$, after some earlier weakness. Montreal lost 4 points at 4.14, Paris was unchanged at 93 $\frac{1}{2}$, after being higher and lower, as was Brussels at 26.15. Milan weakened by $\frac{1}{4}$ to 71 $\frac{1}{2}$, and Madrid improved from 46 $\frac{3}{8}$ to 45 $\frac{1}{2}$. Amsterdam moved in our favour to 9.07, and Berlin gained 2 points at 15.41, but Switzerland fell away by the same margin to 18.77. The Scandinavian exchanges were uncertain and weak at one time, but improved on balance, and became steadier at the close. Stockholm gained 20 points at 19.70, and Oslo 5 points at 19.70, while Copenhagen was unchanged at 18.30. The South American exchanges were steadier and firmer than of late, Rio advancing from 4 $\frac{1}{2}$ d. to 4 $\frac{3}{4}$ d., and Buenos Aires from 36d. to 36 $\frac{1}{2}$ d., Montevideo being unchanged at 29 $\frac{1}{2}$ d. In the Far East the rupee remained at 1s. 5 $\frac{1}{2}$ d., but the yen, after hesitation, fell away from 1s. 9 $\frac{1}{2}$ d. to 1s. 9 $\frac{1}{4}$ d. Batavia lost 3 points at 9.13. In the forward market dollars were rather firmer at $\frac{1}{2}$ cent and $1\frac{1}{2}$ cents discount. Paris declined from 5 and 15 centimes to 3 and 7 centimes premium for one and three months respectively. Madrid, one month, was unchanged at $\frac{1}{2}$ peseta discount, but three months' delivery was firmer by $\frac{1}{2}$ at $\frac{3}{4}$ peseta discount. Amsterdam, from par and $\frac{1}{2}$ cent discount, went to premium quotations of $\frac{1}{2}$ cent for both periods. Switzerland fell away from 2 and 4 centimes premium to $\frac{1}{2}$ and 2 centimes premiums. Silver prices advanced by $\frac{1}{4}$ d. for both deliveries to 17 $\frac{1}{2}$ d. for cash and 17 $\frac{3}{4}$ d. for forward. The China silver exchanges also improved, Hongkong from 1s. 2 $\frac{1}{2}$ d. to 1s. 3 $\frac{1}{4}$ d. and Shanghai from 1s. 7 $\frac{1}{2}$ d. to 1s. 8 $\frac{1}{2}$ d.

FACTORS IN RECOVERY.

II. REPARATIONS AND WAR DEBTS.

A YEAR ago it was not unreasonable to believe—as Mr Hoover and many statesmen and bankers believed—that the lifting of the burden of reparations and war debts would be such a relief to the world that it would turn the tide of depression. That belief is no longer possible; it is abundantly clear that action in a much wider field is now necessary. But an agreement regarding reparations and war debts is what the lawyers call a "condition precedent" to recovery, and it is daily becoming more evident that, unless such conditions are created, the world must go from bad to worse. Whatever else may be done at Lausanne, a final and definite conclusion must be reached on the main problem on the agenda. There is, moreover, no time to lose. It is certain that Germany will not be able to resume payment, even of the unconditional annuities, after June; and to allow Germany to default would give the world just cause to despair of its statesmen. Another stop-gap solution would perpetuate financial uncertainty; while a fresh postponement would be the last straw to break the heart of a world already suffering from an almost intolerable strain.

This is particularly true of Germany, for though there are some small signs of a seasonal easing of the crisis, that country has been for two years under extreme psychological, as well as economic, depression. In view of their great underlying human and material resources it may well be that, in retrospect, the extreme pessimism that now prevails, not only in Germany, but in the United States, may seem as unbalanced and short-sighted as the excessive optimism of the boom years in the latter country. Recent events have, indeed, proved how difficult it is to crush the economic life of nations. At the same time, the example of Russia in 1917 is proof that it is possible for the framework of a modern State completely to disintegrate. Moreover, Germany's own experience in 1923 shows that, if the financial system collapses, widespread distress and starvation will ensue; and, if measures are not taken to reconstruct, there must follow steady degradation of the standard of living or a shrinkage of population, or both. That Germany has accepted severe measures of self-discipline, with comparatively little political violence and without a social upheaval, is a strong testimony to the sanity of the German people. But it would be taking a very heavy risk to call upon them to face another winter without hope that things will mend.

It is, however, one thing to say that final settlement is necessary; it is quite another to see what it should be and how it is to reconcile conflicting views. Let us briefly review the position of the chief interested parties—among whom, of course, we must include the United States.

Germany's position, as stated by Dr. Brüning, is that she cannot resume payment after June. This refers not merely to the conditional part of the annuity, which the Basle Committee agreed that she would be justified in postponing, but also to the unconditional part. The Chancellor has, indeed, gone further and declared that payments cannot be resumed in future without disastrous consequences to the world, and that, therefore, Germany will urge the final cancellation of these payments. It is, however, important to observe that Dr. Brüning has been careful not to say that Germany refuses to pay anything again or that Germany has gone back on her word.

The German thesis, which points direct to the wiping out of what Mussolini has so aptly termed the "tragic book-keeping of war," has hitherto met two obstacles in France—one psychological and the other material. The "sacred right" to reparations remains for France a matter of justice. But the French are emphatically a practical people quite capable of drawing their own conclusion from the experience of the last two years. They are now well aware that the world as a whole has come to regard these payments as a first-class nuisance, has satisfied itself that they have played a prominent rôle in up-

setting the whole credit structure, and will not lift a finger to help France to get reparations from Germany. Indeed, most informed Frenchmen think that reparations on a substantial scale will never be revived. But there are two material difficulties. One is that the cancelling of reparations leaves France to pay for the devastated areas, and the other is that it leaves France to pay her war debts due to England and America out of her own pocket.

The former is of sentimental as well as financial importance; but the parties of the Left, it seems, are now prepared to reconsider—in a practical spirit and having regard to the sum that Germany has already paid—what further payment, if any, can be obtained towards the restoration of the devastated areas. Last winter M. Laval took his stand on the integrity of Germany's "unconditional" payments under the Young Plan—not because this annuity represents or is earmarked for "restoration" or, indeed, was allocated to France for that purpose—but because, firstly, it is, in fact, "unconditional" in the sense that Germany has solemnly undertaken without condition to meet it, and, secondly, because it was intended to become the basis for floating loans. If it is not maintained intact, it could never again become the basis of mobilising new loans. But other and more imperative considerations have now come into the picture, and France has said nothing which would make it impossible for her to accept a radical reduction of her "solde nette."

But behind this is the more serious matter of France's outpayments, which run to very large figures, especially to the United States. However willing France might be to bow to the stern logic of economic experience and write off her surplus claim on war account, it will be extremely difficult—possibly even politically impossible—for her to agree to a cancellation in June unless she has an assurance that the United States and Great Britain will write her debts off correspondingly.

America's attitude, on the other hand, was made unpleasantly clear in the discussions of last December, when Congress grudgingly accepted the Hoover Moratorium with the express proviso that there would be no further moratorium or cancellation. That this is America's last word no one believes. Indeed, even during the debates of last winter, a good deal was heard of a suggestion that, in the case of the British debt at all events, there was a case for re-adjustment—at least to the extent needed to bring our payments into line with those of other countries. If a substantial cut were made on these grounds, any relief would be passed on—under the Balfour Note—to our debtors, including Germany, and the situation to that extent relieved. But a moment's glance at the figures shows that, though our payments to the United States are at present much larger than those of other countries, and will be so for many years to come, no cut that might be made in the British annuity by juggling with the rate of interest would bring the total to be paid to the United States within any total that could be extracted from Germany—and, however America may regard the matter, that is a vital point for Europe. The mooted concession to Great Britain alone does not, in fact, untie the knot. This is, indeed, recognised by many in America, who gravely doubt whether the debts will ever be collected again.

At the same time, it is not to be expected that a country in the throes of wrestling with the largest Budget deficit the world has ever seen in time of peace should be very willing to write off a substantial annual income from abroad. Great though America's resources are, the budgetary side of the problem cannot be ignored. There is, moreover, a larger question than the money involved, and that is the feeling that, while in certain circumstances it might be wise and prudent to cancel the debts, there is a grave danger that the looked-for advantage will not

be forthcoming. This point of view is clearly reflected in Senator Borah's recent speech, upon which we commented last week, and in the indications which come from so many sources in the United States that, while America cannot be a party to the Lausanne Conference and cannot make any offer there, the whole country will be watching Europe in the hope that a wise, clean and statesmanlike effort will be made to clear up the whole problem. If this is done, but only if this is done, it may be possible later, when political circumstances admit, for the United States to make a concession which would justify the European Powers in having concluded *inter se* a definite settlement. But, for the moment, say these United States observers, it is not for America to make a move.

Faced with this dilemma, Great Britain's position—which may be accepted as being also that of Italy—is clear. Great Britain believes that it would be best for the world if reparations and war debts were wiped out altogether. So far as our own claims are concerned, we offered ten years ago to forego them. We believe this to be now a necessity for the world. If some small payment by Germany would make it easier for public opinion in France and the United States to fall into line, Great Britain would probably not stand in the way of a settlement. But such a settlement must fulfil certain conditions.

Taking it as axiomatic that private persons will not again within any foreseeable time lend money to Germany so long as such investments are balanced by reparation payments and are therefore not a net addition to Germany's real resources, the payment on reparation account must be so small that it can in normal times be met out of Germany's export surplus.

Germany's net payments due abroad on account of public and private debts amount to some 1½ milliards (£75,000,000) a year—this figure including not merely the charge for the Young and Dawes loans, but interest on the foreign capital which has made it possible for Germany to make the reparation payments of the last seven years. Is it possible for Germany to have an export surplus substantially in excess of 1.5 milliards? No one can say with certainty what the situation will be ten years hence, what will happen to prices, or to the volume of production. But the facts are that for no prolonged period has Germany ever had a surplus in excess of 1 milliard, and that though during the past winter the figure rose to a very much higher rate, this was only under the utmost pressure of her poverty at home and the necessity to meet payments abroad. The aftermath of this effort is shown in the diminution which is now rapidly taking place in Germany's export surplus.

Next, any future payment must not only be within Germany's capacity, but it must be universally believed to be within that capacity if confidence is to revive. It must, moreover, become due only when conditions permit further transfer to be made.

In the light of the facts, these conditions mean that no further payment can be made for some years to come, that practically no addition whatever can safely be made to Germany's fixed charges on external account, and that the only payment that can be looked for is a payment dependent on prosperity—a dividend as distinct from a mortgage charge. The cash value of any such device would be very small—pence instead of pounds; and it should further be added that, if the hoped-for results are to be achieved, such a plan must involve no control and no new committees, and must, by transfer of governmental as soon as possible into commercial obligations, cross the term "reparations" out of the international vocabulary.

While it is greatly to be desired that circumstances—if not now, then in the near future—should enable the policy of the clean slate to be carried into effect as part of a great scheme of appeasement and reconstruction, it will clearly be one of the tasks of Lausanne to explore what scheme of the many that might be proposed will fulfil the conditions here laid down.

Having decided upon these maximum terms, which we may call *x*, and assuming that the Powers concerned do not desire to force the issue of the debts at a moment when America is in the throes of electioneering, the Conference

will have to consider what action it will take. In our mind the minimum required of it is that it should declare:—

(1) That the maximum that can ever be obtained from Germany—consistent with any hope of economic recovery, and without precipitating further disaster—is *x*.

(2) That having regard to their responsibility to their own countries and to the world the creditors of Germany will not ask any further payment from Germany for three or four years, and will in any case reduce their claims to *x*.

(3) That the economic problems involved, and the financial consequences which must follow, if war debts are not liquidated by a transfer of goods, are precisely the same as in the case of reparations; and that, therefore, the radical revision of war debts, in the light of recent experience, on the lines of the reparation settlement is essential for world recovery.

This involves no immediate action by the European Powers *vis-à-vis* the United States, nor does it involve the latter in any reciprocal action until further debt payments become due next December. It does require that France and Britain should commit themselves in advance of knowing what America will do; but that is really no more than to recognise realities. It is realities for which the public in all countries—in advance, we believe, of the statesmen—is looking. The swing to the Left in France suggests—and the same is almost certainly true of the United States—that the real France is less fixed in her ideas than those who have spoken for her hitherto in Parliament. We are confident that the desire to get away from the present economic *impasse* is now so great and so widely spread that a serious attempt to sweep away the whole legacy of the war would meet with a great response.

THE MORROW OF THE FRENCH ELECTIONS.

THE past week has witnessed a series of major political events in France—the tragic death of President Doumer last Saturday morning from wounds inflicted by a crazy assassin the afternoon before; the second ballot in the General Election on Sunday, and the election of President Lebrun in President Doumer's place on Tuesday. The sole alleviating feature in the shocking crime of Friday last is that it was so manifestly without political significance that it could not rationally lead, and has not actually led, to any political complications. It is a stroke of irony that the chief magistrate of France, of all countries, should have been assassinated by a madman on the score that the country represented by his victim has displayed insufficient hostility towards the Bolsheviks. But it is also a fortunate accident that the madman who perpetrated this crime on this fantastic ground should happen to have been a White Russian, and not a Red Russian or a German—or, for that matter, an Italian, or an Englishman, or an American, as he might equally well have been since homicidal mania is no respecter of nationalities. The French nation has shown its good sense and steadiness in taking the crime for the meaningless act of madness that it is, and not allowing it to influence the course of the elections. There is no reason to think that on Sunday any French elector cast his vote otherwise than he had intended to cast it up to Friday afternoon by the assassin Gorgulov.

The death of President Doumer has evoked expressions of sympathy from all countries of the world, and these tributes are not perfunctory, though they are necessarily official. The public sympathy with France coincides with himself, and these sentiments are shared by those of us who do not share the dead President's political outlook. The brutal murder of an old man of seventy-five, after four shocking, and the victim represents a venerable type of France from the Ancient World.

Nothing reveals so manifestly the achievement of the French Revolution and the nobility of the civilisation of

post-revolutionary France as a survey of the careers of distinguished modern Frenchmen. There are some countries in which the finest flower of culture is still the monopoly of certain classes, or even certain families, and is beyond the attainment of individuals whose ancestors have not been steeped in a certain social atmosphere for several generations. In France, on the other hand, a man can rise straight from the people and still become heir, in his own person, to all that is best in the national culture. The cultural heritage resides in the nation itself, and not in any narrow class or caste, and hence it is within full reach of any French citizen who is capable of making it his own. This social phenomenon, which is the glory and the strength of modern France, is exemplified in the careers of a Doumer and a Briand. And the new President of the Republic, M. Lebrun, is a Frenchman of the same stamp.

In the unprecedented constitutional situation produced by the death of a President in the midst of a general election, the new President has been elected by the old Chamber and the Senate, sitting together as the National Assembly, and President Lebrun's politics inevitably answer to the political complexion of the old Chamber rather than to that of its successor. The old Chamber, elected in 1928, was a Poincaré Chamber, and M. Lebrun has been one of M. Poincaré's personal adherents. Like M. Poincaré himself, he comes from the north-east frontier—from that part of Lorraine which was just not torn away from France and annexed to Germany in 1871, but which was overrun and occupied by the German armies in 1914-18. These Lorrainers have a stiff-necked, implacable bent which is ill-adapted for grappling with the present world crisis. We do not know to what extent M. Lebrun shares his fellow-Lorrainer, M. Poincaré's, temper. We do know, however, that the President of the French Republic only enjoys restricted political powers, and we also know that President Lebrun has proved himself a conscientious servant of the State who is not likely to be deflected by any personal political proclivities from the scrupulous performance of his presidential duties.

So much for the change in the French Presidency, but when we come to the change in the Ministry, we find ourselves groping in much deeper obscurity. With the taking of the second ballot last Sunday, the elections have come to an end. But the results of the second ballot are not in themselves conclusive. They exclude one possibility—that is, the reconstruction of a Tardieu Ministry—only to leave the choice open between other alternative possibilities which are vastly different from one another. This choice is no longer in the hands of the French electorate. It lies now between M. Herriot, in the first place, and M. Blum, in the second place, in consultation with their respective party organisations. The choice is unlikely to be made—or, at any rate, to be made public—for some days.

Perhaps the simplest way of stating the position is this. In the first vote of confidence which he asked for after forming his late Government, M. Tardieu received 309 votes in his favour, while 262 votes were cast against him. Had M. Tardieu challenged the new Chamber, and had the various parliamentary groups—in the altered strengths in which they have now been returned—then proceeded to vote on the same lines as before, M. Tardieu, on this showing, would have been defeated in the new Chamber by 357 adverse votes to 265 in his favour. M. Tardieu has drawn the right moral from these figures and has resigned office this week, without waiting for the new Chamber to reassemble. The question is: What morals will be drawn from the same figures by MM. Herriot and Blum?

It is obvious from the figures that if the late Opposition were now to combine after the elections in order to form a Socialist-Radical and Socialist Coalition Government, as it has just co-operated during the elections in order to put the Tardieu Coalition out of power, this Herriot-Blum combination could command a workable majority in the new Chamber. The Socialist-Radicals have been returned 157 strong in a Chamber of 605 seats in all (apart from the

VIEWS

Imperial and Parochial

Soundness of judgement usually rests upon an ability to combine the 'close up' with the bird's-eye view. To encourage the wide angle, the Westminster Bank issues a periodical 'Review' of current trade conditions, with surveys based on local reports drawn from all over the country. Readers of *The Economist* may obtain copies monthly, without cost, on addressing a request to the Manager

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Colonial deputies); the Socialists in the new Chamber muster 129; and if these two powerful groups worked together, the Independent Socialists and Republican Socialists, who stand between them 37 strong, would certainly work with them.

Can the Socialists and the Socialist-Radicals agree upon a common policy and arrange to take office in coalition? If they can achieve this, we may look forward to seeing a Government of the Left in power in France, and we can count with some confidence upon this Government making an important new departure in foreign policy. For while M. Herriot, when it comes to the point, has a way of taking up positions, on the questions of reparations and of disarmament, which are not easily distinguishable, to foreign eyes, from the positions of his Conservative opponents, the majority of M. Herriot's political supporters appear to be well to the left of him, while the French Socialists undoubtedly mean business in international affairs. If, therefore, a coalition of the Left is formed, we may not unreasonably hope for a change in French foreign policy which might transform the whole aspect of international affairs.

There are, however, great obstacles in the way of this alternative coming to pass; for, besides the gulf that has to be bridged between Socialist and Socialist-Radical policy, it is a maxim of French Socialist parliamentary tactics never to take office in coalition with any bourgeois party. Suppose, then, that this possibility proves impracticable on trial, what is M. Herriot's alternative? In 1924, he formed a Ministry in coalition with the Centre groups, with the Socialists standing outside and observing a benevolent neutrality. But this experiment proved unsatisfactory, for the Centre soon deserted M. Herriot and enabled the Right to take office by going into coalition with them instead. Last week, one of the few declarations of intention to which M. Herriot committed himself was that he was determined not to take office again under the 1924 conditions. And now, in the event, it would seem that this alternative is not open to him. For the Centre groups have lost heavily at the polls. They now number no more than 62 deputies—a number which is insufficient to confer a majority upon either M. Tardieu or M. Herriot. In order to obtain a majority by leaving the Socialists out and coalescing with groups to the right of him, M. Herriot, in the new Chamber, would have to take in not only the Centre, but half the Right as well—M. Tardieu's half, in fact, as opposed to Mr. Marin's. M. Herriot, however, has declared outright that he is not going to co-operate with M. Tardieu again in any circumstances. Thus it looks as though the real alternatives were a Socialist and Radical-Socialist coalition or an *impasse*. And that is all that can be said at the moment.

STEEL AND THE TARIFF.

In the course of the speech in which he moved for Parliament's approval to the April 19th Order made under the Import Duties Act, Mr Chamberlain explained that the motives which had induced the Advisory Committee to recommend, and the Treasury to impose, a duty of 33½ per cent. on semi-finished iron and steel imports, in comparison with a 20 per cent. duty on finished articles, were the desire to give an opportunity for the situation to remain stable while the Committee pursued further investigations into a subject which, he admitted, was "very complicated and difficult." Pending the "permanent system of Protection" which the Committee would proceed to devise for the industry, the consuming trades would not, in the Chancellor's opinion, suffer in any way from the temporary "prohibition of imports" resulting from the higher schedule of duties on semi-finished products; for, as a result of forestalling, large stocks had been accumulated in this country.

How far Mr Chamberlain's predictions will be borne out by the event remains to be seen. At the moment, the whole situation of the European steel industry is so chaotically influenced by the combined effects of trade barriers and the financial crisis that the short-term consequences of our fiscal policy in relation to iron and steel may be quite other than those which ultimately eventuate. It is, however, possible even now to indicate some almost certain tendencies. At the foot of this page we give a table showing the volume and value per ton of our net imports and domestic exports of iron and steel products divided into the three categories of crude iron and steel, rolling mill products, and "more-finished" products. The first two categories are now subject to an import duty of 33½ per cent.—with the exception that pig iron, imports of which amounted during the past two years to about 290,000 tons annually, is subject to 10 per cent. only. The "more-finished" articles are, as stated, liable to a duty of 20 per cent.

What picture emerges from the table? It is a picture essentially of an industry which has built up, on the basis of the economic use of cheap imported crude materials, an export trade predominantly of finished products. The key to the industry's present difficulties is to be found not so much in the shrinkage of sales abroad of rolling mill products, nor yet of crude products, which represent only a small fraction of our total exports, but in the catastrophic decline of our exports of finished goods. On this situation the immediate effect of our tariff, so far as can be judged, is taking two forms.

On the one hand, Continental producers of semis are being forced still further to cut their prices and so accentuate a process of capital consumption, whose ultimate effects on Europe are likely to be disastrous. In the absence of an alternative market for the goods for whose output their plant has been primarily organised, they are temporarily making good to the British consumer a part of the addition to the selling price represented by the new tariff duties. Thus it seems unlikely that Mr Chamberlain's claim that a 33½ per cent. duty is "prohibitive" will be borne out by the facts, and the benefit felt by the primary producers of steel in this country may be somewhat limited.

On the other hand, the increase in the price of semis which, even so, is being brought about by the tariff, is enough to prove a serious handicap to British manufac-

turers making more finished products for export. Indeed, a case has already come to our notice in which a British manufacturer, whose export business had been built up on the basis of cheap imported semis, has now shut down his works and converted his enterprise into a merchanting business for buying the finished products direct from the Continent and selling them to the markets abroad in which his established goodwill is still an asset. More important than this, Continental producers are planning vigorously to divert their production more from crude products to finished articles. Although temporarily they are being driven to attempt, by recourse to accumulated stocks, to retain as much as they can of the British market in semis, even at a loss, they are naturally not prepared to continue business indefinitely on these lines. If the "permanent system of Protection" for the British steel industry is to be on anything like the scale now temporarily imposed, it is certain that foreign competition in the export markets, in which, so far as finished goods are concerned, we have hitherto enjoyed a favourable position, will be greatly intensified. And as the foreign producer of more finished products, ranging in the scale of manufacture from tinplates upwards, will have the benefit of raw materials produced by the basic Bessemer process and costing less than half our domestic product under the tariff, that competition may well be formidable.

It is, in fact, clear that even in a few months almost irreparable harm may be done to our export trade in iron and steel if we are not careful. The Government, according to Mr Chamberlain, desires that the position should be temporarily "stabilised." If "stability" is to be maintained and if the grievous decline of our finished exports is not to be accelerated, it is essential that our manufacturers, whether of galvanised sheets, tinplates, tubes or railway material—to say nothing of the engineering and other industries using steel, whose exports are not included in the accompanying table—should have access to their raw material supplies at the world price. As a matter of extreme urgency we submit that the Advisory Committee and the Treasury should lose no time in availing themselves of the provision in the Finance Bill authorising the formulation, where desirable in the national interests, of a scheme of drawbacks on materials used in the manufacture of products afterwards exported. However clumsy and difficult to administer such a scheme may be, its immediate introduction appears to us to be indispensable if the persons engaged in the iron and steel using industries, who are eight times more numerous than those employed in primary iron and steel production, are not to have their position seriously damaged by the rash and hasty imposition of ill-considered protective duties.

THE DANUBIAN PROBLEM.—I.

THE failure of the Four Power Conference last month postponed a solution of the Danubian problem; it did not make the problem any the less pressing. Whether the final solution is along the lines they proposed or takes some other form, the issues must soon occupy afresh the attention of the statesmen of Europe. It is pertinent, therefore, to look once again at the facts of the problem. The old Austro-Hungarian monarchy was a State between its agricultural and industrial activities. Though by

BRITISH OVERSEAS TRADE IN IRON AND STEEL.

Period	Net Imports.								British Exports.							
	Crude Products.		Rolling Mill Products.		Finished.		Total.		Crude Products.		Rolling Mill Products.		Finished.		Total.	
	Volume.	Value per ton.	Volume.	Value per ton.	Volume.	Value per ton.	Volume.	Value per ton.	Volume.	Value per ton.	Volume.	Value per ton.	Volume.	Value per ton.	Volume.	Value per ton.
	Th. tons	£	Th. tons	£	Th. tons	£	Th. tons	£	Th. tons	£	Th. tons	£	Th. tons	£	Th. tons	£
1924	1,433	7.0	733	9.1	254	21.5	2,420	9.2	619	8.1	941	14.8	2,291	24.1	3,851	19.3
1925	1,354	5.9	1,134	7.3	401	19.3	2,889	8.3	474	6.5	980	11.4	2,806	18.7	4,260	15.7
1926	1,194	6.2	1,208	7.5	411	19.6	2,813	8.7	571	6.5	1,011	11.4	2,798	18.9	4,380	15.5
1927	1,444	5.5	1,096	6.7	356	20.2	2,896	8.0	339	7.4	673	11.2	2,147	19.2	3,158	16.2
1928	1,587	4.5	937	6.7	327	19.1	2,845	6.9	214	6.7	679	11.2	1,087	19.6	1,981	15.9
1929	1,308	4.5	724	6.3	172	19.9	2,204	6.3	144	7.6	724	10.7	1,024	19.2	1,896	15.0
(basis Jan.-Mar.).																

no means the most highly protectionist country in Europe, its foreign trade per head was small. After the war the sub-division of the dual monarchy took place without regard to economic considerations, and there is no regrouping of the States, with their present territorial limits, which would restore the balance. Moreover, in the ensuing years, the policy of ill-considered nationalism led to the reckless duplication of both industrial and agricultural activities, and the economic structure of territories which formerly formed parts of one interlocking whole gradually drifted apart. The economic advantages of the territorial division of labour were lost.

This disintegration, which was largely responsible for the poverty of these States in the post-war years, had the effect of reducing trade between the areas concerned to something like half of its pre-war level. According to the Layton-Rist Report on the economic situation of Austria in 1925, trade between the Succession States had diminished by some 60 per cent. as compared with the pre-war situation; and, as we shall see below, there has been no appreciable improvement since 1924. (Moreover, as the Austrian exports to non-Danubian countries are also down by some 20 per cent. as compared with the pre-war level, there is obviously no compensation—in the case of Austria, at any rate—for the loss of Danubian trade in the trade with other countries.)

The authors of the French proposals seemed to think that the situation could be remedied, and the impending breakdown averted by substituting one form of trade for another. Mutual preference between the Danubian countries, limited, if necessary, to certain contingents of imports, would improve trade between them without entailing great internal changes; for the Protectionist character of each country's policy would still be preserved. We can imagine some conditions under which trade might be diverted from third parties in this way. But it is evidently not always the case, and it is worth while to examine in some detail how far an expansion of "inter-Danubian trade"—by way of preferential treatment—would increase the total volume of trade, and how far it would merely divert it from one channel to another.

The following tables, which show the trade between the countries in question as a proportion of their total trade, are based upon the returns relating to the "inter-Danubian trade" of the Danubian countries in relation to their total trade for the years 1928-31, which are contained in the memorandum* recently published by the League of Nations. For purposes of comparison, we have compiled similar figures relating to the years 1923-24.

I.—PROPORTION OF TOTAL EXPORTS OF DANUBIAN STATES DESTINED TO OTHER DANUBIAN COUNTRIES.

Exports from	1923.	1924.	1928.	1929.	1930.	1931.
Austria	39.3	36.8	34.5	33.9	31.2	29.5
Hungary	59.55	68.41	63.6	57.2	53.8	43.8
Czechoslovakia	37.57	39.25	30.2	30.8	31.9	24.8
Rumania	(1)	39.91	35.5	31.8	25.4	39.2
Yugoslavia	45.87	46.08	36.9	40.7	36.1	
Total for 5 countries (weighted averages)	37.6(2)	39.1	35.5	35.9	34.0	28.52

II.—PROPORTION OF TOTAL IMPORTS OF DANUBIAN STATES ORIGINATING IN OTHER DANUBIAN COUNTRIES.

Imports from	1923.	1924.	1928.	1929.	1930.	1931.
Austria	41.0	41.4	35.5	35.5	38.2	35.3
Hungary	62.09	60.21	51.5	48.8	46.5	41.9
Czechoslovakia	16.71	18.98	17.0	16.7	20.0	16.3
Rumania	(1)	(1)	27.4	37.2	30.4	(1)
Yugoslavia	39.69	44.94	44.5	43.8	43.4	40.3
Total for 5 countries (weighted averages)	35.0(2)	35.0(2)	30.6	30.9	32.0	28.4(2)

(1) Figures not available.

(2) Rumania excluded.

As the period between 1924 and 1928—after the era of currency inflation and before the outbreak of the crisis—was the only relatively "normal" one in the life of the

* "Chiffres essentiels de Commerce Extérieur des Pays Danubiens." 1re Série des Etudes Relatives au Problème des "Rapprochements Economiques Européens." Société des Nations, 1932, II. B.3.

Danubian countries, a comparison between these two years may be found more significant in judging the trend of development than an examination of the changes that have taken place since.

The inter-Danubian exports of Table I and the inter-Danubian imports of Table II refer, of course, to the same goods looked at from two different angles. They nevertheless, represent a smaller proportion of total imports than of total exports, for the reason that the balance of trade of the five Danubian countries taken together is adverse vis-à-vis the rest of the world. In short, the differences between the average proportions in the two tables indicate the growing foreign indebtedness of the five Danubian countries. In 1931, when further capital imports ceased, the two proportions became equal.

The tables show that the relative importance of inter-Danubian trade has diminished, without exception, between 1924 and 1928. The diminution was the greatest in the case of Czechoslovakia, whose exports to Danubian countries have fallen by nearly 25 per cent. relatively to her other exports. This is entirely due to the growth of her exports into other countries; for the value of her "Danubian" exports remained unchanged between these two periods, being in both cases approximately Kc. 6.4 milliards. Yugoslavia's Danubian exports, on the other hand, have fallen more in absolute value than in relative proportion, as the value of her total exports has also fallen from 9,539 million dinars to 6,445 million dinars. Hungary's exports to Danubian countries have fallen slightly in proportion to her total, but have considerably increased in actual value, the growth being due to an increase of agricultural exports to Austria and of industrial exports of Yugoslavia. In 1928 the four Danubian countries still took more than 60 per cent. of Hungary's exports, while more than 50 per cent. of the total exports consisted of agricultural products. Hungary is, therefore, dependent, more than any other country, on Danubian trade; she was more hit than the rest by the strangulation of trade in the last few years, and is likely to benefit more from a Danubian trade revival. Austria increased the value of her exports to Czechoslovakia and, slightly, to Hungary; while the value of her Rumanian and Yugoslavian exports diminished. In her case, also, extra-Danubian trade increased relatively to Danubian exports. Rumania increased her exports to Austria and Czechoslovakia, while her exports to Hungary have diminished.

It is not easy to draw general conclusions from these figures. Yugoslavia and Hungary, for instance, are both agricultural exporting countries, and yet their trade shows widely diverging movement. Although the average proportion of inter-Danubian trade for the five countries together has diminished from 39.1 to 35.5 per cent. between 1924 and 1928, it has been maintained in value and probably increased in volume. The total value of exports and imports and the value of "Danubian" exports and imports of the five Danubian countries (converted into United States dollars at the average rate of exchange of each year) has been as follows:—

U.S.A. \$'s (000,000's omitted.).

	1923.	1924.	1928.	1929.	1930.	1931.
Total exports ...	753*	1,131	1,375	1,411	1,232	960
"Danubian" exports	294*	442	487	507	419	274
Total imports ...	866*	1,230*	1,578	1,553	1,256	924
"Danubian" imports	303*	431*	482	479	402	262

* Without Rumania.

The difference in trade between 1923 and 1924 is probably exaggerated, as in the former year goods were undervalued in terms of dollars, owing to acute inflation in some Danubian countries.

The fact that Danubian "exports" are in most cases shown at higher figures than Danubian "imports" reveals a bias of official statistics to undervalue imports and over-estimate exports.

Finally, the trade returns reveal a striking growth of the trade with Germany in all Danubian countries. Between 1924 and 1928, the proportion of total exports destined

to Germany increased from 3.7 to 27.9 per cent. in the case of Rumania, from 4 to 12 per cent. in the case of Yugoslavia, from 13.1 to 18.5 per cent. for Austria, from 7.9 to 11.8 per cent. for Hungary, and from 19.42 to 22.1 per cent. for Czechoslovakia. With the exception of Czechoslovakia, imports from Germany have increased in similar proportions. For three out of the five countries—Austria, Czechoslovakia, Rumania—as well as for the Danubian countries taken as a whole, Germany was the largest single buyer and the largest single seller in 1928. She took about 20 per cent. of the total Danubian exports as a whole, and accounted for more than 30 per cent. of total Danubian imports. If German trade were also included in "inter-Danubian trade," it would be found that the relative importance of "inter-Danubian exports" in relation to total trade would not have diminished, but actually has increased between 1924 and 1928—from 52.2 to 55.3 per cent.

So far as the period 1928-31 is considered, the diminution in the relative importance of inter-Danubian trade is much less significant than the figures seem to suggest. The fall has been due partly to the catastrophic fall in agricultural prices, which diminished the value of the agricultural exports of the agricultural countries more than in proportion to the fall in their total exports (these agricultural exports are mainly destined to Danubian countries)—partly to tariff discrimination by the Danubian countries against each other, partly to quotas and import prohibitions. Czechoslovakia, for instance, who is an industrial exporter, has actually increased the proportion of her Danubian trade from 30.8 in 1928 to 31.9 per cent. in 1930; while the fall in 1931 to 24.8 per cent. is mainly due to the tariff war with Hungary, which started at the end of 1930 and reduced at a stroke the volume of trade between these two countries to less than one-fourth.

The fall in the proportion of inter-Danubian trade in the last four years can, therefore, by no means be interpreted as a decline in the relative importance of this trade. It merely signifies the disastrous effects of commercial policy and the magnitude of the agricultural crisis. Even if no preferential tariff agreement is concluded, we may expect, therefore, a considerable rise in the proportion of inter-Danubian trade as soon as conditions return to "normal," i.e., as soon as the Danubian countries stop discriminating against each other (even if the tariff wars between some Danubian countries are disregarded, trade between countries which have bilateral exchange restrictions is necessarily discriminated against, in comparison to the trade between such countries where exchange restrictions are merely unilateral) and as soon as agricultural prices start to rise.

The importance of "inter-Danubian trade" for the Danubian countries is, therefore, of a similar order of magnitude as the importance of "inter-Imperial trade" for the members of the British Empire. But while the latter has been, and is to an increasing degree, supported by tariff preferences, in the case of the former the reverse is the case.

INDIAN FEDERAL FINANCE.

THE Indian Federal Finance Committee appointed in connection with the Round Table Conference had a difficult task. Its most important work, as indicated by the letter from the Prime Minister to the chairman, Lord Eustace Percy, was to submit to the test of figures the scheme of revenue suggested by the Round Table Conference, to estimate the probable financial position of the Federation and the Provincial Governments, respectively, and to suggest on the basis of these figures what adjustments, if any, should be made between the Federal Government and the Provinces.

This task was particularly difficult, for two reasons. In the first place, at a moment when every country's Budget in the world is in deficit, when no one knows what the future of prices will be, and when the economic and financial outlook is obscure, it must be very largely a matter of guess-work to forecast the probable situation some years ahead. It is, however, impossible to set on foot any Federal scheme—which must clearly involve a

differentiation of functions between the units and the Federation itself—without making appropriate financial arrangements; and this must inevitably involve some element of prophecy. Under these circumstances, the Committee was clearly right in assuming that the Budget estimate for 1932-33, with its emergency taxation and its very heavy cuts in expenditure, some of which are definitely intended to be temporary, is no permanent guide. They therefore assumed that the present depression will come to an end and will be followed by a period of reviving trade, accompanied by a gradual increase of prices, which, if not reaching the pre-slump level, will rise appreciably higher than those now prevailing. While they have not made an estimate for a specific year, they have, in fact, indicated that they have in mind a situation which would be likely to occur in 1935-36. They add, however, that their conclusions should be subject to review immediately before the Federation, in fact, comes into being.

In the second place, the Committee had to work within a framework laid down by the Round Table Conference, dictated rather by political considerations than by the needs or financial capacities of the various parts of India. Some of the shortcomings of this scheme, from the point of view of solving India's financial problems, were pointed out in these columns when the Report of the Round Table Conference was issued. At the root of these difficulties lies the fact that the great Provinces of British India do not form natural fiscal units; that the existing taxes raised within the various Provinces are by no means in proportion to the needs of expenditure; that, since the Provinces and other units of the Federation are to retain all the functions which are likely to involve increased expenditure on a large scale, it is necessary to contemplate a far-reaching reallocation of the resources of India; and, finally, that political as well as economic considerations stand in the way of developing fresh and expanding sources of revenue. The present Committee, for example, were not left free to consider the big question of the taxation of agricultural incomes—a matter of very far-reaching importance in view of the enormous preponderance of agricultural activity in India—but were only invited to consider the possibility of empowering individual Provinces, if they so desired, to raise or appropriate the proceeds of a tax on agricultural incomes. Indeed, for the purpose of establishing the Federation, the Round Table Conference contemplated nothing more sweeping than the allocation of income tax to the units, and the making good of the consequential loss to the Central Government, so long as might be necessary, by contributions from the Provinces. The Committee, therefore, are careful to say that, if they were restricted to the assumptions of the Round Table conclusions, those conclusions are not of their choosing, and that, as these matters may come up for subsequent debate, their Report must not be read as committing them individually to particular views on questions of principle or policy on which, indeed, they retain complete liberty of action.

Following the assumptions mentioned above, the Committee come to the conclusion that on the existing basis of taxation a surplus in normal times of 4½ crores may be expected in the Central Budget. The Committee do not see their way to count confidently on many other additional resources of taxation, except an Excise on matches, the levy of which is in contemplation and whose proceeds are estimated to amount to 3 crores, of which 2½ crores will be raised in British India. This gives a total surplus for the Central revenue of 7 crores. Similar forecasts for the years 1933-34 and 1937-38, after allowing for the transfer of the liability for accounts and audits, show deficits in all Provinces, except the United Provinces, and the Punjab. The largest deficit is that for Bengal, namely 2 crores; the deficit for Bihar and Orissa is 70 lakhs, and those for Bombay and Assam 65 lakhs. These figures are apparently a little less pessimistic than those actually supplied by the authorities, and, in particular, the Committee have allowed more for Excise revenue. The figures for the taxation of country liquor are, in fact, very low; but the Committee point out that the Province which deliberately forgoes revenue in this matter cannot fairly ask for special treatment in the distribution of income tax at the expense of other Provinces. The Committee are

also evidently not quite satisfied that the utmost has been done in regard to economies; and, in particular, they observe that, while Bihar and Orissa, which certainly has not the least difficulties to contend with, hopes to balance its Budget for the present year as a consequence of severe retrenchment in all its services, other Governments have not apparently made similar efforts.

The only item by means of which it was open to the Committee to deal with this situation is the income tax, with regard to which it makes the following proposal. After deducting the cost of collection, the super-tax on companies (which the Committee assume will be absorbed into the new proposed Federal Corporation Tax) and taxes on Federal officers and on personal income, etc., in Federal areas, there remain 13½ crores available for distribution. Broadly, it is proposed that this should be distributed in accordance with the residence of the taxpayer; but, as statistics of residence are not entirely available owing to the fact that much of the tax is collected at the source, it is proposed that distribution should be in proportion to the estimated amount creditable to various Provinces. It is suggested, however, that the income of non-residents and undistributed profits of companies (amounting together to about one-seventh of the revenue) should, in view of the difficulty of tracing the origin of such income, be distributed on the basis of population. Reasons were given in the Simon Report why distribution according to the origin of income or residence of the recipients was not a good test of the extent to which the receipts should be distributed to the various Provinces of India; and it was for that reason that, in the Financial Report of the Simon Commission, a distribution of a substantial revenue on a population basis was proposed as a supplement to distribution of income tax according to its source.

Next comes, however, the question of the contribution to be returned to the Central Government, seeing that the latter can afford to distribute a portion only of the 13½ crores available. Indeed, the Committee think it prudent to suggest that out of the surplus of 7 crores, referred to above, some 2 crores may be required for new expenditure arising in connection with the establishment of the Federation. When, however, they come to consider the basis of contributions to be made by the Provinces, they come to the broad conclusion that these payments should be in proportion to the amount of income tax distributed. In other words, the Committee propose the distribution to the Provinces of that proportion only of the income tax revenue that the Centre can afford. Tables compiled by the Committee show that, if 5 crores are distributed on the basis indicated above, five of the Provinces will have surpluses, but Bengal, Bihar and Orissa and Assam will still have very substantial deficits. The only way of meeting this situation is for these deficits to be met at the expense of the income tax contributed to the other Provinces; in other words, they suggest not that the income tax should be a prerogative of the units concerned, but that it must in fact be used to meet the provincial deficits.

In spite, however, of the limitation of their immediate task, the Committee has in some respects taken a wider view of the problem. It has, for example, emphasised the need of uniformity of taxation in certain fields throughout India. On the other hand, they have considered the necessary powers of taxation of the Federation in view of emergencies, etc., and they come to the conclusion that where the Central Government levies taxes for the benefit of the units it should have a general right to empower a surcharge for its own purposes. But in return it may be necessary to accord to the units of the Federation some interest in the proceeds of Federal Excises and to give the Federal Government liberty to assign the whole or any part of the proceeds to them as may be laid down in the Federal Act imposing the particular duty. Such allocation would naturally be upon the basis of population. Both these suggestions are in the direction of the financial scheme suggested in the Simon Report.

But even if they had been given the mandate, the political complexities and financial strain would make it almost impossible to invent an ideal solution of this difficult fiscal puzzle now. The Committee could not in the circumstances hope to do more than put up a makeshift plan.

Notes of the Week.

British Monetary Policy.—In the course of the debate on the Finance Bill, while isolated voices urged with good reason the need for further economies in expenditure, interest centred mainly on the demands of successive speakers—whose advocacy of "reflation" was in some cases more enthusiastic than discriminate—that the Government should declare its intention with regard to monetary policy. The reply of the Chancellor contained some observations which may be helpful as an indication of intentions both to the business world and to the countries most vitally interested in our future monetary career. But the statement was marred by some almost incidental comments which seemed to betray confusion of thought as to what is needed to restore prosperity. The Government, said Mr Chamberlain, desired to see a rise in wholesale prices in this country, and, although not to the same extent, a rise in retail prices. Such an increase would be conducive to the restoration of profitability in industry. They were averse to any further appreciation of the pound and were hopeful of seeing a period of low Bank rate. So far so good. But the Chancellor, after going on quite properly to damp down excessive expectations as to the results of purely monetary action, went on to refer to the tariff as one of the factors that would help to bring about the needed upward movement of wholesale prices. This is indeed a remarkable train of thought. The purpose of a rise of prices is to enlarge buying power, both at home and abroad, and to set in motion a growing circle of trade. Prosperity is not to be attained by restriction of trade or by making our home prices high by a device which will diminish both imports and exports. That would be to neutralise the effects of cheap money. It is of the highest importance to realise that tariffs, exchange controls, and the rest of the restrictionists' bag of tricks are deflationary devices. It is not possible for us, any more than for any other country, to create prosperity for ourselves by organising an island of high prices in a world in which trade is languishing and prices falling for lack of circulation. Nor was the Chancellor very helpful as regards international co-operation in monetary matters; in his view there had been "enough conferences to last for a considerable period." In winding up the debate, however, the Financial Secretary to the Treasury replied that if co-operation were initiated by, say, the United States, this Government would welcome such a move. The impression conveyed by this adumbration of the Government's attitude is one of desire to wait upon the event rather than to take a lead.

The Free State and the Preference.—The Government have been well advised in the manner in which, after Mr Thomas's early attempt at melodrama, they have conducted the controversy with the Free State over the oath and the annuities. They might have threatened and bullied, not, of course, with a military but with a fiscal bludgeon; nothing would have been better calculated to harden the hearts of the Irish and to drive over doubters into Mr de Valera's camp. The Government might have taken the line urged upon them by some of their supporters, and said "Get out of the Empire if you will, and take the consequences"; that again would merely have played into the republicans' hands. Wisely they have adopted the course of treating the whole oath issue, not as a legal conundrum, but as involving an unquestionable breach of a solemn pact between the representatives of two peoples. What follows from that was indicated by Mr Thomas on Wednesday, when he stated in the House of Commons the Government's opinion that if the Bill to remove the oath becomes law it would be unreasonable to expect that they should enter into further negotiations—for instance, for a renewal of the preference given to the Dominions under the Import Duties Act, which expires on November 15th—with a Government which had thus repudiated an agreement already concluded. The loss of preference might be of considerable importance to the Free State. In 1930, gross imports into the United Kingdom from the Free

State totalled £43.0 millions and in 1931 £36.7 millions. But out of £42 millions of retained imports in 1930, almost one-half consisted of live animals, either for food, for breeding, or for other purposes. Meat, hides and skins, and raw wool, which are on the free list, accounted for a further £4 millions, while over £5 millions' worth of beer was outside the scope of the Import Duties Act for another reason. The main categories of Irish produce upon which the new duties would fall are butter (£3.2 millions in 1930), eggs (£2.7 millions), fresh milk (£0.4 million), poultry and game (£0.8 million), and various classes of manufactures, including lace, machinery (farm tractors), and wool textiles. In 1930 the Free State supplied 7 per cent. of our imported butter and 17 per cent. of our imported eggs in shell, Denmark being the principal competitor in either case.

The Silk Duties.—The silk and rayon industries have recently provided a striking illustration of the difficulties and confusion that arise from a protective tariff. In 1925, Mr Churchill imposed both Customs and Excise duties upon the raw material and finished products of these industries alike, but care was taken to differentiate between the two sets of duties so as to give some measure of protection to the home producer. The ruling duty was a Customs duty of 33½ per cent. *ad valorem* upon imported made-up goods of silk or rayon, while specific Customs and Excise duties were imposed upon raw silk and on silk and rayon yarn. The fall in prices during the past few years entirely destroyed the balance between the various duties, while during the last few months the position has been complicated still further. In the first place, last December, imported silk and rayon goods were subjected to an Abnormal Importation Duty of 50 per cent., and, secondly, silk and rayon articles were excluded from the purview of the Import Duties Act, and so from consideration by the Tariff Advisory Committee, on the ground that they were already subject to the Churchill duties. Then came the adoption of the first set of recommendations of the Tariff Advisory Committee, and the abrogation therewith of the Abnormal Importation Duties. The result is that the silk and rayon industries suddenly found themselves deprived of any measure of protection beyond that afforded by the original Churchill duties, now nullified by the fall in prices. The representatives of these industries at once began to complain with no uncertain voice, adducing the familiar list of examples of factories about to close down and orders being diverted abroad. Gladly "squeezeable," the Government have not only given way, but have done so without sufficient thought. As a panic measure, and in submission to the extreme pressure suddenly brought against them, they have firstly superimposed upon the 1925 duties on imported yarns and tissues a Customs duty of 10 per cent.; and, secondly, they have imposed upon apparel—as an alternative to the Churchill duties plus a new duty of 10 per cent.—a new scale of specific duties, which range up to 5s. per lb. for rayon goods and 12s. per lb. for silk goods in the case of articles where the value of the rayon or silk component exceeds 20 per cent. of the value of all components of the article. It is further provided that the higher of the two alternative duties shall be charged. The result is that at current wholesale prices imported silk and rayon made-up goods are in fact subject to an *ad valorem* duty ranging from 43½ to 87½ per cent., the higher percentage applying to the cheaper goods. Thus one dozen pairs of foreign rayon stockings, weigh roughly 1 lb., and so are subject to a duty of 5s. Their wholesale selling price is now 6s. a dozen, and so the duty is now equivalent to 83½ per cent. *ad valorem*, against the Churchill duty of 33½ per cent. Incidentally, the home producer has to pay only an Excise duty of 1s. per lb. on his raw material, so that he now gets a protective margin of 4s. upon goods whose worth, excluding duty, is only 6s. Duties of this magnitude completely destroy the Government's claim that their tariff falls within the moderate scale, but the Government's haste has produced still more amazing anomalies. One is that the resolution contains no provision for preference upon Empire silk and rayon goods—an omission to which Canada will

doubtless have something to say. The other is that no drawback is allowed upon goods which have been subject to any process of improvement in this country, and this is clearly to the detriment of home manufacture and our *entrepôt* trade alike. Seldom can any country have seen a case where under a tariff confusion has become worse confounded, or where panic measures due to sectional pressure have had a more disastrous and anomalous result.

Lord Lothian on India.—In our last issue we had occasion to note the signature of the Lothian Committee's report on the Indian franchise. Last Tuesday the Chairman of the Committee, on the eve of his departure for India, issued a statement which ought to do whatever can be done by frank and friendly words towards clearing the Indian political atmosphere. Lord Lothian looks forward to a general election in India next year; and while he underlines the magnitude of the task of introducing the paraphernalia of parliamentary government among an inexperienced electorate at this speed and on this scale, he reveals himself an optimist—and this on the strength of his direct experiences in India during the last three months. His references to Congress are generous, and this generosity gives force to the appeal for co-operation which follows. "Parliament," he recalls, "has approved the principle of a Constitution on the lines laid down by the Round Table Conference, and, let me add, by the Indian National Congress. If only all classes in India, including those who are making sacrifices to-day for the sake of their own ideas of the road to self-government and reforms, will throw themselves into constructive work..." We know that Lord Lothian's deeds, during the past months, have been as good as his parting words. If all Englishmen in positions of corresponding responsibility for the shaping of Anglo-Indian relations would act and speak like this, the task of bridging the gulf between the Indian and the British peoples would be vastly lightened. Indeed, the whole Indian outlook might be rapidly changed for the better.

The Disarmament Conference.—The Disarmament Conference is expected to resume its sittings early in June, when a new French Government will have taken office, and to remain in session throughout June and July. Last Tuesday, in the House of Lords, a motion of censure on the work of the Conference was moved by Lord Ponsonby, on the ground that "qualitative disarmament or prohibition of certain weapons and methods of warfare is not calculated to assist an advance towards the desired aim of complete disarmament and the eventual abolition of international war." A motion sponsored by so sincere and so disinterested an advocate of disarmament as Lord Ponsonby will be treated by all friends of disarmament with respect. But we are not surprised that Lord Ponsonby found himself without support, or that his motion was opposed by the spokesmen of the Labour Party in the House of Lords as decidedly as it was opposed by the spokesmen of the Government. For our part, we cannot see why the qualitative approach to the problem of disarmament should rule out the application of quantitative methods of reduction to any armament which the qualitative method leaves in being. And in view of the remarkable consensus of the statesmen in favour of getting to work on the qualitative method, we are afraid that the Disarmament Conference's last chance of practical achievement, however meagre, lies in this direction. Qualitative disarmament has in fact been accepted in principle by the great majority of the Governments apart from France and her Continental European military allies; and France, when the Conference meets again, may speak with a very different voice from that in which she has been spoken for by M. Tardieu. On these grounds, we disagree with Lord Ponsonby when he condemns the qualitative method, in principle. He would have been on much stronger ground if he had discharged his broadside not against the Conference itself and its policy of qualitative disarmament, but against the technical committees, which have been hard at work making fools of

their principals and nonsense of their principle while the Conference is in recess. In this mischievous behaviour, the gentlemen of the Naval Committee seem to have been the worst offenders, each national Assembly exercising all its ingenuity in order to salvage, as a defensive weapon, the particular kind of floating engine of destruction which happens to be nearest to its own heart. The British want then to save floating mines, if submarines are to remain on the scene. We hope that the first act of the statesmen, when they resume their seats, will be to say to the Admirals: "Gentlemen, you have convincingly condemned them all! Capital ships, submarines and mines; they shall all go simultaneously to the scrap heap!"

The Position of Dr. Brüning.—Dr. Brüning, by his personal merits, appears to be winning for himself an almost unique position among the statesmen whose fate or fortune it is to find themselves responsible for the governments of their respective countries during the world crisis. As the crisis goes on and grows worse, the condition of Germany is patently deteriorating in at least the same measure as the condition of her neighbours. Yet, whereas in most countries in the world to-day the growing difficulty of life is bringing more and more discredit upon the responsible statesmen, we see in Germany the spectacle of the Chancellor's prestige and authority rising steadily. Dr. Brüning's political strength is the more remarkable inasmuch as he has to face a particularly truculent opposition in the shape of Hitlerism, and it is instructive to note the attitude of the Nazis towards the Chancellor since the Prussian elections. On the eve of these elections, in which the National Socialists had made spectacular gains, Dr. Brüning's Government had the courage to dissolve the Hitlerite "Brown Army" throughout the Reich. That step was followed on May 5th by two new emergency decrees—one dissolving the various anti-religious organisations of the Communists; the other bringing all semi-military private organisations that are not dissolved under the control of the Reich Minister of the Interior. This latter decree seems to indicate that the Reich Government intends to control, but not to dissolve, the Conservative Stahlhelm organisation and the Republican Reichsbanner. In short, the Nazis have been singled out for severer treatment than their rivals; and this might have been expected, in the circumstances, to make them furious. Instead, we have heard the Nazi spokesman in the Reichstag, last Monday, going out of his way to pay Dr. Brüning a tribute. It looks as though the Nazis are realising that Dr. Brüning is so strong that their only chance of obtaining a share of power lies in coming to terms with him. And why is Dr. Brüning so strong? Is it not because his countrymen of all parties have come to recognise that he is championing Germany's cause in the world on a high level of courage and public spirit which could only have been maintained by a man of rare character? What Dr. Brüning stands for is illustrated by the notable speech which he made last Sunday. In this speech he gave effective expression to the deep desire for equality of treatment which is the key to German feelings to-day, as it is the key, always and everywhere, to the feelings of "under dog." He argued cogently that the inequality between the victors and the vanquished in the late war, which was perpetuated in the peace settlement, has been one of the major causes of the present world crisis. But he also declared his conviction—and this is characteristic of the man—that he could only obtain the best results for Germany in the pending international negotiations if it were proved that Germany's aims were consistent with the interests of the rest of the world. This is the kind of statesmanship that the world most needs.

The Japanese Withdrawal.—Last Tuesday the Japanese Cabinet reached the decision that the military forces now stationed in and around Shanghai shall be withdrawn within a month, and one division has, in fact,

already left Shanghai for Manchuria. The Japanese troops in Shanghai will be reduced to the footing on which they stood before the extension of the Sino-Japanese armed conflict to this theatre in January; they will be reduced, that is, to a small landing party of bluejackets, such as any of the interested Powers might keep on shore in the International Settlement at any time for the protection of its nationals. The Japanese official spokesman at Tokyo, in announcing this decision, has frankly admitted that it represents an abrupt reversal of Japanese policy. The previous Japanese intention, he says, had been to maintain "a semi-permanent garrison of at least one division" in Shanghai and its hinterland; and the extreme obstinacy which has been displayed by the Japanese representatives in the local armistice negotiations during the past weeks had already revealed this intention to the world before it was officially avowed. This new decision to evacuate, almost immediately after the Armistice Agreement has been signed, therefore implies a remarkable *volte face*. It is reported, moreover, that this new decision has been taken on the initiative of the Japanese War Office—a proposition which is really self-evident, since past history shows that the Japanese War Office could not possibly have been dragooned by the Japanese Civil Government into a step of this kind. The inference from all this is clear. The Japanese Army is now finding itself so hard pressed in Manchuria that it feels unable to keep two separate fronts on foot simultaneously. Autocratic though its powers may be within certain limits, these limits are set rather rigidly by the two checks of financial stringency and public opinion. The War Office knows what its limits are, and, within these limits, it now needs every available soldier and every available yen for dealing with the more and more awkward situation in Manchuria. Observers who have the cause of international peace and collective security at heart will watch these Japanese distresses with mixed feelings. They will be delighted to see Japanese militarism taught so quickly that it does not pay. On the other hand, they will regret that the lesson is being administered, not by the League of Nations in Geneva, but by Chinese guerilla bands in Kirin.

Albert Thomas.—The death of M. Albert Thomas, Director of the International Labour Office, is a serious blow not only to that organisation but to the League generally. Among the high officials of the Geneva organisations he stood pre-eminently as a courageous and independent protagonist of the idea of international common sense, and he was governed alone by service to the cause. No man ever accused Albert Thomas of truckling to any Government. The criticism was more frequently that of being too frank about their shortcomings; but he stood his ground with good humour and firmness. In him the institution of the League as a whole had a fearless spokesman who was not intimidated by Governments or parties. His own staff loved and respected him, and he inspired in them the keenness and enthusiasm of his own infectious nature. The I.L.O. is his creation more than that of anyone else; it is stamped with his individuality. His influence at Geneva, and the part he was able to play in developing his own particular organisation, were due in part to the fact that when he took up this office he was already a politician of high standing, not merely in his own country, but in the international world. A man of humble origin, and prior to 1914 known only to his own countrymen, he was called back from active service very early in the war to the supremely important task of organising France's supply of munitions. It was in that capacity that he first came in contact with British and other Allied statesmen, generals and industrialists; and there were none of them who were not impressed with his tireless energy, his knowledge of his job, his quick grasp in discussion and his unfailing good humour and enthusiasm. It was later that there was revealed to them the bright flame of idealism that has illumined the whole life of Albert Thomas. Whether in the first flush of victory the creators of the League of Nations aimed too high in definitely attempting to bring into force international standards in labour

and industrial conditions, time will show. Valuable though the research work of the I.L.O. has been as a contribution to the building up of knowledge of international conditions, a man of Albert Thomas's disposition must have chafed at the constant succession of disappointments which his organisation encountered in trying to give effect to the liberal ideals embodied in the labour chapter of the Peace Treaty. One day, no doubt, these ideals will be achieved; meanwhile Thomas has created a tradition and an institution imbued with life. He will long be remembered as the creator of the I.L.O. and as one who devoted his life's efforts to raising the lot of the masses of the people throughout the world.

The Irish Free State Budget.—In introducing his first Budget, Mr Sean McEntee, the Finance Minister in Mr De Valera's Government, described the coming year as presenting a grim and forbidding aspect. The amount he had to provide for amounted to £26,926,000, while revenue on the basis of existing taxation would only yield £23,310,000. He thus had to fill a deficit of £3,616,000. To a limited extent he proposed to meet this by economies, for a general reduction in Civil Service salaries is envisaged, amounting to 15½ per cent. in the case of the highest salaries. He further hoped to save £100,000 as a result of a complete overhauling of the administrative services by an expert committee, and also made a somewhat nebulous allowance of £380,000 for "over-estimation." This reduced expenditure to £26,247,000. For the remainder, and also to meet certain fresh expenditure, he had to resort to new taxation. In the field of direct taxation, the standard rate of income tax is to be raised from 3s. 6d. to 5s. in the £, and reductions are to be made in personal allowances. The surtax exemption limit is to be reduced from £2,000 to £1,500, and the rates of surtax to be adjusted to the British scale. Corporation tax is increased to 7½ per cent. for Free State companies, and foreign companies with registers or branch registers in the country, and to 10 per cent. for other foreign companies. An additional tax of 1½ per cent. is to be imposed on banks in respect of their notes, and a further 3 per cent. on that part of the banks' note quotas which is not in circulation. Coming now to Customs and Excise, increase in various revenue duties, including tea, tobacco, entertainments, and a special package tax on all imported commodities ready packed for sale are proposed, while the expected yield on the new protective import duties is also to be taken into account. The anticipated yield upon all these proposals is summarised below:—

Income tax	£ 1,056,000
Surtax	77,000
Corporations profits tax	230,000
Bank notes tax	90,000
Customs and excise	350,000
New import duties	910,000
Total	2,713,000

Mr McEntee also specified certain minor changes, and then found himself left with a surplus of £12,885. He next proceeded to enumerate certain proposals for the relief of unemployment, together with their cost:—

Increase of grants under Housing Act	£ 100,000
Grants to be spent on public health works and arterial drainage	350,000
Distress works	150,000
Special road works (to be financed by borrowings on security of Road Fund)	1,000,000
Local health works and housing schemes (to be financed out of Local Loans Fund)	550,000
Supplementary grant in relief of rates on agricultural land	250,000
Grants to provide milk for necessitous families	100,000

As the table shows, part of these grants are to be financed by borrowing, while a further £650,000 is to be obtained by a new 25 per cent. tax on the hospitals' share of all sweepstakes drawn after March 1, 1932. It is clear, however, that like many other countries the Free State is hard pressed to make revenue balance expenditure, and as Mr McEntee frankly admits, the state of the Irish Free State finances is a powerful motive behind the determination of Mr De Valera and his colleagues to abrogate the annuities payable to Great Britain.

Two-and-a-half Per Cent.—On Thursday morning the wheel came full circle, for Bank rate was reduced to 2½ per cent., the point at which it stood exactly a year ago. This week's reduction was by no means unexpected, for market loan and discount rates had for some weeks been completely out of touch with the 3 per cent. Bank rate. Greater interest, therefore, attached to the policy of the clearing banks, especially as at the time of last year's Bank rate reduction from 3 to 2½ per cent. they did not vary their rates. This year, of course, a totally different position exists, for money is super-abundant and there is no longer any necessity to retain foreign balances in London; indeed, the need to-day is to check too excessive an influx of foreign funds and to drive money out of idle bank deposits into more productive channels. The clearing banks, therefore, at once decided to reduce their rates paid on London deposits to ½ per cent., and their rates for short loans to the money market to 1½ per cent. Their decision is to be highly commended. It is, indeed, a matter for consideration whether the reduction in rates should not be extended to other fields. Country deposits have for a long time been receiving interest at the fixed rate of 2½ per cent., this rate being partly determined by competition from the savings banks and building societies. The latter are already being forced to reduce their rates, for they are being offered more money than they can remuneratively employ. As regards the Post Office savings banks, 2½ per cent. has for some time been the normal rate, but it is not a sacrosanct figure, and the question of its maintenance should be approached with an open mind, especially if it is an obstacle in the way of a reduction in the clearing banks' country rates. Finally, there comes the rate on bank advances. It is true that the minimum of 5 per cent. is subject to modification to-day in many cases, but it would be desirable if the Bank rate reduction could be reflected generally in the rates charged on bank loans, at least in so far as such loans are used for genuine business as distinguished from the carrying of stocks and shares. If such a distinction were thought advisable, bank managers would experience no practical difficulty in making it. The real need is that the 2½ per cent. Bank rate should be more than a symbol. It must act as a lever for making money cheaper all along the line.

Foreign Trade in April.—As compared with those for March, our foreign trade returns for the past month show a further decline of nearly £8 millions in gross imports, whereas domestic exports are £3.6 millions higher. The following table summarises the leading figures for April, and for the first four months of 1932, in comparison with a year ago:—

	MONTH OF APRIL. (000's omitted.)					
	April, 1932.	Increase or Decrease as compared with		April, 1931.		April, 1930.
		£	%	£	%	£
Imports	53,487	-16,463	-23.6	30,429	-35.9	34,782
British exports	34,782	+2,299	+7.1	12,080	-25.8	4,641
Re-exports	4,641	+1,947	+29.6	3,203	-40.9	39,423
Total exports	39,423	+352	+0.9	15,282	-27.9	14,064
Excess of imports over total exports	14,064	-16,815	-54.5	15,147	-52.1	

	FIRST FOUR MONTHS. (000's omitted.)					
	Jan.—April, 1932.	Increase or Decrease as compared with		Jan.—April, 1931.		Jan.—April, 1930.
		£	%	£	%	£
Imports	246,833	-32,869	-11.8	120,548	-32.8	127,113
British exports	127,113	+8,716	+6.4	83,881	-39.7	20,757
Re-exports	20,757	+3,160	+13.4	11,568	-35.8	147,869
Total exports	147,869	+11,876	+7.4	95,449	-39.3	98,964
Excess of imports over total exports	98,964	-20,993	-17.5	25,099	-20.2	

The figures require to be looked at with the consideration in mind that this year Easter fell in March and last year in April. The effect of the additional duties imposed

under the Order of April 19th would not be seen in the past month's trade returns. In order to bring out more clearly the recent trend, we show below for the past four months figures of retained imports and domestic exports under different categories:—

Period.	RETAINED IMPORTS. (In million £.)				Total (Incl. Animals not for Food, and Parcels Post).
	Food, Drink and Tobacco.	Raw Materials.	Manufactures.		
1932 January	29.6	14.7	12.1		57.0
" February	32.9	12.8	18.9		64.7
" March ...	29.3	14.2	11.6		55.7
" April ...	26.1	11.1	10.9		48.8

Period.	DOMESTIC EXPORTS. (In million £.)				Total (Incl. Animals not for Food, and Parcels Post).
	Food, Drink and Tobacco.	Raw Materials.	Manufactures.		
1932 January	2.8	3.6	23.4		31.1
" February	2.8	3.5	22.6		30.0
" March ...	2.7	3.5	24.2		31.2
" April ...	2.9	4.0	26.8		34.8

On the import side, manufactures remained close to the low level to which they were reduced by the 10 per cent. *ad valorem* duty imposed at the beginning of March, while foodstuffs and raw material imports both contracted appreciably. With regard to exports, the increase of £500,000 in raw materials shipped reflects an increase of 700,000 tons in total coal shipments, notably to Italy, Egypt and the Irish Free State. Among manufactured exports there was an appreciable expansion last month, as compared with March, in our sales of machinery and of ships, the latter representing presumably the fortuitous delivery in April of an unusually large number of completed contracts. As compared with a year ago, manufactured exports were £2.4 million higher, the only improvements of note being those in deliveries of ships, as aforesaid, and in machinery and textile exports. The picture presented by the returns, namely, that of a marked contraction of imports, coupled with some slight recovery of exports, has naturally been hailed by our Protectionists as a vindication of their theory. Nothing could be more illusory. It has to be remembered that the trade returns for a particular month represent the results of industrial activity several months earlier. The movement of our unemployment figures, on which we comment in the following note, suggests that our export returns—still benefiting, at present, from the depreciation of sterling—will shortly make a much less favourable showing. In any case, the revelation of a fall of 33 per cent. in imports and of 39 per cent. in exports, as compared with two years ago, in the showing of the year to date is hardly a matter for congratulation.

Unemployment.—According to the latest unemployment return, issued this week by the Ministry of Labour, the total number of registered unemployed on April 25th amounted to 2,652,181, as compared with 2,567,332 on March 21st and 2,520,113 a year ago. The increase of 84,849 during the month was more than accounted for by a rise of 93,887 in the numbers of those temporarily without work. The total of those wholly unemployed fell from 2,042,444 on March 21st to 2,031,888, while the unemployed among persons usually in casual employment rose from 102,212 to 103,730. A large proportion of the total increase is attributable to conditions in the coal mining industry, where the numbers unemployed rose by 63,000 during the month. Unsatisfactory though these figures are, they appear in an even more unfavourable light if account is taken of the effects on the register of the administrative and legislative changes introduced into the Unemployment Insurance system last autumn. It was estimated in the April issue of the *Ministry of Labour Gazette* that the live register figures had been reduced through these measures by approximately 171,000 between October, 1931, and March, 1932. It would, therefore, appear that, on the unreformed basis, an unemployment figure in April of probably rather more than 2,830,000 is comparable with the 2,811,615 (actual) recorded on September 21st last. The recent retrogress-

sion suggests that the export stimulus accruing from our abandonment of the gold standard has not long withstood the restrictive influence of the collapse of foreign markets on which, *pace* our Protectionists, this country is vitally dependent.

Health Insurance Reform.—In moving the second reading of the National Health Insurance and Contributory Pensions Bill in the House of Commons on Tuesday Sir Edward Hilton Young disclosed a critical situation, and explained a series of somewhat complicated proposals necessary to prevent Health Insurance from sliding down "the slippery slope" of insolvency, in the same way that Unemployment Insurance has done. The present situation is due to two main causes—falling off in contributions owing to large-scale unemployment, and an amazing increase in the benefit claims made by married women. During the past valuation period, said Sir Edward, sickness and disablement benefit paid to married women was nearly £4 millions in excess of actuarial expectation, and the excess was greatest in the last year. Unless the situation were remedied, he explained that before the end of the current valuation period "there would be widespread deficiency among approved societies," and the whole scheme might become insolvent and break down. Of the two courses open, namely, to increase contributions or decrease benefits, the Government chose the latter. A differentiation in this matter is made between married and unmarried women. For the latter, sickness benefit is to remain unchanged at 12s. a week, and the rate of disablement benefit reduced from 7s. 6d. to 6s., while for the married the new rates are to be 10s. for sickness and 5s. for disablement. Another major trouble dealt with in the Bill is the case of arrears of contributions due to unemployment. Under the 1923 Act all such arrears were excused. This concession has proved too costly, and in future only half the arrears are to be forgiven. Against these tightening measures can be set certain important concessions which the Bill makes to meet cases of hardship. Of these the chief is the granting of easier conditions to those who, through continued unemployment, would otherwise forfeit both insurance rights and the contingent pension. It is now proposed that those whose contributions are in arrears owing to unemployment should be allowed medical benefit up to the end of 1933, and that they should not forfeit pension rights until the end of 1935. A minor concession is the lowering of the age at which pension rights would be unprejudiced by failure to pay contributions owing to unemployment from 60 to 58½. Thus, on the whole, the Bill, while taking necessary steps to secure solvency for the scheme, tempers the wind for some of the closest-shorn lambs. Much of the scheme propounded in the new Bill, especially the concessions just mentioned, must be regarded as temporary and experimental. A general statutory review of all the circumstances and conditions of National Health Insurance is due in 1935. By then the future of trade and employment may be less obscure than to-day. Sir E. Hilton Young's Bill tides us over three years without inflicting more hardship than the essential aim of solvency involves in these difficult times.

The Encroachments of Bureaucracy.—Even in these docile and well-dragnoned days, John Bull retains at least a little of his old traditional jealousy of his normal rights and liberties. Therefore, when, two years or more ago, the Lord Chief Justice revealed in his book, "The New Despotism," the extent to which Parliament had delegated powers of legal decision and regulation upon Ministers and Departmental Committees, there was enough of a stirring of public opinion to secure the appointment of a Committee to examine the whole question. This Committee, which was presided over by Lord Donoughmore, and comprised members of all political parties, has now reported.* On the whole, the report is rather reassuring. The encroachment of bureaucracy does not appear to be on such a big scale as was thought by the suspicious.

* Report of Committee on Ministers' Powers. H.M. Stationery Office. Cmd. 4060. Price 2s. 6d. net.

Nevertheless, strong safeguards are clearly needed, and the recommendations of the Committee, which are unanimous, should be carried out. Eschewing legal technicalities, and putting the matter in a nutshell, the Committee's advice is principally as follows:—(1) That the growing tendency of modern legislation to place powers of modification of an Act's provisions in the hands of a Minister should be jealously watched by Parliament, and should only be given in exceptional cases. (2) That where such powers are given, they should be scrutinised by Standing Committees of both Houses. (3) That no Departmental Order, issued under an Act, should (save in exceptional circumstances) be excluded from the purview of the Courts of Justice. (4) That any aggrieved person should have the right of appeal to the Courts on questions of law, though not on questions of fact. Such recommendations, provided they are carried out, would seem to meet the position for the moment; and by their promulgation the Committee fully justify their existence. But since British bureaucracy is presumably no less apt than bureaucracy all the world over to take an ell sometimes, when given an inch, we doubt not that continued vigilance will be required; and it is ominous that Miss Wilkinson, in an annexed note to the report, champions the delegation of legislation. For the moment, however, let us be grateful to Lord Hewart for writing his book, and to the Committee for its practical recommendations.

Iron and Steel Production in April.—According to the statistics just issued by the National Federation of Iron and Steel Manufacturers, three blast-furnaces were blown out for relining during April, reducing the number blowing at the end of the month to 69. The production of pig iron, at 316,900 tons, was at practically the same rate as in the previous month (335,600 tons for 31 days) and as in April, 1931 (323,200 tons). Steel production, however, declined rather sharply from 462,800 tons in March to 433,800 tons in April, especially when it is remembered that the previous month included the Easter holidays. Continental manufacturers are making strenuous efforts to retain their hold on this market and are offering semi-finished and finished steel at prices, including the 3½ per cent. duty, well under British prices. Great Britain has been by far their largest market for Continental iron and steel manufacturers, and their other markets have been considerably curtailed owing to the world depression and exchange and quota restrictions. Exports of iron and steel from France, for instance, which in 1930 averaged 333,700 tons per month, and in 1931, nearly 300,000 tons per month, are now averaging about 200,000 tons per month; exports from Germany, which in 1930 averaged 372,500 tons per month and in 1931, 329,200 tons per month, fell to slightly under 150,000 tons in March. The measure of the decline in exports from Belgium cannot be stated, as the foreign trade returns for Belgium are undergoing revision. Exports of iron and steel from Great Britain in April were 180,500 tons, so that unless Germany's exports show an unexpected rise, Great Britain's exports of iron and steel are now in excess of those of Germany, but less than those of France. Home demand in Great Britain is also very restricted, shipbuilding under construction was never lower and although the tonnage of vessels laid up in British ports fell by 166,000 tons last quarter it is understood that this decline was due to ships being sold for breaking up and not to employment being found for ships previously idle. British prices remained steady during April, the price index being 104.0 (1913 = 100) compared with 104.3 in the previous month.

Cotton Trade Labour Conditions.—As anticipated, writes our Manchester correspondent, the Cotton Spinners' and Manufacturers' Association, the organisation in Lancashire which controls the weaving section of the industry, decided on Tuesday last to give the trade unions one month's notice of the termination of all wages and hours agreements. The original intention was to abrogate only the 1919 agreement, which provided for a reduction in working hours from 55½ to 48 per week and an advance in wages of 30 per cent. on list rates. The em-

ployers, however, have decided to sweep the board, but it is understood that the uniform list of wage rates will be the basis for working in the future. When the month's notice expires on June 11th it will be open to individual employers to make special arrangements with their own workpeople. It is quite possible, however, that an attempt will be made to arrange district agreements. The employers have been compelled to take this step in view of the refusal of the trade unions to adopt the "more looms" system or consider a general wages reduction. The action now taken is bound to result in considerable chaos in working conditions throughout Lancashire, but it is hoped that before very long the representatives of the operatives will be readier to consider fresh agreements as increasing irregularity will not be to the advantage of the trade unions. It is eminently desirable that without any delay there should be a resumption of collective bargaining between the employers and the trade unions.

The Cotton Trade and Ottawa.—At the beginning of this week there was important discussion at a meeting of the board of directors of the Manchester Chamber of Commerce with regard to the question of cotton trade representation at the Ottawa Conference. The President, Mr T. D. Barlow, reported fully on the deputation who waited upon Mr J. H. Thomas and Mr Walter Runciman at the end of last week, and the board endorsed the recommendation of the deputation to accept the arrangement for an accredited cotton trade representative to be sent to Ottawa, supported by a number of technical advisers. On behalf of the board it was announced that from the point of view of Great Britain the fact has to be faced that our existing export trade to foreign markets is of great size and importance, and it would be fatal for us to embark on a policy which ignored such trade or placed it in jeopardy without adequate assurances that any trade lost would be replaced in other directions. Certain raw products now obtained from foreign sources are essential to some of our chief industries, and to impede or prejudice the import thereof might entail the gravest consequences. Unless both the United Kingdom and the Dominion statesmen recognise these and similar facts, the outcome of the Ottawa Conference from the trade point of view will not stand the test of time. The board condemns, as highly inimical to the best interests of Great Britain, the tendency in some quarters to regard the Ottawa Conference as a primarily anti-foreign movement. Foreign trade is necessary to Great Britain and also to other parts of the Empire. The aim of the Conference should not be the exclusion of foreign trade, but the stimulation of inter-Empire trade by arrangements which will increase the fundamental economic strength and well-being of the Empire countries.

Cotton Trade Redundancy Scheme.—In Manchester, on Wednesday last, a special meeting of the Joint Committee of Cotton Trade Organisations gave consideration to a revised scheme for concentrating production and scrap-ping redundant machinery. In the first instance, the scheme will apply to the American and Egyptian spinning sections, but it may be applied to any other section of the cotton industry by order of the Board of Trade if sufficient support is received from that particular section. Provision is made for the appointment by the Board of Trade of not less than three nor more than five Commissioners to administer the scheme with a whole-time chairman. The Commissioners will serve for a period of five years, and within three months of appointment they will be compelled to dispose of any financial interests they may have in the textile industry. The levy will not exceed 3d. per mule equivalent spindle per annum, and these levies shall not be imposed for a longer period than ten years from the date of the commencement of the scheme. Firms scheme will be liable for an amount not exceeding the levy which would have been due if such spindles had been installed at the date of the commencement of the scheme and had been continuously operated throughout the period. No plant shall be operated unless all levies under

the scheme have been paid. Owners of any plant which is operated before such payments have been made shall be liable to a penalty not exceeding ¼d. per mule equivalent spindle per day on all spindles contained in the mill concerned until payment has been made. The Commissioners will be empowered to take action for the recovery of the penalty, and may raise loans on the security of the levies which they are empowered to impose. They may buy any cotton spinning plant that may be offered to them, but they cannot purchase stocks of raw material, goods in process or finished goods. The Commissioners will be empowered to dismantle, break up or otherwise dispose of any plant they may acquire. The salaries and other expenses of the commissioners which shall be paid from the levies imposed will be fixed by the Board of Trade, and the expenses of administering the scheme shall also be subject to the approval of the Board of Trade. The Commissioners shall not be empowered to raise loans or buy property after three years from the scheme's commencement except by the written authority of the Board of Trade, which shall not in any case extend these powers beyond five years. A panel of assessors not exceeding fifteen members shall be appointed. The scheme will now be submitted to all firms in the spinning section, with a request that they should indicate whether they approve of it or not. It will be remembered that early this year a ballot of spinning employers was taken on a provisional scheme of this character, and the result showed that the owners of 46.97 per cent. of the spindles were in favour of the principle, there being 28.69 per cent. against, whilst no votes were received from the owners of 24.34 per cent.

The Bank for International Settlements.—As was to be expected, the second annual report of the B.I.S. makes interesting reading, for it gives within the compass of a few pages a bird's-eye view of the whole international crisis. It divides the "year's work," as it calls it, into three phases, the points of division being the announcement of the Hoover Moratorium and the British suspension of the gold standard. During the first phase the bank concentrated upon its customary functions, which included what was to prove a vain attempt to direct the superabundant and dangerous international accumulation of short-term capital into long-term channels. Even then the danger to the world had been foreseen, but events moved too quickly for it to be removed. The second phase witnessed the emergency help that had to be given through the B.I.S. to numerous central banks. Thus, instead of being a stabiliser of seasonal or transitory monetary fluctuations, the bank found itself acting as a granter of credit during a general economic depression. There were obvious limits both to the amount and the efficacy of the relief so given; but even so, the report is fully justified in pointing out that without this relief and the opportunity which the B.I.S. provided for speedy consultation and joint action between central banks, the acute credit crisis might have been still more catastrophic and widespread. During the third phase it was clear that credit-giving alone had become an inadequate palliative, and so the B.I.S. felt obliged to refuse new applications for advances which came to it from several central banks as a consequence of the fall of sterling. Moreover, by this time the resources of the B.I.S. itself had become depleted, partly because of the effect of the Hoover Moratorium upon its resources of Government origin, and partly because of the general and sudden jettisoning of the gold exchange standard. Hence the B.I.S. ceased to act as a credit-giver, and, instead, once more turned its attention towards the examination of monetary phenomena and problems so as to convert itself into a convenient centre of discussion and action in connection with monetary reconstruction, if the central banks so desired. It is emphasised, however, that "the real solution of the problems involved requires the determined and concerted action of the Governments." The report also contains an interesting analysis of the international short-term credit situation—short-term international indebtedness at the beginning of 1931 is now estimated at 50 milliard Swiss francs—together with a complete statement of the bank's own accounts.

The Austrian Crisis.—The resignation of Dr. Buresch has left Austria this week in a still unresolved Cabinet crisis. Dr. E. Dollfuss, the former Minister of Agriculture, has been requested by the President to form an Administration, but it seems doubtful whether he will succeed in obtaining the necessary support. Meanwhile, a recent issue of the *Reichspost* foreshadowed, apparently with official inspiration, the imminence of "drastic action" by Austria in order to maintain financial stability in the event of no financial help being forthcoming through the medium of the League. Whether this is a portent of a coming declaration of a complete transfer moratorium by Austria remains to be seen. Such a development would be scarcely surprising. What is certain is that when the League Council meets next week it cannot afford simply to adjourn again without any positive steps being taken on the report of its Financial Committee, which it received at the beginning of April, on the straits of the South-Eastern European countries. We had occasion at the time to criticise the report of the Financial Committee as embodying palliatives whose efficacy was open to question, but the Committee might at least be given the opportunity to reconsider its advice. To let the situation simply drift is to court the risk of a breakdown, whose ultimate consequences cannot be foreseen.

The Argentine Budget.—The 1932 Estimates, writes our Buenos Ayres correspondent, provide for administrative expenditure of \$778,336,326 paper, with a further \$61,871,920 for public works and armaments, financed by the sale of bonds. Total revenue receipts, excluding bond sales, are estimated as bringing in \$762,626,247, while charitable subsidies for \$27,829,860 are met by lottery and other sundry income. Hence the two sides of the account for 1932 read as follows:—

\$ paper (000's omitted).			
Expenditure.		Receipts.	
Service of public debt.	297,198	Customs and port dues	290,000
General administration	453,708	Internal revenues	152,900
Charitable subsidies....	27,430	Land tax, stamps,	
Covered by bond issues—		licences	97,000
Public works	52,973	Income tax	51,000
Armaments	8,899	Tax on transactions ...	45,000
		Autonomous dept. profits	12,000
Total expenditure	840,208	Posts and telegraphs ...	46,000
Surplus	12,120	Financial services	40,000
		Sundry revenues	28,726
		Lottery, etc., p.c. charit-	
		able subsidies.....	27,830
		Sale of bonds	61,872
		852,328	852,328

Impressive at first sight though this apparent surplus may be, the figures whereby it is obtained are, unfortunately, little better than guesswork. With salaries months overdue and an urgent need for important sums of ready money wherewith to meet internal and external obligations, the present Government had perforce to take over the rough sketch of a Budget drawn up by the Provisional Government on the basis of increased but as yet unapplied taxation, and make it do for the time being. Income tax and the Tax on Transactions are unlikely to yield anything like the estimate put down. Nor is it safe to count on enhanced revenue from higher import and internal revenue dues. On the first four months of the year customs receipts are \$10,000,000 paper down. Nor will the new "patriotic loan" help in this matter of the Budget. It is to consist of \$500,000,000 paper in bonds bearing 6 per cent. interest plus 1 per cent. cumulative amortisation. Pending public demand, the bonds may be negotiated through banks with the Conversion Office for 85 per cent. of their face value. It is proposed that the percentage of gold cover for the total circulation held by the Conversion Office be reduced from 40 per cent. to 36 per cent.; this will allow a maximum of \$400,000,000 pesos to be issued at need by means of re-discounting the bonds aforesaid. Such rediscount will, however, only be allowed after consultation between the Banco de la Nacion and an honorary Junta or Board charged with surveillance of the amortisation fund formed in connection with the new loan. On their agreement as to the need for money, they will communicate their

decision to the Government, who will thereupon decree that such rediscount may be carried out. Excellent in its intention, and trying hard to obviate all use of the words emission or inflation, this measure cannot disguise the fact that at the end of April the Government has an outstanding liability of some \$150,000,000 paper for salaries, while its unpaid accounts are admitted by the Minister of Finance to have stood at over \$250,000,000 paper at the end of February. At the same time the Government's direct and indirect debts to the Banco de la Nacion are, on the same authority, between 600 and 700 millions paper. Thus \$400,000,000 paper will soon be absorbed, and there are many who hold that this sum will be insufficient to straighten out the Government accounts. There is, however, a brighter side to the picture. In the first place, the legislature shows a serious mood of concentration that has not been manifest in Congress for many years; secondly, there is a consensus of opinion that economy in administrative charges must prevail; thirdly, trade is on the whole improving, and will do so even more rapidly than it is doing at present if Argentina is assured of the retention of her European outlets for her produce, and more particularly of the British market.

The Lithuanian Elections.—Last week a general election was held for the Diet of Memelland—the strip of territory, constituting the extreme north-eastern tip of pre-war Germany, which had been detached from Germany and attached to Lithuania in the Peace Settlement. The present elections are the consequence of certain high-handed action on the Lithuanian Government's part, upon which we commented at the time. Last February the German President of the autonomous Government of Memelland was arrested by the Lithuanian Governor for visiting Germany without authorisation; a Lithuanian President was appointed in place of him; and the Memelland Diet, which had protested against these acts, was dissolved in consequence. In the international field, these events evoked a German protest *auprès* the four Powers that are signatories of the Memel Convention—Great Britain, France, Italy and Japan—and these Powers have responded by instituting proceedings against Lithuania before the Permanent Court of International Justice at The Hague. The case is to be heard there next month. Meanwhile, the Lithuanian Government has received a wholesome lesson in the results of the election. The "Memelland parties" (*i.e.*, the German parties) in the Diet have not only retained their previous absolute majority over all other parties in the aggregate, but they have actually gained one seat. In the previous Diet, they held 18 seats out of 29, as against six held by the Socialists and Communists and five held by the local Lithuanians. In the new Diet, the German parties emerge with 19 seats, as against five Socialist and Communist seats and five Lithuanian. The failure of the local Lithuanians to make any gains is very striking when it is considered that they had the whole weight of administrative authority on their side—a leverage which the Lithuanian Government did not hesitate to exert with vigour in the recent incident out of which these elections arose. The Lithuanian Government seems to have drawn the proper inference. The Lithuanian Governor of Memel has resigned; and a more conciliatory policy towards the Memellanders is foreshadowed from Kovno. This is the right and sensible line for the Lithuanian Government to take.

Naval Mutiny in Peru.—In Latin America, each depressing turn of the economic screw has its political accompaniments; and, in times of distress and disturbances navies are apt to be the focusses of unrest. In Chile, last summer, the navy revolted as a protest against cuts in pay, and was reduced to submission by intensive bombing from the air. Last week-end there was a minor drama of the same kind in Peru, though happily the hostilities did not have to go, in this case, to the same lengths before discipline was restored. This was partly thanks to the action of a loyal sailor, who swam off from one of the two Peruvian cruisers in Callao Harbour, whose

crews were plotting revolt, and gave the Peruvian Government timely warning. This enabled the Government to arrest about half the mutinous crews when they were on shore leave, and thus to cripple the fighting power of the mutineers before the fighting began. Even so, the rump of the two crews was bold enough to disregard the signals to surrender which were flashed to them during the small hours of Sunday morning; and they had to be shelled by submarines and be given a demonstration of bombing from the air before they could be induced to hoist the white flag. By 7.30 a.m., however, the mutiny had been quelled; and the Peruvian Government is to be congratulated on having restored order, in so serious a crisis, without loss of life.

Shipping Freights.—As measured by our index number, whole-cargo shipping freights during April showed a fractional rise of approximately one-half of 1 per cent. :—

AVERAGE 1898-1913=100.					
	Average, 1913.	April, 1931.	February, 1932.	March, 1932.	April, 1932.
European Waters	110.0	86.0	88.7	87.3	86.1
North America	113.1	95.0	85.5	86.3	91.7
South America	123.4	94.4	89.0	87.0	86.0
India	106.3	94.0	87.4	87.7	90.8
Far East and Pacific	117.4	91.4	95.8	95.9	99.3
Australia	127.9	103.3	99.7	103.3	96.1
Total	116.3	94.0	91.0	91.2	91.7

The freight market was again quiet and featureless during the month. Outward coal business showed signs of further contraction, while ore cargoes homewards from Bay and Mediterranean ports were few in number. A moderate amount of chartering took place for Plate grain, but the North American market was again disappointing. East of the Suez Canal business was extremely dull, and in the case of Australian grain rates weakened considerably. Charges in the various sections of our index number were as under :—

AVERAGE 1898-1913=100.					
	Index Number.	Inc. or Dec. Points.		Index Number.	Inc. or Dec. Points.
Home trade	77.2	- 0.5	South America—outwards	65.2	...
Bay—outwards	99.1	...	South America—homewards	106.7	- 2.0
Bay—homewards	88.7	...	India—outwards	81.4	- 1.4
Mediterranean—outwards	85.3	- 4.1	India—homewards	100.2	+ 7.5
Mediterranean—homewards	88.9	- 2.2	Far East, &c.	99.3	+ 3.4
North America	91.7	+ 5.4	Australia	96.1	- 7.2

Expressed as a percentage of the average for 1913, the total figure of our index number for April works out at 78.8, compared with 78.4 in March and 80.8 a year ago.

The 1930 Census of Production.—Volume IX of the preliminary reports of the Census of Production of 1930, published in a recent issue of the *Board of Trade Journal*, deals with the boot and shoe, rope, hemp and linen, soap, cocoa, and glass trades. The following summary shows the gross value, the net value (gross value less cost of materials and work given out to other firms), and the net output per person employed in the various industries in 1924 and in 1930 :—

Industry.	Gross Output.		Net Output.		Net Output per Employee.	
	1924.	1930.	1924.	1930.	1924.	1930.
Boot and shoe	Thous. £.	Thous. £.	Thous. £.	Thous. £.	£	£
Rope, twine and net	50,545	45,213	21,990	19,973	169	171
Hemp and linen	7,433	5,954	2,344	1,888	172	135
Soap, candle & perfumery	9,128	4,798	3,159	1,727	129	110
Cocoa and sugar confectionery	31,914	28,074	12,288	12,543	425	485
Glass	40,220	35,375	16,754	15,794	216	225
	12,962	13,223	7,997	7,994	217	208

The total number of boots and shoes made in 1930, at 9,694,000 pairs, was 233,000 pairs less than in 1924. The decline in the total selling value is therefore due chiefly to a reduction in prices, amounting to 9 per cent. in the case of men's boots and shoes made of leather. There has

been a substantial decline in the output of the hemp and linen industries. The average number of workers in 1930, at 15,759, shows a reduction of 8,788 as compared with the previous census year. The output of linen piece-goods fell from 37,914,000 square yards in 1924 to 31,058,000 square yards in 1930. Activity in the soap trade appears to have been well maintained. The total quantity of soap produced in 1930 was 8,773,000 cwts., against 8,860,000 cwts. in 1924. The decrease in the total value is ascribed to the fall in raw material prices. The total net selling value of soap, candles and perfumery shows a slight increase. The fall in the total value of cocoa and sugar confectionery conceals a substantial quantitative expansion in output. Owing to the incompleteness of information, no comparison is possible between the total output of glass manufactures in 1924 and in 1930. The increase in employment and in the total selling value suggests, however, that the quantitative progress of the industry has been substantial.

INSURANCE NOTES.

London Assurance.—Thanks to a disproportionately large marine account, the underwriting results of the London Assurance for some years have, by comparison with those of other composite companies, been rather unsatisfactory. The 1931 report is distinctly poor, and it would have been worse still but for the unexplained release of a large sum from the reserves of the marine account, which leaves the fund equal to little more than one year's premium income. Unfortunately, detailed comparison with 1931 is impossible, because the accounts are now presented in a consolidated form, and the operations of the various sections of the accident branch are lumped together in one account. The consolidated accounts show that the premiums are derived as follows :—

	£
Fire	1,987,528
Accident	1,190,538
Marine	879,093
Life	625,576
Sinking fund	250,289
	4,933,024

Both the fire and accident accounts show an underwriting loss, in the former case of £520 and in the latter £61,480. The sum of £125,000 has been released from the marine account, and the net trading surplus works out at £40,000. The dividend has been maintained at 45 per cent., and the payment necessitates a small draft of £30,000 on the trading surplus. The strongest and most prosperous branch of the company is the life department, which has a fund of nearly £6½ millions, and transacted a new business last year (in sums assured) of £1,796,000. In spite of the Stock Exchange depreciation, the book values on December 31st showed an excess over market values of only £42,000, and this has now been more than recovered.

General Accident, Fire and Life Corporation.—The form in which this company's accounts are presented has long been unilluminating; the barest minimum of information is supplied, and that in a form which renders detailed comparison impossible. There is all the more need in this case for the frankest disclosure, since the company's reserve position is none too strong and it operates as an independent organisation outside the "tariff" ring. So far as 1931 is concerned, the company is entitled to claim that the underwriting results have been eminently satisfactory. The bulk of the business consists of various branches of accident insurance largely derived from America, and although the income from this has fallen slightly from £6,707,000 to £6,688,000, the income from annual and long-term contracts is actually some £300,000 greater, this increase being rather more than balanced by a fall in premiums from monthly and short-term contracts. The basis of the unexpired risk reserve in this account is not disclosed, though it has been slightly strengthened during the year. For the purpose of the usual table of profits, provision has been

made for the usual 40 per cent. reserve calculated on the annual and long-term contract premium income. The fire department produced premiums of £602,000, and the marine department £86,000, and the total premiums from all departments (excluding life) show a diminution of no more than £10,000. The usual table of profits is given below :—

	1930.		1931.	
	Amount of Profit.	Percentage of Premiums.	Amount of Profit.	Percentage of Premiums.
Fire	72,265	11.9	74,146	12.3
Accident	323,619	4.8	198,391	3.0
Marine	13,752	18.8	915	1.1
	382,132		273,452	
Less items debited to profit and loss account	318,919		217,937	
	63,213		55,515	

The dividend has been steadily increased year by year to its present level of 56 per cent., but the decision to call a halt to further advances will be approved as a measure of prudence, though the interest earnings would be sufficient to cover a distribution of over 70 per cent. Exchange and Stock Exchange depreciation have made a big inroad upon reserves. Altogether a sum of £613,000 has been needed for these purposes—£200,000 from the life department, £400,000 from general reserve (leaving £600,000 in this fund), and the balance from profit and loss account.

Northern Assurance.—The 1931 report of this company reflects the prevailing depression, which, in the insurance business, is exemplified by falling premium incomes and diminished or non-existent profits. The actual decline in premiums, from £4,802,000 to £4,634,000, is moderate in the circumstances. The fire department is responsible for nearly one-half of the total premiums, and the underwriting profit, as will be seen from the table which follows, has almost vanished. It should be mentioned that the Northern is another of the companies which maintains a reserve for unexpired risks of 50 per cent. of the premiums, and it has, therefore, been necessary to recalculate the profits on the more usual and comparable basis of 40 per cent. :—

	1930.		1931.	
	Amount of Profit.	Percentage of Premiums.	Amount of Profit.	Percentage of Premiums.
Fire	53,315	2.3	6,004	0.3
Accident	139,567	8.6	147,229	9.1
Marine	5,403	0.6	...	...
Non-profits life fund	100,000		...	
Annuity fund	25,000		...	
Leasehold redemption fund	5,000		...	
	317,479		153,333	
Less items debited to profit and loss account	114,278		87,016	
Total net trading surplus	203,201		66,317	

For many years the dividend has been at the rate of 85 per cent., and this has been declared for 1931. The payment requires a sum of £258,000, of which interest earnings provide £207,000, and trading surplus the remainder. Consequently, the net result of the year's trading operations has augmented the company's free resources by £15,000. The funds of the life department now amount to nearly £7 millions, and new business was transacted last year for sums assured of £1,016,000, compared with £1,227,000 in 1930. Transfers of reserves have taken place on a large scale. All the departmental reserves in excess of the 50 per cent. unexpired risk reserves have been transferred to general reserve (apart from £80,000 which has gone to contingencies, together with a further £47,000 direct from profit and loss account), and this fund now stands at £2 millions—a sum amply sufficient to cover the depreciation of £554,000 in the book values of the assets.

Licenses and General Insurance.—One of the provisions of the Road Traffic Act (1930) imposed upon insurance companies transacting motor insurance business the necessity of making a separate return for this class of business. Rather than complicate the accounts by

this additional schedule, the Licenses and General, in common with some other companies, has taken the opportunity to present the whole of its operations, other than fire and marine, in one consolidated account. This alteration, while simplifying the 1931 accounts, makes impossible a detailed comparison with previous years. The fire business, as foreshadowed last year, shows a large reduction in premium income, from £140,000 to £100,000. This is in line with the company's policy of reducing treaty reinsurance business, which experience has shown to be unremunerative. None of the fire business is derived from America, a circumstance which in these times is a source of comfort. The premium income in the consolidated account, at £371,000, shows actually a small increase on that of the preceding year, but the underwriting profit has practically disappeared. Included in this account are the premiums derived from the class of business, namely, indemnity to licensees in the event of non-renewal or forfeiture of their licences, for the provision of which the company was originally founded some forty years ago. Details of the underwriting profits in each department are shown below:—

	1930.	Per- centage of Profit.	1931.	Per- centage of Profit.
Fire	688	0.5	8,019	8.1
Accident	1,074	7.2		
Employers' Liability	535	1.7	261	0.1
Licenses and General	3,606	1.1		
Marine	135	0.6	603	3.3
Profits from sales of securities..	17,834		4,676	
	22,532		12,353	
Less items debited to Profit and Loss Account	14,935		10,669	
Total Net Trading Surplus.....	7,597		1,684	

The dividend has been maintained at 20 per cent. and costs £15,400, compared with interest earnings of £20,300, so that the company has succeeded in increasing its surplus resources as a result of the year's operations by about £6,500. The book value of the company's total assets amounts to £715,000, and the depreciation on these is stated to be fully covered by an existing investment reserve of £75,000 and an augmented contingency reserve of £40,000, leaving intact the general reserve of £100,000.

London and Scottish Assurance.—The share capital of this company was acquired in 1923 by the Northern for a sum of £840,000. Owing to disastrous Marine losses, which were brought to light immediately afterwards, the investment has so far been a liability, and, except for one small payment in 1927, the Northern has had to forego all dividends. During the last five years, however, the company has been very carefully nursed, the Marine premium income has been drastically curtailed, and the net result has been an augmentation of the company's free resources by a sum of £260,000, equal to more than twice the paid-up capital. In 1931 the underwriting experience has received, except in the Marine Department, a set back, and the company has had to face also heavy investment and exchange depreciation. The detailed results are shown below:—

	1930.	Per- centage of Profit.	1931.	Per- centage of Profit.
Fire	10,888	3.5	952	...
Accident and General	22,498	6.7	12,201	3.5
Marine	5,403	3.2	...	...
	27,983		13,153	
Items debited to Profit and Loss	13,959		17,708	
Total Net Trading Surplus.....	14,024		4,555	
Add Interest Earnings.....	37,492		38,770	
Total increase in surplus re- sources.....	51,516		34,215	

With regard to the Marine Department, the 1931 account has terminated its first year of existence with a very light claims ratio, and if this tendency is continued this year

the account should now be showing a satisfactory profit. The company has a life fund of over £4 millions, and last year transacted new business of £758,000, compared with £825,000 in 1930. Approximately one-half of the business is transacted outside the United Kingdom, principally in Canada, where one-quarter of the total fund is invested. The next quinquennial valuation of the life account, which is due to take place on December 31st next, will put the company to a severe test, for while the basis of actuarial reserves is only moderately stringent, there was, on December 31st last, a net uncovered depreciation on book values of 7½ per cent. of the Life Department assets.

Friends' Provident and Century.—Our attention has been called to the analysis of this company which appeared in our last issue, and to the reference contained therein to the directors' decision to omit payment of interim bonuses for 1932. In order to remove ambiguity, we are glad to amplify the reference and to explain that, although no interim bonus for 1932 will be paid on claims arising in that year, full interim bonuses will be paid in respect of such claims for the years 1930 and 1931. The directors' interim bonus policy therefore accords with that followed by the Atlas, whose accounts were also reviewed last week.

Overseas Correspondence.

UNITED STATES.

Banking — Gold Position — Industry.

(FROM OUR CORRESPONDENT.)

NEW YORK, May 4.

In well-informed quarters the legislative attempts to interfere with the freedom of the Federal Reserve Banks have been taken seriously only in so far as these efforts tended to impair confidence abroad. The much-discussed Gold-borough Bill as finally presented to Congress was couched in innocuous terms and did little more than express the wish that old price levels could be restored through an inflationary policy carried on by the Federal Reserve Banks. On their own motion the Federal Reserve Banks are carrying on with undiminished vigour their operations designed to stop deflation of bank credit. The ultimate goal is re-entry of the member banks of the system first into the bond markets and lastly into a more liberal lending mood, in the hope that, with greater stability given to security prices, business men will be more ready to borrow and will then find it easy to obtain plenty of credit at low interest rates. Critics of the cheap money policy are not lacking. Some urge a much faster pace of credit expansion; others fear too much is now being done. In the past week the Reserve Bank purchase of Government bonds exceeded a hundred millions, bringing the total for the past three weeks to about \$306 millions. Total Federal Reserve Bank credit in use has increased since the end of March by \$200 millions. However, in the same period the loans and investments of reporting member banks in leading cities have fallen approximately \$300 millions. Even in the New York district there was a further increase in deflation, but this was owing largely to loan calling which the banks indulged in to subscribe for the new Treasury notes totalling \$450 millions. The issue has been heavily oversubscribed.

The member banks have been increasingly embarrassed by the surplus reserves piled up as a result of Federal Reserve policy, and they must take action soon to employ the excess. It is assumed that first of all good corporation bonds will be purchased, and that greater stability in the market will encourage business men to borrow to embark in a new enterprise, or at any rate that the press for liquidation of securities and commodity stocks will stop. At the end of April the Federal Reserve system, applying the Glass-Steagall Act's provisions, had about \$1,355 millions of free gold to use if required in credit

expansion. Without that Act, the free gold on the same date was only \$201 millions.

The New York Federal Reserve Bank states the case for the new credit policy as follows:—

"Indebtedness of member banks at the Reserve Banks has been reduced by more than \$300 millions during the past two months. This reduction in indebtedness, together with a decline of nearly \$100 millions in other forms of Federal Reserve credit, due principally to maturities from the acceptance holdings of the Reserve Banks, has absorbed somewhat more than half of the funds received by member banks, but there was an increase of \$236 millions in their reserve balances. Thus, the position of member banks as a whole has been changed within the past two months from one of heavy indebtedness, in which they were endeavouring to relieve their situation through credit liquidation, to a position in which many banks throughout the country have been able to retire, or greatly reduce, their indebtedness, and a considerable number of banks have surplus funds with which they can increase the amount of their credit employed in investments or extended directly to their customers."

The monetary gold stock was reduced \$26 millions in April, following a gain of \$36 millions in March. The bulk of the exports last month went to France and Holland. Gold held under earmark was reduced last month by \$4 millions. In spite of the turmoil at Washington and the threat of European countries to remove further gold, the underlying position remains exceedingly strong. Throughout the year the monetary stock of gold has averaged \$75 millions higher than late in 1929, when credit expansion was near its peak. The first effects of the strong movement of European currencies against the dollar, attributed mainly to anxieties over the Gold-borough Bill's passage through the Lower House of Congress, were shipments of \$10 millions in gold to France, Belgium, Switzerland and Holland. The export has caused some uneasiness among the timid, but in good quarters it is stoutly asserted that the movement will in no degree swerve the Federal Reserve Banks from their cheap money course.

The present rate of Federal Reserve Bank operations could continue a year or more without endangering the gold reserve, and while the confusion and lack of a proper sense of responsibility among Congressional leaders is arousing increasing disgust in the entire country, a reaction is fairly sure to set in. There is little likelihood that Congress will adjourn next month without having passed a tax Bill which, on the surface, promises to balance the Budget. How far it will go toward genuine reduction in expenditure is difficult to say, but should the returns from such taxation as may be adopted prove disappointing, the next session of Congress, following the November elections, will be in a much better position to take action. No responsible person in the financial community seriously believes the country will be allowed to drop the gold standard.

Industrial activity is as slack as ever. Some increase in steel activity is reported for the first week of May, but the daily rate of pig-iron output in April was nearly 9 per cent. below the March average. Steel output is hovering around 24 per cent. of capacity. Motor production in March was 118,959 units, as estimated by the Department of Commerce, against 117,418 in February. First quarter output of 355,721 vehicles was 48 per cent. below that of a year ago. Railroad traffic fails to improve, and net earnings for March ran about 28 per cent. below a year ago, bringing the first quarter to nearly 40 per cent. worse than last year. Industrial companies which have so far reported first-quarter profits show a drop of 80 per cent. from last year, according to a compilation made by the National City Bank, and their return on net worth was less than 1 per cent.

FRANCE.

Politics — Budget.

(FROM OUR CORRESPONDENT.)

PARIS, May 11.

THE assassination of M. Doumer, on the eve of the second round of the elections, resulting in the development of an entirely new adjustment of parties in the Chamber, the election of M. Lebrun to the headship of the State and the resignation of the Tardieu Ministry, with a full three weeks' interregnum before a new Cabinet will meet the Chamber, have contributed, within a period of only four clear days, to a complete change in the French political horizon and, to a great extent, in the international outlook also. M. Doumer, whose election to the Presidency of the Republic took place only a year ago, had barely had time to make his dignified, upright and strenuous character known to the nation at large. There is abundant evidence, however, to justify the view that within a further few months he would have acquired great popularity among the mass of the French, and that the end of his tenure, had he lived to complete it, would have left his name among those of the few French Presidents to whose work history will pay deserved tribute.

M. Lebrun, who was elected yesterday at Versailles to succeed M. Doumer, starts his term of office under the favourable light of the fact that his selection had the almost unanimous support of the two Houses of Parliament in joint assembly. In the actual polling he received 633 votes, or over three-fourths of the 826 cast. M. Lebrun's non-political career has been that of an engineer, and the worst that his opponents can say of him is that he has for many years been more or less associated with the great French iron and steel interests. He succeeded to the Presidency of the Senate, the second highest post in the French hierarchy, when M. Doumer was elected last year to assume the Presidency of the Republic. Towards the end of 1926, M. Lebrun, after a varied Ministerial career, was chosen by M. Poincaré, when the Caisse d'Amortissement was brought into existence, to preside over that important new national organism. This great post M. Lebrun relinquished only last year, when he succeeded M. Doumer as President of the Senate. During his five years' tenure of office the wise policy followed by the organisation under his direction resulted in the reduction of the total circulation of National Defence Bonds from 48,000,000,000 francs to 28,000,000,000 francs by the end of 1930; the conversion of the whole of the shorter term bonds into two-year maturities (thereby reducing the total falling due for reimbursement or renewal every month from an average of between 7,000,000,000 francs and 8,000,000,000 francs to 1,200,000,000 francs monthly; the lowering of the interest rate paid on them by 50 per cent., and public debt reduction to the extent of some 20,000,000,000 francs. Incidentally, the 3 per cents., which fell to 40.80 in 1926, recovered to over 90 by 1930, while the 1918 4's, which stood at 36.50 in July, 1926, were in September, 1930, quoted at over 102. M. Lebrun's services as protector of the public credit need no other comment.

Last Sunday's second ballots amply confirmed the forecast that the 1932 general elections would show the usual swing of the pendulum. The Socialistic Radicals (M. Herriot's party), the Internationalist Socialists, French National Socialists and Communists (comprising the whole of the so-called Left) secured 356 of the 615 seats to be filled, leaving the non-Herriot Radicals, the independents of all shades, the Tardieu-Laval groups and the Marin Nationalists with 259. This paper majority of 97 in favour of the Cartel des Gauches, however, is much more apparent than real. Should M. Herriot decide to share power with the International Socialist Party (with or without their participation in its responsibilities), which it now seems practically certain he will not do, he would have to reckon with the consistent opposition of the 23 Communists and Anti-Moscow Communists, which would automatically reduce his majority to 64, provided there were no other defections.

What line M. Herriot intends to take in regard to either the Socialists or the Moderates of the former majority

parties remains still unknown. M. Herriot, on his return to Paris on Monday, stated emphatically that he will hold his decision secret until May 18th, which will give him another ten clear days in which to perfect his plans. Meanwhile the Socialists, who benefited less than the Radicals by the adoption of Cartellist tactics last Sunday—Radical help assisted them to gain only 17 extra seats, while Socialist help aided the Radicals to increase their strength by 48—appear to be in a quandary as to whether M. Herriot will on this occasion accept their co-operation in any form. He has, in any case, as it appears, skilfully avoided binding himself by any pre-election pledges. A new Centrist Ministry, composed of Radicals (*genre Herriot*), the bulk of the groups forming the old Tardieu-Laval majority and the Republican Socialists (Painlevé group), but excluding the Marin Nationalists (76) and the Extreme Right, would furnish probably a working majority of around 80 (344 against about 260), and would appear capable, at the time of writing, of furnishing the stable majority of which the Chamber has so long been in need.

The task before the new Government, whatever its complexion may be, will be exceptionally difficult, so far as the national finances are concerned. The Budget Bill, adopted on April 1st, to provide for expenditure until the end of the current year, showed a nominal surplus of 3,381,000 francs. This, however, as the Ministers primarily responsible for it frankly admitted, is a merely paper balance, and in no way represents the country's actual financial position. But for the facts of the tragic prevailing situation—the economic crisis, the suspension of German reparation payments, the possible insistence on the maintenance of American debt payments, the increasing drop in revenue, the certain automatic increase in expenditure as compared with the estimates—the new Budget might almost, indeed, be described as farcical, although it was undoubtedly the best that could have been postulated, in view of the general uncertainty. Estimated revenue from taxation alone—based, as usual, on the rule of taking the yield during the penultimate year as a starting-point—is foreshadowed by M. Abel Gardey, the Senate Budget *rapporteur*, as likely to be at least 1,000,000,000 francs less than the printed figures suggest. Another almost incredible fact is that, although estimated expenditure is for nine months only, the estimated yield from taxation and other resources represents a full twelve months' recoveries; that is to say, in order to balance the accounts for the nine months' "year" ending December 31st next, the estimated taxation yield during the first quarter of the following financial year, representing about 1,800,000,000 francs, has been appropriated to help meet the current nine months' expenditure.

Further sums incorporated in the new Budget, in order to produce a balance, are 700,000,000 francs drawn from the reserve funds of the Service des Alcools, and 455,000,000 francs from the profits accruing to the State from the Mint. These will obviously not be available next year, and, consequently, represent 1,155,000,000 francs which will have to be obtained by additional taxation or other means. Finally, the 1932 Budget estimates assume, on the revenue side, the receipt of 1,173,000,000 francs in the form of German reparation payments. From the technical point of view the inclusion of this sum in estimated revenue is no doubt justifiable, in view of the fact that German reparation payments are theoretically merely under temporary suspension. The practical facts, nevertheless, justify the view that this item also must be regarded as contributing to the huge deficit that will result from the 1932 Budget. These items represent a total of 5,128,000,000 francs of estimated revenue which there is no reason to expect will be received, and only a fraction of the amount can be offset by reduced expenditure (in the form of a postponement of the corresponding annuity of French debt payments to the United States). Add to this total further unprovided for expenditure, estimated at over 1,000,000,000 francs, representing supplementary credits which may be expected to be voted before the end of the present financial year, and the 1932 Budget may be expected to result in a real deficit of from 2,500,000,000 francs to 3,000,000,000 francs; and, if non-renewable revenue, which normally would not be utilised for bringing about a really balanced Budget, be included, of between 6,000 and 7,000 millions.

GERMANY.

Budget Supervision — Foreign Trade — Insurance.

(FROM OUR CORRESPONDENT.)

BERLIN, May 10.

THE Reichstag assembled on Monday after a long recess, but the 1932 Budget has not yet been presented to it, as the Cabinet has not yet decided upon the means by which the unemployment relief programme is to be financed. It is expected that the programme will be met out of an independent fund, which will have to provide its own income out of contributions, and to which the contribution of the Reich will be strictly limited. Assuming this contribution to be one milliard, the 1932 Budget, according to the Finance Minister's statement to the Reichstag, balances at 8.3 milliards, against 9.3 milliards in the final Finance Act of 1931. Of this total, 2.3 milliards have to be handed over to the States, so that the actual expenditure of the Reich only amount to 6 milliards, 1,200 millions of which will be needed for war pensions, 477 millions for the Reich contribution to social insurance (apart from the new unemployment relief programme), 700 millions to the debt service, and 420 millions to the extraordinary redemption of short-term credits.

Considering the circumstances, the movement of the floating debt is very favourable and reflects great credit upon German financial policy. Leaving out of account for the moment the Treasury Bills issued for the support of the banks, the floating debt of the Reich has fallen from 1,983 millions on March 31, 1930, to 1,591 millions on March 31, 1932. This reduction was in part rendered possible by the Kreuger Loan, out of the proceeds of which 293 millions of floating debt were funded. The funded debt of the Reich, which amounted to 10,208 millions on December 31, 1931, was 300 millions lower than in the autumn of 1930, though against this must be set the fact that as a result of the crisis the Reich has definitely lost 400 millions, against part of which Treasury bills were issued. (Further Treasury bills were issued in connection with the rectification of the banks, but these are backed by sound claims on the banks.) All told, the assistance given by the Reich during the crisis has involved it in obligations amounting to about Rm. 1,500 millions, but this includes a guarantee of 400 millions to the foreign creditors of the Danat bank, which involves no risk as the Dresdner bank, which has taken it over, is fully able to deal with its commitments. The total also includes a number of other guarantees which will never be called upon.

The report of the Budget committee on the State accounts for 1930 shows that Germany has succeeded in establishing a model system of parliamentary supervision of the execution of the Budget. The Budget committee has set up a special sub-committee which has turned the auditing of the actual payments from a mere formality into a very serious examination of the legality and efficiency of the conduct of the Budget. This sub-committee begins its examination a few months after the close of the financial year, and finishes it so punctually that it is able to report to the Reichstag before the discussion of the next Budget but one is opened.

The committee has conducted a vigorous campaign against the excess of expenditure over the Budget votes which was previously both frequent and extensive, especially in the case of the Foreign Office. It finally succeeded in obtaining the dismissal without pension rights of those officials who were chiefly responsible for the particularly gross offences which occurred in the Foreign Office in 1928, thereby setting a precedent for the personal responsibility of officials for unjustifiable expenditure which will certainly be a great aid to economy in German public finance.

A further result of this parliamentary examination of accounts is to render the Budget much more comprehensible. The meaning of many items in the Budget has been revealed for the first time by this examination, and the sub-committee has discovered that in many cases funds disbursed under several entirely different headings were ultimately to serve the same purpose—in most cases the maintenance of cultural, scientific or economic activities. Often the individuals responsible in the different ministries

had no idea that the society or institution in question was also receiving grants from another official source. By this means, skilful officers of societies and managers of institutions were able to secure lavish assistance. This auditing of expenditure has also established that in many instances the organisations assisted by the Reich had been conducting their affairs with an extravagance that increased their need for assistance. All this has provided the Government with valuable data for a reduction of expenditure. It is particularly important that at a time when the parliamentary system is subjected to such fierce attacks in Germany, a parliamentary institution should be able to show achievements of such great value to the State.

The new checks imposed on commerce by tariffs and exchange restrictions have transformed Germany's trade relations with other countries. Soviet Russia has now displaced Great Britain as Germany's principal market, as the following table shows:—

GERMAN EXPORTS TO PRINCIPAL COUNTRIES.
(Million Reichsmarks.)

	January-March, 1931.	1932.
Soviet Union	129	181
Holland	244	167
Great Britain	262	150
France	228	135
Switzerland	125	125
Belgium-Luxemburg	124	80
United States	133	81

Russia is the only important country which bought more from Germany in the first quarter of 1932 than in the corresponding period of 1931. The maintenance of Germany's exports to Switzerland in spite of the expiration of the tariff treaty is noticeable. The declines may, perhaps, not continue to be so severe, as the fall in the British figure is largely due to reaction after the abnormal imports which took place in anticipation of the tariff. The share of Europe as a whole in German exports has not fallen as much as that of other parts of the world: exports to Europe were 1,305 millions, against 1,883 millions in 1931, to Asia, 113 against 188 millions, to America 150 against 284 millions.

AUSTRIA.

Finance — Railways — Industry.

(FROM OUR CORRESPONDENT.)

May 9.

THE report, which the delegate of the Finance Committee in Austria, Herr van Rost, has just published, has excited general attention on account of its deep pessimism. It expresses serious doubts as to whether the budget can be kept in equilibrium without a severe reduction of the salaries of civil servants. It points out the recession in the holdings of cash and the difficulties of the Federal Railways, and demands the cessation of all capital expenditure, even though it might be undertaken on long-term payment. Herr von Rost has assumed that in the supplementary budget, which the Government had intended to bring in and which has been held up through the Government crisis, savings to an amount of 62 million schillings are to be made. It is a fact that big cuts were actually planned for the supplementary budget, and they were estimated at at least 82 millions. The regression in cash in hand is certainly causing the Financial Administration serious anxiety, and if the views of the delegate to the Financial Committee were accepted in regard to the critical position of the State finances, a transfer moratorium would have to be proclaimed immediately. The last Government refused to take such a step.

It is not easy to survey the practical effects of a transfer moratorium, for it is well known that the National Bank keeps the greater part of its foreign values and gold holdings in foreign countries. The discussion abroad of the possibility of a transfer moratorium has brought about big offers of Austrian rentes. In particular, those in terms of foreign currencies have suffered decline. Whereas at

the end of the previous week the Vienna dollar loan was quoted at 78 schillings, in the course of last week it fell to 65. The American section of the League of Nations loan went down from 116 to 100, and the American batch of the 1930 Federal loan from 55 to 40. Mortgage script was also on offer, but on account of the stringency of the market no deals worthy of mention could be concluded.

The position of the Federal Railways still remains unsettled. As was only to be expected, the Swiss expert, Dr. Herold, who checked the position, has expressed the opinion that the railways should not continue their programme of investment and incur an increase of their floating debts. The cover at the National Bank has sunk below 22 per cent., and the higher rate of taxation on the bank note circulation, viz., 9½ per cent., has come into operation. The limitation of imports is beginning to affect farming interests. Prices of butter, lard and butchers' meat show an upward tendency, and it is feared that if limitation of imports is maintained prices may continue to rise. The check to foreign traffic is hitting the railways particularly hard. In March, goods traffic with Germany sank by 66 per cent., with Switzerland by 21 per cent., against a drop of only 6 per cent. in home traffic. On the other hand, home passenger traffic was 6.7 per cent. higher than in the corresponding month of last year. The decline of exports is having effect throughout industry. On account of accumulation of stocks of crude iron and in consequence of the difficulties caused by the foreign currency regulations in the procuring of coke, the Alpine Works has extinguished its furnace at Donawitz, and now the Schoeller-Blechnmann Works are slowing up. At several of the enterprises connected with the Credit Anstalt, output will be further reduced, as the bank is not in a position to maintain factories which are running at a loss.

Although the season is a favourable one and farm hands are being taken on again, unemployment is being reduced very slowly. It will become necessary to cut down social benefits. In April there was a weekly average of 94 compositions, with creditors and 24 bankruptcies, as against 54 and 18 in April of last year. The difficulties in which some of the firms found themselves were due to the fact that they could not raise any fresh credits. Even the savings banks, which were for a long time open for mortgage business, are now reserved in this respect, as the National Bank and the Financial Administration have warned them to keep funds in hand. For this reason, those in search of credits are more than ever obliged to resort to private lenders. The "back to the land" movement is growing, probably as a result of the crisis. Little employees and even people of the middle classes are trying to acquire very simple houses, which in many cases are designed only for summer use, together with a little ground, in order to cover their absolute necessities through gardening and poultry keeping.

HUNGARY.

Politics — Foreign Debt — National Bank.

(FROM OUR CORRESPONDENT.)

BUDAPEST, May 9.

THE outstanding political event of the past week was the reappearance of Count Bethlen after more than eight months of voluntary seclusion. The reception of his speech in the Budget Debate, in spite of the turbulent scenes which it has evoked from the Opposition benches, proves that he is still the dominant force in the present Parliament. The recent German and Austrian elections, with a swing of the pendulum to the extreme left, have left Hungary unmoved. The desire for revision of the Trianon Treaty is not a party question in Hungary, and there can be no question of unwise provocative steps taken by any party in this respect, because, whatever the internal political differences are between Left and Right Parties, the Government is fully trusted by everybody to do everything in this matter.

During the Budget Debate, Count Bethlen has urged the Government to make arrangements with the foreign creditors for the reduction of the intolerably high interest rates before it is too late. The former Prime Minister has rightly pointed out that the transfer moratorium and the standstill agreements cannot fulfil their aims without some constructive measure to alleviate the burden of the debtors and has suggested that if the foreign creditors do not agree within a limited time to this, the Government should rather assume the responsibility by taking steps alone than let the financial structure of the country collapse. Count Bethlen thinks that Hungary could pay about half of the present 7 and 8 per cent. interest rates charged on her post-war debts when the present strangulation of foreign trade is over, and suggests that until this time the reduced interest rates should be added to the capital debt. How urgent the solution of the foreign debt service is was demonstrated by the attitude of the House of Deputies, where practically all members advised the Government to achieve budgetary equilibrium by suspending altogether the service of the State debts. Out of a total expenditure of 806.2 million pengő for the Administration Budget, 105.4 million pengő are earmarked for the interests and amortisation of the State debt, of which 93.6 million pengő are for external and 11.8 million pengő for internal debts. The most important item is the 1924 League Reconstruction Loan service, requiring 34.1 million pengő, of which 17.9 million pengő represents interest and 15.7 million pengő sinking fund. The League Loan is exempt from the provisions of the transfer moratorium decree, and interest has been, and will be, met in full when due in the stipulated foreign exchanges. On the other hand, it must be pointed out that, owing to the depletion of the National Bank metal reserve and the further contraction of the merchandise export trade, it is questionable whether Hungary will be able to meet the sinking fund of the League Loan. In order to temper the frame of mind of the politicians who advocate complete default on the obligations of the State, it would be wise to suspend the payments of the sinking fund—though not the interest—of foreign debts which cannot be transferred, amounting to approximately 30 million pengő, including the amortisation of the League Loan of 1924 and of the pre-war debts as provided in the various clearing agreements.

The last return of the National Bank as at April 30th is not very satisfactory. The note circulation has increased to 417.5 million pengő, as against 406 million pengő a year ago. Considering that in 1931 the circulation decreased from 469.2 million pengő at the beginning of the year to 406 million pengő by the end of April, a decrease of 14 per cent., it is disquietening to see that this year it has receded by 1 per cent. only, from 422.8 million pengő to 417.5 million pengő, in spite of the expected deflationary effects of the transfer moratorium, which has now been in operation for more than four months. The National Bank has so far not issued any statement regarding the Foreign Creditors' Fund, and it shows the payments made to this account among the other debtors in its weekly return, which amounted at the end of April to 108.4 million pengő, as against 40.4 million pengő at the end of April of 1931. It would be, however, an error to suppose that all the difference represents the sums paid in for the foreign creditors; at best these payments amount to 50 million pengő and probably even less. It is very desirable that the National Bank should issue an official statement regarding the amount collected by this fund and indicate how it is being used. The bill portfolio of the National Bank, including the rediscounts with the B.I.S., amounted to 575 million pengő, the highest recorded since the beginning of the year. The increase is partly due to the rediscounts of Treasury bills by the private banks, which, in the absence of liquid funds, were compelled to take refuge in the Bank. The sight liabilities of the Bank have declined from 97.5 million pengő at the end of March to 61 million pengő on April 30th, the State deposits declining to 10.8 million pengő and private deposits to 50.2 million pengő; the decrease in the latter is also due to the Treasury bill financing.

SWITZERLAND.

Foreign Trade — Industry — Unemployment.

(FROM OUR CORRESPONDENT.)

GENEVA, April 28.

THE economic situation is far from improving in Switzerland, and the results of foreign trade for the first quarter show that the bottom of the depression has not yet been reached. Imports aggregated 471,204,840 francs, compared with 547,635,973 francs during the corresponding period of 1931. The drop of about 12 per cent. is due not only to the reduced needs of Swiss industry, but also to the enforcement of import quotas which showed their effects in March when there was a decrease of nearly 12,418,000 francs compared with February. Exports, on the other hand, totalled 230,884,291 francs, as against 362,681,354 francs in 1931, a drop of nearly 36 per cent. over the already unsatisfactory first quarter of 1931.

The slump in exports is the consequence, on the one hand, of the general reduction of prices, and on the other hand and principally, of the general depression and the raising of Customs duties in other countries. The result is that the exporting industries are in a very difficult position, particularly the watchmaking, textiles and machines industries, whose aggregate exports show a drop of about 60 million francs, or 39 per cent., on 1931, and of 199 millions, or 90 per cent., on the corresponding period of 1929, which was the last normal year. Some business men are of opinion that the watchmaking industry is so badly hit that it will never recover. That view is perhaps too pessimistic; watchmaking has already passed through terrible crises when its disappearance was forecast by all experts, and it nevertheless survived and even developed. It is true that conditions are now different from what they were some 50 years ago; watchmaking was almost a Swiss monopoly, while, at present, watches are being produced in many other countries. The Swiss watchmaking industry has therefore not only to face adverse economic circumstances resulting from a world-wide slump, but it has also to meet foreign competition which did not exist half a century ago. It is impossible to foretell what the future of that industry will be, but it is clear that its present situation seems pretty hopeless. From 1923 to 1928, watchmaking exports oscillated between 258 and 307 million francs a year, the last figure—the highest of the period—being recorded in 1928. In 1929, they dropped to 233 millions, a figure which was still regarded as satisfactory, but, since then, the position grew worse year after year, exports falling to 208 millions in 1930, and to 133 millions in 1931. If there is no improvement during the current year, and if exports continue at the same rate as during the first quarter, they are not likely to exceed 60 millions in 1932, a decrease of 78 per cent. over the yearly average of the period 1923-28.

The situation of the other chief exporting industries—silk, cotton, machines industries—though not as catastrophic as that of the watchmaking industry, is very bad as their aggregate exports show a drop of nearly 30 per cent. over the previous year. There is, however, more activity in these industries, which sell part of their products on the home market, than in the watchmaking industry, which lives mainly on its exports.

Exchanges with Great Britain, during the first quarter, were less than had been expected. Imports from her totalled 21,095,000 francs, compared with 26,302,000 francs last year, while exports to her aggregated 27,374,000 francs, as against 60,504,000 francs in 1931. Imports from Britain were not fostered, as had been hoped, by the decrease in the value of sterling, and they were furthermore reduced to some extent in March by the introduction of Swiss import quotas. On the other hand, exports to Britain were strongly influenced by the high value of Swiss currency, on the one hand, and by the institution of British Customs duties, on the other hand.

ROUMANIA.

Agricultural Finance — Danube Plan — Crops — Petroleum Merger.

(FROM OUR CORRESPONDENT.)

BUCHAREST, May 2.

A CLIMAX in the debates on the Agricultural Conversion Bill was reached when the banks complained of not having been consulted. A day or two after the protest was made, the Government proposed a convention between the Ministry of Finance and the National Bank by which the latter, and through it the banks, are relieved of the loss incurred by them in consequence of the reduction in the agricultural debts authorised by the new law. It may be estimated that the Government will have to shoulder a liability to the National Bank of about 3,500 millions, and by this amount the Government debt is increased, a procedure in direct contravention of the Law of Stabilisation.

The dearth of funds in the Roumanian Exchequer is critical in the extreme. It becomes more and more difficult to find money for payment of the public functionaries and for pensions, and there are doubts in many quarters as to the possibility of maintaining the debt service on the State loans. The national industries are brought to the brink of ruin by the failure of the State to pay for goods supplied. The whole credit system is weighed down by unpaid debts, the nucleus of which is formed by the debts of the State. The idea of bringing relief by means of the devaluation of the currency is most emphatically combated by the authorities as unsound and dangerous. Official circles look upon the stabilisation achieved in 1929 as the corner stone of the economic edifice which is on no account to be tampered with. Great hopes were therefore based on the London Conference, and it is hoped that the question has not been abandoned. Public opinion in Roumania is fully aware of the advantages to be gained by an economic rapprochement with its neighbours brought about by the lifting of customs barriers, but it is not prepared to make any political concessions to this end. It is argued here that the Danubian countries do not offer a sufficiently important market for Roumanian produce, and some kind of protection for Roumanian agricultural goods from overseas competition in Europe is necessary.

Sowings last autumn were slightly less than in the previous year. The spring sowings this season have been considerably delayed by the long-drawn-out winter and the subsequent floods. The consequence will be a reduction in the production of wheat, barley and oats, which is likely to have an influence on next autumn's agricultural exports. On the other hand, it is expected that a considerably larger area will be put under maize.

At last the negotiations for the amalgamation of several petroleum companies with Roumanian capital have borne fruit. The companies concerned are: Credit Minier, Industria Romana de Petrol, Petrol Govora, Petrolul Romanesc and Sondagul. The total capital of these concerns amounts to about Lei 1,500 millions. The amalgamation is to be effected under Government auspices. The new company is to be called the Société Nationale de Pétrole, and the Government is participating with Lei 300 millions, represented by royalties and taxes owing to it from the companies concerned and by land concessions. The total production of the amalgamating companies amounted to 1,027,412 tons during 1931, against 1,085,985 tons in 1930. Their drilling operations were reduced from 30,986 metres in 1930 to 17,903 metres in 1931. Last year their production represented 15½ per cent. of the total production of the country, against 19 per cent. in the previous year and 23 per cent. in 1927. All five companies have had to suffer severely under the adverse conditions prevailing during the last few years, and their financial position is very unsatisfactory.

TURKEY.

Budget — Railways — Foreign Trade.

(FROM OUR CORRESPONDENT.)

CONSTANTINOPLE, April 26.

In the new Budget, expenditure is estimated at 171,112,705 Turkish pounds and revenue at 171,118,800 Turkish pounds, a drop of 15 millions as compared with last year and of 51 millions as compared with two years ago. The defence services, which the Angora administration has always been unwilling to reduce, have at last suffered some diminution, though the proportion still remains one-quarter of the whole expenditure. If gendarmerie and military factories are included, the estimate for defence amounts to 45,554,675 Turkish pounds. Army, air and sea forces alone are to cost 34.7 millions, the army absorbing over 30 millions, while the air force, now well developed, will account for just on a million. The principal items of expenditure apart from this are ten millions on public works—a considerable diminution owing to the stopping of all projected but uncommenced works—and nine millions on public instruction. The amount set aside for public debt is 54.7 millions. This may be diminished by various arrangements with the creditors.

To meet this minimum State expenditure of 171 millions out of the diminished receipts, it has been necessary to impose new or increased taxes amounting to 18 millions. Within the past three years taxes had in many cases been lowered and Government salaries had been raised, and it has now been necessary to retreat all along the line. There has been no interference with the general scheme of lowered salaries for the Government employees, but exceptional impositions have removed a large part of the benefits they had gained. Apart from the special "tax to balance the Budget," which is to be added to the heavy cuts already made from the salaries of all salaried workers, there are to be increases of the business profits tax and the house property tax and an extension of the transport tax to all means of mechanical transport.

Though Premier Ismed Pasha's present visit to Moscow is principally an exchange visit of political amity, a number of the Government's economic and industrial experts and heads of factories have accompanied the Premier, with the mission of examining the Soviet's reforms and reorganisation in these spheres. It is recognised that Turkey is at the beginning of her development, especially in industry, and that the haste with which the beginning has been made has led to mistakes. Though the principle of private property will not be abandoned, lessons and hints will be taken from Soviet methods.

Turkish railway development, though it is to be slowed down owing to the crisis, reached a further stage this week with the completion of the line Kutahia-Balikessir in Eastern Anatolia at an expense of 24½ million Turkish pounds. At the time of the proclamation of the Republic the country had only 3,719 kilometres of railroad, while to-day it has 5,630. Of these, 3,430 kilometres are exploited by the State and 2,200 by private companies. Since the Republic 1,600 kilometres previously exploited by private companies have been purchased by the State. The Government has not resorted to any loan to achieve this new construction, though some of the railroad-building concessionary groups for a time advanced credits and accepted easy conditions of payment.

Over 150 articles and raw materials which were exempted from customs duties for the encouragement of industry are to have the exemptions withdrawn. In February last imports reached the lowest point they have ever reached, at 4½ million Turkish pounds. The first three months of last year saw imports at 35 millions and exports at 30 millions, while this year imports have amounted to 16½ millions as against exports of 25 millions for the same three months. In volume trade has not diminished so much, and in February the volume of exports was larger than in 1931, despite a fall of over 1½ million Turkish pounds in value. As the quota system is working too drastically in the direction of diminution of imports, some changes are likely to be made.

Books and Publications.

AMERICAN BIG BUSINESS.*

AN examination of the problems of "big business" to-day calls for a wide, international outlook in the author. Professor Wormser has attacked this subject in "Frankenstein, Incorporated," but his outlook is not commensurate with his subject, and he approaches world-wide questions wearing American spectacles. Although, so far as he goes, he writes about what he fully understands, his survey and his suggestions suffer from the consequent limitations.

The first third of the book is historical. While Professor Wormser stresses the point that American capitalism has a hold not merely national, but international, capital held elsewhere, though also employed internationally, scarcely comes into his picture, and the rest of his book is devoted mainly to questions which are not international. They are questions of how American Government action should control American corporations in the interests of the American public.

The longest chapter in the book is devoted to corporate ills and abuses. It deals with such matters as the laxity of incorporation laws in the various States of the Union, with the evils resulting from one-man companies, with questions arising out of current practices as to subsidiary companies, with nepotism and favouritism, with over-payments to executive officers under bonus systems, with abuses incident to watered stock, and so forth. Another development discussed is the invasion by corporations of territory formerly sacred to the professions. Corporations, Professor Wormser is constrained to admit, to-day are practising law, medicine and other professions. To recognise this state of affairs and regulate it is, in his view, the only practicable course.

Professor Wormser also has proposals for dealing with the situation in general, having regard especially to the fact that a handful of corporations, not over 200 in number, are earning 40 per cent. of the nation's net income. Modern American society, he remarks, is a Frankenstein which has created these new and mighty monsters, which he would control by a carefully chosen and highly paid Government commission representative of the different interests in the community. Antecedent approval of trade agreements and mergers by this commission would be required, and the commission would also supervise the operation of these agreements and mergers. Professor Wormser apparently favours not merely the enactment of legal rules, but active and continuing Government intervention and control, as a means of reform in America. With conditions and problems arising elsewhere and with those affecting the world as a whole he does not deal at all.

* "Frankenstein, Incorporated." By I. Maurice Wormser. (London) McGraw-Hill Publishing Co., Ltd. 10s. 6d. net.

BOOKS RECEIVED.

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

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

Heirs to the Habsburgs. By G. E. R. Gedy. (London) J. W. Arrowsmith, Limited, 57 Gower Street. 12s. 6d.

An account of the Succession States during the first ten years of their separate history, which incidentally provides a valuable background for discussion of the Danube Plan.

The Directory of Directors. Thomas Skinner and Company, Gresham House, E.C.2. 25s.

This unique book of reference contains an alphabetical list of about 30,000 company directors, with a list of the companies of whose boards each is a member.

Les Dépenses Militaires. (Paris) Imprimerie Chaix, Rue Bergère, 20.

Contains statistics and diagrams illustrating the armaments expenditure of various Powers.

Capital Imports and the Terms of Trade. By Roland Wilson. (London) Macmillan and Company, Ltd., St. Martin's Street. 6s. 6d. net.

Die Schweinehaltung der Welt und der Handel mit ihren Erzeugnissen. By Professor Kurt Ritter and Joachim Hartisch. (Berlin) Verlagsbuchhandlung Paul Parey, Hedemannstrasse 28 and 29. Rm. 27.50.

A substantial statistical treatise on world pig industry and trade.

Profit Sharing and Co-Partnership. By Ernest W. Mundy. (London) Industrial Co-Partnership Association, 1, Gordon Square. 6d.

An introductory booklet.

Effetti delle Fluttuazioni nel Potere d'Acquisto dell'oro Sulla Vita Economica delle Nazioni. Riccardo Bachi. (Turin) Ditta Fratelli Pozzo.

An Italian study of one aspect of the world gold problem.

Mittel- und Südost-Europäische Wirtschaftsfragen. By Hermann Gross. (Leipzig) Curt Böttger Verlag. Rm. 8.50.

A collection of essays, by different authors, on various economic problems of Central and South-Eastern Europe.

Scadenze Istantanee della Crisi Mondiale. By Michele Schiavone. (Milan) Soc. Anon. "La Stampa Commerciale," Via dell'Orso, 8.

A discussion of the effects of the crisis in the principal countries.

The China Financial and Exchange Markets in 1931. By E. Kann. Published by the Author at 2A, Kinkiang Road, Shanghai.

Der Neubau des Deutschen Kreditsystems. By Dr. Rittershausen. (Berlin) Verlag von Georg Stilke. Rm. 2.80.

Proposals for the reconstruction of German credit.

Nations and the Economic Crisis. By D. Graham Hutton. (London) Sidgwick and Jackson, Limited, 44, Museum Street. 3s. 6d. net.

The New British Empire. By W. Y. Elliott. (London) McGraw-Hill Publishing Company, Limited, Aldwych House. 25s. net.

A collection of lectures, amply illustrated by documents.

OFFICIAL PUBLICATIONS.

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

Education in 1931: Report for England and Wales. Cmd. 4068. 3s. net.

An Account of the Public Income and Expenditure of the United Kingdom in the year ended March 31, 1932. 1d. net.

Department of Overseas Trade: Economic Conditions in Canada, 1931. 4s. 6d. net.

East India: Report of the Federal Finance Committee, March 28, 1932. Cmd. 4069. 1s. net.

Committee on Ministers' Powers: Report. Cmd. 4060. 2s. 6d. net.

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The law relating to Partnerships is carefully and clearly explained, while the necessary accounts are fully set out and analysed. By R. W. Holland, O.B.E., M.A., M.Sc., LL.D. 6/-

ROUTINE OF COMMERCE.

The chapters include specimen transactions as far as possible, the correspondence and documents incidental thereto being introduced in their natural order. By Alfred Schofield, B.Sc. 4/-

OBTAINING CAPITAL.

This work shows in explicit detail the only rational methods by which small businesses can be financed; how to obtain finance for a good invention or business idea, and how to obtain finance for the purchase of a business. Indispensable to all seeking capital. Third Edition. By G. A. Bush, F.R.E.C.O.N.S. 4/6

THE BOY'S BOOK OF BUSINESS.

With a foreword by Lieut.-Gen. Lord Baden-Powell. This book should be in the possession of every boy just entering business life. By Cecil Chisholm, M.A., and Dudley W. Walton, F.I.R.S. 2/6

EFFICIENCY PUBLISHING CO.
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Efficiency House, Lowlands Rd., Harrow, Middx.

The Stock Exchange.

THE FUTURE OF CABLES AND WIRELESS.

THE agenda of the Ottawa Conference may usefully include discussion of a question of urgent Imperial importance—the future of the Cables and Wireless combine. Six weeks ago the directors decided that the results for 1931 did not permit of the declaration of a dividend on any part of the company's £52,503,572 capital. A week later it was disclosed that the combine's new headquarters were to be offered for sale by private treaty. It has naturally been inferred from these announcements that the forthcoming accounts will make a decidedly unfavourable showing. The inevitable disappointment of stockholders might have been less acute had the memory of the bright prospects, held out on the company's formation, been less recent. In view of the unfortunate way in which events have turned out, it may be relevant to recall the conditions under which the company was floated, three years ago.

The original holders of the Cable Companies' stocks and of Marconi shares were induced to convert into Cables and Wireless stock because the combine was a creation of the Imperial and Dominion Governments and of the Government of India, who were represented on the Imperial Wireless and Cable Conference of 1928. They were encouraged to retain their holdings because the experts attached to this Conference had estimated the standard net revenue of the communications subsidiary (Imperial and International Communications, Limited) at £1,865,000 (exclusive of non-telegraphic investment revenue), which represented approximately 6 per cent. on the issued capital of £30 millions. They were induced to regard this estimate of standard revenue as reasonable when the Conference recommended that all revenue in excess of the standard figure should go as to 50 per cent. to the company and as to 50 per cent. to the reduction of rates, or to such other purposes as the Advisory Committee might approve. It was thought that considerable economies would follow the application of modern principles of rationalisation to the communications services of the Empire—by the avoidance of duplication and the elimination of waste—and that the standard revenues would be earned, and even surpassed, in times of normal trade.

The slump may have come too soon to give the great combine an opportunity to reveal its true earning power. It is significant, however, that in the twenty-one months to December, 1929, the Communications Company disclosed earnings at the rate of only 4 per cent. per annum, while in the calendar year 1930 it earned only 1.1 per cent. Cables and Wireless, the holding company, with an issued capital of £52,503,572 (divided into £23,160,741 of 5½ per cent. cumulative preference stock, £20,686,854 of 7½ per cent. "A" ordinary stock and £8,655,977 of "B" ordinary stock), covered its preference dividends in the twenty-one months to December, 1929, with only a small margin. In the calendar year 1930 it earned its preference dividends only with the help of transfers of £329,500 from reserves in its subsidiaries' accounts, and showed no earnings whatever on its "A" and "B" ordinary stocks. The dividends it received from its subsidiaries, excluding the transfers from reserves, amounted to only 2.06 per cent. on the cost of its shareholdings in these 2.06 per cent. In respect of 1931, Cables and Wireless preference dividends, according to the directors' statement, have not been earned. As long ago as July, 1931, a Committee of Inquiry, consisting of Mr Wilfrid Greene, K.C., Lord Ashfield and Mr L. D. Holt, was appointed by the company and the Advisory Committee to inquire into "the causes and consequences of the great discrepancy between the standard revenue and the present earnings, and to suggest measures to remedy the present situation." The report of this Committee has never been issued to the public, and no statement has been vouch-

safed as to the taking of special action in the light of its recommendations.

The directors, obviously, have no responsibility for the fact that Cables and Wireless, in company with every other commercial enterprise, has been exposed to the blasts of the economic blizzard. Cable traffics are a sensitive barometer of international trade, and fluctuations in the receipts of Imperial and International Communications, Limited, the company's operating subsidiary, have corresponded closely with fluctuations in the overseas trade returns of Great Britain. Whenever an encouraging development has occurred (such as the Hoover Moratorium in July, 1931) traffics have tended to improve, and whenever renewed pessimism has returned, traffics have immediately fallen off.

Actually, last year's receipts of the Communications Company, after making adjustments for comparison with those of 1930, amounted to £4,624,437—a decline of £741,124, or 13.8 per cent., as compared with the previous year's figures. This loss in traffic receipts was no worse than that suffered by other companies in the communications industry. Indeed, the International Telephone and Telegraph Corporation, which acquired extensive interests in South America at the inflated prices of the 1928-29 boom, may be in a worse position in this respect than Cable and Wireless. Even the old-established Western Union has only just been able to pay its bond interest. But the stockholders of Cables and Wireless may claim that, on Government advice and authority, they were induced to begin their commercial life with an unduly extensive capital structure, and that to-day their company, thanks partly to its associations with various Governments, is being handicapped in effecting economies which ordinary commercial interests would dictate. In so far as Cables and Wireless is obliged to trade at a disadvantage *vis-à-vis* its competitors, its stockholders may be able to make out a *prima facie* case for reconsideration by the Governments concerned of the obligations and restrictions which were imposed on it at the time of its formation. These may be summarised under three heads.

In the first place, the Advisory Committee, set up in accordance with the Conference of 1928, must be consulted by the Communications Company in regard to all questions of policy. These include the alteration of rates, the institution of new services, the discontinuance of any services which may become commercially unprofitable, and the general distribution of traffic between alternative routes. The Conference recognised that cases might occur in which the interests of the public with regard to cheap communication might conflict with strategic requirements. In such cases the Advisory Committee was required to take the broad Imperial view and decide accordingly. It was mentioned, for example, that it would be desirable that a reasonable proportion of the total cable traffic between Great Britain, Australia and New Zealand should continue to pass over the routes by way of Canada, which do not touch foreign territory at any point. Another case (which the Conference did not mention, but is obvious at the present time) is that of the wireless and cable services to South Africa. The beam wireless services running north and south have a maximum of efficiency. There appears, indeed, in this instance, to be no commercial reason why the cable services should be maintained. For strategic reasons, however, the Advisory Committee may well have insisted that the South African cables should not be discontinued.

In the second place a handicap was imposed on Cables and Wireless at the time of its formation in regard to the maintenance of staffs. It was disclosed in the preliminary Parliamentary debates, and eventually made a condition, that the company was not to dispense with any staff taken over from the Post Office, as regards both cables

and wireless services, for a period of five years. This service guarantee was necessarily extended to the employees of the cable companies and of Marconi, and must obviously tend to handicap its freedom of action, both in the matter of the closing-down of unremunerative services and the inception of rationalisation schemes. Its five-year staff agreements expire in 1934, and until then dismissals are contingent on the payment of compensation.

Finally, it would appear that the Government struck a hard bargain over the sale of its cable assets and the lease of the Post Office beam wireless services. The Communications Company undertook to meet the annual service of the outstanding debt on the Pacific Cable Board and to pay in addition a capital sum of £517,000 for the Pacific cables, £300,000 for the West Indian cable and £450,000 for the Imperial Atlantic cables. The Post Office beam services were leased for twenty-five years at a rental of no less than £250,000 per annum. This rental and the service of the Pacific Cable Board debt were guaranteed by Cables and Wireless. It is true that the Government followed the example set by other participating interests, who were disposed, with one accord, to "talk up" the value of the assets they transferred to the merger company. The nominal capitalisation of the constituent cable companies and of the Marconi company before the merger took place was approximately £16 millions. In the gamble which took place in the equity stocks of these companies, immediately before the completion of the merger, the market valuation rose to about £51 millions. As the issued capital of Cables and Wireless was finally fixed at £52.5 millions, the company was clearly capitalised on the basis of the "peak" prices of a market boom. The purchase price of the Marconi assets, indeed, was said to represent forty years' purchase of pre-merger profits.

Whether a reconstruction scheme can profitably be discussed at the present stage is doubtful. The duration of the slump is an unknown factor and the earning power of the combine under normal trading conditions cannot now be estimated. Of more immediate concern is the extent of any possible relief to which the company may establish an equitable claim, at the hands of the Governments represented on the Advisory Committee. If Cables and Wireless is unable to pay its preference dividends from its investment income, which normally represents 2.7 per cent. on the preference capital, it must be inferred that this investment income is being swallowed up by the losses of the Communications Company. These losses may continue until 1934, even if trade slightly improves, since the five-year staff agreement does not expire until that date. But as long as these losses can be met from investment income, Cables and Wireless may be debarred from pleading for a Government subsidy on general grounds of poverty.

It may be presumed, however, that any more specific claims for relief, made by the stockholders of Cables and Wireless, may be based on four material considerations. First, in so far as cables, not commercially required, are being maintained for strategic reasons (e.g., the cable to South Africa), there may be a case for assistance by way of a subsidy from the Governments concerned. Secondly, a reduction in the high rental charges for the beam wireless station may be requested in view of the refusal of the Government to allow Cables and Wireless the opportunity of operating wireless telephony services from this country. The company's American competitors are subjected to no such handicap by their Governments. Thirdly, the Advisory Committee might be asked to sanction an increase in sterling charges to meet the depreciation in the £ sterling, so that the company's sterling rates would compare with the gold rates of their competitors. To the extent this request for "gold" rates was granted the company would, of course, forgo any competitive advantage it might have acquired through the quotation of rates on a sterling basis. Fourthly, some adjustment might be claimed in the purchase figures of the Pacific and other Cables, on the ground that Cables and Wireless had never been granted the monopoly it was promised. The Commonwealth Government of Australia has refused to acquiesce, for example, in the

tentative agreement negotiated between Cables and Wireless and Amalgamated Wireless (Australasia), Limited, in which the Commonwealth Government has a controlling interest.

On such grounds as these, the stockholders of the combine may be entitled at least to make out their case to the Governments concerned. As the directors of the Communications Company remarked in the 1930 report, "it is clear that the communications services of the Empire cannot continue indefinitely to be conducted not merely with little or no return on the large capital employed, as in 1930, but at a loss when outgoings exceed incomings as on the basis of present traffic seems to be the outcome of the year 1931." This statement was made nearly twelve months ago. The position to-day is even more serious—and the appropriate venue for its discussion, as we suggested at the beginning of this article, is the forthcoming Imperial Conference at Ottawa.

THE "COSACH" DILEMMA.

On March 31, 1931, £2,000,000 of "Cosach" 7 per cent. prior secured sterling bonds were offered to investors in this country by a prospectus bearing august names. Scarcely thirteen months later, names no less august, but more numerous, have reappeared on a Protective Committee which has been formed to guard the interests of holders of "Cosach" securities. The personnel of this committee was given on page 1050 of last week's *Economist*. As the committee includes representatives of shareholders, bondholders and bankers, the conclusion is suggested that these varied interests foresee a common danger.

It is still too early to know on what points the committee will chiefly concentrate its attention, but it is already possible to distinguish the outline of its main problems. It is also evident that June 30th, the end of the financial year, is the critical date on which the programme of action must be based. Unfortunately, the regular returns which used to be published of production, shipments, stocks and prices of Chilean nitrate have been discontinued since the formation of "Cosach," and since no accounts of nitrate concerns have been issued for any nitrate-year since 1930, the uncertainties of the statistical prices, which used to be fixed in advance for the year, are now not known for certain. Though information is scanty, reasonably accurate estimate of the Chilean nitrate situation. The total nitrate exports of Chile for 1931 (calendar metric tons for 1930 and an average of over 2,000,000 metric tons for 1928-1930. The decline, though serious, was not necessarily alarming. This year, however, the imposition of high tariffs or total exclusions on Chilean nitrate by a number of Chile's best customers will cause a further steep reduction. The Government's own estimate is for "under a million tons," from which unofficial estimates differ only by adding the word "substantially."

This nitrate can probably be delivered f.a.s. at the Chilean port of shipment at 7s. 6d. per metric quintal, excluding interest charges. A further 2s. 6d. is required for freight, insurance, etc., to bring the nitrate to market, where it is sold at prices, possibly, between 15s. and 16s. net. Thus, on a hopeful view, "Cosach" will have a gross profit of 6s. per metric quintal on 1,000,000 tons, making £3,000,000; and, on a more moderate view, it will obtain 5s. per metric quintal on, say, 900,000 tons, making £2,250,000. Amounts of this order are all that can be and the Chilean Government, to the last of whom alone some £4,000,000 is guaranteed by law for 1932.

Besides the revenue charges, however, there are some millions of pounds owing on short-term advances to the banks, a large part of which mature on June 30th. These maturities presumably cannot be met, nor can any very attractive case be made out for their voluntary renewal. This is the second of the committee's problems. "Cosach" must have money for its current operations,

but the banks are urgent that its indebtedness should be reduced.

It might be supposed that, in these circumstances, much time be said for suspending production for a time in order to liquidate the nitrate stocks, whose excessive accumulation has been an important cause of "Cosach's" financial difficulties. No stock figures are now issued, but by comparing production and shipments since the last return was published, present stocks may be estimated as at least 1,000,000 tons above the normal. The sale of this surplus around present prices would represent an accretion of £3,500,000, a useful sum. But, though some liquidation of stock has evidently been already achieved by "Cosach," there are two obstacles in the way of immediate relief through stock reduction. First, consumption is small, and there are large stocks of synthetic nitrate in competition with the natural product. Secondly, the central point of the anti-"Cosach" agitation in Chile is that "Cosach" has reduced employment in the north, and so upset the country's traditional economic balance. No Chilean Government, except under extreme pressure, could afford to allow the market to be supplied only by drawing on stocks.

The immediate problem of the Protective Committee must thus be to agree on an equitable division of diminished profits among the various creditors, and to devise some scheme for reduction of bank loans. In any case, the solution can only be partial and slow, and the claims of the Chilean Government, which must draw revenue from the industry, will have to be treated considerably if any kind of permanence is to be achieved in what is arranged. But whatever agreement is reached, it is most desirable that ex-shareholders in the old nitrate companies should not be forgotten. At present, earnings do not even begin to glimmer over their horizon, but it is conceivable that some years hence at least a relative prosperity may return to the industry. The old companies sold their assets (including realisable stocks of nitrate and iodine) for paper which has since had towering prior charges placed in front of it. The old companies would have suffered severely in the depression, but they would not have suffered complete expropriation. In a *débâcle* which will necessitate sacrifices by all interests, abstract justice would suggest that the biggest sacrifices should be endured by those most directly responsible for the more expensive mistakes. The Guggenheim group, however, which this cap fits, has a relatively strong tactical position. It is the latter which, possibly, may chiefly explain the urgent mobilisation of the powerful interests represented on the Protective Committee.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.	ACCOUNT.
May 24.	May 26.

GILT-EDGED stocks, advancing all along the line under the influence of monetary considerations, provided the week's chief feature. The reduction in Bank rate strengthened unofficial anticipations of an early War Loan conversion operation. The strength of high-class stocks was not attributable to any further "flight" from industrials, which remained quiet but steady. Foreign buying may have been a factor, but the bulk of the very large business done in gilt-edged stocks came from home sources. On the whole, Mr. Chamberlain's "economy" speech at the bankers' dinner created a good impression.

The rise in British Government stocks was general. Two-and-a-half per Cent. Consols reached a 4 per cent. yield basis, and the 4 per Cents. were quoted only a little under par. India loans were strongly supported, particularly the new Five per Cents. Dominion stocks were firm, Commonwealth Fives of 1945-75 being in steady demand. Home Corporation issues moved in sympathy with the Funds, the new Burnley scrip rising to a small premium, although 89 per cent. was left with the underwriters.

In the Foreign market, German bonds rose on optimistic interpretations of the Leftward movement in the French elections. Hungarian and Greek loans improved, but Austrians were out of favour. Japanese and Chinese issues showed an immediate response to the news of the Japanese intention to evacuate Shanghai. Brazilian loans were less active, though San Paulo 7½ per Cent. attracted some attention.

Anticipations of an early "pooling" arrangement to restrict inter-railway competition produced small advances in Home Rail stocks, particularly the prior charges, despite the continued unfavourable showing of the traffic figures. Foreign rails, however, were much less active, Argentines resuming the downward trend which last week's optimistic official statements had interrupted.

The Industrial share market was quiet, though prices lost no further ground. Electrical shares were helped by the success of the Scottish Power issue. Babcock and Wilcox showed weakness, on forced liquidation from the provinces. Bass were unaffected by the interim dividend reduction, but the lowering of the Buchanan-Dewar distribution caused selling of Distillers. Rayon shares were temporarily better on the Government decision to impose additional protective duties. Iron and steel shares were unsettled. Dunlop were marked up on bear covering in anticipation of the chairman's speech. Bank shares remained dull, Bank of London and South America falling on the interim dividend decision. Insurance shares, however, advanced in sympathy with gilt-edged stocks.

The market for oil shares continued to be narrow, but, on the whole, firmer. Shell and Royal Dutch, however, declined after Thursday's dividend statements (dealt with on page 1092). Rubber shares were idle, and quotations nominal. The tea share market was almost equally inactive. The further decline in profits and dividends in the Finlay group of companies had been generally discounted, and a moderately hopeful view was taken of prospects.

In the mining share market, Paris came in a strong supporter of her "Kaffir" favourites at the outset, but Continental interest was not maintained. The sharp fluctuations in the metal did not appreciably affect tin share values. Copper shares were similarly quiet, Tinto being higher on balance. Ashanti Goldfields were a good feature, and renewed buying occurred of Indian gold shares.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.
(Approximate number of Bargains recorded in Stock Exchange Lists.)

	May 5, 1932.	May 6, 1932.	May 7, 1932.	May 9, 1932.	May 10, 1932.	May 11, 1932.	May 12, 1932.
Government and Municipal Loans	1,478	1,584		1,767	1,780	1,903	1,944
Transport, Communications, and Public Utilities...	998	1,114		1,024	1,020	1,072	1,064
Commercial and Industrial	1,410	1,419		1,543	1,354	1,500	1,513
Banks, Insurance and Financial...	525	512		533	468	429	480
Mines (including Nitrates)	452	469		554	375	359	347
Oil...	134	107		128	140	106	110
Rubber, Tea and Coffee	68	101		89	94	86	87
Total.....	5,065	5,306		5,638	5,230	5,455	5,545

* Including iron and steel and breweries.

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

Highest of 1932. (Mar. 5.)	Lowest of 1932. (May 3.)	May 5, 1932.	May 6, 1932.	May 7, 1932.	May 9, 1932.	May 10, 1932.	May 11, 1932.	May 12, 1932.
63.7	55.1	55.8	55.5	*	55.2	55.3	55.2	55.2

* Stock Exchange closed.

FOREIGN STOCK EXCHANGES.

NEW YORK.

Market dealings were sluggish, with share transactions running at a consistently low level. Prices moved within narrow limits, despite the continuance of pressure against individual issues. A slight advance, indeed, might have been recorded but for the generally unfavourable nature of the news from outside. The New York Central

LONDON ACTIVE SECURITY PRICES AND YIELDS.

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

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

Prices Year 1931.				Prices Year 1932 (Jan. 1 to May 11) Inclusive.				Name of Security.				Prices Year 1931.				Prices Year 1932 (Jan. 1 to May 11) Inclusive.				Name of Security.				Prices May 4, 1932.				Prices May 11, 1932.				Rise or Fall.				Present Yield.			
High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.				
£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.				
British Funds.																																							
60 1/2	49 1/2	64 1/2	54 1/2	Consols 2 1/2 %	61 1/2	64	+2 1/2	3 1/2	2	21	8	8	6	Foreign Ry. - cont.																									
97 1/2	77 1/2	98 1/2	81 1/2	Consols 4 %	96	97 1/2	+1 1/2	4	3	70/-	70/-	70/-	70/-	Paraguay Cen. D. Db.																									
85 1/2	67 1/2	88 1/2	73 1/2	Con. Loan 3 1/2 %	104	105	+1	4	1	2	15	9 1/2	108	93	Salvador Ord. (E10)...																								
104 1/2	88 1/2	105 1/2	99 1/2	Do. 4 1/2 % 1940-44	107	108	+1	4	2	9	55/-	20	25	12/6	San Paulo Ord. Etk...																								
108 1/2	93 1/2	108 1/2	99 1/2	Do. 5 1/2 % 1944-54	98	99 1/2	+1 1/2	4	1	3	9 1/2	2 1/2	4 1/2	Taitai Hly. Ord. Etk...																									
97 1/2	77 1/2	88 1/2	73 1/2	Funding 4 1/2 % 1960-90	101	101	...	4	5	0				Utd. Havana Ord. Etk...																									
103 1/2	93 1/2	102 1/2	98 1/2	Treasury 4 1/2 % 1932-34	102	102 1/2	+ 1/2	4	4	0	16/9	5/9	6/6																										
98 1/2	85 1/2	99 1/2	89 1/2	Treasury 5 1/2 % 1933-35	98 1/2	99 1/2	+ 1/2	4	1	0	11/6	8/9	9/3	4/-	Anglo-French (E1)...																								
104 1/2	90 1/2	103 1/2	95 1/2	Victory Bonds 4 1/2 %	101 1/2	101 1/2	...	4	1	6	5 1/2	11	37/6	7/-	Anglo Internat. (E1)...																								
70 1/2	57 1/2	74 1/2	60 1/2	War Loan 5 % 1929-47	71 1/2	73	+2	4	2	0	25/6	12/6	15/-	6/3	Anglo S. S. £10 1/2 pd																								
46 1/2	29 1/2	49 1/2	36 1/2	Local Loans 3 1/2 %	48	49	+1	5	2	0	55/9	31/3	52/-	32/-	American £1 E1 ty pd.																								
65 1/2	34 1/2	59 1/2	42 1/2	India 2 1/2 %	57	58	+1	5	3	5	27/8	23/0	27/-	35/-	Bank of N. Zealand £1																								
64 1/2	41 1/2	69 1/2	42 1/2	Do. 3 %	66	68	+2	5	2	11	58/3	43/9	58/-	47/6	Bank of Eng. Stk...																								
86 1/2	55 1/2	92 1/2	67 1/2	Do. 3 1/2 %	87 1/2	90 1/2	+3	5	2	3	26 1/4	19/9	25/-	21/6	Barclay B. (E1)...																								
106 1/2	94 1/2	107 1/2	97 1/2	Do. 4 1/2 % 1958-68	105	107	+2	4	2	9	9 1/2	6 1/2	8 1/2	7 1/2	Bank (Dom. & Co.) A E1																								
110 1/2	90 1/2	110 1/2	103 1/2	Do. 5 1/2 % 1958-68	108	109	+1	5	1	0	63	47	53	44	Bk. of Australasia (E5)																								
99 1/2	87 1/2	99 1/2	87 1/2	Do. 5 1/2 % 1958-68	99 1/2	99 1/2	...	4	13	3	26	18 1/2	23 1/2	20 1/2	Bk. of N.S.W. (E20)...																								
				Do. 5 1/2 % 1958-68							5 1/2	3 1/2	4 1/2	3 1/2	British Overseas A E 5																								
				Do. 5 1/2 % 1958-68							17 1/2	9 1/2	14 1/2	14 1/2	Chtd. of India (E5)...																								
				Do. 5 1/2 % 1958-68							14 1/2	9 1/2	14 1/2	14 1/2	Comel. Bk. of Aus. 10/-																								
				Do. 5 1/2 % 1958-68							42 1/2	36 1/2	45 1/2	36 1/2	District A E5, E1 pd...																								
				Do. 5 1/2 % 1958-68							8 1/2	6 1/2	8 1/2	6 1/2	Do. B E1 fully pd...																								
				Do. 5 1/2 % 1958-68							11 1/2	9 1/2	10 1/2	9 1/2	Eng. Stk. & Aust. E5, E3 pd																								
				Do. 5 1/2 % 1958-68							38/-	32/-	52/-	41/9	Hambro £10, E2 1/2 pd																								
				Do. 5 1/2 % 1958-68							7 1/2	4 1/2	6 1/2	4 1/2	Hong. & S. (E125)...																								
				Do. 5 1/2 % 1958-68							80/6	60/6	70/6	62 1/2	Lloyds £5, with E1 pd...																								
				Do. 5 1/2 % 1958-68							19	29 1/2	21	21	Martins £20, E2 1/2 pd...																								
				Do. 5 1/2 % 1958-68							14 1/2	27 1/2	38 1/2	28 1/2	Midland E1, fully pd...																								
				Do. 5 1/2 % 1958-68							31 1/2	27 1/2	38 1/2	28 1/2	Nat. of Egypt E10 pd...																								
				Do. 5 1/2 % 1958-68							14 1/2	27 1/2	38 1/2	28 1/2	Nat. of India £25, E12 1/2 pd																								
				Do. 5 1/2 % 1958-68							35 1/2	29 1/2	35 1/2	31 1/2	Nat. Prov. £20, E4 pd...																								
				Do. 5 1/2 % 1958-68							80/10 1/2	47/6	70/9	56 1/2	Royal Bk. of Scotland																								
				Do. 5 1/2 % 1958-68											Do. E1, £20, E5 pd...																								
				Do. 5 1/2 % 1958-68											Westminster £4, E1 pd...																								
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NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, May 4, 1932.	Price, May 11, 1932.
Agricultural Mortgage Corporation 4½% Deb. Stock, 1961-91	95	25	3½-3¾ pm	4¼-4½ pm
Brazil 5% 20 Yr. Funding "A"	...	...	50½-51½	53-54
Do. Funding "B"	...	...	31½-32½	35-36
Bristol Corporation 4½% Red. Stk. 1952-62	100½	20	¾-¾ pm	¾-1½ pm
Burnley 4½% Stk. 1952-62	100½	5	...	par-½ pm
Central Electricity Board 5% Deb.	95	75	8½-9 pm	8½-9½ pm
County of London Electric New Ord.	38/6	...	...	1/9-2/- pm
Croydon Corporation 5% Stock 1950-60	100	65	6½-6¾ pm	6½-7 pm
Darlington Rustless Steel and Iron Ord. £1	...	...	21/6-22/6	21/6-22/6
Electrical Distribution of Yorkshire 6% Preference £1	21/-	5/-	3/-3/6 pm	3/-3/6 pm
Ever Ready New Ord. 10/-	...	...	10/10½-11/4½ pm	10/10½-11/4½ pm
Fortnum and Mason 7% Cum. Pref. £1	21/-	5/-	1/-1/6 pm	1/-1/6 pm
Hull Corporation 4½% Stk. 1952-72	100½	5	¾-¾ dis	¾-¾ dis
India 5% 1942-47	95	25	1½-1½ pm	1½-1½ pm
Lever Bros. 5% Deb.	98	80	4-4½ pm	5½-5½ pm
London and Home Counties Joint Elec. tricity Authority 5% Stk. 1951-71	101½	21½	2½-2½ pm	2½-3 pm
Lyons (J.) and Co. 7% Pref.	22/6	...	26/9-27/3	26/9-27/3
Meccano 6% Deb.	97½	27½	1½-1½ dis	2-2½ dis
Metal Box 5½% Deb.	96	25	...	2½-1½ dis
Do. 7% Cum. Pref. £1	21/-	6/-	6/-	1/6-6d, dis
Murex 7% Pref.	21/-	10/-	1/3-9d. pm	1/3-1/9 pm
Metropolitan District Railway 5% Deb. 1985-95	97½	40	6-6½ pm	7-7½ pm
Metropolitan Railway 5% Deb. 1957-62	97½	25	4½-4½ pm	6½-6½ pm
New Zealand 5% Ins. Stk. 1955-75	98½	28½	1-1½ dis	1-1½ dis
Nyasaland 4½% Stk. 1952-72	97½	fy. pd.	102½-103½	104-106
Poole Corporation 5% Stock 1952-72	100½	fy. pd.	105½-106½	105½-106½
Shropshire, Worcestershire, &c., Elec. Power 5% Deb. 1952-82	94	10	8½-9½ pm	8½-9½ pm
Slaters and Bodegas 5½% Deb.	100	36	4-3 dis	4½-3½ dis
Swansea Gas 5½% Pref.	100	25	1½-2½ pm	1½-2 pm
Treasury Bonds 3% 1933-42	97½	10	...	¾-¾ pm
West Bromwich Corp. 4½% Red. Stock 1955-65	99½	19½	¾-¾ pm	1-1½ pm

(Continued from page 1087.)

together with the dividends paid, the present market price and the dividend yield:—

ORDINARY CAPITAL.

	Earned.		Paid.		Market Price.	Div. Yield.
	1930.	1931.	1930.	1931.		
American Investment & General Foreign, American and General...	15.6	15.1	12	9	145	6.21
United States and S. American...	12.8	10.5	10	7	108	6.48
Consolidated Trust	18.7	14.5	14	11	149	7.38
Industrial and General	22.9	9.5	20.0	10.0	210	4.76
Alliance Investment	21.1	10.1	18.0	14.0	215	6.51
London Trust	25.0	16.5	20	16	248	6.45
Anglo-American Debenture	22.8	18.9	15.0	12.0	235	5.10
Scottish Mortgage and Trust	16.8	13.4	11½	11½	178	6.46
London and South American	7.7	3.3	5	Nil	4/-	Nil

The only company which maintained its dividends last year has already indicated that it will not do so this year. In all cases the ordinary stocks are selling well above their break-up values. On the basis of break-up value and income yield, the cheapest quotation is that of the U.S. and South American, and the dearest that of Consolidated Trust.

Motor Company Results.—Lower national purchasing power, restricted foreign markets and continued competition have combined significantly to reduce earnings in the British motor industry. The net profits of ten leading companies, which have published their results since the beginning of this year, show a decline of as much as

OFFER TO NEW READERS.

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

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

Name.....
Address.....

66.8 per cent. (from £2,322,647 to £771,112) as compared with the preceding year's figures. As the total British output of private and commercial vehicles declined by only 5.6 per cent. last year (from 238,500 to 223,100) the margin of profit on the average unit of output would appear to have been significantly reduced:—

Name of Company.	Net profit. 1930. £	Ord. Div. %	Net profit. 1931. £	Ord. Div. %
Albion Motors	45,195	7½	Dr. 18,966	Nil
Crossley Motors	Dr. 49,823	Nil	Dr. 25,659*	Nil
Ford Motor	790,353	10	Dr. 134,489	Nil
Leyland Motors	412,229	20	252,098	10
Morris Motors	955,402	10½	568,880	5½
D. Napier and Son	169,905	15	80,233	Nil
Rolls Royce	97,171	10	99,197	10
S.T.D. Motors	53,014	Nil	Dr. 62,754	Nil
Vauxhall Motors	Dr. 88,536	Nil	56,040	Nil
Willys Overland Crossley	Dr. 62,263	Nil	Dr. 47,134	Nil

* 14 months.

† Tax free.

Only three of the ten companies paid an ordinary dividend in respect of 1931, against six in the previous period. Leyland Motors retained a satisfactory proportion of the commercial vehicle market, but halved their ordinary dividend as a precautionary measure. The sharp reduction in Morris Motors earnings was associated in part with an entire reorganisation of the company's models, the results of which may favourably affect the 1932 figures. Rolls Royce, which now concerns itself chiefly with aeroplane engines, slightly increased its profit and maintained its dividend. The reasons for the large "turnover" in Ford profits were discussed in a leading article on April 9th last (page 802). Vauxhall Motors (controlled by General Motors, of America) appears now to have emerged from the period of working losses associated with the reorganisation measures incepted under the aegis of the controlling company.

Kreuger (Continued).—The four directors of the Kreuger group, who were arrested in Sweden, namely, Huld, Lange, Holm and Wendler, have now appeared before the magistrates in Stockholm and been charged with assisting Kreuger in making out false balance sheets and reports. The Stockholm police have made two further arrests in connection with Kreuger and Toll affairs—Digurd Hennig, an accountant in Stockholm, and Bror Bredberg, a director of a subsidiary finance company now resident in Switzerland. The debate in the Swedish Riksdag, however, on the question of the Kreuger credits granted by the Riksbank ended last Saturday with a rejection of the motion censuring the Government. The Finance Minister, Mr Hamrin, described in detail the negotiations regarding the credit of Kr. 40 millions granted on the security of the Boliden Mine shares. An investigation had been made by experts, which confirmed that the metal content of the ore had not been over-estimated by the company and that the ground value could be put at a sum considerably in excess of the Kr. 40 millions. Meanwhile, at the hearing of the International Match receivership, in New York, the evidence of Messrs. Lee, Higginson and Company, the Kreuger and Toll fiscal agents, resulted in disquieting disclosures. The bankers bought for themselves, and induced relatives to buy, \$8 millions in stocks and debentures without questioning Kreuger's statements as to the possession of certain contracts for match monopolies. Among the monopolies Kreuger had claimed were the Italian monopoly, now asserted to be a forgery, a Spanish monopoly which had never existed, and a Diamond Match monopoly as to which no information is yet available. On the \$150 millions in Kreuger securities floated by Lee, Higginson, the brokerage house received a gross commission of \$6,305,000, or 4 per cent. Shareholders in the British Match Corporation, however, have been further reassured by the statement of Sir George Paton, at the general meeting this week, that neither the corporation nor any of its subsidiaries had holdings of shares in any of the Kreuger companies, or had entered into any financial guarantees in regard to them. "It is terrible," Sir George added, in reference to the purchase of the Swedish Match interests in this country, "to contemplate the risks we were running."

"The Road Combine" in Scotland.—In a recent article on the Thomas Tilling—British Electric Traction—Big Four Railway road interests (see the *Economist*, March 26, 1932, page 690), we showed that the Scottish Motor Traction Company, the largest road passenger organisation in Scotland, remained outside the Tilling-B.E.T. sphere of influence, although the L.N.E.R. and L.M.S.R. controlled 42.4 per cent. of the Scottish company's voting power, in equal shares. The possibility is now being canvassed that a recent change in working arrangements may be the prelude to closer association. The whole of the Tilling—British Electric Traction group purchase fuel supplies and accessories through the British Electrical Federation, the petrol contract probably being the largest in the world. It is now understood that the two Tilling—British Electric Traction companies in Scotland (i.e., Caledonian Omnibus and Scottish General Transport, which operate in the south-west) are no longer to take their petrol and accessories from the British Electrical Federation, but are to come in under the Scottish Motor Traction contract. It remains to be seen whether closer relationship with the two groups will be cemented by a financial agreement. Both Thomas Tilling and the Scottish Motor Traction Company increased their capital last year.

Wiggins, Teape Accounts.—Last week we had the pleasant duty of commenting on the clarity of the accounts of the Dunlop Rubber Company. An even more valuable example of willingness to disclose adequate information to shareholders is given by Wiggins, Teape and Co. (1919), Limited, the stationers and paper makers. From the 1931 figures, which are summarised on page 1112, it will be seen that this company, which has steadily increased its earnings and dividends for the last eight years, fully maintained its position last year. The most noteworthy feature of the accounts, however, is the exhaustive disclosure made regarding the financial position of the group of companies of which Wiggins, Teape is the centre. The names of each of the 28 subsidiaries and the dates of their balance sheets are first given. The accounts then show, first, the balance-sheet, profit-and-loss account and appropriation account of the parent concern, and, secondly, a combined balance sheet for the whole group, eliminating inter-company shareholdings and debts, and—an unusual feature incorporated in the accounts for the first time—a summary of the group's combined profit-and-loss and appropriation accounts. In every case the preceding year's figures are appended for comparison. The result is that shareholders know, not merely how much the parent received in dividends from the subsidiaries, but the actual earning power of the whole group. The directors and the accountants may be congratulated on setting an example which it behoves many of the larger British concerns to follow.

Imperial Continental Gas.—Despite a slight reduction in earnings, the accounts for 1931 are eminently satisfactory. The paid-up capital has been increased to £5,600,000 by the issue of £2,800,000 to shareholders in proportion to their existing holdings. Following an interim dividend of 7½ per cent. on £2,800,000, the directors now recommend the payment of a final dividend of 7 per cent. on the increased capital:—

Years to March 31.	1930.*	1931.	1932.
Station profits	35,396	39,977	40,846
Dividends, rents, &c.	592,046	692,470	661,280
Expenses and taxes	149,919	172,935	192,698
Staff bonus, &c.	2,705	4,335	4,515
Debenture interest	9,285	7,428	7,428
Net profit	465,533	547,749	497,485
Brought forward	198,015	323,084	437,369
Dividend—			
Amount	270,465	433,464	451,500
Earned %	24.2†	25.3	16.0
Paid %	14†	20	14.5‡
Reserves	70,000	Nil	Nil
Carried forward	323,084	437,369	483,354

* 15 months.

† Rate per annum.

‡ And capital bonus of

100 per cent. § Or 10½ per cent. average.

Operations in Belgium, Holland and Czechoslovakia continue to give satisfactory results and the profits of subsidiaries have been well maintained. The Compagnie Continentale du Gaz increased its sale of gas by 1½ per cent., though its sale of current was reduced. Antwerpse Gasmatschappij suffered a decline in gas sales of 2.66 per cent., though the number of consumers increased. The Compagnie Nationale d'Eclairage records an increase in electricity consumption of 12 per cent. At 165, Imperial Continental Gas stock yields about £6 16s. per cent. on a 10½ per cent. dividend basis.

Ever Ready.—The turnover and earnings of this progressive electrical equipment concern continue to expand, despite adverse economic conditions. After deduction of directors' fees and depreciation, and the allocation of £3,351 to staff funds and donations, net profit at £329,133 compares with £303,251 for 1931. The maximum preference dividend of 10 per cent. again absorbs £20,000, and the ordinary dividend is maintained at 35 per cent.:—

Year to March 31.	1930.	1931.	1932.
Trading profit	253,899	324,339	355,558
Other income	9,860	6,987	4,859
Directors' fees	13,346	16,553	17,100
Depreciation	5,858	8,662	10,833
Staff fund	800	2,400	3,000
Expenses	472	460	351
Net profit	243,283	303,251	329,133
Brought forward	30,696	33,999	37,375
Preference dividend	20,000	20,000	20,000
No. of times covered	12.1	15.1	16.4
Ordinary dividend—			
Amount	189,980	189,980	189,980
Earned %	41.2	52.2	56.9
Paid %	35	35	35
General reserve	30,000	89,895	112,409
Carried forward	33,999	37,375	44,119

The directors have decided to transfer £50,000 to the credit of contingencies reserve in view of the increase in tax-

"BP"
PLUS

Plus what?

Plus a little

something

some others

haven't got

tion and the fluctuation in exchanges. The growth of the business, on the almost complete cessation of foreign imports, necessitated large works extensions, as much as £115,000 being expended during the year by the company and its subsidiaries on buildings, plant and equipment. The current position remains liquid. At 24s. 3d. the 5s. ordinary shares yield approximately £7 9s. 6d. per cent.

Marks and Spencer Meeting.—We dealt in our issue of April 23rd last (page 927) with the 1931 profits figures of this successful chain store company. Last Tuesday the chairman explained the origin of the additional profit of £194,044, achieved in a year of general depression. Mr Simon Marks showed that a further expansion had taken place in the volume of trading, due to the company's policy of passing on to the consumer the advantages of efficient organisation, merchandising skill and large buying capacity. The growth in profits did not represent a full return on the capital so far invested, since many of the newer stores were trading for only part of the year. A rise in prices after the abandonment of the gold standard might have created a special problem for the company, whose price limits were fixed with an upper maximum of 5s. More than 95 per cent. of the goods sold in the company's stores were manufactured in this country. Thirty-three stores were opened during the past year, and the building programme for 1932 already embraced 30 stores, on completion of which 165 stores would be operating throughout the country. Financial arrangements had been made to cover the next three years' programme.

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

Monthly Average.	(000's omitted).				Total.
	United Kingdom.	British Possessions.	Foreign Countries.	£	
1924	7,051	6,023	4,370	17,444	
1925	12,918	5,077	1,356	19,351	
1926	10,765	4,431	4,036	19,232	
1927	17,240	8,318	4,039	29,597	
1928	21,965	5,263	3,526	30,754	
1929	16,502	5,081	2,186	23,769	
1930	14,220	5,121	2,975	22,316	
1931	4,542	3,209	761	8,512	
Monthly Total.	Govt. Other.				
November, 1930	1,050	6,479	6,158	2,893	16,580
November, 1931	Dr. 450	2,468	Nil	10	2,028
December, 1930	850	26,914	3,361	338	31,463
December, 1931	Nil	2,503	15	Nil	2,518
January, 1931	1,800	6,331	118	Nil	8,249
January, 1932	Dr. 1,200	123	2,127	Nil	1,050
February, 1931	2,450	4,368	13,705	50	20,573
February, 1932	Dr. 600	7,660	2,470	Nil	9,530
March, 1931	1,750	10,341	1,513	5,490	19,094
March, 1932	Dr. 3,250	9,508	380	Nil	6,638
April, 1931	800	714	5,226	304	7,044
April, 1932	Dr. 900	5,609	8,441	Nil	13,150

April was one of the most active months in the London new issue market since the financial crisis of last autumn, the total new money obtained by public issue being £13,150,000, against £6,638,000 in March, and £7,044,000 in April, 1931. The largest borrowers were New Zealand, which offered £5,000,000 5 per cent. stock, and the Government of India, which issued £10,000,000 5 per cent. stock, of which £6 millions was for conversion. Next came the Agricultural Mortgage Corporation, which borrowed £2,000,000. Three home corporations took the opportunity of raising money at 4½ per cent.

Italian Bourse Conditions.—The Italian Bourses have recently taken a turn for the worse. The index of the Milan Statistical Office (December, 1925 = 100) stood at 50.06 at the end of 1931 and 50.72 on February 27th last, but had fallen on April 23rd to 43.90. All share groups participated in the decline, particularly bank

shares, textiles, iron and steel, real estate and electricity. The last-named group has attracted greatest attention, the fall being attributed to journalistic campaigns against the high company rates. Since it is popularly believed that such campaigns could not be engineered without Government consent, some shareholders have concluded that a plan is on foot to bring electricity and other key industries under State control. There is not, however, the slightest authoritative evidence that such schemes of expropriation are contemplated. The market for fixed-interest stocks remains stable. No one appears to attach importance to the suggestion, quite unofficial, of Professor Mortara, in his "Prospective Economie" for 1932, of a voluntary patriotic conversion of Consols from 5 per cent. to 4 per cent., on the pattern of Australia. In view of the current cash deficit of 914 million lire in the State Budget, this suggestion might receive attention, since it would effect a saving of some 600 million lire.

Royal Dutch and Shell Transport.—The dividend declarations of Royal Dutch and Shell came somewhat as a disappointment to the market, which had been expecting 7 per cent. and 7½ per cent. respectively. The Royal Dutch is paying 6 per cent. and Shell 7½ per cent. free of tax. In respect of 1930, 17 per cent. and 17½ per cent. (free of tax) were paid. It is difficult to comment on these dividends without knowing how the accounts will shape, but it appears that the declarations may be regarded as consolations to the shareholders rather than as profits which have actually been earned for distribution. The shares were slightly easier on the results at 13½ and 14½. An unexpectedly good dividend was, however, paid by the Burmah Oil Company, which declared a final of 12½ per cent., making with the interim of 5 per cent. a total of 17½ per cent. for the year. In this case the market expected a final of 10 per cent., and the shares improved on the results. The following table shows the present dividend yields and prices as compared with the highest prices of 1931:—

	High, 1931.	Present Price.	Divs. %	Div. Yield.
Burmah Oil, £1 ord.....	73/1½	2½	17½	7.8
Royal Dutch, Fl. 100	26½	13½	6	3.7
Shell Transport, £1.....	77/6	1½	7½	4.5†

† Free of Tax.
The Anglo-Persian dividend will be declared later in the month.

"Kaffir" Share Index.—Our "Kaffir" share index reveals the effect, during recent months, of a number of special influences, including a fluctuating sterling exchange, speculation on the possibility of South Africa's coming "off gold" and the operations of arbitrageurs and professionals for the "turn," in the absence of a sustained upward movement. Our index is based on the market quotations for sixteen mines which declared dividends in December, 1928, and had estimated lives of ten years or more. The average market capitalisation of these companies in 1928 was approximately £70,292,000, and this figure is taken as 100:—

	1930.	1931.	1932.
January	87.7	81.3	79.7x
February	82.7x	76.6x	80.9
March	88.8	78.6	77.3
April	81.8	76.8	79.1
May	84.4	77.7	...
June	80.2	77.1	...
July	81.4	76.6	...
August	77.5x	73.6x	...
September	76.5	78.1	...
October	75.1	80.2	...
November	75.1	83.1	...
December	76.6	88.8	...

No regular trend is apparent during the last three months. End-year dividends were declared (in South African currency) in the middle of December. British shareholders received their distributions in sterling at the dividend, in terms of the index, represented a yield of 5.23 per cent. Adjusted to the sterling rate at the above

premium, it was actually as much as 7.1 per cent.—equivalent to 14.2 per cent. per annum. "Kaffir" shares are now becoming "full" of the half-yearly dividends to be declared next month. The general position has shown no important change, and it is expected that dividend declarations will be up to standard levels.

Consolidated Diamond.—Our mining correspondent writes:—The deplorable conditions which prevailed last year in the diamond industry are strikingly reflected in the report of the Consolidated South-West Africa Company. The net receipts from sales amounted to only £272,700, as against £1,192,700 in 1930. The former sum proved insufficient by £28,700 to cover mining and general expenses. Depreciation and debenture interest called for a further £90,000. In accordance with the procedure of the De Beers Group—of which the Consolidated Company is now part—the diamonds on hand are written down to the nominal sum of £1. In the 1930 balance sheet the stocks of stones at cost of production stood at £525,100. Surprise has been felt at the non-utilisation of the preference dividend reserve to meet the interest on this class of capital, which is in arrears since June 30, 1930. This reserve (£168,000), together with the general reserve of £500,000, is now brought into the appropriation account; and after providing for the deficits already indicated, £372,200 remains to go forward, as against £348,600 brought in. The object of thus appropriating the preference dividend reserve and of carrying over a large and increased surplus is difficult to perceive. The balance sheet shows liquid assets £12,200, against loans and interest £240,100, sundry creditors £117,200. Investments in associated companies at cost now stand at £1,804,500, and loans at £21,000, as compared with £1,833,600 for the two items together previously. In the circumstances production and prospecting have naturally been severely restricted. Consolidated Diamond ordinary shares are quoted about 1s. 6d. and the preferred 2s. 6d. nominal, the par value in each case being 10s. A reorganisation would appear likely, sooner or later.

Central Mining.—After having paid 12½ per cent. tax free for seven successive years, this important Kaffir enterprise last year fell out of the dividend list. Actually the earnings of 1930 were not very seriously below those of the preceding period, but large provision had to be made against the company's liabilities in connection with the Anglo-Spanish Construction Co. as well as for depreciation in the other investments. There was no interim distribution on account of 1931, but 6s. per share (3½ per cent.) less tax was declared a few weeks ago. In both cases the decision of the directors came rather as a surprise, and found reflection in a sharp movement in the price of the shares. The accounts for 1931 make a better showing than might have been inferred from the rate of dividend. A further moderate shrinkage has taken place in the earnings, but their total fully represents the old rate of 12½ per cent. The directors, however, have followed the conservative policy of transferring back to the reserve nearly two-thirds of the amount taken therefrom twelve months ago, besides carrying forward a larger balance than for many years. Our usual table is appended:—

	1929.	1930.	1931.
Shares, investments, &c.	7,810,730	6,652,980	7,144,940
Debtors, less reserves	1,502,290	1,637,150	1,617,000
Loans	1,805,270	915,080	449,040
Cash	293,460	1,166,060	1,439,750
Creditors and dividend	6,039,860	5,354,000	5,396,090
Dividends, profits, &c.	668,520	584,190	534,650
Management, &c., expenses ...	42,170	44,010	44,450
Taxes	63,070	56,250	43,650
Net profit	563,280	483,930	445,550
Earnings per cent.	16.6	14.2	13.1
Dividends, amount	425,000	...	127,500
Rate per cent.	12½ (free)	...	3½ (less)
To reserve fund	...	*310,000	200,000
For income tax	115,000	75,000	16,500
Written off	...	763,550	...
Brought forward	71,730	71,890	27,270
Carried forward†	71,890	27,270	128,820

* Withdrawn. † After deduction of directors' percentage.

Through THE EVER-CHANGING CONDITIONS OF 85 YEARS—WARS, EPIDEMICS, PERIODS OF FINANCIAL STRINGENCY, PANICS AND DEPRESSIONS, THE CANADA LIFE HAS STEADILY PROGRESSED.

Total Business in Force	-	£211,594,207
Total Premium Income	-	£7,884,267
Total Income from all Sources	-	£10,466,984
Net Surplus earned in year	-	£1,161,286
Payments to Policyholders and Beneficiaries	-	£5,257,027
Assets for Protection of Policyholders	-	£42,077,254

As at December 31st, 1931.

CANADA LIFE ASSURANCE COMPANY

Incorporated in Canada as a Limited Liability Company. Established 1847.

J. R. Wandless, F.I.A., Manager, 2 St. James's Square, London, S.W.1.

By the appropriation just mentioned, together with a balance of £79,100 arising out of the directors' valuation of all the investments and interests, the reserve fund has been increased to £729,100. On the other hand, the depreciation reserve of £1,140,000 established last year has been reduced to £996,720 by £143,300 written off the shares of a subsidiary. A departure in the segregation of the assets is liable to cause confusion. The gilt-edged holdings, formerly included amongst the shares and investments, are now classed with the cash. In our tabulation the old method is followed. The principal changes include an expansion in the holdings and in the cash and a decrease in the loans. The position of the Anglo-Spanish Construction Co. is still far from clear, but the outlook for the oil interests is on the whole hopeful. The results of the Corporation's Rand Gold subsidiaries have been dealt with from time to time in our columns.

Anglo-American Corporation.—All this company's interests, except its Rand gold-mining concerns, are in the depths of depression, and the accounts for 1931 make a deplorable showing. Net revenue (including refund of taxation) amounted to only £113,800, against £340,400 in the previous year. All the reserves, totalling £1,240,000, are brought into the appropriation account. As regards the preference dividend reserve, which represents £240,000, the directors explain that this fund was created at a time when conditions were normal, and it was invested in the business. Subsequent events have made the retention of the account purposeless. Towards meeting the depreciation on holdings, £1,059,600 has been applied. In the present valuation of £4,931,700, the quoted securities have been taken at current market prices, except in the case of Rhodesian Anglo-American shares, which figure at a cost. Obviously, the extent of this particular holding is a matter of importance. Some £400,000 is transferred to general reserve, leaving £98,600 to be carried forward, as compared with £204,900 brought in. At £781,800, sundry debtors are £12,000 higher; otherwise all

the balance-sheet items show a contraction of substantial extent. The total of £6,162,900 is £2,766,500 down. Naturally, there is no dividend on the preferred stock; the last distribution on the ordinary was 22½ per cent. in respect of 1921, the year when the capital was split. The preferred stock interest is in arrears since 1930. Little fresh can be said in regard to the Rhodesian copper interests of the company, but note may be taken of the intimation that operations on the part of the Victoria Prospecting Syndicate have not disclosed deposits of economic importance, and no very tangible results have attended the efforts of two other exploring concerns. In connection with the diamond position, the Anglo-American directors, after referring to the close co-operation existing between the Diamond Corporation and the outside producers, make the significant remark that "if the Union Government would fall into line in regard to its production and would not allow the opening up of new areas, these outside companies also would agree to curtail their production." The preference stock stands at £40, and the 10s. ordinary shares at 5s.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies: Great Western of Brazil Railway, The London Assurance, North British and Mercantile Insurance, Alliance Assurance, Guardian Assurance, Yorkshire Insurance, Calcutta Electric Supply, Cawnpore Electric Supply, Dunlop Rubber, Marks and Spencer, Spillers, British Match Corporation, London Electric Wire and Smiths, Odhams Press, and Monte Video Waterworks. At the annual meeting of North British and Mercantile Lord Wakefield said the effect of the depreciation in foreign currencies was a slight decrease in premium income, but the net profit was better at £124,216, or 10.75 per cent. of the premium income. At the annual meeting of the Guardian Assurance Company, the chairman stated that gross new life assurances amounted to £1,603,889, which was substantially more than in 1930, and after deducting re-assurances, the net new business was £1,332,879. Presiding at the annual meeting of the Cawnpore Electric Supply Corporation, Mr J. G. B. Stone declared that the number of units generated in 1931 was 44,008,996, an increase of about 6½ per cent. Presiding at the annual meeting of Spillers, Sir Malcolm Robertson said that if it was made compulsory to use a high quota of Dominion wheat with no compensating advantage by the strict limitation of the import of foreign and Dominion flour, the interests of the company and of the milling industry generally would be gravely affected. Consideration of the question of the directors' remuneration was postponed. The Marks and Spencer speech is discussed on page 1092.

CAPITAL ISSUES.

We suggest on an earlier page that a temporary slackening of the pace of new issues may be indicated by recent events. Though the market obviously has an appetite for, say, home corporation stocks issued on approximately a 4½ per cent. basis, some recent offers may require time for complete digestion. This week's issue by the *County Borough of Burnley* of 4½ per cent. stock at 100½ was left as to 89 per cent. with underwriters, but market dealings, after opening at ¾ discount, were done two days later around par. The borough, which has a total rate of 12s. in the pound, has a total debt of £3,024,347, equal to 5½ times the rateable value. Some 47 per cent. of the total debt is in respect of productive undertakings and a further 29 per cent. is represented by houses which are the property of the borough. The stock is a trustee investment. *The British Power and Light Corporation* (1929), Ltd., this week issued 600,000 £1 6 per cent. cumulative preference shares, the greater part of the proceeds being required to pay bank loans. The company has electrical supply powers over an area in North Wales with a population of approximately 800,000, and the business of its distribution subsidiaries has more than doubled in the last two years. Although

the preference dividend is covered less than 2½ times by last year's profits, the company has much scope for further development and the yield of 6 per cent. is reasonably well secured. A trust company prospectus, in these times of depressed Stock Exchange values, is *rara avis*. *The London and Lomond Investment Trust*, a Grahams, Rintoul company, was founded in January 28, 1931, and thus has escaped some of the worst of the depreciation in share values. In the period to January 31st last, it earned a satisfactory income, but its investments at market values showed a decline of 13 per cent. below book cost. This week's issue of debenture stock offers a flat yield of £5 5s. 3d. per cent., and a redemption yield, allowing for repayment in 1962, of £5 6s. 6d. per cent.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Total recorded, January 1 to April 30, 1932, excluding conversions, £141,321,601.†
Total recorded, January 1 to April 30, 1932, including conversions, £269,956,286.†

To the Public.	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
London and Lomond Investment Trust, £250,000 5% Deb. Stk., 1957-62, at 95%...	250,000	...	237,500	237,500	...
County Borough of Burnley, £750,000 4½% Stock, 1952-62, at 100½%...	750,000	...	753,750	37,500	716,250
British Power and Light Corporation (1929), 600,000 6% Cum. Pref. £1, at par	600,000	...	600,000	75,000	525,000
Total offered to the Public, week ended May 14, 1932	1,600,000	...	1,591,250	350,000	1,241,250

To Shareholders only—	Nil	Nil	Nil	Nil	Nil
Total week ended May 14, 1932	Nil	Nil	Nil	Nil	Nil
Total Offered for Subscription—					
Including Conversions.	Excluding Conversions.	Total Offered for Subscription—	Including Conversions.	Excluding Conversions.	
Jan. 1 to date—	£	Whole year—	£	£	
1932 £271,647,536	143,012,851†	1931 114,290,666	102,044,291		
1931 66,690,126	57,020,177	1930 454,888,784	267,800,700		
1930 211,771,586	138,919,312	1929 488,764,940	285,058,073		
1929 173,043,064	147,060,110	1928 693,100,056	369,165,970		
1928 205,824,233	178,834,951	1927 355,165,073	230,782,600		
1927 178,834,951	84,276,834	1926 232,214,500	209,326,101		
1926 79,918,671	1924 209,326,101				

January 1 to date—	Debtures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
1932 £137,072,560	3,476,250	2,464,041	£143,012,851	
1931 46,351,074	747,786	£	£	
1930 111,396,969	11,550,697	15,971,646	£	
1929 74,835,599	6,911,859	20,296,833	102,044,291	
1928 227,658,500	15,548,800	24,593,300	267,800,700	
1927 137,670,300	31,543,400	116,025,700	285,058,073	
1926 218,817,900	45,062,600	111,177,600	369,165,970	
1925 228,958,000	36,836,600	98,381,400	355,165,970	
1924 145,180,000	39,393,200	46,209,500	230,782,600	

By Stock Exchange Introduction.

Amount previously recorded	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Total, week ended May 14, 1932	4,201,250	...	4,408,423
Total to date, 1932	Nil	...	Nil
Total to date, 1931	4,201,250	...	4,408,423
	6,297,183	...	6,621,940

Public Offers.

County Borough of Burnley.—Issue of £750,000 Burnley Trustees are authorised to invest in this stock. The principal will be repaid at par on October 1, 1962, unless previously cancelled by purchase or agreement, but the Corporation October 1, 1952, on three months' notice. The proceeds of short-term loans. The rateable value of the Borough is £547,000, and a rate of one penny in the pound produces of which £1,435,195 is in respect of productive undertakings and £865,395 in respect of houses which are the property of the borough.

British Power and Light Corporation.—Issue of £600,000 6 per cent. Cumulative Preference shares of £1 each. The corporation was registered on May 7, 1929, for the purpose of acquiring a controlling interest in seven electricity companies. by its subsidiaries but charged by them to capital. and after

depreciation were: For the period May 7, 1929, to March 31, 1930, £22,087; year to March 31, 1931, £56,303; year to March 31, 1932, £84,886. Preference dividend is thus covered about 2.4 times. The purpose of the issue is to reimburse the corporation for capital advanced to its subsidiary companies.

London and Lomond Investment Trust.—Issue of £250,000 5 per cent. Debenture Stock, 1957-62, at £95 per cent., yielding at that price £5 5s. 3d. per cent., or £5 6s. 7d. allowing for repayment. The stock will be repaid at par on June 1, 1962, but the company may repay it in whole or part at any time after June 1, 1957, on three months' notice. The company has carried on the business of an investment trust since January 28, 1931. Net profit from January 16, 1931, to January 31, 1932, was £15,394. Interest on the present issue requires £12,500.

Stock Exchange "Introductions."

Gravesend and Milton Gas Light Company.—Directors have decided to create and issue £25,000 5 per cent. Irredeemable Debenture stock, placed through Messrs W. Russell and Company, for payment on May 26, 1932, at 98, less ½ brokerage. The proceeds will be used to provide new retorts and gas mains.

Further Stock Exchange information, including the latest summary of balance sheets, dividend announcements, profit-and-loss accounts, and reports and notices, will be found on p. 1110 under the heading "Company News."

AMERICAN RAILROAD MONTHLY GROSS AND NET RECEIPTS.

Company.	Month.	Ending.	Description.	Receipts for Month.	Aggregate to Date.
				1932. + or -	1932. + or -
Alabama Gt. Southern	1	Jan. 31	Gross	362,427	169,127
			Net	Dr. 61,289	71,684
Atlantic Coast Lines	3	Mar. 31	Gross	4,336,522	2,418,568
			Net	389,663	1,213,567
Atchafalaya and Topeka	3	Mar. 31	Gross	11,251,061	3,492,770
			Net	843,550	1,638,955
Baltimore and Ohio	3	Mar. 31	Gross	11,649,536	3,755,756
			Net	1,716,696	802,306
Chicago & N. Western	3	Mar. 31	Gross	6,457,177	2,268,165
			Net	227,338	603,798
Chicago & N. Western	3	Mar. 31	Gross	7,392,290	2,457,547
			Net	1,476,106	571,389
Chicago & N. Western	3	Mar. 31	Gross	1,443,430	236,007
			Net	184,466	80,578
Chicago & N. Western	3	Mar. 31	Gross	7,408,548	2,119,523
			Net	309,761	478,452
Chicago & N. Western	3	Mar. 31	Gross	1,249,740	375,835
			Net	247,298	117,782
Colorado and Southern	12	Dec. 31	Gross	1,277,596	641,899
			Net	60,060	304,370
Denver and Rio Grande	3	Mar. 31	Gross	6,608,745	1,521,591
			Net	999,313	434,531
Erie Railroad	3	Mar. 31	Gross	4,448,867	1,912,128
			Net	910,526	238,186
Great Northern	3	Mar. 31	Gross	1,952,240	13,060
			Net	812,559	2,178,427
Gulf Coast Lines	3	Mar. 31	Gross	1,470,713	887,203
			Net	889,905	933,550
Illinois Central	3	Mar. 31	Gross	1,470,713	887,203
			Net	889,905	933,550
International Gt. Northern	3	Mar. 31	Gross	1,470,713	887,203
			Net	889,905	933,550
Lehigh Valley	3	Mar. 31	Gross	1,470,713	887,203
			Net	889,905	933,550
Louisville and Nashville	3	Mar. 31	Gross	1,470,713	887,203
			Net	889,905	933,550
Missouri	3	Mar. 31	Gross	1,470,713	887,203
			Net	889,905	933,550
Missouri Pacific	3	Mar. 31	Gross	1,470,713	887,203
			Net	889,905	933,550
New York Central	2	Feb. 29	Gross	1,470,713	887,203
			Net	889,905	933,550
N. York, New Haven and Hartford	3	Mar. 31	Gross	1,470,713	887,203
			Net	889,905	933,550
N. York, Ontario and W. Norfolk	3	Mar. 31	Gross	1,470,713	887,203
			Net	889,905	933,550
Norfolk and Western	3	Mar. 31	Gross	1,470,713	887,203
			Net	889,905	933,550
Northern Pacific	3	Mar. 31	Gross	1,470,713	887,203
			Net	889,905	933,550
Pennsylvania Railroad	3	Mar. 31	Gross	1,470,713	887,203
			Net	889,905	933,550
Reading Co.	3	Mar. 31	Gross	1,470,713	887,203
			Net	889,905	933,550
Rock Island	3	Mar. 31	Gross	1,470,713	887,203
			Net	889,905	933,550
Seaboard Air Line	3	Mar. 31	Gross	1,470,713	887,203
			Net	889,905	933,550
Southern Pacific	2	Feb. 29	Gross	1,470,713	887,203
			Net	889,905	933,550
Southern Railway	3	Mar. 31	Gross	1,470,713	887,203
			Net	889,905	933,550
Texas and Pacific	3	Mar. 31	Gross	1,470,713	887,203
			Net	889,905	933,550
Union Pacific	2	Feb. 29	Gross	1,470,713	887,203
			Net	889,905	933,550
Wabash	3	Mar. 31	Gross	1,470,713	887,203
			Net	889,905	933,550

† Net operating income.

WEEKLY TRAFFIC RETURNS. RAILWAYS OF GREAT BRITAIN AND IRELAND.

		Gross Receipts, week ended May 8, 1932. (000's omitted.)						Aggregate Gross Receipts, 18 weeks. (000's omitted.)					
(b) Week ended May 6, 1932.	(c) Week ended May 7, 1932.	Miles Open.	Passen- ger, &c.	Merchan- dise, &c.	Coal and Coke	Total Goods.	Total for Week.	Passen- ger, &c.	Merchan- dise, &c.	Coal and Coke.	Total Goods.	Total.	
			£	£	£	£	£	£	£	£	£	£	
Great Western	1932	3,761	180	173	95	268	448	3,102	3,114	1,935	5,049	8,151	
(c) L. & N.	1931	3,761	196	204	105	309	505	3,411	3,444	1,976	5,420	8,831	
Eastern	1932	6,355	261	281	212	493	754	4,723	5,476	4,223	9,699	14,422	
L. M. & S.	1931	6,355	285	339	224	563	848	5,102	6,274	4,490	10,764	15,866	
Scottish	1932	6,962	407	441	244	685	1,092	7,164	7,878	4,507	12,385	19,549	
Southern ...	1931	6,958	441	491	249	740	1,181	7,632	8,565	4,864	13,429	21,061	
	1932	2,181	252	53	22	75	327	4,374	1,127	599	1,726	6,100	
	1931	2,180	275	71	25	96	371	4,750	1,297	590	1,887	6,637	
Total...	1932	19,261	1,100	948	573	1,521	2,621	19,363	17,595	11,264	28,859	38,222	
	1931	19,250	1,197	1,105	603	1,708	2,905	20,895	19,580	11,920	31,500	42,395	
(a) Metro- politan	1932	59	29.5	...	...	3.4	32.9	531.1	...	...	64.1	595.2	
(c) Under- ground H.R.	1931	59	30.4	...	...	3.7	34.2	560.9	...	...	62.9	629.1	
(c) Green	1932	...	296.4	...	...	...	296.4	520.3	...	...	68.2	520.2	
Buses, &c.	1931	...	302.1	...	...	...	302.1	536.8	...	...	536.8	85.8	
L. & S. b. Group	1932	...	30.6	...	...	...	30.6	507.8	...	...	...	507.8	
(c) Belfast	1931	...	44.3	...	...	...	44.3	73.6	...	...	...	756.6	
(c) Co. Down	1932	...	45.0	...	...	...	45.0	783.1	...	...	...	71.1	
(b) Great	1932	80	2.0	...	...	0.7	2.7	34.7	...	...	12.4	47.1	
(b) Northern	1931	80	2.2	...	...	0.5	2.7	37.4	...	...	13.1	50.5	
(b) Great	1932	562	10.8	...	...	11.3	22.1	162.6	...	...	235.8	397.8	
(b) Northern	1931	562	10.8	...	...	11.9	22.7	178.6	...	...	268.8	447.7	
(b) Great	1932	2,182	24.4	...	...	36.1	60.1	536.2	...	...	770.2	1,033.4	
(b) Southern	1931	2,182	24.9	...	...	43.2	68.1	596.2	...	...	679.5	1,175.7	

* The operations of these companies were extended during 1931.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Month.	Gross Receipts for Week.	Total Gross Receipts.
				1932. + or -	1932. + or -
Assam Bengal	1	Apr. 9	1,330	3,47,100	1,30,975
Barri L. Ry.	2	16	202	47,800	83,700
Bengal N. Western	2	16	2,114	7,21,406	15,94,627
Bengal-Nagpur	52	Mar. 31	3,274	25,03,000	3,42,420
Bombay Bar & C.I.	5	May 7	3,084	22,44,000	1,36,000
Madras & S. Mahr.	2	Apr. 16	3,230	14,19,000	3,10,871
† Rohilkhand Kumaon	2	16	572	1,51,754	459
South Indian	2	16	2,495	10,13,274	55,124

† Including Lucknow-Bareilly State Railway.

CANADIAN.

Canadian National	18	May 7	205,538	2,774,220	104,444	48,838,608	12,414,824
Canadian Pacific	18	May 7	168,811	2,196,000	842,000	40,227,000	10,093,000

SOUTH AMERICAN.

SOUTH AMERICA.											
Antofagasta (Chili and Bolivia)	19	May 8	804	£	9,310	£	5,940	£	228,680	£	129,650
Argentine N.E.	45	May 7	753		11,100		1,100		522,500		85,100
Argentine Trans. & N.	43	Apr. 23	111		897		2,623		76,923		73,494
B.A. and Pacific	45	May 7	2,806		113,000		46,000		5,619,000		432,000
B.A. Central	45	May 8			8,844		2,543		475,234		84,012
B.A. Gt. Southern	45	May 7	5,076		161,000		59,000		9,391,000		337,000
B.A. Western	45	May 7	1,926		70,000		5,000		3,288,000		27,000
Central Argentine	45	May 7	3,505		181,000		41,000		9,634,000		240,000
Central Uruguayana	45	May 7			3,415		1,069		6,343		38,752
C. Urg. (N. Ext.)	45	May 7	311		3,165		1,069		138,611		86,666
C. Urg. (N. Ext.)	45	May 7	185		1,591		222		68,036		48,041
C. Urg. (W. Ext.)	45	May 7	211		1,324		243		57,144		41,990
Cordoba Central	45	May 7	1,218		39,000		18,000		2,095,000		435,000
Entre Rios	45	May 7	810		15,800		6,600		980,900		261,000
G. Weenn. of Brazil	19	May 7	1,052		7,000		2,400		191,200		44,000
Leopoldina	19	May 7	1,918		25,881		11,895		459,004		70,072
Leopoldina Termal	19	May 7			Ms292,000		3,000		5,184		10,072
Ultrate	45	Apr. 30	41		1,105		4,000		25,016		51,006
Paraguay Central	45	May 7	274		2,140		890		133,310		32,520
Sarador	45	May 7			3,430		884		127,844		33,798
San Paulo	18	May 1	1534		37,750		13,096		598,983		116,481
United of Havana	45	May 7	1,367		22,205		4,254		1,155,330		605,318

COMPANY MEETINGS, &c.

MARKS AND SPENCER, LIMITED.

LARGE INCREASE IN TRADING PROFITS.

EFFICIENCY OF THE ORGANISATION.

MORE THAN 95 PER CENT. BRITISH GOODS.

FUTURE DEVELOPMENTS.

MR. SIMON MARKS'S REVIEW.

The sixth ordinary general meeting of Marks and Spencer, Limited, was held, on the 10th instant, at Winchester House, Old Broad Street, London, E.C.

Mr Simon Marks (chairman and managing director) presided, and said:—Ladies and Gentlemen,—In accordance with our usual practice, my first duty is to propose that the directors' report and accounts, which were recently submitted to you, be taken as read. (Agreed.)

REMARKABLE PROGRESS.

It gives me great pleasure to submit a report which again shows a substantial increase in net earnings. The profit for the past year amounts to £670,117, which is an increase of £194,044 on those of the previous year. (Applause.)

INTRODUCTORY REMARKS.

The large increase in our profits for the past year is due to the increased volume of our trading. It has always been our policy to expand our sales by supplying the public with the best possible values, and by giving the consumer the advantage of every reduction in cost which the efficiency of our organisation, skill in merchandising, and large buying capacity enable us to secure. An ever widening circle of customers recognise our sound and consistently improving values, the foundation of our merchandising policy, and appreciate the services which we render.

FOSTERING BRITISH MANUFACTURES.

In my previous speeches I have told you that our policy was to foster, as far as possible, the manufacture of goods in this country, even to the point of encouraging foreign manufacturers to start producing their goods here in cases where British manufacturers lacked the special knowledge and technique. That policy had so far succeeded that we were not unduly troubled when the importation of certain goods from abroad became impossible as a result either of the fall in exchanges or of extra Customs duties. To-day we can say with pleasure that the proportion of goods sold by us now manufactured in this country exceeds the very high figure of 95 per cent. (Applause.)

THE QUEEN'S VISIT.

A very notable event in the year's history of the company was the honour done to it by the visit of H.M. the Queen to our Oxford Street store on March 18th. Her Majesty spent a considerable time in investigating the range of goods we display, and made several purchases. Her Majesty was particularly interested in the evidence of the fine values offered by British manufacturers, for the development of British industry is one of Her Majesty's constant cares.

PROFIT AND ALLOCATIONS.

The net profit of 670,117, after deducting £97,407 for income tax, leaves a balance of £572,710, which, together with £53,105 brought forward from the previous year, makes a total of £625,815 available for distribution. The dividends on both classes of preference shares have been duly paid and there is left an available balance of £440,955, which the directors recommend should be appropriated as follows:—

Properties contingency reserve £17,500, against £17,500.

General reserve account £170,403, against £120,000.

Payment of a final dividend on the ordinary and "A" ordinary shares at the rate of 25 per cent. per annum, thus making 35 per cent. for the year ending March 31, 1932, takes £199,650, against £145,200.

By carrying forward to next year's accounts £53,402, against £53,105 brought in.

ISSUE ON BONUS TERMS.

The directors further recommend that a distribution from accumulated past profits be made by way of bonus to the holders of the existing ordinary and "A" ordinary shares of the company in the

proportion of one "A" ordinary share for every ten existing ordinary and "A" ordinary shares held.

RESERVES.

Our general reserve account at the commencement of the year amounted to £329,457, and out of this we propose to pay up in full for the £79,860 of "A" shares being allotted by way of bonus, and to carry to it from the profits of the year a sum of £170,403. This will leave the general reserve account at £420,000.

EXPENDITURE ON PROPERTIES.

Turning to the assets side of the balance sheet, the freehold, leasehold and leased properties stand at £3,501,833, being a net increase of £618,119. The furniture and fixtures stand at £411,877, the net increase being £75,264. These increases are arrived at after deducting depreciation. The total amount charged against the profits for depreciation, repairs and renewals is £121,868, compared with £83,878 in the accounts of last year.

STOCK-IN-TRADE.

The stock-in-trade is £516,624, and shows an increase of £93,841 on the previous year. This increase is partly due to stock required for the new stores, and partly for the extra provision of seasonal requirements. The stock has been valued on our usual very conservative basis.

The cash at bank and in hand amounts to £104,364, being a reduction of £446,469. This is accounted for by our investment in new properties and their development for business purposes, as well as for the additional stock required for our new stores.

I do not think that I need make any further comment on the balance sheet, except to point out that it does not contain any item for goodwill. (Hear, hear.)

CONSTRUCTION PROGRAMME AND FUTURE DEVELOPMENTS.

We opened 33 super-stores in the past year.

Our building programme for this year already embraces 30 stores, on completion of which we shall be operating 165 stores. In addition, we have a large number of other sites under consideration, which should give us this year a development on a much larger scale than in previous years.

We are satisfied that there is room for the profitable expansion of our business for many years to come, provided that the general economic condition of the country suffers no grave change for the worse.

A policy of expansion such as ours cannot be improvised suddenly or executed precipitately. It calls for long-sighted planning—planning relating to sites, building, merchandise production, personnel and finance. In respect of all these our arrangements are another.

FINANCIAL ARRANGEMENTS.

The development programme which we have in mind demands large resources, because the principal investment of the company's capital is in real property for the purpose of the company's own business. I am glad to report that we have made ample financial arrangements to cover the programme we have in mind for at least three years. (Applause.) This additional finance has been arranged for a long period on very favourable terms with the advantage to the company of being able to repay at any time. The arrangements made enable us to call for moneys as and when required, thus obviating the necessity of keeping large balances lying idle at the bank. (Applause.)

MERCHANDISING POLICY.

Experience over many years has shown that by our policy of close collaboration as distributor with the manufacturer, each concentrating on his special task of securing the utmost economies in his respective sphere, extraordinarily good results can be obtained in so far as merchandise values are concerned. There is no other

explanation for the increase in our business. Our profits are not made by big margins, but through large and rapid turnover of merchandise which the public needs. We constantly bear in mind that the reduction of cost and the improvement of value to the consumer are the best means of stimulating sales and ultimately of reducing costs again.

Our selling prices range from 3d. to 5s., and there is no doubt that within these price limits we are able to offer our customers a very large range and variety of useful and attractive merchandise in all departments.

We insist upon perfect and well-finished goods, and we do not offer our public either "jobs" or "sub-standard" articles. We guarantee satisfaction either by an exchange of article or a refund of money if the customer is not satisfied.

THANKS TO OFFICERS AND STAFF.

I take this opportunity of expressing gratitude and thanks, on behalf of the board, to our officials, administrative, and all other ranks of the staff in helping us to achieve these results. They have served us with a loyalty and devotion of inestimable value.

DIVIDEND.

I will now propose that the report and accounts to March 31, 1932, as submitted, be received and adopted, and that the cumulative dividend of 10 per cent. per annum, less tax, for the year to March 31, 1932, already paid to the 10 per cent. preference shareholders, be and is hereby confirmed; that the cumulative dividend of 7 per cent. per annum, less tax, for the year to December 31, 1931, and paid to the 7 per cent. preference shareholders be and is hereby confirmed; that the interim dividend of 10 per cent. per annum, less tax, paid on January 1, 1932, to the ordinary and "A" ordinary shareholders, be confirmed; and that the payment of a final dividend at the rate of 25 per cent. per annum, less tax, making 35 per cent. on the ordinary and "A" ordinary shares, for the year ending March 31, 1932, be declared, and payable by warrant to be posted this evening to those members whose names appeared in the register of members on April 29, 1932. (Applause.)

Mr I. M. Sieff (vice-chairman and assistant managing director) seconded the motion, which was unanimously agreed to without discussion. The increase of capital was approved, and the usual formal business having been transacted, the proceedings terminated with a hearty vote of thanks to the chairman, directors, and the staff.

ODHAMS PRESS, LIMITED.

SUCCESSFUL RESULTS—INCREASED PROFIT.

The twelfth annual general meeting of Odhams Press, Limited, was held, on the 9th instant, at the Connaught Rooms, Great Queen Street, London, W.C.

Mr W. J. B. Odhams (the chairman) said that last year they had been able to report an increase in the net profit from £203,653 to £261,268. In bringing the record up from £261,268 to £276,272 he thought shareholders would agree that it was not an unsatisfactory achievement in a year which had been a severe testing time for all commercial concerns from the smallest to the largest. The addition of the £300,000 debenture stock made during the year had been for general purposes and expansion of the company's business, and for the development programme of the *Daily Herald* on lines previously successfully adopted in the case of *John Bull* and *The People*.

Ten years ago the weekly net sales of *John Bull* had fallen to under 300,000, and it had ceased to be a paying proposition. They had full justification to-day for the expenditure entered into because *John Bull*, with its circulation of over a million and a half, was now one of the most profitable of their assets. *The People* had been taken over in 1925. The publication had not reached a profit-earning basis until the third year. After that the corner had been turned, and since then the publication had made still further progress, and last year the net profit, after meeting the year's development charges, amounted to £84,416. In the case of each of those papers they had decided to go forward.

As to the *Daily Herald*, history had so far exactly repeated itself, and there was every indication that the same satisfactory result would be reached as had been the case with *John Bull* and *The People*. Parenthetically he might remark that recently the space allocated to advertisements had been insufficient to meet the demands of advertisers. Looking, therefore, to their experiences in other fields, and to the unbroken advance of the *Herald* in popularity with both readers and advertisers, their directors believed that the development policy was being justified, and that the prospect of future profits amply warranted the figures in their balance sheet.

In conclusion, the chairman paid a tribute to the managing director, Mr Elias.

The report was adopted.

ALLIANCE ASSURANCE COMPANY, LIMITED.

SATISFACTORY RESULTS IN A DIFFICULT YEAR.

The annual general court of the Alliance Assurance Company was held, on the 11th instant, at the Head Office of the Company, Bartholomew Lane, London, Mr Lionel N. de Rothschild, O.B.E. (Chairman) presiding.

Mr P. F. Nichols (the Secretary) read the notice convening the meeting and the report of the auditors.

The Chairman, in the course of his address, said that the past year had been full of dangers and difficulties but, nevertheless, thanks to the prudent policy laid down in the past by the directors and officials of the company, a policy which the present board and management were striving to maintain, he thought the company could congratulate itself that on the whole it had come through it in a satisfactory position.

With regard to the life department, the new business had been satisfactorily maintained, while the premium income in the active "Alliance" account showed a moderate increase. A special feature had been the new prospectus relating to the "Family Protection" policy. Under this policy, in addition to the ordinary life assurance cover, for a small extra premium a substantial income for dependents was secured during the period when it was most required.

VALUE OF THE SECURITIES.

As to the value of the securities, it was thought unnecessary to deal otherwise with this at the present moment, and, should any writing down be required, this would be dealt with when the respective quinquennial valuations were made. In the active "Alliance" fund the depreciation was approximately £800,000 at the end of the year. A very large proportion of this fund was in foreign Government securities, and the depreciation was mainly due to the difficulty of transfers of exchange, with the resulting default in the payment of services. Except for these foreign Government securities, there had been a recovery in the markets, and a substantial portion of the depreciation had now been recovered. Trading profits for the three years had been normal and, provided the depreciation did not become larger than it was now, there was every prospect of a satisfactory bonus being declared at the end of 1933.

He was pleased to be able to report the usual satisfactory trading results in the fire department. The losses had been appreciably less than in 1930. Conditions, however, were difficult, and in order to maintain the company's position, special efforts had to be made which necessarily involved additional expense. A new item appearing in the account was provision for possible doubtful debts. Restrictions on exchange in foreign countries had prevented the usual remittances from agents, and for various reasons it was felt that a small reserve in this respect was desirable. No substantial loss, however, was anticipated, and the £10,000 set aside was believed to be an ample reserve for any possible losses.

ACCIDENT AND MARINE BUSINESS.

With reference to the accident department, the principal feature of the year had been the working of the Road Traffic Act. The profit earned on motor business was not large and the business was difficult. The claims for personal injuries tended to show an increase.

The marine account perhaps more clearly reflected the course of trade than any other. The income for 1931 was about £53,000 less than in 1930, which itself was £55,000 less than in 1929. The reduction in 1931 was largely due to the return of premiums for vessels laid up. Nevertheless the reduction in income and working of the account was not unsatisfactory. The 1929 account had now been closed, and of the balance that remained in respect of that year's premium £40,000 had been set aside for future contingencies and only £34,462 had been transferred to profit and loss account. The marine fund was exceptionally strong, being nearly 2½ times the present income. With the modern tendency for giant liners and with the enormous value of the shipments of specie which had recently been taking place, it was at times necessary for the company to hold large lines on single boats, and it was therefore only prudent to keep large reserves in case of shipping disasters.

After making full provision for dividend requirements, and after carrying forward approximately the same amount as last year, the directors were enabled to put £100,000 to general reserve, bringing this up to £1,000,000, and they had made a larger appropriation than usual towards writing down premises in view of the rebuilding of the head office. It was satisfactory to note that Stock Exchange securities at the end of the year stood well below their market values, and those also showed a further considerable appreciation since the closing of the accounts.

The report was unanimously adopted.

GUARDIAN ASSURANCE COMPANY, LIMITED.

INCREASED LIFE BUSINESS—DIVIDEND MAINTAINED.

The ordinary meeting of the Guardian Assurance Company, Limited, was held, on the 9th instant, at 68, King William Street, London, Colonel Lionel H. Hambury, C.M.G. (the chairman), presiding.

The Chairman, in the course of his speech, said: To have come through the crisis of 1931 relatively unscathed is, I venture to submit, an incontestable proof of the exercise of care on the part of the directors and management, and perhaps also of the inherent stability of the business of insurance where properly conducted.

The directors have endeavoured to place upon every item comprised in our many funds the value of each as at December 31, 1931, and I have to report that we have not required to use the investment reserve and contingency fund; and, what is particularly gratifying, the life fund required no support other than its own investment reserve of £22,000. Already in this year some of the depreciation in the value of the securities comprised in our funds has been recovered.

LIFE DEPARTMENT.

The gross new life assurances amount to £1,603,889, which is substantially more than in 1930, and, after deducting reassurances, the net new business is £1,332,879, which is greater than in 1930 by approximately £9,500. The claims by death, at £216,733, are about £47,000 more, but still very well within the expectation both as to the number of claims and their amount. Policies matured to the sum of £178,397, which is greater than a year ago by about £15,000. The net premium income of the life department is £557,073, against £543,094, an increase of about £14,000. The net income from interest is £280,201, about £7,000 more than in 1930. The net rate of interest earned on the life fund, after deduction of tax, is £4 11s. 7d., as compared with £4 12s. 9d. a year ago.

The life fund amounts to £6,420,048, an addition in the year of £280,000. The life fund does not require to be supported, the resources within itself having proved sufficient to restore all depreciation in items of investments, whether marketable or otherwise, which have had to be written down to the prices or values ruling as at December 31st last.

The fire premiums, at £1,088,052, are £6,716 greater than in 1930; but the losses, at £544,065, are greater by £40,500. The premiums received in the accident, burglary and general assurance department amount to £784,819, an advance of £9,500. Interest on the accident funds aggregated £40,133, £843 more than in 1930, and there is a profit on exchange of £9,163. The claims, at £404,404, are greater than in 1930 by £8,063. The premium reserve is augmented by £4,300, and the general reserve by £12,532.

MARINE DEPARTMENT.

By the transfer of £28,500 to suspense account, it is anticipated that the outstanding liabilities for 1930 will be adequately provided for, and leave an underwriting profit of £23,480, equivalent to 11.4 per cent. of the premiums, as compared with 3 per cent. for the previous year. The premium income for marine business in 1931 amounted to £189,828, a difference of £14,900, but the claims settled thereon were only £34,036, as compared with £42,946. There is a profit in exchange in respect of outstanding foreign agency premiums, of £9,063. The amount of the marine fund at the end of the year was £425,460, over £15,000 increase on 1930.

THE DIVIDEND.

You will see that at the end of 1930 the balance of the profit and loss account was £189,486, and the carry-forward at the end of last year was £100,837. The directors recommend a dividend at the same rate as last year—namely, 10s. on each ordinary and staff share, less income tax. The balance carried forward to 1932 is only £17,358, as compared with £103,190 last year. I said last year that we should equalise the dividend of 10s. per ordinary share, and pay by equal half-yearly payments, assuming that business remained good. The surplus on our trading accounts is relatively small, but the directors consider that nevertheless they will not unduly strain our resources in paying 5s. for the final dividend.

You will have gathered that the "Guardian" has come through the troubles of the past year without any appearance of marked disturbance. But the good appearance of the company's balance sheet is to be accounted for by reason of the fact that in all our many funds we had, a year ago, hidden reserves of material amount, which, we hope, are now being recreated. On the whole, I hope you will consider that the accounts submitted for the past year are good.

The report and accounts were unanimously adopted.

YORKSHIRE INSURANCE COMPANY, LIMITED.

ANOTHER SUCCESSFUL YEAR.

The annual meeting of the Yorkshire Insurance Company, Limited, was held, on the 10th instant, in York.

Sir James Hamilton, who presided, in the course of his speech, said:—Our activities are world-wide, and in incorporating the accounts of countries outside the United Kingdom care has been taken to avoid inflation.

We are able to show an increase in the net life sums assured of £57,837, these being £1,710,885, against £1,653,048. The claims by death are £209,220, while the fund, after transferring £50,000 to the investment and contingency reserve, is increased by £290,895 to £7,145,100. The expense ratio is the same as last year—namely, 12.9. Twelve months ago I referred to a new scheme of life assurance, known as the "Security" policy. The scheme has met with a favourable reception from the public, and the business transacted under it has fulfilled expectations.

It is a matter for congratulation that, despite the world-wide depression and fall in commodity values, the net premiums in the fire account, at £1,030,221, show an increase of £3,436—a far from general experience. The losses are £528,748, the ratio being 51.3, as compared with 51.4, and, after transferring £30,000 to the investment and contingency reserve, £108,642 is carried to the profit and loss.

In the accident account the premium income has declined from £1,348,010 to £1,305,195. This is mainly a consequence of the depression in the United States. The claims are £728,786, and, after transferring £22,000 to investment and contingency reserve, £89,801 is carried to the profit and loss account, against £80,643 last year; the increase is due to a reduction in the 40 per cent. carried forward for unexpired risks.

The marine account has run favourably, which, in the difficult conditions, is a great tribute to the underwriters and marine managers. Although the premiums show a reduction of £40,157, the fund, after transferring £15,000 to investment and contingency reserve and carrying £30,000 to profit and loss, has been increased from £609,004 to £622,518, and represents 124 per cent. of the premium income, as compared with 112 per cent. the previous year.

Profit and Loss Account.—The total amount carried from the fire, accident and marine accounts is £228,442, which is practically the same as last year. Notwithstanding the higher rate of income tax, the net interest exceeds that for last year, and, with the contributions from reversions and the life account, provides fully for the dividend.

VALUE OF ASSETS.

As regards the value of our assets, the certificate given at the foot of the balance sheet sets forth the position. The revision of the book values is only made when the quinquennial valuation comes round, but each December 31st a comparison is made with the actual values then ruling. Taking the Stock Exchange securities at the mean market prices ruling on December 31, 1931, and converting all our assets and liabilities in foreign countries into sterling at the exchange rates ruling on that date, the result showed a net depreciation. Immediately after December 31st that depreciation began to grow smaller, and is now greatly reduced; yet as it existed at the time of closing the account we felt that it should be met by the creation of an investment and contingency reserve. By transfers from the several departmental funds, the profit and loss account and the general reserve, totalling £225,000, an amount is set aside which more than covers that depreciation.

The directors recommend that the dividend be 9s. 6d. on the £1 fully-paid shares, 4s. 9d. on the partly-paid shares, and 2s. 4½d. on the 5s. fully-paid shares and free of income tax. An interim dividend was paid in October last of 3s. 6d., 1s. 9d. and 10½d. respectively, and it is proposed that the balance be paid forthwith.

That the trading profit and net interest earnings have been maintained in the difficult circumstances will, I think, commend themselves to you as favourable features. We can look forward to the life department we have strong reserves, with a moderate expense ratio, and also an unbroken bonus record, including the war-doubtled security. Reserves have been built up which place us in upon us. Apart from the investment and contingency reserve of £225,000, we have a general reserve of over a million pounds, and free balances in the fire and accident departments of over half a million pounds, and in addition a considerable estimated surplus in the marine fund.

The general reserve, fire, accident and marine funds alone and exclusive of capital represents £1 2s. for every £1 of premium income received in these departments.

The report was adopted.

THE LONDON ASSURANCE.

DIVIDEND 45 PER CENT.—ASSETS EXCEED £14,000,000.

MR COLIN F. CAMPBELL'S REVIEW OF A DIFFICULT YEAR.

The annual general court of the London Assurance was held, on the 11th instant, at the head office, No. 1 King William Street, London, Mr Colin Frederick Campbell (the governor) presiding.

The secretary (Mr S. I. E. Crouch) read the notice convening the court and the auditors' certificate.

The Governor, in the course of his speech, said: If I were merely to suggest to you that last year was a difficult one for those connected with business, it would be but a poor indication of the actual position, for it was, in reality, one of those years of crisis which occur in the history of nations from time to time when nearly everything with which we associate our national life and well-being is put to the test. It is with such a background and in such a setting that we have to consider the affairs of our old corporation to-day, and it seems to me that a composite insurance company, such as ours, is subject in a very special degree to the conditions which are affecting all parts of the world. With operations extending throughout both hemispheres, we have to receive premiums and settle claims in almost every currency, while our premium income is liable to fluctuate with the value of commodities and with the degree of prosperity existing in the particular countries.

If we bear in mind the considerations which I have ventured to suggest, I imagine that you will not look for a report of unbroken prosperity in every department of our business, although I do claim that the picture as a whole is one with which, in the circumstances, the shareholders may be satisfied.

In 1930 we acquired the Guildhall Insurance Company, and last year we followed this expansion by the acquisition of the Federal Mutual Insurance Company of Australia, which has large connections throughout that country and a valuable business.

LIFE DEPARTMENT.

Turning to the accounts now submitted, the progress made during the year in the life department was quite satisfactory, inasmuch as the fund increased by £275,464, and now stands at £6,676,756. The new life business completed during the year amounted to 2,299 policies, assuring £1,795,780 net, as compared with 2,609 policies for £2,055,975 net in 1930. The total premium income was higher by £17,475, and the consideration for annuities granted by £3,788. The gross interest, in spite of the conditions prevailing, increased by £25,428, and the net interest, notwithstanding the higher rate of tax, increased by £6,451. The gross rate of interest earned was £5 9s. 10d. per cent., as compared with £5 8s. 2d. per cent. in the previous year. The claims by death, although higher than in 1930, were, in fact, more satisfactory, as they occurred among the older lives. The actual claims in respect of lives under 63 years of age were only 35 per cent. of the expected, which compares with 51 per cent. in 1930.

With regard to the all-important question of the value of the life investments, we are in a happy position. On December 31st last the Stock Exchange securities showed a small deficit of only £41,615, which has been more than recovered by the appreciation that has since taken place.

The depreciation in investments generally during the past year has emphasised in a marked degree the benefits of life assurance. A life policy provides the only safe method of covering the depreciation of an estate due to a forced sale of securities in the event of death.

The complete provident policy, a form of protection which has been advocated by assurance companies during the past year, is particularly suitable for a young married man, and if effected as an endowment assurance will prove a very attractive investment at the maturity date, quite apart from the special temporary annuity benefit which is provided in the event of death during the first twenty years.

FIRE, MARINE AND ACCIDENT ACCOUNTS.

The results of our fire account have been disappointing, for it is on these that we have grown accustomed to rely for a steady annual profit. The fact is that when the experience in the United States is adverse our account there, which has always been a substantial one, materially affects the results in the home and general foreign fields. While conditions in America continue as they are at present, it is a matter of great difficulty for the management to produce good results in that field. The business transacted in our home department, and through our Dominion branches and foreign agencies, ran off well, and we were able to protect our business in spite of the great depression in world conditions. The fire fund, after transferring £89,302 to profit and loss, amounted at the end of the year to £1,695,000, being slightly over 85 per cent. of the premium income.

With regard to our fire business as a whole, I am convinced that

as soon as any general revival in trade conditions takes place, the effect will be seen in this department.

The marine account, as we anticipated a year ago, has turned out to be a good one, so that, after transferring £159,322 to the credit of profit and loss account, the fund stands at £901,567, which is 102½ per cent. of the premium income. This result is due to some extent to a diminution in the number of total losses, and also to an increase in the hull rates of premium. Conditions in the marine insurance market, however, continue to be very difficult, and far from satisfactory, and the hull account, in particular, requires most careful handling.

The results of our accident department have been unsatisfactory for some time past, largely on account of adverse conditions in the United States. The results last year in America were affected to a very great extent by the serious trade depression in that country, and we have decided not only to revise some of our treaties, but also to strengthen the account by making what we believe to be ample provision for possible outstanding claims. We have, therefore, transferred £135,416 from the profit and loss account to the credit of the accident account, and the fund has been increased to £600,000 by adding £90,000 to the additional reserve.

The business in the home department ran off satisfactorily, and the motor insurance results were rather better than we had expected.

STRONG POSITION.

I have now taken you through our various underwriting accounts, and it would be foolish to pretend that they are altogether satisfactory. There is a small profit in the aggregate, but not such as we expect or consider adequate. Please do not think, however, that I take a pessimistic view, for, when all is said and done, at a time of world-wide depression such as the present the truth remains that we are maintaining our large resources intact and are giving our shareholders at the same time a dividend of 45 per cent., which, I suggest, is no mean return.

You will also observe that, while the amount brought into the profit and loss account at the beginning of the year was £317,670, the amount carried forward to 1932 is £357,847, an increase of £40,177.

The balance sheet shows that the total assets now exceed 14 millions sterling. The Stock Exchange investments taken in the aggregate were standing in our books on December 31st last at prices which were below the market quotations ruling on that date. Consequently, no provision for depreciation has been necessary.

All our associated companies made satisfactory progress.

Mr E. T. Hargraves suggested that it would be of advantage to all concerned if the Government could be induced to agree that life policies, up to £1,000 at any rate, in respect of which no claim for rebate of income tax on the premiums had been made, should be free of death duties on maturity.

The chairman, replying, said that, if anything could be arranged with the Treasury in that connection, it would be a very great relief to those seeking to make provision for the future.

The report was unanimously adopted.

MONTE VIDEO WATERWORKS COMPANY, LIMITED.

GOVERNMENT ATTITUDE TO COMPANY.

The fifty-third ordinary general meeting of this company was held, on the 10th instant, at 52, Moorgate, London, E.C.

Mr Norman B. Dickson, O.B.E., M.Inst.C.E. (the chairman), said that the net receipts for the year showed an improvement of £31,507, which spoke well for the healthy state of their business. The net revenue account, after deduction of loss on exchange amounting to £127,572 and £20,000 for plant obsolescence, with other items, showed a balance of £190,909, and, deducting the balance of £155,322 brought in from the previous year, there was a profit of £35,586 after meeting all charges. The directors much regretted that, in the circumstances, they did not consider it prudent to recommend any distribution on the ordinary stock; not only was there the heavy loss on exchange, but, owing to the stringent restrictions imposed on remittances from Uruguay, there was not the money with which to pay a dividend.

The board had submitted to the Government a claim for a temporary increase in tariffs, but the Government had declined to meet them; another suggestion had been submitted—namely, that the approaching reduction in the tariff should be postponed, and, alternatively, a third offer had been put forward, but the want of sympathy in Government circles in Uruguay for public utility companies could not have been shown more strongly. Not only were all their requests turned down, but the company was attacked in local papers and in political circles. In view of the fact that Britain was Uruguay's best customer, one would have thought that a request from a British company which had done so much to benefit the city of Monte Video would have been received with a certain amount of sympathy.

The report and accounts were unanimously adopted.

NORTH BRITISH AND MERCANTILE INSURANCE COMPANY, LIMITED.

SATISFACTORY RESULTS.

DIVIDEND MAINTAINED.

The 122nd annual general meeting of the North British and Mercantile Insurance Company, Limited, was held, on the 12th instant, at the North British Station Hotel, Edinburgh.

Col. the Rt. Hon. Lord Wakefield of Hythe, C.B.E., LL.D. (deputy chairman of the general court of directors), in the course of his speech, said: I am glad to say that we can again give a good report of our stewardship. Naturally we have suffered owing to the depression in general world trading conditions.

One of the most important tasks in our administration is that of controlling our working costs. The actual total of our expenses shows a decrease over last year of £69,157, but the contraction in our premium income has the result of increasing our expense ratio.

The net result is that for 1931 we show an underwriting profit on our fire account of £246,368, or 6.79 per cent. of the premium income, against £262,435, or 6.73 per cent. in 1930.

ACCIDENT DEPARTMENT.

Our accident figures can well be described as thoroughly satisfactory. The effect of the depreciation in foreign currencies is a slight decrease in premium income, but the net profit is better, at £124,216, or 10.75 per cent. of the premium income, as compared with the 1930 figures of £112,480 and 9.39 per cent.

One of the most important sections of the accident department is that relating to insurances in connection with motor vehicles. When previously addressing you I have referred to the Road Traffic Act, which came into operation as from the beginning of 1931, and which makes it compulsory for every user of a motor vehicle on the road to carry insurance in the shape of indemnity against liability for damages in connection with personal injuries caused by the vehicle to members of the public. The additional work thrown upon the insurance companies by the operation of this Act has been cheerfully and efficiently undertaken by them, and the services they have rendered have been very much to the benefit of motor vehicle owners.

It is still too early to gauge the full effects of the Act on the results of the companies, but one thing seems clearly to be emerging, whether due to the Road Traffic Act or not, and that is the increasing cost of claims arising from the insurance of motor vehicles—a factor which must have a bearing on the future conduct of the companies' accident departments.

MARINE ACCOUNT.

So far as our marine operations are concerned, as was only to be expected with the large number of vessels laid up, the shrinkage in value of goods and in quantity of cargoes transported overseas, has had the natural effect of reducing our premium income. I may remind you that our custom in the case of the marine account is not to take profits until we are satisfied that all claims have been either paid or fully provided for. Marine business is unlike fire and accident business in that claims may continue to come in for several years after the premiums have been received. The amount of £50,000 which we are now transferring to profit and loss, therefore, represents profits which are applicable not to 1930 or to 1931 but which have resulted from our operations in earlier years.

LIFE DEPARTMENT.

In the life department we again transacted a large business during 1931, although our figures were not quite so good as those for 1930. Nevertheless, our net new life business total of £3,816,878 was, I am sure you will agree, a very good achievement in view of the difficult conditions existing, and reflects credit upon the executive and the various members of the staff who are responsible for the "field" work of the company. While there is no question that recent events in the financial world have proved life assurance to be the soundest investment for the average man, one cannot disregard the fact that many a man who would willingly insure his life now has, for one reason or another, found his income curtailed to such an extent that he finds it difficult to effect additional cover on his life.

Although I deprecate borrowing in a general sense, it does seem to me that at the present time a man is thoroughly justified in case of necessity in borrowing upon existing policies to effect new life assurance. Our life department is continually preparing fresh schemes to meet the various needs of the public, and I commend these to the consideration of yourselves and your friends.

FUNDS SATISFACTORILY INVESTED.

Our funds are satisfactorily invested from the point of security of capital, but this question is so important that I propose at a later stage to deal with the whole matter somewhat fully.

In the life department the rate of interest earned has a very important bearing upon the question of bonuses, and during the past year, in spite of the increase in the rate of income tax, the net rate of interest earned was £4 9s. 11d. per cent.

Our next life investigation does not take place until the end of 1935, by which time I hope that conditions generally will be very much better than they are now, and that the item of taxation may not then loom quite so large as it does at the present time.

The annuity department continues to flourish, and in 1931 we received a sum of no less than £343,789 by way of consideration for immediate annuities granted and premiums on deferred annuities, while the fund has increased from £3,545,561 to £3,767,804.

RESULT OF YEAR'S OPERATIONS.

The net result of the year's operations is that after the very substantial writing down of investments by nearly £600,000, our combined balance at the end of 1931 was less than the corresponding figure at the end of 1930 by only £274,000. I am pleased to say, however, that the balance at the end of 1931 shows a very considerable advance on the comparative figure at the end of 1929. The combined balance at the latter date was £5,643,928. In 1930, however, we carried an amount of £250,000 by way of additional reserve to our fire insurance fund. We should therefore add this amount to the balance at December 31, 1931, in order to obtain a fair comparison. Making this adjustment, we arrive at a combined balance of £6,093,260 at December 31, 1931, or, say, an increase of £449,332 over the amount at the end of 1929.

We are proposing this year to pay the same dividend as last year, namely, 23s. per share, payable half on May 14th and half on November 11th.

The report was adopted.

GREAT WESTERN OF BRAZIL RAILWAY COMPANY, LIMITED.

ANOTHER DIFFICULT YEAR.

The ordinary general meeting of the Great Western of Brazil Railway Company, Limited, was held, on the 11th instant, at River Plate House, Finsbury Circus, London.

Mr. Follett Holt (chairman of the company), in moving the adoption of the report, said that the past year had proved a terrible one. The fixed charges, which amounted to £107,672, had been duly met, but the quota representing the amortisation of the balance of the company's capital could not be provided, and the best that could be said, from a capital point of view, was that the discount at which the four per cent. debentures for the sinking fund had been purchased made some amends for the omission. That in such a very bad year it had been found possible to preserve their equity of dividends on their preferred and ordinary shares.

The fall in exchange, and consequently in their sterling receipts, last year was appalling, and the accounts showed what an earnest endeavour had been made on the expenses side to meet that loss. Whatever might have been the deciding factors when railways enjoyed a monopoly, tariffs now largely hinged on road competition—a fact which railway men and shareholders throughout the world were forced to recognise. When the world was again on the rush, the railways would be again called upon to deal with the main burden. Meanwhile, there was a scramble for the reduced trade offering, and rates were being cut to a point injurious to the railways and to road vehicles alike.

The crops had saved their position in the latter part of 1931, and had given a satisfactory carry-over into this year. Moreover, the exchange rate, although, of course, still very adverse, had been more favourable to the company. But, again, what might happen to next crops and the continuance of an exchange rate better than last year. He thought he could say that, given some degree of normality, they should again be able to meet their debenture charges, either out of actual earnings or from the balance of their resources, and so continue to protect the interest or equity they held in the railway. Whether they might look for better results than this must depend upon the cane and cotton crops later in the year.

The Chairman concluded by stating that there was still good life in the railway, and the directors had not lost faith in its ability to recover.

The report was adopted.

Orders for the publication in these columns of the reports of Company Meetings should be addressed to the Reporting Manager of THE ECONOMIST, 8, Bouverie Street, Fleet Street, London, E.C.4.

DUNLOP RUBBER COMPANY, LIMITED.

POSITION MAINTAINED DESPITE DEPRESSION.

FAVOURABLE FACTORS IN THE POSITION.

IMPORTANCE OF OTTAWA.

SIR ERIC GEDDES ON THE OUTLOOK.

The thirty-third ordinary general meeting of the Dunlop Rubber Company, Limited, was held, on the 12th instant, at the Whitehall Rooms, Whitehall Place, London.

The Rt. Hon. Sir Eric Geddes, G.C.B., G.B.E., K.C.B., chairman of the company, presided.

The Chairman said: The final net profit for the year shows a decrease of £61,395 as compared with 1930. In view of the fact that trade conditions all over the world have been most adverse, your directors feel that the company has done well in maintaining its position.

The amount of profits available for distribution has been seriously affected this year by the heavy provision that has had to be made for income tax.

The sum of £374,943 provided in the company's accounts, however, by no means represents the total income tax liability of the whole group of Dunlop companies. In addition, sums have been provided in the accounts of the subsidiary companies amounting to £173,517, making a grand total of, say, £548,460.

One cause of this very heavy provision is the operation of the regulations under which income tax liability is assessed on the profits of the preceding year, and this, I am sure, calls for no explanation as we have all doubtless had painful personal experience of the working of this regulation. It hits us in years when profits are falling, but we look for compensation when profits are rising.

There are, however, several points in connection with income tax which apply to companies such as this, and which call for the sympathetic attention of the Government.

The allowances granted by the Revenue for depreciation and obsolescence are totally inadequate, and in consequence prejudice the re-equipment of industry which is necessary to compete successfully in the world markets.

EXCESSIVE RATE OF INCOME TAX.

The rate of income tax itself is, in the opinion of all industrialists, far higher than the industries of this country can bear, but when to this is added the effects of the methods of assessment which I have just referred to, the result is a quite intolerable burden. How intolerable few can even imagine. For example, in our own company in the final analysis the ordinary stockholders are left with a sum of £380,650 income-tax burden and there is no margin out of which to meet this liability, which, in consequence, has to be provided out of the undistributed profits and reserves accumulated by you in past years.

In addition, of course, in the case of all our foreign companies, foreign tax has also to be paid.

THE BALANCE SHEET.

From a study of the balance sheet you will observe that the financial position of the company is extremely strong. At December 31st last, the company's liquid assets, comprising British Government and other securities, together with bank balances and cash, amounted to £2,821,080 and had increased during the year by £1,376,339. The surplus of current assets over current liabilities amounted to £4,359,785, representing an increase during the year of £564,800.

Every effort has been made to conserve and strengthen the liquid position of the company, and in the difficult times through which we are passing this is naturally a source of great strength.

The inventory position of all of your companies has been thoroughly investigated.

All stocks have, where necessary, been drastically written down, and the stocks of all our companies are in a very healthy condition, and have been conservatively valued. The company has no and have been conservatively valued. The company has no embarrassing commitments, in fact, as stated in the directors' report, the position as regards raw rubber and cotton commitments is completely satisfactory.

LOSSES ON EXCHANGE.

Losses on exchange amounting to £156,125 have been written off to general reserve. This sum of £156,125 is the balance of all the realized profits and losses on exchange that have been made during the year. This loss was practically entirely due to the abandonment of the gold standard by this country, and was a contingency which we had not foreseen. In view of the exceptional nature of this loss, the directors decided that it should be written off against general reserve, as the reserve was created for the specific purpose of meeting unforeseen contingencies such as this.

As this company has a considerable proportion of its capital invested in companies abroad, a converse effect of the abandonment of the Gold Standard by this country was to increase the value of these investments, and, as is stated in the directors' report, on the basis of the rates of exchange at December 31st last, this increase in value amounts to approximately £2,500,000.

You will observe that, after providing for the losses on exchange of £156,125 and the transfer of £1,000,000 to special reserve, the general reserve stands at £1,216,980, in addition to which the carry forward on profit and loss account amounts to £391,859.

Although the profits for the year were not sufficient to cover the full dividends on the preference shares, the directors have decided to recommend the payment of the dividends upon the whole of these shares, which are cumulative as to dividends. If these dividends were not paid this year this payment would merely be deferred. In view of the strong liquid position of the company and the ample carry forward, the directors are of opinion that these dividends can be paid with justification.

When I spoke to you last year, I said that it was impossible to forecast when "trading" conditions would revive, I pointed out that the depth of the depression was without precedent, and that its duration already exceeded past experience, and I expressed the view that recovery would be a long and painful process.

In August and September, our country had to face one of the most dangerous crises that it has ever experienced.

Once again, however, the British people showed its steadfast common sense and its unrivalled capacity to rise to an emergency. For the moment the breach was held, but the adverse forces gathered strength again, and on September 21st we were forced to abandon the gold standard to which we had clung so desperately ever since 1925, and the retention of which economists and statesmen had held up to us as the cardinal point of our financial policy. When a disastrous political crisis might have been expected, the political genius of the nation created, with almost magical ease and celerity, a National Government backed by a quite unprecedented majority.

The abandonment of the gold standard may well prove to have been a turning point in the world's economic history. The post-war international gold standard has broken down, and the task that lies before us, and in which the British Empire may well take the lead, is the reconstruction and reorganisation of international commerce and finance possibly on a fresh basis.

BALANCING THE BUDGET.

Our Government has wisely seen that the first step in this process must be the setting of our own house in order, and in this they have been courageously supported by the taxpayer. The budgets for last year and this year have been balanced, though at a level of taxation which cannot in my opinion be maintained without the most serious danger to our economic stability.

EXCESSIVE TAXATION.

Private enterprise can only function efficiently and afford good employment and a good standard of living for the people, if it is allowed to operate with reasonable freedom and is given the essential conditions for success. The most essential of these conditions is a plentiful and cheap supply of capital. Heavy direct taxation, especially of the present type, e.g., income tax, surtax, and death duties, all at high rates, is peculiarly inimical to the accumulation of capital and a serious deterrent to its investment. It is also psychologically a serious discouragement to the enterprise and initiative which are essential to the wellbeing of an industrial and trading country. The risk of adventuring your capital is so great and the reward after taxation so small, that the will to adventure is being killed.

I confess I should feel happier if I was sure that the Government realised the vital importance of this question.

ENCOURAGING FACTORS.

Having balanced our national account, the next need is to endeavour to protect ourselves so far as is possible, from the effects of international instability, and to create for ourselves a sphere of activity which will make us less susceptible to the effect of these disastrous world conditions.

As you all know, the Government has already taken the first step by the passing of the Import Duties Act and the issue of a comprehensive Order which, though it may be open to criticism in detail, is undoubtedly a substantial step in the right direction. This policy I have no doubt will be followed up. Meanwhile, it is satisfactory to be able to record some small signs of improvement in our own country.

Whereas the decline in production in the other chief producing countries of the world was continuous throughout 1931, there was

in the United Kingdom a definite up-turn in many trades in the last quarter of the year, and this has been continued in the first quarter of 1932.

Another favourable omen is the substantial and progressive increase recorded in the value of imported raw materials in the fourth quarter of 1931, coupled with a reduction of some £10,000,000 in the value of the imports of articles "wholly or mainly manufactured." This followed directly on the Orders imposing import duties, which were issued in November and December.

In regard to exports, though the year as a whole showed a substantial decrease compared with 1930, the latter part of the year had its encouraging features, as there was a small increase in the volume of exports in the third and fourth quarters.

Another very encouraging factor is to be found in the remarkable stability of the British banking system. The year 1931 was a disastrous one for the banks of many of the great industrial countries of the world. None the less, our banks have weathered the storm in such good trim that a writer in the *Economist* of January 16th was able to say "The results for the troubled year, 1931, which have now been published, will doubtless be regarded by future historians as the most convincing testimony ever afforded of the strength of the National Banking system."

I am glad to be able to mention these hopeful factors, but we must not let them blind us to the reverse side of the picture.

THE RESERVE OF THE MEDAL.

We have regained the confidence of the World, and our financial position is vastly improved, but the position of many of our staple industries, such as iron and steel, coal, textile, shipbuilding, is still very far from satisfactory and cannot be completely restored until the export trade, which is vital to this country, is improved.

However much we protect our home market, we must export to prosper and this means that we cannot prosper except in a prosperous world. The most serious factor at this moment is that international trade is becoming paralysed owing to the threatened collapse of many countries, which is resulting in a general lack of confidence and in a general fall in commodity prices and increase in commodity stocks.

Another result is the ever increasing network of exchange restrictions with which various countries are seeking desperately to protect their currency.

In consequence of these various factors, trade with many countries of the world is fast becoming impossible.

Until we know the monetary policy of the Government and until the question of international indebtedness is solved, tariffs must necessarily be of an emergency nature, and it is difficult to see how trade can revive throughout the world under such conditions and on rationed exchanges.

These problems can only be solved by international action. Old hostilities and jealousies must be laid aside, and a policy of bold and sympathetic co-operation initiated. The time for half measures is past, and some of the traditional policies of European diplomacy must be forgotten. Unless the outstanding international difficulties are solved in the near future, there can be but one result, the complete collapse of many countries and a paralysis of international commerce, which may involve the whole world in disaster.

As shareholders in one of the great exporting organizations of the Country and as citizens of a great Empire, we must all do all that lies in our power to avert such a calamity.

THE OUTLOOK.

Coming back to our own company. The directors in their report committed themselves to the belief that "in the absence of unforeseen circumstances, the current year should show an improvement over last year."

That was a forecast given in the unprecedented circumstances in the world to-day, and after mature consideration of all facts and estimates of revenue and expenses now available.

We deemed it right and fair to give our considered opinion to you. If we prove to be right, we will not seek your plaudits; if we are proved to be wrong, we will hope for your indulgence. We give it as our best judgment in all the circumstances.

The economies realized and in process have been so great; the provision for losses such as in stock values and bad debts, have been so fully made, that with our improved budgetary control, we feel we ought in present circumstances, to give a forecast, even remembering the risks of prophecy as we do.

I wish, however, to say something more general. I have already said that things look slightly better in industry in this Country.

A RIFT IN THE CLOUDS.

Surveying as we unfortunately must to-day, a World smothered in the clouds of depression and uncertainty, I see one rift through which the sun is showing, and it may well be that through that rift warmth may come and dispel the lowering clouds over the

World. That rift is the altering fiscal position of this Country and I hope of the British Empire.

We were in my opinion forced by circumstances to change our fiscal policy. As in most great political changes, statesmen and the electorate merely did what they could not help doing. The fact that we, as a Free Trade country, had drawn so much of our requirements in the form of manufactured and luxury articles from other countries gave us alone, among industrial nations, the opportunity of stimulating home manufacture, by the imposition of a tariff, to meet the demand hitherto filled by free imports. We are thus able to realize a potential reserve which may lift this country out of the deep depression from which we and the rest of the World are suffering.

I have travelled this year on your business as far East as Malaya and as far West as the United States, and I have definitely formed the impression that things look better here than elsewhere. When our manufacturers know where they stand on the tariff question, I have little doubt that our improvement will be more marked.

EMPIRE POLICY.

The other helpful element in the situation is focussed in the Ottawa Conference. Our great overseas Dominions have not been free trade units, but they have for the most part been less highly developed industrially than some other countries, and have had to import manufactured goods which their industrial structure was incapable of producing. Here again is a great potential market open to us as the most highly industrialised unit in the Empire if we can obtain that preference which we seek over countries outside the Empire.

Speaking in a practical way, one could hardly imagine a more promising opportunity than exists to-day for reciprocal arrangements to mutual advantage between the nations of the British Commonwealth.

No other people in the world can conceivably create such a favourable situation as can those of the British Empire, and no conference has ever been held which in my judgment equals in importance to us the great Congress which will meet at Ottawa this summer.

The electorate at the last election said, with a voice which impressed the world, that an end must be put to the eleemosynary attitude of mind which was plunging this country to final ruin as the only free trade unit in a protectionist world. If now we effectively bar the door against imports which we can well manufacture ourselves, and if the Ottawa Conference devises that we shall in the British Commonwealth of nations find an export market for our manufactured goods, which the various units of the Commonwealth do not or cannot manufacture themselves, while assuring them an improved outlet for their products, we may well start a move towards prosperity which will spread to the rest of the world. Reciprocal arrangements may result between the Empire and other countries under which a freer exchange of goods is generally possible.

Our Crown Colonies are not highly industrialised, but I believe that we shall be able to make with them also mutually advantageous arrangements, which will be in keeping with our traditional policy of governing those Colonies to their own greatest benefit.

WHEN THE TIDE TURNS.

When, earlier, I gave you figures showing the crushing burden of taxation upon industry, I said that there were two very serious factors in the method of assessment for tax, and pointed out that they accentuated the difficulty of companies in a condition of deepening world depression, and were one of the serious adverse factors which affect a company trading internationally to-day.

You will remember that we are not allowed, for assessment of income tax purposes, to "net" our profits by deducting the losses in subsidiaries, and that we are assessed upon a previous and therefore more prosperous year and have a wear and tear allowance in arrears.

As the law stands to-day, and assuming that it is not changed to our disadvantage, we are entitled to relief in assessment. Once a company starts making profits, we can set off those profits against previous losses retro-active up to six years. We can recover arrears of wear and tear allowance also. Again, as the depression passes, we will benefit by the assessment being based on the previous and therefore less prosperous year, and to that extent the proprietors will be advantaged as trade revives.

I think this incidence of assessment and taxation is not sufficiently widely known or appreciated. Once we start on the up-grade, the law as it stands will operate in our favour. It would be the height of inequity to change it to our disadvantage.

The whole sky is not overcast; there is a filtering gleam of sunlight coming through, and I think it is shining on the Empire upon which the sun never sets.

The report and accounts were adopted.

BRITISH MATCH CORPORATION, LIMITED.

SATISFACTORY RESULTS.

NO KREUGER HOLDINGS.

The fifth ordinary general meeting of the British Match Corporation, Limited, was held, on the 11th instant, at Beaver House, Garlick Hill, London, Sir George Paton (chairman and managing director) presiding.

The secretary (Mr H. E. Hobson, A.C.A.) having read the notice convening the meeting and the report of the auditors,

The Chairman, in the course of his speech, referring to the tragic death of Mr Ivar Kreuger in March last, said that the revelations and disclosures which had followed the suicide of this unscrupulous financier had shocked the whole world, and had shaken confidence to a degree which had seldom, if ever, been experienced. In 1927, when this corporation was formed, they acquired the interests of the Swedish Match Company and its associated companies throughout the British Empire, other than in Asia, and the Swedish Match Company received 30 per cent. of the shares of this corporation for their rights, i.e., 1,800,000 shares, about which there had lately been references in the Press. These shares had been deposited with the Skandinaviska Bank in Stockholm, and he was pleased to report that the corporation had been able to secure an agreement with that bank and the Swedish Match Company, which provided that the shares would continue to be subject to the restrictions made under the original agreement. He held a proxy for those shares.

NO HOLDINGS IN KREUGER GROUPS.

He wished again to emphasise that neither the British Match Corporation nor any of its subsidiaries had any holding of shares in the Swedish Match Company or any of the Kreuger groups of companies, and they had made no loans to these companies, nor had they entered into any financial guarantees in regard to them. He felt sure that this information must have been as gratifying to the shareholders to receive as it was to the board to announce it. The directors were profoundly thankful they had been so fortunate that the company had not been involved in that terrible financial débâcle. They would use all their efforts and experience to protect the interests of the corporation and also to maintain the match industry in the high position it had attained in this country and throughout the Empire.

Under all these conditions it was very gratifying to the board to be able to present accounts showing a profit only slightly less than that of last year, which, he trusted, would be regarded by the shareholders as satisfactory.

DUTIES.

This result had been secured notwithstanding the adverse effect of exchanges, increased income tax, and the new import duties on certain raw materials which they were obliged to import—notably timber. Matches, being already subject to Excise and Customs duties imposed during the war for revenue purposes which had no protective effect, did not come within the scope of the Import Duties Act. As a result of this, foreign manufacturers escaped additional import duties on their matches, which were made from the same raw materials on which the British manufacturer must now pay. They had laid their case before the Chancellor of the Exchequer, but he had not yet seen his way to correct this anomaly.

Dealing with the subsidiary companies had been taken into the accounts, although they had earned considerably more than the declared. In the revenue account the return, at £455,917, dividends declared. This was mainly accounted for by depreciation lower by £24,397. This was a reduced dividend from Brazil, where business had been very disturbed and depressed. The balance of profit was £442,597, against £461,387, and it was proposed again to write £40,000 off goodwill, rights, &c., to make a beginning with a reserve fund by transferring £50,000 to it, and to pay a final dividend on the ordinary shares of 4 per cent., free of income tax, the same as last year, carrying forward £54,185.

BRYMAY CO-PARTNERSHIP.

Bryant and May had a very successful profit-sharing and co-partnership scheme, which had been established for over 13 years. It would be agreed that the position of the corporation and its subsidiaries was financially strong and liquid, and, when trade improved, not only in this country but throughout the world, they had every opportunity to get their full share.

Until such time they must practise rigid economy and endeavour to maintain the sound position which they had attained.

The report was unanimously adopted and a cordial vote of thanks to the chairman, directors and staff terminated the proceedings.

CAWNPORE ELECTRIC SUPPLY CORPORATION, LIMITED.

IMPROVED RESULTS.

The annual ordinary general meeting of the Cawnpore Electric Supply Corporation, Limited, was held, on the 10th instant, at Winchester House, London.

Mr John G. B. Stone (the chairman) said:—It is with satisfaction that we are able to report better results than we showed in 1930.

The number of kilowatt hours, that is, units generated, was 44,008,996—an increase of about 6½ per cent. on the previous year's figure. Units sold for public lighting were 346,452—an increase of 12 per cent., by special contract 33,978,465—an increase of 7 per cent. These latter being bulk supply contracts. Units sold for lighting and fans were 1,456,028, an increase of 10 per cent., for power purposes 2,551,103, an increase of 1½ per cent. The total units sold amounted to 38,332,048, an increase of 6 per cent. on the previous year. Of the units generated we sold 87 per cent., the same percentage as in the previous year. The maximum demand amounted to 9,349 kilowatts, an increase of 10 per cent. over 1930.

During the year 153 additional lamps were added to the public lighting installation. The improvement of the street lighting is at present under discussion. The bulk supply, which realised 0.60 As. per unit in 1930, brought in 0.67 As. in 1931.

Hitherto these supplies have all been charged for on the Two-part Tariff, based upon the size of the installation and the units consumed, but towards the middle of last year we acceded to an urgent demand for a flat-rate tariff for such supplies, and, having agreed to it, we were able to secure further important contracts. These flat-rate bulk-supply rates effect a reduction in our charges, but with the economies to be derived from the use of our new plant and the increased output we expect to maintain the present margin of profit, and at the same time satisfy our consumers by giving them what is an extremely low rate for supplies of this nature.

The supplies to ordinary consumers for lighting and fans brought in a revenue of 4.96 As., as compared with 5.22 As. in the previous year. At the beginning of the present year we introduced a two-part tariff for such consumers. Ours is the first of the undertakings in India to offer a general tariff of this nature. It has a fixed monthly charge based upon the number of rooms in the house, and a low charge per unit. This system of charging is being freely adopted in this country, and with success. The supply for power purposes, which shows little increase over the previous year, brought in 1.81 As. per unit, against 1.78 As. in 1930.

The report and accounts were unanimously adopted.

THE CALCUTTA ELECTRIC SUPPLY CORPORATION, LIMITED.

SATISFACTORY PROSPECTS FOR CURRENT YEAR.

The thirty-fifth annual general meeting of the Calcutta Electric Supply Corporation, Limited, was held, on the 9th instant, at Victoria House, Vernon Place, London, W.C.

The Right Hon. Lord Meston of Agra and Dunottar, K.C.S.I. (the chairman), said that the issue of ordinary shares in March last year, together with the issue of preference shares made in 1930, had helped to finance the policy of steady improvement and extension which the rapid advance of the company's business in recent years had counselled the directors to pursue. The re-conditioning of their Cossipore station had continued, and their largest generating unit, a 20,000 kw. turbo-alternator, had come into commission at the Southern Station. More sensational was the successful tunnelling under the Hooghly between the Southern Station and the right bank. The bore was completed in August, and they were now on the eve of putting their cables through it, and thus solving the grave problem of an efficient supply of current to the southern area of Howrah.

The sale of current had yielded nearly £5,000 less than in the year before. Their industrial load, in spite of prevailing depression, showed an improvement of over 5,000,000 units, and there was a corresponding rise in the revenue from that source. The domestic load, however, increased by barely 500,000 units, and, as their flat rate of charge had been reduced in June from 3 to 2½ annas per unit, there was a substantial drop in the receipts from that quarter. With better times, the cheaper supply which they now gave would, the directors were satisfied, bring its reward in higher consumption. The directors proposed a bonus of 3d. per ordinary share, in lieu of last year's 5d., in addition to the 12 per cent. which they now aimed at securing as their standard dividend in years of ordinary prosperity. In the circumstances the directors trusted that this would not be regarded as unsatisfactory. The customers received by the reduced flat rate a gift which, on the present scale of domestic consumption, was worth roughly £48,000 per annum.

So far as the results of the current year had reached them, the prospects for 1932 were satisfactory.

The report was unanimously adopted.

[May 14, 1932.]

SPILLERS LIMITED.

SUCCESSFUL RESULTS OF THE YEAR.

WHEAT QUOTA DIFFICULTIES.

SIR MALCOLM ROBERTSON'S REVIEW OF POSITION AND PROSPECTS.

The Rt. Hon. Sir Malcolm A. Robertson, chairman of Spillers, Limited, presiding at the annual general meeting of the company, on the 7th instant, at Cardiff, said that the company's profits for the year amounted to £549,184, after making full provision for income tax, depreciation and the staff under the co-partnership scheme. Payments out of these profits, including a sum of £125,000 transferred to the staff and workmen's benefit fund, amounted to £197,107, leaving £352,077 to be carried to the balance sheet. The directors proposed to pay a dividend of 12½ per cent. (making 15 per cent. for the year) on the ordinary shares and 10 per cent. on the deferred ordinary shares.

The company, while still providing the best and cheapest flour in the world, and after eliminating all speculation, had yet made substantial profits on the flour milling side of the business as well as elsewhere. That was partly due to the rationalisation of the milling industry, but also very largely to the reorganisation of the company, which had proceeded with such satisfactory results, and to the fact that the board consisted of whole-time directors.

Apart from the flour milling side of the business, considerable profits had been earned by the company's activity in the manufacture of all forms of animal foods. During the year under review they had actually delivered to customers no less than 453,000 tons of those foods, exclusive of raw grain.

WHEAT QUOTA

As to the future, normal trading conditions for the milling industry were a thing of the past. The effect of the quota policy for home-grown wheat, recently imposed under the Wheat Quota Act, was difficult to foretell, but so far as could be seen at present, there was absolutely no foundation for the belief cherished by some foolish people that it would result in great financial gains to millers. One thing, however, was abundantly clear; the difficulties in running what was already a sufficiently complicated business were definitely increased. The attitude of millers towards the Quota Act had been misunderstood. A quota system was both cumbersome and unnecessarily costly, and could well have been replaced by a straightforward duty on wheat. The delicate machinery of the trade would not then be upset as it would be now, and the price of flour would at the very least not have been higher, and possibly lower, than under a quota.

A much more serious cause for anxiety was the Ottawa Conference. It was difficult to say much on that subject now, but if it was made compulsory to use a high quota of Dominion wheat with no compensating advantage by the strict limitation of the import of both foreign and Dominion flour, then the interests of the company and of the milling industry generally would be gravely affected.

THE NEW MILLS

It had been public property for some months that the erection by the company of new mills at Cardiff and Bristol had been contemplated, and it was anticipated that they would be working within two years. They were situated on Roath Dock at Cardiff and Avonmouth Dock at Avonmouth, both on deep water. They would have the most adequate facilities of every kind, and would undoubtedly represent the last word in milling construction and furnishing in the world.

The directors had decided to recommend that all the company's issued capital, with the exception of the co-partnership shares, be converted into stock. They, like many other large companies in whose shares there was an active market, had found that the clerical labour entailed in connection with the registration of transfers became more and more burdensome as the parcels of shares were split into smaller parcels, because under present law every share had to bear a distinctive number. No such disability applied to stock.

BRITISH OAK INSURANCE

As regards the British Oak Insurance Company, a great improvement had taken place in its affairs. The previous year's loss of £39,877 had been converted into a profit of £24,751, thus reducing the debit balance from £73,395 to £53,644.

Following the rule that he had laid down for himself when he became their chairman, he had, during the year, visited every one of the company's chief centres. He had also personally interviewed every senior member of the administrative staff. The greatest importance was to be attached to those visits and to the feeling which it was hoped they engendered.

In connection with the staff, the shareholders would be gratified to hear that the bonus payable under the staff co-partnership scheme for the past year was equal to the highest yet paid. In addition, the dividend on the co-partnership shares already issued was to be 13½ per cent. for the year. The company had initiated a scheme for assisting the staff in connection with payment of income tax. This scheme was purely voluntary, but had been adopted by the vast majority of the tax-paying staff, and the Board of Inland Revenue had since endorsed the scheme, in its essentials, as suitable for adoption by large employers.

PROVISION FOR STAFF

The directors were anxious to see that the workpeople, many of whom had served the company throughout their working lives, were adequately provided for in their retirement. Although the group pension scheme had been established, the full extent of its benefits could not be felt for many years to come, and that was why provision was made in the accounts for the establishment of a fund for that purpose. The company had a staff, including workmen, which was second to none in the country for efficiency, enthusiasm and loyalty, and the question of recruitment of new employees to replace retired servants was receiving the directors' closest attention.

The report and accounts were adopted.

LONDON ELECTRIC WIRE COMPANY AND SMITHS, LIMITED.

POSITION MAINTAINED.

The twenty-third annual general meeting of this company was held, on the 12th instant, at the Hotel Metropole, London.

Mr W. J. Terry (the chairman) said that the net profit for the year was £63,248. After adding transfer fees and the amount brought forward and deducting directors' fees and preference and interim ordinary dividends, there remained a balance of £48,426. The net profit for the year showed an increase of £3,082.

The fluctuations in the price of copper had again been of an abnormal character throughout 1931, and there had been the same difficulty in covering contracts made with them at prevailing market prices. There was no doubt that the existing price of copper was below its economic value, but it would seem that, if a free market for that metal existed, together with the present restriction of output, a better state of affairs would be speedily brought about.

During the year under report, the company had maintained its position in the electrical industry, although the prevailing world depression had imposed a restriction upon trade which had limited their business to considerably less than their manufacturing economies in working, changes had been and were still being made in their organisation.

The reduced requirements of the trade had necessarily led to severe competition and a lower level of selling prices. The company had, however, paid particular attention to the quality of its products which had been steadily improved and they ranked as high as any obtainable in the world's markets. Every possible avenue would be explored to increase the output of the products manufactured by the company, and every effort would be made to combat successfully the difficulties which naturally arose from the general shortage of orders. The directors had given and were giving careful consideration to a widening of the scope of the company's activities, both as regarded the products of manufacture and methods of distribution.

In September last year the breakdown of the gold standard in this country had assisted trade, but that improvement had only been of a very temporary nature. In November last the Abnormal Import Duties Act had been passed, and in March this year the of the board that a scientifically imposed tariff would be of great benefit to the industry, but there must be no uncertainty about its otherwise there would be further serious dislocation in their trading conditions.

The report and accounts were unanimously adopted.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended May 7, 1932, amounted to £11,420,800 against ordinary expenditure of £29,330,600. After allocating £610,000 to Sinking Fund and having allowed for a reduction in Exchequer Balances of £581,185, the

May 14, 1932.]

THE ECONOMIST.

1105

operations for the week, as shown below, increased the National Debt by £17,939,000 to £7,605,781,000†:—

(000's omitted.)

Public Department Advances ...	+ 11,200	Treasury Bills ...	3,921
By 3% Treasury Bonds ...	+ 10,850	Treasury Bonds paid off ...	100
Repayments under Land Settlement Act ...	+ 10	National Savings Certificates ...	100
	+ 22,060		4,121
	† Adjusted figure.		

A complete analysis of the National Debt at March 31, 1932, was printed in the *Economist* of April 2, 1932.

REVENUE.	Total Receipts into the Exchequer.			
	April 1, 1932, to May 7, 1932.	April 1, 1931, to May 9, 1931.	Week ended May 7, 1932.	Week ended May 9, 1931.
ORDINARY REVENUE.	£	£	£	£
Inland Revenue—				
Income Tax	15,312,000	18,358,000	3,376,000	2,405,000
Sur-Tax, including Arrears of Super-Tax	4,180,000	6,630,000	500,000	1,030,000
Estate, &c., Duties	7,150,000	7,880,000	1,140,000	1,010,000
Stamps	450,000	830,000	...	180,000
Excess Profits Duty and Corporation Profits Tax	...	...	...	...
Land Tax and Mineral Rights Duty	30,000	90,000	...	60,000
Total Inland Revenue	27,122,000	33,788,000	5,016,000	4,685,000
Customs and Excise—				
Customs	16,346,000	13,315,000	2,898,000	2,388,000
Excise	10,900,000	10,800,000	900,000	654,000
Total Customs and Excise ...	27,246,000	24,115,000	3,798,000	3,042,000
Motor Vehicles Duties (Exchequer Share)	1,207,000	612,000	732,000	Dr. 130,000
Post Office (Net Receipt)	4,150,000	4,700,000	1,800,000	1,700,000
Crown Lands	190,000	140,000	...	...
Receipts from Sundry Loans	941,113	4,399,916	72,887	83,849
Miscellaneous Receipts	414,889	2,987,468	1,901	1,319,001
Appropriation from Rating Relief Suspense Account	...	...	...	...
Total Ordinary Revenue ...	61,271,002	70,742,384	11,420,788	10,699,850
SELF-BALANCING REVENUE.				
Post Office	3,900,000	3,700,000	700,000	700,000
Motor Vehicle Duties apportioned to Road Fund	2,423,000	3,062,000	50,000	1,033,000
Total Self-Balancing Revenue	6,323,000	6,762,000	750,000	1,733,000
Total	67,600,002	77,504,384	12,170,788	12,432,850

EXPENDITURE.	Total Issues out of the Exchequer to meet payments.			
	April 1, 1932, to May 7, 1932.	April 1, 1931, to May 9, 1931.	Week ended May 7, 1932.	Week ended May 9, 1931.
ORDINARY EXPENDITURE.	£	£	£	£
Interest and Management of National Debt	42,965,634	38,537,559	15,738,097	2,027,824
Payments to Northern Ireland Exchequer	414,286	404,928	207,143	202,464
Other Consolidated Fund Services	283,168	290,190	35,367	...
Total	43,663,088	39,232,677	15,980,607	2,230,288
Total Supply Services (excluding Post Office)	44,380,000	41,631,000	13,350,000	5,260,000
Total Ordinary Expenditure	88,043,088	80,863,677	29,330,607	7,490,288
SELF-BALANCING EXPENDITURE.				
Post Office	3,900,000	3,700,000	700,000	700,000
Road Fund	2,423,000	3,062,000	50,000	1,033,000
Total Self-Balancing Expenditure	6,323,000	6,762,000	750,000	1,733,000
Total Ordinary and Self-Balancing Expenditure ...	94,372,088	87,625,677	30,080,607	9,223,288
New Sinking Fund (1928)	2,755,318	4,211,226	610,000	610,000
Total (including New Sinking Fund)	97,127,406	91,836,903	30,690,607	9,833,288

The aggregate revenue and expenditure to May 7, 1932, is shown below:—

FINANCIAL YEAR, 1932-33, APRIL 1st to MAY 7th, 1932.

(000's omitted.)

Expenditure	88,043	Revenue	61,271
New Sinking Fund	2,755	Decreases in balances	3,296
		Net amount borrowed	26,231
	90,798		90,798

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Out- standing—	May 9, '31.	Mar. 31, '32.	May 7, '32.	May 7, '32.
Advances by Bank of England	32,900,000	7,500,000	19,450,000	+ 11,200,000
Advances by Public Departments	571,795,000	604,455,000	621,445,000	— 3,925,000
Treasury Bills outstanding	604,695,000	611,955,000	640,895,000	+ 2,775,000
Total Floating Debt				
† Includes £3,000, the proceeds of which were not carried to the Exchequer within the period of the account.				

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £35,000,000 in Treasury Bills were opened on May 6, 1932, and the total amount applied for was £62,055,000. Tenders were accepted for bills at three months, dated Monday to Friday at £99 12s. 1d., about 10 per cent., and above in full, and Saturday at £99 12s. 3d. and above in full. The amount allotted was £35,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1932.			
April 15	40,000,000	78,160,000	2 1 11-6
April 22	35,000,000	76,455,000	1 16 3-92
April 29	40,000,000	71,435,000	1 17 1-81
May 6	35,000,000	62,055,000	1 10 11-36

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, May 11, 1932.

ISSUE DEPARTMENT.

Notes Issued:—	£	Government Debt	£ 11,015,109
In Circulation	358,313,746	Other Government Securities	195,509,394
In Banking Department	37,502,648	Other Securities	64,664,339
		Silver Coin	3,811,167
		Amount of Fiduciary Issue	275,000,000
		Gold Coin and Bullion	120,816,394
	£395,816,394		£395,816,394

BANKING DEPARTMENT.

Proprietors' Capital	£ 14,553,000	Government Securities	£ 72,135,906
Reserve	3,209,080	Other Securities —	
Public Deposits	13,718,750	Discounts and Advances	£ 12,096,188
Other Deposits	£ 78,029,570	Securities	£ 220,288,239
Bankers'	33,179,514		
Other Accounts	111,209,484	Notes	32,384,427
7-day and other Bills	1,169	Gold and Silver Coin	668,502
	£142,691,483		£142,691,483

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

Both Departments.		Amount, May 11, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	£	358,313,746	+ 1,733,468	+ 5,186,526
Public deposits	£	13,718,750	+ 3,422,002	+ 3,395,119
Bankers' deposits	£	78,029,570	+ 2,969,514	+ 15,830,758
Other deposits	£	33,179,514	— 3,490,052	— 785,953
Seven-day bills	£	1,169	Nil	4,496
Total outside liabilities	£	483,243,149	+ 4,634,732	+ 23,621,954
Capital and rest	£	17,762,080	+ 21,602	+ 9,321
Government debt and securities	£	278,660,400	— 8,975,143	+ 93,402
Discounts and advances	£	12,096,188	+ 511,236	+ 5,734,156
Other securities	£	84,952,578	+ 13,095,769	+ 45,783,774
Silver coin in issue department	£	3,811,167	+ 245	— 281,132
Coin and bullion (bank's reserve)	£	121,484,896	+ 24,717	— 28,518,925
Reserve of notes and coin in banking department	£	38,171,150	— 1,708,751	— 18,705,451
Proportion of reserve to outside liabilities—				
(a) Banking department only ("proportion")		30½%	— 2½%	— 22½%
(b) Gold stocks to deposits and notes ("reserve ratio") ..		25½%	— 1%	— 7½%

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Reserve & the "Proportion."
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1932.							
April 6	£ 395,807	£ 359,792	£ 9,993	£ 79,542	£ 33,644	Nil	34
13	395,808	356,753	12,259	78,447	32,824	Nil	34
20	395,815	354,271	9,149	78,840	34,585	Nil	34
27	395,816	352,614	23,351	68,284	35,283	Nil	34
May 4	395,815	356,580	10,297	75,060	36,570	Nil	34
11	395,816	358,314	13,719	78,030	35,180	Nil	34

(000's omitted.)

Date.	Issue Department.		Both Depts.		Ranking Department.				
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.		Govt. Securities.	Dis- counts & Ad- vances.	Other Securities.	Reserve & the "Pro- portion."	
1932.	£	£		%					
April 6	245,402	25,797	121,437	25½	51,111	12,164	40,910	36,646	
13	254,309	36,892	121,449	25½	55,388	11,267	34,834	39,696	
20	219,696	51,487	121,430	25½	57,606	11,198	23,283	42,158	
27	221,002	50,196	121,477	25½	62,621	11,535	16,818	43,662	
May 4	216,560	52,629	121,460	25½	68,076	11,585	19,228	39,880	
11	206,524	64,664	121,485	25½	72,135	12,096	20,288	38,171	

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1932.	£	£	£	£
January 1 to April 27	8,424,622	544,705	900,629	9,869,956
Week ended May 4	553,394	32,730	50,297	636,421
Week ended May 11	575,630	31,393	59,242	666,265
Total to date, 1932	9,553,646	608,828	1,010,168	11,172,642
Total to date, 1931	13,239,365	650,072	1,042,344	14,931,781
Increase or decrease in 1932 ...	-3,685,719	-41,244	-32,176	-3,759,139
Percentage	-27.9%	-6.3%	-3.1%	-25.2%
Total for year 1931	31,815,808	1,667,852	2,752,209	36,235,869
Total for year 1930	38,782,577	1,812,146	2,963,631	43,558,354
Increase or decrease in 1931 ...	-6,966,769	-144,294	-211,422	-7,322,485
Percentage	-17.9%	-7.9%	-7.1%	-17.8%

PROVINCIAL CLEARING RETURNS.
(000's omitted.)

	Week ended May 7.		Month of April.		Inc. or Dec.	Aggregate Totals, January 1 to May 7.	
	1931.	1932.	1931.	1932.		1931.	1932.
No. of working days	24	26	24	26	%	£	£
BIRMINGHAM	2,073	2,803	8,093	9,209	+13.7	41,934	40,296
BRADFORD	650	862	3,518	3,525	+0.1	14,269	15,046
BRISTOL	1,052	1,150	4,192	5,406	+28.9	20,908	20,767
DUBLIN	5,003	6,984	3,096	3,078	-0.5	14,013	13,915
HULL	780	812	3,253	3,692	+4.7	16,558	16,229
LEEDS	581	664	2,496	2,885	+15.5	12,196	13,053
LEICESTER	5,713	6,642	21,942	24,260	+10.5	100,836	102,097
LIVERPOOL	9,273	11,129	37,655	40,479	+7.4	174,319	179,056
MANCHESTER	1,114	1,297	4,837	5,548	+14.6	24,679	23,277
NEWCASTLE	402	519	1,831	1,891	+3.2	8,813	8,629
NOTTINGHAM	713	926	2,931	3,064	+4.5	15,200	14,156
Total	28,031	34,550	94,114	103,037	+9.4	534,467	544,304

OVERSEAS BANK RETURNS

NOTE.—The latest return of the Bank for International Settlements appeared in the Economist of April 9: Roumania in April 16; National Bank of Egypt and Chile in April 23; Canadian Banks in April 30; Russia, South African Reserve, Federal Reserve Bank, Greece, and Denmark in May 7.

BANK FOR INTERNATIONAL SETTLEMENTS.
(In Millions of Swiss Francs.)

ASSETS.	Apr. 30, 1931.	Jan. 31, 1932.	Feb. 29, 1932.	Mar. 31, 1932.	Apr. 30, 1932.
Cash	7.6	17.3	6.4	14.2	15.5
Sight funds	102.8	157.0	82.3	74.4	71.4
Bills and acceptances:—					
Commercial bills	443.4	406.5	438.3	473.6	453.7
Treasury bills	203.9	100.4	142.5	136.7	156.2
Time funds:—					
Not exceeding 3 months	939.9	233.5	221.1	206.5	253.5
Between 3 and 6 months	7.4	...	...	...	...
Sundry investments	225.9	111.0	110.8	210.9	177.3
Other assets	12.6	10.4	9.5	9.7	10.0
LIABILITIES.					
Capital paid up	103.5	108.5	108.5	108.5	108.5
Reserves	...	3.8	3.8	3.8	3.8
Special deposits:—					
Annuity trust account	154.6	153.8	153.8	153.6	153.8
German Government deposit fund	77.3	76.9	76.9	76.8	76.9
French Government guarantee fund	68.8	68.6	68.6	68.6	68.6
Time deposits of Central Banks:—					
Between 3 and 6 months:—					
For their own account	10.9	...	...	...	...
For account of others	...	...	...	...	...
Not exceeding 3 months:—					
For their own account	457.2	159.4	158.4	145.2	300.6
For account of others	590.0	35.5	21.3	...	...
Other deposits	13.8	...	...	...	5.5
Sight deposits of Central Banks:—					
For their own account	295.3	315.5	321.6	463.0	319.9
For account of others	152.5	77.7	61.5	68.2	61.4
Other deposits	0.2	5.9	5.9	7.8	4.0
Miscellaneous items	19.3	30.3	30.6	30.4	34.4

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

RESOURCES.	May 14, 1931.	Apr. 21, 1932.	Apr. 28, 1932.	May 5, 1932.	May 12, 1932.
Total gold reserve	3,210,610	3,023,730	3,014,530	2,992,420	2,956,420
Total bills discounted	144,900	564,520	531,820	505,800	471,370
Bills bought in open market	153,110	48,550	45,870	44,520	42,720
Total U.S. Govt. securities	598,410	1,078,130	1,191,230	1,286,880	1,385,270
Total bills and securities	897,540	1,695,700	1,773,740	1,842,130	1,904,400
Total resources	4,993,700	5,512,540	5,548,110	5,603,920	5,615,640
LIABILITIES.					
Federal Reserve notes in actual circulation	1,528,310	2,544,760	2,526,570	2,561,650	2,551,360
Deposits—Memberbank—reserve account	2,420,790	1,978,640	2,114,420	2,147,150	2,144,370
Total deposits	2,483,180	2,131,370	2,234,200	2,237,100	2,272,970
Capital paid in and surplus	443,090	414,800	416,600	414,310	414,320
Total liabilities	4,993,700	5,512,540	5,548,110	5,603,920	5,615,640
Ratio of total reserves to deposits and Federal Reserve note liabilities combined	84.5%	69.2%	67.9%	66.8%	65.6%

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

	May 14, 1931.	Apr. 21, 1932.	Apr. 28, 1932.	May 5, 1932.	May 12, 1932.
Total gold reserves	1,134,700	932,780	917,730	861,870	823,470
Total bills discounted	31,900	107,810	104,840	104,230	100,080
Bills bought in open market	45,510	14,360	13,800	14,440	13,830
Total U.S. Govt. securities	145,710	496,850	583,860	658,470	692,160
Total bills and securities	223,680	621,960	705,650	780,310	809,350
Deposits—Memberbank—reserve account	1,034,810	874,290	1,000,890	1,006,780	989,970
Ratio of total res. to dep. and Federal Res. note liabilities combined	90.4%	64.8%	61.0%	56.7%	54.6%

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

ASSETS.	Apr. 17, 1931.	Mar. 18, 1932.	Mar. 25, 1932.	Apr. 1, 1932.	Apr. 8, 1932.	Apr. 15, 1932.
Total securities	29,67,17	17,68,57	18,36,01	19,68,58	21,44,48	23,28,11
Loans	12,72,38	9,69,91	9,43,79	10,03,98	9,33,96	9,12,80
Cash credits	28,89,25	24,49,48	25,03,98	24,67,72	23,82,35	23,83,54
Inland bills	2,66,80	6,35,03	5,93,04	5,95,62	6,03,25	5,77,54
Foreign bills	39,92	3,68,07	2,68,07	2,68,07	2,68,07	2,68,07
Dead stock	2,75,20	2,68,07	2,68,07	2,68,07	2,68,07	2,68,07
Bal. with other banks	11,51	49,31	55,34	40,02	40,18	40,23
Cash	11,37,75	9,26,24	9,72,78	11,95,40	8,76,76	8,75,66
LIABILITIES.						
Capital paid up	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50
Reserve	5,40,00	5,00,00	5,00,00	5,00,00	5,00,00	5,00,00
Total deposits	77,02,37	68,79,00	68,34,71	71,85,24	67,70,26	68,04,64
The above includes:—						
Deposits in London	4,090	1,942	2,159	2,039	941	956
Advances in London	4,115	1,684	1,880	1,941	844	838
Cash, &c., at other Banks in London	88	372	417	301	305	304

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

ASSETS.	May 8, 1931.	Apr. 8, 1932.	Apr. 15, 1932.	Apr. 22, 1932.	Apr. 29, 1932.
Gold	55,624,663	76,909,171	77,065,206	77,480,944	78,339,832
Foreign assets:—					
Sight deposits	6,694,294	4,230,399	4,408,306	4,567,468	4,594,342
Bills, &c.	19,466,748	8,169,891	8,143,738	7,791,903	...
Home bills	5,437,157	4,005,260	3,693,232	4,403,364	...
Advances against sec. To the State	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Other advances	2,840,327	2,807,043	2,808,121	2,750,969	2,842,574
Negotiable Bonds, Sinking Fund Dept.	5,082,397	6,880,527	6,880,527	6,880,527	6,513,256
Other assets (excluding forward exch., &c.)	4,161,500	5,565,675	5,583,980	5,435,164	...
LIABILITIES.					
Notes in circulation	77,934,475	82,523,540	81,827,134	81,145,445	82,382,036
Public deposits	10,887,558	5,432,967	3,143,562	3,235,149	3,066,392
Private deposits	10,896,799	23,324,779	24,307,736	25,636,328	23,703,244
Other liabilities	2,788,254	2,486,680	2,504,984	2,493,423	...

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

ASSETS.	May 7, 1931.	Apr. 23, 1932.	Apr. 30, 1932.	May 7, 1932.
Gold	2,369,868	859,925	858,834	851,110
Of which deposited abroad	207,638	94,974	94,967	89,156
Reserve in foreign currencies	169,281	129,045	130,616	133,254
Bills of exchange and cheques	1,707,437	2,896,518	3,171,912	3,155,716
Silver and other coin	175,099	279,590	162,394	197,797
Notes of other German banks	13,758	11,661	2,176	5,823
Advances	146,546	83,282	281,987	110,974
Investments	102,669	381,561	361,561	361,561
Other assets	461,807	886,142	812,514	817,301
LIABILITIES.				
Share capital	150,000	150,000	150,000	150,000
Reserves	337,331	417,426	417,426	417,426
Notes in circulation	4,076,736	3,875,165	4,128,057	3,990,865
Other daily maturing obligations	332,741	370,234	404,729	362,836
Other liabilities	249,657	294,899	681,782	712,409
Cover of note circulation	62.3%	65.9%	64.0%	24.7%

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

ASSETS.	Position, May 28, 1931.	May 7, 1931.	Apr. 14, 1932.	Apr. 21, 1932.	Apr. 28, 1932.	May 4, 1932.
Gold	232,650	855,743	50,355	51,605	52,138	52,093
Foreign bills and balances abroad	697,600	728,073	946,299	934,658	937,111	909,210
Silver and other coin	...	...	...	...	...	...
Securities	...	...	...	...	...	...
LIABILITIES.						
Notes in circulation	934,150	3,239,218	3,670,966	3,644,824	3,653,140	3,664,426
Current accounts	112,125	115,841	196,475	212,626	209,948	167,050

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

ASSETS.	Position, May 30, 1914.	May 4, 1931.	Apr. 11, 1932.	Apr. 18, 1932.	Apr. 25, 1932.	May 2, 1932.
Gold	165,092	449,976	891,893	900,570	906,342	910,707
Silver	8,436	35,698	24,417	24,775	25,138	24,713
Home bills discounted	...	45,543	54,317	54,315	53,391	54,202
Foreign bills	253,504	223,260	84,410	84,410	88,572	88,572
Loans and advances	...	...	...	...	...	...
LIABILITIES.						
Notes in circulation	316,632	898,393	976,981	973,781	982,117	1,044,073
Deposits	8,016	22,161	180,794	196,223	196,487	156,351

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

ASSETS.	Position, May 30, 1914.	May 9, 1931.	Apr. 16, 1932.	Apr. 23, 1932.	Apr. 30, 1932.	May 7, 1932.
Gold	22,971	1,499,979	149,400	148,700	148,200	148,900
Silver	29,785	47,539	...	...	...	...
Discounts, advances, and other investments	77,567	119,587	108,500	104,500	102,800	106,700
LIABILITIES.						
Notes in circulation	109,499	250,610	227,100	223,000	223,500	229,400
Deposits and bills payable	11,250	38,647	30,900	30,700	28,800	27,200

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

ASSETS.	Position, May 31, 1914.	May 7, 1931.	Apr. 15, 1932.	Mar. 23, 1932.	Apr. 30, 1932.	May 7, 1932.
Gold	171,175	642,822	2,438,614	2,438,617	2,438,621	2,459,313
Foreign Bills and Balances abroad	...	...	...	...	...	...
Discounts	...	288,355	111,334	110,245	110,957	96,867

[May 14, 1932.]

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

ASSETS.	Apr. 8, 1932.	Apr. 15, 1932.	Apr. 22, 1932.	Apr. 30, 1932.
Cash reserve:				
Gold at home and abroad	1,762,817	1,763,063	1,763,129	1,763,138
Foreign exchange	192,893	196,924	206,613	221,312
Other foreign exchange	83,805	81,498	82,831	83,108
Notes and advances against security	2,150,303	2,187,702	2,192,194	2,248,003
Government advances	1,802,987	1,802,941	1,803,257	1,803,824
LIABILITIES.				
Notes in circulation	4,923,521	4,874,935	4,849,554	5,042,580
Sight deposits	436,793	489,431	525,718	355,219

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

ASSETS.	Apr. 23, 1931.	Mar. 31, 1932.	Apr. 7, 1932.	Apr. 15, 1932.	Apr. 23, 1932.
Gold and silver holdings	1,430,168	1,512,795	1,512,803	1,512,855	1,512,896
Balances abroad and foreign currencies	757,314	330,732	320,135	298,555	269,527
Discounts and advances	642,114	727,002	733,495	739,895	742,593
Advances to the Treasury	3,064,426	2,965,483	2,965,483	2,965,483	2,965,483
LIABILITIES.					
Capital paid up	500,000	500,000	500,000	500,000	500,000
Reserves	1,183,980	1,191,725	1,191,726	1,191,757	1,191,792
Bank notes in circulation	3,103,692	2,797,054	2,821,929	2,846,490	2,800,022
Sight liabilities	1,581,902	1,551,559	1,520,626	1,460,077	1,441,385
Deposits	264,143	236,787	236,772	236,463	236,399

BANK OF POLAND.—In zloty (000's omitted).

ASSETS.	Apr. 30, 1931.	Mar. 31, 1932.	Apr. 10, 1932.	Apr. 20, 1932.	Apr. 30, 1932.
Gold	567,376	573,518	573,564	574,264	574,314
Of which held abroad	61,716	124,688	124,868	125,562	125,562
Foreign currencies	34,684	131,644	183,504	167,250	158,192
Bills discounted	544,148	641,860	629,490	603,881	632,897
Loans against securities	87,123	135,468	128,197	136,073	130,252
Reserve fund securities	90,667	92,761	92,556	92,556	92,556
LIABILITIES.					
Share capital	150,000	150,000	150,000	150,000	150,000
Reserve funds	114,000	114,000	114,000	114,000	114,000
Notes in circulation	1,258,939	1,130,529	1,100,705	1,087,576	1,147,501
Current accounts	187,978	169,239	197,855	192,936	129,198

BANK OF FINLAND.—In F. Marks (000's omitted).

ASSETS.	Position, May 30, 1931.	Apr. 30, 1931.	Apr. 15, 1932.	Apr. 23, 1932.	Apr. 30, 1932.
Gold	35,091	301,365	303,993	303,995	303,995
Balance abroad and foreign bills	90,379	959,364	866,330	844,914	822,965
Finland and Foreign Government securities	21,826	365,472	354,925	353,149	353,697
Discounts and loans	105,161	756,268	923,643	961,779	945,116
LIABILITIES.					
Notes in circulation	123,941	1,301,479	1,242,505	1,185,136	1,224,465
Deposits at notice	21,225	97,835	122,072	179,510	93,481

BANK OF ESTONIA.—In Est. kronas (000's omitted).

ASSETS.	Apr. 30, 1931.	Apr. 7, 1932.	Apr. 15, 1932.	Apr. 23, 1932.	Apr. 30, 1932.
Gold coin and gold bullion	6,517	7,321	7,322	7,323	7,325
Net foreign exchange	17,258	14,347	13,591	13,348	12,720
Subsidiary Estonian coin	1,851	1,849	1,894	1,715	1,803
Home bills discounted	10,807	10,370	10,320	10,245	10,158
Loans and advances	16,002	11,508	11,878	12,959	13,988*
Thereof loans to Government	5,000	3,900	3,900	5,000	5,000
LIABILITIES.					
Notes in circulation	35,537	33,005	32,379	34,511	33,509
Sight deposits and current accounts	15,967	13,072	13,243	13,897	13,897
Ratio of reserve to current liabilities	46.16%	47.03%	45.84%	44.49%	42.28%

* Includes Ekr. 4,050,192.03 guaranteed by the Government.

BANK OF LATVIA.—In lats (gold francs) (000's omitted).

ASSETS.	May 4, 1931.	Apr. 4, 1932.	Apr. 11, 1932.	Apr. 18, 1932.	Apr. 25, 1932.	May 2, 1932.
Gold bullion and coins	24,080	34,489	34,491	34,494	34,496	34,499
Silver coin	2,866	13,200	13,183	13,178	13,130	13,029
Balance abroad	27,526	12,779	12,679	13,148	13,167	13,427
Treas. notes and sm. change	14,185	15,752	16,039	15,905	16,055	15,910
Short term bills	40,476	75,264	74,478	74,309	73,831	74,615
Loans against securities	69,780	58,225	56,061	55,458	55,743	55,187
Other assets	15,909	22,665	22,788	22,695	23,406	23,507
LIABILITIES.						
Notes in circulation	44,587	38,784	38,722	38,678	38,554	39,075
Capital paid up	19,676	19,676	19,676	19,676	19,676	19,676
Reserve	4,729	4,729	4,729	4,729	4,729	4,729
Special reserve	3,500	3,500	3,500	3,500	3,500	3,500
Deposits	21,134	17,652	17,653	17,651	17,644	17,720
Current accounts	67,203	56,817	57,427	57,914	60,341	61,585
Government accounts	72,901	79,527	77,789	76,520	75,128	72,940
Other liabilities	4,881	11,589	10,213	10,480	10,255	10,949

BANK OF LITHUANIA.—In lt. (000's omitted).

ASSETS.	Apr. 30, 1931.	Feb. 15, 1932.	Feb. 28, 1932.	Mar. 15, 1932.	Mar. 31, 1932.	Apr. 30, 1932.
Gold	39,446	50,200	50,200	50,210	50,216	50,231
Silver and other coins	2,406	4,315	4,428	4,436	4,458	4,503
Foreign currency	74,192	27,315	26,882	25,901	25,446	20,667
Discounts	95,126	94,696	94,266	93,517	90,896	90,896
Advances	104,542	7,317	7,276	7,368	7,374	10,080
LIABILITIES.						
Capital	12,000	12,000	12,000	12,000	12,000	12,000
Reserve	1,900	2,015	2,015	2,015	2,015	2,015
Banknotes in circulation	111,902	100,326	104,019	99,736	101,200	101,062
Current accounts	97,645	25,023	19,705	24,355	19,120	18,641
Deposits	97,645	49,819	50,399	49,773	51,130	46,805

BANK OF DANZIG.—In Danzig gulder (000's omitted).

ASSETS.	Apr. 30, 1931.	Feb. 15, 1932.	Feb. 29, 1932.	Mar. 15, 1932.	Mar. 31, 1932.	Apr. 30, 1932.
Gold coin and bullion	3,511	21,820	21,819	21,818	21,817	21,816
Danzig subsidiary coin	3,382	4,634	4,329	4,651	4,475	4,272
Bal. Bk. of Eng.	14,843	27,256	24,713	24,759	27,408	29,316
Notes of exchange	22,160	300	363	200	260	304
Advances	6,842	9,316	9,399	7,935	6,751	8,116
Discounts	36	60	33	35	2,054	1,309
LIABILITIES.						
Capital paid up	7,500	7,500	7,500	7,500	7,500	7,500
Notes in circulation	35,126	37,615	40,841	37,923	41,060	41,244
Deposits on demand	1,303	12,281	9,040	11,299	9,671	14,166

BANK OF JAPAN.—In yen (000's omitted).

ASSETS.	Position June 30, 1931.	Apr. 25, 1932.	Apr. 2, 1932.	Apr. 9, 1932.	Apr. 16, 1932.	Apr. 23, 1932.
Gold coin and bullion	221,320	839,576	429,563	429,563	429,564	429,065
Other coin and bullion		62,054	58,723	59,566	61,605	63,400
Discounts	41,740	642,231	823,341	774,603	721,087	714,703
Advances	70,540	55,705	80,111	78,865	79,376	78,906
LIABILITIES.						
Notes	362,270	1,057,686	1,088,394	1,031,573	988,788	1,008,999
Govt. deposits	87,340	371,404	457,569	519,410	432,254	401,411
Other deposits	11,440	300,705	61,282	63,287	75,654	62,665

LONDON RATES.

	May 5, 1932.	May 6, 1932.	May 7, 1932.	May 9, 1932.	May 10, 1932.	May 11, 1932.	May 12, 1932.
Bank rate (changed from 3% May 12, 1932)	3%	3%	3%	3%	3%	3%	2%
Market rates of discount—							
60 days' bankers' drafts	1 1/2-2	1 1/2-2	1 1/2-2	1 1/2-2	1 1/2-2	1 1/2-2	1 1/2
3 months' do.	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2
4 months' do.	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2
6 months' do.	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2
Discount Treasury Bills—							
2 months'	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2
3 months'	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2
Loans—Day-to-day	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2
Deposit allowances: Bank	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2
Discount houses at call	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2
At notice	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2-2 1/4	1 1/2

Comparison with previous week—

	Short Loans.	Bank Bills.			Trade Bills.		
		3 Months.	4 Months.	6 Months.	3 Months.	4 Months.	6 Months.
		%	%	%	%	%	%
1932.	1 1/2-2	2 1/2	2 1/2	2 1/2	3	3	
Apr. 21	1 1/2-2	2 1/2	2 1/2	2 1/2	3	3	
" 28	1 1/2-2	2 1/2	2 1/2	2 1/2	3	3 1/2	4
May 5	1 1/2-2	2 1/2	2 1/2	2 1/2	3 1/2	3 1/2	
" 12	1 1/2	1 1/2	1 1/2	1 1/2	3 1/2	3 1/2	4
					3 1/2	3 1/2	3 1/2

RATES OF EXCHANGE.

	London on	Usance.	Par.	May 14, 1932.	May 5, 1932.	May 12, 1932.
New York	dollars to £1	Cable	4.86	4.86	3.67-3.67	3.66
Montreal	dollars to £1	Cable	4.86	4.86	4.09-4.10	4.13
Paris	francs to £1	T.T.	124.21	124.20-22	93-93	92-93
Amsterdam	marks to £1	T.T.	20.43	20.40-41	15-15	15-15
Brussels	francs to £1	T.T.	12.107	12.10-11	15-15	15-15
Milan	lire to £1	T.T.	35.00	34.91	9.03-9.06	9.04-9.08
Zurich	francs to £1	T.T.	92.46	92.46-49	26-26	26-26
Oslo	kroner to £1	T.T.	25.22	25.22-23	18-18	18-18
Stockholm	kroner to £1	T.T.	18.159	18.16-17	19-19	19-19
Copenhagen	kroner to £1	T.T.	18.159	18.16-17	19-19	19-19
Madrid	pesetas to £1	T.T.	18.159	18.16-17	19-19	19-19
Lisbon	escudo to £1	T.T.	25.22	25.22-23	18-18	18-18
Vienna	schilling to £1	T.T.	34.98	34.98-62	30-34	31-36
Prague	koruna to £1	T.T.	164	164-164	123-124	123-124
Belgrade	pengo to £1	T.T.	27.82	27.82-76	205-215	205-215
Budapest	pengo to £1	T.T.	27.82	27.82-76	205-215	205-215
Bucharest	lei to £1	T.T.	81.6	81.6-81	20-21	20-21
Sofia	leva to £1	T.T.	673.659	668-673	600-620	600-630
Athens	drachmas to £1	T.T.	370	374-375	500-550	500-550
Constantinople	piastres to £1	T.T.	1025	1025-575	540	540
Warsaw	roubles to £1	T.T.	9.46	9.46-46	7.08-7.10	7.11-7.13
Helsingfors	F. marks to £1	T.T.	193.23	193-193	32-33	32-33
Kyovo	lite to £1	T.T.	48.66	48.66-49	35-40	35

Company News.

SUMMARY OF BALANCE SHEETS.

DUNLOP RUBBER COMPANY, LIMITED.			
December 31, 1931.			
LIABILITIES.	Amount.	ASSETS.	Amount.
6½% "A" pf. (£1) 1,000,000	1,000,000	Freehold land and buildings	1,623,242
7% "B" pf. (£1) 1,000,000	1,000,000	Leasehold premises	424,738
10% "C" pf. (£1) 1,000,000	1,000,000	Plant, etc.	1,059,742
Ord. shares (6/8) 4,476,477	4,476,477	Furniture	152,738
5½% deb. stock 1,469,780	1,469,780	Cars and vans	13,660
6% debts. 140,000	140,000	Patents, trademarks, &c.	640,564
Due to subs. 2,101,908	2,101,908	Shares in subsidiaries	5,877,805
Proposed divs. 281,250	281,250	Debts in subsidiaries	196,593
Taxation res. 516,000	516,000	Advances and current accounts to subsidiaries	8,657,268
Reserve for profits	26,686	Shares and debts. in associated cos.	930,325
General reserve	1,216,980	Current accounts, associated cos.	50,518
Special reserve	2,000,000	Sundry shares and debentures	15,404
Creditors	498,956	In hands of trustees	72,353
Profit and loss	391,859	Stocks	1,863,430
		Debtors	844,273
		Leasehold redemp- tion policy	18,667
		Bills receivable	74,184
		British Government securities at cost	765,654
		Other securities	341,090
		Accrued interest	16,126
		Bank balances, de- posits and cash	1,714,336
		Deferred charges	18,231
Total	25,370,941	Total	25,370,941

MARKS AND SPENCER, LIMITED.

March 31, 1932.			
LIABILITIES.	Amount.	ASSETS.	Amount.
10% cum. pref. £1 350,000	350,000	Properties	3,501,833
1% cum. pref. £1 1,000,000	1,000,000	Furniture, fixtures and motor ve- hicles	411,878
Ord. shares (10s.) 198,600	198,600	Stocks	516,624
6% deb. stock 1,000,000	1,000,000	Debtors	22,443
Int. accrued 10,000	10,000	Cash	104,364
Loans 108,947	108,947		
Creditors 450,957	450,957		
General reserve 329,457	329,457		
Freehold properties reserve	40,868		
Properties contin- uency reserve	9,858		
Profit and loss	458,455		
Total	4,557,142	Total	4,557,142

SPILLERS, LIMITED.

January 31, 1932.			
LIABILITIES.	Amount.	ASSETS.	Amount.
6% cum. pref. (£1) 1,143,923	1,143,923	Cash	55,410
Ord. shares (£1) 1,810,893	1,810,893	Debtors	516,892
Def. shares (£1) 832,795	832,795	Due from sub- sidiaries	588
Co - partnership shares (£1) 16,963	16,963	Stocks	946,784
5½% 10-yr. notes, 1924-34	183,000	Investments and loans	325,782
Creditors and bills payable	233,159	First mtgs.	Nil
Depositors	90,150	British Govern- ment stocks	3,136,192
Due to subsidi- aries	33,810	Other investments and loans	231,543
Contingent re- serves	544,305	Less depreciation reserve	300,000
Reserve fund	300,000	Properties	2,471,140
Capital reserve	1,200,000		
Bad debts reserve	100,000		
Insurance reserve	500,000		
Profit and loss	396,233		
Total	7,384,331	Total	7,384,331

IMPERIAL CONTINENTAL GAS ASSOCIATION.

March 31, 1932.			
LIABILITIES.	Amount.	ASSETS.	Amount.
Capital stock	5,600,000	Works mains, pro- perties, &c.	969,106
3½% deb. stock	222,831	Investments in subs. and allied cos.	7,708,725
Creditors	500,536	Advances to subs. and allied cos.	1,470,495
Loan from subs.	85,046	Stocks at stations	11,185
Reserves	4,230,354	Debtors	48,267
Profit and loss	781,869	Gen. investments	966,102
		Cash, short loans & Treas. bills	246,756
Total	11,420,636	Total	11,420,636

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash.			Dividend for Whole Years.	
	Interim or Final.	Date of Pay- ment.	Method of Payment.	Latest Year.	Previous Year.
TEA AND RUBBER.					
Anglo-American Direct Tea	1/6 p.s.t.	May 31	...	7½	10
Darjeeling Consolidated	7½%	June 1	...	12½	20
Duckwari Tea and Rubber	5½%	...	...	12½	40
Eastern Produce and Rubber	5½%	...	...	12½	20
Gahala Ceylon Tea Estates	10%	...	...	12½	17½
Kaun Devar Hills Produce	15%	...	...	25	30
Lebong Tea	15%	...	...	30	35
Standard Tea of Ceylon	15%	...	...	30	35
MINING.					
Changkat Tin Dredging	24%*	May 31	...	...	...
Hallamshire Coal Supplies	44%*	May 31	...	...	...
Tinsley Park Colliery	24%*	May 31	...	...	...
OTHER COMPANIES.					
Abbeydale Picture House	...	...	...	...	...
Abbot's Investment Trust	...	...	...	...	...
Adelaide Electric Supply	41%*	May 23	...	2½	...
Alliance Investment (def.)	44%*	June 1	Tax free	...	...
Anchor Cable	15%†	...	...	...	...
Anglo-French Textile	...	...	...	...	...
Baltic Exchange	...	...	...	...	...
Bankers' Investment Trust (def.)	44%†	...	Tax free	...	...
Bengal's Food	...	...	...	...	...
Brampton Brewery	11%†	...	Tax free	...	...
British Borneo Timber	...	...	Less tax	...	...
British Shareholders' Trust	...	...	...	...	...
Buchanan-Dewar	13½%†	...	...	...	...
Canadian and Foreign Investmt	2½%†	May 25	...	...	...
Cape Town and District Gas	3%†	...	...	...	...
Chester Northgate Brewery	6d. p.s.t.	...	...	...	...
Chloride Electrical	5%†	...	Tax free	...	...
Craigpark Electric Cable	6%†	...	...	...	...
Crosfields Oil and Cake	...	...	...	...	...
Daily Mirror Newspaper	...	...	...	...	...
Delhi Electric Supply	8%†	...	Tax free	...	...
Dundee Ice and Cold Storage	...	...	...	...	...
Dunlop Cotton Mills	...	...	...	...	...
Gaiety Cinema, Manchester	4%*	...	Tax free	...	...
Hatherley Works	6%†	...	...	...	...
Hermetic Rubber	10%*	...	...	...	...
Howard and Bullough (Securities)	...	...	...	...	...
Ind. Coope	6%*	...	...	...	...
Industrial and General Trust	9%†	...	...	...	...
Investment Trust (Def.)	12%†	June 8	...	...	...
Jones and Company	...	...	...	...	...
Kennards	10%†	...	...	...	...
Lake View Investment Trust	5½%†	...	...	...	...
Leathams (Twilfit)	3%*	...	...	...	...
Lilley and Skinner	...	...	...	...	...
Liverpool Storage Co.	...	...	...	...	...
London Electric Wire	3½%†	...	...	...	...
London General Investment (Def.)	10%*	...	...	...	...
London and Holyrood Trust	4%*	May 24	...	...	...
London and Provincial Trust	8%†	May 14	...	...	...
London Scottish American (Def.)	4%*	June 1	...	...	...
Madras Electric	5½%†	...	Tax free	...	...
Malkin Tiles (Burslem)	5%†	...	...	...	...
Melbourne City Properties	6d. p.s.t.	...	...	...	...
Metropole Electric	3%*	...	Tax free	...	...
Metropolitan Housing	5%†	...	...	...	...
Monotype Industrial Dwellings	3%*	...	...	...	...
Morgan's Corporation	3½%*	May 30	...	...	...
North Shore Mill Co.	3½%*	June 1	...	...	...
Oswald Tillotson	7½%†	...	...	...	...
Para Telephone	...	...	...	...	...
Peebles Hotel Hydropathic	10%†	...	...	...	...
Phillips Rubber Soles	5%*	May 31	...	...	...
Richard Whitaker and Sons	...	...	...	...	...
Rio de Janeiro City Improve- ments	1/3 p.s.t.	...	Tax free	...	...
St. Andrew Trust	2%†	...	...	...	...
Scottish and Canadian Investmt	4%†	...	...	...	...
Scottish Investment Trust	5%*	June 1	...	...	...
Second Guardian Trust	3%†	...	...	...	...
Second Mercantile Trust	5½%†	...	...	...	...
Short's (Deb.)	4½%†	...	...	...	...
Stadsons	7½%†	...	...	...	...
Stroud Brewery	7½%†	...	Less tax	...	...
Sunday Pictorial Newspapers	3%*	...	...	...	...
Tadcaster Tower Brewery	10%†	May 23	...	...	...
Taylor's Eagle Brewery	3%†	May 14	Tax free	...	...
Texas Land and Mortgage	5%*	...	...	...	...
Thrift Stores (def.)	10%†	...	...	...	...
Town Properties of Bulawayo	...	...	...	...	...
Trollope and Collis	...	...	...	...	...
United Cattle Products	...	...	...	...	...
Urban Electric Supply	...	...	...	...	...
W. P. Lowrie	...	...	...	...	...
White Horse Distillers	...	...	...	...	...
Wiggins Teape	...	...	...	...	...
Wm. Cowan (Belfast)	6%*	...	...	...	...

(a) Less tax. (b) Tax free.

THE ANTOFAGASTA (CHILI) AND BOLIVIA RAILWAY COMPANY, LTD.—The information is available to show that the net receipts for that year, including income from the company's holding of Bolivia Railway Company's bonds and general investments, was approximately £334,800, of which £330,447 was required to pay interest on the debenture stocks and the full 5 per cent. on the cumulative of the current year to date, as compared with the gross receipts and the financial situation generally, the directors have decided to recommend to the stockholders that no dividend on the consolidated ordinary stock should be account of about £255,000 be carried forward to the year 1932, compared with £250,838 19s. 10d. brought forward from the year 1930. It has been decided to summon the general meeting for Tuesday, the 7th proximo, at 12.30 p.m.

NOTICES.

The directors of the Midland Bank Limited have the pleasure to announce that they have elected Mr Stanley J. Adams to a seat at their board.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefce.	Ordinary.					
						Amount	Amount.				
		£	£	£	£	£	%	£	£	£	%
Breweries.											
Brampton Brewery Co.	Mar. 31	58,460	29,040	87,500	5,500	16,562	16	5,000	60,438	1,353,777	35
Buchanan-Dewar, Limited	Mar. 31	110,217	951,480	1,061,697	243,384	707,778	23½	...	110,535	402,312	25
Walker (John) and Sons ...	Mar. 31	136,983	349,781	486,764	78,750	236,250	25	30,000	141,764	...	...
Electric Lighting, &c.											
Madras Electric Supply ...	Dec. 31	10,625	66,658	77,283	17,975	37,856	8½	10,000	11,452	69,001	8½
Urban Electric Supply	Dec. 31	19,560	105,694	125,254	21,000	49,000	7	37,000	18,254	1,027,697	...
Financial Land, &c.											
British Central Africa Co....	Sept. 30	Dr. 2,648	Dr. 25,767	Dr. 28,415	...	...	...	...	Dr. 28,415	Dr. 212,98	12½
Texas Land and Mortgage	Mar. 31	9,820	13,835	23,655	...	8,250	5½	5,000	10,405	29,690	5
Whitehall Electric Invest.	Mar. 31	118,426	378,083	496,509	187,500	150,000	3	...	159,009	443,143	2
Gas.											
Imperial Continental Gas ...	Mar. 31	437,369	497,485	934,854	...	451,500	14½	...	483,354	552,084	20½
Montevideo Gas.....	Dec. 31	17,503	25,009	42,512	...	...	...	2,500	40,012	53,236	6½
Iron, Coal and Steel.											
Beardmore (William) and Co.	Dec. 31	Dr. 231,912	Dr. 171,509	Dr. 403,421	...	...	...	Dr. 12,000	Dr. 391,421	...	...
Howard and Bullough (Se- curities)	Mar. 31	2,777	20,885	23,662	11,250	11,719	1½	...	693	Dr. 51,176	...
Ocean Coal and Wilsons ...	Dec. 31	14,590	170,035	184,625	69,830	104,022	2	...	10,773	277,829	4
Rubber.											
Bagan Serai Co.	Dec. 31	19,750	Dr. 427	19,323	...	...	...	...	19,323	...	...
Bandarapola Ceylon Co. ...	Dec. 31	661	Dr. 1,905	Dr. 1,244	...	...	...	Dr. 2,000	756	Dr. 1,281	...
Changkat Salak Rubber ...	Dec. 31	6,577	2,046	8,623	...	...	...	2,000	6,623	1,705	...
Foothills (Malaya) Rubber	Dec. 31	1,807	Dr. 1,973	Dr. 166	...	...	...	...	Dr. 166	Dr. 887	...
Karak Rubber.....	Dec. 31	2,508	Dr. 557	1,951	...	...	...	...	1,951	Dr. 3,577	...
Pelmadulla Rubber Co.....	Dec. 31	3,061	Dr. 9,813	Dr. 6,752	...	...	...	Dr. 9,212	2,460	Dr. 11,473	...
Simo Rubber Estates	Dec. 31	9,947	Dr. 5,227	4,720	...	...	...	...	4,720	Dr. 2,800	...
Straits Rubber Co.....	Dec. 31	96,886	Dr. 6,650	90,236	...	...	...	...	90,236	9,098	...
Shops and Stores.											
Bolsom Bros. (1928)	Dec. 31	960	1,329	2,289	...	...	...	1,313	976	5,908	...
Civil Service Supply.....	Feb. 29	28,244	7,362	35,606	...	...	...	8,000	27,606	16,433	...
Tea.											
Darjeeling Company	Dec. 31	3,808	13,685	17,493	...	13,542	10	...	3,951	27,037	17½
Darjeeling Consolidated Tea	Dec. 31	5,680	13,814	19,494	3,000	11,950	15	...	4,544	19,560	20
Galaha Ceylon Tea	Dec. 31	7,535	37,262	44,797	3,600	36,500	12½	...	4,697	75,884	20
Jetinga Valley Tea Co.	Dec. 31	5,519	Dr. 5,202	317	...	...	...	...	317	2,811	...
Lebung Tea	Dec. 31	4,654	17,441	22,095	...	16,414	25	...	5,681	21,661	30
Lunuva (Ceylon) Tea	Dec. 31	53,497	62,375	115,872	...	47,457	10	11,255	57,160	98,421	12½
Standard Tea Co. of Ceylon	Dec. 31	35,751	53,738	89,489	...	35,700	30	18,000	35,789	64,713	35
Telegraphs, &c.											
Oriental Telephone	Dec. 31	43,169	96,111	139,280	13,216	79,828	14½	5,000	41,236	100,002	12½
Textiles.											
Anglo-French Textile Co. ...	Dec. 31	6,776	13,089	19,865	2,950	10,000	10½	...	6,915	13,002	10½
Bright (John) and Bros. ...	Mar. 31	17,649	Dr. 146	17,503	...	...	...	8,767	8,736	Dr. 2,875	...
Tramways, &c.											
Northern General Transport	Dec. 31	13,614	152,376	165,990	9,375	55,405	10	83,692	17,518	148,583	9
Trusts.											
Consolidated Trust	Apr. 15	...	31,885	31,885	17,165	15,419	10	Dr. 699	...	54,583	20
English and International	Apr. 5	15,477	32,038	47,515	27,500	...	...	2,236	17,779	44,620	...
Industrial and General Trust	Mar. 31	96,842	252,548	349,390	58,505	185,075	14	...	105,810	352,285	18
Lake View Investment Trust	Mar. 31	29,825	60,406	90,231	11,187	45,500	10	...	33,544	89,936	13
London and Holyrood Trust	Mar. 31	11,686	63,260	74,946	33,750	13,500	3	12,166	15,530	58,459	4
London and Provincial Trust	Mar. 31	22,334	34,269	56,603	11,616	15,750	6	...	29,237	27,024	8
Other Companies.											
Baltic Mercantile and Ship- ping Exchange	Mar. 31	9,012	31,559	40,571	...	24,412	12½	7,000	9,159	...	6½
Craigpark Electric Cable ...	Mar. 31	2,018	10,445	12,463	2,850	5,250	10	...	4,363	14,492	30
Daily Mirror Newspapers ...	Feb. 29	32,934	374,365	407,299	28,000	315,000	22½	30,000	34,299	476,149	...
Ever Ready Company (Great Britain)	Mar. 31	37,375	332,485	369,860	20,000	189,980	35	115,760	44,120	306,111	35
International Sponge Im- porters	Dec. 31	3,153	4,730	7,883	7,500	...	...	...	383	8,931	...
London Electric Wire Co.	Dec. 31	24,808	62,169	86,977	30,000	34,203	5	...	22,774	58,937	5
and Smiths.	Mar. 31	91,963	81,613	173,576	13,275	65,625	12½	...	94,676	112,630	20
Lavrie (W. P.) and Co.	Feb. 29	8,928	9,923	18,851	3,660	3,750	10	5,000	6,441	13,848	14
Malkin Tiles (Burslem)	Dec. 31	893	2,295	3,188	...	...	...	...	3,188	5,082	...
Manganese Bronze and Brass	Dec. 31	6,375	14,596	20,971	...	16,600	10	...	4,371	22,555	10
Oswald Tillotson	Dec. 31	15,832	46,008	61,840	31,893	8,277	20	16,373	5,297	71,812	20
Soho, Limited	Feb. 29	32,281	264,206	296,487	40,000	196,875	18½	25,000	34,612	340,460	25
Sunday Pictorial Newspapers											
Val de Travers Asphalte	Dec. 31	23,766	33,778	57,544	...	23,157	6½	13,319	21,068	42,757	7
Paving	Dec. 31	53,456	241,654	295,110	63,510	156,972	10	22,000	52,628	243,020	10
Wiggins, Teape & Co. (1919)											

MISCELLANEOUS.

BRITISH ELECTRIC TRACTION COMPANY, LTD.—A bonus of 100 per cent. in fully-paid £1 deferred ordinary shares to deferred ordinary stockholders, out of the balance standing to the credit of undivided profits account, is recommended by the directors of the British Electric Traction Company, Ltd., which controls a number of electric supply companies. In each of the four preceding years deferred stockholders received a capital bonus of 10 per cent. The revenue for the year ended March 31, 1932, amounted to £410,565, against £422,826, being a decrease of £12,261, while the net profit (subject to audit) comes out at £254,314, compared with £271,005 for the previous year. The directors recommend the payment of the following dividends (less tax), viz.: 6 per cent. on the cumulative participating preference stock and a participating dividend of 2 per cent., making the full dividend of 8 per cent.; 8 per cent. on the preferred ordinary stock, and 5 per cent. on the deferred ordinary stock, leaving a sum of £81,049 to be added to undivided profits account. For the previous year £80,217 was added to undivided profits account. The balance sheet at the end of March, 1931, showed £1,309,983 at credit of undivided profits account.

HUDSON'S BAY COMPANY'S LAND SALES.—For quarter ended April 30, 1932:—

	1931.	1932.
Farm lands—Acres.....	3,570	4,112
Sold for	£5,600	£6,600
Town lots—Sold for	£280	£125
Total receipts (gross)	£38,400	£44,200

THE TIN PRODUCERS' ASSOCIATION.—The council of the Tin Producers' Association on Wednesday considered the following resolution, which had been passed *nem. con.* at the annual general meeting of the Malayan Chamber of Mines, held on the 10th instant, viz.: "This chamber, being of opinion that the additional cut of 20,000 tons in the international quota coming into force on June 1st is inadequate to effect its object, recommends in substitution therefor a reduction of the international quota allotted to the four signatory countries, namely, 162,168 tons, to 33½ per cent., namely, 54,056 tons, to take effect as from June 1st, subject to quarterly control; and that no tin shall be exported by the signatory countries during the months of June and July, such tin to be released during the succeeding ten months in such proportions that the rate of total exports by the signatory countries, beginning in August, 1932, shall not exceed 5,406 tons during any one month." The council by unanimous resolution endorsed the recommendation contained in the above resolution.

OTTOMAN BONDS.—Bondholders are advised that the committee appointed for the examination of deteriorated bonds of the reparation public debt of the former Ottoman Empire has commenced operations. Holders of such bonds who wish to submit them for examination are requested to apply for full particulars to any of the paying agents of the Ottoman Debt.

WIGGINS, TEAPE AND CO. (1919).—Profits for 1931 amounted to £309,768, as compared with £281,397. In addition to debenture interest of £64,342, there is tax provision of £3,771, £17,000 (same) for depreciation and £5,000 for trade investments reserve. Final dividend on ordinary shares is again 7 per cent., making 10 per cent. as before. Balance for new account is £52,628. Brought-in figure was £53,456, after allocation of £8,900 to reserve against raw materials and forward contracts. Company's Millholm Mill at Cathcart, near Glasgow, which has been closed down for some time past, has been leased to a tenant for purposes other than paper-making, with an option of purchase. In view of this, the value of the mill in books has been written down to option price by means of transfer of £38,000 from depreciation reserve. A sum of £20,000 has been transferred from reserve to an exchange reserve in view of the uncertain state of foreign and Colonial exchanges. The meeting will be held at Winchester House, London, E.C., on May 19th, at 12.0 noon.

Commercial Reports.

MARKET SUMMARY.

Price movements of raw materials in terms of gold have been irregular during the past week, but there is as yet no evidence of an expansion in demand. In New York, non-ferrous metals, with the exception of lead, were easier. The advance in rubber has been lost by the rejection of the United States Senate of a proposal to impose a tariff on crude rubber. Cotton was a little firmer, but its present price is still considerably below the level of a month ago. Last week's decline in cereals has been followed by a slight recovery, most pronounced in the case of rye. Brazilian coffee advanced a few points and cocoa was also firmer, but sugar shows no improvement. Sterling quotations of commodities, which lend themselves to grading and therefore to international arbitrage, moved in sympathy with gold prices. Meat and dairy products are scarcely changed on the week, but tea was a little easier. According to various reports from industrial centres, the coal trade remains depressed and exports become increasingly difficult to arrange. The iron and steel industry records no progress; the output of both pig iron and steel in April shows a reduction on the previous month. Cotton manufacturers complain of a falling off in new orders, while business in rayon goods has also become less active. So far, the recent level of activity in the woollen industry appears to have been maintained.

THE COAL TRADE.

SHEFFIELD.—Prices of house coal have been reduced by an average of 1s. 8d. per ton, but little or no increased trade has resulted, although merchants had kept down their stocks. Export trade continues bad and owners are agitating for an export subsidy to compete with Continental collieries. There has lately been a good deal of reorganisation in the South Yorkshire coalfield, resulting in the closing of seams and throwing large numbers of men out of employment. Best steams are quoted at 16s. and 16s. 6d. f.o.b. firm. Best house, 20s. and 21s. at pits. The call for manufacturing fuel has declined somewhat of late, particularly in textiles. The position of furnace coke remains unchanged, there being no increase of consumption. Prices are steady at 12s. to 12s. 6d. at ovens.

GLASGOW.—The reduction in supplies of various grades of coal owing to the interruption of work at some of the Fifeshire collieries has given a firmer tone to the spot market, which has also benefited because of a freer arrival of tonnage to fulfil contract shipments. Fife double nuts and Cowdenbeath-Lochgelly steam are notably stronger. Coastwise business remains fairly active, but export orders are dwindling, and with the Fife miners returning to work some reaction in values seems in prospect. Shipment prices (f.o.b. district ports): LANARKSHIRE.—Ell best, 14s. 3d.; splint best, 15s. 6d.; splint second, 14s. 3d.; navigation, 15s.; navigation second, 14s. 6d.; Hartley, 15s.; steam, 13s.; trebles, 11s. 6d.; doubles, 9s. 9d.; singles, 8s. 9d.; pearls, 8s. 6d.; dross, 8s. 9d. FIFE.—Screened navigation, 16s. 6d.; first-class steam, 12s.; third-class steam, 11s.; trebles, 11s. 13s.; doubles, 10s. 10s. 6d.; singles, 8s. 9d.; pearls, 8s. 6d. LOTHIAN.—Prime steam, 11s. 11s. 6d.; secondary steam, 11s.; trebles, 11s. 11s. 6d.; doubles, 10s. 6d.; singles, 8s. 9d. 9s.; pearls, 8s. 6d. Ayrshire.—Unscreened navigation, 16s.; jewel, 16s. 6d.; steam, 12s.; trebles, 12s.; doubles, 10s.; singles, 9s. 9d.; pearls, 9s.; dross, 9s.

CARDIFF.—Conditions on the Cardiff coal market remain extremely depressed. Production is at the rate of only from 700,000 to 750,000 tons per week, and the total weekly quantity exported in the foreign and coastwise trade is less than 400,000 tons, compared with between 450,000 and 500,000 tons at the corresponding period last year. The anthracite trade with Canada is expanding slowly, and there has been also a slight improvement recently in shipments to South America, but in the European market demand is declining, and it is feared that, with the expiration of the present contracts with the Italian State Railways, the trade with Italy will contract still further. Prices for best anthracite and dry smalls are fairly steady at figures above the schedule, but for practically all other grades supplies are in abundance at minimum figures. The following are the current approximate quotations: Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 4½d.; best drys, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams, 13s. 6d.; cargo smalls, 11s. 6d. to 12s. 6d.; coking smalls, 13s. 6d. to 13s. 9d.; anthracite, best large, 36s. to 38s. 6d.; Red Vein, large, 22s. 6d. to 27s. 6d.; machine-made cobbles, 40s. to 48s. 6d.; French nuts, 40s. to 48s. 6d.; stove nuts, 38s. 6d. to 45s.; rubbly culm, 8s. 3d. to 8s. 9d.; patent fuel, 19s. to 19s. 6d.; foundry coke, 32s. 6d. to 35s.; pitwood, ex ship, 18s. 6d. to 20s.

IRON AND STEEL.

MIDDLESBROUGH.—The market for Cleveland iron continues steady, with business on a slightly increasing scale. Better trade is looked for as the effects of the tariffs permeate the different branches of industry, and in the meantime the production is being absorbed. Most consuming works in this district and elsewhere will be closed down on Monday and Tuesday next for the holidays, but this will not interfere very much with pig-iron deliveries, and the increase in stocks at the furnaces will only be slight. A moderate business in Cleveland iron was reported at Tuesday's weekly market, but mostly for fairly early delivery, consumers still hesitating about entering into forward purchases. Official prices were unchanged, viz.: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d., and No. 4 forge, 57s. per ton, f.o.b. or f.o.t. The hematite market is firm, and although sales are pretty numerous they are only for small quantities and do not extend far forward. Another cargo of hematite will shortly be shipped from the Tees to South Wales, which is extremely satisfactory, and it looks as if this district is likely to recapture some of the trade that was lost two or three years ago. For ordinary mixed numbers, makers are firm at 63s. 6d. for early delivery, with extras for forward periods. Shipments of pig iron this month are disappointing, the total of all kinds cleared to 10th instant being only 1,124 tons, compared with 4,340 tons to April 10th. In the finished branches there is no great accession of new business so far, but small orders are coming to hand in different departments which keep some of the plant partially employed. Most mills will be idle for the first two days of next week, which will probably allow a few orders to accumulate. Prices for steel materials are generally unchanged. The position of the ore market is unaltered. Consumers are still off the market, and the price of best rubio remains nominally 15s. 6d. c.i.f., with freights Bilbao-Middlesbrough about 4s. 9d. Coke is still in ample supply and, with a very restricted demand, good blast-furnace qualities are obtainable at 15s. 6d. delivered works. The number of blast furnaces in operation in the district remains unchanged at 17.

SHEFFIELD.—Certain classes of mechanics' and engineers' tools constitute the only real bright spot in the local industrial situation. The cost of American and German tools, being almost prohibitive, users are buying goods of home manufacture, and some of the

factories have more orders than they can deal with promptly. A wave of quietude is passing over the heavy steel branches. Tonnage orders are few and far between and inquiries have tapered off. The Whitsun holidays are likely to be extended beyond the average period. Demand for cold wrought steel, stainless steel, wire, drop stampings and several specialties, and motor parts, while substantial, is less than a couple of weeks ago. Controlled prices of semi-steel have undergone no change for six months, but the value of steel scrap has declined progressively from 42s. to 35s., or even less. Uncertainty as regards tariff rates is holding back trade in protected finished goods and the activity in scissors and penknives has slackened. Depression is pronounced in silver and electro-plated ware and table cutlery.

GLASGOW.—Up to the present time the increased duty on imported iron and steel does not appear to have had the effect of stimulating demand for the home product, and in Glasgow and surrounding districts quiet conditions continue. There has been a slightly better demand for material for light steel structures and also for ship repair work, but no great tonnage is involved. For such little business in semis as is on the market, Scotch makers are up against keen competition from the Continent, and also from makers in England and Wales. Tube makers are still very badly off for work and only a very small proportion of the plant in the Lanarkshire districts is in operation. The home demand for both black and galvanised sheets is steady and there is a quite important Canadian business being done with local makers, but otherwise the export trade is quiet, and a number of local mills are not in operation this week.

CARDIFF.—No improvement was reported on the Swansea Metal Exchange on Tuesday in the position of the South Wales tinplate trade. Shipments were heavier last week than in the previous week, but there are no indications of expanding inquiry and prices have ruled at 14s. 9d. to 15s. 3d. per basis box. Welsh bars remain at 95s. per ton net, and despite the 3½ per cent. duty, Continental steel bars are being offered at about 84s. per ton delivered South Wales. Galvanised sheets are a quiet market at £9 7s. 6d. to £9 10s. per ton f.o.b. works' port for corrugateds in bundles.

OTHER METALS.

TIN.—The market in tin was erratic this week. Prices declined from £129 per ton on Saturday last week to £120 on Tuesday. Following the adoption of the new restriction proposals by the London Malayan Chamber of Mines quotations advanced to £124 on Wednesday. There has been no improvement in the principal consuming industries. In New York the metal was quoted at 21.375 cents per lb. on Wednesday, against 22 cents per lb. a week ago and 18.50 a month ago. Wednesday's official closing quotations in London, in terms of sterling for "standard" cash at £124 7s. 6d. to £124 10s. per ton, compares with £126 to £126 5s. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 33,231 tons, show an increase of 10 tons on the week.

COPPER.—The demand for copper, both in New York and London, was on a small scale throughout the week and prices tended to decline. There are as yet no signs of an expansion in the principal consuming industries. On Wednesday, "Domestic" spot was quoted at 5½ cents per lb. in New York, against 5½ cents a week ago, and 5½ cents a month ago. Wednesday's official closing price for "standard cash" in London, in terms of sterling, at £29 8s. 9d. to £29 11s. 3d., compares with £30 3s. 9d. to £30 6s. 3d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 20,496 tons, show a decrease of 139 tons, while stocks of rough copper, at 769 tons, are unchanged.

LEAD.—Little interest was taken in lead this week and prices receded despite the reserve of holders. In New York the metal was quoted at 3.00 cents per lb. on Wednesday, against 3.00 cents a week ago, and 3.00 cents a month ago. Wednesday's official closing quotation for "soft foreign" in London, in terms of sterling for shipment during the current month, at £10 18s. 9d. per ton for shipment during the current month, compares with £11 13s. 9d. on the corresponding day last week.

SPELTER.—On Monday and Tuesday the demand for spelter was quiet, but on Wednesday the turnover became active on the prospects of a further curtailment of production. Wednesday's quotation in New York, at 2.45 cents per lb., compares with 2.50 cents a week ago and 2.80 cents a month earlier. Wednesday's official closing quotation in London, in terms of sterling for "good ordinary brands," was £12 12s. 6d. per ton for shipment during the current month, against £13 a week ago.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotations for aluminium and nickel have been maintained at £95 per ton and £225-£230 per ton respectively. Foreign antimony was again quoted at £26 per ton, quicksilver at £16 per flask, and platinum at £10 11s. per ounce.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Imports for the week May 5th to 11th (inclusive) are 32,112 bales, of which 18,529 are American, 57 Brazilian, 1,002 Peruvian, 7,817 Egyptian, 2,553 East Indian, and 2,154 sundries.

Manchester.—The tone of the market has continued quiet, and spinners and manufacturers have only been able to secure orders for small lots, buyers being still disposed to restrict their commitments as much as possible. Expansion of trade is being held back by fears of lower values and the many difficulties resulting from the world chaos. In cloth for India there has been a fair amount of inquiry and a moderate turnover has taken place, chiefly in light bleaching descriptions and prints for Calcutta, Karachi and Madras. Offers for China in staple makes have been scarce,

but occasional transactions have been put through in fancies. A few more bids have been about in bleaching descriptions for Egypt, but trade for South America remains very poor. Some necessary buying has occurred in home-trade fabrics, but there are some complaints of deliveries not being taken very well. Cloth quotations tend to become more irregular, partly owing to the varied conditions relating to labour costs. American and Egyptian yarns have moved off slowly and low prices have again been taken by pressing sellers. Very little has been done in export numbers.

Cotton Prices.

	1932.				Corresponding Date.	
	April 20.	April 27.	May 4.	May 11.	1930.	1931.
Raw Cotton—Mid. American	d. 4.90	d. 4.95	d. 4.57	d. 4.56	d. 8.62	d. 5.32
Sakelardis Fully Good Fair	d. 6.50	d. 6.70	d. 6.25	d. 6.00	d. 14.05	d. 8.25
Yarns—32's twist	8½	8½	8½	8½	12½	9
40's twist	9½	9	8½	8½	12½	9½
60's twist (Egyptian)	14	14	14	13½	22	15½
32-in. Printers, 116 yds., 16 by 16, 32's and 50's	s. d. 17 3	s. d. 17 11	s. d. 17 0	s. d. 16 9	s. d. 21 9	s. d. 18 0
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	19 3	19 1½	19 0	18 9	24 6	19 9
38-in. ditto, 38 yds., 18 by 18, 10 lb.	10 8	10 7	10 6	10 4	13 4½	11 1
39-in. ditto, 37½ yds., 16 by 15, 8½ lb.	9 8	9 7	9 6	9 4	12 0	10 0

THE WOOL TRADE.—Bradford.—This has been a comparatively quiet week, writes our correspondent, but in spite of certain admittedly adverse factors there is quite a cheerful tone among importers and topmakers. It would no doubt be an advantage to see a better demand for super 64's and finer qualities, but the real trouble is at the other end of the scale. There has recently been an improved demand for 46's carded tops, but anything of preparing lengths seems to be dragging as much as ever. No information has as yet been forthcoming regarding the representations with a view to securing some adjustment of the scale of import duties on yarns and piece-goods. The contention of a certain section of the trade is that, even as things are to-day, the home market has been fairly well secured, and, in any case, nothing is likely to happen to exert an adverse influence upon values for wool. The home trade has purchased a substantial proportion of the current Australian clip. All the merino supplies now in sight will be wanted, and even if it is found impossible to make any substantial headway in the exportation of partly and fully manufactured goods, spinners and manufacturers abroad will still want supplies to keep their spindles and looms running. The general outlook is fairly encouraging. There is no change this week in Bradford. Quotations for all qualities of tops are steady, but there is not much new business. Some firms report decent sales extending over a fairly wide range of qualities.

THE JUTE TRADE.—Dundee.—The dispute between the Indian Jute Mills' Association and the five non-associated members of that body has at last been settled. It is quite likely that the ratification of the agreement which is required will be made by all the parties. The negotiations have been very prolonged in an endeavour to get the non-associated members to work less hours, and now these mills have agreed to work for one year on 54 hours per week. The mills in the association are working only 40 hours per week, besides having 15 per cent. of their looms shut down. This may have a more stabilising effect on the Calcutta goods market, in which prices have been fluctuating to some extent, with a tendency to decline. The new jute crop is progressing favourably. Sowings in Bengal have been completed, and the area covered this season is 6 per cent. more than last year. Several tornadoes have been reported in Mymensingh, which is the largest jute-growing



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district, but no mention has been made of any damage having been done to the jute crop. Sellers are showing some reserve still, and they are not inclined to make offers of new crop fibre. Few prices are mentioned for old crop material, including Heart Ram-D at £16 15s., Mahabir Tossa at £16 10s., and Lion Daisee at £15 15s., May-June shipment. Spinners, however, are not showing the slightest interest in the further purchase of the fibre meantime, owing to the generally dull state of trade. Jute yarns are steady, and hessian descriptions are quoted at not less than 1s. 10d. for common 8 lb. cops, and 1s. 11d. for 8 lb. spools. One spinning mill is to be closed down at the end of this month. Sacking yarns are quiet, and obtainable at the slightly reduced rates of 3½d. for 8 lb. chains and 2½d. for 24 lb. weft. Twist is steady at 3½d. for 3 ply 8 lb., and only a few occasional sales of Rove are going through at from £18 10s. for 48 lb. and £16 for 200 lb. Fine yarns are quiet and nominal at 2s. 7d. for second quality 8 lb. Rio warp, 2s. 4d. for third, and 2s. 1d. for fourth. Some business is taking place in carpet yarns at from 3½d. for 14 lb. warp. Orders for jute cloth are still of small dimensions, and few transactions of note are occurring. Prices are notably unchanged at from 2½d. for 10½ oz. 40 in. hessian, and 1½d. for 8 oz. Linoleum Hessians are practically idle, and there is only a small business in sacking, bagging and tarpauling.

THE GRAIN MARKETS.

WHEAT.—The international wheat situation has undergone no perceptible change during the week. Markets have been largely under the influence of crop reports. The prospects for the North American spring crops appear to be favourable, but European crops are generally backward. A period of favourable weather would, however, result in a great improvement of the European crops. The Continent will have to import substantial quantities before new home-grown wheat becomes available in sufficient quantities. Requirements would, of course, be considerably larger in the event of a late harvest. The outstanding feature has been the appearance of Russia on the market as a buyer of substantial quantities of Canadian and Australian wheat. The extent of Russian requirements of foreign wheat is not known, but it is believed that further quantities will be purchased. The sowing of the spring crop appears to have been retarded in Russia, but owing to the lack of accurate information, it is as yet difficult to form an opinion of the wheat situation in that country. The British crop has benefited by the improvement in climatic conditions. On Wednesday, "May" futures were quoted at 55½ cents per bushel in Chicago, against 54 cents on the corresponding day last week, and 59½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 32s. 6d. per 496 lbs., as compared with 31s. 6d. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 30s. 6d., against 29s. 6d.; No. 3 Northern Manitoba, Vancouver, ex ship, 29s. 6d., against 28s. 6d.; Australian, ex ship, 28s. to 28s. 6d., against 28s. 3d. to 28s. 9d. a week ago.

WHEAT FLOUR.—International trade in flour has been on a small scale during the past week. North American shipments, at 131,000 sacks, showed a decrease of 82,000 sacks as compared with the previous week. Of this total, 64,000 sacks have been consigned to Europe. Quotations in London, Wednesday: Straight run, delivered country, 25s. per sack of 280 lbs., as compared with 26s. last week; delivered London, 24s., against 25s. Manitoba patents, ex store, 25s. to 27s. 9d., against 24s. 9d. to 27s. 9d.; and Australian, ex store, 20s. to 20s. 6d., against 20s. 6d. to 22s. a week ago.

BARLEY.—The market in both feeding and malting barley has been inactive. For feeding purposes, maize is used largely in favour of barley, which is relatively more expensive. On Wednesday, "May" futures were quoted at 41½ cents per bushel in Winnipeg, against 39½ cents last week and 42½ cents a month ago. Quotations in London, Wednesday: "English feeding," f.o.b., per 448 lbs., 27s. to 28s., as compared with 28s.; River Plate, landed, 24s. to 26s.

OATS.—Argentina is still the principal exporter of oats, but business has been on a smaller scale this week. In this country, home-grown oats advanced sharply owing to the scarcity of supplies. "May" futures, which last week stood at 22½ cents per bushel in Chicago, sold at 23½ cents per bushel on Wednesday this week, against 23½ cents a month ago. Quotations in London, Tuesday: "River Plate," landed, 18s. 9d. per 320 lbs., as compared with 19s. last week; "River Plate," ex ship, 17s. 9d., against 18s.; "Chilean White," landed, 24s. 9d. to 26s., against 26s. a week ago.

MAIZE.—The demand for maize has fallen off, and Argentina varieties of this cereal show a decline in price on the week. Wednesday's quotation in Chicago for "May" futures, at 29½ cents, shows a decrease of ½ cent on last week, and a fall of 4½ cents as compared with the price a month earlier. Quotations in London, Wednesday: "Plate," landed, 20s. 3d. per 480 lbs., compared with 21s. 3d. last week; "Plate," ex ship, 19s., as against 20s. 3d.; "Plate," May-June, 18s. 6d., as against 18s. 9d. Yellow maize meal, ex wharf, was quoted at £6 per ton, against £6 a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1931-32, 1930-31, 1929-30, 1928-29:—

	1931-1932.	1930-1931.	1929-1930.	1928-1929.
Estimated sales of home-grown wheat				
1 week to May 7	126,792	101,987	183,867	132,984
36 weeks to May 7	3,011,825	4,141,350	8,317,585	8,874,130
Average price of English wheat per cwt.	6 1	5 7	8 11	9 11

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1928 to 1931:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
Apr. 30, 1932	Cwts. 123,779	Cwts. 16,908	Cwts. 29,350	s. d. 6 0	s. d. 7 5	s. d. 7 7
May 7, 1932	126,792	13,972	24,967	6 1	7 4	7 10
May 5, 1928	289,262	36,820	32,802	10 10	11 0	12 10
May 4, 1929	167,009	35,021	28,040	9 11	10 1	9 10
May 10, 1930	183,867	55,840	23,827	8 11	7 10	6 10
May 9, 1931	101,987	19,080	29,051	5 7	6 9	6 5

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Jan. 2, 1931.	May 13, 1931.	Jan. 4, 1932.	May 4, 1932.	May 11, 1932.
Winnipeg (No. 1 Manitoba) Cents per 60 lb.	148½	56½	62½	62½	60½	63½
Chicago (No. 2 Winter) Cents per 60 lb.	130½	79½	82½	55½	54	56½

OTHER FOODS.

SUGAR.—The markets for raw sugar have been dull. In view of the continued pressure of sellers in face of the "hand-to-mouth" buying policy of United States refineries, prices failed to recover. "May" futures in New York were quoted at 0.53 cent per lb. on Wednesday, against 0.51 cent per lb. a week ago, and 0.61 cent per lb. a month earlier. Wednesday's sales of "raws" include "December delivery" at 5s. 1d. to 5s. 1½d. per cwt., against 4s. 8½d. to 4s. 9d., and "March, 1933," at 5s. 4d. to 5s. 5d., against 4s. 11½d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1932.	1931.	1932.	1931.	1932.	1931.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London	1,382	814	910	967	7,699	29,832
Liverpool	17,214	21,930	11,867	13,358	108,292	78,133
Total	18,596	22,744	12,777	14,325	115,991	107,965
Last week	30,183	22,384	14,863	22,044	110,172	99,546

COFFEE.—The quotations for Brazilian coffee in New York show a further improvement on the week. At Tuesday's London auctions, demand was only moderate, but prices remained steady. Last week's movements of coffee in London were as follows: Brazilian, landed, 81 bags; delivered for home consumption, 86 bags; exported, 22 bags; stocks, 4,790 bags, against 3,022 bags last year. Central American, landed, 8,290 packages; delivered for home consumption, 3,030; exported, 2,055; stocks, 133,684 packages, against 128,443 a year ago. Other kinds, landed, 1,917 packages; delivered for home consumption, 2,519; exported, 656; stocks, 104,872 packages, against 107,370 a year ago.

COCOA.—The market in cocoa has been a little more active, and quotations advanced a few points, both in New York and in London. "May" futures were quoted at 4.11 cents per lb. in New York on Wednesday, against 4.09 cents per lb. a week ago and 4.05 cents a month ago. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, new crop, May-June, at 24s. 6d. per cwt., f.o.b., London contract, shows a rise of 6d. per cwt. on the week. Last week's movements of cocoa in London were as follows: Landed, 7,725 bags; delivered for home consumption, 6,026 bags; exported, 176; stocks, 181,786 bags, as against 221,436 last year.

TEA.—The quantities catalogued for this week's auction comprise 55,183 packages of Indian, 31,785 packages of Ceylon, and 15,572 packages of Java and Sumatra tea. The demand at this week's London tea auctions was again active, but buyers showed more discrimination with the result that certain qualities realised slightly lower prices. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account:—

Week ending	AVERAGE PRICE PER LB.						Total.
	Northern India.	Southern India.	Ceylon.	Java.	Sumatra.	Nyasa-land.	
May 7, 1931	s. d. 0 10-62	s. d. 1 2-87	s. d. 1 5-41	s. d. 0 7-06	s. d. 0 8-14	s. d. 0 5-92	s. d. 1 0-84
Mar. 22, 1932	0 10-88	0 9-32	1 3-87	0 7-39	0 8-88	0 6-59	0 10-90
Apr. 5, "	0 10-17	0 10-41	1 4-34	...	...	0 7-73	1 0-13
Apr. 14, "	0 9-89	0 11-60	1 5-96	0 7-51	0 6-78	0 7-95	0 11-67
May 5, "	0 9-74	0 10-32	1 5-80	0 8-62	0 7-48	0 7-15	0 11-99

RICE.—The market in rice has been less active, and both "spot" and forward quotations were easier. Wednesday's "spot" price, at 9s. 10½d. per cwt., shows a fall of 1½d. on last week, while forward

OVERSEAS TRADE RETURNS.

IMPORTS (Value C.I.F.).	Month ended April 30.		Four Months ended April 30.	
	1931.	1932.	1931.	1932.
I.—Food, Drink, and Tobacco—	£	£	£	£
A. Grain and flour	3,660,524	4,543,660	15,490,517	18,682,653
B. Feeding stuffs for animals	553,421	517,224	1,600,962	2,388,105
C. Meat	8,252,732	6,927,429	31,322,301	26,828,888
D. Animals, living, for food	1,115,137	798,806	4,991,710	4,246,332
E. Other food and drink, non-dutiable	13,830,396	10,115,485	55,513,174	50,994,984
F. Other food and drink, dutiable	4,380,383	4,247,562	17,885,347	17,845,726
G. Tobacco	832,150	489,296	4,307,762	2,354,533
Total, Class I.	32,424,743	27,539,462	131,111,773	123,315,221
II.—Raw Materials and Articles Mainly Unmanufactured—	3,048	2,559	10,657	9,682
A. Coal	260,931	257,947	1,290,196	1,270,485
B. Other non-metallic mining and quarry products and the like	207,429	153,814	864,947	728,748
C. Iron ore and scrap	641,555	589,850	2,533,118	2,360,659
D. Non-ferrous metalliferous ores and scrap	1,156,382	1,105,017	5,503,635	5,072,782
E. Wood and timber	1,931,699	2,616,177	9,481,009	11,337,027
F. Raw cotton and cotton waste	5,448,075	3,695,722	16,996,409	15,577,958
G. Wool, raw and waste, and woollen rags	104,440	156,904	459,803	518,887
H. Silk, raw, knurls and noils	548,810	443,627	2,561,566	3,423,136
I. Other textile materials	2,495,814	2,071,834	9,353,354	8,934,667
J. Oil seeds, nuts, oils, fats, resins and gums	1,004,026	1,082,500	4,387,974	5,714,103
K. Hides and skins, undressed	510,074	514,706	2,791,279	3,309,098
L. Paper-making materials	449,862	223,725	2,304,238	1,039,901
M. Rubber	708,670	490,102	3,146,311	2,942,367
N. Miscellaneous raw materials and articles mainly unmanufactured	15,480,815	13,404,484	61,684,496	62,239,500
Total, Class II.	15,480,815	13,404,484	61,684,496	62,239,500
III.—Articles Wholly or Mainly Manufactured—	2,123	1,728	6,110	7,086
A. Coke and manufactured fuel	783,997	282,325	2,844,465	1,602,217
B. Earthenware, glass, abrasives, &c.	1,418,377	760,725	5,931,442	4,246,268
C. Iron and steel and manufactures thereof	2,022,380	749,995	7,176,047	5,588,603
D. Non-ferrous metals and manufactures thereof	542,645	344,462	2,088,986	1,220,936
E. Cutlery, hardware, implements, and instruments	376,029	142,915	1,607,075	834,604
F. Electrical goods and apparatus	1,215,753	768,649	4,779,681	4,100,525
G. Machinery	553,839	429,024	2,233,293	2,290,768
H. Manufactures of wood and timber	757,159	87,739	2,815,257	396,522
I. Cotton yarns and manufactures	1,207,805	82,992	4,388,813	582,865
J. Woollen and worsted yarns and manufactures	682,748	492,107	1,842,816	1,642,816
K. Silk and silk manufactures	1,255,368	814,976	4,816,577	3,401,348
L. Manufactures of other textile materials	1,725,605	551,442	6,857,816	2,462,330
M. Apparel	1,142,186	567,793	4,207,194	3,722,812
N. Chemicals, drugs, dyes and colours	2,377,739	2,731,180	10,646,943	10,792,222
O. Oils, fats, and resin manufactures	1,052,421	565,427	4,011,284	3,356,087
P. Leather and manufactures thereof	925,112	799,979	4,306,626	4,172,777
Q. Paper and cardboard	269,013	323,355	1,454,461	1,173,342
R. Vehicles (including locomotives, ships, and aircraft)	316,571	167,026	1,108,602	613,901
S. Rubber manufactures	2,291,164	1,176,426	8,711,866	6,110,526
T. Miscellaneous articles, mainly or wholly manufactured	20,918,034	11,839,965	83,178,636	58,324,563
Total, Class III.	218,885	180,766	1,095,821	858,977
IV.—Animals, not for food	907,756	522,510	2,630,720	2,094,365
V.—Parcel Post, non-dutiable articles	69,950,233	53,487,187	279,701,446	246,832,626
Total	69,950,233	53,487,187	279,701,446	246,832,626

positions, at 9s. 3d., show a decline of 3d. per cwt. Movements in London during the past week were as follows: Landed, 458 tons; delivered, 49 tons; stocks, 2,234 tons, as against 567 tons last year.

POTATOES.—The principal markets were again well supplied with potatoes, but the tendency of prices was slightly firmer for good varieties. At the Borough Market, "Best King Edward" sold from 12s. to 13s. per cwt., as compared with 12s. to 12s. 6d. per cwt. a week ago.

SPICES.—The market in spices was dull. Wednesday's quotation for "Black Singapore" pepper, at 6½d. per lb., shows a fall of ½d. on the week. Movements of pepper in London during the past week were as follows: Black, landed, 38 tons; delivered, 17 tons; stocks, 379 tons, against 567 tons last year. White, landed, 15 tons; delivered, 58 tons; stocks, 606 tons, against 745 tons a year ago.

MEAT.—At the Smithfield market, beef—particularly Argentine beef—advanced sharply in price, but New Zealand mutton declined further. On Wednesday, Argentine beef (chilled hindquarters) was sold at 4s. 4d. to 4s. 8d. per 8 lbs., against 3s. 10d. to 4s. 4d. on the corresponding day last week, while New Zealand frozen mutton realised 2s. 6d. to 3s. 2d., as against 2s. 6d. to 3s. 4d. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 8,458 tons, as compared with 9,640 tons in the corresponding week last year. Imported beef, principally Argentine, formed 84.4 per cent. of the supplies, as against 86.0 per cent. a year ago; and imported mutton, mainly New Zealand, formed 79.4 per cent. of the total supply, as against 86.6 per cent. last year.

EXPORTS OF PRODUCE AND MANUFACTURES OF THE UNITED KINGDOM (Value F.O.B.).

	Month ended April 30.		Four Months ended April 30.	
	1931.	1932.	1931.	1932.
I.—Food, Drink, and Tobacco—	£	£	£	£
A. Grain and flour	293,715	386,119	1,115,889	1,356,024
B. Feeding stuffs for animals	207,115	204,936	814,637	722,427
C. Meat	103,745	91,183	438,589	349,593
D. Animals, living, for food	18,826	16,241	70,809	42,405
E. & F. Other food and drink	1,738,942	1,713,167	7,821,057	7,115,888
G. Tobacco	533,738	468,531	2,139,298	1,575,355
Total, Class I.	2,896,082	2,880,177	12,400,279	11,161,692
II.—Raw Materials and Articles Mainly Unmanufactured—	2,897,578	2,912,543	11,222,847	10,412,184
A. Coal	105,572	83,359	359,163	302,752
B. Other non-metallic mining and quarry products and the like	29,504	13,683	149,775	61,005
C. Iron ore and scrap	40,796	23,434	135,704	135,476
D. Non-ferrous metalliferous ores and scrap	21,716	9,215	81,205	39,925
E. Wood and timber	32,322	39,781	103,257	178,643
F. Raw cotton and cotton waste	283,436	260,729	990,601	1,162,314
G. Wool, raw and waste, and woollen rags	870	1,931	3,203	6,530
H. Silk, raw, knurls and noils	12,824	28,156	42,863	101,099
I. Other textile materials	248,158	172,578	938,289	656,655
J. Oil seeds, nuts, oils, fats, resins, and gums	77,862	51,063	346,586	210,912
K. Hides and skins, undressed	55,144	61,113	240,986	226,867
L. Paper-making materials	7,693	14,137	34,828	49,907
M. Rubber	290,062	281,821	1,096,018	1,029,159
N. Miscellaneous raw materials and articles mainly unmanufactured	4,104,537	3,953,523	15,745,325	14,573,428
Total, Class II.	4,104,537	3,953,523	15,745,325	14,573,428
III.—Articles Wholly or Mainly Manufactured—	215,277	194,157	1,019,380	906,618
A. Coke and manufactured fuel	745,248	679,373	2,794,158	2,470,381
B. Earthenware, glass, abrasives, &c.	2,813,711	2,549,732	10,831,816	9,684,7

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.
CEREALS AND MEAT.

GRAIN, &c.—	s.	d.	s.	d.
Wheat—				
No. 2, N. Man. 496 lb.	30	6		
Eng. Gaz. av., per cwt.	6	1		
Barley, Eng. Gaz. av.	7	4		
Oats, "	7	10		
Maize, La Plata, landed				
480 lb.	20	3		
Flour, Lon. stan. ex mill,				
280 lb.	22	9		
Rice, No. 2 Burma, per cwt.	9	3		
Tapoca, per cwt.				
Fair Flake, Singapore.	10	6		

MEAT—

Beef, per 8 lbs.—				
English long sides	5	2	5	8
Argentine chilled hinds	4	4	4	8
Mutton, per 8 lbs.—				
English wethers	4	4	5	0
N.Z. frozen	2	6	3	2
Pork, English, per 8 lbs.	5	0	5	6

OTHER FOODS.

BACON—				
Irish	72	0		
Danish	96	0		
Dutch	76	0		

HAMS—

Canadian	72	0		
American	74	0	78	0

BUTTER—

Australian	96	0	97	0
New Zealand	96	0	98	0
Danish	108	0		

CHEESE—

Canadian	68	0	72	0
New Zealand	58	0	59	6
English Cheddars	94	0	110	0
Dutch	42	0	51	0

COCOA—

(Duty, British grown,				
11s. 6d.; foreign, 14s. cwt.)				
Accra, f.f., per cwt.	23	0	28	0
Trinidad	40	0	48	0
Grenada	32	0	39	0

COFFEE—

(Duty, British grown,				
11s. 6d.; foreign, 14s. cwt.)				
Santos sup., c. & f. cwt.	61	0	90	0
Colombian, good	70	0	112	0
Costa Rica, med. to good	85	0	115	0
East Indian	85	0	115	0
Kenya, medium	80	0	102	0
EGGS—				
English	120	8	9	0
Danish	9	3	9	6

FRUIT—

Oranges—				
South African boxes	9	0	12	0
Brazilian	12	0	16	0
Lemons, Sicilian	12	0	20	0

MAIZE—

case 420 No. 1				
Apples: Amer. (var.) boxes	11	6	12	6
" Australian	10	0	15	0

ONIONS—

Valencia, case, 4s.				
Egyptian Bags	10	0	11	0
Grapes, Lisbon boxes				
" Almeria				

LARD—

Irish bladders	56	0	72	0
American, boxes, 56 lbs.	39	0	40	9

POTATOES—

Good English, per cwt.	12	0	13	0
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SPICES—

Pepper, per lb.—				
Muntok, fair White	0	6	2	
Black Lampung	0	6	2	
Chinamon—1st sort, per lb.	0	7	2	
Cloves—Zanzibar, per lb.	0	7	2	
Ginger—per cwt.—				
African	23	0		
Jamaica, ord. to good	55	0	85	0
Mace	0	10	1	11
Nutmegs 65s	1	3		

SUGAR—

(Beef, 11s. 8d. per cwt.)				
B.W.I., crystallised	17	9	20	0
Java, white, c. & f. India				
March-April	7	9		

REFINED—

Yellow Crystals	17	7	2	
Cubes	22	0	22	6
Crushed	20	0	20	6
Granulated	17	9	18	10
Home Grown	17	9	17	10

TEA—

Indian—per lb.—				
Pekoe	0	6	1	1
Broken Pekoe	0	6	1	4
Orange Pekoe	0	6	2	1
Broken Orange Pekoe	0	6	2	5
Ceylon—per lb.—				
Pekoe	0	7	2	9
Broken Pekoe	0	7	2	4
Orange Pekoe	0	8	2	6
Broken Orange	0	8	2	9

TOBACCO—

(Duty 9/6-10/6 per lb.,				
Empire growths, 7/5				
8/3 per lb.)				
Virginia leaf—				
Common to fine	0	10	3	0
Rhodesian leaf	0	10	1	6
Nyasaland leaf	0	10	1	6
" stripes	0	4	0	8
East Indian leaf	0	5	1	3

COTTON—

Mid-American	4	56		
Sakellaridis, f.g.f.	6	00		
Yarns, 32's twist	8	2		
" 60's twist	13	2		

FLAX—

Livonian ZK	44	0	46	0
Pernau HD	42	0	43	0
Slauet Medium lat sort	48	0	49	0
HRMT	43	0		
Italian P.C.	43	0		
Manila, May-June "J 2"	17	0		
Sisal, African, May-June	13	0	14	0

JUTE—

Native lat mks. per ton				
c.f. H.A.R.B.				
May-June	£16/2/6			
Dalee 2/3 c.f. Dundee				
May-June	£15/15/0			

SILK—

Canton	7	0	8	6
Tussah	6	4	6	
Japan	7	0	9	0
Italian—raw, fr.	8	0	10	6

WOOL—

English Southdown, washed per lb.	11			
" Lincoln hog, washed	6			
Queensland, sed. super combg.	18			
N.S.W. greasy, super	10			
N.Z., gray, half-bred 50-56	9			
" Crossbred 40-44	4			
Merinos 70's	22			
" 64's	21			
Crossbred 48's	9			
" 46's	22			

COAL—

Welsh, best Ad'ty	19	6		
Durham, best gas, f.o.b.	14	6		
Tyne	20	0	21	0
Sheffield, best house, at				
plate	20	0	21	0

IRON AND STEEL—

Pig, Cleveland No. 3, ton	58	6		
Barr, M'brough	195	0		
Steel Rails, heavy	170	0		
Tin Plates, per box	15	0	15	3

METALS—

Copper, Electrolytic, ton	33/15/0	34/15/0		
Sheets (strong)	63/0/0			
Standard	29/8/9	29/11/3		
Lead Eng. Pig	12/5/0			
Soft Foreign	10/18/9			
Spelter G.O.B.	12/12/6			
Tin—English ingots	127/0/0			
Standard cash	124/7/6	124/10/0		

MISCELLANEOUS.

Sheffield, best house, at				
pits	20	0	21	0

Market Hides, London—

Best heavy ox and heifer	0	2	0	4
Best cow	0	2	1	
Best calf	0	6		

INDIGO—

Bengal gd. red-vio. to				
fine—per lb.	5	6		

LEATHER—

Sole Bends 8/14 lb.—				
per lb.	1	0	2	0
Bark Tanned Sole	2	0	3	0
Shoulders fm DS Hides	0	6	0	8
Do. Eng. or WS do.	0	8	1	0
Bellies from DS	0	3	0	4
Do. Eng. or WS do.	0	4	0	8
Dressing Hides	1	0	1	6
Bo. Eng. Cal'd, 20/30 lb.	2	6	3	6
Aust. Bends	1	0	1	4

VEGETABLE OILS—

Linseed, naked, p. ton net	13/7/6			
Rape, refined	26/0/0			
Cotton-seed, crude	19/0/0			
Coconut, crude	24/0/0			
Palm	14/15/0			
Oil Cakes, Linseed, Eng.	7/5/0			
per ton				
Oil Seeds—Linseed				
La Plata, p. ton	7/17/6			
May-June	9/11/3			
Calcutta—per ton	57	0		

PETROLEUM PRODUCTS—

Motor spirit, No. 1, Lon-				
don	1	3		
Petroleum, Amer. rfd.	0	9		
per gal.				
Fuel oil, in bulk, for				
contracts, ex instal.				
Thames	60	0		
Furnace	67	6		
per ton				
Lubricating oil ex store,				
London—per ton	9/10/0	24/7/6		
Pales	10/0/0	16/15/0		
Reds	10/10/0	28/10/0		
Cylinder	10/10/0	28/10/0		

ROSIN—

American	per ton	13/5/0	22/10/0		
RUBBER—					
St. ribbed smoked sheet	per lb.	0	2		
Fine Hard Para	per lb.	0	2		

SHELLAC—

TN Orange	per cwt.	55	0	57	6
SHELLS—					
W. Aust. M. o. P.	5	0	14	0	
TALLOW—					
London Town	per cwt.	21	0		
TIMBER—					
Swedish u/s 3 x 8	per std.	17	0	0	
" 2 1/2 x 7	"	15	0	0	
" 2 x 4	"	16	0	0	
Can'tin Spruce, Dis	"	24	0	0	
Pitchpine	per load	9	0	0	
Rio Deals	per std.	28	0	0	
Teak	per load	30	0	0	
Honduras Mahg. logs	c. ft.	0	10	6	
African	"	0	6	0	
Amer. Oak Boards	"	0	6	0	
" Ash	"	0	7	0	
English Oak Planks	"	0	6	6	
" Ash	"	0	7	6	

large quantities of short money. Even so, money has remained easy and plentiful, with 1-1½ per cent. charged outside the clearing banks for new money, and 1 per cent. for renewals. The reason why money has remained easy is to be found partly in special buying of June bills at a rate of 1 per cent., and though the authorities are officially only taking early June bills, in practice they include within that definition bills maturing during the first half of the month. As a 25 per cent. call on the new Treasury bond issue falls due on June 1st, it is clear that ample funds will be available for the 5 per cent. War Loan dividend. It is also clear that the authorities are consciously pursuing a policy of cheap and plentiful credit, and the Bank's recent gold purchases, referred to below, will facilitate this policy.

Unfortunately from the bill-brokers' standpoint, the supply of credit far out-runs the current demand. This fact received abundant proof from the result of last week's Treasury bill tenders, the average rate being only 19s. 6.62d., against a rate of £1 10s. 11.36d. per cent. the week before. Notwithstanding the reduction in Bank rate, there is still a margin of just over 1½ per cent. between Bank rate and the Treasury bill rate, for this week "hot" Treasury bills have been quoted at ¾ per cent., and on Thursday at 1½ per cent. The Government, too, are well supplied with funds, as the result of the 3 per cent. Treasury bond issues, for last week they only offered £35.0 millions of Treasury bills, and even then cut £5.0 millions off the offer when they came to allotment. This helps to explain the low level of discount rates which are more in the interest of the Treasury than of the money market. It also explains the current demand for the new 3 per cent. Treasury bonds, which now stand at a premium; for even if the bonds are hardly a suitable security for the money market, there is at present no better outlet for funds.

	Apr. 28, 1932.	May 5, 1932.	May 12, 1932.	May 19, 1932.	Previous Rate and Date Changed.
Bank Rate	3	3	2½	2½	3 (May 12, '32)
Banks' Deposit Rate..	1	1	1	1	1 (May 12, '32)
Discount { Call	1	1	1	1	1 (May 12, '32)
Houses { Notice ...	1½	1½	1½	1½	1½ (May 12, '32)
Market rate ("hot")	1½	1½	1½	1½	...
Treasury bills.....	1½	1½	1½	1½	...
Market rate (3 months' bank bills).....	2-2½	2	1½	1½	...
Market rate (standstill bills).....	2½-3	2½-3	1½-2½	1½-3½	...

During this week three months' bank bills have remained steady at 1½-1 per cent., but business has been very limited. Standstill bills carrying the name of a London clearing bank are quoted at 1½ per cent., but rates on other standstill bills range upwards to as high as 3½ per cent., each set of bills being dealt with on its merits. There has been a fair demand from the clearing banks for July bills at one per cent., and this has evoked some response in the market, as it is regarded as equivalent to a loan over the turn of the half-year at this extremely low rate. Four months' bills have been dealt in at 1½ per cent., and six months' bills are usually quoted at 1½ per cent. The Indian banks, however, are understood to have bought six months' bills at as low as one per cent., and this shows that they at least believe that we are in for a long period of cheap money. The impression in the market is that a further reduction in Bank rate is inevitable, but that it will not take place for a few weeks.

The Bank return records an increase of £2.0 millions in the Bank's holdings of gold coin and bullion, this reflecting its gold purchases at the week-end, which are discussed upon another page. As the note circulation has only expanded by £0.1 million, the Reserve is £1.9 millions higher. Public Deposits have expanded by £6.7 millions, mainly as a result of the call on the 3 per cent. Treasury bond issue made on Friday of last week. To offset any stringency that might have arisen from this

increase and also from a net reduction of £1.4 millions in the Bank's holdings of other securities, the Bank has acquired an additional £3.9 millions of Government Securities, of which £3.1 millions have gone into the Issue Department. Consequently Bankers' Deposits only fell by £2.4 millions and still stand at £74.6 millions, a figure which is high enough to denote easy monetary conditions. The Proportion has improved fractionally to 31.1 per cent. On Thursday evening, after the issue of the Bank return, the Bank announced the purchase of a further £967,899 of gold. There is a general belief that further purchases are imminent.

The outflow of gold from the United States continues at an accelerated rate, and there is little doubt that the outside world is for one reason or another steadily realising its holdings of dollars. During the past week, \$12,000,000 of gold has been shipped to Switzerland, \$5,700,000 to Holland, \$2,100,000 to Belgium, and \$2,600,000 to France. There has also been a heavy net increase of \$5,200,000 in earmarkings on foreign account. The Reserve System have now put the provisions of the Glass-Steagall Bill into operation, for \$97.3 millions of U.S. Government securities were shown last week as collateral for Federal Reserve Bank notes. This has left ample gold free for export. The proposal to issue \$2,300 Government bonds to provide funds for the relief of unemployment has been dropped, and instead the Reconstruction Finance Corporation is to issue \$1,500 millions of new debentures. Of this sum \$300 millions will be lent to the States for relief purposes, \$40 millions will be used to stimulate exports of agricultural products, and \$1,160 millions will be lent to private undertakings to finance the execution of definite contracts. Money rates are unchanged at their recent low levels. Call Loans are quoted officially at 2½ per cent., and 90-day bankers' acceptances at 1-½ per cent. in the open market.

The foreign exchange market was very quiet this week, and, after earlier weakness, sterling was practically unchanged on balance against most currencies. New York was unaltered at 3.67½ after touching 3.64½, but Montreal fell away by three points to 4.17. Paris, after touching 92½, returned to last week's level of 93½. Brussels moved in our favour to 26.20. Milan lost ½ at 71½, but Madrid improved from 45½ to 44½. Amsterdam gained a point at 9.06, as did Berlin at 15.40. Switzerland was unchanged at 18.77. The Scandinavian currencies were again irregular. Stockholm weakened by three points to 19.73, Oslo fell away from 19.70 to 20.00, and Copenhagen was unchanged at 18.30. The South American currencies were steadier than of late. Rio was unchanged at 4½d., as was Montevideo at 29½d., but Buenos Aires weakened by ½d. to 36½d. In the Far East the rupee, after hesitation, was firmer at 1s. 5½d., but the yen weakened from 1s. 9½d. to 1s. 8½d. Batavia were offered at ¾ cent and 2½ cents discount. Paris also was weaker at par for one month, and 2 centimes discount for three. Brussels was at 1 and 2 centimes discount. Milan was unchanged at ½ centesimi discount for one month's delivery, but weakened from ½ to ¾ centesimi for three. Madrid was at par for one month, and improved to ½ peseta discount for three as against ¾ peseta last week. Amsterdam was steady at ½ cent and 1 cent premium. Switzerland was rather weaker at par for one month and one centime discount for three months. The silver market was quiet. Prices fell away by ¼d. for both deliveries to 17½d. for cash and 17½d. for forward, but the China silver exchanges were but little affected, Shanghai being unchanged at 1s. 8½d., whilst Hong Kong weakened by ¼d. to 1s. 8½d.

ECONOMIST INTELLIGENCE BRANCH.

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

FACTORS IN RECOVERY.

III. REMOVING TRADE BARRIERS.

THE substantial wiping out of war debts and reparations, which we discussed last week, is a necessary step in reconstruction, not merely because these payments are a disturbing influence in the international balance of payments, but also because, until they are cleared out of the way, the confidence needed to permit the international movement of capital will not revive. A monetary policy that will permit of an upward movement of wholesale prices would open the way for a more positive step towards recovery. But neither of these policies will carry us very far unless we can get rid of the hindrances which Governments all over the world are deliberately putting in the way of international trade.

It is unnecessary to enumerate the many devices by which this is being done, or to elaborate statistics which are becoming painfully familiar to our readers. It is enough to recall that there are no countries in the list recorded in our monthly Trade Supplements, except Brazil, Australia and New Zealand, whose exports have not fallen by more than 40 per cent. in the last two years, while those of Germany, France, Italy, Holland, Sweden, Switzerland, Poland, Greece and Yugoslavia in Europe, and the United States, Canada, India, South Africa and Japan overseas have fallen to less than half the level of 1929. These figures are only partly accounted for by the fall in prices; for, wherever quantity figures are available, they also show very heavy reductions. Moreover, the decline has gone on at an increasing pace in the last eight months, and it is clear that, if things do not take a turn for the better, international trade will rapidly disappear altogether.

In face of this decline countries are striving to save themselves by shutting out imports and keeping the home market for themselves; and in some cases, as in Germany, where the Hitlerites are preaching the doctrine of "autarchy," or "self-sufficiency," the possibility is being frankly faced of trying to do entirely without external trade. For nations like Great Britain, to whom foreign trade is a vital necessity, some way out of this impasse must be found, while even in countries less dependent on overseas commerce, recent experience is teaching the inevitable lesson that the throttling of trade—whether by tariffs, licences or exchange control—means increased poverty or unemployment, or both. How to release this stranglehold is becoming a question of greater urgency every day. Since no country will take the risk of acting alone and facing a situation in which no one will buy from it, but everyone will rush to sell, it is clear that common action is needed to break through the vicious circle. To this question we shall return. Our present purpose is to point out that it will be extremely difficult to deal with this immediate problem without at the same time laying down the terms on which trade is to be carried on in the future when present restrictions are removed.

It is vitally important, however, to realise that a return to the conditions of 1929 is not enough. Though the world did its best to shut its eyes to the truth, the fact is now at last being recognised that economic nationalism and high tariff policies under the leadership and stimulus of the United States played a great part in bringing about the world collapse by preventing the adaptation of the economic life of the nations of the world to one another, by stimulating the duplication of agricultural and industrial production, and by preventing the payment of debts.

In this matter of tariffs above all others Great Britain is clearly singled out by tradition and by her economic position to take the lead. In all the great matters of international moment to-day our influence is very great. But whereas in the question of war payments we have something to say to the United States in conjunction with our neighbours in Europe, and in such matters as dis-

armament we find ourselves in a natural alignment with America, on this question of trade we have our own policy to pursue—a policy which will not appeal particularly either to France or America, but which will rally to its support trading nations all over the world. In this crisis of the world's history we speak with exceptional force and authority; for, in spite of our new tariff, we are more than ever the largest market in the world.

In the issue between two conflicting ideas, one, the cultivation by each country of its own resources in order to make itself independent of other countries to its utmost ability, and the other the advancement of the wealth of the world by intercourse, by specialisation and by competition in ideas and efficiency, there can be no question on which side our interest lies. Of all the assets which this country possesses for maintaining itself as a great industrial nation, with a population far larger than can be maintained in comfort on its own agricultural production, the chief and most abiding advantage is our island situation at the focal point of the trade routes of the world. Our ports are the nostrils of Great Britain through which we draw the breath of life. We must take steps to save ourselves from suffocation.

How, then, can we use our position to restart again the movement of trade that has been so rudely checked? The answer is that we should offer, and offer quickly, to trade freely with those who will trade with us, whether they be in the Empire or anywhere else in the world. It is true that this proposition is at variance with the conception of the full-blooded Protectionist who believes that to import anything that might be made within a country, no matter at what expense, reduces production and employment. On the other hand, such a policy should enlist the support of those who in good faith have defended Protection as a means by which ultimately we may attain freer trade. It is true, and the *Economist* has constantly reiterated, that tariff bargaining as hitherto carried on has led nowhere. No one is more alive than we are to the demerits of the system of haggling for tariff concessions, or is more conscious of the fact that in practice it commonly means that duties are put on for the purpose of being taken off again, but that when the bargaining takes place part only of the duties is removed, leaving the obstruction higher than before. We have, moreover, constantly pointed out that Great Britain has gained the full benefit of any concession made elsewhere by reason of our most-favoured-nation rights; and it has again and again been recorded by committees of inquiry that we have lost nothing in the markets of the world in comparison with our competitors for want of a tariff to bargain with.

Nevertheless, the fact has to be faced that our trade, no less than that of the whole of the rest of the world, has for years been clogged by tariffs, as was pointed out in set terms by the World Economic Conference in 1927. Since then persuasion has failed to induce other countries to make a substantial change. For some years past the *Economist* has held that Great Britain was in a position to insist, and the coming of the crisis strengthened our power immensely. If we had used this power wisely we could have obtained very large concessions without actually imposing a tariff ourselves; indeed, its enactment has inevitably complicated the task of using it to clear the way to freer trade, for it has created vested interests, and whetted the appetites of industrialists for protection. The only good that has accrued from our tariff is that events have made it so abundantly clear that our activities are being paralysed, that the public is, we believe, being rapidly disillusioned and is alive to the imperative need of returning to freer conditions. But having once taken the plunge, no matter how ill-advised our precipitancy, it would clearly be foolish of us to remove the tariff or even to modify it without using it as a lever to clear away

some of the obstructions that have been hindering our trade for the last decade.

It is a dangerous and difficult game to play, and it is imperative that we should not be misled by French or other influences, whose ideal is that of a static world, into playing it in the old way of "Pull devil, pull baker." On the other hand, if we are to make a supreme effort at restoration, we must not be afraid to modify the most-favoured-nation principle which has served us so well in the past. In the discussions of recent years there has emerged a new conception which we are in a position to bring into effect. Our new policy should be simply and frankly that we will give very favourable conditions in the British market to those who will give us not most-favoured-nation treatment at a level which each country will decide for itself—but *equal treatment*—that is to say, precisely the same conditions as we give to their trade. The simplest ideal form that this proposition could take would be that we should give a Free Trade entry into our market to those who will give us also Free Trade treatment. To Englishmen who have hoped for a century that other countries would move towards Free Trade this may sound completely Utopian. But it is not so remote as is sometimes assumed, for it is one thing to throw your market open to the whole world and quite another to throw it open merely to a single country which reciprocates this advantage. Indeed, in the summer of last year, before we left the gold standard, there were certain countries of Europe which were prepared definitely to make such an arrangement with Great Britain.

In present circumstances it is, perhaps, too much to hope that a reciprocal Free Trade area could be widely extended. In the first place, few countries have so efficient a tax machine as Great Britain, and most of them need a Customs tariff for revenue. Nor perhaps would it be possible to persuade the present Government, with its out-and-out Protectionist wing in the House of Commons, to move so far. But it would be a practical policy to-day to establish, as the basis of an "equal-treatment" group of nations, a maximum 10 per cent. tariff. If this country were to say that it would give a maximum 10 per cent. *ad valorem* tariff not to all countries, but only to such countries as would similarly give to our products a maximum 10 per cent. *ad valorem* tariff, this offer would meet with a wide response; and a scheme on these lines would in no way preclude us from making special arrangements of a still more favourable nature with the Dominions at Ottawa.

There is good ground for thinking that a scheme of this kind would quickly embrace two major Powers and some six or eight in the next grade of economic importance in Europe, and would probably extend to some nations overseas. It would certainly mean a modification of the most-favoured-nation principle in its present form; but the answer to those who claim that it would be a form of discrimination is that this plan would set up a standard of reasonableness in tariff treatment between nations, and that the objector could at any time secure the benefit of this "fiscal level" in return for the same concession. Although it would involve an element of bargaining, it would avoid any possibility of setting up a series of upward movements; for it would lay down a standard which would be the same for all.

We have said confidently that a number of countries would be willing to come into line, and have given as one reason that so many nations are dependent on the British market; but we anticipate that the trend of international investment would also move in the same direction. Experience having shown what havoc the Protectionist system can make of the world, it would be surprising if investors were to continue to lend to countries which require to bolster up inefficient and uneconomic industries by means of excessive tariffs. An industry which cannot maintain itself against its competitors with the aid of a 10 per cent. duty should either reorganise itself or be superseded. If investors would realise that they are asking for trouble if they put their money into industries which cannot hold their own on reasonable terms, or into countries which are following a fiscal policy which sooner or later must lead them to disaster, pressure to join the low tariff group would be very great.

POLICY FOR WAR LOAN.

TWELVE months ago, when Bank rate stood at 2½ per cent. and before the collapse of the Credit Anstalt signalled the onset of a financial crisis destined to visit in turn every country in the world, the question of the conversion of the 5 per cent. War Loan was actively occupying the attention of the City as an operation which appeared to lie within the field of practical politics. In the event, no move was made by the Treasury; the summer witnessed growing financial strain, and the efflux of foreign short-term capital which drove us off the gold standard; the opportunity—brief and perhaps never wholly convincing—was missed. To-day, however, the chance for conversion has returned under conditions which warrant much greater confidence than could be entertained a year ago. Not only are British Government securities now definitely on a 4 per cent. yield basis, but the soundness of our Budget, impaired up to last September by "uncovered" borrowing for the Unemployment Insurance Fund, has, at least for the current financial year, been re-established. Moreover, liability to the withdrawal of short-term funds on a large scale, which was a dangerous weakness in London's position last May, is no longer a serious factor; confidence in the security of sterling has been restored; and the problem which faces our authorities, so far as the capital items of our balance of payments are concerned, is less to guard against a flight from the pound than to prevent or neutralise an embarrassing influx of funds from abroad.

The advantages of reducing to a lower interest basis the huge mass of over £2,000 millions of a security which not only costs the Government 5 per cent., but is immune from deduction of income tax at the source, need little elaboration. So long as this immunity remains the Treasury suffers trebly—by the loss of tax on foreign holdings, by the delay before the tax is collected from holders resident in this country, and by the opportunity of evasion. The existence of 5 per cent. War Loan, moreover, is a formidable obstacle in the way of reducing the general cost of all new borrowing in London. However low interest rates on first-class bonds and prior industrial charges might otherwise fall, this immense loan must always tend to exercise a countervailing upward pull. The question, in fact, is not whether the earliest possible moment should be chosen for a War Loan conversion operation, but whether that moment has now arrived and what form the offer should take.

With regard to the first consideration, it has been argued in some quarters that, in view of the present tendency of money rates, the Treasury would do well to hold its hand until conversion can be effected on a yield basis of 3½ per cent. at most. To this view we see several weighty objections. Though the situation at present is characterised by rapidly declining short-term interest rates and a glut of money diverted from enterprise into riskless investment, the course of events in, say, six months' time is a matter of great obscurity. On the one hand, a successful end to the Lausanne Conference, marking the beginning of world financial reconstruction, might permit a still more favourable conversion in six months' time. But there is many a slip 'twixt cup and lip, and it is at least as possible that a continued adverse drift in the international political situation, coupled with the cumulatively paralysing effect of the present nexus of standstill agreements and exchange controls, might not only create next autumn a psychological atmosphere much less propitious than that of to-day for a major conversion operation, but might also have reactions on the volume of British trade and employment seriously prejudicial to the continued maintenance of a balanced Budget. Unemployment relief might be costing more, the yield of the 1933 Budget, with forebodings of an unrelieved tax burden, be weighing heavily on the mind of the investor. There is, therefore, in our opinion, an overwhelming case for "making hay while the sun shines" and not risking temptation to wait for a 3½ per cent. basis there is to be set the cogent argument that at best—even supposing the success of each and every international conference—the recovery of British trade is most unlikely to be so rapid

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that we can afford to forego the advantage of giving it the very considerable material and psychological stimulus which would be afforded by a successful conversion of War Loan. The loss to the Treasury of the potential extra one-half per cent. would, we think, be more than made good by the advantage to enterprise—and hence, at one remove, to the revenue—of an operation at precisely this juncture which resulted in a general cheapening of all new financing.

Finally, in addition to the fact that it is desirable to make certain of dealing with War Loan before 1933, when £255 millions of 4 per cent. and 4½ per cent. Treasury bonds are redeemable, there are strong reasons on general political grounds why there should be no delay in effecting a reduction in the interest charge on this immense volume of high-yielding stock. The September, 1931, and the April, 1932, Budgets taken together not only imposed an enormous burden on the taxpayer, but called for considerable sacrifices by way of "cuts." The electorate has certainly not forgotten last autumn's insistence by the leaders of the National Government that there should be equality of contribution towards rehabilitation of our national finances. Since the beginning of this year the holder of British Government securities has been the passive recipient of a huge increment in the capital value of his holdings. If Mr Chamberlain is to exercise the full pressure on the spending Departments which the paramount need for alleviation of the tax burden demands, the Government would do well to place themselves in a position of being able to say that the rentier, hitherto drawing 5 per cent. interest from a security which forms practically one-third of our internal debt, has made his contribution towards the easement of the Budget. Allowing for ultimate contraction in income tax receipts (converting from a security not taxable at the source to one so taxed would mean, of course, a useful immediate windfall to the Treasury), the saving to be effected by conversion to War Loan to a 4 per cent. basis might be little more than £15 millions per annum; but this is far from being a negligible sum or one which the Chancellor should care to forego.

In the light of these considerations, we suggest emphatically that there should be an end to Treasury procrastination in the matter of War Loan conversion, and that on June 1st, coincidentally with the payment of the half-yearly dividend interest coupon, the Treasury should avail itself of the provisions of the Finance (No. 2) Act of 1931, to give the prescribed three months' notice to redeem the 5 per cent. War Loan at par. In order to secure the maximum volume of conversions we suggest that there should be a simultaneous offer of three different forms of new stock:—

(1) *Four-year 3½ per cent. Treasury Bonds at 100.* Some such short-term stock would be necessary to cater for the requirements of the money market and other financial institutions whose present holdings of War Loan, since it became regarded as a short-dated security, have grown considerably, and who would not find it convenient to convert into a medium-term or long-term security.

(2) *A medium-term 4 per cent. stock at 100, redeemable in, say, ten or fifteen years.* Such a security would appeal to certain types of investor, and it would be very desirable from the Treasury's point of view to be able to take advantage of any further reduction of interest rates during the next decade. It might, indeed, perhaps be advisable to have two separate offers of this type of stock redeemable in (a) seven to ten, and (b) ten to fifteen years, respectively.

(3) *A long-term 3½ per cent. stock.* In this case the Treasury should have the option, but not the obligation, to effect redemption at par in, say, forty years. The rate at which War Loan should be convertible into this new stock should, we suggest, be one point more favourable to the holder than the market price of the present 3½ per cent. Conversion Loan ruling on the day on which the application for the conversion is received.

If framed on these lines, carried through by the vigorous co-operation of the Treasury with the leading City interests, and accompanied by a well-directed appeal through the Press to the patriotism as well as the self-interest of the War Loan holder, such a conversion operation would, in our opinion, be assured of a reasonable chance of complete success. If its announcement were precluded by a reduction of Bank rate to 2 per cent.—and there is no obstacle to such a step—only a little manoeuvring of the market should be required to raise the quotation for 3½ per cent. Conversion Loan to somewhere in the neighbourhood of 95. If the public, with the evidence of a rising gilt-edged market before their eyes, were duly impressed with the possibility, to put it no more strongly, that the "old" 3½ per cents. might stand near par before September 1st, the general inclination would be to make immediate application for conversion. If special inducements were given to bankers and brokers in the way of a small commission on applications made within fourteen days, and if, as is probably desirable, the Treasury made some concession to banks and finance houses regarding the tax on capital redemption profits, we see no reason why the success of the conversion operation should not be assured before there was any possibility of untoward events at Lausanne or elsewhere abroad exercising an adverse influence. Even if cash wherewith to buy up an appreciable proportion of foreign holdings, and possibly some British holdings, had to be found by September 1st, a temporary increase in Treasury Bills or even Ways and Means Advances would not be open to any grave objection.

A bold bid to deal at one stroke with War Loan would be at once more practicable and psychologically more valuable than a policy of "nibbling" by piecemeal offers, whose reception in the absence of a definite announcement of redemption must be doubtful. In this matter the City, we believe, is readier for bold steps than the Treasury; and in this aspect of the problem of our national indebtedness, as in the many other major questions of policy with which the country is now faced, the vital need to-day is for courage and quick decision.

transitional benefit could (although legally terminable by April, 1933) be drawn without time limit. Under the Economy Act the contributions qualifications for both ordinary and transitional benefit were left unchanged, but a maximum limit was placed on the receipt of ordinary benefit of 26 weeks in any period of 52. As a result, many claimants have been transferred from ordinary to transitional benefit, and a saving of £10 millions is to be effected by imposing a needs test on this swollen category of transitional beneficiaries. Nevertheless, the proportion of transitional beneficiaries rose from 24 per cent. of all beneficiaries on October 26, 1931, to 41 per cent. on March 21, 1932.

The needs test is applied by the local Public Assistance Committees, who also determine the amount of benefit payable to successful claimants. Decisions are reviewed at least once every four weeks. As hitherto, transitional benefit is paid through the Employment Exchanges and charged to the State. Between November 12th, when the test was first applied, and March 19, 1932, 4,222,563 decisions, including revisions, were made in respect of more than 1,300,000 individuals. In 2,292,744 cases, or 54.3 per cent., benefit was awarded at the ordinary rates; in 1,500,429, or 85.5 per cent., at less than the ordinary rates; while in 429,390 cases, or 10.2 per cent., the needs of applicants were held not to justify any payment.

4. Removal of Anomalies.—Restrictions were imposed on payments to certain categories of claimants, chiefly seasonal workers and married women, to whom it was considered benefit had formerly been paid in circumstances which the Unemployment Scheme was not intended to cover. Seasonal workers were made ineligible for benefit during the "off season" unless, during each of the preceding two years, they had been in insurable employment during that season to a substantial extent, and, in addition, could reasonably expect to obtain it in their districts. Married women who had paid less than 15 contributions or who, if married more than six months, had paid less than eight contributions during the three months before the beginning of the quarter for which they were claiming benefit, were also made ineligible unless they had not abandoned insurable employment and could reasonably expect to obtain it in their districts or unless their husbands were incapacitated or unemployed and not receiving benefit.

The application of these provisions, which were estimated to save £3 millions, was left to the Employment Exchange authorities. The examination of claims began on October 20, 1931, and by the end of March, 1932, had resulted in the disqualification of 24,357 out of 32,457 seasonal workers, or 75.0 per cent., and of as many as 152,171 out of 184,874 married women, or 82.3 per cent.; including decisions in respect of intermittent workers, disqualifications totalled 179,137 out of 220,953 examinees, or 81.1 per cent.

THE DIRECTION OF OVERSEAS TRADE.

ALTHOUGH it is dangerous to draw very definite conclusions from a short and abnormal period like that of the last three months, the figures of the Board of Trade showing our imports from and exports to overseas countries during the first quarter of this year offer a foretaste of the changes in the distribution of our trade which may be expected from the influence of import duties. Total imports during the quarter, at £193,415,734, were 7.8 per cent. lower than in the corresponding period of 1931; but, whereas imports from European countries fell by 19 per cent., those from foreign countries outside Europe were reduced by only about 5½ per cent., and Empire imports actually increased by 5 per cent. These figures plainly reflect the influence, on the one hand, of the preferential tariff treatment of Empire imports, and, on the other, of the high rate of "Abnormal Import" duties on manufactured goods, which form the bulk of our imports from most European countries.

The reduction of about 10½ per cent. in British exports, the total of which during the first quarter of this year amounted to £92,330,922, was more evenly distributed. Exports to foreign countries in Europe were 8½ per cent.

lower, to foreign countries outside Europe 13½ per cent. lower, and to British countries 9 per cent. lower. It is remarkable, in view of the rapid multiplication of all kinds of restrictions on imports into so many European countries, that the relative decline in our exports to Europe should be so much less than that in our exports to other foreign countries and no greater than the fall in sales to the Empire. This evidence confirms our contention that the European market for British goods has a peculiar value of whose importance we cannot afford to lose sight.

Trade with the principal European countries is shown in the table below:—

TRADE WITH EUROPEAN COUNTRIES. January to March. (000's omitted.)									
	Imports from				British Exports to				
	1913.	1930.	1931.	1932.	1913.	1930.	1931.	1932.	
Russia	£ 6,634	£ 4,812	£ 6,434	£ 3,640	£ 2,610	£ 1,127	£ 1,425	£ 2,493	
Finland	6,634	2,152	1,744	2,338	2,610	475	352	256	
Estonia	...	464	265	267	...	...	73	53	
Latvia	...	1,478	558	632	...	...	194	166	
Sweden	2,378	5,096	3,448	3,599	1,780	2,692	1,744	1,846	
Norway	1,909	3,704	2,626	2,946	1,455	2,017	2,318	1,508	
Denmark	5,490	13,188	10,928	10,207	1,543	2,671	2,251	2,283	
Poland	...	1,679	1,659	1,529	...	...	722	454	
Germany	19,427	16,166	13,956	9,390	9,236	7,492	4,670	4,183	
Netherlands*	6,783	13,762	11,052	9,245	5,744	7,254	4,346	4,393	
Belgium*	6,089	11,316	7,565	6,041	3,638	4,982	2,868	2,522	
France*	12,936	14,800	11,029	6,755	8,538	10,013	7,302	5,280	
Switzerland	2,861	2,896	2,727	1,543	1,049	1,628	1,050	1,042	
Portugal*	852	1,276	860	952	1,611	2,098	1,506	1,324	
Spain*	4,133	5,747	4,376	4,177	3,013	3,180	1,834	1,748	
Italy*	2,289	4,076	3,411	3,019	3,893	4,122	2,431	2,223	
Austria	2,036	869	669	501	1,278	707	361	365	
Hungary	...	219	255	181	...	219	159	141	
Czechoslovakia	...	1,390	1,255	839	...	501	346	349	
Greece and Rumania	231	279	269	348	562	1,091	904	827	
Roumania	327	1,019	722	944	313	711	372	471	
Turkey-in-Europe	330	147	104	85	308	482	432	299	
Other European countries	14	575	537	874	53	693	544	689	
Total	74,719	107,107	86,449	69,975	46,624	55,144	37,898	34,725	

* Including dependencies.

There have been particularly large reductions in our imports from Germany, France, Russia, the Netherlands, Belgium and Switzerland, and the relative reduction in our imports from Austria, Hungary and Czechoslovakia was also substantial. Greece, Roumania and most of the Baltic and Scandinavian countries except Denmark, however, maintained or increased their sales to us. In some cases this was probably due to a slight diversion of trade from countries which had maintained their currency on a gold basis to those, like Sweden and Norway, which had followed us off the gold standard. On the export side the only substantial increases were in sales to Russia and Roumania. Exports to Sweden, Denmark, Holland, Austria and Czechoslovakia showed small increases, and exports to France and Norway rather sharp declines. In exports to most of the other countries the declines were very small in comparison with those of the previous year.

The next table shows our imports from and exports to the remaining foreign countries:—

TRADE WITH FOREIGN COUNTRIES OUTSIDE EUROPE. January to March. (000's omitted.)									
	Imports from				British Exports to				
	1913.	1930.	1931.	1932.	1913.	1930.	1931.	1932.	
Turkey-in-Asia	£ 989	£ 278	£ 182	£ 231	£ 1,269	£ 83	£ 96	£ 83	
Egypt	8,579	5,018	2,699	3,568	2,324	3,140	505	1,800	
Iraq	...	248	203	177	...	...	328	488	
Persia	140	3,357	1,554	1,696	188	791	521	185	
China	1,167	2,780	1,836	1,475	3,246	2,803	2,687	2,622	
Japan	1,156	2,461	1,808	1,864	3,204	2,689	1,314	1,833	
United States*	39,704	48,046	28,627	24,698	7,728	9,363	4,639	3,852	
Cuba	449	817	562	707	549	479	221	216	
Mexico	655	776	574	707	549	479	221	216	
Colombia	209	269	242	152	644	641	311	224	
Chile	663	839	424	705	352	411	215	302	
Brazil	1,107	2,198	1,200	1,153	1,612	1,712	723	220	
Uruguay	3,806	3,918	1,222	826	3,348	2,313	1,244	1,185	
Argentina	838	2,246	1,632	980	712	992	755	379	
Other foreign countries (non-European)	10,845	16,393	13,761	14,329	5,232	6,913	4,961	2,558	
Total	71,877	92,872	60,137	56,751	32,368	35,728	21,004	17,136	

* Including dependencies.

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The most conspicuous feature on the import side is the decline of £4 millions in our purchases from the United States. There were also substantial reductions in our imports from China, Colombia, Brazil and Uruguay. Imports from Japan, Egypt, Cuba, Mexico, Peru and the Argentine, on the other hand, increased slightly. Exports to most Latin American countries were lower, and in many cases, notably the Argentine, Chile and Uruguay, the percentage reduction was enormous. Exports to the United States, though lower, were very much better maintained than might have been expected, and sales to China, Japan, Iraq and Persia showed signs of recovery. The corresponding figures for the countries of the Empire are shown below:—

TRADE WITH BRITISH COUNTRIES. January to March. (000's omitted.)									
	Imports from				British Exports to				
	1913.	1930.	1931.	1932.	1913.	1930.	1931.	1932.	
Irish Free State	£ 1,222	£ 9,742	£ 8,652	£ 7,379	£ 446	£ 8,569	£ 7,110	£ 7,048	
West Africa	2,945	1,859	2,068	1,446	3,025	1,641	1,942	1,942	
South Africa	3,982	6,615	3,563	4,048	5,614	7,434	5,783	4,432	
India and Ceylon	13,827	17,068	12,522	12,130	18,227	20,324	10,061	9,130	
Straits Settlements	4,514	2,877	1,820	1,412	2,282	1,271	1,422	1,422	
Australia	11,469	13,665	12,233	13,796	9,239	11,418	5,946	4,063	
New Zealand	7,018	14,283	10,497	11,531	2,781	5,246	3,152	2,600	
Canada	4,682	9,086	6,150	8,360	5,878	6,155	4,048	3,475	
West Indies	375	983	974	1,038	420	1,105	1,080	976	
Other possessions	2,550	6,241	4,944	5,019	3,300	7,702	6,353	5,381	
Total	49,639	83,505	63,224	66,690	48,317	73,260	44,445	40,469	

The import side of this table offers the only total which shows an increase on the first quarter of 1931. This increase received substantial contributions from the Australian, New Zealand and Canadian figures, and imports from South and West Africa and the West Indies were also higher. The Irish Free State, India and Ceylon and the Straits Settlements all showed declines. On the export side, reductions predominated, but exports to West Africa, the Straits Settlements and Australia were greater than in the first quarter of 1931.

The last table shows exports of imported produce to the principal foreign and British countries:—

RE-EXPORTS. January to March. (000's omitted.)									
	1913.	1926.	1927.	1928.	1929.	1930.	1931.	1932.	
	£	£	£	£	£	£	£	£	
Russia	2,490	2,293	2,455	357	439	827	473	542	
Sweden	334	370	219	322	249	219	169	175	
Denmark	121	214	186	195	178	213	149	133	
Germany	5,893	4,785	7,541	8,362	7,188	5,188	3,550	3,689	
Netherlands*	1,465	1,348	1,118	1,203	1,212	1,242	944	950	
Belgium*	1,826	2,256	2,349	8,086	2,687	1,965	1,293	1,323	
France*	3,012	7,377	4,521	5,999	5,469	4,549	2,763	2,539	
Italy*	263	897	542	658	478	251	235	280	
United States*	9,720	9,038	4,822	5,233	4,895	2,601	2,043	1,663	
Other foreign countries	2,356	2,275	2,166	2,224	1,873	2,026	1,412	1,361	
Irish Free State	2,932	2,932	2,482	2,372	2,509	2,560	2,283	1,807	
South Africa	468	392	352	386	411	330	269	152	
India and Ceylon	480	346	422	408	342	408	298	235	
Australia	867	591	654	611	535	417	172	90	
New Zealand	242	190	238	189	197	473	405	291	
Canada	995	688	411	550	469	453	405	291	
Other British possessions	551	1,056	960	1,074	1,049	1,005	699	719	
Total	31,083	37,048	31,438	33,239	30,098	24,481	17,329	16,115	

* Including dependencies.

Neither the total nor the components show any remarkable changes, and the necessarily compressed character of this table makes it slightly misleading, as it gives an impression of an all-round reduction in our re-exports to British countries and of a general upward tendency in British exports to European countries. Actually, if there were those to reproduce the individual figures of "other countries" they would show such diverse movements as to prevent any general inference.

The reaction from the "forestalling" imports of the preceding quarter and the uncertainty as to the content of the forthcoming tariff alike contributed to disturb the trade of the first quarter of this year and it is therefore impossible to forecast from it with any certainty the future direction of our trade. For what they are worth,

however, the inferences which appear to emerge from the import figures are what might have been expected, namely, a diversion of our imports to the British countries favoured by the tariff and a very marked reduction in our imports from the manufacturing countries of Europe. The reaction of these changes on the distribution of our exports will take longer to manifest itself; the changes visible during the quarter under review probably reflect the influence of monetary conditions rather than of fiscal regulations.

BRITAIN AND DISARMAMENT.

In the House of Commons last Friday there was a debate on the present state of the World Disarmament Conference. The debate was timely, and Sir John Simon's exposition of the situation had at least the merit of giving—not so much overtly as by implication—a faithful picture of the outlook. Mr Lansbury and Mr Churchill in subsequent speeches joined hands in holding up Sir John's picture for Parliament and the nation to gaze at, as executioners used to display decapitated heads. Mr Lansbury's first words were that the speech was one of the most disheartening on this subject that he had ever heard, and Mr Churchill opened by expressing his agreement with Mr Lansbury's view that the speech was depressing and disappointing. Disheartening, depressing, disappointing; if these strictures apply to the Foreign Secretary's speech at Westminster, it is because they are only too well deserved by the present situation at Geneva which Sir John Simon was accurately setting forth.

Perhaps the most melancholy feature in the Foreign Secretary's exposition was his scrupulous care to omit none of those points which convention requires in a Foreign Minister's speech when Disarmament is his thesis. Sir John Simon reminded us that we and all our ex-Allies have been pledged up to the hilt to voluntary disarmament since the conclusion of the Versailles Peace Treaty. He reminded us of the long and laborious preparation by which the present World Disarmament Conference has been preceded. And, as if these considerations were not sufficient in themselves to demonstrate the degree of the calamity involved if the Conference were to fail, he touched in his peroration upon the unspeakable prospects of the next war, if we are condemned to undergo it. On the technical side, he likewise did what was expected of him by giving a lucid account of the difficulties inherent in quantitative disarmament, and a tactful suggestion of the reasons why the Tardieu project of an international force is impracticable.

All this was common form; and though it may well have been the Foreign Secretary's official duty on this occasion to rehearse it once again, the interest in his speech—at any rate, for the unofficial human being who has the success of the Disarmament Conference at heart—lay in his defence of the practicability of disarmament on qualitative lines. On this question, it is significant that Mr Churchill's criticism of Sir John Simon actually, though no doubt unconsciously and unintentionally, served to strengthen Sir John Simon's case. Mr Churchill rejected the proposed qualitative distinction between offensive and defensive weapons; but he promptly advocated another qualitative distinction which does honour to Mr Churchill's good feeling. "He did not despair of building up strong conventions and conceptions, held by the great nations of the world, against the use

of weapons which fell upon enormous masses of non-combatants." In particular, Mr Churchill raised his voice against the bombing of open towns and the wholesale destruction of civilian life. In other words, Mr Churchill advocates, and regards as practicable, the prohibition of certain ways of employing the whole instrumentation of warfare; and while this is certainly a different thing from banning the use of certain weapons in all circumstances, there is no reason why, if either suggestion is practicable, the pair of them should not be put into practice simultaneously. If qualitative disarmament is accepted, in general, as something which will work, then at least let us apply the principle all round in every way in which it is applicable.

Meanwhile, the debate at Westminster has confirmed a view which the debates at Geneva had already brought to light. Qualitative disarmament is evidently now the least unpromising line of advance. But to-day, unhappily, the Conference is not actually advancing at all. It is stuck in the mud; and the alternatives before it are either to be swallowed up in this slough of despair or to pull itself out by some heroic act and move forward. The nature of the bog in which the Conference is at present floundering was correctly diagnosed by Mr Churchill. "They had an organised and regimented influence in all countries meeting at Geneva in order to make sure that no diminution of armaments was effected which infringed the strong position which their military and naval experts had taken up in the internal discussions which had taken place." The conscientiousness of the national experts, performing their preposterous duty, is the bog in which the Conference is stuck. In the technical committees at Geneva at this moment, the experts are hard at work proving, between them, that every weapon that has ever been invented is really defensive in character.

We know by hard experience how formidable a stumbling block this conscientious *expertise* can be, and how hard it is to overcome. But happily we also know by experience that the feat can be accomplished. It was accomplished once—on November 12, 1921—by Mr Charles Evans Hughes, when, at the Washington Conference, he put forward the American proposals for naval disarmament, whose final outcome was the London Naval Treaty of 1930. The moment has arrived for some other statesman to do for the cause of disarmament at Geneva in 1932 what Mr Hughes did for it at Washington in 1921; and this time it is not America's but Britain's turn. It is for us to make the move because, as the Prime Minister has pointed out, this country is in the unique position of being a protagonist in both the two great regional systems of competitive armaments—the Oceanic system (from which the competitive element has, happily, been eliminated, at least for the moment), and the European system, in which competition, jealousy and fear are still rife in all the elements, on sea, on land and in the air. Thus Britain is better placed than any other Power to perform a dynamic act which will set Disarmament in motion again not merely on this Continent or in that Ocean but throughout the world.

What can be done by Great Britain to revitalise the Conference and rescue it from its present paralysis? Lord Cecil, we think, has pointed the way in a speech which he delivered last Wednesday at Geneva to the International Association of League of Nations Unions. He reminded his audience that whereas experts were charged with the duty of ensuring, as far as possible, victory in war for their own country, the object of the Disarmament Conference was not to secure victory for one or more of its members, but to make the outbreak of war less possible. He urged that the Governments should hold firmly to the policy laid down by the General Committee and continue to demand the elimination as aggressive armaments of those five classes of arms which at Paris were forbidden to the defeated Powers, namely, capital ships over 10,000 tons, submarines, tanks, large mobile guns and all naval and military aircraft. What is wanted to-day is an unequivocal announcement by the British Government that, if other Powers will follow suit, Britain for her part is prepared to accept without qualification a ban on these classes of arms, and to adopt, in addition, any plan of

budgetary limitation to which the Powers are prepared to conform. Now that the conception of quantitative limitation has been lost in a fog of mystification and sectional manoeuvring, the only means of salvation for the Conference lies in a clear-cut announcement on these lines by one of the Great Powers. The whole force of our Versailles Treaty obligations, of our own national interests and of the weight of public opinion in this country requires that the British Government should play this decisive part.

Notes of the Week.

The U.S.A. and the Crisis.—For some time the Democrats, not uninfluenced perhaps by the prospect of a presidential election, have been urging upon the Administration measures of federal relief of unemployment. These have taken varied and incoherent forms—direct relief out of Treasury funds (which has been hanged for its bad name of "dole," while similar disbursements by States, local authorities and private organisations pass under more complimentary titles); a vast programme of federal public works; loans or guarantees to distressed authorities. Doubtless much of this was merely thunder, but worth stealing nevertheless; and the atmospherics of Washington have been further enlivened in the past few days by Mr Hoover's announcement that in consultation with the Democratic Senator Robinson he had approved a programme of federal intervention in the relief of unemployment. The borrowing powers of the Reconstruction Finance Corporation are to be enlarged from \$1,500 millions to \$3,000 millions, the new funds to be used as to \$300 millions for the purchase of State obligations covering unemployment relief expenditure, as to \$40 millions for the promotion of agricultural exports, and as to \$1,160 millions for loans to profitable private business. This compromise between Mr Hoover's prejudices and horrid necessity has been ill-received in those quarters where blessing might have been sought; the financial powers mistrust the increase of federal borrowing and the check to State economy, while the Democrats denounce the use of public moneys for the aid of private enterprise. It is reported that Mr Hoover and Senator Robinson agreed upon the necessity of balancing the Budget as a condition of any device for federal unemployment relief, and maybe the plan has been approved by the President as a means of forcing the hand of an unruly Congress. The Economy and Tax Bills still drag on; it is plain that their passage before the adjournment is vital for the restoration of American public confidence, but many an axe has yet to be ground before the American political army moves from Washington to Chicago, where both party conventions are to be held in June. Meanwhile the federal Budget deficit has passed the \$2,500 millions mark; the relief funds of the States and municipalities are running dangerously low; and the efflux of foreign balances from the United States in the form of gold withdrawals is obtaining significant dimensions.

The Interregnum in France.—An observer from another planet who visited this earth just now might well suppose that there was a general conspiracy among the human race to bring all existing institutions into discredit. Assuredly he would believe this about the institution of parliamentary government in France. Here is a great of international politics which holds at this moment the keys of international politics and international finance. This country has just been through a quadrennial general election, in which the electorate has pronounced its will in favour of a shift to the Left in the personnel and the policy of the next French Government. Yet at this moment, Geneva Disarmament Conference is in session, and when the Lausanne Reparations Conference is in sight, the French constitution apparently decrees that there shall be no effective government in France again till the middle of

June. That, apparently, is how the French constitution works—or fails to work—and the people in high places who might have been expected to exert their authority and energy in trying to speed up the wheels of the constitutional machine at this critical juncture are apparently quite otherwise engaged. It will, we fear, be doing no injustice to President Lebrun or to ex-Premier Tardieu or to prospective-Premier Herriot if we conjecture that they are congratulating themselves upon this heaven-sent inefficiency of the French constitutional machine which is giving them time to frustrate the French electorate's will and to re-saddle France, at their own good time, with a Government that will think and feel and do just what was thought and felt and done by French Governments responsible to the late Chamber during the last four years. The plain fact is that a combination between the Radical-Socialists and the Socialists grows more unlikely every day that the interregnum continues, though that is the combination which would obviously represent what the French electorate has voted for. M. Blum is admittedly exigent. He has announced his willingness to co-operate on three minimum conditions, namely, immediate and appreciable reduction of military expenditure; the creation of a system of national unemployment insurance; and the nationalisation of railways and insurance companies. These are scarcely practicable terms for co-operation, but they need not represent anything like M. Blum's last word. The significant and disquieting thing is that M. Herriot so far shows little inclination to negotiate. The Radical leader's two plainest dicta up to date are: "I still believe that the country ought to have a strong Government supported by a broad Republican (i.e., non-Socialist) majority"; and "In any case there is one principle about which we cannot bargain, and that is national defence based upon a reasonable budget." Unless the Left wing of the Radical-Socialist Party takes command of the situation and overrides its leader, the outlook for the easement of Europe's political tensions is gloomy.

Politics in Germany.—On a later page our Berlin correspondent deals at some length with the moves and counter-moves which have resulted in the resignation of General Groener from the Ministry of Defence. Since General Groener remains Minister of the Interior—a key position in the Reich Government—Dr. Brüning's concession, if concession it be, to the National Socialist Opposition is not perhaps of great material importance. What is more open to question is the influence which General Schleicher on the one hand, and Herr Hitler's followers on the other, are likely to exercise on Germany's foreign policy. On May 12th Dr. Brüning secured a vote of confidence in the Reichstag by a majority of 280 votes to 257; but, as our correspondent points out, it is unsafe to draw over-confident deductions from this voting, since the National Socialists have no desire to take over responsibility before Lausanne. Dr. Brüning's personal prestige is still high in Germany, but it remains to be seen whether recent developments have not narrowed considerably his "powers of manoeuvre" at the Reparations Conference.

Japan.—Last Sunday afternoon a sensational series of criminal outrages was perpetrated in Tokyo by a band of young men, the majority of whom appear to have been naval and military cadets. One party forced an entry into the private apartment of the Prime Minister's official residence, shot down everybody who attempted to oppose their passage, made their way to the room where the Prime Minister, Mr Inukai, was sitting, and assassinated him. Other parties threw bombs at the house of the Lord Privy Seal, the Bank of Japan, and the Metropolitan Police headquarters. The young criminals made their rounds in motor-cars, and were dressed in uniform. At the end of the performance eighteen of them voluntarily surrendered at the Military Gendarmerie headquarters, in the traditional manner of the Forty-Seven Ronin. The outrage produced consternation. The stock and silk and rice exchanges closed, and the surviving Ministers tendered their resignations; but they were commanded by the Emperor (or in the Emperor's name) to remain in their somewhat uncomfortable posts for the time being. The

Emperor has sent for the Elder Statesman, Prince Saionji; but it is evident that the initiative in Japanese politics no longer lies (if it ever really did lie) in the Emperor's hands; for the Army High Command have already stepped in. While disclaiming responsibility for last Sunday's crime, they have intimated their intention to profit by it. They have let it be known that they will no longer tolerate a Government of politicians; and the Japanese Army is in a position to prevent the Japanese politicians from governing Japan. It can prevent them not only *de facto* (as events since last September have shown), but also *de jure*; for, according to the Japanese Constitution, the War Minister has to be a general; no Cabinet can be formed without a War Minister; and no general can take office without the authorisation of his military superiors. The Army now announces its intention of tolerating nothing but "a strong national Government," which, being interpreted, is manifestly a euphemism for a Government entirely nominated, if not entirely staffed, by the Japanese soldiers themselves. It looks as if we were on the eve of seeing the establishment of a new military Shogunate in Japan. If this is the order of the day, it is to be hoped that the neo-militarists will study and copy the policy of the last of the Shogunates in Japanese history. The Tokugawa regime had at least one great merit by comparison with the regime which has prevailed in Japan during these last 65 years. The Tokugawa kept the peace both at home and abroad. Its policy for Japan was "no imperialism" and "no civil war." If we thought that this policy was likely to be revived by the new Shogunate of to-day we should feel less uneasy than we do feel about the present trend of Japanese politics.

Fall of the Belgian Government.—One more Government has been added to the year's toll of casualties. M. Renkin, Premier of a Liberal-Catholic coalition in Belgium, resigned office on Wednesday owing to the opposition, which threatened his parliamentary defeat, aroused by the Government's policy on the language question in public education. The Liberals in his alliance had insisted upon certain amendments to a measure for the reform of elementary and secondary education, which, though satisfying the Flemish Catholic Ministers in the Government, were strongly denounced by other Flemings in the Chamber. The latter can count, not only on most of the 46 Flemish Catholics and the 11 Flemish Nationalists, but also on the 70 Socialists, and thus represent an easy majority of the Chamber of 186. As an election would almost certainly increase the Flemish Nationalist strength it is clear that whatever Government succeeds M. Renkin's—he is reported to be making another attempt himself—must satisfy Flemish opinion on essential points, and the support of the Liberal Party, which numbers only 29, may have to be discarded.

The Week in India.—The news from India during the past week has been unusually bad, even if judged by the standard which we have become accustomed to expect since the resumption of hostilities between the Government of India and the Congress. Last Sunday, it was announced by the Reforms Office that the next meeting of the Consultative Committee, which should have opened on May 23rd, had been postponed to a date left indeterminate. On the same day, an emergency meeting of the Viceroy's Executive Council discussed the question of the prolongation of the Ordinances; and though the substance of their deliberation was nominally confidential, it has been allowed to be an open secret that any general abrogation of the Ordinances on July 4th—the date on which they run out unless renewed—is regarded as being out of the question. It is suggested that they shall henceforth be applied piecemeal and *ad hoc*, according to the state of affairs at any given moment in a particular province or district. This inability, in the minds of British Indian officialdom, to face the prospect of doing without the Ordinances again, when once they have been in operation, is just what we feared might happen when the Ordinances were originally introduced. The Government of India is now in the position of a victim of diabetes

who has taken to insulin. It is unable to relinquish the drug. But there is this unfortunate difference in the circumstances. Insulin can be taken by the human body without untoward effects for the whole term of a man's natural life, whereas these Indian Ordinances are a drug which is warranted to poison any body-politic to death within a very brief term of years. Meanwhile, unhappily, the people of India are doing their best to give the British Government of India reason. There is a controversy on foot between Dr. Shafat Ahmed Khan and Sir Tej Bahadur Sapru over the question whether the time-lag between the introduction of full responsible government in the provinces and at the centre is to be a matter of months or of years. There is another controversy among the princes as to the relative representation of the larger and the smaller Indian States in the central legislature when it is established. Finally, the fact that the politicians have been unable to agree upon the communal question has been underscored by an outbreak of violence *en masse* among the Hindu and the Muslim communities. The occasion of this fresh outbreak of inter-communal violence has been the Muslim holy month of Muharram, and the scene of the disorders has been laid in the most crowded quarters of Bombay and Calcutta. In Bombay, where the excesses have been the worst, the death roll now exceeds 100 and the total number of casualties is 1,000. As far as it is possible to keep order at all, it is only being kept by British troops. India, at such moments, seems on the brink of falling into the anarchy of China. Let her pay heed to that awful warning, and draw back before she falls headlong over the precipice.

Mr Lang's Dismissal.—Last week events in New South Wales reached a sudden climax. The Governor of the State, Sir Philip Game, dismissed the Premier, Mr Lang, from office and called upon Mr Stevens, the leader of the Opposition, to form a Ministry to carry on the administration pending a general election, which naturally is to take place at once. The immediate cause of this summary action lay in an instruction issued by Mr Lang to heads of departments forbidding them to pay over money to the Commonwealth Bank under the terms of the Financial Agreement Enforcement Act. The Governor pointed out that Mr Lang that this instruction was contrary to law, and gave him an opportunity to withdraw it. Mr Lang refused to do so, and his dismissal at once followed. Thus ended an episode which was the last of many efforts at obstruction that have taken place during Mr Lang's long conflict with the Commonwealth Government. In fact, only a few days before, Mr Lang had introduced and passed a Bill imposing a special 10 per cent. tax upon amounts secured by mortgages existing at the time this measure came into force; and the Commonwealth Government had hurriedly to pass a measure preventing this tax from being imposed. Mr Lang cannot fairly complain of his dismissal, and indeed it was the only immediate way of escape from a deadlock which was causing incalculable harm to Australian credit. At the same time, the dismissal, by the representative of the Crown, of a Prime Minister from office is a step which is so unusual as to be justified only by both the clearest possible public need and obvious public approval; and if Mr Lang were to win the day at the forthcoming election the resulting situation would be embarrassing. Fortunately there is very little chance of this taking place, for the recent Victorian elections are but the latest of many indications of the swing of public opinion against Labour Government and Labour finance. Mr Stevens has taken immediate action in making it clear both in London and Australia that he intends to reinstate the credit of the State, and in avowing his intention to follow out the terms of the Australian Premiers' plan. General distrust of Labour, bored irritation at the endless Lang *versus* Commonwealth battle, and satisfaction at having a resolute, workable Government in the saddle should combine to make the result of the election a foregone conclusion. Doubtless Sir Philip Game had weighed the odds well before he took his final decision.

Greece and Her Foreign Debts.—Since we last commented on the Greek default and the relations between the Government at Athens and the foreign bondholders (*Economist*, May 7th, page 1036), the situation has undergone further developments. Last week Mr Neville Chamberlain stated in Parliament that a formal protest had been made by the International Financial Commissioner at Athens, and that the British Minister there had been instructed to make further representations to the Greek Government. On Wednesday of this week a meeting of Greek party leaders was held in Athens to consider certain alternative policies put forward by the Minister of Finance to deal with the question. Two suggestions which are reported to have been put forward, namely, that the bondholders should be consulted with a view to a scaling down of interest, or that coupons should be paid in paper instead of gold francs, were rejected. Agreement appears to have been reached, however, on the following policy. The amount required for the service of the foreign loans for the current financial year is to be deposited in a special account. From this account 600 million drachmas are to be withdrawn to finance the continuation of public works schemes, but any surplus arising from the Budget is to be credited to the account. At the end of the year the problem of transferring the accumulation of drachmas in the fund to foreign bondholders is to be re-examined. The proposed arrangement is one from which the bondholders are unlikely to derive much gratification.

The Anglo-South American Bank.—On Thursday evening the Anglo-South American Bank issued a brief statement to the effect that an arrangement has in principle been concluded with a group of banks headed by the Bank of England, under which certain assets of the Anglo-South American Bank connected with the nitrate industry, amounting to over £7 millions, which cannot at present be realised, will be taken over subject to the guarantee of the Anglo-South American Bank, the bank being simultaneously relieved of a demand liability for an equivalent amount. The contingent liability in respect of this guarantee will rank after deposits and all other liabilities to clients. The substitution of a deferred contingent liability for a cash liability at present payable on demand will strengthen the position of the bank and afford increased security for its clients. As soon as the details of the arrangement have been completed, an official communication will be made to shareholders. This statement disposes of several rumours affecting the bank that have recently been heard in the City, namely, that the bank was about to be amalgamated with or absorbed by some other institution, or that a call was about to be made upon the partly paid shares. The arrangement now disclosed is one which we view with somewhat mixed feelings. It is arguable that only a minority of the shareholders might have been able to meet a call on the partly paid shares, and it was clearly essential that everything possible should be done to maintain the prestige of British banking in South America. Though the shareholders only benefit indirectly by the assistance now extended to the bank, since the operation provides it with no fresh cash or earning power, the bank can now reassure its depositors that its remaining assets are sound and liquid. So far so good; but the wider question rises to the mind whether the indefinite process of "spreading illiquidity" over the banking system has not certain compensatory disadvantages. Looking back, we can already see that it was a bad day for Austria and for the world when it was decided that the Credit Anstalt must be "rescued" from liquidation. If the present announcement is to be regarded as signifying that no British financial institution of major importance will under any circumstances be left without support, it should be recognised that this policy may result, as was the case with the action taken in the Baring crisis last century, in an actual prolongation of financial strain and economic depression.

The Bank's Gold Purchase.—From the time of the suspension of the gold standard until the establishment of the Exchange Equalisation Fund the Bank of England was unable to buy gold except at a loss proportionate to the

depreciation of the pound, the reason being that while in fact it had to pay for the gold at its current market price, in law it would only value it in its books at the price corresponding to the Mint parity of the pound. The establishment of the Exchange Equalisation Fund has removed this disability, for any loss on gold purchases incurred by the Bank can now be made good out of the Fund. In view of the trend of funds towards England, it is not surprising that early this week the Bank announced that it had purchased £2,012,655 of bar gold and a further £967,899 on Thursday. It is not unlikely that these purchases represent transfers of gold to the Bank from the Treasury, who may have previously purchased it in the guise of the "unknown buyer" in the London market, or even have acquired bullion in Paris. It is known that while the Bank was still unable to buy gold, an "unknown buyer" frequently intervened in the London bullion market, and was insistent in his operations to the point of bidding more than the price corresponding to the depreciation of the pound. The April trade returns also show an excess of gold imports over exports to the amount of £6.7 millions, and while part of this excess may represent unsold shipments of Cape gold, or Cape gold earmarked for the South African Reserve Bank, there is obvious ground for believing that it may also include gold bought by the Treasury. If so, the Bank's gold purchase marks the termination of an anomalous position, for hitherto in their joint efforts to back the appreciation of sterling, the Bank has had to buy *devisen*, while the Treasury has been free to buy gold. For many reasons it is best that these respective rôles should be reversed. Purchases of *devisen* by the Bank, so long as the Exchange Equalisation Account was not in existence, exposed the Bank to the risk of a loss which should more fittingly be borne by the taxpayer, whereas purchases of gold by the Bank strengthen its reserve, give it greater freedom to issue notes within the present fiduciary limit, and enable it to follow a more liberal credit policy if it is thought desirable. The announcement of further gold purchases by the Bank would therefore be a welcome sign.

Sterling and Gold Prices.—The past fortnight, during which the sterling exchange has remained—as a result to some extent of official intervention—almost completely stable, sterling prices, as measured both by our complete index and by that of primary products, have declined by 0.6 per cent. The fall in our index of gold prices has been 1.8 per cent. :—

SEPTEMBER 18TH, 1931 = 100.

Date.	Economist Indices.			Irving Fisher, U.S.A.	Statistique Générale, France.	Milan Chamber of Commerce, Italy.	Statistische Reichsanstalt, Germany.
	Complete Index (sterling).	Primary Products (sterling).	Gold Prices.				
Sept. 30th ...	107.8	112.0	94.7	98.7	96.9	98.8	98.9
Nov. 11th ...	110.3	113.3	103.5	99.3	96.0	99.3	98.3
Nov. 25th ...	109.3	114.8	98.0	98.3	94.2	98.8	97.6
Dec. 9th ...	110.3	117.3	93.0	97.3	93.3	97.1	96.1
Dec. 30th ...	108.9	117.1	94.4	96.1	93.4	96.9	94.6
1932.							
Jan. 27th ...	108.3	115.7	93.8	93.5	93.6	95.8	91.6
Feb. 24th ...	110.9	120.9	89.6	92.4	95.1	97.2	92.0
Mar. 22nd ...	108.1	111.9	86.5	91.5	96.3	97.0	91.4
Apr. 6th ...	108.1	105.9	85.0	90.6	97.0	96.0	90.6
Apr. 20th ...	103.8	105.4	83.6	89.6	97.0	95.3	90.3
May 4th ...	103.3	106.5	83.4	89.3	96.8	94.6	89.8
May 18th ...	102.6	105.9	81.9	...	...	...	...

In the next table we show in greater detail sectional movements of the complete *Economist* index :—

"ECONOMIST" INDEX.

(1927 = 100.)

	Sept. 18, 1931.	May 4, 1932.	May 18, 1932.
and meat	64.5	73.1	74.4
Other foods	62.2	62.1	61.1
Textiles	43.7	46.6	46.0
Minerals	67.4	71.5	70.0
Miscellaneous	65.8	66.9	60.7
Complete index ...	60.4	62.4	62.0
1913 = 100	83.1	85.9	85.3
1924 = 100	52.2	53.9	53.6

A sharp rise in the price of Danish bacon, owing to labour troubles in Denmark, was responsible for the greater part

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of the upward movements of the cereals and meat group. Textile prices again moved downwards, though the declines were small; non-ferrous metals weakened and, in the miscellaneous group, a slight recovery in the price of hides was balanced by a fresh fall in rubber prices.

Germany's Foreign Trade.—Our forecast at the beginning of the year that Germany's export surplus would approach vanishing point by April or May has been justified by events. The following table shows that there has been a further substantial shrinkage in exports during April :—

(Millions of Reichsmarks.)

Period.	Retained Imports.	Domestic Exports (excluding Reparations in Kind).	Export Surplus (+) Import Surplus (—).	Reparations in Kind.
1929—Total	13,447	12,663	— 783	819
1930 "	10,393	11,328	+ 935	707
1931 "	6,727	9,206	+ 2,479	393
1931—October	483	866	+ 383	13
November	482	738	+ 256	26
December	491	712	+ 221	12
1932—January	425	530	+ 105	11
February	441	527	+ 86	11
March	364	516	+ 152	11
April	427	472	+ 35	9

The decline in exports has been mainly in the category of finished articles, and is ascribed chiefly to the restrictive effect of the new British import duties and to smaller exports to Russia. The expansion in imports from the low level recorded in March suggests that the low limit may have been reached, and that a further contraction is impossible if Germany's economic life is not to be stifled. The export surplus of Rm. 35 millions in April is little more than one-fourth of the monthly sum of Rm. 125 millions required for the service of Germany's public and private foreign debts, let alone reparations.

Argentine Finance.—Our Buenos Aires correspondent writes:—Argentina's Budget estimates for 1932 have been passed by the Chamber of Deputies, with certain amendments. Expenditure is to be \$30,000,000 paper less than the sum allowed for by the majority report of the finance committee, namely, \$840,208,245 paper. It has not been specified where such reduction is actually to be made, and, as the Senate have now gone a step farther by insisting that the reduction must be brought up to \$45,000,000 paper, it is difficult to see where this economy can be brought about without upsetting the whole administrative plan for the current year. This is not, however, the end of the financial story. For Senator Lisandro de la Torre, who, it will be remembered, was General Justo's opponent in the presidential elections, has presented a detailed list to the Finance Committee of the Senate, whereon appear known liabilities that will fall in during the current year, and that therefore ought to be included in the present Budget. The amount of such

omission totals \$106,814,178 paper. Moreover, it must be admitted that Dr. de la Torre, whose financial ability is universally recognised, fully establishes his charge in respect to those items that are open to exact calculation. Thus the amortisation called for by certain loans, including the new Patriotic Loan of \$500,000,000 paper, has been demonstrably underestimated, which suggests that other items on the debit side of the account may also have been understated. The Senate Finance Committee is at present going into the matter, and may even return the Budget Bill to the deputies for revision. On the other hand, it is equally likely that the Government will endeavour to let things remain as they are, and employ the proceeds of the Patriotic Loan to cover the most urgent shortages which this new statement of expenditure is bound to connote. The loan has been passed by the deputies and will be applied as soon as it has been confirmed by the Senate. It is incumbent on this Republic to recognise more effectively the nature of her obligations to foreign capital invested here, and it is to be hoped that the joint memorial just laid before the Government by the railway companies operating in Argentina will be read with attention, and the claims there made be reasonably dealt with. Therein it is pointed out that, although freight has declined and exchange depreciation has further added to the losses of the companies, improved administration and the exercise of many economies is impossible, because reduction of wages and diminution of staff is prohibited under the existing railway law. The companies also do well to emphasise the undoubted fact that current quotations for Argentine railway shares, being as they are far below the true value of the assets they represent, reflect directly upon Argentine credit in the money markets of the world. There is, however, good reason to believe that President Justo's Government will work steadily for the re-establishment of Argentina's economic and financial status.

B.I.S. Meeting.—Advantage was taken of the presence at the annual meeting of the Bank for International Settlements of over forty representatives of central banks to read and discuss four papers on current economic problems. The first paper, by Professor Sprague, dealt with the collection and use of statistical data on foreign short-term funds. He began by explaining and illustrating the methods of collection now in use in London and New York, and after discussing various aspects of the problem made the suggestion that credit bureaux should be established in each market to collect confidential information regarding the amount of credits which were being obtained by individual firms. He also put forward various possible safeguards, including independent auditing and the exercise by credit institutions of greater foresight in times of prosperity. Dr. Kienböck, the President of the National Bank of Austria, had an interesting, if mournful, tale to tell of the working of foreign exchange restrictions. Like ourselves, he has little faith in the system of clearing arrangements, especially when accompanied as they often are in practice by a "black market" in the currencies of the countries concerned. Nor could he speak hopefully of Austria's position, for the most he could say was that the abolition of existing exchange restrictions was dependent upon a return of confidence. Dr. Trip, the President of the National Bank of Holland, threw out some interesting ideas under the general heading of basic monetary problems which could be usefully studied by the B.I.S. In general, he favoured the continuance of the gold standard, but he was not averse to any desirable modifications, and was strongly opposed to the return of gold coins to circulation. As regards "exchange management," by which he seemed to mean the gold exchange standard, he spoke in very cautious tones, but made the useful point that central banks should concentrate their foreign assets wholly with other central banks, or, preferably, the B.I.S. itself. He was dubious as to the wisdom of open market operations, especially as substitutes for bank rate policy, or in neutralisation of the effect of gold movements. Finally came Professor Rist, who in his paper on "The movement of prices and the working of the gold standard," raised some very controversial questions. In brief,

he regards the fall in prices since 1929 as a perfectly natural and not unprecedented movement, and he finds little justification for a policy based on the necessity for returning to the price-level of 1929. He concluded by holding that the economic system could still adjust itself to a fall in prices, as it had done in other similar periods, but he said nothing about the colossal mass of public and private indebtedness that has grown up during the period 1914-29. We have yet to learn how, on Professor Rist's hypothesis, adjustment of fixed charges is to take place here.

Beauharnois Corporation.—Our Ottawa correspondent writes:—On April 18th Mr Bennett made his long-awaited statement to the Commons about the future of the ill-starred Beauharnois Corporation. After giving a detailed history of the enterprise and its troubles and an account of the negotiations which he had carried out with its officials and the representatives of the group of banks who have been financing it, he claimed that the Government had fulfilled its promise to the holders of the collateral trust bonds by guaranteeing advances made by the banks which had permitted the continuance of construction work and by safeguarding the interests of the bondholders. It had, moreover, vetoed a scheme for the absorption of the enterprise by the Montreal Light, Heat and Power Company on the ground that it would strengthen the latter's monopoly, and it had confirmed the right of the company to divert 53,716 cubic feet of water per second into its canal from the channel of the St. Lawrence. In the meantime it could assume no further responsibility, and it was for the bondholders, who could exercise their legal rights arising out of the default in the interest payment on the bonds due on April 1st, to protect their own interests hereafter. He hinted very definitely that the Government, owing to its interest in the navigation aspect of the scheme, might be prepared to take up a substantial block of the company's first mortgage bonds, of which the banks now hold some 15 million dollars' worth as security for their loans, if a plan of financial reorganisation could be agreed upon. Meanwhile the holders of the collateral trust bonds have appointed a protective committee, which is meeting shortly to consider the situation.

Imports of U.S.S.R.—A correspondent writes:—Complete figures of Soviet imports for 1931 are not yet published, but from available data some conclusions may be drawn regarding the changes in the trend of Russian import trade. Imports are, of course, widely different from those of pre-war Russia, when, in 1913, for example, 321 million roubles worth of luxury goods were imported into the country. But, quite apart from this, a change is to be seen in the nature of Soviet purchases from abroad. For the last two years or so a steady decline has been visible in the import of raw materials, and a parallel increase in the import of machinery and equipment. The movement of the figures for the various articles imported may be seen from the following table:—

	1929. '000 tons.	1930. '000 tons.	1931. '000 tons.
Cotton	115.0	57.8	11.9
Wool	42.5	34.7	14.7
Raw hides	37.0	21.7	11.3
Non-ferrous metals	129.5	118.0	54.9
Ferrous metals	300.5	622.9	614.0
Rubber	12.8	16.4	9.2
Cellulose and wood pulp	57.1	75.9	32.5
Machinery and apparatus	69.4	142.4	70.7
Agricultural machinery	79.4	26.5	103.3
Machine parts	29.1	66.8	47.1
Electrical machines and apparatus	10.6	16.8	4.8

The striking increase in the import of ferrous metals is due to the rapid growth of machinery, transport and building in the Soviet Union, all demanding increasing quantities of these metals. Ferro-alloys also are much in demand for the supply of high-quality steel for tractors and automobiles. In 1931 imports of agricultural machinery rose, in contrast to a fall in other machinery and apparatus.

Employment and the Cost of Living in April.—As was stated in last week's issue of the *Economist*, the total number of registered unemployed rose from 2,567,332 to 2,652,181 between March 21st and April 25th. According to the current number of the *Ministry of Labour Gazette* the unemployment percentage rose from 20.8 to 21.4 on April 25th. This compares with 20.9 per cent. recorded on April 27, 1931. It is estimated that the number of insured persons in employment on April 25th was about 9,484,000, or 65,000 less than a month before, but approximately the same as a year ago. With regard to the cost of living, the index number of the Ministry of Labour stood on April 30th at 43 per cent. above the level of July, 1914, as compared with 44 per cent. on April 1st and 47 per cent. a year ago. For food alone the percentage was 25 on April 30th, as compared with 26 per cent. a month ago and 29 per cent. a year ago.

The 1930 Census of Production.—Volume X of the preliminary reports of the Census of Production of 1930, published in a recent issue of the *Board of Trade Journal*, deals with the brick and fireclay, jute, starch, and ink trades. The following summary shows the gross value, the net value (gross value less cost of materials and work given out to other firms), and the net output per person employed in the various industries in 1924 and in 1930:—

Industry.	Gross Output.		Net Output.		Net Output per Employee.	
	1924	1930.	1924.	1930.	1924.	1930.
Brick and Fireclay ...	Thou. £ 20,505	Thou. £ 19,888	Thou. £ 14,150	Thou. £ 14,080	£ 209	£ 201
Jute ...	14,206	9,605	4,390	2,666	128	93
Starch and Polishes ...	7,545	6,824	4,035	3,907	434	507
Ink, Gum and Sealing Wax ...	2,823	3,273	1,549	1,909	482	508

The slight decline in the total selling value of bricks and fireclay products conceals a substantial quantitative expansion in the industry. The number of building bricks made increased from 3,897 millions in 1924 to 4,413 millions in 1930, but owing to a decline of about 15 per cent. in the average selling price the total value declined from £11,129,000 to £10,875,000. The share of the home market held by British-made building bricks fell from 97.9 per cent. to 95.6 per cent. between the two census years. The figures relating to the jute industry reveal a substantial setback in production. The output of jute yarns declined from 2,506,000 cwts. in 1924 to 2,106,000 cwts. in 1930, the production of jute piece-goods decreased from 396,054,000 sq. yds. to 318,487,000 sq. yds., and that of jute carpets and rugs, at 2,935,000 sq. yds. in 1930, shows a fall of 2,867,000 sq. yds. With the exception of carpets and rugs, the share of the home market held by British jute manufacturers has been maintained, but there has been a considerable shrinkage in exports. The substantial decline in the production of starch and polishes has not resulted in a corresponding decrease in the total selling value, as the average price of leather polish and of stove and other polishes increased by 71 per cent. and by 13 per cent. respectively. The information regarding the ink, gum and sealing wax trades reveals a substantial increase in output. The total quantity of printers' ink produced in this country increased from 248,200 cwts. to 371,500 cwts. Despite a decline in the average price of 23 per cent., the total selling value increased from £1,392,000 in 1924 to £1,604,000 in 1930.

The Deep Sea Fisheries.—Larger quantities and reduced aggregate values were the outstanding features of the landing of British-caught wet fish at the ports of the United Kingdom in the first quarter of the year. This was accompanied by some diminution in the fish landed from the deep sea fisheries by foreign-owned vessels and in fish imported from abroad. Altogether, however, the supplies were heavier and the sum realised less than in the corresponding quarter of 1931, as will be seen from

the following table summarised from the official returns of the Ministry of Agriculture and Fisheries:—

	Weight in cwts.		Value.	
	January-March. 1931.	1932.	January-March. 1931.	1932.
British caught:—				
England and Wales...	2,726,507	2,866,822	£ 3,119,526	£ 2,831,560
Scotland	979,942	1,258,109	837,875	821,575
Shell fish	...	...	64,090	65,251
Foreign landings.....	3,706,449	4,124,931	4,021,491	3,718,386
Imports	393,324	290,279	272,397	231,642
	653,427	585,771	875,335	730,370

The wet fish landed by British-owned fishing vessels during the three months at the ports of England and Wales showed an increase of 140,315 cwts. and the first-hand value a decrease of £287,966, while in Scotland the quantity was 278,167 cwts. greater and the value £16,800 less. Thus the average value for England and Wales was only 19s. 9d. per cwt., as against 22s. 2d., and in Scotland 13s. 1d., compared with 17s. 1d. The increased quantity was due to larger arrivals of cod and haddocks and the cheaper kinds of fish. There were decreased quantities of foreign-caught fish and in imports of wet fish, but as these are spread pretty fairly over the three months it is impossible to draw any definite conclusion as to the effects of the import duty of 10 per cent., which operated only from March 1st. It is significant, however, that the British Trawler Owners' Federation regard 10 per cent. as inadequate to afford adequate protection to British-caught fish and are pressing for it to be increased to 33½ per cent. The fishing industry also regard it as a grievance that the duty is collected on the net proceeds; that is, after landing charges, agents' commission, etc., have been deducted. The exports of British-caught wet fish during the quarter were 428,008 cwts., valued at £366,546, as compared with 375,123 cwts. and £361,409 in the corresponding period of last year. We also exported "cured or salted" fish, principally herrings, to the value of £714,173, as against £871,448. At the same time, imports of cured or salted and canned fish into the United Kingdom had a value of £1,086,732, as compared with £961,558.

Transvaal Output in April.—The April statistics of gold production in the Transvaal issued by the Transvaal Chamber of Mines show that the output of fine gold during April amounted to 949,796 ounces, which compared with the record output of 960,035 ounces in March and 882,837 ounces produced in the month of April, 1930. In the following table we show the monthly output since the beginning of 1926:—

Month of	1926.	1927.	1928.	1929.	1930.	1931.	1932.
January	796,270	839,782	843,857	876,452	882,801	914,576	936,784
February	753,924	779,339	816,133	815,284	818,188	839,937	914,012
March	834,340	860,511	877,380	866,529	889,370	910,998	960,035
April	803,303	824,014	825,907	872,123	868,606	822,337	949,796
May	849,214	859,479	886,186	897,598	916,213	910,279	...
June	852,145	855,154	862,363	856,029	887,867	897,570	...
July	860,134	851,861	867,211	889,480	912,652	916,843	...
August	843,854	863,345	891,863	889,601	921,081	916,425	...
September	839,939	842,118	857,731	849,553	903,176	916,024	...
October	853,296	855,743	897,720	888,690	926,561	945,113	...
November	840,276	848,059	872,484	861,593	884,753	900,510	...
December	836,157	851,225	859,761	851,134	908,492	923,353	...
Total.	9,962,852	10,130,630	10,358,596	10,414,066	10,719,760	10,874,146	...

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The output figures continue to make a favourable comparison with those of a year ago. The following table shows the number of natives employed at the mines during the past nine months:—

	Aug., 1931.	Sept., 1931.	Oct., 1931.	Nov., 1931.	Dec., 1931.	Jan., 1932.	Feb., 1932.	March, 1932.	April, 1932.
Gold mines	209,409	209,424	208,987	209,270	211,552	215,752	216,171	214,024	214,334
Coal mines	13,563	13,276	13,061	12,882	12,260	12,394	12,177	12,009	11,943
Diamond mines	1,705	1,626	1,517	1,429	1,402	1,598	1,363	Nil	Nil
	224,677	224,326	223,565	223,581	225,214	229,744	229,711	226,033	226,277

The native labour figures show very little change.

London and Provincial Marine and General.—With a total premium income of £310,000 and assets of £1,356,000, this company is the medium for the trans-action of marine insurance in the Yorkshire group, the control having been acquired by the Yorkshire in 1913. The company has been carefully managed, and the marine underwriting has been conspicuously successful throughout the depression, with the result that, compared with a paid-up capital of £300,000, there are reserves of £670,000, apart from the underwriting funds. The detailed underwriting results of the past two years are as follows:—

	1930.		1931.	
	Amount of Profit.	Percentage of Premiums.	Amount of Profit.	Percentage of Premiums.
Fire and accident.....	£ 8,860	— 6.1	£ 6,794	— 4.9
Marine	25,000	14.0	30,000	17.9
	16,140		23,206	
Less items debited to profit and loss account	9,428		12,156	
	6,712		11,050	

For the year 1931, 10 per cent. free of tax has again been paid, and the cost of this is covered by interest earnings with a large margin. On December 31, 1931, it is stated that the book values of the assets exceeded the market values by some £40,000, the difference being, of course, amply covered by reserves.

Yorkshire Insurance Company.—The Yorkshire is in the satisfactory position of being able to show a trading profit and interest earnings both slightly greater than the corresponding figures of 1930. In his speech at the annual meeting, the chairman stated that, taking the 1931 figures of the 17 larger companies whose accounts have so far been published, the underwriting profit on nearly £24 millions on fire premiums approximates to 5 per cent. (compared with the Yorkshire result of 8 per cent.), while on £26 millions on accident premiums the profit works out at approximately 3½ per cent., as compared with 4½ per cent. in the case of the Yorkshire. The details are set out below:—

	1930.		1931.	
	Amount of Profit.	Percentage of Premiums.	Amount of Profit.	Percentage of Premiums.
Fire	93,316	9.1	77,733	7.5
Accident and general	49,819	3.7	58,128	4.5
Marine	...	...	8,315	1.7
Life	9,610		9,610	
Profits from reversions	5,000		5,000	
	157,745		158,786	
Less items debited to profit and loss account	122,529		123,898	
Total net trading surplus	35,216		34,888	

The dividend has been maintained at 47½ per cent. free of tax, and involves a small draft on the net trading surplus. The new life business transacted has been increased from £1,653,000 in 1930 to £1,711,000 in 1931.

The expense ratio has been maintained at the modest figure of 12.9 per cent., and the rate of interest has actually been somewhat increased from £4 11s. 1d. per cent. to £4 12s. per cent. Including £50,000 transferred from the life department, a total sum of £225,000 has been carried to investment reserve account. After deducting this, and allowing for current rates of exchange in respect of current foreign assets and liabilities, the book values of the assets are in the aggregate fully of the values stated in the balance sheet.

Alliance Assurance Company.—Including the life department, the total assets of this company now amount to over £35 millions, and the premium income to £5½ millions. Of these totals, the life, annuity, and sinking fund accounts are responsible between them for over £24½ millions of assets and nearly £2 millions of premium income. The life accounts include the transactions of four subsidiary companies, which are run as closed funds, and in the case of one of them—namely, the Imperial Life—a quinquennial valuation was made on January 31, 1931. The surplus was sufficient to provide for bonuses, and for a sum of £70,000 for the Alliance shareholders, which will be credited in the accounts of the next five years at the rate of £14,000 per annum. New business transactions in the current fund were well maintained last year, the total new business having amounted to £3,223,000 compared with £3,211,000 in 1931. Interest earnings have suffered a reduction, with the result that the rate of interest has declined from the already rather low figure of £4 9s. 6d. per cent. net to £4 5s. 11d. per cent. net, though expenses are limited to the moderate figure of 10 per cent. Of the total life assets, less than one-half are invested in the Stock Exchange, but on December 31, 1931, the aggregate book values of the assets were said to be in excess of market values by some 5½ per cent., equal to approximately £1½ millions. A special characteristic of the Alliance for many years past has been the extraordinarily high profit-earning capacity of the fire department, due partly to a very strong connection amongst the best class of home fire risks, and partly to the company's abstention from the American field. As will be seen from the detailed statement below, the 1931 results of the fire department are even better than before, and the premium income of over £2 millions has been maintained at virtually the same level as before. The miscellaneous departments, including motor, employers' liability and accident, are responsible for premiums of £1,200,000, and there is also a marine account with premiums of £480,000.

	1930.		1931.	
	Amount of Profit.	Per-centage of Premiums.	Amount of Profit.	Per-centage of Premiums.
Fire	324,793	15.9	351,706	17.3
Personal accident.....	2,457	6.0		
Employers' liability.....	40,678	18.9	119,356	10.0
Miscellaneous	101,755	10.8		
Marine	24,277	4.6	34,462	7.2
Life	...		14,000	
Transfer fees	9,796		9,075	
Less items debited direct to profit and loss account	503,756		528,599	
	256,736		271,338	
Net trading surplus	247,020		257,261	

In view of the consistent record of underwriting profits, the Alliance has always felt justified in making a larger draft on its profits for dividend paying purposes than is customary, and the 1931 dividend of 18s. per share (the same as before) costs £472,500, compared with interest earnings of £337,000. A note to the balance sheet states that the assets of nearly £12 millions belonging to the fire and general departments stand in the books at prices which were within the market values on December 31, 1931.

Overseas Correspondence.

IRISH FREE STATE.

Oath — Land Annuities — Tariff — Budget.

(FROM OUR CORRESPONDENT.)

DUBLIN, May 16.

THE constitutional issues raised by the Bill to repeal the Oath of Allegiance continue to occupy the centre of interest on the political stage of the Free State. The Bill will be passed by the Dail without any doubt, but its fate in the Senate is still uncertain. The opponents of the Bill have a clear majority in the Senate, but they have not yet decided whether to exercise their power of delay or to pass the Bill under protest. Any attempt to delay the Bill would probably result in a general election, at which the present Government would almost certainly strengthen its position. Another unknown factor in the situation is the action that will be taken by the British Government if the oath is abolished. Mr Thomas has stated that the existing preferential agreements will not be renewed when they expire in November, but November is a long way off and the Ottawa Conference is near at hand. It is, of course, possible that the Dominions assembled at Ottawa may have something to say about the position of the Free State, but the whole political outlook is extremely obscure.

Next to the oath, the land annuities are the most important problem which the new Government has set out to solve. Signs are not lacking that the attitude on this question is more conciliatory than it was. Difficulties are being experienced in collecting the annuities from farmers throughout the country, who, not unnaturally, fail to understand why they should pay anything for their land to the Free State Government, which never advanced them a penny of its purchase price. It is obvious that the retention of the annuities would give rise to an acute domestic problem respecting their collection, and that any drastic legal action against defaulters would involve the Government in widespread unpopularity among the only class of the community that they have shown any anxiety to please. In the circumstances it is not improbable that the so-called "secret agreement" relied on by Mr Thomas will be invoked to fasten the responsibility for ceding the annuities to Great Britain on the Cosgrave Government, and that the whole matter will be reopened in view of the disclosure of this document.

Meanwhile, in the purely domestic sphere, the spirit of protectionism has completely triumphed. The Abnormal Importations Act, left on the statute book by the late Government, has been used to impose more duties in one month than had been imposed in the previous ten years. The services of the Tariff Commission have been dispensed with, and the new duties have been imposed on the advice, presumably, of permanent officials. In every case a substantial imperial preference has been allowed. This is an important indication that the Government is anxious to preserve the existing system of preferences between the different parts of the British Commonwealth, and is of political significance in connection with the questions that will arise from the repeal of the oath. From the purely commercial standpoint, however, the preferences are of doubtful value to Great Britain on account of the height of the duties. For example, in the case of certain types of motor body the preferential rate is 100 per cent.

On top of the numerous duties imposed under the Abnormal Importations Act, the Budget has imposed forty-three new protective duties at one blow. Many of these will provide acceptable sources of revenue, but they will undoubtedly raise the cost of living. This result is, however, contemplated with equanimity by the Government, which adopts the attitude that a high cost of living is a lesser evil than unemployment. To what extent the new tariff will add to the volume of employment remains to be seen. No doubt additional employment will be afforded in some occupations, but it is equally certain that unemployment will be increased in other directions as a result of the

tariff. In future, the Free State is apparently doomed to be a country of heavy and widely-spread taxation. Newspapers, books, dancing, outdoor games, and the sweepstake are a few of the new objects of taxation. Income tax has been raised by more than 40 per cent.; corporation profits tax has been raised and extended, and the super-tax limit has been reduced to £1,500.

The Budget can certainly not be described as popular. Both rich and poor will pay substantially increased taxes, and the position of the very poor in the towns is particularly unenviable. The necessity for this grim severity is very questionable. It is true that the Government inherited a deficit from its predecessors, but it has added to its difficulties by an extension of social services for which there is no urgent demand and by charging certain abnormal expenditure to current revenue. The only class of the community that appears to be favoured are the farmers, who are given a further £250,000 towards the relief of their local rates. It is questionable whether the relief afforded by this derating will not be neutralised by the increase in non-agricultural prices caused by the new protective duties, and, of course, no mere readjustment of the burden of local taxation could indemnify farmers for any adverse discrimination that they might experience in the British market as a result of political unwisdom in high places.

UNITED STATES.

Finance — Banking — Money — Industry.

(FROM OUR CORRESPONDENT.)

NEW YORK, May 11.

SPURRED by the rebuke of President Hoover, the Congress has shown more diligence in its work on finance, and there is still hope that its virtues may spread far enough to cover a really substantial reduction in expenditure. The Senate Committee has passed a Tax Bill of its own, which does not differ so materially from that of the House as to preclude compromise. The next step will be to carry the Bill on the floor of the Senate, after which an adjustment with the House will have to be made. There seems to be little prospect of a conclusion much before the end of the fiscal year on June 30, though the strong desire of Congressmen to adjourn before the holding of the national presidential nominating conventions next month may hasten matters.

The Senate Bill is designed to raise \$1,030,000,000 in revenue, and it has the merit of toning down a few of the worst of the House suggestions, such as taxes on stock transfer and corporate activities. Both measures fall considerably short of balancing the budget as originally estimated. It remains to be seen what will be done in cutting appropriations, but it is assumed that enough will be done at one end or the other to bring a balanced budget for the 1932-33 fiscal year.

Excitement over the Goldborough Bill, aiming at Federal Reserve Bank action to restore the 1921-29 level of wholesale commodity prices, is dying down. There is little danger that monetary inflation will be resorted to, or that this country will be carried off the gold standard. The danger of anything of the sort, if it exists, lies almost wholly in the public's state of mind, as interpreted by Congress. Meanwhile the Federal Reserve Banks are keeping up the pace of credit expansion. Last week's statement showed a further purchase of \$100 millions of Government bonds (the agreed upon weekly amount), a sharp reduction in member bank borrowing, and a rise of seventy-four millions in total credit in use. Currency circulation rose \$50 millions, but end-of-month operations were largely responsible.

For the second week out of the past three the New York banks show an increase in loans and investments. Reporting member banks for all leading cities in the week of May 4 also show a rise of \$244 millions in loans and investments, all due to subscriptions to the recent Treasury note offering. Government bond holdings rose \$279 millions, with an accompanying rise of \$308 millions in Government deposits. Loans, "security" and "others,"

fell \$40 millions. While some banks still are frightened and continue to press for payment of slow loans and to sell their investments, good, bad and indifferent, the leaven of Federal Reserve policy is beginning to work. Excess reserves here average \$100 millions daily, and there is little employment in sight for it, except the bond market, failing more liberality in making loans. Little change in money rates has taken place recently, and the bill market has temporarily reversed its trend and firmed up an eighth. This was caused by the flow of excess bank reserves to bills until rates were driven to unprofitable levels. The banks then began to sell, which seems to confirm the idea that bank credit is going into channels where it will do more good.

Since the beginning of the month the nervousness abroad caused by the Goldsborough Bill and other rumours have led to a net outflow of \$35 millions of gold. About \$7 millions was released from earmark. Gold held under earmark for Holland is now estimated at about \$15 millions. Free gold, calculated under old style is now around \$169,200,000. Heavy Reserve bank buying of acceptances and repayment of discounts by member banks, which cancel free gold to some extent, accounted for the diminution. However, applying the calculation made possible by the terms of the Glass-Steagall Act, free gold is now \$1,326 millions, against \$1,345 millions in the previous week. It is expected that the representatives here of the Bank for International Settlements will shortly announce distribution to subscribing members of the remainder of the World Bank stock. New security offerings are at a low ebb, and consist mostly of municipal borrowing. Last week's total was around \$16 millions.

Only here and there is it possible to find any expansion in business activity, and the tendency of wages and employment is still downward. The United States Steel Corporation has announced a 15 per cent. reduction in salaries and wages for its employees and officers, to take effect as from May 15th. Other steel companies will follow. Reductions of 10 per cent. were general in the steel trade last autumn, but it is supposed that the bulk of the saving was passed on to steel consumers. Recently stronger efforts have been made to hold prices, and this time some of the wage savings may be retained by the companies. U.S. Steel reports a further drop of 145,000 tons in unfilled orders on its books at the end of April, bringing the total to the smallest in history. Operations of the steel industry have become a shade steadier at around 24 per cent. of capacity. Steel ingot production in April was 12 per cent. under that of March and less than half that of a year ago.

The motor trade is feeling less than the normal seasonal improvement. April output is estimated at 146,584 units, a gain of 15 per cent. over March, but a drop of 58 per cent. from April of last year. For the four months the output has fallen 51 per cent. under a year ago. The leading maker, General Motors Corporation, reports an increase in April of 40 per cent. over March, but a decline of 40 per cent. from last year. Railroad traffic for the last week of April declined slightly, but that probably reflected the increasing competition of motor trucks rather than movement of a smaller volume of goods.

The May 1st estimate for wheat made by the Department of Agriculture suggests a yield of 441,000,000 bushels, or 347,000,000 bushels under the bulky 1931 harvest. The estimate is also more than 100,000,000 bushels under the five-year average.

FRANCE.

Politics — Treasury Bonds — Industry — Prices.

(FROM OUR CORRESPONDENT.)

PARIS, May 18.

THE parties of the Left—and particularly the Radicals—are in a quandary as to how they can find a practical means of applying their electoral victory. The Socialists are inclined to insist that, in return for the help extended to them in the second ballot, the Radicals must take office once more, as in 1924, "on sufferance," and carry out a Socialist programme of government. M. Blum's followers are so far by no means decided that they will allow them-

selves to be represented in a Herriot Cabinet and thus share the burden of responsibility. M. Herriot has repeatedly asserted that he will never again take office "under the same conditions as in 1924"—that is to say, under Socialist domination but without their direct participation. The Radical leader's situation appears to be an awkward one. He refused repeatedly, during the Legislature which expires on May 31st, to co-operate in any Ministry in which the Marin Nationalists were represented, and subsequently this "exclusivité" was specifically extended to bar alliance with M. Tardieu. During the election campaign, M. Herriot emphasised this attitude by announcing that "M. Tardieu, by his Belfort speech, has broken all bridges between us." Meanwhile, in spite of the Radical leader's repeated bulls of excommunication, M. Tardieu continues to adopt the "willin'" attitude of the immortal Barkis.

M. Herriot's problem was foreseen long ago by M. Poincaré, when he pointed out that a union between Radicals and Socialists would be equivalent to a marriage of fire and water and must be mutually destructive. M. Herriot and most of his colleagues are on many points almost as belligerently nationalist as M. Louis Marin and his friends—and particularly in regard to the pressing problems of national defence, reparations, disarmament and security. M. Léon Blum on Monday, in his newspaper, *Le Populaire*, deliberately posed the conditions which he demands as the price of Socialist co-operation with the Radicals. He stated that the Radicals must accept as an irreducible minimum the following three obligations: Immediate and substantial reduction of military expenditure; a really national insurance system, comprising unemployment pay and provision against agricultural risks; and nationalisation of all kinds of insurance business, and of the railways. The powerful Socialist Federation of the Seine demands a still more exacting programme, including immediate unconditional application of the 40-hour week, without reduction of pay; nationalisation not only of railways and insurance business, but also of "all other means of transport and mines"; "control of the banks"; and the creation of *offices nationaux* (in effect, Government departments) to deal with wheat, wine, sugar and chemical manures.

Meanwhile it is impossible, through a hiatus in the Constitution, for France to be endowed with any effective new Government before the middle of June. Technically, the new Chamber will not come into legal existence until June 1st, and before any new Ministry can then ask for a vote of acceptance it will be necessary that the credentials of at least 308 of the 615 deputies shall be examined and their elections pronounced legally valid. This, with the election of the multitudinous officers and commissions, will take at least a fortnight, before the end of which it will be impossible for any real programme to be settled as to any of the immediately pending great international conferences—disarmament, reparations, Danube—at which it is indispensable France shall be effectively represented. Until then, as constitutional obligations demand, it will be impossible for the new President of the Republic to call on M. Herriot or anybody else to form a Ministry, even if the Radical leader be able to find some solution of his problem by that date, and be in a position effectively to assume power. The experts are anxiously seeking some means by which the Gordian knot may be cut.

It was announced here on Friday that, as from the previous Wednesday, the Caisse Centrale of the Finance Ministry had begun an issue of 3,000,000,000 francs Ordinary Treasury Bonds, under authority given by the law of August 7, 1926. This is the first issue of Treasury Bonds made here since the stabilisation of the franc at its present value. The bonds are in maturities varying from three to twelve months, the minimum subscriptions accepted being of 500,000 francs, and interest offered (payable in advance) being, for 3 months' bonds, 1½ per cent.; 3 to 4 months, 1¾ per cent.; 6 months, 2 per cent.; 6 to 8 months, 2½ per cent.; over 8 months, 2¾ per cent. The entire issue was immediately absorbed, it is understood, by the great Paris banks.

The industrial production index for March indicates that output on the whole has for the first time for many

years dropped below pre-war level. The general index figure for the month is 98 (1913 = 100), against 100 in the previous month, 132 in March last year, and means of 127, 139 and 140, respectively, in 1928, 1929 and 1930. Textile production which has dropped 27 points to 55 on the year, still holds by far the most unfavourable position of the nine great industries covered, but nevertheless improved four points on the month. The paper industry (108, against 107 in the previous month), is the only other which shows an improvement. Engineering (99) has now joined metallurgy (71), extractive industries (96), leather (91) and textiles below pre-war level, and indicates a drop of 45 points (144 to 99) on the twelve months. Extractive industries dropped a further two points on the month (making 21 points on the year), and will be a point lower for April. Motor car output in March is returned as 466, or three points down on the month and 133 on the year. M. de Lavergne, *délégué-général* of the Confédération Générale de la Production Française, in his annual report, states that whereas the situation of French industry a year ago indicated that it had relatively escaped the decline which had befallen other industrial countries, this cannot be said to-day. During the past year, he insists, and particularly during the third quarter of it, France felt the full effects of the economic crisis.

The index figure for wholesale prices at the end of April shows a fall of three points on the month to 424, as compared with 494 in April, 1931. The index for imported products is returned as 298 at the end of April (or a drop of 10 points on the month), against 365 in April, 1931. The index representing wholesale prices of French products, on the contrary, has moved up a point to 494 (against 566, end of April last year). These are all unweighted figures, covering 45 articles. The weighted index for wholesale prices, covering 126 articles, is returned as 439. The index for retail prices in Paris at the end of April, covering 13 articles of common household use (July, 1914 = 100) is 566, against 564 and 641.

GERMANY.

Politics — Unemployment Relief Proposals.

(FROM OUR CORRESPONDENT.)

BERLIN, May 17.

HERR GROENER's resignation of his office as Minister for Defence has rightly been appraised abroad as a very important political event; but outside Germany, and to some extent also at home, the proceeding has been misinterpreted. There is no question of a "revolt of the generals" in the sense that there could be any doubt as to the obedience of the armed forces to the constitutional leaders of the State, whatever be the decision as to Herr Groener's office. It is, however, true that prominent officials of the Ministry of Defence allowed their view to be known that Herr Groener ought not to have issued the Storm Detachment decree, or that if he did issue it, he ought at least to have defended it more effectively than he did in his last Reichstag speech.

It is impossible to say simply that the whole matter did not concern the leaders of the Reichswehr. Germany's armed forces are limited by the Treaty of Versailles to a small professional army which is wholly inadequate to defend her long frontiers. Every scheme of defence must therefore be based on the assumption that in case of emergency the army would be extensively supported by private citizens. The peace treaty forbids Germany any preparations for mobilisation and any military organisations apart from the Reichswehr, but it does not prohibit the Reichswehr from keeping in touch with enthusiastic movements among the population from which it could expect assistance should circumstances arise in which it required the support of the entire nation. It is not even certain that the General Schleicher, the Parliamentary Secretary to the Ministry of Defence, and the other principal officers, consider that the spirit of Hitler's Storm Detachments makes them suitable instruments for this purpose, and the contrary is suggested by the fact that Hitler refused to make them unconditionally available in the event of a Polish attack.

The Minister of Defence went beyond the loyal observance of the treaty in including in his programme the suppression of organisations which even resembled military organisations. This item was absolutely essential to his programme, and it is greatly to Herr Groener's credit that he appreciated the necessity so promptly, but it was natural that the generals should not show the same degree of political comprehension. Then Herr Groener, hampered by ill-health, did not succeed in explaining this necessity convincingly to the Reichstag, and so missed the opportunity of taking, as it were, by storm the difficulties which had arisen. While it was not unreasonable that the Reichstag should wish to be heard on the question of this decree, it was unfortunate—and this is the really serious part of the incident—that the weighing of pros and cons by the Chancellor, who covered Herr Groener's decision, did not finally settle the matter, and that a further moral concession to the Opposition was necessary. It was, however, a very modest concession. Herr Groener is retained as Minister for the Interior, and the rumours of an upheaval in this office, too, have so far not been substantiated.

The concession is explained by the abnormal position in which the Brüning Cabinet has found itself for some time. After a very short period immediately following his assumption of office, Herr Brüning made every effort to govern on parliamentary principles. Even the "aloofness from party politics" which he so often stressed served only to facilitate the extraordinarily difficult task of grouping many parties into a parliamentary majority. But Herr Brüning was able to maintain parliamentary government only with serious limitations, as the Reichstag which was elected in September, 1930, proved to be of very limited effectiveness. That to a great extent deprived the Chancellor of the possibility of relying on parliamentary support against the bureaucracy. The Groener case represents one move in the campaign of the political leader of the Government against the bureaucracy which sets up one departmental point of view in opposition to the political interests, and it is little more than an accident that it was with generals of the Defence Ministry and not with Ministers or Secretaries of State for some other department that such a conflict came to a head.

The prospects of National Socialist participation in the Government have not improved. Dr. Brüning's renewed vote of confidence in the Reichstag is not, however, to be taken as a proof of this, for on this occasion even the National Socialists wanted him to stay, as they had no desire to take over responsibility for foreign politics before Lausanne. The speech of their spokesman, Gregor Strasser, was on the whole moderate and aimed at showing how capable the party was of participating in the Government, and it would undoubtedly have made the negotiations which were just beginning with the Centre Party for a coalition of the Right in Prussia very much easier if it had not been immediately given the lie by unheard-of acts of violence by the National Socialists in the Reichstag. These have, without doubt, greatly diminished the inclination of the Centre to govern in partnership with the National Socialists. The Centre will certainly not refuse even now to discuss coalition possibilities, but it will exact from the National Socialists very strict conditions, and as the National Socialists themselves will attach no mean value to the tactical advantages of continuing in opposition, and would only give them up in return for considerable concessions of power, an agreement is not very probable.

It is, however, impossible to prophesy what really will happen in Prussia, for it is becoming clearer every day that the Social Democratic Prime Minister, Herr Braun, has very little desire to govern with the new Landtag, and would be very thankful to be relieved of his office forthwith. Most of his supporters, indeed, feel differently, but it is not yet certain how far this will influence Herr Braun's attitude and that of the other Social Democratic Ministers.

The President of the Reichsbank circulated a few weeks ago to the Chancellor and many other prominent persons a memorandum on the alleviation of the economic crisis. In it Dr. Luther proposes a series of extraordinary measures which he does not expect to hasten the end of the depression, but which he thinks would make its effects more tolerable. It is natural that, as President of the Reichsbank, he

should feel bound to make such suggestions, but Herr Luther is undoubtedly particularly moved to do so by the desire to take the wind out of the sails of the movement in favour of a credit expansion which would be dangerous to the currency. The letter is largely a selection from the numerous proposals which have been put forward by various writers. The most important is a proposal of Professor Lederer that the unemployed, while still drawing benefit, should be allowed to work without wages in factories which at present are closed, and make themselves such necessities as shoes and clothes, domestic utensils and furniture. The plan includes a system of barter, by which the workers of one industry would exchange their products for those of another. The production of those raw materials which do not have to be imported would, of course, have to be included in the organisation.

Such a "moneyless relief economy" could not be constructed on a large scale overnight, and it would, at any rate at first, only be able to include a comparatively small number of workers. It might, however, be some help to these few. Dr. Luther demands the appointment of a Reich Commissioner with extensive powers to organise this scheme. The opposition seems to come principally from the trade unions, though Professor Lederer, the originator of the idea, is a Socialist and holds very much the same views as the unions in other matters—on the ground that the employment of workers in exchange for unemployment pay and payment in kind alone constitutes a danger to the wage level and to wages agreements.

AUSTRIA.

Foreign Loans — Trade Agreements — Stocks.
(FROM OUR CORRESPONDENT.)

VIENNA, May 14.

THE formation of the new Government is causing the greatest difficulty, and, in spite of the fact that the financial crisis is every day becoming more acute, the haggling of the small political parties about the ministerial posts still continues. The retiring Cabinet had to send to the Financial Committee of the League of Nations a demand and a warning to render help at the eleventh hour. The hopes that the 100 million schilling loan, so often considered, would finally be granted are practically gone, and the Austrian Government therefore declared that there was nothing for it but to proclaim a transfer moratorium with the sanction of the Financial Committee.

In view of the efflux of foreign exchange from the Austrian National Bank, Austria is not in a position to maintain the debt service on foreign loans. For months now, the Austrian National Bank has been losing at least 20 million schillings' worth of foreign exchange every month, and at present it has scarcely 33 millions left. For the service of the League of Nations loan Austria requires 90 millions per year, for the Investment Loan, 1930, about 30 millions, for the provinces and municipalities 38 millions, for the financial debts of private interests, which were not included in any standstill agreement, 45 millions. For the debts of industry a sum of 25 millions is payable to foreign countries. Such calls upon the present foreign exchange holdings of the National Bank are preposterous. Two years ago the reserves stood at 715 million schillings. Then came the catastrophe of the Credit-Anstalt, and by the middle of July last year about half the foreign exchange holdings had been lost. At the end of last year about 128 millions still remained in hand, and since that time the efflux has continued very rapid. Exports have sunk to a low level; fresh credits cannot be obtained, and the hopes which attached to the severe restriction upon foreign exchange have not proved justified.

At the same time, the negotiations with the foreign creditors of the Credit-Anstalt have made no progress, nor have the commercial treaty negotiations advanced. The negotiations with Russia have been broken off, and the delegates of each side attribute the blame to the other. The main difficulty is that the Russians insist upon the

conversion into schillings of part of their dollar commitments to Austrian industry, and will not give them new orders until agreement has been arrived at in regard to payment of the old commitments. Austria is counting upon the possibility of making it difficult for the Russians to export Austrian eggs and cotton from Turkestan and several kinds of farm produce.

Industry is feeling the disturbances in export trade more and more keenly. The Alpine Montangesellschaft has extinguished the last of its furnaces at Donawitz. The reason given for this step is that stocks of crude iron are accumulating, and that lack of foreign exchange is causing difficulty in procuring coke from Czechoslovakia. The company has big stocks, and can easily meet any likely demand out of them. The balance sheet of the enterprise, which is to be published shortly will not provide for a dividend. The position of the company has, however, improved in that the bank debts have been considerably reduced. In general, however, debts to the banks are being paid very slowly, although the credit institutes are energetically demanding reduction of overdrafts, as the National Bank is still insisting upon a stringent credit policy. There has been further selling of National Bank shares. At the beginning of the year they stood at 244, and now they are at 148; and this in face of the fact that up to the end of the year these shares were regarded as an investment suitable for conservative savers.

The investment market is completely stagnant, and quotations are constantly falling. Securities in terms of foreign currencies are on offer, because payment in foreign currency is out of the question for the immediate future. In private traffic the Vienna Dollar Loan was quoted at 67, and the American batch of the 1930 Federal Loan at 43 to 44. At the beginning of April the levels were 81 and 71½ respectively. It is remarkable that the activity observable on the real estate market came to an end recently. It would now appear, however, that individual properties are being acquired for foreign account.

HUNGARY.

Budget — Foreign Creditors — Speculation.

(FROM OUR CORRESPONDENT.)

BUDAPEST, May 17.

THE Budget for 1932-33 was voted in the first reading without amendment by the House of Deputies on May 13th, and in all probability it will be passed on to the Upper House in its original form before the end of this month. In closing the general debate the Prime Minister very wisely made it clear that the Government will not resort to a general moratorium, but will endeavour to reach an early settlement with the foreign creditors to reduce the interest rates to a level compatible with the fall in the price level and with the capacity of the country. The Finance Minister stated that the League resident representative in Budapest, Mr. Royall Tyler, who is at present in Geneva at the sittings of the Financial Committee, will communicate the desire of the Hungarian Government with the League to convene all the foreign creditors to a meeting in Budapest, and will ask the Financial Committee to delegate an expert with international repute to this conference.

The fact that the Budget for 1932-33 is balanced on paper will mean very little in reality if it is not accompanied by a satisfactory settlement with the foreign creditors. The last statement of the Finance Minister dealing with the Treasury situation in the first nine months of the present financial year affords ample evidence that revenue returns will be considerably below estimates. Total receipts amounted to 593.9 million pengő, as against 620.5 million pengő in the previous financial year, in spite of the greatly increased taxes. The non-revenue resources of 131.4 million pengő, from the proceeds of the Treasury loan in August last, have been lately exhausted by the deficit of the Administration, the State undertakings, and the Boletta Fund. The deficit of the last quarter will be met by the banks, a considerable part of which has already been re-discounted with the National Bank, though it is clear

that this experiment cannot be repeated without grave consequences to the currency. The deficit of the present budget year will amount to between 175-180 millions by the end of June. Even if we assume that the Finance Minister succeeds in making further economies, a deficit of at least 30 millions must be reckoned with in the July-September quarter.

Great pressure is being brought to bear on the Government to change the provisions of the British Standstill Agreement and the Transfer Moratorium Decree which very rightly prohibited the capital repayments of mortgage and communal debts with bonds outside and in excess of the amortisation schedule. The argument is being pressed that permission to repay the mortgage debts with the bonds would considerably lighten the burden of the heavily indebted States and communes. The conclusive answer is that both the communes and the States, which are heavily indebted, can scarcely meet their current obligations such as interest, and the permission of debt repayment with the depreciated bonds would therefore only benefit speculators and smugglers and deprive the National Bank of the badly-needed export *devisen*. It should not be forgotten that mortgage bonds quoted at 20 to 30 in London and in New York change hands at a considerable premium in Budapest, partly because of the hope of using them for capital repayment, and also because the coupons are paid in pengő, and thus bring a net yield of more than 20 per cent.

HOLLAND.

Foreign Trade — Money — Shipping.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, May 9.

THE first quarter of 1932 witnessed an alarming increase in the difficulties which confront our exporting trade. England imposed the general import duty of 10 per cent., Germany revised the import duties on butter, and France, by way of a retaliatory measure, recently prohibited the importation of potatoes, tomatoes, plants, bulbs and fresh vegetables. In addition, the operation of the foreign exchange restrictions in a great number of countries has had a most disastrous effect on our export trade. In the first quarter of 1932, imports into Holland amounted to 5,847,000 tons, with a value of 357 million guilders, and exports to 3,428,000 tons, with a value of 218 million guilders. Imports and exports by quarters, in the years 1930, 1931 and 1932 are set forth in the following table:—

	IMPORTS.			EXPORTS.		
	(In millions of guilders.)			(In thousands of tons.)		
	1930.	1931.	1932.	1930.	1931.	1932.
1st quarter	647	494	357	452	344	218
2nd "	629	492	...	452	344	...
3rd "	598	466	...	444	342	...
4th "	544	441	...	395	293	...
	(In millions of guilders.)			(In thousands of tons.)		
	1930.	1931.	1932.	1930.	1931.	1932.
1st quarter	7,691	6,842	5,847	4,027	4,038	3,428
2nd "	7,996	7,423	...	4,032	4,235	...
3rd "	8,215	8,120	...	4,237	4,527	...
4th "	7,492	7,514	...	4,320	4,019	...

As compared with the first quarter of 1931, the drop in the weight of imports occurred almost entirely in the raw materials section. The decrease in the import of coal was chiefly responsible for this drop, which was almost entirely at the expense of Germany.

The exports of a number of industrial products which have been encountering the 50 per cent. anti-dumping duty in England since November and the beginning of December have been almost wiped out altogether. The exports of cloth and other fabrics only reached a total of 110,000 guilders in the first quarter of this year, as compared with no less than 4,780,000 guilders in the corresponding quarter of 1931. The exports of wall tiles, glass-ware and cycle tyres, which were also subjected to the 50 per cent. anti-dumping duty, dropped to insignificant figures. The Dutch industries are therefore now demanding additional safeguarding measures from the Government. The various quota measures are practically all ment. The various quota measures are practically all being renewed automatically on expiry of their three

months' duration. Additional measures, however, are demanded, and a few days ago a deputation of the Dutch agricultural and industrial interests submitted a manifesto to the Minister of Home Affairs, in which Germany is threatened with a complete boycott. In this important manifesto it is pointed out that not only the export of our agricultural produce but also that of industrial products is seriously impaired by the operation of the German foreign exchange decrees. The committee, representing the entire agricultural and horticultural, as well as industrial interests of the Netherlands, was of the unanimous opinion that the most vigorous measures must be adopted with regard to the export trade to Germany, in order to counteract further dislocation of Dutch economic life. It was pointed out that the Netherlands ought to be able to achieve far more in this respect than it has so far done, for our imports from Germany are considerably larger than our exports to that country.

The financial situation in the Netherlands continues to develop satisfactorily. The money market remains very liquid. The average rate for prolongations in April was 1.0250 per cent., against 1.5833 in April, 1931, while private discount rates are quoted below 1 per cent., so that a further reduction in the official bank rate on the part of the Netherlands Bank is not out of the question, especially as the guilder has also been well maintained on the foreign exchange market. The guilder has been particularly firm as compared with the dollar, which currency has been quoted below the gold import point already for several days. The shipment of gold from America to Amsterdam accordingly seems likely in the near future. The Netherlands Bank has decided to withdraw its deposit of gold in New York. Although this will result in an increase in the importation of gold into Holland, the movement will not, of course, involve a change in the total gold position of the Netherlands Bank.

The various annual reports issued by the important shipowning companies all make a very disappointing showing, and even our big East Indies lines had to pass their dividends. The annual reports of the plantation companies are also very unsatisfactory.

ITALY.

Budget Control — Taxation and Debt — Reforms.

(FROM OUR CORRESPONDENT.)

TURIN, May 16.

PARLIAMENT has been busy in both Chambers in passing budgets—every department has its own expenditure budget—and if private members' speeches were not remarkable, the reports of committees were, as usual, of great interest. The report of Signor Mazzini on behalf of the General Budget Committee of the House of Deputies on the revenue and general expenditure budget makes rather sad reading. Assuming a reduction of 33 per cent. since 1928, Signor Mazzini estimates the present national income at between 60 and 70 milliard lire, say 68 milliards, if Professor Mortara's estimate be adopted. The tax revenue of the State, provinces and municipalities—exclusive of miscellaneous items and public services—amounted in 1913-14 to 2.5 milliards, in 1925-26 to 20 milliards, and is estimated in 1931-32 at 20.5 milliard lire. The significance of this burden can best be gauged if we translate these lire into lire of stable purchasing power. This gives a total tax revenue rising from 9.2 milliard lire in 1913-14 to 11.1 milliard lire in 1925-26 and to 23 milliard lire in 1931-32. The proportion between taxation and national income, which was about 12.5 per cent. in 1913-14, thus rose to 20 per cent. in 1925-26 and to 30 per cent. in 1931-32.

The crisis is playing havoc with general branches of revenue. Comparing ascertained results of 1929-30 with estimates for 1932-33, the yield of income tax has fallen from 5,192 million lire to 3,905 million lire, and the budget has therefore had to rely more and more upon indirect taxation. Stamp, registration and sales taxes rose from 3,168 million lire to 3,868 million lire, Excise and Customs

duties from 5,321 million lire to 5,568 million lire, and salt, tobacco, matches and lottery monopolies from 3,493 million lire to 3,712 million lire. As the estimates for 1931-32 appear largely in excess of realised revenue (for the first eight months Excise and Customs duties were estimated at 3,860.3 million lire and realised only 3,073.6 million lire), Signor Mazzini fears that estimates for 1932-33 may be in some respects too optimistic.

On the other hand, many items of expenditure are growing; for instance, the burden of public debts has risen from 4,572.7 million lire in the estimate for 1931-32 to 4,895.9 million lire in the estimate for 1932-33, exclusive of the interest and premiums appropriations for the last issue of 3 milliard lire fresh Treasury bonds, which will bring the total to about 5,150 million lire. The main cause of the increase in the annual cost of the public debt is the growth of the floating debt, in its turn caused by the difficult Treasury situation. Some comfort may be drawn from the fact that the Treasury position is, in part, due to the payment of arrears of expenditure budgeted for in past years. Further comfort is to be found in the thought that the State is keeping the floating debt at a high level in order to maintain a big cash account at the Bank of Italy, thus keeping down the note circulation.

Signor Mazzini is, however, gravely concerned at the outlook, and insists strongly on two points:—(1) No new burden in the budget shall in future be created except by law. The system of executive decrees should be stopped, to keep expenditure within strict bounds. (2) An end, or, at least, a very severe limitation, must be put to the system of State grants in aid of industry. The report quotes the instances of the Cogne Mines Company, a relic of the Ansaldo vertical industrial system, which was inherited by the State. The Cogne Co., directly or by subsidiaries, has absorbed several hundred million lire of State money, and now plans the utilisation of 500,000 h.p., instead of the present 60,000 h.p., and the building of a big thermo-electric plant of 200,000 h.p. for the utilisation of the anthracite mines situated in the mountain fields of La Thuile. The budget *rapporteur* is horrified at such grandiose expenditure of State money in the face of 2,000 millions unsold kw.h., which the electric industry vainly endeavours to put on the market. In the Senate, Senator Ciccotti strongly opposed a Decree, dated February 3, 1932, which appropriated yearly one million lire as grant in aid for the fiscal years from 1931-32 to 1945-46 to the Lardarello Borace Co. Such criticisms are a good omen. Economy, and very strict economy, is the only way to bridge the big and, we hope, transient gulf between revenue and expenditure.

GREECE.

Forced Currency — Exchange Regulations — Bank of Greece.

(FROM OUR CORRESPONDENT.)

ATHENS, May 4.

IN introducing to the Chamber the Bill for the suspension of the obligation of the bank of issue to exchange its notes against foreign gold exchange, Mr Venizelos stated that this measure was insisted upon by foreign circles who had taken a leading part in the stabilisation of the Greek currency. The necessary exchange for the discharge by instalments of commercial debts, payable abroad in foreign currencies contracted before the application of the new law, may be granted only after permission of the Exchange Committee, which fixes the amount payable each time on each debt. The payment of such debts cannot be enforced by law, if the debtor proves by a written certificate of the Committee that he filed an application for a sum equal to 10 per cent. at least half-yearly of the amount of the debt involved and was refused. Both creditor and debtor are required to declare to the Committee, within a month from the application of the law, the amount and particulars of such debts.

Debts in foreign currencies payable within the country are settled in drachmas at the current rate of exchange on

the date of payment. The same applies to bank deposits in foreign currencies, with the exception of deposits of persons residing permanently abroad before the application of the new law, which may be repaid in foreign currency. All bank deposits at sight, existing before September 28th of last year (when the first forced law for the protection of the currency was enacted), are payable three months after the application of the new law.

It is further forbidden to the banks (1) to buy abroad for their own account, or for account of their customers, securities, Greek or foreign; (2) to invest drachma deposits or their share capital or their reserve funds in foreign exchange or currencies or securities; (3) to create stocks of foreign currencies from their daily purchases of exchange. The exportation of securities and coupons, Greek or foreign, as well as of foreign bank notes, is not allowed without permission of the Bank of Greece. It is forbidden, moreover, to grant loans in drachmas on the pledge of gold and foreign currencies, exchange and securities. Bank notes, cheques and credits in drachmas may not be exported except by the banks authorised by the law to transact foreign exchange operations, and so far as they represent the proceeds of sales of foreign exchange. It is forbidden also to export foreign exchange in cheques, credits and by any other means if not issued or opened by one of the said banks. Forward exchange operations and for the carry-over are not allowed unless they relate to genuine commercial requirements duly ascertained by one of the same banks. So far, the new regulations have not checked speculation, while the drachma has further depreciated.

As the new law suspends entirely the obligation of the bank of issue to maintain a reserve against its notes in circulation and other demand liabilities, fears have been expressed by competent circles that the door is thereby opened for a monetary and credit inflation. The suggestion is again made that the Bank of Greece should be absorbed by the National Bank of Greece, since the stabilisation of the currency, for which it had been created, has had to be abandoned. The authorities are opposed to the suggested amalgamation. The alternative suggestion is that the maximum note circulation of the Bank of Greece shall be fixed by law at the present figure, plus the sums it may have to pay for the settlement of deposits made with it and of other obligations determined in its statutes. It will be possible to increase this limit only up to a maximum amount, fixed beforehand, for the purpose of rediscounting, after severe scrutiny, the portfolio of banks containing genuine commercial bills of not more than three months' date. These rediscounts should be shown separately in the weekly statement of the Bank, which should cease to transact all the other business at present allowed by its statutes. In this way the danger would at least be obviated of a credit inflation, a danger which, it is contended, the policy followed hitherto by the Bank shows to be very probable. The note circulation will be covered by short-term commercial bills, at the maturity of which the notes put in circulation shall be withdrawn.

CANADA.

Crops — Business — Unemployment — Coal — New Zealand Treaty.

(FROM OUR CORRESPONDENT.)

OTTAWA, May 3.

THE snow and frost have now vanished, and the farmers everywhere are busy on the land. The seeding season is later than usual, but conditions are satisfactory; there have been generous rains over practically the whole area of the Prairie Provinces, and not for many years has such an excellent seed bed been available for planting the crop. It is realised that in the districts stricken by drought last summer the soil was parched to such a depth that only abnormal supplies of moisture can assure a good crop, but hopes of the western farmers are now running high that the era of poor crops has come to an end. The Bureau of Statistics estimated that on March 31, 1932, the total stocks of Canadian wheat amounted to 248,800,165

bushels, as compared with 280,095,891 on the corresponding date of 1931, and that it was divided as follows: 176½ million bushels in elevators afloat or in flour mills, 8½ millions in transit and 58½ millions in farmers' hands, the decrease in the latter item of 35 million bushels accounting for most of the total reduction. Estimating the exports for the remaining five months of the crop year at 85 million bushels and making the necessary deductions for seed, human consumption and livestock feed, it forecasts that the carry-over at the end of the crop year on July 31st will be roughly 103 million bushels. This is some 30 million bushels less than the carry-over last year, but it is much larger than the average carry-over, and can scarcely fail to have a depressing effect upon prices for the new crop.

There are signs of greater activity in some manufacturing centres, but the rate of improvement is slow. The textile mills and the factories turning out electrical equipment and radio sets are fairly well employed, but some of the footwear factories, having filled their spring orders, are curtailing their operations. A fair amount of new building is in progress, but contractors are hampered by the moratoria on mortgages in various provinces, which discourage people from lending money on mortgages to finance the erection of buildings. The navigation on the St. Lawrence is now fully open and, as a result, there is an improvement in the unemployment situation in Montreal and other ports on the St. Lawrence, but it still remains an acute problem in inland cities like Montreal and Toronto. Owing to the expense, the policy of special public works has been largely abandoned, and the unemployed are being given direct relief.

The Bennett Government has, however, announced the details of a new policy, whose aim will be to put as many unemployed families as possible in the way of gaining a subsistence from the land. The Government will enter into an arrangement with any province that so desires, under which it will capitalise the cost of maintaining an unemployed family for a year and will make the resulting sum available for settling the family on the land. The Government, however, enters the caveat that the scheme is in no sense a State-aided plan of settlement, but is merely a temporary measure designed to relieve the present strain upon the resources of towns and cities. No responsibility will be assumed for a longer period than a year, and the provincial Government who join in the scheme will be asked to undertake the selection of the families to be settled, the choice of the most suitable land and the work of location.

The latest trade returns still make a poor showing, and the following are the figures for March, with the comparative data:—

	1931.	March.	1932.
Exports	\$ 56,295,520		\$ 41,018,757
Imports	75,349,345		57,925,035

March is usually a month of heavy imports, and the adverse balance of roughly \$17 millions for the month has cut down the total favourable balance for the whole fiscal year ending March 31st to \$8½ millions. The comparative figures for the last two fiscal years are as follows:—

	Fiscal Year.	1931-32.
	1930-31.	
Exports	\$ 817,028,043	\$ 587,565,517
Imports	906,581,671	578,980,733

Figures just published show that during 1931 the expenditures of tourists in Canada were estimated at \$250,776,000, a decrease of some \$29 millions from the figure of the previous year, and, when the \$76½ millions spent by Canadians in other countries was offset against this, there remained a favourable invisible balance under this head of roughly \$176½ millions.

The Government have this week promulgated an Order-in-Council under which the Minister of Mines is empowered to pay out of Federal funds to owners of coke ovens and gas manufacturers the difference between the

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cost of Canadian and foreign coal. A maximum limit of \$1 per ton is affixed to this bounty, and it is only to be paid on the excess of the quantity of Canadian coal consumed over the quantity of Canadian coal used by the same plants on an annual average during the last three years. The move is welcomed in Nova Scotia, where it is confidently expected to create more work for the local miners.

In the Federal House of Commons last week the trade treaty with New Zealand, which was provisionally signed at Honolulu in January, was tabled, and the ratification Bill was given its second reading. By the treaty the virtual tariff war which has been in progress between the two Dominions is ended, and Canada, in return for tariff concessions on butter (whereon the duty for New Zealand is lowered from 8 to 5 cents per pound), hides, wool, and some other commodities, gets reciprocal concessions on lumber, canned fish, newsprint, motor vehicles, rubber goods and some other articles. On the surface both countries seem to have made considerable mutual concessions, but a closer scrutiny of the exact terms of the treaty raises a doubt whether it will be effective in promoting a great revival of trade exchanges. For one thing, it is plain that the duties fixed by the new treaty in both countries in many cases are substantially higher than the rates fixed by the abrogated arrangements, and, as far as Canada is concerned, her exports will still have to contend with the surtax imposed by New Zealand a year ago. Moreover, the treaty has a time limit of one year, and seems to be merely a stop-gap agreement pending the deliberations of the Imperial Conference.

One of the Canadian complications in relation to the St. Lawrence waterway has now virtually been cleared up by the announcement that negotiations between the Federal Government and the provincial administration of Ontario have resulted in an agreement whereby Ontario has undertaken to contribute \$120 million for the development of Canada's half share of the two million horse-power of electrical energy available on the international section of the waterway. This sum will include the cost of the power house, equipment and transmission lines. It has also been decided that the development will take place in two stages, this being a concession on the part of the United States, whose engineering experts favoured a one-stage development. The contribution of Ontario will be financed through the Hydro-Electric Commission, whose bonds the province guarantees, but it is considered improbable that the whole of the \$120 millions will be expended in one lump, or, in fact, during any short period, but will be spread over a number of years as power is required.

Letters to the Editor.

MONETARY POLICY.

TO THE EDITOR OF THE ECONOMIST.

SIR.—In his letter published in your last issue, Professor Robbins says that "seldom in the memory of man have the factors making for catastrophe seemed so powerful and so menacing." About that proposition there can be little dispute. The views of the many who agree with your recent leading article on monetary policy, and welcome the declaration of the Chancellor of the Exchequer that it is one of the Government's objectives to take such steps as they may find it possible to take in order to raise sterling prices, are opposed by Professor Robbins on the following grounds:—

(a) That a price rise would not cure the "fundamental maladjustments" now existing.

(b) That a price rise would be uneven and would be likely to lead "to investment which afterwards proves unprofitable," would mean a mere delay of the evil day, and cause further maladjustments.

(c) That a price rise might lead to a general uncontrolled inflation and a flight from sterling.

Professor Robbins does not state why a price rise would not mitigate the existing fundamental maladjustments, what the unevenness of the price rise would be, why the new investments would be unprofitable, or what the further maladjustments would be. He gives no reason for supposing that a price rise now would lead to an uncontrolled inflation, which historically is a rare experience, rather than to a controlled expansion which has been the common feature of recovery. Moreover, he suggests no alternative solution of the problem.

Those who are "preoccupied with the anxieties of the moment" are so frightened of the obvious and immediate perils of continued deflation that they will not easily be induced to reject constructive suggestions as to a way of escape by the threats of a bogey of this sort. We do not forget that the terrible fate which was predicted for us as the result of abandoning gold was welcomed on the morning of September 21st as the salvation of the country. For the Pyrrhic victories of sound finance we have suffered enough.

I submit that, although the inflation prior to 1929 caused maladjustments, the major part of the present maladjustment in respect of costs and prices, earning power and debts, is due to excessive deflation, and the under-investment of savings; that a continuation of deflation and an attempt to restore equilibrium by cutting costs will increase the maladjustment and create the necessity for further liquidation. On the other hand, I believe that a rise in prices would check the financial deterioration and the cumulative disintegration of the economic structure, and that it is an essential supporting condition of the successful application of other contributory and admittedly necessary remedies. To apply the stimulus of expansion at a time when capital and labour are largely unemployed, and costs so greatly exceed prices, is a very different matter from forcing inflation upon a fully-employed productive mechanism. For Professor Robbins to imply that any expansion, however deliberate, would result in a great inflation such as we have seen in certain countries in our own time is surely a wilfully misleading inference from experiences differing fundamentally from those of the present time? Professor Robbins says that "the forces making for inflation in the world at large are very powerful already." I agree, but I am convinced that the surest way of increasing such forces and of producing conditions resembling those which led up to the uncontrolled inflations of post-war Europe is to allow deflation to run its course until we reach a level at which inflation is no longer an option but an inevitable result.—Yours, &c.,

OSWALD T. FALK.

52 Bishopsgate,
London, E.C.2.
May 19, 1932.

The recent formation of the Business Transfer Partnership & Property Agents Institute of Great Britain raises the status of the profession of Business Transfer Agents. A very comprehensive course dealing with B.T. can be secured for £1 1s. 0d., spread over 4 monthly payments of 5s. 3d. each. Course is sent on receipt of first payment.

EFFICIENCY PUBLISHING COMPANY. 71, Lowlands Road, Harrow.

Books and Publications.

BRITISH INVESTMENT TRUST COMPANIES.*

It has long been a reproach that inquirers for authoritative text books on the investment trust, one of Great Britain's most characteristic contributions to the science of practical investment, have been perforce referred to the works of foreign students. American specialists like Mr Leland Rex Robinson have done pioneering work, whose usefulness it would be difficult to over-value. Mr Robinson's "Investment Trust Organisation and Management," indeed, remains an indispensable guide to investment trust principles and practice, but in its recently revised form, even more than in its first edition, it is written from the viewpoint primarily of American readers. *Amour propre* alone required that a competent British author should step into the breach, and Mr George Glasgow has performed his self-imposed task with credit. His volumes on English and Scottish trust companies include, in each case, a short review of general principles, with special reference to the practice of existing investment trust companies, and a series of tables summarising the results of a large number of companies, from 1910 or the year of their foundation (whichever is the later) up to 1930-31.

Mr Glasgow has not been content merely to re-state existing data in common form. He has asked himself the question: "What are the really important details bearing upon the principles of investment trust finance?" The answer, he believes, comprises four points: borrowing powers, capital rights, limitations on investment, and distribution of investments. As regards results, as distinct from powers and organisation, he has rightly laid stress on the need for making apparent to the potential investor in the stock of any trust company a limited number of crucial facts, i.e., the visible reserves, the inner reserve, the difference between market values and book values of investments, the percentage of ordinary earnings and dividends, bonuses and "rights," and market prices.

The resulting tables form a compilation which, as a work of reference, merits the willingness of time to vindicate the publishers' claim to have discovered the "standard work on the subject." Unfortunately, these volumes must necessarily be expensive to produce. Their data do not go back to the days of the Baring crisis, the records of which would be particularly valuable for study to-day, when abnormally difficult market conditions have forced many post-war investment trusts into a position very similar to that of the trusts which were "young" in the 'nineties. Further, the very high value of Mr Glasgow's work will diminish, year by year, in the future, unless further editions are regularly published, bringing the figures up to date. For annual or biennial volumes, £5 (inclusive) is a high figure. The method of issuing addenda as regards the 1930 results of the English companies, is not altogether satisfactory for investors who desire to see the achievement of each company steadily and to see it whole.

One may best pay tribute to Mr Glasgow's shrewdness and skill in exposition by expressing the hope that, in subsequent editions, he will see his way to give more than 19 pages out of 197 on English trusts, and 29 pages out of 203 on Scottish trusts, to his treatment of general principles. He has the great initial advantage of a balanced mind, and commends the policy of the best companies heartily, but not unreservedly. He admires the refusing necessarily to endorse their policy of refraining, investments. He advances the argument that the figure of a company's inner reserve may be a more valuable piece of information to proprietors than a published list of investments, but does not endorse this view in so many

* "The English Investment Trust Companies." By George Glasgow, with a foreword by Dr. Gerald T. Moody. "The Scottish Investment Trust Companies." By the same Author. London: Eyre and Spottiswoode (Publishers) Limited, 6 Great New Street, London, E.C. 50s. net. each.

words. He does not commit himself, likewise, to any final judgment on the question whether the success of British investment trusts has been due primarily to risk-spreading or consistent ploughing back of profits of all kinds into their businesses. He ascribes it, indeed, to "constructive pessimism persisted in over a long series of years," which is epigrammatic without being precise.

Nevertheless, it is true to say that rarely has more useful information and sound deduction on any subject been compressed into fewer pages than appear at the beginning of each of these volumes. We suggest that in the next edition of both works Mr Glasgow should deal with the lessons suggested by the present security market depression and its effects both on investment trust internal finance and the course of quotations for investment trust stocks. It would be valuable, also, to have Mr Glasgow's views on the marketability of trust company issues, the manner in which these are distributed among inside quarters and the public respectively, and the extent to which their market, on the Stock Exchange, is really "free," in good times and bad. From the investor's point of view, this aspect is particularly important, and it is scarcely glanced at in either of the two volumes now available.

BOOKS RECEIVED.

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

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

Marketing Agricultural Products. By F. E. Clark and L. D. H. Weld. (London) Macmillan and Company, Ltd., St. Martin's Street. 21s. net.

A discussion of the agricultural marketing problem in the United States.

Industrial Relations. By John Hilton. (London) Cambridge University Press, Fetter Lane. 1s. 6d. net.

Professor Hilton's inaugural lecture.

The African Handbook. Edited by O. Martens and Dr. O. Karstedt. (London) George Allen and Unwin, Ltd., 40, Museum Street. 10s. 6d. net.

A useful book of reference for business men and economists, and a valuable guide for travellers.

Indian Economics. Vol. I. By G. B. Jathar and S. G. Bori. Third Edition. (London) Oxford University Press, Warwick Square. 7s. 6d. net.

The Scientific Selection and Training of Workers in Industry and Commerce. By M. Martin-Leake and Thyra Smith. With a Foreword by Sir Francis Goodenough. (London) Sir Isaac Pitman and Sons, Limited, Parker Street. 5s. net.

La Technique Moderne du Crédit à l'Exportation. By Hoé Wajner. (Paris) Les Presses Universitaires, 49, Boulevard Saint-Michel. 40 frs.

Der Finanzhaushalt des Völkerbundes. By Dr. Jacques Kunstenaar. (Zurich) Hans A. Gutzwiller.

A study of League of Nations Finance.

London's Passenger Transport Problem. By Gilbert J. Ponsonby. (London) P. S. King and Son, Ltd., Orchard House, Kingsway. 8s. 6d.

Social Economic Planning in the Union of Soviet Socialist Republics. (The Hague) International Industrial Relations Association.

Theorie des Dumpings. By Dr. Ernest Döblin. (Jena) Verlag von Gustav Fischer. Rm. 6.50.

Le Crédit Public. By Georges Lachapelle. (Paris) Editions Berger-Levrault, 5, rue Auguste-Comte. 25 francs.

A detailed study of the French public debt since 1914.

Wages and Wealth. By Roy Dickinson. (London) Oxford University Press, Warwick Square. 13s. 6d. net.

An informal discussion of various aspects of the wages problem in American business.

Life and Money. By Eimar O'Duffy. (London) Putnam. 24, Bedford Street. 5s. net.

A vigorous attack upon the accepted principles of economics.

Währungs- und Notenbankpolitik Lettlands. By Dr. B. Schur. (Riga) Verlag der Buchhandlung G. Löffler.

A study of Latvian currency policy.

La Coopération Agricole. Vol. I. (Rome) Bestetti and Tumminelli, Via Michelangelo Caetani, 32.

A survey of agricultural co-operation in eleven countries.

The Making of the Corporate State. By H. E. Goad. (London) Christophers, 22, Berners Street. 5s. net.

A short study of the development of Fascism.

Interim Report of the Committee to Inquire into the Rice and Paddy Trade. (Rangoon) Government Printing and Stationery Office. 3s. 9d.

The Age of Admission of Children to Employment in Non-Industrial Occupations. (Geneva) International Labour Office.

The Riddle of Rationalisation. By L. J. Bailey. (London) George Allen and Unwin, Limited, 40, Museum Street. 4s. 6d.

Economics for Commercial Students. By Albert Crew. Ninth Edition. (London) Jordan and Sons, Limited, Chancery Lane. 5s. net.

Some Observations on Company Balance Sheets. By Lord Plender. (London) Gee and Company (Publishers), Ltd., 8, Kirby Street. 1s. net.

Provincial Brokers' Stock Exchange Year Book, 1932. (Hull) Parliament Chambers. 2s. 6d.

Traffic Tables. January to June, 1932. (London) Fred. C. Mathieson and Sons, 16, Copthall Avenue. 1s.

Siam: Rural Economic Survey, 1930-31. By Carle C. Zimmerman. (Bangkok) Ministry of Commerce.

An official survey, consisting largely of statistics.

Scottish Chartered Accountants. Official Directory, 1932. (London) William Blackwood and Sons, Limited.

Killik's Argentine Railway Manual, 1932. (London) Effingham Wilson, 16, Copthall Avenue. 2s. 6d. net.

OFFICIAL PUBLICATIONS.

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

Racecourse Betting Control Board: Third Annual Report and Accounts, 1931. 1s. 3d. net.

Report on the Marketing of Dairy Produce in England and Wales: Part II., Butter and Cream. 6d. net.

Coal Mines Act, 1930: Report by the Board of Trade under Section 7 of the Act on the Working of Schemes under Part I of the Act during the December quarter, 1931. Cmd. 4076. 2d. net.

Department of Overseas Trade: Economic Conditions in Belgium in 1931. 3s. 6d. net; *Economic Conditions in British West Indies, January, 1932.* 3s. net.

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The Stock Exchange.

NEWSPAPER SHARES—I.

READERS of the humbler types of newspaper fiction are familiar with the heroine who, displaying cheerfulness and fortitude in adversity, is shunned by society for her "past." The plight of this overworked lay figure, by a turn of Fortune, resembles that of her creators to-day. Investors have a vivid recollection of the effects of the heady wine of prosperity, in a recent Stock Exchange boom, on certain Press financiers. Though newspaper earnings have, on the whole, withstood economic depression better than might have been expected, a prolonged fall in share values has reflected the investor's fears that a former state of fierce competition, expensive "circulation-buying," "provincial warfare," etc., may have left the main newspaper-owning combines with onerous liabilities, actual and contingent. This uneasiness, naturally, was not allayed by a fresh outbreak of "circulation" hostilities last summer, by way of expensive gift schemes. Though many newspaper shares are appreciably above their lowest quotations for 1932, the end of this injudicious phase has not appreciably modified the conservatism of the market towards both newspaper prior charges and equities.

The immediate outlook for shareholders can be appreciated only by reference to the extraordinarily ramified capital structure of the leading "national" newspaper-owning interests. We propose, therefore, to discuss the recent profit and dividend records of five such groups, by reference to the scope, internal organisation and financial liabilities of the related concerns in each case. Pride of place, on historical and investment grounds, may be given to the "Rothermere" companies, with their first cousin, the "Beaverbrook" group:—

"ROTHERMERE" AND "BEAVERBROOK" GROUPS.

Company and Year.	Profits.	Percentage of Net Earnings taken by Non-Equity Capital.	Equity Shares.		Added to Reserves, "Carry Forward," &c.
			Earned.	Paid.	
	£		%	%	£
"Rothermere" Group.					
Associated News- papers (Mar. 31) { 1930	1,245,323	5	55.9	40	278,323
1931	1,059,836	6	45.3	40	92,836
Daily Mail Trust..... { 1929	387,821	None {	19.2†	17†	35,284
(Sept. 30) { 1930	367,019		18.2†	17†	14,482
1931	370,954		18.4†	8†	194,685
Daily Mirror News- papers (Feb. 28) { 1930	470,361	6	32.0	30	22,361
1931	436,149	6	29.1	30	Dr. 11,851
1932	364,365	8	24.5	22†	21,365
Sunday Pictorial { 1930	346,653	12	30.2	25	44,153
Newspapers (1920) { 1931	285,460	14	23.3	25	Dr. 17,040
(Feb. 28) { 1932	259,206	15	21.6	18†	22,331
Northcliffe News- papers (June 30)† { 1929	129,842	130	...	...	Dr. 38,034
1930	66,043	250	...	...	Dr. 98,956
1931	102,434*	161	...	...	Dr. 62,566
"Beaverbrook" Group.					
London Express { 1930	67,032	52	10.8	10	1,811
Newspaper { 1931	164,639	42	33.5	10	61,056
(June 30)					

* Before providing for losses of subsidiary companies, which largely exceeded dividends brought to profit and loss.
† Free of tax.

The "Rothermere" group is the post-war heir of the great journalistic organisation built up by the peculiar genius of the late Lord Northcliffe. The Daily Mail Trust now holds the latter's controlling interest in Associated Newspapers, which, in turn, owns, *inter alia*, the *Daily Mail*, *Evening News* and *Sunday Dispatch*. Daily Mirror Newspapers and Sunday Pictorial Newspapers own the picture papers which were formerly Lord Rothermere's more special *terrain*, a number of provincial dailies (in Derby, Lincolnshire, Swansea, Gloucester, Staffordshire, etc.), and various paper-making concerns, including the Bowater interests and the Anglo-Canadian Pulp and Paper Mills. The combine, in fact, is completely integrated through all the stages of newspaper production. Finally, the group companies are directly interested in Northcliffe Newspapers, which was founded in 1928 to

establish or absorb evening newspapers in important provincial centres—in other words, to be the spearhead of the Rothermere interests in the "provincial war," which was ended in 1930 on the basis of a division of territory.

Though the share market has not invariably been impressed by Lord Rothermere's incursions into politics—a branch of activity left to his elder brother in the old family days—it has always regarded the group's finances as the strongest of the major newspaper interests. The *Daily Mail* still carries more advertisements than any other "national" newspaper. The majority of the "Rothermere" companies, as the table shows, have a low-gear capitalisation, with few fixed charges ranking in front of their equity shares. This is a distinct advantage in a period of falling profits. *Daily Mirror* and *Sunday Pictorial* earnings, however, have fallen appreciably in the last two years, and the attempt to maintain ordinary dividends has been abandoned. The Daily Mail Trust has halved its distribution in respect of 1930-31, despite the stability of its earnings. Associated Newspapers, whose earnings are expected to show a moderate reduction for the year to March 31st last, has already reduced its quarterly deferred share payments from a 10 per cent. to a 5 per cent. basis.

All the "Rothermere" equity shares have shown a fair recovery from the lowest points touched earlier this year, but remain on an ostensibly high-yielding basis. This may be associated partly with the opinion that newspaper earnings have not yet touched bottom and partly with the guarantees given by the more to the less prosperous group concerns. In particular, uncertainty centres round the position of Northcliffe Newspapers, of which the Associated and Daily Mirror Companies have jointly and severally guaranteed £3,000,000 of 5½ per cent. debenture stock. This company's past policy, like the *Daily Mail*'s resumption of "free gift" competition last August, has been a testimony to Lord Rothermere's combative powers rather than to his proverbial financial acumen. In no year has the company earned all its debenture interest, and at June 30th last it had accumulated a debit balance of £200,617. Its asset depreciation was appreciably greater, since no provision was made last year for subsidiary company losses which "very largely exceeded" the dividends brought into the company's accounts. The end of the "provincial war" may have improved the immediate outlook, but the possibility that, sooner or later, the Associated and Daily Mirror Companies may be compelled to implement their debenture guarantee is obviously exercising the minds of shareholders.

The public is interested in Lord Beaverbrook's newspapers only through ownership of preference shares of London Express Newspaper and of £500,000 6 per cent. first mortgage debenture stock of Daily Express Building Company, issued in connection with the erection of the new Fleet Street offices, and guaranteed by the parent company. Lord Beaverbrook's original purchase of the *Daily Express*, at an ebb-tide in its fortunes, was undertaken on the advice of Lord Rothermere, and the Daily Mail Trust to-day has a substantial interest in the London Express Newspaper and Evening Standard Companies. Lord Beaverbrook's newspapers, though valuable profit-earning properties, have been vehicles for the expression of their proprietor's personality, rather than media for large financial schemes. Profits are expected to show some decline for the year to June 30th next, without entrenchment upon the margin available for the publicly-held preference shares. The "Rothermere" and "Beaverbrook" groups, clearly, have so far weathered depression fairly creditably, though the position as regards the former's contingent liabilities remains uncertain. In a subsequent article, we propose to examine the situation of the "Berry," "Inveresk" and "Odhams" groups.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.	
TICKET. May 24.	ACCOUNT. May 26.

DESPITE the long week-end, the upward trend of high-class stocks in general, and British Government securities in particular, was not immediately arrested. Profit-taking on Wednesday and Thursday was quickly absorbed. Elsewhere business was small, though prices were generally maintained. Renewed anxiety was displayed regarding the European situation, particular apprehension being felt as to the consequences of a possible Austrian default.

There was a renewed demand for gilt-edged stocks on Tuesday, when Funding Loan was dealt in above par. Victory bonds resisted the mid-week profit-taking. The strength of the new Treasury Bonds issue was conspicuous. Indian loans, however, were less active, following the grave reports of communal rioting. Dominion stocks were active, the Australian market showing new strength on the defeat of the Labour Government in Victoria and the dismissal of Mr Lang in New South Wales. Home corporation stocks were lower, in sympathy with Government securities, in mid-week.

The Foreign market was clouded by the assassination of the late Mr Inukai and by pessimistic reports concerning the position of Austria and Germany. Central European loans were all heavy, though a few buyers were found for Greek Sevens. The position of Japanese loans is dealt with on page 1147. A drop of five points occurred in the Peruvian Guano loan on Thursday. Brazilians were reactionary, the new 40-year Funding giving way sharply. San Paulo Coffee Sevens, however, were in moderate demand on the encouraging April figures.

The Home railway market was depressed, even prior charges being affected by the poor showing made by the latest traffic figures, which afforded comparison with a non-holiday week last year. Foreign rails were dull. The position of Argentine stocks is dealt with in a Note on page 1147. A little support was received for Antofagasta.

Industrial shares were quiet, but no further recession occurred in values. International shares were adversely affected by the unsettled tone of Wall Street. Anglo-South American Bank "A" shares were again marked down, quotations tending to become nominal, in anticipation of Thursday's statement regarding assistance from the central authorities (discussed on page 1128). Swedish Match improved on nebulous rumours of reconstruction proceedings. Electrical shares were firm, and brewery shares were bought from the provinces. Cables and Wireless resumed a downward trend. Engineering shares remained out of favour, and little interest was taken in iron and steel shares. Textiles obtained little benefit from the slightly improved results of a number of companies, referred to on page 1148. Tobacco shares were steady. Domestic banking shares were firm. Insurance shares moved in sympathy with conditions in the gilt-edged market.

The oil share market was buoyed up by rumours and counter-rumours regarding the conference in America. Royal Dutch and Shell found moderate support, Paris and Amsterdam being buyers on balance. Complete stagnation ruled in the rubber share market, the heavy reduction in London stocks of the commodity being regarded as an abnormal feature, associated with forestalling in connection with a proposed American import duty. Tea shares were as neglected as ever.

Listless conditions prevailed in the Mining share market. Kaffirs remained fairly firm on moderate Cape support, but Paris took little interest in her usual favourites. Rand Mines, however, advanced and held their rise. Among Rhodesians, Globe and Phoenix were firm, and "Chartered" also improved. Rio Tinto, however, declined on intermittent selling from the Continent. De Beers, similarly, were on offer from Paris.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	May 12, 1932.	May 13, 1932.	May 14, 1932.	May 16, 1932.	May 17, 1932.	May 18, 1932.	May 19, 1932.
Government and Municipal Loans	1,944	2,234			2,261	1,983	1,900
Transport, Communications, and Public Utilities	1,064	993			1,053	963	1,053
Commercial and Industrial	1,513	1,335			1,480	1,417	1,490
Banks, Insurance and Financial	480	598			632	607	662
Mines (including Nitrate)	347	392			359	318	392
Oil	110	140			133	124	91
Rubber, Tea and Coffee	87	54			95	100	82
Total	5,545	5,746			6,013	5,512	5,670

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (1929 = 100.)

Highest of 1932. (Mar. 3.)	Lowest of 1932. (May 3.)	May 12, 1932.	May 13, 1932.	May 14, 1932.	May 16, 1932.	May 17, 1932.	May 18, 1932.	May 19, 1932.
63.7	55.1	55.2	55.4	*	*	55.6	55.5	55.4

* Stock Exchange closed.

FOREIGN STOCK EXCHANGES.

NEW YORK.

Though the volume of business tended slightly to increase, the markets remained dull and irregular. The worst selling occurred over the week-end, when many price indices reached new low levels. A series of half-hearted rallies followed, but sentiment remained depressed. The market did not welcome the prospect of summer sessions at Washington, but was impressed by the doubts voiced by Congress leaders as to the passing of the Tax Bill and other pressing measures in time for adjournment in June before the National Conventions. The bond market was easier in anticipation of a reduction in official purchases from the \$100 millions level of recent weeks. The possibility was canvassed of large issues of Reconstruction Corporation obligations at an early date. The arrangements made by the Corporation for "relief" in respect of railroads and other institutions were known to be heavy. The position of bankers in respect of reconstruction issues was questioned, the desire of the authorities to issue long-term bonds and the banks' policy of holding short-term issues being somewhat conflicting. Oil shares made the best showing in the equity market, thanks to the favourable movement of weekly production figures and increases in gasoline prices. An initial meeting of the members of the Oil Conference on Monday discussed competition in foreign markets, particularly in the Far East, and a separate meeting of representatives of the largest interests, on Tuesday, examined the possibility of special terms to Soviet producers. General trade remained stagnant. The business index of the *New York Times* for the week ended May 7th reached a new low point at 57.1, against 57.6 in the previous week. Freight-car loadings for the same week were 533,677, against 554,000 in the preceding seven days. Steel mill operations, however, were reported at the rate of 25 per cent. of capacity, the increase of 1 per cent. being attributed to the growth in Ford orders.

	May 5, 1932.	May 12, 1932.	May 19, 1932.		May 5, 1932.	May 12, 1932.	May 19, 1932.
U.S. 3½ T. Bds.	100	99½	97½	Natl. Biscuit	32½	33½	33
U.S. 3½ 100	100	100	100	Phelps Dodge	4½	4½	4½
Do. 4½ 101½	101½	101½	101½	Fullman	14½	14½	13½
Do. 4½ 102½	102½	102½	102½	Sears-Robinson	15½	17	17
				Studebaker	4½	4½	4½
Ascherson	35½	33½	29½	Un. Fruit	16	15½	15½
Ches. & Ohio	16	15½	14½	U.S. Leather	1½	1½	1½
Erie	4	3½	2½	U.S. Rubber	3	3½	2½
Illinois Central	10½	9½	7½	U.S. Steel	27½	28½	28½
N.Y. Central	13½	12½	11½	Westinghouse	22½	24	23½
Pennsylvania	10½	10	8½	Woolworth	32½	31½	28½
Southern Pacific	11½	10½	8½				
Southern Ry.	4½	4½	3½	Am. Tel. & Tlg.	96½	97½	95½
Union Pacific	49	48½	41½	Interboro R.T.	7½	7½	6½
Am. Can.	36½	36½	37½	Int. Tel. Telegr.	5½	4½	4½
Amer. Smelting	8½	9	8½	Radio Corp.	3½	3½	3½
Anacosta	4½	4½	4½	Utilities P. & L.	2½	2½	2½
Bethlehem Steel	12½	12½	12½	W. Union Tlg.	21½	21½	19
Chrysler Motor	8½	8½	7½				
Corn Produce Rf.	33	34	33	Associated Gas "A"	2½	2½	1½
Eastman Kodak	45½	45½	41½	Pan. Amer. B.	22½	31½	31
Gen. Electric (N.Y.)	13½	13½	13½	Shell Union	9½	10	11
Gen. Motors	10	10½	10½	Std. California	12½	3	3
Int. Harvester	16½	17½	16½	Do. N.J.	23½	19½	18½
Mont. Ward	6½	6½	6½				

(Continued on page 1146.)

LONDON ACTIVE SECURITY PRICES AND YIELDS.

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

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

Prices Year 1931.	Prices Year 1932 (Jan. 1 to May 18) Inclusive.	Name of Security.	Price May 11, 1932.	Price May 18, 1932.	Rise or Fall.	Present Yield.
High-est.	Low-est.		High-est.	Low-est.		
60 1/2	49 1/2	British Funds.	64	65 1/2	+1 1/2	3 16 4
87 1/2	77 1/2	Consols 2 1/2 % 1945-75.	97 1/2	98 1/2	+1 1/2	4 2 0
85 1/2	75 1/2	Consols 4 % 1945-75.	88 1/2	89 1/2	+1 1/2	3 19 0
104 1/2	94 1/2	Do. 4 1/2 % 1940-44.	105	106	+1	3 18 3
108 1/2	98 1/2	Do. 5 % 1944-64.	109	110	+1	4 1 0
97 1/2	87 1/2	Funding 4 % 1960-90.	98	100	+2	4 0 0
102 1/2	92 1/2	Treasury 4 1/2 % 1932-34.	101	101	—	4 5 0
103 1/2	93 1/2	Treasury 5 % 1935-35.	102	102 1/2	+1/2	4 4 0
98 1/2	88 1/2	Victory Bonds 4 %.	99 1/2	100 1/2	+1 1/2	4 17 6
104 1/2	94 1/2	War Loan 5 % 1929-47.	101 1/2	101 1/2	—	4 0 0
70 1/2	57 1/2	Local Loans 3 %.	73 1/2	75 1/2	+2 1/2	5 0 0
55 1/2	45 1/2	India 2 1/2 %.	49	50	+1	5 0 0
64 1/2	54 1/2	Do. 3 %.	58	60	+2	5 0 0
86 1/2	76 1/2	Do. 4 1/2 % 1958-68.	90 1/2	91 1/2	+1 1/2	5 0 0
106 1/2	96 1/2	Palatine 5 % 42-67.	107	107	—	4 2 9
105 1/2	95 1/2	Sudan 5 1/2 % Bonds.	109	110	+1	5 0 0
99 1/2	89 1/2	Ulster 4 1/2 % 45-75.	99 1/2	100 1/2	+1	4 16 0
85 1/2	75 1/2	Dom. & Colonial Govts.	86 1/2	87 1/2	+1/2	5 9 9
95 1/2	85 1/2	Australia 5 % 1945-75.	96 1/2	97 1/2	+1 1/2	4 9 0
105 1/2	95 1/2	Canada 4 % 1940-60.	106	107	+1	4 12 0
101 1/2	91 1/2	Ceylon 6 % 1936-51.	101	101	—	4 10 0
104 1/2	94 1/2	Gold Coast 4 1/2 % 1956.	105	106	+1	4 12 8
105 1/2	95 1/2	Kenya 5 % 1948-58.	106	106	—	4 12 8
102 1/2	92 1/2	Nigeria 5 % 1950-60.	103	104	+1	4 10 0
81 1/2	71 1/2	N.S. Wales 5 % 35-55.	72	73	+1	6 10 9
82 1/2	72 1/2	N. Zealand 5 % 1945-75.	73	74	+1	6 10 9
102 1/2	92 1/2	Queensland 5 % 40-60.	103	104	+1	6 10 9
81 1/2	71 1/2	S. Africa 5 % 1945-75.	100 1/2	101 1/2	+1 1/2	4 10 0
100 1/2	90 1/2	Stria. Sett. 4 1/2 % 35-45.	101	102	+1	4 10 0
88 1/2	78 1/2	Foreign Governments.	89 1/2	90 1/2	+1/2	8 13 0
105 1/2	95 1/2	Argentina 4 % Recias.	106	107	+1	8 18 9
98 1/2	88 1/2	Austria 6 % 1923-43.	89 1/2	90 1/2	+1/2	20 0 0
56 1/2	46 1/2	Do. 7 % Int. red. by 1957.	47 1/2	48 1/2	+1	10 18 9
112 1/2	102 1/2	B. Aires (Prov.) 5 1/2 %.	103 1/2	104 1/2	+1 1/2	21 16 9
83 1/2	73 1/2	Belgium 7 % red. by 1956.	74 1/2	75 1/2	+1 1/2	13 13 8
79 1/2	69 1/2	Bulgaria 5 % 1924-44.	70 1/2	71 1/2	+1 1/2	14 16 9
94 1/2	84 1/2	Brasil 5 % Fund. 1912.	85 1/2	86 1/2	+1 1/2	28 19 9
52 1/2	42 1/2	Do. 6 1/2 % (1927).	43 1/2	44 1/2	+1 1/2	13 13 4
70 1/2	60 1/2	Chil. 6 % (1929).	61 1/2	62 1/2	+1 1/2	16 12 9
113 1/2	103 1/2	China 5 % (1912).	104 1/2	105 1/2	+1 1/2	18 12 9
86 1/2	76 1/2	Do. 5 % (1913).	77 1/2	78 1/2	+1 1/2	14 14 9
87 1/2	77 1/2	Czechoslovakia 8 %.	78 1/2	79 1/2	+1 1/2	16 12 9
88 1/2	78 1/2	Danish 3 %.	79 1/2	80 1/2	+1 1/2	17 12 9
85 1/2	75 1/2	Danish 6 %.	76 1/2	77 1/2	+1 1/2	18 12 9
76 1/2	66 1/2	Egypt United 4 %.	67 1/2	68 1/2	+1 1/2	10 11 0
79 1/2	69 1/2	Estonia 6 % 1923.	70 1/2	71 1/2	+1 1/2	6 10 0
31 1/2	21 1/2	Finland 6 % 1923.	22 1/2	23 1/2	+1 1/2	5 6 0
30 1/2	20 1/2	French 4 % (British).	21 1/2	22 1/2	+1 1/2	11 5 6
106 1/2	96 1/2	Do. 5 %.	97 1/2	98 1/2	+1 1/2	14 11 9
81 1/2	71 1/2	German 7 %.	72 1/2	73 1/2	+1 1/2	20 5 0
93 1/2	83 1/2	Do. 5 1/2 % Stg. Bds. 1930.	84 1/2	85 1/2	+1 1/2	21 6 9
104 1/2	94 1/2	Greek 6 % Stab. Ln.	95 1/2	96 1/2	+1 1/2	23 12 9
103 1/2	93 1/2	Do. 7 % Refugee.	94 1/2	95 1/2	+1 1/2	24 12 9
111 1/2	101 1/2	Hungary 7 1/2 %.	102 1/2	103 1/2	+1 1/2	25 12 9
105 1/2	95 1/2	Japanese 5 1/2 % 1935-65.	96 1/2	97 1/2	+1 1/2	26 12 9
14 1/2	4 1/2	Do. 6 % (1924).	5 1/2	6 1/2	+1 1/2	17 12 9
85 1/2	75 1/2	Mexican 5 % (1929).	76 1/2	77 1/2	+1 1/2	18 12 9
83 1/2	73 1/2	Norwegian 5 % 1911.	74 1/2	75 1/2	+1 1/2	18 15 9
86 1/2	76 1/2	Peru 7 1/2 % 1922.	77 1/2	78 1/2	+1 1/2	18 15 9
104 1/2	94 1/2	Poland 7 %.	95 1/2	96 1/2	+1 1/2	20 12 9
94 1/2	84 1/2	Romania 6 % 1934-64.	85 1/2	86 1/2	+1 1/2	22 12 9
95 1/2	85 1/2	Swedish 3 1/2 % 1908.	86 1/2	87 1/2	+1 1/2	22 12 9
76 1/2	66 1/2	S. Paulo Coffee 7 1/2 %.	67 1/2	68 1/2	+1 1/2	22 12 9
102 1/2	92 1/2	Turkish 4 % United.	93 1/2	94 1/2	+1 1/2	22 12 9
80 1/2	70 1/2	Uruguay 5 % 1919.	71 1/2	72 1/2	+1 1/2	23 12 9
84 1/2	74 1/2	Corporation Stocks.	75 1/2	76 1/2	+1 1/2	18 15 0
107 1/2	97 1/2	Berlin 6 % 1932-57.	98 1/2	99 1/2	+1 1/2	4 8 3
107 1/2	97 1/2	Birmingham 5 % 1946-75.	98 1/2	99 1/2	+1 1/2	4 11 0
95 1/2	85 1/2	Bristol 5 % 1948-58.	86 1/2	87 1/2	+1 1/2	18 15 9
101 1/2	91 1/2	Danish 7 %.	92 1/2	93 1/2	+1 1/2	22 12 9
105 1/2	95 1/2	L. London 5 % 1960-70.	96 1/2	97 1/2	+1 1/2	20 12 9
101 1/2	91 1/2	Johannesburg 5 1/2 % 1937-52.	92 1/2	93 1/2	+1 1/2	6 7 1/2
71 1/2	61 1/2	L.O.O. 3 %.	72 1/2	73 1/2	+1 1/2	16 10 1/2
107 1/2	97 1/2	Met. Wat. Bd. 3 %.	98 1/2	99 1/2	+1 1/2	3 19 0
107 1/2	97 1/2	Met. Wat. Bd. 3 1/2 %.	98 1/2	99 1/2	+1 1/2	3 19 0
112 1/2	102 1/2	Saine 7 % 1935-50.	103 1/2	104 1/2	+1 1/2	6 0 0
77 1/2	67 1/2	Sydney 5 1/2 % 1954.	68 1/2	69 1/2	+1 1/2	7 13 0
69 1/2	59 1/2	British Railways.	60 1/2	61 1/2	+1/2	29 15 9
194 1/2	184 1/2	G. Western Ord. Stk.	195 1/2	196 1/2	+1 1/2	18 15 9
184 1/2	174 1/2	L. & N.E. Stn. Def. Stk.	185 1/2	186 1/2	+1 1/2	18 15 9
144 1/2	134 1/2	Do. 5 % Pref. Ord.	145 1/2	146 1/2	+1 1/2	17 13 9
44 1/2	34 1/2	Do. 5 % Pref. 1955.	35 1/2	36 1/2	+1 1/2	6 4 0
34 1/2	24 1/2	Do. 4 % 2nd Pref. Stk.	25 1/2	26 1/2	+1 1/2	6 1 3
59 1/2	49 1/2	L.M.S. Ord. Stk.	50 1/2	51 1/2	+1 1/2	13 10 1/2
69 1/2	59 1/2	4 % Pref. Stk. 1923.	60 1/2	61 1/2	+1 1/2	16 9 4
69 1/2	59 1/2	Metropolitan Cons.	60 1/2	61 1/2	+1 1/2	16 9 4
23 1/2	13 1/2	Met. Dist. Ord. Stk.	14 1/2	15 1/2	+1 1/2	20 7 1/2
66 1/2	56 1/2	Southern Def. Stk.	57 1/2	58 1/2	+1 1/2	23 12 9
23 1/2	13 1/2	Do. 5 % Pref. Ord. Stk.	14 1/2	15 1/2	+1 1/2	16 9 9
92 1/2	82 1/2	Do. 5 % Pref. Stk.	83 1/2	84 1/2	+1 1/2	9 1 9
24 1/2	14 1/2	Underground Ord. Stk.	15 1/2	16 1/2	+1 1/2	8 5 0
51 1/2	41 1/2	Dom. & Foreign Ry.	42 1/2	43 1/2	+1 1/2	38 19 9
53 1/2	43 1/2	Antofagasta Ord. Stk.	44 1/2	45 1/2	+1 1/2	23 14 9
71 1/2	61 1/2	B.A. & Pacific Ord. Stk.	62 1/2	63 1/2	+1 1/2	27 18 9
85 1/2	75 1/2	B.A. Gr. Stn. Ord. Stk.	76 1/2	77 1/2	+1 1/2	27 18 9
85 1/2	75 1/2	B.A. Western Ord. Stk.	76 1/2	77 1/2	+1 1/2	27 18 9
72 1/2	62 1/2	C. Argentine Ord. Stk.	63 1/2	64 1/2	+1 1/2	12 5 3
73 1/2	63 1/2	C. Uruguay Monte V.	64 1/2	65 1/2	+1 1/2	12 5 3
46 1/2	36 1/2	Can. Pacific Cons. (25).	37 1/2	38 1/2	+1 1/2	16 10 1/2
16 1/2	6 1/2	Can. Nat. 1927 Guar. 4 %.	17 1/2	18 1/2	+1 1/2	10 9 9
29 1/2	19 1/2	Cordoba Ord. Stk.	20 1/2	21 1/2	+1 1/2	6 2 3
22 1/2	12 1/2	Do. 7 % 1st Pref. Stk.	13 1/2	14 1/2	+1 1/2	6 2 3
22 1/2	12 1/2	Do. 5 % 2nd Pref. Stk.	13 1/2	14 1/2	+1 1/2	6 2 3
29 1/2	19 1/2	Oeste Rica Ord. Stk.	20 1/2	21 1/2	+1 1/2	11 15 0
32 1/2	22 1/2	Entre Rica Ord. Stk.	23 1/2	24 1/2	+1 1/2	10 0 0
58 1/2	48 1/2	6 % Cum. Pref. Stk.	49 1/2	50 1/2	+1 1/2	14 2 0
58 1/2	48 1/2	Do. 4 % 2nd Pref. Stk.	49 1/2	50 1/2	+1 1/2	19 10 0
81 1/2	71 1/2	G.W. of Brazil Ord. Stk.	72 1/2	73 1/2	+1 1/2	—
24 1/2	14 1/2	In. Ry. C. Am. No.	15 1/2	16 1/2	+1 1/2	—
24 1/2	14 1/2	Leopoldina Ord. Stk.	15 1/2	16 1/2	+1 1/2	—
24 1/2	14 1/2	Do. 5 1/2 % Cum. Pref. Stk.	15 1/2	16 1/2	+1 1/2	—
24 1/2	14 1/2	Nitrate Ry. (610) Ord.	15 1/2	16 1/2	+1 1/2	—

† Free of Income Tax.

Prices Year 1931.		Prices Year 1932 (Jan. 1 to May 18) Inclusive.		Name of Security.		Price May 11, 1932.		Price May 18, 1932.		Rise or Fall.		Present Yield.					
High-est.	Low-est.	High-est.	Low-est.														
Coal, &c.—cont.																	
4/3	1/4	3/8	2/0	Baldwins 4/—	2/6	2/3	—3d	NH	11/7	5/1	7/1	5/3	Anglo-Bucardian £1...	6/—	6/3	+3d	NH
17 1/2	8/9	2/6	2/3	Bengal Iron £1	3/1	3/1	—	NH	48/—	20/—	28/5	20/—	Anglo-Egyptian B £1...	25/—	25/—	—	8 0 0
19 1/2	10/—	2/6	2/3	Beyer Peacock £1	6/3	6/3	—	NH	56/10	26/10	42/2	29 1/4	Anglo-Perian £1	33/9	33/9	—	8 18 0
4/6	1/—	2/1	1/1	Bolshevik Colly Ord. £1	17/6	17/6	—	8 0 0	12/6	5/6	11/3	8/3	Attock £1	11/3	11/3	—3d	8 17 9
9/10 1/2	2/6	1/10	6d.	Brown (John) Ord. 6/—	1/3	1/3	—	NH	20/—	1/3	1/3	1/3	Attock £1	1/3	1/3	+5/9	NH
63 1/2	44/6	5/6	5/6	Cammell Laird £1	5/6	5/6	—	NH	72/6	30/9	47/6	33/9	Bat. Cont. Oil (V.T. Co.)	43/9	47/6	+3/9	7 7 0
7/3	2/3	4/6	2/6	Consent Iron £1	54/3	54/3	—	6 7 6	9/3	4/7	8/0	4/9	Burmah Oil £1	5/3	5/6	—3d	NH
9/—	2/6	5/8	3/6	Cory, William, £1	3/—	3/—	—	NH	3/2	1/1	2/6	1/4	Canadian Eagle, no par	1/9	1/9	—	8 0 0
2/6	1/—	10d	4d	Do. 8 % Non. Om. P.O. £1	3/6	3/6	—	NH	30/—	12/6	27/2	16/3	Central River Oil 10/—	23/9	25/—	+1/3	NH
2/6	1/—	10d	4d	Ebbw Vale Ord. £1	1/—	1/—	—	NH	10/9	5/6	8/6	5/7	Liberty Oilfields £1	51/0	51/0	—	25 0 0
2/6	1/—	10d	4d	Do. 7 % Cum. Pref. £1	9d	9d	—	NH	26/8	9/6	20/—	13/1	Mexican Eagle (£10/6)	13/1	13/1	—	3 14 0
2/6	1/—	10d	4d	Guest Keen, &c. £1	11/6	11/6	—	NH	76/3	26/3	50/7	29/4	Royal Dutch (£8 1/2)	34/3	35/—	+9d	4 6 9
2/6	1/—	10d	4d	Hadfield £1	4/6	4/6	—	NH	30/1	10/—	28/5	21/9	Shell £1	27/6	27/6	—	3 15 0
2/6	1/—	10d	4d	Har. & W. 6 % Cum. Pref.	15/—	15/—	—1/3	7 5 0	35/11	15/6	27/2	16/3	Trinidad Leaseholds £1	21/3	24/3	+3/—	8 4 3
2/6	1/—	10d	4d	Horden Collieries £1	16/3	16/3	—	12 6 9					V.O.C. Ord. £1				
2/6	1/—	10d	4d	Lambert Bros. £1	3/9	3/9	—	NH	20/6	16/7	21/3	18/—	Oil				
2/6	1/—	10d	4d	Millom & Askan £1	6/3	6/3	—	6 8 0	33/3	15/—	16/9	15/—	Aerated Bread £1	20/—	19/3	—9d	5 3 3
2/6	1/—	10d	4d	Ocean Coal & Wilsons	1/9	1/9	—3d	NH	17/9	7/3	14/—	10/—	Agar Cross £1	10/—	15/—	—	NH
2/6	1/—	10d	4d	Pesal and Partners £1	4/6	4/6	—3d	NH	3/9	1/3	2/4	2/4	Alfred Newspapers £1	10/—	10/9	—	NH
2/6	1/—	10d	4d	Powell Duffryn £1	20/—	20/—	—	4 0 0	20/—	11/—	13/6	10/6	Amal. Denton Def. 3/—	12/6	12/6	—	7 2 9
2/6	1/—	10d	4d	S. Durham Steel £1	6/3	6/3	—	NH	38/6	21/3	28/9	20/7	Army & Navy 10/—	22/6	22/6	—	5 11 0
2/6	1/—	10d	4d	Do. B. Ord. £1	25/—	25/9	—1/3	5 1 0	20/9	9/9	18/—	9/4	Assorted News. Def. 5/—	15/—	15/—	—	13 6 9
2/6	1/—	10d	4d	Staveley Coal, &c. £1	12/6	12/6	—	NH	27/6	18/6	27/—	22/10	Assoc. P. Cement £1	20/—	24/—	—	6 13 3
2/6	1/—	10d	4d	Stewart & Lloyds £1	13/—	13/—	—	7 6 9	65/—	52/6	67/3	53/6	Barker (John) £1	60/—	61/3	+1/3	10 9 0
2/6	1/—	10d	4d	Swan Hunter £1	1/6	1/6	—	NH	43/1	23/1	31/6	23/7	Barry & Staines Lino.	26/3	25/—	—1/3	6 0 0
2/6	1/—	10d	4d	Thomas (Richard) £1	1/6	1/6	—	NH	14/3	7/—	11/6	7/4	Borax deferred £1	81/3	7/9	—4d	NH
2/6	1/—	10d	4d	6 1/2 % Cum. Tax free P.O. £1	6/6	6/6	—	NH	37/6	29/4	33/3	24/3	Brown Def. £1	7/15	7/15	—	7 15 0
2/6	1/—	10d	4d	Thornycroft, John, £1	£40 1/2	£39 1/2	—£1	10 15 0	28/3	18/3	23/3	21/3	British Aluminium £1	22/6	22/6	—6d	4 10 6
2/6	1/—	10d	4d	U. States Steel £100	6/3	6/3	—	5 6 9	26/—	20/3	25/9	18/9	British Match £1	23/1	23/1	—	5 3 6
2/6	1/—	10d	4d	Vickers 6 1/2 %	6/3	6/3	—	6 17 0	105/—	65/7	82/6	72/3	Brit. Am. Tobacco £1	73/9	75/—	+1/3	5 7 0
2/6	1/—	10d	4d	Wardale & Co. £1	18/1	17/6	—7d		24/6	9/6	11/6	6/6	Carton Hotel £1	7/6	7/6	—	8 0 0
Textiles.																	
2/6	1/—	10d	4d	B. Ctn. & Wool Da. 5a.	4/—	4/—	—	4 0 0	37/—	25/—	31/3	22/—	Carver's "A" Ord. £1	3/1	3/1	—	9 10 0
2/6	1/—	10d	4d	Bleachers £1	9/3	9/3	—	NH	20/6	12/—	11/6	7/—	Chinese Eng's £1	25/—	25/—	—	2 0 0
2/6	1/—	10d	4d	Bradford Dyers (£1)	15/—	15/—	—	NH	5/7	1/6	2/1	1/2	Citizens' Manuf. £1	7/6	7/6	—	5 15 0
2/6	1/—	10d	4d	Brit. Celanese Ord. (10/—)	6/7	6/6	—1d	NH	39/—	14/1	15/2	7/6	Debenhams Sec. (5/—)	11/6	10/—	—1/—	NH
2/6	1/—	10d	4d	Do. 7 % 1st Om. P.O. £1	6/9	6/6	—3d	NH	45/7	17/1	15/2	7/6	Dunlop £1	10/—	10/—	—	NH
2/6	1/—	10d	4d	Do. 7 1/2 % 2nd Om. P.O. £1	6/6	6/6	—6d	NH	23/6	27/—	25/4	20/6	Ever & Muscat Ind. £1	10/7	8/9	—11/10	NH
2/6	1/—	10d	4d	Calico Printers £1	7/3	7/1	—	5 0 0	71/3	40/6	50/—	39/—	Ever Ready Co. 5/—	22/3	22/—	—	7 14 0
2/6	1/—	10d	4d	Cardigan & Co. (£1)	38/—	40/—	—1/4	3 7 0	6/3	2/3	3/9	2/3	Finlay (James) & Co. £1	40/—	41/3	+1/3	4 7 3
2/6	1/—	10d	4d	Cottons & Co. (£1)	30/7	29/3	—7d	8 12 0	74/6	10/4	10/4	6/9	Frederick Hume & Co. £1	2/6	2/6	—	NH
2/6	1/—	10d	4d	Cottons & Co. (£1)	23/9	23/1	—1/4	5 11 0	15/3	6/3	8/9	4/6	Gaumont-Brit. (10/—)	7/—	6/9	—3d	8 11 3
2/6	1/—	10d	4d	English Sew. Ctn. £1	13/1	13/1	—	5 11 0	59/9	42/6	54/3	45/—	Harrods £1	28/9	30/—	+1/3	8 6 9
2/6	1/—	10d	4d	English Velve, &c. £1	11/3	11/3	—	6 0 0	15/6	11/3	15/6	12/9	Harrods £1	5/—	5/—	—	NH
2/6	1/—	10d	4d	Fine Cotton Spinners £1	13/9	12/6	—1/3	2 0 0	17/1	11/3	17/1	13/4	Homes & Colson (£10/—)	48/9	48/9	—	7 0 0
2/6	1/—	10d	4d	Linen Thread (£1)	25/—	25/—	—	2 0 0	21/3	9/—	17/1	13/4	Imperial Dist. (£10/—)	14/3	14/3	—	6 13 3
2/6	1/—	10d	4d	Listers (£1)	13/9	12/6	—1/3	2 0 0	17/1	11/3	17/1	13/4	Imperial Dist. (£10/—)	13/9	13/9	—	6 9 0
2/6	1/—	10d	4d	Patons & Baldwins £1	25/—	25/—	—	2 0 0	21/3	9/—	17/1	13/4	Imperial Dist. (£10/—)	3/9	3/9	—	NH
2/6	1/—	10d	4d	Saia Viscosa Lire 200	1/—	1/—	—	(Div. 6%)	72/6	82/2	74/0	3/5	Imperial Dist. (£10/—)	76/3	77/1	+10d	5 16 0
2/6	1/—	10d	4d	Whitehead & Mitchell £1	47/6	46/3	—1/3	9 12 0	55/11	72/6	82/2	74/0	Imperial Holdings	7/6	7/6	—	NH
Electrical Manufacts.																	
2/6	1/—	10d	4d	Associated Elec. (£1)	17/6	16/3	—1/3	4 18 6	22/—	18/10	26/1	20/—	International Tea 5/—	25/6	25/6	—	5 16 6
2/6	1/—	10d	4d	British Insulated (£1)	53/9	56/3	+2/6	5 4 3	62/7	65/6	61/0	10/4	Krupper & T. (or 100)	26/—	26/—	—	5 15 0
2/6	1/—	10d	4d	Callenders (£1)	51/3	51/3	—	5 17 0	24/3	20/—	24/3	20/—	Lever 7 % Cum. £1	26/—	24/6	—6d	6 11 0
2/6	1/—	10d	4d	Crompton Parkinson 5/—	17/6	17/6	—	8 0 0	25/7	19/3	24/6	20/—	Bros. 1 % Cum. "A" £1	43/7	43/7	+7d	8 12 0
2/6	1/—	10d	4d	English Electric £1	8/9	8/9	—	5 12 0	41/—	30/6	40/—	29/10	Do. 20 % Om. P.O. £1	25/3	26/3	+7d	13 6 9
2/6	1/—	10d	4d	General Electric (£1)	45/—	45/—	+6d	5 16 6	101/3	81/3	98/9	91/10	London Brok £1	30/6	30/6	—6d	4 17 0
2/6	1/—	10d	4d	Hawley (W. T.) £1	17/6	17/6	—	5 15 0	34/3	24/1	33/—	23/—	Mambré and Garton £1	20/—	20/—	—	10 6 0
2/6	1/—	10d	4d	Johns & Phillips £1	20/—	21/3	+1/3	7 1 2	68/1	107/6	89/4	89/4	Mack & Spencer 10/—	106/9	106/9	—	7 10 0
2/6	1/—	10d	4d	Siemens £1	20/—	21/3	+1/3	7 1 2	68/1	107/6	89/4	89/4	Marble Dairy 2/—	2/6	2/6	—	NH
2/6	1/—	10d	4d	Siemens £1	20/—	21/3	+1/3	7 1 2	68/1	107/6	89/4	89/4	Mayall Brothers £1	2/6	2/6	—	NH
2/6	1/—	10d	4d	Siemens £1	20/—	21/3	+1/3	7 1 2	68/1	107/6	89/4	89/4	Pinchin Johnson 10/—	22/6	22/6	—	7 14 0
2/6	1/—	10d	4d	Siemens £1	20/—	21/3	+1/3	7 1 2	68/1	107/6	89/4	89/4	Potash Syn. 7 % Old.	73/3	73/3	—	9 10 6
2/6	1/—	10d	4d	Siemens £1	20/—	21/3	+1/3	7 1 2	68/1	107/6	89/4	89/4	dicale of 6 1/2 % Bds	67/1	67/1	—	9 12 9
2/6	1/—	10d	4d	Siemens £1	20/—	21/3	+1/3	7 1 2	68/1	107/6	89/4	89/4	Reckitt & Sons Ord. £1	7/6	7/6	—	4 7 0
2/6	1/—	10d	4d	Siemens £1	20/—	21/3	+1/3	7 1 2	68/1	107/6	89/4	89/4	Salt Union £1	26/3	26/3	—	7 0 0
2/6	1/—	10d	4d	Siemens £1	20/—	21/3	+1/3	7 1 2	68/1	107/6	89/4	89/4	Savoy Hotel £1	13/9	13/9	—	7 0 0
2/6	1/—	10d	4d	Siemens £1	20/—	21/3	+1/3	7 1 2	68/1	107/6	89/4	89/4	Swiss Alp. £1	20/—	20/—	—	7 0 0
2/6	1/—	10d	4d	Siemens £1	20/—	21/3	+1/3	7 1 2	68/1	107/6	89/4	89/4	Sears (J.) Ord. 5/—	16/3	15/—	—1/3	6 13 3
2/6	1/—	10d	4d	Siemens £1	20/—	21/3	+1/3	7 1 2	68/1	107/6	89/4	89/4	Slater and Bodega £1	22/—	22/—	—	9 0 0
2/6	1/—	10d	4d	Siemens £1	20/—	21/3	+1/3	7 1 2	68/1	107/6	89/4	89/4	Spillers Ord. £1	36/—	36/—	—	8 5 6
2/6	1/—	10d	4d	Siemens £1	20/—	21/3	+1/3	7 1 2	68/1	107/6	89/4	89/4	Steel, Mach. B. (or 100)	7/6	7/6	—	NH
2/6	1/—	10d	4d	Siemens £1	20/—	21/3	+1/3	7 1 2	68/1	107/6	89/4	89/4	Telex & Lyle £1	33/9	33/9	+2/6	6 12 0
2/6	1/—	10d	4d	Siemens £1	20/—	21/3	+1/3	7 1 2	68/1	107/6	89/4	89/4	Tilling, Thos. £1	53/9	53/9	—	7 8 9
2/6	1/—	10d	4d	Siemens £1	20/—	21/3	+1/3	7 1 2	68/1	107/6	89/4	89/4	Trove Investments £1	23/9	23/9	—	6 14 9
2/6	1/—	10d	4d	Siemens £1	20/—	21/3	+1/3	7 1 2	68/1	107/6	89/4	89/4	Turner & Newall £1	23/9	23/9	—	4 4 2
2/6	1/—	10d	4d	Siemens £1	20/—	21/3	+1/3	7 1 2	68/1	107/6	89/4	89/4	Unilever £1	25/7	26/3	—9d	7 12 6
2/6	1/—																

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, May 11, 1932.	Price, May 18, 1932.
Agricultural Mortgage Corporation 4½% Deb. Stock 1961-91.....	95	25	4½-4½ pm	4½-5½ pm
Brasil 5% 20 Yr. Funding "A".....	100	...	53-54	53-54
Do. Funding "B".....	100	...	35-36	34½-35½
Bristol Corporation. 4½% Red. Stk. 1952-62	100½	20½	7-1½ pm	2½-8 pm
British Power and Light 6% Cum. Pref. £1	£1	10/-	...	par 3d. 3d. pm
Burnley 4½% Stk. 1952-62.....	100	20½	par-2 pm	7-14 pm
Central Electricity Board 5% Debts.....	95	75	8½-9½ pm	9-10 pm
County of London Electric New Ord.....	38½	...	11½-2/- pm	2½-3/- pm
Croydon Corporation 5% Stock 1950-60.....	100	65	6½-7 pm	6½-7 pm
Darlington Rustless Steel and Iron Ord. £1	...	£1	21½-22½	21½-22½
Electrical Distribution of Yorkshire 6% Preference £1.....	21½-	5/-	3/-3/6 pm	3/-3/6 pm
Ever Ready New Ord. 10/-.....	...	...	10/10½-11½ pm	10/11-10/17½ pm
Fortnum and Mason 7% Cum. Pref. £1.....	21½-	5/-	1/-1/6 pm	1/3-1/9 pm
Hull Corporation 4½% Stk. 1952-72.....	100½	30½	½ dis-½ pm	¾ pm
India 5% 1942-47.....	95	25	3½-3½ pm	4½-4½ pm
Lever Bros. 5% Debts.....	98	80	5½-5½ pm	6½-7½ pm
London and Home Counties Joint Electricity Authority 5% Stk. 1951-71.....	101½	21½	2½-3 pm	3½-4 pm
Lyons (J.) and Co. 7% Pref.....	22½	...	26½-29-2/3	27½-27½
Mars and Spencer & A. Ord.....	97½	27½	2-1½ dis	3½-2½ dis
Mecano 6% Debts.....	96	25	2½-1½ dis	1½ dis-par
Metal Box 5½% Debts.....	21½-	6/-	1/6-6d, dis	1/-6d. par
Do. 7% Cum. Pref. £1.....	21½-	fy. pd.	1/3-1/9 pm	1/6-2/ pm
Murex 7% Pref.....	97½	40	7-7½ pm	7½-7½ pm
Metropolitan District Railway 5% Deb. 1985-95.....	97½	45	6½-6½ pm	7½-7½ pm
Metropolitan Railway 5% Deb. 1957-62	98½	28½	1-½ dis	1-½ dis
New Zealand 5% Ins. Stk. 1955-75.....	97½	...	10-10½	10½-10½
Nyasaland 4½% Gtd. 1952-72.....	97½	fy. pd.	105½-106½	105½-106½
Poole Corporation 5% Stock 1952-72.....	23½-	8/-	...	9d.-1/- pm
Scottish Power 6% Cum. Pref. £1.....	94	10	8½-9½ pm	8½-9½ pm
Shropshire, Worcestershire, &c. Elec. Power 5% Deb. 1952-82.....	100	36	4½-3½ dis	3-2 dis
Slaters and Bodegas 5½% Debts.....	100	25	1-2 pm	1-2 pm
Swansea Gas 5½% Pref.....	97½	22½	½-½ pm	½-½ pm
Treasury Bonds 3% 1933-42.....	99½	19½	1-1½ pm	2-2½ pm
West Bromwich Corpn. 4½% Red. Stock 1955-65.....	99½	19½	1-1½ pm	2-2½ pm

(Continued from page 1143.)

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

	1930.		1931.		1932.		
	Lowest.	Highest.	Lowest	Highest.	Be- ginning of Year.	May 11.	May 18.
337 Industrials ...	98·2	174·1	51·4	114·7	52·2	40·6	37·7
33 Rails.....	89·1	145·6	31·7	105·7	32·2	19·4	16·6
34 Utilities.....	153·2	267·4	90·6	187·6	91·8	72·1	66·5
Total, 404 stocks...	105·5	184·2	54·7	124·6	55·5	42·4	39·2
Average yield of 50 Industrial Common Stocks	4·15%	5·95%	9·37%	5·11%	9·29%	9·74%	9·65%

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

Highest of 1932 (Mar. 8).	Lowest of 1932 (May 18)	May 11, 1932.	May 12, 1932.	May 13, 1932.	May 15, 1932.	May 16, 1932.	May 17, 1932.	May 18, 1932.
68.9	42.1	46.0	44.5	42.9	42.1	42.8	42.9	42.1

TOTAL DEALINGS IN NEW YORK.

	May 13, 1932.	May 14, 1932. *	May 16, 1932.	May 17, 1932.	May 18, 1932.	May 19, 1932.
Stock Exchange—						
Shares (Thous.)	900	600	1,300	900	700	700
Bonds (Value						
Thous. \$).....	10,129	5,319	6,855	9,526	8,119	12,163
Curb—						
Shares (Thous.)	120	80	160	130	120	110

* 2-hour session.

PARIS.

The Paris Bourse remained unsettled, in view of domestic political uncertainties. Dealings were mainly professional, and the tone was pessimistic. South African gold-mining shares, however, largely withstood the prevailing tendency. A slight hardening of prices on Wednesday was followed by an all-round improvement on the following day.

	May 11, 1932.	May 13, 1932.	May 15, 1932.		May 11, 1932.	May 13, 1932.	May 15, 1932.
Banque de France	11,580	11,545	11,385	Wagona Lite	89	87	85
Crédit Lyonnais...	1,373	1,722	1,710	Mexican Eagle	28	27	28
Comp. Canal	15,420	13,400	13,340	Chartered	80	78	79
Chargeurs Réunis	1,211	1,193	1,189	Ford	110	110	110
De Sinto	1,148	1,100	1,100	De Beers	232	244	239
Royal Dutch	12,200	11,725	12,400	" " " " " " " "	95	94	94

BERLIN.

Conditions on the Berlin Bourse were quiet and dull. Mining shares, exceptionally, were cheerful, and Reichsbank continued to improve, but other banking shares lost ground. Electricity issues proved reactionary and rayon shares showed weakness.

	Apr.	May	May		Apr.	May	May
	28,	15,	19,		28,	13,	19,
	1932.	1932.	1932.		1932.	1932.	1932.
Reichsbank.....	115	116½	115½	A. E. G.	28	24½	22½
Disconto	38½	36½	35	Siemens & Halske	105½	113	107
Dresdner	23	20½	20	A. K. U.	35½	41½	36
Norddeutscher				Svenska Tandsticks	12	9½	12
Lloyd	16½	13	12½				

AMSTERDAM.

Business was restricted and quotations irregular. Royal Dutch were an active feature, on optimistic expectations regarding the world oil conference in New York. In mid-week, the tone became firmer. Improvements were recorded by Unilever and Philips Lamps. Little change occurred in sugar shares. Though quotations for rubber shares were steady, the volume of trading was very small.

	May 12, 1932.	May 13, 1932.	May 14, 1932.		May 12, 1932.	May 13, 1932.	May 14, 1932.
2½ % Dutch Loan	534	534	534	Steel Common	296	296	296
5 % German	106	102	31½	A. K. U.	30½	27½	24½
Unilever N.V.....	716	688	661	Dell Motor.....	100½	100½	99½
Philips' Lamps	101	102	66½	Dell Battery	92	87	87
Netherland Ship	47½	45½	46½	Royal Dutch	122	114	122
Java Cultuur	96	95	95	Handels Ams.....	141	138	135

OTHER CENTRES

A paucity of business was experienced on most of the minor European Bourses. Quotations at Frankfurt had a heavy appearance, electrical shares being particularly weak. Swedish Match were slightly better at Stockholm, where conditions generally were firmer than of recent weeks. Brussels was hesitant and irregular, in sympathy with conditions in Paris.

INVESTMENT NOTES.

Australian Loans.—The rise in Australian Government securities following the dismissal of Mr Lang by the Governor of New South Wales, together with the rout of the Labour Party in the elections in Victoria, has stimulated business in the Australian market. Rises of several points have been general in New South Wales stocks, which have hitherto lagged behind the gradual advance in other Australian State loans. The following table gives the present prices of representative loans as compared with the lowest of 1932:—

	Lowest 1932.	Close on May 13.	May 19.	Yield %
Commonwealth 5%, 1945-75...	75	90 $\frac{1}{2}$	94	5 9 3
New South Wales 5 $\frac{1}{2}$ %, 1947-57	61 $\frac{1}{2}$	79 $\frac{1}{2}$	85 $\frac{1}{2}$	6 6 6
Do. 5 %, 1945-65	60	76 $\frac{1}{2}$	82 $\frac{1}{2}$	6 1 3
Queensland 5%, 1940-60	70	81	86 $\frac{1}{2}$	5 17 0
S. Australia 5%, 1945-75	69	86 $\frac{1}{2}$	90 $\frac{1}{2}$	5 13 6
Victoria 5%, 1945-75	67	85 $\frac{1}{2}$	89 $\frac{1}{2}$	5 15 0
W. Australia 5%, 1945-75.....	74	86 $\frac{1}{2}$	90 $\frac{1}{2}$	5 13 6

Until the elections in New South Wales have been held, it must not be assumed that Mr Lang and his Party have been eliminated from the political scene. The good impression already created, however, has been confirmed by a cable sent by Mr B. S. B. Stevens, the Acting Prime Minister of New South Wales, to the Agent-General in London, who had apparently circulated a pamphlet of the Lang Government containing proposals for a temporary suspension of interest. The Acting Prime Minister declares that the New South Wales Government has pledged itself on behalf of the people completely to observe the decisions of the last Premiers' Conference for the rehabilitation of the Commonwealth and the States. The Stevens Administration, he declares, "unreservedly accepts its responsibility to both internal and external bondholders." If the elections in New South Wales go the way expected, the political risk attaching to Australian Government loans will be considerably reduced. Market values should then be free to reflect the improvement in the economic and financial position of the Commonwealth.

Austrian Bonds.—The urgent appeal for help of the Austrian Government to the League of Nations has had a disturbing effect on the market in Austrian Government bonds. Dr. Buresch, the Austrian Chancellor, in his Note to the League, asking for the Financial Committee to be convened at once to consider means of saving the country from a financial catastrophe, indicated that Austria would be virtually bankrupt unless the League of Nations granted another loan. The country was faced, according to his statement, with the prospect of either exhausting its foreign currency reserves by assigning foreign exchange, as hitherto, for the service of the external debts, or of suspending the foreign debt service entirely. The latter decision would destroy Austrian credit if the League had not previously admitted that default was justified. On the other hand, the depletion of the foreign currency reserve might lead to a situation in which it would become impossible to obtain imports absolutely necessary for the population. The following table shows how the market in Austrian Government bonds has taken the shock of this announcement:—

	Highest Prices.		Present		
	1931.	1932.	May 13.	Price.	Yield %
					$\frac{s.}{d.}$
Austrian 6% Guaranteed Loan, 1931 ...	105½	100½	87	81	8 10
Austrian 7%	98½	50	39½	34	10 5 9

The Austrian 6 per cent. Guaranteed Loan was the first

The Austrian 6 per cent. Guaranteed Loan was the first of the League of Nations' reconstruction loans. It has always been popular with investors, partly because the loan is guaranteed as to both principal and interest by external Powers in the proportions of 24½ per cent. (each) by Great Britain, France and Czechoslovakia, 20½ per cent. by Italy, 2 per cent. (each) by Belgium and Sweden, and 1 per cent. (each) by Denmark and Holland. The guarantor States have deposited with the National Bank of Switzerland their own bonds of like tenor and currency to cover the amount of their guarantees in respect of this issue. This provision explains why Czechoslovakian 8 per cent. Sterling Bonds fell two points on Wednesday and four points on Thursday, the present price being 89. Apart from these guarantees, the Austrian 6 per cent. Guaranteed Loan is secured on the gross receipts of the Customs duties and the tobacco monopoly, which are paid into a special account. A default on this—the premier—League of Nations reconstruction loan would tend to damage the financial prestige of the League of Nations and to check any recovery in international lending of a large-scale public character.

Japanese Bonds.—The assassination of the Japanese Premier reminded the foreign bond market that there was a political as well as an economic risk attaching to investment in Japanese securities at the present time—a fact which had largely been overlooked. Apart from economic considerations, a country where a change of government by violent means is a present possibility can hardly enjoy as high a credit in the capital market as a country with more stable political institutions. To what extent political instability is due to economic difficulties is a matter for discussion. It was apparent that the last Government was unable to balance its Budget and, so far as we know, the present Government has not yet been able to introduce a new Budget to meet the present emergency in State finance. The Japanese Budget is divided into current revenue and loan programmes, and it is clear that the loan budget will be heavily increased. An internal loan of 500 million yen is already being canvassed. In addition to unemployment relief, the costs of military operations have to be provided for. It is probable that Japan may be committed to further expenditure in policing Manchuria, which may involve guerilla warfare of an expensive kind. With an uncertain Budget deficit, the possibility of inflation has, therefore, to be borne in mind. As regards the balance of trade, it is unfortunate that a single commodity—raw silk—accounts for as much as 40 per cent. to 50 per cent. of the total exports. Until a recovery occurs in America, which is the chief market for this product, the price of raw silk can scarcely be expected to rise significantly. The export of Japanese cotton goods has been affected by the boycott in China, the

increased tariffs in India and, before the suspension of the gold standard by Japan, by the competition of British goods selling in depreciated pounds. The depreciation in the yen should now enable Japan to meet British competition, but the stimulation to her export trade which a depreciated exchange would normally bring is lessened by the fact that nearly half the world is already off the gold standard. Japan is likely to seek a restriction of imports to balance her overseas trade, but for the time she may be faced with a debit on her international account. The next table shows the present prices of Japanese Government securities as compared with the highest prices ruling this year:—

	Highest Price, 1932.	Present Price.
Japan 4 per cent., 1899	64	49
Japan 5 per cent., 1907	80	62
Japan 6 per cent., 1924	91	70
Tokyo, City of, 5½ per cent.	83	65
Tokyo, City of, 5½ per cent. Con- version*.....	100½	74

* Payable in gold dollars.

While there is no present suggestion that Japan is likely to suspend her external debt service, it is significant that the assassination of the Prime Minister caused a fall of 3 to 4 points in Japanese Government bonds.

Argentine Railway Stocks.—The stocks of the "Big Four" railways of Argentina have recovered slightly from this year's lowest levels. The traffic figures for the first 46 weeks of the current year and the recent course of market quotations are shown below:—

Railway.	Gross Receipts 46 weeks 1931-32.	Compared with corresponding 1930-31.	Ordinary Stock.			Yield. %
			Highest Price, 1929-31.	Lowest Price, 1932.	Present Price.	
B.A. Great Southern....	Th. £ 9,561	Th. £ - 375	111	21½	27	£ s. d. 3 14 0
Central Argentine.....	9,846	+ 108	100	20½	23	4 3 0
B.A. and Pacific.....	5,733	- 468	108	12	14	Nil
B.A. Western.....	3,353	+ 12	100	15	20	Nil

The receipts make a mixed showing, and the trend of recent weekly returns has been downwards. The market, however, has been reassured by an interim statement made by the B.A. Great Southern early this month. This declared that the fall in gross receipts this year was more than offset by economies in working expenses, that exchange losses had been less than for the corresponding period last year, that the company had no bank overdrafts, and that there was no reason to anticipate difficulty in meeting debenture interest and preference dividends on their appropriate dates. A statement of similarly hopeful tenor was simultaneously made by the B.A. Western. The Argentine economic situation, at least, has not markedly deteriorated in recent months. Cereal prices have ceased to decline with the embarrassing rapidity of 1930-31. Crop yields for the season 1931-32 have been satisfactory. The new Government continues to show determination in following its policy of retrenchment. Further, although, under the present system of restriction, there is a certain artificiality in the exchange market for the peso, the railway companies' exchange losses may be lower this year than last. Nevertheless, even if the further decline in expenses on the B.A. Great Southern is common, in greater or less degree, to the other lines, it by no means follows that last year's ordinary dividends will be maintained. The last ordinary payment of 1 per cent. by B.A. Great Southern was not fully covered by earnings. The Central Argentine Railway, however, being more dependent upon certain descriptions of outward goods traffic, particularly maize, has reflected the slight improvement in the outlook somewhat earlier. In addition, its consolidated ordinary stock is relatively "high-gear," and any improvement through increased earnings and lower exchange losses will inure directly to the benefit of the ordinary stockholders, whose 1 per cent. dividend last year was fully covered. The B.A. Pacific is more dependent upon the wine traffic than the other lines, and in view of the downward trend of receipts, the

immediate position of the second preference stock is not certain. The debenture stocks, however, appear secure. The B.A. Western, which works in fairly close conjunction with the B.A. Great Southern, wrote off particularly heavy exchange losses last year. The payment of the 4½ per cent. preference dividend will probably depend upon a reduction in this item plus savings in working expenditure. Altogether, while it may be premature to expect an early and widespread recovery in ordinary values, the preference stocks of the best lines and the debentures of all the "Big Four" appear to have a reasonable position as regards immediate income. At their present prices—which the "industrial risk factor" has reduced below the levels of more prosperous times—these stocks now fall into the category of second- or third-line fixed-interest investments.

Important Ford Negotiations?—News of moment for shareholders in the Ford Motor Company, Limited, is given in the announcement that the president of the Canadian Ford Company, Mr Wallace Campbell, is sailing on May 21 with his export manager to confer with officials of the English company. At present the territories of operation of the various Ford companies are strictly defined. The American company supplies the United States and South America, Soviet Russia and the Far East. The Canadian company supplies the British Empire. The English company, through its Continental subsidiaries, supplies Europe and those parts of Asia and Africa either geographically or colonially related. This distribution was based on the manufacture or distribution by the companies of a mainly identical product. But Ford has now departed from his traditional policy of mass production of a single product for world distribution. The English company is engaged in the preparation of a new improved four-cylinder "A" model, as well as the new "Baby" Ford. The American company has produced an eight-cylinder model costing only \$50 more than the four, and as differences in running costs, in America, are comparatively small, the newer model may completely eclipse the old. If the American factory ceased, eventually, to manufacture the Four, Dearborn and Dagenham would be turning out totally different products. Much of the *raison d'être* for the limitation of distribution would then disappear. Furthermore, the highly efficient Ford sales and servicing organisation throughout the world would itself be the more profitable for being able to offer a range of cars. The withdrawal of all strictures on its market range would help Dagenham to obtain the output both technically and economically desirable. The coming negotiations between the Canadian and English executives next week may not immediately embrace so wide a scheme, but it would obviously be helpful if agreement were reached to allow the English company to export the new "Baby" Ford to the British Empire (at present the reserved territory of the Canadian company) in return for the opening of the European market to the Canadian company for exports of the new eight-cylinder Ford. At least half the British manufacturers' exports (by number) to all countries are in the "baby" class, while the Ford Eight would probably not be a formidable competitor on the Continent to the English company's Four. Under European conditions, differences in taxation and running costs will be considerable.

Fine Cotton Spinners.—The general impression that textile earning-power showed a slight but appreciable advance after the departure from the gold standard is borne out by the preliminary figures for 1931 of J. & P. Coats (summarised on page 1160) and the report of British Cotton and Wool Dyers (dealt with below). A similar conclusion is suggested by the figures of the Fine Cotton Spinners. A trading loss of £46,944 for 1930-31 has been replaced by a profit of £39,347 for 1931-32. The company, however, has earned neither its depreciation nor its debenture interest:—

	Year to March 31,		
	1930.	1931.	1932.
Profit	697,518	Dr. 46,944	39,347
Depreciation	180,000	180,000	150,000
Directors' fees	16,950	8,759	7,127
Pension fund	10,000	Nil	Nil
Debenture interest	110,000	110,000	110,000
Net profit	380,568	Dr. 345,703	Dr. 227,780
Brought forward	214,167	183,135	40,432
Preference dividends ...	197,000	197,000	Nil
No. of times covered ...	1.9	Nil	Nil
Ordinary dividend:—			
Amount	264,600	Nil	Nil
Earned %	4.2	Nil	Nil
Paid %	6	Nil	Nil
Reserves	Dr. 50,000	Dr. 400,000	200,000
Carried forward	183,135	40,432	Dr. 187,348†

† After crediting £200,000, transferred from taxation provision, being no longer required.

Some £200,000 has been drawn from internal reserve to reduce investments in and advances to subsidiary companies. Cash for the present has virtually disappeared, and a bank loan of £175,747 is outstanding. Money on deposit with the company totals £462,519. Altogether, trade improvement must necessarily go much further before the company's position can be regarded as anything but tight. The £1 ordinary shares are quoted at 11s. 3d.

British Cotton and Wool Dyers.—The accounts of "Slubbers" reflect the improvement in the textile trades, which began last autumn. The company returns to the dividend list, with a payment fully covered:—

	Year to March 31,		
	1930.	1931.	1932.
Profit	110,226	37,638	80,842
Income from investments	4,876	5,035	5,427
Other receipts	2,125	812	881
Expenses	2,742	1,390	2,177
Directors' fees	2,100	...	...
Depreciation	25,000	25,000	25,000
Staff fund	5,000	Nil	8,000
Debenture interest	24,800	24,800	24,800
Net profit	57,585	Dr. 7,705	27,174
Brought forward	30,057	29,580	33,398
Dividend—			
Amount	58,062	Nil	25,805
Earned %	7.4	Nil	3.5
Paid %	7½	Nil	3½
Carried forward	29,580	33,398†	34,767

† Including £11,523 from income tax account, not required.

The balance-sheet position remains liquid, available current assets being £425,241, against trade and loan creditors' claims outstanding of £91,812. The 5s. shares yield about £4 7s. per cent. at 4s.

Barrow Haematite.—In the *Economist* of July 5, 1930, and May 30, 1931, details were given of the scheme of arrangement by which this old-established company hoped to set its finances in order, and of the subsequent modification of the scheme pending the raising of new money. This week, particulars have been published of a new scheme which envisages at one and the same time a new financing and rationalisation of the company's affairs. The plan provides for the sale of the company's coal mines, coke ovens and by-product plant, etc., at Worsborough, near Barnsley, and elsewhere, to the Barnsley Main Colliery Company. In return the Barnsley company will allot to Barrow Haematite £109,225 7 per cent. debenture stock, 69,788 £1 10 per cent. cumulative preference shares and 179,059 £1 ordinary shares, and dent expert advice indicates that the amalgamation of the two colliery undertakings should result in considerable economies to both parties. The interest on the new prior lien notes is to be increased from 6 to 7 per cent., and the company will not have power to charge the floating assets in priority to the notes. The dates have also

necessarily been postponed when (a) the interest on the debenture stock ceases to be paid out of profits only; (b) the sinking fund in respect of the notes begins to operate, and (c) the notes fall due for redemption. The notes are now to be redeemed on December 31, 1950, by means of a sinking fund to be set aside each year from 1936. The company's overdraft, amounting to £141,670, is to be paid off, and the bankers are to advance up to £150,000 on the security of £165,000 of prior lien notes. Satisfactory arrangements have also been made with the Inland Revenue, as a result of which the latter's preferential claim is to be satisfied by the issue of debenture stock, and its non-preferential claims by the issue of ordinary shares. The scheme is conditional on the sanction of share- and stockholders of the two companies. The necessary meetings are to be held on June 7.

Waring and Gillow Receivership.—Sir Albert Wyon, a partner in Price, Waterhouse and Company, has now been appointed receiver and manager for Waring and Gillow. This follows a decision by Mr Justice Bennett in the Chancery Division on the motion of the United States Debenture Corporation and the Law Debenture Corporation, acting for debenture stockholders. The necessity for the appointment, according to a directors' statement, has arisen by reason of the contingent and exceptional liabilities incurred before the present directors took office in November, 1930. The principal liability is in connection with a large building site in the West End of London, which the directors have been unable to dispose of. Altogether, contingent and exceptional liabilities amount to over £600,000, of which about £325,000 may become real liabilities, as a result of which it has not been possible to complete the schemes for the provision of further finance referred to at the last annual meeting. At the same time, the trading position of the business has notably improved. A trading profit of £59,876 was recorded in the year ended January 31, 1932, against a loss of £96,284 for the preceding twelve months. Economies of over £200,000 were effected in overhead expenses in 1931, trade creditors were reduced by £145,346, and a reduction was also effected in the bank overdrafts of £164,762. A scheme of reconstruction may be submitted at an early date. The company's 6 per cent. first mortgage debenture stock is quoted at 74, and the 10s. ordinary shares at 2s.

Paper Company Profits.—Recently-published results of paper-manufacturing companies suggest that the industry is riding-out the depression reasonably well. Aggregate net profits of the eleven companies which appear in the table below amounted in 1931 to £964,036, compared with £975,783 in 1930. Six out of the eleven companies, in fact, increased their earnings:—

Name of Company.	Net Profit, 1930.	Ord. Div.	Net Profit, 1931.	Ord. Div.	Price, May 18.	Yield. %
Annandale and Son	£ 8,254	Nil	11,926*	Nil	(a) 44/3	11 4 9
Bowater's Paper Mills	70,210	7½	63,210	7½	(b) 1½	7 1 2
W. V. Bowater and Sons	44,694	8	45,113	8	(c) 1½	7 2 0
Caldwell's Paper Mill	17,111	Nil	11,611†	Nil	4/6	8 11 0
Culter Mills Paper	21,109	7½	23,071	7½	17/6	5 4 0
John Dickinson	175,176	10	160,191	8	1½	Nil
Ford Paper	Dr. 257	Nil	3,230	Nil	12/6	Nil
Inveresk Paper	118	Nil	22,266	Nil	2/6	Nil
Kellner Partington	67,764	5½	102,768	5½	...	6 5 6
Edward Lloyd	355,485	15½	321,250	13½	(c) 1½	7 12 6
Wiggins Teape	217,119	10	198,782	10	26/5	...

* 14 months. † 10 months. ‡ Tax free.
(a) 8 per cent. pref. ord. (b) 5 per cent. cum. pref. 25. (c) 7 per cent. cum. pref. 21.

The industry was one of the few which showed an increase in the value of output, despite lower prices, between 1924 and 1930. Of recent years its productive capacity has increased considerably. Raw materials have declined steadily in cost. About 70 per cent. of capacity was employed last year.

Forestral Land Accounts.—Although the accounts of the Forestral Land, Timber and Railways Company for 1931 show a net loss of £22,583, against a profit balance of £362,142 for 1930, the difference is less than the figures suggest. The company's income is now mainly dependent on dividends received from subsidiaries, and whereas nearly 85 per cent. of the subsidiary companies' profits were declared as dividends in 1930, only 32 per cent. were so declared last year. In addition, depreciation, formerly charged in the parent company's accounts (the amount for 1930 being £175,539), is now charged by the subsidiaries. Although no losses were made last year by any of the subsidiary companies, as defined by the Companies' Act, 1929, the boards of these concerns have very properly decided to make adequate provision out of profits for the depreciation in the value of stocks held by them. The statement made by the directors of the parent concern shows that nearly 40 per cent. of their aggregate profits have, in fact, been set against previous debit balances on profit and loss account. The company may be congratulated on its efforts to render the position clear to shareholders. The parent company's accounts are fairly clearly set out. Holdings in every subsidiary are shown separately. The only item of a "portmanteau" character is that of trade creditors, which includes an unstated loss of a subsidiary company in 1930 and "provisions for outstandings." The profit and loss account shows exactly how much has been brought in from internal reserves, and specifies their character. Much the most interesting feature of the accounts, however, is the publication of complete and separate balance sheets for all the five subsidiary companies. For shareholders who possess the necessary time and ability to dissect and co-ordinate these figures the results will be of the highest value. It is clear, however, that if the subsidiaries were more numerous the annual accounts might assume inconvenient bulk. In any case, difficulties of interpretation by the outside investor are inevitable. One of the five subsidiary companies, for example, makes up its accounts in sterling, another in South African pounds, and the other three in Argentine paper pesos, Canadian dollars, and German marks respectively. It would be helpful, therefore, if the directors of the parent company could see their way next year to issue, in addition, a combined balance sheet and a combined profit and loss and appropriation account, on the lines of the Wiggins, Teape accounts, upon which favourable comment was made on page 1091 of last week's *Economist*.

The Oil Truce (?).—In an Investment Note of the *Economist* of May 7th, we referred to negotiations due to take place in New York between the international oil combines and representatives of the Roumanian and Russian oil producers. We incorrectly stated that the conference was called directly to discuss the world oil restriction scheme propounded by Mr Aug. Kessler, of the Royal Dutch Company (described in the *Economist* of March 26, 1932, page 695). No doubt an opportunity will be taken of discussing Mr Kessler's scheme, but the conference was directly called by representatives of the Socony-Vacuum Oil Corporation for the purpose of discussing marketing arrangements with the Roumanian, Russian, Royal Dutch-Shell, and Anglo-Persian representatives in the world areas of greatest competition. While no official statement has been made, as we go to press, it is apparent that the representatives of the Soviet Government are prepared to discuss the question of a marketing arrangement. We referred in our leading Stock Exchange article of April 30th to the negotiations for the purchase of the foreign properties of the Standard Company of Indiana by the Standard Oil Company of New Jersey, which would eliminate an important source of price-cutting. These negotiations have now been successfully completed and the managing director of the Standard Oil Company of Indiana has joined the board of directors of the Standard Oil Company of New Jersey. The price-undercutting by Standard Oil Company of Indiana marketing companies has not yet been stopped, and it may be mentioned that

the long-term contract which is held by the Petroleum Storage and Finance Company, which is marketing Cleveland Motor Spirit, has not been affected. Nevertheless, it is expected that revised selling prices will shortly be arranged with the Standard Oil of Indiana Companies so that undercutting will be eliminated. Whether an agreement will now be reached in New York with the Russian and Roumanian exporters remains to be seen, but there is at any rate greater prospect now than at any previous time of rationalised marketing and the elimination of price-cutting in the principal oil markets of the world.

Tea Share Outlook.—A more hopeful feeling with regard to the immediate prospects for tea company shares is attributable less to optimism regarding the effect of the new duties than to the favourable trend of statistical returns relating to the industry. Although London sale prices this year have averaged 1½d. to 2d. a pound below the corresponding figures for 1931, deliveries have made a satisfactory showing, the total for the first four months of this year being 213.4 million pounds against 184.0 million pounds and 157.1 million pounds in the corresponding periods of 1931 and 1930, respectively. The stocks in London warehouses which are estimated to handle about 90 per cent. of the imports, now stand at 171.2 million pounds against 212.0 million pounds a year ago and 234.8 million pounds two years ago. In other words, so far as the largest tea market in the world is concerned, recent reductions in prices appear to have been sufficient more than to restore equilibrium between supply and demand. The reports of leading plantation concerns issued in the last few weeks suggest that while earnings last year were appreciably reduced, the best companies (outside certain depressed areas), remained on a profitable basis and were able to make satisfactory dividend payments. The following table shows the last two years' results of eleven concerns:—

Company.	Net Profits.		Ord. Dividend.	
	1930.	1931.	1930.	1931.
Nuwara Eliya	111,307	125,891	37	38
Ceylon Tea Plantations	151,759	101,841	30	15
Lunuvu (Ceylon)	98,421	62,375	12½	10
Standard Tea of Ceylon	64,713	53,738	35	30
Eastern Produce	102,289	47,758	22½	10
Galaha	75,884	37,262	20	12½
Dimbula Valley	50,827	36,921	25	20
Ragalla	25,904	19,391	25	17½
Alliance Tea	17,940	15,705	9	7½
Pundaloya	13,944	15,663	25	25
Hanipha	14,727	15,167	12½	15

The experience of different companies has not been identical. Three companies—Nuwara Eliya, Pundaloya and Hanipha—increased their earnings and two their dividends last year. The majority, however, showed a reduction under both heads, the total profits of the eleven concerns being £532,000 in 1931, against £728,000 in 1930—a decline of 27 per cent.

Industrial Profits.—During April we received 244 company reports, aggregate profits showing a decline of 13.66 per cent., compared with 13.37 per cent. in March:—

Reports. Published in 1931—	No. of Companies.	Variation in Net Profits	
		(1931 compared with 1930).	%
April	217	— 10.49	
May	211	— 22.3	
June	192	— 21.93	
July	185	— 39.46	
August	55	— 19.59	
September	74	— 44.02	
October	170	— 58.26	
November	147	— 35.59	
December	157	— 68.54	
		(1932 compared with 1931).	%
January	127	— 19.65	
February	211	— 6.81	
March	210	— 13.37	
April	244	— 13.66	

We set out below the figures for various industrial groups, according to reports received during the past month.

INDUSTRIAL PROFITS—APRIL, 1932.

Group.	No. of Companies.	Net Profit (after Payment of Debenture Interest). Reports received during Month of April, 1932.		Increase or Decrease.
		1930-1931.	1931-1932.	
Breweries	4	£ 584,244	£ 549,053	— 6.02
Canals and Docks	1	17,033	18,055	+ 6.01
Electric Lighting and Power	6	354,730	344,525	— 2.88
Financial, Land and Investment	7	Dr. 585,944	Dr. 642,135	— 9.41
Gas	2	265,891	193,499	— 27.26
Hotels and Restaurants	16	318,169	24,051	— 92.43
Iron, Coal and Steel	6	2,609,768	1,646,051	— 36.93
Motor and Cycle	16	2,154,974	621,268	— 71.17
Rubber	57	Dr. 114,760	Dr. 583,793	— 80.31
Shipping	3	Dr. 26,750	Dr. 198,793	— 86.81
Shops and Stores	9	1,021,460	868,180	— 15.00
Telegraphs and Telephones	24	534,069	399,037	— 25.28
Textiles	3	353,711	301,162	— 14.86
Tramways and Omnibuses	2	Dr. 141,682	Dr. 41,677	— 70.65
Trusts	5	171,685	164,704	— 4.06
Waterworks	2	1,563,152	1,331,725	— 14.80
Other Companies	71	20,785,998	19,789,883	— 4.79
Total	244	30,005,180	25,903,545	— 13.66

Brewery profits continued to decline, and hotel results were poor. Most iron and steel reports revealed a depressed state of affairs. The motor industry, as evidenced by Morris and Ford, showed a sharp decline in earning power. The most satisfactory showing, among the larger companies, was made by John Barker, Lever and Unilever, Imperial Chemical and Associated Portland Cement.

Copper Position.—World output "control" in the copper industry has so far brought little benefit to holders of mining shares, which remain at depressed levels. The further decline in the price of copper to little above 5 cents has caused renewed selling on the London metal market. Values in sterling now stand at approximately the same level as last September, when abandonment of the gold standard forced a rapid adjustment of quotations. Since the beginning of this year the setback has amounted to about £17 per ton and the losses to the trade have been heavy. Hopes were entertained that the revision of the curtailment programme down to 20 per cent. of capacity would effectively check the decline. In spite, however, of reports that stocks are being drawn upon, the downward movement is continuing. The main cause of weakness seems to be the apathy of buyers in the United States, many of whom are reported to be covered up to the end of this year at prices well above the present figure. In terms of gold, electrolytic copper is priced to-day at about £25 10s., and standard at £21 10s. These values are well below any previously recorded in the history of the metal. Without exception, every mine producing copper is losing money on its output, although complex ores bearing precious metals are possibly being worked at an all-round profit. Obviously, the strain of the present situation cannot be borne indefinitely. It is safe to assume that producers are already discussing plans for curtailment on a still more drastic scale. A number of mines have already been closed, and unless the agitation for a tax on imported copper in the United States succeeds, still more is unlikely, but additional curtailment must be put in hand if copper is to be saved from a further collapse—which would bring its value down to the level of lead and zinc.

General Mining and Finance.—In view of prevailing conditions in 1931, writes our mining correspondent, a further decline in this company's income is not surprising. Net revenue is £55,800, against £62,700. Depreciation, which twelve months ago absorbed £204,200, now requires £359,500. This involves the appropriation of the reserve of £300,000, leaving the reduced balance of £14,800 to go forward. Of the total depreciation, nearly £218,000 has been needed to write down the Witpoort holding to the amount expected to be realised on the liquidation of the company, whose assets have been sold to the Brakpan. The balance

is not a realised loss. Thanks largely to the repayment by the West Rand of advances made, the financial position is strong. Gilt-edged securities stand at £335,700, compared with £170,900 at the end of 1930. The surplus of cash assets over liabilities represents rather more than 20s. per General Mining share, the market quotation of which is around 15s. Moreover, the holdings show a very substantial margin over the balance sheet valuation. Unfortunately, exchange complications render it practically impossible to draw any very definite conclusions as to the position in this respect. The corporation is in need of fresh sources of revenue. The East Rand re-entered the dividend list last December, and the West Rand is expected to resume payments shortly, but the rates paid can scarcely be substantial. The Meyer and Charlton, which has had such a wonderful career, is to go into liquidation at an early date, and the Van Ryn must be near the end. The incursion into the domain of oil has proved far from profitable.

CAPITAL ISSUES.

The absence of any large capital flotation this week marks a lull in, rather than a check to, the new issue revival. Recent activity has done little more than clear off the arrears accumulated during the "sterling crisis." Not all the capital expenditure undertaken by public bodies and large industrial concerns, and financed by temporary accommodation, has as yet been funded, and a start has scarcely been made with the provision of appreciable amounts of money for new capital expenditure. The suggestion that the ground is to be kept clear, as far as possible, with a view to an early British Government operation of the first importance is, of course, pure surmise, in which the wish may be father to the thought.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Total recorded, January 1 to May 7, 1932, excluding conversions, £143,012,851.
Total recorded, January 1 to May 7, 1932, including conversions, £271,647,536.
National Savings Certificates.
Net receipts, week ended May 14, 1932, Dr. £100,000.

To the Public.	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscription.	First Payment.	Further Liability
Nil	£ Nil	£ Nil	£ Nil	£ Nil	£ Nil
To Shareholders only—					
Ever Ready Company (Great Britain), 434,240 Ordinary Shares, 5s. issued, at 10s.	108,560	...	217,120	217,120	...
Total offered to Shareholders only, week ended May 21, 1932					
	108,560	...	217,120	217,120	...
Total Offered for Subscription—					
	Including Conversions.	Excluding Conversions.	Total Offered for Subscription—		
	£	£	Including Conversions.		
	£	£	Excluding Conversions.		
Jan. 1 to date—			Whole year—		
1932	271,764,656	143,129,971	1931	114,290,666	102,044,291
1931	77,172,626	67,502,677	1930	454,888,784	267,800,700
1930	221,845,961	148,993,687	1929	488,764,940	285,239,400
1929	178,349,788	152,366,834	1928	693,100,056	369,058,073
1928		214,921,583	1927	...	355,165,970
1927		185,551,591	1926	...	230,782,600
1926		86,799,334	1925	...	232,214,500
1925		88,839,591	1924	...	209,326,101
The whole amount of accepted tenders for 3% Treasury					

† Includes £107,589,166, the whole amount of accepted tenders for 3% Treasury Bonds.

Nature of Borrowing.

	Debentures, Bonds, &c. £	Preference Stocks and Shares. £	Ordinary Stocks and Shares. £	Total. £
January 1 to date—				
1932	£136,972,560	£3,476,250	£2,681,161	£143,129,971
1931	£56,751,074	£822,786	£9,928,817	£67,502,677
1930	£120,721,344	£11,550,697	£16,721,646	£148,993,687
Whole year—				
1931	£74,835,599	£6,911,859	£20,296,833	£102,044,291
1930	£227,658,500	£15,548,800	£24,593,300	£267,800,600
1929	£137,670,300	£31,543,400	£116,025,700	£285,239,400
1928	£218,817,900	£45,062,600	£111,177,600	£375,058,100
1927	£228,958,000	£36,836,600	£98,381,400	£364,176,000
1926	£145,180,000	£39,393,200	£46,209,500	£230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced. £	Prices at which Dealings Began. £	Total Cash Involved. £
Amount previously recorded	4,201,250	...	4,408,423
Wolverhampton Corporation £1,000,000 4½% Red. Stk., 1952-62 (£521,493 for repayment of 3½% Stock, 1932), at 99½%	997,500	101	1,010,000
Total, week ended May 21, 1932	997,500	...	1,010,000
Total to date, 1932	5,198,750	...	5,418,423
Total to date, 1931	6,297,183	...	6,621,940

Bognor Gas and Electricity.—Offer for sale by tender of £25,000 5½ per cent. redeemable debenture stock, minimum price £102½ per £100 stock, yielding at that price £5 5s. 4d. per cent., allowing for redemption at par on December 31, 1950. The net revenue of the company for the year ended December 31 last was £19,707, covering interest on the debenture stock, including the present issue, nearly four times. The company was established in 1865.

South Shields Gas Company.—Sale by tender of £20,000 ordinary stock. Standard rate of dividend is £5 per cent., but over the last eleven years the dividend paid has been at the rate of £5 15s. per cent. per annum. Minimum price of issue, £90 per cent.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash. • Interim div. † Final div.			Dividend for Whole Years.	
	Interim or Final.	Date of Pay- ment.	Method of Payment.	Latest Year.	Pre- vious Year.
TEA AND RUBBER.					
Chubwa Tea	10%†	...	...	%	%
Java Tea	25%†	June 10	...	32½	40
Albheal Tea	4%†	...	...	6	8
Pabjojau Tea	17½%†	June 10	...	25	30
MINING.					
Manor-Powis Coal	5%†	May 26	...	...	...
Union Corporation	2/6 p.s.†	...	...	...	...
OTHER COMPANIES.					
Abbot's Investment Trust	...	...	...	3	4
Alex. Pirie and Sons	...	...	...	8½	8½
Argus Press Holdings	...	...	...	12½	12½
Bolands	...	...	...	5	4
Butler's Wharf	7½%†	...	...	12½	12½
Canadian & Foreign Investment	...	...	...	4	7½
Cheltenham Original Brewery ...	3½%*	...	...	...	...
Chloride Electrical	...	...	Tax free	10	15
City and West End Properties...	4½%†	...	Tax free	7½	7½
Criterion Restaurants	...	...	...	10	12½
Dublin Brick	...	...	...	4	3
Dutton's Blackburn Brewery ...	...	...	...	5	4
Edwin Jones and Co.	...	...	...	55	55
Electrical Finance and Securities	...	...	...	12½	12½
Greater Scales (Birmingham) ..	...	...	...	8	8
House Property and Investment	5%†	...	...	10	10
Hull Brewery	2½%*	May 27	...	...	...
1928 Investment Trust	24%*	...	...	...	...
1929 Investment Trust	...	...	...	3	4
Jennings Brothers	4%*	...	...	...	...
John Hunter Morris and Elkan	5%†	...	...	...	...
John Rowell and Son	2½%†	...	...	5½	10
Liverpool Warehousing	34%*	June 1	...	...	...
Medway Trust	...	...	...	7½	7½
Metropolitan Properties	5%†	June 1	...	8	8
Moor's and Robson's Breweries	5%*	May 23	...	...	...
Northern Loan Co.	...	...	...	10	15
Porritt's and Spencer	7½%†	...	...	15	15
Primitiva Holdings	...	...	...	4	6½
R.A.C. Buildings	...	...	...	...	...
Royal Sovereign Pencil	...	...	...	5	5
Second Guardian Trust	...	...	...	5	7
Shanghai Electric Construction	7½%*	...	Tax free	...	...
South African Lighting	...	...	...	5	5
St. Andrew Trust	...	...	...	4	6½
Starkey, Knight and Ford	4%*	June 1	Tax free	...	...
Taylor's Eagle Brewery	...	...	...	10	10
Transvaal and Delagoa Bay Inv.	7½%*	...	Tax free	...	...
Wessex Foundry & Engineering	7½%*	...	...	...	...
Yates's Castle Brewery	2½%*	May 19	...	...	...

PERUVIAN GOVERNMENT 7½ PER CENT. (GUANO) LOAN OF 1922.—J. Henry Schroder and Company are informed by their representatives in Lima that, in accordance with decrees in connection with the suspension of the service of the exterior debt, the Government has directed the Guano Company to hand over all its receipts to the Treasury. The reserve funds in the hands of the bankers are sufficient to pay the coupon falling due on June 1st next, but will not also provide for the current operation of the sinking fund. Baring Brothers and Company, Ltd., and J. Henry Schroder and Company are continuing to make the strongest possible representations to the Peruvian Government, and have applied to the British Foreign Office for official support.

THE BENGAL IRON COMPANY, LTD.—The directors expect to issue the accounts for the year ended March 31, 1932, early in August next, and regret to inform shareholders that, owing to the continued world depression in the iron trade, the result for the year, after providing for debenture interest, will show a substantial loss. Draconic economies have been made, the full benefit of which will only accrue in the current year. The blast furnaces still remain closed down, and the demand for pig iron is at a very low ebb. The foundries have been fairly busy during the year, but owing to continued restriction of buying by the railways, the sleeper foundry is short of work. Last month, however, some fair orders were booked for castings. The output of the collieries is well sold forward, and two batteries of coke ovens are making coke for outside orders.

THE CHARTERHOUSE INVESTMENT TRUST, LTD.—The directors have had under consideration the accounts of the trust for the period from November 12, 1931, to April 30, 1932, particularly with a view to deciding upon the declaration of an interim dividend. The profits of the trust to date compare satisfactorily with those earned in the same period of the last financial year, but since the major part of the trust's investment income is normally received during the second half of its financial year, and the outlook for profitable financial business is still so obscure, the directors have decided to postpone consideration of the dividend until the accounts for the full year to November 11th next are available. A valuation of the securities held by the trust, based in the case of quoted securities upon current quotations, and in the case of unquoted securities upon a valuation made by the board, shows in the aggregate a depreciation which is more than covered by the trust's reserve funds, thus showing the capital of the trust intact with a surplus. There are no bank loans, guarantees, or similar indebtedness outstanding, and the liquid position as shown by the last accounts has been fully maintained.

COMPANY MEETINGS, &c.

LUNUVA (CEYLON) TEA AND RUBBER ESTATES, LIMITED.

MR H. J. WELCH REVIEWS THE POSITION AND PROSPECTS
DIVIDEND OF 10 PER CENT.

The twenty-fifth annual general meeting of the Lunuva (Ceylon) Tea and Rubber Estates, Limited, was held, on Wednesday, May 18, 1932, at 11 a.m., in the Council Room of the Rubber Growers' Association, 2-4, Idol Lane, London, E.C.

The Chairman, Mr H. J. Welch, presided.

The Secretary (Mr J. E. Ritchie) having read the notice convening the meeting and the auditor's report,

The Chairman said:—Ladies and Gentlemen,—The year has been a very difficult one for producers of raw commodities all over the world. We perhaps may find some cause for a restrained satisfaction in the fact that as a net result of our operations the company is able to pay a dividend of 10 per cent. for the year and increase its carry-forward by £3,664, after providing out of profits a sum of £27,393 for depreciation and also £9,500 to cover a new liability for Ceylon income tax.

BALANCE SHEET.

By comparison of this year's balance sheet with that of last year it will be seen that the capital cost of our estates has increased by £15,494, being the balance of expenditure on buildings, machinery, development, etc., after deducting the depreciation written off for the year.

Sundry debtors and payments in advance have increased by nearly £21,000. This is accounted for by an increase of £18,285 in the amount due to the company from brokers for produce sold—which amount has since been received.

The total cash and investments, amounting to £102,795, were £3,000 less than last year.

On the liabilities side our issued capital remains at the same figure as for the last five years, viz.:—£632,758, and the general reserve is unaltered at £245,000.

From the note at the foot of the balance sheet it will be seen that the amount in the hands of the trustees of the staff deposit and retirement funds is now £10,772. This is invested in gilt-edged securities outside the company's control, and shows an increase of £2,200 for the year.

PROFIT AND LOSS ACCOUNT.

A comparison of the profit and loss account with that of last year shows that our proceeds of sales of tea, rubber and copra realised £57,000 less than in 1930. Our sundry receipts and interest accounts combined are practically the same.

On the debit side the cost of production of our increased crop of tea was reduced by £11,000; we spent £17,700 less upon our small production of rubber and the maintenance of the rubber estates, and £1,800 less upon the production of copra. In the cost of production a new item appears, of £9,500 reserved for local taxation. Under a recent law passed in Ceylon a liability has arisen for tax payable during the current fiscal year in respect of profits earned in 1931, and in accordance with the general practice of plantation companies an estimated amount sufficient to cover this liability has been included in the cost of production for the year in which the profits were made.

Freight, marine insurance and selling charges have cost us slightly less than in 1930. The item of loss on revaluation of rubber stocks arises because the board thought it well to be on the safe side and value these stocks at 1d. per lb. net. I hope their valuation will be found conservative, and that at least part of this item will come back to us. The balance of net profit is £37,259 less than for 1930.

TEA PROPERTIES.

We now have 6,909 acres of tea and tea nurseries planted on nine estates, of which about 6,292 acres are in plucking. Only two of the estates produce what is known as low-grown tea, the remainder being of medium or fairly high elevations. We are planting this year additional small areas to five of our estates, totalling in all 229 acres.

The total crop of tea in 1931 of 4,905,895 lbs. was the highest ever recorded by the company. The average yield per acre of 780 lbs. was the highest but one ever obtained by the company.

The price realised, however, was the lowest since 1923, whilst the net profit per acre of £11 11s. 3d. was the lowest since 1926.

The f.o.b. cost of 10.27d. per lb. was lower than any year since 1927. In recent years the tendency has been for the cost of tea production to rise considerably owing to the higher cost of staffs, labour, materials, etc., but with the harder times through which we are now passing, it is reasonable to expect a much cheaper production. I am glad to be able to tell you that our estimates for this year show a further reduction on the cost of last year.

During the year we carried out upon our tea estates our full usual programme of manuring and cultivation and of improvement generally by road making, etc. We extended our existing tea areas by 173 acres of new plantings. We also expended £23,000 odd upon extension and improvement of our factories and upon new machinery, etc., in continuation of our policy of increasing the facilities of our staffs for manufacturing the highest quality teas which will give the greatest profit per acre for their respective estates. Plans and estimates are also now being prepared for a second modern factory on our largest tea estate to deal with the increasing crops from that property.

RUBBER ESTATES.

The company owns 4,200 acres of planted rubber, of which about 3,300 acres are mature and tappable. About 700 acres were rested all through the year, and tapping was stopped gradually on the remainder between the months of February and May, when all production ceased. The directors decided that as rubber is not the company's principal product and as many of its estates are tea-cum-rubber estates, taking the long view, it would gain by resting the areas and conserving the bark whilst prices remain so unremunerative. Unfortunately cessation of tapping did not enable all the economies made to become operative for the whole year, and the expenditure (which included £3,287 written off for depreciation of rubber estate buildings, machinery, etc.) accordingly was heavy.

The company is completing its budgrafting programme of the young rubber on its Vykumbra property, but it does not contemplate any extensions. Its policy will be to maintain as economically as possible its rubber estates in such a manner as to avoid any permanent deterioration of their capital value.

The company will not again produce rubber until the directors are of opinion that the world stocks and the price justifies it. When we are able to resume tapping, our bark reserves and the productive capacity of our rubber estates should be much enhanced as a result of the rest which is now being given them. There is little doubt also that the company will then be able to put in force the more economical methods of production which the depression has taught the industry.

COCONUTS.

We have 860 acres of coconuts, and although until last year they have always shown us a profit, the results from our coconut estates have not been satisfactory in recent years. Since 1928 the average price realised for Ceylon copra has steadily fallen, and now very few European owned estates find their production of copra reasonably remunerative.

At our meeting last year I stated that the company was making strenuous efforts to reduce its cost of production of copra. I am glad to say these efforts were very successful, and although our crop for 1931 was only slightly larger than for 1930, the f.o.b. cost of production was reduced from £15 19s. 11d. to £10 12s. 2d. per ton, which included nearly £1 per ton for depreciation. Consequently in spite of a fall in the average net price realised of £4 per ton, the loss per acre was 11s. 11d., or less than half that for 1930.

ESTATES GENERALLY AND STAFFS.

It may be of interest to you to know that if allowance is made for our surplus of liquid assets (which amounted to £34,689 after providing for our proposed final dividend and appropriations) our estates were capitalised upon December 31st last at £45 7s. 4d. per planted acre.

Two of the company's directors, Mr Horner and Mr Mackie, have visited all our properties since the date of our last meeting, and their visits have been of great value to the board in dealing with special problems arising out of the depressed conditions and in

relation to the general affairs of the company. I will ask both these gentlemen later to tell you the impression they gained on their visits and I will now say little about the condition of the estates generally, except that they have all been well maintained and many, I think, considerably improved during the year.

Our local staffs have worked loyally and well and they and our agents, visiting agents and secretaries (including Mr Ritchie, our acting secretary) are all deserving of our warmest thanks.

ESTIMATES AND PROSPECTS FOR 1932.

Apart from any expense which may be incurred this year upon our projected new factory to which I have referred, our estimated capital expenditure for the year is £6,225 in excess of the £29,000, the estimated amount which will be written off for depreciation.

For 1932 we estimate to produce 5,117,700 lbs. of tea, 542½ tons of copra and no rubber. We hope to produce our tea and our copra at a lower cost. The present estimated expenditure for caretaking and maintenance of our mature rubber areas amounts to about 20s. 9d. per acre, excluding depreciation and London expenses, but we hope to be able to effect further economies on this cost.

In the present chaotic state of the world's finance and industries it is more than usually difficult to give any reliable forecasts of the results for the current year. The world production and consumption of tea last year almost balanced, but the world stocks are doubtless too high. It is yet too early to say what, if any, will be the effect on prices of the new duty on tea and the preference given to Empire grown tea. It seems to me, however, reasonable to suppose that the imposition of the duty must tend to decelerate the increase of consumption of tea in this country, which is the world's largest consumer, and also to accentuate the severity of the competition in foreign markets of other teas with those of Empire growth. Consequently, in my opinion, if any benefits accrue to Empire growers from the duty, such benefits will probably prove to be only of a temporary nature.

The quality of the bulk of this company's teas, however, is well above average, and is such that we may reasonably hope that there will always be a demand for them at a price which will be remunerative to the shareholders.

The current price for copra is equal to about £12 per ton net as compared with £9 18s. 11d. per ton net realised for the crop last year. I am glad, therefore, to be able to state that at the present price the production of copra shows us a profit.

With regard to rubber, there are some signs of diminution of world production, but at present, unfortunately, it is quite insufficient to bring about the much desired reduction of world stocks. It is gratifying to know, however, that the world outside the U.S.A. has fairly well maintained its consumption since the peak year of 1929. The fall in consumption since that year has practically all taken place in America. But until American business again revives and American absorption of rubber is substantially increased, there does not seem much hope of a reasonably remunerative price being obtained for this product.

In conclusion, there is no doubt the fall in the company's profits and dividend is attributable to the world depression, the effects of which this company could not hope to escape. The past progressive policy of the company in relation to the maintenance and improvement of the agricultural value of its properties and their equipment with modern factories and machinery has rendered the maintenance of a dividend possible. It also gives us confidence that we are well prepared to reap the full benefits of any advantages from any improvement in the world's finances and industry which may accrue to the industries in which we are engaged.

I now beg to move "that the directors' report and the statement of accounts for the year ended December 31, 1931, as now submitted be approved and adopted, and that a final dividend of 6 per cent., less income tax, in respect of the year ended December 31, 1931, be paid on May 21, 1932." I will ask my colleague Mr Horner if he will kindly second this resolution.

Mr H. W. Horner: I have recently had the opportunity of visiting again all this company's estates after an absence of some years. I do not propose to take more than a few minutes of your time, but I can say that, without exception, all have much improved in general condition. The tea estates, to which, in present circumstances, we have to look for our profits, have improved since I last saw them both in agricultural condition and in equipment generally, including factories, buildings, roads and so forth, which view I know Mr Mackie—whose visit preceded mine by two or three months—will endorse. The company has spent large sums in the past few years in this direction, as you know, the results of which expenditure are reflected in the accounts before us to-day, since, unless our properties had been in the first-class condition they are, results would have been far less satisfactory under the condition of the tea market which we are now meeting. The rubber estates, too, are in excellent order, and will be maintained this year at a minimum cost, in circumstances the chairman has mentioned. I think it is

safe to say that there is no company in Ceylon whose estates generally are in better condition than ours to make the best of market conditions of the different products in which we are interested, which will doubtless vary from time to time in the future as they have done in the past.

LOYALTY OF THE STAFF.

As regards the staff, I cannot speak too highly of the men in charge of our valuable properties, and I find it difficult to convey the spirit of loyal effort—on keen and efficient lines—which is manifest everywhere. We are—and we ought to feel—much indebted to them. They do not figure in the balance sheet, but are none the less among the company's most valuable assets.

I have much pleasure in seconding the resolution proposed by your chairman.

Mr John Mackie, who was re-elected a director for the ensuing year, said:—I have much pleasure in endorsing all Mr Horner has said. I travelled through a large portion of the tea districts in Ceylon and practically the whole of South India, and I can honestly say I saw no tea in better agricultural condition than our own, while our factories are fully equipped in every way.

As Dr. Norris, the head of the Ceylon Tea Research Institute, said to me when I visited him: "We have nothing to show you Lunuva men; your factories are just as up to date as ours."

Our rubber areas are all being well cared for, and with regard to our small area of coconuts I was impressed with the system of cultivation being carried out there. It is cheap and effective, and our yields are increasing. When the coconut comes into its own again, as I think it undoubtedly will, this estate ought to do well.

I entirely agree with what Mr Horner says regarding our staff—a more efficient body of men, from the visiting agent downwards, it would be difficult to find anywhere, and we are indeed fortunate in this respect.

I can assure you it was a great pleasure to me to visit such fine well-managed properties.

The auditors were re-elected, and the proceedings were terminated with a hearty vote of thanks to the directors and staff in the East.

MADRAS ELECTRIC SUPPLY CORPORATION, LIMITED.

IMPROVED TRAMWAYS REVENUE.

The ordinary general meeting of this corporation was held on the 18th instant, at 1 Queen Victoria Street, London. Mr John G.B. Stone (chairman of the company) presiding.

The Chairman, in the course of his speech, said: While the net results for the year exhibit what I regard as gratifying progress, it is necessary to explain why the revenue from "Private lighting and fans" and "Street lighting" has been stationary, notwithstanding that the usual number of new consumers was connected to the mains. On this point our agent in Madras reported as follows: "The decrease is entirely due to consumers exercising strict economy in current consumption, on account of depressed conditions of trade, and consequent reduced incomes. The falling off in receipts under this heading has been especially noticeable since October, 1931, when the heavy increases in import duties and income tax came into force." Fortunately, the increased demand for power more than counteracted the stationary demand from other sources.

The balance on the net revenue account, which represents the net profit for the year, is £66,656, showing an apparent decrease of £2,354, which is more than explained by the increased provision for depreciation. The directors recommend appropriations as follows: (1) Provision for three months' preference dividend accrued to December 31, 1931, £4,493; (2) payment of a final dividend of 5½ per cent. on the ordinary shares, making 8 per cent. for the year, free of income tax, £26,026; and (3) transfer to general reserve fund, £10,000 (bringing that fund up to £130,000). These provisions make a total of £40,519, leaving to be carried forward to next year's account £11,451.

The improved return on our investment in the tramways reported last year has made further progress. The net profit amounted to £18,206, including £6,520 brought forward. We are of opinion that the popularity of the tramways over omnibuses has been established, and the management is doing everything possible by various methods to make the tramway still more popular.

To meet our further requirements, the whole of the authorised capital of the corporation having been issued, it is proposed to increase the amount from £800,000 to £1,100,000, divided into 476,800 preference shares and 623,200 ordinary shares of £1 each. The new capital will be offered forthwith to the shareholders in the form of preference shares (ranking pari passu with the existing five and a-half per cent., tax free, preference shares) and ordinary shares.

The report and accounts were adopted.

At an extra-ordinary general meeting which followed, a resolution increasing the capital of the corporation was carried unanimously.

HAMBROS BANK, LIMITED SCANDINAVIAN EXCHANGE CONDITIONS.

The twentieth annual meeting of Hambros Bank, Limited, was held, on the 19th instant, at the offices of the bank, No. 41 Bishopsgate, London, E.C.

Mr R. Olaf Hambro, the chairman, who presided, said that their chief business was with the Scandinavian countries, and it was a matter of considerable interest to them whether those countries remained on a gold basis or followed sterling. Very wisely, in his opinion, they had decided to follow sterling; any other course would have been disastrous to their export trade with this country. As a result the bank's business with those countries had not decreased to any great extent. The Swedish kroner had lately been quoted below sterling parity as a consequence of a well-known financial trouble. The board were, however, convinced that that would prove to be a temporary condition.

In Denmark, owing to wise handling through an Exchange Control Board, the Danish kroner had been kept comparatively steady. On principle they were against those control boards, but the board thought in times of extreme difficulty they had a steady effect, although immediately the situation became more normal they should be given up. A very good example might be seen in Finland, where, as a result of economies and judicious control, the exchange had been stabilised in relation to sterling and a favourable trade balance achieved.

The Greek Government had been suffering for want of foreign exchange, owing to an external debt and an adverse trade balance, but Greece, although she had borrowed largely, had spent the money well, and the expenditure would in time produce its own foreign exchange. Their experience of that country inspired them with confidence, in spite of the present very difficult situation. The bank's commercial engagements in Greece were not large, and did not cause any anxiety.

In Germany over 75 per cent. of their engagements consisted of credits granted to banks, including the Gold Discount Bank; in Hungary commitments were small, and in Austria they were almost entirely represented by a debt due by the Credit Anstalt.

The profit and loss account showed a very satisfactory result in a difficult year, with a net profit of £291,188, after providing for all bad and doubtful debts. In view of the general uncertainty the directors had thought it prudent to recommend a reduction of the final dividend, making a total for the year of 18 per cent., as against 22½ per cent. last year.

The report and accounts were unanimously adopted.

RIO DE JANEIRO CITY IMPROVEMENTS COMPANY, LIMITED.

RELATIONS WITH THE GOVERNMENT.

The 70th ordinary general meeting of the Rio de Janeiro City Improvements Company, Limited, was held, on the 17th instant, at Winchester House, Mr. Edward Greene presiding.

The Chairman, in moving the adoption of the report and accounts, having expressed the keen regret of the chairman at his enforced absence, through indisposition, read the speech prepared by Lord Hunsdon. The address, after referring to the adverse conditions which had operated in Brazil, in common with the rest of the world, went on to state that, in spite of these conditions, the board had decided to recommend the payment of the usual dividend, and he hoped that the shareholders might assume the decision to return to constitutional Government signified that those now in authority were of opinion the worst of the crisis was over. During the seventy years of the company's existence the Government's obligations towards it had been strictly fulfilled, and he believed that even in this unprecedented world crisis they had done their best to carry them out. In accordance with the shareholders' authorisation in November, 1926, a contract for extensions of the works within the near watersheds of the districts already drained was signed, but had not yet been legalised. Early in 1931, at the request of the Minister, a revised proposal was submitted to him involving a further extension of the system and a higher payment per house drained. This was not accepted, and towards the end of the year a desire to revert to the terms of the 1926 contract was evinced as being more in keeping with the financial conditions of the times. There the matter rested. It was to be hoped the 1926 contract would be legalised, and that, when conditions in Brazil had sufficiently improved, the works provided for would be carried out. For the contract, besides involving an extension of the system which was highly desirable for the comfort and health of the city, settled many points which had from time to time arisen in the interpretation of the existing contracts.

The report and accounts were unanimously adopted.

WILLIAM BEARDMORE AND COMPANY, LIMITED. DIFFICULT CONDITIONS.

The annual general meeting of William Beardmore and Company, Limited, was held, on the 18th instant, at River Plate House, London, Mr H. A. Reincke (chairman and managing director) presiding.

The Chairman, in moving the adoption of the report and accounts, said that the depressed state of affairs in the shipbuilding industry, on which Parkhead and Dalmuir were largely dependent for work, was reflected in the balance sheet. It was with much regret he had to report an increased trading loss on the operating departments. Much as that was to be regretted, it could occasion no surprise to anyone familiar with the increased stagnation in the trades the company served. It was becoming increasingly apparent there could be no rapid change for the better in the fortunes of the company, and it had consequently been necessary to resort to further devices to keep down expenditure and to husband the resources of the company. Reductions had been recently effected in the fees and salaries of directors and officials, as well as in those of the other members of the staff, and the number of people employed had been considerably reduced.

They must not build immediate hopes on the effect of tariffs. Bearing in mind that the depression in the export trade was due not only to difficulty in meeting foreign competition, but also to the lack of purchasing power the world over, it was easy to see that, even when they had exhausted every opportunity afforded them by the protection of tariffs to increase the efficiency of their industry, their main hope of recovering world trade still rested on the result of the statesmanship of the rulers of all nations and their endeavours to bring goodwill and tranquillity to a distracted world. He did not, however, despair of the future. What he had been at pains to point out was that the reward of the endeavours which had been made, and which they would continue to make, could not in any circumstances be an immediate one and could not, indeed, be looked forward to unless and until means beyond the control of industry were found to engender an effective demand for goods and services in the export markets of the world. It must not be forgotten that some of their works were the finest and best-equipped of their kind in Scotland, and if the steel industry in Scotland had any future at all—as it must have—that future was one in which those works must play their part.

The report and accounts were unanimously adopted.

WIGGINS, TEAPE AND CO. (1919), LIMITED.

SIR WYNDHAM R. PORTAL'S STATEMENT.

The thirteenth annual general meeting of Wiggins, Teape and Company (1919), Limited, was held, on the 19th instant, at Winchester House, Old Broad Street, London.

Col. Sir Wyndham R. Portal, Bart., D.S.O., M.V.O., chairman of the company, said:—Ladies and Gentlemen,—The report and accounts have been in your hands for the requisite period, and I propose, with your permission, to take them as read. Trading conditions during the year 1931 were exceptionally difficult, both in the home market and in the various export markets in which your company and its subsidiary companies trade. Although the year began quite hopefully, trade became worse as the year progressed, and was particularly bad during the latter part of the year. When commenting on the prospects for the year 1931, on the occasion of our last annual meeting, I referred to the centralisation of our organisation and the system of central buying which we had inaugurated. It is largely due to economies obtained with the assistance of these measures, and to lower working costs, that we are able to put before you, for your consideration, and I hope approval, what I suggest should be considered a satisfactory balance sheet.

OUTPUT AND SALES IN 1931.

I am sure you will all agree with me that the year 1931 was a most difficult year for trade. Despite this, the volume of the trade of the Wiggins Teape group of companies in the home market has only suffered to a small extent, as compared with the year 1930. The export trade for 1931 showed a further larger falling off compared with that for the year 1930. In this respect our experience is no different from that of most of the trades in this country engaged in sending goods abroad. In consequence of our reduced sales the total output of paper from the mills of your company and those of the subsidiary companies shows a reduction in the year 1931 as compared with the total output for the year 1930.

DIVIDEND.

Your directors recommend the payment of a final dividend of 7 per cent., less income tax, making with the interim dividend a total dividend for the year 1931 of 10 per cent.

PROSPECTS FOR 1932.

During the current year the trading operations to date, taking into account the continuing trade depression, have been satisfactory. However, it would be highly dangerous of me to prophesy in times such as we are now passing through. I can say this, however, that if conditions get no worse we hope to be able to meet you this time next year with a balance sheet at least as satisfactory as the one we have been considering to-day.

Messrs. Sissons and Company, our accountants, are considering a scheme for us to put into operation whereby we shall be able to provide our shareholders with quarterly progress reports.

The report and accounts were duly adopted; the dividend, as proposed, was approved; the retiring directors were re-elected, and the auditors were reappointed.

OFFER TO NEW READERS.

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

To Publisher, "Economist Newspaper Ltd.,"

8, Bouverie Street, E.C.4.

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

Name.....
Address.....

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended May 14, 1932, amounted to £6,969,000 against ordinary expenditure of £8,923,400. After allocating £475,000 to Sinking Fund and having allowed for an increase in Exchequer Balances of £165,198, the operations for the week, as shown below, increased the National Debt by £2,595,000 to £7,608,376,000:—

(000's omitted.)			
By 3% Treasury Bonds	+ 19,000	Public Department Advances ..	10,950
		Treasury Bills	4,848
		Treasury Bonds paid off	107
		National Savings Certificates ..	100
		Post Office and Telegraph	400
		Money	16,405
	+ 19,000		— 16,405

A complete analysis of the National Debt at March 31, 1932, was printed in the *Economist* of April 2, 1932.

REVENUE.	Total Receipts into the Exchequer.			
	April 1, 1932, to May 14, 1932.	April 1, 1931, to May 16, 1931.	Week ended May 14, 1932.	Week ended May 16, 1931.
ORDINARY REVENUE.	£	£	£	£
Inland Revenue—				
Income Tax	15,773,000	18,385,000	461,000	27,000
Super-Tax, including Arrears of	4,590,000	7,490,000	410,000	860,000
Stamp Duty	8,240,000	9,090,000	1,090,000	1,210,000
Stamp	570,000	990,000	120,000	160,000
Excess Profits Duty and Corporation Tax	...	...	...	...
Land Tax and Mineral Rights Duty	30,000	90,000	...	...
Total Inland Revenue	29,203,000	36,045,000	2,081,000	2,257,000
Customs and Excise—				
Customs	18,740,000	14,880,000	2,394,000	1,565,000
Excise	12,900,000	12,024,000	2,000,000	1,224,000
Total Customs and Excise ...	31,640,000	26,904,000	4,394,000	2,789,000
Motor Vehicles Duties (Exchequer Share)	751,000	641,000	Dr. 458,000	29,000
Post Office (Net Receipt)	5,100,000	5,600,000	950,000	900,000
Crown Lands	190,000	140,000	...	...
Receipts from Sundry Loans	941,113	5,899,916	...	1,500,000
Miscellaneous Receipts	414,891	4,187,510	2	1,200,042
Appropriation from Rating Relief Suspense Account	...	...	...	...
Total Ordinary Revenue ...	68,240,004	79,417,426	6,969,002	8,675,042
SELF-BALANCING REVENUE.				
Post Office	4,600,000	4,400,000	700,000	700,000
Motor Vehicle Duties apportioned to Road Fund	3,124,000	3,205,000	695,000	143,000
Total Self-Balancing Revenue	7,724,000	7,605,000	1,395,000	843,000
Total	75,964,004	87,022,426	8,364,002	9,518,042

EXPENDITURE.	Total Issues out of the Exchequer to meet Payments.			
	April 1, 1932, to May 14, 1932.	April 1, 1931, to May 16, 1931.	Week ended May 14, 1932.	Week ended May 16, 1931.
ORDINARY EXPENDITURE.	£	£	£	£
Interest and Management of National Debt	44,524,566	39,307,662	1,558,932	770,103
Payments to Northern Ireland Exchequer	414,286	404,928	...	...
Other Consolidated Fund Services	297,588	293,923	14,420	3,733
Total	45,236,440	40,006,513	1,573,352	773,836
SELF-BALANCING EXPENDITURE.				
Post Office	4,600,000	4,400,000	700,000	700,000
Road Fund	3,124,000	3,205,000	695,000	143,000
Total Self-Balancing Expenditure	7,724,000	7,605,000	1,395,000	843,000
Total Ordinary and Self-Balancing Expenditure ...	104,690,440	97,592,513	10,318,352	9,966,836
New Sinking Fund (1928)	3,230,318	4,696,226	475,000	485,000
Total (including New Sinking Fund)	107,920,758	102,288,739	10,793,352	10,451,836

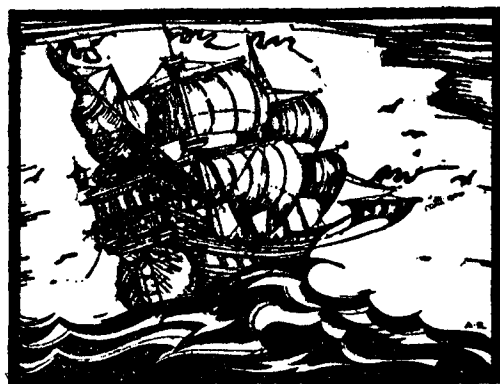
The aggregate revenue and expenditure to May 14, 1932, is shown below:—

FINANCIAL YEAR, 1932-33, APRIL 1st to MAY 14th, 1932.

(000's omitted.)			
Expenditure	96,966	Revenue	68,240
New Sinking Fund	3,230	Decreases in balances	3,131
		Net amount borrowed	28,825
	100,196		100,196

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Outstanding—	May 16, '31.	Mar. 31, '32.	May 14, '32.	May 14, '32.
Advances by Bank of England	34,800,000	7,500,000	8,500,000	— 10,950,000
Advances by Public Departments	570,725,000	604,455,000	616,595,000	— 4,850,000
Treasury Bills outstanding	605,525,000	611,955,000	625,095,000	— 15,800,000
Total Floating Debt	1,511,050,000	1,283,910,000	1,440,590,000	— 26,600,000
* Includes £1,000, the proceeds of which were not carried to the Exchequer within the period of the account.				



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**THE ANGLO-SOUTH
AMERICAN BANK LTD**
117 OLD BROAD ST. LONDON, E.C.2

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £35,000,000 in Treasury Bills were opened on May 13, 1932, and the total amount applied for was £50,740,000. Tenders were accepted for bills at three months, dated Monday to Friday at £99 15s. Od., about 51 per cent., and above in full, and Saturday at £99 15s. 1d. and above in full. The amount allotted was £35,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1932.			
April 22	35,000,000	76,455,000	1 16 3-92
April 29	40,000,000	71,435,000	1 17 1-81
May 6	35,000,000	62,055,000	1 10 11-36
May 13	35,000,000	50,740,000	0 19 6-62

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, May 18, 1932.

ISSUE DEPARTMENT.

	£		£
Notes Issued :-		Government Debt	11,015,100
In Circulation	358,439,566	Other Government Securities	198,677,515
In Banking Department	39,390,474	Other Securities	61,486,959
		Silver Coin	3,820,426
		Amount of Fiduciary Issue	275,000,000
		Gold Coin and Bullion	122,830,040
	£397,830,040		£397,830,040

BANKING DEPARTMENT.

	£		£
Proprietors' Capital	14,553,000	Government Securities	72,944,656
Reserve	3,214,168	Other Securities	61,486,959
Public Deposits	21,426,913	Discounts and Advances	£11,689,473
Other Deposits		Securities	£21,698,088
Bankers' Deposits	£74,602,046	Notes	33,387,561
Other Accounts	32,617,945	Gold and Silver Coin	39,390,474
7-Day and other Bills	1,080		692,461
	£146,415,152		£146,415,152

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

Both Departments.	Amount, May 18, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	£ 358,439,566	+ 125,820	+ 6,898,706
Public deposits	21,426,913	+ 7,708,163	+ 6,460,818
Bankers' deposits	74,602,046	- 5,427,524	+ 17,968,530
Other deposits	32,617,945	+ 8,269	- 1,407,908
Seven-day bills	1,080	+ 89	+ 4,270
Total outside liabilities	487,087,550	+ 3,844,401	+ 29,915,876
Capital and rest	17,767,168	+ 5,088	+ 7,577
Government debt and securities	282,637,271	+ 3,976,871	+ 8,621,942
Discounts and advances	11,689,473	- 406,715	+ 5,733,173
Other securities	83,185,047	- 1,767,531	+ 43,520,504
Silver coin in issue department	3,820,426	+ 8,269	- 268,981
Coin and bullion (bank's reserve)	123,522,501	+ 2,037,605	- 27,683,185
Reserve of notes and coin in banking department	40,082,935	+ 1,911,785	- 19,581,891
Proportion of reserve to outside liabilities			
(a) Banking department only ("proportion")	31 1/2 %	+ 1/2 %	- 25 1/2 %
(b) Gold stocks to deposits and notes ("reserve ratio")	25 1/2 %	+ 1/2 %	- 7 1/2 %

(000's omitted.)

Date.	Issue Department.	Banking Department.	Gold in or out of Bank.	Ratio.
	Notes Issued.	Public Deposits.	Bankers' Deposits.	Other Deposits.
1932.				
April 13	395,808	356,753	12,259	78,447
20	395,815	354,271	12,449	78,840
27	395,816	352,814	12,351	78,284
May 4	395,816	356,580	10,297	75,060
11	395,816	356,514	13,719	78,030
18	397,830	358,440	21,427	74,602

(000's omitted.)

Date.	Issue Department.	Both Depts.	Banking Department.	Gold in or out of Bank.	Ratio.
	Govt. Securities.	Other Securities.	Govt. Securities.	Dis- counts & Advan- ces.	Other Securities.
1932.					
April 13	234,309	36,892	121,449	25,149	55,386
20	219,696	61,487	121,430	25,149	57,606
27	221,002	50,196	121,477	25,149	62,621
May 4	218,560	52,629	121,460	25,149	69,076
11	206,524	64,664	121,485	25,149	72,136
18	209,693	61,487	123,523	25,149	72,945

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1932.				
January 1 to May 4	8,978,016	577,435	950,926	10,506,377
Week ended May 11	575,630	31,393	59,242	666,265
Week ended May 18	550,302	26,120	44,598	621,020
Total to date, 1932	10,103,948	634,948	1,054,766	11,793,662
Total to date, 1931	13,874,204	676,509	1,088,168	15,638,881
Increase or decrease in 1932	- 3,770,256	- 41,561	- 33,402	- 3,845,219
	- 27.2 %	- 6.2 %	- 3.1 %	- 24.6 %
Total for year 1931	31,815,808	1,667,852	2,752,209	36,235,869
Total for year 1930	38,782,577	1,812,146	2,963,631	43,558,354
Increase or decrease in 1931	- 6,966,769	- 144,294	- 211,422	- 7,322,485
	- 17.9 %	- 7.9 %	- 7.1 %	- 17.8 %

PROVINCIAL CLEARING RETURNS. (000's omitted.)

No. of working days	Week ended May 14.		Month of April.			Aggregate Totals, January 1 to May 14.	
	1931.	1932.	1931.	1932.	Inc. or Dec.	1931.	1932.
	£	£	24	26	%	£	£
BIRMINGHAM	2,267	1,915	8,093	9,209	+ 13.7	44,201	42,212
BRADFORD	542	681	3,518	3,525	+ 0.1	14,111	15,727
BRISTOL	1,105	1,404	4,192	5,406	+ 28.9	22,013	22,171
DUBLIN	5,078	5,528				95,820	103,311
HULL	687	717	3,096	3,078	- 0.5	14,708	14,633
LEEDS	812	817	3,523	3,692	+ 4.7	17,370	17,046
LEICESTER	665	659	2,496	2,885	+ 15.5	12,861	13,711
LIVERPOOL	5,222	5,379	21,942	24,260	+ 10.5	106,058	107,476
MANCHESTER	8,903	9,731	37,655	40,479	+ 7.4	183,222	188,787
NEWCASTLE	1,226	1,242	4,837	5,548	+ 14.6	25,905	24,519
NOTTINGHAM	393	479	1,831	1,891	+ 3.2	9,308	9,108
SHEFFIELD	586	596	2,931	3,064	+ 4.5	15,786	14,752
Total.....	27,466	29,348	94,114	103,037	+ 9.4	561,961	573,453

OVERSEAS BANK RETURNS

NOTE.—The latest return of the Bank for International Settlements appeared in the *Economist* of April 9; Chile in April 28; Canadian Banks in April 30; Russia and Denmark in May 7; Estonia, Lithuania, Danzig, Turkey and Italy in May 14.

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

	May 21, 1931.	Apr. 28, 1932.	May 5, 1932.	May 12, 1932.	May 19, 1932.
RESOURCES.					
Total gold reserve	3,223,290	3,014,530	2,992,420	2,956,420	2,919,030
Total bills discounted	148,880	531,820	505,800	471,370	464,940
Bills bought in open market	131,010	45,870	44,520	42,720	40,640
Total U.S. Govt. securities	598,540	1,191,230	1,286,880	1,385,270	1,466,400
Total bills and securities	879,190	1,773,740	1,842,130	1,904,400	1,977,010
Total resources	4,961,210	5,548,110	5,603,920	5,615,640	5,681,290
LIABILITIES.					
Federal Reserve notes in actual circulation	1,551,460	2,526,570	2,561,650	2,551,360	2,558,110
Deposits—Memberbank—reserve account	2,410,800	2,114,420	2,147,150	2,144,370	2,192,400
Total deposits	2,452,520	2,234,200	2,237,100	2,272,970	2,289,530
Capital paid in and surplus	443,110	414,660	414,310	414,230	414,200
Total liabilities	4,961,210	5,548,110	5,603,920	5,615,640	5,681,290
Ratio of total reserve to deposit and Federal Reserve note liabilities combined	84.9 %	67.9 %	66.8 %	65.6 %	64.4 %

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

	May 21, 1931.	Apr. 28, 1932.	May 5, 1932.	May 12, 1932.	May 19, 1932.
Total gold reserves	1,123,280	917,730	861,870	823,470	824,190
Total bills discounted	27,770	104,840	104,230	100,080	98,190
Bills bought in open market	35,320	13,800	14,440	13,830	13,880
Total U.S. Govt. securities	145,170	583,860	658,470	692,160	719,950
Total bills and securities	204,010	705,650	780,310	809,350	835,340
Deposits—Memberbank—reserve account	1,014,940	1,000,890	1,006,780	989,970	1,027,270
Ratio of total res. to dep. and Federal Res. note liabilities combined	91.4 %	61.0 %	56.7 %	54.6 %	53.7 %

FEDERAL RESERVE MEMBER BANKS.

In \$'s (000,000's omitted.)

	May 6, 1931.	Apr. 6, 1932.	Apr. 13, 1932.	Apr. 20, 1932.	Apr. 27, 1932.	May 4, 1932.
Loans	14,922	12,060	11,970	11,969	11,882	11,842
Investments	7,846	7,113	7,088	7,150	7,151	7,435
Demand deposits	13,608	10,875	10,976	11,053	11,144	11,082
Time deposits	7,422	5,656	5,629	5,655	5,685	5,705
Due to banks	1,649	1,010	1,069	1,084	1,163	1,250
Due to banks	3,712	2,561	2,575	2,613	2,682	2,832
Federal reserve borrowings	36	313	314	255	225	205

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

	Apr. 24, 1931.	Mar. 24, 1932.	Apr. 1, 1932.	Apr. 8, 1932.	Apr. 15, 1932.	Apr. 23, 1932.
ASSETS.						
Gold coin and bullion	6,304	7,189	6,420	6,719	7,234	7,183
Subsidiary coin	320	460	457	463	472	477
Bills discounted: Domestic and Union Gov. Treas.	273	3,896	3,685	2,117	1,540	1,695
Bills discounted: Foreign	6,882	54	63	53	57	66
Investments	1,859	1,127	1,591	1,630	1,512	1,322
LIABILITIES.						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	720	802	802	802	802	802
Notes in circulation	6,892	7,055	8,431	7,403	6,514	6,514
Government deposits	2,657	1,457	1,152	1,053	1,513	1,588
Bankers' deposits	4,756	3,756	3,835	3,971	4,473	4,347
Ratio of cash reserves to liabilities to public	45.5 %	55.6 %	49.7 %	54.5 %	58.3 %	59.2 %

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

	Apr. 24, 1931.	Mar. 25, 1932.	Apr. 1, 1932.	Apr. 8, 1932.	Apr. 15, 1932.	Apr. 22, 1932.
ASSETS.						
Total assets	30,62,24	18,36,01	19,68,58	21,44,48	23,28,11	24,66,19
Loans	13,41,57	9,43,79	10,03,98	9,33,96	9,12,80	8,68,33
Cash credits	29,08,95	25,03,98	24,67,72	23,82,35	23,63,54	23,80,22
Inland bills	3,71,00	5,93,04	5,95,62	6,03,25	5,77,54	6,18,80
Foreign bills	58,77	29,48	29,48	29,48	29,48	34,38
Dead stock	2,75,49	2,69,18	2,69,25	2,69,49	2,69,49	2,69,66
Real estate	14,72	55,34	40,03	40,18	40,23	28,41
Other assets	15,22,02	9,72,78	11,95,40	8,76,76	8,75,66	9,79,37
LIABILITIES.						
Capital paid up	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50
Reserve	5,40,00	5,00,00	5,00,00	5,00,00	5,00,00	5,00,00
Total deposits	83,84,18	68,34,71	71,85,24	67,70,26	68,04,64	69,29,51
The above includes:						
Deposits in London	4,083	2,159	2,039	941	956	914
Advances in London	4,111	1,680	1,941	844	838	841
Cash, &c., at other Banks in London	113	417	301	305	304	216

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

	May 15, 1931.	Apr. 15, 1932.	Apr. 22, 1932.	May 6, 1932.	May 13, 1932.
ASSETS.					
Gold	55,628,048	77,065,206	77,480,944	78,339,832	78,651,492
Foreign assets—					
Sight deposits	5,574,437	4,408,306	4,567,468	4,594,342	4,654,226
Bills, &c.	20,587,810	8,143,738	7,791,903	6,759,168	...
Home bills	4,775,590	3,693,232	4,403,364	3,433,147	...
Advances against sec.					
To the State	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Other advances ...	2,840,568	2,808,121	2,750,969	2,842,574	2,767,226
Negotiable Bonds,					
Sinking Fund Dept.	5,082,397	6,880,527	6,880,527	6,880,527	6,880,527
Other assets (exclud-					
ing forward exch.) ..	5,304,525	5,583,980	5,435,164	6,118,495	...
LIABILITIES.					
Notes in circulation ..	77,309,848	81,827,134	81,145,545	82,382,036	81,749,820
Public deposits	10,825,476	13,145,562	13,235,149	13,066,392	5,079,039
Private deposits	11,556,491	24,307,736	25,636,328	23,703,244	22,158,644
Other liabilities	2,701,559	2,504,984	2,493,423	2,649,142	...

LONDON RATES.

	May 12, 1932.	May 13, 1932.	May 14, 1932.	May 15, 1932.	May 16, 1932.	May 17, 1932.	May 18, 1932.	May 19, 1932.
Bank rate (changed from 3% May 12, 1932)	2½	2½	2½	2½	2½	2½	2½	2½
Market rates of discount—								
60 days' bankers' drafts	1½	1½	1½	1½	1½	1½	1½	1½
3 months' do.	1½	1½	1½	1½	1½	1½	1½	1½
4 months' do.	1½	1½	1½	1½	1½	1½	1½	1½
6 months' do.	1½	1½	1½	1½	1½	1½	1½	1½
Discount Treasury Bills—								
2 months'	1½	1½	1½	1½	1½	1½	1½	1½
3 months'	1½	1½	1½	1½	1½	1½	1½	1½
Loans—Day-to-day	1½	1½	1½	1½	1½	1½	1½	1½
Short	1½	1½	1½	1½	1½	1½	1½	1½
Deposit allowances: Bank								
Discount houses at call	1½	1½	1½	1½	1½	1½	1½	1½
At notice	1½	1½	1½	1½	1½	1½	1½	1½

Comparison with previous week—

	Short	Bank Bills.	Trade Bills.
	3 Months.	4 Months.	6 Months.
1932.			
Apr. 28	1½	1½	1½
May 5	1½	1½	1½
" 12	1½	1½	1½
" 19	1½	1½	1½

RATES OF EXCHANGE.

London on	Usance.	Par.	May 21, 1932.	May 12, 1932.	May 19, 1932.
New York	dollars to £1	Cable	4.86½	4.86½	3.67½
Montreal	dollars to £1	Cable	4.86½	4.86½	4.17-4.18
Paris	francs to £1	T.T.	24.21	24.21	92½-93½
Berlin	marks to £1	T.T.	20.43	20.42-42½	15.35-15.45
Amsterdam	florins to £1	T.T.	12.107	12.10½	9.04-9.08
Brussels	francs to £1	T.T.	35.00	34.95	26.10-26.10
Zurich	francs to £1	T.T.	25.22½	25.22½	18.70-18.85
Oslo	kroner to £1	T.T.	18.159	18.14½	19½-19½
Stockholm	kroner to £1	T.T.	18.159	18.14½	18.25-18.35
Copenhagen	kroner to £1	T.T.	18.159	18.14½	44½-44½
Madrid	pesetas to £1	T.T.	25.22½	25.22½	109½-110½
Lisbon	escudos to £1	T.T.	34.58½	34.60-63	31-36½
Vienna	schillings to £1	T.T.	16½	16½-16½	123½-124½
Prague	korunas to £1	T.T.	27.6-316	27.6-276½	200-215
Budapest	pengos to £1	T.T.	27.82	27.89-92	20-21 (f)
Bucharest	lei to £1	T.T.	813-6	816-818	600-625
Sofia	leva to £1	T.T.	673-659	688-673	500-540
Athens	drachmas to £1	T.T.	375	374½-375½	750-800†
Constantinople	piastres to £1	T.T.	110	102½-102½	7-11½-7.13½
Moscow	roubles to £1	T.T.	43.38	43½	32½-33½
Warsaw	zlotys to £1	T.T.	193-23	193-193½	210-220
Helsingfors	marks to £1	T.T.	48.66	48½-49	35-39
Kyoto	krone to £1	T.T.	18.159	18.20-27	13-15
Reval	krone to £1	T.T.	25.22½	25.20-27	18-20
Riga	piastres to £1	Sight	97½	97½-97½	97½-97½
Alexandria	pence to peso	T.T.	47.62½	34½-34½	35½-36½
Buenos Aires	pence to mils.	90 days	5.899	3½-4	4½-4½
Rio de Janeiro	pence to peso	T.T.	51	29½-30½	29½-31½
Montevideo	pence to peso	90 days	40	17-35	61½
Valparaiso	soles to £1	90 days	17-3	15½-15½	1½
Lima	pence to £1	T.T.	1½	1½-1½	1½-1½
Calcutta	rupee to £1	T.T.	1½	1½-1½	1½-1½
Bombay	ster. to dollar	T.T.	11½-11½	11½-11½	11½-11½
Hong Kong	ster. to tael	T.T.	2½-2½	2½-2½	2½-2½
Shanghai	ster. to dollar	T.T.	28.4d.	28.4d.	28.4d.
Singapore	ster. to yen	T.T.	24.582d.	24.582d.	24.582d.
Kobe	ster. to peso	T.T.	24.066d.	24.066d.	24.066d.
Manila	pesos to £	T.T.	9.76	10.00-10	12.10-12.40
Mexico	ster. to baht.	T.T.	21.82d.	1/9½	1/10-1/10½
Siem					1.9½-1/10½

OVERSEAS BANK RATES.

Changed	From To	Changed	From To
Albania	July 1, 1931	Madrid	July 8, 1931
Amsterdam	Apr. 18, 1932	Oslo	May 20, 1932
Batavia	Feb. 20, 1932	Paris	Oct. 9, 1931
Belgrade	Mar. 10, 1930	Prague	Apr. 11, 1932
Berlin	July 20, 1931	Reval	Nov. 13, 1931
Bombay	Apr. 27, 1932	Riga	Jan. 28, 1932
Buenos Aires	Jan. 13, 1932	Rome	Oct. 1, 1930
Budapest	Mar. 3, 1932	Sofia	May 2, 1932
Calcutta	Apr. 28, 1932	Stockholm	May 16, 1932
Canton	Mar. 11, 1932	Swiss Bank	Mar. 17, 1932
Cebu	Nov. 19, 1932	places	Jan. 22, 1931
Helsingfors	Apr. 13, 1932	Tokio	Mar. 12, 1932
Kobe	May 4, 1932	Vienna	Mar. 17, 1932
London	Apr. 4, 1932	Warsaw	Oct. 3, 1930
New York	Feb. 25, 1932	Irish	May 12, 1932

Central Bank of Chile.—Discount rate for member banks, 6%; discount rate for the public, 7%.
 6% applied to banks and credit institutions.
 7% applied to private persons and firms.

CURRENT PRICES IN NEW YORK.

The Irving Trust Company cable the following money and exchange rates in New York:—

	May 20, 1932.	Apr. 20, 1932.	Apr. 27, 1932.	May 4, 1932.	May 11, 1932.	May 18, 1932.
Call money	1½	1½	1½	1½	1½	1½
Time money (90 days' mixed coll.)	1½	1½	1½	1½	1½	1½
Bank acceptances:—						
Members—eligible, 90 days	1½	1½	1½	1½	1½	1½
Non-members—eligible, 90 days	1½	1½	1½	1½	1½	1½
Commercial accept., 90 days	2	3	3	3	3	3

Rates of Exchange, New York on—	Par Level.	May 20, 1931.	May 4, 1932.	May 11, 1932.	May 18, 1932.
London—					
60 days	Dollars for £1	4.866½	4.83½	3.65½	3.67½
Cable		4.866½	4.86½	3.67½	3.68½
Cheques		4.866½	4.86½	3.67½	3.68½
Paris	Cents for 1 franc	3.918	3.91½	3.94½	3.94½
Brussels	Cents for 1 franc	13.90	13.91	14.05	14.02
Switzerland	Cents for 1 franc	19.30	19.28	19.60	19.58
Italy	Cents for 1 lire	5.263	5.23½	5.16	5.15
Berlin	Cents for 1 mark	23.82	23.80	23.88	23.89
Vienna	Cts. for Austro. shg.	14.07	14.04	...	...
Madrid	Cents for 1 peseta	19.30	10.06	7.95	8.07
Amsterdam	Cents for 1 guilder	40.195	40.17	40.63	40.58
Copenhagen			26.77	20.15	20.15
Stockholm	Cents for 1 krona	26.80	26.77	18.70	18.63
Athens	Cents for 1 drachma	1.297	1.29½	18.61	18.75
Montreal	Can. cents for \$1	100	99½	88½	88½
Yokohama	Cents for 1 yen	49.85	49.40	32.55	31.50
Hong Kong	Cents for H. Kong \$	...	24.25	...	...
Shanghai	Cts. for 1 Shng. tael	...	30.12½	...	...
Calcutta	Cents for 1 rupee	36.50	36.16	27.55	27.60
Buenos Aires	Gold pesos for \$100	103.65	141.40	...	...
Rio de Janeiro	Cents for 1 milre	11.96	6.95	...	...
Valparaiso	Cents for 1 peso	12.125	12.06	...	...

SOUTH AFRICAN EXCHANGE RATES.

	T.T.	Sight.	30 days' sight.	60 days' sight.	90 days' sight.
London on:—					
Rhodesia	1½ dis.	1½ dis.	1½ dis.	2½ dis.	3½ dis.
South Africa	£76½	£77½	£77½	£78½	£79½

SELLING RATES PER £100 (STERLING).

	Sight.	Telegraphic.
London on:—		
Rhodesia	£ s. d.	£ s. d.
South Africa	99 17 6	99 15 0
	76 0 0	75 15 0

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.

The Anglo-South American Bank, Limited, quotes the following rates of Exchange:—

Country.	Method of Quoting.	Par Value.	Usance.	Latest Rate.
Buenos Aires	Soles to £	24.3325	Sight London	24.04½
Bolivia	Bolivianos to £	25.2215	"	24.20½
Colombia (Bogota)	Pesos to £	4.96	"	3.85½
Nicaragua	Cordobas to £	4.8665	"	4.96
Salvador	Colones to £	9.73	"	10.12
Bolivia	Bolivianos to £	13.33	"	13.35

OVERSEAS DOMINION RATES.

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND.

	London on Australia and New Zealand.				Australia and New Zealand on London.*			
	Buying.		Selling.		Buying.		Selling.	
	Aus- tra- lia.	New Zealand.	Aus- tra- lia.	New Zealand.	Aus- tra- lia.	New Zealand.	Aus- tra- lia.	New Zealand.
T.T. ...	...	...	125	109½	125	...	125	110
Sight ...	126½	111½	125½	109½	124½	108½	125½	109½
30 days	127½	111½	...	...	124½	108½	125½	109½
60 days	127½	112½	...	...	124½	107½	125½	109½
90 days	128½	113	...	...	123½	107½	125	108½

All rates (Australia and New Zealand) now based on £100—LONDON.

BULLION.

The following statistics of imports and exports of gold for week ended May 19, 1932, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.	Exported from Great Britain and Northern Ireland.
From—	To—
Other Dutch Possessions in the Indian Seas	Germany
France	Netherlands
United States of America	Belgium
British West Africa	France
British South Africa	Switzerland
Kenya	Austria
Anglo-Egyptian Sudan	Czechoslovakia
British India	
Straits Settlements	
Australia	
New Zealand	
Other countries	

Total declared value of imports 2,491,740
 Total declared value of exports 1,597,011
 Messrs. Samuel Montagu and Company write on May 18, 1932, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £120,816,394 on the 11th instant as compared with £120,816,341 on the previous Wednesday.

An interesting event of the week was the purchase by the Bank of England on the 14th instant of £2,012,665 in bar gold. This is the first time since the suspension of the gold standard by this country in September of last year, that a purchase of gold of any consequence has been announced by the Bank.

The gold available in the open market has been taken for the Continent and for a destination not disclosed.

Quotations during the week:—

	Per fine ounce.	Equivalent value of £ sterling.
May 12	112s. 11d.	15s. 0.6d.
" 13	113s. 3d.	15s. 0.6d.
" 14	113s. 7d.	14s. 11.5d.
" 17	113s. 5d.	14s. 11.8d.
" 18	113s. 2d.	15s. 0.2d.
" 18	113s. 3.2d.	15s. 0.0d.

Average of above 5 days

The s.s. "Comorin" which left Bombay on the 14th instant carries gold to the value of about £666,000.

SILVER.

The steady tone of the market was maintained during the past week. On the 12th instant there was a rise of ½d. in both quotations to 17½d. and 17½d. for cash and two months' delivery respectively, owing to demand from China on a poorly supplied market. The rise in silver followed the receipt from Washington of news to the effect that President Hoover had agreed to submit to the various Government departments for study a proposal that the United States should accept payment of War Debts in silver until 1936. Although the prospect of the adoption of such a proposal seems very questionable, it is possible that the sentimental effect of the news induced some of the speculative buying.

Prices fluctuated subsequently, with some speculative re-selling. China both bought and sold, but the Indian Bazaars and America were more disposed to give support. The undertone still appears steady, but present indications are that any advance would attract offerings from China.

The following were the United Kingdom imports and exports of silver registered from midday on the 9th instant to midday on the 14th instant:—

IMPORTS.	£	EXPORTS.	£
France	112,880	British India	38,913
Belgium	9,865	Belgium	16,650
Australia	14,307	Other countries	4,165
British South Africa	3,548		
Other countries	4,628		
	145,228		59,728

Quotations during the week:—

	IN LONDON.	IN NEW YORK.
	Bar silver per oz. std.	Cents per ounce.
	Cash	Two Months' delivery.
May 12	17½d.	17½d.
" 13	17½d.	17½d.
" 14	17½d.	17½d.
" 17	17½d.	17½d.
" 18	17½d.	17½d.
Average of above 5 days	17.225d.	17.350d.

The highest rate of exchange on New York recorded during the period from the 12th instant to the 18th instant was \$3.68½ and the lowest \$3.64½.

INDIAN CURRENCY RETURNS (in lacs of rupees).

	May 7.	April 30.	April 22.
Notes in circulation	16,783	16,831	17,058
Silver coin and bullion in India ..	10,992	11,050	11,028
Gold coin and bullion in India ..	1,061	553	542
Securities (Indian Government) ..	4,730	5,228	5,238
Bills of exchange	...	...	250

The stocks in Shanghai on the 14th instant consisted of about 67,800,000 ounces in sycee, 210,000,000 dollars and 4,560 silver bars, as compared with about 62,300,000 ounces in sycee, 202,500,000 dollars and 4,140 silver bars on the 7th instant.

GOLD AND SILVER PRICES.

	Gold Per Ounce.	Silver—Per Ounce.	Date.	Silver.
	Cash	Forward		Cash.
1932.				
May 13	113 3	17½	May 15, 1926	31½
" 14	113 7	17½	" 14, 1927	30½
" 16	113 5	17½	" 13, 1928	26
" 17	113 2	17½	" 17, 1929	27½
" 18	112 11	16½	" 22, 1930	18½
" 19			" 21, 1931	12½

NOTICES.

The

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Dis- tribu- tion.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefee.	Ordinary.					
						Amount	Amount.				
Breweries.		£	£	£	£	£	%	£	£	£	%
Rowell (John) and Son ...	Mar. 31	30,604	8,084	38,688	2,500	5,500	5½	2,000	28,688	17,654	10
Canals and Docks.											
Grand Junction Company	Mar. 31	4,152	32,647	36,799	5,622	20,487	2½	4,630	6,060	29,321	2½
Financial Land, &c.											
Argus Press Holdings	Mar. 31	1,565	35,097	36,662	15,469	18,750	12½	...	2,443	33,326	12½
British Overseas & General Investment	May 13	50,043	11,568	16,571	7,500	3,750	5	...	5,321	13,706	5
Forestal Land, &c.	Dec. 31	212,786	107,416	320,202	111,951	...	...	130,000	78,251	362,142	6½
House Property and Invest.	Mar. 31	7,005	31,136	38,141	15,528	11,250	10	...	11,363	32,779	10
Primitiva Holdings	Apr. 30	9,212	84,958	94,170	8,589	70,958	4	...	14,623	116,633	6½
South American Assets Co.	Mar. 1	7,901	4,738	12,639	...	...	...	...	12,639	...	...
Hotels, Restaurants, &c.											
Criterion Restaurants	Mar. 31	15,039	25,409	40,448	...	22,500	10	5,000	12,948	41,520	12½
Oil.											
Tankers, Ltd.	Mar. 31	2,685	180,258	182,943	23,460	...	...	99,399	60,084	193,048	...
Venezuelan Oil Concessions	Dec. 31	178,097	697,125	875,222	99,966	619,771	10	...	155,485	1,260,757	17½
Rubber.											
Dahan Rubber	Dec. 31	344	Dr. 3,376	Dr. 3,032	...	...	...	...	Dr. 3,032	Dr. 7,185	...
Emerald Rubber	Jan. 31	12,288	5,535	17,823	...	...	...	...	12,823	Dr. 2,959	...
F.M.S. Rubber Planters	Dec. 31	23,122	Dr. 1,587	21,535	...	...	...	5,000	19,535	13,575	...
Heawood Tin and Rubber...	Dec. 31	5,442	3,267	8,709	...	...	...	2,000	3,709	331	...
Kaduna Prospectors	Oct. 31	3,908	545	4,453	...	...	...	3,000	5,709	331	...
Kaduna Syndicate	Oct. 31	3,674	Dr. 312	3,362	...	...	...	1,164	3,289	2,641	...
Malakoff Rubber	Dec. 31	8,290	Dr. 4,161	4,129	...	2,000	5	Dr. 778	2,140	2,783	10
Kapoewas Rubber	Dec. 31	Dr. 2,500	Dr. 3,528	Dr. 6,028	...	...	...	...	4,129	Dr. 1,211	...
St. George Rubber Estates	Dec. 31	2,886	Dr. 991	1,895	...	...	...	...	Dr. 6,028	Dr. 4,143	...
Shelford Rubber Estate ...	Dec. 31	3,362	Dr. 1,139	2,223	...	...	...	365	1,530	18	...
Staybrook Rubber, &c.	Dec. 31	Dr. 80	Dr. 2,239	Dr. 2,319	...	...	...	...	2,223	Dr. 1,744	...
Sungei Kapar Rubber	Dec. 31	7,324	1,032	8,356	...	...	...	Dr. 2,500	181	Dr. 2,517	...
Tangga Batu Rubber	Dec. 31	Dr. 1,050	Dr. 1,303	Dr. 2,353	...	...	...	1,000	7,356	Dr. 5,339	...
United Sumatra Rubber ...	Dec. 31	16,255	Dr. 9,765	6,490	...	...	...	Dr. 2,500	147	Dr. 2,245	...
Shipping.											
Britain Steamship Co.	Dec. 31	1,358	Dr. 24,967	Dr. 23,609	...	...	...	...	Dr. 4,619	Dr. 18,990	...
Nitrate Producers' Steamship	Apr. 30	15,045	25,410	40,455	...	11,723	7½	13,000	15,732	35,296	7½
Shops and Stores.											
Kennards, Limited	Feb. 10	4,739	49,174	53,913	8,250	35,750	20	975	8,938	43,168	20
Tea.											
Amalgamated Tea Estates...	Nov. 30	53,586	24,373	77,959	21,000	...	...	10,823	46,136	80,373	5
Anglo-American Direct Tea	Nov. 30	42,305	83,918	126,223	30,000	49,678	7½	...	46,545	95,179	10
Trading	Nov. 30	158,868	Dr. 8,056	150,812	59,981	...	...	3,959	86,872	219,233	2½
Consolidated Tea and Lands	Nov. 30	91,836	156,301	248,137	33,000	93,750	12½	30,738	90,649	205,274	17½
Textiles.											
British Cotton & Wool Dyers	Mar. 31	33,397	60,175	93,574	...	25,806	3½	33,000	34,768	28,818	...
Fine Cotton Spinners	Mar. 31	40,432	Dr. 227,780	Dr. 187,348	...	...	...	...	Dr. 187,348	Dr. 345,703	...
Porritts and Spencer	Mar. 31	35,089	89,268	124,357	16,524	46,116	15	10,000	51,717	76,127	15
Tramways and Omnibuses.											
Potteries Electric Traction	Dec. 31	7,965	49,868	57,833	...	...	...	40,200	17,633	2,552	...
Trusts.											
Abbotts Investment Trust	Apr. 15	10,472	15,562	26,034	...	11,312	3	1,000	13,722	20,490	4
Bankers' Investment Trust	Apr. 30	27,146	92,607	99,753	29,869	47,250	7	10,000	32,634	123,165	10½
Nineteen Twenty-eight Inv.	Mar. 31	5,926	44,672	50,598	28,289	9,418	2½	...	12,891	58,280	5
Nineteen Twenty-nine Inv.	Mar. 31	3,419	38,616	42,035	22,358	9,040	3	8,000	2,637	42,896	4
Second Guardian Trust	May 5	13,440	43,965	57,405	18,438	18,750	5	...	20,217	58,013	7
Other Companies.											
Advance Laundries, Ltd. ...	Mar. 31	1,553	32,706	34,259	20,800	...	...	12,250	1,209	30,119	...
Benger's Food, Ltd.	Mar. 31	24,760	46,382	71,142	9,000	35,000	10½	...	27,142	48,333	10½
British Borneo Timber	Dec. 31	8,029	9,183	17,212	...	9,000	5	...	8,212	...	...
Catalinas Warehouses, &c.	Dec. 31	...	8,946	8,946	...	...	...	...	8,946	...	...
Chloride Electrical Storage	Mar. 31	80,506	226,692	307,198	3,720	104,800	10½	97,465	101,213	25,467	...
G.R.A. and White City (Manchester)	Mar. 31	645	12,975	13,620	8,806	...	...	1,161	3,653	...	...
Royal Sovereign Pencil Co.	Dec. 31	3,527	6,685	10,212	6,595	...	...	...	3,617	...	...
Shanghai Electric Construc.	Dec. 31	16,996	167,492	184,488	...	75,000	12½	71,972	37,516	142,964	12½
Smith's Potato Crisps (1929)	Mar. 31	24,540	50,017	74,557	...	30,469	12½	18,000	26,088	53,396	15
Tweedales and Smalley ...	Apr. 30	60,852	Dr. 15,830	45,022	...	...	...	...	45,022	Dr. 3,337	7½
Whiteaway, Laidlaw & Co.	Feb. 29	15,572	Dr. 65,911	Dr. 50,339	41,500	...	...	Dr. 100,000	8,161	30,670	...

† Free of Income Tax.

REPORTS AND NOTICES.

MISCELLANEOUS.

WESTERN UNION TELEGRAPH.—Gross operating revenues for 1931, of the Western Union Telegraph Company, Ltd., amounted to \$108,736,949, against \$130,581,858 in 1930. Operating expenses were lower, being \$99,215,430, compared with \$118,941,140. The balance to surplus account was \$5,974,499, compared with \$9,247,032, while the balance at the end of the year was \$93,333,051, against \$95,692,697 at the end of 1930.

J. AND P. COATS, LTD.—A rise in net profits from £1,809,852 for 1930 to £2,024,363 for 1931 is recorded in the preliminary statement of Messrs J. and P. Coats, Ltd. The directors have brought £250,000 from dividend reserve. The sum of £200,000 is set aside for investment depreciation and £550,000 for exchange differences. The ordinary dividend is reduced from 15 per cent. to 10 per cent. for the year. The following comparisons are interesting:—

	To December 31.	1929.	1930.	1931.
Net profits	£	£	£	£
From dividend reserve	3,179,575	1,809,852	2,024,363	350,000
Brought in	825,954	1,094,279	361,631	...
Available	4,005,529	2,904,131	2,735,994	...
Investment depreciation	...	...	200,000	...
Exchange differences	...	...	550,000	...
Preference dividends	330,000	330,000	330,000	...
Ordinary dividend, amount	2,581,250	2,212,500	1,475,000	...
Ordinary dividend, rate %	17½	15	10	...
Forward	1,094,279	361,631	180,994	...
An interim dividend of 6d. per ordinary share (2½ per cent.) less income tax, in respect of the quarter ended March 31, 1932, will be paid on June 30, 1932. This is at the same rate as in previous quarter, but compares with 4½d. per share paid on December 31, 1931.				

SUMMARY OF BALANCE SHEETS.

FORESTAL LAND, TIMBER AND RAILWAYS COMPANY, LIMITED.

December 31, 1931.		December 31, 1930.	
LIABILITIES.	Amount.	LIABILITIES.	Amount.
6% cum. pref. £1	1,865,852	Subsidiary cos. ...	8,812,100
Ord. shares £1	3,708,837	Other investments	184,807
Reserve accounts	1,073,948	Research laboratory at Harpenden	12,304
Depreciation account	2,376,302	Stocks	274,893
6% 10 year notes	1,000,000	Debtors	417,680
Creditors	111,356	British Government securities	40,117
Due to subsidiaries	115,787	Treasury bills	548,405
Pref. div., &c.	27,502	Cash	67,530
Profit and loss	78,252		
Total	10,357,836	Total	10,357,836

FINE COTTON SPINNERS' AND DOUBLERS' ASSOCIATION, LIMITED.

March 31, 1932.		March 31, 1931.	
LIABILITIES.	Amount.	LIABILITIES.	Amount.
5% cum. pref. ...	3,000,000	Properties, &c. ...	6,343,609
5% cum. pref. ord. ...	940,000	Investments	3,099,447
Ord. shares	4,410,000	Furniture, &c.	17,623
4% deb. stock	2,000,000	Stock-in-trade	2,173,076
4% ext. deb. stock	750,000	Debtors	918,406
Deb. interest	41,250	Cash	2,743
Reserves	757,959	Loans to subsidiaries	985,976
Reserves against investments	200,000	Other investments	116,629
Insurance	208,117	Patents and trade marks	550
Research fund	8,077	Profit and loss	187,348
Welfare fund	1,593		
Loans	605,872		
Creditors	745,794		
Unclaimed divs.	999		
Bank	175,746		
Profit and loss	Nil		
Total	13,845,407	Total	13,845,407

Commercial Reports.

MARKET SUMMARY.

In the absence of any signs of an expansion in the world's industrial activity, the principal international commodity markets have been dull and price movements showed a weakening tendency. Among non-ferrous metals, the New York quotations for tin, copper and spelter were all lower than a week ago. Rubber recorded a new low level at 3 cents per lb. and cotton failed to improve. Among cereals, wheat, maize and oats are scarcely changed on the week, but rye continued to decline, and, at about 36 cents per bushel, shows a fall of 18 per cent., as compared with the level of a month ago. Raw sugar has been a little steadier and coffee was firm, but cocoa lost a few points. Sterling quotations of commodities which lend themselves to grading and therefore to international arbitrage, moved in sympathy with gold prices. The price of commodities such as tea, meat and dairy produce which are determined largely by the demand in this country, showed a downward tendency. According to various reports from industrial centres, the coal trade suffers from a shrinkage in export orders and from the decline in the demand for house coal, while industrial consumption fails to expand. Transactions in iron and steel manufactures continue on a small scale. There has been a slight increase in the demand for cotton goods in India. Activity in the wool trade has been maintained, but business in rayon yarns and fabrics has been a little smaller.

THE COAL TRADE.

SHEFFIELD.—Quietude prevails in all sections of the coal industry, although there is no surplus of best quality steams, which maintain former prices, namely, 15s. 6d. to 16s. f.o.b. Secondary qualities are in abundant supply with prices rather weak. Sales of house coal have fallen off still further and merchants are ordering with extreme caution. Best South Yorkshire house is quoted at 21s. and 22s. at pits. The call for industrial fuel does not expand. There is a surplus of blast furnace coke and bargains have been picked up at 10s. and 10s. 6d. at ovens. The nominal quotations are about 12s. or 12s. 6d. at ovens.

GLASGOW.—Fairly good shipments for the season continue to be made from Scottish ports, but these to a great extent relate to coastwise orders (prices for which are keenly cut), and export business remains restricted. As a result of import restrictions in certain countries competition is the more severe in the free markets, but Scandinavian buyers, especially Danish, appear still to favour the British product. With the return to work of the Fife miners the market is more subdued, but washed doubles and Fife steams are as yet none too plentiful. Shipment prices and Fife district ports: LANARKSHIRE.—Ell best, 14s. 3d.; splint (f.o.b.), 15s. 6d.; splint second, 14s. 3d.; navigation, 15s.; navigable, 15s. 6d.; Hartley, 15s.; steam, 13s.; trebles, 11s. 6d.; tion second, 14s. 6d.; trebles, 11s. 6d.; dross, 8s. 9d. doubles, 9s. 9d.; singles, 8s. 9d.; pearls, 8s. 6d.; dross, 8s. 9d. Five.—Screened navigation, 16s. 6d.; first-class steam, 12s.; third-class steam, 11s.; trebles, 11s.-13s.; doubles, 10s.-10s. 6d.;

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singles, 8s. 9d.; pearls, 8s. 6d. LOTHIAN.—Prime steam, 11s.-11s. 6d.; secondary steam, 11s.; trebles, 11s.-11s. 6d.; doubles, 10s. 6d.; singles, 8s. 9d.-9s.; pearls, 8s. 6d. AYRSHIRE.—Unscreened navigation, 16s.; jewel, 16s. 6d.; steam, 12s.; trebles, 12s.; doubles, 10s.; singles, 9s. 9d.; pearls, 9s.; dross, 9s.

CARDIFF.—Intimation has been received at Cardiff that the Egyptian State Railways have placed their order for 240,000 metric tons of coal with Messrs. T. Beynon and Company for Monmouthshire coals. This has been the only event on the Cardiff coal market this week. Owing to the Whitsun holidays work at the collieries was suspended till Thursday morning, and the docks were also at a standstill till Tuesday. Last week shipments from the South Wales ports totalled 460,330 tons, compared with 396,330 tons the previous week and 469,794 tons in the corresponding week last year. Heavy decreases both in production and shipments are inevitable during the current week. Current inquiries are very scarce and prices are nominally unchanged. The latest quotations are as follows: Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 4½d.; best dries, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams, 13s. 6d.; cargo smalls, 11s. 6d. to 12s. 6d.; coking smalls, 13s. 6d. to 13s. 9d.; anthracite best large, 36s. to 38s. 6d.; Red Vein large, 22s. to 26s. 6d.; machine-made cobbles, 40s. to 48s. 6d.; French nuts, 40s. to 48s. 6d.; stove nuts, 38s. 6d. to 45s.; rubby culm, 8s. 3d. to 8s. 9d.; foundry coke, 32s. 6d. to 35s

OTHER METALS.

TIN.—Despite the drastic turn in the restriction screw proposed by the Malayan Chamber of Mines and endorsed by the Tin Producers' Association, the market in tin was inactive and prices tended to decline. In New York the metal was quoted at 20.90 cents per lb. on Wednesday, against 21.375 cents per lb. a week ago and 19.375 a month ago. Wednesday's official closing quotations in London, in terms of sterling for "standard" cash at £121 7s. 6d. to £121 12s. 6d. per ton, compares with £124 7s. 6d. to £124 10s. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 33,446 tons, show an increase of 215 tons on the week.

COPPER.—In the absence of an expansion in demand in the United States, domestic copper prices continued to decline. Although the official export price remained unchanged at 6½ cents per lb. (electrolytic), sales were generally effected at about 5½ cents per lb. On Wednesday, "Domestic" spot was quoted at 5½ cents per lb. in New York, against 5½-5¼ cents a week ago, and 5¼ cents a month ago. Wednesday's official closing price for "standard cash" in London, in terms of sterling, at £28 5s. to £28 6s. 3d., compares with £29 8s. 9d. to £29 11s. 3d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 19,618 tons, show a decrease of 878 tons, while stocks of rough copper, at 769 tons, are unchanged.

LEAD.—The London market in lead was dull on Tuesday, but on Wednesday sales amounted to 500 tons and prices were slightly firmer. In New York the metal was quoted at 3.00 cents per lb. on Wednesday, against 3.00 cents a week ago, and 3.00 cents a month ago. Wednesday's official closing quotation for "soft foreign" in London, in terms of sterling at £10 16s. 3d. per ton for shipment during the current month, compares with £10 18s. 9d. on the corresponding day last week.

SPELTER.—At a meeting of the governing committee of the International Zinc Cartel held in Brussels on May 12th, it was stated that since June 1, 1931, the stocks of undertakings belonging to the Cartel had decreased by 25 per cent. It was therefore decided that production should continue as at present at half the normal rate. It is hoped that in six months stocks will have been exhausted. Meanwhile the demand for spelter has been quiet in London, and the New York price declined further in the absence of an improvement in consumption. Wednesday's quotation in New York, at 2.325 cents per lb., compares with 2.45 cents a week ago and 2.775 cents a month earlier. Wednesday's official closing quotation in London, in terms of sterling for "good ordinary brands," was £12 10s. per ton for shipment during the current month, against £12 12s. 6d. a week ago.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotations for aluminium and nickel have been maintained at £95 per ton and £225-£230 per ton respectively. Quick-silver was again quoted at £16 per flask, and platinum at £10 11s. per ounce. Foreign antimony was sold at £26-£26 10s. as compared with £26 a week ago.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Imports for the week May 12th to 18th (inclusive) are 49,363 bales, of which 35,434 are American; 384 Peruvian; 760 Argentine; 11,647 Egyptian; 47 African; 214 East Indian; and 877 sundries.

Manchester.—Owing to the Whitsuntide holidays the market this week has been very unsettled, and actual trade has been on a limited scale. Rather wider fluctuations have occurred in raw material rates. In the cloth section a feature of interest has been the improved demand in piece goods for India. Some shippers have reported more inquiry and offers than for a long time back. Some fair contracts have been arranged in dhooties, mulls and jacconets for Calcutta, Karachi and Madras, and a few more transactions have been put through in prints for Bombay. Operations for China have been within a narrow compass, but bids have been mentioned in white shirtings for Hong Kong. Not more than a retail business has been done for Egypt, South America and the Continent. Only occasional lines have been reported in home trade fabrics, but rather freer clearances are now being experienced in the wholesale establishments. Quotations in American and Egyptian yarns have been somewhat irregular in price when tested, and only a restricted business has been done in home counts and export numbers.

Cotton Prices.

	1932.				Corresponding Date.	
	April 27.	May 4.	May 11.	May 18.	1930.	1931.
Raw Cotton—Mid. American per lb.	d. 4.95	d. 4.57	d. 4.56	d. 4.53	d. 8.57	d. 5.01
" Sakellaridis Fully Good Fair Egyptian per lb.	6.70	6.25	6.00	6.10	13.85	8.05
Yarns—32's twist per lb.	8 ½	8 ½	8 ½	8 ½	12 ½	8 ½
" 40's wett per lb.	9	8 ½	8 ½	8 ½	22	15
" 60's twist (Egyptian) per lb.	14	14	13 ½	13 ½	22	15
32-in. Printers, 116 yds., 16 by 16, 32's and 60's per lb.	17 ½	17 ½	17 ½	17 ½	21 9	17 9
36-in. Shirtings, 75 yds., 19 by 19, 32's and 60's per lb.	19 ½	19 ½	18 9	18 9	24 6	19 6
36-in. ditto, 38 yds., 18 by 16, 10 lb. per lb.	10 7	10 6	10 4	10 4	13 4 ½	10 10
36-in. ditto, 37 ½ yds., 16 by 15, 8 ½ lb. per lb.	9 7	9 6	9 4	9 4	12 0	9 9

THE WOOL TRADE.—Bradford.—The resumption of business after the Whitsuntide holiday, writes our correspondent, has not revealed any important change in the situation. Cable information from overseas indicates firmness in raw material values with

buying on home trade account in Brisbane. Attention is already being turned to the fourth series of London sales which will commence next Tuesday. The quantity announced as being available is 125,000 bales, which is about 7,500 bales less than for the third series, when about 97,000 bales were carried forward. Crossbreds will again dominate the catalogues, there being 55,500 bales of New Zealand, and 22,500 bales Punta Arenas. The rate of consumption of fine wools this year has been so good that in some quarters anticipations are entertained that about 500,000 more bales of this description will be wanted in the Bradford district than last year, if it is to be maintained. Private information relative to the consumption of wool by the combing machinery is also encouraging. According to a reliable estimate, 87,500 bales of combing wool were put through the machines each month in 1930, but the average for last October was 126,000 bales, and 139,500 bales last February. It is also contended that there was no increase in the stock of merino and fine crossbred tops during the seven months ended March 31, 1932. Very little new business is being done in tops in Bradford, and there is no change in quotations for any description. All the leading topmakers are simply waiting for a development of business to enable them to realise more nearly cost price for the combed article than would be obtainable to-day by accepting spinners' bids.

THE GRAIN MARKETS.

WHEAT.—In the absence of any important event in the international wheat situation, prices moved within narrow limits and are scarcely changed on the week. Continental countries and Russia bought again substantial quantities from Australia, Argentina and North America. The partial failure of the United States winter crop cannot, of course, be expected to bring about a permanent and substantial rise in prices owing to the size of the stocks still held in that country and in Canada. Crop reports from Europe are a little more favourable, but as far as can be ascertained the Russian spring crop is backward. It is expected in some quarters that Russia will not be able to export on a large scale during the next season, but as the ultimate yield of her crop depends on climatic conditions during the next few months, it is as yet impossible to estimate the influence of Russian wheat on the future course of prices. On Wednesday, "May" futures were quoted at 55½ cents per bushel in Chicago, against 55½ cents on the corresponding day last week, and 57 cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 32s. per 496 lbs., as compared with 32s. 6d. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 30s. 3d., against 30s. 6d.; No. 3 Northern Manitoba, Vancouver, ex ship, 29s., against 29s. 6d.; Australian, ex ship, 28s. to 28s. 6d., against 28s. to 28s. 6d. a week ago.

WHEAT FLOUR.—In this country the demand for flour has been quiet, but some Continental countries—particularly France—have purchased larger quantities. North American shipments, at 168,000 sacks, showed an increase of 67,000 sacks as compared with the previous week. Of this total, 62,000 sacks have been consigned to Europe. Quotations in London, Wednesday: Straight run, delivered country, 25s. per sack of 280 lbs., as compared with 25s. last week; delivered London, 24s., against 24s. Manitoba patents, ex store, 25s. to 27s. 9d., against 25s. to 27s. 9d.; and Australian, ex store, 20s. to 20s. 6d., against 20s. to 20s. 6d. a week ago.

BARLEY.—Business in feeding barley has been on a small scale, but prices remained steady. On Wednesday, "May" futures were quoted at 40½ cents per bushel in Winnipeg, against 41½ cents last week and 42½ cents a month ago. Quotations in London, Wednesday: "English feeding," f.o.b., per 448 lbs., 27s. to 28s., as compared with 27s. to 28s.; River Plate, landed, 24s. to 26s., against 24s. to 26s. a week ago.

OATS.—The scarcity of home-grown oats has brought about a slight rise in prices, but there has been no substantial expansion in the demand for foreign oats, which show a slight drop in prices. The Continent continues to absorb considerable quantities, mainly from Argentina and Canada. "May" futures, which last week stood at 23½ cents per bushel in Chicago, sold at 23½ cents per bushel on Wednesday this week, against 22½ cents a month ago. Quotations in London, Tuesday: "River Plate," landed, 18s. 6d. per 320 lbs., 17s. 6d., against 17s. 9d.; "Chilean White," landed, 24s. 9d. to 26s., against 24s. 9d. to 26s. a week ago.

MAIZE.—Although shipments from Argentina have been smaller, prices have not recovered from the low level to which they have fallen a week ago, as large quantities are expected to be shipped soon. Wednesday's quotation in Chicago for "May" futures, at 30½ cents, shows an increase of ½ cent on last week, and a fall of 2½ cents as compared with the price a month earlier. Quotations in London, Wednesday: "Plate," landed, 20s. 3d. per 480 lbs., 19s.; "Plate," May-June, 18s. 6d., as against 18s. 6d. Yellow maize meal, ex wharf, was quoted at £6 per ton, against £6 a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1931-32, 1930-31, 1929-30, 1928-29:—

	1931-1932.	1930-1931.	1929-1930.	1928-1929.
Estimated sales of home-grown wheat—				
1 week to May 14	Cwts. 68,660	Cwts. 122,997	Cwts. 130,531	Cwts. 88,053
37 weeks to May 14	3,080,485	4,264,347	8,448,116	8,962,183
Average price of English wheat per cwt.	s. d. 6 1	s. d. 5 8	s. d. 8 9	s. d. 10 0

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1928 to 1931:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
May 7, 1932	Cwts. 126,792	Cwts. 13,972	Cwts. 24,967	s. d. 6 1	s. d. 7 4	s. d. 7 10
May 14, 1932	68,660	8,215	18,373	6 1	7 2	8 0
May 12, 1928	278,460	28,965	30,425	11 2	10 10	12 11
May 11, 1929	152,984	24,324	28,994	9 11	10 0	9 10
May 17, 1930	130,531	46,234	20,428	8 9	7 9	6 8
May 16, 1931	122,997	12,260	25,505	5 8	6 9	6 8

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Jan. 2, 1931.	May 20, 1931.	Jan. 4, 1932.	May 11, 1932.	May 18, 1932.
Winnipeg (No. 1 Manitoba) —Cents per 60 lb.	148½	56½	60½	62½	63½	62½
Chicago (No. 2 Winter) —Cents per 60 lb.	130½	79½	82½	55½	55½	55½

The visible supply of wheat in Canada, at 62,850,000 bushels, shows a decrease on the week of 940,000 bushels. Supplies a year ago stood at 51,955,000 bushels.

OTHER FOODS.

SUGAR.—The international raw-sugar situation has undergone no change during the past week. The turnover was not large, but prices did not decline further. "May" futures in New York were quoted at 0.53 cent per lb. on Wednesday, against 0.53 cent per lb. a week ago, and 0.59 cent per lb. a month earlier. Wednesday's sales of "raws" include "December delivery" at 5s. 0½d. to 5s. 1d. per cwt., against 5s. 1d. to 5s. 1½d., and "March, 1933," at 5s. 3½d., against 5s. 4d. to 5s. 5d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1932.	1931.	1932.	1931.	1932.	1931.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London	1,548	244	962	1,283	8,285	28,793
Liverpool ...	24,182	14,342	13,262	12,553	119,212	79,922
Total	25,730	14,586	14,224	13,836	127,497	108,715
Last week	18,596	22,744	12,777	14,325	115,991	107,965

COFFEE.—The recent advance in the price of Brazilian coffee in New York has been maintained. The market in London was quiet, but quotations remained steady. Last week's movements of coffee in London were as follows: Brazilian, landed, nil; delivered for home consumption, 85 bags; exported, 9 bags; stocks, 4,696 bags, against 2,839 bags last year. Central American, landed, 3,911 packages; delivered for home consumption, 2,958; exported, 1,757; stocks, 132,880 packages, against 127,763 a year ago. Other kinds, landed, 1,520 packages; delivered for home consumption, 2,449; exported, 1,639; stocks, 102,304 packages, against 104,568 a year ago.

COCOA.—The market in cocoa has been quiet, but quotations in London were firm. "May" futures were quoted at 4.00 cents per lb. in New York on Wednesday, against 4.11 cents per lb. a week ago and 4.01 cents a month ago. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, new crop, May-June, at 25s. per cwt., f.o.b., London contract, shows a rise of 6d. per cwt. on the week. Last week's movements of cocoa in London were as follows: Landed, 5,063 bags; delivered for home consumption, 5,407 bags; exported, 110 bags; stocks, 181,332 bags, as against 224,502 last year.

TEA.—No auctions were held this week, but the private market was steady. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account:—

Week ending	Northern India.		Southern India.		Ceylon.		Java.		Sumatra.		Nyasaland.		Total.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	
May 14, 1931	0 10-26	1 4-61	1 4-63	0 6-99	0 7-49	0 5-95	0 11-88						
Apr. 6, 1932	0 10-17	0 10-41	1 4-34	0 7-51	0 6-78	0 7-95	0 11-67						
Apr. 14, "	0 9-89	0 11-60	1 5-96	0 8-62	0 7-48	0 7-15	0 11-99						
May 5, "	0 9-74	0 10-32	1 5-80	0 7-71	0 5-80	0 7-02	0 11-19						
May 12, "	0 9-30	0 9-75	1 4-53	0 7-71	0 5-80	0 7-02	0 11-19						

RICE.—The market in rice has been dull, and prices declined further. Wednesday's "spot" price, at 9s. 9d. per cwt., shows a fall of 1½d. on last week, while forward positions, at 9s. show a

decline of 3d. per cwt. Movements in London during the past week were as follows: Landed, 1 ton; delivered, 67 tons; stocks, 2,159 tons, as against 572 tons last year.

POTATOES.—Owing to the large supplies of potatoes at the principal markets, a slight decline in prices became noticeable. At the Borough Market, "Best King Edward" sold from 11s. 6d. to 12s. 6d. per cwt., as compared with 12s. to 13s. per cwt. a week ago.

SPICES.—The market in spices was quiet, and spot pepper remained at the lower level reached a week ago. Wednesday's quotation for "Black Singapore" pepper, at 6½d. per lb., shows no change on the week. Movements of pepper in London during the past week were as follows: Black, landed, 7 tons; delivered, 5 tons; stocks, 381 tons, against 595 tons last year. White, landed, 48 tons; delivered, 23 tons; stocks, 631 tons, against 680 tons a year ago.

MEAT.—The tendency of prices at the Smithfield Market was lower this week. On Wednesday, Argentine beef (chilled hind-quarters) was sold at 4s. to 4s. 4d. per 8 lbs., against 4s. 4d. to 4s. 8d. on the corresponding day last week, while New Zealand frozen mutton realised 2s. 6d. to 3s. 2d., as against 2s. 6d. to 3s. 2d. a week ago.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—Markets generally are quiet and the measure of business small. Linseed is affected by erratic exchanges, but the demand is poor and prices are difficult to maintain. Both here and on the Continent sales of cake and oil are disappointing, and crushers are in no hurry to purchase seed, although their stocks are said to be low. Shipments from Argentina are still on a modest scale, and the quantity on passage to Europe, at 128,900 tons (including 7,400 tons from India) is 18,600 tons less than last week, and compares with 129,000 tons a year ago. Current value of Plate, afloat and May-June, is around £7 15s., and for July, £7 17s. 6d. Indian linseed is quiet, and Calcutta, May-June, nominally £9 7s. 6d. Egyptian cottonseed is rather steadier, with black, afloat and May loading, quoted £5 15s. Vegetable oils are variable and in only moderate demand. Linseed oil at low levels attracted buyers, but closes easier, raw oil, ex Hull for May delivery, now quoting £12 15s. per ton naked ex Hull mill, later positions being at a progressive premium. Cotton oil is neglected



PLAYER'S
NAVY MIXTURE
OR
NAVY CUT TOBACCO

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Market Hides, London—			
CEREALS AND MEAT.				s. d. s. d.				s. d. s. d.				s. d. s. d.			
GRAIN, &c.—				s. d. s. d.				s. d. s. d.				s. d. s. d.			
Wheat—															
No. 2, N. Man. 49b lb.	30	3													
Eng. Gaz. av., per cwt.	6	1													
Barley, Eng. Gaz. av.	7	2													
Oats, La Plata, landed	8	0													
Maize, 480 lb.	20	3													
Flour, Lon. stan. ex mill,	22	9													
280 lb.															
Rice, No. 2 Burma, per cwt.	9	0													
Tapoca, per cwt.															
Fair Flake, Singapore..	10	6													
MEAT—				s. d. s. d.				s. d. s. d.				s. d. s. d.			
Beef, per 8 lbs.—															
English long sides	5	0	6	0											
Argentine chilled hinds	4	0	4	4											
Mutton, per 8 lbs.—															
English wethers	4	0	5	0											
N.Z. frozen	2	6	3	2											
Pork, English, per 8 lbs.	4	4	4	10											
OTHER FOODS.				s. d. s. d.				s. d. s. d.				s. d. s. d.			
BACON—															
Irish	92	0													
Danish	76	0													
Dutch	76	0													
HAMS—															
Canadian	72	0													
American	70	0	72	0											
BUTTER—															
Australian	94	0	96	0											
New Zealand	94	0	96	0											
Danish	100	0	102	0											
CHEESE—															
Canadian	68	0	72	0											
New Zealand	56	0	57	0											
English Cheddars	94	0	110	0											
Dutch	40	0	51	0											
COCONUTS—															
(Duty, British grown,															
11s. 8d.; foreign, 14s. cwt.)															
Accra, f.f., per cwt.	23	0	28	0											
Trinidad	40	0	48	0											
Grenada	32	0	39	0											
COFFEE—															
(Duty, British grown,															
11s. 8d.; foreign, 14s. cwt.)															
Santos sup., c. & f. cwt.	62	0													
Colombian, good	70	0	90	0											
Costa Rica, med. to good	75	0	112	0											
East Indian	85	0	115	0											
Kenya, medium	80	0	102	0											
EGGS—															
English	8	3	8	9											
Danish	9	3	9	6											
FRUIT—															
Oranges—															
South African ..boxes	10	0	14	0											
Brazilian	13	0	18	0											
Lemons, Sicilian ..boxes	14	0	21	0											
Malaga ..cases 420 No. 1															
Apples: Amer.(var.) bris.															
" (var.) boxes															
" Australian ..	10	0	12	0											
Onions—															
Valencia, case, 4s.	9	0													
Egyptian Bags	9	0	10	0											
Grapes, Lisbon .. boxes															
" Almeria ..bris.															

and dull, and crude Egyptian plentiful at £18 10s., and refined (technical and edible) at £20 ex Hull. Palm kernel oil is steadier. Oilcakes are in declining demand, and prices are easy.

HIDE, LEATHER AND ALLIED TRADES.—In consequence of the Whitsun holiday, no sales of hides and skins were held at Leeds and Manchester this week, the last auction having covered a fortnight's supplies. Generally speaking, there appears to be a slight improvement in the position, as recent business has been done at prices which were firm to a slight upward tendency. Rather more interest has also been taken in the market for foreign hides, where there is also a slightly better outlook in regard to values. For instance, a moderate amount of business has been transacted in South American wet salted at a fraction over 3d. for Argentine ox, while cows have realised 3½d., and Uruguay ox the same figure. Interest has not been great in dry hides from the same source, but a few parcels of B.A. Americanos have changed hands at just over 4½d., while Cuyabanos have been offered at the same figure, Sierra Cordobas at 5½d., and B.A. Inservibles at 2½d. There has been hardly any change in the market for African hides, as is also the case with Australians. Both descriptions have sold in limited quantities, with perhaps more doing in regard to the former than the latter. Turnover in regard to both sole and upper leather this week has been very small. Orders for bends have been confined chiefly to selections suitable for the repair trade. There has been hardly any business passing on manufacturing account, but hopes are entertained that with more normal working conditions at the commencement of next week this section will open out. Sales of upper leather also have been on a limited scale.

RUBBER.—The market in rubber has been inactive, both in London and New York, and the tendency of prices was easier. In New York, Wednesday's spot price for rubber, at 3 cents per lb., shows a fall of ½ cent per lb. on the week. Wednesday's official closing price for standard ribbed smoked sheet in London, at 1½d. per lb., shows no change, as compared with the corresponding day last week. In forward positions, business has been done at

2½d. for October-December, as against 2½d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 1,031 tons; delivered, 5,106 tons; stocks at the end of last week, at 119,010 tons, show a decrease of 4,075 tons as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.

(New York quotations, unless otherwise stated.)

	Apl. 20. Cents.	May 11. Cents.	May 18. Cents.
Wheat, No. 2, Winter, nearest future,			
Chicago, per bushel	57	55½	55½
Maize, nearest future, Chicago, per			
bushel	32½	29½	30½
Oats, nearest future, Chicago, per			
bushel	22½	23½	23½
Rye, nearest future, Chicago, per			
bushel	44½	39½	36½
Coffee, Rio No. 7, cash, per lb.	7½-8	8½	8½-8½
" Santos No. 4, cash, per lb.	9½-9½	10½	10½-10½
Cocoa, Accra, nearest future, per lb.	4-01	4-11	4-00
Sugar, Cuban Centrifugals, 96 deg.,			
spot, per lb.	2-61	2-60	2-58
Cotton, middling, spot, per lb.	6-25	5-75	5-75
Rubber, smoked sheet, spot, per lb.	3½	3½	3
Petroleum, Pennsylvania crude, stan-			
dard grades, per barrel	155-170	175-197	175-197
Copper, "Electrolytic," Domestic,			
spot, per lb.	5½	5½-5½	5½
Copper, "Electrolytic," Copper Ex-			
porters, Inc., spot, per lb.	6	6	5½
Spelter, East St. Louis, spot, per lb.	2-775	2-45	2-325
Lead, spot, per lb.	3-000	3-00	3-00
Tin, "Straits," spot, per lb.	19-375	21-375	20-90

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Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

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SATURDAY, MAY 28, 1932.

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TABLE OF CONTENTS.

The Money Market	1165	Foreign Stock Exchanges—	
Leading Articles—		New York	1194
Factors in Recovery. IV.		Canada	1194
—The Hour Glass	1167	Paris	1194
Russia and Japan	1168	Berlin	1195
American Public Finance	1169	Amsterdam	1195
The Reform of the "Dole."—II.	1171	Other Centres	1195
Exchange Restrictions in Danubia	1172	Investment Notes—	
Empire Migration	1174	Gilt-Edged Setback	1195
Notes of the Week—		Wall Street and Short Selling	1195
Britain's War Debt	1174	Lord Inchcape	1195
The Week in Parliament	1174	Better Company Accounts	1196
Mr Lloyd George Speaks Out	1175	Kreuger Developments	1196
Politics in Prussia	1175	Callender's Cable	1196
Political Moves in Paris	1175	International Telephone and Telegraph	1197
Austria in Extremis	1175	America's Copper Tariff	1197
Greek Cabinet Crisis	1176	Oil Production and Politics	1197
A National Government in Japan	1176	Royal Dutch "Shell" Accounts	1198
The New Belgian Government	1176	Oil Producers	1198
Towards Catalan Autonomy	1176	"Finlay" Tea Companies	1198
The Irish Oath	1176	Rhodesian Anglo-American	1199
Threatened Tariff Duties in U.S.A.	1177	Vereeniging Estates	1199
Federal Reserve Policy	1177	Company Meetings of the Week	1199
Cotton Trade Surplus	1177	Capital Issues	1199
Capacity	1177	Oil Outputs	1200
British Production	1178	Company Meetings, &c.	1201
Threatened Strike in Lancashire	1178	Government Returns, &c.—	
The 1930 Census of Production	1178	National Accounts	1209
The Co-operative Congress	1179	Treasury Bills	1210
Bankers' Clearings	1210	The Bankers' Gazette—	
Bankers' Clearings	1210	Bank of England	1210
Provincial Clearings	1211	Bankers' Clearings	1210
Overseas Bank Returns	1211	Provincial Clearings	1211
Loan and Discount Rates	1213	Overseas Bank Returns	1211
Rates of Exchange	1213	Loan and Discount Rates	1213
Overseas Bank Rates	1213	Rates of Exchange	1213
Bullion	1214	Overseas Bank Rates	1213
Gold and Silver Prices	1214	Bullion	1214
Company News—		Gold and Silver Prices	1214
Reports and Notices	1214	Company News—	
Summary of Balance Sheets	1215	Reports and Notices	1214
Profit and Loss Accounts	1215	Summary of Balance Sheets	1215
Weekly Traffic Returns	1216	Profit and Loss Accounts	1215
Dividend Announcements	1216	Weekly Traffic Returns	1216
Commercial Reports—		Dividend Announcements	1216
Market Summary	1216	Commercial Reports—	
The Coal Trade	1216	Market Summary	1216
Iron and Steel	1217	The Coal Trade	1216
Other Metals	1217	Iron and Steel	1217
Textiles	1218	Other Metals	1217
The Grain Markets	1218	Textiles	1218
Other Foods	1219	The Grain Markets	1218
Miscellaneous Commodities	1219	Other Foods	1219
Commodity Prices in the United States	1220	Miscellaneous Commodities	1219
Prices Current	1220	Commodity Prices in the United States	1220

THE MONEY MARKET.

THOUGH money was at times inclined to be more usable, it has remained very comfortable during the past week. The clearing banks have experienced a relatively light demand for funds, while outside lenders have charged 1-½ per cent. for new money, and a level one per cent. for renewals. The discount market has remained very inactive. There were reports of some special buying of June

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and July bills, but the extent of this operation was very limited. Bill-brokers were also offering end-of-June bills at $\frac{3}{4}$ per cent. Three months' bank bills were quoted at $1\frac{1}{8}$ - $\frac{3}{4}$ per cent., with a slightly firmer tendency towards the middle of the week, while "standstill" bills were quoted at $1\frac{1}{2}$ - $3\frac{1}{4}$ per cent. Business, however, has been so limited that these rates are largely nominal.

Last week's Treasury bill rate was again under one per cent. Applications for the £35.0 millions of bills upon offer amounted to £53.8 millions and, contrary to expectation, the whole of the bills offered were allotted, the average tender rate being 19s. 6.35d. per cent. "Hot" Treasury bills were subsequently quoted at $\frac{1}{8}$ per cent., but by Wednesday of this week the rate had hardened fractionally to $\frac{3}{4}$ per cent., with one per cent. mentioned here and there. The following morning, however, $\frac{1}{8}$ per cent. was again the ruling rate. This week tenders are invited for £45.0 millions. In view of the increase of £10.0 millions in the amount offered, it will be of interest to see if the rate begins to harden, especially as next week the market will have to deal with the conflicting influences of the War Loan dividend payment and the 25 per cent. call on the 3 per cent. Treasury bonds due on June 1st.

On the whole it looks as if the War Loan dividend payment next week will cause less disturbance than usual. Recent special purchases of early June maturities will have the effect of placing a fair amount of cash at the disposal of the authorities, as and when these bills mature. The call on the 3 per cent. Treasury bonds will by itself yield over £25.0 millions, or half the sum required for the War Loan dividend. Already this week Public Deposits have expanded to £23.6 millions, and if this figure is not fortuitous, it means that about another ten millions is available. It therefore seems likely that this time the dividend will be paid without any borrowing upon Ways and Means from the Bank with its consequent temporary inflation of credit and promotion of artificial ease.

	May 5, 1932.	May 12, 1932.	May 19, 1932.	May 26, 1932.	Previous Rate and Date Changed.
Bank Rate	$\frac{3}{4}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{3}{4}$ (May 12, '32)
Bankers' Deposit Rate..	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$ (May 12, '32)
Discount / Call	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$ (May 12, '32)
Houses (Notice ...)	$1\frac{1}{4}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$1\frac{1}{4}$ (May 12, '32)
Market rate ("hot" Treasury bills).....	$1\frac{1}{8}$ - $\frac{3}{4}$	$1\frac{1}{8}$ - $\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Market rate (3 months' bank bills)	2	$1\frac{1}{2}$	$1\frac{1}{2}$ - $\frac{1}{4}$	$1\frac{1}{2}$ - $\frac{1}{8}$	...
Market rate (standstill bills)	$2\frac{1}{2}$ -3	$1\frac{1}{2}$ - $2\frac{1}{4}$	$1\frac{1}{2}$ - $3\frac{1}{4}$	$1\frac{1}{2}$ - $3\frac{1}{4}$	...

This week's Bank return shows comparatively narrow changes. The note circulation has contracted by £4.2 millions, this being the normal post-Whitsun movement. Gold coin and bullion have risen by £2.2 millions as the result of the Bank's gold purchases, and in consequence the Reserve is £6.4 millions higher. Among the Bank's earning assets, Government Securities are reduced by £1.2 millions and Other Securities by £0.2 million. On the liabilities side of the return, Public Deposits are £2.2 millions higher, and Bankers' Deposits £2.9 millions higher. The Proportion has improved to 34.7 per cent.

In view of the adoption of a policy of cheap money during the past few months, it is convenient to compare changes in the Bank return since February 10th, the last week in which Bank rate stood at 6 per cent. The main movement is the increase of £35 millions in Other Securities, due to the Bank's acquisition of *devisen*. Gold has also risen by £4 millions, but £14 millions of Government Securities have been disposed of and Discounts and Advances are lower by £1 million. This leaves a net increase in assets of £24 millions, but inasmuch as Public Deposits have risen by £8 millions and minor changes have occurred elsewhere, the actual basis of credit, as represented by the note circulation and Bankers' Deposits, has only expanded by £18 millions, of

which eight millions have gone into notes and ten into Bankers' Deposits. These figures show how the Bank has prevented its heavy acquisitions of *devisen* from having too great an inflationary effect. They can be usefully compared with a simultaneous analysis of the American Reserve system given upon a later page.

On Wednesday, the Bank announced the purchase of a further £2 millions of bar gold, while simultaneously there came reports of a shipment of \$4.0 millions from New York to London. It is uncertain whether the last operation is being conducted upon behalf of the Bank or the Treasury, acting through the Exchange Equalisation Account, and, of course, it is quite possible for either authority to buy gold and subsequently re-sell it to the other. It is unofficially reported that gold has been purchased upon British account in Paris, but the absence of any confirmation of this report is an apt illustration of the objections to secrecy, which were voiced in the *Economist* when the announcement of the Exchange Equalisation Fund was first made. There seems little doubt, however, that what is really happening is that part of the British authorities' unwieldy and unstable holdings of *devisen* are being replaced by gold. The American belief that these gold purchases foreshadow a change in British monetary policy obviously possesses no foundation.

Money rates on Wall Street remain unchanged, with call money quoted at $2\frac{1}{4}$ per cent., and ninety-day bankers' acceptance at $1\frac{1}{4}$ per cent. Heavy gold shipments from New York are again reported. On Saturday of last week \$2.6 millions was shipped to France, while ear-markings on foreign account were increased by \$3.5 millions. On Tuesday the shipment of nearly \$4.0 millions to England took place. On Wednesday shipments amounting to nearly \$18 millions were announced, France took \$7.3 millions, Switzerland and Belgium \$3.5 millions each, Holland \$1.8 millions, and England \$1.2 millions. Ear-markings on foreign account were reduced by \$3.5 millions. The gold shipments to England, and also reported British gold purchases in Paris, are exciting some interest, and have led to an erroneous belief that Great Britain may be preparing for a restoration of the gold standard.

The foreign exchange market was generally quiet, but became rather more active towards the close. Sterling was firm throughout, and appreciated against most of the principal currencies. New York went from 3.67 $\frac{1}{2}$ to 3.69 $\frac{1}{2}$, and Montreal from 4.17 to 4.21. Paris was weaker by $\frac{1}{8}$ at 93 $\frac{1}{4}$. Brussels lost 13 points at 26.33. Milan was fractionally weaker at 71 $\frac{1}{4}$, as was Madrid at 44 $\frac{1}{2}$. Amsterdam lost 4 points at 9.10, and Berlin 18 points at 15.58. Switzerland fell away from 18.77 to 18.84. The Scandinavian exchanges were less erratic. Stockholm improved from 19.73 to 19.00; Oslo lost 15 points at 20.15; and Copenhagen lost 10 points at 18.40. The South American currencies were mainly steady, Rio gaining $\frac{1}{4}$ d. at 4 $\frac{1}{4}$ d., and Montevideo being unchanged at 29 $\frac{1}{4}$ d., but Buenos Aires depreciated sharply from 36 $\frac{1}{4}$ d. to 35d. In the Far East the rupee was firm at 1s. 5 $\frac{3}{4}$ d., and the yen was unchanged, after hesitation, at 1s. 8 $\frac{3}{4}$ d. Batavia lost 6 points at 9.18. In the forward market dollars were more offered at rather wider discounts of 1 and 3 cents for one and three months respectively. Paris went from par for one month and 2 centimes discount for three, to 1 centime premium for both deliveries. Brussels improved to par for both periods, against discount quotations last week. Madrid was weaker at $\frac{1}{2}$ peseta and $\frac{3}{4}$ peseta discount. Amsterdam was unchanged at $\frac{1}{2}$ cent and 1 cent premium. Switzerland was firmer at 1 centime premium for one month, and 2 centimes premium for three. The silver market was rather more active, India and China both being inclined to buy, and prices rose by $\frac{1}{4}$ d. for cash to 16 $\frac{1}{4}$ d. Continental selling was, however, sufficient to reduce forward prices by the same margin to the same level. The China silver exchanges fell away, Hong Kong by $\frac{1}{4}$ d. to 1s. 8 $\frac{1}{4}$ d. and Shanghai by $\frac{1}{4}$ d. to 1s. 8d.

FACTORS IN RECOVERY.

IV. THE HOUR-GLASS.

In the last three issues of the *Economist* we have endeavoured briefly to outline the salient features of the immediate problems which confront the world in the present phase of financial and economic crisis, and to adumbrate such policy as seemed to us most likely to be effective in paving the way towards recovery. Beginning with the question of the price level, we suggested that the process of removing concurrently the existing defects in the economic, as opposed to the financial, structure would be facilitated if this country gave a clear lead in the direction of ultra-cheap money, and if the British Government announced that it would welcome and, so far as in it lay, promote a 30 per cent. rise in commodity prices within the "sterling area." Recognising, as we do, the limitations of purely monetary policy, we turned next to the greatest immediate obstacle in the way of restoration of confidence and enterprise—the question of political debts arising out of the war. We suggested that if the policy of the clean slate, as part of a great scheme of appeasement and reconstruction, was incapable of realisation at Lausanne, then at least it was essential that that Conference should achieve a settlement which was final and which ensured that any sum for whose payment, after a long moratorium, Germany became liable—and the evidence of the facts is overwhelming that this would mean for the creditors at best the receipt of pence instead of pounds—should be so demonstrably within Germany's capacity both economically and politically, and so safeguarded with a view to the stability not only of her currency but of the trading situation of the world, as to promote the revival of confidence in her future and the reflux of foreign credits on which her recovery depends. Finally, we urged that whereas a sound and clearly defined monetary policy, accompanied by the substantial wiping out of reparations and war debts, would open the road towards recovery, these preliminary steps would not carry us far unless there was international co-operation for the removal of the trade barriers—protective tariffs, import prohibitions, measures of exchange control—whose maintenance means the annihilation of all international commerce. While the problems of some of the debtor countries, as illustrated by the series of articles which we are now publishing on the problem of the Danubian States, clearly need separate special consideration, Great Britain, we suggested, should give a lead here and now towards greater freedom of trade by endeavouring to form an "equal treatment" group of nations on the basis of a maximum 10 per cent. fiscal tariff.

Whether or not our recommendations in every detail meet with our readers' unqualified endorsement, we are confident that there is a consensus of informed opinion in almost every country in the world that unless the crisis is dealt with in this spirit, if not necessarily on these precise lines, by the statesmen with whom the responsibility for action lies, the possibility of economic recovery will not be created. But this is not all: the very root of the problem as it exists to-day lies in the factor of time; the sands in the hour-glass are running ominously low. It is imperative that the various aspects of the crisis should be tackled comprehensively and radically without further delay.

If the statesmen of any country imagine that the problems with which they are faced can be safely adjourned for another six or twelve months, they are under a disastrous delusion. For one ineluctable conclusion emerges from the developments of the past few months—in fact, since the lamentable decision to postpone the Lausanne Conference until June. Though the necessity of taking political decisions, when agreement is difficult, of taking political decisions in taking no decisions at all, can be evaded by acquiescence in taking no decisions at all, this political "standstill" does not mean that the march of economic events is thereby arrested. The movement towards disintegration and collapse continues steadily. Already Austria, at the last gasp, is on the

point of declaring a partial or complete transfer moratorium; and the suspension of debt services by Greece and (in part) by Hungary and Bulgaria—to say nothing of defaults in South America—is palpably but the precursor of other shocks to the credit system. As the statistics given this week in our Trade Supplement demonstrate, international commerce is perishing with catastrophic rapidity. Whatever be the outcome of attempts at international co-operation this summer, the situation has been allowed to deteriorate so gravely that it may be difficult for Germany in any case to avoid a transfer moratorium—a development for which preparations have already had to be made by the City, but whose effects on London's financial system, on British trade and hence at one remove on our hardly-won Budget balance, will be undeniably serious. Let us not mince words: with every factor in the existing situation making for a drift towards economic collapse, the prospects for next winter are socially and politically terrifying unless by resolute action on the part of international statesmen the influences now at work can be reversed.

There is one chance, and one only, which remains of escaping dangers not a whit less great than those which menaced civilisation in 1914. So far, this year, there has been nothing in the field of international statesmanship but irresolution, petty jealousies, and inability to co-operate on any question. The Disarmament Conference has been allowed to run aground on the shoals of expert Committee procedure; the Four Power Conference in London was a fiasco whose barrenness of achievement it was impossible to cloak; and the deliberations of the League Council over the straits of South-Eastern Europe have resulted in nothing more than successive agreements to adjourn. To redeem these failures the Conference at Lausanne offers one last opportunity. On that Conference there are focussed the questions not merely of reparations and war debts, but of the whole many-faceted problem of European reconstruction, financial and economic. If that Conference fails, not only will what remains of financial stability in South-Eastern Europe be swept away in a flood of uncontrollable insolvency, but in the real danger-point, Germany, worse things may befall than a mere declaration of a moratorium for foreign transfers. There would be the gravest danger of Dr. Brüning's position becoming untenable, and of the Reich heading politically towards a maelstrom in which Europe might be ruinously engulfed.

Under these circumstances the responsibility which rests on the British delegation to Lausanne is enormous, and we should be happy to think that its members had determined resolutely to set their faces against further delay. That they will be exposed to the temptation to adjourn once more the attempt to find agreement on intractable problems, is obvious. From French quarters there may come, we fear, the insidious suggestion—reinforced, it may be, by reference to the new French Government's barely begun tenure of office—that once again finality should be postponed, and any tentative agreement on reparations made contingent on future negotiations with the United States. From the ranks of their own supporters may come the equally dangerous counsel that, whatever may be said of reparations, attempts to reach concerted agreement on monetary and commercial policy had better be postponed until after the Conference at Ottawa. We trust that no heed will be given to any of these delusive voices. The political and economic consequences of adjourning a settlement of reparations beyond this summer would be dangerous in the extreme; and the possibility of achieving special arrangements in matters of currencies or trade at Ottawa between Great Britain and the Dominions is no alternative to the vital need of dealing with the world crisis as a whole. What the plain facts of the situation demand is that the delegation to the Lausanne Conference should determine

to sit until they not only reach a final solution of the question of reparations, but lay down concerted lines of policy to repair the ravages wrought by the crisis in Europe and to pave the way towards removal of trade barriers and renewed freedom of movement for capital.

It may be said that to pursue the good does not necessarily mean achieving it, and that, as in every aspect of the problem to some degree, so particularly in the case of reparations, agreement is dependent on the attitude of creditors other than Great Britain. Yet, though this is true, and though failure to reach all-round agreement on reparations would destroy the possibility of any progress being made at Lausanne in the more general task of reconstruction, this does not mean that Great Britain must needs acquiesce supinely in fatal procrastination at the dictates of others. We dissent with all the emphasis at our command from those who would have this country retire deliberately within a supposedly self-supporting Imperial snail's shell. Though, so far as monetary policy is concerned, we can be masters to some extent of our own destiny, our function in the sphere of international politics must be to secure the maximum co-operation with other countries if we are to escape the repercussions on ourselves of a general economic collapse. But in the last resort, if we fail to secure co-operation from others on the only lines which, in our opinion, are capable of ensuring European recovery, then reluctantly but firmly we must state our policy and adhere to it ourselves. When the Lausanne Conference assembles, if it proves to be impossible to secure French agreement on the final settlement of reparations on a basis which Dr. Brüning is able politically to accept and which is beyond all dispute economically workable—a basis which means substantial cancellation—then the course of the British Government is clear. With every existing trend in Europe to point the warning that the sands of time are running out, and that it is "now or never," the Government must on no account, for no consideration whatsoever, commit this country to sharing responsibility for delay. If others will not follow our lead, we must announce our determination to close independently *vis-à-vis* Germany the old, embittered ledger of reparations payments, and to open on our own account *vis-à-vis* the United States the question of the revision of the British war debt, which in the light of that *fait accompli* would be patently necessary.

RUSSIA AND JAPAN.

THE shadow of military dictatorship in Japan, which creeps steadily forward week by week, is black with the menace of many evils for Japan, her neighbours and the world at large. One of the most serious of these threatening dangers is the possibility of an armed conflict between Japan and the Soviet Union. The interests of the latter in Manchuria, which are now menaced, were originally the spearhead of a Czarist Russian thrust towards Peking and Korea; but that phase of Russian policy is long past. The ambitions which it represented were dealt a mortal blow when the Czarism suffered defeat in the Russo-Japanese War, and they were given their official burial after the 1917 Revolution. In 1924 the Soviet Government, in friendly negotiation with the local Manchurian Chinese Government at Mukden and with the Central Chinese Government at Peking, renounced all extra-territorial rights and claims in Manchuria and scaled down its interests, by agreement with the Chinese, to a half share in the ownership and management of the Chinese Eastern Railway.

This was a perfectly fair and reasonable arrangement, for the Chinese Eastern Railway had not only been built by Russian enterprise and kept in running order by a Russian personnel; it was also, and still remains, the direct line of communication between the main body of the Soviet Union and the Union's outlet on the Pacific Ocean at Vladivostok. The Maritime Province, in which Vladivostok lies, is not, of course, isolated geographically from the main body of the Soviet Union, as East Prussia is isolated from the rest of Germany. It is possible to travel by train from Moscow to Vladivostok without trespassing at any point outside the bounds of Soviet territory.

The short route via Manchuria and the long all-Russian route via Never and Habarovsk diverge at Chita, in Transbaikalia, to meet again, a few miles north of Vladivostok itself, at Nikolsk. The all-Russian route, however, is about twice the length of the Manchurian route, and it runs for most of the way through inhospitable and undeveloped country. Thus the maintenance of the Manchurian route to Vladivostok via the Chinese Eastern Railway, under a system of joint Russo-Chinese ownership and operation of the line, is a matter of importance to Russia and is nothing but a benefit to China herself. In 1929 the local Chinese authorities had the folly to break their treaty with the Russians and to attempt the seizure of complete control over the C.E.R. by a combination of force and chicane. On that occasion the Soviet Government acted with prudence and forbearance, but also with firmness, and thereby compelled the Chinese to make a full restitution of Russian treaty rights. During the last few months, however, the Japanese have been repeating the Chinese violation of Russian railway rights in Manchuria. While they have made fairer professions than the Chinese made, they have been acting with equal lawlessness, and they have, of course, an infinitely more effective military force at their command to back their action if necessary.

In these circumstances the Russians have momentarily allowed their railway interests in Manchuria to go by the board and appear to have concentrated their efforts, in the first instance, upon salvaging Vladivostok. They have done nothing in Manchuria which might have given the Japanese a pretext for overrunning, not only the three Eastern Provinces of China, but the Soviet Maritime Province as well. On the other hand, they have been bringing troops and, above all, equipment and munitions via the all-Russian route to Vladivostok in order to defend this Russian outlet on the Pacific against Japanese attack if the attack should be eventually delivered.

What is the Japanese policy towards Russia going to be? There are two main alternatives. Either the Japanese may refrain from violating Russian territory and thus provoking the Soviet Government to war, and may concentrate their ingenuity upon ruining the Soviet Union's position in the Far East by a turning movement; or, alternatively, they may attempt to do with the Russian Maritime Province what they have done with the Chinese Eastern Provinces already.

If the Japanese elect to follow the more cautious of these two policies, they hold some very good cards for playing this game. Their first step will be to complete the construction of a through-railway, parallel to the Chinese Eastern Railway, from Changchun (the railhead of the Japanese South Manchuria Railway and the capital of the new sham Manchurian Government) to one of several alternative ports in Japanese territory along the north-easternmost stretch of the coast of Korea. Any one of these ports would have a material advantage over Vladivostok in being open during the winter. (Vladivostok is icebound by nature during several months, though an artificial channel is kept open by ice-breakers.) The commercial effect of this piece of Japanese railway construction would be to starve the Chinese Eastern Railway of traffic and the port of Vladivostok of trade by draining the whole trade of Northern as well as Southern Manchuria into Japanese commercial channels. The strategic effect would be to shorten and strengthen the Japanese line of military communications with the interior of Manchuria considerably. At present Japanese troops en route from Japan to Changchun have to travel roundabout, landing on the Asiatic mainland either at Fusan, on the south coast of Korea, or at Dairen, on the tip of the Liatung Peninsula. Either of these routes involves a much longer train journey, after landing, than the prospective North Korean route involves; and, more than that, the troops have to be ferried first through narrow seas offering facilities for attack by submarines. From the Japanese staff-officer's standpoint, the direct route across the open sea from the north-west coast of Japan to the opposite coast of Korea is more attractive. Its utilisation depends upon the completion of the through-route by railway from the north-east coast of Korea to the heart of Manchuria at Changchun; and the greater part of the work has already been done. At the Korean end

there is already a railway from the coast to the Manchurian frontier. At the Manchurian end there is already a line running east-south-east from Changchun to Kirin and on beyond Kirin to Tunhwahsien. The Japanese have only to bridge the gap, and to leave the parallel section of the Chinese Eastern Railway between Harbin and Pogranichnaya in the hands of Chinese guerillas, in order to put the Chinese Eastern Railway out of action and bleed the port of Vladivostok white. It is significant that recent reports of damage by "brigands" to the Chinese Eastern Railway all relate to the Harbin-Pogranichnaya section, leaving traffic from North-West Manchuria free to proceed as far as Harbin on the Chinese Eastern Railway and thence to be diverted south via Changchun to Dairen.

Will the Japanese be content with this less adventurous policy, or will they, instead of merely side-tracking the Russian Maritime Province, attempt to bring this territory likewise into the ambit of Japan's expanding continental empire? The seizure of the Russian Maritime Province would convert the Sea of Japan into a "Japanese lake" by making the Japanese Empire mistress of the whole circuit of its shores. And it would give the Japanese army a river frontier on the continent from the mouth of the Amur at Nikolayevsk right up to the point where the Amur's great tributary, the Argun, is crossed by the Chinese Eastern Railway near the frontier between Manchuria and Transbaikalia. In order to bring the Maritime Province under their thumb, the Japanese have no need to annex it forcibly. Manchuria swarms with "White" Russian refugees, and the Japanese could exploit the hatred between "Whites" and "Reds" by setting up, at Vladivostok, a sham "White" Russian Far Eastern Republic of the same kidney as Mr Henry P'u's sham Manchurian Government at Changchun. To a Japanese militarist of the mentality of Mr Inukai's assassins this prospect is no doubt tempting. There is only one stumbling-block in the way. If the Japanese do attack Vladivostok, then the Red Army will undoubtedly show fight. It will fight, of course, under certain disadvantages, since its line of communications with the heart of Russia is inordinately long. On the other hand, the Soviet forces now concentrated at Vladivostok are reported to have been considerably strengthened, and in Far-Eastern operations it by no means follows that the Soviet Government would rely primarily on divisions sent from European Russia over the long trans-Siberian line. So long as the Russian transport facilities were sufficient to ensure an adequate flow of munitions, including artillery, tanks and aeroplanes, the most effective policy would probably be to mobilise local levies against Japan, stiffened with a sprinkling of regular troops. The Soviet Union could clearly profit by the sympathy of many millions of Chinese and Koreans living in the war zone. It thus seems probable that if the Japanese do go to war with the Russians, they will not have it all their own way.

AMERICAN PUBLIC FINANCE.

RECENT figures issued by the American Treasury reveal a probable deficit on the federal budget for the fiscal year ending on June 30th next of \$3,000 millions. Although the emergence of disequilibrium in the national finances has been a natural accompaniment of the course of the world depression in nearly every country, so large a gap between revenue and expenditure, amounting to practically three-quarters of the estimated expenditure for the year, must necessarily affect confidence in the financial situation in America until a remedy is found in substantial measures of economy or the provision of increased revenue from taxation. Unfortunately, the interval which must elapse before this can be done is longer in America than it would be, for example, in this country. The Administration there has no Government majority in the House of Representatives ready to pass the budget virtually without amendment. Nor is the power of the second Chamber to alter the provisions of the Finance Bill so limited. Moreover, in this instance a method already sufficiently devious was further complicated by the break-away from party allegiances which occurred when a com-

bination of Republicans and Democrats secured the rejection in the Committee of the whole House of the General Sales Tax, which had been put forward by the predominantly Democratic Ways and Means Committee in place of some of the original tax proposals of the Treasury.

At present, although both Congress and Administration are convinced of the importance of balancing the budget for 1933, it remains undecided in what way this will be done. In the meantime it is of interest to consider briefly the general course of governmental revenue and expenditure in the United States in recent years and the size and nature of the present deficit in the federal budget. It may be recalled at the outset that federal expenditure in the United States does not cover the whole field to which national, as opposed to local, expenditure is directed in England. It is mainly limited to those objects, such as national defence and the conduct of foreign relations, which are exclusively the function of the federal Government. The provision of roads, for example, and the maintenance of law and order fall chiefly on the budgets of the individual States, whose Governments have extensive police powers denied to the federal Government. The separation between federal and State finance extends also to means of raising revenue. Although certain taxes, such as income tax, are levied by both federal and State Governments, customs duties are constitutionally reserved to the federal Government, while property and poll taxes (for administrative reasons) and petrol taxes and motor licence revenues (by tacit agreement) are reserved to the State and local Governments. An important item of State expenditure is the provision of grants to local Governments in respect of education, expenditure on which, together with that for the construction and maintenance of road, social welfare and police and fire protection, absorbs the greater part of local revenues.

The following table (derived from the National Industrial Conference Board's "Cost of Government in the United States, 1928-29") shows the large increase which has taken place in all governmental expenditure since pre-war times and the percentage of total expenditure attributable to federal, State and local expenditure, respectively.

TABLE 1.—AMERICAN GOVERNMENTAL EXPENDITURE, SELECTED YEARS, 1903 TO 1928.

Disbursing Authority.	1903.	1913.	1923.	1928.
Amount (in \$ millions).				
Federal.....	475	692	3,885	3,970
State.....	182	383	1,242	1,926
Local.....	913	1,844	5,136	6,813
Total.....	1,570	2,919	10,263	12,609
Per Capita in "1913" Dollars (millions).				
Federal.....	6.85	7.17	24.17	23.66
State.....	2.63	3.97	7.73	10.88
Local.....	13.19	19.10	31.95	40.60
Total.....	22.67	30.24	63.85	75.14
Percentage Distribution by Disbursing Authorities.				
Federal.....	30.3	23.7	37.9	31.5
State.....	11.6	13.1	12.1	14.5
Local.....	58.1	63.2	50.0	54.0
Total.....	100.0	100.0	100.0	100.0

From the figures given *per capita* in "1913" dollars it will be seen that, even allowing for the increase in the population and the rise in the price level which took place between 1913 and 1928, the volume of governmental expenditure in the United States increased during that period by approximately 40 per cent. In the case of the federal Government this increase is largely to be attributed to the burden of interest and sinking fund necessitated by the addition to the public debt brought about by the war, while another important charge has been the scheme of pensions and compensation for war veterans. But the pronounced rise in State and local expenditure, though perhaps partly due to the inflationary influence of war finance, and partly reflecting the social and economic development of the country, is mainly a result of the expansion which has taken place in govern-

mental activities, particularly with regard to capital construction projects. It is estimated that more than half of the State and local bond issues made between 1925-29 were for the purpose of financing the building of roads and school buildings.

Expenditure of this kind has necessitated a considerable increase in State and local indebtedness. Thus the combined net debt (i.e., gross debt less sinking fund assets) of the forty-eight States, which in 1922 amounted to \$936 millions, had increased by 1929 to \$1,856 millions. Similarly, local debt (for which only figures of net bonded debt are available) increased from \$8,602 millions in 1925 to \$11,106 millions in 1928. The total amount of State and local indebtedness outstanding represents a considerable proportion of the total national indebtedness. But a more important consideration than the total volume of the debt is the recent deterioration of State and local credit which has taken place owing to lack of confidence on the part of investors in the ability of these Governments to raise sufficient sums in taxation to meet the service of the debts thus incurred. As will be seen from table 2 (source as above), up till 1929 the very considerable increase in the national income allowed of an expansion in the tax receipts of the State and local Governments, though federal tax receipts owing to reduction in taxation remained fairly constant.

TABLE 2.—TAX RECEIPTS OF AMERICAN GOVERNMENTS, SELECTED YEARS, 1903 TO 1929.

Taxing Authority	1903.	1913.	1922.	1924.	1926.	1928.	1929
Amount (in millions).							
Federal ...	\$ 521	\$ 668	\$ 5,487	\$ 3,193	\$ 3,207	\$ 3,194	\$ 3,328
State ...	155	300	858	1,017	1,264	1,507	1,631
Local ...	706	1,219	3,157	3,602	4,134	4,641	4,833
Total ...	1,382	2,187	7,502	7,812	8,605	9,342	9,792

Per Capita in "1913" Dollars.

Federal ...	\$ 7.52	\$ 6.92	\$ 22.92	\$ 20.08	\$ 19.20	\$ 19.04	\$ 19.80
State ...	2.23	3.11	5.63	6.39	7.57	8.98	9.70
Local ...	10.20	12.65	20.74	22.65	24.76	27.65	28.76
Total ...	19.95	22.66	49.29	49.12	51.53	55.67	58.26

Percentage Distribution by Taxing Authorities.

Federal ...	37.7	30.6	46.5	40.9	37.3	34.2	34.0
State ...	11.2	13.7	11.4	13.0	14.7	16.1	16.7
Local ...	51.1	55.7	42.1	46.1	48.0	49.7	49.3
Total ...	100.0	100.0	100.0	100.0	100.0	100.0	100.0

National Income (in millions).

	\$ 20,500	\$ 34,400	\$ 59,968	\$ 70,044	\$ 79,306	\$ 80,996	\$ 84,144
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Percentage Ratio of Taxes to National Income.

Federal ...	2.5	1.9	5.8	4.6	4.1	3.9	4.0
State ...	0.8	0.9	1.4	1.5	1.6	1.9	1.9
Local ...	3.4	3.6	5.3	5.1	5.2	5.7	5.7
Total ...	6.7	6.4	12.5	11.2	10.9	11.5	11.6

Since 1929, however, the still continuing increase in governmental expenditure has no longer been accompanied by an increase in the national income, but on the contrary by a heavy decrease. Preliminary estimates from unofficial sources place the total of all governmental expenditure for 1931 at \$14,000 millions, but suggest that the national income has declined to \$52,500 millions.

Whatever the accuracy of this latter estimate, it is evident that the recent emergence of a deficit in the federal finances is a development which started earlier and has, therefore, been carried further in the budgets of State and local Governments. If these were not balanced in the days of prosperity, it is natural that now that America is feeling the full force of the depression they should in many cases be in a serious position.

The condition of State and local finances must, therefore, be borne in mind in considering the recent change which has taken place with regard to the federal budget. Together with the political manoeuvres and vagaries of Congress, it tends to create an atmosphere of uncertainty which much exaggerates the effect on business confidence

of the present budgetary position. But for these factors, even so large a federal deficit as exists at present could not be regarded as a grave danger in view of the large reductions effected in the federal debt in the decade ending in 1930, and the reserves of taxable capacity which may be held to exist, even now, in view of the reductions in taxation made over the same period.

In the ten years ending June 30, 1930, as much as \$8,100 millions of interest-bearing public debt of the United States was retired, the total debt outstanding at that date being \$15,922 millions. Forty per cent. of the total reduction was effected through Treasury surpluses totalling \$3,250 millions, the largest of which, that for 1927, amounted to \$635,800 millions. Sinking fund provided \$3,000 millions and payments by foreign Governments over \$1,416 millions. This extremely favourable record was radically altered in 1931, when for the first time the federal budget showed a deficit of the considerable sum of \$902 millions. But the results for the fiscal year ending June 30, 1932, will be far more adverse. As stated above, the latest estimates of the deficit run as high as \$3,000 millions. In his Annual Report for the fiscal year 1931, published last December, the Secretary of the Treasury estimated the deficit for 1932 at \$2,123 millions, and for 1933 at \$1,420 millions, including the provision of \$426 millions for sinking fund. There can be little doubt that, as in the case of 1932, so in 1933 this estimate will require considerable revision. In spite of the fact that estimated expenditure for 1933 shows a reduction of \$365 millions, it is evident that without further economies or an increase in the sums raised by taxation there would still be a very large deficit on the budget for 1933. The following table, taken from the Annual Report for 1931 of the Secretary of Treasury, shows the receipts and expenditures of the United States Government for the fiscal year 1931 and the estimates of receipts and expenditures for 1932 and 1933.

TABLE 3.—RECEIPTS AND EXPENDITURE OF THE UNITED STATES GOVERNMENT. (In \$ millions.)

	Fiscal Year ending June 30th.		
	1931 (actual).	1932 (estimated).	1933 (estimated).
RECEIPTS (Ordinary):—			
Customs	376.6	410.0	480.0
Internal Revenue	1,860.4	1,140.0	1,100.0
Income tax	569.4	544.0	588.0
Miscellaneous			
Miscellaneous receipts—Proceeds of Government-owned securities			
Foreign obligations—			
Principal	51.6	0.0	74.9
Interest	184.5	0.0	195.1
Railroad and other securities	28.3	29.9	21.1
Surplus property sales	8.6	13.1	9.1
Panama Canal tolls, &c.	26.6	25.1	25.1
Other miscellaneous	83.6	76.7	83.2
Total ordinary receipts	3,189.6	2,238.8	2,576.5
EXPENDITURE:—			
General expenditure			
Executive, legislative and other establishments	2,348.7	2,662.3	2,431.3
Interest on public debt	611.6	605.0	640.0
Refunds of revenue receipts	91.2	91.0	64.3
Postal deficiency	145.6	195.0	155.0
Panama Canal	9.3	11.0	13.4
Operations on special accounts	211.6	176.0	36.3
Adjusted service certificate fund	224.0	200.0	150.0
Other ordinary items	9.5	9.5	9.5
Public debt retirements chargeable against ordinary receipts—			
Sinking fund	391.7	411.8	426.5
Purchase from foreign repayments	48.2	—	69.1
Other items	—	—	1.2
Total expenditure chargeable against ordinary receipts	4,091.6	4,361.8	3,996.6
Excess of expenditure	902.0	2,123.0	1,420.1

It will be seen that estimated collections on income tax, which in 1931 provided 58 per cent. of the total ordinary receipts, show for 1932 a decline of \$720 millions, or roughly 40 per cent. The postponement of payments on inter-governmental debts under the terms of the Hoover moratorium led to a decrease in receipts from foreign Governments of \$235 millions. With estimated total ordinary receipts thus decreased by some \$950 millions, expenditure increased from \$4,091 millions in 1931 to an estimated total of \$4,362 millions in 1932. For 1933, however, as already stated, the estimates of

expenditure are down by \$365 millions, though it is claimed by Democratic critics of the administration that this reduction is largely due to the natural disappearance of non-recurrent items. The proposals for increased taxation put forward by the Treasury last December aimed at a substantial reduction, by retroactive provisions, of the expected deficit for 1932, the provision of revenue for 1933 sufficient to meet current expenditure (that is to say without the inclusion of the sinking fund), and the achievement for 1934 of a fully balanced budget. These objects were to be attained by reverting to the general plan of taxation in force in 1924, including the raising of the personal income tax to a minimum rate of 2 per cent. and a maximum of 6 per cent. Surtax beginning at 1 per cent. on incomes over \$10,000 was to reach 40 per cent. on incomes in excess of \$500,000, as compared with the existing maximum of 20 per cent. on incomes over \$100,000. Personal exemptions were also to be lowered so as to bring back into the taxpaying group some 1,700,000 persons. Corporation income tax was to be raised by $\frac{1}{2}$ per cent. to 12 $\frac{1}{2}$ per cent. The Treasury proposals also included rates for estates tax at the comparatively high level of 1921. Over half the total additional revenue which it was sought to raise was to come from miscellaneous commodity taxes, such as taxes on tobacco, sales of automobiles, radio sets and phonographs, which had either been abolished since 1924 or levied at a reduced rate. Altogether it was estimated that the new taxation would produce \$920 millions in a full year.

These proposals were shelved by the Ways and Means Committee of the House of Representatives which proceeded to frame a new scheme of taxation, a prominent part of which was a general sales tax of 2 $\frac{1}{4}$ per cent. When the Committee's programme came before the House of Representatives a strong radical opposition combination of members of both parties protested that the tax would fall too heavily on the shoulders of the poorer classes. With the phrase "soak the rich" as their war cry, they succeeded in securing the rejection of the tax amid scenes which suggested that many members of the House did not recognise the balancing of the budget as an unconditional necessity. The effect on financial sentiment was marked and the House afterwards expressed its determination to secure a balanced budget, in part by the achievement of drastic economies in expenditure. It is not unnatural to ask how far and in what way this determination will be carried out. So much has been heard lately of the prospect of inflation in the United States, and so far-reaching in importance are the reactions which the American situation must everywhere exert, that the answer to this question will be awaited in many countries during the next few months with the greatest concern.

THE REFORM OF THE "DOLE."—II.

In reviewing, last week, the course of reforms hitherto, we noted that disqualifications under the Means Test and the Anomalies Regulations totalled up to March about 600,000. The combined effects of these disqualifications and of variations in the industrial demand for labour are shown in the following table:—

1. INSURED PERSONS UNEMPLOYED. (000's)

At Date.	Total insured persons unemployed.	Non-beneficiaries maintaining registration or presumed to be unemployed.	Claims under consideration.	Total.	Beneficiaries.			
					Ordinary.		Transitional.	
					Num-ber.	Per-cent- age of Total.	Num-ber.	Per-cent- age of Total.
1931.								
Sept. 21	2,804	194	...	2,610	2,030	78	580	22
Oct. 26...	2,725	207	...	2,516	1,904	76	612	24
Nov. 23...	2,567	320	68	2,247	1,428	63	819	37
Dec. 21...	2,602	433	62	2,169	1,345	64	824	38
1932.								
Jan. 25...	2,784	460	79	2,245	1,440	64	805	36
Feb. 22...	2,742	449	65	2,228	1,390	62	838	38
Mar. 21...	2,595	425	58	2,112	1,248	59	864	41

* These are claims in which it had not been ascertained whether the contributions qualification for ordinary benefit had been satisfied. Owing to the difficulty of fixing the precise position of claims at a particular date, they may include some claims which had, in fact, been settled by the dates given, either by being admitted or by being rejected. In the latter case the claimants might apply for transitional benefit.

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A claimant whose benefit has been disallowed is, however, free to continue to register as unemployed, and even if he does not (or later discontinues registration) and is not known to be at work, he is, for a period of two months from the date when contact with him was lost, still counted in the published unemployment figures. Consequently, although between October 26th (just before the Means Test was first applied and a few days after the Anomalies disqualifications began) and March 21st the number of unemployed insured persons in Great Britain had fallen by 127,482, or 4.7 per cent.* (from 2,722,911 to 2,595,429). The number of beneficiaries had fallen by as many as 404,545, or 16.1 per cent. (from 2,516,429 to 2,111,884) with 58,150 further claims under consideration at the latter date.

The financial effects of this fall and of the reduction in ordinary benefit rates, and of the still greater reduction in the rates paid to some transitional beneficiaries are shown in Table 3 (p. 1172). The aggregate amount of benefit (including cost of administration) paid weekly declined from an average of £2,880,000 in October to an average of £2,013,000 in March. Ordinary benefit declined from £1,804,000 to £1,143,000, and transitional benefit rose, owing to the transfer of claimants from the ordinary to the transitional class, from £576,000 to £870,000. Changes in unemployment are analysed by industries in the next table.

2. CHANGES IN UNEMPLOYMENT BY INDUSTRIES BETWEEN SEPTEMBER 21, 1931 AND MARCH 21, 1932.

Industry.	Decreases in Unemployed.		Industry.	Increases in Unemployed.	
	Number.	As Percentage of Insured Persons.		Number.	As Percentage of Insured Persons.
Cotton	000's 123	22.4	Building	000's 68	8.1
Wool	48	20.2	Public works contract- ing	17	6.4
Coal mining	36	3.5	Local government	15	4.5
Textile finishing	19	17.6	Distributive trades	14	4.8
Tailoring	17	7.9			
General engineering	16	2.8	All above industries	114	3.5
Metal Trades	15	2.6			
Ships	13	1.8	Net decrease in listed industries	183	2.7
Motor vehicles	10	3.9	Net decrease in all industries	208	1.6
All above industries ...	297	8.2			

While the indebtedness of the Unemployment Fund has continued to increase since the emergency reforms, the rate of increase has diminished considerably, the average weekly deficit falling from £1,172,000 in September to £228,000 in March. At the end of the financial year 1931-32, however, Treasury advances outstanding had reached the authorised maximum of £115 millions, or about £13 millions more than at the end of September, 1931. Consequently, in 1932-33 the Exchequer, as well as making its contribution and bearing the cost of

* Between September 21st and March 21st the fall in unemployment amounted to as much as 208,093 or 7.4 per cent. See Table 2

transitional benefit, will have to meet any further deficits out of current revenue.

The rate of expenditure on transitional benefit since the reforms were put into effect has corresponded roughly with the Emergency Budget estimate of £37.5 millions a year. The State grant estimated to be required to balance the Fund in 1932-33 was £22.2 millions, and represented an average weekly deficit of about £425,000. The weekly deficit in the period November-March, however, was only about £330,000. Unless, therefore, there is a considerable increase in unemployment, the expenditure of the State in this respect in the new financial year will be substantially less. On the other hand, the Exchequer makes a contribution in respect of each insured person in employment, so that if the average live register remains below the three millions on which the estimates were based, the State's liability under this head will be greater than was anticipated. (The Emergency Budget estimates have, in fact, recently been revised and embodied in the actual Budget for the year 1932-33. The new estimates are evidently based on a live register of less than three millions, for the total charge to the State in 1932-33 is now put at £65 millions, of which the contribution to the Fund amounts to £20.1 millions, expenditure on transitional benefit £41.8 millions, and the grant to balance the Fund £3.1 millions). Further light on the financial position and the effects of the reforms is thrown by the table at the foot of the page.

Under present conditions the Unemployment Fund will not become self-balancing without either fresh disallowances or reductions of benefit or an improvement in employment, or all of these. It could balance, of course, apart from these factors, if a large enough number were transferred to the transitional class. To make the contributions balance the cost of benefits the number of ordinary beneficiaries (at existing rates of benefit) would need to be reduced to approximately 1,150,000. For contributions to balance benefits plus the interest payable on the debt, the number would have to fall to about 1,050,000.

In brief, the position is that by increases in contributions, by decreases in benefits, by removal of abuses, by application of the needs test for those who have exhausted statutory rights, by the transfer of new burdens to the taxpayer, the process of borrowing has been abolished. But any increase in unemployment will add to the Budget expenditure for which the taxpayer has to pay; and should such increase unhappily take place, large-scale economies in other directions will be essential, unless the present intense burden of taxation is to be increased.

EXCHANGE RESTRICTIONS IN DANUBIA.

The catastrophic fall in the prices of primary products in 1930 diminished the gold value of the national income of the Danubian countries relatively to that of the rest of the world. Equilibrium in the balance of international payments was for a time maintained by swelling the short-term foreign indebtedness; but this meant creating a most precarious position, which in any case could not have continued for very long. In the event, the Credit Anstalt collapse not only made new borrowing impossible; it led to a sudden efflux of funds, and so precipitated the crisis. Under these circumstances there were three courses open to the debtor States:—(1) Strong immediate deflation by means of high Bank rate policy and open-market operations; (2) abandonment of the gold standard, i.e., to stop the encashment of home currency into foreign currency; (3) an immediate moratorium on all foreign payments.

None of these policies was adopted. Instead, the Central Banks reverted to the old, war-time expedient of exchange restrictions, although they might have remembered that, whatever effects such a policy may bring about, it cannot fulfil the purpose which it is primarily intended to serve—the protection of gold reserves. The old justification for exchange restrictions, as a purely temporary expedient, would have been to provide a sort of "covering barrage" while a policy of deflation was carried out, if such a policy had been deliberately adopted. But, as events have shown, the Danubian Central Banks did not impose restrictions in order to enable a policy of deflation to be carried out; on the contrary, they used these measures in order to evade such a policy. In fact, no deflationary measures were undertaken; Bank rates, after a small increase last July, were repeatedly lowered; and the volume of currency in circulation was maintained at the same level, or even slightly increased. The internal price level, in consequence, moved in sympathy with the British price level rather than that of the world. The logical policy would have been—if the gold value of the currency was intended to be maintained—to depress internal prices to the point of conformity with world prices. The policy of exchange restrictions brought about just the opposite results: it depressed gold prices still further and, at the same time, maintained the relatively high level of internal prices. According to the calculation of the Austrian Institut für Konjunkturforschung, the Austrian price level rose by 27.4 per cent., relatively to the world price level, between September, 1931, and April, 1932, despite the fact that last September Austrian prices were already too high relatively to world prices. In

Hungary, according to the same source, the divergence was of a similar order of magnitude.

In view of these facts, it is easily comprehensible that the policy of exchange restrictions should have led to cumulative deterioration of the economic situation. As the internal and external values of the currency of a "restricted-exchange" country do not move towards a situation of equilibrium, but, on the contrary, move away from it, the policy of control aggravates rather than alleviates the force of those factors which originally brought it into operation. Assuming (which is by no means everywhere the case) that the Central Bank succeeds with the aid of well-elaborated measures in obtaining complete control over foreign exchange dealings, it can momentarily equilibrate the balance of payments by restricting the volume of imports to the actual level of exports—by the simple device of not selling more foreign exchange than it receives. As, however, a country's foreign trade balance depends ultimately on the relationship of internal prices to external prices, such a policy only diminishes the volume of foreign trade without, however, altering the nature of the foreign balance. So long as these price relationships are not adjusted, every restriction of imports must lead to a further decline of exports and, therefore—if a renewed outflow of *devisen* is to be prevented—renders necessary a further restriction of imports to the new (lower) level of exports. The volume of foreign trade is thus cumulatively curtailed, without, however, ever bringing the balance of trade into a position of equilibrium.

There are other no less harmful consequences of exchange restrictions, the foremost among them being that they gradually render three-cornered exchange impossible, and lead in practice inevitably to the adoption of a new Protectionist principle—that which attempts to balance trade, not only *in toto*, but with each country individually. Hungary, for instance, has had in normal years a large favourable balance with Austria and an unfavourable balance with Germany and Czechoslovakia, for the simple reason that her exports consist mainly of bulky agricultural products for which Austria is the cheapest market, while her imports consist of textiles, coal and machines which Czechoslovakia and Germany produce. Since Austria and Hungary both introduced exchange restrictions, the Austrian Government tried to limit imports from Hungary to the level of her Hungarian exports, while Hungary, in consequence, was compelled to adopt a similar policy in regard to countries with which her own trade balance was adverse. All this restricts tremendously the scope of international trade.

As the factors which determine the relative amount of exports and imports between two countries are the same as those which determine the relative magnitude of total imports and exports, it is clear that so long as price-relationships are not properly adjusted it is just as impossible to keep the balance of trade between individual countries in equilibrium as to equilibrate the total balance of trade. Here again the attempt to restrict imports to the actual level of exports causes the latter to decline still further. Moreover, the division of Europe into "free-exchange" and "controlled-exchange" countries causes the latter type of countries to stimulate by all possible means their exports to the former. Besides throttling the volume of trade, therefore, exchange restrictions also have the effect of driving what remains into unnatural channels.

The trade figures for the first quarter of 1931-32 of "controlled-exchange" countries bear striking evidence of our conclusions:—

	Austria. In millions of Austrian schillings.	Hungary. In millions of Hungarian pengős.	Czechoslovakia. In millions of Kč.
First quarter, 1931:			
Imports	526.4	142.7	2,614.7
Exports	314.3	130.3	3,091.7
First quarter, 1932:			
Imports	394.7	85.0	1,931.0
Exports	193.7	72.2	1,834.0

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between these two periods was reduced by 45 per cent. (although the turnover of trade in 1931 was only 53 per cent. of the trade in 1929), the excess of imports over exports actually increased from 12.4 millions to 12.8 millions, i.e., from 9.5 per cent. to 17.5 per cent. In the case of Austria, the total balance of trade was reduced by 30 per cent., while the excess of imports over exports has also increased from 41 to 51 per cent. In the case of Czechoslovakia, the total volume of trade was reduced by 34 per cent., while an export surplus of 16 per cent. was converted into an import surplus of 6 per cent.

Exchange restrictions, in short, have proved a complete failure, and have rendered the situation infinitely worse than it was at the time of their adoption. It is one thing, however, to realise the futility and the self-destructive character of the policy of restrictions. It is another to suggest methods for its removal. The country which first starts a policy of relaxation will undoubtedly be exposed to an abnormal strain. The removal of restrictions requires, therefore, not only immediate action, but also concerted action by the countries concerned.

One thing seems certain: exchange restrictions, although primarily called into being in order to save the parity of the exchanges, have actually rendered the maintenance of the old gold basis of the currencies impossible. A year ago it might have been possible to save the gold standard in countries like Austria and Hungary by a deflation of some 15 to 20 per cent. To-day, owing to the relative rise of internal prices to world prices, the restoration of the old parity would require a deflation of 40 to 45 per cent., which is entirely outside the range of practical possibilities. Devaluation, therefore, has become the only policy open; though in the case of the Danubian countries it is by no means such an attractive alternative as it was for England—partly because of the psychological reactions which it may entail in countries whose peoples have already gone through a great inflation, partly owing to the large amount of internal obligations made out in terms of foreign currencies which would have to be compulsorily changed.

The removal of exchange restrictions via currency devaluation is a matter of extreme urgency. But a sudden removal would lead to an unnecessary efflux of funds and might cause wholesale bankruptcy. It has been suggested that the simplest way to start might perhaps be for the Central Banks to raise gradually, day by day, the price of *devisen*, thus satisfying an increasing proportion of the current demand until the point was reached where a daily supply of and demand for *devisen* were equalised. Past this point, the Central Banks might still increase the price of *devisen*—depressing the external value of the currency below the level of its internal value—in order to accumulate reserves. Once this was carried out, the removal of restrictions could follow more or less automatically—although, so long as the debt problem is not settled, complete freedom of capital movements cannot be restored. Several problems emerge in this connection: firstly, the prevention of inflation, which is a budgetary problem; secondly, the settlement of debts; and, lastly, the creation of a favourable balance of trade for the Danubian group as a whole *vis-à-vis* the rest of the world, involving possibly the creation of a Danubian currency bloc. Only when these questions are settled can problems of Danubian commercial policy be tackled successfully.

3. UNEMPLOYMENT INSURANCE FINANCES.

(£'000s.)

Period.	Unemployment Fund.								Cost of Transitional Benefit and Administration (borne by the Exchequer). (Weekly Averages).
	Contributions by Employers, Employees and Exchequer.	Expenditure.				Debt Outstanding (End of Month).			
		Benefit and Administration.	Interest on Advances, &c.	Total.	Deficit.	Treasury Advances.	Other Liabilities (Accrued Interest, &c.).	Total.	
(Weekly Averages).									
4 weeks ended Sept. 26, 1931	1,394*	2,474*	92	2,566*	1,172	101,910	2,170	104,080	Unavailable
5 weeks ended Oct. 31, 1931	971	1,804	97	1,901	930	108,110	620	108,730	
4 weeks ended Nov. 28, 1931	1,196	1,517	99	1,616	420	109,470	940	110,410	
4 weeks ended Dec. 26, 1931	1,043	1,252	101	1,353	310	110,320	1,330	111,650	
4 weeks ended Jan. 30, 1932	1,117	1,356	107	1,463	346	111,410	1,970	113,380	
5 weeks ended Feb. 27, 1932	1,021	1,265	104	1,369	348	112,400	2,370	114,770	
4 weeks ended Mar. 26, 1932	1,035	1,143	120	1,263	228	112,860	2,820	115,680	

* Includes unknown amount of transitional benefit contributed by the Exchequer.

EMPIRE MIGRATION.

THE Committee on Empire Migration of the Economic Advisory Council have presented a Report (Cmd. 4075) in which the facts are faced so squarely that the Committee's recommendations are already being criticised as inadequate. As far as purely economic reasons for migration are concerned, the Committee take the view that the decline in the birth rate and the improvement of the standard of life in this country, coupled with the acute depression of agriculture in the Dominions, have greatly reduced the normal incentive to emigration, and they see no particular reason, on economic grounds alone, why the State should promote it, except as a temporary policy, when the present crisis is over, for providing for the re-absorption of workers displaced from our declining export trades. As the Dominions, on the other hand, are likely to have far more use for British immigrants in the remoter future than during the period when we shall have most need to send them, the Committee anticipate a "profound disharmony" between the interests of the Mother Country and the Dominions in this matter.

Motives other than economic, however, unite the interests of Great Britain and her Dominions in maintaining a permanent stream of migrants. The sense of unity within the Empire can only be maintained if British stock remains predominant in the newer countries, and this continuous infusion of British blood is also vital to the interests of British trade. Further, a study of the comparative population densities (after eliminating areas which are unsuitable for permanent white settlement the Committee arrives at figures of 3.75 per square mile for Australia, 7.25 for Canada and 16.8 for New Zealand, against 678 for England and Wales and 483 for Great Britain and Northern Ireland) suggests that it is in the interests of both parties that a more even distribution should be brought about. Population in the Dominions is too sparse for full social and intellectual development, while in parts of this country it is too dense to allow of normal physical and mental opportunities. Further, the Report stresses the fact that the growing specialisation of Great Britain as a purely industrial community leaves many individuals no chance of a life really suited to their capabilities.

Because these considerations are non-economic, it is easy to assume that the question is removed from economic discussion, and to criticise the Report on the ground that the means it proposes are inadequate to the end. Unhappily the fact that migration is to be maintained chiefly for reasons unconnected with purely economic reward does not remove the limits imposed upon Government activity by lack of funds, and in our view the Committee have done well to resist the temptation to put forward grandiose schemes for Empire development and to confine themselves to suggestions for the improvement and extension of existing machinery.

Nor would these recommendations, if fully acted upon, prove so inadequate as is sometimes suggested. The Committee approve of the cheap-fare system to Canada, but do not recommend its extension to the more distant Dominions. They are in favour of the maintenance of assisted passages, both because of the control which they make possible and also because they tend to ensure that public money is spent on people who would not have emigrated without it. In connection with voluntary societies, they propose legislation which would enable the State, at its discretion, to contribute more than the present maximum of 50 per cent. of expenditure. They also recommend a co-ordination of the activities of these organisations, in which there is at present some overlapping.

On the various classes of training schemes, the Committee's recommendations differ, but are all directed to the end of securing that money should only be spent on training where a definite demand for the trainees is known to exist. Large-scale land settlement is not recommended, because of the marketing problems it raises. This is perhaps the point at which Empire enthusiasts will join issue with the Committee, for the peculiar anomaly of modern economic organisation has not yet been fully taken to heart, namely that a community which is able and

willing to produce good crops is no longer by any means certain of economic success. Scattered settlement on mixed farms in areas already developed is, however, favoured by the Committee.

Whether these proposals go far enough may be a matter for argument. In any case, it must be some years before the necessary funds can be raised to finance anything more elaborate, and in the meantime the Committee have provided a clear and incisive analysis of the issues involved. This is not only valuable as a basis for the policy of the immediate future, but should serve also as a foundation for any more ambitious structure which it may prove possible to erect when times improve.

Notes of the Week.

Britain's War Debt.—The disadvantages attendant on lack of clear definition of our policy with regard to war debts were illustrated, this week, by the mystification and excitement which were aroused by the statement, in *The Times*, that "the British Government are now arranging annuities, a further annual sum to make up for the suspension of payments during the Hoover Year." This somewhat unhappy phrase, which seemed on the face of it to bear traces of official inspiration, was taken widely to mean that the Government had decided to resume our full war-debt repayment programme, irrespective of the results of the Lausanne Conference. Calculations were gloomily expected this policy to involve, unless it were to be assumed—even less satisfactorily—that the Government had made up its mind that nothing will emerge from that Conference but one more Hoover Year of uncertainty and hopes deferred. As it turned out, the heart-searching was needless. Sir John Simon explained in the House on Wednesday that the U.S. Government had recently requested the British and other debtor Governments concerned to sign an agreement embodying the proviso agreed upon at the London Conference, last August, that annuities suspended under the Hoover moratorium should be made good in ten equal annuities to be added, with interest, to those normally payable from July 1, 1933, onwards. This formality, he added, implied no decision on the principle involved in our war debt relationships, and would not, in his opinion, prejudice the free judgment of the Lausanne Conference on the whole subject of reparations and war debts. Seeing that the corresponding bonds held by the various creditor Governments in accordance with the provisions of the Hoover plan—were assigned, so far as the various inter-European countries are concerned, as long ago as last August, the signing of the agreements of the European powers with America, which clearly ought to take place before the Hoover year is over, is of no particular significance in itself. It is unfortunate, however, that this simple act should have been delayed to a moment when its purpose is not unnaturally misunderstood. Indeed, a regrettable consequence has been regard to the "claims" of France to reparations. As a reassurance to public opinion we welcome Sir John Simon's declaration that our policy is still unprejudiced and our hands free. At the same time, the fact has to be faced that no conceivable Parliament at Westminster would tolerate the perpetuation at our expense of a completely one-sided settlement of war debts. Since it is evident that the whole system of payments arising out of the war has to be radically reconstructed, if civilisation is not to collapse, would it not be as well for the British Government to say so, frankly and honestly, now?

The Week in Parliament.—The debate on the Finance Bill has occupied the House of Commons this week with no great resulting edification to the country. Apart from much talk, not all of it relevant, on Wednesday, with regard to the purposes of the Exchange Equalisation

Account, which some members seemed to view suspiciously as implying an ill-considered return to the gold standard, while others desired that it should be utilised as a stabiliser of prices, the chief interest centred on the necessarily abortive attempts of the Opposition on Monday and Tuesday to secure the rejection or amendment of the clause authorising the Treasury by Order to remove articles from the Free List on the recommendation of the Advisory Committee. Mr Hore Belisha defended this wholly objectionable innovation in a piece of special pleading, whose casuistry beggars description. Mr Chamberlain, he argued, had announced during the committee stage of the Import Duties Bill that he would seek these powers on a later occasion. The occasion had now arisen, and failure to use it would be a "breach of faith" with the House of Commons. Even more singular was his suggestion that if a proposal to remove an article from the Free List in which the House had placed it required the sanction in advance of the House itself, there would be a risk of trade being "dislocated" by a rush of forestalling imports. Seeing that the Free List consists of foodstuffs and raw materials, the suggestion that, if the range of our tariff is widened, it must be done with lightning speed, is grotesque. By 341 votes to 61, however, the House decided that the clause should "stand part of the Bill," and a similar fate was meted out to a Liberal amendment that in framing schemes for drawbacks the Treasury should be enjoined to have regard to the necessity in the national interest of expanding exports. This part of the debate was not, however, wholly fruitless. It elicited from a Conservative member, Mr H. Williams, a gem of economic thought which we feel constrained to quarry from the columns of Hansard. He declared: "There is no particular merit in export trade. . . . Indeed, from some points of view the less you export the better off you are, because in that case you have more to consume yourself." "O God! O Montreal!"—O Ottawa!

Mr Lloyd George Speaks Out.—There is one point and one only in Mr Lloyd George's speech at Llandudno with which we do not agree, and that is his view of the crisis of last September and his implied criticism of the great efforts made to keep on the gold standard. True, the picture of what would happen afterwards was ridiculously overdrawn, and the event has proved that the currency of a great creditor country can with comparative ease be prevented from suddenly crumbling away like that of a debtor nation. But we have pushed the world of business off its golden wall; and, in spite of many suggestions, no one has really shown how to piece poor Humpty-Dumpty together again. On Mr Lloyd George's reading of the crisis weeks a good deal of subsequent history turns. But for the rest, in his searching criticism of the failure to concert international action, the folly of the tariff mania, the weaknesses of a purely Imperial policy, and the danger of pinning faith to a policy of inflation without getting down to root economic causes, Mr Lloyd George's sound sense and his freedom to speak bluntly and without qualification come like a breath of fresh air.

Politics in Prussia.—As a pointer towards the trend of the German political situation the proceedings this week in the Prussian Diet throw little light, though they have generated much heat. Herr Braun's Government having formally offered its resignation, the first business of the Diet was to elect its own President and then a State Premier. Since in both cases an absolute majority is required to secure election, Nazi candidates for these offices could not succeed without Centre support. On Wednesday, Dr. Kerrl, a Nazi member, was chosen President by the combined votes of Nazis, Nationalists and the Centre Catholics. Thereafter the proceedings were interrupted, and the Chamber adjourned for a week, as a result of a sanguinary fray between the Nazis and the Communists, whose provocative references to "murderers" in the Nazi ranks were answered by a barrage of water-bottles, inkstands, lamps and desk tops. These "direct action" tactics of the Nazis are scarcely

calculated to persuade the Centre of the desirability of an accord with them, even if the Nazis were willing to reciprocate. Much clearly depends on the effect on public opinion of the Budget and the forthcoming decree revising the conditions for unemployment benefit, to which our Berlin correspondent refers on a later page. In the Reich, Dr. Brüning's position depends largely on the outcome of present deliberations proceeding behind the scenes on the questions of *Osthilfe* and public relief works. His retention of power is probably conditional ultimately on a successful reconstruction of his Government, but it is doubtful whether that will be done, at any rate until after the fateful meeting at Lausanne, on whose outcome the whole future of German politics hangs.

Political Moves in Paris.—As we go to press, the outcome of the negotiations for the formation of a new Government in France, to which our Paris correspondent refers at greater length, remains obscure. Two things, however, are now so probable as to be almost certain: that M. Herriot will be the next Premier, and that in quest of support he is looking rather to his right than to his left. The Conservative Press, headed by *Le Temps*, is significantly loud in his praise, and the Socialist Press equally critical. This is a disappointing conclusion to a victory of the Left, brought about partly by a working alliance between Radicals and Socialists, which was expected abroad to liberalise French foreign policy and allow a big advance towards disarmament. Here is another example of that process, which M. Siegfried has so ably described, whereby the French voter moves to the Left, while the politicians for whom he votes move to the Right, so that the final result is "no change." It remains to be seen, however, whether M. Herriot can carry the whole of his party with him if his progress rightwards goes so far as to include reconciliation with M. Tardieu. The voices of M. Edouard Daladier and of the *Dépêche de Toulouse* are raised powerfully against him, and he may find, when he meets the Chamber, that a nicely-adjusted centre coalition is in danger of breaking down for want of support from his own group.

Austria in Extremis.—Events in Austria move swiftly towards catastrophe. Last Friday Dr. Dollfuss succeeded in forming an administration based on a coalition of the three bourgeois parties, the Christian Socialists, the Agrarian Landbund and the Heimwehr; but the new Government, which can count only on a majority of one in the Chamber, appears to depend precariously for survival on its power to retain the goodwill either of the Socialists or, alternatively, the Pan-Germans. On the following day the League Council turned down Austria's petition for immediate financial assistance, and, as we write, it appears probable that before these pages are read Austria will have declared a transfer moratorium either on the whole of her foreign obligations or, possibly, on those of the State and municipalities only. Even such a partial moratorium, however, would have serious effects, since the negotiations in progress between the Credit Anstalt and its foreign creditors have been proceeding on the basis of the substitution of State bonds for a portion of that institution's short-term indebtedness. Palpably, if Austria has to default on its foreign public debt, this avenue towards agreement will be blocked. With regard to the decision of the League Council and, in particular, the attitude of the British representative, we commend to our readers the informative letter from our League correspondent which will be found on a later page. We have consistently deprecated "throwing good money after bad" in the form of further makeshift loans to South-Eastern Europe so long as no attempt is made to remedy the conditions which have brought the debtor States of that region into insolvency, but Mr Eden's declaration of policy, with its suggestion that in the special circumstances of Austria we might collaborate in a loan to the extent required to repay the Bank of England, was neither constructive nor helpful. Austria is now left without either fresh credits or guidance from the League as to her

policy, while the ridiculous procedure of further expert "study" is adopted to camouflage the complete absence of agreement among the Powers as to what shall be done to save the situation.

Greek Cabinet Crisis.—The tangled skein of financial embarrassments and political difficulties in Greece grows yet more tangled. Last Sunday—on the morrow of a declaration by M. Politis to the League Council that Greece would do "nothing definite" in relation to the ultimate future of her external obligations without agreement with her creditors—M. Venizelos resigned. The reason for this decision, as announced by the late Prime Minister in the Chamber, was that the Opposition parties, supported by the bulk of the Press, had obstructed the Press Bill, which M. Venizelos regarded as an essential censorship measure for the purpose of protecting the drachma from the influence of damaging rumour and calumny. Under the circumstances, this seems hardly a convincing argument for throwing Greek politics into a state of chaos, and the motives of M. Venizelos appear all the more difficult to understand in that, in tendering his resignation, he is understood to have recommended the President to form a coalition of the Opposition parties, including the Popularists, but with the proviso that a Republican and not M. Tsaldaris, the Popularist leader, must be Prime Minister. The result, so far, has been inability to form any new administration at all. Invited by President Zaimis to participate in an all-party Cabinet, M. Venizelos declined the invitation. The Popular Party refuse to enter any coalition unless M. Tsaldaris is Prime Minister. The Republicans are not anxious to form a Government without the co-operation of the Popularists. What will come of the latest effort, which has been undertaken by M. Papanastasiou, to form a Republican administration with the support of the Liberals, time will show. At a juncture when Greece stands in need of firm guidance if her currency is not to depreciate disastrously, the present political deadlock is singularly ill-timed.

A National Government in Japan.—Public dissatisfaction with party government in Japan having made the appointment of an independent Premier essential, the choice of the Emperor, advised by Prince Saionji, has fallen upon Admiral Saito, the former Governor of Korea, who has, so far, apparently proved acceptable to the public and the Press. The business of the Diet was suspended while Admiral Saito formed his Cabinet. Five major Government posts have been filled with representatives of the Seiyukai and Minseito parties and four with non-party men. In accordance with tradition, the heads of the departments of the Army and Navy, which are under the direct authority of the Emperor, are professionals, General Hayashi and Admiral Okada. Admiral Saito himself will assume the Foreign portfolio. Mr Takahashi remains at the Ministry of Finance, and Mr Hayotama at the Education Department. How far the two parties will be able to work together and with outsiders, and what the policy of the combination will be, remain in doubt; but there are indications that, if this attempt at a National Government fails, public opinion will be inclined to turn rather to Fascism than to a fresh effort by the parliamentary parties.

The New Belgian Government.—The Government crisis in Belgium has been solved, not as seemed likely by the formation of a new coalition excluding the Liberals, but by the latter's foreswearance of those amendments to the Public Education Bill which had incensed the Flemish elements in the Chamber. M. Renkin, relieved by his resignation of his former undertakings to the Liberal party, has indeed reformed his Cabinet on almost the same lines as before, the most notable change being the inclusion of M. Sap, a strong supporter of the Flemish cause. The Liberal party, fearful of its extinction in the Flemish provinces, was not, apparently, reluctant to

sacrifice the Fransquillon policy that it had previously maintained, but the anti-Government Flemings are still somewhat sceptical, and the affair has undoubtedly discredited both the Liberals and the Flemish Catholics, who must have lost some Flemish support while gaining none in the French-speaking constituencies.

Towards Catalan Autonomy.—A correspondent writes:—The debate in the Cortes on the status of Catalonia under the new regime is now in its third week. To give an opportunity for the passions which this question inevitably arouses to cool off, the Government hit upon the bright idea of alternating with it the almost equally important Agrarian Reform Bill. As far as it has gone the discussion has proceeded on common-sense lines. The Catalan Statute was drawn up last July by representatives of the various Catalan parties duly elected for the purpose. It was endorsed by a plebiscite held in all the four provinces of Catalonia in the following month. And there the matter was left, with periodical outbursts of recrimination from the sentimental Catalan Nationalists on the one hand and the die-hard champions of "unity"—in the French sense, as interpreted by four centuries of monarchy following the lead of Ferdinand and Isabella—on the other side. Meanwhile the Cortes got its teeth into the Constitution—which is no mean achievement—skillfully sidetracking the Catalan question until the bases of the new regime had been well and truly laid. The defining formula in Article I of the Constitution—"Spain is an integral State of federative tendencies"—could hardly have been improved upon, since it left open the door for Catalan "autonomy" while, by implication, closing it on any quibble about sovereignty. A Parliamentary Commission was then appointed to draw up a draft statute, on the basis of the Constitution and the clearly-expressed will of the Catalan people, and it is this draft, and not the Statute sponsored by the Catalans themselves, which the Cortes is now asked to approve or amend. It is necessary to recount this sequence of events because, superficially, one might imagine that once again in Spanish history there was either a conspiracy, as the Catalans would say, to deprive Catalonia of her rights or, on the other side, a demand for independence which would fatally impair the stability and prestige of the Republic. Such a psychological deadlock, turning mostly on disputes as to "equality of status," has been avoided. The only real difficulty is over finance. Here an ingenious system of proportional tax levy and collection as between the State and the Region (which no one but the experts will be able to understand) seems to be the likely solution. Meanwhile the Government has needed all its wits about it to cope with disorderly elements, syndicalists and students, who are out to take advantage of the highly-charged atmosphere produced by the discovery of a large-scale terrorist plot timed for May 29th. Bombs and stores of munitions have been sequestered in Seville, in Madrid and in smaller towns of Andalusia, and a number of arrests have been made. All is quiet in Barcelona—quarters there. It is debatable whether national safety at present will permit police and law and order arrangements to be passed over to Colonel Macia's Government.

The Irish Oath.—On May 19th the Bill to remove the parliamentary oath of allegiance from the Constitution of the Irish Free State passed its last stage in the Dail, being supported by the Labour Party, in spite of the recent unequivocal denunciation by Mr Davin, the Labour Whip, of that part of the Bill which removes the force of internal constitutional law from the Treaty. The sensibilities of Mr Norton, the leader of the party, seem to have been rubbed the wrong way by Mr Thomas's recent statement as to the effect of the breach of one agreement upon the possible future agreements between Great Britain and the Irish Free State. It is a pity, perhaps, that Mr Thomas stated his case so bluntly in the first place; he used greater unctious in a speech at Hove last Friday, in

which he declared that the Government's position was not based "on any constitutional theory or question of status, but simply on the sanctity of treaties and the maintenance of agreements." "We believe," he added, "that the prosperity of the Free State is bound up with the prosperity of this country, and that it is in the best interest of both countries that they should remain linked together within the British Commonwealth"—a statement with which no doubt the great majority of Irishmen would agree. Mr de Valera retorted by inquiring whether the sanctity of international agreements did not also attach to the conclusions of the 1926 Imperial Conference and to the Statute of Westminster, which, he claimed, permitted the Free State to amend its constitution as it wished. The *Irish Times* has rather heartlessly pointed out that the paragraph of the conclusions of the 1926 Conference upon which Mr de Valera relies ends with the words: "though united by a common allegiance to the Crown and freely associated as members of the British Commonwealth." In any case, the constitutional equality of two parties to an agreement does not imply the right of either of them to act in contradiction to the agreement even while claiming that there is no contradiction. The impression grows upon us that Mr de Valera, subconsciously at least, thinks of himself and his Ministers not as the normal successors to Mr Cosgrave's administration, as His Majesty's Government in the Free State, bound by their predecessors' international engagements, but as a rightful dynasty supplanting an impostor. His claim to speak with the voice of Ireland may soon be put to another test, for the Senate, who are now debating the Oath Bill, seem likely to make large amendments in it while refusing to challenge the second reading.

Threatened Tariff Duties in U.S.A.—The United States Tax Bill has been turned into a tariff measure by the addition of "riders" providing for import duties on coal, copper, oil and timber. These duties, which have been passed by the Senate, are intentionally prohibitive, and, according to Mr Mills, Secretary of the Treasury, only "car fare" will be derived from them. Their chief object is presumably to bring about a rise in the domestic price of the four commodities by the elimination of foreign competition. It is, however, highly improbable that the duties will achieve the desired object in the near future. The impost on coal is of no immediate consequence, as the United States is, on balance, a large exporter of this fuel. The total value of coal imported in 1931 was only about \$6 millions as compared with \$65 millions sold abroad. On the other hand, the duties on copper, oil and timber will seriously dislocate these industries outside the United States. Although the United States is, on balance, an exporter of petroleum products, she imports large quantities of crude petroleum from Latin America. The world situation of this industry will therefore scarcely be affected; but, owing to the lack of refining capacity, Mexico, Colombia and Venezuela will certainly suffer temporarily from the loss of their market. The tax on timber is calculated to have serious consequences in Canada, which is the principal source of United States imports. More serious still, should this Bill receive the President's signature, the whole structure of the copper industry may crumble, to the detriment of foreign producers and American consumers alike. Whereas the relatively higher cost of production of the majority of United States mines has resulted in a gradual shift of the centre of gravity to Canada, Chile and Africa, the proposed duty of 4 cents per lb. is high enough to exclude all copper imports into the United States. When it is remembered that the United States consumes about 50 per cent. of the world's total production, it will be realised how grave the repercussions on foreign producers are likely to be. In view of the size of the stocks held in the United States, a quick recovery in the internal price is unlikely. On the other hand, the loss of the American market, as we show in an Investment Note on a later page, may seriously prejudice the world situation of this metal.

Federal Reserve Policy.—During the past three months the Federal Reserve Banks have been committed to a cheap credit policy, in pursuance of which they have purchased \$725 millions of United States Government securities. In theory, the credit so released to member banks should have permitted an extension of banking credit to the public of ten times that amount, but no such extension has occurred. Some light on this failure of the practice to conform to theory is thrown by an address recently given by Dr. Benjamin T. Anderson, Jr., of the Chase National Bank, to the Bankers' Forum in New York. Reviewing changes in the position of the reserve banks between February 24th and May 4th, he showed that in this period there was an increase of \$546 millions in the reserve banks' holdings of Government securities. Furthermore, there was a decrease of \$144 millions in the Federal Reserve note circulation, and an increase of \$38 millions in Treasury currency, both of which changes increase the amount of banking credit available and make a total theoretical increase of \$728 millions. On the other hand, member banks used the opportunity afforded by the extension of credit to redeem \$329 millions of their own indebtedness to the Reserve System, while the reserve banks themselves reduced their holdings of bills and other securities by \$98 millions. Allowing for minor changes, including net gold losses of \$5 millions, the actual increase in member bank reserves was only \$269 millions, so that all the open market operations of the Reserve System did was to relieve the pressure upon member banks. It did not stimulate them into extending fresh credit to the public. In actual fact, during the same period, member banks reduced their loans from \$12,609 to \$11,842 millions, and themselves raised their investments from \$6,997 to \$7,435 millions. Deposits were only increased by \$101 millions. It is possible to carry the story of the reserve banks a little further. During the fortnight ended May 19th member banks bought a further \$179 millions of Government securities, but this was largely offset by a reduction of \$41 millions in bank indebtedness to the system, of \$4 millions in bills held by the system, and last, and most significant of all, by gold losses of \$73 millions. In the end, only a further \$45 millions was added to member bank reserves with the system. The lesson of these events seems to be that at a time when the banking system of a country is strained, the first result of a deliberate inflation of credit is to relieve the banks themselves. It also appears that the provision of additional credit can only become effective if accompanied by a restoration of confidence both at home and abroad, for it is because confidence is lacking that member banks are refraining from lending against their newly-acquired reserves, while foreign holders of dollar balances are withdrawing them in the form of gold, thereby neutralising the efforts of the reserve banks to create fresh credit.

Cotton Trade Surplus Capacity.—The Joint Committee of Cotton Trade Organisations has this week sent copies of the scheme for dealing with surplus capacity in the spinning section to all spinning firms with a request that they should indicate whether they approve of it or not. All firms have been asked to give their decision not later than June 14th. It will be recalled that, last December, proposals for reducing surplus productive capacity in the cotton industry were submitted by the Joint Committee to the various Associations represented on it. The spinning section was the first to seek the views of individual firms on the proposals by means of a ballot taken in February last. Firms controlling 27,779,564 spindles, or 46.97 per cent. of all in the trade, expressed themselves in favour; and firms controlling 16,963,259 spindles, or 28.69 per cent. of the total spindleage, voted against the proposals. No votes were recorded by 24.34 per cent. of the total spindleage. It is believed that when the previous ballot was taken many firms voted in favour of the principle involved, but on this occasion the scheme is in a definite form; and, if an adequate vote in favour is obtained, the Joint Committee will approach the Government with regard to legislation making the scheme compulsory. On the last occasion it was disappointing that

practically 25 per cent. of the spinners did not record any vote, and it is anticipated that this percentage will now be considerably reduced. Put briefly, the object of the scheme is to raise funds in order to buy plant which the owners are willing to sell. The levy whereby the compensation fund is to be raised will not exceed 3d. per mule equivalent spinning spindle per annum. The idea of the scheme, writes our Manchester correspondent, is certainly foreign to Lancashire thought and principle in the past; and much uncertainty exists as to whether the Joint Committee will secure sufficient support to warrant further action.

British Production.—The physical volume of production in the United Kingdom in the first quarter of 1932, as estimated by the Board of Trade, was 1.5 per cent. lower than in the fourth quarter of 1931, but 0.6 per cent. above that of the corresponding quarter a year ago. The following table shows the comparative figures for the various industrial groups:—

Group.	INDEX OF PRODUCTION (1924 = 100.)				
	Year 1930.	Year 1931.	Mar. Quarter, 1931.	Dec. Quarter, 1931.	Mar. Quarter, 1932.
1. Mines and quarries ..	91.3	81.6	85.3	85.6	83.0
2. Iron and steel and manufactures thereof	88.8	65.9	68.0	71.6	70.4
3. Non-ferrous metals...	119.1	100.1	95.5	97.4	97.8
4. Engineering and shipbuilding	116.6	94.9	102.5	89.1	91.2
5. Textiles	79.5	77.0	72.6	89.6	91.1
6. Chemical and allied trades	102.2	96.8	97.5	101.7	101.2
7. Leather and boots and shoes	101.4	99.3	101.3	101.3	99.6
8. Food, drink and tobacco	104.9	103.5	101.2	103.6	97.4
9. Gas and electricity....	138.7	143.2	(a)	(a)	(a)
Total of manufacturing industries (2-9)*	106.3	96.8	97.4	100.1	98.8
Total of all groups (1-9)*	103.3	93.8	95.0	97.1	95.6

* Including also various industries not specified above.
(a) Complete information regarding gas production in 1931 is not yet available. The available data for electricity have been included in the general index.

A comparison of the first quarter of the current year with the October-December period of 1931 shows an improvement in engineering and shipbuilding, and in the textile and non-ferrous metal industries. On the other hand, the indices for coal, iron and steel, leather, boots and shoes, and food, drink and tobacco reveal a decline. As compared with the corresponding quarter of last year, the figures for the March quarter show a setback in coal mining, engineering and shipbuilding, leather, boots and shoes and food, drink and tobacco. A slight improvement is recorded in the iron and steel, chemical and non-ferrous metal industries. Textiles show an expansion of about 25 per cent. If allowance is made for the Easter holidays, the advance in British industrial activity occasioned by the suspension of the gold standard appears to have been maintained during the first quarter of the current year. More recent information suggests, however, that this improvement is being gradually lost as a result of the progressive strangulation of international trade.

Threatened Strike in Lancashire.—Our Manchester correspondent writes:—The operatives in the weaving section of the Lancashire cotton industry are inclined to resist the action of the employers in deciding to abrogate all wages and hours agreements from June 11th. The Northern Counties' Textile Trades' Federation, which embraces all the trade unions in the weaving branch of the industry, has decided to take a ballot of the members. The voting papers have been sent out this week, and the workpeople are asked to say "Yes" or "No" to the two following questions:—

- (1) Are you in favour of withdrawing your labour on June 11th against the decision of the employers to end all existing hours and wages agreements?
- (2) Are you in favour of the officials negotiating with the employers?

The ballot papers have to be returned not later than June 2nd, and the result will be announced at Blackburn on June 6th. It is expected that about 200,000 operatives will vote; and of this number about 150,000 are members of the Weavers' Association, whose officials have recommended the members to declare their willingness to withdraw their labour from the mills. The position is somewhat complicated by the fact that during the last six months thousands of operatives have accepted work at mills where the rates of pay and hours of labour are contrary to the agreements existing between the employers' association and the trade unions, while thousands of workpeople are unemployed. It is anticipated that there will be a majority in favour of striking, but it is quite probable that there will be a substantial vote in favour of opening up negotiations with the employers. The Central Board of the Northern Counties Textile Trades' Federation is not committed to take any action according to the result of the ballot, but, when the figures are known, the board will then decide what action shall be taken. On behalf of the employers, it has been unofficially announced that it is unfair to assume that from June 11th there will be an all-round reduction in wages, though after that date employers will be at liberty, without breaking any agreements, to make what arrangements are possible with their workpeople. There is ground for believing that the trade union leaders are very uneasy as a result of recent developments, and may not be disinclined to come to terms with the employers as a result of joint conferences. During the last year or two, however, a supreme difficulty has been the way in which provisional agreements have ultimately been rejected at delegate conferences of the workpeople. Labour conditions in Lancashire at the moment are undoubtedly in a state of chaos, and the danger of the situation's becoming worse should not be minimised.

The 1930 Census of Production.—Volume XI of the preliminary reports of the Census of Production of 1930, published in a recent issue of the *Board of Trade Journal*, covers preserved foods, animal foods, metal forgings, scientific instruments, and umbrellas and walking sticks. The following summary shows the gross value, the net value (gross value, less cost of materials and work given out to other firms), and the net output per person employed in the various industries in 1924 and in 1930:—

Industry.	Gross Output.		Net Output.		Net Output per Employee.	
	1924.	1930.	1924.	1930.	1924.	1930.
Preserved foods	Thou. £ 31,133	Thou. £ 32,435	Thou. £ 12,480	Thou. £ 13,472	£ 337	£ 324
Cattle, dog and poultry foods	6,401	5,565	1,972	1,762	389	350
Forgings	14,395	15,249	6,905	7,421	183	168
Scientific instruments..	9,778	10,236	5,240	5,951	215	248
Umbrellas and walking sticks	2,500	1,606	931	592	192	154

Although a precise quantitative comparison of the output of canned and bottled foods between 1924 and 1930 cannot be made, the increase in the total selling value and in the volume of employment reveals a substantial expansion of production during recent years. The quantity of preserved meats shows an advance of 25 per cent. between the two census years, and the production of dried and canned vegetables increased about sixfold. If allowance is made for the fall of 10 per cent. in the average selling value of feeding stuffs other than dog and poultry foods, the figures of the total selling value suggest that output has been maintained. The production of anchors, chains, nails, screws and miscellaneous forgings in 1930 shows a considerable advance on 1924. The average number of persons employed in these trades increased from 37,692 in the earlier census year to 44,082 in 1930. The information relating to scientific instruments, appliances and apparatus shows a considerable increase in the activity of these industries. Thus, the total value of optical instruments and appliances advanced from £1,131,000 in 1924 to £1,516,000 in 1930, and the value of photographic apparatus and appliances increased from £2,130,000 to

£3,186,000. The number of cameras made in 1930, at 1,059,000, compares with 121,000 in 1924, and the length of positives printed for the cinematograph trade increased from 149 million linear feet to 235 million linear feet.

The Co-operative Congress.—A correspondent writes:—At the Co-operative Congress, which assembled in Glasgow this Whitsuntide, Mr John Downie, in his presidential address, suggested that the modern co-operator had become "peaceful, sometimes to the point of somnolence." He implied that the lure of the dividend on purchases, which was the distinctive practice of the Rochdale Pioneers, upon which co-operation has been reared, is lessening the effectiveness of the movement in meeting the more intense competition of the multiple shops and the campaigns which the bakers and milk suppliers of Scotland had lately levelled at the co-operators. He therefore advocated the revision of the dividend policy in a downward direction. He also suggested that the movement should make a list of enterprises to be systematically tackled so as to add to "the manufactures and services in which we are actually engaged," though, judging from the subsequent discussions, the compilation of such an anticipatory programme would occasion sufficient confusion to delay its realisation. In more general terms, the report of the Central Body boldly tackled the economic situation and declined "to take the patchwork world of panic and perplexities at its own crude valuation." It has "always stood for Free Trade between all nations, believing that policy to be an essential part of the co-operative faith." Discussion on fiscal policy was somewhat curtailed by the desire of 1,700 delegates to settle the constitution of the Co-operative Union, which has been under discussion at the previous two Congresses. Now a national co-operative authority is to be constituted, to which is to be delegated the decision on all matters of national policy. This will consist of the executive of the Co-operative Union, representatives of the two Co-operative Wholesale Societies, the Co-operative Productive Federation, and the Co-operative Party. Hitherto each of these sections has expressed its own views, with resulting confusion in the public mind as to the actual co-operative expression. In future the movement will speak through the one National Co-operative Authority, thus avoiding the clash of opinion that has been conspicuous up to now. With regard to trade results, owing to the fact that nearly 250 societies had omitted to send their returns in time for the Congress, statistics for the past year were presented in the form of estimates. These relate only to the retail societies, which are calculated to have a membership of 6,626,429, with a share capital of £119,611,116. The total liabilities are £169,867,398. The sales for the year were £210,081,312, a decrease of £7,236,689, or 3.38 per cent., while the net profit (inclusive of share interest) was £26,779,090, a fall of only £158,934, or 0.59 per cent.—thus providing confirmation of the presidential view with regard to the desire for dividend that obtains in many societies. There has been a slight lessening of the credit system practised in many societies, but more have developed hire-purchase and credit clubs, with the result that the members' debts now total £5,320,367. The wages bill of the retail societies for the year just closed totalled £24,571,828, this being shared by 123,969 engaged in distribution (a decrease of 1.48 per cent.) and 64,884 engaged in productive service—an increase of 14.3 per cent., mainly due to extended bakery and milk supplies. The retail societies engaged in production to the value of £32,638,976, and when an examination of the returns of the wholesale and the separate productive societies is made it would appear that quite half their turnover consists of goods obtained outside the movement. This is a matter that has received little attention at the Congress, and may have fuller consideration at the annual assembly, which will be held next year at Birmingham.

Insurance in Germany.—The German insurance industry, writes our Berlin correspondent, was not severely hit by the crisis even in 1931. The Allianz-Konzern, by far the largest insurance group, which has recently pub-

lished its balance sheet, has been able once more to extend its business in many directions. In spite of the cancellation of very many old life insurance contracts, the life insurance business has increased from Rm. 3,182 millions to Rm. 3,281 millions, and profits on it have risen from Rm. 31 millions to Rm. 31.6 millions. The large property insurance company Allianz-Stuttgarterverein shows a premium income of Rm. 182 millions, against Rm. 196 millions in the previous year, but the decline is for the most part due to the deliberate curtailment of some branches of insurance. The economic crisis has only reduced the insurance contracts by 4 per cent. Payments of compensation have fallen from Rm. 103 millions to Rm. 95 millions, as 1931 was a year of very small claims for fire, employers' liability, transport and burglary insurance companies. Only credit insurance showed a loss. The Allianz shareholders are again to receive a dividend of 12 per cent.; for, in spite of a heavy writing down of investments and participations, the net profit has not diminished.

Australasian Banking.—Our Melbourne correspondent writes:—The Australian banking returns (exclusive of the Commonwealth Bank of Australia) for the quarter ended March 31, 1932, show that deposits have risen to £282,268,171, or an increase of £20,535,902 as compared with a year ago. The movement is due partly to lack of enterprise. Advances amount to £228,351,889, or a decrease of £18,133,920, which reflects the smaller trading demand for accommodation; but Government and municipal securities, which have risen to £40,001,952, show an increase of £18,133,920, due to the Treasury bills by which loans to the Governments are represented. The Commonwealth Bank returns for the March quarter show that balances due to other banks have risen to £32 millions, against £29½ millions a year ago. The New Zealand banking returns for the March quarter show deposits £53,336,885, or a decrease of £804,179 on the year; and advances and securities together £57,196,576, or a decrease of £2,242,595, though securities alone show an increase of £2,060,107, due to support given to the Government.

Conditions in Malaya.—A Singapore correspondent writes:—The announcement of the failure of the rubber restriction negotiations did what two years of persistent propaganda had failed entirely to accomplish. It brought the rubber companies down to earth and forced them to realise that, by flooding the market with rubber, which was selling at below cost price, they were only aggravating the problem and at the same time eating into financial reserves which could not last for ever. There is at last a definite tendency to curtail production to the extent best suited to the circumstances of the individual companies, and outputs are falling steadily. It will be many months before the effects of this change are seen in the statistics, but there is a general feeling that rubber has touched bottom. Very few people still entertain the idea that rubber will ever again rise to a shilling a pound. The view of the majority is that it will rise very slowly and stabilise itself somewhere between 6d. and 8d. at best. A selling price of 6d. would put a large number of companies in a very satisfactory position, for during the slump costs have been reduced to an extent which would have been regarded as absurd a couple of years ago. On at least one estate rubber is being produced to-day at a fraction under six Straits cents per pound. On the other hand, a recently issued company report gave production costs at nearly 20 cents per pound. It is these high-cost estates that are doomed, and until they do go under there can be no substantial improvement in the position. The biggest danger at the moment is that companies which may be forced into liquidation will put up their properties for auction and that the estates will be bought for a very nominal sum, which will enable the new owner, with only a small capital investment, to produce hard for a year or two without spending any money on maintenance, thus keeping the market heavily overstocked. The position with regard to tin is a source of continual wonder. No one pretends to understand why, with a very heavy restriction quota in

operation, the stock position shows no marked sign of improvement. The price falls steadily and the rate of consumption remains about stationary. Apart from the condition of these two industries, the position in Malaya is difficult, but by no means hopeless. What is urgently necessary at the moment is the introduction of measures of economy in the public services. Retrenchment is being urged in all directions, but little is being done beyond inquiries and recommendations. The estimated expenditure on personal emoluments during 1932 is \$15,144,501; the estimated revenue is \$30,390,044; and the estimated total expenditure is \$45,535,471. The deficit is being met by the transference of \$10,000,000 from the surplus on the Currency Guarantee Fund and the balance from the Colony's surplus. The general financial position of the Colony is extraordinarily sound, which probably explains the apparent reluctance to retrench. There is no public debt, the loans which have been raised in the United Kingdom being entirely for the purpose of re-loans to the F.M.S. and to public bodies who are responsible for payment of interest on the loans and contributions to sinking funds. There is a surplus on local assets, the annual income from which, with rents on Government property, provides about 20 per cent. of the Colony's total revenue. Unfortunately, the outlook in the F.M.S. is much less bright. A committee appointed by the Government to examine a proposal for the establishment of an all-Malayan Customs union reported a few days ago and condemned the idea from all angles. It emphasised the enormous value to the Colony of the century-old principle of the freedom of its ports, and urged that any interference with this policy would destroy entirely the vast trans-shipment trade which has come to Singapore by virtue of its geographical position. Government acceptance of the views expressed in the report has not yet been announced, but it is inconceivable, in view of very vigorous opposition expressed by the committee and of the protests voiced on behalf of all communities in the Colony, that anything more should be heard of the scheme.

Guardian Assurance.—This company adopts the unusual, though salutary, practice of maintaining separate investments for each class of business. As an inevitable result, the balance sheet is somewhat cumbrous, and the departmental accounts include a number of items of a capital nature, which are usually dealt with through profit-and-loss account. During 1931 the total premium income was well maintained, but while the marine account showed a largely increased profit, the fire and accident accounts yielded a return in both cases on a much reduced scale, as the following table shows:—

	1930.	Per- centage of Profit.	1931.	Per- centage of Profit.
Amount of Profit.	£		£	
Fire	87,235	8.1	48,665	4.5
Accident	26,137	3.3	13,738	1.8
Marine	6,120	3.0	24,408	11.9
Life	36,000		36,000	
Profits on investments and exchange	...		36,727	
Less items debited to profit and loss account	155,492		159,538	
Allocation to investment reserve and contingency fund	50,160		33,761	
Net trading surplus	31,553		4,600	
	73,779		121,177	

In addition to the investment items referred to in this table, the sum of £162,000 has been written off investments. As a result, the directors are able to state that the assets, totalling £13½ millions, are fully equal to the book values without taking into account the investment reserve and contingency fund of £360,000. On the life fund of £6½ millions this is a particularly fine achievement, and in commenting on this the chairman pointed out that one-half of the whole fund is invested in mortgages, "the attraction being that a mortgage is not exposed to such great fluctuations in value as are most other forms

of securities, particularly as any mortgage we accept is for a proportion of the approved valuation only, still subject, with hardly any exception, to a sinking fund, from the outset of the advance." The chairman referred also to the existence of the investment reserve and contingency fund as being a means of meeting any further depreciation, and hinted in this connection at the possibility of a portion of the fund being utilised in the near future for the purpose of acquiring another insurance company. It is interesting to note that a resolution was agreed to at the meeting whereby the directors' fees, which have hitherto been fixed at £12,000 per annum free of tax, are henceforth to be at the rate of £15,000 per annum, subject to tax. This represents a slight reduction, which is in line with an internal rearrangement of salaries to certain members of the staff, involving a change over from a tax-free basis to the gross equivalent with tax at 4s. 6d. deducted.

North British and Mercantile.—In 1931 the North British and its associated companies, the Railway Passengers, Fine Art and General, and the Ocean Marine, had to provide a sum of £945,000 for depreciation on the book values. Though a large sum in itself, this is small in relation to total assets of nearly £50 millions, the reason being that the company had large hidden reserves existing on December 31, 1930. The recovery in values this year has, of course, completely altered the situation, and so far as the life and annuity funds, and those of the three subsidiary companies, are concerned, the company has more than recovered the depreciation of £545,000 provided on December 31st. The remainder of the depreciation, namely £400,000, due to the fire account, has not been fully recovered, as in that account a considerable portion of the fund is invested in the United States, though it is stated that all dollar investments have been taken credit for at par of exchange, thus leaving out of account the whole of the exchange profit. On the underwriting side the accounts have yielded in the circumstances a very satisfying return of profits, which in every department are higher than in 1930. The company, however, has not escaped a decline in premium income, which has been particularly marked in the fire department, where the preponderance of American business has reduced the total premiums from £3,901,000 to £3,628,000. The detailed results are set out below:—

	1930.	Per- centage of Profit.	1931.	Per- centage of Profit.
Amount of Profit.	£		£	
Fire	262,436	6.7	246,368	6.8
Railway passengers	112,480	9.4	124,217	10.7
Fine art and general	39,815	11.0	44,240	13.0
Ocean marine	35,000	10.9	50,000	17.3
Life	304,359			
Annuity	105,687			
Sinking fund	12,000			
Less items debited to profit and loss account	871,777		464,825	
Total net trading surplus	171,083		159,653	
	700,694		305,172	

The dividend has been maintained at 92 per cent., and the cost is covered by interest earnings with a small margin. The net result of trading for the year has been to increase the company's surplus assets by a sum of £325,000, though this, of course, leaves out of account the provision for depreciation of £590,000 in the fire and general accounts. In the life department there was some falling off in new business, the amount having declined from £4,105,000 to £3,817,000, but as against this a larger volume of annuity and sinking fund business was transacted last year than in 1930.

Sea Insurance Company.—This company, originally founded in 1875 and centred in Liverpool, is one of the few old-established marine companies to retain its independence. In its own field it has earned consistently good profits, but during the last twelve years, when fire and

accident departments were added to preserve existing connections, the losses on these departments have been throughout a source of anxiety. The total premium income in 1931 was £750,000 compared with £847,000 in 1930, each department having written a smaller volume of business. The detailed results are as follows:—

	1930.	Per- centage of Profit.	1931.	Per- centage of Profit.
Amount of Profit.	£		£	
Fire	5,740	3.0	6,178	3.8
Accident	14,547	20.5	23,854	36.0
Marine	34,842	5.7	40,363	6.9
Less taxes, &c.	14,555		10,331	
Total net trading surplus	9,398		6,481	
	5,157		3,850	

The 1931 marine underwriting account opens with premiums of £521,000 compared with £586,000, but, considering the number of steamers now laid up, the fall of some 12 per cent. is not unsatisfactory. The first year's experience of the new account has been particularly favourable, for claims have absorbed only 28 per cent. of the premiums, as compared with 35 per cent. a year ago. The balance sheet shows total assets of just over £2 millions, and, notwithstanding the depreciation of last year, the company is still in the happy position of being able to state that the market values exceed the book values, and this without the need for any writing down from reserves. As a measure of precaution an investment reserve fund of £100,000 has been created by a transfer from profit and loss account, but at the date of the annual meeting on May 3rd this fund was stated to be intact. The company's £1 shares stand at 3¼, and on the dividend of 17½ per cent. yield nearly 5½ per cent. gross.

Overseas Correspondence.

LEAGUE OF NATIONS.

The Council and the Crisis—League Expenditure.

(FROM OUR CORRESPONDENT.)

GENEVA, May 24.

THE League of Nations Council has concluded a session of considerable importance. It has discussed the serious financial situation of the countries with which it has been specially concerned, the far-reaching proposals submitted to it by the International Labour Conference to meet the general crisis, the final conditions in which Iraq may reasonably expect to become a self-governing State, a variety of disturbing minority and other controversies between Danzig, Poland and Germany, the general policy of League activities and finance, the terrible conditions in Liberia, and a number of other questions of less significance.

The discussion on the financial situation of Austria, Hungary, Greece, and Bulgaria—with more particular reference to Austria and Greece—carried the substance of the matter little further. A warning to Austria of the seriousness of default, a still sterner warning to Greece on the action she is taking with regard to her solemn obligations, a re-assertion of the attitude of Great Britain, France, Germany and Italy on the subject of further financial assistance, and a decision to ask the Financial Committee to set up a delegation conjointly with the Government experts, who have also been at work on the matter (together with three other experts from Belgium, Holland and Switzerland) to study the problem again and make any propositions at which they may arrive—that is the extent of business done in this respect. The Financial Committee has already constituted its delegation of five members—M. Suvitch (president), former

Italian Financial Under-Secretary of State; Mr Norman Davies, former Under-Secretary of State in the United States Treasury; Sir Otto Niemeyer, Bank of England; M. Daynes, French Inspector of Finance; Dr. Paul Kempnes, of Mendelssohn and Company, Berlin; and Dr. Pospisil, Governor of the National Bank of Czechoslovakia. The British Treasury expert is Sir Frederick Leith Ross.

What these experts will be able to do—and hitherto the views of some of the Treasury experts have not coincided with the proposals of the Financial Committee—depends in the first place on how long Austria can hold out and whether Lausanne will achieve something generally substantial. It is not easy to decide whether the risk of losing fresh loans to Austria is greater than the risk of Austrian collapse; or, to put it differently, whether it is wise or not to take the risk of fresh loans in a last effort to avoid the catastrophe that, otherwise, is foreshadowed, and to save what is already there. The British position, as described by Mr Eden to the Council, is not very logical. Great Britain is against new loans because at best they are only suggested as temporary palliatives, and would be a speculation, as their repayment would depend on the hypothesis of a substantial improvement in world conditions within a short period. But Great Britain is prepared to consider the special claims of Austria. Its manner of doing so, however, is somewhat odd. It suggests that the other principal Governments should give a credit similar to the hundred million schillings already advanced by the Bank of England so as to provide the National Bank with suitable reserves in foreign currencies; but, failing that, the principal Governments might facilitate a loan sufficient to strengthen the Bank's reserves after repaying the outstanding balance of the advance made by the Bank of England. The British Government would then facilitate the issue on the British market of an amount sufficient to repay the Bank of England advance. Naturally, the other Governments look upon this as a proposal to them to put their money into Austria to save the Bank of England advance, which, without any further loans, is anyhow in danger. If, as Mr Eden said, further loans would, in the long run, only prove an additional source of weakness, and if it is a mistake so to give false encouragement, it is not logical, and certainly not acceptable to other countries, to propose that they should do the very thing against which this general warning is uttered. It would be better to take a franker and simpler attitude, to leave moralisings aside, to suggest to other Powers that they should follow the Bank of England's example, and leave it at that. We can't have our excuse and eat it. Mr Eden's advice is not likely to be followed in any event. France refuses any loans except on the basis of the general Tardieu Danubian plan, and Italy has no desire to join in providing loans, for example, to Yugoslavia and others in the Danubian area. So all must apparently wait on Lausanne and Lausanne on Ottawa. And what then?

Similar procrastination is evidenced in the attitude of the Powers on the Council to the resolutions by the International Labour Conference on international works, monetary policy, problems of production and international trade. They were all referred to the Assembly, in a resolution which also requests the Committee of Inquiry on Public Works to accelerate its proceedings, which declared that various League organisations are at the disposal of Lausanne should it so desire, and which, in laying before the Assembly the question of calling a world conference on international production and trade, asks the Secretary-General to make the necessary preliminary investigations. Lausanne looms ominously ahead, and has become a dangerously convenient dumping ground.

The agreement reached on the terms upon which Iraq may enter the League as an independent State is a satisfactory conclusion to an important constitutional and political development. Great Britain's conduct in her special relationship with Iraq will be closely watched by other Powers to see that the end of the Mandate is not used to perpetuate the tutelage in other forms. Several acute matters concerning Danzig and minorities were

satisfactorily dealt with for the time being, but not definitely settled; the economic and political relations of Danzig, Poland and Germany do not improve, and all the Council can do for the present is to patch things up and keep them from degenerating into a complete dog fight. The Council has also done its best to persuade Liberia to put into effect the administrative reforms required to safeguard the natives from the terrorism and brutality which were brought to light by the International Commission of Inquiry (1930), and has decided to send out a commissioner to pacify the Kru tribes upon whom terrible cruelties have recently been inflicted by the Liberian frontier force and who have taken to the bush.

The British proposal to set up a commission of inquiry into League activities and expenditure was roughly handled in the Council by all except the representatives of Germany and Panama. Rightly or wrongly, the suggestion was generally regarded as a manifestation of hostility, and the Spanish representative voiced this feeling in a subtly diplomatic analysis of the position. He observed, incidentally, that the League's budget was smaller than that of any ordinary-sized European town, and that it was about as much as it cost to keep London clean. It was pointed out by various members of the Council that the British proposition ignored the prerogatives of the Assembly and the International Labour Organisation, and it was eventually decided that the Supervisory Commission (which is the standing Assembly Commission for budget control) should, with any additional experts required, examine and report to the Assembly on numbers, salaries, and control of expenditure, questions of general policy being excluded as within the sole purview of the Assembly of all the States members. The organisation of the staffs was also excluded, having been the subject of inquiry by a special committee on whose report the Assembly took its decisions in 1930. Mr Eden said it was necessary to convince public opinion in England that the League was economical. Nobody who knows anything about it expects that economies, however drastic, would have the slightest effect on those whose objections to cost are entirely political.

UNITED STATES.

Congress — Banking — Trade — Railroads.

(FROM OUR CORRESPONDENT.)

NEW YORK, May 17.

OUTWARDLY at least there is an increase in the bustle at Washington to get something done before the expiration of the fiscal year on June 30th, and voting may be expected in three or four weeks on a Tax Bill which promises, along with some reduction in expenditure, to balance the Budget. The much-disliked Glass banking reform Bill is not likely to come up for a vote at this session, nor does it now look as though a soldiers' bonus proposal could be resurrected. Various obnoxious forms of taxation have been before both Houses of Congress, but nothing has been agreed upon. There is still a chance that Congress will return to a sales tax as the most efficacious way of meeting prospective expenditure, and the optimistic view is that some reduction in expenditures will have to be made. President Hoover is still making at least an outward attempt to force economy on Congress, but ideas of political expediency are a stumbling block.

Reports that the President has fallen in with a scheme to float a Federal bond issue of two to three thousand millions seem to be wide of the mark. The President's idea, it is thought here, is to keep all Government aid distribution in the hands of the Reconstruction Finance Corporation and to limit it to business needs, avoiding the futility of spending for unneeded public buildings and road building as a means to relieve unemployment. An exception possibly may be made for loans to States which are unable to take care of their unemployed, but this will probably involve no more than two or three hundred millions.

While the Goldsborough Bill, the purpose of which is to

increase commodity prices, is on the sidetrack, the Federal Reserve Banks continue their policy of credit expansion. This week they added another hundred millions to their Government bond portfolio. Member banks cut their discounts by \$35 millions and total Reserve Bank credit rose by \$60 millions. It is now \$1,001 millions greater than a year ago. Current circulation dropped further, and stands \$804 millions above a year ago, with only sporadic bank failures. The member banks are, nevertheless, still pressing for liquidation of loans against stock and bond collateral, and they are doing little more than nibbling at new investment. The week's loan and investment deflation was \$137 millions. On the Stock Exchange the week brought a fall of \$60 millions in brokers' loans.

A feature of the week's Federal Reserve statement was the disclosure that, for the first time, the system had availed itself of the privileges granted by the Glass-Steagall Act. It placed \$97 millions of U.S. Government bonds as collateral with the Reserve agents for note issues. There are \$2,765 millions of Federal Reserve notes outstanding. Collateral behind them is \$474 millions of eligible paper and the Government bonds mentioned, and \$2,219 millions in gold. Last week the country lost \$35 millions in gold, and shipments in sight total about \$20 millions. In the past month the net loss has been \$85 millions. However, the official explanation of the bond substitution is the scarcity of eligible paper. Since last autumn discounted bills have dropped about \$350 millions and bankers' bills bought by the Federal Reserve have fallen considerably, while the market demand for bills has risen, thus increasing the difficulty of obtaining enough for note collateral.

So far as can be discerned, the so-called Robinson Relief Bill, which is said to have the sympathy of the President, does not contemplate a Government bond issue. Rather will it direct the Reconstruction Finance Corporation to widen the scope of its lending, through a public issue of debentures. These will form a contingent liability of the Federal Government, which, in effect, will underwrite them, but the funds, it is hoped, will be used only to promote self-supporting projects. Should the public take an issue of, say, \$250 millions of such debentures, the effect would be to relieve the Treasury of another subscription to R.F.C. stock at this time, each dollar of which would be added to the public debt. The machinery would work somewhat similarly to that of the Intermediate Credit Banks, which issue bonds guaranteed by the Government, but which have not increased the public debt.

Formal announcement has been made of reduction in interest paid on foreign deposits with the commercial banks. The cuts are one-half per cent. Some disappointment was felt at the delay in reducing the New York Federal Reserve Bank's discount rate, but a cut still is expected.

Trade news is not particularly encouraging. Merchandise exports in April of \$136 millions were the lowest since the summer of 1911, excepting August, 1914; and imports dropped slightly to \$127 millions. In the four months the export excess was only 70 millions. The steel trade is barely maintaining a level about 24 or 25 per cent. of capacity, motor production is slack, and railroad traffic is stationary. Some railroad reorganisations will probably be necessary before the end of the year, but rumours of re-ther dividend omissions have been announced, and others are due, but bond interest defaults are likely to be few in the next few months. Some encouragement is taken from Commission in approving loans asked from the Reconstruction Finance Corporation. It is thought that the Commission may yet go so far as to approve loans designed to give constructive work on the railroads as well as merely to meet interest and bond maturities.

The Supreme Court has given a decision on State power to regulate oil production which may have far-reaching effect. Much doubt had existed as to the validity of proration laws, such as the Oklahoma statute, and the matter now is opened for national agreement, which possibly may extend to production of other raw materials involving waste of natural resources.

FRANCE.

Politics — Budget — Debt Redemption.

(FROM OUR CORRESPONDENT.)

PARIS, May 25.

M. LEBRUN, the new President of the Republic, yesterday called MM. Tardieu and Flandin, the retiring Premier and Finance Minister, and M. Herriot, to meet him in a joint conference at the Elysée, for the purpose of enabling the Premier-presumptive to ascertain from his predecessor and his Finance Minister the exact present situation, so far as France is concerned, of the various important international and financial problems with which the new Government will have to deal. It is understood that M. Tardieu, as the retiring Foreign Minister, set forth in detail the situation of the reparations, the disarmament and the Danubian problems, and that M. Flandin afterwards furnished very full financial and other technical information on the same subjects. The Finance Minister also set forth the situation of the Treasury and the general national financial situation, as exemplified by the Budget already voted for the financial period April 1-December 31, and by the preparatory measures taken in regard to the Finance Bill for the twelve months of 1933.

Last night M. Tardieu spent a good deal of time with the heads of the permanent staffs of the departments concerned, and to-day detailed memoranda were handed to M. Herriot giving summaries of the numerous private conversations the retiring Premier has had recently at Geneva with the representatives of the various foreign Governments, on the many questions now awaiting solution. These memoranda constitute a kind of inventory of the situation and will enable M. Herriot to co-ordinate future French policy as he deems fit.

It is abundantly clear, from newspaper articles published during the past few days from the pens of responsible and irresponsible members of both parties to the Cartel, that the whole problem of participation or non-participation, as between the Radicals and the International Socialists, in the pending new Cabinet, is still as far from solution as ever. For the moment, M. Herriot is pressing the Socialists for a decision, both on the principle itself and on the conditions on which such participation might be found possible. M. Léon Blum (as stated last week) has set forth his "irreducible minimum" conditions, but these stipulations will, in any case, have to be ratified by the pending national congress of the party. Reports of meetings of many of the local Socialist Federations leave it an open question whether the majority vote at the congress will be for or against participation, no matter what conditions the Radicals may find acceptable. The Radicals appear to be almost equally divided. M. Herriot himself seems to be hardening rather in the direction of maintaining independence of Socialist demands—certainly as far as national defence and reparation payments are concerned. In an interview printed on Monday the Radical leader said: "I stand on the simple and firm principles which I have unceasingly affirmed as to the indefeasible rights of France, based on treaties and contracts freely signed. . . . Security remains all-important. Economies, if you like, so far, for instance, as regards new barracks, which would be useless, or any other expenditure which would resemble a waste of money; but for the rest I cannot touch the framework of the security of my country. On the contrary, I want to perfect and modernise it, while awaiting the giving of solid international guarantees to nations who mean to labour without discouragement for the organisation of a real peace." More than one other leading Radical has voiced similar sentiments.

M. Lamoureux, one of the Radical financial experts, insists that the Socialist demand for the reduction of expenditure on armaments by 5,000 million francs to 6,000 millions francs in the next Budget is absolutely impossible, although a cut of 1,500 million francs might be feasible. He pronounces unemployment insurance equally unacceptable. As matters stand, at the time of writing, it would be vain to expect the advent of any French Cabinet that will foster any plan of reduction of

armaments which does not provide compensating security guarantees, or any cancellation of German reparation payments unaccompanied by a reduction of French debt obligations to the United States. M. Herriot's position in regard to these two cardinal factors is all the more impregnable in that he can rely on securing a sufficiently large majority, with the aid of the Moderate parties, to enable him, if need be, to dispense entirely with Socialist support.

The attention of all sections of the political world is now closely focussed on four great financial problems, which are all calling for immediate solution. These are: the balancing of the Budget, the restoration of the Treasury, the suppression of the deficit on the railways, and the settlement of the reparations and the American debt questions. The deficit on the nine months' Budget (April 1st to December 31st) is expected to be anything between 3,000 million francs and 4,000 million francs, and that on the 1933 Budget from 6,000 million francs to 7,000 million francs. The finding of the necessary means depends solely on the courage of the new Government and the discipline of its majority. The Treasury, which, according to M. Chéron, some two years ago held surplus funds of something around 19,000 million francs, exhausted these huge resources long ago and also used up the 3,000 million francs "loan without interest" accorded to it by the Bank of France under the Stabilisation Law. It has borrowed 5,000 million francs on current account from the Caisse des Dépôts et Consignations, and the balance of its current account at the Bank a few weeks ago was less than 20 million francs. The Caisse des Dépôts was partly reimbursed by an issue of 1,000 million francs of Treasury Bonds, issued specially for that purpose.

The recent issue of 3,000 million francs of Treasury Bonds will not effectively ease the situation of the Treasury, as the money is earmarked for financing the further programme of public works now being put into operation. Other large issues of Treasury Bonds would appear to be inevitable for the purpose of getting rid of the deficits on the 1931 and 1932 Budgets. The deficit on the railways, which amounted to 2,600 million francs in 1931, and will represent a still larger sum this year, has also to be borne by the State, and must be provided for if the Budget is to be honestly balanced.

Senator Milan, the President of the Caisse d'Amortissement, in a statement setting forth the rôle of the organisation in regard to Budget equilibrium and the public credit, points out that receipts under the Budget and by the Caisse, which in 1926 totalled 43,000 million francs, amounted in 1931 to 53,500 million francs, in spite of taxation reductions of 6,000 million francs between 1928 and 1930. The amount of internal debt extinguished by the Caisse down to March 31, 1932, was 22,000 million francs, the total having been brought down from 286,000 million francs on July 31, 1926, to 264,000 million francs. Taking into account postal department and railway issues, Budget deficits, etc., the net annual direct saving to the Budget now represents nearly 900 million francs. The saving which might have been effected had the Rentes conversion plans been applied as from March, 1931, would have been 1,500 million francs per annum. The most remarkable of the results achieved through the work of the Caisse has been the revalorisation of the Rente issues.

GERMANY.

Politics — Budget — Unemployment — Pulp Industry.

(FROM OUR CORRESPONDENT.)

BERLIN, May 24.

THERE has been no further development in the political crisis in connection with Herr Groener's resignation, and the President has been out of town since Whitsuntide. Meanwhile the Cabinet is principally occupied with the 1932 budget. The postponement of the political difficulties does not, however, help to solve them. Up to the time of writing, Herr Groener has not handed in his

formal resignation, but this does not mean that there is any question of restoring him to the head of the Defence Ministry. The circumstances of his fall, moreover, make it unlikely that he will be able to remain Minister of the Interior, for the blow to his prestige which he has experienced in one office must affect his suitability for the other; the Minister for the Interior, too, even more than the Minister for Defence, requires to be able to conduct a parliamentary battle effectively, and Herr Groener is no orator. In addition to these two offices, however, the post of Minister for Economics is also vacant, owing to the retirement of Herr Warmbold. The Chief Mayor of Leipzig, Herr Goerdeler, who was Price Commissioner for a few months and has been considered for the office of Minister of Economics, does not seem at all anxious to accept the post. That is partly due to actual differences of opinion, for Herr Goerdeler was until recently a member of the German National People's Party, and has probably changed his views very little, especially on social questions, but above all he seems reluctant to throw in his political future with that of a cabinet whose continued existence in its present form seems to him problematical. Finally, there will have to be a change in the Food Ministry, as the present Minister, Herr Schiele, is a heavy burden on the Cabinet, without bringing it any support. The Chancellor is therefore once more faced with the task of reconstructing his cabinet, but so long as it is not clear what course he is steering, he will find it difficult to get persons of standing to serve. It is, however, impossible for him to make it clear until it is known what is going to happen in Prussia; whether and under what conditions the National Socialists there will join the Government. German policy depends upon the decisions which are hoped for from the Lausanne Conference, and Lausanne cannot afford to fail, if democracy in Germany is to be saved.

The Budget for the year ended June 30, 1933, has been presented to the Reichsrat. Meanwhile, however, the Government has to create the conditions which are indispensable to its balancing. The crisis tax, which takes up to 5 per cent. of income from employment, but falls much more lightly on income from capital and the "free" professions, is extended to March, 1933. In addition, there is to be an employment tax of 1½ per cent. on all incomes from employment which exceed Rm. 300 monthly. Unlike the crisis tax, it will also affect officials, who were exempted from the crisis tax on the ground that the special reduction in their salaries exceeded the amount of the tax. The poll tax, levied on every inhabitant of a commune without reference to the level of his income, is to be doubled. Naturally, in view of the monstrous burden which the German citizen already has to bear, these taxes are meeting with strong opposition. The burden is increased by the fact that they bear much more heavily upon income from work than upon income from property; but that was inevitable if a flight of capital and a further check to accumulation was to be avoided.

Unpopular as the proposals are, they are not likely to meet with serious difficulties in Parliament. The Government can point to the fact that these taxes will enable them to achieve important objects. They will produce funds for unemployment relief, and thereby lighten the burden under which the communes are in danger of collapsing. The reorganisation of the unemployment relief system is not to be so comprehensive as was at first intended, and details are not yet known; but the division into insurance (financed by contributions from employers and employed); emergency benefit (of which four-fifths is provided by the Reich and one-fifth by the communes); and communal relief (for which the communes are entirely responsible, though last year for the first time some of them received grants, as they would otherwise have gone bankrupt) is to remain. The gradual transition of the unemployed from one class to another will continue, but the period of unemployment insurance benefit is to be cut down from 20 weeks to 13. The rates of insurance and emergency benefit, which differ from relief in being graduated in proportion to wages, are to be made the same; and the principles on which the means test, which applies to emergency benefit and relief, but not to in-

surance benefit, is applied, are to be unified. This will somewhat simplify the very complicated organisation, but it is doubtful whether these changes will be enough if the depression continues.

The employment tax is expected to yield 325 million, and the extension of the crisis tax 45 millions, while the doubling of the poll tax will yield 250 millions for the communes. These increased receipts are essential in order to balance the decline in revenue, and to make it possible for the communes to restore their shattered finances to soundness. The Reich is also increasing its grants to the communes from 530 to 700 millions. Total expenditure on the unemployed will not, according to the Government's estimate, greatly exceed the 3 milliards spent in 1931, though the calculations are based on an estimate of 5.9 millions unemployed against 4.8 millions. The requirements of 1.1 million unemployed are therefore to be financed entirely out of economies. Whether this will prove possible is by no means certain.

One more failure has been added to the toll of the crisis. The Verein für Zellstoffindustrie A.G. of Berlin, the fourth largest producer of pulp and paper in Germany, has had to suspend payments. The company, which originally had 7 million ordinary shares, issued in 1930 4 million 8 per cent. preference shares and 7 million 8 per cent. mortgage bonds, which were taken up by the public. The new funds, and extensive credits in addition, were used for the purchase and construction of additional factories which have proved a complete failure. Even two years ago the German pulp industry was considered very profitable, but conditions changed rapidly. In the last few months the imports of pulp from Sweden and Finland greatly increased as the industries of those countries were favoured by exchange depreciation. Total German output of pulp in the first quarter of 1932 was only half that in the corresponding period of 1931, while the imports from Sweden and Finland have not diminished. This has forced another and larger producer, the Feldmühle A.G., to pass its dividend for 1931 after paying 10 per cent. the previous year, and the Verein für Zellstoffindustrie, whose financial position has always been more unfavourable than that of its competitors, naturally felt this latest contraction of the market more acutely than any of them. The Government, which considered introducing an equalisation tariff against countries with depreciated exchanges, finally adopted a different course of action. The sanctioning of the use of foreign exchange for the import of pulp has been centralised, so that the imports can be kept down by administrative action to the indispensable minimum. Negotiations between the German and the Swedish and Finnish Governments are to forestall the political difficulties which might otherwise arise. Hitherto the rationing of foreign exchange has not been used to protect individual branches of German industry, and in this respect the regulation of pulp imports represents an undesirable precedent.

AUSTRIA.

Finance — Foreign Trade — Stock Exchange.

(FROM OUR CORRESPONDENT.)

VIENNA, May 23.

THE course of the Geneva Conferences has caused no surprise in Vienna. Politicians and financiers here had assumed that the transfer moratorium was inevitable, but they regard the decision to send a special commission to make fresh investigations in Austria as an unnecessary delay. The Financial Committee is fully acquainted with the position of Austria from the previous inquiries, and the position has certainly not improved during the last few months; on the contrary, it has become worse. It is left to the new Austrian Government to proclaim the transfer moratorium and also to pass resolutions concerning further plans regarding the Credit Anstalt, the negotiations with the foreign creditors, and a partial recasting of the Budget.

The retrenchment in the Supplementary Budget will have to be incisive, but it will not include any further

reduction of the salaries of civil servants, for such a step would lead to far too much political disturbance. In any case, it is certain that, however drastic the retrenchment, it will be partially neutralised through the increased expenditure called for by national insurance payments, by the increasing requirement of credit for the Federal Railways and by the serious decline of revenue from Customs duties. Customs revenue is steadily falling in consequence of the drop in foreign trade. Imports have gone down by about 30 per cent. For the year 1932 Customs revenue was estimated at 250 million schillings, but this sum will certainly not be realised, and the merchandise turnover tax collected on imports will also decline in proportion. In April the value of imports was 125.5 million schillings and of exports 67.6 million schillings, so that the deficit amounted to 57.9 million schillings. In comparison with April of last year imports have fallen by 66.7 and exports by 54.5 million schillings. For the first four months of the present year the deficit amounts to 260.2 million schillings, which is 22.1 millions lower than that for the corresponding period of last year.

One of the outstanding economic and political events of the past week was the retirement of the financial adviser to the Municipality of Vienna, Herr Breitner, whose financial policy has long been highly praised by the Social-Democrats and deeply resented by the bourgeoisie, because tremendous investments have been made, not out of loans, but out of taxes paid by the present generation. The bourgeois parties must, however, admit that Breitner is leaving the affairs of the municipality in perfect order, though the huge expenditure may have to be greatly reduced in view of the strain on the taxpaying classes.

French impediments have been placed in the way of exports to France. France wants traffic to be dealt with through the compensation fund, which has been set up at the Paris Chamber of Commerce and involves disturbing formalities. Furthermore, a 10 per cent. advance to the compensation fund is required. The Austrians are protesting against this, and are thoroughly dissatisfied with the management of the import prohibitions. The National Bank can do little to ease matters, and it is said that the new Government may even increase the duties upon certain very necessary articles. The bill portfolio of the National Bank has increased, especially as it is the only source from which money can be procured. The bank's holdings of foreign exchange have again decreased. In connection with the increase in the circulation of bank notes, certain foreign credits in Austria have been released. The movement of savings deposits has not been satisfactory during the past few weeks. The public is making such deposits only with the savings banks, totally neglecting the banks. As the proposed transfer moratorium has been largely misunderstood by the population of the Federal countries and confused with a general moratorium, withdrawals from the savings banks were frequent. In consequence, all the banks and savings banks have been compelled to keep rather large reserves in hand. The public has again suffered heavy losses on the Stock Exchange, and these are particularly noticeable on the obligation market and in stocks in terms of foreign currencies. Among the most-favoured investments of the conservative public are the obligations of the Danube-Save-Adriatic Railway, which have recently fallen by no less than 50 per cent. This was the result of Hungary's suspension of the interest service and of the fear that Yugoslavia and Austria might follow this example. On June 25th the next instalment will be due, so that it will soon be known whether the payment of the State instalments is to be met.

FINLAND.

Money Market — Foreign Trade — Exchange — Finance.

(FROM OUR CORRESPONDENT.)

HELSINGFORS, April 20.

ON April 19th the Bank of Finland lowered its lowest discount rate to 6½ per cent. from 7 per cent., the rate that had been in force since February 12th. This reduction is

a consequence of the relaxing of the money market, the rise in the value of the Finnish mark and the favourable balance of trade, these three factors being mutually dependent on each other.

The easing of the money market is clearly perceptible in the considerable reduction in the margin between the credits and deposits of the joint-stock banks. This decreased from 1,319.8 million marks at the end of last year to 1,018.8 million marks at the end of February and 856.1 million marks on the last day of March, while deposits, which had been reduced considerably during and after the crisis last autumn, increased again in March by 51.4 million marks. The banks have also been able to increase their cash and to reduce their rediscounted bills at the Bank of Finland, and their net balances abroad rose from 4.8 million marks at the end of February to 47.1 millions at the end of March.

The total credits of the Bank of Finland had dropped to 923.6 million marks by the middle of April, in comparison with 1,309.2 million marks at the end of last year and 1,059.9 million marks at the end of February. Rediscounted bills decreased from 482.8 million marks at the end of last year to 253.5 million marks on the last day of February and only 155.7 million marks on April 15th, while the reduction in direct credits was very small. The reserve of foreign currency, which had melted away in the autumn, increased again in February by 165.2 million marks and in March by 65.2 million marks. The ordinary cover that had dropped below 42 per cent. of all liabilities payable on demand in November had risen to 63.8 per cent. on April 15th.

During the first quarter of the current year Finland's balance of trade was unusually favourable, as it had been during the whole of last year. Imports were 27 per cent. less in volume than last year, and their value only amounted to 506.6 million marks, in comparison with 661.6 million marks and 953.2 million marks in the preceding years. At the same time the volume of exports was 21 per cent. larger than in 1931, which was due to a large extent to the fact that exports to Great Britain were unusually heavy on account of the anticipation of duties. The value of exports amounted to 799.8 million marks, against 631.5 million marks and 843.0 million marks in 1931 and 1930. The balance of trade for the first quarter provided a surplus of exports of 293.2 million marks, compared with only 9.9 million marks last year and an appreciable surplus of imports in previous years.

There was a consequent rise in the value of the Finnish mark abroad. At the end of last year the dollar was quoted at F.mk. 69.30 and sterling at F.mk. 235; by the end of February the quotations had dropped to F.mk. 62.75 and F.mk. 218.50 respectively, and on April 19th the rates were F.mk. 57.15 and F.mk. 216.50. In April the changes in the rates of exchange were insignificant. The probability is that the Finnish mark will be stationary for a time and will rise again in value during the exporting season.

As a direct result of the rise of the Finnish mark, the rise in the level of prices has ceased and has been replaced by a tendency in the opposite direction. Wholesale prices for imported goods have already fallen from 95 points in January to 87 in March, and for exported goods from 81 to 75. Goods produced and consumed within the country have been almost untouched by this fall in prices, but the total index dropped 1 point in February and again in March.

The financial accounts of the Government for the fiscal year 1931 have now been completed. They are clearly affected by the depression, revenue amounting to 3,975 million marks, against 4,398 million marks in 1930. Expenditure was reduced in about the same proportion, from 4,739 million marks to 4,246 million marks. The deficit in revenue was covered by funds from the so-called cash balance accumulated in earlier and more satisfactory years. No loans are included in the revenue, whereas the redemption of State loans is included in the expenditure. The State Budget for the current year allows for a loan of 60 million marks. On this basis an internal premium bond loan was issued to this amount in the middle of April, and the bonds were all sold within a few days.

BULGARIA.**Foreign Liabilities — Balance of Trade.**

(FROM OUR CORRESPONDENT.)

SOFIA, May 7.

THE findings of the Finance Committee of the Council of the League of Nations, concerning the foreign payments of Bulgaria, have to some extent allayed the fear of an economic breakdown, but the relief which Bulgaria receives is only temporary. To meet her public obligations other than reparations, Bulgaria will have to transfer in foreign currencies, during the six months from April 1st to September 30th of this year, only 50 per cent. of the sums due. The balance is to be deposited in leva with the National Bank of Bulgaria, under the control of the Commissioner of the League of Nations. Thus during the six months' period of relief, Bulgaria is to pay a monthly sum of 35.5 million leva, instead of 91 million leva. But the plan proposed by the Finance Committee is based on the following two assumptions:—(1) That exports will yield during 1932 foreign exchange amounting to a monthly average of 300 million leva; and (2) that 200 million leva will cover payments for imports, leaving thus a balance of 100 million leva in foreign exchange with which to meet public and other private payments. It would, therefore, be interesting to know the position of the balance of payments in the first quarter of 1932.

The average of monthly receipts of foreign exchange from all sources has amounted to a little over 300 million leva. The expenditure, however, has been on the whole in excess of the receipts. The National Bank of Bulgaria has, therefore, lost in the course of the three months 50 million leva worth of foreign exchange. At first sight it would appear that the assumptions of the Financial Committee have been justified by the actual events, but this result is due to the extreme restrictions on current commercial transactions, as well as to the great number of deferred private payments. The harmful effect of these deferred payments is already beginning to be felt, and foreign creditors are demanding the liquidation of the existing commercial obligations amounting to over 2 milliards leva.

The outlook for the future may be viewed in the light of the analysis of the balance of foreign trade—the most important factor in this case. The situation in this respect gives little scope for optimism. The balance of trade for March, 1932, shows a deficit of 73 million leva, as against 208 million leva surplus for the same month last year. In comparison with the first quarter of 1931, the value of exports has dropped by 30 per cent., and it is still declining, mainly by reason of the steady shrinkage, both in prices and in quantities of the most important export goods. At present the balance of foreign trade is being sustained mainly by exports of grain, which yield monthly 100-150 million leva worth of foreign exchange. There will be grain available for export until the new harvest. Great quantities of tobacco (about 20 million kilogrammes) are awaiting export, but conditions in foreign markets have grown worse, particularly since the abandonment by Greece of the gold exchange standard, which has made the Greek tobacco more competitive in price. Generally speaking, the prospects of Bulgarian exports are unfavourably affected by the economic difficulties of Germany and the Central European countries, Bulgaria's chief outlets. On the other hand, the increased imports are due to intensive building (mainly in Sofia), which in turn is caused by wavering confidence in the future of the currency.

TURKEY.**Trade Agreements — Currency — Monopolies — Census.**

CONSTANTINOPLE, May 11.

THE visit of Premier Ismed Pasha to Moscow with a mission of Turkish economic experts has confirmed anticipations by resulting in an economic pact whereby the Soviets will supply Turkey with machinery, especially textile and agricultural machinery, to the value of 8

million dollars, against payment in goods by Turkey. The payment will be extended over twenty years. The Soviets offered a still larger supply of machinery on credit, and are willing to expand the credit when Turkey so desires. The Turks, however, decided to limit the amount to 8 million dollars in the first place. There is little doubt that the Turkish Government has been led to enter into this compact by the impossibility it has found of obtaining similar help in America or France. A definite attempt was made last year to interest financial and industrial circles in the United States, particularly in the development of the Turkish textile industry by the provision of machinery, but the Turkish envoy came back empty-handed. It has been so frequently stated that a question of a loan lay behind the protracted present negotiations about the Ottoman Debt in Paris, that there seems little reason to disbelieve that Turkey has nourished hopes in this quarter also.

The commercial relations between Turkey and the Soviets have been characterised by a long series of fractious disputes and difficulties, and the trade balance has remained distinctly unfavourable to Turkey, while Russia has advanced to the position of fifth on the list of importers into Turkey. The present compact will improve the position in these respects and bring a considerable stimulus to economic relations between the two countries. It is thought that Russia will take from Turkey in exchange for machinery principally cotton, wool and mohair. The Turkish economic experts have remained behind in Russia after the departure of Ismed Pasha, and they will continue the study of Soviet methods. The Turks are, however, too adroit to allow themselves to be involved by an economic pact in any kind of subservience to the political designs of the Soviets.

A commission will meet here shortly with a similar object of improving economic relations between Turkey, Greece, and Bulgaria, and of disentangling the restrictions which are hampering trade between Turkey and her neighbours. The Turkish Foreign Minister, on the various recent occasions when he has passed through Sofia, has discussed the matter with the Bulgarian ministers. It appears that a programme is being drawn up which will lead to an extension of the system of barter. Meanwhile the Turkish Government has thought fit to issue a new monetary decree which establishes the principle of retaliation against such countries as impose exchange restrictions upon the operations of Turkish exporters. Greece and Bulgaria are among these countries. The decree also strengthens the machinery for forcing a system of equalisation upon countries which leave a balance of trade unfavourable to Turkey, and authorises the Central Bank of the Republic to conclude clearing-house agreements with countries trading with Turkey.

In order still further to "manage" the national economy, it is possible that the Cabinet will shortly issue a decision not to include under the restrictive quota system any goods imported in exchange for Turkish carpets and mohair. It is proposed also to put under a State monopoly the importation of sugar and coffee. This will be done with the object of offsetting these importations against an export of tobacco. All these measures combined will, it is hoped, tend to increase trade as well as to balance it, and, at the same time, to protect the currency against the danger of Turkish capital being immobilised, voluntarily or compulsorily, in foreign countries.

The Central Bank of the Republic has just received authority to withdraw from circulation a certain quantity of Turkish paper pound notes and to substitute silver coinage. It was at first proposed that all the new silver coinage should be made up of pounds. This appears to have been changed, and the money coined will include five-, ten- and twenty-five-piastre pieces.

It has been revealed that very poor revenue results are being given at present by the wine and spirit monopoly. The 13 million inhabitants of the country only consume—officially—4½ million litres of pure alcohol. It is certain that a much larger quantity is really consumed and that contraband distilleries are responsible. These are being daily suppressed, and the revenue paid to the State

Treasury, which is at the low figure of 4,400,000 Turkish pounds, should soon increase. The yield of all the monopolies will be raised by their present unification under the new Ministry of Monopolies and Customs, though it is only slowly introducing the necessary changes.

The fourth annuary of the Turkish Central Office of Statistics just issued shows that 9 millions of the population, or 85 per cent., are engaged in agriculture or cattle-raising. This is the largest proportion of any Balkan country. The extent of land cultivated is 43½ million deunums. Wheat and barley cover respectively 22 and 10 million deunums. Vegetable plantations only cover 1½ million deunums, whereas industrial plantations—cotton, tobacco and sesame—reach nearly 3 million deunums. The production of sugar, which was non-existent in Turkey a few years ago, has risen from 314 tons in 1926 to 7,268 tons in 1930, the latest year for which figures are available. Another industry which has made strides is coal, rising from 1,216,008 tons in 1926 to 1,595,159 tons five years later. No statistics are yet available for silk manufacture, which is developing faster than any other new industry.

JAPAN.**Bank Reform — Silk Disposal — Industrial Profits.**

(FROM OUR CORRESPONDENT.)

TOKYO, May 7.

THE most discussed topics at the moment are the central bank reform, the provision for loans to provincial banks to relieve their difficulties, and the disposal of the surplus stock of raw silk carried over under the Raw Silk (Indemnification) Act. The Treasury scheme for the reform of the Bank of Japan suggests an increase of the maximum of the fiduciary issue from the present 120 million yen to 1,000 millions, the reduction of the tax on the excess issue from 5 to 3 per cent., the abolition of the 1½ per cent. tax on the fiduciary issue and the State's direct share in the profits of the Bank, and the setting up of a powerful advisory board to the court of the bank. The Treasury also proposes granting a loan of 200 million yen at a low rate of interest to the provincial banks, which have found themselves lacking in liquid assets and are rationing payments to their depositors. These two measures are to be introduced into the special session of the Diet, which will meet in the latter part of this month.

The huge surplus holdings of raw silk under the Raw Silk (Indemnification) Act, amounting to 107,830 bales, were sold last week to Mr Gerli, of the Silk Association of America, at an average price of 455 yen per bale. When the Act was put into force in March, 1930, the price of silk was in the neighbourhood of 1,250 yen a bale. The loss resulting from the disposal, including storage and other expenses, amounts to 90.4 million yen, of which 35 millions will be borne by reelers, 3.7 millions by banks and the rest by the Treasury. The Government's assistance in carrying over surplus stock at the expense of the taxpayers has thus proved futile. Though the buyer has given a guarantee against a fall in price below the ruling quotation at the time of the deal, it is feared that the unloading of such large holdings on the present weak markets in the face of unfavourable economic conditions in the United States will serve further to depress the cocoon-raising industry of the country. The disposal and other unfavourable factors have combined to depress silk prices, and on Friday a new load record was established at 545 yen.

The downward movement in commodity prices continues with renewed severity. The Bank of Japan's wholesale index number for April, following a fall of 1.8 per cent. in March, registered a sharp drop of 2.8 per cent. on the month, and is 2.4 per cent. lower than a year ago. The trade returns for last month show that, in comparison with April, 1931, imports rose by 15.6 million yen and exports increased by 11.1 million yen. The increase in imports is accounted for mainly by raw cotton and iron and steel, while raw silk and cotton manufactures are responsible for the expansion in exports.

According to Mitsui Gomei Kaisha's half-yearly analysis of the profit-and-loss accounts of Japanese joint-stock banks and industrial joint-stock undertakings, the aggregate net profits of 250 banks for the second half of last year were only 12,566,000 yen, a marked decline of 59,586,000 yen, or 82.5 per cent., upon the first half of 1931. The decline in bank earnings is accounted for mainly by the larger institutions, which drastically wrote down their investment holdings. The net earnings of 1,000 industrial companies for the past half-year totalled 138,852,000 yen, representing a decrease of 14.3 million yen, or 9.4 per cent., as compared with those earned by the same concerns in the preceding half-year.

SOUTH AFRICA.**Budget — Railways — Exchange.**

(FROM OUR CORRESPONDENT.)

JOHANNESBURG, April 12.

IMMEDIATELY before the Easter recess, the Ministers of Finance and Railways introduced their respective Budgets, and Parliament is now debating them. The Ministers had unpleasant tales to tell, but the country has been prepared for this for many months past.

The Minister of Finance opened his year on April 1, 1931, with a deficit of £900,000. His estimate of the deficit for the year ended March 31, 1932, was £1,200,000, while on existing figures the forthcoming year would be expected to disclose a deficit of £1,635,000. On the existing basis of taxation the revenue for the year just started would be expected to amount to £25,845,000, whilst the expenditure after rigorous paring would amount to £27,479,000. The Minister had, therefore, to lay before the House proposals for increasing his forthcoming revenue by £3,735,000, or some 13 per cent., at a time when business in the Union is worse than it has ever been.

Except for the impost on gold mining companies the generally anticipated increase in income tax was not included in the proposals, which are as follows:—an increase in the normal tax on gold mines, 3s. to 4s. in the £, to yield £380,000; a tax on fixed interest (i.e., on mortgage bonds, etc.) to yield £350,000; a surtax of 7½ per cent. on gold value of imports (except those used for agricultural purposes) to yield £2,600,000; and additional Customs duties, to yield £205,000, making a total of £3,535,000. This leaves £200,000 unprovided for. The tax on fixed interest begins with a minimum rate of 5 per cent. Interest at 6 per cent. will pay 6 per cent. tax and so on up to 10 per cent. as a maximum tax. Presumably, however, there are not many fixed-interest securities bearing rates of interest as high as 10 per cent. In introducing this tax, the Minister pointed to the position of the *rentier* whose income stands fixed amid the general fall. He justified the increase in the mines' income tax on the same grounds. Customs duty increases are applied on boots and shoes and on ready-made clothing, on sugar, cement, whisky and dried milk. The Minister alleged that individuals with large incomes had of late years formed companies for no other purpose than to avoid taxation. He therefore proposes to make private companies liable to super tax, and to take power to group together companies controlled directly or indirectly by one individual. The surtax on the gold value of imports is intended to be a temporary measure, and the Minister explained in his peroration that the principle on which he had drafted his Budget had been to appropriate to the State a portion of the exchange advantages, and to tax those who were profiting, or at any rate not suffering, by the current economic position.

The Railway Department's Budget presented an even less satisfactory tale. The figures are no better, and the causes of the decline are to some extent of a nature likely to be permanent in effect. The deficit estimated at March 31, 1932, amounted to £2,500,000, in spite of the most strenuous efforts at economy. The Minister explained that the chief cause (although there are other important causes) of the heavy fall in revenue of the

last two years has been the shrinkage in export traffic consequent upon the collapse of overseas markets. Comparing the nine months to December, 1931, with the corresponding period of 1930, the tonnage of export goods traffic was down by 33 per cent.; owing to the condition of trade, all classes of traffic showed heavy falls. The Minister referred to "competition by other means of transport," and appealed to the public to support the Department, whose equipment represented capital expenditure of some £170 millions. The one bright spot in the story was the improvement shown by the Administration's own road motor service—so it is no cause for wonder that competition from road services generally represents a problem which is bound sooner or later to involve a certain measure of surrender by the railways here as elsewhere.

Some attention has been attracted by the exchange rates quoted by the South African Reserve Bank. Sterling exchange at present yields the bank a profit of about one million or one and a quarter million pounds per annum, the rates of discount on sterling being somewhat over 2 per cent. too low, and the remittances, of course, showing a heavy balance outward from the Union. It is understood that the Government is borrowing heavily from the bank.

Some notice has been taken lately of a revival of talk in Natal of secession from the Union. No names of importance have appeared in connection with the movement, but the parties to it presumably have in mind the possible difficulties over the Provincial Council question (the Free State Council having brought this to a head by confessing financial impotence). Natal members took occasion to emphasise in Parliament the action of two prominent Republicans in sympathising publicly with Mr de Valera.

NORTHERN IRELAND.

Budget — Linen Industry.

(FROM OUR CORRESPONDENT.)

BELFAST, May 18.

MR POLLOCK, the Northern Ireland Minister of Finance, made his Budget statement in the House of Commons on May 11th. No relief in existing taxation is possible, but, on the other hand, the economies which were effected last year enable the expenditure to be kept within the revenue even after making provision for the full cost of unemployment insurance out of the income for the current year, whereas last year £840,000 was borrowed for this purpose. The total estimated expenditure for 1932-33 is £12,123,000. The estimates for the Consolidated Fund services (including the Road Fund) amount to £1,058,000, as compared with an estimate of £738,000 a year ago, when the allocation to the Land Purchase Sinking Fund was suspended. Supply services, including unemployment, are estimated to require £8,937,000 as against £8,828,000 a year ago. Tax receipts are expected to amount to £9,965,000, of which £1,512,000 is the anticipated income from transferred taxes—estate duties, stamp duties, certain Excise duties, and motor vehicles duties. Among the reserved taxes the receipts from Inland Revenue duties are estimated to bring in only £3,250,000 in 1932-33, as compared with an actual yield of £3,810,000 last year. Receipts from Customs and Excise duties in 1932-33 are placed at £4,603,000. This figure includes a sum of £590,000, which, it is estimated, will be obtained from the new import duties.

The linen industry continues to show a moderate degree of activity as a result of the depreciation of sterling and the operation of the 50 per cent. Abnormal Imports Duty. Trade with the United States, however, has recently been affected by the weakness of the dollar exchange. The linen trade has been disappointed by the recommendation of the Import Duties Advisory Committee that the existing 50 per cent. abnormal imports duty should be replaced by a 20 per cent. tariff. While it is recognised that the duty of 50 per cent. was a temporary expedient, it is claimed that the new duty should be at least 33½ per cent. It has been stated that, if a figure of 100 is taken to represent labour costs in this country, the corresponding figure

for France is 58, for Belgium 50, Italy 39, and Czechoslovakia about 74, and the industry urged that a distinction should be made between piece-goods and made-up goods, and that on account of the higher expenditure on labour involved in the latter the rate of duty should be higher than on piece-goods. It is stated that, on the average, piece-goods can be imported at 39 per cent. and made-up goods at 53 per cent. below the cost of production in the United Kingdom. It is also pointed out that, since approximately 95 per cent. of the raw material required by the linen trade is imported from abroad, the depreciation of sterling has raised the price of imported flax to the Belfast manufacturer, whereas his competitor in France and Belgium continues to obtain imported flax at the same price as formerly.

Letters to the Editor.

MONETARY POLICY.

TO THE EDITOR OF THE ECONOMIST.

SIR,—In your current issue, Mr O. T. Falk criticises very strongly my arguments against the policy of inflation. His criticisms do not raise any point which I had failed to anticipate and to take account of. But in view of the great importance of the matter under dispute, perhaps certain further elucidations may not be inappropriate.

May I start by recalling the subject of the discussion. In your leading article of May 7th you urged that, with or without co-operation with the gold standard countries, the Government and the Bank should work for a rise of sterling prices by "say 30 per cent."—in other words, that an attempt should be made to get back to the price-level of 1929. I objected to this on the grounds that to bring about in this way a 30 per cent. price rise involved measures that were definitely inflationary; that such an inflation was almost certain to be followed by a collapse; and that the dangers to our own exchange and to the world at large during the process of inflation were very real and considerable.

Confronted with these objections, Mr Falk adopts an attitude which I confess I find a little bewildering. He admits that the price-level of 1929 was itself an inflated price-level—that is to say that it contained mal-adjustments which were likely to cause a fall of prices and depression. Yet in the same breath, so to speak, he supports a policy which is designed to get back to that level and pooh-poohs the danger of the much greater degree of inflation which is necessary to carry this out. Surely Mr. Falk is allowing his desire to be at the 1929 position to blind him to the nature of the measures which are necessary if he is to get there. Whether we agree with such a policy or not, we must surely admit that it involves something more than passive non-interference with naturally cheap money. To raise prices to the 1929 level involves active inflation. No adoption of terms with less disagreeable emotional associations—reflation, anti-deflation, &c.—can conceal this, if we reflect upon their meaning in this particular context. Mr Falk cannot have it both ways. Either he supports the policy of getting back to the 1929 price-level—in which case, on his own showing, he is not entitled to make light of the dangers it involves; or he does not support it—in which case his strictures on my arguments are largely irrelevant.

Mr Falk suggests that, in the past, recovery has always been accompanied by a certain degree of inflation. I do not deny this: I think it is extremely difficult to eliminate all inflationary influences from the modern monetary system. Nor would I deny that some degree of a similar kind of inflation will probably accompany recovery in the future: if the political forces making for deflation were arrested and if the requisite degree of liquidation had taken place, a considerable rise of prices is almost inevitable. But what I would deny is that there is any comparability as regards danger between the "spontaneous" quickening of the velocity of circulation, &c., which has accompanied earlier recoveries and the drastic 30 per cent. price rise which it is proposed to engineer in this case. I repeat what I said in my earlier letter. I know no ground in theory or experience for believing

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that it is possible to bring about a rapid return to the 1929 position without serious risk of a relapse to a worse position than 1929 left behind it.

Mr Falk complains that I state no alternative policy. This is surely an odd complaint. If I see a man who has lost his way in a powder factory, about to strike a match, it is surely not incumbent on me to hold my peace because I do not know the way out myself. And, in fact, I do not know any "way out" by means of grandiose policies. It is the grandiose policies which have brought us to our present position. Mr Falk talks of "the Pyrrhic victories of sound finance." I do not think that there has been much sound finance in our time. I agree the position is most critical. But if we are to recover at all I am convinced that it will be not by still further attempts on a collective scale to disguise from ourselves that we are poor and out of adjustment to our environment; but by sitting down each one to cut our coats according to our cloth and refraining from falsifying our accounts and our measures,—steps which will be hindered rather than helped by inflation. We have not heard much of such measures since the war, for we have become ashamed of the trite maxims of prudence and have sought salvation in paradoxical devices—the economics of the Kreuger period. Nevertheless, if the world is to live, it is to this degree of objectivity that we must return.

May I add just one word. In the course of his observations, Mr Falk asserts that I draw a "wilfully misleading inference"—that is to say that I deliberately pervert what I know to be the truth in this matter. I should have thought that Mr Falk who, in the past, has himself been the victim of vilification for the publication of unpopular views in which he happened to believe, would have been the last to resort to such gratuitous accusations.—Yours, &c.,

LIONEL ROBBINS.

London School of Economics,
Houghton Street, W.C.2.
May 24, 1932.

TO THE EDITOR OF THE ECONOMIST.

SIR,—Will you permit me, as one whose duties include that of giving financial and economic advice to a concern of some international importance, to add my testimony to the mass of evidence that is accumulating as to the harmful effect of the absence of a constructive monetary policy on the part of those responsible for such policy in Great Britain? Here, where I write, we are operating in one of the countries of the sterling area—or the "sterling convoy" it has become the fashion to call it. To adopt this metaphor, how can the vessels in this convoy possibly direct their course, when none of them have the slightest indication of that set by the leader? That the leader, like ourselves, is navigating amidst the rollers of an economic blizzard, to which is added the obscurity of a dense fog, may be granted; but that does not absolve the captain of the convoy from signalling some course, the best he can lay from dead reckoning, which must be followed by all of the fleet who desire to remain in its company. The alternative is drift towards a lee shore that means the break-up of our convoy, that is to say, of civilisation itself.

To your cogent plea for positive policy I should like to add a word. In most British declarations concerning the economic crisis, removal of the international indebtedness arising from the war, is placed in the first rank of remedies, and lowering of tariff barriers in the next. In my opinion, this puts the two factors in the wrong order. There would have been no crisis but for the existence of the tariff barriers, which rendered impossible of execution payments on account of these international debit balances, except through the transfer of gold, then, but no longer, the life-blood of international trade. The then, but no longer, the life-blood of international trade. The hoarding of gold in France and the United States is an economic thrombosis, a clotting that is also a clogging of the life-stream, and the tariff raising is the constriction of the arteries that has induced the thrombosis. The intense prosperity of America previous to its decline in 1928 and its slump in 1929 was local inflammation, due to an inhibition of the normal functions of the rest of the body politic or economic. There is no economic difficulty in making the post-war payments if the debtor countries are allowed to make them. Great Britain has built up an enormous credit position by the transfer of her excess of exports, visible and invisible, to countries now her debtors. The thing can be done, then. But in that case, the other parties were willing to receive our goods and services. Tariffs, not international payments, are the chief obstacle to improvement, and in placing annulment of the debts first, authorities at home and in placing annulment of the debts first, authorities at home are "hunting the wrong hare." Not only that, but by themselves introducing their own tariff, they have drawn a red herring across the trail which makes hunting the right hare infinitely more difficult.—I am, etc.,

"NAUTA SINE STELLA."

Egypt,
May 16th.

BOOKS RECEIVED.

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

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

Laws of Social Evolution and Social Ideals. By C. N. Starcke. (London) Williams and Norgate, Ltd., 38, Great Ormond Street. 20s. net.

A Danish treatise on the development of social ideals.

Growth of Trade and Industry in Modern India. By C. N. Vakil, S. C. Bose, and P. V. Deolalkar. (London) Longmans Green and Company, Ltd., 39, Paternoster Row. 13s. 6d. net.

Landlordism in India. By Dvijadas Datta. (Bombay) D. B. Taraporevala, Sons and Company, 190, Hornby Road. Rs. 3.

Kartelle in Deutschland. By Dr. Horst Wagenführ (Nürnberg) Verlag der Hochschulbuchhandlung. 22.50 marks.

Education for Empire Settlement. By Alex. G. Scholes. (London) Longmans Green and Company, Ltd., 39, Paternoster Row. 7s. 6d. net.

History of Indian Currency and Exchange. By B. E. Dadachanji. (Bombay) D. B. Taraporevala, Sons and Company, 190, Hornby Road. Rs. 3/4.

Latin American Problems. By Thomas F. Lee. (New York) Brewer, Warren and Putnam. \$2.50.

Annuaire Statistique de la Grèce. 1930. (Athens) Imprimerie Nationale.

Latvia Among the Baltic States. By E. Zolmants. (London) Latvian Consulate, 31, Kingsway.

A useful little reference book on economic development in Latvia.

Marinehaushalt und Marineausgabepolitik in Deutschland (1868-1930). (Leipzig) Akademische Verlagsgesellschaft. Rm. 9.

A history of German naval expenditure.

Bulletin de l'Institut International de Statistique. Vol. XXV, Part 2. (The Hague) 2, Oostduin laan.

OFFICIAL PUBLICATIONS.

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

Economic Advisory Council: Committee on Empire Migration—Report. Cmd. 4075. 1s. 6d. net.

Colonial Report, No. 1568: St. Helena, 1931. 1s. net.

Accounts Relating to the Trade and Commerce of Certain Foreign Countries and British Countries Overseas during Period ended December 31, 1931. 2s. net.

Report on H.M. Land Registry for the Financial Year, 1931-32. 4d. net.

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NEWSPAPER SHARES—II.

In an article in our last week's issue we examined the showing made, in a period of depression, by the chief companies in two large "national" newspaper-owning groups—the "Rothermere" and the "Beaverbrook" interests. We pointed out that although profits had fallen significantly, and dividends had been reduced, the small proportion borne by direct prior charges to the total capitalisation of the "Rothermere" group was, *pro tanto*, a source of strength in periods like the present. Since our article was written, the chairman of Daily Mirror Newspapers has intimated to shareholders, at the company's annual meeting, that in the absence of "violent or catastrophic" developments, future ordinary dividends are unlikely to fall below 15 per cent. per annum. On this basis it is reasonable to expect the maintenance of Associated Newspaper dividends at the reduced quarterly rate of 5 per cent., making a total of 25 per cent. for 1931-32, and 20 per cent. for the year now in progress. The fly in the ointment, as we suggested last week, is the position as regards contingent liabilities. This arises out of guarantees given by certain group companies, covering the debenture service, in particular, of Northcliffe Newspapers, the spearhead of Lord Rothermere in the now defunct "provincial newspaper war." The Daily Mirror Newspapers chairman, at last week's meeting, was studiously non-committal concerning the company's obligations in respect of various paper and pulp enterprises. He declared that the Canadian industry was suffering from acute depression in the United States of America, and disclosed that the Daily Mirror holdings in one paper-making group had been sold for cash. As regards Northcliffe Newspapers, he merely reiterated the customary statement that the directors regarded their provincial properties as having an "ever increasing value."

We propose to continue our survey of newspaper finance by examining the structure, ramifications and recent earnings of three other groups—the "Berry," "Inveresk" and "Odham's" interests respectively. The following table summarises the results of the chief companies concerned, for the three last financial periods:—

"BERRY," "INVERESK," AND "ODHAM'S" GROUPS.

Company and Year.	Profits.	Percentage of Net Earnings taken by Non-Equity Capital.	Equity Shares.		Added to Reserve, "Carry Forward," &c.
			Earned.	Paid.	
	£		%	%	£
"Berry" Group.					
Allied Newspapers { 29 Dec., 1929	650,378	53	19.4	10	149,206
{ 28 Dec., 1930	531,732*	63	12.6	2½	157,220
{ 3 Jan., 1932	445,534*	73	8.1	Nil	121,160
Amalgamated Press { 1930	913,744	55	39.8	15	230,759
{ 1931	891,334	56	37.7	15	211,507
{ (Feb. 28) 1932	781,649	63	28.0	11	153,240
"Inveresk" Group.					
United Newspapers... { 1929	64,258	57	4.6	Nil	27,508
{ (Dec. 31) 1930	Dr. 223,436	†	...	...	Dr. 223,436
{ 1931	Dr. 47,488	†	...	...	Dr. 47,488
Provincial News- papers (Nov. 30) { 1929	159,968	49	8.1	5	41,503
{ 1930	112,783	22½	1.5	...	87,739
{ 1931	99,305	51½	2.3	...	48,819
Inveresk Paper { 1929	180,395	85½	2.6	12½	Dr. 26,405
{ (Dec. 31) 1930	118	†	...	...	118
{ 1931	22,266	†	...	...	22,266
Illustrated News- papers (Nov. 30) { 1929	179,958	66	5.4	5	5,158
{ 1930	157,743	75	3.6	2½	11,584
{ 1931	125,178	93	0.9	Nil	9,196
"Odham's" Group.					
Odham's Press { 1929	223,594	40	35.6	17½	63,320
{ (Dec. 31) 1930	279,695	33	26.6	17½	55,673
{ 1931	271,343	38	25.8	12½	74,956

* After deducting income tax, £150,000 in 1930 and £175,000 in 1931-32.

† Preference dividends unpaid.

‡ Second preference dividends unpaid in 1930, and paid for half-year only in 1931.

§ Assuming full preference dividends, though actually only half-year's dividends paid.

The "Berry," like the "Rothermere" interests embrace an integrated system of properties, ranging from

newsprint production to ownership of an extensive chain of daily and weekly journals, including the *Sunday Times*, *Daily Sketch* and *Sunday Graphic*, published in London, and various morning and evening journals in South Wales, Western and Northern England, and Scotland. The decisive intervention of the "Berry" interests (whose main representatives to-day are Lord Camrose, Sir Gomer Berry and Sir E. M. Iliffe), into the daily journalistic world dates from 1923-27. Important properties of the "Hulton" group, centred in Manchester, having come on the market, were purchased by the Berrys either directly or, subsequently, through the "Rothermere" group. In 1925, Allied Northern Newspapers was registered to take over certain Allied Newspapers properties in the South-West and North-East of England, and to purchase important interests in the Glasgow and Newcastle areas. Finally, in 1926, Amalgamated Press took over a business established in 1888, controlling approximately 100 weekly and other publications (including Lord Northcliffe's famous *Answers*). Amalgamated Press has also acquired the periodicals owned by the House of Cassell, and controls Imperial Paper Mills, which produce practically all the raw material requirements of the group and of certain other newspapers.

The "Berry" interests throughout have been concerned with the commercial rather than the political aspect of newspaper ownership. The Stock Exchange, however, has tended to place the group's securities on a higher yield basis than those of the "Rothermere" interests, in view of the considerable extent to which "goodwill" items have figured in the group's balance sheets since its major acquisitions of the last decade. The proportion of fixed-interest to equity stocks in the group's capitalisation, again, as our table suggests, is much higher than in the case of the "Rothermere" group. Earnings, generally, have tended to fall, during the depression, rather more steeply than those of the "Rothermere" concerns, but have been conservatively distributed. The wisdom of this policy has been apparent, not only by reason of the danger that the earnings margin for ordinary capital may become uncomfortably narrow if profits fall further, but also because it has hitherto been impossible precisely to assess the significance of the group's contingent liabilities, particularly as regards Allied Northern Newspapers, which was heavily involved in the "provincial war." Allied Newspapers has given guarantees for £3,000,000 6½ per cent. first mortgage debenture stock of Allied Northern, and for the latter's unfunded loans in connection with its newspaper acquisitions. Since the termination of the "war," however, improved that all its trading subsidiaries are now stated to be earning "satisfactory profits." Early this month the shareholders of Allied Newspapers sanctioned the creation of £2,000,000 6½ per cent. £1 cumulative preference shares, ranking before the present capital. A successful issue would relieve Allied Northern of pressing bank indebtedness, but it is less certain whether the placing of a fresh £180,000 of annual preferential payments in front of the equity capital would leave a considerable margin for shareholders in Allied Newspapers, in the absence of an early trade revival.

The appeal to the investor of the shares of the "Inveresk" group has been overclouded since the collapse, over three years ago, of the top-heavy structure built up by Mr William Harrison, largely on borrowed money. The task of those who subsequently took over the "cleaning-up" has been prolonged and is not yet near its end. Some of the wide-flung interests of Inveresk Paper, the central concern of the group, have been liquidated—its shares in Koholyt A.G., with a book value of £1,510,313, for instance, having been sold for £1,000,000. The com-

pany retains control of numerous paper manufacturing concerns, has a large interest in Illustrated Newspapers (which publishes various journals of the "society pictorial" type) and holds (without voting control), three-fourths of the ordinary shares of Daily Chronicle Investment. The latter, in turn, holds nearly all the ordinary shares of United Newspapers, which controls Provincial Newspapers and has a 50 per cent. interest in the *News-Chronicle*. The slight improvement in Inveresk Paper earnings, last year, reflected mainly better trading by some of the paper-making subsidiaries—hampered by burdensome long-term contracts. For the present the group is largely in the hands of the banks, and the process of repaying indebtedness through the profits of subsidiaries like Provincial Newspapers and United Newspapers, under depressed economic conditions, must render somewhat remote the date of a practicable resumption of dividends on junior stocks.

Finally, the entry of Odham's Press into the newspaper, as distinct from the "periodical," world has been recent but momentous. The new *Daily Herald* has within a couple of years reached a circulation comparable with that of the chief London "penny dailies," but development expenditure has been heavy. The company also owns *The People*, which has a weekly circulation of over 3,000,000 and earned a net profit of £84,000 last year. Its entire earnings will accrue to Odham's Press as from January 1st last. The company's recent expenditure has been considerable, but its "general" publications are remunerative—particularly *John Bull*, which a few years ago passed through the same expensive "development" stage as the *Daily Herald*. Broadly, therefore, the company's shares, though more speculative than those of the strongest newspaper group, have an equity whose future value depends less on fluctuations in newspaper earnings, as a whole, than on the success of an admittedly enterprising management in applying methods which have been effective in the past, but on a smaller scale.

Our analysis of current newspaper finance, so far, suggests that, although earnings have not fallen by any means disastrously, external commitments, forming the legacy of earlier days of uneconomic competition, are tending to limit dividend-paying capacity. For holders of prior securities, as well as of ordinary shares, much will depend on the behaviour of newspaper earnings in the near future. We propose, therefore, in a final analysis, to review contemporary prospects as regards circulation, advertising revenue and other factors in newspaper earning power.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET. ACCOUNT.
June 7. June 9.

The new account opened in disappointing fashion. The reported intentions of the British Government regarding debt payments to America were at first misunderstood. The subsequent official explanation checked nervous selling, but not profit-taking, in the gilt-edged market. Adverse factors, such as the precarious condition of Central Europe and fears of increased taxation at home, served further to depress sentiment. Equity stocks, after three weeks of relative stability, receded to new low levels.

Gilt-edged stocks suffered from renewed profit-taking and nervousness regarding the financial situation. A better revenue return and talk of a new "economy drive" brought a firmer tone in mid-week. Three-and-a-half per cent. Conversion and Funding Loan found support. India stocks receded steadily, the long-dated loans being particularly out of favour. Dominion stocks, however, remained in fair demand, particularly Australians. The latest news from Greece and Austria accentuated the weakness of foreign bonds, Czechoslovakian Eights slumping heavily on doubts as to the

ability of Prague to meet its 24½ per cent. guarantee of the Austrian 6 per Cents. A few buyers were found for Roumanian Consols. Brazilian stocks were depressed by news of the San Paulo disturbances. Japanese issues were marked down on the recurrence of disturbing reports from Manchuria.

Home Railway stocks had an unsatisfactory appearance, quotations being adversely affected by the poor traffic figures, which compared with the pre-Whitsun week last year. Foreign rails were depressed, Canadian Pacific in particular being subjected to forced liquidation and losing several points. Argentine rails were dull and heavy, the traffic returns again making an unimpressive showing.

A heavy tone prevailed throughout the Industrial share market, prices being depressed by Wall Street and Continental sales and by scattered liquidation from a number of provincial centres. Babcock and Wilcox received favourable attention on news of a big contract, but other iron and steel shares lost ground. William Cory declined at the outset, but recovered sharply after a favourable dividend announcement. Electrical shares lost ground. Leylands were sold from the Midlands, and Fords were heavy on the loss reported by the Detroit Company for 1931. Textile shares reflected fears of a cotton stoppage. Woolworth were marked down on the interim dividend, and Courtaulds, British American Tobacco and Imperial Chemical all came in for early liquidation. Insurance shares were particularly weak on exaggerated fears arising out of the cautious pronouncement of the chairman of one of the largest offices at a shareholders' meeting. Bank shares receded in sympathy, though a sharp recovery in Anglo-South American "A" shares followed the announcement of official support for the bank. Heavy selling of Canadian shares was associated with a recrudescence of discussion regarding the position of a large company.

The oil share market was again short of business. Attention was chiefly directed to the New York Conference, where negotiations reached a critical stage. Quotations were unaffected by a further decline in the United States crude oil output, but the increased Lobitos dividend provided a welcome stimulus to sentiment. The rubber share market was idle and quotations sagged, though there was little or no selling pressure. Selling of tea shares was moderate, but persistent.

Mining shares had an unsatisfactory week. "Kaffirs" were deserted by Paris and Johannesburg. De Beers issues were sold, and "Chartered" continued to fall away. The decision of the United States to tax copper was regarded as threatening the world restriction agreement, and Tinto and Tharsis both receded. Ashanti Goldfields declined further. Tin shares were quiet and lower where changed.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	May 19, 1932.	May 20, 1932.	May 21, 1932.	May 23, 1932.	May 24, 1932.	May 25, 1932.	May 26, 1932.
Government and Municipal Loans	1,900	1,824	700	1,750	1,651	1,653	1,626
Transport, Communications, and Public Utilities...	1,053	965	292	816	851	815	775
Commercial and Industrial*	1,490	1,539	433	1,345	1,433	1,419	1,414
Banks, Insurance and Financial ...	662	622	213	580	454	571	507
Mines (including Nitrate)	392	380	99	413	505	355	422
Oil.....	91	135	30	107	71	93	81
Rubber, Tea and Coffee	82	124	22	55	67	59	84
Total.....	5,670	5,589	1,789	5,066	5,032	4,965	4,909

* Including iron and steel and breweries.

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

Highest of 1932. (Mar. 3.)	Lowest of 1932. (May 26.)	May 19, 1932.	May 20, 1932.	May 21, 1932.	May 23, 1932.	May 24, 1932.	May 25, 1932.	May 26, 1932.
63.7	52.7	55.4	55.0	55.0	54.4	53.9	52.8	52.7

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

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

Prices Year 1931.				Prices Year 1932 (Jan. 1 to May 25) Inclusive.				Name of Security.				Price May 18, 1932.				Price May 25, 1932.				Rise or Fall.				Present Yield.			
High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.				
Coal, &c.—cont.																											
4/3	1/4	3/8	1/10	Baldwin & Co.	2/3	2/-	-3d	NH	11/71	5/11	7/1	5/3	Anglo-Egyptian B.L.	6/3	6/-	-3d	NH	1	1	1	1	1	1				
7/11	2/-	3/6	2/-	Bengal Iron £1	2/3	2/6	-7d	NH	48	28/9	20/-	20/-	Anglo-Egyptian B.L.	26/-	26/-	-2/6	NH	8	16	9	20	20	20				
17/-	8/6	12/6	4/10	Bayer Peacock £1	6/3	7/6	+1/3	NH	56/104	26/104	42/21	29/41	Anglo-Persian £1	33/9	32/0	-1/9	NH	8	16	9	20	20	20				
19/9	10/-	20/11	16/11	Bolton Collyer £1	17/6	16/10	-7d	NH	12/6	5/6	11/3	9/9	Anglo-Persian £1	11/-	10/0	-6d	NH	8	16	9	20	20	20				
4/6	1/-	2/11	1/11	Brown (John) Ord. 5/-	9d	9d	-3d	NH	20/-	5/6	15/9	8/3	Attock £1	15/-	12/6	-2/6	NH	8	16	9	20	20	20				
3/4	3/4	6d	4/11	Cammell Laird £1	9d	9d	-3d	NH	2/9	11d	17/1	17/1	Brit. Cont. Oil (V.T. Co.)	1/3	1/11	-1d	NH	8	16	9	20	20	20				
9/10	7/11	7/11	4/11	Consett Iron £1	5/6	5/3	-3d	NH	72/6	30/9	47/6	33/9	Burnham Oil £1	47/6	45/-	-2/6	NH	7	15	0	0	0	0				
63/11	44/6	57/6	47/6	Cory, William, £1	54/3	47/6	-6/9	6 6 3	9/3	47/4	8/0	47/4	Canadian Eagle, no par	5/-	4/9	-3d	NH	8	16	9	20	20	20				
7/3	2/3	4/6	2/5d	Dorman, Long £1	3/6	3/11	-4d	NH	30/2	11/1	2/6	15/1	Can. Eagle (10/-)	25/1	24/6	-3d	NH	8	16	9	20	20	20				
9/-	2/6	5/6	3/0d	Do. 8% Non-Oil P.O. £1	3/6	3/11	-4d	NH	10/9	5/6	8/6	5/4	Kern River Oil £1	5/10	5/6	-3d	NH	8	16	9	20	20	20				
2/6	2d	1/6	10d	Edwin Vale Ord. £1	9d	9d	-3d	NH	8/-	3/6	4/8	3/3	Phonix Oil £1	4/-	3/3	-9d	NH	8	16	9	20	20	20				
2/11	3d	1/6	10d	Do. 7% Non-Oil P.O. £1	11/6	10/6	-1/-	NH	26/6	9/-	20/-	11	Royal Dutch (88/-)	13/-	12/-	-1	NH	3	18	0	0	0	0				
24/3	10/11	17/3	13/3	East. Gen. & £1	4/6	4/6	-6d	NH	76/3	26/3	50/7	29/4	Shell £1	35/-	32/-	-3/-	NH	4	13	0	0	0	0				
8/3	5/11	5/10	4/-	Hadfield's £1	1/6	1/3	-3d	NH	30/11	10/-	28/5d	21/9	Trinidad Leaseholds £1	27/6	25/7	-1/10	NH	3	18	0	0	0	0				
10	10	10	10	Har. & W.L. 6% Om. Pf.	1/6	1/3	-3d	NH	35/11	15/6	27/21	16/3	V.O.O. Ord. £1	24/3	21/3	-3/-	NH	9	8	3	3	3	3				
23/11	12/6	18/9	13/3	Horden Collieries £1	13/9	13/11	-7d	12 6	9	20/6	16/7	21/3	Miscellaneous.	19/3	19/3	...	NH	5	3	3	3	3	3				
33/-	20/71	25/104	13/9	Lambert Bros. £1	16/3	15/9	-1/3	13	6	9	33/3	15/-	15/-	Aerod. Bros. £1	10/-	10/-	...	NH	5	3	3	3	3	3			
8/11	2/6	5/-	3/6	Millom & Askam £1 ...	3/9	3/9	-3d	7	4	0	33/3	15/-	15/-	Alied Newspapers £1	10/-	10/-	...	NH	5	3	3	3	3	3			
13/5	6/3	9/6	5/9	Ocean Coal & Wilsons	1/6	1/3	-3d	7	4	0	33/3	15/-	15/-	Amal. Dental Def. 5/-	12/6	12/11	...	NH	5	3	3	3	3	3			
3/11	7d	2/-	3/9	Pease and Partners £1	4/3	4/3	...	NH	3/9	3/3	3/8	2/4	Amal. Dental Def. 5/-	22/6	21/3	-1/3	NH	5	3	3	3	3	3				
10/11	7d	2/-	3/9	S. Durham Steel £1	20/-	18/9	-1/3	4	5	0	20/-	11/-	13/6	Army & Navy 10/-	15/-	15/-	...	NH	5	3	3	3	3	3			
28/9	8/9	27/6	18/9	Do. B. Ord. £1	6/3	6/3	...	NH	38/6	21/3	28/9	20/4	Assoc. Newsp. Def. 5/-	22/6	21/3	-1/3	NH	5	3	3	3	3	3				
10/11	7d	2/-	3/9	Staveley Coal, &c. £1 ..	23/9	23/9	...	5	1	0	20/9	9/3	18/-	Assoc. Newsp. Def. 5/-	15/-	15/-	...	NH	5	3	3	3	3	3			
22/9	10/9	17/6	11/3	Stewarts & Lloyds £1 ..	12/6	12/6	...	NH	27/6	18/6	27/-	22/0	Assoc. P. Cement £1 ..	24/-	24/-	...	NH	5	3	3	3	3	3				
19/3	11/3	15/-	10/-	Swan, Hunter £1	13/6	10/7	-1/4	9	8	9	65/-	52/6	67/3	Barker (John) £1	61/3	61/3	...	NH	6	10	9	9	9	9			
3/3	6d	1/11	9/-	Thomas (Richard) £1 ..	1/6	1/6	-7d	NH	63/11	23/11	31/6	22/6	Boot's Pure Drug £1 ..	25/-	23/9	-1/3	NH	4	13	0	0	0	0				
8/9	2/6	7/9	5/9	64% Om. Tax Free P. £1	7/6	7/6	...	NH	14/3	7/-	11/6	6/6	Borax Deferred £1	7/9	7/6	-3d	NH	7	15	0	0	0	0				
31/6	13/9	14/5d	8/7d	Thornycroft, J. & Co. £1	33/9	33/9	...	10	5	0	37/6	29/4	33/3	Borax Deferred £1	25/6	25/6	...	NH	7	15	0	0	0	0			
11/3	5/9	9/2d	5/7d	1/10 State St £100	6/3	6/-	-3d	5	11	0	31/3	18/9	29/3	British Aluminium £1 ..	22/6	21/3	-9d	NH	4	14	0	0	0	0			
23/9	14/11	19/9	16/3	Vickers 5/8	17/6	17/6	...	6	17	0	26/-	20/3	25/9	British Match £1	23/11	22/6	...	NH	5	6	3	3	3	3			
				Weardale Steel & C. Def. £1	17/6	17/6	...	6	17	0	105/-	65/7	82/6	Brit. Am. Tobacco £1 ..	75/-	71/1	-3/9	NH	5	12	0	0	0	0			
											24/6	9/6	11/6	Carlton Hotel £1	7/6	8/11	+7d	NH	7	7	0	0	0	0			
											6	2	3	Carreras & Co. Ord. £1	3/-	3/-	...	NH	10	0	0	0	0	0			
											37/-	25/-	31/3	Chad. Engg. £1	23/6	25/6	...	NH	5	10	0	0	0	0			
											20/6	11/6	11/6	Crutwell Manuf. £1 ..	7/6	7/6	...	NH	5	10	0	0	0	0			
											1/6	1/6	21/1	Debenhams Sec. (5/-) ..	1/3	1/3	...	NH	5	10	0	0	0	0			
											39/-	14/11	15/2	Dunlop £1	10/6	10/-	-6d	NH	8	9	0	0	0	0			
											45/7	17/11	23/6	Elec. & Musical Ind. £1	8/9	8/9	-9d	NH	8	9	0	0	0	0			
											23/6	17/-	25/4	Enter Ready Co. 5/- ..	22/-	20/7	-1/4	NH	4	9	0	0	0	0			
											71/3	40/6	50/-	Finlay (James) & Co. £1	41/3	41/3	...	NH	8	7	0	0	0	0			
											6/3	2/3	3/9	Frederick Hotel 7/6 ..	2/6	2/6	...	NH	8	11	3	3	3	3			
											13/6	7/4	10/4	Gaumont-Brit. (10/-) ..	6/9	6/9	...	NH	8	11	3	3	3	3			
											25/6	41/9	27/6	Harrisons & Cros. Def.	40/9	40/9	...	NH	8	6	9	9	9	9			
											15/3	6/3	8/9	Hawthorn & A.S. (15/-)	38/6	37/6	-9d	NH	8	6	9	9	9	9			
											59/9	42/6	11/3	Hawthorn & A.S. (15/-)	38/6	37/6	-9d	NH	8	6	9	9	9	9			
											15/6	12/9	13/6	Homes & Colonial Stores	15/-	14/9	-3d	NH	6	13	3	3	3	3			
											11/3	16/3	13/-	Imperial Airways £1 ..	14/3	14/3	...	NH	4	3	6	6	6	6			
											21/3	8/7	17/10	Imperial Ord. £1	13/9	12/6	-1/3	NH	6	16	0	0	0	0			
											7/-	2/6	5/3	Imperial Def. (10/-) ..	3/9	3/9	-9d	NH	4	13	0	0	0	0			
											95/11	72/6	82/2	Imperial Tobacco £1 ..	77/11	75/7	-1/6	NH	6	4	0	0	0	0			
											82	81	81	International Holdings	81	81	...	NH	5	16	6	6	6	6			
											82	81	81	Int. Nickel Co. £1	82	82	...	NH	5	16	6	6	6	6			
											22/-	18/10	20/6	International Tea 5/- ..	25/6	25/6	...	NH	5	16	6	6	6	6			
											25/6	25/6	25/6	Int. Nickel Co. £1	25/6	25/6	...	NH	5	16	6	6	6	6			
											25/6	25/6	25/6	Lever 7% Om. £1	24/6	24/6	...	NH	5	15	0	0	0	0			
											25/6	25/6	25/6	Lever 7% Om. £1	24/6	24/6	...	NH	5	15	0	0	0	0			
											25/6	25/6	25/6	Lever 7% Om. £1	24/6	24/6	...	NH	5	15	0	0	0	0			
											25/6	25/6	25/6	Lever 7% Om. £1	24/6	24/6	...	NH	5	15	0	0	0	0			
											25/6	25/6	25/6	Lever 7% Om. £1	24/6	24/6	...	NH	5	15	0	0	0	0			
											25/6	25/6	25/6	Lever 7% Om. £1	24/6	24/6	...	NH	5	15	0	0	0	0			
											25/6	25/6	25/6	Lever 7% Om. £1	24/6	24/6	...	NH	5	15	0	0	0	0			
											25/6	25/6	25/6	Lever 7% Om. £1	24/6	24/6	...	NH	5	15	0	0	0	0			
											25/6	25/6	25/6	Lever 7% Om. £1	24/6	24/6	...	NH	5	15	0	0	0	0			
											25/6	25/6	25/6	Lever 7% Om. £1	24/6	24/6	...	NH	5	15	0	0	0	0			
											25/6	25/6	25/6	Lever 7% Om. £1	24/6	24/6	...	NH	5	15	0	0	0	0			
											25/6	25/6	25/6	Lever 7% Om. £1	24/6	24/6	...	NH	5	15	0	0	0	0			
											25/6	25/6	25/6	Lever 7% Om. £1	24/6	24/6	...	NH	5	15	0	0	0	0			
											25/6	25/6	25/6	Lever 7% Om. £1	24/6	24/6	...	NH	5	15	0	0	0	0			
											25/6	25/6	25/6	Lever 7% Om. £1	24/6	24/6	...	NH	5	15	0	0	0	0			
											25/6	25/6	25/6	Lever 7% Om. £1	24/6	24/6	...	NH	5	15	0	0	0	0			
											25/6	25/6	25/6</														

† Free of Income Tax

FOREIGN STOCK EXCHANGES.

NEW YORK.

All markets showed renewed weakness under a host of discouraging factors, including reactionary commodity prices, stagnant trade and an involved political situation. The formation of a committee of bankers and business men to develop credit expansion schemes was received with the apathy which all the recent "relief" plans of the administration have elicited. It was expected that the new committee would organise a bond-buying pool and promote building schemes with the aid of bank loans. Meanwhile, prospects of an end of the Congress Session before the Party Conventions tended to recede. The passage by the Senate of new duties, including imposts on oil, coal and copper, threatened trouble with the low-tariff democrats. The President was credited with an endeavour to secure that Congress should remain in session, regardless of the claims of conventions, until the full programme of tax, economy and relief legislation had been adopted. A steady stream of market liquidation drove all the share indices to new low levels. Weakness was particularly noteworthy in utility stocks. Foreign bonds remained practically unsaleable in numerous cases. The restriction on short selling exercised no appreciable effect on the course of prices. Oil shares joined in the general dullness, the work of the New York Conference being held up pending the decision of the Russian representatives on specific points. A reduction of 4 cents a gallon in petrol prices in the New York area, on the initiative of the Standard Oil of New York, was explained as a purely local development to meet price-cutting by independent interests. The rumoured intention of the steel companies slightly to advance their schedules of prices for certain products, for the third quarter of the year, failed to stimulate buying. Steel production declined from 25 to 24 per cent. of capacity. Car loadings in the week ended May 14th were 517,000, against 534,000 in the previous week and 746,000 in the corresponding week of last year.

	May 19, 1932.	May 25, 1932.	May 26, 1932.		May 19, 1932.	May 25, 1932.	May 26, 1932.
U.S. 3½% T. Bds.	99½	97½	98½	Natl. Biscuit	33½	33	30
Do. 3½% '32-47	100	100½	100½	Phelps Dodge	42	41	41
Do. 4½% '32-47	101½	101½	101½	Pullman	14½	13½	12½
Do. 4½% '33-38	102	102½	102½	Sears-Roebuck	17	17	16
Atchafalpa	33½	29½	27½	Studebaker	4½	3½	3½
Ches. & Ohio	15½	14½	13½	Un. Fruit	15½	14½	14½
Erle	32	28	27	U.S. Leather	11	11	11
Illinois Central	99	77	66	U.S. Rubber	3	2	2
N.Y. Central	12	11½	10½	U.S. Steel	28½	28	28½
Pennsylvania	10	9½	7½	Westinghouse	24	23½	23½
Southern Pacific	10½	8½	7½	Woolworth	31½	28½	27½
Southern Ry.	4½	3½	3				
Union Pacific	48½	41½	38½	Am. Tel. & Tlg.	97½	95½	94½
Am. Can.	38½	37½	36½	Interboro R.T.	7½	6½	4½
Amer. Smelting	4½	4½	4½	Int. Tel. Teleg.	4½	4	3
Anacosta	12½	12½	11	Radio Corp.	32	32	24
Bethlehem Steel	8½	7½	5½	Utilities P. & L.	22½	22	18
Chrysler Motor	34	33	30½	W. Union Tlg.	21½	19	19
Corn. Produce Rf.	45½	41½	42½				
Eastman Kodak	13½	13½	12½	Associated Gas "A"	2½	1½	1½
Gen. Electric (New)	10½	10½	10½	Pan. Amer. B.	31½	33	30
Gen. Motors	17½	16½	16½	Shell	10	11	11
Int. Harvester	6½	6½	4½	Shell Union	3	3	2½
Mont. Ward	6½	6½	4½	Std. California	19½	18½	18½
				Do. N.J.	24½	24½	24½

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

	1930.		1931.		1932.	
	Lowest.	Highest.	Lowest.	Highest.	Be-ginning of Year.	May 25.
33 Industrials	98.2	174.1	51.4	114.7	52.2	37.7
33 Bds.	89.1	145.6	31.7	105.7	32.2	16.6
34 Utilities	153.2	267.4	90.6	187.6	91.8	66.5
Total, 404 stocks	105.5	184.2	54.7	124.6	55.5	39.2
						36.5
Average yield of 50 Industrial Common Stocks	4.15%	5.95%	9.37%	5.11%	9.29%	9.65%
						10.28%

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

	Highest of 1932 (May 18).	Lowest of 1932 (May 18).	May 18, 1932.	May 19, 1932.	May 20, 1932.	May 22, 1932.	May 23, 1932.	May 24, 1932.	May 25, 1932.
48.9	42.1	42.1	42.6	42.8	42.6	42.4	40.9	39.7	

LONDON NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, May 18, 1932.	Price, May 25, 1932.
Agricultural Mortgage Corporation 4½% Deb. Stock 1961-51	95	25	4½-5½ pm	3½-4½ pm
Brazil 5% 20 Yr. Funding "A"	...	...	53-54	48½-49½
Do. Funding "B"	...	...	34½-35½	31-32
Bristol Corporation 4½% Red. Stk. 1952-62	100½	20	2½-3½ pm	1½-1½ pm
British Power and Light 6% Cum. Pref. £1	£1	10½	par 3d. pm	1½d dis-1½d pm
Burnley 4½% Stk. 1952-62	100½	20½	1-1½ pm	1-1½ pm
County of London Electric New Ord.	38½	...	2½-3½ pm	2½-3½ pm
Croydon Corporation 5% Stock 1950-60	100	65	6½-7 pm	6½-7 pm
Electrical Distribution of Yorkshire 6% Preference £1	21½	5½	3½-3½ pm	3½-3½ pm
Ever Ready New Ord. 10½	21½	5½	10½-10½ pm	8½-9½ pm
Fortnum and Mason 7% Cum. Pref. £1	100½	20½	1½-1½ pm	1½-1½ pm
Hull Corporation 4½% Stk. 1952-72	100½	20½	1½-1½ pm	1½-1½ pm
India 5% 1942-47	95	25	4½-5½ pm	4½-5½ pm
Lever Bros. 5% Debs.	98	80	6½-7 pm	6½-7 pm
London and Home Counties Joint Electricity Authority 5% Stk. 1951-71	101½	51½	3½-4 pm	3½-4 pm
Lyons (J.) and Co. 7% Pref.	22½	6	27½-27½	27½-27½
Marks and Spencer & Ord.	...	...	4½-4½	4½-4½
Mecano 6% Debs.	97½	62½	3½-2½ dis	3-2 dis
Metal Box 5½% Debs.	96	25	1½-1½ dis	1½-1½ dis
Do. 7% Cum. Pref. £1	21½	6½	1½-1½ dis	1½-1½ dis
Murex 7% Pref.	21½	6½	1½-1½ dis	1½-1½ dis
Metropolitan District Railway 5% Deb. 1985-95	21½	6½	1½-1½ dis	1½-1½ dis
Metropolitan Railway 5% Deb. 1957-62	97½	40	7½-7½ pm	7½-7½ pm
New Zealand 5% Ins. Stk. 1955-75	97½	45	7½-7½ pm	7½-7½ pm
N. Somerset Electric 5½% Cum. Pref.	98½	28½	8½-8½ pm	8½-8½ pm
Poole Corporation 5% Stock 1952-72	20½	10½	6½-6½ pm	6½-6½ pm
Scottish Power 6% Cum. Pref. £1	100½	20½	105½-106½	106½-107½
Shropshire, Worcestershire, &c. Elec. Power 5% Deb. 1952-82	23½	8½	9½-1½ pm	7½-10½d pm
Slaters and Bodegas 5½% Debs.	94	10	8½-9½ pm	8-9 pm
Swansea Gas 5½% Pref.	100	36	5-2 dis	5-2 dis
Treasury Bonds 3% 1933-42	100	25	1-2 pm	1-2 pm
West Bromwich Corp. 4½% Red. Stock 1955-65	97½	22½	4½-4½ pm	4½-4½ pm
	99½	19½	2-2½ pm	1½-1½ pm

TOTAL DEALINGS IN NEW YORK.

	May 20, 1932.	May 21, 1932.	May 23, 1932.	May 24, 1932.	May 25, 1932.	May 26, 1932.
Stock Exchange—Shares (Thous.)	800	300	600	1,000	1,300	1,900
Bonds (Value Thous. \$)	14,215	5,618	11,721	10,486	12,371	14,418
Curb—Shares (Thous.)	100	60	150	160	200	270

* 2-hour session.

CANADA.

Prices have further declined, and new low levels have become a commonplace. Canadian Pacific has sunk to the lowest point since the eighties of last century. Price "pegs" have gradually been withdrawn, and are now maintained chiefly on the bank stocks. Their artificial character was illustrated by the experience of the Shawinigan stock, which fell from 33 to 11 on the withdrawal of the "peg." Some criticism has been expressed of the governing body of the Montreal Stock Exchange. The critics allege that certain brokerage houses, verging on the border of difficulty, have been improperly protected. Business remains pitifully small, and most brokerage houses cannot earn their expenses. The mining market has been dull apart from a spurt in certain gold stocks. The Bureau of Statistics "Investors' Index for all common stocks stood at 47.6 for the first week of May, which was little more than one-fifth of the "peak" level of 235.4, attained in 1929.

	Mar. 30, 1932.	Apr. 27, 1932.	May 25, 1932.		Mar. 30, 1932.	Apr. 27, 1932.	May 25, 1932.
Abitibi Power and Paper	2	1	1	Hollinger Gold Mining	5	4½	4½
Brazilian Traction	11½	9½	8½	International Nickel	8½	6½	4½
Canadian Car	6	4½	3½	Massey Harris	22	15	13½
Canada Cement	8½	4	3	Steel of Canada	4	2½	2
Canada Power and Paper	5	4	4	Winnipeg Electric	4	2½	2
Cockshutt Plow	5	4	4				

PARIS.

The news of Great Britain's war debt negotiations with Washington was ill-received. The tone of business was persistently dull, with professional liquidation in evidence. The Suez Canal dividend announcement was powerless to check a further decline in the shares. International issues, especially Canadians, showed particular weakness. The report that Générale Electricité was about to increase its capital appreciably was a bear factor. On Thursday a small improvement occurred, Canadian Pacific being in some demand.

	May 19, 1932.	May 23, 1932.	May 26, 1932.		May 19, 1932.	May 23, 1932.	May 26, 1932.
Banque de France	11,385	11,980	10,760	Wagons Lits	85	73	60
Credit Lyonnais	1,710	1,640	1,605	Mexican Eagle	29	27	25
Suez Canal	13,340	13,200	12,830	"Chartered"	80	74	69
Chargeurs Réunis	178	186	176	Ford	110	106	101
Rio Tinto	1,100	1,004	960	De Beers	239	277	197
Royal Dutch	12,400	12,200	11,700	"Johnnies"	94	92	89

BERLIN.

Conditions reflected growing pessimism regarding the outlook for Lausanne and the immediate future of Central Europe. Dye Trust and Siemens were heavy, though slight support was obtained for electricity shares and Reichsbank improved. Shippings shares were slightly firmer on the reconstruction proposals of the North German Lloyd and Hamburg-American companies.

	May 19, 1932.	May 23, 1932.	May 26, 1932.		May 19, 1932.	May 23, 1932.	May 26, 1932.
Reichsbank	115½	113	112½	A. E. G.	22½	21½	21½
Disconto	20	19	19	Siemens & Halske	107	103	107½
Dresdner	20	19	19	A. K. U.	36	33½	34
Norddeutscher Lloyd	12½	11½	12½	Svenska Tandsticks	12½	9½	9½

AMSTERDAM.

A minimum of business was transacted, the market being affected by the prevailing European listlessness. Royal Dutch came on offer, and Unilever and Philips Lamps were heavily sold. Rubber shares were dull. Billiton tin receded after an initial recovery.

	May 19, 1932.	May 23, 1932.	May 26, 1932.		May 19, 1932.	May 23, 1932.	May 26, 1932.
2½% Dutch Loan	53½	53	51½	Steel Common	30	30	29
5½% German	31½	30	29½	A. K. U.	24½	23½	22½
Unilever N.V.	99½	98½	94	Ford Motor	99½	98	91½
Philips Lamps	66½	65	62½	Deli Batavia	...	83	86
Netherlands Ship Union	46½	45	42½	Royal Dutch	122	118	115
Java Cultuur	96	96	90	Handels Ams.	135	135	133

OTHER CENTRES.

The dullness of New York, London and Paris affected the minor European Bourses. Frankfurt made a relatively favourable showing after early liquidation of Dye Trust and Reichsbank. Copenhagen, however, was weak, and Stockholm neglected. Brussels receded in sympathy with Paris, liquidation being heavy as regards a number of international speculative counters.

INVESTMENT NOTES.

Gilt-Edged Setback.—The gilt-edged market at the beginning of this week encountered a fair setback on profit-taking, due partly to a week-end speech by the First Commissioner of Works, partly to general apprehension over the decline in international trade in Europe, and partly to increasing misgivings over the prospects of the Lausanne Conference. Of these factors, perhaps the most important was the speech of Mr Ormsby Gore, who raised doubts as to "whether next April would be reached without recourse to fresh taxation or cuts." The market, further, tended to read into the Anglo-American debt negotiations more than they were intended, apparently, to cover. Local Loans fell from 75 to 73, Conversion 3½ per cent. from 98½ to 87, and Consols 4 per cent. from 99 to 97½. In view of the sharp rise which the market has enjoyed, the reaction cannot be considered as more than normal. No doubt a speculative account had been built up which had to be corrected. It would appear, for example, that a good deal of small speculative money had come into Local Loans Three per Cents. The market recovered on Wednesday afternoon, and again on Thursday morning on the reassuring statement of Mr Baldwin that Mr Ormsby Gore was expressing a personal view of world trade and that nothing had happened to lessen the confidence of the Government in its improved financial position. The following table shows the rise in the gilt-edged market for the

past three weeks and the reaction which subsequently occurred:—

	Highest Price, 1931.	Price, May 5th.	Price, May 19th.	Price, May 25th.	Yield Per cent.	£ s. d.
Consol, 4%	97	96	98½	98	4	3 6
Conversion, 3½%	85½	86	89½	87½	4	0 6
Funding 4% 1960-90	97½	98	100½	100½	4	0 6
Victory Bonds 4%	98½	98½	100½	100½	4	0 6
Local Loans 3%	70½	71½	75	74	4	1 6

As was to be expected in view of the prevailing weakness of the market, the issues of British Columbia 5 per Cents. at 99 was not an entire success.

Wall Street and Short Selling.—The tone of the New York Stock Exchange has been little affected by the decision of the Committee, announced on Thursday last week, that a margin of ten points per share must be demanded and maintained on all short accounts, however small the transactions, or whatever the price of the stock. The decision is in the nature of a concession to the feeling of some members of the Senate, as expressed through a committee which is engaged on an investigation of the whole question of short selling. The tendency to make the "bear" a scapegoat in periods of depressed values is as old as organised markets, but the present restriction enforced by the New York Stock Exchange Committee falls far short of attempted prohibition of bear selling. It may tend to eliminate the amateur speculator (who generally has neither inclination, knowledge nor courage for extensive bear activity), but will not seriously hamper the big professional operator. The latter, indeed, has shown no marked anxiety to cover his commitments since the announcement. Whether the New York Stock Exchange will be compelled, by *force majeure*, to adopt more root-and-branch measures against the views consistently expressed by its President, depends on the near future course of prices and, possibly, on imponderable contingencies in American politics.

Lord Inchcape.—The death, on Monday, of the Earl of Inchcape, at the age of 79, robs British shipping and banking of a distinguished representative and the world of a forceful individualist. Born almost within sound of the legendary Inchcape Bell, James Lyle Mackay made his first voyage at the age of six, and twenty years later was on the way to partnership in Mackinnon, Mackenzie and Company, agents of the British India Steam Navigation Company in Calcutta, whose service he had entered as a clerk. In a long career he raised the Peninsular and Oriental and British India companies to a new pinnacle of usefulness and profitability, served on the boards of the National Provincial Bank, the Royal Bank of Scotland, and the P. & O. Banking Corporation, was a member of innumerable Government committees, successfully wielded the post-war economy axe in Great Britain and in India, and realised millions of pounds for the British Government by his shrewd disposals, between 1919 and 1922, of its fleet of 1,400,000 tons of standard ships, built during the war, and its holdings of 2,530,000 tons of enemy shipping. These were only a few of the many achievements of a career crowded with hard work,



SECURITY FIRST

FUNDS EXCEED
£42,000,000

CLAIMS PAID, OVER
£200,000,000

Head Offices,

LIVERPOOL **LONDON**
North John St. Lombard St.

accomplished with zest and inexhaustible energy. Lord Inchcape, who was created K.C.I.E. in 1893, raised to the peerage in 1911, and advanced to a viscountcy in 1924 and an earldom in 1929, was, throughout the best part of his life, a foremost protagonist of economic liberty. To him, as shipowner and banker, Free Trade was as the breath of life, and the paraphernalia of official regulation, subvention and "assistance," pure anathema. He lived to see the world throw his idols overboard, one by one, and take on a cargo of trade interference which bade fair to sink the ship. His personality, inevitably, had the defects of its qualities. He regarded the fortunes of his great shipping organisation with a strong personal regard, which, where shareholders were concerned, had not a little of the autocrat behind it. His annual P. & O. speeches were those of a wise professor lecturing a class of first-year students, not without affection, on world conditions—but brooking no questions. The company's balance sheets, which in earlier years carried non-disclosure to a fine point, have recently become progressively more informative, but to the end Lord Inchcape remained a foremost champion of complete "internal" discretion in all financial matters. How far recent events have rendered this attitude anachronistic time must be left to show.

Better Company Accounts.—Mr Henry Morgan, in his valedictory address from the presidential chair of the Society of Incorporated Accountants and Auditors on Tuesday, gave the results of an examination of the accounts of 414 representative British commercial and industrial companies. In 270 cases, he declared, the balance sheets revealed the existence of substantial subsidiary interests, but only in 58 cases was it made clear that the profits and losses of subsidiaries were taken fully into account in arriving at the profit figure. Our own investigations bear out Mr Morgan's views (courageously proclaimed throughout his period of office) that British holding company law, in its present form, has grave defects. In the first place, its provisions relate only to immediate subsidiaries, so that what Sir Gilbert Garnsey has termed "sub-subsidiaries"—which in many cases include important operating concerns—fall entirely outside its scope. In the second place, the Companies' Act does not specify to what extent subsidiary profits and losses must be brought into the parent company's accounts. It merely provides for a statement in general terms, without figures, of the treatment accorded to such items. It frequently happens that subsidiary profits are brought into the holding company's accounts only to the extent of dividends declared, while undisclosed losses may be merely carried forward in subsidiary balance sheets. Under these conditions the shareholder in the parent concern is entirely unable to form a judgment regarding the earning power of the combine, on which the real value of his shares directly depends. It would seem advisable that an amendment of the law should raise the practice of all British holding companies to the level of the most enlightened in this respect. There may be serious practical objections to the universal adoption of the method followed this year by the Forestal Land, Timber and Railways Company, which, as we showed last week, has published separate balance sheets for all its subsidiaries. There is no good reason, however, why more companies should not issue consolidated balance sheets, incorporating the assets and liabilities of the parent and subsidiary companies, and eliminating inter-group cross items, as is done, for example, in the accounts of Associated Electrical Industries and Wiggins, Teape. The latter company has gone further by including combined profit-and-loss and appropriation accounts in its most recent report, and is now examining the possibility of issuing quarterly accounts to its shareholders. The preparation of such accounts may involve difficulties in the case of combines with numerous foreign subsidiaries or a pronouncedly seasonal business. Even if it were found impossible, however, to present quarterly

figures with the detail appropriate to annual accounts, the adoption of the procedure followed by many large American concerns, on the initiative of the New York Stock Exchange, would be of indubitable assistance to investors, who have recently discovered how decisively a company's position may change in the course of twelve months.

Kreuger Developments.—The Swedish Investigation Committee, in collaboration with the British Protective Committee, has found that while there are hopes of reconstructing the Swedish Match Company if a three months' "standstill" can be secured, and a large part of the share capital of L.M. Ericsson Telephone is intact, there is little prospect that unsecured creditors will obtain anything in the Kreuger and Toll liquidation. A formal balance sheet, presented at last Saturday's annual meeting, showed liabilities of Kr. 1,038 millions (approximately £57 millions at par) against assets of Kr. 352 millions (£19 millions). Liquidation will now take its course, and it is clear that little will be realised from the company's claim of Kr. 200 millions on the Kreuger estate. The bulk of the direct financial loss will fall on countries outside Sweden. Professor E. F. Hecksher, in an address in London on Tuesday, estimated that, of the Kreuger and Toll securities, practically all the secured debentures were held in America, while only 30 per cent. of the unsecured debentures and 41 per cent. of the shares were held in Sweden. On the basis of the dividends and interest paid in 1930, he placed the income loss on Swedish holdings of Kreuger securities at about Kr. 47 millions (£2,600,000), or about 1 per cent. of the total national income of Sweden. These figures are eminently reassuring as regards the stability of the Swedish economic structure, which is not seriously threatened by the catastrophe, though State and municipal tax estimates may need revision, and the rate of Swedish individual saving may be temporarily checked. The exceptional position of Stockholm, as a European financial centre second only to London, appears, however, to have been more permanently destroyed. It had been created solely by the genius of Kreuger, who drew his resources increasingly from foreign countries, and had little relation to the area, population and resources of Sweden herself. Out of 60,000 workers employed by Swedish Match, some 52,000 were engaged outside Sweden. The *apologia* published by the Scandinaviska Credit Bank, regarding its share in the Kreuger crisis, suggests that the authorities were maintaining a definitely cautious attitude towards Kreuger for a considerable period before the crash. The Scandinaviska Bank advanced the group various sums on collateral, in connection with its purchase of large blocks of industrial shares from the bank, but refrained from making loans to the Kreuger companies on their own shares or debentures. It was only in 1930 and 1931, when the world crisis threatened Kreuger and Toll with default on its commitments in connection with foreign loan and monopoly contracts, that the bank largely increased its credits to Kreuger. This course appears to have followed with a certain misgiving, and a clear realisation that the advances were likely to be anything but liquid. The decision was taken only after the Riksbank had been consulted and had promised support. The bank's misgivings, such as they were, however, would seem to have been based solely on considerations of "liquidity." It is evident that those concerned had no reason whatever for suspecting Mr Kreuger's personal good faith. The whole world must share the responsibility for accepting a prince among swindlers at his own valuation for eight long years.

Callender's Cable.—This old-established company may be congratulated on the stability of its net earnings for the year to December 31st last. Trading profit declined by 12 per cent., expenditure was cut by 15 per cent., and net profit showed a decline of only 9 per cent. The

ordinary dividend (fully earned) was maintained at 15 per cent. for the thirteenth year in succession.

Year to December 31.	1929.	1930.	1931.
Profit	£ 684,369*	£ 599,548	£ 528,883
Expenses	268,150	269,334	229,425
Directors' fees	12,307	10,178	9,157
Depreciation	50,000	50,000	37,500
Taxation	10,000	Nil	Nil
Pensions	10,000	10,000	15,647
Debenture interest	13,500	13,500	13,500
Net profit	320,412	246,536	223,660
Brought forward	570,246	428,528	351,664
Preference dividends	56,000	56,000	56,000
No. of times covered	5.9	4.4	4.0
Ordinary dividend—			
Amount	167,400	167,400	167,400
Earned %	26.2	17.7	15.0
Paid %	15	15	15
Reserve	238,730	100,000†	59,870
Carried forward	428,528	351,664	292,054

* Including reserve for taxation no longer required (amount unstated).
† Renewals and contingencies.

The company's holdings in the Surbiton undertaking and the South Wales Power Co. have been disposed of, at a substantial surplus over book value, which has been carried to renewals and contingencies account. The latter has been raised to £200,000 by a transfer from "carry forward." Increased demand for electricity from the operations of the Central Electricity Board, and the extended use of the grid, has not yet fully materialised. The balance sheet, as usual, is liquid. At 2½ the £1 ordinary shares yield £5 12s. 6d. per cent.

International Telephone and Telegraph.—The 1931 accounts of this giant holding corporation inevitably reflect the contraction of world trading activities. Operating expenses have not fallen in proportion to the loss of receipts, and net profit is reduced to \$7,654,002, against \$13,750,133. Dividends were paid at the rate of 50 cents per share for the first two quarters, 25 cents for the third quarter, and 15 cents for the fourth quarter.

	1929.	1930.	1931.
Operating receipts	\$ 89,291,336	\$ 93,075,551	\$ 89,307,937
Miscellaneous income	11,049,254	11,397,048	
Operating expenses, &c.	72,909,552	79,115,044	71,505,235
Associated company charges	6,521,366	6,136,283	4,378,951
Net income	20,909,672	19,221,271	13,423,751
Interest	3,177,513	5,471,138	5,769,749
Net profit	17,732,159	13,750,133	7,654,002
Surplus	21,471,677	28,054,706	22,645,817
Sundry surplus credits	133,053		
Dividends	11,282,183	12,868,408	8,960,288
Other allocations	Nil	6,290,614	2,867,175
Surplus carried forward	28,054,706	22,645,817	18,472,356

The corporation, naturally, is conserving its cash resources to the utmost practicable extent. The balance sheet shows current liabilities of \$63,050,152, against \$15,816,371 of cash and \$39,193,327 in accounts and notes receivable. "Marketable securities" and stocks account for a further \$31½ millions. Gross sales of all manufacturing companies declined to \$61,310,000, against \$80,323,000 in 1930, though 340,458 lines of automatic telephone equipment were installed, as compared with 301,868.

America's Copper Tariff.—It is generally assumed that a 4 per cent. duty on copper imported into the United States will become law within two or three weeks. Already prices on the domestic market in America have hardened slightly. This tariff barrier is being erected avowedly to keep out copper from Canada and Chile—

or for that matter from any other producing country where costs are below the American figure. Prices in America may temporarily rise to the extent of at least part of the 4 per cent. duty, and the anxiety of the banks financing existing stocks will be thereby relieved. The existence of heavy internal stocks, however, will limit the actual rise. The American exporter will be handicapped in competing in fabricated goods on the world's markets. The United States will be self-supporting in copper, with an exportable surplus, as soon as the rate of production, at present down to 20 per cent. of capacity, is increased again under the protection afforded by the tariff. In due course it is not unlikely that output will increase to such an extent that the tax will no longer be reflected in the domestic price. In the meantime, countries hitherto exporting to America, driven to find new markets for their output, will divert their sales to Europe. Germany may decide to foster her growing copper-producing industry by imposing a tariff, while among British consumers fears are entertained that copper will be removed from the free list, except as regards Empire brands. A break-up of Copper Exporters Inc. seems inevitable, followed probably by a new cartel with headquarters in London to regulate production and marketing outside the United States. Some expansion in production may occur, but that copper will be forced on the market at 5 cents is very unlikely.

Oil Production and Politics.—"The world oil situation as seen through Royal Dutch-Shell spectacles" might well be the title of the voluminous report of the Royal Dutch Company for 1931. It is not without humour that the Royal Dutch directors should be found giving advice to the Soviet Government not to concentrate upon the export of oil so much as on the increase in internal consumption. The advice has a sting, for the Soviet Government is reminded that within the next year or two the Iraq Petroleum Company will be exporting to the markets in and around the Mediterranean to which Russian oil is normally consigned. According to the Royal Dutch directors, Russia increased its output of crude oil from 18.8 million tons in 1930 to 22.3 million tons in 1931, while its internal consumption (mainly kerosene) increased from 3 million tons in 1930 to 4½ million tons in 1931. Russia was the only important producer last year which did not restrict its production at all. Even Roumania made some attempt to restrict, although its output in 1931 was larger than in 1930. The following figures of world oil production are taken from the Royal Dutch report:—

	1930.	1931.
United States	126,686,041	116,317,309
Russia	18,727,987	22,334,700
Venezuela	20,191,270	17,294,161
Roumania	5,744,000	6,657,803
Persia	5,797,095	6,440,157
Mexico	6,044,544	5,043,073
Dutch East Indies	5,332,218	4,520,151
Columbia	2,830,626	2,537,223
Others	8,456,106	8,712,812
	199,809,887	189,857,389

The production of the Royal Dutch group was as follows:—

	1930.	1931.
Venezuela	9,655,531	7,702,608
United States	5,524,072	4,936,675
Dutch East Indies	4,806,640	3,811,902
Mexico	1,838,007	1,731,250
Roumania	1,034,042	1,119,636
Others: Sarawak, Egypt, Trinidad, Argentina... ..	1,121,735	1,230,687
	23,980,027	20,532,758

It will be seen that all the important areas controlled by the Royal Dutch-Shell group bore their full share of the restriction. The directors refer to Mr Kessler's proposal for a world oil restriction scheme which is at present under consideration. Reference is made to Government interference in the oil industry, the natural development of which is that the Governments and not the owners of the industry will have the main voice in its operations—a policy which can only lead to inefficiency. It is added that in spite of the restriction of production in every

country, except Russia, consumption declined to a greater extent than production, and prices consequently fell below the level of 1930. The directors deplore the total lack of international co-operation, as a result of which every nation is becoming more and more an isolated unit.

Royal Dutch-Shell "Accounts."—In view of the uninformative nature of the past Shell Transport and Trading reports, the decision of the directors to issue a more detailed report for 1931 is heartily welcome. A reassuring statement is given of the cash position of the Royal Dutch-Shell group as a whole. The two parent companies, and the companies in which they held 100 per cent. interests, had nearly £20 millions in cash and British Government securities at December 31, 1931, whilst of the companies in which they had large share interests the Shell Union had cash to the extent of \$36 millions, the Venezuelan Oil Concessions nearly £2½ millions, the Anglo-Egyptian Oilfields nearly £600,000, and the Mexican and Canadian Eagle over £3,000,000. Against these huge cash resources, totalling about £36 millions, there are no obligations except the public issues of long-term debentures, while stocks of oil, free of all encumbrances, total 10,000,000 tons, of a value exceeding £30 millions. The directors are justified, therefore, in claiming that their group will be able to hold out in the present depression as long as any other oil group. It is regrettable, nevertheless, that the directors of Royal Dutch and Shell Transport do not see their way to issue consolidated accounts. The basis of their partnership is 60 per cent. to Royal Dutch and 40 per cent. to Shell Transport of the shares of the operating subsidiaries, the chief of which are the Bataafsche, the Anglo-Saxon and the Anglo-Mexican Petroleum Companies, as was explained in a leading article on page 974 of our issue of April 30th last. The profits shown by the holding companies offer no direct indication of earning power, since, in order to avoid double taxation, the companies do not draw from their subsidiaries more than they require for distribution in dividends. In the case of the year 1931 they have drawn not quite sufficient to pay their dividends, so that their "carry-forwards" are slightly reduced:—

	ROYAL DUTCH. (In thousand florins.)		SHELL TRANSPORT. (In thousand £.)	
	1930.	1931.	1930.	1931.
Dividends received.....	82,817	23,739	4,768	2,341
Other income	9,252	8,592	306	262
Total	92,069	32,331	5,074	2,604
Expenses and interest	1,232	4,414	47	46
Net profit	90,837	27,917	5,027	2,557
Prof. dividends	2,827*	60	668	800
Available for ordinary ...	88,010	27,857	4,359	1,757
% earned	17.5	5.5	18.1	7.3
% paid	17.0	6.0	17.5	7.5
Carry forward	4,613	2,252	250	198

* Includes fl. 2,004 directors' and commissaries' bonus.

Dividends received from the subsidiary companies fell last year by 71 per cent. in the case of the Royal Dutch and 51 per cent. in that of Shell, while dividends, as we reported in our last issue, were cut from 17 per cent. to 6 per cent., and from 17½ per cent., tax free, to 7½ per cent., tax free, respectively. The directors state that the past conservative policy of depreciation has been followed, stocks being written down to or below market value. The Bataafsche, it is pointed out, had very large sterling balances. These have been written down to the Dutch guilder value as of December 31, 1931. This involved a provision for depreciation of 46 million guilders. To meet this, 11 million guilders were taken from reserve and the remaining 35 million guilders (approximately £4 millions) charged to profit and loss. Participations in other companies are shown in the books below their market or selling values on December 31, 1931. The directors need hardly have added that the companies of their group all over the world have their accounts audited by firms of the highest standing. The shares of Royal Dutch and "Shell" have been steady since the publication of the reports at about 12½ and 12½ respectively. At these prices the shares return a dividend yield of 5.15 per cent. for Royal Dutch (allowing for exchange at 9.18 florins to £1) and 4½ per cent., tax free, for "Shell," equivalent to 6.06 per cent. gross.

Oil Producers.—The reduction in the dividend of Anglo-Egyptian Oilfields and the increase in the dividend of Lobitos Oilfields suggest that the experience of various oil-producing companies last year was anything but uniform. The comparison in this case, however, is not exact, seeing that the Anglo-Egyptian Oilfields markets its production in Egypt, whereas Lobitos Oilfields sells its product in the crude form to America. The accounts of the Anglo-Egyptian Oilfields for the year ending December 31, 1931, showed a decline in net working profit of 38½ per cent., or of nearly 46 per cent. in total net profits after including other income. The amount earned on the ordinary shares fell from 18.1 per cent. to 8.8 per cent., and dividends were cut from 17½ per cent. to 10 per cent., the "carry-forward" being reduced from £217,278 to £134,036. The accounts of the Lobitos Oilfields have not yet been published, but the final dividend of 7½ per cent. brings the total distribution for the year up to 12½ per cent., as compared with 10 per cent. in 1930, the carry-forward being increased from £216,242 to £236,381. An analysis of the trading results of Anglo-Egyptian Oilfields for the last two years is as follows:—

	1930.	1931.
Net working profits	£ 381,258	£ 194,278
Other income	66,828	46,297
Total net profits	448,086	240,575
Depreciation	109,699*	78,866
Available for ordinary	338,387	161,709
Per cent. earned†	18.1	8.8
Per cent. paid	17.5	10.0
Carry forward	217,278	134,036†

* Includes £7,275 exploration reserve.

† After writing off £58,895 loss or depreciation on investments.

† On "B" shares. The "C" shares are held by the Egyptian Government and are entitled to 5 per cent. plus 10 per cent. of the balance after "B" shares have received £78,500.

The balance sheet shows a liquid cash position, the surplus of quick assets over current liabilities being £429,000 (cash and Treasury bonds £588,000, against £628,000 in the previous year). The report discloses the fact that the total net production of crude oil for the year amounted to 280,373 tons, as compared with 277,556 tons in 1930. The sharp reduction in profits, therefore, indicates the severe fall in selling prices. Moreover, the asphalt trade was particularly affected by the general depression, production showing a decrease of 40 per cent. The report adds that a capital loss of £58,895 was made on investments realised and upon writing down to market value all the investments held by the company. The ordinary shares are at present quoted 22s. 6d. to yield £8 18s. per cent., as compared with a high level of 48s. 6d. last year.

"Finlay" Tea Companies.—Finlay and Company, in addition to its merchanting business, has extensive interests in plantation companies. Its accounts for 1931 reflect adverse trading conditions, including lower prices for the common or medium grades of tea, in which the group is primarily interested. Net profit was £156,654, against £233,807 in 1930. The ordinary dividend, reduced from 15 per cent. to 9 per cent., was not wholly earned:—

Company.	Year.	Net Profit.	Pref. Dividend.	Ordinary.		Inc. or Dec. in carry-forward.
				Earned.	Paid.	
James Finlay	1929	£ 430,000	£ 30,000	28.2	25	+ 25,000
	1930	233,807	30,000	14.1	15	- 21,194
	1931	156,654	30,000	8.4	9	- 8,346
Amalgamated Tea Estates	1929	94,915	21,000	7.8	7½	+ 1,908†
	1930	69,924	21,000	5.2	5	+ 1,089
	1931	13,549	21,000	Nil	Nil	- 7,451
Anglo-American Direct Tea Trading	1929	66,266	16,543	7.8	10	- 13,711
	1930	95,072	23,271	11.1	10	+ 5,564
	1931	83,917	30,000	8.4	7½	+ 4,239
Consolidated Tea and Lands	1929	133,244	78,000	4.6	5	- 4,756
	1930	47,634	78,000	Nil	2½	- 60,366
	1931	Dr120,15	59,800	Nil	Nil	- 61,995
Kanan Devan Hills Produce Company	1929	178,677	33,000	19.4	20	- 4,323
	1930	150,221	33,000	15.6	17½	- 14,029
	1931	125,563	33,000	12.3	12½	- 1,187

† After writing off £265 new issue expenses.

‡ Net.

The plantation companies all recorded lower profits. Consolidated Tea and Lands, which holds ordinary shares in Kanan Devan and Anglo-American Direct Tea, showed a net loss of £12,015. The earnings of the Amalgamated Tea Estates did not cover the preference dividend. The profits of Anglo-American Direct Tea fell by 11½ per cent. and those of Kanan Devan Hill Produce by about 17 per cent. Though the internal finances of the group are strong, the immediate dividend outlook is not impressive, failing an improvement in market conditions.

Rhodesian Anglo-American.—This undertaking, a combination of various interests, has an issued capital of £3,781,890, plus £1,546,350 in 7½ per cent. debentures. Last year a gross profit was made of £25,700, whereof income tax absorbed £21,200. One is forcibly reminded of the mountain and the mouse. It may be noted that the revenue for the twelve months ended March 31st last totalled £131,300—an increase of nearly £27,000 upon the 1929-30 amount. This represents receipts from dividends, interest and other sources, less interest paid and (in the latest accounts), loss on share dealing. How such an amount can have been realised in the absence of any dividends from the company's Rhodesian copper holdings is somewhat of a mystery. Owing to the unfavourable developments in the world copper situation, these interests have experienced severe depreciation. The reserve account, as at March 31, 1931, of £1,400,000 has been increased by £149,000 premiums on shares paid up during the past year, plus £50,960 transferred from appropriation account. The entire round sum of £1,600,000 is applied to depreciation, leaving the investments at £4,849,100, within about £440,000 of their book or estimated value. A loan to subsidiary company figures at £255,000; debtors, £28,900; cash, £340,600; creditors, etc., £67,700. The financial position, therefore, is fairly good. The company's chief holding, directly or indirectly, is in the Rhokana, which has lately entered the producing stage. Results in development, plant construction and treatment have exceeded anticipations; but unless and until a sustained recovery occurs in copper, concurrently with an expansion in demand, profits can only be negligible.

Vereeniging Estates.—Though the past year was disappointing from the profit-earning standpoint, it was marked by substantial progress in some of the company's activities. Additions were made to the estate holdings, and improvements were effected in several directions. Towards the close of the session the new Betty shaft at the Cornelia colliery was brought into commission. The capacity of the plant here has been designed to meet the increasing requirements of the Vereeniging power station and local markets; it is estimated that the demand will eventually exceed 1,000,000 tons per annum. Sales during 1931 reached the record total of 916,850 tons. Unfortunately, owing to decline in the merchant trade, the profit fell off slightly instead of increasing. With the other colliery interests shrinkage occurred in both output and earnings. No dividends were received from the Brick and Tile and the Milling subsidiary, and the revenue from farming decreased. Altogether it is perhaps surprising that the company should have made as much as £113,800, as compared with £161,800 for 1930. The dividend of 4 per cent. leaves £57,600 to be carried forward, in comparison with £7,570 brought over. For 1930 the distributions totalled 10 per cent.; in respect of each of the four preceding years 12½ per cent. Out of the proceeds of the 6 per cent. debenture issue of £650,000, the balance of the 7 per cent. issue (£294,550) was repaid; the premium on the old issue and the expenses in connection with the new—£57,200—were charged against share premium account. The latter was also debited with £148,800 written off the industrial and other assets, and was thus reduced to £88,600. A recovery in earnings obviously depends upon an improvement in general conditions, but the company is in a position to meet any demands which may be made upon it.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Central Mining and Investment Corporation, Gresham Life Assurance, Commercial Union Assurance, Liverpool and London and Globe Insurance, Whitehall Electric Investments, British Shareholders Trust, Oriental Telephone and Electric, Shanghai Electric Construction, Imperial Continental Gas Association, Crown Mines, and Society of Incorporated Accountants and Auditors. At the annual meeting of Central Mining, Sir Evelyn Wallers said that they were participating in the opening up of two new mining areas in the Far East Rand. The first area, to be called the Vogelstruisbult Gold Mining Areas, comprised Government ground on the southern portion of the Farm Daggafontein, in extent approximately 950 claims, and a portion of the Farm Grootfontein, in extent about 880 claims, with approximately 2,575 claims on the Farms Vogelstruisbult and Grootfontein. The second area, to be called Daggafontein East, consisted of the remaining portion of the Government ground on the Farm Daggafontein, in extent approximately 2,470 claims. At the annual meeting of Crown Mines, the chairman informed shareholders that the quantity of payable ore developed, 3,589,051 tons, was greater than in any previous year; the value per ton, 6.9 dwts., was 0.1 dwts. below the 1930 value, but above the average of the past ten years. Their total reserves amounted to 12,997,390 tons, having an average value of 6.7 dwts., of which 10,578,940 tons, valued at 6.53 dwts., were available for stoping.

CAPITAL ISSUES.

This week's prospectuses have been varied and of less "gilt-edged" status than those of recent weeks. In these days, the appearance of a Canadian Government in the London market is rare enough to be noteworthy. That the issue by the *Government of the Province of British Columbia* was priced to give a yield of slightly over 5 per cent., reflected the fact that the stock was not of trustee character and that the Dominion Government's budgetary figures for the year ended March 31st last, were expected to show a deficit. A surplus of revenue is provided for, however, in the estimates of the current year. The offer of the *City of Wanganui (New Zealand)*, was destined entirely for the repayment of existing loans, raised chiefly in London. The borough, though the fifth city in New Zealand, has a present population of only 27,000, and a public debt, less sinking funds, of nearly £35 per head. The debentures are a ten-year maturity, giving a running yield of £6 7s. per cent. and a redemption yield of £6 9s. 9d. per cent. Of the week's two industrial issues, the preference offer of *Edmundson's Electricity Corporation* was designed to repay the Greater London and Counties Trust (which controls Edmundson's, and is controlled, in turn, by the Atlas Light and Power interests of America), for assets acquired in the British electric supply industry. The remainder of the purchase is being financed by a private issue of 5 per cent. debentures at 96½. The preference shares are well secured, but an anomaly appears to be suggested by the fact that, at their issue prices, the debentures give a running yield of £5 3s. 6d. per cent. and the preference shares a yield of no more than £5 14s. 8d. per cent. The *Telsen Electric Company* claims to be the largest manufacturer of radio apparatus in this country. It was founded in 1924, but its rapid progress has occurred only in the last two years. Its trading profits for the year ended May 31, 1930, were £9,840, whereas the directors estimate that profits for the year ending June 30th next will exceed £150,000. The prospective dividend yield of over 15½ per cent., free of tax, offered to subscribers at the issue price (which includes a premium of 200 per cent.), places the issue in the speculative industrial category. Particulars will be found below of three important emissions by way of Stock Exchange "Introduction."

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Total recorded, January 1 to May 14, 1932, excluding conversions, £143,129,971.
Total recorded, January 1 to May 14, 1932, including conversions, £271,764,656.

National Savings Certificates.
Net receipts, week ended May 21, 1932, Nil.

To the Public.	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
British Columbia (Government of the Province of) £1,500,000 5% Stock, 1957-1967, issued at 99%	1,500,000	...	1,485,000	75,000	1,410,000
City of Wanganui (Dominion of New Zealand) £121,400 6% Debts, at 96½% red. at par, June 1, 1942	121,400	...	117,151	6,070	111,081
Edmundson's Electricity Corporation, Limited, 1,250,000 6% Cum. Pref. £1 at 21½%	1,250,000	...	1,312,500	156,250	1,156,250
Bristol Gas £200,000 5% Maximum General Capital Stock in multiples of £10 at 94½%	200,000	...	189,000	20,000	169,000
Telsen Electric Company, Ltd., £60,000 £1 Ordinary Shares at £3	60,000	...	180,000	60,000	120,000
Total offered to the Public, week ended May 28, 1932	3,131,400	...	3,283,651	317,320	2,966,331
Madras Electric Supply 125,000 Ordinary Shares £1 at 25s.	125,000	...	156,250	15,625	140,625
Do., 125,000 5½% (Free of Income Tax) Preference Shares £1 at 22s.	125,000	...	137,500	15,625	121,875
North British Rayon £50,000 Conv. 5-year Notes £1 at par	50,000	...	50,000	5,000	45,000
Total offered to Shareholders only, week ended May 28, 1932	300,000	...	343,750	36,250	307,500

Total Offered for Subscription—Including Conversions. Excluding Conversions.

Jan. 1 to date—	£	£	£	£	£
1932	275,392,057	146,757,392	114,290,666	102,044,291	114,290,666
1931	77,802,976	67,833,527	454,888,784	267,800,700	454,888,784
1930	226,441,961	150,189,687	488,764,940	285,239,400	488,764,940
1929	178,424,788	152,441,834	693,100,056	369,058,073	693,100,056
1928	...	217,294,979	...	355,165,970	...
1927	...	187,587,311	...	230,782,600	...
1926	...	93,381,314	...	232,214,500	...
1925	...	90,164,485	...	209,326,101	...

† Includes £107,589,166, the whole amount of accepted tenders for 3% Treasury Bonds.

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—	£	£	£	£
1932	138,813,711	4,925,950	3,017,411	146,757,372
1931	57,081,924	822,786	9,928,817	67,833,527
1930	121,717,344	11,600,697	16,871,646	150,189,687
Whole year—	£	£	£	£
1931	74,835,599	6,911,859	20,296,833	102,044,291
1930	227,658,500	15,548,800	24,593,300	267,800,700
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	98,381,400	355,156,600
1926	145,180,000	39,393,200	46,209,500	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	5,198,750	...	5,418,423
Total, week ended May 28, 1932	Nil	...	Nil
Total to date, 1932	5,198,750	...	5,418,423
Total to date, 1931	6,297,383	...	6,621,940

Public Offers.

Government of the Province of British Columbia.—Issue of £1,500,000 5 per cent. stock, 1957-67, at £99 per cent. The stock will be redeemed at par on May 1, 1967, but the Government will have the option of redemption at par on May 1, 1957, on three months' notice. The stock is issued under the authority of the Inscribed Stock Act and is payable, principal and interest, out of the consolidated revenue fund of the province. The proceeds will be applied in refunding Treasury bills. The net debt of the province is \$118,586,751, and the estimated population 728,000. The estimates for the fiscal year ending March 31, 1933, provide for a small revenue surplus.

City of Wanganui 6 Per Cent. Loan.—Issue of £121,400 in debentures to bearer of £100 each, at £96½ per debenture, repayable at par on June 1, 1942. The issue is a direct obligation of the city, and is also secured by a special rate of 1½d. in the £. A sinking fund of 3 per cent. per annum will be provided. The proceeds of the issue will be utilised in repayment of existing loans. The city has a population of about 27,000, and a capital value of £8,731,490, and had a public debt of £1,117,934 on March 31, 1931.

Edmundson's Electricity Corporation.—Issue of 1,250,000 6 per cent. cumulative preference shares of £1 each, at 21½s. per share. The company was formed in 1897, and controls or is financially interested in 66 electricity supply undertakings. Net profits for the last five years, from 1928, were £164,180, £163,046, £215,946, £272,074, £302,285, before charging debenture interest and income tax. The present loan capital is £1,365,000, and a further amount of £1,000,000 is to be

issued. Profits for the year ending March 31, 1932, after deducting interest and sinking fund on the debenture stock issued and agreed to be issued and the fixed interest of £170,800 on the 7 per cent. preference shares outstanding, are more than sufficient to cover the fixed dividend on the present issue. The proceeds of the issue will be applied towards payment of the cash consideration for new assets acquired.

Telsen Electric Company.—Offer for sale of 60,000 shares of £1 each at £3 per share. The business of manufacturing electrical equipment was incorporated into a private company in 1926, and recently into a public company. The average number of employees in 1931 was 2,400. The directors estimate that the profits of the company for the year ending June 30, 1932, will amount to £150,000. A dividend of 10s. per share, tax free, for the current financial year is anticipated. Trading profits for the past three years, before charging directors' remuneration or providing for taxation, were £9,438, £9,840 and £43,861, respectively. A dividend at the rate of 400 per cent., tax free, was paid in respect of 1931 on the then share capital of £10,000.

Reading Gas Company.—Issue by tender of £60,000 5 per cent. redeemable preference stock (1960), minimum price £98 per £100 stock. The stock is redeemable at par on July 1, 1960. The proceeds of the issue are required to meet the cost of additional manufacturing plant necessitated by the continual development of the company's business. The number of consumers has risen from 17,285 in 1911 to 28,050 in 1931. No profit figures are given.

Lewes Gas Company.—Offer for sale by tender of £10,000 5 per cent. perpetual debenture stock, minimum price, par. Net profit for the year ended December 31st last was £5,314, covering interest on the loan capital, including the present issue, more than seven times. The company was established in 1822. The number of consumers on December 31st last was 3,431.

Stock Exchange "Introductions."

Colony of Jamaica.—Jamaica Government 4 per cent. inscribed stock, 1952-62. This stock is being issued by the Crown Agents for the Colonies as part of a loan of £500,000 to meet the cost of road works in the colony. Trustees are authorised to invest in this stock. The Colonial Government has already raised locally £146,612 of the sum, and £200,000 has been sold to the market at 94 per cent., the remainder having been placed privately on the same terms. The principal will be repaid at par on June 1, 1962, or at the option of the Government at par on or after June 1, 1952, on six months' notice. The loan is secured on the general revenue and assets of the Government of Jamaica.

Durham County Water Board.—Particulars of an issue of £400,000 4½ per cent. redeemable stock, 1957. The proceeds of the issue are required *inter alia* to repay short-term loans raised in connection with the construction of the Burnhope Reservoir. The stock is to be sold to Messrs Cohen Laming Hoare and Messrs Foster and Braithwaite at 94½ per cent. net. The stock will be redeemed at par on May 31, 1957. The population served by the board is over 370,000.

London and Lomond Investment Trust.—Particulars of an issue of £250,000 5 per cent. debenture stock, 1957-62, repayable at par on June 1, 1962, or at the company's option at any time after June 1, 1957, on three months' notice. Of the £250,000 of stock, the company has issued and there is now outstanding £80,750. Such stock was issued for cash at 95 per cent., plus brokerage of ½ per cent.

OIL OUTPUTS.

SERVICE PETROLEUM COMPANY, LTD.—Returns from Romano-Africana S.A.R. show the production from the company's oil wells at Gura-Ocnitzi, Moreni and Ceptura for the week ended January 31, 1932, totalling 3,812 tons (26,684 barrels); for the week ended February 7, 1932, totalling 3,881 tons (27,167 barrels). Production from the company's oil wells for the week ended February 21, 1932, totalling 3,512 tons (24,584 barrels). Production from the company's oil wells for the week ended February 28, 1932, totalling 3,306 tons (23,142 barrels). Production from the company's oil wells for the week ended March 13th, 1932, totalling 2,947 tons (20,629 barrels). Production from the company's oil wells for the week ended March 27, 1932, totalling 2,497 tons (17,479 barrels). Production from the company's oil wells for the week ended April 3rd, totalling 2,363 tons (16,541 barrels). Returns from Romano-Africana S.A.R. show the production from the company's oil wells for the week ended April 10th totalling 2,318 tons (16,226 barrels). Returns from Romano-Africana S.A.R. show the production from the company's oil wells for the two weeks ending April 17th and 24th, totalling 2,284 tons (15,988 barrels) and 2,168 tons (15,176 barrels) respectively. Returns from Romano-Africana S.A.R. show the production from the company's oil wells for the week ended May 8, 1932, totalling 1,896 tons (13,272 barrels). Returns from Romano-Africana S.A.R. show the production from the company's oil wells for the week ended May 15, 1932, totalling 1,699 tons (11,893 barrels).

COMPANY MEETINGS, &c.

CENTRAL MINING AND INVESTMENT CORPORATION, LIMITED.

SATISFACTORY POSITION MAINTAINED.

GRATIFYING RESULT OF INVESTMENT VALUATION.

SPANISH RAILWAY INTERESTS.

SOUTH AFRICA AND THE GOLD STANDARD.

RAND MINING ACTIVITIES.

COMPANY'S OIL INTERESTS.

SIR EVELYN WALLER'S SURVEY.

The twenty-seventh ordinary general meeting of the Central Mining and Investment Corporation, Limited, was held, on the 25th instant, at No. 1 London Wall Buildings, London, E.C.

Sir Evelyn Waller, K.B.E. (chairman of the company), presided. The Secretary (Mr R. A. Macqueen) having read the notice convening the meeting, and also the auditors' report,

The Chairman addressed the meeting as follows:—
Ladies and gentlemen, with your permission, we will, as usual, take the report and accounts as read. (Agreed.)

The accounts submitted for your approval to-day show that the corporation has maintained a position which will, we think, be regarded as satisfactory, in view of the continued and pronounced decline in commodity and security values, and the profound unsettlement of markets during the past year. The depreciation of investments resulting from these conditions and affecting almost every category of security is an experience we have suffered in common with all investors, but, on the other hand, we have the fact that some of our South African holdings stood in our books at prices below market prices at the end of December. The board has given a good deal of thought as to the method in which the accounts should be presented in order to give shareholders the clearest possible picture of the corporation's position, and we have decided that this can best be achieved by presenting what is known as a "valued" balance sheet.

VALUATION OF THE INVESTMENTS.

We have always given detailed information in our balance sheets of the classification of the corporation's various holdings, which have been entered at, or under, market prices at the end of each financial year. In the balance sheet now before you, shares and investments have been entered at market prices on December 31st last in all cases in which market quotations were available. Shares quoted only in South Africa have been valued on the basis of market price with, as a measure of prudence, the addition of only one-half of the exchange premium ruling at the end of the year. Interests having no market quotation have been entered at directors' valuation, those located in South Africa being valued without regard to the exchange premium. Our liabilities to others in South African currency are balanced by our cash in South Africa and amounts due to us there. Consequently, in order to avoid inflating both sides of the balance sheet unnecessarily, these items have been treated as the equivalent of sterling.

As you will see from the accounts, the result of the revaluation at December 31st last, subject to the remarks I shall make later regarding the Anglo-Spanish Construction Company, Limited, is that there is a surplus on the valuation of £79,098. This surplus is shown as an addition to the reserve fund, which, after adding £200,000 which it is proposed to transfer from the year's profits, will amount to £729,098. In view of prevailing conditions the position disclosed will, I feel, be gratifying to you, as it is to the board. In future, valuations will be made at the end of each financial year on the lines I have mentioned, and the resulting appreciation or depreciation will be reflected in the reserve fund.

I might add that a further reserve is represented by the low valuation placed on certain unfloat assets, pending their development. For example, we carry at a nominal figure the mining claims owned by the Corporation on Farm Vogelstruisbult No. 36 in the Far East Rand. I shall refer to the proposals for turning these claims to account in the course of my remarks.

There are certain other points in the balance sheet to which I should like briefly to call your attention. The reserve fund, as I have indicated, now stands at £729,098, and the depreciation reserve account figures at £996,720, after definitely writing off £143,280 already reserved against shares in a subsidiary company. As regards the liquid position of the corporation, you will have noticed that our holdings of British Government Treasury bonds and bills, and our cash with bankers, reflect even greater strength when compared with last year. Our shares, interests, and investments totalling £3,472,516 correspond almost exactly with last year's book value.

PROFIT AND DIVIDEND.

Resulting from the method of preparing the balance sheet which I have just described, the profit and loss account will now show on the credit side our annual income from dividends and interest and the balance of profits and losses actually realised on the sale of investments and securities. On the debit side there will appear our ordinary administrative and other expenditure, Dominion income tax, and French fiscal taxes. The balance that can then be carried to appropriation account will determine the dividend policy in each year, subject to the allocation of such amounts as it may be considered desirable to transfer to reserve. For the year ended December 31st last the balance of net profit so arrived at amounts to £445,552. Our dividend income, as would be expected, was lower, and our receipts on interest account suffered owing to the inability of the Anglo-Spanish Construction Company, Limited, to meet interest on its loan from us.

On the other hand, as mentioned in the directors' report, advantage was taken of an opportunity which presented itself to realise at a satisfactory price a portion of one of the Corporation's commercial interests in South Africa. Subject to your approval, it is proposed to pay a dividend of 6s. per share, less income tax at 4s. 6-93d. in the £, to transfer £200,000 to the reserve fund, and, after providing £16,500 for income tax, to carry forward £128,819, which is £101,552 greater than the balance brought in. In the uncertain times through which we are passing, and with the outlook far from clear, we feel that this prudent policy will commend itself to you.

SPANISH RAILWAY INTEREST.

In considering our assets in some little detail I feel it desirable that I should deal first with our Spanish railway interest, which continues to require from us the expenditure of much thought and time, both in London and in our numerous visits to Madrid, in order that your interests may be protected with all possible vigilance.

The position as it exists to-day is briefly but quite clearly set out in the directors' report. The important happening during the last five months has been the regular monthly release of the bonds to the total value of approximately 52,500,000 pesetas, which, you will remember, were deposited by the Government with the Bank of Spain in the name of the Anglo-Spanish Construction Company in January, 1931, but blocked for a period of twelve months. These bonds have now all been received in accordance with the provisions of the Government Decree, and are being realised slowly and with proper consideration for the state of the market. I am glad to say that, although there has been some depreciation in the value of the bonds during the period they were inaccessible, that depreciation has not been heavy.

As you are probably aware, exchange restrictions in Spain are very definite, and so far we have been unable to transfer funds.

The balance of approximately 54,000,000 pesetas owing to the Santander-Mediterranean Company by the Spanish Government for work completed remains unpaid, but it is, to my mind, unthinkable that there should be any ultimate failure to meet their definite and admitted obligations on the part of so great a country as Spain. That country to-day is going through a most difficult period politically and economically. It is faced, as so many countries are, with a considerable deficit in its Budget, and the prices of its chief commodities reflect present world conditions. There are, however, indications that the country is gradually working towards political stability, and there are signs, especially in the south, of a good harvest. If these two factors, political and economic, develop really favourably, it is quite conceivable that the position of Spain and its currency will stand out favourably in Europe as a whole. You will realise at once, when considering the large amount of Spanish currency that is involved, how great is the beneficial effect of even a moderate improvement in the exchange value of that currency upon the value of our investment. But the first and greatest need would appear to be a stable Government, able and willing to govern, and my view of our Spanish investment is that much time, persistent application, and great patience are still required before we can hope to arrive at an estimate of the final value, and, consequently, to-day we are unable to say whether the amount reserved in our accounts will eventually prove to be more or less than sufficient.

POLITICAL PROPAGANDA.

Certain acts of the Dictatorship (and the granting of this concession to the Santander-Mediterranean Company was one) have, unfortunately, been used for some time past for political propaganda. The adverse references to this railway concession, so far as I have read, or heard them in Madrid, are of the vaguest character and, I understand, have no kind of foundation in fact. But, in any case, that particular aspect of the affair has nothing whatever to do with our subsidiary, the Anglo-Spanish Construction Company, which financed a definite contract to construct a railway, and with the strong financial backing of our Corporation that contract has been faithfully carried out by the Spanish company. The standard of construction is at least equal to that of any other railway in Spain, and the construction cost to the Spanish State compares very favourably with any similar work carried out during the same period. I would add here, as a matter of interest, that the Spanish company has found it necessary on several occasions during the present and the preceding regimes to have recourse to the Supreme Tribunal, the highest Court of Appeal in Spain, in connection with taxes, impositions, and Government levies which, in the company's opinion, were in conflict with its clearly defined rights under the Concession. On every occasion the Supreme Tribunal has upheld the company's case and clearly demonstrated the validity and legality of the Concession and of the company's interpretation of its rights thereunder.

We are greatly indebted to the board of the Santander-Mediterranean Compañía del Ferrocarril Estratégico, and in particular to Señor Don Ramon de Aguinaga, its president, Señor Don Jose de Aguinaga, who is in charge of exploitation, and to our own legal adviser in Madrid, Señor Don Eduardo Cobian, for the zeal with which our interests are served.

SOUTH AFRICAN INTERESTS.

I will now turn to our South African interests. The consulting engineer's report on our goldmining and other holdings, attached to the directors' report, deals fully with the technical achievements accomplished during the year and with the operations of each individual mine; it is therefore unnecessary for me to refer to them in further detail.

From the point of view of the gold mines of the group, the salient feature of 1931 was the adequate supply of native labour available for the second year in succession, which enabled the scale of operations to be increased in both the tonnage of ore milled and the development footage driven. In general, the year's work shows a small but definite improvement in efficiency, which, in view of the very high degree of efficiency already obtained, reflects the greatest credit on our South African organisation.

GOLD STANDARD QUESTION.

The Rand Refinery continued to handle the output of the Witwatersrand gold mines, and with the exception of a comparatively insignificant amount consigned to London all the refined gold was sold to the South African Reserve Bank. As a result of Great Britain departing from the gold standard in September last, and South Africa remaining on gold, it became necessary to reconsider

the agreement for the sale of gold to the Reserve Bank, and a fresh arrangement, making provision for the new conditions, was made with that bank. As you are aware, this question of the maintenance by South Africa of the gold standard at the old parity is one of first-class importance to the shareholders in the goldmining companies, and, as is natural, it has been widely debated and discussed in the Union House of Assembly and the country as a whole. The matter was referred to a Select Committee, upon which, for reasons given at the time, the South African Party had declined to sit. The announcement, therefore, which appeared yesterday to the effect that the Committee had recommended the Government to adhere to its policy was anticipated.

The views of the goldmining industry, as expressed by the Chamber of Mines, that the interests of the country and of the industry would be best served by abandoning the present gold standard and linking South African currency with sterling are well known. The extraordinarily fortunate position in which the Union of South Africa is placed as the producer of approximately 52 per cent. of the gold output of the world is so self-evident that it is unnecessary to recapitulate the reasons which have combined, in my mind, to lead conclusively to this standpoint. I would, however, like to make the following brief observations.

ADVERSE EFFECT OF ADHERENCE TO GOLD STANDARD.

First, it seems to me to be unfortunate that what is an essentially common-sense economic question should have been allowed to become, as it has, a matter of political party controversy (hear, hear)—and, secondly, it is an even greater misfortune that the unique opportunity is being missed of obtaining the increased price for the product of an industry upon which the whole country so greatly depends. I venture to put forward this view, not only because the policy of abandoning the gold standard at the old parity would lead to increased revenue for the mines, but also because it would ensure the lengthening of the life of the whole industry. It has been shown, I think, beyond doubt in a wealth of evidence put before the South African Government that there is no justification for fearing any material increase in working costs. Therefore, vast quantities of ore, now classed as unpayable or on the borderline of payability, would become payable, and the development of new areas would be accelerated, thus increasing employment, both directly and indirectly, to the benefit of the whole community. Unfortunately, the converse of this picture is equally true. By remaining on the gold standard at the old parity the export trade of the country and business conditions internally have been very grievously affected. In order to balance the country's Budget, higher taxation, direct and indirect, was rendered necessary, and the mining industry was called upon to bear a share of the increased burden. Any increase in costs must inevitably tend to shorten the life of the industry.

I still feel that the Government of the Union of South Africa must realise before long that it is endeavouring to carry a burden that puts far too great a strain upon the resources of its people, and that devaluation of its currency should and ultimately will be adopted.

NEW MINING AREAS.

As you will have seen from the directors' report, we are participating in opening up two new mining areas in the Far East Rand. The first area, to be called the Vogelstruisbult Gold Mining Areas, comprises Government ground on the southern portion of the Farm of the Farm Grootfontein, in extent approximately 950 claims, and a portion of approximately 2,575 claims on the Farms Vogelstruisbult and Grootfontein, which have been held for many years by our corporation, the Rand Mines, and the New Consolidated Gold Fields. The second area, to be called Daggafontein East, consists of the remaining portion of the Government ground on the Farm Daggafontein, in extent approximately 2,470 claims. The mining and geological evidence available justifies our belief that these areas should develop into profitable enterprises in the course of the next few years.

Apart from gold-mining in South Africa, our other interests referred to in the consulting engineer's report consist mainly of holdings in Transvaal Consolidated Land Company, Witbank Colliery, Pretoria Portland Cement Company, Cape Portland Cement Company, and Hume Pipe Company. General economic conditions in South Africa have naturally affected their well-being to some extent, but, in the circumstances, they have made fair profits.

Our interest in the Potosi Tin Mine in Bolivia has failed to return us a profit during 1931, due to the low price of the metal that has prevailed. We see no reason, however, to alter our view that this mine should develop satisfactorily and produce tin at a cost which will show a good profit when the price of the metal returns to a more normal figure.

The Amalgamated Metal Corporation, Limited, in which our holding is substantial, has had to face a period when business in non-ferrous metals has been, for most of the year almost stagnant, and when prices have steadily fallen. In these circumstances the earnings may be regarded as satisfactory, and they give promise that in more normal times they will make a good showing.

OIL INTERESTS.

As regards your oil interests, you will remember it was stated at last year's annual meeting that the oil industry generally was passing through a difficult period in consequence of the excess of production over consumption, due very largely to depressed trading conditions in most countries of the world. Unfortunately, these adverse conditions were further accentuated during the year under review, with the result that the prices of oil products fell progressively to lower levels. Not only did prices fall, but the contraction of markets led to still fiercer competition. In such a situation it seems to me that a policy of co-operation among oil producers is eminently desirable, and that "rate wars" and such like methods should be discarded.

To come to our own particular oil concerns, Trinidad Leaseholds, Limited, more than maintained the volume of its business during the financial year ended June, 1931, as compared with the preceding 12 months, but profits were lower on account of reduced prices. In its current year the company has continued to maintain approximately its volume of business, but the lower prices received for its products have been more than offset by further reductions in working expenditure and by the exchange premium since last September on sales effected on a dollar basis. It is expected, therefore, that the full year's results will show a considerable improvement over those of the previous year. An interim dividend of 5 per cent. was recently declared, accompanied by the statement that a similar final distribution would be recommended if conditions remain as at present.

"REGENT" PETROL.

I might mention that since the advent to power of a National Government the desire of the British people to buy "British" wherever possible has strongly manifested itself and has materially helped the company to establish firmly in the English market its brand of petrol known as "Regent," which, in addition to its Empire origin, is second to none in quality.

Satisfactory results have already been obtained in the Cumarebo area now being developed by the Standard Oil Company of Venezuela (a subsidiary of the Standard Oil Company of New Jersey) under the agreement concluded at the end of 1930 with the North Venezuelan Petroleum Company. A number of successful wells have been brought in and the first shipment of oil is about to be made. The North Venezuelan Petroleum Company recently entered into a further agreement with the Standard Oil Company of Venezuela, whereby that company undertakes to drill 20,000 ft. in order to test four additional areas.

The Tocuyo Oil Company of Venezuela has continued to meet with disappointment in its drilling programme, and it has been found impossible to maintain production at even last year's low figure. The present field does not appear to hold out any great hope of successful development, but as indicated in the directors' report the North Venezuelan Petroleum Company has agreed to give the Tocuyo Company the opportunity of participating with them in the development of other areas.

The difficult business conditions which have prevailed throughout the period under review have naturally adversely affected the results of Bernhard, Scholle, and Company, Limited. In common with other institutions of a similar nature, the scope for profitable business has become increasingly limited, while heavy depreciation has had to be provided for in respect of its holdings. Drastic economies have been effected and expenditure will be limited to the lowest possible figure commensurate with the proper safeguarding of the assets of the company. I might mention that ample provision has been made, as far as can be foreseen, in the corporation's accounts for actual depreciation of the value of this holding.

THE DIRECTORATE.

During last year Sir Sothern Holland carried into effect a wish to retire from the chairmanship of the corporation, and the board had no alternative but to accept his decision with very real regret. Sir Sothern first joined the board in 1916, and occupied the chair after the retirement of his predecessor, Sir Lionel Phillips, in 1924. We are delighted that Sir Sothern by retaining his seat on the board will continue to give us that business and personal association which we all greatly value. (Hear, hear.)

My colleagues honoured me by appointing me as their chairman.

If you will permit one personal remark, it is this—that having spent my business life mainly in South Africa in the service of this corporation and its predecessors, Werner Beit and Company, you will readily understand how deeply I appreciate that honour. (Hear, hear.)

In fulfilment of the intention expressed by the chairman at the last annual meeting, Monsieur J. Aguilon and the Baron de Sigalas were appointed directors in June last, and we welcome their accession to the board. (Hear, hear.) We are glad to welcome Monsieur Aguilon here to-day.

OUTLOOK FOR CURRENT YEAR.

In concluding the annual review of your affairs, it has been usual to try to give some indication of results in the current year. On this occasion, in face of the existing world conditions, I feel you will agree that it would be unwise to attempt any forecast. I believe that there is some justification for a modest amount of optimism as regards the situation in this country, but the international position at present unfortunately shows no signs of improvement. I am not going to take up your time with a digression on world affairs, because so much is written and spoken daily for general consumption. We can but trust that at the forthcoming conferences at Lausanne and Ottawa a real start will be made on the solution of certain fundamental problems that must be solved before a general world forward movement can take place.

The interests of the corporation are widespread, and you will have realised that a substantial portion of our investment portfolio consists of holdings in the gold mines of the Rand and in the oil industry. These investments, accompanied as they are by considerable strength in holdings of British Government short-term securities and cash, place the corporation in a sound position.

The really effective method of looking after your interests in the various countries is, we feel, only to be obtained by the closest possible personal contact with those in charge of them on the spot. (Hear, hear.) With that in mind, your directors and chief officials continue to pay their visits to the parts of the world in question.

TRIBUTE TO EMPLOYEES.

Your organisation is a large one, and the board is very keenly appreciative of the loyal and most excellent service that the employees of the corporation are rendering wherever they are situated. We feel that you would wish to join in sending them a message of thanks, of encouragement, and of good will. (Hear, hear.)

I now beg to move:—"That the report and accounts for the year ended December 31, 1931, as printed and circulated among the shareholders, be and they hereby are received, approved and adopted; and that the payment of a dividend of 6s. per share, less United Kingdom income tax at 4s. 6d. in the £, to shareholders registered on the books of the company at the close of business on May 17, 1932, and to holders of Coupon No. 37 attached to share warrants, in respect of the year ended December 31, 1931, be and the same is hereby sanctioned," and I shall ask Mr Rogers to second the resolution. (Applause.)

Mr A. W. Rogers seconded the resolution.

After the Chairman had replied to a question, Mr J. Nissim said he was pleased to observe the improved position of the corporation. Referring to South Africa's determination to adhere to the gold standard, he said that economic forces might prove too strong for it to continue its present policy.

The motion was then put to the meeting and carried unanimously.

Mr F. R. Phillips, M.C., proposed the re-election of Sir Evelyn Wallers, Monsieur J. E. Aguilon, Mr John Martin, and Baron de Sigalas, the retiring directors. Sir R. Sothern Holland, Bt., seconded the motion, which was unanimously adopted.

On the motion of Mr W. T. Anderson, seconded by Mr H. S. Mingard, Messrs Cooper Brothers and Company were reappointed auditors of the corporation until the next ordinary general meeting. The proceedings then terminated.

OFFER TO NEW READERS.

Any reader who makes his first acquaintance with this journal with this week's issue is invited to fill up the attached: To Publisher, "Economist Newspaper Ltd.,"

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GRESHAM LIFE ASSURANCE SOCIETY, LIMITED.

CONTINUED PROSPERITY

GROWTH OF SOCIETY'S INCOME

LIFE POLICIES AS INVESTMENTS

The eighty-third ordinary general meeting of the Gresham Life Assurance Society, Limited, was held, on Tuesday, May 24th, at the chief offices of the society, 188-190 Fleet Street, London, E.C.

Sir Reginald MacLeod (of Macleod), K.C.B., the chairman presided.

The General Manager (Mr Alex. Lawson) having read the notice convening the meeting and the report of the auditors,

The Chairman said:—Gentlemen, The report and accounts are before you, and I assume that as usual you will be pleased to take them as read. (Agreed.)

When I had the pleasure of addressing you last year I referred with some anxiety to the severe depression which had become apparent, not only in Great Britain, but in almost all parts of the globe. I do not think that any of us at that time envisaged the financial and economic crisis through which we have since been passing and from which the world has unfortunately far from recovered.

I do not propose to enlarge now on the general situation and its remedial measures, inasmuch as these have already formed the subject of many speeches by our eminent economists; let it suffice for me to say that unless means are rapidly found to restore the circulation of money and to re-establish international confidence and commerce, there is little hope of recovery for those nations which are now tottering under the weight of an intolerable burden of indebtedness, and the return to general world prosperity will be indefinitely delayed.

It is my privilege to-day to present to you our eighty-third annual report, and in so doing I would remind you that, although the society has long ceased to transact business in Germany, Austria and Hungary, and other Central European States most affected by the present crisis, its ramifications are still widespread. It is not unnatural, therefore, that the upheaval which has taken place should have, to some extent, influenced our new business returns. In certain foreign countries a proportion of our business has always been effected on a sterling basis, and the departure of Great Britain from the gold standard has adversely affected our figures.

I am glad to say, however, that in spite of unfavourable conditions, 4,971 life and endowment policies were issued during the year, assuring the sum of £2,089,920, with a net new premium income—i.e., after deduction of reassurances—of £103,264.

In addition 33 leasehold policies were issued for an amount of £22,656, with premiums of £8,482.

The new business figures are somewhat below those of last year, but, in the circumstances, may, I think, be regarded as satisfactory.

We received during the past year a sum of £15,009 as consideration for annuities granted, representing an ultimate annual payment by the society of £2,005.

On the other hand, owing to the death of 93 annuitants, the society has been relieved from payments to the extent of £3,083 per annum.

The total premiums received amounted to £915,417, inclusive of single premiums of £4,729, this being a slight increase over the figure for the previous year.

The interest, less tax, amounted to £405,446, as against £394,435 in 1930.

The income of the society from all sources was £1,339,768, showing an increase of £25,467.

The death claims, together with bonus additions, absorbed a sum of £235,133, as against £211,205 in the previous year, and although the total is somewhat larger than in 1930, I am glad to report that the rate of mortality is still highly satisfactory, being about 74 per cent. of the amount expected according to the table used in the valuation. This low rate is continued evidence of the care exercised by the management and their medical advisers in the selection of risks.

The claims under matured policies were £320,676. This is also in excess of last year's figure, but represents no additional strain on the society's funds as full provision has been made for these payments.

The total assets of the society increased during the twelve months under review by the satisfactory sum of £385,640, and now amount to £8,780,399.

The past year has been one of very considerable anxiety to all those who are entrusted with the investment of large funds, and at no time within recent years have security values been subjected to so severe a test as at December 31, 1931—a test which, to a large extent, is artificial, in that the market quotations at that date bore little relation to the intrinsic values of the actual investments.

I am pleased, however, to be able to report that a valuation of the society's assets, and with Stock Exchange securities based upon the market quotations and the rates of exchange ruling as at December 31, 1931, results in only a small depreciation—approximately 1 per cent. in the aggregate value of the assets as they stand in the society's books.

The rate of interest earned upon the society's funds was £4 19s. 11d per cent. after deduction of income tax. This rate is only fractionally below that of the previous year, and, having regard to the increased taxation, may, I think, be considered as most satisfactory.

The expense ratio for 1931 was 23.93 per cent., as against 24.62 per cent. for the previous year. The question of expense is one which receives our continual attention; but I would like to remind you once again that the society's operations extend to many foreign countries where the cost of production and administration exceeds that to which we are accustomed in this country. Provision for these increased charges is, however, made in the rates of premium we apply.

The surrenders, as also the loans granted on policies, show a considerable increase over the similar items for the previous 12 months. This is of course a sign, and a sad one, of the hard times through which we are passing, and, while the feature is one upon which no life insurance company can look with favour, it furnishes other forms of investment can depreciate and may even be unsaleable in an emergency, an insurance policy is free from fluctuations and is always available as collateral. It would be difficult, in fact, to find any other form of thrift combining this great advantage with its essential purpose of protection and provision for old age.

I should perhaps refer to the position of our policyholders participating in the profits of the society. The quinquennium ends on December 31, 1934, and whereas it would be imprudent, under existing conditions, to offer a view as to the future, there is at any rate scope, I think, for cautious optimism. The first two years of the quinquennium, as well as the first four months of the present year, have yielded both a satisfactory rate of interest and an excellent mortality experience, and, given at least some improvement in the international situation, there is no reason why we should not look to the further results with confidence. Meanwhile the annual bonus being received under policies maturing by reason of death or on the occasion of our last division of profits, varying from 35s. to £3 per cent. on the sum assured according to the duration of the policy.

The year has been anxious and difficult, involving more than ordinary strain on the staff, both at head office and at branches, which they have borne with good will and efficiency. The board appreciate the great services rendered by Mr. Alexander Lawson the general manager (now one of their number), and they have pleasure in placing on record their confidence in Mr. John H. Stebbing, now manager and secretary, and the other officers of the society, who have continued to render conspicuous services. (Hear, hear.)

I now beg to move:—“That the directors' and auditors' reports be approved and adopted,” and I will call on the deputy chairman to second that resolution.” (Applause.)

Mr. Courtenay C. S. Fooks (the deputy chairman) seconded the resolution, which was carried unanimously.

Orders for the publication in these columns of the reports of Company Meetings should be addressed to the Reporting Manager of THE ECONOMIST, 8, Bowyer Street, Fleet Street, London, E.C.4.

COMMERCIAL UNION ASSURANCE COMPANY, LIMITED.

STRONG POSITION—DIVIDEND MAINTAINED.

The seventieth annual general meeting of this company was held, on the 24th instant, at 24 Cornhill, London, Sir James Leigh-Wood, K.B.E., C.B., C.M.G. (the chairman), presiding.

The Chairman, in moving the adoption of the report and accounts, said that economic factors had again in 1931 adversely affected the operations of the fire department, the premium income of £6,316,215 showing a reduction of £458,101 as compared with the previous year. This perhaps was not surprising in view of the further and continued decrease in commodity values the world over, even disregarding the general downward trend of rates for fire insurance protection. The greater part of the reduction was sustained in the United States, where the effect of trade depression was probably felt in 1931 to even a greater extent than in the preceding year. They had transferred £250,000 to profit and loss account, which left the fire fund at £7,098,891, representing 112.4 per cent. of the premium income, compared with 110.6 per cent. at December 31, 1930.

The net premiums in the marine department at £733,757 showed an increase of £34,929, while the claims paid and outstanding amounted to £329,151. The transfer of £200,000 to profit and loss account left £52,600 to be added to the marine fund, which now stood at £1,246,949. This figure represented 169.9 per cent. of the premiums compared with 170.9 per cent. in 1930. The large volume of shipping tonnage at present lying idle was a factor likely to reflect itself to a considerable extent in the current year's figures, but as against this there would appear to be a hopeful, if slight, sign of improvement as regarded hull business.

In the accident department the premiums amounted to £7,845,606, a decrease of £812,851. The greater part of the reduction was due to the deliberate curtailment of their commitments in the United States, which had been the black spot, and was still the cause of much anxiety. It was with much satisfaction that he was able to report favourably on their business in the United Kingdom and the general foreign field. With the transfer of £190,744 from profit and loss account, the accident fund amounted to £5,578,011, being 71.1 per cent. of the premiums as compared with 67.3 per cent. at the end of the previous year.

LIFE DEPARTMENT.

In the life department they had issued 6,997 policies, assuring just under £4,400,000 gross and over £4,000,000 net. The premium income increased by over £73,000, and the total funds by over £1,000,000, and the expense ratio (including commission) decreased from 12.90 to 12.25. This was their bonus year, and all “with profit policies” effected this year would be entitled to share in the surplus of the quinquennium. At a time like the present prophecy was even more than usually gratuitous, but they had the results of the last four years before them, and he did not think he was being unduly sanguine when he said they were very encouraging.

The balance of profit and loss account at December 31st amounted to £558,085, and, in view of the fundamentally strong position of the funds of the company the directors had come to the conclusion that, although the results of the year's trading had been unfavourable on the whole, their decision to pay a dividend at the same rate as for 1930 (a total of £1 0s. 6d. per share for the year) was justified. The maintenance of the dividend on the present basis must, however, be dependent on world conditions beyond the board's control. It would be seen from the consolidated balance-sheet that the general reserve fund amounted to £4,260,649, increased by £160,649 represented by profits on realisation of investments and adjustment of exchange values. After making full provision for all liabilities, including adjustment of exchange and the payment of the dividend, the surplus funds amounted to £11,833,887. Including the share capital, £3,540,000, the amount was increased to £15,373,887.

It will be obvious that the revival of international trade is of paramount importance to our country at large, and to the great British insurance companies in particular, who through the ramifications of their business contribute so greatly to the invisible exports of Great Britain.

How to effect a recovery in international trade is engaging the attention of economists and politicians, and the remedies put forward are complex and, I fear, bewildering to many.

It is common ground that until there is a recovery in prices, thus restoring purchasing power to the countries engaged in producing raw commodities, there can be no beneficial result to the world at large. This cannot—at least so I believe—be achieved solely by artificial stimulation of credit or currency in any one particular country. And even though agreement be reached, the ultimate result must depend upon balanced budgets and control of currency in the countries concerned.

Sir Austin E. Harris, K.B.E., seconded the resolution, which was carried unanimously.

WHITEHALL ELECTRIC INVESTMENTS, LIMITED.

PROGRESS OF UNDERTAKINGS.

The tenth ordinary general meeting of Whitehall Electric Investments, Limited, was held, on the 24th instant, at Winchester House, London.

The Hon. Clive Pearson (the chairman), in the course of his speech, said: Our gross income amounts to £577,321, and out net revenue, after charging debenture interest and income tax, is £378,082. The preference share dividend absorbs £187,500, and the proposed dividend of 3 per cent. on the ordinary shares requires £150,000. This leaves to be carried forward a balance of £40,582, which, with the balance brought forward from last year, gives a total carry-forward of £159,008. The investments of your company as stated in the report of the directors may be divided thus: Controlled electrical undertakings in Athens, Leonin (Spain) and the West of England, £3,589,000; short-term electrical investments, £2,162,000; other electrical investments, £3,573,000, and non-electrical investments, £3,947,000—a total of £13,271,000. The value of the investments, namely, £10,358,000, shows a depreciation of 22 per cent.

In the West of England progress has been made with the programme of modernising and developing the various undertakings which we control and the work of changing over the distribution systems from direct current to alternating current is now nearly finished. The gross revenue of the operating companies shows an aggregate increase of 14 per cent. compared with 1930, and the units sold have increased from some 4,700,000 in 1930 to some 5,800,000 in 1931.

The Crediton Electricity Undertaking has recently been added to the properties, and since the issue of our report the undertaking at Budleigh Salterton has also been acquired. In Athens the Electricity Company has made good progress in carrying out its construction programme. The transmission system has been extended in order to cope with the general development of the company's business. The change-over of consumers to the new 230-volt alternating current system has been a work of considerable magnitude, involving the reconditioning of private installations, the changing of motors and apparatus, the installation of some 60,000 new meters, and the employment of some 3,000 men over a period of eighteen months. Sales of energy during 1931 reached a total of some 70,000,000 kw.-h., compared with some 57,000,000 kw.-h. in 1930, an increase of 22 per cent.

With regard to the Leonin Company in Spain, the new hydro-electric plant at Izbor, which will have an initial capacity of 10,000 kw. and an ultimate capacity of 15,000 kw., should be ready for operation before the end of the year. The number of units sold during the year was maintained at some 13,000,000, and when the new power becomes available we may look to an immediate increase in sales by this company. The short-term electrical investments, at £2,162,000 book cost, include the \$10,000,000 6 per cent. Note of South American Power Company, due for payment January 8, 1934.

Other electrical investments, at £3,573,000 book cost, divide as to some £1,500,000 in the securities and shares of various electrical companies giving us interests in electrical enterprises in many parts of the world, and as to some £2,000,000 in 8½ first preferred stock of American and Foreign Power Company. The dividend on the stock has been regularly paid up to January 1st of this year, but in April it was announced that no dividends were being paid owing to difficulties in converting the earnings into United States currency. The interruption of regular dividend payments on this stock is a considerable disappointment, but it arises from current exchange problems.

The non-electrical investments of a total book cost of £3,947,000 divide as to some £1,796,000 in Foreign Government and Corporation stocks, and as to some £2,150,000 in a general list of commercial and industrial holdings.

In general review of your company's position, I would say that the enterprises where we have the shareholding control all hold good promise for the future. The West of England properties give supplies to a number of growing towns on the coasts of Somerset and Devon, which together with the agricultural areas have a population of some 200,000. These properties are in the stage of early development, and I am confident that their earnings, which are low at present, will show satisfactory increments; the extension and reconstruction work of the past two years are now well forward, and will surely be followed by a growth in sales and earnings.

In final summary, our investments are dependent upon world conditions, and we cannot hope to be unaffected by the financial and economic difficulties of the day. The world is out of stride, and a forecast of what the future holds is an unprofitable venture, but on a long view we may be confident that any moderate recovery of industry will quickly react in favour of electrical enterprises.

The report and accounts were unanimously adopted.

ORIENTAL TELEPHONE AND ELECTRIC COMPANY, LIMITED.

JUBILEE YEAR—SPECIAL BONUS.

The thirty-eighth ordinary general meeting of the Oriental Telephone and Electric Company, Limited, was held, on the 20th instant, at the Great Eastern Hotel, Bishopsgate, London, Sir A. Henry McMahon, G.C.M.G., G.C.V.O., K.C.I.E., C.S.I. (chairman of the company), presiding.

The Chairman, in moving the adoption of the report and accounts, said: "When I had the pleasure of addressing you twelve months ago, I think we all cherished the hope that the remaining months of the year would bring some sign of improvement, and that it would have been possible for me to adopt a more optimistic tone in my remarks to you this year. Unfortunately, as you all know, these hopes were not fulfilled."

In these circumstances, I venture to think it is a matter for congratulation to all concerned that we are able to place before you such satisfactory results of the past year's working, and that, while so many other undertakings find themselves obliged to reduce or even to pass their dividends altogether, we are able not only to maintain our usual rate of 12 per cent., but also to make a small additional distribution to commemorate the jubilee year of this company's foundation.

The balance of the net revenue account, after charging £11,794 for depreciation, is £96,110 8s. 5d. Adding the amount brought forward from 1930—namely, £43,168 18s.—and deducting the interim dividends paid last November, there is a balance for disposal of £109,863 13s. 7d., as compared with £110,392 10s. for the preceding year, out of which your directors recommend the payment of a final dividend of 3½ per cent., less tax, on the preference shares; a final dividend of 8 per cent., free of tax, on the ordinary shares; the transfer of £5,000 to reserve; and, in addition, a payment of 2 per cent., free of tax, on the ordinary shares by way of special bonus on the attainment of the company's jubilee. This will leave £41,236 1s. 11d. to be carried forward to next year's accounts.

The chairman, having dealt with various items in the balance sheet, continued:—

The profit and loss account shows some falling off in the receipts from our own branches, as well as in those from our associated companies. On the other hand, charges in respect of working expenses and depreciation show a decline, so that under the former heading the net result is slightly better by some £200. Of the associated companies, the Bengal Telephone Corporation paid only 6 per cent. instead of the 8 per cent. paid for the two previous years, which means a reduction of £4,320 from that source; but the Bombay Telephone Company increased its dividend from 6 per cent. to 7 per cent., so that on balance the reduction is only £1,373. The other companies have paid the same dividends as for last year, and, except for small variations due to exchange, the amounts received from them are about the same.

With regard to income tax, however, a word of explanation is necessary. Income tax for 1930 amounted to £19,710. For 1931 it would have amounted to £21,095; but, as we were successful in establishing a claim for obsolescence in respect of the old manual equipment in Singapore now replaced by automatic plant, there was a relief to the extent of £6,585, and the net amount actually chargeable is reduced to £14,510. For the current year, however, this item is likely to revert to the 1930 figure, even if it does not actually exceed it. Your directors, therefore, have not thought it advisable to credit to the 1931 profit and loss account alone an item which is not part of the trading profit of that year and arises from quite an exceptional source which cannot be expected to recur for many years, especially as—as I have just said—tax obligations may possibly form an even more onerous burden in 1932. We are, therefore, carrying this amount of £6,585 to income-tax reserve, as shown in the balance sheet, and it will form a reserve to fall back upon in the future.

The Chairman next dealt with the working of their branches at Singapore and Mauritius, and of their associated companies in India and the East. Having followed this with a history of the origin and progress of the company from its inception to this, its jubilee year, he continued:—

From 1918 onwards, as not unfrequently occurs after a war, there followed a period of somewhat fictitious prosperity, during which the company and its associates naturally benefited. This was not, however, destined to endure. But if, of late, progress has not kept up with the pace then set, we may perhaps derive some comfort from the fact that this is not the first occasion upon which periods of depression have been encountered and have been successfully weathered, and in like manner, as these phases have passed away, so we may look to the passing of that which confronts us to-day and to the dawn of renewed prosperity.

The resolution was carried unanimously.

IMPERIAL CONTINENTAL GAS ASSOCIATION.

PROFITS MAINTAINED—TAXATION BURDEN.

The ordinary general meeting of the Imperial Continental Gas Association was held yesterday at the Great Eastern Hotel, E.C., the chairman, Sir Henry Birchenough, Bt., K.C.M.G., presiding.

After a sympathetic reference to the heavy loss suffered by the association owing to the death of the late chairman, Col. Le Roy-Lewis, Sir Henry Birchenough said that while the year under review had been one of trade depression, the association had held its own. The total quantity of gas produced by the companies in which the association was interested was 280,000,000 cubic metres, a negligible increase of 0.4 per cent., and the current produced totalled 1,652,000,000 kh., a decrease of 3 per cent. as compared with the preceding year, but the trading profits were approximately the same.

The most marked event in the past year had been the decision of the British Government to suspend the Gold Standard. Fortunately for the association, the countries in which it operated had all remained on the Gold Standard, so that the foreign earnings, in so far as they were available for remittance, produced more sterling. On the other hand, the subsidiary and associated companies had in hand large programmes of expansion, and in many cases it had been necessary to leave dividends and other payments with these companies to enable them to meet their commitments.

The Association was now mainly a holding company, and the Board considered that the subsidiary and associated companies should build up internal reserves of their own so that they might eventually stand upon their own feet. Thus, sums equivalent to £302,000 had been placed to depreciation and reserve during the year under review as compared with £175,000 in the preceding year. This showed that the conservative policy which had always constituted the strength of the Association was being steadily pursued. Eventually it was hoped that the subsidiary companies would be able to provide for their own increasing financial requirements by the issue of debentures locally. The Compagnie Continentale du Gaz in France had already embarked upon this policy, having issued frs. 30,000,000 of 5 per cent. debentures last October at a figure slightly under par.

He was pleased to be able to give the proprietors the gratifying information that as the result of months of arduous negotiation the Antwerp company had just concluded arrangements with the town of Antwerp, subject to the approval of the superior authorities, for the renewal of the gas supply for 30 years. This represented the continuance of a connection which they highly cherished, having been responsible for the supply of gas in Antwerp since 1840.

As regards the future, the chairman saw no reason why the Association should not do at least as well during the current year as during the preceding twelve months. He felt confident that the proprietors would support the policy hitherto pursued by the board—i.e., of paying dividends at as high a rate as prudence could sanction while providing sufficient appropriations to reserve to increase the capital value of the proprietors' holdings.

The market value of the Association's general investments at March 31st showed a comfortable margin over the balance sheet figure.

As no relief could be obtained from English taxation in respect of sums set aside for depreciation of plant and machinery ceded to subsidiaries, it was not proposed to make any addition to the reserves of the parent company for this year. Any sums placed to reserve by the parent company would be taxed here at the full rate, after suffering taxation by the country from which the profits originated. If, for example, the Association were to bring its total profits from Belgium, the total tax borne, British and Belgian, would amount to 8s. 8d. in the pound, and if from France 9s. 8d. in the pound. If, on the other hand, the subsidiaries themselves created reserves to cover depreciation and for the amortisation of their leasehold concessions, no British taxation liability arose upon them.

The Association was one of the worst sufferers from double taxation, and, unless steps were taken in this country to alleviate the burden, it might be necessary to consider selling part of its interests to foreign groups or even denationalisation. Some extension of the system of Dominion income tax relief to profits earned in foreign countries was, in the chairman's opinion, imperative if British enterprise was to receive adequate inducement to engage in foreign business.

The total profits of the Association's group of companies were £127,000 more than in the previous year. It would be seen, therefore, that there had been an increase, and not a decrease, although it must be recognised that a large part of the increase was due to exchange profit.

The report was unanimously adopted, and a final dividend of 7 per cent., less tax, making 10½ per cent. for the year on the doubled capital, was approved.

CROWN MINES, LIMITED.

(Incorporated in the Union of South Africa.)

SOUTH AFRICA AND THE GOLD STANDARD.

DR. SAMUEL EVANS'S REVIEW.

The thirty-sixth ordinary general meeting of shareholders was held in Johannesburg on April 28, 1932.

The Chairman, Dr. Samuel Evans, in the course of his speech, said:—We are continuing to break records, and that the 1931 results were in most respects better than those of 1930. This is in the main attributable to the fact that we had all the labour we required throughout the year.

There has been no material change in our mining property during the year under review. We had at the end of November last 2,539 intact Main Reef Leader claims and 2,830 intact South Reef claims as compared with 1,979 claims on both reefs at the time of the amalgamation in 1909. That is, we have more intact reef-bearing claims to the extent of 560 on the Main Reef Leader and 851 on the South Reef than we had when the amalgamation took place. In this connection I would direct your attention to the statement in the directors' report that included in the capital expenditure last year is the final annuity to the Union Government in respect of the undermining rights leased in 1916, so that all the additional claim area acquired since the amalgamation has been paid for, and we have no further liabilities on that account. It has, of course, to be remembered that the ore in our present intact claims is at a greater vertical depth than the average depth of the ore in the intact claims of the company at the time of the amalgamation; but our past experience shows pretty conclusively that the chances of exposing good ore in our intact claims are just as favourable as they were twenty-five years ago. In fact, we have been getting good values from deep level areas, which were considered in 1908-09 as not likely to contain anything but low grade ore.

CAPITAL EXPENDITURE.

The main consideration which led to the formation of the Crown Mines was the realisation of the fact that Rand ore of average value could not be profitably worked at great depth except by means of large-scale production. That necessitated heavy capital expenditure. At the time the amalgamation was under consideration in 1908-09, and for a few years afterwards, the Rand gold mining industry was attracting capital from abroad. In 1909, for instance, fresh capital amounting to over £9,000,000 was raised for the development and equipment of new mines and for the reconstruction and extension of existing mines. Conditions generally were then favourable, working expenses were low, and it was believed that the formation of the Union would lead to economies in the cost of government and the cost of railway transportation, and would render possible the profitable exploitation of extensive areas of low-grade ore. As a consequence, our company was enabled at the outset to secure the funds necessary to increase and modernise its plant, to exploit its claim area on an extensive scale, to sink shafts to vertical depths of from 3,000 to 6,500 feet, and prove the value of the ore bodies at points on the dip of the reefs several thousands of feet distant from the then workings. That accounts in no small measure for the success so far achieved by the Crown Mines. Unfortunately, after Union, the excessive taxation and other policies pursued by the Government rendered this industry unattractive to capital, and I hardly think that the Crown Mines would have been formed had the existing conditions prevailed in 1908-09.

Our revenue for the year totalled £4,232,953 7s. 4d., as compared with £4,016,756 in 1930.

You will note that although our dividend last year was higher than that of any year since 1924, we also carried forward a larger unappropriated balance than that of any year since 1925.

TAXATION BURDEN.

Taking everything into account, including the recent increases in direct and indirect taxes and railway rates, the burden imposed on us by the Government is well over 45 per cent. of the company's capital. In the case of wealthy shareholders, it is much heavier as they have to pay the Union super tax on the return of capital included in the amount they receive as dividend. I have dealt very fully with these matters on previous occasions and shown how harmful the excessive taxation and other policies of the Government have been, not only to the gold mining industry, but to the country as a whole, particularly the agricultural community.

GREAT BRITAIN AND THE GOLD STANDARD.

The outstanding event of 1931 was the suspension of the self-regulating gold standard by the United Kingdom. What England

has done is often described in terms which are apt to mislead the public. I refer to such expressions "the abandonment of the gold standard." The abandonment is only partial and temporary. In the course of the debate in the House of Commons on the Second Reading of the Financial Emergency Enactments (Continuance) Bill on the 11th of last month, Mr Chamberlain, Chancellor of the Exchequer, made it clear that the intention of the British Government is "to again link up sterling to a metallic basis"; he did "not see any better basis than gold which had in the past served us well." He indicated that when the self-regulating gold standard was restored, the pound would be devalued. To what extent he did not say. He, however, described as the reverse of the truth the allegation that the aim and object of the Government was to raise the then value of the pound. "The Government," he said, "do not desire to see the pound forced up to a rate which is going to be injurious to industry." He expressed his disapproval of the action of speculators who had caused the recent rise in the exchange rates. He added that he "did not want to see the pound taking up a position considerably higher than that at which it had stood for some time previously." On the day Mr Chamberlain was speaking, the exchange rates were:—on New York, 3.68 dollars, and on Paris, 93.5 francs. That being the position, it is, I consider, justifiable to conclude that the Chancellor of the Exchequer had in mind the restoration of the self-regulating gold standard with the quantity of gold in the £ reduced so that its value would not exceed 3.50 dollars or 89.332 francs. The devaluation of the South African pound to the extent contemplated by Mr Chamberlain would enormously improve the position and prospects of the inhabitants of South Africa, particularly the primary producers. Excepting as regards taxation, the gold mining industry would be placed in a position approximating that of 1908-10. Devaluation would also lighten the taxation burden of the industry. Whether or not the industry would become as attractive to capital from abroad as it was in the years mentioned would depend on the policy of the Union Government, and, unfortunately, the Union Government has all along shown a disposition to load the dice against shareholders in gold mining companies. It has singled them out as fit subjects for specially heavy taxation, and the discrimination against them shows no sign of coming to an end. The taxes imposed on the industry are collected at the source, and consequently they have to be borne even by the smallest shareholder. As I mentioned at a previous meeting, it is not an exaggeration to state that small shareholders in the gold mining companies of the Union are about the most heavily taxed small shareholders in the world. It is undoubtedly the case that the taxation policy of the Union Government has driven away and is keeping away the money of investors who can afford to run the risk involved in opening up deep level mines.

DEVALUATION NOT HARMFUL TO SOUTH AFRICA.

I am at a loss to understand how it can be claimed that, in the event of devaluation, the increased profits of the gold mining industry and of the other exporters of South African produce would be at the expense of the inhabitants of the Union. That has not been the case in the many countries that have devalued their currencies. The latest instance is that of Southern Rhodesia. Mr Moffat, the Prime Minister, speaking in the Legislative Assembly, Salisbury, on the 22nd instant, stated that "He could not find, after exhaustive search, that any section of the community was paying for the Colony going off the gold standard. The Government Statistician's figures showed that there had been no rise in the prices of food, fuel, light, rent, or anything else." That is also the case in Sweden. In a Press communication from Stockholm published to-day it is stated that ever since Sweden suspended the gold standard "there had hardly been any fluctuations in the price level"; that "the internal buying power of the krona had been entirely maintained," and that "no restrictions on foreign exchange trading have been introduced." It is particularly to be regretted that our Parliamentary leaders should hold the view that any increase in the dividends payable to overseas investors in these mines as the result of devaluation will be to the disadvantage of South Africa. Apparently it is not realised that had it not been for the capital supplied by overseas investors, the gold production for South Africa to-day would have been insignificant, and, in my opinion, there is nothing more certain than that the continuance of the Government's policy of discouraging overseas investors will in time prove disastrous to the European inhabitants of South Africa.

DEVALUATION INEVITABLE.

I feel convinced, however, that the devaluation of the South African pound is inevitable sooner or later. We shall be forced to follow the example of England, whether we like it or not. There is no other way to overcome our present difficulties. When the gold standard was restored on the pre-war basis in the United Kingdom and in the Union, it was never for a moment contemplated that wholesale prices would fall to the pre-war level or lower. After the deflation at the end of 1920 and the beginning of 1921, prices remained remarkably steady at a comparatively high level for years, and did not seriously decline until the second half of 1929. When the Union Government restored the self-regulating gold standard on the advice of the Kemmerer-Vissering Commission, the level of wholesale prices and of the cost of production were on the whole favourable to the course adopted, and it was generally believed that it would be possible by international co-operation to prevent any further serious fall in world prices. Events have since proved that that belief was not well founded. The movement for the stabilisation of prices at a comparatively high level has not succeeded. On the contrary, gold prices have fallen heavily with disastrous results to Union debtors and Union producers for export excepting the gold mining companies. Many farmers and others borrowed money and mortgaged their properties when world prices were extremely high, and as a consequence, the burden of the debts, measured in the commodities which the debtors produce, has been doubled, trebled and even quadrupled. In fact, the fall in world prices has created a state of affairs which renders it impossible for many of them to avoid bankruptcy. That is the very grave problem which to-day confronts the Government and the European residents of the Union. Delay in facing that problem squarely merely aggravates the position. Now how can Union debtors and Union producers for export be saved? I submit that devaluation is the only practical remedy, that is, such a reduction in the quantity of gold in our currency unit as will substantially lighten the burden of debtors and place the wool farmers, coal and base metal companies and other producers for export in as good a position to compete with their rivals in world markets as they were in in pre-war years.

The fact that most countries in the world have devalued or are devaluing their currencies has not adversely affected the position of gold. On the contrary, its value in commodities and services is steadily appreciating, and, judging by past history, the probabilities are that it will continue to appreciate for several years to come.

The report and accounts were unanimously adopted.

THE LIVERPOOL AND LONDON AND GLOBE INSURANCE COMPANY, LIMITED.

FUNDS EXCEED \$25,000,000.

The ninety-sixth annual general meeting of The Liverpool and London and Globe Insurance Company, Limited, was held yesterday in the company's head office, 1 Dale Street, Liverpool.

Mr A. Allan Paton, C.B., the Chairman, said that in spite of the difficulties of a year in which the problems of finance, underwriting, organisation, and administration had never been exceeded in the company's long history, it had fared reasonably well.

Total premiums, compared with those for 1930, had diminished by only 4 per cent.; net interest, less debenture interest, had fallen by only £7,071 (the increase in British taxation more than accounted for this fall); and underwriting profits—fire, life, marine, and accident—at £219,500, were more than four-fifths of the 1930 figure.

WIDE SPHERE OF OPERATIONS.

The Chairman briefly referred to the origin of this profit and the organisation through which it came. In 96 countries the company maintains 117 branches, supported by over 100,000 agencies, issuing 50 major classes of policy, printed in one or other of 18 different languages, to meet the individual needs of millions of policyholders. The estimated net underwriting profit for 1931, after payment of income and other taxes, was less than an average of 6d. a policy.

1931 RESULTS.

The results for the year 1931 were as follows:—

Net premiums: Fire £4,481,159 (against £4,699,244 for 1930); accident and miscellaneous insurance premiums, £5,399,144 (against £5,695,890); marine premiums, £322,768 (against £356,212).

The profits, exclusive of interest, were:—

Fire, £229,441; accident and miscellaneous, £75,035 (loss); marine, £42,138; and the transfer from life, £23,000. The total interest to profit and loss account was £519,715.

At the record figure of £1,950,000, net new life sums assured were some £47,000 greater than in 1930.

The profit and loss account, after providing for the dividends for the year, and for income tax, etc., shows a balance carried forward of £571,681.

The report and accounts were adopted and a final dividend of 13s. 6d. per share was declared, making 27s. per share, less tax, for 1931.

SHANGHAI ELECTRIC CONSTRUCTION COMPANY, LIMITED.

STRONG POSITION.

The twenty-sixth annual general meeting of the Shanghai Electric Construction Company, Limited, was held, on the 25th instant, at Basildon House, Moorgate, London.

Mr J. S. Haskell (the chairman) said:—The accounts cover a period before the troubles which in recent months have occasioned so much anxiety in regard to Shanghai came to a head. Although the year was free from international complications, the early part of it was disturbed by a strike which, fortunately, was of short duration and did not at any time lead to a complete cessation of operations.

The operating profit of Mex.\$2,979,578 shows an increase of 37.91 per cent. as compared with the preceding year, but a great part of this apparent gain was neutralised by unfavourable exchange. In addition to the operating profit of £148,978, the credit side of the profit and loss account includes the exchange account, already referred to, £5,563, interest and dividends £3,979, and £14,000 from the Singapore Traction Company.

After setting aside £40,000 for renewals, £30,000 for taxation and £1,971 for the staff provident fund, we are able to recommend a balance dividend of 7½ per cent., free of tax, making 12½ per cent., free of tax, for the year, and to increase the carry-forward from £16,995 to £37,516.

The balance sheet shows a healthy state of affairs brought about by the annual appropriation of £40,000 towards renewals. The sum of £160,086 standing to the credit of renewals account is not fully represented by investments because expenditure on capital account has absorbed considerable sums. The second general renewals of the tramway track will have to be taken in hand at no distant date, and there are certain extensions in contemplation. It may, therefore, be advisable in the near future to raise funds by an issue of shares on terms favourable to shareholders.

During one phase of the recent hostilities, traffic fell to about 20 per cent. of normal in consequence of the barring of some of our routes by military defences, the institution of the curfew and general curtailment of social and business activity. Operating conditions are returning by degrees towards normality, but although we are running full services, traffic receipts have not yet fully recovered and will not do so until commerce in Shanghai retrieves the setback which it suffered during hostilities. Damage to our equipment was limited to lines in the northern part of the system, and was fortunately not very serious.

The report and accounts were unanimously adopted.

BRITISH SHAREHOLDERS TRUST, LIMITED.

DIVIDEND MAINTAINED AT 7 PER CENT.

The tenth ordinary general meeting of the British Shareholders Trust, Limited, was held, on the 17th instant, at the registered office of the company, 3 Lombard Street, London, E.C.

Mr Pollett Holt (the chairman) presided.

The Secretary (Mr F. Charlton Fry, F.C.I.S.) having read the notice convening the meeting and the auditors' report,

The Chairman said: Gentlemen, in presenting for your approval the accounts of the trust for the past financial year there is little for me to say, for they show you, fortunately, that your capital depreciation into account, there is a comfortable surplus of £121,854. They show you also that we are able to recommend to you a dividend of 7 per cent., which is the same as that paid during each of the last four years.

The past two years will long be remembered for the violent depreciation that occurred in the market value of general securities. The trust, while not escaping the *débâcle*, has not been, I think, unduly unfortunate in this respect. As shown by the accounts, our investments evidence a depreciation of 27.8 per cent. in book value, which, however, was more than amply covered by the accumulated reserves. This depreciation, as you will understand, does not represent a realised loss, and better times, when they return, should bring back to our books, we hope, a substantial part of the amount represented.

As an issuing house, the past year will also remain in our memory as one that entailed a great deal of work and investigation without

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1, Dale Street. 1, Cornhill, E.C.3.

any concrete result. Conditions were entirely unpropitious for our business, and it is only recently since the turn of our financial year that we have found it practicable to attempt to gauge the capability and the willingness of the investing public to meet the financial requirements of industrial and other undertakings.

There are many first-class companies within the old and within the new home industries which have or will have need of additional capital, and I hope, as taxation becomes less burdensome, and the confidence of the investing public is restored, that their claims will rank ahead of all others, for not only are our industries of vital importance to our national economy, but events have proved once again that the maximum of financial safety lies within our own small island.

This issuing house, being well and solidly equipped, therefore remains always capable and desirous of leading the investor into the field of home industries whenever this can be done to the advantage of both.

The report and accounts were unanimously adopted, and a final dividend of 4 per cent., making 7 per cent. for the year, was declared.

The retiring director and the auditors were re-elected, and a hearty vote of thanks to the chairman and directors concluded the proceedings.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended May 21, 1932, amounted to £10,899,900 against ordinary expenditure of £4,796,500. After allocating £610,000 to Sinking Fund and having allowed for an increase in Exchequer Balances of £2,062,377, the operations for the week, as shown below, reduced the National Debt by £3,431,000 to £7,604,945,000:—

	£		£
By 3% Treasury Bonds	+ 11,000	Public Department Advances ..	- 8,500
		Treasury Bills	- 5,350
		Issues to National Debt	- 581
		Commissioners	- 14,431
	+ 11,000		

A complete analysis of the National Debt at March 31, 1932, was printed in the *Economist* of April 2, 1932.

REVENUE.	Total Receipts into the Exchequer.			
	April 1, 1932, to May 21, 1931.	April 1, 1931, to May 23, 1932.	Week ended May 21, 1932.	Week ended May 23, 1931.
ORDINARY REVENUE.	£	£	£	£
Inland Revenue—				
Income Tax	16,063,000	18,394,000	290,000	9,000
Sur-Tax, including Arrears of Super-Tax	4,720,000	7,960,000	130,000	470,000
Stamps	10,610,000	10,670,000	2,370,000	1,580,000
Excise	740,000	990,000	170,000	...
Land Tax and Mineral Rights Duty	30,000	90,000	...	...
Total Inland Revenue	32,163,000	38,104,000	2,960,000	2,059,000
Customs and Excise—				
Customs	21,605,000	17,360,000	2,865,000	2,480,000
Excise	18,200,000	17,697,000	5,300,000	5,673,000
Total Customs and Excise ...	39,805,000	35,057,000	8,165,000	8,153,000

(Continued on page 1210.)

INCORPORATED ACCOUNTANTS.

MR H. MORGAN ON COMPANY LAW.

The Society of Incorporated Accountants and Auditors held its forty-seventh annual general meeting, on the 24th instant, in the Incorporated Accountants' Hall, Victoria Embankment, E.C.

The President (Mr Henry Morgan, F.S.A.A.), in the course of his address, referred to the report on company law reform by a special committee over which he had presided. That report had recently been adopted by the council and had been published a month ago. Mr Morgan, discussing some of the recommendations of the committee, made it clear that he was giving his own views, which did not necessarily reflect the opinions of his colleagues on the committee.

With regard to the profit and loss account, he said, there should be no deviation from the fundamental principle that the true balance of profit or loss (arrived at according to sound accountancy principles) should be clearly disclosed.

The second recommendation related to the disclosure of debits or credits, abnormal in character or extraneous in their nature to the ordinary transactions of the company, together with any reserves from a previous period no longer required. Such requirements were obviously necessary if the profit and loss account was to show the real result for the period.

The third recommendation dealt with free reserves. Secret reserves resulted from an understatement or non-disclosure of profit. Their existence in the balance sheet and their creation or utilisation in connection with the profit and loss account were generally inconsistent with full and correct accounts.

HOLDING AND SUBSIDIARY COMPANIES.

The last recommendation dealt with subsidiary companies. The question of holding and subsidiary companies presented one of the most difficult problems with which auditors and those responsible for the direction of public companies had to deal. The principle of the subsidiary company possessed many great advantages, but was capable of serious abuse. Many subsidiary companies were, in fact, though not in law, departments or branches of the holding company's business, and therefore their profits were capable of regulation according to the basis which was adopted for calculating the amounts charged or credited in respect of transactions between the holding company and its subsidiaries. The formation of subsidiary companies had been much increased in recent years. He had examined the reports and accounts published since the beginning of 1932 of 414 representative commercial and industrial companies. In 270 cases, or 65 per cent. of the whole, the balance sheets included interests in one or more subsidiary companies. Of these 270 companies, in only 58 cases, or 21 per cent., was it clearly shown by the accounts that the full results of subsidiary companies had been taken into account in arriving at the profit or loss of the holding company. In most other cases, to comply with section 126 of the 1929 Act, a statement was appended indicating that the profits of subsidiary companies were included in the profit and loss account only in so far as they had been declared as dividends.

The recommendation of the society's committee was that in so far as profits or losses of subsidiaries had not been brought into account in the profit and loss account of the holding company, there should be stated on the face of the accounts of the holding company the balance of the ascertained profits or losses of such subsidiary companies.

CONSOLIDATED ACCOUNTS.

An effective method of dealing with that problem, though not always easy to apply, was to publish as supplementary to the balance sheet and profit and loss account of the holding company a consolidated balance sheet and profit and loss account. That method was explained by Sir Gilbert Garnsey in his book on "Holding Companies and their Published Accounts." The principle of consolidated accounts had been adopted in only a very small percentage of holding companies. In his opinion, it was necessary that balance sheets and profit and loss accounts should be drawn up in a form which would show clearly that the profit and loss of subsidiary companies had been brought into account.

The consensus of opinion in the accountancy profession seemed to be that the situation in regard to subsidiary companies was unsatisfactory. The 1929 Act contained extensive provisions as to the minimum information to be included in companies' balance sheets. The subsidiary company provided a counter to this enactment for the protection of shareholders, as it enabled the holding company to withhold information regarding that part of its profits or assets represented by its interest in subsidiary companies.

REVENUE.	Total Receipts into the Exchequer.			
	April 1, 1932, to May 21, 1932.	April 1, 1931, to May 23, 1931.	Week ended May 21, 1932.	Week ended May 23, 1931.
Motor Vehicles Duties (Exchequer Share).....	696,000	641,000	Dr. 55,000	...
Post Office (Net Receipts).....	4,900,000	5,350,000	Dr. 200,000	Dr. 250,000
Crown Lands.....	190,000	240,000	...	100,000
Receipts from Sundry Loans.....	941,113	5,899,916	29,850	6,448
Miscellaneous Receipts.....	444,741	4,193,958	...	...
Total Ordinary Revenue ...	79,139,854	89,485,874	10,899,850	10,068,448
SELF-BALANCING REVENUE.				
Post Office.....	6,200,000	6,000,000	1,600,000	1,600,000
Motor Vehicle Duties apportioned to Road Fund.....	3,179,000	3,205,000	55,000	...
Total Self-Balancing Revenue ...	9,379,000	9,205,000	1,655,000	1,600,000
Total	88,518,854	98,690,874	12,554,850	11,668,448

EXPENDITURE.	Total Issues out of the Exchequer to meet Payments.			
	April 1, 1932, to May 21, 1932.	April 1, 1931, to May 23, 1931.	Week ended May 21, 1932.	Week ended May 23, 1931.
ORDINARY EXPENDITURE.				
Interest and Management of National Debt.....	45,303,539	39,969,788	778,973	662,126
Payments to Northern Ireland Exchequer.....	431,786	453,296	17,500	48,368
Other Consolidated Fund Services.....	297,588	293,923	...	...
Total	46,032,913	40,717,007	796,473	710,494
SELF-BALANCING EXPENDITURE.				
Post Office.....	6,200,000	6,000,000	1,600,000	1,600,000
Road Fund.....	3,179,000	3,205,000	55,000	...
Total Self-Balancing Expenditure	9,379,000	9,205,000	1,655,000	1,600,000
Total Ordinary and Self-Balancing Expenditure	111,141,913	105,578,007	6,451,473	7,985,494
New Sinking Fund (1928).....	3,840,318	5,898,226	610,000	1,202,000
Total (including New Sinking Fund)	114,982,231	111,476,233	7,061,473	9,187,494

The aggregate revenue and expenditure to May 21, 1932, is shown below:—

FINANCIAL YEAR, 1932-33, APRIL 1st to MAY 21st, 1932.			
(000's omitted.)			
Expenditure.....	101,763	Revenue.....	79,140
New Sinking Fund.....	3,840	Decreases in balances.....	1,069
	105,603	Net amount borrowed.....	25,394
			105,603

POSITION OF THE FLOATING DEBT.					
Ways and Means Advances Outstanding—	May 23, '31.	Mar. 31, '32.	May 21, '32.	May 21, '32.	Movement week ended
Advances by Bank of England.....	28,200,000	7,500,000	...	...	8,500,000
Advances by Public Departments.....	574,790,000	604,455,000	611,245,000*	...	5,350,000
Treasury Bills outstanding.....	602,990,000	611,955,000	611,245,000	...	13,850,000
Total Floating Debt	1,465,980,000	1,283,905,000	1,222,490,000	1,222,490,000	242,085,000

TREASURY BILLS BY PUBLIC TENDER.			
Tenders for £35,000,000 in Treasury Bills were opened on May 20, 1932, and the total amount applied for was £53,775,000. Tenders were accepted for bills at three months, dated Monday to Friday at £99 15s. Od., about 39 per cent., and above in full, and Saturday at £99 15s. 1d. and above in full. The amount allotted was £35,000,000.			
Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1932.			
April 29.....	40,000,000	71,435,000	1 17 1-81
May 6.....	35,000,000	62,055,000	1 10 11-36
May 13.....	35,000,000	50,740,000	0 19 6-62
May 20.....	35,000,000	53,775,000	0 19 6-35

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, May 25, 1932.

ISSUE DEPARTMENT.		LIABILITIES.	
Notes Issued:—		Government Debt.....	11,015,100
In Circulation.....	354,221,189	Other Government Securities.....	201,015,844
In Banking Department.....	45,811,231	Other Securities.....	59,155,061
		Silver Coin.....	5,813,985
		Amount of Fiduciary Issue.....	275,000,000
		Gold Coin and Bullion.....	125,032,420
			£400,032,420

BANKING DEPARTMENT.

Proprietors' Capital.....	14,553,000	Government Securities.....	69,374,656
Reserve.....	3,221,800	Other Securities—	
Public Deposits.....	23,606,213	Discounts and	
Other Deposits.....	...	Advances.....	£12,171,642
Bankers'.....	£77,544,132	Securities.....	£23,788,361
Other Accounts.....	32,948,351		35,960,003
7-Day and other Bills.....	1,080	Notes and Silver Coin.....	45,811,231
			726,686
			£151,874,576

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

Both Departments.	Amount, May 25, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation.....	354,221,189	— 4,218,377	— 6,338,534
Public deposits.....	23,606,213	+ 2,179,300	+ 6,157,597
Bankers' deposits.....	77,544,132	+ 2,942,086	+ 22,783,443
Other deposits.....	32,948,351	+ 330,406	+ 872,143
Seven-day bills.....	1,080	Nil	— 4,520
Total outside liabilities.....	488,320,965	+ 1,233,415	+ 27,425,843
Capital and reserve.....	17,774,800	+ 7,632	+ 959
Government debt and securities.....	281,405,600	— 1,231,671	+ 4,463,945
Discounts and advances.....	12,171,642	+ 482,169	+ 5,346,546
Other securities.....	82,943,422	— 241,625	+ 44,212,880
Silver coin in issue department.....	5,813,985	+ 6,431	+ 281,566
Gold and bullion (bank's reserve).....	125,761,106	+ 2,238,605	+ 26,316,921
Reserve of notes and coin in banking department.....	46,539,917	+ 6,456,982	— 10,678,387
Proportion of reserve to outside liabilities.....			
(a) Banking department only ("proportion").....	34 1/2 %	+ 3 1/2 %	— 25 1/2 %
(b) Gold stocks to deposits and notes ("reserve ratio").....	25 1/2 %	+ 1 1/2 %	— 7 1/2 %

(000's omitted.)						
Date.	Notes Issued.	Circulation.	Banking Department.	Gold in or out of Bank.	Bank Rate.	
1932.						
April 20.....	395,815	354,271	9,149	72,840	34,585	5 1/2 %
27.....	395,816	352,814	23,351	58,284	36,283	5 1/2 %
May 4.....	395,816	356,580	10,297	75,060	36,670	5 1/2 %
11.....	395,816	356,514	13,719	78,030	33,180	5 1/2 %
18.....	397,830	358,440	21,427	74,602	32,618	5 1/2 %
25.....	400,032	354,221	23,606	77,544	32,948	5 1/2 %

(000's omitted.)									
Date.	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Discounts & Advances.	Other Securities.	Reserve & the "Proportion."		
1932.									
Apr. 25.....	219,696	51,487	121,430	25 1/2 %	57,606	11,198	23,283	42,158	36 1/2 %
27.....	221,002	50,196	121,477	25 1/2 %	62,621	11,535	16,818	43,662	37 1/2 %
May 4.....	221,560	52,629	121,460	25 1/2 %	69,076	11,585	19,228	39,880	32 1/2 %
11.....	206,524	64,664	121,485	25 1/2 %	72,136	12,096	20,288	38,171	30 1/2 %
18.....	209,693	61,487	123,523	25 1/2 %	72,945	11,689	21,698	40,083	33 1/2 %
25.....	212,031	59,155	125,761	25 1/2 %	69,375	12,172	23,788	46,540	34 1/2 %

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1932.				
January 1 to May 11.....	9,553,646	608,828	1,010,168	11,172,642
Week ended May 13.....	550,302	26,120	44,598	621,020
Week ended May 25.....	482,255	29,160	48,719	560,134
Total to date, 1932.....	10,586,203	664,108	1,103,485	12,353,796
Total to date, 1931.....	14,592,678	709,405	1,140,466	16,442,549
Increase or decrease in 1932.....	— 4,006,475	— 45,297	— 36,981	— 4,088,753
	— 27.5 %	— 6.4 %	— 3.2 %	— 24.8 %
Total for year 1931.....	31,815,808	1,667,852	2,762,209	36,245,869
Total for year 1932.....	38,782,971	1,812,146	2,963,631	43,558,748
Increase or decrease in 1931.....	— 6,966,769	— 144,294	— 211,422	— 7,322,485
	— 17.9 %	— 7.9 %	— 7.1 %	— 17.6 %

PROVINCIAL CLEARING RETURNS.

(000's omitted.)		Week ended May 21.		Month of April.		Aggregate Totals, January 1 to May 21.	
		1931.	1932.	1931.	1932.	1931.	1932.
No. of working days.....		24	26				
BIRMINGHAM.....	1,800	1,337	8,093	9,209	+ 13.7	46,001	43,548
BRADFORD.....	705	418	3,518	3,525	+ 0.1	15,516	15,145
BRISTOL.....	1,036	867	4,192	5,406	+ 28.9	23,049	23,038
DUBLIN.....	5,458	4,949	3,096	3,078	— 0.5	15,352	15,270
HULL.....	674	639	3,523	3,692	+ 4.7	18,398	17,695
LEEDS.....	1,029	388	2,496	2,885	+ 15.5	13,445	14,100
LIVERPOOL.....	6,048	4,222	21,942	24,260	+ 10.5	112,106	111,698
MANCHESTER.....	9,143	6,994	37,655	40,479	+ 7.4	192,365	195,781
NEWCASTLE.....	1,235	979	4,837	5,548	+ 14.6	27,140	25,499
NOTTINGHAM.....	363	270	1,831	1,891	+ 3.2	9,570	9,378
SHEFFIELD.....	655	517	2,931	3,064	+ 4.5	16,441	15,270
Total	28,730	22,227	94,114	103,037	+ 9.4	590,661	605,682

OVERSEAS BANK RETURNS

NOTE.—The latest return of the Bank of Denmark and of the Russian State Bank appeared in the *Economist* of May 7; Bank for International Settlements and Turkey in May 14; Roumania, Yugoslavia and Poland in May 21.

U.S. FEDERAL RESERVE BANKS.—In \$'s (000's omitted.)					
	May 28, 1931.	May 5, 1932.	May 12, 1932.	May 19, 1932.	May 26, 1932.
RESOURCES.					
Total gold reserves.....	3,259,270	2,992,420	2,956,420	2,919,030	2,857,030
Total bills discounted.....	152,850	505,800	471,370	464,940	471,270
Bills bought in open market.....	124,500	44,520	42,720	40,640	38,570
Total U.S. Govt. securities.....	598,370	1,286,880	1,385,270	1,466,400	1,525,000
Total bills and securities.....	875,670	1,841,130	1,909,400	1,971,010	2,046,050
Total resources.....	4,925,180	5,603,920	5,615,640	5,681,290	5,635,220
LIABILITIES.					
Federal Reserve notes in actual circulation.....	1,551,810	2,561,650	2,551,360	2,558,110	2,532,710
Deposits—Memberbank—reserve account.....	2,424,670	2,147,150	2,144,370	2,192,400	2,214,380
Total deposits.....	2,471,100	2,237,100	2,272,970	2,289,530	2,320,770
Capital paid in and surplus.....	443,060	414,310	414,230	414,200	414,170
Total liabilities.....	4,925,180	5,603,920	5,615,640	5,681,290	5,635,220
Ratio of total reserves to deposit and Federal Reserve note liabilities combined.....	85.3 %	66.8 %	65.6 %	64.4 %	63.1 %

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted.)					
	May 28, 1931.	May 5, 1932.	May 12, 1932.	May 19, 1932.	May 26, 1932.
Total gold reserves.....	1,192,330	861,870	823,470	824,180	827,280
Total bills discounted.....	27,000	104,230	100,080	98,190	97,740
Bills bought in open market.....	27,450	14,440	13,880	12,720	12,720
Total U.S. Govt. securities.....	145,170	668,470	692,160	719,950	652,460
Total bills and securities.....	200,370	780,310	809,350	835,540	768,460
Deposits—Memberbank—reserve account.....	1,065,960	1,006,780	989,970	1,027,270	1,072,560
Ratio of total res. to dep. and Federal Res. note liabilities combined.....	92.6 %	56.7 %	54.6 %	53.7 %	58.6 %

FEDERAL RESERVE MEMBER BANKS.						
In \$'s (000,000's omitted).						
	May 13, 1931.	Apr. 13, 1932.	Apr. 20, 1932.	Apr. 27, 1932.	May 4, 1932.	May 11, 1932.
Loans.....	14,325	11,970	11,969	11,882	11,842	11,717
Investments.....	7,853	7,088	7,150	7,151	7,435	7,423
Demand deposits.....	13,777	10,976	11,053	11,144	11,082	11,146
Time deposits.....	7,398	5,629	5,655	5,682	5,705	5,709
Due from banks.....	1,839	1,069	1,084	1,163	1,250	1,235
Due to banks.....	3,848	2,575	2,613	2,682	2,632	2,787
Federal Reserve box.....						
Federal Reserve.....	22	314	255	225	205	175

BULLION.

The following statistics of imports and exports of gold for week ended May 26, 1932, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.		Exported from Great Britain and Northern Ireland.	
From—	£	To—	£
Germany.....	6,220	Germany.....	5,044
Netherlands.....	6,680	Netherlands.....	866,708
Belgium.....	15,945	Belgium.....	258,700
France.....	4,542	France.....	272,935
Iraq.....	15,464	Switzerland.....	7,498
United States of America.....	576,894	Austria.....	18,060
British South Africa.....	1,083,033	Czechoslovakia.....	4,516
Anglo-Egyptian Sudan.....	8,546	United States of America.....	54,800
British India.....	695,115		
Australia.....	8,830		
Other countries.....	1,773		
Total declared value of imports.....	2,423,042	Total declared value of exports.....	1,488,261

GOLD MOVEMENTS.

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

1932.	ARRIVALS.	£	1932.	WITHDRAWALS.	£
May 14 Bars bought.....	2,012,665		May 19.....	Nil	
" 17 Bars bought.....	978		" 20.....	Nil	
" 19 Bars bought.....	967,899		" 21.....	Nil	
" 21.....	Nil		" 23.....	Nil	
" 23.....	Nil		" 24.....	Nil	
" 24.....	Nil		" 25.....	Nil	
" 25 Bars bought.....	1,233,477		" 26.....	Nil	
" 26.....	Nil				
Total.....	4,215,019		Total.....	Nil	
Net arrivals, May 19th to May 26th inclusive, £2,201,376.					

Messrs Samuel Montagu and Company write on May 25, 1932, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £122,830,040 on the 18th instant, as compared with £120,816,394 on the previous Wednesday. The increase is due to the purchase of gold by the Bank of England, to which we referred last week, and the next return should show a further increase in the gold reserve, as purchases of bar gold of £967,899 and £1,234,477 were announced on the 19th and 25th instant respectively. If, as it is thought, this acquisition of gold by the Bank of England has been made possible by the establishment of the Exchange Equalisation Fund, the announcement of further purchases of gold by the bank may be expected from time to time. The bar gold offered in the open market during the week has been taken partly by the Continent and partly by private "hoarders." The amount on offer has been small.

Quotations during the week:—

	Per fine ounce.	Equivalent value of £ sterling.
May 19.....	112s. 11d.	15s. 0.6d.
" 20.....	113s. 3d.	15s. 0.0d.
" 21.....	112s. 10d.	15s. 0.7d.
" 23.....	112s. 9d.	15s. 0.8d.
" 24.....	112s. 7d.	15s. 1.1d.
" 25.....	112s. 8d.	15s. 1.0d.
Average.....	112s. 10d.	15s. 0.7d.

The s.s. "Ranpura" and s.s. "Clan Malcolm," which left Bombay last week, carry gold to the value of £269,000 and £135,000 respectively.

SILVER.

Although prices receded from the level reached last week, the undertone continues steady and the week has seen a fairly active market. China has been a consistent buyer and the Indian Bazaars and America also gave support, but the demand was offset by substantial sales by the Continent. The selling was of a special character, and when discontinued, indications are that the steady undertone may be reflected in slightly improved prices. According to the Canadian Official Mining News Letter, issued from the office of the High Commissioner of Canada, the Canadian silver production in 1931 was approximately 20½ million ounces, or 10.5 per cent. of the world's computed production of 196 million ounces. British Columbia is now the leading silver-producing province in the Dominion, having contributed about 39 per cent. of the total production in 1931.

The following were the United Kingdom imports and exports of silver registered from mid-day on the 14th instant to mid-day on the 23rd instant:—

IMPORTS.		EXPORTS.	
	£		£
France.....	26,514	British India.....	37,900
British India.....	12,504	Hongkong.....	13,910
Canada.....	13,012	France.....	2,673
Japan.....	3,557	French Possessions in India.....	3,887
British West Africa.....	3,569	Other countries.....	3,045
New Zealand.....	2,770		
Belgium.....	2,480		
Fiji Islands.....	4,000		
Other countries.....	1,318		
Total.....	69,724	Total.....	61,415

Quotations during the week:—

IN LONDON.		IN NEW YORK.	
Bar silver per oz. std.		Bar silver per oz. std.	
Cash delivery.	Two Months' delivery.	Cash delivery.	Two Months' delivery.
May 19.....	16½d.	May 18.....	28½
" 20.....	16½d.	" 19.....	28½
" 21.....	16½d.	" 20.....	28
" 23.....	16½d.	" 21.....	28
" 24.....	16½d.	" 23.....	28
" 25.....	16½d.	" 24.....	28
Average.....	16.771d.		

The highest rate of exchange on New York recorded during the period from the 19th instant to the 25th instant was \$3.69½ and the lowest \$3.67.

INDIAN CURRENCY RETURNS (in lacs of rupees).

	May 15.	May 7.	April 30.
Notes in circulation.....	16,786	16,783	16,831
Silver coin and bullion in India.....	10,990	10,992	11,050
Gold coin and bullion in India.....	1,061	1,061	553
Securities (Indian Government).....	4,735	4,730	5,228
Bills of exchange.....	...	...	...

The stocks in Shanghai on the 21st instant consisted of about 70,000,000 ounces in sycee, 215,000,000 dollars and 5,260 silver bars, as compared with about 67,800,000 ounces in sycee, 210,000,000 dollars and 4,560 silver bars on the 14th instant.

GOLD AND SILVER PRICES.

	Gold Per Ounce.		Silver—Per Ounce.		Date.	Silver.
	Cash	Forward	Cash	Forward		
1932.	s. d.	d.	s. d.	d.		
May 20.....	113 3	16½	16½	16½	May 22, 1926	31½
" 21.....	112 10	16½	16½	16½	" 21, 1927	30½
" 23.....	112 9	16½	16½	16½	" 20, 1928	26½
" 24.....	112 7	16½	16½	16½	" 24, 1929	28
" 25.....	112 8	16½	16½	16½	" 29, 1930	17½
" 26.....	112 6	16½	16½	16½	" 28, 1931	12½

Company News.

REPORTS AND NOTICES.

MISCELLANEOUS.

BURMAH OIL COMPANY, LTD.—The report of the Burmah Oil Company for 1931 shows that all fields expenditure has been charged direct to revenue and the profit, after writing off £837,173 for depreciation, is £1,869,495, against £2,736,013. There has been transferred to general reserve £300,000, insurance reserve, £20,000, and taxation reserve, £350,000, and adding the balance brought in of £612,518, gives £1,812,013. Preference dividends for the year absorbed £241,875, and the interim dividend on ordinary of 1s. per share £281,169. The directors recommend a final dividend on the ordinary shares of 2s. 6d. per share, less tax at 3s. 7½d., payable June 10th, absorbing £702,923, and that there be carried forward £588,045.

EASTBOURNE CORPORATION THREE PER CENT. STOCK, 1920-1940.—Williams Deacon's Bank, Ltd., give notice that in order to prepare the interest warrants on the Eastbourne Corporation 3 per cent. stock, 1920-40, payable June 24th next, the books will be closed from June 11th to 24th, inclusive.

IMPERIAL AND INTERNATIONAL COMMUNICATIONS, LTD.—The following is the estimated traffic receipts for four months ended April 30, 1932:—

	1931.	1932.	Rise or Fall.
January.....	£	£	£
January.....	412,908	404,411	— 8,497
February.....	390,461	439,092	+ 48,631
March.....	447,668	411,666	— 36,002
April.....	386,706	393,294	+ 6,588
Total.....	1,637,743	1,648,463*	+ 10,720

* In comparing aggregates, regard must be had to the notes issued with the traffic figures from March, 1931, to February, 1932.

WHITEHALL ELECTRIC INVESTMENTS, LIMITED.—The following statement shows results for past three years:—

	1929-30.	1930-31.	1931-32.
Net income.....	£	£	£
Net income.....	449,883	443,143	378,083
Brought in from previous year.....	100,400	112,783	118,426
Preference dividend.....	550,283	555,926	496,509
Ordinary dividend.....	187,500	187,500	187,500
	250,000	250,000	150,000
	5%	5%	3%
Carried forward.....	112,783	118,426	159,009

SUMMARY OF BALANCE SHEETS.

BURMAH OIL COMPANY, LIMITED.

LIABILITIES.		ASSETS.	
Amount.	Compared with Dec. 31, 1930.	Amount.	Compared with Dec. 31, 1930.
% pref. shares.....	250,000	Refineries.....	1,507,750 + 17,246
% pref. shares.....	750,000	Wells, plant, &c.....	350,000
% pref. shares.....	3,000,000	Field electrification.....	393,057 — 46,470
rd. shares.....	6,868,256	Pipe lines.....	244,247 — 13,008
1% deb. stk.....	4,000,000	Tanks, tankers, &c.....	153,931 + 18,927
corred int.....	27,575 — 919	Property.....	4,686
General reserve.....	2,300,000 + 300,000	Stocks of plant.....	1,345,597 — 186,862
Insurance fund.....	580,000 + 20,000	Stocks of pro-ducts.....	1,304,630 + 54,315
fields expendi-ture reserve.....	1,000,000	Investments.....	14,651,934 + 975,062
taxation reserve.....	700,000 + 350,000	Sundry debtors.....	248,700 — 68,840
fire and marine fund.....	1,235,225 + 65,608	Loans to em-ployees.....	8,484 — 3,378
Sundry creditors.....	1,058,646 — 185,494	Owing by sub-sidiaries.....	595,005 — 304,527
Due to sub'diar-ies.....	84,277 — 62,755	Associated cos.....	672,864 — 68,872
Prof. dividends.....	122,813 — 3,749	Cash and loans.....	1,784,876 + 61,163
Profit and loss.....	1,288,969 — 47,935		
Total.....	23,265,761 + 434,756	Total.....	23,265,761 + 434,756

BRITISH MATCH CORPORATION, LIMITED.

LIABILITIES.		ASSETS.	
Amount.	Compared with April 30, 1931.	Amount.	Compared with April 30, 1931.
5½% cum. pref., £1.....	£25,000	Goodwill.....	680,000 — 40,000
Ord. shares, £1.....	6,187,500	Investments in subsidiaries.....	5,923,049
Creditors.....	11,257 + 360	Owing by sub-sidiary.....	122,046 — 25,654
Revenue account.....	403,169 + 9,254	Office fittings.....	1
		Debtors.....	60 + 2
		Cash.....	401,770 + 75,266
Total.....	7,126,926 + 9,614	Total.....	7,126,926 + 9,614

JAMES FINLAY AND COMPANY, LIMITED.

LIABILITIES.		ASSETS.	
Amount.	Compared with Dec. 31, 1930.	Amount.	Compared with Dec. 31, 1930.
6% cum. pref. shares, £1.....	500,000	Properties.....	299,548 — 6,551
Ord. shares, £1.....	1,500,000	Office f'm't're, &c.....	4,914 — 1,761
Reserves.....	2,226,508	Goods consigned and on hand.....	284,401 — 148,952
Banking deposits.....	600,094 + 1,940	Debtors.....	484,253 — 104,517
Loans from bankers.....	34,139 + 34,139	Due by subsidi-aries.....	115,872 — 701,479
Creditors.....	237,027 — 4,352	Bills receivable.....	26,970 + 1,630
Due to subsidi-aries.....	20,918 — 251,138	Investments.....	4,147,534 + 752,549
Bills payable.....	108,911 — 72,073	Cash.....	213,127 + 97,751
Profit and loss.....	349,022 — 45,846		
Total.....	5,576,619 — 111,330	Total.....	5,576,619 — 111,330

SIEMENS BROTHERS AND CO., LIMITED.

LIABILITIES.		ASSETS.	
Amount.	Compared with Dec. 31, 1930.	Amount.	Compared with Dec. 31, 1930.
10% cum. pref. shares (£1).....	550,000	Properties.....	1,181,210 — 7,415
Ord. shares (£1).....	2,450,000	Materials, &c.....	793,514 — 174,191
4½% deb. stock.....	653,100 — 36,400	Investments and loans to sub-sidiaries.....	890,622 + 126,294
Creditors.....	402,073 — 91,670	Invest. in Caxton Electric.....	670,000
Prof. div. (half-yr.).....	27,500	Disbursements.....	4,947 — 1,132
Due to subsidiaries.....	208,471 — 58,762	Debtors.....	839,379 — 91,541
Deb. redemp. fund.....	385,014 + 38,049	Investments.....	260,783 — 4,086
Sundry reserves.....	81,657 + 5,927	Trade investments.....	616,413 — 4,157
General reserve.....	43,600	Cash.....	287,245 + 116,091
Buildings reserve.....	494,655 + 4,721		
Profit and loss.....	5,444,713 — 140,137	Total.....	5,444,713 — 140,137

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefce.	Ordinary.					
						Amount	Amount.				
		£	£	£	£	£	%	£	£	£	%
Financial, Land, &c.											
Aboukir Company	Mar. 31	9,075	Dr. 6,930	2,145	...	...	...	...	2,145	Dr. 4,466	...
Trust and Mortgage Co. of Iowa	Feb. 29	12,022	1,268	13,290	...	...	...	...	13,290	6,250	4
Iron, Coal and Steel.											
Firth (Thos.) & Brown (John) ..	Dec. 31	75,984	Dr. 44,670	31,314	...	...	...	...	31,314	25,902	...
Park Gate Iron and Steel.....	Mar. 31	12,445	18,601	31,046	...	...	...	20,000	11,046	33,210	...
Welsh Associated Collieries.....	Dec. 31	208,612	144,231	352,843	...	...	...	100,000	252,843	208,612	...
Wilson and Clyde Coal	Feb. 29	8,412	21,404	29,816	3,500	...	...	10,000	16,316	Dr. 28301	...
Oil.											
Anglo-Egyptian Oilfields ...	Dec. 31	217,278	102,814	320,092	...	186,056	10	...	134,036	345,662	17½
Burmah Oil Company	Dec. 31	612,518	1,869,495	2,482,013	241,875	984,092	17½	670,000	586,046	2,736,013	22½
"Shell" Transport, &c.	Dec. 31	249,933	2,557,259	2,807,192	800,000	1,809,102	7½	...	198,090	4,898,752	17½
Rubber.											
Besoeeki Plantations	Dec. 31	17,166	Dr. 7,312	9,854	...	...	...	...	9,854	3,622	...
British Malay Rubber	Dec. 31	17,576	Dr. 1,870	15,706	...	...	...	...	15,706	2,671	...
Dalkeith (Ceylon) Rubber ..	Dec. 31	15,326	35	15,361	...	...	...	1,769	13,592	7,202	2
Djapoera (Sumatra) Rubber ..	Dec. 31	6,686	...	6,686	...	...	...	Dr. 116	6,802	309	...
Hidden Streams Rubber.....	Dec. 31	4,617	Dr. 1,577	3,040	...	...	...	...	3,040	Dr. 3,004	...
Java United Plantations ...	Dec. 31	17,045	Dr. 15,352	1,693	...	...	...	...	1,693	Dr. 5,575	...
Kajang Rubber	Dec. 31	13,287	Dr. 1,649	11,638	...	...	...	...	11,638	Dr. 963	...
Oriental Rubber	Dec. 31	9,575	1,049	10,624	...	...	...	1,000	9,624	1,332	...
Sapong Rubber, &c.	Dec. 31	Dr. 476	Dr. 9,228	Dr. 9,704	...	...	...	Dr. 10,000	296	Dr13,613	...
Serdang Central Rubber	Dec. 31	1,269	Dr. 2,584	Dr. 1,315	...	...	...	Dr. 2,000	685	Dr. 3,780	...
Sialang Rubber	Jan. 31	57,621	Dr. 12,111	45,510	...	...	...	...	45,510	Dr. 8,390	...
United Sua Betong Rubber.	Dec. 31	50,417	3,841	54,258	...	...	...	...	54,258	14,108	...
Shops and Stores.											
Lilley and Skinner	Jan. 23	22,402	45,958	68,360	12,098	18,000	10	15,000	23,262	23,561	5
Rego Clothiers	Dec. 31	231	10,474	10,705	5,485	...	...	5,126	94	151	...
Tea.											
Chubwa Tea Co.	Nov. 30	22,473	7,186	29,659	3,710	10,600	10	...	15,349	Dr. 1,617	...
New Sylhet Tea	Dec. 31	1,100	Dr. 4,387	Dr. 3,287	...	...	...	Dr. 3,287	...	Dr. 3,286	...
Textiles.											
Armitage (Sir Elkanah) & Sons	Apr. 2	566	Dr. 3,008	Dr. 2,442	...	...	...	...	Dr. 2,442	Dr16,769	...
Tramways and Omnibuses.											
Southdown Motor Services..	Mar. 31	22,422	89,643	112,065	...	67,500	15	20,000	24,565	75,911	15
Trusts.											
Sphere Investment Trust ...	Mar. 31	3,622	37,412	41,034	22,125	11,250	3	...	7,659	48,037	4½
Other Companies.											
Burton (Joseph) and Sons...	Apr. 9	24,636	24,253	48,889	12,237	3,500	7	8,500	24,652	20,005	5
Callender's Cable, &c.	Dec. 31	351,664	223,661	575,325	56,000	167,400	15	59,871	292,054	256,536	15
City and West End Propts.	Mar. 25	27,857	90,182	118,039	15,356	39,769	7½	39,186	23,728	95,704	7½
City of London Real Property	Apr. 12	211,815	391,197	603,012	37,439	302,500	5	70,000	193,073	439,029	5½
Finlay (James) and Co.....	Dec. 31	282,369	156,654	439,023	30,000	135,000	9	...	274,023	233,807	15
Ingils and Company	Apr. 30	28,645	52,343	80,988	1,991	34,750	25½	14,895	29,352	61,788	25½
Laporte (B.) Limited.....	Mar. 31	11,573	36,478	48,051	14,044	11,852	10	9,500	12,655	35,242	9
Selangor Oil Palm Company	Dec. 31	4,531	1,855	6,386	...	...	...	2,737	3,649	1,464	...
Siemens Brothers and Co. ..	Dec. 31	367,436	243,469	610,905	55,000	183,750	7½	...	372,155	267,675	7½

WEEKLY TRAFFIC RETURNS. RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended May 20, 1932. (c) Week ended May 21, 1932.	Miles Open.	Gross Receipts, week ended May 22, 1932. (000's omitted.)						Aggregate Gross Receipts, 20 weeks. (000's omitted.)					
		Passen- ger, &c.	Merchandise, &c.	Coal and Fuel	Other	Total	Total for Week.	Passen- ger, &c.	Merchandise, &c.	Coal and Fuel	Other	Total	Total
Great Western 1932	3,761	203	122	66	188	391	3,534	3,409	2,108	5,517	9,051	9,051	9,051
L. & N. 1932	3,761	257	202	112	314	571	3,861	3,842	2,202	6,044	9,905	9,905	9,905
Eastern 1932	6,355	320	252	171	423	743	5,367	6,003	4,614	10,617	15,984	15,984	15,984
L. M. & S. 1932	6,952	488	334	148	482	970	5,753	6,959	4,951	11,901	17,554	17,554	17,554
Scottish 1932	6,952	604	474	243	717	1,321	8,671	9,526	5,348	14,874	23,545	23,545	23,545
Southern 1932	2,181	279	56	26	82	361	4,968	1,246	654	1,900	8,686	8,686	8,686
1931	2,180	345	70	29	99	444	5,368	1,444	647	2,091	7,459	7,459	7,459
Total 1932	19,250	1,290	764	411	1,175	2,465	22,075	22,929	12,286	31,581	53,656	53,656	53,656
1931	19,250	1,570	1,072	612	1,684	3,254	23,563	21,762	13,148	34,190	58,563	58,563	58,563

* The operations of these Companies were extended during 1931.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1932.	+ or -	1932.	+ or -
INDIAN.							
Assam Bengal.....	3	Apr. 23	1,330	Rs. 2,64,600	Rs. -1,41,058	Rs. 8,83,300	Rs. 3,85,705
Barel. L. Ry.	4	30	202	31,600	17,800	1,67,100	45,800
Bengal & N. Western	4	30	2,114	1,14,190	25,537	30,08,171	71,392
Bombay-Nagpur ..	3	May 2	3,274	13,47,000	2,43,489	45,77,000	6,66,582
Bombay, Bar. & C. P.	3	May 2	3,084	13,75,000	1,33,000	1,56,51,000	5,13,000
Madras & S. Mahr.	4	Apr. 30	3,230	14,48,000	2,93,940	69,74,000	13,29,118
†Rohilk. & Kumaon	3	Apr. 30	572	1,39,603	9,294	6,49,338	2,21,7
South Indian.....	3	23	2,495	10,66,661	46,863	34,09,184	1,39,833

† Including Lucknow-Bareilly State Railway.

CANADIAN.

		1932.	\$	\$	\$	\$
Canadian National	19	May 14	20538	2,668,000	- 957,974	51,506,608
Canadian Pacific...	20	21	16811	2,218,000	- 498,000	44,616,000

SOUTH AMERICAN.

		1932.	£	£	£	£
Antofagasta (Chili and Bolivia)	21	May 22	804	10,000	4,680	248,380
Argentine N. H.	47	May 21	753	11,700	600	547,900
Argentine Trans. In.	43	Apr. 23	111	897	2,623	76,923
B. A. and Pacific	47	May 21	2,806	119,000	34,000	5,852,000
B. A. Central.....	47	May 22	10	10,127	2,629	495,174
B. A. Gt. Southern	47	May 22	5,076	172,000	51,000	9,733,000
B. A. Western.....	47	May 22	1,926	62,000	23,000	3,415,000
Central Argentine..	47	May 21	3,505	215,000	10,000	10,061,000
Central Uruguayana	47	May 21	273	12,000	4,505	654,107
O. U. (R. B. Ext.)...	47	May 21	311	3,232	950	145,229
O. U. (N. B. Ext.)...	47	May 21	185	1,442	925	71,237
O. U. (W. B. Ext.)...	47	May 21	211	1,032	290	59,223
Cordoba Central....	47	May 21	1,218	41,000	16,000	2,179,000
Entre Rios.....	47	May 21	810	17,800	4,600	1,017,800
G. West. of Brazil	21	May 21	1,052	6,800	1,500	204,500
Leopoldina.....	21	May 21	1,918	23,095	4,645	504,125
Leopoldina Termal.	47	May 21	1,918	23,095	4,645	504,125
Nitrate.....	47	May 21	15	411	3,495	64,631
Paraguay Central	47	May 21	274	3,750	20	140,340
Salvador.....	47	May 21	21	1,662	1,921	131,575
San Paulo.....	20	May 15	1,534	26,325	1,919	649,791
United de Havana	47	May 21	1,367	21,438	2,704	1,199,345

† Months.

OTHER OVERSEAS.

		1932.		£	—	£	£	—	£
Egyptian Delta	4	Apr. 30	620	5,615	—	459	16,422	—	1,948
Light Railways	19	May 12	...	1,682	+	420	31,177	—	309
Egyptian Markets	19	May 12	104	Ps. 48,371	—	27,415	1,048,380	—	487,480
Gt. Southern of Spain	19	May 12	483	\$169,300	—	37,800	3,410,380	—	838,100
Mexican Railway	19	May 12	483	\$169,300	—	37,800	3,410,380	—	838,100

TRAMWAYS WEEKLY GROSS RECEIPTS.

	1932.			£	£	£	£
	20	May 20	329	66,105	4,621	1,337,832	163,276
Anglo-Argentine ...	47	22	...	9,167	1,466	477,628	63,331
B. Aires Laurose ...	19	11	...	2,168	106	47,952	2,769
Isle of Thanet Elec.	7	18	124	30,114	1,026	194,342	4,116
Liverpool Corp.	14	Apr. 30	...	51,382	220	459,657	22,091
Madrid Electric	7	May 19	166	78,258	2,252	534,020	15,460
L.O.O. Tramways ...							

† Months.

MONTHLY TRAFFICS.

Company.	Months.	Ending 1932.	De- scrip- tion.	Receipts for Month.		Receipts to Date.	
				1932.	+ or -	1932.	+ or -
Brazilian Traction, &c.	4	April 30	Gross Net	\$2,581,033	- 423,411	9,951,557	- 2,659,400
British Columbia			Net	517,163	312,635	5,627,587	1,886,559
Power.			Gross Net	\$1,124,110	61,540	11,590,397	- 698,983
Internat. Ry. of	4	30	Net	\$348,607	- 33,243	3,912,204	- 412,436
Central America.			Gross Net	\$100,590	13,519	425,258	81,940
Para Electric Ry. of	5	30	Net	\$42,284	4,015	190,567	36,961
			Gross Net	\$ 11,356	2,385	56,274	+ 5,488
				\$3,555	+ 1,472	17,604	+ 4,052

* Mexican dollars.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash. * Interim div. † Final div.		Dividend for Whole Years.	
	Interim or Final.	Date of Pay- ment.	Method of Payment.	Latest Year.
BANKS.				
Bank of Nova Scotia	4%	June 13	(Quarter)	%
British Overseas Bank "A" Ord.	6%	June 13	Less tax	%
TEA AND RUBBER.				
Anglo-American Direct Tea	...	June 25	...	7 1/2
British Indian Tea	...	June 25	...	10
Buxa Doora Tea	...	June 25	Less tax	6
Chunab Tea	...	June 25	...	10
Jhangia Tea Association	25%†	June 22	...	32 1/2
Kanan Devan Hills	4%†	June 22	...	12 1/2
Paboojam Tea	17 1/2%†	June 22	...	25
MINING.				
Alredale Collieries	3d. p.s.	May 31	...	5
Tekka	...	May 31	...	5
OTHER COMPANIES.				
Artillery Mansions	...	July 1	Less tax	13/- p.s.
B. Capuli	4 1/2%	July 1	Less tax	10
Benskin's Watford Brewery	4 1/2%	July 1	Less tax	9
Birmingham & Midland Counties	...	July 1	Less tax	...
Trust	...	July 1	Less tax	...
Buttons	3 1/2%	June 30	Tax free	2
Carreras Ltd., A. and B.	15%	June 18	Less tax	...
Central Sugar	...	June 18	Less tax	...
City of London Real Property	11%†	June 18	Tax free	7 1/2
Cory (Wm.) and Son	10%†	June 18	Less tax	15
Orill Manufacturing 7% Cum.	...	June 18	Less tax	17 1/2
Prof.	...	June 18	Less tax	...
Dorman Long 6% Cum. Pref.	...	June 18	Less tax	...
East India Tramways (Def.)	4%†	June 1	...	...
E. W. Woolworth & Co.	1/6 p.s.	June 1	...	...
Fitch and Son	2 1/2%	June 1	...	8
Forster's Glass	2 1/2%	June 16	...	8
Glenfield and Kennedy	5%†	June 1	...	10
Hastings Pier	5%†	June 1	...	10
Indian and General Invest. (Def.)	8%†	June 1	...	16
Ingis and Co.	...	June 1	...	18
John Yeo and Co.	7 1/2%	June 1	...	7 1/2
Land and House Property Corp.	7 1/2%	June 1	...	10
Lobitos Oilfields	7 1/2%	June 15	Less tax	12 1/2
London Brick	2 1/2%	June 3	Less tax	10
Malta and Mediterranean Gas	5%†	June 3	Tax free	10
Metropolitan Properties	2 1/2%	June 3	Tax free	8
Nantyglo and Blauna Estates	1 1/2%	June 3	Tax free	8
Nelson Financial Trust	1 1/2%	June 3	Tax free	8
Nitrate Producers' Steamship	5%†	June 1	Tax free	7 1/2
Officer's Brewery	5%†	June 1	Tax free	7 1/2
Portsmouth and Brighton United	5%†	June 1	Tax free	7 1/2
Breweries	5%†	June 1	Tax free	7 1/2
Reckitt and Sons	5%†	June 1	Tax free	7 1/2
Sheffield Refreshment Houses	5%†	June 1	Tax free	7 1/2
Simonds (H. and G.)	2 1/2%	June 8	Less tax	12
Smith, Parkinson and Cole	2 1/2%	June 8	Less tax	11
Sphere Investment Trust	3%†	June 4	...	3
Stanton Ironworks	6%†	June 4	Tax free	10
Usher's Wiltshire Brewery	14%†	June 2	Tax free	10

CANADIAN INTERNATIONAL INVESTMENT TRUST, LTD.—On March 15th last the capitalisation of the company was altered; the par value of the common shares was reduced from \$10 to \$1, the latter being subsequently converted into the report, and resulted in the establishment of a capital surplus of \$1,080,108. This surplus has been transferred to the investment reserve account, which, after other adjustments, amounted on February 29th last to \$798,163. The market value of the company's holdings on February 29th last to \$798,163. The market income for the 12 months under review amounted to \$238,124, as compared with interest was earned 2.15 times. The directors have postponed payment of the year were equivalent to \$5.85 per preferred share due March 1st. Earnings for last standing on February 29, 1932. During the year 650 shares of the company's 5 per cent. cumulative preferred stock were purchased and subsequently cancelled: no further redemption of this stock is contemplated.

Commercial Reports.

MARKET SUMMARY.

The movement of prices of primary products at the principal international commodity markets provide no evidence of an improvement. On the contrary, the demand for many materials continues to shrink, and in many cases the apparent steadiness in price is the result of the deliberate restriction of supplies rather than of an expansion in consumption. Among non-ferrous metals, the New York quotations for tin and spelter show an advance of a few points on the week. Lead has been maintained, but copper weak. Cotton was as low as ever, and as buying of rubber practically ceased, the quotation for that commodity touched a new low level. Among cereals, wheat, maize and rye have been a little firmer, and cocoa was maintained, but sugar failed to improve. Sterling quotations of commodities which lend themselves to grading and with gold prices. Among other commodities, tea has been weak. In meat, beef has been a little firmer, but New Zealand mutton declined further. According to various reports from industrial centres, the general situation in the coal trade shows no improvement, and the iron and steel industry is making little headway.

THE COAL TRADE.

SHEFFIELD.—Curtailed outputs from the pits are causing a scarcity of best-quality seams; although consumption keeps low, comparatively little new export business is coming forward. Prices

remain firm at 16s. and 16s. 6d., f.o.b. Industrial demand has tended to shrink since the beginning of the month. Small and secondary coals are plentiful. Merchants are ordering house coal on a low basis, and the quantities going into consumption are below the average for the time of year. There is a surplus of blast-furnace coke owing to the slackness in the pig-iron and steel trade.

GLASGOW.—Business tends to fall off with the advance of the season, but as outputs have been steadily reduced for a considerable time past, prices remain about steady. New business with foreign buyers is difficult to obtain, owing to import restrictions in some markets and intensified competition in others, although British exporters appear to be holding their position in Scandinavia. Coastwise orders, which have recently been the main source of activity, are also less numerous, and industrial requirements are much below normal. Shipment prices (f.o.b. district ports): LARNAKSHIRE.—Ell best, 14s. 3d.; splint best, 15s. 6d.; splint second, 14s. 3d.; navigation, 15s.; navigation second, 14s. 6d.; Hartley, 15s.; steam, 13s.; trebles, 11s. 6d.; doubles, 9s. 9d.; singles, 8s. 9d.; pearls, 8s. 6d.; dross, 8s. 9d. FIRE.—Screened navigation, 16s. 6d.; first-class steam, 12s.; third-class steam, 11s.; trebles, 11s.; doubles, 10s. 10s. 6d.; singles, 8s. 9d.; pearls, 8s. 6d. LOTHIAN.—Prime steam, 11s. 11s. 6d.; secondary steam, 11s.; trebles, 11s. 11s. 6d.; doubles, 10s. 6d.; singles, 8s. 9d.; pearls, 8s. 6d. AYRSHIRE.—Unscreen navigation, 16s.; jewel, 16s. 6d.; steam, 12s.; trebles, 12s.; doubles, 10s.; singles, 9s. 9d.; pearls, 8s. 6d.; dross, 9s.

CARDIFF.—It has been officially confirmed that the Egyptian State Railways have placed with Messrs. T. Beynon and Co. a contract for the supply of 240,000 tons of Monmouthshire coals for delivery between June and September inclusive. No other business of importance has been transacted during the past week, and the market continues very depressed. It is now officially announced that the French coal import quota has been further reduced from 70 per cent. to 60 per cent. of the monthly average imports in the three years 1928-30, and that it is even possible that the quota may be cut down to 50 per cent. of the quantities received in the datum period. At Swansea shipments have latterly improved, and according to the Great Western Railway Company, they show an increase for the current year to date of about 133,000 tons, although the shipments from all the South Wales ports during this period are down by 255,000 tons. An expansion in the anthracite trade, and the diversion of the bunkering of vessels belonging to a leading British fruit importing firm from Rotterdam to the Welsh port, are the two principal causes for the more favourable position of the coal export trade at Swansea. Dry quality coals continue to command prices above the minima, but for all other descriptions quotations are on

foreign" in London, in terms of sterling at £9 18s. 9d. per ton for shipment during the current month, compares with £10 16s. 3d. on the corresponding day last week.

SPELTER.—The market in spelter was firmer in the United States, but London quotations show a decline on the week occasioned by more liberal offerings in face of a poor demand. Wednesday's quotation in New York, at 2.875 cents per lb., compares with 2.325 cents a week ago and 2.60 cents a month earlier. Wednesday's official closing quotation in London, in terms of sterling for "good ordinary brands," was £12 2s. 6d. per ton for shipment during the current month, against £12 10s. a week ago.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotations for aluminium and nickel have been maintained at £95 per ton and £225-£230 per ton respectively. Quick-silver, at £14 per flask, shows a fall of £2 per flask on the week. Foreign antimony was sold at £24 10s.-£25, against £26-£26 10s. a week ago. Platinum, at £9 15s. per ounce, shows a decline of 16s. per ounce.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Imports for the week, May 19th to 25th (inclusive) are 47,946 bales, of which 38,691 are American, 1,013 Peruvian, 3,882 Egyptian, 735 African, 1,691 East Indian, and 1,934 sundries.

Manchester.—Without there being any particular increase of business in the market, the tone has been rather better, and numerous producers have experienced a larger inquiry. Merchants have expressed the opinion that, but for the restrictions upon dealings in exchange and other barriers, trade would certainly broaden, as goods are wanted in many markets. Some expansion has shown itself in the cloth demand for India and a rather improved turnover has taken place, chiefly in light bleaching descriptions, most of the buying being for Karachi and Madras. Some reports from China have been rather more encouraging, and a few transactions have been put through in standard makes for Shanghai and fancies for Hong Kong. Clearances throughout the Far East are on a healthier scale than recently. A miscellaneous business has been done for several minor outlets East and West, without individual contracts being at all important. Favourable developments in the home trade section are being held back by the unseasonable weather for the time of the year. So far the threatened strike has not affected the market very much. Quotations in American and Egyptian yarns have again been irregular when tested. A fair amount of business has been offering, but most of the bids have been very low, and only a moderate turnover has taken place.

Cotton Prices.

	1932.					Corresponding Date.	
	May 4.	May 11.	May 18.	May 25.		1930.	1931.
Raw Cotton—Mid. American per lb.	d. 4-57	d. 4-56	d. 4-53	d. 4-51	d. 8-54	d. 8-43	
" Sakellaridis Pully Good Fair							
" Egyptian per lb.	6-25	6-00	6-10	5-95	13-85	8-10	
Yarns—32's twist per lb.	8	8	8	8	12	8	
" 40's twist per lb.	8	8	8	8	12	8	
" 60's twist (Egyptian) per lb.	14	13	13	13	21	15	
32-in. Printers, 116 yds., 16 by 16, 32's and 60's	s. d. 17 0	s. d. 16 9	s. d. 16 9	s. d. 16 7	s. d. 21 9	s. d. 17 7	
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	19 0	18 9	18 9	18 7	24 3	19 4	
38-in. ditto, 58 yds., 18 by 16, 10 lb.	10 6	10 4	10 4	10 3	13 3	10 9	
39-in. ditto, 37½ yds., 16 by 15, 8½ lb.	9 6	9 4	9 4	9 3	12 0	9 8	

THE WOOL TRADE.—Bradford.—The opening of the fourth series of London sales, writes our correspondent, has been encouraging. Sellers would, no doubt, have been much better pleased if a higher level of values could have been achieved, but topmakers and spinners are right in their contention that wool is dearer than tops, and that tops are dearer than yarn. Without really intending to bring about such a result, it looks as if traders have been gradually depressing the market, and the true cause is to be found in the failure of ultimate requirements to keep pace with bulk supplies of the raw material. Certain descriptions of wool are not being produced in bigger volume than can be absorbed, whilst others are a drag on the market. Even fine crossbreds are not meeting with the same reception as was previously anticipated in some quarters. At the same time, a decline of 5 per cent. is not serious compared with the 10 per cent. fall which is only too often seen in medium and low wools. Considering the weight of supplies and the present absorptive capacity of the trade, the interval since the third series has been short. Crossbred topmakers and spinners especially would have preferred more time to absorb the stocks they have on hand. Meanwhile, the sales are proceeding on fairly satisfactory lines, with firm values for good greasy combing merino. The withdrawals since the opening have not been so large, and whilst the prices realisable for merchantable offerings are very disappointing, these are being let go in the hope of a time coming when a better market will be seen. Bradford has not yet responded to London. The decline in the latter centre has been largely discounted, and, whilst there is not yet much new business in any quality of tops, makers say they will not accept less than 21d. for good average 64's. According to Messrs. Dalgety and Co., the wool sales at Brisbane continue firm. As compared with last sales' closing rates (19th May) all descriptions show a hardening tendency with the exception of dusty merino fleece.

THE JUTE TRADE.—Dundee.—No brighter movements can yet be recorded in the jute trade. The fact that the Indian Jute Mills Association has practically concluded an agreement with the non-member mills regarding the working hours of the latter has infused a certain amount of steadiness in the Calcutta goods market, but

this is looked upon as being more of a sentimental effect than any increased confidence in the position. The mills outside of the Association will work only 54 hours per week from August 1st next. They have been working for some time at the rate of 108 hours per week. The agreement will expire on June 30, 1933. The new jute crop prospects continue quite satisfactory, and it is estimated that the area sown this season is slightly increased compared with last. Apart from some business having been done by the Indian mills, there is very little interest being taken in the fibre. Sellers are, however, just about maintaining their prices, which, so far as this market is concerned, are more or less nominal for shipment in the absence of business or even offers. Good First Marks are round about £18 15s.; Lightnings, £16 15s.; Daisee assortment, £15 5s., and Tossa assortment, £16 10s., May-June. A few small lots on spot are being picked up where prices are reasonable. Jute yarns are very quiet, but spinners are adhering firmly to their terms. Common 8-lb. cops are unchanged at 1s. 10d., and 8-lb. spools at 1s. 11d., with buyers offering to pay 1s. 9½d. and 1s. 10½d. respectively for some spins. Twist is steady at from 3½d. for 3-ply 8 lb.; sacking yarns, 2½d. to 2½d. for 24-lb. warp, and 3½d. to 3½d. for 8-lb. chains; rove from £16 for 200 lb., and £18 5s. for 48 lb.; while finer yarns are nominally unaltered at 2s. 7d. for second quality 8-lb. Rio warp, 2s. 4d. for third, and 2s. 1d. for fourth. Carpet yarns are being steadily bought at from 3½d. for 14-lb. warp. There is only a small business taking place in jute cloth, with few orders of any consequence. Manufacturers recognise that there is no good to be gained by quoting lower prices, and these continue at from 2½d. for 10½ oz. 40-in. hessians, and from 1½d. for 8 oz. Severe losses are being made by producers, and unfortunately there are no signs of improvement. Linoleum hessians are dull and nominal and heavy goods are only purchased in small lots.

THE GRAIN MARKETS.

WHEAT.—Nothing has occurred during the past week to alter the international wheat situation, and world prices have fluctuated within narrow limits. The Continent is still buying substantial quantities, and will probably continue to do so for at least another month or longer. Under the influence of more favourable weather conditions, European crops have made good progress usually, but no improvement is recorded as regards the North American spring crop. According to Mr G. Broomhall, the world's visible supplies on May 18th, at 530 million bushels, shows a decrease of 66 million bushels on the month. The figure for May 1, 1931, was 531 million bushels. On Wednesday, futures were quoted at 58½ cents per bushel in Chicago, against 55½ cents on the corresponding day last week, and 56½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 31s. 6d. per 496 lbs., as compared with 32s. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 29s. 6d., against 30s. 3d.; No. 3 Northern Manitoba, Vancouver, ex ship, 28s. 9d., against 29s.; Australian, ex ship, 28s. 6d. to 29s., against 28 to 28s. 6d. a week ago.

WHEAT FLOUR.—Trading in flour has been quiet. North American shipments, at 110,000 sacks, showed a decrease of 58,000 sacks as compared with the previous week. Of this total, 49,000 sacks have been consigned to Europe. Quotations in London, Wednesday: Straight run, delivered country, 25s. per sack of 280 lbs., as compared with 25s. last week; delivered London, 24s., against 24s. Manitoba patents, ex store, 25s. to 27s., against 25s. to 27s. 6d.; and Australian, ex store, 20s. 6d. to 21s., against 20s. to 20s. 6d. a week ago.

BARLEY.—Business in feeding barley is quiet, but the Continent continues to absorb substantial quantities of Canadian barley. On Wednesday, "May" futures were quoted at 41 cents per bushel in Winnipeg, against 40½ cents last week and 42½ cents a month ago. Quotations in London, Wednesday: "English feeding," f.o.r., landed, 24s. to 26s., against 24s. to 26s. a week ago.

OATS.—Argentina is still the chief seller of this cereal, but demand was less active and lower prices had to be accepted. "May" futures, which last week stood at 23½ cents per bushel in Chicago, sold at 22½ cents per bushel on Wednesday this week, against 22½ cents a month ago. Quotations in London, Wednesday: "River Plate," landed, 18s. per 320 lbs., as compared with 18s. 6d. last week; "River Plate," ex ship, 16s. 9d., against 17s. 6d.; "Chilean White," landed, 24s. 9d. to 26s., against 24s. 9d. to 26s. a week ago.

MAIZE.—The demand for the maize on offer (mainly Argentine) continues brisk at steady prices, both in this country and on the Continent. Wednesday's quotation in Chicago for "May" and a fall of ½ cent as compared with the price a month earlier. Quotations in London, Wednesday: "Plate," landed, 20s. per 480 lbs., compared with 20s. 3d. last week; "Plate," ex ship, 19s., as against 19s.; "Plate," May-June, 18s. 9d., as against 18s. 6d. Yellow maize meal, ex wharf, was quoted at £5 15s. per ton, against £6 a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1931-32, 1930-31, 1929-30, 1928-29:—

	1931-1932.	1930-1931.	1929-1930.	1928-1929.
Estimated sales of home-grown wheat—				
1 week to May 21	Cwts. 120,841	Cwts. 71,209	Cwts. 138,801	Cwts. 141,532
38 weeks to May 21	3,201,326	4,335,556	8,586,917	9,103,715
Average price of English wheat per cwt.	s. d. 6 2	s. d. 5 10	s. d. 8 7	s. d. 9 10

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1928 to 1931:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
May 14, 1932	Cwts. 68,660	Cwts. 8,215	Cwts. 18,373	s. d. 6 1	s. d. 7 2	s. d. 8 0
May 21, 1932	120,841	14,694	29,333	6 2	7 4	8 0
May 19, 1928	251,856	25,855	25,228	11 3	11 0	12 11
May 18, 1929	88,053	17,386	18,407	10 0	10 4	9 9
May 24, 1930	138,801	21,393	19,652	8 7	7 4	6 7
May 23, 1931	71,209	11,221	19,793	5 10	7 5	6 8

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Jan. 2, 1931.	May 27, 1931.	Jan. 4, 1932.	May 18, 1932.	May 25, 1932.
Winnipeg (No. 1 Manitoba)	148½	56½	58½	62½	62½	63½
—Cents per 60 lb.						
Chicago (No. 2 Winter)	130½	79½	82½	55½	55½	58½
—Cents per 60 lb.						

The visible supply of wheat in Canada, at 60,323,000 bushels, shows a decrease on the week of 2,527,000 bushels. Supplies a year ago stood at 50,221,000 bushels.

OTHER FOODS.

SUGAR.—The principal international markets in raw sugar have been quiet with transactions on a small scale. Prices of the New York futures market fluctuated within narrow limits and are scarcely changed on the week. "July" futures in New York were quoted at 0.61 cent per lb. on Wednesday, against 0.61 cent per lb. a week ago, and 0.69 cent per lb. a month earlier. Wednesday's sales of "raws" include "December delivery" at 4s. 10d. to 4s. 10½d. per cwt., against 5s. 0½d. to 5s. 1d., and "March, 1933," at 5s. 0½d. to 5s. 1d., against 5s. 3½d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1932.	1931.	1932.	1931.	1932.	1931.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London	840	3,004	1,624	1,534	7,501	30,263
Liverpool ...	13,963	7,445	13,425	12,683	119,450	74,684
Total	14,803	10,449	15,049	14,217	126,951	104,947
Last week	25,730	14,586	14,224	13,836	127,497	108,715

COFFEE.—The New York market in coffee has been active at higher prices. There was only a moderate demand at Wednesday's London auctions but quotations remained firm. Last week's movements of coffee in London were as follows: Brazilian, landed, nil; delivered for home consumption, 28 bags; exported, nil; stocks, 4,668 bags, against 2,786 bags last year. Central American, landed, 5,963 packages; delivered for home consumption, 3,155; exported, 1,567; stocks, 134,121 packages, against 130,514 a year ago. Other kinds, landed, 1,707 packages; delivered for home consumption, 2,090; exported, 1,458; stocks, 100,457 packages, against 102,359 a year ago.

COCOA.—The recent improvement in cocoa prices has been maintained. "July" futures were quoted at 4.07 cents per lb. in New York on Wednesday, against 4.12 cents per lb. a week ago and 4.25 cents a month ago. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, new crop, May-June, at 25s. per cw., f.o.b., London contract, shows no change on the week. Last week's movements of cocoa in London were as follows: Landed, 2,495 bags; delivered for home consumption, 3,533 bags; exported, 92 bags; stocks, 180,202 bags, as against 227,725 last year.

TEA.—The quantities catalogued for this week's auction comprise 58,345 packages of Indian, 35,821 packages of Ceylon, and 18,588 packages of Java and Sumatra tea. Although no auctions were held last week, the Indian tea offered on Monday met a poor demand. Both common and medium teas realised lower rates and a substantial quantity of tea was withdrawn. Ceylon teas offered on Tuesday made no better showing and realised considerably less than at the last Ceylon auction. There was no improvement on Wednesday, when Indian teas were offered again.

RICE.—There was little interest in rice and prices show a substantial decline on the week. Wednesday's "spot" price, at 9s. 6d. per cwt., shows a fall of 3d. on last week, while forward positions, at 8s. 7½d., show a decline of 4½d. per cwt. Movements in London during the past week were as follows: Landed, 47 tons; delivered, 96 tons; stocks, 2,110 tons, as against 580 tons last year.

POTATOES.—As the supply of old potatoes has again been plentiful at the principal markets, prices show a slight decline. At the Borough Market, "Best King Edward" sold from 11s. 6d. to 12s. per cwt., as compared with 11s. 6d. to 12s. 6d. per cwt. a week ago.

SPICES.—The market in spices has been dull. Wednesday's quotation for "Black Singapore" pepper, at 6½d. per lb., shows no change on the week. Movements of pepper in London during

the past week were as follows: Black, landed, 6 tons; delivered, 7 tons; stocks, 380 tons, against 542 tons last year. White, landed, 20 tons; delivered, 26 tons; stocks, 625 tons, against 644 tons a year ago.

MEAT.—Following the recent decline in beef prices at the Smithfield market, quotations have been firmer this week. Both foreign and home-grown beef was dearer. There was an advance in the price of English mutton, while New Zealand grades show a further decline. On Wednesday, Argentine beef (chilled hind-quarters) was sold at 4s. 2d. to 4s. 8d. per 8 lbs., against 4s. to 4s. 4d. on the corresponding day last week, while New Zealand frozen mutton realised 2s. 4d. to 3s., as against 2s. 6d. to 3s. 2d. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 7,886 tons, as compared with 9,075 tons in the corresponding week last year. Imported beef, principally Argentine, formed 85.6 per cent. of the supplies, as against 85.3 per cent. a year ago; and imported mutton, mainly New Zealand, formed 84.6 per cent. of the total supply, as against 82.5 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—Very quiet conditions continue and only a small business is passing in any commodity. With regard to linseed, large and ample supplies are assured to the end of the year. Crushers, who are now experiencing a much reduced demand for oilcakes for cattle food, are under no necessity to anticipate requirements and are buying sparingly and only in near positions. Plate on passage to Hull has been done at £7 10s., a new record low level, but is now somewhat steadier and quoted on spot at £7 12s. 6d., and for shipment to August £7 12s. 6d. to £7 17s. 6d. There is little interest in Indian linseed, Calcutta to London, May-July, offering at £9 5s. without attracting buyers. The quantity of linseed afloat for Europe has undergone further contraction, and at 123,300 tons is 5,600 tons less than a week ago. Cottonseed is neglected and easier, black Egyptian afloat and shipment quoting £5 12s. 6d. to £5 15s. New crop for October-December loading is quoted £6 2s. 6d. Trade in vegetable oils is very disappointing. Linseed oil is in poor demand but about steady at £12 7s. 6d. for May delivery, with later positions at a progressive premium. Cotton oil is lifeless. Crude Egyptian ex Hull mill offers at £18 10s. and refined at £20. Oilcakes and meals are in slow request and prices are barely steady.

HIDE, LEATHER AND ALLIED TRADES.—After an interval of a fortnight the auctions for hides and skins from home-slaughtered cattle were resumed at Manchester this week, when, with the exception of an advance of ¼d. per lb. in the price of the two top weights in first clear ox and heifers, the position of the market was unchanged from that ruling previous to the Whitsun holiday. Business in regard to calfskins remains difficult, while sheepskins can only be disposed of at low figures. A rather better tone prevails in the foreign hide market, as, although prices generally are unchanged, a trifle more business is passing. In South American wet-salted descriptions sales have been made of Argentine ox at the figure quoted last week, viz., a fraction over 3d., while Montevideo have made just under 3½d. Prices are fairly steady in regard to dry South American hides, but there is little business forthcoming on account of these from the trade of this country. The prices quoted are 4½d. for B.A. Americanos, 2½d. B.A. In-servibles, and 5½d. to 5½d. for Sierra Cordobas. Africans are perhaps slightly weaker, dry Capes having changed hands at 4½d. and 3½d. for firsts and seconds, while drysalts are obtainable at 4½d. and 3½d. for the same selections. Australian hides are still quoted at what are considered too high figures to permit of much business being done in this country. So far there has been little or no improvement in the trade in sole leather since the holiday, although it is confidently expected that now the shoe factories have again got back to something like normal working conditions better business will soon be forthcoming. In the meantime, requirements from this section of the trade have been confined to small parcels of light and medium weight dry hide bends—mostly deliveries of orders placed before the holiday. Repairers of footwear, however, have been buying moderately well, and, all things considered, some fair quantities of medium weight English and wet-salted bends have been moved off for this purpose. There has been practically no improvement in the call for bellies and shoulders, although it is possible to obtain supplies at very low figures—often at below the cost of tanning and not taking into account the price of the raw material. Producers and distributors of upper stock also have experienced a quiet week, business generally having consisted of a few inquiries for small quantities of black and brown glaze kid and box and willow calf.

THE TIMBER TRADE.—Our correspondent writes: As imports of European building woods in April were low and the four months' receipts show a reduction of 25,760 loads (of 50 cubic feet) on total receipts of 434,000 loads, and as dock stocks are moderate, the market ought to have been favourable to holders this month and for weeks to come. Consumption, however, has been so poor and the outlook for the building trade so discouraging, that the timber spot market remained in a depressed condition. As regards the forward market, Russia's principal competitors are as anxious as ever to sell and to bring their offers nearer into line with Soviet quotations. More Canadian logs have come forward this year, but log timber is a small branch of the United Kingdom softwood trade. It is the sawn that matters, and in this the Dominion is not yet up to her exports of the past two years to date. It would be unwise to ignore the fact that, in high quarters of the United Kingdom trade, there is anxiety regarding the Ottawa Conference, and possible promises in connection with timber which might prove ultimately difficult to fulfil. However, between now and the Conference there should be sufficient time for the position of the

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Market Hides, London—			
GRAIN, &c.—				POTATOES—				INDIGO—				LEATHER—			
Wheat—				Good English, per cwt.	11	6	12	0				Bengal gd. red-vio. to			
No. 2, N. Man. 496 lb.	29	6		Pepper, per lb.—								fine—per lb.	5	6	
Eng. Gaz. av., per cwt.	6	2		Muntok, fair White	0	6½						Sole Bends 8/14 lb.—			
Barley, Eng. Gaz. av.	7	4		Black Lampong	0	6½						per lb.	1	0	2
Oats, " "	8	0		Cinnamom—1st sort, per lb.	0	7						Bark Tanned Sole	2	0	3
Maize, La Plata, landed	20	0		Cloves—Zanzibar per lb.	0	7½						Shoulders fm DS Hides	0	6	1
480 lb. 2000				Ginger—per cwt.—								Do. Eng. or WS do.	0	3	0
Flour, Lon. stan. ex mill,	22	9		African	23	0						Bellies from DS do.	0	4	0
280 lb.				Jamaica, ord. to good...	55	0	85	0				Do. Eng. or WS do.	0	4	0
Rice, No. 2 Burma, per cwt.	8	7½		Mace	10	10	1	11				Dressing Hides...	1	0	1
Tapoca, per cwt.	10	6		Nutmegs 65e	1	3						Ro. Eng. Calf, 20/30 lb.	2	6	3
Fair Flake, Singapore...												Aust. Bends	0	11½	1
MEAT—				SUGAR—											
Beef, per 8 lbs.—				(Duty, 11s. 8d. per cwt.)											
English long sides	5	4	6	B.W.I., crystallised	17	3	19	0							
Argentine chilled hinds	4	2	4	Java, white, c. & f. India											
Mutton, per 8 lbs.—				March-April	7	7½									
English wethers	4	8	6	REFINED—London—											
N.Z. frozen "	2	4	3	Yellow Crystals	17	7½									
Pork, English, per 8 lbs.	4	4		Cubes	22	0	22	6							
				Crushed	20	0	20	6							
				Granulated	18	0	18	10½							
				Home Grown	17	7½	17	10½							
				TEA—											
				Indian—per lb.—											
				Pekoe	0	6	0	9½							
				Broken Pekoe	0	6	1	12							
				Orange Pekoe	0	6½	1	11½							
				Broken Orange Pekoe	0	6½	2	8½							
				Ceylon—per lb.—											
				Pekoe	0	6½	2	5							
				Broken Pekoe	0	7	1	10½							
				Orange Pekoe	0	8½	2	5							
				Broken Orange	0	8	2	10½							
				TOBACCO—											
				(Duty 9/6-10/6½ per lb.)											
				Empire growths, 7/5½											
				8/3½ per lb.)											
				Virginia leaf—											
				Common to fine	0	8	2	6							
				Rhodanian leaf	0	9	2	6							
				Nyasaland leaf	0	6	1	8							
				strips	0	8	2	0							
				East Indian leaf	0	4	0	8							
				strips	0	5	1	0							
				COTTON—											
				Mid-American	4	5									
				Sakellaridis, f.g.f.	5	95									
				Yarns, 32's twist	13										
				60's twist	13										
				FLAX—											
				Liverian ZK	44	0									
				Pernau HD	42	0									
				Slanetz Medium lat sort...	48	0									
				HEMP—											
				Italian P.O.	45	0									
				Manila, May-June "J 2"	17	10									
				Sisal, African, May-June	13	0	13	5							
				JUTE—											
				Native lat mks. per ton											
				May-June c.i.f. H.A.R.B.											
				Daisee 2/3 c.i.f. Dundee...											
				May-June											
				SILK—											
				Canton	6	6	8	6							
				Tussah	3	6	4	6							
				Japan	6	0	8	0							
				Italian—raw, fr. Milan	8	0	10	6							

United Kingdom timber trade and its essentially cheap and quick service to British industry, particularly the building industry, to become familiar to our rulers. At present, with European woods even cheaper than three or four months ago—and they may become cheaper yet, a month or so hence—they are most difficult to sell. In the hardwood section of the trade, receipts generally of the sawn woods are heavier than in 1931 in face of a lower consumption. Shipments from the United States show an advance, which, under present conditions, must mean weakness, but with a deplorable consumption over there and the world's markets unresponsive, the United Kingdom naturally is getting as much as it wants, despite the high dollar and the 10 per cent. duty. The Canadian sawn hardwoods, too, are increasing in import, logs also, and if the Dominion could but send us still more cheap hardwoods and concentrate less on the softwoods, of which our neighbours on the Continent have so much to offer, one Empire problem would be nearer solution. Mahogany lumber (i.e., sawn wood) from the United States fell heavily in import this year; trade will increase with Empire mahogany countries as soon as revival in the consumption sets in. Imports of plywood are remarkably large, and stocks in the country are heavy. These consist mostly of the cheap quality wood from European sources, and could not be made here at a profit. Trade with the United States is hampered by currency and duty conditions. We are likely to see more of the better class material made at home and from the Empire countries. It is an almost new line of manufacture, and which should undoubtedly attract Canadian softwood and hardwood lumbermen, both for domestic consumption and export to the United Kingdom, and—duties permitting—to other Empire and foreign countries.

RUBBER.—The market in rubber has been dull and inactive, and quotations touched new low levels in London and in New York. The reaction is ascribed mainly to the falling-off in American buying following the heavy purchases made before the import duty was dropped. In New York, Wednesday's spot price for rubber, at 2½ cents per lb., shows a fall of ½ cent per lb. on the week. Wednesday's official closing price for standard ribbed smoked sheet in London, at 1½ d. per lb., shows a fall of ½ d., as compared with the

corresponding day last week. In forward positions, business has been done at 1½ d. for October-December, as against 2½ d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 1,630 tons; delivered, 1,451 tons; stocks at the end of last week, at 119,189 tons, show an increase of 179 tons as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.

(New York quotations, unless otherwise stated.)

	Apl. 27.	May 18.	May 25.
Cents.	Cents.	Cents.	Cents.
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	56½	55½	58½
Maize, nearest future, Chicago, per bushel	31½	30½	31½
Oats, nearest future, Chicago, per bushel	22½	23½	22½
Rye, nearest future, Chicago, per bushel	41½	36½	37½
Coffee, Rio No. 7, cash, per lb.	7½-8	8½-8½	8½
" Santos No. 4, cash, per lb.	9½	10½-10½	10½-10½
Cocoa, Accra, nearest future, per lb.	3-95	4-00	4-07
Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	2-63	2-58	2-58
Cotton, middling, spot, per lb.	6-25	5-75	5-75
Rubber, smoked sheet, spot, per lb.	3½	3	2½
Petroleum, Pennsylvania crude, standard grades, per barrel	175-197	175-197	175-197
Copper, "Electrolytic," Domestic, spot, per lb.	5½	5½	5½
Copper, "Electrolytic," Copper Exporters, Inc., spot, per lb.	6	5½	5½
Spelter, East St. Louis, spot, per lb.	2-60	2-325	2-875
Lead, spot, per lb.	3-00	3-00	3-00
Tin, "Straits," spot, per lb.	19-45	20-90	21-10

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Bankers' Gazette and Railway Monitor

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TABLE OF CONTENTS.

The Money Market	1221	Berlin	1247
Amsterdam	1247	Other Centres	1247
Leading Articles—		Investment Notes—	
A World Adrift	1223	Course of Equity Share	
The Fall of Dr. Brüning	1224	Values	1250
The Coal Bill	1225	Steel Consolidation	1250
The Future of Danubia	1226	London New Issue Prices	1250
Newspaper Finance	1227	Hotel Company Results	1251
Imperial Preference	1228	Newspaper Share Values	1251
Notes of the Week—		J. and P. Coats	1252
Washington and the		J. Lyons and Company	1252
Budget	1230	B.A. Pacific Moratorium	1252
Politics in France	1230	Antofagasta Railway	1253
The Week in India	1230	Great Universal Stores	1253
The Roumanian Govern-		Ford of Germany	1253
ment Falls	1230	Philips' Lamps	1253
The Disarmament Con-		New Issues in May	1254
ference	1231	The Revival in West	
Debtors in Distress	1231	Australians	1254
The Unrest in Spain	1231	Burmah Oil Company	1254
Waterloo Bridge	1231	Company Meetings of	
Sterling and Gold Prices	1232	the Week	1255
Empire Rationalisation	1232	Capital Issues	1255
Sir Otto Niemeyer and		Summary of Balance	
the B.I.S.	1232	Sheets	1256
Hambros Bank	1232	Weekly Traffic Returns	1256
The Wiener Bankverein	1233	Company Meetings, &c. ...	1257
The 1930 Census of Pro-		Government Returns, &c.—	
duction	1233	National Accounts	1262
German Shipping Fusion	1233	Treasury Bills by Public	
The British Association	1233	Tender	1263
Insurance Notes—		The Bankers' Gazette—	
Eagle Star and British		Bank of England	1263
Dominions	1234	Bankers' Clearing Re-	
Royal Insurance Co.	1234	turns	1263
Gresham Life Assurance	1235	Provincial Clearing Re-	
Commercial Union As-		turns	1263
surance	1235	Overseas Bank Returns	1264
Overseas Correspondence—		Loan and Discount Rates	1265
United States	1235	Rates of Exchange	1265
France	1236	Overseas Bank Rates	1266
Germany	1237	Bullion	1266
Holland	1238	Gold and Silver Prices	1267
Spain	1238	Company News—	
Austria	1239	Reports and Notices	1267
Hungary	1239	Dividend Announcements	1267
Jugoslavia	1240	Profit and Loss Accounts	1268
Roumania	1240	Oil Outputs	1268
Canada	1241	Commercial Reports—	
Letters to the Editor—		Market Summary	1268
Monetary Policy	1242	The Coal Trade	1269
Foreign Exchange Re-		Iron and Steel	1269
strictions	1243	Other Metals	1269
Books and Publications—		Textiles	1270
The Nineteenth Century	1243	The Grain Markets	1270
Books Received	1244	Other Foods	1271
The Stock Exchange—		Miscellaneous Commodi-	
Swedish Industrials	1245	ties	1271
Week in the Markets	1246	Commodity Prices in the	
London Active Securities	1248	United States	1272
Foreign Stock Exchanges—		Prices Current	1272
New York	1246		
Paris	1247		

THE MONEY MARKET.

MONEY was very easy over the week-end at rates running down to ½ per cent., and little change was noticeable on Monday or Tuesday, as even the foreign exchange settlements and other movements of funds on the last day of the month failed to have any effect. On Wednesday, however, money was rather more wanted at 1 per cent.

and even higher, and a little was borrowed from the clearing banks on that day. The reason for this relative stringency was that the 25 per cent. call on the 3 per cent. Treasury bonds had to be met, while as most June bills had previously been bought by special quarters, the market was deprived of any funds as a result of maturities. It is true that the War Loan dividend was paid on that day, but as a rule it takes a few days for the warrants to be cashed and for the money to reach first the clearing banks and then the market, and it was only on Thursday that this money began to emerge.

Although last week's Treasury bill offer of £45.0 millions was only just comfortably covered by applications amounting to £50.1 millions, the average tender rate was the very low one of 17s. 9.99d. per cent. This rate is extremely unremunerative to bill-brokers, but it is pointed out that so long as applications barely cover the tender, it is within the power of applicants to make the tender rate what they like. This week the clearing banks have been buyers of bills. Running June bills were quoted at $\frac{1}{2}$ per cent. and special dates at $\frac{1}{4}$ per cent. July bills were $\frac{1}{4}$ per cent. and Augusts $\frac{1}{2}$ per cent. Hot Treasury bills were dealt in at $\frac{1}{8}$ per cent. early in the week, but were subsequently wanted at $\frac{3}{8}$ per cent. Three months' bank bills stood at 1- $\frac{1}{2}$ per cent. and standstills at 1- $\frac{1}{2}$ per cent.

	May 12, 1932.	May 19, 1932.	May 26, 1932.	June 2, 1932.	Previous Rate and Date Changed.
Bank Rate	2 $\frac{1}{2}$	2 $\frac{1}{2}$	2 $\frac{1}{2}$	2 $\frac{1}{2}$	3 (May 12, '32)
Banks' Deposit Rate..	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Discount { Call	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
{ Notice ...	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 $\frac{1}{2}$ (May 12, '32)
Market rate ("hot" Treasury bills).....	1 $\frac{1}{2}$ - $\frac{3}{8}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Market rate (3 months' bank bills)	1 $\frac{1}{2}$	1 $\frac{1}{2}$ - $\frac{1}{4}$	1 $\frac{1}{2}$ - $\frac{3}{8}$	1-1 $\frac{1}{2}$	...
Market rate (stand- still bills)	1 $\frac{1}{2}$ -2 $\frac{1}{2}$	1 $\frac{1}{2}$ -3 $\frac{1}{2}$	1 $\frac{1}{2}$ -3 $\frac{1}{2}$	1 $\frac{1}{2}$ -2 $\frac{1}{2}$	...

The Bank return records a further increase of £3.6 millions in the Bank's gold, which now stands at £128.6 millions, against £120.8 millions early in May. The note circulation has risen during the week by £1.2 millions, so that the Reserve is £2.4 millions higher. In addition to its gold purchases, the Bank has clearly had to buy large quantities of *devisen* in order to control the pound, for Other Securities show an increase of £10.2 millions, of which £8.9 millions have gone to the Issue Department. Government Securities are reduced by £4.4 millions, but even so the total resources of the Bank are £9.4 millions higher. Allowing for the increases in the note circulation and in Other Deposits, and also for a fall of £5.0 million in Public Deposits, Bankers' Deposits have risen by £12.4 millions. Thus some expansion of credit has taken place during the week.

The steady outflow of gold from New York, the wide discount upon forward dollars, and reports of substantial operations in the Paris exchange market by a New York bank have concentrated attention upon the dollar. The forward exchange discount is due partly to speculation—or rather to the failure of speculators to fill their needs—partly to panic selling in New York, and partly to operations in connection with the renewal of American standstill bills, a large number of which matured at the end of May. Early in the week the discount for three months' dollars stood at 6 cents, but the passage of the American Tax Bill created a good impression, causing the pressure to relax and the discount to narrow.

The recent heavy purchases of dollars by an American bank in the Paris exchange market were apparently a normal banking transaction. The dollars so purchased are sold in New York for gold, and the gold in its turn is shipped to Paris and sold for francs to the Banque de France. With the New York-Paris spot exchange rate below the export gold point, this operation yields a profit. Inasmuch as part of the dollars purchased in Paris represented Banque de France holdings, the net result is that

the Banque de France has repatriated part of its holdings of dollars in the form of gold; and in actual fact during the three week's ending May 20th, the latest date for which details are available, the Banque de France's gold stocks have increased by Frs. 1,045 millions, while its *devisen* have shrunk by Frs. 1,780 millions. There is no evidence that the Banque de France inspired these operations, which under recent conditions have been profitable in themselves.

Nor is there any evidence that official support is being given to the dollar, either in London, Paris or New York. So far as the Federal Reserve system is concerned, so long as American gold reserves remain adequate to meet current demands, official intervention is clearly unnecessary. In fact, it would be much better to let both the foreign exchanges and the consequent outflow of gold take their natural course, as continual gold losses are calculated to bring home to public opinion and also Congress at Washington the need for balancing the national finances, and it is possible to infer a connection between America's gold losses and the acceptance of the Tax Bill by the Senate. As regards London, the authorities obviously have their hands full in regulating sterling, and if from time to time they buy dollars, the object is not so much to support the dollar as to prevent an undesired rise in sterling. This distinction is not quite so fine as it appears, for the pursuance of this policy involves the purchases of other currencies (notably francs) besides dollars, and there is ground for believing that part of the franc proceeds of the American gold shipments to Paris were resold for sterling.

The heavy outflow of gold from New York continues, and last week's shipments of \$73.0 millions constitute a record for any single week of the year. For the current week, beginning with Friday, May 27th, exports of nearly \$34.0 millions are reported, included \$20.2 millions to France, \$7.8 millions to Holland, \$4.2 millions to Belgium, \$1.0 millions to Switzerland and \$450,000 to England. Earmarkings upon foreign account also increased by \$10.7 millions. Public opinion is not unduly perturbed at these shipments, as, once the Tax Bill is passed, they are expected to be checked. According to calculations made at the end of last week, the amount of "free gold" at present available for export is \$800 millions, but this could be greatly increased by means of the further use of Government securities as backing to the note issue in accordance with the provisions of the Glass-Steagall Bill. Money rates are unchanged. Call loans are quoted at 2 $\frac{1}{2}$ per cent., and the open-market discount rate on 90-day bank bills is 1- $\frac{3}{4}$ per cent.

The foreign exchange market was not very active this week. New York, after touching 3.72 $\frac{1}{2}$, went to 3.68 $\frac{1}{2}$, against 3.69 $\frac{1}{2}$ last week. Montreal gained a point at 4.20, Paris was better by $\frac{1}{2}$ at 93 $\frac{1}{2}$. Brussels was rather weaker at 26.35. Milan gained $\frac{1}{2}$ at 71 $\frac{1}{2}$, as did Madrid at 44 $\frac{1}{2}$. Amsterdam, after touching 9.11, recovered to 9.09. Berlin was unchanged at 15.58, and Switzerland improved by 3 points to 18.81. The Scandinavian countries were steadier, Stockholm gaining 8 points at 19.42, Oslo 10 at 20.05, and Copenhagen 11 at 18.29. The South American currencies were steady except Buenos Aires, which again weakened to 34 $\frac{1}{2}$ d., a loss of $\frac{1}{2}$ d. on the week. In the Far East the rupee was weaker at 1s. 5 $\frac{3}{4}$ d., but the yen improved from 1s. 8 $\frac{3}{4}$ d. to 1s. 9 $\frac{3}{4}$ d. Forward dollars, after standing at discounts of 2 $\frac{1}{2}$ to 6 cents, recovered to 1 $\frac{1}{2}$ cents discount for one month and 4 cents discount for three. Paris, from 1 centime premium for both periods, went to 1 centime discount. Brussels remained at par for both deliveries. Milan was at $\frac{1}{2}$ lire discount for one month and 1 lire discount for three. Madrid was unchanged at $\frac{1}{2}$ peseta and $\frac{3}{4}$ peseta discount. Amsterdam was firmer at 1 cent and 2 cents premium. Switzerland was unchanged at one centime premium for one month, but was firm at 3 centimes premium for three months. The silver market was steadier, and prices improved by $\frac{1}{4}$ d. to 16 $\frac{1}{4}$ d. for cash and by $\frac{1}{4}$ d. to 17d. for forward. The China silver exchange reacted differently, Hong Kong being unchanged at 1s. 3 $\frac{1}{2}$ d., while Shanghai gained $\frac{1}{4}$ d. at 1s. 8 $\frac{3}{4}$ d.

A WORLD ADRIFT.

In a week which has brought little news of good augury and much that is disquieting, there have been two developments which, in conjunction, illustrate significantly the trend of events in a world whose behaviour invokes, with more justification each day, comparison with Bedlam. From America there comes the news that the Government at Washington is ready to consider favourably participation in yet another conference, to be convened on the initiative apparently of the Government at Westminster—a World Economic Conference, whose functions, as yet barely adumbrated, are to be the consideration, according to Sir John Simon, of "methods of stabilising world commodity prices," or, according to Mr Stimson, of "economic" problems in general; excepting always the question of the political debts arising out of the war. On this side of the Atlantic the dramatic development of the week has been the fall of Dr. Brüning and his replacement in office by an administration of predominantly Right Wing Junker complexion—a development which we discuss more fully in the following article, but of which almost the only good thing to be said is that it has been received in France with less excitement or apprehension than might have been expected.

It may perhaps be unduly cynical to suggest that the idea of a World Economic Conference—a proposal which, given certain conditions, is intrinsically sound, and which we have ourselves strongly recommended—was conceived by Mr MacDonald and President Hoover as an expedient which would permit of failure at Lausanne being covered up by the promise that complete success at a later and more widely representative assembly would atone for shortcomings at the more limited meeting this month, or even at the purely Imperial session at Ottawa. Even so, it is difficult to entertain great enthusiasm for a conference which can hardly get to work on economic problems with any chance of success unless two conditions precedent are first realised—a final settlement of the question of political war debts, and the creation among the world's statesmen of a really effective will towards constructive co-operation on sound lines, without regard to vested interests, popular illusions or electoral tactics. And the outstanding feature of these unhappy days, typified by the coincident news of Germany's Cabinet crisis and of the World Economic Conference project, is that, whereas all the machinery exists for the guidance of ships of State, more and more helms are either held in nerveless impotent hands or left swinging idly with no effective control at all upon the bridge.

Let us take a brief glance around the Governments of the world at a moment of extreme crisis, when the fateful Conference at Lausanne—on whose outcome turns the question whether or not a beginning in the task of reconstruction can be made in time—is almost due to assemble. In Paris, the Chamber has met this week after the General Election with no Government yet in the saddle, and with little prospect that the will of the electorate will be reflected in the formation of a Government either of liberal tendencies in international affairs or secure in its tenure of office. Across the Rhine, a ministerial anachronism, born of the misguided influence exercised by reactionary elements on the aged President, is stepping into the shoes of a great Chancellor, with no sign that it possesses either the sanity to govern well or the power, indeed, to govern at all. In Belgium, a new Government was formed last week at the cost of political compromises which have inevitably weakened its authority. In Austria, only a fortnight ago, the previous Government was replaced by a coalition which has a bare majority of one in the Chamber and depends precariously for survival on the goodwill of opposing parties who each refrain from killing Charles only because of their disinclination to make James King. The new Government formed in Greece last week-end has little greater authority or expectation of life than that in

Vienna. The fall of the Rumanian Government was announced only this Tuesday. In Japan the new administration of Admiral Saito is already reported to be suffering from internal dissensions, and is, in any case, not master in a house in which its military servants call the tune. Last, but not least, in the United States, President Hoover, impotent to control Congress, stands fatally enthralled by the forthcoming party conventions and the electoral machine; and in Great Britain itself, though the Government is assured of a docile parliamentary majority, the Cabinet is suffering from the grave embarrassment of being led by a Prime Minister who is unable, by singular ill-fortune, to read, and a Chancellor of the Exchequer who, thanks to a deplorable visitation of gout, is unable to walk—heads of a team whose views on fiscal and economic policy are, by open confession, at sixes and sevens. Without turning more pages of the map of a world in which Italy and Russia alone among the Powers can boast of a Government at once secure and resolute, it is clear that, side by side with the development of economic crisis, there is marching a loss of political stability which threatens dangerous disintegration.

What the world in fact has failed to do is to throw up through its political institutions leadership which can succeed in expressing in concrete policies the general will of mankind to work together, create wealth and consume the fruits of the earth. It may be that democracy is proving to be a political system fitted well enough to determine the distribution of wealth when the heap is growing, but incapable of grappling with conditions which demand sacrifice and exceptional effort. It may be that after a bitter interregnum, in which the conceptions of Hitlerism, of "autarchy," and all the other delusive nostras of crisis-begotten unreason and hysteria must be given an opportunity to work themselves out—like infections of the blood which flourish until the phagocytes are sufficiently stimulated—nations will succeed in placing in power elected representatives who have the will and the capacity to make the world safe, not for heroes, but for the "common economic man." We do not despair of the future, but there is one disquieting feature in the situation: the time factor is terribly against the world in the race between the realisation of sound policies and disaster. In fact, the crux of the situation to-day is how long it will take before the pressure of the small section of informed and balanced opinion, which exists in every country, can make itself effectively felt. Never more than to-day has there been a vital need for such opinion to be made vocal and insistent.

We are not among those who are beginning to acquiesce in the belief either that a "crash" of the whole world's economic and political structure is now inevitable, or that the delicate and, as some would have us believe, unnatural, cobweb of international credit and trade has been so shattered that we must take refuge in a new world of self-sufficient States whose economic intercourse with one another would be a negligible factor in their lives. Such a world would be a world to which Hobbes' famous description of the life of primitive man could only too fitly be applied. There is time yet for the nations to escape from both these deplorable eventualities, but the sands are running perilously low. Unless more can be done to mobilise the opinion of "right thinking" men and women on both sides of the Atlantic, and to force those now on the bridge to steer their ships of State away from the already ominously resonant breakers, there is little comfort to be derived from the reflection that twentieth century civilisation is not menaced, as were the lost civilisations of past history, by barbarian aggression from without. Civilisation is capable of perishing at the hands of disintegrating forces within itself if "God's scorn of all men governing" is evoked by their irresolution and incapacity to think or act.

THE FALL OF DR. BRÜNING.

At noon last Monday the Chancellor of the German Reich, Dr. Brüning, handed in his resignation. This momentous step was not the result of a vote of no confidence in the Reichstag, where Dr. Brüning had never failed to secure a majority, albeit by a narrow margin. The resignation was the consequence of an interview between the President and the Chancellor on the previous day, when Dr. Brüning had asked for, and failed to obtain, certain measures on the President's part which the Chancellor regarded as essential, not only for the practical conduct of the administration in the immediate future, but perhaps even more for their significance as a reaffirmation of the President's confidence in Dr. Brüning's Ministry. On this occasion, the requisite confidence in the Chancellor was not forthcoming on the President's side, and Dr. Brüning's resignation is the result.

This breakdown of the co-operation between Dr. Brüning and President von Hindenburg is a grievous public calamity both for Germany and for the world. This co-operation, while it lasted—and it has actually lasted two years—was the keystone of the dam which has hitherto held back, under rising pressure, the turbulent waters of German politics. Now that this stone has been dislodged, the whole dam may crumble; and if the deluge breaks loose in Germany now, no one knows how many other countries may not be engulfed by it.

From the international point of view, the history of Dr. Brüning's administration may be summed up very simply. Finding himself responsible for the Government of Germany at a time when the whole trend of world affairs was working, with all its might, to make a moderate and reasonable Government in Germany impossible, Dr. Brüning strove magnificently. Any ordinary politician in his position would assuredly have fallen this time last year, when Dr. Brüning had to persuade his countrymen to accept a terrific turn of the financial screw in a most drastic Emergency Ordinance. Dr. Brüning was able to induce the German people to accept these sacrifices—followed by even severer demands in December—without kicking over the traces, by sheer force of personality. For, in times like these, human nature will accept, at the hands of a leader who is known to be personally disinterested and austere and ascetic, as well as courageous, a standard of public spirit which might be preached to deaf ears by politicians of coarser clay. Dr. Brüning induced the German people to endure in patience for a year longer than anybody could have expected. In other words, he gave the world a year's respite in which to relieve the strain—throughout the world and therefore incidentally in Germany—by at last beginning to set the world's distracted affairs in order. In doing so, moreover, he won for himself by his straightforward dealing and his understanding the confidence of foreign countries that was formerly accorded to Stresemann. This confidence in the man who is authorised to speak for Germany is vital if a co-operative Europe is to be rebuilt. If the other men in high places who, between them, have held the world's destinies in their hands during this twelvemonth have failed to make use of the respite which Dr. Brüning secured for them, that is everybody's misfortune, but it is certainly not Dr. Brüning's fault.

Had the Brüning-Hindenburg regime been overwhelmed by the National-Socialist wave in the Reich Presidential elections or in the Prussian Landtag elections, that would have been comprehensible; and the gravity of the result would at least have been matched by the potency of the cause. For, whether one likes or dislikes Hitlerism, it is manifest that Hitlerism is a tremendous political force. In the actual event, however, the Brüning-Hindenburg regime has survived the National-Socialist assault—only to succumb, thereafter, to what seems to be little more than a personal intrigue. Dr. Brüning has fallen, not because his position has been taken by storm by Herr Hitler, but because President von Hindenburg's ear has been caught by certain survivors of the pre-war Prussian regime who are not, we believe, an effective force in Germany to-day and who are almost certain to be swept away to-morrow by the flood-waters which they themselves have now released.

Marshal von Hindenburg's alienation from Brüning was, to all outward appearances, recent and rapid; for until after the Presidential election, the alliance between the President and his Chancellor was unimpaired. Indeed, the President owed his re-election to the exertions of Dr. Brüning in the election campaign more than to those of any other man—a personal and public service which would not normally be forgotten in a few weeks by a man of von Hindenburg's character. But though the Nazis failed to achieve a direct break-through on the Brüning-Hindenburg front, they did succeed in disorganising their opponents' position by forcing the Chancellor to make a counter-attack—the suppression of the Hitlerite "Brown Army"—in which he failed to carry the President all the way with him. On the whole, however, President von Hindenburg seems to have been moved less by a spontaneous feeling that the Nazis had not received fair play than by the backstairs influence of generals and Junkers. The intrigue seems to have been begun in Berlin, in the Ministry of National Defence, and to have been completed in the countryside, during the President's recent visit to East Prussia. The President is now a very old man; old age is notoriously apt to relapse mechanically into the outgrown ruts of youth; and, in accounting for President von Hindenburg's action, we have to bear in mind that the people to whose suggestions he has now apparently yielded are the people among whom he grew up and lived his life from beginning to end of his pre-war career. They are also the people who governed Germany before the war. It looks as though the President had fallen into the error of imagining that these same people have a title, and a capacity, to resume the reins of government now.

If this diagnosis of President von Hindenburg's action is correct, what are the probable consequences? We do not for a moment believe that "the Government of National Concentration" which is hastily being raked together by Herr von Papen will last. Hitherto, Herr von Papen has been known to history exclusively for his war record as German military attaché at Washington—a post from which he was recalled at the instance of the United States Government. This is not a good introduction for a German Chancellor who will have, if he survives, to discuss the fate of Germany and the world with the administration at Washington sooner or later. As for the Junkers, they were incensed against Dr. Brüning because, as some *quid pro quo* for the millions of German public money which have been poured, without avail, into trans-Elbian agriculture through the organisation of the *Osthilfe*, he had proposed that a certain number of landed estates which, in spite of subsidisation, are hopelessly bankrupt, should be confiscated and divided up among smallholders. No doubt this policy does not appeal to the trans-Elbian landowners, but it might well prove acceptable alike to the Social-Democrats and to the National-Socialists. And if those two parties were to approve that policy, we do not believe that the Junkers could withstand them. The Nazis we know and the Social-Democrats we know and the Catholic Centre Party we know. Those three parties are all great powers in post-war German politics. But as for the Generals and the Junkers, who, in post-war Germany, are these? If President von Hindenburg believes that he can govern post-war Germany through these professed "old hands," he is making the mistake that was made by Louis XVIII when he tried to found the post-Napoleonic restoration in France upon the support of the antediluvian aristocrats who had learnt nothing and forgotten nothing during a quarter of a century of exile.

Faced by the fact that the new Government was disowned by the Centre Party, by the People's Party, and by the Bavarians, the President will probably dissolve the Reichstag. Will he hold elections forthwith, or embark on the dangerous expedient of an unconstitutional Directorate? The position is obscure and is complicated by the fact that, though the Hugenberg industrialists would like to launch a fresh attack on wages, they seem inclined to break with the "old" Nationalists in favour of Hitler, who would hardly regard wage-cuts as a popular plank in his platform. Meanwhile a yawning deficit has to be dealt with and money found for paying salaries and wages. Even more serious, from the world's point of view, is the fact that there is no one to speak for

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Germany with knowledge and authority at Lausanne. Some commentators in the Press have said that this is really an easy task, since the only thing Germany has to say at that Conference is an emphatic "No." This is an utter misunderstanding; for, if the policy of the clean slate is to be put over successfully at Lausanne with any advantage to the world, it can only be if Germany brings to the council chamber her assurance of co-operation and goodwill in the rebuilding of Europe, in which she must obviously play so important a part. The negative side is the least important of the problems which Germany's statesmen have to face in meeting the political difficulties of France and the economic and financial conundrums of her other neighbours. By this unhappy intrigue Germany's pilot has been thrown overboard just as the ship was making the harbour.

THE COAL BILL.

If there is one thing which can safely be said about the Coal Mines Bill, for which the Government secured a second reading on Tuesday night by 391 votes to 58, it is that, in one respect at least, it will not fulfil the hopes which the Cabinet appear to have based upon it. Introducing the measure on Monday, the President of the Board of Trade expressed the optimistic belief that the passage of the Bill would take coal mining out of the arena of politics for at least a period of five years. The course of the subsequent debate emphasised what was already implicit in the nature of the present measure—that, however devout the wishes of the Government, such a consummation is not to be expected.

It will be recalled that last July, when the Act of 1926, which increased the statutory working day from seven to eight hours, was due to expire, a short Act was passed providing that until July 8, 1931, the working day should be seven and a half hours, and that during the twelve months covered by this temporary prolongation the minimum percentage addition to the basic wages and the subsistence wage rates in every district should be stabilised at the level at which they stood when the 1930 Act came into force. The present measure consists of two clauses. The first prolongs until December 31, 1937, the operation of Part I of the Coal Mines Act, 1930, which was due to expire at the end of 1932. That is to say, the powers conferred by Parliament on the mine owners to regulate the output and price of coal are given a fresh five years' lease of life. The second clause provides that the 7½-hours day shall continue in force until the coming into operation of an Act to give effect to the Geneva Convention limiting hours of work underground to 7½ hours per day. No reference to wage rates is made in the Bill, but the Government have stated that the mine owners in each district have given a guarantee that there will be no attempt to reduce wage rates during the next twelve months.

Having thus resolved to take the initiative and decide a matter on which negotiations between the mine owners

and the miners reached complete deadlock a month ago, the Government have been inevitably criticised by the miners' representatives for siding with the owners. One of the arguments used by the miners—that if the extra half-hour were to be added for an indefinite period to the pre-1926 working day, there should be similarly indefinite continuance by statute of existing wage rates—must obviously be dismissed as impracticable. Whatever might be done in normal times—and at best there are the gravest objections to Parliament assuming the functions of a wage-fixing authority—it is obvious that in the present situation of world trade in general, and of the coal industry in particular, it would be an economic absurdity for Parliament to demand that mine owners should be called upon unconditionally to stabilise for years ahead the wage rates payable under a 7½-hours day. More sympathy is merited by the alternative plea which the miners put forward, that the period of prolongation of the 7½-hours day should be coterminous with the twelve months' guarantee of stability of wages given by the owners—a guarantee which the Secretary for Mines stated in the House on Tuesday would, if necessary be enforced by a supplementary single clause Act.

The Government's case against criticism by the miners on this score has been, in effect, that while they pledge themselves to ratify the Geneva 7½-hours Convention, if it is ratified by the other chief coal-producing countries of Europe, they are anxious to avoid another "hours' crisis" arising in the British coal industry in July, 1938. Wage rates, however, are just as potent a factor in creating industrial disturbances as is the question of hours of work; and if, a year from now, the industry is to be thrown into chaos by resistance on the miners' part to attempts in the poorer districts to force wage reductions, the mere elimination from the present Bill of a time limit to the prolongation of permission to add an extra half-hour to the working day will not create the desirable conditions of security and confidence calculated to enable owners to make long-distance production plans. In fact, the present Bill, no less than that of last year, is essentially a stop-gap measure; and, this being so, we can find little justification for prolonging unconditionally for another five years the output and price control provisions of the Act of 1930.

The crux of the situation, as we see it, is twofold. In the first place, if the industry is to be saved from the chaos which internecine wage-cutting competition between districts threatens to produce next summer—a resolution in favour of an immediate strike was defeated at the miners' delegate conference on Wednesday by an ominously narrow majority—and if wage rates are to be given a freedom, which is in many ways advantageous, from the rigidity imposed by statutory fixation, then it is essential that a National Wages Tribunal should be established. Faced with the owners' refusal to sit on the National Board which the Act of 1930 created, the Government argued on Tuesday that to make participation in

a board obligatory would be to introduce compulsory arbitration, which neither side of the industry desired. This argument, however, scarcely holds water. The Railways' National Wages Board cannot legitimately be described as compulsory arbitration, for its findings need not be accepted by either side. Its authority, however, has been a strong influence for good; and there is no reason, so far as we can see, why "compulsory conciliation" should not be introduced into the coal-mining industry by providing, as the Railways Act of 1921 provided, that all questions likely to occasion a major stoppage of work must come before a National Board for judgment.

In the second place, it is obvious that the capacity of the coal industry to maintain scales of wages which will obviate the danger of recurrent labour disputes in future will depend, not merely on the course of world trade, over which the industry has no control, but on the industry's own ability to rationalise its organisation and eliminate such uneconomic units as are found to be redundant. The only justification for establishing in 1930 a thoroughly vicious system of output restriction by means of quotas was that the industry was thereby assured of a breathing space, in the form of stability of prices, which could enable it, with the aid of the Coal Mines Reorganisation Commission, to set its house in order. Lacking adequate powers, the Commission has done little or nothing; the industry itself has done no more. Admittedly, to allow the present system of output control to come to an end this year would, as Mr Runciman argued, lead to a serious fall in coal prices, which would throw the industry into confusion. Just as under present circumstances it was necessary by common consent (even the miners scarcely gainsaid it) to prolong temporarily the 7½-hours day, so there was a good case for extending Part I. of the 1930 Act for a further twelve months. There was no case, however, for prolonging until 1937 a mechanism whose imperfections have been glaring and whose shelter has been used by the mine owners, with certain commendable exceptions, as an excuse for obstructing the reorganisation of the industry.

We welcome the indication, which was given by a Conservative representative of a mining Division on Tuesday, that a section at least of the mine owners are ready to promote far-reaching amendments to the quota system. We are equally glad to note the assurance given by the Attorney-General that it is the Government's intention that, in the twelve months of comparative stability now vouchsafed to the industry, the Reorganisation Commission should pursue its task with the certainty that the Government are determined that it should achieve its objectives. So far, so good. But, if the Government really propose to live up to their good intentions and to secure such essential developments as scientific reorganisation of export marketing, the elimination of uneconomic pits, and in general the reconstruction of the industry on more efficient lines, they will have greatly to increase the Reorganisation Commission's statutory powers, and will almost certainly have to face the need for nationalising mining royalties. That coal should in future be "kept out of politics" is a development which is neither likely nor, unless the attitude of mine owners greatly changes, a development which the country can afford.

THE FUTURE OF DANUBIA.

We suggested in a previous article that the removal of exchange restrictions by means of currency devaluation is a matter of extreme urgency for the Danubian States and must precede any other measures of re-adjustment. Devaluation, however, may prove a dangerous expedient unless steps are taken at the same time to ensure the maintenance of the internal purchasing power of the currency. A second period of inflation would bring utter ruin to these countries; for psychological distrust would tend enormously to speed up the process of depreciation, while it is most unlikely that the experiment of 1923-24 can be repeated, or that foreign aid from the private investor, at least, can be once more obtained for purposes of stabilisation.

As far as Austria and Hungary are concerned there is already an acute danger of inflation—a danger arising

from the fact that all other ways of financing public deficits are nearing exhaustion. Taxes cannot be increased any further; on the contrary, a considerable lightening of the burden is urgently needed. Neither the Hungarian nor the Austrian Government can resort to further borrowing, as the resources of the banks are exhausted and the proceeds of new foreign loans—even if such were obtainable—would be required to consolidate the swollen amount of floating indebtedness. Meanwhile, the deficits of the State administrations, the public undertakings and the local authorities are still piling up. In Hungary, despite the two supplementary estimates designed to balance the Budget, the deficit in the current year will amount to some 180 million pengős, 135 millions of which were covered from the proceeds of the Treasury loan obtained last summer. For the rest the Government are issuing Treasury bills which are eligible for rediscount with the National Bank. In Austria last year's accounts closed with a deficit of 275 million schillings and, according to the latest reports, the deficit in the current year will amount to 100-130 millions, excluding the deficits of local government bodies. In fact, we regard it as very doubtful whether it is possible to achieve permanent budgetary equilibrium on the present scale. Since taxes are being paid partly out of capital, the very continuance of the present rate of taxation must lead to a steady diminution of receipts.

The steady increase in the burden of taxation of Austria can be seen from the following table. (The figures refer only to that part of public expenditure which is covered by taxation; they exclude the Post Office, railways, etc., as well as the receipts of Social Insurance):—

THE ADMINISTRATIVE EXPENDITURE OF AUSTRIA
(In millions of Austrian schillings).

	Federal Government.	The Governments of the "lander" and municipalities.	Total.
1924	773	476	1,249
1925	865	556	1,421
1929	1,097	780	1,877
1930	1,097	870†	1,967
1931	1,088	840†	1,932
1932*	1,097	790	1,887

* Estimate.

† Figures partly based on estimates.

The increase in taxation between 1924 and 1931 amounts to over 55 per cent. If the fall in prices since 1924 is taken into account, the increase in the real burden has been still more considerable. Even if Austria could succeed, therefore, in the near future in reducing the expenditure of the administration to the level of the post-stabilisation period the real burden would still be much greater now than it was then.

Comparing the State expenditure in Hungary in the years after the stabilisation period we find a similar situation:—

STATE EXPENDITURE OF HUNGARY.
(In million pengős).

	Administration	State Undertakings.	Total.
1924-25	747.8	424.7	1,172.5
1925-26	727.7	417.3	1,145.0
1926-27	806.6	415.8	1,222.4
1927-28	891.1	444.3	1,335.4
1928-29	974.4	486.2	1,460.6
1929-30	974.0	462.9	1,436.9
1930-31	946.5	450.6	1,397.1
1931-32*	922.9	433.2	1,356.1
1932-33†	806.2	423.0	1,229.2

* Estimate.

† Budget as voted by Parliament.

Between 1924-25 and 1929-30 the expenditure of the State administration increased by over 30 per cent., although the above figures do not include the so-called "extraordinary items" for capital outlays, etc., which at the beginning of the period were financed out of the budgetary surpluses of the previous financial year, and, in late years, by short-term credits. The Budget for the coming financial year is reduced to the level of 1926-27, but considering the diminution in the money value of the national income, the real tax burden is still more than 30 per cent. higher than it was six years ago. Still further economies will therefore have to be effected.

Next to the restoration of budgetary equilibrium, the settlement of the debt presents the most urgent problem

for the Danubian States. The transfer moratorium to which Hungary resorted last December and Austria threatens to resort in the near future actually renders such a settlement more, rather than less, difficult; because whenever and on whatever scale payments are going to be resumed, a special provision will have to be made with regard to the funds accumulated in internal currency during a transfer moratorium; and there is little likelihood that the current export surplus can be made sufficient to transfer these funds in addition to the transfer of the current debt service. The sooner the "transfer moratorium" comes to an end, therefore, the easier it will be to reach agreement upon future payments.

The following estimate of the foreign indebtedness of Austria and Hungary may throw some light on its magnitude. We have expressed the yearly services of the loans as a percentage of total exports, as, in our view, this gives more information regarding a country's ability to pay than any other index:—

FOREIGN DEBTS OF HUNGARY AND AUSTRIA.

	Hungary. Million pengos.	Austria. Million schillings.
I. State debt—		
1. Long term	1,315	1,933
2. Medium and short term	314	200*
II. Other debt—		
1. Long term	1,289	1,100†
2. Short term	1,176	1,500†
III. Total yearly charge on interest and amortisation	303	375‡
IV. Total yearly charge as a percentage of exports—		
(a) in 1928	36.7	16.9
(b) in 1931	53.4	27.9
* Excluding Credit-Anstalt liabilities.		
† Estimate.		
‡ After allowing for depreciation of £.		

At the present (1932) volume of foreign trade, the total value of the exports of Hungary would not be sufficient to cover interest and amortisation of the debt—even assuming that the short-term debts were funded in long-term loans. In the case of Austria, the early debt service amounts to some 50-55 per cent. of the present (1932) value of exports, but, considering that Austria has a visible import surplus of over 50 per cent. at the moment, it is equally unlikely that she will be able to pay a substantial portion of her present commitments. In order, therefore, that payments should be resumed at all, a new settlement of the debt service both for Austria and Hungary is essential.

Such a settlement must deal, in particular, with the following matters:—(1) Conversion of medium- and short-term debts, as well as the funds accumulated during the transfer moratorium, into long-term obligations; (2) suspension of amortisation payments for a number of years; (3) reduction of interest rates, either permanently or temporarily.

The settlement of these questions undoubtedly necessitates long-drawn-out negotiations, and it would be of real help for the Danubian countries if, at the Lausanne Conference, a permanent debt commission were formed to deal with Austrian and Hungarian debts. The Governments of the latter two countries, in agreement with the Financial Committee of the League, might assist the work of such a commission by putting forward detailed proposals which might form the basis of the subsequent negotiations. Such a settlement, which would enable these countries to resume payments in accordance with their ability to pay, would go much farther towards a solution of the Danubian problem than either the granting of new loans or a preferential treaty, which the authors of the Tardieu Plan recommended. If a debt settlement provided for interest payments on a sliding scale, e.g., in accordance with the level of agricultural prices, this might create a vested interest among the creditor countries in Danubian recovery, and might induce them to grant more substantial concessions in the field of tariffs.

To sum up. The solution of the Danubian problem involves, in nearly all its aspects, international, concerted action; but the creation of the Danubian Customs Federation ought to mark the end, and not the beginning, of a long chain of measures. Concerted action is required to secure the removal of exchange restrictions; to create a cur-

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rency bloc through mutual credits of the Danubian central banks, under the supervision of the Bank for International Settlements, when once the necessary degree of devaluation has been ascertained in the case of each country; to bring about a debt settlement under which the debtor countries can hope to maintain payments; while the assistance of the League might be required to restore budgetary equilibrium. In the most vital matter of commercial policy—with regard to which some provisional arrangements in substitution for the present militant protectionism must be made at once, to be followed by a more permanent plan that may perhaps have to be achieved by stages determined in advance—a sane solution can only be achieved when some sort of stability in the internal situation of these countries is already secured.

NEWSPAPER FINANCE.

In the last two issues of the *Economist* we examined, from the angle of the investor, the visible effects which the economic depression has had so far on the net earnings of the chief newspaper groups in whose securities the public is mainly interested. The conclusion which we reached was that, although profits have not fallen by any means disastrously, dividend-paying capacity has already suffered to some extent as a result of the shrinkage of advertisement revenue, on the one side, and the high cost of commitments, forming the legacies of earlier days of uneconomic competition, on the other. We now propose to examine briefly, in more general terms, the contemporary situation of newspaper finance and its future prospects.

In times of acute trade depression or economic crisis newspapers have one source of strength and one underlying weakness. The commodity which they sell costs so little, in proportion to its return by way of entertainment for the average purchaser, that the daily penny for a "national" morning paper is perhaps the last sacrifice which most men and women are inclined to offer on the altar of retrenchment. Whether it be that interest in critical world developments is sufficiently real to retain the adherence of "mass" readers, even in days when a penny is a consideration, or whether the more cynical view be correct, that the spasmodic sensationalism and irrelevant "stunts" of the popular Press harmonise subtly with the mood of a harassed community which desires a way of escape from painful realities, the fact remains that the penny "national" dailies have succeeded during the depression in maintaining, on the whole, a satisfactory stability of circulation. Of the four newspapers with London headquarters whose daily sales exceed a million, one, the *Daily Herald*, has achieved during the past year an increase in net sales from 1,200,000 to over 1,500,000. Notwithstanding the *Herald's* expansion, however, the three other "national" penny dailies have more or less kept up their circulation, though that with the largest net sale, the *Daily Mail*, shows an appreciable decline from the high-water mark of just under two million copies reached in 1929. All things considered, circulation has shown a high degree of inelasticity.

Sales revenue, however, is by no means the determining factor in the finance of newspaper production; for it has to be remembered that, in the case of "national" dailies with large circulations, each copy is being sold for about three-fifths of a penny (net receipts after deduction of

wholesalers' and retailers' margins), whereas its cost ranges from a penny to a penny-farthing. In these circumstances, fluctuations in the advertising receipts which are needed to bridge the gap have necessarily a potent influence on net earnings, particularly if production costs are relatively rigid. The statistical measurement of changes in the receipts of the Press from advertisements is necessarily a matter of estimation for which no claim to precision can be made. Within such limits of accuracy, however, as are compatible with "sample" tests, we have endeavoured to obtain some indications of the recent trend. In the following table, for which the material is derived from the *World's Press News*, we show the total advertising space, exclusive of "house" advertisements, occupied in different groups of newspapers during 47 weeks for which data are available between May 1, 1931, and May 1, 1932, together with the corresponding figures for the previous year:—

	Thousand "column-inches."		
	1930-31.	1931-32.	Per cent. Decrease.
Six "national" dailies.....	1,753	1,697	3.3
Two "national" illustrated	230	215	6.5
Three London evening	527	519	1.6
Ten "national" Sunday ...	466	460	1.5
Total	2,976	2,891	3.5

The showing made by the foregoing figures is surprisingly favourable. Conclusions, however, somewhat less encouraging to investors are arrived at by an investigation whose results we have obtained through the courtesy of the statistical department of the London Press Exchange. On the basis of a fairly wide, though by no means complete, survey of advertising in a large sample of both "national" and provincial dailies, evening papers, Sunday papers and weekly and monthly periodicals, an estimate is made that receipts in 1931 showed a decline, as compared with 1930, of approximately 8 per cent.

As a further indication of the trend, we show in the next table the results which we have obtained from another "sample" inquiry, based on data given in the "Space Barometer" of the *Newspaper World*. The figures relate, in the case of each winter, to the aggregate of the first weeks of the months of October, January, February and March. The "General Group" comprises three "national" and five provincial penny dailies; the "Illustrated Group" consists of two "national" dailies.

	Thousand sq. inches.			
	1928-29.	1929-30.	1930-31.	1931-32.
General Group—				
Total space	1,044	1,068	989	983
News	645	710	666	690
Advertisements	400	358	323	293
Percentage Ratio of Advs. to Total Space	38.2	33.3	32.7	29.8
Illustrated Group—				
Total space	182	167	158	151
News	118	109	103	101
Advertisements	63	58	55	49
Percentage Ratio of Advs. to Total Space	34.7	34.9	34.6	32.8

THE ABOVE EXPRESSED AS INDICES.

	100	102	94.5	94
General Group—				
Total space	100	110.5	103	107
News	100	90	81.5	73.5
Advertisements	100	91.5	87.5	83
Illustrated Group—				
Total space	100	92	87.5	85.5
News	100	92	87	78.5
Advertisements	100	92	87	78.5

Since the recession in advertising expenditure became much more pronounced after the on-set of the "financial liquidity" crisis last summer, it is not surprising that the foregoing sample test, which reflects conditions later in date than that based on the *World's Press News* figures, should point to a situation less favourable to the newspapers. The curve of advertising receipts was certainly falling throughout last year; though expenditure by groups selling petrol, liquor, patent medicines, tobacco and food-stuffs appears to have been fairly well maintained, the volume of financial, clothing, wireless and motor-car and motor accessories advertisements fell sharply, while expenditure by retail distributors was, in general, progressively curtailed. From the evidence of the foregoing

sample inquiries, it seems fair to conclude that in 1931 the shrinkage of Press advertisement revenue lay between the limits of 5 and 10 per cent. as compared with 1930, and that the decline is now probably in excess of the higher figure. Moreover, it has to be borne in mind in this connection that there has probably been in recent months a growing tendency for newspapers to make concessions to advertisers in the way of "cut rates" for special positions or for exceptional contracts.

Are there any favourable factors which can be set on the other side of the account? So far as production costs are concerned, there has been a reduction in the price of newsprint, which now stands at £12 2s. 6d. per ton, and will fall as from July 1st to £11 17s. 6d. Since newsprint accounts for over one-third of the cost of production, this saving is of importance; but, so far as other items in the actual cost of producing a newspaper are concerned, readjustments are difficult to achieve. On the other hand, something has been done to minimise expenditure brought about by the warfare of competing groups. Last February there was a concordat between the Berry and Rothermere combines in the provincial area, whereby there was a truce to competition in Newcastle, Derby and Bristol. Still more important from the point of view of the "national" dailies, an agreement was concluded in the same month to limit the expenditure of rival groups on canvassing for new readers. At the beginning of the year, under the lead of the *Daily Mail*, insurance benefits were increased; but in this sphere, as in other directions, including costly gift schemes, etc., the recent tendency appears to be in the direction of restricting outlay by common agreement.

That the modern newspaper, with its vulnerable dependence on advertisement receipts as an essential factor in the equation of production costs with selling prices, should be unscathed by the present economic crisis, was not to be expected. The financial situation of the newspaper industry has clearly undergone a radical change from the conditions of booming receipts, mounting circulations and costly rivalry which reached their culmination in 1929. If the earning capacity of newspapers is to be adequately maintained, the present situation calls obviously for economies in all possible directions. Unless, however, the trade of this country undergoes further marked deterioration, such evidence as is available of the trend of circulations and the volume of advertising space points to a position which, if difficult, is by no means critical. If straitened resources lead to the permanent abandonment of the wasteful and ludicrous "circulation campaigns" to which the prosperity of earlier days gave birth, the newspaper world may well be the saner and healthier.

IMPERIAL PREFERENCE.

Less than two months hence the representatives of Great Britain, India and the self-governing Dominions will be assembling for the Imperial Economic Conference at Ottawa. There has been a tendency among many whose views on the general question of Protection and Free Trade are not unlike our own to belittle the Ottawa Conference and to minimise its importance. We do not take this view, but on the contrary regard it as highly important, seeing that while it may bring advantages to British trade, unwise arrangements might do very real harm. It is also critical, for it is our first essay in tariff negotiation, and the nature of the agreements, if any, that are arrived at may well influence the possibility of effective action in the wider field of tariffs generally. Concessions to our exporting industries would be bought at too high a price if they prevented us from taking a firm stand for the mutual reduction of the barriers throughout the world that are not merely paralysing trade but are making impossible the restoration of the free movement of capital. On the other hand, the common ties which unite the countries of the Empire and the exceptional interest that each unit has in the prosperity of the others should create a favourable spirit of accommodation. The Empire has a great opportunity of setting an example of mutual concession and farsightedness. We have here an opportunity of showing to the world that there are some

countries, at all events, which appreciate the truth that countries must buy freely if they wish to sell freely, and that a wise seller will try to promote the prosperity of his customers.

We shall have occasion hereafter to examine the economic position of the several Dominions, the chief characteristics of our mutual trade, and the possibility of bringing about by agreement adjustments and preferences in the various tariffs of the Empire. The final views of the Dominion Governments will not emerge until the Conference itself, but their Ministers have been sufficiently outspoken in the past few months to justify a reasoned guess as to what their policies will be. Before we consider, however, the different parts of the Empire separately and in detail, and before we offer any definitive comment upon this country's line of policy at Ottawa, it seems necessary to lay down a few general principles which must guide us in all our considerations of Imperial preference.

Tariff preferences are designed, whether in return for corresponding fiscal advantages or for wider reasons, to divert trade from one channel into another. In general, this must tend to the reduction of the world's wealth, since it would be most unlikely that artificial devices would be needed to secure the most advantageous division of economic effort. But if the grant of preferences implies, in the sum, a reduction of tariffs, then the uneconomic diversion of trade may very well be outweighed by the promotion of trade within the limited area. If, to take an extreme and unlikely instance, France and Germany were to enter into a complete customs union, then despite their continued tariffs against other countries the event would almost certainly enhance the general wealth of the world. That is a consideration of leading importance for us at Ottawa. Its implication is—and the same conclusion could be reached upon much more specific grounds—that Dominion tariffs must be reduced and not merely increased against third parties—as has so often been the case in the past. Moreover, the reduction must be substantial if it is to make good any of the restrictive effects upon trade generally that have been caused both by our own tariff and by the serious increases that have lately been made in those of the Dominions.

Leaving aside the question whether substantial reductions are at all likely, the British delegates must clearly consider carefully what effects are likely to be produced by any particular tariff that may be maintained by Great Britain for the sake of Imperial preference. Obviously if at present the Empire supplies us with only a small proportion of our imports of some commodity, to impose a tax on the foreign product would mean a considerable burden upon British consumers and, if its preferential intention were successful, a peculiarly uneconomic diversion of trade. In such cases, any preferential arrangement would be a very one-sided bargain unless a very large reduction of Dominion tariff barriers to British goods were offered in exchange. On the other hand, if the Empire already supplied us with a large proportion of our needs, the diversion and the burden would be correspondingly slight—but so would be the possible advantage accruing to the Dominions and Colonies. Of our imports of mutton, for instance, over two-thirds comes from the Empire, so that even if some preferential arrangement involving the removal of mutton from the free list were to halve our imports from foreign countries, no Empire producer could count upon increasing its sales to Great Britain by more than one-quarter of their present amount. Other commodities in this category are frozen beef, tea, cocoa, apples, tinned pineapples, asbestos, rubber, ground-nuts and palm kernels, while in the former group—products of which the Empire supplies only a small proportion of our needs—are included maize, oil cake, tinned meats, bacon and ham, eggs, fish, most classes of fruit and vegetables, condensed milk, tobacco, soft woods, hemp, and cotton.

The division between the two categories is, of course, more or less arbitrary, and there is really a continuous

range from those articles of which the Dominions and Colonies supply all but an insignificant fraction of our imports (live poultry, for instance, of which 93 per cent. of the imports come from the Irish Free State) to those where the position is reversed (such as condensed milk, of which nearly 95 per cent. of our imports come from foreign countries). It is, incidentally, necessary to be sure that the classification in the trade returns really covers a homogeneous group. It would be misleading, for example, to take as the basis of a fiscal argument the bare fact that 86 per cent. of our imports of cheese in 1930 came from the Empire, since the foreign cheeses were most of them special varieties, and it is ridiculous to suppose that Camembert competes merely on the scale of prices with Canadian cheddar. The question of alternative products is also important. Soya beans, for instance, are now produced almost entirely outside the Empire, whereas the production of ground-nuts in India and tropical Africa actually exceeds the total demand by Empire markets; but these products, along with palm kernels, may in many uses be directly substituted for each other, and the value and disadvantages of Imperial preference must be considered in that light. It is obvious, therefore, that the economic effect of Imperial preference cannot in most cases be discussed in general terms. Each proposal has to be examined on its merits, bearing in mind the proposition with which this discussion opened, that the net result, properly calculated, must be a reduction of tariff barriers.

But there is one general class of products about which definite conclusions can be established in advance, namely, those of which the Empire is a net exporter; that is to say, those of which the normal exportable surplus of the Dominions and Colonies exceeds the normal demand of Great Britain and other Empire countries. This category includes three extremely important items—wheat, wool and jute. The conclusion that logically follows is that no preferential expedient, whether tariff advantage or import quota, can assist the Empire producers either to market a greater quantity of their product, or to obtain a better price for it, unless competition is somehow dismissed from the industries concerned. Consider wheat as an example. It is true that Great Britain imports large quantities of wheat from the Argentine and other foreign sources. But even if we were prepared to face all the far-reaching effects both to ourselves and to other countries and endeavour to buy exclusively from the overseas Empire, Canada and Australia would still have to sell part of their crop to foreign countries. Moreover, no matter how high the duties imposed by Great Britain on foreign wheat, the Dominions would have to accept the world price for their whole crop so long as competitive conditions prevailed within the Dominions or between them. Indeed, it is possible that the world price might actually be driven down by the concentration of non-British competition in neutral markets. A compulsory or otherwise complete Wheat Pool in Canada might succeed in holding the British consumer up to ransom, but even then co-operation with a similar organisation in Australia would be necessary in order to eliminate competition between the two Dominions. A preference on products of this character could never do much good, and it might do considerable harm.

The field of possible advantage by Imperial preferences is thus strictly limited. It is still more restricted by the determination of the Dominions to maintain their secondary manufacturing industries at all costs. There is very real danger that in their ardour for Imperial preference for its own sake, and their determination to bring back some spoils from Ottawa, the British delegates may be led to impose fresh and serious restrictions upon our own trade either without any returns from the Dominions or in exchange for a still further enhancement of the latter's duties on foreign goods—a step which would still further put out of balance the productive forces of the world and make the present confusion of world trade worse confounded.

Notes of the Week.

Washington and the Budget.—For a fortnight the United States Tax and Economy Bills have been bogged in the slough of Senate discussion. But the stagnant waters were stirred on Tuesday last, when Mr. Hoover appeared unheralded before the Senate and lectured them on the need for balancing the budget at once. The foolish foreign investors who were causing a run on the dollar did not realise, he said, that, slow as their processes might be, the United States Government were determined and had resources to place the finances of the country upon an unassailable basis. Even misguided American citizens, he admitted, had not properly understood the grinding of the mills of Washington. Therefore he pleaded for the ratification of the Tax and Economy Bills so as to ensure the balance of the budget, and for the passage of relief legislation "to assure the country against distress and to aid in employment pending the next session of Congress." More specifically, he supported a general manufacturers' sales tax and an unemployment relief programme which would put the Reconstruction Finance Corporation in a position to lend up to \$300 millions to State Governments for the relief of distress and to make advances to public bodies or established enterprises for the promotion of income-producing projects. The Senate Finance Committee rather rudely replied by rejecting the Sales Tax, but they threw in some other taxes, including an increased income tax, and what we should regard as the derisory excise of 1 cent a gallon on petrol; and the Appropriation Committee recommended an Economy Bill which is estimated to raise \$238 millions. These measures, which are reckoned to produce a nominal balancing of the 1932-33 budget, have now to go before the House of Representatives, where they may once more languish in the doldrums until their psychological effect is quite undone. The Administration, the Senate and the House are still at sixes and sevens over unemployment relief. The scheme supported by the President accords so closely to that put forward by the Democratic Senator Wagner—who has been the protagonist of unemployment relief for the last two years—that there seemed a fairly safe prospect of its being passed. But the Democrats in the House have now spurned it, and are unanimously backing the plan of Mr. Speaker John Garner, of which the keys are direct Federal relief, under the direction of the President, and a \$1,000 million programme of public works. This nostrum, so reminiscent of Mr. Lloyd George's plan in 1929, has been roundly abused by Mr. Hoover, who would probably use his veto if it were approved by Congress; but he has not thereby increased his chances of re-election to the White House, while Mr. Garner's stock has gone up.

Politics in France.—On Wednesday the newly elected Chamber assembled for the first time in Paris; but the Government bench was untenanted, and unfortunately it is now clear that, when the new Government is eventually constituted, it will not reflect adequately, in its composition and policy, the will of the French electorate as it was expressed a few weeks ago at the polls. There is no doubt that the electorate voted for a moderate Government of the Left, such as could be provided—and could only be provided—by a coalition between the Radical-Socialists and the Socialists. This week, however, the Central Organisations have definitely failed to agree upon a common platform; and it seems, therefore, now certain that M. Herriot will have to take office with the support of the groups to the right of him. Indeed, now that he has broken with the Socialists, it is hard to see how he can be sure of a majority in the new Chamber without seeking allies as far to the right as the followers of M. Tardieu. The issue between the Socialists and the Radical-Socialists was brought to a head on Tuesday, May 31st, when the Socialist Party Congress adopted, by 3,862 votes to 154, a resolution laying down nine conditions for entering into a coalition Government with the Radicals. For the French Socialist Party to consider entering into a coalition on any terms with a bourgeois party is, of course, a notable

concession on a point that has always been regarded as capital in the rigid orthodox tradition of French Socialism. On the other hand, the nine conditions covered a wide field in both home and foreign affairs; but at the same time they were none of them impossible for bourgeois Radicals to swallow, and they were not presented as an ultimatum. The Socialist Congress appointed delegates to present the programme contained in the resolution and to bring back the Radicals' reply to the Socialists. In other words, the Socialist Congress deliberately left open a door for negotiation; but unhappily, and surely unwisely, M. Herriot has declined even to peep round the door, but has closed it, instead, in the Socialists' faces. In a written reply M. Herriot has rejected all the Socialists' nine points except two and a half, and the Socialists, on their part, have now declared the negotiations to be at an end. From the international standpoint, it is M. Herriot's attitude towards the first of the Socialists' nine points that is most significant. This point had two sub-divisions—compulsory arbitration and the reduction of French expenditure on national defence to the level of 1928 in two budgets at most. M. Herriot agrees to compulsory arbitration, but on disarmament he is as uncompromising as M. Tardieu. He declares that he will submit the military estimates to a close scrutiny along with all the other estimates, but that any idea of reduction will be conditioned by the need for assuring the safety of the country in all conceivable circumstances. This is a formula which may be used to postpone the prospect of any reduction in French armaments till doomsday. The outlook in Paris as a result of the week's political developments is sufficiently discouraging to nullify much of the favourable impression made by M. Painlevé's courageous and far-sighted advocacy of a policy of "complete liquidation" of the war's political debts.

The Week in India.—The Bengal Ordinance of November 30, 1931, which ran out last Sunday, has been replaced, as was expected, by a new Ordinance; and if this new Ordinance is shorter than its local predecessor, that is largely because a number of the provisions in the local Ordinance which has now expired are covered by the Emergency Powers Ordinance of January 4th, which applies to the whole of British India and which still has a month more to run. The best that can be said is that three out of the seven articles of the new Bengal Ordinance are restricted, in the first instance, to one section of Bengal, namely, the Chittagong district. Meanwhile, there have been fresh outbreaks of inter-communal violence—not, this time, in Calcutta, but in Bombay, with the usual toll of arson, looting, wounds and deaths. Apparently it is suspected that this recurrent trouble in Bombay is not spontaneous; but the organisers—if there are deliberate organisers—have not been run to earth. The difficulty of maintaining, simultaneously, the two sides of "the dual policy" of progressive transfer of political powers and chronic administrative repression obviously grows greater with every week that passes.

The Roumanian Government Falls.—Professor Jorga's Administration at Bucharest has suffered shipwreck, like many other Governments, on the rocks of financial distress. At the end of May the Roumanian Government had not the money in its Treasury to pay more than a 50 per cent. instalment on the salaries falling due to the Civil Service and the Army; and they had already tried, and failed, to raise a loan abroad. On the other hand, the King insisted that the State's financial obligations to its public servants must be honoured "at any price," and he accepted President Jorga's resignation on this issue. Professor Jorga has managed to carry on a stop-gap administration, for the King's convenience, for a surprisingly long time; and King Carol will probably find it easier to let the Jorga Government go than to secure an effective substitute. The Roumanian Minister in London, Monsieur Titulescu, has been summoned to Bucharest by telephone to form a coalition ministry if he can. It is already known that he will have the Liberal Party against him; and the Liberals are experienced and influential, though unrepresentative and corrupt.

His hopes are centred upon the support of the National Peasant Party—a combination of the peasants of the pre-war kingdom of Roumania with the Transylvanian intellectuals. This is the soundest and most representative, though perhaps not the ablest in point of personnel, among the post-war Roumanian political parties; and in present circumstances it is conceivable that they may be inclined to return to office under Monsieur Titulescu's skilful leadership, since, in their first term of office, now several years ago, their great expectations were frustrated by their lack of experience. Roumania to-day needs all the ability and experience in her Government that she can muster. She has to cope, like the rest of us, with a serious decrease in the yield of taxation owing to the diminution in the volume of trade, and she has her own national handicaps of inefficiency and corruption to overcome into the bargain. Monsieur Titulescu has a formidable task.

The Disarmament Conference.—In varying degrees, writes our League correspondent, it is probable that all the technical commissions of the Disarmament Conference will produce results similar to those of the Naval Commission, which has compiled the reasons given by different groups of experts why their own pet weapons are harmless and peace-preserving, why their own pet abominations are wicked and aggressive, or, as frequently occurs, why many weapons may be either offensive or defensive. When the General Commission meets again it will find that the technical commissions have been of no assistance whatever. The "expert" interregnum, which was deliberately organised to cover the interval required for the formation of the new French Government, has perhaps been necessary, but when the Governments represented on the General Commission resume, they will find things less easy than they were even on the particular subject of qualitative disarmament. The truth of the matter is that in this, as in nearly every other question, there is no leadership. Every State, without exception, is playing for its own hand, and there is much justification for the suggestion that Germany would prefer re-arming herself to the disarming of others. That tendency will probably be accentuated by the change of Government in Germany, and M. Herriot had already begun to show signs of fright even before Dr. Brüning resigned. Tremendous efforts are being made in France, and doubtless elsewhere, by the armaments interests to prevent any agreement, and while all kinds of economies are being preached, even to the extent of reducing war pensions, there is little apparent disposition to save on the colossal sums expended on the manufacture of the means of production of future war pensioners. Those on the side of sanity have a terrific game against odds in which the dice are loaded, and the feeling is growing more and more pronounced out here that so long as the private manufacture of arms is not dealt with the essential difficulties will remain. That, however, requires the sort of courageous and single-minded statesmanship which is so painfully lacking in most things. The only hope is still, as it was at the beginning of the Conference, that the Governments will be frightened into doing something, but they now seem to be getting beyond reaction to any development whatsoever. The Conference cannot go on indefinitely, but there will probably be further delays on account of the Lausanne meeting, and the atmosphere will be made more difficult if Lausanne fails to do anything worth while. The present talk points to a continuation throughout the summer, and, if nerves do not become frayed, it certainly seems wise to struggle on towards the possibility of definite achievement in some direction or other. The General Commission is expected to meet again towards the end of next week. It is difficult to face the idea of a breakdown, even with all the encouragements to do so, but if a breakdown is to be avoided the Governments will have to show a far greater determination than has yet been manifest.

Debtors in Distress.—With what appears to have been a last-minute change of mind, the Austrian Government has decided not to declare a general transfer moratorium until

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the results are known of the joint meeting of the League and Treasury experts which is now being held in Paris to consider, *inter alia*, Austria's necessitous position. It is difficult, however, to entertain much confidence that Austria will not soon follow the example of Greece. So far as the Greek debt is concerned, a statement made last Monday by M. Varvaressos, the new Finance Minister, underlined the difficulties which has led to Greece's default. The public debt of Greece funded abroad was calculated, he said, to have amounted on March 31st last to over \$340 millions (U.S. currency), of which 55 per cent. was held in Great Britain. To meet the charges for interest and amortisation in 1932-33 would have meant, now that the gold standard had been abandoned, that the Greek Government would have had to include in the Budget a sum of 4,390 million drachmas, whereas ordinary Budget receipts would at best be 8,500 million drachmas. Accordingly, in his opinion, default was inevitable, but the Government would do all in its power to deal fairly with the creditors, within the limits of the economic resources of the country. With this meagre comfort the bondholders must at present rest content.

The Unrest in Spain.—The continued agitation among working-class elements reported from districts as far apart as El Ferrol, in the north-west, and the Provinces of Sevilla and Murcia, has certainly failed in its objective, which was to undermine the authority of the Government. Indeed, the reverse has happened. Exemplary vigilance on the part of the police and the Civil Guard seems to have consolidated the tendency of the general public to rally to the régime represented by Señor Azaña and his colleagues lest worse befall. But, although the assassination plot and general strike which was to be the signal for peasants' risings throughout Andalusia were foiled, the situation of the landless labourers in that area and also in the Province of Toledo is still very bad. Consequently there is no time to be lost if the measure of agrarian reform, which is now under discussion in the Cortes, is to supply a remedy. After many vicissitudes, a Bill has been submitted which retains very little of the original Socialist character, and which amounts to little more than a redistribution of the land of the *latifundia* into small holdings, under the general protection of the State. The agrarian reform in Central and Eastern Europe has, it is true, been taken as a model, but care is being taken to ensure fair treatment for those of the big landowners who have cultivated their estates, if only by old-fashioned methods. Only absentee landlords are to be expropriated without any form of compensation. The need for a corresponding organisation of agrarian credit seems to be appreciated.

Waterloo Bridge.—On Wednesday night the House of Commons suspended the consideration of the Coal Mines Bill to interpose a bad piece of work in connection with Waterloo Bridge. The London County Council Money Bill, providing for the demolition and rebuilding of the bridge was thrown out by 222 votes against 154. Thus the whole question of the bridge has now once again been thrown into the melting pot. The motives which inspired the opponents of the L.C.C.'s proposal are difficult to fathom. Though Rennie's bridge was in many

ways an admirable structure, it is rather absurd to argue that it cannot be replaced by a new bridge which architecturally would do equal credit to London's river. We are inclined to think that for all the fine talk about "saving a masterpiece," the real consideration which weighed with the majority was that the cost of reconditioning and widening the present structure is estimated to be slightly less than that of building a completely new bridge capable of carrying the prospective volume of traffic. Surely, however, the advocates of economy in this connection cannot successfully maintain the contention that to spend a million on a patchwork, unlikely to be durable even for a generation, is financially a sounder proposition than to spend a million and a half on building something which should last a century. This is being penny wise and pound foolish with a vengeance. Besides, however great may be the need for public economy on items of current outlay, there is no case whatever for arguing that under present circumstances we must cut short each and every form of capital expenditure, no matter how productive or otherwise desirable may be its objects. The reverse, indeed, is rather the case; and it is a grave pity not merely that the Waterloo Bridge scheme should have been intolerably held up, but that we have let slip the opportunity of dealing, on lines worthy of a capital city, with the whole project of a new bridge and roadways at Charing Cross.

Sterling and Gold Prices.—During the past fortnight the downward movement of prices has been accelerated. Gold prices, as measured by our index, have fallen by 2.5 per cent.; the level of sterling prices of primary products by nearly 5 per cent.; and our complete sterling index by 2.4 per cent. :—

SEPTEMBER 18TH, 1931 = 100.

Date.	Economist Indices.			Irving Fisher, U.S.A.	Statistique Générale, France.	Milan Chamber of Commerce, Italy.	Statistisches Reichsamt, Germany.
	Complete Index (sterling).	Primary Products (sterling).	Gold Prices.				
Sept. 30th ...	107.8	112.0	94.7	98.7	96.9	98.8	98.9
Nov. 11th ...	110.3	119.3	103.5	99.3	96.0	99.3	98.3
Nov. 25th ...	109.1	114.8	98.0	98.3	94.2	98.8	97.6
Dec. 9th ...	110.3	117.3	93.0	97.3	93.3	97.1	96.1
Dec. 30th ...	108.9	117.1	94.4	96.1	93.4	96.9	94.6
1932.							
Jan. 27th ...	108.3	115.7	93.8	93.5	93.6	95.8	91.6
Feb. 24th ...	110.9	120.9	89.6	92.4	95.1	97.2	92.0
Mar. 22nd ...	108.1	111.9	86.5	91.5	96.3	97.0	91.4
Apr. 6th ...	105.1	105.9	85.0	90.6	97.0	96.0	90.6
Apr. 20th ...	103.8	105.4	83.6	89.6	97.0	95.3	90.3
May 4th ...	103.3	106.5	83.4	89.3	96.8	94.6	89.8
May 18th ...	102.6	105.9	81.9	88.6	95.1	93.4	89.4
June 1st ...	100.2	101.0	79.8	...	...	...	...

We show in greater detail in the next table the sectional movements of the complete *Economist* index :—

"ECONOMIST" INDEX.
(1927 = 100.)

	Sept. 18, 1931.	May 18, 1932.	June 1, 1932.
Cereals and meat	64.5	74.4	72.4
Other foods	62.2	61.1	58.7
Textiles	43.7	46.0	44.2
Minerals	67.4	70.0	69.2
Miscellaneous	65.8	60.7	60.0
Complete index	60.4	62.0	60.5
1913 = 100	83.1	85.3	83.3
1924 = 100	52.2	53.6	52.3

A significant feature of the past fortnight has been the widespread character of the decline, to which relatively few commodity prices have offered resistance.

Empire Rationalisation.—The first fruits of the enlargement made by the 1930 Imperial Conference in the terms of reference of the Imperial Economic Committee is a Report* on industrial co-operation within the Empire. The Report deals perforce in general terms with a subject which detailed experience alone can properly illuminate, but it sets down some valuable principles and may well be of assistance towards practical progress hereafter. The changing economic circumstances of the modern world, write the Committee, including the rapid growth of

* H.M. Stationery Office. Price 6d.

economic nationalism and the difficulties of national industries in reconciling a growing rigidity in the means of industrial production with an increasing fluidity in consumers' demands, make it all the more necessary for Governments to survey most carefully in the national interests all attendant circumstances before granting official assistance, by tariffs or otherwise, to industries for which the economic development of their countries may not yet be ripe. The establishment of such industries diverts local labour and capital into occupations which are inherently insecure, and thus inevitably strains the national economic structure. Co-operation between the industrially more or less developed parts of the Empire could obviate such trouble, could relieve the consumer in the importing country, and could aid established and protected industries there by technical assistance and by assuring them a cheap supply of semi-manufactured raw material and their specialised industrial equipment. This rationalisation by division of industrial function between the several countries of the Empire will have to be based on understandings among those engaged in the industries concerned—which must therefore be nationally organised as a preliminary—promoted, if need be, and possibly supported with fiscal measures, by the various Governments. If the standpoint of this Report were that of our delegates to the Ottawa Conference we should feel less apprehensive as to its results.

Sir Otto Niemeyer and the B.I.S.—On Friday morning of this week it was announced that Sir Otto Niemeyer had been appointed to succeed Sir Charles Addis as the second British director of the Bank for International Settlements. Apart from Sir Otto Niemeyer's obvious personal qualifications for the post, the appointment is in two respects an interesting one. In the first place, it departs somewhat from the spirit of the statutes of the bank which laid down that the second director, other than the Governor of the central bank of the country, shall be a representative of "finance, industry or commerce"—thereby implying that he shall have wider interests than those of the central bank alone. The phrase is of course vague, but it was hardly to be contemplated that the second post would be filled by an official of the Bank of England, however distinguished. The post is of some importance, for just as the Bank of England itself is closely associated with the life of the City of London through the wide connections of its directorate, so it is highly desirable the commercial community should be directly in touch with the work of the B.I.S. It is a source of weakness if central banking policy is regarded as a hidden mystery to be revealed to experts alone. In this particular case, however, there is a second consideration of great importance to offset against this objection. Sir Otto Niemeyer is not only an official of the Bank. He is also a member of the Financial Committee of the League of Nations, and, we understand, intends to continue his membership. Two years ago, when Dr. Melchior was appointed to the board of the B.I.S., he felt obliged to resign his membership of the League Financial Committee, on the ground that the two posts were incompatible, and this has naturally left an impression that there may at times arise a divergence of view between Basle and Geneva. Sir Otto's appointment is almost certainly intended to dispose of this impression, and to bring the B.I.S. and the financial work of the League into closer contact, and it is conceivable that this was one of the main motives behind the appointment. It is, indeed, essential that Basle and Geneva should be brought into the closest possible alignment and that any possibility of friction between organisations of international economic activity should at all costs be avoided.

Hambros Bank.—Like other international banking houses, Hambros Bank has been seriously affected by the international crisis and the consequent repatriation of funds previously lodged abroad. According to the balance sheet dated March 31, 1932, which is incorporated in the report issued this week, deposits have fallen during the preceding twelve months from £18,850,000 to £10,652,000.

In consequence, cash has been reduced from £7,456,000 to £4,451,000, bills of exchange from £3,987,000 to £1,526,000, investments from £4,147,000 to £2,943,000, and advances from £5,002,000 to £3,867,000. Acceptances have also fallen from £10,989,000 to £9,203,000, and part of these are now doubtless subject to standstill agreements. The net profit for the year 1931-32 was £291,188, as against £310,303 for 1930-31, but it has been felt advisable to increase appropriations for contingencies from £100,000 to £125,000, and this has necessitated the reduction of the dividend upon the £10 shares from 22½ to 18 per cent. The "A" shares of £1, however, are still to receive 6 per cent. Depreciation of investments was initially dealt with by an appropriation from contingencies, and the directors have now transferred £50,000 from the Reserve Fund to contingencies. This leaves the Reserve Fund still at £1,000,000, against issued and paid-up capital of £1,400,000; and according to the report the contingency fund is raised to a level which is both higher than that of last year and is also fully sufficient to deal with any eventual loss which might arise out of German, Austrian and other Continental engagements, which, we understand, consist almost entirely of acceptances. The loss of deposits in all probability represents withdrawals of American and French short money, mainly in the summer and autumn of 1931. It is highly probable that no reduction at all has occurred in Scandinavian deposits, and there is reason to believe that the bank was in no way affected by the Kreuger failure.

The Wiener Bankverein.—According to reports from Vienna, the Wiener Bankverein's balance sheet for 1931 reveals that the bank has lost almost the whole of its reserve fund, together with half its subscribed capital. These losses arise mainly from general causes, though some of them appear to have arisen from purchases of its own shares made by the bank in order to support the market. It has simultaneously become known that steps have been successfully taken to assist the bank. Certain German and Belgian banks who had banking claims upon the Wiener Bankverein have agreed to exchange them for shares in the bank, and this transaction is now complete. The Austrian National Bank has also undertaken to contribute 3,000,000 schillings as part of the scheme of assistance to the bank. Contrary to reports that have been received in London, no special legislation is required by the situation, though general legislation, which has no particular reference to the needs of the Wiener Bankverein, is being introduced. Rumours of the insolvency of the bank are apparently without foundation, and the news of the assistance scheme seems to have reassured public opinion in Vienna.

The 1930 Census of Production.—Volume XII of the preliminary reports of the Census of Production of 1930, published in last week's *Board of Trade Journal*, deals with sugar and glucose, and with the brush-making, metal smallwares, small arms, and roofing and flax felt trades. The following summary shows the gross value, the net value (gross value, less cost of materials and work given out to other firms), and the net output per person employed in the various industries in 1924 and in 1930 :—

Industry.	Gross Output.		Net Output.		Net Output Per Employee.	
	1924.	1930.	1924.	1930.	1924.	1930.
Sugar and glucose	Thou. £. 53,016	Thou. £. 43,417	Thou. £. 2,215*	Thou. £. 7,363*	£ 334*	£ 437*
Brush-making	3,240	2,994	1,600	1,584	159	164
Metal small wares	2,956	2,818	1,718	1,740	139	166
Small arms	624	450	374	295	180	219
Ice	1,376	1,088	1,034	828	459	442
Roofing and flax felt ..	711	882	285	362	353	376

* Exclusive of duties.

The output of refined sugar increased from 19,785,000 cwts. in 1924 to 37,948,000 cwts. in 1930, and retained imports declined from 11,792,000 cwts. to 1,092,000 cwts. between the two census years. Exports, at 5,581,000 cwts. in 1930, show an advance of 4,184,000 cwts. on 1924. The share of the home market held by British re-

fined sugar increased therefore from 61.9 per cent. to 96.6 per cent. This expansion of the British sugar-refining industry is the result of the British Sugar (Subsidy) Act of 1925, and of the reduction, in 1928, of about 2s. 4d. per cwt. in the import duty on raw sugar with no corresponding change in the duty on fully refined sugar. The total quantity of refined sugar produced from home-grown sugar beet was 7,952,000 cwts., as compared with less than 500,000 cwts. in 1924. The gross selling value of refined sugar and molasses produced mainly from home-grown beet was £9,550,000 in 1930. Against this amount must be set the cost of materials (£11,465,000), and customs and excise duties (£1,920,000). After including the subsidy of £6,022,000, the net selling value was £2,787,000. The decline in the gross selling value of refined sugar and molasses made chiefly from imported sugar from £53,016,000 to £33,867,000 is ascribed mainly to the heavy fall in raw-sugar prices and to the reduction in the import duty. On the other hand, the net selling value, at £4,576,000 in 1930, show an increase of £361,000 on the earlier census year.

German Shipping Fusion.—The appointment of Dr. Albert as General Director of the North German Lloyd, writes our Berlin correspondent, gives the finishing touch to the State-aided reorganisation of German shipping. The Lloyd and the Hapag have for two years been bound together by irrevocable agreements, but the friction between the Bremen and Hamburg managements, which remained separate, has never ceased. Now the organisation of the entire shipping service of both companies is to be unified; all agencies are to be combined, and the expenses and earnings of the vessels will be set down to joint account, though the separate company names will be retained for their advertising value. The combination is made easier by the fact that owing to the death of Herr Stimming a few months ago, the Lloyd has no Bremen expert at its head. Ex-Chancellor Cuno is still general director of the Hapag, but the position of his future colleague, Herr Albert, will be strengthened by the fact that he takes office at the instance of the Government. The proposal for the financial reorganisation of the companies, to be presented to the shareholders at the end of this month, is as follows :—Hapag is to cancel £20,000 of its own shares and reduce its capital by two-thirds to £2,660,000, leaving £68,500 preference shares untouched. The North German Lloyd is to cancel £575,000, to reduce its capital by two-thirds to £2,475,000 and to convert £167,000 of preference into ordinary shares. Hapag will place £7,685,000 to depreciation and Lloyd £7,025,000, and each company would set aside £1,200,000 to special reserve for further losses. This reorganisation is made possible by the fact that, in addition to the savings on shares cancelled, the North German Lloyd receives a further £1,203,000 and the Hapag £1,888,000 in respect of the released American properties.

The British Association.—The Economic Science Section of the British Association has arranged an interesting programme for the meeting at York from August 31st to September 7th. Professor Robbins will speak on

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"The Gold Standard and the Great Depression"; Dr. Roll will discuss "The Effects of the World Depression on the Banking Systems of Central Europe," and Dr. Benham will treat of "Agriculture and Economic Change." In view of the various Industrial Surveys which have recently been undertaken at the request of the Government, special interest attaches to the symposium on the "Location of Industries," in which Professor Marquand, Mr Jewkes and Mr Brindley Thomas will participate. The Section will be under the presidency of Professor R. B. Forrester, who has selected the important problem of "Britain's Access to Overseas Markets" as the subject of his presidential address. Further particulars of the sectional arrangements can be obtained from the Recorder of the Section, Dr. K. G. Fenelon, College of Technology, Manchester.

INSURANCE NOTES.

Eagle Star and British Dominions.—Included in the 1931 report is a statement as to the results of the quinquennial valuation of the current life fund. Although the report shows a life and annuity fund exceeding £15 millions, the amount appertaining to the current fund is under £6 millions, the balance being accounted for by the four closed proprietary funds, the Eagle, the Star, the English and Scottish, and the Sceptre, acquired by the Eagle Star and British Dominions, and used as the foundation for the company's subsequent expansion. The valuation has been made on the same net premium basis as before, and the financial history of the fund is detailed below:—

	1917- 1921. £	1922- 1926. £	1927- 1931. £
Trading surplus earned during quinquennium:—			
With-profits section.....	81,594	217,419	438,923
Without-profits section and annuity fund.....	7,401	116,089	
Combined profits from investments ...	— 4,524	42,131	— 155,922
Brought forward from previous valuation:—			
With-profits section.....	...	968	7,052
Without-profits section and annuity fund.....	...	7,401	75,621
	84,471	384,008	365,674
Allocations:—			
To Bonuses to with-profits policy-holders	59,492	190,202	200,724
„ Shareholders from:—			
With-profits section	16,610	21,133	22,302
Without-profits section and annuity fund	...	90,000	83,000
„ Carried forward:—			
With-profits section	968	7,052	5,994
Without-profits section and annuity fund	7,401	75,621	53,654
	84,471	384,008	365,675

The investment losses have made a considerable hole in the trading surplus, which otherwise would have been ample to support a much higher bonus than before. The bonus actually declared for the five years is at 28s. per cent. per annum on the sums assured, compared with 35s. per cent. per annum in the preceding five years, and even this declaration has entailed some reduction in the carry-forward. The figures in the foregoing analysis have been separated as far as possible into with-profits and without profits, including annuities, since the shareholders are entitled not only to the whole of the profits from the without-profits and annuities section, but also to 5 per cent. of the profits from the with-profits section. The company's operations in fire, accident, and marine business have had, in the circumstances, a satisfactory outcome for 1931, for the total premiums have declined only moderately from £3,000,000 to £2,890,000, and the trading profits in these departments are actually somewhat higher.

	1930. Amount of Profit. £	Percentage of Premiums. %	1931. Amount of Profit. £	Percentage of Premiums. %
Fire	13,409	1.6	11,596	1.4
Accident	43,225	32.7	14,059	21.6
Employers' liability.....	1,092	0.6	1,518	.8
General	52,559	3.9	95,961	6.9
Marine	...	...	...	...
Life:—				
Current series	...	...	30,302	...
" Eagle "	22,000	...	...	...
" English & Scottish "	75,518	...	...	...
	207,803	...	153,436	...
Less:—				
Items debited to profit and loss account ...	97,716	...	80,003	...
Written off acquired closed funds	50,000	...	...	...
	147,716	...	80,003	...
Total net trading surplus	60,087	...	73,433	...

For the second year in succession no transfer has been made either to or from the marine account, and as the premium income is now much reduced, at £414,000, the fund has increased to 113 per cent. of the premiums, and at that figure no doubt includes a certain amount of undisclosed profits. The ordinary dividend has been maintained at 20 per cent., and is now covered by interest earnings with a small margin. Although the foreign assets and liabilities have been included at par of exchange, an exchange reserve fund of £125,000 and an investment fluctuation account of £100,000 have been set up to provide for the net difference, in addition to which there is a general reserve fund of £1,250,000.

Royal Insurance Company.—With a world-wide business involving assets of over £50 millions and a premium income of nearly £15 millions, the Royal has naturally felt the effect of the universal financial and trading disturbance. Nevertheless, the company is able to show a net trading surplus in all departments, and a total profit not much less than the 1930 figure. In the main, the story presented is the familiar one of a fall in premium income, and a greatly increased claims' cost, particularly in the United States of America, though the marine department is exceptionally a bright spot.

	1930. Amount of Profit. £	Percentage of Premiums. %	1931. Amount of Profit. £	Percentage of Premiums. %
Fire	446,692	6.8	402,072	6.6
Personal accident.....	7,253	3.2	117,321	2.2
Employers' liability...	32,236	8.5		
General	172,593	3.4	125,537	13.0
Marine	46,465	3.9		
Life	40,000	...	40,000	...
	745,239	...	684,930	...
Less items debited to profit and loss account	316,438	...	307,128	...
Total net trading surplus.....	428,801	...	377,802	...

The dividend, which has been maintained at 65 per cent., involves a disbursement of £1,375,000, which is met as to £1,330,000 out of interest income, so that virtually the whole of the net trading surplus is available to increase the company's surplus assets. In the course of his speech at the annual meeting the chairman entered a spirited protest against the abuse by certain countries of the system of deposits, which are the pre-requisite of transacting business in foreign countries. While it is clearly reasonable that a moderate amount of deposit should be lodged as a guarantee of *bona fides*, the universal adoption of the system, and particularly the recent tendency towards raising deposits, and to restrict their form, has greatly handicapped British companies in keeping their funds liquid for the purpose of meeting catastrophes. A new menace has recently appeared, wherein certain countries have resorted to the device of levying increased deposits on insurance companies for the purpose of tiding themselves over an internal financial crisis.

Gresham Life Assurance.—In view of the fact that much of this society's business is derived from abroad, and particularly from European countries, and that the crisis must have had a marked effect on its sources of business, the society is entitled to claim that the 1931 report is by no means unsatisfactory. New business has naturally fallen off: home business from £643,000 to £614,000, and foreign business from £1,582,000 to £1,382,000; but the totals are still substantial. A small reduction in expenses has been achieved, from 24.6 per cent. to 23.9 per cent., and the rate of interest earned, at £4 19s. 11d. per cent., is only a shilling lower than that in 1930. The book value of the assets of £8,780,000, after taking credit for exchange profits, shows only a small depreciation in market values of 1 per cent. of the total assets. Included in the assets is the society's controlling holding in the Gresham Fire, valued at the cost price of £275,000. A note to the balance sheet states that after taking into account the investment reserve of the Gresham Fire there was an uncovered depreciation in that company's assets of £65,000.

Commercial Union Assurance.—In reviewing the 1931 accounts at the annual meeting, the chairman frankly acknowledged that the results of the year's trading had been unfavourable, and although relying on the company's fundamental strength, the board decided to repeat the dividend of 41 per cent.; this involves a substantial draft on trading surplus, and a maintenance of dividends at this level was stated to be dependent on a recovery in world conditions. The company operates through sixteen subsidiaries, but the accounts are in the usual consolidated form. In the fire department there has again been a considerable reduction in premiums, from £6,774,000 to £6,316,000, the greater part of the reduction being sustained in the United States. The accident premium income also registered a considerable decline from £8,658,000 to £7,846,000, and the company's largest subsidiary, the Ocean, which is mainly responsible for the accident business, had to report a loss on trading last year. In both departments it is evident that efforts are being made to secure economies in expense, and it is evident that there is considerable scope for these. In 1925, for instance, when accident premiums were £8,400,000, the expenses were nearly £250,000 less than they are to-day on a much reduced premium income, and that in spite of the fall in prices that has occurred in the meantime. The marine department shows a small increased premium income at £734,000, and once again produces a useful profit.

	1930. Amount of Profit. £	Per-centage of Premiums. %	1931. Amount of Profit. £	Per-centage of Premiums. %
Fire	195,374	2.9	36,840	.6
Accident.....	5,570	...	— 112,202	— 1.4
Marine	200,000	28.6	200,000	27.3
Life:—				
Commercial Union.....	28,088	...	28,088	...
Union Life Fund.....	5,000	...	5,000	...
Hand-in-Hand Fund	50,000	...	150,000	...
	472,892	...	307,726	...
Less items debited to profit and loss account	216,922	...	241,415	...
Total net trading surplus	255,970	...	66,311	...

It will be seen that the net trading surplus is only one-quarter of the 1930 total, and a small fraction only of the average figure of the last few years. Indeed, after paying the dividend, the company's net surplus resources will be depleted as a result of the year's operations by £86,000. The life department produced new business of just over £4 millions in 1931, and although this is somewhat lower than the 1930 figure, that year was itself a record one. The funds of the life department now amount to £19½ millions. In spite of the depreciation which has occurred, the company is in the rare and happy position of being able to state that there was still a hidden reserve existing on December 31st in the book values of the assets. Since that time the margin has widened, and the chairman dis-

closed that the hidden reserve at the end of April exceeded £1 million. In face of these trading results and the warning as to dividends, the price of the shares has fallen from 20½ to 18½ in the past week.

Overseas Correspondence.

UNITED STATES.

Budget — Reconstruction Plans — Prices.

(FROM OUR CORRESPONDENT.)

NEW YORK, May 25.

In spite of the growing restlessness of the country at the time wasted by Congress, work on the Tax Bill is proceeding but slowly, and the inattention to the main business leaves the door open to all sorts of quack legislative nostrums for curing the depression. Nevertheless, in spite of surface discouragements, the undercurrent at Washington is running strongly toward budget balancing, and in well-informed quarters in Wall Street there is much confidence that before it is too late a satisfactory Tax Bill will be passed and that at least the worst of the proposals involving large Government expenditure will be side-tracked. Evidence of this may be seen in the formation here a few days ago of a committee of twelve men, headed by Mr Owen Young, to assist in carrying out sound ideas of the authorities, to supplement with their personal influence with business and banks the easy-money policy of the Federal Reserve Banks and, if possible, to work out plans of their own to help to stem the depression and establish public confidence. The committee has the full confidence of Wall Street, as well, perhaps, as its sympathy; for it is realised that the wide publicity attending its appointment by Governor George Harrison of the Federal Reserve Bank places it under an obligation to deliver something.

The committee, which will have its counterpart in Chicago and other large centres, could work best, no doubt, if it could keep out of the public eye. It has been proposed to it that a pool be formed to support the bond market. While in good quarters the idea of concerted purchase of bonds on a large scale by the strong banks, corporations and others is entertained, it is unlikely that a pooling of funds under single management will be decided upon, especially at this time when the general public sees so much uncertainty. The committee probably will first devise more individualistic ways of inducing the member banks of the Reserve system to employ their excess reserves. These excess reserves are now approximately \$800 millions, which probably is about the figure at which Reserve Bank policy would like to see them until they diminish through employment in loans and investments. At any rate, the past week saw the first reduction in six weeks of the Reserve System's scale of United States Government bond purchases, the drop from the usual \$100 millions being 20 per cent. This must not be regarded as any retreat from the position, but merely as a means of keeping the excess reserves at the desired figure.

A plan which has been submitted to Governor Harrison's committee, but on which no definite commitment has been made, is for the large and financially powerful industrial organisations, chiefly the manufacturing concerns, such as du Pont de Nemours, U.S. Steel Corporation, Standard Oil, General Electric, Westinghouse, Bethlehem Steel and General Motors, to guarantee credit to small business men. The plan would amount to a new form of bankers' acceptance paper, bearing the names of industrial companies and therefore eligible for discount at the Reserve Banks. It is hoped by sponsors for the scheme that this would tempt loans from country banks who are not unable or afraid to extend credit directly to their local business men, and thereby would encourage dormant business enterprise. The plan has certain obvious merits, such as independence of Governmental or Reconstruction Finance Corporation credit, a probable increase

in the supply of eligible paper for discount, which is now sadly lacking and was one of the reasons for the Glass-Steagall measure substituting Government bonds as collateral behind Reserve Bank notes, and lengthening of time for the borrower to pay. Ordinary commercial sales are made on the basis of 30- or 45-day payments, against the 90-day trade bill as now proposed.

On the other side, some critics of the idea fear that it may have the result of stimulating borrowing by those who should not extend themselves at this time, that the large industrial companies ought to keep their working capital and credit free of all entanglements, and that this partial invasion of what has been considered strictly a banking field might turn out to be unwise in the long run, just as the flow of industrial money into the call money market in the boom period stimulated the rise in securities.

Last week's Reserve Bank credit expansion amounted to \$69 millions. It was accompanied by a shrinkage of \$40 millions in the gold stock, a rise of \$18 millions in money and a drop of \$6 millions in member bank borrowing. Since last week gold shipments have risen, and another \$50 millions has already left or been consigned. The bulk is going to France, Switzerland, Holland and England. The banking authorities are not disposed to view this further loss with alarm, provision for it having been made; but it has its counterpart on this side in a general feeling of anxiety, particularly with regard to European affairs.

Some reassurance has been given by President Hoover's strong statement of his platform, which includes budget balancing, no further borrowing by the Treasury, avoidance of public works which are not essential, extension of the functions of the Reconstruction Finance Corporation, and reduction in the Government pay roll. Meanwhile Congress has busied itself with various tariff measures, such as duties on copper, lumber, coal, rubber and oil.

Commercial banks continue to reduce their loans and investments, and the security markets are slowly falling to new low levels. Commodity markets, on the other hand, have shown more steadiness. Wheat has risen sharply, but the movement has had a good deal of speculation in it which may not last. Wholesale commodity prices as computed by the Bureau of Labor Statistics were down three-quarters of 1 per cent. in April, the index standing at 65.5, as against 74.8 for April of last year.

Railroad traffic has gone backward against a seasonal rising trend, and this week the steel industry declined a point or two in rate of operation. Prices are holding, and some increase in demand is still hoped for from the motor industry. Ford works are increasing production. A balance sheet published for Ford covering 1931 operations apparently shows a loss of \$10 millions, against a profit of \$44 millions in 1930. Preferred and common share dividends continue to be reduced or eliminated, but over 60 per cent. of the preferred issues and 45 per cent. of the common share issues listed on the New York Stock Exchange continue to pay dividends. In spite of the low and declining prices for shares, the real disquiet is coming from the persistent weakness in bonds, which weakens the position of the banks and finance companies, as well as the faith of investors generally.

FRANCE.

Politics — Revenue — Coal Production — Quotas.

(FROM OUR CORRESPONDENT.)

PARIS, June 1.

DURING the past week France has again been under the *régime des Clubs*, as in the epoch of the Revolution. The respective Radical and Marxian Socialist caucuses have been practically in permanent separate sessions, debating what the nature of the new Ministry shall be, as the outcome of last month's general elections. Both parties had previously made clear their desire to continue in the

Chamber the co-operation applied during the second ballots, but each side had left open the conditions under which combined participation in the new Cabinet would be acceptable. M. Blum, the Socialist leader, took the first step by laying down in his newspaper the three "irreducible minimum" conditions under which his party could participate in the new Government. M. Herriot replied on Sunday with a spirited article in a Lyons newspaper, based on the text that "the situation of France is serious." He emphasised that the country is faced with three great outstanding problems, which are superior to all others, namely, those of the Budget, reparation payments, and disarmament, and he demonstrated (although without directly saying so) that, in view of the general foreign situation, any desire to apply the Socialist "irreducible minimum" was unthinkable. So far as foreign affairs are concerned, the article suggests that M. Herriot's programme is likely to approximate fairly closely to everything that has latterly been spoken or written by M. Tardieu himself.

The Socialist National Congress, after debating the matter for three clear days, yesterday adopted a resolution, which represents a slight attenuation of M. Blum's "irreducible minimum," embodying the conditions on which the party was prepared to negotiate with M. Herriot. The principal points insisted on for immediate application were (1) extensive reduction of military expenditure within the next two Budgets, (2) prohibition of all trade in arms and nationalisation of arms factories, (3) control of the banks and nationalisation of railways and insurance companies, (4) application of a 40-hours' legal week, without reduction of wages. Later in the day the executive committee of the Radical Party, comprising over 1,500 delegates from all parts of France, passed, by an overwhelming majority, a resolution refusing to allow its Parliamentary representatives to be "associated with men whose policy of isolation abroad and financial deficit at home has been strikingly disavowed by the country," approving M. Herriot's declarations, and leaving the door open for negotiations with the other parties of the Left for the constitution of the new Cabinet. To-day, as was expected, the Socialist Congress, by a practically unanimous vote, definitely broke off all negotiations with the Radicals. All chance of a Socialist-Radical Ministry is removed. M. Herriot is understood to be prepared to meet the Chamber with a new Ministry on Tuesday or Wednesday next. Whether this can survive, except by dependence on two alternating and entirely distinct majorities—one for foreign affairs, based on the support of the Centre Parties and a portion of those of the Right, and the other for semi-Socialist legislation, depending on the support of the Socialist Party—remains to be seen.

The revenue returns for April, the first month of the new financial year, indicate total recoveries from all "normal and permanent" sources of 3,096 million francs, against 2,526 million francs in the previous month, 3,303 million francs in April, 1931, and 3,494 million francs in April, 1930. The improvement of 570,000,000 francs on the month indicates that the period of Treasury low water has ended, and that new annuities of direct taxation are beginning to come in. Total recoveries from indirect taxes during the month were 154,519,000 francs (or 5 per cent.) below Budget estimates. The yield from turnover taxes was 104 million francs (or 15 per cent.) lower than in April, 1931, and 137,563,000 francs below Budget estimates. All the other principal categories of indirect taxes were appreciably smaller in yield than a year ago, with the exception of Customs, which produced nearly 15 per cent. more than in April, 1931, thanks to recent revisions of import taxes upward. The yield from imposts on motor spirit and petroleum was 53,824,000 francs (or 22 per cent.) larger. Direct taxes produced 178,567,000 francs, or 60 million francs less than in the corresponding month of 1931. The revenue of the Caisse d'Amortissement totalled 581 million francs, all three categories of sources from which the Caisse draws its revenue being lower.

Coal production figures for April indicate a total output from the French mines of 3,947,439 tons, against 3,887,992 tons in the previous month, and a monthly average of 4,586,000 tons in 1930. The output of metallurgical coke by the colliery plants was 267,712 tons, against 296,638

tons in the previous month and 408,928 tons in April last year. The duel between British coal exporters to this country and the French authorities, in regard to the alleged discrimination applied to British coal entries under the quota system, has now resulted in legal action being taken by the importers, for the purpose of testing the system's legality. An appeal has been entered for hearing by the Conseil d'Etat, a supreme tribunal which in this country approximates somewhat to the British Privy Council, and whose rôle is to act as arbitrator in regard to administrative acts, its decisions having all the force of law. The British importers claim that the institution of the quota system constituted an illegal act, as it was imposed arbitrarily by decree and not by Parliamentary vote, and that the recent further reduction of coal entries by 10 per cent. by the expiring Tardieu Government, to a basis of 60 per cent. of the average imports of the previous three years, was equally illegal, from the fact that it was promulgated by a Ministry which had already resigned and was remaining in office only for the purpose of carrying on current business. British exporters complain that they alone remain subject to import licenses, whereas German, Dutch, Polish and Belgian coal importers, although still held under the quota system, have been relieved from the necessity of procuring permits. The French retort is that entries of British coal, which constitute by far the greater proportion of foreign coal imports, consist mainly of industrial combustibles, and are the chief reason for the huge stocks of industrial coal now accumulated at the French pitheads, and leave no room for household coal. It is urged that foreign importers should devote themselves chiefly to household descriptions.

GERMANY.

Change of Government — Budget Problems.

(FROM OUR CORRESPONDENT.)

BERLIN, May 31.

THE forces which have brought about the fall of the Brüning Government have been at work for a long time. President von Hindenburg, from the very beginning, wanted the Brüning Government to govern as a Cabinet of the Right. In spite of his conscientious endeavours to accustom himself to politics, he was never able to appreciate the fact that the Chancellor was obliged to work in co-operation with the Left because the Socialists, his former opponents, helped him to carry out tasks which were necessary in the interests of the State, while the supporters of the parties of the Right were joining the National Socialists, who were prevented by the necessity for continual agitation from making any concessions to considerations of State. The pressure exercised by the President upon the Chancellor did not diminish when Herr von Hindenburg was re-elected with the support of the Left, and Herr Brüning was only able to resist this pressure until the result of the Prussian elections gave a new impulse to the demand that his policy should tend more to the Right. To this was added the fall of Herr Groener, which greatly damaged the Chancellor's prestige.

Perhaps all these difficulties might still have been overcome had it not been for two economic problems which made it possible for certain quarters of the Right to widen the breach between the President and the Chancellor. One of these problems arose out of the condition of agriculture in the East. In the course of this winter it became clear that the "Osthilfe" credits in many instances were going to involve, not the rescue of the farms to which they were granted, but merely useless expense, because these farms were so heavily indebted and so unprofitable that not even the cancellation of half their floating debt and extensive compulsory reduction of interest, as provided by the November decree, could enable them to carry on or to pay the interest on the public credits provided for the redemption of the most pressing of their private debts. Dr. Brüning, in agreement with the Minister of Labour, Herr Steger-

wald, had planned that the land of those farms which were hopelessly overborrowed, about one-sixth of the total, should be bought by the State, or under State authority, at a very low price, in many cases only the amount of the first mortgage, and used for peasant settlement. The idea was the same as that which has for some time been the foundation of the Prussian Government's agrarian policy, the replacement of the decaying large farms of the East with small holders who will be better able to withstand the agricultural depression. Opinions differ as to the prospects of this policy, but it is the only way of finding any kind of purchasers for the land of these collapsed estates. All the same, the owners of the land regard this policy as "Bolshevik." They want to get rid of the burden of debt by curtailing the rights of creditors to a greater extent than was done by the November decree. They have in mind particularly a compulsory conversion of the first mortgages to 80 per cent. of their value, and a further compulsory reduction in interest rates. As the President spent his Whitsuntide holiday in East Prussia, he was very accessible to the opinions and wishes of the large landowners.

The second economic question was one of social policy. Large and influential industrial circles wish to take advantage of the crisis to do away with State interference in wages and working conditions, and to strike as severe a blow as possible at the trade unions. Not only are they violently resisting the compulsory introduction of a shorter working week proposed by Herr Stegerwald, but they wish to abolish compulsory arbitration in industrial disputes. In these quarters also influence has been brought to bear upon the President or his advisers.

Thus it came about that on his return from East Prussia the President laid before the Chancellor at their first meeting last Sunday three demands: first, the renunciation of the new emergency decrees which had been prepared, and which were to contain the necessary provision for the taking over of the Land Settlement Office and for the balancing of the Budget; second, that the Chancellor should make no changes in the personnel of the Cabinet (which would mean in particular that he could not get rid of Herr Schiele, who is supporting the agrarian demands); third, the adoption of a more rightward orientation in policy. Herr von Hindenburg personally did not expect that the Chancellor would agree to these demands, and they were merely a way of dismissing the Cabinet. It is, however, quite likely that Herr von Hindenburg counted on persuading Dr. Brüning to enter the new Cabinet as Foreign Minister, but in that he was mistaken.

For a correct estimate of the situation it is essential to bear in mind that Herr von Hindenburg still wishes to govern by constitutional means. Nor has he any leanings whatever towards the National Socialists, but he considers it necessary to make them share the responsibility of Government in some form or other. If they refuse,* a general election seems almost inevitable. At the present moment this would be a dangerous experiment, which would be by no means certain to produce a workable solution.

The principal task of the new Government, apart from foreign politics, will be the Budget. Dr. Brüning's dismissal has made the problem much more difficult, for it is hard to see what other statesman still possesses the necessary authority to persuade the German people to assume new burdens, especially as the President intends to issue no more emergency decrees, and a parliamentary majority for additional taxes will be impossible to obtain. What Dr. Brüning could do only by exercising every ounce of his political strength, nobody else is likely to achieve at all. The introduction of the employment tax, without which the expenditure on unemployment cannot possibly be met, is therefore probably impossible for the time being. It will, however, be equally difficult for a politically weak Government—and the Government of the next few weeks will necessarily be politically weak—to decide upon severe reductions in expenditure. Even the industrialists, who are counting upon a reversal of social

* Since this letter was written the National Socialists have definitely refused participation in Herr von Papen's Government.—*Ed. Economist.*

policy, will have to postpone their hopes for the present, for the National Socialists will not be ready even to tolerate a Government if such toleration would saddle them with the responsibility for unpopular measures before the general election.

An attempt will probably be made to solve the unemployment problem by an extended programme for the provision of work. One of the reproaches which has recently been levelled at Herr Brüning by his opponents was his "dilatoriness" in this matter. But Dr. Brüning had his reasons for not giving in to the demands for a "grandiose" programme for the provision of employment. Currency considerations must, in the present position of Germany, set limits to any such activity, and now that Dr. Brüning has gone, the President of the Reichsbank will undoubtedly take over the task of preventing any danger to the mark from credit expansion. Dr. Luther will also have to exercise his well-known firmness in another direction. The exchequers of the Reich and of the States are threatening to run dry. As Dr. Brüning would have presented a balanced budget to the Reichstag, these difficulties would have been overcome; but now that the balancing of the budget is not certain, it will be difficult to maintain the liquidity of the treasuries of the States without assistance in the form of credits, which would be unsound. The importance of Germany's possession, in her Reichsbank president, of an absolutely reliable guardian of her currency, can hardly be over-rated.

HOLLAND.

Shipping Reorganisation — Dairy Industry.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, May 24.

A BILL has recently been introduced by the Government for the safeguarding of our national mercantile fleet. The situation is now such that 54 per cent. of the world's mercantile fleet is in the hands of shipowners domiciled in countries with depreciated currency. In consequence, Holland, which had its full share in the expansion of the world's mercantile marine, has been driven into a very precarious position. For many Dutch shipping companies it has become practically impossible to continue operations. The Government considers that the reorganisation demanded by the present situation should not be delayed by granting support in the form of subsidies. Generally speaking, no relief will be granted unless the company in question has submitted a scheme of reorganisation providing ample guarantee of economies. In some cases it is to be considered whether merging or other forms of close co-operation between the necessitous companies are desirable and provide better prospects for the future.

In order to realise these aims without endangering the interests of the State, and at the same time to ensure that the temporary indispensable help is not withheld from the shipping companies, it is considered desirable that arrangements be made for the founding of a company, under the direction of shipping experts, which is to procure its capital largely from Government advances, and accordingly is to be under Government supervision. The share capital is to be 5 million guilders, the majority of which, 2.6 millions, is to be in the hands of the State. In addition to the State, shipowners can become shareholders, and the companies securing advances will be required to hold the shares. The Government advances will only be granted against commercially sound security, at a reasonable rate of interest.

Another Bill, to be presented to the Second Chamber by the Minister of Economic Affairs and Labour, provides for measures for the furnishing of support to dairy farming. This country produces about 4,000,000,000 litres of milk annually, of which about 2,200,000,000 litres are used for butter, 900,000,000 litres for cheese, 100,000,000 litres for other products, and about 800,000,000 litres for domestic consumption. According to the 1930 statistics, the production of butter was 87,000 tons, almost half of which (42,000 tons) was exported. Of the production of cheese, amounting to 136,000 tons, 94,000 tons, or ap-

proximately two-thirds, were exported. There are 200,000 farmers engaged in the raising of cattle, in addition to which about 10,000 persons find employment in the associated dairy industries. At present the farmer is losing at least two Dutch cents on each litre of milk, representing a loss of 80 million guilders a year on the basis of an output of 4,000,000,000 litres of milk. In order to provide relief for the distressed farmers, a tax is to be imposed on butter and margarine, and, in addition, the admixture of butter in margarine is to become compulsory. The proceeds of these extra taxes, borne by the community, are to form a special fund for the provision of relief to the dairy farmers.

SPAIN.

Catalonia — Stock Exchange — Banks — Economic Committee.

(FROM OUR CORRESPONDENT.)

MADRID, May 12.

THE Catalan question, on being presented to Congress for discussion, has raised a crop of violent polemics. Feeling on both sides runs very high, and, unless a compromise is reached soon, a political crisis may result. The possibility of the Catalan Statute becoming law seems to have caused the parties of the Right to sink their differences and to put up a combined opposition to what they consider a dismemberment of the country. The students have taken sides against Catalonia, and disturbances, which remind one of pre-republican days, have broken out at the principal universities. On the other hand, the chiefs of the Catalan party have been making menacing remarks as to what is to happen if the Statute is not approved in its present form. Whichever way one turns, therefore, there are clouds on the horizon, and political peace, with the consequent return of confidence, seems as far off as ever.

As a result of this uncertainty it has again been necessary to peg the principal quotations on the Stock Exchange, thereby considerably diminishing the volume of business transacted. Altogether the situation of the Stock Market is frankly pessimistic, although any favourable factor would cause an immediate reaction, in view of the large amount of money available for investment. The Minister of Finance has presented a Bill to Congress which relieves banks of the necessity of paying further tax on the increased value of their portfolios of securities, which were written up (or down) to market value on December 31, 1931, in accordance with the recommendations of the Superior Banking Council. In spite of the measures taken to ensure a wide distribution of the recent short-term Treasury Loan, and the general belief that that object had been attained in a noteworthy measure, the latest figures of the Bank of Spain show that some 60 per cent. of subscriptions were based on bank credits. The digestion of the loan, in unfavourable market conditions, is, therefore, proving very laborious.

While the names of the persons who are to form the Committee for the Study of Economic Conditions in Spain have not yet been made public, the new organisation is considered to be a further manifestation of the Socialist tendency of the present Government, as the committee is to have access to all documents, whether private or official, that they may consider essential for the carrying out of their mission. It is pointed out also that the members of the committee, though personally not politicians, will be nominated by the different Ministries. In the preamble, the decree states that the organisation will not follow the lines of the British Committee for Industry and Commerce, created in February of 1924, but rather those of the German Commission established in April, 1926.

A new departure in Spanish educational methods is embodied in a decision recently taken by the Minister of Education to distribute each year amongst students who distinguish themselves in the examinations 500 free kilometre railway tickets, with an allowance in cash for their expenses so that they may visit the artistic monuments and places of historical interest in Spain. In other ways,

also, there is evidence that greater attention is being paid in Spain to the question of education, and, within the limits of Budget restrictions, considerable encouragement is being given to any measures which tend to raise the standard of education.

AUSTRIA.

Bank Reconstruction — Credit-Anstalt — Industry.

(FROM OUR CORRESPONDENT.)

VIENNA, May 30.

THE Austrian Government has presented to Parliament a Bill designed to enable banks and industrial enterprises, as has been done in Czechoslovakia and Germany, to reduce capital in order to eliminate the losses which they have suffered in the last few years. At the same time an increase of capital is also to be facilitated. The first bank to avail itself of this law will be the Wiener Bankverein. During the last few years it has intervened on the market in order to maintain the value of its shares, it also had to take over shares from members of former syndicates, and, finally, it had 550,000 of its own shares, which constitute a fifth of the total share capital, in its hands. These shares will be withdrawn, and the capital will be reduced from 55 to 44 million schillings. At the same time, 50 per cent. of this capital will be written off, so that it will then appear at 22 million schillings.

In order to provide new capital, a group, consisting of the Belgian connections, Société Générale Belgique, the Banque Belge pour l'Etranger, Brussels, and the Deutsche Bank und Discontogesellschaft, Berlin, will take over 13 million new shares, while an Austrian group under the leadership of the National Bank of Austria will take 10 million schillings' worth of new shares. Of the ten millions, the National Bank itself will supply three million schillings. Through this transaction the Bankverein intends to meet all its previous losses and to write off appropriate sums from its share holdings and its debtor accounts. At the same time, a small reserve of five million schillings will be formed. The old open reserves of 27 million schillings have been used for the purpose of rectifying the balance sheet.

The Bankverein will succeed in continuing consistently the policy it has so far practised of reducing its overhead expenses. It will have further to reduce the number of its clerks, it will also limit the number of branches, and it is becoming constantly clearer that the tremendous building of the head office is now much too large for the present reduced circumstances of Austria. It must, however, be acknowledged that the management pointed out again and again in recent years that it was necessary to adapt policy to the crisis and published honest balance sheets.

Recently, repeated rumours have cropped up to the effect that certain influential circles would like to see a fusion of the Credit-Anstalt with the rest of the big banks. The management of the Escompte-Gesellschaft has always taken the view that it would not take part in such a transaction and sets particular value upon centralising business in its own house. But before such questions can be considered, the relations of the Credit-Anstalt to its foreign creditors, to the Government and to the National Bank of Austria must be cleared up. The negotiations at present being held with the foreign creditors have made no progress so far. It is very difficult for the Austrian Government to bind itself in the Credit-Anstalt affair, so long as it does not know whether the Paris negotiations, which still hold out faint hope of credit relief, will be successfully terminated, or whether the transfer moratorium will be decided upon. It is certain that the National Bank has made all preparations for such a measure. It rejects the expression "transfer moratorium" and merely speaks of an interruption for some time of the allocation of foreign values to meet foreign debts. The Austrian debtors are to pay the sums due into a fund to be managed by the Austrian National Bank and its adviser. A moratorium for domestic debts is not contemplated, according to the latest declarations of the National Bank and of the Government. This decision was

necessary, because some savings depositors had again become anxious and were withdrawing their money from the banks and savings banks. The Minister of Finance recently estimated the amount of schilling notes in private keeping at 300 millions.

Economic conditions are still very unfavourable. In its report, the Alpine Montangesellschaft stated that export of iron has ceased almost entirely. Output of crude ore hardly amounts to 40 per cent. and of crude iron to 51 per cent. of the output of 1930. Orders on hand have sunk to only 15 per cent. of normal, and Alpine has again dismissed hands. The contemplated cut in wages has, however, been postponed, as the newly formed Cabinet intends to take measures to help the coal mines of the Alpine. It is true that this is difficult to reconcile with the fact that the Federal Railways draw 500,000 tons of Ruhr coal from the State mines in Germany, and of that total require 300,000 tons for their own purposes and want to sell the remaining 200,000 tons on the open market. Domestic commerce protested strongly against this, and there has also been a lively dispute between the management of the Federal Railways and the Ministry of Commerce. The latter demanded that the domestic coal mines should be supported in every possible way. To this end a decree will shortly come into force requiring the admixture of a certain proportion of Austrian coal with all coal sold in Austria.

In spite of the very low quotations ruling on the Stock Exchange there has been a further fall. The index figure for May is 6.8 per cent. below last month's, but several groups on the quotation list have been harder hit, particularly the iron and metal industry, in which there are falls amounting to as much as 24.9 per cent. In the paper industry and the electricity industry there were drops of about 15 per cent. Mining shares were best maintained and weakened by only 1.4 per cent.

HUNGARY.

Foreign Creditors' Fund — Banks — Economic Conditions.

(FROM OUR CORRESPONDENT.)

BUDAPEST, May 27.

BOTH Houses of Parliament have extended for another year the special powers granted to the Government last August for the financial rehabilitation of the country. An unexpected storm, however, arose in the Upper House in connection with the motion of the agrarian members that the amounts deposited at the National Bank in the Foreign Creditors' Fund in pengő, on account of the untransferable interest and amortisation due in foreign currencies, should be used for agricultural relief. The incident was closed, however, by the intervention of the Prime Minister and the President of the National Bank, who explained that the Government will not raid the Foreign Creditors' Fund without previous consultations about its use with the delegates duly appointed by the various groups of foreign creditors. Unfortunately, there is no such body in sight as yet, in spite of the fact that more than five months have elapsed since the declaration of the transfer moratorium. Apart from the Standstill Agreement concluded with the British creditors on short term loans, which is of purely negative character, no progress can be recorded with the American creditors, who were the biggest lenders of the post-war period on both short- and long-term account.

The Central Corporation of Banking Institutes has published very interesting and up-to-date material in its monthly report about the position of the banks and savings banks it controls. The development of the saving deposits and current accounts with all the members' bank and at the Postal Savings Bank has lately been as follows:—

	In million pengő.
1930, December 31	2125.0
1931, June 30	2078.8
1931, September 30	1830.9
1931, December 31	1809.8
1932, March 31	1693.3

Total deposits have decreased by more than 20 per cent. since the crisis started a year ago. The heaviest withdrawals took place in July and August, but there has been a slow, steady fall ever since. Complete returns for April are not yet available, but deposits with the thirteen principal Budapest institutes have decreased by a further 27 million pengő. According to the computation of the Central Corporation of Banking Institutes, deposits in the provinces have decreased by 204 million pengő, and those in Budapest by 177 millions, making a total of 381 million pengő from June 30, 1931, until the end of March, 1932. The fall of deposits is particularly serious in the provinces. The number of the small provincial institutes which are members of the Central Corporation of the Banking Institutes (the non-member banks are not allowed to accept deposits) decreased from 455 at the end of 1930 to 422 by the end of March, but this is still very much in excess of what the country needs. A general banking reorganisation is urgently needed, but in spite of the reconstructions effected in other countries, such as Germany, Austria, Czechoslovakia and Italy, where banking business suffered from the same defects, over capitalisation and losses in syndicates, bad debts, etc., no progress was made here in this respect. Only two of the eleven important Budapest banks have effected capital reductions by cancelling own shares held in their portfolio, although practically all banks hold large batches of their own shares and would do well to follow the German and Czechoslovak examples by remodelling their balance sheets on a sound basis.

The economic distress shows no signs of abatement. Crop prospects have somewhat improved, as the fair weather in May partly made good the unfavourable and long winter. Although the sown acreage of wheat is less than last year, it is hoped that the exportable surplus will be greater, but prices are very much below the cost of production both in cereals and cattle raising. Foreign trade continues to be depressed by the artificial hindrances, and there is little, if any, prospect of an improvement so long as the monetary problems are not solved satisfactorily in the Central European States. No better example can be given as an illustration of the strangulation of foreign trade than the Hungarian figures for the first four months of 1932 as compared with that of 1930. Exports in January-April amounted to 98.9 million pengő, as against 291.1 million pengő in the same period of 1930, a decrease of 70 per cent. Imports have declined in the same period from 269.0 million to 111.2 million pengő.

JUGOSLAVIA.

Banking Difficulties — Trade — May Improvement.

(FROM OUR CORRESPONDENT.)

BELGRADE, May 18.

APRIL was in many respects the hardest month since last autumn. Prolonged wintry weather had resulted in a fodder famine and forced peasants to part with their emaciated stock at ruinous prices. Bankruptcies reached a figure double that of last year, their total for the first four months being 289, as against 156 in 1931; while compulsory settlements rose from 234 to 479. Spring floods, submerging vast areas of the most fertile country and rendering tens of thousands of people homeless, carried distress almost to breaking point. In many parts peasants refused point blank to pay taxes, while political agitators, encouraged by the changes in Government and the depressed psychological mood of the country, began to foment discontent of a distinctly mutinous character.

Added to this came the moratorium granted to the First Croatian Savings Bank, the bank with the largest deposits in the country, whose depositors are to a great extent recruited among the small investors of Croatia and South Serbia. The Bank, which has financed industry on a large scale and has extensive connections with England, had been hit both by the industrial depression and the depreciation of sterling, and has been in difficulties ever since September, having been obliged to pay to its depositors over 800,000,000 dinars out of the 2,500,000,000 held.

According to the moratorium provisions, the bank, whose assets exceed its liabilities, is not obliged to pay out deposits within the legally prescribed term, but may pay them by instalments as liquidity permits. Deposits have, however, to be paid in full.

Foreign trade has practically ceased. In order to secure for itself the foreign bills necessary for the payment of State debts and obligations, the State has made it a law that three-quarters of all incoming bills from export have to be surrendered to the National Bank. This, it is true, has so far enabled the State to meet all service on foreign loans punctually, but it has left the business market with a famine of bills. Trade is hence of necessity finding devious ways. On the one hand, we have a return to barter, as in the case of a transaction, negotiations for which are well advanced, in which a Düsseldorf heavy iron factory is to exchange 5,000,000 gold marks' worth of goods for a corresponding amount of second-class Yugoslav wheat. On the other hand, a "black" bourse is developing, in which 10 per cent. to 15 per cent. above the official market rate is paid for foreign bills. Nor is any improvement to be expected unless a greater sale of Yugoslav agricultural produce brings in a larger stock of foreign bills for distribution among importers. The moral is that Europe cannot both expect debtor countries to fulfil their obligations on State debts and hope for a revival of trade.

The disastrous state of foreign trade is best revealed by the statistics themselves. Imports for the first quarter were worth 703 million dinars, as against 1,342 million dinars in 1931 and 1,740 million dinars in 1930. Exports were worth 634.6 million dinars, as against 1,159 million dinars in 1931, and 1,696 million dinars in 1930. The deficit in the trade balance so far is 69.4 million dinars, as compared with 183 million dinars in 1931 and 44 million dinars in 1930. The present war-like condition of world trade does not so much affect the final balance of settlement as destroy the total turnover.

May fortunately has brought some relief to the situation. Crops have been sown, and, although the harvest is bound to be affected by the floods and the lateness of the sowing, there is hope of a reasonable yield unless drought should supervene. The appearance of fresh grass and the promise of a good hay harvest have relieved the fodder famine and stiffened stock prices. A clearing arrangement with Switzerland has helped to improve the dinar to a rate of 9.05 Swiss francs for 100 dinars, as against 8.95 for 100, while the egg market has revived after touching bottom. Italy, too, has concluded a commercial treaty with Yugoslavia which might serve as a model of liberality at the present time of trade war. Spring building promises to be fair, as many under the stress of circumstances seem to prefer to turn their money into bricks; and spring works of a public character, although not as extensive as usual, have slightly relieved the labour market. Finally, the State, which had exceedingly heavy obligations on foreign debts at the beginning of May, when no less than six foreign coupons fell due, will have now an easier time until November. It is expected, therefore, that with the State's diminished demand for foreign bills, a larger proportion than hitherto can be turned over to importers, and a certain slackening of the "black" market rate is hoped for in consequence. The present interval of relief is no doubt extremely welcome, but it cannot be said that the strain of the last two months has left the economic vitality of the country unimpaired. Its final recovery or otherwise is unquestionably bound up with the fate of the rest of Europe.

ROUMANIA.

Exchange Restrictions — Trade — Banking.

(FROM OUR CORRESPONDENT.)

BUCHAREST, May 23.

THE exodus of Roumanian capital, the purchase of foreign banknotes and gold for the purpose of hoarding, and the foreign exchange restrictions in other countries impeding Roumanian exports have at last produced the only

possible result: a Ministerial Decree published on May 17th enforces far-reaching restrictions in the purchase and sale of foreign exchange. In fact, the National Bank has received a practical monopoly of these transactions; banks, commercial houses and private persons are not allowed to sell or buy foreign exchange except to or from the National Bank. All export of *devisen* is prohibited. The measure has caused considerable consternation and disorientation, especially as no machinery had been devised to deal with the immediate needs of the market.

The initial cause of the movements of capital which were instrumental in leading to this drastic step are undoubtedly to be sought in the growing lack of confidence in the financial stability of Roumania. This feeling originated when last summer's banking crisis caused the large withdrawal of deposits; it was accentuated when the enormous falling off in Treasury receipts this year drew attention to the precarious Budget position. The unsatisfactory cereal and timber exports, due to the long winter, the condition of the roads and the lack of credit facilities, did its share to disquiet public opinion. But it is particularly owing to the effect of the short-sighted legislation of the last few years that the capital of this country has not found employment offering sufficient safeguards and has been driven into unproductive channels or out of the country.

The agricultural conversion scheme became law on May 1st. Already the banks in Transylvania have reduced the deposit rates, and, where the depositors wish to withdraw their funds, have arranged by common consent the payment in small instalments stretching over long periods. The agriculturists have become aware of the fact that the measure has cut off their credit. A number of them have already expressed their intention of not availing themselves of the debt reductions allowed by the law, in order to obtain in future such facilities as may still be available.

Nothing has yet transpired of the result of the examination by French experts of the financial state of Roumania. For the current year the payment of the coupons of the Roumanian foreign loans is said to be assured, but to obtain this end the Government is sacrificing its own officials, its pensioners and the industries which have supplied materials to the State. Payments of salaries to civil servants and of pensions are in arrears and are made in small instalments. The industries are not paid at all.

Foreign trade figures for the first two months of this year show an unusual balance of 475 million lei in favour of this country. The favourable balance is not, however, due to increase in exports. Compared with last year imports have fallen 43 per cent. as to quantity and 44 per cent. in value. Exports have increased in tonnage by 7 per cent. as against 1931, but their value has decreased by 17.6 per cent. Owing to the reduction in imports the Customs receipts on imported goods for the two months under review show a reduction of 32 per cent. compared with last year. The cancelling and reduction of export taxes resulted in a fall of 71 per cent. in the revenue from this source.

The leading financial and economic newspaper *Argus* gives the following figures of grain exports during the first four months of this year, compared with those of the same period of 1931:—

	1931. January 1st–April 30th.	1932. Wagons.
Wheat	7,851	3,126
Maize	57,887	24,257
Barley	7,078	26,289
Oats	35	1,647
Rye	804	1,135

The increase of wheat exports is due to the export premium. Although the export of maize shows a substantial increase its volume does not correspond to expectations. In May, grain exports are believed to have fallen considerably, as owing to the agricultural conversion law farmers are not obliged to sell for immediate payment of

debts. Besides, on account of the lateness of the season they are occupied on the land and therefore unable to come to the markets.

The balance sheets of December 31, 1931, published by the Roumanian banks show ample evidence of the crisis through which these institutions passed last year. From this point of view the balance sheets of the principal banks of Bucharest, the Banca Romeneasca, the Banque Commerciale Roumaine and the Banque de Crédit Roumain make interesting reading. Their aggregate capital and reserves amount to 1,770 million lei. Their cash and liquid resources fell during the year from 2,432 millions to 800 millions. Their investments in public securities and shares stood at 382 million lei at the end of last year, as compared with 428 millions a year before. Considering the state of the bond and share market, this drop in the value of the investments appears very small. The bills discounted and debtors amounted to 7,496 millions on December 31, 1931, as against 9,471 millions the year before, a reduction of 21.7 per cent. On the other hand, the deposits and creditors in current account were reduced in 1931 from 10,662 millions to 4,153 millions, a fall of 61 per cent. To meet, therefore, the enormous drain of 6,500 millions on their deposits the banks were only able to reduce the debtors by 2,100 millions and pay from their liquid resources 1,600 millions. For the deficiency they had to go to the National Bank, so that their rediscounts rose during the year from 175 millions to 3,155 millions.

CANADA.

Crops — Business — Railways — Parliament.

(FROM OUR CORRESPONDENT.)

OTTAWA, May 16.

ABOUT 75 per cent. of the western wheat crop has now been sown and the official forecasts of the intended acreages of the principal crops, as reported on May 1st (with the 1931 acreages within brackets), are as follows: Spring wheat, 24,671,500 (25,554,205) acres; barley, 3,688,400 (3,768,269); spring rye, 163,900 (179,023); flaxseed, 559,450 (627,430); mixed grains, 1,198,000 (1,186,877). There are prospects of a good wheat crop. Mr Beatty, the president of the C.P.R., recently predicted, on the strength of reports from his officials, that a wheat crop of between 400 and 500 million bushels was now assured. The official estimate of the stocks of wheat in Canada as at March 31st was 243,300,165 bushels, as compared with 280,095,391 at the same date in 1931; of this total some 58½ million bushels were in farmers' hands, and of this about half would be absorbed by seed requirements. The prospective carryover is still placed at a little above 100 million bushels, but the Department of Trade and Commerce claims that the "general statistical position of Canadian wheat supplies compares very favourably with that of the same date a year ago."

Business remains generally depressed. The car-loading figure for the week ending May 7th, at 41,028 cars, was actually 179 cars below the figure for the previous week and 3,506 cars below the figure for the corresponding week of 1931. Another disheartening sign is that the downward trend of prices, which seemed to have been halted, has been resumed; and the Bureau's index of wholesale prices on the base 1926 = 100 was 68.4 for April, as compared with 69.1 for March. Both wholesale and retail houses report little real gain in business, and sharp price-cutting is required to induce the public to buy freely. However, some impetus is expected to be forthcoming from the American tourist traffic, which has already begun; the natural impression would be that the slump now prevailing in the United States would seriously reduce its volume, but in 1931 it was calculated that the amount spent by American tourists in Canada (\$188,000,000) was only 7 per cent. below the figure for 1930, and apparently many Americans who formerly took a summer holiday in Europe are now, on grounds of economy, contenting themselves with a holiday in Canada. There are not many signs of

any real improvement in manufacturing industry. The comparative meagreness of the domestic demand in many lines makes the local manufacturers all the more exigent in their pressure upon Ottawa to keep tariff barriers up and check the inflow of imports; and recently there have been cases of duties being increased by Orders-in-Council. Some time ago a plant in Hamilton began to roll steel plates more than 60 inches in width, and, on the ground that these plates were of "a class or kind made in Canada," the Minister of National Revenue used his powers to clap on a duty of \$4.25 per ton on plates up to 64 inches. But a demand for the same duty on plates up to 78 inches was refused, largely as the result of protests by British interests, whose trade would be adversely affected.

There have been some very disturbing revelations before a special committee of the House of Commons which has been investigating the finances of the Canadian National Railway system. Public opinion has been profoundly shocked by disclosures of what seem to have been culpable extravagance and waste on the part of the management. Huge sums have been paid out for publicity expenses, club dues for officials, etc., and the idea evidently prevailed that with the public purse to draw upon, no expense should ever be spared. It is admitted that drastic economies have now been effected by the C.N.R. management, but confidence in some of the chief officials has been badly shaken, and, while changes may be delayed until the report of the Transportation Commission is submitted, they are inevitable.

The Government has now secured the passage of its latest Unemployment Relief measure in face of protests from the Liberals that the Government had no right to claim another blank cheque in regard to expenditures for relief. In this measure the Government also took powers to advance money to corporations, and Premier Bennett, in defending this provision, sounded a very significant note of warning. He said that from information which had reached him from very authoritative sources he apprehended that there might arise in North America during the summer a very difficult situation, and he wanted to be prepared to meet it. He even went so far as to say that it might be necessary to "bolster up" with the credit of the nation certain institutions which, while possessed of assets much greater than their liabilities, had been reduced to a condition of temporary embarrassment.

The Minister of Agriculture, after a series of conferences with members of all political parties in the Federal Parliament and agricultural and marketing experts, has announced that the Government contemplates the establishment of a National Marketing Board, whose task would be to supervise the disposal of Canada's exportable surplus of farm products. It would not deal with wheat or cheese, as the export percentage of these commodities is too high; but it would concern itself with butter, live cattle, poultry and other farm products. Apparently for butter the Minister has in mind some plan analogous to the Patterson scheme invented in Australia, under which a small levy would be made on every pound of butter produced, and the fund secured from this levy would be used to make up the gap between domestic prices and the lower world prices at which the Board would sell the exportable surplus. Mr Weir intimated that the Government would probably appoint a Commission to examine the idea of a marketing board and prepare a report so that the matter could be discussed at the Imperial Conference.

The recent formation of the Business Transfer Partnership & Property Agents Institute of Great Britain raises the status of the profession of Business Transfer Agents. A very comprehensive course dealing with B.T. can be secured for £1 1s. 0d., spread over 4 monthly payments of 5s. 3d. each. Course is sent on receipt of first payment.

EFFICIENCY PUBLISHING COMPANY. 71, Lowlands Road, Harrow.

Letters to the Editor.

MONETARY POLICY.

TO THE EDITOR OF THE ECONOMIST.

SIR,—We may be grateful to Professor Robbins for having pointed out, when opposing deflation in your current issue, that an attempt to get back to the 1929 level of prices "involves something more than passive non-interference with naturally cheap money." That should be plain enough; yet the situation gets graver and nothing more is done or promised.

Is it not time to admit frankly that we ought now to adopt the two expedients which are generally recognised as efficient instruments of monetary expansion? In the first place the Bank of England should try the experiment of purchasing securities on a great scale and loading up the joint stock banks with funds. The Federal Reserve Banks have purchased more than half a billion dollars' worth of United States securities in the last six weeks. Some time must elapse before the effects of this policy can be judged. There are certain conditions peculiar to the United States at the moment, and not present in Great Britain, which must retard the natural effects of this policy there. In England the field stands clear for the experiment. The possibility must be recognised, however, that stagnation is now so great that the joint stock banks might fail to put the money placed at their disposal into active circulation.

Secondly, there is the surer and universally recognised expedient of government action. No one has seriously doubted that a government is able to inflate, and, therefore, to reflate. Few seriously doubt that deflation is urgently needed to save us from calamity. Why, then, is government action not only not advocated, but hardly mentioned? The mere suggestion of it is apt to evoke a host of foolish alarms. Inflationary orgies are recalled. History does not, however, show that controlled deflation tends to degenerate into inflationary disorder; since it provides no examples of the cause, it can teach us nothing about the probable effect. *Prima facie* there is no reason why an expansive movement, undertaken by a strong government that knows its own mind, should get out of control. The expansion may be undertaken either by the outright remission of taxation *without countervailing economies*, or by the adoption of new constructional work, financed by loans from the banks. Both methods may be attempted. Experience alone can show which would be the more effective in achieving the desired result of a rise in general prices. The important point is that so long as prices stand below the 1929 level, the government should disburse to its citizens more than it takes from them and thus get more money into circulation.

May I add a few words on the external situation, which seems to merit more attention in connection with our monetary policy than it usually receives. There are two sides to the problem with which we are faced, namely, how in the existing calamitous state of the world we can do the best for ourselves, and how we can assist the world to recovery. The second of these is usually thought of as necessarily involving international co-operation; everything should certainly be done to secure it. But this country is of such importance in world finance and trade that its every act of policy has some appreciable effect on the world situation. Unfortunately we have since last August struck two major blows, one of them willy nilly, at the rest of the world, by the depreciation of sterling, and by the tariff. It is of great importance that we should henceforward do nothing tending to affect the outer world adversely, until there are some signs of recovery there. This means that we should not allow our internal deflation to depress sterling further; we should abandon altogether for the time the attempt to force our exports upon a shrinking world market; such an attempt can now only make the external situation more critical. Once there is world recovery our exports will float up on the rising tide; it will be time enough then to think of fixing sterling at such a level as will give our exporters their fair chance. This is not the moment to try to stimulate our exports by means of currency depreciation.

The deflation, if genuine and effective, should provide a strong stimulus to our industries working for the home market. It will, of course, also tend in the direction of increasing imports. This is a crucial matter. The external world, like this country, needs a rise of prices. The only influence we can have on world prosperity operates through our willingness to buy and sell goods on the world market. All countries, especially the weaker ones, are striving to obtain a favourable balance of trade, and by this very attempt are rendering it impossible for each to succeed. For some countries this struggle is inevitable, since they have external non-trading liabilities to meet, and cannot cover these by borrowing in the existing lack of

confidence; they are seeking to secure a favourable balance out of dire distress. But others are actuated by a misplaced *purism*. It is these countries alone which can relieve the situation by being willing to endure an adverse balance for the time, and it is their paramount duty to do so. A notable example is Great Britain. Thus, if internal deflation tended to raise the volume of our imports, we should not try finally to burst the glutted world by forcing out more exports, but should be content to support sterling at a level not lower than its present one, and cover our adverse balance out of the abundance of our available assets. So and only so, can we contribute our mite towards world price recovery.

The exchange equalisation fund which was hailed on many sides with unreasonable haste, appears in fact to be a new engine of deflation. Apart from technicalities concerned with profit and loss, its main object is to prevent the foreign funds which have recently been flowing in from exerting their primary effect in expanding our circulating medium. It enables the Bank of England to pursue a neutralising policy on a grand scale, to sterilise the foreign funds, as France sterilises her gold. The normal primary effect of the inflow would be to raise by an equal amount the liabilities of the Bank of England and so increase the cash basis of the country. Instead, the money has been tucked away, and the calamity of a credit expansion in England averted! Meanwhile the authorities feel very dashing, because they are holding sterling down. It is a curious result of the one new monetary experiment we have tried during the crisis, that it should enable us to pursue the unique policy that is calculated to have a depressing effect both at home and abroad simultaneously.

To underline my view of our proper external policy, may I contrast it with one which appears to be widely held? If I asked how they hope that the world might be salvaged, there are many, I think, who would answer as follows. The leading powers should get together and, having abolished Reparations and War Debt payments, should once more carefully but bravely elaborate a scheme for lending to distressed nations. To do this, they must first have set their own house in order, and have an export surplus to make it possible for them to lend. When England, for instance, has depreciated sterling enough and imposed tariffs enough, she will at length, it is hoped, have an amply favourable balance; and, having obtained this, she will come forward and, with a generous but far-seeing policy, lend magnificently to a languishing world. Such a notion is surely quite topsy-turvy. The process of obtaining the favourable balance creates the distress which the loan is subsequently used to relieve. Meanwhile, the world is plunged into profounder gloom and fresh international indebtedness quite unnecessarily piled up. I hold that what the strong nations can and ought to do for the weak in a time of crisis is not to lend them money, but—what is diametrically opposed to that—to be prepared to buy their goods and endure for the time an adverse balance on current account. What is the much talked of international co-operation to mean if not precisely this—that the strong nations should agree to let in the goods of those nations, who must have a favourable balance on trading account to avoid bankruptcy?

With a resolute determination to reflate and to maintain the external value of sterling, England should be able to do much for herself and something for the rest of the world. Is it too much to hope that our leaders might be inspired with such a determination?—I am, &c.,

Christ Church,
Oxford.

R. F. HARROD.

FOREIGN EXCHANGE RESTRICTIONS.

TO THE EDITOR OF THE ECONOMIST.

SIR,—The admirable article on Foreign Exchange Restriction in *Danubia* in your current issue tempts me to seek the hospitality of your columns for a few remarks upon a point which has not, as yet, attracted much attention in this country.

Anybody familiar with the present plight of Central Europe can have little doubt that the exchange restrictions have not only failed to achieve the desired object, but that they have actually done more than any other single factor to aggravate the situation. And it is certain that the dwindling of trade in this area—which is the main concern of the rest of the world—is chiefly due to this one factor. Informed opinion in Germany and Austria is unanimous in condemning these restrictions, in even stronger terms than were employed in your article. This fact would probably have prevented their imposition, or at least have led to their early removal, had they been instituted by over-eager bureaucrats, if it had not been for the curious factor to which I desire to draw attention.

If one approaches any responsible person in the countries concerned and protests against these restrictions, one is

almost certain to be informed that the establishment of this régime was due not to their own choice but was done on the advice—or perhaps one should say request—of the representatives of the foreign creditors. In Austria—with whose position I am more familiar—it would have been considered indiscreet to mention this fact in public until recently; but, in a recent speech, Chancellor Brüning has mentioned the fact that in Germany, too, exchange restriction was forced upon an unwilling government by the representatives of the foreign creditors.

Now, in discussions of this kind, the creditor nations were, so far as one knows, represented by supposed experts. But is it credible that, at the present time, experts should give advice of so ruinous a nature? This would imply that we have not only failed to learn anything during the past ten years, but that we have also forgotten what we had already learned. In the spring of 1922 the Finance Commission of the International Economic Conference adopted a resolution that—

"All artificial control of operations in exchange, whether by requiring a licence for transactions in exchange, or by limiting the rates at which transactions may be effected, or by discriminating between the different purposes for which the exchange may be required, or by preventing free dealings in forward exchange, is futile and mischievous, and should be abolished at the earliest possible date."

Is it not time to ask who are the "experts" who, by advice which is in flagrant conflict with all sound scientific teaching and with the published opinion of a body of experts who had to accept responsibility for their advice, have inflicted this inestimable harm not only upon Central Europe but also upon the world as a whole?—Yours, &c.,

London School of Economics,
Houghton Street, W.C.2.
May 31, 1932.

F. A. VON HAYEK.

Books and Publications.

THE NINETEENTH CENTURY.

THE publication of Dr. Knowles's last book* makes the reader deplore once again the fact that no more works will come from that vigorous pen, while at the same time he must congratulate Dr. Allan McPhee, who revised the manuscript and correlated it with the author's lecture notes, on carrying out a very difficult task with skill and judgment. Indeed, it may even be due to Dr. McPhee that this book suffers much less than some of Dr. Knowles's earliest work from redundancy and untidiness of arrangement, though even here the way in which it is planned involves the repetition of a good many statements.

* "Economic Development in the Nineteenth Century." By L. C. A. Knowles. Routledge. 12s. 6d.

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EFFICIENCY PUBLISHING Co.
Publishers and Booksellers,

Efficiency House, Lowlands Rd., Harrow, Middx.

The purpose of this book is to do for four other countries—France, Germany, Russia, and the United States—what Dr. Knowles has already done for Britain and the British Empire; viz., to present a picture of economic and commercial development from the mid-eighteenth to the end of the nineteenth century. And it is well and vividly done. With the exception, perhaps, of the section on American tariff policy there is not a dull chapter in the book; and the mere fact that its subject is viewed from an angle which ignores, save by casual reference, the economic growth of the British Isles is in itself sufficient of a novelty, in books by English authors, to provide an excellent stimulus.

It is true that there is a certain sensation of incompleteness about the end of the book, due to the arbitrary termination of its period. The year 1900 may seem a significant date in British history, owing to the largely accidental coincidence of the Boer War with the death of Queen Victoria and the end of the long rise in real wages; in European or American history it has no such significance. A history of Russia, for example, which stopped abruptly with the completion of the trans-Siberian railway and ignored the seizure of Manchuria and the Russo-Japanese War would be nonsensical. As a year 1900 is merely a middle point in the development of the age of imperialism; and, in fact, Dr. Knowles does trace most of her themes beyond the limits of the nineteenth century. But really there is no break at all; 1900 leads straight on to 1914, and even the war itself is less of a break in continuity than a violent concentration of forces which were growing in the 'eighties.

Dr. Knowles is rather weak on pre-war Russia, and her treatment of eighteenth-century France is still rather Carlylean and takes too little account of the achievements of French industry under Louis XVI. Her evaluation of both Napoleons, however, is excellent; and her tracing of the widespread influence of French (rather than English) experience on Europe of the mid-nineteenth century highly stimulating. She has collected a large number of important facts and woven them into a series of studies valuable to the student and interesting to the general reader. In these days, when historical writing varies between the skittish and the abysmally dull, this is indeed high merit.

BOOKS RECEIVED.

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

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

Readings in the History of Economic Thought. By S. Howard Patterson. (London) McGraw-Hill Publishing Co., Limited, Aldwych House. 27s. net.

Selections from representative economic writers from Adam Smith onwards.

The Mathematics of Business. By William V. Lovitt and Henry F. Holtzclaw. (London) D. Appleton and Company, 34, Bedford Street. 12s. 6d. net.

A concise handbook of the mathematics used in business administration, including short methods of calculations. There are also interest and mortality tables.

The Facts Behind the Crisis. By Mrs H. A. L. Fisher. (London) Oxford University Press, Warwick Square. 1s. net.

Deutsche Ausländische und Internationale Kartellverträge im Wortlaut. By Dr. Horst Wagenführ (Nürnberg) Verlag der Hochschulbuchhandlung. 6.50 marks.

Contains the text of a large number of German, foreign, and international cartel agreements.

The Problem of Pricing in a Socialist State. By W. Crosby Roper. (London) Oxford University Press, Warwick Square. 7s. 6d. net.

Les Crises Allemandes (1919-1931). By Albert Rivaud. (Paris) Librairie Armand Colin, 103, Boulevard Saint-Michel. 10.50 francs.

A Plain Guide to the Financial Situation. By D. Sirkin. (London) P. S. King and Son, Limited, Orchard House, Westminster. 2s. 6d.

A short, non-technical explanation of the crisis.

Le Salaire, l'Evolution Sociale et la Monnaie. By François Simiand. Vol. I. 80 francs. Vol. II. and Vol. III. 120 francs. (Paris) Librairie Félix Alcan. 108, Boulevard Saint-Germain.

The Paradox of Plenty. By Harper Leech. With an introduction by Virgil Jordan. (London) McGraw-Hill Publishing Company, Ltd., Aldwych House. 10s. 6d. net.

Die Krankheit Europas. By F. W. Bitter and Dr. Arnold Zelle. (Freiburg) Niels Kampmann Verlag. A plea for the revision of the Peace Treaties.

Economic and Industrial Switzerland. (Lausanne) Swiss Office for the Development of Trade, Belle-Fontaine. 2. 1s. 3d.

The Chartered Surveyor, His Training and His Work. With a Foreword by the Rt. Hon. Winston Churchill. M.P. (London) Chartered Surveyors' Institution, 12, Great George Street.

The Coals of the Witbank District. By A. C. Graham and P. N. Lalegan. (Johannesburg) Transvaal Chamber of Mines.

Versicherungswesen. Band III. By Alfred Manes. (Leipzig and Berlin) B. G. Teubner. 20 Rm.

This volume deals with personal insurance, including social insurance.

Die Staatseinnahmen. By Herbert Sultan. (Tübingen) Verlag von J. C. B. Mohr (Paul Siebeck). M. 12.

The first part, dealing with revenue, of a treatise on public finance.

Emergency Finance for Small Businesses. By K. A. Coles. (London) Crosby Lockwood and Son, Stationers' Hall Court, Ludgate Hill. 2s. 6d.

A brief guide to economies, methods of raising capital, and liquidation.

OFFICIAL PUBLICATIONS.

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

Twenty-fourth General Report of the Public Trustee. 1932. 2d. net.

Department of Overseas Trade: Report on the Financial and Economic Position of Austria at the end of March, 1932.

Colonial Report, No. 1567: Ceylon, 1930. 4s. 6d. net.

Report of the Chief Registrar of Friendly Societies for the year 1930: Part 3, Industrial and Provident Societies: Section 1, Proceedings and Statistical Notes, 2s. net; Section 2, Directory and Summaries, 7s. net.

Imperial Economic Committee: Report on Imperial Industrial Co-operation. 6d. net.

Report of the Joint Committee on Gas Undertakings (Powers of Investment). 2s. 6d. net.

Department of Overseas Trade: Economic Conditions in Poland (1931). 2s. net.

Empire Marketing Board: Fruit Supplies in 1931. 1s. net.

THE ROUND TABLE

A Quarterly Review of the Politics of the British Commonwealth

Leading Contents for June:

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The Stock Exchange.

SWEDISH INDUSTRIALS.

It is unfortunate, but probably inevitable, that the Swedish industrial companies whose shares are quoted in the international markets have suffered as a result of the collapse of the Swedish Match and the scandals of the Kreuger and Toll group. There are three large concerns domiciled in Sweden whose shares are internationally held, namely, A/B Svenska Kullagerfabriken (the Swedish Ball Bearing Co.), A/B Separator, which manufactures milk-separating machines and other dairy products, and A/B Electrolux, which manufactures and markets vacuum cleaners, refrigerators and other household appliances. To a large extent their directors have already anticipated shareholders' anxieties by issuing full reports and detailed accounts for the year 1931. The Swedish Ball Bearing Company (S.K.F.) has always presented model accounts, including comparative profit and loss accounts and balance sheets for six years, with a detailed schedule of the nominal values and book values of holdings in subsidiary companies. Both Swedish Ball Bearing and Electrolux issue consolidated balance sheets. That some investors have, since the Kreuger crisis, adopted a distinctly conservative attitude towards these companies' shares may be not unconnected with certain defects in the Swedish auditing system, to which Professor Hecksher tactfully referred in his speech to the Anglo-Swedish Society last week. There are no societies of accountants in Sweden incorporated by royal charter, or operating under the public companies' Acts. Swedish auditors are merely licensed by the chambers of commerce, and any respectable and competent business man can, apparently, obtain a licence. Without criticising the skill and reliability of the auditors of Sweden, or any other country, the London Stock Exchange might well consider the pros and cons of the suggestion that the certificate of a British firm of auditors should be a condition precedent to future applications for a London quotation by companies domiciled abroad.

As regards the trading position of the three companies, each is sensitive, in different degrees, to world economic depression. The Swedish Ball Bearing Company largely reflects the condition of the heavy industries. It is the largest existing group of manufacturers of ball and roller bearings, and supplies over one-third of the world's market. It operates directly in Sweden and, through subsidiary companies, manufactures in Great Britain, France, Germany and the United States of America. Its plant in Russia was made over to the State in 1931 against payment in Russian Government bonds, whose service (interest and amortisation) has so far been punctually met. In connection with this deal, the company obtained substantial orders under the Five Years' Plan. Over the company's territory as a whole, however, while the decline in trade with the automobile industry has been offset to some extent by increased demand for roller bearings for railway and other heavy industries, total sales declined in 1931 by 6 per cent., and the orders on hand at the end of the year were nearly 20 per cent. below those of a year earlier. It has been found increasingly difficult to collect accounts in countries where the exchange position is precarious. The general tendency, indeed, has been towards extended credit, which has involved the maintenance of a larger working capital in proportion to turnover.

The Separator Company is bound up with the fortunes of the agricultural industry, and has severely felt the continued impairment of the purchasing power of the agricultural population in Europe and America. Its factories in Sweden, Germany, Austria, Hungary and the United States of America have been unable to work full time. There has been, consequently, a heavy proportionate increase in manufacturing costs and a reduction in profits despite economies on the expenditure

side. Nevertheless the directors claim that the company's share of the world's turnover in milk-separating machines has not diminished.

Electrolux, which manufactures household articles of a semi-luxury type, has fared better than its colleagues engaged in the industrial and agricultural fields. The world's consumption of vacuum cleaners and refrigerators has declined, but the company has maintained its turnover, thus increasing its share of the world trade. During the first quarter of 1932 its turnover and profits were in excess of those of the same period of 1931. The company is now, apparently, reaping the benefit of the rearrangement of its manufacture, tariffs and import restrictions having compelled it to transfer manufacture largely from Sweden to the factories of its foreign subsidiaries.

The following table gives a comparison of the three companies' ordinary capital and trading results for the past two years:—

(000's omitted.)

	S.K.F.		Separator.		Electrolux.	
	1930.	1931.	1930.	1931.	1930.	1931.
Paid-up ord. capital...	Kr. 130,000	Kr. 130,000	Kr. 81,700	Kr. 81,700	Kr. 60,000	Kr. 60,000
Net profits after depreciation and tax	16,623	12,481	4,684	2,719	7,043	6,273
% earned on ordinary	12.8	9.6	4.45	2.04	11.7	10.6
% paid on ordinary...	10.0	7.0	6.0	2.0	9.0	8.0
To reserve.....	1,100	1,050*	1,050*	1,100	2,400	2,400
Carry forward	14,768	18,149	3,791	3,826	2,209	1,282

* Reserve for preference dividend for following year.

It will be seen that dividends have been reduced in all cases, notably in that of Separator. Profits last year declined, as compared with 1930, by 25 per cent. in the case of S.K.F., by 42 per cent. in that of Separator, and by only 11½ per cent. in the case of Electrolux. The last-named, on this showing, has established itself as the most prosperous of this Swedish family of industrials, followed at some distance by S.K.F., with Separator a bad third.

The companies have maintained their finances in liquid condition, though Separator may be suffering from the illiquidity of its agricultural customers. Electrolux finances its sales independently under hire-purchase contracts, the collection of which, according to the directors, has been maintained at the level of normal times. The "accounts receivable" in its balance sheet are shown "at amounts which can be considered collectable, and as regards hire-purchase contracts at what is considered to be their cash value, after providing for overdue or doubtful debts." The next table gives a comparison of the companies' current financial position:—

(000's omitted.)

	S.K.F.		Separator.		Electrolux.	
	1930.	1931.	1930.	1931.	1930.	1931.
Cash*	Kr. 17,113	Kr. 22,101	Kr. 27	Kr. 212	Kr. 5,932	Kr. 4,090
Debtors.....	16,395	14,960	56,158	53,305	26,064	26,308
Stocks.....	25,953	22,370	13,202	12,345	11,238	11,594
Total current assets	59,461	59,431	69,387	65,862	43,234	41,992
Creditors and taxes....	10,630	9,987	6,422	5,701	5,553	5,077
Dividends payable....	13,000	9,100	4,902	1,634	...	...
Surplus liquid assets	35,831	40,344	58,063	58,527	37,681	36,915

* Cash in case of S.K.F. includes certain bonds.

Our final table shows the course of London market quotations:—

	1931.	1932.	Present.	Div.	Div. Yield.
S.K.F. ... Kr. 100	High. 10½	Low. 5½	7½	4	4½
Separator Kr. 100	5½	1½	...	1½	7-17
Electrolux Kr. 100	7½	77/6	5½	70/-	3½

On the evidence of the above figures Electrolux appears relatively undervalued. Possibly the market considers that the products of Electrolux are more vulnerable to trade depression at this acute stage than the products of the other companies. On this point, however, there is room for variety of opinion. The figures suggest, at least, the reassuring conclusion, borne out by all available evidence, that the market is concerned chiefly with the industrial prospects of these companies, and is untroubled by fears of such "internal" complications as affect the outlook for Swedish industrial concerns involved in the Kreuger débâcle.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.	ACCOUNT.
June 7.	June 9.

AFTER a dull opening, the mid-week announcement of a possible world economic conference was eagerly seized upon in the market. Profit-taking in gilt-edged stocks was arrested, numerous industrial shares gained a shilling or more, and speculative values were steady on moderate Continental support. Further examination of the latest international gift horse, however, checked the firmer tendency on Thursday, though re-investment of the Five per Cent. War Loan interest disbursements maintained prices in the gilt-edged market. Technical conditions, at the moment, indeed, favour a succession of short-lived "psychological" rallies, but market feeling, at bottom, is more conservative than at any time since the slump began.

The reaction in gilt-edged had run its course by last week-end, and tentative investment inquiry on Monday became sufficiently strong to raise quotations all round in mid-week. Five per Cent. Conversion was in keen request, and War Loan was bought on the correct assumption that no conversion offer would accompany the June 1st dividend warrants. The announcement of a new rupee issue did not affect quotations for India loans. Investors showed a tendency to sell out of Australians at their improved level.

Business in foreign bonds remained restricted, but prices on the whole were less depressed. Japanese received support after extensive selling. German issues were heavy as the military and Prussian character of the new Government became apparent. Other European bonds improved, however, Czechoslovakian Eighties responding to President Masaryk's strongly-worded message.

Home rails remained dull despite the announcement of "pooling" for competitive traffics on the L.M.S. and L.N.E.R. The week's revenues, which afforded comparison with Whit-Monday week in 1931, were unencouraging, and on the Southern distinctly bad. The weaker railway preference issues lost further ground. Metropolitan ordinary, exceptionally, rose nearly ten points in two days, on substantial reports of concessions secured in London Traffic Board negotiations, including an Underground offer to guarantee a 3 per cent. dividend. The foreign railway market was badly upset by the terms of the Buenos Aires and Pacific moratorium application (discussed on page 1252). All the Argentine stocks were lower, and Leopoldinas were sold on an unfavourable interpretation of the year's report.

Industrial equities continued to break new low ground until Wednesday, when liquidation dried up and American influences produced a better all-round tone. The volume of dealings, however, failed to increase, and many prices rises due to bear closing were lost within twenty-four hours. The hopeful speech of the chairman of Callender's Cable arrested the decline in electrical equipment shares. Steel shares were a shade harder on the belief that co-operation between Stewarts and Lloyds and United Steel Companies (see page 1250) might be a prelude to other arrangements under a "protected" régime. Motor shares, however, remained depressed, Ford continuing to decline. The existence of a big bear account in Courtaulds

was revealed by the extent of Wednesday's rise, which was not maintained. Store shares had an unsatisfactory week, Marks and Spencer falling on sales of "rights" by shareholders. Weakness in Unilever was attributed to sales from Holland. No interest was taken in shipping shares, the fall in P. & O. continuing unchecked. Bank shares were irregular, Anglo-South American being again liquidated. The bear movement in insurance shares, however, tailed off, and some fair recoveries occurred in mid-week.

Paris was a depressing influence in the oil share market. Prices receded, first on the reported hitch at the New York Conference regarding concessions to the Soviet viewpoint, and subsequently on the lower profits and dividends of the Anglo-Persian.

The drooping tendency of rubber caused attempted liquidation in the share market, where dealing was largely a matter of negotiation. Tea shares showed no sign of improvement, the efforts of a few "bargain hunters" being insufficient to offset moderate but consistent selling pressure.

Mining shares, as usual, were sensitive to the better mid-week tone of other markets, but business remained restricted. West Australian issues were active at the outset, for reasons discussed on page 1254. Paris tended to buy favourite South African mines. Springs improved on the disclosure of a record profit figure. The firmness of metal prices in mid-week gave Rhodesians a slightly better appearance, but Continental buying of Rio Tinto was not maintained. Tin shares remained dull, the metal rising on more favourable May statistics, but subsequently receding despite the adherence of Bolivia to the latest restriction proposals.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	May 26, 1932.	May 27, 1932.	May 28, 1932.	May 30, 1932.	May 31, 1932.	June 1, 1932.	June 2, 1932.
Government and Municipal Loans	1,626	1,638		1,842	1,568	1,421	1,529
Transport, Communications, and Public Utilities	775	795		1,101	926	936	837
Commercial and Industrial	1,414	1,276		1,721	1,456	1,314	1,337
Banks, Insurance, and Financial	507	479		512	543	439	446
Mines (including Nitrates)	422	439		554	462	439	475
Oil	81	82		122	99	126	78
Rubber, Tea and Coffee	84	67		96	78	75	114
Total	4,909	4,776		5,948	5,132	4,750	4,816

* Including iron and steel and breweries.

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

Highest of 1932 (Mar. 3)	Lowest of 1932 (June 1)	May 26, 1932.	May 27, 1932.	May 28, 1932.	May 30, 1932.	May 31, 1932.	June 1, 1932.	June 2, 1932.
63.7	51.3	52.7	52.4	*	52.0	51.3	51.7	51.6

* Stock Exchange closed.

FOREIGN STOCK EXCHANGES.

NEW YORK.

Markets were closed on Monday for Memorial Day, and opened weak on Tuesday. The trade situation offered no ground for confidence. Operations in the steel industry, for example, were reduced from 25 to 28 per cent. of capacity, better orders from motor manufacturers having failed to offset smaller demand from other sources. The initial results of President Hoover's personal appeal to the Senate were bearish, sharp declines, particularly in utilities and rails, following the news of the defeat of the Sales Tax. The subsequent passage by the Senate of the Tax Bill occurred after hours, and prices opened on Wednesday with sharp overnight gains. The market, however, rapidly resumed its reactionary appearance, a wave of special liquidation affecting electrical shares, as a result of the Senate's adoption of a 3 per cent. tax on the gross income of electric power companies. Commodity prices, in addition, had a weak tendency. Progress was made with negotiations among bankers for a bond pool, but the prices of the best issues continued to lose

ground. The activity of the Oil Conference remained suspended, though negotiations with the Russians were brought a stage nearer agreement. Car loadings in the week ended May 21 were 515,000 (a new low record) against 517,000 in the previous week and 754,000 in the corresponding week of 1931. The *New York Times* business index reached a new low level of 55.7 for the week ended May 21, against 56.1 in the previous week.

	May 19, 1932.	May 26, 1932.	June 2, 1932.		May 19, 1932.	May 26, 1932.	June 2, 1932.
U.S. 3½% T. Bds.	97½	98½	97½	Natl. Biscuit	33	30	28½
Lb. Ln. 5½% 1932-47	100½	100½	100½	Phelps Dodge	4½	4½	3½
Do. 4½% 1932-47	101½	101½	101½	Pullman	13½	12½	11½
Do. 4½% 1933-38	102½	102½	102½	Seale-Roeback	17	16	14½
Achleon	29½	27½	27½	Studebaker	3½	3	3½
Ches. & Ohio	14½	13½	12½	Un. Fruit	15½	14½	12½
Erie	22½	22½	21½	U.S. Leather	11	11	11½
Illinois Central	7½	6½	6½	U.S. Rubber	2½	2½	1½
N.Y. Central	11½	10½	9½	U.S. Steel	28½	28½	27½
Pennsylvania	9½	7½	7½	Westinghouse	23½	23½	22½
Southern Pacific	8½	7½	8	Woolworth	28½	27½	25½
Southern Ry.	3½	3	3				
Union Pacific	41½	38½	36½	Am. Tel. & Tlg.	95½	94½	85½
Am. Can.	37½	36½	38½	Interboro R.T.	6½	4½	3½
Amer. Smelting	4½	7½	5½	Int. Tel. Teleg.	4½	3	2½
Ansoconda	4½	7½	5½	Radio Corp.	3½	2½	2½
Bethlehem Steel	12½	11	8½	Utilities P. & L.	2½	1½	1½
Chrysler Motor	7½	5½	5½	W. Union Tlg.	19	19	17½
Corn Produce Rf.	33	30½	27½				
Eastman Kodak	41½	42½	41½	Associated Gas "A"	1½	1½	1½
Gen. Electric (New)	13½	12½	10½	Pan. Amer. B.	35	30	34½
Gen. Motors	10½	8½	8½	Shell	11	11	11
Int. Harvester	16½	16½	15½	Shell Union	3	2½	2½
Mont. Ward	6½	4½	4½	Std. California	18½	18½	17½
				Do. N.J.	24½	24½	23½

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

	1930.		1931.		1932.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	May 25.	June 1.
337 Industrials	98.2	174.1	51.4	114.7	52.2	35.4	31.9
33 Bds.	89.1	145.6	31.7	105.7	32.2	14.3	13.0
34 Utilities	153.2	267.4	90.6	187.6	91.8	61.9	53.3
Total, 404 stocks	105.5	184.2	54.7	124.6	55.5	36.5	32.5
Average yield of 50 Industrial Common Stocks	4.15%	5.95%	9.37%	5.11%	9.29%	10.28%	10.98%

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

Highest of 1932 (Mar. 3)	Lowest of 1932 (May 31)	May 25, 1932.	May 26, 1932.	May 27, 1932.	May 28, 1932.	May 30, 1932.	May 31, 1932.	June 1, 1932.
68.9	35.5	39.7	40.3	38.2	38.3	*	35.5	35.6

* Holiday.

TOTAL DEALINGS IN NEW YORK.

	May 27, 1932.	May 28, 1932.	May 30, 1932.	May 31, 1932.	June 1, 1932.	June 2, 1932.
Stock Exchange—Shares (Thous.)	900	700	†	1,500	1,800	1,900
Bonds (Value Thous. \$)	14,794	5,653	†	12,349	13,976	13,477
Over-the-counter—Shares (Thous.)	150	170	†	220	260	260

* 2-hour session.

† Holiday.

PARIS.

The tone was irregular on the eve of the monthly settlement. Bank shares were less active, following the action of the directors of the Banque de l'Union Parisienne in calling the attention of the Public Prosecutor to false rumours concerning the bank's position. Political considerations at home continued to influence the markets, the tone becoming rather firmer on the refusal of M. Herriot to consider nationalisation as the price of Socialist support. Rentes advanced, and international securities had a better appearance. On Thursday there was a renewal of weakness in all sections, Banque de France, Suez Canal and Royal Dutch being especially affected.

	May 26, 1932.	May 30, 1932.	June 2, 1932.		May 26, 1932.	May 30, 1932.	June 2, 1932.
Banque de France	10,760	10,880	11,340	Wagons Lits	60	64	71½
Crédit Lyonnais	1,605	1,620	1,750	Mexican Eagle	25	26	27½
Suez Canal	12,830	13,100	13,375	"Chartered"	69	65	67
Chargers Réunis	178	174	184	Ford	101	93	95½
Rio Tinto	960	990	1,025	De Beers	197	186	174
Royal Dutch	11,700	11,350	11,500	"Johnnies"	89	88	90½

BERLIN.

The Brüning Government's resignation caused considerable hesitation on the Berlin Bourse. The possibility that the new administration would be forced to resort to inflationary measures induced appreciable selling of fixed-interest for equity stocks. Dye Trust, Continental Rubber and Siemens, for example, were better, while municipal loans were weak.

	May 26, 1932.	May 30, 1932.	June 2, 1932.		May 26, 1932.	May 30, 1932.	June 2, 1932.
Reichsbank	112½	116	119½	A. E. G.	21½	19½	21½
Disconto	34	35½	33½	Siemens & Halske	107½	114	117½
Dresdner	19	19	19	A. K. U.	34	30½	33½
Norddeutscher	12½	12½	13½	Svenska Tandsticks	9½	9	9

AMSTERDAM.

A general relapse occurred on the news from Germany, Royal Dutch falling heavily, while Unilever N.V. reached a new low level. Rubber shares, especially Amsterdam rubber, were pressed for sale, and tobacco shares came on offer. A fair recovery, however, occurred in mid-week on news from America, though the volume of trading remained restricted.

	May 26, 1932.	May 30, 1932.	June 2, 1932.		May 26, 1932.	May 30, 1932.	June 2, 1932.
2½% Dutch Loan	51½	50½	49½	Steel Common	29	27½	27
5½% German	29½	27½	27½	A. K. U.	22½	20½	21
Unilever N.V.	94	85½	85½	Ford Motor	91½	76½	80
Philips' Lamps	62½	59½	56½	Deli Batavia	86	75	71
Netherlands Ship	42½	40	38½	Royal Dutch	115	110	112
Union	90	75	75½	Handels Ams.	133	125	127

OTHER CENTRES.

The majority of other European bourses were dull and depressed at the beginning of the week, but improved slightly on later days. Brussels was moderately cheerful, though no large amount of business was done. Stockholm quotations, however, were easier, bank shares being particularly erratic. Milan was fairly active before Thursday's holiday.

THE STANDARD BANK OF SOUTH AFRICA LIMITED

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

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

Board of Directors.

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

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

Head Office: 10 CLEMENTS LANE, LOMBARD STREET, and 77, KING WILLIAM STREET, LONDON, E.C.4.
London Wall Branch: 63, LONDON WALL, E.C.2.
West End Branch: 9, NORTHUMBERLAND AVENUE, W.C.2.
NEW YORK AGENCY: 67, WALL STREET.
HAMBURG AGENCY.

Bank of British West Africa, Ltd., 49-53, SCHAUBENBURGER-STRASSE
Over 370 Branches, Sub-Branches, and Agencies in SOUTH, EAST and CENTRAL AFRICA.

EXECUTOR AND TRUSTEE BUSINESS CONDUCTED.

COMMERCIAL SERVICE.

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

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

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

Prices Year 1931.		Prices Year 1932 (Jan. 1 to June 1) Inclusive.		Name of Security.		Price May 25, 1932.		Price June 1, 1932.		Rise or Fall.		Present Yield.		Prices Year 1931.		Prices Year 1932 (Jan. 1 to June 1) Inclusive.		Name of Security.		Price May 25, 1932.		Price June 1, 1932.		Rise or Fall.		Present Yield.							
High-est.	Low-est.	High-est.	Low-est.											High-est.	Low-est.	High-est.	Low-est.																
60 1/2	49 1/2	65 1/2	54 1/2	British Funds.										21	8	8	6	Foreign Bonds—cont.										7	7				
87	77 1/2	99 1/2	81 1/2	Consols 2 1/2 %	63 1/2	63 1/2	...	3 18	9					70 1/2	70 1/2	70 1/2	70 1/2	Saving Gen. D. (Dib.)	70 1/2	70 1/2	...	...	...	...	...	...	...						
85 1/2	67 1/2	89 1/2	71 1/2	Consols 3 1/2 %	87 1/2	88 1/2	+	4	3	1				150	94	108	93	San Paulo Ord. Stk.	100 1/2	91 1/2	...	...	...	...	...	...	...						
104 1/2	83 1/2	109 1/2	93 1/2	Do. 4 1/2 % 1944-64	105 1/2	103 1/2	+	3	19	3				65 1/2	20 1/2	25 1/2	12 1/2	Tatlat. Ry. Ord. Stk.	17 1/2	17 1/2	...	...	...	...	...	...	...						
97 1/2	78 1/2	100 1/2	83 1/2	Funding 4 1/2 % 1960-90	100 1/2	100 1/2	+	4	0	9				9 1/2	2 1/2	4 1/2	1 1/2	Atlat. Havana Ord. Stk.	3	3	...	...	...	...	...	...	...						
102 1/2	93 1/2	101 1/2	97 1/2	Treasury 4 1/2 % 1932-34	101 1/2	101 1/2	...	4	0	0																							
103 1/2	93 1/2	102 1/2	98 1/2	Treasury 5 1/2 % 1933-35	102 1/2	102 1/2	...	4	0	0				16 1/2	5 1/2	6 1/2	3 1/2	Banks.										3 1/2	3 1/2				
98 1/2	85 1/2	100 1/2	98 1/2	Victory Bonds 4 1/2 %	100 1/2	100 1/2	+	4	17	3				11 1/2	8 1/2	9 1/2	6 1/2	Anglo-French (El)	9 1/2	9 1/2	...	...	...	...	...	...	...						
104 1/2	90 1/2	103 1/2	95 1/2	War Loan 5 1/2 % 1929-47	103 1/2	101 1/2	+	4	0	6				25 1/2	12 1/2	15 1/2	4 1/2	Anglo Internat. (El)	3 1/2	3 1/2	...	...	...	...	...	...	...						
70 1/2	57 1/2	75 1/2	60 1/2	Local Loans 5 %	73 1/2	74 1/2	+	5	2	0				55 1/2	31 1/2	35 1/2	6 1/2	Anglo S. A £10 £5 pd	6 1/2	5 1/2	...	...	...	...	...	...	...						
46 1/2	29 1/2	50 1/2	36 1/2	India 2 1/2 %	49 1/2	49 1/2	...	5	2	0				27 1/2	23 1/2	28 1/2	235	Bank of N. Zealand £1	40 1/2	40 1/2	...	...	...	...	...	...	...						
55 1/2	34 1/2	60 1/2	42 1/2	Do. 3 1/2 %	57 1/2	58 1/2	+	5	3	5				28 1/2	23 1/2	28 1/2	47 1/2	Bank of Eng. Stk.	27 1/2	27 1/2	...	...	...	...	...	...	...						
64 1/2	41 1/2	70 1/2	49 1/2	Do. 3 1/2 %	67 1/2	68 1/2	+	5	2	11				26 1/2	19 1/2	25 1/2	21 1/2	Barclay B. (El)	57 1/2	57 1/2	...	...	...	...	...	...	...						
86 1/2	55 1/2	92 1/2	67 1/2	Do. 4 1/2 % 1958-68	90	89 1/2	...	5	2	9				9 1/2	6 1/2	8 1/2	8 1/2	Barcl. (Dom. Co.) A £1	23 1/2	23 1/2	...	...	...	...	...	...	...						
106 1/2	94 1/2	108 1/2	97 1/2	Palestine 5 1/2 % 42-67	107	107	...	4	2	9				9 1/2	6 1/2	8 1/2	8 1/2	Bk. of Australasia (£5)	8 1/2	7 1/2	...	...	...	...	...	...	...						
110	90	111	103 1/2	Sudan 5 1/2 % Bonds	110	110	...	5	0	0				63	47	53	36 1/2	Bk. of Montreal (\$100)	41	41	£37 1/2	...	...	...	...	...	...						
99 1/2	87 1/2	100 1/2	87 1/2	Uster 4 1/2 % 45-75	100	100	...	4	16	0				26	18 1/2	23 1/2	20 1/2	Bk. of N.S.W. (£20)	21	21	...	...	...	...	...	...	...						

† Free of Income Tax.

Prices Year 1931.				Prices Year 1932 (Jan. 1 to June 1) Inclusive.				Name of Security.				Price May 25, 1932.				Price June 1, 1932.				Rise or Fall.				Present Yield.			
High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.				
</																											

† Free of Income Tax

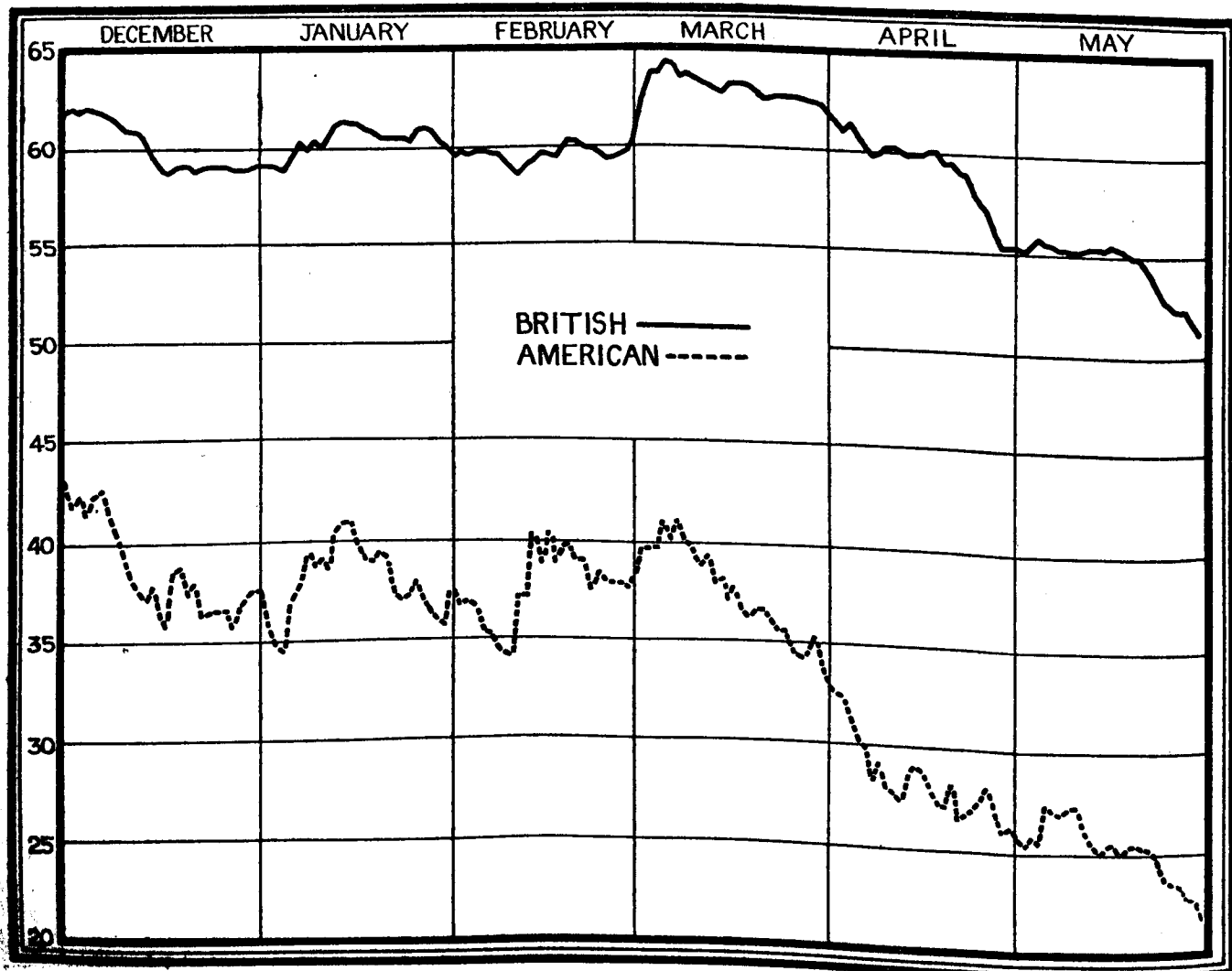
INVESTMENT NOTES.

Course of Equity Share Values.—The downward movement in the prices of equity shares, both in London and New York, which started early in March and continued throughout April, was unchecked last month, when values in both cases reached new low records. Early last month, however, it appeared that a partial recovery might occur, but the movement made no headway, and prices closed at the lowest level for the month. Selling was steady rather than heavy, and reflected confirmed pessimism regarding the general trade outlook rather than distrust of the position of particular companies or groups. The period of relative stability in the first part of last month was accompanied by rapidly rising prices in the gilt-edged market. The resumption of the decline in equities coincided, significantly, with a reaction in gilt-edged. Markets have thus borne out the forecast that no recovery in equity values was to be expected before the Lausanne Conference. The uncertainty in which the prospects of that Conference are shrouded makes the present moment peculiarly inopportune for further prophecy.

Steel Consolidation.—While steel consolidations in the North-East Coast and Scotland areas, which have been under discussion for many months, continue to hang fire, an announcement has been made this week of an arrangement between two companies elsewhere, controlling about 20 per cent. of the national steel output. A committee of the industry, early this year, promised widespread reorganisation in return for a tariff, and the official announcement of co-operation between Stewarts and Lloyds and the United Steel Companies in plant extensions, sales policy, research and technical development,

BRITISH AND AMERICAN INDUSTRIAL SHARE VALUES December, 1931 to May 1932. (1928=100)

British: "Financial News" Index of 30 Ordinary Shares. American: "Standard Statistics" Index of 50 Common Stocks—Daily Figures.



LONDON NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, May 25, 1932.	Price, June 1, 1932.
Agricultural Mortgage Corporation 4½% Deb. Stock, 1931-31	95	25	3½-4½ pm	4½-4½ pm
Brazil 5% 20 Yr. Funding "A"	...	...	48½-49½	44½-45½
Do. Funding "B"	...	...	31-32	30½-31½
Bristol Corporation 4½% Red. Stk. 1952-52	100½	20	1½-1½ pm	1½-1½ pm
British Columbia 5% Stk. 1957-67	99	29	...	...
British Power and Light 6% Cum. Pref. £1	101	10/-	1½d dis-1½d pm	3d. dis-par
Burnley 4½% Stk. 1952-62	100½	20½	...	...
County of London Electric New Ord.	38/6	...	2/-2/6 pm	1/10½-2/1½ pm
Edmundson's Electricity 6% Pref.	21/-	5/-	...	1½d dis-1½d pm
Electrical Distribution of Yorkshire 6% Preference £1	21/-	5/-	3/3-3/9 pm	3/6-4/- pm
Ever Ready New Ord. 10/-	21/-	5/-	8/9-9/3 pm	8/3-8/9 pm
Fortnum and Mason 7% Cum. Pref. £1	100½	5/-	1/3-1/9 pm	1/3-1/9 pm
Hull Corporation 4½% Stk. 1952-72	100½	20½	...	...
India 5% 1942-47	95	25	4-4½ pm	4-4½ pm
Lever Bros. 5% Debs.	98	fy. pd.	6-7 pm	103½-104½ pm
London and Home Counties Joint Electricity Authority 5% Stk. 1951-71	101½	5½	3-3½ pm	3½-3½ pm
Marks and Spencer A. Ord.	22/6	...	27/3-27/9	27/3-27/9
Meccano 6% Debs.	97½	22½	4½-4½	4½-4½
Metal Box 5½% Debs.	97½	22½	3-2 dis	3-2 dis
Do. 7% Cum. Pref. £1	21/-	5/-	1½-1½ dis	2½-1½ dis
Murex 7% Pref.	21/-	5/-	1/9-1/3 dis	2/-1/6 dis
Metropolitan District Railway 5% Deb. 1925-35	21/-	fy. pd.	1/6-2/- pm	1/-1/6 pm
Metropolitan Railway 5% Deb. 1957-62	97½	40	7½-8½ pm	6½-7½ pm
New Zealand 5% Ins. Stk. 1955-75	97½	45	7½-8½ pm	6½-7½ pm
N. Somerset Electric 5½% Cum. Pref.	98½	28½	...	...
Scottish Power 6% Cum. Pref. £1	20/6	10/6	6d-1/- pm	6d-1/- pm
Shropshire, Worcestershire, & Co. Eleo. Power 5% Deb. 1952-62	94	fy. pd.	8-9 pm	104-105
Slaters and Bodegas 5½% Debs.	100	36	3-2 dis	3-2 dis
Wansea Gas 5½% Pref.	100	50	1-2 pm	1-2 pm
Treasury Bonds 3% 1933-42	97½	47½	...	...
Wanganui (City of) N.Z. 6% Debs.	96½	fy. pd.	...	...
West Bromwich Corp'n. 4½% Red. Stock 1955-65	99½	49½	1½-1½ pm	1½-1½ pm

has a preamble making explicit reference to the requirements of "the new situation, brought about by the imposition of tariffs." The two concerns have had a widely different post-war experience as regards profitability. Stewarts and Lloyds (with Tube Investments, with which it has a close financial liaison) holds a dominant position in the home market for tubes and controls about 90 per

cent. of British tube exports. Its £4,626,742 of deferred shares, out of a total paid-up capital of £6,327,367 (the company has no debentures), received dividends varying between 2½ and 12½ per cent. during the decade to 1930. Last year's dividend, however, was passed after a fall in profits, after depreciation, from £340,645 to £167,272. The world's tube trade is "regulated" by an international arrangement made by the chief manufacturers, among which Stewarts and Lloyds has a strong tactical position, which has enabled it to secure more favourable terms since the departure from the gold standard. United Steel Companies, which is now controlled by Steel Industries of Great Britain, is a post-war amalgamation of a group of northern concerns, including Steel, Peech and Tozer, Workington Iron and Steel, and United Strip and Bar Mills. In 1930, after a period of heavy loss and a temporary association with the financial schemes of the ill-fated Hatry group, a reduction of share capital was effected under which United Steel and United Strip and Bar became one company, and their total issued shares and loans of £14,172,163 were exchanged for ordinary shares totalling £5,022,884. The present capital is £6,616,365 in ordinary shares, with a fixed loan to bankers of £1,300,000. It is understood that, under the new arrangement, Stewarts and Lloyds will build at Corby, near Kettering, a new plant designed for large-scale production by the Basic Bessemer Process, the strip, required for tube-making, being produced by United Steel. In other words, the production of the latter will be interposed between the ore and smelting resources of the Stewarts and Lloyds group and their final tube-making operations. United Steel, in turn, will utilise part of the Corby steel output for its own more finished products. Although the official announcement makes no reference to finance, this type of association may contribute to the solution of one of the industry's greatest problems—the obtaining of much-needed additional working capital when steel demand revives.

Hotel Company Results.—With one conspicuous exception, the reports of hotel companies recently published show that profits during 1931 declined heavily. Whereas, in 1930, Burlington Hotels was the only company, of the nine whose results are shown below, to pay no ordinary dividend, in 1931 no less than five companies deemed it advisable to conserve their resources. In three other cases the ordinary distribution was reduced:—

Name of Company.	1930.		1931.		Price, June 1, 1932.	Yield, %
	Net profit.	Ord. Div.	Net profit.	Ord. Div.		
Burlington Hotels (£1) ...	£ 6,214	Nil	£ 2,582	Nil	...	Nil
Carlton Hotel (£1)	48,190	12	3,424	3	...	9.6
Frederick Hotels (7s. 6d.)	50,229	6	30,674	Nil	...	Nil
Gordon Hotels (£1)	102,271	5	Dr. 28,519	Nil	...	Nil
Grand Hotel, Harrogate (5s.)	14,000*	5	5,298	3½	...	7.5
(Se.)	4,151	12½	2,660	3	...	£15
Langham Hotel (£10)	119,178	10	17,803	Nil	...	Nil
Savoy Hotel (£1)	113,490	13	119,181	14	...	4.2
Strand Hotel (£1)	37,184	10	16,407	Nil	...	Nil
Waldorf Hotel (£1)						

* Eight months.

Net profits for the group as a whole declined from £495,067 to £169,510, or by 66 per cent. Though most of the companies have endeavoured to meet the consequences of the slump in activity by drastic economies, only the Strand Hotel was able to show an increased profit, earnings of £119,181 comparing with £113,490 in 1930, while the ordinary dividend was increased. The extension of the Strand Palace Hotel is now finished, and the enhanced accommodation should favourably affect the company's earning power.

Newspaper Share Values.—In recent articles (see the *Economist* of May 21 last, page 1142, and May 28, page 1190) we have analysed the position of various "national" newspaper-owning groups, as regards internal finance and external commitments, in the light of con-

temporary economic conditions. We show below the market values and earnings' yields of the securities of leading companies in each group:—

SHARE VALUES.

Share.	Highest Price.			Lowest Price, 1932.	Present Price.	Yield.
	1929.	1930.	1931.			
"Rothermere" Group:—						
Associated Newspapers:—						£ s d
5% cum. pref. £1	20/-	19/3	20/-	16/3	18/9x	5 6 9
7% cum. ord. £1	24/3	23/9	24/6	18/9	23/1½x	6 1 3
Def. 5s.	50/-	35/9	21/6	9/4½	13/9	14 11 0
"Daily Mail" Trust:—						
£1 shares	107/6	76/10½	45/-	21/-	28/-	6 5 0†
"Daily Mirror" Newspapers:—						
8% cum. pref. £1	28/-	27/6	28/6	21/6	26/3	6 2 0
Ord. 5/-	39/-	26/3	17/6	7/6	10/-	11½ 5 0
"S. Pictorial" Newspapers:—						
8% cum. pref. £1	26/-	25/6	25/-	19/4½	23/9	6 14 9
Ord. £1	93/9	66/6	43/9	17/6	23/6	16 0 0
Northcliffe Newspapers:—						
5½% guar. deb. stock	102½	99	100	80	95½	5 15 3
"Beaverbrook" Group:—						
London Express Newspaper:—						
7% cum. pref. £1	22/-	20/7	20/7½	16/3	18/9	7 9 4
"Berry" Group:—						
Allied Newspapers:—						
5½% 1st mort. deb. stk.	103½	96½	95½	74½	93½x	5 17 9
8% cum. pref. £1	25/7	22/-	20/7	10/6	15/-	10 13 3
Ord. £1	56/3	33/9	17/9	7/3	10/-	Nil
Allied Northern Newspapers:—						
6½% guar. deb. stk.	106	100½	95½	80	97½	6 16 10
Amalgamated Press:—						
5½% 1st mort. deb. stk.	101½	93½	93½	82	94½	5 19 6
7% cum. pref. £1	22/9	21/-	19/6	14/6	17/6x	8 0 0
Ord. 10/-	28/-	24/3	19/10	10/6	11/3x	9 15 0
"Inveresk" Group:—						
United Newspapers:—						
7½% cum. pref. £1	22/3	16/-	6/3	1/6	2/6	Nil
Inveresk Paper:—						
6½% 1st cum. pref. £1	21/9	15/7½	9/4½	5/-	5/7½	Nil
7% 2nd cum. pref. £1	20/7	11/6	5/6	1/4½	2/6	Nil
Ord. £1	6/7	13/6	4/9	1/9	2/6	Nil
Illustrated Newspapers:—						
7% cum. pref. £1	20/4½	15/4	13/3	5/9	6/3	22 8 0
Ord. £1	23/-	12/6	7/9	2/6	2/6	Nil
"Odams" Group:—						
Odams Press:—						
6½% mort. deb. stk.	102½	102½	104½	94	97½	6 13 4
7% "B" mort. deb. stk.	17/-	17/½	13/-	95½	98	7 2 0
6% cum. pref. £1	17/-	17/7½	17/6	13/-	15/-	8 0 0
7½% "A" cum. pref. £1	20/3	20/9	20/7½	15/6	16/3	9 4 7
Ord. 4/-	7/10½	7/4½	7/4½	4/7½	5/-	10 0 0

† Free of income tax.

x = ex dividends.

Although newspaper equity share values have recovered appreciably, after sounding the depths of depression early this year, they are still well below the maximum figures, even of the depressed year 1931. Depreciation since the bursting of the market bubble in 1929 has been particularly heavy. Even as regards the stronger groups, its dimensions have greatly exceeded the average of about 50 per cent. common to British equity shares in general. The market values the relatively well-secured prior charges of the older "Rothermere" companies on a high-yielding basis, but demands an even higher yield, on the average, from the "Berry" fixed stocks, and has written down

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the "Inveresk" shares to "option-money" levels. The debenture stocks of the two provincial newspaper-owning concerns, Northcliffe Newspapers and Allied Northern Newspapers, continue to be conservatively valued, despite the guarantees given by the respective parent organisations. We review the outlook for newspaper earnings in a leading article on page 1227 of this issue.

J. and P. Coats.—The accounts of this giant of the cotton thread industry make no concessions to the prevailing movement for more informative accounts. The report for 1931 includes no comment whatever on the year's trading conditions, and no consolidated balance sheet is given, although a single set of items—"Investments, Loans and Advances"—accounts for £28,584,018 out of total assets of £35,301,510 in the parent balance sheet, and carries an unspecified contingent liability. Trading profit increased by 11 per cent last year, and income from other sources was higher, but £200,000 was required to cover depreciation of investments and £550,000 to meet exchange differences. A reduced ordinary dividend of 10 per cent. required a draft of £350,000 from dividend reserve and £180,637 from the amount brought forward.

	Year to December 31,		
	1929.	1930.	1931.
Trading profit*	2,971,272	1,642,322	1,821,977
Other income	303,673	257,127	307,122
Expenses	83,357	77,931	92,236
Directors' fees	12,013	11,666	12,500
Depreciation	...	...	200,000
Special allocations	...	...	550,000
Net profit	3,179,575	1,809,852	1,274,363
Brought forward	825,954	1,094,279	361,631
Preference dividends (gross)	330,000	330,000	330,000
No. of times covered	9.6	5.5	3.9
Ordinary dividend:—			
Amount	2,581,250	2,212,500	1,475,000
Earned %	19.8	10.0	6.4
Paid % (gross)	17½	15	10
Reserve fund	...	...	Dr. 350,000
Carried forward	1,094,279	361,631	180,994

* After unstated "provision for taxation."

Shareholders are left entirely without guidance as to the implications of various changes which have increased total investments, loans and advances by £4,261,521, and of a reduction in stocks from £2,483,746 to £1,552,632. The company, thirteen years after the war, still carries a war contingencies fund against certain depreciated assets taken at book values. At 1½, the £1 ordinary shares yield £5 1s. 6d. per cent., less tax.

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J. Lyons and Company.—Throughout the depression this famous catering firm (which now sells more than half its wares outside its own shops) has pursued a successful development policy. Though profits for the year to March 31st last, for the first time, do not make a new "record," they reflect great credit on the management, their decline of £320 from the 1930-31 level of £942,320 being negligible. The distribution on the ordinary and "A" ordinary shares is maintained at 22½ per cent., and the proportional profit shares receive an unchanged 10.8d. per share:—

	Year to March 31,		
	1930.	1931.	1932.
Net profit	935,871	942,320	942,000
Brought forward	17,308	33,226	49,782
Preference dividends	416,353	419,353	420,353
No. of times covered	2.25	2.25	2.24
Ordinary and "A" ord. div.:			
Amount	360,849	363,661	366,474
Earned %	28.7	28.9	28.7
Paid %	22½	22½	22½
Profit share dividend	42,750	42,750	42,750
Amount per share	10.8d.	10.8d.	10.8d.
Reserve	100,000	100,000	100,000
Carried forward	33,226	49,782	62,205

A further £100,000 is added to reserve, which stands in the balance sheet at £1,400,000. No considerable capital expenditure has yet been paid for out of the proceeds of the issue of 1,000,000 7 per cent. cumulative preference shares last March, cash, at £1,494,957, being £979,719 higher than a year ago. Stocks are slightly higher at £2,359,509, but trade and other creditors have fallen from £1,769,289 to £1,673,906. At 4½, the £1 ordinary and "A" ordinary shares yield about 5 per cent.

B.A. Pacific Moratorium.—The first debenture stock of the Buenos Aires and Pacific Railway fell 11 points and the second debenture 15 points on Tuesday, after an announcement of the board's intention to ask for a three years' interest moratorium on its own 4½ per cent. second debenture, 4½ per cent. Consolidated debenture and 5 per cent. (1912) debenture stock, and on the junior debenture stock of two railways whose lines it operates—viz., Argentine Great Western 4 per cent. irredeemable second debenture, 5 per cent. debenture and 6 per cent. guaranteed preference stock, and Villa Maria and Rufino Railway 4½ per cent. guaranteed stock. Interest at 5 per cent. will be payable on all arrears. The 4 per cent. first debenture stocks of the three companies are not affected. The company expects to make a further cut in expenses for the current year (to June 30th) of about £472,000, against an estimated fall in receipts of £670,000. Loss on exchange is put at £500,000 against £330,000 last year, and net receipts at £1,003,000 against £1,370,000. The company's misfortunes have not come singly. Its capital structure is relatively "high-g geared." Last November, frost in the Province of Mendoza prejudiced the prospects of the wine traffic, from which a considerable share of its revenue is derived. To crown all, the ultra-nationalist tariff policy of Argentina and Chile has led to the closing of the Transandine Railway and the suspension of trans-continental traffic over the line. The company is in debt to its bankers and has no expectation of relief by a capital issue in the near future. The market received the news badly, being somewhat dismayed by the duration of the proposed moratorium, the unwillingness of the board to recommend the distribution to debenture holders of all profits in the meantime, and the broad hint given that circumstances might compel the company's bankers to "change their attitude." Unless the circular to debenture stock holders has been incautiously worded, the board would appear to take a decidedly serious view of possible contingencies in the next few months. Stock holders are promised a full explanation at the meetings which, under an order made by Mr. Justice Eve, will be held on June 14th.

Antofagasta Railway.—Chile's difficulties in connection with her nitrate and, to an only slightly less degree, her copper industries are reflected in the 1931 figures of the Antofagasta Railway. Gross receipts have fallen by 36 per cent., and, although expenses have declined by 29 per cent., net revenue is down by 48 per cent. The preference dividend is just covered, but nothing remains for the ordinary:—

	Year to December 31,		
	1929.	1930.	1931.
Receipts	1,997,328	1,350,454	866,120
Expenses	1,249,167	867,111	613,554
Net revenue	748,161	483,343	252,566
Other income	220,344	109,745	82,270
Taxes	35,000	10,000	...
Staff pension	15,000	10,000	...
Interest	230,447	230,447	230,447
Net profit	688,058	342,641	104,389
Brought forward	241,615	264,812	250,839
Preference dividend	100,000	100,000	100,000
No. of times covered	6.9	3.4	1.0
Ordinary dividend:—			
Amount	449,074	256,614	Nil
Earned %	9.8	3.8	Nil
Paid %	7	4	Nil
Reserve	100,000	Nil	Nil
Other alterations	15,787†	Nil	Nil
Carried forward	264,812	250,839	255,228

† New issue expenses written off.

Only one out of the 30 oficinas served by the company's system produced nitrate during the year, the total quantity transported during 1931 being 231,901 tons, compared with 363,035 tons in 1930. The tonnage of copper bars carried increased slightly, but there was a marked falling off in copper-ore traffic. Tin output restriction was also an adverse factor. The consolidated ordinary stock is quoted at 9½, the highest quotation in 1931 being 51½.

Great Universal Stores.—The report of the Great Universal Stores for the year ended March 31st last, showing an unexpected decline in net profits, before depreciation and tax, from £410,767 to £267,389, contains another surprise. The directors, personally and voluntarily, are paying into the company's banking account a sum sufficient to pay a special bonus of 1s. 6d. per share on the ordinary capital. Last year's prospectus, in which 300,000 7 per cent. preference shares of £1 were offered at par and 400,000 ordinary shares of 5s. at 20s., stated that the capital had been increased from £15,000 to £600,000 by the reinvestment of dividends, amounting to £171,168, and the capitalisation of an undivided surplus of £313,832 and of £100,000, this being part of the profits earned since March 31, 1931. The present report states that the directors desire the ordinary shareholders to receive what they would have received if the capitalisation of this £100,000 in July had not been made. What has induced the directors to become so generous since July, 1931, when the public issue of shares was made? The prospectus then gave a somewhat glowing account of the Company's prospects in the sale of household goods by orders obtained through the post. Clearly this type of mail-order business is subject to considerable fluctuation through changes in public taste and advertising appeal. As the prospectus contained no hint of any set-back, the presumption is that conditions changed for the worse some time during the last nine months. The 5s. Ordinary shares, which have been as high as 23s. 6d. this year, have recently been a reactionary market, and on the publication of the report fell from 15s. to 10s. The 7 per cent. preference shares are quoted at 16s. 3d.

Ford of Germany.—The German Ford Company, which is controlled by the English Ford Motor Company, writes our Berlin correspondent, has published surprisingly unfavourable results for 1931. In 1930 it earned Rm. 3.2 millions net profits, and was able, after generous

allocations to reserve, to pay 10 per cent. on its Rm. 15 millions share capital. The balance sheet for that year was very liquid, and the company was considered the most prosperous of all the German motor manufacturers. The results for 1931, on the other hand, show a loss of Rm. 1.7 millions, and at the same time the liquid resources have been exhausted and a short-term debt of Rm. 23 millions contracted. Of this 19 millions were borrowed from the American Ford Company, for the most part in the form of new machines from America, and the rest from the German banks. Until 1931, Ford had only a small leased factory in Berlin, and confined itself to assembling American parts. In 1931 a large factory was set up in Cologne, which cost far more than the capital issue of 1929 had produced. Almost at the same time the market shrank to a small fraction of the previous year's sales. The Ford car is at a disadvantage under the German system of taxation, and was unable to maintain its position during the crisis against the small cheap products. General Motors suffered the same experience with the Chevrolet, but is pushing the small Opel with some success. Ford is now turning over the German factories to the production of the eight-cylinder model and a very much smaller and cheaper four-cylinder car. Whether these will find a sufficiently wide market to pay the interest on the heavy debts and on the capital remains to be seen. The Ford parent company in Detroit has suffered net losses for 1931 of \$53,586,000 (£10,717,000 gold). Part of these losses are due to derangement of production during the change-over to the eight-cylinder model, and compare with losses, in exceptional circumstances, of \$42,786,000 in 1927 and over \$72,000,000 in 1928.

Philips' Lamps.—The shares of this large incandescent lamp manufacturing company are among the most active stocks on the Amsterdam Exchange. The report for 1931 is a frank and informative document. Net profit amounts to Fl. 7,518,000 compared with Fl. 12,780,000 for 1930. Of the total sum, Fl. 2,287,000 is allocated to writing off differences in exchange on outstanding debts and Fl. 1,000,000 to providing an extra reserve against debtors. The sum of Fl. 4,231,000 is left for shareholders, against Fl. 5,390,000. Preference shares again take Fl. 1,266,000, or 6 per cent., while the ordinary dividend at 4 per cent., against 6 per cent., requires only Fl. 2,785,000. The surplus is augmented to the extent of Fl. 180,000.

	(In thousands of Florins.)		
	Year to December 31.	1929.	1930.
Net profit	42,952	12,780	7,518
Depreciation	25,469	3,700	...
Other allocations	4,592	3,690†	3,287†
Earned for dividend	12,891	5,390	4,231
Preference dividend	1,543	1,266	1,266
Rate %	9	6	6
Ordinary dividend	11,197	4,177	2,785
Rate %	21	6	4
Inc. or dec. in surplus	+151	-53	+180

* See text. † Fl. 2,287 to writing off exchange losses
Fl. 1,000 to extra reserve against debtors. † Fl. 2,690 to
loss on securities, and Fl. 1,000 to debt reserve. § Written
off stocks only.

Since considerable reserves were created in former prosperous years, the directors propose to effect write-offs amounting to Fl. 19,006,000 by debiting reserve for extension, instead of charging depreciation to revenue

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account. The liquidity of the company is stated to be satisfactory, cashable assets in Eindhoven amounting to about Fl. 53,600,000, a sum greatly in excess of current liabilities. The directors attribute the decrease in turnover and the consequent problems which the company has had to face, to diminished world purchasing power, import prohibitions and quotas, and foreign exchange restrictions.

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

Monthly Average.	(000's omitted).				Total.
	United Kingdom.	British Possessions.	Foreign Countries.	£	
1924	7,051	6,023	4,370	£	17,444
1925	12,918	5,077	1,356	£	19,351
1926	10,765	4,431	4,036	£	19,232
1927	17,240	8,318	4,039	£	29,597
1928	21,965	5,263	3,526	£	30,754
1929	16,502	5,081	2,186	£	23,769
1930	14,220	5,121	2,975	£	22,316
1931	4,542	3,209	761	£	8,512
Monthly Total.	Govt. Other.				
December, 1930	850	26,914	3,361	338	31,463
December, 1931	Nil	2,503	15	Nil	2,518
January, 1931	1,800	6,331	118	Nil	8,249
January, 1932	Dr. 1,200	123	2,127	Nil	1,050
February, 1931	2,450	4,368	13,705	50	20,573
February, 1932	Dr. 600	7,660	2,470	Nil	9,530
March, 1931	1,750	10,341	1,513	5,490	19,094
March, 1932	Dr. 3,250	9,508	380	Nil	6,638
April, 1931	800	714	5,226	304	7,044
April, 1932	Dr. 900	5,609	8,441	Nil	13,150
May, 1931	1,450	381	10,045	11	11,887
May, 1932	107,689	7,847	1,918	Nil	117,454

The month's total is swollen by the inclusion of £107,589,000, representing the whole amount of accepted tenders for 3 per cent. Treasury bonds. For the first time for some months, sales of new National Savings Certificates exceeded encashments. The remaining issues included two by overseas borrowers—British Columbia and the City of Wanganui, two home corporations—Burnley and South Shields—five electricity companies, and a number of industrial concerns, including the Metal Box Company, Bowater's Paper Mills, and Telsen Electric Company.

The Revival in West Australians.—Our mining correspondent writes:—An example of the uncertainties inseparable from mining finance has lately been provided by that doyen of West Australian gold mines, the Great Boulder Property. Two years ago the exhaustion of the property appeared in sight. The ore reserves, indeed, had shrunk to less than one year's supply. During 1930, however, drilling for joint account with the Boulder Perseverance—whose property adjoins that of Great Boulder on the north-east—had indicated the existence within the Great Boulder boundary in a virtually untouched area of an ore body of good width and high value. So impressed was the manager by the results of boring that he started two cross-cuts—one at 1,650 feet, the other at 1,800 feet—from the Hamilton shaft, which is situated in the centre of the property. The distance to be traversed was over 700 feet—in part through a dyke. Recent cables advise that, driven on south at 1,650 feet, the reef shows a width of 27 feet, average value 16 dwts. News as to the outcome of work at 1,800 feet is awaited with interest. The lode in question is known as the "X" owing to the difficulty of identifying it with any of the other deposits of the Kalgoorlie field. It was encountered in Boulder Perseverance ground, and dips into the Boulder between 800 feet and 900 feet. The Boulder Perseverance has reported encouraging results in a winze at about 1,200 feet depth, confirming indications previously given by diamond drill. These developments have been reflected, not only in a sharp advance in the shares of the two companies

more particularly concerned, but in those of other companies owning leases in Western Australia; also of holding concerns. A striking movement has also occurred in the profit-sharing notes of the Boulder Perseverance. Of these, £50,000 were offered to the shareholders at par last July for the purpose of providing new treatment plant, £18,950 being subscribed. The notes carry 10 per cent. interest and are also entitled to 50 per cent. of the profits prior to redemption, which may be commenced after June, 1936, at 120 per cent. A delicate point now at issue is whether the subscribers are entitled to 50 per cent., actual, of the profits, or to such a proportion of 50 per cent. as the amount of notes issued bears to that offered. West Australian gold producers have the benefit of the gold premium of about 30 per cent., as well as of the Australian exchange premium of 25 per cent. In addition they will receive the gold bounty of 10s.—not a very large item—per ounce in excess of the average output of 1929 and 1930. The following are the profits of the principal companies for each of the past few months:—

	Dec.	Jan.	Feb.	Mar.	April.
Boulder Perseverance.	11,050	10,470	9,440	8,050	7,410
Great Boulder	7,600	6,300	9,750	8,080	9,810
Kalgoorlie	9,760	8,140	8,330	7,510	9,090
Lake View	29,780	34,750	38,730	31,220	35,210
Wiluna	18,340	26,050	21,620	22,570	...

In some cases the Boulder Perseverance returns include a portion of the excess relative to a preceding month. The Great Boulder figures represent the estimated surplus from all sources. The Wiluna announces its total surplus for the preceding month when reporting latest operating results. Remittances to London for interest or dividend will, of course, involve the loss of the exchange premium.

Burmah Oil Company.—The report for 1931 does not divulge many details. As the trading profit declined by only 15 per cent., however, the company would seem to have fared much better than most oil concerns, especially those with an international trade. As peaceful relations have been maintained with its American competitors, there has been no serious undercutting of prices in the Indian market, although kerosene prices in the latter months of the year were reduced as a result of competition for a restricted outlet. In spite of the decline in the consumption of petroleum products in India, the company maintained its throughput at its refineries. Against a decline of 15 per cent. in trading profit the company's income from interest and dividends declined by 30 per cent. This may be attributable to the fact that, in 1931, the company received 10 per cent. on its holdings of Anglo-Persian Oil shares instead of 15 per cent., the interim dividend of that company in respect of 1931 (usually paid in December) having been passed. The decline in total net profits was 20 per cent. and the dividends were reduced from 22½ per cent. to 17½ per cent. The following table gives a comparison of the trading results and distribution of profits of the Burmah Oil for the past two years:—

	1930.	1931.
Trading profit	£ 2,614,302	£ 2,223,396
Interest and dividends on investments ..	1,430,813	998,892
Total	4,045,115	3,222,288
Depreciation	580,914	637,173
Tax	743,371	761,022
Miscellaneous expenses and deb. int.	454,817	324,598
Earned for dividends	2,266,013	1,499,495
Preference dividends	249,375	241,875
Earned for ordinary dividends	2,016,638	1,257,620
Earned for ordinary shares	34.8%	22.4%
Paid on ordinary shares	22.5%	17.5%
General reserve	500,000	300,000
Carry-forward	612,518	586,046

The balance sheet shows a strong liquid cash position, British Government securities amounting to nearly £4 millions, as against nearly £3 millions a year previously. The surplus of current assets over current liabilities amounted

to £7,257,000. The balance sheet shows that the holding of Anglo-Persian Oil shares, amounting to 3,561,990 shares, is still valued at 11s. 8½d. per share, thus including a considerable hidden reserve. The ordinary shares are quoted at 2½ to yield £8 7s. 2d. per cent. on dividends of 17½ per cent. The shares have been as high as 46s. 10½d. this year and as low as 32s. 9d.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies: Royal Insurance, London and Manchester Assurance, Eagle Star and British Dominions Insurance, City Deep, Rhodesian Anglo-American, Venezuelan Oil Concessions, Callenders Cable and Construction, and Ever Ready Company (Great Britain). At the annual meeting of the Ever Ready Company, Mr Magnus Goodfellow stated that the depreciation in the value of the pound, followed by the imposition of a 20 per cent. *ad valorem* duty on the importation of primary batteries, had resulted in the practical stoppage of imports by the end of the year 1931. Presiding at the annual meeting of City Deep, Mr C. L. Read said the reorganisation of work on a reduced scale of production, in accordance with the policy adopted a year ago, had been systematically carried out. As a direct consequence, the total labour force employed at the mine in December last showed a reduction of 14.35 per cent. on that of December, 1930, and the ore milled during 1931 was less by 136,500 tons than in 1930. At the annual meeting of Venezuelan Oil Concessions, Viscount Bearsted told shareholders that, at the beginning of 1931, practically no oil was being recovered from the new fields of East Texas, but by April they were producing at the rate of about 250,000 barrels per day, and by July at the rate of over 500,000 barrels per day.

CAPITAL ISSUES.

The capital market has reached the end of its first phase since its "re-opening." Urgent arrears having been overtaken, current offers, as might be expected, are assuming a more motley character. This week's offers include two trustee issues made, respectively, by the *Tanganyika Government* and the *South Shields Corporation*. The former, being guaranteed by the British Treasury, is fully gilt-edged and yields £4 1s. 8d. per cent. flat and £4 2s. per cent. allowing for redemption on the latest date. The price represents the cheapest borrowing by any British Colony since the war. The South Shields issue yields £4 9s. 1d. per cent. flat and £4 8s. 5d. per cent. on redemption in 1952. The issue, destined for repayment of existing short-term loans, involves no increase in total debt, which at present amounts to £23 per head, approximately one-fourth being in respect of reproductive undertakings and two-fifths in respect of housing schemes. *Bowater's Paper Mills, Limited*, is a principal manufacturer of newsprint paper in Great Britain, and supplies, *inter alia*, about 170 daily and weekly newspaper publishers. The present issue of preference shares, on a 6½ per cent. basis, will finance the acquisition of two associated concerns from newspaper companies in the "Rothermere" group (which controls Bowater's). Profits are estimated to cover dividend on the new shares approximately 3½ times while net assets cover principal 2½ times. *The Rupee Loan of the Government of India* is to be used primarily to repay 6 per cent. bonds, and to fund a substantial portion of outstanding rupee Treasury bills, which now amount to approximately 50 crores. The redemption yield of £5 16s. 5d. per cent. measures the improvement in India's borrowing position since last year, and the issue, unlike its predecessor of last year (made on an initial 6½ per cent. basis and open for three months), will be open for twelve days only.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Total recorded, January 1 to May 21, 1932, excluding conversions, £146,757,392
Total recorded, January 1 to May 21, 1932, including conversions, £275,392,057

National Savings Certificates.
Net receipts, week ended May 28, 1932, £300,000.

To the Public.	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscription.	First Payment.	Further Liability.
Bowater's Paper Mills, 500,000 6½% cum. pref. shares, £1 at par.	500,000	...	500,000	62,500	437,500
South Shields Corporation, £500,000 4½% red. stk., 1952-62 issued at 101%.	500,000	...	505,000	25,000	480,000
Tanganyika Government, £500,000 4% Guaranteed Stock 1952-1972 issued at 98 %.	500,000	...	490,000	50,000	440,000
Total offered to the public, week ended June 4, 1932.	1,500,000	...	1,495,000	137,500	1,357,500
To Shareholders only— Scottish Ceylon Tea, 9,232 7% cum. pref. shares, £1 at par.	9,232	...	9,232	1,529	7,703
Total offered to shareholders only, week ended June 4, 1932.	9,232	...	9,232	1,529	7,703

Total Offered for Subscription— Including Conversions.	Excluding Conversions.	Total Offered for Subscription— Including Conversions.	Excluding Conversions.
Jan. 1 to date—	£	£	£
1932	127,136,289	148,561,624	114,290,666
1931	78,302,976	68,405,991	454,888,784
1930	228,466,961	152,214,687	488,764,940
1929	179,308,103	153,325,149	693,100,056
1928	...	222,365,975	...
1927	...	189,897,311	...
1926	...	102,037,414	...
1925	...	92,731,651	...

† Includes £107,589,166, the whole amount of accepted tenders for 3% Treasury Bonds.

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—	£	£	£	£
1932	140,109,031	5,435,182	3,017,411	148,561,624
1931	57,431,924	972,786	10,001,281	68,405,991
1930	123,242,344	12,100,697	16,871,646	152,214,687
Whole year—	£	£	£	£
1931	74,835,599	6,911,859	20,296,833	102,044,291
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,500	111,177,600	375,058,100
1927	228,958,000	36,836,600	98,381,400	365,176,000
1926	145,180,000	39,393,200	46,209,500	230,782,600

By Stock Exchange Introduction.

	Amount Introduced. £	Prices at which of Capital Dealings Began.	Total Cash Involved.
Amount previously recorded.....	5,198,750	...	5,418,423
Durham County Water Board, £400,000 4½% red. stk. at 94½	378,000	98	392,000
Colony of Jamaica, £500,000 4% inscribed stock, 1952-62 at 94½	470,000	95	475,000
Total, week ended June 4, 1932.....	848,000	—	867,000
Total to date, 1932	6,046,750	...	6,385,423
Total to date, 1931	6,297,383	...	6,621,940

Public Offers.

Tanganyika Government.—Issue of £500,000 4 per cent. guaranteed stock, 1952-72, at £98 per cent. Trustees are authorised to invest in this stock. If not previously redeemed, the stock will be repaid at par on January 1, 1972, but the Tanganyika Government reserve the right to redeem on January 1, 1952, on three months' notice. The payment of principal and interest is guaranteed by the British Treasury. The public debt of the Territory is about £8 millions. The proceeds of the present issue will be applied towards the refunding to the accumulated surplus balances of the Government of Tanganyika of sums expended from revenue on capital works. There is a small estimated revenue surplus for the nine months to December, 1932.

Government of India Rupee Loan, 1932.—Issue of 5½ per cent. loan, 1938-40, at 98. Subscriptions in India may be in the form of cash or Indian Treasury Bills or 6 per cent. bonds, 1932, but only the last form will be accepted in London. Six per cent. bonds, 1932, will be accepted in subscription as the equivalent of cash at par. If not previously repaid, the loan will be repaid at par on October 1, 1940, but the Government reserve the right to repay in whole or part at par on or after October 1, 1938, on three months' notice.

South Shields Corporation.—Issue of £500,000 4½ per cent. redeemable stock, 1952-62, at £101 per cent. Trustees are authorised to invest in this stock. The stock will be redeemed at par on January 15, 1962, but the Corporation reserves the right to redeem at par on any half-yearly interest date on or after January 15, 1952, on three months' notice. The estimated population is 114,200, the rateable value £482,142, and the outstanding net debt approximately £2,581,826, of which £578,826 is in respect of reproductive

undertakings and £1,021,980 in respect of housing schemes. A rate of 1d. in the £ produces £1,852. The proceeds of the stock will be used to repay certain existing short-term loans.

Bowater's Paper Mills.—Issue of 500,000 6½ per cent. cumulative preference shares of £1 each at par. The company is one of the principal manufacturers of newsprint in Great Britain. During the financial year to September 30, 1931, the mills operated to the extent of 72 per cent. of capacity, and orders on hand for the present year are sufficient to maintain the mills in operation at a rate of not less than 90 per cent. of capacity. Profits, before providing income tax and depreciation, have been as follows: 1927, £76,022; nine months to September 30, 1928, £74,206; 1928-9, £101,701; 1929-30, £150,209; 1930-31, £143,210. The net proceeds of the present issue will be utilised in meeting certain liabilities and temporary indebtedness incurred in connection with the recent acquisition of W. V. Bowater and Sons and Bowater's Mersey Paper Mills. The dividend on the present issue is likely to be covered about 3½ times.

Great Marlow Water Company.—Offer for sale by tender of £7,500 5 per cent. debenture bonds, to be redeemed at par on January 1, 1962, minimum price of issue, par; and 1,400 £10 additional ordinary "B" shares or such less number as with premiums will realise the sum of £16,105. The ordinary shares rank for a maximum dividend of 7 per cent. equally with existing similar shares. Minimum price of issue, £11 10s. per share, yielding at that price £6 ls. 9d. per cent. Net profits before charging interest and income tax were £3,292 in 1929, £3,522 in 1930, and £4,036 in 1931. The interest on the loan capital, including the present issue, will amount to £603, more than six times covered. The new capital is required for extension of works and mains.

Stock Exchange "Introductions."

Rawplug Company.—Issued capital, £75,000 in 7 per cent. cumulative first preference shares of £1 each; £50,000 in 15 per cent. cumulative second preference shares of £1; and 100,000 ordinary shares of £1. The company was registered on November 20, 1919, to take over the business of manufacturing Rawplugs. Of the above-mentioned £75,000 7 per cent. preference shares, 47,500 shares are now being offered to shareholders at 20s. per share. The object of the issue is to finance the expansion of the business. Messrs Rowe, Swann and Company have agreed for a fee of 2,500 guineas to underwrite the issue. Net profits before income tax have been: 1929, £31,900; 1930, £35,494; 1931, £37,061.

SUMMARY OF BALANCE SHEETS.

INVERESK PAPER COMPANY, LIMITED.

LIABILITIES.		ASSETS.	
Amount.	Compared with Dec. 31, 1930.	Amount.	Compared with Dec. 31, 1930.
6½% 1st cum. pref., £1	1,499,950	Heritable property at cost	197,516
7% 2nd cum. pref., £1	1,349,135	Plant and machinery	207,796
Ordinary shs., £1	1,299,953	Furniture and fittings	544
Subsidiary cos.	10,996	Investments in subsidiaries at cost	2,845,679
Creditors	47,643	Investments in associated cos. at cost	2,025,995
Loans and bank overdrafts	214,808	Loans to subsidiary cos.	356,884
Loan from subsidiary	8,000	Loans to associated cos.	24,888
Reserve account	1,277,215	Dividends of subsidiary cos.	2,277
Profit and loss	87,985	Loan to St. Cuthbert's Paper Works	—
		Sundry investments at cost	6,010
		Due to subsidiary co.	9,148
		Debtors	36,188
		Balance due, sale of shares	—
		Bills receivable	5,456
		Stocks	77,194
		Cash	110
Total	5,795,685	Total	5,795,685

"SHELL" TRANSPORT AND TRADING COMPANY, LIMITED.

LIABILITIES.		ASSETS.	
Amount.	Compared with Dec. 31, 1930.	Amount.	Compared with Dec. 31, 1930.
5% pref. shares	2,000,000	Prop. account	34,822,603
7% 2nd pref.	10,000,000	Debtors	246,284
Ord. shares	24,121,361	Balance of divs.	—
Reserve	8,131,610	In sundry cos.	1,709,392
Sundry creditors	36,619	Investments	9,681,601
Divs. unclaimed	61,005	Cash at bankers	214,574
Divs. accrued on pref. shares	316,667		
Profit and loss	2,007,192		
Total	46,674,454	Total	46,674,454

WEEKLY TRAFFIC RETURNS. RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended May 27, 1932.	(c) Week ended May 28, 1932.	Miles Open.	Gross Receipts, week ended May 29, 1932. (000's omitted.)					Aggregate Gross Receipts, 21 weeks. (000's omitted.)				
			Passenger, &c.	Merchandise, &c.	Coal and Coke.	Total Goods.	Total for Week.	Passenger, &c.	Merchandise, &c.	Coal and Coke.	Total Goods.	Total Receipts.
Great Western	1932	3,761	185	161	101	282	447	3,719	3,570	2,209	5,779	9,498
(c) L. & N.	1932	3,761	237	146	68	214	451	4,098	3,988	2,270	6,258	10,356
Eastern	1931	6,355	275	292	200	492	767	5,642	6,298	4,814	11,109	16,751
L. M. & S.	1932	6,355	366	286	180	466	787	6,119	7,236	5,131	12,367	18,486
Scottish	1932	6,962	424	402	212	614	1,038	6,830	9,038	5,123	14,161	22,791
Southern	1931	6,958	556	372	141	513	1,069	9,227	9,898	5,489	15,387	24,614
	1932	2,181	259	65	30	95	354	5,227	1,310	685	1,995	7,222
	1931	2,180	340	80	33	113	453	5,708	1,524	680	2,204	7,912
Total..	1932	19,261	1,143	920	543	1,463	2,606	23,218	20,213	12,851	33,044	56,282
	1931	19,250	1,499	984	543	1,463	2,805	25,152	22,646	13,570	36,216	61,358

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Month.	Gross Receipts for Week.		Total Gross Receipts.	
				1932.	+ or -	1932.	+ or -
INDIAN.							
Assam Bengal	4	1932.		Rs.	Rs.	Rs.	Rs.
Bairi L. Ry.	5	Apr. 30	1,330	3,12,100	76,693	12,10,400	4,47,398
Bengal & N. Western ..	5	May 7	202	32,300	10,600	1,99,400	56,400
Belga-Nagpur	4	Apr. 30	2,114	7,16,768	3,055	37,24,939	68,877
Bombay, Bar. & C.I.	8	Apr. 30	3,274	14,43,000	1,03,345	60,20,000	7,69,927
Madras & S. Mahr.	7	May 28	3,084	19,06,000	2,02,000	1,75,57,000	7,15,000
+Rohilk' & Kumaon	5	7	3,230	14,31,000	2,90,880	75,05,000	16,18,998
South Indian	5	7	572	1,33,191	16,624	7,82,529	4,953
			2,495	10,33,133	76,950	55,01,471	3,04,639
† Including Lucknow-Bareilly State Railway							

OTHER OVERSEAS.

Company.	Months.	Ending 1932.	Description.	Receipts for Month.		Receipts to Date.	
				1932.	+ or -	1932.	+ or -
Egyptian Delta	5	May 10	620	\$ 5,275	\$ 1,105	\$ 21,697	\$ 5,053
Light Railways	20	19	—	\$ 1,362	\$ 448	\$ 32,539	\$ 139
Egyptian Markets	19	14	104	\$ 48,371	\$ 27,415	\$ 1,048,380	\$ 487,480
Gr. Southern of Spain	21	483	\$ 169,300	\$ 37,800	\$ 3,410,900	\$ 838,100	

TRAMWAYS WEEKLY GROSS RECEIPTS.

Company.	Months.	Ending 1932.	Description.	Receipts for Month.		Receipts to Date.	
				1932.	+ or -	1932.	+ or -
Anglo-Argentine	21	May 27	329	\$ 56,619	\$ 14,502	\$ 1,394,451	\$ 177,778
B. Aires Lacrosse	48	29	—	\$ 8,992	\$ 714	\$ 486,620	\$ 64,045
Isle of Thanet Elec.	20	18	—	\$ 2,936	\$ 760	\$ 50,888	\$ 2,010
Liverpool Corp.	8	25	124	\$ 28,560	\$ 1,876	\$ 228,903	\$ 5,993
Madrid Electric	14†	Apr. 30	—	\$ 51,382	\$ 220	\$ 458,557	\$ 22,091
L.C.C. Tramways	8	May 26	166	\$ 77,835	\$ 6,601	\$ 612,343	\$ 22,325

MONTHLY TRAFFICS.

Company.	Months.	Ending 1932.	Description.	Receipts for Month.		Receipts to Date.	
				1932.	+ or -	1932.	+ or -
Barcelona Traction, &c.	4	April 30	Gross	\$ 8,971,999	\$ 237,114	\$ 39,049,021	\$ 821,186
Canadian Nat. Railways	4	April 30	Net	\$ 6,018,657	\$ 393,984	\$ 26,521,471	\$ 1,289,038
Canadian Pacific Railway	4	April 30	Gross	\$ 11,863,038	\$ 3,370,741	\$ 46,064,388	\$ 1,370,381
Hydro-Electric Securities.	12	Mar. 31	Net	\$ 1,067,971	\$ 173,081	\$ 449,024	\$ 544,328
Midland Ry. of W. Australia	10	April 30	Gross	\$ 9,511,000	\$ 2,743,000	\$ 38,031,000	\$ 9,251,000
			Net	\$ 891,000	\$ 429,000	\$ 2,935,000	\$ 877,000
			Gross	\$ 12,580,596	\$ 938,059	\$ 145,873,316	\$ 10,245,206
			Net	\$ 6,070,268	\$ 589,899	\$ 70,031,485	\$ 3,683,397
			Gross	\$ 13,780	\$ 527	\$ 130,880	\$ 20,124

* Mexican dollars.

COMPANY MEETINGS, &c.

ROYAL INSURANCE COMPANY, LIMITED.

SATISFACTORY RESULTS IN 1931.

ALL DEPARTMENTS PRODUCE PROFITS.

TOTAL FUNDS EXCEED £42,000,000.

ADDRESS BY MR A. ALLAN PATON, C.B.

The eighty-seventh annual general meeting of the Royal Insurance Company, Limited, was held, on the 30th ultimo, in Liverpool.

Mr A. Allan Paton, C.B., the chairman, presided over a good attendance of shareholders.

The Chairman, in the course of his speech, said:—Before commenting upon the report and accounts, I would like to refer to changes in the management of the company which have taken place since we held our last general meeting. Mr Robert M'Connell, after serving the company for over thirty-five years, sought relief from the exacting responsibilities associated with his position of general manager, and your directors reluctantly consented to his retirement, which took effect from the end of December last. Mr M'Connell, who possesses outstanding and exceptional ability, held a high position in the insurance world and rendered invaluable service to the company. To fill the vacancy thus created, the board appointed as general managers Mr F. J. Williams and Mr J. Dyer Simpson, who were previously the assistant general managers.

There is also a change in London. Mr Walter Carter, our London manager, has, to our regret, expressed a wish to retire, and your directors have agreed that he should do so as from the end of this month. Mr Carter has served the "Royal" for close on forty years. He has held successively responsible positions in New York and Liverpool, and for the past three years rendered further distinguished service as London manager. To replace Mr Carter, the directors have appointed Mr F. R. Bellamy, hitherto assistant secretary in London, as London manager, and Mr A. E. Marsden, at present assistant manager of the "Liverpool and London and Globe" in London, as deputy London manager.

The report and accounts for the past year have been in your hands for some days, and I feel sure it will be your desire to take them as read.

The events of the year 1931 are fresh in all our memories. It is obvious that a disturbance of financial conditions on such an immense scale as has occurred, and the departure of Great Britain from the gold standard, with the corresponding effects upon exchange rates generally throughout the world, must necessarily have seriously affected our world-wide interests. You will probably expect some comment as to how these questions of exchange have been dealt with in our accounts. In the general foreign field a number of countries such as India and the Scandinavian countries have linked their fortunes with sterling. In others, such as France, which continued on the gold standard, the £ sterling depreciated in relation to francs, while in South America and the Far East, where we have substantial interests, the local currency suffered a material depreciation in relation to the pound. Throughout this field we have continued to use the current rates of exchange. So far as the United States and Canada are concerned, we have continued to make use of the approximate par rate of the dollar.

As you will have observed from the departmental accounts, to which, as is customary, I will refer separately, a shrinkage of our aggregate premium income of approximately 5 per cent. has taken place as compared with 1930, largely as a result of the reduction in volume and value of commodities. This fall in income naturally has an adverse effect upon our expense ratio, expressed as a percentage of premiums, as, though we have been successful in bringing about a material reduction in the actual outgo under this heading, the ratio, owing to a diminished denominator, shows an increase in both fire and accident accounts of approximately 1 per cent.

FIRE DEPARTMENT.

The premiums in the fire department show a shrinkage of approximately £525,000 or 8 per cent. The income derived from our home business has been well maintained, whilst losses have not been unfavourable, and the result is one with which we can be well satisfied. Credit for this is due not only to the efficiency of our organisation but also to the comparative stability of business conditions in this country during a very difficult period. In the general foreign field there has been some slight contraction in the premium income. The main decrease in our fire income, however,

arises from our interests in the United States of America, where, during last year, the full effect of the economic upheaval has been felt. Fire losses, including contributions to fire brigades, at £3,111,608, show a slight increase of approximately one half of 1 per cent., and, after adjusting the reserve for unexpired risks and making full allowance for all liabilities, the resulting profit amounts to £402,071, representing 6.63 per cent., a profit differing very slightly in percentage from that which we were able to report to you last year. Considering the conditions that have been ruling in North America, which furnishes a very considerable proportion of our fire premium income, and the less favourable loss experience which we in common with other companies have had there, I think the outcome of the year's operations in this department can be looked upon as eminently satisfactory. The fire fund at £6,925,085 is approximately 114 per cent. of the premium income and provides a high standard of security to our policyholders.

LIFE DEPARTMENT.

The amount of new life business completed during the year has suffered some contraction, policies having been issued for £3,737,727, a reduction of some £315,000 as compared with the figures for 1930, the falling off having occurred during the last three months of the year.

It will be seen from the combined statement circulated with the report that the premium income of all branches of the life department amounted to upwards of £2,200,000, being nearly £300,000 more than in the previous year.

total profit, which, at £117,320, is substantially less than in 1930, and in fact is much below the contribution we have been accustomed to receive from this department.

At home the results of our general accident business, including employers' liability, show little change from 1930, and with this I think we have every reason to be satisfied.

The accident and general insurances fund at the end of the year appears at £5,179,624, representing approximately 95 per cent. of the premiums.

PROFIT AND LOSS ACCOUNT.

The interest and dividends amounting to £1,350,079 brought into this account show a reduction of some £24,000 as compared with last year. This is more than accounted for by increased income tax. The profits from the various underwriting departments have already been referred to and, adding thereto £40,000, representing one-fifth of the shareholders' proportion of life profits for the past quinquennium, we reach a total profit of £684,929, a reduction of some £60,000 when compared with last year. In the light of the events of the past twelve months I think you will agree that these results are a notable tribute to the stability of insurance enterprise as undertaken by our company and to the soundness of our underwriting methods.

On the other side of the account the dividend cost appears at a lower figure than last year, due of course to a deduction of income tax at the rate of 5s. as against 4s. 6d. in the £, and it will have been satisfactory to you to learn that the directors recommend a similar dividend to last year, namely, a final payment of 3s. 3d. per share, making, with the interim dividend distributed in November, 6s. 6d. for the year.

With the exception of £500,000 provision for depreciation of investments, to which I shall refer in a moment, the other items do not call for special mention and we carry forward a balance of £1,399,126.

BALANCE SHEET.

In accordance with the requirements of the Companies' Act, 1929, we present, in addition to a consolidated balance sheet which includes the transactions of those associated companies we are accustomed to incorporate with our own, a separate balance sheet of the Royal Insurance Company itself, in which is shown, amongst the assets, a separate item consisting of our holding in shares of subsidiary companies. The value at which these are there stated is "at or below value of free funds" and, in arriving at that figure, provision has been made for all liabilities of these companies, and full allowance has been made for depreciation at December 31, 1931.

DEPRECIATION OF INVESTMENTS.

The disturbing factor of major importance which we have had to face during the past year has been the depreciation of investments. The catastrophic fall in Stock Exchange prices concentrated into the last few months of 1931 could not fail to affect us adversely, seeing that our assets, to a very large extent, necessarily consist of investments in Stock Exchange securities, not only in this country, but in many other parts of the world. To meet this depreciation we have, as will have been observed, made a provision of £500,000, but this does not cover the whole of our depreciation. Such difference, however, is more than covered by the balance which exists between the value of other assets and the figure at which they appear in our balance sheet.

In calculating the value at which we have brought into our balance sheet the whole of the American and Canadian investments of the company, we have followed our normal practice of converting dollars into sterling at approximately the par rate of exchange. As already mentioned, this same par rate has also been used in our revenue accounts with regard to our American and Canadian business.

THE OUTLOOK.

Commenting on the outlook for the current year, the chairman referred to the vastness and intricacies of the world-wide problems. Britain had reason to congratulate herself upon the practical manner in which she had faced the situation. The splendid response of this country to the demands made upon it had aroused the admiration of foreign observers, but Britain could not hope to restore herself to her former prosperity unless the Government faced the vital problem of curtailing expenditure to an extent which would provide material alleviation of the crushing burden of taxation.

The report and accounts were adopted. The retiring directors, Mr W. S. Crichton, Mr F. H. Fox, Mr W. R. Chamberbrook, Mr Hugh Lewis, J.P., Mr Evelyn S. Parker, Col. Sir F. Reynolds, Bart., D.S.O., M.P., were re-elected.

CHAIRMAN AND DEPUTY-CHAIRMEN RE-ELECTED.

At a meeting of the Board of Directors of the Royal Insurance Company, Limited, on Monday, Mr A. Allan Paton, C.B., was re-elected Chairman, and Mr A. E. Pattinson, Mr A. Kentish Barnes and Mr P. R. England, were re-elected Deputy-Chairmen.

EAGLE, STAR AND BRITISH DOMINIONS INSURANCE COMPANY, LIMITED.

A SATISFACTORY YEAR'S OPERATIONS.

The general meeting of the Eagle, Star and British Dominions Insurance Company, Limited, was held, on the 27th ultimo, at 32, Moorgate, London, Sir Edward Mount, Bart., J.P. (chairman and managing director), presiding.

The Chairman, in moving the adoption of the report and accounts, said that, in view of the difficult conditions which obtained throughout 1931 the various departments of the company showed highly satisfactory results. In the life section new policies numbering 2,244 were issued, assuring a net sum of £2,118,593, while the rate of interest earned on the total life assurance and annuity funds amounted to £4 12s. 6d. per cent., after deduction of income tax. The quinquennial valuation of the current life and annuity funds was made at December 31, 1931, the stringent bases of valuation previously adopted being maintained. The valuation showed a gross surplus in the participating sections of £229,020, of which it was decided to distribute £223,026 and carry forward the balance. In the non-participating section of the life fund the gross surplus amounted to £128,178, of which £75,000 had already been transferred to the shareholders' profit and loss account, leaving a balance of £53,178, which the board had decided to carry forward.

FIRE LOSS RATIO REDUCED.

In the fire department the net premiums amounted to £833,396, a decrease of £34,406 as compared with the preceding year. The whole of this reduction took place in connection with the North American business. The incurred loss ratio to earned premium was 51 per cent., compared with 53 per cent. in 1930.

The ordinary premiums for the year on personal accident and sickness policies amounted to £54,548, and the sum of £14,059 has been transferred to profit and loss account.

In regard to the general insurance department, it would be noted that motor insurance was now the subject of a separate account. The total premiums in the general department amounted to £396,456, and the sum of £68,942 was transferred to profit and loss account.

In the motor department, although they had been very careful in the selection of business, they were able to record an increase of £75,000 in the premium income. After making a full reserve for outstanding losses and unexpired liability the net results had been very satisfactory.

In the marine department the fund carried forward now stood at £467,572, equivalent to 113 per cent. of the premium income.

DIVIDEND OF 20 PER CENT.

Turning to the profit and loss account, the net interest worked out at £151,450, an increase of £3,836 over the previous year. The net cost of dividends for the year amounted to £140,542, so there was a margin on interest alone over the net dividend paid of £10,908. The amount credited to profit and loss account from the various trading departments was £155,544. After transferring £150,000 from the general reserve fund they were able to allocate £100,000 to the investment fluctuation account and £125,000 to exchange year, and, after allowing for expenses not charged elsewhere, the balance remaining was sufficient to provide dividends at the rate of 20 per cent. on the ordinary shares, 6 per cent. on the preference, and 10 per cent. on the preferred ordinary shares. There remained to be carried forward £72,787, an increase of £4,106 on the corresponding figure for last year.

The report and accounts were unanimously adopted, and the proceedings closed with a vote of thanks to the chairman, directors and staff.

OFFER TO NEW READERS.

Any reader who makes his first acquaintance with this journal with this week's issue is invited to fill up the attached: To Publisher, "Economist Newspaper Ltd."

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CALLENDER'S CABLE AND CONSTRUCTION COMPANY, LIMITED.

SIGNS OF REVIVAL IN BUSINESS.

The thirty-sixth ordinary general meeting of this company was held, on the 31st ultimo, at the Waldorf Hotel, Sir J. Fortescue Flannery, Bt., D.L., M.Inst.C.E. (the chairman), presiding.

The secretary (Mr Howard Foulds, F.C.I.S.) read the notice convening the meeting and the auditors' report.

The chairman said he must first refer to the serious and unprecedented state of trade and finance throughout the world. Bad as were the conditions in this country, the conditions of trade and finance in other countries were worse still, but we saw signs of improvement here in advance of our neighbours in Europe or across the Atlantic. Above all, we had upheld our national character for financial stability. We were the most heavily taxed nation in the world; the most highly rated by local authorities. Money thus withdrawn was no longer available for trade improvement.

He wished to make a practical suggestion to the Chancellor of the Exchequer. If some machinery could be arranged, as he (the chairman) thought it could, by which enterprises approved and selected by a committee of the Treasury should be carried on on the understanding that if they failed the loss of money would be credited in future payments to income tax, he thought those engaged in such enterprises would have a practical relief from the handicap to which he had referred, and many enterprises of great pith and moment to the trade of the country and to employment would be encouraged and made possible which were abandoned to-day.

The company's operations were still of world-wide extension. Their cables literally extended from China to Peru. In the former country they had held a leading position in electricity for many years. Their "bread-and-butter" business had been maintained, and there was now an increasing demand for wires and cables under the Central Electricity Board scheme for providing electricity throughout the country.

The gross profit for the year was £528,882, compared with £599,547, which, bearing in mind the difficulties of trade, was a magnificent result. General expenses showed a reduction of nearly £40,000. The directors recommended a dividend of 15 per cent. and a carry forward of £292,054. So far as 1932 was concerned, the directors hoped that the worst was over, for they saw signs, slight but definite, of a revival in business. If the potential developments eventuated, he hoped next year to present accounts as satisfactory as those now submitted.

Sir Tom Callender (deputy chairman and managing director) said the depression had been very evident in the company's business and had left its mark on the balance sheet. Not only had the amount of business been smaller, but prices had been lower, chiefly by reason of the reduction in the standard prices prevailing for the leading articles used in their business, all of which had lowered their standard and had helped in the reduction of the company's profits.

Their home trade, after a period of slackness, was beginning once again to advance, and, although it was slow, the upward trend of orders was apparent, during the last few weeks especially. Their weekly return sheet showed a large number of relatively small orders from all parts of the country and indicated, in his opinion, definitely that the industry was again stepping forward. He had carefully looked through the returns from their customers who had dealt with them for many years, and, in spite of the depression, he found that the totals in the year in nearly all such cases amounted to a large and satisfactory volume of business and proved conclusively the goodwill and strength of the connection which Callender's had among most of the leading suppliers of electricity in the country.

Conditions abroad were not so satisfactory, and the company's overseas business had been greatly hindered, but they had made a strong point of maintaining their offices and connections, even at considerable loss, so as to be available immediately any improvement occurred.

When the recent developments leading to the extension of electricity were decided upon, they resolved to enter the super-tension business, and started a new research station at Shepherd's Bush, where they installed new apparatus in connection with high-tension current for testing cables and materials electrically and mechanically up to 150,000 volts. They had proved conclusively the efficient working of 66,000-volt cable.

In spite of all the difficulties, he looked forward with confidence to the future, and had every reason to hope for a long continuance of satisfactory business for their firm, which this year celebrated its jubilee.

The report and accounts were unanimously adopted.

RHODESIAN ANGLO AMERICAN, LIMITED.

INCREASED YEAR'S REVENUE.

The third ordinary general meeting of Rhodesian Anglo American, Limited, was held, on the 30th ultimo, at Winchester House London. Sir Edmund Davis (deputy-chairman) presiding.

The Chairman, in moving the adoption of the report and accounts, said: In the profit and loss account, revenue from dividends, interest and other sources, less interest paid, loss on share dealing, &c., amounts to £131,298, compared with £104,411 last year. On the other side of the account, the debit for general expenses, London, Johannesburg and Northern Rhodesia is £10,114, showing a reduction of £7,493 from last year's figure. Provision for debenture interest, however, amounts to £94,200, compared with £2,000 in last year's accounts. Directors' fees, £1,250, are the same. The balance carried to the appropriation account is £25,733, a reduction of £57,800 compared with the previous twelve months. In the appropriation account, we have brought in on the credit side the balance as at March 31, 1931, £124,007, and to this we have added the balance profit of £25,733 for the financial year under review. After the deduction of £21,214 for income tax and after transfer of £50,955 to reserve account, there remains an unappropriated profit carried to the balance sheet of £77,570.

The investments stand in the balance sheet at £4,849,083. The market value of these at March 31st last, taking Stock Exchange quotations, where available, and directors' valuation in other cases, was £4,407,932. In connection with these investments you will have noticed that we have, in a paragraph under "Accounts" in our report, stated that in our opinion the market prices of the company's shareholdings ruling during the present depression are not a measure of their true value in normal times; and though this is so, we have, as you will have gathered from my remarks, made provision for a very large proportion of the existing depreciation.

PLEA FOR EMPIRE COPPER.

Apparently sufficient attention is not given in this country to the fact that it is eminently desirable to produce within the Empire a tonnage which will not only supply the needs of the United Kingdom and of the Dominions and Colonies, but will also enable us to obtain a large share in markets outside the Empire. In other words, the Empire copper producers ought in the course of time to be the principal producers in the world, with Northern Rhodesia taking a leading part.

As regards costs, we are satisfied that our most optimistic estimates will be improved upon, and that copper is being, and/or will be, produced by the three developed and equipped Northern Rhodesian mines, viz., N'Kana, Roan Antelope and Mufulira, at a cost much below the figure estimated.

NORTHERN RHODESIAN POSITION.

At our last ordinary general meeting I stated that it was impossible to express any opinion as to what the Rhokana production might eventually be, as this depended not only upon the market price of copper, but also (and more particularly) upon the tonnage which could be disposed of, which, in turn, would be governed by the price. In this connection, should the present low price—which is a record—continue for a long time, or even for many months, I suppose that it may be reasonable to expect that many of the existing producing mines will suspend operations. This would be the easiest way of reducing production, and obviously to the benefit of Rhodesia.

On the other hand, countries which are unable to dispose of their copper production on a profitable basis under the present ruling prices may attempt by legislation to alleviate their own position. In particular there is a proposal that the United States of America should impose an import duty of 4 cents per pound on copper, which at the present rate of exchange would represent about £25 per ton. If they do, it would only be reasonable that our own Government should see that Colonial copper producers receive adequate protection from any disadvantages that may arise from the United States tariff. Of course, in this connection it must be borne in mind that the interests of manufacturers in England should not be prejudiced. Further, it has now become still more important that refining facilities for Northern Rhodesian copper should be provided in this country, where every step should be taken so that the consumers should acquire British refined metal.

I hope you do not mind our taking credit for all that our group has done in connection with the creation of this Northern Rhodesian copper industry, which in course of time should prove to be one of the greatest mineral propositions within the Empire, though at the moment, for reasons already given, we naturally have to face very heavy depreciation on the investments we have made.

Mr. J. B. Joel seconded the resolution, which was carried unanimously.

LONDON AND MANCHESTER ASSURANCE COMPANY, LIMITED.

YEAR'S RESULTS DISTINCTLY ENCOURAGING.

MR. WALTER H. BROWN'S INTERESTING REVIEW.

The sixty-third annual general meeting of the London and Manchester Assurance Company, Limited, was held, on May 18th, at the chief offices, Finsbury Square, London, E.C., Mr Walter H. Brown (the chairman) presiding.

The Chairman said:—The year that I am about to review has been fraught with numerous difficulties of an unusual and exceptional nature. For instance, the economic and financial situation has been such as to bring in its train a sequence of circumstances calculated to increase the anxieties of those whose business it is to conduct a concern of the magnitude of the "London and Manchester." As to the economic and financial situation, I consider so much has already been said by others upon this momentous subject that no useful purpose is likely to be served by my saying anything beyond expressing my firm conviction that our country possesses the qualities that should lead to its recovery from world conditions as speedily as—if not speedier than—any other country.

In the light of what I have just said, I am hopeful that you have found upon perusal of the report and accounts, sufficient justification for arriving at the conclusion that the year's results, taken as a whole, are not unworthy of the company's past traditions.

The total income from all sources amounted to nearly three and a quarter million pounds, to be precise, £3,240,885, representing an increase of £148,153 over the corresponding item in the year previous.

The premium income in all branches reached the figure of £2,605,126, an increase over the year before of £92,248.

ORDINARY BRANCH.

In the ordinary branch the premium income amounted to £994,276, an increase during the year of £73,142. Claims under policies were within anticipation, and represented a smaller percentage of the premium income than in the previous year. Expenses of management are somewhat higher, but it has to be remembered that further development in the organisation of the branch has taken place during the year, so as to ensure a continuity of expansion. New policies for sums assuring approximately 3½ million pounds were issued, this constituting a record in the branch. It is not so many years ago that we decided to pay special attention to the expansion of this branch, and the position of it now, I feel sure you will agree, gives occasion for satisfaction, somewhat remarkable progress having been made during the last ten years, and annuity business coming to us in increasing quantity.

The inherent strength of the "London and Manchester" has proved such that we have been able to repeat the ordinary branch bonus at the rate of £2 4s. per cent. per annum as declared in respect of each of the three preceding valuations.

INDUSTRIAL BRANCH.

Turning now for a few moments to the industrial branch, the premium income was £1,553,536. In this branch the progress in the last year or two has been smaller than in the ordinary branch, our endeavours having been directed more to the quality of the new business than the quantity. The time has, however, now arrived when, in the opinion of the board, a larger degree of progress can be looked forward to. I may also mention that in the course of the year steps were taken to still further consolidate the business of this branch and to deal as effectively as possible with the matter of arrears of premiums, in regard to which our company has been especially considerate and helpful to policyholders. We have for the past two years directed our efforts to obtaining a larger proportion of new industrial business on young lives, in order to reap the benefit of the decreased national mortality at the earlier ages. Claims under policies were rather more than in the previous year, due to a higher death-rate in the early part of the year under review and the larger sum paid under policies by maturity. Expenses of management show a reduction, and it is possible that in the course of the present year a further reduction will be in evidence.

Although the policyholders have no contractual claim to participate in profits, we are glad that it has been possible in such a year as the one I am dealing with to be able to repeat the liberal bonus of the previous year. Briefly stated, it is an increase of 10 per cent. of the sum assured in all cases where endowment assurances mature during the current twelve months; whole-life assurances that have been in force for ten years to be increased by an amount equivalent to ten weeks' premiums, and where the life is over 80 years of age an additional sliding-scale bonus up to age 85, at which stage further premiums are cancelled.

The business of industrial assurance, appertaining as it does to the vast majority of the population of the British Isles, has not been free from adverse criticism during the year. But the business

generally, and the "London and Manchester" in particular, has such a long record of public service liberally performed that it is not likely to be seriously harmed by any misconceived criticism. Moreover, the Government can never be unmindful of the important part which the industrial offices take in the cause of thrift among the industrial classes, and in the absorption of Government loans. Unfortunately, there are many who still think that industrial policies are lapsed without the assured getting any benefit from the premiums they may have paid over the current death risk. That is not so, because, beyond the provisions in their favour enacted in the Industrial Assurance Act, 1923, this office, in common with the other large offices, voluntarily instituted about two years ago the principle of automatic free policies attaching to all new policies which may lapse by virtue of non-payment of premiums after two years' payments have been made.

It is also a significant fact, and one that goes to show even further the benefits that the insuring public derive from industrial assurance, that in the course of the year the company paid industrial branch claims on death at the rate of over 986 policies per week. These included 1,795 policies which had only been issued during the same office year, and which, on the average, had therefore been in force but three months, and 3,461 policies taken out in the immediately preceding year. All these 5,256 claims were on lives which we believed to have been in good health on joining, and the unexpected speed with which death overtook them affords a striking example of the value of insurance.

Steady progress continues to be made in the fire and general branch, the premium income therein having well turned the £50,000 mark, the exact figure being £57,019—an increase of nearly £10,000 in the year.

The total assets at the end of the year amounted to £12,191,229, an increase of £835,340 having been made therein after applying £200,000 in writing down investments.

As regards the valuation of assets, you will have observed from the certificate at the foot of the balance sheet that all the Stock Exchange securities appear in the balance sheet at or under cost price, and in the aggregate, after taking into account the investments reserve fund, stand below the market prices (due allowance being made for accrued interest) as on March 24, 1932.

To sum up the year's working, I consider, and I trust you are of the same opinion, that the results as a whole are distinctly encouraging, accomplished as they were in a year in respect of which many well-conducted businesses had to record considerably reduced figures, and the cutting or passing of dividends.

The report and accounts were unanimously adopted.

EVER READY COMPANY (GREAT BRITAIN) LIMITED.

LARGE EXPANSION IN SALES.

The ordinary annual general meeting of the Ever Ready Company (Great Britain), Limited (manufacturers of batteries and electrical sundries), was held, on the 31st ultimo, at the Ever Ready Works, Holloway, London, N.

Mr Magnus Goodfellow (the Chairman and Managing Director), who presided, said: The past year has been an eventful one for our country and also for the company, and in the circumstances we can congratulate ourselves on having made an increased profit as shown in the accounts before you.

The sales during the year show an advance in value of nearly 30 per cent., as compared with the previous year, and expressed in units of production, the advance is greater still, for, as you will remember, our selling prices were reduced on July 1, 1931. You will realise that a great effort was made by everyone in the business to attain this result, every branch and department having contributed to the increase (with two small and unimportant exceptions).

From the records at my disposal, I have formed the opinion that there has again been an increase in consumption of all primary batteries in this country during the year, which I estimate at between 15 per cent. and 20 per cent.

The depreciation in value of the £, followed by the imposition of a 20 per cent. *ad valorem* duty on the importation of primary batteries, resulted in the practical stoppage of imports by the end of the year 1931; in fact, since January, 1932, such imports have shown a decrease of 90 per cent., and our early preparatory work has enabled us to obtain the greater part of this business.

NEW FACTORIES ACQUIRED.

In August last we purchased a freehold factory comprising some 35,000 square feet of floor space, which was of great assistance to us, and, in addition to extensions in a number of our existing factories, we purchased another freehold factory comprising some 130,000 square feet of floor space last November, which is being rapidly equipped and will be capable of coping with the increased business we hope to obtain next autumn.

The chairman then dealt fully with the items in the balance sheet, and mentioned that in view of the country's difficulties which came to a head in October of last year they had laid in large supplies of all materials on the gold basis, with the result that the stocks for use throughout this year will, broadly, have been acquired at the lowest prices ruling for more than twenty years.

He also referred to the fact that since the last issue of capital in 1929 £200,000 had been expended on buildings, plant and equipment, and stock and debtors had risen nearly £200,000, and that during the three years, after the final dividend for this year is paid, the sum of £610,000 will have been distributed to the shareholders.

In concluding his remarks, the chairman referred to the issue of ordinary shares to the shareholders, and said: "I think you will appreciate from what I have said that we are expecting a further increase of business this year. There has already been a substantial increase in sales during April and May, and if we are supported by the consumer and the trade, as we anticipate, we should be able a year hence to face you with another good report."

"I again pay my tribute to the loyal work of the managers, the executive staff, and workpeople, and I take pride in their achievements."

The report was unanimously adopted.

CITY DEEP, LIMITED.

PROFIT-MAKING POSITION REGAINED.

The thirty-first ordinary general meeting of shareholders of City Deep, Limited, was held, on Friday, April 23rd, in Johannesburg.

The Chairman (Mr C. L. Read) said:—The outstanding feature of the year was the regaining of a profit-making position, thus fulfilling the prospect held out at the annual meeting a year ago. This position was reached in August last, when, after a period of forty-one consecutive months of working losses, a working profit of £754 was declared. The two succeeding months yielded improving working profits, and it appeared as though the working losses of the first seven months of the year would be wiped out before the end of December. In November, however, an outbreak of fire underground caused a temporary disorganisation of operations, and the working profit fell to £1,556, or £1,949 less than in October. The final month of the year returned the best profit, viz., £4,636, and the year closed with the small adverse balance on working account of £1,626. After allowing for the various other items specified in the working expenditure and revenue account and the appropriation account, the year showed a net loss of £35,049, or £4,858 less than that of 1930. The figures are not altogether comparable, seeing that in 1931 a sum of £9,454 was provided towards the outstanding liability for miners' phthisis compensation, whereas in 1930 no provision was possible on that account. The year closed with a cash deficit of £502,237, or, after allowing for cash assets, a shortfall of £404,269 on the financial position.

WORK ON REDUCED SCALE.

The reorganisation of work on a reduced scale of production, in accordance with the policy adopted a year ago, was systematically effected, and was completed in August. As a direct consequence, the total labour force employed at the mine in December last showed a reduction of 24.35 per cent. on that of December, 1930, and the ore milled during 1931 was less by 136,500 tons than in 1930.

The development footage accomplished amounted to 35,175, approximately 12,000 feet less than in 1930, and an average advance of practically 3,000 feet per month. Of 15,015 feet sampled on Main Reef Leader, 7,095 feet were classed as payable, having an average grade of 32.4 inch-dwts. A small amount of development on South Reef in the eastern section of the mine indicated favourable prospects of the opening up of a considerable tonnage of medium-grade ore. The payable tonnage developed during the year was 739,200 tons, of an average value of 6.13 dwt. over a stoping width of 43 inch.

The ore reserve, as revalued at December 31st last, amounted to 1,795,000 tons, of an average value of 6.23 dwt. over a stoping width of 43.5 inch. The reserve available for stoping was 1,323,800 tons, of an average value of 6.08 dwt. over a stoping width of 42.9 inch. Compared with the available reserve a year earlier, there is an increase of 55,600 tons, and an improvement of 0.1 dwt. in the average value. The increase in tonnage is relatively more valuable on the present reduced mill tonnage basis than would have been the case had there been no reduction in the general scale of operations.

THE OUTLOOK.

Mr Read briefly stated the position of the mine in the light of recent development, and proceeded:—The foregoing summary bears out the consulting engineer's anticipation that, upon revaluation of the ore reserve at the close of the current year, a similar tonnage position will be shown, but that no improvement in grade can then be expected. The cumulative effect of five years of poor develop-

ment and the absence of continuity of payable values over any extensive stretch of ground combine to make the development prospects less attractive than could be desired. A development programme at an average of 3,000 feet per month will be maintained for the present, and I can only express the hope that it may prove productive of more satisfactory results than the similar efforts of recent years. The indebtedness to the Rand Mines, Limited, and the Central Mining and Investment Corporation, Limited, without whose consistent financial support on so large a scale it would have been impossible to continue operations, amounted at December 31st last to £418,354, in addition to which there is the outstanding liability of £327,385 in respect of miners' phthisis compensation.

During the first three months of the current year an average of 79,833 tons of ore has been milled per month, showing a yield of 5.257 dwt. and a working revenue of 22s. 4.3d. per ton milled. Costs have been 21s. 1.4d. per ton milled, and a total working profit of £14,843 has been earned.

To a company circumstanced as is the City Deep, the currency policy of the Union of South Africa is of vital interest. I will attempt to indicate in some degree the effect—as we foresee it—of a reasoned measure of devaluation of South African currency, unaccompanied by unnecessary inflation, upon the position and prospects of the City Deep mine. For this purpose let us consider the first three months of the current year, the results of which I have just stated. Assuming a premium of 25 per cent. on gold, as a result of a currency devaluation of 20 per cent.—a very conservative assumption—the working revenue per ton milled would have been 27s. 11.375d. Allowing an increase of costs to the extent of 10 per cent., the working costs per ton milled would have been 23s. 2.74d. The working profit per ton milled would then have been 4s. 8.635d. per ton milled, and on 239,500 tons of ore milled an aggregate working profit would have been made of £56,517, as against the £14,843 actually realised. On this basis we would make a working profit for the year of £226,068, and, with a continuation of the assumed conditions, the company would have a very favourable prospect of discharging its debt, making good the arrear provision towards miners' phthisis compensation, increasing its development operations with a view to the more rapid and effective exploration of its virgin mining ground and becoming re-established as a profitable enterprise. This would react to the benefit of shareholders and in no less degree to the benefit of the State and the community in general.

The motion that the directors' report, balance sheet and accounts for the year ended December 31, 1931, be received and adopted was seconded by Sir William Dalrymple and carried unanimously.

VENEZUELAN OIL CONCESSIONS, LIMITED.

A SATISFACTORY PROFIT.

FURTHER CONSIDERABLE ECONOMIES EFFECTED.

DIVIDEND OF 10 PER CENT.

The sixteenth ordinary annual general meeting of the Venezuelan Oil Concessions, Limited, was held, on the 31st ultimo, at Southern House, London, E.C.

The Right Hon. the Viscount Bearsted, M.C. (the chairman), presided.

The Secretary (Mr W. A. Turner, F.C.I.S.) having read the notice convening the meeting and the auditors' report,

The Chairman, in the course of his speech, said:—The proceeds of oil sold during the past year and the value of oil stocks amount to £2,854,081. The corresponding figure for 1930 was £4,639,084. The reduction—of £1,785,003—is due to reduced production and poorer prices. We continued our policy of voluntarily restricting production, which has fallen from 5,878,180 tons in 1930 to 4,898,792 tons in 1931, and prices showed a further considerable decline throughout the year, the average price realised being 4s. 3d. per ton less than in 1930. The gross income in 1931 amounted to £2,937,173, compared with £4,670,881 in 1930—a reduction of £1,733,718.

The expenditure side of the account shows that further very considerable economies have been effected throughout the year.

BALANCE-SHEET FIGURES.

Turning to the balance sheet, the further considerable reductions effected in stocks have, of course, helped to improve our financial position. Oil in stock at £23,254; trade debtors, etc., at £241,006; investments in British Government securities at £1,265,305; Treasury bills at £1,283,244; and cash at £38,059, give a total of £2,850,868, which compares with the corresponding total for this group of assets at the end of 1930 of £2,520,504. Against this there are current liabilities amounting to £649,125, consisting of bills payable £55,269, and trade creditors, etc., £593,856. The corresponding total of current liabilities at the end of 1930 amounted to £726,473. Adding the increase in current assets to the decrease

in current liabilities, it will be seen that the liquid position at the end of 1931 has improved by £407,712, as compared with the position at the end of 1930.

The balance of profit brought forward from 1930 was £178,097, which, with the profit for 1931 of £697,124, makes a credit balance of £875,221. Your directors recommend a dividend of 10 per cent., less income tax at 5s. in the £, on both classes of shares, amounting to £719,737, and that a balance of £155,484 be carried forward.

EFFECT OF EAST TEXAS PRODUCTION.

The world depression which industry was obliged to face in 1931 was made particularly difficult in the oil business by a sudden glut of unexpected and unwanted production from the new fields of East Texas. At the beginning of the year practically no oil was being recovered from this area, but by April it was producing at the rate of about 250,000 barrels per day, and by July at the rate of over 500,000 barrels per day. This oil was thrown on the market without thought of its demoralising effect, and new low levels for prices of all products on the American Atlantic seaboard resulted.

The competition created by the advent of East Texas as an important producer and the further falls in prices for oil products caused some companies operating in other fields to increase their production. I can see no justification for such a course. It is shortsighted and in the end must react unfavourably, not only upon the industry as a whole, but particularly upon those companies who adopt it.

It is to be regretted that one of the largest companies operating in Venezuela followed this unsound policy during the second half of last year. Despite this, however, the total Venezuelan production in 1931 was about 13 per cent. lower than in 1930.

Your company has consistently maintained its policy of producing at the stabilised rate, which was informally agreed with the other Venezuelan companies, and I think you will agree that it is something of an achievement that, following this policy and with the resulting reduction of over 16 per cent. in our production for 1931 as against 1930, we have realised a profit of about £700,000 on the year's operations. (Applause.)

Part of this profit results, of course, from the fact that our contracts are all based on American currency, and we therefore gain to some extent on the exchange.

MOST IMPORTANT FACTOR.

The economies which have been pressed to the utmost all through our operations, have been the most important factor contributing to the results of the year. The benefits of these reductions in expenditure are being felt more effectively now than in the past, although they are to some extent offset by the necessity for substantial additional expenditure for the protection of the Lagunillas field. The average cost per barrel of oil produced in 1931 shows a reduction of about 27 per cent. as compared with the average over 1930. (Applause.)

As a result of the uneconomic levels to which prices for products fell, the price receivable under the 20 million barrel contract, as fixed by the Award of Arbitration, became unreasonably low. An arrangement was made with the buyers whereby, without alteration of the price formula, a minimum price per barrel was agreed upon. This arrangement is still in operation. Our other contracts, both with the Asiatic Petroleum Company and the Canadian Eagle Oil Company, also contain provisions for minimum prices per barrel, and these minima prevailed throughout the year. A supplemental contract with the Canadian Eagle Oil Company was concluded covering 1932, to take the place of a similar contract which applied during last year. The disposal of our large production at what can only be considered favourable prices in the present state of the world's markets was, in my view, only made possible by our association with the Royal Dutch-Shell Group.

The break in prices to which I have referred was mainly brought about by reductions in the index price of fuel, which is the main constituent of our crude. Actually these reductions amounted to more than 40 per cent. during the year. The fall became more marked as the year progressed, and prices were at their lowest at the end of the year.

THE CURRENT YEAR.

As regards the current year, I have already referred to the exchange benefits. Fuel prices show signs of improvement, but the course of prices during the next six months depends upon so many factors that I am not in a position to offer any opinion upon this year's probable revenue.

Our total production for this year up to May 21st has amounted to approximately 1,857,000 metric tons. This rate is slightly less than the average rate over last year.

Sir W. Charles Wright, Bt., K.B.E., C.B., seconded the adoption of the report and accounts, which was carried unanimously, and a cordial vote of thanks to the chairman terminated the proceedings.

Banking in Finland

CAPITAL AND RESERVES:
Fmk. 428,000,000.
TOTAL ASSETS (31/1/32)
Fmk. 3,899,061,000.

KANSALLIS-OSAKE-PANKKI

(National Joint Stock Bank)

HEAD OFFICE: HELSINKI
(HELSINGFORS), FINLAND

Established 1889.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended May 28, 1932, amounted to £6,350,200 against ordinary expenditure of £6,668,000. After allocating £475,000 to Sinking Fund and having allowed for a reduction in Exchequer Balances of £1,862,904, the operations for the week, as shown below, reduced the National Debt by £1,070,000 to £7,603,875,000:—

(000's omitted.)

Public Department Advances	£ 4,500	Treasury Bills	£ 8,820
By 3% Treasury Bonds	3,150	P.O. and Telegraph Money	200
National Savings Certificates	300		
	+ 7,950		- 9,020

A complete analysis of the National Debt at March 31, 1932, was printed in the *Economist* of April 2, 1932.

REVENUE.	Total Receipts into the Exchequer.			
	April 1, 1932, to May 28, 1932.	April 1, 1931, to May 30, 1931.	Week ended May 28, 1932.	Week ended May 30, 1931.
ORDINARY REVENUE.	£	£	£	£
Inland Revenue—				
Income Tax	16,270,000	18,400,000	207,000	6,000
Sur-Tax, including Arrears of Super-Tax	5,290,000	8,620,000	570,000	660,000
Estate, &c., Duties	12,050,000	13,370,000	1,440,000	2,700,000
Stamps	1,070,000	1,160,000	330,000	170,000
Excise Profits Duty and Corporation Profits Tax	...	...	...	...
Land Tax and Mineral Rights Duty	90,000	120,000	60,000	30,000
Total Inland Revenue	34,770,000	41,670,000	2,607,000	3,566,000
Customs and Excise—				
Customs	25,559,000	18,887,000	3,954,000	1,527,000
Excise	18,806,000	18,300,000	606,000	603,000
Total Customs and Excise	44,365,000	37,187,000	4,560,000	2,130,000
Motor Vehicles Duties (Exchequer Share)	626,000	641,000	Dr. 70,000	D. 1,000,000
Post Office (Net Receipt)	4,100,000	4,350,000	Dr. 300,000	D. 1,000,000
Crown Lands	230,000	240,000	40,000	39,343
Receipts from Sundry Loans	948,281	5,939,259	7,168	25,055
Miscellaneous Receipts	450,739	4,219,013	5,998	25,055
Total Ordinary Revenue	85,490,020	94,246,272	6,350,166	4,760,398
SELF-BALANCING REVENUE.				
Post Office	8,200,000	8,100,000	2,000,000	2,100,000
Motor Vehicle Duties apportioned to Road Fund	3,249,000	3,205,000	70,000	...
Total Self-Balancing Revenue	11,449,000	11,305,000	2,070,000	2,100,000
Total	96,939,020	105,551,272	8,420,166	6,860,398

EXPENDITURE.	Total Issues out of the Exchequer to meet Payments.			
	April 1, 1932, to May 28, 1932.	April 1, 1931, to May 30, 1931.	Week ended May 28, 1932.	Week ended May 30, 1931.
ORDINARY EXPENDITURE.	£	£	£	£
Interest and Management of National Debt	45,892,706	41,511,964	589,167	1,542,176
Payments to Northern Ireland Exchequer	715,536	771,101	283,750	317,805
Other Consolidated Fund Services	297,688	309,663	100	15,740
Total	46,905,930	42,592,728	873,017	1,875,721
Total Supply Services (excluding Post Office)	61,525,000	61,304,000	5,795,000	5,648,000
Total Ordinary Expenditure	108,430,930	103,896,728	6,668,017	7,523,721

EXPENDITURE.	Total Issues out of the Exchequer to meet Payments.			
	April 1, 1932, to May 28, 1932.	April 1, 1931, to May 30, 1931.	Week ended May 28, 1932.	Week ended May 30, 1931.
SELF-BALANCING EXPENDITURE.	£	£	£	£
Post Office	8,200,000	8,100,000	2,000,000	2,100,000
Road Fund	3,249,000	3,205,000	70,000	...
Total Self-Balancing Expenditure	11,449,000	11,305,000	2,070,000	2,100,000
Total Ordinary and Self-Balancing Expenditure	119,879,930	115,201,728	8,738,017	9,623,721
New Sinking Fund (1928)	4,315,318	6,383,226	475,000	485,000
Total (including New Sinking Fund)	124,195,248	121,584,954	9,213,017	10,108,721

The aggregate revenue and expenditure to May 28, 1932, is shown below:—

FINANCIAL YEAR, 1932-33, APRIL 1st to MAY 28th, 1932.

(000's omitted.)

Expenditure	£ 108,431	Revenue	£ 85,490
New Sinking Fund	4,315	Decreases in balances	2,932
		Net amount borrowed	24,327
	112,746		112,746

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Outstanding—	May 30, '31.	Mar. 31, '32.	May 28, '32.	May 28, '32.
Advances by Bank of England	19,700,000	7,500,000	4,500,000	+ 4,500,000
Advances by Public Departments	586,750,000	604,455,000	602,425,000*	- 8,820,000
Treasury Bills outstanding	606,450,000	611,955,000	606,925,000	- 4,320,000

* Includes £1,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £45,000,000 in Treasury Bills were opened on May 20, 1932, and the total amount applied for was £50,060,000. Tenders were accepted for bills at three months, dated Monday to Friday at £99 15s. 4d., about 51 per cent., and above in full, and Saturday at £99 15s. 5d. and above in full. The amount allotted was £45,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1932.	£	£	£ s. d.
May 6	35,000,000	62,065,000	1 10 11-36
May 13	35,000,000	50,740,000	0 19 6-62
May 20	35,000,000	53,775,000	0 19 6-35
May 27	45,000,000	50,060,000	0 17 9-99

The OCEAN ACCIDENT and GUARANTEE CORPORATION, Limited.

Accidents and Illness.
Employers' Liability. Fidelity Guarantees.
Burglary. Fire. Motor Cars. Public Liability.
Inspection and Insurance of Boilers, Engines, Electrical Plant and Lifts.
Executives and Trusteeships.

Head Office: 36-44 MOORGATE, LONDON, E.C.

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, June 1, 1932.

ISSUE DEPARTMENT.

Notes Issued:—	£	Government Debt	£ 11,015,100
In Circulation	355,413,751	Other Government Securities	192,121,649
In Banking Department	48,203,712	Other Securities	68,051,948
		Silver Coin	3,811,303
		Amount of Fiduciary Issue	275,000,000
		Gold Coin and Bullion	128,617,463
	£403,617,463		£403,617,463

BANKING DEPARTMENT.

Proprietors' Capital	£ 14,553,000	Government Securities	£ 73,914,656
Reserve	3,231,107	Other Securities	5,375,895
Public Deposits	18,552,692	Discounts and Advances	£12,481,965
Other Deposits	£89,956,577	Securities	£25,119,787
Bankers'	34,149,862	Notes	37,601,752
Other Accounts	124,106,439	Gold and Silver Coin	48,203,712
7-Day and other Bills	1,145		724,263
	£160,444,383		£160,444,383

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

Both Departments.	Amount, June 1, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	£ 355,413,751	+ 1,192,562	- 957,043
Public deposits	18,552,692	- 5,053,521	+ 12,007,547
Bankers' deposits	89,956,577	+ 12,412,445	+ 17,747,315
Other deposits	34,149,862	+ 1,201,511	+ 229,458
Seven-day bills	1,145	+ 65	+ 4,935
Total, outside liabilities	498,074,027	+ 9,753,062	+ 29,022,342
Capital and reserve	17,784,107	+ 9,307	+ 11,035
Government debt and securities	277,051,405	- 4,354,195	- 5,638,813
Discounts and advances	12,481,965	+ 310,323	+ 5,375,895
Other securities	93,171,735	+ 10,228,313	+ 53,154,231
Silver coin in issue department	3,811,303	- 2,692	- 287,654
Coin and bullion (bank's reserve)	129,341,726	+ 3,580,620	- 23,592,352
Reserve of notes and coin in banking department	48,927,975	+ 2,388,058	- 7,635,309
Proportion of reserve to outside liabilities			
(a) Banking department only ("proportion")	34.1%	- 1%	- 15.1%
(b) Gold stocks to deposits and notes ("reserve ratio") ..	26	+ 1%	- 6.1%

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Bank Rate.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1932.	£	£	£	£	£	£	%
April 27	395,816	352,814	23,351	58,284	35,283	Nil	3 1/2
May 4	395,816	356,580	10,297	75,060	36,670	Nil	3 1/2
11	395,816	358,314	13,719	78,030	33,180	Nil	3 1/2
18	397,830	358,440	21,427	74,602	32,618	2,013 in	2 1/2
25	400,032	354,221	23,606	77,544	32,948	2,202 in	2 1/2
June 1	403,617	355,414	18,553	89,957	34,150	3,563 in	2 1/2

(000's omitted.)

	Issue Department.		Both Depts.		Banking Department.			
Date.	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.		Govt. Securities.	Discounts & Advances.	Other Securities.	Reserve & the "Proportion."
1932.	£	£	£	%	£	£	£	£
Apr. 27	221,002	50,196	121,477	25 1/2	62,621	11,535	16,818	43,662
May 4	218,560	52,629	121,460	25 1/2	69,076	11,585	19,228	39,880
11	206,524	64,684	121,485	25 1/2	72,136	12,096	18,710	30,324
18	209,693	61,487	123,525	25 1/2	75,945	11,689	21,698	40,083
25	212,031	59,155	125,761	25 1/2	69,375	12,172	23,788	46,540
June 1	203,157	68,052	129,342	26	73,915	12,482	25,120	48,928

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1932.	£	£	£	£
January 1 to May 18	10,103,948	634,948	1,054,766	11,793,662
Week ended May 25	482,255	29,160	79,719	591,134
Week ended June 1	552,746	27,986	45,214	625,946
Total to date, 1932	11,138,949	692,094	1,148,699	12,979,742
Total to date, 1931	15,248,116	740,787	1,188,031	17,176,934
Increase or decrease in 1932	-4,109,167	-48,693	-39,332	-4,197,192
	- 27.1%	- 6.6%	- 3.3%	- 24.4%
Total for year 1931	31,815,808	1,667,852	2,752,209	36,235,869
Total for year 1930	38,792,577	1,812,146	2,963,631	43,568,354
Increase or decrease in 1931	-6,966,769	-144,294	-211,422	-7,322,485
	- 17.9%	- 7.9%	- 7.1%	- 17.8%

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

No. of working days	Week ended May 28.		Month of May.			Aggregate Totals, January 1 to May 28.	
	1931.	1932.	1931.	1932.	Inc. or Dec.	1931.	1932.
	£	£	£	£	—	£	£
BIRMINGHAM	1,521	1,799	8,947	8,435	— 5.7	47,522	45,348
BRADFORD	706	958	3,027	3,191	+ 5.4	16,222	14,103
BRISTOL	695	1,107	4,334	4,957	+ 14.3	23,744	24,415
DUBLIN	4,289	5,097	...	...	...	105,568	113,357
HULL	518	563	2,975	2,994	+ 0.6	15,899	15,833
LEEDS	580	710	3,548	3,224	— 9.1	18,798	18,405
LEICESTER	330	437	2,474	2,149	+ 5.0	13,775	14,537
LIVERPOOL	5,110	5,568	23,991	24,009	+ 0.07	112,216	117,266
MANCHESTER	9402	7,262	37,685	38,743	+ 2.8	198,767	203,042
NEWCASTLE	6,403	1,196	5,227	5,055	— 3.2	28,083	27,264
NOTTINGHAM	233	316	1,607	1,641	+ 2.1	9,803	8,694
SHEFFIELD	422	563	2,881	2,805	+ 2.6	16,864	15,532
Total.....	21,749	25,576	96,696	97,403	+ 0.7	612,261	621,256

OVERSEAS BANK RETURNS

NOTE.—The latest return of the Bank of Denmark appeared in the *Economist* of May 7. Bank for International Settlements in May 14; Roumania in May 21; Canadian Bank, National Bank of Egypt, Danzig, Lithuania, Switzerland, Chile, Latvia and Sweden in May 28.

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

RESOURCES.	June 4, 1931.	May 12, 1932.	May 19, 1932.	May 26, 1932.	June 2, 1932.
Total gold reserve	3,259,110	2,956,420	2,919,030	2,857,080	2,751,070
Total bills discounted	172,830	471,370	464,940	471,270	494,600
Bills bought in open market	134,150	42,720	40,640	38,370	35,480
Total U.S. Govt. securities	598,350	1,385,270	1,466,400	1,525,200	1,575,200
Total bills and securities	907,020	1,904,400	1,977,010	2,040,060	2,110,420
Total resources	5,045,100	5,615,640	5,681,290	5,635,220	5,650,060
LIABILITIES.					
Federal Reserve notes in actual circulation	1,583,570	2,551,360	2,558,110	2,532,710	2,564,400
Deposits—Member banks—					
Demand	2,388,530	2,144,370	2,192,400	2,214,380	2,124,680
Time	2,484,560	2,272,970	2,289,530	2,320,770	2,243,080
Capital paid in and surplus	443,050	414,230	414,200	414,170	414,220
Total liabilities	5,045,100	5,615,640	5,681,290	5,635,220	5,650,060
Ratio of total reserves to deposit and Federal Reserve note liabilities combined	84.2%	65.6%	64.4%	63.1%	61.4%

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

RESOURCES.	June 4, 1931.	May 12, 1932.	May 19, 1932.	May 26, 1932.	June 2, 1932.
Total gold reserves	1,156,780	823,470	824,190	927,280	814,120
Total bills discounted	29,930	100,080	98,190	99,740	105,100
Bills bought in open market	41,630	13,830	13,880	12,720	11,140
Total U.S. Govt. securities	145,150	692,160	719,950	652,460	680,950
Total bills and securities	218,360	809,350	835,340	768,460	800,660
Deposits—Memberbank—					
Demand	1,003,340	989,970	1,027,270	1,072,560	961,150
Time					
Ratio of total res. to dep. and Federal Res. note liabilities combined	90.4%	54.6%	53.7%	58.6%	54.6%

FEDERAL RESERVE MEMBER BANKS.

In \$'s (000,000's omitted).

RESOURCES.	May 20, 1931.	Apr. 20, 1932.	Apr. 27, 1932.	May 4, 1932.	May 11, 1932.	May 18, 1932.
Loans	14,905	11,969	11,882	11,842	11,717	11,661
Investments	7,803	7,150	7,151	7,435	7,423	7,376
Time deposits	13,757	11,053	11,144	11,082	11,146	11,134
Due from banks	1,724	1,084	1,163	1,250	1,235	1,233
Due to banks	3,670	2,613	2,682	2,832	2,787	2,756
Federal reserve borrowings	28	255	225	205	175	180

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

ASSETS.	May 8, 1931.	Apr. 8, 1932.	Apr. 15, 1932.	Apr. 22, 1932.	Apr. 29, 1932.	May 6, 1932.
Gold coin and bullion	6,204	6,719	7,234	7,183	7,051	6,785
Subsidiary coin	319	463	472	477	475	477
Bills discounted: Domestic and Union Gov. Treas.						
Bills	297	2,117	1,540	1,695	1,682	1,268
Bills discounted: Foreign	6,620	55	57	66	71	62
Investments	1,859	1,630	1,512	1,322	1,484	1,367
LIABILITIES.						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	720	802	802	802	802	802
Notes in circulation	7,333	7,443	6,831	8,012	8,096	7,695
Government deposits	1,563	1,053	1,513	1,585	1,237	1,015
Bankers' deposits	4,849	3,971	4,473	4,347	4,030	4,072
Ratio of cash reserves to liabilities to public	45.4%	54.5%	58.3%	59.2%	54.3%	52.5%

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

ASSETS.	May 8, 1931.	Apr. 8, 1932.	Apr. 15, 1932.	Apr. 22, 1932.	Apr. 29, 1932.	May 6, 1932.
Total securities	29,272	21,444	23,281	24,619	25,290	24,769
Loans	12,130	9,336	9,120	8,633	9,266	10,813
Cash credits	29,096	23,825	23,834	23,802	24,166	24,428
Inland bills	4,321	6,035	5,774	6,180	6,124	5,366
Foreign bills	40,65	29,48	29,88	34,38	27,14	31,21
Dead stock	2,754	2,694	2,694	2,694	2,694	2,694
Bal. with other banks	21,40	40,18	40,18	40,18	40,18	40,18
LIABILITIES.						
Capital paid up	5,620	5,620	5,620	5,620	5,620	5,620
Reserve	5,400	5,000	5,000	5,000	5,000	5,000
Total deposits	76,351	67,726	68,044	69,251	68,384	68,095
The above include—						
Deposits in London	3,071	941	956	914	910	872
Advances in London	3,018	844	838	841	831	648
Cash, &c., at other Banks in London	163	305	304	216	395	340

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

ASSETS.	May 29, 1931.	May 6, 1932.	May 13, 1932.	May 20, 1932.	May 27, 1932.
Gold	55,634,061	78,339,832	78,651,492	78,906,967	79,470,236
Foreign assets—					
Sight deposits	5,430,228	4,594,342	4,654,226	4,585,239	4,474,215
Bills, &c.	20,729,695	6,759,168	6,232,572	5,433,960	...
Home bills	6,189,596	3,433,147	3,551,465	3,450,549	...
Advances against sec.	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
To the State	2,806,103	2,842,574	2,767,226	2,719,187	2,699,905
Other advances	5,082,397	6,880,527	6,880,527	6,880,527	6,880,527
Slaking Fund Dept.	4,116,026	6,118,495	5,563,571	5,507,002	...
Other assets (exclud. ing forward exch.)	78,185,340	82,382,036	81,749,820	81,247,175	81,417,780
LIABILITIES.					
Public deposits	9,940,151	3,086,392	5,079,039	4,336,634	3,431,701
Private deposits	12,215,498	23,703,244	22,158,644	22,676,528	23,666,609
Other liabilities	2,847,118	2,649,142	2,513,576	2,423,094	...

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

ASSETS.	Position, May 28, 1931.	May 28, 1932.	May 12, 1932.	May 19, 1932.	May 26, 1932.
Gold	232,650	870,027	52,093	52,982	55,826
Foreign bills and balances abroad	697,600	74,395	909,210	908,278	921,860
LIABILITIES.					
Notes in circulation	934,150	3,218,458	3,664,426	3,649,861	3,607,996
Current accounts	112,125	161,162	167,050	207,506	248,915

(b) In thousand francs.

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

ASSETS.	May 30, 1931.	May 14, 1932.	May 23, 1932.	May 31, 1932.
Gold	2,390,327	851,484	856,284	862,721
Of which deposited abroad	207,638	98,795	98,795	98,795
Reserve in foreign currencies	186,181	139,192	134,830	128,552
Bills of exchange and cheques	1,816,432	3,015,040	2,798,891	3,008,473
Silver and other coin	174,315	236,875	333,443	224,848
Notes and other German banks	5,120	7,272	11,036	2,693
Advances	167,182	102,401	95,150	257,253
Investments	102,697	361,561	361,561	363,472
Other assets	541,489	821,083	783,391	804,796
LIABILITIES.				
Share capital	150,000	150,000	150,000	150,000
Reserves	337,331	417,426	417,426	417,426
Notes in circulation	4,299,122	3,922,946	3,739,275	3,960,565
Other daily maturing obligations	353,272	353,917	364,566	430,559
Other liabilities	244,018	690,619	703,119	694,260
Cover of note circulation	59.9%	25.3%	26.5%	25.0%

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

ASSETS.	Position, May 30, 1931.	May 26, 1932.	May 2, 1932.	May 9, 1932.	May 17, 1932.	May 23, 1932.
Gold	163,092	449,978	910,707	923,719	937,450	945,499
Silver	8,436	36,825	24,713	24,257	24,004	24,206
Home bills discounted	42,182	54,202	52,699	52,928	52,928	52,046
Foreign bills	253,504	223,736	88,572	88,572	88,572	88,572
Loans and advances						
In current acct.		93,341	117,982	101,804	100,369	100,268
LIABILITIES.						
Notes in circulation	316,632	837,205	1,044,073	1,013,718	996,791	985,965
Deposits	5,016	42,659	156,351	181,606	210,703	229,088

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

ASSETS.	Position, May 30, 1931.	May 30, 1932.	May 7, 1932.	May 14, 1932.	May 21, 1932.	May 28, 1932.
Gold	22,971	114,934	148,900	148,500	148,400	148,900
Silver	29,785	47,053	148,900	148,500	148,400	148,900
Discounts, advances, and other investments	77,567	119,166	106,700	105,500	102,700	104,200
LIABILITIES.						
Notes in circulation	109,499	243,933	229,400	227,200	222,600	221,200
Deposits and bills payable	11,250	41,819	27,200	27,800	30,000	32,900

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

ASSETS.	May 30, 1931.	Apr. 20, 1932.	Apr. 30, 1932.	May 10, 1932.	May 20, 1932.
Gold, coin and bullion	5,315,500	5,626,400	5,630,200	5,631,300	5,636,400
Foreign bills and balances abroad	4,105,900	1,492,800	1,483,500	1,487,100	1,499,400
Other cash	260,700	323,200	329,800	328,200	338,300
Gold deposited abroad due by the State	1,774,700	1,772,800	1,772,800	1,772,800	1,772,800
Discounts	2,741,000	4,615,800	4,753,400	4,709,100	5,073,900
Advances	1,093,500	1,018,000	1,090,500	1,061,800	1,479,500
Credit with "Istituto di Liquidazione"	626,200	1,612,100	1,616,700	1,650,700	1,650,700
Government securities	1,214,300	1,369,600	1,366,300	1,366,300	1,366,000
LIABILITIES.					
Notes in circulation	14,671,700	13,145,100	13,375,000	13,320,000	12,905,400
Public deposits	300,000	300,000	300,000	300,000	300,000
Other deposits and drafts	1,487,000	1,493,200	1,353,900	1,365,400	1,270,000
Ratio of reserve to note and sight liabilities combined	57.24%	47.68%	47.33%	47.78%	49.30%

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

ASSETS.	Position, May 31, 1931.	May 22, 1932.	May 7, 1932.	May 18, 1932.	May 23, 1932.
Coin and bullion—Gold	44,224	146,389	155,259	155,259	155,259*
Balance abroad and foreign bills	28,533	31,098	18,913	16,400	14,907
Norwegian and Foreign Government securities	8,816	53,940	28,011	27,931	27,931
Discounts and loans	76,911	173,458	269,546	270,273	270,108
LIABILITIES.					
Notes in circulation	113,484	289,434	307,483	304,653	300,580
Deposits at sight	7,188	63,773	99,734	100,913	103,272

* Includes an amount of Kr. 37,159,000, which the Bank has at its free disposal abroad.

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

ASSETS.	Position, May 30, 1931.	May 23, 1932.	Apr. 30, 1932.	May 7, 1932.	May 14, 1932.	May 21, 1932.
Gold	521,775	2,423,885	2,551,604	2,552,425	2,552,703	2,553,166
Silver	728,600	698,005	559,328	554,757	555,910	559,359
Loans & Discounts	800,725	2,555,086	3,358,955	3,352,695	3,351,894	3,352,484
Spanish &c. stock	344,475	344,475	344,475	344,475	344,475	344,475
Adv. to Treasury	150,000	150,000	150,000	150,000	150,000	150,000
LIABILITIES.						
Notes in circulation	901,560	5,160,438	4,879,642	4,953,660	4,926,255	4,869,125
Deposits	477,500	808,128	925,443	893,750	867,964	907,180

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

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefce.	Ordinary.					
					Amount	Amount.	Rate.				
Banks.		£	£	£	£	£	%	£	£	£	%
British Bank of S. America	Dec. 31	118,760	80,157	198,917	...	30,000	3	50,000	118,917	90,135	8
Hambros Bank, Ltd.	Mar. 31	93,938	276,508	370,446	...	153,000	18 6A	125,000	92,446	295,121	22 1/2 6A
Financial Land, &c.											
Australian Sheep Farms ...	Mar. 31	Dr. 223617	14,169	Dr. 209448	...	...	...	...	Dr. 209448	Dr. 69,817	...
Bechuanaland Exploration	Mar. 31	3,842	1,548	5,390	...	4,437	2	...	953	Dr. 1,279	3 1/2
Java Investment Loan, &c.	Mar. 31	14,712	Dr. 1,777	12,935	...	...	...	...	12,935	28,534	5
Gas.											
Plymouth and Stonehouse Gas Light and Coke	Mar. 31	22,264	38,162	60,426	...	33,763	8	4,000	22,663	38,325	8
Hotels, Restaurants, &c.											
Lyons (J.) and Company ...	Mar. 31	49,782	942,000	991,782	420,353	409,224	22 1/2	100,000	62,205	942,320	22 1/2
Iron, Coal and Steel.											
Niddrie and Benhar Coal Co. Oil.	Mar. 31	2,838	5,958	8,796	...	5,000	2 1/2	1,093	2,703	7,093	5 1/2
Lobitos Oilfields.....	Dec. 31	216,242	113,889	330,131	...	93,750	12 1/2	...	236,381	182,158	10
Rubber.											
Allied Sumatra Plantations	Dec. 31	83,909	Dr. 36,455	47,454	...	...	...	...	47,454	Dr. 22,799	...
British Rubber Estates of	Dec. 31	6,628	Dr. 34,604	Dr. 27,976	...	...	...	...	Dr. 27,976	Dr. 19,637	...
Java.....	Dec. 31	12,312	Dr. 1,413	10,899	...	...	...	800	10,099	Dr. 4,469	...
Glenshiel Rubber Estates....	Dec. 31	Dr. 171	948	777	...	...	...	...	777	Dr. 10,578	...
Henrietta Rubber Estate ...	Dec. 31	...	Dr. 3,918	Dr. 3,918	...	...	...	...	Dr. 3,918	Dr. 2,922	...
Junun Rubber Estates.....	Dec. 31	4,421	Dr. 774	3,647	...	...	...	...	3,647	Dr. 3,514	...
Kuala Selangor Rubber	Dec. 31	6,049	Dr. 1,791	4,258	...	...	...	...	4,258	Dr. 1,499	...
Kurau Rubber Estate	Dec. 31	4,256	Dr. 23,085	Dr. 18,829	700	...	...	Dr. 20,000	471	4,522	...
Linggi Plantations	Dec. 31	1,340	Dr. 1,013	327	...	...	...	Dr. 960	1,287	Dr. 2,286	...
Sungei Matang Rubber.....	Dec. 31	...	...	...	...	...	...	...	...	...	...
Shipping.											
British & Irish Steam Packet	Dec. 31	19,655	181,395	201,050	90,000	90,000	6	...	21,050	163,634	5
British Tanker Company ...	Dec. 31	59,279	211,141	270,420	...	240,000	6 1/2	...	30,420	218,156	6 1/2
Shops and Stores.											
Arding and Hobbs.....	Feb. 19	6,855	3,706	10,561	8,526	...	...	...	2,035	11,091	5
Tea.											
Kerala Tea	Feb. 29	Dr. 2,768	Dr. 6,037	Dr. 8,805	...	...	...	...	Dr. 8,805	...	...
Telegraphs, &c.											
Great Northern Telegraph (Denmark)	Dec. 31	314,418	377,489	691,907	...	400,000	20	...	291,907	435,325	20
Textiles.											
British Thread Mills	Feb. 14	15,691	6,632	22,323	...	5,769	2 1/2 A 50 B	...	16,554	Dr. 161	Nil
Coats (J. and P.), Ltd.....	Dec. 31	361,631	2,024,363	2,385,994	330,000	1,475,000	10	400,000	180,994	1,809,852	15
Trusts.											
General Scottish Trust	Apr. 30	1,084	3,728	4,812	2,212	900	3	...	1,700	4,720	5
Indian and General Invest....	Apr. 30	4,176	28,050	32,226	8,275	18,072	16	...	5,879	33,881	18
Investment Trust Corpor'n.	May 2	204,082	337,736	541,818	87,000	217,500	20	...	237,318	359,885	20
Second Co-operative Invest- ment Trust	Mar. 31*	4,517	20,762	25,279	1,542	11,172	1	...	12,565	25,147	2
Winterbottom Trust	Mar. 31	3,537	33,117	36,654	22,640	...	...	3,500	10,514	41,898	4
Other Companies.											
Amalgamated Metal Corp'n.	Apr. 30	11,360	194,117	205,477	54,000	133,074	3	...	18,403	298,318	5
Associated Biscuit Manuf'rs.	Mar. 31	4,652	115,183	119,835	29,250	84,010	6 1/2	...	6,575	115,043	6 1/2
Brown (Thomas) and Sons	Jan. 31	5,359	Dr. 43,973	Dr. 38,614	...	...	...	...	Dr. 38,614	Dr. 2,983	...
Brush Elect. Engineering ...	Dec. 31	...	Dr. 41,631	Dr. 41,631	...	...	...	Dr. 41,631	...	5,150	...
Cope Bros. and Company ...	Mar. 31	53,222	38,986	92,208	...	35,156	12 1/2	...	5,000	52,052	12 1/2
Dibben (William) and Sons	Dec. 31	3,756	27,184	30,940	15,000	10,000	5	...	1,827	4,113	...
Electric Construction Co. ...	Mar. 31	5,549	Dr. 14,633	Dr. 9,084	4,395	...	...	Dr. 20,402	6,923	Dr. 11,423	...
Holbrooks Limited	Mar. 31	25,280	51,675	76,955	2,727	45,000	15 1/2	...	5,000	24,228	15 1/2
India Tyre and Rubber Co. (Great Britain)	Dec. 31	43,738	Dr. 558,177	Dr. 514,439	23,438	...	...	Dr. 224,503	Dr. 313,774	169,066	57 1/2
McCull (R. S.) Limited.....	Apr. 29	5,091	12,530	17,621	8,850	5,625	5	...	3,146	20,108	7 1/2
Meters Limited.....	Mar. 31	3,702	17,636	21,338	7,216	11,602	9	...	2,520	17,340	9
Metropolitan Association, &c.	Mar. 31	4,493	8,218	12,711	...	7,328	5	...	4,383	8,250	5
Morton (C. and E.)	Dec. 31	5,084	Dr. 13,539	8,455	...	...	...	...	8,455	4,017	...
North British Rubber Co....	Dec. 31	23,103	Dr. 65,023	41,920	...	...	...	Dr. 17,356	Dr. 24,564	Dr. 100,425	...
Telephone Rentals	May 31	17,552	44,614	62,166	...	29,250	6 1/2	...	12,916	48,330	6
Victoria Wine Company ...	Feb. 29	14,082	36,813	50,895	20,000	12,000	8	...	20,000	39,705	10
Yorkshire Dyeware & Chem.	Mar. 31	4,919	18,594	23,513	...	16,875	15	...	6,638	13,034	10

* For half-year.

* For half-year.

† Free of income tax.

OIL OUTPUTS.

BRITISH CONTROLLED OILFIELDS, LTD.—Production for the week ended May 4th: Venezuela, 37,680 barrels; Trinidad, 36,849 barrels; total, 74,529 barrels. Production for April: Venezuela, 167,168 barrels; Trinidad, 157,368 barrels; total, 324,536 barrels. Deliveries for April: Venezuela, 164,328 barrels; Trinidad, 183,858 barrels; total, 348,186 barrels. Production for the week ended May 11th:—Venezuela, 37,207 barrels; Trinidad, 33,960 barrels; total, 71,167 barrels. Production for the week ended May 18: Venezuela, 37,485 barrels; Trinidad, 33,160 barrels; Total, 70,645 barrels. Production for the week ended May 25th: Venezuela, 38,068 barrels; Trinidad, 31,179 barrels; Total, 69,247 barrels.

THE KERN RIVER OILFIELDS OF CALIFORNIA, LTD.—The company's production has been further restricted, and for the month of April was 75,549 barrels, approximately 10,821 tons.

THE MEXICAN EAGLE OIL COMPANY, LTD.—Production for the week ended April 30, 1932, was 262,000 barrels. Production for the week ended May 7, 1932, was 259,000 barrels. Production for the week ended May 14, 1932, was 265,000 barrels.

Commercial Reports.

MARKET SUMMARY.

The movements of prices of primary products at the principal international commodity markets during the past week show that the downward trend in values has not yet been arrested. The absence of an increase in the demand for non-ferrous metals was reflected in the weak tendency of prices in New York. The slight

spurt in domestic copper prices, following the adoption by the United States Senate of an import duty of 4 cents per lb. soon spent itself. Lead remained pegged at 3 cents per lb., but spelter and tin were cheaper. Rubber established a new low record at 2 1/2 cents per lb. Raw cotton slumped heavily from 5 1/2 cents per lb. to 5 cents per lb. Among cereals, wheat, maize, oats, rye and barley were all cheaper. Sugar and coffee are scarcely changed on the week, but cocoa lost a few points. Sterling prices of commodities which lend themselves to grading and therefore to international arbitrage continue to move in sympathy with gold quotations. Reports from the principal industrial centres in this country fail to disclose any improvement in the principal branches of activity. The coal trade continues depressed, and production and transport have been seriously curtailed in Yorkshire. The situation in the iron and steel industries remains unsatisfactory. The cotton trade, besides being threatened with labour trouble, has experienced a slight falling off in the volume of new orders.

THE COAL TRADE.

SHEFFIELD.—Production and transport of coal have been seriously curtailed by floods, but supplies are still sufficient to meet the low level of sales. Best steams for export are rather scarce and prices are firm at 16s. to 16s. 6d. f.o.b. There is a little revival of interest in contracts for June shipment. The export trade, however, is considerably below the level of twelve months ago. Business in industrial fuel, including coke, continues sluggish and house coal trade is below the normal. The position of this coalfield as a whole has fallen off since Easter. Important Russian inquiries are about and firms interested consider that the Government limit to guaranteed credit of Russia will shut out a considerable amount of possible trade. The amount of £1,600,000 is already allocated, or nearly so. The open-hearth steel department lacks tonnage orders and, speaking generally of the local trade, the unwillingness of buyers to place substantial orders remains an outstanding feature of the situation. Overseas business is as difficult to arrange as ever. The Colonies are, however, buying more steel and tools than of late, stocks there having become exhausted. The home market for tools and cutlery is worse than a month ago. A fair amount of confidence in a revival in the early autumn is to be found.

GLASGOW.—The market maintains a steady tone, but is on the whole quiet, and the steadiness of values is due more to a better balancing of supply with demand than to any great volume of business. Import licences and quotas abroad effectively curtail British exports, but ground is being well held in Scandinavian markets. Coastwise business tends to fall off, and industrial and household requirements are quiet. Shipment prices (f.o.b. district ports):—LANARKSHIRE.—Ell best, 14s. 3d.; splint best, 15s.; splint second, 14s. 3d.; navigation, 15s.; navigation second, 14s. 6d.; Hartley, 15s.; steam, 13s.; trebles, 11s. 6d.; doubles, 9s. 9d.; singles, 8s. 9d.; pearls, 8s. 6d.; dross, 8s. 9d. FIFE.—Screened navigation, 16s. 6d.; first-class steam, 12s.; third-class steam, 11s.; trebles, 12s.-14s.; doubles, 10s.-10s. 6d.; singles, 8s. 9d.; pearls, 8s. 6d. LOTHIAN.—Prime steam, 11s.-11s. 6d.; secondary steam, 11s.; trebles, 11s.-11s. 6d.; doubles, 10s. 6d.; singles, 8s. 9d.; pearls, 8s. 6d. Ayrshire.—Unscreened navigation, 16s.; jewel, 16s. 6d.; steam, 12s.; trebles, 12s.; doubles, 10s.; singles, 9s. 9d.; pearls, 9s.; dross, 9s.

CARDIFF.—The general position on the South Wales coal market is unchanged. Current shipments are almost entirely limited to contract commitments and there appears no immediate prospect of any expansion in demand. The total quantity of coal shipped at the South Wales ports last week was 407,295 tons, which compares with 228,345 tons the previous week and 243,482 tons in the corresponding week last year, both holiday periods. Except for some of the drier sized and small coals, prices are ruling on the basis of the minimum schedule. The report of the accountants of the coalfield for the three months ended last April shows, compared with the previous month, an increase in the credit balance of '69d. per ton to 2 1/2d. per ton. Both the output and the volume of trade, however, show a decrease compared with the corresponding period last year, and the slight improvement in the credit balance compared with the three months ended last January is due entirely to a slight reduction in the working costs. The following are the current approximate quotations:—Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 4 1/2d.; best dries, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7 1/2d.; best small steams, 13s. 6d.; cargo smalls, 11s. 6d. to 12s. 6d.; coking smalls, 13s. 6d. to 13s. 9d.; anthracite, best large, 36s. to 38s. 6d.; Red Vein, large, 22s. to 26s. 6d.; machine-made cobbles, 40s. to 48s. 6d.; French nuts, 40s. to 48s. 6d.; stove nuts, 38s. 6d. to 45s.; rubble culm, 8s. 3d. to 8s. 9d.; special foundry coke, 32s. 6d. to 35s.; patent fuel, 20s.; pitwood, ex ship, 18s. 9d. to 20s.

IRON AND STEEL.

MIDDLESBROUGH.—The market for Cleveland iron continues very quiet, and during the past week business has been on a particularly small scale, and practically all for immediate requirements. Trade with Scotland that has recently shown some improvement has fallen off again, and the consumption locally will be reduced by the partial, if not entire, suspension of operations at the Cochrane Grove Foundry of the Cargo Fleet Iron Company, Ltd., where several important contracts in hand are being held up for reasons of economy. It is understood that opportunity is to be taken of the stoppage, by the works management to introduce new methods of manufacture on an important scale. Most other foundries in the

OVER ONE HUNDRED YEARS OF SERVICE.

SCOTTISH UNION & NATIONAL

INSURANCE COMPANY.

ASSETS EXCEED - £15,600,000

FIRE. LIFE. ACCIDENT. MARINE.

Edinburgh: 35, St. Andrew Square.

London: 5, Walbrook, E.C.4. and 4 St. James's Street, S.W.1.

district are moderately employed, and consuming a fair amount of iron, but overhead the production is now scarcely all absorbed, although additions to makers' stocks are only slight so far. Very little business was reported at the weekly market on Tuesday, and official prices for Cleveland were again unchanged, viz.:—No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s. f.o.b. or f.o.t. Substantial concessions are still offered on these prices to Scotch consumers. Hematite continues in quiet demand, and the business passing is mostly for early delivery. Another cargo of 980 tons was despatched last week end to Llanelly, and this business lends a steadying tone to the market, which otherwise would be inclined to sag, as there is not much business of importance in other directions. Ordinary mixed numbers have been maintained at 63s. 6d. per ton up till recently, but some business has quite lately been done at 63s., and this is now considered the market figure for prompt and 63s. 6d. for delivery over a few months. The shipments for May totalled 8,958 tons pig iron, 3,718 tons manufactured iron, and 19,604 tons manufactured steel, against 15,927 tons, 2,213 tons and 27,678 tons respectively in April. In the finished departments orders are not coming to hand at all freely, and work is irregular in several departments. Interest locally is centred in the large order for steel plates secured by the British Steel Export Association from the Soviet Government, as it is understood that this district will be allotted an important share of the work when all details come to be arranged. Prices for steel for home under the rebate scheme are unchanged, viz.:—Plates, £8 15s.; angles, £8 7s. 6d.; joists, £8 15s. Other principal products are iron Crown bars, £9 15s.; heavy steel rails, £8 10s.; 24-gauge galvanized corrugated sheets, £9 10s.; and 24-gauge black sheets £8 5s., also for home use. The ore market continues idle, and in the absence of business it is impossible to state actual values. Best Bilbao rubio is quite nominal at 15s. c.i.f., and the freight Bilbao/Middlesbrough is about 4s. 9d. Imports of all kinds of ore into Middlesbrough for May totalled 35,027 tons, against 29,767 tons in April. Coke continues in abundant supply, and the price of good blast-furnace qualities is easy at 15s. 6d. delivered consuming works. The number of blast-furnaces in operation in the district remains at seventeen.

SHEFFIELD.—Inquiries at iron and steel works reveal no evidence of general improvement, and there are a number of instances of a further decline of orders and inquiries. Firms having satisfactory order books form but a small percentage of the whole. Unemployment continues to increase, and it is significant that several of the largest firms are finding it necessary to discharge further members of their staffs, mostly middle-aged men, who have been filling positions of responsibility.

GLASGOW.—The most promising market for iron and steel products of the West of Scotland at the moment is Canada, and it is reported that the tonnage of iron and steel booked recently is well above that of preceding years. On the whole, however, the situation at the steel works is far from satisfactory, and at the end of last week it was announced that one of the most important steel plants in the Glasgow district would be closed down for at least a week, work having been resumed there only a fortnight earlier after a short stoppage. In the tube trade there is no improvement, and it is still impossible to keep more than a very small portion of the available plant employed. Inquiries for galvanized sheets for export are more numerous than for a few weeks past, and orders booked amount to a considerable tonnage, but demand is not nearly equal to output capacity. Wrought iron and re-rolled steel bars are in poor demand, and British makers are unable to compete with the continental prices quoted.

CARDIFF.—On the Swansea Metal Exchange on Tuesday new business in the steel and tinplate trades was comparatively scarce, but exports under contracts are being fairly well maintained. Tinplates ruled at from 14s. to 15s. per basis box, Welsh steel bars at 95s., and foreign bars at about 83s. per ton delivered. There was a slight increase in the stocks which at the end of last week totalled 176,875 boxes, compared with 160,808 in the previous week, and 233,011 boxes in the corresponding week last year.

OTHER METALS.

TIN.—A small volume of liquidation in London was sufficient to drive down the price of tin on Monday by £3 10s. per ton. On Tuesday, more restricted offerings, coupled with a better support, occasioned a firmer tendency, which was further strengthened on Wednesday, when it became known that Bolivia had accepted the latest restriction proposals of the International Tin Committee, and that the "carry-over" in the Straits at the end of May shows a reduction of 1,269 tons on the previous month. In New York the metal was quoted at 20-75 cents per lb. on Wednesday, against 21-10 cents per lb. a week ago and 22-00 a month ago. Wednesday's official closing quotations in London, in terms of sterling for "standard" cash at £122 2s. 6d. to £122 5s. per ton, compares with £123 7s. 6d. to £123 10s. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 33,395 tons, show an increase of 45 tons on the week.

COPPER.—As was to be expected, the slight improvement in domestic prices following the adoption of the United States Senate of an import duty of 4 cents per lb. on copper, was soon lost, and demand was as poor as ever. Another consequence of the American tariff policy was a further weakening of quotations in London which was, however, assisted on Wednesday by increased reserve on the part of holders. On Wednesday, "Domestic" spot was quoted at 5½ cents per lb. in New York, against 5½ cents a week ago, and 5½ cents a month ago. Wednesday's official closing price for "standard cash" in London, in terms of sterling, at £26 15s. to £26 17s. 6d., compares with £27 10s. to £27 11s. 3d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 19,728 tons, show an increase of 58 tons, while stocks of rough copper, at 769 tons, are unchanged.

LEAD.—The slight improvement in the London price of lead is ascribed chiefly to the scarcity of sellers and does not reflect an expansion in demand. In New York the metal was quoted at 3.00 cents per lb. on Wednesday, against 3.00 cents a week ago, and 3.00 cents a month ago. Wednesday's official closing quotation for "soft foreign" in London, in terms of sterling, at £10 5s. per ton for shipment during the current month, compares with £9 18s. 9d. on the corresponding day last week.

SPELTER.—The market in spelter was quiet and the volume of offerings on Tuesday, though small, caused a decline in prices. Demand was a little better on Wednesday and with the help of restricted supplies, quotations recovered to last week's level. Wednesday's quotation in New York, at 2.825 cents per lb., compares with 2.875 cents a week ago and 2.50 cents a month earlier. Wednesday's official closing quotation in London, in terms of sterling, for "good ordinary brands," was £12 1s. 3d. per ton for shipment during the current month, against £12 2s. 6d. a week ago.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotations for aluminium and nickel have been maintained at £95 per ton and £225-£230 per ton respectively. Quick-silver again sold at £14 per flask, and platinum remained unchanged at £9 15s. per ounce. Foreign antimony was sold at £24-£24 10s. per ton, against £24 10s.-£25 a week ago.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Imports for the week May 26th to June 1st (inclusive) are 57,077 bales, of which 34,456 are American, 3,524 Peruvian, 17,481 Egyptian, 1,230 African, 125 East Indian, and 261 sundries.

Manchester.—The market during the past week has been under the influence of a further decline in raw material rates. Owing to the fear of still lower values, business has been at a very low ebb. Buyers in all quarters have been afraid to place orders. Cloth inquiry for India has fallen off, and only retail lots of light fabrics and fancies have been sold. A few more offers have come through in bleached shirtings for China, and occasional transactions have been arranged. Operations have been very restricted for the several minor outlets East and West. It is impossible at the moment to trade with several markets owing to the difficulties in obtaining remittances. There has not been much activity in home trade fabrics, but there are now indications of rather better clearances throughout the country. There is a certain amount of nervousness with regard to the developments relating to the wages and hours question. Prices for American and Egyptian yarns have favoured buyers, and there has been considerable irregularity in quotations. Home users and exporters have purchased from hand to mouth, and spinners have not been able to sell the limited output.

Cotton Prices.

	1932.				Corresponding Date.	
	May 11.	May 18.	May 25.	June 1.	1930.	1931.
Raw Cotton—Mid. American per lb.	4.56	4.53	d. d.	4.17	8.43	4.65
" Sakaladia Bully Good Fair						
" Egyptian per lb.	6.00	6.10	5.95	5.65	13.30	7.40
Yarns—32's twist per lb.	8½	8½	8½	8½	12½	8½
" 40's twist per lb.	8½	8½	8½	8½	12½	8½
" 60's twist (Egyptian) per lb.	13½	13½	13½	13	21½	14½
32-in. Printers, 116 yds., 16 by 16, 32's and 50's per lb.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's per lb.	16 9	16 9	16 7	16 6	21 9	17 5
34-in. ditto, 58 yds., 18 by 18, 10 lb.	18 9	18 9	18 7	18 6	24 3	19 2
39-in. ditto, 37½ yds., 16 by 15, 8½ lb.	10 4	10 4	10 3	10 2	13 3	10 8
	9 4	9 4	9 3	9 2	12 0	9 7

THE WOOL TRADE.—Bradford.—The second week of the London sales, writes our correspondent, has seen some improvement in the demand without bringing about any definite lift in values. The curtailment of the series by three days has caused no surprise whatever. The total quantity of wool available at the beginning was not excessive, but if 50 per cent. more had been merinos and fine crossbreds instead of medium and low wools, it is just possible that several home and foreign buyers would have been prepared to take a substantial part of them. The chief trouble to-day is that wool supplies do not balance with manufacturing requirements. Some importers and topmakers are already beginning to anticipate a shortage of fine wool before the new clip begins to come round in bulk. This would accentuate the difficulties experienced by topmakers and spinners, for prices of wool, tops and yarns are out of harmony with each other, the last-named being comparatively the cheapest, and during the London sales spinners have been buying tops in Bradford at fully 1d. per lb. below the cost of replacement in the wool. This indicates that wool values are still a controlling

factor, and it is now practically certain that the sales will close with most wools as dear as at the opening. The home trade has taken a large part of the crossbreds sold. An exceptionally large quantity of Cape farmers' clips have been offered this series. Prices for all descriptions of tops have eased slightly in Bradford, but this has not been accompanied by the placing of many big orders. Deliveries of merino contracts are proceeding unabated, but nearly all topmakers find spinners only interested in buying small lots. This is also a feature in all other sections of the trade.

THE GRAIN MARKETS.

WHEAT.—The international wheat situation remains generally unchanged. In fact, there have been no important price movements since the beginning of the year. In view of the fact that the general level of commodity prices has been continually declining, the wheat market has shown remarkable resilience. Although a pronounced and lasting rise in wheat is improbable, until there is an upward movement in prices in general, the world situation of this cereal is much stronger than a year ago. The volume of business during the past week has again been substantial in view of the scarcity of home-grown wheat on the Continent. Prices have weakened a little under the influence of favourable "Spring" crop reports from North America and Europe. The English crop is still backward, owing to the cold spell of weather, but rapid progress is expected when climatic conditions become more favourable. On Wednesday, "July" futures were quoted at 55½ cents per bushel in Chicago, against 58½ cents on the corresponding day last week, and 54 cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 31s. per 496 lbs., as compared with 31s. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 29s. 6d., against 29s. 6d.; No. 3 Northern Manitoba, Vancouver, ex ship, 28s. 3d., against 28s. 9d.; Australian, ex ship, 28s. 9d. to 29s., against 28s. 6d. to 29s. a week ago.

WHEAT FLOUR.—There has been an increase in the demand for flour in this country, and on the Continent, with a consequent hardening of prices. North American shipments, at 194,000 sacks, showed an increase of 84,000 sacks as compared with the previous week. Of this total, 83,000 sacks have been consigned to Europe. Quotations in London, Wednesday: Straight run, delivered country, 25s. 6d. per sack of 280 lbs., as compared with 25s. last week; delivered London, 24s. 6d., against 24s. Manitoba patents, ex store, 25s. 6d. to 27s. 6d., against 25s. to 27s.; and Australian, ex store, 20s. 6d. to 21s., against 20s. 6d. to 21s. a week ago.

BARLEY.—Business in feeding barley both in the United Kingdom and on the Continent, has been on a small scale. On Wednesday, "July" futures were quoted at 37½ cents per bushel in Winnipeg, against 41 cents last week and 39½ cents a month ago. Quotations in London, Wednesday: "English feeding," f.o.b., per 448 lbs, 27s. to 28s., as compared with 27s. to 28s.; River Plate, landed, 24s. to 25s. 6d., against 24s. to 26s. a week ago.

OATS.—The demand for oats has been substantial, but quotations gave way under Canadian selling pressure. "July" futures, which last week stood at 22½ cents per bushel in Chicago, sold at 22½ cents per bushel on Wednesday this week, against 22½ cents a month ago. Quotations in London, Wednesday: "River Plate," landed, 17s. 9d. per 320 lbs., as compared with 18s. last week; "River Plate," ex ship, 16s. 9d., against 16s. 9d.; "Chilean White," landed, 24s. to 26s., against 24s. 9d. to 26s. a week ago.

MAIZE.—Argentina continues to dispose of her shipments in Europe without difficulty, but prices have been a little easier following an increase in "Danubian" offers. Wednesday's quotation in Chicago for "July" futures, at 29 cents, shows a decrease on last week, and a fall of ½ cent as compared with the price a month earlier. Quotations in London, Wednesday: "Plate," landed, 19s. 9d. per 480 lbs., compared with 20s. last week; "Plate," ex ship, 18s. 9d., as against 19s.; "Plate," May-June, 18s. 6d., as against 18s. 9d. Yellow maize meal, ex wharf, was quoted at £5 15s. per ton, against £5 15s. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1931-32, 1930-31, 1929-30, 1928-29:—

	1931-1932.	1930-1931.	1929-1930.	1928-1929.
Estimated sales of home-grown wheat—				
1 week to May 28	Owts. 98,051	Owts. 101,821	Owts. 134,303	Owts. 95,098
39 weeks to May 28	3,299,377	4,437,377	8,721,225	9,198,813
Average price of English wheat per cwt.	s. d. 6 3	s. d. 5 10	s. d. 8 7	s. d. 9 9

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1928 to 1931:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
May 21, 1932	Owts. 120,841	Owts. 14,639	Owts. 29,333	s. d. 6 2	s. d. 7 4	s. d. 8 0
May 28, 1932	98,051	7,751	16,945	6 3	7 1	8 0
June 2, 1928	262,838	21,247	24,637	11 2	10 10	12 11
June 1, 1929	95,098	10,078	14,691	9 9	9 9	9 9
May 31, 1930	134,308	36,554	17,479	8 7	7 3	6 5
May 30, 1931	101,821	14,659	33,617	5 10	6 7	6 11

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Jan. 2, 1931.	June 3, 1931.	Jan. 4, 1932.	May 25, 1932.	June 1, 1932.
Winnipeg (No. 1 Manitoba) —Cents per 60 lb.	148½	56½	60½	62½	63½	61½
Chicago (No. 2 Winter) —Cents per 60 lb.	130½	79½	66½	55½	58½	55½

The visible supply of wheat in Canada, at 58,368,000 bushels, shows a decrease on the week of 1,955,000 bushels. Supplies a year ago stood at 48,573,000 bushels.

OTHER FOODS.

SUGAR.—Although the turnover of raw sugar at the principal international markets has not been on a large scale, prices are scarcely changed on the week. There has been no expansion in the consumption of refined sugar, but the technical position of the raw sugar market in New York has been strengthened by the refusal of holders to make further concessions to stimulate buying. "July" futures in New York were quoted at 0.61 cent per lb. on Wednesday, against 0.61 cent per lb. a week ago, and 0.64 cent per lb. a month earlier. Wednesday's sales of "raws" include "December delivery" at 4s. 10d. to 4s. 10½d. per cwt., against 4s. 10d. to 4s. 10½d., and "March, 1933," at 5s. 1½d., against 5s. 0½d. to 5s. 1d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1932.	1931.	1932.	1931.	1932.	1931.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London.....	5,143	2,162	1,164	1,401	11,480	31,474
Liverpool.....	16,206	9,896	12,881	12,036	123,075	72,544
Total	21,349	12,508	14,045	13,437	134,555	104,018
Last week	14,803	10,449	15,049	14,217	126,951	104,947

COFFEE.—The New York "futures" market showed an easier tendency in quotations. Although business in "spot" coffee was small, prices were maintained. Tuesday's London auctions were characterised by a slight falling-off in demand. There was, however, little change in quotations. Last week's movements of coffee in London were as follows: Brazilian, landed, nil; delivered for home consumption, 219 bags; exported, 2; stocks, 4,447 bags, against 2,961 bags last year. Central American, landed, 3,759 packages; delivered for home consumption, 3,443; exported, 1,938; stocks, 132,490 packages, against 129,807 a year ago. Other kinds, landed, 1,648 packages; delivered for home consumption, 2,303; exported, 2,234; stocks, 97,568 packages, against 100,504 a year ago.

COCOA.—The market in cocoa was dull and easier, both in London and New York. "July" futures were quoted at 3.84 cents per lb. in New York on Wednesday, against 4.07 cents per lb. a week ago and 4.09 cents a month ago. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, June-July, at 23s. 6d. per cwt., f.o.b., London fair fermented, June-July, at 23s. 6d. per cwt. on the week. Last week's movements of cocoa in London were as follows: Landed, 3,053 bags; delivered for home consumption, 6,121 bags; exported, 58 bags; stocks, 177,076 bags, as against 229,705 last year.

TEA.—The quantities catalogued for this week's auction comprise 60,608 packages of Indian, 27,207 packages of Ceylon, and 14,423 packages of Java and Sumatra tea. The market in Indian tea was quiet on Monday, and lower rates were realised. The "Ceylon" auctions on Tuesday showed an all-round decline, and substantial quantities was withdrawn. There was no improvement in prices at Wednesday's Indian sales, and medium qualities showed a further decline in value. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account:—

Week ending	Northern India.		Southern India.		Ceylon.		Java.		Sumatra.		Nyasa-land.		Total.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	
May 21, 1921	0 10-27	1 1-86	1 3-96	0 7-08	0 7-72	0 6-83	1 0-00						
Apr. 14, 1932	0 9-89	0 11-60	1 5-96	0 7-51	0 6-78	0 7-95	0 11-67						
May 5, "	0 9-74	0 10-32	1 5-80	0 8-62	0 7-48	0 7-15	0 11-99						
May 12, "	0 9-30	0 9-75	1 4-53	0 7-71	0 5-80	0 7-02	0 11-19						
May 26, "	0 8-30	0 10-26	1 2-04	0 6-35	0 5-54	0 6-45	0 9-92						

RICE.—The demand for rice was quiet, and prices declined further. Wednesday's "spot" price, at 9s. 4½d. per cwt., shows a fall of 1½d. on last week, while forward positions, at 8s. 6d., show a decline of 1½d. per cwt. Movements in London during the past week were as follows: Landed, 297 tons; delivered, 95 tons; stocks, 2,312 tons, as against 598 tons last year.

POTATOES.—The principal markets have been well supplied with the potatoes. Old potatoes have been slightly easier in view of the steadily increasing supplies of new varieties. At the Borough Market, "Best King Edward" sold from 11s. 6d. to 12s. per cwt., as compared with 11s. 6d. to 12s. per cwt. a week ago.

SPICES.—The market in spices has been quiet. Pepper was steady. Wednesday's quotation for "Black Singapore" pepper, at 6½d. per lb., shows no change on the week. Movements of pepper in

London during the past week were as follows: Black, landed, 9 tons; delivered, 10 tons; stocks, 373 tons, against 577 tons last year. White, landed, 32 tons; delivered, 42 tons; stocks, 621 tons, against 616 tons a year ago.

MEAT.—The market in meat at Smithfield showed an irregular tendency. Last week's advance in home-grown beef was maintained, but Argentine beef was cheaper. English mutton was a little cheaper, and New Zealand grades did not recover from the low level reached a week ago. On Wednesday, Argentine beef (chilled hindquarters) was sold at 3s. 10d. to 4s. 4d. per 8 lbs., against 4s. 2d. to 4s. 8d. on the corresponding day last week, while New Zealand frozen mutton realised 2s. 4d. to 3s., as against 2s. 4d. to 3s. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 9,094 tons, as compared with 7,769 tons in the corresponding week last year. Imported beef, principally Argentine, formed 84.4 per cent. of the supplies, as against 84.4 per cent. a year ago; and imported mutton, mainly New Zealand, formed 84.3 per cent. of the total supply, as against 87.5 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—Generally quiet conditions prevail in the markets for oilseeds and their products. Excessive imports of oils and cakes in the earlier months are being gradually absorbed and this should hasten an improvement in demand for the home-made article, an indication of this being the resumed buying of cotton oil, which had been neglected some weeks. There is, however, the usual seasonal slackening of demand to contend with and mills are running probably not more than 50 per cent. of capacity. Linseed is more or less inactive and Plate afloat has dropped again to £7 10s. and for August shipment to Hull £7 15s. has been taken. Current value afloat is £7 10s., and for shipment £7 12s. 6d. to £7 15s. The quantity of linseed on passage to Europe at 112,700 tons is 10,600 tons less than last week. Cottonseed is steadier and black Egyptian for shipment offers at £5 12s. 6d. to £5 15s., while for new crop, November-December, £6 2s. 6d. is about the value. Vegetable oils are in slow demand. Linseed oil, after a period of firmness, has again declined. Raw oil for June delivery naked ex Hull mill, is now quoted £12 15s. and July-August £13. Cotton oil has met with a good trade and is substantially dearer, crude Egyptian ex Hull mill having advanced to £20 and refined to £22. Castor and ground nut oils are cheaper. Oilcakes continue in disappointing demand.

HIDE, LEATHER AND ALLIED TRADES.—The auctions for hides and skins from home-slaughtered cattle on average show a slightly weaker tendency this week. At the sales held at Manchester the two top weights in first clear ox and heifers made ½d. per lb. more money, but on the other hand the two bottom weights were lower in price by a similar amount, as was also the case with two

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COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.
CEREALS AND MEAT.

GRAIN, &c.	s. d.	a. d.
Wheat—		
No. 2, N. Man. 496 lb.	29	6
Eng. Gas. av., per cwt.	6	3
Barley, Eng. Gaz. av.	7	1
Oats—		
Maize, La Plata, landed	8	0
480 lb.	19	9
Flour, Lon. stan. ex mill.	23	3
280 lb.	8	6
Rice, No. 2 Burma, per cwt.	8	6
Tapioa, per cwt.	11	6
Fair Fluke, Singapore.	11	6

OTHER FOODS.

MEAT—	s. d.	a. d.
Beef, per 8 lbs.—		
English long sides	5	4
Argentine chilled hinds	3	10
Mutton, per 8 lbs.—		
English wethers	4	4
N.Z. frozen	2	4
Fork, English, per 8 lbs.	3	10

BACON—	s. d.	a. d.
Irish	88	0
Danish	60	0
Dutch	52	0

HAMS—	s. d.	a. d.
Canadian	72	0
American	64	0

BUTTER—	s. d.	a. d.
Canalman	97	0
New Zealand	98	0
Danish	102	0

CHEESE—	s. d.	a. d.
Canalman	68	0
New Zealand	57	0
English Cheddars	94	0
Dutch	49	0

COCOA—	s. d.	a. d.
(Duty, British grown, 11s. 8d.; foreign, 14s. cwt.)		
Accra, f.f.	23	0
Trinidad	40	0
Grenada	32	0

COFFEE—	s. d.	a. d.
(Duty, British grown, 11s. 8d.; foreign, 14s. cwt.)		
Santos sup., c. & f. cwt.	64	0
Colombian, good	75	0
Costa Rica, med. to good	80	0
East Indian	85	0
Kanya, medium	80	0

BEGGS—	s. d.	a. d.
English	8	6
Danish	9	3

FRUIT—	s. d.	a. d.
Oranges—		
South African boxes	12	0
Brazilian boxes	16	0
Lemons, Sicilian boxes	18	0
Malaga boxes 420 No. 1	...	...
Apples: Amer. (var.) bris.	...	...
" (var.) boxes	...	...
" Australian	8	0
Onions—		
Valencia, case, 4s.	10	0
Egyptian Bags	...	...
Grapes, Lisbon boxes	...	...
" Almeria bris.	...	...

LARD—	s. d.	a. d.
Irish bladders	54	0
American, boxes, 56 lbs.	36	0
POTATOES—		
Good English, per cwt.	11	6
SPICES—		
Pepper, per lb.—		
Muntok, fair White	0	6
Black Lampong	0	6
Cinnamon—1st sort, per lb.	0	7
Cloves—Zanzibar	0	7
Ginger—per cwt.	1	3
African	23	0
Jamaica, ord. to good	55	0
Mace	0	9
Nutmegs 65s	1	3
SUGAR—		
(Duty, 11s. 8d. per cwt.)		
B.W.I., crystallised	17	3
Java, white, c. & f. India	...	...
March-April	7	7
REFINED—LONDON—		
Yellow Crystals	17	7
Cakes	22	0
Crushed	20	0
Granulated	18	0
Home Grown	17	7
TEA—		
Indian—per lb.—		
Pekoe	0	5
Broken Pekoe	0	5
Orange Pekoe	0	5
Broken Orange Pekoe	0	5
Ceylon—per lb.—		
Pekoe	0	5
Broken Pekoe	0	6
Orange Pekoe	0	7
Broken Orange	0	6
TOBACCO—		
(Duty 9/6-10/6 per lb.)		
Empire growths, 7/5	...	...
8/3 per lb.	...	...
Virginia leaf—		
Common to fine	0	8
Rhodesian leaf	0	9
Nyasaland leaf	0	6
East Indian leaf	0	4
strips	0	5
COTTON—		
Mid-American	4	17
Siam, 32's twist	5	6
60's twist	13	...
FLAX—		
Livonian ZK	43	0
Pernau HD	41	0
Siamet Medium 1st sort	48	0
HEMP—		
Italian P.C.	45	0
Manila, May-June "J 2"	17	0
Sisal, African, May-June	12	10
JUTE—		
Native 1st mks. per ton	...	...
c.i.f. H.A.R.B.	...	...
Daisee 2/3 c.i.f. Dundee	...	...
June-July	...	...
STLK—		
Canion	6	0
Tussah	3	6
Japan	6	0
Italian—raw, fr.	7	6

WOOL—	s. d.	a. d.
English Southdown, washed per lb.	10	1
Lincoln hog, washed	6	1
Queensland, scd. super cmbg.	17	...
N.Z. gray, half-bred 50-56	10	...
Tops—		
Crossbred 40-44	4	...
Merinos 70's	22	...
64's	21	...
Crossbred 48's	9	...
COAL—		
Welsh, best Ad'ty	19	6
Durham, best gas, f.o.b.	14	6
Tyne	14	6
Sheffield, best house, at	21	0
pit	22	0
IRON AND STEEL—		
Plat. Cleveland No. 3, ton	58	6
Bars, M'brough	195	0
Steel Rails, heavy	170	0
Tin Plates, per box	14	6
METALS—		
Copper, Electrolytic, ton	30/10/0	31/10/0
Sheets (strong)	59/0/0	...
Standard	26/15/0	26/17/6
Lead, Eng. Pig, per ton	11/15/0	...
Soft Foreign	10/5/0	...
Spelter G.O.R.	12/1/3	...
Tin—English ingots	124/10/0	...
Standard cash	122/2/6	122/5/0
MISCELLANEOUS.		
CHEMICALS—		
Acid, citric, per lb. less 5%	1	1
Nitric	0	2
Oxalic, net	0	4
Tartaric, English less 5%	1	0
Alcohol, Plain Ethyl	12	0
Alum. lump	2	8
Ammonia, carb.	36	0
Sulphate	7	0
Arsonic, lump	35	0
Bleaching powder, per cwt.	8/0/0	8/10/0
Borax, gran.	13	0
Do. powder	14	6
Nitrate of Soda	9	0
Potash—Chlorate, net	0	3
Sulphate	10	0
Sal-Ammoniac	42	6
Soda bicarb.	9	0
Crystals	5	0
Sulphate of Copper, per ton	17	0
CEMENT—		
Portland, best Eng. pr. ton	44	9
In jute sacks (11 to ton)	44	9
In free paper bags (20	46	0
to ton)	46	0
COPRA—		
S.D. Straits c.i.f., per ton	13/17/6	...
Smoked South Sea	12/7/6	...
DRUGS—		
Camphor	2	6
Japan, refined	2	7
Castor-oil	85	0
Ipecacuanha	4	9
Peppermint, Wayne Co.	9	3
HIDES—		
Wet salted—Australian	0	3
per lb.	0	3
West Indian	0	2
Cape	0	2
Dry and Drysalted Cape	0	4

Market Hides, London—	s. d.	a. d.
Best heavy ox and heifer	0	3
Best cow	0	2
Best calf	0	6
INDIGO—		
Bengal gd. red-vio. to	5	6
fine—per lb.	...	...
LEATHER—		
Sole Bends 8/14 lb.—	1	0
per lb.	2	0
Bark Tanned Sole	0	6
Shoulders fm DS Hides	0	8
Do. Eng. or WS do.	0	8
Bellies from DS	0	3
Do. Eng. or WS do.	0	4
Dressing Hides	1	0
Ro. Eng. Calf, 20/30 lb.	2	6
Aust. Bends	0	1
VEGETABLE OILS—		
Linseed, naked, p. ton net	12/17/6	...
Rape, refined	22/0/0	...
Cotton-seed, crude	20/10/0	...
Coconut, crude	24/0/0	...
Palm	13/15/0	...
Oil Cakes, Linseed, Eng.	7/5/0	...
Oil Seeds—Linseed	...	...
La Plata, p. ton—	7/11/3	...
May-June	9/6/3	...
Calcutta—per ton—	59	0
Turpentine, per cwt.	59	0
PETROLEUM PRODUCTS—		
Motor spirit, No. 1, Lon.	1	3
don	1	3
Petroleum, Amer. rfd.	0	9
bri. London per gal.	...	...
Fuel oil, in bulk, for	...	...
contracts, ex instal.	...	...
Thames	60	0
Petrol	57	6
Lubricating oil ex store,	...	...
London—per ton—	...	...
Pale	9/10/0	24/7/6
Reds	10/0/0	16/15/0
Cylinder	10/10/0	28/10/0
ROBIN—		
American	13/0/0	22/10/0
RUBBER—		
St. ribbed smoked sheet	per lb.	0 1 1/2
Fine Hard Para per lb.	0	3 1/2
SHELLAC—		
TN Orange	per cwt.	55 0 57 6
SHELLS—		
W. Aust. M. o. P.	5	0
TALLOW—		
London Town per cwt.	20	6
TIMBER—		
Swedish u/s 3 x 8	per std.	17 0 0
" 2 x 7	"	16 0 0
" 2 x 4	"	15 0 0
Can'dn Spruce, Dis	"	24 0 0
Pitchpine	per load	9 0 0
Rio Deals	per std.	28 0 0
Teak	per load	30 0 0
Honduras Mahg. logs	c. ft.	0 10 6
African	"	0 6 0
Amer. Oak Boards	"	0 6 0
" Ash	"	0 7 0
English Oak Planks	"	0 6 6
" Ash	"	0 7 6

weights in second clears and first warbled. Clear cows were dearer by 1d. per lb., while other cattle hides were unchanged in value. At the Leeds auctions held on the same day prices were unchanged to 1d. per lb. cheaper, the reduction being most marked in regard to warbled hides. Calfskins made less money, while sheepskins are still only saleable at very low figures. Business in the imported hide market has become more difficult owing to the drop in the price of certain descriptions, and a considerable amount of uncertainty is in evidence regarding the future. This week business has been done in South American wetsalted hides at new low figures, Argentine ox having sold on the basis of 3 1/2d., while Montevideo ox have been quoted at a little over 3 1/2d. Some light B. A. Frigorific ox changed hands at 2 1/2d. Dry South American hides also are slightly weaker on average, B. A. Americanos being obtainable at 4 1/2d., Cuyabanos at 3 1/2d., and Sierra Cordobas at down to 5d. The market for Africanos has remained fairly steady, first and second dry Capes being quoted at 4 1/2d. and 3 1/2d., while dry salted are to be had at 1d. per lb. less. There has been very little change in quotations for Australians, with only a small amount of business passing. Sales of leather have, perhaps, been rather more frequent this week, and compared with the previous fortnight a fair amount of business has been done. Conditions, however, are not normal for the time of the year, and there is much leeway to be made up before the position can be considered satisfactory. In the sole leather market English and wetsalted bends have accounted for the best trade, but there has been some improvement in the inquiry for dry hide bends for shoe manufacturing purposes, particularly in the medium weights. Better business has also been done in bellies, but the turnover in regard to shoulders continues small. Steady trade continues to be done in upper leathers, although the majority of orders are for small quantities. Black and brown glacé kid is the best market, but there has been just a little more inquiry for patent. Willow calf, also, maintains a fair average, as does also certain descriptions of reptile skins.

RUBBER.—The market in rubber has been inactive in the absence of American support and prices touched new low levels. In New York, Wednesday's spot price for rubber, at 2 1/2 cents per lb., shows a fall of 1/2 cent per lb. on the week. Wednesday's official closing

price for standard ribbed smoked sheet in London, at 1 1/2d. per lb. shows a fall of 1/2d., as compared with the corresponding day last week. In forward positions, business has been done at 1 1/2d. for October-December, as against 1 1/4d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 860 tons; delivered, 3,397 tons; stocks at the end of last week, at 116,652 tons, show a decrease of 179 tons as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.

(New York quotations, unless otherwise stated.)

	May 4.	May 25.	June 1.
Cents.	Cents.	Cents.	Cents.
Wheat, No. 2, Winter, nearest future,			
Chicago, per bushel	54	58 1/2	55 1/2
Maize, nearest future, Chicago, per			
bushel	28 1/2	31 1/2	29
Oats, nearest future, Chicago, per			
bushel	22 1/2	22 1/2	22 1/2
Rye, nearest future, Chicago, per			
bushel	35 1/2	37 1/2	34 1/2
Coffee, Rio No. 7, cash, per lb.	7 1/2-8	8 1/2	8 1/2
" Santos No. 4, cash, per lb.	9 1/2-10	10 1/2-10 1/2	10 1/2-10 1/2
Cocoa, Accra, nearest future, per lb.	4-09	4-07	3-84
Sugar, Cuban Centrifugals, 96 deg.,			
spot, per lb.	2-60	2-58	2-57
Cotton, middling, spot, per lb.	5-65	5-75	5-05
Rubber, smoked sheet, spot, per lb.	3 1/2	2 1/2	2 1/2
Petroleum, Pennsylvania crude, stan-			
dard grades, per barrel	175-197	175-197	175-197
Copper, "Electrolytic," Domestic,			
spot, per lb.	5 1/2	5 1/2	5 1/2
Copper, "Electrolytic," Copper Ex-			
porters, Inc., spot, per lb.	6	5 1/2	5 1/2
Spelter, East St. Louis, spot, per lb.	2-50	2-875	2-825
Lead, spot, per lb.	3-00	3-00	3-00
Tin, "Straits," spot, per lb.	22-00	21-10	20-75

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TABLE OF CONTENTS.

The Money Market	1273	Foreign Stock Exchanges—	
Leading Articles—		New York	1302
Lausanne	1275	Paris	1306
The Lothian Report	1276	Berlin	1306
Gold and the Crisis	1277	Amsterdam	1306
Imperial Preference:		Other Centres	1306
Canada	1278	Investment Notes—	
Steel Reorganisation and		The American Markets	1307
Tariffs	1280	Building Society Interest	
American Election Pros-		Rates	1307
pects	1281	The Chilean Situation	1307
Notes of the Week—		Central Electricity Board	1308
Irish Developments	1282	Two Investment Trust	

Although the allotment was cut down from £45.0 to £43.8 millions, last week's average tender rate rose fractionally to 18s. 1.48d. per cent., compared with 17s. 9.99d. per cent. the week before. "Hot" Treasury bills were quoted on Thursday at $\frac{1}{8}$ per cent., while the banks were buyers of June bills at $\frac{1}{4}$ per cent., July bills at $\frac{1}{8}$ per cent. and August bills at $\frac{1}{4}$ per cent. Three months' bank bills were quoted at 1-1 $\frac{1}{2}$ per cent., and standstill bills at 1 $\frac{1}{2}$ -2 $\frac{1}{2}$ per cent.

Apart from a turnover of a few millions from Bankers' Deposits to Public Deposits, the main changes in the Bank return are due to the Bank's sales of *devisen* and purchases of gold, for Other Securities are reduced by £4.5 millions, and gold increased by £3.1 millions. This brings the Bank's total gold acquisitions since the purchases first began on May 14th to £10.9 millions. Some curiosity has naturally been aroused as to the origin of this gold, for from May 12th to June 2nd net imports into England only amounted to £3.8 millions. In actual fact there is reason to believe that the Bank's gold purchases have involved no physical movement of gold into the Bank at all. As previously stated in the *Economist*, part of the gold's acquisitions probably represent purchases from the Treasury, and here it is pertinent to record that from April 1st up to May 12th there was a net importation of gold into the country of £9.9 millions—though possibly part of this figure represented unsold Cape gold which remained in the ownership of the South African Reserve Bank. It is also possible to relate the Bank's gold purchases to recent earmarkings in Paris and New York, especially as there have lately been shipments from New York to London of gold previously held under earmark. Even here, however, it is possible that London is only the first destination of the gold, and the fact is that now that the earmarking system means that gold is held in one centre and owned in another, it is practically impossible to reconcile physical shipments with changes in the holdings of central banks.

	May 19, 1932.	May 26 1932.	June 2, 1932.	June 9, 1932.	Previous Rate and Date Changed.
Bank Rate	2 $\frac{1}{2}$	2 $\frac{1}{2}$	2 $\frac{1}{2}$	2 $\frac{1}{2}$	3 (May 12, '32)
Banks' Deposit Rate..	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Discount { Call	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Houses { Notice ...	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 $\frac{1}{2}$ (May 12, '32)
Market rate ("hot" Treasury bills).....	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{1}{8}$	...
Market rate (3 months' bank bills)	1 $\frac{1}{2}$ -1 $\frac{1}{2}$	1 $\frac{1}{2}$ -1 $\frac{1}{2}$	1-1 $\frac{1}{2}$	1-1 $\frac{1}{2}$	...
Market rate (standstill bills)	1 $\frac{1}{2}$ -3 $\frac{1}{2}$	1 $\frac{1}{2}$ -3 $\frac{1}{2}$	1 $\frac{1}{2}$ -2 $\frac{1}{2}$	1 $\frac{1}{2}$ -2 $\frac{1}{2}$	...

In view of the fact that the balance of the Paris Treasury credit falls due for repayment in August, some doubt has been expressed as to whether the Bank has been turning any of its holdings of francs into gold. It is perfectly true that the Bank has probably decided to keep at least sufficient francs in hand to meet the sum due. If, however, the Bank's franc holdings have been considerably in excess of this amount, there is no reason why part of them should not have been sold for gold. For the last few months the Bank return has shown large holdings of *devisen*, and, apart from the risk of loss, they have begun to inflate the Bank's total earning assets to a point which might hamper it in the execution of its policy.

The nature of the Bank's monetary policy is now becoming clear. At present it is limited mainly to making short money cheap and plentiful. This is shown, not only by the reduction of Bank rate last month to 2 $\frac{1}{2}$ per cent., but still more by its constant open-market purchases of bills and by the maintenance of bankers' deposits during recent weeks around £75 millions. The Bank, however, probably feels that there is nothing to be gained by infusing fresh credit into the country until the country is ready to absorb it, and that this depends upon a restoration of confidence, and so upon the outcome of international affairs. Meanwhile the trading community can rest assured that so soon as they feel it safe to enlarge their commitments, adequate supplies of credit will be forthcoming and will remain available for a considerable period. At the

moment, with short money in plentiful supply and discount rates at almost unprecedentedly low levels, mere enlargement of the basis of credit could not be relied upon to produce great effects.

The May returns of the nine English clearing banks reveal a further increase of £17.9 millions in deposits. Acceptances have also expanded fractionally by £1.4 millions.

	May, 1931.	February, 1932.	March, 1932.	April, 1932.	May, 1932.
Capital and reserves.....	132.1	122.8	122.8	122.8	122.8
Acceptances	114.1	90.6	98.7	98.1	99.5
Deposits (including undivided profits, &c.).....	1,700.0	1,621.7	1,639.3	1,643.4	1,661.3
Total liabilities	1,946.2	1,835.1	1,860.8	1,864.3	1,883.6
Coin, notes, balance at bank, and cheques in course of collection	222.7	214.2	218.0	214.2	222.3
Money at call.....	127.8	106.5	109.2	108.9	108.7
Investments	299.6	288.9	290.9	296.6	309.3
Discounts	222.1	205.3	214.7	238.2	244.6
Loans and advances.....	918.0	886.3	886.0	864.8	855.7
Cover for accept., premises, &c.	156.0	133.9	142.0	141.6	143.0
Total assets	1,946.2	1,835.1	1,860.8	1,864.3	1,883.6

The bank's cash has risen from £214.2 millions to £222.3 millions, while call money is practically unchanged. Investments show an increase from £296.6 millions to £309.3 millions, and discounts from £238.2 millions to £244.6 millions. Advances are reduced from £864.8 millions to £855.7 millions. The main lesson of the returns is that while credit is becoming more plentiful, there is no better demand for it.

The outflow of gold from New York continues, for shipments reported between June 3rd and June 8th inclusive amounted to \$55 millions. \$21.7 millions went to France, \$14.9 millions to Switzerland, \$13.9 millions to Holland, and \$4.1 millions to Belgium. Imports from Uruguay (\$1,000,000), Australia (\$631,800) and other countries amounted to nearly two millions, but earmarking upon foreign account increased by \$37.4 millions, and it is understood that space is booked up in Transatlantic steamers for many weeks to come. Even so, despite gold losses of over \$800 millions since September, opinion holds that the United States will succeed in maintaining the gold standard and in meeting all foreign demands for gold. Many rates are unchanged, with call money at 2 $\frac{1}{2}$ per cent., and open market rates on 90-day bankers' acceptances at 1- $\frac{1}{2}$ per cent.

The Foreign Exchange market was very quiet this week and no great changes occurred, although at one time Continental currencies were dearer in terms of sterling. New York went from 3.68 $\frac{1}{2}$ to 3.68 after 3.66 $\frac{1}{2}$, and Montreal from 4.20 to 4.28 $\frac{1}{2}$. Paris, after touching 92 $\frac{1}{2}$, was unchanged on balance at 93 $\frac{1}{2}$. Brussels was unchanged at 26 $\frac{3}{4}$, as were also Milan at 71 $\frac{1}{2}$ and Madrid at 44 $\frac{1}{2}$. Amsterdam gained two points at 9.07, and Berlin eleven points at 15.47. Switzerland was a little better at 18.80. Of the Scandinavian currencies Stockholm was weaker at 19.50 against 19.42, Oslo gained three points at 20.02, while Copenhagen lost a point at 18.30. In South America the imposition of further restrictions in the except nominally; Rio improved by $\frac{1}{4}$ d. to 5d., and Montevideo was unchanged at 29 $\frac{1}{2}$ d. In the Far East the rupee improved by $\frac{1}{4}$ d. to 1s. 5 $\frac{1}{2}$ d., the yen lost $\frac{1}{4}$ d. at 1s. 9 $\frac{1}{2}$ d., and Batavia was two points worse at 9.17. In the forward market dollars were more offered at 1 $\frac{1}{2}$ and 3 $\frac{1}{2}$ cents discount, as were francs at wider discounts of 2 and 3 centimes. Belgas remained at par for both periods. Milan was weaker at $\frac{1}{4}$ and $\frac{1}{2}$ lira discount, as was Madrid at $\frac{1}{4}$ peseta and $\frac{1}{2}$ peseta discount. Amsterdam stood at $\frac{1}{2}$ cent and 1 cent premium. One month's Switzerland was unchanged at 1 centime premium, but three months' delivery was firmer at a premium of 4 centimes. The silver market was quiet and featureless, but prices rose as a result of small Chinese and Indian buying by $\frac{1}{4}$ d. to 17d. for cash and by $\frac{1}{4}$ d. to the same level for forward. The China silver currencies improved in sympathy, Hongkong by $\frac{1}{4}$ d. to 1s. 3 $\frac{1}{2}$ d., and Shanghai by the same margin to 1s. 8 $\frac{1}{2}$ d.

LAUSANNE.

EARLY next week, under the captaincy of the Prime Minister, and former Labour Premier, a very representative team, which includes among its numbers the chief Conservative Protectionist of Great Britain in the person of Mr. Neville Chamberlain and three distinguished Liberal Ministers in Sir John Simon, Mr. Runciman and Sir Herbert Samuel, who between them undoubtedly represent the great bulk of middle opinion in this country, will set forth to the long-awaited Conference at Lausanne. The great task to which this galaxy of talent are setting their hand is, in the words of the invitation, "to agree on a lasting settlement of the question raised in the report of the Basle experts and on the measures necessary to solve the other economic and financial difficulties which are responsible for, and may prolong, the present world crisis." There is no need, at this moment, to insist on the importance of this task. But this is not the first time that it has been attempted; and the experience of conference after conference has been so disappointing that it is not surprising if the world has become thoroughly sceptical of anything resulting from these elaborate discussions.

In the present case there is, indeed, more ground than usual for anxiety. It is a perverse Fate which has plunged the world into the greatest crisis in its history and compelled us all to face the necessity for prompt action and for drastic revision of preconceived ideas at a moment when the great democracies of the world seem to have been paralysed by one general election after another. In spite of the need of haste, a series of delays has brought not only Germany, but many other nations to the brink of the precipice, so that solutions which might have been effective twelve, or even six, months ago are now inadequate.

But if the difficulties are great, the need and the opportunity are greater still. Compared with so short a time ago as 1930, the trade of the chief countries of the world has fallen by one-half, and, according to a computation of the Economic Committee of the League, the number of the industrial unemployed is some 25 millions—a figure which, with dependants, represents a population not far short of the total white inhabitants of Great Britain and the Empire, cut off entirely from economic activity—while a still larger agricultural population, scattered in all parts of the world, is in dire economic straits. The very severity of the crisis has, however, done much to bring about a considerably wider understanding than heretofore of the basic principles upon which the welfare of the world depends. Indeed, it is open to those who hold that the great masses of the people learn by experience rather than by exhortation to maintain that in certain cases—France, for example—it is possible to-day to obtain agreement to courses which would have been politically impossible before the shoe had begun to pinch.

Our delegation will have as their French colleagues the nominees of a Government which has been put into power by a vote which was a clear instruction from the people to do whatever is necessary to restore the shattered fortunes of the world and to alter the course of national policy more definitely in the direction of peaceful inter-national co-operation. There will also be present in the national council chamber the representatives of Italy, whose economic life, like our own, is vitally dependent on international trade. If the Fascist regime has in past years seemed at times to be in danger of becoming a menace to the peaceful progress of Europe, Signor Mussolini, seconded powerfully by the statesmanship of Signor Grandi, has in recent times shown himself responsive to the lessons of experience and boldly adopted a far-sighted policy of political reconciliation and economic liberalism in international affairs. In these matters his attitude to-day is closely in line with our own.

Of the German delegation this must be said: The excitement and disturbance created by the overthrow of Dr. Brüning must subside before we can form an opinion as to the authority of the new Government, its policy or

its prospects of survival. Although the change at the Wilhelmstrasse is undoubtedly due to the world's long delay in getting to grips with the critical situation which developed a year ago, it is idle to disguise the disquiet aroused in Europe by being faced at this critical moment with a Government drawn largely from the class and the party which lead Germany into the Great War. But even Prussian Junkerdom cannot have come unchanged through the ordeals of the last two decades, and the new Cabinet has strengthened itself by drawing in some of the ablest officials in Germany's service. It can at least be said with confidence that if terms can be made with the present Government of the Reich, it is not conceivable that there is any section of opinion in Germany that would repudiate them.

In fact, the German delegation can take no other position than that which has been frankly stated by Dr. Brüning from time to time. They are unlikely to adopt a truculent attitude, but will say that Germany obviously cannot now resume any reparations payment at all, in view of the extreme difficulty of maintaining the payments needed to carry on her economic life, and that to arrange for any resumption in the future would imperil the recovery of world trade generally. Seeing that this recovery, which is the second but more constructive purpose of the Conference, is of vital importance to every country, the delegation will press for the policy of complete cancellation in the general interest.

With the Conference thus set against its background of growing crisis, and with the attitude of Germany at least predictable with some exactitude, what is to be the policy pursued by the other participants? So far as Great Britain is concerned, we have already expressed repeatedly in these columns our considered and unalterable views. Except perhaps for a final payment, negligible in comparison with the full Young Plan schedule, which Germany might be asked to make after a long moratorium in complete liquidation of the account for war damage, it is clear that, on any realistic view of the facts, reparations must be written clean off the map. It is also crystal clear that unless Lausanne ends with a final definite settlement, Germany's foreign creditors on both long- and short-term commercial account stand in the gravest danger of losing the whole of their capital at stake. Mere prolongation of a reparations moratorium in Germany's favour, or even a formula of settlement hedged with reservations dependent on other contingencies, would completely fail to lay the foundations for the necessary re-establishment of confidence in the future of Central Europe. Finally, it is beyond dispute that, failing a previous agreement on the liquidation of the political debts arising out of the war, any conference which may be summoned to deal with the problems of world economic reconstruction will be stultified.

To these hard facts the British delegation must invite their French colleagues to address themselves. Not all the ingenuity of expert devisers of formulae can get the Lausanne Conference anywhere unless the statesmen of the Creditor Powers are prepared, without more ado, to accept the unpalatable fact that the Young Plan Humpty Dumpty has fallen from the wall and that all M. Herriot's horses and men cannot put him back again. In this situation, however, there is a further factor to be considered which may well be brought to the mind of the assembled statesmen by the recollection that at this Conference there will be one absentee guest: there will be no chair for Mr Hoover. Yet much will turn for good or ill on the way in which the European creditors orientate their policies with their eventual repercussions on the psychology of the United States kept clearly in sight. We have heard the argument put forward that, since few reasonable people in Europe any longer believe that there will be a resumption of any substantial inter-Governmental payments on war account, the simplest way out of the impasse would be to make things easier for M. Herriot by acquiescing in the adjournment of Lausanne without any

definite conclusion, thereby forcing Germany to declare unilaterally her default. This action, it is suggested, would be followed by consequential declarations on the part of Britain's European debtors that no further annuities would be forthcoming; so that, in the end, by a succession of defaults, including that of Great Britain, the hesitancy of the American Administration and the intransigence of Congress would be rudely terminated by a *fait accompli* which would have, in popular parlance, "to be lumped or left."

Such a line of policy would be, in our opinion, neither helpful nor hopeful. Between drastic revision or cancellation and unilateral repudiation there is a great gulf. While it is important that the statesmen at Lausanne should keep in mind that the primary purpose of this Conference is to set Europe's house in order, and that Europe cannot afford to have this task obstructed by making any agreement contingent on the endorsement of a third party, it is essential that the outcome should not leave the European nations in the position of defaulters *en série* whose predicament is to be put forward as an excuse for asking the American taxpayer to swallow a bitter pill. From such a situation the confidence of trans-atlantic investors, to say nothing of good international relationships, could scarcely be expected to revive. The only hopeful way of making Lausanne a stepping-stone towards a complete all-round settlement by agreement of all post-war political debts, is if, at its conclusion, the European Creditor Powers can say to the United States: "We have settled reparations by voluntarily wiping out 99 per cent. of our claims because we are convinced that their payment, like that of inter-Allied debts, has contributed greatly to the world crisis, is no longer economically practicable, and could not be revived—or even kept alive on paper—without disastrously obstructing every hope of world recovery. We, at least, have made our full contribution towards laying foundations for the re-establishment of trade and prosperity." If the United States were approached on these lines, we are not without hope that the answer of the American people would display equal common sense and generosity in their own interests as well as those of the world.

THE LOTHIAN REPORT.

THE Report of the Indian Franchise Committee, which has just been published as a Blue Book,* is the record of a remarkable achievement. The work, of which the results are here presented, has been done against time (the Committee as a whole started work at Delhi on February 1st and signed the Report at Simla on May 1st); the ground investigated was to a large extent unexplored; and the atmosphere in which the Committee had to hold its deliberations and hear its witnesses was stormy—for the Franchise Committee was going about its business in India at the height of the struggle between Government and Congress. In spite of these handicaps—each serious in itself and most formidable in combination—the Committee has succeeded in collecting the requisite information, in making realistic recommendations, and in keeping at unity with itself. The investigations were materially assisted by the collaboration of the provincial committees, which started operations, in advance of the Franchise Committee itself, on the basis of a questionnaire; but the unity which the Franchise Committee managed to maintain is due to the members' own good feeling and good sense, and no doubt in special measure to the good will and good humour of their chairman. The Report bears the signature of all the members, and though the signatures of three Hindu members (out of a membership of eighteen in all) are given subject to a minute of dissent, which is printed with the Report itself, this divergence of views is clearly not insuperable, even on the delicate question of the depressed classes.

The Committee's work was governed by a letter of instructions from the Prime Minister of H.M. Government at Westminster, by a statement of policy presented to and approved by Parliament last December, and by the Report of the Franchise Sub-Committee of the India

* Cmd. 4026 of 1932.

Round Table Conference. The Committee was instructed by the Prime Minister to make proposals for widening the electorate in such a way "that the legislatures to which responsibility is to be entrusted should be representative of the general mass of the population, and that no important section of the community may lack the means of expressing its needs and its opinions." They had before them a recommendation from the Round Table Conference Sub-Committee that not less than 10 per cent. or more than 25 per cent. of the population of British India should be enfranchised forthwith—adult suffrage being envisaged as the ultimate goal. The Prime Minister had underlined the importance of securing a more adequate enfranchisement of women than the existing system, and of arranging for an effective representation of Labour. And, while stating that it was not the function of the Franchise Committee to attempt a settlement of the communal question, he instructed them to obtain information on a number of matters connected with the representation of the depressed classes.

The question whether the depressed classes are or are not to be treated as a separate community from the caste Hindus is, of course, one of the burning questions in the communal controversy—which was thus brought specifically within the Committee's terms of reference, and this in a particularly delicate aspect, in spite of its exclusion in principle. Moreover, it was recognised that, until the Government at Westminster had settled the question of communal electorates and the connected question of the apportionment of seats in the various legislatures to the several communities, the Franchise Committee could not complete its work in full precision and detail. Accordingly, the Committee was authorised to proceed on the assumption that separate communal electorates would continue to form a feature of the new constitution—in so far as an assumption, one way or another, on this point might be indispensable for the prosecution of the Committee's work. This assumption—instead of the alternative expedient of reserved seats for communal candidates elected, all alike, by a general electorate—must therefore be taken as governing the present Committee's proposals. We recognise the difficulties inherent in this alternative scheme. The strongest community in the general electorate would be likely to secure election for candidates belonging to the other communities in inverse ratio to these candidates' will or power to represent their own communities' interests. At the same time, we cannot but deplore the prospect of seeing the fundamentally illiberal and factious principle of separate communal electorates built right into the new structure of Indian provincial and federal self-government. And we cannot refrain from mentioning this important issue in passing, even though it is not a matter on which the Franchise Committee was given any discretion.

Turning now to the gist of the Report, we find the Franchise Committee, in agreement with all local governments and provincial committees, rejecting complete adult franchise as impracticable, and also rejecting certain modifications of adult franchise—such as indirect voting, or the limitation of adult suffrage to people between certain ages or in certain areas—which would make the problem of numbers rather more manageable. At the same time, the Committee considers the existing basis of franchise to be unsatisfactory and inadequate, and the Report makes proposals for extending it—though this in different degrees in the case of the provinces and in the case of the All-India Federation.

In the provinces the Committee recommends two main qualifications: property and education, either of which shall qualify a British Indian subject for enfranchisement, independently of whether or not he or she likewise possesses the other qualification. The property qualification is to be made much lower than it is at present, without being standardised as between one province and another. The educational qualification is to be uniform throughout the country, but to differ as between the sexes—bare literacy being demanded from women, but a higher standard from men. The Committee further proposes to enfranchise the wives (and future but not present widows) of men who possess the relatively high property qualifica-

tions at present prescribed for the provincial councils; the members of special constituencies which are to be created for Labour; certain members of the depressed classes for whom special franchise qualifications may be prescribed; and income-tax payers. The effect of these proposals will be to increase the provincial electoral roll from 7 millions to over 36 millions—of whom 29,382,000 will be men and 6,620,000 women—and to enfranchise about 14.1 per cent. of the total population and about 27.6 per cent. of the total adult population. The Committee has aimed at securing in the electorate a proportion of about one woman to four men; and, in addition to the increased female electorate, the Report recommends the reservation for women, during the first ten years, of from 2 per cent. to 5 per cent. of seats in the provincial councils.

In the Federation the Committee endorses the allocation of seats in the Federal Legislature as between the several British Indian Provinces, that has been made already by the Federal Structure Committee. As regards the Senate, it agrees in recommending that senators shall be elected by the provincial legislatures, and it would leave these free to choose, from among their own members or from outside, whoever they think would make the best representative of the province in the Senate. As for the Federal Assembly, the Committee recommends direct, and not indirect, election for this as for the provincial legislatures; but it proposes a more restricted franchise, namely, the franchise now in force for provincial legislative councils, supplemented by an educational qualification for both men and women—in both cases on a higher standard than for the provincial legislatures, though here again the standard is to be less exacting for the women than for the men. The Report further proposes that all women enfranchised under the literacy qualification for the provincial councils should be added to the *first* Federal Assembly electoral roll. On this basis, the Committee looks forward to an electorate of approximately 8½ millions: about 1,500,000 women and about 6,800,000 men. It also proposes that each provincial legislature shall return one woman member to the Federal Assembly, making a total of nine.

This bare summary of the main recommendations gives little notion of the amount of evidence and the amount of thought and experience that has gone into the Indian Franchise Committee's work. It can truly be said that a study of the Report repays the labour, if only for the sense of encouragement with which the reader is inspired by it. At this moment, when the outlook is dark everywhere, and in India not least, it is a pleasure to read the record of a really constructive piece of political investigation and planning. The cause of Indian self-government has been well served by Lord Lothian and his colleagues.

GOLD AND THE CRISIS.

THE Final Report, whose text will be available in London this week-end, presented by the Gold Delegation of the League of Nations is a disappointing document. Published at a time when it would have been of great value for Governments to be presented with clear and unanimous findings, on whose basis sound future monetary policy could have been constructed, the Report is calculated to mystify rather than educate public opinion. The original terms of reference to the Delegation, which was appointed three years ago, were that they should report on the causes and effects of fluctuations in the purchasing power of gold, the supposition being that the restored post-war gold standard would continue to function and that the Delegation's task was to consider the need for any modifications desirable to ensure that its normal functioning would be effective and smooth. Barely, however, had the Delegation got to work than a series of developments, now painfully familiar, began to operate on the world's monetary system, with the result that the countries now remaining effectively on the gold standard can be counted almost on the fingers of one hand, while countries on and off the gold standard are alike plunged in a crisis, characterised by paralysis of credit and trade, which is threatening to

destroy the foundations of civilised life. That the Report under these circumstances must deal, not academically with questions germane to a now non-existent gold standard system, but practically with the immediate problems of the crisis, was recognised by the Delegation; but, unhappily, the distinguished experts forming its membership have failed completely to agree, not merely on the objectives of future monetary policy, but on the very causes of the crisis itself. The chairman, M. Janssen (Belgium), together with Sir Henry Strakosch and Sir Reginald Mant, has signed a note of dissent which constitutes virtually a Minority Report; in a separate memorandum of dissent Professor Cassel aligns himself generally with the Minority; while the Majority Report represents the views of the representatives of France, Czechoslovakia and Poland, together with those of Holland, Germany, Italy and the United States.

Memoranda on developments and policy in the monetary sphere do not lend themselves readily to summarisation, and we can do little more in our available space than indicate briefly the main lines of cleavage between the Majority and the Minority of the Delegation. The Majority Report prefaces its examination of the breakdown of the international monetary system with the general statement that no international currency standard can work successfully for long if the principles on which it is conducted vary widely between countries, and that whenever the general level of prices in any important country is either out of gear with world values or insensitive to monetary influences, there is a danger of a strain being placed on the international monetary standard which it may prove unable to support. The inference that "rigidity" has been the underlying cause of the present crisis permeates the whole of the Majority conclusions. The war, it is suggested, and the post-war inflations left troublesome legacies and maladjustments in the world's economic system. New gold parities were selected which involved the necessity for readjustments whose realisation proved unexpectedly difficult. In almost all countries there was a vastly increased accumulation of State debt and other international indebtedness which demanded the ultimate transference of wealth from one country to another on an unprecedented scale. The flow of capital investment, notably from the United States, was irregular; much of this investment was placed, not in the development of countries with untapped natural resources, but in Europe; and much of the investment was not carefully controlled. The unstable situation thus created was intensified by the world's failure to accept the need for the drastic changes in national economy demanded by such developments as the production of synthetic nitrates, the expansion of cotton textile manufacture in the Far East, and the extension of wheat-growing in North and South America. Up to 1929 there was rapid economic progress, but there was also "a considerable credit inflation which was superimposed upon the real measure of progress that had been achieved and introduced many unsound elements into it." Cartelisation, schemes of price control, etc., on the one side, and inflexible wages, on the other, all tended to make the whole chain of prices unduly rigid; and resistance to change was further stiffened by State intervention in the form of tariffs, bounties and other artificial props. When the industrial and speculative boom in the United States collapsed in 1929 and the flow of America's foreign investment dried up, selling pressure in the face of growing world stocks broke the commodity price structure and led to growing strain in debtor countries. The expedient of borrowing on short-term served only to delay the day of reckoning. When the final crisis culminated with the insolvency of the Credit Anstalt, the gold standard had already begun to succumb to a combination of economic forces too malignant for it to bear.

So much for the causes of the crisis. For the future the Majority record their belief that, at the present stage of world economic development, the gold standard remains the best available monetary mechanism. Its restoration, therefore, should be the immediate objective of Governments, but such restoration demands, first, the realisation of certain conditions, namely, (1) there must be a reasonable degree of freedom once more in the movement of goods and services; (2) there must be a satisfactory

solution of the problem of reparations payments and war debts; (3) there must be international agreement that gold movements will not be prevented in future from making their influence felt both in the country losing gold and in the country receiving it. If these conditions are realised, and if, in addition, individual countries take the necessary steps to restore and maintain equilibrium in the national economy by balancing their Budgets and adjusting costs of production and living to the international economic and financial position, there is no reason, in the Majority's view, why the international gold standard should not again "spread its beneficial working over a gradually extending area."

From these premises the Majority proceed to examine at length the causes and effects of variations in the purchasing power of gold, and to consider methods for improving the functioning of the gold standard itself. Their conclusions throughout are so hedged with reservations that they carry caution to the point of timidity. They recommend the reduction of percentage reserve ratios as a means, *inter alia*, for economising the use of gold, and they give an excellent analysis of the harmful effects of falling prices upon international trade. But they seem more alive to the limited efficacy of monetary policy than unanimous as to its proper objectives. They regard a rise of prices from their present level as being desirable in order to lessen the real burden of fixed charges; they are confident that such a rise will occur when business confidence returns and industry revives; but, though they admit that, where credit contraction has been carried too far, it is proper for a central bank to endeavour to check "excessive" contraction, they do not look to monetary policy alone to adjust the price level, which is influenced by many non-monetary factors. Nor are they inclined to go further than to suggest that, when prices have recovered, monetary policy should aim at "relative" stability of wholesale prices; short-term fluctuations cannot be eliminated and slow movements of the long-term trend should be accepted as necessary for the development of a "dynamic" society. In any event, monetary policy can always be stultified by non-monetary policy, and the Report ends by reverting to the necessity for international economic co-operation.

From this somewhat inconclusive statement of diagnosis and prescription, the Minority dissent with emphasis. They admit that the war and its aftermath created certain disequilibria and intensified others that existed before the war; but they point out that, between 1925 and 1929, world production and trade showed steady economic progress incompatible with the supposition that there was a parallel growth of maladjustments. They find the dominant cause of the crisis in the maldistribution of monetary gold reserves, which began in the early part of 1929 as a result mainly of the influence of reparation and war debt payments and the unwillingness of the receiving countries to take payment in the form of goods and services. This maldistribution set in motion, in countries other than France and the United States, a process of deflation which gathered fatal momentum; while in the two gold-accumulating nations the inflow of bullion was not allowed to produce its normal corrective in the form of a rise of prices.

Differing thus from their colleagues in defining the crisis as predominantly a monetary phenomenon, the Minority dissent with equal emphasis from the conclusions of the Majority with regard to the objectives of monetary policy and the influence which it can exercise. Though they admit that monetary action can be thwarted by political and fiscal interference, they are of opinion that it is both theoretically and practically possible, given international co-operation, to restore commodity prices to a suitable level and to maintain them stable at that level. Criticising the Majority's evident fear of the "bogy of inflation," they submit that the prime need of the world to-day is a concerted policy of expansion of credit by the principal gold standard countries. Meanwhile, the paper standard countries, who have now "cut themselves free from a degenerating gold standard," could do much, under the lead of Britain, to restore stability of prices at a chosen level for a great part of the world. Failing such concerted action—and, in the Minority's opinion, the gold standard is only the "best available monetary mechanism" if properly managed—the Majority's reliance on a revival of

confidence as a begetter of higher prices is misplaced. The sequelæ of deflation are now strangling to death the world's trade.

It is, we repeat, very unfortunate that the work of the Gold Delegation should have ended in such divergence of opinion. For our own part we are inclined to suggest that truth and sound judgment lie mid-way between the findings and recommendations of the Majority and of the Minority, though, pragmatically, the latter are entitled to claim that their proposals are a more positive contribution to the solution of a crisis in which bold action is imperative if civilisation is to survive. In a sequence of events so catastrophic and of such magnitude as those of the present crisis, it is almost impossible to distinguish with absolute accuracy between causes and effects. We agree with the Minority that the breakdown of the gold standard was predominantly a monetary phenomenon, *when once the forces culminating in 1929 set catastrophic deflation to work*, and that monetary policy must play a large part in getting the world out of its present straits. At the same time, it is now crystal clear that, between 1925 and 1929, the great flow of foreign investment was temporarily "papering over" cracks in the structure which were none the less threatening because outwardly all seemed to go well. We suggest that, in their diagnosis of the underlying causes which led up to the final crisis, the Minority have minimised unduly—at least by implication—the disequilibria produced by non-monetary factors. Indeed, they state specifically that reparations and war debt payments (which the Majority are inclined to exculpate) were a dominant influence in creating the conditions in which a monetary "crash" occurred. We do not believe, when all is said, that any concerted monetary policy on the part of central banks could have adjusted economic conditions in various countries to the situation required to enable these payments to have been effectively made by means of goods, or could have nullified the effects, of the malignant influence of economic nationalism.

The future, however, is of greater practical importance than the past. We have repeatedly urged in these columns that a substantial rise of wholesale prices is essential if the world is to survive the crisis without far-reaching disaster. Though we are less confident than the Minority signatories that monetary action can greatly influence recovery without international economic co-operation in the wider sphere of fiscal policy, and though the Majority, in our opinion, have done well to emphasise again and again the need for such co-operation in general and in particular that for freedom of trade, we are left, after perusal of the recommendations of the Majority Report, with a feeling of disappointment that these distinguished experts in monetary theory should have failed to point out that this crisis is eminently one of those occasions—which they admit sometimes occur—when central banks should properly encourage a freer use of credit. In effect, they have said to Governments: "If you create the conditions of confidence and freedom which lead to fresh profitable enterprise and a consequent recovery of prices, central banks may properly be asked not to block the road by their monetary policies." But central banks must always act positively or negatively, and even to avoid obstruction means that they must take definite steps. If they agreed, in face of the present collapse of prices, to act all in the same direction, it would undoubtedly influence the course of events.

IMPERIAL PREFERENCE: CANADA.

The first Dominion whose position we turn to examine in the light of the general discussion of Imperial preference which we published last week is Canada. The hosts at the Ottawa Conference will naturally be particularly anxious for success, and the leaders of the Conservative Party, headed by Mr Bennett, have recently been paying their most ardent respects to the cause of Imperial preference. Still more striking has been the attitude of the Liberals, whose historical rôle it has been to uphold the autonomous rights of the Dominion and to be very suspicious of Imperial trade agreements, but who now, under Mr Mackenzie King, have been criticising the Government for not adopting a more forward policy in the matter and for putting obstacles like the anti-dumping duties,

and variations of tariff schedules by orders-in-council, in the way of trade with Great Britain. The Opposition stands for preference by lower tariffs; the Government, backed in the past by the Canadian Manufacturers' Association with its strong protectionist bias, have hitherto been inclined—as they were at the 1930 Imperial Conference, when Mr Bennett called down Mr Thomas's description of "humbbug" upon his proposals—to seek preference rather by raising tariffs against foreign goods. There are some signs, however, that the inevitable failure of the "Canada First" policy to meet the forces of depression, combined with pressure from the agricultural West, has affected Mr Bennett's viewpoint, and that Canada's official attitude may have changed somewhat in the past two years.

To this gradual improvement in the attitude of both political parties has been added during the past year an automatic incentive in the direction of increased trade between Canada and the rest of the Empire. With the departure of Great Britain from the gold standard, the Canadian dollar depreciated in New York to an extent which greatly handicapped United States sales in the Dominion market. Partly in consequence of this, the proportion of Canadian imports which came from Empire countries rose from 21.9 per cent. in 1930 to 24.2 per cent. in 1931, and the proportion during the first eleven months of the present fiscal year was 25.3 per cent. At the same time, no party in Canada is anxious to bind the country by British agreements in such a way as would jeopardise its bargaining power *vis-à-vis* other countries. Mr Mackenzie King, for example, who has been the most vigorous denouncer of the "Canada First" policy, is equally emphatic that there must be no attempt to replace it with an "Empire First" campaign which would ruin those Canadian industries which market a large proportion of their products outside the Empire. Moreover, Canada, as a debtor country, is obliged to cultivate external markets, both British and foreign, in order to balance her international account.

In forecasting Canada's demands, two main issues must be borne in mind: first, the vital importance of the wheat problem; and second, the fact that Canada is no longer a pioneer country which lives by exporting primary products in exchange for manufactures, but a manufacturing country, many of whose industries have reached the stage where overseas markets are indispensable. In granting concessions to British manufactures she is therefore obliged to have always in mind the effect both on the domestic market and on foreign markets for her own manufactured products.

The following table shows the division of Canadian exports between the principal markets, in 1925 and 1931:—

EXPORTS OF CANADIAN PRODUCE. (In million of dollars.)		
	1925.	1931.
United Kingdom	395.8	171.4
New Zealand	15.1	4.6
Newfoundland	12.7	6.9
Australia	12.0	4.8
British West Indies	10.8	9.5
British South Africa	9.3	9.2
British East Indies	6.2	4.4
Other British Empire	13.2	9.8
Total British Empire	475.1	220.6
United States	417.4	257.1
Germany	24.2	11.5
Japan	22.0	15.7
Belgium	16.6	14.4
Italy	14.1	5.9
Netherlands	12.6	13.6
Russia	11.7	0.1
Argentina	10.3	4.6
France	10.3	17.3
China	7.8	7.2
Cuba	7.1	1.6
Other Foreign Countries	39.8	35.8
Total Foreign Countries	593.9	384.8
Total domestic exports	1,069.0	605.4

It must be borne in mind that part of the merchandise shipped to a given country is only in transit for other markets; but even allowing for this, the outstanding fact which emerges from this table is that the United States

VIEWS

Imperial and Parochial

Soundness of judgement usually rests upon an ability to combine the 'close up' with the bird's-eye view. To encourage the wide angle, the Westminster Bank issues a periodical 'Review' of current trade conditions, with surveys based on local reports drawn from all over the country. Readers of *The Economist* may obtain copies monthly, without cost, on addressing a request to the Manager

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market has become as important to Canada as those of the entire British Empire put together, and it is therefore evident that the Dominion will have to walk warily at Ottawa for fear of offending her powerful neighbour. The most important of all Canada's manufacturing industries, the pulp and paper industry, for example, depends upon the United States for over 80 per cent. of its external market. Over this six-year period there has been a decline in the proportion of exports to the Empire, though a recovery began last year.

By far the most important export which is likely to be considered at Ottawa is wheat. The difficulties of the world wheat market in general and of Canadian wheat producers in particular are too well known to need recapitulation here. Suffice it to say that in 1930-31 Canada exported 267½ million bushels, or 34 per cent. of the world total, and still increased her carry-over to the record figure of 141 million bushels. In spite of the rise in unsold stocks, it was agreed at a representative Conference in Montreal last November that the statistics of production and consumption of wheat over a period of years justify Canada in maintaining her position as a wheat producer, and a crop of 400 to 500 million bushels has been forecast for this season. The Ottawa Conference will therefore have to reckon with a Canada whose crying need is an expanding market for her wheat.

The problem, however, is not a simple one. Last year Great Britain imported 222 million bushels of wheat, of which only 50 million bushels came from Canada, while 39 millions came from the Argentine and 21 millions from the United States (some of which was probably Canadian wheat shipped from the United States winter ports). Thus at first blush it appears that there is considerable scope for the enlargement of Canadian sales in Great Britain by Imperial preference or quota, but the figures of exports from Canada reveal a different side of the problem. Of the 195 million bushels exported in 1931, 107 million bushels were consigned to Great Britain (though, according to British statistics, only about half that quantity seems to have been landed here, the remainder being doubtless "orders" cargoes actually delivered elsewhere), 4.2 million bushels to British South Africa, less than one million each to the Irish Free State, New Zealand and Malta, and the rest to foreign countries. Thus even the substitution of Canadian wheat for our entire purchases in the Argentine would not rid Canada of the necessity of selling part of her crop in foreign markets and thus of accepting the world price for the whole of it, while international competition might thereby be disastrously intensified. This view is accepted by leading representatives of the Canadian grain trade and of the Western farmers themselves.

Exports of agricultural products other than wheat are likely to be pushed increasingly, especially if the move-

ment towards mixed farming gains headway. For animal products, Great Britain and the United States are the best markets, and it is probable that Canada will ask for preferential aid in developing still further the British market for her butter, bacon, cheese and hides. Apples also offer a promising field: Great Britain already takes the major share of the Canadian export, and could probably take more, while the other apple-producing Dominions harvest their crops at a different season and would probably be glad to develop a reciprocal trade.

The extractive industries offer a very promising field for discussion at Ottawa. Many British countries have as urgent a need to import non-ferrous metals as Canada has to export them. The United Kingdom already takes more than half Canada's aluminium, most of her copper and zinc, and a large share of her lead and nickel, though the United States are also a large purchaser of these latter. But except in the case of nickel the figures are comparatively small. At the same time, Canada's proportion of Great Britain's imports of copper in 1930 was negligible, and she only provided one-eighth of our imported lead, one-sixth of the aluminium and rather over a quarter of the zinc. In all these cases most of her leading competitors are foreign countries, though Australia surpasses even the United States as a source of this country's imports of lead; but as the whole Canadian output would not fill more than a small fraction of British needs, the process of encouraging Canadian imports without uselessly penalising British consumers would require very considerable ingenuity.

Among Canada's manufacturing industries, the motor industry is particularly anxious for export markets. Canadian motor-cars are hardly likely to find an enthusiastic welcome in this country, but with assistance from a preferential tariff they might secure some of the Empire markets hitherto dominated by the United States.

What has Canada to offer in return for the advantages she is likely to ask in British markets? That the Canadian market is at present almost completely dominated by the United States is shown by the following table of imports:—

CANADIAN IMPORTS BY COUNTRIES OF ORIGIN.
(In millions of dollars.)

	1925.	1931.
United Kingdom.....	151.1	109.5
British West Indies	14.9	11.6
British East Indies.....	12.9	7.2
British Guiana.....	6.9	4.2
Australia	2.6	6.3
British South Africa	0.1	4.4
Other British countries	6.5	8.8
Total British Countries	195.0	152.0
United States	509.8	393.8
France	18.5	14.2
Japan	7.0	6.8
Germany	6.8	12.0
Switzerland	7.8	3.9
Belgium	5.1	5.5
Netherlands	5.1	5.9
Other Foreign Countries	41.8	34.0
Total Foreign Countries	601.9	476.1
Total imports	796.9	628.1

Though the United States lost some ground in the Canadian market last year, they still were responsible for over 60 per cent. of Canadian imports. This predominance is due partly to the immense amount of United States investment in Canada and partly to the natural advantages of proximity. An important factor is the large circulation of American magazines in Canada, inculcating United States habits of life and carrying advertisements of United States products. Moreover, in some of the industries in which Great Britain is most anxious to ensure an extended market for her exports, as, for example, electrical equipment and engineering, a large share of the market is virtually reserved for the United States either by international agreements among manufacturers or by the use of American standards, or by the fact that the purchasing firms in Canada are subsidiaries of United States companies. Even where restrictions of this kind do not exist, there are many products which rank among Great Britain's most important exports, bituminous coal,

for example, which Canada imports almost exclusively from the United States.

That the position of the United States in the Canadian market is not unassailable is, however, suggested by the fact that their percentage of Canada's imports fell from 65.5 to 62.6 between 1930 and 1931, while the British percentage rose from 26.6 to 27.9. The Canadian Government is known to be in favour of encouraging the British trade in iron and steel products, and in some sections of this trade, notably rolling-mill products and non-agricultural machinery, the British trade, though very much smaller, has been better maintained recently than that of the United States. In many branches of the textile, leather, clay products and chemical industries there is keen competition, and any preference for British goods would be bound to make a considerable difference. As, however, many of these industries are fairly well developed in Canada, and have been the subject of political manoeuvre, the prospect of obtaining increased preference except on the basis of a higher general tariff is rather small. The textile industries, for example, have expressed a strong disinclination to be "sacrificed to Lancashire and Yorkshire."

Until the Canadian Manufacturers' Association makes public its report it is difficult to tell just what Canada is likely in the end to offer, but from the few examples taken above, which are representative of a large number of similar considerations, it appears that when allowance has been made on both sides for all considerations of domestic policy and foreign relations, very little scope will be left to either party for concessions of real value and importance.

STEEL REORGANISATION AND TARIFFS.

OF all the formidable tasks which face Sir George May and his colleagues on the Import Duties Advisory Committee, none is more urgent or more baffling than that of securing that the tariff upon iron and steel does not do more harm than good both to the industry itself and to the wider industrial interests of the nation. Whether the performance of that task is possible is a matter upon which we hold one view and the Protectionists another; but all schools of fiscal thought will in any case approve the promptitude and energy with which Sir George May has launched his initial attack upon the problem.

The present position of the steel tariff is generally recognised to be both temporary and anomalous; for not even the wildest Protectionist could contemplate with complacency the indefinite continuance of a system in which raw and "semi" products bore an all-round, indiscriminating duty of 33½ per cent., as against the 20 per cent. imposed upon the more finished product. The continuance of that position over a substantial period would involve intolerable and even ruinous handicaps to steel users and exporters, whose economic importance to this country is, as we have frequently pointed out, many times greater than that of the steel producers themselves. The situation is both urgent and dangerous, and the chief merit of the statement which Sir George May delivered at the end of last week to a representative gathering of steel manufacturers lies in its recognition of this fact. What has happened up to now is that the Advisory Committee, instead of insisting upon effective reorganisation as a condition precedent to the grant of Protection, and using the reorganisation period for a full survey of ways and means to safeguard the interests of steel users, chose rather to accept the time-honoured plea of the manufacturers that some measure of Protection was an essential prelude to rationalisation. So an improvised measure of Protection was imposed post-haste, and the vital questions of re-organising the producers and safeguarding the users left to be solved afterwards. In adopting this method of procedure the Committee have put the cart before the horse. They have gambled rashly. But it may at least be said that Sir George May is showing determination to bring off the gamble, if it is humanly possible.

In the address, to which we have referred above, Sir George struck the right note at the outset. "The industry," he said, "cannot be prosperous unless it can sell its products; and it can only sell its products if the industries

using them are flourishing. Those industries are very largely export industries, and can only maintain and develop their exports if they can be assured of getting from the iron and steel industry the requisite material of the right quality and at the lowest possible price." The purpose of the tariff, he went on to emphasise, was to afford the industry an opportunity of putting itself in order "on the lines best adapted to this country and the diversified nature of the demands that have to be met." Then, having stated that the period of the present duties would be prolonged to allow time for rationalisation schemes to be worked out, Sir George proceeded to make a threat, and a promise. The threat was that effective re-planning of the industry was the condition of further continuance of Protection; the promise that, if effective re-planning was achieved, the industry would receive "adequate" permanent Protection. As to the threat, the industry will, we trust, take it as being seriously meant, and not a bluff. As regards the promise, the industry would do well to do some hard thinking. It must not suppose that it can ride away with high Protection in return for half-hearted, if much-advertised, efforts at reform. Nor must it assume that Sir George May or anyone else can promise permanent Protection at any level. Policy, in the long run, is decided by Governments, and Governments change. Moreover, even our present tariffist Ministers avow the main object of their tariff policy to be the creation of a weapon to beat down the tariffs of other countries and to open up the way to freer trade all round. Unless our tariff policy can succeed in this achievement, it will stand condemned as a failure without mitigations. Neither this, nor any other, Government can afford to tie its hands by long-distance promises to any industry, especially one of such outstanding importance as the steel trade.

The upshot of the meeting between the Advisory Committee and the steel manufacturers was the appointment of a National Committee, consisting of Mr Charles Mitchell, of Dorman Long, as chairman, and twenty-three members, who, although one or two notable names are missing, may be accepted as representative both of regional interests and diversifications of manufacture. From this body four Regional Committees have been appointed, representing the interests of Scotland, the North-East Coast, the Midlands, and South Wales respectively. In addition, an Executive Committee has been set up, to consist of the chairman and one other (in the case of the Midlands two other) members of each Regional Committee. This alignment of committees gives promise that a problem bristling with complications will be at least approached from the right angle. Clearly, regional amalgamations are the first essential step. If and when these can be arranged, the next step would presumably be the formation of regional programmes of production and marketing—these programmes to be co-ordinated by the Executive Committee.

But, unfortunately, to approach a complex matter on the right lines, does not make its solution a certainty; and it would be folly to underestimate the difficulties faced by the committees. There are favourable points, it is true. Amalgamation and reorganisation in the steel trade is no new project. Tentative schemes have been worked up and discussed for years. To-day the hard plight of trade and the stimulus afforded by the threat of the withdrawal of Protection, may combine to create a driving force which will compel effective results. Moreover, the committees have before their eyes the lessons of the mistakes made by rival industries in other countries. Nevertheless, anyone who has had any experience of amalgamations knows that even the first step is extremely difficult, and involves not only the most intricate interweaving of a variety of interests, but also the will both to make sacrifices and to disclose secrets on the part of a large number of firms, all probably hopeful of the tariff as a saviour of their individual existence, and all jealous of their own private affairs. Over all these obstacles the Regional Committees must climb. Even then, wider difficulties have to be faced. The crux of the problem lies in the distribution of orders and the joint organisation of sales. Moreover, the plans for the erection of Bessemer plant at Corby suggest that in the course of reorganisation there may be some change from basic

open-hearth to basic Bessemer production; but if large new plants are to be erected, the danger of creating excessive capacity must be avoided and the geographical distribution of output considered. Behind the whole problem, however, lies the question of finance. Before the distrustful and hard-hit investor can be persuaded to finance new steel projects he will have to be fully satisfied on many points. It will not be enough to show him that dead wood has been cut out and amalgamations carried out on sound lines and with reasonable capitalisation. He will wish to be assured also that the schemes of the new combinations are complementary and not internecine; and that the mistakes which have proved fatal to so many great combines are not being repeated.

Of the multitudinous problems no more need be said at this juncture. It is well that their complexity should be realised. But, on the other hand, the country has the right to expect that the steel industry should spare no effort to solve them. It has long been proclaiming that, if tariff Protection were granted, it could set its house in order. It has got tariff Protection, for good or for ill. Let it get on with the job and get on quickly; because every month that passes under the present system will make it more and more difficult for our steel-using export industries to hold what ground they still retain in overseas markets. But, whatever the prospects of success, let us in any case be grateful for one thing, namely, that our first tariff "chief" has had the courage at the outset to tell a great British industry that the first essential is efficiency.

AMERICAN ELECTION PROSPECTS.

(BY A CORRESPONDENT.)

THE political situation in the United States has, during the past two months, presented a spectacle of unparalleled confusion. The Hoover Administration from the opening of the first session of the new Congress was placed in a difficult position through its loss of control over both Houses of Congress, but there seemed a prospect of its difficulties being eased by the willingness of the official leaders of the Democratic Party to facilitate the passage of reasonable measures framed on non-partisan lines and designed to promote reconstruction. But when the Budget and other measures came before Congress for consideration the Democratic leaders found themselves unable to control their followers, who proceeded to mutilate most of the taxation and other proposals submitted by the Hoover Administration.

The reason for the bewildering irresponsibility of the Lower House is not hard to discover. A diminution of Government expenditure combined with an increase of taxes is bound to inflict hardship upon numerous people, and when measures for these ends are submitted to four hundred and thirty-five Congressmen, who have within a few months in most cases to run for renomination in a direct primary in their district, the prospective victims seize their opportunity. Many seats are safe for one party or the other, but comparatively few members of Congress on either side are in a position to ignore the possibility of opposition in their own camp. For most of them their first concern is their own political life; and they know that tax increases, cutting of salaries and curtailment of votes for public works place it in peril, while their rivals are in a position to abuse them for their pusillanimity and to make all sorts of promises. Hence it came to pass that measures which had the endorsement of the leaders of both parties were obstructed and held up by timorous Congressmen.

Meanwhile the Senate, which is an infinitely saner body but not completely devoid of irresponsible elements, has been doing its best to repair the evil done by the errors and follies of the House of Representatives. It gave a lead to the Lower House by finally hammering out the taxation measures into a form which offers some promise of raising the revenues required to come at least within an approachable distance of balancing the Budget. It was, however, the scene of some lamentable squabbles about the tariff, and the low-tariff professions of the

Democratic Party were made to look hypocritical by the action of a group of Democratic Senators in backing demands for tariff increases on oil, copper and other commodities in which their States were interested.

The truth is that in the minds of the politicians at Washington the approaching election campaign is uppermost. On the Republican side, Mr Hoover has formally made known his intention of running again by entering the primaries of several States, and it is virtually impossible to prevent a President from being renominated for a second term. The Republican managers claim that in the last two months the exhibition of political ineptitude given by the Democratic Party in Congress has disgusted a large section of the public and has improved Mr Hoover's prospects of election; but there are scant signs of any popular enthusiasm for his candidacy, and eminent Republican politicians have openly proclaimed their belief that his nomination spells inevitable defeat for his party. It was counted an ominous portent that in the Republican primaries in Maryland he polled only some 17,000 votes against 11,500 obtained by ex-Senator France; and even more disconcerting than his comparatively small majority was the fact that the total vote polled for him was about one-fifteenth of the vote recorded for him at the Presidential election in 1928.

The liquor issue also continues to be a constant source of worry to the Republican chieftains. Particularly significant was the result of the Republican primaries in Ohio, the headquarters of the Anti-Saloon League, where a fierce battle between "Wet" and "Dry" aspirants resulted in a decisive victory for the "Wets." This result has emboldened the "Wets" to increase their pressure for the inclusion in the Republican platform of a plank calling for a national referendum on prohibition; and the insertion of such a plank at the party convention which is to be held in Chicago is now freely predicted. It might keep the Republican "Wets" in the fold, but it will also be liable to drive the extreme "Drys" to an attitude of sullen hostility. Again, if the Republicans decide to support the idea of a referendum, the Democrats, who have virtually decided on a similar plan, may consider it necessary to pledge themselves to outright repeal of the prohibition laws.

At the Democratic convention, which is also to be held in Chicago, a bitter battle for the Presidential nomination now seems inevitable. Governor Roosevelt has still a long nominal lead over his rivals, and his campaign managers on May 10th issued a statement claiming that when the convention opened the line-up of delegates behind the different candidates would be as follows:—

Roosevelt	678	Reed	36
Smith	203	Byrd	24
Garner	90	Murray	23
Lawler	58	Ritchie	16
White	52	Not claimed by anyone	56

These figures total 1,236, which is 82 more than the actual convention roll of 1,154 delegates, and the discrepancy is accounted for by overlapping claims. Roosevelt would thus, even on the basis of the claims of his supporters, fall short of the two-thirds majority necessary for nomination on the first ballot, but his lead would be so decisive that it would be difficult to avert an immediate landslide in his favour. His opponents, however, do not concede the claims of the Rooseveltians, and argue that up to date only some 400 delegates have been definitely pledged in his favour. They also maintain that many of the delegates who are pledged to him are not committed beyond the first ballot and will be free to switch their votes on later ballots. Undoubtedly in the past month Roosevelt's candidature has suffered some serious setbacks, for he was badly beaten in the primaries in Massachusetts by ex-Governor "Al" Smith; he captured only half the important delegation from Pennsylvania, and in California he ran third to Speaker Garner and Smith, the former winning the State's delegation. He is also likely to lose New Jersey and has no support from Illinois. Moreover, his opponents are stressing the fact that he has shown manifest weakness in the industrial States of the East, where a Democratic candidate, to win the election, must show strength, and that the greater part of his support comes from the Southern and

Western States which almost any Democratic nominee would be likely to carry at the next election.

According to the political experts, Roosevelt's fate at the convention will probably depend upon the attitude of the delegation from New York, ninety-four strong, which is controlled by Tammany. The normal expectation would be that a Democratic Governor of New York would secure the solid support of the Democratic delegation from his own State, but apparently the destination of the New York votes is only known to one man—John F. Curry, the boss of Tammany—and he maintains tight-lipped secrecy about it. Roosevelt has generally, in State elections, had the support of Tammany; but recently, as the result of scandalous revelations made at an inquiry conducted by Judge Seabury, he has been forced to dismiss certain prominent officials belonging to the Tammany organisation, and, although he has avoided taking disciplinary action in other cases where it seemed called for, and has thereby forfeited the support of certain reforming elements, he is no longer regarded with any enthusiasm by the Tammany leaders. But "Al" Smith, who is himself a product of Tammany, is also in disfavour with the organisation.

"Al" Smith is so far easily second in the race for delegate support, but even his strongest partisans do not cherish any delusions about his ability to win the Presidential nomination. They know that, if they can succeed in their schemes to block the nomination of Roosevelt, the supporters of Roosevelt will be strong enough to place a decisive veto upon the election of Smith, and in their baffled rage will proceed to do so. In view of the possibility of such a deadlock, consideration is being given to the chances of other aspirants, of whom the most prominent are Newton Baker of Ohio, Governor Ritchie of Maryland, and Speaker Garner of Texas. Governor Ritchie is much too conservative to please the West, and Mr Garner has developed no strength outside the south-western group of States. There remains Mr Newton Baker, the ex-Secretary for War, who has not been promoting his candidature with any overt vigour, but has made known his willingness to accept the nomination. He has the advantage of coming from the pivotal State of Ohio, and, although its delegates are on the first vote pledged to support Mr White, the State Governor, they will be available as a nucleus of Baker's strength in the event of a deadlock between Smith and Roosevelt.

Considerable talk is also reviving about the merits of Mr Melvin Traylor, the well-known Chicago banker, who has for years been an active Democratic politician, and commands general respect as an able banker of inherently progressive views. But Mr Frank R. Kent, writing in the *Baltimore Sun*, mournfully predicts that the nomination will be determined finally in the same sort of "good old smoke-filled room" in which President Harding and other Presidents have been selected. He gives the names of seven State bosses, headed by Curry of Tammany, Frank Hague of New Jersey, and Tony Cermak of Chicago, who control between them 232, or more than one-quarter, of the votes, and calculates that some twenty-five men will be in a position to direct the final disposition of some 1,000 votes. The Democratic candidate for the Presidency will be selected at some secret conference of these twenty-five men.

Notes of the Week.

Irish Developments.—During this week sudden, and still puzzling, changes have come over the situation regarding the Irish parliamentary oath and its reactions on the Ottawa Conference. On Thursday of last week papers relating to British plans from the Ottawa Conference, which had been circulated to other Dominions, had not been sent to Dublin because, he said, "no good purpose could be served by entering into further negotiations with people until they show they are ready to observe agreements." This announcement, which,

though not as courteously worded as it might have been, was only to be expected in view of the general attitude which the British Government has taken up, was entitled by Mr de Valera's newspaper, the *Irish Press*, "as disgusting a piece of badly-staged hypocrisy as is recorded in British politics," and this unsympathetic description was followed by a vituperative attack on the personal qualities of the Dominions Secretary. It was, therefore, all the more surprising when, on Monday last, Mr Thomas announced that, at the invitation of Mr de Valera, he and Lord Hailsham were crossing that night to Dublin "for a preliminary discussion on the present difficulties between the two countries in relation to negotiations concerning the Ottawa Conference," and that Mr de Valera himself would come to London on Friday. Whether this remarkable turn of events is only a political manoeuvre of Mr de Valera's, or presages an amicable settlement of the dispute, can scarcely be guessed until the results of the deliberations are given to the public. The *Irish Press* says that the question of the oath is not to be reopened, and Mr de Valera told the Senate on Wednesday that his Government's attitude on the matter was unchanged. The Senate, however, which had passed the second reading of the Oath Removal Bill through the abstention of most Cumann na nGaedheal Senators, took heart from the new developments and wrecked the Bill—from the Fianna Fail point of view—by removing from it those clauses which directly affect the subordination of the Free State Constitution to the Treaty of 1921, and by appending a clause delaying the entry of the Bill into force until an agreement has been reached between the Government of the Free State and the British Government for the abrogation of Article 4 of the Treaty. This step may prove the death warrant either of the Fianna Fail Government or of the Senate itself.

M. Herriot Meets the Chamber.—M. Herriot has formed his Government at last. He has combined in his own person the Premiership and the Ministry of Foreign Affairs. M. Paul Boncour is Minister of War, M. Painlevé Minister for the Air, M. Germain Martin Minister for Finance, and M. Daladier Minister for Public Works. Thus the new Ministry represents a gamut of political groups from the left wing of M. Herriot's own Socialist-Radicals as far as M. Painlevé's central group inclusive. The new Government met the Chamber on Tuesday, and obtained a vote of confidence by 384 votes to 115, a majority of 269. This division is important, since it isolates the Right from the Centre—at least for the time being—while bringing the Socialists to the support of the Herriot Government, notwithstanding the breakdown, which we recorded last week, of the attempt to achieve a Socialist and Socialist-Radical Coalition. The new Government, however, is by no means as strong as the figures in last Tuesday's voting might seem at first sight to indicate. For M. Herriot's tactics during the last few weeks have alienated the left wing of his own supporters, and this wing had drafted a motion expressing regret at the failure to secure the Socialists' co-operation. It was not without difficulty that the Government obtained the substitution of a motion in which the Chamber simply expressed confidence that the Government would carry out a policy in conformity with the wish expressed by the majority of the country—and even this motion conveys a significant hint that M. Herriot would not be able with impunity to flout the will of the electorate as expressed at the polls the other day. What policy the new Government actually will pursue was not made clear in the statement of policy which the Prime Minister read to the Chamber before the vote was taken. The statement contained certain inevitable commonplaces which no Government in the world can afford to leave unsaid in any statement which it makes nowadays, though no Government in the world has yet brought itself to translate these fine phrases into action. "International co-operation has become no less imperative in economic affairs than in foreign relations." With regard to Reparations, the new French Government, while insisting on respect for treaties, will "be ready to discuss any project or take any initiative calculated to promote

greater stability in the world generally, or *bona fide* movements towards reconciliation in the cause of peace." With regard to Disarmament, it will "favour even partial solutions such as might permit (without prejudice to the national security) of the reduction of military expenditure as a stage on the path of progressive, simultaneous and controlled disarmament." The meaning of these words will only appear as they come to be translated into action. They are capable of meaning much that would be for the common salvation of France and the world. And, in fairness to the new French Government, we shall assume that this is what they do mean—unless and until we are disillusioned (not for the first time) by the sequel.

The New Regime in Germany.—Herr von Papen has now completed the formation of his Ministry and is well away on the war-path against "parliamentary democracy," "State Socialism," Marxism, atheism, "cultural Bolshevism," and a number of other vices with which all previous German Governments, since the revolution of 1918-19, are branded. Last Monday, President von Hindenburg signed a decree for holding a general election for the Reichstag on July 31st, as though a Prussian General Election and a Reich Presidential Election in two instalments—not to speak of elections in a number of the smaller Länder of the Reich—had not given the German people enough elections already to last them for months or years. The von Papen Government's next move has been an attack on Prussia, where the old Social-Democrat, State Party and Centre Coalition Government has been carrying on since the recent general election for the Prussian Landtag, on account of the parliamentary stalemate which this election has produced. At the moment, the Prussian Prime Minister, Herr Braun, the Social-Democratic leader, who has been the life and soul of the Prussian Government for years past, has gone, rather mysteriously, into retreat, and his place has been taken by one of his colleagues, Herr Hirtsiefer, who belongs to the Centre Party. Herr von Papen, ignoring Herr Hirtsiefer, has now addressed himself to the Nazi President of the Prussian Landtag and has requested him to convoke the Landtag before June 22nd (the date until which it now stands adjourned) with a view to the formation of a new Ministry, representative of the present majority in the Landtag, in order to carry out certain pending financial negotiations between Prussia and the Reich. This is apparently a manoeuvre to force the Centre group in the Prussian Landtag to put the Nazis into power by lending them their support, under threat of financial pressure. There is a sum of 100,000,000 marks claimed by Prussia from the Reich in respect of an outstanding transaction in land settlement bank shares; and Prussia has been counting on this sum in order to balance her budget. Herr von Papen evidently hopes to bring Prussia to heel by withholding this payment, or alternatively to throw her into such financial confusion as might give the Reich a pretext for setting the existing "business government" in Prussia aside and appointing a Reich High Commissioner to administer Prussia autocratically. The Prussian Government is showing fight; and is arranging for additional taxation, by Decree, to pay its way in case the 100,000,000 marks in question are not forthcoming. It remains to be seen whether Herr von Papen will push his Prussian offensive home. He may be deterred by the attitude of Bavaria and the other southern Länder of the Reich, which are already up in arms on behalf of "State rights." Times have changed indeed! For who, that knew pre-war Germany, would ever have dreamed that he would live to see Prussia being coerced by the Reich, and looking to Bavaria to come to her rescue?

Revolution in Chile.—Last summer, when the Chilean fleet mutinied as a protest against cuts in pay, the Chilean Air Force bombed the sister service into submission. This week, the Chilean Air Force has made a revolution of its own without having to drop an ounce of high explosive upon anybody. President Montero's regime, which represented, on the whole, the professional classes and the bankers, has been replaced by a Junta

consisting of one general and two Socialists with a radical programme; but "the live wire" in the new regime seems to be Colonel Marmaduke Grove, the new Minister of Defence and previous commandant of the School of Aviation. An attempt, on the late Government's part, to deprive this redoubtable Irish-Chilean of his post was the act which precipitated the revolution. This new convulsive turn of the political wheel in Chile has, like all Latin-American revolutions, its personal aspect. But the driving force behind this, as behind all the other political disturbances that have shaken Chile during the last year or two, has been the world economic depression. Borrowing freely abroad—and mainly from the United States—during the post-war boom, and dependent largely on a single staple export to pay the swollen interest on her foreign debts, as well as to finance her essential imports, Chile has been particularly hard hit by the slump; and violent political gestures, in the manner of Colonel Marmaduke Grove's pronunciamiento, are the Chilean way of giving expression (though hardly relief) to economic malaise. The present revolution seems frankly directed against the burden of foreign indebtedness and the incubus of foreign financial and economic control over Chilean resources and Chilean life. The revolutionaries' *bête noire* is Cosach: an organisation which is more invidious, because it is more conspicuous, than the bevy of lesser nitrate concerns which have been merged in it. The resentment against Cosach has also been increased by a technical change—the substitution of the Guggenheim for the Shanks process of nitrate extraction—which has been causing unemployment. The Junta has sworn that it will have the foreign exploiter's blood; but blood cannot be squeezed out of a body that has already been drained dry; and it cannot be very exhilarating to denounce usurers who have ceased to draw their interest already. The new Chilean Government is already showing signs of cooling off; and it will probably have its hands full in dealing with the recalcitrance of its own bankers and lawyers. The ultimate relations between Chile and her foreign creditors are likely to be determined by the remorseless working out of a very painful economic process, rather than by domestic political alarms and excursions.

United States Finances.—After the long and rough passage which the Emergency Tax Bill had in the United States Senate, the waters of the House of Representatives proved choppy but not unsubduable by an appeal to urgent national necessity. The Bill, passed last Saturday by the House without a division, and reported out by a joint conference of both Houses, was re-endorsed by the Senate on Monday and signed by the President the same evening. The Bill, which is estimated by the Treasury to bring in \$1,185 million of revenue next year, represents a success for the partisans of "soaking the rich" in so far as it omits the general sales tax that Mr Hoover himself advocated, and looks, for a great part of the money, to increased income taxes and corporation taxes, to stamps on cheques and stock transfers, and to excise taxes on petrol, motor cars and other accessories of that pursuit which the United States no longer regards as an essential item of civilised life; but there are certain other indirect taxes, and the lumber, oil and copper interests have won their tariffs. Since the deficit for eleven months of the current fiscal year is \$2,635 million, and there is no sign yet of industrial recovery, it is clear that the new measure will balance the budget only if large economies are simultaneously affected, if the war debt annuities (most doubtful of assumptions) are paid in full, and if several other questionable hypotheses are fulfilled. But that Congress should even so far have woken to its grave responsibilities is more than seemed probable a few weeks ago, and the Senate is reported to be making headway with the economy measure. Now comes another struggle over extra-budgetary expenditure. While the Senate Finance Committee has been favourably considering the Wagner Relief Bill, which would distribute \$3,000 millions of borrowed money largely through the Reconstruction Finance Corporation to profitable enterprise, the House of Representatives has passed the far more

radical Garner Bill, with its billion-dollar public works programme. The dogs are barking, for the beggars are coming to town. Seven thousand ex-service men are reported to be in Washington, assembled from all over the Union, to demand payment in full of the "veterans' bonus"—a matter of \$2,400 millions. The House of Representatives—knowing that their vote is not likely to be repeated in the Senate—may approve the payment of the bonus, if only to embarrass the Administration. At such a moment of financial crisis, it is particularly unfortunate that General Dawes should have resigned from his chairmanship of the Reconstruction Finance Corporation, for reasons which only rumour has so far detailed, but which plainly transcend his ostensible desire to attend to his Chicago banking interests. The Corporation, with General Dawes at its head, has been one of the trump cards in Mr Hoover's none too powerful hand.

Madrid and Catalonia.—The news from Spain, writes a correspondent, is chiefly concerned with the chronic anæmia from which the country's productive activities are suffering owing to the persistence of labour troubles. The Syndicalists have been successful in maintaining the general strike at El Ferrol, and it is now being extended to all the chief towns of Galicia. The Government is maintaining law and order in every district, but it is powerless to strike at the root of the trouble—which is Barcelona—until the Catalan question has been settled in Parliament. The general discussion on the status of Catalonia is now coming to an end. It has revealed the expected divergence of opinion as to the feasibility of providing for any extensive measure of home rule without detracting from the sovereign rights of the State. On the necessity for working out some scheme of autonomy, however, there was general agreement—that question having been threshed out before the Constitution was passed. Señor Lerroux, the veteran Radical leader, on whom many Monarchists had been banking to wreck the Government's project, made a speech in the early stages of the debate showing that he had no intention of playing their game. The three-hour statement of Señor Azaña, the Prime Minister, on May 27th, went rather farther in its recommendations of Catalan independent administration than was expected. He proposed that the Region should have its own system of taxation, subject only to periodical revision of financial administration by the Cortes in Madrid, should be responsible for its own expenditure and revenue, though this would mean a double system of budgetary accounts, and should make its own arrangements for public order, on the principle that power should not be divorced from responsibility. He observed, however, that there would, of course, be constant liaison with the Government in Madrid, and that the army should remain an organ exclusively of the central power. He also fixed a considerable period of transition, during which Catalan political capacity would, so to speak, be on trial. In spite of this cautionary note, the speech received a tremendous ovation and had an excellent Press in Catalonia.

The Savoy Free Zones.—Last Tuesday the Permanent Court of International Justice at The Hague delivered judgment in favour of Switzerland and against France in the Savoy Free Zones case. This judgment terminates a dispute which has been going on ever since 1919; and the prestige of International Law will be vindicated (it sorely needs it!) by country in virtue of an international legal decision. The Free Zones in question were established in the last general peace settlement but one—that is, in the re-mapping of Europe after the Napoleonic Wars—in order to render economically workable the geographical anomaly of the Geneva City is only connected by a narrow corridor along the north shore of the Lake with the main body of Switzerland; and its natural source of supply for vegetables and dairy produce is to be found in the adjoining Savoyard territory, for which, conversely, Geneva affords

the natural market. Under the Free Zone arrangement, this was made possible by setting back the Customs cordon of the kingdom of Sardinia (to which Savoy then belonged) some distance from the political frontier; and this arrangement was not affected when Savoy passed from Sardinia to France in 1859. The first move, on the French side, for the abolition of the Savoy Free Zones was the insertion of provisions to that end in the peace treaty of Versailles—a strange idea, since Switzerland had not been a belligerent in the Great War and was not a party to the treaty of peace. Thereafter the French Government sought to obtain the Swiss Government's consent to the Free Zones being abolished; and when the Swiss Government demurred, the French eventually moved their Customs cordon up to the line of the political frontier in 1923 by unilateral action. But Switzerland did not accept the *fait accompli*; and this has now been reversed in the end in Switzerland's favour. France really loses nothing, since the existence of the Free Zones has benefited the Savoyard districts included in them, without doing any economic injury to France as a whole. On the other side of the account, France will benefit now by yielding with a good grace; and, incidentally, her act will contribute towards strengthening the respect for treaty law, which France—with an eye to other treaties—has so much at heart in principal.

Lord Strickland's Apology.—As the inner history of the Maltese controversy has gradually been unfolded, it has become clear that the crux of the dispute has been a personal factor, and that the contentious personality has been Lord Strickland's. This is now confirmed; for Lord Strickland has apologised, and the domestic peace of Malta has been restored forthwith. In the circumstances, it is perhaps ungracious, but also perhaps unavoidable, to reflect that, if Lord Strickland had elected to make his apology at the beginning instead of at the end, a great many parties—including H.M. Government—might have been saved a great deal of trouble, while large numbers of Maltese, who are both good citizens and good Catholics, would have been spared much perplexity and pain. However, all that is happily now past; for Lord Strickland's apology (which appears to be very thoroughgoing) has been accepted; and, in consideration of it, the Catholic Church has withdrawn the Pastoral of May 1, 1930, in which Maltese electors were informed that they could not vote for Lord Strickland or his political friends without committing mortal sin. This was, of course, an intolerable situation in a British territory, and the British Government sought to meet it by suspending the operation of constitutional self-government in Malta so long as this religious ban upon free elections was maintained. There is now no obstacle to a restoration of normal constitutional life in Malta and of normal good relations between the Government and the Vatican.

Bank Cash and Deposits.—The latest statistical summary published by the Bank of England contains a new and useful table extending the estimates of the amount of currency (1) in circulation and (2) held by the banks, which originally appeared in the Macmillan report. The real value of the table is that it reveals the normal cash resources of the clearing banks as distinguished from the published averages of their weekly figures. To arrive at this, all that is necessary is to add together the monthly average of Bankers' Deposits at the Bank of England and the notes and coin held by the clearing banks as estimated in this new table. This gives the total of the banks' cash; for, while it is true that Bankers' Deposits include those of both the clearing and other British banks, investigation has shown that the balances held by the non-clearing banks at the Bank of England are so small as to be negligible. The result is shown in the following table, which also includes the published cash averages of the ten clearing banks, and the difference between this last

figure and the "true cash," as calculated above. All figures are in millions of pounds:—

		Notes and Coin		Banks' True Cash.	Clearing Banks' Published Cash.	Excess of Published Cash over True Cash.
		Bankers' Deposits.	held by Banks.			
1931	Jan....	64.4	102.7	167.1	197.7	30.6
	Feb....	60.1	101.7	161.8	190.0	28.2
	Mar....	60.8	99.8	160.6	184.0	23.4
	Apr....	56.6	97.6	154.2	178.5	24.3
1932	Jan....	75.6	89.6	165.2	179.8	14.6
	Feb....	70.7	86.5	157.2	172.8	15.6
	Mar....	75.0	89.4	164.4	174.0	9.6
	Apr....	72.3	87.9	160.2	173.3	13.1

For its real significance to be apparent this table should be compared with one that appears in the current issue of the *Midland Bank Review*. The Midland Bank concentrates upon Bankers' Deposits and the clearing banks' published cash, and proceeds to argue that, owing to greater reductions in the clearing banks' currency holdings, the increase in Bankers' Deposits has been accompanied by a contraction in the supply of bank cash, and so has failed to enlarge the basis of credit. These deductions need considerable modification in view of the heavy contraction in the margin between "true" and "published" cash. It must be remembered that "published" cash is the total of each clearing banks' cash on its *making-up day*, while "true" cash gives the position on the Wednesdays of each month. Bearing this in mind, it is impossible to escape the conclusion that the margin between the two is really a measure of the amount of window-dressing indulged in by the banks, and that this year the banks are window-dressing much less than before. Their partial abandonment of this practice is greatly to be commended, but when the *Midland Bank Review* proceeds to argue that the reduction in the clearing banks' "published" cash is a complete explanation of the contraction in their deposits, it is necessary to examine the figures once more. This is done below, the figures again representing millions:—

		Deposits at the Banks.	Banks' Published Cash.	Ratio of Published Cash to Deposits.		Banks' True Cash.	Ratio of True Cash to Deposits.	
				%			%	
1931	Jan....	1,873	197.7	10.6		167.1	8.9	
	Feb....	1,820	190.0	10.4		161.8	8.9	
	Mar....	1,764	184.0	10.4		160.6	9.1	
	Apr....	1,736	178.3	10.3		154.2	8.9	
1932	Jan....	1,714	179.8	10.5		165.2	9.6	
	Feb....	1,659	172.8	10.4		157.2	9.5	
	Mar....	1,676	174.0	10.4		164.4	9.8	
	Apr....	1,680	173.3	10.3		160.2	9.5	

So far from the clearing banks being the victims of extraneous circumstances, had they thought fit to operate this year on last year's "true" cash ratio, deposits this year would have ranged from £1,750 to £1,840 millions. We do not quarrel with their decision to adopt a slightly greater margin of safety in view of the uncertainties now prevailing, but this does not alter the fact that the whole of the Midland Bank's deductions are based upon camouflage rather than upon reality. It is also difficult to escape the conclusion that the amount of making-up is determined by the size of the banks' deposits, and is designed to establish a conventional cash ratio of just over 10 per cent. Now that it is possible to arrive at the true data, the last justification for window-dressing has disappeared, and the banks might well make public in their monthly returns their "true" cash holdings and cash ratio.

Metal Market Failure.—The London metal market received an unpleasant shock on Monday, when it was announced that Messrs. Lewis Lazarus and Sons, one of the oldest members of the Metal Exchange, were unable to meet their obligations. The firm's difficulties were known to arise from its commitments in tin amounting to about 5,500 tons; and, as a result, dealings in that metal were suspended for the day. Immediate steps were taken to deal with the position, notably the formation of a pool to take over the tin that might otherwise have been thrown upon the market. In accordance with the established practice of the Metal Exchange, a settlement price was also fixed at which outstanding dealings between Messrs. Lazarus and other firms could be settled, the actual price fixed being £115 per ton, against a closing

cash price of £120 per ton at the end of the preceding week. At first, matters appeared to be turning out well, and on Tuesday evening it was reported that the pool had succeeded in disposing of all the tin it had taken over, and had dissolved. Dealings in tin were resumed, and the closing cash price for June 7th was £115 10s. per ton, or a fall of only £4 10s. per ton as the direct result of the trouble. Unfortunately, these reports were premature; for the pool remains in existence, and by Wednesday night its members apparently still had 4,000 tons of "distress" tin on their hands, while on Thursday the cash price fell sharply to £109 10s. per ton. It is understood, however, that Messrs Lazarus' difficulties are not unduly serious. They arise mainly from the inability of certain foreign clients to discharge their outstanding liabilities to the firm at once, and it is conceivable that part of the cause of the mischief really lies in foreign restrictions upon the transmission of funds. In any case, it is not impossible that if all goes well the firm will eventually be able to meet its engagements in full.

Shipping Freight Index.—Whole-cargo freights in May underwent a marked recession after the relative stability maintained during the previous three months. Our index number shows a fall of 4 per cent., bringing the current figure to a level of 7.6 per cent. below that of a year ago:—

AVERAGE 1898-1913=100.

	Average, 1913.	May, 1931.	March, 1932.	April, 1932.	May, 1932.
European Waters	110.0	85.0	87.3	86.1	86.3
North America	113.1	96.6	86.3	91.7	89.6
South America	123.4	94.7	87.0	86.0	81.6
India	106.3	94.8	87.7	90.8	93.5
Far East and Pacific	117.4	96.0	95.9	99.3	88.8
Australia	127.9	104.1	103.3	96.1	88.1
Total	116.3	95.2	91.2	91.7	88.0

The general volume of business suffered further contraction last month. North American chartering was again disappointing, and pressure of unfixed tonnage on the Plate market produced a serious decline in the homeward rate. Quotations from Australia also fell sharply. Outward coal rates were dull, except for Mediterranean discharge. Movements of the various sections of our index number are shown in detail below:—

AVERAGE 1898-1913=100.

	Index Number.	Inc. or Dec. Points.		Index Number.	Inc. or Dec. Points.
Home trade	73.8	- 3.4	South America—outwards	65.2	...
Bay—outwards	100.9	+ 1.8	South America—homewards	97.9	- 8.8
Bay—homewards	91.9	+ 3.2	India—outwards	84.2	+ 2.8
Mediterranean—outwards	89.4	+ 4.1	India—homewards	102.7	+ 2.5
Mediterranean—homewards	88.2	- 0.7	Far East, &c.	88.8	-10.5
North America	89.6	- 2.1	Australia	88.1	- 8.0

Expressed as a percentage of the average for 1913, the total figure of our index number for May works out at 75.6, compared with 78.8 in April and 81.8 a year ago.

Cotton Trade Labour Confusion.—On Monday last at a special meeting of the Central Board of the Northern Counties Textile Trades Federation, which embraces all the trade unions in the weaving section of the cotton industry, the result of the ballot relating to the decision of the employers to abrogate all wages and hours agreements was announced. The ballot paper was in the following terms:—

1. Are you in favour of withdrawing your labour on June 11, 1932, against the decision of the employers to end all existing hours and wages agreements?

2. Are you in favour of your officials negotiating with the employers?

The figures showed that 88,603 were in favour of a strike and 24,493 against. On the other hand, 63,279 voted for negotiations with the employers and 29,967 against. The trades union officials were confronted by a difficult situa-

tion when they met to decide their course of action, as the vote was indecisive. After discussion it was decided to refer the matter to the various executives of the several trade unions, and a further meeting of the Central Board of the Northern Counties Textile Trades Federation will be held in Manchester on Monday. It is now felt in trade circles, writes our Manchester correspondent, that this ballot has been very badly carried out, and, in view of the confused vote, the officials have no idea as to what is the opinion of the rank and file of the operatives. It is believed, however, that there will be no decision to strike, and there is every likelihood of a request being sent to the employers for a joint conference. If this action is taken, the employers will be very careful in acceding to the request without some guarantee that any agreement reached will be carried into effect, as on recent occasions provisional arrangements have been made on labour questions and have then been turned down by delegate conferences of the workpeople. In present circumstances the labour situation in Lancashire remains in a state of chaos, but in the meantime more firms are making special arrangements with their operatives for instituting the "more looms" system, and for a reduction of wages and an increase in working hours. There is ground for believing that to an increasing extent the trade unions are losing control of the actions of their members.

The Decline of World Trade.—The latest report of the Economic Committee of the League of Nations on the present world economic situation is familiar but gloomy reading. It points out with justice that the situation has continued to deteriorate during the past four months, and that the value of international trade is at the most only one-half of its value in the first (and corresponding) quarter of 1929. Simultaneously world unemployment has increased to the prodigious figure of some 25 millions. The report proceeds to allude to the measures taken by most countries to protect themselves from the worst consequences of the trade depression. Unfortunately, restrictions imposed to safeguard a country's currency, exchange reserves, or trade balance, comprehensible though they are when judged from the national standpoint, not only have a most disastrous cumulative effect upon world trade, but even fail, or, at the best, succeed very partially, in their immediate object; for current experience is showing very clearly that if every country imposes restrictions upon imports or the transfer of funds abroad, no country is able to export or to receive payments from abroad. The effect of the world crisis and of trade restrictions upon world export trade is illustrated very clearly in the following table, which we have compiled from the trade statistics of twenty-nine countries published in the League's *Monthly Bulletin*:—

EXPORTS OF 29 NATIONS.

Month.	Actual Total. \$ mill.	% of 1930. Average.
Average, 1930	1,689.1	100.0
1931—June	1,189.0	70.0
July	1,189.3	70.0
August	1,139.1	67.5
September	1,174.0	69.2
October	1,206.0	71.6
November	1,122.2	66.3
December	1,043.7	61.5
1932—January	835.8	49.5
February	853.1	50.5
March	867.0	51.0

The March figures are provisional, and, in arriving at the total, currencies are converted into dollars at the rate of exchange current during the month. The moral is obvious: something must be done. As regards future action, the report welcomes proposals for international collaboration in the solution of monetary problems. On the question of commercial treaties it strongly favours the return to the principle of the most-favoured-nation clause, though it admits that in time of crisis certain modifications must be allowed. The report apparently expresses no opinion on the new idea of a low-tariff group, nor does it seem to recognise that this conception means the abandonment of most-favoured-nation treatment.

Prices and Indian Prosperity.—At a recent meeting of the East India Association, Sir Basil Blackett, after observing that both in volume and prices India's trade has declined most seriously in the last three years, went on to say:—

"The only alternative to a big recovery in wholesale prices is to undertake the sort of operation that has been attempted to some extent in Australia and Germany—an arrangement by which you reduce all wages and all debts, Government or otherwise. An attempt to carry out such an operation in India would produce chaos at once. But this is the only possible basis upon which Indians can continue to pay their internal and external obligations unless there is a rise of 20 or 30 per cent. in wholesale prices."

Statistics to hand, writes a correspondent, indicate that during the twelve months ended March 31, 1932, exports of Indian merchandise, in crores of rupees, totalled only 155.89, compared with 220.49 in the preceding year, and 310.80 in 1929-30. Concurrently, India's imports of foreign merchandise have declined, not surprisingly, from 238.95 crores three years ago to 161.31 in 1930-31, and to 125.69 last year. Compared with 1930-31, the grand total of India's imports, exports and re-exports amounted in 1931-32 to 287 crores as against 390, a decrease of 103 crores, or 26 per cent. Exports of gold from India last year rose by 60.28 to 60.77 crores and those of silver by 1.46 crores to 4.85 crores. The shipments of gold have led, directly and indirectly, to a considerable improvement in the financial position of the Government of India; but that circumstance has not diminished, nor should it be allowed to obscure, the grave reactions, stressed by Sir Basil Blackett, of the present price level on the economic position of the country as a whole, and not least on the rural population, the burden of whose indebtedness, previously onerous, has been rendered almost intolerable by the steep decline in the prices now obtainable for agricultural produce. Preferential tariffs in India are of minor consequence compared with a recovery in prices, inasmuch as unless and until India can secure higher prices for her staple exports she will continue to lack the purchasing power necessary to enable her to import the relatively highly-priced goods which British manufacturers seek to sell but which, in so many cases, India at present lacks the funds to buy. Indeed, a continuation of the present price-level will, and can only, result in forcing India to restrict her external purchases to the poorer qualities of goods manufactured outside the Empire. Bengal affords an illustration of the sequence of events. In the last three years the value of the raw and manufactured jute exported from that province has declined, in round figures, from 79 to 33 crores. Adding a decline in the value of tea shipments of seven crores, we get a total decline in the value of these two staple exports of 53 crores. In the same period, the imports of private merchandise into Bengal have fallen from 83 to 35 crores, a fall of 48 crores. Incidentally, these figures dispose effectively of the assumption that, taking Indian imports as a whole, the decline is ascribable to political unrest; the decline in purchasing power, except in the case of piece-goods and one or two other commodities, being quite clearly the major factor. High tariffs are undoubtedly also a grave hindrance, but these also, it should not be forgotten, are traceable to some extent to the recent fall in the price-level and the consequent decline in the revenue derived by the Government of India from Customs duties; for, as prices fell, it became necessary to impose higher tariffs in order to maintain the same level of income in terms of rupees. From whatever standpoint the problem may be envisaged, therefore, the restoration of a higher price-level is not merely important to India; it is vital—alike on financial, economic and political grounds.

Germany's Food Supplies.—Whatever may be said of the means—subsidies, tariffs, stringent import restrictions and even prohibitions—it is interesting to observe the extent to which Germany has been able to render herself increasingly independent of foreign food supplies. The following table, taken from the weekly bulletin of the Institut für Konjunkturforschung, shows the ratio of im-

ports of various foodstuffs to total consumption in 1927 and in 1931:—

RATIO OF IMPORTS TO CONSUMPTION.

	1927.	1931.
Meat	% 8	% 1
Cereals (for bread)	24	4
Cereals (for feeding)	21	6
Eggs	37	30

In addition, Germany is entirely independent of foreign potatoes and sugar. Figures showing the consumption of butter, cheese and vegetables are not available. The consumer, of course, pays the penalty for disregard of comparative costs. Meat prices in Germany are roughly double those in the United States, and cereals cost three or four times as much. Clearly, "autarchy," the avowed aim of the Hitlerites, can only be achieved at the expense of a general impoverishment of the German people.

Anglo-South American Bank.—The preliminary statement which was made public on May 19th, relating to the "frozen" assets of his institution, has now been followed by the more detailed communication which was promised to the shareholders. A new company is being formed, the shareholders of which are the Bank of England and a group of important banks. This company is taking over the bank's nitrate assets of about £7,500,000 referred to in the previous statement, and is also taking up £1,000,000 of new 5 per cent. preference shares of the bank, the issue of which the shareholders are to be asked to authorise at an extraordinary general meeting, to take place on June 27th. In return, the new company is taking over a demand liability of the bank for the equivalent of these two amounts. Pending the ascertainment of the exact value of the transferred assets, the bank is guaranteeing their nominal value, together with interest at a low rate, but the guarantee ranks after all the bank's other outside liabilities. In return, the bank's articles of association are to be altered so as to give the new company voting control over the bank until the guarantee is discharged. Furthermore, in reduction of its contingent liability under the guarantee, the bank is to pay over to the new company half its net profits after the usual appropriations for contingencies and the payment of the preference share dividend. The statement concludes by saying that while the directors cannot promise that under no circumstances will a call on the ordinary shares be made, these arrangements will, it is hoped, render a call unnecessary. So far as can be judged, all the bank's doubtful assets are now being looked after, and that there is not the smallest ground for anxiety on the part of depositors. Moreover, the fact that the bank's nitrate assets are being taken over by the new company means that the bank itself should be in a better position to face any untoward consequences of the Chilean revolution. The stock market, however, has reflected, in a sharp fall in the "A" shares, the uncertainty of shareholders with regard to their uncalled liabilities.

Liverpool and London and Globe.—Apart from the life and sinking fund departments, the total premium declined from £10,752,000 in 1930 to £10,203,000 in 1931. Interest earnings fell slightly from £499,000 to £492,000, and the net trading surplus is somewhat less than one-half of the 1930 figure at £48,000, compared with £119,000. Considering the magnitude and extent of the company's operations, the chairman was justified in his speech at the annual meeting in stating that they had fared as well as could reasonably be expected. The detailed results are as follows:—

	1930.		1931.	
	Amount of Profit.	Percentage of Premiums.	Amount of Profit.	Percentage of Premiums.
	£		£	
Fire	256,340	5.5	229,441	5.1
Personal accident	2,245	1.0		
Employers' liability	26,239	15.8	-75,035	-1.4
Miscellaneous	64,968	-1.3		
Marine	29,078	8.2	42,139	13.1
Life	23,000		23,000	
	271,934		219,545	
<i>Less items debited to profit and loss account</i>	152,468		171,653	
Total net trading surplus	119,466		47,892	

The company is controlled by the Royal, and the dividend has been maintained at 67½ per cent., and costs £542,000, compared with interest earnings, as already stated, of £492,000. One of the factors which effected adversely the operations of composite companies last year was the country's departure from the gold standard. The usual practice adopted by British companies is to issue their foreign policies in the currency of the country in which the property insured is situated. The immediate effect, therefore, of the depreciation in sterling was to increase the liabilities without any corresponding increase in the premiums on current policies. No provision has apparently been made in the balance sheet for the consequential increase in liabilities; but, on the other hand, it is stated that American and Canadian assets have been valued at par of exchange. The general contingencies fund has been increased to £2,684,000 by a transfer of £2,000,000 from excess departmental reserves not required to provide for unexpired risks, and this fund is stated to cover all depreciation on securities existing on December 31, 1931.

Overseas Correspondence.

LEAGUE OF NATIONS.

Economic Committee's Report.

(FROM OUR CORRESPONDENT.)

GENEVA, June 7.

ANOTHER serious warning on the trend of affairs has just come from the Economic Committee of the League. Its report describes the daily aggravation of the situation by national restrictions of every sort in a vain effort to escape the general rot. The value of international trade to-day is only half, or perhaps less than half, of what it was in the first quarter of 1929, and during the same period the number of wholly unemployed has more than doubled. No single country has failed to apply all means in its power to prevent its national economy from being affected by the general depression; direct and indirect restrictive measures have been numberless, and each day countries invent new restrictions. If their curative virtue is more than doubtful, their general effect is only too certain. It is, to use the energetic expression of the Financial Committee, "the strangulation of international trade." Individual action has only aggravated the situation, for while, from a national point of view, it may perhaps be inevitable, the general effect is none the less internationally disastrous. No one is any longer under the illusion that it is possible for a country to restore its economic situation by unilateral measures. Even defence of the balance of payments, which is a legitimate anxiety of every country, is only assured to a very slight degree, at the cost of economic depression and of a lowering in the standard of living. By increases of duties, surtaxes, prohibitions, quotas, etc., it is possible to reduce imports, but these restrictions are inevitably accompanied by a contraction of exports. If, as is often held, goods which can no longer be exported were sold in the home market in place of those excluded, there would not be the progressive fall in purchasing power and the continual increase of unemployment which are taking place.

Most of the recent trade agreements tend to limit rather than increase reciprocal advantages; certain others are directed towards reciprocity, whereas formerly the most-favoured-nation clause was the basis of all such treaties. What remains of the equality of treatment which this clause was designed to ensure? The Committee also expresses the fear that the policy of restrictions is a further temptation to interests, always ready to profit by exceptional conditions, to bring pressure on the authorities, and too often with success under the guise of national interest, in order to obtain unjustifiable protection by which they are the only ones to benefit. The Committee repeats its former observation that the present situation of international trade is almost wholly dominated by the monetary

and financial situation. Settlement of these questions is indispensable, and the Committee specially welcomes the ideas recently expressed for international collaboration in the solution of monetary problems. Meanwhile, existing treaties should be maintained and respected, and it is desirable to conclude others. The Committee says that the unfortunate effects of the quota system might be diminished if it were applied with moderation and with the object of avoiding abnormal imports; at present the quotas are too rigidly applied and arrest international exchanges. The essential preoccupation of the Governments should be to restore international trade. The Committee holds to the doctrine that the most-favoured-nation clause must remain one of the essential principles of economic relations, and that its disappearance would bring confusion and incalculable difficulties; the Committee admits, however, that so long as economic equilibrium has not been re-established, certain modifications might be permitted, with safeguards and respect for the interests of third parties.

Finally, the Committee says that in so severely judging the results of the policy followed by most States, it does not wish to give the impression that it is lightly reproaching those who bear heavy burdens of responsibility in their respective countries. It explains, plaintively, that the members of the Committee themselves, with similar responsibilities at home, have been forced by circumstances to apply measures which, meeting together at Geneva, they recognise as giving few advantages and creating grave inconveniences. The truth is, says the Committee, that no country, acting alone, can divert the course of economic evolution in its own favour. Concerted action alone can give the necessary impetus to international trade, provided an improvement takes place in international relations in the financial situation and the monetary system. Of this concerted action a few signs, though uncertain and sporadic, appear on the horizon, and allow some belief in the possibility of early recovery. The Mixed Committee, appointed by the Council, which recently began work in Paris, the resolution of the International Labour Conference regarding a possible economic conference and submitted by the Council to the Assembly, the Lausanne Conference and the British Government's recent initiative, all seem to show that the necessity for international collaboration was beginning to be felt. Courageous action in that sense is more than ever necessary.

UNITED STATES.

Federal Reserve Policy — Public Borrowing.

(FROM OUR CORRESPONDENT.)

NEW YORK, June 1.

THE credit expansion efforts of the Federal Reserve Banks of the past fortnight have been largely fruitless because of the delay over the Tax Bill in Congress. Banks have been too timid about risking capital to be attracted by yield, and foreigners have apparently felt the same. Gold exports last week were exceptionally large, and during May the net loss was approximately \$225 millions, the largest outflow for any month since last October, when the first inflation scare alarmed Europe. All this gold export has followed the passage by the House of Representatives of the Goldsborough Bill, which is designed to bring up commodity prices through use of Reserve banking power, but which is quite unlikely to pass the Senate, or, at any rate, to receive Presidential approval.

Gold exports have, nevertheless, absorbed much of the credit pumped in by the Federal Reserve Banks. Two weeks ago the programme of \$100 millions weekly purchase of United States Government bonds was trimmed to \$80 millions. A week ago it was brought down to \$50 millions, which figure the authorities stated to be sufficient to keep member bank excess reserves stationary around \$300 millions. Member bank reserves, as shown by the weekly statement for reporting city banks, rose \$35 millions in the week of May 25th. While these banks further reduced their loans on securities by \$78 millions,

they increased their investments by \$30 millions, mostly in bonds other than United States Government obligations. The rise is the first for some time. A bond-buying corporation is expected to be formed shortly to utilise excess reserves of the banks, now that the balancing of the Federal budget is assured. This and other ways of aiding the general situation have been much discussed in the past week by the new committee of twelve leading bankers and industrialists recently appointed to devise means of promoting credit expansion. The committee, in conjunction with similar bodies formed in Chicago and elsewhere, is also considering a plan for trade acceptances guaranteed by the credit of the leading industrial organisations, such as United States Steel, General Motors, Du Pont, Westinghouse and General Electric.

Capital issues are confined almost entirely to municipal and State borrowing, along with the regular Treasury discount bills. In May, total new issues were approximately \$80 millions, exclusive of Treasury issues. The Treasury has been the principal beneficiary of the Reserve Bank cheap-money policy. Its most recent bill issue was placed at an equivalent interest rate of 0.29 per cent., against 0.43 per cent. in mid-May, 0.68 per cent. at the beginning of the month, and 2.08 per cent. at the end of March. The banks are reluctant to go beyond short maturities of unquestioned safety, and it is doubtful if long-term Government bonds, weak as they have been recently, would be selling as well without Reserve Bank support. The Treasury's June 15th tax date financing programme is still undecided. Wall Street expects new offerings somewhere between the \$600 millions of maturities and \$1,000 millions, which would provide some new money. It was announced last January that new money to be borrowed in the last half of the fiscal year would not exceed \$1,500 millions. Already \$1,800 millions have been raised. A June 15th certificate issue totals \$324 millions, and during the month two Treasury bill issues, amounting to \$203 millions, mature.

The obvious programme of new borrowings of about \$300 millions may be upset by new demands on the Treasury for cash, such as the proposal to appropriate \$300 millions to the States for poor relief, or new subscriptions by the Treasury to the Reconstruction Finance Corporation. Some look for one-year or two-year notes for June 15th and think that for the next year or so the Treasury will continue to borrow mostly on short term. Under present conditions the Treasury is scarcely contemplating conversion of its long-term bonds. The Treasury has waived its option to call the \$536 millions of First Liberty 4½ per cents., and cannot now call them until December 15th.

The spur to the Senate, which resulted in the Tax Bill's passage, was given by the special message delivered before that body by President Hoover. The President suggested that affairs had gone rapidly from bad to worse in the past few days, having in mind particularly the pressure against the dollar and the large gold exports. The first response of the markets was further weakness, on the idea that while nothing fresh had happened except continued pressure of liquidation, the country might be alarmed into thinking of hidden crises. However, the Senate, after first voting down in committee the general sales tax, favoured by the Administration, voted the alternative measures. The new taxes include a large number of excise levies, on gasoline, tyres, automobiles, theatre tickets, electric power production, and the like, and revert to the 1922 income tax schedules, which were much higher than the 1924 rates proposed by the House. The spirit of the country seems to be a forbearance with the pinching of the higher taxes in return for the relief from uncertainty as to the financial soundness of the Government. It is felt that the prospect for an early tax measure puts at rest all question, at home and abroad, of the gold standard, and that it may clear the way for some trade improvement. Meanwhile many unwelcome Bills, such as the Glass banking Bill and the Goldsborough commodity price-fixing Bill, will probably be lost in the rush to adjourn.

Trade reports disclose a slight shrinkage in railroad traffic, against the seasonal trend, and the decline of the

steel industry to a rate of around 23 per cent. of capacity. Motor output is better, as the Ford plants are increasing their production, but after June the output will probably fall considerably. Most indices of business activity show some recession. The chief consolation is that the rate of decline has decreased.

FRANCE.

New Ministry — Iron and Steel — Crops.

(FROM OUR CORRESPONDENT.)

PARIS, June 5.

M. HERRIOT confirmed in practical fashion, by refusing to accept the "conditions" laid down by the Socialist Party as the price of their participation in the new Ministry, the declaration he made during the elections that in no case would he again accept office under circumstances similar to those which prevailed in 1924. The rupture between the two leading parties to the Cartel des Gauches has been received with marked satisfaction in Paris financial circles. The Bourse expressed by a 10 per cent. average improvement in quotations its relief at this removal of all serious fear of a vast extension of confiscatory legislation.

The composition of the new Ministry, which came into existence on Friday night, has been generally approved. As was to be expected, thirteen of the eighteen Ministers are leading members of the Radical Party, and eight of the eleven Under-Secretaries belong to the same organisation. There is an unusual proportion of new blood, although nineteen of the total twenty-nine have held portfolios before, and most of them several times. The eight non-Radicals are all members of parties which have always been more or less closely allied with the Radicals, with the exception of M. Georges Leygues, who belongs to M. Tardieu's own group, but has previously held the post of Minister for Marine in many Cabinets of varying tint, and M. Paul-Boncour, who recently, on being elected to the Senate, renounced adhesion to the Socialist Party, of which he has been a leading but moderate member throughout his whole political career. M. Herriot himself has again taken the dual office of Premier and Foreign Minister, and his recent declarations have given the country good ground to believe that in his hands both French interests and the world's peace and economic restoration will be well looked after.

In financial and economic experts the new Ministry is exceptionally strong. Professor Germain-Martin, who did excellent work as Minister for the Budget in the second Tardieu Cabinet, was Finance Minister in the four weeks' Steeg Ministry which succeeded it. M. Maurice Palmade, who has had long experience as Budget Rapporteur in the Chamber, is in charge of the Budget, as M. Germain-Martin's close collaborator. M. Abel Gardey, who did effective work as Budget Rapporteur in the Senate by insisting that the country should "know the facts" prior to the recent elections, has been promoted Minister for Agriculture. The post of Under-Secretary for National Economy is filled by M. Raymond Patenôtre, the proprietor of several provincial journals, who has long enjoyed a reputation as a "coming man" and has for some time been numbered among the Cabinet's technicians. The most notable absentee from the new Cabinet is M. Caillaux, who still appears to be suffering from the effects of his unfortunate experience as Finance Minister during the collapse of the franc in 1926. M. Malvy, who was for years Radical Home Secretary, will resume his post as President of the Chamber Finance Commission, where his long experience will be valuable in the present critical situation.

The new Ministry's declaration of policy dealt in its opening paragraph with the present serious financial situation, which it attributes to methods of temporisation and successive unbalanced Budgets, and insisted that "a will for redressment, confirmed by action, should rapidly ameliorate our finances and the whole of our economy." In addition to the establishment of a great

programme of public works as the best remedy against unemployment, the Ministry pledged itself to offer safe investments for savings, to reorganise the whole system of transport, to introduce reforms rendered necessary both by the evolution of modern technical methods and by "the imperative need for economies," to simplify the national insurance system and abolish the present maximum of 180 days' unemployment pay.

In the second and minor half of the declaration, dealing with its foreign policy, the new Government undertook to do its utmost to contribute to a political *détente*, an economic *entente* and moral disarmament. As regards reparations, the Government declared that "France cannot allow to be contested the rights resulting not only from treaties but from contractual agreements protected by the honour of the signatories, but nevertheless will be ready to discuss any project that will give greater stability to the world or sincere reconciliations in peace." The Government declared itself favourable to all solutions which, without compromising national security, will permit of reduction of military expenditure and represent "a step towards progressive, simultaneous and controlled disarmament."

Iron and steel production figures for April, which were made known on Friday, again show a decline on the previous month under both headings. Crude steel output was 457,000 tons, against 464,000 tons in the previous month and 787,000 in April, 1931. Output of steel during the first four months this year was 1,853,000 tons, against 3,207,000 tons in the corresponding period of 1931. Pig iron production in April was 459,000 tons, against 469,000 tons in the previous month and 739,000 tons in April last year. Total iron output for the four months was 1,878,000 tons, against 3,034,000 tons January-April, 1931. The number of blast-furnaces in operation in April was 79 out of an existing 211. Iron exports for the first four months were only 61,414 tons, against 104,637 tons for the same period of last year, or a drop of 62½ per cent. There is some nervousness lest Great Britain may impose 33½ per cent. import duty on iron, corresponding to that existing on steel. The home market showed a slight improvement in May, partly seasonal and partly due to recent protective measures. The invitation extended to French steelmasters by 40 British steel firms to visit London, to discuss possible modifications of the British import duty of 33½ per cent. on steel, is regarded as of great importance for Continental producers, and as likely to tend towards ameliorating the present difficult situation in the international market.

Vigorous representations made to the Government by the British Chamber of Commerce in Paris, with a view to alleviations in regard to British imports suffering from the onerous effects of the French "exchange supertax" of 15 per cent., have proved successful. Under a decree promulgated on June 4 a number of categories of imports have been exempted from the supertax. These include products exported by the British dyestuff industry, on which the Chamber concentrated a good deal of its effort. Strong protests made in April by the American Chamber of Commerce in Paris, against the quota system "which in many cases prevents the entry of United States products into France," have also proved effective and resulted in widespread modifications in a system which the American protesters in April publicly stigmatised as "a manifest iniquity."

The Government crop reports foreshadow that (other things being equal) the coming wheat harvest should be both appreciably larger and of better quality than in 1931. The area under winter wheat on May 1 is returned as 13,125,000 acres, against 11,862,000 acres at the same date last year, which suggests that growers have been encouraged by the persistent efforts of the Government to aid them by protective measures. The increase of over 1,250,000 acres in winter wheat is somewhat offset by a falling off of nearly 500,000 acres in land under spring wheat, but still leaves the total wheat sowings 771,000 acres larger than in 1931. The condition of the crop on May 1 is reported as being about half-way between "fairly good" and "good."

GERMANY.

New Cabinet — Prussian Politics.

(FROM OUR CORRESPONDENT.)

BERLIN, June 7.

THE President's action in entrusting Herr von Papen with the formation of a Government was evidently due to a political miscalculation. The intention was to secure for the Right, by the appointment of Herr Papen, who is a Catholic, the support of those who had hitherto belonged to the Centre. The fact, however, was overlooked that Herr von Papen had never been an important member of the Centre Party and that it was therefore likely to be particularly resented that he should allow himself to be used by the Opposition as a decoy against so distinguished a party leader as the Centre had had in Dr. Brüning. The very first sign that the new Government received from the Catholic camp showed clearly that they had nothing to expect from this quarter but the stoutest resistance. For the first time in the history of the Republic the Centre has declined any share in Cabinet responsibility. The Bavarian People's Party, which is also Catholic and is closely associated with the Centre, has given especial emphasis to its opposition by forbidding Herr Schätzel, the former Minister of Posts, who is a member of the Party, to retain his post in the new Cabinet, although he personally would have been willing to stay. Thus, in the whole of South Germany the Cabinet is encountering united opposition from the Catholic groups and the Socialists—that is to say, from the overwhelming majority of the population. From Stuttgart and Munich come sounds of opposition which are almost fiercer than those which greeted the ears of earlier Governments of the Left who came into conflict with the wishes of the south. That is a very serious difficulty for the new Cabinet, for no German Government can take the risk of allowing a political conflict to arise between north and south, as this would let loose forces which have too often played a fatal part in German history.

One of the most important appointments to the new Cabinet is that of Count Schwerin von Krosigk as Minister of Finance. He is a particularly expert and conscientious official who seems to have accepted office in response to an extremely strong appeal by the President to his sense of responsibility, and he will not be a party to any unsound financial policy. Everything, of course, depends upon how far he can make his influence felt in the new Cabinet. The appointment of Herr von Neurath as Foreign Minister represents a guarantee against ill-considered measures in foreign policy. The Chancellor himself is a supporter of the policy of understanding with France, and he will certainly take up a less uncompromising attitude at Lausanne than any other man of the Right. That is partly due to his strong anti-Bolshevik feeling; he wishes to see all European policy influenced by the idea of defence against the Soviet Union.

The leading spirit in the new Ministry is General von Schleicher. He undoubtedly played a large part in the fall of Dr. Brüning, and the large landowners and industrialists who influenced the President in the direction of dismissing the Chancellor would certainly have had no success without Herr von Schleicher's leadership. He is far more a politician than an officer. That he has not, however, a sensitive touch in political matters has already been shown by the choice of Herr von Papen as leader of the Cabinet, which was certainly not the best possible from Herr Schleicher's point of view. All the same, General Schleicher undoubtedly has great intelligence and exceptional force of will. His influence was already great when he was under Groener and Brüning. It is to his credit that he is willing to take responsibility now, when the position is so exceedingly difficult. He has no petty vanity, as witness the fact that he has not taken the office of Chancellor himself, but he is certainly not without a generous measure of ambition.

Herr von Schleicher will certainly not content himself with remaining Minister of Defence of the Third Reich. He does not regard his Government as provisional,

whether the National Socialists and Nationalists obtain a majority at the elections, which is very improbable, or not. He is frankly counting on the Reichswehr becoming a powerful force in Germany, and not only a physical but a moral force. There can be no doubt that he has made agreements with the National Socialists. They will receive the dissolution of the Reichstag, probably the withdrawal of the dissolution of their storm detachments, and, most important of all, help in their struggle for power in Prussia. In return, they will have to abstain from attacks upon the Papen Government in the election. As the Papen Government in its manifesto made the reversal of social policy one of the most important points in its programme, this will certainly not be very easy for the Hitler Party, as they cannot afford to do without the support of wage-earners and especially of salaried workers. It must not, however, be inferred from these agreements that Herr von Schleicher is a friend of the National Socialists. He is glad to use them in his fight against the Republic, but his personal and political objects (he is a Monarchist) are hardly in accordance with theirs.

The Left will wage a vigorous election campaign; they want to make the National Socialists responsible for the acts of the Papen Government, and especially for the anti-Labour measures, and they will derive support from their alliance with the Catholics, so that their prospects are not unfavourable. But after the election the immediate decision will lie, not between the Right and the Left, but between the two rival groups of the Right, and this decision will not depend exclusively, perhaps not even mainly, upon parliamentary strength.

The road to power in Prussia does not yet lie open to the National Socialists. Even in combination with the Nationalists they have no majority in the Prussian Landtag, and their hope of restoring, with the help of the Communists, the provision by which the Prime Minister can be elected by a relative majority of votes in the Landtag has been shattered, as the Communists would not place themselves at their service for the purpose. The Papen Government now proposed to prevent the former Government of Prussia from conducting the administration by appointing a Reich Commissioner for Prussia. The pretext is the financial position of Prussia, which is even more difficult than that of the Reich. The Brüning Government had promised to take over from Prussia Rm. 100 millions of shares in the Deutsche Siedlungsbank, which they thought it desirable to hold for economic reasons. This would have relieved Prussia from the most immediate financial pressure, but the Papen Cabinet does not seem to consider itself bound by this promise. The Reichsbank could give temporary help, but Dr. Luther is adhering to the principle that he can only give credit on Treasury Bills if the Budgets are completely balanced, so that punctual repayment seems assured. Just as the new Reich Government, in spite of its reluctance, will have to introduce the employment tax which Dr. Brüning had planned, so Prussia will be unable to avoid the imposition of a duty on the slaughtering of cattle, and a further reduction in the salaries of officials. Reluctant as the Prussian Government must be to do this before the elections, they will probably be driven to it, as there is no other way out. That would, however, remove the *raison d'être* of a Reich Commissioner, and the National Socialists would not be a single step nearer the consummation of their wishes. Meanwhile, Herr Braun, the Prussian Prime Minister, has gone away on leave and left the conduct of business to the Minister of Labour, Herr Hirtsiefer, who, as a member of the Centre Party, is in a better position to defend the Prussian situation at the moment than the Social Democrat, Herr Braun.

AUSTRIA.

Finance — Banking — Foreign Exchange.

(FROM OUR CORRESPONDENT.)

VIENNA, June 6.

THE Austrian Administration of Finance is working out a new supplementary budget, which is to effect an incisive curtailment of expenditure and an increase of revenue.

The Ministerial Council has considered the draft and has rejected it, because still larger curtailments have to be made in the budget. For political reasons one of the chief provisions is that no further reduction is to be made in the salaries of civil servants, as they have already reached the lowest possible level. On the other hand, every investment activity is to be limited, and departments of State are to be combined or eliminated. Customs receipts are continually declining, and the deficit on the Federal Railways amounts to 90 to 100 million schillings, in spite of all retrenchment. The excess expenditure from the social welfare fund amounts to 60 million schillings, not including the deficits of previous years. The Post and Telegraph Department anticipates a deficit of at least 20 million schillings, and the raising of postage and telephone rates has had an unfavourable effect.

The economic policy of the Government has had one distinct success, and that is that farming is doing much better. The shutting out of foreign competition and the systematic protection of cattle and meat prices are having effect. On the other hand, the negotiations with the creditors of the Credit-Anstalt are making but little progress, and during the past week there was one critical day. However, in parliamentary and financial circles it is now believed that the threatened liquidation of the bank will not take place and that an understanding with the creditors is not impossible. It is said that the Austrians were prepared to undertake 20 million schillings in the matter of the proposed annuity, but that the foreign creditors are still demanding 26 millions. At first a period of 40 years was thought of for the amortisation of the obligations, and in the last negotiations a period of 26 years was also spoken of. On the other hand, the demand for special cover in regard to the State guarantee in the form of a claim upon the customs or the tobacco monopoly is meeting with the strongest resistance, and the Government cannot consent on account of political considerations.

An Austrian group has participated in the capital increase of the Bankverein to an extent of 10 million schillings. The National Bank supplied three million schillings, the Kreditinstitut, which is under State influence, took up shares for two millions, and the Niederoesterreichische Escomptegesellschaft participated to an extent of five millions.

The present year is proving very unfavourable for the banks. Foreign exchange business is being more and more centralised at the National Bank, and the stock exchange affords the banks scarcely any revenue. On the investment market sharp fluctuations have taken place during the last ten days. For instance, the Dollar Loan of the City of Vienna, which had fallen to 44, suddenly rose to 67, while the American *tranche* of the Federal Loan of the year 1930 went up from 32 to 50. The low quotations were partly due to foreign sales, but also to sales by bear speculators. The news that credit might possibly be forthcoming from abroad and that the transfer moratorium might be postponed caused the bears to cover.

Fresh weakness is observable in the Austrian textile industry, for stocks are increasing somewhat and operatives are being dismissed. The negotiations which were in progress for the delivery of 10,000 bales of Egyptian cotton to Austria have been broken off. It was thought that the deal might be financed in such a manner that the Austrian interests might deposit the value of the invoice at the National Bank of Austria or with the Austrian Government in schillings, and that the amount would then be paid in dollars to the Egyptian vendors in the course of two years. The National Bank is, however, not inclined to entertain such transactions at present. It

INFLATE OR PERISH

by L. L. B. Angas

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does not want to take on any more foreign exchange commitments, especially as its holdings of foreign exchange and also of gold are constantly dwindling. The report at the end of the month was very unfavourable. The Bank stated that it had been obliged to sell gold to a value of 15 million schillings, whereof 9.9 million schillings went to cover the requirements of the loan service, while the remainder was transferred to the free holdings of the National Bank. The percentage of cover has consequently fallen further. Without taking the loan debts of the State into consideration, it has gone down to 17.9 per cent., and, taking the loan debt into account, it is now 19.6 per cent. The development of private clearing of foreign values has had a favourable effect upon merchandise turnover, it is true, but the influx of foreign exchange to the National Bank is again suffering, as the rates of exchange for foreign means of payment used in private clearing by the importers and exporters are about 30 per cent. higher than the official foreign values rates of the National Bank. The decline in foreign tourist traffic this year is also telling upon the foreign exchange holdings of the National Bank. Export trade is very unsatisfactory, and the trade treaty negotiations have led to no tangible results in any direction.

HUNGARY.

Politics — Debt Service — Currency and Smuggling.

(FROM OUR CORRESPONDENT.)

BUDAPEST, June 6.

THE agrarian members of the Government party have presented an ultimatum to the Government in which they demand the reduction of Bank rate, the consolidation of agricultural debts, relief for the smallholders who cannot pay the annuities for the land allotted to them at the time of the land reform in 1920, and the raising of the price of wheat. Most of these demands, especially that for the raising of wheat prices, will have to remain unfulfilled, but it is expected that the Government will take some steps towards the consolidation of agricultural debts. There is great dissatisfaction among the debtors that under the transfer moratorium they are not relieved from exchange risk. Interest and amortisation on mortgage debts in foreign currencies, mostly dollars and sterling, are paid according to the provision of the transfer moratorium decree into the Foreign Creditors' Fund in pengő equivalent as collateral security for them until the exchange restrictions are removed. Another complaint of the debtors is that they cannot repay the principal before the scheduled time, and thus they are hampered in their economic activities. All these complaints are reasonable, and urgent action is necessary to change the stipulation of the transfer moratorium decree in order to liquidate debts in cash. On the other hand, there is a mischievous propaganda pressing the Government to change arbitrarily the provisions of the British Standstill Agreement, which prohibits the repayment of capital debts with bonds acquired by the debtor before the scheduled time so long as the transfer moratorium is in operation. Apart from the obvious immorality of yielding to this demand, the Government, if it did so, would jeopardise the stability of the currency. It is now profitable to smuggle Hungarian bonds from abroad—even at the "black market" rate for the dollar, which is fluctuating between 7 and 8 pengő instead of the parity of 5.70 pengő—owing to the fact that the coupons of these bonds are paid in full value in pengő at the counters of the National Bank from the Foreign Creditors' Fund.

The decision of the Government and the National Bank to redeem the coupons at full value is very objectionable for several reasons. In the first place, it is questionable whether the Foreign Creditors' Fund—amounting to 35.2 million pengő on May 30th, after five months of operation, during which 8.7 millions were paid out for redeeming coupons—represents genuine deposits. The fact should not be overlooked that the original debtors very often did not meet their obligations *vis-à-vis* their banks,

and that the banks have paid the interest and amortisation due to their foreign creditors in the fund at the National Bank by availing themselves more or less of the rediscounting facilities of the already swollen portfolio of the bank. Consequently the Foreign Creditors' Fund is made up to a large extent of artificial money with no real value behind it, the infusion of which into circulation must have an inflationary effect, especially since the expected deflationary effect of the transfer moratorium has been so far totally offset by the issuing of Treasury bills financed by the National Bank. Another calamity is that in addition to the smuggling of Hungarian bonds from abroad there has developed lately a profitable trade in smuggling coupons, which are obtained from their foreign holders abroad at a fraction of their face value and are redeemed here at full rates from the Foreign Creditors' Fund. The smuggling of bonds and coupons, which deprives the National Bank of a substantial part of the export *devisen*, will not cease until the Government stops the payment of interest at the full 7 and $7\frac{1}{2}$ per cent. and declares that it will not permit mortgage debts repayment with bonds.

Considering that the avowed policy of the Hungarian Government is that the only way to recovery is a general scaling down of the intolerable high interest rates, it is incomprehensible why the Government does not make an honest beginning at home by reducing the interest rate on bonds held by domestic owners from 7 and $7\frac{1}{2}$ per cent. to 3 or 4 per cent., and create a fair precedent for the negotiations with the foreign creditors. Instead of beginning to ask sacrifices from the domestic creditors, great pressure is being brought to bear on the Government to permit capital repayment with domestic mortgage bonds, which if carried out would mean that there will be an external type of Hungarian bond which will be quoted at 20-30 per cent. and probably less, and an internal type which will be in demand between 70-100 by the debtors to repay their mortgage debts. Such a step would not tend to facilitate Hungary's endeavour to reach a satisfactory settlement with the foreign creditors, and it would only benefit the smugglers and speculators who own bonds because it is obvious that the original debtor who has no cash to pay even interest would not have the money to buy the bonds. On the other hand, there is a constant demand from speculators in Budapest for mortgaged real estate in the hope of repaying the debts with the acquired mortgage bonds at one-third of the original value.

ITALY.

Gold Reserves — Trade Restrictions — Industry — Silk.

(FROM OUR CORRESPONDENT.)

TURIN, May 30.

THE downward trend of the reserves of the Bank of Italy which dated from April, 1931, seems at last to be reversed. Total reserves, after decreasing from 9,462.3 million lire on April 30, 1931, to 7,113.7 millions on April 30, 1932, increased to 7,118.4 millions on May 10th and to 7,125.8 millions on May 20th. The trend, rather than the figures, is significant; both sections of the reserves participated in the rise: gold increasing from 5,630.2 million lire on April 30th to 5,636.4 millions on May 20, and *devisen* from 1,483.5 millions to 1,499.4 millions. The increase in gold is due to miscellaneous sales of old coins and trinkets to the Bank of Italy; that of *devisen* to lesser requirements of trade. In the first four months of the year imports totalled 2,991.3 million lire, against 4,169.0 millions in 1931, and exports 2,225.9 millions, against 3,204.4 millions. The outlook is, however, uncertain. In part the change is due to restrictions on foreign imports which induce the Italian consumers to prefer national goods. Imports of cheaper foreign goods are thus stopped; but so are exports of the finer qualities of Italian merchandise. But the change is also partly due to foreign restrictions. A campaign has been conducted in the last two weeks in the Italian press against the *devisen* policy resorted to by

Germany, a policy which makes it extremely difficult for Italian exporters to be paid for goods delivered.

Apart from gold reserves, other economic indices are not improving. There has been some reduction in unemployment, but figures remain at a record level. Moreover, the improvement is limited to seasonal industries, and in the textile group there is an increase from 133,552 to 137,938. In the iron and steel industries the index of total employment (1925 = 100) was 70.5 at the end of March, 1932, against 74 at the end of December and 79.7 at the end of March, 1931. In the same industry the percentage of employees working normal hours is 60 per cent., against 69.2 per cent. at the same date (March) a year ago. Cotton bales consumed in the semester ending January 31, 1932, were 395,750, against 393,506 in the corresponding semester of 1930-31 and 532,855 in the corresponding semester of 1929-30. Production of electric energy in the first quarter of 1932 amounted to 2,396.3 million kw.h., against 2,296.7 in 1931. Producers complain very much of the campaign raging from time to time in the Press against their high price policy, which they contend is wholly unjustified as prices are not quite double the pre-war level. In the meantime nervous investors are throwing their holdings on the market, and as the markets are unable to carry the securities unloaded upon them by timid shareholders, their burden must be carried somehow. The Bank of Italy's discounts and advances, which on May 20, 1931, were at 2,942.1 and 800.5 million lire, rose at the same date in 1932 to 5,073.9 and 1,479.4 millions, an increase of 75 per cent. This is very disquieting, especially in face of the falling level of prices and of the crisis, which is discouraging current trade demands.

As in all countries, remedies for the crisis are the principal topic of discussion. The cartellisation (consorzi) cure, which some time ago was the object of much praise, seems already to be discarded. The Bill for compulsory consortiums, outlined in previous letters, had a cool reception on the floor of the Chamber. Signor Asquini, the member reporting on the bill, plainly hinted that individual errors tend to compensate and neutralise each other if many entrepreneurs are free in their economic conduct, but tend to become a general error if industry is concentrated under a unified direction. Senator Conti also was very reserved in his report to the Senate. Minister Bottai wound up the discussion in both Chambers by recognising that cartellisation was not a principle but only a temporary expedient, which could be abandoned, after the crisis had been overcome, if it proved useless.

SWITZERLAND.

Budget — Industry — Trade Agreements.

(FROM OUR CORRESPONDENT.)

GENEVA, June 3.

THE accounts of the Swiss Confederation for 1931 are more satisfactory than had been expected, though there has been a drop in receipts. While receipts totalled 428,399,843 francs—that is, 25,879,843 francs more than estimated—expenditure aggregated 426,145,035 francs—or 5,959,671 francs more than forecasted in the Budget. There was thus a surplus of 2,254,808 francs, while a deficit of 29,580,000 francs had been anticipated. These results are certainly gratifying, but receipts, for the first time since 1915, showed a decrease on those of the previous year of 4,700,000 francs. That decrease is mainly due to the reduced yield of the tax on coupons and of the Federal services, as a consequence of the economic crisis. Drastic curtailments were made in all the expenses of the Federal services, and, in spite of the extra expenditure—amounting to 9,200,000 francs—needed for unemployment relief and for helping the industries which suffer most from the depression, expenses were on the whole 200,000 francs lower than in 1930.

Prospects for the current year are rather gloomy as, during the first quarter, receipts showed a decline of about 132 million francs, compared with the corresponding period of 1931, and the Government is contemplating measures with a view to reducing expenditure and to balancing the accounts. The Swiss population is strongly opposed to Federal direct taxation. The Federal Council is therefore examining how and to what extent expenses could be further curtailed, and instructions have already been given to the various Federal services to suppress all expenses which are not urgent. On the other hand, the Government will propose to Parliament a reduction of the salaries of all Government officials by 10 per cent. as from January 1, 1933, to be maintained until the end of 1935. The drop in the cost of living—the index, which was 145 in December last (100 in 1914), came down to 138 per cent. at the end of April—allows for a readjustment of salaries, and a reduction of 10 per cent. does not seem excessive. That proposal meets with the opposition of the Federal officials as well as of all the workers' syndicates. Their argument is that a reduction of salaries will diminish the purchasing power of the working class and therefore will not help towards the improvement of the situation of trade and industry. They also fear that the example given by the Federal authorities will be followed by the Cantonal Governments as well as by all employers in trade and industry, and consider that the decrease in the cost of living is not sufficient to justify the reduction. It is clear that employers will seize the first occasion for reducing their workers' salaries, as Swiss industry has, during recent years, been heavily handicapped by the burden of the high wages bill. Salaries have already been reduced in many industries which would otherwise have been compelled to close down.

Business is very slack. In addition to the import quotas established a few months ago with a view to protecting home industry and preventing the flooding of the Swiss market by cheap foreign goods, the Federal Government has decided to set up a system of import compensations which is to come in force in a few weeks. According to that system, Switzerland will buy the raw materials and goods she particularly needs from the countries which will agree to purchase a corresponding amount of Swiss goods. This is a form of trade by barter which may perhaps help to save a number of Swiss industries, but will further complicate trade relations, which are already so much hindered by customs barriers. The details of the compensation scheme are not yet at hand, as its setting up involves long and difficult inquiries.

Agreements have so far been concluded with several countries in regard to the working of import quotas, among others with France, but a difficulty has just arisen with that country. The French Government, in contravention of the existing commercial treaties, has decided to levy a special tax on the prices of goods and profits, and, as a measure of retaliation, the Swiss Government will, it is reported, levy an extra customs tax of 4 per cent. *ad valorem* on certain classes of French goods, among others on wines, and the yield of that tax will be distributed among the Swiss industries which suffer the most from the new French tariffs. The immediate result of the different measures set up for the purpose of protecting home industries is a heavy decrease in imports, but, on the other hand, Swiss exports are dwindling more and more every month.

SOUTH AFRICA.

Reserve Bank — Trade — Maize Control.

(FROM OUR CORRESPONDENT.)

JOHANNESBURG, May 17.

In November last the Minister of Finance, when moving the second reading of the Finance Emergency Regulations Bill, dealt at length with the position of the South African Reserve Bank. At that time the bank had lost since Sep-

tember 21st about half of its capital of £1,000,000, and the whole of its £800,000 reserve fund. Its shares had fallen from the neighbourhood of £200 to £120. The Minister's statement—which he could hardly have made without consultation with the Government nominees on the board of the bank—contemplated that the bank would make about £300,000 per annum net profit, and that by 1937-38 it would once more pay 10 per cent. to its stockholders and a balance of profit to the Government. On April 18th the board, to the general surprise, announced the declaration of a dividend of 6 per cent. for the twelve months ended March 31st. The capital is now restored to its original level of £1,000,000. There is no doubt that this rapid recovery of so substantial a portion of its loss has been due to the sale, at a considerable profit, of the sterling acquired in exchange for gold, in dealing in which it enjoys a monopoly of the South African production. Its sterling discount rates have, until very recently, been about 2½ or 3 per cent. less than the calculated values, allowing for the cost of shipping, etc. During the last week or so the rates have moved nearer to a proper value. The difference between buying and selling rates for sterling is 1 per cent. The exchanges on gold standard countries are also such as to yield good profits to the bank. In the case of the United States, France, Holland and Italy the direct exchanges make Union currency in each case cheaper than the mint par, both for buying and selling rates. The bank and Government spokesmen, nevertheless, contend that South African currency has lost none of its value. The Government is for the present foregoing its claim to a share of the profits of the bank pending the restoration of the position which obtained before the losses occurred. It appears, however, that the bank has partly recouped these losses at the expense of those who have been induced by the currency position to export capital.

The Customs' Department's quarterly statement of imports and exports for the first three months of 1932 show that imports have fallen from £13.8 millions in January-March, 1931, to £8.4 millions this year. Exports amounted to £18.0 millions in 1932, compared with £18.8 millions in 1931. For the first three months of the year the Government will receive £178,000 less in revenue from duties than they received last year. Exports are substantially maintained by gold, other products showing more or less serious decreases in value.

The anticipations of the critics of the Maize Control Act are in process of fulfilment. There is a balance of some 1,500,000 bags (bag = 200 lb.) of the last crop, for which there is a market at about 3s. 6d. per bag. The Land Bank advanced 7s. 6d. per bag last year, and many of the farmers' co-operative societies are nominally solvent only because it would be harmful or useless to make them insolvent. The new crop—estimated at about 17,000,000 bags—is already on offer at a price below the advance on last season's crop. Last year the Government guaranteed the Land Bank against loss when the advance was raised from 5s. 9d. to 7s. 6d. per bag, and this guarantee will presumably have to be met. Efforts are being made to strengthen the Maize Control Act, but so far the working of the Act has been remarkable for the loopholes revealed, whilst the export quota on last season's crops was fixed at too low a figure.

The diamond position continues to excite melancholy interest. At the moment a Commission is inquiring "into the present position of the diamond industry in all its aspects and branches, with particular reference to the restricting of operations or proposed closing down of the Union Conference Producers' mines." The Government appointed as two members of this Commission Mr F. W. Beyers, a former Minister of Mines, and Mr P. Ross-Frames, sometime chairman of De Beers Consolidated Mines. Counsel for De Beers and their associates invited these gentlemen to refuse to serve on the ground that they would be judging many of their own actions. On their refusal, counsel intimated that his clients would take no part in the proceedings. Mr I. W. Schlesinger's negotiations to operate the diamond-cutting factory have broken down, while from the criminal courts and other sources evidence of I.D.B. on an unprecedented scale is being disclosed daily.

Letters to the Editor.

MONETARY POLICY.

TO THE EDITOR OF THE ECONOMIST.

SIR,—Your leading article of May 7th has provoked a most interesting discussion, but whatever help may be given by a policy, such as that recommended by Mr O. T. Falk, based mainly on monetary expansion, we must surely look deeper for the way of escape from the *impasse* into which we have been driven.

Analogies are always dangerous, but that of a contracting spiral does seem to express the economic sequence from which we are now suffering. All economic activity is being contracted by the centripetal force of this spiral movement which threatens to develop into a "spinning nosedive." Under more normal conditions this contraction would automatically correct existing maladjustments and so give place to an expanding movement. There are, however, no signs of this correction taking place, and the reason would seem to be the rigidity of our economic structure. This rigidity makes expansion impossible until the resistance which it sets up is broken down either earlier by the political acceptance of the economically inevitable or later by the complete collapse of the structure and the destruction of civilisation as we know it.

The inter-reaction of increased business activity and a rising price level is a phenomenon of an expanding spiral, but that does not prove that a rise in prices engineered by monetary policy would deflect the movement of the spiral from contraction to expansion. The experience of recent years would, indeed, suggest that attempts to raise prices by artificial means are fraught with grave danger, and that a return to healthier conditions requires more drastic treatment than the alleviation of symptoms.

The Board of Trade Wholesale Price Index, based on 1913, stands at 102.4. The United States Bureau of Labour Index stands at 94.6. Prices are not at a disastrously low level absolutely, but only relatively. They are too low in relation to the level of recent years, because falling prices always restrict business activity, but the far more important point is that they are too low in relation to the level at which a very heavy load of both productive and unproductive debts was contracted in the war and post-war periods. The real urgency for a rise in prices is not to correct their natural ebb and flow, which is a healthy movement, but to lift the burden of debt under which practically the whole world is being crushed. Perhaps the cancellation of inter-governmental war debts and reparations would adjust the position so that a measure of "reflation" would suffice to alter the trend of the spiral from contraction to expansion. It is not too late for action along these lines to be tried with a fair chance of at least partial success, but it is very doubtful whether it would prove effective in restoring prosperity unless readjustments are made in other directions.

Even after the cancellation of inter-governmental debts, the world would still be suffering from a tremendous load of debt incurred for unproductive purposes, for the war, for grandiose development schemes conceived in optimism and executed with extravagance, for social services which minister to the individual's needs without reference to his productive powers. The burden of these debts, which represent the deferred cost of wealth consumed in the past, as well as that of current expenditure on unproductive services, has to be borne by productive industry. Taking this cost into account, there seems little doubt that industry as a whole is producing less wealth than that consumed in the process of production, i.e., the costs, which include appropriations by the Government and local authorities towards the service of the public debt and other current expenditure.

This load of debt, coupled with the rigidity of other production costs, appears to have been the cause of the contraction in industrial activity and of the fall in prices, which, in turn, has made the load still more insupportable. While, apart from exceptional cases, industry is unable to earn a surplus product in the form of profits and more often incurs a net loss on production, the spiral must continue to contract. Under these conditions confidence must be entirely lacking, and no monetary policy can be capable of restoring the situation.

industry and of raising the price level. It would, of course, be possible by inflation or by extreme depreciation of the currency practically to wipe out all existing debts, but this policy would involve wholesale, if disguised, default little better than the open bankruptcy and repudiation which we are striving so hard to avoid.

Mr R. F. Harrod realises that the expansion of currency or credit by Central Banks may under the circumstances be insufficient to raise prices, and he accordingly advocates Government action. The "outright remission of taxation, without countervailing economies," might be made possible by wholesale resort to the printing press, but hardly by borrowing either from the banks or from the public. His alternative suggestion, "the adoption of new constructional work financed by loans from the banks," makes a wider appeal, and therefore calls for more careful refutation.

Expenditure by the Government on public works, preferable though it is to the grant of doles, must have the same effect as expenditure on a war unless the works are productive and required for their own sake. The construction of roads which are not really needed and of which the users are not prepared themselves to defray the cost, or the construction of handsome Government and municipal buildings which gratify civic pride, although the existing premises are still quite adequate—any expenditure of this kind which represents the consumption of wealth, but does not lead to the production of wealth, is an extravagance which this country most assuredly cannot afford. Expenditure which is not fully productive can only increase the dead weight of debt and give another turn to the contracting spiral from which we are trying to escape. Of course, heavy Government expenditure would help to raise prices; but so would another war. Expenditure undertaken in order that "the Government should disburse to its citizens more than it takes from them and thus get more money into circulation" is open to the very serious objection that it involves the consumption of wealth without regard to whether an equivalent amount of wealth is created in the process.

We cannot see the wood for the trees, but future historians will probably condemn this generation for its blindness because this is due in the main to our unwillingness to face facts and our disregard of fundamental principles. We cannot expect any real improvement until we accept politically what is inevitable economically. The sanctity of private contract was not destroyed when the Debtors Act of 1869 abolished imprisonment for debt, and there is a point beyond which the persecution of a debtor by his creditors becomes a menace to society. There must be a more willing acceptance by creditors of "equity interests" in substitution for "debenture rights," not only in industrial undertakings to which these terms more strictly apply, but also in the sphere of international debts. The "equity interest" must carry with it such control as may be practicable, and the debtor can only claim relief from his obligations to the extent necessary to preserve his earning power. All debts involve some risk of default, and if creditors refuse to cut losses which are irrecoverable and insist on the uttermost farthing to the annihilation of their debtors, the spiral will continue to contract until debts which are now easily borne become intolerable and universal bankruptcy ensues.

But if the creditor plays his part in lessening the resistance set up by the burden of debts to the forces of expansion, it is essential that his sacrifice should not be rendered useless by other remediable causes of rigidity in the economic structure. The object of lightening the burden of debts is to enable the product of industry to equal the gross costs of production. This object cannot be attained without the reduction of all unproductive expenditure by the State to the minimum consistent with a reasonable standard of civilisation, and without the abandonment of the insidious policy of basing the welfare of one man on the wealth created by another. While wealth consumed bears no relation to wealth produced, a premium is placed on inefficiency in production, and the forces of contraction are given a political stimulus which threatens the whole structure with collapse and our civilisation with destruction.

The picture painted may be too black, the remedies suggested unnecessarily drastic. The recuperative powers of industry are very great, and, serious though the situation is, our economic system has not been proved incapable of supporting the high standard of living demanded of it. But even the most optimistic must admit that something is seriously wrong. Maladjustments exist, and there are signs that failure to correct them may result in chaos. Perhaps an expansionist monetary policy may suffice, perhaps expenditure by the Government may take the place of industrial enterprise in restoring prosperity; but to many this seems to be the wrong approach to the problem. Some more fundamental adjustment is surely required in our conception of what economic activity means, what are the causes of contraction and what are the factors which create prosperity.—I am, Sir, etc.,

97, Gresham Street, E.C.2.

FREDERICK GEIDT.

June 7, 1932.

TO THE EDITOR OF THE ECONOMIST.

SIR,—Mr Harrod says that "few seriously doubt that reflation is urgently needed." This may or may not be a correct estimate of the present state of opinion. But I wonder whether "few would seriously doubt" the desirability of unbalanced government expenditure—Mr Harrod's "surer" technique of reflation. I do not think that I can profitably encroach further on your space by expostulating with Mr Harrod on this point. If the events of the last year have not suggested to him the danger of "the government" disbursing "to its citizens more than it takes from them"—his own recommendation—nothing that I can say will do so. But I can at least be grateful to him for affording a most vivid exposition of the implications of the policy I have been attacking.

On the question of inflation, Mr Harrod, although more explicit, occupies a position not radically different from that of many others. On exchange policy he occupies a position which is surely all his own. Mr Harrod is not content with the "benefits" of inflation; he is anxious also to have the benefits of a high exchange. Now Mr Harrod is too able an economist not to be aware that, in the absence of special support for the exchange, or a parallel inflation abroad, it is not reasonable to expect sterling to remain at its present external value if prices here are driven up to the 1929 level. Other things being equal, a depreciated currency necessarily involves a depreciated exchange. It would appear, therefore, that he proposes that if we cannot induce other countries to inflate too, we should go ahead ourselves and maintain the exchange either by raising loans abroad or by realising our foreign investments. This, at least, is the only interpretation I can put upon his somewhat cryptic injunction that we should "cover our adverse balance out of the abundance of our available assets." Again I wonder whether "few would seriously doubt" the desirability of such a policy of reflation—the government disbursing to its citizens more than it takes from them at home, and "mobilising foreign securities" or raising loans abroad to support the exchange while it does so. Personally I can conceive few policies more likely to lead to a serious breakdown of confidence.—Yours, etc.,

London School of Economics,
Houghton Street, W.C.2.
June 8, 1932.

LIONEL ROBBINS.

PUBLIC AND PRIVATE SPENDING.

TO THE EDITOR OF THE ECONOMIST.

SIR,—Some of us will notice with surprise that the Friends of Economy, as represented by Sir Ernest Benn, are only friendly to public economy. Sir Ernest has declared, with an emphasis which leaves no room for doubt, that it is a citizen's duty at the present time to spend as heavily as he can afford. This can only mean that we ought deliberately to push up our standard of living beyond the level which at present is sufficient or prudent. The State, however, says Sir Ernest, should curtail its expenditure drastically.

It may be that it is preferable for a man to spend his own income than that "politicians and officials" should spend a large part of it on his behalf, but what has the theory of taxation to do with the Underconsumptionist Theory? The total demand for consumption goods will be no greater if the State abolishes free education, and the Friends of Economy, correspondingly relieved of taxation, spend money on home comforts which they are now denied.

In the interest of some forms of corporate expenditure, like education, which a civilised State might with advantage maintain, it ought perhaps to be observed that a transference of

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wealth only changes the kind of thing that is bought. There is some danger lest those who prefer private to public expenditure on principle and who in their hearts have consequently always grudged the cost of national education, should, under cover of the black night of the present crisis, advance on their objective.—Yours, etc.,

87, Alexandra Road,
St. John's Wood,
London, N.W.8.
June 6, 1932.

A. DARBY,

THE COAL BILL.

TO THE EDITOR OF THE ECONOMIST.

SIR,—The debates in the House of Commons on the Coal Bill were almost consistently reasonable in their attitude to coal owners.

In your article last week on the Coal Bill certain sweeping statements, ill-directed, have been used. Referring to Part I of the 1930 Act you say "... its shelter has been used by the mine owners, with certain commendable exceptions, as an excuse for obstructing the reorganisation of the industry." You do not state what you mean by reorganisation. The inefficient units are rapidly closing down and there are many efficient units who quite wisely kept out of amalgamations which had neither financial or other merits to recommend them.

The *Economist* appears to think that amalgamation implies reorganisation, but in many cases amalgamation has meant the transfer of debt from the inefficient to the efficient units and the added fixed charges more than swallow up the benefits of more efficient production.

The *Economist* appears to have closed its eyes to the great decrease in the cost of production in spite of heavier taxation in the form of increased insurance stamps and income tax, which surely implies some measure of reorganisation within the industry.

The *Economist* calls the quota system thoroughly vicious and, at the same time, demands "such essential developments as scientific export marketing." If, by scientific exporting, the *Economist* means cutting out what is often termed "unnecessary price cutting," then the minimum price scheme should please them. The fixed prices may always be altered by the districts concerned and, by application to the Central organisation, district quotas will generally be altered as the district desires. Perhaps in this Act is the machinery for what the *Economist* calls "scientific marketing."

I distrust such mechanised schemes and when, but not until, the various trade barriers in Europe and elsewhere have been pulled down I would rather trust the export of coal to the personal efforts of merchants and coal owners. Their personal efforts have, after all, built up the export coal trade, which has been so large an item in our maritime trade, representing, as it does, 80 per cent. of the bulk of cargo exported.

Finally, you suppose that wage reductions will take place at the end of the twelve months' guarantee given by the owners. Here I think you lack that optimism so essential to the nation and presuppose a continuance of present conditions, a contingency which will, I think, be averted by the intelligent action of both bankers and statesmen.—Yours, etc.,

Reform Club,
Pall Mall,
London, S.W.1.
June 6, 1932.

R. G. KILLETT.

[Apart from the point that income tax does not enter into costs of production, we would invite our correspondent's attention to the fact that in the last quarter of 1929 net costs per ton were 13s. 4d., as compared with 13s. 6d. in the last quarter of 1931. Output per man-shift and wage costs per ton were virtually unchanged. These figures scarcely confirm Mr Killett's proposition that there has been "a great decrease." Optimism with regard to the position a year hence is an attitude which

we should like to share but which demands greater complacency than we can feel as to the rapidity with which reconstruction is at present being effected. Would our correspondent deny that in many cases the quota system is seriously hampering the development of the most efficient units? We never suggested that amalgamations of a purely financial type meant salvation to the coal industry, nor does our idea of scientific export marketing bear any relation to the idea of simply eliminating price cutting.—Ed., *Econ.*]

POINTS FROM LETTERS.

Monetary Policy.

The contention that the fall in prices since 1925 was inevitable and that raising their level is impracticable owing to "modern mechanical productive technique" is one that cannot possibly be sustained. Similar theories were brought forth by Lord Farrer and the monometallists to defend the rise in the value of gold half a century ago, although production was increasing but slowly and most of the resources supposedly responsible for the decline in prices had been actively employed during the preceding twenty-five years of rising prices. In the twenty years before the war, according to all the American indices of production, industrial activity increased far more rapidly than it has done since 1924, yet output was disposed of without much difficulty at rising prices. The alleged necessity for a falling price trend in order to distribute the world's present production, therefore, seems hardly conclusive.—GEOFFREY BIDDULPH, Cherry Tree House, Bourne End.

The Depression.

There can be very little hope of arriving at the correct remedy for the depression so long as its cause is ignored. The position may be stated quite simply: the fall in prices has made industry unprofitable because prices have fallen more rapidly than wages. It is clear that the remedy must lie in one of two directions:—

- (i) Prices must be raised sufficiently to include a profit for industry; or
- (ii) Cash wages must be reduced to a point which will allow a profit for industry at the ruling prices.

Innumerable attempts have been made to control prices since Edward III granted Yarmouth a monopoly for the sale of herrings, but we know of no instance where the attempt has met with success. It is a tragedy that the country should continue to stake its future existence upon its ability to control prices. We admit that the reduction of cash wages is popularly supposed to be an unpalatable remedy, and, consequently, that it would not be in the best interests of the nation to give support to this remedy. As a reason, or an excuse, for refusing to consider the remedy this is manifestly absurd: it is the old policy of *laissez-faire*, and as a policy it is fatal. The position now is too critical for the question of wage adjustments to be ignored any longer.—PERCY WALLIS and ARTHUR REDFERN, Westacre, Kettering.

Conversions.

As a taxpayer who objects to paying more for the service of the national debt than is necessary, may I suggest a method by which it would seem possible to effect a very considerable saving? The Treasury could invite applications, at par, for bonds bearing a rate of interest, say 2½ per cent., somewhere between the current yield of Treasury bills and the lowest interest on bonds repayable at the Treasury's option (2½ per cent. Consols). Applicants to specify the date on which repayment at par was required, and the furthest dated application could be published weekly, as with Treasury bills. The proceeds could be used to purchase Consols and other debt outstanding below par and the money thus returned to the market at once. The price of 2½ per cent. Consols would rise as a bearing a low rate of interest had been created in this way, the nature of the gap between these bonds and Consols, in yield and conditions of repayment, would indicate the terms on which the 5 per cent. War Loan could be "converted" with the greatest advantage.—A. C. DOBBS, Ashurst, Killiney, Co. Dublin.

*** Correspondents are asked to bear in mind that the space which the *Economist* can give to "Letters" is limited. The Editor is desirous of publishing as wide a range as possible of readers' opinions on issues of general interest. Letters, however, will have a much greater chance of being printed if their length does not exceed, as a rule, 400-500 words.

Books and Publications.

BOOKS OF THE WEEK.

The Economic Situation.*

Books on the economic crisis—if "crisis" is still the right word to apply to a long-drawn-out, many-phased period of disintegration—continue to pour out of the publishing houses. Within a short space of time we have received the opinions of six experts who lectured for Sir Halley Stewart, the translation of Dr. Kuno Renatus' explanation and warning, a collection of reports and prognostications by many other experts, collected early in the year by the National Industrial Conference Board, and the facts for 1930, issued under the imprimatur of the League of Nations. It is a sufficient comment on the rapid changes in the face of the economic world that *International Trade Statistics*, valuable publication as it is, already reads almost like an historical document, and that the National Industrial Conference Board's volume commits itself upon its dust jacket to the statement that "the world economic situation is more favourable than it was a year ago," a prophecy which recalls to the reader those newspapers which on the strength of two warm days last month announced the impending arrival of "a series of fine summers."

The student anxious for facts will turn naturally to the two last-named publications, and will find therein a good deal of meat for consideration. The annual from New York is the seventh of its kind, and the numerous tables which it gives are by now fairly well standardised in form and content, though the appearance of new data, particularly in matters Chinese, is a welcome sign of continued effort to improve. (The Chinese charts are also adorned with thumbnail sketches of ships, trains, etc., a pleasing variation to discover in this type of work.) The articles, on the whole, are of less uniform value. The Industrial Conference Board, being a non-governmental venture, has perforce to rely for its foreign information upon such correspondents as it can discover in various parts of the world; and one can only say that some of the reports disclose a very evident and not wholly unexpected bias. It is hardly to be thought that a Japanese financier should write with complete dispassionateness upon the economic development of Manchuria; but, while an impartial treatment of that subject might perhaps be difficult if not impossible to secure, it is surely unbalanced to devote so large a space to the sins of minimum wage legislation in Australia, which cannot possibly account for more than a part of that country's present economic troubles. Nevertheless, if the bias is discounted, there is useful information in the book.

Readers seeking for remedies will probably read first the collected edition of the Halley Stewart lectures; but if they hope for strong and unified guidance they will be disappointed. Six distinguished economic physicians co-operated in diagnosing the patient's disease; but though Sir William Beveridge, who sums up, does his best, he is unable to persuade us that his colleagues are in agreement as to the remedy. Professor Clay, who grows more orthodox with the years, advises in broad lines a reversal of British post-war policy; he would make wage rates more elastic, lighten taxation, minimise Government interference in economic matters; in fact, he is less in agreement with his co-prescriptionists than with M. André

* *The World's Economic Crisis and the Way of Escape.* By Sir Arthur Salter, Sir Josiah Stamp, J. M. Keynes, Sir Basil Blackett, Henry Clay, and Sir W. H. Beveridge. 194 pp. (London) George Allen and Unwin, Ltd. 4s. 6d. *The Twelfth Hour of Capitalism.* By Kuno Renatus. Translated by E. W. Dicks. 262 pp. (London) George Allen and Unwin, Ltd. 7s. 6d. net. *A Picture of World Economic Conditions at the Beginning of 1932.* 287 pp. (New York) National Industrial Conference Board, Inc., 247, Park Avenue. \$3.00 *The Land Without Unemployment.* By Ernst Glaeser and F. C. Weiskopf. 207 pp. (London) Martin Lawrence, Ltd., 26, Bedford Row. 8s. 6d. *Socialist Economic Planning in the U.S.S.R.* 126 pp. Martin Lawrence. 5s. *International Trade Statistics, 1930 (including Provisional Summary Figures for 1931).* (London) Allen and Unwin, Ltd. 10s.

Siegfried, who recently read the Briton so admonishing a lecture on greed, luxury and inability to save. Mr Keynes, on the other hand, in a brilliant and somewhat caustic contribution, urges a vigorous policy of productive spending; and both he and Sir Basil Blackett (who takes rather an unnecessarily long time to arrive at his point) come down definitely on the side of a planned national economy, in which they are joined, though in part and with distinct hesitations, by Sir Arthur Salter. Sir Josiah Stamp appears to be halting between several opinions.

The book makes stimulating reading, especially for those whom the world crisis has only just now driven to the painful process of thought, and Sir Arthur Salter's masterly summary of its causes could hardly be bettered. But the impression left by it, on the whole, is that the gulf between those who would begin to plan on a national scale and those who would trust to the older remedies is only just beginning to show and will yawn far wider before it is either bridged or destroyed by the disappearance of one side or the other. It is significant that Sir William Beveridge, when giving his own conclusions, is dogmatic only on the abolition of war debts and tariffs and the "reasonable provision" for unemployment; and on the major issue has literally no advice to offer, except the very sound remark that a mixture of control and non-control is likely neither to work nor to please anybody.

This being so, it is interesting to find that this week's "bag" includes two books from the country which has "gone nap" on control and which declares that, as a result, the third of Sir William's proposed remedies has no longer any interest for it. Owing to the peculiar position of Soviet Russia, its books published for consumption in foreign countries are still either advertisement or polemic, or both; objectivity, in fact, is neither achieved nor sought. Of the two works listed here, the first is pure advertisement, a collection of photographs of which it may be said that, while not up to the standard either of the best Russian films or of the periodical entitled *U.S.S.R. in Construction*, it yet compares favourably with the

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brochures issued by steamship companies and other agencies for foreign travel. The second is a book mainly of facts and figures suitable for foreign reading, coupled with a little polemic. The facts are suggestive and worth study, in spite of an occasional uncertainty on the part of the authors; and as to the polemic, the interesting feature is that it is no longer, as in earlier days, a matter of violent abuse of capitalist countries as the enemy, but of scorn, both for the failure, or alleged failure, of those countries to achieve their own humanitarian aims (viz., to protect women and children, to shorten the hours of labour and improve conditions, etc.), and for those economists and reformers who believe that a national "planned economy" can be built on anything but a proletarian revolution. In this respect the Soviet writers appear to agree with Sir William Beveridge; and the whole of the chapter on labour conditions—the most interesting, as well as the frankest, in the book—will repay reading by anyone anxious to grasp the "ideological basis" of the Russian experiment.

Finally, we have Dr. Renatus's pathetic plea against the "dead-weight of war-indebtedness" throughout the world. He shows, and shows abundantly, that this mass of non-productive but interest-bearing capital is strangling industry and commerce, causing a feverish rationalisation which only makes matters worse, and reducing international trade to barter. In the eyes of one reader, as in those of Sir William Beveridge, he has proved his case to the hilt; what effect it will have, if any, remains to be seen.

SHORTER NOTICES.

"The Capital Question of China." By Lionel Curtis. (London). Macmillan. 10s. 6d. net.

THIS book is interesting and valuable in virtue of the personality and experience of the writer. Mr Curtis has brought to his study of China the fruits of his previous study—and previous action—in India, in South Africa and in other parts of the British Commonwealth, not to speak of his experiences at the Peace Conference of Paris. He presents, very forcibly, the essential truth that the Western nations, and particularly the British, having forced China to trade with them, have unintentionally, but most thoroughly, turned the life of China upside down. And he argues eloquently that duty and interest alike forbid us to leave our relations with China at that. He urges that, on both considerations, we ought to help China to find her feet again in a Westernised world. The service which he requires us to render to her is to impart to her our own special political experience, or, in other words, to assist her to learn from us the Western art of self-government. The gist of the book is contained in the following two sentences on page 288. "We shall fail in all our dealings with China until we recognise that our own interests are misconceived wherever they seem to conflict with hers. The first interest of China is admittedly the establishment of orderly government." The book is divided into two parts: "Narrative" and "Comment." The latter part is the author's original contribution—particularly the last chapter of all, which presents Mr Curtis's own personal conclusions—and it is to be regretted that Mr Curtis has modestly confined Part II to one-sixth of the volume and has given the other five-sixths to a historical narrative which is really the scaffolding of Mr Curtis's building and not the building itself.

"Taxation During the War." By Sir J. C. Stamp. 247 pp. (London). Oxford University Press. 10s.

"American Public Finance and Taxation." By William J. Schultz. 635 pp. (London). Pitman. 21s.

To make the detailed record of British war finance into a narrative which would hold the attention of the reader without effort on his part might seem an almost impossible task. Sir Josiah Stamp, however, who has been known on a previous occasion to infuse a detective-story element into a statistical essay, has contrived to relate the story of the growth of British taxation during the war in a manner most absorbing. The first part of the book (which is published under the auspices of the Carnegie Endowment for International Peace) traces the development chronologically, and consists largely of very skilful summaries of budget debates, with a discreet amount of comment from the author, whose official position during the war years gives his criticisms a particularly live quality. The remainder of the

book is devoted to an examination of the gradual modification of taxation under war conditions, to a detailed account and discussion of the excess profits duty (a particularly valuable piece of work) and to the author's final conclusions.

The combination of a general textbook on public finance with a handbook on the finances of Government bodies in the United States has produced a somewhat unwieldy volume. A very large amount of ground is covered, and in consequence the student may find the discussion of particular theoretical points so compressed as to be bewildering. As a handbook of United States practice, however, it should be very useful. The chapters on the constitutional aspects of taxation and on the inter-relations of federal, state and local finance furnish information which are not conveniently accessible to students elsewhere.

"Kimber's Record of Government Debts, 1931." (New York). Overseas Statistics Inc. (London). London General Press. \$15 net.

AMONG the various books of reference designed to enable financial houses and other investors to appraise the value of any given security, a high place must be given to "Kimber's." This compact and well-arranged manual gives, very tersely, all the relevant information about the internal and external obligations, direct or guaranteed, of all the national governments of the world and of such provinces, states and municipalities as have bonds or notes outstanding in countries other than their own. In addition, statistical and other information bearing on the public credit of the Government is given for each country under a series of uniform heads, including, *inter alia*, production, foreign trade, currency, Government revenue and expenditure, and public debt. Where space on the reference shelves is extremely limited, this book may serve a dual purpose, as it provides statistics on the minor countries which would not otherwise be conveniently accessible in a single volume.

"The Whitley Councils Scheme." By John Barton Seymour. 253 pp. (London). P. S. King. 12s.

BECAUSE we are rarely conscious of the machinery which serves us until something goes wrong with it, we hear far more of occasional industrial disputes than of the machinery which is working continuously to maintain industrial peace. Joint Industrial Councils, very much in the public eye at the time of their inception, have attracted less and less attention as they were brought into permanent working order, and the appearance of a history and criticism of their working is therefore very welcome. Mr Seymour's book falls into three parts: the history of the scheme; an account of its working; and an appraisal of its value. His criticisms are constructive, and his belief in the scheme, provided—and it is a large proviso—that public lack of interest in it can be overcome, is very encouraging. In Mr Seymour's view, lack of interest is largely due to lack of knowledge, and he therefore advocates greater publicity in the form of publication of Whitley Council decisions and records. He is also anxious to see more co-operation between the different councils. The appendices include lists of councils and the text of the first Whitley Report, and there is a useful bibliography.

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OTHER BOOKS RECEIVED.

- The Financial Aftermath of War.* By Sir Josiah Stamp. (London) Benn. 6s. net.
A reprint of lectures delivered at Aberystwyth.
- Bolshevism, Fascism and Capitalism.* (London) Oxford University Press. 14s. 6d. net.
A description and discussion of the three systems.
- The Holding Company.* By James C. Bonbright and Gardiner C. Mears. (London) McGraw-Hill. 24s. net.
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OFFICIAL PUBLICATIONS.

- The following may be obtained from H.M. Stationery Office, Adastral House, Kingsway, W.C.2.
- Department of Overseas Trade: Economic Conditions in the Netherlands, March, 1932.* 3s. 6d. net; *Economic Conditions in Lithuania during 1931.* 1s. net.
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June, 1932.

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The Stock Exchange.

THE UNILEVER COLOSSUS.

THE Unilever combine and Communism have not a few points of similarity—in a strictly business sense. The combine is governed by committees innumerable. It controls the working life of the vegetable oil industries almost as completely as the Soviet monopolises the working life of the Russian people. It embraces every activity from the production of the raw materials to the retail selling of finished goods. And, curiously enough, both Soviet and Unilever catch whales in the Antarctic. For the investor and economist, however, the significant feature is that the more enlightened and efficient Unilever and the Soviet become, the more difficult it is to investigate their operations and to analyse their accounts.

We may recall that the Unilever combine originated in the amalgamation, in 1927, of two old-established margarine manufacturing companies—Anton Jurgens and Van den Berghs. It was found necessary, in order to avoid dual taxation, that a Dutch company—Margarine Unie—should acquire the Dutch interests and an English company—Margarine Union, Ltd.—the English interests. In 1929 the group extended its Continental interests by the absorption of the Schicht and Hartog concerns, both manufacturers of margarine and soap, the former operating in Central and Eastern Europe and the latter in Holland. Finally, in September, 1929, this already vast combine amalgamated with Lever Brothers, which itself

was an enormous holding concern engaged in every branch of the soap and oilseed crushing industries. This acquisition involved the changing of the name Margarine Union to Unilever. One of the subsidiaries of Lever Brothers was the Niger Company, which had merged with the African and Eastern Trade Corporation under the name of United Africa. To this company were transferred the West African interests of Margarine Union. Owing to the poverty of African and Eastern, which has been unable to find more than £500,000 of the £3,500,000 of new capital recently required, the interest of Unilever in United Africa has now been increased from 50 per cent. to 80 per cent. To complete the hold on its products from the raw material stage to retail distribution the Unilever group acquired control of several English multiple grocery shops, including Home and Colonial Stores, which now controls Liptons, Maypole Dairy and Meadow Dairy, which in turn controls Pearks Dairies, Brouchs, Sherry's Dairy and Neale's Tea Stores. An attempt to bring International Tea Stores into this grocery combine in 1930 failed. To simplify the buying and administration of the raw materials, two companies were formed in 1931, one in England called Unilever (Raw Materials), Ltd., to hold the stocks for the associated companies in Great Britain, and one in Holland called Unilever Grondstoffen Maatschappij N.V. to perform the same functions for the associated companies on the Continent. The companies associated with the Lever and Unilever organisations number over 600. For the convenience of the reader we have shown the ramifications of the group in greater detail in the chart on the preceding page.

By general agreement, the Unilever colossus is efficiently managed. The chairman of Unilever remarked in his last speech that the knowledge which old-established companies like Jurgens, Van den Berghs and Schicht had gained of the difficulties of trading in Continental countries, under conditions of fluctuating exchanges and restrictions in currencies, had been of great advantage to Levers, while the knowledge that Levers had acquired, through forty years of advertising and of handling proprietary brands, had been of great assistance to their associates. The management of the vast interests of the combine is now divided into groups under the control of directors and managers qualified by knowledge and experience to deal with the special problems of the group concerned. A small number of the directors have the special task of keeping in touch with these executives to ensure that they work to a uniform policy. We are satisfied that no greater and more efficient decentralisation could be seen inside the Kremlin.

The more efficient Unilever becomes in its management, however, the more obscure its trading appears to the investor. We presume that the management knows precisely where it stands, because we have the chairman's statement that there is a strong internal audit department, which carries on a continuous supervision. The facts remain, however, that the combine does not publish consolidated accounts; that it is impossible to discover from the separate accounts of the two holding companies and their five principal subsidiaries what are the real earnings of the group; and that the formation of the two raw material companies (which, being privately owned concerns, will not publish their accounts) will make it impossible to discover the manner in which the group has dealt with depreciation or appreciation of its stocks of raw materials.

The present position regarding stocks is interesting. According to the chairman of Unilever, as raw materials were consumed throughout the year 1931 their averaged cost prices were charged against the profit and loss accounts, which in this way were made to bear the full burden of the high cost prices as compared with the market prices. New purchases of raw materials, particularly in the second half of 1931, were made on the basis of the much reduced price level, until at the beginning of 1932 the point was reached when the book value was lower than the replacement value. This condition still prevailed at the date of the chairman's speech on April 29th, the only exception being whale oil. However, Lever Brothers, Jurgens and Van den Berghs wrote down their whale oil holdings before transferring them to the English

raw material company, and the Jurgens and Van den Berghs holding companies in Holland created special reserves for the same purpose. In addition, £350,000 was set aside by Unilever and Fl. 13,500,000 by Unilever N.V. for the benefit of the raw material companies. These allocations brought the price of whale oil stocks into line with that of the other raw materials. In future the requirements of the consuming factories will be supplied by the two raw material companies at the averaged cost prices, so that in the event of a rise in commodity prices the trading companies will immediately show the benefit in their trading accounts. If, on the other hand, the raw material companies were to "invoice" the goods supplied to the trading companies above cost price, the investing public would be none the wiser.

Instead of giving consolidated accounts the Unilever holding companies publish the accounts of their principal subsidiary and associated companies—Lever Brothers, Jurgens, Van den Berghs, N.V. Anton Jurgens Vereeniging Fabrieken, N.V. Van den Berghs Fabrieken, and N.V. Hollereen Tot Expl. Margarine Fabrieken. It may be interesting to compare these companies' results, but the process does not enable shareholders of Unilever to ascertain their real earnings. The comparative results of the two holding companies for the past three years are shown in the following statement, together with the combined ordinary and total capital and reserves:—

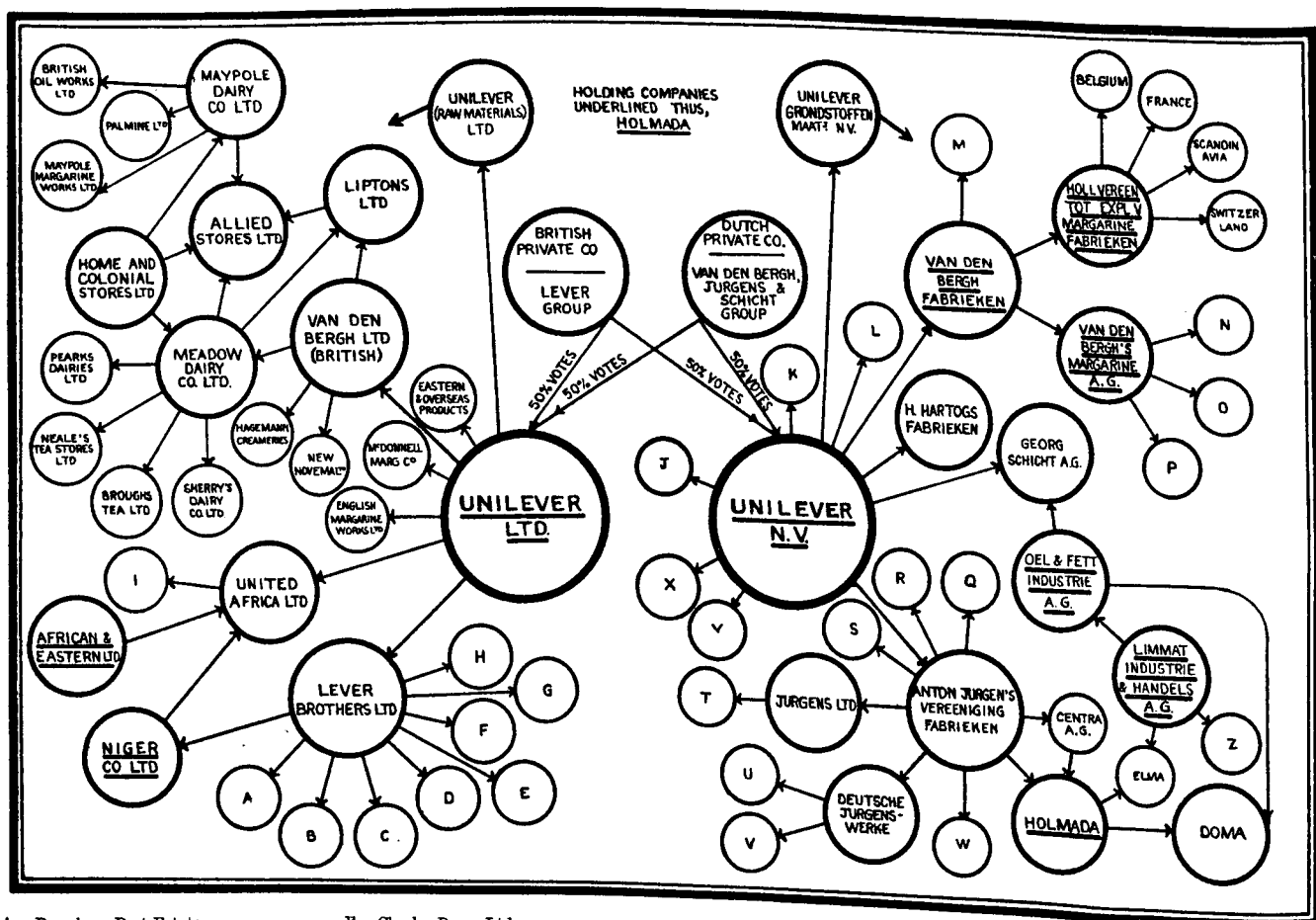
	Net Profits.	1929.	1930.	1931.
Unilever, Ltd.		£580,382	£1,798,856	£1,733,807
Unilever N.V.	f.	35,332,819	f. 30,064,333	f. 30,023,715
Total (in £'s sterling at 12 fl. to £).....		£3,524,784	£4,304,217	£4,235,781
Available for ord. after pref. dividend.....		£3,256,328	£3,950,708	£3,851,052
Percentage earned on ord.		20.0	17.5	15.7
Percentage paid on ord....		10.0*	10.0	8.0 (in gold)
Combined ord. capital.....		£15,788,583	£25,507,375	£25,507,375
Total combined capital.....		£19,623,666	£31,038,573	£31,162,458
Total combined reserves....		£8,969,018	£13,813,929	£13,833,929

* And cap. bonus 6½.

Two comments are necessary on this table. In the first place, Unilever, Ltd., holds all the ordinary capital (£6,500,000) of Lever Brothers, the acquisition of which accounts for the rise in Unilever, Ltd., profits in 1930. In the second place, the dividends on the ordinary shares in both companies are paid in Dutch guilders. The interim and final dividends, on the ordinary shares in Unilever, Ltd., for 1931 at the prevailing rates of exchange were 1s. and 1s. 08d., being equivalent to 5 per cent. and 5½ per cent. respectively.

With regard to current prospects, the chairman of Unilever has declined to indulge in prophecy. He has stated, however, that the actual net profits for the first quarter of 1932 exceeded those for the same quarter of 1931. Moreover, the chairman of Lever Brothers has declared that the accounts of United Africa for the year ending April 30, 1932, showed no loss. World trading conditions have, however, deteriorated since April, restrictions with regard to currencies have been intensified, and the prices of raw materials have moved downwards. It must also be remembered that the prosperity of the oil and cattle cake companies last year was largely responsible for the maintenance of Lever Brothers' profits.

Whatever the future, the combine certainly maintains strong cash resources. The total cash and bullion (a new item of liquidity) of the two Unilever companies, Lever Brothers and the five subsidiary companies of Unilever, whose balance sheets are published amounted at the end of 1931 to £5,648,047—taking the guilder at the rate of exchange on December 31st last. As far as the Unilever holding companies are concerned, the cash position has been improved in 1931 by nearly £1,900,000. The investor, however, would be more impressed if he were allowed to discover the consolidated cash position of the entire group. The decline in the ordinary shares of Unilever to 1½ from a high level of 1½ this year is some indication that the investing public is taking a conservative view of this year's dividends.



A.—Bromboro Port Estate.
Mac Fisheries.
Ocean Harvest, Ltd.
Southern Whaling & Sealing Co.
Aberdeen Steam Trawling Co.

B.—British Oil and Cake.
British Soap.
John Barrington.
Eramic Co.
Barton's Seed Crushing Mills.
Lever Brothers, Ireland.
J. Kitchen & Sons.
Pears, Ltd.
Price Soap.
Savonneries Suppligtwitz.
Wm. Taylor & Co.

C.—Candles, Ltd.
Chivers & Co.
Cleavers & Sons.
Cook Bros., Ltd.
E. Cook & Co.
Delecta, Ltd.
D. W. Gibbs, Ltd.

D.—Hodgson & Simpson.
R. S. Hudson, Ltd.
Int. Iceberg Trading.
J. Knight & Co.
T. Newby & Sons.
Stanley Fibel, Ltd.

E.—J. L. Thomas & Co.
Vincola Co.
J. Walkden & Co.
Wilkie & Soames.
F.—Bent, Brooke & Co.
Bibbfield, Ltd.
J. Crossfield & Co.

F.—Charles Dean, Ltd.
Gossage & Sons.
R. B. Green & Co.
McIver & Co.

G.—Muirhead & Wilcock, Ltd.
Planters Food Co.
Planters Margarine Co.
Thomas & Bros.
Trufood, Ltd.
T. Wall & Sons.
S. P. D., Ltd.

H.—Lever Bros. Co. (Boston).
De Levers Zeep Mij.

I.—Huilerios du Congo Belge.
Trading Assoc. of Nigeria.
United Exporters.

J.—Berg Härk Margarine Werke Isertstedt.
Oldenburgische Margarine Werke.
Margarine Grundstuck A.G.
Schmitz & Loh Margarine Fabrieken.
Fritz Homann A.G.

K.—Allgemeine Deutsche Marg. Werke.
Marg. Werke Dr. A. Schroeder.
Allgemeine Deutsche Marg. A.G.
G. & A. Müller Speisefett.
Tautonia.

L.—Calvé.
Cohen and V. D. Leun.
Fabrieken de Marg. Hollando-Hongroise.

M.—Div. Winkels en Melktr.
Verschure & Co.
Zeep & Oliefabrieken Zwondrecht.

N.—Dr. Boemer & Cie.
Cron & Scheffel.
Hamburger Oliefabrieken.
Max Boemer.
Wahnschaffe Müller & Co.

O.—Clivia.
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P.—Estol.
Berolina.
Mika.
Oelmenhörster Marg. Fabr.
Palma.
Sana.
Theorl Oelfabrieken.
Uhlenbrook Marg. Werke.

Q.—Albers Creameries.
Med. Ind. Oliefabrieken.
Scheeps Mij. Palmijn.
Vera Hu Falina.
Zeeppabrieken Utrecht.

R.—Berste Makas, Oliefabr.
Olef Jacatra Batavia.
Jurgens Soerabaja.

S.—Deduff.
Numegsche Stoons Fabrieken.
"Rosa" B. op Z.
Tieleman & Drosleiden.
Viruly Gouda.
Zuthphense, Stoons Fabrieken.

T.—Ardol.
Olympia Oil and Cake Co., Ltd.
Selby Warehousing & Transport.

U.—Brake & Cie.
Kunardwerke.
Mohr & Cie.
A. L. Mohr.
Krog & Evans.
Roelitzki & Witt.
Schynock & Cie.
Roosum & Cie.
"Rheinland" Marg. Fabrieken.

V.—Neusser Marg. Fabrieken.
Salb & Wahl.
Brennbergsneim Oelmuhlen.
Verein Deutscher Oelmuhlen.
Jurgens & Prinzen.
Gross-Gerau.
Kalsalin-Werke.
Fett Raffiner, Bremen.
Aachener Speiseoelfabrieken.
Marg. Fabr. Westmarga.

W.—Anbervilliers, Paris.
"Union" Antwerp.
Foremade Marg. Fabrieken.
Bona Marg. Fabrieken.
Steenon Marg. Fabrieken.
Jysk Marg. Fabrieken.

X.—Danziger Oel Raffinerie.
Aarhus Oliefabrieken.
Agra Marg. Fabrieken.
Hya Marg. Fabr. A. B. Svea.
Upsala Marg. Fabrieken.

Y.—Eld Marg. Fabrieken.
Kohn Marg. Fabrieken.
Korcora Marg. Fabrieken.
Walvischvaart McVictor.
Z.—Hollandia Melktr.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.	ACCOUNT.
June 21.	June 23.

A SLIGHT hardening of sentiment did not last beyond mid-week. Investors were impressed less by the prospect of pre-Lausanne discussions between Mr MacDonald and M. Herriot and by Mr Hoover's "Rapidan" programme than by further hints that the possibility of higher taxation was not absent from the minds of British statesmen. Gilt-edged were firm at the outset, with a certain amount of foreign buying in evidence, but turned mildly reactionary later. Equity shares remained just above recent low levels, with no more than a trickle of selling after the publication of increased unemployment figures for May. Though the effects of the failure of a large firm of metal brokers were localised within the tin market, the feeling that weak positions in other cases might not be maintainable indefinitely served to restrict business.

Buying of British Government stocks at the beginning of the week was largely of a "safety first" character, the strength of War Loan being regarded with mixed feelings. On Wednesday and Thursday prices lost ground, though declines were only fractional. Dominion issues were steady, New South Wales stocks tending to "close up" on Commonwealth stocks, while the latter, in turn, were favourably affected by the maintenance of a satisfactory Australian visible export balance.

European bonds reflected, mainly, the market's inability to interpret a complex European political situation. German bonds improved on the favourable construction put on certain parts of the new German Chancellor's declaration, but subsequently reacted on doubts whether M. Herriot's speech portended any relaxation of French foreign policy adequate to contemporary European needs. The new bond proposals of the Greek Government were deemed no more satisfactory than their predecessors. The Chilean revolution failed further to depress prices already at default levels. Japanese stocks were sold on reports of growing social distress.

The week's railway traffic figures, and the pessimistic case prepared by the companies for the Rates Tribunal caused further dullness in home railway stocks. Metropolitan reacted on the absence of an official statement regarding the Transport Bill position. Argentine rails remained friendless. United of Havana debentures receded further on the extended moratorium proposals.

The new account in the industrial market opened with an access of unexpected cheerfulness, which, unfortunately, proved short-lived—largely owing to the absence of expected improvement in America. Iron and steel shares became undecided, after modest activity on the announcement of a National Committee to consider reorganisation measures. Cables and Wireless reacted after buying on somewhat more hopeful anticipations regarding the forthcoming accounts. Motor shares, similarly, failed to hold an early improvement. The market found the terms of the Singer progress statement ambiguous. Electrical shares were irregular with business on a reduced scale. The defeat of back-bench Parliamentary efforts to secure a reduction in the beer duty had been foreseen, the only substantial change in the brewery list being a slight rise in Guinness on Dublin inquiries, after the announcement of the Anglo-Irish discussions. Textile shares made no headway, the labour situation still causing uneasiness. Store shares showed a further easy tendency, though Great Universal rallied on support after the meeting. Insurance shares showed no recovery, the market fearing dividend reductions. Anglo-South American Bank "A" shares changed hands, at one time, at nil, the latest official statement being held not to preclude the possibility, in certain circumstances, of a call on unpaid capital. Dealings were suspended on Thursday.

The oil market opened fairly active under New York influences, but Monday's advance was sharply checked

by the inertia of New York, the Continent remaining neutral, apart from Amsterdam selling of Royal Dutch. After faint signs of increased interest, the rubber share market returned to its habitual dullness, Rubber Trust failing to resist moderate selling. The decline in tea shares continued unchecked, Indian issues being the chief sufferers. The recent weakness of tea prices is discussed on page 1310.

Lack of interest was evident in the mining markets, though selling orders were neither numerous nor extensive. Paris gave slight intermittent support to selected South African mines, in regard to which a certain inside activity was noticeable. Johannesburg was a buyer of Sub Nigel. West Australian shares were easier on the subsidence of last week's buying movement. Activity in tin shares had so long been at a low ebb that the news of the failure of Messrs Lewis Lazarus (discussed on page 1285) and the subsequent break in tin prices caused no widespread selling, though the market, undoubtedly, was shaken by the failure.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.
(Approximate number of Bargains recorded in Stock Exchange Lists.)

	June 2, 1932.	June 3, 1932.	June 4, 1932.	June 5, 1932.	June 7, 1932.	June 8, 1932.	June 9, 1932.
Government and Municipal Loans, Transport, Communications, and Public Utilities...	1,529	1,670		1,882	1,746	1,686	1,545
Commercial and Industrial...	837	858		1,188	941	930	839
Banks, Insurance and Financial...	1,337	1,407		1,878	1,454	1,355	1,330
Mines (including Nitrates)...	446	475		556	508	399	436
Oil...	475	408		500	350	302	335
Rubber, Tea and Coffee...	78	126		133	94	98	95
Total	114	60		91	91	82	66
Total	4,816	5,004		6,223	5,184	4,852	4,646

* Including iron and steel and breweries.

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

Highest of 1932. (Mar. 3.)	Lowest of 1932. (June 1.)	June 2, 1932.	June 3, 1932.	June 4, 1932.	June 5, 1932.	June 7, 1932.	June 8, 1932.	June 9, 1932.
63.7	51.3	51.6	51.7	*	52.5	52.7	52.4	52.4

* Stock Exchange closed.

FOREIGN STOCK EXCHANGES.

NEW YORK.

After a technical rally over the week-end, during which markets endeavoured to make the most of factors like the bond buying pool, dealings became dull and depressed once more. The persistent inelasticity of sentiment, despite successive injections of hopeful news, was keenly disappointing to official observers. For example, a tendency was prevalent to regard the efforts of the bond pool as prematurely doomed to failure. The presence of the "bonus army" in Washington was also regarded as a dangerous portent. Utility stocks were sold on expectations of reduced earnings through the operation of the new tax on power. Freight car loadings for the week ended May 21st, at 515,450, reached a new low record. The total for the preceding week was 517,667 and for the corresponding week of 1931, 754,738. It was understood that only eleven American railroads had earned their bond interest for 1932. A meeting was held on Wednesday, at which the most important companies were represented, to consider the working out of a "depression policy." Steel production last week fell to 20 per cent. of capacity, as a result of further recessions in building operations and an almost complete absence of buying by the railroads. The business index of the *New York Times* for the week ended May 28th was 55.3, against 55.7 in the previous week.

(Continued on page 130A)

The List of Applications will be opened on Monday, the 13th day of June, 1932, and closed on, or before, Tuesday, the 14th day of June, 1932.

CENTRAL ELECTRICITY BOARD.

ISSUE OF £10,000,000

Central Electricity 4½ per Cent. Stock, 1957-1982,

Under the Electricity (Supply) Act, 1926, the Central Electricity Board (Increase of Borrowing Powers) Special Order, 1930, and the Central Electricity Board Borrowing Regulations, 1928, pursuant to a Resolution of the Board, dated the 9th day of June, 1932.

Interest will be paid Half-yearly on the 1st February and the 1st August.

A first payment of £2 per £100 Stock will be made on the 1st February, 1933.

PRICE OF ISSUE £96 PER CENT.

The GOVERNOR AND COMPANY of the BANK OF ENGLAND are authorised by the Central Electricity Board to receive applications for the above issue of Stock, payable as follows:—

On Application ...	£ 5 per Cent.
On Monday, 4th July, 1932 ...	£16 "
On Friday 5th August, 1932 ...	£25 "
On Wednesday, 7th September, 1932 ...	£25 "
On Monday, 10th October, 1932 ...	£25 "

£96 per Cent.

The Stock now issued and the interest thereon rank *pari passu* with £3,000,000 Central Electricity 4 per Cent. Stock, 1959-1989, £10,000,000 Central Electricity 5 per Cent. Stock, 1950-1970, £5,000,000 Central Electricity 4½ per Cent. Stock, 1951-1973, and £7,000,000 Central Electricity 5 per Cent. Stock, 1955-1975 already issued, and are a first charge on the whole undertaking and the net revenues of the Board.

The Board reserve power to issue further Stock ranking *pari passu* with the above Stocks.

The Stock of the present issue will be redeemed by a Cumulative Sinking Fund, commencing not later than the year 1938, sufficient to repay the whole of the Stock by its maturity date. This Sinking Fund will be provided out of the Redemption Funds which the Board are required to provide for the amortisation of their capital expenditure and will be applied in the purchase of Stock or invested temporarily in accordance with the Borrowing Regulations. Any Stock not previously redeemed will be repaid at *par* the on the 1st August, 1982, but the Board reserve the right to redeem at *par* on any interest date on or after the 1st August, 1957, all Stock then outstanding on giving at least three calendar months' previous notice by advertisement in two London daily newspapers.

The Central Electricity Board were constituted by the Electricity (Supply) Act, 1926, and are acting under statutory powers in adopting and carrying out the Schemes referred to in the Statement appended.

The Board are empowered, with the consent of the Electricity Commissioners, to borrow £50,000,000. Of this sum the Electricity Commissioners have already given consents in respect of £37,800,000, of which £12,500,000 is in respect of standardisation of frequency, and £25,300,000 is in respect of the construction and acquisition of main transmission lines, working capital and other purposes. The proceeds of the Stocks already issued and of that now being issued form part of the sum of £37,800,000 mentioned above.

The proceeds of the present issue will be used to provide further funds for the construction and acquisition of main transmission lines, the cost of standardisation of frequency, working capital and other authorised purposes including payment of interest on the Stocks already issued so far as it is payable out of capital and on the Stock now being issued until the 31st December, 1939, if and so far as the expenditure does not become remunerative at an earlier date.

The Register of the Stock will be kept at the Bank of England. The Stock will be transferable by ordinary Transfer Deed in multiples of one pound.

Applications, which must be accompanied by a deposit of £5 per Cent., will be received at the Bank of England Loans Office, 5 & 6, Lombard Street, E.C.3. In the case of partial allotment the balance of the amount paid as a deposit will be applied towards payment of the first instalment; should there be a surplus after making that payment such surplus will be refunded by cheque.

Applications must be for sums of £100 or multiples thereof. Payment may be made in full after allotment under discount at the rate of 1 per Cent. per annum. In the case of full payment being made before the 4th July, 1932, discount will only be allowed from the latter date. Default in the payment of any instalment by its proper date will render the allotment liable to be cancelled.

Interest on the Stock will be payable half-yearly on the 1st February and the 1st August. A first payment of £2 per Cent. will be made on the 1st February, 1933. Warrants will be transmitted by post.

Scrip Certificates to Bearer in denominations of £100, £500 and £1,000, will be issued in exchange for the allotment letters. Fully paid Scrip Certificates may be registered on, and after, the 4th July, 1932.

A Commission of 5s. per £100 will be paid to Bankers and Stockbrokers on allotments made in respect of applications bearing their stamp.

Prospectuses and Application Forms may be obtained at the Bank of England Loans Office, 5 & 6, Lombard Street, E.C.3, or at any of the Branches of the Bank; of Messrs. Mullens, Marshall, Steer, Lawford & Co., 13, George Street, Mansion House; at any Stock Exchange in the United Kingdom; at the Head Office of the Central Electricity Board, Trafalgar Buildings, 1, Charing Cross, S.W.1, or at any of the District Offices of the Board.

BANK OF ENGLAND,
LONDON, E.C.2.
10th June, 1932.

STATEMENT.

The Central Electricity Board consists of a Chairman and seven Members, appointed by the Minister of Transport pursuant to Section 1 of the Electricity (Supply) Act, 1926. The present Members are:—

SIR ANDREW R. DUNCAN, *Chairman*.
THE RIGHT HON. THE LORD HARNBY, C.M.G.
SIR JAMES DEVONSHIRE, K.B.E.
MR. FRANK HODGES.
MR. W. WALKER.
SIR DUNCAN WATSON.
SIR RALPH L. WEDGWOOD, C.B., C.M.G.
MR. W. K. WHIGHAM.

The main functions of the Board are to construct main transmission lines (commonly known as "the grid"), to concentrate the generation of electricity at standard frequency in the most efficient stations, to supply electricity in bulk for distribution, and by these means to increase the availability of electricity throughout the country and reduce the cost of production.

The revenues of the Board will be derived from the sale of electricity in bulk and by a levy by the Electricity Commissioners under Section 9 of the Electricity (Supply) Act, 1926, on the whole of the electricity supply industry within Great Britain of annual sums equal to the interest and sinking fund charges in respect of money borrowed for the standardisation of frequency.

The following Schemes have been adopted by the Board under section 4 of the Act:—

- (1) Central Scotland Electricity Scheme, 1927;
- (2) South East England Electricity Scheme, 1927;
- (3) Central England Electricity Scheme, 1928;
- (4) North West England and North Wales Electricity Scheme, 1928;
- (5) Mid-East England Electricity Scheme, 1929;
- (6) North East England Electricity Scheme, 1929;
- (7) South West England and South Wales Electricity Scheme, 1930;
- (8) East England Electricity Scheme, 1930;
- (9) South Scotland Electricity Scheme, 1931.

These Schemes cover the whole of Great Britain except North Scotland. Wayleaves have been obtained for 3,725 miles of the 4,000 miles (approximately) of overhead main transmission lines estimated to be the total mileage required for the Schemes. 2,770 miles of these lines have been constructed. 1,200 miles of these lines and 50 miles of cables are in operation in order to facilitate standardisation or to give supplies to authorised undertakers who would otherwise have had to instal generating plant.

Progress in several areas is very advanced and during the current year normal trading will commence in two or more areas with the owners of the Stations at which the Board's electricity will be generated on the terms applicable to them and with other authorised undertakers at the tariff to be fixed under Section 11 of the 1926 Act. Construction work in the other areas is proceeding rapidly.

In fixing their tariff for any area, the Board are required under Section 11 so to calculate it that over a term of years to be approved by the Electricity Commissioners the receipts on income account shall be sufficient to cover the expenditure on income account, including interest and sinking fund charges, with such margin as the Electricity Commissioners may allow. For the Central Scotland area the Electricity Commissioners have approved 10 years as the period within which the receipts on income account shall be calculated to provide a margin after meeting all expenditure on that account, including deficiencies estimated to arise in the earlier part of the period.

The rapid growth of the Electricity Supply industry can be judged from the figures given below, which are taken from the Official Returns of the Electricity Commissioners. These figures show the total amount of electricity generated during the last few years by all authorised undertakers and railway and tramway authorities in Great Britain; a few non-statutory undertakings are also included, but generation by private plants is excluded:—

Year ended.	Units Generated.
31st March, 1922 ...	4,884,666,038
31st March, 1923 ...	5,738,718,485
31st March, 1924 ...	6,681,524,272
31st March, 1925 ...	7,415,375,529
31st March, 1926 ...	8,122,961,823
31st March, 1927 ...	8,565,857,198
31st March, 1928 ...	9,227,850,630
31st March, 1929 ...	10,878,980,925
31st March, 1930 ...	11,961,621,965
31st December, 1930† ...	12,332,948,844
31st December, 1931 ...	12,809,350,246

* Year of General Strike.

† The official figures are now published for the calendar year.

The annual output of the industry in Great Britain is thus over 24 times as much as it was 10 years previously.

The Board are satisfied from detailed estimates of the financial operation of the several Schemes which have been adopted by them that when those Schemes are in full operation the revenue for the respective tariff periods will provide ample margins over and above the amount required to meet the interest and sinking fund charges in respect of the total expenditure on the Schemes.

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

† Free of income Tax

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LONDON NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, June 1, 1932.	Price, June 8, 1932.
Agricultural Mortgage Corporation 4½% Deb. Stock, 1951-91	95	60	4½-4½ pm	4½-4½ pm
Bowater's Paper Mills 6½% Cum. Pref. £1	10/-	10/-	4½-4½ pm	4½-4½ pm
Brasil 5% 20 Yr. Funding "A"	...	...	4½-4½ pm	4½-4½ pm
Do. Funding "B"	...	...	4½-4½ pm	4½-4½ pm
Bristol Corporation 4½% Red. Stk. 1952-62	100½	20	1½-1½ pm	1½-1½ pm
British Columbia 5% Stk. 1957-67	99	29	1½-1½ pm	1½-1½ pm
British Power and Light 5% Cum. Pref. £1	10/-	10/-	4½-4½ pm	4½-4½ pm
Burnley 4½% Stk. 1952-62	100½	20½	1½-1½ pm	1½-1½ pm
County of London Electric New Ord.	38½	5/-	1/10½-2/1½ pm	1/10½-2/1½ pm
Edmondson's Electricity 6% Pref.	21/-	5/-	1½-1½ pm	1½-1½ pm
Electrical Distribution of Yorkshire 6% Preference £1	21/-	5/-	3/6-4/- pm	3/6-4/- pm
Ever Ready New Ord. 10/-	21½	5/-	8/3-8/9 pm	8/3-8/9 pm
Fortnum and Mason 7% Cum. Pref. £1	100½	5/-	1½-1½ pm	1½-1½ pm
Hall Corporation 4½% Stk. 1952-72	95	25	4½-4½ pm	4½-4½ pm
India 5% 1942-47	98	10½	10½-10½ pm	10½-10½ pm
Lever Bros. 5% Debs.	101½	51½	3½-3½ pm	3½-3½ pm
London and Home Counties Joint Electricity Authority 5% Stk. 1951-71	22½	62½	27½-27½ pm	27½-27½ pm
Lyons (J.) and Co. 7% Pref.	...	...	4½-4½ pm	4½-4½ pm
Marks and Spencer A. Ord.	...	...	4½-4½ pm	4½-4½ pm
Mecano 6% Debs.	96	25	2½-1½ dis	2½-1½ dis
Metal Box 5½% Debs.	21/-	6/-	2½-1½ dis	2½-1½ dis
Do. 7% Cum. Pref. £1	21/-	6/-	2½-1½ dis	2½-1½ dis
Murex 7% Pref.	...	...	1½-1½ pm	1½-1½ pm
Metropolitan District Railway 5% Deb. 1955-95	97½	40	6½-7½ pm	7½-7½ pm
Metropolitan Railway 5% Deb. 1957-62	97½	45	6½-7½ pm	7½-7½ pm
New Zealand 5% Ins. Stk. 1955-75	98½	28½	6½-1½ pm	6½-1½ pm
N. Somerset Electric 5½% Cum. Pref.	20½	10½	6½-1½ pm	6½-1½ pm
North British Power 6% Cum. Pref. £1	23½	8/-	3½-9½ pm	9½-1½ pm
Shropshire, Worcestershire, &c., Elec. Power 6% Deb. 1952-62	94	ty. pd.	104-105	104-105
Slaters and Bodegas 5½% Debs.	100	36	3-2 dis	3-2 dis
South Shields 4½% Stk. 1952-62	101	15	...	...
Swansea Gas 5½% Pref.	100	50	1-2 pm	1½-2½ pm
Tanganyika 4% Stk. 1952-72	98	10	...	...
Treasury Bonds 3% 1933-42	97½	47½	1½-1½ pm	1½-1½ pm
Wandand (City of) N.Z. 6% Debs.	96½	ty. pd.	95-96	97-98
West Bromwich Corp'n. 4½% Red. Stock 1955-65	99½	49½	1½-1½ pm	1½-2 pm

(Continued from page 1302.)

	May 26, 1932.	June 2, 1932.	June 9, 1932.		May 26, 1932.	June 2, 1932.	June 9, 1932.
U.S. 3½% T. Bds.	98½	97½	98½	Natl. Biscuit	30	28½	27½
Lib. L. 3½% 32-47	100½	100½	100½	Phel's Dodge	4½	4½	4½
Do. 4½% 32-47	101½	101½	101½	Pullman	12½	11	12
Do. 4½% 35-38	102½	102½	102½	Sears-Robinson	16	14½	13½
Atchafon	27½	27½	25½	Studebaker	3	3½	3½
Chen. & Ohio	13½	12	11	Un. Fruit	12½	12	13
Erie	2½	2½	3½	U.S. Leather	1½	1½	1½
Illinois Central	6½	6½	6½	U.S. Rubber	2½	2½	2½
N.Y. Central	10½	9½	9½	U.S. Steel	28½	27½	24½
Pennsylvania	7½	7½	8	Westinghouse	23½	20½	19½
Southern Pacific	7½	8	8	Woolworth	27½	25½	24½
Southern Ry.	3	3	4				
Union Pacific	38½	36½	34½	Am. Tel. & Tlg.	94½	86½	81½
Am. Can.	36½	38½	35½	Interboro R.T.	4½	3½	2½
Amer. Smelting	7½	5½	6	Int. Tel. Teleg.	2½	2½	3½
Anacosta	4½	3½	4	Radio Corp'n.	2½	1½	2½
Bethlehem Steel	11	8½	8½	Utilities P. & L.	1½	1½	2½
Chrysler Motor	5½	5½	6	W. Union Tlg.	19	17½	15
Corn Prods. Bk.	30	27½	28½				
Eastman Kodak	42½	41½	37½	Associated Gas "A"	1½	1½	1½
Gen. Electric (New)	12½	10	9	Fan Amer. B. (New)	11	11	10½
Gen. Motors	9½	8½	8½	Shell	22½	22	2½
Int. Harvester	16½	15½	13½	Shell Unioz	18½	17	16½
Mont. Ward	4½	4½	4½	Std. California	24½	23½	23½
				Do. N.J.	24½	23½	23½

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

	1930.		1931.		1932.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	June 1.	June 8.
337 Industrials	98.2	174.1	51.4	114.7	52.2	31.9	33.0
33 Rails	89.1	145.6	31.7	105.7	32.2	13.0	13.8
34 Utilities	153.2	267.4	90.6	187.6	91.8	53.3	54.2
Total, 404 stocks	105.5	184.2	54.7	124.6	55.5	32.5	33.5
Average yield of 50 Industrial Common Stocks	4.15%	5.95%	9.37%	5.11%	9.29%	10.98%	10.47%

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

Highest of 1932 (Mar. 8).	Lowest of 1932 (May 31).	June 1, 1932.	June 2, 1932.	June 3, 1932.	June 4, 1932.	June 6, 1932.	June 7, 1932.	June 9, 1932.
68.9	35.5	35.6	37.6	39.0	41.6	40.2	38.6	36.6

TOTAL DEALINGS IN NEW YORK.

	June 3, 1932.	June 4, 1932.	June 6, 1932.	June 7, 1932.	June 8, 1932.	June 9, 1932.
Stock Exchange—Shares (Thous.)	1,900	1,000	1,000	800	1,000	1,200
Bonds (Value Thous. \$)	12,963	8,456	...	8,561	9,482	11,881
Out—Shares (Thous.)	200	130	130	100	110	140

* 2-hour session.

PARIS.

The Bourse was adversely affected at the outset by the Lazarus failure in London. M. Herriot's policy speech was, if anything, rather too acceptable to the Socialists to be altogether pleasing to the Stock Exchange. The cautionary note struck by the subsequent speech of the Finance Minister caused appreciable selling of Rentes and bank shares. Speculative "international" shares, however, were relatively steady. On Thursday there were fractional improvements in most sections, but business remained on a small scale.

	June 2, 1932.	June 6, 1932.	June 9, 1932.		June 2, 1932.	June 6, 1932.	June 9, 1932.
Banque de France	11,340	11,995	11,530	Wagons Lits	71	75	66
Crédit Lyonnais	1,750	1,900	1,745	Mexican Eagle	77	28	26
Suez Canal	13,375	13,950	13,455	"Chartered"	67	71	69
Chargeurs Réunis	184	196	181	Ford	95	102	94
Rio Tinto	1,025	1,089	1,031	De Beers	174	194	182
Royal Dutch	11,500	12,000	11,500	"Johnnies"	90	90	88

BERLIN.

Buying by small and medium-sized investors maintained a firm tendency on the Stock Exchange from its reopening until the middle of May. Subsequently, however, offerings from domestic and foreign holders were accentuated by rumours of impending Government crisis and Austrian transfer moratorium possibilities. The resignation of the Brüning Government, however, was followed by a violent upward movement in share values. The simultaneous selling of Rentes betrayed unmistakably the movement's origin in fears of inflation, which were simultaneously reflected in the animation of the real estate and commodity markets. Between May 26th and June 1st I.G. Farben rose from 82½ to 95, and Siemens from 107 to 123. Panic purchases, however, did not last long. The reassuring declaration of the Government, to the effect that it intended, in co-operation with the Reichsbank President, to maintain the stability of the mark, gave support to Rentes, and the market has since been quiet, speculators and public alike calmly awaiting developments. Recent falls in equities, however, have not completely wiped out the earlier gains. Coal and iron shares, for instance, are still higher than a month ago:—

	May 9, 1932.	June 6, 1932.		May 9, 1932.	June 6, 1932.
Banks—			Industry—		
Reichsbank	115½	122	Deutscher Gas	89	84
DD-Bank	37½	33	I.G. Farben	96½	92
Dresdner	20½	18½	Gelsenkirchen	35½	40½
Berliner Handels	83½	85½	Geafuel	55½	52½
Transport—			Harpener	40	44½
Reichsbahn pref.	76½	72½	Mannesmann	36½	38½
Hapag	12½	13	Metallgesellschaft	30½	28½
Nordd. Lloyd	13½	14½	Polyphon	48	34
Industry—			Rhein. Braunkohle	154	167
Aku	39½	35½	B.W.B.	61½	60
ABG	25½	23	Salzdetfurth	147½	151½
Conti-Gummi	90	82½	Schultheiss	59½	55
Daimler	11½	12	Siemens	107½	120
			Ver. Stahl	15½	16½
			Zellstoff-Waldhof	31	23½

* Ex dividend.

AMSTERDAM.

Listless and irregular conditions prevailed under the influence of unfavourable foreign news. Royal Dutch lost ground owing to the liquidation of a large line of stock, and Unilever on rumours of a forthcoming preference share issue. Netherlands Trade Bank shares were sold heavily after the publication of an unfavourable annual report.

	June 2, 1932.	June 6, 1932.	June 9, 1932.		June 2, 1932.	June 6, 1932.	June 9, 1932.
2½% Dutch Loan	29½	29½	29½	Steel Common	27	31½	27½
5½% German	49½	49½	49½	A. K. U.	21	22½	23½
Unilever N.V.	85½	89	86½	Ford Motor	80	88	85½
Phillips' Lamps	56½	59	56½	Deli Batavia	71	70	63
Netherlands Ship	38½	38½	35½	Royal Dutch	112	116	113
Union	75½	71	67½	Handels Am.	127	131	129

OTHER CENTRES.

Business on the remaining European Bourses was restricted in practically all cases. Brussels was heavy, initially, on arbitrage selling from London, but the tone improved slightly in mid-week. Stockholm was dull and featureless, and Vienna apathetic.

INVESTMENT NOTES.

The American Markets.—The New York Stock Exchange derived only temporary relief from the announcement last week that a company had been incorporated under the title of American Securities Investing Corporation with a capital of \$100 millions with the object of supporting the bond market. The managers of the Corporation are Messrs J. P. Morgan and Kuhn, Loeb, and the directors are representative of these and other leading New York banks. The buying power of the Corporation is to be increased by the issue of debenture bonds to banking institutions. The formation of the "bond pool" was coincident with President Hoover's statement of the results of the conference at his summer camp at Rapidan, namely, that the lending power of the Reconstruction Finance Corporation was to be increased by \$1,600 millions, the distribution of which was to be arranged through joint committees of industry and finance, and that rigid economy in all Government expenditure was to be enforced, with the absolute prohibition of bond issues for non-productive public works such as the States Congress Democrats had proposed. These announcements caused an immediate improvement in both bonds and shares, rises of 1 to 7 points being seen in certain depressed railroad bonds and utility preferred stocks. The improvement, however, was short-lived. Industrial news continued to be disappointing, further declines being reported in power output, railway car loadings and steel operations, the last being only 20 per cent. of capacity. Further, the 3 per cent. tax on utility company revenues, although capable of being passed on to the consumer, and payable out of net income (after bond interest), had a depressing effect upon the preferred and common stocks of the utility companies, with the exception of those of the gas industry, which was exempt from the impost. The general liquidation on Wednesday completely wiped out the gains of last week and created the impression that the "bond pool" could be written off as a failure from the market point of view. The Stock Exchange is now wearily looking forward to the adjournment of Congress, which it is thought will enable markets to recover some semblance of equilibrium.

Building Society Interest Rates.—The announcement by the Abbey Road Building Society that, in order not to "accumulate funds in excess of its requirements" it will open no new fully-paid share accounts, is symptomatic of a general desire on the part of many building societies, especially in the South, to limit their commitments for the present. The Abbey Road is not the first society to discourage unlimited expansion, but, as it is the second largest in the country, its decision is momentous. In a leading article in the *Economist* of April 23rd last (page 919) we suggested that the pace of post-war building society activity could not be maintained indefinitely, seeing that the particular section of the property market in which the societies were chiefly interested was not unlimited. In the last ten years the new advances on mortgage made by building societies have totalled £565 millions. Allowing for repayments, the balance outstanding on mortgages has increased from £84 millions in 1922 to £360 millions at the end of 1931. As the average annual new advances were only £9 millions and the annual average increase little more than £1 million in the post-war decade, the enterprise with which the societies have utilised their post-war opportunities will be appreciated. There is no question of the societies' ability to obtain further large amounts from investors so long as they maintain rates of interest which, having regard to the degree of security offered, are high in proportion to those obtainable elsewhere—particularly in a period of low money rates like the present. Small investors, for example, can obtain only 2½ per cent. on Post Office Savings Bank deposits, and only £4 2s. 9d. per cent. on National Savings Certificates if they are prepared to leave their money untouched for ten years. For encashments, say, at the end of one year, they obtain

only £1 11s. 3d. per cent. Large investors can secure a yield of only approximately 4 per cent. on long-term British Government stocks and only ½ per cent. on bank deposits, both subject to tax, whereas they have been able to secure 5 per cent., without payment of income tax, on many building society shares, withdrawable upon moderate notice. The societies, naturally, are unwilling to act as a repository for large amounts of short money. Their real problem, however, goes deeper. Investment in real property is not in itself a particularly "liquid" form of activity. The majority of societies have so far reduced its "risks" to a minimum by the development of a particularly sound technique in the making of advances, but dangerous tendencies will obviously be introduced if, at a time when opportunities for first-class mortgage business may be somewhat more restricted than in earlier years, ability to obtain rather than to place new resources is allowed to be the dominant criterion of policy. The movement cannot retain its enviable reputation if it is allowed to fall under the suspicion of becoming an appanage of the speculative builder. The significant feature of the Abbey Road announcement is not only the embargo upon new fully-paid share accounts, but the limitation of new deposit accounts to a maximum of £500 in any one case. Building society interest rates are still high, in relation to general interest levels, even after recent reductions, but the leading societies, for various reasons, are averse to unduly frequent changes. The Abbey Road is, in effect, following the policy pursued by the Treasury with regard to National Savings Certificates, by maintaining a moderately high yield but limiting new individual accounts to a comparatively low total figure.

The Chilean Situation.—The news that a successful Socialist *coup d'état* had been carried out in Chile over the week-end caused not a little apprehension in New York and London. Attention was directed in particular to the securities of "Cosach," the great nitrate combine, in view of the report that the junta led by Don Carlos Davila proposed to nationalise the concern forthwith. Chile copper bonds fell 8 points in Wall Street on Monday,

"BP"
PLUS

Plus what?
Plus a little
something
some others
haven't got

but Chilean quotations in London were hardly affected. Prices had previously been written down to "default levels," and stayed there, for the convincing reason that practically no business was done:—

Name of Stock.	Prices of 1932.		Middle Prices.		Last Business Done	
	Highest	Lowest	June 3, 1932.	June 7, 1932.	Date.	Price.
Chilean Government—						
5% 1909	19	8½	10	10	3/6/32	10
5% 1910	23½	7½	10	10	6/6/32	8
5% 1911	21	5	10	10	7/6/32	7
7½% 1922	33½	11	10	13	7/6/32	11½
8% 1922	32	10	13	15	27/4/32	12½
8% 1926	27	9½	15	13	7/6/32	8
6% Ster. 1928	31	7½	13	13	7/6/32	10
6% Ster. 1929	29½	10	13	13	30/5/32	9
City of Valparaiso 5½% 1912	34	33	35	35	30/5/32	33
City of Vina del Mar 5% Ster.	...	...	30	30	23/6/31	98½
Anglo-Chilian Nitrate 7% deb.	42½	35	35	35	13/4/32	38½
Lautaro Nitrate—						
7% £5 cum. pref.	5/-	5/-	5/-	5/-	29/3/32	5/-
6½% deb.	40½	40	40	40	8/9/31	88½
Cosach 7% sterling bonds	25	10	...	...	31/5/32	25
Antofagasta Railway ord.	16½	7	8	7	6/6/32	8½

The two last columns testify to the absence of contemporary market interest in the securities of a country whose credit formerly ranked higher than that of almost any other American borrower. The last business in Cosach 7 per cent. sterling bonds (issued last year at 96) was "marked" on May 31st at 25. The latest reports from Chile state that the new Government has decided to delay the confiscation of the combine until the situation has been studied by experts. The stability of the new Government itself, however, is far from assured, and it is idle at this stage to speculate on what may happen before the projected meeting of a new Congress in November. The question is further discussed in a leading article on page 1293.

Central Electricity Board.—A further issue of £10,000,000 stock is to be made by the Central Electricity Board early next week. The total value of contracts approved by the Board for the construction of the grid, standardisation of frequency and other works is now £31,678,591. The construction of the national main transmission system had, at the end of May, reached a point at which, out of 4,000 miles required for overhead lines, wayleaves for 3,725 miles had been obtained. For primary lines alone, operating at 132,000 volts, only 84 miles remained to be negotiated out of a total of 2,876 miles. Some 2,770 miles had been constructed, and about 1,250 miles, including cables, were in operation, principally in Central Scotland and in South-East, Mid-East, Central and North-West England. Satisfactory progress has been made in the standardisation of frequency, especially in Central Scotland and North-East and Central England. The production of electricity by authorised undertakers in Great Britain showed a further expansion in the first five months of this year, aggregating 5,260 million units—an increase of 8.3 per cent. over the corresponding period of 1931.

Two Investment Trust Results.—The report of the Investment Trust Corporation discloses a depreciation on its investments of 23.6 per cent.—namely, £2,124,000 on a book cost of £8,998,771. For a pre-war company, registered in 1888, this depreciation is high. The percentages of the investment portfolio held in bonds, preference and ordinary shares are normal, and as regards the geographical distribution, Great Britain accounts for 46.4 per cent., the United States of America for 11.2 per cent. and Europe for 15.7 per cent. The somewhat large proportion of the total securities held in railway stocks, namely 20 per cent., is perhaps some explanation of the high depreciation. The revenue account shows only a slight fall in gross income and dividends are maintained at 20 per cent. The following table gives the comparative results of the past two years:—

Year ending May 1st.	1931.	1932.
Gross income	£ 608,957	£ 591,269
Expenses and tax	101,583	98,533
Debt interest	147,489	155,000
Earned for dividends	359,885	337,736
Preference dividends	84,000	87,000
Earned for deferred dividend	275,885	250,736
Earned per cent.	25.5	22.5
Paid per cent.	20.0	20.0

Carry-forward..... 204,082 237,318
The break-up value of the deferred stock at the present market value of the investments is only 73½ per cent., but in view of the high earning power the market is probably justified in valuing it at 278 to yield 7.19 per cent. on dividends of 20 per cent. The results of the Second Co-operative Investment Trust bear no comparison with those of the Investment Trust Corporation. As at March 31, 1932, the investments of the Second Co-operative, having a book value of £1,207,675 had a market value at middle prices of only £640,944, depreciation thus being 53 per cent. Though the directors declare that this does not represent a true measure of the value of the portfolio, it is difficult to see how the whole of this large capital loss can be made good when markets recover. The Second Co-operative has a capital of £1,174,522, of which £54,085 is in the form of 5 per cent. withdrawable preference shares. The directors are calling a special meeting to sanction the conversion of these shares into 4 per cent. shares of a like character. The attractions of the proposal for preference shareholders are not self-evident. The directors might, instead, be asked to co-operate with a committee of investigation in a thorough overhaul of the company's position.

Beecham's Pills.—This company has significantly extended its interests in the medicinal drug business. Since the last accounts the preferred capital has been increased by the issue of 236,082 additional preferred shares in exchange for further shares in Yeast-Vite, Ltd. The preferred dividend of 10 per cent., therefore, requires £141,047, against £95,755, but the increase in net profit more than covers this additional requirement:—

Year to March 31.	1930.	1931.	1932.
Income	£ 202,887	£ 163,492	£ 241,698
Directors' fees	3,000	...	...
Income tax	49,500	27,896	59,208
Net profit	150,387	135,596	182,490
Brought forward	24,874	30,799	41,577
Preferred dividend	95,400	95,755	141,047
No. of times covered	1.6	1.4	1.3
Deferred dividend—			
Amount	49,062	29,063	30,000
Earned %	28.0	20.6	20.7
Paid %	25	15	15

Carried forward..... 30,799 41,577 53,020
The associated companies appear to be fully dividing their earnings. Yeast-Vite is paying dividends of £60,000 on net profits of £56,247 (against 1930 payments of £32,550 on profits of £57,639), while the dividend of Prichard and Constance is 20 per cent., against 10 per cent. Veno Drug shows a considerable enhancement of profits from £17,323 to £111,309, of which £20,000 is placed to special reserve. The directors of Beecham's Pills have applied the balance of £47,257 standing to reserve account on March 31, 1931, in reduction of trade investments and advances. They are of the opinion that these investments are now "worth" the figure at which they stand. The board proposes to seek the withdrawal of the provision under the articles of association by which the directors are debarred from fees unless a dividend of at least 25 per cent. is paid on the deferred shares, "in view of the desirability of conserving profits." The object of this alteration, doubtless, will commend itself to shareholders and its results to the directors. The extent of the balance-sheet's liquidity is not ascertainable, since the trade debtors and stock-in-trade are lumped in one item. The 1s. deferred shares, at 1s. 9d., yield £9 9s. 6d., per cent., less tax.

Industrial Profits.—During May we received 196 company reports, aggregate profits showing a decline of 33.30 per cent., compared with 13.66 per cent. in April:—

Reports.	No. of Companies.	Variation in Net Profits (1931 compared with 1930).
Published in 1931—		%
April	217	— 10.49
May	211	— 22.3
June	192	— 21.93
July	185	— 39.46
August	55	— 19.59
September	74	— 44.02
October	170	— 58.26
November	147	— 35.59
December	157	— 68.54
1932—		(1932 compared with 1931).
January	127	— 19.65
February	211	— 6.81
March	210	— 13.37
April	244	— 13.66
May	196	— 33.30

We set out below the figures for various industrial groups, according to reports received during the past two months:—

INDUSTRIAL PROFITS—APRIL AND MAY, 1932.

Group.	No. of Companies.	Net Profit (after Payment of Debenture Interest).		Increase or Decrease.
		1930-1931.	1931-1932.	
Breweries	9	£ 2,530,525	£ 1,998,600	— 21.02
Canals and Docks	2	46,354	50,702	+ 9.03
Electric Lighting and Power	12	717,113	752,229	+ 4.89
Financial, Land and Investment	19	425,934	11,049	— 97.39
Gas	4	871,211	715,993	— 17.82
Hotels and Restaurants	7	361,420	47,704	— 86.80
Iron, Coal and Steel	24	2,873,876	1,834,255	— 36.17
Motor and Cycle	6	2,154,974	621,268	— 71.17
Oil	7	9,443,961	5,424,779	— 42.56
Rubber	107	Dr. 189,086	Dr. 317,229	— 464.32
Shipping	7	143,952	Dr. 524,203	+ 4.14
Shops and Stores	15	1,586,754	1,652,594	+ 4.13
Tea	44	1,623,369	952,391	— 41.33
Telegraphs and Telephones	4	453,715	397,273	— 12.44
Textiles	8	198,731	456,591	+ 14.51
Tramways and Omnibus	40	398,731	2,359,313	— 22.61
Trusts	3	252,687	174,525	— 30.93
Waterworks	114	26,513,244	25,060,375	— 5.48
Other Companies				
Total	440	53,386,135	41,498,130	— 22.27

The figures for May were adversely affected by the results of seven oil companies, which showed a reduction in profits of 42.56 per cent. One of the best reports was that of Marks and Spencer, which increased its profit from £476,073 to £670,117. British Match earnings were also fairly well maintained at £442,597, compared with £461,387 last year.

Oil Conference Breaks Down.—It was announced at the end of last week that the delegates to the Oil Conference in New York had failed to reach agreement and that the attitude of the Russian delegates had made it impossible to continue negotiations. The Conference was called at the instigation of the Socony-Vacuum Oil Corporation and was attended by representatives of the other Standard Oil Companies, the Royal Dutch-Shell group, the Anglo-Persian-Burmah Oil group, and the Roumanian and Russian producers. It was understood that the international combines had offered to purchase the Russian output for a period of years, but that the Russian delegates had refused to curtail future shipments to the 1931 level or to give up their distribution facilities in Great Britain, Germany and Spain. Further, the Russian Government possessed contracts for the supply of oil to French and other Government navies, which they did not desire to relinquish. It is thought that the combines would have agreed to allow the Russians their present contracts and marketing outlets if the Soviet Government had been willing to curtail their production to the 1931 level. The Conference, however, served one purpose. It brought together the representatives of the Standard Oil, Royal Dutch-Shell and Roumanian exporters and enabled

some agreement to be reached for the limitation of price-cutting in the most competitive world markets. Moreover, it is not believed that negotiations have been finally abandoned. The President and Vice-President of the Socony-Vacuum Oil Corporation are leaving for Europe early next week and it is thought that another world conference will be held in Paris or London, which the Russian delegates will attend.

Anglo-Persian Oil Company.—The accounts of the Anglo-Persian Oil Company show a decline of about 50 per cent. in trading profits. This result compares unfavourably with that of Burmah Oil, but is on a par with that of Shell Transport. The company estimates the royalty payable to the Persian Government at only £134,750, as compared with £1,014,955 in 1930. On the other hand, the amount payable for preference dividends has been increased by the issue last year of 231,059 8 per cent. and 1,973,414 9 per cent. preference shares to the holders of the preference shares of Scottish Oils, Broxbourne Oil, Oakbank and Pumpherson Oil Companies. The new preference shares carried interest from April 1, 1931, and involved the extra payment of £147,069 (equivalent to £196,092 in a full year). The earnings on the ordinary shares, after deduction of preference dividends, amounted to 3.7 per cent., as against 19.5 per cent. in the previous year. Thus, even the reduced ordinary dividend of 5 per cent. (against 10 per cent. in 1930) was not earned. The results for the past two years are shown in the following table:—

	1930.	1931.
Net profits	£ 6,717,498	£ 3,409,518
Royalty	1,014,595	134,750
Directors' fees	14,066	12,815
Tax	1,258,782½	671,485
Depreciation and amortisation	587,218	601,944
Debt interest and redemption	481,475	471,750
Earned for dividends	3,361,362	1,516,774
Preference dividends	875,000	1,022,068
Earned on ordinary %	19.5	3.7
Paid on ordinary %	15.0	5.0
General reserve, &c.	263,000	...
Carry-forward	896,676	720,129

† Including £500,000 tax reserve.

The directors' report attributes the fall in profits to the slump in oil prices. Sales have been well maintained, and various important economies have been effected in the fields and in the refineries. In particular, the association, from January 1, 1932, of the company's petrol subsidiary, British Petroleum, with the Shell-Mex, Limited, in the new company Shell-Mex and B.P., Limited, marks, according to the directors, "a most important step in the direction of rational and economical distribution, from which very considerable advantage should accrue to the company." The balance sheet shows that a strong financial position has been maintained, the surplus of current assets over current liabilities amounting to £5,198,098, as compared with £5,421,111 in the previous year. British Government securities and cash totalled £5,819,000, as against £5,553,000 in the previous year. The ordinary shares reacted on the dividend reduction, and were not improved by the publication of the accounts. The present market quotation is 24s. 6d. and the yield £4 4s. per cent.

Burmah Oil and Taxation.—Sir John Cargill, at the meeting of the Burmah Oil Company, instanced a number of disquieting facts regarding taxation of petroleum products. In this country the petrol tax is 8d. per gallon. In India the selling price includes almost 1s. per gallon of Government tax, representing over 77 per cent. of the well-head return to the producer. It has been estimated that, exclusive of wages, 46 per cent. of the total annual cost of running a motor 'bus in Madras represents direct taxation, and, in the case of a private motor car, some 29 per cent. During the past year the Burmah Oil Company contributed to the Government of India through royalties and Excise duties a sum of no less than £2,766,000, and in Indian income tax, State duties and municipal taxes some £470,000. In respect of wharfage, port dues and rail freight the company paid out £1,162,000, and in wages,

salaries and commissions £2,527,000. The value of the company's operations to India can scarcely be questioned. Sir John Cargill had no difficulty in showing that the company had ample liquid resources with which to face a continuance of the present difficulties. Investments in British and Indian Government securities were £3,993,376 and cash £1,784,876. In spite of the fall in the market value of Anglo-Persian and Shell Transport shares, the book value of holdings in these companies was still below the aggregate market value. No special depreciation was, therefore, required in the books of Burmah Oil.

Lower Tea Prices.—Tea market quotations have recently shown a weaker tendency, as the following comparative table of London tea market averages shows:—

	Week to June 4, 1931.		Jan. 1 to June 2, 1932.		Week to May 5, 1932.		Week to June 2, 1932.	
(Per lb.).	s.	d.	s.	d.	s.	d.	s.	d.
Northern India.....	0	9.94	0	10.01	0	9.74	0	6.73
Southern India	1	3.55	0	10.26	0	10.32	0	9.13
Ceylon	1	2.65	1	2.16	1	5.80	0	10.71
Java	0	6.76	0	7.55	0	8.62	0	5.30
Sumatra	0	7.79	0	6.83	0	7.48	0	4.60

The heavy drop in the last month has been the more disappointing to growers since the statistical position (as we showed in a Note on May 21st last, page 1150) is not in itself unsound. It has reflected partly a decline in quality and partly heavy offerings. It is clear that buyers laid in supplies largely before the Budget, and to this extent demand at the moment may be below normal. Another factor, however, cannot be overlooked. There is a definite danger involved in an increase of the retail price of tea to the consumer of about 20 per cent. on the cheapest "canister," at a time of increasing pressure on individual standards of living. This has been the inevitable result of the reimposition of a preferential tea duty in the last Budget. As we suggested last April, the benefits of Imperial preference may be two-edged if they involve the imposition of higher prices on Empire products in order that still higher prices may be paid on non-Empire goods.

The Revival in West Australians.—The moral of last week's observations (writes our mining correspondent) is pointed by the annual reports of two companies. During 1931 the Great Boulder Proprietary produced somewhat less gold than in the preceding period, but, thanks to the gold premiums, the revenue amounted to £245,000, as against £153,600, the net profit being £35,970. The dividends of 25 per cent. absorb somewhat more than the earnings, but the bulk of the 12½ per cent. disbursed in respect of 1930 came out of the carry-forward. No allowance for depreciation on plant has been made for some considerable time, although the machinery has been kept in a good state of repair; but on the present occasion the company's shareholding in the Carmen Valley is completely written off. Advances to that concern figure for £13,000, and 11,700 Wiluna shares stand at £4,800—much below their market value. Irrespective of these items, the balance sheet shows a cash surplus of £112,600—subject to the final dividend and to a reserve of £39,550, against tributers' claim under appeal. At 132,100 tons the ore reserves display an increase of 45,000 tons, the value of 8.1 dwts. being about 1 dwt. down. Referring to the new developments, the directors observe that "should the lode disclosed continue south, as seems probable, the prospects of the mine must be enormously improved." The Sons of Gwalia Company owns property at Mount Leonora, several hundred miles north of Kalgoorlie. At one time the company paid fairly good dividends, but it has been out of the list since 1930. Indeed, but for financial assistance from the Government of Western Australia, the mine would probably have been under the necessity of closing down. Last year an operating surplus of £57,700

was made, against £17,800 in 1930. The bulk of the former amount is swallowed up by taxes and special appropriations; still, sufficient remains to provide a distribution of 6d. per share—subject to the scaling down of the capital by one-half. The Government loan has been reduced from £64,900 to £43,500. Developments last year are described by the directors as "generally satisfactory"; categorical details are not given in the report.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Antofagasta (Chili) and Bolivia Railway, British Bank of South America, Suez Canal, Investment Trust Corporation, City of London Real Property, Burmah Oil, Lobitos Oilfields, Howard and Bullough (Securities), Amalgamated Metal, Telephone Rentals, J. and P. Coats, Boots Pure Drug, and W. J. Bush and Company. At the annual meeting of the British Bank of South America, Sir Bertram Hornsby said that as regarded coffee, the drastic steps decided upon last year had resulted, he understood, in the destruction up to May 28 last of 6,863,333 bags, and the National Coffee Council was sparing no effort to solve that problem, upon which the whole economic position of Brazil depended so largely. Addressing the shareholders of J. and P. Coats, Mr J. O. M. Clark said that by the end of 1931 there were seventeen countries from which it was either impossible to remit money or from which such transactions could only be accomplished with difficulty and delay, and in some cases at considerable sacrifice. Presiding at the annual meeting of Boots Pure Drug Co., Lord Trent emphasised the minute care taken in the preparation of medical products. The annual meeting of Burmah Oil is referred to on page 1309.

CAPITAL ISSUES.

The week's sole issue, at the time of going to press, was made by *Allied Newspapers, Limited*, which offered 2,000,000 6½ per cent. first preference £1 shares (not underwritten) at par. The proceeds were designed to discharge bank loans incurred by a subsidiary, Allied Northern Newspapers, in connection with the purchase of newspaper properties. The security for dividends on the new shares will be, first, the earnings of the issuing company, and, secondly, the prospect that the Northern subsidiary will be a profitable property now that the "provincial newspaper war" has ended. The pre-present issue, will be somewhat heavy, on the basis of last year's profits, although the latter were actually sufficient to cover the dividends on the new first preference shares 4½ times. For the second preference and ordinary shareholders of Allied Newspapers, therefore, much will depend upon the confirmation by events of the forecast of the directors that dividends, equal to 20 per cent. of the Allied ordinary capital, can now be looked for from Allied Northern. This estimate, obviously, depends on the assumption that no further decline will be experienced in newspaper revenues generally, and that there will be no future recrudescence of the "provincial war." Particulars were published at the week-end of a new issue of £10,000,000 *Central Electricity Board* £26,000,000. The flotation brings the total borrowed by the Board within £14,000,000 of the maximum of £50,000,000—a fact which itself reflects the rapid progress made in recent months with national electrification under the "grid" scheme. We refer to the current position, in this respect, in a Note on page 1308. The present issue (which gives a running yield of £4 13s. 11d. per cent.), utility stocks.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Total recorded, January 1 to May 28, 1932, excluding conversions, £148,561,624.
Total recorded, January 1 to May 28, 1932, including conversions, £277,196,289.

National Savings Certificates.
Net receipts, week ended June 4, 1932, £100,000.

	Nominal Capital.	Conversions or Repayments.	New Money Subscriptions.	First Payment.	Further Liability.
To the Public.					
Allied Newspapers, 2,000,000 6½% cum. 1st pref. £1 at par	2,000,000	...	2,000,000	250,000	1,750,000
To Shareholders only.	Nil	Nil	Nil	Nil	Nil
Total Offered for Subscription—					
Including Conversions.					
Jan. 1 to date—					
1932	£150,561,624	...	114,290,666	102,044,291	...
1931	92,985,476	...	454,888,784	287,800,700	...
1930	241,455,531	...	488,764,940	369,058,073	...
1929	191,125,692	...	693,100,056	555,165,970	...
1928	...	...	...	230,782,600	...
1927	...	...	...	232,214,500	...
1926	...	...	...	209,326,101	...
1925	98,343,965	...	...	...	...

Includes £107,589,166, the whole amount of accepted tenders for 3% Treasury Bonds.

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1932	£140,109,031	7,435,182	3,017,411	£150,561,624
1931	62,731,924	5,832,786	14,523,781	83,088,491
1930	135,727,344	12,324,987	17,150,926	165,203,257
Whole year—				
1931	74,835,599	6,911,859	20,296,833	102,044,291
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,600	375,058,100
1927	228,958,000	35,836,600	98,381,400	363,176,000
1926	145,180,000	39,393,200	46,209,500	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	£6,046,750	£	6,385,423
Rawlplug Co., 47,500 7% cum. pref. £1	47,500	72½/-	49,875
London and Lombard Investment Trust, £250,000 5% deb. stks., 1937-62, at 95%	237,500	96½	241,250
British Gas Light Co., £350,000 5½% "B" cum. pref. £1 at par	350,000	20/10½	365,309
Total, week ended June 11, 1932	635,000	...	656,434
Total to date, 1932	6,681,750	...	7,041,857
Total to date, 1931	6,297,383	...	6,621,940

† 10/6 for shares, 10/- paid.

Public Offers.

Central Electricity Board.—Issue on June 13th of £10,000,000 4½ per cent. stock, 1957-1982, at £96 per cent. The stock ranks with previously issued stock as a first charge on the undertaking and net revenues of the Board. The stock will be redeemed by a cumulative sinking fund, commencing not later than 1938. Any stock not previously redeemed will be repaid at par on August 1, 1982, but the Board reserve the right to redeem at par on any interest date on or after August 1, 1957, on three months' notice. The proceeds of the issue will be used to provide further funds for the construction and acquisition of main transmission lines, for working capital, and other purposes.

Allied Newspapers. Issue of 2,000,000 6½ per cent. cumulative first preference shares of £1 each at par. Holders will be entitled to convert not more than one-fourth of such holding into an equal nominal amount of ordinary shares on June 1, 1936, into an equal nominal amount of ordinary shares. The company was registered on March 24, 1924, and either directly or through subsidiaries owns and controls a large number of national and provincial newspapers. Net profits for the past five years, before deducting income tax, were as follows: £735,191; £797,712; £721,902; £642,765; £586,454. The dividend on the preference shares now being issued requires £130,000, and is thus covered about 4½ times.

Rugby Gas Co. Offer for sale by tender of £25,570 5½ per cent. preference stock, minimum price of issue, par. The company was incorporated in 1882. Net revenue for the year ended December 31st last was £15,125 and loan interest £3,836, so that dividend on the preference stock, including the present issue, was nearly four times covered.

Further Stock Exchange information, including the latest profit and loss accounts, reports and notices, dividend announcements and American railroad monthly receipts, will be found, under the heading "Company News," on page 1328.

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

		Gross Receipts, week ended June 5, 1932. (000's omitted.)							Aggregate Gross Receipts, 22 weeks. (000's omitted.)						
		Miles Open.		Passen- gers, &c.	Merch- andise, disc.	Coal and Coke.	Total Goods.	Total for Week.	Passen- gers, &c.		Merch- andise, &c.	Coal and Coke.	Total Goods.	Total Receipts.	
		£	£	£	£	£	£	£	£	£	£	£	£	£	
Great	1932	3,761	192	163	100	263	455	5,911	3,733	2,309	6,042	9,953			
Western	1931	3,761	211	199	110	309	520	4,309	4,187	2,380	6,567	10,876			
(c) L. & N.	1932	6,355	282	285	203	488	770	5,924	6,580	5,017	11,597	17,521			
Eastern	1931	6,353	308	304	201	505	813	6,427	7,540	5,332	12,872	19,299			
L. M. & S.	1932	6,952	442	422	207	629	1,071	9,072	9,461	5,329	14,790	23,862			
Scottish	1931	6,958	463	467	233	700	1,163	9,690	10,655	5,722	16,087	25,775			
Southern ...	1932	2,181	286	65	23	88	374	5,513	1,375	708	2,083	7,596			
	1931	2,180	315	67	24	91	406	6,023	1,591	704	2,295	8,318			
Total...	1932	19,261	1,202	935	533	1,468	2,670	24,420	21,149	13,363	34,512	58,932			
	1931	19,250	1,297	1,037	568	1,605	2,902	26,449	23,683	14,138	37,821	64,270			
(c) Metro- politan	1932	59	29.0	...	...	3.1	32.1	649.8	...	...	76.9	726.7			
	1931	59	31.2	...	...	3.7	34.9	688.5	...	...	82.5	771.0			
(c) Under- ground E.R.	1932	...	32.6	...	...	...	32.6	641.0	...	...	641.0	...			
	1931	...	32.6	...	...	...	32.6	663.7	...	...	663.1	...			
(c) Green	1932	...	32.6	...	...	...	32.6	642.1	...	...	642.1	...			
Buses, &c.	1931	...	...	...	...	...	...	...	...	...	...	...			
(c) L. & S.	1932	...	44.9	...	...	...	44.9	945.8	...	...	945.8	...			
(c) L. & S. Group	1931	...	46.9	...	...	...	46.9	971.4	...	...	971.4	...			
(b) Belfast	1932	80	2.4	...	...	0.7	3.1	43.3	...	...	15.0	58.2			
& Co. Down	1931	80	2.4	...	...	0.7	3.1	46.7	...	...	15.9	62.2			
(b) Great	1932	562	9.9	...	...	11.9	21.8	200.8	...	...	281.8	482.2			
Northern	1931	562	11.6	...	...	13.4	25.0	221.9	...	...	323.1	545.0			
(b) Great	1932	2,182	24.4	...	...	30.9	55.3	452.8	...	...	796.5	1,249.3			
Southern	1931	2,182	26.2	...	...	38.2	64.4	491.4	...	...	931.5	1,422.2			

* The operations of these Companies are extended during 1931.

* The operations of these Companies were extended during 1931.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1932.	+ or -	1932.	+ or -
INDIAN.							
Assam Bengal	5	May 7	1,330	3,08,900	- 68,058	15,19,300	- 5,16,456
Barsi L. Ry.	6	May 14	202	30,600	- 11,500	2,30,000	- 67,900
Bengal & N. Western	6	May 14	2,114	7,29,713	+ 44,147	44,54,652	+ 24,730
Bengal-Nagpur.....	6	May 14	3,274	14,39,000	- 28,222	74,59,000	- 7,98,149
Bombay Bar. & C.I.	9	June 4	3,084	20,26,000	+ 2,000	1,95,83,000	+ 18,15,000
Madras & S. Mahr.	6	May 14	3,230	14,58,000	- 2,003,352	89,63,000	- 1,15,350
†Rohilk' & Kumaon	6	May 14	572	1,30,747	+ 14,277	9,13,276	+ 2,96,193
South Indian	6	May 14	2,495	10,94,552	+ 6,446	65,96,023	+ 2,96,193

† Including Lucknow-Bareilly State Railway.

CANADIAN.

	Weeks.	Ending.	Present Mileage.	1932.	+ or -	1932.	+ or -
Canadian National	21	May 31	20,538	£3,664,195	- 991,562	£7,750,742	- 15,288,654
Canadian Pacific...	21	May 31	16,811	£2,932,000	- 749,000	£7,548,000	- 12,040,000

† 10 days.

SOUTH AMERICAN.

	Weeks.	Ending.	Present Mileage.	1932.	+ or -	1932.	+ or -
Antofagasta (Chili and Bolivia)	23	June 5	804	7,910	- 3,550	268,640	- 149,200
Argentine N.E.	4	May 29	753	13,300	+ 1,400	50,700	+ 85,900
B.A. and Pacific	49	June 4	2,806	116,000	- 9,000	6,073,000	- 544,000
B.A. Central	48	May 29	10,127	2,774	- 30,000	10,042,000	- 533,000
B.A. Gt. Southern	49	June 4	5,076	174,000	- 20,000	3,505,000	- 66,000
B.A. Western	49	June 4	1,926	50,000	- 1,000	10,463,000	+ 74,000
Central Argentine	49	June 4	3,505	211,000	- 2,306	679,162	- 399,704
Central Uruguay	49	June 4	273	13,771	- 120	151,203	- 89,933
C. Urug. (East Ext.)	49	June 4	311	3,444	- 464	74,299	- 51,185
C. Urug. (W. Ext.)	49	June 4	185	1,661	- 464	61,065	- 43,642
Corrientes Central	49	June 4	211	927	- 466	2,263,000	- 479,000
Entre Rios	49	June 4	1,218	49,000	- 5,000	1,052,500	- 279,400
G. West. of Brazil	49	June 4	810	19,200	- 1,100	218,400	- 52,000
Leopoldina	23	June 4	1,918	24,543	+ 3,223	551,678	+ 85,239
Leopoldina Termal.	23	June 4	1,918	24,543	+ 3,223	551,678	+ 85,239
Nitrate	23	June 4	1,918	24,543	+ 3,223	551,678	+ 85,239
Paraguay Central	49	June 4	411	1,172	- 1,090	26,803	- 55,591
Paraguay Termal.	49	June 4	274	3,330	- 540	147,120	- 34,310
Salvador	49	June 4	1,860	1,120	- 1,120	135,066	- 40,187</

COMPANY MEETINGS, &c.

BURMAH OIL COMPANY, LIMITED.

DIVIDEND OF 17½ PER CENT.

STRONG BALANCE SHEET POSITION.

FURTHER LARGE ALLOCATIONS TO RESERVES.

CONDITION OF THE OIL INDUSTRY.

DEMAND AND PRICES.

SERIOUS EFFECTS OF EXCESSIVE TAXATION.

COMPANY'S CONTRIBUTION TO INDIA'S WELFARE.

SIR JOHN T. CARGILL'S ADDRESS.

The thirtieth annual general meeting of the Burmah Oil Company, Limited, was held, on June 3rd, within the Merchants' Hall, 30, George Square, Glasgow.

Sir John T. Cargill, Bart. (chairman of the company), presided over a large attendance of shareholders.

The Chairman: Ladies and Gentlemen,—I have here the certificate of the posting of the notice calling this meeting, which I presume I may, as usual, hold as read, and I will call upon the Secretary to read the auditor's report.

The Secretary (Mr F. G. Holdsworth) read the auditor's report. The Chairman: Ladies and Gentlemen,—The report and accounts have, as usual, been in your hands for fully a week. I suppose I may hold them as read. (Agreed.)

SERVICES OF MR. WATSON.

I am sure that you will all share my own and my colleagues' great regret that our managing director, Mr R. I. Watson, is not with us to-day. As probably most of you are aware, Mr Watson is in America taking part in a very important oil conference being held there, at which he is watching the interests, not only of the Burmah Oil Company, but of the whole indigenous oil industry of India, to which in the past he has rendered signal and invaluable services. It is sincerely to be hoped that, as the result of this conference, arrangements may eventually be come to among the principal oil producers in the world to put an end to the reckless over-production and wanton waste of petroleum—to-day the most important product of Nature in the whole world—and to restore the oil industry generally to a state of reasonable prosperity.

I have so often spoken of the great services Mr Watson has rendered to your company that I feel I need not repeat myself here, and all I will say is that we may consider ourselves fortunate to have as managing director a man of the outstanding ability and devotion to his duties of Mr Watson, and one who has such a marvellous grasp of all the ramifications of the oil industry.

WORLD TRADE CONDITIONS.

Much has happened in the world since we last met to add to the difficulties and uncertainties under which trade, and particularly international trade, has had to be carried on in recent years. There has, however, been at least one compensation. For these currency and exchange and other crises have acted, so to speak, as rockets warning the nations of their nearness to the rocks of universal disaster and of the necessity for early and concerted action to avoid that shipwreck.

But the way back to safe waters remains to be found. There are as many opinions as there are captains, and signs are still lamentably lacking of any agreement on ways and means and as to where and how and when to begin their application.

To-day I am concerned merely with the unfortunate fact that there has yet been no apparent advance towards anything in the nature of an international settlement of reparations and war debts and tariffs, and without some such comprehensive settlement there can be little hope of any real revival of trade and return to prosperity.

NEED FOR NATIONAL ECONOMY.

As regards the position in and the outlook for our own country, I think it will suffice if I repeat what I said the other day in my speech at the annual meeting of the Glasgow and West of Scotland Economic League in connection with the financial position of the

nation—namely, "For nine years now we have been spending in round figures £800,000,000 a year. A continuance of expenditure on anything approaching these figures could, in my humble opinion, only lead to national bankruptcy, and that before very long—especially as in the direction of death duties and surtax we were using as revenue what, if the nation's finances were run on sound lines, ought to be treated as capital." (Hear, hear.)

There have been both favourable and unfavourable reactions on the fortunes of your enterprise from some of the events in connection with world trade to which I have just referred, although the latter have predominated. Demand for your products depends on the prosperity of the Indian people, which in turn depends on the prosperity of the world as a whole. Demand has, therefore, been slowed down; but while there has been keener competition for the smaller outlet which exists the linking up of the rupee with the pound sterling and departure by this country from the gold standard have given us some advantage over importers of foreign oils produced in gold standard countries.

POSITION OF THE OIL INDUSTRY.

For the first time in its history expansion in demand for the products of the oil industry is marking time; indeed in many countries there has been an actual decline. And this is happening at a time when there never was a more realised and potential supply of the commodity, never greater need for it, and never greater means in existence for its profitable utilisation, or, so far as the industry itself is concerned, never a time when its products were available at so low a figure.

On the other side of the account the general commodity productive capacity, and consequently the earning and spending capacity of the countries of the world, was never more able than to-day to take advantage of the cheapening of transport and of movement as a whole which the products of the oil industry make possible.

It is under these conditions that the illogical is happening. International trade generally—and petroleum is an international commodity, produced in many countries, and consumed to a greater or less degree in every country of the world—is being threatened with complete eclipse, except possibly between certain points clearly defined by mutual currency standards and/or by preferential or prejudicial tariff barriers. Every ingenuity of science and engineering, all the fortitude and the best of the adventuring spirit of the youth of the world is in the air, in the water, and on land drawing the girdle smaller and tighter round the world and bringing its peoples into closer communication and contact, while politics, currencies, and national economies are creating barriers against these improvements and what they should be yielding towards the sum of human happiness and world recovery and prosperity. (Applause.)

There is a common saying with us that things have sometimes to get worse before they can be better, and one can only hope that so it may be to-day—that this apparently senseless piling up and aggravation of the world's difficulties, and creation of endless obstacles to world recovery, is merely the darkest hour before the dawn of better things, and that world statesmanship will not prove so bankrupt of that art as to fail at the eleventh hour to find the way out. (Applause.)

LESSENED DEMAND IN INDIA.

Last year I made clear to you all that these conditions—with others peculiar to our industry and to the market where our

products are sold—were already breaking down values, and that the outlet for our products was being circumscribed to a point where prices might have to go lower if we were to secure the share of the trade necessary to prevent a reduction in the scale of our operations. These anticipations were unhappily realised. The depressed economic condition of India consequent on the gravely reduced ability of its foreign customers to purchase its primary products, the political unrest, and the fresh exactions by Government from petroleum products have all operated to reduce the buying capacity of the people. Demand for all petroleum products—petrol for the first time—has registered a considerable decline, which is continuing. For the smaller outlet there has been intensified competition, but not even the seriously lower prices which have resulted have been able to stem this shrinkage in demand.

TAXATION OF PETROLEUM PRODUCTS.

I have referred to the further direct taxation on petroleum products which the Government of India has seen fit to impose during the year. You will remember that at our last meeting I told you of the increases in excise duties which the Indian Budget of the preceding March had imposed. To these, in September, surcharges were added—as they were also to import duties—amounting to 25 per cent. of the then existing duties. This selection of petroleum by almost every Government to assist in the relief of distressed Exchequers is not the least of the serious difficulties being laid up for the future of the industry. An opportunity has been presented by the low levels to which increased production competing for attenuated demand has reduced price levels. It is notorious—just as in the case of rubber, tea, sugar, and indeed most commodities—that these price levels are uneconomic for the greater part of the industry, whose production will in normal times be essential to meet demand. Petroleum is not a luxury. It is a wealth-producing fuel and lubricant on which the industrial and commercial life of the whole world is to-day very deeply dependent. These are not taxes on the profits of the industry. They are taxes in effect on the industries and on the commerce which require and use petroleum, directly or indirectly, for their economic existence. These industries are thus paying special taxation.

The oil companies are merely tax collectors. The consuming industries themselves may not greatly, or so greatly, feel this taxation to-day. It has slipped in and on to petroleum values abnormally low because of the disequilibrium between petroleum production and consumption. But by one means or another, whether by agreement or by exhaustion of the less fit, equilibrium will one day come back to the petroleum industry, and if, as it must, it then raises prices for products to an economic level, these other industries which, directly or indirectly, depend so much on these products for the success of their operations will find that State taxation has put their costs up to grievous levels. It may then be that the petroleum industry and the State will be faced respectively with reduced consumption and reduced revenues.

EXTENT OF THE BURDEN.

Taxpayers as a whole and those who use petroleum products—and who does not to-day?—and those who are interested in the fortunes of oil companies should watch and ponder this tendency very carefully. You may or may not be aware that the petrol you use in this country, coming mainly from overseas, carries 8d. per gallon of Government tax in its price to you. In India the selling price includes almost 1s. per gallon of Government tax. It represents to-day over 77 per cent. of the well-earned return to the producer, and out of the balance the producer has all his overhead expenses, depreciation, administration, income tax, and fixed interest to meet before he can consider what, if any, is left for reserves and the ordinary shareholder. I see that it has been represented to the Madras Government that, exclusive of wages, out of a total annual cost of running a motor bus in that Presidency, amounting to Rs. 8,253, 46 per cent., or Rs. 3,801, represents direct taxation. And, if there be any profit left, there is income and profession tax on that. In the case of a private car some 29 per cent. of the annual running cost is given by the same authorities as due to direct taxation. Is it any wonder that, under such conditions, the value of the internal-combustion engine in opening up and developing production and consumption in a country where, if anywhere, it is so badly required, is being rapidly lost? Imports of motor vehicles to India fell in 1930-31 by 33½ per cent. and in 1931-32 by 37½ per cent. on the preceding years.

EXAMPLE OF KEROSENE.

I attach so much importance to this dangerous tendency that I ask your indulgence in giving you another very striking illustration of how far it has travelled. You have all frequently heard of our kerosene price restriction policy. That policy was initiated in 1905, and the price then fixed for some 200,000 tons per annum of our kerosene has never been advanced, despite the almost revolutionary changes in valuations and increases in costs which the events of inter-

vening years have brought about. Our price for this oil to-day is what our price was in 1905. Direct State taxation has, however, under normal conditions, increased it to the consumer by Rs. 1.6.6 per eight gallons and has rendered it meantime completely ineffective for the purpose for which it was instituted. In other words, the benefit we intended to give to the consumer, and did give him to his enormous advantage for at least a quarter of a century, has now been taken away by the State, although at the moment, because of the keen competitive conditions in the market to which I have referred, the consumer is paying only Rs. 0.14 of the State tax of Rs. 1.6.6 on this oil.

COMPANY'S SERVICE TO INDIA.

By way of showing you and all those interested in the prosperity of India what the operations of your company mean to that country, both as to resources and employment, I gave you some interesting figures when I last addressed you, and I think it would not be out of place if I put before you again a few facts in this connection.

During the past year we contributed in round figures to the resources of the Government of India through royalties and Excise duties a sum of no less than £2,766,000. In Indian income tax, State duties, and municipal taxes we contributed £470,000. Then in respect of wharfage, port dues, and rail freight we paid out £1,162,000. Turning now to employment, I find that in wages, salaries, and commission to selling agents we paid out during the year no less than £2,527,000.

These figures, totalling as they do close on £7,000,000 sterling, are somewhat staggering and must induce in the minds of all dispassionate persons who are interested in the welfare of India some conception of what the operations of your company mean to the country. The figures do not represent the sum total of the advantages which India derives from our operations. I have taken only the principal headings and I have not included the operations of our associated companies, the Assam Oil Company and the Tinsplate Company of India, although I have taken into account the expenses incurred on the sale of our products in India through our associate, the Burmah-Shell Oil Storage and Distributing Company of India, Limited.

These figures represent very important factors in the economic and industrial life of India.

ITEMS IN THE ACCOUNTS.

If you will now turn to the accounts which you have before you I shall, as usual, go through the more important items.

At £637,172 18s. 6d. we have applied £56,258 10s. 11d. more for depreciation than in 1930. There has been considerable capital expenditure on refinery account due to installation of the most modern plant for distillation and treatment, which, as the report has told you, gives us not only greater flexibility in process, but also increased volumes of higher quality and value products. Obsolescence in refining plant is rapid owing to the big advances constantly being made in technique, and it is, therefore, very desirable to depreciate here on a very liberal scale.

After charging this depreciation the balance of profit taken into the profit and loss account amounts to £1,586,222 16s. 1d., as compared with £2,033,388 7s. 7d. in 1930. Transfer fees and interest and dividends amounted to £998,891 19s. 5d., or £431,920 13s. 3d. less than in 1930, due, as in 1929, mainly to smaller dividends from our holdings in the Anglo-Persian Oil Company, Limited, and the Shell Transport and Trading Company, Limited. These receipts increase the balance in the profit and loss account to £2,585,114 15s. 6d., and, deducting directors' and the auditor's fees, income tax, subscriptions, employees' provident fund contributions, and interest on debentures, in all £715,619 10s. 2d., the balance of profit carried down amounts to £1,869,495 5s. 4d., which compares with £2,736,013 4s. 6d. for 1930.

ALLOCATIONS TO RESERVES.

From this there has been allocated to:—

General reserve, £300,000, bringing it up to £2,300,000.

Insurance reserve, £20,000, bringing it up to £580,000.

Taxation reserve, £350,000, bringing it up to £700,000.

You will remember that I told you last year that we felt we could leave the "Fields Expenditure Equalisation Reserve Account" at the round £1,000,000 to which our then allocation brought it, and we have thus a saving this year under that heading. Considerable economies have been realised in fields and refinery costs, and the management is reasonably satisfied that the risk of violent fluctuations in the cost of crude oil production has now been sufficiently discounted by this reserve.

On the other hand, taxation is more obscure. In my earlier remarks on the direct taxation of our products I have indicated the danger of reliance on and the objections to such heavy burdens as those presently current in India, and the Finance Member of the Government there has, in imposing the more recent additions, promised their removal as soon as the Budget can be balanced

without them, although more recently—misled, I am afraid, by speculative and not consumptive demand for kerosene at the low level of prices lately ruling—he has suggested that they do not appear to be an unbearable burden on at least that product. There, as elsewhere, prices advance with increases in and fall with reductions of duties, and, for this and other taxation risks, your board feels that this reserve account should thus be strengthened.

MARKET VALUE OF THE INVESTMENTS.

Reserves thus get £670,000, as against £970,000 in 1930. Despite the heavy depreciation which has taken place in almost everyone's investments, and, in the circumstances of our heavy investments in the Anglo-Persian and Shell companies, inevitably also in our own, the aggregate market value of our investments at December 31st last was, and is to-day, above the cost at which they stand in our books. (Applause.) No special depreciation is therefore required in that connection.

I would like here to repeat what I said last year with regard to these oil investments of the company. The Assam Oil Company is surely, if slowly, being brought into a position to take the fullest advantage of the better times when they come. Meantime it can be expected at least to hold the ground gained in recent years. Some of you may already have read my speech at its annual meeting in London on the 30th ultimo. In any case, reprints of that speech will as usual be circulated to you with reprints of this, and you will see from what I then said that that company, even in these difficult times, has made further substantial advance in cleaning up its balance sheet and is approaching the time when it can hope to resume payments of dividends on a sound basis. We are now reasonably assured for a long period of supplies of raw material fully up to the volume of operations to which we have meantime set it, and which, under normal conditions, should enable it to earn and pay reasonable dividends.

ANGLO-PERSIAN AND SHELL HOLDINGS.

Then as to the Anglo-Persian and the Shell investments, I know of no reason to qualify the confidence I expressed last year. Both companies are well and conservatively managed. Technically—I mean as to the volume and costs of their raw materials and the efficiency of their production, refining, and marketing arrangements—both are stronger, if anything, than they have ever been. In the past both have dealt conservatively with their revenues, and I have no reason to doubt that this continues to be their policy and that their resources will be maintained liquid and sufficient to meet all the changes of these times. As you are aware, they have recently merged their distributing companies in this country with, I am satisfied, enormous advantage, both realised and potential, to their position. With the return of better times in the industry both companies should once again contribute satisfactorily to your revenue.

DIVIDEND FOR THE YEAR.

Turning back to the accounts, we have now to add the carry forward of £812,517 11s. 11d., giving us £1,812,012 17s. 3d. to be carried to the balance sheet, or £353,775 4s. 2d. less than the 1930 figure. From this the preference and interim ordinary dividends have taken £523,044 4s. 7d., and from the remaining balance of £1,288,968 12s. 8d. we have recommended the payment of a final dividend on the ordinary shares of 2s. 6d. per share, less tax at 3s. 7½d. per £, which is the United Kingdom rate of 5s. less Dominion income tax relief. With the interim dividend of 5 per cent. your confirmation of this recommendation will give a total ordinary dividend for the year of 17½ per cent. (Applause.) There will then be left £586,045 11s. 2d., which your board recommends should be carried forward.

There is no change on the liabilities side of the balance sheet in respect of capital. "Sundry creditors and credit balances" at £1,058,646 3s. 2d. compares with £1,244,139 11s. 2d. in 1930, and "Fire and marine insurance account" at £1,235,225 9s. 2d. shows an increase on 1930 of £65,608 16s. 8d., representing the excess of premia credited over claims in the period.

THE ASSETS.

On the assets side, "Refineries, etc.," at £1,507,750 1s. 7d., shows a net increase of £17,245 14s. 3d., due to the considerable capital expenditure incurred in the year, to which reference has already been made. The fields block account, which is the next item, is, according to our practice of years, not increased by the capital expenditure there in the period. "Fields electrification" and "Pipe line" accounts have been reduced respectively by net figures of £46,470 4s. and £13,008 1s. 9d., and "Tankers and tank installations" increased by £18,926 16s. 6d. Heritable property remains at the 1930 figure. "Stocks of plant and stores," at £1,345,597 6s. 5d., compares with £1,532,459 6s. 10d. in 1930, while "Stocks of products," including petrol and kerosene which have borne the higher rate of Excise duties, at £1,304,630 8s. 9d., com-

pares with £1,250,314 18s. 2d. in the previous year. "Loans to employees" has fallen to £8,483 10s. 7d.—fully secured by provident fund balances, or otherwise.

Investments in British and Indian Government securities are higher at £3,993,376 0s. 11d. than in 1930 by £1,067,325 2s. 10d.; "Miscellaneous" is down on 1930 by £67,093 14s. 4d. to £8,400,240 17s. 1d.; "Subsidiary companies" has been further reduced by £42,581 15s. 8d. through repayment of debentures; and a small capital adjustment has increased "Associated companies" by £17,411 17s. 11d.

Under the heading of "Indebtedness" that of "Subsidiary companies" has been reduced by £304,526 12s. 9d., and "Associated companies" by some £68,872 13s. 8d. And the last item, "Loans, deposits, and cash," is up by £61,163 19s. 11d. at £1,784,876 9s. 2d.

STRONG POSITION.

That, ladies and gentlemen, is the result of our stewardship of your great business through trying and difficult times, and these our recommendations to you for keeping your position strong and your resources liquid to meet and weather their continuance. I cannot pretend to see the end of these conditions, but I can say with complete confidence that, so far, you have emerged from them much better than most shareholders in even the best and strongest companies in the industry. (Applause.) Among none of these will you find a balance sheet better fortified to withstand what the future may have in store in the shape of further adversity, or a technical position better able to reap the fullest benefits of any turn in the tide. (Applause.) Once more, on your behalf and that of your board, I wish to convey to the management here at home and to the staff and our employees as a whole both West and East an expression of appreciation of loyal and efficient service rendered under very trying conditions. (Applause.) All have pulled well at the oar and have contributed in their respective stations to the foregoing results.

During the difficult times of 1927-28 we set going a campaign of "sound economy"—i.e., the securing and marketing of our production at the lowest possible cost consistent with efficiency and with taking advantage of every technical advance to maintain the quality of our products second to none. That campaign, continued ever since, has penetrated to an extent that has really become a habit throughout your organisation. Stabilised in the volume of our operations as we have been for years there has not been the same scope for spectacular reductions in costs as have been possible to others differently situated. These have nevertheless been substantial, and there has been a general tightening up of control and improvement of organisation materially strengthening the producing, refining, and marketing efficiency of the whole machine.

CURRENT YEAR'S PROSPECTS.

As regards prospects for the current year, you will, I know, not expect me—especially in these very trying and uncertain times—to depart from my usual caution. The year opened with very low prices in India for kerosene—our principal product—and when the very heavy Excise duty which we have now to pay on this product is taken into account the returns realised during the first two months of the year fell to a lower level than any we have hitherto experienced. There was a substantial rise in March, which has so far been maintained; but prices are still, on average, below those secured during the first nine months of last year, and when the much higher Excise duty ruling this year is taken into account our returns on this product will show a very considerable shrinkage.

With the prospect of smaller dividends from both the Shell and the Anglo-Persian Companies and much lower rates of interest on our cash balances we shall not have as large an income from our interest and dividend account. Against these unfavourable features equipped ourselves adequately in the past in the matter of fields and refinery plant and appliances, and that we continue to realise satisfactory results from the economy campaign to which I have referred. Then there will be a reduction in round figures of £100,000 in income tax, and, with £700,000 at the credit of taxation reserve account, I think we have for the present made ample provision for any probable liabilities in that direction.

COMPANY'S STRONG POSITION.

We are not yet out of the wood, however, and, as trade is running to-day in India and is being competed for, we have to choose between accepting prices to ensure our required offtake and a reduction in the volume of our operations with additions to our stocks of products for which but for foreign imports there would be room and to spare in India. Under such conditions we continue in our determination to take the outlet we require and to avoid restricting the scale of our operations with all that that would involve in unemployment in India and Burma.

Fortunately, as a result of the policy which we have pursued in the past, we have a strong balance sheet and ample liquid resources

with which to face a continuance of the present difficulties through which we, like the rest of the industry, are now passing, and I think we can look forward to the future with confidence. (Applause.)

I beg to propose "That the report of the directors and audited statement of accounts, including the balance sheet and profit and loss account to December 31, 1931, presented to the meeting be received, approved and adopted," and I shall call on Mr G. C. Whigham, assistant managing director of the company, to second this motion. After the motion has been seconded an opportunity will be given to shareholders to ask questions or make comments.

Mr G. C. Whigham: I beg to second the motion.

The Chairman: Any questions, ladies and gentlemen?

No questions were asked.

The Chairman: There being none, I have now much pleasure in formally putting to the meeting the resolution which I have just proposed and which Mr Whigham has seconded.

The resolution was unanimously adopted.

DIVIDEND RESOLUTION.

The Chairman: I have now pleasure in moving, "That the dividend on the ordinary shares recommended by the directors at the rate of 12½ per cent. per annum (2s. 6d. per share), less tax, making with the interim dividend paid in November last 17½ per cent., less tax for the year, be adopted and that the same be hereby authorised to be paid on June 10, and that the balance of £586,045 11s. 2d. be carried forward."

Mr William Ferguson: I beg to second the motion.

The Chairman: I am perfectly certain, ladies and gentlemen, you are all in favour of that. (Applause.)

The resolution was adopted.

The Chairman: I beg to move, "That Mr H. S. Ashton be re-elected a director of the company."

The Rev. Robert Asher: I have much pleasure in seconding the re-election of Mr H. S. Ashton as a director.

The Chairman: I am sure you are all agreeable to that. (Applause.) I now beg to move, "That Mr R. A. Murray be re-elected a director of the company."

Mr W. J. McLeod: I have much pleasure in seconding the re-election of Mr R. A. Murray as a director.

The Chairman: Are you all agreeable, ladies and gentlemen? (Applause.)

Mr James Ferguson: I beg to propose the reappointment of Mr James Herbert Wilson, C.A., as auditor for the current year.

Mr F. J. Stevenson: I beg to second the motion.

The motion was adopted.

The Chairman: That is all the business from the chair.

VOTE OF THANKS TO THE CHAIRMAN.

Mr J. A. Ralston Mitchell: Ladies and Gentlemen,—Before we leave I should like to take this opportunity, with your permission and on your behalf, of tendering our thanks to Sir John Cargill for his occupancy of the chair to-day. If ever there was a year in which the chairman and directors of this great company required the sympathy and assurance of the confidence the shareholders place in them, it is on this occasion. We all know the great difficulties of the times through which we are passing, and I am sure that one and all of us feel proud, grateful, and thankful for the wonderful balance sheet which has been presented to us to-day. (Hear, hear, and applause.) I think that this is the twenty-eighth consecutive annual meeting over which our worthy chairman has presided.

We all look forward at each annual meeting with intense interest to the chairman's speech. This year we have again not been disappointed in his speech. We hope that Sir John will long be spared to be with us at many meetings in the future. (Applause.) We feel sure that his speeches will always contain the interesting details, given with weight and authority, which we all so much admire. Ladies and gentlemen, I will not keep you longer, but will merely ask you to accord with me a very hearty vote of thanks to Sir John for his presence with us to-day and to give him our assurance of the confidence and support in which we uphold him. (Applause.)

The motion was carried with acclamation.

THE CHAIRMAN'S TRIBUTE TO THE LATE MR DONALD.

The Chairman: While listening to the very kind words in which Mr Ralston Mitchell has proposed the usual vote of thanks to me as chairman of this meeting, my thoughts instinctively carried me back to our meeting last year, when in his own inimitable, gracious, genial and genuine way the late Mr T. F. Donald, not for the first time, proposed the vote of thanks to me, and I feel I would like to take this opportunity of publicly expressing my great appreciation to one who for fully 50 years occupied an outstanding position in the professional, the business, and the social life of our great city. The professional, the business, and the social life of our great city. Mr Donald was a firm believer in, and staunch supporter of, the Burmah Oil Company and a regular attender at all our meetings, and his loyal support of myself in my business and my public life and

his unfailing friendship and happy companionship in my private life will always remain as one of my happiest and most treasured memories.

THE COMPANY'S DIVIDEND RECORD.

I have to thank you, ladies and gentlemen, for the very warm reception you have given me to-day and for the very patient hearing of what I am afraid was a very lengthy address. I do not think I have anything material to add to what I said in that address. I sometimes think that people—very naturally in the case of shareholders—are led to look too much to the dividend record of a company and not to its position apart from dividends. Well, as regards dividends, I do not think we have anything to be ashamed of—(applause)—because since my late father in 1888 guaranteed a 10 per cent. dividend for three years on the shares of the company in order to raise the £40,000 which he required to float the Burmah Oil Company, we have never paid less than that, and we have sometimes paid a bit more—(laughter and applause)—but, proud as I am of our dividend record, I am infinitely more proud of our balance sheet. (Applause.)

I have on more than one occasion referred to the balance sheets which I was submitting to you as the finest and strongest in the history of the company, and to-day I repeat that statement with every assurance. (Applause.) I can only repeat what I said in my speech, that with such a balance sheet you can look forward to whatever times happen to be in front of us with quiet confidence and equanimity. (Applause.)

The proceedings then terminated.

HOWARD AND BULLOUGH (SECURITIES) LIMITED.

FIRST RESULTS AS A HOLDING COMPANY.

SIR GEORGE BULLOUGH'S REVIEW.

The thirty-eighth annual ordinary general meeting of the shareholders of Howard and Bullough (Securities), Limited, was held at Globe Works, Acerington, on Wednesday, June 8th, at 12 o'clock noon. The chairman of the company, Sir George Bullough, Bart., presided.

The report of the directors and auditors and balance sheet were taken as read.

In moving the adoption of the reports and accounts, the Chairman said:—

Although this is our thirty-eighth annual general meeting, it is nevertheless the first meeting of Howard and Bullough (Securities), Limited. As our new name indicates, our function is not now that of a manufacturing concern, but is in the nature of a holding company; your assets are no longer in buildings and plant, but are now mainly in stocks and shares. In the report and balance sheet, which I presume you will agree may be taken as read, there are some items to which I propose to refer.

BALANCE-SHEET ITEMS.

Owing to the changed conditions consequent upon the transfer on October 1, 1931, of the manufacturing assets, and trading having ceased to be carried on by your company at September 30, 1931, it is not practicable to compare the result with former years. The profit includes our income from interest and dividends on investments, as also income tax recovered, whilst on the other hand depreciation has been written off chiefly prior to the date of transfer to the Textile Machinery Makers, Limited.

You will observe that a large sum has been written down for loans and debts under schemes of arrangement, &c. This consists of various amounts deemed to be irrecoverable, all incurred prior to September 30, 1931. In former years it was considered that the reserves were ample to cover these, and so long as there was any hope of realisation they were not written off the books, but your directors now consider that all such debts, &c., should be written off so as to leave the books clear. The contingency reserve was formed in order to make provision for losses of this nature.

FUTURE SOURCE OF INCOME.

As I intimated to you at the extraordinary meeting on November 11th last, our income in future will consist of interest and dividends from investments, cottage property rents, &c., and such return as there may be from Textile Machinery Makers, Limited. After payment of sundry expenses, and should this income be maintained and no unforeseen loss sustained, the net income will be sufficient to pay the debenture interest and leave a substantial balance.

You will also note from the balance sheet the shares in Textile Machinery Makers, Limited, are difficult to value, but as you are all aware, the state of the textile machinery trade has, for some time, been in a very depressed condition, and unfortunately still continues so, and as you will readily conceive, even with economies accruing to reorganisation, the pooling of technical resources, and selling

conditions, a greater amount of business must be obtained to enable profits to be earned. The market value of shares is fixed according to the profits they yield; therefore, having regard to these conditions, I am sure you will realise that it is impossible to state the value of the shares in Textile Machinery Makers, Limited, at the moment.

DIVIDEND.

Your directors recommend that, in addition to the full preference dividend, a dividend of 1½ per cent., less tax, for the year, be paid on the ordinary shares. Although this is only a small return, I venture to hope you may not deem it entirely unsatisfactory under the very difficult conditions, and trust our recommendation will meet with your approval.

I now beg to move that the report of the directors and auditors and accounts as presented in the balance sheet be allowed and passed.

The resolution was duly carried after being seconded by Mr F. L. Dawson, Chorlton-cum-Hardy.

Mr W. I. Bromiley, Bolton, moved that a half-yearly dividend at the rate of 6 per cent. per annum, less income tax, be paid on the preference shares, making with the interim dividend already paid a total of 6 per cent. for the year, and that a dividend of 1½ per cent., less income tax, for the year, be paid on the ordinary shares.

Mr George D. Berry, Accrington, seconded, and the resolution was agreed to.

Mr W. Collison, of St. Annes-on-Sea, expressed his pleasure in moving the re-election of Mr George Boothway as a director of the company. This was seconded by Mr J. S. Wilkinson, Clayton-le-Moors, and unanimously approved.

Mr Boothway tendered thanks for his re-election.

Messrs John Adamson, Son and Company, Manchester, were re-elected auditors of the company on the same terms as before, under a resolution moved by Mr J. Drake, Accrington, and seconded by Mr W. C. Miller, Accrington.

The meeting terminated with a vote of thanks to the chairman, co-directors, and staff, on the proposition of Mr W. Collison, St. Annes-on-Sea, seconded by Mr A. Foster, Ashton-on-Ribble, to which the Chairman suitably replied.

BRITISH BANK OF SOUTH AMERICA, LIMITED

BRAZIL'S DIFFICULT YEAR.

The sixty-ninth ordinary general meeting of the British Bank of South America, Limited was held, on the 7th instant, at the head office, 117 Old Broad Street, London. Sir Bertram Hornsby, C.B.E., chairman of the bank, presiding.

The Chairman said that 1931 had been another year of great difficulty for Brazil in common with the rest of the world. The Provisional Government had continued to make the most strenuous efforts towards rehabilitation of the national finances, paying off accumulated debts of past administrations, ruthlessly reducing expenditure, and increasing taxation, but, owing to exchange difficulties, had been obliged in March last to make a funding arrangement with its foreign bondholders. He was glad to recognise that Brazil, in the face of great difficulties at home and abroad, was showing determination to do all it could to meet its obligations.

The chairman then quoted the export and import figures for 1931 and the previous five years, and pointed out how clearly those demonstrated the effect of the continued fall in world prices. He said that, whilst coffee continued to be by far the largest export, the Provisional Government continued to encourage in every possible way the production of other articles, the development of the fruit trade with Great Britain being particularly satisfactory. As regarded coffee, the drastic steps decided upon last year had resulted, he understood, in the destruction up to 28th ultimo of 6,863,333 bags, and the National Coffee Council was sparing no effort to solve that problem, upon which the whole economic position of Brazil depended so largely.

As regarded the extraordinary reduction in imports, he pointed out the remarkable ability of Brazil to do without those goods which could not be supplied from her own still largely undeveloped natural resources.

The profit and loss account showed an available balance of £168,916 after paying the interim dividend of 3 per cent., amounting to £30,000 in September last. As stated in the report, the directors proposed—in view of the present world-wide abnormal conditions—to transfer £50,000 to contingencies account and to carry forward £118,916, as against £118,759 brought in from 1930. Taking into consideration the exceptional trading difficulties, they considered the result satisfactory. The capital employed in Brazil showed an estimated depreciation of £117,944, which was covered by the carry forward; the reserve was unchanged at £1,000,000.

The report and accounts were unanimously adopted.

SUEZ CANAL COMPANY.

REVIEW OF A DIFFICULT YEAR.

The seventy-eighth annual meeting of the Suez Canal Company was held on Monday, June 6th, in Paris.

The Marquis de Vogüé (the president) presented the report of the Council of Administration, which was substantially as follows:—

As was inevitable, the results for the past year show the effects of the intense economic crisis which has raged throughout the whole world for nearly three years. The industrial and commercial depression, which had already affected the results of the year 1930, was still more severe during 1931, and the canal traffic shows a further decrease as compared with the preceding year. The year, however, opened under comparatively satisfactory conditions; during the whole of the first six months, in fact, traffic was appreciably greater than the average of the last five years and was only slightly smaller than in 1930; but, from July onwards, the situation changed, and the second six months was much less favourable than the first. During the period under review net tonnage showed a decrease of 5 per cent. as compared with 1930 and of 10 per cent. as compared with 1929, a year which was exceptionally good. This decrease in traffic must, after all, be considered moderate, under the present circumstances.

As you will remember, we told you at the last meeting that we absolutely refused to yield to the pressure of aggressive demands, but that, the moment a reduction in charges appeared opportune, we would not hesitate to act. In November, the position having altered considerably, a reduction in tariff charges seemed necessary. From that moment the agitation against your company stopped completely and the excellent relations which had existed for so many years between your company and its customers were re-established. Furthermore, the shipping industry, particularly affected by the crisis, was in a very grave position, to which we could not, either morally or as a matter of policy, be indifferent. Meanwhile, the depreciation of the pound sterling began to impose on the majority of our shipping clients a large, though perhaps temporary, increase in the transit charge. In view of these various considerations, we have thought your company would be false to its traditions if it ignored the need for co-operation, and we have decided to reduce the charge, as from November 15th, to 6 francs for loaded ships and to 3 francs for ships in ballast. But, in order to show the exceptional character of this reduction and to emphasise that it was brought about by circumstances which must come to an end some day, we have decided to limit its duration, but to extend it if the present circumstances continue unchanged.

In 1931, transit receipts have thus suffered from the double effect of smaller traffic and lower charges. As against this, we have, fortunately, now reaped the fruit of efforts made during years of prosperity to improve the canal; its excellent condition has allowed us to make large reductions in maintenance charges without impairing in any way the safety or facilities of its navigation. Whilst expenses showed a considerable reduction for 1931, they will be still further reduced during the current year. Also, only a small provision need be made for improvements. We do not propose making any allocations this year to reserve for depreciation and renewals. This is much bigger than the value of the existing material and, furthermore, no important work is in view for the moment. As against this, we have allocated 60,000,000 francs to reserves for insurance and contingencies in order to be able to deal with the depreciation which, as we shall explain to you later, certain of our assets have undergone.

The profits for the year 1931 show a marked decrease, but we consider that the exceptional circumstances justify our taking a large sum from reserves built up during years in which the franc was depreciated in order to meet any future exchange fluctuations. By taking 50,000,000 francs from the extraordinary reserve, which at the moment exceeds 60,000,000 francs, it will be possible to declare a gross dividend of 605 francs per share. The statutory reserve will, moreover, remain intact. As you know, it is 200,000,000 francs, and very greatly exceeds the minimum fixed by the Articles.

As you can see, your company has maintained, through a very difficult period, a very strong financial and moral position.

The total receipts at 979,877,486 francs, show a decrease on those of the preceding year of 118,870,032 francs. This decrease is explained principally by the fall in transit receipts which are lower by 107,080,951 francs. Expenses have been reduced to 295,438,818 francs and are 18,543,884 francs less than in 1930.

After all allocations, the excess of receipts over expenditure amounted to 564,794,833 francs, to which has to be added 1,436,346 francs brought forward from 1930, and the amount of 50,000,000 francs taken from the extraordinary reserve, making a total of 616,231,183 francs. Of this sum it is proposed to distribute among the shareholders 612,326,760 francs, and to carry forward 3,904,422 francs.

The dividend will amount to 605 francs gross and 486 francs 64 net for bearer, and 507 francs 78 for registered shareholders.

BOOTS PURE DRUG COMPANY, LIMITED.

RECORD YEAR.

945 SHOPS AND 129,000,000 CUSTOMERS.

The forty-fourth annual general ordinary meeting of Boots Pure Drug Company, Limited, was held, on the 8th instant, at Station Street, Nottingham.

The Right Honourable Lord Trent, chairman of directors, presided over a large attendance of shareholders.

The Chairman said: Turning to the balance sheet, you will see that freehold properties are up by £159,727. Practically all of this is accounted for by outlay on our new manufacturing laboratories at Beeston. Plant and fittings have increased by £133,810 for the same reason.

The building is now rapidly approaching completion, and already one department is housed there, but it will be several months before the various manufacturing sections are in full production in their new home.

Stock-in-trade shows a decline of £50,482 on last year's figures.

The amounts owing by subsidiary companies have increased by £90,230.

On the other side of the balance sheet, sundry creditors, provision for income tax and contingencies, show an increase of £52,624.

We have again transferred £30,000 to the general staff pension fund, which, with £13,309 on account of interest, now amounts to a total of £309,498, which sum has been set aside by the shareholders during the past ten years out of their profits, on which income tax has been paid. Apart from this, however, during the past year we have continued our usual practice of paying retiring allowances to those who have retired through sickness or old age, and altogether on these and general welfare work the firm spent the sum of £50,000 during the year. In addition, the retail companies have contributed nearly £12,000 to their chemists' pension fund.

DEPRECIATION CHARGES.

I should like to say a few words in explanation of the very large increase in the depreciation fund. It has always been our custom to depreciate plant at a very much larger figure than is allowed by the income-tax authorities. We are thus in the very desirable position of being able to replace even comparatively new equipment if it has been superseded by some improved type. Owing, however, to the large amount of new plant which is being installed at Beeston, our depreciation charges during the next few years will be much higher than usual.

We have, therefore, adopted the course of making a special provision of over £36,000 before arriving at the trading profit, which will be applied during the next few years in equalising the depreciation charges. This sum, together with the normal charge of £55,790 appearing in the profit and loss account makes a total increase in the depreciation fund of £92,070.

Referring to the works development fund, you may recall when that fund was started in 1927 that I said in the chairman's speech "We think it wise to set aside the sum of £100,000 as a fund out of which we can pay for the inevitable expense of transferring departments to a new site."

We have taken £60,000 during the past year to reduce the book value of certain properties which we shall no longer require when the Beeston works are fully developed. It is recommended that a further £100,000 should be set aside for this fund, making a balance of £140,000 available for any additional expense incurred in the removal. Your directors feel that this sum should amply cover any further charge on this fund, as the remaining buildings being vacated by the manufacturing departments are urgently required for other purposes.

PROFIT AND LOSS ACCOUNT.

Turning to the profit and loss account, you will notice that the net balance, after charging repairs and renewals and the other items to which I have just referred, amounts to £731,891, or an increase of £9,627 over last year.

If you add the £36,000 which I mentioned a few moments ago to the sum of £866,950 trading profit, you will see that the company had a record year, which, in view of the extraordinary difficult business conditions, must be considered very satisfactory.

After payment of all preference and preferred ordinary dividends, and of four quarterly dividends of 6 per cent., less tax, on the ordinary shares, we have a balance from the year's profits of £275,141 to which, together with the balance from last year, amounts to £495,484. Your directors recommend the payment of a bonus of 1s. per share, free of income tax, on the ordinary shares, absorbing

£75,000, which is the same as last year. They also recommend that £100,000 shall be added to the reserve fund, which will then stand at £1,400,000, and a transfer made of £100,000 to the works development fund, leaving £220,484 to be carried forward to next year.

CONFIDENCE OF THE PUBLIC

The increasing confidence of the public in the firm is shown in many ways. For instance, the dispensing in the branches, both of private and National Health Insurance prescriptions, showed a greater increase than in any other year of our history. Although there was no serious epidemic last winter, and very little cold weather, the number of prescriptions dispensed was up by nearly half a million.

We had also an increase of nearly 5,000,000 of sales transactions, or, as it is more generally referred to, of customers, making a record total of 129,000,000 for the year. This has naturally meant a great increase in the amount of tonnage sent out.

Although in the retail business the sales during the year of our drugs, medicinal and toilet preparations, and surgical requisites reached record figures, even better results were obtained from the export side, where the amount of our own medicinal products and fine chemicals exported showed a very large increase indeed. This, I am sure, will be particularly gratifying to our shareholders, as it shows that, while we recognise that it is our duty as retailers to provide the public with the best value we can get and the newest products of medicinal skill from any part of the world, we are also contributing in the vital matter of exports.

THIRTY-FOUR NEW SHOPS.

I think it would be of interest to our shareholders and customers to know that not only are our special medical products carefully controlled by our chemists and analysts as regards their activity and absolute purity, but when all our chemical and biological tests have been completed we still do not issue these products to the medical profession until they have first been approved by physicians and chemists of high standing in certain of our leading hospitals and universities. We are extremely fortunate in having connected with us as consultants some of the leading biochemists, physiologists and physicians who assist us in the scientific and clinical investigations which are so important in connection with new or improved products.

During the year, 10 shops were rebuilt almost entirely, and the total was brought up to 945 shops by the opening of 34 new ones, including one in Wigmore Street, London, in a convenient position for the specialists and nursing homes in that district; this branch is fully equipped to deal with their particular requirements.

We have a splendid staff who always do their utmost for the success of the company, and we are extremely glad to be able to say that the above results have been obtained without our having had to put in any general wage reductions.

I have now much pleasure in moving: "That the accounts be accepted, and that the appropriations out of the profits as printed in the directors' report be and are hereby approved."

Mr J. E. Greenwood seconded the adoption of the report, which was carried unanimously.

On the proposition of Mr J. W. Hind, seconded by Col. Braithwaite, the retiring directors were re-elected as follows: Messrs J. E. Greenwood, H. R. Gillespie, L. K. Liggett, Dr. P. C. Brett and Mr. B. A. Bull.

Messrs Sharp Parsons and Company, chartered accountants, Birmingham and London, were reappointed auditors, on the motion of Mr A. N. Bromley, seconded by Mr T. S. Ratcliffe.

A cordial vote of thanks to the chairman and directors was heartily approved, on the proposition of Sir Harry Peat, seconded by Mr. G. C. Bond.

The Chairman, in reply, said: I am not going to make any prophecies for the next year. In times like these I do not think one should, but our staff know that wages will be the last thing to be touched and not the first, and we are quite satisfied that has a great deal to do with the magnificent spirit they show in working for this organisation. I can only say nobody hopes more than I do myself that when the time comes for our meeting next year I shall be able to place before you results at least as satisfactory as we have to-day.

AMALGAMATED METAL CORPORATION, LIMITED.

PRODUCTION AND PRICES.

MR CHARLES V. SALE REVIEWS THE POSITION.

The ordinary annual general meeting of the Amalgamated Metal Corporation, Limited, was held on the 8th instant at the Fur Trade Sale Room, Garlick Hill, London. Mr Charles V. Sale (chairman of the company) presiding.

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

The Chairman, in the course of his speech, said: I ask your attention in the first place to the combined balance sheet covering the results of the two companies for the year ended December 31, 1931.

The current assets, amounting to £3,133,582, were all good, and after making provision for doubtful debts and accrued charges, including income tax, the excess of current assets over current liabilities was £1,360,095.

INVESTMENT HOLDINGS.

The investment holdings, standing in the balance sheet at £2,932,230, are subject to the valuation shown by the inset figures to which I will refer later. In order to clarify the accounts, it has been considered desirable to reclassify these investment holdings under four headings. Leaving aside the differences entailed by the transfer from one heading to another, there is a net increase in the group total of £492,000.

Of the principal items making up this sum, £226,000 has been lent to a subsidiary company against the deposit of securities, replacing bank loans. After this replacement the subsidiary companies of the British Metal Corporation have no loans other than those from their parent company. A further £226,000 was invested partly in companies in connection with agency contracts for the sale of their output, and partly in Huntington Heberlein and Company, which handles our technical and metallurgical business. Under the fourth heading, namely, allied companies, there are advances of £106,000 to our New York, Montreal and other agencies, and £275,000 invested over the last two or three years, through our Montreal office, in the development of a Canadian mining property which is wholly under our control. The equipment of the mine has been recently completed, there are ample reserves of ore, but the mill will not be operated until the prices of lead and zinc improve.

The operating profit of the constituent companies was £265,126; a transfer was made from internal reserves, including income tax not required, of £137,654; while the amount brought forward from 1930 was £19,184; the three sums together making a balance for disposal by the constituent companies of £421,964.

The transfer of £137,654 from internal reserves just mentioned together with £52,346 from current revenues, making £190,000 in all, was allocated to reserves—£20,000 as an addition to the general fund, bringing the total up to £800,000, and £170,000 to the creation of a reserve for contingencies, to replace the internal reserves which have been held from time to time. There are no known contingencies against which this reserve has been created.

The sum remaining to the credit of profit and loss was £231,964, of which £203,438 was paid in dividends to your corporation, and the remainder, namely, £28,526, carried forward to the year 1932. The final total of reserves and undivided profits of the constituent companies on December 31st amounted to £998,526, against £857,590 a year ago.

VALUATION OF INVESTMENTS AND SHARES.

Before leaving the combined balance sheet, will you please refer again to the valuations of investments and shares in subsidiary companies which are inset, and show by comparison with the balance-sheet figures a difference, that is to say, an estimated depreciation, of £530,635.

The investments are mostly a permanent part of your business. They have, in the main, either been acquired to secure contracts guaranteeing the supply of ores and metals to the merchandising and trading departments, or to secure a share of the distributing trade in other countries. In our opinion, there is no need at present to deal with the question of their depreciation; we are confident that the world cannot be long supplied with metals and ores at prevailing prices, and we look forward to a rise which will, of course, be followed by a commensurate upward adjustment in capital values. For the time being we draw your attention to the estimate which has been made, and, on the other hand, to the reserves and undivided profits.

Turning now from the combined balance sheet to the profit and loss account of your corporation, you will see that credit has been taken for the dividends of £203,438 received from the constituent companies in respect of the year ended on December 31, 1931. Half-yearly dividends at the rate of 6 per cent. per annum on the

cumulative preference shares were paid in June and December, and your directors recommend a dividend of 3 per cent. upon the ordinary shares, payable, less income tax, on June 13, 1932, leaving £18,403 to be carried forward, against £11,360 brought in.

WORLD PRODUCTION AND PRICES.

In considering the course of your trade in 1931, it is only possible to gain a correct perspective by taking into our survey the events of the last three years. For a long time after the financial crisis of October, 1929, there was no material reduction in the supplies of non-ferrous metals. Producers clung to high output in the belief that the market decline was only temporary and this view was particularly widely held in the United States, which plays such an important part in this trade. It will be seen from the figures of world production which follow, that, speaking broadly, there was little change in this attitude until the closing months of 1930:—

	Average Monthly Production, 1928-1929.	Average Monthly Production, 1930.	Average Monthly Production, 1931.	Production, January, 1932.
Copper.....	149,600	130,200	111,700	75,000
Tin	15,400	14,600	12,100	9,600
Lead.....	140,300	137,400	115,000	108,000
Spelter.....	118,600	115,900	83,000	72,000

The year 1931 was, as you may judge for yourselves, one of extreme difficulty—falling prices, slackening demand, accumulating stocks.

The Chairman then indicated by the following table the extent of the continuous fall in prices:—

LONDON METAL EXCHANGE CASH QUOTATIONS.				
Average for	Standard Copper.	Standard Tin.	Soft Pig Lead.	G.O.B. Spelter.
Year 1913—	£	£	£ s. d.	£ s. d.
Gold	68	202	18 6 0	22 14 0
Year 1929—				
Gold	76	204	23 5 0	24 16 0
Year 1930—				
Gold	55	142	18 1 0	16 11 0
Year 1931—				
Sterling.....	38	118	12 19 0	12 4 0
January, 1931—				
Gold	45	116	13 17 0	12 15 0
January, 1932—				
Sterling.....	39	140	15 2 0	14 8 0
May, 1932—				
Sterling.....	28	122	10 13 0	12 9 0
The equivalent gold prices for January, 1932, and May, 1932, would be—				
January, 1932—				
Gold	28	99	10 13 0	10 3 0
May, 1932—				
Gold	21	92	8 1 0	9 7 0

The year ended, he continued, on a markedly lower level of both prices and consumption, the only satisfaction, poor though it be, is that we all recognise how futile it is to take ores out of storage in the earth, convert them into metal and hold them in storage in our warehouses.

CO-OPERATION V. NEEDLESS COMPETITION.

Looking ahead, we must remember that the production of non-ferrous metals under modern conditions requires large, and often very large, capital outlay, and the trade has therefore tended to concentration in the hands of great companies, and this makes for international co-operation in the control of output and distribution. Proof of this tendency may be seen in the formation of international cartels which, certainly in the case of tin and spelter, have done much to lessen the wasteful burden of unwanted stocks. This process of working together to save needless competition is being carried further. In the meantime, we cannot expect the measures effective until the world causes of depression are removed. Among these, I lay stress on the restraints imposed upon international trade and exchange. When the stream of commerce is allowed to the first to recover, and the prices of its products among the first one which is becoming even greater by reason of this period of strain and stress, and, with the organisation and experience at its command, and the devoted services of its efficient staff, stands ready for the improvement in trade for which we are all hoping.

The Chairman concluded by moving the adoption of the report and accounts, which was carried unanimously.

J. & P. COATS, LIMITED.

A PERIOD OF UNEXAMPLED DIFFICULTIES.

The forty-second annual ordinary general meeting of J. & P. Coats, Limited, was held, on the 9th instant, in Glasgow.

Mr J. O. M. Clark, chairman of the board, presided, and in moving the adoption of the report and accounts, he said:—I can hardly expect that many of our shareholders will have received this balance sheet with much satisfaction, as it shows a substantial reduction in both profits and dividend as compared with those to which they have been accustomed, but I hope that the results obtained during a period of unexampled difficulties will not, in the light of what I am going to tell you, be considered as unsatisfactory as they may at first sight have appeared.

After referring in detail to a number of items in the balance sheet, he proceeded: In order to meet the payment of the dividend of 10 per cent., which we ask you to confirm, it has been necessary to withdraw from the dividend reserve fund a sum of £350,000. As there seems to be some misapprehension regarding the purpose of this fund, I would like to remind you of the circumstances under which it was started. It originated in the year 1902, when the company first started paying quarterly dividends, and a sum of £450,000 was reserved out of profits and earmarked for this purpose. In subsequent years further sums were added to this reserve until it amounted to £2,550,000, the figure at which it stood up to this year. The original intention of the board, as expressed at the time, was to make sure that the company would be justified in making the payment of quarterly dividends in advance, and before the result of the year's working had been ascertained. It was not contemplated that this should be looked upon as a dividend equalisation fund, though it has on a number of occasions been referred to as such by shareholders.

Those of you who were shareholders in 1921 will recollect that £250,000 was withdrawn from this dividend reserve fund and added to the profit and loss account, but was replaced in the fund the following year. The directors maintain, and I am sure their attitude will meet with general support from the shareholders, that this fund exists rather for the purpose of helping the company over a difficult time like the present, than for the purpose of maintaining dividends at a high rate, regardless of whether the company is earning them or not, until the fund is exhausted. In view of the extreme uncertainty of the times, they feel that most of the shareholders would prefer to receive dividends during this crisis at a moderate rate rather than see their reserves rapidly dissipated, and that they will consider that 10 per cent. in these times is a reasonable rate.

At our annual meeting last June I informed you that we proposed to pay a quarterly dividend of 9d. per share, and that we hoped to continue quarterly payments at that rate. The statement was purposely made in guarded terms, but we did not anticipate any immediate likelihood of our failing to implement that intention, and I feel that it is now incumbent upon me to give you an explanation of why our policy had to be so quickly reversed. In order to make this as clear as possible to you, I think I cannot do better than trace very briefly the events of the year 1931 as they have affected our business.

The year started with stock values written down to what appeared to be a very low level. During the months of January and February our sales held up well and values showed a steady improvement, until at the beginning of March the prices of our principal cotton qualities had risen about 30 per cent. During the next three months, while prices were not fully maintained, they were still, at the middle of June, well above the figure ruling at the end of 1930. At the beginning of July a sudden break in the market took place and values fell rapidly until in the middle of August Egyptian cotton was being freely offered at a figure never before touched, and with enormous crops both in America and Egypt in sight, and practically no demand, there seemed to be no particular reason why the price should not fall a great deal further.

The depreciation at this point in the value of our stocks amounted to over half a million pounds, and it was not a question simply as to whether we should pay a dividend of 9d. for the quarter ending in September, but whether we should pay any further interim dividends until the result of the year's working had shown that such were justified.

At the end of September the situation again changed. Great Britain, as you all know, went off the gold standard, and the prices of cotton and other commodities in terms of sterling at once rose. Simultaneously with the rise in raw materials the demand for our goods temporarily increased. Though prices ruling at the end of September were not maintained, the cotton market remained relatively steady, and the year finished with values very similar to those at the start.

The benefits which it was expected would accrue to British export trade as a consequence of the abandonment of the gold

standard were to a large extent neutralised by the exchange restrictions which one country after another imposed to protect their own currencies. Indeed, this has been, and remains, one of the most substantial of our difficulties. By the end of the year there were seventeen countries from which it was either impossible to remit money or from which such transactions could only be accomplished with difficulty and delay, and in some cases at considerable sacrifice. Since then the position has become decidedly worse, and the number of countries affected by restrictions has more than doubled.

It is in view of this situation that we have reserved £550,000 from our profits and set it aside for exchange differences. The necessity for this step must be so evident to most of you that very little in the nature of justification for having made this provision is required from me. The figure has been arrived at on a conservative basis and whether it will all be needed or whether it will eventually prove to be insufficient depends much less on anything that we can do than on the course of events and the stability of those countries where the money is at present held up.

Comment having been made upon trading conditions in various markets, the speech continued: Economic nationalism of an extreme order is everywhere apparent, and in the anxiety of most countries to increase their manufacturing capacity there is a danger that the real advantages of commerce may be overlooked. It is true that by this process a country becomes more and more self-supporting but only at the expense of greater effort and increased cost to its own nationals, and ultimately to a fall in their standard of living. Natural advantages and traditional skill are by no means evenly disposed throughout the world, and inevitably particular countries are able to do certain things to greater advantage than their neighbours, who may be situated where conditions are less favourable and it is not for the good of mankind as a whole that barriers should be set up which restrict the free interchange of commodities. The theory, which has received too ready acceptance in recent years that it is "good business to sell goods but not to buy" is gradually strangling international trade, and is not the least of the causes that have contributed to the present world-wide depression. It is to be hoped that those who attend the coming Conference at Ottawa will keep this before them, because there are parts of the British Empire where in our experience this psychology of self-sufficiency has been as highly developed and fostered as anywhere else.

Reference was then made to the acquisition of a part of Messrs Lister's business, and the Chairman went on to say: With regard to the future, I can merely repeat that which I told you last year, when I stated that business can only improve when general conditions throughout the world are better. When that day arrives the directors are confident that as the result of the economies and reorganisation which have been made to maintain the efficiency of the organisation, the company will be better equipped to meet competition than at any other time in the past, and to retain the position which it has so long held.

That our trading profits are £200,000 more for 1931 than for 1930 has no special significance, being almost entirely due to the fact that a very large sum was required for the writing-down of our stocks the previous year.

One is loth to talk in a pessimistic tone if the adoption of any other note would hasten the return of that confidence which is so much required, but I feel I should be misleading you if I followed the lead of some of our politicians both in this country and abroad who seem to be willing to adopt any attitude rather than that of facing the facts as these present themselves. Indeed, their statements leave one with the impression that they are mainly anxious to soothe their public and delay taking those steps—among which the most pressing is, perhaps, the need for economy in public expenditure—which alone offer hope of bringing about a better state of affairs. I am certain that circumstances will compel this country to undertake most drastic reductions over a wide field of public expenditure, both local and Imperial, and it would appear most necessary that those in authority should without delay prepare the public mind for sacrifices that will require to be borne if the economic life of the community is to be restored to a sound and solvent condition.

It is difficult to see how we can look for much business enterprise in any direction until either a considerable rise in the level of prices has occurred or a reduction in the burden of taxation by which, at the moment, industry is so much hampered.

The chairman concluded with an appreciative reference to the long connection of two directors who are now retiring from the board, and a warm acknowledgment of the efficient services of the staff in a year full of difficulty.

Resolutions were then passed adopting the accounts and re-electing directors and auditors.

At an extraordinary meeting held at the close a resolution converting shares into stock as from July 1st was adopted.

A vote of thanks to the chairman concluded the proceedings.

THE INVESTMENT TRUST CORPORATION, LIMITED.

20 PER CENT. DIVIDEND MAINTAINED.

MR H. A. VERNET'S ADDRESS.

The forty-fourth annual general meeting of The Investment Trust Corporation, Limited, was held on the 8th instant at the offices of the company, Gresham House, 24 Old Broad Street, London, E.C.

Mr H. A. Vernet (the chairman) presided.

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

The Chairman said: Gentlemen,—In the capital account the only alteration of note is the increase of £125,000 in the issued share capital, 75,000 4 per cent. preferred shares and 50,000 deferred shares having been offered for subscription to the deferred stockholders at par, and, when fully paid, they were converted into corresponding amounts of the respective stocks.

REVENUE ACCOUNT.

Turning to the revenue account, the balance remaining after debenture interest, management and other expenses, and provision for income tax, is £250,735, compared with £275,884 a year ago, or a diminution of £25,149. The income of the two years is not exactly comparable, because of the £125,000 of new capital mentioned above. Apart from that, the past year's income has been augmented by the premium realised on foreign currencies converted into sterling, which has contributed £29,789 towards the net revenue receipts. The balance remaining is equal to 23.05 per cent., less tax, on the deferred stock, and we are proposing a dividend of 20 per cent. When making our usual estimate a year ago we foresaw a diminution on the amount of revenue received for the previous year. It is necessary and proper to warn you to-day that a considerable further reduction in revenue is forecast, and will in all probability be realised during the current year. In the meantime, the balance proposed to be carried forward on net revenue account is increased from £204,081 to £237,317, which is equivalent to 21.7 per cent., less tax at the current rate, on the deferred stock.

VALUATION.

It has been the custom in this company for many years past to afford the stockholders information as to the market value of the investment holdings. A year ago, an appreciation over book cost of about £280,000 was indicated; this year a depreciation of approximately £2,124,000 is arrived at, or 23.6 per cent. under book cost. Against this, there are the reserve and balance carried forward totalling £1,937,317. It has sometimes seemed to me to be rather unkind to stockholders to attempt a valuation figure under such conditions as now prevail. However that may be, you have been warned in the past, when times were prosperous and surpluses large, not to attach undue importance to the valuation. It is right, therefore, that your attention should be drawn to the fact that to-day current quotations represent little more than what may be termed option prices on many stocks of erstwhile high reputation and record. Take, for example, two American railroad stocks whose names are almost household words. New York Central shares of \$100 were obtainable a few days back at \$9 per share, and Pennsylvania Railroad \$50 shares at \$6½. Until the year 1932, the former had paid regular dividends since the year 1870, and the Pennsylvania since 1847. Atchison stock, too, on which, in 1929, earnings were equal to \$22.7 per share, and which was quoted as high as \$298, recently sold at \$23½ per share. Such prices are, I submit, little more than option prices; and other striking illustrations might be quoted, both in the United States and nearer home. True, more than 56 per cent in value of our holdings is in bonds, and another 24 per cent in preferred stocks, but in those classes also some remarkable prices are being recorded. Let it therefore be borne in mind that depreciation in market values at a given date is not synonymous with a realised loss. The classifications set out on the second page of the report inform you of the geographical location and ranking of the investments.

THE PAST YEAR.

During the past year we have seen a devastating setback in world prosperity. Among other arresting occurrences, our own country has been forced off gold parity, and shelled out of the Free Trade trench which she had defended through long years, and, in years gone by, at great advantage to her commerce. At great tribulation and expense, an unbalanced Budget has been

restored to equilibrium, and we have seen a return of some degree of confidence. Let us not omit to look at the other side. We cannot prosper so long as our overseas customers are impoverished. We must manufacture cheaply and export largely in order to pay for our necessary imports; and export trade is faced with a perfect sea of troubles and obstacles. Take the pressing, the all-important question of reparations and war debts. President Hoover's moratorium will shortly come to an end. A conference is to meet at Lausanne this month, after a deferment from January–February of this year, one effect of which deferment has been to prolong uncertainty; on the other hand, it has had the advantage of giving time to think, and there have been signs from time to time on both sides of the Atlantic that the time has not been altogether wasted. One cannot put it higher than that. Unless the Conference can arrive at agreement, the outlook is dark indeed, and dark not only for the debtor nations. Failing agreement, it is surely time our country took a line of its own. World prosperity depends to a large extent upon the exchange of commodities between the nations, and what do we see? Every kind of obstacle to international trade, wide fluctuations in currency values, "blocked" accounts so-called in local currencies, restrictions on exchange, high protective tariffs, quotas, and generally such a bagful of inanities that one is tempted to exclaim with Hans Sachs, "Wahn, wahn, überall wahn!"—Mad, mad, everywhere mad! Some of the effects of all this are illustrated in the long list of defaults by foreign States, and the numerous reductions and passings of dividends by commercial companies heretofore prosperous.

There are, happily, exceptions to the bad fashion of default by foreign States, even in South America. The Argentine stands out as an honourable exception. Not only interest payments, but also what appear disproportionately large payments for sinking fund on foreign loans are being regularly met, and a real effort made to balance the budget and fund an unwieldy floating debt. The way is long, the difficulties are great, and many of them have yet to be solved. Business is unprosperous and the railways are going through a period of great privation and troubles of various kinds, many of which—not all—are due to crop and price conditions. For a country whose exports consist of cereal and pastoral products to have maintained in full its onerous foreign debt payments, in spite of the world level of prices, is surely creditable to the Argentine Republic.

THE OUTLOOK.

I have stated that we are faced with the prospect of a reduced revenue. What are the prospects of recuperation?

As regards our own country, we are now in a period of cheap money. The reduction in interest rates is beginning to have its natural effect on securities. Not many weeks ago there was little demand for anything outside the category of "gilt edged"; recently there has been a small but distinct broadening of the demand. Unless financial history is falsified, the demand will extend and confidence revive, though not rapidly—too much money has been lost for that, and world conditions are too uncertain. Then we should not overlook the fact that the general price-level of commodities is low, thus furnishing a correspondingly safe basis for an upward movement in industry and commerce. It may be argued that low prices are due to over-production, coupled with widespread impoverishment—questions of supply and demand. Quite true. Take for illustration the case of wheat. The last official report showed an estimated reduction of no less than 346,000,000 bushels in the winter wheat crop of the United States, or more than 38 per cent. on last year's total crop, winter and spring, which was 892,300,000 bushels. The United States Farm Board—one of the most undesirable institutions ever invented by governmental wisdom—is understood to have an over-carry of large amount, not only in wheat but also in cotton. No recent figures are available as to the amounts, but I have not heard the overhang of wheat in the United States put as high as 346,000,000 bushels. Yet the net effect on the price has been almost insignificant. There is, for the time being, plenty of wheat in the world. It will not always be so. To those who favour governmental action to raise the price of commodities I respectfully suggest the above figures for reflection. Foster the demand by reducing taxation and enabling people to have: leave the supply to adjust itself.

CURRENCY AND CONFIDENCE.

Inflation is the subject of much writing and speaking. Admitting as we must the evils of unremunerative prices and widespread unemployment, may it not be worthy of consideration whether old-fashioned remedies—saving and investing, wise spending, economy in Government expenditure, reduction of taxation, honest money (I know "honest" is a hard-worked adjective), a return of sanity among nations—are not likely to furnish a surer basis for recovery than that will-o'-the-wisp, inflation? The chief thing needful is a revival of confidence. It is not the lack of currency which is causing the trouble to-day. Take the situation in the United States. Published figures show that the Federal Reserve policy of buying Government securities, and so furnishing additional funds to the banks, has not, so far, secured the hoped-for results of raising prices and inducing the banks to utilise idle money. The past few days have furnished some signs of a turn in the tide. Up to then, loans and investments by the banks had not increased, they had diminished. The reasons are many: shortly summarised they are a Budget unbalanced, long-continued depression in business, a widespread loss of confidence, with consequent lack of demand for credit for business purposes. I mention this example in no narrow spirit of criticism of, or distrust in, the United States. Remedies are being diligently sought and applied, and results will undoubtedly follow, even if it be the case that the gold dollar has ceased to be an honest dollar, as Senator Borah is quoted as saying (that hard-worked adjective "honest" again). Among "remedies" may be included the Reconstruction Finance Corporation, the committee of twelve leading bankers and industrialists, and the American Securities Investment Corporation. The troubles of the United States to-day are not due to lack of bank credit or currency, but to other causes, some of which I have indicated briefly; to which I will venture to add another—politics in a presidential year. If any of our shareholders favour inflation, it may be suggested that they should first make up their minds what they mean by inflation, and then decide to eschew it. (Laughter.)

I will now move: "That the report and accounts as presented be and they are hereby received, approved and adopted, and that dividends of £2 per cent., less income tax, on the preferred stock, and £12 per cent., less income tax, on the deferred stock (making, with the interim dividend, 20 per cent. for the year ended May 2, 1932), be and the same are hereby declared."

The resolution was carried unanimously.

The retiring director (Mr C. L. Dalziel) was re-elected, and, on the motion of Mr Wallace, seconded by Mr Jones, the auditors (Mr C. O. Webb and Mr Lionel Baddeley) were reappointed.

The proceedings terminated with a cordial vote of thanks to the chairman, directors, and staff.

WEST RAND CONSOLIDATED MINES, LIMITED.

DEVALUATION OF SOUTH AFRICAN CURRENCY DESIRABLE.

Sir George Albu, the chairman, presiding at the annual general meeting of the West Rand Consolidated Mines, Limited, held in Johannesburg, on May 17, 1932, said that the whole of the debt to the General Mining and Finance Corporation, which stood at £216,125 at the end of 1930, had been repaid, and for the first time for very many years the company was out of debt, had funds in hand, and, moreover, was earning a very satisfactory scale of profits. Active sinking operations at the South Shaft were commenced on January 1st of this year, and since that time the speed of sinking and the cost at which this work has been accomplished have been nothing short of remarkable. For the four months during which regular sinking has been carried on, the average cost per foot, including timbering and all other operations incidental to shaft sinking, was only £26 13s., a figure which, for a shaft of this size, is probably unparalleled. At the present rate of sinking, which it is hoped to maintain unless troubles with water or bad ground are encountered, it is anticipated that the shaft will reach its final depth of approximately 4,000 feet about the end of the current year.

The fully-developed payable tonnage available for attack at the end of the year under review was 5,018,000 tons, of an average value of 5.2 dwts. over 46 inches. The position now is that they have an ore reserve representing in itself an assured life of many years for the property and an excellent equipment which is operating satisfactorily. Apart from expenditure on the new South Shaft and its equipment, which will be distributed over a period of from two to three years, the future capital expenditure should be relatively unimportant, as the remaining extent of the mine, approximately 10,000 ft. on the strike and 6,000 ft. to the dip of the lowest point so far reached in development, will be exploited from the south shaft and incline shafts or haulages according to the dip of the reef, which already shows signs of flattening in depth.

Sir George Albu expressed the opinion that some measure of devaluation of the South African currency seemed to him to be highly desirable. As far as the West Rand Consolidated Mines is concerned, great benefit would accrue in many ways if they could obtain the advantage of an increased price of gold as a result of such devaluation. To illustrate the effect on the revenue and profit of the company, he assumed that by devaluation they could obtain locally a price for their gold 25 per cent. in excess of that now received in South African currency, even this being considerably less than the present price obtainable in British sterling. It is not considered that working costs would rise to any material extent, but so that their estimate might be a conservative one, he assumed a 10 per cent. increase, which is a very generous allowance for all contingencies in this connection. The combined result of these assumptions, if carried into effect, would be that on the present scale of working the profit from the mine would be increased by about £220,000 per annum.

W. J. BUSH AND COMPANY, LIMITED.

DIFFICULT TRADING CONDITIONS.

The thirty-fifth annual general meeting of this company was held, on the 8th instant, at the Great Eastern Hotel, London, Mr James M. Bush (chairman and one of the managing directors) presiding.

The Chairman, in moving the adoption of the report and accounts said:—The conditions which led to the remarkable events in our national affairs since our last meeting and the intensified world-wide trade depression foreshadowed a decline in our turnover and profits. It has been a difficult year. The Gold Standard (Amendment) Act, 1931, fluctuating foreign currencies and foreign exchange restrictions have given rise to varied complications, as we have assets and liabilities in many countries. To meet the position we have created, as you will have noticed in the balance sheet, an exchange reserve of £18,807, in which we have merged the Australian exchange contingency reserve shown in our previous balance sheet.

I will refer briefly to the more important changes shown in the balance sheet when compared with that of the previous year. The advance of £59,000 made by the National Provincial Bank against our deposit with the Bank of Australasia has been reduced to £43,000. Since the accounts were made up it has been further reduced to £32,500, the amount on deposit remaining the same—namely, £59,000.

Our American and Canadian subsidiary companies made satisfactory profits during the year, although smaller than in the previous year. Both show substantial surpluses and are in a strong financial position.

It is too early to judge the effect of the Import Duties Act passed in March last. It was obviously an emergency Act, designed both to raise revenue and to reduce the adverse foreign trade balance of the country. Many of our raw materials not produced within the Empire bear the 10 per cent. tax, which makes it difficult, and in some cases impossible, to meet foreign competition in export markets. We are also placed at a disadvantage in our export distributing trade in many articles. The position has been put before the Advisory Committee by the trade associations of which we are members, and already announcements have been made in the Press that it is proposed to put on the free list a number of articles to which I have referred, but no orders as yet have been put into force. The creation of a scientific tariff is a complicated matter, but I believe eventually the Import Duties Act, when the Advisory Committee have had time to make its investigations, will be beneficial not only to this company but to the country generally.

The Right Hon. Lord Hayter seconded the resolution, which was carried unanimously.

OFFER TO NEW READERS.

Any reader who makes his first acquaintance with this journal with this week's issue is invited to fill up the attached: To Publisher, "Economist Newspaper Ltd.,"

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CITY OF LONDON REAL PROPERTY COMPANY,
LIMITED.

SIR EDGAR HORNE ON THE BOARD'S POLICY.

The ordinary general meeting of the City of London Real Property Company, Limited, was held on June 6th at Southern House, Cannon Street, London, Sir Edgar Horne, Bart. (the chairman), presiding.

The Chairman, in the course of his speech, said: The death of our late chairman and managing director, Mr W. E. R. Innes, came as a great shock to us all. His kindly nature endeared him to all his friends, and his ripe experience, legal knowledge, and devotion to the welfare of the company made the loss of his services particularly unfortunate to this company.

Mr Innes joined the board in 1904 and became chairman and managing director in 1928. Upon his death I at once realised that the man most qualified to succeed him was Sir William Burton, the former manager of the company, but he had retired from that position when Mr Innes took it on, although he still remained a member of the board. I found Sir William very reluctant to accept the office, and he pleaded the many other claims on his time, and that during the four years he had got out of touch with the intimate and daily associations which are essential in dealings with real property in the City of London. There were, too, many details of administration which would require adjusting, as even if he accepted the position of chairman he would be unable to take on the general managership. He offered, however, that if I would accept the chairmanship for the time being to give me all the assistance in his power.

Your board, on hearing this, elected me chairman and Sir William Burton vice-chairman, and invested us with full authority to act in whatever manner we thought best, reporting such actions to them at the monthly meetings of the board. Sir William and I have devoted some 30 meetings to a full investigation and examination of the situation, and I am delighted to be able to tell you that, as soon as the details have been arranged, we shall unanimously elect Sir William Burton as chairman of the company.

RESULTS OF INVESTIGATION.

Several points came before us during our investigations which we have had to consider and on which we have been obliged to come to a decision. The first concerning the conversion of the shares into stock is before you, and I need hardly say that, in our opinion, it will result in a very considerable economy in the working of the office.

Our next decision involved the payment of the dividends in the future half-yearly instead of quarterly. The practice of the company has hitherto been to pay the dividends in advance of the profits declared for the year, a method which in my opinion has little to recommend it and, in the case of a diminishing revenue, demands a certain dependence on external aid. Thirdly, we had to face the fact that the severe trade depression of the last two years, and which still continues, was bound to be reflected in our receipts from rents, and that while some of our tenants renewed their agreements at reduced rents others had to go out of business. In the latter case we had to consider the question of re-letting at a lower rent. You will, I feel sure, understand that in our business there is a certain "lag" when business is depressed before we feel the full effect, but, on the other hand, some time must elapse before we feel the full benefit of prosperity, and we recognise that this year's accounts will show a still lower rent roll.

Fourthly, Sir William and I came to the conclusion that the obsolescence of our properties had not been fully met by the provisions to reserve and maintenance which had been allowed in past years. Many of our buildings were put up before lady clerks were to be found in the City or lifts were thought of, whereas many blocks of modern offices have been built in the West End less expensive to construct, and on land costing less to buy, which has enabled the owners to offer accommodation with many modern amenities at lower rents. There is no doubt also that the telephone and greatly increased banking facilities have induced business houses to forsake the City and enabled their principals to avoid the waste of time contingent upon the congestion of the traffic in the City of London.

We think, therefore, that for the next few years we should not contemplate a higher dividend being declared than 4 per cent., but, in our opinion, so far as we can judge this rate can be counted on; your board would then be able to devote adequate sums to the bringing up to date of the existing blocks of offices and the possible building or rebuilding of others so that in future years your directors may safely revert to the old rates which used to obtain.

The report was unanimously adopted, and a resolution was passed approving the conversion of the shares of the company into stock.

ANTOFAGASTA (CHILI) AND BOLIVIA RAILWAY
COMPANY, LIMITED.

MR A. W. BOLDEN ON THE POSITION.

The forty-fourth ordinary general meeting of Antofagasta (Chili) and Bolivia Railway Company, Limited, was held, on the 7th instant, at Winchester House, London, E.C.

Mr A. W. Bolden (chairman and managing director) said that for 1931 gross receipts were only £866,120, compared with £1,350,454 for 1930. Expenditure, at £613,554, showed a reduction of just over 29 per cent. The districts served by the railway had suffered greatly, particularly in Chile, where out of thirty nitrate oficinas which ordinarily would be served by their line and its associated companies, only one was in operation throughout the whole of the year. For the first time in the company's history the board could not recommend a dividend on the ordinary capital. The directors had been influenced by the fact that the outlook for the current year was even worse than it was at this time last year, as up to date there was a falling off in gross receipts of £145,650.

Referring to the position of Cosach, the national nitrate company of Chile, the chairman said that shareholders were no doubt aware that conversations had taken place with the various groups interested as to what could be done to improve the situation, and a committee had been appointed in London to watch over British interests. One could only hope that the result would be some mutual agreement among the interests involved, and particularly that there might be some improved sales of nitrate. The new tin restriction scheme gave ground for hope of gradually improving conditions for that industry, which, if brought about, would be reflected in the company's traffics. The outlook for copper appeared less promising.

As to events in Chile during the past few days, and the change in Government, it was all to the good that there had been no particular disturbance, and, knowing Chile and the Chileans fairly well, he thought that law and order would be maintained and obligations respected. The board had decided to postpone the payment of the interim dividend on the 5 per cent. cumulative preference stock customarily paid on July 1st. The operating results to date showed that that dividend had not been earned, even with the aid of income received this year by the Andes Trust. The matter would be considered again in the early autumn.

The report was unanimously adopted.

LOBITOS OILFIELDS, LIMITED.

STRONG FINANCIAL POSITION—BOARD'S DIVIDEND POLICY.

The twenty-fourth annual general meeting of this company was held, on the 8th instant, at Winchester House, Old Broad Street, London.

Mr H. C. R. Williamson (the chairman), in moving the adoption of the report and accounts, first referred to the great loss they had sustained through the death of Lord Forbes, who had been chairman since the inception of the company in 1908. Continuing, he said that the total profit for the year amounted to £113,889, as compared with £182,158 for 1930, the main differences arising through the diminished profit of the tankers—namely, £25,765, as compared with £80,562, and to the fact that the Peruvian company, which gave them a dividend of £40,000 in 1930, made a loss in 1931.

It might be wondered why in the face of these reduced profits the board had reverted to the practice of paying an interim dividend. The interim dividend and the increased final dividend were made possible by the fact that they considered their reserve funds ample at present, and that the possession of large liquid resources, built up out of profits, enabled the company to await with confidence a return of prosperity to the industry. The loss made by the Peruvian company had not been taken into the accounts, and they did not consider it necessary to depreciate their holding in the company on account of such loss for the reason that its productive capacity was unimpaired and a moderate increase in the price of crude oil would wipe off its debit balance in a short time.

Another factor which had influenced the board in their decision regarding the dividend was that, as compared with this time last year, there was undoubtedly a less pessimistic feeling abroad in and States to take action to prevent wasteful output and competition, and it was widely held that common sense and motives of self-preservation must in the end result in an agreement which would be at any rate a step toward restoring a modicum of prosperity to this great industry.

As regarded the future generally, he felt that of all industries perhaps that with which they were immediately concerned showed most signs of attempting to put its house in order.

The report and accounts were unanimously adopted, and a final dividend of 7½ per cent., making 12½ per cent. for the year, was declared.

TELEPHONE RENTALS, LIMITED.

RENT ROLL AND DIVIDEND INCREASED.

EXTENSIVE SALES DEVELOPMENT.

The third annual general meeting of Telephone Rentals, Limited, was held, on the 9th instant, at Southern House, Cannon Street, London, E.C.

The Chairman (Mr Fred T. Jackson), in the course of his address, said: As your company derives the greater part of its income from its subsidiary companies, I will first give you a few facts and figures relating to the British and Australian companies, for it will enable you to follow my address more clearly. The figures relating to the Australian company have been included at the par of exchange. The capital cost of installations on rental in the British and Australian installation accounts stands at £655,362, and against this sum we have a reserve of £344,584; therefore the net figure is only £310,778. Our appropriation to reserve is £11,612 more than in 1930. In addition to our depreciation reserve, we have a capital reserve of £37,368, which is only available for writing down assets of a capital nature, but is a very useful figure; also a special reserve of £8,146, which will ultimately be available for distribution to the parent company. We thus have total reserves in the accounts of the British and Australian companies of no less than £388,099.

LARGER GROSS REVENUE.

The year under review has been an extraordinarily difficult one. We regarded 1930 as a year of unparalleled depression, but there is no doubt that 1931 was far worse, with the result that during the whole of the period we have had constantly to concentrate our attention on sales development in order to maintain our rentals at the figures at which they stood at the close of 1930, as in times such as we have been going through we are always faced by the recovery of installations due to bankruptcy and bad trade. I am pleased to be able to say that we have been more than successful in achieving this object, as during the year we have been able to increase our rent roll by approximately 4 per cent. This percentage is on the revenue taken to the credit of profit and loss account, not on contracts secured and not executed at the date of the accounts. We feel, taking into consideration the trade depression which ruled during nearly the whole of 1931, that the ability shown not only to hold our position but to increase our gross revenue is no mean achievement.

IMPROVEMENT OF THE ORGANISATION.

At the beginning of 1931 we felt that the period was a very suitable one to make our plans for, and to carry into force, improvements in our organisation which we had had in mind for some time. We accordingly planned and put into operation the nucleus of an extensive sales development and servicing scheme, which will be capable of extension when general trade becomes better, and which will be of very great value to us in future years. The whole of the cost of this has been charged against revenue. In addition to this work, we commenced a systematic overhaul of our old telephone installations, with the object of bringing them up to date. This work will continue through the current year. The whole of this has also been charged against revenue, although in both instances such expenditure should result to the benefit of future years. This accounts for the fact that, although our gross revenue for the year ending December, 1931, was higher, the net profits are somewhat lower. I am pleased to be able to tell you that this sales development is already bearing fruit. A substantial increase in contracts secured commenced in September of last year and has continued right up to the present time.

A STRONG BALANCE SHEET.

I will now ask you to turn to the accounts of the parent company. Amounts due to subsidiary companies, £12,358, compares with £14,685 last year, and the explanation involves amounts due from subsidiary companies of £35,675 on the asset side of the balance sheet as compared with £43,719 last year. These items are explained by the fact that the parent company draws all surplus funds which the subsidiary companies have in their banking accounts from time to time. You will realise that these amounts in the aggregate to a considerable sum, and could not be used profitably individually, but in the hands of the parent concern can be utilised for loans to subsidiary companies who may be more busy than others. Any surplus still remaining can be invested.

General reserve has been increased to £50,000 as compared with £30,000 last year, your directors having appropriated a further £20,000 from last year's profits.

Cash at the bank is £34,862, as compared with £15,011. It is of interest to note that the sundry investments and cash in hand are considerably more than the general reserve fund, and we have liquid assets of £95,333. I think, therefore, we are justified in

considering that as these accounts are only the third set presented to you, representing less than three years' working, we have built up an extraordinarily strong balance sheet in a very short space of time, and can look forward to the future with very considerable confidence.

PROFIT AND DIVIDEND.

Turning now to the profit and loss account, you will notice that the dividends received from subsidiary companies are £2,961 less than those received in the previous year. The reasons for this I have already explained earlier in my address in dealing with the accounts of those subsidiaries.

The net profit is £59,342 17s. 11d., as compared with £62,520 5s. 3d., being £3,177 less than the previous year. In spite of this, your directors feel that, as the accounts of the subsidiary companies have been prepared on such a conservative basis, there is no reason why they should not recommend the distribution of a slightly increased dividend, making the full rate for the year 6½ per cent., as compared with 6 per cent. for last year.

The report and accounts were adopted.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended June 4, 1932, amounted to £6,680,400 against ordinary expenditure of £57,104,800. After allocating £610,000 to Sinking Fund and having allowed for an increase in Exchequer Balances of £172,757, the operations for the week, as shown below, increased the National Debt by £50,861,000 to £7,654,736,000:—

(000's omitted.)

Public Department Advances	£	5,650
Treasury Bills	18,199	
By 3% Treasury Bonds	26,900	
National Savings Certificates	100	
Land Settlement Repayments	12	
	+ 50,861	

A complete analysis of the National Debt at March 31, 1932, was printed in the *Economist* of April 2, 1932.

REVENUE.	Total Receipts into the Exchequer.			
	April 1, 1932, to June 4, 1932.	April 1, 1931, to June 6, 1931.	Week ended June 4, 1932.	Week ended June 6, 1931.
ORDINARY REVENUE.	£	£	£	£
Inland Revenue—				
Income Tax	17,206,000	18,771,000	936,000	371,000
Super-Tax, including Arrears of	5,590,000	9,240,000	300,000	620,000
Stamp Duty	13,220,000	14,550,000	1,170,000	1,180,000
Stamp Duty on Deeds	1,170,000	1,900,000	100,000	740,000
Stamp Duty on Corporation Tax	...	...	...	...
Land Tax and Mineral Rights Duty	90,000	120,000	...	...
Total Inland Revenue	37,276,000	44,581,000	2,506,000	2,911,000
Customs and Excise—				
Customs	28,005,000	20,691,000	2,446,000	1,804,000
Excise	19,668,000	18,897,000	862,000	597,000
Total Customs and Excise	47,673,000	39,588,000	3,308,000	2,401,000
Motor Vehicles Duties (Exchequer Share)	909,000	961,000	283,000	320,000
Post Office (Net Receipts)	4,550,000	5,150,000	450,000	800,000
Crown Lands	230,000	240,000	...	...
Receipts from Sundry Loans	1,044,305	7,832,690	96,024	1,893,431
Miscellaneous Receipts	488,155	4,222,727	37,416	3,714
Total Ordinary Revenue	92,170,460	102,575,417	6,680,440	8,329,145
SELF-BALANCING REVENUE.				
Post Office	8,750,000	8,800,000	550,000	700,000
Motor Vehicle Duties apportioned to Road Fund	3,270,000	3,205,000	21,000	...
Total Self-Balancing Revenue	12,020,000	12,005,000	571,000	700,000
Total	104,190,460	114,580,417	7,251,440	9,029,145

EXPENDITURE.	Total Issues out of the Exchequer to meet Payments.			
	April 1, 1932, to June 4, 1932.	April 1, 1931, to June 6, 1931.	Week ended June 4, 1932.	Week ended June 6, 1931.
ORDINARY EXPENDITURE.	£	£	£	£
Interest and Management of National Debt	94,156,985	89,203,571	48,264,279	47,691,607
Payments to Northern Ireland Exchequer	715,536	972,887	...	201,786
Other Consolidated Fund Services	319,736	309,745	22,048	82
Total	95,192,257	90,486,203	48,286,327	47,893,475
Total Supply Services (excluding Post Office)	70,343,500	68,674,000	8,818,500	7,370,000
Total Ordinary Expenditure	165,535,757	159,160,203	57,104,827	55,263,475

EXPENDITURE.	Total Issues out of the Exchequer to meet Payments.			
	April 1, 1932, to June 4, 1932.	April 1, 1931, to June 6, 1931.	Week ended June 4, 1932.	Week ended June 6, 1931.
SELF-BALANCING EXPENDITURE.				
Post Office	8,750,000	8,800,000	550,000	700,000
Road Fund	3,270,000	3,205,000	21,000	...
Total Self-Balancing Expenditure	12,020,000	12,005,000	571,000	700,000
Total Ordinary and Self-Balancing Expenditure	177,555,757	171,165,203	57,675,827	55,963,475
New Sinking Fund (1928)	4,923,318	6,993,226	610,000	610,000
Total (including New Sinking Fund)	182,481,075	178,158,429	58,285,827	56,573,475

The aggregate revenue and expenditure to June 4, 1932, is shown below:—

FINANCIAL YEAR, 1932-33, APRIL 1st to JUNE 4th, 1932.

(000's omitted.)			
Expenditure	Revenue	Expenditure	Revenue
165,535	92,170	165,535	92,170
New Sinking Fund	4,925	Decreases in balances	5,105
		Net amount borrowed	75,186
170,461			170,461

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Outstanding—	June 6, '31.	Mar. 31, '32.	June 4, '32.	June 4, '32.
Advances by Bank of England.....	11,500,000	7,500,000	10,150,000	+ 5,650,000
Advances by Public Departments.....	35,400,000	7,500,000	10,150,000	+ 5,650,000
Treasury Bills outstanding	606,150,000	604,455,000	620,630,000	+ 18,205,000
Total Floating Debt	653,050,000	611,955,000	630,780,000	+ 23,855,000

* Includes £7,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £45,000,000 in Treasury Bills were opened on May 20, 1932, and the total amount applied for was £53,940,000. Tenders were accepted for bills at three months, dated Monday to Friday at £99 15s. 4d., and above in full, and Saturday at £99 15s. 5d. and above in full. The amount allotted was £45,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1932.			
May 13	35,000,000	50,740,000	£ s. d.
May 20	35,000,000	53,775,000	0 19 6-35
May 27	45,000,000	50,060,000	0 17 9-99
June 3	45,000,000	53,940,000	0 18 1-48

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, June 8, 1932.

ISSUE DEPARTMENT.

Notes Issued:—		Government Debt	
In Circulation.....	357,238,159	Other Government Securities.....	197,083,583
In Banking Department	49,482,579	Other Securities	63,087,773
		Silver Coin	3,813,544
		Amount of Fiduciary Issue.....	275,000,000
		Gold Coin and Bullion	131,720,738
			£406,720,738

BANKING DEPARTMENT.

Proprietors' Capital		Government Securities	
£	14,553,000	£	74,259,656
Reserve	3,265,986	Other Securities	15,950,091
Public Deposits	25,577,108	Discounts and Advances	£12,611,580
Other Deposits	£85,846,068	Securities	£25,621,625
Bankers'	33,472,232		
Other Accounts	119,318,300	Notes	38,233,205
7-Day and other Bills	1,813	Gold and Silver Coin	49,482,579
			740,767
			£162,716,207

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

Both Departments.		Amount, June 8, 1932.		Inc. or Dec. on Last Week.		Inc. or Dec. on Last Year.	
		£		£		£	
Note circulation.....	357,238,159	+ 1,824,408	+ 2,987,289				
Public deposits	25,577,108	+ 7,024,416	+ 15,950,091				
Bankers' deposits	85,846,068	+ 4,110,509	+ 16,284,662				
Other deposits	33,472,232	+ 677,630	+ 205,251				
Seven-day bills	1,813	+ 668	+ 392				
Total outside liabilities	502,135,340	+ 4,061,353	+ 35,426,391				
Capital and rest	17,818,986	+ 34,879	+ 4,211				
Government debt and securities.....	282,358,339	+ 5,306,934	+ 4,613,121				
Discounts and advances	12,611,580	+ 129,615	+ 6,014,543				
Other securities	88,709,398	+ 4,462,337	+ 48,908,294				
Silver coin in issue department	3,813,544	+ 2,241	+ 287,250				
Gold and bullion (bank's reserve)	132,461,505	+ 3,119,779	+ 23,826,018				
Reserve of notes and coin in banking department.....	50,223,346	+ 1,295,371	+ 11,108,678				
Proportion of reserve to outside liabilities.....							
(a) Banking department only ("proportion")	34.4%	+ 1.1%	+ 20.4%				
(b) Gold stocks to deposits and notes ("reserve ratio")	26.4%	+ 1.1%	+ 7.4%				

(000's omitted.)		Issue Department.		Banking Department.		Gold in or out of Bank.		Bank Rate.
Date.		Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1932.								
May 4	395,816	356,580	10,297	75,060	36,670	Nil		
11	395,816	358,314	13,719	78,030	33,180	Nil		
18	397,830	358,440	21,427	74,602	32,618	2,013 in		
25	400,032	354,221	23,606	77,544	32,948	2,202 in		
June 1	403,617	355,414	18,553	89,957	34,150	3,583 in		
8	406,721	357,238	25,577	85,846	35,472	3,103 in		

(000's omitted.)		Issue Department.		Both Depts.		Banking Department.		Gold in or out of Bank.		Bank Rate.
Date.		Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Discounts & Advances.	Other Securities.	Reserve & the "Proportion."		
1932.										
May 4	218,560	52,629	121,460	25.4%	69,076	11,585	19,228	39,880	32.4%	
11	206,524	64,664	121,485	25.7%	72,136	12,096	20,288	38,171	30.4%	
18	209,693	61,487	123,523	25.4%	72,945	11,689	21,698	40,083	31.1%	
25	212,031	59,155	125,761	25.4%	73,915	12,172	23,788	46,540	34.4%	
June 1	203,137	68,052	129,342	26%	74,260	12,612	25,622	50,223	34.4%	
8	208,099	63,088	132,462	26.4%						

BANKERS' CLEARING RETURNS (000's omitted.)

		Town.		Metropolitan.		Country.		Total.	
1932.		£		£		£		£	
January 1 to May 25		10,586,203		664,108		1,103,485		12,353,796	
Week ended June 1		552,746		27,986		45,214		625,946	
Week ended June 8		516,148		35,842		58,996		608,986	
Total to date, 1932		11,655,097		725,936		1,207,695		13,588,728	
Total to date, 1931		15,838,773		774,284		1,247,929		17,860,986	
Increase or decrease in 1932		-4,183,676		-48,348		-40,234		-4,272,258	
		-26.4%		-6.2%		-3.2%		-23.9%	
Total for year 1931		31,815,808		1,667,852		2,752,209		36,235,869	
Total for year 1930		38,782,577		1,812,146		2,963,531		43,558,254	
Increase or decrease in 1931		-6,966,769		-144,294		-211,422		-7,322,485	
		-17.9%		-7.9%		-7.1%		-17.8%	

PROVINCIAL CLEARING RETURNS. (000's omitted.)

		Week ended June 4.		Month of May.		Aggregate Totals, January 1 to June 4.	
1931.		1932.		1931.		1932.	
No. of working days							
BIRMINGHAM	2,459	2,830	8,947	8,435	5-7	49,981	48,178
BRADFORD	736	822	3,027	3,191	+ 5-4	16,958	17,925
BRISTOL	1,088	1,343	4,334	4,957	+ 14-3	24,832	25,488
DUBLIN	4,849	5,341	17,975	18,689	+ 0-6	16,689	16,539
LIVERPOOL	773	706	2,975	2,994	+ 0-1	18,978	19,306
MANCHESTER	580	901	3,548	3,224	- 9-0	14,404	15,191
NEWCASTLE	629	654	2,474	2,349	- 5-1	123,056	123,397
NOTTINGHAM	5,840	6,131	23,951	24,009	+ 0-07	20,523	21,196
SHEFFIELD	8,759	10,154	37,685	38,743	+ 2-8	29,522	28,187
Sheffield	480	1,493	5,227	5,055	+ 3-2	10,282	10,196
Sheffield	829	501	1,607	1,641	+ 2-1	17,693	16,722
Total	28,458	31,766	96,896	97,403	+ 0-7	640,335	653,033

OVERSEAS BANK RETURNS.

Note.—The latest return of the Bank of Roumania appeared in the *Economist* of May 21; Canadian Banks, National Bank of Egypt, Latvia, Lithuania and Danzig in May 28; Italy, Greece, Russia, Estonia, Bulgaria, Turkey, Poland, Finland, Japan, Czechoslovakia and Switzerland in June 4.

BANK FOR INTERNATIONAL SETTLEMENTS. (In Millions of Swiss Francs.)

ASSETS.		May 31, 1931.		Feb. 29, 1932.		Mar. 31, 1932.		Apr. 30, 1932.		May 31, 1932.	
		£		£		£		£		£	
Cash	8-9			6-4		14-2		15-5		13-1	
Sight funds	133-5			82-3		74-4		71-4		68-3	
Bills and acceptances											
Commercial bills	455-9			438-3		473-6		453-7		469-1	
Treasury bills	210-4			142-5		136-7		156-2		182-6	
Time funds:—											
Not exceeding 3 months	1,039-0			221-1		206-5		253-5		269-0	
Between 3 and 6 months	234-4			110-8		210-9		177-3		178-3	
Sundry investments	14-2			9-6		9-7		10-0		11-2	
Other assets	106-0			108-5		108-5		108-5		125-0	
Capital paid up											
Reserves											
Special deposits:—											
Annuity trust account	154-2			153-8		153-8		153-8		153-8	
German Government deposit fund	77-1			76-9		76-8		76-9		76-9	
Time deposits of Central Banks:—	68-8			68-6		68-6		68-6		68-6	
For their own account											
Between 3 and 6 months:—											
For their own account	8-7			...		...		...		...	
Not exceeding 3 months:—											
For their own account	514-7			158-4		145-2		300-6		351-7	
For account of others	680-6			21-3		...		...		...	
Other deposits	333-6			321-6		463-0		319-9		314-4	
Sight deposits of Central Banks:—	61-6			61-6		68-2		61-4		53-4	
For their own account	0-9			5-9		7-8		4-0		8-1	
Other deposits	11-2			30-6		...		...		...	
Miscellaneous items	...			...		...		...		...	
Profits allocated for distribution on July 1, 1932	...			...		...		...		...	

MONTHLY STATEMENT OF LONDON CLEARING BANKS.

(000's omitted.)

Average Weekly Balances. MAY, 1932.	Barclays Bank, Limited.	Coutts and Co.	Glyn, Mills and Co.	Lloyds Bank, Limited.	Martins Bank, Limited.	Midland Bank, Limited.	National Bank, Limited.	National Provin- cial Bank, Limited.	West- minster Bank, Limited.	Williams Deacon's Bank, Limited.	Aggre- gate.
ASSETS.	£	£	£	£	£	£	£	£	£	£	£
Coin, bank and currency notes and balances with the Bank of England	36,555	1,505	2,711	35,392	7,096	38,510	2,975	24,915	26,619	2,801	179,079
Balances with and cheques in course of collection on other banks in the United Kingdom	8,094	531	961	8,212	2,029	8,216	191	7,119	6,687	895	42,935
Items in transit	...	...	...	2,794	696	...	...	...	...	...	3,490
Money at call and short notice...	20,649	1,619	3,806	22,179	6,664	17,863	4,386	13,802	18,913	3,200	113,081
Bills discounted	43,164	2,425	558	48,723	6,969	60,880	1,868	39,487	41,120	1,304	246,498
Investments	61,668	3,963	7,273	45,102	18,841	52,913	15,708	35,698	51,610	7,428	300,204
Advances to customers and other accounts.....	172,872	8,239	12,053	166,194	32,869	194,109	15,771	133,407	122,738	13,195	871,447
Liabilities of customers for accept- ances, endorsements, etc.	6,376	577	1,890	37,993	3,976	13,316	40	6,555	27,334	1,481	99,538
Bank premises account	6,733	380	695	7,921	2,898	10,882	770	7,128	5,851	1,051	44,309
Investments in affiliated banks...	6,691	...	...	5,278	...	7,294	...	2,514	2,992	...	24,769
	362,802	19,239	29,947	379,788	82,038	403,983	41,709	270,625	303,864	31,355	1,925,350
Ration of cash to current, deposit and other accounts.....	11.06	9.03	10.33	11.11	9.99	10.55	7.85	10.10	10.25	10.29	10.54
LIABILITIES.											
Capital paid up.....	15,858	1,000	1,060	15,810	4,160	14,248	1,500	9,479	9,320	1,875	74,310
Reserve fund.....	10,250	1,000	530	7,500	2,900	11,500	1,015	8,000	7,500	800	50,995
Current, deposit and other ac- counts	330,318	16,662	26,233	318,479	70,984	364,919	37,890	246,591	259,694	27,199	1,698,969
Acceptances, endorsements, &c...	6,376	577	1,890	37,993	3,976	13,316	40	6,555	27,334	1,481	99,538
Notes in circulation.....	...	...	...	6	18	...	1,264	...	16	...	1,304
Reduction of bank premises account	...	...	234	...	...	...	...	...	...	...	234
	362,802	19,239	29,947	379,788	82,038	403,983	41,709	270,625	303,864	31,355	1,925,350

[June 11, 1932.]

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

ASSETS.	June 6, 1931.	June 6, 1932.	June 6, 1933.	June 7, 1933.
Gold	2,299,930	856,284	862,721	848,421
Of which deposited abroad	259,369	98,795	87,667	80,254
Reserve in foreign currencies	112,956	134,630	128,552	138,163
Reserve in exchange and cheques	1,763,960	2,798,891	3,008,473	3,037,693
Reserve in other currencies	176,965	333,443	224,848	236,412
Notes of other German banks	15,339	11,036	2,693	5,686
Advances	62,772	95,150	257,523	129,239
Investments	102,723	361,561	363,472	364,427
Other assets	542,661	783,391	804,796	758,997
LIABILITIES.				
Share capital	150,000	150,000	150,000	150,000
Reserves	337,331	417,426	417,426	417,426
Notes in circulation	4,079,250	3,739,275	3,960,563	3,889,407
Other daily maturing obligations	270,471	364,566	430,559	357,522
Other liabilities	244,958	703,119	694,260	704,883
Cover of note circulation	59.0%	26.5%	25.0%	25.4%

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

ASSETS.	Position, May 30, 1914.	June 6, 1931.	June 6, 1932.	June 6, 1933.	June 4, 1933.
Gold	22,971	114,969	148,500	148,400	150,600
Silver	29,785	46,824	—	—	—
Discounts, advances, and other investments	77,567	113,057	105,500	102,700	104,200
LIABILITIES.					
Notes in circulation	109,499	249,600	227,200	222,600	221,200
Deposits and bills payable	11,250	32,391	27,800	30,000	32,900

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

ASSETS.	June 6, 1931.	June 6, 1932.	June 6, 1933.	June 4, 1933.
Gold reserve	239,339	205,960	205,979	205,966
Government securities—Swedish	3,211	218,430	218,430	218,420
Other Swedish bonds quoted on foreign bourses	62,744	—	—	—
Other Swedish bonds quoted on foreign bourses	84	94	94	94
Bills payable in Sweden	213,764	247,352	238,185	248,795
Balance abroad	135,094	122,463	119,000	121,889
Advances made on Government securities and bonds	42,538	35,158	21,445	29,884
LIABILITIES.				
Notes in circulation	519,856	531,062	507,122	516,569
Government deposits	230,985	193,091	164,648	153,456
Private deposits	8,146	81,766	90,835	95,017

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

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

ASSETS.	Position, May 31, 1914.	May 30, 1931.	May 30, 1932.	May 23, 1933.	May 31, 1933.
Coin and bullion—Gold	44,224	146,382	155,259	155,259	155,259
Balance abroad and foreign bills	28,533	25,104	16,400	14,907	11,236
Reserve in foreign currencies	8,816	54,359	27,931	27,931	27,931
Discounts and loans	76,911	178,406	270,273	270,108	269,151
LIABILITIES.					
Notes in circulation	113,484	291,094	304,653	300,580	304,367
Deposits at sight	7,188	63,638	100,913	103,272	96,107

* Includes an amount of Kr. 37,159,000, which the Bank has at its free disposal abroad.

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

ASSETS.	Position, May 30, 1914.	May 30, 1931.	May 30, 1932.	May 30, 1933.	May 31, 1933.
Coin and bullion	76,644	171,917	144,584	144,582	144,575
Loans & discounts	88,470	113,159	192,375	173,404	144,575
Debtors abroad	24,102	64,960	26,219	26,583	24,446
Securities	11,988	43,555	54,986	57,326	63,222
LIABILITIES.					
Circulation	157,266	341,538	320,846	321,634	334,919
Deposits	6,698	53,621	37,519	43,738	46,183

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

ASSETS.	Position, May 30, 1914.	May 30, 1931.	May 30, 1932.	May 30, 1933.	May 28, 1933.
Gold	521,775	2,424,039	2,252,245	2,252,703	2,253,744
Silver	728,600	700,815	554,757	555,910	555,910
Loans & Discounts	800,725	2,670,852	3,352,965	3,261,894	3,132,046
Spanish 4% stock	344,475	344,475	344,475	344,475	344,475
Advances to Treasury	150,000	150,000	150,000	150,000	150,000
LIABILITIES.					
Circulation	901,550	5,196,504	4,953,660	4,926,255	4,869,125
Deposits	477,500	892,469	893,750	867,964	907,180

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

ASSETS.	Apr. 20, 1932.	Apr. 27, 1932.	May 4, 1932.	May 11, 1932.	May 18, 1932.
Gold	364,690	366,465	367,991	375,761	372,750
Balance abroad	555,021	550,588	542,266	545,228	545,075
Discounts	325,767	319,203	316,995	317,624	308,542
Government loans	1,058,029	1,058,029	1,058,029	1,058,029	1,058,029
LIABILITIES.					
Notes in circulation	1,878,901	1,873,109	1,915,542	1,892,174	1,872,878
Government deposits	54,807	61,970	49,688	52,162	57,276
Bankers' deposits	317,077	304,967	270,112	288,889	282,469
Other deposits	28,379	26,728	24,419	23,328	30,433

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

ASSETS.	May 31, 1931.	May 7, 1932.	May 15, 1932.	May 23, 1932.	May 31, 1932.
Cash Reserve	214,327	179,416	179,416	179,416	164,446
Foreign exchange	115,453	33,662	30,676	28,368	33,424
Other foreign exchange	401,408	115	115	115	115
Bills discounted	461,306	864,288	875,091	860,544	873,866
Govt. debt	96,059	95,090	95,090	95,090	95,090
LIABILITIES.					
Share capital	43,200	43,200	43,200	43,200	43,200
Reserve fund	10,803	10,803	10,803	10,803	10,803
Notes in circulation	1,140,616	947,568	950,841	905,697	994,669
Deposits	142,247	167,736	167,195	195,701	111,737

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

ASSETS.	May 31, 1931.	May 7, 1932.	May 15, 1932.	May 23, 1932.	May 31, 1932.
Metal reserve	111,804	96,400	96,400	96,400	96,414
Gold coin and bullion	21,446	15,381	15,298	14,410	15,118
Drifts and notes	15,098	10,161	10,527	11,628	11,767
Silver coin and bullion	257,374	409,651	396,961	378,662	405,121
Inland bills, warrants and securities	60,090	54,159	54,159	54,159	54,159
Advances to Treasury	34,756	34,756	34,756	34,756	34,756
LIABILITIES.					
Notes in circulation	369,618	393,042	361,590	333,897	370,146
Current accounts, deposits, &c.	41,597	65,809	77,979	87,907	75,778

* Calculated at pre-war parity of exchange.

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

ASSETS.	May 8, 1932.	May 15, 1932.	May 22, 1932.	May 31, 1932.
Cash reserve	1,763,182	1,763,234	1,763,241	1,763,435
Gold at home and abroad	263,058	235,097	247,448	244,480
Foreign exchange	84,274	85,130	82,499	81,425
Other foreign exchange	2,344,810	2,346,818	2,346,446	2,345,765
Bills and advances against security	1,804,029	1,804,233	1,804,446	1,804,780
Government advances	5,060,421	5,002,729	4,904,571	4,941,524
Notes in circulation	450,483	502,498	662,435	617,279
Sight deposits	—	—	—	—

CENTRAL BANK OF CHILE.—In \$'s (000's omitted).

ASSETS.	May 1, 1931.	May 1, 1932.	Apr. 15, 1932.	Apr. 22, 1932.	Apr. 29, 1932.
Gold at home	61,993	68,540	68,718	68,986	68,992
Gold abroad	218,361	96,599	97,016	96,266	93,327
Discounts and advances	117,125	37,072	24,061	21,815	21,762
LIABILITIES.					
Notes of the bank in circulation	300,815	349,185	347,382	343,927	351,722
Deposits	35,264	117,022	114,608	116,914	127,200
Paid-up capital	90,832	90,832	90,832	90,832	90,832

LONDON RATES.

	June 2, 1932.	June 3, 1932.	June 4, 1932.	June 6, 1932.	June 7, 1932.	June 8, 1932.	June 9, 1932.
Bank rate (changed from 3% May 12, 1932)	2½	2½	2½	2½	2½	2½	2½
Market rates of discount							
60 days' bankers' drafts	1½	1½	1½	1½	1½	1½	1½
3 months' do.	1½	1½	1½	1½	1½	1½	1½
4 months' do.	1½	1½	1½	1½	1½	1½	1½
6 months' do.	1½	1½	1½	1½	1½	1½	1½
Discount Treasury Bills—							
2 months'	1½	1½	1½	1½	1½	1½	1½
3 months'	1½	1½	1½	1½	1½	1½	1½
Loans—Day-to-day	1½	1½	1½	1½	1½	1½	1½
Deposit allowances—Bank	1½	1½	1½	1½	1½	1½	1½
Discount houses at call	1½	1½	1½	1½	1½	1½	1½
At notice	1½	1½	1½	1½	1½	1½	1½

Comparison with previous week—

Previous week—									
Short Loans.		Bank Bills.			Trade Bills.				
		3 Months.	4 Months.	6 Months.	3 Months.	4 Months.	6 Months.		
1932.	%	%	%	%	%	%	%	%	%
May 19	1½	1½	1½	1½	2½	3	3½	3½	4
May 26	1½	1½	1½	1½	2½	3	3½	3½	4
June 2	1½	1½	1½	1½	2½	3	3½	3½	4
" 9	1½	1½	1½	1½	2½	3½	3½	3½	4

RATES OF EXCHANGE.

			EXCHANGE.			
London on	Usance.	Par.	June 11, 1931. 3.45 p.m.	June 2, 1932. 3.45 p.m.	June 4, 1932. 3.45 p.m.	
New York	dollars to £1	Cable	4-86½	3-68½	3-67½	
Montreal	dollars to £1	Cable	4-86½	4-18-4-20	4-27-4-29	
Paris	francs to £1	T.T.	124-21	93½-93½	93½-93½	
Berlin	marks to £1	T.T.	20-43	15-55-15-55	15-15-15	
Amsterdam	florins to £1	T.T.	12-107	9-08-9-11	9-08-9-09	
Brussels	belgas to £1	T.T.	35-00	26-30-26-40	26-30-26-40	
Milan	lire to £1	T.T.	92-46	71½-71½	71½-71½	
Zurich	francs to £1	T.T.	25-22½	18½-18½	18-17½-18-18	
Stockholm	kronor to £1	T.T.	18-159	20-20	20-20	
Copenhagen	kronor to £1	T.T.	18-159	18-15-18-15	19-19-19	
Madrid	pesetas to £1	T.T.	18-159	18-25-18-25	18-25-18-35	
Lisbon	pesetas to £1	T.T.	25-22½	44-44½	44-44½	
Vienna	schillings to £1	T.T.	34-58½	109½-110½	109½-110½	
Prague	krone to £1	T.T.	164½	34-39	109½-110½	
Belgrade	dinars to £1	T.T.	276-316	123½-124½	123½-124½	
Budapest	pengo to £1	T.T.	27-82	200-220	205-225	
Bucharest	lei to £1	T.T.	813-6	20-21(0)	20-21(0)	
Sofia	leva to £1	T.T.	673-659	605-630	600-630	
Constantinople	drachmas to £1	T.T.	375	500-540	510-550	
Moscow	roubles to £1	T.T.	1025	550-580	550-580	
Warsaw	zloty to £1	T.T.	9-45	750-800	750-800	
Helsingfors	F. marks to £1	T.T.	43-38	7-13½-7-15½	7-10-7-12½	
Kobe	yen to £1	T.T.	193-23	32½-33½	32½-33½	
Riga	kronon to £1	T.T.	48-66	210-220	220-230	
Alexandria	late to £1	T.T.	18-159	35-39	35-39	
Buenos Aires	platares to £1	T.T.	25-22½	13-15	13-15	
Rio de Janeiro	pence to peso	Sight	97½	18-20	18-20	
Montevideo	pence to mila.	T.T.	47-62½	97½-97½	97½-97½	
Valparaiso	pence to peso	90 days	5-899	34½-34½	34½-34½	
Lima	soles to £1	90 days	40-24	4½-5½	4½-5½	
Calcutta	rupee to £1	90 days	17-37	29-31½	29-31½	
Bombay	rupee to £1	T.T.	17-37	60½	60½	
Madras	rupee to £1	T.T.	17-37	18½	18-30½	
Hong Kong	ster. to dollar	T.T.	1½-1½	1½-1½	1½-1½	
Shanghai	ster. to dollar	T.T.	1½-1½	1½-1½	1½-1½	
Singapore	ster. to dollar	T.T.	1½-1½	1½-1½	1½-1½	
Kobe	ster. to dollar	T.T.	1½-1½	1½-1½	1½-1½	
Buenos Aires	ster. to yen	T.T.	24-52½	2½-2½	2½-2½	
Rio de Janeiro	ster. to peso	T.T.	24-52½	2½-2½	2½-2½	
Montevideo	ster. to peso	T.T.	24-52½	2½-2½	2½-2½	
Valparaiso	ster. to peso	T.T.	24-52½	2½-2½	2½-2½	
Lima	ster. to baht.	T.T.	21-82½	13-145½	13-145½	

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Deben-ture Interest.	Amount Available for Distribution.	Appropriation.				Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia-tion, &c.	Balance Forward.	Net Profit.
					Prefce.	Ordinary.	Rate.			
					Amount	Amount.	Rate.			Dividend.
Banks.		£	£	£	£	£	%	£	£	%
Bank of Adelaide	Mar. 28	53,795	66,776	120,571	...	50,000	4	30,000	40,571	91,813
Breweries.										
Marston, Thompson and Evershed	Mar. 31	108,882	107,578	216,460	15,000	60,000	15†	...	141,460	114,211
Financial Land, &c.										
Trust & Loan Co. of Canada	Mar. 31	20,189	32,703	52,892	...	27,000	2†	10,000	15,892	76,481
Hotels, Restaurants, &c.										
Trust Houses, Ltd.	Mar. 31	22,562	98,472	121,034	35,066	48,686	5	20,000	17,282	111,448
Iron, Coal and Steel.										
Grovesend Steel & Tinplate	Mar. 31	89,614	82,680	172,294	16,250	25,000	5	43,785	87,259	96,524
Roberts (Wm.), Tipton ...	Mar. 31	2,699	1,044	3,743	1,522	...	...	...	2,221	1,605
Whitehead Iron and Steel	Mar. 31	14,011	50,671	64,682	...	12,777	5	39,900	12,005	42,678
Oil.										
Anglo-Persian Oil	Dec. 31	896,676	2,318,718	3,215,394	102,206	671,250	5	801,945	720,130	4,648,579
Rubber, &c.										
Chota Rubber Estates	Dec. 31	1,492	Dr. 1,362	130	...	...	...	...	130	Dr. 2,114
Holyrood Rubber	Dec. 31	1,611	Dr. 799	812	...	...	...	...	812	Dr. 1,542
Kasintoe Rubber Estates ...	Dec. 31	873	Dr. 766	107	...	...	...	...	107	Dr. 5,867
Kimanis Rubber	Dec. 31	2,183	289	2,472	...	...	...	...	107	Dr. 2,316
Jempeh (Java) Rubber	Dec. 31	2,241	Dr. 3,614	Dr. 1,373	...	...	...	...	2,472	Dr. 2,608
Shipping.										
Burns, Philp and Co.	Mar. 31	33,888	202,408	236,296	...	150,000	10	50,000	36,296	227,213
Indo-China Steam	Dec. 31	498	Dr. 88,445	Dr. 87,947	...	...	...	...	1,050	Dr. 136,884
Shops and Stores.										
Boots' Pure Drug Co.	Mar. 31	220,343	731,891	952,234	96,750	435,000	29	200,000	220,484	722,265
Great Universal Stores	Mar. 31	...	152,045	152,045	7,875	22,500	10	108,358	13,312	...
Sanders Bros. (Stores)	Apr. 30	48,190	108,588	156,778	19,688	35,250	12‡	45,000	56,840	104,026
Textiles.										
Crosses and Winkworth	Mar. 31	Dr. 65,694	Dr. 41,066	Dr. 106,760	...	...	...	...	...	...
Tramways and Omnibuses.										
British Electric Traction ...	Mar. 31	...	254,313	254,313	163,120	10,144	5	...	81,049	271,005
Trust.										
Second London Scottish American Trust	Apr. 30	9,613	37,947	47,560	22,500	12,000	4	...	13,060	46,160
Waterworks.										
Rickmansworth & Uxbridge Valley Water	Mar. 31	11,993	35,117	47,110	2,410	26,506	{ 10 7 }	5,000	13,194	32,933
Other Companies.										
Beecham's Pills, Ltd.	Mar. 31	41,577	182,490	224,067	141,048	30,000	15	...	53,019	135,595
Brownlee and Co.	Mar. 31	43,309	38,134	81,443	3,687	31,495	10†	5,000	41,261	38,301
Cape Asbestos	Dec. 31	21,165	13,142	34,307	11,250	5,000	4	...	18,057	26,211
Hart (Thomas), Ltd.	Mar. 31	3,068	6,948	10,016	3,601	1,125	5	2,000	3,290	388
Hill (R. and J.)	Mar. 31	5,693	Dr. 15,323	Dr. 9,630	...	...	...	...	2,441	Dr. 12,071
Hope (Henry) and Sons ...	Mar. 26	44,883	Dr. 32,761	12,122	27,500	...	...	...	4,622	Dr. 22,320
Molassine Company	Mar. 31	608	29,301	29,909	10,588	{ 2,771 (a) 3,582 (b) }	...	11,425	1,543	31,463
Prichard and Constance (Manufacturers)	Dec. 31	1,535	14,584	16,119	6,000	...	...	...	...	...
Santa Rosa Milling Co. ...	Dec. 31	6,031	34,828	40,859	6,978	7,575 8,156	20 3	...	2,544	...
Scribbans and Co.	Apr. 30	14,840	150,086	164,926	...	{ 89,250 29,750 19‡ def. }	7 Ord. 19‡ def.	30,000	15,926	172,547
Shorts, Ltd.										
Symons (S.) and Co.	Mar. 31	4,830	27,270	32,100	15,500	14,000	8	...	2,600	36,561
Taylor's (Cash Chemists) Tr.	Mar. 31	1,668	13,875	15,543	...	14,000	17‡	...	653	19,212
Veno Drug Company (1925) ..	Mar. 31	4,752	38,039	42,791	49,362	...	...	Dr. 10,000	3,429	40,535
Victoria Dwellings	Apr. 30	...	107,021	107,021	49,163	15,000	...	40,000	2,858	...
White (A. J.), Ltd.	Mar. 31	552	2,143	2,695	...	2,116	3‡	...	579	2,786
Yeast-Vite, Ltd.	Dec. 31	81,971	43,222	125,193	...	37,500	12‡	...	87,693	42,440
		25,608	56,246	81,854	39,000	21,000	46‡	...	21,854	57,639

(†) 10-3176d. on ordinary shares and 2/1-9056d. on deferred shares.

(b) 1/5-1936d. on deferred shares.

(a) 8-8656d. per share on ordinary shares.

† Free of income tax.

Company News.

REPORTS AND NOTICES

MISCELLANEOUS.

BARROW HEMATITE STEEL COMPANY, LTD.—At a series of meetings of the security holders and shareholders of the Barrow Hematite Steel Company, Ltd., which was held on June 7th, the proposed scheme of arrangement was approved in each case by very large majorities. It was explained that a new scheme had been necessitated by the fact that times, since passing the original scheme, had become worse instead of better, and the directors had found themselves unable to carry through the previous scheme in all its requirements. The original scheme had been modified, the principal change being the proposed amalgamation of the Barrow Company's colliery interests and business, with the Barnsley Main Colliery Company. The two properties adjoin, and more economic and efficient working should be possible. Modifications had also

been made with regard to the mode of issue of prior lien notes, without, however, increasing the total amount to be issued. At an extraordinary general meeting which followed, the resolutions were unanimously approved.

IMPORTANT FORD AGREEMENT.—In an investment note which appeared in the *Economist* dated May 21, 1932, page 1148, entitled "Important Ford Negotiations?" we dealt with the possibility of important developments taking place of interest to shareholders. We now learn that a reciprocal agreement has been concluded between the Ford Motor Company of Canada and the Ford Motor Company, Ltd., of London and Dagenham. Mr W. R. Campbell, president of the Canadian company, has been in this country for some time with the object of securing such an agreement to ensure that the supply of Ford cars and other products throughout the British Empire should be derived from an Empire factory. Arrangements have now been made for the recently announced small 8 h.p. Ford car to be manufactured by the Ford Motor Company Ltd., and marketed and sold throughout the British Empire by the Ford Motor Company of Canada, and its subsidiary companies in India, Australia, South Africa and Singapore, and all other parts of the Empire where there is already an established organization of concessionaires and dealers. The new V-8 cylinder Ford car, recently placed upon the market by Mr Henry Ford, is now in

full production at the Canadian factory, and arrangements have been made for the sale of the complete vehicle and component parts thereof by the Canadian company to the British company for distribution, not only in the United Kingdom, but also throughout Europe and other portions of territories controlled by the British company. Hitherto, the Canadian company, under concession granted some twenty-five years ago, has had the sole right to manufacture and sell Ford motor cars, trucks and other products, throughout the British Empire (excepting the United Kingdom).

SINGER AND CO., LTD.—In a circular issued by this company dated June 6, 1932, it is stated that the total liabilities of the company are less than £390,000 (of which £166,000 only is current) and the stock of cars (£66,000), finished spare parts (£120,000), and partly manufactured and raw materials (£314,000), total approximately £500,000 in value. In addition, the properties, machinery and plant stand in the books at more than £1,400,000. The company has, of course, suffered a fall in sales common to the motor industry, but it is believed its share of the general demand for cars has been obtained. The directors have caused all current on-costs outlay to be materially reduced and if the sales for the month of June and July equal the average of the last ten months, the trading result, although not up to standard, should not be considered entirely unsatisfactory, having in view the prevailing conditions during the year which were beyond their control.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash.			Dividend for Whole Years.	
	Interim or Final.	Date of Payment.	Method of Payment.	Latest Year.	Previous Year.
BANKS.					
Bank of British West Africa	2½%†	...	...	4	4
Imperial Bank of Persia	...	...	Tax free	10	10
Netherlands Bank of S. Africa ...	...	...	...	6	6
INSURANCE.					
Sun Life Assurance	1/7d. ps	July 1	Tax free	...	...
TEA AND RUBBER.					
A. J. White	7½%†	...	...	12‡	12‡
Beecham's Pills	...	...	...	15	15
Bogracoti Tea	3%†	July 9	...	5	7‡
Chulsa Tea	4%†	July 9	...	6	10
Dejoo Tea	2½%†	...	...	...	...
Dima Tea Company	2½%†	...	...	6	10
Jorehaut Tea	5%†	...	...	...	...
Scottish Assam Tea	4½%†	...	...	4‡	6‡
Straits Plantations	1½%†	...	...	...	...
United Planters of Ceylon	...	...	...	...	...
MINING.					
Ayer Hitam Tin Dredging	2½%*	June 30	...	...	...
Malayan Tin Dredging	2½%*	July 1	...	...	...
OTHER COMPANIES.					
A. J. White	7½%†	...	Tax free	...	...
Amalgamated Dental	...	...	...	...	...
Anglo-Persian Oil	...	...	...	...	...
Barclay Perkins	...	...	...	...	...
Beecham's Pills	...	...	...	...	...
Boots Pure Drug	24%*	...	Quarterly	15	15
British Electric Traction (Def.) ..	...	...	...	...	...
Brownlee and Co.	2%*	July 1	...	10	10
Cape Asbestos	10%†	...	...	4	5
Cardinal Investment Trust (Def.) ...	...	...	...	...	...
Charrington Gardner Lockett ...	...	...	...	...	...
Cohen and Wilks	...	...	...	...	...
Debenure Corporation	2½%*	June 30	...	...	...
Dolton, Bonrass and Dolton	...	...	...	...	...
East Kilbride Dairy Farmers	...	...	...	...	...
Forster's Glass	2½%*	...	...	...	...
Frontins	...	...	...	...	...
Gartlands (Brookside Brewery) ...	...	...	...	...	...
General Securities Investment ...	2½%†	...	...	...	...
Grovesend Steel and Tinplate ...	...	...	...	...	...
Hambro Trust	6%†	...	...	...	...
Hants and Dorset Motor	7½%†	...	...	...	...
Hely's	...	...	...	...	...
John Harper and Company	...	...	...	...	...
Lincolshire General Finance	...	...	...	...	...
Manley and Regulus	10%†	...	...	...	...
Marston, Thompson & Evershed	...	...	Tax free	15	15
Molassine (Def.)	3%†	...	...	...	...
Monks Investment Trust	...	...	...	...	...
New Zealand and River Plate	3½%*	...	...	...	...
Land Mortgage	4%†	...	...	...	...
North British Cold Storage	5%*	...	...	...	...
Northampton Brewery	...	...	...	...	...
Ottoman Bank	14%†	...	...	20	20
Prichard and Constance (Def.) ...	...	...	...	10	5
Robert Todd and Sons	3½%*	...	...	...	...
Rio Flour Mills	3%†	...	...	...	...
Sawers	...	...	...	...	...
Scribbans and Company (Def.) ...	4%*	...	...	...	...
Second British Steamship Trust ..	...	...	...	...	...
Second London Scottish American Trust ..	2½%†	...	...	4	5‡
S. Symons and Co.	5%*	...	...	...	...
Sheffield Brick	...	...	...	...	...
Short's (Def.)	...	...	...	...	...
Spicers	2½%†	...	...	...	...
S. Symons and Company	5%†	...	...	10	15
Thames Grit and Aggregates	...	...	...	5	5
Thomas Hart	...	...	...	...	...

CANADIAN WALLPAPER MANUFACTURERS, LTD.—The directors of the Canadian Wallpaper Manufacturers, Ltd., announce that owing to the trade depression in Canada the results of the trading for the past year do not justify the payment of any dividend. The balance at credit of profit and loss account is carried forward, viz., \$302,185, as against \$307,552 brought in from last year.

THE WALLPAPER MANUFACTURERS, LTD.—The directors of the Wallpaper Manufacturers, Ltd., whose company has a substantial shareholding in the Canadian company, advise us that last year the dividend from the Canadian company amounted to £12,608, and the absence of this dividend will not materially affect their results as indicated by the trading position to date.

AMERICAN RAILROAD MONTHLY GROSS AND NET RECEIPTS.

Company.	Month.	Ending.	Description.	Receipts for Month.		Aggregate to Date.	
				1932.	+ or -	1932.	+ or -
Alabama Gt. ...	1	Jan. 31	Gross	\$ 362,427	-	\$ 362,427	-
Southern ...	1	Jan. 31	Net	Dr. 61,289	-	Dr. 61,289	-
Atlantic Coast Lines	4	Apr. 30	Gross	4,016,738	-	16,776,530	-
Atchafalaya Topeka	4	Apr. 30	Net	351,666	-	1,563,479	-
Baltimore and Ohio	4	Apr. 30	Gross	10,808,049	-	3,552,701	-
Boston and Maine	4	Apr. 30	Net	635,292	-	2,272,247	-
Chicago & N. Western	4	Apr. 30	Gross	11,550,489	-	3,896,527	-
Chicago & N. Western	4	Apr. 30	Net	1,147,378	-	960,659	-
Chicago & N. Western	4	Apr. 30	Gross	3,930,286	-	16,091,039	-
Chicago & N. Western	4	Apr. 30	Net	655,343	-	2,324,155	-
Chicago & N. Western	4	Apr. 30	Gross	5,898,089	-	2,911,786	-
Chicago & N. Western	4	Apr. 30	Net	Dr. 324,642	-	Dr. 189,400	-
Chicago & N. Western	4	Apr. 30	Gross	6,550,714	-	2,891,612	-
Chicago & N. Western	4	Apr. 30	Net	689,833	-	3,797,771	-
Chicago & N. Western	4	Apr. 30	Gross	1,443,430	-	2,360,678	-

exceed consumption and bargains are available. Prices range from 10s. 6d. to 12s. at ovens.

GLASGOW.—The feature of the market is the strength of treble nuts and in lesser degree of doubles in Fife and the Lothians, and also of first steam in the former area. Trebles especially are short of requirements, but the three brands are well booked and have not yet overtaken business secured during the recent stoppage. Other-wise values hold steady, for although orders are scarce, production is now on a smaller scale. Many Lanarkshire collieries are closed owing to the lack of industrial demand. Shipment prices (f.o.b. district ports): **LANARKSHIRE.**—Ell best, 14s. 3d.; splint best, 15s.; splint second, 14s. 3d.; navigation, 15s.; navigation second, 14s. 6d.; Hartley, 15s.; steam, 13s.; trebles, 11s. 6d.; doubles, 9s. 9d.; singles, 8s. 9d.; pearls, 8s. 6d.; dross, 8s. 9d. **FIFE.**—Screened navigation, 16s. 6d.; first-class steam, 12s. 9d.-13s.; third-class steam, 11s.-11s. 3d.; trebles, 13s.-14s. 6d.; doubles, 10s. 6d.-11s.; singles, 8s. 9d.; pearls, 8s. 6d. **LOTHIANS.**—Prime steam, 11s.-11s. 6d.; secondary steam, 11s.; trebles, 12s. 6d.; doubles, 10s. 6d.-11s.; singles, 8s. 9d.; pearls, 8s. 6d. **AYRSHIRE.**—Unscreened navigation, 16s.; jewel, 16s. 6d.; steam, 12s.; trebles, 12s.; doubles, 10s.; singles, 9s. 9d.; pearls, 9s.; dross, 9s.

CARDIFF.—The most favourable feature of the conditions in the South Wales coal trade this week has been the activity in the export trade at Swansea and Port Talbot, where the demand, principally for anthracite coals, is keeping the docks fairly fully employed. Loading operations have also been a little more active during the early part of the present week at the eastern ports, where there has been a gratifying increase in the supply of prompt tonnage. Last week the total shipments from the South Wales ports in the foreign and coasting trades were 435,060 tons, compared with 407,295 tons the previous week, but with 504,747 tons in the corresponding week last year. There are prospects of a further improvement in the volume of trade in the next few weeks in view of the fact that the French Government have granted licences for the importation of an addition of 152,300 metric tons to the recently reduced quota. This supplementary supply is exclusively for the service of the ports, and South Wales is the principal source of the supply of the seaborne imports of France. Prices are nominally unchanged. Quotations for dry nuts and cobbles are still ruling above the schedule, but practically all steam grades are ruling at the minima figures. The following are the current approximate quotations:—Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 4½d.; best drys, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams, 13s. 6d.; cargo snalls, 11s. 6d. to 12s. 6d.; coking snalls, 13s. 6d. to 13s. 9d.; anthracite, best large, 36s. to 38s. 6d.; Red Vein, large, 22s. to 26s. 6d.; machine-made cobbles, 39s. 6d. to 48s. 6d.; French nuts, 40s. to 48s. 6d.; stove nuts, 38s. 6d. to 45s.; rubbly culm, 8s. 3d. to 8s. 9d.; foundry coke, 32s. 6d. to 35s.; patent fuel, 20s.; pit-wood, ex ship, 19s. to 20s. 6d.

IRON AND STEEL.

MIDDLESBROUGH.—Slackness of work in different foundry departments locally and elsewhere has caused a reduced demand for Cleveland iron, and it is feared that there will be rather important increases in stocks at the furnaces unless there is a change in the position before long. Several Government and public works schemes involving considerable tonnages of foundry work are held up on the grounds of economy and the suspension of this work will prove of serious consequence to the trade if it is long continued. In the meantime pig iron requirements are reduced locally and for Scotland, and there is practically no demand for export, as was fully reflected in last month's overseas figures. The business transacted in Cleveland iron during the past week has been small in extent and no improvement was reported at the weekly market on Tuesday, when official prices for markets other than Scotland, where special concessions are offered, were unchanged, viz.: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s. f.o.b. or f.o.t. The demand for hematite is only on a moderate scale and is practically confined to early requirements. No disposition is shown on the part of consumers to enter into forward purchases, although a move in this direction has been long expected. Ordinary mixed numbers are now obtainable at 62s. 6d. for prompt delivery, while 63s. is generally quoted for delivery over a few months. Shipments of pig iron this month are on a poor scale, the total cleared to 7th inst. being 3,757 tons, against 545 tons to same date last month. In the finished trades new orders come to hand very slowly and short-time working is prevalent in several departments. Prices under the rebate scheme are unchanged and also for the other main commodities. There is practically no buying of ore. Best rubio is nominally 15s. c.i.f. and the freight Bilbao-Middlesbrough is easier at about 4s. 6d. Coke continues in excess of requirements. Good blast-furnace qualities are offering at 15s. 6d. delivered works. The number of blast furnaces in operation in the district is unchanged at seventeen.

SHEFFIELD.—The past week has failed to develop any change for the better in the conditions of the local steel industry. Bulk orders are as scarce as ever and inquiries are deficient in number and importance. The finished branches are patchy. A few of the local factories are busy, the remainder being on short time. The rolling mills and forges have never been so slack in normal times. Traders are hopeful of benefit resulting from the work of the National Committee to reorganise the steel trade. Already members to constitute a local sub-committee have been nominated. Representations have gone up to the Government from Sheffield urging an extension of the amount which the Export Credits Committee are prepared to guarantee credits on Russian orders. The amount of £1,600,000 is already practically exhausted. It is said that Sheffield could secure valuable orders from Russia if

credit terms could be arranged. All the luxury products of Sheffield are badly depressed.

GLASGOW.—Business in the steel trade in the West of Scotland remains very quiet, with only a small proportion of the plant in operation. The appointment of the National Committee to prepare a scheme for the reorganisation of the iron and steel industry and the formation of regional committees is regarded as a step in the right direction, as in the West of Scotland there has been a general feeling for some time that the trade must be reorganised and that it could only be properly dealt with by the trade as a whole. In the tube trade things are quiet, but there has been a little more activity in the butt welded section than there has been for some time. Sheet makers, while better employed than most branches, are having rather a quiet spell, though there are a good many important inquiries on the market at the moment. Bar iron makers and makers of re-rolled steel bars do not report any improvement. In the shipbuilding yards there is no new work and there is less repair work than was on hand a few weeks ago.

CARDIFF.—On the Swansea Metal Exchange on Tuesday quiet conditions were reported in the steel and tinplate markets. Tin-plate bars at 95s. per ton net, and foreign, principally Belgian, bars at 82s. to 83s. per ton delivered. Galvanised sheets were unchanged at £9 5s. per ton f.o.b. During the March quarter of the current year the output of tinplates was 30 per cent. greater than in the corresponding period last year, and the exports of tin-plates 41 per cent. greater; while in the galvanised sheet industry there was an increase in production of 6 per cent., but in the export trade of 46 per cent.

OTHER METALS.

TIN.—Owing to the failure of a prominent firm on the London Metal Exchange, business was partly dislocated on Monday, and dealings in tin were suspended. On Tuesday, however, the secretary of the Metal Exchange announced that "in reference to the recent failure on the London Metal Exchange, the pool which was formed of tin to take over the tin has already been dissolved and the tin disposed of." On Tuesday the market opened quietly at a level about £7 per ton below that of Wednesday last week. On Wednesday there was a good demand for the metal at slightly firmer prices. According to the Metallgesellschaft A.G., the world's mine production of tons in March. In New York the metal was quoted at 19.60 cents per lb. on Wednesday, against 20.75 cents per lb. a week ago and 21.37 a month ago. Wednesday's official closing quotations in London, in terms of sterling for "standard" cash at £115 15s. to £115 17s. 6d. per ton, compares with £122 2s. 6d. to £122 5s. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 33,317 tons, show a decrease of 78 tons on the week.

COPPER.—The domestic price for copper in the United States has slightly hardened as a result of the import duty of 4 cents per lb., but export prices remained unchanged. The steadiness of New York was reflected in the London price of the metal, which fluctuated quoted at 5½ cents per lb. in New York, against 5½ cents a week ago, and 5½ cents a month ago. Wednesday's official closing price for £26 17s. 6d., compares with £26 15s. to £26 17s. 6d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 19,224 tons, show a decrease of 504 tons, while stocks of rough copper, at 769 tons, are unchanged.

LEAD.—The London market in lead was active on Monday (sales totalled 1,200 tons), but owing to liberal offerings prices declined. On Tuesday demand was quiet, but in the absence of selling pressure prices remained steady, only to give way on Wednesday, when supplies were more liberal. According to the Metallgesellschaft A.G., the world's smelter output of lead in April was 93,148 metric tons, as compared with 99,737 metric tons in March. In New York the metal was quoted at 3.00 cents per lb. on Wednesday, against 3.00 cents a week ago, and 3.00 cents a month ago, in terms of sterling, at £9 13s. 9d. per ton for shipment during the last week.

SPELTER.—Spelter declined steadily in value at the London Metal Exchange owing to the falling off in demand. According to the Metallgesellschaft A.G., the world's smelter production of metric tons in March. Wednesday's quotation in New York, at 2.825 cents per lb., compares with 2.825 cents a week ago and in London, in terms of sterling, Wednesday's official closing quotation at £11 15s. per ton for shipment during the current month, against £12 1s. 3d. a week ago.

OTHER NON-FERROUS METALS.—Amont other non-ferrous metals the quotations for aluminium and nickel have been maintained at £95 per ton and £225-£230 per ton respectively. Platinum sold at £23 10s. to £24 per ton, against £24 to £24 10s. a week ago. Quicksilver was reduced from £14 per flask to £13 5s. to £13 15s. per flask.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Imports for the week, June 2nd to 8th (inclusive) are 39,482 bales, of which 15,927 are American, 1,695 Peruvian, 3,018 Argentine, 13,460 Egyptian, 3,329 East Indian, and 2,053 sundries.

Manchester.—The market during the past week has continued quiet. Although a fair amount of inquiry has been dealt with,

buyers have hesitated to place orders of more than retail dimensions. There has been a good deal of nervousness with regard to finance. Some shippers of cloth to India have received rather more favourable advices from the other side and more business has been done in fancies and specialties, but it has been exceedingly difficult to arrange sales in standard makes. Operations for China have been within a small compass, but reports are being received of rather improved clearances in the Far East. Some moderate lines have been booked in specialties for Java and Singapore. A few more offers have been about in bleaching cloths for Egypt and the Near East. Most of the demand for the African markets has run on printed styles. Very little has been done for South America. Fancies have moved off fairly well for home trade use. Engagements of manufacturers tend to become more irregular. A slow feeling has prevailed in the yarn market. Quotations in American and Egyptian counts have been irregular when tested. The turnover has again been less than the output.

Cotton Prices.

	1932.				Corresponding Data.	
	May 18.	May 25.	June 1.	June 8.	1930.	1931.
Raw Cotton—Mid. American	d. 4-53	d. 4-51	d. 4-17	d. 4-20	d. 8-04	d. 4-63
" Sakellaridis Fully Good Fair Egyptian	6-10	5-95	5-65	5-70	12-95	7-20
Yarns—32's twist	8½	8½	8½	7½	12½	8½
" 40's weft	8½	8½	8½	8½	12½	9
" 60's twist (Egyptian)	13½	13½	13	13	21	14½
32-in. Printers, 116 yds., 16 by 16, 32's and 50's	s. d. 16 9	s. d. 16 7	s. d. 16 6	s. d. 16 6	s. d. 21 6	s. d. 17 5
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	18 9	18 7	18 6	18 6	24 0	19 2
38-in. ditto, 38 yds., 18 by 18, 10 lb.	10 4	10 3	10 2	10 2	13 1½	10 8
39-in. ditto, 37½ yds., 16 by 15, 8½ lb.	9 4	9 3	9 2	9 2	11 10	9 7

THE WOOL TRADE.—Bradford.—The fourth series of London sales have finished, writes our correspondent, but the position of wool is virtually the same. Values did not make any real recovery, but merinos and fine crossbreds remained firm. Unfortunately, a larger quantity of wool was carried forward for the succeeding series than at the end of April. The bulk of this was crossbred. Better competition from the Continent was an important factor at the close of the series. There is only a short interval before the commencement of another series, but after that the last series but one of the year will not commence until September 20th. It therefore looks as if at the present rate of consumption a big volume of wool will be absorbed. Machinery activity in the West Riding of Yorkshire is better than many people are prepared to admit. Within the past week more business has been done in tops and yarns in Bradford, but there has not been a big general movement. Some spinners say they have not participated in it at all, and are still quite confident that they can buy both merino and crossbred tops without paying any advance. It really seems as if the trade done has only been possible by selling cheaply, and margins are very poor indeed, calculated on the present market value of wool. Still, most of the machinery is being kept fairly busy.

Australian Wool.—The London Committee of The National Council of Wool Selling Brokers of Australia has received the following particulars of disposals and stocks of wool for the 1931-32 season as at May 31st last. The figures for the corresponding period of the 1930-31 season are shown for purposes of comparison:—

	July 1, 1931, to May 31, 1932	July 1, 1930, to May 31, 1931	Increase or Decrease
Received into store	2,766,101	2,439,166	+ 326,935
Sales of wool	2,533,877	2,284,035	+ 249,842
Shipped from brokers' stores (unoffered and withdrawn)	34,994	35,701	- 707
On hand	197,230	119,430	+ 77,800

In addition, 48,707 bales carried over from the 1930-31 season have been disposed of in the period under review. The average price in Australian currency for greasy wool in the month of May was 6.48d. per lb., and £8 8s. 10d. per bale. The average from July 1, 1931, to May 31, 1932, was 8.55d. per lb., and £11 0s. 4d. per bale.

THE JUTE TRADE.—Dundee.—Continued quietness in the jute trade is leading to a decline in prices of most commodities. Buyers' wants are easily satisfied, and the tendency is still to purchase only sufficient to meet immediate needs. An increase in the stocks of goods in Calcutta at the end of May, compared with the figures at the end of April, has not helped the market. Stocks of heavy goods were especially augmented by 20 million yards, while hessians were increased by 1½ million yards. This is generally a quiet season of the year in the jute trade, but the usual period for buying comes on in a month or two, when it is expected that the situation will brighten up. Meantime, prices are all very low and uneconomical. The raw jute market is of small interest. New crop prospects continue very favourable, and, with a larger crop expected next season, sellers are inclined to sell at low rates. There are still very few offers being made to this centre, and new crop is not mentioned, but the Indian Mills have bought some new fibre and some speculative business has been done. Spinners here are still showing very little interest, and only a few small lots on spot are being disposed of. Shipment prices are mostly nominal, but actual offers have been made of Daisee—½ full group at £15, June-July, and of Motial Tossa—½ at £15 7s. 6d., afloat. Jute yarns are quiet, after some

business has been done in hessian descriptions. Spinners accepted 1s. 9½d. for common 8 lb. cops and 1s. 10½d. for 8 lb. spools, and these rates are still possible. Other quantities of yarns are selling in trifling lots. Twist is obtainable at 3½d. to 3¾d. for 3 ply 8 lb., and sacking yarns are quoted at from 2½d. for 24 lb. weft and 3¾d. for 8 lb. chains. Rove is quiet at from £18 for 48 lb., and something less than £16 would be taken for 200 lb. Fine yarns are dull and nominal at from 2s. 7d. for second quality 8 lb. Rio warp, 2s. 4d. for third and 2s. 1d. for fourth. Carpet yarns are being quietly bought at from 3d. to 3½d. for 14 lb. warp. The cloth market is slow and prices are tending easier. The value of 10½ oz. 40 in. is from 2½d., and 8 oz. from 1½d. per yard. The bulk of the orders placed are for only small quantities. Even inquiry is of small dimensions, and there are no signs of improvement. Linoleum hessians are idle and heavy goods are very quiet. Prices of Calcutta goods have come down to 17s. for 10 oz. 40 in. to 12s. 10½d. for 8 oz., June, 17s. 1½d. and 13s. 1d. for July-September, and 17s. 3d. and 13s. 3d. for October-December. Liverpool twills are offered at 48s., and "B" twills at 42s., June to September.

THE GRAIN MARKETS.

WHEAT.—The international wheat situation has deteriorated sharply this week. The chief factors making for the sudden decline in quotations are the favourable weather in the spring wheat regions of Canada and the United States, and on the Continent of Europe, and the publication of estimates of the North American crops. The following table gives the estimated crop for Canada and the United States, together with the actual harvests of last year:—

	(Thousands of bushels.)	1931.	1932.
United States winter wheat		787,000	433,000
United States spring wheat		105,000	253,000
United States total		892,000	686,000
Canada (Prairie Provinces)		284,000	405,000
Total North America		1,176,000	1,091,000

It will be seen that the failure of the United States winter wheat crop has been practically outbalanced by an increase in the yield of the spring crop and of the Canadian crop. The total North American crop is therefore expected to be only slightly below the level of 1931. Another factor making for a decline was the selling pressure of Canadian holders to secure the export bonus of 5 cents per bushel. Considerable resistance to this downward movement was offered by heavy Continental buying. On Wednesday, "July" futures were quoted at 50½ cents per bushel in Chicago, against 55½ cents on the corresponding day last week, and 55½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 28s. per 406 lbs., as compared with 31s. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 26s. 9d., against 29s. 6d.; No. 3 Northern Manitoba, Vancouver, ex ship, 25s. 9d., against 28s. 3d.; Australian, ex ship, 28s. to 28s. 3d., against 28s. 9d. to 29s. a week ago.

WHEAT FLOUR.—There has been no decline in demand, but prices declined in sympathy with the fall in wheat. North American shipments, at 141,000 sacks, showed a decrease of 53,000 sacks as compared with the previous week. Of this total, 59,000 sacks have been consigned to Europe. Quotations in London, Wednesday: Straight run, delivered country, 25s. per sack of 280 lbs., as compared with 25s. 6d. last week; delivered London, 24s., against 24s. 6d. Manitoba patents, ex store, 24s. 6d. to 27s. 6d., against 25s. 6d. to 27s. 6d.; and Australian, ex store, 20s. to 21s., against 20s. 6d. to 21s. a week ago.

BARLEY.—The demand for feeding barley in this country and on the Continent has been quiet and prices quickly lost a few points



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under selling pressure, particularly from Canada. On Wednesday, "July" futures were quoted at 36½ cents per bushel in Winnipeg, against 37½ cents last week and 39½ cents a month ago. Quotations in London, Wednesday: "English feeding," f.o.b., per 448 lbs., 27s. to 28s., as compared with 27s. to 28s.; River Plate, landed, 24s. to 25s., against 24s. to 25s. 6d. a week ago.

OATS.—Business in oats on the Continent has become smaller in volume and prices showed a weaker tendency. "July" futures, which last week stood at 22½ cents per bushel in Chicago, sold at 20½ cents per bushel on Wednesday this week, against 23½ cents a month ago. Quotations in London, Wednesday: "River Plate," landed, 17s. 3d. per 320 lbs., as compared with 17s. 9d. last week; "River Plate," ex ship, 16s. 3d., against 16s. 9d.; "Chilean White," landed, 24s. 6d. to 26s., against 24s. to 26s. a week ago.

MAIZE.—Argentine shipments continue to be readily absorbed by European countries, but quotations have been a little lower in sympathy with wheat. Wednesday's quotation in Chicago for "July" futures, at 28½ cents, show a decrease on last week, and a fall of ½ cent as compared with the price a month earlier. Quotations in London, Wednesday: "Plate," landed, 19s. 3d. per 480 lbs., compared with 19s. 9d. last week; "Plate," ex ship, 18s. 3d., as against 18s. 9d.; "Plate," May-June, 18s. 6d., as against 18s. 3d., as against 18s. 9d.; "Plate," May-June, 18s. 6d., as against 18s. 3d., as against 18s. 9d.; "Plate," May-June, 18s. 6d., as against 18s. 3d., as against 18s. 9d.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1931-32, 1930-31, 1929-30, 1928-29:—

	1931-1932.	1930-1931.	1929-1930.	1928-1929.
Estimated sales of home-grown wheat—				
1 week to June 4	Cwts. 81,938	Cwts. 81,244	Cwts. 84,388	Cwts. 67,167
40 weeks to June 4	Cwts. 3,381,315	Cwts. 4,518,621	Cwts. 8,805,613	Cwts. 9,265,980
Average price of English wheat per cwt.	s. d. 6 3	s. d. 6 0	s. d. 6 7	s. d. 9 7

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1928 to 1931:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
May 28, 1932	Cwts. 98,051	Cwts. 7,751	Cwts. 16,945	s. d. 6 3	s. d. 7 1	s. d. 8 0
June 4, 1932	Cwts. 81,938	Cwts. 8,263	Cwts. 16,651	s. d. 6 3	s. d. 7 4	s. d. 8 0
June 2, 1928	Cwts. 262,838	Cwts. 21,247	Cwts. 24,637	s. d. 11 2	s. d. 10 10	s. d. 12 11
June 1, 1929	Cwts. 95,098	Cwts. 10,078	Cwts. 14,691	s. d. 9 9	s. d. 9 9	s. d. 9 9
June 7, 1930	Cwts. 84,388	Cwts. 14,572	Cwts. 7,372	s. d. 8 7	s. d. 7 6	s. d. 6 5
June 6, 1931	Cwts. 81,244	Cwts. 3,660	Cwts. 16,716	s. d. 6 0	s. d. 8 2	s. d. 7 0

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Jan. 2, 1931.	June 10, 1931.	Jan. 4, 1932.	June 1, 1932.	June 8, 1932.
Winnipeg (No. 1 Manitoba) —Cents per 60 lb.	148½	56½	60½	62½	61½	55
Chicago (No. 2 Winter) —Cents per 60 lb.	130½	79½	57½	55½	55½	50½

OTHER FOODS.

SUGAR.—Following an increase in the demand for refined sugar in the United States, the market in raw sugar became firmer. Although refiners continue to buy only for immediate requirements, an increase in the volume of purchases was quickly reflected in values, as there is at present no selling pressure on the part of the principal holders. "July" futures in New York were quoted at 0.63 cent per lb. on Wednesday, against 0.61 cent per lb. a week ago, and 0.63 cent per lb. a month earlier. Wednesday's sales of "raws" include "December delivery" at 5s. 0½d. to 5s. 1d. per cwt., against 4s. 10d. to 4s. 10½d., and "March, 1933," at 5s. 0½d. to 5s. 3½d., against 5s. 1½d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1932.	1931.	1932.	1931.	1932.	1931.
Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London.....	282	655	1,461	1,515	10,301	30,614
Liverpool...	...	12,465	17,215	13,949	105,859	71,060
Total.....	282	13,120	18,676	15,464	116,160	101,674
Last week	21,349	12,508	14,045	13,437	134,555	104,018

COFFEE.—There was a further decline in future quotations in New York. "Cash" coffee was slightly easier owing to a reduction in demand. The varieties offered at Wednesday's London auctions met a poor demand. Last week's movements of coffee in London were as follows: Brazilian, landed, 70 bags; delivered for home consumption, 77 bags; exported, 252 bags; stocks, 4,188 bags, against 3,026 bags last year. Central American, landed, 2,850

packages; delivered for home consumption, 2,190 packages; exported, 1,747 packages; stocks, 131,412 packages, against 128,048 a year ago. Other kinds, landed, 3,114 packages; delivered for home consumption, 2,388 packages; exported, 1,002 packages; stocks, 97,292 packages, against 96,253 a year ago.

COCOA.—Following last week's decline in prices, the market was a little steadier. "July" futures were quoted at 3-83 cents per lb. in New York on Wednesday, against 3-84 cents per lb. a week ago and 4-11 cents a month ago. As compared with the corresponding June-July, at 24s. per cwt., f.o.b., London contract, show a rise of 6d. per cwt. on the week. Last week's movements of cocoa in consumption, 11,852 bags; exported, 41 bags; stocks, 167,981 bags, as against 227,953 last year.

TEA.—The quantities catalogued for this week's auction comprise 54,818 packages of Indian, 31,339 packages of Ceylon, and 15,449 packages of Java and Sumatra tea. Monday's "Indian" auctions were characterised by a better demand for common and low medium grades, but medium and fine varieties were irregular. The improvement in the demand for the cheaper grades was maintained at the spread to higher grades of "Indian" tea. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account:—

AVERAGE PRICE PER LB.									
Week ending	Northern India.	Southern India.	Ceylon.	Java.	Sumatra.	Nyassa-land.	Total.		
June 4, 1931	s. d. 9 9 4	s. d. 1 3 55	s. d. 1 2 65	s. d. 0 6 76	s. d. 0 7 79	s. d. 0 6 72	s. d. 0 11 41		
May 5, 1932	s. d. 9 9 4	s. d. 1 3 55	s. d. 1 2 65	s. d. 0 6 76	s. d. 0 7 79	s. d. 0 6 72	s. d. 0 11 41		
May 12, "	s. d. 9 9 4	s. d. 1 3 55	s. d. 1 2 65	s. d. 0 6 76	s. d. 0 7 79	s. d. 0 6 72	s. d. 0 11 41		
May 26, "	s. d. 9 9 4	s. d. 1 3 55	s. d. 1 2 65	s. d. 0 6 76	s. d. 0 7 79	s. d. 0 6 72	s. d. 0 11 41		
June 2, "	s. d. 9 9 4	s. d. 1 3 55	s. d. 1 2 65	s. d. 0 6 76	s. d. 0 7 79	s. d. 0 6 72	s. d. 0 11 41		

RICE.—The market in rice has been a little steadier this week, but prices failed to recover. Wednesday's "spot" price, at 9s. 4½d. 8s. 6d., also remained unchanged. Movements in London during the past week were as follows: Landed, 930 tons; delivered, 127 tons; stocks, 3,115 tons, as against 582 tons last year.

POTATOES.—There has been a brisk demand for potatoes at the principal markets. Arrivals of new potatoes have been increasing recently, while prices have shown a downward tendency. At the Borough Market, "Best King Edward" sold from 11s. 6d. to 12s. per cwt., as compared with 11s. 6d. to 12s. per cwt. a week ago. New "Jerseys," at 22s. per cwt., show a decline of 4s. per cwt.

SPICES.—The market in pepper was quiet, and prices were slightly easier. Wednesday's quotation for "Black Singapore" pepper, at 6½d. per lb., shows a fall of ¼d. per lb. on the week. Movements of pepper in London during the past week were as follows: Landed, 12 tons; delivered, 15 tons; stocks, 370 tons, against 547 tons last year. White, landed, 45 tons; delivered, 42 tons; stocks, 626 tons, against 579 tons a year ago.

MEAT.—Meat prices at the Smithfield Market showed a firmer tendency this week. Home-grown beef remained unchanged, but Argentine beef, English mutton and pork were all dearer. On Wednesday, Argentine beef (chilled hindquarters) was sold at 4s. 2d. to 4s. 8d. per lb., against 3s. 10d. to 4s. 4d. on the corresponding day last week, while New Zealand frozen mutton realised the Smithfield Market official report, supplies of meat during last week amounted to 8,613 tons, as compared with 8,670 tons in the corresponding week last year. Imported beef, principally Argentine, year ago; and imported mutton, mainly New Zealand, formed 85.7 per cent. of the supplies, as against 84.8 per cent. a year ago; and imported mutton, mainly New Zealand, formed 82.4 per cent. of the total supply, as against 84.9 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—The position in the markets for oilseeds and their products is no better. Trade both in vegetable oils and oilcakes is on restricted lines and prices generally have an easy tendency. Offerings of linseed continue on a liberal passage to Hull and May shipment are easily covered. Plate on but this week £7 7s. 6d. has been done last week at £7 5s., value of Plate on spot and afloat is around £7 12s. 6d., and for afloat for Europe is 120,900 tons, or 8,200 tons increase on the week. The total includes only 6,500 tons from India. Shipments to Europe so far this year are 95,000 tons less than a year ago. Cotton seed is again quiet and only the remnant of the Egyptian crop is on offer. Present value of black on passage being £5 12s. 6d. loading, is quoted £6 2s. 6d. New crop, for November-December discharging. Cotton oil, after a period of good trade, is easier, (and edible), £22. Linseed oil is in only slow demand and is easier for forward delivery. Raw oil for June delivery is quoted £12 7s. 6d. ex Hull, and for July-August, £12 15s. Other seed oils are quiet and in instances a shade lower. Oilcakes are in very poor request.

HIDE, LEATHER AND ALLIED TRADES.—This week's sales of English hides reveal a further weakening of prices for several

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.

CEREALS AND MEAT.

GRAIN, &c.	s.	d.	s.	d.
Wheat—				
No. 2, N. Man. 496 lb.	26	9		
Eng. Gar. av. per cwt.	6	3		
Barley, Eng. Gar. av.	7	4		
Oats—				
Malta, La Plata, landed	8	0		
480 lb.	19	3		
Flour, Lon. stan. ex mill,	22	9		
280 lb.	22	9		
Rice, No. 2 Burma, per cwt.	8	6		
Taploca, per cwt.	11	6		
Fair Plate, Singapore..	11	6		
MEAT—				
Beef, per 8 lbs.—				
English long sides	5	4	6	2
Argentine chilled hinds	4	2	4	8
Mutton, per 8 lbs.—				
English wethers	4	4	6	0
N.Z. frozen	2	4	3	0
Pork, English, per 8 lbs.	3	10	4	4

OTHER FOODS.

BACON—	s.	d.	s.	d.
Irish	88	0		
Danish	56	0		
Dutch	54	0		
HAMS—				
Canadian	72	0		
American	64	0	68	0
BUTTER—				
Australian	95	0	96	0
New Zealand	95	0	97	0
Orange Pekoe	100	0	102	0

CHIEF—	s.	d.	s.	d.
Canadian	66	0	72	0
New Zealand	54	0	55	0
English Cheddar	94	0	110	0
Dutch	57	0	67	0

COCOA—	s.	d.	s.	d.
British grown,				
(Duty, 11s. 8d. per cwt.)	23	0	28	0
Acra, f.f., foreign, 14s. cwt.	40	0	48	0
Trinidad	32	0	39	0

COFFEE—	s.	d.	s.	d.
(Duty, 11s. 8d. per cwt.)	63	0	90	0
Santos sup., c. & f. cwt.	70	0	112	0
Colombian, good	85	0	115	0
Costa Rica, med. to good	80	0	102	0
East Indian	80	0	102	0
Kenya, medium	80	0	102	0

EGGS—	s.	d.	s.	d.
English	8	6	8	9
Danish	9	3	9	6

FRUIT—	s.	d.	s.	d.
Oranges—				
South African	17	0	20	0
Brazilian	15	0	20	0
Lemons, Sicilian	16	0	23	0

Malaga	s.	d.	s.	d.
cases 420 No. 1	...	...	...	...
Apples: Amer. (var.) bris.	...	...	...	...
(var.) boxes	...	...	...	...
Australian	7	0	12	0
Onions:—				
Valencia, case, 4s.	7	0	8	6
Egyptian	...	...	...	...
Grapes, Lisbon	...	...	...	...
Almeria	...	...	...	...

FLAX—	s.	d.	s.	d.
Common to fine	0	8	2	6
Rhodesian	0	9	2	6
Nyassaland	0	8	1	8
Trinidad	0	8	2	0
East Indian	0	4	0	8
Kenya	0	5	1	0

TOBACCO—	s.	d.	s.	d.
(Duty, 9s. 6d. per lb.)	4	20		
Empire growths, 7/5-8/4 (per lb.)	4	20		
Virginia leaf—				
Common to fine	0	8	2	6
Rhodesian	0	9	2	6
Nyassaland	0	8	1	8
Trinidad	0	8	2	0
East Indian	0	4	0	8
Kenya	0	5	1	0

FLAX—	s.	d.	s.	d.
Common to fine	0	8	2	6
Rhodesian	0	9	2	6
Nyassaland	0	8	1	8
Trinidad	0	8	2	0
East Indian	0	4	0	8
Kenya	0	5	1	0

FLAX—	s.	d.	s.	d.
Common to fine	0	8	2	6
Rhodesian	0	9	2	6
Nyassaland	0	8	1	8
Trinidad	0	8	2	0
East Indian	0	4	0	8
Kenya	0	5	1	0

FLAX—	s.	d.	s.	d.
Common to fine	0	8	2	6
Rhodesian	0	9	2	6
Nyassaland	0	8	1	8
Trinidad	0	8	2	0
East Indian	0	4	0	8
Kenya	0	5	1	0

FLAX—	s.	d.	s.	d.
Common to fine	0	8	2	6
Rhodesian	0	9	2	6
Nyassaland	0	8	1	8
Trinidad	0	8	2	0
East Indian	0	4	0	8
Kenya	0	5	1	0

FLAX—	s.	d.	s.	d.
Common to fine	0	8	2	6
Rhodesian	0	9	2	6
Nyassaland	0	8	1	8
Trinidad	0	8	2	0
East Indian	0	4	0	8
Kenya	0	5	1	0

FLAX—	s.	d.	s.	d.
Common to fine	0	8	2	6
Rhodesian	0	9	2	6
Nyassaland	0	8	1	8
Trinidad	0	8	2	0
East Indian	0	4	0	8
Kenya	0	5	1	0

FLAX—	s.	d.	s.	d.
Common to fine	0	8	2	6
Rhodesian	0	9	2	6
Nyassaland	0	8	1	8
Trinidad	0	8	2	0
East Indian	0	4	0	8
Kenya	0	5	1	0

FLAX—	s.	d.	s.	d.
Common to fine	0	8	2	6
Rhodesian	0	9	2	6
Nyassaland	0	8	1	8
Trinidad	0	8	2	0
East Indian	0	4	0	8
Kenya	0	5	1	0

Banks, &c.—Continued.

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RESERVE FUNDS (SILVER) ... £10,000,000
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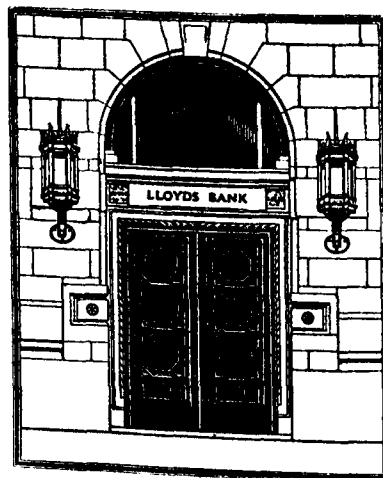
General Bank Balances ... £62,577,595
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Note Issue Department ... 54,862,356
Bural Credits Department ... 1,871,152
Other Items ... 11,169,144
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TABLE OF CONTENTS.

The Money Market	1335	The Stock Exchange—	
Leading Articles—		Foreign Government	
The Choice Before Lausanne	1337	Bonds	1361
A Minimum Programme	1338	Insurance Shares	1362
State Spending and the Crisis	1339	Week in the Markets	1362
Imperial Preference:		London Active Securities	1364
Australia	1340	New Issue Prices	1366
Road Costs and Taxation	1341	Foreign Stock Exchanges—	
Neo-Nep in Russia	1342	New York	1363
Notes of the Week—		Paris	1366
British Monetary Policy	1343	Berlin	1366
The Chancellor on the Outlook	1344	Amsterdam	1366
Sir Donald Maclean	1344	Other Centres	1366
Republicans at Chicago	1344	Investment Notes—	
The Week in Germany	1344	Australian Government	
Japan under Pressure	1345	Stocks	1366
The Junta in Chile	1345	Payment of Directors	1367
Abyssinian Growing Pains	1345	Guest, Keen and Nettlefolds	1367
The Credit-Anstalt	1345	William Cory	1368
Negotiations	1345	The Unilever Group	1368
Australia and her Debts	1346	Brazilian Traction Report	1368
Overseas Trade in May	1346	Kreuger and Toll	1368
New Iron and Steel Duties	1346	Rand Dividends	1369
The Free List	1346	Lonely Reef	1369
Cotton Trade Hours and Wages	1347	Zinc Corporation	1369
Sterling and Gold Prices	1347	Company Meetings of the Week	1369
Iron and Steel Production in May	1347	Capital Issues	1370
Lee Higginson's Position	1347	Oil Outputs	1370
International Production	1348	Company Meetings, &c. ...	1373
Germany's Economic Crisis	1348	Government Returns, &c.—	
British Foreign Investments in 1930	1348	National Accounts	1380
Bank of British West Africa	1348	Treasury Bills	1380
Sun Insurance	1349	The Bankers' Gazette—	
Phoenix Assurance Co.	1349	Bank of England	1380
Transvaal Output in May	1349	Bankers' Clearing Returns	1381
Overseas Correspondence—		Provincial Clearing Returns	1381
United States	1350	Overseas Bank Returns	1381
France	1350	Loan and Discount Rates	1382
Germany	1351	Rates of Exchange	1382
Holland	1352	Overseas Bank Rates	1382
Austria	1353	Bullion	1383
Hungary	1353	Gold and Silver Prices	1384
Sweden	1354	Company News—	
Canada	1354	Dividend Announcements	1384
New Zealand	1355	Weekly Traffic Returns	1384
Argentina	1356	Profit and Loss Accounts	1385
Letters to the Editor—		Reports and Notices	1385
Australia's External Interest	1356	Summary of Balance Sheets	1386
Exchange Restrictions	1357	Commercial Reports—	
Monetary Policy	1358	Market Summary	1386
Chinese Customs Receipts	1358	The Coal Trade	1386
Books and Publications—		Iron and Steel	1387
Books of the Week	1358	Other Metals	1387
Some Introductions	1359	Textiles	1387
Shorter Notices	1359	The Grain Markets	1387
Other Books Received	1360	Other Foods	1388
		Overseas Trade Returns	1389
		Miscellaneous Commodities	1389
		Commodity Prices in the United States	1390
		Prices Current	1390

THE MONEY MARKET.

MONEY has remained extremely easy, and it has been a common experience for potential lenders to have funds left on their hands at the end of the day. Over the week-end $\frac{1}{2}$ and $\frac{3}{4}$ per cent. was paid for new money and $\frac{3}{4}$ per cent. for renewals, while by Thursday of this week money was obtainable in places at as low as $\frac{1}{4}$ per cent.,

though $\frac{1}{2}$ per cent. was the more general rate, and some houses stood out for $\frac{3}{4}$ per cent. Further indication of the ease of money was provided a day earlier, when it became known that a fair amount of money was on offer to July 1st at $\frac{1}{2}$ per cent. This will carry its borrowers over the turn of the half-year.

Last week's application for Treasury bills totalled £62.0 millions, against £53.9 millions the preceding week, and only £42.0 millions of the £45.0 millions of bills on offer were allotted. The average tender rate, however, moved in favour of the market from 18s. 1.48d. to 18s. 11.79d. per cent., or to just over $\frac{1}{8}$ per cent. Early this week hot Treasury bills were changing hands at $\frac{1}{8}$ per cent., but by Thursday afternoon the rate had eased to $\frac{1}{16}$ per cent., so yielding a turn of just over $\frac{1}{2}$ per cent. June bills were quoted at $\frac{1}{2}$ per cent., and July and August Treasuries at $\frac{3}{4}$ per cent., and the clearing banks were consistent buyers of all maturities. Three months' bank bills were nominally round 1 per cent., while standstills were quoted from $1\frac{1}{2}$ up to $2\frac{1}{2}$ and 3 per cent., though the finest standstills changed hands at under $1\frac{1}{2}$ per cent. as a result of competition.

	May 26 1932.	June 2, 1932.	June 9, 1932.	June 16, 1932.	Previous Rate and Date Changed.
Bank Rate	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	3 (May 12, '32)
Banks' Deposit Rate..	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Discount (Call)	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Houses (Notice) ...	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$1\frac{1}{2}$ (May 12, '32)
Market rate ("hot")	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Treasury bills).....	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Market rate (3 months' bank bills)	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	...
Market rate (standstill bills)	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	...

Some comment has been aroused in the money market by the maintenance by the clearing banks of their minimum rate of $1\frac{1}{2}$ per cent. upon market loans. It is pointed out that this relatively high rate means that money is thrown back on their hands which they are forced to invest in bills. By so doing, they have contributed towards depressing market discount rates to their present low levels, which are now $\frac{1}{2}$ per cent. or so below the banks' own minimum. At the moment, bill brokers still hold bills bought at the rates of about 2 per cent. ruling two months ago, and so have a margin in hand, but, once these bills have run off, borrowers will be in a difficult position.

The banks, however, do not share the view that if they lower their rates they will necessarily have to buy less bills and so relieve the pressure upon discount rates. On the contrary, they believe that if their loan rates are reduced discount rates will fall still further, while bill brokers will also be encouraged to borrow more for the purpose of investing in Treasury bonds. It is pointed out that the shorter-dated bonds already stand at prices which are sufficiently above their redemption price to make their net yield less than 1 per cent., and if the market invests more heavily in Treasury bonds it risks a severe loss in the event of a reaction in prices. For these reasons, it is argued that a reduction in loan rates might only encourage the market to add to its risks.

The Bank return reveals a further addition of £2.7 millions to the Bank's gold, which now stands at £134.5 millions. The note circulation is practically unchanged, and the Reserve is £2.5 millions higher. Other Securities have been reduced by £2.3 millions and Government Securities by £3.2 millions. These movements were clearly designed to offset the increase in the Bank's gold and a reduction of £5.0 millions in Public Deposits, and in consequence Bankers' Deposits are only £1.7 millions higher at £87.5 millions.

On June 15th the Prime Minister of New Zealand announced that the Exchange Pool would be abolished as from the end of the current month. The Pool was formed at the New Year, and the original intention was to continue its operation for twelve months, but, thanks to the improvement in New Zealand's trade balance, to the recent flotation of the £5,000,000 Government loan in London and the disposal in London of certain Government securities, the New Zealand Government is now able to meet its normal overseas commitments without recourse to the pool. The next question is whether any attempt will be made to shift the exchange from its normal level of £110. The general feeling in both official and banking circles is that any alteration of the rate, especially immediately before the Ottawa Conference, would be undesirable, and the improvement in the trade balance is a strong argument against the view that the New Zealand pound is over-valued. On the other hand, there is ground for believing that banking opinion is not unanimous; and the Prime Minister has thought it necessary to issue the warning that if any bank broke away from the present rate it would have to stand by the rate fixed.

Although the gold drain from New York continues, the opinion appears to be entertained that it is nearing its end. Apart from the restoration of confidence expected to follow the balancing of the budget, it is estimated that foreign short-term balances in New York now amount to only \$750 millions, against a peak of \$3,000 millions in October, 1929. This reduction of \$2,250 millions has been achieved at the expense of net gold losses of only about \$400 millions. Meanwhile the week's gold losses include \$38 millions each to France and Holland, \$12 millions to Switzerland and \$6.8 millions to Belgium, while there is a net increase of \$14.2 millions in ear-markings upon foreign account. Money rates are unchanged at $2\frac{1}{2}$ per cent. for call loans and $1\frac{1}{2}$ per cent. for 90-day bankers' acceptances.

The Foreign Exchange market was very quiet this week and fluctuations small, the tendency of several of the principal countries being slightly unfavourable to sterling. New York went from 3.68 to 3.66 $\frac{1}{2}$ and Montreal from 4.28 $\frac{1}{2}$ to 4.23. Paris gained $\frac{1}{4}$ at 93 $\frac{1}{2}$, but Brussels was little changed at 26.34. Milan was fractionally better at 71 $\frac{1}{2}$, as was Madrid at 44 $\frac{1}{2}$. Amsterdam was firm at 9.06 $\frac{1}{2}$, Berlin lost 3 points at 15.50 and Switzerland was unchanged at 18.80. The Scandinavian currencies showed rather varying tendencies, Stockholm weakening by only two points from 19.50 to 19.52 and Copenhagen by only one point from 18.80 to 18.81, while Oslo fell away rather sharply from 20.02 to 20.40. The South American currencies showed no great change except Buenos Aires, which from being purely nominal was again quoted, but at much lower levels than previously, namely, 34 $\frac{1}{2}$ d., at which rate a small amount of business passed. Rio and Montevideo were unchanged at 5d. and 29 $\frac{1}{2}$ d. respectively. In the Far East the rupee was firm at 1s. 5 $\frac{1}{2}$ d., but the yen weakened from 1s. 9 $\frac{1}{2}$ d. to 1s. 8 $\frac{1}{2}$ d. Batavia gained three points at 9.14. In the forward market dollars were less offered at 1 cent and 3 cents discount, and Paris was also firmer at discounts of 1 and 2 centimes. Belgas remained at par for both deliveries. Milan one month was firmer at $\frac{1}{2}$ lira discount, but three months' delivery Madrid was at $\frac{1}{2}$ peseta discount for one month (the same as last week), but improved by $\frac{1}{2}$ to $\frac{3}{4}$ peseta discount for to $\frac{1}{2}$ cent. discount for both deliveries, and Switzerland was also weaker at $\frac{1}{2}$ centime and 1 centime premium, as against 1 centime and 4 centimes premium last week. The silver market was quiet, and prices fell by $\frac{1}{2}$ d. for 16 $\frac{1}{2}$ d. China both bought and sold, but some Continental to turn the balance. The China silver exchanges were differently affected, Hongkong being unchanged at 1s. 8 $\frac{1}{2}$ d., while Shanghai lost $\frac{1}{2}$ d. at 1s. 8d.

THE CHOICE BEFORE LAUSANNE.

THE oft-postponed and long-awaited Conference, which, it is hoped, will start the process of international co-operation for restoring prosperity, opened at Lausanne on Thursday with the election of the British Prime Minister as President. That act in itself has significance; for apart from Mr MacDonald's personal qualifications, which are very great, and the fact that he represents the most widely trading nation in the world, the British attitude is of vital importance. Indeed, our special correspondent reports the general feeling in Lausanne that "the fortunes of the Conference turn upon the attitude of the British delegation and upon the determination and ability of the Prime Minister to live up to the principles which he enunciated in his opening address."

In that speech Mr MacDonald emphasised in sombre, but by no means exaggerated, terms the gravity of the task confronting the delegates. He pleaded for prompt action; for the castle of despair cannot be taken by siege, but must be carried by storm. While it was not his task to present a solution or even to lay down a programme, he did not hesitate to make clear the angle from which he approached the problem. The principle that engagements solemnly entered into cannot be set aside by unilateral repudiation carried with it an essential corollary, namely, that if default is to be avoided, engagements which have proved incapable of fulfilment should be revised by agreement. Both sides must endeavour to face facts, and among the facts which they had to consider were the questions not only whether the plans hitherto formulated have imposed an impossible burden, but whether and how they have contributed by their commercial and economic unsoundness to the deplorable economic state in which the world now finds itself. From this point it was an easy step to pass to the constructive part of the Conference's work and to show that it had assembled not merely to make a technical adjustment of reparations, but to provide sound foundations from which economic recovery might be built.

At this moment both the warning and the promise are very necessary. The Prime Minister is disturbed even by the thought of repudiation; but, if we are frank, it must be recognised that the Conference, in fact, is sitting, like the guests at Belshazzar's feast, with letters of fire on the wall beginning to spell out that word of ugly import—not in regard to German payments only, but as applied to debts of many kinds and in many parts of the world. Only by a revival of trade and economic activity can the completion of that word by Fate's flaming index finger be averted.

Clearly, however, the settlement of reparations is the first essential step. It has this week been rumoured—and our special correspondent reports that the idea is widespread in Lausanne itself—that nothing better than a six months' postponement is possible because the United States to-day is not in a position to discuss the question of war debts. Any such decision would give the world cause to despair of its statesmen. If we are to wait until a new Congress is effectively in being in the United States, it is a question of waiting not six months, but a year. Again and again, repeated warnings have been given of the dangers of delay; and these warnings have been fully justified by the fact that all the time the economic vitality of the world has been ebbing away. Moreover, procrastination means that not only will the problem itself be unsolved, but also that what little confidence remains in the ability of international conferences to settle these vital matters will be finally dissipated. With the spectacle before us of the failure to grapple promptly with the crisis at Geneva last autumn, and of the inability even to convoke in January the Conference so urgently called for by the Expert Committees in Basle, who will believe that the nettle will be firmly grasped in April or May of 1933, if at the eleventh hour of the Hoover year all that this Conference can do is to arrange for further delay?

The situation as we see it is really a simple one. There is very little doubt in anyone's mind that both reparations and war debt payments have played an important rôle in dislocating the world's financial system. It is equally clear that confidence cannot revive unless these payments are eliminated or reduced to such small proportions as to be patently incapable of creating fresh disturbances in the world's payment balances or of becoming a source of political unrest. There are very few who doubt that in the event these payments will not, in fact, be revived; the only difference of opinion is as to procedure and tactics. On this our view is plain: it is that the time has passed for seeking formulæ or for refusing, in the Prime Minister's words, to face facts. If we know and can agree upon the final goal, let us, in the name of sanity, define it now and relieve the world of suspense. Let the Creditor Powers at Lausanne announce, as their contribution towards recovery, that they cannot take the responsibility of further hesitation, but must make a final settlement *vis-à-vis* Germany to-day, in accordance with the facts.

It may be objected that an agreement covering only one section of the world's political war debts, namely, the inter-European obligations, would not of itself finally remove this element of uncertainty and dissension from the field of international affairs. We agree in the sense that the complete scheme of settlement cannot be finally rounded off until America is prepared with equal realism to face the hard facts of the situation. But this is a reason not for another postponement of a final reparations settlement, but simply for not forcing the debts issue with Washington at a particularly inopportune moment. To-day, America, with her eyes blinded by the dust of the electoral arena, is in no mood to think over much of world problems. By the autumn, the atmosphere in the United States will be different; however successful be the outcome of the Lausanne Conference, the forces of depression and trade strangulation now in motion are so strong that at best the coming months are likely to see an intensification of financial strain and growing world impoverishment; and the unrelaxed pressure of trade paralysis will cause even the Middle West furiously to think whether the attitude which Congress has so far adopted is really the best "business proposition" for the people of America. If a final settlement be achieved at Lausanne, it will be impossible for the American "man in the street" to avoid saying to himself: "In order to remove what they conceived to be a fatal obstacle to the recovery of international trade, these Europeans have cancelled their claims in respect of inter-Governmental war debts among themselves, although they knew that they ran the risk of still having to pay their debts to America at the cost of a great burden to their own Budgets. Should we not perhaps be wise to follow the same policy in our own interests?"

On such lines, we are confident, American thought would work in coming months, when the distractions of the Presidential election were over, provided only that the outcome of Lausanne represented, so far as reparations are concerned, a definite *fait accompli*. There would then be a hopeful prospect for negotiations between America and her European debtors, directed to the end that there should be a radical revision of war debts on a basis satisfying both the demands of equity and the realities of the situation. Such negotiations would clearly have to start from the same premises as those from which the present debates at Lausanne must proceed. Germany has said—and we believe that the Conference will accept this view—that her payments cannot be resumed without grave prejudice to world economy. Europe must say, with due regard to fitting time and method, that the transfer of European war debts cannot be resumed without the same grave danger. It is that proposition which the United States must sooner or later be invited to discuss; and the only good hope for an issue to those discussions on lines which avoid the objections of default, in contrast to agreed settlement, is if the European Creditor Powers give a lead

to-day, not by adopting the fatal attitude that they will perhaps be generous if America is generous, but by settling the business before them at Lausanne on the only basis which will save the system of Europe, as Mr MacDonald said, from "crumbling under our feet."

We repeat: there are two paramount considerations which the Conference will do well to keep ever-present in mind. Firstly, a final settlement of reparations is the only positive contribution which it can make at this moment towards recovery, and without which the assembly at Lausanne must be written down as having failed of its purpose. Secondly, by setting its own house in order first, Europe will be acting in accordance with what is expected of it by American opinion, and will stand the best, perhaps the only chance, of evoking from the United States a complementary response at the appropriate time.

A MINIMUM PROGRAMME.

LAST Tuesday, after a long recess, the Bureau of the Disarmament Conference, under Mr Arthur Henderson's presidency, met again at Geneva, attended by a number of distinguished statesmen *en route* from their national capitals towards Lausanne. Sir John Simon was there and M. Herriot; Signor Grandi and Mr Hugh Gibson; M. Benesh and M. Hymans; and M. Paul Boncour and M. Zaleski. And Mr MacDonald was in the city, though he had no time to attend the meeting. The Bureau decided to postpone convening another meeting of the General Commission of the Conference until the statesmen, coming and going between Geneva and Lausanne, have had a little time for private conversations. They allow themselves, provisionally, ten days.

This suggestion seems to have emanated from Mr Henderson; and presumably it is the price which he has had to pay for leave to side-track the committees of experts, which for weeks have been hard at work reducing the proposals of the General Commission to futility. We certainly feel no enthusiasm for this method of secret conclave; and yet, at the same time, it is plainly preferable to certain suggested alternatives. There was, for instance, the suggestion made by M. Paul Boncour—a French statesman who, having travelled almost all the length of the conventional politician's life-line from Socialism to Nationalism—is at this moment M. Herriot's Secretary for War. M. Paul Boncour apparently wanted the Conference to settle down to a discussion of the report presented by the technical committee on chemical and bacteriological warfare—a procedure which would infallibly have the result of limiting the Conference's whole activity to this tiny field. Mr Henderson succeeded in checking this move by bringing up a new set of general proposals on the subject of qualitative disarmament that have been put forward by the German delegation; and Herr Nadolny then explained that the sense of these proposals was that the principles applied in the Versailles Peace Treaty for the disarmament of Germany should now be adopted—voluntarily and not under duress, and universally instead of unilaterally—by all the parties represented at the Disarmament Conference. On these proposals M. Herriot "renewed the French reservations" until he had had leisure to read the text. The Italian and Russian delegations, which had read the text already, gave these German proposals their support.

Here we see, re-emerging, that dangerous polarisation of the Powers of Europe into two camps which declared itself during the last two sessions of the Preparatory Commission. Germany, Italy and Russia stand in one camp and France and her allies in the other. And where does Great Britain stand, as between them? At an earlier stage of the Conference Sir John Simon played a decisive part in supporting the plan of "qualitative disarmament." He has pleaded the same cause in the House of Commons, and has made himself heard again in this sense the other day. But great persistence and courage are necessary if real results are to be achieved, for the opposing forces are strong, and their resources—in the Press, in political and in economic influence—must be

frankly recognised. Among them is the subtle device of suggestion. It was, for example, persistently rumoured this week that the British Government had been privately and tentatively suggesting a ten or fifteen years' "armaments' truce," whose effect, presumably, would be the stabilisation of existing national armaments for that length of time. Fortunately, this has been categorically denied by the Prime Minister; for a more fatuous suggestion could hardly be made. Neither Germany nor Italy nor Russia would dream of accepting it; and for Great Britain to advocate it would be to promote not disarmament but discord and bitterness.

There is, indeed, no alternative but for the politicians themselves to take the responsibility and live up to the professions which the States members of the League have repeatedly made in the last fourteen years.

"The true test of our sincerity in a policy of disarmament, and as one of the signatories of the Treaty of Versailles, is whether or not we are willing to prohibit, or at least very substantially to reduce, the armaments which were prohibited in that Treaty to Germany—big battleships, military aircraft, big guns, submarines, and tanks."

These words are quoted, not from the new German proposals mentioned above; they will be found in a letter from the Archbishop of York and eight of his fellow-bishops which was published in *The Times* last Tuesday. In common sense and common honesty, the case for this measure of disarmament, if no more, is overwhelmingly strong. It is not, however, in itself enough, but needs to be supplemented by two additional points, which ought not to be allowed to go by default. The first of these points is budgetary limitation; the second is the establishment of a Permanent International Commission for Disarmament.

Budgetary limitation is a programme that will assuredly appeal just now to every taxpayer throughout the world; and if the taxpayers show fight on this point we do not believe that any of the Governments are capable of resisting the will of their electors. Budgetary limitation is a necessary corollary to qualitative limitation; for, if we achieve the latter without the former, the War Department will simply use the money which they have not been allowed to spend on armaments in the "limited" or prohibited class in order to maintain greater quantities of those other armaments that will remain exempt from direct limitation for the time being. Moreover, though budgetary limitations may not be "water-tight," it would be difficult to evade it by chicanery to any serious extent. That, at least, was the view of the technical committee which was appointed by the Financial Commission of the League of Nations to look into the matter.

A Permanent Disarmament Commission was suggested at the last session of the Preparatory Commission, on the analogy of the Permanent Mandates Commission of the League of Nations; and the analogy indicates that the proposal might result in something important and valuable. A Permanent Disarmament Commission would be to watch over the execution of a Qualitative Disarmament Convention and a Budgetary Limitation Convention—assuming that such conventions are successfully negotiated. Its second duty would be to call attention to new problems arising from new inventions. For it is certain that, if some categories of peculiarly offensive weapons are eliminated, the ingenuity of the sixty or seventy general organisations are in duty bound, so long as we maintain them—upon the enterprise of discovering equally deadly, or even deadlier, alternatives. A third function of the Permanent Disarmament Commission would be to study the possibilities of direct quantitative disarmament—pending the assemblage of a second World Disarmament Conference to do those things that have been left undone by the first.

Here is a minimum programme, which the politicians and technicians will sabotage at their peril. For it is crystal clear that on the outcome of the Geneva Conference, no less than on the decisions taken at Lausanne, will turn the question whether the world is to progress towards recovery or anarchy. Unless the European statesmen who control the destinies of the Disarmament Confer-

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once succeed in demonstrating that they have sufficient faith in the maintenance of peace to abate their preparations for war, what hope is there that America will volunteer her co-operation in economic reconstruction, what hope that the confidence, without which no economic reconstruction is possible, will ever be recreated?

STATE SPENDING AND THE CRISIS.

IRRESPECTIVE of the immediate situation, in which the attention of the business world is focussed less upon the particulars of markets than upon the political issues confronting the statesmen at Geneva and Lausanne, there is probably a large measure of agreement to-day among all thoughtful observers of the world crisis that much will depend in coming months on the rôle which the State plays in promoting or hindering each nation's progress towards recovery. We are far from making the large and questionable assumption that the task of reconstruction involves the wholesale supersession of individualist concepts in economic life; but a glance at the position of the world is sufficient to suggest that whether it be in the sphere of international relations, more particularly in the matter of fiscal policy, or domestically in relation to budgets—to say nothing of the application of theories of *planwirtschaft*—the course of events will turn largely on the economic attitude of States. And the consequences of a passive attitude—for example, if a State were merely to refrain from economising—might be almost as important as those which would follow from positive action.

One aspect of this question, namely, the influence of State expenditure, has recently received an airing in the columns of *The Times*, whose correspondence columns have been occupied by a controversy over the merits of public *versus* private economy. The correspondence revealed not merely marked divergence of opinion, but also a considerable confusion of thought; for one at least of those who addressed *The Times* appeared to think that under present conditions the beneficial effect of saving by abstention was so great that it was a patriotic duty to refrain from consumption without any regard either to consequential unemployment of labour or the purpose to which the savings so affected were put. Very properly the advocates of this form of collective suicide by starvation were conclusively routed. Though clearly it is not the duty of any individual to court insolvency by over-spending in order to create employment—any more than it would be for the world's remaining millionaires to sacrifice themselves for the good of the many by perishing of a continual surfeit of caviare—both common sense and the whole weight of economic authority are in favour of individuals and institutions maintaining at a time of acute depression their normal rate of expenditure within the limits of their capacity. This, however, is only one side of the story. The more debatable question has to be

faced: what should be the duty of the State with regard to expenditure both on revenue and capital account?

Let us deal first very briefly with the question of public expenditure on current account, bearing always in mind that we are thinking strictly in terms of the present crisis. Here we have to reckon with two theses. According to the first, given the urgent desirability of "reflation" of the price level, the State should be careful lest retrenchment of its expenditure—whether on salaries, unemployment relief, or other current items—leads to a reduction of purchasing power which is reflected in a further depression of prices and further stagnation of business. In certain circumstances, it is argued, it might even be advantageous for the State deliberately to have a substantial Budget deficit. From this proposition the other thesis emphatically dissents. Since taxation in times of depression, so the argument runs, becomes not only psychologically depressing to enterprise, but also destructive of the saving necessary for new investment and for the purchase of marginal consumers' goods of the more durable type, *e.g.*, motor-cars, the essential thing is for the State to practise rigorous economy and so leave in individual hands a larger volume of liquid funds which can be relied upon automatically to stimulate enterprise and recreate wealth.

As between these two contradictory theses, the real case for public economy has to be carefully stated. So far as the merits of a balanced Budget are concerned, there is little room for dispute. Of all means of bringing about "monetary expansion," the creation of a Treasury deficit is the most likely to become unmanageable and to start the vicious spiral of uncontrolled inflation. Moreover, nerves to-day are so readily worked upon by fears that, as recent experience in the United States has shown, even in an economically almost self-contained creditor country failure, real or apprehended, to balance the Budget of the State may have a positively deflationary effect on enterprise and prices. In the case of countries with more vulnerable balances of foreign payments a "policy of deficit" is too palpably dangerous to merit consideration.

Given, then, the necessity of maintaining a balanced Budget, what are the factors to be considered? If the choice were between (1) adhering to pre-existing rates of expenditure and taxation and (2) wielding a ruthless axe in order to lighten taxes, we should be prepared to agree that opponents of (2) could make out a case against indiscriminate retrenchment by the State. In countries whose exchange is suffering from "import strain," lessened public expenditure is obviously required; but in countries not so handicapped, and where the level of taxation is not oppressively high, it is arguable that (a) the transference of wealth, which the bulk of modern State expenditure involves, may have the effect of mitigating the severity of a depression by maintaining mass purchasing power; and (b) if enterprise is lacking, investment and productive activity are not necessarily fostered by a decision to leave rather more money in the hands of the taxpaying class.

To such arguments, however, the real answer is that the choice to-day is not, in fact, that described above. What Governments actually have to decide is whether to cut down expenditure or maintain it at the cost of adding still further to the burden of taxes whose yield is shrinking *pari passu* with the decline in the national income. And this being the case, the conclusion must be that—quite apart from the psychologically depressing effect of taxation which is felt to be too onerous—it is contrary to the national interest to endeavour to maintain undiminished standards of recipients of State funds at the expense of trenching upon the national capital, restricting enterprise or further curtailing the expenditure of the already hard-pressed taxpayer.

The question of State expenditure on capital account—expenditure which can be financed in other ways than out of tax revenue—is another matter. Here the issue to be decided is how far it may be necessary for the State to embark on capital expenditure of productive types in order to give the necessary stimulus to new investment. In our opinion the question does not and cannot arise until other essential conditions of recovery have been realised. Until the foundations of confidence have been restored by a settlement of the problem of international political debts and by international agreement on saner fiscal policies, schemes of State-financed development would be as fruitless and apt to end in loss and waste as a revival of private enterprise is unlikely. Assume, however, preliminary international accord of such a nature as to relieve political tension and to afford some degree of assurance as to the future of currencies, prices and trade relationships; then it will still remain to be seen whether confidence has not so far been destroyed that an initial impetus towards expansion by State capital expenditure may not be necessary.

It is a question which, as we have indicated, is not of immediate relevance, but it is a question on which clear thinking is required before the assembly of the projected World Economic Conference. For, we suggest, it is on international lines, and on international lines alone, that expansion of State expenditure on capital account can play any useful part in stimulating recovery. The general objection that public works withdraw capital from private activity and employ—at the expense probably of some waste—funds which would be alternatively and better utilised, is not convincing. This common argument is based on the fallacy that the supply of capital is fixed, whereas in fact the capital which finances periods of industrial expansion is not a finite sum available in advance, but is, to a large extent, created as production expands. Moreover, as matters stand, there is a real danger that money which is saved may not be invested, because in the “investment” industries, where depression is greatest and the need for revival most imperative, there is a fatal lack of confidence in the restoration of enterprise to conditions of profitability.

But, however cogent may be these considerations, the fact, we fear, has to be faced that within the limits of national action no great stimulus by the State can be effectively or safely applied. Mere reversal of recent tendencies towards curtailment of capital expenditure by the State would not serve the end in view. For example, in Great Britain, up to 1931, capital outlay by the Government on roads, etc., had been maintained for years at a fairly high level without giving any pronounced stimulus towards industrial revival. To be effective, schemes of State expenditure would have to be on bold lines, which not only led to a definite expansion of demand for capital goods, but had also a stimulating effect psychologically—for example, the electrification of the whole of the British railway system. As matters stand, however, schemes of this nature are scarcely practicable in any country—except possibly the United States—having regard to the fact that (a) unless there were a parallel expansion of activity in other countries, the expanding country's balance of payments might be seriously upset, and (b) the rentier everywhere is so much a prey to apprehension that an economic programme in which the public finances were pledged might gravely impair confidence in the country's financial stability and so lead to increased abstention from investment in that country in other directions. No such objec-

tion, however, would arise if, as a coping stone on a framework of other political, monetary and fiscal agreements, an understanding were reached between, at any rate, the financially stronger countries, that they would simultaneously put into operation large schemes of productive public works as a first step towards breaking a depression which might otherwise drag on even when conditions favourable to recovery had been brought into being.

IMPERIAL PREFERENCE: AUSTRALIA.

THE present economic relations of Australia with the rest of the world have been fashioned by the sudden interruption of international lending, her consequent efforts as one of the world's greatest debtor countries to adjust her balance of trade, and the fall in the prices of her principal exports that accompanied those endeavours. In 1929-30 (all Australian trade statistics are given for the fiscal year July-June), her imports totalled £129.5 millions and her exports (including re-exports) £125.1 millions, which gave her a net inward balance of £4.4 millions; in 1930-31 this was changed to a net outward balance of £42.9 millions, imports having been reduced to £59.2 millions and exports to £102.1 millions. During this struggle to maintain the external balance of trade, the Australian pound was forced away from parity with sterling, and there is now a 25 per cent. premium on the exchange; the committee of experts recently appointed by the Commonwealth Prime Minister to advise what steps might be taken to alleviate the economic situation reported that the rise in the exchange rate, which reduced the world price of Australia's goods without involving a fall in their prices in Australian currency, had been an essential part of the adjustment to present world conditions. The fall in the national income through the decline of prices, the drying up of borrowed money, and widespread unemployment have forced upon Governments and private industries alike the most severe economies, including a 26 per cent. reduction in money wages under Commonwealth awards and a semi-compulsory reduction of internal Government interest, in spite of which State and Commonwealth budgets still show deficits estimated at £18 millions in the current year.

Australia comes to the Ottawa Conference, then, with her interest centred far more upon possible measures designed to resist the fall of commodity prices and to start an upward movement than on mere fiscal adjustments. But that the two problems are not entirely separate was plainly re-affirmed by those same economic experts in a passage upon which every delegate to the Conference would do well to reflect.

To some small extent Australia may help to raise world prices. She is part of the world economy, and any action reviving her prosperity accelerates that of the rest of the world. In particular, she can assist herself and the rest of the world by negotiating treaties with other countries for mutual reductions in tariffs. In addition to the probability of improved terms of trade within the Empire as a result of the Ottawa Conference, it is common knowledge that the governments of important European countries are at this moment ready to respond to overtures from Australia for reciprocal treaties. The removal of barriers to trade and international investment offers the most hopeful way out of the depression.

They are not deaf ears on which this advice falls. One of the first acts of the new Lyons Ministry was to revise the tariff schedules in a generally downward direction—the most notable, indeed the only considerable, reduction of tariffs anywhere in the world during the past few years. The United Australia Party is supported by the Country Party, which is strongly in favour of still further tariff cuts. Speaking at the opening of the Royal Agricultural Show at Sydney on March 23rd, the Commonwealth Prime Minister advised producers to combine in an endeavour to keep down to the minimum the protection given to industries, subject to the necessity of building up secondary industries essential and valuable to Australia.

The Australian Government has been giving careful attention to the questions that Ottawa will present, and a Cabinet sub-committee under Mr Bruce, who will head the delegation, has been considering in detail what Australia might offer and what she might reasonably expect

from Great Britain and other parts of the Empire. The general conditions of the problem are shown in the following table:—

AUSTRALIA'S EXTERNAL TRADE BY COUNTRIES.
(In millions of £'s).

From or to :	Imports.		Exports.	
	1925-26.	1930-31.	1925-26.	1930-31.
United Kingdom.....	65.8	23.3	61.6	50.9
Canada	3.8	1.4	0.9	1.0
New Zealand	2.7	1.0	4.9	3.0
India and Ceylon	8.2	4.8	3.9	3.5
Other British Possessions	5.1	1.6	7.1	3.3
Total, British Empire	85.6	32.1	78.4	61.7
United States	37.2	11.4	13.0	2.9
Belgium	0.9	0.3	6.2	4.2
France	3.8	1.5	18.5	6.7
Germany	2.8	2.0	7.0	5.3
Italy	1.4	0.6	4.7	3.5
Japan.....	4.4	2.4	11.0	9.5
Dutch East Indies	6.2	4.0	2.2	1.4
Other foreign countries..	9.3	4.8	7.5	6.9
Total, foreign countries	66.0	27.0	70.1	40.4
Total, World.....	151.6	59.1	148.5	102.1

The proportion of imports coming from Great Britain, which was 43.42 per cent. in 1925-26, was fairly well maintained until 1930-31, when it fell to 39.37 per cent.; examination of the different classes of imports shows that the fall then was due rather to the disproportionate curtailment of manufactured imports than to any advance made by our competitors. Mr J. C. Latham, the Commonwealth Attorney-General, recently pointed out how important the preference had been in enabling Great Britain to retain so large a share of the Australian market. During the two years 1928 to 1930, he said, over 50 per cent. of our exports to Australia entered duty free, and 46 per cent. of the total were free only because they were of United Kingdom origin.

Nevertheless, the proportion has definitely fallen and there is plainly still room for expansion in our sales, notably of textiles and clothing, iron and steel, and certain groups of machinery and other metal manufactures. The line which the Australian Government has been disposed to take—and it is obviously the correct one—is to seek means of dividing the various branches of a group of industries between the different parts of the Empire so as to secure the maximum efficiency by concentration of production. Mr Latham recently expressed his Government's belief that where a market in Australia was small, and where it was uneconomic to stimulate the manufacture of a particular article in Australia which Great Britain, with its larger output, could produce more efficiently, there was no reason why the tariff should not be arranged so as to give the whole of the market in that article to Great Britain. This view has been endorsed by other Ministers, including Mr Bruce. Representatives of the iron and steel industry have already visited the Dominion in an endeavour to secure co-operation along those lines. Mr Gillett, the Minister for Trade and Customs, said a few days ago that while the Australian delegation at Ottawa would not attempt a meticulous and niggardly weighing of respective concessions, ways would be found to make concessions to Great Britain which would tend to make her as generous to Australia as she possibly could be.

What form, then, is our generosity expected to take? In the five years 1926-27 to 1930-31, as much as 41 per cent. of all Australia's exports to the United Kingdom consisted of wheat and wool, which are by far the Dominion's leading exports, so that at first sight these would appear to be the commodities upon which she would concentrate her efforts to secure fiscal advantages. But, as we saw in considering Canadian wheat last week, there is another side to the problem. For neither of these staples does Great Britain form as much as one-third of Australia's total overseas market, and in each of them the British Empire produces a surplus beyond its internal needs. It is therefore not surprising to find Mr Hawker, the Commonwealth Minister of Markets, declaring that his Government did not intend to encumber its case by seeking preference on wool and

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wheat; proposals for enlarging the quota of Dominion wheat gristed in British mills under conditions which would not raise the price to British consumers would dislocate the trade and involve the loss to the Dominions of their hard-won trade relations with other countries, without increasing the return to Dominion farmers. Instead, he added, they would look for assistance on meat, eggs and dairy produce.

Great Britain is Australia's principal, almost her sole, customer for butter, beef, mutton and lamb, as she is for fruit, both fresh and dried. On the other hand, Australia is far from being our principal source of supply. In 1930 she sent us 13 per cent. of the butter, 6 per cent. of the beef (quarters and sides), and 14 per cent. of the mutton and lamb, that we imported. Her exports to us of eggs, cheese and other dairy produce were very small. In butter and mutton one of her chief competitors is New Zealand, in conjunction with whom—since we are unlikely to discriminate between them—she should be considered. Most of our imported beef comes from the Argentine, but, unless and until the method of cold storage is much further developed than at present, Australian beef scarcely competes directly with the Argentine product, since the long journey necessitates its being frozen instead of chilled and its palatability is, thereby, considerably lowered. Thus our opportunities of enlarging the sales of Australian produce in Great Britain are strictly limited. But they are not by any means negligible; and if the Australian Government carries to the point of a definite offer its expressed desire to reduce the obstacles to the sale of British goods, such proposals must be carefully weighed against the disadvantage of levying taxes on staple foods and of prejudicing our trade in foreign markets.

ROAD COSTS AND TAXATION.

(BY A CORRESPONDENT.)

THE problem of the equitable allocation of taxation between the different classes of motor vehicles demands an early solution in the interests of both rail and road transport, and the whole question of road costs needs careful consideration. It is easy to argue that the roads should be paid for by road-users, but, as everybody is to some extent a road-user, this merely begs the question. There are two things to decide; firstly, the total annual cost of the roads, and, secondly, the basis on which the cost should be divided.

The determination of the annual cost of the roads is much the simpler problem. The last complete official figures are for 1928-29, when the total expenditure on the roads, including expenditure out of loans, amounted to £57,342,643. The figure appears subsequently to have risen slightly—mainly on account of grants made in respect of works expedited to relieve unemployment—until the present year, when it has undoubtedly fallen, thanks to the rigid economy of local authorities. The greater part of the money expended on unemployment schemes cannot in any sense be regarded as a proper charge against road-users as such, and should clearly be deducted to arrive at the true cost of the roads. This total should be easily ascertainable; grants from the Road Fund alone towards

unemployment schemes amounted to £1,968,572 in 1928-29 and £16,186,873 in 1930-31. The total cost of necessary road work may to-day very well not exceed £50,000,000 a year. Capital works financed from loans rose from £1,345,011 in 1919-20 to a maximum of £11,431,781 in 1925-26 and subsequently fell to £8,825,571 in 1928-29. The indications are that this figure will continue to decline now that the major part of the reconstruction of the roads to fit them for motor transport has been completed. So far as costs are concerned, there seems no reason to expect any increase in the 1928-29 standard in the future except as part of a policy of public relief.

Indirect unemployment relief, given either through undertaking works which would not have been undertaken, if highways maintenance were regarded purely as a business proposition, or through organising work with the object of employing the maximum amount of manual labour rather than with achieving the lowest possible cost per unit of work through the adoption of mechanical methods, should be excluded from the true cost of the roads. The first step towards the equitable allocation of this cost between road-users is to determine the community-value of the roads, i.e., the value to pedestrians who have no other means of moving from place to place without trespassing on private property, and to the public as a whole for the facilities afforded over or under the roads for various public utility services, such as water, gas, electric light, telephones, telegraphs and sanitation. The use of the roads for the movement of livestock and for pedal cyclists may also be included in their community-value, as neither use can conveniently be taxed. To the extent to which the roads have a community-value they may be considered a proper charge on the ratepayers, and the amount of this charge can only be assessed by reference to the cost of the roads before motor transport came into general use. This was £12,548,000 in 1900-1, a figure which, after adjustment to, say, £20,000,000 to allow for the change in the cost of road work, may reasonably be taken to represent the present-day community-value of the highways system.

The roads are to-day used mainly by wheeled vehicles of various kinds, which, together, should pay for the whole cost over and above their community-value level, but excluding money spent on unemployment schemes. It is usually claimed that the basis of payment in respect of vehicles should be according to the use made of the roads or according to the damage done to them. In practice this implies an ideal of payment on a ton-mileage basis, although ton-mileage takes no account of the type and width of tyres, average speeds, or the amount of acceleration and deceleration, all of which are also important factors in road wear, as well as the particular roads over which the mileage is run. There is, however, a good deal of evidence that ton-mileage is less important than might appear at first sight. The cost of ordinary maintenance and repair of Class 1 roads was £14,561,000 in 1922-23, compared with £13,414,000 in 1928-29 and £13,985,000 in 1929-30. Class 2 roads showed a small increase from £4,547,000 in 1922-23 to £5,278,000 in 1928-29 and £5,388,000 in 1929-30. The change in seven years in the total cost of Class 1 and Class 2 roads was therefore negligible, although the number of vehicles increased in the period by 124 per cent., from 952,474 to 2,130,628, while, from the evidence of the censuses, the ton-mileage of traffic probably increased to an even greater degree. These figures appear to establish the fact that a suitably constructed road will stand up to any normal traffic without appreciably increasing the cost of maintenance. It would seem, therefore, that the factors to be taken into account in assessing the contribution of a vehicle should be its weight and average speed, as these, rather than ton-mileage, have determined the type of road surface necessary to accommodate modern traffic. Considerations such as damage to property from the vibrations caused by motor vehicles, or increase in site values from the development of motor transport, cannot for lack of statistical evidence be taken into account, and in any case probably cancel one another out.

The present allocation of motor taxation between

classes of vehicles may be estimated to be approximately as follows:—

ESTIMATED ALLOCATION OF MOTOR TAXATION.			
	Vehicle Taxes.	Petrol Tax.	Total.
Private cars and motor cycles.....	15,000,000	10,000,000	25,000,000
Commercial goods vehicles	9,300,000	13,800,000	23,100,000
Commercial passenger vehicles ...	3,100,000	8,200,000	11,300,000
Driving licences, etc.....	725,000	...	725,000
	28,125,000	32,000,000	60,125,000

The re-allocation of the proportions on the basis described above would not be a very difficult task, but the result would probably not differ markedly from the present position.

In addition to the difference between the community-value of the roads and their true costs, vehicle owners should also be required to pay for the cost of police and other signalling, and the interest on money spent on the reconstruction of the roads in the period when motor traffic was increasing, but before it was paying its way in motor taxation. The total cost of the roads from 1900-1 to 1928-29 was £792,000,000. The total yield of motor taxation in the same period was £190,000,000, and the approximate community-value, on the basis taken above, some £460,000,000, leaving a balance of £142,000,000 due from road vehicles, or, at 5 per cent., a little over £7,000,000 a year. In addition, a figure of between £2,000,000 and £3,000,000 a year may be allowed for the cost of signalling, making a total for these two items of some £10,000,000 a year. To this must be added £30,000,000, the difference between the true annual cost of the roads (circa £50,000,000) and their community-value (circa £20,000,000). It would seem, therefore, that the total due from motor taxation towards the cost of the roads is in the order of £40,000,000 a year, a figure which is considerably less than the present yield of some £60,000,000 a year from motor vehicle taxes.

NEO-NEP IN RUSSIA.

(BY A MOSCOW CORRESPONDENT.)

THEORETICALLY the Russian Communist leaders believe in large-scale State and co-operative agricultural enterprises and in an apparatus of distribution that leaves no scope for private trade. Practically, when the country is confronted with food shortage, they are inclined to abate something of their theoretical rigidity and to make concessions to the incurable peasant instincts for individual property and private trade—at least until the immediate crisis of supply has been alleviated. The classical illustration was Lenin's proclamation, in 1921, of the Nep, or New Economic Policy, with its substitution of a tax in lieu of the peasants' surplus produce. More recently, in the spring of 1930, Stalin stayed off what threatened to be a major political and economic crisis when he assured the peasantry that membership of collective farms did not mean surrender to common ownership of their houses, gardens, chickens and pigs, and that every peasant family would be allowed to preserve one unsocialised cow. To-day the term Neo-Nep, or Newest Economic Policy, might be used to describe the very important changes in Soviet agrarian collection and distribution methods which are outlined and foreshadowed in decrees on grain and meat supply which have recently appeared under the signatures of Stalin and Molotov, and in other recent legislative and administrative acts.

The main points of the grain decree, which appeared first, are that State purchasing organisations will buy, this year, from the peasants at fixed prices about 18,400,000 tons, assuming an average harvest, against over 23,000,000 tons which were bought in this way during 1931. The peasants are free to dispose of the surplus as they choose—either on private markets, where they can get high prices but must also pay dearly for manufactured goods, or in special "collective farm bazaars," where the established farm prices are lower, but where manufactured goods are also sold at more moderate prices. The

meat decree was practically a repetition of the grain decree, except that the reduction in the centralised collection was more drastic, from 1,414,000 tons to 716,000 tons.

These decrees are calculated to soften and modify quite substantially the system of virtual requisitioning (at fixed prices) of the Russian peasant's most important product, grain—a system which has also applied with varying degrees of strictness to meat, cotton, flax, sugar-beets and other products. From the peasant's standpoint there were two great objections to this system, which was obviously advantageous to the State, interested primarily in assuring the bread supply of the army and of the rapidly growing new industrial centres and in promoting the exportation of grain. Firstly, few travellers who have talked at any length with peasants in collective farms can have failed to hear the complaint that the State collecting agents often underestimated the amount of grain which the peasant family required for its own subsistence and for the maintenance of its domestic animals. Secondly, the roubles which the peasant received for his grain could not be fully or readily converted into manufactured goods. Consequently, the peasant was left with a considerable quantity of roubles; and paper money, in the rural districts, is not a prized possession.

The decision to relax the rigidity of the food collection and distribution system seems to have originated in two causes, which are closely inter-related—the lowered morale and indifference of the peasants and the unsatisfactory food situation of the country. While the Soviet Government has kept the industrial workers, especially in the larger centres, supplied with an adequate ration of the simpler foodstuffs, the shortage of meat and dairy products, even in Moscow, which is better supplied than the provinces, has been more pronounced than usual during the last winter. In Ukraine there is apparently a shortage even of bread for some classes of the population.

There are three main causes for the present food stringency—the necessity for large exports in order to meet foreign commercial obligations; the laying in of reserves for possible military contingencies in the Far East; and the poor functioning of many of the State and collective farms. The first cause is likely to remain burdensome at least for the duration of the world crisis, with its accompaniment of low prices and contracting markets; the removal of the second depends on Japan; but the Soviet authorities are evidently convinced that improvement is possible as regards the third, and that the present decrees will promote this improvement.

Up to a comparatively recent time there was a tendency to look for the solution of the acute shortage of meat and dairy products (itself a prolonged inheritance from the wholesale slaughtering of cattle, pigs and chickens by the peasants in the winter of 1929-1930) in the development of large State cattle and sheep ranches, pig and poultry farms, and in the gradual socialisation of the domestic animals which remained in the possession of collective farm members. A few weeks ago, however, the published results of a Governmental investigation revealed widespread mismanagement in the State livestock farms, with consequent high mortality among the animals and poor condition of those which survived. About the same time a decree severely censured local officials who had been socialising the farm animals of peasant members of collective farms against their will. To-day the provision of individual incentives to the peasants is temporarily at least an essential element in raising agricultural productivity and hence improving the food supply of the country. But the success of the new system will depend primarily on whether the progress of industry will make available a substantially larger quantity of products which the peasants require for everyday consumption.

When one speaks of a Neo-Nep in Russia one should never forget that this is 1932, not 1921, and that conditions have greatly changed during the intervening eleven years. The loosening up of the Soviet distributive system (a loosening which is further emphasised by a new decree abolishing food rationing except for certain staple products, such as bread, flour, meat, herrings, sugar and butter) does not mean an abandonment of the collective farm system or the clearing of the road for any such sweeping revival of speculative private trade as occurred

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in 1921. It does mean that the individualist spirit which the Russian peasant by no means discards when pressure of economic circumstances brings him into the collective farm is to receive more consideration, at least in the immediate future.

In a sense the new policy in agriculture is a logical complement to the new policy which has prevailed in Soviet industry since Stalin announced his so-called "six conditions" in an important speech last summer. These conditions, which included the more widespread adoption of piecework and differential wage-scales, greater individual responsibility in industry and a cessation of persecution and discrimination against pre-revolutionary engineers and specialists, have yielded valuable results. The Stalingrad tractor factory, which was a positive eyesore on the Soviet industrial landscape a year ago, is now turning out its full quota of production, and the first quarter of this year showed the substantial gain of 20 per cent. in industrial output over the same period in 1931, although this fell short of the year's plan, which called for an increase of 36 per cent. But food supply, which cannot fall too low without affecting labour productivity, has not kept pace with the progress of industry, and it remains to be seen whether the concessions to the peasant's individualist instincts will fully achieve the desired improvement.

Notes of the Week.

British Monetary Policy.—The concluding debates on the Finance Bill, which secured a third reading last Friday by 409 votes against 34, centred largely round the Exchange Equalisation Account, but did little to throw fresh light on Britain's monetary policy. Pressed for a statement, Mr Chamberlain referred the House to what, he implied, was an accurate series of inferences drawn in a previous speech by a Conservative back-bencher, Mr Albery. From a study of the Chancellor's speeches and answers, Mr Albery had deduced the following six points of policy:—(1) That we are aiming at a return to some form of gold standard, not barring the possibility of a gold-cum-silver standard; (2) that the eventual return will be at a figure below the previous gold parity; (3) that a return to gold is not expected to take place in the near future; (4) that it is intended to control fluctuations in sterling exchange with a view to bringing about a higher price level of commodities; (5) that, meanwhile, every effort will be made to prevent violent fluctuations of sterling; and (6) when the higher commodity price level has been attained, stability of commodity prices will be an objective. These six points, according to Mr Chamberlain, represent "an accurate account of the general considerations which have been in my mind from the first." Nothing more specific could the Chancellor be induced to say; nor did he attempt to reconcile—except by saying that "we must be affected by gold prices"—the apparent incompatibility between the objectives of a stable sterling exchange and higher prices, so confusingly mixed together in Mr Albery's fourth and fifth points. Indeed, Mr Chamberlain's decisiveness was all on the negative side. For any country to be "dogmatic" on monetary policy would be a most unhelpful manner of

bringing about world agreement; if ever the time came for this country to give a lead, this was certainly not the time or the occasion. In short, "to-morrow and to-morrow and to-morrow. . . ." But procrastination in such a crisis as this is the thief of more than time.

The Chancellor on the Outlook.—Winding up the debate on the Finance Bill, Mr Chamberlain took the opportunity of making some general observations on the outlook. Deprecating unfounded pessimism no less than the "breezy optimism which makes its wishes the criterion of its beliefs," he recommended to the House the maintenance of cool, carefully preserved judgment. With regard to the Budget, though the figures of unemployment were disappointing, he saw no reason at present to forecast any considerable shortfall in the yield of inland revenue, while calculations as to the prospective yield of indirect taxation were at the moment premature. In general, not only had confidence in sterling been restored, but our position compared favourably with that of other countries, though Mr Chamberlain added, in a significant passage, that world trade as a whole was continually diminishing and that we could not expect any single country to be prosperous when all the rest of the world was distressed. Many problems remained to be solved, but, even supposing hopes at Lausanne were disappointed, the House need not suppose that further taxation in this country was inevitable. We had not yet come to the end of possibilities of reductions in national expenditure. On the other hand, further large economies could not be achieved without serious changes in national policy with regard to such matters as defence, pensions, education, housing and unemployment insurance. The Government would not introduce changes lightly or without being sure that they were necessary, though they would lose no opportunity of reducing national expenditure where that could wisely and properly be done. The speech went some way to allay fears that an autumn Budget, adding seriously to the burden of taxation, would be inevitable; but it left unanswered a great number of questions that will arise next winter if the world crisis is aggravated, the cost of unemployment relief increased, and no conclusion reached before December 15th as to the annuity due by us in respect of our war debt to the United States.

Sir Donald Maclean.—The tragic and unexpected death of Sir Donald Maclean has removed from English public life a man who was held in universal respect by all with whom he came in contact, whether their opinions agreed with his or not. His courage, his steadfast adhesion to principle, his understanding of the mind of the people and his unflinching good humour and kindness of nature seemed to lift him above the pettinesses of political strife. That is not to say, however, that he was not a bonny fighter. On the contrary, Sir Donald was an ideal man to have alongside of one in a tight corner. No man was more loyal or more staunch in holding to the course which he believed to be right. Without these qualities it would have been impossible for any man to have led the remnants of the Liberal Party through the Parliament of 1918 and to have brought them through it with greater prestige than when it began. The Liberal Party has lost one who seemed to embody in an exceptional degree the Liberal outlook, while England has lost from the stage of her public life a very fine gentleman.

Republicans at Chicago.—The Republican Convention which is being held this week at Chicago could not have been better staged if it had been designed on purpose as an ocular demonstration of the divorce between the traditional machinery of modern democratic politics and the urgent problems of modern social life. We are impatient with the Disarmament Conference because, in 1932, it is talking the language of 1918; and, in an age when events move so fast and furiously towards destruction, a time-lag of fourteen years is serious enough. But what are we to say of an American party meeting which is not fourteen years behind the times but half a century?

The Americans are as old-fashioned in their politics as they are up to date in all that appertains to clock-work; and, in these times of stress and strain, the weak points in obsolete political machinery are likely to be found out. The spectacle of this Republican Convention at Chicago going through its conventional motions in the thick of "the economic blizzard" reminds one of the last days of the "Holy Roman Empire" in the seventeenth-nineties. It is hard, indeed, to understand why Mr Hoover should wish to be nominated again by this body to the Presidential office; and, for our part, we feel that General Dawes has shown greater wisdom in firmly refusing to be nominated for the Vice-Presidency—an office which will be a bed of roses during the next four years compared with the Presidency itself. For the rest, the managers of the Convention have tried to carve a plank for their platform which will shape the Republican Party's policy on the drink question to the common liking of "wets" and "dries"—a result which the eventual decision to go for a plan of local option by individual States, leaving the Federal authority neutral, can hardly be expected to achieve. The rest of their energy seems to be taken up with the effort to avoid hearing the demand for a lowering of tariffs which is coming, in significantly insistent tones, from the Middle West. No doubt, the political virtuosi whom the party machine turns out can reckon to a nicety the number of votes that they are going to lose by leaving undone those things that the American people is demanding of them. But, if they can calculate, they cannot act on the result; for they are the creatures of the machine and not its masters. What will be the upshot? A landslide from the Republican to the Democratic side? Or is the Democratic Party in like case? Viewed from a distance, by eyes no matter how friendly, the processes of securing government "of the people, by the people, for the people," are not inspiring.

The Week in Germany.—The "Government of Barons" is not finding its task too easy. To maintain its position it has to secure at least the benevolent neutrality of the Nazis, whose forces include strong elements likely to be aroused into opposition by the new Emergency Decree described in detail by our Berlin correspondent on a later page. Herr Hitler has temporarily been "bought off" by a decree raising the ban on the Brown Army, which now appears again upon the stage with the blessing of a President who decreed its dissolution only two months ago. A further price which has to be paid is that the Reich Government must enable the Nazis to obtain control over the Prussian Landtag; but the Southern States are already up in arms against the idea of any interference with State rights. Herr von Papen's Minister of the Interior sought to allay the anxieties of the States by giving an assurance of the present Reich Government's intention to respect the present Reich Constitution. This assurance took the form of a statement to individually and not, like the Reichstag, the German people as a whole. This assurance, however, did not pre-empt the Prime Ministers of Bavaria, Württemberg and Baden from visiting Berlin and having an interview with President Hindenburg and Herr von Papen last Sunday. The Southern States object equally to the idea of putting the Prussian Government into the hands of a Reich Commissioner and to the decree resuscitating "the Brown Army"; and they appear to have expressed their objections vigorously. Protests against the resuscitation of Prussia—a Catholic and industrial district which is one of the most important parts of the Prussian territory. Meanwhile, in a broadcast address on Tuesday—the first broadcast talk that has been delivered in the Nazi interest—Hitler's vigorous lieutenant, Herr Gregor Strasser, denounced the exploitation of German nationalism, in the pre-war period, for the service of dynastic and financial interests, and made conciliatory gestures towards the Social-Democrats, the foreigners, and even the Jews. On all round to the alternative of Germany re-arming up to her late adversaries' present level. But he dismissed the

possibility of the present inequality continuing. On this point the Nazi spokesman was obviously speaking, not merely for his own party, but for the whole German people.

Japan Under Pressure.—On paper the present Japanese Government looks strong, for it is a coalition Government of the two political parties, and it has taken office to do the will of the all-powerful military camarilla. But the economic crisis is stronger still; and the effects of this economic pressure in Japan are now translating themselves, in all manner of ways, into politics. The Japanese Government is at present being pressed to devalue the yen; it is being pressed to recognise officially its own puppet Government of Manchukuo; it is being pressed to support the Manchukuo Government in taking the collection and receipt of customs in Manchuria out of the hands of the China Maritime Customs organisation; and it is being pressed to patronise certain projects for the organised mass-settlement of Japanese colonists on the land in the Manchurian countryside. As regards the points relating to Manchuria, some of the pressure comes from the Manchukuo Government—that is to say, from the Japanese officials by whom that Government, such as it is, is managed; but the main pressure evidently comes from Japan itself; and this pressure is formidable, because it represents the last hope of the Japanese agricultural population, who are suffering severely from the slump in international trade, and who have been led to look towards an eldorado in Manchuria as an asylum from their present ills at home. Unhappily for the Japanese Government, in Manchuria "General Winter" has to be faced by the Japanese settler as well as General Ma. The Japanese army controls the towns and the railways; but it is far indeed from being able to make safe, for the Japanese agricultural colonist, the great open spaces of the Japanese countryside; and even if this human difficulty were overcome, there is no indication that the climatic difficulty would prove soluble. Japanese militarism has held out hopes to the Japanese people which it cannot make good.

The Junta in Chile.—Having seized power with a confiscatory Socialist programme, the new Chilean Junta are now confronted with the task of making good their rather drastic undertakings—and this in face of probable opposition not only on the part of the foreign interests concerned, but also on the part of the Chilean professional classes and bourgeoisie. They began operations at the end of last week by taking possession of the Central Bank—an institution in which both Chilean banks and foreign banks operating in Chile are compulsory shareholders—and re-christening it "the State Bank," with the announcement that its shares are to be redeemed at par (without any specification of rate of exchange). They have also issued a decree declaring all deposits of foreign money in the banks of Chile, both Chilean banks and foreign, to be Chilean national property—the owners to be credited, in this case, with the equivalent of their deposits at the rate of exchange which prevailed on the third of this month. These policies, like the policy of dissolving Cosach, are obviously easier to enunciate than to put into action; and, last Monday, the decree concerning the Central Bank was officially retracted by the new Minister for Finance. On the same day, the Government intimated that it now intended to go slow in dealing with Cosach—somewhat naively proclaiming, as new discoveries, that Cosach was a large and complicated organisation and that the destinies of this organisation were, after all, secondary to the prospects of the nitrate industry itself. On the same day, one of the three new dictators, Don Carlos Davila, resigned and was succeeded by Don Rolando Merino, who had already succeeded Colonel Grove (now Minister of War) in the command of the Air Force. There has also been a new appointment to the Ministry of the Interior. These changes suggest that the doctrinaire Socialists on the Junta may be already finding themselves compelled to yield to force of circumstances. Meanwhile, a British cruiser has been sent somewhat hastily to Callao, in Peru, in order to be at hand in case British interests in Chile need protection.

Abyssinian Growing Pains.—Abyssinia is growing, or trying to grow, out of a loosely-knit mediæval monarchy into a standardised state-member of our modern "great society." And it is only natural that she should suffer some growing pains when she is seeking to add this outsize length in cubits to her stature. The recent symptoms all fall within certain well-recognised categories. The French Minister at Addis Abeba has had an "incident" with a nationalistically-minded Abyssinian railway station master; a sub-king has been arrested on the orders of the reigning Emperor Haile Selassie; and the ex-Emperor Lijj Yasu has escaped from his long internment at Addis Abeba—only to be recaptured by the reigning Emperor's troops. The conflict underlying these various disturbances of the peace is a trial of strength between traditionalism and parochialism—represented by the arrested sub-king and the recaptured ex-Emperor—and the centralism and modernism which are represented by the present incumbent of the Imperial throne of Ethiopia; while the station master's fracas with the French Minister is the typical gesture of a re-awakening Oriental nation up in arms to assert its equality of status with the Great Western Powers. In Abyssinia, as in most other Oriental countries that have been through this same metamorphosis, modernisation and centralisation go together; for the old traditions cling to the soil by local roots. In Abyssinia, however, the task of making the authority of the Central Government effective over the local principalities is particularly difficult, since the nature of the physical terrain—a plateau intersected by river gorges and diversified by mountain ranges—gives a formidable advantage to local chiefs who are striving to retain their hereditary powers. The present Ethiopian Emperor has been seeking to atrophy the local magnates' *de facto* powers by compelling them to reside, far off from their tribesmen and retainers, in the Imperial capital, while he has sent his own officials to govern their principalities in their stead. Inevitably, this policy has caused some local heart-burnings, which Lijj Yasu doubtless hoped to exploit when he made his dash to Gojjam; but the ex-Emperor's ignominious failure is not surprising; for, although he has the advantage of being the direct descendant and the appointed successor of the great Emperor Menelik, he spoilt his chances when, in 1916, after occupying the throne for six years, he committed, under Turco-German influence, the greatest *gaffe* that any ruler could possibly commit in the oldest Christian realm in the world. In 1916, Lijj Yasu turned Muslim; his deposition was the inevitable result; and his present failure shows that the indiscretion of 1916 has not been forgotten.

The Credit-Anstalt Negotiations.—Owing to the fact that some of the foreign delegates to the proceedings have had to keep other engagements, the protracted negotiations for the liquidation of the Credit-Anstalt's foreign liabilities have for the moment been suspended. So far, it has proved impossible to reach agreement either as to the size of the annuities to be paid to the foreign creditors in satisfaction of their claims, or on the question of settling those claims in part by the transfer of some of the Credit-Anstalt's foreign assets. According to our Vienna correspondent, a few weeks ago it was believed that the Austrian authorities were prepared to undertake 20 million

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schillings in regard to the proposed annuities, but that the foreign creditors were holding out for 26 million schillings, while reports from other sources are to the effect that while the Austrians offered payment in 40 annuities representing in the aggregate less than 30 per cent. of the outstanding debt, the foreign creditors have so far sought nearly the full satisfaction of their claims. In view of the importance of a final settlement of this business, in such a way as to obviate a complete Austrian breakdown, it is possible to criticise the attitude hitherto adopted by the foreign creditors; for if they hold out for too much, they may easily end by getting nothing at all. Again, while the transfer to them of the Credit-Anstalt's somewhat scattered foreign assets can hardly be called satisfactory from the creditor's point of view, it is certainly better than nothing, and there is also something to be said for the concentration of these assets in the hands of a strong international committee. One obstacle, however, in the way of the negotiations is doubtless the feeling on the creditors' side that before they can accept any composition of their claims they must satisfy themselves that such composition is final and that they will not be asked to make further concessions at a later date. If this condition is fulfilled, the foreign creditors will be well advised to accept a settlement, even if it involves them in greater loss than is palatable. Meanwhile the Paris negotiations over the extension of further financial aid to Austria are also hanging fire, but there are hopes that some definite progress may be made within a short time, if and when there is an indication of anything tangible being achieved at Lausanne.

Australia and Her Debts.—The swing to the Right in Australian politics, which began with the defeat last month of the Labour Government of Victoria, has been heavily underlined by the smashing victory of the United Australia and Country Parties in the New South Wales elections. Mr Lang's representation in the new Parliament has been more than halved, and Mr Stevens is now in a position to continue the task of restoring New South Wales' finances with a large, solid majority behind him. So far, so good; but, as a corrective to unrestrained optimism over the defeat of "Langism," we would commend to the notice of our readers a letter which we print on page 1356 from an Australian correspondent, whose views are those of an informed and authoritative observer. Writing before the result of the New South Wales election, he remarks that Mr Lang's probable defeat should not be regarded as an indication that the Australian people have abandoned their claim, on grounds of justice, to a reduction in the burden of overseas interest payments. His analysis of Australia's balance of payments and of the sacrifices which she has already been called upon to make reveals strikingly the still unresolved difficulties of the position, unless there is a marked recovery of the world prices of the commodities which Australia exports.

Overseas Trade in May.—At the first glance the Trade Returns for May appear uniformly depressing. Whereas imports are £2 millions higher than in April, exports are nearly £5 millions lower. The May figures are shown below:—

MONTH OF MAY. (000's omitted.)					
	Increase or Decrease as compared with				
	1932.	May, 1931.		May, 1930.	
	£	£	%	£	%
Imports	55,735	-13,893	-19.5	-35,318	-38.8
British exports	30,197	-3,698	-10.6	-20,815	-49.7
Re-exports	4,399	-1,348	-23.4	-4,677	-51.5
Total exports	34,596	-5,047	-12.7	-25,492	-42.4
Excess of imports over total exports	21,139	-8,847	-29.5	-9,826	-31.4

There are, it is true, certain aspects of the returns which qualify their gloomy appearance. Over £1 million of the decline in exports as compared with a month ago is due to the fact that an exceptionally large number of ships was exported in April. There were, however, also notable

declines in exports of wood and timber and of machinery, and small declines in exports of coal, coke, non-ferrous metals, cotton yarns, wool tops and tissues, apparel, paper and rubber. Exports of silk, on the other hand, were higher than in April, and those of cotton yarns and chemicals showed a slight improvement. The increase in imports occurred mainly in the food group, and was attributable mainly to larger purchases of fruit, vegetables and tea. Imports of raw materials were very little higher than in April, increases in timber, raw wool, paper-making materials and iron ore being balanced by decreases in other metals and minerals, cotton, silk, oil seeds and fats, hides and rubber. Manufactured imports were almost stationary at £11,563,801 against £11,839,965 in April, but a number of sections showed increases, including pottery, non-ferrous metals, machinery, cotton, wool and paper. The most marked reductions were in iron and steel, silk, other textiles, vehicles and rubber manufactures. Figures for the first five months of the year are given below:—

FIRST FIVE MONTHS. (000's omitted.)					
	1932.	Increase or Decrease as compared with first five months of			
		1931.		1930.	
	£	£	%	£	%
Imports	302,531	-48,748	-13.4	-155,837	-34.0
British exports	157,310	-12,414	-7.3	-104,696	-39.9
Re-exports	25,155	-4,509	-15.2	-16,245	-38.9
Total exports	182,465	-16,923	-8.5	-120,941	-39.8
Excess of imports over total exports	120,066	-29,825	-20.0	-34,896	-22.5

The 1932 totals are so greatly affected by forestalling of the recently imposed tariffs, that it is premature, as yet, to attempt to deduce the future trend. Protectionists are welcome to make such capital as they can out of the 22½ per cent. reduction in our "adverse" trade balance of two years ago. We would invite their attention to the more significant decline of 38½ per cent. in our total trade.

New Iron and Steel Duties.—Following the recommendation of the Import Duties Advisory Committee, the Treasury have issued an Order extending the temporary "additional" Customs duties of 29½ per cent. to pig iron (other than pig iron smelted with charcoal), spring steel and light castings, and exempting iron bars produced by puddling with charcoal. The imposition of a 33½ per cent. duty on pig iron calls for two observations. Firstly, it carries still further the topsy-turvy principle governing the iron and steel duties, namely, that the earlier the stage of manufacture reached, the higher shall be the duty. Secondly, the object of the duty is to provide protection not against actual but against potential foreign competition, for the report of the Advisory Committee admits that the recent collapse of foreign pig iron prices has not yet been reflected in additional imports. In view of available statistics, the Committee could indeed adopt no other line. In 1930 home production amounted to 6,060,000 tons, and imports only to 290,428 tons, of which 126,081 tons were traceable to India, and so exempt from the duty. In 1931 home production fell to 3,700,000 tons, but total imports (including Indian) were still a mere 283,000 tons, while for the first five months of 1932 home production was 1,624,000 tons, and imports only 74,700 tons. The Committee recognise that the new duty may have adverse reactions upon other sections of the industry, and that its operation will have to be carefully watched with a view to its possible removal. We suggest that inasmuch as new duties can be imposed at a moment's notice, they would have been wiser to wait until the threatened danger was translated into reality.

The Free List.—The additions to the iron and steel duties, noted above, overshadow in importance the recent activities of the Advisory Committee in the opposite direction. It is, however, only fair that we should record that the Committee, "paying particular attention to the availability or otherwise of supplies of British origin and to the export trade of this country," have now recommended the

addition to the Free List of crude emery, mercury, argol and other crude tartrates, gallnuts and kelp. The retained imports of these commodities in 1930 had a total value of about £800,000. The additions to the Free List were duly approved by Treasury Order with effect from June 14th, which was also the date of operation of the new iron and steel duties. For this modest contribution towards greater freedom of trade, our modest thanks.

Cotton Trade Hours and Wages.—Our Manchester correspondent writes:—The labour situation in the Lancashire cotton industry continues to cause much uneasiness. It will be remembered that the recent ballot of the weaving operatives with regard to withdrawing their labour as a protest against the abrogation of all agreements by the employers was indecisive, and the confused position was considered in Manchester at the beginning of this week by the Central Board of the Northern Counties Textile Trades Federation. This organisation embraces the nine trade unions in the manufacturing branch of the industry. After a full discussion it was decided to take a fresh ballot of the members of the trade unions. The operatives are to be asked if they are in favour of withdrawing their labour or in favour of a resumption of negotiations with the employers. The result of the ballot will not be known until the end of next week. The Operative Weavers' Amalgamation is the most important trade union in the Northern Counties Textile Trades Federation, as the membership is equal to 75 per cent. of the workpeople employed in the weaving branch. The Central Committee of the Weavers' Amalgamation have decided to re-affirm their previous decision and recommend their members to vote for strike action. In the circumstances it seems probable that the ballot will show a substantial majority in favour of labour being withdrawn from all the mills in membership with the Cotton Spinners' and Manufacturers' Association. In the meantime, more individual employers are getting their workpeople to accept a reduction in wages. The uncertain outlook is having a very detrimental effect upon business in the Manchester market, as buyers of cloth are refusing to place orders owing to the possibility of lower prices as a result of a reduction in labour costs in the near future. There is every appearance of a crisis arising in about a fortnight; but, if the trade unions decide upon a strike, there is considerable doubt as to whether they will be able to effect a general stoppage.

Sterling and Gold Prices.—With sterling exchange still more or less "pegged" against the dollar, the past fortnight has witnessed the somewhat remarkable phenomenon of a fractional rise in gold prices (so far as can be judged by our admittedly rudimentary index), contrasted with a fall of 1.3 per cent. in our index of sterling prices of primary products, and a decline of 2.3 per cent. in the *Economist's* complete index.

SEPTEMBER 18TH, 1931 = 100.

Date.	Economist Indices.			Irving Fisher, U.S.A.	Statistique Générale, France.	Milan Chamber of Commerce, Italy.	Statistisches Reichsamt, Germany.
	Complete Index (sterling).	Primary Products (sterling).	Gold Prices.				
Sept. 30th ...	107.8	112.0	94.7	98.7	96.9	98.8	98.9
Nov. 11th ...	110.3	119.3	103.5	99.3	96.0	99.3	98.3
Nov. 25th ...	109.1	114.8	98.0	98.3	94.2	98.8	97.6
Dec. 9th ...	110.3	117.3	93.0	97.3	93.3	97.1	96.1
Dec. 30th ...	108.9	117.1	94.4	96.1	93.4	96.9	94.6
1932.							
Jan. 27th ...	108.3	115.7	93.8	93.5	93.6	98.8	91.6
Feb. 24th ...	110.9	120.9	89.6	92.4	95.1	97.2	92.0
Mar. 22nd ...	108.1	111.9	86.5	91.5	96.3	97.0	91.4
Apr. 20th ...	103.8	105.4	83.6	89.6	97.0	95.3	90.3
May 18th ...	102.6	105.9	81.9	88.6	95.1	93.4	89.4
June 1st ...	100.2	101.0	79.8	87.3	94.0	91.7	80.5
June 15th ...	97.8	99.7	80.2	...	...	...	...

Sectional movements of the complete *Economist* index are shown in the next column in greater detail. The fall in foodstuffs during the past fortnight has been pronounced and widespread; textiles cheapened, with the exception of raw cotton; and the minerals section was depressed by the slump in tin.

"ECONOMIST" INDEX.
(1927 = 100.)

	Sept. 18, 1931.	June 1, 1932.	June 15, 1932.
Cereals and meat	1931.	1932.	1932.
Other foods	64.5	72.4	69.6
Textiles	62.2	58.7	57.4
Minerals	43.7	44.2	43.2
Miscellaneous	67.4	69.2	67.2
Complete index	65.8	60.0	59.7
1913 = 100	60.4	60.5	59.1
1924 = 100	83.1	83.3	81.3
	52.2	52.3	51.0

If the authorities are, as they aver, aiming at stability of sterling prices, a fall of 13 per cent. in the *Economist's* complete index during the past four months is a curious comment on their achievement.

Iron and Steel Production in May.—Iron and steel production was fairly well maintained in May at the low levels which have recently been ruling; for the slight recession in steel production can easily be accounted for by the Whitsun holidays. The number of blast furnaces, in operation remained at 69; the production of pig iron, at 315,300 tons, was 1,600 tons less than in the previous month; while steel production, at 416,900 tons, compared with 433,300 tons in April and 435,100 tons in May, 1931. Reduced demand, accumulated stocks, and the new import duties, all combined to keep imports of iron and steel (144,000 tons) at the comparatively low level of April and some 84,000 tons less than in May last year, though in what proportion these various factors contributed to the result it is impossible to say. Certainly in many products foreign material is being offered at prices considerably below the home price in spite of the depreciation of sterling and the import duties. Continental prices fell further during the month; on a gold basis the price of billets, f.o.b. Antwerp, fell by 3s. to £1 19s. at the end of May; sheet bars by 3s. to £2; and joists by 2s. to £2 2s. These prices admittedly involve a substantial loss; for instance, the report of the Comité des Forges de France, submitted to the annual meeting on May 19th, stated that export prices had fallen by 50 per cent. since 1930 and left the works with a loss of 30 to 40 per cent. on the cost of production. Although the total imports remained the same as in April, imports of sheet and tinplate bars rose by 5,500 tons to 42,200 tons. Exports of iron and steel fell sharply to 151,300 tons, but for the third month in succession were in excess of the imports. The decline of 80,000 tons as compared with April was chiefly due to decreases in the exports of pig iron, galvanised sheets, and tinplates and sheets.

Lee Higginson's Position.—According to a notice issued in New York on June 15th, the firm of Lee Higginson and Company plan to discontinue the issuance and distribution of securities and, with certain exceptions, to withdraw from the deposit business. A corporation to be known as Lee Higginson Corporation, with its capital paid in from sources outside the present partnership, is presently to be formed to engage in the security business, with offices in New York, Boston and Chicago. The assets of Lee Higginson and Company will remain with the partnership, and, following the formation of the new corporation, the firm will devote itself to the protection and eventual liquidation of its assets, and to the handling of its existing acceptance business. The Paris firm of Lee Higginson et Cie. will similarly reduce its activities. The above statement does not apply to the London firm of Higginson and Company, which will continue all its business as heretofore. This announcement will be received with general regret; for it marks the definite curtailment of the activities of a famous house which was founded as long ago as 1848, and is now compelled to liquidate a position which has become untenable. There is little doubt that this decision has been forced partly by the heavy depreciation of the American stock markets, but finally by the extent to which the firm must have suffered from the Krueger failure. The only pleasing aspect of the news is that the London house is not

[June 18, 1932.]

involved, and is able to continue its full activities. In actual fact, the only connection between the London and New York houses is that some of the American partners are shareholders in the London house, and one English partner holds shares in the American house. The credit of the London house has remained unaffected by the news, and we understand that bills carrying its name will continue to be taken readily both by the money market and the Bank of England.

International Production.—In the following table we have converted the indices of the physical volume of production of various countries to a percentage of the average of 1928:—

INTERNATIONAL PRODUCTION INDICES.
(1928=100)

Period.	Canada. Do- minion Bureau of Sta- tistics.	France. Sta- tistique Générale de la France.	Ger- many. Insti- tut für Kon- junktur- for- schung.	Poland. Insti- tut für Eco- nomic Re- search.	Sweden. Svensk Finans- tätning.	United King- dom. Board of Trade.	United States. Federal Reserve Board.
	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1929 average	111.6	109.4	101.8	99.8	122.7	106.0	107.2
1930 "	94.9	110.2	84.3	82.2	119.1	97.9	86.5
1931 "	79.2	97.6	69.1	70.1	105.5	88.8	73.0
1931—First quarter	84.9	104.4	70.2	72.0	108.5	90.0	76.9
Second "	81.0	101.3	74.9	72.3	100.0	87.1	77.5
Third "	78.7	95.3	68.7	71.4	98.2	84.6	70.9
Fourth "	72.2	90.0	62.5	64.6	106.4	91.8	66.1
1932 First "	73.5(d)	79.5	54.9(f)	52.2	106.4(c)	90.6	62.5

(a) Quarterly Index. (b) Adjusted for seasonal variations. (c) Partly adjusted for seasonal variations. (d) January–February. (e) January. (f) Provisional.

A comparison of the first quarter of the current year with the first three months of 1931 shows that in most countries the momentum of the downward movement of production has lost none of its force in the intervening period. The only exceptions are Sweden and the United Kingdom, which have derived a relative advantage from the suspension of the gold standard. In France, where the effects of the world depression were scarcely felt during 1930, the situation began to deteriorate rapidly last summer. The indices for Poland, France, Germany and the United States show a fall of 27.5 per cent., 23.9 per cent., 21.8 per cent. and 18.7 per cent. respectively. The turn of the year has brought no relief to these countries. On the contrary, the downhill pace appears to have been quickened.

Germany's Economic Crisis.—Our Berlin correspondent writes:—The German Institut für Konjunkturforschung reports a continuation of the decline in world production, prices and turnover, and a further increase in currency difficulties, but states that in the credit system of some countries, especially Great Britain, there are signs of a certain relaxation. The report speaks much less favourably of conditions in Germany. There has indeed been a slight ebb in the confidence crisis, as is evidenced by the tendency of the Stock Exchange, and by the increasing willingness of the public to give up hoarding money, but economic conditions in general are growing worse. Unemployment, when allowance is made for seasonal influences, is greater; the production index is falling; and there has been practically no seasonal improvement. Income from labour, according to an estimate of the Konjunkturinstitut, is 36 per cent. lower than in 1929; wages and salaries are about 19 per cent. lower and the loss in income from unemployment is about 21 per cent. There is no sign of any relaxation of tension in the German credit market and the demands on the Reichsbank are still very great. The Reichsbank has even granted some credit on long terms, as all other sources of long-term credit have failed. The reduction in the rate of discount has had no effect in checking deflation, and in the opinion of the Institut it could only have such an effect if discount policy were supported by an open market policy, which is impossible under the existing law. German experts, however, and probably the Reichsbank itself, are opposed to any change in the law in this sense.

British Foreign Investments in 1930.—Further light is thrown on the international financial position of this country, and on the causes of the sterling crisis, by the figures of foreign investments calculated by Sir Robert Kindersley and published in the June *Economic Journal*. Sir Robert's investigations, begun four or five years ago, now cover not only Government loans, but also the whole field of commercial capital. In that field "sampling" is inevitable (it would have been more useful to students, incidentally, if the number of satisfactory returns forming the basis of these estimates had been disclosed), but Sir Robert and his assistants are to be congratulated on the completeness as well as the interest of their results. The main figures are summarised in the table below:—

BRITISH CAPITAL ABROAD, 1929 AND 1930.
(In £ millions.)

Type of Security.	1929.			1930.		
	Capital.	Income.	Repay- ment.	Capital.	Income.	Repay- ment.
Empire Governments and Municipalities	1,061	46.4	20.3	1,080	46.9	9.8
Foreign Governments and Municipalities	351	18.2	10.1	357	17.8	9.9
British Companies operating Abroad:—						
Share capital	802	67.7	...	815	59.0	...
Loan capital	385	18.3	8.5	390	17.5	9.5
Companies Registered Abroad:—						
Share capital	436	42.0	...	391	31.7	...
Loan capital	403	19.7	9.6	391	19.3	9.7
Total	3,438	212.4	48.5	3,424	192.2	38.9

Sir Robert Kindersley adds an estimate of £300 millions (the same in 1930 as in 1929) for holdings of securities not dealt in on British stock exchanges and for other direct investments, the income distributed in 1930 being raised to £209 millions, compared with £231 millions in 1929. The results do not represent net British investment abroad, since there is a considerable volume of British securities held abroad in counterbalance. Sir Robert also points out, what is not always fully realised, that foreign holdings of overseas sterling loans and of the securities of British companies operating abroad (which he puts at £481 millions) to a great extent offset the limited amount (£550 millions, according to his estimate) of our overseas capital holdings which might be fairly readily mobilisable in defence of the exchange. The most serious aspect of the figures is, of course, the decline of the income yield. Sir Robert Kindersley puts forward a tentative estimate of £169½ millions for the income received in 1931, showing a further fall of £89½ millions after the drop of £22 millions in the previous year. The extension of default and the continued reduction of dividends makes the further outlook still blacker, but it must be remembered that in terms of real receipts some part of the decline has been offset by the enormous fall of prices.

Bank of British West Africa.—The most pleasing feature of the latest accounts of this bank, relating to the year ended March 31st last, is the partial recovery in net profits. It will be recalled that for 1930-31 profits were only £24,600, against £121,800 in the preceding year. The dividend had to be reduced from 6 to 4 per cent.; nothing was available for reserves; and £28,000 had to be withdrawn from undivided profits. This year, despite the amount to £59,600, which is sufficient to cover the dividend of 4 per cent. and to raise the carry-forward from £30,000 to £41,600. So far as the succession of instantaneous pictures presented by the balance sheets at the developments, deposits fell during the past year from £5,909,000 to £5,550,000, while the trade depression was reflected in the drop in bills for collection from £818,000 to £691,000, and still more in the decline in acceptances from £315,000 to a mere £21,000. Cash has been reduced from £1,513,000 to £1,009,000, but investments in British Government securities have been increased from £1,269,000 to £1,742,000. Bills are lower at £1,130,000, against £1,327,000, and advances have fallen from £2,616,000 to £2,390,000. Notwithstanding the fall in

cash, the bank's cash rate stands at the adequate figure of 18.2 per cent., while the recovery in its net profits in the face of the trade depression which affects West African produce very seriously indeed, is evidence of careful and economical management.

Sun Insurance.—In the 222nd year of its existence the Sun has produced a report showing a premium income of £4,496,000, on which it has earned a net trading surplus of £235,000. The corresponding figures in 1930 were premiums of £4,473,000, and a net trading surplus of £114,000, and, in the circumstances, the comparison reflects very great credit on the company. The foundation of the company's business is the fire department, and the premiums in this department fell by some 1 per cent. to £2,455,000, the fall having occurred mainly in the foreign field; but the notable feature of the fire account is the enhanced rate of profit earned. In the accident account the premiums have risen substantially, from £1,396,000 to £1,474,000, the increase being due partly to the growth of the American subsidiary, the Sun Indemnity, and partly to the effects of exchange rates. In discussing the outcome of the account, which shows a lower profit than in 1930, the chairman at the annual meeting referred to the unfavourable effect on motor insurance business of the compulsory insurance provisions of the Road Traffic Act, 1930. Although the passing of this Act brought the company a considerable volume of new business, most of it was applicable to motor cycles—in which group it was estimated that 50 per cent. of users were uninsured prior to the Act—and experience of this type of business shows that the existing low rates of premium are wholly inadequate having regard to the disproportionate number of accidents. The marine account is a post-war development, and out of the accumulated profits of past years the sum of £50,000 has been transferred in 1931 to profit and loss account. Even after this transfer the fund amounts to nearly 120 per cent. of the premium income. The details are as follows:—

	1930.		1931.	
	Amount of Profit.	Percentage of Premiums.	Amount of Profit.	Percentage of Premiums.
Fire	150,685	6.1	213,214	8.7
Personal Accident	5,831	10.9	53,950	3.7
Employers' Liability	18,637	12.6	50,000	8.8
Burglary and General	62,794	5.2	...	...
Marine	...	...	...	...
Less items debited to profit and loss account	237,947	...	317,164	...
	123,586	...	82,602	...
	114,361	...	234,562	...

In addition to the trading surplus, there remains a surplus of interest earnings after paying the dividend of 5½ per cent. of £24,000 in 1931 and £21,000 in 1930. In common with many other companies, the Sun has retained its American assets at their previous book rate of exchange, which in the case of the Sun was \$5 to the £. The sum of £250,000, representing slightly less than the total net trading surplus of the year, has been applied to writing down the value of investments, and it is stated that after this writing down the aggregate book values were fully equal to the market values.

Phoenix Assurance Company.—It is gratifying to observe that the gross underwriting profit in all departments of this company is greater than the corresponding figure of 1930, and that, after allowing for items debited to profit and loss account and for the usual dividend of 14s. per share, there remains a small surplus on the year's working. The premium income in the fire department, at £3,086,000, has been virtually maintained at the same level as before, but in the accident department there was a drop of £120,000 to £3,673,000. Marine premiums, at £709,000, are practically unchanged, and this account now shows definite signs of having turned the corner and of being established on a profit-earning basis. Indeed, the

transfer to profit and loss is the first evidence of profit from this account for several years past. The detailed results are as follows:—

	1930.		1931.	
	Amount of Profit.	Per-centage of Premiums.	Amount of Profit.	Per-centage of Premiums.
Fire	76,262	2.5	88,457	2.9
Personal accident	1,003	.6	...	...
Employers' liability	8,846	5.6	110,456	3.0
General	30,390	.9	...	...
Marine	...	...	20,000	2.8
Life (Phoenix fund)	40,000	...	30,000	...
Sinking fund	35,000	...	...	...
Less items debited to profit and loss account	191,501	...	248,913	...
	143,910	...	171,819	...
Total net trading surplus	47,591	...	77,094	...

The accident profit shown above represents on this occasion the amalgamation of personal accident, employers' liability and all other classes of accident insurance, including motor insurance. Hitherto separate accounts for personal accident and employers' liability have been published, but the coming into force of the Road Traffic Act, 1930, necessitates a separate return for motor business to the Board of Trade, and rather than provide this additional information in the annual report the company, in common with a number of others, have taken the opportunity—though we consider the step to be a retrograde one—of amalgamating all classes of accident business into one conglomerate account. New life business was well maintained during 1931, the amount transacted being £3,102,000 compared with £2,935,000 in 1930, and the life funds now amount to over £15½ millions. The sum of £450,000 has been set aside in the life fund by way of investment reserve; and after allowing for this, and a contingencies reserve in the general funds of over £2 millions, the book values of the assets are stated to be worth fully the values in the balance sheet. The American assets and liabilities have been valued for balance sheet purposes at par of exchange.

Transvaal Output in May.—According to the statistics issued by the Transvaal Chamber of Mines, the May gold yield from the mines of the Transvaal was 965,644 ozs., representing an increase of 15,848 ozs., compared with that of the shorter month of April, and of 83,307 ozs. upon the result for May, 1931. It sets up a fresh record, the previous best having been 960,035 ozs. in March. The daily average for last month works out at 31,150 ozs., against 31,660 ozs. previously. In the following table we show the monthly output since the beginning of 1926:—

Month of	1926.	1927.	1928.	1929.	1930.	1931.	1932.
January	796,270	839,782	843,857	876,452	882,801	914,576	936,784
February	753,924	779,339	816,133	815,284	818,188	839,937	914,012
March	834,340	860,511	877,580	866,529	889,370	910,998	960,035
April	803,303	824,014	825,907	872,123	868,606	882,337	949,796
May	849,214	859,479	885,186	897,598	916,215	910,279	965,644
June	852,145	855,154	862,363	856,029	887,867	897,750	...
July	860,134	851,861	867,211	889,480	912,652	916,843	...
August	843,854	863,345	891,863	889,601	921,081	916,425	...
September	839,939	842,118	857,731	849,553	903,176	916,024	...
October	853,296	855,743	897,720	888,690	926,561	945,113	...
November	840,276	848,059	872,484	861,593	884,753	900,510	...
December	836,157	851,225	859,761	851,134	908,492	923,353	...
Total.	9,962,852	10,130,630	10,358,596	10,414,066	10,719,760	10,874,146	...

The following table shows the number of natives employed at the mines during the past nine months:—

	Sept., 1931.	Oct., 1931.	Nov., 1931.	Dec., 1931.	Jan., 1932.	Feb., 1932.	March, 1932.	April, 1932.	May, 1932.
Gold mines	209,424	208,987	209,270	211,552	215,752	216,171	214,024	214,334	215,926
Coal mines	13,276	13,061	12,882	12,260	12,394	12,177	12,009	11,943	11,972
Diamond mines	1,626	1,517	1,429	1,402	1,598	1,363	Nil	Nil	Nil
	224,326	223,565	223,581	225,214	229,744	229,711	226,033	226,227	227,898

The number of natives employed at the gold mines showed an increase of 1,592 on the month.

Overseas Correspondence.

UNITED STATES.

Budget — Bond Pool — Industry.

(FROM OUR CORRESPONDENT.)

NEW YORK, June 8.

THE new Tax Bill, it is hoped, will produce \$1,118 millions of additional revenue for the fiscal year beginning July 1st. How far receipts will go to meet the estimates is necessarily unknown, but inasmuch as the bulk of the new revenue will come from some form of sales tax, the Bill should not fall far short of the goal. Personal income tax rates are raised sharply and, by lowering exemptions, the number of people paying direct taxes will be doubled or tripled. Additional revenue from individual income taxes is estimated at \$178 millions and from corporations at \$41 millions. About \$450 millions will come from special excise taxes on gasoline, electricity, motors, parts, tyres, toilet goods, furs, jewellery, radios, matches, fire-arms, candy, beverages, and the like; and \$152 millions from miscellaneous items such as telephone, telegraph, theatre admissions, bank cheques and postal rates. Higher transfer taxes are placed on share and bond transfer and a tax of 5 cents for each \$100 sale of commodities is imposed.

The new Bill is accepted with general approval as being fairly good so far as it goes. Wall Street does not like the tariffs on copper, oil, coal and lumber. It believes that the effect will be to increase domestic production somewhat, fail to raise prices and lose, in copper at least, some export business. The Treasury expects to collect only nominal sums from these tariffs, and they frankly were passed at the insistence of Western States in the hope of increasing employment in mines, lumber camps, coal mines and oil regions in this country.

Most of the favourable comment on the Tax Bill arises from the relief that something positive has been done. The deficit for the 1932 fiscal year, with three weeks to run, has already exceeded the estimate of \$500 millions. It now amounts to \$2,700 millions, which includes the expenditures of the Reconstruction Finance Corporation. In spite of all the proposed economies for the coming year and the full yield from the new taxes, another deficit is likely. However, the new Congress which will meet in December, fresh from the November elections, will most likely be more courageous and will have time for fresh measures to forestall any additional borrowing. Passage of the Garner relief Bill, for an outlay of about \$2,300 millions, would upset the equilibrium. The Bill has passed the House, but its chances in the Senate are not particularly good, nor is it believed that a bonus measure will go through, even though the siege of Washington by a large number of unemployed ex-service men has had its spectacular side and necessarily exerted some pressure on Congress.* It has failed to impress the country.

Treasury financing for the June 15th tax date has been announced at \$750 millions, or about \$150 millions more than expected. The additional amount comes as a result of fresh money taken by the Reconstruction Finance Corporation. The new borrowing is in one-year certificates and three-year notes and will end new borrowing for this fiscal year. These issues carry 3 per cent. for the long terms and 1½ per cent. for the short terms. Wall Street expects allotments at 10 per cent. on the short terms and about 25 per cent. on the notes. They raise about twice the amount of maturing obligations. The Treasury seems to have exceeded the total net new financing promised for the last six months of the fiscal year by \$200 millions, since the aggregate is \$1,700 millions, against \$1,500 millions promised. In reality the net increase is only

* The Garner Bill has been killed by the Senate Finance Committee. The bonus measure has been carried in the House by 209 votes to 176.—Ed. Econ.

\$100 millions, on account of recent extensive purchases of 3½ per cent. Treasury bonds for the sinking fund. In this fiscal year the Government has sold a total of \$9,448 millions of securities and retired \$6,781 millions, and the public debt will have risen about \$2,668 millions to a total of \$19,467 millions on June 30th.

Much interest has been attracted by the formation of the American Securities Investing Corporation, with an initial stake of \$100 millions. This is the so-called bond pool, which has been organised with a life of five years for the purpose of purchasing bonds to hold for long term, to make money for the corporation, and incidentally to supply bids for sound underlying issues and recreate confidence in the bond market. Subscribers consist of the twenty important New York banks and two or three banks in Chicago, and possibly in one or two other large cities. The subscribing banks took 6 per cent. five-year debentures. The corporation will operate under the direction of J. P. Morgan and Company, Mr Thomas W. Lamont being president and Mr George Whitney the chairman, both of the Morgan firm. The organisation is seeking to acquire at good prices the bonds it wishes, and is in no way attempting to churn up the market or make quick turns. Applications for a share in the concern are numerous from banks over the country, indicating a desire of banks to invest in bonds but a reluctance to trust individual judgments.

The bond market has improved rapidly in the past week, and share markets also have felt the change in sentiment, but the continued lack of cheer in business news is restraining activity in shares. Another railroad, the Mobile and Ohio, has gone into receivership, bringing the total for the depression to four, and it may be that two or three more will follow before the end of the year. The Commerce Commission rather than the Reconstruction Finance Corporation is adopting a policy of reserve towards the loans asked for by some of the weaker lines. The resignation of Charles G. Dawes as president of the R.F.C. does not mean any change in policy, but was prompted rather by the pressing claims of Chicago for Mr Dawes. His presidency was calculated to help accomplish one object of the R.F.C. at the outset, namely, restoration of confidence. Funds for the use of the corporation will be made available in almost any amount.

Few pretend to have much idea of what to expect from the Lausanne Conference. The Government's fiscal programme does not contemplate extension of the moratorium, but in Wall Street there is not much expectation of debt receipts from abroad in the coming year. The prevailing opinion still seems to be that some reparations should be paid, at least after a further rest period.

Trade news is colourless. Steel ingot output in May was the smallest since 1921, and the average mill rate of operations was 20.1 per cent., the worst in this century. Motor production, on the other hand, expanded about 20 per cent. in May as compared with April, owing to the increase in Ford activities. General Motors sales to dealers in the United States, Canada and abroad fell 15 per cent. from April. Railroad traffic has risen slightly and may be expected to enjoy some seasonal increase now that the wheat movement is about to begin.

FRANCE.

Politics — Industry — Prices.

(FROM OUR CORRESPONDENT.)

PARIS, June 15.

ALL that has taken place since the general elections suggests that France will not enjoy any more stable government during the next four years than previously. Analysis of the election returns proves that the number of seats won by the Radicals and Socialists, thanks to the operation of the Cartel des Gauches at the second ballots, was out of all proportion to the comparatively small volume of 400,000 votes transferred, and that the present Chamber, instead of being divided into two approximately equal halves, like the last, consists of three distinct

groups, each of a total strength of about 200 votes. Last week's initial vote, which gave the new Ministry a majority of 269, was largely artificial, as is now generally admitted, and can in no way be regarded as indicative, except on the assumption that M. Herriot is prepared to bring forward only such measures as will meet with Socialist approval. On this point the Socialist Party has already showed its hand very clearly.

No sooner had the Vote of Confidence in the Government been registered last week than the technical Ministers in the Cabinet made public the general lines of their plans for the balancing of the Budget and the "immediate putting into operation" of sweeping economies necessary to this end. These were understood to include substantial cuts in credits voted for military and other expenditure under the current Budget. The Ministers for Finance and the Budget, MM. Germain-Martin and Palmade, appear to be decided that 1,500,000,000 francs, on 12,000,000,000 francs of military credits opened under the current Budget, is the maximum of saving that can immediately be effected without compromising national security, and this view is understood to be also that of M. Paul-Boncour, the War Minister, M. Painlevé (Air Minister) and M. Georges Leygues (Navy), none of whom can be regarded as jingoistic. The bulk of the rest of the 6,500,000,000 francs declared necessary to balance the present Budget, they suggested, might be obtained as to 600,000,000 francs by annulling (in view of fall in rents and retail prices) part of the cost of living allowances of the public servants. Other possible economies suggested were a reduction by 50 per cent. in the increased allowances voted recently for former soldiers, which it is estimated would represent a saving of a further 650,000,000 francs; cuts in recent increases of pensions; supplementary taxation on modes of transport which compete with the railways; the increase to 12 per cent. of the present 10 per cent. rate of income tax on wages and salaries; and the withdrawal of certain recent reductions of taxation, from which neither consumers nor the saving public have benefited.

The bare announcement of some of these "compressions of expenditure and fresh readjustments" had the effect of a bombshell. Ministers and deputies supporting the Government were bombarded with telegrams and other communications from associations of public officials all over the country, many of these reproaching their recipients for the "ingratitude" now shown by them towards those who had so largely contributed to their success at the elections. The trade unions mobilised the C.G.T. leaders, and MM. Léon Blum and Vincent Auriol, the Socialist chiefs, delivered what amounted to an ultimatum to the Government, protesting that it was unthinkable that the Socialist Party, "participating for the first time in power," should be faced at the start with "the prospect of having to enter into conflict with the syndical organisations of the public servants and with the C.G.T." M. Herriot himself, it is asserted, was astounded at the storm aroused. On Friday the Speaker, at a sitting of the Lower House which lasted barely five minutes, suddenly announced that the next sitting would take place on June 21st. On Monday M. Herriot and several of his Ministerial colleagues left, with Mr Ramsay MacDonald, for Geneva and Lausanne. The business community is pessimistic, and fears the economy plans have already been shelved.

It is significant of the atmosphere which prevails in both Houses that MM. Caillaux and Chéron have brought forward a proposal in the Senate for secret, instead of nominative, voting to be again rendered possible, while a similar proposition has been put forward in the Chamber by a Moderate deputy. An outstanding party incident of the week has been the resignation of M. Tardieu and 32 of his colleagues from the group of Républicains de Gauche (of which he was the founder and leader), and the formal organisation by them of a new group called the "Centre Républicain." M. Tardieu makes no secret of the fact that his action has been due to dissatisfaction that 35 members of his group abstained from the Vote of Confidence division last week, and did not follow their 25 other colleagues in voting against the Government. The new group comprises 33 out of

the 61 "Tardieu group" members returned at the last elections (against 64 at the previous elections). M. Tardieu has not had a pleasant week. At a Paris municipal council election on Sunday his nominee, after a desperately fought *ballottage*, was defeated by a candidate of the Marin Nationalists (a group which has now taken the official title of Fédération Républicain U.R.D.—Union Républicaine Démocratique.)

Industrial production figures for April indicate that the slump in output continues serious. The general index (1913 = 100) is 95, a drop of 3 points on the month, of 36 (or 27½ per cent.) on the twelve months, and of 34 per cent. since the record high levels set up in the earlier part of 1930, before the economic slump had reached this country. The paper industry, thanks to recent favourable tariff manipulations, actually registered an improvement of a point in April to 111, following a two-point rise in March, and was thus nearly 2 per cent. above April, 1931, in output volume. The heaviest decline during the month was in motor-car production, which fell 7½ per cent., bringing the net drop on the year to 27 per cent. The rubber goods industry fell off 5 per cent. in April to 656, as compared with 930 in April, 1931. The decline in metallurgical output now seems to have reached bedrock at 71, the same figure as in March, 40 per cent. below the volume of production in April, 1931. The remaining figures for April show declines in the year of 36 per cent. in textiles, 25 per cent. in engineering, 17 per cent. in leather, 16½ per cent. in building and 16 per cent. in extractive industries.

The general index figure for wholesale prices at the end of May (July, 1914 = 100) is 421, a decline of 4 points on the month, 59 points since the end of May, 1931, and 203 points below the mean returned for 1929. The figure for prices of French products (29) is 492, or two points lower on the month and 60 points on the year, while that for prices of imported goods is 294, a drop of 7 points on the month and 56 on the year.

Retail prices in Paris at the end of May (13 articles of common household use) are represented by an index of 562, a drop of 4 points on the month, while the figure representing wholesale prices of the same goods has risen 5 points on the month.

GERMANY.

Reich and State Finance — Trade Treaties.

(FROM OUR CORRESPONDENT.)

BERLIN, June 14.

At the end of last week the Government appeared in the Reichsrat, the representative body of the German States, and also conferred with the leaders of the State governments. In these discussions it was very clearly revealed how sharp the opposition is between the points of view of Herren von Papen and von Schleicher, on the one hand, and the South German States, on the other. They are opposed in two matters: the South Germans are determined to resist any anti-democratic policy; and Bavaria in particular, which has already had one experience of a Hitler *putsch* in 1923, is particularly uneasy at the proposed withdrawal of the prohibition of the Hitler army. In addition, the Governments of Bavaria, Württemberg and Baden see a serious threat to the rights of the States in the fact that the Reich Government is toying with the idea of appointing a Reich Commissioner for Prussia. It looks as though the effect of these South German protests has been to drive the idea of a Commissioner for Prussia into the background, but it is difficult to say whether the Cabinet will definitely give up the project, as it is not known what agreements have been made between Hitler and the Government on the Prussian question.

Future developments in domestic politics will be decisively influenced by the results of the Lausanne Conference and by the effect upon the public of the new emergency decree. This decree will raise the emergency tax on wages, now called "employment tax," by 1½ per cent., making it 6½ per cent. of income. It is also extended to

the smallest incomes, those under 1,500 marks, and to officials, the rates for both being 1½ per cent. In addition, a salt tax is being introduced; and turnover tax is to be levied even where the turnover is under 5,000 Rm. The reductions in expenditure will principally affect unemployment relief; emergency benefit and relief will in future be at the same rates, 15 per cent. below the former relief rate. Benefit proper will be reduced by 23 per cent., and there will be a means test after six weeks of benefit. Accident and disablement benefit and war pensions are also reduced.

The measures taken by the emergency decree are evidence of an extremely vigorous financial policy which shrinks at nothing in order to balance the Budget. The sacrifices required seem substantially greater than those which Dr. Brüning intended to impose upon taxpayers and recipients of relief. The decree will give rise to great political difficulties for the Government, but from the financial standpoint it must be recognised as a great and courageous achievement on the part of the Finance Minister, Graf Schwerin von Krosigk. The Finance Minister still has, however, to face his most trying test, in coming to terms with the agrarians, who are demanding a subsidy.

The Prussian Government, too, though it has formally resigned and is only carrying on current business, has taken upon itself a fresh burden of unpopularity in order to balance its Budget. It was moved to do so not only by the imperative financial need but also by the desire to give the Reich Government no excuse for interference in Prussia. A special Prussian emergency decree has reduced the salaries of State and communal officials by 2½ per cent. This 2½ per cent. is, however, credited to the officials at the Treasury and will be repaid by instalments, beginning in July, 1937. In addition, Prussia has introduced a tax on the slaughter of animals, and the reduction of rent tax for persons of small incomes has been very much limited. The reduction in salaries is extended to the officials of the communes, so that the strain on communal finances is now slightly relaxed. The Reich emergency decree gives them some further relief by grants in aid of poor relief. This help was urgently needed; a few days ago for the first time a large German town, the Rhenish industrial town of Duisburg, was obliged to declare itself unable to meet the interest on its loans.

The artificial restrictions which have hampered German exports for more than half a year are still multiplying. Germany's neighbours—especially Italy, Switzerland, Holland and Denmark—are endeavouring by means of tariffs and exchange regulations, and, in some instances, by private boycott, to reduced German exports at least sufficiently to prevent Germany from having an active trade balance. If Germany is to meet even the amount of interest and amortisation of her debt required under the standstill agreement, however, she must have an active balance with her neighbours, since her trade balance with overseas countries which export raw materials must necessarily be passive. In order to make a break in this circle of restrictions, Germany would have to offer compensation in the form of a reduction in her own duties on agricultural products. In particular, a change in the German butter duty would probably make it possible to abolish completely the defensive measures of Holland and Denmark. The butter duty at present ranges from 50 to 170 marks per 100 kg. As Finland has the right by treaty to import 5,000 tons of butter into Germany at a duty of Rm. 50, Germany considered herself bound to allow the same amount at this rate to all countries with which she has a most-favoured-nation agreement. A supplementary duty of Rm. 36 per 100 kg. on butter from countries whose currency is depreciated is now demanded. For quantities over 5,000 tons the rate is 100, for countries with depreciated currencies 136, and for countries having no trade treaty with Germany 170 marks. The result of this regulation has been that countries like Finland and Hungary, whose exports have never reached 5,000 tons, maintain their exports or even increase them to that limit at the expense of their more heavily taxed competitors,

while Holland, which sent over 16,000 tons to Germany in 1931, and Denmark, whose imports amounted to over 30,000 tons, have lost a substantial part of their market. In order to clear up her relations with Holland and Denmark, Germany would have to abolish entirely the protection of the butter duty. To do this she would need the consent of Finland, under the terms of the German Finnish Commercial Treaty. This consent could probably be obtained if the proposed uniform duty were not too high; but the establishment of such a moderate rate of duty, which would have to be in the neighbourhood of Rm. 75, is strongly resisted by the agrarian interests which have now more influence than ever before.

The Bureau of Statistics has published the following figures of the debts of the Reich, States and communes at the end of 1931:—

(In millions of marks.)		
	Total Debt.	Foreign Debt.
Reich	11,704	3,209
States	3,014	732
Larger communes	6,601	639

As compared with June, 1931, the debt of the Reich has risen by about 167 millions, that of the States by about 70 millions, and that of the communes by not quite 10 millions. A substantial amount of debt redemption has, however, been set off in these figures against fresh borrowing. The Reich, for example, redeemed over 300 millions of old debt, but had to issue large numbers of Treasury bills, mainly for purposes of bank reorganisation. From the end of September to the end of the year the debt was reduced, as the credit markets were so stringent that, in spite of the urgent need, the sums repaid could no longer be replaced by fresh credits.

HOLLAND.

Shipping — Industry — Exchange Regulations — Capital.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, June 7.

THE Government Bill introduced into Parliament for the provision of relief to the distressed Dutch shipping industry has failed to meet with unanimous approval. The Dutch Association of Shipowners have signified their dissatisfaction with the relief measures as proposed, their opposition being chiefly directed against the fact that the Government demand interest and security for such credits as they give. Under the regulations as proposed by the Government, the ship-owning companies themselves would actually have to shoulder the burden of the relief measures. The Association of Shipowners argue that the forms of relief granted to other branches are borne by the community, and similar arrangements are desired for the ship-owning interests too.

According to figures issued by the official statistical bureau, at the end of March, vessels to a total of only 51,000 gross register tons were under construction at Dutch shipyards, as compared with 121,000 tons at the end of March, 1931, and 179,000 tons on the same date in 1930. There are hardly any new orders. At the Philips Lampworks only 9,400 persons are employed at present, as compared with 21,000 employees two years ago; and part of the output of this company has been transferred to factories abroad in the meantime. In the cotton textile which were not affected by the strike, even in the factories silk industry, two factories have again had to reduce their personnel by 200 employees, due partly to the disappointing markets in the East.

The foreign exchange clearing Bill has been passed by the Second Chamber. This measure is to confer consideration upon the Government, and is directed primarily, though not solely, against Germany, as that country fails to provide foreign exchange for the purpose of paying for exports from the Netherlands. The new law is to provide extreme measures for safeguarding the

interests of Dutch exporters against the effects of foreign exchange restrictions abroad, but the powers are only to be exercised in case of the utmost necessity.

The import of gold has continued, so that the gold cover for our bank note circulation is approaching 100 per cent. The new 5 per cent. State Loan at 100 per cent. for 250 million guilders has not been a very great success, and it has been possible to allot all subscriptions in full. Business on the new issues market is again at a complete standstill. The issues amounted to only 663,000 guilders in May, as against 173,653,000 guilders in May, 1931. For the first five months of the year the total is 142,748,000 guilders, as against 253,540,000 guilders in the corresponding period of 1931. More than two-thirds of the figure for 1932, however, is accounted for by the issue of the 5 per cent. State Loan, which called for 100 million guilders of new money. Issues of municipal loans are no longer being floated at all.

AUSTRIA.

Finance — Employment — Imports.

(FROM OUR CORRESPONDENT.)

VIENNA, June 11.

HOPES of a loan and the negotiations with the foreign creditors of the Credit Anstalt have been the topics prevailing in financial discussions this week. The position of the State finances is again critical, and the moratorium and other measures for checking foreign payments can only be avoided if success is achieved in obtaining the help of foreign credit. The economic associations have within the last few days again passed strong resolutions against increases of taxation. It is pointed out that the purchasing power of the public is still receding, and that the direct taxes are already insupportable. An employee who has 400 schillings per month salary gets only about 360 schillings when the different imposts have been deducted, and has to pay income tax in addition. The contributions which the employer has to make for such an employee also amount to about 50 schillings per month, so that the taxation in Austria is very oppressive even in the case of the low incomes.

The Government has put off all important action until it knows the outcome of the loan negotiations and of those with the creditors of the Credit Anstalt. The last discussions nearly came to a deadlock, because, in view of parliamentary feelings and of the bad position of State finances, the Government was afraid to concede the demands of the creditors, which it regarded as exorbitant. Endeavour will be made to arrive at agreement* by which a portion of the Credit Anstalt assets in the Succession States will be handed over to the creditors by way of payment, in addition to annuities.

As no improvement on the labour market has accrued from the strict application of import prohibitions, and as there is an insistent demand for modification of the regulations, it has been decided that, from July 1st, applications for import permits may comprise requirements for the period July to September. The permits are to be more liberal than heretofore, and in special cases sponsored by the Chamber of Commerce the basis of the permit can in general be one-quarter of the total imports of the year 1931. As a matter of fact, in the last quarter of 1931 and the first quarter of 1932, in spite of the foreign exchange restrictions and the restrictions on importation, 55,000 metric centners of wool were imported, against 50,000 in the corresponding period a year before. In the case of rubber, the increase was as much as 4,000, and in chemical requisites 9,000 metric centners. In view of the circumstance that a year ago silk imports figured at 11,200 and this year are only 1,000 metric centners less, and that the reduction in linen imports amounts to only 600 metric centners, it is comprehensible that since April imports have had to be cut down and that the complaints of the interested circles concerning shortage of merchandise are not taken very seriously. Special measures are being taken to collect the excess profits which cattle

* A reference to the breakdown of these negotiations will be found in a Note of the Week.

importers are making on account of the high domestic prices.

The difficulties of tourist traffic between Austria and Germany, Yugoslavia and Hungary have been partly relieved by means of agreements, which afford foreign visitors the possibility of procuring schilling credits. The settlement is arrived at between the respective Post Office savings banks or the National Bank. It is hoped that these facilities will lead to an increase of the foreign tourist traffic. The National Bank is still keeping credit short, and it requests the banks and savings banks to adopt a cautious policy in relation to fresh credits. There is consequently difficulty in raising mortgages.

HUNGARY.

Politics — Finance.

(FROM OUR CORRESPONDENT.)

BUDAPEST, June 14.

THE House of Deputies has voted the Budget and passed it on to the Upper House, so that in all probability the Budget will become law before July 1st, when the new financial year begins. The Government has successfully averted a threatening political crisis, for the time being, by complying with the demands of the agrarian deputies for relief to the distressed smallholders and for a conference to discuss the wishes of the agrarians for a large-scale debt settlement and for a general reduction of the interest and amortisation dues to their creditors.

The Finance Minister has made important declarations regarding Hungary's foreign creditors. Having deplored the fact that, in spite of repeated appeals from the Hungarian Government, the foreign creditors have failed so far to appoint a duly representative body with which to deal for a temporary debt settlement, Baron Korányi said that if the forthcoming negotiations in Geneva and Lausanne bring no relief to Hungary, the Government—very reluctantly—might be compelled to take one-sided action in order to preserve the basic financial structure of the country. He emphasised, however, that no unilateral action will in any way prejudice the existing rights of the foreign creditors, and that the Hungarian Government will endeavour to reach a satisfactory settlement with them at the earliest date.

The Finance Minister pointed out that since the declaration of the partial transfer moratorium on the foreign debt service (December 22, 1931), the economic situation has gone from bad to worse, so that the priorities given to the transference of the League Loan service and certain other State obligations have ceased to have any practical value. In fact, the foreign exchange holdings of the National Bank are so low that the monthly instalments of the League Loan service were not transferred in May or in June. There have been no transfers in foreign exchange of the services of any other loans for months past, nor are there likely to be. Negotiations to conclude a commercial treaty with Czechoslovakia have failed, and there are difficulties with Austria and Italy, the most important markets for agrarian products. Merchandise imports have consequently been further restricted; the new list affects especially the textile trade which will enjoy an almost monopolistic position in the home market.

According to the last statement of the Finance Minister total receipts in the first ten months of the financial year amounted to 645.2 million pengő, as against 693.7 million pengő in the corresponding period of the past financial year. Baron Korányi estimates that by the end of the fiscal year (June 30th) total receipts will amount to 773 million pengő, apart from the 174.8 million pengő of borrowing at home and abroad last August and in April in the form of Treasury bills. Expenditure of the Administration Budget in the first ten months amounted to 714 million pengő, and will amount up to the end of June to about 860-865 million pengő, leaving a deficit of approximately 90 million pengő. It will be remembered that the Hungarian Government promised the Financial Committee of the League last October to limit the expen-

diture for the present financial year to 890 million pengö. The Finance Minister can be congratulated on having achieved further economies in the Administration Budget, but unfortunately these savings are more than offset by the advances made to the State undertakings to cover their deficit. In the first ten months the advances amounted to 41.7 million pengö, of which the State railways received 17 million pengö, and the State ironworks 12.4 million pengö. Allowing for further advances necessary to the undertakings and other purposes reaching 50 million pengö, and a deficit of the Boletta Fund (grain bounty) amounting to 20 million pengö, there will be a deficit of 160 million pengö, which will decrease the Treasury loan of 174.3 million pengö at the end of the financial year to approximately 15 million pengö, just enough to provide for the July salaries of the State employees, and thus the Finance Minister will start the new financial year with an empty treasury and bad revenue prospects in July and August. The estimates for the new Budget year provide for an administrative expenditure of 806.2 million pengö and 401 million pengö for the States undertakings. There is little doubt that the estimates will have to be thoroughly revised after the debt settlement plans of the Government become operative, because on the basis of the current receipts it would be unwise to vote more than 725 million pengö for the administration and 350 million pengö for the undertakings in the next financial year, and thus there is a prospective deficit of more than 100 million pengö unless new economies are made or new revenue resources devised.

SWEDEN.

Unemployment — Trade — Prices — Stock Exchange.

(FROM OUR CORRESPONDENT.)

STOCKHOLM, June 2.

THE first effects of the Kreuger shock are beginning to fade away, and since the special Committee of Investigation submitted its report and bankruptcy proceedings began, the matter has been removed principally into the criminal field. The effects of the general world depression, however, have now become more clearly marked in Sweden, and are especially apparent in the labour market. As a rule, unemployment reaches its seasonal climax at the beginning of the year, usually in January. This year it continued to rise in February, after which a certain improvement occurred, though by no means the normal seasonal recovery. The official report of the labour market for April shows only a decline in the number of applications for work per hundred vacant posts from 343 to 341, after having been as high as 412 in February. The corresponding figure for April last year was only 194 and to find a figure higher than that for this year we must go back to 1922, the culmination of the post-war crisis. The deepening of the depression is visible in all branches of industry, though primarily in the export industries, which, owing to steadily growing obstacles to a free exchange of goods throughout the world and diminished buying power abroad, have had to struggle with great difficulties. Even the home market, which had previously shown a great power of resistance, is also clearly beginning to feel the general economic depression, and the depression in agriculture is also reacting on the industrial market.

The balance of trade is again unfavourable this year. For the first four months it showed a surplus of imports of Kr. 27, 18, 37 and 37 millions respectively. It may be that this tendency is seasonal and quite a normal phenomenon, but the passivity this year has been greater than usual, except in February. Certain adjustments of imports to our export possibilities have, however, begun to appear, and this has been possible without any serious inroads on free trade. While exports diminished by 14 per cent. in April, there was a decrease in imports of 21 per cent., and during the first four months of the year, whereas imports have been cut down by 15 per cent., the decline in exports is not more than 11 per cent. It is probable that declining purchasing power will lead to the continuance of this adjustment, and the period of the year

already elapsed is the one least favourable to the balance of trade. Even if the adjustment during the remainder of the year should not be greater than hitherto, there will be no difficulty in meeting the balance with our own resources. It is, however, clear that the necessary reduction of the import surplus cannot be affected by currency depreciation of customs duties, as the effects of these influences are automatically eliminated by counter-measures in other countries.

It is, moreover, highly questionable whether the present international depression of the Swedish krona will remain. There cannot be any doubt that present quotations represent a considerable undervaluation. Whereas normally the Riksbank has to provide the market with exchange to a large extent, this year it has been able, slowly but surely, to increase its exchange reserve. Thus until the third week in May this reserve fell last year to Kr. 99 millions, whereas during the same period this year it rose by Kr. 71 millions. Last year's developments were thus very exceptional, to all appearances very largely owing to the large demand for exchange by the Kreuger concern. Such a normal year as 1929 showed a decline of Kr. 33 millions for the same period in the exchange reserve of the Riksbank. There has also been an improvement in our balance of payment, whereas usually in the spring months the tendency is the reverse. Our net bank claims abroad have risen in the period January-April by Kr. 32 millions. Last year they fell instead by Kr. 181 millions and in 1929 by Kr. 53 millions.

This development is due to no small degree to imports of capital, and a clear tendency is visible with current rates of exchange to call in foreign investments wherever possible. In every month in this year capital movements show a net import, the total of the first quarter having been Kr. 88 millions and for April Kr. 7 millions so far as the banks are concerned. It is not improbable, moreover, that foreign exchange privately held since the autumn for speculative purposes is gradually being brought into the market in proportion as a continued depreciation of the Swedish krona becomes improbable.

The price level is remarkably stable. In the months immediately after the abandonment of the gold standard the Swedish price level reacted, it is true, somewhat in an upward direction, but this year it has remained practically steady and has even shown a tendency to fall. Thus, the Riksbank has succeeded in realising the programme drawn up in the autumn for our monetary and exchange policy to maintain the internal purchasing power of the krona exchange. Confronted with the beginnings of a fall in prices, the Riksbank recently lowered its rate by $\frac{1}{2}$ per cent., a measure probably induced by the anticipated easing in the money market after the Kreuger crisis.

Another sign that the worst effects of the Kreuger crisis are over is the position on the Stock Exchange. The panic selling to which the Kreuger crash gave rise resulted in the month of March in a phenomenal fall of Kr. 1,075 millions in the Stock Exchange values of "A" shares. During the first three weeks of April this fall continued by a further Kr. 238 millions, but after that the tone became calmer and was gradually transformed into a recovery and a natural reaction from the worst exaggeration of Kr. 129 millions, at which point the recovery ceased. During the following three weeks there was a rise and towards the end of May the Stockholm Stock Exchange was dominated more and more clearly by the same factors as those visible in the leading foreign stock exchanges.

CANADA.

Industry — Foreign Trade.

(FROM OUR CORRESPONDENT.)

OTTAWA, May 31.

BUSINESS and industry remain static at an unsatisfactory level, and the movement of merchandise is slower even than in May, 1931, according to the evidence of car-loading figures and bank debits. It is true that for the week ending May 21st the car-loading figures, at 43,777

cars, reached its peak point for the year, but in the following week the figure of 43,678 cars was 7,009 cars below the figure for the parallel week of 1931. Bank debits for April, at \$2,073,900,000, showed a slight gain over the figure for the preceding month, but they were 25.5 per cent. below the figure for April, 1931, and the figure for the first four months of 1932 shows a decline of 22.7 per cent. Industrial conditions show little improvement, and one of the few hopeful signs is a better demand for farm implements. The unemployment situation still remains serious; and the seasonal gain in April was far below normal. On May 1st there were 799,944 people on the pay-rolls of employers reporting to the bureau as compared with 799,544 on April 1st. At the recent meeting of the Canadian Political Science Association in Toronto, Professor G. E. Jackson, of Toronto University, in a discussion on the unemployment situation, placed the number of Canada's unemployed in the middle of May at roughly 729,000, which would be about 35 per cent. of the total workers, but the accuracy of his figures has been challenged by a spokesman of the Government. The programme of special public works for relief purposes is not to be extended after enterprises already begun have been completed, but the respective authorities will have to spend during the summer large sums in direct relief.

The iron and steel plants are experiencing great difficulties through lack of orders, and for the first four months of 1932 the output of primary steel in Canada aggregated only 133,131 tons, as compared with 331,037 and 441,980 tons in the parallel periods of 1931 and 1930 respectively. To prevent the closing down of the steel mills at Sydney, Nova Scotia, the Government has used its influence to place with them an order for steel rails for the Canadian National Railways; and to help the mining industry in the Maritime Provinces it has given a further subsidy for domestic coal used for the manufacture of coke. It had been hoped that a revival of motor manufacturing in the spring would help the steel plants and firms supplying parts and raw material for motor vehicles; but, despite greatly reduced prices, the demand for new cars has been light, and the output of motor vehicles in April was only 6,810 as compared with 8,318 during March, and the figure for the first four months of the year was 19,863, as compared with 36,607. The only factories which could be described as busy are the textile mills, whose level of production is ahead of a year ago; but the boot and shoe firms and the tanneries are reasonably well supplied with orders.

The foreign trade returns go from bad to worse:—

	April, 1931.	April, 1932.
Imports	\$ 51,189,376	\$ 29,794,296
Exports (domestic)	33,935,075	26,975,756
Exports (foreign)	739,036	479,656
Total trade	85,863,487	57,249,708

The total trade for the month was about two-thirds of the volume for April, 1931, but Protectionist interests are finding comfort in the fact that imports contributed over 21 million dollars to the decline and exports only 7 millions, and that the excess of imports over exports was cut from 17 $\frac{1}{2}$ to 3 million dollars.

NEW ZEALAND.

Exchange Pool — Parliament — Economists' Report.

(FROM OUR CORRESPONDENT.)

CHRISTCHURCH, April 28.

THE effects of the low level of prices for primary products are now being severely felt. Compared with the price indices of 1929, export prices are now down by 47 per cent., wholesale prices by 11 per cent., retail prices by 13 per cent. and wages by 11 per cent. Despite the disparity between prices and costs in the farm industries, production has been well maintained. For the eight months ending March, total gradings of butter amounted to 89,000 tons and of cheese to 72,000 tons, compared with 84,000 tons of butter and 76,000 tons of cheese in the previous season. The number of carcasses of lamb and mutton exported was much the same as last year, while

wool exports up to the end of March were 447,000 bales in 1931-32, compared with 337,000 bales in 1930-31. Moreover, the January-February declared values averaged £8 12s. a bale, against £7 12s. a bale in 1931—an increase of 13 per cent.

By Order-in-Council issued on December 24, 1931, the Government established a system of compulsory exchange control over the proceeds of all export trade. The regulations provide that goods shall be exported only under licence, and that the exporter applying for a licence shall enter into a bond to remit all proceeds to New Zealand through the bank nominated in his application. The effect of these regulations is to give the banks complete control over all the proceeds of exports and to prevent any outside competition in the major part of the exchange market. Since no provision is made for dealing with the proceeds of invisible exports, the scheme does not involve complete exchange control; but invisible exports are unlikely to be large during the coming year, and the degree of control over exchange is great enough to enable the banks to sell foreign exchange at such prices and under such conditions as they may decide.

For the year ending February, exports for 1931-32 amounted to £35.9 millions, against £40 millions in 1930-31, while imports declined to £23.4 millions, against £40.3 millions in the preceding year. Imports, however, are recorded in sterling, while exports are in New Zealand currency. If allowance is made in the latter for the predominant exchange rate (8 $\frac{1}{2}$ per cent. premium on demand drafts), the sterling value of exports is £33.1 millions. This leaves a favourable balance of visible trade of £9.7 millions, part of which should appear in an increase of exchange funds held abroad. Comparing the 1931-32 bank returns for the March quarter, total deposits have declined from £54.1 millions to £53.3 millions, and advances from £54.3 millions to £50.2 millions. Government securities, however, have increased from £4 millions to £6.6 millions. The banking figures cover only business in New Zealand, and exclude bank capital. In March, 1931, the return of total assets exceeded total liabilities by £8.2 millions, while from March, 1932, this excess was £6.2 millions. During the year, therefore, the excess assets held in New Zealand have declined by £2 millions, which implies that the assets held overseas mainly for exchange purposes have increased by that amount. The exchange position has been further improved by the flotation of a loan of £5 millions in London, bearing 5 per cent. and issued at 98 $\frac{1}{2}$; 47 per cent. was left with the underwriters. Of the amount raised, £4 millions is to be used to fund Treasury bills due in June, and the other million is available for exchange. No change has yet been made officially in the exchange control scheme. But the Government requirements for exchange have been reduced from about £12 millions to probably less than £7 millions, mainly by the flotation of this loan, and the supply of exchange has been increased by the favourable trade balance. The case for exchange control is therefore much weaker than it was, and it is reported that the banks have voluntarily relaxed their control substantially.

An interim report of the National Economy Commission, appointed at the beginning of February last, has been published. The Commission makes a detailed review of Government expenditure and recommends all-round reductions. A National Expenditure Adjustment Bill embodying most of these recommendations is under discussion in Parliament, and though strongly opposed at every stage by the Labour opposition is likely to become law without much modification. Parliament has been in session since February 23rd, and is considering legislation dealing with the crisis. An Act has been passed substituting compulsory conciliation and voluntary arbitration in labour disputes for the compulsory arbitration which has been in force since 1904. A new unemployment policy, aiming at absorbing the unemployed in land settlement, has been adopted, and a special wage tax of 1s. in the £ has been imposed to finance unemployment relief.

The greatest interest is attached to a Financial Statement presented on April 7th. The statement opened with a review of the returns for the first eleven months of the

financial year. Basing his conclusions on these returns, the Finance Minister anticipated that the expenditure for the year would exceed the estimate by £0.5 million, the increase being due mainly to debt and exchange charges. The revenue would fall £2 millions below the estimate, the deficiency in Customs being £0.85 million and in income tax £0.5 million. In consequence, despite large prospective shrinkages in revenue provided for in the ordinary and Supplementary Budget for 1931-32, the year's operations are expected to result in a deficit of about £2.5 millions. This deficit is to be met from the accumulated surpluses of the war years, which have been held in reserve and are invested in soldiers' settlement. The financial prospects for 1932-33 disclose a serious position. It is anticipated that if present rates are continued there will be a decline of £2.34 millions in taxation and £2.4 millions in other receipts, while expenditure would increase by £1 million. Under these conditions expenditure would total £26.1 millions and revenue £17.8 millions, leaving an anticipated deficit for 1932-33 of £8.3 millions. The Government considers that it is not practicable to cover the whole of this deficit during the coming year. It is proposed, therefore, that savings should be made totalling £4.1 millions (Public Service salary reductions £1.1 millions, abolition of unemployment subsidy from Consolidated Fund £1.45 millions, transfers from Highways Fund of £0.6 million, extension of Hoover Moratorium £0.6 million, and other items £0.3 million). Additional taxation to yield £2.2 millions is to be imposed, and may include a sales tax, and the uncovered deficit of £2 millions which remains is to be financed by the issue of Treasury bills. Legislation embodying these changes is now before Parliament. The provisions include reductions in Public Service salaries, in pensions of all kinds, in expenditure on education and in various subsidies. A special stamp duty of 10 per cent. is to be imposed on Government and local body securities and on company debentures, the proceeds of this duty being returned to the local bodies and companies concerned. The legislation also provides for compulsory reduction of mortgage interest and rents by 20 per cent. of the rates in force prior to 1930. The Finance Minister has stated his personal disagreement with the principle of interference with contracts appearing in this legislation, but has subordinated his personal opinion to the views held by the Cabinet, which probably represent the bulk of public opinion throughout the Dominion.

ARGENTINA.

Patriotic Loan — Trade Balance — Prospects. (FROM OUR CORRESPONDENT.)

BUENOS AIRES, May 28.

THE issue of the first series of Argentina's Patriotic Loan, \$100,000,000 paper, has begun satisfactorily. The issue price is 90 per cent., and the interest coupons, which represent 6 per cent. per annum, are payable quarterly. There is also 1 per cent. cumulative amortisation to be set aside, so that the new loan, as far as the public is concerned, stands on an equal footing with the Argentine Internal Credit Bonds issued since 1925. The basic difference does not directly concern the investing public, as the facility for rediscounting the bonds with the Conversion Office at 85 per cent. of their nominal value is not available to the general public. That option must be made use of without delay if the promises regarding payment of salaries and overdue accounts are to be kept. Nor is it probable that public subscriptions will at the present time be able to provide much more than the amount of the first

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series, and, even so, subscribers will have to appeal largely to bank credit. The reception of the loan has afforded proof of an awakening of popular interest in the finances of this Republic. This awakening has been accompanied by a tendency to criticise the heavy administrative expenditure that even the current budget does little to correct.

Argentina's trade balance for the first four months of 1932 shows total imports valued at \$124,915,599 gold, while exports were \$238,936,084 gold. The favourable trade balance is almost entirely due to the heavy diminution in imports, which are \$82,007,255 less than in the corresponding period of 1931, while exports shown an increase of only \$16,610,307. Taking into consideration the heavy depreciation of the Argentine dollar, and its effect upon all Argentine payments in foreign currency, there is reason to fear that this apparently favourable trade balance would be found to be a minus quantity if Argentina's invisible imports, that is to say, her public and private payments abroad, were taken into the reckoning. The Exchange Control Committee has published a detailed report covering its operations for the first quarter of 1932. In all, the exchange bought by the banks amounted to \$426,856,700 paper, the main items of cover being derived from purchases of the following export paper:—Cereal trade, \$264,135,300; meat and by-products, \$55,484,600; wool, \$30,956,100; dairy products, \$12,033,300; hides, \$9,953,200. Among remittances, the three most important items read:—Remittances by foreign residents, \$47,776,800; textiles, \$46,431,500; railways, \$43,038,200. Public financial services account for \$28,762,600 for the National Government and for provincial and municipal account, \$16,004,900. It is generally admitted here that the action of the Exchange Control Committee has proved beneficial to the country as a whole, though it undoubtedly presses somewhat heavily upon the interests of foreign capital invested in this country.

The immediate outlook for all sections of Argentine trade is far from clear. Owing to the disturbed state of world markets, prices for all produce continue to be abnormally low, with perhaps a slight improvement in the quotations for wheat and maize. Conditions in the meat trade are far from satisfactory, and considerable anxiety is felt with respect to the probable course of events in Great Britain when once the Ottawa Conference has pronounced upon the subject of inter-Imperial trade. Meanwhile Argentina, by her recent heavy taxation of many imports, has brought about a most unsatisfactory state of affairs where import trade is concerned, besides inflicting serious damage upon her revenue receipts. This damage is cumulative, seeing that in many cases reduced imports spell not only a reduction in the direct duties, but also diminished internal revenue on articles such as liquors, tobaccos and a variety of other luxury goods. The cost of living already shows a rising tendency, due to ill-adviced protection, together with the natural effect of a depreciated internal currency; and it is probable that in the near future labour troubles may spring up, having as their basis a demand for higher wages to compensate for these additional indirect charges.

Letters to the Editor.

AUSTRALIA'S EXTERNAL INTEREST.

TO THE EDITOR OF THE ECONOMIST.

SIR,—Recent political developments in Australia have brought the overseas interest problem into prominence. Reductions in interest on the internal debt, in private interest and rents, in public service salaries and in public expenditure have been faithfully carried out in most States. Owing, however, to the persistent fall in export prices, and the failure of some Governments to impose taxation or make the drastic economies required, the Budget deficits have not been reduced below £18 millions, compared with the £12 millions allowed for in the Premier's plan after adjustments have been made for the "Hoover moratorium." For next year, the recent committee of economic experts estimated that the deficit on the present

scale of revenue and expenditure would amount to £22 millions. In recording this failure to live up to the plan agreed upon in June, 1931, it is necessary to remember two facts: First, half the deficit is accounted for by the Lang Government in New South Wales, which reduced its public service salaries, including railways, by only 12.8 per cent. and its total expenditure by 15 per cent., compared with the minimum of 20 per cent. required by the plan, and nearly 30 per cent. carried out by some Governments. Secondly, Government revenue has been disappointing because of the continued drop in export prices and the fall in national income. Despite the present 25 per cent. exchange discount and the depreciation of sterling, export prices in Australian currency are 43 per cent. below their 1926-27 level in Australian currency, 56 per cent. below in sterling and 68 per cent. in gold. As a consequence of this slump and the absence of overseas loans, national income has also continued to fall. It was £642 millions in 1926-27, £645 millions in 1928-29 and £459 millions in 1930-31. The fall is approximately 30 per cent., and would, of course, have been much greater had Australia attempted to maintain parity with sterling or with gold. Despite these difficulties it is necessary for the Australian people to realise that they must carry out their plan of balancing budgets as a first step to recovery.

The experts also drew attention to the inequalities in the reductions in wages. Whilst wages as determined by the Commonwealth Court have fallen by 26 per cent. since 1928, nominal wages over the whole range of industry have fallen by only 12 per cent. Since the cost of living has fallen in greater measure real wages have risen by 8 per cent. The plan cannot be considered complete until the full adjustment in wages has been made, and the responsibility for this rests with the States.

Naturally Mr Lang objected. In a forceful speech at the Premier's Conference he referred to the burden of external interest that has not yet been brought within the plan. He was supported in part by the Acting-Premier of Victoria, whose Government has just been defeated in the House. So there has arisen the cry of no further reductions in the Australian standard of living until the external bondholder has made his contribution to the general sacrifice. Shrewd observers expect Mr Lang to be defeated in the New South Wales elections, but this must not be interpreted as indicating that the Australian people do not think that there is some justice in the claim that overseas interest should be reduced. So vital has the matter become that the Prime Minister had to make a guarded reply to Mr Lang, in the course of which he stated that: "The prospect of effecting a general reduction in the interest upon Australia's external indebtedness depends upon what action is taken upon an international basis for the relief of debtors."

In order to meet her external obligations in the past two years, Australia has found it necessary to export gold to the value of £36 millions, and to use up most of her surplus banking credits in London. There has been no falling off in export production or in the volume of exports. Had prices remained near their pre-crisis level a moderate decline in imports would have sufficed to enable Australia to meet all her obligations, even if London borrowing had been summarily terminated. This point can be made clear by a comparison of the volume of exports of leading commodities in recent years:—

QUANTITIES OF AUSTRALIAN EXPORTS.

	1926-27.	1929-30.	1930-31.
Butter	76.8	107.7	163.2
Beef	112.2	156.7	155.6
Mutton and lamb	93.5	100.4	109.3
Dried fruits	63.5	114.5	123.5
Wheat	44.4	24.2	71.5
Flour	9.9	9.3	10.5
Skins, sheep	9.4	13.2	12.3
Skins, furred	15.3	10.2	8.4
Wool	827.8	789.3	860.3
Lead	2.6	3.2	3.1
Zinc	.55	.66	.91

There was a substantial increase in the volume of exports, yet the value of total exports of goods in these years was as follows: 1926-27, £132.8 millions; 1929-30, £97.4 millions; 1930-31, £76 millions.

Meanwhile, Australia has cut imports from an average of about £140 millions per annum to substantially less than £60 millions on present figures. Thanks to a good season there will be a surplus in the merchandise balance of trade for 1931-32 of about £30 millions. This will be sufficient to cover the interest on the external debt and other necessary obligations. Australia has a net benefit of about £4.5 millions on account of the Hoover moratorium, and the depreciation of sterling has also given her some relief in recent months. But it is necessary now to send away more than two bales of wool and two bags of wheat to pay the interest that one bale or bag would pay before the crisis. As long as we are favoured by good seasons and the primary producers can continue

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against such heavy odds we may have the bales and the bags, but a bad season will destroy our surplus however much we reduce our standard of living or cut down imports. At present prices a bad season would reduce the value of Australian exports to a ridiculous figure, and make "default" inevitable. Yet on present volumes of exports, Australia could be building up a reserve in London if prices were at all reasonable.

The recent expert committee worked out index numbers of import and export prices from which it is possible to calculate the terms of trade.

(Base: 1926-27 = 100).

Year.	Import Prices.	Export Prices.	Terms of Trade.
1924-25	111	135	120
1926-27	100	100	100
1928-29	90	99	110
1929-30	90	77	85
1930-31	82	57	70

Prices are expressed in Australian currency. In view of the high exchange rate the fall in import prices is interesting, but it is outdistanced by the fall in export prices, and the terms of trade have worsened by 30 per cent. since 1926-27. If we were at par with sterling the export price index would be 44. At par with gold it would be 32.

While it has been more burdensome for Australia to meet her interest payments at present prices, the income from this interest gives the British investor a greater command over goods and services in Great Britain. This argument can, of course, be pressed too far. Australia was not concerned about the British investor when prices were rising. But this only serves to emphasise the desirability of debtor and creditor alike accepting adjustments when acute difficulties arise, or agreeing from the outset that the real burden of the debt shall be measured according to movements in some index number of prices. Meanwhile, Australia is paying her interest on the public debt abroad, though doubtless (in common with other countries) interest and dividends on private capital are much below what they were two years ago. According to the Board of Trade estimate, British receipts from overseas investments fell from £250 millions in 1929 to £165 millions in 1931. Very little of this decline was due to shortcomings of Australian borrowers. It is true that the loans were raised under the shelter of the Colonial Stock Act and guaranteed by the Governments of Australia. This crisis has, however, brought home to investors that a Government borrowing for industrial and development purposes is subject to many of the risks of an ordinary private enterprise. Just as the borrowing Governments must give up their extravagant ideas of potential resources, so must the lender scrutinise with more care the finances of the borrowing country.—Yours, etc.,

Melbourne,
May 1st.

AUSTRALIAN.

EXCHANGE RESTRICTIONS.

TO THE EDITOR OF THE ECONOMIST.

SIR,—I have read with interest the article on p. 1172 of your issue of May 28th, entitled "Exchange Restrictions in Danubia." The writer of this article shows a keen insight into conditions in Central Europe, with the exception of the following passage, which appears in the last paragraph:—

"The removal of exchange restrictions via currency devaluation is a matter of extreme urgency. But a sudden removal would lead to an unnecessary efflux of funds and might cause wholesale bankruptcy."

As a matter of fact, this would not be the case. On the contrary, the sooner currency restrictions are removed the better for the country concerned. To avert the danger of too great suddenness, a period of transition might be arranged, but this could be very short, and it is absolutely unnecessary for any one country to wait for the co-operation of other nations before abandoning currency restrictions.

There is no reason to fear an efflux of funds; various means are at hand to avert this—means which fulfil their purpose without endangering or ruining the economic life of the whole country. For example, banks may only be allowed to sell foreign bills against invoices and bills of lading, and the savings banks could issue certificates instead of cash, such as was done in Germany in 1866 and 1870 with great success.

Every day that currency restrictions are in force brings the countries concerned nearer to the verge of ruin, and it is only with the abandonment of this policy that free circulation of trade and commerce will again be made possible.

As a possible remedy, the writer of the article in question continues:—

"It has been suggested that the simplest way to start might perhaps be for the central banks to raise gradually, day by day, the price of *devisen*, thus satisfying an increasing proportion of the current demand until the point was reached where a daily supply of and demand for *devisen* were equalised."

This suggestion is out of the question, and would, if carried out, only make matters worse. So long as the central banks do not pay the real price they will receive no *devisen*.

Although last year's statistics give the figures for import trade as 250 Austrian schillings per month, the most recent figures point to the fact that the National Bank of Austria is only receiving 8 million schillings per month, and this is dwindling to zero. As a consequence, importation is being made impossible. Everyone knows that a country cannot export unless she imports, and, therefore, Austria is faced to-day with the possibility of a complete breakdown of her international trade, on which about 35 per cent. of the population are dependent.

There seems to be a general idea that, if currency restrictions are removed, the Austrian "schilling" will fall *ad infinitum*. But this need not be the case, and the idea is mostly put forward by people who do not know how to manage currency. If such were the case, it would never have been possible to stabilise or put into normal working order any currency which had once been inflated without having recourse to currency restrictions.

There have been many occasions on which the stabilisation of currencies has been carried out. For instance, the stabilisation of the Russian currency in the eighties of last century by Witte, the same in the Argentine at much the same time; then the stabilisation of the currency in the East Indies some ten years later by Lindsay, in France in 1925 and 1926, and as recently as the cases of Czechoslovakia and Austria.

In these countries the first thing that had to be done was the stopping of inflation and the restriction of the circulation of bank notes. Once this is carried out, and the circulation of bank notes is kept in strict proportion to the volume of trade of the country, everything will have been done to establish the currency on a stable basis. But it is impossible to stabilise a currency already deranged by introducing or maintaining so-called currency restrictions, which in reality mean prevention

of free circulation. A currency which is not allowed to circulate freely, but is artificially restricted, can never remain sound.—Yours truly,
Vienna.
JULIUS MEINL.

June 9, 1932.

MONETARY POLICY.

TO THE EDITOR OF THE ECONOMIST.

SIR,—In view of some (unintentionally) misleading glosses on my letter, which occur in your current issue, may I be permitted to make the following additional comments? I should be entirely opposed to the raising of a foreign loan. I am also opposed in general to all attempts by the authorities to secure for us, in present conditions of world distress, a more favourable balance of trade, and, in particular, to the attempt to secure it by depressing the external value of sterling to an unnaturally low level. Our gold and the resources of the exchange equalisation fund, which should be increased if necessary, should be used to maintain the external value of sterling against sudden short-period alarms and excursions. Ultimately internal reflation might entail a further reduction in its external value, but the internal reflation must be made to come first; and, if it did come first, its reviving effect on other countries might lead to price recovery there, in which case a further external fall in sterling might not prove necessary. (Probably there would be some fall *vis-à-vis* gold, but not *vis-à-vis* most other currencies.)

What this country needs is a leader of sufficient intellect and personality to understand the policy and to carry it through. Owing to our unitary constitution, both political and financial, England gives a specially favourable field for the operation of a definite policy. If such a man appeared, the difficulties about public confidence would be speedily solved. England is also uniquely placed for giving an international lead. Instead, we wait for a Conference, at which we shall either have no policy or, at best, endeavour to persuade others to do that which we lack the initiative, though not the opportunity, to do ourselves now.—I am, etc.,

Christ Church, Oxford.
June 13, 1932.

R. F. HARROD.

CHINESE CUSTOMS RECEIPTS.

TO THE EDITOR OF THE ECONOMIST.

SIR,—It has been brought to my notice that, in your issue of April 9th last, your Hongkong Correspondent, referring to the Chinese Customs Revenue Collection for 1931, remarks:—

"... The official notification gives no indication of the amount remitted to Nanking, but it is to be feared that quite a large proportion of the huge revenue collected was retained by local administrations to be squandered."

This inference is inaccurate, and, therefore, entirely misleading. With the exception of that portion of the revenue which was detained by the temporary *de facto* Government in Canton last year, all of the Maritime Customs duties throughout China, less cost of collection, were remitted without deduction to Nanking to be dealt with solely by the Central Government.—I am, Sir, your obedient servant,

26, Old Queen Street,
S.W.1.
June 9th.

PERCY RICHARDSON,
Secretary in London of the Inspector-General of the Chinese Maritime Customs.

Books and Publications.

BOOKS OF THE WEEK.

The Science of Economics.

PROFESSOR ROBBINS evidently means his title* to be a challenge, and his entire book is written in a militant and challenging tone. He does not mince his words about the wrong-headedness of those who venture to disagree with him; and he seems to conceive of himself as a knight errant pledged to release the distressed damsel, Economic Science, from the dark dungeon into which she has been cast. Professor Robbins is very certain that Economics is a "science," and that a clear understanding of the doctrines of this pure science is the only safe foundation for the practical handling of the problems we are accustomed to call "economic" in a looser sense. He is con-

* *An Essay on the Nature and Significance of Economic Science.* By Lionel Robbins. Macmillan. 7s. 6d.

vinced also that a necessary step towards the general recognition of this claim is a precise and adequate definition of the scope and significance of Economics as a branch of study.

On this matter, Professor Robbins says much that is good in pointing out the inadequacies and false categories of most of the existing definitions, which have gone wrong through trying to mark off certain objective things—material wealth, for example—as falling within the scope of Economics, and others as falling outside it. He is on sure foundations when he asserts that the business of Economics is to study not a limited range of things, but in almost everything. Economics, in his view, is concerned with choices among scarce objects of want, whether these objects are material or not, and whether they are wanted to serve a material or a non-material end. What makes a problem economic is the element of choice among scarce values, which finds expression in

present-day societies in the money demand for different kinds of goods and services.

This conception of the scope of Economic Science fits in well with the familiar doctrines of the Austrian School, which has been undergoing a remarkable revival during the past few years in the circles with which Professor Robbins is associated. It harmonises with the notion that the study of Economics should be centred round the phenomena of prices—not the abstract "level of prices," but the particular prices at which individual transactions take place. Professor Robbins uses it to lead up to the familiar conception of the price-regulator as the means of securing equilibrium in the economic affairs of society. He is more than a little at sea when he attempts to discuss the applicability of his sort of Economics to such a society as Soviet Russia, where the price-regulator functions not freely but under strict control, and the demands for capital and consumers' goods arise finally as the result of decisions made by the central planning authority. He seems to come near to concluding that economic laws would hardly apply at all. Yet obviously the problem of choice among scarce goods would remain in being, though, over a wide field, collective would have been substituted for individual choice.

Professor Robbins dislikes this, because the widest possible range of free individual choice seems to him to be "of the essence of the conception of equilibrium." He does not, indeed, say that States ought not to interfere. Indeed, he expressly declares that it cannot be decided purely on economic grounds whether they should or not. But in regarding free individual consumers' choice as pivotal, he does come near to identifying Economics with individualism; and he delivers a frontal attack on the so-called materialist conception of history, on grounds which leave it very doubtful whether he is fully aware what that much-abused doctrine really is.

No one who reads Professor Robbins' book will doubt his ability; but his argument would be more persuasive if he were rather less positive and not quite so inclined sweepingly to condemn those with whom he disagrees. As an essay in methodology his book is stimulating and, in the matter of definition, persuasive. But it has serious limitations, above all in that, while its author insists that all economic analysis is conditioned by the particular social structure which is assumed, he makes no attempt to analyse the implications of the structure he himself assumes, or the relevance of the Economic Laws accepted by him to the circumstances of a different structure.

SOME INTRODUCTIONS.

UNDOUBTEDLY the present state of the universe has created a demand for reading on economic subjects among persons who had never before considered the subject, as a man with an unexplained pain takes to reading medical books. Pamphlets and small books on various aspects of the economic crisis are bought and read as never before; and as the ordinary school curriculum makes no provision for any economic instruction whatever, the average adult has to begin from the beginning, as it were in words of three letters, and to study some time before he reaches even such elementary propositions as that a steady fall in prices, creating increased unemployment, is not necessarily the boon, even to his own immediate pocket, which it appears to be at first sight. Hence this spate of small books,* half-a-dozen samples of which lie before us.

A perusal of the samples suggests that one desideratum for the training of the elementary student in any subject is sadly lacking. The professors are not sufficiently agreed among themselves upon the major points. This, of course, is plain from their major works; but it stands out far more in would-be simple expositions; and, one fears, will work rather to the befogging than the enlightenment of the hopeful student. In

* *A Primer of Foreign Exchange.* By William F. Spalding. Third edition. (London) Pitman. 121 pp. 3s. 6d. *A Primer of Money.* By Donald B. Woodward and Marc A. Rose. (London) McGraw-Hill. 249 pp. 6s. *The Pinch of Plenty.* By Ann Berkelbach and D. G. Hutton. (London) Sidgwick and Jackson. 170 pp. 3s. 6d. *Money in the Melting Pot.* By Hartley Withers. (London) Sidgwick and Jackson. 136 pp. 3s. 6d. *Economics of Everyday Life.* By J. Frater Taylor. (London) Crosby, Lockwood. 128 pp. 2s. 6d. *Stock Market Forces.* By F. W. H. Caudwell and Sir Ellis Ellis-Griffith. (London) Methuen. 128 pp. 5s. *The Stock Exchange.* By F. W. Hirst. (London) Thornton Butterworth. 250 pp. 2s. 6d.

such a study of fact as Mr Spalding's useful little primer of foreign exchange, now in its third edition, these troubles are not much in evidence; it is when one comes to statements and suggestions bearing on the present crisis that the confusion becomes obvious. What is a student to think, when Mr Hartley Withers tells him that one of the major causes of the present state of things is high tariffs, particularly in America, while Mr Frater Taylor thinks that high British tariffs will be (and, indeed, have already proved!) the only world remedy; when the authors of *The Pinch of Plenty* point out the disastrous result of declining world-consumption, particularly of primary products; while another author assures the reader that all nations have lived extravagantly, and that the time has come to tighten belts all round? If economics be a science, its axioms appear to be somewhat in dispute.

It is, nationally, rather humiliating to have to admit that the most useful of these text-books is American in origin. Messrs. Woodward and Rose know what they want to say, and say it brightly (perhaps a little too brightly) and intelligently. Their book is a useful description both of the primary problems of money and of the special problems which the last ten years have thrown into relief; they know how to distinguish between established fact and conjecture; and though, of course, much of their illustration is American, the book rather gains than loses thereby, because of the freshness of approach.

In Messrs Sidgwick and Jackson's interesting "World Problems of To-Day" series, Miss Berkelbach and Mr Hutton write well and convincingly of the present inversion of Malthus's fears, wherein, instead of "population pressing upon the means of subsistence," the means of subsistence has come to press disastrously upon the population. Their book is less a text-book than an essay on one of the most insane of the insane dilemmas which modern civilisation has created. Mr Hartley Withers covers ground which he has covered before, with clarity but without much hope; he is disposed to blame neither the banking community, nor the French, nor the Americans (except as tariffists) for the present situation, and to take the view that manipulated currencies imply the existence of so much international co-operation as to be impracticable. He favours a slow inflation. Both these books may be read with profit, but Mr Taylor, in spite of his membership of the Macmillan Committee, is too naïf to be of much help. *Stock Market Forces* is an interesting little work, containing tables of fluctuations in share prices, and graphs showing various "trends of the market." *The Stock Exchange* is a new and revised edition of an admirable little volume in the Home University Library series, which gives the investor or the student a concise and lucid picture of the functioning of the machinery of the stock markets.

SHORTER NOTICES.

"Problems of Peace." By H. J. Laski, A. E. Zimmern and others. (London) Allen and Unwin. 8s. 6d.

"The Causes of War." By Sir Arthur Salter, Sir J. Arthur Thomson and others. (London) Macmillans. 7s. 6d.

These two symposia of papers read by distinguished publicists to gatherings convened to study the urgent international problem of the day will provide future historians with evidence of the seriousness with which the problem has been wrestled with by men and women of good will. At this moment, when we are in the thick of the struggle and cannot foresee its outcome, we do not know whether, in retrospect, these efforts will seem pathetic or heroic. At any rate, they are sincere; and the task is certainly enormous. We have to recast the whole of our political institutions from the mould of the sovereign independent national state into the world of a world-wide society in order to bring our anachronistic politics into harmony with our economic life, which has advanced already from parochialism to a world economic order. In the first of the two books here noticed, the theory of an international

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society is examined by Professor Laski, while the respective relations of Europe, Russia, America and the British Empire to our embryonic world-community are dealt with by a Professor of International Relations in the University of Oxford, a former Secretary of the German Embassy in Washington, the Secretary for Asia of the Y.M.C.A., a Professor of International Law in the University of Illinois, and the chief of the Diplomatic Division in the International Labour Office. The second symposium deals with the single but dominant problem of war—one of the traditional institutions of an obsolete state of society which has to be plucked out and cast away if the new society is not to be destroyed by it.

"Finance and Politics." By Paul Einzig. (London) Macmillan. 140 pp. 7s. 6d. net.

Dr. Einzig has made a considerable reputation for himself by a series of monographs, which between them provide a running commentary upon current international financial history. This is the latest book in the series, and carries the story nearly but not quite up to the eve of the Lausanne Conference. Dr. Einzig himself would probably not claim that his comments represent the final judgment of the historian, for they are made too close to the event; but his work is undoubtedly of value in bringing together facts which otherwise might escape the notice of the compilers of the final history of the period. Where we would be disposed to criticism is that while he is entitled to believe that France is the "villain of the piece," he pushes his argument a good deal too far. It is undoubtedly true that France has pursued a line of her own, and has at times subordinated her financial to her political policy. Yet it is unfair to imply that France has consistently refused to contribute anything to the common aim, or that she has pursued an objective of "financial hegemony" at the expense of deliberately wrecking Europe. It may be that Dr. Einzig attaches too much importance to the "financial weapon," as he calls it, and his suggestion that had Great Britain been willing last spring to continue accumulating *devisen* indefinitely, she could have brought the world's troubles to an end, surely demands qualification. Such "short statements" illustrate the dangers that beset the commentator upon current events; but at least we can be grateful to Dr. Einzig, not only for gathering together his material, but for having the courage to express his views before he can be quite certain that they will not need modification.

"British Railways in Boom and Depression." By C. Douglas Campbell. (London) King. 122 pp. 6s.

It is no doubt essential, when presenting a thesis for an economic doctorate, to present the examiners with a good dose of tabular and graphical matter, for such is the meat upon which examiners thrive; but Mr Campbell's contribution to the problem of the British railways would have been more useful to the general reader if its statistical frills could have been omitted before publication. For all the calculations in the early part of his book, dealing with the financial position of British railways in relation to the general position of trade, prove, when all is said, little more than what a completely non-statistical mind can discover by the exercise of common sense upon the ordinary figures, and further tend to put off, by a great apparatus of American mathematics, the reader who might have obtained profit from a study of the later chapters. For when Mr Campbell arrives at the post-war period, the amalgamations, and in particular the 1921 Act, he has something important to say and valuable criticisms to make, which may be lost to those who have not the patience to continue. His study, based largely on the researches of the Balfour Committee, of the proportion between the various types of traffic borne by the railways, and his analysis of the shortcomings of the rate-fixing machinery established under the Railways Act, will well repay study.

"Co-operative Banking." By N. Baron. (London) P. S. King and Son., Ltd. 15s. net.

This book is a valuable supplement to Mr Baron's "Russian Co-operative Banking," and though less detailed, gives a very complete account of Co-operative and Labour Banks in over forty countries. The statistics are excellently set out, and fully explain the general position of the most important organisations. His conclusion that the methods of Co-operative have generally been sounder than those of Labour Banks is well supported by his account of the Labour Banks in the United States, but his analysis of the uses to which the funds of Co-operative Banks are put suggests to the reviewer the need for an International Co-operative Bank most apparent. Such an institution might also form the basis of a system of international lending which would be free from some of the political complications which obstruct it to-day. The arrangement of the book makes it easy to find one's way through the large number of organisations dealt with, and there is an excellent index of banks at the end.

OTHER BOOKS RECEIVED.

The Hague Court Reports. Edited with an introduction by James Brown Scott. 220 pp. (London) Oxford University Press. 12s. 6d.

Includes, *inter alia*, the French and English text of The Hague Convention of 1907, Arbitrations before the Tribunals, and the Report of The Hague Commission of Inquiry.

Prospettive Economiche. By Giorgio Mortara. (Milan) Università Bocconi.

An examination of the statistical position and markets of the principal raw materials.

Das Krisenproblem Oesterreichs. By Leo Gestetner and Ekkehard Hauer. 53 pp. (Vienna and Leipzig) Verlag von Carl Gerold's Sohn.

A statistical analysis in which particular attention is devoted to foreign trade and to the proposed Danube scheme.

Die Ursachen der österreichischen Agrarkrise und deren Behebung. By Leo Gestetner and Ekkehard Hauer. 102 pp. (Vienna and Leipzig) Verlag von Carl Gerold's Sohn. Sch. 3.

Part I. deals with the breadstuffs problem; Part II. contains suggestions for overcoming the crisis in all the principal branches of agriculture.

Inflate or Perish. By L. L. B. Angas. 100 pp. (London) St. Clement's Press, Limited. 5s. net.

A plan for controlled reflation. Much good sense, but not a little controversial argument stated with provocative brevity.

Le Franc Suisse. By Amédée Gruchon. 226 pp. (Lausanne) Librairie Payot and Cie. 6 fr.

A study of Swiss currency during and since the war.

La Population de la France pendant la Guerre. By Michel Huber. 968 pp. (London) Oxford University Press. 35s. net.

An exhaustive statistical analysis.

Inflation and Deflation. By Hero Moeller. 36 pp. (Erlangen) Verlag von Palm und Enke. Rm. 1.20.

Reprint of a lecture in which the position of the German currency is discussed and various proposals for its reform examined.

The Destiny of Europe. By F. McEachern. 238 pp. (London) Faber and Faber. 7s. 6d. net.

An analysis of the tradition underlying European history.

Manufacturing Industries of the British Empire Overseas; Part VI., Africa. (London) Erlangers, Limited. 7s. 6d.

A very useful collection of statistics.

France and Germany. By W. G. Moore. 146 pp. (London) Student Christian Movement Press. 2s. 6d. net.

A simple account of their respective points of view.

The Shadow on Parliament House. By A. Dewar Gibb. 39 pp. (London) The Porpoise Press. 1s. net.

This essay poses the question: "Has Scots Law a Future?"

Kelly's Directory of Merchants, Manufacturers and Shippers of the World, 1932. In two volumes. 4,565 pp. (London) Kelly's Directories, Limited. 64s.

Vol. I deals with foreign countries and their possessions; Vol. II with the British Empire.

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The Stock Exchange.

FOREIGN GOVERNMENT BONDS.

THE foreign bond market is proverbially exposed to every change in the world's trade winds, but not even its oldest meteorologists, whose memory goes back to the Baring crisis, can recall a hurricane like the present. Every recent week has brought its quota of revolutions, counter-revolutions, defaults, transfer moratoria, exchange restrictions, and prohibitions. Many bond quotations are at default levels, dealing in others is a matter of special negotiation, and offers or purchases of relatively small holdings may move prices several points. The narrowness of the market was revealed, incidentally, by the sharpness of this week's recovery in European issues, on moderate buying, following the announcement of a protective committee for British subscribers to "League of Nations" loans.

The extent of the slump in prices of representative overseas Government bonds since the 1929 boom may be appreciated from the following table:—

FOREIGN BOND VALUES.									
Stock.	Highest Price, 1929.	Present Price.	% Decrease.	Stock.	Highest Price, 1929.	Present Price.	% Decrease.		
"Empire" Loans.									
Australia 5% 1945-75	99½	91½	6.2	Other European.					
N. S. Wales 5% 1935-55	99½	85	14.6	Czechoslovakia 8% 1911	114	85½	25.0		
N. Zealand 5% 1946	104	97½	5.3	German 7% ("Dawes")	107½	65½	39.1		
S. Africa 5% 1945-75	104½	101½	3.0	Norwegian 4% 1911	84	85½	0.1		
India 4½% 1958-68	92½	90	2.7	Swedish 3½% 1908	80	75	6.0		
				Belgian 7% 1910	110½	104½	5.4		
				Finland 6% 1923	100	60	40.0		
League of Nations Loans.									
Austrian 6% 1923-43	103½	86x	14.0	South American.					
Hungary 7½% 1924	104½	36½	65.0	Argentina 4% 1911	88	57½	34.6		
Greek 7% Refugee 1924	103	35	66.6	Brazil 6½% 1927	102½	31½	69.2		
Bulgarian 7% Settlement	90	30	61.1	Chile 6½% 1929	96	13	86.4		
				Peru 7½% 1922...	106½	30x	68.1		
				Mexican 5% 1899	38	5½	85.6		
				S. Paulo Coffee, 7½%	105	57½	45.2		
				Far East, &c.					
				Japan 6% 1924	100½	64	36.3		
				China 5% 1913	69½	60	13.6		
				Siam 6% 1934-64	105½	83	21.3		

* Allowing for accrued dividends.

† Per cent. increase.

The table reveals the significant fact that, although the present depression is nothing if not worldwide, the extent of the investor's capital losses has varied widely in different geographical areas. Measured in terms of depreciation from the high levels of 1929, the prices of British Dominion Government issues make a relatively satisfactory showing. Australian stocks have recovered, after a period of widespread selling, to levels only 5 or 6 per cent. below the 1929 maxima, and even New South Wales issues, freed from the incubus of Mr Lang, are overhauling those of the other States. India loans, similarly, have retrieved their position, after declining considerably during the period of civil disobedience. New Zealand and South African issues are little, if anything, below the peak figures of three years ago.

Next come the bonds of the "stable" small countries of Western and Northern Europe—Norway, Belgium, etc.—which have depreciated by less than 10 per cent. These are followed by issues of countries whose own economic conditions may be unsatisfactory to-day, but whose overseas loans, in certain cases, have a special security, such as the Chinese loans secured on the Maritime Customs receipts, and the Austrian "League" loan of 1923, whose service was guaranteed rateably by eight other nations. Depreciation in this group is of the order of 10 to 20 per cent. Next come the securities of Governments which have not defaulted, but are by general agreement hard pressed—including Japan and Argentina, whose leading overseas securities have lost about one-third of their value since 1929. The German "Dawes" and "Young" loans come within this category, but show more than "average" depreciation. Finally, the issues of Governments which have suspended interest and/or sinking fund

remittances have declined by two-thirds to three-fourths. In this group fall the majority of South American Government issues, and, unfortunately, some of the post-war "reconstruction" loans of South-Eastern European States issued under League auspices.

In view of this diversity, one may well inquire how far British lending, before the slump, was distributed between good and bad borrowers—as judged by current quotations. Our regular analyses show that in the decade ended December 31st last no less than £1,056,700,000 was subscribed to capital issues in London for employment overseas, distributed as follows:—

LONDON ISSUES FOR OVERSEAS, 1922-31.
(000,000's omitted.)

	"Empire" Issues.		"Foreign" Issues.		Total "Overseas" Issues	
	Government.	Other.	Government.	Other.	"Empire."	"Foreign."
1922	£ 58.6	£ 16.3	£ 14.3	£ 40.9	£ 74.9	£ 55.2
1923	69.4	23.3	26.4	18.3	92.7	44.7
1924	50.1	22.2	40.6	11.8	72.3	52.4
1925	30.7	30.2	...	16.3	60.9	16.3
1926	31.9	21.3	23.8	24.6	53.2	48.4
1927	55.7	44.1	11.8	36.6	99.8	48.5
1928	40.2	22.9	15.9	26.4	61.0	42.3
1929	26.4	34.6	3.6	22.6	61.4	26.2
1930	49.1	12.4	21.3	14.4	61.4	35.7
1931	30.6	7.9	1.7	7.4	38.5	9.1
Total (10 years)	442.7	235.2	159.4	219.3	677.9	378.8
Proportion of total	42%	22%	15%	21%	64%	36%

So far as Government bondholders are concerned (whose position alone is discussed in the present article), the figures are moderately, if negatively, reassuring. "Empire" Government issues (on which investors have suffered relatively small net losses) have accounted for over 40 per cent. of total London emissions on overseas account, while "foreign" Government loans have represented little more than one-seventh of the aggregate.

Closer analysis, however, shows significant specialisation under both headings. The following totals have been raised by certain individual Governments during the decade 1922-31:—

	Total Money Raised.
"Empire" Governments:—	
India	109,472,500
Australian Commonwealth	80,095,000
New South Wales	35,636,465
Other Australian States	53,508,626
Total, Australia	169,240,091
New Zealand	52,775,000
South Africa	34,483,425
Certain European Governments:—	
Germany	21,840,000
Eight "League of Nations" Loans*	38,000,000
South American Governments:—	
Brazil (Federal and States Govts.)	37,472,250
Chile	8,015,085
Argentina	2,162,500
Other South American States	1,872,639
Total, South American Govts.	49,522,474

* To Austria, Bulgaria (2), Greece (2), Hungary, Estonia and Danzig.

Almost every figure in this table may be explained, in the main, by reference to expediency rather than first principles. London has been a favourable venue for "Empire" borrowers, partly owing to friendly market psychology and tradition, but also largely because the Colonial Stock Act has made Dominion issues available for British trustees. Great Britain has taken an appreciable stake in Germany's "Dawes" and "Young" bond issues, and in "League" loans, as part of her considered contribution to post-war European reconstruction. She has invested somewhat heavily in Brazil because, in the main, that country's representation in the London capital market is in particularly influential hands. She has handled very few post-war Government issues for

other South American States, partly on grounds of conservatism as regards their economic position, but chiefly because the United States of America has been far more interested in that part of the field. Argentina, in particular—whose borrowing was a leading factor in the Baring crisis—has raised practically no Government long-term capital in London, British lending having been effected chiefly by way of subscriptions to railway stocks.

The London new issue figures, in any case, afford no exact indication of the net post-war increase in British investments. The Government of India's borrowings, for example, have been destined, in part, for the purchase of existing capital assets, such as railway properties. Repayments of capital by overseas borrowers have been considerable. In the three years 1928-30 Sir Robert Kindersley has estimated that "Empire" Governments repaid £80,480,000 and "Foreign" Governments £26,713,000 of capital—leaving total outstanding British investments under the two headings, at the end of 1930, at £985,532,000 and £320,112,000, which produced income (during that year) of £42,290,000 and £15,793,000 respectively. Overseas nationals, again, have been considerable buyers of sterling bonds, their total 1930 holdings being put by Sir Robert at £276,306,000 of "Foreign" and of £116,626,000 of "Empire" Government and municipal bonds.

Investors in these difficult times, in short, may solace themselves with the reflection that the major share of Britain's net overseas purchases, since the war, has been of the bonds of "Empire" Governments which have suffered only moderate depreciation, and that some of her heaviest losses, particularly in Europe, have been incurred in a good cause. This, of course, is not the end of the matter. Concentration of limited lending power on the needs of the British Commonwealth of Nations may have been inevitable, and from some points of view desirable, but it is doubtful, for example, whether certain borrowers, like Australia (and, possibly, New Zealand) have not been induced by the abundance of London's resources to mortgage a dangerously large proportion of their future productivity. Nor can many sound conclusions be drawn from the behaviour of bond prices generally under abnormal contemporary conditions. The "eternal risks" of foreign investment have never been closely defined, but they can scarcely include the danger of world trade cessation—by instalments.

INSURANCE SHARES.

ACCORDING to the Actuaries' Investment Index the price index of 24 representative insurance shares fell last year from 91 at the beginning to 67 at the end of the year, while during the same period an index of prices of industrial shares as a whole fell from 64 to 49. Thus insurance shares suffered more drastic depreciation even than industrial shares. As there was nothing in the situation to justify this extreme depression in the price of insurance shares, a rebound naturally occurred this year, and the index was carried up to a high point of 83. A further, though smaller, recession has since occurred, and reduced the index to 79.

The following table of representative quotations shows how current prices compare with the highest recorded in recent years:—

	Highest. 1929.	Highest. 1931.	Highest. 1932.	May 3, 1932.	Present Price.	Yield (%)
Alliance New Ord., £1 fully paid	23	21	23½	20½	21*	£ s. d. 4 5 0
Commercial Union Ord., £2½ fully paid	29½	24½	20½	19½	17*	6 0 0
Employers' Liability Ord., £1 with 5s. paid	4½	3½	2½	2½	2½	10 0 0
London and Lancashire Ord., £5, with £2 paid	33½	28½	27½	25	25½	3 18 5
Pearl Ord., £1 fully paid	13½	13½	12½	11½	12	13 18 0
Prudential "A" £1 fully paid	28½	24½	22½	21½	20½*	4 2 0
Royal Exchange Ord., £1 with 10s. paid	7½	6½	6½	5½*	5½	4 14 0
San Insurance Ord., £1 with 5s. paid	45½	3½	3½	3½	3½*	4 5 0
Yorkshire Ord., £1 fully paid	16	14½	14	13½	13½	11 0 0

* Ex dividend. † £10 shares with £2 paid up. ‡ Free of income tax.

What is the reason for the heavy depreciation that has occurred in some cases? What is the outlook for the future? From an investor's point of view, insurance shares naturally divide themselves into two categories, those of companies transacting all classes of insurance business, including life, and those of companies which transact life business only. By far the greater part of the depreciation has occurred amongst shares in the former class. The composite offices as a whole have been subject to the full effect of the world-wide trade and financial depression, and since, on the average, some 50 per cent. of their premium income is derived from the United States, they have felt acutely the effects of the extreme state of depression in that country. Indeed, many companies have testified to the fact that most of the decline in their total premium income has been due to United States business, and, moreover, that while profits on the home section have been well maintained, the United States business has been run at a loss. A study of the annual reports issued for 1931 shows that fire premiums fell on the average some 5 per cent. as compared with 1930, and accident premiums somewhat less, and in both departments there has been a falling off in the underwriting profits.

In face of the catastrophic fall in commodity prices during 1931, the premium income has been relatively well maintained, but the further fall in gold prices of about 14 per cent. since September, 1931, suggests that the companies this year will be faced with a further falling off in premiums, and so far as the United States conditions are concerned the statistics of fire losses show no improvement in the first four months of this year.

Another unfavourable factor has, of course, been depreciation on securities, though in this connection it is satisfactory to notice that in practically every case the hidden and disclosed reserves were more than amply sufficient to meet all the depreciation that occurred. Indeed, the depression has served to emphasise, in the case of British companies operating in America, their relatively strong financial position compared with the native companies. American fire and casualty companies are allowed by law to invest in preferred and common stocks, and, in fact, over 40 per cent. of their assets are invested in common stocks and nearly 15 per cent. in preferred stocks. The colossal depreciation in these classes of securities has been a very serious matter for the native companies. A number of them have had to be assisted by the Reconstruction Finance Corporation, and over 50 companies in 1931 has been the marine account, where underwriting profits have been more satisfactory than for many years past.

As regards life assurance, most of the business of life companies is confined almost entirely to this country, and in this field not only has new business been extraordinarily well maintained, but general profit-earning capacity, in regard to interest, mortality and expenses, has also been of a very satisfactory nature. In view of their larger funds the problem of depreciation in the case of the life companies looms larger, but those companies whose hidden or disclosed reserves are insufficient to deal with this factor all have enormous hidden reserves in their basis of valuation.

To sum up, we may say that the outlook for life assurance companies for the moment is relatively more favourable than that for companies transacting all classes of business, although there are, of course, in this latter category a few companies whose shares, by reason of special circumstances, are still attractive.

THE WEEK IN THE MARKETS. THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.
June 21.

ACCOUNT.
June 23.

SENTIMENT, always incalculable, chose to regard favourably the reports of the MacDonald-Herriot discussions in Paris, the Prime Minister's review at the opening of the Lausanne Conference, and the announcement of a strong

protective committee of sterling holders of "League" bonds. The advance of gilt-edged stocks was renewed, 4 per cent. Consols reaching par. Bear covering on a narrow market gave a sharp upward twist to numerous European bonds. To the firmness of fixed-interest securities in general there was one prominent exception—railway prior charges, which were affected by the worst batch of traffic receipts recorded for some weeks. Dealings in equity shares, by contrast, were restricted, though quotations were fully held. Indeed, the market's cheerfulness was largely superficial, and gave an impression of inability to withstand any really bad news.

The best indication of the reversal of the previous reactionary attitude towards gilt-edged stocks was the concentration of demand on long-dated issues like Four per Cent. Consols, while War Loan remained stationary. Other stocks made new records, Five per Cent. Conversion going above 110 and Victory Bonds touching 102. India loans were strong after the redemption of the 6 per cent. Bonds of 1932-33, the pending closure of the Rupee Loan being expected to bring fresh money into existing stocks. The decisive defeat of Mr Lang's party caused a further recovery in Australian stocks.

The upward reaction in European bonds was due more to inevitable bear closing on the eve of Lausanne than to optimistic views of the rôle of the League Bondholders' Protective Committee. The market's attitude towards Argentine issues remained conservative, but an increased demand for Brazilians followed the repayment of a credit by the Bank of Brazil, the remittance of £175,000 for the debt service, and the due performance of the sinking fund operation in respect of the Five per Cent. Funding Bonds. The confused political situation again failed to influence Chilean bond prices.

Tentative buying of home railway prior charges was decisively checked on Wednesday, when the week's traffic figures upset the whole market. "Depressed" preference stocks were weak, and ordinary quotations reached the lowest points ever recorded. Small offerings of Argentine stocks caused fresh price declines, the trend of receipts on all the main lines being downwards. Canadian Pacific, on the other hand, improved slightly on better crop reports.

Dealings in the industrial markets remained restricted. International counters were irregular, but slightly higher on better Wall Street sentiment. Some home equities showed rises of a few pence, but irregularity developed before the close on most days. Electrical shares were somewhat easier, and iron and steel shares dull, the Guest, Keen report (dealt with on page 1367) being unfavourably regarded. Stewarts and Lloyds, exceptionally, were firm on reports of large Australian orders in anticipation of tariff increases in the autumn. The speech of the chairman of J. Lyons (discussed on page 1367) attracted investment notice, the shares continuing to gain ground, while most catering issues were easier. International Tea, however, remained steady in anticipation of a relatively favourable report. Textile shares receded on disappointment with the unions' decision, on Monday, to submit the question of strike action to a further ballot. Breweries remained heavy. Insurance shares were steadier than of late, but banking shares remained slightly reactionary. Anglo-South American Bank "A" were dealt in, by negotiation, at a discount.

Oil shares became slightly irregular after a firm opening. Continental business was not extensive, the tone being set mainly by New York. Demand for Anglo-Persian from the North of England, however, found the market bare of stock. Rubber shares remained stagnant, with changes few and far between, in the absence of any appreciable variation in the price of the commodity. The volume of liquidation of tea shares, however, showed signs of diminishing, a number of moderate improvements in quotations reflecting the reappearance of bargain hunters.

Trading in mining shares was quiet, the Continent being apathetic. The Kaffir dividend announcements (referred to on page 1369) were regarded as satisfactory, but had been discounted. Among Rhodesians, Cam and Motor attracted interest on rumours of a return of 5s. or 7s. 6d. of capital per share. Tin shares showed little change despite the wide fluctuations of the metal, which was

particularly weak on Tuesday. Bangrin and Siamese Tin improved on the issue of annual reports. Speculative activity in West Australians, particularly Great Boulder, was intermittently resumed.

"FINANCIAL NEWS" DAILY BARGAIN INDEX. (Approximate number of Bargains recorded in Stock Exchange Lists.)

	June 9, 1932.	June 10, 1932.	June 11, 1932.	June 13, 1932.	June 14, 1932.	June 15, 1932.	June 16, 1932.
Government and Municipal Loans	1,545	1,622	Stock Exchange closed.	1,791	1,541	1,576	1,716
Transport, Communications, and Public Utilities	839	830		1,021	746	817	869
Commercial and Industrial	1,330	1,246		1,548	1,378	1,301	1,389
Banks, Insurance and Financial	436	413		450	414	424	413
Mines (including Sulfide)	335	350		393	291	292	351
Oil	95	91		86	83	115	79
Rubber, Tea and Coffee	66	49		104	105	68	104
Total	4,646	4,601		5,393	4,558	4,593	4,921

* Including iron and steel and breweries.

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

Highest of 1932. (Mar. 3.)	Lowest of 1932. (June 1.)	June 9, 1932.	June 10, 1932.	June 11, 1932.	June 13, 1932.	June 14, 1932.	June 15, 1932.	June 16, 1932.
63.7	51.3	52.4	52.3	*	52.4	52.3	52.4	52.5

* Stock Exchange closed.

FOREIGN STOCK EXCHANGES.

NEW YORK.

The markets opened irregularly, but improved in the course of the week. The cheerful attitude of London with regard to the Lausanne Conference had some influence, but the main factors in a modest improvement were the recovery in the dollar exchange and relief over the prospect of the adjournment of Congress without any further disturbing legislation. In particular, the market was reassured by the belief that the Soldiers' Bonus Bill had no prospect whatever of becoming law. Bond prices fully reflected the market's better sentiment, but little direct effect was traceable to buying by the pool. In view of the somewhat negative character of the forces making for improvement, doubt was expressed whether the promised resumption of group speculative operations would go very far. Business conditions remained unsatisfactory. Steel operations reached a new low point at 18 per cent. of capacity. Freight-car loadings for the week ended June 4th were 447,897, a decline of 72,613 as compared with the previous week and 314,000 as compared with the corresponding week of last year. Owing to the incidence of the end-May holiday, however, the figures were not entirely comparable. The business index of *The New York Times* for the first week of June touched a new low point at 55.1, against 55.3 in the previous week.

	June 2, 1932.	June 9, 1932.	June 16, 1932.	June 2, 1932.	June 9, 1932.	June 16, 1932.
U.S. 3½% T. Bds.	97½	98½	99½	Natl. Biscuit	28½	27½
U.S. 4½% T. Bds.	100½	100½	100½	Phelps Dodge	31	44
Do. 4½% 1937-47	101½	101½	101½	Fullman	11	12
Do. 4½% 1938-38	102½	102½	102½	Seam-Roebuck	14½	13½
Atchafalpa	27½	25½	30½	Studebaker	34	34
Chas. & Ohio	12	11	13½	Un. Fruit	12	13
Eric	24	34	34	U.S. Leather	12	12
Illinois Central	66	64	74	U.S. Rubber	1	2
N.Y. Central	94	94	134	U.S. Steel	274	244
Southern Pacific	78	8	84	Westinghouse	204	194
Southern Ry.	3	4	4	Woolworth	254	244
Union Pacific	364	344	404			
Am. Can.	384	354	394	Am. Tel. & Tlg.	864	814
Amer. Smelting	54	6	84	Interboro R.T.	34	24
Anacosta	34	4	4	Int. Tel. Teleg.	24	34
Beckham Steel	84	84	84	Radio Corp.	24	34
Chrysler Motor	54	6	74	Utilities P. & L.	14	24
Corn Produce Ref.	274	284	314	W. Union Tlg.	174	154
Kodak	414	374	444			
Gen. Electric (New)	10	94	114	Associated Gas "A"	14	14
Gen. Motors	84	84	94	Pan. Amer. B. (New)	11	54
Int. Harvester	154	134	154	Shell	11	104
Mont. Ward	44	44	54	Shell Union	22	24
				Std. California	17	164
				Do. N.J.	234	234

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(Continued on page 1366.)

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

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

† Free of Income Tax.

† Free of Income Tax

[June 18, 1932.]

LONDON NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, June 8, 1932.	Price, June 15, 1932.
Agricultural Mortgage Corporation 4½% Deb. Stock, 1961-91	95	60	4½-4½ pm	4½-4½ pm
Allied Newspapers 6½% Cum. 1st Pref. £1	10/-	10/-	9/9-10/3	9/9-10/3
Bowater's Paper Mills 6½% Cum. Pref. £1	10/-	10/-	4½d.-7½d. pm	3d.-6d. pm
Brazil 5% 20 Yr. Funding "A"	...	...	46½-47½	47-48
Do. Funding "B"	...	...	33½-34½	35-36
Bristol Corporation 4½% Red. Stk. 1952-62	100½	20	1½-2 pm	1½-2½ pm
British Columbia 5% Stk. 1957-67	99	29	½ dis-par	½ dis
British Power and Light 6% Cum. Pref. £1	100½	55½	4½d.-1½d. dis	½d.-1½d. pm
Burnley 4½% Stk. 1952-62	100½	55½	4½d.-1½d. dis	½d.-1½d. pm
Central Electricity Board 4½% Deb. 1957-82	96	5	...	...
County of London Electric New Ord.	38/6	11/-	1/10½-2/1½ pm	1/10½-2/1½ pm
Edmondson's Electricity 6% Pref.	21/-	11/-	1/1½d.-4½d. pm	½d.-1½d. pm
Electrical Distribution of Yorkshire 6% Preference £1	21/-	5/-	3/6-4/- pm	3/3-3/9 pm
Ever Ready New Ord. 10/-	10/-	5/-	9/6-10/- pm	20/9-21/3
Fortnum and Mason 7% Cum. Pref. £1	100½	30½	1/3-1/9 pm	1/3-1/9 pm
Hull Corporation 4½% Stk. 1952-72	95	60	4½-4½ pm	4½-4½ pm
India 5% 1942-47	98	fy. pd.	102-104	102½-104½
Liverpool 5% Deb.	101½	51½	3½-4 pm	3½-3½ pm
London and Home Counties Joint Electricity Authority 5% Stk. 1951-71	22½	...	28½-28/6	28½-28/6
Lyons (J.) and Co. 7% Pref.	...	...	4½-4½	4½-4½
Marks and Spencer A. Ord.	...	...	3-2 dis	3-2 dis
Mecano 6% Deb.	...	...	2½-1½ dis	2½-1½ dis
Metal Box 5½% Deb.	...	...	2½-1½ dis	2½-1½ dis
Do. 7% Cum. Pref. £1	21/-	13/6	2½-1½ dis	2½-1½ dis
Munich 7% Pref.	21/-	fy. pd.	9d.-1/3 pm	1/- 1/6 pm
Metropolitan District Railway 5% Deb. 1965-95	97½	40	7½-7½ pm	8-8½ pm
Metropolitan Railway 5% Deb. 1957-62	97½	45	7½-7½ pm	7½-7½ pm
New Zealand 5% Ins. Stk. 1955-75	98½	28½	1½-1½ dis	1½-1½ dis
N. Somerset Electric 5½% Cum. Pref.	20/6	10/6	6d.-1/- pm	6d.-1/- pm
Scottish Power 6% Cum. Pref. £1	23/-	8/-	9d.-1/- pm	10½d.-1½d. pm
Shropshire, Worcestershire, & Co. Elec. Power 5% Deb. 1952-62	94	fy. pd.	104-105	104-105
Slater and Bodegas 5½% Deb.	100	68	3-2 dis	3-2½ dis
South Shields 4½% Stk. 1952-62	101	15	1½-1½ pm	1½-1½ pm
Swansea Gas 5½% Pref.	100	50	1½-2½ pm	1½-2½ pm
Tanganyika 4% Stk. 1952-72	98	10	1½-1½ pm	1½-1½ pm
Treasury Bonds 3% 1933-42	97½	47½	1½-1½ pm	1½-1½ pm
Wanganui (City of), N.Z. 6% Deb.	96½	fy. pd.	97-98	97½-98½
West Bromwich Corp. 4½% Red. Stock 1955-65	99½	49½	1½-2 pm	1½-1½ pm

(Continued from page 1363.)

the following index figures of American values calculated on closing prices (1926 = 100):—

	1930.		1931.		1932.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	June 8.	June 15.
337 Industrials ...	98.2	174.1	51.4	114.7	52.2	33.0	36.0
33 Rails	139.1	142.1	31.7	105.7	32.2	13.8	15.9
34 Utilities	153.2	267.4	90.6	187.6	91.8	54.2	59.6
Total, 404 stocks...	105.5	184.2	54.7	124.6	55.5	33.5	36.7
Average yield of 50 Industrial Common Stocks	4.15%	5.95%	9.37%	5.11%	9.29%	10.47%	9.27%

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

	Highest of 1932 (Mar. 8).	Lowest of 1932 (May 31).	June 8, 1932.	June 9, 1932.	June 10, 1932.	June 11, 1932.	June 13, 1932.	June 14, 1932.	June 15, 1932.
68.9	35.5	36.6	36.6	39.1	38.5	38.4	39.2	40.6	40.6

TOTAL DEALINGS IN NEW YORK.

	June 10, 1932.	June 11, 1932.	June 13, 1932.	June 14, 1932.	June 15, 1932.	June 16, 1932.
Stock Exchange—Shares (Thous.)	1,300	800	600	800	1,200	900
Bonds (Value Thous. \$).....	7,919	5,408	6,977	9,362	9,891	11,642
Curb—Shares (Thous.)	150	90	100	100	120	80

* 2-hour session.

PARIS.

The tone was slightly more cheerful, though the volume of business was restricted. Rentes were adversely affected by offers from holders anxious to change into new National Equipment bonds. Tintos, Royal Dutch, Lautaro, Central Mining and De Beers were supported in the early sessions. Selling later gained force, Bank of France being weak on disturbing rumours regarding the interim dividend. On Thursday there was resumed buying, and better prices were quoted for international issues and the more speculative shares, including diamonds, mines and rubber. Rentes were appreciably stronger.

	June 9, 1932.	June 13, 1932.	June 16, 1932.		June 9, 1932.	June 13, 1932.	June 16, 1932.
Banque de France	11,530	11,300	11,600	Wagons Lits	66	77	71
Crédit Lyonnais	1,745	1,742	1,850	Mexican Eagle	26	26	26
Suez Canal	13,455	13,600	13,780	"Chartered"	69	69	71
Chargers Réunis	181	189	195	Ford	94	95	98
Rio Tinto	1,031	1,060	1,165	De Beers	182	190	206
Royal Dutch	11,500	11,800	12,500	"Johnnies"	88	88	88

BERLIN.

Markets opened fairly firm on the eve of Lausanne. Banks showed a modest improvement, but the turnover in other markets was on a small scale. Dye Trust were supported, but A.E.G. were out of favour. Hamburg-Amerika and North German Lloyd again strengthened. A general weakening of quotations followed the publication of the Cabinet's new tax proposals.

	June 9, 1932.	June 13, 1932.	June 16, 1932.		June 9, 1932.	June 13, 1932.	June 16, 1932.
Reichsbank	119½	122½	124	A. E. G.	21½	21½	19½
Disconto	33½	34½	30	Siemens & Halske	117½	115½	116½
Dräcker	19	18½	18½	A. K. U.	33½	34½	32½
Norddeutscher Lloyd	13½	12	12	Svenska Tandstols	9	6½	...

AMSTERDAM.

Though Government loans showed slight weakness, other markets were steady in the first part of the week. Royal Dutch, Unilever and Philips Lamps all improved. Plantation shares were a shade harder, and sugar shares reflected the firmer tone of the commodity. Profit-taking, however, tended to upset the market in mid-week.

	June 9, 1932.	June 13, 1932.	June 16, 1932.		June 9, 1932.	June 13, 1932.	June 16, 1932.
2½% Dutch Loan	49½	49½	49½	Steel Common	27½	27½	29½
5½% German	27½	29½	32½	A. K. U.	23½	22½	24½
Unilever N.V.	86½	88½	92½	Ford Motor	85½	85½	85
Philips Lamps	56½	56	66½	Dell Batavia	63	69	85
Netherlands Ship Union	35½	36½	40	Royal Dutch	113	117	122
Java Cultuur	67½	76	94½	Handels Am.	129	138	148

OTHER CENTRES.

Most of the smaller European Bourses were cheerful at the outset, in sympathy with London, Paris and Amsterdam. Frankfurt, however, developed weakness after Siemens and Dye Trust had been in noteworthy demand. Stockholm opened hopefully, but no increased activity occurred. Brussels fluctuated within narrow limits. Prices at Milan were steady, but little business was done.

INVESTMENT NOTES.

Australian Government Stocks.—The decisive defeat of the Lang Party in the New South Wales elections has contributed to the strength of Australian Government stocks this week. That Australia's position, nevertheless, is not yet fully assured is suggested by a letter we publish on page 1356 from an Australian well qualified to express an opinion. Budgetary deficits are causing the Premier's plan called for a reduction in the Budget deficits to £12 millions, it is believed that the fiscal year ending June will disclose larger deficits than £18 millions. Up to the end of May the deficit in the accounts of New South Wales alone exceeded £10 millions. The most favourable factor in the Australian situation, however, is the improvement in the trade balance. During the present financial year it is estimated that the Dominion will cover its present external interest requirements of £31 millions with about £4 millions to spare. The mainable wheat crops and wool clips, but a difficult situation might arise if a bad season occurred before the prices of primary products had risen. So far nature has come to the rescue of Australia. The total wheat crop for the season 1932-33 is estimated at 3,168,000 bales, which is a record. This improvement in the trade balance and the departure of Mr Lang have been jointly responsible for a

June 18, 1932.]

considerable advance in Australian Government stocks this year:—

Stock.	Prices, 1932.		Yield (%) at Present Price.	Yield (%) with Redemption.
	High.	Low.		
Australia 5% 1945-75	92	75	£ s. d.	£ s. d.
New South Wales 4½%, 1935-45	78½	64	5 8 6	5 9 6
Queensland 5%, 1940-60	87½	70	5 15 6	6 0 0
Victoria 4%, 1940-60	75½	59	5 7 6	5 17 0
West Australia 4%, 1942-62	73½	58½	5 9 0	5 17 6

The shorter-dated securities are still returning relatively high yields. Commonwealth 6 per cent. 1931-41, for example, is quoted at 99½. New South Wales 5½ per cent. stock, of which £11,721,000 is outstanding, falls due for redemption on November 1st this year. It is at present quoted at 99. The balances accruing to the Commonwealth Government in London have increased very largely in recent months, and there should be no difficulty in making a short-term issue if the Australian Loan Council decided that the moment was not opportune for making a long-term conversion offer to the New South Wales bondholders.

Payment of Directors.—An important question was raised this week by the request of the directors of Beecham's Pills, Limited, and Scribbans & Company, Limited, that shareholders should cancel a clause in each company's articles making the payment of directors' fees contingent, in the one case on the payment of a 25 per cent. deferred dividend, and in the other on the distribution of a sum in excess of £226,666. The recent results of the two concerns have been satisfactory, but have not justified the payment of the "minimum" dividends, so that the unfortunate directors of Beecham's Pills have received no fees (other than managing directors' remuneration and fees from subsidiary companies) for two years and the directors of Scribbans for five. The chairman of both companies is Mr P. E. Hill. The objections to making directors' remuneration dependent upon dividends of any specified figure are obvious. Forces making for distribution of profits up to the hilt are sufficiently insidious without being augmented by clauses compelling directors, on occasion, to choose between financial conservatism and personal loss. Some criticism, however, was voiced of the suggestion, in the present instance, to abandon the "profits test" altogether. We believe, however, that, on first principles, the directors made out a case. At first sight the suggestion appears attractive that fees should be made dependent, in whole or part, on the achievement of minimum results (judged by the criterion of earnings, not of dividends), so that those in charge of a company's destinies should have a vested interest in the realisation of its prospectus estimates. On broad grounds, however, directors may claim to perform certain professional services, which may be no less meritorious and are sional services, which may be no less meritorious and are certainly no less arduous in bad times than in good. A company's workers expect to receive their wages, and its solicitors and auditors to receive their fees, whether it has made a profit or a loss. A doctor receives his honorarium whether a patient recovers or expires, but in the latter event the prospect of future payments disappears. Similarly, the main incentive to directors to give of their best (apart from their own ideas of what is professionally fitting), is not the possible loss of a single year's fees, but the danger that continued bad trading results may bring a company—and with it the prospect of all further fees—to an untimely end. Even if it be argued that a system of "bonuses" may be as useful in the boardroom as the workshop, the calculation of additional payments by reference, say, to net profits, holds dangers not apparent at first sight. Net earnings are struck after providing for depreciation and—even more important—generosity in estimating future contingencies may at times be highly desirable, in a world in which the unexpected so often happens. If surplus payments are to be made contingent on results, their basis of assessment should be gross turnover rather than net profits.

J. Lyons Meeting.—Major Isidore Salmon was spared the necessity of apologising for the results of his company at last Monday's meeting. As we showed in our issue of June 4th last (page 1252), depression has been powerless to check the prosperity of J. Lyons and Company, which last year earned 28.7 per cent. and paid the customary 22½ per cent. on its ordinary shares. The company, however, on Major Salmon's showing, enjoys no immunity from the difficulties common to all trades. Its profits depend on the securing of "microscopic" earnings from an immense number of sales. The board's policy is to reduce prices immediately opportunity arises, but, whenever expectations of a consequent increase in business are unrealised, to restore price levels before losses can accumulate. The process of adjustment and readjustment calls for careful and minute scrutiny every week throughout the year. Major Salmon frankly admitted that the profits shown as being available for distribution did not strictly coincide with the actual earnings of any one year. The company's policy was to set aside "hidden reserves," to be used, for the most part, in financing changes of plant, reorganisations of methods, etc. These reserves, in other words, would appear to be regarded as a species of additional "obsolescence" provision. A substantial part of their balance was, in fact, used last year, together with the premium on an issue of preference shares, to write down the value of machinery and plant in addition to the normal depreciation. The creation and use of reserves for such a purpose are highly commendable. We venture, however, to suggest to Major Salmon that if the "man in the street" does, in fact, display the high degree of intelligence in reading accounts with which he (Major Salmon) credits him, he would be unlikely to press for inconveniently high dividends if the directors paid him the compliment of revealing the actual dimensions of earnings and contingency appropriations.

Guest, Keen and Nettlefolds.—In view of the unfavourable trend of recent results, it may be regretted that the directors of Guest, Keen and Nettlefolds have not seen fit to take shareholders more fully into their confidence. In the post-war decade the company earned and maintained a regular 10 per cent. ordinary dividend, which ceased abruptly in 1930-31. This year the second preference shares have gone dividendless. It is clear that world depression, particularly in the export trades, is seriously affecting the earning power of a group which has always been regarded as one of the strongest in the heavy industries:—

	Years ended March 31,		
	1930.	1931.	1932.
"Credit balance for the year"	£ 1,042,718	£ 512,487	£ 304,814
Debt interest and redemption	74,020	103,265	103,245
Net profit	968,698	409,222	201,569
5% (tax free) 1st pref. div.....	87,250	91,000	91,000
5% (tax free) 2nd pref. div.	229,857	235,732	Nil
Earnings for ordinary	651,591	82,490	Nil
Paid on ordinary	630,448	Nil	Nil
Earnings (%).....	10.3	1.3	Nil
Paid (%).....	10	Nil	Nil
Inc. or dec. in carry-forward	+21,143	+82,490	+110,569
Total carried forward.....	264,998	347,488	458,057

* Free of tax.

Shareholders can frame no estimate of the earning power of the Guest, Keen group last year. Some £16,034,000 of total parent company assets of £20,611,000 is represented by interests in subsidiary companies. For the second year in succession no provision has been made for losses of certain of these subsidiaries, on the ground that the undistributed balances of other subsidiaries exceed these losses. This procedure is open to the criticism that, as no consolidated profit and loss account and balance sheet are given, shareholders are left without guidance on a supremely important question—namely, how fast and how far the losses of one part of the organisation are, in effect, eating up the accumulated reserves of the better situated properties. The holding company's balance sheet shows few

significant changes other than a decline of £588,000 in amounts owing to subsidiaries and of £780,000 in total interests in subsidiaries and associates. Neither is explained in the report. The composite "creditors" item has been sub-divided, and the existence is revealed of a bank loss of £450,000 "in respect of foreign investments." Reserve has been debited with £125,202 additional depreciation of marketable securities and £22,824 provision for possible loss on exchange, and now stands at £3,469,238. The company has reserves for taxes, contingencies, etc., of £264,960. Presumably the company has received no income from the British (Guest, Keen-Baldwins) Iron and Steel Company, but its accounts presumably include dividends of approximately £124,900 received from John Lysaght, last autumn, in respect of the latter's trading in the calendar year 1930. This figure is equal to over 60 per cent. of last year's Guest, Keen profits available for shareholders. Guest, Keen ordinary shares are quoted at 9s. 9d., against a high point of 36s. 10d. in 1930, and the £1 5 per cent. tax free second cumulative preference shares at 10s. 7½d.

William Cory.—Depression has not yet seriously affected this old-established company of coal factors. Income for the financial year to March 31st last showed a very moderate decline of 11 per cent., and was sufficient to cover the customary 17½ per cent. dividend payment. The directors, however, have chosen the better port of conservatism:—

	Year to March 31,		
	1930.	1931.	1932
	£	£	£
Income	733,687	675,053	601,648
Directors' fees	11,500	11,457	10,000
Debt interest	37,000	37,000	37,000
Net profit	685,187	626,596	554,648
Brought forward	677,497	701,852	721,687
Preference dividend	42,500	42,500	42,500
No. of times covered	16.9	15.2	13.5
Ordinary dividend:—			
Amount	513,339	514,261	441,409
Earned %	23.1	20.6	18.1
Paid %	17½	17½	15
Goodwill written off	54,993	...	...
Reserve	50,000	50,000	50,000
Carried forward	701,852	721,687	742,426

The company handles over 20 million tons of coal per annum, and has branches in a large number of towns at home and abroad. Its interests include the selling agency for the Anglo-Persian Oil Company. The strength of its financial position is demonstrated by the fact that its assets of £9,510,691 include no less than £2,620,514 of gilt-edged securities. The balance sheet reveals a thoroughly liquid position. At ½ the £1 ordinary shares yield about £6 6s. 6d. per cent.

The Unilever Group.—In our article on "The Unilever Colossus" last week we gave a list of Danish subsidiaries of Unilever N.V., which included, *inter alia*, Aarhus Oliefabrikken. We are now officially informed that this company is not a member of the Unilever group.

Brazilian Traction Report.—A frank directors' report accompanies the accounts of the Brazilian Traction Light and Power Company for 1931. The combined gross earnings of the subsidiary companies declined by 25.6 per cent., and net revenue accruing to the parent company declined by 41.4 per cent., the discrepancy being due largely to the slump in the milreis. Further, the subsidiary companies were able to remit only a limited portion of their funds, exchange transactions being controlled by the Bank of Brazil. The business of the subsidiary

companies was fairly well maintained, but increasing taxation and duties will affect results this year:—

	1929.	1930.	1931.
	\$	\$	\$
Gross earnings from operation	49,351,215	46,898,444	34,896,767
Net revenue of subsidiaries	28,334,959	27,742,431	21,016,361
Bond interest and other charges of subsidiaries	3,787,334	3,588,938	3,374,070
Subsidiaries' reserves for depreciation and sinking funds	7,362,991	7,745,594	7,850,999
Balance of revenue to Brazilian Traction Co.	17,184,634	16,407,899	9,791,292
Net revenue, ditto, after general expenses and amortisation	16,861,096	16,025,339	9,389,103

Some \$23,604 was taken by preference dividends, \$3,371,784 by two quarterly cash dividends of 25 cents on ordinary shares, and \$3,916,525 was distributed in two quarterly stock dividends of one in fifty. Net earnings are equivalent to \$1.41 per share on the average number of ordinary shares outstanding, against \$2.56 in 1930. The consolidated balance sheet shows a liquid financial position, current assets totalling \$23,308,265 and current liabilities \$7,677,969. The sum of \$2,098,534 has been transferred from general reserves to write down the gold dollar value of the milreis assets of the subsidiary companies and to meet depreciation in Canadian Government bonds. The shares were firmer on the report at \$11½, against a low point for this year of \$9½.

Kreuger and Toll.—We have received a copy of the interim report of the Protective Committee formed in New York on behalf of the holders of the 5 per cent. secured sinking fund gold debentures of Kreuger and Toll. The chairman of the Committee is Mr Grayson M. P. Murphy, of the New York Stock Exchange house of G. M. P. Murphy and Co. The Committee was formed on April 12th and instructed Messrs Sullivan and Cromwell as counsel, one of whose partners proceeded to Stockholm to confer with the Swedish authorities. The change in the collateral of the secured debentures, involving the substitution of Central European bonds for French rentes, has already been discussed in the *Economist*. The Committee find that the exchanges were made under the provisions of the debenture agreement which expressly authorised substitutions. The greater part of the pledged collateral was held by the Skandinaviska Bank, of Stockholm, and the Committee are advised by Swedish counsel that the securities are not subject to any levy or attachment by other creditors of Kreuger and Toll. On account of the moratorium applied to the Kreuger and Toll group by the Swedish Parliament the Committee were denied permission to remove the collateral from Sweden. A protest has been lodged with the appropriate department of State and cognisance has officially been taken of the contractual rights of the secured debenture holders. The Committee are hopeful that the existing moratorium legislation will not be employed to work any injustice upon the debenture holders. An examination of bonds of the Hungarian Land Reform Society are subject to the moratorium decree of the Hungarian Government. Interest has so far been paid on the balance of the pledged securities, although default is expected in a number of cases. On the basis of market values, however, it is apparent that there will be a very substantial deficit on the realisation of the collateral, which will constitute an unsecured claim against the general assets of Kreuger and Toll, an examination into which is still proceeding. It is believed possible to establish some legal or equitable basis for participation by the creditors of Kreuger and Toll in certain of the match concessions and interests of the Swedish Match Group. The Committee appear to will not be content until they secure possession of the pledged collateral, the liquidation of which will necessarily present great difficulties.

Rand Dividends.—A satisfactory feature of the first batch of June half-yearly dividend announcements of the Transvaal gold-mining companies has been the entry into the list of East Geduld, which began crushing operations in July last year. This new producer is distributing 1s. per share. Geduld Proprietary, which, with Union Corporation, has a joint interest in East Geduld, is paying 3s. 6d. per share, the same rate as for the second half of 1931, comparing with 3s. 3d. per share for the four preceding periods. The Modder Deep dividend is reduced from 3s. per share (for the second half of last year) to 2s. 9d. Sub Nigel will pay 4s. per 10s. share, a fresh advance of 6d. per share. The Robinson Deep "A" dividend is unaltered, but the "B" shares receive 6d., against 4½d. per share for the corresponding half-year of 1931. West Rand Consolidated re-enters the dividend list with a distribution of 3d. per 10s. share, the last dividend (9d. per £1 share) having been paid as long ago as 1910. Van Ryn Gold is paying a final of 5 per cent. tax free, making 8½ per cent. (against 5 per cent.) for the year. At the annual meetings held so far the chairmen have, naturally, tended to take a favourable view of immediate prospects. Profits have been well maintained, or increased; tonnage milled has been higher, and in most cases the ore reserves' position remains satisfactory. Modder Deep, of course, is approaching the end of its career, though full-scale milling operations will probably continue until the end of 1934, when there will remain a quantity of low-grade ore. Notwithstanding a fire which occurred in the West Shaft engine room of the West Rand mine, and resulted in an increase of 2d. per ton in working costs, the total profit of £282,514 showed an improvement of £25,683. At the present rate of sinking, it is anticipated that the South Shaft will reach its final depth of approximately 4,000 feet at the end of the current year. Since the close of last year, East Geduld has made further improvement. The figures for May, compared with December, show an increase in tonnage milled from 51,000 to 57,300, an improvement of 1s. 2d. in the yield per ton milled (to 26s. 4d.); a reduction of 3d. in the cost per ton milled (to 18s. 9d.), and an improvement in working profit. The longer-life mines are taking comfort from the possibility of a future world shortage of gold, which could only be prevented by a radical change in world currency habits, of which, at present, there is little sign. At the same time, the chairman of West Rand has pointed out that the abandonment of the gold standard by South Africa would considerably augment the profits of the gold producers, while at the Union Corporation meeting Mr P. M. Anderson contended that it would rectify palpable injustices.

Lonely Reef.—Development last year on the part of this Rhodesian undertaking proved even less fruitful than in the preceding period. Reliance, therefore, has to be placed in an increasing degree upon ore from reclamation. Of the material milled during 1931, over 80 per cent. came from this source. The remaining 20 per cent. had the effect of drawing the ore reserves down to 33,000 tons, value 11½ dwts. over 44 ins. A large quantity of reclamation ore—between 400,000 and 500,000 tons—still remains, but "values are proving extremely erratic and unreliable." The treatment of accumulated slimes, which has been in progress four years, has given highly satisfactory results, but the dump will be exhausted within about a year from the present time. Last year's net profit from all sources amounted to £85,100, a decrease of £12,300. The dividends, however, were maintained at 20 per cent., and an interim distribution at the same rate has recently been declared on account of the current session. A further £10,000 has been placed to reserve, making £35,000 in all. The financial position is good, the balance sheet showing a cash surplus of £75,000. Options have been taken over three neighbouring properties.

Zinc Corporation.—The gross value of mine production fell from £1,008,430 in 1930 to £806,733 in 1931. As a result of the virtual suspension of all development work and the reduction of working costs from 29s. 8d. to 26s. 5d. per ton, mine expenses fell by a greater percentage than receipts, being £717,265 against £994,992, after making allowances for difference in English and Australian currency. There remained a net profit of £81,388:—

	Year to December 31,		
	1929.	1930.	1931.
	£	£	£
Mine receipts	1,201,061	1,008,430	806,733*
Other receipts	124,830	113,786	78,199*
Mine expenses	999,036	994,992	717,265*
Other expenses	98,615	74,924	68,057*
Directors' fees	6,698	3,000	2,466*
Net profit	221,542	49,300	81,388†
Brought forward	45,022	60,129	26,585
20% pref. div.	49,138	49,138	49,138
No. of times covered	4.5	1.0	1.7
Surplus	172,404	162	32,250
Pref. and ord. participating div.	157,296	33,706	22,471
Total distribution:—			
Preference %	37½	23½	22½
Ordinary %	35	7½	5
Carried forward	60,129	26,585	36,363

* Before exchange adjustment.

† After exchange adjustment at 130 per cent.

The Broken Hill Mine in New South Wales worked only 75 per cent. of normal full time, the ore raised being 264,979 tons, compared with 337,041 tons in 1930. Ore reserves at December 31, 1931, were estimated at 2,800,000 tons for lead lode and 249,000 tons for zinc lode. The reduction in the estimated ore reserves, however, was only 80,000 tons, stripping operations on the lead lode having exceeded estimates. Floating assets and liabilities in Australia have been converted for balance-sheet purposes at £125 Australian to £100 British, but no adjustment has been made in fixed assets. The value of lead on hand has been reduced in the balance sheet to £11 per ton sterling, and for this purpose the sum of £8,987 has been transferred from suspense account no longer required. Investments contributed £77,888 to revenue account, against £105,461 in 1930. Of the total of general investments, amounting to £298,982, 26.2 per cent. are in British or Dominion Government securities. The market value is greater than the figure appearing in the balance sheet, but the majority of the holdings in associated companies, totalling £543,397, have no market quotation. The 10s. ordinary shares are quoted at 18s. 9d.

Company Meetings of the Week.—On later pages will be found the reports of the following companies:—Suez Canal, J. Lyons and Co., Union Corporation, Forster's Glass, Beecham's Pills, Golden Horseshoe (New), East Geduld Mines, Geduld Proprietary Mines, and Modderfontein Deep Levels. At the annual meeting of Union Corporation, Mr P. M. Anderson discussed the attitude of the mining industry of South Africa towards the Union's maintenance of the gold standard. At the Suez Canal meeting, the chairman said the company had not shrunk from efforts to fulfil its responsibilities towards world commerce. It had now been decided to continue the 10 per cent. reduction in transit charges for a further six months. At the annual meeting of Beecham's Pills, Mr Philip Hill referred to the successful trading experience of subsidiaries, particularly the Veno Drug Company (1925). At the meeting of Forster's Glass Company, Sir Sydney H. H. Henn referred to the serious effect of increased beer taxation on the bottling trades, in which the last three months of each year were a period of high seasonal activity. Taxation plus reduced national purchasing power, he declared, had resulted in a reduction of nearly 50 per cent. in sales of bottles. The meeting of J. Lyons and Co. is referred to on page 1367.

CAPITAL ISSUES.

Of the week's two public issues, the *Central Electricity Board* offer was dealt with in this column last week. The lists closed quickly on Monday, applicants for over £1,000 being given allotments of 81 per cent. In the market the stock opened at a small discount, but subsequently rose to $\frac{1}{2}$ premium. The other issue of the week was made by *Wright, Layman and Umney (1932), Limited*, which has taken over a drug and chemical business established in 1849 and incorporated in 1909, its best known production being Wright's Coal Tar Soap. Of the purchase price of £320,000, some £260,000 is being paid in cash. Some £225,490 is attributable to goodwill. Seeing that the vendor company has been long established, more than three years' profit figures should have been given in the prospectus. The dividend requirements of the preference shares (which have no normal voting powers) are covered only twice by the profits of 1930, and less than three times by those of 1931.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Total recorded, January 1 to June 11, 1932, excluding conversions, £150,561,624.
Total recorded, January 1 to June 11, 1932, including conversions, £279,196,289.

National Savings Certificates.

Net receipts, week ended June 11, 1932, £300,000.

	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
To the Public.					
Central Electricity Board, £10,000,000 $\frac{1}{4}$ % Stock, 1957-82 at 96%	10,000,000	...	9,600,000	500,000	9,100,000
Wright, Layman and Umney (1932), 280,000 7% Cum. Pref. Shares, £1 at par.	280,000	...	280,000	35,000	245,000
Total offered to the Public. week ended June 18th, 1932	10,280,000	...	9,880,000	535,000	9,345,000
To Shareholders only.					
Wiggins Teape & Co. (1919), 270,000 7% Cum. Pref. Shares, £1 at 23s.	270,000	...	310,500	33,750	276,750
Total offered to shareholders only, week ended June 18, 1932	270,000	...	310,500	33,750	276,750

	Total Offered for Subscription—Including Conversions.	Excluding Conversions.	Total Offered for Subscription—Including Conversions.	Excluding Conversions.
Jan. 1 to date—				
1932	£289,686,789	£161,052,124	1931	£114,290,666
1931	98,770,476	88,873,491	1930	454,888,784
1930	243,687,847	167,435,573	1929	488,764,940
1929	194,554,634	163,229,034	1928	693,100,056
1928	...	420,860,861	1927	355,165,970
1927	...	199,298,664	1926	230,782,600
1926	...	117,252,324	1925	232,214,500
1925	...	111,261,974	1924	209,326,101

	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
Jan. 1 to date—			
1932	£150,009,031	£8,025,682	£158,034,713
1931	68,516,924	5,832,786	74,349,710
1930	136,609,594	12,724,987	149,334,581
Whole year—			
1931	74,835,599	6,911,859	81,747,458
1930	227,658,500	15,548,800	243,207,300
1929	137,670,300	31,543,400	169,213,700
1928	218,817,900	45,062,600	263,880,500
1927	228,958,000	36,856,600	265,814,600
1926	145,180,000	39,393,200	184,573,200

Nature of Borrowing.

	Debt, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
Jan. 1 to date—				
1932	£150,009,031	£8,025,682	£3,017,411	£161,052,124
1931	68,516,924	5,832,786	14,533,781	88,883,491
1930	136,609,594	12,724,987	18,100,992	167,435,573
Whole year—				
1931	74,835,599	6,911,859	20,296,833	102,044,291
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,600	375,058,100
1927	228,958,000	36,856,600	98,381,400	364,196,000
1926	145,180,000	39,393,200	46,209,500	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	£6,681,750	...	7,041,857
Total, week ended June 18, 1932.	Nil	...	Nil
Total to date, 1932.	£6,681,750	...	7,041,857
Total to date, 1931.	£6,297,383	...	6,621,940

Public Offers.

Wright, Layman & Umney (1932).—Issue of 280,000 7 per cent. cumulative preference shares of £1 each at par. The company has been formed for the purpose of taking over the business of Wright, Layman & Umney as a going concern, and developing the manufacture of Wright's Coal Tar Soap and other coal tar specialties. The purchase price has been fixed at £320,000, payable as to £260,000 in cash and as to £60,000 by allotment of 60,000 ordinary shares of the new company. Net profits of Wright, Layman & Umney for the past three years have been as follows: 1929, £48,709; 1930, £42,745; 1931, £55,999. Dividend on the present issue requires £19,600.

South Suburban Gas Company.—Sale by tender of £200,000 5 per cent. perpetual debenture stock, minimum price £105 per £100 stock. The area supplied by the company comprises 174 square miles. The proceeds of the issue are required to replace monies of the Co-partners' Superannuation Fund at present employed in the company's business. Dividends of 6 per cent. per annum or more have been paid on the ordinary stock of the company for the last ten years.

West Hampshire Water Company.—Offer for sale by tender of £12,000 5 per cent. perpetual debenture stock, minimum price £103 per £100, yielding at that price £4 17s. 1d. per cent., and 1,000 £10 ordinary "B" shares, minimum price £13 per share, yielding at that price £5 7s. 8d. per cent. on the basis of a maximum dividend of 7 per cent. per annum. The net revenue of the company for the year ended June 30, 1931, was £16,300, while the Ringwood Rural District Council guarantees £2,600. The interest on the debenture stock, including the present issue, is therefore covered more than four times.

Weston-super-Mare Gaslight Company.—Offer for sale by tender of £2,000 5 per cent. irredeemable debenture stock, minimum price £105 per £100 stock, yielding at that price £4 15s. 3d. per cent., and £14,380 5 per cent. irredeemable preference stock, minimum price £97 per £100 stock, yielding at that price £5 3s. 1d. per cent. The net revenue of the company for the year ended December 31st, last was £15,050. Interest on loan capital, including the present issue, will require present issue, will require £3,419. Sales of gas were 358 million cubic feet in 1925, and over 416 million cubic feet in 1931.

Stock Exchange "Introductions."

Odams' Properties.—The company was incorporated on March 9, 1932, with the object of purchasing properties in London and Manchester. Issued capital: 15,000 8 per cent. and 350,000 ordinary shares of £1 each. There is also £700,000 7 per cent. first mortgage debenture stock outstanding. An underwriting commission of 2 per cent., and an overriding commission of 1 per cent. were paid to Investment Registry, Ltd., for underwriting the whole of the company's stock.

Basinstoke Gas Company.—An amount of £15,000 5 per cent. redeemable debenture stock, redeemable at par on July 1, 1947, has been disposed of to Messrs. Seymour, Pierce & Company at par, less 2 per cent. commission.

OIL OUTPUTS.

VENEZUELAN OIL CONCESSIONS, LTD.—Production for the week ended February 27th was: Bolivar district, 84,514 metric tons; Maracaibo district, 7,273 metric tons; total, 91,787 metric tons. Production for the week ended March 5th was: Bolivar district, 84,657 metric tons; Maracaibo district, 7,063 metric tons; total, 91,720 metric tons. Production for the week ended March 26th was: Bolivar district, 84,960 metric tons; Maracaibo district, 7,202 metric tons; total, 92,162 metric tons. Production for the week ended April 2nd was: Bolivar district, 84,446 metric tons; Maracaibo district, 7,505 metric tons; total, 91,951 metric tons. Production for the week ended April 9th was: Bolivar district, 85,624 metric tons; Maracaibo district, 6,791 metric tons; total, 92,415 metric tons. Production for the week ended April 16th was: Bolivar district, 92,857 metric tons; Maracaibo district, 7,011 metric tons; total, 99,868 metric tons. Production for the week ended April 23rd was: Bolivar district, 86,400 m. tons; Maracaibo district, 7,043 m. tons; total, 93,443 m. tons. Production for the week ended April 30th was: Bolivar district, 85,342 metric tons; Maracaibo district, 7,103 metric tons; total, 92,445 metric tons. Production for the week ended May 7th was: Bolivar district, 91,985 metric tons; Maracaibo district, 7,117 metric tons; total, 99,102 metric tons. Production for the week ended May 14th was: Bolivar district, 85,192 metric tons; Maracaibo district, 6,415 metric tons; total, 91,607 metric tons. Production for the week ended May 21st was: Bolivar district, 84,900 metric tons; Maracaibo district, 6,847 metric tons; total, 91,747 metric tons. Production for the week ended May 28, 1932, was: Bolivar district, 91,260 metric tons; Maracaibo district, 6,360 metric tons; total, 97,620 metric tons. Production for the week ended June 4th was: Bolivar district, 84,495 metric tons; Maracaibo district, 6,481 metric tons; total, 90,976 metric tons. Production for the week ended June 11, 1932, was: Bolivar district, 84,969 metric tons; Maracaibo district, 6,444 tons; total, 91,413 tons.

INFLATE OR PERISH
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TRADE RELATIONS OF LITHUANIA AND GREAT BRITAIN.

By M. LIPCIUS,

Director of the Lithuanian State Treasury.

RADICAL changes in the course of agricultural production have taken place in Lithuania during recent years, when the trend of production swerved from almost exclusive grain and flax raising to livestock breeding and dairy-farming. The number of workers employed in abattoirs, canning and preserving factories showed an increase of 120 per cent. over a period of two years. Production in the two existing abattoirs increased 350 per cent., two new ones were constructed, and a third is contemplated for this year.

Notwithstanding the low prices of agricultural products on the world markets, a substantial increase of exports was noted. 28,841 tons of fresh, smoked and conserved meats, totalling 45,746,700 lbs., were exported, as against 12,789 tons, valued at 45,746,700 lbs. in 1930. Butter exports of 8,705 tons and valued at 47,196,000 lbs. compared favourably with 7,357 tons, amounting to 46,890,100 lbs. in 1930. Livestock, meat and dairy-product exports during 1931 made up 61.9 per cent. of the total exports; in 1930, 51.2 per cent.; in 1928, 26.1 per cent.; in 1926, 26.4 per cent.; and 14.4 per cent. in 1924. In the year 1928, flax and linseed exports formed 20.5 per cent. of the total exports, but by 1930 had declined to 10.1 per cent., and in 1931 were only 5.3 per cent. of the total volume. It is possible that, with the rise of flax prices on the world markets and a greater general demand, flax raising may again occupy an important place in Lithuania's export trade, for its cultivation is well understood by the farmers and conditions are most favourable for its production.

LAND BANK AND AGRICULTURAL CREDITS.

The development of the livestock breeding and dairy-farming industries was greatly aided by the extension of long-term credits through the Land Bank. This bank was established by the Government in 1924 with the sole object of providing credits for agriculture. The sum of 40 million lits of the 60 million lits loan received for the Swedish match monopoly, together with other funds granted for this purpose, brought the total of long-term hypothetic credits up to 83.5 millions by the first of this year. This development can be said to have also been greatly aided by the timely centralisation of all branches of agriculture, thus making it possible more easily to reach foreign markets than as private unorganised bodies. Therefore, the buying and selling of agricultural products and their preparation to meet the requirements of the market is done mostly through co-operatives. A good example of this co-operative movement is afforded by the Central Union of Associated Dairies through which 90 per cent. of the country's butter export finds a place on foreign markets. Another well-organised group is the Association of Lithuanian Agricultural co-operatives. They are engaged mostly in the buying and selling of agricultural products, especially grain, fertilisers, agricultural machinery and groceries. The curing and conserving of meats, production of bacon, and their export are conducted mostly through the Government joint-stock company "Maistas."

Closely allied to agriculture are the country's industries and foreign trade. The main branch of industry which is engaged in the preparation of agricultural products supplies not only inland markets but also takes a leading position in the export trade. On the proper exploitation of this industry depends the farmer's purchasing power, and consequently an increase of imports. Other branches of industry, which import their raw materials, cater mostly for the domestic needs and are therefore less developed.

DEVELOPMENT OF INDUSTRIES DESPITE CRISIS.

In spite of the fact that the economic crisis still held sway in most European countries, the year 1931 found Lithuania but slightly affected. The industries of the country not only experienced no slump during this period, but on the contrary, showed a development for the year with 113 new establishments, representing investments of about 17 million lits. Of these new enterprises, worthy of mention are the new sugar factory, two abattoirs, flour mills, saw mills, dairies, etc.

Timber exports in past years were a very important item of foreign trade. In 1924 they represented 24.8 per cent. of the total exports; in 1928 they reached 12.5 per cent., in 1930, 8.7 per cent., but had declined to 5.6 per cent. by 1931. In more recent years but little sawn timber has been exported, and timber working factories have accordingly had to restrict their output to some extent. On the other hand, woodworking factories supplying the

home market with building material, furniture, etc., showed some expansion. This is evident from the large-scale building which went on throughout the year representing a capital investment of about 66 million lits. An increase of building activities was especially noticeable in Kaunas, the present capital.

EXPORT AND IMPORT FIGURES

Perhaps the most far-reaching effects of the general world economic depression were seen in the volume of foreign trade. The restrictive import policies of various countries (raising of duties, fixing of quotas, limiting of exchange, etc.), especially in the case of Germany, with which there were many commercial interests, prevented an expansion of foreign trade. From 1923 to 1930 exports increased by 56 per cent. and imports by 50 per cent. Last year's figures, in comparison with 1930, show an 18 per cent. decline in exports and 11 per cent. in imports.

Foodstuffs occupying the most important place in exports made up 57.38 per cent. of the total export value of 1931. Second place was taken by raw and semi-finished products, which made up 24.56 per cent. of the export value, followed by livestock, representing 13.13 per cent., and prepared products 4.92 per cent. Of imports, manufactured goods ranked first, making up 63.88 per cent. of the total import value, followed by raw and semi-finished products 25.92 per cent., and food products 10.03 per cent.

In comparing the characteristic features of the foreign trade of Lithuania and Great Britain, we find that they are not in competition with each other, but rather in a position to supplement each other's needs. Lithuania's agricultural products comprise the most important items of Great Britain's import trade, e.g., bacon, butter, flax fibre, timber and its associated products, veneer and cellulose. The purpose of the country's industry is not a competitive one directed against other highly industrialised countries, but is confined mostly to the preparation of agricultural and food products for domestic consumption.

Though heretofore the trade of such a small Baltic State as Lithuania can have made but little impression on that of Great Britain, it is self-evident that during the past few years the trade relations between the two countries have become more active, as the trade statistics reveal.

EXPORTS TO GREAT BRITAIN.

During the 1923-31 period Lithuania's exports to Great Britain amounted to 512,670 tons, valued at about 561,906,000 lits, while Great Britain's exports to that country, reached 574,284 tons, valued at 171,968,300 lits. The rapid growth of bacon and butter exports, which find a ready market in Great Britain, the stability of the litas throughout the economic depression and foreign currency disturbances, afford reason to hope that in the future commerce between these countries will grow at even a greater pace.

Lithuania exports to Great Britain mostly foodstuffs, raw materials and semi-finished products, and a lesser quantity of finished goods. Foodstuffs exported during 1927-31 fluctuated between 6.7 million lits and 90.4 million lits. Last year's bacon export reached 52.6 million lits, butter 10.3 million lits, and eggs 2 million lits. During 1923 and 1924, egg exports to Great Britain used to average about 12 million lits. Grain also was an important item during that period, the export of oats alone having reached 3.2 million lits in 1924.

Of raw and semi-finished product exports in 1931, the most important were cellulose 11.4 million lits, linseed 1.9 million lits, flax 1.2 million lits, and tow 1.4 million lits. The export of finished products is insignificant, the most important item being veneer, the export of which in 1931 amounted to 4.1 million lits. Total exports to Great Britain in 1931 amounted to 65,567,600 tons, valued at 90,435,700 lits. These exports represent 33.11 per cent. of the country's total exports.

IMPORTS FROM GREAT BRITAIN.

During the past year imports of prepared foodstuffs from Great Britain amounted to 5.6 million lits, and including herrings, rice, cocoa, salt, fresh and dried fruits, and other sundries. Raw and semi-finished products, including coal and petrol to the amount of 1.4 million lits; manufactured goods, such as woollen and cotton

fabrics, yarns, thread, agricultural and industrial machinery, motor vehicles, musical instruments, articles of iron, steel and rubber, chemicals, cosmetics and paper, to the amount of 12.7 million lits. Total imports from Great Britain reached 26,020.6 tons, and were valued at 19.7 million lits, which is 7.7 per cent. of the country's total import value.

Exports to Great Britain			Imports from Great Britain	
Year	Tons	Value in 1,000 lits.	Tons	Value in 1,000 lits.
1923 ...	30,211.9	39,482.4	63,723.7	8,247.3
1924 ...	82,689.9	74,465.7	154,850.9	16,747.9
1925 ...	57,443.5	58,607.3	102,853.4	20,917.4
1926 ...	61,824.5	63,100.8	33,157.9	19,112.6
1927 ...	52,506.4	61,075.8	51,639.9	17,924.7
1928 ...	39,721.5	52,264.4	39,845.3	19,254.0
1929 ...	62,738.9	57,431.9	60,247.1	26,036.4
1930 ...	60,065.7	65,042.0	41,945.3	24,066.6
1931 ...	65,467.6	90,435.7	26,020.6	19,661.4

From the figures given above can be noted the marked disproportion between export and import of the two countries, imports from Great Britain in all these years being much less than Lithuania's exports.

The conditions responsible for the comparatively small import of English goods, however, are such as can be easily remedied. Heretofore the greatest obstacle in the way of expanding this import trade has been the relatively high price of English goods when compared with those of other countries. Now, however, it is safe to say that the stabilisation of the sterling will appreciably improve the position of English merchandise as regards competition with other countries' goods on the Lithuanian market. The proximity of German markets was also one important reason why commercial

relations with Great Britain were not formerly more active. The situation of Berlin made it a most convenient market for Lithuanian foodstuffs, such as butter, livestock, poultry, and other products.

ALTERED SITUATION.

Recently these favourable conditions have somewhat altered owing to the high protective tariffs imposed by Germany. Factors in the past which encouraged the import of German goods were their low prices, though of inferior grade, when compared with English merchandise and the ability of the Lithuanian importers to carry on their commercial negotiations in the German language. Another consideration was the numerous agencies of German firms which operated in Kaunas, Klaipeda and other Lithuanian towns, and were able to recommend and popularise their goods directly. Owing to these conditions it was therefore not surprising that Lithuania's trade with Germany alone made up between 50 and 60 per cent. of her total foreign trade.

It is expected, however, that the present high German tariffs will lead Lithuania to seek methods of freeing herself from dependence on her neighbour's market. Trade figures on January 1st of the present year reveal that Lithuania's exports to Germany represent but 31.13 per cent. of the total exports in comparison to 53.15 per cent. during the same period in 1931. Imports from Germany during that time decreased from 51 per cent. to 45.42 per cent. In the meantime there are many opportunities for the expansion of Great Britain's trade with Lithuania. British goods, especially textiles, machinery of various kinds, reproducers, etc., enjoy a high reputation on Lithuanian markets on account of their excellent quality. There are also good prospects for enlarging imports of iron, steel, and coal. The market for English goods could further be strengthened by having representatives of English firms both in Kaunas and Klaipeda. The recent establishment of a British-Lithuanian navigation corporation, whose ships will keep up regular communication between Klaipeda and British ports, is a further indication of the expansion and increase of mutual trading.

SUEZ CANAL COMPANY.

TRIBUTE TO THE LATE LORD INCHCAPE.

REDUCED CHARGES EXTENDED FOR FURTHER PERIOD.

THE MARQUIS DE VOGÜÉ'S ADDRESS.

The annual general meeting of the Suez Canal Company was held, on the 6th instant, in Paris.

The Marquis de Vogüé, president of the company, in the course of his address, said:—Our report had already been printed when we received news of the sudden death of our vice-president, Lord Inchcape, after a long convalescence spent in the sunshine of the Mediterranean. The Press of the entire world has already paid homage to the eminent qualities of that great worker, who occupied posts of the highest importance with distinction and well-merited of the most enviable honours in the course of a career made up of intense labour and splendid achievement.

His life is an admirable and rare example of what can be done by determination coupled with an adaptable intellect and a penetrating sense of realities.

Thanks to his work as well as to his natural gifts, he always showed himself equal to circumstances. The success of his efforts in the most diverse fields, and his wide and unrivalled knowledge of affairs, gave him considerable authority in every circle. Our company has lost a good and faithful friend in him, one of those true friends on whom one can count in difficult moments, as a Frenchman I shall be permitted to add, one on whom our country also could rely. Associating ourselves with the sorrow of his family and the mourning of the entire British community, we pay a tribute to his memory by the expression of our heartfelt regrets.

REDUCTION IN RATES.

The Suez Canal Company has always regarded as its first duty and as the best policy, that it should give the greatest satisfaction to its clients. It has shrunk from no efforts to fulfil the responsibilities which it has assumed towards world commerce and the common interest of all peoples. It was in this spirit that our board decided in November last to make a temporary reduction of 10 per cent. in the transit charges, and this very morning again, in view of the continuance of the situation that led to our former decision, it decided to maintain this reduction for a further period of six months.

It is obviously open to dispute whether a reduction in rates, whatever sacrifice it may mean to the shareholders, can have much effect on world trade, since our charges only represent a very small

proportion of the price of the goods when delivered on the various markets. However, in granting it your board desired to show that it realises the solidarity of interests which meet in the Suez Canal and that it attaches the greatest importance to the maintenance of good will between the company and its clients. It is unanimous on this point, and those of its members who are also numbered among the company's clients—I owe this tribute to my British colleagues as I do to the memory of the lamented Lord Inchcape—are no less in favour of the mutual concessions which this policy involves. We think we know your feelings sufficiently well to be sure that it is also your policy, and that you will approve the gesture to which it inspired us.

REDUCED EXPENDITURE.

The years of prosperity have not been years of inaction for us. The Canal improvement works laid down by the 1921 programme have been accelerated. The equipment, renewed and completed, has reached a high degree of perfection. By the termination of the house-building programme, the big problem of housing the workers has been solved under the most favourable conditions. During this time, large reserves have been built up in view of eventualities which the vicissitudes of human existence make it always necessary to anticipate.

You are to-day reaping the fruits of this policy. Because we have always worked hard and saved wisely, we can now, after having granted a considerable reduction in rates, reduce appreciably the estimates of expenditure, meet by normal means the exceptional charges arising as a result of the circumstances, and limit in this way the reduction in your dividend to that in the transit receipts, which are the natural source of your profits.

The present condition of your undertaking allows it to view future eventualities with confidence. The economies and the reduction in expenditure which a bold yet prudent management part the reduction in receipts, which for some time to come must still be anticipated.

THE FUTURE.

However, if the circumstances of the moment do not authorise any cries of victory, neither do they justify any fits of despair. The storm will pass, as the others have passed. We look forward with confidence to better times, when the world will have regained its balance and when the circulation of wealth, freed from its shackles, will once more shed full light upon the services which the immortal work of Ferdinand de Lesseps is rendering to the

COMPANY MEETINGS, &c.

UNION CORPORATION LIMITED.

YEAR'S PROFIT AND DIVIDEND.

SOUTH AFRICA AND THE GOLD STANDARD.

MR P. M. ANDERSON ON THE GOLD POLICY.

The ordinary general meeting of shareholders of the Union Corporation, Limited, was held in Johannesburg on May 27th, Mr P. M. Anderson presiding.

The Chairman in the course of his remarks said: It is almost superfluous to remind you that the world depression which commenced towards the end of 1929 has continuously deepened and interests lie largely in the gold mining industry in this country, which has only suffered relatively moderately, we also have base-metal mining and industrial interests, which have felt the full effect of general conditions.

One event which has affected us particularly is the temporary abandonment of the gold standard by the United Kingdom from September 21st last and, as South Africa elected to remain on the gold standard, we have had to deal with the problem of two gold currencies. How it has been dealt with is related in the directors' report. We are a South African company, and our accounts accordingly should be and are kept in South African currency.

BALANCE-SHEET ITEMS.

In the case of our liabilities and floating assets, we have written down all sterling items to the basis of South African currency—that is, we have reduced the affected items on both sides of our balance sheet by 27½ per cent., being the difference ruling at the end of December.

In the case of our shareholdings, we have, as usual, taken each holding at cost or market price, whichever is the lower, but in the case of holdings which are not South African and where the London price is the only one available for valuation, we have adopted the London sterling market price without reducing it further to a South African currency basis. This means that if a difference between the values of South African and English currencies persists, and if these holdings are realised, there would be exchange differences to be adjusted. I may say that the spread between these two currencies is to-day reduced to 23½ per cent.

YEAR'S PROFIT.

During the last three years the depreciation in the value of certain of our shareholdings has been heavy, but it has been largely counterbalanced by considerable profits from share transactions. Our revenue last year from dividends showed a considerable fall. Though the end result was that our realised profit, as shown on the right-hand side of the profit and loss account, actually rose from £274,836 in 1930 to £286,823, while our net profit, after making a provision of £30,000 in respect of United Kingdom income tax, was reduced from £248,888 to £229,117.

In view of the uncertainties of the general situation and having regard to the possible exchange differences on shareholdings already referred to, the directors thought it wise to set aside £100,000 as a special reserve. This reserve is not earmarked, and is intended to be used as circumstances require, so that when the present situation clears up it must be expected to disappear, either because it proves to be needed for some particular purpose or purposes, or because, so far as it is not needed, it becomes free to be dealt with in some other manner.

INCREASED CARRY FORWARD.

As a considerable part of the dividend we have just distributed was payable either in French currency or in foreign currencies, via sterling, the board decided to pay a dividend in English currency of 2s. 6d. per share and to pay the South African equivalent of that amount to those entitled to receive the distribution in South Africa. We were able to turn gold assets into sterling for this purpose at a rather favourable rate, so that the dividend absorbed only £126,162 in South African currency. This enables the amount carried forward to be raised from £111,017 to £113,972.

It is some satisfaction to note that the results we are able to put before you compare favourably with those of any other company carrying on similar business.

Our liabilities have declined from £2,243,350 at the end of 1930 to £1,732,499 at the end of last year, while our cash assets, exclud-

ing debtors, have fallen from £1,979,609 to £1,764,222, so that on balance our cash position has improved to the extent of £295,465.

You will note that we have no loans or other credits outstanding in Germany or other Central European countries. We have thought it well to make this statement in the report in view of the idea which seems to have got abroad that the contrary is the case.

CURRENCY SITUATION.

Though we are chiefly interested in the gold-mining industry, we are also obviously interested, both for sentimental and material reasons, in the well-being of South Africa as a whole. It is, therefore, pertinent to say something on the currency situation from the wider angle of national affairs.

Let me first outline the course of events which it is now largely agreed has led to the present world depression. As a consequence of certain creditor countries erecting tariff barriers and failing to lend adequately abroad, debtor countries have been compelled to pay their international debts in gold. This has so depleted the stocks of monetary gold of the rest of the world that there has been set in train the disastrous fall in prices which now endangers the economy of the whole world.

A fall in prices means that the same quantity of money gives a title to a greater quantity of goods; if prices fall, therefore, holders of money and of contracts to receive money can obtain a greater quantity of goods from the nation's production than they originally bargained for. Now this additional share of the nation's goods is an entirely uncovenanted and unearned benefit, which the recipients obtain, not through their own endeavours, intelligence or merits, but through what is, from their point of view, an entirely fortuitous change in the purchasing power of money. Recipients of this benefit include all those who receive fixed interest, rent, repayment of capital and such semi-fixed payments as wages, salaries, railway freights, port dues and the like.

BURDEN ON PRODUCERS.

At whose expense do these classes obtain this uncovenanted benefit? Obviously at the expense of all those who owe money or have contracts to pay fixed or semi-fixed amounts of money—that is, at the expense of the farmers, industrialists and other producers who, in the course of their business, are usually in debt and have contracts for services at rates which are more or less fixed, and of debtors and employers in general.

Within each country, therefore, this change in the relationship between the nominal value of debt and the value of the goods in which it has ultimately to be settled has involved a vast change in the distribution of purchasing power, to the detriment especially of producers and entrepreneurs. Internationally it has imposed on debtor countries the need to transfer to their creditors an equivalently larger proportion of their products at a time when the demand abroad for such products has seriously contracted.

The mischief does not stop there, however. The burden on producers lessens the incentive to produce, curtails production and creates unemployment, while the burden on debtors leads to default and thus to the embarrassment of the creditors concerned. And so, the wage-earner out of work, the creditor with insolvent debtors, and in the end many other classes of the community also, are gradually drawn into the whirlpool of industrial depression. In the end the mischief spreads to practically all classes and all countries, whether creditor or debtor.

As world prices expressed in gold continue to fall, one country after another is constrained to abandon the gold standard, and by doing so to free their internal price level from the incubus of tumbling gold prices. With internal prices able to rise to a more reasonable level, the distribution of the nation's goods, at least within the country, returns automatically to a more normal and healthy balance.

There is no question of default in this. Goods, and not gold or money, are the only real wealth of mankind, and the abandonment of the gold standard in such circumstances merely redresses an unforeseen and unjustified change in the ownership and title to the goods produced by the nation, and thus merely rectifies a palpable injustice.

THE GOLD STANDARD IN SOUTH AFRICA.

In the same way the statement that if this country left the gold standard or devalued its currency the gold mines would be benefited at the expense of the rest of the country is an entirely misleading one. Either of these steps would merely take away from one section of the community a share in the real wealth of the nation to which it is not entitled and restore it to the other section of the community to whom it rightfully belongs.

If, on the other hand, a nation, hard pressed, in the face of steadily falling prices, tries to remain on the gold standard, it can only do so by inflicting great hardships on all producers of goods and debtors, and particularly on the farmer, who generally ranks in both classes. In this country the policy so far has been to adhere to the gold standard, but the force of events has necessitated the application of measures which, in effect, attempt to achieve the needed redistribution but which fail to do so because of their necessarily limited and discriminatory nature.

It is held that the Union, as the largest producer of gold, is in a peculiarly strong position to stay on the gold standard. In the long run this is not a sound argument. The countries remaining on gold, other than the Union, are mostly creditor countries. In spite, in some cases, of gigantic gold reserves, they have been hit by the fall in prices as hardly as debtor countries, but their large accumulated savings have enabled them to remain on gold. Debtor countries, which have no such savings, have been forced to abandon it. South Africa is a debtor country; and no amount of gold in ore as yet unworked will enable her to stay on the gold standard if circumstances conspire against her. In every mind, therefore, there must be a doubt whether or not this country will be able to cling to the present gold standard and such a doubt is an absolute deterrent to the much-needed inward flow of fresh capital.

IMPORTANCE OF STERLING GROUP.

That the abandonment of the gold standard by South Africa will defer the day when gold is again accepted as the basis of international currency is another misconception. If anything, the reverse is the case. What the future common basis for international currency will be and when it will be adopted now depends on the policy of the great trading and creditor nations and chiefly on the policies of the United Kingdom and the United States. Before the war London was the clearing house of the world, and the management by London of sterling in relation to gold was the fundamental basis of the pre-war gold currency systems.

After the war, the United States entered the scene as a great creditor nation, and the sole management by London ceased—with disastrous consequences. The United Kingdom has now temporarily abandoned the gold standard, and a number of countries and Dominions have grouped themselves round her by linking their currency to sterling: that is to say, they elected to link themselves as in pre-war days to a currency managed from London. This group comprises an area inhabited by more than 500,000,000 people, and in the matter of world trade is now as important as, if not more important than, the group of countries that still remain strictly on the gold standard. Incidentally, international trade within this sterling area is moving far more freely than the trade between the remainder of the world, and this in itself is a strong inducement to join the group.

NEED FOR CO-OPERATION.

But there is a more important aspect than this. It is hardly conceivable that the sterling group will return to gold as a basis for currency until the remaining gold standard countries are induced to co-operate with them in the proper management of that standard. It appears, therefore, that the best way to prepare the ground for a general return to gold as an international basis for currency is to strengthen and broaden the area of the sterling group as much as possible and thus to hasten the day when the remaining gold standard countries will be induced to co-operate with the sterling group in the way suggested. By clinging to gold in the present circumstances, South Africa is, if anything, deferring the re-instatement of her chief product, gold, in its old position as the international basis for currency.

The mining industry is unanimous in the view that the best interests of the country would be served by a departure from the gold standard, and in this it is supported by the chief commercial banks and by the organised bodies representing the farming, industrial, commercial and financial interests of the country. It is to be hoped, therefore, that this view will be heeded by those in whose hand the decision lies, in spite of the unconvincing report to the contrary issued by the Select Committee a few days ago.

The Chairman then reviewed the affairs of the Witwatersrand gold mining companies in which the corporation is principally interested, on the lines of the addresses from the chair at the recent general meeting of these concerns, and referred to the corporation's interests elsewhere.

The report and accounts were adopted.

FORSTER'S GLASS COMPANY, LIMITED.

INCREASED PROFIT.

The thirteenth annual general meeting of Forster's Glass Company, Limited, was held, on the 16th instant, at Winchester House, Old Broad Street, London, E.C.

Sir Sydney H. H. Henn, K.B.E. (chairman of the company), in the course of his speech, said: The net profit of £16,664 has been arrived at after providing for all charges, and compares with £10,684 last year. While the profit is £5,500 higher than last year, trading conditions have been very much worse. Sales have shown a further slight decline in quantity, chiefly in goods supplied for the export trade. The average price obtained for bottles has again fallen, while the costs of materials and labour have remained practically on a level with those of the previous year. It will thus be realised that only by increased efficiency and a reduction in overhead expenses has the profit been obtained.

Turning to the balance sheet, you will note that a new liability appears in the bill payable due to Messrs Watney, Combe, Reid and Company, Limited, but this was explained at our last annual meeting, and the bill will be replaced when our present second debenture is repaid next month, by the issue to Messrs Watney, Combe, Reid and Company, Limited, of a second debenture for the £50,000 at 6 per cent.

BEER TAX AND TARIFFS.

The increased tax on beer which was introduced in the second Budget last year had a very serious influence on our results, as the last three months of each year are generally our busiest time in the beer bottle trade, and the increased tax, together with the decreased purchasing power of the public, resulted in our sales of beer bottles being reduced by practically 50 per cent. for last year over the previous year.

With regard to the effect which the introduction of tariffs may have on our business, it is rather too early yet to say very much about this, as under the Abnormal Importations Act little benefit was derived by us owing to the fact that trade and demand was very quiet and very large stocks were held in this country. As these stocks are being gradually liquidated, we are getting a slightly increased demand, but this has been offset to a large extent by the decreased inquiry due to bad trade and the diminished purchasing power of the country generally.

Your directors recommend the payment of a 5 per cent. dividend on the ordinary capital.

The report and accounts were unanimously adopted, and at a subsequent class meeting of the preference shareholders the proposed debenture issue was approved.

GOLDEN HORSE SHOE (NEW) LIMITED.

RETURN OF CAPITAL PROPOSAL APPROVED.

An extraordinary general meeting of the Golden Horse Shoe (New), Limited, was held, on the 14th instant, in London, to consider a special resolution to reduce the capital of the company to £165,000 by returning to the holders of the 1,100,000 shares that have been issued paid-up capital to the extent of 1s. a share and by reducing the nominal amount of each share from 4s. to 3s.

Mr F. H. Hamilton (the chairman) said that the financial position of the company was both strong and liquid. They had at the moment, in addition to cash in Australia, money on loan, and their investment in the Wiluna Corporation, mainly in the form of 10 per cent. notes, a cash balance in London of about £120,000, which alone was approximately equal to 60 per cent. of their issued capital. The company's creditors, apart from their liability for income tax here and in Australia, were negligible. In these circumstances the board felt that a substantial distribution with the least possible delay was desirable.

EXCELLENT RESULTS FROM RE-TREATMENT PLANT.

The results from the re-treatment plant continued to be excellent. Up to the end of March they had treated 902,000 short tons from the dumps, which were originally estimated to contain 2,859,000 tons, leaving 1,957,000 tons, or about two-thirds of the original stock, still to be treated.

With regard to their investment in the Wiluna Corporation, the progress that had been made at the Wiluna mine could only be characterised as remarkable. Substantial profits were being made, new lode of a grade well above the previous mine average was being rapidly opened up on three levels, and there was now good reason to think that the Wiluna would more than fulfil the expectations originally formed, and would develop into the largest gold mine on the Australian continent.

The resolution was unanimously adopted.

J. LYONS AND COMPANY, LIMITED.

ANOTHER SUCCESSFUL YEAR.

VOLUME OF BUSINESS INCREASED.

STRONG FINANCIAL POSITION.

MAJOR ISIDORE SALMON'S REVIEW.

The thirty-eighth ordinary general meeting of J. Lyons and Company, Limited, was held, on the 13th instant, at the Trocadero Restaurant, Piccadilly Circus, W.

Major Isidore Salmon, C.B.E., D.L., J.P., M.P. (chairman and one of the managing directors) presided.

The report of the directors for the year ended March 31, 1932, states that:—

	£	s.	d.
The balance from trading account is	942,000	0	0
To which is to be added the amount brought forward from last year	49,781	16	9
Showing a total available for distribution of	£991,781	16	9
	£	s.	d.

From this amount is to be deducted:—

Dividend on 5 per cent. preference shares paid to November 30, 1931, and proportion provided for period to March 31, 1932	32,353	5	0
Dividend on 7 per cent. preference shares paid to March 31, 1932	280,000	0	0
Dividend on 8 per cent. preference shares paid to March 31, 1932	80,000	0	0
Dividend on 6 per cent. preferred ordinary shares paid to September 30, 1931, and proportion provided for period to March 31, 1932	28,000	0	5
Interim dividend (1s. 8d. per share) on ordinary and "A" ordinary shares already paid for the half-year ended September 30, 1931	135,731	1	8
Interim dividend (4d. per share) on proportional and "B" proportional profit shares already paid for the half-year ended September 30, 1931	15,833	6	8
And the directors propose to deal with the balance as under:—			
To place to reserve (making a total of £1,500,000)	100,000	0	0
To pay a dividend of 2s. 10d. per share on the ordinary shares and "A" ordinary shares for the half-year ended March 31, 1932	230,742	16	10
To pay a dividend of 6.8d. per share on the proportional and "B" proportional profit shares for the half-year ended March 31, 1932	26,916	13	4
To carry forward to next account	62,204	12	10
	£991,781	16	9

The amount of the premium on new shares issued, less the expenses of the issue, amounting to £112,959 6s., together with a further sum taken from contingency reserves, has been utilised to write down machinery plant.

During the financial year the following establishments have been opened:—

- 274, Edgware Road, W.2.
- 9, Cranbrook Road, Ilford.
- 450, Strand, W.C.
- 8, St. Mary's Gate, Manchester.
- 54/56, George Street, Luton.
- 30/31, Petty Cury, Cambridge.
- 12/13, Church Street, High Wycombe.

Additional premises have been acquired and will be opened in due course, and negotiations for other premises are proceeding. The issue of £1,000,000 7 per cent. preference shares created by resolution of June 23, 1931, was made to shareholders on March 22, 1932, and was many times over-subscribed. The amount of £18,358 19s. 2d. showing on the balance sheet as not fully paid at March 31st, has since been paid.

Messrs G. W. Booth and B. A. Salmon retire from the office of directors and being eligible offer themselves for re-election.

Messrs George Dee and G. A. Pollard, employed directors, retire and are eligible for re-election.

Messrs Turquand, Youngs and Company, the auditors, retire and are eligible for re-election.

The dividends received from subsidiary companies have been included in the company's trading account. In the aggregate the profits of the subsidiary companies exceeded the declared dividends.

Losses of subsidiary companies so far as they concern this company have been dealt with in this company's accounts.

Mr H. H. G. Bennett (one of the secretaries) having read the notice convening the meeting and the report of the auditors,

The Chairman said:—Ladies and gentlemen,—I am pleased to welcome you to another annual meeting. It is becoming rather a commonplace at company meetings of late for directors to refer to the difficult times their companies have been passing through, and you will not expect to hear from me that this company has been any exception. Continually falling prices of commodities and continually increasing taxes do not tend to make things easy for management. It is therefore all the more gratifying to your directors to be able once again to meet a body of shareholders who are satisfied with the results of their stewardship. That you are satisfied I have assumed; I hope, in fact, that you are pleased even though for the first time for many years we do not report a substantial advance.

RESULT OF YEAR'S WORKING.

The balance from trading account is £942,000—practically the same as last year. Adding to this the sum brought forward, the amount available for distribution becomes £991,781, the allocation of which, given in detail on the first page of the report, I need hardly elaborate upon. I shall shortly propose to you the payment of final dividends on the equity shares at the same rate as last year, which, after placing to reserve £100,000, will leave to be carried forward £62,204.

Before making any comment on the figures before you, I should just like to mention the recent issue of 7 per cent. shares. I know there has been a certain amount of dissatisfaction that applicants did not get as large allotments as they would have liked, but none of us did. The only persons who had allotments in full were those who applied for very small amounts and the staff, whom we encourage to take up shares and so have an added interest in the company's affairs. As regards the remainder, the allotment was made in the manner which we considered on the whole to be of greatest value to the company's interests. I hope this will be sufficient answer to anybody present who may still be feeling aggrieved.

BALANCE-SHEET ITEMS.

I need not, I think, comment in any detail on the figures of the balance sheet; I will only deal briefly with those items in it which show any substantial difference from last year. Freehold land and buildings, leaseholds, plant, machinery, etc., the main item on the assets side, is on balance approximately £100,000 less; but we have utilised the balance of the share premiums on the recent issue and a substantial sum from contingency reserves to write down machinery plant; to this I shall refer again.

Under the heading "Subsidiary Companies" the first figure, representing shares, is £50,000 less. We have written down the assets of subsidiaries by this amount out of reserves and this, together with the provisions made in the accounts of those companies, has obliterated all goodwill from their assets—(hear, hear)—so that those assets stand as a whole at what we may call gold values. The other two figures under that heading—namely, loans and current accounts—taken together are some £10,000 more, the former being £28,000 down and the latter £38,000 up. Stock in trade is slightly more than last year.

Sundry debtors, etc., shows an increase of £180,000, but includes amounts advanced to Cumberland Hotels, Limited—of which we and the Strand Hotel, Limited, are joint owners—which is developing the site at Marble Arch. This amount will be steadily growing as the work proceeds, for you will remember that I told you last year that the capital for it is being provided equally by the two parent companies.

Balance of loans to staff explains itself, I think; it refers to facilities we gave to members of the staff to acquire shares in the recent issue. Cash at bankers reflects the amount subscribed for 7 per cent. preference shares, the bulk of the money having been received just prior to the close of the financial year.

THE CAPITAL.

Turning to the liabilities side, the capital is increased by the amount received up to March 31st in respect of the issue of new shares and by the 12,500 "A" ordinary shares allotted during the year to the managing directors. I may say here that the privilege

GEDULD PROPRIETARY MINES, LIMITED.

ALL-ROUND IMPROVEMENT.

At the thirty-first ordinary general meeting of shareholders in the Geduld Proprietary Mines, Limited, held at Johannesburg, on May 19, 1932, Mr P. M. Anderson (chairman of the company) presided, and, in the course of his remarks, said:—

The results of last year's operations compare so closely in detail with those of the previous year that they call for no comment on individual items. There was, however, an all-round improvement, the aggregate effect of which was to permit of the payment of an increased dividend.

The tonnage milled was 1,000 tons more; the yield per ton milled, at 27s. 1.3d., was about a farthing higher; and working costs per ton milled, at 16s. 3.3d., about a penny-farthing lower, so that the working profit per ton milled was 14d. higher at 10s. 10d.

From the 1,012,000 tons of ore milled during the year the working profit derived was £548,047, or £6,761 more than in 1930, but sundry revenue was £774 less than in the previous year, the net result being a gross profit of £576,865. After providing £73,988 for taxation and £2,834 for donations and contributions, there remained £500,043 to be carried to the appropriation account, making, with the amount brought forward, a total of £702,637 to be dealt with. Out of this a further £6,000 was set aside towards the company's outstanding liability to the miners' phthisis compensation fund; £493,039 was distributed in dividends; and there was left unappropriated at the end of the year, after meeting the additional remuneration due to the directors under the articles of association, an amount of £201,798. The two dividends distributed during the year totalled 33½ per cent., or 6s. 9d. (Union currency) per share, as against 32½ per cent., or 6s. 6d. per share, for the previous year. The amount of £201,798 carried forward in the appropriation account was represented by cash assets to the value of £83,749 and £118,049 in cash.

MILLING COSTS REDUCED.

The development work completed during the year totalled about 600 ft. less than in the previous year, and did not quite suffice to maintain the ore reserves position, which, at the end of the year, was re-calculated at 5,900,000 tons of an average value of 6.6 dwt. over an estimated stoping width of 59 in., the value and width being unchanged as compared with a year previously, but the quantity 100,000 tons less.

In addition to the development operations for our own account, a total of 4,225 ft. was done by us last year in the adjoining property of the East Geduld Mines, completing the programme in respect of which the agreement between the two companies was entered into.

The gradual opening up of the East Geduld Mines, which now pumps its own water, has had a marked influence upon the water position in our mine, it being only necessary to pump from our workings during the year a total of 422 million gallons, which was about 36 per cent. less than in the previous year.

During the first four months of the current year milling operations have proceeded on a somewhat greater scale than during the corresponding period of last year, an additional 5,300 tons having been crushed. Working costs per ton milled have been still further reduced, and the gross profit to the end of April has exceeded that for the same period of last year by about £4,000. Development operations also have been conducted on a more extensive scale, 5,727 ft. having been completed, as against 4,466 ft. in the corresponding period of last year. 4,360 ft. were on reef, and the payable disclosures have been of the same average value as those of last year.

TAXATION RATE.

With regard to taxation, you will have noticed from the Budget speech of the Minister of Finance that the Government has decided to increase the rate of taxation on gold mining companies by one-third, namely, from 3s. to 4s. in the pound of taxable amount. With profits on last year's level this increase is equal to about 4d. per share per annum for our company.

During the past year your company exercised its right to participate equally with the Union Corporation in the subscription at par of 60,000 new shares issued by the East Geduld Mines, and as a result our shareholding in that company has risen to slightly over 35½ per cent. of the issued capital of £1,560,000. I think you will be aware that this neighbouring mine in which we are so largely interested reached the production stage about the middle of last year. Though full-scale operations have not yet been reached, the mine is making satisfactory progress, and may be expected to enter the list of dividend payers at an early date, and the income from this source will, of course, have an important influence upon the dividend distributions of your company.

The report and accounts were adopted.

EAST GEDULD MINES, LIMITED.

INCREASE IN TONNAGE MILLED.

THE CHAIRMAN'S REVIEW.

At the fifth ordinary general meeting of shareholders in the East Geduld Mines, Limited, at Johannesburg, on May 19, 1932, Mr P. M. Anderson (chairman of the company) presided, and, in the course of his remarks, said:—

When we met a year ago the position was that the shaft had intersected the reef and everything was expected to be in readiness for the commencement of hoisting operations, and possibly also milling operations, within the next two months. Actually, the shaft was ready by the end of June, stoping of ore commenced on July 1st, and trial crushing began on July 6th. All units of the reduction plant were gradually and successfully brought into commission, and the first small clean-up of gold was made at the end of August. This period naturally resulted in a substantial loss on working account, which was augmented by a further small loss in September, so that at the end of the quarter there was a debit balance of £63,000.

October marked our first working profit, which in round figures was £5,000, followed by £10,000 in November, and £15,000 in December, so that by the end of the year the loss on working account was reduced to £33,000, to which has to be added £2,600, being excess of sundry expenditure over sundry revenue, due to interest charges on the advances we had obtained from the Union Corporation, Limited, to tide us over the period of financial stress.

WORKING RESULTS.

Since the close of the year there has been steady improvement in all directions and the figures for last month compared with December month show an increase in tonnage milled from 51,000 to 57,300; an improvement of 1s. 2d. in the yield per ton milled to 26s. 4d.; a reduction of 3d. in the cost per ton milled to 18s. 9d., which includes 3s. per ton for development; and an improvement in the working profit to £21,681, the profit for the four months totalling £73,308.

These working results will continue to be improved upon until the full capacity of the mine and plant is reached. You will no doubt have noticed that the consulting engineer states, in his report, that the plant is capable of dealing with more than its nominal capacity of 60,000 tons per month. Though he does not mention a figure, I think we may safely assume the excess to be at least 10 per cent. The mine is being rapidly brought into a position to supply such tonnage by means of additional stope faces which are now becoming available and by additional transport facilities underground. With regard to the recovery value per ton, this should at no distant date conform to the average value of the ore reserves, after making due allowance for the admixture of ore from development faces, sorting and the value of residues. Working costs per abnormal expenditure.

DEVELOPMENT WORK.

Milling operations were started at the earliest possible moment; in fact, only four and a half years from the date of the formation of the company, with a minimum number of unopened stope faces and very limited transport facilities underground. In these circumstances, it is a very creditable performance on the part of our men done.

Although working costs per ton milled have been entirely satisfactory and reflect equal credit on our staffs, I should explain that these costs have included not only a standing charge of 3s. per ton for development, but have had to meet a large number of abnormal and non-recurring items, particularly in the early stages.

As regards development operations, the work undertaken by the Geduld Proprietary Mines under the agreement with this company was completed in the early part of the year. The total development stations; 6,210 ft. were on reef, of which 57 per cent. was payable, having a value of 13.9 dwt. over a channel width of 44 in.

During the first four months of the current year development has proceeded on a much greater scale than hitherto, 8,325 ft. having been accomplished in the first four months. 5,060 ft. of the current year's work has been on reef, of which 72 per cent. was payable, averaging 487 in.-dwt.

At our last meeting I referred to the particularly gratifying feature that the highest-grade ore exposed at that date was contained in the deepest workings, which were then on the sixth level. I am very glad to be able to tell you to-day that this has continued to be a feature of the development results in the central area. Work has now reached the seventh level, and the values disclosed there to date are even better.

NEW SHARE ISSUE.

Owing to the restriction of development footage during the year, the tonnage taken from ore reserves after the commencement of stoping operations exceeded the quantity developed during the year. The ore reserves as re-measured and valued at the end of the year were 3,750,000 tons, valued at 6.9 dwt. over a stoping width of 58 in.

The capital expenditure to the end of the year amounted to £1,529,213, apart from the value locked up in stores and materials on hand and purchased in advance. Towards the end of the year your directors deemed it desirable to cover the over-expenditure on capital account by an issue of 60,000 new shares, increasing the capital of the company to £1,560,000. These shares were subscribed by the Union Corporation, Limited, in terms of the agreement with that company, and fully paid up.

The Government decided to increase gold mining taxation by one-third, namely, from 3s. to 4s. in the pound of taxable amount. In terms of our lease agreement with the Government the amount payable as Government share of profits will be reduced by the amount payable on account of this increase in taxation. Consequently dividends will not be affected.

You are aware that our eastern neighbour, the Grootvlei Proprietary Mines, Limited, has made arrangements for the opening up of its property, and in connection therewith our company has undertaken to grant certain facilities. Briefly stated, the arrangement is that East Geduld has undertaken to accelerate the sinking of certain of its inclines with a view to these being extended as quickly as possible to the common boundary of the farms Geduld and Grootvlei, thereby providing means of access to the property of the Grootvlei Company. East Geduld receives suitable compensation for carrying out this work ahead of its own programme, and when the Grootvlei Company requires capital funds over and above the first £1,223,540 which is otherwise earmarked, East Geduld has the right to subscribe for up to 120,000 shares at par, less 5 per cent. commission.

The reports and accounts were adopted.

MODDERFONTEIN DEEP LEVELS, LIMITED.

THE YEAR'S OPERATIONS.

At the thirty-first ordinary general meeting of shareholders in the Modderfontein Deep Levels, Limited, held at Johannesburg, on May 19, 1932, Mr P. M. Anderson (chairman of the company) presided, and in the course of his remarks said:

A very gratifying feature of the year's operations was the milling of 533,800 tons of ore, which was 3,400 tons above the preceding year's total, and exceeded the mine record by 2,300 tons. From this tonnage, 268,790 fine ounces of gold, 25,086 fine ounces of silver and 224 ounces of osmiridium were recovered, which realised £1,142,334, or £28,698 less than the 1930 production. The gold production was three-tenths of a pennyweight lower consequent upon the decrease in the value of the ore reserves. Working expenses per ton milled, including the expenditure on development, were 23d. below the 1930 average. The working profit and sundry revenue were both less than in the preceding year, the gross profit for the year being £738,388. After providing for taxation and sundry donations and contributions, the sum of £635,474 was carried forward, the appropriation account, which, with the amount brought forward, gave a total of £773,793 to be dealt with. Out of this £15,500 was given towards the company's outstanding liability to the Miners' Phthisis Compensation Fund; £600,000 was distributed to shareholders in two dividends of 60 per cent. each; and, after meeting the additional remuneration due to the directors under the articles of association, there remained an unappropriated balance of £157,293, which is £18,974 more than the carry forward for the previous year.

The unappropriated balance, equivalent to about 1s. 7d. per share, was made up of £39,251 in cash assets, and £118,042 in cash; and you will observe from the directors' report that this was represented to the extent of £502 by British sterling assets less liabilities.

ORE RESERVES.

The development work done during the year totalled 1,893 feet on the main reef and 3,443 feet on Hanging Wall Leaders. The reduction of 40 per cent. in the footage on leaders reflected a gradual curtailment of the exploratory work in these upper areas, to which I referred last year. Work was concentrated during the year mainly on the 200 foot leader, and disclosed very little payable ore; further exploration of this leader during the current year has been given no encouragement to continue this work, and it has been suspended since the end of March. When the ore reserves were re-calculated at the year-end those on the Main Reef were estimated at 1,600,000 tons of an average value of 8.3 dwt. over a stoping width of 78 inches, and those in Hanging Wall Leader blocks at 100,000 tons of an average value of 4.9 dwt. based on a width of 60 inches.

During the first four months of the current year milling has proceeded at the same rate as last year, but the yield per ton milled has declined correspondingly with the lower value of the ore reserves, and, though working costs per ton milled have been reduced by about 2d. below last year's average, the gross profit for the period—approximately £233,700—is nearly £10,000 less than was earned in the same period of last year.

According to the Budget Speech of the Minister of Finance, taxation of South African gold mining companies is to be increased this year by one-third, which in the case of our company would have the effect of reducing the amount available for dividends by about 4d. per share per annum if profits were maintained at last year's rate.

THE MINE'S FUTURE.

It has been suggested on this occasion I might give shareholders some information as to the probable life of the mine and the future dividends to be expected. This is a subject which I approach with a good deal of diffidence, because no matter how accurately an estimate may be framed in the light of existing conditions, unforeseen circumstances may arise which may considerably modify the picture.

On reference to the plan accompanying the annual report before you, it will be observed that, without relying on any appreciable tonnage from the upper leaders, the payable tonnage remaining is mainly contained in pillars and a number of small blocks. Though the extraction of this tonnage from areas surrounded by large worked-out zones presents a mining problem of some difficulty, it is anticipated that the sand-filling operations which have steadily proceeded for several years past will enable the whole of the remaining payable ore to be recovered. The present expectation is that full-scale milling operations will continue until about the end of 1934, and there will then remain a quantity of low-grade ore from the treatment of which only a small profit can be expected if conditions remain as they are to-day.

As regards the dividend aspect, a reasonable expectation for the three years combined, based on present indications, appears to be an aggregate of about 14s. to 15s. gold currency per share. In addition, there will be available for distribution after the cessation of operations the funds then in hand, the value of the clean-up of the reduction plant, and the proceeds of the realisation of the company's assets. At this stage it is impossible to estimate even approximately the amount that may be realised by disposal of the assets, but it is certain that a substantial further sum will ultimately become available from these sources for distribution by way of return of capital. If, as a pure guess, we assume this last distribution to be 3s. to 4s. per share, it would bring the total up to about 18s. per share, equivalent at the present rate of exchange to about 23s. 4d. in sterling.

The report and accounts were adopted.

BEECHAM'S PILLS, LIMITED.

CONTINUED PROGRESS OF THE BUSINESS.

The third ordinary general meeting of Beecham's Pills, Limited, was held, on the 16th instant, at Hotel Metropole, Northumberland Avenue, London, W.C., Mr Philip E. Hill (chairman of the company) presiding.

The secretary (Mr B. L. Hobrow, A.C.A.) having read the notice convening the meeting and the report of the auditors,

The Chairman said: Ladies and gentlemen, I do not propose to read to you the report and accounts, as they have already been circulated. At our last meeting I stated that increased profits for the year now under review were assured, and I am glad that my anticipations have been fully realised. The company's acquisition of Yeast-Vite, Limited, was fully dealt with at the last meeting and has proved a satisfactory investment. Our other subsidiaries have all had a successful year, particularly the Veno Drug Company (1925), Limited, from which we have received a dividend—the first since the incorporation of the company—and in future I have little doubt that we shall regularly receive reasonable dividends from this source.

The company's pills and powder business continues to be satisfactory. Difficulties still exist, however, in relation to our export business, but I am afraid this is common to all concerns dealing with other countries. The recent change in the fiscal policy of Ireland has to some extent dislocated business there, but we are taking active steps to overcome the difficulties that have been created, and I have no doubt that they will be satisfactorily dealt with.

I am pleased to be able to tell you that the business of the company and its subsidiaries since the commencement of the current financial year continues to progress, and although these are not days for optimism, unless anything extraordinary takes place, I believe the profits for the coming year will be maintained and, I hope, increased.

[June 18, 1932.]

I shall be submitting to the meeting a resolution—notice of which has been given—with regard to the payment of directors' fees. The affairs of the world have so changed since the incorporation of the company and trading conditions are so difficult that I feel sure the shareholders will not wish the directors to conduct a business of this size without remuneration. The directors' fees of £3,000 a year are, in my opinion, extremely moderate.

The report and accounts were adopted and the other resolutions submitted having been approved, the proceedings terminated with a vote of thanks to the chairman.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended June 11, 1932, amounted to £7,257,700 against ordinary expenditure of £8,627,600. After allocating £475,000 to Sinking Fund and having allowed for a reduction of Exchequer Balances of £21,942, the operations for the week, as shown below, increased the National Debt by £1,823,000 to £7,656,559,000:—

(000's omitted.)

Treasury Bills	£ 7,473	Public Department Advances ..	£ 10,150
By 3% Treasury Bonds	4,600	P.O. and Telegraph Money	400
National Savings Certificates ..	300		
	+ 12,373		- 10,550

A complete analysis of the National Debt at March 31, 1932, was printed in the *Economist* of April 2, 1932.

REVENUE.	Total Receipts into the Exchequer.			
	April 1, 1932, to June 11, 1932.	April 1, 1931, to June 13, 1931.	Week ended June 11, 1932.	Week ended June 13, 1931.
ORDINARY REVENUE.	£	£	£	£
Inland Revenue—				
Income Tax	17,218,000	18,775,000	12,000	4,000
Super-Tax, including Arrears of	6,000,000	9,820,000	410,000	580,000
Stamps, &c., Duties	14,480,000	15,710,000	1,260,000	1,160,000
Stamps	1,170,000	1,900,000	...	...
Excise Profits Duty and Corporation Profits Tax	...	...	...	...
Land Tax and Mineral Rights Duty	90,000	120,000	...	...
Total Inland Revenue	38,958,000	46,325,000	1,682,000	1,744,000
Customs and Excise—				
Customs	31,804,000	23,171,000	3,799,000	2,480,000
Excise	20,778,000	20,190,000	1,110,000	1,293,000
Total Customs and Excise	52,582,000	43,361,000	4,909,000	3,773,000
Motor Vehicle Duties (Exchequer Share)	1,013,000	871,000	104,000	Dr. 90,000
Post Office (Net Receipt)	5,100,000	5,450,000	550,000	300,000
Crown Lands	230,000	240,000	...	...
Receipts from Sundry Loans	1,056,805	7,832,690	12,500	...
Miscellaneous Receipts	488,336	4,481,153	181	258,426
Total Ordinary Revenue	99,428,141	108,560,843	7,257,681	5,985,426
SELF-BALANCING REVENUE.				
Post Office	9,300,000	9,500,000	550,000	700,000
Motor Vehicle Duties apportioned to Road Fund	3,270,000	3,396,000	...	191,000
Total Self-Balancing Revenue	12,570,000	12,896,000	550,000	891,000
Total	111,998,141	121,456,843	7,807,681	6,876,426

EXPENDITURE.	Total Issues out of the Exchequer to meet Payments.			
	April 1, 1932, to June 11, 1932.	April 1, 1931, to June 13, 1931.	Week ended June 11, 1932.	Week ended June 13, 1931.
ORDINARY EXPENDITURE.	£	£	£	£
Interest and Management of National Debt	97,079,929	92,047,451	2,922,944	2,843,880
Payments to Northern Ireland Exchequer	948,214	972,887	232,678	...
Other Consolidated Fund Services ..	321,737	309,745	2,001	...
Total	98,349,880	93,330,083	3,157,623	2,843,880
Total Supply Services (excluding Post Office)	75,813,500	77,824,000	5,470,000	9,150,000
Total Ordinary Expenditure	174,163,380	171,154,083	8,627,623	11,993,880
SELF-BALANCING EXPENDITURE.				
Post Office	9,300,000	9,500,000	550,000	700,000
Road Fund	3,270,000	3,396,000	...	191,000
Total Self-Balancing Expenditure	12,570,000	12,896,000	550,000	891,000
Total Ordinary and Self-Balancing Expenditure	186,733,380	184,050,083	9,177,623	12,884,880
New Sinking Fund (1928)	5,400,318	7,478,226	475,000	485,000
Total (including New Sinking Fund)	192,133,698	191,528,309	9,652,623	13,369,880

The aggregate revenue and expenditure to June 11, 1932, is shown below:—

FINANCIAL YEAR, 1932-33, APRIL 1st to JUNE 11th, 1932.

(000's omitted.)

Expenditure	£ 174,163	Revenue	£ 99,428
New Sinking Fund	5,400	Decreases in balances	3,126
		Net amount borrowed	77,009
	179,563		179,563

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Out- standing—	June 13, '31.	Mar. 31, '32.	June 11, '32.	June 13, '32.
Advances by Bank of England	2,500,000	...	...	...
Advances by Public Departments ..	34,750,000	7,500,000	...	...
Treasury Bills outstanding	622,995,000	604,455,000	628,105,000*	7,475,000
Total Floating Debt	660,245,000	611,955,000	628,105,000	2,675,000

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

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £45,000,000 in Treasury Bills were opened on June 10, 1932, and the total amount applied for was £61,970,000. Tenders were accepted for bills at three months, dated Monday to Friday at £99 15s. 2d., about 70 per cent. and above in full, and Saturday at £99 15s. 3d. and above in full. The amount allotted was £42,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1932.			
May 20	35,000,000	53,775,000	£ 19 6-35
May 27	45,000,000	50,060,000	£ 17 9-99
June 3	45,000,000	53,940,000	£ 18 1-48
June 10	45,000,000	61,970,000	£ 18 11-79

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, June 15, 1932.

ISSUE DEPARTMENT.

Notes Issued:—	£	Government Debt	£ 11,015,100
In Circulation	357,425,646	Other Government Securities	199,033,115
In Banking Department	52,054,064	Other Securities	60,668,235
		Silver Coin	3,813,560
		Amount of Fiduciary Issue	275,000,000
		Gold Coin and Bullion	134,479,710
			£409,479,710

BANKING DEPARTMENT.

Proprietors' Capital	£ 14,553,000	Government Securities	£ 68,774,656
Reserve	3,315,244	Other Securities	...
Public Deposits	20,567,650	Discounts and Advances	£12,690,490
Other Deposits	£87,546,253	Securities	£25,711,266
Bankers'	33,987,712	Notes	38,401,756
Other Accounts	121,532,965	Gold and Silver Coin	62,054,064
7-Day and other Bills	1,838		740,221
	£159,970,697		£159,970,697

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

Both Departments.	Amount, June 15, 1932.		Inc. or Dec. on Last Week.		Inc. or Dec. on Last Year.	
	£	£	£	£	£	£
Note circulation	357,425,646	+	187,487	+	5,159,833	...
Public deposits	20,567,650	+	5,009,458	+	5,550,219	...
Bankers' deposits	87,546,253	+	1,700,185	+	16,100,564	...
Other deposits	33,987,712	+	514,480	+	305,645	...
Seven-day bills	1,838	+	25	+	478	...
Total outside liabilities	499,528,099	+	2,607,281	+	27,116,739	...
Capital and reserve	17,868,244	+	49,258	+	7,642	...
Government debt and securities	279,292,871	+	3,065,468	+	4,746,350	...
Discounts and advances	12,690,490	+	78,910	+	3,395,055	...
Other securities	86,379,491	+	2,329,907	+	46,128,447	...
Silver coin in issue department	3,813,560	+	16	+	278,599	...
Coin and bullion (bank's reserve)	135,219,931	+	2,758,426	+	26,766,872	...
Reserve of notes and coin in banking department	52,794,285	+	2,570,939	+	16,926,705	...
Proportion of reserve to outside liabilities						
(a) Banking department only ("proportion")	37 1/4%	+	24%	+	20 1/2%	...
(b) Gold stocks to deposits and notes ("reserve ratio") ..	27 1/4%	+	...	+	7 1/4%	...

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Ratio.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1932.							
May 11	£ 397,816	£ 358,314	£ 13,719	£ 78,030	£ 33,180	£ 2,013 in	2 1/2%
18	397,830	358,440	21,427	74,602	32,618	2,013 in	2 1/2%
25	400,032	354,221	23,606	77,544	32,948	2,202 in	2 1/2%
June 1	403,617	354,414	23,606	77,544	32,948	2,202 in	2 1/2%
8	406,721	357,238	18,553	89,957	34,150	3,583 in	2 1/2%
15	409,480	357,426	20,568	87,546	33,987	2,811 in	2 1/2%

June 18, 1932.]

(000's omitted.)

Date.	Issue Department.		Both Depts.		Banking Department.			
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Discounts & Advances.	Other Securities.	Reserve & the "Proportion."	
1932.								
May 11	£ 206,524	£ 64,664	£ 121,485	£ 72,136	£ 12,096	£ 20,288	£ 38,171	30 1/2%
18	209,693	61,487	123,523	72,945	11,689	21,698	40,083	31 1/2%
25	212,031	59,155	125,761	69,375	12,172	23,788	46,540	34 1/2%
June 1	203,137	68,052	129,342	73,915	12,482	25,120	48,928	34 1/2%
8	208,099	63,088	132,462	74,260	12,612	25,622	50,223	34 1/2%
15	210,518	60,668	135,220	68,775	12,690	25,711	52,794	37 1/2%

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1932.				
January 1 to June 1	£ 11,138,949	£ 692,094	£ 1,148,699	£ 12,979,742
Week ended June 8	516,148	33,842	58,996	608,986
Week ended June 15	523,679	27,909	48,376	599,964
Total to date, 1932	12,178,776	753,845	1,256,071	14,188,692
Total to date, 1931	16,466,216	805,062	1,300,211	18,571,489
Increase or decrease in 1932	- 4,287,440	- 51,217	- 44,140	- 4,382,787
	- 26.0%	- 6.4%	- 3.4%	- 23.6%
Total for year 1931	31,815,808	1,667,852	2,752,209	36,235,869
Total for year 1930	38,782,577	1,812,146	2,963,631	43,558,354
Increase or decrease in 1931	- 6,966,769	- 144,294	- 211,422	- 7,322,485
	- 17.9%	- 7.9%	- 7.1%	- 17.8%

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

No. of working days	Week ended June 11.		Month of May.		Aggregate Totals, January 1 to June 11.	
	1931.	1932.	1931.	1932.	1931.	1932.
BIRMINGHAM	2,050	2,021	8,947	8,435	52,031	50,199
BRADFORD	615	677	3,027	3,191	17,573	18,602
BRISTOL	1,003	1,104	4,334	4,957	25,835	26,592
DUBLIN	5,810	4,137	...	...	116,227	122,835
HULL	603	697	2,975	2,994	17,275	17,235
LEEDS	579	676	3,548	3,224	20,382	19,982
LEICESTER	648	520	2,474	2,349	15,052	15,711
LIVERPOOL	5,267	5,787	23,991	24,009	128,323	129,184
MANCHESTER	8,394	8,497	37,685	38,743	215,917	221,693
NEWCASTLE	1,083	981	5,227	5,055	30,605	29,168
NOTTINGHAM	379	394	1,607	1,641	10,661	10,589
SHEFFIELD	546	559	2,881	2,805	18,239	17,281
Total	26,977	26,050	96,696	97,403	668,120	679,071

OVERSEAS BANK RETURNS.

Note.—The latest returns of the Banks of Lithuania and Danzig, Canadian Banks and National Bank of Egypt appeared in the *Economist* of May 28; Russia and Poland in June 4; Portugal, Denmark, Bank for International Settlements, Norway, Sweden, Austrian National Bank, Hungary, Chile and Yugoslavia in June 11.

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

	June 18, 1931.	May 26, 1932.	June 2, 1932.	June 9, 1932.	June 16, 1932.
RESOURCES.					
Total gold reserve	3,355,290	2,857,080	2,751,070	2,626,960	2,561,190
Total bills discounted	185,390	471,270	494,600	501,910	496,240
Bills bought in open market	106,810	38,370	35,480	35,720	65,660
Total U.S. Govt. securities.....	699,000	1,525,200	1,575,200	1,644,570	1,692,210
Total bills and securities.....	900,450	2,040,060	2,110,420	2,187,970	2,259,720
Total resources	5,165,870	5,635,220	5,650,060	5,546,650	5,635,110
LIABILITIES.					
Federal Reserve notes in actual circulation	1,668,310	2,532,710	2,564,400	2,557,120	2,575,800
Deposits—Memberbank—re- serve account.....	2,401,110	2,214,380	2,124,680	2,111,670	2,101,240
Total deposits	2,742,500	2,300,770	2,243,080	2,210,200	2,198,430
Capital paid in and surplus....	442,950	414,170	414,220	414,200	414,230
Total liabilities	5,166,870	5,655,220	5,650,060	5,546,650	5,635,110
Ratio of total reserves to deposit and Federal Reserve note liabilities combined	85-2%	63-1%	61-4%	59-4%	57-9%

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

ASSETS.	Position, May 30, 1931.	June 6, 1931.	May 14, 1932.	May 21, 1932.	June 4, 1932.
Gold	521,775	2,424,161	2,252,703	2,253,744	2,254,554
Silver	728,600	692,800	555,910	559,359	565,132
Loans & Discounts	800,725	2,782,633	3,261,894	3,182,484	3,132,046
Spanish 4% stock	344,475	344,475	344,475	344,475	344,475
Advances to Treasury	150,000	150,000	150,000	150,000	150,000
LIABILITIES.					
Circulation	901,550	5,293,968	4,926,255	4,869,125	4,830,427
Deposits	477,500	830,071	867,964	907,180	895,994

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K. (000's omitted).

ASSETS.	June 7, 1931.	May 15, 1932.	May 23, 1932.	May 31, 1932.	June 7, 1932.
Gold	1,540,937	1,641,473	1,641,367	1,641,218	1,641,118
Balance abroad and foreign currency	2,051,118	1,173,843	1,162,295	1,128,671	1,107,401
Discounts and advances	287,789	878,947	860,275	1,161,765	1,115,203
State notes debt balance	3,316,744	3,033,859	3,027,050	3,016,440	3,009,102
Other assets	1,199,360	600,455	592,863	635,371	650,167
LIABILITIES.					
Bank notes in circulation	6,431,697	6,155,706	5,849,782	6,582,399	6,300,111
Check account balances	911,806	519,036	784,446	349,604	567,621
Other liabilities	501,534	217,354	213,051	214,891	218,688

CENTRAL BANK OF TURKEY.—In ET (000's omitted).

ASSETS.	May 12, 1932.	May 19, 1932.	May 26, 1932.	June 2, 1932.
Gold coin and bullion	12,627	12,579	12,602	12,638
Other coin and notes	9,424	9,753	9,686	11,118
Cover to Supplementary Note Issue:—				
(a) Gold	1,057	1,057	1,057	1,057
(b) Foreign exchange	1,737	1,228	1,228	1,769
Free foreign exchange	835	853	1,395	1,365
Treasury bonds	156,670	156,670	156,630	156,630
Bills	27,126	27,126	27,126	27,126
Securities	7,367	7,366	7,283	5,397
LIABILITIES.				
Capital	15,000	15,000	15,000	15,000
Note Issue:—				
Ordinary	156,670	156,670	156,630	156,530
Supplementary	11,482	11,389	10,973	11,514
Sight liabilities	6,253	6,232	6,236	6,192

NATIONAL BANK OF ROMANIA.—In lei (000's omitted).

ASSETS.	Apr. 30, 1932.	May 7, 1932.	May 14, 1932.	May 21, 1932.	May 28, 1932.
Gold & gold exchange	9,846,075	9,769,134	9,642,787	9,609,255	9,567,709
Commercial bills	12,748,181	12,661,077	12,589,374	12,525,180	12,498,182
State debt, advances to State, &c.	5,767,101	5,767,101	5,767,101	5,767,101	5,767,101
LIABILITIES.					
Notes in circulation	22,904,054	22,503,174	22,222,999	22,042,900	21,982,248
Other liabilities	4,438,961	4,609,687	4,675,743	4,790,438	4,728,934

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

ASSETS.	May 31, 1931.	May 7, 1932.	May 15, 1932.	May 23, 1932.	May 31, 1932.
Gold and silver holdings	1,491,439	1,513,064	1,513,149	1,513,620	1,513,807
Balance abroad and foreign currencies	644,307	265,871	294,619	287,697	316,563
Discounts and advances	680,284	740,826	731,819	733,203	727,787
Advances to the Treasury	3,064,426	2,965,483	2,965,483	2,965,483	2,965,483
LIABILITIES.					
Capital paid up	500,000	500,000	500,000	500,000	500,000
Reserves	1,184,232	1,191,678	1,189,784	1,191,727	1,192,188
Bank notes in circulation	3,183,469	2,784,521	2,727,552	2,675,871	2,675,325
Sight liabilities	1,408,314	1,434,644	1,565,751	1,625,877	1,650,777
Deposits	257,031	235,554	235,527	231,879	231,217

BANK OF GREECE.—In drachmae (000's omitted).

ASSETS.	May 31, 1931.	May 7, 1932.	May 15, 1932.	May 23, 1932.	May 31, 1932.
Gold	483,643	1,007,516	971,436	940,135	952,759
Gold exchange	3,093,888	607,930	607,930	607,930	607,930
State Gold Bonds	1,915	2,213	3,524	3,605	3,583
Bills discounted	152,579	324,824	326,533	325,727	325,088
Advances	152,935	1,115,356	1,140,653	1,182,786	1,071,304
Debt to the State	3,288,763	2,703,386	2,703,386	2,703,386	2,703,386
LIABILITIES.					
Capital paid up	400,000	400,000	400,000	400,000	400,000
Notes in circulation	4,303,531	4,154,110	4,093,074	4,015,113	4,059,519
Deposits and current accounts	1,688,462	897,423	941,579	1,066,438	1,035,736
Foreign exchange liabilities	932,884	820,801	777,653	996,329	893,329

BANK OF FINLAND.—In F. Marks (000's omitted).

ASSETS.	Position, May 30, 1931.	June 8, 1931.	May 23, 1932.	June 7, 1932.
Gold	35,091	300,640	304,007	304,122
Balance abroad and foreign bills	90,379	928,029	782,814	773,188
Finland and Foreign Government securities	21,826	376,846	347,808	347,808
Discounts and loans	108,151	790,172	951,561	944,016
LIABILITIES.				
Notes in circulation	123,941	1,237,590	1,119,624	1,167,587
Deposits at notice	21,225	186,644	160,702	105,188

BANK OF ESTONIA.—In Est. kroones (000's omitted).

ASSETS.	June 7, 1931.	May 15, 1932.	May 23, 1932.	May 31, 1932.	June 7, 1932.
Gold coin and gold bullion	6,528	7,328	7,327	7,331	7,333
Foreign exchange	17,026	12,492	12,943	13,066	13,073
Subsidiary Estonian coin	1,939	1,803	1,740	1,864	1,933
Home bills discounted	10,197	9,900	9,585	9,498	9,399
Loans and advances	14,004	11,685	12,322	12,965	11,940
Thereof loans to Government	5,000	4,000	4,800	4,800	4,800
LIABILITIES.					
Notes in circulation	31,408	32,289	33,272	32,186	31,017
Sight deposits and current accounts	17,915	12,696	12,299	13,924	13,640
Ratio of reserve to current liabilities	47.75%	44.06%	44.48%	44.24%	45.69%

* Includes Rkr. 3,608,330.66 guaranteed by the Government.

BANK OF JAPAN.—In yen (000's omitted).

ASSETS.	Position, June 30, 1931.	May 30, 1932.	May 14, 1932.	May 21, 1932.	May 28, 1932.
Gold coin and bullion	221,320	847,440	429,066	429,066	429,066
Other coin and bullion	66,662	64,234	65,229	65,984	66,768
Discounts	41,740	639,256	759,653	724,836	718,993
Advances	70,640	55,626	77,595	77,565	127,508
LIABILITIES.					
Notes	562,270	1,077,760	1,003,851	941,859	949,487
Bank deposits	87,340	336,155	398,000	406,505	459,818
Other deposits	11,440	298,506	387,134	112,051	130,918

BANK OF LATVIA.—In late (gold francs) (000's omitted).

ASSETS.	June 8, 1931.	May 9, 1932.	May 16, 1932.	May 23, 1932.	May 30, 1932.	June 6, 1932.
Gold bullion and coins	24,098	34,501	34,537	35,574	35,574	35,578
Silver coin	7,109	13,183	13,289	13,522	13,648	13,638
Balance abroad	23,978	13,284	13,381	12,511	12,309	12,387
Treas. notes and sm. change	14,119	16,784	17,295	18,402	18,726	18,499
Short term bills	78,930	73,843	73,433	72,824	72,980	73,247
Loans against securities	67,591	54,862	51,495	51,684	51,166	50,320
Other assets	15,552	23,586	16,474	15,915	15,945	16,308
LIABILITIES.						
Notes in circulation	40,041	37,968	38,151	37,319	37,108	37,016
Capital paid up	19,676	19,676	19,676	19,676	19,676	19,676
Reserve	4,729	4,729	4,729	4,729	4,729	4,729
Special reserve	3,500	3,500	3,500	3,500	3,500	3,500
Deposits	21,042	17,770	17,902	18,050	18,157	18,245
Current accounts	66,193	62,235	63,213	64,546	65,122	64,361
Government accounts	71,431	73,256	72,584	72,445	71,972	72,059
Other liabilities	4,764	10,931	5,649	3,667	3,585	3,890

LONDON RATES.

	June 9, 1932.	June 10, 1932.	June 11, 1932.	June 13, 1932.	June 14, 1932.	June 15, 1932.	June 16, 1932.
Bank rate (changed from 3% May 12, 1932)	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4
Market rates of discount	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4
60 days' bankers' drafts	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
3 months' do.	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
6 months' do.	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
2 months' do.	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
Discount Treasury Bills—							
3 months'	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
6 months'	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
Loans—Day-to-day	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
Short	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
Deposit allowances: Bank	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
Discount houses at call	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
At notice	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4

Comparison with previous week—

	Short Loans.	Bank Bills.			Trade Bills.		
		3 Months.	4 Months.	6 Months.	3 Months.	4 Months.	6 Months.
1932.							
May 26	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
" 9	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
" 16	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4

RATES OF EXCHANGE.

London on		Usance.	Par.	June 18, 1931.	June 9, 1932. 3.45 p.m.	June 16, 1932. 3.45 p.m.
New York	dollars to £1	Cable	4.86 1/2	4.86 1/2	3.672-3.672	3.653-3.658
Montreal	dollars to £1	Cable	4.86 1/2	4.88-4.88 1/2	4.87-4.89	4.22-4.24
Paris	francs to £1	T.T.	124.21	124.25	93-93 1/2	93-93 1/2
Berlin	marks to £1	T.T.	20.43	20.49-4.94	15-15 1/2	15-15 1/2
Amsterdam	florins to £1	T.T.	12.107	12.08 1/2	9.06-9.06 1/2	15.40-15.50
Brussels	belgas to £1	T.T.	35.00	34.95 1/2	26.30-26.40	9.04-9.07
Milan	lire to £1	T.T.	22.46	22.41	71 1/2-71 1/2	26 1/2-26 1/2
Zurich	francs to £1	T.T.	25.22 1/2	25.04 1/2-05	17.15-18.85	18 1/2-18 1/2
Oslo	kroner to £1	T.T.	18.159	18.15 1/2	20-20 1/2	20-20 1/2
Stockholm	kronor to £1	T.T.	18.159	18.15 1/2	19 1/2-19 1/2	19 1/2-19 1/2
Copenhagen	krone to £1	T.T.	18.159	18.15 1/2	18.25-18.35	18.25-18.35
Madrid	pesetas to £1	T.T.	25.22 1/2	48.90-49.00	444-444	444-444
Lisbon	escudos to £1	T.T.	110	109 1/2-110 1/2	109 1/2-110 1/2	109 1/2-110 1/2
Vienna	schillings to £1	T.T.	34.58 1/2	34.58-63	1234-1104	34-39
Prague	krone to £1	T.T.	276.316	274.275	205-225	123-124
Belgrade	dinars to £1	T.T.	27.85	27.85-88	200-220	200-220
Budapest	pengo to £1	T.T.	813.6	816-818	20-21(0)	20-21(0)
Sofia	leva to £1	T.T.	673.659	668-673	600-630	600-640
Athens	drachmas to £1	T.T.	375	374 1/2-375 1/2	510-550	500-540
Constantinople	piastres to £1	T.T.	110	102 1/2	750-800	550-590
Moscow	roubles to £1	T.T.	9.46	9.46-463	7-10 1/2-7 1/2	7-10 1/2-7 1/2
Warsaw	zloty to £1	T.T.	43.38	43.38	32-32 1/2	32-33
Helsingfors	F. marks to £1	T.T.	193.23	193.19 1/2	210-220	210-220
Kyoto	lite to £1	T.T.	48.66	48.49	35-35	35-39
Reval	kroon to £1	T.T.	18.159	18.20-27	13-15	13-15
Riga	lats to £1	T.T.	25.22 1/2	25.20-30	18-20	18-20
Alexandria	piastres to £1	Sight	97 1/2	97 1/2	97 1/2-97 1/2	97 1/2
Buenos Aires	pesos to peso	T.T.	47.62d.	47.62d.	18-20	18-20
Rio de Janeiro	pence to mils	90 days	5.899	3 1/2	9 1/2	9 1/2
Montevideo	pence to mils	T.T.	51	28-28 1/2	4 1/2-5 1/2	4 1/2-5 1/2
Valparaiso	pesos to £1	90 days	40	39-99	29-31 1/2	29-31 1/2
Lima	soles to £1	90 days	17.3	17.37 1/2	18-30 1/2	17-60 1/2
Calcutta	pence to rupees	T.T.	18	1/5-1 1/2	1/5-1 1/2	1/5-1 1/2
Bombay	ster. to dollar	T.T.	...	11 1/2-11 1/2	1/3-1/3 1/2	1/3-1/3 1/2
Madras	ster. to dollar	T.T.	...	2 1/2-2 1/2	1/7 1/2-1/7 1/2	1/7 1/2-1/7 1/2
Hong Kong	ster. to dollar	T.T.	2m. 4d.	2/3-2/3	2/3-2/3	2/3-2/3
Shanghai	ster. to dollar	T.T.	24.582d.	2/0-2/0 1/2	1/8-1/8 1/2	1/8-1/8 1/2
Singapore	ster. to ren	T.T.	24.066d.	2/0-2/0 1/2	1/8-1/8 1/2	1/8-1/8 1/2
Kobe	ster. to ren	T.T.	9.76	9.80-10.00	2/8-2/8	2/8-2/8
Manila	ster. to peso	T.T.	21.0	21.0	2/8-2/8	2/8-2/8
Mexico	pesos to £1	T.T.	9.76	9.80-10.00	2/8-2/8	2/8-2/8
Siam	ster. to baht.	T.T.	21.0	21.0	2/8-2/8	2/8-2/8

INDIAN CURRENCY RETURNS (in lacs of rupees).

	June 7.	May 31.	May 22.
Notes in circulation	16,828	16,847	16,808
Silver coin and bullion in India ..	11,029	11,050	11,012
Gold coin and bullion in India ..	1,071	1,071	1,061
Securities (Indian Government) ..	4,728	4,726	4,735

The stocks in Shanghai on the 11th instant consisted of about 73,800,000 ounces in sycee, 230,000,000 dollars and 5,040 silver bars, as compared with about 71,000,000 ounces in sycee, 225,000,000 dollars and 5,180 silver bars on the 4th instant.

GOLD AND SILVER PRICES.

	Gold Per Ounce.	Silver—Per Ounce.		Date.	Silver Cash.
		Cash	Forward		
1932.	s. d.	d.	d.		d.
June 10.....	112 9	16½	16½	June 18, 1926	30½
" 11.....	112 8	16½	17	" 17, 1927	26½
" 13.....	112 8	16½	16½	" 14, 1928	27½
" 14.....	112 8	16½	16½	" 13, 1929	24½
" 15.....	112 1	16½	16½	" 19, 1930	15½
" 16.....	112 10	16½	16½	" 18, 1931	12½

Company News.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash.		Dividend for Whole Years.	Latest Year.	Previous Year.
	Interim or Final.	Method of Payment.			
RAILWAYS.					
Bengal & North-Western Rly. ...	8%*	...	%	%	
Rohilkund and Kumaon Rly. ...	6%*	...	...	...	
TEA AND RUBBER.					
Johai (Assam) Tea	2½%†	...	...	4	10
Jhangri Tea	...	...	...	...	...
Mining.					
Broken Hill South	3d. p.s.*	...	15	7½	
Gopeng Consolidated	...	...	...	...	...
OTHER COMPANIES.					
Cork Manufacturing	5%†	July 1	...	...	...
Electric Supply Corporation	4%†	...	Tax free	7	10
Hazell, Watson and Viney	3½%†	...	Tax free	7½	20
James Deuchar	3½%†	...	...	...	...
London Produce Clearing House	3½%†	...	...	...	...
Mirreles, Bickerton and Day	...	...	...	...	...
Monk's Investment	5%*	July 1	...	3	4
R. Hood, Haggie and Son	3½%†	...	...	...	...
Samuel Allsopp	3½%†	...	...	...	...
Tredgar Iron	1%†	...	Tax free	2	5
Trust and Loan of Canada	...	...	...	...	...
Trust Houses	5%†	...	...	5	6
United States Trust of Scotland	7½%†	...	...	9	10
Victoria Dwellings Association	10%†	...	...	12½	14
White, Tomkins and Courage	...	...	...	...	...
William Cory	...	...	...	...	...
William Murray	5%*	July 1	...	15	17½
Williamsons	7½%†	plus bon usof 5%	...	17½	18½
Yeast Vite	...	...	...	46½	15

THE ANTOFAGASTA (CHILI) AND BOLIVIA RAILWAY COMPANY, LTD.—The directors of the Antofagasta (Chili) and Bolivia Railway Company, Ltd., announce that an interim dividend in respect of the year 1932 on the 5 per cent. cumulative preference stock will not be paid on July 1st next. The operating results for the current year to date show that no dividend has been earned even after taking into account the estimated income receivable during the current year by the Andes Trust, Ltd., and in view of that and the necessity for conserving cash resources, the directors consider it is in the best interests of the company to postpone for the time being the payment of any dividend on the said stock. They will review the situation in the early autumn when a further announcement will be made.

THE ARGENTINE NORTH-EASTERN RAILWAY COMPANY, LTD.—The directors regret to announce that, in consequence of the heavy decline in traffic receipts and the losses incurred by the continued low sterling value of Argentine currency, it will not be possible for this company to pay the six months' interest due July 1, 1932, on its "B" debentures and debenture stock. A meeting of the holders will be called shortly, when proposals to meet the situation will be placed before them for their approval. Holders of "B" debentures (bearer) are requested to send their names and addresses to the Secretary of the Company, River Plate House, Finsbury Circus, London, E.C.2.

BANK OF NEW ZEALAND.—The profits for the year ended March 31, 1932, after providing for expenses of management and all necessary appropriations are £408,222. From this has to be deducted interest on guaranteed stock, £21,199, leaving balance of profit for the year £387,023; to which has to be added balance brought forward from last year, £626,002; and from which there has been paid dividend on preference A shares, £50,000; interim dividend, £316,276; leaving available, £846,749. This the directors propose should be disposed of as follows: Dividend on C long-term mortgage shares at 6 per cent. per annum, £7,031; dividend on D long-term mortgage shares at 7½ per cent. per annum, £17,578; dividend on preference B shares, £139,584, making £181,250 for the year; dividend on ordinary shares, 1s. 6d. per share, £287,500, making 2s. 10d. per share for the year; balance carried forward, £395,056.

AGAR, CROSS AND COMPANY, LTD.—In view of the adverse trading results, consequent on the continued low prices of cereals and other products in the Argentine, and the depreciated rates of exchange, the directors regret that they are compelled not to pay the dividends on the 7 per cent. cumulative preferred shares of the 6 per cent. second cumulative preferred shares of the company for the half-year ending June 30, 1932.

WEEKLY TRAFFIC RETURNS.
RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended June 10, 1932. (c) Week ended June 11, 1932.	Miles Open.	Gross Receipts, week ended June 12, 1932. (000's omitted.)						Aggregate Gross Receipts, 23 weeks. (000's omitted.)					
		Passen- ger, &c.	Merch- andise, &c.	Coal and Coke.	Total Goods.	Total for Week.	Passen- ger, &c.	Merch- andise, &c.	Coal and Coke.	Total Goods.	Total Receipts.		
Great Western 1932	3,761	201	163	99	262	4,632	4,112	3,896	2,408	6,304	10,416		
(c) L. & N. 1931	3,761	223	194	109	303	4,532	4,532	4,381	2,489	6,870	11,402		
Eastern 1931	6,353	296	272	198	470	7,666	6,220	6,852	5,215	12,067	18,287		
L. M. & Scottish 1932	6,962	462	414	203	559	7,766	6,746	7,866	5,565	13,431	20,177		
1931	6,958	491	473	228	707	8,159	9,534	9,875	5,532	15,407	24,941		
Southern ... 1932	2,181	286	63	27	90	376	10,181	10,838	5,950	16,788	26,969		
1931	2,180	317	76	30	106	423	5,799	1,438	735	2,173	7,972		
							6,340	1,667	734	2,401	8,742		
Total ... 1932	192,591	12,451	912	527	1,439	2,684	25,665	22,061	13,890	35,951	61,616		
1931	192,504	13,500	1,069	600	1,669	3,019	27,799	24,752	14,738	39,490	67,289		
(c) Metro-politan 1932	59	29.4	...	...	3.2	32.6	679.2	...	...	80.1	759.3		
(c) Under-ground E.R. 1931	...	296.8	...	...	3.7	35.0	719.8	...	...	86.2	806.0		
(c) Green Buses, &c. 1932	...	307.6	...	...	296.8	6712.8	...	...	...	6712.8	...		
(c) L. & S. 1931	...	32.7	...	...	307.6	6939.3	...	...	...	6939.3	...		
(c) L. & S. 1932	...	44.7	...	...	32.7	674.8	...	...	...	674.8	...		
(c) Belfast 1931	...	45.5	...	...	44.7	990.5	...	...	...	990.5	...		
(c) Belfast & Co. Down 1932	...	80	...	...	45.5	1016.9	...	...	...	1016.9	...		
(b) Great Northern 1931	...	80	2.5	...	0.6	3.4	46.1	...	...	15.6	61.7		
(b) Great Northern 1932	562	11.5	...	...	0.6	3.1	49.2	...	...	15.6	61.7		
(b) Great Northern 1931	562	10.6	...	...	14.0	24.6	232.3	...	...	293.5	505.8		
(b) Great Southern 1932	2,182	26.9	...	...	34.0	60.9	479.7	...	...	337.0	569.5		
1931	2,182	25.3	...	...	38.3	63.6	516.7	...	...	830.5	1,310.2		
										869.8	1,486.5		

* The operations of these Companies are included in the totals.

* The operations of these Companies were extended during 1931.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1932.	+ or -	1932.	+ or -
INDIAN.							
Assam Bengal	6	May 14	1,330	Rs. 2,93,700	Rs. 77,972	Rs. 18,13,000	Rs. 5,94,428
Barelly L. Ry.	7	May 21	202	32,900	2,300	2,62,900	70,200
Bengal & N.W. Ry.	6	May 21	2,114	6,75,190	29,862	51,29,842	54,592
Belgaum-Nagpur	7	May 21	3,274	13,86,000	66,854	88,45,000	8,65,103
Bombay, Bar. & C. Ry.	7	May 21	3,230	20,26,000	2,000	1,95,83,000	7,13,000
Madras & S. Mahr.	7	May 21	3,230	13,06,000	2,38,181	1,02,69,000	20,57,531
Rohilkund & Kumaon	6	May 21	572	1,25,898	4,536	10,39,174	14,220
South Indian	6	May 21	2,495	10,94,552	6,446	65,96,023	2,98,193

† Including Lucknow-Bareilly State Railway.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1932.	+ or -	1932.	+ or -
CANADIAN.							
Canadian National	23	June 7	2,053	\$ 2,616,693	\$ 690,662	\$ 60,367,435	\$ 15,979,316
Canadian Pacific	23	June 7	16,900	2,223,000	775,000	49,771,000	12,815,000

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1932.	+ or -	1932.	+ or -
SOUTH AMERICAN.							
Antofagasta (Chili) and Bolivia	24	June 12	804	\$ 6,530	\$ 12,350	\$ 275,170	\$ 161,550
B.A. and Pacific	50	May 11	753	11,500	5,000	582,200	85,300
B.A. Central	50	May 11	2,806	117,000	8,000	6,190,000	649,000
B.A. Gt. Southern	50	May 11	10,214	2,223	526,253	93,484	93,484
B.A. Western	50	May 11	5,076	158,000	45,000	10,200,000	578,000
Central Argentine	50	May 11	1,926	50,000	18,000	3,555,000	84,000
Central Uruguay	50	May 11	3,505	216,000	6,000	10,679,000	68,000
C. U. (East Ext.)	50	May 11	273	12,802	1,243	691,964	400,917
C. U. (W. Ext.)	50	May 11	185	2,892	784	154,095	90,717
C. U. (Gt. Ext.)	50	May 11	1,111	1,483	352	75,782	51,537
Cordoba Central	50	May 11	1,218	1,067	352	62,132	45,351
Entre Rios	50	May 11	219	47,000	7,000	2,310,000	486,000
G. Westn. of Brazil	50	May 11	1,052	16,900	5,400	1,069,400	284,800
Leopoldina	50	May 11	1,918	5,300	100	223,700	52,100
Nitrate	50	May 11	23,208	1,386	574,886	83,853	83,853
Paraguay Central	50	May 11	411	1,172	20,000	6,417,000	81,000
San Paulo	50	May 11	274	3,720	1,090	26,803	55,591
United of Havana	50	May 11	1,534	1,966	1,245	156,840	33,880
United of Havana	50	May 11	1,387	32,933	5,683	137,032	41,432
United of Havana	50	May 11	1,387	16,318	9,422	753,089	130,411
United of Havana	50	May 11	1,387	16,318	9,422	1,250,096	631,933

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1932.	+ or -	1932.	+ or -
OTHER OVERSEAS.							
Egyptian Delta Light Railways	7	May 31	620	\$ 5,305	\$ 1,909	\$ 31,952	\$ 5,399
Egyptian Markets	22	June 2	...	1,507	214	35,507	304
Gr. Southn. of Spain	22	June 2	104	Ps. 33,183	40,342	1,171,577	606,190
Mexican Railway	23	June 4	483	\$ 171,900	36,700	3,804,400	919,300

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1932.	+ or -	1932.	+ or -
TRAMWAYS WEEKLY GROSS RECEIPTS.							
Anglo-Argentine	23	June 10	329	\$ 64,910	\$ 6,411	\$ 1,525,342	\$ 190,278
B. Aires Lacroze	22	June 11	...	8,861	816	504,735	66,276
Isle of Thanet Elec.	22	June 11	...	2,436	160	55,681	3,039
Liverpool Corp.	10	June 9	124	28,970	1,245	280,091	9,797
Madras Electric	75	May 31	...	Rs. 46,837	391	5,06,494	21,700
L.C.O. Tramways	10	June 9	166	78,131	3,322	769,522	29,878

Company.	Month.	Ending.	Description.	Receipts for Month.		Receipts to Date.	
				1932.	+ or -	1932.	+ or -
MONTHLY TRAFFICS.							
Donado Railway	5	May 31	Gross	\$ 5,900	\$ 5,700	\$ 31,200	\$ 31,100
Do. Ropeway Extension	5	May 31	Gross	3,500	2,300	19,100	1,700
Manchester Ship Canal	5	May 31	Gross	97,094	5,469	465,002	2,744
Maashonaland Railway	1	April 30	Gross	63,383	33,617	...	...
Para Electric Railway, &c.	6	May 31	Gross	12,908	4,308	69,182	8,798
Rhodesia Railways	1	April 30	Net	4,431	2,638	22,035	6,887
Rhodesia Railways	1	April 30	Gross	110,939	58,543	...	...

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.						Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.	
					Prefce.	Ordinary.						
						Amount	Amount.					Rate.
		£	£	£	£	£	%	£	£	£	%	
Banks.												
Bank of British West Africa	Mar. 31	30,000	59,626	89,626	...	48,000	4	...	41,626	24,568	4	
Netherlands Bank of South Africa	Dec. 31	1,135	41,830	42,965	...	28,113	6	14,166	686	43,167	6	
Breweries.												
Gartside (Brookside Brewery)	Mar. 31	39,054	29,201	68,255	6,562	11,250	10	15,000	35,443	34,542	15	
Smith (Z.) and Company ...	Mar. 31	19,187	12,937	32,124	2,750	7,000	17½†	3,000	19,374	...	...	
Electric Lighting, &c.												
Electric Supply Corporation	Dec. 31	23,297	47,937	71,234	15,000	27,500	11	6,000	22,734	45,381	11	
Financial Land, &c.												
Mortgage Co. of Egypt	Mar. 31	50,000	120,932	170,932	50,000	...	...	70,000	50,932	108,105	12	
Iron, Coal and Steel.												
Allen (Edgar) and Co.	Mar. 31	Dr. 32,098	Dr. 11,053	Dr. 43,151	...	...	...	...	Dr. 43,151	Dr. 34,776	...	
Brown (John) and Company	Mar. 31	10,532	2,653	13,185	...	...	...	...	13,185	10,532	...	
Charrington, Gardner, Lockett and Company	Mar. 31	17,184	52,834	70,018	...	42,400	20	7,500	20,118	53,473	20	
Consett Iron Company	Mar. 31	237,733	Dr. 88,007	149,726	...	...	...	...	149,726	136,467	...	
Cory (Wm.) and Son	Mar. 31	721,687	554,648	1,276,335	42,500	441,410	15	50,000	742,425	626,595	17½	
Guest, Keen and Nettlefolds	Mar. 31	347,489	233,895	581,384	91,000	...	...	32,326	458,058	439,222	...	
James Keith & Blackman Co.	Mar. 31	18,575	3,056	21,631	2,112	7,500	5	...	12,019	19,943	10	
Manchester Collieries	Mar. 31	79,713	224,773	304,486	86,162	84,952	2	47,269	86,103	217,548	Nil	
Mirrlees, Bickerton and Day	Mar. 31	13,274	7,289	20,563	2,880	8,738	2½	...	8,945	4,236	Nil	
Platt Bros. & Co. (Holdings)	Mar. 31	Dr. 133,422	12,732	Dr. 120,690	...	...	...	...	Dr. 120,690	Dr. 137,966	...	
Ransomes, Sims and Jefferies	Mar. 31	25,729	Dr. 18,042	7,687	...	...	...	...	7,687	Dr. 28,348	...	
Oil.												
Attock Oil Company	Dec. 31	167,062	Dr. 111,296	55,766	...	...	...	32,702	23,064	Dr. 29,789	...	
Rubber.												
Kong Kong (Selangor) Rubber	Dec. 31	7,993	6,354	14,347	...	2,250	5	Dr. 3,553	8,544	9,336	5	
Madingley (Malay) Rubber...	Feb. 29	2,810	Dr. 1,560	1,250	...	...	...	Dr. 1,489	2,739	Dr. 133	...	
Sabrang Rubber Estate	Dec. 31	25,957	Dr. 6,399	19,558	...	...	...	...	19,558	4,033	...	
Straits Plantations	Mar. 31	26,330	19,291	45,621	...	18,675	4½	...	26,946	34,141	6½	
Tanah Datar Rubber	Dec. 31	1,862	Dr. 1,817	45	...	...	...	...	45	Dr. 2,075	...	
Shipping.												
Claymore Shipping	Mar. 31	2,122	Dr. 2,855	Dr. 733	...	...	...	...	Dr. 733	Dr. 1,165	...	
Shops and Stores.												
Baker (Albert) and Co.	Mar. 31	27,329	25,097	52,426	...	25,000	12½	...	27,426	28,245	12½	
Tea.												
Baraocra (Sylhet) Tea	Dec. 31	14,430	144	14,574	4,750	2,400	2	...	7,424	10,638	3	
British Indian Tea Company	Dec. 31	19,942	2,648	22,590	825	3,406	4	...	18,359	9,743	10	
East India and Ceylon Tea	Dec. 31	7,599	7,494	105	...	...	...	...	105	Dr. 2,004	...	
Jhanzie Tea	Dec. 31	20,252	14,223	34,475	...	16,720	4	...	17,755	40,266	10	
Poonmudi Tea and Rubber.	Dec. 31	342	508	850	...	...	...	...	850	Dr. 4,510	...	
Tramways and Omnibuses												
Lisbon Electric Tramways...	Dec. 31	37,593	172,254	209,847	25,533	66,573	7½	78,000	39,741	179,614	7½	
Trust.												
British Empire Trust Co. ...	Apr. 30	4,443	49,246	53,689	37,022	7,386	7	...	9,281	25,565	7	
First Scot. American Trust	May 3	32,612	40,293	72,905	7,200	32,400	27	...	33,305	52,528	27	
Monks Investment Trust	May 15	9,261	19,346	28,607	...	13,575	3	9,000	6,032	25,843	4	
Witan Investment Company	Apr. 15	60,443	174,632	235,075	47,860	108,144	10	...	79,071	215,733	10	
Waterworks.												
East Surrey Water	Mar. 25	27,651	61,814	89,465	5,500	41,319	{ 10A 7B }	10,000	32,646	53,628	{ 10A 7B }	
Other Companies.												
Clark's Bread Company	Apr. 2	12,088	17,677	29,765	...	10,131	15	9,406	10,228	14,833	15	
Forster's Glass Co.	Mar. 31	7,911	16,665	24,576	13,125	4,375	5	...	7,076	11,140	5	
Hazell, Watson and Viney	Mar. 31	31,449	36,443	67,892	4,500	24,422	7½	...	38,970	51,815	10½	
Scottish Drapery Corporation	Apr. 19	60,311	84,592	144,903	31,500	36,562	7½	...	76,841	95,288	7½	
Spicers, Ltd.	Mar. 31	116,147	57,935	174,082	32,500	18,750	3½	20,000	102,832	60,604	5	
Twyfords, Ltd.	Mar. 31	38,519	28,025	66,544	...	24,403	7	5,000	37,141	38,107	9	
Virol, Limited	Mar. 31	67,900	30,569	98,469	8,750	7,500	10	20,000	62,219	34,657	10	
Yorkshire Sugar Company	Mar. 31	13,150	6,976	20,126	...	...	...	10,000	10,126	30,608	...	

+ Free of income tax.

SUMMARY OF BALANCE SHEETS.

ANGLO-PERSIAN OIL COMPANY, LIMITED.

December 31, 1931.

LIABILITIES.		Compared	ASSETS.		Compared
Amount.	£	with Dec. 31, 1930.	Amount.	£	with Dec. 31, 1930.
Ord. shares (£1)	13,425,000	...	Properties.....	6,822,052	+ 97,372
8% cum. pref.	7,000,000	...	Stocks.....	719,953	- 365,327
9% cum. pref.	3,500,000	...	Investments in subsidiaries—		
5% deb. stock	5,240,000	- 195,000	Shares at cost	16,531,329	+ 1,380,875
Deposits by subsidiary cos.	1,753,949	+ 169,032	or under	7,596,193	- 1,063,558
Sundry creditors	5,114,116	- 1,364,854	Advances.....	3,250,200	- 422,078
Reserves	8,758,129	+ 300,000	Investments in allied cos.	3,250,200	- 422,078
Profit and loss	2,194,698	- 700,727	Stocks of crude oil, &c.	3,421,836	- 680,724
			Sundry debtors	3,324,784	- 504,039
			Cash	1,298,667	- 926,626
			Investments in British Government stocks	4,020,879	+ 692,556
Total	46,985,892	- 1,791,549	Total	46,985,892	- 1,791,549

BEECHAM'S PILLS, LIMITED.

March 31, 1932.

LIABILITIES.		Compared	ASSETS.		Compared
Amount.	£	with March 31, 1931.	Amount.	£	with March 31, 1931.
8% cum. ptg. pref. shares £1	1,761,707	+ 310,918	Goodwill and trade marks at cost	938,789	...
Deferred shares ls.	250,000	...	Freehold and long leasehold premises, St. Helens, Lancashire, at cost	57,020	...
Creditors	53,344	- 15,167	Plant, &c.	11,400	+ 380
Owing to subsidiary company	8,344	- 25,024	Investments in subsidiary co.'s at cost	941,124	+ 270,460
Dividend on pref. shares, &c.	56,817	+ 17,143	Owing by subsidiaries	64,175	+ 43,265
Reserve account	—	- 47,257	Trade investments and advances at cost	26,903	- 32,257
Profit and loss	100,070	+ 24,810	Debtors and stocks	111,727	- 77,945
			Cash	79,144	+ 15,520
Total	2,230,282	+ 217,423	Total	2,230,282	+ 217,423

J. AND P. COATS, LIMITED.

December 31, 1931.

LIABILITIES.		Compared	ASSETS.		Compared
Amount.	£	with Dec. 31, 1930.	Amount.	£	with Dec. 31, 1930.
Pref. shares	2,500,000	...	Ground buildings, &c.	246,782	- 851,196
Pref. "B" shrs.	3,000,000	...	Goodwill, &c.	1,000,000	- 565,977
Ord. shares	14,750,000	...	Book debts, &c.	1,452,036	- 931,115
Divs. and interest outstanding	289,116	- 203,940	Stocks	2,430,308	- 155,172
Creditors	6,912,650	+ 2,466,072	Cash	35,733	- 68,498
Underwriting accounts	1,000,000	...	Bills receivable	28,584,019	+ 4,261,522
Div. reserve	2,200,000	- 350,000	Investments, &c.	28,584,019	+ 4,261,522
Women Thread Workers' Benefit Fund	...	- 607,556			
War contingencies fund	3,000,000	...			
Reserve fund	350,000	...			
Exchange differences reserve	550,000	+ 550,000			
Depreciation of investments account	200,000	+ 200,000			
Profit and loss	549,744	- 365,012			
Total	35,301,510	+ 1,689,564	Total	35,301,510	+ 1,689,564

Commercial Reports.

MARKET SUMMARY.

The movements of prices of primary products at the principal international commodity markets has been irregular during the past week. In the United States, quotations have generally been a little steadier. Among non-ferrous metals, copper and lead were maintained, but tin and spelter showed an easier tendency and turnover was small. The market in rubber has been a little more active and raw cotton gained a few points. The grain markets have been easy under the influence of lower wheat prices as a result of Canadian selling pressure. Maize, however, was slightly firmer. The outstanding event was the sharp recovery in raw sugar from about 60 cent per lb. to 75 cent per lb. Cocoa has also advanced a little, but coffee was easier. Sterling prices of commodities which lend themselves to grading and therefore to international arbitrage moved in sympathy with gold prices. Business in this country was generally on a small scale. Prices of foodstuffs are scarcely changed on the week. Meat and potatoes are a little cheaper. On the other hand, the tea auctions showed an improvement in demand and prices. Reports from various industrial centres fail to disclose any marked improvement. The coal trade remains dull, but South Wales is experiencing a slight revival in the export of anthracite. Transactions in iron and steel remain on a small scale. The situation in the principal textile industries has undergone no change for the better.

THE COAL TRADE.

SHEFFIELD.—Business in South Yorkshire coal fails to expand, although there is a better inquiry for gas coal for export. The export market for steams is rather easier, owing to reduced buying

and delivery. Prices of house coal are lower, and demand has dropped since the arrival of warm weather. Industrial demand remains as restricted as ever, and there is a surplus of coke. Best steams are quoted at 16s. f.o.b., best house at 20s. at pits, and furnace coke at from 10s. 6d. to 12s. at ovens.

GLASGOW.—A sharp falling-off in shipments last week reflects the quieter conditions of export business, and with industrial and household demand slow, supplies are plentiful at or near minimum prices. Washed treble nuts and, to a less extent, doubles and first life steam are the only strong brands, the first and last named being well booked until about the end of the month. Shipments prices (f.o.b. district ports):—LANARKSHIRE.—Ell best, 14s. 3d.; splint best, 15s.; splint second, 14s. 3d.; navigation, 15s.; navigation second, 14s. 6d.; Hartley, 15s.; steam, 13s.; trebles, 11s. 6d.; doubles, 9s. 9d.; singles, 8s. 9d.; pearls, 8s. 6d.; dross, 8s. 9d. FIFE.—Screened navigation, 16s. 6d.; first-class steam, 13s.; third-class steam, 10s. 9d.; tebles, 13s. 6d.-14s. 9d.; doubles, 10s. 6d.-11s. 3d.; singles, 8s. 9d.; pearls, 8s. 6d. LOTHIAN.—Prime steam, 11s.-11s. 6d.; secondary steam, 11s.; trebles, 12s. 6d.-13s.; doubles, 10s. 6d.-11s.; singles, 8s. 9d.; pearls, 8s. 6d. Ayrshire.—Unscreened navigation, 16s.; jewel, 16s. 6d.; steam, 12s.; trebles, 12s. 6d.; doubles, 10s.; singles, 9s. 9d.; pearls, 9s.; dross, 9s.

CARDIFF.—There was a further improvement last week in the volume of the coal traffic in the foreign and coastwise coal trades of the South Wales ports. The total shipments were 448,095 tons, and this quantity has been exceeded in only three other weeks during the present year. It compares with 435,060 tons in the previous week, and 485,413 tons in the corresponding week last year. The improvement has been due principally to increased activity in the anthracite trade, and the shipments at Port Talbot were the highest recorded since October, 1930. Several contracts have been secured recently, and hopes are entertained that the present position will be maintained. Current inquiries, however, are very scarce, and prices for most descriptions are stationary at the minimum schedule figures. Patent fuel quotations are firmer at 20s. per ton f.o.b., and the Algerian State Railways are reported to have placed an order for 30,000 tons with British Briquettes Limited. The following are the current approximate quotations: west Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 4d.; best dross, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7d.; best small steams, 13s. 6d.; cargo smalls, 11s. 6d. to 12s. 6d.; cooking smalls, 13s. 6d. to 13s. 9d.; anthracite, best large, 36s. to 38s. 6d.; Red Vein, large, 22s. to 26s. 6d.; machine-made cobbles, 39s. 6d. to 48s. 6d.; French nuts, 40s. to 48s. 6d.; stove nuts, 36s. 6d. to 45s.; rubble culm, 8s. 3d. to 8s. 9d.; special foundry coke, 32s. 6d. to 35s.; patent fuel, 20s.; pitwood, ex ship, 19s. to 20s. 9d.

IRON AND STEEL.

MIDDLESBROUGH.—The increase in the duty on foreign pig-iron from 10 per cent. to 33½ per cent., which came into force June 14 (Tuesday), is expected to have a favourable effect on our local trade. Although practically no foreign pig iron has been imported into the Tees this year, and less than 5,000 tons entered during the whole of last year, very important quantities went to Scotland and South Wales, and the increase in the duty is expected to divert some of the orders to this district. So far, no appreciable increase is noticeable in the demand, but it will be a little time before this develops, and in the meantime a steadily improving trade is looked for. At Tuesday's weekly market, a slight increase in business in Cleveland iron was reported, and official prices were unchanged, viz.: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d., and Scotch consumers. Trade with the latter continues on a small scale, as founders are badly off for orders and in many cases are only working short time. The hematite trade has particularly suffered through the importation of large quantities of iron into South Wales by the Dutch furnaces. This market was formerly a good customer for East Coast hematite, and it is hoped now to regain a substantial portion of the trade. A few cargoes have been sent from the Tees recently, and another of 960 tons has cleared this week. New business continues quiet so far, and purchases are still available at 62s. 6d. for prompt and 6d. more for delivery a month, the total cleared to the 14th instant being 6,864 tons against 3,535 tons to May 14th. In the finished trades new orders are very partially employed. Prices for the different materials are unholding off and refuse to accept deliveries of arrears under old c.i.f., and the current freight, Bilbao-Middlesbrough, for early loading is about 4s. 6d. Coke continues in abundant supply, and delivered works. The number of blast furnaces in operation in the district is unchanged at 17.

SHEFFIELD.—A considerable amount of confidence in an autumn recovery of trade is now prevalent among local business people. There is nothing, however, in the existing position to support this view, as the volume of work in the city still tends downward, and the work of the iron and steel committee and the Conference at Ottawa. One of the few satisfactory features of the overseas of returns for May is the increased shipment of special steels—materials dropped heavily since it carried a duty of 33½ per cent. The duty of has been reduced to 10 per cent. Indian pig iron has been a factor in United Kingdom trade for a couple of years, and competition

from that source will be intensified by the new duty on imported pig. Arrivals so far this year have averaged about 1,200 tons per month. Output of open-hearth steel is being maintained, but is not being absorbed by orders, which are still falling off in number and value. Rolling mill and forge working is below half capacity. Extreme quietude is general in Sheffield's quality steels. Departments which are holding their own include wire, wire goods, and wire rods, cold wrought steel, stainless steel, magnets and safety-razor blades. Some sections of the tool trade are busy; others have little to do. The cutlery and plate trades are stagnant apart from safety razors and scissors.

GLASGOW.—Conditions in the West of Scotland show no change; everywhere business is dull, and there are no apparent signs of increasing activity. At the steelmaking plants, things are exceedingly quiet, and there is practically no demand for semis, either of home or Continental manufacture. Ship repairers have rather more work on hand than they had just recently, several yards having a number of vessels under repair at the moment. Bookings of both black and galvanised sheets for export have been somewhat better during the present week, and there is a steady home demand, but there is not sufficient work to keep plants fully employed. At the tube works there is little new work, but there are a number of inquiries on the market meantime. There is no improvement in the demand for wrought iron. Sheet metal workers in this district are fairly well employed at present.

CARDIFF.—Business on the Swansea Metal Exchange on Tuesday was reported a little more active, and tinplates were a shade harder at from 14s. 9d. to 15s. 3d. per basis box, f.o.b. works' port. Shipments last week were also fairly heavy, totalling 124,830 boxes, compared with 69,575 boxes the previous week, and 86,503 boxes in the corresponding week last year. Galvanised sheets were quiet and unchanged, while South Wales steel bars were quoted at 95s. per ton net delivered locally, as compared with from 82s. to 83s. for foreign bars.

OTHER METALS.

TIN.—Following last week's dislocation consequent upon the failure of Messrs. Lewis Lazarus and Sons, the market in tin has been a little steadier. There was a steady demand for the metal, but prices offered little resistance to realisations, with the result that quotations on Wednesday closed only slightly above last week's low level. In New York the metal was quoted at 19.25 cents per lb. on Wednesday, against 19.60 cents per lb. a week ago and 20.90 a month ago. Wednesday's official closing quotations in London, in terms of sterling for "standard" cash at £111 5s. to £111 7s. 6d. per ton, compares with £115 15s. to £115 17s. 6d. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 33,216 tons, show a decrease of 101 tons on the week.

COPPER.—The market in copper both in New York and London was characterised by an absence of buying. Nevertheless the metal opened a little firmer in London last Monday, and, owing to the attitude of reserve adopted by sellers, the improvement was maintained on Tuesday and Wednesday. On Wednesday, "Domestic" spot was quoted at 5½ cents per lb. in New York, against 5½ cents a week ago, and 5½ cents a month ago. Wednesday's official closing price for "standard cash" in London, in terms of sterling, at £27 3s. 9d. to £27 5s., compares with £26 16s. 3d. to £26 17s. 6d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 19,470 tons, show an increase of 246 tons, while stocks of rough copper, at 794 tons, are 25 tons larger.

LEAD.—Business in lead on the London Metal Exchange was on a small scale and, as sellers offered no resistance, quotations continued to decline. In New York the metal was quoted at 3.00 cents per lb. on Wednesday, against 3.00 cents a week ago, and 3.00 cents a month ago. Wednesday's official closing quotation for "soft foreign" in London, in terms of sterling, at £9 3s. 9d. per ton for shipment during the current month, compares with £9 13s. 9d. on the corresponding day last week.

SPELTER.—The demand for this metal was quite active on Monday, but the existence of substantial supplies prevented an improvement in prices. When business became less brisk on Tuesday and Wednesday, values gave way under liberal offerings. Wednesday's quotation in New York, at 2.80 cents per lb., compares with 2.825 cents a week ago and 2.325 cents a month earlier. Wednesday's official closing quotation in London, in terms of sterling, for "good ordinary brands," was £11 7s. 6d. per ton for shipment during the current month, against £11 15s. a week ago.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotations for aluminium and nickel have been maintained at £95 per ton and £225-£230 per ton respectively. Platinum remained unchanged at £9 15s. per ounce. Foreign antimony was sold at £23 to £23 10s. per ton, against £23 10s. to £24 a week ago. Quicksilver was reduced from £13 5s.-£13 15s. per flask to £12-£12 10s. per flask.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Imports for the week June 9th to 15th (inclusive) are 23,842 bales, of which 8,420 are American, 3,870 Peruvian, 1,574 Argentine, 6,120 Egyptian, 274 African, 3,105 East Indian, and 479 sundries.

Manchester.—The tone of the market has been rather steadier, but spinners and manufacturers have not been able to report increased activity. Buyers have again adopted a policy of purchasing from hand to mouth. This attitude is partly due to the anticipation of a reduction in the wages of the operatives at an early date, and thus a decrease in production costs, which will mean

OVER ONE HUNDRED YEARS OF SERVICE.

SCOTTISH UNION & NATIONAL
INSURANCE COMPANY.

ASSETS EXCEED - £15,600,000

FIRE. LIFE. ACCIDENT. MARINE.

Edinburgh: 35, St. Andrew Square,
London: 5, Walbrook, E.C.4. and 4, St. James's Street, S.W.1

lower prices for goods. It is recognised that, even should there be some satisfactory arrangement with regard to war debts and reparations, foreign trade cannot expand until there is a removal of the many restrictions upon international trade. Shippers of cloth have received rather more favourable advices from India, and scattered sales have occurred, chiefly in light bleaching descriptions and fancies, without the turnover being at all important. The auction sale in Shanghai has been resumed, but with a poor offtake, and new business has continued on limited lines. Printed and dyed goods have attracted a fair amount of attention for North and West Africa, but business for South America remains very poor. Some reports from the home trade have been rather more favourable. Cloth prices have favoured buyers partly owing to more makers securing wages concessions from their operatives. Yarn quotations have been rather steadier, but a restricted turnover has taken place in both American and Egyptian counts, with a tendency for more machinery to stand idle.

Cotton Prices.

	1932.				Corresponding Date.	
	May 25.	June 1.	June 8.	June 15.	1930.	1931.
Raw Cotton—Mid. American	d. 4.51	d. 4.17	d. 4.20	d. 4.27	d. 7.55	d. 4.85
" Sakellaridis Fully Good Fair						
" Egyptian	5.95	5.65	5.70	5.95	12.45	7.65
Yarns—32's twist	8½	7½	7½	8½	11½	8½
" 40's twist	8½	8½	8½	8½	12½	9½
" 60's twist (Egyptian)	13½	13	13	13	20½	14½
32-in. Printers, 116 yds., 16 by 16, 32's and	s. d. 16 7	s. d. 16 6	s. d. 16 6	s. d. 16 6	s. d. 21 3	s. d. 17 8
50's	16 7	16 6	16 6	16 6	21 3	17 8
36-in. Shirtings, 75 yds., 19 by 19, 32's and	18 7	18 6	18 6	18 3	23 10	19 5
40's	10 3	10 2	10 2	9 10	13 0	10 10
38-in. ditto, 38 yds., 18 by 16, 10 lb.	10 3	10 2	10 2	9 10	13 0	10 10
39-in. ditto, 37½ yds., 16 by 15, 8½ lb.	9 3	9 2	9 2	8 8	11 9	9 8

THE WOOL TRADE.—Bradford.—Australia will shortly commence another wool season. The cable sent to London by the National Council of Wool Selling Brokers of Australia, writes our correspondent, is one of the most significant communications received for quite a long time, for the statement that the 1932-33 production is expected to be 3,168,000 bales, shows that a record clip is probable, and that low prices are not so far resulting in a decrease of supplies. During the whole of the season less wool was held off the market than might have been expected. Favourable seasons have been quite as influential in increasing supplies during recent years as the desire of pastoralists to put more wool on to the market. Also, so long as seasons continue good, pastoralists are losing less, even when wool is cheap, than when their flocks are decimated by drought. Looked at in this way, the prospect for merino wool is fairly good, and, as Mr. Douglas Hamilton pointed out in his broadcast speech on Tuesday evening, the wool industry continues year by year to absorb the world's wool clip with little more than a normal carry-over. Also the consumption of wool has not been very seriously reduced by the reduction of the import duties on yarns and piece goods. There was a big outcry when the 50 per cent. *ad valorem* duty was taken off, and only 10 per cent. added to the general tariff which still covered piece goods, but there is reason for saying that the proportion of active spinning, weaving and other machinery throughout the manufacturing districts of this country is very little less than the maximum reached after the 50 per cent. *ad valorem* duty came into force. Since the close of the last London sales, values for tops have slightly eased in Bradford, but otherwise the situation is unchanged. There is not much new business, and traders generally are waiting for the results of the Lausanne and Ottawa Conferences.

THE GRAIN MARKETS.

WHEAT.—There has been no improvement in the international wheat situation during the past week. The principal adverse influences bringing down prices last week were the favourable reports of the North American spring wheat crops and Canadian selling pressure. To these factors has now been added the expectation that Continental countries will soon once more increase the restrictions on imports. Italy has already given notice that her import quota will shortly be reduced to 5 per cent. Nevertheless, the outlook cannot be considered discouraging. The continuous fall in wholesale prices in general has left wheat almost unaffected, which means that in terms of commodities in general wheat has actually risen in price since the beginning of the year. Further, prices are bound to be affected by crop reports for some time to come, and weather conditions may still change completely the prospects of spring-sown wheat in a large number of countries. Under the influence of warm and sunny weather, English crops, which have been backwards so far, are making good progress. On Wednesday, "July" futures were quoted at 49½ cents per bushel in Chicago, against 50½ cents on the corresponding day last week, and 55½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 27s. 3d.

per 496 lbs., as compared with 28s. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 25s. 6d., against 26s. 9d.; No. 3 Northern Manitoba, Vancouver, ex ship, 25s. 3d., against 26s. 9d.; Australian, ex ship, 25s. 9d. to 26s. 3d., against 28s. to 28s. 3d. a week ago.

WHEAT FLOUR.—The demand for flour has been maintained, but quotations have been reduced in proportion to the decline in wheat prices. North American shipments, at 141,000 sacks, showed no change as compared with the previous week. Of this total, 35,000 sacks have been consigned to Europe. Quotations in London, Wednesday: Straight run, delivered country, 24s. per sack of 280 lbs., as compared with 25s. last week; delivered London, 23s., against 24s. Manitoba patents, ex store, 23s. 6d. to 26s. 6d., against 24s. 6d. to 27s. 6d.; and Australian, ex store, 20s. to 21s., against 20s. to 21s. a week ago.

BARLEY.—Business in feeding barley has been dull, both in this country and on the Continent. On Wednesday, "July" futures were quoted at 37½ cents per bushel in Winnipeg, against 36½ cents last week and 39½ cents a month ago. Quotations in London, Wednesday: "English feeding," f.o.b., per 448 lbs., 27s. to 28s., as compared with 27s. to 28s.; River Plate, landed, 24s. to 25s., against 24s. to 25s. a week ago.

OATS.—The demand for oats has fallen off considerably as a result of the relative cheapness of maize and plentiful supplies of grass. "July" futures, which last week stood at 20½ cents per bushel in Chicago, sold at 20 cents per bushel on Wednesday this week, against 23½ cents a month ago. Quotations in London, Wednesday: "River Plate," landed, 17s. 3d. per 320 lbs., as compared with 17s. 3d. last week; "River Plate," ex ship, 16s. 3d., against 16s. 3d.; "Chilean White," landed, 24s. 6d. to 26s., against 24s. 6d. to 26s. a week ago.

MAIZE.—The market in maize is still dominated by Argentine varieties. Despite heavy shipments from that country, prices have remained steady and demand has not shown any signs of falling off. Wednesday's quotation in Chicago for "July" futures, at 29½ cents, show an increase of 1½ cents on last week, and a fall of ½ cent as compared with the price a month earlier. Quotations in London, Wednesday: "Plate," landed, 19s. 6d. per 480 lbs., compared with 19s. 3d. last week; "Plate," ex ship, 18s. 3d., as against 18s. 3d.; "Plate," May-June, 18s. 3d., as against 18s. 6d. Yellow maize meal, ex wharf, was quoted at £5 10s. per ton, against £5 12s. 6d. a week ago.



PLAYER'S
NAVY MIXTURE
OR
NAVY CUT TOBACCO

N.C.T. 8A

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1931-32, 1930-31, 1929-30, 1928-29:—

	1931-1932.	1930-1931.	1929-1930.	1928-1929.
Estimated sales of home-grown wheat				
1 week to June 11	Cwts. 80,956	Cwts. 76,523	Cwts. 164,371	Cwts. 70,952
41 weeks to June 11	3,462,271	4,595,144	8,969,984	9,336,932
Average price of English wheat per cwt.	s. d. 6 5	s. d. 5 11	s. d. 8 7	s. d. 9 7

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1928 to 1931:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
June 4, 1932	Cwts. 81,938	Cwts. 8,263	Cwts. 16,651	s. d. 6 3	s. d. 7 4	s. d. 8 0
June 11, 1932	80,956	5,687	15,688	6 5	6 7	8 1
June 9, 1928	174,435	18,566	13,576	11 0	10 11	13 0
June 8, 1929	67,167	9,771	11,888	9 7	10 0	9 6
June 14, 1930	164,371	18,533	20,276	8 7	7 2	6 3
June 13, 1931	76,523	3,733	17,584	5 11	6 5	6 10

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Jan. 2, 1931.	June 17, 1931.	Jan. 4, 1932.	June 8, 1932.	June 14, 1932.
Winnipeg (No. 1 Manitoba) —Cents per 60 lb.	148½	56½	60½	62½	55	54½
Chicago (No. 2 Winter) —Cents per 60 lb.	130½	79½	57½	55½	50½	49

The visible supply of wheat in Canada, at 56,546,000 bushels, shows a decrease on the week of 906,000 bushels. Supplies a year ago stood at 48,574,000 bushels.

OTHER FOODS.

SUGAR.—The improvement in the international sugar situation, noted last week, has led to a sharp advance in values. The upward movement was further strengthened on the news that President Machado of Cuba had signed a decree restricting exports to the United States next year. The turnover on the New York "futures" market was 45,000 tons on Monday, 64,000 tons on Tuesday, and 27,000 tons on Wednesday. "July" futures in New York were quoted at 0.75 cent per lb. on Wednesday, against 0.63 cent per lb. a week ago, and 0.60 cent per lb. a month earlier. Wednesday's sales of "raws" include "December delivery" at 5s. 4½d. to 5s. 4½d. per cwt., against 5s. 0½d. to 5s. 1d., and "March, 1933," at 5s. 7½d. to 5s. 7½d., against 5s. 0½d. to 5s. 3½d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1932.	1931.	1932.	1931.	1932.	1931.
Tons.			Tons.		Tons.	
London.....	1,659	413	601	1,234	11,359	20,793
Liverpool.....	6,532	15,896	13,316	12,485	99,075	74,471
Total.....	8,191	16,309	13,917	13,719	110,434	104,264
Last week	282	13,120	18,676	15,464	116,160	101,674

COFFEE.—The market in coffee was again easier in New York. The auctions in London on Tuesday and Wednesday met with a poor demand, and prices remained barely steady. Last week's movement delivered for home consumption, 71 bags; exported, nil; stocks, 4,122 bags, against 2,913 bags last year. Central American, landed, exported, 2,237 packages; stocks, 129,762 packages, against 120,840 a year ago. Other kinds, landed, 1,702 packages; delivered for home consumption, 2,232 packages; exported, 1,311 packages; stocks, 95,451 packages, against 93,117 a year ago.

COCOA.—Cocoa has been in good demand, and last week's advance in prices was maintained. "July" futures were quoted at 3.96 a week ago and 4.00 cents a month ago. As compared with the fermented, June-July, at 24s. per cwt., f.o.b., London contract, London were as follows: Landed, 3,084 bags; delivered for home consumption, 3,176 bags; exported, 472 bags; stocks, 167,417 bags, against 229,848 last year.

TEA.—The quantities catalogued for this week's auction comprise 52,343 packages of Indian, and 31,332 packages of Ceylon tea. Last week's advance in prices was maintained at the "Indian" auctions on Monday, and there was an improvement in the demand for the higher grades. The "Ceylon" sales are characterised by irregularity, owing to the deterioration in quality, but "Indian" was again in good demand on Wednesday. The following table

OVERSEAS TRADE RETURNS.

IMPORTS (Value C.I.F.).

	Month ended May 31.		Five Months ended May 31.	
	1931.	1932.	1931.	1932.
I.—Food, Drink and Tobacco—				
A. Grain and flour	3,907,196	4,859,180	19,397,713	23,521,833
B. Feeding stuffs for animals	417,326	429,411	2,018,288	2,817,516
C. Meat	8,401,696	6,826,759	39,723,997	33,655,647
D. Animals, living, for food	940,412	865,050	5,932,122	5,105,382
E. & F. Other food and drink	19,244,903	16,257,061	92,592,511	85,061,576
G. Tobacco	374,608	620,618	4,681,772	2,974,126
Total, Class I.....	33,286,141	29,858,079	164,346,403	153,136,080
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	2,241	2,520	12,898	12,202
B. Other non-metallic mining and quarry products and the like	388,440	241,768	1,678,636	1,512,253
C. Iron ore and scrap	223,189	174,965	1,088,136	903,713
D. Non-ferrous metalliferous ores and scrap	771,637	583,504	3,304,755	2,944,163
E. Wood and timber	1,626,558	1,651,383	7,130,193	6,724,165
F. Raw cotton and cotton waste, and woolen rags	1,864,899	2,346,547	11,345,908	13,683,574
G. Wool, raw and waste, and woolen rags	4,083,293	4,268,787	21,079,702	19,846,745
H. Silk, raw, knubs and noils	66,146	133,594	525,949	652,481
I. Other textile materials	650,469	502,555	3,212,035	3,925,691
J. Oil seeds, nuts, oils, fats, resins and gums	2,474,619	1,738,097	10,672,764	10,672,764
K. Hides and skins, undressed	804,013	749,314	5,191,987	6,463,417
L. Paper-making materials	745,149	727,987	3,536,428	4,037,085
M. Rubber	309,596	184,819	2,614,234	1,224,720
N. Miscellaneous raw materials and articles mainly unmanufactured	582,468	395,596	3,728,779	3,337,963
Total, Class II.....	14,593,117	13,701,436	76,277,613	75,940,936
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and manufactured fuel	1,852	2,227	7,962	9,313
B. Earthenware, glass, abrasives, &c.	771,695	338,861	3,616,160	1,941,078
C. Iron and steel and manufactures thereof	1,554,119	677,755	7,485,561	4,924,023
D. Non-ferrous metals and manufactures thereof	1,798,842	933,872	8,974,889	6,522,475
E. Cutlery, hardware, implements, and instruments	576,628	358,489	2,665,614	1,577,425
F. Electrical goods and apparatus	136,773	1,982,381	971,377	971,377
G. Machinery	1,304,926	964,697	6,084,607	5,065,222
H. Manufactures of wood and timber	621,422	465,028	2,854,715	2,755,796
I. Cotton yarns and manufactures	693,357	131,999	3,508,614	528,521
J. Woollen and worsted yarns and manufactures	1,097,818	228,474	5,486,631	811,339
K. Silk and silk manufactures	612,270	262,360	3,798,368	1,905,176
L. Manufactures of other textile materials	1,275,526	569,835	6,092,103	3,971,183
M. Apparel	1,612,966	585,657	8,470,782	3,047,987
N. Chemicals, drugs, dyes and colours	1,020,687	545,802	5,227,881	4,268,614
O. Oils, fats, and resins manufactured	2,429,349	2,409,632	13,076,292	13,201,854
P. Leather and manufactures thereof	1,050,507	467,534	5,061,791	3,823,621
Q. Paper and cardboard	1,377,794	1,013,275	5,684,420	5,186,052
R. Vehicles (including locomotives, ships, and aircraft)	251,135	285,317	1,705,596	1,464,659
S. Rubber manufactures	321,845	115,204	1,430,447	729,113
T. Miscellaneous articles, mainly or wholly manufactured	2,230,764	1,073,010	10,942,630	7,183,536
Total, Class III.....	20,979,408	11,563,801	104,158,044	69,888,364
IV.—Animals, not for food	196,688	213,688	1,292,509	1,072,665
V.—Parcel Post, non-dutiable articles	573,130	398,340	3,203,850	2,492,705
Total	69,628,464	55,735,344	349,278,419	302,530,750

shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account:—

Week ending	Northern India.		Southern India.		Ceylon.		Java.		Sumatra.		Nyasaland.		Total.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	
June 11, 1931	0 8-35	0 10-91	1 1-35	0 5-85	0 6-36	0 5-92	0 10-07						
May 12, 1932	0 9-30	0 9-75	1 4-53	0 7-11	0 5-80	0 7-02	0 11-19						
May 26, "	0 8-30	0 10-26	1 2-04	0 6-35	0 5-54	0 6-45	0 9-92						
June 2, "	0 6-73	0 9-13	0 10-71	0 5-30	0 4-60	0 5-83	0 8-09						
June 5, "	0 7-23	0 8-30	0 9-79	0 5-04	0 4-67	0 5-88	0 7-68						

RICE.—The market in rice has been dull, and prices were easier. Wednesday's "spot" price, at 9s. 3d. per cwt., shows a decline of 1½d. per cwt. on last week, while forward positions, at 8s. 1½d., show a fall of 4½d. Movements in London during the past week were as follows: Landed, 250 tons; delivered, 63 tons; stocks, 3,367 tons, as against 559 tons last year.

POTATOES.—Owing to the increasing supply of new potatoes at the principal markets, prices of both old and new varieties have been reduced substantially. At the Borough Market, "Best King Edward" sold from 10s. to 11s. per cwt., as compared with 11s. 6d. to 12s. per cwt. a week ago. New "Jerseys," at 18s. per cwt., show a decline of 4s. per cwt.

SPICES.—The market in spices was dull, and pepper was cheaper. Wednesday's quotation for "Black Singapore" pepper, at 6½d. per lb., shows a fall of ½d. per lb. on the week. Movements of pepper in London during the past week were as follows: Black, landed, nil; delivered, 7 tons; stocks, 363 tons, against 542 tons last year. White, landed, 49 tons; delivered, 88 tons; stocks, 590 tons, against 603 tons a year ago.

EXPORTS of PRODUCE and MANUFACTURES of the UNITED KINGDOM (Value F.O.B.).

	Month ended May 31.		Five Months ended May 31.	
	1931.	1932.	1931.	1932.
I.—Food, Drink, and Tobacco—	£	£	£	£
A. Grain and flour	276,895	329,089	1,392,784	1,685,113
B. Feeding stuffs for animals	185,046	136,295	997,683	858,722
C. Meat	87,531	113,688	526,120	463,281
D. Animals, living, for food	16,468	17,947	87,277	60,352
E. & F. Other food and drink	1,685,535	1,596,579	9,503,592	8,712,467
G. Tobacco	520,293	382,264	2,659,591	1,957,619
Total, Class I.	2,766,768	2,575,862	15,657,047	13,737,554
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	2,878,610	2,712,064	14,101,457	13,124,248
B. Other non-metallic mining and quarry products and the like	102,039	60,753	461,202	363,505
C. Iron ore and scrap	33,230	12,976	183,005	73,981
D. Non-ferrous metalliferous ores and scrap	51,142	34,337	186,846	169,813
E. Wood and timber	14,608	10,404	95,813	50,329
F. Raw cotton and cotton waste...	29,883	34,075	133,140	212,718
G. Wool, raw and waste, and woolen rags	304,515	201,365	1,295,116	1,363,679
H. Silk, raw, knubs and noils	602	394	3,805	6,924
I. Other textile materials	18,871	21,780	61,734	122,879
J. Oil seeds, nuts, oils, fats, resins, and gums	212,835	164,268	1,151,124	820,923
K. Hides and skins, undressed ...	64,823	32,643	411,409	243,555
L. Paper-making materials	57,905	56,004	298,891	282,871
M. Rubber	8,575	7,442	43,403	57,349
N. Miscellaneous raw materials and articles mainly unmanu- factured	237,295	230,253	1,333,313	1,259,412
Total, Class II.	4,014,933	3,578,758	19,760,258	18,152,186
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and manufactured fuel ...	118,944	123,732	1,138,324	1,030,350
B. Earthenware, glass, abrasives, &c.	742,747	648,623	3,536,905	3,119,004
C. Iron and steel and manu- factures thereof	2,600,623	2,321,203	13,432,439	12,005,975
D. Non-ferrous metals and manu- factures thereof	544,608	554,005	3,136,664	2,779,102
E. Cutlery, hardware, implements, and instruments	458,907	520,452	2,208,220	2,285,689
F. Electrical goods and apparatus	622,275	450,772	3,590,188	2,353,574
G. Machinery	2,879,869	2,449,720	14,549,762	13,581,865
H. Manufactures of wood and timber	132,853	93,180	621,660	556,046
I. Cotton yarns and manufactures	4,619,195	5,566,555	24,373,788	28,074,932
J. Woollen and worsted yarns and manufactures	1,640,518	1,624,246	10,745,546	10,140,274
K. Silk and silk manufactures ...	100,280	109,027	466,232	436,704
L. Manufactures of other textile materials	1,091,886	1,141,408	5,591,641	5,612,110
M. Apparel	1,002,708	910,245	5,983,826	5,327,179
N. Chemicals, drugs, dyes, and colours	1,728,879	1,654,063	7,634,283	7,570,823
O. Oils, fats, and resins, manu- factured	479,982	405,178	2,348,866	2,063,548
P. Leather and manufactures thereof	285,226	270,271	1,385,279	1,232,222
Q. Paper and cardboard	495,133	565,889	2,599,668	2,771,118
R. Vessels (including locomotives, ships and aircraft)	4,393,296	1,833,778	15,139,017	9,212,484
S. Rubber manufactures	214,136	185,323	961,918	836,216
T. Miscellaneous articles mainly or wholly manufactured	1,848,300	1,730,494	9,274,759	9,122,593
Total, Class III	26,000,365	23,158,164	128,718,985	120,111,808
IV.—Animals, not for food	75,447	44,587	374,828	245,729
V.—Parcel Post	1,037,916	839,613	5,703,000	5,062,542
Total	33,895,429	30,196,984	169,724,118	157,309,815

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Market Hides, London—			
GRAIN, &c.—				Irish bladders, 56 lbs.				English Southdown, washed per lb.				Best heavy ox and heifer			
Wheat—	s. d.	s. d.		54	0	68	0	17	0	54		Best cow	0	24	
No. 2, N. Man. 496 lb.	25	6		Good English, per cwt.	10	0	11	0	10		Best calf	0	54		
Eng. Cas. av. per cwt.	6	5		SPICES—				Queensland, scd. super cmbg.	17						
Barley, Eng. Cas. av.	6	7		Pepper, per lb.—				N.Z.W. grey, super	9						
Oats, "	8	1		Muntok, fair White	0	64		N.Z. grey, half-bred 50-56	22						
Maise, La Plata, landed	19	6		Black Lampung	0	64		Top—	44						
480 lb. "	19	6		Cinnamon—1st sort, per lb.	0	7		Merinos 70's	22						
Flour, Lon. stan. ex mill,	21	9		Cloves—Zanzibar per lb.	0	74		Crossbred 40-44	20						
280 lb. "	21	9		Ginger—per cwt.—				64's	22						
Rice, No. 2 Burma, per cwt.	8	14		African	22	6		Crossbred 48's	20						
Tapioa, per cwt.—	4	0		Jamaica, ord. to good	55	0	85	0							
Fair Fluke, Singapore..	11	6		Mace	0	8	1	8							
MEAT—				Nutmegs 65s	1	4									
Beef, per 8 lbs.—				SUGAR—											
English long sides	5	0	5	(Duty, 11s. 8d. per cwt.)											
Argentine chilled hinds	4	0	4	B.W.I., crystallised	17	0	18	6							
Mutton, per 8 lbs.—	4	0	5	Java, white, c. & f. India	7	10									
N.Z. frozen	2	2	3	June-July	18	14									
Pork, English, per 8 lbs.	3	4	3	REFINED—London—											
				Yellow Crystals	18	14									
				Cuba	22	6	23	0							
				Crushed	20	6	21	0							
				Crystallised	18	6	19	4							
				Home Grown	18	14	18	4							
				TEA—											
				Indian—per lb.—											
				Pekoe	0	54	0	8							
				Broken Pekoe	0	54	0	94							
				Orange Pekoe	0	54	1	34							
				Broken Orange Pekoe	0	6	2	3							
				Oeylon—per lb.—											
				Pekoe	0	6	1	84							
				Broken Pekoe	0	6	1	8							
				Orange Pekoe	0	7	1	74							
				Broken Orange	0	7	2	44							
				TOBACCO—											
				(Duty 9/6-10/6 per lb.)											
				Empire growths, 7/54											
				8/34 per lb.)											
				Virginia leaf—											
				Common to fine	0	8	2	6							
				Rhodesean leaf	0	9	2	6							
				Nyasaland leaf	0	6	1	8							
				East Indian leaf	0	8	2	0							
				East Indian leaf	0	4	0	8							
				East Indian leaf	0	5	1	6							
				COFFEE—											
				British grown,											
				11s. 8d.; foreign, 14s. cwt.)											
				Accra, f.f. per cwt.	23	0	28	0							
				Trinidad	40	0	48	0							
				Grenada	32	0	39	0							
				COFFEE—											
				British grown,											
				11s. 8d.; foreign, 14s. cwt.)											
				Santos sup., c. & f. cwt.	64	0	90	0							
				Colombian, good	70	0	110	0							
				Costa Rica, med. to good	75	0	115	0							
				East Indian	85	0	115	0							
				Kenya, medium	80	0	102	0							
				BGGs—											
				English	120	0	10	9							
				Danish	10	6	11	0							
				FRUIT—											
				Oranges—											
				South African boxes	15	0	22	6							
				Brazilian	14	0	24	6							
				Lemons, Sicilian boxes	15	0	19								
				Malaga, cases 420 No. 1	16	0	25	0							
				Apples: Amer. (var.) bris.											
				(var.) boxes											
				" Australian	7	0	12	0							
				Onions—											
				Valencia, case, 4s.	6	0	7	0							
				Egyptian Bags											
				Grapes, Lisbon boxes											
				" Almeria											

is quietly steady, crude Egyptian ex Hull offering at £19 and refined (technical and edible) at £21 10s. prompt. There is little movement in other seed oils, and oilcakes are in very poor demand and cheaper.

HIDE, LEATHER AND ALLIED TRADES.—Weakness of prices is still a feature of the market for hides and skins of both home and foreign origin, and in view of the limited demand for most descriptions, improvement does not seem likely for some time yet. Most classes and weights of ox and heifer hides were unchanged in value at the auctions at Manchester this week, but at Leeds the balance of exchanges was in favour of buyers. Similar conditions were noticeable in regard to cows; at the first-mentioned auctions only first clears recorded lower figures, but at Leeds the bulk of the sales were effected at a reduction of 1d. per lb. Calfskins were weak, declines of from 1d. to 1½d. per lb. being general. Sheepskins are difficult to sell except at very low figures. Any alteration in the basis of quotation for imported hides has usually been downward, in view of the limited amount of business. In the South American market, wet-salted Argentine ox have remained steady at just under 2½d., while Montevideo ox have changed hands at 3½d. Dry hides from the same source have also remained steady in price, B.A. Americanos being offered at 4½d., while 4½d. is asked for Sierra Cordobas and 2½d. for B.A. Inservibles. African hides are fractionally weaker on average, with only a very restricted business passing, while there has been no alteration in the position of Australians, which are still quoted at comparatively high figures. There has again been a fair inquiry for English and wet-salted bends in the light and medium averages suitable for the repairing section of the boot trade, but sales of heavy weights remain small. Rather less business has been done in dry hide bends for shoe manufacturing, and there has also been a slight falling off in the inquiry for pinned offal. Rough bellies and shoulders continue to be a quiet market. Producers and distributors of upper leathers have not met with any improvement in turnover, but regular sales of glacé kid are being made all the time, in addition to which there is a limited inquiry for willow and box calf and patent leather. Reptiles, both real and imitation, account for fairly decent sales, providing the price at which they are offered is right.

RUBBER.—The market in rubber both in London and New York has been a little steadier, following a slight increase in turnover.

In New York, Wednesday's spot price for rubber, at 2½ cents per lb. shows a rise of ½ cent per lb. on the week. Wednesday's official closing price for standard ribbed smoked sheet in London was again 1½d. per lb. In forward positions, business has been done at 1½d. rubber in London and Liverpool during the past week were as follows: Landed, 1,142 tons; delivered, 2,609 tons; stocks at the end of last week, at 114,187 tons, show a decrease of 1,467 tons as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.

(New York quotations, unless otherwise stated.)

	May 18.	June 8.	June 15.
Cents.	Cents.	Cents.	Cents.
Wheat, No. 2, Winter, nearest future,			
Chicago, per bushel	55½	50½	49
Maize, nearest future, Chicago, per			
bushel	30½	28½	29½
Oats, nearest future, Chicago, per			
bushel	23½	20½	20
Rye, nearest future, Chicago, per			
bushel	36½	31½	30½
Coffee, Rio No. 7, cash, per lb.	8½-8½	8½	8-8½
" Santos No. 4, cash, per lb.	10½-10½	10½-10½	10-10½
Cocoa, Accra, nearest future, per lb.	4-00	3-83	3-96
Sugar, Cuban Centrifugals, 96 deg.,			
spot, per lb.	2-58	2-62	2-75
Cotton, middling, spot, per lb.	5-75	5-10	5-35
Rubber, smoked sheet, spot, per lb.	3	2½	2½
Petroleum, Pennsylvania crude, stan-			
dard grades, per barrel	175-197	175-197	175-197
Copper, "Electrolytic," Domestic,			
spot, per lb.	5½	5½	5½
Copper, "Electrolytic," Copper Ex-			
porters, Inc., spot, per lb.	5½	5½	5½
Spelter, East St. Louis, spot, per lb.	2-325	2-825	2-80
Lead, spot, per lb.	3-00	3-00	3-00
Tin, "Straita," spot, per lb.	20-90	19-60	19-25

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TABLE OF CONTENTS.

The Money Market	1391	London Active Securities.....	1418
		New Issue Prices.....	1420
Leading Articles—		Foreign Stock Exchanges—	
Lausanne and Geneva.....	1393	New York.....	1416
The Irish Debate.....	1394	Canada.....	1417
Unemployment Insurance Problems.....	1395	Paris.....	1417
Imperial Preference: South Africa.....	1395	Berlin.....	1417
The Fishing Industry.....	1397	Amsterdam.....	1417
Afghanistan.....	1398	Other Centres.....	1417
Notes of the Week—		Investment Notes—	
The First Week at Lausanne.....	1399	Three Capital Schemes.....	1420
Mr Hoover's Show-down.....	1399	International Tea.....	1420
King Albert's Message.....	1399	General Electric.....	1420
The Dutch-Belgian Tariff Convention.....	1400	Stanton Ironworks.....	1421
The Politics of Steel.....	1400	Allied Ironfounders.....	1421
The Lords and Economy.....	1400	Bleachers'.....	1421
Austria's Transfer Suspension.....	1400	Barry and Staines.....	1422
Lancashire and Ottawa.....	1400	Oil Affairs.....	1422
Reich, Länder and Nazis.....	1401	The Copper Position.....	1422
Chile in Turmoil.....	1401	Tin Restriction.....	1422
Seizure of the Dairen Customs.....	1401	The Rand Midsummer Dividends.....	1423
The Elections in Malta.....	1401	Great Boulder Proprietary.....	1423
Spanish Developments.....	1402	Company Meetings of the Week.....	1423
A New Index of Profits.....	1402	Capital Issues.....	1423
Cotton Trade Problems.....	1402	Weekly Traffic Returns.....	1424
Germany's Foreign Trade.....	1403	Company Meetings, &c. ... 1425	
Employment and the Cost of Living in May.....	1403	Government Returns, &c.—	
United British Insurance.....	1403	National Accounts.....	1428
University Life Assurance.....	1403	Treasury Bills.....	1429
Overseas Correspondence—		The Bankers' Gazette—	
League of Nations.....	1404	Bank of England.....	1429
Irish Free State.....	1404	Bankers' Clearings.....	1429
United States.....	1405	Provincial Clearings.....	1429
France.....	1406	Overseas Bank Returns.....	1430
Germany.....	1407	Loan and Discount Rates.....	1431
Austria.....	1408	Rates of Exchange.....	1431
Hungary.....	1408	Overseas Bank Rates.....	1431
Italy.....	1409	Bullion.....	1432
Roumania.....	1410	Gold and Silver Prices.....	1432
Turkey.....	1410	Company News—	
South Africa.....	1411	Profit and Loss Accounts.....	1433
Letters to the Editor—		Reports and Notices.....	1434
British Monetary Policy.....	1412	Commercial Reports—	
Books and Publications—		Market Summary.....	1434
Books of the Week.....	1412	The Coal Trade.....	1434
Shorter Notices.....	1413	Iron and Steel.....	1435
Other Books Received.....	1414	Other Metals.....	1435
The Stock Exchange—		Textiles.....	1436
The Stock Exchange Half-Year.....	1415	The Grain Markets.....	1436
Week in the Markets.....	1416	Other Foods.....	1437
		Miscellaneous Commodities.....	1437
		Commodity Prices in the United States.....	1438
		Prices Current.....	1438

usual this month, no bills fell due on Monday, and this week payments were concentrated towards the beginning and maturities towards the end of the week, so that by Wednesday the market was somewhat short of money. This incidentally is reflected in the Bank return, which shows a turnover of £15 millions from private to public deposits. Renewals, too, hardened during the week from $\frac{1}{2}$ to $\frac{3}{4}$ per cent., but money has been obtainable into next month at a level 1 per cent. Certain of the Dominion banks have decided to depart from the rates charged by the clearing banks and to lend money at a minimum of $\frac{1}{4}$ per cent.

Applications for Treasury bills amounted last week to £65.8 millions; £65.0 millions of bills were offered, but only £42.0 millions were allotted. The average tender rate fell from 18s. 11.79d. to 16s. 0.06d. per cent., which constitutes a new low record. Early this week "hot" Treasury bills changed hands at $\frac{1}{16}$ per cent., but the rate has since hardened to $\frac{1}{8}$ per cent., and at times to $\frac{1}{4}$ over. These last rates leave a very small turn on the tender rate. July maturities have been quoted at $\frac{1}{16}$ per cent., and August at $\frac{1}{8}$ per cent., and it is reported that the banks are buying bills less freely than earlier in the month. Three months' bank bills are still quoted round 1 per cent., but a firmer tone is apparent, and certain foreign buyers have had to pay $\frac{1}{8}$ per cent. more. Standstill bills are quoted at $\frac{1}{8}$ -3 per cent.

The Bank return shows a further increase of £1.2 millions in the Bank's gold, but this has been practically offset by an expansion of £1.1 millions in the note circulation, and so the reserve is only £0.1 million higher. Other securities are reduced by £4.2 millions, a movement which suggests that the improvement in the dollar has enabled the Bank to run off part of its *devisen*. Government securities show a net increase of £3.0 millions, taking both departments of the Bank together. Among the Banking Department's liabilities, Public Deposits are increased by £15.1 millions, while Bankers' Deposits are reduced by £13.9 millions and Other Deposits by £0.8 million. The reasons for this turnover have already been explained.

	June 2, 1932.	June 9, 1932.	June 16, 1932.	June 23, 1932.	Previous Rate and Date Changed
Bank Rate	2 $\frac{1}{2}$	2 $\frac{1}{2}$	2 $\frac{1}{2}$	2 $\frac{1}{2}$	3 (May 12, '32)
Banks' Deposit Rate..	2 $\frac{1}{2}$	2 $\frac{1}{2}$	2 $\frac{1}{2}$	2 $\frac{1}{2}$	1 (May 12, '32)
Discount / Call	2 $\frac{1}{2}$	2 $\frac{1}{2}$	2 $\frac{1}{2}$	2 $\frac{1}{2}$	1 (May 12, '32)
Houses / Notices ...	2 $\frac{1}{2}$	2 $\frac{1}{2}$	2 $\frac{1}{2}$	2 $\frac{1}{2}$	1 $\frac{1}{2}$ (May 12, '32)
Market rate ("hot")	2 $\frac{1}{2}$	2 $\frac{1}{2}$	2 $\frac{1}{2}$	2 $\frac{1}{2}$	...
Treasury bills).....	2 $\frac{1}{2}$	2 $\frac{1}{2}$	2 $\frac{1}{2}$	2 $\frac{1}{2}$	...
Market rate (3 months' bank bills)	1-1 $\frac{1}{2}$	1-1 $\frac{1}{2}$	1 $\frac{1}{2}$ -1 $\frac{1}{2}$	1-1 $\frac{1}{2}$	...
Market rate (standstill bills)	1 $\frac{1}{2}$ -2 $\frac{1}{2}$	1 $\frac{1}{2}$ -2 $\frac{1}{2}$	1 $\frac{1}{2}$ -2 $\frac{1}{2}$	1 $\frac{1}{2}$ -3	...

Next week may witness fairly wide fluctuations in money. On Monday and Tuesday there are no Treasury bill maturities, for these days correspond to Easter Sunday and Monday. Thursday is the last day of the half-year, and so maturities are likely to be concentrated upon that and the preceding day, while new bills will mostly be applied for to be paid for on Friday and Saturday. Again up to and including Thursday, there will probably be the usual half-yearly market borrowing at the Bank, but present indications are that the clearing banks will have to call less heavily than usual next Thursday in order to establish their cash ratios. Money, however, in general is likely to remain very easy, as will be apparent when all these disturbing cross-currents have spent their force.

In the Foreign Exchange market the main event of the week has been the improvement in the dollar. In part this arises from the better tone now apparent in New York, but the main cause probably lies in the completion of the withdrawal of the French dollar balances. So long as these withdrawals were proceeding, the dollar exchange was subject to bear attacks, and this week's improvement

probably means little more than that the last bears have been caught. This rally in the dollar has also served to dispel the wholly erroneous impression that has lately grown up in this country that sterling had been definitely stabilised at \$3.67, with the implication that we were virtually back on the gold standard at that point. That assumption never had any basis, and it is as well that it should have been disproved. It is still true, however, that the authorities will strive to prevent wide fluctuations in the exchanges, such as are calculated to encourage speculative operations.

As had been generally anticipated, the outflow of gold from New York is rapidly diminishing. During last week exports amounted to only just over \$10 millions, of which \$4.1 millions went to Belgium and \$6.0 millions to Switzerland, and the fact that earmarkings on foreign account fell by \$8.2 millions suggests that most of these shipments consisted of earmarked gold already withdrawn from the monetary system. It is generally believed in New York that all surplus French balances have been withdrawn, and that they now stand at the minimum level required for current exchange transactions. Money rates are unchanged, call loans still standing at 2 $\frac{1}{2}$ per cent., and open market discount rates on 90-day bankers' acceptances at 1 $\frac{1}{4}$ per cent. The New York Bank rate is reduced from 3 per cent. to 2 $\frac{1}{2}$ per cent.

The Foreign Exchange market was again very quiet this week, but fluctuations were frequent and sterling was inclined to weakness against the principal currencies, although it recovered in part at the close. The feature was the demand for spot dollars, it is believed largely on French account. New York, after touching 8.59 $\frac{1}{2}$, settled at 8.62 $\frac{1}{2}$, against 8.67 last week. Montreal was firmer at 4.15 $\frac{1}{2}$. Paris gained a franc at 92 $\frac{1}{4}$, after 91 $\frac{1}{4}$. Brussels improved to 25.94, but reacted to 26.00, a gain of 34 points on the week. Milan gained $\frac{1}{2}$ at 71 $\frac{1}{4}$, and Madrid $\frac{1}{2}$ at 43 $\frac{1}{4}$. Amsterdam went from 9.06 $\frac{1}{2}$ to 8.96. Berlin was considerably better at 15.23, as was Switzerland at 18.60. The Scandinavian currencies were again inclined to be weak, but recovered towards the close. Stockholm improved by 5 points to 19.47 and Oslo by 10 to 20.30, but Copenhagen lost 4 points at 18.35. The South American currencies were rather stronger, but largely nominal, Rio being quoted at 5 $\frac{3}{4}$ d. (sellers), and Buenos Aires at 34 $\frac{1}{2}$ d. (nominal), while Montevideo was unchanged at 29 $\frac{1}{2}$. In the Far East the rupee was $\frac{1}{4}$ d. worse at 1s. 5 $\frac{1}{4}$ d., but the yen was very weak at 1s. 6 $\frac{1}{2}$ d., against 1s. 8 $\frac{1}{4}$ d. last week. Batavia improved to 8.98. In the forward market dollars were at $\frac{1}{2}$ cent and 1 $\frac{1}{2}$ cents discount. Paris from one and 2 centimes discount improved to par for both deliveries. Brussels was weaker at $\frac{1}{2}$ and one centime discount. Milan improved by $\frac{1}{4}$ to $\frac{1}{2}$ lira and $\frac{1}{2}$ lira discount, and Madrid by the same margin to $\frac{1}{2}$ peseta and $\frac{1}{2}$ peseta discount. Amsterdam stood at par for one month, and $\frac{1}{2}$ cent discount for three. Switzerland was at $\frac{1}{2}$ centime and 2 centimes premium for one and three months respectively. The silver market was quiet, cash improving by $\frac{1}{4}$ d. to 16 $\frac{1}{4}$ d. and forward by $\frac{1}{4}$ d. to the same level as a result of some buying by the United States and the bazaars. The China silver exchanges improved in sympathy, Hong Kong and Shanghai both rising by $\frac{1}{4}$ d. to 1s. 3 $\frac{1}{4}$ d. and 1s. 8 $\frac{1}{4}$ d. respectively.

THE CRISIS

By Sir HENRY STRAKOSCH.

Bound reprints of this Memorandum, which was published as a Supplement to the Economist of January 9th, may be obtained from the Publisher, 8, Boulevard Street, E.C.4., price 1/-.

MONTHLY TRADE SUPPLEMENT

We publish this week our Monthly Supplement, in which will be found an appreciation of the trade situation at home and abroad, together with statistical information on the foreign trade, price movements, currency, and production of the leading commercial countries of the world. Its contents include an index of electricity production, and a series of indices of British trade activity.

LAUSANNE AND GENEVA.

OUR special correspondent's report on the first week of discussion at Lausanne conveys the impression that the protracted MacDonald-Herriot conversations have at least brought the participants squarely up against the crux of the problem. Some critics are already complaining that there is as yet no evidence of agreement, even on general principles, and we cannot be surprised that there are such complaints from a weary world that has become impatient of talk. But when it is remembered that the two Governments, in Paris and Berlin, chiefly concerned with reparations have been in office for only a few days, and that preliminary preparation was therefore impossible, the public may reasonably be asked to restrain their impatience a little. The Conference very promptly brought to light frank statements of the differing points of views from which the various nations approach the problem; and it must take more than a few hours of negotiation to reconcile them.

No useful purpose would be served at this stage by dwelling over-much on the differences. On the contrary, it is more pertinent to emphasise the large amount of common ground. Indeed, those who recall previous reparations discussions must be very forcibly struck by the immense distance all the parties concerned have travelled from the point of view of three years ago. Germany on her part eased matters at the outset by making it quite clear that she does not repudiate her signature, but puts the case for relief entirely on the ground of expediency—or, perhaps we should say, of overriding economic necessity. It is universally agreed that annuities on the scale of the Young Plan are dead, and that even the "unconditional" portion has gone by the board; and the whole debate turns on the practical question whether there is any final payment which Germany could be asked to make without doing more harm than good to the general economic situation. France is still impressed with the view that Germany is certain to recover sooner or later, and will one day be able to pay something. She insists that the wiping out of reparations would give Germany a great advantage in competitive power. The British view, on the contrary, is that to insist on reparations is to strengthen artificially the force of such competition, and that the only certain way of removing the present paralysing uncertainty is complete cancellation. With the issue narrowed to this one question, it is unthinkable that the statesmen at Lausanne will be unable to reach an agreement where none can afford to fail.

There has been, however, another reason for dilatory progress. The chief delegates have been compelled to divide their attentions and give part of their time to the problem of disarmament. Indeed, before the Conference opened several of them went to Geneva to see if it were possible to stimulate activity there; for it has long been patent that failure or stalemate in the disarmament discussions would create a very bad atmosphere in which to attempt to settle reparations and to make a new start, whereas success would strengthen the sense of security which M. Herriot rightly regards as an essential condition of a good understanding. Hence there have been many comings and goings between Geneva and Lausanne; and when Mr Gibson and Mr Norman Davis paid an unexpected visit to Mr MacDonald's hotel at Lausanne it was evident that Washington—though officially disinterested in the Reparations Conference—was as anxious as Europe that there should be tangible achievement in disarmament now.

It is, of course, perfectly true that from the purely economic standpoint there is no direct connection between disarmament and debt payments. It is now well understood that if arrangements requiring large transfers from one country to another are blocked by tariffs and other trade obstructions, disastrous results will be produced on the financial structure and ultimately on international trade itself. In any frank discussion on reparations and debts, therefore, it would have to be realised that

America's tariff policy has in fact been a far more important direct cause of the breakdown of trade than our present armaments. The tariff problem must be dealt with if any solution that may be reached in Switzerland in regard either to debt payments or disarmament or both is to produce the desired results. But that disarmament and the economic problems which are being debated at Lausanne are—in a very vital, if indirect, manner—closely associated, cannot be denied. Obviously there is a much greater chance of reaching a radical solution of reparations if there is ground for confidence that the United States will treat the problem of the debts in a similar radical manner. This, in turn, depends very largely on the assurance of real progress in disarmament.

Some arguments presented to the American public in support of this point of view are plausible rather than sound. For example, it is said that America cannot be expected to reduce debts if the only effect is to leave Europe with more money to spend on armaments. But the simple fact of the matter is that the policy of the "clean slate" will benefit Germany and not the countries whose armaments are believed to be excessive. Indeed, both France and Great Britain will be left with a deficit, and, if payments to the United States had to be resumed, it would mean in both cases an addition to a burden of taxation which is already much higher than that of the United States. It is, moreover, not altogether irrelevant to recall that the armaments expenditure of the United States itself is by far the largest of any country in the world. At the same time, Mr Hoover is perfectly right in insisting that all the world needs relief from the armament expenditure which is burdening our various budgets, and it is obvious that this particular form of retrenchment can only be achieved by international agreement. It is even more pertinent to insist that the maintenance of arms on their present basis creates a sense of insecurity, is a cause of political suspicion, creates an atmosphere in which credit cannot thrive, and makes impossible any drastic modification of existing policies of economic nationalism. Until these conditions change the commerce of the world cannot revive.

We therefore welcome wholeheartedly Mr Hoover's latest proposals, whose details we summarise in a Note of the Week, both for the stimulus they will give to the work at Geneva and for the assistance which any specific achievement along these lines would afford in solving the problems of Lausanne. It may be that the radical character of his scheme will frighten the timid, and it will certainly provoke objections from many quarters. Some of these will arise from real difficulties created by differences in the problem of defence which each nation has to face, as a result of geographical or political conditions. On these matters the experts will have much to say, and—as happened at Washington ten years ago—when it comes to drawing up a definite treaty many complications may have to be specially provided for in applying a simple rule. But this American initiative will make a powerful appeal to the plain man in many lands (the cynics have already dubbed it an election manifesto!), in the first place because it accords with his view that if there is anything in this business of organising peace in a civilised world it is high time to have a real cut at preparations for war, and secondly because it is a simple proposition which he can understand. This last is a point of real importance; for if public opinion is to overcome the forces of obstruction and inertia it must rally to some plan which can be readily understood. We shall get much further, and foster the growth of a real sense of security much more readily, by means of simple solutions than by complicated agreements. It is for the statesmen and not for the experts to define the general lines of such a policy. Mr Hoover has laid his ideas on the table. It is for Geneva to convert them, or alternative principles that may by agreement be substituted for them, into a fresh bulwark of international security.

THE IRISH DEBATE.

THE Irish debate in the House of Commons last Friday was the necessary result of the abortive negotiations of the week before, when Mr Thomas and Lord Hailsham went to Dublin, and Mr de Valera came over to London, without finding it any easier to arrive at an agreement by personal discussion than they had found it by correspondence. One important result, however, which these conversations did produce was a formulation of Mr de Valera's "views as to the only basis of lasting peace and good will in Ireland—what he called his ultimate aim." These views were reported to the House of Commons by Mr Thomas in the following terms, which had been previously submitted to Mr de Valera for verification. Since Mr de Valera declined to confirm the formula without offering to repudiate it, it may perhaps be accepted as substantially correct. According to Mr Thomas, the first of Mr de Valera's ultimate desiderata is the union with the Irish Free State of the six counties now constituting Northern Ireland, while the second is the recognition of such a united Ireland as a republic—subject to some form of association with the British Commonwealth in some circumstances and for some reasons, with the recognition of the King as head of this association within whatever its sphere of operation might be.

As an ultimate objective, to be reached by free agreement between all the parties concerned, we do not see that Mr de Valera's second desideratum need be dismissed *a priori* as unacceptable in all circumstances from the British standpoint. The pride of the British Commonwealth is its elasticity. The hypothetical relation which Mr de Valera has sketched out as his ideal for Great Britain and Ireland is, as a matter of fact, the goal towards which Great Britain and Egypt have been tending in the repeated attempts to negotiate a permanent and mutually satisfactory settlement of the Anglo-Egyptian problem. It is not inconceivable that mutual economic advantage might lead to the establishment of some such relations between the British Commonwealth and other countries which, like Egypt, have never been, and never will be, Dominions of the British Crown. Therefore we do not quarrel with Mr de Valera's ultimate objective No. 2. And as for his objective No. 1, is not the reunion of all Ireland something which every sane person would be delighted to see accomplished?

As "ultimates," then, Mr de Valera's two lines of policy are admirable; and the Free State Prime Minister's mathematical mind is doubtless content with the knowledge that his pair of parallels will infallibly meet at infinity. The rest of us, however, are mundane creatures concerned with "here" and "now"; and our trouble is that, in real life, these two lines of policy quite obstinately refuse to coincide. You may press for the reunion of Ulster with Southern Ireland; but if you want to achieve that desirable object within any finite span of time, then you must refrain from pressing at the same time for a loosening of the tie between a United Ireland and the British Commonwealth. Conversely, if you wish to establish an Irish Republic by any predictable date, then you must postpone till the Greek Kalends the idea of a reunion of All Ireland. The one thing certain is that, in Ireland and the Commonwealth and the world as they are, you cannot achieve both these aims in practice here and now at the same moment. The only conceivable circumstances in which they could be achieved simultaneously would be if the British Commonwealth found itself on the losing side in the next great war. In that case, Southern Ireland might annex Ulster by force. But that is not at present practical politics; and, if it unfortunately were to become practical politics one fine day, does Mr de Valera really believe that a "basis of lasting peace and good will in Ireland" would then have been established? The history of Central and Eastern Europe since the last war suggests that the answer to this question is rather emphatically in the negative.

Moreover, as Mr Thomas pointed out to Mr de Valera during the conversations of the week before last, it is not these high matters, but the terrestrial questions of the Oath and the Annuities that are at present making the

trouble; and, as a result of the conversations, the respective positions of the two Governments have at least been made clear, though they have hardly been brought nearer together. On the Oath question, Mr de Valera is quite intransigent. He maintains that the Oath is purely the Free State's business, and that the Free State Government is entitled to take what action it likes in the matter without consulting anybody—treaty or no treaty. The Government at Westminster maintain that their treaty rights are engaged in this matter, and that the Free State is not entitled to proceed by unilateral action. The disagreement is absolute, and there, for the moment, the matter stands.

On the question of the Annuities, on the other hand, Mr de Valera has made a new proposal, which Mr Thomas recited in the House of Commons:—

"The Government of the Irish Free State accepts the principle of arbitration and agrees that a tribunal of the general character outlined in the Report of the Imperial Conference of 1930 would be suitable, but it is unable to agree to the restriction of the personnel of the tribunal solely to citizens of the States of the British Commonwealth."

For our part, we agree with Mr Thomas in believing that a tribunal composed exclusively of British subjects could be trusted to do the Free State, as well as the United Kingdom, justice. And if the crux is the choice of one or more of the arbitrators from States members of the Commonwealth other than the two States directly concerned in this controversy, we may point out that in Australia there are eminent British subjects of Irish origin, as well as of English or Scottish or Welsh, and that there is no reason to suppose that a French Canadian or a Dutch South African arbitrator would be biased against the Irish case. At the same time, we think that Mr Thomas has perhaps made a mistake in tactics in treating Mr de Valera's caveat as an insult to the British Commonwealth. It need not be read as an insult. It looks much more like the proverbial suspiciousness of one who has been "under-dog" and who has made up his mind to take no risks now that, at last, he finds himself on top again. This is a crocheted that ought to be humoured. If the British case is as strong as we believe it to be, then we need not pick and choose the nationality of the arbitrators, so long as their personal ability and integrity are assured. And there is also substance in a point which was made, in the course of the debate, by an opposition speaker. If a permanent inter-Imperial tribunal had been inaugurated by the last *ad hoc* arrangements, Mr de Valera's present doubts and hesitations might perhaps have been spared. For these hesitations we have partly ourselves to blame, and we should be wise, in the circumstances, to accommodate ourselves to them with good humour.

There is, however, a second paragraph in Mr de Valera's despatch which is rather more awkward. The opinion is advanced that

the matters to be submitted to the tribunal for determination must include not merely the Land Annuities but also the items of the other annual payments to the British Government by the Government of the Irish Free State, except those made in pursuance of agreements formally ratified by the Parliaments of both States.

It will be seen that Mr de Valera's second paragraph threatens to raise more issues than his first paragraph promises to settle; and it is not unnatural that Mr Thomas should have expressed the opinion that the despatch leaves the position worse than it was before.

Meanwhile, the Irish Annuities will remain unpaid. The Government at Westminster has apparently not yet decided to indemnify itself by retaliating in kind and withholding payment of moneys due, under existing financial agreements, from the United Kingdom to the Free State. It does, however, stand by its declared intention to allow trade with this country, to expire automatically on November 15th next unless an agreement has first been reached on the points at issue in the present controversy. "We cannot make a new agreement with people that have broken the agreement," is Mr Thomas's phrase.

The Secretary for the Dominions was supported in a vigorous and amusing speech by Mr Lloyd George, who is presumably as well acquainted as any other living

British statesman with the intentions and conditions on both sides at the time when the treaty of 1921 was negotiated. It remains to be seen how far Mr de Valera's policy will commend itself to the Irish people when they have had leisure to think it over.

UNEMPLOYMENT INSURANCE PROBLEMS.

A YEAR and more has passed since the Royal Commission on Unemployment Insurance issued its first Report. That document was produced at high speed for the purpose of contributing towards escape from the financial emergency into which the country was drifting. Its recommendations were, in the main, limited to questions of financial reform, and for the most part they, together with additional recommendations made by the Economy Committee over which Sir George May presided, have been adopted and put into force, partly by the late Labour Government before it left office, and partly by the National Government, as one of its first and most urgent tasks after assuming power last September. The financial results of the institution of these reforms have been examined in recent articles in the *Economist*. Sacrifices by participants in the scheme, the assumption of fresh burdens by the taxpayer, together with the application of a means test for "transitional" beneficiaries and the elimination of improper claims, have combined to call a halt to the rake's progress which a year ago was so potent a factor in arousing distrust of Britain's financial stability. The most urgent aspect of the question has been solved for the time being.

Big problems, however, remain to be faced, and it may be presumed that after a year's deliberations the Royal Commission will soon be in a position to present its final Report, which must be of even greater importance than its interim pronouncement. The former Report produced expedients for dealing with what we all hope may be a transient period of acute depression. It is the task of the final Report not merely to outline schemes for the financial solvency of the contributory insurance scheme itself, but also to lay down the lines of a permanent policy to be adopted by the State in dealing with the relief of all unemployed citizens. The interim recommendations and the emergency which called them forth have so completely monopolised public attention that the broader tasks of the Commission are in danger of being forgotten. It is worth while, therefore, to remind ourselves of the very wide terms of reference that were given to the Commission. It was instituted to "inquire into the provisions and working of the Unemployment Insurance Scheme and to make recommendations with regard to: (a) its future scope, the provisions which it should contain, and the means by which it may be made solvent and self-supporting; and (b) the arrangements which should be made outside the scheme for the unemployed who are capable of and available for work."

Taking these terms of reference in order, it may at the outset be argued that the Commission are asked to do the impossible; for if, unhappily, any deepening of the world depression should add very largely to the numbers of unemployed, no reforms or expedients could make the scheme self-supporting, or relieve the taxpayer of the burden of meeting a serious gap between incomings and outgoings. Presumably, however, the Commission will assume, in framing its plans, that no grave increase will take place in the volume of claims which the Fund will have to meet. This being so, it is easy to suppose that major attention is being concentrated upon four main questions:—(1) How long can the scheme go on carrying workers who have exhausted their actuarial rights to benefit? (2) Can the scheme, as such, continue to cater fully for industries (e.g., coal mining) in which large-scale unemployment threatens to be permanent, and in which any man over middle age who falls out of work is unlikely to obtain re-employment? (3) What is the State to do for the chronic unemployment which no real insurance scheme can properly carry? and (4) Would it be helpful or unhelpful to the State, and fair or unfair to present and projected contributors, to extend the scope of the scheme to other industries?

There are, of course, hosts of other problems. It will be interesting, for instance, to see what methods the Commission suggests for dealing with the accumulated debt of the Fund; and one of the toughest nuts which it has to crack is that of the intermittent worker. Is it, or is it not, possible to devise a scheme by which each contribution (with its accompanying right to benefit) really represents a week's work? Fairness demands that such a scheme should be established; but the practical difficulties are formidable. To mention one of many other possibilities, the Commission will doubtless review the question whether a flat rate of so-called "dole" is a necessity, or whether benefits can be scaled up or down in accordance with the conditions in various localities and different industries. Yet again, the possibility of lowering the Old Age Pensions age, in order to relieve the scheme, will doubtless receive careful consideration.

The mention of such items as these serves to emphasise that the terrain of investigation covered by the four headings enumerated above is immense, and the complexities involved are manifold. What is expected of the Commission is this: that it should first of all indicate how and within what scope of employment (in the absence of abnormal economic depression) an actuarially sound contributory insurance scheme can be maintained; and secondly, how the country can best perform the function of relieving from distress those whom a sound insurance scheme cannot possibly carry. The first of these tasks involves a definite decision as to the employment area to be covered by the scheme. Are railway workers to be included, or agricultural labourers, or domestic servants? The inclusion of the first-named might assist the finance of the scheme, for in railway service employment is relatively regular; but would compulsory inclusion be fair to the railway workers if the object of their inclusion be to make the scheme safer for other sections of wage-earners? Again, how far can the Commission afford to embrace in the scheme industries where large-scale unemployment has been for years past, and threatens for years to come, to be chronic?

The composition of the Commission is not such as to arouse hopes of a unanimous final Report. But from the Report of the majority two things at least will be confidently expected; first, that they will effectively repulse all the vigorous attacks which have been made upon the contributory system; secondly, that they will somehow or other succeed in drawing a clear line between actuarial insurance and eleemosynary State relief. On the question of relief, pure and simple, there will be much curiosity whether the Commission will advise that it should be organised centrally or locally. The decision of this question will doubtless be influenced to no small extent by the evidence received as to the work of the local Public Assistance Committees who are administering the "means test" and advising on rates of transitional benefit. On the whole, the performance of these local bodies, apart from certain rather sharp variations in the application of the test, is believed to be more satisfactory than was expected.

One interesting query about the Report is whether Judge Holman Gregory and his colleagues will give their considered views upon the value of State expenditure on public works as a measure for relief of unemployment. In any case, the Commission's findings will be of first-rate social, industrial, economic and political importance to the country; will be eagerly scanned by many other countries in which the unemployment problem has assumed serious proportions; and, finally, will eventually provide the House of Commons with a heavy legislative task, which must be completed before next spring.

IMPERIAL PREFERENCE: S. AFRICA.

Or the two main subjects to be discussed at Ottawa, monetary policy and Imperial preference, the former at least will present some difficulties in the case of South Africa. So far, the Union remains the one British Dominion which clings to the gold standard, and, as our Johannesburg correspondent reports on a later page, the official commission of inquiry has recommended the continuance of this policy. Although a certain section of public opinion favours a departure from the gold standard,

there seems no likelihood, at any rate for the time being, of such a move, so that South Africa will be unable to participate effectively in such part of the Ottawa discussions as may relate to the "management" of non-gold currencies on a sterling basis.

In the matter of Imperial preference, South Africa's position is less complicated than that of either Canada or Australia. She has practised some measure of preference since 1903, and when, in 1925, provision was made for reciprocal most-favoured-nation agreements with foreign nations, it was provided that such agreements should not apply to goods on which a preference had been granted to the United Kingdom. The preferential agreement with Australia was cancelled in 1926, but Canada and New Zealand, along with the United Kingdom, still enjoy preferential treatment. Trade with British countries always forms much more than half the total, though for a period of several years until 1930 the percentage had been steadily declining. In 1931 imports from British countries were 56½ per cent., and exports to British countries 82 per cent. of the total. The following table shows the origin of imports to and destination of exports from South Africa; gold bullion, exports of which to the United Kingdom amounted to £24.5, £33.4 and to £39.0 millions respectively, and specie are omitted:—

MERCHANDISE TRADE.
(In millions of pounds.)

	Imports (excluding Government Stores).			Exports of South African Produce.		
	1927.	1929.	1931.	1927.	1929.	1931.
United Kingdom	31.7	33.1	21.8	23.9	22.3	9.2
India	2.4	2.5	1.6	0.4	0.3	0.1
Australia	1.5	1.6	0.4	0.2	0.1	0.03
N. and S. Rhodesia and S.W. Africa	3.2	2.9	2.0	2.2	3.0	2.5
S.W. Africa	2.0	2.7	1.8	0.1	0.2	0.8
Canada	1.4	1.4	0.8	1.1	1.0	0.6
Other Empire countries	42.2	44.2	28.4	27.9	26.9	13.2
Total Empire						
United States	11.3	14.9	7.0	1.6	1.6	0.8
Germany	4.6	5.0	3.3	4.2	4.3	1.5
France	1.7	1.5	1.0	5.0	4.2	2.3
Belgium	1.3	1.6	1.0	3.3	4.3	1.5
Japan	1.0	1.4	2.4	0.1	0.1	0.1
Other foreign countries	8.7	10.4	7.2	3.7	3.7	1.8
Total origin	28.6	34.8	21.9	17.9	18.2	8.0
Total	70.8	79.0	50.3	45.8	45.1	21.2

The decline in the British share of South African imports, which had been going on for some years before 1930, was due to an expansion in the total, to which motor cars and petroleum contributed very largely, while the amount coming from the United Kingdom remained almost stationary. When the slump came, however, United States imports, which had increased by 50 per cent. between 1925 and 1929, fell off more sharply than those from other countries. Motor car imports, for example, declined from £3.7 millions in 1929 to £1.4 millions in 1931, but while those from the United States fell from £2.5 to £0.8 million and those from Canada from £0.6 to £0.2 million British motor imports were maintained practically unchanged at £0.4 million.

The principal South African imports fall into two main classes, motor cars, machinery, and certain other iron and steel products—in most of which the United States is our principal competitor—and textiles and apparel, in which the chief challenge to our position comes from Japan, the industrial countries of Europe, and, in certain lines, from India. In cotton piece goods, of which we supply more than half, Japan has greatly strengthened her position during the last two years, partly at the expense of the United States, Italy and Belgium. Of rayon piece goods, which South Africa imported to the value of about half a million sterling in 1931, Japan supplied nearly half, whereas she only sent 1 per cent. of the much smaller import of 1929. Japan has also received a slightly larger absolute and relative share in the silk piece goods trade. Of imports of woollen piece goods this country supplied three-quarters, both in 1929 and 1931. France and Germany were our chief competitors, but their share was comparatively small.

If, therefore, South Africa wishes to offer any concessions at Ottawa, those which would be of most value to this country would be preferential treatment in respect of textiles, apparel, motor cars, machinery and iron and steel. On some of these the United Kingdom already receives preference, but in many cases the maximum duty is too low for the preference to be very effective. As, however, the Dominion has always tried to avoid a tariff policy which would increase more than need be the costs of its own industries, it is not likely to lend a very favourable ear to proposals which would involve an increase in the duties on foreign iron and steel manufactures. Nor, as the purposely protective duties on textiles and apparel are in most cases fairly high, is an increase of British preference in this field likely to be very easy to obtain.

The prospect of obtaining these concessions would be very much brighter were there any evidence that South Africa herself hoped to obtain substantial advantages at Ottawa. This Dominion has given singularly little evidence of interest in the forthcoming conference, and a glance at the statistics of her principal exports leaves the reason not far to seek. In the three years preceding the trade depression, 1927-29, exports of South African produce, apart from gold and diamonds, averaged £35.1 millions. Of this, £16 millions represent exports of wool, £3.8 millions hides and skins and £2.8 millions maize. No other export approaches these in value at present. Now wool, as we explained last week, is a fruitless subject for Imperial preference, as the Empire as a whole produces more wool than it consumes. This fact is recognised in South Africa, and therefore by far her most important export is ruled out of discussion. As to maize, the United Kingdom was taking, before the slump, about 70 per cent. of the South African output, but this is only a negligible part of total consumption in the United Kingdom. In the years 1927-29 we imported an average of 39 million cwt. of maize and maize products, of which 28 millions came from Argentina and about 5 millions from South Africa. To enable the Union to increase her sales of maize to us by means of a preference we should therefore have to penalise the British consumer in respect of nearly three-quarters of his maize supply.

In respect of the remaining large South African export, hides and skins, Great Britain is a much less important market. France, Germany, Italy and Belgium are all large purchasers of hides from South Africa, and France and the United States take a large share of the Union's goat- and sheepskin exports, the sheepskin purchases of the United States far surpassing our own. Except for our imports of wet oxhides from Argentina, the bulk of our hides and skins come from British countries, and it is therefore possible that the market for South African skins in this country might be extended without too great a burden upon the taxpayer.

As South Africa is very anxious to extend her overseas sales of fruit, it is possible that some preference in this direction will be asked for by the Union. It seems, however, clear that the only commodities an expansion of whose markets would afford the South African exporter a substantial immediate advantage, are just those in which there is no case for a preferential tariff by this country, so that South Africa can hardly be blamed for not taking a very lively interest in the forthcoming Conference. In addition, her own hands are to some extent tied by the most-favoured-nation treaty concluded with Germany in 1928. Article 8 of this treaty provides for most-favoured-nation treatment by each country of the produce or manufactures of the other

"provided that in respect of the goods now specifically enumerated in the existing legislation of South Africa the German Reich may not claim the minimum rates or rebates which can only be granted on such goods if produced or manufactured within Great Britain and Northern Ireland and the British Dominions, Colonies, Possession or Protectorates and when imported therefrom for consumption within the Union nor such minimum rates or rebates as have actually been granted to Canada and New Zealand respectively in respect of the articles specifically mentioned in Schedule II, Parts II and IV to Act No. 38 of 1925 of the Union of South Africa."

The italicised passages (the italics are our own) seem to imply that in respect only of existing and not of future

preferences is South Africa exempt from the obligation to extend them to Germany. This additional obstacle, superimposed upon the statistical situation analysed above, leaves very little prospect of any very far-reaching preferential agreements with South Africa.

THE FISHING INDUSTRY.

JUDGED by the number of persons which it employs or by the proportion of the annual value of its production to the total national income, the contribution of the fishing industry to the sum of our economic activities would not appear to be very great. It gives direct employment to approximately 60,000 persons in the United Kingdom; and in 1930 the value of the total British landings of wet fish was £18,803,000. These figures are hardly imposing when we compare them with those relating to our great manufacturing industries. But though the fishing industry has to-day lost much of the importance which belonged to it when England was still an agricultural country, and when, incidentally, the sailing ships of the Navy drew a much larger proportion of their seamen from the ranks of fishermen, its present position and the many difficulties confronting it are nevertheless deserving of attention. Fish is still a valuable element in the national food supply.

In Scotland the industry is not only in a critical condition; it is a factor of considerable importance in the life of the people. There are many miles of coastline along which small towns and villages are scattered where fishing is almost the only source of livelihood. To these communities the difficult times through which the predominantly Scottish herring industry has been passing since the war have brought real hardship. In England the greater part of the men employed in fishing are engaged in deep sea trawling, a section of the industry which until recently was making steady progress. But about a third of the total of English fishermen belong to the category of inshore fishermen, a class which may be compared with the smallholders of agriculture. While large-scale methods have been introduced into the industry, and at great fishing ports such as Hull, Grimsby and Fleetwood steam trawlers land about 95 per cent. of all British landings, the inshore fishermen using small boats, with crews of three or four, continue to carry on the old occupation of fishing in much the same manner as in the past. When the weather is rough they can fish only with difficulty and they land very little. When, on the other hand, conditions are favourable, their catch, though fresher than the fish brought in by long-distance trawlers, is only a small part of the total supply. In consequence, their bargaining power is small, and they often fail to obtain even a reasonable price.

Thus, with the exception of the deep-sea trawling section, the fishing industry has for some time been a depressed industry. The problem is the more urgent in that in just those sections which are most impoverished (the herring industry and the inshore fisheries) the position of the fisherman as a joint-venturer whose earnings take the form of a share in the profits places him outside the scope of the unemployment insurance scheme. Nevertheless, the economic facts which lie behind the difficulties of the industry are not such as to encourage the hope of any easy solution. They will be found fully set forth in the report published a few months ago by a Committee of the Economic Advisory Council.* The report brings out the fact that the increase which up till 1930 was taking place in the consumption of "white" fish (a term which, roughly speaking, includes all wet fish as opposed to shell-fish, with the exception of herrings, sprats, pilchards and mackerel) is largely to be attributed to a marked shifting of demand from herrings to white fish. White fish is not exported from this country on any large scale, and the industry is primarily interested in the home market. The British Trawlers' Federation has recently pursued a vigorous policy of advertisement financed by a levy, with the object of persuading the consumer to "eat more fish."

* Economic Advisory Council. Committee on the Fishing Industry. Report. Cmd. 4012.

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and the market has been further developed by improved methods of filleting fish at the ports and of direct supply from port merchant to retailer. Thus during recent years trawling has been an expanding industry. The fleet has increased in numbers, and is mainly composed of modern vessels specially constructed for the service. New fishing grounds have been discovered in the region of Bear Island, and the application of scientific research to the problem of discovering the best methods of storing and preserving fish on the voyage home from the fishing grounds is making possible on an increasing scale the exploitation of the more distant grounds. Thus between 1926 and 1930 British landings of white fish showed a substantial increase, while the figures for imports remained fairly constant. The total consumption of white fish increased over the same period from 13,326,000 cwt. to 16,809,000 cwt., and it is only recently that the effects of trade depression have made themselves felt in a marked fall in the quantity of British landings, and a more than proportionate fall in price.

Unfortunately, the increase in the consumption of white fish cannot be said to have reflected a growth in the prosperity of the fishing industry as a whole. As we have already observed, it has taken place to a considerable extent at the expense of a tendency to eat less herrings. A comparison of the average consumption of herring *per capita* during the years 1911-13 with that over the period 1927-29 shows a decline of 4.5 lbs. per head, or 35 per cent. In round figures this has meant a reduction in consumption of 1,400,000 cwt. out of a total production in 1913 of 11,763,000 cwt. But the herring industry has always depended in a large degree upon exports, and the decline in home consumption, serious though it is, has not been so disastrous in its effect upon the industry as the almost complete loss of the Russian market for pickled herrings. Before the war this important market accounted for roughly three-quarters of the total British cure. Including re-exports from Germany, Russia consumed about 1,600,000 barrels annually. Since the war she has been no more than an occasional buyer of moderate quantities at irregular intervals, her largest purchase being 276,000 barrels in 1924. In place of British herrings the Russian Government now obtains its supplies from Norway, who produces pickled herrings of an inferior quality but at a much cheaper price.

It is difficult to see in what way any substantial part of this market is to be regained. In 1931 the production of pickled herrings fell from 1,517,000 barrels to 879,000 barrels. Thus the industry is facing a period of acute crisis which comes on top of ten years of depression. Throughout those years the persistent problem of the industry has been that of redundant productive capacity. It is true that in comparison with pre-war times the number of vessels at work and of men employed shows a considerable reduction. But the loss of markets has been much greater. The Committee of the Economic Advisory Council, in considering the situation, were forced to the conclusion that a policy of maintaining or even increasing the productive capacity of the industry by the provision of loans to fishermen for the purpose of building new drifters could only lead to an intensification of the evils from which it was suffering. They felt more hopeful of the possible economies in costs to be obtained from the new motor-drifters with which experiments are being

conducted. They also recommended the setting up of statutory boards of producers to regulate the production and marketing of pickled herrings for export. At home it is possible that something might be done to increase the demand for herrings. But it is by no means certain that if the Norwegian herrings at present imported in the early months of the year were to be excluded, the kippering industry would be able to obtain regular supplies in sufficient quantity. A less hazardous line of advance might be found in the increased advertisement of the kipper. But at present the raising of the necessary funds would be difficult.

The problems of the herring industry are, in general, similar in character to those with which all our export industries are faced. In comparison with these, the case of the inshore fishermen is of a different kind. Their difficulties are due not to changing conditions of demand, but to the attempt to maintain, in a world where the scale of organisation is constantly growing, the individualistic methods and outlook of the past. For many years now those who have examined the position of the inshore fishermen have been unanimous in the opinion that only by adopting co-operative methods can these small producers hope to meet the competition of the large-scale trawling industry and resist the attempts of unscrupulous middlemen to force them to accept unduly low prices. The Fisheries Organisation Society, a body formed in 1914 under a scheme framed by the Development Commissioners, has done valuable work in advocating the policy of co-operation. But their efforts meet with serious obstacles in the conservatism and independence of the fishermen. Nevertheless, co-operation is essential if the inshore fisherman is to survive. Without it, it is difficult to avoid the conclusion that, except as a producer of luxury fish and shellfish, he is destined to lose ground even more rapidly in the future than he has been doing in the past.

AFGHANISTAN.

(BY A CORRESPONDENT.)

ORDER having been restored under a strong ruler, who will follow the path of progress at a less breakneck speed than King Amanullah, an era of cautious economic development is being opened in Afghanistan. The foreign trade of the country has never been large. It was estimated before the War at £5,000,000, of which two-thirds passed over the frontiers of British India; the bulk of the remainder went northwards to Russia, but a little wool and opium were exchanged on the Persian border. In 1924, when Russian Asia was disturbed, the value was placed some 20 per cent. lower, and since then prices have fallen heavily in Afghanistan as elsewhere. All estimates are, however, entirely uncertain, since no statistics of frontier traffic were maintained by the Afghan Government before 1931, and the Indian Government has in recent years recorded only the weights and quantities of goods at certain terminal railway stations, abandoning the attempt to assess money values at the head of the frontier passes.

British goods now hold but a small place in the Afghan market, for the familiar reason that their price is too high. Piece goods and hardware are Russian and Japanese; from Russia also come oil and tobacco, sugar and grain, while Japan supplies matches and hardware, perfumes and soap. Great Britain prevails in some types of machinery (not motor-cars, which are all American), while from India enter grain and salt, oil and tea. Afghanistan's chief exports are wool, carpets and rugs, which travel to both Russia and India, but her fruit sales are also considerable, while tobacco and grain are exported in quantities roughly equal to the imports, the exchange being due to difference of quality and season. A substantial balance in favour of Afghanistan is paid in treasure, amounting to £150,000 in 1930. The extension of the Khyber railway to the frontier has not appreciably added to the northern trade, the route from Quetta to Kandahar is still preferred; and, in view of the unsettled state of the country during the late disturbances, it is not sur-

prising that the total volume of goods crossing the frontiers has not increased. Afghanistan contains no railways, and though a proposal has been mooted that Japanese capital and engineers shall be employed in their construction, no final agreement has been reached. The suggested line would connect Kabul with Kandahar, and Kandahar with Herat, the direct Kabul-Herat alignment being rough and mountainous. A line would also run from Kabul towards the Khyber Pass, but if this were to surmount the 8,000-ft. ridge near Kabul Khurd, only a modest gauge would presumably be used in the interests of economy. Nothing has been said of a branch towards Kushk, on the Russian border, or to meet the narrow (2 ft. 6 in.) Indian line in the Kurram Valley from Parachinar to Thal. The Russian gauge is 5 ft., the Indian broad gauge at Quetta and in the Khyber Pass 5 ft. 6 in. The Afghan Government may perhaps desire to have a break at the frontier, and may prefer the metre gauge or the European 4 ft. 8½ in. to a wider and more costly scale. Full surveys have yet to be made.

In a hilly country, however, aeroplanes and roads enjoy an advantage over railways. Afghan pilots have been trained for military duty, but are not available in such numbers or with such experience as to man a commercial fleet. A weekly Russian air-mail connects Kabul with Termez, and thence with Moscow; and the German firm of Junkers has been granted a license for a service within Afghanistan and to the capital of Persia. There is at present no Indian connection, though the evacuation of the Kabul Legations by air in 1929 proves that no technical difficulties need arise. For outlying districts the prime necessity is a levelled but not always a metalled road, whereby the motor-lorry may penetrate to the villages, replacing the camel and the mule. Several roads round Kabul have been metalled, including the greater part of that to the Khyber Pass; a good unmetalled road runs to Kandahar, a variable track to Herat, and the three years' task of levelling the mountainous route to Mazar-i-Sharif in Turkistan should be completed in 1932.

Only when communications are open will the efforts of King Nadir Khan bear appreciable fruit. Afghans trained in France are starting to assist the silkworm-growers and silk-reelers of Kandahar, Egyptian and American cottonseed is being imported for acclimatisation on the Government agricultural farms, a raw sugar factory is working at Jalalabad, cloth factories are busy at Kabul and in Badakhshan, and a woollen shawl (pashmina) factory is established at Kandahar. Carpet-making with modern machinery has not been attempted, and there is a grave danger of standardisation and artistic loss when this occurs. Articles in which the producer's personal taste is relatively unimportant have wisely been handled first, and industries such as tobacco-curing, fruit-drying and the tanning of skins and hides await the attention of patriotic Afghans. If, as is hoped, the oil deposits in the neighbourhood of Herat are found to be of economic value, the progress of that remote province may be extremely rapid. The Ministry of Commerce has sent samples of the oil to Europe for examination, and is contemplating the grant of a monopoly. Foreign capital and enterprise will evidently be invoked.

Mining developments are anticipated, but previous efforts have been unsuccessful in consequence of the backward state of the country. Gold exists in the north, but is still inaccessible and its amount unknown. A mint has been set up in Kabul, but uses imported metal. Copper and lead are so situated as to be out of reach, lapis lazuli is worked only sporadically, but coal has now been found in an approachable position in the north of Kabul province, and its exploitation is to be begun. The finance of all these projects is not easily arranged. Afghanistan is reluctant to incur the liability of foreign loans, at all is scanty, and public confidence is weak. Financial help from America might be acceptable, but a guarantee of security from interference would no doubt be required by the capitalists from whom the funds are derived, and, however genuine the good faith of the Afghan ruler and his Government, an unexpected turn of fortune might always upset his plans. The annual revenue of the State is about £5,000,000, derived principally from Customs and

the land tax; the main heads of expenditure are the army and the civil administration, with minor allocations for education and public works. There is no margin for bold enterprises out of revenue, and the advance of Afghanistan must consequently be limited under present conditions to a moderate pace.

Notes of the Week.

The First Week at Lausanne.—Our special correspondent cables:—The Reparations Conference opened with a burst of excitement. The leakages and rumours indicated that some form of moratorium was contemplated, and for this Conference "moratorium" spells failure. But in the event, the signature of a declaration by the principal creditors of Germany that as far as they were concerned—and they invited all the other Powers to join them—all reparation and war debt payments due during the period of the Conference would be "reserved," was properly received as a preliminary success. It was due to British initiative, and was not brought about without difficult negotiations with the French. The cynics say that the Conference has now only to adjourn indefinitely, without ever formally dissolving, and its task is done; but the mere adjustment of reparations is only part of its problem. The Prime Minister has all along insisted that reparations must be regarded as a facet of the world crisis, and that whatever solution the Conference may reach must be of such a character as to provide a big stimulus, both psychological and direct, towards general economic recovery. So long as this broader view is maintained, the British case is impregnable. There is no sign yet of any relaxation of the British thesis, but the Conference cannot hang fire for ever, and Mr MacDonald's patience may break before M. Herriot's. Perhaps our strongest card is the argument that, if France were niggardly about reparations, we, as well as the United States, would have to insist on our rights under our debt agreements. M. Herriot has blown hot and cold; he is clearly worried, and the addition of American pressure for a big disarmament move has added greatly to his cares. The report that Mr Gibson associated debt revision with disarmament is officially denied, but it is widely believed that he presented the case for disarmament from the point of view of the American public, in whose mind the two things are clearly linked together. The French are very isolated at this Conference. They have, of course, their usual satellites in Eastern Europe, and they are reported to be making common cause with the Belgians in demanding "payement globale," after a moratorium, of 7 or 8 milliards of reichsmarks; but Great Britain and America are much closer than Great Britain and France over disarmament, and as far as reparations are concerned France stands alone against the rest of the Great Powers. The Germans are waiting and watching while others do the talking; perhaps that is as well, since it absolves them from having to make any flat declaration of refusal to pay, which Herr von Papen was careful to avoid in his admirably-phrased opening speech. On Wednesday and Thursday Franco-British negotiations reached a fairly definite stage. Mr MacDonald has attempted to confine the discussion to a consideration of four points on which there is general agreement. Firstly, the settlement must be final. Secondly, any solution must bring about a revival of economic confidence. Thirdly, Germany can pay nothing either immediately or during the period necessary for her recovery. Finally, if any proposal involves payment in the future, such payment must be possible as a result of normal commercial intercourse. It is in the interpretation of these principles that difference of opinion arises. The British delegation have made them the basis of powerful arguments for cancellation, which they have presented in reply to the statement of the French case which M. Herriot delivered on Wednesday. Briefly, the British position is this:—Finality, which is absolutely essential for a restoration of world confidence, is out of the question if future reparation payments remain hypothetical. Any

sum which Germany might with certainty be able to pay in the future is so small as to be almost worthless and would be altogether outweighed by the handicap on trade revival which the consequent uncertainty and political irritation would involve. Moreover, if at the end of an indeterminate period reparations had to be reviewed, Germany's private creditors would merely seize the opportunity to withdraw their credit. The revival of German economic life and of the purchasing power of the German people, so far from being a commercial handicap to other countries, is essential to their economic recovery. As to the argument that Germany's industry would receive an unfair advantage by being relieved of the reparations burden, Mr MacDonald is believed to have argued that, although reparations might be an intolerable charge on external trade, they form only a minute part of total German industrial fixed charges, and that, apart from borrowing, which cannot be continued indefinitely, it would be only by limiting imports and by forcing exports that reparations could ever be paid. It is not too much to say that the Conference has resolved itself into a pitched battle between economics and politics.

Mr Hoover's Show-down.—The phase of "private conversations" in which, as noted by our League correspondent in his letter on page 1404, the Disarmament Conference was still immersed during the earlier part of this week, was dramatically ended on Wednesday by the hasty summoning of the General Commission for the purpose of hearing proposals transmitted through Mr Gibson by President Hoover. The American proposals were, briefly: (1) That the armaments of the world should be reduced by roughly one-third; (2) that in the case of land forces, all tanks, chemical apparatus and large mobile guns should be suppressed; and that the strength of armies over and above a "police component" necessary for the maintenance of internal order and proportionate to the average allowed to Germany and other defeated States under the peace treaties, should be reduced by one-third, subject to necessary corrections for Powers with colonial possessions; (3) that all bombing aircraft should be abolished; (4) that the Washington Treaty numbers and tonnage of battleships should be reduced by one-third, and the Treaty tonnage of aircraft carriers, cruisers and destroyers by one-quarter; that the Treaty tonnage of submarines should be reduced by one-third (subject to a maximum for any nation of 35,000 tons), and that in carrying out these proposals the French and Italian strengths of cruisers and destroyers should be calculated as though they had signed the Treaty of London. In describing Mr Gibson's statement as "deeply interesting and profoundly important," Sir John Simon stated that the British Government welcomed the wide view thus taken of the disarmament problem. Reserving fuller judgment until he had had more time to study the proposals, he observed, however, that Great Britain would like to go further in the direction of abolishing submarines, or at least of limiting their size to the strictly "defensive" limit of 250 tons. In addition, he suggested that the proposals might also be supplemented by agreement to reduce to 25,000 tons all future capital ships and to reduce gun calibre from 16 inches to 12 inches. Signor Grandi announced Italy's unconditional acceptance of Mr Hoover's terms, and a warm welcome was also accorded to them by M. Litvinoff for the U.S.S.R. and Herr Nadnoldy for Germany. Objections, however, were at once raised in the name of France by M. Paul Boncour, who is reported as saying that the Hoover proposals would be unacceptable to France unless they were coupled with the acceptance of the French plan for the organisation of an international "security force." The reception of the proposals by the French Press of the Right was unequivocally hostile.

King Albert's Message.—Last week-end it was announced from Brussels that King Albert had sent an important message to M. Renkin, the Belgian Prime Minister, who is attending the Lausanne Conference. The message began by referring to the opinion, expressed by

all experts consulted by governments since the war, that the prosperity of nations depends on greater freedom of movement for goods, capital and labour. It went on to observe that, in the words of the Financial Committee of the League of Nations, the present measures taken by each State, acting alone, in an endeavour to escape the effects of the crisis are resulting in the strangulation of international trade, the paralysis of markets both at home and abroad, and the doubling of the number of unemployed.

There is thus definite proof that no country can alter the course of economic evolution to its own advantage by the use of its own resources. Only concerted action and international solidarity can remedy the ills from which the world is suffering. It is time for this solidarity to be shown otherwise than by words. It seems to me that Belgium should not hesitate to take the initiative in this direction required by circumstances, and to this end to associate with herself those other States which are convinced of the need for a change in economic policy.

This admirably phrased message was followed, as we show below, by consequences in the sphere of fiscal policy which we trust will ultimately prove far-reaching.

The Dutch-Belgian Tariff Convention.—Within twenty-four hours of the publication of King Albert's message, there came from Lausanne the news that the representatives of the Dutch, Belgian and Luxemburg Governments had initialled at Ouchy a Convention "for the reciprocal and progressive reduction of economic barriers," to be submitted without delay for the approval of the respective Governments. The Convention, which is a sequel to the Oslo Conference of eighteen months ago and subsequent conversations at Hamburg, begins with a preamble in which the contracting parties declare their desire to take concerted action towards the progressive realisation of greater freedom of trade—action in which all countries shall have the opportunity to join. The signatories undertake in their reciprocal relations to impose no fresh duties, and to proceed, by means of an annual reduction of 10 per cent., to lower the existing duties to a certain level which, it is understood, is contemplated as 8 per cent. *ad valorem* on manufactured goods, and 4 per cent. on semi-manufactures. Any other State may adhere to the Convention on a footing of equality with the signatory States. We regard the Convention as a most promising development which, we hope, will have the unqualified support of the British Government, more especially since adhesion by the three Scandinavian countries is likely to be dependent on the attitude which this country adopts. As our League correspondent points out on a later page, the Convention frankly represents a departure from the most-favoured-nation principle which in the past has proved an important safeguard against fiscal discrimination. Simply to abandon that principle unconditionally would run the risk of producing a situation in which endless bilateral bargains would lead to a deplorable series of unsettling changes and tariff chaos. But the Dutch-Belgian Agreement provides, in our view, a basis for policy which entails none of these risks. While providing for the case of countries which stand in imperative need of revenue from low tariff duties, it establishes a standard of sane, liberal commercial relationships, whose advantages are open to any State which is willing to conform to that standard. We should welcome the prompt adhesion of this country to the Convention, a step which would in no way prevent us from giving still more favourable terms, should we so desire, to Empire products.

The Politics of Steel.—In his despatch this week our Berlin correspondent writes of the sensation caused in Germany by the disclosure that one of the last acts of Dr. Brüning's Government was to acquire a controlling interest in the German Steel Trust. He refers to the not unnatural feeling in Germany that in view of all the circumstances surrounding this transaction much that is yet unexplained requires to be cleared up. On the face of it, the purchase, at a price far in excess of the market quotation, of the Gelsenkirchen shares seems to require explanation. Rumour is busy with the suggestion that the German Government, in deciding secretly to acquire a majority holding in the Trust, was constrained to do so

at all costs in order to prevent acquisition of control by interests associated with the French Comité des Forges. The question at once arises what the motives of the foreign bidders were in fact, or were supposed to be by the German Government. Economically there is much to be said in favour of restoring the closer union between Lorraine and the Ruhr which existed when Lorraine formed part of Germany. Such a re-union, straddling a vexed frontier, would obviously give rise to difficult questions of control; and it is possible to suppose that the German Government, in retaining majority ownership of Gelsenkirchen shares within the Reich, had primarily economic considerations in mind. It is only too easy, however, for the suspicion to gain credence that political motives, especially having regard to the potential importance of the German Steel Trust in relation to European armaments manufacture, underlay the move which Dr. Brüning sought to forestall. The currency of suspicions and suggestions of this nature is liable to do incalculable damage, and the more light that is thrown upon this transaction the better.

The Lords and Economy.—In the course of a debate on Wednesday in the House of Lords on a motion, proposed by Lord Hunsdon, calling upon the Government "to secure a further reduction of public expenditure and a corresponding reduction of taxation," a contribution of considerable interest was made by Lord Reading, who dealt particularly with the large proportion represented in the Budget by the item of interest and management costs of the National Debt. Observing that a successful conversion scheme which yielded a saving of 1 per cent. on the 5 per cent. War Loan would mean a net gain to the Treasury of only some £15 millions a year, Lord Reading suggested that, on the basis of the present price level and the prospective situation of the Budget, this was unlikely to be enough. He could conceive circumstances in which the Government might find it necessary to take very strong measures—a suggestion whose implication presumably is that there should be a statutory reduction in the rate of interest on all Government securities. Lord Reading was doubtless "thinking aloud" rather than intending at this stage to make any definite proposal on these lines; but support for the principle was forthcoming from the Marquis of Linlithgow, who expressed the opinion that we cannot hope ultimately to correct the disharmony between revenue resources and national expenditure, unless we scale down proportionately the income of the *rentier* from the National Debt.

Austria's Transfer Suspension.—As we go to press the position in regard to the international loan for which the Austrian Government has been asking is still somewhat obscure; but whether or not the current reports are authentic that a loan of 300 million schillings was viewed favourably by the Joint Committee of League and Treasury experts appointed to consider the question, it seems clear that the statesmen at Lausanne are far from being in agreement on temporary aid for Austria. According to reports which still lack confirmation, France has demanded as a condition for her participation in an Austrian loan not only unacceptable political concessions from Austria, but an undertaking from Great Britain that she will join in contributing financial assistance for the States of the Little Entente—an undertaking which the British Government are not prepared to give. However this may be, the Austrian Government on Thursday appeared to have abandoned hope of immediate assistance from abroad, and a partial transfer moratorium came into operation on that day, covering, apparently, for the time being, not commercial indebtedness, but all State and municipal obligations to foreign creditors. The development is none the less regrettable because its inevitability has for some time been foreseen.

Lancashire and Ottawa.—The breakdown of the Conference between the representatives of the British and Canadian cotton industries underlines one aspect of the difficulties which confront the Ottawa Conference. So far

as can be judged from cabled summaries of the statements issued by the two sides in Ottawa on Tuesday, the British delegation contended not only that their trade was greatly handicapped by the complex Canadian tariff, but that the present levels of Canadian protection were excessive and unjustified by the difference in production costs. The Canadians appear to have considered the British demands for lower duties on a flat-rate basis unacceptable on the ground that they would fail to give adequate "shelter" to the Canadian cotton industry, though they were ready to support the diversion of imports from foreign countries to British mills by an increase of general tariff rates coupled with a system of preferential drawbacks. Here stands revealed the formidable obstacle which will be presented at Ottawa by the insistence of Canadian industry on a policy of "ourselves first."

Reich, Länder and Nazis.—The dispute between the present Government of the German Reich and the Governments of the three Southern Länder of the Reich—Bavaria, Württemberg and Baden—over the question of re-legitimising the Brown Army is taking a more and more serious turn. On Thursday of last week President Hindenburg promulgated a decree releasing the Nazi Brown Army—and likewise the Stahlhelm organisation—from the restrictions under which they had been placed by a series of decrees issued during the last twelve months of the Brüning regime. This lifting of the ban has been hedged about with certain reservations and warnings; but, in substance, the Brown Army will recover a free hand if Herr von Papen's Government has its way; and the three Southern States have made up their minds that they will not tolerate this. Apart from the former decrees of the Reich Government, the States have imposed bans of their own, and they have signified that these bans will not be lifted. The legal situation is complicated and obscure; but it is obvious that it involves the whole vexed question of the respective powers of the Länder and the Reich; and though, under the Weimar Constitution, it might be open to the President of the Reich to use his emergency powers in order to suspend the rights of the States in this as in other respects, the use of these powers for this purpose in these circumstances would be an almost revolutionary act, to which the States might conceivably retort by secession. The prospect is dark; for Herr von Papen seems to have given certain undertakings to the Nazis which he is being pressed to honour, so that both parties to the controversy are in an unyielding mood. Last week-end brought a heavier toll than usual in casualties, in both North and South, in those week-end political affrays which have now, unhappily, become almost a normal feature of German life. The tension is increased by the fact that "the Brown House"—the headquarters of the National Socialist Organisation for all Germany—happens to be in Munich. On Wednesday there was a conference at Berlin between the Ministers of the Interior of the Reich and the States; but no agreement was reached, and the rift was merely widened by the exposition of the conflicting opinions—Baron von Gayl speaking for the Reich, the Nazi Premier of Oldenburg and the Nazi Minister of the Interior of Brunswick for the Hitlerites, and the Badener, Württemberger and Bavarian Ministers for the Southern "States Rights" standpoint. The Southerners have gone home to report; and there, at the moment of going to press, the German crisis stands—unresolved and menacing.

Chile in Turmoil.—Chile is a rather different kind of country from the majority of her Latin-American neighbours. There is something dour and almost "Nordic" in the Chilean temperament. Normally, public affairs in Chile are orderly and stable; and so, when Chile does catch the Latin-American distemper of revolution she is apt to take it hard. So it seems to be on this occasion. In origin, the present revolution in Chile is obviously one of those revolutionary outbreaks in which Latin-America has been giving vent to her distress, under the pressure of the economic crisis, during the last two years. In most Latin-American countries this kind of revolution is not a

very serious affair. It is a sort of political thunderstorm which blows over as suddenly as it blows up; and you can go through quite a number of them in a twelvemonth without being very much the worse—or, of course, very much the better either. The present Chilean outbreak is evidently more grim. There is real class-warfare and real xenophobia here; and the revolutionaries have unleashed more violent forces than they had suspected. The realisation of this danger has resulted in a strong swing back towards the right—though it remains to be seen whether the forces of disorder can still be brought under control. This reaction declared itself in a counter-revolution which was carried through on the Thursday and Friday of last week, June 16th and 17th. Colonel Grove and Señor Matte have been hurled from power and hustled off the Chilean terra firma to cool their heels in a distant island; a new Junta has been set up under the Presidency of Don Carlos Davila, one of Colonel Grove's original associates; and the new Government is trying to fortify its authority by obtaining the blessing of the late President (or is he still judicially the reigning President?), Señor Montero, and the last President but one, Señor Ibañez. This turn of the wheel, however, has not been accomplished without friction. It displeases the air force as much as it pleases the infantry; and, what is more serious, it has provoked an *émeute* among a Communist element in the Chilean working class. The country is now under martial law, and there has been severe fighting between the Communists and the Carabineros (gendarmes) in Santiago and Valparaíso. The tragic feature of the situation is that these disorders are calculated to aggravate, as nothing else could, the very ills by which they have been evoked.

Seizure of the Dairen Customs.—The Manchukuo Government—or rather the Japanese officials who are pulling the strings of the puppet—have now carried out their threat to seize the Customs in Manchuria, and they have begun at Dairen. Financially this is intelligible, since Dairen is the principal Manchurian port, and this is the point where the Customs receipts can be tapped with the greatest profit to the tapper. On the other hand, from the diplomatic point of view the scandal is flagrant. To begin with, Dairen is in the Japanese leased territory of Kwantung, and nobody can lift a finger there without the Japanese Government's permission; so that the Japanese Government has now thrown away all pretence of being aloof from the Manchukuo Government's acts. In the second place, this is a breach of an agreement which was concluded between the Japanese and Chinese Governments in 1907, only two years after the leased territory came into Japanese possession as a result of the Russo-Japanese War. Under that agreement Japan undertook to leave the China Maritime Customs Administration in control of the Dairen Customs, and this agreement has been observed ever since. It is strange policy for Japan, who claims that her high-handed action in Manchuria is all in defence of her treaty rights, to brush aside an international agreement of such long standing in this cavalier way. The Manchukuo Government has given the inevitable undertaking that it will pay, out of these Customs receipts, the proper quota towards the service of foreign loans; but, even if this undertaking is carried out, this is not the most important point. It is a matter of general international interest that the Maritime Customs should not be prevented by force, at any point in Chinese territory, from carrying out their lawful duties. And who can guarantee that the Manchukuo Customs service will not be misused, by the Japanese officials who will control it, for the illegitimate purpose of unfairly favouring Japanese to the detriment of non-Japanese trade? These are the really important issues which this fresh act of Japanese lawlessness raises.

The Elections in Malta.—Lord Strickland has made his peace with the Roman Church; and in the General Election which has just been held in Malta, thanks to the restoration of the Constitution which the appeasement has made possible, Lord Strickland has achieved a personal triumph, inasmuch as he has been elected in each

of the four constituencies in which he was a candidate. All the same, the late Maltese troubles have left an aftermath which may still prove troublesome. Though the Church has forgiven Lord Strickland, it has thrown its weight in the elections—as was perhaps only human—on the side of the opposite party; and the result is that the Nationalists and not the Constitutionalists are now in office. Sir Ugo Mifsud, who was Prime Minister from 1924 to 1927, formed his Ministry at the beginning of this week. As far as can be judged, the return of the Nationalists to power is a demonstration of the Maltese people's dissatisfaction with the anti-clerical attitude of their predecessors rather than a positive declaration in favour of the Nationalist policy. But the fact remains that the Nationalists, for whatever reason, have been given a majority; and there is a troublesome possibility that the late dissensions between the Constitutionalists and the Roman Church, which have lasted so long and have been composed with such difficulty, may now be followed by dissensions between the Nationalists and the Imperial Government. The Imperial Government has been compelled, until this week, to re-assume the direct administration of Malta, because constitutional government has been impossible during the continuance of the veto—only lifted the other day—which had been imposed by the ecclesiastical authorities upon the giving of Catholic votes to Lord Strickland and his political friends. The Imperial Government's intervention was no doubt necessary; but it obviously gives a handle to any political party in Malta which wishes to stir up Maltese public opinion against the British regime. Now, unfortunately, the Nationalists have been given a definite incentive for going into opposition to the British Government owing to action lately taken by the Imperial authorities, under letters patent, in depositing the Italian language from its former status as one of the languages of public instruction in Malta. The step was not unreasonable in itself, for Italian appears not to be current among more than about 10 per cent. of the Maltese population, whose native speech is a Semitic language. Nor do we believe that the Nationalist Party's policy of union with Italy really represents the wishes of the mass of the Maltese people. The situation in Malta is not on all fours with the situation in Cyprus. It is all the more to be regretted that the Imperial Government should have done anything to give the Maltese Nationalists the appearance of a grievance.

Spanish Developments.—The disintegration within the ranks of Spanish syndicalists which became evident in the early part of this year was carried a step further this week by the publication in Barcelona of a manifesto, signed by well-known former militants of the National Confederation of Labour, which concludes with a strong appeal for positive action to uphold the achievements and progressive work of the Republic against the growing forces of reaction. This is a somewhat tardy rejoinder to the breakaway of the section headed by Señor Joaquín Maurín, with his programme of "libertarian communism." The Maurín group is a compact and formidable minority, however, sufficient to keep the good citizens of Barcelona in a state of nervous tension when they see them being drilled in semi-military fashion in readiness for a campaign of violence should any clash between Colonel Macia and the Central Government provide the opportunity. Article 1 of the Draft Statute has now been passed. It defines Catalonia as "an autonomous region within the Spanish State, under a constitution . . ." thus explicitly rejecting the claim of Catalans to equal sovereignty through the words "Catalan State," which were included in their own Statute framed and ratified by a plebiscite amid such acclamation last summer. Naturally, the extremists on both sides are dissatisfied, and one of the Catalan deputies, Señor Carrasco Formiguera, was expelled from the minority group because he refused to accept this agreed text. It is evident, however, that Colonel Macia perceives the wisdom of consenting to a certain amount of give and take.

A New Index of Profits.—Readers of the *Economist* will recollect that in our issues of April 30th and May 7th last we gave the results of an investigation which we had made into the profitability of British industry by re-analysing our quarterly summaries of company results. We classified joint-stock undertakings into three groups:—(1) Manufacturing and mining; (2) transport, distribution and services; and (3) companies operating overseas. We eliminated from our list all investment trusts and financial companies, all concerns controlling or controlled by other companies, and all but a sample of the large number of rubber companies whose profits were recorded. Being thus left with a conveniently-sized residue of some 700 companies, we grouped their trading periods on the basis of the income-tax year, thus obtaining a weighted average of the terminal dates of companies' years within a few days of December 31st. In order to show more clearly broad changes in the profitability of industry, rather than dividend-paying capacity, we added back, in each case, the debenture interest paid, since our quarterly summaries show net profit after payment of debenture interest. It now transpires that simultaneously with our examination Sir Josiah Stamp was also working on the data provided by our profit summaries. The results of his investigations were given in the presidential address which he delivered to the Royal Statistical Society on June 21st. We cannot attempt here to summarise the many points of interest raised in his paper; but the gist of what he has done is as follows. In order to overcome the difficulty of the "spread" of terminal dates of companies' years, Sir Josiah has taken only the summaries of reports published by us in the first two quarters of each year, a method which gives him an average terminal date of January 14th. This done, he has taken our aggregate figures after payment of debenture interest and combined them with the statistics of assessments under Schedule D of the income tax. From the resulting figures he has constructed a general profit index. Further, using only the *Economist* figures, he has compiled an index of the profits earned on equity capital after deducting preference dividends. We give below the series from 1925 to 1930 of Sir Josiah's two new indices, together with those for the separate groups published in our issues quoted above:—

	1924=100.			Stamp's Indices.	
	<i>Economist</i> Indices.			General.	
	Manufac- ture, &c.	Transport, &c.	Overseas.	General.	Equity Capital.
1925	92	105	110	104.1	109.3
1926	82	100	107	98.3	103.0
1927	104	110	103	106.5	111.4
1928	101	115	101	106.2	110.7
1929	109	120	95	109.9*	114.3
1930	91	109	74	100.9*	94.4

* Provisional.

So far as the index of profitability of equity capital is concerned, the obvious drawback from the long-term period point of view is that alterations in the "gearing" of company capitalisation might result in an industrial recession of identical dimensions producing at two different dates quite disproportionate results on the index. The general index of profits, which Sir Josiah has compiled, is open to the objections, which we endeavoured to avoid in our three group indices, that the data on which it is based include a good deal of reduplication of profits in the case of holding companies and their subsidiaries, and that results which are obtained by lumping together concerns operating both at home and abroad fail to throw as clear a light as might be desired on the profitability of British industry proper.

Cotton Trade Problems.—During the past week, writes our Manchester correspondent, there has been considerable interest in Lancashire cotton trade circles with regard to the result of two ballots which have been in progress. The members of the Northern Counties Textile Trades Federation, which embraces the nine trade unions in the weaving branch of the industry, have voted on the question of striking against the decision of the employers to

terminate all wages and hours agreements, the alternative vote being in favour of negotiating with the employers for a new agreement. At the time of writing the figures are not known, but as the Executive Council of the Operative Weavers' Amalgamation have recommended their members to vote for a strike, and as this union controls about 75 per cent. of the members of the Northern Counties Textile Trades Federation, it is anticipated that there will be a big majority in favour of labour being withdrawn from all the mills in membership with the Cotton Spinners' and Manufacturers' Association, the organisation which has been instrumental in abrogating all hours and wages agreements. Nevertheless, even should the ballot reveal a strong vote for strike action, it is quite probable that the trade union officials will ask for a joint conference with the employers to discuss the situation before issuing strike notices. The old hours and wages agreements came to an end on June 11th, and since then several firms in Blackburn and one large concern in Preston have been successful in getting their operatives to accept a reduction in wages of 12½ per cent. on current rates, which is equal to 22½ per cent. off piece list rates. The Joint Committee of Cotton Trade Organisations is also expected to publish this week-end the result of the ballot on the scheme for dealing with surplus machinery in the spinning section. In connection with this ballot the vote has been taken by the Master Spinners' Federation and the Cotton Spinners' and Manufacturers' Association for their members, while for outside firms the voting papers have been dealt with by the Joint Committee itself. Although the figures have been kept private, there is ground for believing that the result will be less satisfactory than the previous ballot held earlier in the year. On this occasion the spinning employers have had a detailed scheme before them when voting, and it is very doubtful whether the support given to the proposals will be sufficient to warrant the Joint Committee in proceeding with the matter and asking the Government to provide the legislative facilities in order to make the scheme compulsory.

Germany's Foreign Trade.—According to the Statistische Reichsamt, Germany's foreign trade turnover in May shows a reduction of 12.2 per cent. on the preceding month. As the following table shows, the shrinkage in exports has been uninterrupted since October last year, while imports, after a brief expansion in April, touched a new low level during the past month:—

(Millions of Reichsmarks.)				
Period.	Retained Imports.	Domestic Exports (excluding Reparations in Kind).	Export Surplus (+) Import Surplus (—).	Reparations in Kind.
1929—Total	13,447	12,663	— 783	819
1930 "	10,393	11,328	+ 935	707
1931 "	6,727	9,206	+ 2,479	393
1931—October	483	866	+ 383	13
" November	482	738	+ 256	10
" December	491	712	+ 221	26
1932—January	425	530	+ 105	12
" February	441	527	+ 86	11
" March	364	516	+ 152	9
" April	427	472	+ 45	9
" May	351	438	+ 87	9

The heavy fall in imports is ascribed mainly to falling-off in raw material purchases from Rm. 220 millions in April to Rm. 176 millions in May. The category of food and drink, at Rm. 116 millions, shows a decline of Rm. 27 millions on the preceding month, and manufactures, at Rm. 57 millions, have fallen to insignificant proportions. The shrinkage in exports, though less pronounced, is largely the result of the ever-increasing trade restrictions. Raw materials and semi-manufactured articles fell from Rm. 88 millions in April to Rm. 74 millions in May, while manufactures, at Rm. 351 millions, show a reduction of Rm. 17 millions.

Employment and the Cost of Living in May.—According to the current number of the *Ministry of Labour Gazette*, the percentage unemployed among insured workers in Great Britain and Northern Ireland on May 23rd was 22.1, as compared with 21.4 per cent. on April 25th and 20.8 per cent. on May 18, 1931. It is

estimated that the total number of insured workpeople in employment on May 23rd was approximately 9,402,000, as compared with 9,484,000 a month earlier and 9,516,000 on May 18, 1931. In considering the above figures, however, it should be borne in mind that those for May 23, 1932, relate to the Monday after Whit-week, when employment is usually low owing to extensions of the holiday period, whereas those for May 18, 1931, relate to the Monday before Whit-week, when employment is normally relatively high. The number of persons wholly unemployed on May 23rd amounted to 2,001,127, and was 80,761 less than a month earlier, but 156,182 more than on June 1, 1931. The number of persons temporarily without work on these dates totalled 680,664, 516,563 and 668,973 respectively, while the unemployed among those usually in casual employment amounted to 109,515 on May 23rd, or 5,785 more than a month ago. With regard to the cost of living during May, the index number of the Ministry of Labour stood on June 1st at approximately 42 per cent. above the level of July, 1914, as compared with 43 per cent. on May 1st and 45 per cent. a year ago. For food alone the corresponding indices were 23, 25 and 27 respectively.

United British Insurance.—Originally founded in 1915, the financial history of this company in late years has been a history of repeated losses. In one only of the past seven years—namely, in 1926, when a small profit was made—has the company succeeded in averting a trading loss on its operations, and the combined results of these years show a loss on balance of £285,000, of which £233,000 is due to marine insurance. Two years ago the company was reorganised, and the control passed from the Motor Union to the Royal Exchange and the General Reinsurance Corporation of New York. Association with the latter has been responsible for a rapid and large expansion in the accident account, but the business has proved unprofitable and is now to be taken over by the General Reinsurance Corporation. When this change has been effected, the company will be left with fire premiums of just over £100,000, and with accident premiums of probably something under £150,000. So far as the results for 1931 are concerned, it is satisfactory to note that while they show a loss on trading, the figures show an appreciable improvement over those for 1930. The detailed results are set out below:—

	1930.		1931.	
	Amount of Profit.	Percentage of Premiums.	Amount of Profit.	Percentage of Premiums.
Fire	£10,797	— 9.0	£7,985	— 7.1
Accident	265	8.7	—	—
Employers' liability	219	2.3	4,091	1.3
Motor and General	—19,170	— 5.7	—	—
Less items carried direct to profit and loss account ..	—29,483	—	—3,894	—
Total net trading loss	3,480	—	175	—
Add net interest earnings ..	32,963	—	3,719	—
Total amount available ..	32,966	—	32,906	—
Less preference dividend ..	3	—	29,187	—
Total net increase or decrease in surplus assets ..	21,700	—	21,000	—
Less increase or decrease in surplus assets ..	—21,697	—	+ 8,187	—

No dividend has been paid since 1925.

University Life Assurance.—This society is a small, old and very select affair. The society works under the shadow of the old Equitable, which controls the share capital, and the policyholders have the further advantage that the controlling company guarantees minimum rates of bonus of 30s. per cent. for the first ten years and 35s. per cent. thereafter on all "with-profits" policies. The present rate of bonus declared in each of the last two quinquennia is 50s. per cent. per annum. The society was originally founded in 1825, and membership was then restricted to past and present members of the Universities of Oxford and Cambridge. Since that time the scope has been somewhat widened to include membership of all other universities and public schools and certain educa-

tional institutions, but this restricted area and the absence of any commission payments has naturally imposed a slow rate of growth on the society. Nevertheless, in 1931 new business of £217,630 was transacted, compared with £168,785 in 1930, and the society's total assets now amount to £1,417,000. The expense ratio in the absence of commission is very moderate, and works out at 7.1 per cent. (after adjusting for single premiums), while the rate of interest earned last year was £4 4s. 7d. per cent., and shows a reduction of 3s. 1d. per cent. as compared with 1930. The assets have been retained at the values placed upon them on the occasion of the last quinquennial valuation on December 31, 1929, and at the end of last year showed in the aggregate a depreciation of under 4 per cent. on the book values. This depreciation of £57,000 is more than covered by the carry-forward from the last valuation of £87,000.

Overseas Correspondence.

LEAGUE OF NATIONS.

Disarmament — Tariff Convention.

(FROM OUR CORRESPONDENT.)

GENEVA, June 21.

THE Disarmament Conference, at the time of writing, is still in the stage of conversations between the representatives of the most heavily armed Powers. Sir John Simon and Sir Herbert Samuel have been busily engaged in conversations with the Americans and the French on precise points, and though experience teaches prudence in expectations, the area of possibilities has certainly widened. M. Herriot is an uncertain quantity, but he does represent a less rigid France, and his colleagues and supporters of the Left are actively concerned to see that he pursues a liberal policy both at Geneva and Lausanne. In any event, the Tardieu plan is no longer France's alpha and omega. The French are now considering what their positive contribution can be. They are credited with definite propositions for a 10 per cent., even a 15 per cent., reduction in national expenditure on armaments and limitation at that level; and for suppression of heavy artillery and of heavy bombing planes. The Americans are pressing for a scheme for limitation of effectives. The British are themselves uncommunicative about their proposals, but from other quarters concerned in the conversations an exceptionally interesting and important plan is reported. It explains possibly the misunderstanding which arose about a supposed British idea of calling for an armaments truce at present levels—an obviously absurd proposal and one categorically denied by the Prime Minister. So far as can be gathered, and subject to considerable reserve, what the British have been suggesting is that for certain categories of the armaments forbidden to Germany by the Versailles Treaty there should be a long truce in construction, during which no replacements should take place. It has been said that the proposal applies to all armaments mentioned in the Versailles Treaty, but this seems scarcely probable, if only from the fact that the British are not prepared for the abolition of military and naval aircraft, and in fact are said not to be going quite as far as the French in respect of heavy bombing planes.

These are, however, extremely promising lines of discussion. If it were possible to reach an arrangement by which there were a 10 or 15 per cent. cut and limitation in expenditure, coupled with a sufficiently long construction holiday without replacement for the more aggressive weapons, such as capital ships, heavy guns, large submarines and heavy bombing planes, it could not be considered a negligible start. It would, of course, fall short of the abolition of all aggressive weapons at one step, but it might well lead to their senile decay and death. The matter of effectives would not be so urgent, and it might be well worth while leaving it to some extent alone as a concession to obtain such a beginning. The Americans, however, have been pressing the effectives issue, and

appear to be in a mood not to fall into line on budgetary limitation unless something is done about it.

The signature at Lausanne of a convention for the gradual and reciprocal reduction of tariffs between Holland, Belgium and Luxembourg, and the letter of the King of Belgium to his Prime Minister reflecting the general lines of the report of the League's Economic Committee, have created great interest in Geneva. This is not merely because the agreement is a piece of practical business in the only direction in which trade can hope to revive, or because it is action in a world which has been letting all things drift, but also because of the character of the agreement which is being submitted without delay to the respective Governments. The agreement asserts the conviction of the signatory States that the gradual realisation of greater freedom in international trade is one of the essential conditions of world prosperity, and that their concerted action has been taken in this sense. They undertake in their reciprocal relations not to impose new Customs duties and to reduce existing duties by 10 per cent. annually, down to a certain fixed level. They also undertake not to apply any new measures of restriction except in special defined cases. Any other State can adhere to the convention on a footing of equality with the signatory States. This, of course, implies a derogation of the most-favoured-nation clause, but the three Governments hold this to be in accordance with the exceptions which the League Economic Committee has regarded as legitimate. It may be that there are States which will not like this development and possible similar developments with the northern European countries, but they have their opportunity to join in, and it would be unfortunate if the most-favoured-nation clause were to be an obstacle to the formation of at least one oasis of common-sense, with the rest of the world insisting upon remaining a desert in which international trade is gradually drying up.

Taking the foreign trade of the principal countries in January and February, 1929, and comparing it with January and February, 1932, the setback in the two months of this year has been 58.8 per cent. for January and 53.2 per cent. for February on imports, and 60.4 per cent. for January and 54.4 per cent. for February on exports. Between January, 1930, and January, 1932, the effect of the economic depression and the measures taken for the control of international trade have been disastrous in every country of any significance. In the United Kingdom, for example, the setback in imports has been 39 per cent. and in exports 47 per cent. in value; in Germany the figures were 66 per cent. and 49 per cent.; in France, 51 per cent. and 51 per cent.; in Italy, 52 per cent. and 46 per cent.; in the United States of America, 58 per cent. and 63 per cent.; in Japan, 37 per cent. and 53 per cent.; in Canada, 60 per cent. and 49 per cent.; in South Africa, 47 per cent. and 48 per cent.; in Belgium, 50 per cent. and 40 per cent.; and in Brazil, 44 per cent. and 21 per cent.

IRISH FREE STATE.

Politics — Tariff — Foreign Trade.

(FROM OUR CORRESPONDENT.)

DUBLIN, June 20.

THE internal problems of the Free State are completely overshadowed by the international complications which have arisen between the British and Irish Governments. A momentary optimism was aroused by the news that conversations were to take place between representatives of the two countries, but the result of the conference has been to make matters worse rather than better. A complete deadlock seems to have arisen, and it is difficult to amount of climbing down by one or both parties. It is by way of reprisal for the retention of the Land Purchase Annuities, and any measures so taken will necessarily prove injurious to the Free State, which has already quite enough troubles to contend with. It is, moreover, almost certain that no agreement will be concluded between

Great Britain and the Free State at Ottawa, and in view of this it is doubtful whether any benefit is to be gained from the Irish delegates' attendance at the Conference.

The haste with which many of the protective tariffs imposed by the Budget were adopted is proved by the numerous alterations that have already had to be made as the result of experience of their working in practice. The alterations, however, are in matters of detail, and the general protective policy has been, if anything, intensified in the last few weeks. New duties have been imposed on meat, and the area of agricultural protection has thus been extended. The dangers of discriminatory rates of duty for different firms engaged in the same industry have been shown by the decision of one of the largest tobacco factories to close down as the result of the preferential excise duty enjoyed by some of its competitors. Considerable unemployment will result from this decision, and the prospect of absorbing the unemployed in some of the other protected industries is very conjectural.

Needless to say, the new tariff has encouraged a certain number of outside firms to open factories in the Free State. The entry of these foreign capitalists is by no means welcomed by the Government, which is anxious to retain the benefit of the tariff for its own citizens. In pursuance of this policy it has introduced a Bill forbidding outside firms to open in the Free State without a licence from the Minister for Industry and Commerce, who is given a complete discretion in the matter of granting or refusing a licence, and power to impose conditions for a grant. This measure invests the Government with considerable powers of control over industry in the Free State, and is pregnant with serious evils unless it is most cautiously employed. It really marks the introduction of a "planned economy" with the Minister as the planning dictator, and is distinctly socialistic in tendency. It is very doubtful whether it will achieve the object of repatriating Irish capital, as capitalists will not invest unless they see a reasonable hope of political security ahead. It is, of course, obvious that the refusal to permit the most unrestricted competition within the protected area may well encourage the survival of relatively inefficient firms, with consequent injury to the consuming public.

The latest Trade and Shipping Statistics contain a very valuable review of the external trade of the Free State from 1924 to 1931, from which several interesting features emerge. With the single exception of Russia, the trade of the Free State declined less in 1929-31 than that of any other country in the world, and during the whole eight years covered by the review the terms of trade moved in favour of the Free State. These results were caused by the remarkable steadiness of the price of cattle during a period of generally declining prices. The statistics suggest that the demand for cattle is far from the point of saturation, and that the stocks of many of the Free State's chief competitors are tending to decline. The almost unlimited capacity for expansion of the British demand for Irish live stock products is demonstrated, and the value of preference for these commodities in the British market is clearly shown. At the same time the possibility of developing trade with the other parts of the British Commonwealth is seen to be very small. This valuable report should be carefully digested by those responsible for the economic policy of the Free State before they decide on any steps that might prejudice our position at the Ottawa Conference.

UNITED STATES.

Gold Exports — Banking — Industry — Trade.

(FROM OUR CORRESPONDENT.)

NEW YORK, June 15.

It was revealed this week by the New York Federal Reserve Bank's gold reports that there had been earmarked and partially shipped in the early part of the week \$55 millions in gold. This metal, it was authoritatively stated, was for the account of the Bank of France, and completed the transfer of French balances into gold,

apart from amounts normally needed to provide working balances here. Gold exports continue. Shipments since the first of June, with this week's prospects, amount to over \$200 millions. The net loss in May was \$196 millions, and that for April was \$30 millions. However, most of the movement has been from earmarked metal, and future movements, with occasional exceptions which will probably include exports to Great Britain, are expected to be merely removal of gold held in the Reserve Bank vaults for foreign central banks.

Much satisfaction is felt in the financial district over the ability of the country to stand the liquidation of heavy foreign short-term funds here and the translation of foreign central bank dollar exchange into gold. Equally keen is the feeling of relief that the major gold movements are probably at an end and that sentiment will not be so frequently disturbed by the publicity given to the gold outflow. Foreign balances here reached their peak in mid-October, 1929, when they stood at about \$3,000 millions. They are now less than \$700 millions, and since it is calculated that about \$1,000 millions is necessary in normal times to provide for the usual trade transactions, it is unlikely that much more will be exported.

Since foreign countries began to withdraw their short-term funds from the New York market in the autumn of 1929, the net loss in gold to the United States has been only \$400 millions. Withdrawals for Europe were offset until last autumn by an influx from Asia and South America, with the result that, last September, America's monetary gold stock reached the record height of \$5,015 millions. It is now \$3,979 millions, of which about \$440 millions is calculated as free gold. Reserves now held are ample for all purposes and provide a further large supply for possible shipment. Of the foreign balances now held here, about \$400 millions are for European account. Gold now held under earmark amounts to around \$500 millions.

While the Senate is attempting to vote some economies in Governmental expenditure, the House of Representatives has turned to the Bonus Bill, which it has passed. Acceptance by the Senate is doubtful, but in any event a Presidential veto of the measure is certain, and the House has insufficient votes favouring the Bill to carry it with the necessary two-thirds majority over a veto. Also the Garner Relief Bill, which would saddle an expenditure of \$2,000 millions or so on the Federal Government, seems to have died without a chance of coming to a vote. Probably a mild relief measure will be passed, providing for additional funds for the Reconstruction Finance Corporation and \$300 millions or so for lending to States, to be used in relief or public works by municipalities. Measures aimed at tampering with the currency, bank reform and commodity price regulation seem to have little chance of passage at this session.

With confidence strengthened by the better performance in Congress and the gold export menace out of the way, it is felt that the Federal Reserve Bank cheap money campaign will meet with more success. Last week the system increased its Government bond purchases from \$50,000,000 to a total of \$75,000,000, but in spite of that and a reduction of \$15 millions in currency in circulation, the member banks had to borrow a small amount and they further liquidated their loans and investments, largely because of the gold exports. Member bank loans in this district shrank sharply on account of repayment of New York City borrowing made in anticipation of May tax collections, and investments declined on preparations for subscription to the new Treasury offerings.

The second quarterly income tax collection date passed without disturbance to the money market. Owing to the large proportion of old Treasury obligations taken in exchange for the new issues of \$750 millions, the cash requirements of the Treasury on June 15th were comparatively small. Reassurance over gold exports and Government finance gave fresh impetus to the United States Government bond market, where buoyancy became so pronounced as to affect other markets. Commodities also showed a tendency to harden, but the various indices of wholesale prices are still falling.

Trade reports show lack of improvement. The steel industry has receded further to around 17 or 18 per cent. of capacity, and no great hopes are held for early improvement. Ford and one or two other motor companies are doing better, but the motor industry is unlikely greatly to increase its steel requirements this summer. Farm implement buying is at a standstill, and although the wheat harvest has begun prices on the farms are too low, combined with a smaller yield for winter wheat, to permit the farmer to do much more than make bare living expenses. His loans and, in many cases, taxes, are having to wait. Railroad traffic also has fallen a little further and is running about 25 per cent. under last year. Few railroads were able to cover their interest charges in April and they probably did no better in May. More dividend reduction and omission has taken place, for railroads, industrial companies and public utilities. Probably junior bondholders on a few railroads also will have to forego interest for a while.

Dividend reduction by a few of the large banks was not unexpected, in view of the sharp fall in securities held by the banks, the slack demand for credit and low interest rates, but most institutions have now done all the writing down that seems likely to be necessary. The decision to liquidate the bond firm of Lee, Higginson and Company was expected, following the losses involved in the Kreuger and Toll affair, and the news caused no disturbance in Wall Street.

Exports in May dropped to a new low figure of \$132 millions and imports to \$112 millions, compared with \$136 and \$127 millions respectively in April. A year ago exports were \$204 millions and imports were \$180 millions. The fall in exports from the previous month was accounted for by smaller cotton shipments.

Interest in Lausanne has been far from general, and the country seems to have relapsed into its old time apathy with regard to reparations, allied debts and disarmament. However, the efforts of the new German Government to increase taxation and cut doles and other expenditures were greeted as highly favourable in Wall Street, which leans toward sharp debt reduction or cancellation. Ex-President Coolidge's recent statement in criticism of any proposal to soften the debt agreements was unpopular in Wall Street. There the feeling is that Mr Coolidge lost sight of the fact that conditions now are quite different from what they were a few years ago when the settlements were made, and that while this country's legal position is perfectly sound in demanding full payment, such a position is untenable in view of actual conditions in Europe, to say nothing of the best interests of the United States.

FRANCE.

Finance — Social Insurance — Foreign Trade.

(FROM OUR CORRESPONDENT.)

PARIS, June 22.

LAUSANNE and Geneva dominate all other subjects so far as French opinion is concerned, and there seems to be little prospect of any definite decisions being taken in regard to the restoration of the national financial situation until some kind of international agreement has been reached on both disarmament and reparations. Meanwhile, however, politicians are earnestly devoting themselves to finding some means of meeting the deficit of at least 4,000,000,000 francs which, it is expected, will otherwise accrue from the current financial year if the economies proposed by the Finance and Budget Ministers are not adopted. As matters now stand, the Cabinet appears to have more or less surrendered to the ultimatum launched by the Socialists forbidding the proposed annulments of at least a proportion of the recent increased extra allowances to the public servants, pensioners and ex-soldiers, voted by both Chambers prior to the General Elections and applicable under the current Budget. The Budget Minister, it is unofficially stated, is now busy redrafting the more or less drastic programme of economies which received such a bad reception from the recent

Ministerial Council, and it now seems to be likely that the Government will be forced to resort to a substantial loan issue as a partial solution of the problem.

Immediate reduction of military expenditure to a maximum of about 1,500 millions, by annulment of credits voted under the current Budget, has already been officially foreshadowed as possible, and this may be regarded as already practically assured, if only for the reason that such a step would most probably accord with any decision for partial disarmament likely to be arrived at elsewhere. Re-organisation of transport services may be so designed as to lead, if not to immediate economies by the railways, at least to the beginning of an era of diminution of the constantly augmenting annual deficit on the national railway undertaking. Another project, it is expected, will deal with the thorny question of the cost of the public services, which now comprise a personnel of some 715,000 and involve a total expenditure by the State, in respect of pay and extra allowances, of 14,664,000,000 francs, or nearly 30 per cent. of the total spent under the national Budget. In this direction probably no immediate economy can be looked for. It is possible proposals may be put forward for a suspension for some years of further recruitment of new officials and of all promotions to higher grades, but this would give only future relief.

Another proposal which is being discussed is for the creation of an autonomous organisation to undertake the entire control of pensions, on similar lines to the Caisse d'Amortissement for public debt extinction. This, it is suggested, would be endowed (like its prototype) with certain permanent sources of income, and placed by a special constitutional law beyond the reach of demagogic influences and impecunious Finance Ministers. Whether such an institution would be any more immune from raids for the benefit of a hard-up Treasury than the Caisse d'Amortissement has recently proved to be, despite its apparently impregnable defences, is a question. The balance of the money needed to wipe out the certain pending deficit would have to be raised by a bond issue, which for this and other purposes, it is suggested, would be in the neighbourhood of between 2,000,000,000 francs and 3,000,000,000 francs. There now seems to be no suggestion of putting into operation the massive Rente conversion plan, which some two years ago appeared imminent and likely to reduce annual expenditure by about 1,000,000,000 francs, and all concerned appear to be agreed that in present circumstances such a step would be for many reasons impracticable.

The possibility that Germany may be freed from reparation payments and may also drastically modify her national insurance law, and thus largely increase her capacity as a competitor in world markets, has given a notable stimulus to the demand by the French business community for a radical reduction of the cost of national insurance. At the annual assembly of the Presidents of the Chambers of Commerce last week a resolution was adopted unanimously calling for a complete recasting of the system, including a revision of even the principles of the present law, and for the application of the sickness assurance clauses to be further adjourned, if not abandoned altogether, in view of the general situation. Other resolutions urged massive Budget economies, reduction of public servants' pay (similar to reductions already effected in industrial and commercial undertakings), conversion of Rentes, administrative reform, diminution of *étatisme* to its essential proportions, and reform of the bankruptcy and company laws.

The foreign trade returns for May indicate visible exports of 1,470,000,000 francs, representing a drop of 272,000,000 francs on the month, 963,000,000 francs as against May last year and 2,205,000,000 francs against May, 1930. Imports were 2,482,000,000 francs, or 355,000,000 francs lower on the month, 1,269,000,000 francs below May, 1931, and 1,608,000,000 francs below May, 1930. The month's total exchanges, which were the lowest registered since the stabilisation of the franc, were 627,000,000 francs smaller than in the previous month, and resulted in an adverse balance of 1,011,000,000 francs. This brought the total excess of imports for the first five months of the year to 4,169,000,000 francs (equivalent to 32 per cent. of the total imports), as compared with a

deficit of 5,579,000,000 francs (or 29 per cent.) in the corresponding period of last year. Exports of manufactured goods were 3,409,000,000 francs, or 40 per cent. lower than during the first five months of last year, imports of the same class being 1,451,574,000 francs, or only 35½ per cent. smaller, notwithstanding increased import taxes. Vast amounts of very cheap foreign goods of poor quality now appear to be entering the country.

GERMANY.

Lausanne — Hesse Elections — Nazis — Trade — Gelsenkirchen.

(FROM OUR CORRESPONDENT.)

BERLIN, June 21.

THE proceedings at Lausanne are being followed with great anxiety by the German public. Reports from Paris received here just before the Conference gave rise to an excessively optimistic idea of the French attitude. It was thought that the Herriot Government was prepared to do away with reparations completely. The fact that the Conference has begun with an indefinite prolongation of the moratorium does not alleviate the disappointment of finding that France is apparently far from any such renunciation, for nobody supposed that payments would be resumed on July 1st. The reparations problem has long been for Germany something more than a mere financial and economic problem. We know that neither German nor world economy will be very much changed overnight by the complete cancellation of reparations, but we know also that any attempt to save world economy presupposes the complete cancellation of debts and that any qualification would ruin the prospects of a campaign to end the economic crisis. Neither Herr von Papen nor any other Chancellor can seriously enter into a discussion of a new moratorium for, say, three years, or of a future examination into Germany's capacity to pay. German economy has already laboured for fourteen years under the burden of the reparation problem. The last hope of recovery would be gone if she still had to reckon for several years with the possibility that part of the fruits of returning prosperity would be harvested by the reparation creditors. To expect anything else is to ask a psychological impossibility, and it is no wonder that Herr von Papen's attitude is being more and more severely criticised in Germany. The Left urgently points out that Herr von Papen's attitude at Lausanne has been much less firm than that of Dr. Brüning would have been, and it is contended from this quarter that the late Chancellor would have been much more successful at the Conference in bringing about the diplomatic isolation of France. The Press of the Right is also critical, as it expected Herr von Papen to ignore the indefinite postponement announced last week. The high hopes which had been pinned upon Lausanne have now sunk very low.

The Landtag elections in Hesse have resulted in gains of five seats to the National Socialists and of two seats to the Social Democrats, as compared with last autumn. The Centre has held its own, and the Communists have lost three of their ten seats. The National Socialists, the Nationalists and the remains of the Moderate Right together command exactly half the seats, and so cannot outvote the Centre, Social Democrats or Communists. That means that the former Government, composed of representatives of the Centre and the Social Democrats, will have to carry on the administration as it is impossible to form another.

More important is the light which this election throws on the prospects for the Reichstag election. The political and social structure of Hesse is certainly no more unfavourable to the parties of the Right than that of the rest of North Germany. If, therefore, the Right, even with the aid of the border-line parties, can only muster half the seats in Hesse, they cannot count on more than half the votes in North Germany at the Reichstag election, and as the position is much less favourable to them in South Germany, they have no chance of securing 50 per cent.

in the country as a whole, unless there should be some special new development in their favour before July 31st. Meanwhile the National Socialist Party is faced with the difficult decision as to how far they must "tolerate" the highly unpopular financial emergency decree in order to avoid inconvenient reprisals from the Government.

The long anticipated political emergency decree was issued at the end of last week, re-establishing Hitler's Brown Army, which immediately reappeared in many parts of Germany in new and very striking uniforms. Bavaria and Baden have prohibited the wearing of uniforms, and Prussia has maintained its ban on public demonstrations. On Sunday there were serious encounters in the Rhine country between the National Socialists and their opponents, and in Bavaria the National Socialists tried to flout the ban on uniforms. The result was a violent encounter with the police, the breaking by National Socialists of the windows of the Prime Minister's official residence, and a general upheaval. This has led to a determination in Munich to apply the curb really vigorously, while at the same time the National Socialists and the Nationalists in Berlin are insisting that the Reich Government should take severe measures against those State Governments which will not fall in with its policy. The Reich Minister of the Interior, Herr von Gayl, is a wise and cautious man who will certainly do nothing to precipitate a serious conflict between the Reich and the States of the South. Already, however, the Right is beginning to attack him, although he belongs to the Nationalist Party, and much will depend on his ability to resist this pressure.

The German active trade balance has increased, partly owing to seasonal causes, from 54 millions in April to 96 millions in May, a surplus which, however, is far from sufficient in view of Germany's obligations. The total trade has sunk to a new record low level, and both imports and exports are less than half the 1930 average. Though the fall in prices is largely responsible, there has been a very substantial decline in volume:—

	Imports.			Exports.		
	1932	Mill. Marks.	Thous. Tons.	Mill. Marks.	Thous. Tons.	
April ...	427		2,694	481		3,497
May ...	351		2,498	447		3,351

Exports to Great Britain and the United States showed a further decline in May.

Owing to an indiscretion, the sensational news has leaked out that the Reich Government has acquired a majority holding in Gelsenkirchener Bergwerks A.G. That means nothing less than control of the majority of Vereinigte Stahlwerke, and consequently the consolidation of State influence in the German mining industry. The importance of this development is scarcely less than that of the participation of the Reich in the leading banks. The transaction was completed in the most complete secrecy, and the contract was signed by the Finance Minister in the Brüning Cabinet immediately before his resignation on May 31st. The Reich has acquired shares to a nominal value of 110 millions, at 90. As the total capital of Gelsenkirchen amounts to 250 millions, it may be assumed that the State has bought in the open market during the last few months the 16 million shares needed to complete its majority, and this explains the striking rise in the quotation from 24 to 41. Even now, however, the Stock Exchange quotation does not represent half the price paid by the Reich. The shares were bought from the Friedrich Flick-Charlottenhütte group, which has long been known to constitute a dangerously weak point in the German heavy industries. Flick established himself during the years 1924-28 as the leader of the German mining industry. Starting with the relatively small Charlottenhütte, which had a mere 20 millions capital, he acquired the majority of Gelsenkirchen and Gelsenkirchen in its turn holds the majority of Vereinigte Stahlwerke. In addition, Flick controlled important sections of the Upper Silesian iron industry. It was, of course, only possible to build up these vast holdings with the aid of enormous German and foreign credits, and there were heavy loans outstanding on the Flick holdings of shares. The credits were, however, on relatively long terms, and

it is asserted that Flick was not forced to sell just now, as no important repayments were due until 1934. He was, all the same, endeavouring to unload, and as early as the end of 1931 various Dutch, French and American interests were inquiring for the Gelsenkirchen holdings. Hearing of this through diplomatic channels and seeing a danger of the most important German key industries falling under foreign control, the Government made Flick a counter-offer, the more readily as the Dresdner Bank, now owned by the Reich, was, in its capacity as successor to the Darmstädter Bank, one of Flick's principal creditors.

For various reasons this proceeding has caused great excitement among the German public. The von Papen Government is repudiating all responsibility for its predecessor, as it has technically every right to do. The Social Democrats are opposed to the transaction, which they regard, in view of the way in which the purchase price was arrived at, as a huge subsidy to the heavy industries, though the penetration of the State into these industries is, of course, entirely in accordance with this principle. The Right regards the affair as an extension of public control into a new field, with unpredictable consequences. And the secrecy with which the Reich has dared to conclude a transaction involving a hundred million marks is generally condemned. The Gelsenkirchen case is likely to preoccupy the German public for some time to come, as many important points have not yet been cleared up.

AUSTRIA.

Banking — Trade — Industry — Railways.

(FROM OUR CORRESPONDENT.)

VIENNA, June 20.

If anything would prove the necessity for a transfer moratorium or foreign credit support, it would surely be the report of the National Bank on its position at the middle of June. Its holdings of foreign exchange had already sunk to 30 million schillings, and it was therefore compelled to resort once more to a sale of its gold holdings to an extent of 15 million schillings and to use the proceeds to strengthen its exchange holdings. But of this amount 2.5 millions have already been paid out. It is true that the bill portfolio has been reduced by 10 million schillings, as the Bank exercises the strictest control of the material handed in, but the Bank will very soon have to declare that it can proceed no further in the present fashion. The Bank still adheres to the 7 per cent. bank rate, although the resistance to it is steadily increasing, and even in Government circles it is pointed out that the high bank rate is of no use, at least as far as the influx of foreign credits is concerned. Private discounting is almost non-existent, so that the bank rate represents the lowest limit for the discounting of bills. Furthermore, the standstill agreement, which the Austrian banks and firms made with foreign creditors in regard to a sum of about 15 million dollars, lapses on July 19, and as the repayment of the credits is out of the question, the agreement must be prolonged for a further six months. On account of its lack of means, the Credit-Anstalt has already stopped the interest service provided for in its standstill agreement, while the other banks and banking firms still continue to pay the interest for the prolonged credits of 15 million dollars.

The dwindling of Austrian foreign trade continues in consequence of the exchange difficulties and the Customs barriers in other countries. In the months of January to May, 1932, imports sank by 269.4 and exports by 280 million schillings as compared with the corresponding period of last year. The deficit has consequently been reduced by 89.5 million schillings, and amounts to 815.4 millions. At the same time, the Government is thinking of extending the list of import prohibitions. The farmers desire prohibition of the importation of hides, vegetables and fruit. The industrialists have sent to the Ministry of Commerce a long list of suggested supplements or improvements of the import limitations at present in force, but commercial interests are opposed to it.

Export to France has become somewhat easier, as under certain conditions the advance payment of 10 per cent. of the value of the merchandise to the Compensation Office in Paris may be waived. Negotiations with Hungary for a new trade treaty are being continued. The Hungarians wished to have the present treaty extended for a further three months, but this was refused by Austria, for after the lapse of that period Hungary would have no interest in a commercial treaty, as Hungarian exportation of vegetables, fruit and grain into Austria takes place almost exclusively in the months of July to September. Austria therefore demands a prolongation of the treaty of at least one year, which would involve some concessions by Hungary.

The limitation of foreign trade and of trade in general is having a most unfavourable effect upon the merchandise turnover tax. The Government is therefore planning an increase of about 50 per cent. in the tax. For the second half of 1932 the Government hopes to derive from the increased merchandise turnover tax an increase of revenue amounting to 40 million schillings. All this is subject to the assumption that consumption does not decline further. The provinces and municipalities, which are in serious financial difficulty, want to benefit by the increase of the merchandise turnover tax.

The position on the labour market has become worse. During the first half of June unemployment in numerous branches, including textiles, clothing, hats, shoes and metals, increased again. In the iron and steel industry output is steadily declining. The Hütterberger ore mine has been closed, as the Alpine Montangesellschaft at present has a stock of 120,000 tons of iron ore against a requirement which has sunk to the low level of 40,000 tons per month, and the concern has no furnaces in operation, so that further deliveries of ore cannot be taken. In regard to foreign tourist traffic, on which great hopes had been set, disappointment is being experienced. The big health resorts report that they have received many cancellations from abroad, while the general impoverishment will mean that many Austrians, and particularly Viennese, who are accustomed to spend their summer vacations in the Alpine countries, will have to content themselves with more modest holidays or spend them at home. The prices which are being demanded are, however, very low. Failure of the tourist traffic would only make the economic crisis still more acute, for much capital has been invested by hotels and private people in the expectation of returns from the summer holiday traffic.

The crisis on the Federal Railways is no less serious. They are trying by every possible means to facilitate transit traffic in view of the fact that transportation in domestic trade is very weak. More railway servants have been dismissed, and a reduction in pensions is now contemplated. The most necessary investments are being refused, but even this attitude will not solve the problem of the Federal Railways, which is becoming a more and more serious threat to State finances.

HUNGARY.

Politics — Agricultural Relief — Gold and Prices.

(FROM OUR CORRESPONDENT.)

BUDAPEST, June 21.

PARLIAMENT is about to be adjourned for a long summer recess, but the majority of the Government Party for the past three weeks is in open revolt against its own Prime Minister, and makes no secret of its desire that Count Károlyi should resign after the Budget has been passed by the Upper House. It is unfortunate that an internal political crisis is raging at a time when the Government is faced with the all-important national problems of preserving social order and of taking urgent steps, involving the shaken financial structure. Though the fate of the Government will be uncertain for another ten days or so, after a joint audience of Count Károlyi and Count Bethlen with the Head of the State it seems that wiser counsels will prevail, as politicians are beginning to realise that on

the eve of compulsory reduction of interest rates and other measures intended to relieve agriculture, all of which demand new sacrifices from the foreign creditors, no change in the Government is in the interest of the country. Whatever the shortcomings of the Károlyi Government in the financial and economic field have been, it cannot be denied that they have established a great deal of prestige both at home and abroad by their honest endeavours to steer the nation through a most trying period, and members of Count Károlyi's own party would do great injustice to the country by hounding him out of office just now.

Great as is the plight of agriculture, it cannot be denied that politicians have presented innumerable demands, most of which could never be fulfilled by any Government without wrecking the banking system of the country. The Finance Minister is planning a wholesale debt settlement for agriculture with a view to reducing the present interest burden, ranging from 10 per cent. and upwards, to about 6 per cent. It is generally expected that the National Bank will reduce its discount rate from 6 per cent. to 5 per cent., and that the deposit rates paid by the banks to the public will be decreased to 4 per cent. Considering that the amount of banking deposits has diminished more than 20 per cent. since the crisis started a year ago, no agricultural relief scheme can be successful which does not take into account the protection of small depositors. The representatives of the agrarians, in reply to a questionnaire issued by the Government, declared that they do not want to discriminate between the different categories of the creditors, which is very gratifying, as there were, and still are, outcries for a complete moratorium on all foreign debts. Baron Kórányi has repeatedly stated that the Government will not declare a complete moratorium affecting either foreign or domestic debts. The demand for special consideration of the heavily indebted smallholders is reasonable, though recent experiments in Roumania show that extreme caution is necessary in this respect. According to the domestic Press, the Government will suspend the forced sale of lands until the end of October, pending the issue of an ordinance for a general debt settlement. Such a step is certainly called for, but the pressure which is being brought to bear on the Government, from interested quarters, to permit the repayment of capital debts with mortgage bonds in direct contravention of the British Standstill Agreement and to the transfer moratorium decree of the Government, is certainly not in the general interest of the country; first, because it would ruin the currency, and, second, because it would benefit smugglers and speculators. There is, however, an alternative proposal for the creation of a *Caisse d'Amortissement* which, if called into being, would put an end to the speculation and smuggling of mortgage bonds and would secure for the State—which is badly in need of funds—the huge profits realised now by the smugglers and speculators, and could devote them to the relief of the heavily indebted smallholders.

The harvest will begin next week, but the Government has not yet decided how to compensate the agriculturists for the discontinuation of the wheat and rye subsidy (Boletta), which inflicted heavy losses on the Treasury both in 1930 and in 1931, and, in addition, made bread more expensive in Budapest than it is in London or in New York, in spite of the very low cereal prices. Instead of the wheat and rye subsidy, the Government has decided to suspend the land tax, as a *quid pro quo* to the farmers, which means a loss of about 30 million pengő for the national exchequer to be covered from a milling tax, which is both unpopular and difficult to collect. Agrarian interests are demanding the maintenance of the Boletta system, but the Government definitely promised the League Financial Committee to discontinue the Boletta system. There are also other reasons against the wheat and rye subsidy: first, that it delays the necessary changes in agricultural production; second, that it benefits chiefly the big estates and brings no relief to the distressed smallholders.

According to the official indices of the statistical department, the wholesale price index at the end of May stood at 97 (1913 = 100), as against 95 a year ago—a rise of 2

points, which is a striking contrast to a fall of more than 20 per cent. recorded in Germany and other gold standard countries in the same period. Yet in spite of the apparently inflated price level, it would be a leap in the dark to abandon the gold standard—however artificial its maintenance seems to be—so long as budgetary equilibrium is not restored, and political conditions are not sufficiently improved among the Danubian countries to permit the removal of the tariffs, quotas and other artificial and prohibitive measures paralysing normal trade relations. Monetary readjustments must be carefully planned with the assistance of the big central banks through the B.I.S. in all Danubian countries, and not in a haphazard way.

ITALY.

Finance — Corporative Council — Grain Quota.

(FROM OUR CORRESPONDENT.)

TURIN, June 13.

FINANCIAL interest is still mainly centred in the Budget situation. The speech of the Finance Minister, Signor Mosconi, was not encouraging. Coming after Senators Federico Ricci, Ancona and others had insisted on the necessity of economies or new taxation—free conversion of consols, further reduction of salaries of public employees, taxation of all bearer securities were among the devices suggested—the Finance Minister stated emphatically that no tax on State securities was contemplated and that dividends on them will be punctually paid. That was satisfactory; on the other hand, after the general reduction of 12 per cent. in salaries of public servants, a further all-round reduction of them would probably not be well received. Nor is it easy to discover new sources of revenue, recent experience going far to prove that taxation has reached its yield limit. The Minister's policy was in some ways disquieting. The Budget for 1932-33 was recommended by him as a "wait-and-see" Budget (*bilancio di attesa*). No doubt the end of the world crisis will put many things right; but the crisis must be aided to approach its end, and the only way in which States and individuals can promote the end of the crisis is by putting their houses in order. To have recourse to a loan instead of to the printing press was certainly sound, but even the loan, however successful, bristles with temporary difficulties. On May 15th the banks completed the payment of the 4,000 million lire proceeds of the 5 per cent. nine-year Treasury bonds into the Exchequer. Private bank deposits being reduced by such a big amount, banks re-discounted bills at the Bank of Italy, and the discounts and advances figure of the Bank jumped up from 5,844.6 on April 30th to 6,819.1 million lire on May 30. As, in the meantime, partly in consequence of payments on bonds subscribed, notes issued decreased from 13,375 to 13,136.8, and current private deposits from 992.5 to 918 million lire, the State Exchequer was forced to come to the rescue and pay into the Bank of Italy part of the proceeds of the loan. Treasury deposits, which had already increased from 1,514.3 million lire on March 31st to 2,350.9 on April 30th, increased further to 4,098.6 millions on May 20th, a record figure for several years. This financial incident shows that the theory widely held of vast cash sums hoarded somewhere, which the State and other borrowers could tempt forth by good investments, is not valid. At the present moment there are in this country no unused hoards ready to accept good offers. The limit to loans for public and private investments is the surplus saved from day to day from current national income.

There have been some very interesting debates at the National Corporative Council, which is tending to become the effective, though only preparatory, legislative body in our country. Under the chairmanship of Signor Mussolini two Bills were formulated, the first accepting the principle of preliminary examination of the priority of industrial inventions, the second on workmen's compensation, which will be in future administered by a public body, exclusive of surviving mutual insurance associations.

The coming harvest is already depressing future wheat and corn prices. While spot prices for wheat are 1,100-1,200 lire per ton, July futures are quoted at only 950 lire; and the corresponding spot and future prices for corn are 800 and 620 lire per ton. Rumours were recently current that the quota policy would be discontinued next year; but a Decree of June 10th, issued by the Minister for Agriculture, re-enacts the quota system. Soft foreign wheat will be milled only up to a maximum of 5 per cent. of total wheat milled from June 27th in Sardinia, from July 7th in Southern Continental Italy and Latium, and from July 15th in Central and Northern Italy. The percentage is increased to 30 per cent., as from June 27th, for Sicily. Hard foreign wheat will be admitted up to 5 per cent. as from July 7th in insular and Southern Italy and Latium, and up to 30 per cent. as from July 15th in the other parts of the country. The system, which was kept very flexible by continuous regional changes in percentages, worked very well in the interest of the farming class throughout the current year.

ROUMANIA.

New Government — Public Finance — Rist Report.

(FROM OUR CORRESPONDENT.)

BUCHAREST, June 14.

THE acute financial difficulties have at last caused the resignation of the Yorga-Argetoianu Government. Mr Titulescu, who was called to the rescue, has been unsuccessful in his attempts to form a national administration on account of the refusal of the Liberal Party to participate, and Mr Vaida Voievod has now been requested by the King to form a Government, a task which he has accomplished. The principal object of the new Government is to preside over the general election which is to take place in July. Incidentally, it will have to find the means of meeting the most pressing demands on the Treasury, such as the salaries of the civil servants for May and June and the pensions. Mr Vaida Voievod is a prominent member of the Transylvanian section of the National Peasant Party. He is a close friend of Mr Maniu, and resigned from the National Peasant Party Government which preceded the Yorga administration at about the time when Mr Maniu gave up the Premiership. He has made it already known that, true to the principles of his party, the elections will be entirely free and untrammelled by administrative influences. It is quite impossible at this moment to make any forecast as to the result. The main issue appears to lie between the National Peasant and Liberal Parties; but it is very doubtful if either of these will be able to secure a working majority without the help of one or more of the other groups, and so far no definite arrangements have been made by the parties with regard to the impending campaign. Feeling runs very high, and startling developments are not impossible.

The Yorga-Argetoianu administration cannot be said to have been a very happy one. Most of the difficulties with which it had to contend sprang, of course, from the world-wide economic crisis, but the means it chose to meet them were unsound. In the wholesale interference in private contracts it followed the disastrous lead given by the extremists who held the sway in the National Peasant administration after Mr Maniu's departure. Its last and principal measures, the Law of Judicial Liquidation, the Spirit Monopoly and especially the Agricultural Conversion, have entirely killed what credit was left in the country.

The new Government has made it already plain that it intends to maintain the stability of the currency and meet the interest on the public debt. For its immediate needs it has already opened negotiations with the National Bank to secure funds which are held by this institution for other purposes on account of the State. Part of these is represented by 400 million lei, a profit resulting from the issue of new coins which was originally intended to be used for the release of certain frozen assets taken over by the State from the National Bank. Meanwhile, the exchange

restrictions instituted three weeks ago for the purpose of defending the currency are causing a great deal of disorganisation. All exchange transactions are centralised in the National Bank, which is unable to cope with the business. Statements published by the National Bank show a considerable influx of foreign exchange. They do not state, however, that many legitimate requests for purchase of foreign exchange have remained unsatisfied. It is clear that by these methods, even in the present adverse circumstances, the value of the lei can be held up for some time to come, but they are not calculated to re-establish public confidence.

It is hardly possible to imagine a more devastating indictment of financial mismanagement than that contained in the report of M. Charles Rist on the financial state of Roumania. It had been the intention, the report says, by the stabilisation of the currency and the international loan accompanying this measure to wipe out the past and establish for the future precise regulations, the principal of which was the strict observance of the equilibrium of the expenses and receipts of the State. Three years after the stabilisation the Government shows a deficit estimated at nearly 10,000 million lei, and the equilibrium of the current Budget is gravely compromised. Since the year 1930 it had been decided that a monthly decree should fix the sums allowed to the various Ministries for their expenses on the basis of the probable receipts of the month. In spite of this regulation, and owing to various more or less flagrant abuses, arrears have accumulated amounting to more than 8 milliards at the end of 1931. To these must be added the numerous guarantees given by the State, an exact list of which it has not been possible to establish so far. This year important guarantees have been added to those already existing by the Agricultural Conversion Law. In addition there has to be taken into account the position of the various autonomous State Régies. The serious diminution of the Treasury receipts is no doubt due mainly to the general economic situation, but the report points out that if the essential rules of good administration of the public finances had been respected, the situation of the Treasury and of the budget could have remained normal.

After examining various methods of liquidating the enormous amount of arrears and putting the State finances on a sound footing, M. Rist makes the following suggestions: separate arrears from current expenditure; give authority to the Institute of Amortisation to eliminate those debts whose legitimacy cannot be substantiated; and—to recuperate the assets of the State—organise a sound equilibrium of the budget which permits first the gradual payment of the arrears in yearly instalments and can serve ultimately as a basis for credit operations assuring the definite restoration of the Treasury.

TURKEY.

Foreign Credits — Trade Restrictions — Tobacco.

(FROM OUR CORRESPONDENT.)

CONSTANTINOPLE, June 6.

THE return of Premier Ismed Pasha from a complimentary visit to Italy with a credit of 300 million Italian lire brings up to 50 million Turkish pounds the credits acquired from Moscow and Rome during the voyages which he made last month to those two capitals. These credits are the first received by the Turkish Republic from foreign Governments, but they do not imply a reversion to the old bad principle of supporting the Turkish budget by means of foreign loans. The Russian credit is to be used entirely for industrial purposes and is to be received in machinery; the Italian credit is to be used as to one-third in the purchase of machinery in Italy, and one-third in regulating outstanding debts to Italian establishments, the balance being paid to Turkey in cash. The only relief which the budget will obtain is from the lightening of the debts section of expenditure by the application to it of a third of the Italian credit.

It is evident that the Turkish Government is taking the line that the nearest and cheapest industrial help can now be obtained, and will more and more be obtained, from

the two countries where a new and wide industrialisation process is going on rather than from the older and more distant industrial countries. At the same time, it must be observed that Turkey has no intention of undertaking a vast industrialisation like that of Russia or, in a less degree, of Italy. The industrialisation which the Government means to carry out is to be on a modest scale, and will chiefly concern the textile, especially the cotton, industry and sugar production. Nevertheless, the Angora leaders are to draw up a three-year plan for the utilisation of the credits along the industrial lines which it is desired to follow.

The advisers of the Government are making it adopt more and more of the restrictive regulations which have been put into force in European States. The latest decree is a demand for a declaration by all residents in Turkey of the amounts of foreign currency held by them at home or abroad. Foreign subjects need only declare the amounts of foreign currency earned by them from work in Turkey. The object of the decree is to enable the Government to examine how it can oblige such moneys to return to Turkey and prevent them being held by their owners abroad. Whether forced repatriation will be a success remains to be seen, but undoubtedly a large proportion of the fortunes of the Turkish capitalistic class are still in foreign countries. Now that the budget is balanced and the trade balance is favourable again, the main problem that remains is the rectification of the unfavourable balance of payments.

Several modifications have been introduced into the restrictive measures upon trade in the direction of increasing exports while at the same time keeping a tight hold on the amount of imports. Exporters of Turkish carpets and mohair are to be allowed to import foreign products into the country free of the restrictive quotas. The freedom given them is intended to bring about a brisker export of carpets and mohair. On similar lines the Government has taken measures to equalise the import of coffee and sugar against exports of tobacco. Opium producers have been formed into a co-operative society in order that the Government may have control of this export too. Another measure which is intended to avoid dissipation of the national fortune by unregulated private competition is a compulsory amalgamation of Turkish shipping.

A conference of Greek, Bulgarian and Turkish tobacco interests has taken place here. The main immediate result has been the establishment of a Tobacco Office in Constantinople to deal primarily with the sale and selling prices of the tobacco of the three countries. The restriction of production to quotas for each of the producing countries, which is the main end in view, was not pushed to a conclusion. Meanwhile Turkey is restricting her tobacco production to the best areas, and the Government has forbidden State employees to cultivate small patches, the increase of amateur cultivators having augmented the tobacco glut and deteriorated quality. Another inter-Balkan development has been the foundation of an Inter-Balkan Chamber of Commerce, which will deal with the trade and exchange interests of Greece, Turkey, Bulgaria, Roumania and Yugoslavia. These are indications that an economic Balkan bloc is gradually being created, though it is still in a tentative stage.

There have been some signs of unemployment lately, and the Government has rapidly passed through the National Assembly a law restricting all the smaller trades to Turkish subjects.

SOUTH AFRICA.

Native Question — Ore Commission — Gold Standard.

(FROM OUR CORRESPONDENT.)

JOHANNESBURG, May 30.

THE Report of the Native Economic Commission, based on an investigation which has lasted two years, contains, apart from its major importance as a summary of the facts, some most interesting reading for the student of sociology. It is an old and well-founded complaint of the

South African citizen that many of the fundamental actions of the British Government in the early days of the Cape Colony were not merely disastrous in the eyes of the average "colonial," but were highly unwise even in the eyes of the natives' best friends. Paragraph 203 of the Report concludes: "The more your Commissioners tried to get at the root causes of the actions of Europeans in their dealings with the natives, the clearer it became that the difference in the outlook of the native was hardly recognised as a factor in the good government of the latter."

The opening paragraph of the Report explains that the root of the native problem lies in the fact that when Europeans first came to the country the native was living in a primitive subsistence economy. The European brought a highly developed money economy, and the close contact of the two systems created serious maladjustments. In an early paragraph it sets out the importance of realisation by Europeans that there need be no threat to them in the development of the native, but that on the contrary such development would offer some hope of alleviating many of our economic difficulties. The Commissioners endeavour to indicate some of the ways in which the apparently conflicting interests of black and white may be harmonised in the cause of national progress. The Report has been widely praised by moderate critics of all shades of opinion, and should be studied by those with interests in the country.

The long-awaited Report of the Low Grade Ore Commission embodies some two dozen recommendations, apart from very extensive general comment on the subject matter of its terms of reference. The most important divergence of opinion was on the subject of wage levels. Messrs E. H. Farrer (sometime Secretary for Finance and now a director of the Diamond Corporation and of De Beers Consolidated Mines) and W. Gemmill (General Manager of the Transvaal Chamber of Mines) were in favour of the appointment of a Conciliation Board with a view to a reduction of 10 per cent. in wages; Mr A. C. Sutherland (lately retired from a senior technical post in the Mines Department) considered that a Conciliation Board, if appointed, should not act under any instruction or recommendation; Mr R. van Reenen (Chairman of the Commission and a public official) and Mr D. Reich (representing the Trades Unions) considered that the ordinary sequence of current economic events will force employees to the choice of lower wages or less employment, but did not consider that the question should be brought forward as it would not be in the interests of the State as a whole to risk strikes or lock-outs. It is somewhat difficult to follow the implication that the interests of the State would not similarly be risked by leaving the situation to "develop." A 10 per cent. reduction would approximately balance the fall in cost of living since the Arbitration Board on mine wages in 1927. It is estimated that about thirteen shillings per ton milled on the gold mines is spent in salaries and wages, direct and indirect, in the Union. Probably the Government would not be displeased by negotiations with a view to the reduction of mine wages, as it would keep them in countenance in the policy forced on them by the financial position. Other fundamental recommendations deal with (a) the amendment of the Mining Regulations so as to enable natives to be employed on any work which they can perform without detriment to safety or health, (b) the appointment

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of an independent Commission of Enquiry on Railway policy, (c) certain amendments of the Gold Law to encourage prospecting and facilitate working of mineral deposits. An Act to consolidate and amend the Mining Laws is very necessary.

The Report of the Select Committee on the Gold Standard is not quite up to date in its comments on the situation. One of the most prominent points in the discussion in South Africa has been the prospect of the rise in internal prices which would follow devaluation of the currency. Too much importance seems to be placed by local supporters of the present gold standard on the slight rise in sterling prices since September, also on the fact that prices would have fallen had Great Britain been able to retain that standard. This seems to attach insufficient importance to the unfortunate effects of a severe fall in prices. Another point which has been overemphasised here is the disturbance in the relations between debtor and creditor which might follow any devaluation of Union currency. A large proportion of Union fixed property is bonded, and mortgagors know all too well that these relations are already seriously disturbed.

Towards the end of the Report it is stated that the abandonment of the gold standard would not increase our national wealth by one penny. This postulates that there would be no increase in the absolute volume of business, but that the existing business would merely be measured in a larger number of smaller units. Most of those practically concerned with production in the Union would at present be inclined to disagree with this assumption.

Letters to the Editor.

BRITISH MONETARY POLICY.

TO THE EDITOR OF THE ECONOMIST.

SIR,—May I trespass once more on your good nature to offer a brief comment on the recommendations of Messrs. Falk, Harrod and the other "Reflationists"?

Is not one of the main causes of the present collapse of world prices the fact that certain countries have already taken an overdose of the nostrum these gentlemen are advocating? Are they not in effect recommending that we should try to cure the economic dipsomaniac by dosing him with demijohns of monetary whisky?

The experience of the United States during the past decade is illuminating. Let me quote a few figures from a leading American authority, Dr. Benjamin Anderson. From January, 1922, to April, 1928, the loans and investments of the commercial banks of the United States (excluding savings banks and private banks) increased by 14½ billion dollars, while their deposits were increased by 13½ billion dollars—that is to say, by an amount considerably larger than the total of British bank deposits of all kinds.

This expansion, moreover, was supplementary to that of the war period.

Despite this vast outpouring of funds, the price level remained practically unchanged throughout the period, so much so that believers in a "stable price level" monetary policy regarded their policy as vindicated.

Subsequent events, however, have made it clear that a losing battle was being fought against the downward pressure on prices of modern power production methods, re-inforced by the over-investment and duplication of capacity, which policies of price maintenance encourage both in the United States and elsewhere. The dramatic collapse of prices after the stock market break in 1929 was a natural consequence of the sudden release of the pent-up forces of this artificially over-stimulated productive capacity.

The magnitude of that expansion of credit is perhaps best appreciated by comparing it with that needed to finance America's contribution to the war.

Between April, 1917, and December, 1918, America financed four Liberty Loans and a great volume of short-term Government paper. She transformed American industry from a peacetime to a war-time basis, at a time when business was being conducted on a price level which was rising under pressure of the artificially induced scarcity of a time of war. She sent an immense army to France, built herself a mercantile marine, and, in general, largely helped to win the war. To accomplish these stupendous tasks bank credit was expanded by just short of six billion dollars in deposits, and seven billion in loans and investments. In other words, the expansion of credit was less than half that between the beginning of 1922 and April, 1928.

How many billions—or should it be trillions—of dollars would it cost to recapture the ground lost since 1929? And how many more to maintain the ground thus regained?

And what fresh disasters would this hold in store for the world at a future date?—I am, Sir, yours faithfully,

Federation of British Industries, Roy GLENDAY.
21, Tothill Street, S.W. 1.

TO THE EDITOR OF THE ECONOMIST.

SIR,—I have noticed in your issue of the 18th instant a reference to my speech in the House of Commons on the Finance Bill on June 9th, in which you refer to confusion as regards the fourth and fifth points which I put forward as part of the monetary policy of the Chancellor of the Exchequer.

I agree that no sentence is perfect which contains an unnecessary word. Fourthly reads in "Hansard": "It is intended to control 'fluctuations' in sterling exchange with a view you take out the words 'fluctuations in' the sense remains the same, but is better expressed, and I think you will then see that there is no real confusion with, fifthly, that 'every effort will be made to prevent violent fluctuations in sterling in the meantime' (the accent, of course, being on the word 'violent').—Yours faithfully,

House of Commons. IRVING J. ALBERY.
June 21st.

Books and Publications.

BOOKS OF THE WEEK.

Coal * and Its Problems.

THE Economic Committee of the League of Nations, in its 1932 report on the coal problem, commits itself to the following statement:—"To-day we find that the national arrangements which are essential to the preparation and conclusion of any international agreement exist. A rapid organic development has taken place. Both in Great Britain and in Belgium the coal industry has been sufficiently organised. . . . The pre-requisite condition of any international agreement is present." In the same brief report it explains that the main coal-producing

countries showed themselves, in last January's conference, to be already ripe for international action; that the consuming countries fear the effects in raising of prices and shortage of supplies, anxieties which the producers "consider groundless"; and that "a recent difficulty of a psychological nature, which was caused by the disturbances resulting from rapid monetary fluctuations, seemed to have been gradually removed during the course of the meeting." In fact, the Economic Committee of the League of Nations, in spite of the distressing facts about the lag of consumption behind production, the steadily staring in the face the reader who studies its tables, appears to be moderately optimistic about the international future of the industry.

It might, however, have reported less cheerfully could it have studied Mr Merrett's little volume. Mr Merrett, who brings to his task no exceptional statistical or theoretical equipment, but an insight and common sense

all too rare among those who direct the policy of British coal-owning interests, confesses in his introduction that "in recent years I have eagerly but patiently awaited the advancement of a bold policy for the reorganisation of the coal industry from one of the better-known administrators connected with it"; and, on a later page, adds his observation that at international coal conferences our foreign friends "were patient listeners. They have been content to take stock of the lack of unanimity amongst United Kingdom producers, and subsequent events have proved that they have benefited thereby." This statement, written last April, may be usefully set against the comment which is italicised above.

Mr Merrett certainly does not lack courage; for few of us would care, if reorganising the coal industry, to begin with the desperately depressed area of South Wales. Nor does he shirk the difficulties; in fact, he begins with an account of them so vivid and compelling as will persuade many readers that no reorganisation on earth can avail to save the industry. "The coal trade of this country to-day," he says, "stands virtually bankrupt"; but he does not therefore despair. "There is profit in the industry, but for fewer"; and it can be achieved by drastic economic planning, by the formation of central selling agencies, by the elimination of many of the coal-exporting organisations—for whom Mr Merrett has a hearty dislike—by the establishment of State ownership of minerals, and by the closer co-operation of coal-producing companies with the larger consumers of coal, such as railway and gas undertakings.

Mr Merrett, as is only natural, writes from the standpoint of the coal producer: certain passages, indeed, about the desirability of railway companies acquiring all colliery wagons (at what price?) and the inconvenience of passenger trains which force freight trains into sidings bear traces, one feels, of having been written by someone whose railway experience lay in and about Taff Vale. His book is none the less courageous, outspoken and intelligent, and one can wish it a wide circulation among his fellow-industrialists, though the difficulties attendant upon the central selling of coal on a falling market are not profoundly discussed. Those who wish to understand some of these difficulties in practical application would do well to study Dr. Stockder's thesis on the Rhenish-Westphalian Coal Syndicate.

Dr. Stockder has studied closely all published documents available on the history of the syndicate from 1893, the year of its formation, until 1930, and has prepared thereon a monograph in five parts, dealing with its general course, its policy with regard to the regulation of output, its market policy, its price policy, and its labour policy, of which the last is the least satisfactory, since the Syndicate's labour policy and its effect on labour conditions is so deeply bound up with the social insurance policy of the German Government, which cannot adequately be discussed in a few pages. On prices, output and marketing, however, there are three long chapters, all fully documented and charted, which are amply sufficient to show the reader what problems the combine faced, and how complicated, even without the added difficulties of the war and the Ruhr occupation, was the task of self-co-ordination of a coalfield. It is unfortunate, though no doubt unavoidable, that the story in effect stops with the re-establishment of the Syndicate in 1930, and gives no account, therefore, of its fortunes during the subsequent depression; it is also matter for regret that the demand of university bodies that doctoral theses should run to a "respectable" length has forced Dr. Stockder to repeat and recapitulate his facts at quite unnecessary length. These matters apart, the book is a useful and competent piece of work.

The recent formation of the Business Transfer Partnership & Property Agents Institute of Great Britain raises the status of the profession of Business Transfer Agents. A very comprehensive course dealing with B.T. can be secured for £1 1s. 0d., spread over 4 monthly payments of 5s. 3d. each. Course is sent on receipt of first payment.

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A PRACTICAL MONETARY POLICY FOR THE OTTAWA CONFERENCE

By
E. BEDDINGTON BEHRENS

With a Foreword by
The Right Hon. L. S. AMERY, P.C., M.P.
(former Secretary of State for Dominion Affairs
and for the Colonies)

The St. Clements Press,
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AN INSTITUTE FOR FILMS.

It is a little unfortunate that the Committee responsible for *The Film in National Life** should have included the word "cultural" in its terms of reference. This is not merely a carping criticism, for to the minds of a very large number of persons (and not by any means the least intelligent or least educated) the word "cultural" as applied to entertainment means "improving" in the most unpleasant sense, viz., an entertainment which ought to amuse you, but does not; a performance which is educational without having the courage so to label itself. This is not, in fact, the Committee's view; they are, perhaps naturally, more concerned than most filmmakers with the educational functions of the films, but they are also very much interested in the film whose prime object is amusement only—Mickey Mouse, Harold Lloyd, *Le Million*, etc.—and it would be a pity if their Report were to be neglected by a large number of those who would support it, under the mistaken impression that it is their desire to turn the films into a branch of a Society for Moral and Social Improvement.

For they have useful things to say upon the growth of the cinema in modern life, upon the practical difficulties, such as "blind booking" and the like, which stand in the way of improving the quality of the films which reach the average audience in second- and third-grade halls, and upon the difficult point of the U. and A. certificates. On the question of children and cinemas the Committee adopt a sensible attitude, noting that the "sex problem," which so troubles the critic, normally bores the child, and, further, with unusual insight, that battle and sudden death are frequently less alarming than the most educational of nature films. "An ant's head a hundred times magnified will give a child nightmare for a week." Indeed it will, as Mr H. G. Wells discovered long ago and used for an excellent fantasy; but unofficial censors have little imagination of their own.

The Committee's main proposal, reiterated rather inartistically, but perhaps effectively, at the end of every chapter, is the establishment of a Film Institute, to be set up under Royal Charter and financed partly out of public funds, in order to be a clearing house for information and advice upon films generally, to undertake research and record work, to certify films for exhibition in various quarters (but not itself to be a producer), and to act as liaison between the trade and the Government, and between the Government and the Dominions. This seems in all respects a sensible and desirable suggestion. One fears that the moment is not the happiest to propose either the expenditure of public money or the collection of an endowment fund from individuals; but it is encouraging to observe that of the funds granted, partly by the Carnegie Trustees, for the Committee's labours sufficient remains unexpended to provide for twelve months' propaganda of their ideas. In the meantime they have given us an ample shillingworth of advice and information.

M. I. C.

* *The Film in National Life*. Report of an Enquiry into Educational and Cultural Films. (London) George Allen and Unwin. 201 pp. 1s.

SHORTER NOTICES.

"A Plan of Action." Edited by the Rt. Hon. L. S. Amery, M.P. (London) Faber and Faber. 275 pp. 15s.

"Horn, Hoof, and Corn." By Viscount Lymington. Faber and Faber. 200 pp. 6s.

For the Ottawa Conference come forth, hopefully, many publications, produced both by those who believe wholeheartedly in Imperial economic unity and by those who find any such idea chimerical and dangerous. To the first class belong the series of reports and essays which Mr Amery has collected, mainly from the research committee of the Empire Economic

Union, and published under a single cover. There is a great deal of meat in this book, and readers who desire to understand accurately the mixture of sentiment, rationalism and economics which makes up the attitude of the Empire Trade advocates will be glad to have their views collected and their proposals clearly set out and documented with facts and figures, even if a study of the facts and figures reveals some lacuna which have to be bridged by faith. For instance, the several drafts of trade treaties with the Dominions, while setting forth in detail the preferences to be given to various classes of Dominion goods in the British market, make no suggestions for the British manufactures which are to receive exchange preferences in Canada, etc., and simply say "lists to be arranged." Here, one feels, may be concealed a greater difficulty than the authors of the reports would admit. Nor are the figures of British trade with Nyasaland, for example, such as to cause unbounded economic optimism. It is, none the less, valuable to have set out the imperialist proposals for dealing with the Colonial Empire, which is too often omitted altogether by ardent advocates of imperial unity, and interesting to observe the steady hostility to the mandatory system which their views involve. Imperialism, it would seem, is prepared to support internationalism in matters cultural and humanitarian, so long as economic questions are omitted. The chapters on imperial finance, with their praises of the Macmillan Committee and demand for the rehabilitation of silver and imperial co-operation in banking policy, also make interesting, if not always convincing, reading.

Lord Lyngington's little book is a slighter treatment of one section—the agricultural section—of the larger work. The opening chapters contain some unnecessary eloquence about the ill-treatment of the English landowner; but when the author reaches his practical proposals for the development of British agriculture in view of the present world position he has some useful things to say, and his New World experience in breeding, etc., adds point to his remarks. It should be observed that neither book, naturally, makes any effort to investigate the world depression in agriculture or the problems arising therefrom.

"The Thirty-Fifth Conference and Germany's Answer." By Professor Dr. F. Grimm. (London) Williams and Norgate. 123 pp. 2s. 6d.

THE fact that thirty-four conferences have already been held to patch up the Versailles Treaty, and that patching is still going on, is reasonably adduced by Professor Grimm as *prima facie* evidence of the rottenness of the original fabric. He traces, very readably and almost entirely without quoting statistics, the history of reparations to the present day—a history, in his opinion, as in that of all his countrymen and many who are not his countrymen, of the piling of insanity upon injustice.

Professor Grimm's criticisms of the American attitude are very restrained throughout, evidently because he still hopes for a change in American war debt policy. Great Britain, he feels, has behaved with moderation and has obtained disproportionately onerous terms from her creditors. It is to France that he attributes the steady closing of a stranglehold upon German industry and commerce which, in his opinion, lies at the root of the present crisis. While it would be difficult to refute most of the individual charges which he lays at the door of French policy, it is also hard to accept his view that every one of these moves was part of a preconceived and consistently executed design on the part of France to bring about the complete collapse of Germany. The French attitude to reparations consists far more of a series of separate reactions to proposals which France regards as threats either to her purse or to her security, than of an elaborately-conceived Machiavellian policy, of which her every political action is a deliberately designed part. It is, however, an understandable point of view; and the reader cannot but sympathise with Professor Grimm's outburst: "As if security were the prerogative of one country! Has not every country a right to security? But does anyone mention German security, notwithstanding the fact that disarmed Germany is surrounded by neighbours whose armaments are steadily increasing?"

Professor Grimm argues very persuasively that the payments already made by Germany cover all the reparations which could justly have been demanded of her, and he makes a reasonable plea for the revision of the treaty on the grounds that its implementation is impossible. If he tends to depict the cancellation of reparations as the way of escape from the present crisis, instead of merely an approach road via which alone that way can be reached, who shall blame him?

D. R.

OTHER BOOKS RECEIVED.

Tariffs. The Case Examined. By a Committee of Economists under the Chairmanship of Sir Wm. Beveridge. (London) Longmans. 299 pp. 1s.

A cheap edition of this valuable book is extremely welcome.

The Law of the Sale of Goods. By C. G. Austin. 145 pp. (London) Pitman. 5s. net.

A detailed account of the law, illustrated by decided cases.

El Banco de España. By Juan-Antonio Galvarriato. 416 pp. (Madrid) Gráficas Reunidas, Hermosilla, 96.

The bank's history from 1829-1929.

What Your Handwriting Shows. By Robert Saudek. 180 pp. (London, T. Werner Laurie, Ltd. 3s. 6d.

Deals in particular with the identifications of vanity, leadership and criminal tendencies.

An Enquiry into the Employment of Juveniles in Lancashire. By Allan Winterbottom. 23 pp. (Manchester) University Press. 6d.

Conducted under the auspices of the Department of Economics, Manchester University.

Central Association of Accountants. 224 pp. (London) Central Association of Accountants, 5, Salter's Hall Court.

Contains a list of members, articles, by-laws, syllabus of examinations, etc.

Business Looks at the Unforeseen. By W. B. Donham. (London) McGraw-Hill. 10s. 6d. net.

The Causes of Accidents. By Eric Farmer. (London) Pitman. 3s. 6d. net.

Small Loan Legislation. By D. J. Gallert, W. S. Hilborn and G. May. (New York) Russell Sage Foundation. \$3.00.

Industry Year Book and Directory, 1932. 903 pp. (Calcutta) Industry Book Department, 22, Kar Road. Rs. 5.

OFFICIAL PUBLICATIONS.

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

Road Vehicles: Return Showing the Number of Mechanically-propelled Vehicles Registered for the First Time under the Roads Act, 1920, by each Licensing and Registration Authority during the Month of April, 1932. 2s. 6d. net.

Department of Overseas Trade: Economic Conditions in Norway, March, 1932. 2s. 3d. net; *Economic Conditions in Estonia, March, 1932.* 9d. net.

Empire Marketing Board: Milk Price Margins. A Report on the Differences between Producers' Prices, Wholesale Prices and Retail Prices of Liquid Milk in Certain Large Cities in Different Countries. 1s. net.

Imperial Shipping Committee: Third Report on Hudson Bay Insurance Rates, 1932. Cmd. 4107. 3d. net.

Annual Report of the Chief Inspector of Factories and Workshops for the year 1931. Cmd. 4098. 2s. 6d. net.

Registrar General's Statistical Review of England and Wales for the year 1930: Text. 2s. 6d.

Department of Overseas Trade: Economic Conditions in Angola, 1932. 1s. 6d. net.

Colonial Report, No. 1569: Nigeria, 1931. 2s. 6d. net.

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Efficiency House, Lowlands Rd., Harrow, Middx.

The Stock Exchange.

THE STOCK EXCHANGE HALF YEAR.

THE last six months on the Stock Exchange have been, in one respect at least, a satisfactory period from the viewpoint of the student of investment, for the markets have honoured the first principles of investment to the letter. As is fitting under conditions of shrinking trade and rapidly falling money rates, fixed-interest securities of the gilt-edged type have risen steadily in market value, while equity shares have as steadily declined. On the other hand, fixed-interest stocks whose intrinsic security has deteriorated with the deepening of the trade depression have failed to benefit from cheaper money, and have in most cases suffered market depreciation.

In the gilt-edged markets, British Government long-dated stocks began the half-year more or less at the bottom and ended at high levels. At the beginning of the year they were still under the influence of the suspension of the gold standard and a 6 per cent. Bank rate—not to mention loose talk of inflation in some quarters. The balancing of the Budget, the reduction in Bank rate in rapid stages from 6 per cent. to 2½ per cent. (between February and May), the repayment of the dollar and franc credits raised for the support of the pound last summer, and the fall in the Treasury Bill rate to the record low level of ½ per cent., all contributed to the return of British Government funds to popularity. At the moment of writing, the long-dated stocks are returning yields of under 4 per cent., while 5 per cent. War Loan is hanging fire of 10½ in the expectation of an early conversion scheme. Dominion Government and other stocks (trustee or otherwise) of the gilt-edged variety fully participated in the advance. New issues of Central Electricity Board stocks, Home Corporation stocks, and "Tube" railway debentures all commanded high premiums in the market. It was, however, noticeable in the last month that the pace of the advance in all the long-dated stocks slowed down considerably and that there was a growing disposition to exchange into the medium-dated stocks. The course of the market in fixed-interest securities in these six months is best seen in tabular form in the following figures of average prices and yields for which we are indebted to the Actuaries' Investment Index:—

ACTUARIES' INVESTMENT INDEX.
Price Index (December 31, 1928=100).

	June 30, 1931.	Dec. 29, 1931.	Feb. 23, 1932.	Mar. 29, 1932.	May 31, 1932.*	Yields at Dec. 29, 1931.	Yields at May 31, 1932.
British Government	108.4	92.9	99.1	107.9	111.9	4.85	4.03
Home Corporations	105.9	93.4	97.3	103.9	110.7	5.01	4.23
D. debentures.							
Investment Trusts	106.2	97.1	96.3	101.6	105.7	5.38	4.96
Industrial.....	96.1	89.4	89.7	94.1	94.7	6.18	5.67
Preference.							
Investment Trusts	102.8	94.5	93.7	96.9	99.9	5.75	5.47
Industrial.....	84.3	77.2	77.6	81.9	77.6	6.75	6.37

* Latest available.

It will be seen that the preference shares of industrial companies were the sole exception to the prevailing upward movement. This may be attributed to the deterioration in the dividend cover, coincident with the decline in industrial earnings. Preference dividends were passed or deferred in the last half-year by a number of important companies.

Foreign Government and municipal bonds provided the black spot in the fixed-interest markets. The period was marked by default for the first time on some of the reconstruction loans issued under the auspices of the League of Nations. German Government bonds sank to near their record low levels before enjoying a recovery on "bear" closing on the better news from Lausanne.

The course of equity share values over the past half-year was interesting and significant. In general there was an improvement in the first three months and a reaction in the second, but apart from home railway, shipping and to a lesser extent iron and steel, the leading industrial shares showed remarkable steadiness at the lower

Description.	1932, Jan. 1 to June 22.		Price Beginning of 1932.	Price June 22, 1932.	Rise or Fall in Half-year.	Yield, allowing for Accrued Interest and Redemption where necessary.	
	High-est Price.	Low-est Price.				Beginning of 1932.	June 22, 1932.
<i>British Government, India and Dominion Stocks</i>						£ s. d.	£ s. d.
5% War Loan (1929-47).....	103.4	95.1	95.1	102	+ 6.1	5 9 6	4 16 6
5% Conversion Loan (1944-64).....	110.1	99	99	109.1	+10.1	5 2 0	4 0 0
4% Consolidated Loan.....	90.1	73	73	90.1	+17.1	4 17 3	3 18 9
4% Funding Loan (1960-90).....	101.1	81	81x	101	+20	4 18 9	4 0 10
3% Local Loans.....	102.1	83	83	102.1	+19.1	4 18 3	3 17 0
India 4½% (1950-55).....	75.1	60.1	60.1	75.1	+15	4 19 6	3 19 6
Australia 5% (1935-45).....	94	76	76	94	+18	7 8 0	5 1 0
South Africa 5% (1935-45).....	93.1	67.1	67.1	93.1	+26	7 8 0	5 1 0
New Zealand 4½% (1947).....	101.1	92	92	101.1	+9.1	5 19 1	4 15 8
New South Wales 5½% (1947-57).....	92.1	77	77	92.1	+15	6 5 6	5 14 6
<i>Foreign Governments</i>							
Argentine 4% Recession.....	77	57.1	78	62.1	-15.1	6 14 6	9 1 0
Greek 7% Refugee Loan.....	81.1	29	71.1	35	-36.1	9 15 9	...
Chile 6% 1929.....	30	10	25	13	-12	...	...
German 5½% Ster. Bds., 1975	57.1	42.1	44.1	56	+14.1	12 7 0	9 10 0
Japan 6% (1924) red. by 1959	93.1	79.1	79.1	60	-19.1	8 2 6	10 0 0
China 5% Reorganisation 1913	63	52	63	61	-2	8 15 0	8 26 0
<i>Other Fixed Interest</i>							
Metropolitan Water Board 3%.....	77	60	60	77	+17	5 1 8	3 18 0
Imperial Chemical 7% Cum. Pref. £1.....	1.1	1.1	1.1	1.1	+ 1	7 4 6	6 7 0
Woolworth (F. W.) 6% Cum. Pref. £1.....	24/3	20/3	20/3	23/6	+ 3/3	5 15 9	5 1 0
London Mid. & Scottish 4% Deb. Stk.....	83.1	67.1	69.1	76.1	+7	5 15 3	5 4 6
L.N.E.R. 4½ 2nd Pref. Stk.....	33.1	27.1	27.1	30.1	+3	14 11 0	9 10 6
L.M.S. 4% (1923) Pref. Stk.....	38.1	14.1	14.1	15.1	+1.1	11 15 3	25 16 0
<i>Railway and Commercial and Industrial Ordinary</i>							
Great Western Railway.....	48.1	23.1	44.1	25	-19.1	12 7 3	12 0 0
London Mid. & Scottish Rly.....	20.1	18	18	10.1	-10.1	11 2 3	2 5 6
Canadian Pacific Rly. (\$25).....	29.1	9.1	17	13	-4	7 7 0	10 8 0
Buenos Aires Great Southern Ord.....	41.1	14.1	37	17.1	-19.1	2 14 1	5 14 3
Commercial Union Assurance (£2½ fully paid).....	20.1	17	17.1	17.1	+ 0	6 0 0	5 18 0
Newcastle Electric (£1).....	2.1	1.1	1.1	2.1	+ 1	5 3 3	5 3 3
Oceanic (£1).....	2.1	1.1	1.1	2.1	+ 1	7 5 6	4 18 6
Oceanic (£1).....	2.1	1.1	1.1	2.1	+ 1	3 7 0	13 18 0
General Electric (£1).....	2.1	1.1	1.1	2.1	+ 1	4 15 6	4 12 6
Imperial Chemical (£1).....	4.1	3.1	3.1	4.1	+ 1	8 6 0	6 6 0
Imperial Tobacco (£1).....	4.1	3.1	3.1	4.1	+ 1	5 13 0	17 7 9
P. and O. Deferred (£1).....	1.1	1.1	1.1	1.1	+ 0	...	...
Swedish Match (100 kr.).....	56.1	25.1	25.1	25.1	+ 0	4 2 0	4 10 0
Turner and Newall (£1).....	1.1	1.1	1.1	1.1	+ 0	8 4 0	8 0 0
Unilever (£1).....	1.1	1.1	1.1	1.1	+ 0	6 8 0	6 1 0
Vickers Ord. (5/8).....	1.1	1.1	1.1	1.1	+ 0	11 13 0	12 4 0
Waynes Combe Bldg (£1).....	2.1	1.1	1.1	1.1	+ 1	10 0	14 12 0
Rubber Trust (£1).....	2.1	1.1	1.1	1.1	+ 1	13 0	14 12 0
"Shell" Transport (£1).....	2.1	1.1	1.1	1.1	+ 1	13 0	8 15 0
Burmah Oil (£1).....	2.1	1.1	1.1	1.1	+ 1	7 2 0	NIH
Rio Tinto (£5).....	21.1	10.1	11.1	12.1	+ 1	6 4 0	6 15 0
Crown Mines (10s.).....	4.1	4.1	4.1	4.1	+ 0	15 16 0	14 16 0
Malayan Tin (5s.).....	1.1	1.1	1.1	1.1	+ 0	...	...

† Free of income tax.

level, and even a tendency to recover. This may be due to the slightly better reports now being published, in some instances, for a period covering the suspension of gold. Insurance shares have recently lost practically all the gains made in the first four months, and investment trust stocks have fallen to new low levels. Brewery shares were badly affected by the absence of taxation relief in the Budget and have fallen almost continuously since April. A relatively good showing has been made by stores and catering and electric lighting shares, but the most satisfactory market has been in Bank shares, which have shown an appreciation of about 20 per cent. over the past six months. This may be attributed to the good results published for the year 1931. The following table gives the fluctuations (by classes) in ordinary shares for the past six months:—

ORDINARY SHARES—ACTUARIES' INVESTMENT INDEX.
(December 31, 1928=100.)

	June 30, 1931.	Dec. 29, 1931.	Mar. 29, 1932.	May 31, 1932.	June 14, 1932.	Yields at Dec. 29, 1931.	Yields at June 14, 1932.
Banks and discount	89.1	68.2	86.6	83.5	80.3	7.43	5.85
Insurance.....	87.0	67.4	81.8	77.8	78.2	6.25	5.35
Investment trusts	75.8	62.4	61.1	49.8	47.2	6.92	8.46
Industrials:—							
Home Rails.....	54.3	45.7	47.3	36.4	34.2	8.30	4.74
Iron and steel ..	46.7	49.9	45.1	35.4	36.0	4.62	4.24
Shipping.....	24.6	21.2	22.1	14.8	14.1	3.37	4.54
Building materials	55.4	50.7	46.9	38.3	37.3	7.91	7.52
Electric light and power.....	94.8	90.8	97.3	96.0	95.9	5.46	5.09
Stores and catering.....	63.8	58.8	67.2	60.0	59.5	7.08	6.24
Breweries.....	81.0	59.4	69.4	55.7	53.5	10.0	10.08
Miscellaneous ..	47.4	41.3	45.2	36.5	36.2	7.23	5.85
All classes.....	55.8	49.3	53.5	44.4	43.8	6.94	6.05

We have added a table giving the record of a selection of the most active securities. Some of the individual movements have been extraordinary. Swedish Match, thanks to Mr Kreuger's frauds, have fallen from £6½ to 5s., Unilever have never been offered so cheaply, Shell Transport has slumped badly on the dividend cut, Canadian Pacific and the home railways have broken new low records. There is little doubt but that a favourable outcome to the Lausanne Conference would bring about a sharp recovery in the depressed international securities, but whether an advance in equity shares can be held may depend on factors like the results of the world economic conference in London. If the efforts to lower tariffs, and remove exchange restrictions and trade control fail, there may be significance in the fact that equity share markets in London are standing, to-day, on a higher yield basis than those of New York.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET. ACCOUNT.
July 5. July 7.

The new account opened quietly but cheerfully. The hopefulness of sentiment regarding Lausanne and Geneva persisted at the outset, despite the critical position at the one centre and Mr Hoover's intervention at the other. As the week progressed, however, apprehension regarding the French attitude became more noticeable, and though quotations were well maintained, the undertone of the markets became less firm. The failure of the London, Midland and Scottish Railway to pay a full half-year's dividend on its senior preference stocks was a discouraging factor, but equity shares held their ground, and, in a few instances, showed moderate improvement. Prices in the more speculative markets, similarly, showed no tendency to recede, but the volume of business was restricted. Altogether, the week showed the technical position in a favourable light, but left open the possibility of a check in the event of serious difficulties arising in the course of the present international negotiations.

A steady investment demand continued for Gilt-edged stocks, 4 per Cent. Consols especially being well supported. Further selling occurred, however, of 5 per Cent. War Loan. The tone became slightly easier as the week wore on, but improved prices, as a whole, were held. India loans reacted slightly after initial activity. Australian stocks were firm after the announcement that £3,000,000 of Treasury bills would be paid off as to one-half on July 15th, and the remainder converted into bills domiciled in Australia. Optimism regarding international possibilities sustained the prices of European bonds until mid-week, when an easier tendency developed. Austrians suffered a moderate decline, on the reported insistence of France on unacceptable political conditions as the price of participation in the proposed loan of 300 million schillings to Austria. German bonds were in demand at the outset, but were weak subsequently on reports of a strained Bavarian-Prussian situation. Japanese loans were again sold. Mexican issues were lower on the absence of hope of an early payment confirmed by the circular of the International Committee of Bankers.

The home railway traffic figures showed smaller losses than those of last week, but market improvement was rudely checked by the London, Midland and Scottish announcement, which showed that less than half the last six months' decline in gross earnings had been covered by lower expenses, and that only 1 per cent. would be paid for the half-year on the first preference stock. A slight demand for Argentine rails found the market ill-provided with stock. The earnings' figures remained unfavourable, but the market expected an early alleviation of the exchange situation.

Though business in industrials showed signs of broadening from time to time, conditions remained irregular. Textile shares, on the whole, were better, the improved showing of Bleachers and the large increase in profits of Patons and Baldwins encouraging provincial demand, on the expectation that other reports would show similar

evidence of better trading since the departure from gold. Cables and Wireless were firm in anticipation of the report. A moderate inquiry for P. and O. and Furness Withy had a disproportionate effect on prices in a narrow market. Brewery shares were a shade harder. Distillers improved on bear closing before the dividend announcement. Business in electrical shares was small, though General Electric were firm (despite the reduced dividend) on the maintenance of profits. The company's report is dealt with on page 1420. Motor shares were dull, and steel shares undecided, apart from Lambert Bros., which were in demand on the announcement of a proposed return of capital. More than normal activity was recorded in greyhound racing shares. International counters reflected the irregular trend of Wall Street and the absence of sustained Continental interest. Bank shares were quiet but steady, and insurance shares had a firmer appearance than of recent weeks.

Dealings in oil shares remained on a small scale, quotations failing to maintain a tentative improvement at the outset. The market was moved less by the favourable references to prospects of co-operation among producers, made by the chairman of Shell and Anglo-Persian, than by their warning that no early improvement in world consumption could be expected. A slightly firmer tendency developed in the rubber share market, but only a few shares changed hands. Tea shares remained quiet, but prices were fractionally higher where altered.

Interest in mining shares remained sub-normal. Though Kaffirs were firm, demand was highly selective, attention being concentrated on concerns like Sub Nigel, Daggafontein and Randfontein. Paris was apathetic. The coming into force, on Wednesday, of the United States import duty of 4 cents per pound on copper caused scarcely a ripple of interest in the share market, sentiment remaining as conservative as ever for the reasons outlined in a Note on page 1422. The West Australian market again showed a certain liveliness. Great Boulder showed no further improvement, but Wiluna had a sharp rise on buying from Australia on Wednesday. The news that the "Byrne" restriction proposals (see page 1422) had been accepted by the Governments concerned failed to stimulate dealings in tin shares.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	June 16, 1932.	June 17, 1932.	June 18, 1932.	June 20, 1932.	June 21, 1932.	June 22, 1932.	June 23, 1932.
Government and Municipal Loans	1,716	1,850		1,945	1,807	1,727	1,788
Transport, Communications, and Public Utilities	869	923		975	834	810	958
Commercial and Industrial	1,389	1,419		1,425	1,358	1,291	1,447
Banks, Insurance and Financial	413	443		489	389	449	378
Mines (including Nitrates)	351	420		360	304	322	446
Oil, Rubber, Tea and Coffee	79	77		103	67	62	53
Total	4,921	5,229		5,411	4,861	4,752	5,213

* Including iron and steel and breweries.

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

Highest of 1932. (Mar. 3.)	Lowest of 1932. (June 1.)	June 16, 1932.	June 17, 1932.	June 18, 1932.	June 20, 1932.	June 21, 1932.	June 22, 1932.	June 23, 1932.
63.7	51.3	52.5	52.6	*	52.9	53.4	53.5	53.4

* Stock Exchange closed.

FOREIGN STOCK EXCHANGES.

NEW YORK.

The markets were firm at the outset, became weak and discouraged, and subsequently showed a slight upward "technical reaction." Trading was sluggish and dealings were greatly restricted, the turnover on Tuesday being no more than 50,000 shares. A general disposition was evident to withhold commitments pending the clarification of the situation at Lausanne, regarding which sentiment, on the whole, was restrained. Government bonds

remained the most active of all markets, demand coming from individual investors rather than financial institutions. The Liberty 3½ per cent. tax exempt issue reached a new high level. The market continued to look forward hopefully to the rising of Congress, the refusal of the Senate to limit debate on relief measures being unpopular, for that reason. Stimulating news from industry was absent, but hopes were entertained that the summer seasonal recession might be less than usual. The business index of *The New York Times* for the week ended June 11th was unchanged at 55.1. Steel mill activity, however, made a new low record, being no more than 16 per cent. of capacity last week against 18 per cent. a week earlier. Steel demand from the railroads and from the motor producers (with the exception of Ford) remained at a disappointing level, the mainstay of current demand being State and Federal construction orders. Car loadings for the week ended June 11th, at 501,000, showed an increase of 54,000 as compared with the previous week, but a decrease of 230,000 against the corresponding week for 1931.

	June 9, 1932.	June 16, 1932.	June 23, 1932.		June 9, 1932.	June 16, 1932.	June 23, 1932.
U.S. 3½ T. Bds.	98½	99½	99½	Natl. Biscuit	27½	31½	28½
Ed. La. 3½	32-47	100½	101½	Phelps Dodge	4½	4½	4½
Do. 4½	32-47	101½	101½	Fullman	12	14	14
Do. 4½	33-38	102½	102½	Sears Roebuck	13½	14½	10½
Atchafalpa	25½	30½	25½	Studebaker	3½	3½	3½
Ches. & Ohio	11	13½	12½	Un. Fruit	13	14½	14
Erie	3½	3½	3½	U.S. Leather	1½	1½	1½
Illinois Central	6½	7½	6½	U.S. Rubber	2	2½	2½
N.Y. Central	9½	13½	12½	U.S. Steel	24½	27½	24½
Pennsylvania	8	8½	8½	Westinghouse	19½	24	21½
Southern Pacific	8	9½	8½	Woolworth	24½	27	25
Southern Ry.	4	4	3				
Union Pacific	34½	40½	37½	Am. Tel. & Tlg.	81½	87½	80½
Am. Can.	35½	39½	32½	Interboro B.T.	2½	3½	3½
Amer. Smelting	6	8½	6½	Int. Tel. Telegr.	3½	3½	3½
Anacosta	4	4	3½	Radio Corp.	3½	4	3½
Bethlehem Steel	8½	8½	8½	Utilities P. & L.	2½	2½	2½
Chrysler Motor	6	7½	6½	W. Union Tlg.	15	14½	14½
Corn Producers	28½	31½	29½				
Eastman Kodak	37½	44½	41½	Associated Gas "A"	1½	1½	1½
Gen. Electric (New)	9½	13½	12½	Pan. Amer. B. (New)	5½	7	3
Gen. Motors	8	13	12	Shell	10½	10	10
Int. Harvester	13½	15½	18½	Shell	2	2½	2½
Mont. Ward	4½	5½	4½	Std. California	16½	18½	18½
				Do. N.J.	23½	25½	24½

By courtesy of the Standard Statistics Company, Inc., of New York, and 18, Copthall Avenue, London, we print the following index figures of American values calculated on closing prices (1926 = 100):—

	1930.		1931.		1932.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	June 15.	June 22.
537 Industrials	88.2	174.1	51.4	114.7	52.2	36.0	34.0
33 Rails	89.1	145.6	31.7	105.7	32.2	15.9	14.9
34 Utilities	153.2	267.4	90.6	187.6	91.8	59.6	55.0
Total, 404 stocks	105.5	184.2	54.7	124.6	55.5	36.7	34.5
Average yield of 50 Industrial Common Stocks	4.15%	5.95%	9.37%	5.11%	9.29%	9.27%	9.95%

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

Highest of 1932. (Mar. 3.)	Lowest of 1932. (May 31.)	June 15, 1932.	June 16, 1932.	June 17, 1932.	June 18, 1932.	June 20, 1932.	June 21, 1932.	June 22, 1932.
68.9	35.5	40.6	40.5	38.4	38.5	38.6	37.7	37.8

TOTAL DEALINGS IN NEW YORK.

	June 17, 1932.	June 18, 1932.	June 20, 1932.	June 21, 1932.	June 22, 1932.	June 23, 1932.
Stock Exchange—Shares (Thous.)	800	300	400	500	600	500
Bonds (Value Thous. \$)	11,168	4,181	8,771	11,099	12,009	10,134
Over-the-counter—Shares (Thous.)	90	50	70	80	80	70

* 2-hour session.

CANADA.

By the end of last month many Canadian shares had reached new low points. C.P.R. issues were affected by continued unsatisfactory earnings reports. Power stocks were depressed by decreased consumption for industrial purposes. At the beginning of June, however, improved Western crop prospects lightened the general gloom, and a modest upward "furry" occurred, under the leadership

of Montreal Power, though the volume of trading remained light. Distillery stocks showed activity on predictions that after the Presidential election a process of liberalisation of the American liquor laws would begin. Revelations of the unfortunate plight of Price Brothers, the well-known newsprint corporation, however, caused uneasiness regarding the future of newsprint stocks. The bond market was steady, with securities of the highest class in good demand. The mining market was dull. The Bureau of Statistics' "Investors" index (common stocks) fell from 48.8 on May 12th to 38.6 on June 2nd, but recovered by June 9th to 40.4.

	Apr. 27, 1932.	May 25, 1932.	June 22, 1932.		Apr. 27, 1932.	May 25, 1932.	June 22, 1932.
Abitibi Power and Paper	1	1	1	Dominion Steel & Coal B.	—	—	—
Bell Telephone of Canada	—	82	—	Dominion Textile	—	—	—
British Columbia Power A.	—	16½	—	Hollinger Gold Mining	4½	4½	4½
Do. do. B.	—	—	—	International Nickel	6½	4½	4½
Brazilian Traction	9½	8½	9½	Massey Harris	3	2½	2
Canadian Car	4½	3½	4½	Montreal Light, &c.	—	—	—
Canada Cement	—	—	—	Shawinigan Water, &c.	—	—	—
Canada Power and Paper	—	—	—	Steel of Canada	15	13½	9½
Canada Steamship	—	—	—	Steel of Canada	15	13½	9½
Cockshutt Plow	4	4	4	Winnipeg Electric	2½	2	2

PARIS.

Markets were quiet at the start, profits tending to sag on mild profit-taking. Rentes were heavy and bank quotations lower. After a sizeable rally on improved sentiment regarding Lausanne the markets became quiet and the volume of business declined perceptibly. A moderate interest was taken in gold mining shares. On Thursday the line remained fairly steady throughout, though a further sharp recession occurred in German bonds.

	June 16, 1932.	June 20, 1932.	June 23, 1932.		June 16, 1932.	June 20, 1932.	June 23, 1932.
Banque de France	11,600	11,100	11,100	Wagons Lits	—	—	—
Crédit Lyonnais	1,850	1,805	1,829	Mexican Eagle	28	27	28
Suez Canal	13,780	13,710	13,790	"Chartered"	71	69	70
Chargeurs Réunis	195	200	219	Ford	98	99	94
Rio Tinto	1,165	1,153	1,150	De Beers	205	203	221
Royal Dutch	12,500	12,350	12,400	"Johnnies"	88	87	92

BERLIN.

Though business in Berlin was very restricted in the opening sessions, the tone was not unsatisfactory. State and municipal loans reflected the improvement in German bonds in other centres. Subsequent weakness was attributed to an unsatisfactory interpretation of the news that a large block of Gelsenkirchen shares had been transferred to the Reich, and to nervousness regarding the internal political situation. Mining shares were lower. Dye Trust were heavily marked down.

	June 16, 1932.	June 20, 1932.	June 23, 1932.		June 16, 1932.	June 20, 1932.	June 23, 1932.
Reichsbank	124	125½	122½	A. H. G.	19½	20½	20½
Disconto	30	30	30	Siemens & Halske	116½	117½	113½
Dresdner	18½	18½	18½	A. K. U.	32½	33½	31½
Norddeutscher	—	—	—	Svenska Tandsticks	—	—	—
Lloyd	12	12	11½				

AMSTERDAM.

An early reaction depressed quotations on the Amsterdam Bourse. Transactions, however, were by no means numerous. Amsterdam Trading declined, but Royal Dutch showed considerable powers of resistance. Subsequently irregular conditions prevailed, an air of anxiety being traceable to the course of events at Lausanne. Rubber shares became easier, and A.K.U. reacted.

	June 16, 1932.	June 20, 1932.	June 23, 1932.		June 16, 1932.	June 20, 1932.	June 23, 1932.
2½% Dutch Loan	49½	49½	49½	Steel Common	29½	27½	26½
5½% German	32½	32½	32½	A. K. U.	24	25	22½
Unilever N.V.	92½	92½	93½	Ford Motor	89	89	88½
Philips' Lamps	66½	66	69½	Dell Batavia	85	92	96
Netherlands Ship	—	—	—	Royal Dutch	122	120	120
Union	40	44	41	Halske Am.	148	154	154
Java Outaer	94½	108	113				

OTHER CENTRES.

The minor European bourses were unsettled and irregular, the uncertainties of the Lausanne Conference being a dominant factor in sentiment in all cases. Stockholm became dull after an early rally, but Brussels developed marked firmness in mid-week. The Hessian elections had an adverse effect on quotations at Frankfurt, where an atmosphere of nervousness prevailed.

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

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

[illegible]

† Free of Income Tax

Prices Year 1932 (Jan. 1 to June 22) Inclusive.				Name of Security.				Price June 15, 1932.				Price June 22, 1932.				Rise or Fall.				Present Yield.											
High.	Low.	High.	Low.					High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.
4/3	1/4	3/8	1/9	Baldwins 4-1/2	2-1/2	2-1/2	...	11 7/8	5 1/2	7 1/4	5-	Anglo-Boulevard £1...	5/6	5/9	+3d	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
7 1/4	2 1/2	12 1/2	1/3	Bengal Coal £1	2/6	2/6	...	56 1/2	26 1/2	28 1/2	18 1/2	Anglo-Egyptian £1...	20/-	20/-	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
17 1/2	10 1/2	20 1/2	15 1/2	Bolover Col'ry Ord. £1	17 1/2	17 1/2	+4d	12 1/2	5 1/2	11 1/2	10 1/2	Anglo-Perian £1...	28 1/2	28 1/2	+4d	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
19 1/2	10 1/2	20 1/2	15 1/2	Bolover Col'ry Ord. £1	17 1/2	17 1/2	+4d	12 1/2	5 1/2	11 1/2	10 1/2	Anglo-Perian £1...	28 1/2	28 1/2	+4d	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
3 1/4	1/4	2 1/2	1/4	Brown John Ord. 6/-	1/4	1/4	...	20/-	9 1/2	15 1/2	6 1/2	Attock £1	10 1/2	9 1/2	-6d	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
9 1/2	2 1/2	7 1/2	4 1/2	Cammell Laird £1	4 1/2	4 1/2	...	20/-	9 1/2	15 1/2	6 1/2	Attock £1	10 1/2	9 1/2	-6d	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
63 1/2	44 1/2	67 1/2	47 1/2	Consett Iron £1	49 1/2	49 1/2	+7d	72 1/2	30 1/2	47 1/2	33 1/2	British Cont. Oil (V.T.O.)	42 1/2	40 1/2	-1 1/4	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
7 1/2	2 1/2	4 1/2	2 1/2	Cory, William, £1	4 1/2	4 1/2	...	9 1/2	4 1/2	8 1/2	4 1/2	Canadian Eagle, no par	4 1/2	4 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
9 1/2	2 1/2	4 1/2	2 1/2	Dorman, Long £1	4 1/2	4 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Kern River Oil 10/-	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Dorm. 8% Non-Oil P.O. £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Lobitos Oilfields £1	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Meridian Oil (£10/6)	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Meridian Oil (£10/6)	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Meridian Oil (£10/6)	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Meridian Oil (£10/6)	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Meridian Oil (£10/6)	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Meridian Oil (£10/6)	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Meridian Oil (£10/6)	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Meridian Oil (£10/6)	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Meridian Oil (£10/6)	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Meridian Oil (£10/6)	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Meridian Oil (£10/6)	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Meridian Oil (£10/6)	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Meridian Oil (£10/6)	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Meridian Oil (£10/6)	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Meridian Oil (£10/6)	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Meridian Oil (£10/6)	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Meridian Oil (£10/6)	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Meridian Oil (£10/6)	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Meridian Oil (£10/6)	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Meridian Oil (£10/6)	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Meridian Oil (£10/6)	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Meridian Oil (£10/6)	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Meridian Oil (£10/6)	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Meridian Oil (£10/6)	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Meridian Oil (£10/6)	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Meridian Oil (£10/6)	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Meridian Oil (£10/6)	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Meridian Oil (£10/6)	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Meridian Oil (£10/6)	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Meridian Oil (£10/6)	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Meridian Oil (£10/6)	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Meridian Oil (£10/6)	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Meridian Oil (£10/6)	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Meridian Oil (£10/6)	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Meridian Oil (£10/6)	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Meridian Oil (£10/6)	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Meridian Oil (£10/6)	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Meridian Oil (£10/6)	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Meridian Oil (£10/6)	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2	12 1/2	27 1/2	16 1/2	Meridian Oil (£10/6)	2 1/2	1 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2 1/2	1/2	3 1/2	1/2	Edwards & Sons £1	3 1/2	3 1/2	...	30 1/2																							

*** Free of Income Tax**

LONDON NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, June 15, 1932.	Price, June 22, 1932.
Agricultural Mortgage Corporation 4½% Deb. Stock, 1961-91.....	95	60	4½-4¾ pm	5½-6 pm
Allied Newspapers 6½% Cum. 1st Pref. £1.....	£1	10/-	9/9-10/3	8/9-9/9
Bowater's Paper Mills 6½% Cum. Pref. £1.....	£1	10/-	3½-6d. pm	3d.-6d. pm
Bristol Corporation 4½% Red. Stk. 1952-62.....	100½	20	1½-2½ pm	3½-3¾ pm
British Columbia 5% Stk. 1957-67.....	99	29	1½-2½ pm	1½-2½ pm
British Power and Light 6% Cum. Pref. £1.....	£1	10/-	1d.-1½d. pm	1½d.-1½d. pm
Warrley 4½% Stk. 1952-62.....	100½	55½	1½-2½ pm	1½-2½ pm
Central Electricity Board 4½% Deb. 1957-82.....	96	5	1½-2½ pm	1½-2½ pm
County of London Electric New Ord.....	38½	11/-	1½-2½ pm	1½-2½ pm
Edmundson's Electricity 6% Pref. £1.....	21/-	11/-	1½-2½ pm	1½-2½ pm
Electrical Distribution of Yorkshire 6% Preference £1.....	21/-	5/-	3/3-3/9 pm	3/3-3/9 pm
Ever Ready New Ord. 10/-.....	10/-	ty. pd.	20/9-21/3	21/-21/6
Hull Corporation 4½% Stk. 1952-72.....	100½	30½	1½-2½ pm	1½-2½ pm
India 5% 1942-47.....	95	60	1½-2½ pm	1½-2½ pm
Lever Bros. 5% Deb. £1.....	98	ty. pd.	102½-104½	102½-104½
London and Home Counties Joint Electricity Authority 5% Stk. 1951-71.....	101½	51½	3½-3¾ pm	4½-4¾ pm
Lyons (J.) and Co. 7% Pref. £1.....	22½	62½	2½-3½ pm	2½-3½ pm
Mecano 6% Deb. £1.....	96	61	2½-3½ pm	2½-3½ pm
Metal Box 5½% Deb. £1.....	21/-	13/6	2½-3½ pm	2½-3½ pm
Do. 7% Cum. Pref. £1.....	21/-	ty. pd.	1½-1½ pm	1½-1½ pm
Murex 7% Pref. £1.....	98½	ty. pd.	1½-1½ pm	1½-1½ pm
New Zealand 5% Ins. Stk. 1955-75.....	20½	10/6	6d.-1½d. pm	6d.-1½d. pm
N. Somerset Electric 5½% Cum. Pref. £1.....	23/-	8/-	10½d.-1½d. pm	10½d.-1½d. pm
Scottish Power 6% Cum. Pref. £1.....	94	ty. pd.	104-105	104½-105½
Shropshire, Worcestershire, &c., Elec. Power 5% Deb. 1952-82.....	100	68	3½-3¾ pm	4½-4¾ pm
Slaters and Bodegas 5½% Deb. £1.....	101	15	1½-2½ pm	1½-2½ pm
South Shalva 4½% Stk. 1952-62.....	100	ty. pd.	1½-2½ pm	101-103
Swansea Gas 5½% Pref. £1.....	98	48	1½-1½ pm	2½-2½ pm
Tanganyika 4% Stk. 1952-72.....	97½	47½	1½-1½ pm	2½-2½ pm
Treasury Bonds 3% 1933-42.....	99½	ty. pd.	1½-1½ pm	101½-102½
West Bromwich Corp. 4½% Red. Stock 1955-65.....	99½	ty. pd.	1½-1½ pm	101½-102½

INVESTMENT NOTES.

Three Capital Schemes.—Preference shareholders are familiar with requests for the jettisoning of their rights when their companies are in distress, but not with proposals for lowering their income at a time when ordinary shareholders have not ceased to receive dividends. Such, however, is the effect of the proposed scheme of arrangement under which the holders of £1,500,000 of 8 per cent. cumulative preference shares of Rylands & Sons are asked to submit to a return of capital of 6s. 8d. per £1 share, plus a "premium" of 2s. per share less tax—on condition that they consent to a reduction in annual dividends on their remaining capital from 8 per cent. to 6 per cent. The company carries on an old-established business of textile manufacturers, exporters and warehousemen. Up to and including the year 1930 its preference dividends were fully covered by earnings. Even in 1931 some £45,080 of the £90,000 required for preference dividends was earned. The whole amount was paid, and ordinary shareholders received a distribution of 4 per cent. We see little inducement to preference shareholders to accept a scheme whose future benefits will go entirely to ordinary shareholders. Grim necessity, however, will doubtless compel acceptance of the far severer provisions of another scheme, put forward by Humber, Limited. This once-prosperous company, a pioneer in the motor industry and now a member of the Humber-Hillman-Commer group, has been recently financed by Rootes, Limited, the large motor distributors. It requires further accommodation and working resources which only the latter can provide. The 7 per cent. preference shareholders are asked to surrender their rights to all dividends up to August 31st next in return for the allotment to them of an additional £4 10s. of preferred ordinary capital (entitled to non-cumulative 15 per cent. maximum dividends) for every £40 of existing preference capital. This is a fair and even generous suggestion, but the ordinary shareholders receive harder terms. In effect, they will hereafter be entitled only to a non-cumulative preferred 7½ per cent. per annum on the present nominal value of their capital, and will lose all their rights in the company's equity. We regard this provision as open to serious objection, on the ground that it is unfair to bar ordinary shareholders from all participation in the fruits of possible future recovery. As Messrs. Rootes, however, own nearly 60 per cent. of the ordinary shares and are providing fresh money so that the balance can be reorganised and the business rationalised, the

matter lies almost entirely in their hands. Finally, Anglo-Foreign Newspapers, which was originally floated during the boom under the auspices of Mr. R. S. Horne, and had an unfortunate early trading experience, has now reached a point at which the clearing up of the balance-sheet position can be undertaken. The 3,000,000 ls. deferred shares will be cancelled and the ordinary 5s. shares reduced to 1s. 4d. and subsequently consolidated into 4s. shares. The reduction will extinguish the existing deficiency account of £1,058,208 and preliminary expenses of £31,901, and will leave a balance of £14,061. The ordinary shares (over 82 per cent. of which are held by the Associated Iliffe Press) actually increase their equity rights under the arrangement, owing to the disappearance of the deferred shares which were entitled to 40 per cent. of distributable profits after the ordinary have received 10 per cent. dividends. The Associated Iliffe Press hold 73 per cent. of the deferred shares, and have presumably consulted the remaining holders in advance.

International Tea.—The results of the International Tea Companies Stores, Limited, for the year to April 30th last, are a tribute both to the excellence of the company's management and the resiliency of retail trade in "necessities" during economic depression. Total profits show a further increase of 8 per cent. and ordinary shareholders receive the customary distribution of 30 per cent., together with a share bonus of one in ten. The results for the last three years are shown:—

	1930.	1931.	1932.
Total profit	755,359	820,163	885,089
Fees, depreciation, interest, health insurance, &c.	138,762	123,358	117,442
Tax reserve	25,000	40,000	60,000
Net profits.....	591,597	656,805	707,647
First preference dividend	36,000	36,000	36,000
"A" preference dividend	45,300	94,771	95,771
Earnings for ordinary	510,297	526,034	575,876
Paid on ordinary	359,756	374,828	374,831
Paid per cent.	30	30	30
To reserves	150,000	150,000	200,000
Brought forward	131,756	132,297	133,503
Carried forward	132,297	133,505	134,547

The earning power of the whole group of companies (which includes Kearley and Tonge, Limited, Star Tea Company, Limited, Ridgways, Limited, and James Pegram and Company) is greater than the above figures suggest, since the profits of subsidiaries, in excess of their declared dividends, have not been brought into the parent company's accounts. The balance sheet is remarkably strong. Goodwill of £1,207,316 was entirely written off two years ago. The purchase of various freeholds during the year brings this property item to £1,732,691, which is regarded as a conservative valuation. The company holds £267,394 of British Government and Dominion Corporation stock and £538,431 of cash. International Tea, so far, appears to have lost little, if anything, through its decision not to associate itself with the Unilever interests. It remains to be seen whether, if the depression is prolonged, British retail purchasing power will be maintained, despite the relative inelasticity of wage rates and the effect of unemployment insurance payments in maintaining the effective demand for "necessities" of workers falling out of employment. The efficiency of the company's organisation, however, has been amply demonstrated, and opportunities for increased turnover at the expense of the small local shop will doubtless remain considerable. The 5s. ordinary shares, cum rights, are quoted at 26s. 10½d.

General Electric.—Though the General Electric Company has benefited from orders under the grid scheme the virtual maintenance of its profits during the year to March 31st last is a creditable achievement. Net profit at £581,648 shows a decline of only 8 per cent. and would

have amply covered a repetition of the previous year's 10 per cent. ordinary dividend. The directors, like those of many other strong concerns at the present time, have, however, decided to conserve the company's resources, and have reduced the dividend to 8 per cent.

	1930.	1931.	1932.
Profit	1,179,007	1,122,008	1,057,657
Depreciation	224,694	241,676	236,953
Pension fund	27,182	34,311	30,000
Directors' fees.....	4,575	4,575	4,495
Debt interest.....	207,952	209,444	204,661
Net profit	714,604	632,002	581,548
Brought forward	362,072	379,165	400,880
Preference dividends...	252,000	252,000	252,000
No. of times covered.....	2.8	2.5	2.3
Ordinary dividend:—			
Amount	315,510	225,364	180,292
Earnings %	20.5	16.9	14.7
Paid %	14	10	8
Reserve	130,000	132,923	130,000
Carried forward	379,165	400,880	420,136

Political and economic troubles diminished the volume of export business last year, and incoming orders in the heavy engineering section tended to decrease. The balance sheet position is, as usual, strong, liquid resources being £384,000 greater than a year ago at £1,558,000. Reserve account now stands at £1,420,000. At 33s. 9d. the £1 ordinary shares yield £4 19s. per cent.

Stanton Ironworks.—The principal products of this well-managed Derbyshire company are cast iron and concrete pipes. The company also converts blast-furnace slag into road-making material and owns four collieries. The latest report maintains the company's enviable reputation in its industry as a profit-earner. For the third year in succession increased earnings are shown, and for the eleventh successive year (a notable record) a dividend of 10 per cent. (tax free) is to be paid:—

	1930.	1931.	1932.
Profit	240,532	264,193	295,174
Depreciation	40,175	38,229	35,119
Reserve for depreciation.....	50,000	50,000	50,000
Preference dividend.....	21,152	20,817	19,809
No. of times covered	7.1	8.4	10.6
Ordinary {			
Earnings	11.3%	13.6%	16.7%
Paid, tax free	10%	10%	10%
Amount of dividend ..	113,671	113,671	113,671

Increase or decrease in carry-forward..... + 15,534 + 41,477 + 76,574

Earnings would have covered a moderate dividend increase, but the directors' conservatism is commendable, and shareholders are being offered a bonus of another sort. To defray recent expenditure on improvements and additions and to provide further working capital, the company desires to raise fresh capital. Out of 800,000 new £1 shares it proposes to offer 300,000 to existing ordinary shareholders at 25s.—i.e., about 10s. below the present market price—in the proportion of four for every fifteen fully-paid and four for every twenty partly-paid shares now held. The company will also call up, shortly, the unpaid liability of 5s. on the 462,500 existing partly-paid £1 shares. The effect will be to make £490,625 of new money available, and to increase the ordinary capital ranking for dividend from £1,136,707 to £1,552,332. Demand for the main products remains good, though during the past few months it has been necessary to reduce output. Confidence in the ultimate future is indicated by the acquisition of a controlling interest in the Wellingboro' Iron Company and the decision to erect a new blast-furnace plant. Stanton ordinary £1 shares, fully paid, stand at 35s. cum dividend, yielding almost exactly 6 per cent. tax free. The rights are worth approximately 2s. 4d. per share.

Allied Ironfounders.—This company was registered in March, 1929, to amalgamate certain leading companies in the cast iron trade. Income from dividends and interest of £140,177, last year, showed little change from the £134,994 received in 1930-31. The ordinary shares have not yet received a dividend:—

	1930.	1931.	1932.
Income.....	93,103	134,994	140,177
Debt interest.....	30,050	35,651	33,349
Debt redemption	4,875	12,144	12,824
Net profit	58,178	87,199	94,004
Brought forward	...	4,247	37,490
Preference dividend ...	53,931	53,956	50,476
No. of times covered.....	1.1	1.6	1.8
Ordinary dividend:—			
Earnings %	0.4	3.3	4.4
Paid %	Nil	Nil	Nil
Carried forward	4,247	37,490	81,018

* Tax free. † Period March 21, 1929, to March 31, 1930. The total trading profits earned by subsidiaries during the financial year were £180,588, including a non-recurring item of £14,930. This compared with £168,618 for the previous year. The maintenance of net profits in a difficult year is attributed to the benefits of internal reorganisation and economies. The balance-sheet position is liquid. The £1 ordinary shares stand at 5s.

Bleachers'.—This twenty-two-year-old merger in the textile furnishing trades rather more than maintained its position in the year to March 31st last. Gross profit amounted to £564,053, compared with £547,272, and as allocations to repairs and to depreciation were reduced, net profit rose from a nominal figure to £112,634, and the preference dividend was met by a small draft on "carry-forward."

	1930.	1931.	1932.
Profit	1,235,217	547,272	564,053
Repairs	464,965	238,836	172,820
Depreciation	200,000	200,000	175,000
Directors' fees.....	2,610	2,610	2,349
Superannuation	19,413	Nil	Nil
Debt interest.....	101,250	101,250	101,250
Net profit	446,979	4,576	112,634
Brought forward	282,818	279,414	237,178
Preference dividend ...	136,613	136,813	136,813
No. of times covered ...	3.3	Nil	0.9
Ordinary dividend:—			
Amount	254,583	Nil	Nil
Earnings %	8.5	Nil	Nil
Paid %	6½	Nil	Nil
Reserve	59,187*	Dr. 90,000	Nil
Carried forward	279,414	237,178	212,999

* And £15,812 from share premiums.

The balance sheet is liquid only on the assumption that advances to subsidiary companies of £986,182 are readily realisable. The general reserve fund still stands at £1,050,000. A resolution is to be submitted at the forth-



SECURITY FIRST

FUNDS EXCEED
£42,000,000

CLAIMS PAID, OVER
£200,000,000

LIVERPOOL
North John St.

Head Offices

LONDON
Lombard St.

coming annual meeting to consider the conversion of the ordinary and preference shares into stock. The £1 ordinary shares are quoted at 8s. 9d., against 15s. 6d. earlier this year. The preference shares, at 12s., yield £9 8s. 4d. per cent.

Barry and Staines.—In its second year as a holding company this linoleum merger has recorded marked progress:—

	Year to March 31, 1931.	1932.
Dividends received	108,905*	170,983
Other income	12,463	13,571
Expenses	7,860	5,350
Directors' fees	9,955	10,000
Interest	4,758	19,907
Net profit	98,795	149,297
Brought forward	111,557	86,371
Preference dividend.....	17,262	16,595
No. of times covered	5.8	9.0
Ordinary dividend:—		
Amount	101,719	131,250
Earned %	6.0	10.1
Paid %	7½	10
General reserve	5,000	...
Carry forward	86,371	87,823

* Excluding £260,000 dividend from reserve of Barry, Ostlere and Shepherd, transferred to reserve of Barry and Staines.

The accounts include a consolidated balance sheet of the holding company and its subsidiaries, which shows a high degree of liquidity, cash and British Government securities amounting to £1,047,104, to cover current liabilities of £236,674. At 30s. the £1 ordinary shares yield about £6 19s. 3d. per cent., less tax, allowing for final dividend of 7½ per cent.

Oil Affairs.—The abortive conference of world oil exporters, held in New York recently, is to be resumed in Paris on June 29th. It is rumoured that the British and American oil interests, including the Roumanian exporters, will present a united front to the Soviet Government representatives, in order to limit the range of Russian oil competition. There should be no insuperable obstacle to world agreement. As only about 8 per cent. of the 5,000,000 tons of oil exported by Russia last year was sold through the Soviet's own distribution facilities, the Soviet has some inducement to safeguard the position of the remaining 92 per cent. of its exports by coming to an arrangement with the international oil companies. Both Sir John Cadman, in his speech to the shareholders of the Anglo-Persian Oil Company, and Lord Bearsted, in his speech to the Shell Transport and Trading Company shareholders, emphasised the importance of these oil conferences, which had been the means of bringing the leading oil interests of the world together in a real determination to co-operate instead of indulging in cut-throat competition. The New York conference had failed, said Lord Bearsted, only because the Russian representatives had possessed an entirely exaggerated idea of the value of their oil export position. Sir John Cadman gave a lucid explanation of the present difficulties of the world oil industry. The collective efforts to increase production capacities, stimulated by the high prices and the threatened famine of ten years ago, had, he declared, attained a maximum effect on the very eve of the world crisis. The world's visible reserves of oil had been enormously increased by the discovery of huge and easily accessible deposits in many countries. Simultaneously, chemists and engineers had evolved new technical methods whereby every ton of crude oil became capable of making a much more effective contribution to market demand. Having regard to the severity of trade depression, the consumption of the petroleum products had shown a remarkable degree of resistance. Nor, Sir John declared, should it be assumed that there had been a total failure to balance supply with demand. Certainly the Anglo-Persian Oil Company had

done its part by vigorously controlling its own output for several years past. Lord Bearsted, however, warned his shareholders of the probability that both production and consumption would be much further reduced this year. Regarding the position of the Royal Dutch Shell group, Lord Bearsted disclosed some interesting facts. Shell Transport, he pointed out, acted as a banker to its associated companies. That explained why its "holdings in and advances to sundry companies" had increased by £4½ millions while cash and securities had declined by approximately the same amount. The greater portion of these advances had since been repaid, and the Shell's present holding of cash and Government securities was about £17 millions. It would be all to the good, Lord Bearsted added, when this capital could be employed in the business, for large cash reserves were a symptom of business stagnation. Lord Bearsted took occasion to protest regarding the recent events in Chile and the State of Vera Cruz in Mexico, which threatened confiscation of foreign investments. Finally, both Lord Bearsted and Sir John Cadman referred with satisfaction to the amalgamation of the distributing organisations of the Shell and the Anglo-Persian Oil Companies in Great Britain, which had created a more efficient and economical service for the consuming public.

The Copper Position.—The market continues to show only a perfunctory interest in the shares of copper producers. The 4-cent duty on copper entering the United States is now in force. So far, however, values on the domestic market have not responded, in spite of quite a strong lead given by London. Optimism in regard to the outlook for Rhodesia has been engendered by the announcement that a refinery to deal with 1,000 tons of blister copper per week is being erected in this country, but it is unlikely that copper mining shares as a whole will obtain influential support until the metal reaches a more lucrative price level. Despite unofficial canvassing of a British import duty, informed quarters have no belief in the immediate likelihood of the metal's being taken off the free list, and foreign producers have showed no anxiety to anticipate a tariff by speeding up shipments. Rumours have been rife as to the possible dissolution of Copper Exporters, Inc. Such an event, however, if it occurred, would probably be followed by the setting up of a European group. In any case, interests outside the cartel have for months past been securing the bulk of the business available, and the general level of prices in Europe has been below even the custom smelters' quotation, which in its turn has been ½ cent per pound below the official Exporters' figure. Disruption of the Copper Exporters, now that a tariff is established in America, would not be likely to precipitate panic selling. It might, indeed, result in more successful handling of the copper situation, and foster improved prices.

Tin Restriction.—In the *Economist* of May 7th we described the proposals of the London Council of the Tin Producers' Association for a further drastic restriction of output, involving a two months' shut-down or a three months' operation at 40 per cent. of standard. The International Tin Committee, at a meeting in London this week, has now decided to adopt a modification of this scheme—now generally known as the Byrne scheme—which will be put into effect from July 1st next. Production during July and August is to be either stopped or ordinarily smelted. Thereafter the ore is produced or controlled is to be realised at the rate of 10 per cent. per month for ten months. As from July 1, 1932, the new aggregate quotas of the restricting areas are cut down by 17,040 tons below the existing quotas, that is, they are to be at the rate of 54,056 tons a year, or 33½ per cent. of the 1929 production (162,168 tons). No metallic tin or ore produced under these new quotas will be released from the control of the exporting Government before September 1st, and thereafter the releases will be—September, 5,405 tons; October to December, 16,217 tons; and thereafter 16,217 tons each quarter to June 30,

1933, making a total of 54,056 tons from July 1, 1932, to June 30, 1933. The individual quotas from July 1, 1932, will be—Dutch East Indies, 12,823 tons; Nigeria, 3,431 tons; Bolivia, 14,687 tons; and Malaya, 23,115 tons. The announcement of the new restriction had a favourable effect upon the tin market, the spot price advancing to £116 per ton as compared with £112 10s. a week ago.

The Rand Midsummer Dividends.—Our mining correspondent writes: A bird's-eye view of the recent declarations as a whole gives a striking impression of light and shade. The Sub Nigel supplies the most obvious example of the former, and Brakpan of the latter. During almost every recent month the Sub Nigel has established fresh profits records, but doubts have existed regarding the extent to which the extra earnings might be drawn upon for capital expenditure. The directors, in fact, followed a liberal policy in the distribution of profits. For the financial year ending June 30th, the latest announcement of the Sub Nigel, makes the unprecedented total of 75 per cent. for 1931-32, as against 60 per cent. in respect of the preceding period. As regards the Brakpan, the circular of April 8th, announcing formal confirmation of the agreement for purchase of the Witpoort undertaking, stated that the price (£200,000) and the cost of development might be raised by an issue of shares. Conditions (including exchange difficulties) have, however, militated against any emission. Accordingly, the first instalment of the purchase consideration (£50,000) falls to be provided out of profits, and has necessitated a cut of 1s. per share, or 5 per cent. in the dividend. The other instalments are due at intervals of six months, a point those interested would do well to keep in mind. We give below our usual table of company dividends:—

Company.	Total, 1930.	June, 1931.	Dec., 1931.	Total, 1931.	June, 1932.
Brakpan	43½	20	20	40	15
Consol. Main Reef ...	10	6½	6½	12½	6½
Crown Mines	67½	35	35	70	35
Durban Deep	7½	7½	7½	15	7½
East Rand Propriety ...	...	...	5	5	2½
Geduld Proprietary ...	32½	16½	17½	33½	17½
Geldenhuis Deep	8½	5	5	10	5
Government Areas ...	90	45	45	90	45
Langlaagte Estate ...	20	10	10	20	10
Modderfontein B.....	80	30	30	60	25
Modderfontein Deep ..	130	60	60	120	55
Modder East	20	10	10	20	10
New Modderfontein... 132½	60	55	115	52½	...
New State Areas	17½	10	10	20	10
Nourse	6½	3½	3½	7½	3½
Randfontein	...	...	2½	2½	3½
Robinson Deep..... 7½d.	4½d.	6d.	10½d.	6d.	...
Rose Deep..... 5	...	2½	2½	...	...
Simmer and Jack..... 1½d.	...	2d.	2d.	...	...
Springs Mines	37½	18½	20	38½	18½
Sub Nigel	50	30	35	65	40
Van Ryn Gold	5*	2½*	3½*	6½*	5*
Van Ryn Deep	30	12½	12½	25	10
West Rand	...	...	...	...	2½
West Springs	10	3½	3½	7½	3½
Witwatersrand Gold ..	10	2½	2½	5	1½
Johannesburg Consol. 7½	7½	...	7½	...	...
New Era Consol. 5	5	...	5	...	...
Rand Mines	90	40	40	80	40

* Tax free.

This table does not include declarations made at dates other than June and December.

The dividend of the Van Ryn Gold—whose rate shows a fresh increase—is payable tax free in sterling. The others will be met at the rate of exchange ruling on the date fixed for payment from the head offices of the companies in Johannesburg. This will give British shareholders an addition equal to 25 to 30 per cent. As regards the absence of any announcement on the part of the Johannesburg Consolidated Investment Company, it may be recalled that at the annual meeting last November the chairman mentioned that in future the directors would not declare the final dividend until they had the actual results of the year's work before them. A reminder of this in conjunction with the announcements of the subsidiaries would have obviated the misunderstanding which occurred.

Great Boulder Proprietary.—The explanation of the new developments given at Wednesday's meeting added practically nothing to that embodied in our note of several weeks ago. Opportunely, a further telegram came to hand on Tuesday. This intimated that the results previously reported in respect of the 1,650 and 1,800 ft. levels were being maintained, and contained a fresh estimate of ore reserves. The latest total of 211,000 tons, value 8½ dwts., shows an increase of nearly 9,000 tons upon the December estimate, the value being about ½ dwt. up at 8½ dwts. Mr H. A. H. Collier, one of the directors, stressed the point that the dip of the new lode is to the west, carrying it further and further into the Great Boulder property. He argued that even if the "X" lode should furnish profits equivalent to only one quarter of those derived from the main lode, the recent advance in the price of the shares would be more than justified. Despite the latest cable and the meeting, Boulders failed to make any further progress. The explanation lies in the fact that the rise from 2s. to 7s. which has occurred during the past six months discounts a very great improvement in the prospects. The latter appear extremely hopeful, but prudence suggests that the outcome of further work should be awaited.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Bank of British West Africa, British Empire Trust, General Mining and Finance, British Electric Traction, Straits Plantations, Shell Transport and Trading, Zinc Corporation, Wm. Cory and Son, Scribbans and Company, and Virol. Presiding at the annual meeting of Zinc Corporation, Sir Robert Horne regretted that all the predictions he had made as to the unhappy results of the demonetisation of silver, in view of the policy adopted by the Indian Government in 1926, had been more than fulfilled. He was not without hope, however, that the hour of silver's return to a definite position in the monetary systems of the world was not far distant. At the annual meeting of Wm. Cory and Son the chairman said that the export side of the business had derived some little advantage from the abandonment of the gold standard in September, but this had been to a great extent counterbalanced by the imposition of import licences and embargoes on all coal exported from Great Britain to the Continent. The meeting of Shell Transport and Trading is referred to on page 1422.

CAPITAL ISSUES.

The new capital market has been inactive this week, the only public issue, at the time of going to press, having been made by Dr. Knox's Medical Products, Limited. The gentleman whose name forms part of the company's title was a Pittsburgh medical practitioner (now deceased) who used his "uncanny insight" to treat the "common ills of mankind." The company, according to the prospectus, will start with two valuable assets. The first is the late doctor's formulae, and the second is Sir William Henry Veno, who will act as managing director. The initial capital is small, but, as the prospectus sagely points out, "in this class of business knowledge, experience and proved previous success are more valuable than a large amount of initial capital." The document also enunciates the undeniable proposition that "capital increases in value as a business grows." Every subscriber of 10s. for an ordinary share will receive, free of charge, from Sir William Henry Veno, one management share of 1s. An element of the speculative, nevertheless, would appear to attach to this issue.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Total recorded, January 1 to June 18, 1932, excluding conversions, £161,052,124.
Total recorded, January 1 to June 18, 1932, including conversions, £289,686,789.

National Savings Certificates.
Net receipts, week ended June 18, 1932, £500,000.

	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
To the Public.					
Dr. Knox's Medical Products, 100,000 ord. shares 10s. at par	50,000	...	50,000	5,000	45,000
Total offered to the public, week ended June 25, 1932 ...	50,000	...	50,000	5,000	45,000
To Shareholders only—					
Anglo-Eastern Tin, 100,000 new ord. shares 2s. at par	10,000	...	10,000	3,750	6,250
Chiswick Electricity Supply, 50,000 new ord. £1 at 21s.	50,000	...	52,500	52,500	...
Malayalam Tin, £12,300 7½% deb. stk. at par	12,300	...	12,300	1,230	11,070
Total offered to shareholders only, week ended June 25, 1932 ...	72,300	...	74,800	57,480	17,320

	Including Conversions.	Excluding Conversions.	Including Conversions.	Excluding Conversions.
Jan. 1 to date—				
1932	290,311,589	161,676,924	1931	114,290,666
1931	99,170,476	89,273,491	1930	454,888,784
1930	245,907,847	169,655,573	1929	488,764,940
1929	205,719,134	174,393,534	1928	693,100,056
1928	...	244,762,793	1927	355,165,970
1927	...	207,583,814	1926	230,782,600
1926	...	122,745,363	1925	232,214,500
1925	...	114,061,974	1924	209,326,101

† Includes £107,589,166, the whole amount of accepted tenders for 3% Treasury Bonds.

Nature of Borrowing.

	Debtures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1932	150,521,331	8,025,682	3,129,911	161,676,924
1931	68,916,924	5,832,786	14,523,781	89,273,491
1930	137,679,594	13,774,987	18,100,992	169,655,573
Whole year—				
1931	74,835,599	6,911,859	20,296,833	102,044,291
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,600	375,057,100
1927	228,958,000	36,836,600	98,381,400	364,176,000
1926	145,180,000	39,393,200	46,209,500	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	6,681,750	...	7,041,857
Total, week ended June 25, 1932	...	...	...
Total to date, 1932	6,681,750	...	7,041,857
Total to date, 1931	6,547,183	...	6,876,940

Public Offers.

Dr. Knox's Medical Products.—Issue of 100,000 ordinary shares of 10s. each. The company has been formed to manufacture and distribute new proprietary medicines. Sir W. H. Veno has agreed to transfer to the company for a consideration of £6,500 the benefit of certain formulae and methods of preparation and the right to use the name of the late Dr. Knox.

Sheffield Gas Company.—Sale by tender of £250,000 4½ per cent. redeemable debenture stock, 1966, at £96 per £100 stock. The stock will be redeemed at par on July 31, 1966, unless previously cancelled by purchase or agreement. The new capital is required for the construction and equipment of the South Yorkshire Coke Oven Gas Network. Net profits for the past five years have averaged £171,414, covering interest on debenture stock, including the present issue, about 3½ times.

Colchester Gas Company.—Sale by tender of £89,000 5 per cent. perpetual debenture stock or such an amount as with premiums will realise the sum of £89,453 at a minimum price of par. The net revenue of the company for 1931 was £13,939, covering interest on the present issue 3.1 times. The total number of consumers on December 31 last was 11,142. The population of Colchester is steadily increasing.

Further Stock Exchange information, including the latest profit and loss accounts and reports and notices, will be found on pages 1488 and 1484.

WEEKLY TRAFFIC RETURNS.
RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended June 17, 1932. (c) Week ended June 18, 1932.	Miles Open.	Gross Receipts, week ended June 19, 1932. (000's omitted.)					Aggregate Gross Receipts, 24 weeks. (000's omitted.)				
		Passenger &c.	Merchandise &c.	Coal and Coke.	Goods.	Total	Passenger &c.	Merchandise &c.	Coal and Coke.	Goods.	Total
Great Western	1932	3,761	208	173	94	4,236	4,320	4,069	2,502	6,571	10,891
L. & N.	1932	3,761	226	196	109	4,292	4,758	4,577	2,598	7,175	11,933
L. M. & D.	1932	6,353	341	323	218	7,235	6,339	7,140	5,410	12,550	19,089
Scottish	1932	8,962	493	418	197	10,070	7,087	8,189	5,783	13,972	21,059
Southern	1932	6,958	501	460	220	8,139	10,027	10,292	5,730	16,022	26,049
	1931	2,181	317	64	27	2,589	6,116	1,502	762	2,264	8,380
	1931	2,180	342	75	32	2,639	6,682	1,742	766	2,508	9,190
Total...	1932	19,259	1,337	943	513	21,052	27,002	23,003	14,404	57,407	84,409
	1931	19,250	1,410	1,054	579	22,303	29,209	25,806	15,317	61,123	70,332

(c) Metropolitan 1932 59 29.5 ... 3-2 32.7 708.7 ... 83.3 792.0
 (c) Under-ground E.R. 1932 59 31.2 ... 3-7 34.9 751.0 ... 89.9 840.9
 (c) Green 1932 309.8 ... 309.8 7249.8 ... 7016.7
 Buses, &c. 1932 36.0 ... 36.0 710.8 ... 710.8
 (c) L. & S. 1932 46.1 ... 46.1 1036.6 ... 1036.6
 (b) Belfast 1932 80 3.5 ... 0.5 46.2 1063.1 ... 1063.1
 (b) Co. Down 1932 80 3.5 ... 0.5 49.6 ... 16.2 65.8
 (b) Great Northern 1932 562 11.2 ... 11.2 22.4 52.4 ... 17.3 69.7
 (b) Great Southern 1932 562 11.7 ... 11.7 27.2 244.2 ... 304.7 528.2
 (b) Southern 1932 2,182 29.6 ... 30.6 60.2 509.3 ... 881.1 1,370.4
 1931 2,182 28.1 ... 36.4 64.5 544.8 ... 1,006.2 1,551.0

* The operations of these Companies were extended during 1931.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1932.	+ or -	1932.	+ or -
INDIAN.							
Assam Bengal	7	May 21	1,330	Rs. 3,02,100	Rs. 98,574	Rs. 21,15,100	Rs. 6,93,002
Barri Lt. Ry.	8	May 28	20	31,700	5,900	2,94,600	76,100
Bengal & N. Western ..	7	May 21	2,114	6,82,700	1,689	57,82,542	52,923
Belga-Nagpur	8	May 28	3,274	13,32,000	92,520	1,01,77,000	9,57,623
Bombay, Bar. & C.I.	11	June 18	3,084	20,89,000	1,27,000	2,37,32,000	4,86,000
Madras & S. Mahr.	8	May 28	3,230	14,25,000	36,000	1,15,94,000	20,93,536
† Rohilk' & Kumaon ..	8	May 28	572	1,24,987	5,701	1,16,161	19,921
South Indian	8	May 28	2,495	10,60,516	51,385	87,65,779	3,54,500

† Including Lucknow-Bareilly State Rly.

CANADIAN.

	Weeks.	Railway.	Present Mileage.	1932.	+ or -	1932.	+ or -
Canadian National	24	June 14	20,538	\$ 2,842,251	\$ 718,001	\$ 63,209,686	\$ -16,697,317
Canadian Pacific	24	June 14	16,900	\$ 2,306,000	\$ -543,000	\$ 52,077,000	\$ -13,358,000

SOUTH AMERICAN.

	Weeks.	Railway.	Present Mileage.	1932.	+ or -	1932.	+ or -
Antofagasta (Chili and Bolivia)	24	June 12	804	\$ 6,530	\$ -12,350	\$ 275,170	\$ -161,550
B. Aires La Plata	51	May 18	753	\$ 12,400	\$ -800	\$ 594,600	\$ 86,100
B.A. and Pacific	51	May 18	2,806	\$ 108,000	\$ 15,000	\$ 6,298,000	\$ 564,000
B.A. Central	51	May 18	...	\$ 10,127	\$ -1,144	\$ 536,380	\$ 94,628
B.A. Gt. Southern	51	May 18	...	\$ 150,000	\$ 44,000	\$ 10,350,000	\$ 622,000
B.A. Western	51	May 18	1,926	\$ 72,000	\$ 2,000	\$ 5,627,000	\$ 59,000
Central Argentine	51	May 18	3,505	\$ 215,000	\$ 14,000	\$ 10,894,000	\$ 82,000
Central Uruguayana	51	May 18	273	\$ 11,529	\$ 2,819	\$ 103,493	\$ 40,768
C. Ury. (East Ext.)	51	May 18	145	\$ 3,172	\$ 378	\$ 157,267	\$ 91,095
C. Ury. (W. Ext.)	51	May 18	211	\$ 1,523	\$ 433	\$ 77,305	\$ 51,970
† Cordoba Central	51	May 18	1,218	\$ 1,009	\$ 232	\$ 63,141	\$ 44,093
Entre Rios	51	May 18	810	\$ 48,000	\$ 6,000	\$ 2,358,000	\$ 492,000
G. Western of Brazil	25	May 18	1,052	\$ 17,200	\$ 5,700	\$ 1,086,600	\$ 290,500
Leopoldina	25	May 18	1,918	\$ 6,600	\$ 1,000	\$ 230,300	\$ 53,100
Leopoldina Termal.	25	May 18	...	\$ 26,958	\$ 393	\$ 601,844	\$ 83,460
Nitrate	15	May 15	...	\$ 260,000	\$ 1,000	\$ 6,677,000	\$ 82,000
Paraguay Central	51	May 18	411	\$ 560	\$ 3,934	\$ 153,363	\$ 59,625
Salvador	51	May 18	274	\$ 3,120	\$ 240	\$ 139,123	\$ 41,921
San Paulo	24	June 12	153	\$ 32,091	\$ 489	\$ 782,798	\$ 130,434
United of Havana	15	May 15	1,367	\$ 15,184	\$ 5,219	\$ 1,265,280	\$ 637,152

† Months.

OTHER OVERSEAS.

	Weeks.	Railway.	Present Mileage.	1932.	+ or -	1932.	+ or -
Egyptian Delta	7	May 31	620	\$ 5,305	\$ 1,909	\$ 31,952	\$ 5,399
Light Railways	23	June 9	...	\$ 1,401	\$ 52	\$ 36,908	\$ 356
Egyptian Markets	23	June 9	...	\$ 58,732	\$ 13,346	\$ 1,230,309	\$ 619,536
Gr. South of Spain	23	June 9	...	\$ 170,300	\$ 40,200	\$ 3,974,700	\$ 959,500
Mexican Railway	24	June 14	...	...	...	...	...

TRAMWAYS WEEKLY GROSS RECEIPTS.

	Weeks.	Railway.	Present Mileage.	1932.	+ or -	1932.	+ or -
Anglo-Argentine	24	June 17	329	\$ 67,868	\$ 2,145	\$ 1,593,210	\$ -192,423
B. Aires La Plata	25	May 18	...	\$ 8,957	\$ 572	\$ 513,692	\$ -66,848
Iale of Thanet Elec.	51	May 18	...	\$ 2,464	\$ 212	\$ 58,165	\$ 3,251
Liverpool Corp.	11	May 31	124	\$ 29,893	\$ 118	\$ 309,985	\$ 9,679
Madras Electric	15	May 31	...	\$ 46,837	\$ 391	\$ 5,06,494	\$ 21,709
L.O.C. Tramways	11	June 16	166	\$ 79,639	\$ 2,091	\$ 849,649	\$ -32,231

† Months.

MONTHLY TRAFFICS.

Company.	Months.	Ending 1932.	Description.	Receipts for Month.		Receipts to Date.	
				1932.	+ or -	1932.	+ or -
Brazilian Traction, Light and Power.	5	May 31	Gross	\$2,752,404	-153,309	12,703,961	-2,812,709
British Columbia Power.	11	May 31	Net	\$1,649,573	-117,366	12,707,180	-2,003,925
International Blys. of Central America	5	May 31	Gross	\$1,069,776	-89,983	12,660,173	-788,968
			Net	\$310,522	-63,292	3,224,726	-478,568
			Gross	\$95,963	-14,361	\$21,231	-96,302
			Net	\$42,698	-1,566	\$33,284	-35,367

COMPANY MEETINGS, &c.

"SHELL" TRANSPORT AND TRADING COMPANY, LIMITED.

CO-OPERATION BETWEEN OIL COMPANIES.

LORD BEARSTED'S REVIEW.

The annual general meeting of the "Shell" Transport and Trading Company, Limited, was held, on the 21st instant, at Southern House, London.

The Right Hon. Viscount Bearsted, M.C. (the Chairman), in moving the adoption of the report and accounts, said: You will all have noted, I have no doubt, the fall in the company's profits available from £5,139,000 to £2,807,000. The causes for that fall are evident, and in no way attributable to special reasons pertaining to the oil business in general or our company in particular. In fact, I would go so far as to say that the surprise is not that our profits have fallen, but rather that very substantial profits still remain. I enumerated last year a series of causes contributory to the world's malaise. I can only say that not one of these causes has yet ceased to operate, and some of them have even been aggravated since I last had the pleasure of addressing you. I therefore approach my task to-day with no feelings of apology, but rather in a spirit of pride which I trust you can all share.

COMPANY'S CASH RESOURCES.

The report tells you of the large cash resources of the group and that the companies in which it has large share interests have in proportion large resources of their own. We look forward to a day when those resources will be employed in the forward march of the oil trade, which in common with all other trades is now arrested. The extent of such halt in 1931 can be seen from the figures in the report, which show that world production was reduced by 10,000,000 tons, and our own production by nearly 3½ million tons. I do not believe that we are yet at the end of such diminution, and you must be prepared for a still further fall in consumption and production in the current year, though I hope there will be no further fall in prices, which have already fallen to an uneconomic level in many countries.

Our capabilities for production are only restrained by the world's capability for consumption. Unfortunately, consumption is still diminishing, and even in the United States the current year will certainly show a substantial fall. In the United States the trade situation in so far as it affects the petroleum industry has not improved. The beneficial results of restricted development in several parts of the country were retarded by the uneconomic development of the East Texas field.

Turning to the balance sheet, you will see that your company, as you are no doubt aware, acts as a banker to its affiliations and advances such cash as they require for their current operations from time to time. The greater part of the advances which figure in this balance-sheet has since been repaid and your company's present holding in cash and Government securities is about £17,000,000 sterling. Of course, this large amount must be regarded as working capital, and it will be all to the good when it is employed in the business. The fact that it is at present liquid is a symptom of the present stagnation in the world's affairs. Naturally, the present low price of oil and freights calls for less cash to finance our current operations. I am giving you these somewhat elementary facts to prove that for companies such as ours an over-liquid condition is a sign of bad trade. Until such time as your directors see a proper use for their cash it will be kept as their main protective weapon. But I emphasise that, proud as we are of our financial strength, we would much rather employ it in trade than in buying Government stocks.

SHELL UNION OIL CORPORATION.

The Shell Union Oil Corporation produced somewhat less in 1931 than in 1930, but as a result of several important discoveries during the year their proven reserves were materially increased. In common with practically all other petroleum companies within the United States, the Shell Union operated at a loss, but its rates of depreciation and its method of valuing inventories were in no ways varied, whilst its cash position during the year became substantially stronger. In spite of the heavy drilling programme necessitated by the obligations of our leases and the offsetting activities of our neighbours in East Texas, as well as the construction of a new pipe-line to Houston, the company was able to make substantial economies in capital and in operating expenditures, with the result that its cash increased during the year by \$11,400,000. It is safe, therefore, to say that that company continues to be in an

unusually strong position, with assets unimpaired, and that as soon as conditions permit it will be in the forefront of those companies reaping the benefits from conservative and sound management. Fortunately, out of the stress and turmoil of these present days has come a greatly improved atmosphere amongst the more important petroleum companies, and I am happy to say that, generally speaking, the relationship between the various units composing the industry has never been so satisfactory as at present.

DISTRIBUTING ORGANISATIONS.

I think I told you when we met last year that no matter what competition we might have to encounter, we were determined to maintain our rightful share of the trade. I am happy to say that we have been successful in that aim. In that connection I have to refer to the amalgamation which took place at the beginning of this year in the United Kingdom and in Ireland of the distributing organisations of your company and of the Anglo-Persian Oil Company. This amalg

THE BRITISH EMPIRE TRUST COMPANY, LIMITED.

STRONG AND SATISFACTORY POSITION.

The thirty-first general meeting of the British Empire Trust Company, Limited, was held, on the 20th instant, at the Abercorn Rooms, Great Eastern Hotel, London, Mr J. Davidson, chairman and managing director, presiding.

The Chairman, in moving the adoption of the report and accounts, said that the year to April 30th had been the most anxious and difficult the company had ever encountered. Changes affecting adversely the credit of individuals, companies, and even of governments, seemed to spring up without warning, and any kind of financial business was accompanied by much uncertainty and risk. Among the changes to which he referred, the most momentous and far-reaching in consequences was the announcement in September last by the British Government of the suspension of gold payments. He was not criticizing that action: it was not a matter of choice but of necessity, and obviously no warning of such an event was possible. He was glad to say, however, that, notwithstanding the adverse conditions and the tremendous shrinkage in values which had taken place in many directions during the past year, the company on balance had suffered depreciation amounting only to 7½ per cent. of the value of the investments held. This, thanks to the cautious manner in which the affairs of the company had been handled, had all been provided for, and the directors recommended the same dividends as last year, viz., 5 per cent. on the preferred ordinary and 7 per cent. on the deferred ordinary shares. It was most gratifying to know that, after making these payments, the capital of £845,259 and the reserve of £225,000 remained intact. He reminded the shareholders that the company was not merely an investment trust company which could afford to disregard the prevailing value of its investments. The company was formed to carry on a financial business of wide and general character and to act as trustees. The company was now acting as trustees for an aggregate of £59,000,000, and it was essential that the standing and credit of the company, which were among its most valuable assets, should be maintained in a sound position, which could only be achieved by valuing the investments on a reliable and safe basis.

The Chairman stated that the company had with great success for many years past specialised in Canadian investments. The trend of events had led to the major portion of the capital being now invested in Great Britain. This had resulted largely from exchange conditions of, he believed, a temporary character, and did not mean that the directors had lost faith in Canada as a field for profitable investment. On the contrary, they were only awaiting a favourable opportunity to reinvest in that great Dominion, which contained tremendous potential wealth in raw materials and a virile and industrious population.

WEST GLOUCESTERSHIRE POWER COMPANY.

After referring to some of the more prominent Canadian companies with which the trust was associated, the Chairman said that in 1931 the West Gloucestershire Power Company, whose electricity supply area covered 679 square miles in Gloucestershire and Monmouthshire, increased its sales of electricity by 20 per cent. over the previous year. The figures for the first five months of 1932 showed continued improvement, the units sold from January to May being 13,048,000 as compared with 11,265,000 for the corresponding period in 1931, an increase of 1,783,000 units, or 16 per cent. The company had now 235 miles of mains in operation, and supplied electricity in forty-eight towns and villages. Having regard to the state of industry, and to the fact that the official figures of units generated for the whole country showed an increase of 4½ per cent. for 1931 over 1930, and 8·3 per cent. for the first two months of 1932 as compared with the first five months of 1931, and that the corresponding increases for these periods achieved by the West Gloucestershire Power Company were 20½ per cent. and 16 per cent. respectively, the rate of progress being made could only be regarded as most satisfactory.

In concluding his remarks, the Chairman said again that the credit of the company had been well maintained and that, bearing in mind that this was the third successive year of the greatest depression ever witnessed, it was no mean achievement to be able to present accounts showing such a strong and satisfactory position. With regard to the future, the greatest hopes for recovery rested on the fact that every country in the world had been affected, and efforts were being made in every direction to bring about improved conditions. The directors, therefore, proposed to continue their policy of vigilance and energy in the firm belief that when conditions did improve the company would reap the reward of its efforts.

Mr. T. Blundell Brown seconded the resolution, which was carried unanimously. The formal business having been transacted, a cordial vote of thanks to the chairman and directors terminated the proceedings.

SCRIBBANS AND COMPANY, LIMITED.

PROGRESS IN A DIFFICULT YEAR.

The fifth annual general meeting of Scribbans and Company, Limited, was held, on the 17th instant, at the Hotel Victoria, Northumberland Avenue, London, Mr Philip E. Hill (chairman of the company) presiding.

The Secretary (Mr W. Coutts Donald, C.A.), having read the notice convening the meeting and the report of the auditors, The Chairman said:—Ladies and gentlemen,—We have made a total profit for the year under review of £248,180—notwithstanding the fact that we have carried out considerable developments of the business without taking into the profit and loss account any sum from the development reserve—a result which I suggest can be regarded as satisfactory. Of the total profit earned, £4,043 2s. 4d. is received from our investments other than that of our subsidiary. We have written down our Stock Exchange securities by £11,113—leaving a sum of £237,067 to be dealt with.

The company's factory in Dublin has been completed, and in view of the recent change in the fiscal policy of Ireland, this extension should prove remunerative. The extension of the company's main factory at Smethwick referred to at our last meeting has been completed. The biscuit business in which your company holds the controlling interest continues to progress satisfactorily, and I would remind you that our new factory has been built and equipped almost entirely out of accumulated profits.

You are being asked to-day to pass a resolution with regard to payment of directors' fees. The facts in relation to this are stated clearly in the directors' report, but since the report was sent out I have reconsidered the matter and as, with the exception of three, all the directors are full-time officials of the company, I do not think it is necessary that their remuneration should be increased—in fact, I am proposing a reduction in the salaries of all the full-time officials of the company having regard to the fact that the cost of living is materially reduced—and under these circumstances the amount of the directors' fees I am asking you to agree to will be £2,000 to be divided among the directors other than those who are in the employ of the company. In my opinion, the fees suggested are extremely moderate.

The report and accounts were unanimously adopted and the resolution with reference to the fees of the directors was approved.

The meeting closed with a hearty vote of thanks to the chairman, directors and staff.

WM. CORY AND SON, LIMITED.

EXPANSION IN OIL FUEL TRADE.

The thirty-sixth annual general meeting of Wm. Cory and Son, Limited, was held on the 21st instant, at Southern House, London.

Sir A. C. Cory-Wright, Bt. (the Chairman), said that, in view of the great uncertainty of the immediate trade outlook, the Board considered it prudent to pursue a cautious policy, and, although the profits earned would have justified the payment of a final dividend of 12½ per cent. as in the previous four years, they recommended that the final dividend should be 10 per cent. It must, he thought, be considered very satisfactory that, in spite of the difficult conditions of trade generally, the volume of tonnage handled by the company and its subsidiaries had not suffered to any appreciable extent. On the export side of the business they had been able to derive some little advantage from the abandonment of the gold standard last September, though that had been to a great extent counterbalanced by the imposition of import licenses and embargoes placed on all coal exported from Great Britain to the Continent.

They had also had to contend with more intensive competition from other European coal-producing countries, as well as all the difficulties of remitting foreign currencies to this country. The company's export trade had been further handicapped by the curtailment of output and the fixation of minimum prices by the collieries under the regulations imposed on them by the Coal Mines Act.

In such a year it was gratifying to be able to record an increased activity in their oil fuel trade, which continued to show a steady expansion, and again exceeded that of any previous year. At the same time the board were fully alive to the importance of securing, wherever possible, fresh markets for coal both in the United Kingdom and abroad, and the directors utmost efforts were constantly devoted in that direction.

The company had a sum amounting to £1,853,000 invested in subsidiary companies, most of which were entirely owned and controlled by this company. Their operations extended to all parts of the globe and in many spheres not directly concerned with the coal trade. With very few exceptions those investments had proved satisfactory, and the dividends received were equal to those of the previous year.

Every department of the business had been completely overhauled and drastic measures of economy in working were being carried out. The report was unanimously adopted.

BANK OF BRITISH WEST AFRICA, LIMITED.

IMPROVED NET PROFIT.

The thirty-eighth annual general meeting of the Bank of British West Africa, Limited, was held, on the 23rd instant, at 37 Gracechurch Street, London.

The Right Hon. the Earl of Selborne, K.G., G.C.M.G. (the chairman), after expressing regret at the tragic death of Mr. D. Q. Henriques as the result of a motor accident, said that in their main sphere of operations—West Africa—there had been no substantial improvement, and they could not look for better results until the exports from West Africa yielded better prices to the producers. Trade in West Africa and Morocco remained stagnant and depressed because trade in the whole world remained stagnant and depressed. On ground where so many financial and economic experts differed as to causes and remedies he was not going to venture to tread, but there was one point, and one point only, on which they were all agreed, and that was that they would not even begin to emerge from the very grave condition in which the industrial world found itself to-day until the wholesale prices of staple commodities began to rise. Any large increase in wholesale prices would be followed by an increase in retail prices, but the gap between wholesale and retail prices was too large and there would be no justification for retail prices following closely any upward movement of wholesale prices.

It was exactly that increase in the wholesale prices of cocoa and ground-nuts, palm oil, palm kernels and tin which alone could bring back to West Africa a flourishing trade. Was there any way in which Governments could legitimately and without doing more harm than good assist in raising the level of wholesale prices?

The net profit was £59,625, as compared with £24,568 in the previous year, a welcome improvement of £35,057. An interim dividend of 1½ per cent. had been paid last December, and they now recommended the payment of a final dividend of 2½ per cent., making 4 per cent. for the year, less tax, the same as last year. They had been able to maintain their dividend because their trading results had been somewhat better, because their losses had been kept down to a minimum, and because the economies which they had inaugurated two years ago had been effective. Their position was very liquid, and their inner position was correspondingly strong.

The report was unanimously adopted.

BRITISH ELECTRIC TRACTION COMPANY, LIMITED.

BONUS STOCK DISTRIBUTION.

The thirty-sixth ordinary general meeting of this Company, was held, on the 21st instant, at Winchester House, London, Mr. J. S. Austen, the chairman, presiding.

The Chairman, in moving the adoption of the report and accounts, referring to the proposed bonus, recalled that a year ago he formulated a scheme which was then believed to be good and greatly to the shareholders' advantage. In the autumn, however, a circular was issued pointing out that times had changed and that they must postpone consideration of the scheme until the end of the year. When that time came times had still more changed and the question was, what was the best they could do? After anxious thought the directors could find nothing better than to give a bonus of 100 per cent. in stock. It had always been their object to give the stock the highest possible capital value. The doubling of its amount would make it more marketable and so achieve that object. He would make it more marketable and so achieve that object. He might point out that, the stock being doubled, the payment of the same rate of interest meant that the amount they received as dividend would be doubled. As to the value of the stock, he had no hesitation in saying that if the company went into liquidation to-day, if they sold their securities at the prices ruling to-day, and if they paid off the debentures and preference stock at par, the return to the holders of deferred stock would be very considerably more than the price which it now commanded in the market.

As to the prospects, the situation was that if things remained exactly as they now were, as far as they were concerned, there was no reason whatever why their income for the current year should not be equal to the income of the past year. Certain securities not be equal to the income of the past year. On the other hand, they had about £350,000 in cash which paid no dividend last year and must pay something this year. That was money in cash or on deposit, earning very little, and he did not say it was going to pull its full weight for the whole of the year. Practically three months had gone and a large part of that money had only just reached them. Furthermore, they were not going to allow it to burn a hole in their pockets.

The report and accounts were adopted, and it was resolved that £202,889 of undivided profits be capitalised in the form of fully-paid deferred ordinary shares, ranking for dividend from April 1, 1932, and distributed *pro rata* among the deferred ordinary stockholders.

VIROL, LIMITED.

ARGENTINE EXCHANGE.

At the annual general meeting of Virol, Limited, held on June 21, 1932, speaking of his visit to the Argentine, Lord Luke said:—

I have just returned from the Argentine, which is, I believe, the only country in South America that is bravely and honourably meeting the whole of its overseas debt interest service, in spite of serious exchange difficulties, and when I mention that over half the Argentine external debt is held in North America, and that by far the larger part of the interest payments are made to the United States, a country that buys comparatively little from the Argentine, you will realise the magnitude of Argentina's task as regards exchange. Moreover, the fact that so much exchange is being used to meet those external payments is causing the greatest possible inconvenience to the ordinary financial and commercial business which the Argentine usually carries on with England and other countries.

No one could condemn more strongly than I do any suggestion of mere repudiation by debtors, but, at the same time, I feel strongly that in the unhappy conditions now prevailing it behoves the favoured and sheltered ones to consider seriously how they can make things easier for the under-dogs. The fixed-charge owners must consider how they can make it worth while for the less favoured holders to carry on.

At present the whole Argentine trading and financial structure is being inconvenienced and endangered so that the bondholder may have his full annual "pound of flesh," and this at a time when Argentine products are exported at under half the price of 1923 and when the bondholders must be buying on the basis of commodity values at under two-thirds of the prices of three years ago.

Surely some halfway house can be found between full payment and default in full? I believe it would be in the interests of the bondholders themselves if the Argentine arranged to pay two-thirds of its external interest for the present, adding the other one-third to capital for later payment—it would at once release a large amount of exchange for ordinary business and the payment of external interest on the debentures and preference shares of great railways and other national utility services, and would create a freer market in exchange. I feel sure that the heavy drop in Argentine debentures, and especially the loss of prestige occasioned by a descent to a nominal quotation in exchange, is doing more harm than a compromise with foreign bondholders would do. The payment of overseas interest by Governments is in the long run only made possible by overseas commerce, and if you cripple this eventually there will be nothing to pay the bond interest out of. I suggest that it would be in the best interest of bondholders themselves (or any organisation that represents them) to propose a compromise with part payment of interest for a period, rather than risk a total default at some future date.

THE ZINC CORPORATION, LIMITED.

SIR ROBERT HORNE ON WORLD CONDITIONS.

The twenty-first ordinary general meeting of the Zinc Corporation, Limited, was held on Wednesday last at River Plate House, E.C.

The Right Hon. Sir Robert Horne, M.P. (the Chairman), after reviewing the corporation's accounts and the position of the mining property, dealt with the economic condition of the world, which, he said, since they last sat had become decidedly worse. A year ago he had said that an essential element in the solution of the grave problems with which the world was faced was an increase in the level of wholesale commodity prices, and that concerted action in dealing with that situation was the inescapable duty of the leading nations of the world.

So far there had been no concerted action, and the gravity of the world's peril increased day by day. The commodity price level had been deflated to a point which must ultimately involve general bankruptcy, and as a consequence international trade was rapidly being strangled. A complete world collapse was imminent unless rectification came soon.

All the unhappy predictions he had made as to the results of the demonetisation of silver after the unfortunate policy adopted by the Indian Government in 1926 had been, he regretted to say, more than fulfilled. There were now signs of a change of attitude. The United States, France, the Dominions and this country were all deeply interested, and he was not without hope that the hour of silver's return to a definite position in the monetary systems of the world was not far distant.

Taking a long view of the outlook for the corporation's products, he was optimistic. Since the last meeting this country had altered its fiscal policy, and in the tariff now in force there were duties

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designed to benefit the production and manufacture of non-ferrous metal within the Empire.

The duties were small, and the preference to Empire metal as a consequence was lower than he thought it might be, but, provided the Dominions permitted their metal, when manufactured in the United Kingdom, to re-enter the country of its origin at a rate of duty not unreasonably high, there should be no difficulty in making the scheme much more advantageous to both the British manufacturer and the Dominions. Both the Dominions and the Mother Country would ultimately benefit by freer Empire trade, and it was earnestly hoped that the Ottawa Conference would accomplish much in that direction.

The report was adopted.

THE STRAITS PLANTATIONS, LIMITED.

A DIVIDEND FOR THE PAST YEAR.

The ordinary general meeting of the Straits Plantations, Limited, was held, on the 23rd instant, at 2-4 Idol Lane, London.

Mr Eric Macfadyen (the Chairman) commenced by expressing regret at the death of the late chairman, Mr J. McNeill Miller. Dealing with the early history of the company, which was formed some thirty-three years ago, he said that it showed steady confidence and a stalwart refusal to accept defeat on the part of the early backers of the venture, including Mr Miller, that the means of overcoming the persistent setbacks of the experimental era had been forthcoming. Throughout those critical years, the company had had no more constant or resourceful friend than the late chairman. He had always been an assiduous and well-informed director.

He had been chairman for the last 8½ years, a period of notable progress, the outstanding feature of which was the absorption of the Coconut Plantations of Perak, Limited. The maintenance of a steady dividend record, the extinction of debt, the expansion of the estates and of the issued capital, and latterly striking reductions in the costs of production, marked the steady progress made by the company under the guiding hand of a chairman who had known how to combine business enterprise and financial prudence.

With regard to the operations of the year, they had harvested over thirty million nuts and made 6,821 tons of copra—15 tons more than in the previous year. The crop had been harvested more cheaply than ever, but when they came to revenue the tale was a sorry one. For seven years they had averaged a net price of over £21 per ton; in 1930-31 it was £13, and in the year under review no more than £9 3s., and they had no assurance that they might not be called upon to face a further decline.

They found themselves in a position to pay a small dividend—4½ per cent.—because, thanks to the writing down of assets, the issue of shares at a premium and the allocation of past profits to reserves, the estates stood in their books at a much lower figure than cost. They would be able to pay some dividend on the current year's working provided that prices got no worse, but in the general demoralisation of commodity markets the prospects for all producers must be uncertain, and any rise in costs of production would immediately be reflected in their profit and loss account. The fact remained that they could make a better showing than the majority of plantation enterprises, and he had been interested to note some evidence recently of increased interest in their shares on the part of investors. The net profit was £19,290, and after the payment of the proposed dividend the balance carried forward was £26,945. The report and accounts were unanimously adopted.

GENERAL MINING AND FINANCE CORPORATION, LIMITED.

SOUND AND STABLE FINANCIAL POSITION.

At the annual general meeting of the General Mining and Finance Corporation, Limited, held in Johannesburg, June 21, 1932, Sir George Albu, Bart., the Chairman, stated that the period under review had been a particularly difficult one, but, despite the abnormal conditions, they had fortunately been able to maintain the Corporation's financial position on a sound and stable basis, despite the heavy depreciation in almost every form of investment. The realised profit of £97,538 showed a decrease of £14,449, but there had been a saving of £8,572 in administration expenses, therefore the available profit, at £55,821, showed a decrease of only £6,854, which, in the circumstances, must be considered satisfactory. As the net profit, together with the carry-forward, was inadequate to provide for the heavy depreciation of shareholdings and investments, it had been found necessary to transfer to appropriation account the whole of the remaining balance of the general reserve, amounting to £300,000, in order to write down certain of the holdings to or under the market price at the end of the year.

Dealing with the balance sheet, Sir George mentioned that stocks and shares showed a decrease of £151,313, representing the net difference between the depreciation and the actual increased holdings during the year. Sundry debtors had been substantially decreased, due to the repayment of advances made to the West Rand Consolidated Mines, Limited. Considering the very difficult conditions, they had been extremely fortunate to be able to maintain the liquid financial position at such a high level. A very large proportion of the item "Debtors" represented money to be received from the Witpoort holding during the present year, while a further substantial proportion represented accrued dividends. Advances against securities were also liquid, and these two items, together with Government and municipal securities and cash, represented over £600,000 of readily realisable assets against current liabilities amounting to only £211,000, which was eminently satisfactory.

The Chairman referred to the satisfactory position of the West Rand Consolidated, which, now out of debt and earning substantial profits, had declared a dividend of 2½ per cent.

Sir George, referring to the reports of the Select Committee on the Gold Standard and the Low Grade Ore Commission, said that the findings of the former were in direct opposition to the evidence given by such influential bodies as the Banks, the Chambers of Industries and Commerce and the Chamber of Mines, with whom the directors were in complete agreement. If the Government maintained the gold standard, it would have to give serious consideration to the recommendations of the Low Grade Ore Commission, as, in the absence of devaluation, it would be necessary to reduce working costs by methods involving wage reductions, which would be unpopular and less equitable than devaluation.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended June 18, 1932, amounted to £11,193,300 against ordinary expenditure of £12,511,500. After allocating £610,000 to Sinking Fund and having allowed for an increase of Exchequer Balances of £118,738, the operations for the week, as shown below, increased the National Debt by £2,037,000 to £7,658,596,000:—

(000's omitted.)

Public Department Advances.....	2,450	Treasury Bills	6,133
By 3% Treasury Bonds	5,650	Road Fund	430
National Savings Certificates.....	500		
	+ 8,600		- 6,563

A complete analysis of the National Debt at March 31, 1932, was printed in the *Economist* of April 2, 1932.

REVENUE.	Total Receipts into the Exchequer.			
	April 1, 1932, to June 18, 1932.	April 1, 1931, to June 20, 1931.	Week ended June 18, 1932.	Week ended June 20, 1931.
ORDINARY REVENUE.				
Inland Revenue—				
Income Tax	17,223,000	18,788,000	5,000	13,000
Sur-Tax, including Arrears of Super-Tax	6,160,000	10,340,000	160,000	520,000
Stamps, etc., Duties	16,030,000	17,030,000	1,550,000	1,320,000
Excise Profits Duty and Corporation Profits Tax	1,170,000	1,950,000	...	80,000
Land Tax and Mineral Rights Duty	90,000	120,000	...	...
Total Inland Revenue	40,673,000	48,228,000	1,715,000	1,903,000

REVENUE.	Total Receipts into the Exchequer.			
	April 1, 1932, to June 18, 1932.	April 1, 1931, to June 20, 1931.	Week ended June 18, 1932.	Week ended June 20, 1931.
Customs and Excise—				
Customs	33,840,000	25,481,000	2,035,000	2,310,000
Excise	26,100,000	26,400,000	7,322,000	6,210,000
Total Customs and Excise	61,940,000	51,881,000	9,358,000	8,520,000
Motor Vehicle Duties (Exchequer Share)	673,000	787,000	Dr. 340,000	Dr. 84,000
Post Office (Net Receipt)	5,550,000	3,900,000	450,000	...
Crown Lands	230,000	240,000	...	...
Receipts from Sundry Loans	1,057,355	9,383,915	550	1,551,225
Miscellaneous Receipts	498,044	5,760,476	9,708	1,279,323
Total Ordinary Revenue	110,621,399	120,180,391	11,193,258	11,619,548
SELF-BALANCING REVENUE.				
Post Office	9,850,000	11,500,000	550,000	2,000,000
Motor Vehicle Duties apportioned to Road Fund	3,610,000	3,480,000	340,000	84,000
Total Self-Balancing Revenue	13,460,000	14,980,000	890,000	2,084,000
Total	124,081,399	135,160,391	12,083,258	13,703,548

EXPENDITURE.	Total Issues out of the Exchequer to meet Payments.			
	April 1, 1932, to June 18, 1932.	April 1, 1931, to June 20, 1931.	Week ended June 18, 1932.	Week ended June 20, 1931.
ORDINARY EXPENDITURE.				
Interest and Management of National Debt	98,397,288	106,864,727	1,317,359	14,817,376
Payments to Northern Ireland Exchequer	948,214	972,887	...	...
Other Consolidated Fund Services	515,898	363,494	194,161	53,749
Total	99,861,400	108,201,108	1,511,520	14,871,025
Total Supply Services (excluding Post Office)	86,813,500	84,674,000	11,000,000	6,850,000
Total Ordinary Expenditure	186,674,900	192,875,108	12,511,520	21,721,025
SELF-BALANCING EXPENDITURE.				
Post Office	9,850,000	11,500,000	550,000	2,000,000
Road Fund	3,610,000	3,480,000	340,000	84,000
Total Self-Balancing Expenditure	13,460,000	14,980,000	890,000	2,084,000
Total Ordinary and Self-Balancing Expenditure	200,134,900	207,855,108	13,401,520	23,805,025
New Sinking Fund (1928)	6,010,318	8,088,226	610,000	610,000
Total (including New Sinking Fund)	206,145,218	215,943,334	14,011,520	24,415,025

The aggregate revenue and expenditure to June 18, 1932, is shown below:—

FINANCIAL YEAR, 1932-33, APRIL 1st to JUNE 18th, 1932.

(000's omitted.)

Expenditure	186,675	Revenue	110,621
New Sinking Fund	6,010	Decrease in National Debt	3,018
		Net amount borrowed	79,046
	192,685		192,685

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Outstanding—	June 20, '31.	Mar. 31, '32.	June 18, '32.	June 18, '31.
standing—				
Advances by Bank of England	44,950,000	7,500,000	2,450,000	+ 2,450,000
Advances by Public Departments	626,020,000	604,455,000	621,980,000*	- 6,125,000
Treasury Bills outstanding	670,970,000	611,955,000	624,430,000	- 3,675,000
Total Floating Debt				

Tenders for £45,000,000 in Treasury Bills were opened on June 10, 1932, and the total amount applied for was £65,850,000. Tenders were accepted for bills at three months, dated Monday to Friday at £99 15s. 11d., about 67 per cent. and above in full, and Saturday at £99 16s. 0d. and above in full. The amount allotted was £42,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1932.			
May 27	45,000,000	50,060,000	0 17 9-99
June 3	45,000,000	53,940,000	0 18 1-48
June 10	45,000,000	61,970,000	0 18 11-79
June 17	45,000,000	65,850,000	0 16 0-06

The Bankers' Gazette.

BANK OF ENGLAND. Return for Week ended Wednesday, June 22, 1932.

Notes Issued:—	Amount		Amount	
	£	£	£	£
In Circulation	358,548,037	Government Debt	11,015,100	
In Banking Department	52,173,178	Other Government Securities	204,665,153	
		Other Securities	55,506,374	
		Silver Coin	3,813,373	
		Amount of Fiduciary Issue	278,000,000	
		Gold Coin and Bullion	135,721,215	
			£410,721,215	

BANKING DEPARTMENT.

Proprietors' Capital	14,553,000	Government Securities	66,644,656
Reserve	3,353,232	Other Securities	...
Public Deposits	35,577,416	Discounts and Advances	£14,141,632
Bankers' Deposits	£73,649,460	Securities	£26,565,416
Other Accounts	£33,145,452	Notes	40,707,048
1-Day and other Bills	1,490	Gold and Silver Coin	52,173,178
			755,168
	£160,280,050		£160,280,050

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

Both Departments.	Amount, June 22, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	358,548,037	+ 1,122,371	+ 5,716,381
Public deposits	35,577,416	+ 15,009,766	+ 10,328,228
Bankers' deposits	73,649,460	- 13,896,793	+ 12,005,674
Other deposits	33,145,452	- 841,260	+ 374,540
Seven-day bills	1,490	- 348	+ 130
Total, outside liabilities	500,921,855	+ 1,393,756	+ 27,675,873
Capital and rest	17,906,232	+ 37,988	- 24,480
Government debt and securities	282,324,909	+ 3,032,038	+ 8,697,127
Discounts and advances	14,141,632	+ 1,451,142	+ 4,508,378
Other securities	82,071,790	- 4,307,701	+ 42,257,750
Silver coin in issue department	3,813,373	- 187	+ 274,659
Gold and bullion (bank's reserve)	136,476,383	+ 1,256,452	- 27,537,203
Reserve of notes and coin in banking department	52,928,346	+ 134,061	- 18,253,584
Proportion of reserve to outside liabilities—			
(a) Banking department only ("proportion")	37½ %	Nil	- 22%
(b) Gold stocks to deposits and notes ("reserve ratio")	25½ %	- 1½ %	- 8½ %

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Ratio
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1932.							
May 18	397,830	358,440	21,427	74,602	32,618	2,013 in	2½
25	400,032	354,221	23,606	77,544	32,948	2,202 in	2½
June 1	403,617	355,444	18,553	89,957	34,150	3,583 in	2½
8	406,721	357,238	25,577	85,846	33,472	3,103 in	2½
15	409,480	357,426	20,568	87,546	33,987	2,611 in	2½
22	410,721	358,548	35,577	73,145	33,145	1,212 in	2½

(000's omitted.)

Date.	Issue Department.		Both Depts.	Ranking Department.				
	Govt. Debt and Securities.	Other Securities.		Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Dis- counts & Ad- vances.	Other Securities.	Reserve & the "Pro- portion."
1932.	\$	\$	%	\$	\$	\$	%	
May 18	209,693	61,487	123,523	72,945	11,689	21,698	40,083	31½
25	212,031	59,155	125,761	69,375	12,172	23,788	46,540	34½
June 1	203,137	68,052	129,342	73,915	12,482	25,120	48,928	35½
8	208,099	63,088	132,462	74,260	12,612	25,622	50,293	36½
15	210,518	60,668	135,220	68,715	12,690	25,711	52,794	37½
22	215,680	55,506	136,476	66,645	14,142	26,565	52,928	37½

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1932.				
January 1 to June 8	11,655,097	725,936	1,207,695	13,588,728
Week ended June 15	529,296	27,909	48,376	599,964
Week ended June 22	529,296	27,345	47,593	604,234
Total to date, 1932	12,708,072	781,190	1,303,684	14,792,946
Total to date, 1931	17,059,014	834,388	1,348,186	19,241,588
Increase or decrease in 1932	- 4,350,942	- 53,198	- 44,502	- 4,448,642
	- 25.5 %	- 6.4 %	- 3.3 %	- 23.1 %
Total for year 1931	31,815,808	1,667,852	2,752,209	36,235,869
Total for year 1930	38,782,577	1,812,146	2,963,631	43,558,354
Increase or decrease in 1931	- 6,966,769	- 144,294	- 211,422	- 7,322,485
	- 17.9 %	- 7.9 %	- 7.1 %	- 17.8 %

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

	Week ended June 18,		Month of May.				Aggregate Totals, January 1 to June 18.	
	1931.	1932.	1931.	1932.	Inc. or Dec.		1931.	1932.
No. of working days	\$	\$	25	25	%		\$	\$
BIEMINGHAM	1,784	2,286	8,947	8,435	- 5.7		53,815	52,461
BRADFORD	466	536	3,027	3,191	+ 5.4		18,039	19,167
BUFFALO	1,151	1,040	4,334	4,957	+14.3		26,986	27,681
DUBLIN	6,238	8,397	...	...	...		122,465	131,214
HULL	665	686	2,975	2,994	+ 0.6		17,936	17,959
LEEDS	881	746	3,548	3,224	- 9.1		21,253	20,761
LIVERPOOL	672	608	2,474	2,349	- 5.0		15,735	15,167
LIVERPOOL	5,317	5,083	23,991	24,009	+ 0.07		133,240	133,240
MANCHESTER	8,100	8,814	37,685	38,743	+ 2.8		224,016	230,000
NEWCASTLE	1,190	1,096	5,227	5,055	- 3.2		31,795	30,304
NOTTINGHAM	334	370	1,607	1,641	+ 2.1		11,018	10,717
SHEFFIELD	725	702	2,881	2,805	- 2.6		18,964	17,100
Total	27,123	30,382	96,696	97,403	+ 0.7		695,282	709,000

OVERSEAS BANK RETURNS.

Note.—The latest returns of the Banks of Lithuania and National Bank of Egypt appeared in the Economist of May 28; Russia and Poland in June 4; Denmark and Bank for International Settlements in June 11; Java, Czechoslovakia, Latvia, Bulgaria, Greece, Roumania and Japan in June 18.

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

RESOURCES.	June 25, 1931.	June 2, 1932.	June 9, 1932.	June 16, 1932.	June 23, 1932.
Total gold reserve	3,382,590	2,751,070	2,626,960	2,561,190	2,562,520
Bank bills discounted	197,680	494,600	501,910	496,240	488,210
Bills bought in open market	106,590	35,480	35,720	65,660	53,720
Total U.S. Govt. securities	619,500	1,575,200	1,644,570	1,692,210	1,729,700
Total bills and securities	947,330	2,110,420	2,187,970	2,259,720	2,277,340
Total resources	5,127,170	5,650,060	5,546,650	5,635,110	5,586,510
LIABILITIES.					
Federal Reserve notes in actual circulation	1,674,190	2,564,400	2,557,120	2,575,800	2,615,930
Deposits—Memberbank—reserve account	2,457,470	2,124,680	2,111,670	2,101,240	2,066,090
Total deposits	2,457,470	2,124,680	2,111,670	2,101,240	2,066,090
Capital paid in and surplus	2,556,840	2,243,080	2,210,200	2,198,430	2,172,890
Total liabilities	5,127,170	5,650,060	5,546,650	5,635,110	5,586,510
Ratio of total reserves to deposits and Federal Reserve note liabilities combined	84.1%	61.4%	59.4%	57.9%	57.8%

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

RESOURCES.	June 25, 1931.	June 2, 1932.	June 9, 1932.	June 16, 1932.	June 23, 1932.
Total gold reserve	1,236,040	814,120	767,350	714,770	735,410
Bank bills discounted	34,060	105,100	100,460	101,740	103,410
Bills bought in open market	35,090	11,140	11,320	23,720	11,300
Total U.S. Govt. securities	151,420	680,960	667,600	700,960	721,930
Total bills and securities	229,410	800,660	785,510	830,420	840,720
Deposits—Memberbank—reserve account	1,119,480	961,150	920,670	912,270	937,280
Total deposits	1,119,480	961,150	920,670	912,270	937,280
Ratio of total reserves to deposits and Federal Reserve note liabilities combined	90.4%	54.6%	53.8%	50.2%	50.9%

FEDERAL RESERVE MEMBER BANKS.

In \$'s (000,000's omitted).

RESOURCES.	June 10, 1931.	May 11, 1932.	May 18, 1932.	May 25, 1932.	June 1, 1932.	June 8, 1932.
Loans	14,641	11,717	11,661	11,588	11,631	11,397
Investments	7,811	7,423	7,376	7,406	7,395	7,315
Securities	13,552	11,146	11,134	11,158	11,102	10,991
Due from banks	1,793	1,235	1,233	1,210	1,202	1,203
Due to banks	3,698	2,787	2,756	2,734	2,740	2,727
Federal reserve borrowings	59	175	180	178	197	207

STATEMENT OF CANADIAN BANKS.—In \$'s (000's omitted).

ASSETS.	Mar. 31, 1931.	Dec. 31, 1931.	Jan. 31, 1932.	Feb. 29, 1932.	Mar. 31, 1932.
Cash and bank balances	344,897	360,106	326,057	323,346	317,654
Bank balances abroad	116,630	109,682	97,934	79,360	95,864
Call and short loans	312,432	217,855	157,092	228,722	218,849
Securities	648,689	1,094,032	1,094,032	1,094,032	1,094,032
Loans in Canada	1,277,415	1,294,032	1,294,032	1,294,032	1,294,032
Loans abroad	224,335	188,357	189,726	189,726	189,726
Other assets	178,107	163,967	158,685	156,762	156,565
LIABILITIES.					
Note circulation	139,423	141,013	133,673	134,292	132,568
Deposits—Government	96,337	177,386	158,228	135,319	139,079
Public in Canada	2,024,642	1,926,627	1,875,221	1,886,563	1,888,999
Foreign	346,340	310,066	296,185	305,818	308,122
Bank balances—Canadian	14,569	11,385	9,950	9,835	10,138
Foreign	72,662	47,172	45,535	56,809	62,425
Bills payable, etc.	76,765	58,688	54,463	52,301	53,007
Capital and res.	307,250	306,500	306,500	306,500	306,500
Other liabilities	4,197	3,760	4,137	6,283	3,729

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

ASSETS.	May 29, 1931.	Apr. 29, 1932.	May 6, 1932.	May 13, 1932.	May 20, 1932.	May 27, 1932.
Gold coin and bullion	1,331	1,331	1,331	1,331	1,331	1,331
Subsidiary coin	6,583	7,063	6,785	7,233	7,151	7,290
Bills discounted: Domestic and Union Gov. Treas.	326	475	477	486	492	492
Bills	568	1,682	1,268	819	903	1,354
Bills discounted: Foreign	6,499	71	62	61	61	48
Investments	1,859	1,484	1,867	1,564	1,231	1,380
LIABILITIES.						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	720	802	802	802	802	802
Notes in circulation	8,143	8,096	7,695	6,869	6,515	7,640
Government deposits	1,962	1,237	1,015	1,250	1,432	1,282
Bankers' deposits	4,736	4,030	4,072	4,163	4,355	4,107
Ratio of cash reserves to liabilities to public	46.2%	54.3%	52.5%	58.3%	58.9%	55.1%

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

ASSETS.	May 29, 1931.	Apr. 29, 1932.	May 6, 1932.	May 13, 1932.	May 20, 1932.	May 27, 1932.
Total securities	29,777	25,299	24,749	24,942	25,287	25,132
Loans	11,355	9,266	10,863	9,735	8,868	8,259
Cash credits	29,682	24,166	24,428	24,979	24,185	24,569
Inland bills	4,069	6,124	5,356	5,430	4,942	3,919
Foreign bills	37,92	27,14	31,21	32,70	26,31	21,79
Dead stock	2,763	2,695	2,691	2,699	2,695	2,701
Bal. with other banks	24,69	52,50	45,01	40,90	37,07	47,12
Cash	15,683	10,728	8,317	9,581	10,833	13,586
LIABILITIES.						
Capital paid up	5,620	5,620	5,620	5,620	5,620	5,620
Reserve	5,400	5,000	6,000	6,000	5,000	5,620
Total deposits	82,272	68,343	68,055	66,434	67,857	68,265
The above includes—						
Deposits in London	1,994	910	872	846	910	940
Advances in London	1,942	631	648	601	763	763
Cash at other Banks in London	186	395	340	309	281	357

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

ASSETS.	June 19, 1931.	May 27, 1932.	June 3, 1932.	June 10, 1932.	June 17, 1932.
Gold	56,525,260	79,470,236	80,170,598	80,974,192	81,643,495
Foreign assets—Eight deposits	5,737,337	4,474,215	5,413,875	5,007,612	4,547,208
Bills, etc.	20,423,530	4,526,666	3,984,762	3,334,950	...
Home bills	4,654,045	4,159,967	3,379,460	3,258,275	...
Advances against sec. To the State	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Other advances	2,732,972	2,699,905	2,799,272	2,765,722	2,757,325
Negotiable Bonds, Sinking Fund Dept.	5,082,397	6,880,527	6,880,527	6,880,527	6,880,527
Other assets (excluding forward exch.)	4,003,858	5,483,689	5,636,237	5,715,372	...
LIABILITIES.					
Notes in circulation	76,474,605	81,417,780	82,406,094	81,737,377	81,018,189
Public deposits	9,312,357	3,431,701	2,995,446	2,936,756	3,298,332
Private deposits	13,773,584	23,666,809	23,359,325	23,881,266	23,188,329
Other liabilities	2,658,853	2,379,115	2,703,866	2,581,254	...

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

ASSETS.	June 15, 1931.	May 31, 1932.	June 7, 1932.	June 15, 1932.
Gold	1,765,571	862,721	848,421	822,507
Of which deposited abroad	198,112	87,667	80,254	90,474
Reserve in foreign currencies	104,309	128,552	138,163	135,713
Bills of exchange and cheques	2,032,654	3,008,473	3,037,693	2,983,391
Notes of other banks	199,131	224,848	236,412	283,800
Advances	17,826	2,693	5,686	8,317
Investments	154,848	257,253	129,239	108,940
Other assets	102,729	363,472	364,427	364,934
LIABILITIES.				
Share capital	150,000	150,000	150,000	150,000
Reserve	337,331	417,426	417,426	417,426
Notes in circulation	3,888,610	3,640,563	3,889,407	3,815,404
Other daily maturing obligations	323,620	430,559	357,522	380,422
Other liabilities	251,480	694,260	646,683	712,650
Cover of note circulation	48.0%	25.0%	25.4%	25.1%

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

ASSETS.	Position, May 28, 1931.	June 18, 1931.	May 26, 1932.	June 2, 1932.	June 9, 1932.	June 16, 1932.
Gold	232,650	860,429	2,541,597	2,543,306	2,550,649	2,551,708
Foreign bills and balances abroad	18,408	55,826	56,223	56,287	56,287	57,419
Silver and other coin	697,600	727,647	936,150	915,797	899,236	896,239
LIABILITIES.						
Notes in circulation	934,150	3,186,058	3,607,996	3,639,521	3,624,891	3,598,895
Current accounts	112,125	178,124	294,225	218,767	247,224	252,720

(b) In thousand francs.

ASSETS.	Position, May 10, 1931.	June 22, 1931.	June 19, 1932.	June 26, 1932.	June 3, 1932.	June 10, 1932.
Gold	163,091	497,182	954,899	966,868	972,388	977,755
Silver	8,436	40,632	23,830	22,307	22,044	21,798
Home bills discounted	253,504	44,051	50,461	49,096	48,420	48,017
Foreign bills	253,504	228,434	88,572	88,572	88,572	88,572
Loans and advances	95,798	100,129	96,308	95,851	98,624	97,793
LIABILITIES.						
Notes in circulation	316,632	842,345	1,005,844	1,005,475	989,665	977,795
Deposits	5,016	101,842	216,233	221,650	241,734	261,106

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

ASSETS.	Position, May 10, 1931.	June 22, 1931.	June 19, 1932.	June 26, 1932.	June 3, 1932.	June 10, 1932.
Gold	171,175	680,003	2,540,616	2,555,336	2,584,893	2,606,005
Foreign Bills and Balances abroad	—	368,497	78,664	78,319	70,527	54,842
Discounts	103,000	24,930	32,399	19,405	19,852	19,237
Advances	—	44,737	41,112	45,043	44,022	42,700
LIABILITIES.						
Notes in circulation	275,925	962,595	1,471,181	1,535,188	1,511,535	1,487,759
Deposits	33,750	266,615	1,229,323	1,165,977	1,208,558	1,240,107

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

ASSETS.	June 10, 1931.	May 10, 1932.	May 20, 1932.	May 31, 1932.	June 10, 1932.
Gold coin and bullion	5,323,300	5,631,300	5,636,400	5,650,200	5,655,700
Foreign bills and balances abroad	3,989,700	1,487,100	1,499,400	1,435,700	1,432,800
Other cash	264,300	328,200	338,300	333,100	335,800
Gold deposited abroad due by the State	1,774,700	1,772,800	1,772,800	1,772,800	1,772,800
Advances	2,666,800	4,709,100	5,073,900	5,467,800	4,660,600
Credit with "Istituto di Liquidazione"	1,226,100	1,061,800	1,479,500	1,351,200	1,317,700
Government securities	737,100	1,650,700	1,650,700	1,650,700	1,665,700
Notes in circulation	1,218,100	1,366,300	1,366,000	1,365,300	1,365,300
Public deposits	14,630,000	13,232,200	12,905,400	13,136,800	12,916,600
Other deposits and drafts	300,000	300,000	300,000	300,000	300,000
Ratio of reserve to note and sight liabilities combined	56.58%	47.78%	49.30%	48.18%	49.04%

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

ASSETS.	Position, May 31, 1931.	June 15, 1931.	May 31, 1932.	June 7, 1932.	June 15, 1932.
Coin and bullion—Gold	44,224	146,377	155,259	155,259	155,259

CURRENT MONEY AND EXCHANGE RATES IN NEW YORK.

The Irving Trust Company cable the following money and exchange rates in New York:—

	June 24, 1931.	May 25, 1932.	June 1, 1932.	June 8, 1932.	June 15, 1932.	June 22, 1932.
Call money	1 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Time money (90 days' mixed coll.)	1 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Bank acceptances:—						
Members—eligible, 90 days ..	1	1	1	1	1	1
Non-mem.—eligible, 90 days ..	1	1	1	1	1	1
Ineligible, 90 days	1 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Commercial accept., 90 days ..	2	3	3	3	3	3

Rates of Exchange, New York on—	Par Level.	June 24, 1931.	June 8, 1932.	June 15, 1932.	June 22, 1932.
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London—		June 24, 1931.	June 8, 1932.	June 15, 1932.	June 22, 1932.
60 days		4-8666	4-83 1/2	3-65 1/2	3-60 1/2
Cable		4-8666	4-83 1/2	3-65 1/2	3-60 1/2
Cheques		4-8666	4-83 1/2	3-65 1/2	3-60 1/2
Paris	Cents for 1 franc	3-918	3-91 1/2	3-94 1/2	3-93 1/2
Brussels	Cents for 1 franc	13-90	13-92 1/2	13-96	13-92 1/2
Switzerland	Cents for 1 franc	19-30	19-32 1/2	19-36	19-32 1/2
Italy	Cents for 1 lire	5-263	5-23 1/2	5-14	5-10
Berlin	Cents for 1 mark	23-82	23-73 1/2	23-73	23-65
Vienna	Cents for 1 schilling	14-07	14-06	8-26	8-25
Madrid	Cents for 1 peseta	19-30	19-32 1/2	19-36	19-32 1/2
Amsterdam	Cents for 1 guilder	40-195	40-24 1/2	20-10	20-00
Copenhagen	Cents for 1 kroner	26-80	26-77	18-36	18-05
Oslo	Cents for 1 kroner	26-80	26-77	18-36	18-05
Stockholm	Cents for 1 kroner	26-80	26-77	18-36	18-05
Athens	Cents for 1 drachma	1-297	1-29 1/2	0-65 1/2	0-66
Montreal	Can. cents for \$1	100	99 1/2	85 1/2	87 1/2
Yokohama	Cents for 1 yen	49-85	49-35	32-37 1/2	31-25
Hong Kong	Cents for H. Kong \$	...	23-85	...	29-00
Shanghai	Cents for 1 Shing tael	36-50	35-75	27-50	27-62 1/2
Calcutta	Cents for 1 rupee	103-65	138-85	...	...
Buenos Aires	Cents for 1 milreis	11-96	7-55	...	...
Rio de Janeiro	Cents for 1 milreis	12-125	12-06	...	...
Valparaiso	Cents for 1 peso	...	...	...	...

SOUTH AFRICAN EXCHANGE RATES.

BUYING RATES.

	T.T.	Sight.	30 days' sight.	60 days' sight.	90 days' sight.
London on—					
Rhodesia	1 1/2 dis.	1 1/2 dis.	1 1/2 dis.	2 1/2 dis.	3 1/2 dis.
South Africa	£75 1/2	£76 1/2	£76 1/2	£77 1/2	£78 1/2

SELLING RATES PER £100 (STERLING).

	Sight.	Telegraphic.
London on—		
Rhodesia	99 16 3	99 15 0
South Africa	74 16 3	74 15 0

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.

The Anglo-South American Bank, Limited, quotes the following rates of Exchange:—

Country.	Method of Quoting.	Par Value.	Usance.	Latest Rate.
Buenos Aires	Sucres to £	24-3325	Sight London	23-74 1/2
Venezuela	Bolivares to £	25-2215	"	24-90
Colombia (Bogota)	Pesos to £	5	"	3-8 1/2
Nicaragua	Colonos to £	4-8665	"	4-96
Salvador	Colonos to £	9-73	"	10-30
Bolivia	Bolivianos to £	13-33	"	13-35

† Nominal.

OVERSEAS DOMINION RATES.

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND.

	London on Australia and New Zealand.				Australia and New Zealand on London.*			
	Buying.		Selling.		Buying.		Selling.	
T.T. ...	Ans- tralia.	New Zealand.	Ans- tralia.	New Zealand.	Ans- tralia.	New Zealand.	Ans- tralia.	New Zealand.
Sight ...	125 1/2	111 1/2	125 1/2	109 1/2	125 1/2	109 1/2	125 1/2	110 1/2
30 days ...	127 1/2	113 1/2	127 1/2	111 1/2	127 1/2	111 1/2	127 1/2	112 1/2
60 days ...	127 1/2	113 1/2	127 1/2	111 1/2	127 1/2	111 1/2	127 1/2	112 1/2
90 days ...	128 1/2	113 1/2	128 1/2	111 1/2	128 1/2	111 1/2	128 1/2	113 1/2

All rates (Australia and New Zealand) now based on £100—LONDON.

INDIA COUNCIL REMITTANCES.

India: Remittances to the Home Treasury.—There were no remittances from the Government of India to the Secretary of State for India during the week ending June 18, 1932.—India Office, S.W. 1. June 21, 1932.

BULLION.

The following statistics of imports and exports of gold for week ended June 23, 1932, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.		Exported from Great Britain and Northern Ireland.	
From—	£	To—	£
Germany	11,370	Poland	3,000
Netherlands	56,377	Germany	2,791
France	18,119	Netherlands	1,273,448
Iraq	3,384	France	183,454
United States	663,543	Switzerland	7,190
British South Africa	952,183	Spain	400
Kenya	16,859	Austria	2,700
British India	675,419	Czechoslovakia	29,480
Straits Settlements	10,740	Other countries	56
New Zealand	23,995		
Other countries	2,629		
Total declared value of imports	2,434,609	Total declared value of exports	1,502,519

GOLD MOVEMENTS.

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

1932.	ARRIVALS.	1932.	WITHDRAWALS.
June 17	Bars bought	June 17	Bars bought
" 18	Bars bought	" 18	Bars bought
" 20	Bars bought	" 20	Bars bought
" 21	Bars bought	" 21	Bars bought
" 22	Bars bought	" 22	Bars bought
" 23	Bars bought	" 23	Bars bought
Total	1,239,386	Total	Nil

Net arrivals, June 17, 1932, to June 23, 1932, inclusive, £1,239,386.
Messrs Samuel Montagu and Company write on June 22, 1932, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £134,479,710 on the 15th instant, as compared with £131,720,738 on the previous Wednesday. Purchases of bar gold announced by the Bank of England during the week amounted to £1,241,502. Supplies of gold available in the open market have been fairly substantial and included about £90,000 of Rhodesian gold disposed of yesterday, but the source of most of the offerings has not been revealed. The amounts offered were taken for the Continent, and owing to appreciation of the gold exchanges, prices showed a considerable advance.

Quotations during the week:—

June 16	Per fine ounce.	Equivalent Value of £ sterling.
" 17	112s. 10d.	15s. 0-7d.
" 18	113s. 1d.	15s. 0-3d.
" 20	113s. 11d.	14s. 11-0d.
" 21	114s. 0d.	14s. 10-8d.
" 22	114s. 5d.	14s. 10-2d.
Average	114s. 0d.	14s. 10-8d.
	113s. 8-5d.	14s. 11-3d.

SILVER.

Prices have again shown very little movement, but have been inclined to harden in sympathy with the appreciation of the dollar in terms of sterling, and this, on occasion, brought some demand from America in the afternoon. Otherwise, the market has continued rather inactive, selling by the Continent and buying by China by the Indian Bazaars. On the whole, buyers and sellers are apathetic, and prices seem to have settled for the time being into rather a narrow groove pending the intervention of some new factor of importance sufficient to indicate a more definite tendency. The following were the United Kingdom imports and exports of silver registered from mid-day on the 13th instant to mid-day on the 20th instant:—

IMPORTS.	£	EXPORTS.	£
Japan	21,427	Hongkong	119,534
British West Africa	15,874	British India	10,000
Belgium	5,135	French Possessions	4,000
Canada	4,976	In India	4,232
British India	2,506	Straits Settlements	5,908
Other countries	630	Other countries	5,908
	50,548		143,674

Quotations during the week:—

IN LONDON.				IN NEW YORK.			
Bar silver per oz. std.		Cash Two Months' delivery.		Cents per ounce		Cents per ounce	
June 16	16 1/2 d.	16 1/2 d.	June 15	27 1/2	999 fine.	27 1/2	999 fine.
" 17	16 1/2 d.	16 1/2 d.	" 16	27 1/2		27 1/2	
" 18	17 d.	17 d.	" 17	27 1/2		27 1/2	
" 20	16 1/2 d.	17 d.	" 18	27 1/2		27 1/2	
" 21	17 d.	17 1/2 d.	" 20	27 1/2		27 1/2	
" 22	16 1/2 d.	16 1/2 d.	" 21	27 1/2		27 1/2	
Average	16-937d.	16-989d.					

The highest rate of exchange on New York recorded during the period from the 16th instant to the 22nd instant, was \$3-67, and the lowest \$3-59 1/2.

INDIAN CURRENCY RETURNS (in lacs of rupees).

	June 15.	June 7.	May 31.
Notes in circulation	16,921	16,828	16,847
Silver coin and bullion in India	11,117	11,029	11,050
Gold coin and bullion in India	1,078	1,071	1,071
Securities (Indian Government)	4,726	4,728	4,726

The stocks in Shanghai on the 18th instant consisted of about 77,000,000 ounces in sycee, 232,500,000 dollars and 4,780 silver bars, as compared with about 73,800,000 ounces in sycee, 230,000,000 dollars and 5,040 silver bars on the 11th instant.

GOLD AND SILVER PRICES.

	Gold Per Ounce.	Silver—Per Ounce.		Date.	Silver Cash.
		Cash	Forward		
1932.	s. d.	d.	d.		d.
June 17	113 1/2	16 1/2	17 1/2	June 18, 1926	30 1/2
" 18	113 1/2	17 1/2	17 1/2	" 17, 1927	26 1/2
" 20	114 0	16 1/2	17 1/2	" 14, 1928	27 1/2
" 21	114 0	16 1/2	17 1/2	" 13, 1929	24 1/2
" 22	114 0	16 1/2	17 1/2	" 26, 1930	15 1/2
" 23	114 2	16 1/2	17 1/2	" 25, 1931	13 1/2

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Deben-ture Interest.	Amount Available for Distri-bution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia-tion, &c.	Balance Forward.	Net Profit.	Divi-dend.
					Prefce.	Ordinary.					
					Amount	Amount.	Rate.				
		£	£	£	£	£	%	£	£	%	
Banks.											
Imperial Bank of Persia ...	Mar. 20	42,893	88,194	131,087	...	65,000	10†	20,000	46,087	93,013	10†
Breweries.											
Barclay, Perkins and Co.....	Mar. 31	66,297	249,359	315,656	75,600	143,061	8	25,000	71,995	308,397	11
Greene, King and Sons	May 31	31,833	92,668	124,501	10,000	57,500	16	25,000	32,001	103,646	18
Canals and Docks.											
Prince of Wales Dry Dock	Apr. 30	9,594	Dr. 2,393	7,201	...	...	...	...	7,201	3,223	5
Financial, Land, &c.											
Bieckert's Brewery Invest.	May 31	1,055	33,978	35,033	...	27,523	6	...	7,510	29,494	6
Ceylon Estates Investment	Mar. 31	1,132	3,122	4,254	...	3,164	15	...	1,090	3,246	17½
Hotels, Restaurants, &c.											
Cranston's Hotels Co.	May 17	14,962	18,928	33,890	6,772	10,600	15	...	16,518	30,037	25
Iron, Coal and Steel.											
Allied Ironfounders	Mar. 31	37,490	106,827	144,317	50,475	...	...	12,824	81,018	192,619	...
Butterley Company	Mar. 31	63,147	92,925	156,072	...	99,000	5½†	...	57,072	90,024	5†
Darwins, Ltd.....	Mar. 31	Dr. 11,109	7,012	Dr. 4,097	...	...	...	Dr. 4,097	Dr. 18,116	...	...
Greenwood and Batley	Mar. 31	9,174	11,919	21,093	7,028	8,710	2½	1,000	4,355	17,321	5
Pease and Partners	Mar. 31	Dr. 143,240	Dr. 281,734	Dr. 171,439	...	...	...	Dr. 1,714,139	Dr. 27,662	...	...
Richardsons, Westgarth and Co.....	Dec. 31	161	Dr. 6,992	Dr. 6,831	...	...	...	Dr. 7,000	169	Dr. 49,500	...
Ruston and Hornsby.....	Mar. 31	25,919	Dr. 119,262	Dr. 93,343	...	...	...	Dr. 50,000	Dr. 43,343	Dr. 62,275	...
Stanton Ironworks	Mar. 31	174,198	260,056	434,252	19,809	113,671	10†	50,000	250,772	225,962	10†
Tredegar Iron and Coal	Mar. 31	49,374	97,599	146,973	...	86,555	5†	10,000	50,418	97,338	5†
Rubber, &c.											
Anglo-Ceylon and General	Mar. 31	41,009	Dr. 13,161	27,848	...	...	...	...	27,848	16,882	2½
Brusa-Perak Rubber	Feb. 29	437	Dr. 1,407	970	...	...	...	...	970	Dr. 1,952	...
Bruseh Rubber.....	Mar. 31	9,445	Dr. 515	8,930	...	...	...	...	8,930	381	...
Gordon (Malaya) Rubber ...	Dec. 31	18,565	Dr. 4,378	14,187	...	...	...	...	14,187	778	...
Java Para Rubber.....	Dec. 31	6,055	Dr. 16,207	Dr. 10,152	...	...	...	Dr. 15,000	4,848	Dr. 16,267	...
Kepong (Malay) Rubber.....	Dec. 31	30,716	724	31,440	...	...	...	5,000	26,440	20,359	...
Khota Tampan Rubber	Jan. 31	Dr. 964	Dr. 3,830	Dr. 4,794	...	...	...	...	Dr. 4,794	Dr. 3,808	...
Malacca Rubber Plantations	Dec. 31	52,338	Dr. 19,722	32,916	...	...	...	...	32,916	165	...
Nanette Rubber Plantations	Mar. 31	...	Dr. 2,750	Dr. 2,750	...	...	...	Dr. 2,750	...	...	...
Normala (Java) Plantations	Dec. 31	340	Dr. 16,397	Dr. 16,057	...	...	...	Dr. 5,200	Dr. 10,857	Dr. 1,120	...
Rubber Estates of Krian....	Dec. 31	1,508	Dr. 1,334	174	...	...	...	...	174	Dr. 1,260	...
Siak (Sumatra) Rubber.....	Dec. 31	776	Dr. 3,302	Dr. 2,526	...	...	...	Dr. 3,500	974	Dr. 1,381	...
Shipping.											
Trawlers Limited	Mar. 31	Dr. 2,243	Dr. 3,680	Dr. 5,923	...	...	...	...	Dr. 5,923	Dr. 4,827	...
Shops and Stores.											
International Tea Co's Stores	April 30	133,503	767,647	901,150	131,771	374,832	30	260,000	134,547	696,805	30
Tea.											
Attarce Khat Tea	Dec. 31	3,934	Dr. 86	3,848	...	3,162	2½	...	686	1,830	2½
Bargang Tea	Dec. 31	2,720	Dr. 5,804	Dr. 3,084	600	...	...	Dr. 4,000	316	Dr. 8,863	...
Borelli Tea	Dec. 31	8,578	10,694	19,272	384	9,771	12½	3,000	6,117	10,532	12½
Borhat Tea	Dec. 31	26,920	7,393	34,313	...	9,000	5	...	25,313	5,744	2
Borjan Tea	Dec. 31	2,395	Dr. 3,378	Dr. 983	560	...	...	Dr. 3,000	1,457	591	...
Deamoolie Tea	Dec. 31	31,197	13,127	44,324	...	12,000	20	...	32,324	8,433	20
Ghoir Allie Tea	Dec. 31	603	Dr. 3,934	Dr. 3,331	...	...	...	Dr. 2,000	Dr. 1,331	Dr. 4,400	...
Majuli Tea	Dec. 31	Dr. 3,895	Dr. 5,362	Dr. 9,257	...	...	...	...	Dr. 9,257	Dr. 4,102	...
Noyapara Tea.....	Dec. 31	26,080	3,167	29,247	...	3,750	5	...	25,497	3,807	5
Scottish Assam Tea	Dec. 31	6,228	6,870	13,098	...	3,121	5	3,065	6,912	3,280	5
Tramways and Omnibuses.											
Ribble Motor Services.....	Mar. 31	43,159	90,196	133,355	13,000	60,000	10	10,000	50,355	99,064	10
Textiles.											
Bleachers' Association	Mar. 31	237,178	287,633	524,811	136,812	...	...	175,000	212,999	204,575	...
Trusts.											
Dominion and General Trust	Apr. 30	16,020	27,372	43,392	10,209	11,531	5	...	21,652	31,151	8
Globe Telegraph and Trust...	May 31	16,633	45,042	61,675	80,826	...	...	Dr. 25,000	5,849	255,481	8½
Pentland Investment Trust.	May 31	4,121	16,776	20,897	11,062	3,000	2	...	6,835	19,075	3
Waterworks.											
New River Company	Mar. 25	6,472	34,050	40,522	...	26,000	20†	8,000	6,522	33,510	20†
Other Companies.											
Anglo-Foreign Newspapers..	Apr. 30	...	18,298	18,298	...	...	...	...	18,298	Dr. 21,669	...
Barry and Staines Linoleum	Mar. 31	86,371	149,297	235,668	16,595	131,250	10	...	87,823	100,107	7½
Budgett (H. H. and S.).....	Feb. 29	10,007	49,891	59,898	30,370	3,750	10	10,000	15,778	13,359	Nil
Caroni Sugar Est. (Trinidad)	Dec. 31	28,120	1,484	29,604	...	...	...	...	29,604	Dr. 11,266	...
Consolidated London Pro-perties	Mar. 25	20,842	54,307	75,149	13,200	26,400	8	17,000	18,549	39,175	8
Denny, Mott and Dickson...	Mar. 31	10,984	26,711	37,695	12,000	...	...	...	25,695	Dr. 31,896	...
Financial Times, Ltd.	Dec. 31	13,237	12,094	25,331	27,125	...	...	Dr. 10,985	9,161	29,022	...
Findlater (Alex.) and Co.	Feb. 29	13,481	4,826	18,307	1,368	1,152	5	1,000	14,787	4,289	5
General Electric Co.	Mar. 31	400,880	581,548	982,428	252,000	180,292	8	130,000	420,136	666,314	10
Hall and Co., Ltd.	Mar. 31	79,899	57,835	137,734	5,569	18,563	20	23,500	90,102	64,935	10
Handley Page, Limited.....	Dec. 31	28,516	3,594	32,110	19,914	...	...	...	12,196	43,147	...
Harris (Philip) and Co.	Mar. 31	11,576	14,473	26,049	3,182	7,500	37½†	3,700	11,667	16,068	45½
Hovis Ltd.	Mar. 31	23,971	124,700	148,671	9,000	63,600	20	53,800	22,271	90,096	15†
Johnson, Matthey and Co.	Dec. 31	102,392	36,613	139,005	15,000	27,600	6	...	96,405	83,520	Nil
Lancegaye Safety Glass, Ltd.	Dec. 31	Dr. 22,090	Dr. 4,897	Dr. 26,987	...	...	...	Dr. 26,987	Dr. 14,253	...	...
Neumyth, Wilson and Co....	Dec. 31	16,359	Dr. 14,232	2,127	1,888	...	...	...	239	...	...
Neuchatel Asphalte Co.	Dec. 31	65,894	15,850	81,744	10,000	5,248	1½	...	66,496	23,571	2½
Owen (Thomas) and Co. ...	Mar. 31	Dr. 39,111	Dr. 23,702	Dr. 62,813	...	...	...	...	Dr. 62,813	Dr. 34,848	...
Phosferine, Ltd.	Apr. 30	8,355	32,967	41,322	...	32,000	8	5,000	4,322	35,642	8
Reeves and Sons	Apr. 30	6,812	19,061	25,873	10,250	5,712	5½	3,000	6,911	18,264	8
Sawers, Ltd.	Mar. 31	4,074	13,650	17,724	4,250	7,000	7	2,150	4,324	19,744	9
Wyman and Sons, Ltd.....	Jan. 2	14,296	35,978	50,274	22,607	3,000	2½	10,000	14,667	48,347	17½

REPORTS AND NOTICES.

Lt.-Col. H. W. Woodall, C.I.E., M.Inst.C.E., M.Inst.Gas E., M.Inst.Water Eng., Chevalier Légion d'Honneur, has accepted the invitation to join the board and become chairman and managing director of Parkinson and Cowan, Ltd., and its group of subsidiary companies. This is to fill the vacancy caused by the recent death of the late chairman, Sir Henry Cowan. Colonel Woodall is a well-known industrialist, associated with gas, water, electricity and coal and iron. With the late Sir Arthur Duckham, he founded the Woodall-Duckham group of companies.

RAILWAYS.

B.A. PACIFIC MORATORIUM CARRIED.—At meetings held June 14th of 4½ per cent. second debenture, 4½ per cent. consolidated debenture, and 5 per cent. (1912) debenture stockholders of the Buenos Ayres and Pacific Railway Company, Ltd., and 4 per cent. second debenture, 5 per cent. debenture, and 6 per cent. guaranteed preference stockholders of the Argentine Great Western Railway Company, Ltd., resolutions approving the moratorium scheme as amended were carried by overwhelming majorities.

LONDON MIDLAND AND SCOTTISH RAILWAY.—It has been announced by the London Midland and Scottish Railway Company that during the first half of 1932 the estimated receipts show a decrease of £2,200,000. Large economies, however, have been effected. These amount to £1,200,000, of which £420,000 is due to reduced wages and salaries. Thus the net fall in receipts is £1,000,000. The directors have decided that an interim dividend of 1½ per cent. be paid on the 5 per cent. preference shares, and 1 per cent. on the 4 per cent. preference issue, but there is nothing for the holders of the 1923 preference shares.

MISCELLANEOUS.

ELECTRICAL DISTRIBUTION OF YORKSHIRE, LTD.—At an extraordinary general meeting, held in Leeds, the special resolutions necessary for the authorising of the increase of capital to £1,900,000, by the creation of 400,000 6 per cent. cumulative preference shares of £1 each and the adoption of new articles of association, were approved. The above shares have been offered for subscription at the price of 21s., to shareholders registered in the books of the company on March 31, 1932. The directors state that the issue has been applied for more than nine times over. They have decided to make an allotment to all shareholders who made application in proportion to their holdings, and in dealing with the small balance available to have regard to the amount of the applications, special consideration being given to the small applicants.

KUALA LUMPUR RUBBER COMPANY.—As a result of negotiations with the directors of Sedgley (F.M.S.) Rubber Company, Ltd., the board has made a provisional offer for the acquisition of the issued share capital of the Sedgley Company, the shareholders of that company to receive one Kuala Lumpur £1 share for one Sedgley £1 share. The capital of the Kuala Lumpur Company will be increased from £250,000 to £300,000 by the creation of a further 50,000 shares of £1, corresponding to the authorised and issued capital of the Sedgley Company. It has been agreed that, prior to the completion of the exchange, a cash dividend of 5 per cent. net will be distributed to the Sedgley shareholders.

OSWALD TILLOTSON, LTD.—The third annual report and directors' statement of accounts of Oswald Tillotson, Ltd., show that the dividend has been maintained at 10 per cent. In spite of the industrial depression, the business continues to make satisfactory progress, and during the year under review there has been a considerable increase in turnover. The department dealing with the sale of private cars has been closed down, as the capital and floor space involved can be better employed in connection with commercial vehicles. The meeting will be held at Summit Engineering Works, Manchester Road, Burnley, on May 12th.

P. AND O. AND BRITISH INDIA STEAM NAVIGATION COMPANIES.—The following appointments have been unanimously made by the boards of both companies: The Hon. Alexander Shaw to be chairman and managing director of both companies; Mr Frederick Charles Allen to be joint deputy chairman and a managing director of both companies; Sir William Crawford Currie to be joint deputy chairman and a managing director of both companies.

STERLING BONDS TEST ACTION.—An action is to be taken in the Chancery Division to obtain a ruling as to whether the interest on the 5½ per cent. sterling bonds of the Société Intercommunale Belge d'Electricité, S.A., are payable in terms of sterling or of gold. Under the terms of the bonds, principal and interest are payable "in sterling in gold coin of the United Kingdom of or equal to the standard of weight and fineness existing on the 1st day of September, 1928." A ruling on the interpretation of this clause will be in the nature of a test action. Holders of these bonds have been asked to subscribe 5s. per £100 bond towards a fund to defray the costs of the action, which is being organised by Messrs. James Campbell, C. H. Falloun and A. R. Rubin, c/o The Mercantile and Investment Corporation, Ltd., 24 Old Broad Street, London, E.C.2.

UNION MINIERE.—Gross profits of the Union Minière du Haut Katanga for 1931, including the amount brought in, were 234,000,000f., against 354,000,000f. for 1930. Various charges total 42,000,000f., and it is proposed to write off 68,000,000f. from property, 290,000f. expenses of bond issue, and 49,000,000f. from stocks. A dividend of 30f. is proposed on the preferred shares, and 40,000,000f. carried forward. For 1930, the preferred shares received, in addition to the fixed dividend of 30f., a participating dividend of 140-80f. The capital and dividend shares received 199-20f. each. The meeting will be held July 11, 1932.

Commercial Reports.

MARKET SUMMARY.

A survey of the movement of prices at the principal international commodity markets reveal little of an encouraging nature. Supplies are usually in excess of demand and the policy of buyers only to purchase for immediate requirements is still generally pursued. In the United States, quotations fluctuated within narrow limits, and none of the more important primary products has been subject to violent fluctuations in value. Among non-ferrous metals, copper, tin and spelter, though dull, remained unchanged, but tin was a little firmer on the news that the drastic turn in the restriction screw had been accepted by the respective Governments. Both raw cotton and crude rubber lost a few points. Among cereals, wheat, maize, oats and rye remained weak. Coffee has also been easier and cocoa was barely steady. On the other hand, last week's advance in sugar has been maintained. Sterling prices of commodities, which lend themselves to grading and therefore to international arbitrage, have been slightly higher as a result of the weakening of the £. According to reports from various industrial centres, the coal trade remains depressed except in South Wales, where a slight improvement has taken place. Transactions in iron and steel have not so far increased either in volume or value. On the other hand, business in cotton goods has been a little more active following the greater steadiness in raw cotton values, and sales of rayon piece-goods have been stimulated by the warm weather.

THE COAL TRADE.

SHEFFIELD.—The shrinking tendency of the South Yorkshire coal trade has continued, accompanied by easier rates in all sections. Sales of best steams for export are down, compared with twelve months ago, and 16s. f.o.b. is top price for this class of fuel. Supplies of all kinds of coal are in excess of sales. Industrial demand fails to expand and the output of blast furnace coke is excessive. The house coal section is experiencing the usual summer slackness. Best qualities are quoted at 20s. to 20s. 6d. at pits. Cheap parcels of furnace coke are to be picked up. The ordinary market quotation is 12s. at ovens.

WORKINGTON.—The coal trade has slumped, and most of the collieries are losing a day or two each week. House coal and industrial fuel are both dull, and the Scottish, Northumberland and Durham competition makes it very difficult for Cumberland owners to retain their footing in the Irish market. Prices are unchanged, and nominally best round is quoted at 22s. 6d.; washed doubles, 21s.; washed singles, 19s., all f.o.b. Small, 16s. 6d. per ton. Best house coal, 31s. 8d.; and house nuts, 30s. at station. Gas coal 28s. per ton. West Coast coke is from 16s. 6d. to 17s. 6d. per ton.

GLASGOW.—The fall in weekly shipments to the region of 200,000 tons reflects the quieter condition of demand. The effects on export business of the prevailing depression are accentuated by import restrictions in several countries abroad, which render major portion of the Swedish railways contract, although 33,000 tons will be supplied from Scotland, and additional business is under negotiation. First steam in Fife and washed treble nuts are the only firm features in the market, other grades being plentiful (ports):—LANARKSHIRE.—Ell best, 14s. 3d.; splint best, 15s.; Hartley, 15s.; steam, 13s.; trebles, 11s. 6d.; doubles, 9s. 9d.; singles, 8s. 9d.; pearls, 8s. 6d.; dross, 8s. 9d. FIFE.—Screened navigation, 13s. 6d.; first-class steam, 13s.; third-class steam, 10s. 9d.; trebles, 11s. 6d.; doubles, 10s. 6d.; 11s. 3d.; singles, 8s. 9d.; pearls, 8s. 6d.; LOTHIAN.—Prime steam, 11s. 11s. 6d.; second steam, 11s. 6d.; trebles, 12s. 6d.; 13s.; doubles, 10s. 6d.; 11s.; singles, 8s. 9d.; pearls, 8s. 6d. Ayrshire.—Unscreened navigation, 16s.; jewel, 16s. 6d.; steam, 12s.; trebles, 12s. 6d.; doubles, 10s.; singles, 9s. 9d.; pearls, 9s.; dross, 9s.

CARDIFF.—Anthracite coals and some of the dry steam classes have been the most favourable features of the South Wales coal market during the past few days. At Swansea and Port Talbot shipments continue active, and on Wednesday a few vessels were waiting their turn at the loading berths. Last week the shipments at Swansea totalled 78,290 tons, compared with 76,930 tons the previous week, and 62,020 tons in the corresponding week last year, and there appears every likelihood that the returns for the current week will also be better than those representing the average weekly exports for the current year. In the steam coal market also the position is slightly better. Loading operations are more regular than they have been recently, and the dock returns on Wednesday morning showed that there were only 19 tips idle, compared with 40 a week ago. Prices are with few exceptions ruling at the minimum schedule figures. It is reported that the Paris-Orleans Railways have placed a contract for the supply of 100,000 tons of locomotive coals, but the details have not been divulged, although it is rumoured on the market that the price paid is from 22s. to 22s. 6d. c.i.f. St. Nazaire. The market is without any further information concerning the purchases of the 1,200,000 tons balance of the 3 million tons which the Italian Government in 1929 agreed to buy on behalf of the Italian State Railways over the period of three years ended 1932. The view is held that the validity of the Hague Agreement is not affected by the cessation of payments

either under the Versailles Treaty or the Young Plan. The following are the current approximate quotations:—Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 4½d.; best dries, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams, 13s. 6d.; cargo smalls, 11s. 6d. to 12s. 6d.; coking smalls, 13s. 6d. to 13s. 9d.; anthracite best, large, 36s. to 38s. 6d.; Red Vein, large, 22s. to 26s. 6d.; machine made cobbles, 39s. 6d. to 48s. 6d.; French nuts, 40s. to 48s. 6d.; stove nuts, 36s. 6d. to 45s.; rubbly culm, 9s. to 10s.; special foundry coke, 32s. 6d. to 35s.; patent fuel, 20s.; pitwood, ex ship, 19s. 3d. to 21s.

IRON AND STEEL.

MIDDLESBROUGH.—The pig-iron markets are slow to show any improvement as a result of the increased duty on foreign imports, but the trade is confidently looking forward to an expansion in business in the near future. Stocks of Continental foundry iron are held at different consuming works, and until these are used up little increase in the demand for home products can be expected. Apart from this, the foundry trades locally and in Scotland are short of work at present, which causes a lessened demand for Cleveland iron than usual. The weekly market on Tuesday was quiet, and only moderate sales were reported. Official prices for Cleveland were unchanged, viz.: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d., and No. 4 forge, 57s., f.o.b. or f.o.t., with special concessions to Scotch consumers. Hematite is in slightly better demand for early delivery, but there is still an absence of interest in forward purchases on the part of consumers. The price for ordinary mixed numbers for early delivery is inclined to harden, and although some makers are still willing to accept 62s. 6d., others are asking 63s., and look for this price to become the ruling figure. For delivery over a few months, 63s. 6d. is quoted, but there is little business passing to actually test prices. Shipments of pig iron, though small, are ahead of those of last month, the clearances to 21st instant, amounting to 8,318 tons, compared with 6,256 tons to same date in May. In the finished departments, new orders are difficult to secure, and short time is being worked in many departments. Prices for steel for home under the rebate scheme are unchanged, viz.: Plates, £8 15s.; angles, £8 7s. 6d.; joists, £8 15s. Other main products are iron crown bars, £9 15s.; heavy steel rails, £8 10s.; 24-gauge black sheets, £8 5s., and 24-gauge galvanised corrugated sheets, £9 10s., also for home use. The ore market shows no change, and there is practically no new buying on the part of consumers, who have considerable arrears to take out against old contracts. Best rubio is nominally unaltered at 15s. c.i.f. for prompt, and the current freight, Bilbao-Middlesbrough, is 4s. 6d. Coke is in excess of requirements, and good blast-furnace qualities are weak at 15s. 6d. per ton, delivered local consumers' works. The number of furnaces in blast in the district is unchanged at 17.

SHEFFIELD.—The local industrial situation has undergone little change since Whitsun, when trade fell off in most sections of iron and steel. The volume of work on hand and orders on makers' books is considerably less than in the first quarter of the year, while unemployment has gone up. Not much improvement is anticipated in the immediate future, as July and August are normally the quietest months of the year. Optimism is not lacking in the business life of Sheffield. Manufacturers hope to benefit by the results of the Ottawa Conference, and by schemes of reconstruction and rationalisation in the steel trade which are under consideration at the present moment. A considerable amount of export trade is being held back owing to restrictions on imports and upon payments for imports enforced by most foreign Governments. The most seriously depressed branches of Sheffield's industry are those producing shipbuilding and railway material. The motor industry is furnishing a good deal of valuable work, as are other of the newer trades of the country.

WORKINGTON.—With the approach of the half-year end business in the North-West Coast hematite pig iron market has undergone the customary decline, Continental, Scottish and South Wales needs having dropped to a low level and the Midland demand alone being steady. Local consumption, however, remains heavy, and the make of the furnaces in blast between Workington and Barrow continues to be absorbed. No favourable results have yet followed the imposition of a duty on foreign iron, but none are anticipated until the stocks of foreign iron accumulated early in the year have been consumed. Business remains wholly of a hand-to-mouth character, but as no concessions would bring any expansion of buying, prices are maintained, Bessemer mixed numbers being quoted at £3 12s. 6d. per ton at Glasgow; £4 1s. at Manchester; £4 3s. 6d. at Sheffield; and £4 4s. 6d. at Birmingham. Special and semi-special descriptions are from 2s. 6d. to 5s. per ton above these figures. There is a fair Midland demand for malleable iron at £5 17s. 6d. per ton delivered at Birmingham, and ferro-manganese is in slightly improved request at from £10 15s. to £11 5s. per ton home. All that can be said of the steel market is that there continues to be small additions to the orders already on the books, and that Barrow and Workington remain engaged on the production of rails, sleepers, sleeper plates and billets. The shipments from Workington this month include 3,850 tons of rails and sleepers to London and Bombay, and 3,520 tons of pig iron to Antwerp, Liverpool, Port Talbot, Glasgow and Connah's Quay. Native hematite ore, at from 16s. to 18s. per ton, is in fairly good local request, but sales to East Coast and Scottish smelters are few.

GLASGOW.—It is now about three weeks till the commencement of the regular Glasgow Fair holidays, but already it has been intimated that the stoppage at many of the Clyde yards will be of longer duration than is customary and that this year yards will

be closed a week earlier. In the heavy steel trade business remains exceedingly quiet, but there is some little expansion in the home demand, prompt delivery being required in most cases. The situation is practically the same in every branch of the steel manufacturing industry and there is much idle plant. Machinery makers in different areas in the West of Scotland have fairly well-filled order books at the moment, and the number of inquiries both for home and export is satisfactory. Naturally much interest is being taken in Glasgow in the Scottish Regional Committee for the Reorganisation and Development of the Iron and Steel Industry, of which it is officially announced this week Mr John Craig has been appointed chairman, and in the statement that a start has already been made with the investigation of the problems. It is generally believed here that the natural resources of Scotland are such that, in capable hands and with co-operation between the different sections, almost every branch of the industry could be carried on profitably. It is confidently anticipated that under the guidance of this Committee, consisting as it does of recognised leaders in their own branch of the industry, developments will take place which will help to bring prosperity once more to the iron and steel industry of the West of Scotland.

CARDIFF.—On the Swansea Metal Exchange on Tuesday no material change was reported in the conditions in the tinplate and steel bar trades. Tinplates are quoted firmly at from 14s. 9d. to 15s. 3d. per basis box, and shipments last week totalled 81,714 boxes compared with 69,375 boxes the previous week, and only 38,460 boxes in the corresponding week last year. Moreover, notwithstanding increased production stocks are less than 200,000 boxes compared with 259,716 boxes a year ago. Imports of foreign steel bars have declined during the past few weeks.

OTHER METALS.

TIN.—At a meeting of the International Tin Committee, held on June 21st, it was announced that the signatory governments have accepted the restriction scheme, now generally known as the modified Byrne scheme, and this scheme will be put in force from July 1 next. The broad features of the scheme are as follows:—(1) Production during July and August, 1932, either ceases, or is held up under control in the countries where the ore is produced, or ordinarily smelted, for these two months; (2) thereafter, the ore or metal so controlled is released at the rate of 10 per cent. a month for ten months; (3) as from July 1, 1932, the new aggregate quotas are reduced at the rate of 17,040 tons a year below the existing quotas. The net effect is that the new annual quotas are 54,056 tons—namely, one-third of the production of 1929. The committee points out that:—(1) The aggregate of the permitted quotas of production and export allotted to Bolivia, Malaya, the Netherlands East Indies, and Nigeria, from July 1, 1932, is at the rate of 54,056 tons a year of metallic tin; (2) no metallic tin or tin ore produced under the above quotas will be released from the control of the exporting Government concerned prior to September, 1932; and, subject thereto, the aggregate permitted quarterly quotas of release will be:—July, nil; August, nil; September, 1932, 5,405 tons; October-December, 1932, 16,217 tons; January-March, 1933, 16,217 tons; April-June, 1933, 16,217 tons. Although the market had already largely discounted the new agreement, the market in tin has been steadier. In New York the metal was quoted at 10.70 cents per lb. on Wednesday, against 19.25 cents per lb. a week ago and 21.10 a month ago. Wednesday's official closing quotations in London, in terms of sterling for "standard" cash at £116 5s. to £116 10s. per ton, compares with £111 5s. to £111 7s. 6d. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 33,139 tons, show a decrease of 77 tons on the week.

COPPER.—The market in London opened firm on Monday, but on Tuesday demand fell off, and despite the lower exchange value of the £, the metal closed only slightly above last week's level. In New York, the metal attracted little attention. On Wednesday, "Domestic" spot was quoted at 5½ cents per lb. in New York, against 5½ cents a week ago, and 5½ cents a month ago. Wednesday's official closing price for "standard cash" in London, in terms of sterling, at £27 11s. 3d. to £27 13s. 9d., compares with £27 3s. 9d. to £27 5s. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 18,604 tons, show a decrease of 866 tons, while stocks of rough copper, at 894 tons, are 100 tons larger.

LEAD.—Lead opened dull on Monday at the London Metal Exchange, but on Tuesday demand improved, and 1,000 tons were sold. Trading was less active on Wednesday, but prices remained steady. In New York the metal was quoted at 3.00 cents per lb. on Wednesday, against 3.00 cents a week ago, and 3.00 cents a month ago. Wednesday's official closing quotation for "soft foreign" in London, in terms of sterling, at £9 13s. 9d. per ton for shipment during the current month, compares with £9 3s. 9d. on the corresponding day last week.

SPELTER.—The London market in spelter has been steady, and although sellers were inclined to make concessions, prices are scarcely changed on the week. Wednesday's quotation in New York, at 2.80 cents per lb., compares with 2.80 cents a week ago and 2.875 cents a month earlier. Wednesday's official closing quotation in London, in terms of sterling, for "good ordinary brands," was £11 10s. per ton for shipment during the current month, against £11 7s. 6d. a week ago.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotations for aluminium and nickel have been maintained at £95 per ton and £225-£230 per ton respectively. Platinum remained unchanged at £9 15s. per ounce. Foreign antimony was again sold at £23 to £23 10s. per ton. Quicksilver was reduced from £12-£12 10s. per flask to £11 15s.-£12 5s. per flask.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Imports for the week, June 16th to 22nd (inclusive) are 57,025 bales, of which 38,920 are American, 7,307 Peruvian, 3,453 Argentine, 3,463 Egyptian, 2,149 African, 438 East Indian, and 1,295 sundries.

Manchester.—The tone of the market has been firmer and the hardening movement in the raw cotton prices has brought out rather more inquiry in yarn and piece-goods. Although the sales have not been at all important the turnover has been slightly larger than recently. The prices secured by spinners and manufacturers, however, have given no satisfaction whatever. Shippers of cloth to India have received better advices from the other side and rather freer operations have taken place in light whites, prints and fancies for Karachi, Madras and Calcutta. Reports from China continue poor and there is some anxiety with regard to the financial position of dealers in Shanghai. Printed and dyed goods have been in fair request for Java and Singapore. A few more lines have been booked in bleaching cloths for the Near East. Producers of printing styles have done rather better for North and West Africa, but demand for South America remains very slow. There continues a little more activity in home trade circles. Traders continue rather nervous owing to the uncertainty with regard to the wages question. Quotations in American and Egyptian yarns have been rather steadier. There has been a slight improvement in the turnover, but to secure orders spinners have had to accept wretched prices.

Cotton Prices.

	1932.				Corresponding Data.	
	June 1.	June 8.	June 15.	June 22.	1930.	1931.
Raw Cotton—Mid. American per lb.	4.17	4.20	4.27	4.37	7.47	5.17
" Sakelardie Fully Good Fair Egyptian per lb.	5.65	5.70	5.95	6.15	12.35	7.90
Yarns—32's twist per lb.	7 7/8	7 7/8	7 7/8	7 7/8	11 1/2	8 1/2
" 40's twist per lb.	8 1/2	8 1/2	8 1/2	8 1/2	12	9 1/2
" 60's twist (Egyptian) per lb.	13	13	13	13	20	14 1/2
32-in. Printers, 116 yds., 16 by 16, 32's and 50's a. d.	16 6	16 6	15 6	15 3	21 0	17 11
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's a. d.	18 6	18 6	18 3	18 3	23 6	19 9
38-in. ditto, 38 yds., 18 by 18, 10 lb. a. d.	10 2	10 2	9 10	9 10	12 10 1/2	11 0
39-in. ditto, 37 1/2 yds., 16 by 15, 8 1/2 lb. a. d.	9 2	9 2	8 8	8 8	11 7 1/2	9 10

THE WOOL TRADE.—Bradford.—The outstanding feature in the Australian wool world, writes our correspondent, is the four days sale that has taken place at Brisbane. The sales will be resumed next week. We understand that a fair proportion of the offerings consist of new clip wools, and the selection is better than most buyers expected. All cables indicate an encouraging market, with wider competition than most people thought possible. Germany is reported to be a big buyer, and France, England and Japan are all taking their quota with the result that prices are very firm, with practically no soft spots, as was the case last series, and there are much fewer withdrawals. At home consuming centres deliveries of merino tops continue on an encouraging scale. Bradford has improved somewhat in tone, and some fair sales of tops have taken place during the week. Crossbreds do not move with that freedom which one would like to see, but the demand for super 60's remains fairly good. It is in the lower qualities where most dissatisfaction is expressed, and these are still very slow of sale. There is also a little more inquiry for by-products, but prices do not improve, noils being particularly cheap. Spinners and manufacturers are all needing more business, and there is considerable standing machinery, both spindles and looms. Active preparations are being made for next Spring. In the meantime, all descriptions of semi and fully manufactured products remain firm.

THE JUTE TRADE.—Dundee.—The volume of business passing in all sections of the jute trade remains small, and the market is quite featureless. All the curtailment of production at all producing centres has made little or no impression on the situation, and buyers prefer to purchase only sufficient to meet their immediate needs. The raw jute position is more or less unchanged. New crop prospects continue very favourable, and a good yield is expected in the coming season. Though perhaps rather larger than that of the present season, the supply will be greatly under normal, but probably sufficient to meet the requirements of the trade in view of the greatly curtailed production. Sellers of new crop fibre have still shown much reserve in offering, and there has not been much business done so far. Any prices mentioned in this market are considered too dear, and they are, when compared with the rates at which old crop can be bought. For new crop First Marks of best quality £17 17s. 6d. is named, while good Lightnings are quoted at £16 10s., August-September, with Motilal Tossa two-thirds, at £16 10s., and Rangal Daisee assortment at £15 15s., September-October. Sales have been made of good marks of Daisee assortment on the spot at £14 10s., ex-warehouse. The yarn market is quiet, but prices are all steady. Common 8 lb. cops are lowest at 1s. 9d., and 8 lb. spools at 1s. 10d., which are the best rates buyers will pay for the small quantities now required. Twist is unchanged at from 3 1/2d. for 3-ply 8 lb., and sacking yarns are quiet, and more or less nominal, at 2 1/2d. for 24 lb. twist and 3 1/2d. for 8 lb. spools. A good business has been concluded in Rove at £15 15s. for 200 lb. and £18 5s. for 48 lb., but the fine yarns are dull at 2s. 6d. for second quality 8 lb. Rio warp, 2s. 3d. for third, and 2s. for fourth. Carpet yarns are steady at from 3d. to 3 1/2d. Trifling quantities usually constitute the business passing in jute cloth, but manufacturers are strictly adhering to their prices, which already show a loss. The value of 10 1/2 oz. 40 in. hessians is 2 1/2d., and of 8 oz. 1 1/2d. Linoleum hessians are very quiet,

and prices are nominal, while only a little is being done in heavy goods. The Calcutta goods market has ruled quiet, with slight fluctuations in prices. These, however, are still somewhat higher than the lowest rates recently touched. The consumption of jute goods in America is still very much restricted, for the month of May being only 35,000,000 yards of hessian cloth of Calcutta make.

THE GRAIN MARKETS.

WHEAT.—The international wheat situation has undergone little change during the past week. Prices moved within narrow limits, round the low level reached a fortnight ago. Crop news have on the whole continued favourable. The North American Spring crops are well advanced, while the outlook for most European crops has been improving. The Russian crop is an uncertainty, as reliable reports are not available. One of the principal adverse factors is the expectation that the large Continental importing countries—particularly France, Germany and Italy—will soon practically close their markets against foreign wheat. Another weakening influence has been the pressure of Canadian wheat on the markets. Market receipts in Canada continue heavy, and the visible supply in that country is considerably above the level of last year. The wheat crop in this country is making rapid headway, and much of the damage caused by unfavourable weather earlier in the year has already been made good. On Wednesday, "July" futures were quoted at 48 1/2 cents per bushel in Chicago, against 49 cents on the corresponding day last week, and 58 1/2 cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 27s. 9d. per 496 lbs., as compared with 27s. 3d. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 26s. 6d., against 25s. 6d.; No. 3 Northern Manitoba, Vancouver, ex ship, 25s. 6d., against 25s. 3d.; Australian, ex ship, 25s. 6d., against 25s. 9d. to 26s. 3d. a week ago.

WHEAT FLOUR.—Trading in flour has been slack, despite the further reduction in Canadian and United States export quotations. North American shipments, at 126,000 sacks, showed a decline of 15,000 sacks, as compared with the previous week. Of this total, 80,000 sacks have been consigned to Europe. Quotations in London, Wednesday: Straight run, delivered country, 24s. per sack of 280 lbs., as compared with 24s. last week; delivered London, 23s., against 23s. Manitoba patents, ex store, 23s. 6d. to 26s., against 23s. 6d. to 26s. 6d.; and Australian, ex store, 19s. 3d. to 19s. 6d., against 20s. to 21s. a week ago.

BARLEY.—Although the demand for barley—met chiefly by Canadian cargoes—continues poor prices have been a little firmer in the absence of excessive supplies. On Wednesday "July" futures were quoted at 38 1/2 cents per bushel in Winnipeg against 37 1/2 cents last week and 40 1/2 cents a month ago. Quotations in London, Wednesday: "English feeding," f.o.b., per 448 lbs., 27s. to 28s., as compared with 27s. to 28s.; River Plate, landed, 24s. to 25s., against 24s. to 25s. a week ago.

OATS.—Business in oats has been on a small scale, but as Argentine shipments have been decreasing, prices remained steady, and were in some cases even a little firmer. "July" futures, which last week stood at 20 cents per bushel in Chicago, sold at 20 1/2 cents per bushel on Wednesday this week, against 22 1/2 cents a month ago. Quotations in London, Wednesday: "River Plate," landed, 17s. 6d. per 320 lbs., as compared with 17s. 3d. last week; "River Plate," ex ship, 16s. 6d., against 16s. 3d.; "Chilean White," landed, 24s. 6d. to 26s., against 24s. 6d. to 26s. a week ago.

MAIZE.—Argentina, which is the chief exporter of maize, has shipped a somewhat smaller quantity last week. It is expected that shipments from that country will not again reach the high level recorded in previous weeks. Supplies continue to be absorbed readily, and prices have been a little firmer. Wednesday's quotation in Chicago for "July" futures, at 29 1/2 cents, show no change on last week, and a fall of 1 1/2 cents as compared with the price a month earlier. Quotations in London, Wednesday: "Plate," landed, 19s. 6d. per 480 lbs., compared with 19s. 6d. last week; "Plate," ex ship, 18s. 3d., as against 18s. 3d.; "Plate," May-June, 18s. 3d., as against 18s. 3d. Yellow maize meal, ex wharf, was quoted at £5 10s. per ton, against £5 10s. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1931-32, 1930-31, 1929-30, 1928-29:—

	1931-1932.	1930-1931.	1929-1930.	1928-1929.
Estimated sales of home-grown wheat—				
1 week to June 18	Owts. 68,107	Owts. 69,281	Owts. 111,621	Owts. 71,440
42 weeks to June 18	3,530,378	4,664,425	9,081,605	9,408,372
Average price of English wheat per cwt.	s. d. 6 5	s. d. 6 0	s. d. 8 6	s. d. 9 7

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1928 to 1931:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
June 11, 1932.....	Owts. 80,956	Owts. 5,687	Owts. 15,688	s. d. 6 5	s. d. 6 7	s. d. 8 1
June 18, 1932.....	68,107	3,081	11,941	6 5	6 9	8 1
June 16, 1928.....	183,780	12,202	13,709	11 0	11 2	12 9
June 15, 1929.....	70,952	15,106	11,468	9 7	10 3	9 6
June 21, 1930.....	111,621	20,680	7,920	8 6	6 6	6 4
June 20, 1931.....	69,281	5,352	10,951	8 0	6 3	6 8

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Jan. 2, 1931.	June 24, 1931.	Jan. 4, 1932.	June 14, 1932.	June 22, 1932.
Winnipeg (No. 1 Manitoba)	148 1/2	56 1/2	62 1/2	62 1/2	54 1/2	54 1/2
—Cents per 60 lb.						
Chicago (No. 2 Winter)	130 1/2	79 1/2	58 1/2	55 1/2	49	48 1/2
—Cents per 60 lb.						

The visible supply of wheat in Canada, at 59,152,000 bushels, shows an increase on the week of 2,606,000 bushels. Supplies a year ago stood at 51,156,000 bushels.

OTHER FOODS.

SUGAR.—Despite occasional realisation, the remarkable rise in raw-sugar prices has been maintained. The turnover on the New York "futures" market amounted to 32,000 tons on Monday, 36,000 tons on Tuesday, and 27,000 tons on Wednesday. "July" futures in New York were quoted at 0.77 cent per lb. on Wednesday, against 0.75 cent per lb. a week ago, and 0.63 cent per lb. a month earlier. Wednesday's sales of "raws" include "December delivery" at 5s. 7 1/2d. to 5s. 8 1/2d. per cwt., against 5s. 4 1/2d. to 5s. 4 1/2d., and "March, 1933," at 5s. 7 1/2d. to 5s. 7 3/4d., against 5s. 0 1/2d. to 5s. 3 1/4d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1932.	1931.	1932.	1931.	1932.	1931.
Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London	4,309	12,439	1,418	1,253	14,250	35,613
Liverpool	10,520	13,115	12,941	12,919	96,654	74,674
Total	14,829	25,554	14,359	14,172	110,904	110,287
Last week.....	8,191	16,309	13,917	13,719	110,434	104,264

COFFEE.—The market in coffee opened dull in New York last Monday, and sales showed a downward tendency on Tuesday and Wednesday. Tuesday's auctions in London were characterised by a poor demand, and prices were barely steady. Last week's movements of coffee in London were as follows: Brazilian, landed, 4,960 bags; delivered for home consumption, 907 bags; exported, 2,067 bags; stocks, 6,108 bags, against 2,831 bags last year. Central American, landed, 2,791 packages; delivered for home consumption, 1,645 packages; exported, 2,337 packages; stocks, 128,571 packages, against 118,653 a year ago. Other kinds, landed, 687 packages; delivered for home consumption, 2,025 packages; exported, 935 packages; stocks, 93,178 packages, against 91,643 a year ago.

COCOA.—The market in cocoa was not very active. There was a slight fall in prices in New York, but quotations in London have been maintained. "July" futures were quoted at 3.83 cents per lb. in New York on Wednesday, against 3.96 cents per lb. a week ago and 4.07 cents a month ago. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, June-July, at 24s. 6d. per cwt., f.o.b., London contract, show a rise of 6d. per cwt. on the week. Last week's movements of cocoa in London were as follows: Landed, 5,418 bags; delivered for home consumption, 3,875 bags; exported, 640 bags; stocks, 168,320 bags, as against 228,408 last year.

TEA.—The quantities catalogued for this week's auction comprise 48,036 packages of Indian, and 29,803 packages of Ceylon tea. Contrary to last week the "Indian" tea sales were dull last Monday and prices of common and low medium teas declined. The relatively poor quality of "Ceylon" tea offered on Tuesday left buyers unwilling and there was a further deterioration in values at Wednesday's "Indian" auctions. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account:—

Week ending	Northern India.		Southern India.		Ceylon.		Java.		Sumatra.		Nyasaland.		Total.
	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	
June 18, 1931	0	7.91	0	9.64	0	11.57	0	5.50	0	6.20	0	5.45	0 9.05
May 26, 1932	0	8.30	0	10.26	1	2.04	0	6.35	0	5.54	0	6.45	0 9.92
June 2, "	0	6.73	0	9.13	0	10.71	0	5.30	0	4.60	0	5.83	0 8.09
June 9, "	0	7.23	0	8.30	0	9.79	0	5.04	0	4.67	0	5.88	0 7.68
June 16, "	0	7.19	0	7.59	0	8.83	0	4.92	0	4.75	0	5.86	0 7.36

RICE.—The market in rice was quiet. Spot quotations were maintained but "forward" values show a further decline. Wednesday's "spot" price, at 9s. 3d. per cwt., shows no change on last week, while forward positions, at 7s. 10 1/2d., show a fall of 3d. per cwt. Movements in London during the past week were as follows: Landed, 173 tons; delivered, 107 tons; stocks, 3,433 tons, as against 578 tons last year.

POTATOES.—New potatoes have become increasingly abundant with the result that there was a further sharp decline in prices.

At the Borough Market, "Best King Edward" sold from 10s. to 10s. 6d. per cwt., as compared with 10s. to 11s. per cwt. a week ago. New "Jerseys," at 13s. per cwt., show a decline of 5s. per cwt.

SPICES.—The market in spices was quiet, but, following an improvement in demand at the end of last week, "spot" pepper became slightly dearer. Wednesday's quotation for "Black Singapore" pepper, at 6 1/2d. per lb., shows a rise of 1/4d. per lb. on the week. Movements of pepper in London during the past week were as follows: Black, landed, 2 tons; delivered, 6 tons; stocks, 360 tons, against 505 tons last year. White, landed, 19 tons; delivered, 44 tons; stocks, 565 tons, against 575 tons a year ago.

MEAT.—The tendency of prices at the Smithfield market has been irregular. English beef remained unchanged while Argentine beef was slightly easier. In mutton, "New Zealand" failed to recover, although there was a slight improvement in English meat. On Wednesday, Argentine beef (chilled hindquarters) was sold at 3s. 10d. to 4s. 4d. per 8 lbs., against 4s. to 4s. 6d. on the corresponding day last week, while New Zealand frozen mutton realised 2s. 2d. to 3s., as against 2s. 2d. to 3s. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 7,816 tons, as compared with 7,770 tons in the corresponding week last year. Imported beef, principally Argentine, formed 85.3 per cent. of the supplies, as against 85.5 per cent. a year ago; and imported mutton, mainly New Zealand, formed 82.0 per cent. of the total supply, as against 81.6 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—In some sections there is a steadier tone, but business on the whole is of small volume and disappointing. Linseed has derived some benefit from the decline in sterling, and some buying support from the Continent, but crushers on this side have not been in the market. Linseed is rather firmer, and for Plate afloat and June shipment £7 12s. 6d. is wanted, later positions being at a progressive premium. Very little interest is shown in Indian linseed prices, being out of line. Supplies are abundant, and although Argentina alone has thus far this year shipped well over a million tons, considerably more than that quantity remains for shipment from that country alone. The quantity afloat for Europe has increased to 153,100 tons (including 6,500 tons from India) which is 17,500 tons more than a week before. Cottonseed is neglected, but Egyptian (black) afloat or for shipment is steady, at £5 10s. to £5 12s. 6d. New seed for November-January loading is quoted around £6. Trade in vegetable oils is only moderate. Raw linseed oil, after a period of weakness, is firmer, and for June delivery ex Hull is quoted £12, and July, August £12 5s. Cotton oil is dull, with crude Egyptian ex Hull quoting £19, and refined (technical and edible) £21 5s. prompt. The trade in oilcakes and meals does not improve, and mill prices are barely steady.

HIDE, LEATHER AND ALLIED TRADES.—Hides from home-slaughtered cattle were lower in price at the auctions held at Manchester this week, several of the lighter weights in both clear and warbled ox and heifers realising 1/4d. per lb. less money. With the exception of second warbled all cows declined in value by a similar amount, in addition to which there was a reduction of 1/4d. per lb. in the price of bulls. Calfskins remain a poor market, while low prices have to be accepted for sheepskins if business is to result. Rather more trade has been passing in foreign hides, and slightly higher figures have been obtained for some sorts. South American wet-salted hides have commanded more attention from tanners in this country and on the Continent, and sales of Argentine ox have been made on the basis of 3 1/2d., while just over 3 1/2d. has been paid for lights, and a trifle less than 3 1/2d. for Montevideo ox. In regard to dry hides from the same origin, tanners do not appear disposed to pay the increases being asked, with the result that orders for these are limited. The figures mentioned are 4 1/2d. for B.A. Americanos, 5d. for M.V. Americanos, up to 5 1/2d. for Sierra Cordobas, and 2 1/2d. for B.A. Inservibles. Business in regard to African hides also is poor, although prices for some descriptions are fractionally lower. First and second dry Capes are quoted at 4 1/2d. and 3 1/2d., with 4 1/2d. and 3 1/2d. asked for dry salted 20/30 lbs. Unbathed Adis Abebas are offered at from 3 1/2d. to 4 1/2d., Nigerians at 4 1/2d., and Mombasas at 4 1/2d. There has been no change in the position of the market for Australians for which high figures are still mentioned. Trade in leather has been rather better than has been the case of late, and some fair sales have been made of both English and wet-salted and dry hide bands. The former have been wanted in the medium weights, while both light and medium weights have been asked for in the latter. Pinned bellies and shoulders also have received more attention, in addition to which inquiry has been going around for rough offal. A regular if somewhat limited turnover has been done in upper stock, the best selling line of which is still glacé kid. Reptile skins have accounted for an average amount of business, and there has been slightly more attention paid to box and willow calf and patent leather. Sales of the two latter, however, remain small.

THE TIMBER TRADE.—May imports of all sawn softwoods were much heavier than for the corresponding month last year, and for the five months amounted to 627,290 loads (of 50 cubic feet), an increase of 22,100 loads compared with January-May, 1931. Planed and dressed woods showed an increase in May of 6,680 loads, and for the five months 33,300 loads on an import of 172,820. In spite of these increases, however, London dock stocks are lower than a year ago, when supplies were short compared with normal. The above varieties have continued in poor spot demand during the past four or five weeks, mainly on account of the bad state of the building trade, and also because of the unsatisfactory call for timber by

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.

CEREALS AND MEAT.

GRAIN, &c.—

Wheat, No. 2, N. Man. 496 lb. 26 6

Eng. Gas. av., per cwt. 6 5

Barley, Eng. Gas. av. 6 9

Oats, " 8 1

Maize, La Plata, landed 19 6

480 lb. 19 6

Flour, Lon. stan. ex mill. 21 9

Rice, No. 2 Burma, per cwt. 7 10½

Tapioca, per cwt. 11 6

Fair Flake, Singapore. 11 6

MEAT—

Beef, per 8 lbs. 5 0 5 8

English long sides 5 0 5 8

Argentine chilled hinds 3 10 4 4

Mutton, per 8 lbs. 4 4 5 8

N.Z. frozen 2 2 3 0

Pork, English, per 8 lbs. 3 8 4 0

OTHER FOODS.

Bacon—

Irish, per cwt. 58 0

Danish 56 0

Dutch 54 0

HAMS—

Canadian 72 0

American 68 0 70 0

BUTTER—

Australian 95 0 97 0

New Zealand 96 0 98 0

Danish 98 0 100 0

CHEESE—

Canadian, per cwt. 66 0 72 0

New Zealand 57 0

English Cheddars 94 0 110 0

Dutch 94 0 67 0

COCOA—

(Duty, British grown, 11s. 6d.; foreign, 14s. cwt.)

Acacia, f.f., per cwt. 23 0 28 0

Trinidad 40 0 48 0

Grenada 32 0 39 0

COFFEE—

(Duty, British grown, 11s. 6d.; foreign, 14s. cwt.)

Santos sup., c. & f. cwt. 65 0

Colombian, good 70 0 90 0

Costa Rica, med. to good 75 0 112 0

Best Indian 85 0 115 0

Kenya, medium 95 0 100 0

ROBES—

English, per 120 11 3 11 9

Danish 11 0 11 6

FRUIT—

Oranges—

South African boxes 14 0 24 0

Brazilian 14 0 26 6

Lemons, Sicilian boxes 16 0 23 0

Malaga, cases 17 0 26 0

Apples: Amer. 420 No. 1

(var.) boxes 7 0 12 0

Onions—

Valencia, case, 4s. 5 0 7 0

Egyptian Bags 5 0

Grapes, Lisbon boxes 5 0

Almeria bris. 5 0

LARD—

Irish bladders 54 0 68 0

American boxes, 56 lbs. 38 6 39 3

POTATOES—

Good English, per cwt. 10 0 10 6

SPICES—

Pepper, per lb. 0 7

Muntok, fair White 0 7

Black Lampung 0 6½

Onnannon—1st sort, per lb. 0 7

Cloves—Zanzibar per lb. 0 7

Ginger—per cwt. 22 6

African 22 6

Jamaica, ord. to good 65 0 85 0

Mace 0 8 1 8

Nutmegs 65s 1 4

SUGAR—

(Duty, 11s. 8d. per cwt.)

B.W.I., crystallised 17 0 18 6

Java, white, c. & f. India 7 9

June-July 7 9

REFINED—London—

Yellow Crystals 18 4½ 18 7½

Cubes 22 9 23 3

Crushed 20 9 21 3

Granulated 18 9 19 7½

Home Grown 18 4½ 18 7½

TEA—

Indian—per lb.—

Pekoe 0 5 0 7½

Broken Pekoe 0 5½ 0 10½

Orange Pekoe 0 5½ 1 3

Broken Orange Pekoe 0 5½ 1 3½

Ceylon—per lb.—

Broken Pekoe 0 5½ 1 5

Orange Pekoe 0 5½ 1 10

Broken Orange 0 5½ 1 3

TOBACCO—

(Duty 9/6-10/6 per lb.)

Empire growths, 7/5½-8/3½ per lb.)

Virginia leaf—

Common to fine 0 8 2 6

Rhodesian leaf 0 9 2 6

Nyasaland leaf 0 6 1 8

East Indian leaf 0 8 2 0

East Indian leaf 0 4 0 8

East Indian leaf 0 5 1 6

COTTON—

Mid-American, per lb. 4-37

Sakelardis, f.f. 6-15

Yarns, 32's twist 7½

60's twist 13

FLAX—

Lyonian ZK, per ton 41 0

Pernau HD 40 0

Sisal, African, June-Aug. 12 0 13 0

JUTE—

Native 1st mks. per ton 43 0

c.f. H.A.R.B. 17 0

June-July 14/17/6

Daisie 2/3 c.f. Dundee 14/10/0

SILK—

Canton, per lb. 6 0 8 6

Tussah 3 6 4 6

Japan 6 6 8 0

Italian—raw, fr. Milan 7 6 9 6

WOOL—

English Southdown, washed per lb. 9½

Lincoln hog, washed 5½

Queensland, scd. super comb. 17

N.Z.W. greasy, super 10

N.Z., grey, half-bred 50-56 9

Top Merinos 70's 24½

64's 22

Crossbred 48's 20½

46's 21

OAL—

Welsh, best Ad'ty ton 19 6

Ducham, best gas, f.o.b. 14 6

Tyne 14 6

Sheffield, best gas, at 20 0 20 6

IRON AND STEEL—

Pig, Cleveland No. 3, ton 58 6

Barr, M'brough 195 0

Steel Rails, heavy 170 0

Tin Plates, per box 14 9 15 3

METALS—

Copper, Electrolytic, ton 31/10/0 32/10/0

Sheets (strong) 59/0/0

Standard 27/11/3 27/13/9

Lead Eng. Pig, per ton 11/10/0 9/13/9

Soft Foreign 11/10/0

Spelter G.O.B. 11/10/0

Tin—English ingots 11/10/0

Standard cash 11/6/0 11/6/10/0

CHEMICALS—

Acid, citric, per lb. less 5% 1 0 1 0½

Nitric 0 2 0 4

Oxalic, net 0 3 0 4

Tartaric, English, less 5% 1 0 1 0½

Alcohol, Plain Ethyl. 12 0

Alum, lump, per ton 9 0 9 10

Ammonia, carb. ton 36 0 38 0

Sulphate 6 0 6 10

Arsenic, lump, per ton 35 0 40 0

Bleaching powder, per cwt. 8/0/0 8/10/0

BORAX, gran. per cwt. 13 0

Do. powder 14 6

Nitrate of Soda, per cwt. 9 0 9 6

Potash, Chlorate, net 0 3 0 3½

Sulphate 11 6 12 6

Sal-Ammoniac, per cwt. 42 6 45 0

Soda Bicarb. per cwt. 9 0 10 6

Crystals, per cwt. 5 0 5 3

Sulphate of Copper, per ton 17 0 17 10

CEMENT, London, per ton 44 9 46 9

Portland, best Eng. pr. ton 44 9 46 9

In free paper bags (20 to ton) 46 0 48 0

COPRA—

S.D. Straits c.f., per ton 14/8/9

Smoked South Sea 13/5/0

DRUGS—

Camphor—

Japan, refined, per lb. 2 6 2 7

Castor-oil, per lb. 85 0 95 0

Ipecacuanha, per lb. 4 9 5 0

Peppermint, Wayne Co. 9 3 9 6

HIDES—

Wet salted—Australian, per lb. 0 3 0 4½

West Indian 0 2 0 2½

Cape 0 2 0 2½

Dry and Drysalted Cape 0 4½ 0 5½

Market Hides, London—

Best heavy ox and heifer 6 3 0 4

Best cow 0 2½

Best calf 0 5½

INDIGO—

Bengal g. red. vio. to 5 6

fine—per lb. 5 6

LEATHER—

Sole Bonds 8/14 lb.—

per lb. 1 0 2 0

Bark Tanned Sole 2 0 3 0

Shoulders (m. DS Hides 0 6 0 8

Do. Eng. or WS do. 0 8 0 10

Bellies from DS do. 0 3 0 4½

Do. Eng. or WS do. 0 4 0 8

Dressing Hides—

Ro. Eng. Calf, 20/30 lb. 2 6 3 6

Aust. Bonds 0 11½ 1 4½

VEGETABLE OILS—

Linsed, naked, p. ton net 12/10/0

Rape, refined 22/0/0

Cotton-seed, crude 19/10/0

Coconut, crude 24/0/0

Palm 14/7/6

Oil Cakes, Linsed, Eng. 7/0/0

per ton 7/0/0

Oil Seeds—Linsed—

La Plata, p. ton—

June-July 7/12/6

Calcutta—per ton— 9/7/6

Turpentine, per cwt. 59 6

PETROLEUM PRODUCTS—

Motor spirit, No. 1, Lon- 1 3½

don, per gal. 1 3½

Petroleum, Amer. rid. 0 9½

bri. London, per gal. 0 9½

Fuel oil, in bulk, for 60 0

contract, ex instal., 67 6

Thames—

Lubricating oil ex store, 67 6

London—per ton—

Pales 9/10/0 24/7/6

Reds 10/0/0 16/15/0

Cylinder 10/10/0 28/10/0

ROBIN—

American, per ton 15/0/0 23/10/0

RUBBER—

St. ribbed smoked sheet 0 12

Fine Hard Para per lb. 0 3½

SHELLAC—

TN Orange, per cwt. 55 0 56 0

SHELLS—

W. Aust. M. o. P. 5 0 14 0

TALLOW—

London Town, per cwt. 20 0

TIMBER—

Swedish u/s 3 x 8 per std. 17 0 0

2½ x 7 16 0 0

2 x 4 15 0 0

Can'dn Spruce, Dis 24 0 0

Pitchpine, per load 9 0 0

Rio Deals, per std. 28 0 0

Teak, per load 30 0 0

Honduras Mahg. logs c. ft. 0 10 6

Amer. Oak Boards 0 6 0

Ash 0 6 0

English Oak Planks 0 7 0

Ash 0 6 6

Ash 0 7 9

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The tables in the following pages show summary figures for as many nations of the world as possible, and have endeavoured to combine brevity with comprehensiveness. The greater number of the figures are taken from the Monthly Statistical Bulletin of the League of Nations, supplemented from our records.

THE STATE OF TRADE AT HOME AND ABROAD.

JANUARY is always a difficult month in which to assess the progress of trade, for it follows hard upon the Christmas holidays and is also broken into by stock-taking in the case of many industrial and commercial undertakings. In addition, business this year has been overshadowed by the economic and political uncertainty at home and abroad, the failure to make any definite progress with the reparations and debts question, ignorance as to British tariff policy, and the difficulties under which international trade is conducted and international commercial debts settled.

Even so, it is possible to detect slight signs of improvement in British industry. The latest unemployment returns are those relating to December 21st. Though the total of 2,509,948 for all unemployed workers, including those temporarily stopped or normally in casual employment, is serious enough, it represents an improvement since November of 105,194, which is sufficient to show that the trend is in the right direction. There was an improvement in coal mining and general engineering, in most of the metal trades and all the textile trades except hosiery manufacture, in the glass, paper and tailoring industries, in the distributive trades, and in the dock and harbour, road transport, hotel and boarding-house and entertainment services. Such an improvement is sufficiently general and important to outweigh increases in unemployment in the pig iron and tinplate, pottery, and boot and shoe industries, and in building and marine engineering.

The December trade returns were again moderately encouraging. Too much must not be made of the sharp fall in imports of manufactured goods, for both the November and December returns were distorted by the imposition of the new duties against abnormal imports. More significant is the increase for the second month in succession of raw material imports. This increase reflects, partly, the rise in prices of foreign materials due to the depreciation of sterling, but at least it shows that our manufacturers' purchases of raw materials are being maintained; and, taken in conjunction with the downward trend of unemployment, it points to a slight stirring of trade.

Reports from the industrial areas are also in many cases more hopeful, though naturally they vary greatly between different trades. The heavy industries are perhaps the least satisfactory. Export coal business is still affected by the many restrictions in force abroad.

while the mild character of the winter has proved prejudicial to the house coal trade, both for the home market and for shipment. There has been no real improvement in the iron and steel industries, and the most that can be said is that there is some prospect of the abandonment of price-cutting by Continental producers. On the other hand, the engineering industry is more hopeful, and a certain number of fresh orders are coming to hand. Wool prices have been very firm, to the benefit of both Yorkshire and Australia. Flax spinners are in a strong position, and a good home demand for linen piece-goods is anticipated. Raw cotton prices remain firm, and demand from some markets is a little better.

In many ways the country has gained appreciably in financial strength during the past few weeks. The big influx of income tax and other revenue has been of great assistance to the Treasury and, as a secondary consequence, has enabled substantial

HOME INDUSTRIES AND TRADE.

The following reports on British industries cover, in most cases, the period to the middle of January. In the remainder they relate to the month of December.

THE COAL TRADE.

Business is irregular. The North-East Coast reported a fair improvement early in January, especially for bunkers, coking coal and coke. Later accounts, however, are less encouraging. The South Wales trade is still impeded by Continental import restrictions, while shipments have at times been delayed by stormy weather. Sheffield states that the mild weather has reduced the demand for house coal to a relatively low level. Home industrial demand is a little better, but is still far from satisfactory. Export business is very irregular, but in some respects the outlook has improved. Reports from Scotland are not very encouraging. Fifeshire coal is moving off well, but forward business at Glasgow is held up by international trade and exchange uncertainties.

IRON AND STEEL.

No real improvement has occurred, but there is a feeling that Continental producers will before long be forced to abandon their policy of price-cutting, and that the position of the British industry will improve. The December output figures, though far from satisfactory, were a little better than those for November, when allowance is made for the Christmas holidays, and it is hoped that the improvement will be maintained in January. At the moment, demand for pig iron is limited to immediate requirements, but stocks of hematite on the North-East Coast are gradually being reduced. Sheffield reports a few more inquiries from abroad and a better demand for special steels, while in the Midlands a more sanguine feeling is noticeable, especially among re-rollers. The South Wales tinplate trade is now working at 70 per cent. of capacity, and many firms have enough business to keep them occupied until the end of March.

ENGINEERING.

A slight but definite improvement has taken place. December exports of machinery were the best for eleven months, and there has been a further small decline in unemployment. Inquiries are now circulating more freely, and a certain number of new orders have been received. There is a very good demand for all general kinds of small machinery, and the trend of the industry is such as to suggest that the suspension of the gold standard is at last proving of some benefit. Demand for engines and boilers is fairly good, and machine-tool makers are looking for an early revival. Unfortunately there is no improvement among textile machinists, and locomotive builders cannot look for any great expansion in business so long as foreign Governments have to cut down their expenditure upon railways and other public works. There is no change among agricultural engineers, and shipbuilding and marine engineering remain very depressed.

PRODUCTION OF ELECTRICITY.

In the *Economist* of July 10, 1926 (pages 57-8), we published a new index of electrical generation in the chief industrial areas of Great Britain. We show below a résumé of the results achieved during recent periods:—

INDEX OF GENERATION OF ELECTRICITY.*
(Monthly Average 1923-24 = 100.)

Period.	Britain, excluding London and Wales.	Coal Mining, Iron and Steel, Ship- building, Heavy Engi- neering.	General Engineering and Auto- mobile Construc- tion	Chem- ical.	Marine Transport, Docks, etc.	Textiles, Cotton, and Wool.
1926—Monthly average	119	100	138	162	134	120
1927	146	143	158	210	163	139
1928	156	150	177	237	193	147
1929	171	164	211	260	196	166
1930	167	152	216	234	215	156
1930—October	161	150	195	244	222	156
November	188	161	226	246	235	185
December	194	169	260	207	267	189
1931—January	197	169	271	209	274	195
February	193	164	255	218	256	193
March	184	162	245	243	247	180
April	158	136	206	197	210	148
May	144	124	196	178	191	135
June	149	126	193	205	206	151
July	142	117	204	209	192	143
August	143	121	182	197	197	145
September	157	130	222	213	212	158
October	176	149	240	219	232	180
November	199	168	266	227	256	207
December	207	173	276	196	268	219

* Prepared by the economic and statistical department of the British Electrical and Manufacturers' Association.
Increase due to special causes.

The improvement recorded above registers a further increase in generation of electricity. The corrected figure for December, allowing for seasonal fluctuations and the steady expansion in the use of electricity was 96.0, against 92.2 in November and 94.0 for December last year.

ELECTRICAL INDUSTRY.

While the latest figures recorded below, which represent the average for the twelve months ending with last December, record a decrease, December itself was one of the best months of the past half-year. More home orders were received from municipal undertakings for small turbines, and these totalled 15,000 k.w. Reconstruction and partial equipment orders, mainly from Birmingham Corporation, accounted for a further 30,000 k.w.

INDEX OF NEW ORDERS RECEIVED BY ELECTRICAL
MANUFACTURING INDUSTRY.*
(1920=100.)

Period.	Home.	Export.	Total.
1926—Monthly Average	84	100	88
1927	87	195	114
1928	75	112	85
1929	83	157	102
1930	66	211	103
1930—September	63	221	103
October	64	181	94
November	61	171	89
December	75	152	95
1931—January	69	150	90
February	66	123	78
March	62	126	74
April	60	130	76
May	63	137	79
June	65	128	78
July	62	142	80
August	51	132	70
September	47	130	67
October	48	119	62
November	53	119	65
December	46	114	59

* Copyright of the British Electrical and Allied Manufacturers' Association.

MOTOR INDUSTRY.

The motor industry is fairly busy, but there is still plenty of room for improvement. In some cases manufacturers are operating at full capacity, and there is a growing demand for heavy oil engined vehicles. Total exports for 1931 show a drop from last year, there being 18,992 private cars and chassis and 5,320 commercial vehicles and chassis, as against 23,210 and 6,543 respectively, exported in 1930. Imports also have fallen considerably. Manufacturers, however, seem very hopeful regarding the future, and unemployment in the industry is steadily decreasing. In the motor-cycle section trade can only be reported as fair.

THE COTTON TRADE.

The Christmas and New Year holidays had a disturbing effect upon business, and during the first fortnight of January demand was quiet with a tendency for spinners and manufacturers to lose ground. During the latter half of the month, however, inquiry has broadened and there has been some improvement in the turnover. To some extent business has been forced out by the hardening movement in raw material rates. No particular change has occurred with regard to the supply of raw cotton, but the holding policy of growers in the United States has resulted in a shortage of contracts in the futures market, and there have been more buyers than sellers. Inquiry in piece-goods for abroad has increased. An improvement has shown itself in the demand for India, and merchants have received more favourable advices from dealers on the other side. More activity has shown itself in light fabrics and fancies, chiefly for Calcutta, Madras and Karachi, and clearances in India are reported to be on a freer scale. Demand for China has continued quieter, but quite a number of useful lines have been booked in fine goods and fancies for the Straits Settlements and Java. Reports from Egypt tend to improve, and some fair lots have been booked in bleaching descriptions. Towards the close of the month printed and dyed cloths moved off rather more freely for the Continent. There has not been much activity in home-trade circles. Engagements of manufacturers are very irregular, but, compared with a month ago, there is not much change in the extent of order lists. During the past fortnight the offtake in American and Egyptian yarns for home use has increased, and spinners are now presenting a rather stiffer front to customers. Supplies of most counts and qualities, however, are by no means scarce. Isolated sales have occurred in yarns suitable for China, and a few more bids have been forthcoming for fine numbers for India.

THE WOOL TEXTILE TRADES.

Australian markets have been active, and South Africa reports better inquiries for raw wool. Fine crossbreds are also moving more freely in South America. The January London sales opened well with a firm tone, but it has since been decided to curtail them by two days. Even so, prices have remained firm, and a better tone is in evidence at Bradford. Merino and fine crossbred tops are moving off well, and quotations are very firm. New business in yarns has fallen away, but spinners are still well employed, and particulars against outstanding orders are coming in well. There is a good home inquiry for dress goods, but foreign business is disappointing.

THE JUTE TRADE.

Little fresh business is coming forward, and Dundee manufacturers are badly in need of orders. Unless trade improves very soon, production will once more have to be curtailed. Prices at present are mainly nominal, and recent arrivals of raw jute are, in many cases, unsold. Demand for yarn and cloth is also dull.

THE RAYON TRADE.

There is a satisfactory turnover in rayon yarn and fabrics for the home trade, and certain sections of the export trade are showing a better tendency. Most yarn producers are booked up well ahead with orders, and several companies are making extensions. A steady increase in business is anticipated during the next few months.

THE LINEN TRADE.

Bulk flax sales have been put through at full rates. Prices of Irish fibre are now almost 50 per cent. above limits ruling twelve months ago. Yarns are passing steadily into consumption, and manufacturers are being pressed for delivery of cloth contracts. New business in cloth has been on a more restricted scale, as is usual at this time of the year, but renewed inquiries for good qualities are now being dealt with.

BOOTS AND SHOES.

There has been no improvement in demand, though the January sales should help to lighten stocks. A keen discussion is now in progress on the advisability of attempting to stimulate trade by making a cheaper grade of shoes, and opinion is sharply divided. The leather trade is quiet, with perhaps a better turnover in sole leather.

THE CHEMICAL INDUSTRY.

In spite of the uncertainty arising from the continual variation in sterling, a very fair volume of business was transacted during December. Demand for industrial chemicals showed a decided improvement, particularly for those products used by the rayon industry. Acetone and formaldehyde continue the best items in this section. There was a better demand for acetates during the month, so that there is now a general improvement in the wood distillation industry. All grades of acetic acid, chromium compounds, sodium phosphate, boric acid and borax increased in price during the month. Sales of coal-tar pitch and creosote oil have been good, and most other coal-tar products are in satisfactory demand. Business in pharmaceutical chemicals was rather unsettled, demand being chiefly for small quantities. Quotations are only nominal for the products covered by the Abnormal Importations Act, but there has not yet been time for the full effect of the new 50 per cent. duties to be apparent. The Board of Trade figures show a decrease of nearly £5,000,000 in the value of chemicals, drugs, dyes and colours exported during 1931, as compared with 1930. The heaviest declines were for sulphuric acid, tartaric acid and tartrates, ammonium sulphate, bleaching powder, coal-tar products, sodium compounds, and painters' colours and materials. Imports were nearly £300,000 higher than in 1930, increases being shown for most products.

AGRICULTURE.

According to an official report, work on the land was generally well forward at the New Year. It was estimated that a somewhat larger area of wheat had been sown than at the corresponding date last year, but that there had been no increase in the case of barley and beans. From some parts of the country a slight decrease was reported in the area under oats. Autumn-sown crops had done well and looked healthy. Where the clamps had been opened it was found that in many cases there were a number of diseased potatoes, but, where the potatoes were carefully picked over before pitting, the position appeared fairly satisfactory. With a few exceptions the swede harvest was completed. The mild, open weather was favourable to stock, and milk yields improved somewhat during December. The outlook for winter keep continues satisfactory.

SHIPPING.

The volume of chartering on most routes showed little change in January. Coal export trade was very dull, and in the Mediterranean ore trades business was stagnant. With regard to grain, there was fairly active Black Sea chartering, Argentine demand for tonnage was steady, and Australia took up a number of vessels for Far Eastern discharge; but the North American market was lifeless.

BUILDING.

According to the Ministry of Labour's returns, there was a slight decline in employment during December, and bad weather again inflicted a considerable amount of short time upon men engaged upon outside work. The December employment percentage was 28.6, against 27.0 in November and 22.7 in December, 1930. According to returns furnished by 142 local authorities, plans passed for new buildings in December comprised a total estimated cost of £4,264,500, as compared with £4,012,600 in November and £5,009,400 in December, 1930. Of the total for November, 1931, dwelling-houses accounted for £2,346,100; factories and workshops for £356,000; business premises, shops and warehouses for £348,000; and other buildings and additions and alterations for £1,214,400.

RETAIL TRADE.

A leading London store reports that the Christmas season results were not unpleasing, and that January sales are worse in cash compared with last year, but better in the number of customers. The last week of January has shown a decided improvement. The returns of the Incorporated Association of Retail Distributors, published in the *Board of Trade Journal*, suggest that, taking the country as a whole, Christmas shopping was appreciably curtailed.

INDICES OF BUSINESS ACTIVITY.

1924 = 100.

Period.	Net Imports.		Consumption of			Consumption of Power.		Volume of Employment.				Merchandise on Railways.	Provincial Bank Clearings.	Postal Traffic.	Shipping Movements.	London Bank Clearings.	Exports British Manufacturers.	Foreign Trade Turnover. (Quarterly Figs.)
	Raw Materials.	Non-Ferrous Metals.	Iron and Steel.	Cotton.	Rubber.	Coal.	Electricity.	Heavy Industry.	"General" Industry.	Miscellaneous Services.	Total.							
Monthly Average.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
1925	107	107	89	116	137	93	101	90	103	103	101	98	102	103.5	98	104	101.5	102
1926	107 ^a	100	57	98	175	72	92	57	101	104	95.5	88	94	103.5	90	109	94	100
1927	113 ^a	106	133	113	197	106	109	87	108	108	105	99	102	109.5	105	117	104.5	107.5
1928	101	113	88	103	212	99	110	82	108	110	105	93	100.5	114	106.5	125	108	106
1929	113	120	103.5	106	271	106	116	84.5	109.5	112	107	95	99	115.5	111.5	130	109	112
1930	101	117	103	76	340	106	112	77.5	101.5	112	103	88	91.5	117	109.5	140	87.5	102
1931	95 ^c	105	92	78	334	102	...	65.5	96	114.5	99	...	91.5	116.5	102	129	65 ^c	95 ^c
"Corrected" average for 3 months ended:																		
1930—Dec. ...	106	110	91	81	381	111	120	73	98	111.5	99.5	85	91	117.5	106	138	79	...
1931—Jan. ...	111	107	92	79	247	112	128	73	96	111.5	99	81	94	119	100	143	74	...
Feb. ...	107	107	90	70	418	111	123	72	95	112	98.5	78	95	120.5	94	144	67	91
Mar. ...	98	102	84	64	355	112	126	70	95	113	98	79	95	121.5	92	146	66	...
Apr. ...	92	117	78	64	371	108	118	69	96	114.5	98.5	78	94	120	93	139	63	...
May ...	96	118	82	66	309	102	108	67	97	115	99	78	93	118	99	142	66	91
June ...	93	126	83	68	323	96	101	65	97	116	99.5	76	91	115.5	103	143	63	...
July ...	88	118	88	74	354	93	97	63	96	116	98.5	77	92	114.5	109	148	66	...
Aug. ...	83	111	83	72	410	90	96	62	95	115.5	98.5	77	92	113.5	111	139	64	93
Sept. ...	78	103	77	75	365	90	98	62.5	94.5	115	98.5	77	89	112	110	131	66	...
Oct. ...	75 ^c	95	79	70	365	93	105	63.5	95	115	98.5	79	88	112	108	120	64 ^c	...
Nov. ...	81 ^c	99	91	86	243	100	118	64	96	115	99	...	86	114	104	109	64 ^c	...
Dec. ...	95 ^c	94	98	96	266	107	128	65	98	115.5	100	...	92	116.5	101	101	64 ^c	...
Dec. 1924.....	124	92	104	133	107	104	108	96	101	100	100	103	101	100	102	99	102	...
Dec. 1925.....	126	102	74	126	172	101	114	89.5	104.5	103.5	102	101	105	104	100	107	106	...
Dec. 1926.....	117 ^a	98	76	102	134	88	107	54.5	101.5	104.5	95	91	93	106	90	108	90	...
Dec. 1927.....	105	102	102	111	230	115	125	86.5	107.5	109	105	101	106	110	103	118	109	...
Dec. 1928.....	111	110	76	109	310	103	122	79	107.5	109	104	96	97	116	111	126	111	...
Dec. 1929.....	128	117	129	122	309	111	130	84.5	109.5	113	107.5	99	99.5	116	111	132	110	...
Dec. 1930.....	106	110	91	81	381	111	120	73	98	111.5	99.5	85	91	117.5	106	138	79	...
Dec. 1931.....	95 ^c	94	98	96	266	107	128	65	98	115.5	100	...	92	116.5	101	101	64 ^c	...

a Excluding coal imports.

c Provisional figures.

STATE OF TRADE ABROAD.

Reports from practically every centre agree that the depression and dislocation of trade has lately grown more acute than ever. Even France is now seriously affected by the world crisis.

BRITISH EMPIRE.

Australia.—Unemployment has decreased and there are some indications that the bottom of the depression has been passed. The wheat harvest amounts to 170 million bushels, and growers are assisted by the higher level of prices now current. The wool clip is also large and is selling well. Christmas trade was better than in 1930, and textile factories are fully engaged on orders. The position of most other secondary industries, however, is still little changed.

Canada.—Little change has occurred in the general business situation, and it is only in the textile and footwear industries that conditions are at all satisfactory. The coal industry is very depressed as a result of the mild winter, and the metal industry is badly in need of orders. The newsprint industry has received a fresh setback as the result of a new cut in prices by the International Paper and Power Company. Farmers are on balance looking for an improvement in conditions, mainly owing to the present world wheat situation.

India.—Mail reports from Bombay say that raw cotton prices, though firm, were above the world level. The Japanese suspension of the gold standard naturally had a disturbing effect upon the piece-goods trade, and the outlook has been made very uncertain. Meanwhile, clearances of India goods were, on balance, satisfactory. The Calcutta jute market was very dull.

South Africa.—December rainfall was much below normal, and in many areas drought conditions have returned. Wool prices fell heavily during December, and sales were very restricted except at impossible prices. There was a fair home demand for hides and skins early in December, but it eased considerably later in the month. Maize exports for the season July, 1931-January, 1932, were 179,325 tons, against 424,000 tons the previous season. Christmas trade was below the volume of previous years, but the recent improvement in sales of British motor cars has been maintained.

EUROPE.

France.—Short-time working in the coal industry has increased, the mild weather exercising a further depressing influence. The textile industries remain in a very unsatisfactory condition. Roubaix wool-combers are only able to work at 35 to 40 per cent. of capacity, and spinners are no better placed. Little spinners of various textile materials are, in many cases, contemplating closing down, and numerous wage reductions are being made.

Belgium.—Steel prices are a little firmer, as some producers are preparing to curtail output rather than make fresh price concessions. The coal trade is still very depressed and stocks are increasing. The glass and textile industries are severely affected by the new British import duties, and much short time is having to be worked. Produce markets are very dull.

Germany.—Business remains very difficult, and, in addition to the lack of fresh orders, the many foreign exchange restrictions enforced by neighbouring countries are rendering it impossible for German traders to obtain payment for goods already exported. Consequently, there are suggestions for establishing a clearing house for exporters and importers. The agricultural crisis has become greatly intensified during the past few weeks, largely owing to the reduced purchasing power of the urban population and the depreciation of the Danish kroner. The emergency Decree of December 8th, effecting a general reduction in long-term interest rates, has now been in force for six weeks. The issue of fresh long-term loans or the conversion of short-term into long-term debt are now impracticable, and a fresh Decree was issued on January 11th regulating short-term interest rates. This has placed the banks in a difficult position, and may end in the elimination of the banks from the business of providing industry with credits.

Holland.—Unemployment is returned at 275,000, or 3.5 per cent. of the total population. Export trade is to-day very difficult, and many undertakings are transferring their plant abroad. The Dutch Government are taking powers to regulate imports by means of quotas, and tariff negotiations with Belgium are also in progress. Representations as to the actual position of the shipping industry have been made to the Government, and it is pointed out that during 1931 the tonnage laid up rose from 3,683 to 781,514 gross tons. The building trade is very depressed, and a large part of the brick industry has decided to close down for three months.

Scandinavia.—A further disturbance was caused in Norway during December by the suspension of two leading banks, the Bergens Privatbank and Den Norske Creditbank, which were granted a three months' moratorium. Fortunately, the losses are no greater than can be covered by a capital reconstruction scheme. Swedish industry is overshadowed by general wage negotiations, which, in one case, have led to a lock-out. Export trade has been quiet in most industries. Danish butter prices have again fallen, and agriculture is very depressed. Unemployment has risen to 136,361, or the highest figure since 1922, and the foreign exchange position is still very difficult.

Switzerland.—Exports underwent a marked contraction between November and December, practically every industry being affected except chemicals. Imports showed an increase of Frs. 22 millions, and new restrictions are to be enforced shortly by the Federal Government.

Austria.—Some experience has now been had of the import and export clearing arrangements with other countries, and it is clear that the regulations need further tightening both at home and abroad. In particular, Austria is finding difficulty in discriminating in favour of essential imports such as raw materials and semi-manufactured goods. Austrian industries are still very depressed, with the exception of the textile trades, which have made successful arrangements for obtaining raw material on credit from the foreign suppliers. Following the failure of the Credit-Anstalt, the Mitterberg Copper Works are to be finally liquidated.

UNITED STATES OF AMERICA.

Industrial activity was at a low ebb during December, but wholesale and retail trade reached their normal holiday volume. Steel-mill operations averaged only 25 per cent. of capacity, but automobile production improved slightly with the introduction of new models. There was a seasonal decline in building construction, and cotton mills curtailed production in order to deal with an increase in stocks and falling off of orders. Freight movements were 18 per cent. below last year's level, and rail earnings continued their decline. Commodity prices were slightly lower.

AMERICAN TRADE STATISTICS—DECEMBER, 1931.

		Nov.	Dec.	Compared with
		71.2	71.2	Dec., '30.
EMPLOYMENT —(June, 1914=100)†				
PRODUCTION —				
Bituminous coal (Thous. tons)	30,110	31,000*	—	8,716
Pig-iron (" ")	1,103	980	—	685
Steel (" ")	1,594	1,302	—	706
Unfilled orders, U.S.				
Steel Corporation (Thous. tons) ..	2,934	2,735	—	1,209
Building permits (Thous. \$)	57,603	...	...	...
CONSUMPTION OF ELECTRIC ENERGY (1923-25 = 100)				
	98.8	89.0	...	...
FOREIGN TRADE —				
Imports (Thous. \$)	149,719	153,000*	—	55,700
Exports (" ")	193,554	184,000*	—	91,200
TRANSPORT —				
Monthly average of weekly car loadings (Thous. cars)	655	568	—	127
SECURITIES —				
30 industrial stocks—				
Highest quotations†	116.79	91.77	—	95.05
Lowest quotations†	89.35	73.79	—	83.72
Thous. shares sold during month				
—(New York).....	37,369	50,190	—	8,575
New securities issued (Thous. \$) ..	80,598	93,207	—	89,662
BANK CLEARINGS —				
New York (Million \$)	14,451	18,398	—	8,562
Other cities (" ")	9,318	10,220	—	4,691
RETAIL BUSINESS —				
Total sales, mail order houses‡				
(Thous. \$)	47,204	57,940	—	13,261

* Preliminary estimates made by Messrs. Moody, subject to revision. † Based on reports of U.S. Labour Bureau and of Bureaux of the States of New York, Wisconsin, and Pennsylvania. ‡ Average of actual prices. § Partly estimated.

LATIN AMERICA.

During the past month there has been further evidence of improvement in the economic position of Argentina. Cables recently received in London state that new measures of direct and other taxation are to take effect from the commencement of 1932 to offset the Budget deficit, while the official returns of Argentine overseas trade for the first eleven months of 1931 show a further increase in the surplus of exports to 104,715,000 pesos (gold), against an excess of imports of 116,556,000 pesos (gold) in the corresponding period of 1930. Cereal crop and wheat-threshing reports are satisfactory. The commercial situation in Brazil is still difficult, but the Minister of Finance has announced that it was unnecessary to extend the moratorium for commercial bills beyond December 31st last, the Government being in a position to meet all exchange requirements. The new coffee Convention, raising the export taxes on coffee to 15s. per bag, have been ratified by the Federal and State Governments. There is as yet no indication of increased business activity in Chile, and strict application of the regulations for the control of exchange is hampering business. Political disturbances in Peru have ceased, but commercial conditions there remain very dull. In Mexico a new issue of silver notes has been made by the Banco de Mexico; it is hoped that increased elasticity in the currency system may help to relieve the trade situation. Business is dull for the most part in the Central American Republics, but, generally speaking, the coffee crop position appears favourable.

FAR EAST.

Japanese exports for 1931 amounted to Y. 1,171 millions, or 22 per cent. below those for 1930. Imports were Y. 1,310 millions, or 21 per cent. below those for 1930. The adverse trade balance was Y. 139,000,000, or 13 per cent. less than that of 1930. There has been a fall of 36 per cent. in exports to China. Money has become easier since the turn of the year, and the stock markets and commodity markets are firm with an upward tendency. Foreign exchanges have been unsettled since the suspension of the gold standard.

PRODUCTION. (Thousands of Metric Tons.)

COAL.														LIGNITE.			
Period.	United Kingdom.	Belgium.	Czechoslovakia.	France.	Germany.	Netherlands.	Poland.	Russia.	Canada.	South Africa.	India.	Japan.	United States.	Czechoslovakia.	Germany.	Hungary.	
Monthly Average.																	
1913.....	24,337	1,903	1,189	3,338	15,842	156	748	...	1,119	665	1,311	1,776	43,088	1,927	7,269	460	
1926.....	10,692	2,106	1,181	4,283	12,108	717	2,979	2,203	974	1,038	1,703	2,619	49,729	1,543	11,596	483	
1927.....	21,872	2,296	1,168	4,316	12,800	777	3,174	2,883	1,028	1,006	1,790	2,794	45,197	1,635	12,542	520	
1928.....	20,107	2,298	1,213	4,280	12,578	891	3,385	2,885	1,037	1,013	1,879	2,822	43,052	1,704	13,799	543	
1929.....	21,837	2,244	1,377	4,486	13,820	992	3,853	3,382	1,023	1,052	1,893	2,863	45,510	1,880	14,598	587	
1930.....	20,639	2,284	1,214	4,499	11,891	1,018	3,126	3,832	864	1,028	1,912	2,441	40,047	1,602	12,159	515	
1930—December.....	20,936	2,298	1,262	4,372	11,515	1,013	3,399	4,829	846	942	1,979	2,409	41,551	1,727	11,689	578	
1931—January.....	19,481	2,444	1,175	4,543	11,527	1,018	3,460	4,819	752	916	2,092	2,250	40,550	1,571	11,028	560	
February.....	19,224	2,179	1,057	4,244	9,794	938	2,784	...	687	840	2,295	2,116	33,384	1,456	9,814	488	
March.....	19,702	2,407	1,118	4,535	10,607	1,077	2,998	3,878	709	863	2,098	2,312	35,031	1,820	10,064	478	
April.....	18,672	2,318	1,081	4,203	9,506	1,060	2,802	4,056	700	857	1,921	2,171	31,008	1,486	9,897	422	
May.....	17,564	2,096	960	4,014	8,337	997	2,784	...	717	894	1,684	2,110	30,226	1,223	10,497	390	
June.....	18,118	2,293	984	4,106	9,492	1,066	2,784	...	747	915	1,593	2,092	30,598	1,249	11,827	394	
July.....	17,357	2,306	1,082	4,037	10,039	1,167	3,197	...	684	982	1,410	2,130	30,612	1,338	12,052	443	
August.....	16,368	2,189	1,057	3,933	9,518	1,068	3,301	...	594	914	1,306	1,887	31,614	1,368	11,021	436	
September.....	18,247	2,300	1,175	4,074	9,847	1,121	3,482	...	648	894	1,611	2,073	32,919	1,586	12,263	545	
October.....	19,385	2,360	1,233	4,289	10,321	1,156	3,763	...	729	840	1,546	...	38,329	1,723	12,724	684	
November.....	18,883	2,083	1,184	4,014	9,615	1,085	3,700	...	...	...	...	...	30,989	1,739	11,401	...	
December.....	18,144	...	...	3,979	...	...	...	...	...	...	...	...	31,900†	...	...	...	

PIG IRON.

Period.	United Kingdom.	Belgium & Luxembourg.	France.	Saar.	Germany.	Sweden.	Russia.	Canada.	United States.	United Kingdom.	Belgium & Luxembourg.	France.	Saar.	Germany.	Sweden.	Canada.	United States.
Monthly Average.																	
1913.....	859	419	434	114	1,397	61	...	85	2,601	649	307	391	159	1,467	62	88	2,564
1926.....	208	494	786	135	803	39	204	64	3,277	305	465	718	145	1,024	44	66	3,794
1927.....	617	537	775	148	1,091	35	252	60	3,036	770	513	696	158	1,359	44	77	3,675
1928.....	560	552	832	161	984	33	281	88	3,167	722	539	793	173	1,205	51	105	4,222
1929.....	643	583	864	175	1,117	41	360	92	3,580	818	569	808	184	1,354	60	117	4,599
1930.....	825	489	842	159	808	38	418	63	2,459	618	471	784	161	962	54	86	3,328
1930—December.....	355	455	800	145	615	38	418	39	1,692	343	455	756	149	744	43	57	2,011
1931—January.....	343	453	801	149	603	34	414	36	1,742	410	435	746	169	773	33	59	2,498
February.....	323	409	726	138	520	35	414	47	1,734	494	389	693	140	760	44	84	2,543
March.....	363	441	775	149	560	38	414	58	2,865	608	420	722	150	811	49	101	3,042
April.....	338	429	738	136	629	42	413	53	2,062	404	417	675	142	743	52	93	2,766
May.....	382	440	725	130	555	37	410	51	2,026	442	418	674	135	744	49	76	2,946
June.....	329	450	691	119	575	29	410	57	1,665	436	445	650	121	779	37	56	2,109
July.....	322	466	679	121	569	35	410	41	1,487	436	466	650	120	803	40	46	1,916
August.....	280	473	680	117	499	31	410	24	1,301	363	456	644	118	689	45	53	1,747
September.....	252	456	655	121	438	28	421	18	1,188	406	453	666	128	593	52	34	1,572
October.....	289	444	637	125	434	29	444	...	1,192	465	445	626	126	603	51	31	1,618
November.....	301	425	570	110	427	25	450	...	1,121	467	415	538	105	548	47	...	1,619
December.....	298	...	...	...	...	...	...	...	1,000†	471	...	...	...	...	...	...	1,323

a Figures for Luxembourg communicated by the "Groupeement des Industries Siderurgiques." b Including ferro alloys. c Excluding castings. d Salesable coal; since end 1921 excluding Ireland. e British Provinces only. f Establishments whose production in 1930 amounted to 95-21% of the total. g Excluding Luxembourg. Since 1922, excluding Polish Upper Silesia. h Coal sold. i Until end 1928 salesable coal. j Including coal waste. k Including lignite. l Provisional figure.

WHOLESALE PRICES.

Monthly Average.	U.K.		Belg.	Czechoslovakia.	Denmark.	France.	Germany (Official).	Holland.	Italy (Bacchi).	Norway.	Poland.	Russia.	Spain.	Sweden.	Switzerland.	Australia.	British India.	Canada.
	Board of Trade.	Economist.																
1913.....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1926.....	148.1	143.2	744	959	163	702.6	134.4	145	603	198	181.2	185	181	149	144.5	168.4	148	156.3
1927.....	141.6	137.6	847	979	153	617.2	137.6	148	495	167	118.6	174	172	146	142.2	167.0	148	152.7
1928.....	140.3	135.1	843	979	153	619.6	140.0	149	462	157	119.4	175	162	148	144.6	164.7	145	150.6
1929.....	136.6	127.2	851	924	150	611.4	127.2	142	446	147	113.6	180	171	140	146.0	165.7	141	148.4
1930.....	119.5	106.8	744	911.9	130	535.5	124.6	117	386	137	8	187	172	122	126.6	146.7	116	135.8
1930—December..	108.9	94.8	679	110.0	120	487.6	117.8	107	350	130	90.3	...	178	117	117.0	128.6	101	121.6
1931—January ...	106.9	91.3	661	108.9	118	483.7	115.2	108	342	128	84.8	...	173	116	115.2	133.6	98	119.8
February	106.2	91.6	658	108.8	117	481.7	114.0	104	338	126	85.4	...	175	114	114.7	133.1	99	118.8
March	105.9	91.1	660	110.5	116	481.7	113.9	103	339	124	85.9	...	174	113	113.6	133.8	100	117.3
April	105.7	90.0	652	110.3	115	483.7	113.7	102	337	123	87.7	...	172	112	112.2	133.0	98	116.4
May	104.4	87.5	640	110.7	113	470.1	113.3	102	332	121	84.6	...	169	111	110.8	132.4	97	114.4
June	103.2	87.5	642	112.1	110	467.1	112.3	100	327	120	86.7	...	169	110	110.4	131.0	93	112.4
July	102.2	86.0	635	107.8	110	458.3	111.7	97	324	120	83.7	...	175	109	109.5	131.3	93	112.0
August	99.5	85.7	616	106.1	109	445.6	110.2	94	322	120	83.4	...	177	107	108.1	128.6	92	110.0
September	99.2	89.6	597	104.6	109	427.9	108.6	91	319	117	81.9	...	178	108	106.3	127.8	91	109.4
October	104.4	90.1	591	104.3	113	412.4	107.1	89	322	119	79.9	...	175	110	106.4	128.9	96	110.0
November.....	106.4	90.7	584	103.8	117	408.3	106.6	89	320	119	78.6	...	...	...	...	...	97	100.3
December.....	105.8	90.6	...	...	119	404.4	103.7	...	...	122	80.8	...	...	...	...	...	...	...

IMPORTS for Domestic Consumption—Merchandise Only. (000's omitted.)

Period.	U.K	Irish Free State.	Belgium.	Bul- garian.	Den- mark.	France.	Fin- land.	Germany.	Greece.	Italy.	Jugo- Slavia.	Nether- land.	Poland.	Swed'n.	Switzer- land	Russia.	Egypt.	United States
Monthly Average.	£	£	Francs.	Leva.	Kroner.	Francs.	Markks.	Mark.	Drach- ms.	Lire.	Dinars.	Gulden.	Zloty.	Kronor.	Francs.	Roubles or Gold Rbl.	£S.	Dollars.
1913	54.931	...	386,384	15,775	64,785	701,778	41,036	897,474	£ 14,828	30,803	a	325,231	c	79,545	159,985	d	2,271	147,932
1925	97,223	5,162	1,488,378	606,958	161,382	4,712,700	459,859	1,300,171	38,069	2,183,374	729,407	204,583	229,548	120,535	219,427	61,445	4,474	348,018
1926	92,989	5,043	1,920,460	596,578	127,318	3,416,238	472,539	833,745	1,556,572	1,556,572	729,407	204,583	229,548	120,535	219,427	61,445	4,474	348,018
1927	91,122	5,012	442,921	150,749	131,508	4,416,354	532,157	1,050,182	1,050,182	1,697,900	607,191	212,405	240,998	132,030	215,550	50,941	4,979	367,340
1928	89,610	4,928	2,658,654	586,745	137,276	4,452,963	587,724	1,166,772	1,035,760	1,826,702	652,944	223,659	280,180	142,330	228,723	68,940	4,253	319,924
1929	92,589	5,020	2,951,520	683,719	142,907	4,851,719	683,026	1,200,566	1,106,294	1,805,397	632,896	228,358	259,248	147,708	231,987	61,317	4,453	361,544
1930	79,822	4,630	2,576,812	386,627	136,201	4,362,031	437,325	866,096	913,034	1,445,920	580,001	201,521	187,164	137,324	222,017	76,608	3,844	260,000
1930—Nov.	72,564	4,157	2,139,633	380,437	130,610	4,249,795	518,389	734,307	900,304	1,303,902	540,381	180,816	163,846	113,622	210,615	66,300	3,279	196,917
Dec.	84,386	4,118	3,404,625	596,497	127,118	4,340,437	423,124	681,347	900,822	1,609,913	522,469	165,912	159,907	104,418	182,112	50,921	3,300	201,367
1931—Jan.	65,256	3,755	2,491,987	320,497	120,989	3,819,979	324,294	715,377	749,574	1,024,778	430,633	173,752	153,448	103,118	182,112	50,921	3,279	196,917
Feb.	57,794	3,993	1,957,921	308,421	103,660	4,064,872	192,066	620,270	668,773	1,032,073	388,328	149,398	116,566	102,164	173,197	51,924	3,200	177,483
Mar.	65,226	4,827	2,935,055	734,092	116,056	3,929,424	246,320	584,029	805,500	1,027,111	543,164	166,780	125,474	111,845	192,388	112,632	2,534	205,688
Apr.	63,432	3,900	2,222,094	456,951	112,323	3,901,650	271,783	699,098	717,641	1,084,184	641,569	168,711	142,890	129,075	189,435	79,853	2,237	182,867
May	63,885	4,177	2,096,576	480,972	115,377	3,574,706	328,990	579,579	761,764	1,068,818	393,492	160,876	137,140	125,075	183,462	94,269	2,638	176,443
June	62,598	4,265	1,989,630	483,360	113,316	3,914,315	304,013	607,319	779,704	1,392,098	370,720	162,972	129,430	114,446	188,247	69,648	2,257	174,516
July	65,210	4,322	1,973,909	481,249	107,877	3,635,953	322,550	522,550	728,147	785,008	388,073	172,827	127,827	117,060	188,247	72,607	2,265	174,516
Aug.	61,411	4,582	1,846,532	396,092	115,350	3,189,869	289,865	454,340	705,236	853,269	388,835	147,394	109,102	117,441	174,859	111,320	2,431	168,755
Sept.	64,557	4,144	1,925,890	358,650	119,844	3,345,851	334,801	448,419	799,888	836,558	442,312	152,865	113,319	128,565	186,639	...	2,868	170,366
Oct.	75,408	4,802	1,941,941	380,171	117,230	3,128,299	349,869	482,788	794,917	790,129	392,959	160,021	159,029	129,791	203,014	...	2,908	168,707
Nov.	78,265	...	1,741,892	1352,000	123,408	2,890,990	1360,000	482,371	681,808	765,260	...	...	140,418	97,023	131,373	182,341	...	149,719
Dec.	71,491	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	1153,000

EXPORTS OF Domestic Produce—Merchandise Only. (000's omitted).																	
		<i>m</i>		<i>l</i>		<i>g</i>		<i>s</i>		<i>e</i>		<i>a</i>		<i>c</i>		<i>d</i>	
1913	43,771	...	307,882	7,778	53,113	573,351	33,482	841,436	9,917	209,303	...	255,453	...	68,112	114,700	2,626	204,024
1925	64,448	3,615	1,228,662	470,187	149,067	3,862,676	464,459	733,208	381,189	1,522,855	742,045	150,641	182,235	113,318	169,895	46,782	4,928,401,560
1926	54,421	3,432	1,661,198	460,137	171,131	4,396,893	469,712	815,265	452,479	1,555,377	651,515	145,765	187,192	118,293	153,041	52,736	3,435,392,643
1927	59,090	3,681	2,218,975	552,262	120,546	4,599,680	527,031	851,952	503,118	1,302,662	533,346	158,309	209,562	134,715	168,604	53,726	3,977,396,572
1928	60,996	3,799	2,575,408	519,271	127,572	4,281,227	520,440	967,731	523,506	1,213,253	537,058	165,515	208,999	131,222	177,870	54,505	4,584,419,175
1929	60,779	3,900	2,647,477	532,005	134,634	4,178,263	535,560	1,055,278	582,100	1,769,665	660,142	165,786	234,447	150,480	175,371	63,607	4,220,429,757
1930	47,546	3,713	2,187,420	515,944	126,500	3,569,138	449,858	944,020	492,367	1,091,903	565,045	143,240	202,770	128,768	147,292	72,408	2,601,315,152
1930—Nov.	44,057	3,872	2,014,592	639,046	115,603	3,440,504	422,247	869,413	771,720	961,627	618,661	125,951	195,877	130,952	142,240	78,900	3,195,285,396
Dec.	38,458	3,430	1,955,975	527,813	119,940	3,326,934	374,533	851,293	944,160	*1,052,357	493,459	117,408	183,178	128,418	140,112	57,400	3,367,270,789
1931—Jan.	37,564	2,992	1,755,856	390,018	111,168	2,753,756	248,460	724,919	619,661	690,586	384,102	117,572	152,492	83,475	113,906	48,931	2,588,742,727
Feb.	31,793	2,915	1,954,614	364,999	97,659	2,757,331	196,793	732,982	369,329	850,860	330,051	109,493	134,964	67,040	117,915	59,711	2,118,220,666
Mar.	33,989	2,952	2,192,080	524,433	108,952	3,075,861	226,199	821,485	328,900	827,631	441,914	116,466	163,827	65,299	130,860	56,344	2,351,231,077
Apr.	32,483	2,637	2,106,749	683,803	121,216	2,876,797	259,990	778,493	220,038	806,168	429,529	118,758	168,695	76,600	120,113	47,602	2,121,210,061
May	33,895	2,630	1,856,068	746,471	100,666	3,128,165	360,501	745,979	186,012	814,516	376,940	112,302	168,567	99,477	116,831	48,664	2,127,199,205
June	29,432	2,673	2,020,060	359,012	99,719	2,512,623	497,648	713,152	188,230	*1,074,907	350,348	102,757	161,627	100,910	110,199	47,108	1,699,182,907
July	34,252	2,777	1,949,125	334,881	102,491	2,191,829	620,808	791,157	171,157	851,684	351,313	116,062	171,627	104,775	109,666	46,437	1,811,176,963
Aug.	29,137	3,264	1,766,185	575,589	112,491	2,316,106	423,510	776,331	188,759	874,064	379,106	106,562	150,100	97,497	107,162	70,875	1,699,182,907
Sept.	29,846	3,172	1,991,955	502,958	98,988	2,334,654	441,105	812,300	466,340	876,497	430,648	120,217	171,488	99,213	109,539	...	1,749,177,374
Oct.	32,832	3,849	1,937,039	531,891	109,683	2,534,630	395,758	825,615	546,825	555,525	387,255	111,247	158,445	107,381	113,748	...	1,848,201,390
Nov.	31,863	...	1,801,526	4713,000	103,529	2,385,081	1449,000	738,274	334,625	808,134	...	100,585	156,172	101,484	106,150	...	1,935,554
Dec.	32,077	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	*184,000

a Including bullion and specie. *b* Since 1922 declared values. *c* Including Danzig. *d* Trade across European frontiers only. Exports exclude raw platinum.
e Until February, 1923, July, Calendar. *f* Including bullion. *g* Since 1928 declared values. *h* Old Greece only. *i* Since May, 1922, figures refer to "Union
 Economique Belgo-Luxembourgeoise." *j* From April 1, 1923, including trade of Great Britain and Northern Ireland with the Irish Free State, and excluding the direct
 foreign trade of the Irish Free State. *k* Including parcel post for the half-year. *l* Provisional figures.

IMPORTS for Domestic Consumption—Merchandise Only. (000's omitted.)

Value.								Quantity (Metric Tons).									
Period.	Aus- traill.	British India.	Canada.	New Zealand.	South Africa.	Japan.	Brasil.	Rol- gium.	Czecho- slovakia.	France.	Ger- many.	Greece.	Hun- gary.	Nether- lands.	Poland.	Swit- zerland.	Brasil.
Monthly. Average.	£s.	Rupees.	Dollars.	£s.	£s.	Yen.	Milrois.										
	<i>g</i>	<i>b</i>					<i>a</i>	<i>g</i>	<i>o</i>	<i>d</i>	<i>e</i>	<i>f</i>	<i>h</i>	<i>i</i>	<i>j</i>	<i>k</i>	<i>l</i>
1913	6,355	152,725	54,917	1,785	3,365	60,474	83,958	2,721	555	3,685	6,069	175	370	2,117	284	661	494
1915	12,350	186,899	74,183	4,308	5,459	207,223	281,403	2,772	565	3,954	4,331	175	370	2,117	284	661	494
1916	13,429	196,606	84,028	4,073	5,804	192,101	225,463	2,899	555	3,783	5,606	156	450	2,362	203	589	412
1927	11,890	206,740	90,593	3,855	5,770	274,983	272,764	3,172	613	4,174	5,674	190	528	2,385	409	621	460
1928	11,361	208,170	101,860	3,661	6,291	177,792	307,916	3,312	780	4,112	5,500	197	553	2,484	430	667	487
1929	11,850	208,568	108,249	3,998	6,588	180,710	293,978	3,746	836	4,956	5,569	231	559	2,582	424	726	509
1930	7,678	160,563	84,040	3,505	5,093	125,572	195,306	3,499	712	5,063	4,746	214	407	2,615	298	711	406
1930-Nov.	5,808	120,709	76,325	3,629	4,771	93,089	134,475	3,155	751	4,919	3,969	216	428	2,568	301	752	278
Dec.	4,977	116,557	60,338	2,783	4,910	96,584	155,950	3,380	695	5,014	3,825	233	366	2,214	286	699	368
1931-Jan.	4,943	146,564	50,414	3,025	4,475	101,866	152,787	3,284	499	4,437	4,046	204	233	2,561	278	667	320
Feb.	3,355	140,180	50,994	2,958	4,076	97,193	162,731	3,127	468	5,024	3,471	174	217	2,037	174	603	345
Mar.	3,931	131,701	75,379	2,344	4,626	126,386	163,009	3,373	495	5,323	3,258	207	285	2,259	236	660	300
Apr.	2,675	125,351	51,189	2,039	4,090	125,517	167,050	3,040	610	4,918	3,573	205	284	2,336	231	695	292
May	2,813	115,160	73,457	2,035	4,010	125,907	147,854	3,118	594	4,826	3,266	219	302	2,417	272	668	282
June	2,951	122,004	52,508	1,460	3,895	102,927	175,733	3,247	723	5,512	3,809	246	294	2,686	240	760	337
July	2,904	107,848	48,379	1,736	4,565	91,450	139,576	3,238	770	5,252	3,864	190	285	2,912	285	855	335
Aug.	3,611	96,217	47,308	1,781	4,507	84,055	147,453	3,273	844	4,618	3,286	197	274	2,582	260	837	249
Sept.	3,180	97,601	45,379	2,152	4,052	90,014	150,366	3,560	743	5,038	2,897	238	297	2,644	268	847	275
Oct.	3,597	98,424	45,933	2,093	4,310	77,397	148,225	3,503	855	4,545	3,002	243	328	2,719	259	877	260
Nov.	...	85,721	46,911	1,862	...	81,017	...	2,962	932	...	2,990	229	...	2,387	207	803	...
Dec.	...	...	...	2,059	...	...	...	...	...	...	...	...	...	...	...	...	...

EXPORTS of Domestic Produce—Merchandise Only. (000's omitted.)																	
	<i>p</i>	<i>b</i>		<i>a</i>	<i>u</i>	<i>q</i>	<i>o</i>	<i>d k</i>	<i>s</i>	<i>l</i>	<i>f</i>	<i>d</i>	<i>f</i>				
1913	6,070	200,993	36,333	1,751	2,294	52,393	81,814	1,740	8,143	50	2,451	71	115				
1925	11,689	330,960	105,916	4,999	3,794	184,968	335,164	1,744	2,532	3,194	47	183	1,028	1,134	67	160	
1926	10,821	268,689	105,715	3,648	3,311	164,371	265,880	1,934	2,712	5,048	45	216	1,319	1,859	70	155	
1927	11,268	265,405	101,528	3,916	3,984	159,313	303,677	2,019	1,167	3,166	3,913	53	169	1,195	1,696	86	168
1928	11,069	275,534	112,489	4,511	4,067	159,095	330,856	2,229	1,124	3,427	3,751	54	175	1,310	1,702	81	173
1929	10,005	268,781	98,534	4,471	3,914	175,075	321,707	2,148	1,092	3,326	4,564	62	229	1,358	1,753	87	182
1930	7,496	210,433	73,826	3,636	2,669	119,222	242,376	1,979	899	3,048	4,759	63	191	1,384	1,577	76	190
1930—Nov.	8,795	168,585	73,061	2,304	3,058	114,820	183,383	1,739	1,020	2,840	4,260	57	241	1,433	1,787	71	157
Dec.	8,584	164,830	66,820	2,882	2,902	115,844	231,784	1,791	955	2,856	4,064	58	198	1,321	1,660	62	181
1931—Jan.	6,592	169,129	44,683	3,657	1,390	103,515	225,626	1,832	649	2,359	4,407	48	108	1,359	1,418	48	176
Feb.	8,036	147,706	43,873	3,200	1,836	90,345	238,737	2,068	650	2,675	3,674	27	90	1,238	1,246	51	181
Mar.	8,951	154,403	55,048	5,008	2,750	94,637	257,605	2,281	692	2,673	4,045	39	144	1,440	1,368	58	192
Apr.	8,095	137,026	33,935	2,658	2,125	80,112	306,747	2,178	717	2,475	4,125	38	103	1,415	1,479	62	214
May	6,449	131,515	59,833	4,054	1,855	99,855	313,812	2,000	732	2,335	4,173	48	126	1,452	1,504	67	209
June	6,329	122,509	54,348	2,583	1,377	97,960	301,622	2,336	715	2,806	4,344	29	104	1,369	1,578	60	185
July	5,484	122,000	49,645	2,092	1,491	101,025	248,074	2,282	731	2,626	4,429	37	117	1,572	1,735	60	181
Aug.	4,110	129,195	48,764	1,532	2,498	104,790	266,824	2,018	697	2,451	4,755	104	173	1,455	1,585	56	166
Sept.	5,830	116,586	48,991	1,553	1,507	96,681	258,676	2,125	685	2,538	4,801	73	204	1,500	1,757	57	166
Oct.	9,083	126,982	55,538	1,692	1,810	93,842	311,491	2,096	831	2,629	5,206	63	238	1,484	1,798	71	182
Nov.	...	137,150	57,467	2,645	...	77,737	...	1,744	802	...	4,606	45	...	1,358	1,742	60	...
Dec.	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...

a General trade. *b* Sea-borne trade only. *c* Including ships' stores. *d* Excluding a few articles shown by number. *e* Until Feb., 1923, Julian Calendar; excludes articles shown by number. *f* General trade, gross weight. *g* Until 1927 fiscal year beginning July 1st. *h* Including Luxembourg. *i* Until 1929, excluding live stock and articles shown by number. *j* Excluding weight of live animals. *k* Excluding repatriation deliveries. *l* Including a few goods declared by number only. *m* Since May, 1922, figures refer to "Union Economique Belgo-Luxembourgeoise." *n* English currency values. *o* Provisional figure. *p* 1914.

The Economist

MONTHLY SUPPLEMENT.

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The tables in the following pages show summary figures for as many nations of the world as possible, and have endeavoured to combine brevity with comprehensiveness. The greater number of the figures are taken from the Monthly Statistical Bulletin of the League of Nations, supplemented from our records.

THE STATE OF TRADE AT HOME AND ABROAD.

THE New Year has opened in indeterminate fashion. On the debit side of the account must be mentioned the increase in unemployment, the decline in raw material imports, the war threat to our trade in the Far East, and the continued depression and financial insecurity on the Continent. Among the encouraging developments come the reduction in Bank rate, the restoration of foreign confidence in our financial stability, and the slight improvement in our steel production.

As regards the unemployment increase, some doubt is felt in industrial circles as to the wisdom of suspending the publication of weekly returns, as monthly figures are likely to record wide and, at times, disturbing fluctuations. The *Labour Gazette* shows that the increase was more than seasonal, and was also spread over most staple industries, including building, the heavy industries, the cotton and wool textile trades, printing, paper and distributive trades, and the road transport and shipping services. Against these increases can be set an improvement in the pottery, tinplate, boot and shoe, and hat and cap industries. It must be remembered that the comparison between January and December often tends to be unreliable, and it is often best to await the February returns before attempting to judge the trend of employment.

Deductions from the decline in raw material imports between December and January are also subject to the qualification that it would be wise to await the February figures. At the same time, it is noticeable that volume decreases were recorded in the case of iron ore, raw cotton, flax, linseed, wet hides and rubber. Against these there were increases in the case of raw wool, jute, petroleum, palm oil and paper-making materials. These increases are sufficient in number and importance to strengthen the view that the January contraction in raw material imports may be less serious than it appears.

The war in the Far East is a much more serious matter. Our business and financial commitments in Shanghai and our trade with China are of such outstanding importance that any threat to them is fraught with the gravest possibilities. As a subsequent report on the Lancashire cotton industry shows, shipments to China are already practically at an end, and, unless a settlement is reached, the war may have nearly as serious repercussions upon Lancashire as the American Civil War had seventy years ago. The general economic and financial reactions upon a world in ill-shape to meet a new strain must also be taken into account.

So much for the adverse items. On the credit side comes first and foremost the recent reduction in Bank rate from 6 to 5 per cent. Its direct benefit to industry may not be very great, though the majority of industrialists undoubtedly hold the contrary view, and believe that in numerous cases it will just make the difference. Its psychological benefit, however will be considerable, so much so that the reduction may be one explanation of the new spirit of optimism now in evidence at the British Industries Fair. There is a further important aspect of the reduction, for it is a definite indication of the restoration of our financial stability. Already world confidence in our finances had been largely recovered by such events as the recent influx of revenue, the assurance that the Budget had been balanced, the repayment of the Bank of England's foreign credits and the strong position of our banking system revealed in the December 31st balance sheets. If an early reduction of Bank rate to 4½ per cent. proves practicable, it will finally re-establish confidence in our stability, and at the same time restore a Bank rate under which, as past experience has shown, British industry and enterprise can make progress.

The immediate effects of the tariff have still to be determined. It would be natural to expect it to give a temporary stimulus to the protected sections of industry. On the other hand, it has had very little effect upon Stock Exchange prices, which should be a fairly reliable guide, and doubts are heard in many quarters, including some which have long been agitating for a tariff, as to the wisdom of including certain primary products in the dutiable list.

The position abroad is no better. The new American banking reforms are welcome in that they impart a much-needed elasticity to her banking and credit system, and will make it easier for frozen credits to be thawed out and for business to revive. Of real revival, however, there are, as yet, no signs. On the Continent, it is clear that France is now one of the biggest victims of the world depression, and the financial and business deadlock in Germany and Central Europe has, notwithstanding the renewal of the German standstill agreement, become intensified. The condition of European trade and, above all, the difficulties experienced by foreign exporters to those countries in obtaining payment for their goods, are serious in the extreme, and South American trade is equally hampered by exchange restrictions. Thus, if the outlook for internal British trade is in some respects better, that for our foreign trade has, if anything, become worse since the New Year.

CAPITAL ISSUES.—(000,000's omitted.)

Period.	United Kingdom.	Austria.	Czechoslovakia.	France.	Germany.	Italy.	Netherlands.	Poland.	Roumania.	Sweden.	Switzerland.	British India.	Japan.	United States.
Monthly Average.	£	Schilling.	Koruna.	Francs.	Mark.	Lire.	Guilder.	Zloty.	Lei.	Kroner.	Francs.	Rupia.	Yen.	Dollars.
1913.....	16.3	...	...	...	...	...	...	...	...	...	...	...	...	...
1926.....	19.2	...	...	...	...	...	...	...	...	...	...	...	...	...
1927.....	29.6	...	...	...	...	...	...	...	...	...	...	...	...	...
1928.....	30.8	...	...	...	...	...	...	...	...	...	...	...	...	...
1929.....	23.8	...	...	...	...	...	...	...	...	...	...	...	...	...
1930.....	22.5	...	...	...	...	...	...	...	...	...	...	...	...	...
1931.....	30.6	...	...	...	...	...	...	...	...	...	...	...	...	...
Jan.-Mar. 1932.....	31.3	...	...	...	...	...	...	...	...	...	...	...	...	...
Apr.-June.....	28.6	...	...	...	...	...	...	...	...	...	...	...	...	...
July-Sept.....	24.4	...	...	...	...	...	...	...	...	...	...	...	...	...
Oct.-Dec.....	24.8	...	...	...	...	...	...	...	...	...	...	...	...	...

Unless otherwise stated, the figures represent authorised share issues of new joint stock companies at home, and the increase of capital of existing companies. Bonus shares are excluded from the figures of the U.S.A., Roumania, Switzerland and Czechoslovakia. In the case of the Netherlands and the U.K. both bonus shares and conversions are excluded. c Excluding Treasury Bills. d Excl. large railway issues. f "Rivista Bancaria." h Issues exceeding Fls. 100,000 on the Dutch market including Colonial, and since Jan. 1925, foreign issues. m Since 1924, excluding amalgamations and conversions. Until end 1922 paper marks. n "Société de Banque Suisse" invitation for subscriptions on Swiss market including obligations and Local Govt. loans. p India, compiled by "Commercial & Financial Chronicle." y Up to 1927, authorised issues, excluding western departments; since 1928 amounts actually issued, whole territory. † Dr. O-S.

UNEMPLOYMENT.

Percentage of persons unemployed in trade unions or in official unemployment insurance schemes (Belgium and U.K.).

End of Month.	U.K.	Belgium.	Denmark.	Germany.	Netherlands.	Norway.	Sweden.	Austria.	Canada.
1921—June.....	17.8	9.8	16.8	3.0	8.1	20.6	27.7	12.5	13.2
December.....	16.2	6.6	25.2	1.6	16.6	23.4	33.2	9.6	15.1
1925—June.....	11.9	1.0	9.3	5.5	6.6	8.9	8.2	10.2	6.1
December.....	10.4	2.8	31.1	1.4	16.0	25.7	19.4	8.1	7.9
1926—June.....	14.6	0.9	15.6	18.1	5.8	22.6	9.6	6.7	4.1
December.....	11.9	2.6	32.2	16.7	12.1	27.7	19.0	5.7	9.9
1927—June.....	8.8	1.4	18.0	6.3	6.0	22.5	9.5	6.4	3.2
December.....	9.8	3.6	31.6	12.9	14.9	28.0	18.6	8.9	6.6
1928—June.....	10.7	0.6	13.6	6.2	4.4	14.4	7.6	11.2	3.2
December.....	11.1	1.9	28.4	16.7	11.5	22.1	17.3	9.9	6.6
1929—June.....	9.6	0.4	10.8	8.5	2.6	11.3	7.3	10.0	2.9
December.....	11.1	2.4	22.4	20.1	12.3	18.9	16.9	13.1	11.4
1930—June.....	15.8	1.9	4.7	19.6	15.8	10.8	8.3	18.5	10.6
December.....	20.2	9.2	25.1	31.7	18.2	25.8	23.3	23.4	17.0
1931—March.....	21.5	11.3	22.1	33.6	21.3	24.9	19.6	25.8	15.9
April.....	20.0	10.0	15.5	31.8	14.3	24.9	19.6	25.8	14.9
May.....	20.8	7.9	13.1	29.9	12.2	24.9	19.6	25.8	14.9
June.....	21.8	9.0	11.3	29.7	11.7	24.9	19.6	25.8	14.9
July.....	22.6	9.0	11.8	31.0	13.3	24.9	19.6	25.8	14.9
August.....	22.6	10.2	11.8	33.6	15.3	24.9	19.6	25.8	14.9
September.....	21.9	11.3	15.8	35.6	15.7	24.9	19.6	25.8	14.9
October.....	21.4	11.3	15.8	35.6	15.7	24.9	19.6	25.8	14.9
November.....	21.4	11.3	15.8	35.6	15.7	24.9	19.6	25.8	14.9
December.....	20.9	11.3	15.8	35.6	15.7	24.9	19.6	25.8	14.9

Number of Workers Covered by Last Returns.

Millions.....	U.K.	Belgium.	Denmark.	Germany.	Netherlands.	Norway.	Sweden.	Austria.	Canada.
	12.4	0.7	0.3	4.1	10.5	0.04	0.4	0.4	0.2

Workpeople in the coal-mining industry, who ceased work on account of the dispute, are not included in this figure. † Provisional figure. ‡ No figures available April to Sept., 1931, owing to labour dispute.

BANK RATES.

	1926.	1927.	1928.	1929.	1930.	1931.
	End of June.	End of Dec.	End of June.	End of Dec.	End of June.	End of Dec.
London.....	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Paris.....	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2
Berlin.....	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2
New York.....	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Amsterdam.....	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Brussels.....	7 1/2	7 1/2	7 1/2	7 1/2	7 1/2	7 1/2
Rome.....	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Switzerland.....	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Vienna.....	7 1/2	7 1/2	7 1/2	7 1/2	7 1/2	7 1/2
Warsaw.....	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2
Tokyo.....	7 3/4	6 5/8	5 8/8	5 4/8	5 4/8	5 4/8
Calcutta.....	4 1/4	5 1/4	6 1/4	5 1/4	6 1/4	5 1/4

* Federal Reserve. † 3 1/2% as from Jan. 13, 1932. ‡ 7% as from Jan. 14, 1932.

LONDON BANKERS' CLEARING RETURNS.

	Town.	Metropolitan.	Country.	Total.
1913.....	14,191,275	855,648	1,389,481	16,436,404
1926.....	35,346,429	1,660,757	2,817,868	39,825,054
1927.....	36,819,682	1,756,032	2,972,827	41,560,641
1928.....	39,311,117	1,854,190	3,039,422	44,204,729
1929.....	38,782,577	1,812,146	2,965,431	43,558,154
1930.....	38,782,577	1,812,146	2,965,431	43,558,154
1931.....	31,815,808	1,657,329	2,782,209	36,255,346
1932 (Jan. 20).....	1,341,835	109,093	176,398	1,627,326
1932 (Jan. 20).....	2,186,546	114,981	166,974	2,468,501

U.K. IMPORTS AND EXPORTS.—(000,000's omitted.)

	Food.		Raw Materials.		Manufactures.		Imports of		Exports of	
	Imports.	Exports.	Imports.	Exports.	Imports.	Exports.	Wheat.	Raw Cotton.	Sheep's & Lambs' Wool.	Cotton Piece Goods.
1913.....	24.2	2.7	23.5	5.8	16.1	34.3	8.8	1.8	0.7	5.89
1926.....	47.6	4.6	35.4	7.0	26.7	51.4	8.1	1.6	0.6	370
1927.....	41.9	4.2	32.7	7.9	26.3	44.9	8.1	1.5	0.7	319
1928.....	44.9	4.4	29.3	6.4	26.9	47.0	9.2	1.3	0.7	343
1929.....	44.3	4.5	27.9	5.8	25.7	48.2	8.6	1.1	0.7	322
1930.....	44.7	4.6	28.3	6.6	27.9	47.8	9.3	1.3	0.7	306
1931.....	39.8	4.0	20.9	5.3	24.6	42.8	8.8	1.0	0.7	201
1932.....	34.8	3.0	14.5	3.9	21.8	24.2	9.9	0.9	0.7	147
1931—July.....	35.1	2.7	13.6	3.8	20.7	26.5	12.0	0.5	0.4	177
August.....	31.8	2.6	12.5	3.4	20.1	22.0	11.8	0.6	0.4	177
September.....	33.6	2.7	11.2	3.7	22.6	22.2	16.2	0.6	0.2	144
October.....	40.8	3.4	11.9	4.3	27.2	24.0	14.5	0.6	0.3	128
November.....	38.6	3.4	15.3	4.1	28.7	22.9	11.3	1.7	0.5	143
December.....	39.7	2.9	18.5	4.0	18.2	22.7	7.6	2.0	1.0	126

* Yards. † Gross Receipts. ‡ Freight Traffic (f). § Total.

Great Britain (g).														
Gross Receipts.		Freight Traffic (f).					Austria.	Germany.	Italy.	Canada.	United States.			
Passengers.	Freight.	Merchandise.*	Coal, &c.	Minerals and Other Merchandise	Total.									
	£	£	Tons.	Tons.	Tons.	Ton-Miles.	(b) (h)	(a)	(c) (f)	(c) (e)	(e)			
1926—June	4.4	5.3	4.7	1.9	3.6	10.2	704	1,202	4,695	1,132	439,237			
December	4.7	8.5	4.9	15.9	4.1	24.8	1,392	1,321	5,641	1,094	440,096			
1927—June	6.1	8.8	5.1	15.5	5.8	26.4	1,401	1,401	5,126	1,095	438,483			
December	4.8	8.7	5.1	17.2	4.8	27.2	1,400	1,209	5,398	1,095	438,483			
1928—June	5.5	8.3	4.7	14.9	5.3	25.0	1,324	1,324	5,328	1,095	438,483			
December	4.6	8.4	4.8	16.1	4.8	25.6	1,352	1,282	5,328	1,095	438,483			
1929—June	5.2	8.2	4.7	15.7	5.6	26.1	1,352	1,282	5,328	1,095	438,483			
December	4.5	8.2	4.7	17.6	5.0	27.3	1,426	1,358	5,603	1,087	438,483			
1930—June	5.7	7.3	4.4	13.2	4.7	22.2	1,198	1,323	4,874	1,031	439,237			
December	4.3	8.1	4.4	16.9	4.2	25.5	1,388	1,306	4,502	1,044	439,237			
1931—June	4.7	7.4	4.2	13.8	4.2	22.2	1,250	1,145	4,874	1,044	439,237			
July	6.6	6.9	4.3	13.4	4.2	21.9	1,269	1,190	4,162	879	42,377			
August	6.7	6.9	3.9	12.7	3.5	20.2	1,283	1,250	3,846	879	42,377			
September	4.7	7.6	4.4	14.0	3.7	22.0	1,283	1,248	3,872	861	42,377			
October	3.8	8.1	4.8	15.3	4.1	24.2	1,359	1,190	3,575	...	42,377			

HOME INDUSTRIES AND TRADE.

The following reports on British industries cover, in most cases, the period to the middle of February. In the remainder they relate to the month of January.

THE COAL TRADE.

Export trade will derive some benefit from the decision of the French Government to remove the sur-tax of 15 per cent. imposed last autumn upon imports of British coal, but any possible benefit will be seriously qualified by the maintenance of the French system of licensing imports, as this restricts British shipments to a quota of 64 per cent. of the monthly average shipments for 1928-30. As British export trade was at a relatively low level during these years, the imposition of this quota will confer an advantage upon exporters to France from other countries. Taking British export trade as a whole, business is very dull. Yorkshire steam coal prices are easier and trade is very limited in Scotland, Wales and the North-East Coast. Home demand for industrial fuel is also poor, and the house coal section has been affected by the mild winter.

IRON AND STEEL.

January pig-iron production showed some improvement over previous months, and the number of furnaces in blast rose from 70 to 76. Steel output was also increased, and it is reported that further steel furnaces will be brought into use in South Wales very shortly. Even so, business generally is very slow, and the fundamental position of the industry has undergone no change. Little benefit is expected to result from the 10 per cent. duty upon imported iron and steel, and it is understood that foreign exporters will only raise their prices by 5 per cent. and will pay half the duty themselves.

ENGINEERING.

While in many respects the Government's initial tariff proposals are welcomed, some perturbation was felt at the exclusion of copper from the free list, for the extra cost due to the 10 per cent. duty might in some cases have made just the difference. This week it was announced that unwrought copper would be placed on the free list. Little change is noticeable in most branches of the industry, but there is a tendency to minimise the January increase in unemployment. There is a slight improvement in marine engineering, which probably reflects the increase in new tonnage commenced, which was registered in the last quarter of 1931. Makers of prime movers and boilers are also a little more active, and a more hopeful tone is noticeable in the machine tool trade.

PRODUCTION OF ELECTRICITY.

In the *Economist* of July 10, 1926 (pages 57-8), we published a new index of electrical generation in the chief industrial areas of Great Britain. We show below a résumé of the results achieved during recent periods:—

INDEX OF GENERATION OF ELECTRICITY.*
(Monthly Average 1923-24 = 100.)

Period.	Britain, excluding London and Wales.	Coal Mining, Iron and Steel, Ship-building, Heavy Engineering.	General Engineering and Automobile Construction.	Chemicals.	Marine Transport, Docks, etc.	Textiles, Cotton, and Wool.
1925—Monthly average	119	100	138	162	134	120
1927	146	143	158	210	163	139
1928	156	150	177	237	190	147
1929	171	164	211	260	196	166
1930	167	152	216	234	215	156
1930—October	161	150	195	244	222	156
November	188	167	226	246	255	185
December	194	169	260	207	267	189
1931—January	197	169	271	209	274	192
February	193	164	255	218	256	193
March	184	162	245	243	247	188
April	158	136	206	197	210	148
May	148	124	196	178	191	135
June	149	126	193	205	206	151
July	142	117	204	209	192	143
August	143	121	182	197	197	145
September	157	130	222	213	212	156
October	176	149	240	219	232	180
November	199	168	266	227	256	207
December	207	173	276	196	268	219
1932—January	193	160	266	165	258	207

* Prepared by the economic and statistical department of the British Electrical and Allied Manufacturers' Association.
† Increase due to special causes.

The decline in the total January figure arises mainly from a sharp fall in the chemical index. The corrected figure for January, after allowing for seasonal fluctuations and the steady expansion in the use of electricity, was 88.5, against 96.0 in December and 93.8 in January, 1931.

ELECTRICAL INDUSTRY.

No new contracts of any importance were received during the month. Reconstructions necessitated by the change-over of power stations to the grid are providing most of the work now in hand.

INDEX OF NEW ORDERS RECEIVED BY ELECTRICAL MANUFACTURING INDUSTRY.*

(1920=100)			
Period.	Home.	Export.	Total.
1925—Monthly Average	84	100	88
1927	87	195	114
1928	75	112	85
1929	83	167	102
1930	66	211	103
1930—September	63	221	103
October	64	181	94
November	61	171	89
December	75	152	95
1931—January	69	150	90
February	66	123	78
March	62	126	74
April	60	130	76
May	63	137	79
June	65	128	78
July	62	142	80
August	51	132	70
September	47	130	67
October	48	119	62
November	53	119	65
December	46	114	59
1932—January	45	106	56

* Copyright of the British Electrical and Allied Manufacturers' Association.

MOTOR INDUSTRY

The general situation shows very little signs of improvement. The private car section in particular has been hard hit, not only by the industrial depression, but also by the increasing difficulty of finding new customers, due to the fact that the considerable increase in taxation has had the effect of raising the level of income at which running a car is possible. The increased taxation has not affected the sales of commercial vehicles to the same degree, as it is possible in some cases to pass the increased tax on to the customer. During January exports of all motor vehicles show an increase of over 300 on the corresponding month of 1931. The motor-cycle industry shows no signs of improvement. Not only have sales declined by a considerable percentage, but the total vehicles in use have decreased by nearly 100,000.

THE COTTON TRADE.

Despite certain adverse factors, the general demand experienced by cotton spinners and manufacturers continues more encouraging. There are complaints that orders are for relatively small quantities and that numerous buyers require such early delivery that contracts cannot be arranged, but the turnover tends to expand. Buyers are now showing rather more confidence in prices, partly owing to the continued healthier, and the firmer policy of the Government is undoubtedly bringing about more confidence on the part of dealers. The better demand for Calcutta has been very welcome, and some makers of dhooties have booked contracts. An increased turnover has taken place in light fabrics for Karachi, Madras and Rangoon. The situation in China still causes anxiety, and practically all shipments are stopped. Useful support, however, has come through from Singapore and the Straits Settlements. The offtake for Egypt and the Near East remains disappointing. Heavy goods have attracted more attention for West Africa. The improvement in sales for the Continent in printing and finishing styles has been maintained. Some manufacturers are experiencing difficulty in maintaining their position, but two or three idle sheds have just been reopened in Blackburn and district. An increased business has been done in American and Egyptian yarns for home consumption, but it has been difficult for spinners to obtain more money to meet the rise in raw material rates. A rather larger turnover has taken place in fine yarns for India.

THE WOOL TEXTILE TRADES.

The early February sales closed on a firm note, and prices have since remained firm in overseas markets, with fine wool moving freely out of growers' hands. It is only in South Africa that the position of fine wools causes any anxiety. Top prices have also been harder, but new business has lately fallen away and users are probably awaiting the results of the next sales, due to open on March 1st. Demand for cross-bred tops and for noils has been quieter throughout the month. Business in yarns is also irregular and restricted, and some spinners are not finding it easy to keep their machinery in full operation. Makers of dress goods are occupying on old orders, but fresh business is at present inclined to hang back.

THE JUTE TRADE.

The recent rise in raw jute prices has stimulated interest in yarn and cloth, but spinners and manufacturers have found it very difficult to keep their machinery running, and there is much leeway to be recovered. Heavy stocks of unsold jute, too, are being carried in Dundee, and so any rise in prices or curtailment of sales or production in India may have less effect than usual.

RAYON.

Home demand for rayon yarns has been well maintained, and for many types of yarns producers are behind with delivery, while the weaving, knitting and lace industries are all using larger quantities of rayon. Overseas business in both yarns and fabrics is restricted.

THE LINEN TRADE.

The threat of a 10 per cent. import duty on foreign flaxes (which, however, did not materialise) and the general hardening of fibre values forced both spinners and merchants to cover possible requirements for some time ahead. Bulk business was also done in yarns, chiefly in the heavier sizes. Importations of Continental spinnings are on an unprecedented scale to anticipate the 10 per cent. duty coming into force on March 1. New business in plain cloths is satisfactory, and manufacturers are well booked for several months to come. There has also been an encouraging turn in damasks.

BOOTS AND SHOES.

In the Northampton area trade has improved since the New Year. Small orders from the home trade have been coming forward with fair regularity, and fresh enquiries and orders have been received from overseas.

THE CHEMICAL INDUSTRY.

Although there has been no great activity, a steady business has been transacted. Very few changes in quoted prices have occurred. Most industrial chemicals have been in fair demand, and, in view of the tariff proposals, prices are very firm. With the exception of cresylic acid, sales of coal tar products continue satisfactory. Pitch is in particularly good demand for export, the best items in the home market being refined tar and creosote oil. Business in pharmaceutical chemicals is still rather limited and confined to spot. The most satisfactory sales reported were for aspirin, lactic acid, and sodium benzoate. Bromides, iodides, and bismuth salts are cheaper.

AGRICULTURE.

According to an official report, work during January was largely confined to ploughing and carting, owing to the wet state of the land, but some spring corn was sold in the Eastern counties. The condition of autumn-sown crops was satisfactory. In some districts potatoes are keeping comparatively well, but in others many

diseased tubers are found when clamps are opened. The fall of lambs has been good, and stock generally has made normal progress. In some areas milk yields have been below average on account of the poor quality of the hay. Sheep on turnips are doing well.

SHIPPING.

Conditions in the cargo freight markets showed little change in February. Outward coal business was dull, and the year had begun with a weak tendency in most homeward markets. There was, however, a fair demand for grain tonnage from the Argentine and Australia, and towards the end of the period under review the market was firmer.

BUILDING.

According to the Ministry of Labour's returns, there was a further decline in employment during January, the percentage of unemployment being 32.8, against 28.6 in December and 27.0 in January, 1931. According to returns furnished by 146 urban authorities, plans passed for new buildings in January comprised a total estimated cost of £4,351,200, as compared with £4,423,400 in December and £4,943,700 in January, 1931. Of the total for January, 1932, dwelling houses accounted for £2,750,200, factories and workshops for £190,600, business premises, shops and warehouses for £291,300, and other buildings and additions and alterations for £1,119,100.

RETAIL TRADE.

A London store reports that the past month has shown a slight general improvement, but the public are still not spending as freely as could be wished. According to the calculations of the Incorporated Association of Retail Distributors, appearing in the *Board of Trade Journal*, retail sales in January showed a decline of 5.6 per cent. as compared with the preceding January. For the twelve months ended January the decline was 4.9 per cent. The January decrease was greater in London than in Great Britain as a whole, being 8.7 per cent. for the Central and West End area and 6.5 per cent. for the suburban area. Outside London decreases were registered of 4.5 per cent. for Scotland and the South of England, and 4.9 per cent. for Wales and the North of England. Sales of hardware showed a comparatively small decline, but those of clothing declined heavily, and there was a big fall of 9.7 per cent. in the sports and travel departments. Stocks fell only by 1.2 per cent., and employment was practically unchanged.

INDICES OF BUSINESS ACTIVITY.

1924 = 100.

Period.	Net Imports.		Consumption of		Consumption of Power.		Volume of Employment.				Merchandise on Railways.	Provincial Bank Clearings.	Postal Traffic.	Shipping Movements.	London Bank Clearings.	Exports British Manufactures.	Foreign Trade Turnover. (Quarterly Figs.)
	Raw Materials.	Non-Ferrous Metals.	Iron and Steel.	Cotton.	Rubber.	Coal.	Electricity.	Heavy Industry.	"General" Industry.	Miscellaneous Services.	Total.						
Monthly Average.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
1925	107	107	89	116	137	93	101	90	103	103	101	98	102	103.5	98	104	101.5
1926	107a	100	57	98	175	72	92	57	101	104	95.5	88	94	103.5	90	109	100
1927	113a	106	133	113	197	106	109	87	108	108	105	99	102	109.5	105	117	104.5
1928	101	113	88	103	212	99	110	82	108	110	105	93	100.5	114	106.5	125	108
1929	113	120	103.5	106	271	106	116	84.5	109.5	112	107	95	99	115.5	130	109	112
1929	101	117	103	76	340	106	112	77.5	101.5	112	103	88	91.5	117	109.5	140	87.5
1930	95c	105	92	78	334	102	...	65.5	96	114.5	99	...	91.5	116.5	102	129	65c
1931	95c	105	92	78	334	102	...	65.5	96	114.5	99	...	91.5	116.5	102	129	65c
"Corrected" average for 3 months ended:																	
1931—Jan. ...	111	107	92	79	247	112	128	73	96	111.5	99	81	94	119	100	143	74
Feb. ...	107	107	90	70	418	111	123	72	95	112	98.5	78	95	120.5	94	144	67
Mar. ...	98	102	84	64	355	112	126	70	95	113	98	79	95	121.5	92	146	66
Apr. ...	92	117	78	64	371	108	118	69	96	114.5	98.5	78	94	120	93	139	63
May ...	96	118	82	66	309	102	108	67	97	115	99	78	93	118	99	142	66
June ...	93	126	83	68	323	96	101	65	97	116	99.5	76	91	115.5	103	143	63
July ...	88	118	88	74	354	93	97	63	96	116	98.5	77	92	114.5	109	148	66
Aug. ...	83	111	83	72	410	90	96	62	95	115.5	98.5	77	92	113.5	111	139	64
Sept. ...	78	103	77	75	365	90	98	62.5	94.5	115	98.5	77	89	112	110	131	66
Oct. ...	75c	95	79	70	365	93	105	63.5	95	115	98.5	79	88	112	108	120	64c
Nov. ...	81c	99	91	86	243	100	118	64	96	115	99	83	86	114	104	109	64c
Dec. ...	95c	94	98	96	266	107	128	65	98	115.5	100	...	92	116.5	101	101	64c
1932—Jan. ...	106c	97	92	107	238	109	131	65	97.5	116	100	...	94	...	96	91	64c
Jan. 1925	142	101	100	132	94	103	112	96	101.5	100	100	100	103	101	98	103	103
Jan. 1926	142	104	81	136	180	105	119	91.5	104	103.5	102	98	105	106.5	97	107	102
Jan. 1927	131a	102	128	116	196	103	115	70.5	102.5	104.5	98.5	93	97	108.5	93	109	91
Jan. 1928	106	114	100	106	136	118	127	86.5	107.5	108.5	105	98	106	113	99	120	111
Jan. 1929	134	121	72	117	315	110	126	80.5	107.5	109.5	104.5	94	101	116	106	129	113
Jan. 1930	135	131	126	120	226	114	132	84.5	108.5	112.5	107	97	99	120	107	133	106
Jan. 1931	111	107	92	79	247	112	128	73	96	111.5	99	81	94	119	100	143	74
Jan. 1932	106c	97	92	107	238	109	131	65	97.5	116	100	...	94	...	96	91	64c

a Excluding coal imports.

c Provisional figures.

STATE OF TRADE ABROAD.

Reports from practically every centre agree that the depression and dislocation of trade has lately grown more acute than ever. Even France is now seriously affected by the world crisis.

BRITISH EMPIRE.

Australia.—Unemployment is steadily declining, and there are signs of improving trade, concentrated mainly upon local manufacturers and lower-priced goods. Retail trade is expected to expand as the season's wheat and wool sales proceed. Recent rains should benefit summer crops, and the condition of stock and pasture is satisfactory. A wheat harvest of 177 million bushels is expected, and the large wool clip is selling rapidly at advancing prices.

Canada.—No definite change in the business situation has occurred, but the underlying situation is now sounder. Stocks of goods have been reduced and there is a better balance between prices and costs. Unemployment, however, is still severe, and in many industries production remains very limited. Grain prices stiffened during January, but export sales are restricted by Australian and Argentine competition. A favourable balance of trade has now been established, and this has eased the New York exchange position.

India.—The Bombay raw cotton and Manchester goods markets were closed during January owing to political troubles. Sales of Indian-made piece goods were also interrupted, but the volume of inquiry has continued to expand. The Calcutta jute market has been quiet, with a very limited demand. January tea sales were dull, largely because only unattractive lots were coming forward.

South Africa.—Business is still hampered by the prevailing financial stringency, and numerous price concessions are being made in the case of cash sales. Farming conditions are fairly favourable, but rainfall in the interior has been below normal, and stock has suffered. Maize remains firm, but the crop is backward. Large quantities of wool are arriving at the ports, and about half the offerings at the public auctions are being sold.

EUROPE.

France.—The situation in the coal trade is no better, and practically every pit is having to stand idle for at least five days a month, while pithead stocks increased by 100,000 tons during January. A new wage agreement, imposing a reduction of $7\frac{1}{2}$ per cent., has been reached. Both home and export demand for steel is very restricted, and production is again being reduced. A slight improvement in the Lille textile trades is noticeable, and manufacturers are purchasing raw materials more freely. Russian flax prices have hardened. The Roubaix woollen industry remains very depressed. Unemployment continues to increase, and combers are working at a maximum of 40 per cent. of capacity.

Belgium.—Business in the iron and steel industry remains very quiet and prices weak. Production has again been curtailed. The coal trade is no better, and the curtailment in production has not served to reduce stocks. Steps have been taken to reduce imports of coal, the method adopted being a shifting of the basic period on which the quota is calculated from 1930 to the first half of 1931, and a reduction in the quota itself from 76 to 70 per cent. The glass industry is better, and stocks have been reduced.

Germany.—January exports showed a decline of Mks. 196 millions on December, of which Mks. 50 millions was due to shipments to Great Britain alone. Imports fell by Mks. 50 millions, so that the trade balance worsened by Mks. 146 millions. The total number of unemployed on January 15th was returned at 5,966,000, against 4,765,000 on January 15, 1931. Nearly half of these have exhausted "insurance" and "crisis" benefit.

Holland.—The quota system for regulating imports has been extended to include meat, boots and shoes, woollen and part-woollen fabrics, knitted wear, and outer garments. Foreign trade, both import and export, continues to diminish, but internal trade is no worse. Unemployment is unchanged at 25,000, or 3.5 per cent. of the population.

Scandinavia.—Norwegian imports for 1931 were Kr. 856.5 millions, against Kr. 1,065 millions in 1930. Exports fell from Kr. 684.0 to Kr. 466.6 millions. Idle tonnage of the Norwegian merchant fleet rose by 31 vessels and 70,000 tons, the figures for shipping laid up, on February 1st, being 325 vessels aggregating 1,465,000 tons, or one-quarter of the Norwegian registered tonnage. Preparations for the reconstruction of the Bergens Privatbank and Den Norske Creditbank are well in hand. Norwegian timber shipments to England were accelerated during February in anticipation of the British tariff. Industrial production in Sweden has again fallen away, and unemployment has increased to a current figure of 20 per cent. Export trade remains depressed, and the new British paper duties have seriously affected the industry. In Denmark butter prices have lately improved, but export trade has been seriously affected by the increase in the German butter duty, the Dutch quota restrictions upon beef imports, and the impending British duty of 10 per cent. upon butter and eggs. A new Exchange Centralisation Office was established upon February 1st, and all imports are now subject to permits from this office.

Switzerland.—The foreign trade turnover for January showed a decline of Frs. 60 millions in comparison with December, imports having fallen by Frs. 40 millions and exports by Frs. 20 millions. Part of this decrease is seasonal, but the contraction is also due to the new British duties and to the crisis in the Far East. This winter season has witnessed a considerable decline in visitors, but thanks to the price reductions made by hotel keepers and to their practice of basing their charges upon sterling, results are better than might have been anticipated.

Austria.—No improvement in industrial activity is noticeable, and the foreign currency clearing treaties have so far proved a failure. Further dismissals have taken place in the Steyr automobile industry, and the hopes of an improvement in Austrian brown coal sales have so far not been realised.

Czechoslovakia.—Christmas trade was fairly satisfactory, and the home market has improved. 1931 pig-iron production was returned at only 40 per cent., and steel production at 34 per cent. of capacity, and two-thirds of the works are now closed. The denuding of Czechoslovakian foreign balance, due to exchange restrictions abroad, has forced the imposition of Czechoslovakian restrictions, limiting the use of foreign exchange to a special list of imports as from January 18th.

UNITED STATES OF AMERICA.

Business activity showed rather greater stability during January. Steel mill operations averaged 29 per cent. of capacity, but there was some improvement in automobile production, following the appearance of new models. The decline in building construction continued, but there has been a moderate improvement in the textile trades. Freight movements underwent a seasonal expansion, but are still at a low level. Wholesale and retail trade have been variable, and commodity prices remain weak.

AMERICAN TRADE STATISTICS—JANUARY, 1932.

	Dec., 1931.	Jan., 1932.	Compared with Jan., '31.
EMPLOYMENT —(June, 1914=100)†	...	...	...
PRODUCTION —			
Bituminous coal (Thous. tons)	31,000*	28,400*	— 10,345
Pig-iron (" ")	980	973	— 693
Steel (" ")	1,302	1,461	— 1,022
Unfilled orders, U.S.			
Steel Corporation (Thous. tons) ...	2,735	2,648	— 1,295
Building permits (Thous. \$)	...	42,430	— 53,634
CONSUMPTION OF ELECTRIC ENERGY (1923-25 = 100)	89.0	93.9	...
FOREIGN TRADE —			
Imports (Thous. \$)	152,940	136,000*	— 47,000
Exports (" ")	180,664	150,000*	— 100,000
TRANSPORT —			
Monthly average of weekly car loadings (Thous. cars)	568	567	— 131
SECURITIES —			
30 industrial stocks—			
Highest quotations†	91.77	85.88	— 87.16
Lowest quotations†	73.79	71.24	— 90.21
Thous. shares sold during month (—New York)	50,190	34,342	— 8,201
New securities issued (Thous. \$) ...	93,207	181,019	— 494,985
BANK CLEARINGS —			
New York (Million \$)	18,398	16,684	— 8,616
Other cities (" ")	10,220	9,436	— 4,574
RETAIL BUSINESS —			
Total sales, mail order houses§ (Thous. \$)	57,940	32,394	— 8,949

* Preliminary estimates made by Messrs. Moody, subject to revision. † Based on reports of U.S. Labour Bureau and of Bureau of the States of New York, Wisconsin, and Pennsylvania. ‡ Average of actual prices. § Partly estimated.

LATIN AMERICA.

Trade with practically the whole of South America is at present inactive, owing to the almost general exchange restrictions. Following upon previous reports of drought and locust damage to the general rains have now fallen. Prospects for the crop are therefore improved, whilst the early-sown maize is now ripening and should be safe. Trade in Chile is still depressed, but 1931 closed with a substantial surplus of exports for the year, against a small excess of imports in 1930. Brazilian exports last year exceeded balance of only £12,000,000 in 1930, against a favourable balance of only £12,000,000 in 1930. A good impression has been created by the payment in advance of the due date of the instalment of one-twelfth of the Brazilian short-term loan of £6,500,000 of early improvement, being still affected by the low prices of both cotton and sugar. In Venezuela, difficulties have been experienced owing to the shortage of exchange, but it is hoped that the situation in this respect will improve shortly, as the active average crop of around 1,000,000 bags will be available. Colombian trade conditions continue quiet, due partly to emergency measures which have tended to reduce the volume of imports. Credit is somewhat restricted, and coffee prices low. On February 18th it was announced that Ecuador had suspended the gold standard.

THE FAR EAST.

Trade has been seriously affected by the outbreak of hostilities at Shanghai. Many of the Japanese traders who rely mainly upon China for their market have suffered, and cargo shipping services to Shanghai have been suspended. Japanese sugar companies, whose sales are mainly to China, are having to close down.

PRODUCTION. (Thousands of Metric Tons.)

COAL.														LIGNITE.		
Period. Monthly Average.	United Kingdom.	Belgium.	Czechoslovakia.	France.	Germany.	Nether- lands.	Poland.	Russia.	Canada.	South Africa.	India.	Japan.	United States.	Czechoslovakia.	Germany.	Hun- gary.
	<i>d</i>		<i>k</i>		<i>g</i>					<i>f</i>	<i>d</i>			<i>k</i>	<i>g</i>	
1913.....	24,337	1,903	1,189	3,338	15,842	166	748	...	1,119	665	1,311	1,776	43,088	1,927	7,269	460
1927.....	21,272	2,296	1,168	4,316	12,800	777	3,174	2,683	1,028	1,006	1,790	2,794	45,197	1,635	12,542	520
1928.....	20,107	2,298	1,213	4,280	12,572	891	3,385	2,885	1,037	1,013	1,826	2,822	43,052	1,704	13,799	543
1929.....	21,837	2,244	1,377	4,486	13,620	m965	3,853	3,362	1,023	1,052	1,893	2,855	45,510	1,880	14,598	587
1930.....	20,639	2,284	1,214	4,490	11,891	m1,018	3,127	3,932	864	991	1,913	2,448	40,176	1,602	12,159	515
1931.....	18,641	2,253	1,104	4,160	9,885	m1,075	3,190	...	...	880	1,729	...	33,085	1,497	11,102	...
1931—January....	19,481	2,444	1,175	4,543	11,527	1,018	3,460	4,519	752	916	2,092	2,250	40,550	1,571	11,028	560
February....	19,224	2,179	1,057	4,244	9,794	938	2,784	...	687	840	2,295	2,116	33,384	1,456	9,514	488
March.....	19,702	2,407	1,118	4,535	10,607	1,077	2,993	3,878	709	853	2,098	2,312	35,031	1,520	10,064	475
April.....	18,772	2,318	1,081	4,203	9,506	1,060	2,902	4,056	700	857	1,921	2,171	31,006	1,486	9,597	422
May.....	17,584	2,096	960	4,014	9,357	997	2,677	3,910	737	894	1,684	2,110	30,226	1,223	10,497	390
June.....	18,118	2,293	998	4,106	9,492	1,106	2,784	...	747	915	1,593	2,092	30,598	1,249	11,827	394
July.....	17,357	2,306	1,082	4,037	10,039	1,167	3,197	...	684	982	1,410	2,130	30,612	1,338	12,052	443
August.....	16,368	2,189	1,057	3,933	9,518	1,068	3,301	...	594	914	1,306	1,887	31,614	1,368	11,021	436
September....	18,247	2,300	1,175	4,074	9,847	1,121	3,482	...	648	894	1,611	2,073	32,919	1,586	12,265	545
October.....	19,986	2,360	1,233	4,289	10,321	1,156	3,763	...	729	840	1,554	2,216	38,329	1,723	12,724	684
November....	18,883	2,083	1,184	4,076	9,615	1,085	3,740	...	690	786	1,339	...	31,072	1,739	11,401	655
December....	19,887	2,062	1,151	3,882	9,021	1,069	3,184	...	...	861	1,844	...	31,689	1,702	11,204	...
1932—January....	122,141	...	...	3,811	...	...	...	...	...	...	...	...	28,900†	...	...	...

PIG IRON.														STEEL.					
Period. Monthly Average.	United Kingdom.	Bel- gium & Luxem- burg.	France.	Saar.	Ger- many.	Sweden.	Russia.	Canada.	United States.	United King- dom.	Bel- gium & Luxem- burg.	France.	Saar.	Ger- many.	Sweden.	Canada.	United States.		
	<i>b</i>	<i>a</i>			<i>g</i>						<i>g</i>			<i>g</i>			<i>d</i>		
1913.....	869	419	434	114	1,397	61	...	85	2,601	649	307	391	159	1,467	62	88	2,564		
1927.....	617	537	778	148	1,091	35	262	80	3,036	720	513	696	158	1,359	44	77	3,678		
1928.....	660	552	832	161	984	33	281	88	3,167	772	539	792	173	1,205	51	105	4,222		
1929.....	543	583	864	175	1,117	41	360	92	3,580	816	569	808	184	1,354	60	117	4,599		
1930.....	525	489	836	159	808	38	418	63	2,659	618	471	787	161	962	52	86	3,324		
1931.....	318	440	685	126	505	32	...	36	1,547	438	430	651	128	691	46	57	2,108		
1931—January.....	343	453	801	149	603	34	414	36	1,742	410	435	746	149	773	33	59	2,498		
February.....	323	409	726	138	520	35	414	47	1,734	494	389	693	159	760	44	84	2,543		
March.....	363	441	775	149	560	38	414	58	2,065	408	420	722	140	811	49	101	3,042		
April.....	328	429	718	136	528	42	415	56	2,052	404	417	675	150	743	52	93	2,766		
May.....	352	440	725	130	555	37	410	51	2,026	442	418	674	142	744	49	76	2,546		
June.....	329	466	679	121	569	35	410	57	1,665	436	445	650	135	779	37	56	2,109		
July.....	322	450	691	119	675	29	410	41	1,487	436	466	650	121	803	40	46	1,916		
August.....	280	473	680	117	499	31	410	24	1,301	363	465	644	120	689	45	53	1,747		
September....	252	456	655	121	438	28	421	18	1,188	406	463	656	119	593	34	34	1,572		
October.....	289	444	637	125	434	29	444	12	1,192	465	445	626	128	603	61	31	1,618		
November....	301	425	567	110	427	25	450	15	1,121	467	415	538	126	548	47	21	1,619		
December....	336	397	543	100	352	26	...	14	996	429	392	535	105	438	48	21	1,323		
1932—January....	338	...	...	...	358	...	...	...	968	437	...	...	93	...	...	...	1,482		

PIG IRON.

Period. Monthly Average.	United Kingdom.	Belgium & Luxembourg.	France.	Saar.	Germany.	Sweden.	Russia.	Canada.	United States.
1913.....	869	419	434	114	1,397	61	...	85	2,601
1927.....	617	537	778	148	1,091	35	262	60	3,036
1928.....	560	552	832	161	984	33	281	68	3,167
1929.....	643	583	864	175	1,117	41	360	92	3,580
1930.....	525	489	835	159	808	38	418	63	2,659
1931.....	318	440	685	126	505	32	...	36	1,547
1931—January.....	343	453	801	149	603	34	414	36	1,742
February.....	323	409	726	138	520	35	414	47	1,734
March.....	363	441	775	149	560	38	414	58	2,065
April.....	328	429	738	136	529	42	413	55	2,052
May.....	352	440	725	130	555	37	410	57	1,685
June.....	329	450	691	119	575	35	410	41	1,487
July.....	322	466	679	121	569	35	410	24	1,301
August.....	280	473	655	121	438	28	421	18	1,188
September.....	289	444	637	125	434	29	444	12	1,192
October.....	301	425	567	110	427	25	450	15	1,121
November.....	336	397	543	100	352	26	...	14	996
December.....	338	...	...	...	358	...	...	...	988
1932—January.....	437	...	...	...	...	...	...	...	...

a Figures for Luxembourg communicated by the "Groupe des Industries Siderurgiques." b Including ferro alloys. c Excluding castings. d Saleable coal; since end 1921 excluding Ireland. e British Provinces only. f Establishments whose production in 1930 amounted to 95-21% of the total. g Excluding Luxembourg. h Since 1922, excluding Polish Upper Silesia. i Coal sold. j Until end 1928 saleable coal. k Including coal waste. l Including lignite. m Provisional figure.

WHOLESALE PRICES.

Monthly Average.	U.K.		Belgium.	Czechoslovakia.	Denmark.	France.	Germany (Official).	Holland.	Italy (Bacchi).	Norway.	Poland.	Russia.	Spain.	Sweden.	Switzerland.	Australia.	British India.	Canada.
	Board of Trade.	Economist.																
1913.....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1927.....	141.6	137.6	847	979	153	617.2	137.6	148	495	167	118.6	174	172	145	142.2	167.0	148	152.7
1928.....	140.3	135.1	843	979	153	619.6	140.0	149	462	157	119.8	173	172	145	144.6	164.7	145	150.6
1929.....	136.6	127.2	851	924	150	611.4	137.2	142	445	157	113.4	180	171	140	141.2	165.7	141	149.4
1930.....	119.5	106.8	744	917.9	130	535.8	124.6	117	386	137	97.5	187	172	122	126.6	146.7	117	135.3
1931.....	104.1	89.3	626	107.5	114	454.8	110.9	97	330	...	83.6	...	171	109.7	131.3	96	113.4	...
										<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>	<i>g</i>	<i>h</i>	<i>i</i>
1931—January.....	106.9	91.3	661	108.9	118	483.7	115.2	105	342	128	84.8	...	173	115	115.2	133.6	98	118.9
February.....	106.2	91.6	658	108.8	117	481.7	114.0	104	338	126	85.4	...	172	114	114.7	133.1	99	118.8
March.....	105.9	91.1	660	110.6	116	481.7	113.9	103	339	124	85.9	...	171	113	113.6	133.8	100	117.3
April.....	105.7	90.0	652	110.3	115	483.7	113.7	102	337	123	87.8	...	172	112	112.2	133.0	98	116.4
May.....	104.4	87.8	640	107.7	113	470.1	112.3	102	332	121	88.6	...	169	111	110.8	132.4	97	114.1
June.....	103.2	87.5	642	112.1	110	467.1	112.3	100	327	120	83.4	...	175	110	110.4	131.0	93	112.8
July.....	102.2	86.0	635	107.8	110	458.5	111.7	97	324	120	81.9	...	177	109	108.1	128.6	92	110.8
August.....	99.5	85.7	616	108.1	109	445.6	110.2	94	322	120	81.9	...	175	109	108.1	128.6	92	110.8
September.....	99.2	85.6	597	104.6	109	427.9	108.6	91	319	117	79.9	...	175	108	106.4	128.9	96	110.0
October.....	104.4	90.1	591	104.3	113	414.2	107.1	89	320	119	80.8	...	176	110	106.2	131.3	97	110.3
November.....	106.4	90.7	584	103.8	117	408.3	106.6	85	319	122	78.7	...	111	103.1	131.0	98	108.9	...
December.....	105.8	90.6	573	102.3	119	404.4	103.7	85	319	122	78.7	...	111	103.1	131.0	98	108.9	...
1932—January.....	105.8	90.0	...	...	118	405.4	100.0	84	317	123	76.0	...	...	...	...	...	...	...
<i>a</i> Beginning of the following month. <i>b</i> Official. <i>c</i> Second half of month.																		

FINANCE.

Notes in Circulation. (000,000's omitted.)

Period	United Kingdom.	Austria.	Belgium.	Bulgaria.	Czechoslovakia.	Denmark.	Finland.	France.	Germany.	Greece.	Hungary.	Japan.	Netherlands.
End of	Bank of England Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Reichsbank Notes.	"Rentenbank" Notes.	Bank Notes.	Bank Notes.	Bank Notes.
	£	Schilling.	Francs.	Leva.	Koruna.	Kron.	Markat.	Francs.	Belchamark.	Rentenmks.	Drachme.	Pengb.	Dinars.
1913	29-6	...	1,067	189	...	152	113	25,714	2,742	...	...	...	...
1926	381-0	947	9,646	3,481	8,203	386	1,346	52,449	...	...	...	...	...
1927	382-3	1,005	10,951	3,727	8,417	354	1,514	54,449	...	...	...	...	...
1928	378-3	1,067	12,358	4,173	8,466	360	1,513	62,181	...	...	...	...	...
1929	369-8	1,094	14,683	3,609	8,230	367	1,361	68,571	...	...	...	...	...
1930	368-8	1,090	16,419	3,296	7,824	360	1,279	76,436	...	...	...	...	...
1931	364-2	1,183	18,270	2,919	7,679	346	1,293	85,725	...	...	...	...	...
1930-Dec.	368-8	1,090	16,419	3,296	7,824	360	1,279	76,436	...	...	...	...	...
1931-Jan.	346-8	979	16,031	3,089	6,608	341	1,231	78,559	...	...	...	...	...
Feb.	347-7	978	16,067	3,029	6,571	340	1,308	78,947	...	...	...	...	...
Mar.	348-8	978	15,822	3,129	6,899	341	1,320	77,884	...	...	...	...	...
Apr.	349-8	984	16,394	3,213	6,609	354	1,301	77,331	...	...	...	...	...
May	354-9	1,141	16,092	3,183	6,732	342	1,287	78,186	...	...	...	...	...
June	352-8	1,111	15,967	3,283	6,988	343	1,232	76,927	...	...	...	...	...
July	359-4	1,205	16,791	3,209	7,017	336	1,204	79,862	...	...	...	...	...
Aug.	357-4	1,089	16,613	3,338	6,979	330	1,189	78,635	...	...	...	...	...
Sept.	357-2	1,111	17,283	3,335	7,172	334	1,201	78,543	...	...	...	...	...
Oct.	356-0	1,134	18,008	3,185	7,218	366	1,264	83,639	...	...	...	...	...
Nov.	354-4	1,130	17,748	2,981	7,166	340	1,237	83,543	...	...	...	...	...
Dec.	364-2	1,183	18,270	2,919	7,679	346	1,293	85,725	...	...	...	...	...
1932-Jan.	345-9	1,093	18,360	...	6,808	325	1,220	84,723	...	...	...	...	...

a Until November, 1928, including State notes, then transferred to Bank. b May. c In terms of new lire = 8,373 millions. d Excluding Government notes. e Gross issue. f Excluding Hungarian and other notes converted after the war into National Currency. g Since 1926, including notes held by the State Bank. h In terms of new lire = 1,829 millions. i Since May, 1922, figures refer to "Union Economique Belgo-Luxembourgeoise." j Provisional figures.

LONDON RATES OF EXCHANGE.

Period	Paris.	Brussels.	Milan.	Zurich.	Madrid.	Amsterdam.	Stockholm.	Oso.	Copenhagen.	Berlin.	Vienna.	New York.	Buenos Aires.
End of	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.
	Lire.	Lire.	Kroner.	Zloty.	Zloty.	Leu.	Gd. Rbls.	Rbls.	Kroner.	Francs.	£	Dollars.	Yen.
1913	2,284	499	108	...	437	...	...	...	234	314	116	2-3	2-2
1926	18,340	1,793	337	593	428	20,951	398	797	625	814	10-0	1-18	2-3
1927	17,992	783	331	1,005	309	21,025	480	1,003	525	917	49-9	1-19	2-6
1928	17,295	161	315	1,295	244	21,411	730	1,091	546	953	48-7	1-19	2-6
1929	16,774	194	310	1,340	259	21,144	1,028	1,501	569	999	45-3	1-18	2-6
1930	16,680	668	312	1,328	241	19,605	1,946	2,080	594	1,062	48-2	1-16	2-6
1931	14,295	...	334	1,218	241	23,755	...	2,784	583	1,609	54-8	...	...
1930-Dec.	16,680	...	312	1,328	238	19,605	1,946	2,080	594	1,062	48-2	...	...
1931-Jan.	15,212	...	290	1,277	241	18,449	1,946	2,079	533	1,062	48-2	...	...
Feb.	15,129	...	287	1,284	236	18,105	1,947	2,085	545	961	47-2	...	...
Mar.	15,034	...	296	1,261	241	18,341	1,992	2,127	580	994	48-2	...	...
Apr.	14,883	...	296	1,269	238	18,630	1,993	2,269	588	988	48-2	...	...
May	14,722	...	291	1,252	237	18,709	1,991	2,181	542	990	50-7	...	...
June	14,683	...	296	1,250	238	18,715	1,991	2,200	587	1,078	50-7	...	...
July	14,678	...	294	1,246	240	21,161	2,207	2,362	562	1,255	51-2	...	...
Aug.	14,474	...	302	1,225	242	21,861	...	2,527	594	1,462	52-2	...	...
Sept.	14,474	...	294	1,246	240	21,161	2,207	2,362	562	1,255	51-2	...	...
Oct.	14,441	...	295	1,254	244	23,243	...	2,596	579	1,462	52-1	...	...
Nov.	14,254	...	288	1,211	238	23,519	...	2,673	576	1,477	52-1	...	...
Dec.	14,295	...	334	1,218	241	23,755	...	2,784	583	1,609	54-8	...	...
1932-Jan.	13,971	...	311	1,152	236	...	...	2,670	526	1,519	...	...	...

FOREIGN TRADE.

IMPORTS for Domestic Consumption—Merchandise Only. (000's omitted.)

Period	U.K.	Ireland	Belgium.	Bulgaria.	Denmark.	France.	Finland.	Germany.	Greece.	Italy.	Jugo-Slavia.	Netherlands.	Poland.	Sweden.	Switzerland.	Russia.	Egypt.	United States.
Monthly Average.	£	£	Francs.	Leva.	Kroner.	Francs.	Markka.	Mark.	Drachme.	Lire.	Dinars.	Golden.	Zloty.	Kroner.	Francs.	Roubles or Gold Rbl.	£E.	Dollars.
1913	54,931	...	386,384	15,775	64,785	701,778	41,035	897,474	14,878	303,803	...	325,231	128,242	70,545	155,985	...	2,271	147,932
1926	92,989	5,043	1,920,460	520,578	127,319	4,968,923	472,359	833,454	830,592	2,156,571	635,982	205,496	128,242	124,151	201,209	50,941	4,199	367,340
1927	91,282	5,012	2,422,921	510,749	131,508	4,416,334	472,359	1,185,672	1,050,181	1,697,900	607,191	212,405	240,998	132,030	213,650	54,439	3,896	346,924
1928	89,610	4,928	2,668,664	586,745	137,276	4,452,963	472,359	1,166,772	1,034,740	1,826,702	652,944	223,659	280,180	142,330	228,723	68,940	4,123	339,828
1929	92,689	5,020	2,951,520	693,719	142,907	4,651,719	472,359	1,220,566	1,106,270	1,805,397	632,896	229,358	259,242	148,549	231,947	61,317	4,453	361,548
1930	79,762	4,630	2,576,812	582,477	138,028	4,362,031	437,306	1,066,096	904,184	1,443,746	580,009	201,521	187,164	138,650	222,017	76,608	3,823	260,000
1931	66,512	...	1,978,495	...	115,894	3,516,509	288,089	560,590	735,471	968,691	...	157,724	121,854	119,949	187,600	...	...	171,766
1930-Dec.	84,386	4,118	2,340,623	390,207	124,203	4,330,435	416,124	681,347	900,822	1,609,913	522,469	165,251	158,907	124,983	217,127	55,400	3,300	201,367
1931-Jan.	69,832	3,658	2,084,449	296,495	120,399	3,816,897	223,294	715,377	749,574	1,024,778	410,333	178,495	153,448	103,418	182,112	50,921	2,745	153,284
Feb.	67,794	3,993	1,987,921	308,421	103,660	4,064,872	192,066	620,270	668,773	1,032,073	388,328	149,325	116,566	102,164	173,197	51,924	2,320	177,483
Mar.	68,226	4,827	2,293,055	374,092	116,056	3,929,424	246,230	684,029	805,500	1,037,111	543,164	166,547	125,474	111,845	192,388	112,632	2,534	205,688
Apr.	63,432	3,900	2,222,094	460,951	112,323	3,901,580	271,783	684,029	805,500	1,037,111	543,164	166,547	125,474	111,845	192,388	112,632	2,534	205,688
May	63,886	4,177	2,096,676	460,978	115,377	3,774,715	271,783	684,029	805,500	1,037,111	543,164	166,547	125,474	111,845	192,388	112,632	2,534	205,688
June	62,598	4,266	1,989,830	483,360	113,116	3,914,715	304,013	607,319	779,704	1,032,098	384,720	162,968	129,430	114,446	183,247	69,648	2,468	174,435
July	65,210	4,322	1,973,909	483,360	113,116	3,914,715	304,013	607,319	779,704	1,032,098	384,720	162,968	129,430	114,446	183,247	69,648	2,468	174,435
Aug.	61,411	3,582	1,846,632	441,249	107,497	3,635,953	303,429	562,550	728,147	785,002	388,073	165,497	127,827	117,060	187,252	72,607	2,265	174,559
Sept.	64,557	4,144	1,925,830	396,092	115,350	3,819,869	289,865	454,340	705,236	853,269	388,335	147,376	109,102	117,441	183,247	111,320	2,321	168,755
Oct.	75,408	4,802	1,941,941	380,171	117,230	3,128,299	349,869	482,788	799,887	837,045	442,312	152,790	113,319	113,319	183,247	...	2,908	168,707
Nov.	78,265	4,131	1,741,892	352,235	123,470	2,890,990	360,233	482,395	681,808	766,397	308,545	139,766	97,036	131,373	182,341	...	2,549	149,719
Dec.	71,491	...	1,715,186	...	126,407	2,806,476	252,494	490,591	632,851	990,546	...	...	...	...	...	...	...	152,940
1932-Jan.	57,027	...	...	...	...	2,340,791	...	...	...	...	...	...	...	...	...	...	...	138,000†

EXPORTS of Domestic Produce—Merchandise Only. (000's omitted.)

EXPORTS TO THE UNITED STATES																		
Period	U.K.	Ireland	Belgium.	Bulgaria.	Denmark.	France.	Finland.	Germany.	Greece.	Italy.	Jugo-Slavia.	Netherlands.	Poland.	Sweden.	Switzerland.	Russia.	Egypt.	United States.
Monthly Average.	£	£	Francs.	Leva.	Kroner.	Francs.	Markka.	Mark.	Drachme.	Lire.	Dinars.	Golden.	Zloty.	Kroner.	Francs.	Roubles or Gold Rbl.	£E.	Dollars.
1913	43,771	...	302,882	7,778	53,113	573,351	35,482	841,436	9,917	209,303	...	255,453	...	68,112	114,700	...	2,626	204,024
1926	54,421	3,432	1,661,198	468,133	117,131	4,936,893	469,712	815,265	453,303	1,555,377	631,515	145,765	187,192	118,293	153,041	52,736	3,977	395,642
1927	59,090	3,681	2,218,975	552,262	120,546	4,599,680	527,031	815,952	506,350	1,602,662	533,346	158,309	209,662	134,715	168,604	53,726	3,937	396,572
1928	60,786	3,799	2,573,408	519,271	124,752	4,281,227	520,440	967,731	506,270	1,713,253	537,058	165,515	208,999	131,222	177,870	54,505	4,584	419,175
1929	60,779	3,900	2,647,477	519,271	124,752	4,281,227	520,440	967,731	506,270	1,713,253	537,058	165,515	208,999	131,222	177,870	54,505	4,584	419,175
1930	47,563	3,715	1,817,420	516,928	126,972	3,569,138	450,347	944,020	474,933	1,009,597	566,045	143,240	220,167	120,760	147,202	72,408	5,594	311,972
1931	32,430	...	1,927,207	...	104,517	2,535,111	372,083	767,160	350,202	836,679	...	109,318	156,561	93,950	112,400	...	...	232,015
1930 - Dec.	38,458	3,430	1,955,975	527,815	119,940	3,226,934	374,533	851,913	944,160	*1,052,357	493,459	117,408	183,178	128,418	140,112	57,400	3,367	270,785
1931 - Jan.	37,564	2,992	1,755,856	390,000	111,168	3,243,756	243,460	724,209	619,661	690,586	384,102	117,575	152,492	87,445	113,906	48,931	2,938	245,727
Feb.	31,793	2,915	1,909,414	346,999	97,659	2,757,331	186,793	732,982	369,329	880,560	330,051	109,493	134,964	63,047	117,916	59,711	2,411	201,065
Mar.	33,982	2,982	1,612,080	642,433	108,952	2,705,861	226,199	821,485	328,900	827,631	449,519	116,466	163,857	65,255	109,564	56,645	2,511	231,077
Apr.	32,483	3,277	1,016,749	683,803	121,216	2,876,797	259,990	778,513	220,038	806,168	429,924	128,572	168,567	99,477	116,831	48,664	2,127	199,205
May	33,895	2,630	1,856,068	746,471	100,666	2,438,165	491,601	746,101	186,012	814,513	376,946	117,575	152,492	100,690	110,199	47,108	1,699	182,907
June	29,432	2,673	2,020,060	359,012	99,751	2,512,623	497,648	713,324	188,230	814,513	376,946	117,575	152,492	100,690	110,199	47,108	1,699	182,907
July	24,252	2,777	1,949,125	334,881	104,491	2,418,629	420,108	776,085	171,357	661,884	351,316	116,062	174,527	100,790	109,596	54,337	2,181	176,998
Aug.	29,137	3,264	1,766,185	375,599	91,386	2,131,233	423,930	776,876	188,759	817,897	584,379	106,562	150,110	99,477	107,162	70,875	2,083	161,507
Sept.	29,846	3,172	1,591,985	305,968	101,386	2,131,233	423,930	776,876	188,759	817,897	584,379	106,562	150,110	99,477	107,162	70,875	2,083	161,507
Oct.	32,832	2,869	1,937,079	531,891	109,683	2,534,630	395,758	861,060	546,553	827,876	387,255	111,247	158,445	107,381	133,749	58,645	2,873	190,369
Nov.	31,863	3,279	1,801,526	692,426	105,629	2,385,081	448,840	734,458	334,625	804,854	349,433	100,585	155,172	101,468	100,153	...	...	180,636
Dec.	32,077	...	1,630,923	...	96,671	2,096,494	444,979	711,889	582,825	996,474	382,000	80,676	...	93,316	...	72,936	...	150,000
1932 - Jan.	31,123	...	...	...	...	1,806,374	...	...	...	...	...	...	...	...	...	...	...	...

CAPITAL ISSUES.—(000,000's omitted.)

Period.	United Kingdom.	Austria.	Czechoslovakia.	France.	Germany.	Italy.	Netherlands.	Poland.	Romania.	Sweden.	Spain.	Switzerland.	U.S.S.R.	U.S.A.
Monthly Average.	£	Schilling.	Koruna.	Francs.	Mark.	Lira.	Gulden.	Zloty.	Lei.	Kroner.	Francs.	Rupia.	Yen.	Dollars.
1913.....	16.3	...	...	...	...	...	...	...	...	...	...	...	...	...
1927.....	29.6	10.5	31	616	114.1	264	43	17.7	271	22	73	17	255	649
1928.....	30.8	12.0	60	876	110.0	450	50	27.1	384	31	57	24	335	676
1929.....	23.8	8.6	55	1,259	80.2	607	29	17.8	318	23	81	56	222	449
1930.....	22.3	4.8	38	1,432	46.6	514	47	17.5	460	21	125	24	205	587
1931.....	8.5	3.1	42	1,362	65.2	361	...	6.4	210	28	109	27	...	259
Jan.-Mar. 1931.....	31.3	4.0	32	2,309	73.5	474	82	15.2	379	17	134	34	133	715
Apr.-June 1931.....	25.6	6.7	81	1,582	31.3	836	66	21.9	702	16	148	18	218	906
July-Sept. 1931.....	24.4	8.6	38	1,073	50.4	534	25	14.7	594	24	104	18	183	372
Oct.-Dec. 1931.....	24.8	3.7	28	2,365	31.4	211	45	17.3	164	28	116	26	285	546
1932.....	16.0	8.6	35	2,008	45.6	193	20	6.5	127	58	157	22	313	411
Jan.-Mar. 1932.....	13.3	1.6	86	1,381	110.5	535	36	9.6	492	33	111	25	240	320
Apr.-June 1932.....	7.6	2.7	20	565	85.8	374	17	7.6	94	11	92	45	303	205
July-Sept. 1932.....	1.3	2.6	26	1,496	19.6	344	...	2.1	126	9	75	17	...	90
Oct.-Dec. 1932.....	2.0	0.7	44	631	23.2	161	...	2.0	94	7	104	16	...	109
1932.....	2.5	1.3	16	313	21.5	706	...	2.6	261	14	30	19	...	119
Jan. 1932.....	1.1	...	...	370	...	...	...	...	...	12	57	...	...	...

Unless otherwise stated, the figures represent authorised share issue of new joint stock companies at home, and the increase of capital of existing companies. Bonus shares are excluded from the figures of the U.S.A., Roumania, Switzerland and Czechoslovakia. In the case of the Netherlands and the U.K. both bonus shares and conversions are excluded. c Excluding Treasury Bills. d Excl. large railway issues. e "Riviera Banca." f Issues exceeding £100,000 on the Dutch market, including Colonial, and since Jan., 1925, foreign issues. g Since 1924, excluding amalgamations and conversions. h Until end 1922 paper mark. i Société de Banque Suisse, invitation for subscriptions on Swiss market including obligations and Local Govt. loans. j India, compiled by "Commercial & Financial Chronicle." k Up to 1927, authorised issues, excluding western departments; since 1928 amounts actually issued, whole territory.

BANK RATES.

	1926.	1927.	1928.	1929.	1930.	1931.	1932.
End of	June	Dec.	June	Dec.	June	Dec.	Jan.
London.....	5.0	5.0	4.0	4.0	3.0	3.0	6.0
Paris.....	6.0	6.0	5.0	5.0	4.0	4.0	2.0
Berlin.....	6.0	6.0	5.0	5.0	4.0	4.0	2.0
New York.....	3.0	3.0	4.0	4.0	5.0	5.0	3.0
Amsterdam.....	3.0	3.0	4.0	4.0	5.0	5.0	3.0
Brussels.....	7.0	7.0	5.0	5.0	4.0	4.0	7.0
Rome.....	7.0	7.0	5.0	5.0	4.0	4.0	7.0
Switzerland.....	3.0	3.0	3.0	3.0	3.0	3.0	2.0
Vienna.....	7.0	7.0	6.0	6.0	7.0	7.0	7.0
Warsaw.....	12.0	9.0	8.0	8.0	9.0	8.0	7.0
Tokyo.....	7.0	6.5	5.8	5.4	5.4	5.4	5.6
Calcutta.....	4.0	4.0	5.0	5.0	6.0	6.0	6.0

* Federal Reserve. † 5% as from Feb. 18, 1932.

LONDON BANKERS' CLEARING RETURNS.

	Town.	Metropolitan.	Country.	Total.
£	£	£	£	£
1913.....	14,191,275	855,648	1,389,481	16,436,404
1926.....	35,346,429	1,660,757	2,817,868	39,825,054
1927.....	36,819,682	1,758,032	2,972,827	41,550,541
1928.....	39,311,117	1,854,190	3,039,422	44,204,729
1929.....	38,782,577	1,812,146	2,963,631	43,558,354
1930.....	38,762,577	1,812,146	2,963,631	43,558,354
1931.....	31,815,808	1,667,852	2,752,209	36,235,869
1931 (Feb. 17).....	5,089,420	253,154	406,749	5,749,323
1932 (Feb. 17).....	3,069,454	237,228	389,906	3,696,588

U.K. IMPORTS AND EXPORTS.—(000,000's omitted.)

	Food.		Raw Materials.		Manufactures.		Imports of		Exports of	
	Imports.	Exports.	Imports.	Exports.	Imports.	Exports.	Wheat.	Raw Cotton.	Sheep's Wool.	Iron and Steel.
Monthly Average.	£	£	£	£	£	£	Owts.	Centals.	Sq. Yds.	Tons.
1913.....	24.2	2.7	23.5	5.8	16.1	34.3	8.8	1.8	589	0.41
1926.....	47.6	4.6	35.4	7.0	26.7	51.4	8.1	1.6	370	0.31
1927.....	41.9	4.2	32.7	3.9	26.3	44.9	8.1	1.5	319	0.26
1928.....	44.9	4.4	29.3	6.4	26.9	47.0	8.2	1.3	343	0.35
1929.....	44.3	4.5	27.9	8.8	25.7	48.2	8.6	1.1	306	0.38
1930.....	44.7	4.6	28.3	6.6	27.9	47.8	8.6	1.0	201	0.36
1931.....	39.8	4.0	20.9	5.3	28.6	36.6	8.8	0.7	143	0.17
1931.....	34.8	3.0	14.5	3.4	21.8	24.2	9.9	0.6	144	0.14
1931.....	31.8	2.6	12.8	3.4	20.6	22.0	11.8	0.4	128	0.14
1931.....	33.6	2.7	11.2	3.7	20.6	22.0	11.8	0.4	128	0.14
1931.....	40.8	3.4	11.9	4.3	27.2	24.0	11.3	0.6	143	0.16
1931.....	38.6	3.4	15.3	4.1	28.7	24.0	11.3	0.6	126	0.20
1931.....	39.7	2.9	18.5	4.0	18.2	22.7	7.6	1.7	150	0.18
1932.....	31.5	2.8	16.9	3.6	13.3	23.4	5.1	1.0	180	0.17

* Yards.

RAILWAY STATISTICS.—(000,000's omitted.)

	Great Britain (g).		Austria.		Germany.		Italy.		Canada.		U.S.A.	
	Passengers.	Freight.	Passengers.	Freight.	Passengers.	Freight.	Passengers.	Freight.	Passengers.	Freight.	Passengers.	Freight.
1926—June.....	4.4	5.3	4.7	1.9	3.6	10.2	1,392	1,321	4,695	1,132	42,846	439,237
1927—June.....	4.7	8.5	4.9	15.9	4.1	24.8	1,401	1,249	5,641	1,094	43,641	440,096
1928—June.....	6.1	8.7	5.1	15.5	4.8	26.4	1,401	1,249	5,641	1,094	43,641	440,096
1929—June.....	6.8	8.8	5.1	17.2	4.8	27.2	1,324	1,209	5,398	1,095	42,611	438,483
1930—June.....	5.5	8.3	4.8	14.9	5.3	25.0	1,352	1,325	5,528	1,038	44,128	434,580
1931—June.....	4.6	8.3	4.7	16.1	4.8	25.6	1,392	1,282	4,715	1,030	43,129	437,304
1931—August.....	5.2	8.4	4.8	17.6	5.6	26.1	1,426	1,335	5,603	1,087	44,846	449,961
1931—September.....	4.5	8.2	4.7	17.6	5.0	26.1	1,196	1,323	4,874	1,031	43,787	438,618
1931—October.....	4.3	8.3	4.4	13.2	4.7	22.2	1,388	1,148	4,502	1,044	42,222	430,251
1931—November.....	4.7	7.4	4.2	13.8	4.2	22.2	1,250	1,190	3,846	879	3,607	42,377
1932—January.....	6.7	6.9	3.9	12.7	3.5	20.2	1,185	1,248	4,162	921	3,629	41,256
1932—February.....	4.7	7.6	4.4	14.0	3.7	22.0	1,283	1,190	3,575	864	2,729	42,847
1932—March.....	3.8	8.1	4.8	15.3	4.1	24.2	1,359	1,156	4,029	...	3,186	40,656
1932—April.....	3.0	7.5	4.4	14.6	3.9	23.0	1,256	1,089	3,493	...	4,658	...

* Jan. 1932 stock. (a) "Beichsbahn." Excl. free-hauled. (b) State and private railways, including freight on foreign lines. (c) Long ton = kg. 1,016.05; mile = metres 1,609.34. (d) Gross tonnage. (e) "Beichsbahn." Excl. free-hauled. (f) Boulding free-hauled. (g) Fiscal year ending June 30. (h) Light on foreign lines. (i) Railways with annual operating revenues of at least \$500,000. (j) Including free-hauled. (k) Freight on foreign lines. (l) Provisional.

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The Economist
MONTHLY SUPPLEMENT.

New Series.

SATURDAY, MARCH 26, 1932.

No. 106.

The tables in the following pages show summary figures for as many nations of the world as possible, and have endeavoured to combine brevity with comprehensiveness. The greater number of the figures are taken from the Monthly Statistical Bulletin of the League of Nations, supplemented from our records.

THE STATE OF TRADE AT HOME AND ABROAD.

DEVELOPMENTS in the home position during the past few weeks have been confined largely to the financial sphere. The reduction in Bank rate from 6 to 5 per cent. on February 18th was followed by further reductions—first, to 4 per cent. on March 10th, and then to 3½ per cent. a week later. In the meantime, the repayment of a large proportion of the Treasury credits on March 4th and the simultaneous withdrawal of the restrictions upon foreign exchange dealings were the prelude to a rapid appreciation of sterling from just under \$3.50 at the end of February to a peak rate of \$3.77 ten days later. The cumulative pressure of Indian and British gold sales, the influx of short money from abroad and speculative foreign purchases of sterling "for the rise," proved temporarily irresistible, and for a day or two there were fears that London might be unable to absorb all the foreign exchange on offer and that sterling might rise to a level which would have serious repercussions on British trade and the internal price level. Fortunately, the exchange has since been brought under control, partly because of a warning by Mr Neville Chamberlain that an artificial and speculative appreciation of sterling would not be tolerated, and a week before Easter there were indications that the rate had once more been pegged.

On the whole, British industry has gained from these developments. The reductions in money rates are advantageous for money can now be regarded as definitely cheap. Whereas a few weeks ago the standard rate of interest upon bank advances was as high as 7 per cent., to-day the minimum rate of 5 per cent. is in force, and doubtless lower rates can be obtained in approved cases. High-class securities have equally benefited from the change, and their appreciation has proved of assistance not only to such normal holders as banks and insurance companies but also to all industrial undertakings who, as a result of the trade depression, have found themselves in possession of unwanted resources which have had to be invested pending a revival in trade. The new capital issue market is showing signs of life, and recent experience has proved that there is a keen demand for new securities of standing. This should ultimately be of assistance to sound industries in need of fresh finance, while the appreciation of sterling has so far been too limited to have caused any serious embarrassment to industry.

As regards the state of individual industries, no real progress can be recorded in the iron and steel trades and, notwithstanding the new 10 per cent. tariff, Continental competition is as keen as ever. The engineering trades,

however, apart from marine engineering, are more hopeful, though little actual improvement has as yet taken place, and the revival in the cotton and other textile industries has been well maintained. The unemployment returns for the end of February on the whole bear out these views. The percentage figure has fallen since January from 22.4 to 22.0 per cent., which compares with a figure of 21.7 per cent. for February last year. Improvements were recorded in many of the chief textile and clothing trades (except boot and shoe manufacture), in metal goods, in paper and pottery, and in shipping services. A deterioration took place in coal mining and in the jute industry.

As regards overseas trade, the February import returns were distorted by forestalling in anticipation of the general 10 per cent. tariff which came into force on March 1st. Imports of raw materials and exports of British goods were disappointing, and there is no doubt that the position of our foreign trade is difficult in the extreme. One grave source of trouble lies in the numerous foreign exchange restrictions in force both in Europe and S. America. A British firm which finds that the only form of satisfaction which it can obtain in respect of former shipments of goods consists of the payment of the sum due into a "blocked" account in a bank in the importing country, is naturally chary about making further shipments, and there is growing evidence that these difficulties are proving a deterrent to British export trade.

Foreign news is no better. The American banking law changes may have been of some use in loosening credit, restoring confidence in the banking system and in checking bank failures and note hoarding, but industry shows no improvement. French trade is now involved to the full in the world depression, and complaints are heard that the continued gold influx, the recently increased customs duties and other restrictions upon imports are raising French prices and costs above the world level to the further detriment of French export trade. The financial situation in Central Europe is subject to an increasing strain, and in many countries there is grave fear that the breaking-point has been nearly reached. Sweden is having to deal with the consequences of Mr Kreuger's death, which indeed has had repercussions all over the Continent. In South America, the outlook in the Argentine has in some respects improved and there is a prospect of an alleviation of the exchange restrictions. Taking the world as a whole, it is unfortunately still true to say that with the possible exception of this country the situation is rapidly deteriorating.

HOME TRADE STATISTICS.—FEBRUARY 1932.

	Jan.	Feb.	Comp. with Feb., '31.
UNEMPLOYMENT—(State Insurance %)	22.4	22.0	+ 0.3
PRODUCTION—			
Coal (million tons)*	4.4	4.5	— 0.3
Iron (thous. ")	330	318	Nil
Steel (" ")	430	481	— 6
FOREIGN TRADE—			
Imports (million £'s)	62.3	70.2	+ 6.5
Re-exports (" ")	5.2	5.5	— 0.4
British Exports (" ")	31.1	30.0	— 1.8
TRANSPORT—			
Railway Receipts* (£0,000)	263	240	— 42
Shipping Freights (av. level †)	79.2	78.2	— 3.7
COMMODITY PRICES (" ")	65.4	67.0	+ 0.5
TRADE DISPUTES (thous. working days lost)	217	178	— 1,322
SECURITY VALUES (av. level‡) 100 =	100.9	101.7	— 10.9
FINANCIAL DATA—			
Bank of Eng. Notes (mill. £'s)*	353	346	— 1
Bank Deposits (" ")	1,714	1,659	— 141
Bank Advances (" ")	905	902	— 23
Banks' Cash Ratio (" ")	10.5	10.4	Nil
Bank Clearings:			
London (million £'s)*	580	513	— 286
Manchester (" ")	9.8	9.9	+ 0.5
Three months' Bank Drafts (Discount Rate %)*	5½	4½	+ 2½
Day-to-day Loans (%)	4½	3½	+ 1½

(*) 1913 = 100. (†) Economist Index No.: 1927 = 100. (‡) Bankers' Magazine Index No. of 365 securities; December, 1921 = 100. (†) Cash in hand and at Bank of England as % of total current, deposit, and other accounts.

* Average weekly figures.

HOME INDUSTRIES AND TRADE.

The following reports on British industry cover, in most cases, the period to the middle of March. In the remainder they relate to the month of February.

THE COAL TRADE.

Little improvement is noticeable in export business, as although the French surtax has been removed, shipments are still restricted by the quota. Germany, too, is now curtailing imports, but labour troubles in the Polish fields and the depreciation of sterling are reported to be benefiting the British coal trade in several foreign markets. In Cumberland Irish demand for coal has revived, and many collieries are relatively busy. House coal has lately been moving more freely both in Lancashire and Yorkshire, and there has been a fair amount of buying in anticipation of the Easter holidays. Home demand for industrial fuel is so far little better, but the outlook is thought to be more hopeful.

IRON AND STEEL.

The outlook is still very difficult. Continental makers of sheet bars are still cutting their prices, and whereas only a short time ago they were quoted at 81s. per ton, delivered South Wales, current quotations are 74s.-75s. per ton. As these new prices include both freight and the new 10 per cent. Customs duty, the maker's price is now insufficient to cover the cost of the pig iron. It is admitted that heavy losses are being incurred, and these cannot continue indefinitely, but there is no sign of this price-cutting coming to an end, and while it lasts it is impossible for British steelmakers and tinplate makers to arrive at any agreed and stabilised basis of prices. Production generally was fairly well maintained in February, with the pig-iron output at 318,000 tons and the steel output at 480,000 tons. These figures are better than those of January, when operations were curtailed by the holidays, but the number of furnaces in blast fell from 76 to 71 during February, and production showed a tendency to decline as the month progressed.

ENGINEERING.

Current activity compares very favourably with that of a year ago, and February exports of machinery were actually greater than those of February last year. A more hopeful feeling is also apparent in the industry. The recent Bank rate reductions have had a good effect, and manufacturers are in no way perturbed at the recent improvement in sterling. Considerable anxiety is felt, however, over the numerous exchange restrictions in force in foreign countries, and engineering firms are becoming chary of accepting fresh orders. The outlook in the textile machinery, agricultural engineering and power equipment branches is considered good, but business actually in hand at the moment leaves room for improvement. The machine-tool trades have lately been affected by abnormal imports in anticipation of the tariff. There is no prospect of any improvement in the marine engineering section, but locomotive builders see a prospect of some revival in foreign demand.

PRODUCTION OF ELECTRICITY.

A general improvement has been registered in the production returns. The corrected figure for February, after allowing for seasonal fluctuations and for the expansion in the use of electricity, was 93.0, against 88.5 for January and 91.0 for February, 1931.

INDEX OF GENERATION OF ELECTRICITY.*
(Monthly Average 1923-24 = 100.)

Period.	Britain, excluding London and Wales.	Coal Mining, Iron and Steel, Shipbuilding, Heavy Engineering.	General Engineering and Automobile Construction.	Chemical.	Marine Transport, Docks, etc.	Textiles, Cotton, and Wool.
1926—Monthly average	119	100	138	162	134	120
1927	146	143	158	210	163	139
1928	156	150	177	237	190	147
1929	171	164	211	260	196	160
1930	167	152	216	234	215	156
1930—October	161	150	195	244	222	156
November	188	167	226	246	255	185
December	194	169	260	207	267	189
1931—January	197	169	271	209	274	194
February	193	164	255	218	256	193
March	184	162	245	243	247	180
April	158	136	206	197	210	148
May	148	124	196	178	191	135
June	149	126	195	205	206	151
July	142	117	204	208	192	143
August	145	121	182	197	197	145
September	187	130	222	213	212	168
October	176	149	240	219	232	180
November	199	168	268	227	256	207
December	207	173	276	196	268	219
1932—January	193	160	266	165	258	207
February	204	165	271	212	266	214

* Prepared by the economic and statistical department of the British Electrical and Allied Manufacturers' Association.
† Increase due to special causes.

ELECTRICAL INDUSTRY.

Some slight improvement is noticeable in manufacturing activity.

INDEX OF NEW ORDERS RECEIVED BY ELECTRICAL MANUFACTURING INDUSTRY.*

Period.	Home.	Export.	Total
1926—Monthly Average	84	100	88
1927	87	195	114
1928	75	112	85
1929	83	157	102
1930	66	211	103
1930—September	63	221	103
October	64	181	94
November	61	171	89
December	75	152	95
1931—January	69	150	90
February	66	123	78
March	62	126	74
April	60	130	76
May	63	137	79
June	65	128	78
July	62	142	80
August	51	132	70
September	47	130	67
October	48	119	62
November	53	119	65
December	46	114	59
1932—January	45	106	56
February	47	111	58

* Copyright of the British Electrical and Allied Manufacturers' Associations.

MOTOR INDUSTRY.

During the last month business has shown a slight improvement, chiefly in the overseas division. Exports for private cars have increased by over 1,000 on February, 1931, and commercial vehicles during the same comparative periods have risen from 407 to 567, although their value has decreased by over £23,000. The latest new registrations in Great Britain (January, 1932) show a decrease of 4.1 per cent. for private cars and 8.4 per cent. for commercial vehicles on the corresponding month of last year. Registrations for motor cycles rose by 6.4 per cent. in January, 1932, compared with 1931. It should be noted that this increase in motor cycle registrations is largely due to tricycles; the industry on the whole, including the export market, is showing no signs of improvement over last year.

THE COTTON TRADE.

Although progress by cotton spinners and manufacturers has not been rapid, there has been some improvement in the position of numerous firms. On the whole, sales have been larger than output, and more cases are reported of producers increasing production, and thus reducing unemployment. Buyers are also beginning to display more confidence in current prices. Fluctuations have occurred in raw material prices, but on balance there has not been much change in the level of values. The general inquiry in piece-goods for abroad has been on a healthier scale. A feature of interest has been the improved demand for India, especially in light goods and fancies. Increased activity has taken place for Calcutta, but makers of dhooties are still in need of bulk orders. Freer operations have been received from Bombay. There has been a good deal of comment at the freer purchasing of fine mulls for Rangoon. Advances stopped have now been resumed, and rather more fresh business has been done, especially for Hong Kong. Some manufacturers have met with an increased turnover for Singapore, Java and the Straits Settlements. Although more offers have been about for Egypt, the turnover continues comparatively poor. More favourable support has been met with from certain African outlets, South America and the Continent. Irregular operations have occurred in home trade fabrics. Most manufacturers in Blackburn and Preston are more favourably situated than a month ago. The turn-larger scale, but it is still exceedingly difficult for spinners to improve their margins as supplies of most counts and qualities are generally plentiful. The better demand in bundles for India has been maintained, and a few more contracts have been arranged for China.

THE WOOL TEXTILE TRADES.

Once more a good demand has been experienced at the London sales, though the inability of Germany to purchase her normal quantity affected the sale of cross-breeds. Still, competition was active, and the sales closed on a firm note, especially in regard to merinos. This has brought out more inquiry for tops at Bradford, and sellers are now able to display a firmer attitude, and a fair amount of business is passing, including some orders from the Continent. Spinners are still occupied on old contracts, but fresh inquiries for piece-goods are beginning to come forward, but the home trade is unchanged.

THE JUTE TRADE.

Raw material prices have lately been firmer with buyers showing greater reserve. Sowings for the new crop are now proceeding, and it is expected that they will be less than last year, but definite information is not yet available. At Dundee demand for yarns is very quiet, apart from some heavy purchases of carpet twist. Sales of cloth remain poor.

RAYON.

The turnover in yarns has been well maintained, and the general outlook is fairly promising. There are some large orders on hand for both hosiery and weaving yarns, and most producing companies are well booked up with orders. Business in acetate yarns has not been quite so brisk, but there is still plenty of work on hand. The home trade is providing the bulk business in rayon fabrics, but there is rather more moving on export account.

THE LINEN TRADE.

All classes of flax are very firm at recent advances. Operations in yarns have been restricted by the reluctance of producers to take on further contracts. Prices are very firm and all spinning plants are heavily engaged. There has been a gratifying expansion in general cloth business. Buyers' most insistent demand is for delivery, and this has led to a large increase in the number of looms in operation. Demand for home trade requirements is a special feature.

BOOTS AND SHOES.

Northampton reports business to be irregular, and the Easter trade has been disappointing. Orders for women's shoes are better than those for men's shoes. Inquiries from abroad are now falling away, partly because of foreign tariff increases. Bristol trade is also disappointing, with a noticeable absence of repeat orders.

POTTERY.

Demand for china is very dull, but earthenware manufacturers are more active. Good orders were taken at the British Industries Fair, and these have improved the outlook.

THE CHEMICAL INDUSTRY.

There has been a fair amount of interest in chemical markets during the past month, an active spot business in imported products being transacted before the tariff duties came into force on March 1st. Acetone and potassium permanganate continue good items in the industrial chemicals section. Formaldehyde and acetic acid are in satisfactory demand, and sales of sulphuric acid are increasing. There has been a steady improvement in the wood distillation industry, methyl acetone and charcoal being particularly good items. Sales of most coal tar products have been satisfactory. Pitch and refined tar are in good demand, but stocks of cresylic acid are large and business poor. Amongst pharmaceutical chemicals, sales of benzoic acid, phenacetin and lactic acid have been on a good scale. Owing to a considerable reduction in the price of crude iodine, quotations for iodides are considerably lower.

There has been more activity in the essential oils market. The Board of Trade figures for February show a decided improvement in the value of exports of chemicals, drugs, dyes and colours. For the first time for many months an increase is shown on the previous year, the figures being approximately £1,300,000 for February, 1932, and £1,200,000 for the same month of 1931. The value is, however, only about two-thirds that for February, 1930. The most disappointing products during the month were ammonium chloride and sulphate. Probably owing to the tariff there was a considerable increase in the value of chemical products imported during February.

AGRICULTURE.

According to an official report, autumn-sown crops are looking very well apart from some slight damage to oats by frosts and cold winds. Conditions have on the whole been favourable for spring cultivation, especially on light and medium soils, but rain is beginning to be badly needed. Spring sowing has taken place a little earlier than usual. The lamb-fall has been about average. Cattle generally are in normal condition, and milk yields average, except in the case of cows foddered on hay of inferior quality. Sheep on turnips are doing well.

SHIPPING.

There are few developments to record in the freight markets. Except for moderately active Argentine grain chartering, business remains at a minimum. The trouble in China has been a serious interference with Far Eastern trade; coal traffic has undergone in all directions a further shrinkage; and the tone of the markets has weakened appreciably.

BUILDING.

According to the Ministry of Labour's information, employment remained bad during February, except in a few districts such as Gateshead, parts of Wiltshire, Southend-on-Sea and Weymouth. The percentage of unemployment was 32.5, against 32.8 in January and 25.5 in February, 1931. According to returns furnished by 145 urban authorities, plans passed for new buildings in February comprised a total estimated cost of £4,596,300, against £4,314,900 in January and £5,713,300 in February, 1931. Of the total for February, 1932, dwelling-houses accounted for £3,135,100, factories and workshops for £150,800, shops, offices, warehouses and business premises for £420,900, and other buildings and alterations and repairs for £889,500.

RETAIL TRADE.

According to the experience of a leading London store, business during the last month has shown a slight improvement.

INDICES OF BUSINESS ACTIVITY.

1924 = 100.

Period.	Net Imports.		Consumption of		Consumption of Power.		Volume of Employment.				Merchandise on Railways.	Provincial Bank Clearings.	Postal Traffic.	Shipping Movements.	London Bank Clearings.	Exports British Manufactures.	Foreign Trade Turnover. (Quarterly Figs.)
	Raw Materials.	Non-Ferrous Metals.	Iron and Steel.	Cotton.	Rubber.	Coal.	Electricity.	Heavy Industry.	"General" Industry.	Miscellaneous Services.	Total.						
Monthly Average.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
1925	107	107	89	116	137	93	101	90	101	103	101	98	102	103.5	98	104	101.5
1926	107a	100	57	98	175	72	92	57	101	104	95.5	88	94	103.5	90	109	94
1927	113a	106	133	113	197	106	109	87	108	108	105	99	102	109.5	105	117	104.5
1928	101	113	88	103	212	99	110	82	108	110	105	93	100.5	114	106.5	125	108
1928	113	120	103.5	106	271	106	116	84.5	109.5	112	107	95	99	115.5	111.5	130	109
1929	101	117	103	76	340	106	112	77.5	101.5	112	103	88	91.5	117	109.5	140	87.5
1930	101	117	103	76	334	102	...	65.5	96	114.5	99	79	91.5	116.5	102	129	65c
1931	95c	105	92	78	334	102	...	65.5	96	114.5	99	79	91.5	116.5	102	129	65c
"Corrected" average for 3 months ended:																	
1931—Feb. ...	107	107	90	70	418	111	123	72	95	112	98.5	78	95	120.5	94	144	67
Mar. ...	98	102	84	64	355	112	126	70	95	113	98	79	95	121.5	92	146	66
Apr. ...	92	117	78	64	371	108	118	69	96	114.5	98.5	78	94	120	93	139	63
May ...	96	118	82	66	309	102	108	67	97	115	99	78	93	118	99	142	66
June ...	93	126	83	68	323	96	101	65	97	116	99.5	76	91	115.5	103	143	63
July ...	88	118	88	74	354	93	97	63	96	116	98.5	77	92	114.5	109	148	66
Aug. ...	83	111	83	72	410	90	96	62	95	115.5	98.5	77	92	113.5	111	139	64
Sept. ...	78	103	77	75	365	90	98	62.5	94.5	115	98.5	77	89	112	110	131	66
Oct. ...	75c	95	79	70	365	93	105	63.5	95	115	98.5	79	88	112	108	120	64c
Nov. ...	81c	99	91	86	243	100	118	64	96	115	99	83	86	114	104	109	64c
Dec. ...	95c	94	98	96	266	107	128	65	98	115.5	100	83	92	116.5	101	101	64c
1932—Jan. ...	106c	97	92	107	238	109	131	65	97.5	116	100	...	94	119.5	96	91	64c
Feb. ...	104c	100	88	102	298	106	133	64.5	98	116.5	100.5	...	97	119.5	93	90	64c
Feb., 1925.....	143	104	100	132	115	104	114	95.5	101.5	100.5	100	98	105	103.5	93	104	105
Feb., 1926.....	135	107	82	127	171	108	115	93	104	104	102.5	97	106	108.5	94	107	105
Feb., 1927.....	129a	106	154	115	132	106	118	85	104	105	101.5	94	100	109.5	94	111	91
Feb., 1928.....	107	125	106	107	175	119	124	86.5	107.5	108.5	105	94	106	115	95	122	103
Feb., 1929.....	129	123	66	111	263	114	130	83.5	106.5	110	104.5	89	107	115	99	134	109
Feb., 1930.....	126	134	123	102	309	114	131	84.5	107	112.5	106	93	100	121	102	132	100
Feb., 1931.....	107	107	90	70	418	111	123	72	95	112	98.5	78	95	120.5	94	144	67
Feb., 1932.....	104c	100	88	102	298	106	133	64.5	98	116.5	100.5	...	97	119.5	93	90	64c

a Excluding coal imports.

c Provisional figures.

STATE OF TRADE ABROAD.

The American banking reforms have served to check bank failures and note hoarding, and there is some prospect of an alleviation of exchange restrictions in South America. Otherwise no improvement in the world situation is apparent.

BRITISH EMPIRE.

Australia.—Confidence is now reviving, and the favourable trade balance of £21 millions for the past seven months has created a good impression. Export trade is good, but internal trade is no better except in the textile industries, and unemployment remains serious. Rain is needed in Queensland, but elsewhere farming and grazing conditions are favourable. The wheat harvest exceeded estimates, and export trade is active. The season's wool sales amounted to 2,000,000 bales. Prices are now a little easier.

Canada.—Business is no better, for increased activity in some industries such as boots and shoes is offset by a curtailment of operations in the textile and other trades. The iron and steel industries are working far below capacity, and exports of flour have fallen away since last year to the detriment of the milling industry. Wholesale prices are again falling after the pause in their downward trend experienced last autumn.

India.—Bombay reports raw cotton prices to be very firm, with a fair demand for American cotton. The Broach and Dholera crops are now arriving, and the former is of unusually good quality. Trade in Manchester goods is restricted by political pressure, but a fair amount of business has been done for up-country. Sales of Japanese goods have been satisfactory, but business in Bombay goods has been interrupted by the closing of the cloth market, and orders have been lost to Ahmedabad. Calcutta reports the jute market to have been quiet. The tea sales have come to an end until June.

South Africa.—Christmas and New Year trade exceeded anticipations, but even so, compared unfavourably with previous years. Collections have in some cases proved difficult. Wool has lately been moving with greater freedom in consequence of the increase in the export subsidy from 10 to 25 per cent. Rain was needed in the maize areas at the end of January.

EUROPE.

France.—The coal trade remains very depressed, and though prices are nominally unchanged, it is believed that the removal of the surtax upon British coal has forced certain districts to grant rebates. The outlook in the iron and steel trades is perhaps a little better. Makers of plates are fairly active, and the comptoir for thin sheets has now been successfully started, while it is hoped that the foundry iron comptoir will soon be established. Belgian competition in steel merchant products is being felt. Conditions in the silk textile trades have improved. Flax exports to Great Britain are increasing. Cotton and jute prices are firmer, and orders for yarns are coming forward more freely. Roubaix wool-combers are only working at 50 per cent. of capacity, and some spinners are only working three days a week. Other spinners, however, are better employed, and a bigger demand for dress goods is noticeable.

Belgium.—Demand for house coal is a little better, but trade in industrial fuel is unchanged. The recent appreciation of sterling has proved of no benefit to the steel trade, where business remains very poor. Antwerp produce markets remain inactive, but the outlook is thought to be a little more hopeful.

Germany.—The industrial situation remains no better, and it has been calculated that early in the year industry taken as a whole was only working at 40 per cent. of capacity. The foreign trade position has grown perceptibly worse during January and February, and this has made inevitable a further tightening of the exchange regulations. The reduction in the Reichsbank's rediscount rate from 7 to 6 per cent. in early March is regarded as the first hopeful sign since the intensification of the crisis last summer.

Holland.—It is still too early to see the effect of the recent imposition of import quotas, but an extension of the quota system is under consideration, and a Bill has also been introduced to set up clearing systems in respect of import and export trade with countries subject to exchange restrictions. Meanwhile there is some evidence that the quota upon imported boots and shoes has revived the home industry. Against this, the Dutch dairy industry has been seriously hit by the recent increase in the German butter duty. The financial situation remains sound, and the Kreuger difficulties have had little effect in Holland.

Scandinavia.—Attempts are still being made to circumscribe the consequences in Sweden of M. Kreuger's death. There is a general disposition to recognise that the strength and value of his industrial enterprises, as distinguished from his financial operations, should be unimpaired, though their sub-division into smaller independent units may be necessary. No change either way has so far taken place in the timber and wood-pulp industries. Norway reports that a further increase in laid-up tonnage occurred during February, the final figures for the month being 363 vessels of 1,606,390 tons. The reconstruction schemes of the Bergens Privatbank and Den Norske Creditbank have been approved by the shareholders, and the Bank of Norway, under authority from the Storting, has placed liquid funds at the disposal of the banks, which therefore were both able to reopen on March 15th. Norway was not much affected by M. Kreuger's death.

Switzerland.—Exports to Great Britain received some stimulus during February from the approach of the British tariff, but the position of all export industries, except that of aniline dyes, which has consistently gained ground, is very difficult. This is mainly

due to foreign trade and exchange restrictions, but is also partly due to price divergencies. Thus English textiles are now definitely cheaper than corresponding Swiss goods.

UNITED STATES OF AMERICA.

Business sentiment improved during February, but actual gains were slight. The reduction in bank failures and in the private hoarding of currency reflected the improvement in the credit situation. The industrial improvement was confined chiefly to consumers' goods, and the seasonal expansion in the basic industries was below normal. Steel mill operations averaged 27 per cent. of capacity, and the automobile industry was awaiting developments in the field of low-priced vehicles. There was a slight improvement in building construction, but freight movements showed a decline of 20 per cent upon last year.

AMERICAN TRADE STATISTICS—FEBRUARY, 1932.

	Jan., 1932.	Feb., 1932.	Compared with Feb., '31.
EMPLOYMENT —(June, 1914=100)†	69.0	68.8	— 21.4
PRODUCTION —			
Bituminous coal (Thous. tons)	27,860	27,000*	— 4,000
Pig-iron (" ")	973	964	— 743
Steel (" ")	1,461	1,460	— 1,067
Unfilled orders, U.S.			
Steel Corporation (Thous. tons) ...	2,648	2,546	— 1,419
Building permits (Thous. \$)	42,430	41,009	— 54,887
CONSUMPTION OF ELECTRIC ENERGY (1923-25 = 100)	93.9	99.6	...
FOREIGN TRADE —			
Imports (Thous. \$)	135,203	131,000*	— 44,000
Exports (" ")	149,901	155,000*	— 69,000
TRANSPORT —			
Monthly average of weekly car loadings (Thous. cars)	567	561	— 148
SECURITIES —			
30 industrial stocks—			
Highest quotations†	85.88	85.98	— 68.38
Lowest quotations†	71.24	71.80	— 96.91
Thous. shares sold during month —(New York).....	34,342	31,719	— 32,426
New securities issued (Thous. \$) ...	181,019	70,025	— 131,070
BANK CLEARINGS —			
New York (Million \$)	16,684	13,219	— 8,004
Other cities (" ")	9,436	7,867	— 3,574
RETAIL BUSINESS —			
Total sales, mail order houses‡ (Thous. \$)	32,439	31,226*	— 7,549

* Preliminary estimates made by Messrs. Moody, subject to revision. † Based on reports of U.S. Labour Bureau and of Bureau of the States of New York, Wisconsin, and Pennsylvania. ‡ Average of actual prices. § Partly estimated.

LATIN AMERICA.

On the basis of the new taxation measures, the Argentine Budget for 1932 is estimated to provide a surplus of 50,000,000 pesos (paper), and the Minister of Finance has declared that there will be no moratorium on the external debt. Liabilities in commercial failures rains have fallen over the maize districts and the crop is now safe, some 40 per cent. of the whole. Chilean trade conditions generally better. According to recent reports, Chile proposes to suspend the relief to the nitrate and copper industries. Brazilian trade conditions remain depressed, especially in the import trades, which are affected by the difficult exchange situation. The local manufacturing outlook is still difficult. In Peru the local manufacturing outlook is still difficult. An important Decree has recently been issued in Mexico, under which the Central Banking Council has been dissolved and certain reserve deposits will be returned to the authority for the issuance of its notes against rediscunts, as well as the coinage of silver. Following the recent political disturbances in Salvador, credit conditions there became difficult, and the Government has been obliged to declare a moratorium, as well as the country's departure from the gold standard.

THE FAR EAST.

Japanese export trade with China has been seriously affected by the crisis, for the February returns revealed a decrease of 48 per cent. below the corresponding 1931 figure. Trade in cotton piece-goods has become more active owing to the temporary closing of the Chinese mills. Exports of cotton yarn and rayon have been good, but sales of raw silk less satisfactory. The Bank of Japan reduced its rate from 6.57 to 5.84 per cent. on March 12th in recognition of an easing of the Shanghai crisis and in furtherance of the Government's policy since the suspension of the gold standard to afford every possible assistance to industry.

PRODUCTION. (Thousands of Metric Tons.)

Period. Monthly Average.	United Kingdom.	Belgium.	Osecho-slovakia.	France.	Germany.	Nether-lands.	Poland.	Russia.	Canada.	South Africa.	India.	Japan.	United States.	LIGNITE.		
														Czechoslovakia.	Germany.	Hungary.
1913.....	24,337	1,903	1,189	3,338	15,842	156	748	...	1,119	665	1,311	1,776	43,088	1,927	7,269	460
1927.....	21,272	2,296	1,168	4,316	12,800	777	3,174	2,683	1,028	1,006	1,790	2,794	45,197	1,635	12,542	820
1928.....	20,107	2,298	1,213	4,280	12,572	891	3,385	2,885	1,037	1,013	1,826	2,822	43,052	1,704	13,798	843
1929.....	21,837	2,244	1,377	4,486	13,620	m965	3,853	3,362	1,023	1,052	1,893	2,855	45,610	1,880	14,598	887
1930.....	20,639	2,284	1,214	4,490	11,891	m1,018	3,127	3,932	864	991	1,913	2,448	40,176	1,602	12,158	818
1931.....	18,641	2,253	1,104	4,160	9,885	m1,075	3,190	...	701	880	1,729	...	33,085	1,497	11,102	509
1931—February....	19,224	2,179	1,057	4,244	9,794	938	2,784	...	687	840	2,295	2,116	33,384	1,456	9,514	488
March.....	19,702	2,407	1,118	4,535	10,607	1,077	2,998	3,878	709	863	2,098	2,312	35,031	1,520	10,064	475
April.....	18,872	2,318	1,081	4,203	9,606	1,060	2,902	4,056	700	857	1,921	2,171	31,006	1,486	9,597	422
May.....	17,564	2,096	960	4,014	9,337	997	2,677	3,910	737	894	1,684	2,110	30,226	1,223	10,497	390
June.....	18,118	2,293	998	4,106	9,492	1,106	2,784	...	747	915	1,593	2,092	30,594	1,249	11,827	394
July.....	17,357	2,306	1,082	4,037	10,039	1,167	3,197	...	684	982	1,410	2,130	30,612	1,338	12,052	443
August.....	16,368	2,189	1,057	3,933	9,518	1,068	3,301	...	594	914	1,306	1,887	31,614	1,368	11,021	436
September....	18,247	2,300	1,175	4,074	9,847	1,121	3,482	...	729	840	1,554	2,216	38,329	1,723	12,724	684
October.....	19,986	2,360	1,233	4,289	10,321	1,156	3,763	...	729	861	1,547	2,135	31,072	1,739	11,401	655
November....	18,883	2,082	1,184	4,076	9,615	1,085	3,740	...	729	861	1,847	...	31,689	1,702	11,204	618
December....	19,887	2,062	1,151	3,882	9,021	1,069	3,184	...	660	809	1,867	...	28,809	1,339	9,596	...
1932—January....	18,973	2,132	1,036	3,840	8,703	1,025	...	...	...	...	...	...	28,000	...	...	...
February.....	18,299	...	...	3,803	...	...	...	...	...	...	...	...	...	...	...	...

PIG IRON.

Period. Monthly Average.	United Kingdom.	Belgium & Luxembourg.	France.	Saar.	Germany.	Sweden.	Russia.	Canada.	United States.	STEEL.						
										United Kingdom.	Belgium & Luxembourg.	France.	Saar.	Germany.	Sweden.	Canada.
1913.....	869	419	434	114	1,397	61	...	85	2,601	649	307	391	159	1,467	62	88
1927.....	617	537	778	148	1,091	35	252	60	3,036	770	513	696	158	1,359	44	77
1928.....	560	552	832	161	984	33	281	88	3,167	722	539	792	173	1,205	61	108
1929.....	643	583	864	175	1,117	41	360	92	3,580	816	569	808	184	1,354	60	117
1930.....	625	489	836	159	808	38	418	63	2,659	618	471	787	161	962	52	88
1931.....	318	440	685	126	505	32	...	36	1,547	438	430	651	128	691	46	57
1931—February....	323	409	728	138	520	35	414	47	1,734	494	389	693	159	760	44	84
March.....	363	441	778	149	560	38	414	58	2,066	508	420	722	140	811	49	101
April.....	328	429	738	136	529	42	413	55	2,052	404	417	675	150	743	52	93
May.....	352	440	725	130	555	37	410	51	2,026	442	418	674	142	744	49	76
June.....	329	450	691	119	575	29	410	67	1,665	436	445	650	135	779	37	56
July.....	322	466	679	121	569	35	410	41	1,487	436	466	650	121	803	40	46
August.....	280	473	680	117	499	31	410	24	1,301	363	465	644	120	649	45	53
September....	252	456	655	121	438	28	421	18	1,188	406	453	656	119	533	52	34
October.....	289	444	637	125	434	29	444	12	1,192	465	445	626	128	603	51	31
November....	301	425	567	110	427	25	450	15	1,121	467	415	538	126	548	47	29
December....	336	397	543	100	352	26	431	14	996	429	437	535	105	438	48	21
1932—January....	338	397	502	112	358	23	494	10	988	429	388	469	93	400	36	25
February.....	323	...	...	...	...	...	...	...	980	488	...	...	111	...	...	...

a Figures for Luxembourg communicated by the "Groupe des Industries Sidérurgiques." b Including ferro alloys. c Excluding castings. d Saleable coal; since end 1921 excluding Ireland. e British Provinces only. f Establishments whose production in 1930 amounted to 95-21% of the total. g Excluding Luxembourg. h Since 1922, excluding Polish Upper Silesia. i Coal sold. j Until end 1928 saleable coal. k Including coal waste. l Including lignite. m Provisional figure.

WHOLESALE PRICES.

Monthly Average.	U.K.		Belgium.	Czechoslovakia.	Denmark.	France.	Germany (Official).	Holland.	Italy (Bachl).	Norway.	Poland.	Russia.	Spain.	Sweden.	Switzerland.	Australia.	British India.	Canada.
	Board of Trade.	Economist.																
1913.....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1927.....	141.6	137.6	847	979	153	617.2	137.6	148	495	167	100.0	174	172	146	142.2	167.0	148	182.7
1928.....	140.3	135.1	843	979	153	619.6	140.9	149	462	157	101.0	173	167	148	144.6	164.7	145	150.6
1929.....	136.8	127.2	851	924	150	611.4	137.2	142	446	149	95.7	180	171	140	141.2	165.7	141	149.4
1930.....	119.5	106.8	744	817.9	130	535.8	124.6	117	386	137	82.3	187	172	122	126.6	146.7	117	135.3
1931.....	104.1	89.3	626	107.5	114	464.8	110.9	97	330	137	70.5	187	172	122	126.6	146.7	117	135.3
		b							d	e	f	g	h	i	j	k	l	m
1931—February.....	106.2	91.6	658	108.8	117	481.7	114.0	104	338	126	72.1	...	178	114	114.7	133.1	99	118.8
March	105.9	91.1	660	110.5	116	481.7	113.9	103	339	124	72.5	...	174	113	113.6	133.8	100	117.7
April	105.7	90.0	652	110.3	115	483.7	113.7	102	337	123	74.1	...	172	112	112.2	133.0	98	116.6
May	104.4	87.5	640	108.7	113	470.1	113.3	102	332	121	74.9	...	169	110	110.4	132.4	97	114.4
June.....	103.2	87.5	642	112.1	110	467.1	112.3	100	327	120	73.2	...	169	110	109.5	131.3	93	112.6
July.....	102.2	86.0	635	107.8	110	456.3	111.7	97	324	120	70.3	...	175	110	109.5	131.3	93	112.6
August.....	99.5	85.7	636	107.8	110	456.3	111.7	97	324	120	69.0	...	177	109	108.1	128.6	92	110.8
September	99.2	85.7	636	107.8	110	456.3	111.7	97	324	120	69.0	...	177	109	108.1	128.6	92	110.8
October	104.4	90.1	591	104.3	113	414.2	107.1	89	322	119	66.3	...	175	108	106.4	128.9	96	110.9
November.....	106.4	90.7	584	103.8	117	408.3	106.6	89	320	119	68.2	...	176	110	106.2	131.3	97	110.0
December.....	105.8	90.6	573	102.3	119	404.4	103.7	85	319	122	64.6	...	177	111	105.1	131.0	98	109.9
1932—January.....	105.8	90.0	557	101.4	118	405.4	100.0	84	317	123	64.1	...	...	109	101.4	130.0	97	108.0
February.....	105.3	92.2	...	...	119	412.3	99.8	...	314	123	...	...	...	...	...	...	...	...

FINANCE.

Notes in Circulation. (000,000 omitted.)

Period.	United Kingdom.	Austria.	Belgium.	Bulgaria.	Czechoslovakia.	Denmark.	Finland.	France.	Germany.	Greece.	Hungary.	Jugoslavia.	Netherlands.
End of	Bank of England Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Reichsbank Notes.	"Rentenbank."	Bank Notes.	Bank Notes.	Bank Notes.
	£	Schilling.	Francs.	Leva.	Koruna.	Kron.	Markat.	Francs.	Reichsmark.	Reutenmks.	Drachms.	Pengö.	Dinars.
1913	29.6	...	1,067	189	...	152	113	25,714	2,742	...	245	...	313
1926	381.0	947	9,646	3,481	8,203	386	1,346	52,449	3,736	1,164	4,865	471	...
1927	382.3	1,005	10,951	3,727	8,417	354	1,514	56,301	4,564	...	4,966	487	...
1928	378.3	1,067	12,358	4,173	8,466	360	1,513	62,181	4,930	...	4,966	513	...
1929	368.8	1,094	14,683	3,609	8,230	367	1,361	68,571	5,044	...	5,193	501	...
1930	368.8	1,090	16,419	3,296	7,824	360	1,279	76,436	4,778	...	4,803	469	...
1931	364.2	1,183	18,270	2,919	6,935	346	1,293	85,725	4,776	...	4,003	423	...
1931-Jan.	346.8	979	16,031	3,059	6,608	341	1,231	78,558	4,383	...	4,421	446	...
Feb.	347.7	978	16,067	3,029	6,571	340	1,305	78,947	4,383	...	4,421	446	...
Mar.	348.8	978	15,822	3,129	6,599	341	1,320	77,864	4,456	...	4,421	446	...
Apr.	349.8	984	15,394	3,218	6,609	354	1,301	77,231	4,477	...	4,421	446	...
May	354.9	1,141	16,092	3,183	6,732	342	1,257	78,185	4,299	...	4,421	446	...
June	352.8	1,111	15,967	3,283	6,988	342	1,257	78,185	4,299	...	4,421	446	...
July	359.4	1,205	16,791	3,209	7,017	336	1,204	76,927	4,295	...	4,421	446	...
Aug.	350.3	1,095	16,613	3,338	6,979	330	1,189	76,635	4,454	...	4,421	446	...
Sept.	357.2	1,111	17,283	3,335	7,172	334	1,201	78,173	4,454	...	4,421	446	...
Oct.	356.0	1,134	17,008	3,185	7,218	366	1,264	83,639	4,454	...	4,421	446	...
Nov.	354.4	1,130	17,748	2,981	7,166	340	1,237	82,543	4,454	...	4,421	446	...
Dec.	364.2	1,183	18,270	2,919	6,935	346	1,293	85,725	4,776	...	4,003	423	...
1932-Jan.	345.9	1,093	18,360	2,730	6,808	325	1,220	84,723	4,407	...	4,003	423	...
Feb.	346.4	1,044	18,576	2,672	6,693	321	1,271	83,189	4,268	...	4,003	423	...

Period.	Italy.	Norway.	Poland.	Roumania.	Russia.	Sweden.	Switzerland.	Australia.	Canada.	South Africa.	Egypt.	United States.	Japan.
End of	Bank Notes.	State Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.
	Lire.	Lire.	Kroner.	Zloty.	Leu.	Gd. Rbls.	Rbls.	Kronor.	Francs.	£	£	Dollars.	Yen.
1913	12,284	499	108	...	437	...	...	234	314	...	...	...	...
1926	18,400	1,793	337	593	428	20,951	398	797	525	...	...	...	...
1927	17,992	783	331	1,003	309	21,025	400	874	525	...	...	...	...
1928	17,295	161	316	1,295	244	21,211	730	917	518	...	...	...	...
1929	16,774	80	318	1,340	259	21,144	1,028	953	48.7	...	...	...	...
1930	15,680	668	312	1,328	241	19,605	1,946	999	45.3	...	...	...	...
1931	14,295	...	334	1,218	241	23,755	...	1,609	48.2	...	...	...	...
1931-Jan.	15,212	...	290	1,277	241	18,449	1,946	533	49.9	...	...	...	...
Feb.	15,129	...	287	1,284	236	18,109	1,947	545	961	...	...	...	...
Mar.	15,034	...	296	1,261	241	18,341	1,992	544	961	...	...	...	...
Apr.	14,883	...	296	1,259	238	18,630	1,947	544	961	...	...	...	...
May	14,722	...	291	1,222	237	18,709	1,891	548	988	...	...	...	...
June	14,683	...	296	1,230	238	18,715	2,013	542	990	...	...	...	...
July	14,678	...	296	1,254	237	19,401	2,110	562	1,078	...	...	...	...
Aug.	14,323	...	294	1,248	240	21,161	2,207	567	1,293	...	...	...	...
Sept.	14,474	...	302	1,228	242	21,861	...	567	1,293	...	...	...	...
Oct.	14,441	...	295	1,254	244	23,243	...	567	1,293	...	...	...	...
Nov.	14,254	...	288	1,211	238	23,519	...	567	1,293	...	...	...	...
Dec.	14,295	...	334	1,218	241	23,755	...	567	1,293	...	...	...	...
1932-Jan.	13,971	...	311	1,152	236	22,713	...	567	1,293	...	...	...	...
Feb.	13,971	...	303	1,151	...	22,542	...	567	1,293	...	...	...	...

a Until November, 1928, including State notes, then transferred to Bank. b May. c In terms of new lire = 8,373 millions. d Excluding Government notes. e Gross issue. f Excluding Government notes. g Since January, 1926, excluding notes held by Reichsbank. h Token coin 234 million zloty. i Since January, 1926, excluding notes held by Bank of Poland. j In terms of new francs. k Since May, 1922, including Luxembourg. l Since Oct., 1926, including Government Notes of 5 and 10 francs to value of 1,829 millions. m Since 1920, including Austria. n Since 1920, including Government Notes of 5 and 10 francs to value of 700 to 750 million. o Provisional figure. p Provisional figure. q Provisional figure. r Provisional figure. s Provisional figure. t Provisional figure. u Provisional figure. v Provisional figure. w Provisional figure. x Provisional figure. y Provisional figure. z Provisional figure. aa Provisional figure. ab Provisional figure. ac Provisional figure. ad Provisional figure. ae 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LONDON RATES OF EXCHANGE.

	Paris.	Brussels.	Milan.	Zurich.	Madrid.	Amster- dam.	Stock- holm.	Oslo.	Copen- hagen.	Berlin.	Vienna.	New York.	Buenos Aires.
	France to £1.	Belgas to £1.	Lire to £1.	France to £1.	Pesetas to £1.	Florins to £1.	Kronor to £1.	Kronor to £1.	Kronor to £1.	Marks to £1.	Schillings to £1.	Dollars to £1.	Pence to Dollars.
Par level	124.21	35.00	92.46	25.22	25.22	12.107	18.159	18.159	18.159	20.43	34.58	4.86	47.62
Highest, 1931	124.48	34.98	93.03	25.26	26.25	12.12	19.12	19.12	19.12	30.00	34.80	4.86	41
Lowest, "	82.62	23.25	62.62	16.62	38.75	8.00	13.75	16.50	16.25	13.68	25.00	3.23	28
Beginning of—													
July, 1914	25.15	25.35	25.25	21.16	26.10	12.11	18.30	18.25	18.30	20.49	34.58	4.87	47
January, 1925	87.40	94.79	112.35	24.34	33.95	11.71	17.62	17.62	17.62	19.94	33.70	4.74	46
January, 1926	129.31	107.00	120	25.08	34.31	12.05	18.08	23.83	26.85	20.43	33.70	4.85	46
January, 1927	122.81	34.89	109.62	25.14	31.23	12.12	18.15	19.04	19.60	20.37	34.42	4.85	46
January, 1928	124.00	34.92	92.32	25.27	28.24	12.09	18.11	18.34	18.20	20.43	34.42	4.85	46
January, 1929	124.10	34.88	92.64	25.18	29.74	12.08	18.13	18.19	18.20	20.45	34.42	4.85	46
January, 1930	123.81	34.89	93.22	25.13	36.62	12.09	18.13	18.20	18.17	20.43	34.42	4.85	46
January, 1931	123.66	34.76	92.74	25.04	46.30	12.05	18.13	18.20	18.20	20.43	34.44	4.85	46
October	100.00	28.12	77.12	20.12	43.75	9.78	16.87	17.87	17.87	15.78	34.48	4.85	35
November	95.31	23.84	72.25	19.21	42.62	9.28	17.31	17.87	17.87	15.78	34.48	4.85	35
December	86.25	24.25	65.87	17.18	40.37	8.12	18.12	18.25	18.25	14.25	32.00	3.48	32
January, 1932	86.37	24.37	66.62	17.37	40.18	8.44	17.75	18.25	18.25	14.25	32.00	3.48	32
February	87.68	24.75	66.75	17.68	44.50	8.57	17.81	18.25	18.12	14.25	32.00	3.48	32
March	88.62	25.04	67.25	18.03	45.50	8.68	18.12	18.37	18.15	14.56	32.00	3.48	32

	Rio de Janeiro.	Monte Video.	Valpa- raiso.	Bombay.	Hong Kong.	Shanghai.	Japan.	Singa- pore.	Place.	Method of Quoting.	February Quotations.		
	Pence to Milreis.	Pence to Dollar.	Pence to £1.	Pence to Rupee.	Sterling to Dollar.	Sterling to Tael.	Sterling to Yen.	Sterling to Dollar.			Highest.	Lowest.	Average.
Par level	16	51	40	s. d. 1 6	s. d. 1 7	s. d. 2 1	s. d. 3 0	s. d. 2 4	New York.				
Highest, 1931	4	38	40.10	1 6	1 7	2 1	3 0	2 4	Feb., 1931	Dollars	4.86	4.85	4.859
Lowest, "	2	19	26.80	1 5	1 10	1 1	2 0	2 3	Jan., 1932	to £1.	3.50	3.31	3.430
									Feb., 1932		3.49	3.41	3.458
Beginning of—									Paris.				
July, 1914	16	51	40	1 3	1 10	2 6	2 0	2 4	Feb., 1931				
January, 1925	7	60	40.30	1 3	2 3	3 1	1 7	2 4	Jan., 1932	France	124.00	123.87	123.940
January, 1926	5	50	39.80	1 6	2 4	2 1	1 9	2 4	Feb., 1932	to £1.	89.37	85.25	87.110
January, 1927	5	50	39.65	1 6	1 11	2 5	2 0	2 3	Jan., 1932		86.81	86.75	87.80
January, 1928	5	51	39.35	1 6	2 0	2 7	2 0	2 3	Amsterdam.				
January, 1929	5	51	39.64	1 6	2 0	2 7	1 10	2 4	Feb., 1931	Florins	12.11	12.08	12.104
January, 1930	5	46	39.80	1 5	1 1	2 1	2 0	2 3	Jan., 1932	to £1.	8.75	8.31	8.541
January, 1931	4	35	39.89	1 5	1 1	1 5	2 0	2 3	Feb., 1932		8.43	8.68	8.555
September	3	28	39.69	1 5	0 11	1 3	2 0	2 3	Berlin.				
October	3	22	32.50	1 5	1 2	1 6	2 0	2 3	Feb., 1931	Rehms.	20.46	20.42	20.438
November	4	28	31.20	1 6	1 2	1 9	2 1	2 4	Jan., 1932	to £1.	14.61	14.06	14.484
December	4	31	28.00	1 6	1 4	1 10	2 7	2 4	Feb., 1932		14.31	14.62	14.534
January, 1932	4	31	28.00	1 6	1 5	1 10	2 7	2 4					
February,	4	31	28.80	1 9	1 5	1 10	2 7	2 4					
March	4	30	29.00	1 6	1 5	1 10	2 7	2 4					

† Francs to £1

‡ Pence to £1

§ Pence to £1

¶ Kroner to £1

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The tables in the following pages show summary figures for as many nations of the world as possible, and have endeavoured to combine brevity with comprehensiveness. The greater number of the figures are taken from the Monthly Statistical Bulletin of the League of Nations, supplemented from our records.

THE STATE OF TRADE AT HOME AND ABROAD.

RECENT and current reports as to the state of home trade are once more very conflicting. In many respects there is evidence of definite improvement. Thus the March trade returns record a small increase in raw material imports—nearly sufficient to neutralise the setback of the previous month—and also an expansion in exports of British manufactured goods to the highest figure recorded since July of last year. Steel production, too, though less than in February, compares very well with last year's monthly returns, and pig iron production was also well maintained, with a net increase of one during March in the number of furnaces in blast.

Unemployment also had a definitely downward seasonal trend. The percentage for March 21st was 20.8. This is the smallest figure since last May, and is also 0.7 points below that of March last year, this being the first time for over two years that any period of twelve months has shown a decrease. Improvements were recorded in a large number of staple industries. The major industries were well represented by building and coal-mining, engineering, most textile trades, the metal industries and motor and cycle manufacture, while employment was also better in the pottery and glass trades, in woodwork and printing, and in the distribution trades and hotel services. Against these, unemployment became worse in pig iron manufacture, constructional engineering, the boot and shoe and rubber industries and in dock and harbour services.

Thus most of the tangible indications unite in suggesting that trade is definitely more active, and up to a point this is confirmed by the reports from separate industries summarised upon another page. Yet it is difficult to find any real agreement that there has been a genuine improvement, and in some respects the outlook has become a trifle worse. First comes the unsettling effects of last month's appreciation of sterling. This coincided with a further depression of gold prices, with the result that since early March sterling wholesale prices have fallen heavily, and many markets and trades have been affected. This is particularly true of the cotton industry, where the relative activity of previous weeks has given place to dullness and depression.

The budget, too, in one sense came as a disappointment. It is true that by the time of its introduction all hopes of any remission of taxation had disappeared, but earlier in the year, when it first became clear that the budget had been balanced, some such hopes were entertained. Apart from this, many people, both in industry

and the City, are gravely disappointed that no further large-scale efforts in the direction of economy are being made, and that there is no prospect of an early lightening of a burden of taxation which they consider to be intolerable. They further hold that no revival in business can take place so long as taxation remains at its present grievous level, and to the extent to which these views are held it must be recognised that the present heavy direct taxation is reducing the incentive towards a trade revival.

Though welcomed in many industrial quarters, the recommendations of the Tariff Advisory Committee have also had an unsettling effect. Hitherto the main complaints have come from those industries which had previously had the benefit of a 50 per cent. Abnormal Importation Duty, and which now are in some cases to receive a duty of only 15 per cent. It is still too early to tell how the new tariff is affecting our internal and external trade. It seems fairly probable that our export trade will become more difficult than before, owing to defensive measures such as import quotas and exchange restrictions adopted by foreign countries who have to protect their balance of trade.

The introduction of the budget was followed by a reduction in Bank rate from 3½ to 3 per cent., so that in contradistinction with the situation of little over two months ago, money is now definitely cheap. Unfortunately, cheap money has so far been of little benefit except to the gilt-edged market, and so to the prospects of a conversion scheme. Requests for accommodation from commerce and industry are no greater in number, and there is no real revival in the new capital issue market.

Apart from a slight increase in industrial activity in certain Dominions and in France, overseas news is no better than in previous months. The position of Central Europe is rapidly going from bad to worse, while Sweden has been under the shadow of the Kruger revelations. In the United States the usual seasonal revival is lacking, while trade in South America is still dominated by exchange restrictions. Fortunately the first reports of the damage caused by the volcanic eruptions in the Argentine appear to have been greatly exaggerated. In the Far East, Japanese financial conditions remain difficult, and there is no improvement in industry. In short, the developments of previous months have been repeated, in that such progress as has been made in England has been largely offset by a further deterioration of the position abroad.

CAPITAL ISSUES.—(000,000's omitted.)

Period.	United Kingdom.	Austria.	Czechoslovakia.	France.	Germany.	Italy.	Netherlands.	Poland.	Romania.	Sweden.	Switzerland.	Belgium.	Japan.	United States.
Monthly Average.	£	Schilling.	Koruna.	Francs.	Mark.	Lira.	Gulden.	Zloty.	Lei.	Kroner.	Francs.	Ruppes.	Yen.	Dollars.
1913.....	16.3	...	...	...	...	...	...	...	...	...	...	...	...	...
1927.....	29.6	10.8	31	616	114.1	264	43	17.7	271	22	73	17	255	649
1928.....	30.8	12.0	60	876	110.0	450	50	27.1	384	31	57	24	335	676
1929.....	23.8	8.6	55	1,259	80.2	607	29	17.8	318	23	81	56	222	649
1930.....	22.3	4.8	38	1,832	46.6	514	47	17.5	460	21	125	24	205	587
1931.....	8.5	3.1	42	1,362	65.2	361	...	6.4	210	28	109	27	...	259
Jan.-Mar. 1932.....	31.3	4.0	32	2,309	73.5	474	52	18.2	379	17	134	34	133	715
Apr.-June.....	28.6	5.7	81	1,882	31.3	836	66	21.9	702	16	148	18	218	906
July-Sept.....	24.4	8.6	38	1,073	80.4	534	28	14.7	594	24	104	18	183	379
Oct.-Dec. 1931.....	24.8	3.7	28	2,365	31.4	211	45	17.3	164	28	116	26	285	346
Jan.-Mar. 1932.....	16.0	5.6	38	2,008	45.6	193	20	6.5	127	58	157	22	313	411
Apr.-June.....	13.3	1.6	86	1,311	110.5	533	36	9.6	492	33	111	25	240	320
July-Sept.....	3.0	2.7	20	565	85.5	374	17	7.6	124	11	92	45	303	205
Oct.-Dec. 1931.....	1.3	2.6	25	1,496	19.6	344	...	2.1	126	9	75	17	...	90
Dec. 1931.....	2.5	1.3	16	313	21.5	706	17	2.6	261	14	30	19	...	119
Jan. 1932.....	1.1	1.1	...	370	19.5	1101	20	...	124	12	57	...	...	...
Feb. 1932.....	9.5	...	...	815	...	...	...	...	...	8	...	...	...	...

Unless otherwise stated, the figures represent authorised share issue of new joint stock companies at home, and the increase of capital of existing companies. Bonus shares are excluded from the figures of the U.S.A., Roumania, Switzerland and Czechoslovakia. In the case of the Netherlands and the U.K. both bonus shares and conversions are excluded. c Excluding Treasury Bills. d Ex. large railway issues. e "Rivista Bancaria." f Issues exceeding Fls. 100,000 on the Dutch market including Colonial, and since Jan. 1925, foreign issues. m Since 1924, excluding amalgamations and conversions. n Until end 1922 paper mark. o "Société de Banque Suisse." invitation for subscriptions on Swiss market including obligations and Local Govt. loans. p India, compiled by "Commercial & Financial Chronicle." q Up to 1927, authorised issues, excluding western departments; since 1928 amounts actually issued, whole territory.

BANK RATES.

	1926.	1927.	1928.	1929.	1930.	1931.	1932.
	End of June	End of Dec.	End of June	End of Dec.	End of June	End of Dec.	End of Feb.
London.....	6%	5%	4%	4%	3%	3%	5%
Paris.....	6%	5%	5%	5%	3%	3%	5%
Berlin.....	6%	5%	5%	5%	3%	3%	5%
New York.....	3%	4%	4%	4%	3%	3%	5%
Amsterdam.....	3%	3%	3%	3%	3%	3%	5%
Brussels.....	7%	7%	5%	5%	3%	3%	5%
Rome.....	7%	7%	5%	5%	3%	3%	5%
Switzerland.....	3%	3%	3%	3%	3%	3%	5%
Vienna.....	7%	7%	5%	5%	3%	3%	5%
Warsaw.....	12%	9%	8%	8%	8%	8%	8%
Tokyo.....	7.3	6.57	5.84	5.48	5.48	5.48	5.48
Calcutta.....	4	4	5	7	6	7	6

* Federal Reserve. † 6% as from Mar. 10, 1932; 3½% as from Mar. 17, 1932. ‡ 6% as from Mar. 8, 1932. § 7% as from Mar. 17, 1932. || 5.8% as from Mar. 12, 1932. ¶ 6% as from Mar. 21, 1932.

LONDON BANKERS' CLEARING RETURNS.

	Town.	Metropolitan.	Country.	Total.
	£	£	£	£
1913.....	14,191,275	855,648	1,389,481	16,436,404
1926.....	35,346,429	1,650,757	2,817,468	39,814,654
1927.....	36,819,682	1,756,032	2,972,827	41,550,541
1928.....	39,311,117	1,854,129	3,039,422	44,204,729
1929.....	38,782,577	1,812,146	2,963,631	43,558,354
1930.....	38,782,577	1,812,146	2,963,631	43,558,354
1931.....	31,815,808	1,667,852	2,782,209	36,235,869
1932 (Mar. 16).....	7,815,455	382,868	617,949	8,816,272
1932 (Mar. 16).....	5,411,955	360,271	596,206	6,368,432

U.K. IMPORTS AND EXPORTS.—(000,000's omitted.)

	Food.		Raw Materials.		Manufactures.		Imports of		Exports of	
	Imports.	Exports.	Imports.	Exports.	Imports.	Exports.	Wheat.	Raw Cotton.	Sheep's & Lamb's Wool.	Cotton Piece Goods.
Monthly Average.	£	£	£	£	£	£	Owts.	Centals.	Centals.	Sq. Yds.
1913.....	24.2	2.7	23.5	5.8	34.3	8.8	8.8	1.8	0.7	589
1926.....	47.6	4.6	35.4	7.0	26.7	34.3	8.1	1.6	0.6	370
1927.....	41.9	4.2	32.7	3.9	26.3	51.4	8.1	1.5	0.7	470
1928.....	44.9	4.4	29.3	6.4	26.9	44.9	9.2	1.3	0.7	319
1929.....	44.3	4.5	27.9	5.8	25.7	48.2	8.6	1.1	0.7	343
1930.....	44.7	4.6	28.3	6.6	27.9	47.8	9.3	1.3	0.7	322
1931.....	39.8	4.9	20.9	5.3	25.6	36.6	8.8	1.0	0.7	306
1932.....	34.8	3.0	14.5	3.9	21.8	24.2	8.9	0.9	0.7	301
Jan. 1932.....	33.6	2.7	11.9	4.3	22.6	22.2	16.2	0.4	0.3	143
Feb. 1932.....	40.8	3.4	11.9	4.3	22.6	22.2	16.2	0.4	0.3	143
Mar. 1932.....	38.6	3.4	15.3	4.1	27.2	24.0	14.6	0.6	0.3	128
Apr. 1932.....	39.7	2.9	18.5	4.0	28.7	22.9	11.3	0.7	0.3	143
May 1932.....	31.5	2.8	16.9	3.6	13.3	22.7	7.6	2.0	0.5	126
June 1932.....	33.6	2.8	15.4	3.5	20.1	22.6	8.5	1.1	1.0	150
July 1932.....	...	...	...	...	...	...	...	...	...	180
Aug. 1932.....	...	...	...	...	...	...	...	...	...	180
Sep. 1932.....	...	...	...	...	...	...	...	...	...	180
Oct. 1932.....	...	...	...	...	...	...	...	...	...	180
Nov. 1932.....	...	...	...	...	...	...	...	...	...	180
Dec. 1932.....	...	...	...	...	...	...	...	...	...	180

* Yards.

RAILWAY STATISTICS.—(000,000's omitted.)

	Gross Receipts.		Freight Traffic (f).		Passenger Traffic (g).		Total.		Austria.		Germany.		Italy.		Canada.		United States.	
	Passengers.	Freight.	Merchandise.*	Coal, &c.	Minerals and other Merchandise.	Passengers.	Freight.	Total.	(b) (h)	(a)	(b) (h)	(a)	(c) (f)	(e) (g)	(c) (e)	(d)	(b)	(a)
1926—June.....	4.4	5.3	4.7	1.9	3.6	10.2	704	1,202	1,202	4,695	1,132	1,132	1,132	1,132	42,846	439,237	439,237	439,237
Dec. 1926.....	4.7	8.5	4.9	1.9	4.1	10.2	704	1,202	1,202	4,695	1,132	1,132	1,132	1,132	42,846	439,237	439,237	439,237
1927—June.....	6.1	8.8	5.1	1.5	5.8	10.2	704	1,202	1,202	4,695	1,132	1,132	1,132	1,132	42,846	439,237	439,237	439,237
Dec. 1927.....	4.8	8.7	5.1	1.7	4.8	10.2	704	1,202	1,202	4,695	1,132	1,132	1,132	1,132	42,846	439,237	439,237	439,237
1928—June.....	5.5	8.3	4.8	1.4	5.3	10.2	704	1,202	1,202	4,695	1,132	1,132	1,132	1,132	42,846	439,237	439,237	439,237
Dec. 1928.....	4.6	8.3	4.7	1.6	4.8	10.2	704	1,202	1,202	4,695	1,132	1,132	1,132	1,132	42,846	439,237	439,237	439,237
1929—June.....	5.2	8.4	4.8	1.5	5.6	10.2	704	1,202	1,202	4,695	1,132	1,132	1,132	1,132	42,846	439,237	439,237	439,237
Dec. 1929.....	4.5	8.2	4.7	1.7	4.6	10.2	704	1,202	1,202	4,695	1,132	1,132	1,132	1,132	42,846	439,237	439,237	439,237
1930—June.....	4.7	7.3	4.4	1.5	4.7	10.2	704	1,202	1,202	4,695	1,132	1,132	1,132	1,132	42,846	439,237	439,237	439,237
Dec. 1930.....	4.3	8.1	4.2	1.3	4.2	10.2	704	1,202	1,202	4,695	1,132	1,132	1,132	1,132	42,846	439,237	439,237	439,237
1931—June.....	4.7	7.6	4.4	1.4	4.7	10.2	704	1,202	1,202	4,695	1,132	1,132	1,132	1,132	42,846	439,237	439,237	439,237
Sept. 1931.....	3.8	8.1	4.8	1.5	4.1	10.2	704	1,202	1,202	4,695	1,132	1,132	1,132	1,132	42,846	439,237	439,237	439,237
Oct. 1931.....	3.0	7.5	4.4	1.6	3.9	10.2	704	1,202	1,202	4,695	1,132	1,132	1,132	1,132	42,846	439,237	439,237	439,237
Nov. 1931.....	3.9	7.6	4.2	1.6	3.7	10.2	704	1,202	1,202	4,695	1,132	1,132	1,132	1,132	42,846	439,237	439,237	439,237
Dec. 1931.....	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...

* In live-stock. (a) "Reichsbahn." Ex. free-hauled. (b) State and private railways, including freight on foreign lines. (c) Long ton = 2,240 lbs. (d) Gross tonnage. (e) In live-stock. (f) In live-stock. (g) In live-stock. (h) In live-stock. (i) In live-stock. (j) In live-stock. (k) In live-stock. (l) In live-stock. (m) In live-stock. (n) In live-stock. (o) In live-stock. (p) In live-stock. (q) In live-stock. (r) In live-stock. (s) In live-stock. (t) In live-stock. (u) In live-stock. (v) In live-stock. (w) In live-stock. (x) In live-stock. (y) In live-stock. (z) In live-stock. (aa) In live-stock. (ab) In live-stock. (ac) In live-stock. (ad) In live-stock. (ae) In live-stock. (af) In live-stock. (ag) In live-stock. (ah) In live-stock. (ai) In live-stock. (aj) In live-stock. (ak) In live-stock. (al) In live-stock. (am) In live-stock. (an) In live-stock. (ao) In live-stock. (ap) In live-stock. (aq) In live-stock. (ar) In live-stock. (as) In live-stock. (at) In live-stock. (au) In live-stock. (av) In live-stock. (aw) In live-stock. (ax) In live-stock. (ay) In live-stock. (az) In live-stock. (ba) In live-stock. (bb) In live-stock. (bc) In live-stock. (bd) In live-stock. (be) In live-stock. (bf) In live-stock. (bg) In live-stock. (bh) In live-stock. (bi) In live-stock. (bj) In live-stock. (bk) In live-stock. (bl) In live-stock. (bm) In live-stock. (bn) In live-stock. (bo) In live-stock. (bp) In live-stock. (bq) In live-stock. (br) In live-stock. (bs) In live-stock. (bt) In live-stock. (bu) In live-stock. (bv) In live-stock. (bw) In live-stock. (bx) In live-stock. (by)

HOME INDUSTRIES AND TRADE.

The following reports on British industry cover, in most cases, the period to the middle of April. In the remainder they relate to the month of March.

THE COAL TRADE.

Export trade remains very unsatisfactory. Further restrictions upon imports have been imposed by France and Germany, the French quota for April and May being only 64 per cent. of imports for 1928-30, while certain minor concessions have now been withdrawn. The volume of business at Cardiff has fallen by 10-15 per cent. in comparison with a year ago, and collieries are finding that even these reduced allocations for the June quarter are more than they can market. In Yorkshire there is perhaps a better demand for large coal for prompt shipments, but contract business is very scarce and output is having to be curtailed. The advent of summer time has had its inevitable effect upon the house coal trade. On the other hand, Derby has just reported more activity in house coal, though this is only a temporary phase. Business in Northumberland and Durham is very dull. Some orders are coming from Scandinavia for gas and coking coal, but shippers of steam coal are experiencing very keen Polish competition. Trade in Scotland is very inactive and prices are weaker.

IRON AND STEEL.

Output was well maintained during March, and an additional furnace was brought into blast, raising the total number in operation from 71 to 72. The industry has hardly had time to determine the probable effect of the new tariff proposals. There are reports that foreign manufacturers are tentatively prepared to quote on the basis of the current price plus half the duty, but it is conceivable that the duty of 33½ per cent. upon many steel products is bigger than they had envisaged. Apart from this, existing stocks held in the country are very large, and it will take some time for them to be absorbed. In some quarters disappointment is felt at the failure of the Tariff Advisory Commission to include pig iron within the scope of their recommendations.

ENGINEERING.

The general tone continues hopeful, and there was a substantial improvement in employment during March. Exports are also well maintained. It is difficult to detect, however, any genuine improvement or appreciable influx of orders. Conditions in the machine-tool trades are not so bad, and there is some seasonal improvement in the demand for agricultural machinery. The depression in shipbuilding and marine engineering is as acute as ever, and Lloyd's returns for the first quarter of the year established new low records, with only 373,000 tons in hand and 26,000 tons begun during the quarter. The 373,000 tons of work nominally in hand includes 165,000 tons upon which work is now suspended. Makers of power equipment are fairly well employed. Locomotive builders are a little busier, but it will take several years to restore their foreign orders to their volume of three years ago.

PRODUCTION OF ELECTRICITY.

Apart from the textile industries, the improvement which set in in February was maintained in March, the "corrected" index figure being 93 compared with 93 in February and 96.5 in March of last year. Chemicals showed a very marked rise, while coal mining, iron and steel and shipbuilding did not experience the usual seasonal fall.

INDEX OF GENERATION OF ELECTRICITY.*
(Monthly Average 1923-24=100.)

Period.	Britain, excluding London and Wales.	Coal Mining, Iron and Steel, Shipbuilding and Heavy Engineering.	General Engineering and Automobile Construction.	Chemicals.	Marine Transport, Docks, &c.	Textiles, Cotton, and Wool.
1926—Monthly average	119	100	138	162	134	120
1927	146	143	158	210	163	139
1928	156	150	177	237	190	147
1929	171	164	211	260	196	160
1930	167	152	216	234	215	158
1930—October	161	150	195	244	222	158
November	188	167	226	246	255	185
December	194	169	260	207	267	189
1931—January	197	169	271	209	274	195
February	193	164	255	218	256	193
March	184	162	245	243	247	180
April	158	136	206	196	210	148
May	148	124	196	178	191	135
June	149	126	193	205	206	151
July	142	117	204	209	192	143
August	143	121	182	197	197	145
September	157	130	222	213	212	158
October	176	149	240	219	232	180
November	199	168	266	227	256	207
December	207	173	276	196	268	219
1932—January	193	160	266	165	258	207
February	204	165	271	212	268	214
March	198	168	262	236	256	205

* Prepared by the economic and statistical department of the British Electrical and Allied Manufacturers' Association.
† Increase due to special causes.

ELECTRICAL INDUSTRY.

Very little change was recorded during the greater part of March. A big order, however, was received in connection with the S.W. Scotland power scheme, and this should influence next month's index. A better tone is apparent in both home and export trade.

INDEX OF NEW ORDERS RECEIVED BY ELECTRICAL MANUFACTURING INDUSTRY.*
(1920=100.)

Period.	Home.	Export.	Total.
1926—Monthly Average	84	100	88
1927	87	195	114
1928	75	112	85
1929	83	157	102
1930	66	211	103
1930—September	63	221	103
October	64	181	94
November	61	171	89
December	75	152	95
1931—January	69	150	90
February	66	123	78
March	62	126	74
April	60	130	76
May	63	137	79
June	65	128	78
July	62	142	80
August	51	132	70
September	47	130	67
October	48	119	62
November	53	119	65
December	46	114	59
1932—January	45	106	56
February	47	111	58
March	46	112	57

* Copyright of the British Electrical and Allied Manufacturers' Associations.

MOTOR INDUSTRY.

The upward tendency in the motor industry has been maintained. Private car sales in February showed an increase of 4.4 per cent. over the corresponding month of last year. It is difficult to determine, however, how much of this increase was due to a fortuitous circumstance which caused a hump in the sales trend, this being the increased purchasing power in the hands of the public arising out of sales of gold and sovereigns. Commercial vehicle sales have declined in comparison with 1931. It is interesting to note that the total private cars and commercial vehicles licensed have increased by over 4 per cent. The balance of trade still shows a great improvement over 1931. The motor cycle industry is showing signs of renewed activity, and the February sales when compared with last year show an increase of over 30 per cent., although this increase is not so far sufficient to bring sales up to 1931.

THE COTTON TRADE.

Spinners and manufacturers have experienced a setback, as shippers and merchants have been less active, chiefly owing to the wider fluctuations in raw cotton prices. Producers' order lists are lighter than a month ago, and in most sections there has been great irregularity in prices. Spinners' margins are as unsatisfactory as ever, and it is only in a few instances that cloth manufacturers have been able to present a firm front to buyers. There has been a fair amount of inquiry in cloth for India. The bulk of the manufacturers remain in urgent need of relief. There has been a falling off in demand for China and Hong Kong, and there are, as yet, no indications of the resumption of the Shanghai auction sales. Central and South America has been within narrow limits. The speciality makes. The industrial situation in fine fabrics and about the same as a month ago, but unless demand quickly revives activity in the yarn section, and it is evident that the restarting of some machinery, which coincided with the falling off in demand, has worsened the position of most producers. There has been a fair turnover in Egyptian yarns, but the unsatisfactory state of affairs in this section is reflected in the decision to restrict production to 80 per cent. of capacity for a period of six weeks, which began on April 11.

THE WOOL TEXTILE TRADES.

The recent sales in London opened in disappointing fashion, so much so that it was decided to abandon the last four sales. The decision imparted a firmer tone to the market, as, although 30,000 bales will now have to be carried forward, a big weight of wool top-makers report a better inquiry for merinos and fine cross-breeds. Business in yarn and piece-goods was held up pending the announcement of the tariff proposals, and their publication gave rise to considerable disappointment.

THE JUTE TRADE.

Prices have again fallen, and unfavourable crop reports have had little effect upon the market. Spinners are feeling very apathetic, and although current prices are such as to involve them in a heavy loss, efforts are being made by buyers to depress prices still further. Inquiry for cloth has lately expanded, but apart from some new orders for linoleum hessians, current business is very limited and prices are unremunerative.

RAYON.

Business in rayon yarns has been rather quieter during the past month, but the number of forward orders on hand has enabled production to be kept up at a very high level. Producers are, in fact, still having difficulty with giving deliveries of certain types of yarns. Overseas business in both yarns and fabrics is still very limited.

THE LINEN TRADE.

Flax supplies are limited and quotations unchanged. Sales to United Kingdom are of a retail nature, consumers being unable to meet current prices. New business in both yarns and cloth is confined to current requirements, but machinery is well employed on contracts placed earlier in the season, against which quick delivery is required for both home and export markets.

BOOTS AND SHOES.

Trade has been very dull, and many Northampton factories closed down for a fortnight at Easter. The outlook is not considered to be hopeful.

POTTERY.

Recent export returns are disappointing, but early in April a more hopeful view was taken of the future. The recent 50 per cent. Abnormal Importation Duty upon earthenware was of little benefit, owing to the huge stocks of goods imported prior to the imposition of the duty. The new tariff duty is to be 20 per cent., and it is too early to tell what effect it will have.

THE CHEMICAL INDUSTRY.

Although markets were quieter than during the previous month, a very fair amount of trade was transacted during March. Industrial chemicals continued in good demand, with quotations almost unchanged. The best items in the section were acetic acid and acetone. Chlorates were rather dull. Sales of most wood distillation products continued to increase, but the demand for miscible wood naphtha and tar was unsatisfactory. A steady flow of business in coal-tar products was reported throughout the month. Owing to the fluctuations in sterling and the new import duties, a number of changes occurred in quotations for pharmaceutical chemicals. Amongst these were reductions for iodides, bismuth compounds and quinine salts. There was a good demand for salicylates and glycerophosphates, but sales of most pharmaceutical

products were rather limited. The Board of Trade returns for March show increased exports of a large number of items falling under the heading "Chemicals, Drugs, Dyes and Colours," as compared with the figures for March, 1931. Amongst these were considerable increases in both quantity and value of exports of copper sulphate, glycerine, zinc oxide and dyes and dyestuffs. Exports of ammonium chloride and sulphate, bleaching powder, potassium chromate and bichromate, potassium nitrate and sodium compounds also increased.

AGRICULTURE.

Autumn-sown crops benefited greatly from the rain which fell at the end of March, and spring corn has been sown earlier than usual. The preparation of land for potatoes and beet-sugar and the planting of early potatoes are well advanced. The fall of lambs among lowland flocks was up to average. Cattle and sheep did fairly well, and milk yields were normal. Pastures were improved by rain.

SHIPPING.

Liverpool reports some seasonal movement in the grain trade, and some fixtures for the Baltic are reported on the North-East Coast. Otherwise demand for tonnage remains very limited and rates are easier.

BUILDING.

According to the Ministry of Labour's information, a general improvement in employment occurred during March, the percentage of unemployment falling from 32.5 to 29.0 per cent. The corresponding figure for March, 1931, was 22.5 per cent. Returns furnished by 144 urban authorities show that plans passed for new buildings in March comprised a total cost of £5,271,300, against £4,649,100 in February, and £5,313,600 in March, 1931. Of the total for March, 1932, dwelling-houses accounted for £3,719,600; factories and workshops for £234,400; shops, offices, warehouses and business premises for £312,300; and other buildings and alterations and additions for £1,005,000.

RETAIL TRADE.

A London store reports a further slight improvement, but progress has been retarded by the early date of Easter. This is confirmed by reports received by the Incorporated Association of Retail Distributors.

INDICES OF BUSINESS ACTIVITY.

1924 = 100.

Period.	Net Imports.		Consumption of		Consumption of Power.		Volume of Employment.					Merchandise on Railways.	Provincial Bank Clearings.	Postal Traffic.	Shipping Movements.	London Bank Clearings.	Exports British Manufactures.	Foreign Trade Turnover. (Quarterly Figs.)
	Raw Materials.	Non-Ferrous Metals.	Iron and Steel.	Cotton.	Rubber.	Coal.	Electricity.	Heavy Industry.	"General" Industry.	Miscellaneous Services.	Total.							
Monthly Average.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
1925	107	107	89	116	137	93	101	90	103	103	101	98	102	103.5	98	104	101.5	102
1926	107a	100	57	98	175	72	92	57	101	104	95.5	88	94	103.5	90	109	94	100
1927	113a	106	133	113	197	106	109	87	108	108	105	99	102	109.5	105	117	104.5	107.5
1928	101	113	88	103	212	99	110	82	108	110	105	93	100.5	114	106.5	125	108	106
1929	113	120	103.5	106	271	106	116	84.5	109.5	112	107	95	99	115.5	111.5	130	109	112
1930	101	117	103	76	340	106	112	77.5	101.5	112	103	88	91.5	117	109.5	140	87.5	105
1931	95	105	92	78	334	102	...	65.5	96	114.5	99	79	91.5	116.5	102	129	65	92
"Corrected" average for 3 months ended:																		
1931—Mar. ...	98	102	84	64	355	112	126	70	95	113	98	79	95	121.5	92	146	66	...
Apr. ...	92	117	78	64	371	108	118	69	96	114.5	98.5	78	94	120	93	139	63	...
May ...	96	118	82	66	309	102	108	67	97	115	99	78	93	118	99	142	66	...
June ...	93	126	83	68	323	96	101	65	97	116	99.5	76	91	115.5	103	143	63	...
July ...	88	118	88	74	354	93	97	63	96	116	98.5	77	92	114.5	109	148	66	...
Aug. ...	83	111	83	72	410	90	96	62	95	115.5	98.5	77	92	113.5	111	139	64	...
Sept. ...	78	103	77	75	365	90	98	62.5	94.5	115	98.5	77	89	112	110	131	66	...
Oct. ...	75c	95	79	70	365	93	105	63.5	95	115	98.5	79	88	112	108	120	64c	...
Nov. ...	81c	99	91	86	243	100	118	64	96	115	99	83	86	114	104	109	64c	...
Dec. ...	95c	94	98	96	266	107	128	65	98	115.5	100	83	92	116.5	101	101	64c	...
1932—Jan. ...	106c	97	92	107	238	109	131	65	97.5	116	100	...	94	119.5	96	91	64c	...
Feb. ...	104c	100	88	102	298	106	133	64.5	98	116.5	100.5	...	97	119.5	93	90	64c	...
Mar. ...	99c	105	77	101	240	106	132	64	98	117	101	...	99	118.9	91	99	65c	...
Mar., 1925.....	130	110	105	127	111	107	116	94.5	101.5	100.5	100	100	106	105.5	92	107	107	...
Mar., 1926.....	120	111	81	125	187	111	113	93.5	104	104	102.5	101	104	110.5	96	110	106	...
Mar., 1927.....	137a	110	175	132	221	111	118	88	105.5	106	103	101	102	111.5	97	114	100	...
Mar., 1928.....	111	124	102	110	248	114	123	86.5	108	109	105	96	106	117.5	97	125	108	...
Mar., 1929.....	124	118	70	116	290	119	128	85	107	110	105	92	106	116	99	136	109	...
Mar., 1930.....	117	119	126	98	356	117	130	84.5	105.5	112	105	93	100	121	102	142	100	...
Mar., 1931.....	98	102	84	64	355	112	126	70	95	113	98	79	95	121.5	92	146	66	...
Mar., 1932.....	99c	105	77	101	240	106	132	64	98	117	101	...	99	118.9	91	99	65c	...

a Excluding coal imports.

c Provisional figures.

STATE OF TRADE ABROAD.

Little real change for the better is noticeable, and in Central Europe the situation has become more serious than ever. Some slight improvement has occurred in Australia, Canada and France, but industrial conditions in the United States are no better, and affairs in Sweden are overshadowed by the Kreuger failure.

BRITISH EMPIRE.

Australia.—General conditions show some improvement, due in part to the readjustments of wages, rents and interest. Weather conditions are excellent in all parts except some districts of Queensland. The disposal of the wool clip is well advanced, but prices have only averaged a little less than 9d. per lb. The unsold balance of the wheat export surplus was estimated at about 25,000,000 bushels in early April. The volume of exports is well maintained, and for the past nine months there has been a favourable trade balance of £26,000,000 sterling.

Canada.—Normal spring buying was retarded by the prolongation of winter conditions, but there has been some expansion in industrial activity, particularly in the rayon, furniture and boot and shoe trades. Little revival is noticeable in the cotton and steel industries. Grain prices remain low, but many farmers have been able to bring their costs more into line with current prices, and an increase in the seeded area in the Prairie Provinces is anticipated.

India.—Mail reports from Bombay state that the piece-goods markets were closed for the whole of March, with the result that business was only carried on under difficulties. Raw cotton prices were weak and unsettled, partly as a result of the appreciation of sterling against the dollar, which restricted the demand for Indian cotton from Europe or the Far East. Calcutta jute prices eased during March, and the Indian Jute Mills' Association has experienced some difficulty in its attempt to organise the curtailment of working hours. The new crop reports are unsatisfactory, as work has been retarded by lack of rain.

South Africa.—Business remains quiet, with stringent money conditions, and there is little sign of any improvement. Unemployment continues to increase. Transvaal gold output for March established record figures of 960,035 fine ounces, valued at £4,077,969. Weather conditions are fairly favourable, but more rain is needed up-country. In spite of recent shipments to Canada, maize stocks remain large. The second official new crop estimate is 17,065,000 bags, against 16,008,000 bags last season. Wool prices have fallen, and there is little demand for mohair. Merino skins are easier, but there is good competition for hides.

EUROPE.

France.—Some signs of improvement are apparent in the steel trades. Prices are firmer and orders are being placed more freely. Little change is noticeable in the cotton industry, but Roubaix reports a slight improvement in certain sections of the wool textile trades, particularly in dress goods and hosiery yarns. Business, however, remains far below normal, and the outlook, especially for the export trade, is most uncertain. There is no better demand for house coal or industrial fuel, and coal-owners are perturbed by the rising tendency of internal prices and their high production costs.

Belgium.—The coal trade continues to work under difficulties, which are accentuated by uncertainties regarding the regulation of imports from England and Holland, where definite conclusions have still to be reached. No seasonal revival in the steel trade has yet taken place, and makers are largely working to stock. Prices are weaker, and the French import restrictions are proving detrimental. The glass and textile trades are seriously affected by the British duties and by British competition.

Germany.—Negotiations are in progress for the acceptance by the Stahlwerks Verband of a Russian order for 300,000 tons of rolled steel, but owing to difficulties of finance only half the order has so far been placed firm. Otherwise the difficulties of the export trade in steel have been intensified by further reductions in Belgian and French prices. The March foreign trade returns showed an export surplus of Mks. 163 millions. Further indications of the bad state of trade are given by the shrinkage in imports of iron ore, copper, hides and leather, and by the rapid increase (by 60 per cent. in past six months) in the number of unemployed who have exhausted their right to benefit and crisis relief.

Scandinavia.—Events in Sweden have been overshadowed by the Kreuger revelations. The krona weakened temporarily to Kr. 20.80 and the Stock Exchange is very depressed, while the full extent and character of the losses have still to be determined. Trade remains very difficult. A serious strike has broken out in the pulp industry, and the market is dull. Timber exporters are receiving a fair number of orders for prompt shipment, but otherwise business is hampered by foreign tariffs and restrictions on imports. The Norwegian-krona also weakened as a result of the Kreuger revelations, in spite of the fact that Kreuger securities were never dealt in or quoted in Norway. The timber trade was quiet in early April, pending the announcement of the British tariff proposals.

Holland.—Unemployment is no better, the latest figure being one of 380,000. Foreign trade for the first quarter of 1932 showed a substantial decrease on previous years, imports being 55 per cent. and exports 48 per cent. of their value for the first quarter of 1930. The agitation for the extension of the quota system on imports is spreading.

Switzerland.—Foreign trade continues to decline and unemployment is increasing. The latest returns record 66,000 fully and 70,000 partially unemployed.

Austria.—The situation is rapidly deteriorating, and recent increases in unemployment have exceeded even the worst apprehensions. Import quotas for certain commodities are to be established, and the foreign exchange regulations are to be tightened still further. New exchange clearing agreements are being negotiated, and agreement with France has actually been reached.

Czechoslovakia.—There is no improvement in the industrial situation, and the unemployment returns have reached 626,000. Export trades and those engaged in the manufacture of "capital" goods are very hard hit, and the resumption of building activity has been retarded by the late spring.

UNITED STATES OF AMERICA.

The financial situation improved during March and there was a substantial reduction in the number of bank failures, but industrial expansion was below normal for the time of year. Steel operations were only estimated at 25 per cent. of capacity in March, and in early April a figure of only 22 per cent. was returned. There was some improvement in automobile production, but makers are watching carefully the effects of competition in the low-priced car field. Construction contracts remain low, and activity in the textile industries is reduced following a lessening of demand. Car loadings improved, but are still 20 per cent. below last year's level.

AMERICAN TRADE STATISTICS—MARCH, 1932.

	Feb., 1932.	Mar., 1932.	Compared with Mar., '31.
EMPLOYMENT —(June, 1914=100)†	68.8	...	...
PRODUCTION —			
Bituminous coal (Thous. tons)	28,013	29,200*	4,673
Pig-iron (" ")	964	967	1,065
Steel (" ")	1,460	1,411	1,583
Unfilled orders, U.S.			
Steel Corporation (Thous. tons) ...	2,546	2,472	1,523
Building permits (Thous. \$)	41,009	37,666	104,442
CONSUMPTION OF ELECTRIC ENERGY (1923-25 = 100)	99.6	88.0	20.2
FOREIGN TRADE —			
Imports (Thous. \$)	130,984	131,000*	78,000
Exports (" ")	153,921	156,000*	79,000
TRANSPORT —			
Monthly average of weekly car loadings (Thous. cars)	561	570	164
SECURITIES —			
30 industrial stocks—			
Highest quotations†	85.98	88.78	98.94
Lowest quotations†	71.80	73.28	99.08
Thous. shares sold during month —(New York)	31,719	33,061	32,433
New securities issued (Thous. \$) ...	70,025	154,086	597,834
BANK CLEARINGS —			
New York (Million \$)	13,219	15,609	10,559
Other cities (" ")	7,867	8,605	4,149
RETAIL BUSINESS —			
Total sales, mail order houses§ (Thous. \$)	32,173	34,363	10,144

* Preliminary estimates made by Messrs. Moody, subject to revision. † Based on reports of U.S. Labour Bureau and of Bureau of the States of New York, Wisconsin, and Pennsylvania. ‡ Average of actual prices. § Partly estimated.

LATIN AMERICA.

Trade conditions in South America continue to be overshadowed by the world depression and by the adverse effects of foreign exchange restrictions. In Argentina, the exchange position is comparatively comfortable, and, while import trade continues on a very reduced scale, exports are being well maintained, so that a two months of 1932 of some 48,000,000 pesos (gold), against only 5,500,000 pesos (gold) in January and February of 1931. The first report of the Andean volcanic eruption were very much exaggerated, and it is hoped that the fall of ash should ultimately be beneficial to the Argentine agricultural areas. Chilean trade conditions continue dull. During the past month, the new Chilean Monetary Law has become effective; this provides for the temporary suspension of the convertibility of the currency note issue. In Brazil, the scheme for the elimination of coffee stocks is proceeding normally, and it would appear that the situation should immediately respond to any revival in the overseas demand for the commodity. There has as yet been no relief of the trade depression in Peru, Colombia and the Central American countries continue to be affected by the dull conditions in the markets for coffee and cocoa.

THE FAR EAST.

Japanese money rates are easier, but the banks are still displaying caution, and fresh accommodation is not too readily available. Cotton spinners are to maintain their curtailment of production with special provision for new spindles brought into use after next July. Exports of yarn and piece-goods remain satisfactory with the exception of those to China. Home demand is less active. Raw silk prices have declined in sympathy with the prevailing inactivity and the fall in prices abroad.

PRODUCTION. (Thousands of Metric Tons.)

COAL.													LIGNITE.					
Period. Monthly Average.	United Kingdom.	Belgium.	Czechoslovakia.	France.	Germany.	Nether- lands.	Poland.	Russia.	Canada.	South Africa.	India.	Japan.	United States.	Czechoslovakia.	Germany.	Hun- gary.		
	<i>d</i>		<i>k</i>		<i>g</i>					<i>f</i>	<i>e</i>			<i>k</i>	<i>g</i>			
1913	24,337	1,903	1,189	3,338	15,842	186	748	...	1,119	665	1,311	1,776	43,088	1,927	7,269	460		
1927	21,272	2,296	1,168	4,316	12,800	777	3,174	2,683	1,028	1,006	1,790	2,794	45,197	1,635	12,542	520		
1928	20,107	2,298	1,213	4,280	12,572	891	3,385	2,885	1,037	1,013	1,826	2,822	43,052	1,704	13,799	543		
1929	21,837	2,244	1,377	4,486	13,620	m965	3,853	3,362	1,023	1,052	1,893	2,855	45,510	1,880	14,598	587		
1930	20,639	2,284	1,214	4,490	11,891	m1,018	3,127	3,392	864	991	1,913	2,615	40,176	1,602	12,159	515		
1931	18,641	2,253	1,104	4,160	9,885	m1,075	3,190	...	701	880	1,729	2,150	33,085	1,497	11,102	509		
1931—March	19,702	2,407	1,118	4,535	10,607	1,077	2,998	3,878	709	863	2,098	2,312	35,031	1,520	10,064	475		
April	18,872	2,318	1,081	4,203	9,506	1,060	2,902	4,056	700	857	1,824	2,171	31,006	1,486	9,597	422		
May	17,564	2,096	960	4,014	9,337	997	2,677	3,910	737	894	1,884	2,110	30,226	1,223	10,497	390		
June	18,118	2,293	998	4,106	9,492	1,066	2,784	...	747	915	1,593	2,092	30,598	1,249	11,827	394		
July	17,357	2,306	1,082	4,037	10,039	1,167	3,197	...	684	982	1,410	2,130	30,612	1,338	12,052	443		
August	16,368	2,189	1,057	3,933	9,518	1,068	3,301	...	594	914	1,306	1,887	31,614	1,368	11,021	436		
September	18,247	2,300	1,175	4,074	9,847	1,121	3,482	...	648	894	1,611	2,073	32,919	1,586	12,263	545		
October	19,986	2,360	1,233	4,289	10,321	1,156	3,763	...	729	840	1,554	2,216	38,329	1,723	12,724	684		
November	18,883	2,083	1,184	4,076	9,615	1,085	3,740	...	690	786	1,339	2,135	31,072	1,739	11,401	655		
December	19,887	2,062	1,151	3,882	9,021	1,069	3,184	...	729	861	1,847	2,250	31,689	1,702	11,204	618		
1932—January	18,973	2,132	1,036	3,750	8,703	1,025	2,713	...	660	809	1,874	...	28,839	1,339	9,596	556		
February	18,815	1,988	972	3,825	8,780	1,001	...	...	697	796	1,921	...	29,059	1,393	9,741	...		
March	18,381	...	...	3,581	...	...	2,134	...	...	...	...	...	30,000	...	...	...		
PIG IRON.																STEEL.		
Period. Monthly Average.	United King- dom.	Bel- gium & Luxem- burg.	France.	Saar.	Ger- many.	Sweden.	Russia.	Canada.	United States.	United King- dom.	Bel- gium & Luxem- burg.	France.	Saar.	Ger- many.	Sweden.	Canada.	United States.	
	<i>b</i>	<i>a</i>			<i>g</i>						<i>a</i>		<i>g</i>				<i>c</i>	
1913.....	869	419	434	114	1,397	61	...	85	2,601	649	307	391	159	1,457	62	88	2,564	
1927.....	617	537	778	148	1,091	35	252	60	3,036	770	513	696	158	1,359	44	77	3,675	
1928.....	560	552	832	161	984	33	281	60	3,167	722	539	792	173	1,205	51	105	4,222	
1929.....	643	583	864	175	1,117	41	360	92	3,580	816	569	808	184	1,356	60	117	4,599	
1930.....	626	489	836	159	808	38	418	63	2,659	618	471	787	161	962	52	86	3,326	
1931.....	318	440	685	126	505	32	398	36	1,547	438	430	651	128	691	46	57	2,108	
1931—March	363	441	775	149	560	38	414	58	2,065	608	420	722	140	811	49	101	3,042	
April	328	429	738	136	529	42	413	55	2,052	404	417	675	150	743	52	93	2,766	
May	352	440	725	130	555	37	410	51	2,026	442	418	674	142	744	49	76	2,546	
June	329	450	691	119	575	29	410	57	1,665	436	445	650	135	779	37	56	2,109	
July	322	466	679	121	569	35	410	41	1,487	436	466	650	121	803	40	46	1,916	
August	280	473	680	117	499	31	410	24	1,301	363	466	644	120	689	45	53	1,747	
September	252	456	655	121	438	28	421	18	1,188	406	465	656	119	593	52	34	1,572	
October	289	444	637	125	434	29	444	12	1,192	465	445	626	128	603	51	31	1,618	
November	301	425	567	110	427	25	450	15	1,121	467	415	538	126	548	47	29	1,619	
December	336	397	543	100	352	26	431	14	996	429	392	535	105	438	48	21	1,323	
1932—January	335	397	490	112	358	23	494	10	988	437	388	469	93	400	37	25	1,485	
February	329	397	461	116	330	24	...	11	980	488	403	464	111	448	44	29	1,483	
March	341	...	...	...	314	...	...	...	983	470	...	...	125	435	...	...	1,433	

a Figures for Luxembourg communicated by the "Groupement des Industries Siderurgiques." b Including ferro alloys. c Excluding castings. d Saleable coal; since end 1921 excluding Ireland. e British Provinces only. f Establishments whose production in 1930 amounted to 95-21% of the total. g Excluding Luxembourg. h Provisional figure. Since 1922, excluding Polish Upper Silesia. i Coal sold. j Until end 1928 saleable coal. k Including coal waste. l Including lignite.

WHOLESALE PRICES.

Monthly Average.	U.K.		Belg.	Czechoslovakia.	Denmark.	France.	Germany (Official).	Holland.	Italy (Bacchi).	Norway.	Poland.	Russia.	Spain.	Sweden.	Switzerland.	Australia.	British India.	Canada.
	Board of Trade.	Economist.																
1913.....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1927.....	141.6	137.6	847	979	153	617.2	137.6	148	495	167	100.0	174	172	146	142.2	167.0	148	152.7
1928.....	140.3	135.1	843	979	153	619.6	140.0	149	462	157.6	101.0	173	167	148	144.6	164.7	145	150.6
1929.....	136.5	127.2	851	924	150	611.4	137.2	142	446	149.9	95.7	180	171	140	141.2	165.7	141	149.4
1930.....	119.5	106.8	744	911.7	130	538.8	124.6	117	386	113.7	82.3	187	172	122	126.8	146.7	117	135.3
1931.....	104.1	89.3	626	107.5	114	454.8	110.9	97	330	122.2	70.5	...	174	111	109.7	131.3	96	113.4
		6																
1931—March	108.9	91.1	660	110.5	116	483.7	113.9	103	339	124	72.5	...	174	113	113.6	133.8	100	117.7
April	105.7	90.0	652	110.3	116	483.7	113.7	102	337	123	74.1	...	172	112	112.2	133.0	98	116.4
May	104.4	87.8	640	108.7	113	470.1	113.3	102	332	121	74.8	...	169	111	110.8	132.4	97	114.2
June	103.2	87.5	642	112.1	110	467.1	112.3	100	327	120	73.2	...	169	110	110.4	131.0	93	112.8
July	102.2	86.0	635	107.8	110	456.3	111.7	97	324	120	70.3	...	175	110	109.5	131.3	93	112.0
August.....	99.5	85.7	616	105.1	109	445.6	111.2	94	322	120	69.0	...	177	109	108.1	128.6	92	110.9
September	99.2	89.6	597	104.6	109	427.9	108.6	91	319	117	67.0	...	178	107	106.3	127.8	91	109.4
October	104.4	90.1	591	104.3	113	414.2	107.1	89	322	119	66.3	...	175	108	106.4	128.9	96	110.4
November.....	106.4	90.7	584	103.8	117	408.3	106.6	89	320	119	68.2	...	176	110	106.2	131.3	97	110.4
December.....	106.4	90.6	573	102.3	119	404.4	103.7	85	319	122	66.4	...	177	111	103.1	131.0	98	109.8
1932—January....	105.8	90.0	558	101.3	118	405.4	100.0	84	317	123	63.9	...	176	109	101.4	130.0	97	108.4
February....	105.3	92.2	554.	101.4	119	412.3	99.8	83	314	123	64.6	...	178	110	99.6	...	97	108.3
March.....	104.6	88.5	548	...	117	418.2	99.8	82	315	122	64.0	...	...	...	...	...	...	...

FINANCE.

Notes in Circulation. (000,000's omitted.)

Period.	United Kingdom.	Austria.	Belgium.	Bulgaria.	Czechoslovakia.	Denmark.	Finland.	France.	Germany.	Greece.	Hungary.	Yugoslavia.	Netherlands.
End of	Bank of England Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Reichsbank Notes.	"Rentenbank" Notes.	Bank Notes.	Bank Notes.	Bank Notes.
	£	Schilling.	Francs.	Leva.	Koruna.	Kron.	Markat.	Francs.	Reichsmark.	Bentennmk.	Drachms.	Pengö.	Dinara.
1913.....	29.6	...	1,067	189	...	152	113	75,714	2,742	...	245	...	...
1926.....	381.0	947	9,646	3,481	8,203	386	1,346	50,449	3,736	1,164	4,865	471	512
1927.....	382.3	1,005	10,951	3,727	8,417	354	1,514	56,301	3,736	1,164	4,865	471	512
1928.....	378.3	1,067	12,358	4,173	8,466	360	1,513	62,181	4,564	716	4,966	487	573
1929.....	369.8	1,094	14,683	3,609	8,230	367	1,361	68,571	4,530	530	5,690	513	528
1930.....	368.8	1,090	16,419	3,296	7,824	360	1,279	76,436	3,971	397	5,193	501	581
1931.....	364.2	1,183	18,270	2,919	7,679	346	1,293	85,725	4,776	422	4,803	469	537
1931-Feb.....	347.7	976	16,067	3,029	6,571	340	1,305	78,947	4,428	439	4,417	400	512
Mar.....	348.8	978	15,822	3,129	6,699	341	1,330	77,864	4,456	439	4,465	398	512
Apr.....	349.8	984	16,394	3,112	6,609	354	1,301	77,231	4,456	439	4,465	398	512
May.....	354.9	1,141	16,092	3,183	6,732	342	1,287	78,185	4,077	433	4,438	406	512
June.....	352.8	1,111	15,967	3,283	6,988	343	1,232	76,927	4,299	423	4,304	370	512
July.....	359.4	1,205	16,791	3,209	7,017	336	1,204	79,822	4,299	419	4,255	388	512
Aug.....	350.3	1,095	16,613	3,338	6,979	330	1,189	78,635	4,384	420	4,170	501	512
Sept.....	357.2	1,111	17,283	3,335	7,172	334	1,201	78,173	4,409	422	4,153	415	512
Oct.....	356.0	1,134	18,008	3,185	7,218	346	1,264	83,639	4,746	421	4,422	383	512
Nov.....	354.4	1,130	17,748	2,981	7,166	346	1,237	82,543	4,641	420	4,397	392	512
Dec.....	354.2	1,183	18,270	2,919	7,679	346	1,293	85,725	4,776	422	4,003	397	512
1932-Jan.....	345.9	1,093	18,360	2,730	6,808	325	1,220	84,723	4,776	422	4,003	397	512
Feb.....	346.4	1,044	18,576	2,730	6,808	321	1,271	83,189	4,407	420	3,797	416	512
Mar.....	360.5	1,009	18,318	2,797	6,826	322	1,299	81,782	4,268	419	3,739	383	512

Period.	Italy.	Norway.	Poland.	Romania.	Russia.	Sweden.	Switzerland.	Australia.	Canada.	South Africa.	Egypt.	United States.	Japan.
End of	Bank Notes.	State Notes.	Bank Notes.	Token Notes and Coins.	State Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Federal Reserve Notes.	All notes, certificates, & coins.	Bank Notes.
	Lire.	Lire.	Kroner.	Zloty.	Leu.	Gd. Bbla.	Bbls.	Kronor.	Francs.	£	Dollars.	Dollars.	Yen.
1913.....	2,284	499	108	...	437	...	...	234	314	10.0	...	...	...
1926.....	18,340	1,793	337	593	428	20,951	398	797	625	874	116	...	...
1927.....	17,992	783	331	1,003	309	21,025	480	1,003	526	917	190	...	...
1928.....	17,295	161	316	1,295	244	21,211	730	1,091	546	953	192	...	...
1929.....	16,774	80	318	1,240	259	21,144	1,028	1,501	569	949	193	...	...
1930.....	15,680	968	318	1,388	341	19,605	1,946	2,080	594	1,062	166	...	...
1931.....	14,295	...	334	1,218	241	23,755	...	2,080	594	1,062	166	...	...
1931-Feb.....	15,129	...	287	1,284	236	18,105	1,947	2,085	545	961	159	...	...
Mar.....	15,034	...	296	1,261	241	18,341	1,992	2,167	580	994	154	...	...
Apr.....	14,883	...	296	1,259	238	18,630	1,993	2,229	548	988	151	...	...
May.....	14,722	...	291	1,222	237	18,709	1,891	2,181	542	990	157	...	...
June.....	14,683	...	296	1,230	238	18,715	2,013	2,200	587	1,078	157	...	...
July.....	14,678	...	296	1,254	237	19,401	2,110	2,281	562	1,258	154	...	...
Aug.....	14,323	...	294	1,248	240	21,161	2,207	2,362	567	1,293	156	...	...
Sept.....	14,474	...	302	1,225	242	21,861	...	2,427	579	1,477	156	...	...
Oct.....	14,441	...	295	1,254	244	23,243	...	2,586	579	1,477	156	...	...
Nov.....	14,254	...	288	1,211	238	23,519	...	2,673	576	1,498	157	...	...
Dec.....	14,295	...	334	1,218	241	23,750	...	2,784	583	1,609	157	...	...
1932-Jan.....	13,971	...	311	1,152	236	22,713	...	2,670	526	1,519	157	...	...
Feb.....	13,938	...	303	1,151	243	22,542	...	2,635	526	1,505	151	...	...
Mar.....	13,872	...	310	1,131	225	22,742	...	2,676	526	1,517	151	...	...

a Until November, 1928, including State notes, then transferred to Bank. b May. c In terms of new lire = 8,373 millions.
 d Marks—including Reichs- and Darlehenkassenscheine. e Excluding notes held by Reichsbank. f Token coin 252 million stoty.
 g Notes held as reserve by Chartered Banks. h State notes. i Since January, 1926, excluding notes held by Bank of Poland.
 j Hungarian and other notes converted after the war into National Currency. k Since 1926, excluding notes held by the State Bank.
 l In terms of new francs. m Since May, 1922, including Government Notes of 5 and 10 francs to value of 700 to 750 million francs, replacing similar bank notes. n Provisional.

LONDON RATES OF EXCHANGE.

	Paris.	Brussels.	Milan.	Zurich.	Madrid.	Amsterdam.	Stockholm.	Oslo.	Copenhagen.	Berlin.	Vienna.	New York.	Buenos Aires.
	Francs to £1.	Belgas to £1.	Lire to £1.	Francs to £1.	Pesetas to £1.	Florins to £1.	Kronor to £1.	Kronor to £1.	Kronor to £1.	Markas to £1.	Schillings to £1.	Dollars to £1.	Pence to £1.
Far level.....	124.21	35.00	92.46	25.22	25.22	12.107	18.159	18.159	18.159	20.43	34.58	4.86	47.62
Highest, 1931.....	124.48	34.98	93.03	25.26	25.26	12.124	19.124	19.124	19.124	30.00	34.80	4.86	47.62
Lowest, ".....	82.62	23.25	62.62	16.62	38.75	8.00	13.75	16.60	16.25	13.68	25.00	3.25	28.2
Beginning of—													
July, 1914.....	25.15	25.35	125.25	21.16	26.10	12.11	18.30	18.25	18.30	20.49	34.58	4.74	47.6
January, 1925.....	87.40	94.79	125.35	24.34	33.95	11.71	17.62	18.37	18.50	20.37	34.37	4.74	47.6
January, 1926.....	129.31	107.00	120	25.08	34.31	12.05	18.08	23.83	18.50	19.94	34.37	4.74	47.6
January, 1927.....	122.81	34.89	109.62	25.14	31.23	12.12	18.15	19.04	18.50	20.43	34.37	4.74	47.6
January, 1928.....	124.00	34.92	92.32	25.27	28.24	12.09	18.11	18.34	18.20	20.43	34.37	4.74	47.6
January, 1929.....	124.00	34.84	92.32	25.24	28.24	12.09	18.13	18.19	18.17	20.43	34.37	4.74	47.6
January, 1930.....	123.61	34.88	93.22	25.13	36.62	12.08	18.13	18.19	18.17	20.43	34.37	4.74	47.6
January, 1931.....	123.66	34.76	92.74	25.04	46.30	12.09	18.13	18.19	18.17	20.43	34.37	4.74	47.6
November.....	95.31	23.84	72.25	19.24	42.62	9.28	17.79	18.16	18.16	20.38	34.37	4.74	47.6
December.....	86.25	24.25	65.67	17.18	40.37	8.34	17.12	17.68	17.37	15.78	34.37	4.74	47.6
January, 1932.....	86.37	24.37	66.62	17.37	40.18	8.44	17.75	18.25	18.25	14.25	34.37	4.74	47.6
February.....	87.68	24.75	66.75	17.68	44.50	8.57	17.81	18.37	18.12	14.25	34.37	4.74	47.6
March.....	88.62	25.04	67.25	18.03	45.50	8.68	18.12	18.37	18.15	14.66	34.37	4.74	47.6
April.....	96.00	27.06	72.87	19.50	50.00	9.34	18.62	18.93	18.18	15.81	34.37	4.74	47.6

	Rio de Janeiro.	Monte Video.	Valparaiso.	Bombay.	Hong Kong.	Shanghai.	Japan.	Singapore.
	Pence to £1.	Pence to £1.	Pence to £1.	Pence to £1.	Sterling to £1.	Sterling to £1.	Sterling to £1.	Sterling to £1.
Far level.....	16	51	40	1 6	1 7	1 7	1 7	1 7
Highest, 1931.....	44	38	40.10	1 6	1 7	1 7	1 7	1 7
Lowest, ".....	24	19	26.80	1 5	1 6	1 6	1 6	1 6
Beginning of—								
July, 1914.....	16	51	40	1 3	1 10	2 6	2 0	2 0
January, 1925.....	50	50	40.30	1 6	2 3	3 1	2 1	2 1
January, 1926.....	50	50	39.80	1 6	2 4	3 1	2 1	2 1
January, 1927.....	50	50	39.65	1 6	2 4	3 1	2 1	2 1
January, 1928.....	50	50	39.35	1 6	2 4	3 1	2 1	2 1
January, 1929.....	50	50	39.65	1 6	2 4	3 1	2 1	2 1
January, 1930.....	50	50	39.80	1 6	2 4	3 1	2 1	2 1
January, 1931.....	50	50	39.80	1 6	2 4	3 1	2 1	2 1
November.....	44	38	40.10	1 6	2 4	3 1	2 1	2 1
December.....	44	38	40.10	1 6	2 4	3 1	2 1	2 1
January, 1932.....	44	38	40.10	1 6	2 4	3 1	2 1	2 1
February.....	44	38	40.10	1 6	2 4	3 1	2 1	2 1
March.....	44	38	40.10	1 6	2 4	3 1	2 1	2 1
April.....	44	38	40.10	1 6	2 4	3 1	2 1	2 1

† Francs to £1

‡ Pence to £1.

§ Pence to £1.

|| Pence to £1.

¶ Pence to £1.

|| Pence to £1.

|| Pence to £1.

|| Pence to £1.

|| Pence to £1.

|| Pence to £1.

|| Pence to £1.

|| Pence to £1.

|| Pence to £1.

* Daily rates.

FOREIGN TRADE.

IMPORTS for Domestic Consumption—Merchandise Only. (000's omitted.)

Period.	U.K.	Irish Free State.	Belgium.	Bul- gar- ia.	Den- mark.	France.	Fin- land.	Germany.	Greece.	Italy.	Jugo- Slavia.	Nether- land.	Poland.	Swed'n.	Switzer- land	Russia.	Egypt.	United States.
Monthly Average.	£	£	Francs.	Leva.	Kroner.	Francs.	Markka.	Mark.	Drach- ms.	Lire.	Dinara.	Gulden.	Zloty.	Kronor.	Francs.	Roubles or Gold Rbl.	£	Dollars.
	<i>t</i>	<i>m</i>				<i>u</i>	<i>f</i>		<i>δ</i>	<i>a</i>	<i>a</i>		<i>c</i>		<i>f</i>	<i>d</i>		
1913	54,931	...	386,384	15,775	64,785	70,178	41,035	897,474	14,828	303,803	...	325,231	...	70,545	159,985	...	2,271	147,932
1926	92,989	5,043	1,920,460	520,578	127,319	4,968,923	472,309	833,454	1,556,571	635,982	203,496	128,242	124,151	201,209	50,941	4,199	367,340	...
1927	91,282	5,012	2,422,921	510,749	131,508	4,456,963	532,155	1,185,672	1,050,018	1,697,900	607,191	212,405	240,998	132,030	213,650	54,439	3,989	346,924
1928	89,610	4,928	2,668,664	586,745	137,276	4,452,963	567,222	1,186,772	1,034,740	1,826,702	652,944	223,659	280,180	142,330	228,723	68,940	4,123	339,828
1929	92,889	5,020	2,951,520	668,719	142,207	4,551,719	583,026	1,200,566	1,106,270	1,805,397	632,896	228,338	259,248	148,549	231,987	61,317	4,453	361,548
1930	79,762	4,630	2,567,812	382,477	138,028	4,362,031	437,306	866,096	904,184	1,443,746	680,009	201,521	187,164	138,650	222,017	76,608	3,823	260,000
1931	66,612	4,139	1,978,499	368,339	115,694	3,516,609	288,089	560,590	735,471	968,691	400,023	157,728	121,854	119,949	187,600	...	2,542	174,176
1931-Feb.	57,794	3,993	1,957,921	368,421	103,660	4,064,872	192,066	620,270	668,775	1,032,075	588,328	149,325	116,566	102,164	173,197	51,924	2,320	177,483
Mar.	66,226	4,827	2,233,054	374,092	116,056	3,929,424	246,230	584,029	500,000	1,027,111	545,164	166,547	125,474	111,265	192,388	112,632	2,534	205,668
Apr.	63,432	3,900	2,292,039	450,951	112,323	3,901,680	271,783	679,098	717,641	1,084,184	661,569	137,429	99,075	189,435	79,853	2,237	182,867	
May	63,886	4,177	2,096,576	406,872	115,377	3,574,706	328,890	599,757	763,144	1,068,118	693,492	160,803	140,710	125,077	183,462	94,269	2,468	176,443
June	62,598	4,265	1,989,630	483,360	113,116	3,535,953	303,429	662,550	728,147	785,002	388,073	165,497	127,827	117,060	187,252	72,607	2,255	174,559
July	65,210	4,322	1,973,909	441,249	107,497	3,189,869	289,865	454,340	705,236	853,269	388,335	147,376	109,102	117,441	178,827	111,320	2,431	168,735
Aug.	61,411	3,582	1,846,632	396,092	115,850	3,345,851	334,801	448,419	799,888	837,045	442,312	152,790	113,319	128,565	186,639	...	2,468	174,740
Sept.	64,557	4,144	1,925,829	358,650	119,844	3,328,299	349,869	482,788	794,917	792,976	392,959	159,948	119,350	129,791	203,014	...	2,308	171,589
Oct.	78,408	4,202	1,941,941	380,171	117,230	3,182,990	360,233	482,395	681,808	766,397	508,545	139,766	97,036	131,373	182,341	...	2,549	152,802
Nov.	78,655	4,131	1,741,892	352,235	123,408	3,289,290	360,233	482,395	681,808	766,397	508,545	139,766	97,036	131,373	182,341	...	2,322	149,516
Dec.	71,491	3,966	1,155,186	331,375	126,470	2,806,476	252,494	490,591	632,851	960,546	297,948	140,847	117,642	...	...	...	2,120	134,311
1932-Jan.	57,027	3,533	1,740,000	246,224	103,439	2,340,791	170,463	439,355	550,487	731,957	228,185	130,667	80,462	100,969	164,173	...	2,556	130,984
Feb.	64,751	3,728	1,661,900	257,702	99,031	2,399,079	164,885	440,759	638,571	738,449	...	...	...	...	...	...	...	...
Mar.	55,695	...	...	...	...	2,617,895	...	363,627	...	...	...	116,006	65,605	...	147,312	...	...	131,000

The Economist

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The tables in the following pages show summary figures for as many nations of the world as possible, and have endeavoured to combine brevity with comprehensiveness. The greater number of the figures are taken from the Monthly Statistical Bulletin of the League of Nations, supplemented from our records.

THE STATE OF TRADE AT HOME AND ABROAD.

WHILE little actual change in the state of British trade has become noticeable during the past month, there is some evidence that the general tone is less hopeful than it was earlier in the Spring. The Budget undoubtedly has had a deadening effect, particularly upon the heavy industries and others engaged in the manufacture of capital or equipment goods, as opposed to articles for immediate consumption. It is true that, by early April, no one really believed that a reduction in direct taxation would be practicable, but even so the whole tone of the Budget speech and of subsequent declarations by responsible Ministers has been such as to inspire the belief that any relief of taxation will be deferred for a very long time.

The tariff changes have also exercised an unsettling influence. In some cases Abnormal Importation Duties of 50 per cent. have been replaced by lower duties running down to 10 per cent., and in such cases manufacturers are finding that foreign competition has once more become effective. In other cases the new duties have so far not provided the stimulus to home production for which the beneficiaries hoped, partly because of the existence of pre-duty stocks and partly because the general trade depression is forcing foreign manufacturers to quote prices which include the duty and yet remain competitive. Many home manufacturers expected too much of the tariff, and also imagined apparently that its benefits would accrue immediately. They are now being disillusioned.

The result is that at the moment British industry is experiencing just the same seasonal lull as it used to experience every May during the years of relative prosperity that ended in 1929. The unemployment returns for April bear this out. Between March 21st and April 25th this year the unemployment percentage rose from 20.8 to 21.4, and the latest figure is 0.5 per cent. above the corresponding percentage for April, 1931. During April employment declined in the coal mining and textile industries (excluding rayon yarn manufacture); in iron and steel, tinplate, glass and paper manufacture; in constructional engineering; and in shipping, dock and harbour services. An improvement was recorded in the rubber industry, and also slight seasonal revivals in building, tailoring, dressmaking, the distributive trades and in hotel and boarding-house services. These returns show that the deterioration occurred in many of the staple industries of the country.

The real question is, how far is it legitimate to regard this setback as a temporary and seasonal lull. Taking

a broad view of the position at home and abroad, it is perhaps true to say that British trade and industry have, on balance, held their own since the suspension of the gold standard last year. They have not, however, recovered any of the ground previously lost, and it must also be admitted that abroad the situation has seriously deteriorated during the same period, and is still rapidly deteriorating. It is thus a question how long British industry will be able to avoid being dragged down by the steadily declining trend of world activity; for palpably,

unless the trend of events abroad is rapidly reversed, home trade will not be able to hold out for long. It is by no means certain that to-day's lull is not the beginning of a major recession.

There are two pieces of evidence in support of this pessimistic view. The first is the failure of cheap money to have any effect. To-day both England and the United States are committed to a cheap money policy designed to infuse fresh credit into industry, and to-day both countries are having to face the fact that cheap credit can by itself do little so long as confidence on the part of both lender and borrower is lacking. This does not mean that the banks should relax their efforts to see that cheap credit in the money market is translated into cheap credit to commerce and industry, just as in England to-day traders would be well-advised to weigh the advantages of financing their business by means of bills of exchange as opposed to bank over-

drafts. But adequate machinery of finance is not enough. There must also be the will and desire to make use of it, and this depends upon confidence.

The other and more serious fact is that, as a perusal of the trade reports upon subsequent pages will show, time and time again the depression in a particular country or industry is directly attributable to exchange or import restrictions imposed by another country. To-day there is copious evidence to show that international trade is drifting into a state of deadlock, and, indeed, is fast disappearing altogether. Already matters have reached the stage where exporters are deliberately refusing to accept business offered to them, and this is reacting upon trade, production and prices everywhere. In short, the work of reconstruction has already been too long delayed. If international trade is to survive, all the evidence shows that policies directed vigorously to removal of trade barriers and the restoration of credit and confidence must be put in hand at once.

CAPITAL ISSUES.—(000,000's omitted.)

Period.	United Kingdom.	Austria.	Czechoslovakia.	France.	Germany.	Italy.	Netherlands.	Poland.	Romania.	Sweden.	Switzerland.	British India.	Japan.	United States.
Monthly Average.	£	Schilling.	Koruna.	Francs.	Mark.	Lira.	Guilder.	Zloty.	Lei.	Kroner.	Francs.	Rupia.	Yen.	Dollars.
1913.....	16.3	...	...	...	...	...	...	...	...	...	...	...	...	...
1927.....	29.6	10.8	31	616	114.1	264	43	17.7	271	22	73	17	255	649
1928.....	30.8	12.0	60	876	110.0	450	50	27.1	384	23	81	56	242	676
1929.....	23.8	8.6	55	1,259	80.2	607	29	17.8	318	23	81	56	202	849
1930.....	22.3	4.8	38	1,832	46.6	514	47	17.5	460	21	125	94	255	887
1931.....	8.5	3.1	42	1,362	65.2	361	...	6.4	210	28	109	27	...	259
1932.....	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Jan.-Mar.	31.3	4.0	32	2,309	73.5	474	52	15.2	379	17	134	34	133	411
Apr.-June	28.6	6.7	81	1,582	31.3	836	66	21.9	702	16	148	18	218	906
July-Sept.	24.4	8.6	38	1,075	80.4	534	25	14.7	594	24	104	18	183	379
Oct.-Dec.	24.8	3.7	28	2,365	31.4	211	49	17.3	164	28	116	26	285	346
1931.....	16.0	5.6	36	2,008	45.6	193	20	6.5	127	58	157	22	313	411
Jan.-Mar.	13.3	1.6	86	1,381	110.3	533	36	9.6	492	33	111	25	240	320
Apr.-June	3.0	2.7	20	565	85.5	374	17	7.6	94	11	92	45	303	205
July-Sept.	1.3	2.6	26	1,496	19.6	344	8	2.1	126	9	75	17	...	90
Oct.-Dec.	1.1	1.8	17	370	19.3	1101	9	2.1	124	12	57	115	...	180
1932.....	9.5	6.1	60	815	5.4	202	15	...	16	8	304	15	...	73
Jan.-Mar.	6.6	...	...	341	9.4	...	...	...	36	14	74	...	...	...

Unless otherwise stated, the figures represent authorised share issues of new joint stock companies at home, and the increase of capital of existing companies. Bonus shares are excluded from the figures of the U.S.A., Roumania, Switzerland and Czechoslovakia. In the case of the Netherlands and the U.K. both bonus shares and conversions are excluded. c Excluding Treasury Bills. d Excl. large railway issues. f "Rivista Bancaria." f Issues exceeding Fls. 100,000 on the Dutch market including Colonial, and since Jan. 1925, foreign issues. g Since 1924, excluding amalgamations and conversions. h Until end 1922 paper mark. i Societe de Banque Suisse. j Invitation for subscriptions on Swiss market including obligations and Local Govt. loans. k India, compiled by "Commercial & Financial Chronicle." l Up to 1927, authorised issues, excluding western departments; since 1928 amounts actually issued, whole territory.

UNEMPLOYMENT.

Percentage of persons unemployed in trade unions or in official unemployment insurance schemes (Belgium and U.K.).

End of Month.	U.K.	Belgium.	Denmark.	Germany.	Netherlands.	Norway.	Sweden.	Austria.	Canada.
1921—June.....	17.8	9.9	16.8	3.0	8.1	20.6	27.7	12.5	13.2
December.....	16.2	6.6	25.2	1.6	16.6	23.4	33.2	9.5	15.1
1925—June.....	11.9	1.0	9.3	3.5	6.6	8.9	8.2	10.2	6.1
December.....	10.4	2.8	31.1	19.4	16.0	23.7	19.4	8.1	7.9
1926—June.....	11.6	0.9	15.6	18.1	5.9	22.6	19.6	6.7	4.1
December.....	11.9	2.6	32.2	16.7	12.1	27.7	19.0	5.7	5.9
1927—June.....	8.8	1.4	18.0	6.3	6.0	22.7	19.0	6.4	5.2
December.....	9.8	3.6	31.6	12.9	14.9	28.0	18.6	8.9	6.6
1928—June.....	10.7	0.6	13.8	6.2	4.4	14.4	7.6	11.2	3.2
December.....	11.1	1.9	28.4	16.7	11.5	22.1	17.3	9.9	6.6
1929—June.....	9.6	0.4	10.0	8.5	2.6	11.3	7.3	10.0	2.9
December.....	11.1	2.4	22.4	20.1	12.3	18.9	16.9	13.1	11.4
1930—June.....	15.8	1.9	...	...	...	...	...	...	...
December.....	20.2	9.2	25.1	19.6	5.8	10.8	8.3	18.8	10.6
1931—June.....	21.8	9.0	11.3	29.7	11.7	25.8	23.3	23.4	17.0
July.....	22.6	9.0	11.8	31.0	13.3	...	12.9	27.6	16.3
August.....	22.7	9.9	11.8	33.6	15.3	...	13.3	...	15.8
September.....	22.6	10.2	12.1	35.0	15.7	...	14.0	28.3	18.1
October.....	21.9	11.1	15.8	36.6	18.0	...	17.0	...	18.3
November.....	21.4	12.6	22.1	38.9	22.1	...	19.9	...	18.6
December.....	20.9	17.0	32.2	42.2	27.8	...	27.2	28.0	21.1
1932—January.....	22.4	20.0	35.1	43.6	33.6†	...	24.5	...	22.0
February.....	22.0	...	35.9	44.1	35.1†	...	...	...	...
March.....	20.8	...	...	...	...	...	...	...	...

Number of Workers Covered by Last Returns.

Millions.....	12.4	0.7	0.3	4.1	10.5	0.04	0.4	0.4	0.2
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† Ex. Irish Free State since Mar., 1923.
* Workpeople in the coal-mining industry, who ceased work on account of the dispute, are not included in this figure. † Provisional figure.

SECURITY VALUES.

	SECURITY VALUES.													
	1926.		1927.		1928.		1929.		1930.		1931.		1932.	
	End of	End of	End of	End of	End of	End of	End of	End of	End of	End of	End of	End of	End of	End of
	June	Dec.	June	Dec.	June	Dec.	June	Dec.	June	Dec.	June	Dec.	Feb.	Mar.
London	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Paris	5	6	4	4	4	5	5	3	3	2	6	5	3	4
Berlin	6	6	5	5	3	3	3	2	2	2	2	2	2	2
New York	3	4	4	4	5	6	4	2	2	1	3	3	3	3
Amsterdam	3	3	3	4	4	5	4	3	3	3	3	3	3	3
Brussels	7	7	5	4	4	4	3	3	2	2	3	3	3	3
Rome	7	7	7	7	5	5	7	5	5	5	7	7	6	6
Switzerland	3	3	3	3	3	3	3	3	2	2	2	2	2	2
Vienna	13	9	8	6	8	8	9	8	7	7	7	7	7	7
Warsaw	7	3	6	5	5	4	5	4	5	4	6	6	6	5
Tokyo	4	4	5	7	6	7	5	6	6	6	8	8	6	6
Calcutta	4	4	5	7	6	7	5	6	6	6	8	8	6	6

† Federal Reserve.

‡ 3% as from Apr. 21, 1932.
‡ ½ % as from Apr. 18, 1932.

LONDON BANKERS' CLEARING RETURNS.				
	(000's omitted.)			
	Town.	Metropolitan.	Country.	Total.
	£	£	£	£
1913	14,191,275	855,648	1,389,481	16,436,404
1926	35,346,429	1,660,757	2,871,868	39,825,054
1927	36,819,682	1,758,032	2,912,827	41,550,541
1928	39,311,117	1,854,190	3,039,422	44,204,729
1929	38,782,577	1,812,146	2,963,631	43,558,354
1930	38,782,577	1,812,146	2,963,631	43,558,354
1931	31,815,808	1,667,852	2,752,209	36,235,869
1931 (Apr. 20) ..	10,937,142	548,685	878,908	12,364,736
1932 (Apr. 20) ..	7,914,237	516,155	853,559	9,283,951

	United Kingdom,		Nether- lands.	Sweden.	Switzer- land.	Canada.	United States.
	" Bankers' Magazine."		Official, 49 Ordinary Industrial Shares.	Official 52 Industrial and Shipping Shares.	Banque Nationale (f) 32 Industrial Shares.	Official, 79 (h) Common Industrial Shares.	Standard Statistics Co. 342 Industrial Shares.
Base.	Dec., 1921 = 100.		1921-25 = 100.	Dec., 1924 = 100.	Nov. value = 100.	1913 = 100.	
1925-June	(a) 108.6	(b) 125.5	(c) 114.1	(e) 96	(h) 113.6(d)	(g) 134.4	(j) ...
Dec.	108.8	132.5	116.5	96	113.6(d)	144.6	88.4(d)
1926-June	110.0	136.5	118.7	91	124.9(d)	176.9	100.0(d)
Dec.	109.3	135.7	118.0	91	124.9(d)	175.4	117.6(d)
1927-June	110.1	141.5	120.4	102	146.0(d)	189.9	154.3(d)
Dec.	111.2	146.9	122.8	103	146.0(d)	223.2	121.5
1928-June	112.4	152.7	125.4	111	170.4(d)	243.6	170.0
Dec.	112.1	158.8	127.3	115	170.4(d)	252.8	237.3
1929-June	109.8	157.9	126.4	121	168.9	245.8	264.1
Dec.	108.5	147.1	121.0	100	154.4	215.0	210.0
1930-June	110.0	135.5	119.0	85	148.2	209.3	146.9
Dec.	112.8	118.5	114.4	60	131.8	177.6	143.1
1931-June	111.1	103.6	108.6	50	120.1	180.7	120.3
Sept.	103.5	89.9	99.0	37	84.8	122.6	91.1
Oct.	104.2	100.6	103.1	37	82.2	129.3	79.3
Nov.	104.8	99.4	103.1	39	85.5	131.9	74.3
Dec.	102.2	90.7	98.5	35	79.4	116.8	86.6
1932-Jan.	104.7	92.8	100.0	37	82.7	123.6	74.3
Feb.	106.5	91.7	101.7	37	77.8	123.6	73.7
Mar.	111.6	92.7	105.6	36	55.5	128.7	71.1

(a) Fixed Interest. (b) Variable dividend. (c) Total. (d) Monthly average. (e) Average of highest and lowest quotations or each Wednesday. (f) Shares of companies with capital of more than 5 million francs. (g) On 25th of month. (h) End of month. (i) Since Jan., 1929, 92 shares.

(j) Average of closing prices on each Thursday of month.

(a) Fixed interest. (b) Variable dividend. (c) Total. (d) Monthly average. (e) Average of highest and lowest quotations on each Wednesday. (f) Shares of companies with capital of more than 5 million francs. (g) On 25th of month. (h) End of month. (i) Since Jan., 1929, 92 shares. (j) Average of closing prices on each Thursday of month.

U.K. IMPORTS AND EXPORTS.—(000,000's omitted.)

Exports of (000,000 £s. omitted.)													
	Food.		Raw Materials.		Manufactures.		Imports of			Exports of			
	Imports.	Exports.	Imports.	Exports.	Imports.	Exports.	Wheat.	Raw Cotton.	Sheep's & Lambs' Goods.	Cotton Piece Goods.	Iron and Steel.	Coal.	
Monthly Average.	£	£	£	£	£	£	Owts.	Centals.	Centals.	Sq. Yds.	Tons.	Tons.	
1913	24.2	2.7	23.5	5.8	16.1	34.3	8.8	1.8	0.7	589	0.41	6.1	
1925	47.6	4.6	35.4	7.0	26.7	51.4	8.1	1.6	0.6	370	0.31	4.2	
1926	41.9	4.2	32.7	3.9	26.3	44.9	8.1	1.5	0.6	370	0.31	4.2	
1927	44.9	4.4	29.3	6.4	26.9	44.9	9.2	1.3	0.7	319	0.26	1.7	
1928	44.3	4.5	27.9	5.8	25.7	47.0	8.6	1.1	0.7	343	0.35	4.3	
1929	47.7	4.6	28.3	6.6	27.9	48.2	9.3	1.3	0.7	322	0.36	4.2	
1930	39.8	4.0	20.9	5.3	25.6	36.8	8.8	1.0	0.7	308	0.36	5.0	
1931	34.8	3.0	14.5	3.9	21.8	24.2	9.9	0.9	0.7	201	0.26	4.6	
1931—October	40.8	3.4	11.9	4.3	27.2	24.0	14.8	0.6	0.3	143	0.17	3.6	
November	38.6	3.4	15.3	4.1	28.7	22.9	11.3	1.7	0.5	143	0.16	4.0	
December	39.7	2.9	18.5	4.0	18.2	22.7	7.6	1.7	0.3	126	0.20	3.5	
1932—January	31.5	2.8	16.9	3.6	13.3	23.4	5.1	1.1	1.0	150	0.18	3.6	
February	33.6	2.8	15.4	3.5	20.1	22.6	8.5	0.9	0.9	180	5.17	3.3	
March	30.9	2.7	16.5	3.5	13.0	24.2	10.0	1.5	1.2	180	0.14	3.2	
										203	0.17	2.9	

• Yards.

RAILWAY STATISTICS.—(000,000 £s. omitted.)

* Yards.

RAILWAY STATISTICS.—(000,000's omitted.)

	Great Britain (g).				Freight Traffic (f).				Passenger Traffic (e).				Other Countries.			
	Gross Receipts.		Merchandise.		Coal, &c.		Minerals and Other Merchandise.		Total.		Total.		Total.		Total.	
	Passengers.	Freight.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
1925—June.....	4.4	6.3	1.9	3.6	10.2	704	1,202	4,695	2,846	439,237	1,202	4,695	2,846	439,237	1,202	4,695
December.....	4.7	8.5	4.9	15.9	4.1	24.8	1,321	5,641	3,320	440,096	1,321	5,641	3,320	440,096	1,321	5,641
1927—June.....	6.1	8.8	5.1	17.2	4.8	26.4	1,401	5,126	3,528	438,483	1,401	5,126	3,528	438,483	1,401	5,126
December.....	4.8	8.7	5.1	17.2	4.8	26.4	1,401	5,126	3,528	438,483	1,401	5,126	3,528	438,483	1,401	5,126
1928—June.....	5.5	8.3	4.8	16.1	4.9	25.0	1,324	5,228	3,552	434,580	1,324	5,228	3,552	434,580	1,324	5,228
December.....	4.6	8.3	4.7	16.1	4.9	25.0	1,324	5,228	3,552	434,580	1,324	5,228	3,552	434,580	1,324	5,228
1929—June.....	5.2	8.4	4.8	16.1	4.9	25.0	1,324	5,228	3,552	434,580	1,324	5,228	3,552	434,580	1,324	5,228
December.....	4.5	8.2	4.7	16.1	4.9	25.0	1,324	5,228	3,552	434,580	1,324	5,228	3,552	434,580	1,324	5,228
1930—June.....	5.7	7.3	4.4	13.2	4.7	22.3	1,198	4,874	3,672	428,618	1,198	4,874	3,672	428,618	1,198	4,874
December.....	4.3	8.1	4.4	13.8	4.2	22.2	1,388	5,145	3,846	420,281	1,388	5,145	3,846	420,281	1,388	5,145
1931—June.....	4.7	7.4	4.2	13.8	4.2	22.2	1,250	4,846	3,697	412,556	1,250	4,846	3,697	412,556	1,250	4,

HOME INDUSTRIES AND TRADE.

The following reports on British industry cover, in most cases, the period to the middle of May. In the remainder they relate to the month of April.

THE COAL TRADE.

Business remains very quiet. Export trade continues to be hampered by restrictions in many directions, and the only event of note is the placing in South Wales of the Egyptian State Railways' contract for 240,000 metric tons. Demand for house coal has now been reduced to its summer level, and sales of industrial fuel, though fairly well maintained in certain centres, show little sign of increasing. Many collieries remained closed for three or four days at Whitsuntide owing to the prevailing lack of orders.

IRON AND STEEL.

Conditions remain disappointing. The April steel output amounted to 433,300 tons, which compares unfavourably both with the March figures (462,800 tons) and those for April last year (397,000 tons), as this year Easter fell in March. Pig-iron production was better, and little significance need perhaps be attached to the reduction of three in the number of furnaces in blast, as three furnaces were blown out for relining and should automatically come back into blast when ready. Unfortunately, stocks both of iron and steel remain heavy, and, notwithstanding the new import duties, ranging up to 33½ per cent., Continental producers are still offering semis on terms with which many English firms cannot compete. The May trade returns are not expected to record any substantial improvement.

ENGINEERING.

While actual conditions show but little change, the tone is less hopeful than a few months ago. The Budget came as a keen disappointment to the industry, and the immediate benefits of the tariff are less than the industry had expected, even though they are having a definitely protective effect. April exports were comparatively good, those of machinery being the best since January 1, 1931. Unemployment was slightly worse than in March. As regards different branches of the industry, demand for machine tools is fair, but textile machinists are no better placed, and foreign orders are coming forward very slowly. Makers of power equipment are expecting fresh orders, as it is known that certain large essential renewal operations are imminent. Agricultural engineers have found this year no better than last, and marine engineering remains depressed. There is a fair demand for printing machinery.

PRODUCTION OF ELECTRICITY

INDEX OF GENERATION OF ELECTRICITY.*

(Monthly Average 1923-24=100.)

Period.	Britain, excluding London and Wales.	Coal Mining, Iron and Steel, Ship-building, Heavy Engineering.	General Engineering and Automobile Construction.	Chemicals.	Marine Transport, Docks, &c.	Textiles, Cotton, and Wool.
1926—Monthly average	119	100	138	162	134	120
1927	146	143	158	210	163	139
1928	156	150	177	237	190	147
1929	171	164	211	260	196	160
1930	167	152	216	234	215	158
1930—November	188	167	226	246	255	185
December	194	169	260	207	267	189
1931—January	197	169	271	209	274	195
February	193	164	255	218	256	193
March	184	162	245	243	247	180
April	158	136	206	197	210	148
May	148	124	196	178	191	135
June	149	126	193	205	206	151
July	142	117	204	209	192	143
August	143	121	182	197	197	145
September	157	130	222	213	212	158
October	176	149	240	219	232	180
November	199	168	266	227	256	207
December	207	173	275	196	258	207
1932—January	193	160	266	165	258	207
February	204	165	271	212	266	214
March	198	165	262	236	256	205
April	180	150	250	212	233	190

* Prepared by the economic and statistical department of the British Electrical and Allied Manufacturers' Association.

The corrected figure for April was 92.0. This compares with one of 93.0 for March and one of 87.7 for April last year.

ELECTRICAL INDUSTRY.

The increase in the home index is attributable to large orders received in connection with the Galloway power scheme. Unfortunately, so far as the total output of electrical plant is concerned, this increase is offset by the decline in export orders.

INDEX OF NEW ORDERS RECEIVED BY ELECTRICAL MANUFACTURING INDUSTRY.*

(1920=100)

Period.	Home.	Export.	Total.
1926—Monthly Average	84	100	88
1927	87	195	114
1928	75	112	85
1929	83	157	102
1930	66	211	103
1930—October	64	181	94
November	61	171	89
December	75	152	95
1931—January	69	150	90
February	62	123	78
March	66	126	74
April	60	130	76
May	63	137	79
June	65	128	78
July	62	142	80
August	51	132	70
September	47	130	67
October	48	119	62
November	53	119	65
December	46	114	59
1932—January	45	106	56
February	47	111	58
March	46	112	57
April	49	110	59

* Copyright of the British Electrical and Allied Manufacturers' Associations.

MOTOR INDUSTRY.

The usual seasonal improvement in the motor car trade is taking place, but this year it is confined largely to the cheaper classes of cars. In the commercial vehicle section demand is mainly for light lorries, and makers of heavy lorries are relatively inactive. The motor cycle and pedal cycle trades remain fairly steady.

THE COTTON TRADE.

The experience of spinners and manufacturers during the past month has not been encouraging. There has been a fear of lower fluctuations in raw material rates have been comparatively narrow. Rather more favourable reports have been received concerning crop prospects in the United States, but the Government acreage estimate will not be published until early in July. The general inquiry in piece goods for India has kept up fairly well. The demand has indicated that many dealers in the bazaars want to re-low. A little more activity has shown itself in dhooties and light whites for Calcutta, and some producers of mulls, nainsooks and jaconets have done fairly well for Karachi and Madras. Heavier goods have attracted very little attention. Transactions for China weekly auctions in Shanghai. For Hong Kong, however, some useful lots have been sold in light whites and fancies. Most of the buying for Java and the Straits Settlements has been in specialities. Very little has been done for Egypt and the Near East. Difficulties with regard to trading with South America are still very pronounced. Manufacturers have not met with much support from customers on the Continent. Home trade buying has been limited, and the unseasonable weather has had an adverse effect upon clearances the yarn section. A slow feeling has prevailed throughout Egyptian counts have operated sparingly. Irregularity in prices has decided to abrogate all wages and hours agreements with the trade unions the operatives are balloting on a strike, but no definite decision on this point has yet been reached.

THE WOOL TEXTILE TRADES.

Current supplies of merino and fine wools are not excessive, and immediately before the opening of the fourth London sales on May 24th the general impression was that prices would be maintained. The position of medium and low-grade cross-breeds, however, was quite different, as in all probability more wool is on offer than can be readily absorbed. In the West Riding spinners and the 50 per cent. Abnormal Importations Duties by the lower duties imposed under the new tariff. At the moment new business is coming forward less freely than earlier in the year, and there is a fear that in certain lines foreign competition will again become effective.

THE JUTE TRADE.

The new crop is progressing favourably, but sellers are, so far, not disposed to make offers of new crop fibre, while spinners, in steady, but business is very dull, and one mill is to close down at the end of the month. Orders for jute cloth are still very limited, and prices are no better. Still, the dispute regarding hours between the Indian Jute Mills' Association and five non-assorted manufacturers has been settled, and this should help to stabilise Calcutta piece-goods prices.

RAYON.

New business in rayon yarns has been relatively scarce during the past month, and the delivery position has been considerably eased. At the same time, forward orders have, up to the time of writing, enabled production to be well maintained, and a larger turnover is anticipated during the next few weeks as a result of the new duties. Overseas business in rayon fabrics remains at a restricted level.

THE LINEN TRADE.

There is little flax offering as markets are almost cleared and supplies have mostly passed into merchants' hands. Values are unchanged. With the exception of Soviet Russia, from which no reports are available, sowings for next season both here and on the Continent will be even less than last year, when they were the lowest recorded. Possibilities arising from this are causing anxiety in both spinning and manufacturing ends of the trade. Business has been quiet in both yarns and cloth. There has been some inquiry for forward contracts, but little has been done. The reduction of the import duties from 50 to 20 per cent. is the chief cause of the uncertainty.

BOOTS AND SHOES.

At Northampton conditions are no better, and most works were closed at Whitsun for a longer period than usual. One or two firms are relatively busy upon export orders. Bristol manufacturers report heavy cancellations of Irish orders as a result of the increases in the Free State tariff, and at the moment business is practically at a standstill.

POTTERY.

Business remains dull. Some good orders are being received from Canada, but home trade is inactive.

THE CHEMICAL INDUSTRY.

The tone of the chemical market was rather subdued during the month of April, but quoted prices were well maintained in most cases. The coal tar section was about the most satisfactory. Refined tar and pitch continued in good demand, and a very fair business was transacted in creosote oil. Even the cresylic acid market, which has been very dull for some time, showed signs of improvement. There were steady sales of industrial chemicals throughout the month, and the consumption of most wood distillation products was satisfactory. Demand for pharmaceutical products is still very limited, but there was a slight improvement towards the end of the month. The Board of Trade returns show an increase in exports of chemicals, drugs, dyes and colours as compared with April, 1931, although the improvement was not so pronounced as that for March. Exports of disinfectants, insecticides, etc., glycerine, sodium sulphate, potassium nitrate, chromate and bichromate increased both in quantity and value, whilst those of sulphuric acid and coal tar products showed a rise in value as compared with the corresponding month last year. There was a considerable decrease in the value of

chemical products imported during the month, a decline being shown by nearly every item. The only products showing an appreciable increase were acetic anhydride and potassium nitrate.

AGRICULTURE.

Though their condition was satisfactory, autumn-sown crops were less forward than usual at the end of April, and the cold weather had retarded the germination of spring-sown corn. About one-third of the main crop of potatoes remained to be planted. Except on the heavier lands, preparations for the drilling of roots were well advanced. Cattle have not wintered too well, and, owing to bad weather and backward pastures, have been turned out later than usual. Milk yields have only been maintained with difficulty.

SHIPPING.

Except for a moderate demand for tonnage to load Plate grain, business continues to contract, and the May indices of freights are expected to show a fairly substantial decline.

BUILDING.

According to the Ministry of Labour's information, a further slight improvement in employment occurred in April, mainly due to seasonal activity in the painting and decorating trades. The percentage of unemployment fell from 29.0 in March to 27.0 in April, against 19.5 per cent. for April last year. Returns furnished by 143 urban authorities showed that plans passed for new buildings in April comprised a total cost of £5,517,700, against £5,389,900 in March and £5,840,800 in April, 1931. Dwelling-houses accounted for £3,939,500 of last April's total; factories and workshops for £215,400; shops, offices, warehouses and business premises for £286,700; and other buildings and alterations and additions for £1,076,100.

RETAIL TRADE.

According to the calculations of the Incorporated Association of Retail Distributors, published in *The Board of Trade Journal*, sales reported for April last showed a decrease in money value of 2.2 per cent. compared with April, 1931. In order to smooth out the effects of the Easter holidays, it is best to combine the results for March and April, and here the decline since last year is one of 4.3 per cent. In Central and West-End London the value of sales in April was 0.3 per cent. higher than a year ago, the expansion being particularly marked in the case of furniture. Taking the country as a whole, stocks at cost fell by 3.6 per cent. in value during the year ended April 30th, and employment declined by 0.6 per cent.

INDICES OF BUSINESS ACTIVITY.

1924 = 100.

Period.	Net Imports.		Consumption of		Consumption of Power.		Volume of Employment.				Merchandise on Railways.	Provincial Bank Clearings.	Postal Traffic.	Shipping Movements.	London Bank Clearings.	Exports British Manufactures.	Foreign Trade Turnover.
	Raw Materials.	Non-Ferrous Metals.	Iron and Steel.	Cotton.	Rubber.	Coal.	Electricity.	Heavy Industry.	"General" Industry.	Miscellaneous Services.	Total.						
Monthly Average.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
1925	107	107	89	116	137	93	101	90	103	103	101	98	102	103.5	98	104	101.5
1926	107a	100	57	98	175	72	92	57	101	104	95.5	88	94	103.5	90	109	94
1927	113a	106	133	113	197	106	109	87	108	108	105	99	102	109.5	105	117	104.5
1928	101	113	88	103	212	99	110	82	108	110	105	93	100.5	114	106.5	125	108
1929	113	120	103.5	106	271	106	116	84.5	109.5	112	107	95	99	115.5	111.5	130	109
1930	101	117	103	76	340	106	112	77.5	101.5	112	103	88	91.5	117	109.5	140	87.5
1931	95	105	92	78	334	102	112	65.5	96	114.5	99	79	91.5	116.5	102	129	65
"Corrected" average for 3 months ended:																	
1931—Apr. ...	92	117	78	64	371	108	118	69	96	114.5	98.5	78	94	120	93	139	63
May ...	96	118	82	66	309	102	108	67	97	115	99	78	93	118	99	142	66
June ...	93	126	83	68	323	96	101	65	97	116	99.5	76	91	115.5	103	143	63
July ...	88	118	88	74	354	93	97	63	96	116	98.5	77	92	114.5	109	148	66
Aug. ...	83	111	83	72	410	90	96	62	95	115.5	98.5	77	92	113.5	111	139	64
Sept. ...	78	103	77	75	365	90	98	62.5	94.5	115	98.5	77	89	112	110	131	66
Oct. ...	75	95	79	70	365	93	105	63.5	95	115	98.5	79	88	112	108	120	64
Nov. ...	81	99	91	86	243	100	118	64	96	115	99	83	86	114	104	109	64
Dec. ...	95	94	98	96	266	107	128	65	98	115.5	100	83	92	116.5	101	101	64
1932—Jan. ...	106	97	92	107	238	109	131	65	97.5	116	100	77	94	119.5	96	91	64
Feb. ...	109	100	88	102	298	106	133	64.5	98	116.5	100.5	...	97	119.5	93	90	64
Mar. ...	109	105	77	101	240	106	132	64	98	117	101	...	99	119.0	91	99	65
Apr. ...	100	100	75	97	287	105	128	63	99	118	102	...	98	117.5	91	110	69
Apr., 1925.....	109	106	110	122	121	100	108	93	102	101	100.5	97	107	105	92	104	103
Apr., 1926.....	110	118	87	110	193	110	107	94	105	105	103.5	102	103	109	97	110	101
Apr., 1927.....	126a	112	170	118	208	104	114	88	107	107	104	100	103	111	98	114	98
Apr., 1928.....	108	119	98	110	305	105	117	86	108	109.5	105.5	93	107	116	98	124	106
Apr., 1929.....	109	117	83	105	259	114	123	86	108.5	111	106.5	92	105	116	100	134	105
Apr., 1930.....	103	119	124	88	489	111	122	83.5	104.5	112	105	90	98	119	101	143	94
Apr., 1931.....	92	117	78	64	371	108	118	69	96	114.5	98.5	78	94	120	93	139	63
Apr., 1932.....	100	100	75	97	287	105	128	63	99	118	102	...	98	117.5	91	110	69

a Excluding coal imports.

STATE OF TRADE ABROAD.

No change for the better is noticeable, and in Central Europe the situation has become more serious than ever. All the evidence shows that international trade is rapidly being destroyed by almost universal restrictions upon the movement of goods and funds.

BRITISH EMPIRE.

Australia.—Conditions and prospects in the rural areas are very favourable except in the interior of Queensland, where rain is deficient. This season's wool clip is the largest on record, but prices are very low. The wheat crop is in excess of estimates, and butter production is again expanding. Many of the secondary industries are more active than a year ago, and the textile and clothing trades are fully employed. Consumer demand is covering a wide range of goods, including a greater proportion of luxuries.

Canada.—The seeding season is later than usual, but conditions are satisfactory, as good rains have fallen all over the Prairie Provinces. Stocks of wheat have been reduced from 280.1 to 243.3 million bushels during the year ended March 31st last, but the latest figures are still very high, and they foreshadow a carry-over on July 31st of no less than 103 million bushels. Some improvement is noticeable in the chief industries, especially in textiles. Navigation on the St. Lawrence is now open and this has helped employment in the St. Lawrence ports.

India.—The Bombay cotton market was weak during April, and stocks have been growing. There was a fair demand for piece goods during the month. The Calcutta jute market was dull and depressed, with shippers showing little interest.

South Africa.—Seasonal rains have improved farming prospects, and extensive sowing of winter crops is reported. Heavy rains are still needed in the Northern Provinces. Wool prices are unchanged. The season's clip amounted to 928,000 bales, of which 85 per cent. had been sold up to the end of April. The hide and skin market has become weaker owing to a cessation of American demand. The maize market is also weaker owing to the poor home demand and uncertainties over the export quota position; 1,000,000 bags of the old crop will probably be still unsold at the end of June, but a reduction is expected to be shown by the next new crop estimate. Business remains at a low ebb.

EUROPE.

France.—There has been some slight seasonal improvement in unemployment, but the outlook remains most uncertain, and the result of the election has been a disturbing feature. Railway traffic receipts have fallen by Frs. 180 millions since last year, and the March production index fell below pre-war for the first time for many years. Demand for industrial fuel is very limited, and steel exports are being checked by the British tariff. The Lille cotton industry has been unsettled by the renewed fall in raw cotton prices, and, apart from a small seasonal revival, the Roubaix wool industry is no better off, and many combs are likely to stand idle during the summer.

Belgium.—The tone in the iron and steel market is slightly better and there are rumours of substantial Russian orders for rolled products. There is a satisfactory demand for house coal, but sales of industrial fuel are very limited, and stocks are growing. Business in plate glass is very restricted. Makers are only working three days a week, and exports of the cheaper goods are practically at an end. In the textile trades spinners are working at a loss. Exports are very restricted, but imports of British goods have been checked by the recent increase in the Belgian tariff.

Germany.—The number of unemployed fell by 197,000 in the second half of April, against 270,000 in the corresponding period last year. Since the seasonal maximum was reached in the middle of February the improvement has amounted to 390,000, against 590,000 last year. The position of the building industry has not been so unfavourable recently as had been imagined, but the demand for agricultural labour has not shown a normal seasonal expansion. The textile industry is still in a better position than the industries which manufacture producers' goods, but the decline in the metal-producing and metal-working industries seems recently to have been checked.

Holland.—Both imports and exports have fallen substantially since 1931, mainly as a result of world-wide trade restrictions. The various quota restrictions upon imports into Holland are being renewed automatically as they expire. The financial situation remains sound, and drastic economies are being effected or are in contemplation in both public and private finances. General business is no better, apart from a slight seasonal revival in certain industries.

Scandinavia.—Efforts are being made to dissociate Norway from the Kreuger failure, and it is pointed out that the April fall in the krone was quite unwarranted. It is reported that an agreement has been reached regarding the production of whale oil, and discussions between Norwegian and foreign interests have been taking place. The dispute in the Swedish pulp industry continues, and output is being seriously affected. Timber shipments to date are only half their normal level, and the paper trade has not yet benefited from the reduction in the British duties. In Denmark, butter prices have been depressed by the new Belgian import restrictions. It is understood that the Danish exchange control will be continued, and that only a small proportion of importers' applications for permits for the next three months will be satisfied.

Switzerland.—Reduced purchasing power and new trade restrictions abroad are responsible for a heavy fall in exports, and unemployment is rife in the chief export industries, such as watch-making and textile manufacture. Home trade remains firm.

UNITED STATES OF AMERICA.

The credit situation improved during April, but no progress was made by business or industry. Steel operations averaged 22 per cent., with a tendency towards an improvement at the end of the month. There was some expansion in automobile production, but it did not come up to expectations. Building activity increased slightly as the result of an expansion in public works construction. The textile mills have curtailed production owing to poor demand. Shipments of merchandise have expanded, but remain well below last year's level. The banking situation has again strengthened.

AMERICAN TRADE STATISTICS—APRIL, 1932.

	Mar., 1932.	Apr., 1932.	Compared with Apr., '31.
EMPLOYMENT —(June, 1914=100)†	67.8	...	...
PRODUCTION —			
Bituminous coal (Thous. tons)	32,320	21,000*	— 7,446
Pig-iron (" ")	967	853	— 1,167
Steel (" ")	1,411	1,180	— 1,542
Unfilled orders, U.S.:			
Steel Corporation (Thous. tons) ...	2,472	2,327	— 1,571
Building permits (Thous. \$)	37,666	47,742	— 103,465
CONSUMPTION OF ELECTRIC ENERGY (1923-25 = 100)	88.0	84.0	— 22.4
FOREIGN TRADE —			
Imports (Thous. \$)	131,341	127,000*	— 58,748
Exports (" ")	155,254	136,000*	— 78,887
TRANSPORT —			
Monthly average of weekly car loadings (Thous. cars)	570	555	— 192
SECURITIES —			
30 industrial stocks—			
Highest quotations†	88.78	72.18	— 100.25
Lowest quotations†	73.28	55.93	— 87.68
Thous. shares sold during month —(New York).....	33,061	31,403	— 22,930
New securities issued (Thous. \$) ...	154,086	128,300	— 385,682
BANK CLEARINGS —			
New York (Million \$)	15,609	13,969	— 12,412
Other cities (" ")	8,605	8,566	— 4,477
RETAIL BUSINESS —			
Total sales, mail order houses‡ (Thous. \$)	34,864	37,316	— 14,431

* Preliminary estimates made by Messrs. Moody, subject to revision. † Based on reports of U.S. Labour Bureau and of Bureau of the States of New York, Wisconsin, and Pennsylvania. ‡ Average of actual prices. § Partly estimated.

LATIN AMERICA.

In Argentina ploughing for the fine cereal crops continues actively, and sowing of wheat and linseed has commenced. Export demand for grain has recently improved. The foreign trade returns for the first three months of 1932 show a marked advance in the surplus of merchandise exports, to 81,283,028 pesos (gold), against 1,627,455 pesos (gold) in the corresponding period of 1931. This is due partly to an increase in the aggregate value of exports, but also to the continuance of a sharp contraction in the import trade. In Brazil the coffee industry shows some improvement. Market conditions are more satisfactory, and, in a recent message to Congress, the Provisional President of the Republic stated that Sao Paulo stocks will be exhausted by June, 1933. Chilean trade is still depressed on account of the inactivity of the major export industries. The gold standard was suspended in Peru on May 14th, a decision which has been necessitated by the depression in the sugar, cotton, petroleum and mining industries of the Republic. Colombian trade has been restricted. In Ecuador, although reports of the current cocoa crop are favourable, general trade remains inactive.

THE FAR EAST.

In Japan there was an excess of imports of 6,000,000 yen for the first four months of 1932, this being 4,000,000 yen more than for the corresponding part of last year. Trade with China is beginning to improve, especially with Northern China and Manchuria, but exports to Central and Southern China still compare unfavourably with last year. It has been suggested that the Bank of Japan should be authorised to raise the limit of the fiduciary note issue. Share and commodity markets have both remained dull.

PRODUCTION. (Thousands of Metric Tons.)

COAL.														LIGNITE.			
Period. Monthly Average.	United Kingdom.	Belgium.	Czecho- slovakia.	France.	Germany.	Nether- lands.	Poland.	Russia.	Canada.	South Africa.	India.	Japan.	United States.	Czecho- slovakia.	Germany.	Hun- gary.	
1913.....	24,337	1,903	1,189	3,338	15,842	156	748	...	1,119	665	1,311	1,776	43,088	1,927	7,269	460	
1927.....	21,272	2,296	1,168	4,316	12,800	777	3,174	2,683	1,028	1,006	1,790	2,794	45,197	1,635	12,542	520	
1928.....	20,107	2,298	1,213	4,280	12,572	891	3,385	2,885	1,037	1,013	1,826	2,822	43,052	1,704	13,799	543	
1929.....	21,837	2,244	1,377	4,486	13,620	m965	3,853	3,362	1,023	1,052	1,893	2,855	45,510	1,880	14,598	587	
1930.....	20,639	2,284	1,214	4,490	11,891	m1,018	3,127	3,932	864	991	1,913	2,615	40,176	1,602	12,159	515	
1931.....	18,641	2,253	1,104	4,160	9,885	m1,075	3,190	4,883	701	880	1,729	2,150	33,085	1,497	11,102	509	
1931—April	18,872	2,318	1,081	4,203	9,506	1,060	2,902	4,056	700	857	1,921	2,171	31,006	1,486	9,597	422	
May	17,564	2,096	960	4,014	9,337	997	2,677	3,910	737	894	1,684	2,110	30,226	1,223	10,497	390	
June	18,118	2,293	998	4,106	9,492	1,106	2,784	...	747	915	1,593	2,092	30,598	1,249	11,827	394	
July	17,357	2,306	1,082	4,037	10,039	1,167	3,197	...	684	982	1,410	2,130	30,612	1,338	12,052	443	
August	16,368	2,189	1,057	3,933	9,518	1,068	3,301	...	594	914	1,306	1,887	31,614	1,368	11,021	436	
September	18,247	2,300	1,175	4,074	9,847	1,121	3,482	...	648	894	1,611	2,073	32,919	1,586	12,263	545	
October	19,986	2,350	1,233	4,289	10,321	1,156	3,763	...	729	840	1,554	2,216	38,329	1,723	12,724	684	
November	18,863	2,083	1,184	4,076	9,615	1,085	3,740	...	690	786	1,339	2,136	31,072	1,739	11,401	655	
December	19,887	2,062	1,151	3,892	9,021	1,069	3,184	...	729	861	1,847	2,250	31,689	1,702	11,204	618	
1932—January	18,973	2,132	1,036	3,750	8,703	1,025	2,713	5,610	650	809	1,874	2,184	28,839	1,339	9,596	556	
February	18,815	1,988	972	3,716	8,380	1,001	2,134	5,589	697	796	1,921	...	29,059	1,393	9,741	549	
March	19,091	2,108	948	3,789	8,468	1,072	2,379	...	671	824	...	...	33,662	1,300	9,810	...	
April	20,916	...	...	n3,847	...	...	...	...	...	...	...	...	†22,300	...	...	...	
PIG IRON.																	
Period. Monthly Average.	United King- dom.	Bel- gium & Luxem- burg.	France.	Saar.	Ger- many.	Sweden.	Russia.	Canada.	United States.	United King- dom.	Bel- gium & Luxem- burg.	France.	Saar.	Ger- many.	Sweden.	Canada.	United States.
1913.....	869	419	434	114	1,397	61	...	85	2,601	649	307	391	159	1,467	62	88	2,564
1927.....	617	537	775	148	1,091	35	252	60	3,036	770	513	696	158	1,359	44	77	3,675
1928.....	560	552	832	161	984	33	281	88	3,167	722	539	792	173	1,205	51	105	4,222
1929.....	643	583	864	175	1,117	41	360	92	3,580	816	569	808	184	1,354	60	117	4,599
1930.....	525	489	836	159	808	38	418	63	2,659	618	471	787	161	962	52	86	3,326
1931.....	318	440	685	126	505	32	398	36	1,547	438	430	651	128	691	46	57	2,108
1931—April	328	429	738	136	529	42	413	55	2,052	404	417	675	142	743	52	93	2,766
May	352	440	725	130	555	37	410	51	2,026	442	418	674	135	744	49	76	2,546
June	329	450	691	119	575	29	410	57	1,665	436	445	650	121	779	37	56	2,109
July	322	466	679	121	569	35	410	41	1,487	436	466	650	120	803	40	46	1,916
August	280	473	680	117	499	31	410	24	1,301	353	465	644	119	689	45	53	1,747
September	252	456	655	121	438	28	421	18	1,188	406	453	656	128	593	52	34	1,572
October	289	444	637	125	434	29	444	12	1,192	465	445	626	126	603	51	31	1,618
November	301	425	567	110	427	25	450	15	1,121	467	415	538	105	548	47	29	1,619
December	336	397	543	100	352	26	431	14	996	429	392	535	93	438	48	21*	1,323
1932—January	335	397	490	112	358	23	494	10	988	437	388	469	111	400	37	25	1,485
February	329	397	458	116	330	24	423	11	980	488	403	463	125	448	44	29	1,483
March	341	400	469	109	314	29	...	18	983	470	403	464	118	435	56	44	1,433
April	322	...	...	...	...	...	...	...	866	440	...	...	...	...	...	...	1,260

a Figures for Luxembourg communicated by the "Groupeement des Industries Siderurgiques." b Including ferro alloys. c Excluding castings. d Salesable coal; since end 1921 excluding Ireland. e British Provinces only. f Establishments whose production in 1930 amounted to 95-21% of the total. g Excluding Luxembourg. Since 1922, excluding Polish Upper Silesia. h Coal sold. i Until end 1928 salesable coal. m Including coal waste. n Including lignite. † Provisional figure.

WHOLESALE PRICES.

Monthly Average.	U.K.		Belgium.	Czechoslovakia.	Denmark.	France.	Germany (Official).	Holland.	Italy (Bach).	Norway.	Poland.	Russia.	Spain.	Sweden.	Switzerland.	Australia.	British India.	Canada.
	Board of Trade.	Economist.																
1913	100	100	100	100	100	100	100	100	100	100	...	...	100	100	100	100	100	100
1927	141.6	137.6	847	979	153	617.2	137.6	148	495	167	100.0	174	172	146	142.2	167.0	148	152.7
1928	140.3	135.1	843	979	153	619.6	140.0	149	462	157	101.0	173	167	148	144.6	164.7	145	150.6
1929	136.5	127.2	851	924	150	611.4	137.2	142	446	149	95.7	180	171	140	141.2	165.7	141	149.4
1930	119.5	106.8	744	917.9	130	535.5	124.6	117	386	137	82.3	187	172	122	126.5	146.7	117	135.3
1931	104.1	89.3	626	107.5	114	454.8	110.9	97	350	122	70.5	...	174	111	109.7	131.3	96	113.4
						<i>a</i>	<i>b</i>		<i>c</i>	<i>d</i>	<i>e</i>		<i>f</i>			<i>g</i>	<i>h</i>	
1931—April	105.7	90.0	652	110.3	115	483.7	113.7	102	337	123	74.1	...	172	112	112.2	133.0	98	116.4
May	104.4	87.5	640	108.7	113	470.1	113.3	102	332	121	74.8	...	169	111	110.8	132.4	97	114.1
June	103.2	87.5	642	112.1	110	467.1	112.3	100	327	120	73.2	...	169	110	110.4	131.0	93	112.8
July	102.2	86.0	635	107.8	110	456.3	111.7	97	324	120	70.3	...	175	110	109.5	131.3	93	112.0
August	99.5	85.7	616	105.1	109	445.6	110.2	94	322	120	69.0	...	177	109	108.1	128.6	92	110.8
September	99.2	89.6	597	104.6	109	427.9	108.6	91	319	117	67.0	...	178	107	106.3	127.8	91	109.4
October	104.4	90.4	591	107.3	113	414.2	107.1	89	322	109	63.3	...	178	108	106.4	128.9	96	110.0
November	104.4	90.7	584	103.8	117	408.3	106.6	89	320	119	68.2	...	176	110	106.2	131.3	97	110.3
December	105.8	90.6	573	102.3	119	404.4	103.7	85	319	122	66.4	...	177	111	103.1	131.0	98	109.8
1932—January	105.8	90.0	557	101.4	118	405.4	100.0	84	317	123	63.9	...	176	109	101.4	130.0	97	108.4
February	105.3	92.2	554	101.4	119	412.3	99.8	83	314	123	64.6	...	178	110	99.6	135.2	97	108.1
March	104.6	88.5	548	100.7	117	418.2	99.8	82	315	122	63.8	...	180	109	98.7	132.2	...	108.0
April	102.4	86.3	539	...	115	415.2	98.4	...	...	120	65.4	...	...	...	...	...	...	...
<i>a</i> New index. <i>b</i> End of the month. <i>c</i> 15th of month. <i>d</i> Beginning of the following month. <i>e</i> Official. <i>f</i> Second half of month. <i>a</i> Since date of stabilisation. <i>gold index.</i> <i>g</i> End year. <i>h</i> Average last week of month.																		

Notes in Circulation. (000,000's omitted.)

[illegible]

LONDON RATES OF EXCHANGE.

[illegible]

IMPORTS for Domestic Consumption—Merchandise Only. (000's omitted.)

EXPORTS of Domestic Produce—Merchandise Only. (000's omitted.)																			
		m		l		g		s		e		b		a		c		d	
		30,882	7,778	53,113	573,351	33,482	841,436	9,917	209,303			255,453			68,112	114,700			
1913	Mar.	43,771	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1913	Apr.	54,421	3,432	1,661,198	468,133	117,131	3,436,893	469,712	815,265	453,303	1,555,377	681,515	145,765	189,192	118,293	153,041	52,736	3,435	392,643
1913	May	59,090	3,681	2,218,978	552,262	120,546	4,999,680	527,031	851,952	503,350	1,302,662	533,346	158,309	167,964	142,164	168,600	53,726	3,435	396,572
1913	June	60,286	3,999	2,547,408	519,271	128,752	4,281,227	520,440	967,731	506,250	1,213,853	537,058	162,142	165,886	234,447	151,026	175,371	63,607	4,220
1913	July	60,779	3,760	2,647,477	532,005	134,634	4,178,263	535,811	1,055,520	502,580	1,262,769	536,142	162,142	165,886	234,447	151,026	175,371	63,607	4,220
1913	Aug.	47,563	3,713	2,187,420	515,928	126,972	3,563,133	450,347	944,020	478,939	993,597	565,045	143,240	120,770	129,160	147,292	126,408	2,594	415,175
1913	Sept.	32,430	3,023	1,927,207	494,514	104,517	2,555,111	372,083	767,160	350,202	836,679	400,081	109,318	156,561	93,950	112,400	...	2,138	202,081
1913	Oct.	33,989	2,952	2,152,080	582,433	108,952	3,075,851	226,199	821,485	328,900	827,631	441,914	116,466	163,827	65,259	130,860	56,344	2,351	231,015
1913	Nov.	32,483	2,637	2,016,749	683,803	121,216	2,876,797	259,990	778,513	220,038	806,168	429,529	118,578	168,589	62,509	120,113	47,602	1,821	210,061
1913	Dec.	33,895	2,630	1,856,068	746,471	100,666	2,438,165	360,501	746,101	186,012	866,436	...	...	...	...	...	...	...	...
1914	Jan.	32,432	2,673	2,020,060	599,012	99,719	2,512,623	497,648	746,101	186,012	866,436	...	...	...	...	...	...	...	...
1914	Feb.	34,252	2,777	1,949,135	375,881	101,491	2,419,329	380,808	779,085	171,157	661,038	350,348	102,757	161,627	100,690	110,199	47,108	1,699	182,792
1914	Mar.	29,137	3,262	1,766,185	375,881	101,491	2,419,329	380,808	779,085	171,157	661,038	350,348	102,757	161,627	100,690	110,199	47,108	1,699	182,792
1914	Apr.	29,846	3,172	1,991,959	502,950	98,988	2,434,654	441,105	812,936	466,340	876,495	430,648	120,311	171,488	99,215	139,939	...	1,149	177,005
1914	May	34,252	2,777	1,949,135	375,881	101,491	2,419,329	380,808	779,085	171,157	661,038	350,348	102,757	161,627	100,690	110,199	47,108	1,699	182,792
1914	June	29,137	3,262	1,766,185	375,881	101,491	2,419,329	380,808	779,085	171,157	661,038	350,348	102,757	161,627	100,690	110,199	47,108	1,699	182,792
1914	July	29,846	3,172	1,991,959	502,950	98,988	2,434,654	441,105	812,936	466,340	876,495	430,648	120,311	171,488	99,215	139,939	...	1,149	177,005
1914	Aug.	31,396	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1914	Sept.	32,832	3,249	1,937,039	531,891	109,583	2,534,630	395,758	861,090	546,553	827,876	387,255	112,247	128,445	107,381	118,458	...	3,873	190,335
1914	Oct.	31,863	2,879	1,801,526	692,426	105,529	2,385,081	448,840	734,458	334,628	804,854	349,433	100,895	156,170	128,514	108,165	...	2,008	180,801
1914	Nov.	32,677	3,136	1,630,923	387,692	98,671	2,096,494	444,979	711,889	582,823	896,644	282,049	80,878	118,518	92,775	...	...	2,370	190,335
1914	Dec.	31,123	2,330	1,532,187	307,591	89,465	1,806,374	269,529	216,019	216,019	216,019	216,019	216,019	216,019	216,019	216,019	...	2,431	154,859
1915	Jan.	30,012	2,536	1,457,056	284,104	94,605	1,768,314	218,625	326,635	334,053	516,535	240,275	70,018	93,316	74,310	72,936	...	2,486	150,955
1915	Feb.	31,196	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1915	Mar.	31,782	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1915	Apr.	31,782	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1915	May	31,782	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1915	June	31,782	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1915	July	31,782	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1915	Aug.	31,782	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1915	Sept.	31,782	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1915	Oct.	31,782	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1915	Nov.	31,782	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1915	Dec.	31,782	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...

IMPORTS for Domestic Consumption—Merchandise Only. (000's omitted.)

EXPORTS OF Domestic Produce—Merchandise Only. (000's omitted.)																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																		
	<i>a</i>	<i>b</i>		<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>	<i>g</i>	<i>h</i>	<i>i</i>	<i>j</i>	<i>k</i>	<i>l</i>	<i>m</i>	<i>n</i>	<i>o</i>	<i>p</i>	<i>q</i>	<i>r</i>	<i>s</i>	<i>t</i>	<i>u</i>	<i>v</i>	<i>w</i>	<i>x</i>	<i>y</i>	<i>z</i>	<i>aa</i>	<i>ab</i>	<i>ac</i>	<i>ad</i>	<i>ae</i>	<i>af</i>	<i>ag</i>	<i>ah</i>	<i>ai</i>	<i>aj</i>	<i>ak</i>	<i>al</i>	<i>am</i>	<i>an</i>	<i>ao</i>	<i>ap</i>	<i>aq</i>	<i>ar</i>	<i>as</i>	<i>at</i>	<i>au</i>	<i>av</i>	<i>aw</i>	<i>ax</i>	<i>ay</i>	<i>az</i>	<i>ba</i>	<i>bb</i>	<i>bc</i>	<i>bd</i>	<i>be</i>	<i>bf</i>	<i>bg</i>	<i>bh</i>	<i>bi</i>	<i>bj</i>	<i>bk</i>	<i>bl</i>	<i>bm</i>	<i>bn</i>	<i>bo</i>	<i>bp</i>	<i>bq</i>	<i>br</i>	<i>bs</i>	<i>bt</i>	<i>bu</i>	<i>bv</i>	<i>bw</i>	<i>bx</i>	<i>by</i>	<i>bz</i>	<i>ca</i>	<i>cb</i>	<i>cc</i>	<i>cd</i>	<i>ce</i>	<i>cf</i>	<i>cg</i>	<i>ch</i>	<i>ci</i>	<i>cj</i>	<i>ck</i>	<i>cl</i>	<i>cm</i>	<i>cn</i>	<i>co</i>	<i>cp</i>	<i>cq</i>	<i>cr</i>	<i>cs</i>	<i>ct</i>	<i>cu</i>	<i>cv</i>	<i>cw</i>	<i>cx</i>	<i>cy</i>	<i>cz</i>	<i>da</i>	<i>db</i>	<i>dc</i>	<i>dd</i>	<i>de</i>	<i>df</i>	<i>dg</i>	<i>dh</i>	<i>di</i>	<i>dj</i>	<i>dk</i>	<i>dl</i>	<i>dm</i>	<i>dn</i>	<i>do</i>	<i>dp</i>	<i>dq</i>	<i>dr</i>	<i>ds</i>	<i>dt</i>	<i>du</i>	<i>dv</i>	<i>dw</i>	<i>dx</i>	<i>dy</i>	<i>dz</i>	<i>ea</i>	<i>eb</i>	<i>ec</i>	<i>ed</i>	<i>ee</i>	<i>ef</i>	<i>eg</i>	<i>eh</i>	<i>ei</i>	<i>ej</i>	<i>ek</i>	<i>el</i>	<i>em</i>	<i>en</i>	<i>eo</i>	<i>ep</i>	<i>eq</i>	<i>er</i>	<i>es</i>	<i>et</i>	<i>eu</i>	<i>ev</i>	<i>ew</i>	<i>ex</i>	<i>ey</i>	<i>ez</i>	<i>fa</i>	<i>fb</i>	<i>fc</i>	<i>fd</i>	<i>fe</i>	<i>ff</i>	<i>fg</i>	<i>fh</i>	<i>fi</i>	<i>fj</i>	<i>fk</i>	<i>fl</i>	<i>fm</i>	<i>fn</i>	<i>fo</i>	<i>fp</i>	<i>fq</i>	<i>fr</i>	<i>fs</i>	<i>ft</i>	<i>fu</i>	<i>fv</i>	<i>fw</i>	<i>fx</i>	<i>fy</i>	<i>fz</i>	<i>ga</i>	<i>gb</i>	<i>gc</i>	<i>gd</i>	<i>ge</i>	<i>gf</i>	<i>gg</i>	<i>gh</i>	<i>gi</i>	<i>gj</i>	<i>gk</i>	<i>gl</i>	<i>gm</i>	<i>gn</i>	<i>go</i>	<i>gp</i>	<i>gq</i>	<i>gr</i>	<i>gs</i>	<i>gt</i>	<i>gu</i>	<i>gv</i>	<i>gw</i>	<i>gx</i>	<i>gy</i>	<i>gz</i>	<i>ha</i>	<i>hb</i>	<i>hc</i>	<i>hd</i>	<i>he</i>	<i>hf</i>	<i>hg</i>	<i>hh</i>	<i>hi</i>	<i>hj</i>	<i>hk</i>	<i>hl</i>	<i>hm</i>	<i>hn</i>	<i>ho</i>	<i>hp</i>	<i>hq</i>	<i>hr</i>	<i>hs</i>	<i>ht</i>	<i>hu</i>	<i>hv</i>	<i>hw</i>	<i>hx</i>	<i>hy</i>	<i>hz</i>	<i>ia</i>	<i>ib</i>	<i>ic</i>	<i>id</i>	<i>ie</i>	<i>if</i>	<i>ig</i>	<i>ih</i>	<i>ii</i>	<i>ij</i>	<i>ik</i>	<i>il</i>	<i>im</i>	<i>in</i>	<i>io</i>	<i>ip</i>	<i>iq</i>	<i>ir</i>	<i>is</i>	<i>it</i>	<i>iu</i>	<i>iv</i>	<i>iw</i>	<i>ix</i>	<i>iy</i>	<i>iz</i>	<i>ja</i>	<i>jb</i>	<i>jc</i>	<i>jd</i>	<i>je</i>	<i>jf</i>	<i>jj</i>	<i>jk</i>	<i>jl</i>	<i>jm</i>	<i>jn</i>	<i>jo</i>	<i>jp</i>	<i>jq</i>	<i>jr</i>	<i>js</i>	<i>jt</i>	<i>ju</i>	<i>jv</i>	<i>jw</i>	<i>jx</i>	<i>ky</i>	<i>kz</i>	<i>la</i>	<i>lb</i>	<i>lc</i>	<i>ld</i>	<i>le</i>	<i>lf</i>	<i>lg</i>	<i>lh</i>	<i>li</i>	<i>lj</i>	<i>lk</i>	<i>ll</i>	<i>lm</i>	<i>ln</i>	<i>lo</i>	<i>lp</i>	<i>lq</i>	<i>lr</i>	<i>ls</i>	<i>lt</i>	<i>lu</i>	<i>lv</i>	<i>lw</i>	<i>lx</i>	<i>ly</i>	<i>lz</i>	<i>ma</i>	<i>mb</i>	<i>mc</i>	<i>md</i>	<i>me</i>	<i>mf</i>	<i>mg</i>	<i>mh</i>	<i>mi</i>	<i>mj</i>	<i>mk</i>	<i>ml</i>	<i>mm</i>	<i>mn</i>	<i>mo</i>	<i>mp</i>	<i>mq</i>	<i>mr</i>	<i>ms</i>	<i>mt</i>	<i>mu</i>	<i>mv</i>	<i>mw</i>	<i>mx</i>	<i>my</i>	<i>mz</i>	<i>na</i>	<i>nb</i>	<i>nc</i>	<i>nd</i>	<i>ne</i>	<i>nf</i>	<i>ng</i>	<i>nh</i>	<i>ni</i>	<i>nj</i>	<i>nk</i>	<i>nl</i>	<i>nm</i>	<i>nn</i>	<i>no</i>	<i>np</i>	<i>nq</i>	<i>nr</i>	<i>ns</i>	<i>nt</i>	<i>nu</i>	<i>nv</i>	<i>nw</i>	<i>nx</i>	<i>ny</i>	<i>nz</i>	<i>oa</i>	<i>ob</i>	<i>oc</i>	<i>od</i>	<i>oe</i>	<i>of</i>	<i>og</i>	<i>oh</i>	<i>oi</i>	<i>oj</i>	<i>ok</i>	<i>ol</i>	<i>om</i>	<i>on</i>	<i>oo</i>	<i>op</i>	<i>oq</i>	<i>or</i>	<i>os</i>	<i>ot</i>	<i>ou</i>	<i>ov</i>	<i>ow</i>	<i>ox</i>	<i>oy</i>	<i>oz</i>	<i>pa</i>	<i>pb</i>	<i>pc</i>	<i>pd</i>	<i>pe</i>	<i>pf</i>	<i>pg</i>	<i>ph</i>	<i>pi</i>	<i>pj</i>	<i>pk</i>	<i>pl</i>	<i>pm</i>	<i>pn</i>	<i>po</i>	<i>pp</i>	<i>pq</i>	<i>pr</i>	<i>ps</i>	<i>pt</i>	<i>pu</i>	<i>pv</i>	<i>pw</i>	<i>px</i>	<i>py</i>	<i>pz</i>	<i>qa</i>	<i>qb</i>	<i>qc</i>	<i>qd</i>	<i>qe</i>	<i>qf</i>	<i>qg</i>	<i>qh</i>	<i>qi</i>	<i>qj</i>	<i>qk</i>	<i>ql</i>	<i>qm</i>	<i>qn</i>	<i>qo</i>	<i>qp</i>	<i>qq</i>	<i>qr</i>	<i>qs</i>	<i>qt</i>	<i>qu</i>	<i>qv</i>	<i>qw</i>	<i>qx</i>	<i>qy</i>	<i>qz</i>	<i>ra</i>	<i>rb</i>	<i>rc</i>	<i>rd</i>	<i>re</i>	<i>rf</i>	<i>rg</i>	<i>rh</i>	<i>ri</i>	<i>rj</i>	<i>rk</i>	<i>rl</i>	<i>rm</i>	<i>rn</i>	<i>ro</i>	<i>rp</i>	<i>rq</i>	<i>rr</i>	<i>rs</i>	<i>rt</i>	<i>ru</i>	<i>rv</i>	<i>rw</i>	<i>rx</i>	<i>ry</i>	<i>rz</i>	<i>sa</i>	<i>sb</i>	<i>sc</i>	<i>sd</i>	<i>se</i>	<i>sf</i>	<i>sg</i>	<i>sh</i>	<i>si</i>	<i>sj</i>	<i>sk</i>	<i>sl</i>	<i>sm</i>	<i>sn</i>	<i>so</i>	<i>sp</i>	<i>sq</i>	<i>sr</i>	<i>ss</i>	<i>st</i>	<i>su</i>	<i>sv</i>	<i>sw</i>	<i>sx</i>	<i>sy</i>	<i>sz</i>	<i>ta</i>	<i>tb</i>	<i>tc</i>	<i>td</i>	<i>te</i>	<i>tf</i>	<i>tg</i>	<i>th</i>	<i>ti</i>	<i>tj</i>	<i>tk</i>	<i>tl</i>	<i>tm</i>	<i>tn</i>	<i>to</i>	<i>tp</i>	<i>tq</i>	<i>tr</i>	<i>ts</i>	<i>tt</i>	<i>tu</i>	<i>tv</i>	<i>tw</i>	<i>tx</i>	<i>ty</i>	<i>tz</i>	<i>ua</i>	<i>ub</i>	<i>uc</i>	<i>ud</i>	<i>ue</i>	<i>uf</i>	<i>ug</i>	<i>uh</i>	<i>ui</i>	<i>uj</i>	<i>uk</i>	<i>ul</i>	<i>um</i>	<i>un</i>	<i>uo</i>	<i>up</i>	<i>uq</i>	<i>ur</i>	<i>us</i>	<i>ut</i>	<i>uu</i>	<i>uv</i>	<i>uw</i>	<i>ux</i>	<i>uy</i>	<i>uz</i>	<i>va</i>	<i>vb</i>	<i>vc</i>	<i>vd</i>	<i>ve</i>	<i>vf</i>	<i>vg</i>	<i>vh</i>	<i>vi</i>	<i>vj</i>	<i>vk</i>	<i>vl</i>	<i>vm</i>	<i>vn</i>	<i>vo</i>	<i>vp</i>	<i>vq</i>	<i>vr</i>	<i>vs</i>	<i>vt</i>	<i>vu</i>	<i>vv</i>	<i>vw</i>	<i>vx</i>	<i>vy</i>	<i>vz</i>	<i>wa</i>	<i>wb</i>	<i>wc</i>	<i>wd</i>	<i>we</i>	<i>wf</i>	<i>wg</i>	<i>wh</i>	<i>wi</i>	<i>wj</i>	<i>wk</i>	<i>wl</i>	<i>wm</i>	<i>wn</i>	<i>wo</i>	<i>wp</i>	<i>wq</i>	<i>wr</i>	<i>ws</i>	<i>wt</i>	<i>wu</i>	<i>wv</i>	<i>ww</i>	<i>wx</i>	<i>wy</i>	<i>wz</i>	<i>xa</i>	<i>xb</i>	<i>xc</i>	<i>xd</i>	<i>xe</i>	<i>xf</i>	<i>xg</i>	<i>xh</i>	<i>xi</i>	<i>xj</i>	<i>xk</i>	<i>xl</i>	<i>xm</i>	<i>xn</i>	<i>xo</i>	<i>xp</i>	<i>xq</i>	<i>xr</i>	<i>xs</i>	<i>xt</i>	<i>xu</i>	<i>xv</i>	<i>xw</i>	<i>xx</i>	<i>xy</i>	<i>xz</i>	<i>ya</i>	<i>yb</i>	<i>yc</i>	<i>yd</i>	<i>ye</i>	<i>yf</i>	<i>yg</i>	<i>yh</i>	<i>yi</i>	<i>yj</i>	<i>yk</i>	<i>yl</i>	<i>ym</i>	<i>yn</i>	<i>yo</i>	<i>yp</i>	<i>yq</i>	<i>yr</i>	<i>ys</i>	<i>yt</i>	<i>yu</i>	<i>yv</i>	<i>yw</i>	<i>yx</i>	<i>yy</i>	<i>yz</i>	<i>za</i>	<i>zb</i>	<i>zc</i>	<i>zd</i>	<i>ze</i>	<i>zf</i>	<i>zg</i>	<i>zh</i>	<i>zi</i>	<i>zj</i>	<i>zk</i>	<i>zl</i>	<i>zm</i>	<i>zn</i>	<i>zo</i>	<i>zp</i>	<i>zq</i>	<i>zr</i>	<i>zs</i>	<i>zt</i>	<i>zu</i>	<i>zv</i>	<i>zw</i>	<i>zx</i>	<i>zy</i>	<i>zz</i>
1913	6,070	200,993	36,333	1,751	2,294	52,393	81,814	1,740	o	...	1,840	h 6,143	p 50	...	2,451	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...</																																																																																																																																																							

CAPITAL ISSUES.—(000,000's omitted.)

Period.	United Kingdom.	Austria.	Czechoslovakia.	France.	Germany.	Italy.	Netherlands.	Poland.	Romania.	Sweden.	Switzerland.	United States.
Monthly Average.	£	Schilling.	Koruna.	Francs.	Mark.	Lire.	Gulden.	Zloty.	Lei.	Kroner.	Francs.	Yen.
1913.....	16.3	...	...	...	...	...	...	...	...	...	...	...
1927.....	29.6	10.5	31	616	114.1	264	43	17.7	271	22	73	17
1928.....	30.8	12.0	60	876	110.0	450	50	27.1	384	31	57	24
1929.....	23.8	8.6	55	1,259	80.2	607	29	17.8	318	23	81	56
1930.....	22.3	4.8	38	1,832	46.6	614	47	17.5	460	21	125	24
1931.....	8.5	3.1	32	1,362	65.2	561	...	6.4	210	28	109	27
1932.....	...	...	...	...	...	...	...	...	...	...	...	...
Jan.-Mar.	31.3	4.0	32	2,309	73.5	474	52	15.2	279	17	134	34
Apr.-June	25.6	5.7	51	1,582	31.3	836	66	21.9	702	16	148	18
July-Sept.	24.4	5.6	38	1,073	50.4	534	25	14.7	594	24	104	18
Oct.-Dec.	24.8	3.7	28	2,365	31.4	211	45	17.3	164	28	116	26
1931.....	16.0	5.6	36	2,008	45.6	193	20	6.5	127	58	157	22
Jan.-Mar.	13.3	1.6	86	1,381	110.3	533	36	9.6	492	33	111	25
Apr.-June	3.0	2.0	20	565	85.5	374	17	7.6	94	11	92	45
July-Sept.	1.3	2.6	26	1,496	19.6	344	8	2.1	126	9	75	17
Oct.-Dec.	...	...	...	...	...	...	...	...	...	...	...	...
1932.....	9.5	6.1	60	815	5.4	202	15	2.8	16	8	304	15
Jan.-Mar.	6.6	1.0	26	341	9.4	...	...	5.1	36	14	74	...
Apr.-June	13.2	...	...	1,705	...	...	...	43	8	...	18	...

Unless otherwise stated, the figures represent authorised share issues of new joint stock companies at home, and the increase of capital of existing companies. Bonus shares are excluded from the figures of the U.S.A., Roumania, Switzerland and Czechoslovakia. In the case of the Netherlands and the U.K. both bonus shares and conversions are excluded. c Excluding Treasury Bills. d Exc. large railway issues. e Rivista Bancaria. f Issues exceeding Fls. 100,000 on the Dutch market including Colonial, and since Jan., 1925, foreign issues. m Since 1924, excluding amalgamations and conversions. n Until end 1922 paper mark. o Société de Banque Suisse. p Invitation for subscriptions on Swiss market including obligations and Local Govt. loans. q India, compiled by "Commercial & Financial Chronicle." r Up to 1927, authorised issues, excluding western departments; since 1928 amounts actually issued, whole territory.

UNEMPLOYMENT.

Percentage of persons unemployed in trade unions or in official unemployment insurance schemes (Belgium and U.K.).

End of Month.	U.K.	Belgium.	Denmark.	Germany.	Netherlands.	Norway.	Sweden.	Switzerland.	United States.
1921—June.....	17.8	9.9	16.8	3.0	8.1	20.6	27.7	12.5	13.4
December.....	16.2	6.6	25.2	1.6	16.6	23.4	33.2	9.5	15.1
1925—June.....	11.9	1.0	9.3	3.5	6.6	8.9	8.2	10.2	6.1
December.....	10.4	2.8	31.1	19.4	16.0	23.7	19.4	8.1	7.9
1926—June.....	11.6	0.9	15.6	18.1	5.9	22.6	9.6	6.7	4.1
December.....	11.9	2.6	32.2	16.7	12.1	27.7	19.0	5.7	5.9
1927—June.....	8.8	3.6	31.6	6.3	6.0	22.5	9.5	6.4	3.2
December.....	10.7	0.6	13.5	6.2	4.4	14.4	7.6	11.2	6.6
1928—June.....	11.1	1.9	28.4	16.7	11.5	22.1	17.3	9.9	6.6
December.....	9.6	0.4	10.0	8.5	2.6	11.3	7.3	10.0	2.9
1929—June.....	11.1	2.4	22.4	20.1	12.3	18.9	16.9	13.1	11.4
December.....	15.8	1.9	8.7	19.6	5.5	10.8	8.3	18.5	10.6
1931—June.....	21.8	9.2	25.1	31.7	18.2	25.5	23.3	23.4	17.0
August.....	22.7	9.9	11.3	29.7	11.7	...	12.9	27.6	16.3
September.....	22.6	10.2	12.8	33.6	15.3	...	13.3	...	15.8
October.....	21.9	11.1	15.8	36.6	18.0	...	14.0	28.3	18.1
November.....	21.4	12.6	22.1	38.9	22.1	...	17.0	...	18.3
December.....	20.9	17.0	32.2	42.2	27.8	...	19.9	...	21.1
1932—January.....	22.4	20.0	35.1	43.6	33.7	30.4	24.4	...	22.0
February.....	22.0	21.3	35.9	44.3	32.2	...	23.8	...	20.6
March.....	21.8	...	35.8	44.6	...	...	...	...	...
April.....	21.4	...	...	...	...	...	...	...	...

Number of Workers Covered by Last Returns.

Millions	U.K.	Belgium.	Denmark.	Germany.	Netherlands.	Norway.	Sweden.	Switzerland.	United States.
1921—June.....	12.4	0.7	0.3	4.1	10.5	0.04	0.4	0.4	0.2

† Ex. Irish Free State since Mar., 1923.
* Workpeople in the coal-mining industry, who ceased work on account of the dispute, are not included in this figure. † Provisional figure.

BANK RATES.

1926.	1927.	1928.	1929.	1930.	1931.	1932.
End of June	End of Dec.	End of June	End of Dec.	End of June	End of Dec.	End of June
London.....	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Paris.....	6 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
Berlin.....	6 1/2	6 1/2	7 1/2	7 1/2	7 1/2	7 1/2
New York.....	3 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Amsterdam.....	3 1/2	3 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Brussels.....	7 1/2	7 1/2	5 1/2	5 1/2	5 1/2	5 1/2
Rome.....	7 1/2	7 1/2	5 1/2	5 1/2	5 1/2	5 1/2
Switzerland.....	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Vienna.....	12 1/2	9 1/2	8 1/2	8 1/2	8 1/2	8 1/2
Warsaw.....	12 1/2	9 1/2	8 1/2	8 1/2	8 1/2	8 1/2
Tokyo.....	7 1/2	6 1/2	5 1/2	5 1/2	5 1/2	5 1/2
Calcutta.....	4 1/2	4 1/2	5 1/2	5 1/2	5 1/2	5 1/2

* Federal Reserve. † 5% as from May 12, 1932.
‡ 5% as from May 2, 1932.

LONDON BANKERS' CLEARING RETURNS.

	Town.	Metropolitan.	Country.	Total.
1913.....	14,191,275	855,648	1,389,481	16,436,404
1926.....	35,346,429	1,660,757	2,817,868	39,825,054
1927.....	36,819,629	1,758,032	2,972,827	41,550,541
1928.....	39,311,117	1,854,190	3,039,422	44,204,729
1929.....	38,782,577	1,812,146	2,963,631	43,558,354
1930.....	31,815,808	1,667,852	2,752,209	36,235,869
1931.....	13,874,204	676,509	1,088,168	15,638,881
1932 (May 18).....	10,103,984	634,948	1,054,766	11,793,698

U.K. IMPORTS AND EXPORTS.—(000,000's omitted.)

	Food.	Raw Materials.	Manufactures.	Imports of	Exports of
	Imports.	Exports.	Imports.	Exports.	Imports.
1913.....	24.2	2.7	25.5	5.8	16.1
1925.....	46.6	4.6	35.4	7.0	28.7
1926.....	41.9	4.2	32.7	3.9	26.3
1927.....	44.9	4.4	29.3	6.4	26.9
1928.....	44.3	4.5	27.9	5.8	25.7
1929.....	44.7	4.6	28.3	6.6	27.9
1930.....	39.8	4.0	20.9	5.3	25.6
1931.....	34.8	3.0	14.5	3.9	21.8
1932—January.....	38.6	3.4	15.3	4.1	28.7
February.....	39.7	2.9	18.5	3.6	24.5
March.....	31.5	2.8	16.9	3.6	22.7
April.....	33.6	2.8	15.4	3.5	23.4
May.....	30.9	2.7	16.5	3.5	22.6
June.....	27.5	2.9	13.4	4.0	21.8

* Yards.

RAILWAY STATISTICS.—(000,000's omitted.)

Great Britain (g).														Austria.		Germany.		Italy.		Canada.		United States.	
Gross Receipts.				Freight Traffic (f).																			
Passengers.		Freight.		Merchandise.*		Coal, &c.		Minerals and Other Merchandise		Total.													
£		£		Tons.		Tons.		Tons.		Tons.		Ton-Miles.		(b) (h)		(a)		(e) (t)		(c) (e)		(e)	
														Tonnes-Km.		Tonnes-Km.		Tonnes-Km.		Tonnes-Km.		Tonnes-Km.	
1926—June	4.4	5.3	4.7	1.9	3.6	10.2	704	1,202	1,321	4,695	1,132	42,846	439,237										
December	6.1	8.8	4.9	15.9	4.1	24.8	1,392	1,321	5,641	1,094	43,641	440,096											
1927—June	4.7	8.5	5.1	15.5	5.8	26.4	1,401	1,249	5,126	1,095	42,611	438,483											
December	4.8	8.7	5.1	17.2	4.8	27.0	1,400	1,209	5,398	928	42,611	438,483											
1928—June	5.5	8.3	4.8	14.9	5.3	25.0	1,324	1,325	5,528	1,038	42,611	438,483											
December	4.6	8.3	4.7	16.1	4.8	25.6	1,352	1,282	5,715	1,030	42,611	438,483											
1929—June	5.2	8.4	4.8	15.7	5.6	26.1	1,392	1,335	5,603	1,087	42,611	438,483											
December	4.5	8.2	4.7	17.6	5.0	27.3	1,426	1,306	4,502	1,031	42,611	438,483											
1930—June	4.3	7.3	4.4	15.2	4.7	22.2	1,196	1,323	4,874	1,087	42,611	438,483											
December	4.7	8.1	4.4	16.9	4.2	25.5	1,388	1,306	4,502	1,031	42,611	438,483											
1931—June	3.0	7.5	4.4	14.6	3.9	23.0	1,250	1,145	3,846	1,044	42,611	438,483											
November	3.9	7.6	4.2	16.1	3.7	24.0	1,256	1,089	4,162	921	42,611	438,483											
December	3.0	7.5	4.4	14.6	3.9	23.0	1,250	1,145	3,846	1,044	42,611	438,483											
1932—January	3.1	6.7	3.8	14.1	3.2	21.1	1,292	1,016	3,516	836	42,611	438,483											
February	2.8	6.9	3.8	14.1	3.4	21.3	1,138	1,016	2,839	801	42,611	438,483											
							1,137	893															

* Inc. live-stock. (a) "Beichsbahn." Exc. free-hauled. (b) State and private railways, including freight on foreign lines. (c) Long ton = kg. 1,016.05; mile = metres 1,609.34. (d) Gross tonnage. (e) Ton-miles. (f) Including free-hauled. (g) Excluding free-hauled. (h) Fiscal year ending June 30. (i) Provisional.

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The Economist

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The tables in the following pages show summary figures for as many nations of the world as possible, and have endeavoured to combine brevity with comprehensiveness. The greater number of the figures are taken from the Monthly Statistical Bulletin of the League of Nations, supplemented from our records.

THE STATE OF TRADE AT HOME AND ABROAD.

AFTER a glance round the industrial areas of the country at the present moment there is only one verdict that can be delivered, and that is the verdict of "little change." All the available statistics of trade confirm the finding that there has been, at the most, relatively small alterations. The production figures of the heavy industries were practically unaltered between April and May, when allowance is made for Whitsun. Railway receipts were also unchanged, and even the recession in exports is largely explained by a purely fortuitous export of ships which helped to swell the April figures. Finally, the rise in unemployment is partly explained by Whitsun, for the May returns were collected on the Monday after Whit-week, and so were affected by extended holiday stoppages in many works.

Reviewing the unemployment returns in detail, it will be observed that the increases were mainly in the numbers temporarily stopped, and related to the textile, clothing and boot and shoe industries, and to engineering, iron and steel, tinplate, vehicle and metal goods manufacture. Unemployment also increased in ship-building and ship repairing, and in dock and harbour services. There was a somewhat surprising improvement in coal mining, and there were also seasonal recoveries in the building industry and in hotel and boarding-house services. In general, however, the figures suggest that our industries are barely holding their own; certainly they are not making any real progress. A certain number of isolated reports which we have received point to current activity being better than that of a year ago; for example, an encouraging indication of underlying strength is to be found in the position of the machine tool trades, which at present are fairly satisfactorily placed. This suggests that some sections, at least, of British industry are able to replace and renew their equipment. But, such exceptions apart, the evidence points to a significant absence of any movement towards expansion.

As regards monetary policy, the situation to-day is fairly simple. Every effort is being made to keep money cheap and plentiful, and the very low level of money and discount rates show that these efforts are succeeding. It is, however, apparently thought inadvisable to infuse fresh supplies of credit into the country's system until confidence returns and brings with it fresh demands for credit of a character which can be safely and reasonably satisfied. The business world can assume that if and when they feel justified in undertaking fresh commitments, the

necessary credit will be made available, and will be kept available over a reasonably long period. Unless an emergency occurs, industry need not fear that its operations will be checked by a sudden restriction of credit.

While home trade is no worse, the same unfortunately cannot be said of the current international trade situation. British complaints of the serious effect of import quotas, new surtaxes, and foreign exchange controls enforced abroad are growing in number every day; and even if, so far, the size of our export trade does not compare too

unfavourably with last year, there is no doubt that orders are either not being placed or are having to be declined as the direct consequence of the numerous restrictions now in force. In Denmark, efforts are being made to relax exchange restrictions in favour of British goods, but even here very little has so far been achieved.

In general, the news from abroad is as depressing as ever. There is no improvement in United States activity, and South America is having to contend with the repercussions of the Chilean revolutions. Inside the Empire, Canada and South Africa report no change for the better, and business in Australia has been interrupted by the recent elections. In India, the Bombay cotton market has been affected by the recent fall in prices, and trade has been checked by political disturbances.

On the Continent, things are drifting from bad to worse. The French textile trades are only partially employed; in Belgium stocks of coal are growing steadily, and two more glass-works have had to close down. There is no improvement in the German industrial situation, and the position of Central and South-Eastern Europe grows more desperate every day. In Scandinavia, Sweden is recovering from the first shock of the Kreuger failure, but her industries are seriously affected by the world depression. In Switzerland, home trade is keeping up fairly well, but export industries are depressed.

The fact is that the business world is despairingly awaiting a lead, whether from Lausanne, Ottawa or some new quarter. To-day it is still impossible to say if that lead will be forthcoming, and that alone makes it very difficult to gauge the outlook for world trade. This much, however, can be said with certainty: the international credit system is very near the breaking-point, and it is imperative that there should be no further delay in making a beginning in the task of relaying the foundations on which confidence can be rebuilt.

HOME TRADE STATISTICS.—MAY, 1932.

	Compared with			
UNEMPLOYMENT—	Apr.	May	May, '31.	
(State Insurance %)	21.4 ...	22.1 ...	+	1.3
PRODUCTION—				
Coal (million tons)*	4.1 ...	4.0 ...	—	0.2
Iron (thous. „)	317 ...	315 ...	—	32
Steel(„ „)	433 ...	417 ...	—	18
FOREIGN TRADE—				
Imports (million £'s)	53.5 ...	55.7 ...	—	13.9
Re-exports („ „)	4.6 ...	4.4 ...	—	1.3
British Exports.(„ „)	34.8 ...	30.2 ...	—	3.7
TRANSPORT—				
Railway Receipts* (£0,000)	266 ...	267 ...	—	30
Shipping Freights (av. level ¹)	78.8 ...	75.6 ...	—	6.2
COMMODITY PRICES („ „ ²)	62.4 ...	60.5 ...	—	3.1
TRADE DISPUTES (thous. } working days lost)	58 ...	96 ...	—	118
SECURITY VALUES (av. level ³)	102.1 ...	101.8 ...	—	6.2
FINANCIAL DATA—				
Bnk. of Eng. Notes (mill. £'s)*	356 ...	357 ...	+	3
Bank Deposits („ „)*	1,681 ...	1,699 ...	—	39
Bank Advances („ „)*	881 ...	871 ...	—	64
Banks' Cash Ratio (⁴) (%)*.....	10.3 ...	10.5 ...	+	0.2
Bank Clearings : London (million £'s)*	612 ...	621 ...	—	203
Manchester („ „)*	9.6 ...	8.9 ...	+	0.1
Three months' „ „ Drafts (Discount Rate %)*	2 ³ / ₁₆ ...	1 ⁷ / ₁₆ ...	—	1 ¹ / ₁₆
Day-to-day Loans (%)*	1 ¹ / ₁₆ ...	1 ¹ / ₁₆ ...	—	1 ¹ / ₁₆

(¹) 1913 = 100. (²) Economist Index No. : 1927 = 100.
(³) Bankers' Magazine Index No. of 365 securities; December, 1921 = 100. (⁴) Cash in hand and at Bank of England as % of total current, deposit, and other accounts.

HOME INDUSTRIES AND TRADE.

The following reports on British industry cover, in most cases, the period to the middle of June. In the remainder they relate to the month of May.

THE COAL TRADE.

South Wales reports a slight recovery in export business, mainly in the anthracite trade, and shipments at Port Talbot for the second week of June were the highest recorded since October, 1930. New contract business for steam coal is very limited and prices remain at the minimum laid down by the schedule. On the North-East Coast, the Northumberland mines are better placed than those in Durham, and a fair number of Scandinavian inquiries are coming forward. Unfortunately these are slow in materialising into actual orders, and there is little sign of an early expansion in the general demand. In South Yorkshire, export demand is easier, and prices of house coal are lower. Sales of industrial fuel are disappointing. Export business is equally unsatisfactory at Glasgow, and home demand is slow.

IRON AND STEEL.

Little change has occurred since April, for the slight shrinkage in the May production figures is easily explained by the Whitsun holidays, and the number of furnaces in blast remains at 69. Foreign producers of steel have so far been inclined to regard the new duty of 33½ per cent. as abnormal and temporary, and have continued to quote competitive prices in order to retain a place in the British market. British steel producers, however, have lately reduced their prices from a level of £5 7s. 6d. per ton to £5 5s. for lots of 100 to 250 tons, £5 for lots of 250 to 500 tons, and £4 17s. 6d. for larger orders. This reduction is probably a gesture in response to the new tariff. Business, however, is very slow. Orders for ship plates are limited to a few from Russia, and the tin plate and sheet trades are quiet.

ENGINEERING.

The expected improvement in May exports was not realised, and the new duties imposed at the end of April have not so far affected the total value of imports. To a large extent they have not yet had time to do so, but it is noticeable that the average value of the May imports of machinery was £216 per ton, which is a high figure. It is suggested that the tariff is beginning to exclude the cheaper machinery, and that imports are now consisting more of expensive specialised machinery which is not made in England, and for which the demand is too limited to justify its manufacture here. If so, such machinery may eventually be admitted at a lower duty or even transferred to the free list. As regards the various branches of the industry, the machine tool trades are not so badly placed, and there is a fair demand for prime movers and boilers. Marine engineering remains very depressed, and locomotive builders have made less progress than had been hoped. There has been a small seasonal revival in agricultural engineering, but this has now come to an end.

PRODUCTION OF ELECTRICITY
INDEX OF GENERATION OF ELECTRICITY.*
(Monthly Average 1923-24=100.)

Period.	Britain, excluding London and Wales.	Coal Mining, Iron and Steel, Ship- building and Heavy Engi- neering.	General Engine- ring and Auto- mobile Construc- tion.	Chem- icals.	Marine Transport, Docks, &c.	Textiles, Cotton, and Wool.
1926—Monthly average	119	100	138	162	134	120
1927	146	143	158	210	163	139
1928	156	150	177	237	190	147
1929	171	164	211	260	196	160
1930	167	152	216	234	215	158
1930—November	188	167	226	246	255	185
December	194	169	260	207	267	189
1931—January	197	169	271	209	274	195
February	193	164	255	218	256	193
March	184	162	245	243	247	180
April	158	136	206	197	210	148
May	148	124	196	178	191	135
June	149	126	193	205	206	151
July	142	117	204	209	192	145
August	143	121	182	197	197	145
September	157	130	222	213	212	158
October	176	149	240	219	232	180
November	199	168	266	227	256	207
December	207	173	276	196	268	219
1932—January	193	160	266	165	258	207
February	204	165	271	212	266	214
March	198	168	262	236	268	205
April	180	150	250	212	233	190
May	168	135	219	175	208	164

* Prepared by the economic and statistical department of the British Electrical and Allied Manufacturers' Association.

The May figures record a very sharp fall in the consumption of electricity, particularly by the chemical and textile trades. The corrected figure for May was 89.0. This compares with one of 82.0 for April and one of 84.2 for May last year.

ELECTRICAL INDUSTRY.

The rise in the home index is due to an order for two 60,000 kw. turbo-alternators placed by the Fulham Corporation. Apart from this, the returns are disappointing.

INDEX OF NEW ORDERS RECEIVED BY ELECTRICAL
MANUFACTURING INDUSTRY.*
(1920=100.)

Period.	Home.	Export.	Total.
1926—Monthly Average	84	88	86
1927	87	100	114
1928	75	122	85
1929	83	157	102
1930	66	211	103
1930—October	64	181	94
November	61	171	89
December	75	152	95
1931—January	69	150	90
February	66	123	78
March	62	126	74
April	60	130	76
May	63	137	79
June	65	128	78
July	62	142	80
August	51	132	70
September	47	130	67
October	48	119	62
November	53	119	65
December	46	114	59
1932—January	45	106	56
February	47	111	58
March	46	112	57
April	49	110	62
May	56	104	62

* Copyright of the British Electrical and Allied Manufacturers' Associations.

MOTOR INDUSTRY.

Sales of new private cars and goods vehicles for the month of April show increases of 2.9 and 1.3 per cent. respectively when compared with 1931. Total sales, however, for the four months ending April are still slightly below 1931. The most encouraging feature is the continued growth in exports when compared with 1931. Commercial vehicle exports for May show a 100 per cent. increase and exports of all vehicles for the five months ending May show a 50 per cent. increase. Motor cycle business is still below the level of last year, both as regards home and export sales. An interesting feature, however, is the growth in tricar sales.

THE COTTON TRADE.

Conditions in the cotton trade have deteriorated during the past month. Very few spinners and manufacturers have been able to book orders equal to their limited production and there has been a tendency for contract lists to run down. An uncertain feeling has prevailed partly owing to the labour crisis and partly as a result of the international political situation. To an increasing extent export trade is being hampered by the numerous restrictions, especially with regard to dealings in exchange. Raw cotton prices have not changed very much. The new crop in the United States is understood to be doing fairly well. Cloth inquiry for India has been of fair extent and although practically all the orders have been for limited quantities a moderate turnover has taken place in fine goods and fancies for Calcutta, Karachi and Madras, with isolated transactions for Bombay. After being suspended for two or three months the auction sale in Shanghai has been resumed, but the market on the other side remains unsatisfactory and new business has been at a low ebb. Makers have met with very little support from Egypt and the Near East. A steady demand has been met with from several African outlets, and exports to the West Coast are increasing. It has been very difficult to arrange favourable reports have been received from the home trade, and establishments. The owners of more weaving sheds have been successful in getting their operatives to accept a reduction in wages. There is a danger of a strike by the trade unions as a protest against the abrogation of all wages and hours agreements by the employers. It has been a disappointing period for spinners of yarn. The turnover has been less than the output. In both American and Egyptian yarns users have purchased from hand to mouth. If anything margins are worse than a month ago.

THE WOOL TEXTILE TRADES.

The fourth series of London sales closed early in June with prices substantially unchanged. Merinos and fine worsteds remained firm, but a larger quantity of wool—mainly cross-breeds—was carried forward than at the end of April. At Bradford, there is in the aggregate a fairly good turnover of tops and yarn, and machinery bred tops are largely neglected. Still medium and low crossbred sales. More home inquiries have lately come forward for piece-goods, but bulk business is slow in materialising, and whole-sale buyers still lack confidence.

THE JUTE TRADE.

Conditions remain very quiet. Buyers' needs are easily satisfied, and prices continue to sag. Calcutta reports increases during May of 20 million yards in stocks of heavy goods and 1.5 million yards in hessians. New crop prospects are very favourable, and this is limited apart from some recent sales of hessians. The cloth market again easier.

RAYON.

The turnover in rayon yarns remains rather restricted, mainly as a result of seasonal reasons. Actually producers are still working on a large scale, and it is possible that some of them are

working to stock. The warmer weather is helping to clear stocks of summer fabrics, which will prepare the way for a good autumn trade.

THE LINEN TRADE.

Flax prices remain firm and unchanged, with supplies reduced. Most markets are now closed till next season. Yarns are slow of sale, and production is gradually reduced as current contracts become filled. Cloth is also selling slowly. There is new business to be placed, but buyers are disposed to hold off for the time being. Latest returns show that exports of linen are well maintained and that home manufacturers are getting an increasing share of business in the British market.

BOOTS AND SHOES.

Apart from some slight improvement in the demand for women's shoes, Northampton reports no change in the situation, and it is generally realised that no expansion in the boot and shoe trade can take place so long as the leading industries of the country remain depressed and unemployment stays at its present high level. Export trade to France is affected by the French depreciated currency customs surtax, and the Northampton Chamber of Commerce have made representations to the Board of Trade.

POTTERY.

Business is very slack and many firms are closing down their works alternate weeks owing to lack of orders. The export trade for the past five months shows a considerable decrease compared with the corresponding period of 1930 and 1931, and home markets are very quiet.

THE CHEMICAL INDUSTRY.

May was a quiet month in the home chemical industry. A small though steady business was reported from most sections, and very few price changes occurred. Inquiries for coal tar products continued the most satisfactory. Refined coal tar for road-making and creosote oil were both in good demand. Very little change occurred in industrial chemicals. Business in pharmaceutical chemicals was rather better in some directions than during the previous month. Although, according to the Board of Trade returns, there was a further large fall in the value of chemicals, drugs, dyes and colours imported during May, there was also a decrease in the value of exports as compared with May, 1931. This decrease was largely due to a drop in the exports of ammonium sulphate, tartaric acid and tartrates and copper sulphate. Amongst the products for

which increases were recorded were sulphuric acid, ammonium chloride, bleaching powder, caustic soda and coal tar products. The decrease in imports amounted to £474,885 on the figure for May last year, acetic anhydride and potassium nitrate again being the only products for which appreciable increases were recorded.

AGRICULTURE.

According to an official report, corn crops at the end of May were not unpromising except upon heavy land. Early potatoes were backward, but looked well, and where the main crop was showing it had a healthy and promising appearance. Drilling of roots was hindered during May by unfavourable weather, but early sowings of mangolds were a fair plant. Hop vines were also growing fast at the end of the month. Cattle and sheep did moderately well, and in some places there was a seasonal increase in the milk yield.

SHIPPING.

Cargo shipping activity underwent further contraction in May, and freights on most routes fell sharply under pressure of "unfixed" tonnage seeking employment. The North American grain season has opened very inauspiciously; outward coal business is poor, and competition in almost all trades is increasingly severe.

BUILDING.

According to the Ministry of Labour's returns, building showed a further slight seasonal improvement in May, but outside work was seriously interrupted by abnormally wet weather, and only in a few centres could conditions be described as even fair. The unemployment percentage for May 23rd was 26.4, against 27.0 per cent. in April and 18.1 per cent. in May last year. Returns furnished by 145 urban authorities (excluding the London County Council area) show that plans passed for new buildings in May comprised a total cost of £6,000,300, against £5,552,400 in April, 1932, and £5,723,800 in May 1931. Of the total for May, 1932, dwelling houses accounted for £4,149,200; factories and workshops for £361,780; shops, offices, warehouses and business premises for £373,800; and other buildings and alterations and additions for £1,118,600.

RETAIL TRADE.

A London store reports business to be expanding slightly. Business in fashion goods, however, is spasmodic, and is much influenced by weather conditions.

INDICES OF BUSINESS ACTIVITY.

1924 = 100.

Period.	Net Imports.		Consumption of		Consumption of Power.		Volume of Employment.					Merchandise on Railways.	Provincial Bank Clearings.	Postal Traffic.	Shipping Movements.	London Bank Clearings.	Exports British Manufactures.	Foreign Trade Turnover.
	Raw Materials.	Non-Ferrous Metals.	Iron and Steel.	Cotton.	Rubber.	Coal.	Electricity.	Heavy Industry.	"General" Industry.	Miscellaneous Services.	Total.							
Monthly Average.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
1925	107	107	89	116	137	93	101	90	103	103	101	98	102	103.5	98	104	101.5	102
1926	107a	100	57	98	175	72	92	57	101	104	95.5	88	94	103.5	90	109	94	100
1927	113a	106	133	113	197	106	109	87	108	108	105	99	102	109.5	105	117	104.5	107.5
1928	101	113	88	103	212	99	110	82	108	110	105	93	100.5	114	106.5	125	108	106
1929	113	120	103.5	106	271	106	116	84.5	109.5	112	107	95	99	115.5	111.5	130	109	112
1930	101	117	103	76	340	106	112	77.5	101.5	112	103	88	91.5	117	109.5	140	87.5	102
1931	95	105	92	78	334	102	112	65.5	96	114.5	99	79	91.5	116.5	102	129	65	95
"Corrected" average for 3 months ended:																		
1931—May	96	118	82	66	309	102	108	67	97	115	99	78	93	118	99	142	66	...
June	93	126	83	68	323	96	101	65	97	116	99.5	76	91	115.5	103	143	63	...
July	88	118	88	74	354	93	97	63	96	116	98.5	77	92	114.5	109	148	66	...
Aug.	83	111	83	72	410	90	96	62	95	115.5	98.5	77	92	113.5	111	139	64	...
Sept.	78	103	77	75	365	90	98	62.5	94.5	115	98.5	77	89	112	110	131	66	...
Oct.	75	95	79	70	365	93	105	63.5	95	115	98.5	79	88	112	108	120	64	...
Nov.	81	99	91	86	243	100	118	64	96	115	99	83	86	114	104	109	64	...
Dec.	95	94	98	96	266	107	128	65	98	115.5	100	83	92	116.5	101	101	64	...
1932—Jan.	106	97	92	107	238	109	131	65	97.5	116	100	77	94	119.5	96	91	64	...
Feb.	109	100	88	102	298	106	133	64.5	98	116.5	100.5	74	97	119.5	93	90	64	...
Mar.	109	105	77	101	240	106	132	64	98	117	101	70	99	119.0	91	99	65	...
Apr.	100	100	75	97	287	105	128	63	99	118	102	...	98	117.5	91	110	69	...
May	96c	99	75	97	306	101	121	62	99	118.5	102	...	97	116	92	119	69c	...
May, 1925	99	109	108	128	72	98	101	92	102.5	102	101	98	107	104.5	96	104	99	...
May, 1926	106	105	57	98	229	71	94	72	103	105	99	87	98	99.5	87	111	92	...
May, 1927	123	107	157	116	190	104	109	88	108	108	105.5	103	104	110.5	105	120	104	...
May, 1928	108a	116	91	104	246	102	108	85	109	110	106	94	105	113.5	104	124	107	...
May, 1929	111	124	96	110	289	104	115	85.5	110	112	107.5	96	101	116	109	130	112	...
May, 1930	103	116	123	85	387	111	113	81.5	104	112.5	104.5	92	95	118	109	147	93	...
May, 1931	96	118	82	66	309	102	108	67	97	115	98	78	93	118	99	142	66	...
May, 1932	96c	99	75	97	306	101	121	62	99	118.5	102	...	97	116	92	119	69c	...

a Excluding coal imports.

c Provisional figures.

STATE OF TRADE ABROAD.

No real improvement is noticeable anywhere, and in many countries business conditions are worse than they were a month ago.

BRITISH EMPIRE.

Australia.—The recent elections in three States caused some interruption to trade, which was accentuated by heavy tax collections. Still the May volume of trade was larger than a year ago, though the aggregate value was less. Textile manufacturers are supplied with orders for several months ahead, and there has been some slight improvement in building. Current prospects for wool, wheat, butter and lambs are all excellent. The favourable trade balance for the past ten months was £34.0 millions sterling, which is an improvement of £14 millions on the corresponding returns for 1930-31.

Canada.—No improvement has occurred in business conditions. Unemployment remained serious during May and the seasonal gain in April was below normal. An unofficial estimate placed the total unemployment at 729,000, or 35 per cent., in the middle of May, but this figure has been officially challenged. The iron and steel industries are seriously affected by lack of orders, and production of steel for the first four months of 1931 was only 133,131 tons, against 331,837 tons in 1930. Demand for motor cars remains light, and activity is largely confined to the textiles and boot and shoe industries.

India.—The Bombay cotton market has been disturbed by the prevailing uncertainty regarding the American Farm Board's intentions, but the low level to which prices have fallen has stimulated demand from foreign countries. The bazaars were closed during part of May by the communal riots, and this has dislocated the piece-goods trade and checked demand for both Indian and British goods. Mills, consequently, are carrying heavy stocks, and dealers have been hit by the recent fall of prices.

South Africa.—Business remains at its recent low level and industry depressed, but farming conditions have recently improved as the result of heavy rains. More rain, however, is needed in the Northern Provinces. The local wool markets were more active and firmer during May. The season's clip is now estimated at 928,000 bales, of which about 85 per cent. had been sold by the end of April. The third official estimate of the maize crop is 16,669,000 bags, this being a slight reduction on the previous estimate.

EUROPE.

France.—The coal trade is unchanged, but there are rumours of an impending change of policy regarding import licences. French steel production is still in excess of demand, and orders for "semis" are more restricted than ever. The textile trades are no better. Confidence is still lacking in current prices, and manufacturers in the Lille area are working short time, while Roubaix wool-combers are curtailing production by 50 per cent.

Belgium.—Stocks of coal continue to increase and have lately been estimated at about 4,000,000 tons. Business is even scarcer than before. Demand for iron and steel is very limited, but every effort is being made to maintain prices, even at the cost of reducing output. In the glass industry two more businesses have been closed, leaving only three at work out of a total of 18.

Germany.—Industrial activity remains at a low ebb. Car-loadings for the four weeks ended June 4th averaged only 100,600 per week, against a corresponding figure of 118,500 last year. Coal production for the same period averaged 234,400 tons per week, against 291,600 tons last year. Iron production, however, rose from 11,200 tons per day in April to 12,300 tons per day in May, and steel production from 20,000 to 27,100 tons per day. On the other hand, the engineering industry is only able to work at 30 per cent. of capacity, and fresh orders are falling away. Shipping is very depressed.

Holland.—There has been a slight seasonal improvement in unemployment, and in financial circles the tone has reacted favourably to the opening of the Lausanne Conference. A Bill has just been passed designed to protect the interests of Dutch exporters against the effect of foreign exchange restrictions abroad, but its powers will only be used in case of absolute necessity. Reports from the electric lamp, cotton and rayon industries are discouraging, and in the first of these part of the work of the companies concerned has been transferred to foreign factories.

Switzerland.—Home trade remains relatively good, but export industries continue to be seriously affected by the world crisis. Employment shows some seasonal recovery, particularly in agriculture, but for the first time for many years the building industry reports a decline in employment. It is calculated that only 46 per cent. of Swiss industries are now experiencing a satisfactory degree of activity.

Scandinavia.—Sweden is beginning to recover from the effects of the Kreuger crisis, but the effects of the world depression are now becoming more apparent, more especially in the export industries. In Denmark, exporters of British goods have been chafing at the exchange restrictions, but it is understood that the restrictions are now being slightly relaxed. There is no doubt that it is intended to keep the krone near to parity with the pound, but it is not yet known what measures will replace the control exercised by the Exchange Centralisation, now due to be wound up on August 31st.

UNITED STATES OF AMERICA.

Business and industry continued at a low level during May, but there was an improvement in the credit situation. Steel mills were operating at 24 per cent. of capacity, but automobile production was the highest since August, and building construction expanded. Activity in the textile mills was heavily curtailed and car-loadings were below their normal level for the time of year.

AMERICAN TRADE STATISTICS—MAY, 1932.

	Apr. 1932.	May, 1932.	Compared with May, '31.
EMPLOYMENT —(June, 1914=100)†	65.9	...	...
PRODUCTION —			
Bituminous coal (Thous. tons)	20,300	18,500*	— 9,800
Pig-iron (" ")	853	784	— 1,211
Steel (" ")	1,240	1,107	— 1,398
Unfilled orders, U.S.	2,327	2,177	— 1,443
Steel Corporation (Thous. tons) ...	47,742	34,567	— 88,942
Building permits (Thous. \$)	...	...	...

CONSUMPTION OF ELECTRIC ENERGY (1923-25 = 100)	82.2	83.0	— 26.8
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FOREIGN TRADE —			
Imports (Thous. \$)	126,676	112,000*	— 68,000
Exports (" ")	135,236	132,000*	— 67,000

TRANSPORT —			
Monthly average of weekly car loadings (Thous. cars)	555	522	— 225

SECURITIES —			
30 industrial stocks—			
Highest quotations†	72.18	59.01	— 95.40
Lowest quotations†	55.93	44.74	— 83.72
Thous. shares sold during month —(New York).....	31,403	23,151	— 23,512
New securities issued (Thous. \$) ...	128,300	79,317	— 279,794

BANK CLEARINGS —			
New York (Million \$)	13,969	12,739	— 12,204
Other cities (" ")	8,566	7,671	— 4,191

RETAIL BUSINESS —			
Total sales, mail order houses‡ (Thous. \$) 31,403	23,151	— 23,512	

* Preliminary estimates made by Messrs. Moody, subject to revision. † Based on reports of U.S. Labour Bureau and of Bureau of the States of New York, Wisconsin, and Pennsylvania. ‡ Average of actual prices. § Partly estimated.

LATIN AMERICA.

In Argentina, the export season for fine cereals is terminating, and it appears that foreign exchange is somewhat less freely available. Trade returns of the Republic for the first four months of the current year, however, show that the export surplus was over 114,000,000 pesos (gold), as compared with only 15,400,000 pesos during the past month by sharp changes in the political situation. A coup d'état occurred on June 3rd, but the Junta then formed character, and latest cables received are reassuring. There is as yet no considerable improvement in Brazilian trade conditions, but around last year's level, and the elimination by the National Coffee Council of considerable quantities of surplus stock is proceeding well supported over a period of some months. In regard to the Central American countries, exports of coffee from Guatemala for the current season are expected to reach a satisfactory total. Prospects for the coffee crop in Nicaragua are good.

THE FAR EAST.

In Japan, the raw silk market was dull at the beginning of June, and the further fall in prices has made it difficult to carry out the scheme for the disposal of existing stocks. On June 6th it became known that contracts with the Asahi Silk Company had been cancelled and that the goods affected were to be taken up by the Government and this strengthened the price of piece-goods from exports to China are growing. The Government is taking steps to issue has been increased to 1,000,000,000 yen, and 50,000,000 yen help the silk cocoon industry. If deemed necessary to assist home industries, existing customs duties will be increased by Imperial Ordinance.

PRODUCTION. (Thousands of Metric Tons.)

COAL.														LIGNITE.		
Period. Monthly Average.	United Kingdom.	Belgium.	Czecho- slovakia.	France.	Germany.	Nether- lands.	Poland.	Russia.	Canada.	South Africa.	India.	Japan.	United States.	Czecho- slovakia.	Germany.	Hun- gary.
	<i>d</i>		<i>k</i>		<i>g</i>					<i>j</i>	<i>e</i>			<i>k</i>	<i>g</i>	
1913.....	24,337	1,903	1,189	3,338	15,842	156	748	...	1,119	665	1,311	1,776	43,088	1,927	7,269	460
1927.....	21,272	2,296	1,168	4,316	12,800	777	3,174	2,683	1,028	1,006	1,790	2,794	45,197	1,635	12,542	520
1928.....	20,107	2,298	1,213	4,280	12,572	891	3,282	2,885	1,037	1,013	1,826	2,822	43,052	1,704	13,739	543
1929.....	21,837	2,244	1,377	4,486	13,620	m965	3,853	3,362	1,023	1,052	1,893	2,855	45,510	1,880	14,598	587
1930.....	20,639	2,284	1,214	4,490	11,891	m1,018	3,127	3,932	864	991	1,913	2,615	40,176	1,602	12,159	515
1931.....	18,641	2,253	1,104	4,160	9,885	m1,075	3,190	4,883	701	880	1,729	2,150	33,085	1,497	11,102	509
1931—May.....	17,564	2,096	960	4,014	9,337	997	2,677	3,910	737	894	1,684	2,110	30,226	1,223	10,497	390
June.....	18,118	2,293	998	4,106	9,492	1,106	2,784	...	747	915	1,533	2,032	30,598	1,249	11,827	394
July.....	17,357	2,306	1,082	4,037	10,039	1,167	3,197	...	684	922	1,410	2,130	30,612	1,338	12,052	443
August.....	16,368	2,189	1,057	3,933	9,518	1,068	3,301	...	594	914	1,306	1,887	31,614	1,368	11,021	436
September.....	18,247	2,300	1,175	4,074	9,847	1,121	3,482	...	648	894	1,611	2,073	32,919	1,586	12,263	546
October.....	19,886	2,360	1,233	4,289	10,321	1,156	3,763	...	729	840	1,554	2,216	38,329	1,723	12,724	684
November.....	18,883	2,083	1,184	4,076	9,615	1,085	3,740	...	690	786	1,339	2,136	31,072	1,739	11,401	655
December.....	19,887	2,062	1,151	3,882	9,021	1,069	3,184	...	729	861	1,847	2,250	31,689	1,702	11,204	618
1932—January.....	18,973	2,132	1,036	3,750	8,703	1,025	2,713	5,610	660	809	1,874	2,184	28,839	1,339	9,596	556
February.....	18,815	1,988	972	3,716	8,580	1,001	2,154	5,589	697	796	1,907	2,088	29,059	1,393	9,741	549
March.....	19,091	2,108	948	3,789	8,468	1,072	2,379	6,023	672	824	1,786	...	33,601	1,300	9,810	508
April.....	18,663	1,967	923	3,769	8,501	1,069	...	...	555	790	1,657	...	23,507	946	9,395	...
May.....	16,138	...	...	3,757	...	...	...	...	...	...	...	...	21,700†	...	...	...

PIG IRON.

Period. Monthly Average.	PIG IRON.												STEEL.				
	United Kingdom.	Belgium & Luxembourg.	France.	Saar.	Germany.	Sweden.	Russia.	Canada.	United States.	United Kingdom.	Belgium & Luxembourg.	France.	Saar.	Germany.	Sweden.	Canada.	United States.
1913.....	869	419	434	114	1,397	61	...	85	2,601	649	307	391	159	1,467	62	88	2,564
1927.....	617	537	775	148	1,091	35	252	60	3,036	770	513	696	158	1,359	44	77	3,675
1928.....	560	552	832	161	984	33	281	88	3,167	722	539	792	173	1,205	51	105	4,222
1929.....	643	583	864	175	1,117	41	360	92	3,580	816	569	808	184	1,354	60	117	4,699
1930.....	525	489	836	159	808	38	418	63	2,659	618	471	787	161	962	52	86	3,326
1931.....	318	440	685	126	505	32	398	36	1,547	438	430	651	128	691	46	57	2,108
1931—May.....	352	440	725	130	555	37	410	51	2,026	442	418	674	135	744	49	76	2,546
June.....	329	450	691	119	575	29	410	57	1,665	436	445	650	121	779	37	56	2,109
July.....	322	466	679	121	569	35	410	41	1,487	436	466	650	120	803	40	46	1,916
August.....	280	473	680	117	499	31	410	24	1,301	363	465	644	119	689	45	53	1,747
September.....	252	456	655	121	438	28	421	18	1,188	406	453	656	128	593	52	34	1,572
October.....	289	444	637	125	434	29	444	12	1,192	465	445	626	126	603	51	31	1,618
November.....	301	425	567	110	427	25	450	15	1,121	467	415	538	105	548	47	29	1,619
December.....	336	397	543	100	352	26	431	14	996	429	392	535	93	438	48	21	1,323
1932—January.....	335	397	490	112	358	23	494	10	988	437	388	469	111	400	37	25	1,485
February.....	329	357	458	116	330	24	423	11	980	438	403	463	125	448	44	29	1,483
March.....	341	400	471	109	314	29	482	18	983	470	403	464	118	435	56	44	1,433
April.....	322	404	459	112	336	21	...	17	866	440	415	457	124	521	48	37	1,260
May.....	320	...	...	...	...	...	...	...	797	430	...	...	...	...	...	...	1,127†

a Figures for Luxembourg communicated by the "Groupeement des Industries Siderurgiques." b Including ferro alloys. c Excluding castings. d Saleable coal; since end 1921 excluding Ireland. e British Provinces only. f Establishments whose production in 1930 amounted to 95-21% of the total. g Excluding Luxembourg. Since 1922, excluding Polish Upper Silesia. h Until end 1928 saleable coal. i Including coal waste. j Including lignite. k Provisional figure.

WHOLESALE PRICES.

Monthly Average.	U.K.		Belgium.	Czechoslovakia.	Denmark.	France.	Germany (Official).	Holland.	Italy (Bach).	Norway.	Poland.	Russia.	Spain.	Sweden.	Switzerland.	Australia.	British India.	Canada.
	Board of Trade.	Economist.																
1913.....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1927.....	141.6	137.6	847	979	153	617.2	137.6	148	495	167	100.0	174	172	146	142.2	167.0	148	152.7
1928.....	140.3	135.1	843	979	153	619.6	140.0	149	462	157	101.0	173	167	148	144.6	164.7	145	150.6
1929.....	136.5	127.2	851	924	150	611.4	137.2	142	446	149	95.7	180	171	140	141.2	165.7	141	149.4
1930.....	119.5	106.8	744	917.9	130	535.5	124.6	117	386	137	82.3	187	172	122	126.5	146.7	117	135.3
1931.....	104.1	89.3	626	107.5	114	458.8	110.9	97	330	122	70.5	174	171	109.7	151.3	96	113.4	...
										<i>a</i>	<i>c</i>	<i>k</i>	<i>d</i>	<i>e</i>				
1931—May.....	104.4	87.5	640	108.7	113	470.1	113.3	102	332	121	74.8	...	169	111	110.8	132.4	97	114.1
June.....	103.2	87.5	642	112.1	110	467.1	112.3	100	327	120	75.2	...	169	110	110.4	131.0	93	112.8
July.....	102.2	86.0	635	107.8	110	456.3	111.7	97	324	120	70.3	...	175	110	109.5	131.3	93	112.0
August.....	99.5	85.7	616	105.1	109	445.6	110.2	94	322	120	69.0	...	177	109	108.1	128.6	92	110.8
September.....	99.2	89.6	597	104.6	109	427.9	108.6	91	319	117	67.0	...	178	107	106.3	127.8	91	109.4
October.....	104.4	90.1	591	104.8	113	442.2	107.1	89	322	119	66.3	...	175	108	106.4	128.9	92	110.0
November.....	106.4	90.7	584	105.8	117	408.3	106.6	89	320	119	68.2	...	176	110	106.2	131.3	97	110.8
December.....	105.8	90.0	557	101.4	118	405.4	100.0	84	317	123	63.9	...	177	111	103.1	131.0	98	109.8
1932—January.....	105.8	90.0	557	101.4	118	405.4	100.0	84	317	123	63.9	...	176	109	101.4	130.0	97	108.4
February.....	105.3	92.2	554	101.4	119	412.3	99.8	83	314	123	64.6	...	178	110	99.6	133.2	97	108.1
March.....	104.6	88.5	548	100.7	117	418.2	99.8	82	315	122	63.8	...	180	109	98.7	132.2	94	108.0
April.....	102.4	86.3	539	99.5	115	415.2	98.4	80	311	120	65.4	...	181	109	97.7	...	...	106.9
May.....	100.7	83.3	526	...	114	412.3	97.2	...	...	120	...	...	...	...	...	...	...	...

FOREIGN TRADE.

IMPORTS for Domestic Consumption—Merchandise Only. (000's omitted.)																		
Period.	U.K.	Irish Free State.	Belgium.	Bul-garia.	Den-mark.	France.	Ger-many.	Greece.	Italy.	Jugo-Slavia.	Nether-lands.	Poland.	Swed'n.	Switzer-land.	Russia.	Egypt.	United States.	
Monthly Average.	£	£	Francs.	Leva.	Kroner.	Francs.	Markka.	Mark.	Drach-m.	Lire.	Dinars.	Gulden.	Zloty.	Kronor.	Francs.	Roubles or Gold Rbl.	£S.	Dollars.
1913	54,931	...	<i>m</i> 386,384	15,775	64,785	<i>g</i> 701,778	41,035	897,474	<i>e</i> 14,828	303,803	<i>a</i> 325,231	...	<i>c</i> 70,545	159,985	...	...	2,271	147,932
1926	92,989	5,043	1,920,460	520,578	127,319	4,968,923	472,309	833,454	10,592	2,156,571	635,982	203,126	124,242	124,151	201,209	50,941	1,499	367,353
1927	91,282	5,012	2,422,921	510,749	131,508	4,416,334	532,157	1,185,672	1,050,018	1,697,900	607,191	212,405	240,998	132,030	213,650	54,439	3,896	346,924
1928	89,610	4,928	2,658,664	586,745	137,276	4,452,963	567,742	1,166,772	1,034,740	1,826,702	652,944	223,659	280,180	142,350	228,723	68,940	4,123	393,828
1929	92,589	5,020	2,951,520	623,711	142,307	4,851,719	583,026	1,202,566	1,066,270	1,805,397	632,896	228,598	259,248	148,549	231,987	61,317	4,453	361,448
1930	79,762	4,630	2,576,812	382,477	138,028	4,362,031	437,306	866,096	904,184	1,443,746	580,009	201,521	187,164	138,650	222,017	76,608	3,823	260,000
1931	66,512	4,139	1,978,495	388,339	115,894	3,516,609	288,089	560,590	735,471	968,691	400,023	157,728	181,854	119,949	187,600	...	2,842	174,176
1931—Apr.	63,432	3,900	2,222,094	406,951	112,323	3,901,650	271,783	679,098	717,641	1,084,184	461,569	168,371	142,890	129,075	189,435	79,853	2,437	182,867
May	63,886	4,177	2,096,576	506,972	115,377	3,574,706	328,990	599,577	761,764	1,068,818	393,492	160,803	137,140	125,077	183,465	94,269	2,469	176,453
June	62,598	4,265	1,989,650	483,360	115,116	3,914,315	304,013	607,319	779,704	*1,312,098	379,720	152,967	128,430	114,446	188,247	62,648	2,468	174,536
July	65,210	4,322	1,943,631	441,249	107,497	3,635,953	303,425	562,550	728,147	1,355,002	383,783	165,497	127,827	117,060	187,252	72,607	2,265	174,448
Aug.	61,411	3,582	1,876,632	396,092	115,350	3,139,869	289,865	454,340	709,888	837,045	442,312	152,790	113,319	128,565	186,827	76,589	2,868	174,740
Sept.	64,587	4,144	1,925,890	358,650	119,844	3,545,851	334,869	482,788	794,917	792,976	392,959	159,948	119,510	129,791	203,014	103,531	2,908	171,589
Oct.	75,408	4,802	1,941,940	390,171	114,330	3,128,299	349,869	482,788	794,917	792,976	392,959	159,948	119,510	129,791	203,014	103,531	2,908	171,589
Nov.	78,267	5,151	1,741,892	352,235	123,408	3,080,990	360,233	482,788	681,808	766,397	308,545	139,766	97,036	131,373	182,341	...	2,459	152,802
Dec.	71,491	3,966	1,715,186	311,375	126,470	2,806,476	252,494	490,591	632,851	*960,546	297,948	104,847	91,076	129,138	164,352	...	2,122	149,516
1932—Jan.	57,027	3,533	1,468,195	246,224	103,439	2,304,791	170,463	339,765	550,487	731,957	228,185	130,634	80,462	100,969	164,173	...	2,290	134,311
Feb.	64,751	3,728	1,651,548	257,702	95,031	2,399,079	164,885	404,759	638,571	741,639	229,361	110,162	63,858	84,030	159,729	...	2,556	130,984
Mar.	55,695	4,876	1,532,518	345,148	100,267	2,167,895	171,288	363,627	672,108	734,402	246,374	115,794	65,605	91,801	147,312	...	2,134	131,741
Apr.	48,446	...	1,336,054	337,447	91,992	2,836,841	222,800	427,321	716,632	784,263	...	...	112,723	78,696	102,292	...	1,457	126,676
May	51,336	...	...	...	...	...	...	...	...	...	...	...	...	...	144,061	...	...	+12000

EXPORTS OF DOMESTIC Produce—Merchandise Only. (000's omitted.)																
	a		b		c		d		e		f		g		h	
	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898
1913	43,771	...	302,882	7,778	53,113	575,351	33,482	841,436	9,917	209,303	...	255,453	...	68,112	114,700	...
1912	44,421	3,432	1,681,198	468,135	117,131	1,456,893	469,825	881,265	453,303	1,555,377	651,515	145,765	187,192	118,293	153,041	52,736
1911	59,090	3,681	2,218,975	552,261	128,546	1,559,680	527,031	851,952	503,350	1,302,662	533,346	158,309	209,562	134,715	168,604	53,726
1910	60,286	3,799	2,575,408	519,211	128,752	1,281,227	520,440	867,731	506,250	1,213,253	537,058	165,515	208,993	131,222	177,870	54,505
1909	60,719	3,900	2,647,477	525,005	134,634	1,178,265	535,411	1,055,278	582,096	1,269,665	600,142	156,786	234,447	151,026	175,371	63,607
1908	62,779	3,713	2,187,420	515,928	126,972	1,369,138	540,347	944,020	474,933	1,009,597	565,045	143,240	207,770	123,160	147,292	72,408
1907	47,563	3,023	1,927,207	494,514	104,517	1,253,111	372,083	767,160	350,202	836,679	400,081	109,318	156,561	93,950	112,400	...
1906	32,430	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1905	32,483	2,637	2,016,749	683,803	121,216	2,876,797	259,990	778,513	220,038	806,168	429,529	118,578	168,895	76,600	120,113	47,602
1904	33,895	2,630	1,856,068	746,471	100,666	2,438,165	360,501	746,101	186,013	814,516	376,940	112,305	168,867	99,477	116,831	48,664
1903	29,432	2,673	2,020,060	395,012	99,719	2,512,623	497,648	713,324	186,236	1,074,938	428,548	102,757	161,627	100,690	110,199	47,108
1902	34,252	2,777	1,949,125	374,881	102,491	2,419,829	520,808	792,085	171,177	951,884	351,316	115,062	174,527	104,770	100,996	54,285
1901	29,137	3,264	1,766,185	355,599	101,386	2,316,106	425,330	776,876	188,759	817,897	584,379	106,562	150,110	97,497	107,162	71,137
1900	29,846	3,172	1,991,895	350,959	102,983	2,434,654	441,135	812,936	166,340	876,495	430,648	120,311	171,488	99,231	105,939	60,965
1899	32,832	3,849	1,937,875	331,891	105,283	2,536,630	391,758	861,060	546,553	827,876	387,255	111,247	158,445	107,381	113,748	62,507
1898	31,863	3,079	1,801,526	692,426	103,529	2,385,081	448,840	734,458	334,625	804,854	349,433	100,585	156,157	101,484	106,153	...
1897	32,077	3,136	1,630,923	387,692	98,671	2,096,374	444,979	711,889	582,825	*996,474	382,049	80,876	117,818	124,514	92,775	...
1896	31,123	3,230	1,332,187	307,591	89,466	1,806,374	269,529	530,019	218,687	525,266	126,275	70,018	93,316	74,310	72,936	...
1895	30,012	2,536	1,457,506	284,104	94,604	1,768,314	318,625	526,632	234,053	616,535	204,560	75,675	97,649	86,165	84,556	...
1894	31,196	2,440	1,324,212	271,282	85,539	1,720,105	211,518	515,981	189,861	538,371	212,672	72,622	96,331	12,283	73,393	...
1893	34,782	...	1,361,339	321,958	92,761	1,721,176	291,000	472,261	298,986	546,739	...	69,423	96,211	65,531	66,490	...
1892	30,197	...	...	...	...	...	...	...	...	...	...	...	...	...	60,715	...
1891	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1890	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
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1851	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
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1849	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1848	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
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1846	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1845	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
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1841	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1840	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1839	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1838	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1837	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1836	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1835	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1834	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1833	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1832	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1831	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1830	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
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1823	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1822	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1821	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1820	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1819	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1818	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1817	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1816	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1815	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1814	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1813	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1812	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1811	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1810	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1809	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1808	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1807	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1806																

[illegible]

IMPORTS for Domestic Consumption—Merchandise Only. (000's omitted.)

[illegible]

EXPORTS of Domestic Produce—Merchandise Only. (000's omitted.)

	<i>a</i>	<i>b</i>				<i>a</i>	<i>q</i>	<i>o</i>	<i>d, k</i>	<i>p</i>	<i>t</i>	<i>j</i>	<i>d</i>	<i>f</i>
	<i>q</i>	<i>b</i>				<i>a</i>	<i>q</i>	<i>o</i>	<i>d, k</i>	<i>p</i>	<i>t</i>	<i>j</i>	<i>d</i>	<i>f</i>
1913	6,070	200,993	36,333	1,751	2,294	52,393	81,814	1,740	1,840	5,643	2,451	...	71	115
1926	10,821	268,689	105,715	3,648	3,311	164,371	265,880	1,934	2,712	5,048	45	216	1,319	1,859
1927	11,828	265,405	101,528	3,916	3,985	159,313	303,677	2,019	3,166	3,915	53	169	1,195	1,686
1928	11,489	275,534	112,489	4,511	4,407	159,095	330,856	2,229	3,427	3,761	50	172	1,202	1,735
1929	10,040	268,781	98,534	4,741	3,905	175,075	321,707	1,082	3,146	3,751	62	230	1,358	1,753
1930	7,407	210,517	73,826	3,635	2,698	119,222	242,280	1,979	3,048	4,759	63	191	1,384	1,577
1931	7,429	137,089	50,445	2,815	1,875	93,137	285,138	2,052	722	2,527	49	154	1,402	1,589
1931—Apr.	8,095	137,026	33,935	2,658	2,125	80,112	306,747	2,178	717	2,475	38	103	1,415	1,479
May	6,449	131,615	69,833	4,054	1,855	99,855	313,812	2,000	732	2,335	48	126	1,452	1,504
June	6,329	122,509	54,348	2,583	1,377	97,960	301,622	2,336	715	2,806	44	124	1,578	1,578
July	5,484	122,000	49,645	2,092	1,491	101,025	248,074	2,282	731	2,626	37	117	1,572	1,572
Aug.	4,110	129,195	48,764	1,532	2,498	104,790	266,524	2,018	691	2,451	34	104	1,455	1,585
Sept.	5,830	116,586	48,991	1,553	1,507	96,681	258,676	2,125	685	2,538	73	204	1,500	1,757
Oct.	9,083	126,982	55,538	1,638	1,810	93,842	311,532	2,096	831	2,629	63	238	1,484	1,798
Nov.	9,901	137,652	57,408	1,814	2,503	74,402	320,833	1,744	802	4,366	45	265	1,358	1,742
Dec.	10,286	156,630	63,285	3,137	1,950	80,479	309,869	1,659	767	2,460	40	177	1,176	1,497
1932—Jan.	8,872	124,142	38,367	3,102	1,487	68,246	266,783	1,479	†	1,877	54	102	1,096	1,280
Feb.	9,171	132,362	36,451	4,255	1,904	77,309	235,697	1,645	...	2,081	50	102	1,141	1,098
Mar.	9,014	129,349	39,749	3,532	1,648	97,099	245,194	1,528	...	1,978	30	102	1,190	958
Apr.	9,494	104,169	26,976	4,707	1,529	92,782	...	...	1,980	3,231	32	109	1,332	1,068
May	...	...	...	...	...	...	...	...	...	...	...	...	...	...

a General trade. *b* Sea-borne trade only. *c* Including ships' stores. *d* Excluding a few articles shown by number. *e* Until Feb., 1923, Julian Calendar; excludes articles shown by number. *f* General trade, gross weight. *g* Until 1927 fiscal year beginning July 1st. *h* Including Luxembourg. *i* Until 1929, excluding live stock and articles shown by number. *j* Excluding weight of live animals. *k* Excluding repatriation deliveries. *l* Including a few goods declared by number only. *m* 1914. *n* Since May, 1922, figures refer to "Union Economique Belgo-Luxembourgeoise." *o* English currency values. *p* Discontinued. *q* Provisional figure.

CAPITAL ISSUES.—(000,000's omitted.)

Period.	United Kingdom.	Austria.	Czechoslovakia.	France.	Germany.	Italy.	Netherlands.	Poland.	Roumania.	Sweden.	Switzerland.	British India.	Japan.	United States.
Monthly Average.	£	Schilling.	Koruna.	Francs.	Mark.	Lire.	Gulden.	Zloty.	Lel.	Kroner.	Francs.	Rupees.	Yen.	Dollars.
1913	16.3	...	...	d	m	f	ch	...	20	18	o	56	45	p
1927	29.6	10.5	31	616	114.1	264	43	17.7	271	22	73	17	255	649
1928	30.8	12.0	60	876	110.0	450	50	27.1	384	31	57	24	335	676
1929	23.8	8.6	55	1,259	80.2	607	29	17.8	318	23	81	56	222	849
1930	22.3	4.8	38	1,832	46.6	514	47	17.5	460	21	125	24	205	587
1931	8.5	3.1	42	1,362	65.2	361	...	6.4	210	28	109	27	...	259
1932	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Apr.-June	25.6	5.7	51	1,582	31.3	836	66	21.9	702	16	148	18	218	906
July-Sept.	24.4	5.6	38	1,073	50.4	534	25	14.7	594	24	104	18	183	379
Oct.-Dec.	24.8	3.7	28	2,365	31.4	211	45	17.3	164	28	116	26	285	346
1931	16.0	5.6	36	2,008	45.6	193	20	6.5	127	58	157	22	313	411
Jan.-Mar.	13.3	1.6	86	1,381	110.3	533	36	9.6	492	33	111	25	240	320
Apr.-June	3.0	2.7	20	565	85.5	374	17	7.6	94	11	92	45	303	205
July-Sept.	1.3	2.6	26	1,496	19.6	344	9	2.1	126	9	75	17	190	90
Oct.-Dec.	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1932	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Jan.-Mar.	5.7	2.8	34	509	11.4	...	63	3.3	59	11	145	52	...	138
Apr.-June	6.6	0.6	26	341	9.4	...	166	5.1	36	14	74	24	...	161
July-Sept.	13.2	5.7	11	1,705	62.1	...	...	...	43	8	18	...	...	70
Oct.-Dec.	117.5	...	...	560	...	...	...	...	...	...	...	...	...	91

Unless otherwise stated, the figures represent authorised share issue of new joint stock companies at home, and the increase of capital of existing companies. Bonus shares are excluded from the figures of the U.S.A., Roumania, Switzerland and Czechoslovakia. In the case of the Netherlands and the U.K. both bonus shares and conversions are excluded. c Excluding Treasury Bills. d Exc. large railway issues. f "Rivista Bancaria." h Issues exceeding Fls. 100,000 on the Dutch market including Colonial, and since Jan., 1925, foreign issues. m Since 1924, excluding amalgamations and conversions. Until end 1922 paper mark. o "Société de Banque Suisse," invitation for subscriptions on Swiss market including obligations and Local Govt. loans. p India, compiled by "Commercial & Financial Chronicle." q Up to 1927, authorised issues, excluding western departments; since 1928 amounts actually issued, whole territory.

BANK RATES.

	1926.	1927.	1928.	1929.	1930.	1931.	1932.
	End of June	End of Dec.	End of June	End of Dec.	End of June	End of Dec.	End of June
London	5.0	5.0	4.0	4.0	3.0	3.0	2.0
Paris	6.0	6.0	5.0	5.0	4.0	4.0	3.0
Berlin	3.0	3.0	2.0	2.0	1.0	1.0	0.5
New York	3.0	3.0	2.0	2.0	1.0	1.0	0.5
Amsterdam	3.0	3.0	2.0	2.0	1.0	1.0	0.5
Brussels	7.0	7.0	6.0	6.0	5.0	5.0	4.0
Rome	7.0	7.0	6.0	6.0	5.0	5.0	4.0
Switzerland	3.0	3.0	2.0	2.0	1.0	1.0	0.5
Vienna	7.0	7.0	6.0	6.0	5.0	5.0	4.0
Warsaw	12.0	12.0	10.0	10.0	8.0	8.0	7.0
Tokyo	7.0	7.0	6.0	6.0	5.0	5.0	4.0
Calcutta	4.0	4.0	3.0	3.0	2.0	2.0	1.0

* Federal Reserve. † 5.1% as from June 7, 1932.

LONDON BANKERS' CLEARING RETURNS.

(000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1913	14,191,275	855,648	1,389,481	16,436,404
1926	35,346,429	1,660,757	2,817,868	39,825,054
1927	36,819,682	1,758,032	2,972,827	41,550,541
1928	39,311,117	1,854,190	3,035,422	44,200,729
1929	39,835,929	3,078,764	4,486,577	47,399,270
1930	38,785,577	1,812,146	2,963,631	43,558,354
1931	31,815,808	1,667,852	2,752,209	36,235,869
1931 (June 15) ..	16,466,216	805,062	1,300,211	18,571,489
1932 (June 15) ..	12,178,776	753,845	1,256,071	14,188,692

U.K. IMPORTS AND EXPORTS.—(000,000's omitted.)

	Food.		Raw Materials.		Manufactures.		Imports of		Exports of	
	Imports.	Exports.	Imports.	Exports.	Imports.	Exports.	Wheat.	Raw Cotton.	Sheep's & Lamb's Wool.	Cotton Piece Goods.
Monthly Average.	£	£	£	£	£	£	Owts.	Centals.	Centals.	Sq. Yds.
1913	24.2	2.7	23.5	5.8	16.1	34.3	8.1	1.8	0.7	379
1925	47.6	4.6	35.4	7.0	26.7	51.4	8.1	1.5	0.6	379
1926	41.9	4.2	32.7	6.9	26.3	44.9	8.1	1.5	0.6	379
1927	44.9	4.4	29.3	5.4	26.9	47.0	9.2	1.3	0.7	319
1928	44.3	4.5	27.9	6.4	25.7	48.2	8.6	1.1	0.7	343
1929	47.7	4.6	28.3	6.6	27.9	47.8	9.3	1.3	0.7	322
1930	44.8	4.0	20.9	5.3	25.6	36.6	8.8	1.0	0.7	306
1931	34.8	3.0	14.5	3.9	21.8	24.2	9.9	0.9	0.7	201
1931-December ..	39.7	2.9	18.5	4.0	18.2	22.7	9.9	0.9	0.7	201
1932-January	31.5	2.8	16.9	3.6	13.3	23.4	7.6	2.0	1.0	143
February	33.6	2.8	15.4	3.5	20.1	22.6	5.1	1.1	1.0	150
March	30.9	2.7	16.5	3.5	13.0	24.2	10.0	0.9	0.9	180
April	27.5	2.9	13.4	4.0	11.8	26.8	9.3	1.5	1.2	180
May	29.9	2.6	15.7	3.6	11.6	23.2	8.8	1.0	1.0	203

* Yards.

RAILWAY STATISTICS.—(000,000's omitted.)

	Great Britain (g).				Austria.		Germany.		Italy.		Canada.		United States.	
	Gross Receipts.		Freight Traffic (f).		Total.		Total.		Total.		Total.		Total.	
	Passengers.	Freight.	Merchandise.*	Coal, &c.	Minerals and Other Merchandise.	Total.	Ton-Miles.	Ton-Miles.	Ton-Miles.	Ton-Miles.	Ton-Miles.	Ton-Miles.	Ton-Miles.	Ton-Miles.
1926-June	4.4	5.3	4.7	1.9	3.6	10.2	4.1	24.8	1,392	4,695	1,132	42,846	439,237	440,096
1927-June	4.7	8.5	4.9	15.9	4.1	24.8	4.1	24.8	1,401	5,641	1,094	43,641	440,096	440,096
1928-June	6.1	8.8	5.1	15.5	5.8	26.4	4.8	27.2	1,400	5,126	1,095	42,611	434,483	434,483
1929-June	4.8	8.7	5.1	17.2	4.8	25.6	4.8	25.6	1,324	5,398	928	44,128	437,304	437,304
1930-June	5.5	8.3	4.8	14.9	5.3	25.0	4.8	25.0	1,324	5,398	928	44,128	437,304	437,304
1931-June	4.6	8.3	4.7	16.1	4.8	25.6	4.8	25.6	1,324	5,398	928	44,128	437,304	437,304
1932-January	5.2	8.4	4.8	15.7	5.6	26.1	4.7	25.2	1,324	5,398	928	44,128	437,304	437,304
February	4.5	8.4	4.7	17.6	5.0	26.1	4.7	25.2	1,324	5,398	928	44,128	437,304	437,304
March	4.3	7.3	4.4	13.2	4.7	25.2	4.7	25.2	1,324	5,398	928	44,128	437,304	437,304
April	4.7	7.4	4.2	13.8	4.2	25.5	4.2	25.5	1,388	4,502	1,044	3,767	52,618	52,618
May	3.9	7.6	4.2	16.1	3.7	22.2	3.7	22.2	1,250	4,846	1,081	4,222	50,251	50,251
1932-January	3.1	6.7	3.8	14.1	3.2	21.1	3.2	21.1	1,292	4,162	879	3,607	42,377	42,377
February	2.8	6.9	3.8	14.1	3.4	21.3	3.4	21.3	1,138	2,839	801	3,629	41,256	41,256
March	3.8	6.6	3.7	13.8	3.3	20.8	3.3	20.8	1,197	2,747	...	3,024	35,088	35,088

* Inc. live-stock. (a) "Reichsbahn." Exc. free-hauled. (b) State and private railways, including freight on foreign lines. (c) Long ton = kg. 1,016.05; mile = metres 1,609.34. (d) Ton-miles. (e) Including free-hauled. (f) Excluding free-hauled. (g) Provisional. (h) Revised figures; net tonnage given. (i) Fiscal year ending June 30. (j) Apr. 1932: 3,279.

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UNEMPLOYMENT.

Percentage of persons unemployed in trade unions or in official unemployment insurance schemes (Belgium and U.K.).

End of Month.	U.K.	Belgium.	Denmark.	Germany.	Netherlands.	Norway.	Sweden.	Australia.	Canada.
1921-June	17.8	9.9	16.8	3.0	8.1	20.6	27.7	12.5	13.2
December	16.2	6.6	25.2	1.6	16.6	23.4	33.2	9.5	15.1
1925-June	11.9	1.0	9.3	3.5	6.6	8.9	8.2	10.2	6.1
December	10.4	2.8	31.1	19.4	16.0	23.7	19.4	8.1	7.9
1926-June	11.6	0.9	15.6	18.1	5.9	22.6	9.6	6.7	4.1
December	11.9	2.6	32.2	16.7	12.1	27.7	19.0	5.7	5.9
1927-June	8.8	1.4	18.0	6.3	6.0	22.5	9.5	6.4	3.2
December	10.7	0.6	31.6	12.9	14.9	28.0	18.6	8.9	6.6
1928-June	11.1	1.9	28.4	16.7	11.5	22.1	17.3	11.2	8.2
December	9.6	0.4	10.0	8.5	2.6	22.1	17.3	10.0	2.9
1929-June	11.1	2.4	22.4	20.1	12.3	18.9	16.9	13.1	11.4
December	15.8	1.9	8.7	19.6	5.5	10.8	8.3	18.5	10.6
1930-June	20.2	9.2	25.1	31.7	18.2	25.5	23.3	23.4	17.0
September	21.8	9.0	11.3	29.7	11.7	...	12.9	27.6	16.3
October	21.9	11.1	15.8	36.6	18.0	19.4	17.0	...	18.3
November	21.4	12.6	22.1	38.9	22.1	22.8	19.9	...	18.6
December	20.9	17.0	32.2	42.2	27.8	27.2	27.1	...	21.1
1932-January	22.4	20.0	35.1	43.6	33.7	30.4	24.4	...	22.0
February	22.0	21.0	35.9	44.3	32.7	36.0	23.7	...	20.6
March	20.8	19.3	35.8	44.6	28.8	...	24.4	...	...
April	21.4	...	...	...	...	...	...	...	...
May	22.1	...	...	...	...	...	...	...	...

Number of Workers Covered by Last Returns.

Millions	12.4	0.8	0.3	3.7	0.6	0.05	0.4	0.4	0.2
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† Ex. Irish Free State since Mar., 1923.
* Workpeople in the coal-mining industry, who ceased work on account of the dispute, are not included in this figure.

SECURITY VALUES.

	United Kingdom.			Nether-lands.	Sweden.	Switzer-land.	Canada.	United States.
	"Bankers' Magazine."			Official.	Official.	Banque Nationale	Official.	Standard
	365 representative securities.			49 Ordinary Industrial Shares.	52 Industrial and Shipping Shares.	(f) 32 Industrial Shares.	79 (c) Common Industrial Shares.	Statistics Co. 342 Industrial Shares.
Base.	Dec., 1921 = 100.			1921-25 = 100.	Dec., 1924 = 100.	Nom. value = 100.	1913 = 100.	
1926-June	(a)	(b)	(c)	(e)	(h)			(j)
Dec.	110-0	136-5	118-7	91		175-9		93-2
1927-June	109-3	135-7	118-0	91	124-9(d)	175-4		107-0
Dec.	110-1	145-5	120-4	102		189-9		121-5
1928-June	111-2	146-9	122-8	103	146-0(d)	223-2		161-6
Dec.	112-4	152-7	125-4	115		243-6		170-0
1929-June	112-1	158-8	127-3	115	170-4(d)	252-8		237-3
Dec.	109-8	157-9	125-4	121	168-9	245-8		264-1
1930-June	108-5	147-1	121-0	100	154-4	215-0		210-0
Dec.	110-0	135-5	119-0	85	148-2	209-3		165-4
1931-June	112-5	115-5	114-4	60	131-8	177-6		120-3
Oct.	111-1	103-6	108-6	50	120-1	180-7		91-1
Nov.	104-2	100-6	103-1	39	82-2	129-3		74-3
Dec.	104-8	99-4	103-1	37	85-5	131-9		86-5
1932-Jan.	102-2	90-7	98-5	35	79-4	116-8		67-5
Feb.	104-7	92-8	100-9	37	82-7	123-6		73-3
Mar.	105-5	91-7	101-7	37	77-8	131-2		74-7
Apr.	111-6	92-7	105-5	36	55-5	128-7		71-1
May	111-4	84-5	102-1	28	61-7	116-3		71-5
		82-0	101-8	...	50-9	103-5		58-2
(a) Fixed Interest.	(b) Variable Interest.	(c) Variable Interest.	(d) Variable Interest.	(e) Variable Interest.	(f) Variable Interest.	(g) Variable Interest.	(h) Variable Interest.	(i) Variable Interest.

2. Foreign Debt.

Germany was peculiarly susceptible to the credit crisis by reason of the large amount of her short-term foreign liabilities. In the first seven months of 1931 Rm. 2.9 milliards of short-term credits were withdrawn, principally in June and July. A census taken by the German Government of the amount of foreign capital in Germany as on July 28th shows that the total commercial debt, and in particular the amount lent on short term, was even larger than was indicated in the available figures which were submitted to the Bankers' Committee early in August last. This census indicates that the total of advances repayable by Germany at short term outstanding at the end of July amounted to nearly Rm. 12 milliards. But this figure of Rm. 12 milliards includes nearly Rm. 4 milliards of non-banking credits, which, in all probability, are not so likely to be withdrawn to the same extent as banking advances, and to a considerable extent are set off by direct counter assets. The Standstill Agreement, under which the banking creditors of Germany undertook not to call in their credits for six months as from September 1st, applies to rather more than half of the Rm. 12 milliards.

The Standstill Agreement, however, permitted the repayment of certain credits, and, under these provisions, sums estimated at Rm. 1,200 millions have been withdrawn during the period ending November 30th.

3. Trade Balance.

Some set-off for the recent withdrawals has been found in the fact that they have coincided with a growing export surplus, which began at the end of 1929. The figures are as follows:—

	(In millions of Rm.)			
	Imports.	Exports.	Imports.	Exports.
Monthly average, 1925-29	1,051	959	92	...
Monthly average, 1930 ...	866	1,003	...	137
Monthly average, January-June, 1931	634	794	...	160
1931—July	562	827	...	265
August	454	803	...	349
September	448	835	...	387
October	483	879	...	396
November	482	749	...	267

The recent heavy export surplus is in part the result of certain abnormal factors, and it is doubtful if economic conditions will permit it to continue at the same high level. Exports have been maintained, partly because the need for cash has put pressure on manufacturers to sell off stocks, in many cases at a loss, while some exceptional sales have been made to Great Britain in anticipation of tariffs. Imports have been reduced, because unemployment, lower wages and high taxation have reduced the consuming power of the country, and, therefore, the demand for imports of consumable commodities. The general reduction of industrial activity has curtailed the demand for imports of raw and semi-finished material, and in any case the sharp reversal in the flow of foreign credit handicaps purchases abroad. The surplus has, moreover, been increased by the fact that, up to now, the world price level of the type of goods imported into Germany, viz., raw materials, foodstuffs, etc., has fallen much more than that of the type of goods exported by Germany, viz., finished products.

But it is impossible to disregard the existence of powerful general factors adverse to the continuance of this favourable development. Tariffs, exchange control measures in other countries, import restrictions and contingents, together with the enhanced competition which Germany is likely to meet through the depreciation of sterling and other currencies, all tend to hamper German exports; on the import side, it will be necessary for Germany to replenish her stocks of raw materials, and to purchase food from abroad.

In any case, the surplus represented by the above figures has not become immediately available to Germany in the form of foreign exchange which can be utilised to repay debts. In view of the prevailing lack of confidence there has been an increasing tendency to call upon Germany to pay cash for her imports, while she has had to give ex-

tended credits for her exports. In particular, German exports to Russia, which are running at about Rm. 80 millions a month, on the average of the last four months, have been made on very long credit terms. On the other hand, even exporters have been able, in spite of the legal restrictions, to keep abroad part of the foreign exchange resulting from exports.

4. The Balance of Payments.

Taking the year as a whole, the extent of the exodus of capital which Germany has to meet by means of her export surplus (disregarding the qualification explained in the preceding paragraph), together with such other resources as have been available to her, is indicated by the following rough balance sheet for the year 1931:—

(In millions of Rm.)			
Export surplus for year (estimated, including services and deliveries in kind).....	3,000	Reparation up to June 30	800
Utilisation of foreign assets of German banks	1,300	Interest and normal amortisation on Germany's foreign liabilities (estimated)	1,500
Rediscount and other credits (including that from Central Banks and the Bank for International Settlements)...	1,200	Balance representing capital withdrawn.....	4,900
Drawn from gold, &c., reserve of the Reichsbank	1,700		
	7,200		7,200

An examination of the above table, which can obviously be only an estimate, as will be seen from the Report of the Sub-Committee, shows how great a part of Germany's income from the surplus of exports has been absorbed by the amounts required for the interest and normal amortisation of her foreign liabilities, and for reparation payments before the Hoover Plan. The withdrawal of capital, besides exercising considerable pressure on the balance of trade, as already described, forced Germany to have recourse, not only to the reserves held against their foreign liabilities by the German private banks, but also to increase such credits as were commercially available by the rediscount of credits granted to the Reichsbank and Golddiskontbank. This did not obviate heavy sales of gold, and the striking feature of this balance sheet is the drain which the withdrawal of capital has placed upon the reserve of the Reichsbank, which has profoundly influenced the policy of the latter.

5. The Reichsbank.

The Reichsbank reserve, which stood at Rm. 2,685 millions at the end of 1930, and even at Rm. 2,576 millions at the beginning of June, 1931, had fallen to Rm. 1,610 millions on July 31, 1931. Of this last amount, however, it owed at short term Rm. 630 millions in respect of the rediscount credits granted to it by the Bank for International Settlements and the Central Banks and to the Golddiskontbank by an American banking consortium. In order to ensure that the necessary foreign exchange should be available to meet the service of Germany's long-term debt, for such repayment of short-term credits as is permissible under the Standstill arrangements, and for the imports necessary to Germany, the Reichsbank has been forced to take or recommend a series of measures of increasing stringency, in order to limit to the greatest possible extent the other calls for foreign exchange which might be made upon it. Nevertheless, the reserve has fallen still further, until on December 15th it was no more than Rm. 1,161 millions, of which Rm. 630 millions represent the amounts due under the rediscount credits referred to above.

The percentage cover for the note issue has thus fallen to 25.6 per cent., or, if the Rm. 630 millions be excluded, to 11.7 per cent. The note circulation itself amounts to approximately Rm. 4.6 milliards, which compares with a figure of Rm. 4.3 milliards a year ago. In view of the reduction of business activity in the last year, as well as of certain measures taken to economise the use of

currency, the present note circulation is high; this may be attributed to a decrease in the velocity of circulation and to a certain tendency on the part of the public to hoard notes.

An important change in the situation is revealed by an examination of the volume of bills now held by the Reichsbank and the private banks respectively. Before the crisis, the proportion of gold and foreign exchange to the total note issue fluctuated around 60 per cent. e.g., on April 30, 1931, the Reichsbank held gold and exchange reserves of Rm. 2,526 millions, and domestic bills of Rm. 1,520 millions, against a total note issue of Rm. 4,340 millions, i.e., 58 per cent. of the note issue was covered by gold and foreign exchange. At the same date the credit banks held nearly Rm. 2,900 millions of domestic bills, representing an immediately liquid asset which the credit banks held as a reserve against their deposit liabilities.

The heavy withdrawal of deposits from the credit banks during the crisis, whether by external or internal creditors, induced the banks to seek assistance from the Reichsbank, by discounting such material as they had available, and in addition creating (to some extent with the assistance of the Acceptance and Guarantee Bank) further material for discounting with the Reichsbank. The latter has thus, to a considerable degree, extended its own credit in substitution for the deposits and other credits, which have been withdrawn from the credit banks as well as from the savings banks. As a result, the domestic bill holding of the Reichsbank on December 15th amounted to Rm. 4,213 millions (including Rm. 542 millions of bills set aside against credits granted to the Reichsbank as referred to above), while that of the credit banks on October 31st (the last available date) had fallen to Rm. 1,792 millions. In these circumstances we hesitate to express an opinion on the advisability of the recent reduction in the Reichsbank rate.

6. Production and Employment.

In order as far as possible to protect the external position—the reichsmark exchange and the export market—Germany has pursued a deliberate policy of stringent and sharp reduction of the level of wages and prices. The index figure of wholesale prices fell from 140 in November, 1928, to 106 in November, 1931, and prices are further to be reduced under the Emergency Decree of December 8th, while wages are reduced under that Decree to approximately the level prevailing at the beginning of 1927.

Taking 1928 as 100, the index of industrial production rose to 101 in 1929, fell to 86 in 1930, and for September, 1931 (the latest figure available) it had fallen to 66—in other words, one-third of the industrial life of Germany has stopped.

This gradual atrophy of industrial and commercial activity has further increased unemployment, which was already high before the crisis. The figure of unemployed (excluding part-time workers) on December 1, 1931, had reached a level of 5 millions out of approximately 21 million employed persons.

The crisis has also seriously affected German agriculture, which in 1925 employed about 30 per cent. of the working population of Germany. Having contracted debts at high rates of interest when prices were high, it now finds it difficult, if not impossible, to earn sufficient to meet the interest on these debts, and measures of protection and of financial relief, amounting almost to a moratorium, have been taken in order to prevent a general collapse.

Ever since the inflation period the demand for capital in Germany in relation to the supply from domestic sources has kept interest rates above those prevailing in other countries. During 1930, advances to manufacturers of first-class standing seldom cost less than 8 per cent.; in recent months the cost has been about 50 per cent. higher, i.e., the rates have risen to about 12 per cent. This burden naturally imposes a heavy strain on German industry, and is one of the causes of the present decline in industrial activity.

7. The Budget.

The decline of economic activity, the fall of profits resulting from the fall in prices, and the lower yield of the taxes on wages due to increased unemployment and lower wage rates, have seriously reduced the yield of taxation. This fall (taken in conjunction with the cost of maintaining the growing army of the unemployed) has produced a critical situation in the public finances of Germany. In the five years preceding the depression, the revenue and expenditure both of the Reich, the Federal States and the Communes showed a rapid increase. Owing to the system of taxation under which the latter received a proportion of the taxation collected by the Reich, the situation can best be shown by combining the budgets of all the authorities concerned. The figures are shown in the following table, which also gives the total expenditure of all these authorities, including expenditure covered by receipts from State property, from loans and from other sources:—

	(In millions of Rm.)			
	Taxes* raised and retained by the Reich (i.e., excluding the tax transfers to the States, &c.).	Taxes raised by States and Communes, including the tax transfers from the Reich.	Expenditure of Reich.	Expenditure of other Authorities.
1926-27 ...	5,312	6,363	6,561	10,639
1927-28 ...	6,357	7,189	7,154	11,647
1928-29 ...	6,568	7,730	8,375	12,426
1929-30 ...	6,686	7,593	7,987	12,936
1930-31 ...	6,634	7,482	8,193	12,770

* Including the contribution of the Railway Company.

The expenditure of the Reich includes an item for reparations which rose from Rm. 1.3 milliards in the year 1926-27 to Rm. 1.8 milliards in the year 1930-31, i.e., about 12½ per cent. of the total tax revenue of the Reich, the States and the Communes.

The revenue receipts for 1930-31 fell considerably short of the original estimates. The position in 1931-32, in which the revenue was expected to equal that actually received in the preceding year, has rapidly deteriorated. Fresh estimates made in September, 1931, showed an estimated fall in the total receipts from taxes collected by the Reich (including amounts subsequently transferred) of not less than Rm. 1 milliard. It is further estimated that the yield of taxes collected by the Reich at the rates in force prior to the recent Decree will show a further fall next year of Rm. 1 milliard and amount to not more than Rm. 7½ milliards as compared with receipts of 9½ milliards in 1929-30. This fall of Rm. 2 milliards is after taking credit for a series of measures imposing taxation during the preceding two years, amounting to Rm. 1½ milliards. Had the rates of taxation not been increased, therefore, the revenue would have fallen off in the last two years by some Rm. 3½ milliards, or about 40 per cent. (It is estimated that the present Decree will raise the revenue to approximately the same level as in the present year, i.e., about Rm. 8 milliards.)

Apart from the increase in taxation referred to above, attempts are being made to meet the falling off in revenue by sweeping reductions in expenditure. So far as the Reich is concerned, expenditure on all objects other than service of the debt, transfers to the Federal States, external war burdens, and emergency unemployment relief has been reduced between 1929 and 1932 from Rm. 4,780 millions to Rm. 3,720 millions, i.e., a reduction of Rm. 1,060 millions, or 22 per cent.

Measures similar in character have been taken by the Federal States and by the Communes. The latter were empowered about a year ago to increase taxation and they were asked to reduce expenditure, and in any cases where these powers have not been exercised the competent higher authority may step in to see that the necessary measures are taken. Part of the economies effected have, however, been offset by the increased cost of unemployment relief due to the growth of unemployment in the last two years. It has been possible to effect considerable economies in this sphere by reducing the average monthly benefit paid to the unemployed, which, from a former average of Rm. 80.93, has fallen to Rm. 63.86 in 1931. Expenditure

under the emergency relief system, which averaged Rm. 71 a month, has dropped to Rm. 60.75, while welfare relief payable by the Communes—varying according to the locality—may be estimated probably in the neighbourhood of Rm. 50 monthly.

It is, however, an advantage from the purely budgetary point of view that the internal debt and the annual charge which it involves is comparatively very low as a result of the inflation prior to 1924 which wiped out the greater part of the previously existing debt. On the other hand, the German Government in the sketch estimate for 1932 has included a considerable sum for the amortisation of its short-term debt incurred to meet the deficit of previous years. This provision has been made by Germany in view of the fact that the shortage of credit is such that the Government is practically unable at present to rely on borrowing in the money market in order to meet its maturing short-term obligations.

In view of the measures taken in the four Decrees relating to taxation and expenditure issued in the last two years, and in particular in that of December 8, 1931, the Committee is of opinion that the burden of taxation has become so high that there is no margin for a further increase.

8. German Railway.

The growing stagnation in German business activity has naturally been reflected in the gross receipts of the

German Railway Company, which fell in 1930 by 14.6 per cent. compared with 1929. Although energetic measures of economy were taken to meet this loss of income, the surplus of receipts over operating expenses fell from Rm. 860 millions to Rm. 480 millions, i.e., Rm. 180 millions short of the amount necessary to cover the reparation liability. A further fall has taken place in 1931, the receipts of which are 28 per cent. below those of 1929, and it is estimated that the surplus of receipts over operating expenses will amount to only Rm. 178 millions. In these circumstances the railway in 1931 will not be able, even after drawing upon its reserves, to cover out of earnings the liabilities incumbent upon it in respect of reparation and debt charges, though the cash position is met by the financial arrangements made between the German Government, the railway and the Bank for International Settlements in connection with the Hoover Plan. It is impossible to estimate what will be the operating results of the year 1932. Nevertheless, the Sub-Committee, who were asked to report upon the position of the German Railway Company, came to the conclusion that once Germany and the world at large had recovered their balance and returned to something like the economic conditions which we are accustomed to regard as normal, the railway company, fundamentally a sound undertaking, will be able in future years, if managed on a commercial basis, to yield a net operating surplus comparable with that earned by other big foreign railway systems.

CHAPTER II.

Circumstances and Conditions which have led to the Present Situation.

The circumstances and conditions which have led to the situation we have been describing are partly international and partly peculiar to Germany.

1. Course of the Crisis.

Like all other countries, Germany has suffered from the consequences of the extreme fall of prices which is the characteristic trait of international economic life since the end of 1929. The fall of about 30 per cent. in wholesale prices in the world as a whole far exceeds in magnitude the fall in prices that has taken place in any period of depression in the last 100 years. It is impossible to say if this fall is permanent or if it will be followed, after the acute depression has passed away, by a substantial rise. What is certain is that it has deeply affected all economic activity and that no effort to maintain prices—by whatever means it may have been attempted—has hitherto attained any success.

The sharp reduction of purchasing power of large masses of consumers has involved in the last two years the reduction or complete disappearance of industrial profits, serious unemployment and an interrupted slump in Stock Exchange securities. It has threatened, in consequence, the status of a large number of banks; this banking crisis, in its turn, has provoked a general lack of confidence and involved a withdrawal of foreign capital from countries which hitherto have had the use of it, and, in particular, from Central Europe. It has only been possible to maintain the exchange value of the currencies of some of these countries on a nominal basis by a system of decrees regulating the exchange market and by the suspension of a part of their foreign payments.

This situation has naturally aggravated the "crise de confiance" in the lending countries themselves. The abandonment of the gold standard by certain of them has created a fresh source of disturbance in international trading relations, and given rise to the universal tendency to hoard, which, if it were to continue, would bring to a standstill the whole system of credit.

Finally, to this monetary crisis is now being added a tariff crisis, each country seeking to defend its diminished production against foreign imports by a fresh increase in import duties and other forms of trade restrictions, which, in turn, result in the still further shrinkage of international trade.

We cannot here attempt to examine all the underlying causes of this profound disturbance to the economic life of the world, but certain of its aspects are intimately linked with the problem with which we are directly concerned.

Among these factors, the Banking Committee which met in Basle in August had called attention to the fact that "in recent years the world has been endeavouring to pursue two contradictory policies, in permitting the development of an international financial system which involves the annual payment of large sums by debtor to creditor countries, while at the same time putting obstacles in the way of the free movement of goods," and that the case of Germany provides a most forcible illustration of this dilemma. So long as the payments to be made were offset by loans to the debtor country this dilemma did not arise, but as soon as such capital movements ceased, as happened in the autumn of 1929, it becomes evident that, in the long run, as the Dawes Committee clearly pointed out, these payments can only be made in the form of goods. The change from a period of excessive expansion of foreign lending by certain creditor countries, followed by an abrupt cessation of such lending, constitutes one of the chief points of contrast between the period 1924-29 and 1930-31, and has been one of the principal features in the credit situation of recent times. If barriers are imposed to the free movement of goods, the world cannot readily adapt itself quickly to important changes in the course of credit and trade. Attempts to maintain the international balance of payments by means of larger and abnormal movement of gold has weakened the monetary foundations of many countries. In fact, when the withdrawal of large sums of capital took place the gold reserves of the countries concerned proved quite inadequate to stand the strain. This led in some countries to the strict control of foreign payments and in others to the suspension of the gold standard.

2. Capital and Commercial Debt of Germany.

Germany's demand for capital to fill the gap left by the war, the aftermath and the inflation, was very great. As a matter of fact, the influx of foreign capital, which began as soon as the mark was stabilised, and which was estimated by the Bankers' Committee to be about Rm. 18 milliards, has been partly offset by the Rm. 10.3 milliards of reparation payments.

But in any case, between 1925 and 1930 Germany has invested a very large amount of capital in both private and public enterprises. She has, for example, reconstructed the merchant fleet, she has modernised and rationalised many of her industries, and her towns have carried through large programmes for public purposes. The figures furnished to us by the German Delegation show for the period 1924-29 the investment of a sum amounting to Rm. 32,845 millions, of which Rm. 22,428 millions represent investments by public authorities, for public utilities, housing (other than houses financed purely by private means), roads, canals, etc.

These sums have, of course, been forthcoming partly from Germany's own savings, which reached very high figures in the course of recent years. But the foreign holding of so large a proportion of her capital wealth makes her peculiarly vulnerable to financial disturbance, particularly to the extent that this capital is withdrawable at short notice. Moreover, a substantial part of these short-term credits have proved to be immobilised in long-term investments. The withdrawal of these credits must, therefore, threaten, not only the exchange, but also the liquidity of the banks themselves.

3. Growth of the German Budget.

Turning to Germany's budgetary situation, the rapid development of Germany's economic activity in recent years has been paralleled by an increase of Government expenditure. The continued increase of expenditure from 1925 to 1930 has absorbed as fast as it came into being the growing taxable capacity of Germany. In spite of a rapid increase in normal receipts, which increased between 1926-27 and 1929-30 from Rm. 14,719 to Rm. 18,054 millions, the increase of expenses has been equally rapid. Indeed, they have risen from Rm. 17,200 to Rm. 20,823 millions, and have resulted in an increase of debt. Among the expenditure items, outgoings for buildings, education and social charges (chiefly due to increasing unemployment) have continuously increased, and now represent 43 per cent. of the total expenditure, and amount in 1929-30 to Rm. 8,897 millions.

While expenditure thus increased, the debt grew in a disquieting fashion. When stabilisation took place, inflation had reduced the public debt to a very small amount. On the other hand, by 1931 this debt reached more than Rm. 24 milliards, of which Rm. 8.4 milliards were for public undertakings (water, gas, electricity, transport, roads), for the building of houses and for various public works (hospitals, sanatoria, etc.). In particular, from 1928 to 1931—in three years—the debts of the States and Communes increased from Rm. 7.5 to Rm. 12.7 milliards.

When the crisis came, with the inevitable reduction of private incomes and budgetary receipts which it naturally

involved, the fact that expenditure had been so high meant that the deficit was correspondingly large.

This policy of growing expenditure, as also the system of financial relations which exist between the Reich, the States and the Communes, has often been the subject of criticism. The Reich levies taxation of which it retains part only, and of which a proportion fixed by law is automatically handed over to the States and Communes, which only cover their expenditure from their own resources to the extent of 75 per cent. Such a system means that the control of expenditure is divorced from the responsibility of raising the revenue to meet it, and although the system may have been moderated by recent ordinances of the Reich, we think that reform in this matter would have beneficial results.

In concluding this analysis of the circumstances and conditions which have given rise to the present budgetary position of Germany, the following observation should be made.

Notwithstanding the exceptional character of the present crisis, there is no instance in economic history of a crisis, no matter how great, which was not followed by periods of stability or prosperity. Just as it would be wrong to forecast a country's economic future on the basis of a period of prosperity, so it would be unjustifiable to judge its chances for the future on the basis of a period of depression.

At the present time the budgets of all countries and of almost all privately or publicly owned railways show a deficit. In every country efforts are being made to restore the equilibrium of these budgets by cutting down expenditure and by adjusting receipts to changed conditions. To assume that in the present case equilibrium will not be regained would be a counsel of despair.

What is true of the budgets and railways of other countries is obviously equally true of Germany. In past years Germany has built up an immense and powerful economic equipment, capable of yielding a great return. The restriction of markets and the fall of prices have prevented her from utilising this equipment to the full. The activity of her factories is now necessarily reduced, but, although it is impossible to fix a date for the recovery of stability, which is still threatened to-day, it is none the less certain that this stability will ultimately be restored with the help of the measures suggested in Chapter VI.

In the course of our investigations we were able to ascertain from the figures submitted to us that, as regards both the railways and the budget, receipts are no less elastic in the case of Germany than elsewhere.

On the other hand, it would be rash, both in the case of Germany and in the case of other countries, to presume to indicate the precise moment at which this exceptional and unfortunate period through which we are now passing will come to an end.

CHAPTER III.

Special Measures taken by Germany to Meet the Crisis.

In the course of its deliberations the Committee had the opportunity of receiving a synopsis of the special measures taken by the German Government by form of emergency decrees as from July, 1930, in order to meet the increasing difficulties of the situation.

The primary object of the German Government was to secure the stability of the currency and in general the functioning of the German economy within the frame of the world economy. To this end they devoted all their efforts to securing the balance of the budget, not only in the Reich, but also in the States and Communes. Direct taxation was augmented by two increases in the income tax; indirect by the imposition of further heavy duties on beer and tobacco, while finally the turnover tax has lately been increased from 0.85 per cent. to 2 per cent. Sweeping economies have been effected in the expenditure of the Reich; a series of cuts in the salaries of all public

servants, reducing them by over 20 per cent., has been made in the last 18 months, so that salaries will be now on a lower level than at the beginning of 1927.

Similar measures have been taken with regard to the budgets of the Federal States and the Communes. The latter have been authorised and in certain cases compelled to levy new and additional taxation in the form of a poll tax, a local beer duty and a tax on beverages. The reductions in salaries apply also to officials employed by these bodies.

Contributions under the unemployment insurance scheme have been raised to 6½ per cent. of wages, while considerable reductions in the scope and scale of the benefits paid by the Insurance Institute have been made.

A further main point in the programme of the Government was the reduction of prices and wages. Prices were

generally reduced by 10 per cent. Rents are being reduced to a similar percentage. Even the rates of interest on long-term obligations must be reduced by about 25 per cent. In the sphere of wages a general reduction to approximately the level prevailing at the beginning of 1927 has to take place.

The magnitude of the crisis forced the Government to emergency measures in the field of credit policy. Such measures have been taken for supporting a series of banking institutions and for strengthening the position of the money market. A system of general control of the banks has been set up, with a Commissioner responsible to a Board, including representatives of the Reichsbank and of the competent Government authorities. New regulations have been made for the carrying on of the business of the savings banks and allied institutions, in particular limiting the extent to which they may finance the municipalities in future. For the time being they are not allowed to grant them new credits. The law governing public companies has been revised and the provisions regarding the responsibility of directors sharpened, while new regulations are made regarding the auditing of accounts.

Transactions in foreign exchange have been centralised in the Reichsbank with a view to limiting the purposes for which foreign exchange may be acquired, and all purchases of foreign exchange require prior authorisation. All persons becoming possessed of foreign exchange, whether

by exports or otherwise, are compelled to offer their holdings to the Reichsbank. It is no longer possible to remit abroad the proceeds of sales of securities on behalf of foreigners. Stringent provisions seek to limit the flight of capital. All the above-mentioned prescriptions are secured by heavy penalties (fines and prison). Repayment of foreign credits is regulated by the Standstill Agreement, or, if not covered by this agreement, under decree.

Finally, in order to prevent a widespread collapse of agricultural credit, measures amounting practically to a moratorium for agricultural debts have been taken, chiefly for the eastern parts of Germany. Farmers suffering from special difficulties are allowed to appeal for protection against foreclosure or distraint on condition that they carry on their business under the supervision of trustees, pending approval of a scheme for relieving them of the immediate burden of their debts. Such schemes may provide for reduction of interest rates and the diminution of the capital debt, in certain cases even without the consent of the creditors.

The question how far the measures described above will be successful cannot be answered at the present moment. But the Committee consider that the steps taken to defend and to maintain the stability of the currency and the budget show, in their opinion, a resolute desire on the part of the German Government to meet the situation.

CHAPTER IV.

Conclusions.

It is evident from the facts outlined in the preceding chapters that Germany would be justified in declaring—in accordance with her rights under the Young Plan—that in spite of the steps she has taken to maintain the stability of her currency she will not be able in the year beginning in July next to transfer the conditional part of the annuity.

The Committee, however, would not feel that it had fully accomplished its task and justified the confidence placed in it if it did not draw the attention of the Governments to the unprecedented gravity of the crisis, the magnitude of which undoubtedly exceeds the "relatively short depression" envisaged in the Young Plan—to meet which the "measures of safeguard" therein contained were designed.

The Young Plan, with its rising series of annuities, contemplated a steady expansion in world trade, not merely in volume but in value, in which the annuities payable by Germany would become a factor of diminishing importance. In fact, the opposite has been the case. Since the Young Plan came into effect, not only has the trade of the world shrunk in volume, but the very exceptional fall in gold prices that has occurred in the last two years has itself added greatly to the real burden, not only of German annuities, but of all payments fixed in gold.

In the circumstances the German problem—which is largely responsible for the growing financial paralysis of the world—calls for concerted action which the Governments alone can take.

But the problem has assumed a world-wide range. We can recall no previous parallel in time of peace to the dislocation that is taking place and may well involve a profound change in the economic relations of nations to one another. Action is most urgently needed in a much wider field than that of Germany alone.

The economic interdependence of the various countries of the world to-day needs no further proof; recent years have most strikingly illustrated it.

Since July last, for example, it has been evident that, if the crisis by which Germany has been overwhelmed were not remedied, it would spread to the rest of Europe, destroy the credit system so painstakingly built up, and create profound repercussions in other parts of the world.

The Committee appointed by the Bank for International Settlements, on the invitation of the London Conference, after describing this situation in its Report of August 18, 1931, sounded a most emphatic note of warning, urging that if disasters were to be avoided before the period of postponement of credits recommended by that Conference expires on February 29, 1932, immediate steps must be taken by the Governments.

But events did not wait. The year 1931 has not yet ended, and already the crisis has taken formidable dimensions, shattering the exchanges of many countries one after the other and accumulating difficulties which, if not dealt with, will only prove forerunners of further catastrophes. Unemployment has increased; stock exchanges remain closed; economic activity continues with difficulty at a very low ebb in the face of restricted credit, rigid control of the exchanges and paralysing restrictions on international trade. Slowly the effects of shrinking economic activity are making themselves felt in one country after another.

This state of things is complicated by the repercussion of economic affairs on the political situation and *vice versa*. The economic decline which has taken place in the last two years, and the increasing distress which it has brought in its train, have produced a general political instability from which an anxious world is suffering more and more. Similarly, political considerations have often been allowed to influence the treatment of economic problems by the Governments, thus preventing the latter from viewing these problems in their true light and from dealing with them on their merits.

When Governments come to examine the whole group of questions allied to the subject of the present Report, they will have to take account of many matters relevant to these complex problems—which can only be solved in conformity with economic realities.

In this connection certain considerations seem to us of great importance.

The first is that transfers from one country to another on a scale so large as to upset the balance of payments can only accentuate the present chaos.

It should also be borne in mind that the release of a debtor country from a burden of payments which it is

unable to bear may merely have the effect of transferring that burden to a creditor country which, in its character as a debtor, it, in its turn, may be unable to bear.

Again, the adjustment of all inter-governmental debts (reparations and other war debts) to the existing troubled situation of the world—and this adjustment should take place without delay if new disasters are to be avoided—is the only lasting step capable of re-establishing confidence, which is the very condition of economic stability and real peace.

Finally, although the German Government is energetically defending the stability of its currency, steps are necessary to secure that these measures shall have a permanent effect.

The European Governments during recent years have made great efforts towards re-establishing the stability of currencies after the disasters of the war and post-war inflation. The destruction of this work would mean an extremely disquieting setback, which would be heavy with

consequences. The maintenance of the stability of the German currency, as of the currency of any debtor nation, may be placed in the greatest peril if the confidence of investors is lost.

We appeal to the Governments on whom the responsibility for action rests to permit of no delay in coming to decisions which will bring an amelioration of this grave crisis which weighs so heavily on all alike.

(Signed) ALBERTO BENEDEUCE, *Chairman*.

Dr. RUDOLF G. BINDSCHEDLER.

H. COLIJN.

G. DIORITCH.

E. FRANQUI.

WALTER T. LAYTON.

C. MELCHIOR.

D. NOHARA.

CHARLES RIST.

O. RYDBECK.

WALTER W. STEWART.

ANNEXES TO THE REPORT.

ANNEX I.

Application by German Government.

To: The President,
The Bank for International Settlements,
Basle.

Mr President,

In the name of the German Government I have the honour to transmit to the Bank for International Settlements in Basle a Memorandum, in which the German Government applies for the convocation of the Special Advisory Committee for which provision is made in the New Plan.

I have the honour to remain, Mr President,

Faithfully yours,
(signed) H. DIETRICH.

Finance Ministry of the Reich.

Berlin, W.8.
November 19, 1931.

MEMORANDUM.

The German Government hereby applies for the convocation by the Bank for International Settlements in Basle of the Special Advisory Committee for which provision is made in the New Plan of the Hague Agreement of January 20, 1930. In regard to the cause and purpose of this application the German Government has the honour to make the following statement:—

As early as the beginning of June of this year the German Government became convinced that, in spite of the most severe retrenchment in Government expenditure and repeated increases in the burden of taxation, it would be incapable of continuing the payment of the annuities under the New Plan. The economic and financial situation of Germany was at the time already most gravely threatened. The German Government had accordingly decided to draw the necessary conclusions from this situation.

This decision was followed on June 21st by the declaration of the President of the United States of America, proposing the postponement during one year of all payments on intergovernmental debts, reparations and relief debts. The purpose of the far-sighted initiative thus taken was, in the words of the declaration, to assist in the re-establishment of confidence, thus forwarding political peace and economic stability in the world; the debtor countries were to be given time to recover their national prosperity. The hope that this proposal would bring about a decisive turn in the world crisis was not realised. In consequence of subsequent events, the Hoover holiday year was not in itself sufficient to overcome the danger of collapse. Accordingly, the British Government in July took the initiative of summoning the London Conference. The recommendations of the Conference led to the prolongation of the rediscount credit accorded to the Reichsbank, the Basle Standstill Agreement and the Report of the Basle Committee of Experts set up by the Bank for International Settlements.

Important as all these measures were for immediate relief, they were essentially merely preparatory in character. The London Conference itself in its closing declaration stated that the measures

recommended were only intended as a first step which would form a basis for more permanent action to follow. Accordingly, the experts who collaborated in the execution of the London recommendations constantly had in mind the provisional character of all these measures. The Standstill Agreement states, for example, that the contracting parties have approved the settlement therein provided "pending a more permanent solution of the German short-term indebtedness problem." Similarly the Report of the Basle Committee of Experts closes with an urgent appeal to the Governments concerned to "lose no time in taking the necessary measures for bringing about such conditions as will allow financial operations to bring to Germany—and thereby to the world—sovereignly needed assistance."

In the intervening months the economic and financial situation of Germany has become exceedingly critical. The characteristic facts of this situation are universally known. In other countries also the pressure of the crisis has had a most serious effect. The world has come to realise in an increasing measure the inter-relationship of the various financial problems to which the situation has given rise, and the necessity for immediate action for their solution as a whole. In considering the most suitable method of handling this problem the view has gained ground that the Special Advisory Committee should now be convened. As under the terms of the New Plan the convocation of the Special Advisory Committee is dependent upon an application by the German Government, the German Government has determined to make this application, in order to do all in its power to pave the way for comprehensive and joint measures on the part of the Governments.

In accordance with the New Plan the application requires a declaration by the German Government to the effect that "they have come to the conclusion in good faith that Germany's exchange and economic life may be seriously endangered by the transfer in part or in full of the postponable portion of the annuities." In making this declaration, the German Government must expressly state that such a declaration does not do justice to the present situation. Since the New Plan was framed, the economic and financial situation in the world, and particularly in Germany, has been fundamentally altered by a crisis without parallel. As the New Plan requires the Committee to examine the situation from all points of view, the Special Advisory Committee must investigate the problem in its entirety by taking into consideration all its factors, with special reference to the circumstance that the question of Germany's private indebtedness must duly form the subject of a new settlement before the end of the month of February next, by means of an agreement to be reached between foreign creditors and German debtors.

Present conditions being such that the necessary measures require to be taken with the utmost dispatch, the German Government proposes that the Special Advisory Committee should meet immediately and that it should complete its work as quickly as possible, in order that a Conference of those Governments which are competent to take the decisions then to be reached may thereupon at once be held.

Berlin, November 19, 1931.

ANNEX II.

Report of the Sub-Committee on Statistics Regarding Interest and Amortisation of German Foreign Indebtedness.

The German Delegation at the plenary session of the Committee has presented estimates of interest on Germany's foreign indebtedness and of amortisation on funded debt. These estimates have evidently been computed with great care. The task assigned to this Sub-Committee was to examine these computations and to pass judgment upon the degree of their accuracy, or at least upon the extent to which they may be considered as representative.

As a general statement it should be said that all such statistics are to be accepted only with due allowances for differences of opinion regarding classification, etc., for unavoidable duplication, for omissions, and for minor errors of compilation.

The Committee was not in a position to check, in detail, the basic figures from which these computations were derived. The figures in question are those presented by the German Delegation to the Advisory Committee showing a total German foreign indebtedness of between Rm. 28.5 and Rm. 30 milliards as at the end of July, 1931. A large part of these statistics has been compiled as a result of an inquiry made by the Reichsbank. The results of this enumeration have been examined by the Sub-Committee with the idea of checking them as far as possible with comparable information in other countries.

In addition to the statistics compiled from the inquiry, some of the figures presented by the German Delegation have been based upon estimates which it is not possible to check with any degree of precision. In the case of some of these estimates, however, the Sub-Committee makes with all necessary reservations certain tentative suggestions.

A. Long-Term Debt.

The long-term debt has been divided into four groups, which are treated separately.

1. GERMAN FOREIGN CURRENCY BONDS ISSUED ABROAD.

This group of obligations is probably capable of more exact statistical determination than any other, and without question the statistical basis for computation of interest and amortisation charges is more precise than in the other types of indebtedness. The German Delegation has tabulated the following three items for the year 1932:—

(a) Annual interest payments provided in the indenture of the bond	Rm. 398.4 millions.
(b) Annual amortisation charges as and if provided in the indenture of the bond	Rm. 128.8 millions.
(c) Total payments in each year for bonds maturing in that year not retired by means of regular amortisation payments	Rm. 110 millions.

In addition the service for interest and amortisation of the so-called Dawes and Young Loans is shown separately from the above-mentioned items for other public and private issues

Rm. 181.2 millions.

These computations were made for each issue in accordance with the amount outstanding at the end of December, 1930, with allowances for amounts retired. The total interest and amortisation charges as thus computed for the year 1932 amount to 818 million reichsmarks.

This estimate is a maximum figure. The following factors would tend to reduce it:—

- Lower market prices of the bonds permit purchases for amortisation at a smaller outlay than that computed.
- Depreciated currencies permit similar reductions in reichsmark interest and amortisation charges on bonds expressed in such currencies.
- Previous purchases by residents of Germany of German foreign currency bonds reduce the amounts to be paid outside Germany.

It is difficult to estimate the possible effect of these various factors, but the Committee considers that the total figure is susceptible of a maximum reduction of approximately Rm. 150 millions. In this way interest charges would amount to between Rm. 420 and 530 millions, and amortisation to between 250 and 290 millions.

2. LONG-TERM DEBTS NOT ISSUED PUBLICLY.

This second category of long-term debts is sub-divided into two groups:—

- Mortgages on real estate, amounting to 715 million reichsmarks.
- Long-term advances and open-book accounts of every kind, amounting to 1,748 million reichsmarks.

These figures were compiled from the Reichsbank inquiry and it is this category which showed the greatest difference between previous estimates and the new computation of German indebtedness.

For the purpose of estimating the service of these obligations an average interest rate of 8 per cent. per annum had been taken in the German estimate for the first group. The obligations are subject to the terms of the recent emergency decree and the rate of interest has been accordingly reduced to 6 per cent. The service as computed is thus lowered by 14 and fixed at 43 million reichsmarks.

For the second group a rate of 6½ per cent. was assumed. This rate was not directly affected by the emergency decree and it is too early to know what the ultimate effect may be. The Sub-Committee has no means of checking these assumed rates of interest. They seem reasonable in view of the prevailing level of interest rates in Germany during the past few years. The figure of Rm. 113 millions given in the German estimates has accordingly been adopted by the Sub-Committee.

3. GERMAN INTERNAL BONDS OWNED BY FOREIGNERS.

The magnitude of this amount—400 million reichsmarks—was derived by a process of approximation, based upon a previously known figure and a logical inference regarding the influence of subsequent events. There is no way of determining the accuracy of the guess. In any case the amount is small and the interest burden negligible. As a result of the recent decree the German estimate of interest burden may be reduced by 12 and fixed at 24 million reichsmarks.

4. SHARES, PARTICIPATIONS, REAL ESTATE, ETC.

No adequate statistics are available regarding foreign holdings of these types of assets. It has been estimated by the Reich Statistical Office that real estate owned by foreigners may be valued at approximately 2 milliard reichsmarks. Shares, participations, etc., in German enterprise owned by foreigners have been estimated, on the basis of a partial inquiry, at between 2.5 and 3.5 milliard reichsmarks.

The yield on real estate has been computed by the Reich Statistical Office at 50 million reichsmarks per annum.

The yield on shares, etc., previously estimated by the Statistical Office for 1930 of 250 million reichsmarks should be considerably reduced in view of the prevailing industrial depression, perhaps to as low a figure as 100 million reichsmarks.

B. Short-Term Debt.

The estimates for the service of the short-term debts are perhaps the most difficult on which to pass judgment.

The calculations of interest (Rm. 709 to Rm. 825 millions) presented to the Advisory Committee were based upon the figures for German indebtedness for the end of July. These figures seem capable of reduction. Since July repayments have taken place (a sum of Rm. 1.2 milliards has been given by the German Delegation), and, moreover, there has been a depreciation in certain currencies in which a portion of the debt is expressed. Final figures of the amounts repaid during the period in question are not yet available, and the rates of interest which will be chargeable in the future are, to a large extent, dependent upon the decisions of the present Standstill Committee.

With the material at our disposal and leaving out of account the possible variations in the future rates of interest, the Sub-Committee considers that a reduction in the total interest of about Rm. 100 millions to Rm. 600-Rm. 725 millions seems reasonable.

Summarising, therefore, the results of the Sub-Committee's deliberations on this subject, and taking into full account all reservations previously made, the gross service of German foreign debt for the year 1932 could be tentatively estimated as follows:—

A. Long-term debt:—	
(1) Foreign currency bonds:—	
(a) Amortisation*	250—290
(b) Interest	420—530
(2) Long-term debts not issued publicly	670—820
(3) German internal bonds	156
(4) Shares, participations, real estate, &c.	24
B. Short-term debt	150
	600—700
Total	1,600—1,850

This report concerns only German payments and does not consider German receipts from interest, etc., on their investments abroad, which will be the subject of a later report.

* Including an amount of 110 millions reichsmarks for payment in full of two loans maturing in 1932.

ANNEX III.

Report of the Sub-Committee Regarding German Assets Abroad.

I.

Whereas the first Report of the Sub-Committee related to interest and amortisation payments on the German debt, the present Report deals with the foreign investments of Germany and the income which Germany derives from them. For these purposes no direct statistics exist, and, owing to the absolute impossibility of determining exactly the volume of German assets abroad, the Sub-Committee feels itself obliged to formulate the necessary reservations in regard to the accuracy of the estimates contained in the present Report.

The Sub-Committee, nevertheless, attempted, in the first instance, to form a direct estimate of the volume of these assets, but encountered insurmountable obstacles in the almost complete absence of data on which to work. It was compelled to recognise that certain elements are entirely beyond the bounds of its investigations, and that, generally speaking, the figures on which its discussions were based allow of a wide margin of error.

II.

The Sub-Committee, therefore, endeavoured to reach some result by taking as a starting point the increase of Rm. 6 milliards in the volume of Germany's international indebtedness over the estimates furnished in August, 1931, and have tried to determine to what extent a similar figure must appear in the volume of Germany's foreign assets.

III.

The new figure of the German debt need not necessarily imply a corresponding increase in German assets abroad.

There are, indeed, certain conjectures that offer a theoretical explanation of the present difference between the balance of indebtedness and the result of the various balances of payments of the previous years. But it is evidently impossible to state in figures, even approximately, the practical consequences of these conjectures.

- (1) Previous estimates of Germany's net claim on foreign countries have been computed from a base figure of Rm. 2.9 milliards as at the end of 1923. Assuming that in that year Germany's foreign debt was in fact greater, this alone would provide an explanation for a portion of the present difference.

- (2) Assuming that the statistics of the balance of payments for 1924 to 1930 contain only errors insignificant in amount, but tending in the same direction, a further portion of the difference could also be explained in this way. Obviously, minor errors continuing over a period of years would amount in the aggregate to a substantial total.

Such statistics are always subject to error; for instance, the coefficients of adjustment applied by the Statistische Reichsamt to German foreign trade figures for the years 1924-1927 may not have been quite correct.

- (3) Further, the subsequent emigration of Germans, who had already invested their capital abroad during the years under consideration, may create a difference between capital exports as deduced from the balance of payments and the present total of foreign property.

In so far as the difference of Rm. 6 milliards cannot be explained by the above-mentioned items, the conclusion seems, of course, that Germany's foreign property must be greater than was assumed in August, 1931. The Sub-Committee was not, however, in a position to estimate the total amount which should be included under this head.

IV.

The Sub-Committee has, nevertheless, attempted to obtain at least an idea of the magnitude of some part of Germany's foreign property.

- (1) So far as Germany's long-term investments are concerned, a total for this item of Rm. 5 milliards has been tentatively suggested. This total, the result of calculations and inquiries by German institutions, may be incomplete. No

means exist, indeed, for assessing the full amount of foreign bonds in the hands of German nationals.

Such bonds and shares as are included in the German total have been taken at their nominal value. For real estate, participations and so forth, the value of 1929 has been taken owing to the lack of later information.

- (2) The short-term claims of Germany are even more difficult to assess. The lengthy terms which Germany has extended in respect of her exports has resulted in the building up of considerable claims abroad. On the basis of an average monthly exportation of Rm. 800 millions and average credit terms of three months, these credits might be estimated to amount to about Rm. 2.4 milliards. The Sub-Committee would, nevertheless, point out that, in view of the fact that the German exporters have been led lately to increase the length of their credits, an average of three months might possibly be too low. For instance, the Russian credits with State guarantee extend up to 12 to 18 months on the average.

- (3) At the end of July foreign claims by the Reichsbank and German banks were computed at Rm. 1.3 milliards. By November this total had fallen to 1 milliard. A deduction has, however, to be made from these totals because part of the foreign claims of German banks is already included in the estimate for commodity credits. It has been stated that this deduction should amount to Rm. 300 millions, thus reducing the figures to Rm. 1 milliard and 0.7 milliard respectively.

For the above three items, therefore, aggregate nominal amounts of Rm. 8.4 milliards (July) and Rm. 8.1 milliards (November) are obtained; but the Sub-Committee is convinced that, due to the important capital emigration which has taken place recently, these totals must be considerably increased. In the absence of evidence of any kind, it is unable to give an estimate.

It is, accordingly, not possible to provide an estimate for the total property owned by Germany abroad.

The Sub-Committee was also asked to inquire into the amount of interest which Germany might expect to receive during the year 1932. Clearly, this second problem is closely connected with the first and the Sub-Committee has found it impossible to provide a satisfactory solution.

- (1) If an amount of Rm. 5 milliards is taken for long-term assets at an average rate of 3.4 per cent., the yield from such investments would amount to from Rm. 150-Rm. 200 millions.
- (2) For commodity credits no specific income from interest can be estimated; interest on capital of this kind being generally included in the price of the commodities and so in the balance of trade. Russian credits, however, are an exception to this rule, and the Sub-Committee has accordingly included an item of about Rm. 50 millions.

- (3) For the foreign claims of the Reichsbank and private banks Rm. 30 millions have been taken as a reasonable figure for interest.

These items together give interest receipts totalling Rm. 230-Rm. 280 millions.

For the calculation of interest on other German capital, so far as this not included under the above headings, the Sub-Committee, as already explained, has no computation of the capital involved on which to base its estimates. Nor is information available as to the rate of interest on this capital or to what extent that interest finds its way to Germany.

The conclusion was finally reached that for 1932 German interest receipts on foreign investments might be put in round figures at between Rm. 300-Rm. 400 millions.

Obviously, the Sub-Committee is not expected to express an opinion as to future economic conditions or to say what the rates of interest are likely to be in 1932. Conclusions which have been drawn take account of present conditions only, and should be accepted with reserve in view of the prevailing economic instability.

ANNEX IV.

Report of the Sub-Committee on the German Budget.

TOTAL EXPENDITURE OF PUBLIC AUTHORITIES IN GERMANY.

In dealing with the development of the total expenditure of German public authorities, the Sub-Committee was unable to take its inquiries up to the year 1931, since exact figures are not yet available for the expenditure of the Communes in 1931. The Sub-Committee noted that the total gross expenditure of German public bodies increased between the financial years 1926 and 1930 from approximately Rm. 17,200 millions to approximately Rm. 20,963 millions, an increase of Rm. 3,763 millions. This increase was not spread equally over the intervening years, but was particularly sharp in the year 1928. This was due to the increase of salaries granted to public servants by the law regarding salaries of 1927, which the German

The Sub-Committee was appointed to consider, with the assistance of the German experts, the situation of the German Budget. The Sub-Committee, while devoting its attention primarily to the present state of the Budget, has not failed to consider the broad lines of the development of the Budget in the past, in order to be in a position to understand the causes which have led to the present serious financial difficulties of the German Reich.

In particular, the Sub-Committee has considered the development of the total expenditure, not only of the Reich, but also of the Federal States and Municipalities, and has paid special attention to the expenditure of these bodies on housing, education and social welfare.

experts estimated led to a total annual increase of Rm. 1,500 millions. It was pointed out that, since 1925, there had been a steady increase in the level of wages in Germany from the low point at which they stood after the inflation. No corresponding increase of salaries had taken place, and, therefore, in 1927 the German Government felt itself obliged to adjust salaries to wages, with the result that, generally speaking, the lower classes of officials had their real income restored to approximately the 1913 level, while the higher classes (with certain exceptions) remained well below that level. Now, however, as a result of recent emergency decrees, the increase of salaries made in 1927 has been more than cancelled, and salaries will now be on a lower level than they were before the increase.

The remaining principal causes of the increase of Rm. 3,700 millions are to be found under the heads of "Education," "Social Welfare," "External War Burdens" and "Trade and Commerce." The increase in expenditure on "Education" is principally—though not entirely—due to the higher level of salaries; that in "Social Welfare" to expenditure on unemployment relief, while the increase in expenditure on "Trade and Commerce" represents the assistance which the German Government has found itself forced to give to agriculture, communications and industry. These items must necessarily be enhanced by the development of the crisis, and will show a further increase in the current year.

No explanation is needed of the increase in external war burdens.

Thus, the following items account, roughly, for the total increase of Rm. 3,700 millions:—

	Rm.
Increased expenditure on salaries since 1927 ...	1,500 millions.
Increased expenditure on unemployment	1,000 "
Increased expenditure on external war burdens	500 "
Miscellaneous	700 "

The Sub-Committee wishes to draw attention to the fact that of this increase of expenditure of Rm. 3,700 millions, an amount of Rm. 1,600 millions is for account of the Reich and Rm. 2,100 millions for account of the States and Communes.

In connection with the revenue side of the Budget, the Sub-Committee observes that, during the years 1926-27—1928-29, years of industrial and commercial prosperity, the fiscal revenues developed from Rm. 11,675 to Rm. 14,298 millions, showing a total increase of about Rm. 2,600 millions.

This development during the period of expansion was followed by a drop since 1929-30, which would have been almost as rapid except for the fact that tax increases almost equalling previous reductions were on several occasions introduced.

THE RELATION BETWEEN REICH AND LOCAL AUTHORITIES.

The Sub-Committee, nevertheless, felt that some part at least of the increase in the total expenditure of public authorities in Germany had arisen from the fact that the financial relations between the Reich, the Federal States and the Communes permitted the latter in particular to embark upon additional activities which were paid for out of the share of taxes levied by the Reich but transferred on a percentage basis to the States and Communes. As the yield of these taxes rose in times of prosperity, money flowed into the coffers of the Communes, and part of their present difficulty is due to the fact that their receipts from these sources have now fallen off, while their expenditure cannot be easily or quickly reduced to correspond. The amount of taxes transferred by the Reich in this way to other public authorities rose from Rm. 2,620 millions in 1926 to a maximum of Rm. 3,412 millions in 1928, and subsequently declined to Rm. 3,050 millions in 1930 and to Rm. 2,321 millions in 1931. This has forced the Communes to radical measures of economy, but even these have not proved wholly sufficient, and some recourse to the funds of the Central Government has been necessary during 1931. An improvement has, however, been effected by the recent emergency decrees of the German Government, under which the municipalities have the power, and, in certain circumstances, the obligation, to levy additional taxes for themselves. These include a poll tax, a local beer tax, and a tax on beverages, the unpopularity of which acts as a powerful further stimulant upon the municipal authorities to effect economies in their Budgets.

EDUCATION.

As regards expenditure on education, which rose from Rm. 2,167 millions (net) in 1926-27 to Rm. 2,733 millions (net) in 1930-31, the Sub-Committee took note of the fact that the increase was principally due to the increase in the level of salaries of school teachers, etc. It was, nevertheless, pointed out that expenditure per head on education was considerably above the level of certain countries in Western Europe, although practically equivalent to that in other countries.

The Sub-Committee was, however, informed that expenditure on education in Germany will show a considerable decrease in the current year as a result of the lowering of salaries and other measures taken by the German authorities.

HOUSING.

As regards expenditure on housing, which rose from Rm. 861 millions (net) in 1926-27 to Rm. 918 millions (net) in 1930-31, the Sub-Committee received an explanation of the system by which funds for housing are provided in Germany from public monies. The principal source is the tax on house rents, which was created in 1924 after the inflation, during which house property had retained the greater part of its value while investments expressed in money had been largely rendered worthless.

This tax was devoted partly to the general financial needs of the Federal States and the Communes, and partly to filling up the existing housing shortage. Since different arrangements were made in the various States for carrying out this scheme, no brief statement

can be made of the allocation of the tax on house rents, but, roughly speaking, 50 per cent. was devoted to housing purposes.

The authorities responsible were in most cases the Communes, who have frequently acted through public utility companies, of which they themselves may be the owners. Generally, mortgage are only granted out of funds arising from the house rents tax when cover for the total sum required to carry out the building is assured. That is to say, the funds provided by the owner of the building himself and supplemented by a mortgage from a building society are completed by a mortgage granted from the proceeds of the house rents tax. Strict provisions are laid down as to the type of house which may be built with such funds, and as to the retention of a charge on the site until the mortgage is paid off.

The documents circulated by the German Delegation on "German Housing during the Post-War Period" gives in considerable detail the extent of building activity, the method of financing and the amount of public funds involved in such financing. The Sub-Committee noted that the greater part of the money spent on housing has been raised by taxation. A certain amount of the money spent on housing has, however, been raised by loans, and the document referred to showed that this amounts to approximately 25 per cent. of the amount spent by public authorities in the year 1928. This proportion is stated to have been generally applicable, so that it appears that the outstanding liability of public bodies in respect of housing may, for the years 1926-27 to 1930-31, be in the neighbourhood of Rm. 2,000 millions. Out of the total of 306,000 houses erected in the calendar year 1930, 240,000 have been erected with some sort of assistance from public funds.

DEVELOPMENT OF PUBLIC DEBT.

In this connection, the German member of the Sub-Committee supplied the following table showing the development in the last three years of the total debt of all public authorities in the Reich:—

(000,000's omitted.)				
Total at	Reich.	Federal States including Hansa towns.	Communes and Associations of Communes.	Total Public Administration.
31.3.1928	7,130.7	1,693.2	5,774.7	14,598.6
31.3.1929	8,228.5	2,201.4	7,729.3	18,159.2
31.3.1930	9,629.6	2,590.2	9,098.7	21,318.5
31.3.1931	11,342.2	2,802.5	9,934.2	24,078.9

The increase in the public debt has been less marked in each year since 1928. (Net increase in the three years:—Rm. 3.6, Rm. 3.2 and Rm. 2.8 milliards.) The credit requirements accumulated after the currency stabilisation were gradually satisfied and certain tasks (e.g., construction of dwelling houses) were to some extent accomplished. On the other hand, the ever-growing tension on the credit market since the end of 1929 prevented an expansion of the debt.

Of the total increase of Rm. 9.48 milliards in the years 1928 to 1931, more than Rm. 2 milliards were in respect of claims in the debt register for war damages and Polish indemnities and of Reparation loans of the Reich (3 of Young Loan), which entailed a burden for interest and amortisation but brought no new capital which could be employed.

On March 31, 1931, the debt total was accordingly	Rm. 24.1 milliards.
Including the following items:—	
Old debts and debts incurred or authorised prior to April 1, 1924	6.0 "
thus leaving a new debt of approximately	18.0 "
Including the following items:—	
Dawes and Young Loans, claims in the Debt Register in virtue of the Final War Damage Law and the decree on damage incurred in Poland, &c.	3.4 "
Supply of water, gas and electricity and transport undertakings	2.8 "
Construction of dwelling-houses	2.5 "
Construction of roads and waterways... ..	2.5 "
Productive unemployment relief, construction of hospitals, sanatoria, &c.	1.6 "

The Sub-Committee notes that out of the total increase of debts in the amount of Rm. 9.48 milliards, Rm. 4.16 milliards were contracted by the municipalities from the end of 1928 down to the end of March, 1931.

THE BUDGETS FOR 1931 AND 1932.

Apart from discussing the points mentioned above, the Sub-Committee saw little advantage in inquiring at any length into the details of the German Budget prior to the year 1930. Not only are Reparation Payments which are familiar to the world, but also the to the crisis and owing to the measures taken by the German Government, under quite different conditions. The figures supplied by quickly showed itself in the revenue receipts of the German Budget, and that falling off in revenue became progressively more proportions. This is well indicated by the fact that the yield from the will fall in the current year to below Rm. 1 milliard, while for 1932 it can only be estimated at Rm. 700 millions. This means a decline of over 50 per cent. since 1929. Similarly, the Corporation Tax,

which yielded Rm. 560 millions in 1929, is estimated to produce only Rm. 300 millions in 1931, and only Rm. 120 millions in 1932, representing a decline of nearly 80 per cent. Although the German Government has resorted to a series of emergency measures to increase taxation, they have been entirely unable to produce sufficient revenue to meet normal expenditure, which has, therefore, had to undergo sweeping reductions. So far as the Reich is concerned, expenditure on all objects other than service of the debt, transfers to the Federal States, External War burdens and emergency relief has been reduced from 1929 to 1931 from Rm. 4,780 millions to Rm. 4,150 millions, i.e., a reduction of 13 per cent. Measures similar in character have been taken by the Federal States and by the Communes. The latter have been empowered to make reductions, and in any cases where this power has not been taken advantage of, the competent higher authority steps in to see that the necessary measures are taken. Part of the economies effected have, however, been offset by the increased cost of unemployment relief due to the growth of unemployment in the last two years. It has been possible to effect considerable economies in this sphere by reducing the average monthly benefit paid to the unemployed, which, from a former average of Rm. 80.93 has fallen to Rm. 63.86 in 1931. Expenditure under the emergency relief system, which averaged Rm. 71 a month, has dropped to Rm. 60.75, while welfare relief payable by the Communes—varying according to the locality—may be estimated probably in the neighbourhood of Rm. 50.

In the opinion of the Sub-Committee the above figures show very clearly the ruthless economy which the falling off in revenue has compelled the German Government to exercise in all classes of its expenditure.

The Sub-Committee thereafter turned to an examination of the sketch budgets for the years 1931 and 1932 which had been circulated by the German Delegation and explained by Count Schwerin von Krosigk to the main Committee. The Sub-Committee analysed the figures contained in these sketch budgets in some detail.

Taking, first, the sketch budget for 1932 as it has been framed by the German Delegation, and which, at the request of the experts, does not contain any item of expenditure which is or might be the consequent payment of reparations, the Sub-Committee noted that the principal measure introduced by the emergency decree of December 8th on the revenue side was an increase in the turnover tax from 0.85 per cent. to 2 per cent., i.e., an increase of over 130 per cent. The yield of the tax had, however, been increased only by 100 per cent. The German Finance Ministry had thus allowed for a falling off in the theoretically increased yield of 14 per cent. Since, however, the recent emergency decree also contemplates a general reduction in the price level of 10 per cent., the theoretical reduction in yield may not be much more than 5½ per cent.

The Sub-Committee then turned to an examination of the estimates of revenue for the fiscal year 1932.

Under full reserve of the difficulty of giving exact estimates in present conditions, the German member of the Sub-Committee presented certain figures which proved that, against an increase of certain taxes (mainly the increased turnover tax), others showed a decrease in yield which was about equal to the estimated increases.

The Sub-Committee felt unable, with the knowledge at their disposal, to criticise the estimates prepared by the German taxation experts. Nevertheless, they formed the opinion that the figures before them could not be considered as showing the situation in an unduly pessimistic light. As far as some sources of revenue are concerned, there seems to be even serious reason to fear that the estimated figure will not be reached.

Turning to the estimates of expenditure, the German member of the Sub-Committee explained that internal war charges would be

reduced in 1932 because the recipients of war pensions were fewer in numbers and because, under recent decrees, the rates of payments had been reduced. Expenditure on personnel was reduced as an effect of the new emergency decree. Miscellaneous expenditure maintained the reduction effected for the present year under recent emergency decrees, and it was doubtful whether this hope would be realised even though the fall in prices would give some assistance.

As regards social charges, the German member of the Sub-Committee referred to the explanations he had already given to the main Committee as to the danger of reducing the amounts paid for unemployment and poor relief, and showed that it was incumbent upon the Reich to provide those municipalities which were particularly hard hit by the present crisis with some assistance towards meeting their obligations in this respect. He doubted whether the figure shown in the sketch budget for 1932 would, in fact, be sufficient in view of the continuance of the crisis.

The Sub-Committee devoted special attention to the item for the public debt. As had been explained in the main Committee, the figure of Rm. 1,420 millions for 1932 contains approximately Rm. 870 millions, which will go in the reduction of debt. Rm. 420 millions of this represents the legal sinking fund. A further Rm. 350 millions represents the amount necessary to cover the deficit remaining from 1930, which had risen solely on the ordinary Budget, and in accordance, not only with the Fundamental Budget Law of Germany, but also in accordance with all principles of sound public finance, should be covered without delay. The remaining Rm. 100 millions is in respect of Treasury bonds maturing in 1932.

It was pointed out to the Sub-Committee that the repayment of this amount of debt during a year of severe crisis represented a very heavy burden on the German Budget. Should these figures be fulfilled, approximately one-half of the floating debt would be repaid and one-eleventh of the total debt of the Reich. While this consideration was fully appreciated by the German member of the Sub-Committee, he pointed out that the situation of Germany was that the Budget had exhausted its last resource; should the estimates of taxation prove optimistic or should expenditure have to be incurred in excess of that shown, the German Government would have no recourse save to call upon the amounts included for the reduction of debt, i.e., to incur a further deficit.

Without expressing a definite opinion as to the figure included in the sketch budget for 1932 for redemption of floating debt, which figure, amounting to Rm. 870 millions, as compared with the total debt of the Reich, seems very considerable, the Sub-Committee could not but feel, having regard to the alarming increase of the total public debt of Germany shown in the figures given above, that it is vital for the German Government to pursue the firmest policy of debt reduction in order that the burden of debt may not become insupportable, and they consider that the German Government would not be justified unless it included in the Budget a substantial provision for this purpose.

The Sub-Committee has not felt it its duty to offer an opinion as to the probability or otherwise of the estimates laid before them with all reserve on behalf of the German Delegation. They consider that the course of the German Budget during the last two years has shown how the progressive deterioration in the economic life of Germany has led in due course to a falling off in revenue, which has in time become catastrophic. The Sub-Committee has no opinion as to the probability or otherwise of an early reversal of the present downward movement in business activity, not only in Germany, but in the whole world. They wish to do no more than point out that, unless this movement is reversed, there can be no hope of a recovery in the Budget situation, and that, even if a speedy reversal should take place, it must be some time before the Budget will benefit therefrom and return once more to a sound basis.

ANNEX V.

Report of the Sub-Committee on the Reichsbahn.

The Sub-Committee has examined the position of the German Railway Company, as shown by the information furnished by the German Delegation. During the years 1925 to 1930 the operating receipts and payments of the Reichsbahn were as follows:

(In Millions of Reichsmarks.)						
Year.	1925.	1926.	1927.	1928.	1929.	1930.
Receipts	4,669	4,540	5,039	5,159	5,353	4,570
Payments	3,974	3,680	4,158	4,294	4,493	4,090
Excess of receipts over payments	694	860	880	864	860	480
Working coefficient	85.1	81.0	82.5	83.2	83.9	89.5

The above comparison shows that, after payments had been met, operating receipts in each of the years from 1925 to 1929 left a surplus well in excess of the reparation tax of Rm. 660 millions. The average amount of the surplus was Rm. 833 millions. During the period in question receipts rose progressively from Rm. 4,669 millions to Rm. 5,353 millions, representing an average of Rm. 171 millions, or 3.5 per cent. per annum.

During 1930 the world economic crisis found expression in a marked decline in traffic and in receipts, which fell 5.5 per cent. in the case of passenger traffic and 18 per cent. in the case of goods traffic, the total drop being Rm. 783 millions, or 14.6 per cent. Operating payments were energetically curtailed and were reduced by Rm. 403 millions. The surplus of receipts over payments never-

theless fell by Rm. 480 millions, being thus Rm. 180 millions short of the sum required to cover the reparation tax.

In 1931 the economic crisis has become still more intense and receipts are expected to fall to Rm. 3,860 millions, being a further diminution of Rm. 710 millions, or 15.8 per cent. By comparison with 1929, therefore, the decline in receipts in 1931 will probably aggregate Rm. 1½ milliards, or 28 per cent. In view of this marked drop in traffic, the Reichsbahn has naturally had to reduce expenditure in every possible way. Its representatives have explained that the economies realised in 1931 are estimated at 18 per cent. of the expenditure total. They relate both to the programme of works and new orders and to the expenditure on personnel. The staff has been reduced by 30,000 in 1931 as compared with 1930. To-day it numbers 6 per cent. less than before the war and 42 per cent. less than in 1919, when the personnel total was, it is true, unduly inflated.

In short, operating receipts in 1931 are estimated at Rm. 3,860 millions and payments at Rm. 3,682 millions, leaving a surplus of receipts over payments in the amount of Rm. 178 millions.

The reparation payments of the company have been influenced as follows by the putting into force of the Hoover Plan on July 1st last.

The company paid the annual tax during the first half of the year, making Rm. 330 millions. Since then, the Hoover Plan, while considerably easing the cash position of the Reichsbahn, has not released it from its reparation charges. In application of the Plan, the Reich pays Rm. 51 millions to the Bank for International Settlements.

ments on the 15th of each month. On the same date the Bank pays a sum of approximately Rm. 45 millions to the Reichsbahn. In exchange, the Reichsbahn has to hand over certificates of indebtedness by which it undertakes to repay the loan in ten equal annuities, as from July 1, 1933. The company does not retain the counter-value of the Rm. 45 millions, but refunds them immediately, without counterpart, to the Reich.

For the recording of these transactions, the company charges to its operating account the monthly instalment of Rm. 45 millions plus a payment of Rm. 70 millions for the year, or Rm. 35 millions for the second half of 1931, which sum is paid to the Reich as a contribution to reparation payments. In 1931 the company will debit its operating account in respect of reparation charges with a total of Rm. 330 + 270 + 35 = 635 millions.

On the other hand, the company benefits by the amount of the B.I.S. loans which strengthen its cash position and will amount to Rm. 270 millions in 1931 and a corresponding total for the first half of 1932. Allowing for the company's contribution of Rm. 635 millions to reparation payments in 1931, it would appear that the surplus of operating receipts over operating payments in the amount of Rm. 178 millions will leave a deficiency of Rm. 456 millions. Allowing further for the preference share dividend, the service of new debts and the writing off of the concession, the deficiency is brought up to Rm. 567 millions. In order to cover this deficit, it will be necessary to draw upon the whole of the legal reserve (Rm. 450 millions) and upon the dividend reserve (Rm. 76 millions), after which an uncovered balance of Rm. 42 millions will still remain.

For 1932 the company expects a further drop of Rm. 310 millions in receipts, which are estimated at only Rm. 3,550 millions. As the Government of the Reich is at present endeavouring to obtain a general lowering of prices, in conformity with the Emergency Decree of December 8th last, the company desired to support the initiative thus taken by deciding to reduce goods tariffs by some Rm. 300 millions per annum, or 13 per cent. The reductions apply in part as from December 16, 1931. It must be observed that the measure in question is a very daring venture, the object of which is to help bring about a general economic revival. A reduction of transport tariffs in this way is quite exceptional under present circumstances, when the railways of many countries are demanding the increases in rates which are required in order to balance their budgets.

On the other hand, the Reichsbahn anticipates that cuts in wages and in the price of materials will entail a reduction in its expenditure, which is put at Rm. 200 millions for the personnel alone. In the aggregate, the company estimates its operating expenditure for 1932 at Rm. 3,298 millions. The surplus of receipts over payments would then be Rm. 252 millions. Allowing during the first half year only for the reparation contribution amounting, as explained above, to Rm. 305 millions, there remains a deficiency of Rm. 53 millions without provision for any reparation payment in the second half of 1932. It must also be noted that the Rm. 270 millions are returned to the Company by the B.I.S. in the form of a loan repayable in ten years.

In order to reply to a question asked in committee, we give below a comparison of the working co-efficients obtained during the last few years and in 1913 by the Reichsbahn and some other railway administrations. These co-efficients represent, of course, the percentage of receipts which is devoted to operating payments, the surplus being available as cover for capital charges.

WORKING CO-EFFICIENTS

Years.	1913.	1929.	1930.
Germany	72.1	83.9	89.5
Belgium	72.0	86.5	90.9
Italy	98.0	87.2	88.7
France	65.0	78.7	88.3
Great Britain	63.5	78.4	80.8

This table shows that the working co-efficients of the Reichsbahn and of the other railways have varied from year to year under very comparable conditions.

CAPITAL CHARGES.

According to the position as worked out for the end of 1931, the total financial commitments, capital and loans, of the German Railway Company amount to Rm. 2.5 milliards in round figures. Among the principal items in this total are the preference shares issued for the present to an amount of Rm. 1,018 million; and the Young Loan at present totalling Rm. 288.5 millions; there is further included the whole of the loan of Rm. 540 millions granted to the Company by the B.I.S., to which reference has already been made.

CONCLUSIONS.

After examining the figures furnished by the German Delegation, which have been summarised above, the Sub-Committee has reached the following conclusions:—

The results obtained by the Reichsbahn may be classified under three heads, according to the periods to which they relate: the years 1925 to 1929, the years 1930 and 1931, and the year 1932. The figures for 1925 to 1929 show that during this period the annual average excess of operating receipts over payments amounted to Rm. 833 millions, thus enabling the Reichsbahn to meet the contribution of Rm. 660 millions for which it is liable.

It might be argued that, from the standpoint of the Reichsbahn, these years were not entirely normal, since writings off and replacements were not carried beyond a certain limit, precisely with a view to enabling the Reichsbahn to make its contribution. But it should be noted in this connection that earnings were well in excess of the contribution, and further that the working co-efficient, thanks to which the earnings were obtained, varied during the years in question between 81 and 85 per cent., a figure comparable with that of the principal railway systems during the same period.

In 1930, under the influence of the world economic crisis, receipts dropped by 13 per cent. The operating surplus fell to Rm. 480 millions. To meet its reparation and other annual charges the Company was obliged to draw upon the balance brought forward from the previous account. In that year the working co-efficient rose to 89.5 per cent., and a similar increase is to be noted in the co-efficients of other countries.

In 1931 the economic crisis became still more acute. The decline of receipts in two years amounts to Rm. 1.5 milliards, or 28 per cent. To meet its charges the Company is compelled to have recourse to its reserves. It must be pointed out that these charges include the reparation payments, which, in conformity with the Hoover Plan and the London Protocol, are in fact returned to the Company in the form of loans repayable in ten years as from 1933.

It appears that in 1931—after allowing for the decline of receipts and payments which is likely to arise from the general crisis and the measures recently enacted in Germany for the lowering of tariffs and expenditure—it will not be possible to balance the Company's budget.

What will the position of the Reichsbahn be in 1932 and in subsequent years? The question was not submitted to the Committee, which would in any case have been unable to find the answer. Obviously, the financial results will depend upon the development of the economic crisis, its duration and intensity, and also upon the measures which the Company elects to adopt in respect of tariffs and expenditure. In Germany, as in other countries, experience has shown how sensitive the budgets of the railways are to changes in the general economic situation, the marked recovery in Germany in 1925 being a characteristic example.

Nevertheless, the figures cited above, together with the facts ascertained and the comparisons made by the experts, would appear to us to suggest that, once Germany and the world at large have recovered their balance and returned to something like the economic conditions which we are accustomed to regard as normal, the Reichsbahn (fundamentally a sound undertaking) will be able in future years if managed on a commercial basis to yield a net operating surplus comparable with that earned by other big foreign railway systems.

THE CRISIS

A Memorandum

By

Sir HENRY STRAKOSCH, G.B.E.

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THE CRISIS

By

Sir Henry Strakosch, G.B.E.

IT is more than two years since the world entered upon the first stage of a crisis which, without doubt, has no parallel in history. Yet, until quite recently, that crisis seems to have been looked upon by all but a few as a mere recurrence of one of those periodic setbacks that are popularly believed to be inevitable dispensations which have to be endured while they last, but which are set to rights in due course by their own momentum. There is no other explanation to account for the complacency with which the events of these two years have been allowed to develop without any serious thought being given to concerted measures for grappling with the crisis at its source. There is no other explanation for the almost frivolous superficiality with which explanations of the crisis, its causes and its workings, have been offered and accepted.

Quite recently a leading Continental statesman—apparently without a blush—suggested that the crisis was due to what he termed “collective neurasthenia.” He made no attempt to support the statement by any sort of concrete evidence of the nature and extent of this pathological phenomenon, nor did he suggest a remedy to rid humanity of the scourge. A pathological phenomenon of another kind, and one far more easily supported by evidence, might have been advanced. Mankind, it could well be argued, has undergone a startling change; its behaviour during the last two years could be shown to point to a perceptible loss of that admirable quality—a sense of humour. Did it not accept, without question, the proposition that the misery of insolvency, destitution and starvation the world over is due to the superabundant supply of all the good things mankind ordinarily consumes, and that nothing but a radical curtailment of production of all those things—nay, the actual destruction of existing stocks—could bring back our lost prosperity? Did it not accept the dictum that the world’s troubles can only be set right by each country redressing its unfavourable balance of trade by drastically curtailing imports and fostering exports, without stopping to inquire who would be buying those universally fostered exports in a world which is universally curtailing imports? More inconsistencies of a similar order could be enumerated in support of this pathological theory of the crisis. But it seems more profitable to examine the events of the past few years on the supposition that we are afflicted neither with “collective neurasthenia” nor with the loss of our sense of humour, and that the crisis is not to be looked upon as an inevitable dispensation of Providence, but that the truth can best be made to emerge from an analysis of the relevant facts in the light of accepted economic doctrine.

Before we embark on this line of investigation it will be useful to review, briefly, the interpretations that have enjoyed popular favour from time to time as the crisis developed.

At first, opinions were by no means unanimous that the fall of the general level of prices was an undesirable thing. The working classes—it was said—would be able to buy things more cheaply and, with a constant level of money wages, would, no doubt, buy more of these things and so revive production and trade.

But as time went on, it came to be realised more widely—until to-day there is probably a fair measure of unanimity on the point—that the effect of a fall in the general level of prices has far wider and more complex implications. It is being appreciated that, while a sharp fall in the general level of prices in no way affects the physical equipment of a country or the possibility of, and need for, that physical equipment being employed for productive purposes, it does profoundly affect the distribution of that production among the various classes of the community; that the greater purchasing power of money confers a greater title to goods on those members

of the community who have claims to money, while obliging those who owe money to give more goods to discharge their debts; that the weight of the increased burden of debt, coupled with the increased real cost of production due to the rigidity of money wages impedes production and enterprise, reducing profits or even converting them into losses; and, finally, that the mere expectation of prices continuing to fall destroys the incentive to produce and thus aggravates the plight of the debtor class, who, from a depleted production, have to supply more and more goods for the discharge of their money debts until they are finally driven into insolvency.

To-day, it is difficult to imagine that, even among the uninstructed, there is anyone who does not regard the fall of commodity prices as the root cause of the present crisis.

It is again instructive to recall the changing opinions that were held regarding the origin of the fall of commodity prices. It is a natural—almost instinctive—notion that superabundance of a particular commodity tends to depress its price. Falling prices being thus associated with superabundance, it is perhaps not unnatural for the casual observer to ascribe the fall of the price of all commodities to a superabundance of each and all of them, and to seek an explanation for this general superabundance in the vague but suggestive term of increasing “rationalisation of production.” This theory of general overproduction held the field for a long while. But it gradually came to be realised that there was a flaw in this line of reasoning, that if there was a superabundance of all the things we generally consume, there was no reason why they would not all be exchanged one for the other—unless, indeed, the power of consumption had reached saturation point. Ocular evidence of poverty and distress, however, was so abundant that the idea of consumption having reached saturation point became repugnant even to the meanest intellect.

Another explanation then came into popular favour. Farm products, it was said, were being produced in such abundance that their price had fallen out of all relation to the prices of manufactured goods. This had so reduced the power of the vast farming population the world over to buy these manufactured goods that they, too, became superabundant. This thesis was later expanded to cover, not only farm products, but all other raw materials.

But when it became evident that a drastic curtailment of production all round still left the world superabundantly supplied with all the goods mankind ordinarily consumes, and that—concurrently with it—insolvency, unemployment, poverty and want increased, faith in this thesis waned. Public opinion—at any rate in this country—began to recognise that there might, after all, be some substance in the interpretation of those who, very early in the crisis, dared to deny that the fall of the general level of prices was due to either general over-production or a disequilibrium in the character of production, and to assert that this fall was, in the main, due to monetary causes. Their case was, and still is, that the phenomenon originated in the exchange of goods and services being impeded by an inadequacy of the supply of currency and credit, which, in turn, in a world that bases its structure of currency and credit on gold, had its origin in the maldistribution and sterilisation of vast amounts of gold in two of the principal money centres.

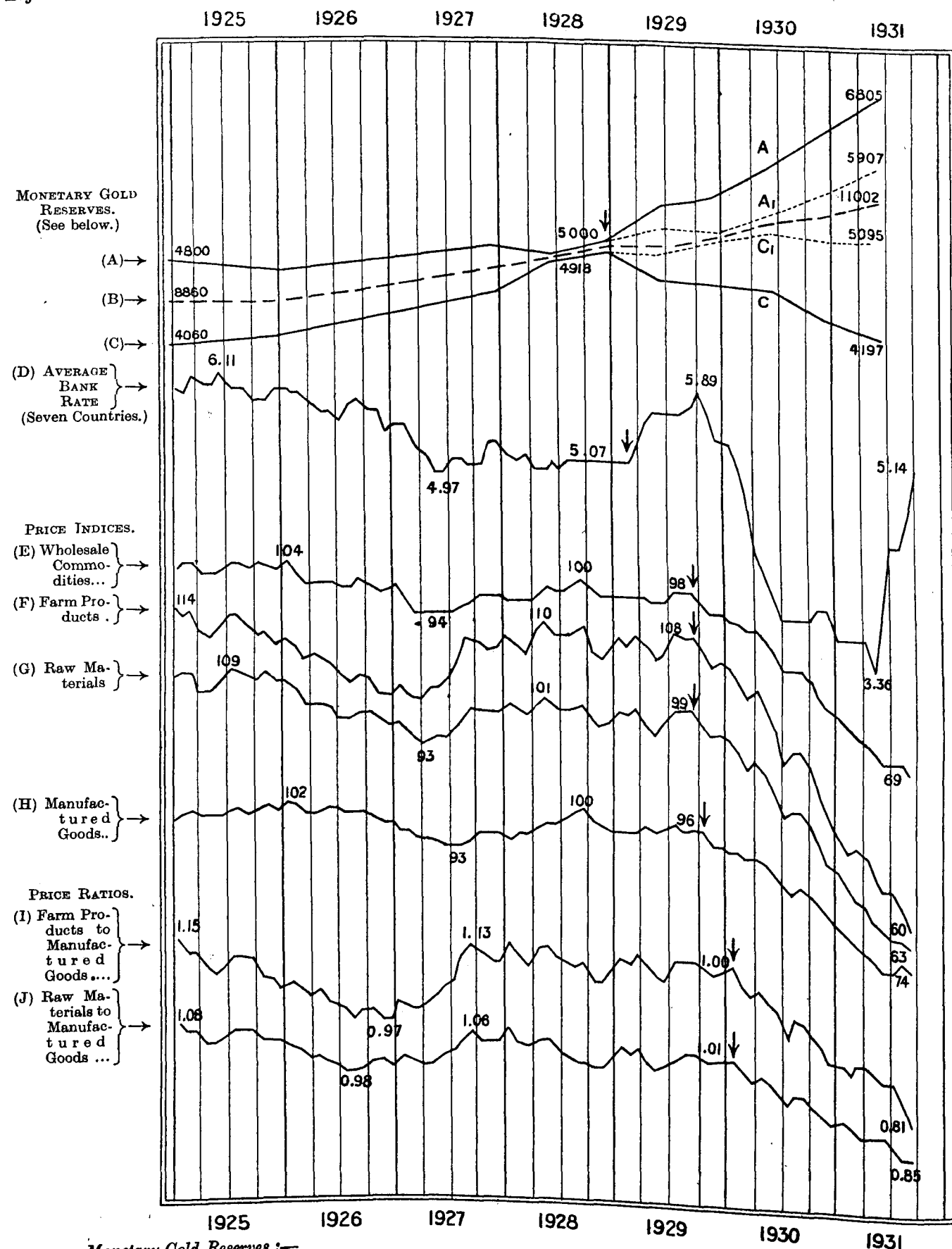
Those who are examining the problem to-day have a great advantage over those who did so in the earlier period of the crisis. They have at their command a good deal of statistical material—which was then not available—by the aid of which conclusions reached by abstract reasoning can be tested and verified.

An attempt is made in the attached charts to assemble and present in graphic form a few of the principal factors that are relevant to an analysis both of the origin and of

CHART I.

(Deviations from "Normal" begin at points indicated by ↓).

Logarithmic Scale.



Monetary Gold Reserves:—

(A) U.S.A. and France (actual). (A1) U.S.A. and France (hypothetical).* (B) World excl. Russia (half-scale).
(C1) World excl. U.S.A., France and Russia (hypothetical).* (C) World excl. U.S.A., France and Russia (actual).
* I.e., excluding gold movements in respect of Reparation and International War Debt receipts.

Sources:—

(A), (B), and (C) Federal Reserve Bulletin (for gold reserves) and various official reports upon Reparations and War Debts. Figures in \$ millions.
(D) League of Nations' Monthly Bulletin. Bank Rates of the following countries averaged:—
(E)—(J) U.S. Bureau of Labour Indices.

the economic consequences of the crisis. Presented in this form, it is possible to follow the chronology of events, and particularly to determine the points at which the factors portrayed began to take courses which were clearly abnormal in relation to their earlier behaviour, and which may, therefore, be regarded as being the points at which the crisis first made itself felt.

The task of disentangling cause from effect is, and will always be a source of doubt and controversy in economic discussions, and though we should, in the main, rely on logic and reason for distinguishing one from the other, statistical compilations presented in this form enable a valuable test to be applied to our reasoning. Let us apply that test. In doing so, it is well to keep prominently in mind that, as the standard of value—that is, the measuring-rod of values—of almost three-fourths of the world's population has until quite recently been gold, the factors portrayed in Chart I. affect more or less the whole of that vast proportion of human activity.

Gold, Bank Rates and Prices.

Among the group of lines representing gold holdings of Central Banks, it is well to follow, first, the line of progress of the gold holdings of Central Banks of the world as a whole. It will be gathered from the smooth way in which that line ascends that these stocks have been augmented—mainly from newly-won gold—at a fairly regular rate. That augmentation corresponds, in fact, to a rate of about 3.2 per cent. per annum compound. If it had been evenly distributed over all—or at any rate the principal—countries on the gold standard, and on the assumption that the ratio of gold to currency and credit had remained constant over the whole area, that augmentation would have permitted world production and trade to increase at a steady rate of 3.2 per cent. per annum without disturbing the general level of prices, which would have remained stable in these circumstances.

But we know that the flow of monetary gold into the various countries during the last three years was far from even, and that France and the United States have not only absorbed all the newly-won gold that has become available for monetary purposes, but have also attracted to themselves some of the gold held by other countries as their monetary reserves. It is, therefore, relevant to our inquiry to segregate the movement of monetary gold reserves by showing separately the lines of progress in regard to France and the United States, on the one hand, and in regard to the rest of the world on the other. Following these lines, it will be seen that, from the beginning of 1925 to the end of 1927, there was a tendency for the countries other than France and the United States to absorb gold at a slightly greater rate than the rate at which gold was added to the total world stock. That tendency became more accentuated during the first six months of 1928, and coincided with the rather pronounced movement of United States funds for investment abroad. In the latter half of 1928, the ratio of increase of the gold stocks of France and the United States, on the one hand, and of the rest of the world on the other, corresponds closely to the ratio of increase of world stocks as a whole. But in the early part of 1929 a movement set in, which may truly be termed abnormal, and which continued right through the remaining period covered by the Chart. The gold holdings of France and the United States rose steeply, while those of the rest of the world fell equally steeply. The gold holdings at the beginning and the end of the period were:—

(In millions of dollars.)

	Jan. 1, 1929.	June 30, 1931.	Change	%
France	1,254	2,212	+ 958	+ 76%
United States	3,746	4,593	+ 847	+ 23%
Rest of the World (excluding Russia)	4,918	4,197	- 721	- 15%
Total world (excluding Russia)	9,918	11,002	+ 1,084	+ 11%

When the Central Banks of the "rest of the world" found their gold reserves being drawn upon heavily early in 1929, they applied the orthodox measure of protection. They made credit dear by raising bank rates in successive

stages until they reached their peak in September, 1929. This compelled debtors to hasten the repayment of their loans, that is, to sell the commodities and securities upon which these loans were contracted. The process of deflation thus set in motion gathered momentum as it became more and more apparent that the contraction of credit in the gold-losing countries was of no avail in re-attracting gold to their depleted monetary reserves, and that the flow of gold to France and the United States—with only a brief respite in November, 1929—continued unabated. Even the drastic reduction of bank rates, initiated in October, 1929, in an endeavour to stay the movement, and continued until April of the present year, was incapable of breaking the vicious spiral of deflation which had been set in motion. The wholesale and world-wide liquidation to meet commitments thus reacted with continuing and cumulative force on the price of all commodities. The line denoting the course of wholesale commodity prices on Chart I. shows in the third quarter of 1929 the beginning of the steep decline of prices which has persisted uninterruptedly to the present time.

The course of prices by groups (farm products, raw materials and manufactured goods) shown on Chart I. below the line "Wholesale Commodities," is interesting from the fact that the deviation from "normal" in all of them sets in at almost precisely the same time, i.e., towards the end of the third quarter of 1929. These movements, coupled with those shown in the group of Price Ratios (farm products to manufactured goods, and raw materials to manufactured goods), clearly negative the suggestion, referred to on the previous page, that it was the impoverishment of the producers of farm products and raw materials, due to the prices of the commodities they produced having first fallen, which caused the demand for manufactured goods to be curtailed and so brought about the general fall of prices and with it the crisis. The movements of the ratio lines for both farm products and raw materials to manufactured goods followed a normal course up to the end of 1929, that is, roughly three months after the general fall of prices had commenced. Only then did they begin to deviate sharply from "normal," the prices of farm products and raw materials falling far more sharply than those of manufactured goods. This divergence of price movement in the circumstances in which it occurred is a perfectly natural development and a well-known phase of all deflationary movements. This disequilibrium has no doubt aggravated the crisis, but it certainly cannot have created it, for it followed the general fall of prices and did not precede it.

The Course of Deflation.

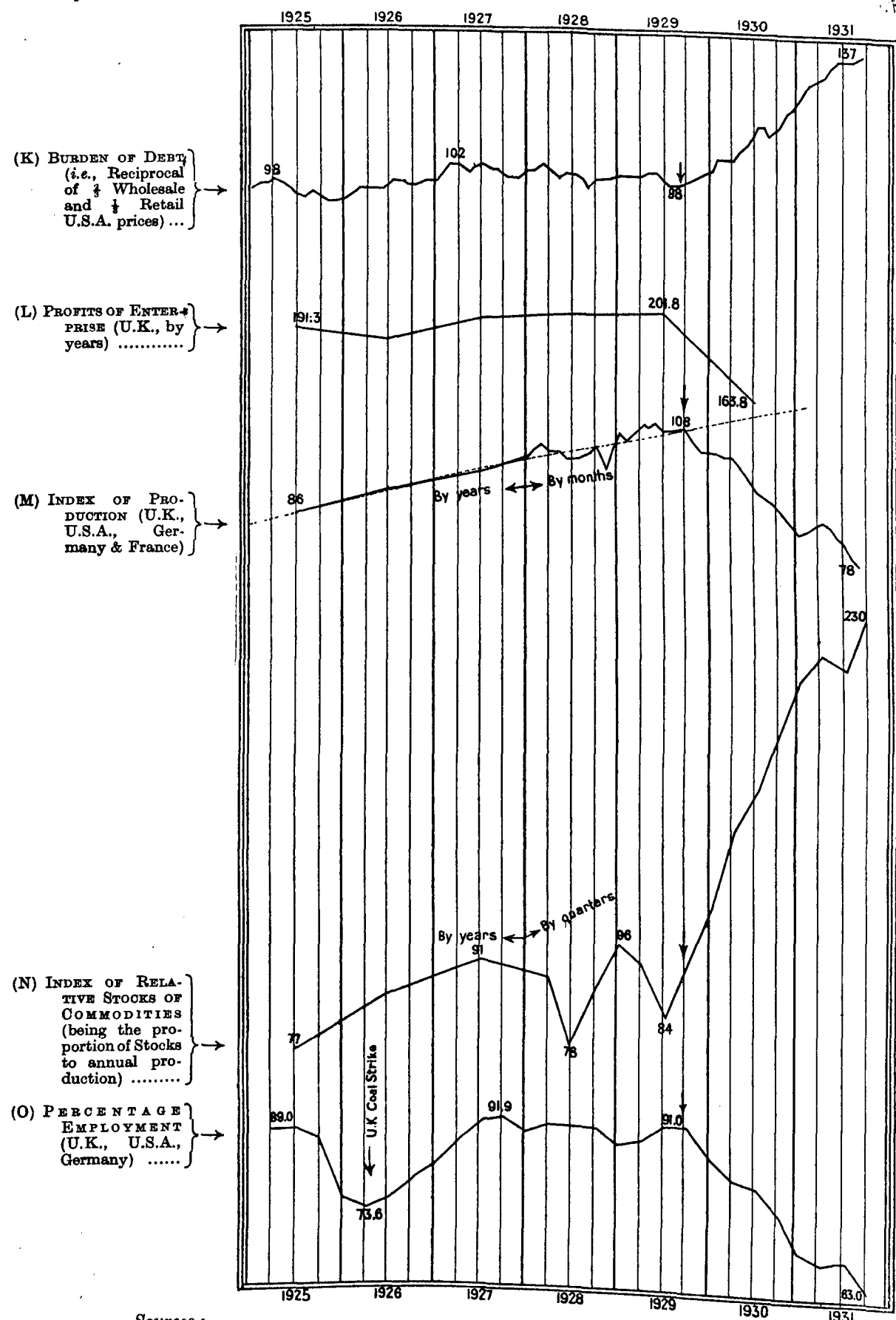
In summary, then, what conclusions are we to draw from the facts recorded in Chart I?

It is clearly apparent from the course of the movements of gold reserves, bank rates and prices there portrayed, that the period covered falls into two wholly distinct phases; the first covering the period from the beginning of 1925 to the end of 1928, and the second from then to the middle of the past year, and doubtless to the present day if figures had been available to enable one to continue the chart. The characteristics of the two periods at once spring to the eye. In the first, we find gold movements converging, and then gradually conforming to the line of progress shown by the gently ascending course of the monetary gold reserves of the world as a whole, indicating that the new monetary gold that had become available was being distributed between France and the United States on the one hand, and the rest of the world on the other, in proportions fairly corresponding to the rate of the increasing supply of monetary gold. More than that, France and the United States had allowed the rest of the world to absorb some of their abundant supplies, and so to reinforce its own relatively scanty reserves. We find as in the circumstances was to be expected, no violent change in the level of bank rates, though it will be noted that bank rates declined steadily from the beginning of 1925 to the second quarter of 1927 (a movement which finds its explanation in the fact that the greater part of the world was then reverting to the gold standard). We find, too, as was also to be expected, that prices, whether of wholesale

CHART II.

(Deviations from "Normal" begin at points indicated by ↓).

Logarithmic Scale.



Sources:—

- (K) U.S. Bureau of Labour Indices.
(L) *The Economist's* aggregate of net profits shown in Profit and Loss Accounts published during each quarter, adjusted to reflect profits for the actual years in which they were made.
(M) League of Nations' Monthly Bulletin.
(N) Index calculated from actual stocks of 10 commodities published by the London and Cambridge Economic Service.
(O) League of Nations' Monthly Bulletin.

commodities as a whole or of the various groups of commodities, fluctuated but slightly around a stable trend.

While the first period had all the characteristics of normal development, the second shows those of violent disturbance. When France and the United States (for reasons to be discussed later) began to increase their gold reserves at a rate wholly out of proportion to the rate of progress of the gold reserves of the world as a whole—when, in other words, the rest of the world had to go without its rateable share in the gold that became available for monetary purposes, and, in addition, found its existing and scanty gold reserves being heavily depleted—disturbances of the gravest kind ensued, and inevitably so. In self-defence, bank rates were raised sharply in the expectation, no doubt, of arresting and finally reversing the movement of gold. If the movement had been a normal one, this would doubtless have happened and equilibrium would have been restored; but the movement was clearly not normal, and persisted in spite of sharply increasing bank rates; and the fall of commodity prices, which this drastic raising of bank rates had initiated, continued at an increasingly precipitous rate. Desperate efforts were then made to stay the fall of prices by reducing bank rates. But these were without avail, for the simple reason that the decreasing monetary gold reserves of the rest of the world continued to exercise a deflationary effect. Continuous and heavy pressure was thus exercised on the economic activity of more than four-fifths of the people living under the sway of the gold standard, that is, on the economic activity of 1,200 million people. The vicious spiral of deflation took and continues to take its dismal course. It will only be broken when the fundamental causes which have created it are removed.

Balances of Payments.

It has been said, and it will no doubt continue to be said, especially by Frenchmen and Americans, that the movement of gold to their respective countries is a natural and inevitable consequence of the active balance of payments which these two great creditor countries enjoy. But it can be asserted with confidence that gold movements of such persistence and of such magnitude could never take place if their creditor status was the result of ordinary trade relations with the rest of the world. Let us reflect for a moment how an active balance of payments in ordinary trade relations arises and how it is settled. It arises almost invariably in countries whose accumulated savings have been employed to establish highly developed industrial systems. The labour force of such countries is skilled and efficient and therefore more profitably employed in those systems than in the production of primary products; hence the need of these countries to import primary products from countries which—owing to their less highly developed economy, to their scanty industrial equipment, and to their less efficient labour force—have perforce to rely for their livelihood on the production of primary products. But the urge of progress has led, and will continue to lead, these less developed countries to desire to improve and augment their equipment at a rate greater than their accumulating savings would permit. They usually find no difficulty in acquiring that additional equipment from the industrial countries, not by paying for them in gold, but in exchange for securities, because the industrial countries—eager to sell their manufactured products and to participate in the progress of the younger countries—are content to take payment in such securities. That was the course of things before the war, and there is no conceivable reason why it should be different to-day. The industrial countries continue to rely upon the less developed regions of the world for supplies of needed primary products and upon selling to them the equipment they desire, and the latter's current savings continue to be inadequate to permit of this additional equipment being paid for in gold.

One is thus driven to the conclusion that gold movements of the magnitude and persistence which have characterised those of the last three years cannot be due to the settlement of international balances resulting from ordinary trade relations; that they, therefore, doubtless arise from exceptional causes, and that these causes must be looked for in the reparation and war debt payments,

of which the United States and France are, on balance, practically the only recipients.

A test is easily applied from figures that are readily available. We know, broadly, the amount of reparation and war debt payments collected by the two countries, and we also know to what extent their gold reserves have increased. It is easily ascertainable therefore to what extent gold receipts have exceeded or fallen short of reparation and war debt receipts. If gold receipts equal reparation and war debt receipts, it would be true to say that these were paid in gold; if the former fall short of the latter, the difference may be assumed to have been received in goods, services and/or securities; and if the former exceed the latter, then it can be said not only that the two countries have received these payments in the form of gold, but that they have also demanded and received payment in gold for goods, services or securities which they have sold to the debtor countries or for short-term debts which they have withdrawn from them.

Reparations and War Debts.

The figures set out below are grouped so as to coincide with the two periods of equilibrium and disturbance referred to earlier in this paper:—

(In millions of dollars.)

	Reparations and War Debts.	Change in Gold Reserves.	Increase of Gold Reserves less than (—) or in excess of (+) Reparations and War Debt Receipts.
Jan. 1, 1925, to Dec. 31, 1928.			
France	557	+ 544	— 13
United States	807	— 344	— 1,151
	1,364	+ 200	— 1,164
Jan. 1, 1929, to June 30, 1931.			
France	343	+ 958	+ 615
United States	555	+ 847	+ 292
	898	+ 1,805	+ 907

The figures speak for themselves. In the first period—one of ordered progress—France and the United States, taken together, accepted reparation and war debt payments in things other than gold (except for some \$200 millions), whereas in the second period—one of profound disturbance—they collected not only the whole of them in gold, but added another \$907 millions to their gold reserves, no doubt in payment for goods, services and securities sold to the debtor countries or credits withdrawn from them. It may well be that this additional accumulation of gold would never have taken place if it had not been for the deflationary effect which the collection of reparations and war debts in gold had exercised on the rest of the world. That deflation obviously reacted adversely on the volume of international trade and on credit, particularly in the debtor countries.

The close correlation, in the second period, between reparation and war debt payments to France and the United States, and the movement of gold to those two countries, and its deflationary effect as evidenced by the headlong fall of commodity prices since the end of 1928, is strikingly apparent. This conjunction of events was by no means inevitable. If the gold standard had been allowed to function as it is meant to function, the influx of gold would have increased the available purchasing power of the community in the gold-receiving countries, and would have raised their domestic level of prices. They would thus have become, for other countries, favourable markets to sell in and unfavourable markets to buy from. Imports into the gold-receiving countries would have been fostered and exports impeded. If these movements had been allowed free play, the effect would have been to establish a new equilibrium between imports and exports, and thus to stop or circumscribe the flow of gold. But the two countries disliked seeing such a new equilibrium established because they doubtless feared that it would produce inconvenient reactions on their domestic industries. The inflow of gold was therefore prevented from exercising its influence on their price

levels, and tariffs and other barriers were placed in the path of imports.

Thus, the creditor countries, in an endeavour to escape the reactions on their domestic industries which the receipt of goods in payment of reparations and war debts might have occasioned, forced the debtor countries to discharge their obligations in gold. In doing so, they set up a keen demand for it, which drove up its value, and so plunged themselves and the rest of the world into the far more disastrous plight of deflation.

The Consequences of the Fall of Prices.

The manifestations of the crisis, their intimate connection, and their reactions one upon the other are painfully apparent, especially since the crisis entered upon its more acute stage. They arise from the redistribution of real incomes among the several sections of the community, which the greater purchasing power of money involves. But that community is not of one country but of the whole vast area of the gold standard world.

A brief enumeration of the conditions that may be regarded as constituting an equilibrium in the distribution of national incomes will elucidate the point:—

- The share of the national income falling to those who lend money must be great enough to induce them to save and lend, yet no greater than debtors are able to bear;
- The share falling to the producing class (which includes services needed for production) must be great enough to meet their personal wants, maintain their productive equipment, pay wages, taxes and debt charges, yet no greater than the consumers of their production are able to bear;
- The share falling to the wage-earning class must be great enough to induce them to hire out their labour, yet no greater than the producing class are able to bear;
- The share falling to the State and other public authorities by way of taxation must be great enough to enable them to meet the expenses of administration (mainly in the form of wages, salaries and other services), yet no greater than the taxpayers are able to bear.

This equilibrium is disturbed by changes in the purchasing power of money. Supposing the purchasing power of money increases by 41 per cent. (which it did in the brief period from the end of 1928 to September last), then any contract expressed in money terms and entered into before the end of 1928 obliges debtors to give 41 per cent. more goods for the discharge of their obligations than they bargained for when they concluded the contract. In our modern civilisation, with its ever-increasing division of labour, by far the greatest number of transactions involve contracts the settlement of which is deferred over widely varying periods. As the total amount of goods which the community produces varies but slightly from year to year in undisturbed economic conditions, but falls sharply if conditions are disturbed by a sharp fall of prices, it is apparent how violently so great and rapid an increase in the purchasing power of money, and the consequent redistribution of incomes, may react on the community, and how, in particular, it hits the debtor class. This reaction is accentuated by the fact that, in a period of falling prices, the real cost of production increases (owing to the inevitable lag in the adjustment of wages to prices), and that, while prices fall, a perfectly natural inclination develops not to convert appreciating money into depreciating goods, so that both profits of production and the demand for goods decline. Production as a whole thus diminishes and causes the difficulties of debtors and of those who are engaged in enterprise to be further increased.

These developments are graphically shown in the first three lines of Chart II. The first line (K)—Burden of Debt—assumes that debts generally are discharged as to two-thirds in wholesale and as to one-third in retail commodities. It shows how steeply the real burden of debts has increased during the last two years.

The course of profits of enterprise in the United Kingdom is shown in line (L). Being based upon yearly figures, it is not possible to show when precisely they started to decline, but the sharp drop during the last year shown on the chart is instructive. Line (M) records how production in the United Kingdom, the United States, Germany and France has fared. The sharp drop beginning in the last quarter of 1929 is significant. Line (N) traces the proportion of stocks (which cover ten of the principal raw materials) to annual production. It indicates that the abnormal rise of these stocks only began to manifest itself towards the last quarter of 1929. And there is finally added a line (O) showing the percentage of employment, compiled from the relevant figures of the United Kingdom, United States and Germany. How sharply employment has decreased during the last two years is clearly apparent.

The difficulties of the debtor and entrepreneur classes naturally react on those who deal in "credit," that is, the banks and financial institutions. They are creditors as well as debtors—creditors of those to whom they lend and debtors to those who deposit their money with them. The plight of the debtor class, so patently apparent, impairs confidence in the solvency of credit institutions. They, in self-defence, exercise pressure on their debtors, compelling them to liquidate commitments which in unwilling markets merely goes to accentuate the fall of prices and to increase the difficulty of other debtors, and through them again that of the credit institutions.

Curtailed production and trade and falling profits reduce public revenues. Pending an adjustment of expenditure, revenues have to be increased by higher taxation, adding further to the burden particularly of the debtor and entrepreneur classes.

Practically the whole of the civilised world being afflicted by the same difficulties, the export trade all round declines sharply. Debtor countries who rely upon their export surplus to provide funds to meet their foreign debt are unable to do so. Currencies break down, accentuating the impairment of credit and the difficulties of international trade. "Moratoria" become the order of the day. But unless, on the declaration of a moratorium, immediate steps are taken to help the debtor back to solvency by funding or other arrangements, a moratorium, far from solving the difficulties, aggravates them. A moratorium has been aptly described as "insolvency for forward delivery." No debtors, if they can possibly help it, want to be insolvent when the time for "delivery" comes. They, therefore, strain every nerve to realise assets and to curtail purchases in the intervening period, while creditors, bent upon creating liquid resources in case the debtors should indeed become insolvent on the day of "delivery," do likewise. The result is to double the pressure of realisations, and so to accentuate the fall of prices and the lack of confidence it creates.

Measures of the most diverse kind are being applied to deal with manifestations of the crisis that happen at the moment to be most irksome. But, being mere palliatives, they prove, for the most part, worse than useless. The "vicious spiral" set up by deflation will only be broken by removing the cause which has created it, and that, clearly, is the fall of the general level of prices, i.e., the appreciation of gold. And that, in turn, as our analysis shows, is, in the main, due to the collection of reparations and war debts and the insistence of the creditor countries upon receiving them in gold. It is a melancholy reflection that, for the sake of collecting \$400 millions per annum in respect of reparations and war debts, there should have been inflicted upon the world a measure of deflation, and with it a curtailment of production and consumption (that is, a debasement of its well-being), that may well be assessed at some ten to twenty times that amount.

But do not let us be misled into thinking that a mere postponement of reparation and war debt payments can remedy the evil. To establish confidence, which is essential for the restoration of credit and the resumption of normal intercourse in trade and finance, the world wants to be left in no doubt that the disturbances which have brought it to the verge of complete ruin cannot, in future, be repeated.

The Economist

COMMERCIAL HISTORY OF 1931.

Vol. CXIV.

SATURDAY, FEBRUARY 13, 1932

No. 4,616.

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CONTENTS.

I. General Introduction—		Page		Page	
The Past Year.....	3	Commodity Prices	6	The Stock Exchange.....	10
Production	4	The Money Market	7	Labour Conditions	12
Agriculture	5	Bank Clearings	9	II. Conditions in Principal Countries	13
Overseas Trade	5	Foreign Exchanges	9	III. Trade Reports	35
Industrial Profits	6	Gold Movements	10	IV. Statistical Appendix	63
		New Capital Issues	10		

THE PAST YEAR.

The pages which follow do not make pleasant reading. In every industry and every country which comes under review the picture is dismally similar. The story of 1931 is, in fact, a litany of woe and a commination service against increasing misfortune. When the year 1930 ended, the disastrous fall in world commodity prices was in full swing, and unfortunately nothing occurred to check it in the early months of 1931. As concomitants of this progressive decline came the continued decrease of trade and the automatic increase in the burden of all fixed-interest obligations. At the same time the strain imposed on the debtor nations in discharging their debts to creditors, under circumstances in which the export of goods became every day more difficult, led to a maldistribution of the gold stocks of the world of so serious a nature as to contribute very substantially towards bringing the crisis to a head. The first half of the year was a period of growing uneasiness and apprehension, but it was not until the second half began that actual events occurred which showed that the breaking point had arrived. The first clap of thunder came from Austria, where the great bank, the Credit Anstalt, found itself in gravest difficulty in July. The trouble rapidly spread throughout Eastern and Central Europe, and the storm centre shifted to Germany, where the situation was only saved from immediate disaster by the proposal of President Hoover for a year's holiday from all inter-governmental debt payments and the subsequent agreement of Germany's commercial creditors to prolong their credits.

President Hoover's initiative at the time when it was made appeared to give the world the brightest hope that it had seen for years. It had all the promise of being a real beginning of international co-operation, through which the hopeless tangle of reparations, debts, tariffs and armaments might be solved by international agreement. Unfortunately, although the rest of the world accepted the proposal in the spirit in which it was made, the long-drawn-out bargaining and procrastination of one European power destroyed the psychological effect of America's great gesture, and effectively checked the march of American opinion towards full and helpful co-operation for settling world problems. So completely were hopes disappointed, that the year ended with no plans made and little prospect of agreement regarding the future of reparations and international debts when the Hoover holiday comes to an end on July 1, 1932. Meanwhile, the economic crisis deepened week by week. One country after another

throughout Europe, and, indeed, all over the world, felt itself obliged to take what steps it could to rectify unsatisfactory tendencies in its balance of payments. The result was the almost universal adoption of trade restrictions, heightening of tariffs, and the establishment of exchange regulations of a drastic nature. With every country endeavouring to keep imports down to a minimum, the inevitable result has been a corresponding contraction of the exports by which alone countries may live and pay their debts; and, as the year ended, international trade was coming every day nearer to the point of strangulation. Historians will probably mark the year 1931 as that in which human folly and egotism threw away a great opportunity with devastating results.

Although Europe was the centre of the storm, it is possible to search the world outside without finding bright spots. Despite the great opportunity and possibilities of the Round Table Conference, Indian unrest and turmoil developed. The great United States of America at last felt the full force of the economic blizzard. In the Far East, conditions became more than ever disturbed, renewal of anarchy in China being reinforced by the Japanese operations in Manchuria, which were the prelude to the present grave position at Shanghai. All the countries of South America, dependent mainly on exports of primary products, suffered progressively from the strain imposed by the continued fall in commodity prices.

It was not until August that Britain took the full force of the storm. But it was then concentrated upon London with such fury that on September 21st sterling capitulated to superior forces and left the gold standard. It had been felt for some time that Britain, with her vast international trade and her vulnerable position as creditor and banker, was peculiarly exposed to attack. The attack developed partly through the need of her foreign creditors to withdraw their London balances for their own purposes, partly through the spread of distrust of London's position, and fears of coming restrictions on the movement of capital. Every effort to save the gold standard was made. New York and Paris co-operated by advancing large credits, first to the Bank of England and next to the Treasury, and for the moment it was hoped that the corner would be rounded, but the intervention of a naval mutiny at Invergordon, which was bruited round the world with electric effect, rendered it finally certain that the pound must be driven from its gold moorings.

Before this historic event took place, the British Government and people had begun to face the facts. In the third week in August a National Government was formed with three avowed objects: the first was to balance the Budget, the second to save the pound, and the third to correct any unfavourable trend in the balance of payments. In September Mr (now Viscount) Snowden introduced a supplementary Budget, the features of which were the institution of drastic economy, including salary and wage reductions, the discontinuance of borrowing for the Unemployment Insurance Fund, the placing of the Fund on a sound basis through the decrease of benefits and the increase of contributions, the raising of the income tax to 5s. 6d. in the £, and the increase of the beer and other duties. The results accruing from these measures appear to be adequate, and the Treasury are confident that a balance or even a surplus will be achieved at March 31st. To go off the gold standard with a balanced budget has proved to be a very different thing from going off that standard under the necessity of resorting either to borrowing or to the printing press. Indeed, the pound, after its initial fall, has been easily maintained at a stable quotation; only a negligible increase has taken place in the internal commodity price level; and inflation of credit and currency has been studiously avoided. Our export trade enjoyed at first a slight stimulus from the depreciation of the currency, but the grave difficulties and lowered purchasing power in the countries which are our principal customers went far to offset this advantage.

The only comfort which we can derive from a contemplation of the past year is that, relatively speaking, Britain emerged less scathed than most of the other nations. Her banking structure has stood four-square to all the winds of adversity; unemployment on balance has not increased, and on the whole there is ground for assurance that this country is in a position to take its proper share in a resuscitated world trade if and when improvement sets in. The only qualification to this assumption is the hampering effect upon the export trade which will be exerted by the Government's now avowedly Protectionist fiscal policy. But whatever the grounds may be for comparative complacency with regard to the domestic position, the lesson has been only too clearly learned that no country, least of all Britain, with her enormous international connections, can prosper by herself while the rest of the world is sick. The greatest failure of the year 1931 is that great opportunities were missed and no progress made towards the solution of the international problems which are the legacy of the war, and which must be solved before we can hope to see the dawn of prosperity.

PRODUCTION AND TRADE.

BRITISH INDUSTRY.

The history of British production and commerce in 1931 falls into two parts. The first period, ending with the suspension of the gold standard on September 21st, was characterised by a general and rapid deterioration in nearly all branches of industry and trade. The downward movement was further accelerated in July with the advent of the financial crisis in Central Europe.

As was to be expected, the setback was most pronounced in the export industries and in those trades which are engaged in the production of capital goods. The sharp decline in international trade, and the consequent intensification of competition, left the British manufacturer at an increasing disadvantage because of his relatively higher costs. Since the proportion of the total product of industry and mining normally sold abroad may be put at about 30 per cent., the shrinkage in exports, coupled with a decline in purchasing power at home, greatly reduced the demand for new plant and machinery. A large proportion of existing capital equipment became redundant, and replacements and renewals were deferred indefinitely.

A similar contraction also took place in the industries ancillary to production, namely shipping and railways. Thus shipping freights, as measured by our index

number, declined from 81.5 (1913 = 100) in December, 1930, to 74.7 in September last year. The figures for the first ten months of the year, relating to railway freight train traffic, are given below:—

Description.	Great Britain. (All Standard-Gauge Railways.)		
	Aggregate, Jan.-Oct., 1931.	Inc. (+) or Dec. (-), compared with the corresponding period of 1930.	
	Tons.	Tons.	Per Cent.
Freight train traffic (excluding free-hauled):			
Merchandise*	40,944,848	— 5,465,418	-11.8
Minerals and merchandise†	39,878,486	— 9,869,550	-19.9
Coal, coke and patent fuel	142,457,783	— 16,937,846	-10.6
Live stock	1,659,619	— 318,989	-16.1
Total	224,940,736	— 32,591,803	-12.7

* Excluding Classes 1-6.

† Classes 1-6.

The decline of 12.7 per cent. in total tonnage compares with a decrease of 7 per cent. in 1930. Allowance must, of course, be made for the transfer of traffic to road vehicles, but it will be seen that the decline was most pronounced in minerals and heavy materials, which are not suitable for road haulage. General merchandise shows a fall of 11.8 per cent., and the volume of fuel carried was 10.6 per cent. lower.

Following the abandonment of the gold standard, the depreciation of the £ in terms of gold brought immediate relief to some of the principal industries. The index of production prepared by the London and Cambridge Economic Service rose from 81.1 (1924 = 100) in the third quarter to 89.5 in the December quarter. The principal industries to benefit from the reduction in costs expressed in terms of gold were the textile trades. In the cotton trade the percentage unemployed decreased from 44.6 per cent. to 27.4 per cent. between September and December. In the woollen and worsted trades the percentage fell from 35.2 to 16.6, and in silk manufacture and rayon weaving from 33.6 to 22.6. Many other branches of activity, however, and, in particular, the heavy manufacturing industries, failed to register an expansion in output. In shipbuilding and in several other industries production continued to decline. At best it may be said that the suspension of the gold standard temporarily checked the downward trend in industrial and commercial activity. In short, it enabled some British exporters to increase their proportion of a declining total of international trade. In view of the fact that other countries followed our example, and because of the increase in the obstacles placed in the movement of merchandise between countries, the advantage of lower costs in terms of gold had already begun to wear off at the end of the year.

The results for the whole of 1931 are set out in the table below, in which we have grouped together a number of indices and other data of output and trade for the past three years:—

PRODUCTION AND BUSINESS.			
Indices of production—	1929.	1930.	1931.
London and Cambridge Econ- omic Service (1924 = 100) ...	110.6	98.5	84.1
Board of Trade (1924 = 100) ..	111.8	97.9	(a)
Output of—			
Saleable coal (Mn. tons).....	257	244	220
Pig iron (Mn. tons)	7.6	6.2	3.8
Steel (Mn. tons)	9.6	7.3	5.2
Rayon yarn and waste (Mn. lbs.)	56.9	48.7	54.6
Indices (Economist) of Business			
Activity (1924 = 100)—			
Net imports, raw materials	113	101	95 (b)
Exports, British manufactures ..	109	87.5	65 (b)
Total foreign trade turnover ...	112	102	95 (b)
Consumption of—			
Iron and steel	103.5	103	92
Cotton	106	76	78
Coal	106	106	102
Provincial clearings	99	91.5	91.5
Volume of employment	107	103	99
Shipping movement.....	111.5	109.5	102

(a) For the first nine months of 1931 the figure was 92.2, as compared with 104.4 in the corresponding period of 1930.
(b) Provisional figures.

Indices (Board of Trade; 1924 = 100)—	1929.	1930.	1931.
Postal receipts	116	117	116.5
Building plans approved—			
Dwellings	117.5	124.1	107.5
Others	140.5	135.7	109.8

The average figures for the year necessarily disguise the progressive shrinkage to September, followed by a slight sectional improvement during the last quarter. It will be seen that the fall in activity was much more pronounced in the past year than during the first year of the crisis. A noteworthy feature was the relative steadiness in the industries which are engaged in supplying the home demand for consumers' goods. Among these branches of activity, the food, drink and catering trades, and the tobacco industry are the outstanding examples.

AGRICULTURE.

The agricultural year 1931 will be remembered as a particularly lean one. The normal effect on production of substantial reductions in acreage was intensified by the unfavourable climatic conditions which prevailed throughout the greater part of the year. Moreover, the price level of most commodities showed an even sharper decline than in the previous year, and the producer was thus deprived of the advantage of the rise in prices which ordinarily follows a diminished output. On the whole the year accentuated rather than relieved the depression which has marked the industry during the last few years. The total area returned as agricultural land by occupiers of holdings exceeding one acre was 30,599,000 acres, showing a further net reduction of 75,000 acres. The area under crops and grass was reduced by 97,000 acres, while rough grazings expanded by 22,000 acres. The arable area was 9,582,000 acres, a loss of 251,000 acres (2.6 per cent.) on the year, while the area actually under crops was 471,000 acres less than in 1930. There were substantial reductions in the acreage under all corn crops except barley, which showed an increase of 9,000 acres (less than 1 per cent.). The wheat area was smaller than in 1930 by 149,000 acres (11 per cent.), and that under oats by 127,000 acres (7 per cent.), while the acreage under mixed corn, rye, beans and peas also showed a relatively high reduction. Under the stimulus, doubtless, of the better prices ruling for the 1930 crop there was an increase in the potato acreage of 22,000 acres (5 per cent.), but this increase was heavily counterbalanced by the reduction in the acreages under roots and sugar beet, the former showing a loss of 68,000 acres as compared with the previous year, and the latter a reduction of no less than 114,000 acres. Most vegetables were grown on appreciably increased areas, but there was a decrease in the fruit acreage and a further small reduction in the area under hops.

Yields were generally below average, and this, coupled with a decrease in acreage, resulted in an appreciable reduction in the total production of most crops. The corn harvest was carried out under unusually difficult conditions, and the excessive wet and lack of sunshine resulted in a good deal of corn being harvested in a damp and soft condition. The yield of oats and beans was very slightly above average, but, owing to the reduction in acreage, the total production in each case was much below that of 1930. Wheat, barley, mixed corn and peas were below average, and, except in the case of barley, where there was an increased acreage, the total production fell short of that of the previous year. Notwithstanding the increased area, the total production of potatoes was over 300,000 tons below that of 1930 (i.e., about $\frac{1}{2}$ million tons below average), and was the smallest crop since 1912. The quality of the crop, moreover, was adversely affected by the wet conditions in which it was lifted and clamped. The yield of turnips, swedes and mangolds was also below average, and the total production in each case was nearly 1,000,000 tons below that of 1930. The hay crop was even more abundant than in the previous year, and the yields of both seeds and meadow hay well above average. The quality of the hay, however, was gene-

rally inferior, except for the earlier cuts secured under more favourable conditions. The fruit crop was only fair, most kinds of fruit yielding under average crops, and the hop crop was moderate in quality and below average in yield.

All kinds of live stock except horses showed an increase on the year. Cattle were up by 215,000 (3.7 per cent.), sheep by 1,433,000 (8.8 per cent.), and pigs by 473,000 (20 per cent.). The number of horses on agricultural holdings showed a further reduction of 22,900 (2.4 per cent.). Poultry showed an increase, except geese and turkeys, the number of fowls being nearly 5,000,000 more than in 1930.

The downward movement shown in recent years in wholesale prices of most agricultural commodities was accentuated during the year under review. The monthly general index figure fell as low as 12 points above the level of the pre-war basis (1911-13), and never rose beyond 30 points above the base level, whereas the range in 1930 was between 26 and 48 points. Over the whole year the general index was 20 points above the base years, as compared with 34 points in 1930. Potatoes showed a marked recovery from the level of the previous two years, and fruit and hops were also appreciably dearer. In the case of practically all other commodities there was a marked fall from the price level of the previous year, the drop being most marked in the case of wheat, hay, sheep, pigs, and wool. The following are the principal index numbers compared with 1930:—

1911-13 = 100.			
1930.	1931.	1930.	1931.
Wheat	105	76	147
Barley	100	100	136
Oats	87	88	117
Fat cattle	133	122	138
Fat sheep	160	133	96
Bacon pigs ...	153	107	82
Pork pigs	165	123	47
Milk	161	147	118
Butter	128	111	96
Cheese	130	116	101
Poultry			144
Eggs			116
Fruit			132
Vegetables...			140
Potatoes			188
Wool			52
Hops			77
Hay			86
Feeding stuffs			83
Fertilisers ...			96

Notwithstanding the somewhat depressing picture created by the statistical returns, the year closed with signs of reviving confidence, based, be it said, on the near-sighted fallacies of protectionist dogma. The Horticultural Products (Emergency Customs) Act, 1931, passed at the end of the year, imposed duties on certain imported horticultural products. Oblivious of wider considerations, the agriculturalists found therein a basis for optimism.

OVERSEAS TRADE.

In 1931 overseas trade underwent a violent decline from the already low level of the preceding year:—

FOREIGN TRADE VALUES.

	1924.	1929.	1930.	1931.
Imports	£ mill. 1,277.4	£ mill. 1,220.8	£ mill. 1,044.0	£ mill. 862.2
British exports	801.0	729.3	570.8	389.2
Re-exports	140.0	109.7	86.8	64.0
Total exports	941.0	839.1	657.6	453.2
Excess of imports over total exports	336.4	381.7	386.4	409.0

Substantial though the contraction in imports was, that in exports was even more marked, and there was in consequence a substantial increase in the adverse balance of merchandise trade.

Retained imports and exports in the three principal classes are shown below:—

	1924.		1930.		1931.	
	Retained Imports.	Exports.	Retained Imports.	Exports.	Retained Imports.	Exports.
Food, drink and tobacco	£ mill. 541.2	£ mill. 57.0	£ mill. 451.4	£ . 48.2	£ mill. 396.8	£ mill. 35.5
Raw materials and articles mainly unmanufactured	323.8	106.5	212.1	63.8	147.6	47.1
Articles wholly or mainly manufactured	266.0	618.9	283.3	440.0	244.5	290.6

There was little, if any, decline in the volume of food imports, and the fall in value was mainly due to the lower level of prices. Imports of raw materials, however, showed a decline only too painfully indicative of the state of industry, whereas manufactured imports were comparatively little reduced. Exports of manufactures fell disastrously, and only a small part of this can be attributed to the fall in prices, for the Board of Trade index of the volume of trade shows exports of domestic manufactures in 1931 to have been only 74.2 per cent. of the 1930 level. This is borne out by the more detailed table below, which shows the quantities of some of our most important exports:—

SOME LEADING EXPORTS. Quantity ('000's omitted).					
	1924.	1928.	1929.	1930.	1931.
Coal	61,651	50,052	60,267	54,874	42,750
Total iron and steel manu- factures	3,851	4,261	4,379	3,160	1,981
Cotton yarns	163,056	169,207	166,637	136,988	133,516
Cotton piece-goods	4,443,959	3,866,500	3,671,687	2,406,767	1,716,249
Wool tops	411	344	327	288	280
Woolen tissues	164,740	128,339	108,185	79,042	56,331
Worsted tissues	56,843	42,111	47,281	34,711	29,746
Linens piece-goods	110,786	66,135	71,540	61,450	65,342
Boots and shoes	998	1,079	1,006	897	691
Paper and cardboard	4,757	4,539	5,047	4,257	3,240
Locomotives	24	41	40	61	20
Motor cars and chassis	15	33	42	30	24

These figures reflect eloquently the disorders in the world's commerce. Our coal exports have been affected not only by the idleness of increasing numbers of factories abroad, but also by the French quota system. In general, our export trade has suffered from the rising walls of tariffs and the rationing of imports imposed by exchange regulations in many countries.

In some instances, and to a limited extent, these influences were counteracted during the closing months of the year by the artificial stimulus afforded by the depreciation of the sterling exchange.

The final table shows the volume of overseas trade, as calculated by the Board of Trade, during each quarter of 1930 and 1931, expressed as an index of the base 1930:—

VOLUME OF TRADE. 1930=100.			
	Total Imports.	British Exports.	Re-exports.
1924	91.6	116.2	130.6
1930 First quarter	100.7	111.4	103.3
Second quarter	97.5	98.3	111.2
Third quarter	94.2	96.0	87.8
Fourth quarter	107.6	94.3	97.7
1931 First quarter	95.2	77.7	95.2
Second quarter	97.6	74.0	107.6
Third quarter	99.2	74.4	80.8
Fourth quarter	117.3	78.8	98.9
Year 1931	102.3	76.2	95.6

The decline in exports of domestic produce still looks impressive enough, even when it is not magnified by the fall in prices. Re-exports show a smaller decline because, in the base year 1930, they had already shrunk to extremely reduced dimensions.

INDUSTRIAL PROFITS.

During 1931 the profits of joint-stock industrial undertakings reflected the increasing severity of the industrial depression and the widening scope of its ill-effects. Taking the calendar year as a whole, the accounts of 2,009 concerns showed a decline in net earnings of no less than 22.5 per cent.:—

NET PROFIT (AFTER PAYMENT OF DEBT INTEREST, &c.).

	Number of Companies.	Reports published in		Increase (+) or Decrease (-).
		1930.	1931.	
First quarter	596	75,816,474	67,736,226	-8,080,248
Second quarter	619	79,490,653	64,051,136	-15,439,517
Third quarter	320	24,793,702	15,996,685	-8,797,017
Fourth quarter	474	26,460,390	12,292,859	-14,167,531
Total	2,009	206,561,219	160,076,908	-46,484,311
				-22.5

The fall was progressive throughout the year, every quarter—and almost every month—being worse than the last, while in the final three months the published reports showed a contraction in earnings of not less than 53.9 per cent. In that quarter all groups suffered to a greater or lesser extent from deteriorating conditions. In the following table we show the ratio of net profits to preference and ordinary capital, and the average dividend paid on preference and ordinary shares during the past seventeen years, except the war period.

PROFITS AND DIVIDENDS.			
	Ratio of Profits to Pref. and Ord. Capital.	Average Dividend on Preference Capital.	Average Dividend on Ordinary Capital.
1909	7.4	4.3	6.3
1910	8.2	4.5	7.0
1911	9.9	4.9	8.5
1912	10.2	5.2	8.5
1913	11.7	5.1	10.2
1920	15.2	5.0	12.6
1921	10.3	5.2	10.2
1922	7.0	5.2	8.4
1923	9.8	5.3	9.3
1924	10.3	5.4	9.8
1925	10.9	5.5	10.3
1926	11.3	5.4	11.1
1927	10.5	5.3	10.8
1928	11.1	5.4	10.6
1929	10.5	5.5	10.5
1930	9.8	5.7	9.5
1931	7.2	5.2	7.2

The average rate of interest paid on debenture capital in 1931 was 5.01 per cent., as compared with 5.39 per cent. a year ago and 5.15 per cent. in 1929, while the ratio to total ordinary and preference capital of the amounts reserved showed a further sharp fall at 0.7 per cent., against 1.7 per cent. in 1930 and 1.9 per cent. in the previous year. In the last quarter of the year the average rate of ordinary dividend had fallen to 3.9 per cent., against 8.4 per cent. in the corresponding quarter of 1930, while as compared with a proportion of 15 per cent. of net profits "left in the business" in 1930, there was a call on reserves of 20 per cent. in 1931.

COMMODITY PRICES.

From January to the suspension of the gold standard in September, the progressive decline of wholesale prices, which was the outstanding feature of 1930, continued unabated. Following the departure from gold, sterling prices naturally rose, and our index number at the end of September showed an increase of nearly three points. By the end of the year, however, our index was still below the level of January, 1931, while the average figure for the whole year, at 64.9, compares with 77.6 for 1930:—

1927 = 100.						
Date.	Cereals and Meat.	Other Foods.	Textiles.	Minerals.	Miscellaneous.	Complete Index.
Average, 1925	114.1	101.0	124.0	111.8	108.7	112.0
" 1926	102.8	96.6	97.2	119.8	104.0	104.0
" 1927	100.0	100.0	100.0	100.0	100.0	100.0
" 1928	103.6	93.8	105.1	92.1	95.8	98.1
" 1929	96.9	85.8	92.2	95.6	90.5	92.4
Average, 1930	81.0	77.2	64.4	83.6	81.6	77.6
" Dec. 1929	92.3	83.6	82.6	92.4	89.2	88.3
" Dec. 1930	70.0	71.0	51.4	78.0	75.2	68.7
" Jan. 1931	67.4	69.5	49.2	75.3	72.6	66.3
" Feb. "	66.4	68.0	50.6	76.9	72.7	66.5
" Mar. "	66.9	67.0	53.7	74.5	69.9	66.2
" Apr. "	70.0	66.6	50.8	72.0	68.6	65.4
" May "	69.0	63.5	48.2	69.5	68.2	63.6
" June "	68.8	60.2	48.4	72.4	68.7	63.6
" July "	68.5	60.0	47.1	69.7	67.6	62.5
" Aug. "	69.7	63.5	44.1	70.0	66.2	62.3
" Sept. "	68.0	68.1	49.5	72.9	68.9	65.1
" Oct. "	70.2	66.9	52.5	73.7	65.8	65.5
" Nov. "	70.4	65.4	53.7	74.5	66.6	65.9
" Dec. "	69.0	65.7	52.8	76.7	66.2	65.8
Average, 1931	63.7	65.3	50.0	73.1	68.4	64.9

It will be noted from the above table that in each section into which our index is sub-divided the average for 1931 was below that of the previous year.

In the next table we give the figures of our index number converted to a percentage of the average level of the last pre-war year:—

1913 = 100.						
Date.	Cereals and Meat.	Other Foods.	Textiles.	Minerals.	Miscellaneous.	Complete Index.
Average 1926	143.9	154.0	149.6	145.6	129.5	143.2
" 1927	139.9	159.3	153.9	121.6	124.6	137.6
" 1928	145.0	149.4	161.7	111.9	119.3	135.1
" 1929	135.6	136.8	141.9	116.2	112.7	127.2
" 1930	113.4	122.9	99.1	101.6	101.5	106.8
End June, 1930	115.1	124.0	102.4	100.7	104.7	108.5
" Dec., 1930	98.0	113.2	79.1	94.8	93.7	94.6
" June, 1931	96.3	95.9	74.5	88.0	85.6	87.5
" Dec., 1931	96.6	104.7	81.3	93.3	82.4	90.6
Average 1931	96.1	104.1	77.0	88.9	85.3	89.3

In spite of the rise in sterling prices since September it will be seen that wholesale prices at the end of the year were considerably below the pre-war level.

In the following table we show the annual changes which have occurred in each group of prices since 1926:—

YEARLY AVERAGES (1924 = 100).						
	1926.	1927.	1928.	1929.	1930.	1931.
Cereals and meat	90.0	87.5	90.7	84.8	70.9	60.1
Other foods	90.6	93.8	87.9	80.5	72.3	61.2
Textiles	71.1	73.1	76.8	67.4	47.1	36.6
Minerals	100.3	85.7	77.1	80.0	70.0	61.2
Miscellaneous	98.4	94.7	90.7	85.7	77.3	64.8
Complete index ...	89.9	86.4	84.8	79.9	67.0	56.1

Since our departure from the gold standard, the *Economist* has compiled, for the sake of closer comparisons, two additional indices, indicating, respectively, the course of the sterling prices of certain primary products and that of an approximately corresponding group of gold prices. We print below the monthly figures expressed as a percentage of the level of September 18, 1931:—

(September 18, 1931 = 100.)		
	Sterling Prices.	Gold Prices.
1931.		
	(Primary Products.)	
September 30	112.0	94.7
October 28	114.4	101.4
November 25	114.8	98.0
December 30	117.1	94.4

Our final table shows the average percentage increase, as compared with July, 1914, for all the items included in the Ministry of Labour's cost-of-living figure for the past seven years:—

AVERAGE PERCENTAGE INCREASE SINCE JULY, 1914.—All items (Food, Rent, Clothing, Fuel and Light, &c.).							
Month (beginning of).	1925.	1926.	1927.	1928.	1929.	1930.	1931.
January	80	75	75	68	67	66	53
February	79	73	72	66	65	64	52
March	79	72	71	64	66	61	50
April	75	68	65	64	62	57	47
May	73	67	64	64	61	55	47
June	72	68	63	65	60	54	45
July	73	70	66	65	61	55	47
August	73	70	64	65	63	57	45
September	74	72	65	65	64	57	45
October	76	74	67	66	65	56	45
November	76	79	69	67	67	57	46
December	77	79	69	68	67	55	48

Allowing for the normal seasonal tendency of prices to increase towards mid-winter, the effect of the suspension of the gold standard, up to the end of 1931, on the cost of living was negligible.

MONEY AND EXCHANGES.

MONEY MARKET.

Until the Credit-Anstalt failure in May, events were comparatively placid. Early in the year, financial accord was established between London and Paris, and the drain of gold from London was successfully checked by the reduction of the Banque de France's rediscount rate, by the decision of the Banque de France to purchase standard gold, and by the vigorous open-market policy of the Bank of England. This last operation pulled the London market rate of discount up from 2½ to 2¾ per cent., thereby making the 3 per cent. Bank rate effective and attracting foreign short money to London. The leading exchange rates promptly moved in favour of sterling, and by March the Bank was able to resume its regular purchases of part of the Cape gold after an interval of almost exactly a year.

Early in May, world monetary conditions became still easier. The New York rediscount rate was reduced from 2 to 1½ per cent., and the Bank of England at once relaxed its open market policy and let it be known that it was no longer advisable to maintain market rate at 2½ per cent. A week later Bank rate was reduced to 2½ per cent., or to the lowest point since the war. This reduction, however, did not exercise its full normal effect upon the market, for the clearing banks made no change either in their rates on London deposits or on their minimum rates for loans to the market. The former rates remained at 1 per cent., and the latter at 2 per cent.

Then came the crisis. In May, the Credit-Anstalt suspended payment, and despite immediate efforts made on an international scale it proved impossible to set matters right. This initial shock to world financial confidence rapidly affected Germany, and withdrawals of short money from Germany had by the end of a fortnight reached such dimensions as seriously to threaten her gold reserves and the stability of the mark. For a few days it looked as if an immediate crash was inevitable.

Fortunately there came temporary relief, in the form of the Hoover moratorium declaration backed in more tangible form by a rediscount credit of \$100 millions granted to the Reichsbank by various foreign central banks acting through the B.I.S. For a few weeks the situation was saved, but then confidence again waned as a result of serious business failures in Germany and the delays in obtaining a general adoption of the Hoover moratorium. By the middle of July the crisis had become more acute than ever, for the Danatbank suspended payment, and the German Government had to proclaim a brief bank holiday, followed by drastic restrictions upon financial operations of every kind. These ultimately developed into the Standstill Agreement between Germany and her foreign creditors, first reached in August, and renewed early in the current year.

Until early July, the London money market appeared unaffected by the serious news from the Continent, but London was soon implicated in the crisis, the more so as foreign opinion had been perturbed by the position of the British national finances. Foreign centres began to draw on their London balances, partly in order to strengthen their own cash position, and partly through fear that difficulties might be put in the way of the withdrawal of funds. During July, the Bank lost £30,000,000 of gold, and Bank rate was hurriedly raised first to 3½ and then to 4½ per cent. The market reflected the growing tension by raising its rate to 4½ per cent.

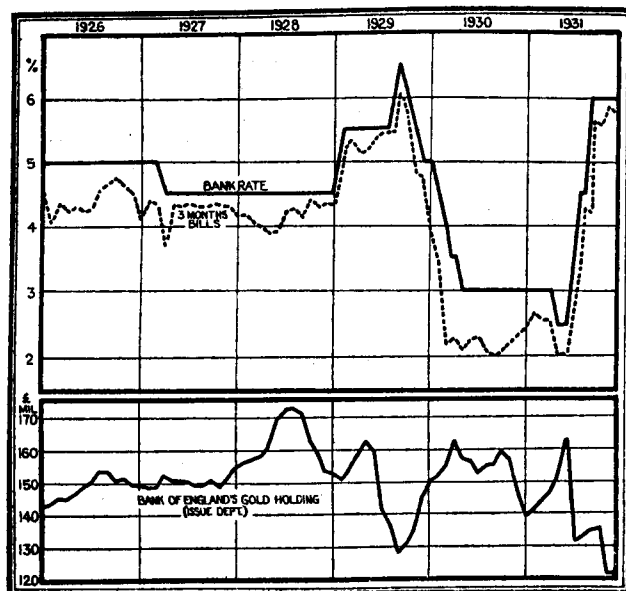
In the following seven weeks there came the "revelations" in the May report on the state of our national finances, and the opening of the Bank of England's Paris and New York credits, amounting in all to £50,000,000. These were accompanied by the increase in the fiduciary note issue from £260,000,000 to £275,000,000, and were followed by the downfall of the Labour Government. Then came the National Government, the balancing of the Budget, and the

arranging of the £80,000,000 Treasury credit in Paris and New York. All this time the drain of funds from London continued, for confidence by then had been destroyed, and banks in France and the United States were faced with ugly rushes by their customers. Germany was by then being propped up by the standstill agreement, and foreign funds in other Central European countries were equally irrecoverable.

On September 21st, the breaking-point was reached. Withdrawals of foreign funds from London had by then reached £200,000,000, and the Bank and Treasury credits were both practically exhausted. The Bank of England received authority to suspend gold payments; Bank rate was raised to 6 per cent.; the Stock Exchange was closed for two days, restrictions were imposed upon foreign exchange dealings, and the pound fell initially to a discount of 20 per cent.

The next few weeks passed fairly comfortably. Money became relatively plentiful, and the clearing banks largely suspended their weekly making-up operations. Withdrawals of foreign funds were partly checked and partly offset by the return of funds from abroad stimulated by the growing confidence in the new Government. The exchanges were also supported by speculative purchases of sterling in foreign centres based on the outcome of the general election, and further confidence was created at the end of October by the successful repayment of £20 millions of the Bank of England's Paris and New York credits. It is true

GOLD AND MONEY RATES.



that £15 millions of gold had to be shipped to cover this operation, but as the gold standard was suspended, this gold loss gave rise to no misgivings. The crisis had shifted to the United States, for September and October witnessed heavy gold shipments from New York, and a rise in that country's rediscount rate from 1½ to 3½ per cent.

It was, however, only outward ease. The immobilisation of funds in Germany under the standstill agreement, the parlous plight of Central Europe, the suspension of the gold standard by the Scandinavian countries, the hurried general abandonment of the gold exchange standard, and banking difficulties all over the world, between them produced a continual crop of unfounded rumours as to the stability of London houses. The discount market in turn began to feel doubts as to the wisdom of taking up German renewal bills drawn under the standstill agreement, and all bank bills were carefully scrutinised and dealt with on their merits. As a result, discriminatory rates were quoted, for while unimpeachable bills were dealt in at rates which at one time ran down to 5½ per cent., 5½ and even 6 per cent. was charged for German renewals. The market in bank bills in fact became extremely narrow, and business was largely confined to Treasury bills. As a result of this, there was often to be obtained a wide and remunerative turn between the tender rate for new

Treasury bills and the rate for "hot" Treasuries the following week.

In November, sterling depreciated heavily once more, and money became tight, as a result, mainly, of preparation for the December War Loan dividend; for by the end of the month public deposits at the Bank had been raised to £27,000,000. Afterwards, the payment of the dividend produced its usual artificial ease, with money unobtainable at rates running down to 3 per cent. Discount rates on bank bills, however, continued to reflect the strain.

In December, the announcement by the German Government that there would be no discrimination against bills maturing after the expiry of the standstill agreement, then due to take place on February 29, 1932, and the consequent decision of London banks and accepting houses to continue accepting German renewal bills right up to February 29th gave only partial relief to the tension. The year closed with the problems both of the money market and the world at large awaiting a final settlement.

The course of Bank rate in different countries during 1930 is summarised below:—

INTERNATIONAL COMPARISON OF BANK RATES.												
End of Months of 1931.												
	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.
London	4	4	4	4	4	4	4	4	4	4	4	4
Paris	5	5	5	5	5	5	5	5	5	5	5	5
Berlin	5	5	5	5	5	5	5	5	5	5	5	5
New York Federal Reserve	2	2	2	2	2	2	2	2	2	2	2	2
Amsterdam	2	2	2	2	2	2	2	2	2	2	2	2
Oslo	2	2	2	2	2	2	2	2	2	2	2	2
Stockholm	2	2	2	2	2	2	2	2	2	2	2	2
Copenhagen	2	2	2	2	2	2	2	2	2	2	2	2
Brussels	2	2	2	2	2	2	2	2	2	2	2	2
Madrid	2	2	2	2	2	2	2	2	2	2	2	2
Rome	2	2	2	2	2	2	2	2	2	2	2	2
Swiss	2	2	2	2	2	2	2	2	2	2	2	2
Helsingfors	2	2	2	2	2	2	2	2	2	2	2	2
Lisbon	2	2	2	2	2	2	2	2	2	2	2	2
Prague	2	2	2	2	2	2	2	2	2	2	2	2
Vienna	2	2	2	2	2	2	2	2	2	2	2	2
Tokio	2	2	2	2	2	2	2	2	2	2	2	2
Calcutta	2	2	2	2	2	2	2	2	2	2	2	2
Athens	2	2	2	2	2	2	2	2	2	2	2	2
Bucharest	2	2	2	2	2	2	2	2	2	2	2	2
Budapest	2	2	2	2	2	2	2	2	2	2	2	2
Belgrade	2	2	2	2	2	2	2	2	2	2	2	2
Danzig	2	2	2	2	2	2	2	2	2	2	2	2
Riga	2	2	2	2	2	2	2	2	2	2	2	2

† From July 23rd to 29th, 3½ per cent.
‡ From August 1st to 11th, 15 per cent.
§ From October 8th to 14th, 2½ per cent.
|| From September 11th to 24th, 5 per cent.; from September 25th to 27th, 6 per cent.
¶ From September 21st to 24th, 5 per cent.; from September 25th to 27th, 6 per cent.
‡ From September 5th to 20th, 4 per cent.; from September 21st to 25th, 5 per cent.
d From October 1st to 11th, 7½ per cent.; from October 12th to 25th, 9 per cent.
e From June 8th to 14th, 6 per cent.
f From July 13th to 16th, 6 per cent.; from July 17th to 27th, 7 per cent.

The general increase during the latter part of the year well reflects the crisis and the prevailing tension. In view of the suspension of the gold standard by some countries, the hurried jettisoning of the gold exchange standard by others, the difficulties not only of Germany and Central Europe but also of certain South American countries, and the huge movements of gold directly due to these developments, it is by no means surprising that most central banks have had to invoke the weapon of a high rediscount rate in order to protect themselves. Nor is it easy to envisage much cheaper money rates until more settled conditions are established.

We append our usual table of London rates:—

LONDON RATES.												
Whole Year												
	1922.	1923.	1924.	1925.	1926.	1927.	1928.	1929.	1930.	1931.		
Changes in Bank rate	four	one	none	four	none	one	none	five	four	four		
Highest Bank rate	5	4	4	4	5	5	4	4	5	6		
Lowest Bank rate	3	3	4	4	5	5	4	4	5	6		
Avg. Bank rate	3/13/10	3/13/10	4/0/0	4/11/0	5	5	4/13/0	5/10/0	3/8/5	3/18/7		
Best 3 months' bills	2/13/0	2/13/0	3/10/9	4/2/0	4/10/3	4/4/10	4/3/0	5/5/4	2/12/3	3/11/0		
Difference	1/0/10	1/0/10	9/3	9/9	9/9	8/2	7/0	4/8	16/2	7/7		

BANK CLEARINGS.

It was inevitable that depressed trade, lower commodity prices and the growing stagnation of financial business should for the second year in succession have been the cause of serious reductions in bankers' clearings in 1931, as compared with the preceding year. Still, in so far as metropolitan and country clearings are concerned, the reduction is less than might have been expected.

	1931.	Decrease in comparison with 1930.	Decrease in 1930 in comparison with 1929.
Town clearings	£ Mn. 31,816	— 6,967	— 17.9
Metropolitan clearings	1,668	— 114	— 7.9
Country clearings	2,752	— 211	— 7.1
Grand Total	36,236	— 7,322	— 16.8

The 1931 decrease in town clearings is amply explained by the absence of Stock Exchange and discount market activity and by the dearth of new capital issues. The contraction in metropolitan and country clearings is not inordinate when the fall in retail prices is taken into account, and while the returns of metropolitan clearings for the fourth quarter of the year were such as to confirm other despondent accounts of the 1931 Christmas trade, country clearings gave evidence of a slight, precarious improvement in business. Provincial clearings were on the whole disappointing. Taking 1930 and 1931 as a whole, Nottingham showed a decrease of 25.3 per cent., Sheffield one of 15.5 per cent., and Bradford, Leicester, Liverpool and Manchester declines of 10 to 15 per cent. The only redeeming feature in the provincial clearing returns is that as the year progressed the contraction below 1930, taken quarter by quarter, narrowed steadily from 17 per cent. for the first quarter to 3.4 per cent. for the last. This possibly points to some gradual improvement of trade.

FOREIGN EXCHANGES.

The year opened calmly, but an underlying strain was evident, and events were soon to prove how severe this strain was to be. January saw sterling very steady and firm against all the principal currencies, the range between highest and lowest during the month against the dollar being 4.85½ and 4.85½, and against the franc 123.92 and 123.66. February opened ominously with a moratorium declared on foreign debt payments by Peru, and the revelation of a large Budget deficit in Australia. This was preceded by a rapid depreciation of the Australian exchange, the sight buying rate, London on Australia, rising from £109 16s. 3d. per £100 on January 8th to £131 10s. on January 28th. Sterling never went below 4.85½ against the dollar, and was at one time 4.86½, and maintained itself well against all other currencies. The peseta began to show signs of deterioration, but recovered in March. March progressed with the same air of tranquillity, and funds were attracted to London from both Paris and New York. Sterling ranged between 4.86 and 4.85½ and 124.22½ and 123.97½ against the franc and dollar respectively, and against other currencies showed no great change, the tendency if anything being in our favour. The peseta was firmer. On April 1st the Chancellor of the Exchequer anticipated a deficit of £23,000,000, but sterling remained to all intents and purposes unaffected, the franc rate actually touching 124.43½ and the dollar 4.86½, other currencies being quoted equally in favour of the £. The peseta again weakened to 48.90 as a result of loss of confidence owing to political uncertainty which found its echo in the proclamation of the Republic and the flight of the king on the 14th. At the same time it was evident that the world monetary position was gradually becoming involved.

In May the Credit-Anstalt was declared to be in difficulties, and towards the end of the month the United States began to make heavy withdrawals of funds from Europe. The exchanges, however, showed no symp-

toms of serious disturbance. The dollar rate, highest and lowest, was 4.86½ and 4.86½, the franc 124.45½ and 124.16½. As a result of continued political uncertainty the peseta weakened to 56.40 at one time, the best rate during the month being 46.52½, but between these quotations fluctuations were frequent and wide. Early in June there began a panic drain of funds from Germany, followed by Mr Hoover's proposal for an all-round moratorium on political debts and the granting to the Reichsbank of an emergency credit by the New York Federal Reserve Bank and European Central Banks. Sterling ranged between 4.86½ and 4.86½ to the dollar and 124.11 and 124.28½ to the franc, and was correspondingly firm against other currencies. Pesetas were weak and irregular, and fluctuated wildly between 58.25 and 47.90. In July, after the closing of the German banks and stock exchange, a relatively sharp break was recorded in sterling, and simultaneously a heavy drain of the gold reserves of the Bank of England set in, leading to a record withdrawal of £5,000,000 in one day on the 16th. The New York rate moved from 4.86½ to 4.84½, Paris from 124.27½ to 123.12½, and Amsterdam from 12.09½ to 12.02½. Berlin went at one time to 25.75. Between July 23rd and 25th heavy gold withdrawals from the United Kingdom established new records. August opened with the grant of a credit of £50,000,000 by France and the United States to the Bank of England, but another sharp fall in sterling followed.

After the formation of the National Government, sterling touched 4.85 against the dollar and 123.62½ against the franc. The peseta weakened to 57.25. Amsterdam was quoted at 12.03½. From this time onwards Berlin forward quotations became largely nominal, and remained so till the end of the year. Following the suspension of gold payments by the Bank of England, the London Stock Exchange and most foreign bourses were closed, and stock exchange and foreign exchange dealings in London were controlled. Marks were heavily offered in most markets. Sterling rates crashed, the dollar touching 3.65, francs 91.00, Brussels 25.75, Milan 72.00, Zurich 19.00, Amsterdam 8.75, Berlin 15.50, Madrid 40.75; other currencies following suit. In the last quarter of the year the crisis was accentuated, and exchange fluctuations became more violent. Control of the movement of foreign exchange was gradually enforced all over Central Europe. These measures meant, in fact, that the countries concerned were no longer on an effective gold standard, and, although the quotations of their exchanges remained in most cases round about their former levels, they were henceforth merely nominal.

A heavy drain of gold from New York set in in October mostly towards France. At the end of the month the Bank of England repaid £20,000,000 of the £50,000,000 Franco-American credit granted on August 1st. During this period, and in spite of the stringent restrictions, the position of the Reichsbank had steadily deteriorated, until on November 3rd the cover for the note issue was only 27 per cent. On November 5th the National Cabinet was formed in Great Britain, one of its first acts being the introduction of the Abnormal Imports Bill. Otherwise the month was quiet, but there were still symptoms of underlying strain. In December the departure of Japan from the gold standard, the further drastic tightening up abroad of Exchange restrictions and the declaration of a moratorium by many States, notably Hungary and Uruguay, showed that the crisis was becoming even more intense. The reaction of sterling to these events was at first comparative steadiness in early October at about 3.90 to the dollar and 99 to the franc, but a sharp decline set in towards the end of the month, which brought the rate to 3.67 to the dollar and 93 to the franc on November 3rd. Apart from minor fluctuations rather above this level, this rate was maintained until the last week in November, when there was a further drop on December 2nd to 3.23 to the dollar and 82½ to the franc. Some slight recovery followed, and the year closed with the rate at 3.39½ to the dollar and 86½ to the franc. Silver, which touched its lowest price for

the year at 12½d. on May 29th, a level also recorded on other dates, rose on the departure from the gold standard to round about 17½d. at the beginning of October and to its highest level of 21½d. on November 10th, and reacted at intervals to the influences of speculative buying, the possibility of war in China, and also in lesser degree to the proposals for an international conference on silver, and the possible introduction of bimetallism. The silver exchanges were naturally favourably affected, Shanghai rising to 2s. 0½d. and Hong Kong to 1s. 6½d.

The following table is extracted from statistics published by Messrs. Samuel Montagu and Company:—

RATE OF EXCHANGE AS COMPARED WITH PRE-WAR PARITY OF THE £ STERLING.

	Pre-war Par Value.	Dec. 31, 1930, Middle Rate.	Dec. 31, 1931, Middle Rate.	Compared with its Pre-war Par Value the £ Sterling is at a Premium of		Present quotation of the £ Sterling as compared with its Pre-war Par Value	
				End 1930.	End 1931.	End 1930.	End 1931.
France.....	25-207	123-67	86-50	390-62	243-16	4 18 2	3 8 8
Belgium.....	25-207	173-81½	122-00*	589-60	383-99	6 17 11	4 16 10
Italy.....	25-207	92-75	66-87½	268	165-30	3 13 7	2 13 1
Spain.....	25-207	46-20	40-00	85-28	58-69	1 16 7½	1 11 9
Norway.....	18-13	18-16	18-25	0-16	0-67	1 0 0	1 0 1½
Portugal.....	4-5(53½d)	108½	109½	2,305	2,339	24 1 0	24 7 9½
Greece.....	25-207	375	265	1,388	951	14 17 6	10 10 3
Roumania.....	25-207	817½	570	3,143	2,161	32 8 7	22 12 3
Finland.....	25-207	193	235	666	832	7 13 2	9 6 5½
Czechoslovakia	24-02	163½	114½	582	377	6 16 5	4 15 4
Buenos Aires	47½d	35½d	40½d	33-21	17-23	1 6 8	1 3 5½
Rio de Janeiro	16d	4½d	4½d	276	276	3 10 5	3 15 3½
Shanghai(a)	2/4d	1/5d	1/11½	64-70	19-15	1 12 11½	1 3 10
Japan.....	2/0½d	2/0½d	2/0½d	0-25	0-26	1 0 0½	1 0 0½
New York	4-874	4-85½	3-39	At Discount of	30-45	19 11	13 11
Montreal	4-874	4-86½	4-01½	0-20	17-62	19 11½	16 5½
Holland.....	12-086	12-06	8-46	0-22	30-00	19 11½	14 0
Switzerland	25-207	25-04½	17-37½	0-65	31-07	19 10½	13 9½
Sweden.....	18-13	18-12½	17-90	0-01	1-27	1 0 0	19 9
Denmark.....	18-13	18-10	0-19½	0-17	1-17	1 0 0½	19 11½
Germany.....	20-418	20-38½	14-31½	0-15	29-90	19 11½	14 0
India.....	1/4d	1/5½d	1/6½d	10-10	11-88	17 11½	17 7½

(a) Quotation, 31/7/14. * 1 Belge = 5 Francs. † At premium of 50%. Comparisons cannot be made with pre-war parity for Poland and Austria, as the currency in these countries has been altered in the interval.

GOLD OUTPUT AND MOVEMENTS.

The many big gold movements of the year are best illustrated by the following table of Central Bank holdings:—

CENTRAL BANK GOLD STOCKS.

(£ millions: foreign currencies converted at par of exchange.)

Week ending:—	1931.			1932.
	Jan. 10.	Sept. 19.	Oct. 31.	Jan. 9.
Bank of England.....	710	660	660	588
U.S. Reserve Banks.....	2,994	3,486	2,738	2,986
Banque de France.....	2,118	2,296	2,534	2,695*
Reichsbank.....	527	321	266	234
Netherlands Bank.....	171	267	336	354
National Bank of Belgium.....	191	224	357	354
Swiss National Bank.....	138	234	422	464
Bank of Sweden.....	65	61	57	54*
Bank of Norway.....	39	39	32	32
Bank of Italy.....	279	285	294	297
Bank of Japan.....	412	407	342	244†

* Week ending January 2. † December 1.

The total gold holdings of the above central banks expanded from \$7,644 to \$8,302 millions during the year, a net increase of \$658 millions, or £138 millions. The distribution, however, was greatly altered.

At the beginning of the year the United States held 39.2 per cent. of the gold, France 27.7 per cent., England 9.3 per cent., Germany 6.9 per cent., and Japan 5.4 per cent. The two Scandinavian countries held between them 1.4 per cent., and the remaining European countries 10.1 per cent. Thus already France and the United States held two-thirds of the entire amount. By the end of the year the percentage proportions had changed to 35.8 per cent. for the United States, 32.4 per cent. for France, 7.1 per cent. for England, 2.8 per cent. for Germany, and 2.9 per cent. for Japan. The Scandinavian gold holdings had fallen to 1.1 per cent., but those of the remaining

European countries had risen from 10.1 to 17.8 per cent. Thus the joint holdings of France and the United States were, in proportion to the total amount, much the same at the end as at the beginning of the year. The countries who increased their percentage most were Holland, Belgium and Switzerland. Among the causes of these movements were the withdrawal of funds from Berlin, London, and to a lesser degree from New York; the abandonment of the gold exchange standard by Holland, Belgium and Switzerland, the replacement by these central banks of *devisen* by gold coin and bullion, and the flight of refugee capital to Holland and Switzerland.

NEW CAPITAL ISSUES.

A blight fell on the new issue market during 1931. In the first half of the year the total amount of new capital offerings was little more than half that recorded for the first half of 1930. Thereafter the world crisis hit London with relentless force. In the second half of the year new capital applications reached the puny total of £12.9 millions, in comparison with £98.2 millions and £110.9 millions respectively in the corresponding periods of 1930 and 1929. A mere £4 millions represents the total new financing in the December quarter by home trade and industry. No foreign or Colonial Government or corporation, no foreign railway, no rubber, oil or mining company floated an issue in London between October 1st last and the end of the year. The British Government floated no fresh loan, though National Savings Certificates brought in £10.7 millions net, new sales having steadily exceeded encashments in the first three quarters of the year, in spite of widespread unemployment. In the December quarter, however, the tide turned, encashments exceeding new sales. The year's total of new issues, apart from British Government borrowing, was £92 millions against £202 millions in 1930. The total for the December quarter was no more than £3.9 millions, as compared with £75.3 millions in the December quarter of 1930. In the second half of the year, only two British corporations entered the market—the Borough of Walsall and the Galloway Water Power Company, while Tanganyika, with a July loan of £3,500,000 in 4 per cent. stock at 94½, was the only representative in the six months of all overseas governments, Imperial or foreign. Issues obtained for use abroad totalled about £47 millions in 1931, against £97 millions in 1930 and £87 millions in 1929. After July, however, overseas financing practically ceased. As much as four-fifths of the total new money under all heads was subscribed in the form of fixed interest obligations. Altogether, in the first part of the year, activity in the capital market was retarded by the economic crisis, increasing dislocation in world finance, the need for economy and the grave uncertainty of the outlook. In the second half of the year the rise in interest rates, and the departure of sterling from gold, coming on top of earlier difficulties, practically brought new issue activity to a standstill. Similar conditions applied both to flotations offered directly to subscribers, and those effected by Stock Exchange "introductions." The total nominal capital issued by the latter method during the year was only £8,757,183, compared with £22,158,480 in 1930, and £31,519,934 in 1929.

THE STOCK EXCHANGE.

Although an industrial recovery was anticipated in many quarters in the early part of 1931 under the stimulus of cheap money, the causes of depression proved too deep-seated. The Stock Exchange was ready to respond to the first signs of improvement, but none were forthcoming.

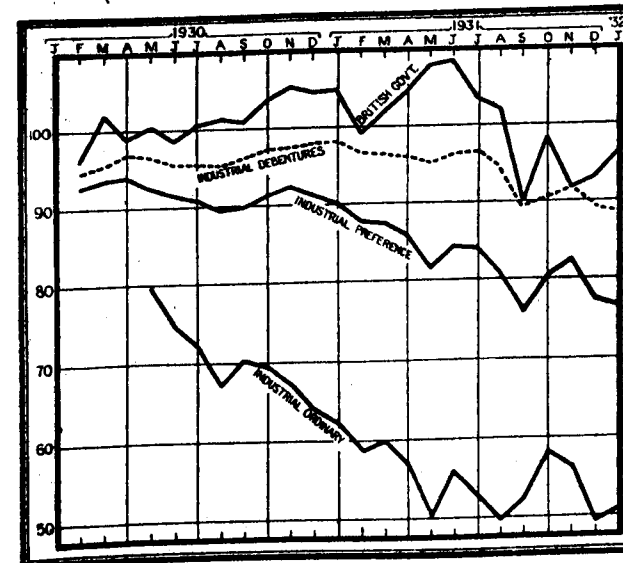
Equity share values were relatively steady, with a slightly downward tendency, during the first three months of the year. They declined sharply in April and May under the shadow of the financial crisis, were sensitive to the better atmosphere prevailing in June after the announcement of the Hoover Plan and declined again in July and August on hope deferred. In September and October values regained almost the

whole of the ground lost during the year in a couple of jumps—the first registering the adjustment of prices to "devaluation" and the second reflecting popular optimism as to the improved competitive power of British industry. By the end of the year, more than the whole of this latter rise had been lost. In brief, share values sagged rather than slumped, and the avidity with which the markets snatched at any plausible excuse for buying was as much a commentary on the relative strength of the underlying position as the failure of each short-lived upward movement was indicative of the helplessness of the Stock Exchange in the face of depressing world factors.

For holders of fixed-interest, as distinct from equity stocks, the year was more disastrous. In 1931, the consciousness of a falling national income, which had driven some holders of ordinary stocks to seek refuge in gilt-edged and prior charges, began to prejudice the latter's own security in the popular estimation. While money remained cheap, fears of budgetary disequilibrium held back the values of British Government stocks. Almost immediately after Britain had balanced her Budget, she left the gold standard. The resulting "inflation" panic, with its flight from fixed-interest securities, would probably have been short-lived even in the absence of special Stock Exchange restrictions on speculative dealings (which were partially removed before the end of the year). The immediate and severe rise in short-money rates, however, which followed the decision of September, was sufficient to prevent a really sustained recovery in prices even after the market had realised that gilt-edged quotations need not fluctuate with gold exchange movements, under an inconvertible currency regime.

The fall in the value of equity stocks was more severe among the "less speculative" groups, like banks and investment trust companies, than among "industrials" as a whole. There were two reasons for this phenomenon. Liquidation of the latter, a year

BRITISH SECURITY VALUES IN 1930-31.
(Actuaries' Index, December 31, 1928 = 100.)



ago, had reached an advanced stage, whereas with the former it had scarcely begun. Secondly, companies like investment trusts whose earnings in any one year reflect, broadly, the earnings of other companies at an earlier period, generally show stable results in the early stages and rapidly declining figures in the later stages of a depression. Broadly speaking, holders of British Government stocks and of high-grade domestic fixed-interest securities had much the same unfavourable experience. Holders of Dominion and foreign fixed-interest securities fared, on the average, much worse, particularly in the case of Indian and New Zealand stocks, where losses were demonstrably severe, in view of the fact that the payment of their interest was never in question. Despite the publicity given to Australian finance and politics, none of the issues showed a very

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considerable further decline, after their recession in 1930. Defaults and rumours of defaults seriously affected the prices of foreign bonds, heavy capital losses having been suffered either through the cessation of interest remittances or for political reasons.

The lot of railway stockholders was harder still, though losses were less considerable than in the case of foreign concerns where, in some cases, exchange difficulties aggravated the effect of decreased traffic receipts. Home rail prior securities suffered almost as much as equities, partly owing to fears for the "Chancery" status of the senior stocks of the two largest concerns.

The year 1931 produced no sensational "revelations" like those of the Hatry defalcations in 1929 or the Royal Mail debacle in 1930. Apart from a few cases, like that of the Swedish group, the net decline in values was extensive rather than severe, the markets' capacity for further deflation, at the beginning of 1931, being limited.

For holders of more speculative shares, the year was far from happy. Various restriction schemes failed to bring supplies of raw materials into harmony with progressively declining demand. Some of the leading oil and copper shares, in particular, lost over 50 per cent. of their value at the beginning of the year. South African gold mining shares alone attracted increased attention, but the much announced boom repeatedly refused to start, despite the considerable premium at which the price of gold stood in terms of sterling.

Stock Exchange prospects are inextricably bound up with the settlement of outstanding economic and political questions which are of concern to the whole world. Any settlement which appealed to popular opinion as being reasonable and practicable would have far-reaching effects on security values, since technically the markets are well-placed for recovery. On the other hand, the indefinite continuance of world economic dislocation must tend to prolong the stagnation of business and the paralysis of legitimate speculative enterprise, which were the most depressing factors in the Stock Exchange story of 1931.

LABOUR CONDITIONS.

Although the number of trade disputes begun in 1931 was slightly less than in the previous year, the number of workers involved, directly and indirectly, was considerably higher, while the total number of working days lost in stoppages throughout the year showed an increase of over 50 per cent. as compared with 1930. We show below the Ministry of Labour's figures for the past five years:—

Year.	Number of Disputes Beginning in Year.	Number of Workpeople Involved in Disputes Beginning in Year.		Aggregate Duration in Working Days of All Disputes in Progress during Year.
		Directly.	Indirectly.	
1927	308	90,000	18,000	1,170,000
1928	302	80,000	44,000	1,390,000
1929	431	493,000	40,000	8,290,000
1930	422	286,000	21,000	4,400,000
1931	419	424,600	65,100	6,985,000

The two largest disputes occurred in the cotton and coal-mining industries, and together were responsible for nearly two-thirds of the workpeople affected and for over three-quarters of the aggregate number of working days lost. Although there was no marked improvement in employment until the fourth quarter of 1931, there was not, as in the previous year, a steady monthly decline in the numbers at work. The downward movement was checked in February last, and a slight improvement occurred during the next three months, particularly in the seasonal trades and in several branches of the textile industry. From June to September conditions deteriorated, and in the latter month a record figure of 2,897,000 persons unemployed was reached.

Following the suspension of the gold standard, however, the tide turned, and the situation in most industries by the end of 1931 evidenced some improvement. It is estimated that the number of insured workers in employment at the end of the year amounted to 9,593,000, as compared with 9,475,000 in December, 1930. The monthly figures of registered unemployed during the past two years are as follows:—

NUMBERS (INSURED AND UNINSURED) REGISTERED AT EMPLOYMENT EXCHANGES, &C. (At date of Ministry of Labour Monthly Returns.) (000's omitted.)					
1930.		1931.		1930.	
January	1,534	2,671	July	2,072	2,783
February	1,582	2,694	August	2,106	2,834
March	1,731	2,655	September	2,230	2,897
April	1,752	2,594	October	2,308	2,792
May	1,823	2,580*	November	2,359	2,688
June	1,947	2,736	December	2,725	2,574

* May 18.

In considering the above figures, the effect of the recent regulations governing the payment of benefit must be borne in mind. It is estimated by the Ministry of Labour that by December 21st approximately 90,000 persons, most of whom were women, had ceased to register at the exchanges, although apparently they were still without work.

Unemployment among insured workers during the year averaged 21.3 per cent. (wholly unemployed 16.7 per cent., and temporarily stopped 4.8 per cent.) as compared with 16.1 per cent in 1930 and 10.4 per cent. in 1929.

The following table shows the movement of the unemployed percentage in recent years:—

PERCENTAGE UNEMPLOYED AMONG INSURED WORKPEOPLE IN GREAT BRITAIN AND NORTHERN IRELAND.								
	1925.	1926.	1927.	1928.	1929.	1930.	1931.	
End of—	%	%	%	%	%	%	%	%
January...	11.5	11.0	*12.0	10.7	12.3	12.6	21.5	
February...	11.3	10.4	10.9	10.4	12.2	13.1	21.7	
March.....	11.1	9.8	9.8	9.5	10.1	14.0	21.5	
April	10.9	9.1	9.4	9.5	9.9	14.6	20.9	
May	10.9	*14.3	8.7	9.8	9.9	15.3	20.8	
June	11.9	*14.6	8.8	10.7	9.8	15.8	21.8	
July	11.2	*14.4	9.2	11.6	9.9	17.1	22.6	
August ...	12.1	*14.0	9.3	11.6	10.1	17.5	22.7	
September ..	12.0	*13.7	9.3	11.4	10.0	17.6	22.6	
October ...	11.4	*13.6	9.5	11.8	10.4	18.7	21.9	
November ..	11.0	*13.5	9.9	12.1	11.0	19.1	21.4	
December ..	10.4	*11.9	9.8	11.2	11.1	20.2	20.9	

* Excluding workpeople in the coal-mining industry who were disqualified for unemployment benefit owing to the dispute.

There was considerable improvement throughout the year in the textile and clothing trades and in the manufacture of iron and steel, with the exception of pig iron. On the other hand, building, coal-mining, engineering, motor vehicle manufacture, shipbuilding, hotel services and the distributive trades recorded a falling-off in activity.

The decline in the average level of wage rates in 1931 exceeded that of any year since 1922. The changes recorded in the industries for which statistics are available resulted in an aggregate net decrease of approximately £405,000 in the weekly full-time rates of some 3,000,000 workpeople, and in a net increase of about £5,000 in those of 46,000 workers. The groups most adversely affected by the fall in wages were Scottish and South Wales coal miners, railway engineers, operatives in the Yorkshire woollen and worsted trade, and boot and shoe and building employees. The average decrease in all industries during the year was equal to increased during 1931. Of the workers affected, 239,000 experienced an increase and 108,000 a reduction. The average net increase was 151,000 hours per week as compared with a decline of 873,000 hours in 1930. The bulk of the workers affected were employed in the coal-mining industry, where the application of the Coal Mines Act of 1930 resulted in the adoption of 7½-hour shifts.

II.—CONDITIONS IN PRINCIPAL COUNTRIES. CONTENTS.

	Page		Page		Page
A. Europe—		Switzerland	19	New Zealand	28
France	13	Central Europe	20	India	28
Germany	14	Scandinavia	23	South Africa	29
Italy	15	The Baltic States.....	24	Irish Free State	29
Russia	16				
Holland	17	B. British Empire—		C. Other Countries—	
Belgium	17	Canada	26	United States	30
Spain	18	Australia	27	Argentina	31
				Brazil	32
				Chile	32
				Other Latin American States	32
				Malaya and the Dutch East Indies.....	34
				Japan	34

A.—EUROPE.

FRANCE.

During the past year the general economic crisis made itself very much more felt in France, and the effect of this can be traced in practically the whole of the figures given below, as representing the comparative result of the national effort during the year.

Trade and Production.—Exports totalled 30,421,327,000 francs (30,329,434 tons), as compared with 42,835,000,000 francs (36,680,000 tons), and imports 42,199,000,000 francs (58,095,899 tons), against 52,510,800,000 francs (60,920,000 tons) in 1930. All categories under both headings were smaller, with the exception of imports of foodstuffs, which were nearly 20 per cent. larger owing to two poor wheat harvests in succession. Steel production totalled 7,800,000,000 tons, against 9,447,000,000 tons in 1930. The number of blast furnaces in activity in December was 90, against 138 in the corresponding month of 1930. Coal output totalled 51,062,000 tons, against 55,026,000 tons in 1930. Imported coal amounted to 28,900,000 tons, including 5,800,000 tons from the Saar district. The general index of industrial production, which reached high record levels at 144 during the earlier months of 1930 (1913 = 100) and which stood at 134 in December, 1930, dropped to 115 in November, as compared with means of 140 in 1930, 139 in 1929, and 127 in 1928. Rubber manufactures again took the lead and stood at 854 in November, as compared with means of 898 in 1930, 861 in 1929 and 587 in 1928. Motor-car production came next with 490, against means of 640, 657 and 610 for the previous three years. The figure for metallurgical output dropped from 119 in November, 1930, to 89 on November, 1931, textiles from 86 to 62 and leather from 104 to 99. All the other six great industries still remained above pre-war level. Railway receipts totalled 14,050,000,000 francs, against 15,471,000,000 francs in 1930, representing a decline of 9.18 per cent. in traffic and a drop of 9.54 per cent. per kilometre operated. The falling off in goods traffic revenue was 10.67 per cent., while that from passengers was 3.18 per cent. lower. All the lines showed a deficit on working, which totalled 2,600,000,000 francs on the year (as against 1,300,000,000 francs in 1930), plus a deficit on the common fund, the accumulated shortage on which now amounts to 5,000,000,000 francs. Inward shipping averaged 4,700,000 tons a month, against 5,058,000 tons in 1930, and means of 4,840,000 tons in 1929 and 4,363,000 tons in 1928. Outward tonnage was 4,000,000 tons a month, against 4,400,000 tons in 1930, 4,099,000 tons in 1929 and 3,868,000 tons in 1928. Bankruptcies and judicial liquidations totalled 9,874 (against 6,149), or an average of 823 per month, against means of 756, 726, and 684 for the previous three years.

Commodity Prices.—The general index figure of wholesale prices (1914 = 100) fell from 498 (101 gold) at the end of 1930 to 413 (84 gold) at the end of 1931, and gave a mean for the year of 461, as compared with 543 for 1930 and 623 and 634 for the previous two years. The figure for domestic products fell during the year from 565 to 471, and that for imported commodities from 377 to 308, the index for the former at

the end of December being within a shade of 55 per cent. higher than that for the latter (against a difference of 50 per cent. in December, 1930). The index for raw material prices dropped from 475 in December, 1930, to 370 at the end of 1931, and that for agricultural produce from 523 to 463. The index representing retail prices in Paris for 34 commodities of common household use (1913 = 100) fell from 646 to 563, against averages of 618 in 1930, and 621 and 584 for the previous two years. The cost-of-living index for a Paris working-class family of four persons at the end of August (the latest return yet available), covering clothing, food, rent, lighting, heating and sundries, was 565 (say 113 gold) as compared with averages of 581, 556 and 519 for 1930, 1929 and 1928 respectively.

Labour.—The number of workless in receipt of relief, which was only 11,952 in December, 1930, rose to 147,000 in December. Fluctuations were to some extent accounted for by a substantial reduction of entries of recruited foreign workers, which were reduced to the lowest minimum, although a certain number of units were still required to meet the chronic shortage of farm workers. Ministry of Labour figures for December, based on data drawn from 8,856 industrial establishments (including mines) employing at least 100 hands, indicated that the total number of units then employed was 2,526,945, against 2,889,500 in December, 1930, representing a decline of a shade over 2½ per cent. on the year.

Crops.—The wheat crop is officially estimated as 72,882,000 quintals, compared with 62,900,000 quintals in 1930, 87,053,000 quintals in 1929, and consumption requirements of around 87,000,000 quintals, thus leaving a deficit of some 15,000,000 quintals. Potatoes registered a bumper crop of 26,428,000 quintals, against 11,954,000 quintals in 1930. The wine harvest is estimated as representing 55,000,000 hectolitres, against 42,000,000 in 1930, 63,000,000 in 1929, and 58,000,000 in 1928.

Money and Stocks.—The Bank of France discount rate was reduced from 2½ per cent. to 2 per cent. on January 2nd and was again raised to 2½ per cent. on October 9th. The rate for advances on securities remained unchanged throughout the year at 4½ per cent. The average net return from issues of fixed yield, which stood at 3.95 per cent. in December, 1930, rose by the end of the past year to 4.31 per cent., that from issues of variable yield moving up similarly from 4.28 per cent. to 5.31 per cent. The net yield offered by new bond issues, which had come down from 4½ per cent. at the end of 1930 to 4 per cent. in October, 1931 (after 5 per cent. in September), moved up to 5.45 per cent. in December, as compared with means of 4.69 per cent., 5.36 per cent. and 6.03 per cent. in 1930, 1929 and 1928 respectively. New issues of capital during the year totalled 16,442,000,000 francs, against 21,925,000,000 francs in 1930. Of the year's total 14,500,000,000 francs consisted of new bond issues—the majority of which were Crédit Foncier and other conversion issues and railway bond offerings—against 17,538 millions in 1930; 1,600,000,000 francs represented additional capital shares issued by old companies and 486,000,000 francs share capital of new companies (against 622 millions in 1930, 996 millions in 1929 and 1,068 millions in 1928). The only foreign

issues were small offerings on behalf of Roumania and other Powers closely associated with French policy.

Public Finance.—The national finances were seriously disturbed by the cessation of German reparation payments under the Hoover moratorium of July, and practical comparisons are impossible, owing to the change in the duration of the financial year. The total revenue from ordinary Budget sources for the first nine months of the financial year, down to the end of 1931, was 34,325,508,000 francs, or 1,187,115,000 francs less than in the corresponding period of 1930. Total recoveries were 49,000,000 francs in excess of Budget estimates, this being entirely due to increased yield from Customs owing to revision upwards of many of the import taxes during the past year. December was the least productive month since the beginning of the current financial year, and it is now known that the twelve months will result in a substantial deficit. During the twelve months of 1931 the Caisse d'Amortissement had a net revenue of 7,136,895,000 francs, or 313,687,000 francs less than in 1930. Of this total 4,581,000,000 francs represented the net yield from the tobacco monopoly, which was 40,000,000 francs larger than in the previous year. The sum of about 2,000 millions, forming part of the deficit on the 1930 Budget, having been charged to the Caisse d'Amortissement, the total available for direct debt reduction by that institution during 1931 was correspondingly diminished. An outstanding feature of the public finances in 1931 was the enormously increased accumulation of capital by the Caisse des Dépôts et Consignations, whose total holdings at the end of the year amounted to over 75,000,000,000 francs, the bulk of which is invested in Rentes and other standard State and semi-State issues. The swollen proportions of the holdings have been due to the raising, a year or so ago, of the maximum limit for savings bank deposit accounts to 20,000 francs and to the assumption by the Caisse of the management of the capitalisation funds of the national insurance system.

Bank of France.—During the year the Bank of France gold reserve was increased from an average total of 30,652 millions in 1928, 37,000 millions in 1929 and 46,000 millions in 1930 to 68,271 millions in December. The note circulation, which averaged 60,000 millions in 1928 and rose to 75,750 millions by the end of 1930, totalled at the end of December last 83,494 millions. The Bank's stock of foreign exchange, which was originally accumulated with a view to the legal stabilisation of the franc in 1928, when it averaged 31,540 millions, and which had been reduced to 26,000 millions by the end of 1930, stood on December 30th last at 22,368 millions, and has since still further diminished. During the year the gold cover for total sight engagements, which averaged 39.12 per cent. in 1928, and stood at 53½ per cent. at the end of 1930, rose to 60.3 per cent., the legal minimum being 35 per cent. By special conventions passed between the Government, the Caisse d'Amortissement and the bank towards the end of the year, Parliamentary sanction was given to a scheme under which the bulk of the bank's heavy losses in connection with its stock of sterling exchange, owing to the drop in the pound, is being reimbursed from the State's own resources.

GERMANY.

The year 1931 will be remembered in Germany as the year of the international credit catastrophe. A panic among creditors led to the withdrawal or attempted withdrawal of almost all short-term credits. Owing to her extraordinarily large foreign indebtedness, Germany suffered sooner and more severely than other countries from the international calling-in of credits.

Banking.—The withdrawal of foreign credits from Germany began on September 14, 1930, with the great success of the Hitler Party at the elections. In the autumn of 1930, the Reichsbank had to provide nearly Rm. 1,000 millions in gold and foreign exchange, to

meet foreign credits withdrawn from the German private banks, and the sales of securities by foreigners on the German stock exchanges. In the first five months of 1931 the position grew quieter and there was even a slight return flow of foreign capital into Germany. By the end of May, however, the situation had grown acute. Between the end of May and the middle of July the German banks paid back Rm. 3,000 millions abroad, for the most part out of the gold and exchange reserves of the Reichsbank. In spite of the effective assistance of the central banks, the Danatbank was obliged to suspend payments on July 13th, and bank holidays were declared in consequence of a run on all the German banking houses. Thanks to statesmanlike measures of assistance for several banks, the domestic credit crisis was surmounted, while external credit relations were regulated by the Basle Standstill Agreement of August 19th. In spite of standstill agreements the German banks repaid Rm. 1,250 millions foreign credits during the remainder of the year, but the total of Germany's short-term foreign indebtedness still stands at over Rm. 7,000 millions.

Money and Stock Exchanges.—Until June, 1931, the money markets were liquid, with discount rate at 5 per cent. and one month money at about 5½ per cent., while the stock exchanges showed little change. With the reduction in the amount of foreign capital available to Germany, rates rose rapidly, and in July the Reichsbank discount rate was 15 per cent. After the re-opening of the banks in August, the interest level fluctuated about 10 per cent. and was not reduced until Government compulsion was applied in the emergency decree of December 8th. The rate of interest on mortgages, mortgage bonds and loans was reduced on the average by one quarter and the rates charged and paid by the private banks were also modified. Since the emergency decree the Reichsbank rate has been 7 per cent.

The stock exchanges were closed from July 13th to the beginning of September, and after a short period of activity were again closed on September 18th, after Britain's departure from the gold standard. There has since been an unregulated trade in securities, conducted by telephone between the banks. Publication of the rates at which these transactions are effected is forbidden as the Government fears that their publication might cause uneasiness. On the average, German stocks and shares have lost about half their value during 1931.

Industry.—The decline in industrial activity has not proceeded as rapidly as the development of credit difficulties, but the industrial depression was intensified during the second half of the year by calling in of bank loans and the impossibility of obtaining fresh credit. Building operations in particular were almost brought to a standstill in consequence, and the steel mills, rolling mills, and engineering works were severely affected. Conditions in the textiles, paper and food industries remained more satisfactory. The total volume of German production declined 36 per cent. in two and a half years, and the number of unemployed, which never fell below 3,900,000 in 1931, passed the six million mark in January, 1932.

Foreign Trade.—German exports exceeded imports by nearly 3,000 million marks in 1931, against 1,650 millions in 1930. Imports were reduced by more than one-third owing to the very great decline in the home demand for industrial raw materials and for luxuries. Exports, on the other hand, only declined by 20 per cent., partly owing to the fact that manufactured goods, which form the principal part of Germany's exports, have fallen very much less in price on the world market than have raw materials. The chief cause, however, of the maintenance of German exports was the decline in the sale of manufactured goods on the domestic market. German industries were obliged to make much greater efforts than usual to sell abroad, in order to keep their works going, and were obliged to do all they could to obtain foreign exchange in payment

for their shipments in order to meet the demand for credit repayments abroad.

Prices and Wages.—The decline in prices continued during 1931, under the influence of the further decline in world prices and the contraction in domestic demand. In the course of two years, wholesale prices in Germany fell 30 per cent. on the average, whereas the cost of living index only fell from its peak of 155 in 1929 to 130 in December. The provisions of the emergency decree of December 8th, which did not come into effect until 1932, are expected to bring down this index to about 115. They include reductions in rent and in the retail prices of certain articles. Wages and salaries underwent a greater reduction than prices, and must have come down some 20 per cent. on the average during 1931. Industrial wages in general have fallen to the level of 1926, or below.

Agriculture.—The prices of certain German agricultural products scarcely fell at all during 1931. The agricultural crisis became so acute that the Government took steps, by means of duties, to reduce to the absolutely necessary minimum imports of those foreign agricultural products which compete with German products. The price of a ton of wheat in Berlin at the end of December, 1931, was Rm. 225, against Rm. 250 a year before.

The crisis found German agriculture in a state of extreme indebtedness. In the Eastern provinces especially, the interest payments due during the year could not be completely met and the Government was obliged to protect farmers by introducing something in the nature of a moratorium. Thanks to these measures the selling up of thousands of estates has for the time being been avoided, but there is at the moment no prospect of setting German agriculture on a sound basis.

Public Finance.—The crisis upset all tax revenue estimates. The financial year ended March 31, 1931, closed with an expenditure of Rm. 11,900 millions and a deficit of only a few hundred millions. The Budget for 1931-32, drawn up at the beginning of 1931, estimated revenue and expenditure, after reductions in all salaries, heavy curtailments of expenditure, and some increases in taxation, at 10,700 millions. This Budget had to be adjusted three times in the course of 1931. Expenditure grew to some Rm. 700 millions more than the original estimates, in consequence of the increased burden of unemployment. Receipts from existing taxes on the other hand were 1,700 millions less. The serious deficit thus involved was met by new taxes (principally by the emergency supplement to the income tax), fresh reductions in expenditure, and the saving effected by the Hoover moratorium. This last item alone amounts to Rm. 1,227 millions for the Budget year 1931-32. Without this saving it would have been impossible to balance the Budget. As it is, it was achieved, with the utmost effort, with revenue and expenditure at Rm. 9,800 millions. The Budget for 1932-33, however, is a cause for far more serious anxiety.

	1929.	1930.	1931.
Trade :			
Imports million marks	13,447	10,393	6,721
Exports million marks	13,484	12,035	9,599
Industrial output :			
Coal thous. tons	164,440	140,019	119,200
Pig iron thous. tons	13,401	9,694	6,063
Steel thous. tons	16,246	11,538	8,291
Production indices (end Dec.)	96	79	63
Transport :			
Thousand trucks loaded ...	45,630	39,120	33,800
Crops :			
Wheat and rye... thous. tons	11,655	11,606	11,046
Raw sugar thous. tons	1,985	2,547	1,550
Price indices (end December)			
(1913 = 100) :			
General	137.2	117.8	103.7
Agricultural products	130.2	110.4	94.5
Industrial raw material ...	131.9	109.9	96.5
Cost of living	153.8	141.6	130.4
Finance :			
Revenue mill. mks.	10,100	10,959*	†9,300
Expenditure mill. mks.	10,398	11,775*	†9,300

* Estimates, 1930-31.

† Estimates, 1931-32.

	1929.	1930.	1931.
Note circulation at end Dec.			
mill. mks.	5,044	4,778	4,776
Gold reserve at end December			
mill. mks.	2,283	2,216	984
Foreign exchange reserve at end			
December mill. mks.	404	469	172
Time money (monthly average)			
per cent.	8.08	6.70	8.10
Savings bank deposits at end			
December mill. mks.	9,015	10,345	9,745
Capital issues :			
Home bonds	585	359	355
Home shares	513	312	206
Long-term foreign loans re-			
ceived mill. mks.	370	1,400	185
Stock Exchange index, end			
December	126.5	90.5	45†
Bankruptcies number	9,852	11,341	13,304
Total unemployed, Dec. 31st...	2,895,000	4,384,000	5,666,000

† Index of the Deutsche Volkswirt for December 2nd.

ITALY.

Foreign Trade.—Imports and exports both contracted in 1931, but whereas, according to the statistics published by the General Confederation of Industry, prices went down to 50 and 49.7 per cent. of the 1925 basis, respectively, for the first nine months of the year, quantities decreased to 89.3 per cent. for imports and increased to 108.7 for exports. The index of export prices, according to Bachi, is only 274 on a 1913 basis, against 350 for import prices. As these indices do not relate to the same goods, we cannot infer from them that Italian goods are being dumped in foreign markets; but, especially after the slump in sterling, Italian manufacturers are keeping their hold on foreign markets only by selling without any profit at all. As the surplus of imports over exports did not exceed 1,600 million lire, and the other items of the balance of payments probably offset it, a different explanation must be sought for the decrease from 9,624.3 million lire at December 31, 1930, to 7,796.4 at December 31, 1931, of the gold and gold exchange reserves of the Bank of Italy.

Crops.—Wheat had a fairly good year, whereas other crops were less bountiful. As the price of the wheat after the harvest sank as low as 700 lire per ton, duties were raised to 750 lire, and a wheat quota of 95 per cent. for national wheat was made compulsory for millers. The price rose to 1,000 per ton, and by the end of January, 1932, to 1,100. A National Rice Institute was created, which, by giving an export bounty now fixed at 310 per ton, kept the price at 700 lire, well above the international 450 lire level.

Industry.—The only industries which showed increased activity were rayon and aluminium; in all other fields there was a slowing down, which was in certain instances very pronounced. The building permits for 17 cities decreased from 187,355 rooms in 1929 to 149,740 in 1930, and 92,509 in 1931. Permits, moreover, now not infrequently remain on paper. In the country, rural building is at a standstill, offering a faithful index of the bad plight of farmers. There are many empty flats available and nobody to rent them, especially in old houses. Electric power consumption is well maintained, at the expense of coal imports, which were probably reduced by 2 million tons. Imports of oil and gasoline are also falling; and sales of automobiles are still further reduced.

Prices, Wages, Cost of Living, Average.—Wholesale prices for the year are well under the stabilisation level: the average for 1931 was 341.6 (92.4 gold), the index for the end of December 326.9 (86.5 gold). The cost of living, which in 1929 was lower than the wholesale prices index level (445.6, against 480.7) was in 1931 higher (388.7, against 341.6). In the second half of the year the cost of living diminished slightly to 381.6; and to 340.2 at December 1st. Wages were maintained better with a reduction of about 13 per cent. under the 1929 level; but not unfrequently men are content with wages lower than the trade union rates. Unemployment, moreover, is rising: in 1931 the minimum was

573,593 at the end of June, against 322,291 at the same date in 1930; and the maximum was 982,321, against 642,169 in 1930 (December).

Savings and New Capital Issues.—The great decrease of building permits is an index of decreased direct investments. Indirect investments through banks and bourses are practically nil. The only increasing item is deposits in postal saving banks; but here also the 1,025 million lire increase in the first 11 months of the year is less than the increase of postal certificates (+ 1,339 millions), which give a yield of from 5 to 6 per cent., and are part of postal saving banks deposits. Thus, almost the only important source of new savings is tapped by the public exchequer and used to keep a big State current account at the Bank of Italy, for the sake of keeping down circulation. Other increases in ordinary saving banks and other banks are small. Investment in joint stock companies is for the first time a negative quantity, owing to losses and winding-up of badly-managed or speculative companies.

Money and Stock Exchanges.—Stock Exchanges were practically non-existent for the whole year, with the public absent, and operators forced to squeeze a living out of a dwindling market. The official rate of discount increased from 5.50 to 7 per cent. on September 28th, after England went off the gold standard. First-class commercial paper could be discounted at from 5.25 to 5.75 in the first four months of the year; then there was a relaxation to 4.75-5.50; rising again to 6-7.25 after September. Prolongation rates kept very low for the whole year for State consols, from par to 5 per cent.; while on first-rate industrial securities money could be had from 4.75 to 7 per cent. Foreign exchanges did not depart, until May, from the higher gold point, hovering between 19.09 and 19.10 lire per dollar. Afterwards, the monthly average rates rose from 19.101 in June to 19.118 in August, 19.255 in September (occasionally touching 20-21 towards the end of the month) and 19.438 in December. Stringent regulations were enacted to prevent further rise. At the end of January, 1932, the lira, disregarding the stabilisation legal gold points, seems to be pegged to the 19.70 level.

Public Finance.—The financial year 1930-31 closed with a deficit of 895.9 million lire, but with an excess of cash payments over cash revenue of only 408.5 millions. The first semester of the current fiscal year, July to December, 1931, closes with a bigger deficit of 1,668.9 million lire. As usual, the cash situation is better, because cash revenue exceeds cash payments (on account of effective current revenue and expenditure) by 555.5 millions. Public internal debts, which rose from 88,102 million lire at June 30, 1930, to 91,442 millions at June 30, 1931, decreased to 91,418 at December 31.

	1929.	1930.	1931.
Trade (million lire):			
Imports	21,303	17,325	11,624
Exports	14,884	12,115	10,040
Agricultural production (1,000 tons):			
Wheat	7,079	5,717	6,748
Maize (spring)	2,434	2,850	1,883
Rice (raw)	674	650	631
Potatoes	2,008	1,954	1,503
Raisins	6,492	5,862	5,567
Hemp	90	91	57
Sugar beet	2,924	3,049	2,371
Industrial output (1,000 tons):			
Pig iron	678	534	509
Steel	2,143	1,774	1,453
Sheet iron	1,952	1,637	1,254*
Quicksilver	2	1.9	1.2
Aluminium	7	9	11
Cement (monthly average)	291	290	263*
Superphosphates (monthly average)	109	116	68*
Paper (monthly average) ...	29	28	27*
Rayon (monthly average)...	2.7	2.5	2.9*

Industrial production:			
Building permits in 17 cities (number of rooms).....	187,355	149,740	92,509
Electric power (hydro- and thermo-electric, produced and imported) mill. k.w.	9,745	10,189	9,146*

* Eleven months.

Imports of coal (1,000 tons):	1929.	1930.	1931.
Commercial.....	11,480	11,020	8,729*
Reparations	3,122	2,371	1,470*
Imports of oil, gasoline, etc. (1,000 tons)	699	739	461
Consumption of cotton in years ending July 31 (1,000 bales)	1,038	1,001	788
Transport:			
State railways:			
Commercial goods loaded (1,000 tons)	60,343	53,599	44,190
Number of passengers carried..... (1,000)	116,891	104,881	88,433
Traffic receipts (million lire)	4,660	4,268	3,455
Goods entered and sent by sea..... (1,000 tons)	36,772	35,627	32,437
Prices, cost of living, wages:			
Index of wholesale prices, Milan (1913=100):			
Pre-war gold lire	130.5	111.6	92.4
Current lire	480.7	411.0	341.6
Cost of living, national (first half 1914=100).....	445.6	430.5	388.7
Wages (July, 1928 to June, 1929=100) end December	102.1	95.5	89†
Unemployed, end December (1,000)	408.7	642.2	972.3
Money market, finance (end of December, and million lire, when not otherwise stated):			
Note circulation	16,774	15,580	14,236
Gold reserve	5,190	5,297	5,626
Foreign exchange reserve....	5,191	4,327	2,170
Post office savings banks deposits	11,774	13,047	14,072†
Other savings banks deposits	16,158	17,229	17,654†
Net yearly increase of share capital of joint-stock companies	4,645	2,685	-1,428
Stock exchanges (December, 1925=100):			
Index of 35 leading shares	81.2	66.4	50.1
Index of 14 Milan debentures)	99.3	102.0	103.7
Clearings (total of year).....	741,144	664,445	607,928
Bankruptcies (total of year)	12,906	15,789	20,763
State revenue (year ending June 30)	20,201	19,838	20,084
State expenditure (year ending June 30)	19,646	19,668	20,980
Public internal debt (June 30)	87,134	88,102	91,442

* Eleven Months.

† End of November. ‡ End of October.

RUSSIA.

As the three months ended December 31, 1930, were constituted a special "shock quarter," the Soviet economic year is now coincident with the calendar year. The past twelve months have witnessed the completion of the third phase of the Piatiletka, or Five Year Plan of economic development. The Soviet Union has, so far, been relatively immune from the worst of the world economic depression, the decline in export values being to some extent counteracted by the increase in short credit facilities.

Currency and Credit.—The last available figures relating to the currency position in the U.S.S.R. show that on February 1, 1931, the total currency outstanding amounted to 4,285.3 million roubles, compared with 2,686.6 million roubles on February 1, 1930, and 4,311.8 million roubles on November 1, 1930. In the early part of the year the commercial credit system used in internal business relations was entirely overhauled to eliminate unnecessary stages and provide a better check on decentralised activities.

Finance.—The unified Budget for 1931 (after taking into consideration alterations made as a result of the foregoing credit changes) was fixed at 19 milliard roubles, while the revenue was actually 20.45 milliard roubles. The shortage of income resulting from the incomplete realisation of the Plan was balanced by excess revenue from the Post and Telegraph Department and the Insurance Department and by State Loans. In 1931, though the total national income, expressed in roubles, at 1926-7 prices, failed to reach

the amount estimated, it nevertheless revealed an increase of 13.2 per cent. compared with the previous twelve months, industry contributing roughly 35 per cent. of the whole amount. The "Socialist sector" (i.e., State and co-operative industry, State and collective farms, etc.) provided 81.5 per cent. of the national income, compared with 52.7 per cent. in 1928. Estimates for 1932 envisage an increase in the Budget total from 20,454 million roubles to 27,429 million roubles.

Agriculture.—The process of eliminating individual peasant farms and substituting the co-operative "kolhozi" and the State farms or "sovhozi" continued apace in 1931. Whereas in 1928 only 1.7 per cent. of peasant holdings were "collectivised" and in 1929 3.9 per cent., by 1930 the percentage of "collectivised" farms had risen to 23.6 per cent., and by 1931 the great proportion of poor and "middle" peasants had entered the "collectives," so that 62.2 per cent. of the peasant holdings and 79 per cent. of the land were brought inside the "socialised sector." By the end of the year over 2½ million members of the State and co-operative farms had been trained to use tractors, while the level of agricultural technique showed a marked advance. According to the Piatiletka, the area under cultivation in the fifth year was to have been 141 million hectares, but in 1931 the area was 137½ million hectares, and the planned total is expected to be comfortably achieved in 1932. The sum of 3,600 million roubles was invested in agriculture in 1931, and this amount is to be increased to 4,360 million roubles in the forthcoming year.

Industry.—Industrial output during 1931 advanced by a little over 20 per cent., but the Plan was only partially fulfilled, such adverse factors as inadequate transport facilities, shortage of skilled workers and "unplanned" mobility militating against complete success. Coal output, though it amounted to 57,600 thousand tons, against 45,700 thousand tons in 1929-30, was still well below the planned estimates. Pig-iron output at 4,900 thousand tons was actually below the production for the last complete year, and so was the output of steel at 5,350 thousand tons. In the case of oil, tractors and other machinery, the estimates of the Piatiletka have already been exceeded. Industrial output as a whole was valued in 1931, at 1926-7 prices, at more than 70 per cent. of the 30,455 million roubles planned for the end of the Piatiletka. Special efforts are being made in 1932 to raise the production of coal, iron and steel, and it is anticipated that, quantitatively, on most points, the Five Year Plan for industry will be completed by the end of 1932.

HOLLAND.

Almost all branches of trade and industry suffered the disastrous effects of the general depression in 1931 to a very pronounced degree. For a long time Holland had enjoyed comparative immunity from the economic reverses suffered abroad, and conditions were still satisfactory in 1930. This, however, gradually changed in 1931, and Holland began to feel the effects of the continual decline of prices and the difficulties of marketing abroad.

As Holland is principally dependent upon exports, this entails a great handicap, and so far there is no ray of hope of relief. One result has been that Holland has decided to have recourse to quota systems in order to keep imports within bounds. In addition, negotiations are being conducted with the object of closer co-operation with Belgium in respect of commercial policy.

Trade and Prices.—The trade returns for 1931 show a very steep decline in both imports and exports. The stagnation of international commerce is also distinctly expressed in the decreased shipping traffic, which in turn has had a detrimental influence on the shipbuilding industry. The continued downward course of prices, which has not yet been brought to a standstill, has induced many industries to have recourse to wage cuts, and this, in turn, has involved labour disputes.

Public Finance.—The situation of the public finances has led to an all-round cut in the salaries of Government employees. The Government was compelled to resort to economies in order to balance the 1932 Budget. New taxes and a general increase in the import duties from 8 per cent. to 10 per cent. were also introduced to improve the position of the State finances and avert a threatened budget deficit.

Stock Exchange.—Towards the end of the year conversion of loans had to be dropped, as the stock exchange situation was such that further issues of State or municipal loans had become out of the question. The powerful gold position of our circulation bank, however, soon stimulated the return of confidence. The Netherlands Bank's stock of gold doubled in the course of 1931. The general disquietude among the public led to hoarding of bank notes and gold, with the result that the bank note circulation of the Netherlands Bank rose to well over 1,000,000,000 guilders. On the other hand, deposits with the Post Office Savings Bank rose very considerably. In consequence of the prevailing crisis and the steep decline of security quotations, new issues of shares were confined to a most diminutive amount. Issues for account of foreign borrowers were also almost entirely absent.

	1929.	1930.	1931.
Trade:			
Imports (in million guilders) ...	2,752	2,418	1,893
Exports (in million guilders) ...	1,989	1,719	1,312
Industrial output:			
Coalminers at work (number) (monthly average)	35,485	37,553	38,188
Coal (thous. tons).....	11,582	12,224	12,901
Electric power (mill. kw.)	16.06	18.18	17.78†
Salt sold by the salt works (in tons)	44,914	50,067	51,951†
Transport:			
Railway receipts (mill. guilders)	180.8	175.5	163.3
Shipping entered (in mill. m³)*	72.22	71.36	56.94†
Shipping cleared (in mill. m³)*	49.42	47.94	42.76†
Ships arriving at Rotterdam:			
Number	12,635	12,043	10,759
Tonnage (1,000 tons)	21,317	20,487	17,568
Agriculture:			
Sugar beet (raw and refined sugar in mill. kg.)	288.54	238.06	153.95†
Price indices (monthly average):			
Wholesale (1913 = 100)			
General	142	117	97
Foodstuffs	149	119	101
Finance (million guilders):			
Note circulation (end Dec.) ...	818	843	1,052
Gold reserve (end Dec.)	447	426	879
Foreign exchange reserve (end Dec.)	220	246	84
Postal savings banks—			
Deposits (end Nov.).....	372.5	363.8	423
Capital issues (million guilders):			
Bonds.....	179	571	328
Shares	298	30	9
Foreign	144	249	41
Home	333	352	296
Stock Exchange Index:			
December	100	65	34
Tax on stock dealings (f.1,000) ...	8,530	4,721	4,138
Bankruptcies	2,781	3,171	3,553
Total budget (f.1,000):			
Expenditure	782,872	708,735	767,900
Revenue	645,950	648,893	657,306
Prolongation rate	4.879	2.1445	1.6005

* 2.83 m³ = 1 ton. † Eleven months.

BELGIUM.

Production, Prices and Traffic.—General activity seemed stable until the beginning of summer, when the effects of credit pressure arising out of the general state of affairs in Central Europe began to be felt in Belgium. The metallurgical industry operated at 77.5 per cent. of its record output, which was reached in 1929. Compared with the figures of 1930 its output declined 5 per cent. There were only 43 blast furnaces in activity towards the end of the year, against 44 and 58 at the corresponding date in 1930 and in 1929 respectively. In the course of the year the stocks of un-

sold coal increased 1,050,000 tons (42 per cent.), a reduction in wages and the August agreement curtailing coal imports prevented a further increase in the unsold stocks at the pithead. Out of 159,000 hands employed in the collieries at the beginning of the year, 9,000 were no longer so occupied by December. Activity in the textile industry remained on the reduced basis of autumn, 1930, but there was a slight temporary recovery in August and September.

Wholesale prices by December, 1931, had fallen 30 per cent. below the average of 1928, against 20 per cent. only at the end of 1930. In the course of 1931 the cost of living has decreased and retail prices, which fell 12 per cent., are still on the decline. Wages have been curtailed in private enterprises in accordance with the fall in the cost-of-living index, while public servants and railway employees, whose salaries were cut only 6 per cent. on April 1st (small salaries were exempted) have enjoyed a preferential position.

An improvement appeared in the labour market towards May when there were only 56,000 totally and 97,000 partially unemployed against, respectively, 80,000 and 126,000 in the beginning of the year. Unemployment increased again from seasonal causes in November and December; on December 5th there were 94,000 totally and 135,000 partially out of work.

As the fall in prices has affected raw materials more than manufactured goods and imports of raw materials have declined, Belgium's foreign trade balance has become less unfavourable; the deficit of the commercial balance amounts to 828 million francs only, against 4,701 million francs in 1930 and 3,276 millions in 1929.

Money, Exchange and Stock Market.—The money market has been very easy. From August, 1930, till January 13, 1932, the Bank rate stood unchanged at 2½ per cent.; the private rate of discount has varied very little at or about 2½ per cent. against an average of 2½ for 1930, but banks have been more difficult in regard to the quality of paper discounted. Call money has been very abundant and has been granted at very low rates though less easily. Monthly averages varied between 1.27 per cent. (in April) and 0.78 (in July); it averaged 1.068 in December.

The Belgian saving public hesitated in 1931 to invest as usual its capital at long term, being anxious to have it accessible at any moment. The excess of deposits at the Caisse d'Epargne over withdrawals, which was 2,800 millions in 1930, 1,800 millions in 1929, and 750 millions in 1928, amounts to about 1,472 millions only for 1931, because of hoarding in banknotes and reduction in income.

Until September, 1931, gold bills constituted part of the note cover of the National Bank of Belgium, from then onwards they were excluded and gradually transformed into gold. Increases in the deposits of earmarked gold as well as very substantial arrivals of gold ingots greatly strengthened that gold reserve, which increased by 5,992 million francs (about 90 per cent.) in the course of 1931. The general trust in the Belgian currency has caused the belga to stand at a premium in the exchange market, even in ratio to the French franc except in September, when it stood at a ½ per cent. discount.

Public Finance.—During the year taxation receipts totalled only 8,430 million francs, against 8,184 millions for 1930. Reduction in the State's indebtedness (expressed in francs) in respect of sterling public loans retrieved the loss of £12,700,000 suffered on the sterling portfolio of the National Bank. For the fiscal year 1930 the accounts show that the deficiency in taxation revenue in relation to estimates amounted to 254 million francs. In July, finance bills were passed in Parliament raising taxation revenue 1,300 millions per annum; a 300 millions increase was again adopted later on. For the fiscal year 1931 taxation receipts have not declined more than 167 millions, or about 2 per cent., in ratio to budgetary estimates; nevertheless, the fiscal year 1931 will leave a large deficit, estimated at 1,903 million francs, due mainly to declines in non-taxation revenue, especially repara-

tion payments and the State share in the profits of the National Railway Company's. In June the Government contracted an internal one milliard franc loan redeemable in 75 years under the form of 5 per cents. The Government securities which were offered for public subscription at 96 were quoted at the end of the year at 74. On September 30, 1931, the Public debt totalled 52,668 million francs; 26,945 millions of internal and 25,723 millions of external debt (War Debt included).

BELGIUM.			
(000's omitted.)			
Trade:	1929.	1930.	1931.
Imports (francs)	35,510,747	31,041,317	23,964,000
Exports (francs)	31,865,430	28,340,409	23,236,000
Industrial output:			
Coal (thousand metric tons) ..	26,928	27,406	27,035
Pig iron	4,096	3,393	3,230
Steel	4,011	3,270	3,050
Unsold coal	322	2,485	3,543
(at end December).			
Production index (1913=100):			
Coal	118	120	118
Pig iron	164	136	129
Steel	167	136	127
Transport:			
Railway receipts (francs)...	3,547,000	3,560,000	3,085,000
Thousand trucks loaded ...	9,434	10,284	9,300
Shipping, entrances Antwerp (thousands gross registered tons).....	24,327	23,465	22,388
Price indices (monthly average) (1914=100):			
Wholesale, paper	851	744	635*
" gold	123	107	91*
Retail, paper	875	874	797
" gold	126	126	114
Finance:			
Note circulation at December 25th (francs)	13,437,000	15,818,000	18,015,000
Gold reserve	5,785,000	6,773,000	12,751,000*
Foreign exchange reserve ..	2,796,000	4,384,000	Nil
Deposits at State Savings Bank	5,449,000	7,768,000	9,240,000
Capital issued:—Bonds ...	237,000	877,000	900,000
Shares ...	14,728,000	4,479,000	3,200,000
Stock Exchange index: (January 1, 1928=100) (end December).			
Bonds	113	120	111
Shares	76	56	38
Dividends (francs)	3,478,000	4,030,000	3,650,000*
State taxation receipts ...	9,836,000	8,134,000	7,430,000

* Provisional estimates.

SPAIN.

The past year has witnessed a radical modification in the political structure of Spain consequent on the change from a monarchy to a republic. If the attempt now being made by the Government to restore confidence amongst the producing elements of the country is successful, the economic crisis through which Spain is now passing should be considerably mitigated in the near future.

The depreciation of the currency continued during the past year and reached over 80 per cent. as compared with dollar quotations in 1930. The advantages which would have accrued to the Spanish export trade through the low price of the peseta were nullified to a great extent by the world crisis and by the abandonment of the gold standard in Great Britain.

Production and Trade.—While the full effect of recent social troubles has not yet been felt in agriculture, the production of cereals was on the whole lower than in 1930. The wheat crop amounted to 3,266,000 metric tons, against 3,973,000; on the other hand the olive crop, at present being collected, promises a considerable increase over last year's figures which were, however, exceptionally low. The exports of wine show an increase in quantity from 232,747 tons in 1930 to 274,681 tons in 1931, but the total value dropped from 138,914,000 gold pesetas to 57,707,000 in the same period. Experts are unanimous in predicting a poor production of wine in 1932. The quantities of mineral

ores extracted up to December 1st show the following decreases:—iron, 2,927,754 tons (against 4,860,000 tons in 1930); copper, 2,603,292 tons (against 3,280,000); lead, 111,175 tons (against 121,885); while the production of coal, including anthracite and lignite, has risen slightly to 6,971,390 tons (against 6,614,000 tons in 1930). The value of mineral ores exported in 1931 fell to £5,679,000 gold from £13,032,000 in the previous year. The iron and steel industries continue to decline, the production to December 1st being 457,373 tons of pig iron and 576,086 tons of steel, against 558,279 and 790,900 tons respectively in 1930. Other metals show the following increases:—zinc, 10,042 tons, against 9,307 in 1930; copper, 23,414 tons, against 21,650. Lead, however, is down somewhat at 112,554 tons, against 115,224 tons in the previous year.

Trade on the whole has been bad except for some of the poorer qualities of textiles. Imports of automobiles, machinery, raw cotton and chemical products reflected the general depression and fell considerably, especially towards the end of the year. Exports were correspondingly lower owing to unfavourable conditions abroad. The exports of finished goods during the first eleven months of 1931 amounted to 143,601 tons, as against 177,000 tons in 1930. Raw materials exported during the same period dropped from 6,895,609 in 1930 to 4,275,235 tons in 1931. The official figures for the first eleven months of 1931 place the value of imports at £42,740,000 gold (£88,500,000 in 1930), and that of exports at £35,730,000 gold (£81,100,000 in 1930).

Finance, Prices and Stock Exchange.—Contrary to the general custom, the total figures of public revenue have not yet been disclosed, nor are the estimates for 1932 available, but the partial results show substantial decreases under the following headings:—industrial tax; customs (78 million pesetas less than in 1930); stamp duties; tobacco (imports diminished by 16 million gold pesetas); lotteries and petrol. Small increases are recorded in:—real estate duty, income tax, death duties and manufacturing dues on sugar and alcohol. No public issue of bonds has been made by the Spanish Government since 1929, and the amount of industrial securities issued was only 593 millions, as compared with 745 millions in 1930 and 1,895 millions in 1929. Of the total amount of industrial and other issues in 1931 (705 millions against 908 millions in 1930), 378 millions were offered in the form of bonds, the average return on which was 5.65 per cent. per annum. Towards the end of the year there was a large amount of money in the market awaiting reinvestment, as was evidenced by cheap call money and the sharp improvement in the prices of Government bonds, but there has been no attempt to attract it to the development of industry, apart from an issue of shares by the Metropolitan Railway Company of Madrid, which was considerably oversubscribed. The Stock Exchange has been depressed throughout the greater part of the year, quotations reaching an unprecedented low figure in spite of official intervention in the market and severe restrictions on forward operations. In the month of December a sharp reaction took place and in some cases the average 1930 prices were regained, the year closing in an atmosphere of optimism.

The general index of the cost of living has risen from 171.6 in 1930 to 175, the principal increase being in foodstuffs, which stood at 178 in 1930 as compared with 184 for the current year. The tendency, however, showed a decline towards the end of the year, especially in the food index, which may possibly have been influenced by economic developments in England. The premium on gold for the payment of Customs dues rose to 132.86 per cent., as against 83.40 per cent. at the end of December, 1930, and 39.58 per cent. at the same period of 1929. The average monthly price of the pound, which was 46.70 pesetas in January, rose steadily until in August it reached 55.19, after which there was a sharp drop to 50.60 in September, 43.88 in October and 43.54 in November. The year ended with sterling quoted in Madrid at 40.40 pesetas.

SWITZERLAND.

From the economic point of view 1931 was the worst year experienced in Switzerland since 1922. Trade and industry were strongly affected by the general crisis and unemployment steadily rose after the middle of May, when 14,300 unemployed were registered; at the end of December there were over 40,000 unemployed, compared with 23,000 at the end of 1930. Unemployment is mainly concentrated in the watch-making, textiles and machine industries. Banking was active, thanks to the continued influx of foreign funds, but the world financial crisis resulted in the failure of half a dozen minor banks.

The accounts of the Swiss Confederation for 1930 will show a surplus of about 2,000,000 francs, instead of an estimated deficit of 4,500,000 francs. The Budget for 1932 estimates receipts at 409,100,000 francs, and expenditure at 418,200,000, thus leaving an estimated deficit of 9,100,000 francs. The public debt, which totalled 4,919,138,000 francs at the end of 1930 (including the floating debt) was increased by 17,409,000 francs during 1931 owing to a rise in the floating debt, but it is likely to be reduced by about 15,000,000 francs at the end of 1931. The consolidated debt has been lowered during 1931 from 1,888,272,000 francs to 1,870,200,000 francs. The Federal Railways offered some further facilities to travellers, but nevertheless their receipts were about 18,000,000 francs lower than in 1930. Thanks to the economies made in all departments, the surplus will be nearly 118,900,000 francs, as against 132,000,000 francs in 1930. The other Federal services—post, telegraph and telephone—registered smaller surpluses, but their financial situation remains satisfactory.

The official discount rate, which was 2½ per cent. at the end of 1930, was reduced to 2 per cent. in February, and afterwards remained unchanged, while the private discount rate was lowered from 2½ to 1½ per cent.; call loans commanded between 2 and 2½ per cent., and long-term deposits between 3 and 4 per cent. The gold reserve of the Swiss National Bank, which was 67.12 per cent. of the bank note circulation in January, rose to 116.19 per cent. in September, to 149.06 in November, and it was still 145.82 at the end of December. The sterling exchange opened at 25.077 francs in January, it reached its highest level—25.080 francs—in July, but dropped to 17.24 francs in December. Heavy losses were recorded in the Swiss bourses, which were almost inactive during the autumn. The average value of a group of 109 banking, industrial, transport and other securities oscillated between 165.42 per cent. and 99.68 per cent., while that of twelve securities of the Federal Government and of the Railways oscillated between 114.51 per cent. and 107.28 per cent.

Foreign trade recorded in 1931 its lowest figures since 1919. All industries were hit by the depression, but the key industries—watch making, silk, cotton and machines—suffered most, and their exports show drops of respectively 45 per cent., 25 per cent., 28 per cent. and 39 per cent. compared with 1930. Commercial exchanges with Great Britain were less active than in 1930; imports from her totalled 108,600,000 francs, in round figures, as against 231,900,000 francs in 1930, while exports to her aggregated 248,200,000 francs, compared with 288,099,000 francs the previous year.

	1929.	1930.	1931.
Imports (million fr.)	2,783	2,666	2,251
Exports (million fr.)	2,104	1,767	1,348
Electric power (million kw.) ..	3,736	3,800	3,950
Railway receipts (million fr.) ..	431.3	418.5	387.2
Wheat yield (per hectare)	21.9	22.6	21.1
Wholesale price index (July, 1914=100) ..	141	126	110
Cost of living index (July, 1914=100) ...	161	158	147
Revenue (million fr.)	395	383	413
Expenditure (million fr.)	371	382	411
Note circulation (end of year, million fr.) ..	999	1,062	1,609
Gold reserve (million fr.)	595	712	2,346
Foreign exchange reserve (million fr.)	353	344	104
Savings banks deposits (million fr.)	5,875	6,000	6,100
Capital issues:—			
Home bonds (million fr.)	99	794	918
Home shares (million fr.)	363	405	456
Foreign bonds and shares (million fr.) ...	110	355	208
Bankruptcies	1,520	1,580	1,790

CENTRAL EUROPE.

Austria.

The past year brought Austria a serious economic setback. Since May, when the Credit-Anstalt ceased payment, the cover percentage of the National Bank of Austria has dropped from 82 to 24.1. In the year 1931 the gold and foreign-value holdings of the National Bank decreased from 860 million schillings to 344 millions, inclusive of the relief credits accorded by the Bank of England and the Bank of International Settlements. A healthy commercial bill portfolio of only 69 million schillings has swollen to more than twelvefold, and has changed essentially in its composition.

The balance of foreign trade clearly shows the severity of the depression. Imports for the year amounted to 2,208 million schillings and exports to 1,340 million schillings, so that there is a deficit of 868 million schillings. The number of unemployed in receipt of benefit has grown from 260,000 at the end of 1930 to 340,000. Insolvencies have gone up from 2,695 in 1930 to 3,421 in 1931, and bankruptcies have increased from 694 to 803. The value of the purely Austrian shares quoted in the official sheets went down from 1,076 to 825 million schillings, and a large number of shares now have nothing more than a nominal price. The stock and share market was closed for a time, and after it was reopened there was no sign of animation, especially as the great quantity of Hungarian shares placed in Austria before the outbreak of the difficulties in Hungary were excluded from official traffic. The public returned to the practice of hoarding its money. Confidence in the banks and savings banks was shaken from time to time, and the deposits at the banks and larger savings banks, which in April, 1931, still amounted to 1,970 million schillings, fell as low as about 1,200 million schillings by the end of the year. Attempts were made to acquire and hoard foreign means of payment, and this had certain advantages, as, when towards the end of the year people were required by law to report and surrender the foreign means of payment at their disposal, very considerable sums of foreign money streamed into the National Bank.

The year 1931 was very critical for all banks. Owing to the withdrawal of short-term foreign credits, the banks were deprived of the possibility of financing their subsidiary enterprises in the usual manner. Numerous factories were closed down and the workers discharged, so that the purchasing power in the hands of the masses was reduced. Further, the State proceeded to dismiss many civil servants and to cut the salaries of those it retained. Nevertheless, there are still many serious problems which had to be carried over into the present year. The question of the federal railways is still unsolved, and, in spite of all savings, it is difficult to see how the deficit can be combated.

Poland.

The past year has been, for Poland, a year of drastic and unmitigated deflation. The severity of the depression cannot be measured by comparative figures of the production of primary materials (coal, petroleum, iron and steel, etc.), which show no important changes from the previous year. Diminishing absorption in the home market, however, where high price levels are maintained by the producing cartels, has resulted in increased exports of primary products at prices very much lower than in the domestic market—notably coal to the Scandinavian countries, iron and steel to Soviet Russia, oil products to Czechoslovakia, butter and bacon to England. While maintaining substantially the same level of production, therefore, the returns therefrom have considerably decreased. The depreciation of sterling, in which currency a large part of Poland's exports are still being invoiced, adds greatly to the loss.

The Bank of Poland during 1931 increased its gold bullion holdings by 38.2 million zlotys (from 562.2 to 600.4 millions), but lost 200.4 million zlotys (from 288.4 to 88.0 millions) in foreign *devisen* serving as cover.

There was a gain of 1.1 millions (from 124.3 to 125.4 millions) in foreign *devisen* not serving as cover, so that the net gold outflow in 1931 was 161.1 million zlotys, with a very decided movement towards the abandonment of the gold exchange standard. Following a net gold (or foreign *devisen*) loss of 77 million zlotys in 1928, 108 millions in 1929, and 252 millions in 1930, the loss of a further 161 millions in 1931 makes a total outflow of 598 millions in four years. With the maintenance of an "active" foreign trade balance now the basis of Poland's economic policy, and with foreign indebtedness on banking and commercial account greatly reduced during the past year, the gold drain is presumably nearing its end.

Budget revenue for the first nine months of the fiscal year, which began April 1, 1931, amounted to 1,725.9 million zlotys, and expenditure to 1,852.9—a deficit of 127 millions (preliminary figures). For the corresponding period of 1930, revenue was 2,066 and expenditure 2,072 millions (revised figures). Expenditure for all Ministries except War has been ruthlessly cut, and it is clearly the determination of the Government to spend only so much as the tax collectors are able to bring in. The 1932-33 Budget will, presumably, be passed by the legislature in the amount of about 2,400 million zlotys, or approximately the same as the revised Budget for the present year.

Except for a substantial decline in the rye crop (from 69.6 million metric quintals to 56.6 millions) and an improvement in the potato crop from 209.0 to 328.8 million metric quintals, agricultural production in 1931 showed no important changes as compared with 1930; slight increases in barley, oats, millet, maize, beans and colza being approximately offset by declines in wheat, peas, flax and hemp seed—as indicated by the estimated yields for 1931. The decline in rye production means that Poland will have to import for internal use some supplies of this grain before the next harvest. Of far greater importance, however, is the danger that the general impoverishment of the agricultural community may lead to much more substantial declines in agricultural output in this and subsequent years. The Polish soil now needs extensive fertilisation, and the lessened use of fertilisers is promptly reflected in the crop returns.

The foreign trade figures for the past three years have been as follows (corrected for 1929 and 1930, preliminary for 1931):—

Year.	Imports.	Exports.	Balance.
	(In thousands of Zlotys.)		
1929	3,110,982	2,813,360	-297,622
1930	2,245,973	2,433,244	+187,271
1931	1,466,329	1,878,484	+412,155

With the introduction on a much larger scale at the end of 1931 of the import permit system, coupled with increased Customs duties and other restrictions on foreign trade, it is likely that the volume of imports will continue to decline—and especially from Germany and the other countries against which the restrictions are understood to be aimed.

Czechoslovakia.

The year 1931 was probably the worst in the economic history of independent Czechoslovakia. The aggravation of the world-wide depression, especially in the last six months of the year, was felt in every branch of industry. Even so it must be said that Czechoslovakia has been affected by the crisis to a much less degree than other countries in Central Europe, or even than many countries further afield.

The volume of foreign trade during the past year has shrunk further by some 50 million gold pounds (8,300 million Czechoslovak crowns) as compared with 1930; the exports being 13,140 million crowns (in 1930, 17,474 million crowns), the imports 11,789 million crowns (in 1930, 15,715 million crowns); there was therefore a favourable trade balance of 1,351 million crowns (in 1930, 1,759 million crowns). Exports of manufactured articles have shrunk by 3,000 million crowns, imports of raw materials by 2,200 million crowns.

The monthly statements of foreign trade during the last months of the year show clearly the disastrous influence of the various monetary restrictions and tariffs on Czechoslovak exports of manufactured articles. That explains why, in December, 1931, imports exceeded exports by 74 million crowns. There was an increase of 115 million crowns in the imports of manufactured articles compared with November. The increase of 64 million crowns in the import of raw materials is a good sign, as well as the increase of 67 million crowns in the exports of manufactured articles.

Savings banks deposits increased in 1931 by nearly 2,000 million crowns, or 744 million crowns more than in 1930. These deposits amounted at the end of the year to 21,280 million crowns. On the other hand, deposits in commercial banks declined a little (from 9,782 million crowns in December, 1930, to about 9,200 million crowns in December, 1931). Current accounts also dropped by over 2,200 million crowns from 16,504 million crowns to 14,300 million crowns. Throughout the year the Czechoslovak currency remained one of the most stable currencies in the world.

As a consequence of the depression the Budget for 1932 had to be cut down severely after it had been adopted by Parliament. In its original form it showed a revenue of 9,323 million crowns and an expenditure of 9,319 million crowns (the figures for the revenue and expenditure in 1930 were 9,844 and 9,838 million crowns respectively). The Government then effected cuts of about 10 per cent. Between May and September there has been a slight improvement in employment; but since October the number of people out of work has increased considerably, and in December there were already 480,000.

The Bank rate was raised to 5 per cent. on August 5th, and again to 6½ per cent. on September 23rd, following the abandonment of the gold standard by England. On December 22nd the Bank rate was reduced to 6 per cent. Fiduciary circulation at the end of December, 1931, was 7,679 million crowns, as compared with 7,824 million crowns at the end of 1930. The gold and silver reserve has risen by 30 million crowns to 1,649 million crowns; the reserves of foreign currencies and bills declined also by 30 million crowns to 887 million crowns.

The downward tendency of all securities, which had already begun in the first half of 1929, continued unabated throughout the whole year 1931. In many cases last year brought the heaviest losses. The sugar industry shares in particular suffered badly, and stood in December, 1931, at about 25 per cent. of their value in January, 1924. The heavy industries also sank to about 50 per cent. of their value as recorded in January, 1924, textiles to 66 per cent., engineering shares to 67.5 per cent., banks to 75 per cent.; on the other hand, chemicals stood at 106 per cent., building trades 107 per cent., and brewery shares at 155 per cent. of their quotations in January, 1924. In the general slump gilt-edged securities fared better, although they also have lost about 7.5 per cent. during the year 1931; the State bonds index stood at 111.5, and others at 100.3. The prices of practically all commodities continued their downward tendency. The index number of wholesale prices fell to 103.8 in December (as against 110 in December, 1930), the foodstuffs index to 98, and the index of raw materials and manufactured products to 109.7.

Hungary.

Instead of the much-hoped-for recovery after the depression of agricultural prices in 1929 and 1930, the year 1931 brought Hungary to the verge of financial collapse, from which she was saved only by a number of cruel measures calling for heavy sacrifices on the part of her citizens and her foreign creditors. The depression, which was keenly felt throughout the country in the first quarter of 1931, developed into an acute crisis after the collapse of the Austrian Credit Anstalt in May.

In November and December it became obvious that the country as a whole was in a state of collective insol-

veny, and the situation of the National Bank became so critical that the Government was compelled to declare a transfer moratorium (with the exception of the service on certain State obligations) in order to preserve the basic financial structure of the country.

The Budget of the Administration for the financial year 1930-31 (ending June 30, 1931) showed a deficit of 116.9 million pengő; that of the State undertakings 33.1 million pengő. In addition to the budget proper, certain departmental debts were contracted so that the total deficit for 1930-31 is well over 200 million pengő. Expenditures of the Administration Budget for 1930-31 totalled 946.5 million pengő, and revenue amounted to 829.6 millions only. The budget voted for 1931-32 provided for an expenditure of 878.3 millions, but it soon became obvious that expenses were understated by more than 100 millions, and revenues were over-estimated by a similar sum. After the League inquiry, budget estimates were revised, and the Government pledged itself not to allow expenditure in 1931-32 to exceed 890 millions. For the first six months of the current financial year there was a deficit of 148 million pengő for the Administration Budget, and another 20.5 million pengő were advanced to State undertakings and for other necessary purposes. The national accounts have disclosed a continuous deficit since the second half of 1929. The deficiency was met after spending the accumulated reserves from short-term loans both at home and abroad. Owing to the fall in agricultural prices, the tax-bearing capacity of the country has reached its utmost limits. Assuming a national income of 3.50 million pengő, the tax burden proper (for the State and local taxes together) amounted to nearly 30 per cent. of the national dividend, probably the highest ratio in Europe.

Hungary decided to remain on the gold standard. Though it has not been possible to sell the pengő at par abroad since July 14th, its internal purchasing power was maintained at a stable level, thanks to the exchange regulations and the introduction of the gold pengő. The returns of the National Bank reflect the extraordinary circumstances, disclosing the paradoxical phenomenon of an inflated bill portfolio and a deflated note circulation, which is due to the fact that the National Bank is the only source of credit, foreign funds being no longer available. The note circulation of the last quarter of 1931, oscillating between 350-450 million pengő, is about 10 per cent. less than in 1930; on the other hand, the bill portfolio of 599 million pengő (including the rediscounts with the B.I.S.) at the end of 1931 is just double that of 1930. Owing to the withdrawal of foreign funds and the flight of capital during two months May 15th-July 14th) the Bank has lost more than 200 millions of gold and foreign exchange. The Bank was able to withstand the pressure, thanks to the aid of the B.I.S. and other central banks which accorded credits to the extent of \$30,000,000, of which \$25,000,000 is still outstanding.

The deficit of the balance of payments amounted to about 350 million pengő, of which about 250 million pengő was devoted to current interest and sinking fund payments, and about 100 millions is accounted for by withdrawals of foreign funds and flight of domestic capital. The deficit was met, apart from a slight merchandise surplus balance, almost entirely by new foreign borrowings of the National Bank (145 millions) and the Treasury (87 millions), and by the decrease of the gold cover of the National Bank. The bank rate was almost totally ineffective. It was raised from 5½ per cent. to 7 per cent. in June, to 9 per cent. in August, and reduced again to 8 per cent. in September. The balance sheets of the banks are not yet available, but there is no doubt that the volume of credit has considerably fallen off. The total deposits and current accounts of the twelve largest Budapest banks and the Postal Savings Bank decreased to 1,177.9 million pengő at the end of 1931, as against 1,414.3 millions on June 30, 1931, and 1,448.5 millions at the end of 1930.

Hungarian agriculture has just had its worst year since the war, and its plight is the main reason for the country's financial difficulties. Crops were smaller in volume than in 1930 or 1929, and prices were very much below pre-war level. Marketing was extremely difficult, and the debt burdens became almost intolerable. Industrial production has declined by 15-20 per cent., owing to the diminished buying power of the farmers. Commerce has suffered from the complete paralysis of trade resulting from the restrictive measures to protect the currency. Foreign trade figures were very low: exports amounted to 572 million pengő and imports totalled 544 millions, the total value of foreign trade having fallen by almost half since 1929.

Roumania.

The year 1931 has closed in complete despondency. There is so serious a lack of funds in the public Treasury that a part of the salaries of the public servants and a large proportion of the pensions have remained unpaid, while the debts owing to home industries are still completely unprovided for.

The Budget for 1931 had to be remodelled in July, but even the reductions and new provisions have proved entirely insufficient, and the monthly Treasury receipts dwindled to 1,900 million lei in December. The total receipts for the year amounted to a little over 23,000 millions, about 11,000 millions less than the estimates. It was only by taking money from other funds that the advance of 2,000 millions, taken from the National Bank at the beginning of the year, could be repaid. Close on 37,000 millions should have been paid out by the State during the year; in fact, only 25,000 millions was paid and the remainder was taken over by the Institute of Amortisation. During the year the new 7½ per cent. foreign loan was launched and all its proceeds used.

Commerce and industry have had the worst year since the war. The fall of the purchasing power of the masses became more accentuated, as is shown by the considerable reduction in imports. Excessive taxation and the lack of credit facilities have crippled all economic activities. A certain relief for agriculturists was provided by the export premium on wheat introduced in August which enabled the exporters to compete successfully with foreign producers and even helped to regain foreign markets. Exports of wheat, in fact, during the nine months ending in September, 1931, were almost three times larger than those of the same period of the previous year, but maize, barley and oats show a substantial reduction in exports.

The petroleum industry is ruined by taxation and over-production. Several concerns have gone bankrupt and others are threatened by the same fate. The most important companies are just carrying on by reducing expenses to a minimum. The total production of petroleum during the year amounted to 665,000 waggons, against 590,000 in 1930 and 481,700 in 1929. About 380,000 waggons were exported, which compares with 350,000 in 1930. The internal consumption amounted to 110,900 waggons.

Apart from numerous bank failures in the provinces, the past year has seen the closing of the doors of three important banks of the capital, the Banque Générale, the Banque Bercovitz, and the most important of all, the Banque Marmorosh Blank and Company. Confidence in the banks is severely shaken and the hoarding of money by the public has assumed very large proportions. Credit is restricted to the utmost. The State and the National Bank have done their best to come to the rescue of the banks. The note circulation of the National Bank has increased from 19,600 to 23,360 millions. Bills increased from 7,380 to 13,230 millions, advances from 778 millions to 826 millions. The value of the leu has been well maintained during the year and the foreign exchange market has remained free from all restrictions, but the reserve of the National Bank has fallen from 11,030 million lei to 10,420 million lei, and the proportion of

the reserve to the liabilities shows a reduction from 44.65 per cent. at the end of 1930 to 36.01 per cent. on December 12, 1931.

Jugoslavia.

Economic history in Yugoslavia during 1931 falls into two sharp divisions. During the first half, which culminated in a wheat harvest of 27,080,000 quintals, as against an average of 22,000,000 during the preceding quinquennium, affairs compared favourably with those during the depression of 1929-30. Industry, taking future profit into account, worked at higher pressure, as evinced by the larger consumption of coal and iron. Mining of copper, lead, chrome and salt gave better results. Bank deposits increased from 13,880 to 14,170 million dinars. Government receipts for the period April-August amounted to 4,549 million dinars, as against 4,737 millions for the same period in 1930, the decrease being only 5 per cent. Finally a stabilisation loan of 1,025 million French francs had made possible a *de jure* stabilisation of the dinar.

During the second half of the year Yugoslavia came under the general cloud of impending catastrophe. The disorganisation of agriculture quickly spread to industry and trade, while the Government, in consequence of the ensuing dislocation, was threatened with a deficit of 2,000,000,000 dinars. This gap was bridged by a reduction of 10 per cent. in salaries, by cutting all capital expenditure, by severe all-round economy on one hand, and by an increase in the price of tobacco and the duty on sugar, the application of a new law on business turnover, and a French credit of 250 million French francs on the other.

The general depression has affected all branches of national economy. Foreign trade has shrunk by 80 per cent. as compared with that in 1930, exports for the first eleven months being worth 4,419 million and imports 4,502 million dinars. The index of prices has fallen from 1,175 at the end of 1930 to 1,025 in December, 1931, and would be still lower were it not for the artificial price of wheat maintained through a Government monopoly. Credit is extremely tight, not so much through lack of money as through lack of confidence, and the extent of the rush on banks in September may be gathered from an expansion of credits given by the National Bank from 1,459 to 2,252 million dinars. State securities bearing a fixed rate of interest have all suffered badly, their average loss in value being about 40 to 45 per cent. The bright spots in the picture are that the adverse trade balance is only 82 million dinars, that no bank failure has been reported, and that the stress of the economic depression is very greatly relieved by the extreme cheapness of food.

Bulgaria.

The widespread financial perturbations in 1931 found credit and trade in Bulgaria at an extremely low ebb. Contraction of credit, failures of unsound undertakings, withdrawal of short-term accommodation, and the writing off of trading losses were already taking place. As, moreover, there have been no extensive foreign loans since the war, the financial troubles from abroad resulted in no sudden and catastrophic disturbances in Bulgaria. The repayment of some Leva 1,200 millions of short-term credits was possible in 1931 without placing any excessive strain on business or private finance, which had already shrunk to very modest proportions. The active balance of foreign trade allowed the transfer of funds abroad for meeting all trade, banking and State payments up to the end of the year, when the drain became severe and drastic foreign exchange restrictions had to be introduced.

Reduced trade at low prices, industry operating mainly at a loss, slow and deficient collecting of taxes, public expenditure showing no material reduction, large additional losses to the Treasury on account of the Grain Purchasing Office, and increasing public debt the service brought the accumulated budgetary deficit to the disquieting figure of Leva 1,800 millions, or more than one-quarter of the ordinary Budget.

In spite of untoward general conditions, failures and protested bills have considerably decreased, and there were more active purchases, chiefly by peasants, of manufactured goods. The future, however, is obscure.

Greece.

Greece has felt in 1931 more and more the unfavourable repercussions of the growing world depression. The British crisis of September last temporarily closed the principal source from which capital was being drawn in order to keep the country going. This loss and the further decline of the country's invisible exports are resulting in an adverse balance of international payments, notwithstanding an improvement in the balance of trade and the severe exchange restrictions imposed since September with a view to preventing an exodus of capital and restricting imports. Hence the foreign exchange reserve of the Bank of Greece is gradually diminishing, the proportion having fallen from 44.42 per cent. on December 23, 1930, to 41.18 per cent. on December 29th last.

This enforced deflation produced a shortage of money, which has contributed to increase further the depression of trade and business in general. The bank rate has risen, deposits have been withdrawn from the banks, the Athens Stock Exchange is still closed, the banks have practically ceased their advances to trade and industry, unemployment is growing, and the agricultural classes are suffering from low prices and increasing difficulties in disposing of their produce. Measures of relief of and assistance for classes and individuals in distress had therefore to be taken. Naturally, the public finances have begun to feel the effects of these developments. As revenue is decreasing, drastic economies have been made. Equilibrium of the budget, currency stability and a punctual fulfilment of the country's external obligations constitute the aims of the Government.

SCANDINAVIA.

Denmark.

Denmark did not escape from the effects of the financial crisis which originated in Central Europe early last summer. Although her economic position was sound, the Danish Government decided to abandon the gold standard on September 29, 1931. Until the autumn of last year Denmark suffered less from the world depression than most other countries. Industrial activity had receded considerably, but agriculture, which is her main industry, continued to find a ready outlet for its products in Great Britain. Lower prices had to be accepted, but these were partly compensated by an increase in the quantity of bacon, eggs and butter sold abroad. This expansion of exports has been made possible by an increase in live stock. The number of cattle increased from 4,665,000 in July, 1930, to 4,866,000 in 1931, and pigs, at 5,435,000 in July, 1931, show an increase of 563,000 on the year.

Retained imports during 1931 at Kr. 1,392 millions show a decline of Kr. 245 millions on the previous year, and exports declined from Kr. 1,524 millions in 1930 to Kr. 1,256 millions in 1931. The reason for the abandonment of the gold standard is partly to be found in the distribution of exports. No less than about 60 per cent. of Danish exports are bought by the United Kingdom. In order to protect the financial stability of the country, the Government adopted measures to restrict imports at the end of November. On January 29th this year a Bill was passed by the Dutch Parliament by which the National Bank acquires complete control over foreign exchange transactions and overseas trade. The shipping trade was depressed throughout the year, and the idle tonnage increased.

Norway.

The general idea entertained in business circles at the beginning of 1931 was that the world depression had at last reached rock bottom, or that it was at any

rate within sight, and forecasts for the first months, therefore, took a rather bright hue. These expectations were not only completely frustrated, but things speedily developed into a crisis of unprecedented gravity and extent. That the difficulties were of a serious character was proved in an unexpected way through the suspension of payment in December of two of our largest banking institutions.

Conditions on the domestic money market during the earlier part of the year were comparatively easy. The Norges Bank returns only showed unimportant deviations from time to time, and it was possible to maintain a discount rate of 4 per cent. during nearly three quarters of the year. During this period the Government completed considerable loan conversions on easy terms. On September 12th, however, the rate was raised by 1 per cent., and in the course of a fortnight, as a consequence of the gold suspension, the rate rose by leaps and bounds to 8 per cent., where it remained for ten days. Since October 19th bank rate has been 6 per cent., and at the turn of the year the money market was rather stringent. Foreign exchanges were liable to negligible fluctuations only during the three first quarters of the year, but on the day of the British gold suspension sterling fell to 16.50, and when Norway followed suit gold exchanges rose violently, while sterling nearly regained parity with the krone. At the end of the year the krone was worth about 69 per cent. of its par value in dollars. In the course of the autumn certain exchange restrictions were introduced by voluntary co-operation between importers, exporters and bankers.

The outstanding industrial event of the year was the lockout, which lasted from April 8th to September 11th and included more than 80,000 workers belonging to most branches of industry. Negotiations resulted in a wages reduction of 6 per cent., agreements to be valid for three years. Foreign trade figures generally showed an unfavourable development; the value of imports amounted to 856.6 million kroner, against 1,065 million kroner for 1930, while exports amounted to 466.6 million kroner, against 684 million kroner during 1930.

The year brought a series of events with fatal consequences to our shipping trade, resulting in the laying up of a steadily increasing part of our merchant fleet. Laid-up tonnage now amounts to nearly 1½ million tons. In consequence of the decision of the British Oil Union not to buy any more whale oil, the Whalers' Association decided not to send out any whaling expeditions during 1931. The results of the fisheries were inferior to those of the preceding year, both as regards quantity and profit, while agriculture and forestry experienced serious difficulties on account of reduced prices and heavy interest burdens. The mining industries maintained production relatively well, but prices were lower.

The banks had a favourable year as far as turnover and profit is concerned, but deposits declined. The general world depression, the great lockout and the slump in shipping proved such a hard strain, however, that in the middle of December Den norske Creditbank and the Berkens Privatbank had to suspend payments and were granted a moratorium over a period of three months, with the understanding that plans of reconstruction would be forthcoming before the lapse of that period. Unemployment figures reached about 60,000 by the end of the year, against 45,000 in January, and the cost-of-living index fell during the year by about 10 per cent., against 8.7 per cent. during 1930. Activities on the Bourse have been on a smaller scale than during 1930 as far as shares are concerned, while Government and other bonds attracted special interest.

Sweden.

While Sweden showed a surprising power of resistance to the international depression, its effects made themselves felt in full force during the past year.

For the first nine months of the year the balance of trade deteriorated to no less an extent than 167 million crowns, and in spite of the fact that the introduction of paper currency improved the position somewhat during the latter part of the year, the surplus of

imports for the whole of 1931 amounted to 312 million crowns, a change for the worse as compared with 1930 of 200 million crowns.

A factor in the special position of Sweden which became particularly fateful was the influx of foreign capital. At the end of May the foreign deposits amounted to 343 million crowns. The net liabilities of the commercial banks on short account had then risen to 141 million crowns. The position was thus very far from liquid at the time of the outbreak of the crisis.

In the course of some few months the foreign capital had to be repaid, and the National Bank had to bear the brunt almost entirely. This seriously depleted the currency reserve, the inflation of which had at an earlier stage camouflaged the actual position. Already at the beginning of September the currency reserve of the National Bank was therefore dangerously low, and as this development was not countered in time by raising a big foreign loan the result could not be other than the abandonment of the gold standard.

The fears of the inflationary effect of this have, however, so far proved to be unfounded. The wholesale price level has certainly risen, but to a reasonably slight degree, from 100 in September to 103 in December, according to the *Svensk Finanstidning*. On the other hand, it has been possible to maintain the retail price level and the cost of living unaltered, owing to the high Bank rate and the severe credit restrictions employed by the National Bank.

Industrial production in the more important branches was maintained on a comparatively high level during the first few months of the year, falling to the low record of 93 in May (1923-24 = 100), according to the production index of *Svensk Finanstidning*. After some recovery it again fell to 103 in August, after which an improvement set in, which is to be attributed in some degree to the depreciation of the currency. Owing to the fear of labour conflicts after the end of the year, a forcing of production took place in December, which brought the index figure up to 125.

Imports fell from 1,662 to 1,439 million crowns, as compared with 1930, but at the same time exports were reduced from 1,550 to 1,127 million crowns. The passive side of 312 million crowns will probably have been reduced by invisible exports by about 175 million crowns. As the net result of the movements of capital was an import of capital of 37 million crowns, the change for the worse in the balance of payments should consequently be about 100 million crowns, as compared with 245 million crowns in 1930.

During the first part of the year the money market was very easy, but with the crisis there came increasing stringency, especially during the autumn. The discount rate of the National Bank, which at the beginning of the year stood at 3½ per cent., was 6 per cent. on October 19th, which rate has since been unchanged. The portfolio of home bills of the National Bank, which during the first quarter only amounted on the average to 138 million crowns, culminated in December with an average of 486 million crowns. In spite of this, the increase in the total volume of credit was not more than 138 million crowns for the whole year.

The Stock Exchange reflected very faithfully the general deterioration during the year, and the stormy autumn months in particular brought in their train enormous falls in prices. While in 1930 there was as moderate a drop in the securities of "A" List as 188 million crowns, corresponding to about 4 per cent., the fall in prices for 1931 reached the enormous figure of 1,785 million crowns, or 43 per cent. of the value of the Stock Exchange list at the end of 1930.

Finland.

Finland suffered from depression throughout 1931. Owing to the withdrawal of considerable amounts of its short-term foreign credits, Finland was obliged to suspend the gold standard. The consequences of this step

showed themselves partly in a slight rise in prices and partly in a fall in the value of the Finnish mark in relation to gold currencies. The position of the money market grew strained, and the banks experienced some trouble. In general, however, the banks successfully withstood the strain. Their business was reduced, indeed, and losses were suffered, but most of the joint-stock banks are able to pay a dividend only slightly smaller than that for the preceding years. The joint-stock banks had recourse extensively to the help of the Bank of Finland. Re-discounted bills rose by 333 million marks to 483 millions.

Agriculture yielded an average harvest, and exports of butter, cheese, and meat increased in quantity, but the value of these exports was diminished on account of the fall in prices, so that the financial difficulties of farmers continued. The output of the sawmills was restricted, so that exports fell off from 907,000 to 784,700 standards, while on the contrary the exports of chemical pulp increased by 32 per cent. and the exports of paper, cardboard and mechanical pulp were well maintained. The financial results of these branches of industry were, however, unsatisfactory on account of falling prices.

The most cheerful element in the situation is provided by the balance of trade. Imports were reduced from 1930 by 34.1 per cent. to 3,457 million marks, while the reduction in the value of exports did not amount to more than 17.6 per cent. and their value to 4,455 million marks. There was consequently a surplus of exports amounting to 998 million marks, compared with 156 millions for 1930. The whole of this surplus has been employed in redeeming the foreign indebtedness of the country, the amount of which has been reduced, according to estimates, by about 1,400 million marks. No fresh foreign loans were taken up.

THE BALTIC STATES.

It is possible that the Succession States of Latvia, Estonia and Lithuania suffered less from the effects of the crisis than the more highly organised and industrialised States. The effects of the trade crisis were not far-reaching, and they might have been got over without great difficulty but for the subsequent financial crisis. In each case the reaction took the form of a heavy withdrawal of funds, partly by foreigners, in their need to strengthen the home position; but also by nationals for hoarding. Conditions in all three States were for a time little short of chaotic, and in two of them the immediate result was the adoption of restrictions on foreign means of payment and the drastic control of imports. Latvia, with perhaps the wider contacts with Germany, was the first to suffer, and perhaps suffered most; Estonia, with an important British connection, was affected later by the English crisis and Great Britain's departure from the gold standard. Lithuania, with only slight foreign connections, suffered least of all, but even here, as we shall show, there is evidence of considerable stress. The methods adopted to deal with the crisis varied in each country as widely as the extent to which they suffered, and in no case can they escape criticism. In Latvia the National Bank adopted a rigid policy, which was in essence deflationary, and, indeed, perhaps went too far in that direction. Help was refused to the banks, in spite of the fact that the cover for the note issue was the largest in the Baltic, and at one time stood at over 90 per cent. This refusal forced the banks, excepting one in which British interests predominated, not only sharply to call in loans, but to ration drastically their payments on deposits, and two institutions suspended payments. In Estonia support was given to the banks, and one of the largest institutions, which had been forced to close its doors, was taken over, administered, and financed by the National Bank. It has since been

able to reopen with the aid of some fresh foreign capital. These measures went far to save the situation, but here it must be said that it was only effected at some expense to the note issue, so that there is ground for the criticism that there was some inflation, although to a mild degree. In Lithuania, in spite of the lesser extent of the crisis, heavy withdrawals of deposits occurred, and at the same time there was a sharp expansion of credit, especially to agriculture, to meet the switch over from stock to dairy farming, and to make good the loss of the German market for agricultural produce. Here the criticism may be made that these changes were forced too quickly and involved too great an expansion of credit, which means that there was a definite inflation on some scale. On the other hand, Lithuania took no measures to control foreign exchange operations, with the result that the foreign currency holdings of the National Bank fell from 86.3 millions of lats to 33.1 millions during the year.

Agricultural production in all three States was little affected. The surplus of dairy produce and meat available for export increased, and served to offset the considerable decline in timber and wood products. The domestic situation, in the shape of retail trade and industrial production, appears to have improved in Estonia and Lithuania, in spite of lower purchasing power; but in Latvia the lack of organisation for inland distribution and sale, and the crippling effect on the existing trade organisations of the official financial policy led to confused conditions, and wide divergencies in prices were recorded between producing and consuming centres.

Latvia.

Acreage under cultivation increased, except in rye and flax. Figures of production (in thousand quintals) of the various crops were as follows, as compared with former years:—

	Rye.	Wheat.	Barley.	Oats.	Potatoes.	Flax.
1929.....	2,400	600	2,100	3,400	11,300	200
1930.....	3,600	1,200	1,900	3,400	11,000	200
1931.....	1,600	1,000	2,000	3,600	11,000	200

The heavy imports of cereal foodstuffs which were necessitated by bad harvests in previous years have now declined. The figures are as follows:—

	Rye.	Wheat.
	1,000 Tons.	1,000 Tons.
1930.....	59.6	8.3
1931 (10 months)	7.1	0.7

The live stock census shows a marked increase:—

	(In Thousands.)	Horses.	Cattle.	Sheep.	Pigs.
1913.....	320	912	996	557	
1929.....	356	978	905	382	
1930.....	359	1,026	873	523	
1931.....	366	1,117	923	712	

Foreign trade during the first eleven months of the year shows a fall in imports from 274 million lats in 1930 to 167 millions in 1931; exports fell from 225.5 millions to 152.2 millions.

Exports of timber declined by 31 million lats, or 52 per cent., and textiles by 9 millions, or 80 per cent. Butter export increased in volume by 12,700 cwts. to 368,500 cwts, but the value was reduced from 57 million lats to 48 millions. Similar declines occurred in the value of bacon, flax, linseed and leather exports, but here also the volume was well maintained. Trade with Russia improved considerably, but has not yet reached the figure provided for in the trade agreement. An encouraging sign is the increase in transit trade, and this may play an important part in Latvia's future balance of payments. The French Railway Loan was given for the express purpose of developing the competitive capacity of the Latvian railways and securing this transit trade. Between January 1st and December 31st deposits with the National Bank fell from 19.8 to 17.4 million lats; deposits with the joint-stock banks from 55.1 to 23.1 millions and deposits with other credit institutions from 43.17 millions to 27 millions. In the same period the Bank of Latvia reduced loans and

advances from 155.7 million lats to 136.4 millions, while in spite of the restrictions on foreign exchange operations, its holdings of foreign currencies fell from 36.8 million lats to 13.4 millions. The extent of the deflation is measured by the simultaneous reduction in the note circulation from 116.2 million lats to 106.5 millions. As regards the national finances, there was at first a deficit on the 1931-32 Budget of 25 million lats, largely as a result of the fall in Customs revenue owing to the restriction of imports. This was met by additional taxation. By the end of November, however, a further deficit was revealed of 28 millions, and to meet this the Government has recently cut salaries, increased income tax by 50 per cent. and set up a sugar monopoly, but it seems hardly likely that these measures will succeed in securing a balanced Budget in the short period left.

Estonia.

The agricultural position differs in no respect from that of the neighbouring States, so far as is known, but statistics, unfortunately, are lacking. Foreign trade, on the other hand, shows a most satisfactory improvement as a result of a drastic reduction in the import of iron and steel and cereals, and an increase in exports of most of Estonia's products, except timber and paper. The export of wood pulp and cellulose increased from 38,000 tons in 1930 to 52,000 tons in 1931, and that of potatoes from 10,000 tons to 25,000 tons. Imports fell from 98,000,000 kr. in 1930 to 61,000,000 kr. in 1931, and exports from 96,000,000 kr. to 71,000,000 kr., leaving a favourable balance of trade in 1931 of 10,000,000 kr., against an unfavourable balance in 1930 of 2,000,000 kr. Both the railways and shipping show a small decline on the previous year. Unemployment, which had for some time remained normal, and fluctuated in accordance with seasonal influences only, has recently shown a sharp increase. Withdrawals of funds were not so heavy in Estonia as elsewhere, as will be seen from the fact that deposits in joint-stock banks declined only from 45.7 million kr. to 36.9 millions in the course of the year. Credit, as we have said, was less restricted; the note issue increased from 32.2 million kr. to 32.5 millions, and, although the loans of the joint-stock banks were somewhat lower, this was offset by an increase in advances by other financial institutions. As elsewhere, the restrictions on foreign exchange were not entirely successful, and during the last quarter of the year the foreign currency holdings of the Bank of Estonia fell from 17.6 millions to 13.9 millions.

Lithuania.

The progress of agriculture, as a result of the change over from cereal production to dairy farming, is difficult to assess. Cereals, as the following figures show, fell off, but dairy farming and stock breeding, to judge by the export returns, show a considerable advance. Acreage under the various crops was as follows, as compared with the previous year:—

	(Thousands of Hectares.)	1930.	1931.
Rye.....		226	143
Barley.....		128	117
Oats.....		158	148
Mixed cereals.....		84	83
Potatoes.....		863	708
Flax.....		11	6

The export of butter increased by 37 per cent., and of meat by 119 per cent., which is the more remarkable in that the German market was closed early in the year, so that new markets must have been gained. Foreign trade suffered a setback as a whole, as imports, which fell from 312.4 millions in 1930 to 277.9 millions in 1931, were not so much reduced as in the other States, while exports, though probably greater in volume, fell sharply in value from 332.7 to 273.1 million lats. Deposits with the National Bank fell during the year from 94.9 to 80 million lats; deposits with the joint-stock banks from 72.2 to 60.7 million lats, and deposits with other institutions from 185.6 to 167.0 million lats.

The increase of credits to agriculture may be deduced from the increased figures of advances by the National

Bank from 101 million lites to 117 millions, and by other institutions from 348 million lites to 384 millions, whilst at the same time the note issue increased from 110 million lites to 113 millions. Foreign currency holdings of the National Bank fell from 86 million lites to 40 million lites during the year. The Budget position is fairly satisfactory. Estimates have been fulfilled for several years past, and, so far as can be seen for the present year, revenues have come in well. Only a small deficit, if any, is likely to occur. A favourable item is the smallness of the National Debt, which amounts to little over £2,500,000.

B.—BRITISH EMPIRE.

CANADA.

The full impact of the world-wide economic depression was felt in 1931, and the tale of economic tribulations and difficulties has been almost continuous. As the months slipped by, conditions grew steadily worse until, in the last quarter of the year, business was at least 25 per cent. below the level of the corresponding quarter of 1930 and as low as in the last half of 1925, when the latest boom was beginning to gather momentum. The prospect of any stimulus from good crops vanished by midsummer, when a drought of unprecedented severity devastated what had been regarded as one of the most reliably fertile areas of the Prairie Provinces and reduced the volume of the Western wheat crop to about two-thirds of the average yield of recent years. Forestry, mining and fishing, the other three great primary industries of the Dominion, also continued to suffer from low prices and inadequate markets for their products. The majority of factories throughout the year were working well below their operating capacity and making scant profits. The textile and boot and shoe factories, which were special beneficiaries of the tariff legislation, fared best, but firms engaged in the manufacture of motors, agricultural implements, railway equipment, machinery of different kinds, and the iron and steel plants, all had a very difficult year. The unemployment problem grew worse instead of better, and on December 1st the employment index of the Bureau of Statistics stood at 99.1, as compared with 108.5, 119.1 and 116.7 on December 1, 1930, 1929 and 1928 respectively. The Federal Government was compelled, in co-operation with the provincial administrations and municipal authorities, to undertake a comprehensive programme of public works for unemployment relief, and in addition large sums have had to be expended upon direct relief, including succour to many indigent farmers in the drought-stricken sections of the prairie country. The subjoined data, giving the Bureau of Statistics' weighted indices of the physical volume of business in Canada, based on the six-year period from 1919-1924, and corrected where necessary for seasonal variation, give an indication of the economic fortunes of Canada during the past year:—

	Nov., 1930.	Jan., 1931.	June, 1931.	Nov., 1931.
Forestry	167.2	153.6	160.5	140.9
Mining	136.1	139.5	112.0	115.3
Construction	253.0	246.0	99.0	158.0
Manufacturing	139.7	124.0	135.7	117.7
Employment in trade	139.0	126.5	137.0	128.4
Imports	132.2	115.8	99.8	92.2
Exports	85.0	83.8	102.5	75.2
Car loadings	88.0	103.1	101.9	81.0
Shares traded	184.2	149.1	208.5	170.5
Bank debits	110.3	130.1	131.0	114.2

The contraction of business is reflected in the aggregate car loading figure for the year up to December 26th, which, at 2,570,520 cars, shows a decline of 575,727 cars, or roughly 18 per cent. compared with the figure of 3,146,247 cars recorded in the parallel period of 1930, and is about a million cars less than the corresponding figure for 1929. Naturally, the earnings of both the great railway systems have suffered severely, and while the C.P.R. has halved its dividend, the Canadian National will have barely met operating

expenses. Their plight has induced the Bennett Ministry to appoint a special Royal Commission, whose recommendations are expected to do something to reduce the country's tremendous transport bill.

Crops.—For all Canada the total value of the principal field crops of 1931 is now estimated at \$431,251,000, as compared with \$631,592,900 in 1930 and \$948,981,400 in 1929. The detailed value of the leading crops is as follows:—

	Thousand Dollars.	
	1930.	1931.
Wheat	174,792	108,786
Oats	102,919	76,461
Barley	27,254	16,015
Rye	4,401	1,443
Mixed grains	18,435	12,081
Flaxseed	4,194	2,248
Potatoes	39,858	23,408
Turnips	18,180	10,643
Hay and clover	161,122	113,961
Alfalfa	19,877	19,015

The agricultural picture is not, however, wholly black, and some favourable features have made their appearance. The wheat situation is considered better than a year ago, and there has been during 1931 a notable increase of live stock, particularly hogs, in the Prairie Provinces. Dairy production has increased, and Canada has returned to an export basis for butter; the prices of dairy products remained low, but the producers were favoured by a long pasture season and abundant supplies of cheap foodstuffs. The producers of specialised crops, like fruit, tobacco, and sugar beets, had relatively profitable seasons with high yields, offsetting low prices. The commercial apple production was 400,000 barrels higher than in 1930, and increased acreage resulted in a considerable increase of the tobacco crop, which has now begun to find a profitable market in Britain.

Mining.—The total value, according to a provisional estimate, of the mineral production of Canada in 1931 amounted to \$227,769,000 as compared with a value of \$279,873,578 in 1930, and the decline is attributed to the drastic reduction in metal prices and the lessened demand for non-metallic minerals and structural materials. Gold production increased by 27.5 per cent., the output being stimulated by the fall in commodity prices and the exchange situation.

Foreign Trade.—The foreign trade returns again make depressing reading, and for the twelve months ending November 30, 1931, are as follows:—

	12 months ending Nov. 30, 1930.	Nov. 30, 1931.
Imports	1,032,596,700	648,146,525
Exports:		
Canadian produce	907,697,053	618,900,195
Foreign	20,187,773	12,177,547

However, Britain more than maintained her place in the Canadian market, for while imports from Britain declined in value from \$165 millions to \$113 millions, imports from the United States shrank from \$679 millions to \$407 millions. The loss fell upon the United States, whose exports to Canada declined from 64.9 per cent. to 62.8 per cent., and imports from 44.7 per cent. to 42.6 per cent. During the past year Canada negotiated new commercial treaties with Australia and New Zealand and abrogated a trade treaty with France, whose cancellation also automatically terminates trade arrangements with numerous other countries.

Banking.—The banks have had to face another year of severe stress aggravated by the serious depreciation of the Canadian dollar in New York and the general complications of the exchange situation, but they have successfully stood the test, and in American papers the stability of Canada's banking system is commonly contrasted with the disclosed weaknesses of the American system. The banks were not immune from troubles, but they were able to maintain a remarkably liquid position and to furnish ample credit for all legitimate enterprises. The latest bank statement, covering up to November 30th, showed current loans at \$1,102,493,179, as compared with \$1,183,723,859 on

November 30, 1930, a decline of \$181 millions, and notice deposits at \$1,395,829,124 as compared with \$1,488,611,843, a decline of roughly \$43 millions.

Stock Market.—The stock markets have steadily reflected the business recession, and during the year occasional rallies did not materially affect the general downward course. The drastic nature of the decline is indicated by the Bureau of Statistics' "Investors' Index for the three main groups of common stocks traded in on Canadian exchanges, which fell from 108.8 in January to 59.9 on December 31st. Many leading stocks have been "pegged" during recent months, and most reputable firms have complied with the Government's request to discourage the purchase of foreign securities; the result is that the volume of stock exchange business is at its lowest ebb for many years. Commodity prices fell steadily up to September, when there was the first rise for many months, but the decline was resumed in December. The Bureau's wholesale price index was 76.7 for January (as compared with 95.3 for January, 1930), 74.4 for April, 70.9 for August, and 70.3 for December. During the year retail prices made up some of the earlier lag in the pace of their decline, and the Bureau's Cost of Living index in December was 86.5, as compared with 95.1 in January and 102.1 in January, 1930. Since Britain abandoned the gold standard in August sterling exchange in Montreal showed sharp fluctuations, and at the end of 1931 fell below \$4.00, while about the same time the premium on New York funds reached its peak of about 24 per cent.

Federal Finances.—Revenue collections during the first eight months of the present fiscal year ending November 30, 1931, amounted to \$227,872,635, as compared with \$266,927,699 in the parallel period of the previous fiscal year. Customs revenues showed a shrinkage of \$22 millions, and income tax of \$16 millions, but the most disappointing was the excise tax, which, despite the heavy increase in the sales tax, only increased its yield from \$24 millions to \$36 millions. Meanwhile in this period expenditure showed a slight increase, rising from \$274,296,878 to \$275,742,978, and the national debt, which was placed at \$2,185,733,137 on November 30, 1930, had risen a year later to \$2,809,482,279. In the autumn the Federal Government managed to raise about \$200 millions by a domestic loan, but most of its proceeds will be absorbed by the deficit of the Canadian National Railways and the special demands of the unemployment relief programme and a substantial increase of taxation in the next Budget is anticipated.

AUSTRALIA.

Production.—The year ended June 30, 1931, has been another year of great difficulty for Australia, though the position improved to a certain extent towards the end. The wool clip totalled 2,798,000 bales, compared with 2,867,000 bales in 1929-30. The value of wool per lb. averaged, in 1930-31, 9.15d. for greasy and 13.51d. for scoured, as compared with 11.30d. and 19.34d. respectively for the same period in 1929-30. The current season's clip is expected to be at least as large as last season's. The area under wheat for the 1930-31 season was 18,213,428 acres, and the final estimate of the yield is 212,628,669 bushels, compared with 126,884,622 bushels in 1929-30. This season's crop is not expected to exceed 177,000,000 bushels. The production of butter was estimated at 348,355,000 lbs., compared with 299,080,545 lbs. last year, and the 1931 vintage of wine at 13,000,000 gallons, compared with 16,000,000 gallons last year.

Overseas Trade.—Imports of merchandise for the year ended June 30, 1931, were, in sterling, £60,558,095, and were estimated at approximately £68,200,000 in Australian currency; imports of bullion and specie were £399,053 sterling. Exports of merchandise were £75,764,044 sterling or, in Australian

currency, £88,991,442, a decrease in sterling of £21,614,255 on last year, while exports of bullion and specie amounted to £13,046,956 sterling, a decrease of £14,701,893 on 1929-30. The merchandise figures show an excess of exports of £15,605,002 sterling, as compared with an excess of imports of £33,380,235 for 1929-30. Imports from Great Britain were valued at £23,190,488 in British currency, compared with £54,254,702 in 1929-30. For the U.S.A. the figures were £11,367,822 and £30,316,208 respectively. Practically all items of import show a substantial decrease on last year, the only exceptions being films for cinematographs with an increase of £221,562, and raw silk with an increase of £1,602. The principal decreases were in the textile group, total imports of which dropped from £32,546,428 to £15,885,711, and the metal, metal manufactures and machinery group, in which the total fell from £36,323,308 in 1929-30 to £12,407,201 in 1930-31; in the oils, fats and waxes group the total declined from £11,565,261 to £6,937,359 between these two years, and in the paper and stationery group from £7,912,167 to £4,547,092. The principal items of export are shown in the following table:—

Commodities.	1929-30.		1930-31.		Per cent. Exported to Great Britain, 1930-31.
	Quantities	Values*	Quantities	Values*	
	Lbs. '000.	£'000.	Lbs. '000.	£'000.	%
Wool	744,314	33,380	814,592	32,002	32
Wheat	2,423,442	10,036	7,153,395	14,748	16
Flour	931,466	4,948	1,048,479	3,513	24.3
Butter	107,663	7,001	163,180	8,120	88.5
Frozen meats	257,159	4,955	264,872	4,340	78.5

* Recorded values.

Finance.—The accounts for the Commonwealth and States for the year ending June 30, 1931, are set out in the following table:—

State.	Revenue.	Ordinary Expenditure.	Loan Expenditure.	Gross Public Debt.
	£ (a)	£ (a)	£	£
N.S.W.	17,422,051	20,296,315	6,152,466	287,831,556
Victoria	24,151,198	27,605,396	3,552,767	165,958,684
Queensland ..	15,072,651	15,914,696	1,852,921	112,706,190
South Aust. ...	10,725,811	12,539,668	893,168	100,094,446
West Aust. ...	8,686,756	10,107,294	1,759,263	77,359,685
Tasmania	2,609,290	2,854,394	825,439	23,365,812
Six States	78,667,757	89,317,763	15,036,074	767,316,372
Commonwealth	69,566,920	80,324,539	1,988,820	388,718,545
Total	148,234,677	169,642,302	17,024,894	1,156,034,917

(a) Excluding business undertakings.

The Budget speech was delivered by Mr E. G. Theodore on July 10th. The financial year 1930-31 has closed with a deficit of £10,756,899, and the Budget for 1931-32 shows an estimated deficit of £5,176,800 after giving effect to the proposed increase in taxation. It is proposed to reduce the deficit to the above amount both by increases in taxation and by savings on expenditure. The net saving to the Commonwealth Budget from the loan conversion is estimated at £2,470,000. The net gain to the Budget for 1931-32, if the Hoover plan were carried into effect, is estimated at £4,028,000 (Australian currency), after allowing for suspension of repatriation receipts, £830,000 in British currency (or £1,082,000 in Australian currency). The anticipated deficit would thus be reduced from £5,176,800 to £1,148,800.

The Commonwealth raised six loans in Australia during the year 1930-31, amounting to £30,768,810 in all, at interest rates varying from 5½ per cent. to 6 per cent., the greater part of these loans being raised for

conversion purposes. The Commonwealth Debt Conversion Bill provided for a reduction of 22½ per cent. in the interest on the internal debts of the Commonwealth and States and took effect from July 31, 1931. The Commonwealth and States debts affected amounted to £556,000,000, of which £400,467,000 was represented by Commonwealth securities (including £177,537,000 on behalf of the States) and £155,533,000 was represented by State securities.

During 1930-31, the amount applied to Commonwealth debt redemption totalled £4,644,359, and State redemption totalled £3,249,513 (of which the Commonwealth contributed £1,057,703). The payment on the combined Commonwealth and State debts amounted to £5,454,080 in Australia and £2,442,540 overseas. The public debt of Australia per head is £177 16s. 9d., compared with £170 17s. 6d. in 1929-30.

Banking.—The net profits of the Commonwealth Bank were £700,788 for the half-year and £1,319,713 for the year ending June 30, 1931. Of these amounts, £351,738 and £633,819, respectively accrued from purely banking business. For the Commonwealth Savings Bank the profits were £112,646 for the half-year and £234,186 for the year ending June 30, 1931. The reserve fund amounted to £1,185,717 for the Commonwealth Bank and £1,528,672 for the Commonwealth Savings Bank.

NEW ZEALAND.

In New Zealand the year's experience has been much the same as in 1930—production has shown a healthy increase, but prices a decrease. The additional output has not sufficed to counter-balance lower values. The result has been a decided fall in the total export figures. Naturally, too, importations have diminished, and in a greater ratio than the exports. One effect of this has been to give the Dominion a healthy trade credit balance of £10,340,070.

OVERSEAS TRADE OF NEW ZEALAND.

(Million £'s.)

	1927.	1928.	1929.	1930.	1931.
Imports	44.7	44.8	48.7	43.0	24.8
Exports	48.4	56.1	55.5	44.9	35.1

Public Finance.—The following is a condensed statement of the national balance sheet for the past two financial years. Only the principal items of revenue and expenditure and the respective total units are shown:—

(000's omitted.)

Revenue.	Year ended March 31st.		Expenditure.	Year ended March 31st.	
	1930.	1931.		1930.	1931.
Customs	£ 8,897	£ 7,605	Interest	£ 9,136	£ 9,266
Beer duty	620	575	Sinking fund and debt reduction ..	1,562	1,635
Motor vehicle duties ..	1,510	1,840	Pensions	2,750	2,851
Licenses, &c.	3,405	3,387	Education	3,218	3,230
Stamp and death duties ..	1,506	1,145	Contribution to Singapore Base ..	125	125
Land tax	3,533	4,003			
Income tax	2,132	685			
Railways (Interest on liabilities)					
Totals (including other items)	25,349	23,068	Totals (including other items)	25,200	24,708

The gross debt at March 31, 1931, was held as under:—

Where held.	Amount.
London	£ 154,546,941
Australia	4,175,350
New Zealand	117,311,067
Total	276,033,358

For the year 1931-32 the revenue was estimated at £24,946,000 and the expenditure at £24,763,781, but a supplementary budget issued later in the year to meet unexpected conditions amended these figures. The details are not to hand.

Production.—As already stated, the normal rate of production has more than been maintained during the year, and there has been particular concentration on an endeavour to extend the market for the Dominion's mutton and lamb, butter and cheese, etc., especially in Great Britain. The outlook for wool has considerably improved, though prices are still low. Foreign countries have been more liberal buyers of New Zealand wool than heretofore. Probably the new 10 per cent. British tariff on butter and cheese will assist preferment for these commodities. Unfortunately, export details of the various commodities are not yet to hand. Eleven-month figures (to November 30th) are as follows:—

Wool, £5,194,162; butter, £9,200,723; cheese, £3,907,888; frozen meat, £8,313,135.

INDIA.

The year 1931 has witnessed the continuation and accentuation of the decline in prices, foreign trade and revenue. After touching 100 (the pre-war figure) in March, the Calcutta Wholesale Prices Index Number fell steadily to 91 in September, recovering to 96 in October, 97 in November, and 98 in December. Imports of private merchandise during the year were 136 crores and total exports 170 crores. Net exports of gold and silver on private account were 26 crores. Official revenues meanwhile fell so sharply that it became necessary to introduce an Emergency Budget, imposing heavy new taxation under nearly all headings, to avert an even heavier deficit than had been threatened only six months before. During the eight months ended November the value of imports decreased, as compared with the corresponding period of 1930, by 27 crores, or 24 per cent., and amounted to 85 crores only; while total exports, including re-exports, fell by 55 crores, or 34 per cent., to 105 crores. The exports of Indian merchandise decreased by 55 crores, or 35 per cent., totalling only 102 crores, against 157 crores in the same period in 1930, and comparing with 209 crores in the same months in 1929; these figures, as a measure of purchasing power, indicating the extent to which the decline in the import trade is traceable to non-political causes. The grand total of imports, exports and re-exports amounted to 190 crores, as against 273 crores in the corresponding period of the preceding year, a decrease of 83 crores, or 30 per cent.

Meanwhile, imports of treasure (private and Government) decreased by 14½ crores to 5½ crores. Gold bullion fell by 4½ crores to 94 lakhs, sovereigns and other British gold coin by 5½ crores to 104 lakhs, and other coined gold coin by 13 lakhs to 3 lakhs only. The value of silver imported decreased by 435 lakhs to 348 lakhs, while exports of treasure increased by 19,97 lakhs to 22,39 lakhs, private exports of gold totalling 17½ crores in the eight months, against imports totalling over 12 crores a year previous and 9½ crores in the same period in 1929.

Trade.—Unsatisfactory as the two preceding years were considered, the turnover in 1931 fell to levels not previously envisaged as conceivable. In most commodities, quantities and values have fallen simultaneously. The following figures all related to the April-November periods: In 1929 shipments of raw cotton totalling 413,940 tons were valued at 39 crores. In 1930 exports totalling 403,207 tons yielded 29½ crores. In 1931, however, exports limited to 302,092 tons yielded only 16½ crores. Japanese purchases fell progressively from 16 crores in 1929 to 11½ crores in 1930, and again to 7 crores in 1931. Simultaneously, exports of raw jute have fallen in quantity during three years from 538,000 to 362,103 tons in 1930, recovering to 397,364 tons in 1931, values, however, showing an unbroken decline from 19 crores to 8½ crores, and finally to 7 crores in 1931. Concurrently, shipments of jute manufactures have fallen successively from 64,013 to 568,640, and lastly to 458,556 tons, valued at 36 crores in 1929, 25 crores in 1930, and 14½ crores in 1931. All the staple exports have suffered

the same sort of experience. Gold is being exported because, on the pre-slump scale of values, it is the only product in world demand which yields to the seller what appears to be an attractive margin of profit.

That the import trades have suffered as the sequel and consequence of the decline in export values was to be expected. Large as the exports of gold have been, and may continue to be, they compensate to only a very slight extent for the loss in purchasing power occasioned by the general diminution in the demand for, and the fall in the world value of, Indian produce, and, so far as the Indian market is concerned, if Western countries will not buy, or will only buy at the present price-level, neither will they be able to sell. As already indicated, one outstanding effect of the slump in imports has been to force the Government of India, for budgetary reasons, to raise import duties far beyond protectionist requirements, and in recent months imports from countries still on the gold standard have been further restricted by the incidence of an adverse exchange. Some of the minor British industries interested in the Indian market have undoubtedly benefited as the result of the new exchange situation, and will continue to benefit so long as this situation persists. In relation to cotton piece-goods, however, further experience confirms previous calculations that the complete disappearance of the import trade is only a matter of erecting sufficient mills in India to meet domestic requirements. A number of new mills are under construction, and others are planned and will be proceeded with as soon as capital is available. The joint effects of economic and political influences on the import trade in cotton piece-goods are reflected in the appended totals covering the eight months ended November:—

	Million Yards.			Value in Crores.		
	1929.	1930.	1931.	1929.	1930.	1931.
Greys:						
United Kingdom	319	129	40	7	2½	65
Japan	256	142	124	6	3	2
All sources	583	273	166	13½	5½	2½
Whites:						
United Kingdom	290	172	142	8	4	2½
All sources	310	199	188	9	4½	3½
Coloured, etc.:						
United Kingdom	192	122	69	6½	3½	1½
Japan	98	48	63	2½	1	1
All sources	325	189	146	10½	5½	3½
Total piece-goods:						
All sources	1,244	667	517	33	15½	9½

Finance.—Following the Emergency Budget, which raised many taxes to levels threatening inclusion within range of the law of diminishing returns, further efforts have been made to reduce official expenditure with no other result but to emphasise that a further reduction in military outlay offers the only chance of substantial economies. The military, as distinct from the financial advisability, and practicability, of retrenchment in this direction, represents a separate issue; the point being that, for all practical purposes, civil expenditure in India is now at the irreducible minimum consistent with administrative efficiency without taking into account the clamant needs of the many departments, Central and Provincial, interested in, and anxious to promote, social and economic progress.

SOUTH AFRICA.

The year 1931 will live in the memory of South Africans as a period of great difficulty. With agriculture struggling in face of falling prices to recover from the previous bad season, merchants and manufacturers contending with new and severe competition, rising public expenditure and falling revenue, and the local share of the world's economic troubles, the country was ill-prepared to contend with the difficulties created by the currency position arising out of England's departure from the gold standard. It is perhaps true that, owing to the prosperity of the gold-mining industry, the position is far better—for a young country working on a small scale—than in some other territories. To South African experience, however, the position has been bad and remains so.

Public Finance.—Even before the beginning of the year it was obvious that the Minister of Finance would have no surplus to declare in 1931. The actual deficit disclosed in April amounted to £1,550,000. Events since then have made the prospects for the next Budget very much worse. It is considered, according to some estimates, that the country is losing from £500,000 to £1,000,000 per week, in addition to heavy capital losses, in consequence of the currency position. Opinions on the gold standard is hardening against the Government policy. One of the disturbing aspects of public finance is the financial position of the railway system. The deficit on working during the year ended March, 1931, was £800,000, and, owing to the severe setbacks in trade, the position since that date has certainly not improved.

Trade and Prices.—The latest available figures for visible trade show imports of £40.7 millions and exports of £54.5 millions during the nine months ended September 30, 1931. Corresponding figures for 1929 were £62.8 millions and £66.8 millions, and for 1930 £48.6 millions and £60.4 millions. As between 1930 and 1931 all the principal exports except gold show severe decreases in value, whilst in many cases quantities are also down in consequence of marketing difficulties. The export of gold for the year amounted to £46,946,683. The high figure is due in part to increased production and in part to the financial position. Trade in the country districts is very depressed, and many houses have withdrawn their travellers. Prices during the year have continued to fall, and the average increase in the cost of living as compared with 1914 over the whole Union is now 21 per cent. on all articles, 15 per cent. on food, fuel, light and rent, and only 2 per cent. on food alone.

Production.—Gold production will once more constitute a record. Owing to the state of trade in other spheres, and the very bad season last year, the native labour supply has been ample to the point of embarrassment—almost for the first time in the history of the industry. Not only have the mines produced more gold, but the opportunity has been taken on many mines of extending the programme of development and other permanent work. The twelve months' output from the Union will amount to about 10,850,000 fine ounces, and the group profits to about £13,750,000. Dividends declared during the year amount to £8,580,000 in South African currency. The large supply of native labour has had its normal effect of increasing the numbers of Europeans employed. Manufacturing production is at the moment hampered by competition—as it is liable to be owing to its small scale, high cost, and absence of export outlets. The building trade seems healthy in the larger towns, and the process of rebuilding Johannesburg seems hardly to slacken in spite of general depression.

Agriculture.—The weather in certain parts of the country—especially the Eastern Transvaal and Northern Natal—is still somewhat dry, although rains have occurred. Of the Union as a whole it can be said that production prospects are generally favourable. The farmers' problem, however, is that of marketing produce at prices which will cover, or even approach covering, their production costs. Owing to the local consumption and a forced export on a quota system applicable to all holders, the position of maize producers is less difficult than that of wool producers, but the deduction of the ruling exchange from prices which even last year were not remunerative has, for the moment, placed the farming community in the worst position they have known for years.

IRISH FREE STATE.

The outstanding event in the Free State in 1931 was the increase in population resulting from the American slump. Emigration practically came to an end, and a large number of former emigrants returned to Ireland. For the first time in its short history the Free State experienced an increasing population.

Agricultural prices fell continuously throughout the year, potatoes being the only exception. The Free State farmer, nevertheless, still enjoys a differential advantage owing to the fact that the price of livestock and livestock products has not fallen so rapidly as that of feeding stuffs and other raw materials of production. It is the existence of this differential gain that has enabled Irish agriculture to weather the economic storm without overwhelming losses. The year has unquestionably been a bad one for Irish farmers, whose only consolation is that they have suffered less than farmers in other countries. The tariff on butter has succeeded in raising the price in the home market during the winter months, but it has not succeeded in stimulating winter dairying. A further measure of protection has been afforded by the imposition of a duty on oats accompanied by an increased duty on oatmeal. The co-operative organisation for the marketing of butter has been dissolved, and the old disorderly competitive marketing methods once more prevail.

The only new duty on manufactured articles is that on leather, but several applications for duties are being examined by the Tariff Commission. A comprehensive anti-dumping measure has been passed but up to the present it has been applied only to imports of cheap foreign bacon. The Shannon hydro-electrical scheme attracted a good deal of public notice during the year owing to the emergence of serious differences between the Government and the Electricity Supply Board. Apparently the accounting methods of the Board were defective, and the charges for current were inadequate. Several important members of the Board have resigned; a completely new system of accounts has been adopted; and the charges for electricity have been increased. The success of the Shannon Scheme has not been in the slightest degree imperilled by these differences on matters of policy.

The claims of farmers for the derating of agricultural land were partly conceded in the budget by an increase of £750,000 in the agricultural grant, financed by a tax on petrol. As the year advanced it became apparent that there would be a serious deficit, estimated at £900,000, on account of the general crisis. A supplementary budget was introduced in the autumn by which income tax was raised by sixpence in the pound and the duty on petrol was doubled. These increases in taxation were estimated to yield £450,000, and the remainder of the deficit will be bridged by an extensive measure of retrenchment in the public services.

The Free State departed from the gold standard automatically with Great Britain. The system adopted by the Currency Act of 1927 was that of a sterling exchange standard, and the value of the Irish pound is identical with that of the British. Even if the Free State had been on the gold standard, it would have been compelled to abandon it as soon as sterling depreciated on account of the magnitude and importance of its trade with Great Britain. Any bounty on exports that the Irish farmer might have enjoyed owing to the depreciation of sterling proved to be fleeting, and disappeared when Denmark and other competing agricultural producers abandoned the gold standard. The joint stock banks enjoyed a successful year, displaying no sign of weakness during the financial crisis. The Dublin clearings amounted to £249,980,000, an increase of £1,677,300 on the previous year.

C.—OTHER COUNTRIES.

UNITED STATES.

Hopes of an arrest in 1931 of the progress of deflation had to be abandoned early in the year and the trade and financial depression deepened virtually without interruption until the end of the year. Even the spring rise in activity was less marked than usual, and there was an almost continuous decline in commodity prices, industrial output, distribution of goods and security values, all indices of prices and business activity stand-

ing at the bottom as the year ended. Money interest rates alone stood somewhat higher at the year's close. The Federal Reserve Board's index of industrial production declined to 72 per cent. of the 1923-25 average in November, against 83 per cent. at the beginning of the year.

Money and Banking.—The average rate for call money renewals on the Stock Exchange was 1.74 per cent., compared with an average of 2.9 per cent. in 1930. Commercial paper averaged 2.3 per cent., against 3.5 per cent., while the 90-day bill rate was slightly over 1½ per cent., against 3½ per cent. in the preceding year. Time money ranged from 2 to 4 per cent. The New York Federal Reserve Bank made three changes in its discount rates. On May 8th the rate was lowered to 1½ per cent., the lowest rate ever quoted; on October 9th, as a defensive measure against the gold outflow, the rate was raised to 2½ per cent., and a week later to 3½ per cent. The eleven other Federal Reserve Banks followed the New York lead, but did not go all the way.

Federal Reserve Bank credit outstanding dropped sharply early in the year to a total of around \$850 millions, and was maintained not far above that figure until midsummer, when a sharp climb began as the central banks sought to offset the reduction in member bank reserves occasioned by gold exports and rise in currency circulation. Reserve credit rose to a peak of about two and a quarter billions at the beginning of November and closed the year at \$2,202 millions compared with \$829 millions a year before. Early imports of gold disappeared under the heavy autumn outflow, so that the monetary gold stock in the country was \$185 millions lower at the year end.

Member bank investments totalled \$7,428 millions at the year end, an increase of \$785 millions. Of this, Government securities of \$4,060 millions were up \$1,068 millions, while other securities held were down by \$333 millions. These figures cover banks with 40 per cent. of the country's commercial banking resources. The same banks ended 1931 with deposits of \$18,215 millions, a decrease of \$3,130 millions, and their borrowings from the Federal Reserve system were up \$596 millions. Total member bank borrowings from the Federal Reserve system were \$1,024 millions at the end of the year, compared with \$251 millions the year before. Total gold reserves were \$2,987 millions, against \$2,941 millions, and the ratio of total reserves to deposit and Federal Reserve note liabilities combined was 61.9 per cent. for the system, against 73.7 per cent. at the end of December, 1930. On the Stock Exchange, the market value of all listed shares was \$26,693 millions at the end of 1931, compared with \$49,019 millions twelve months earlier. The market value of all listed bonds was \$37,848 millions, compared with \$47,384 millions. Total brokers' loans were \$587,159,000 at the end of the year, compared with \$1,893,612,000 at the beginning. Bank failures for the eleven months were 1,932, with deposits of \$1,468 millions.

Government Finance.—The Federal Government wound up the fiscal year June 30, 1931, with a deficit of \$903 millions, the first since the war. The prospective deficit for the 1932 fiscal year is \$2,123 millions. Customs receipts fell from \$587 millions in the fiscal year 1930 to \$378 millions in 1931, and are estimated at \$410 millions for 1932. Corporate income taxes declined from \$1,118 millions in the fiscal year 1930 to \$892 millions in 1931, and are estimated at \$550 millions for 1932. Individual income tax collections dropped from \$1,061 millions to \$730 millions; the estimate for 1932 is \$370 millions. Miscellaneous internal revenue collections fell from \$628 millions in 1930 to \$569 millions in 1931; the 1932 estimate is \$544 millions.

Treasury financing for the calendar year 1931 amounted to a grand total of \$5,024 millions, exclusive of Treasury discount bills of \$1,859 millions, which was a net increase of \$449 millions in amount outstanding. In price, the Treasury bills ranged from an average interest rate of .46 per cent. on July 27th to a maximum of 3.25 per cent. on December 30th. There were

twenty-eight issues. Treasury certificates were issued on the first, third and last of the four tax dates, and there was an issue on April 15th in lieu of the June tax date. These issues totalled \$2,825 millions, of six months to a year, and at interest rates of 1½ to 3½ per cent. Treasury bonds of \$2,218 millions and of from twelve to twenty years' maturities were sold on the first three income tax collection dates, ranging from an interest rate of 3½ per cent. in March to one of 3 per cent. in September. On December 31, 1931, the public debt amounted to \$17,825 millions, a rise of \$1,799 millions on the calendar year.

New Capital Issues.—New capital flotations in 1931, according to the compilations of the *Commercial and Financial Chronicle*, fell progressively during the twelve months, and at the close were confined almost wholly to Governmental issues. Domestic corporate issues totalled \$2,371 millions, against \$4,957 millions in 1930, and domestic and foreign corporate issues were \$2,588 millions, compared with \$5,473 millions. Investment trust financing was virtually non-existent. The total of foreign issues placed in this country in 1931 was \$268 millions, compared with \$1,135 millions in 1930, most of it being Canadian financing. Of the total only \$14,500,000 was for refunding purposes. The grand total of new financing of all kinds was \$4,015 millions, other financing amounting to \$34,581,000. This compares with \$7,677 millions for 1930 and with \$8,114 millions for 1929.

Industrial Activity.—Industrial production and the movement of merchandise receded at about the same pace as in the previous year. Steel output fell 36 per cent., and in the closing month of the year the mills were operating at but slightly above 20 per cent. of capacity. Steel ingot production in the twelve months was 24,900,195 tons, compared with 39,286,287 tons in 1930, according to the American Iron and Steel Institute. The lowest previous annual output was the 19,184,000 tons production of 1921. Pig-iron output for 1931 was 18,275,165 tons, against 31,899,105 tons in 1930. Furnaces in blast on January 1st of this year were 56, the smallest number in service at any time since the summer of 1924. Production of electricity totalled 85,700,000,000 kilowatt hours, compared with 89,467,099,000 in 1930, according to the National Electric Light Association, a drop of 4.2 per cent. The American Railway Association calculated that during 1931 a total of 37,272,371 cars were loaded with freight, a reduction of 8,605,603 cars, or 18.8 per cent. under 1930 and a cut of 29.4 per cent. from 1929. Motor production in the first eleven months was 29 per cent. lower than in 1930, the total being 2,268,197 vehicles, against 3,200,285 in the 1930 period, according to the Department of Commerce. Consumption of crude rubber for the full year was 348,986 long tons, or a decrease of 7.1 per cent. compared with 1930 consumption of 375,980 tons.

The production of crude oil in the United States for the eleven months is reported by the Department of Commerce at 777,101,000 barrels, against 831,039,000 in the 1930 period, a drop of 6.4 per cent. The output of electricity in 1931 was about 85,700,000,000 kilowatt hours, or 4.2 per cent. under production of 89,467,099,000 kilowatt hours in 1930.

Merchandise exports for twelve months were \$2,424,183,000 against \$3,841,181,000 in 1930, and imports \$2,090,107,000 against \$3,060,908,000. The excess of exports was \$334,076,000 compared with excess of \$780,273,000. Gold imports in the twelve months were \$612,119,000 and exports \$466,794,000 compared with imports of \$396,054,000 and exports of \$115,967,000 in 1930.

Commercial failures in the United States for the full year numbered 23,285, an increase of 7.3 per cent. over the 1930 total of 26,355, according to R. G. Dun and Company. These failures had total liabilities of \$786,309,102, or 10.2 per cent. more than the \$688,283,842 for 1930. The total value of construction contracts of all types for 1931 in thirty-seven States east of the Rockies was \$3,092,849,500. While actual production of crops in 1931 was about 10 per

cent. larger than in 1930, the total value of the crops placed by the Department of Commerce at \$4,100,000,000 was down \$1,700,000,000, or 29 per cent. under 1930 and about 49 per cent. under 1929. The large decline in value represents solely the market decline in agricultural values in the past two years with the average of farm prices on December 1, 1931, standing 36 per cent. below the like date in 1930 and 51 per cent. under 1929.

ARGENTINA.

Unremitting economy, alike in official and in private life, has been the keynote of Argentina throughout 1931, and the Republic therefore ends the year in far better shape than it began.

Finance.—All debt services, national, provincial and municipal, have been punctually met, and external indebtedness reduced by approximately \$250,000,000 paper. No fresh loans have been contracted abroad during the year, but the internal indebtedness, due to diminished revenue receipts and the impossibility of immediately cutting down administrative outlay, has risen by some \$200,000,000 paper as compared with 1930. Net revenue receipts for the first eleven months of 1931 were \$549,142,000 paper, as against \$566,128,000 for the corresponding period of 1930. A steady drain of gold, due to the use of the faculty of specie shipment to meet debt services, brought the holdings of the Conversion Office down from \$467,773,917 gold on December 31, 1930, to \$260,890,000 gold, though the paper circulation, which was \$1,260,686,000 at the close of 1930, stands at \$1,245,109,000 on December 31, 1931. Prices for national bonds and the cedulas of the National Mortgage Bank have been remarkably well sustained throughout the year, owing in part to the plethora of funds which existed until the beginning of November, but also to the general confidence felt by local investors. On the year-end quotations the decline as between 1930 and 1931 is roughly 10-12 per cent. Banking accommodation was available throughout the first eleven months of 1931 at 6 to 7 per cent. per annum, but the promise of good crops and improved prices for produce caused a monetary demand, which threatened to become insistent, wherefore deposit rates were hurriedly raised until 5-6 per cent. was paid for three to six months' fixed deposits, and loan business terms were quoted at 7 to 9 per cent. It is probable that the New Year will see a reduction, since it is evident that ample funds are available for handling the harvest.

Foreign Trade.—Comparing the first eleven months of 1930 and 1931 the export position reads:—

	Tons.	\$ Gold.
1930 ...	9,916,706	567,198,132
1931 ...	17,102,464	590,823,321

Import figures, estimated true values, for the first ten months only, are given as \$456,363,000 gold, as against \$629,892,000 gold for 1930. There is thus a slight money increase in exports and a decided saving in imports. Broadly speaking, this means that whereas 1930 closed with a passive balance of \$125,000,000 gold the year 1931 sees the commercial position strengthened by close on \$200,000,000 gold, as far as visible trade is concerned. Imports from the United States were 57 per cent. lower than in 1930. Prices for exports were low throughout the greater part of the year, and the total of commercial failures was heavy, with liabilities of \$369,618,000 paper as against \$228,841,000 in 1930. The year closed, however, with an improved outlook for all Argentine exports except cattle. Prices have fallen sharply in anticipation of restrictive duties likely to be imposed by Great Britain, and the rentable value of pastoral properties has declined in consequence. Nevertheless, viewed as a whole, 1931 closes with greater optimism than it opened, and that on reasonably warrantable grounds.

BRAZIL.

The past year in Brazil has been a period of tranquillity and reconstruction in the political sphere. Following the *coup d'état* in Rio de Janeiro in October, 1930, which placed the present Provisional Government in office, there ensued a strong and united effort to consolidate the economic position of the Republic, to re-establish the national finances on a sound basis, and to meet the difficulties of the commercial situation arising from the trade depression abroad.

The major problem with which the new Administration has been called upon to deal has concerned the coffee-producing industry. As is well known, stocks of Brazil's chief export product have, for many years, threatened to become increasingly excessive. At the same time, the economic crisis has deferred any marked expansion in the demand in the consuming markets, and the Government has taken, during the course of the year, new and energetic steps to meet the situation. A policy has been pursued of destroying surplus stocks of the inferior grades of coffee, funds for this purpose having been secured by the imposition of a new export tax on a gold basis. Further, whereas protective measures for the industry had formerly been financed largely with the assistance of foreign financial interests, an agreement has recently been arrived at whereby further funds will be obtained without addition to external debt commitments, by means of an increased export tax.

Owing to the further fall in prices, the total value of Brazilian exports continued to diminish during 1931, but this tendency was more than offset by economies in imports. In fact, the favourable visible balance of trade during the first ten months of last year amounted to the equivalent of £16,852,000, as compared with only £9,829,000 in the corresponding period of 1930, whilst, at the same time, the volume of coffee exports actually increased from 12,558,000 bags to 14,780,000 bags, the aggregate value declining from £35,253,000 to £28,032,000.

Despite the efforts of the Administration to strengthen the position of the Treasury, to improve the methods of the collection of revenue, and to prevent excessive public expenditure, Brazil has experienced serious difficulties with regard to the exchange position. Every possible effort was made to continue the payment in full of the interest and other obligations in respect to the somewhat heavy total of external debt. The continuance of the world crisis, however, weighed so heavily on the country over a protracted period that, ultimately, towards the end of 1931 the Government was obliged to decree the suspension of the debt services, excepting those on the specially secured Funding Loans and the Sao Paulo Coffee flotations. Brazil should derive considerable benefit from the comprehensive investigation of the economic situation made by Sir Otto Niemeyer in the spring of 1931, and certain of his recommendations have already been acted upon so far as practicable. It is especially worthy of note that, presumably as a preliminary to the establishment of a Central Bank in the Republic, the Banco do Brasil will be converted, as from February 1, 1932, into a Department for the Collection of Government Revenue.

CHILE.

The state of trade in Chile during the past twelve months has been affected by the depressed conditions ruling abroad in a somewhat special manner. The drastic deflation, stringency of credit, and contraction of the demand for primary products have resulted in a serious falling off in the total value of Chilean export trade, and this in turn has had its inevitable effect upon Government revenues. As a result, the Chilean Government has been obliged within recent months to suspend entirely the service of interest and amortisation payments on the external consolidated debt. On the

other hand, Chile has not been inactive in taking constructive measures to adjust and consolidate her basic economy by means of deflating public expenditure, while progress has also been made in the comprehensive reconstruction commenced some two years ago in the nitrate of soda-producing industry, and companies representing a production of approximately 95 per cent. of the whole were definitely incorporated in the Compañía de Salitre de Chile ("Cosach") in March, 1931.

The contraction which has taken place in Chilean commercial activity is clearly demonstrated by the latest available returns of the foreign trade of the country, which relate to the first nine months of 1931. The total value of exports during that period was 774,800,000 pesos, as compared with 982,900,000 pesos in the corresponding period of 1930, but an even more severe contraction took place in imports, which aggregated 607,300,000 pesos, against 1,054,000,000 pesos.

One of the chief considerations which decided the Chilean Government in suspending the service of the country's foreign debt was the need for protecting the exchange value of the currency, and this object has so far been successfully attained. The gold parity of the peso with United States currency has been protected, and, in consequence of the lower value of sterling, Chilean currency has appreciated to the equivalent of approximately 8½d. per peso, as compared with the parity level of 6d. A Control Committee, with wide powers, was set up in Chile in August last to control dealings in foreign exchange and to prevent the undue export of capital.

A surplus of 1,300,000 pesos was realised on the 1930 ordinary Budget, but the continuance of the trade depression has since rendered the situation less satisfactory. The Government, however, continues to seek fresh means for reducing expenditures. Further, the Minister of Finance has passed to Congress a proposal for the unification of the Budgetary system, whereby the financing of public works is to be included in the ordinary Budget instead of in the extraordinary Budget as hitherto.

During the early part of 1931 there was some disturbance of the political situation, and, on July 26, President Ibañez resigned. However, apart from a mutiny of certain naval units in September, which was quickly quelled, constitutional and ordered rule has since been maintained. Presidential elections were held on October 4, when Señor Juan Esteban Montero was returned by a large majority.

OTHER LATIN AMERICAN STATES.**Colombia.**

Despite the state of the world markets for coffee, Colombia has been able to produce and sell her chief product at a profit. It is estimated that, during the 1931-32 season, Colombia will export a total of some 3,200,000 bags, as compared with 3,017,000 bags in 1930-31. The credit situation in the Republic, however, has undergone an appreciable measure of deflation, due to the impossibility of obtaining fresh long-term facilities in New York. To meet the situation, imports have been very much reduced, while it has been found necessary to exercise very strict supervision over dealings in the foreign exchanges, so as to safeguard the currency position.

The Government has been active in reducing the volume of public expenditure. Public works construction has been kept to a minimum, but a fair amount of road building is in progress. In general, there has, as yet, been no relief of the general commercial depression. With the assistance of the measures outlined above, Colombia has been successful in maintaining stability in the exchange, the peso has been pegged on the basis of 103.75 pesos to 100 United States dollars, while the country has so far maintained fully the service of her foreign debts.

Ecuador.

During the greater part of 1931, the political situation in Ecuador was somewhat unsettled. Ultimately, in September, President Ayora resigned office and Colonel Luis Larrea Alba was elected in his stead, and it is to be hoped that the country may now obtain the benefits of a settled administration. Commercially, Ecuador has suffered from pest damage to the cocoa crop, and the failure of the harvest has had an adverse effect upon the national finances, while the gold reserves of the Central Bank have shown a declining tendency. There are indications, however, that the business depression has awakened the country to the necessity for giving serious attention to increasing the production and range of its agricultural resources.

Peru.

The general situation in Peru has been adversely affected during the past twelve months, partly by the universal trade depression and the low market values of the country's chief exports of cotton and sugar, and partly, also, by continued uncertainties in the politico-financial sphere. Disturbances of a political character have been numerous, but ultimately Presidential and Congressional elections were held on October 11, and, in the result, Colonel Sanchez Cerro was formally installed as President.

In regard to the cotton industry, there has recently been created the Banco Agrícola, and, as a result of the financial assistance rendered by this institution, the work of sowing the new crop has been considerably accelerated. All expenses in connection with the production of the crop, such as rents, wages, prices of fertilisers, and local rates, have been cut down, and undoubtedly the latest crop will be by far the cheapest produced in Peru since the war years. The returns of Peruvian foreign trade during the full year 1930 show a reduction in the total value of exports from 335,000,000 soles in 1929 to 241,000,000 soles, whilst imports diminished from 182,000,000 soles to 133,000,000 soles.

Serious difficulties have been encountered in meeting the national expenditure of the Republic. Preliminary figures of expenditure during 1931 were calculated on a basis of 110,000,000 soles, but it is doubtful whether this total can have been fully covered by the national revenue, which has naturally suffered owing to the very depressed commercial conditions in the Republic. The financial difficulties encountered in the general political and economic situation have had a severe effect upon and exchange value of the currency, and, in April last, the Government was obliged to bring about a second devaluation of the sol to the equivalent of 28 United States cents, or a gold parity of 17.38 soles to the £ sterling. Further, the Government was obliged, on May 29th last, to declare a moratorium on all the debts of the Republic.

Uruguay.

The total value of Uruguayan foreign trade has fallen off in the same way as that of other South American countries. The latest available statistics relate to the first nine months of 1931, and these show that exports (the figures are based on actual market prices) amounted to 57,850,458 pesos, as compared with 79,384,098 pesos in the corresponding period of 1930, whilst imports (according to Customs valuations) amounted to 64,799,800 pesos, against 66,455,316 pesos. There was thus an unfavourable balance of merchandise trade in 1931 of 6,900,000 pesos, against a favourable balance in 1930 of 12,900,000 pesos. It is to be noted, however, that the import figures given above were swollen by exceptional clearances through the Customs in anticipation of increased import duties, and, in fact, in import trade conditions were depressed for a period of months on account of the extremely low level of the exchange. Actually, the lowest sterling value of the Uruguayan peso was reached in mid-October last, when a quotation of 19½d. per peso was touched, although there has since been a recovery to around 30d. due to the suspension of the gold standard for sterling.

Bolivia.

Bolivia has sustained a long period of severe trade depression, chiefly owing to the extremely low level of prices recorded for tin in the consuming markets. Tin is the chief export product of the Republic, and it has been only within recent months that any appreciable recovery in the value of that metal has taken place. The political situation has not been entirely settled, and foreign exchange control and a partial commercial moratorium had to be instituted last autumn, whilst service on the external debt has also been suspended.

Paraguay.

Trade conditions in Paraguay have been on the whole favourable; an abundant sugar crop was gathered during the 1931 season, and the cotton and tobacco crops were also good. Crop conditions, however, were not altogether satisfactory, and cattle prices were low. The Republic has been able to maintain a favourable balance of trade, partly as a result of increased customs duties and partly owing to the benefit secured to exporters by the low exchange.

Venezuela.

The commercial situation in Venezuela during the past year has been depressed, owing chiefly to the poor prices obtained for both coffee and cocoa and to the continuance of restricted production in the petroleum industry. The coffee crop has been fairly satisfactory, but the cocoa harvest disappointing. Presidential elections were held in June last, when General Juan Vicente Gomez was the successful candidate, and the general situation has since shown indications of increased confidence.

Mexico.

The Mexican situation has been practically free from political disturbances during the past year, but the country has been seriously affected by external conditions. The world-wide over-production of petroleum has necessitated further contraction of output in the Mexican industry, and even more severe depression has occurred in silver mining, which has passed through a most critical stage due to the very low prices recorded for silver. So far-reaching have been the effects of this latter circumstance that, on July 25th, legislation was hastily enacted demonetising gold, which had formerly been the basis of both internal and external transactions, and establishing the silver peso as full legal tender. Creditors of the country thus suffered an immediate reduction in the value of their collectible debts. Owing, however, to the traditional and customary use of silver for the purposes of internal trade, the new monetary law undoubtedly afforded some measure of benefit to domestic business.

Despite the partial recovery in prices of silver during recent months, the commercial depression in the Republic continues, and there is some stringency in the credit situation, partly on account of the hoarding of currency. Under the monetary law, no new silver pesos may be coined, but there have been placed in circulation silver notes of the Banco de Mexico to a total of about 1,000,000 pesos. These notes have been readily received by the public, and it would thus appear that, by augmenting the amount of the issue, the Mexican authorities have the power to impart increased elasticity into the currency system, a step which might help to relieve the trade situation. The Budget estimates presented by the Government for the year 1932 provide for a reduction in public expenditure of some 86,000,000 pesos as compared with the total for 1931.

Stocks of commodities in the country at the present time appear to be more than sufficient for immediate needs. The production of wheat during 1931 is estimated at 412,000 tons, as compared with 315,000 tons in 1930. The increase thus indicated is satisfactory, but profits have been almost eliminated by reason of the low level of local prices. Similar con-

ditions obtain in regard to the maize crop. The coffee harvest was satisfactory, and the higher grades were sold and shipped at satisfactory prices. The estimated cotton crop was 40,283 tons, against 45,850 tons in 1930, but here again prices have not been attractive to the growers.

Central America and West Indies.

Normal progress in Nicaragua was wholly interrupted by the disastrous earthquake which occurred in March, 1931, and which completely destroyed the capital City of Managua. The process of rebuilding and reconstruction is proceeding expeditiously, and a resumption of normal trading activity can be only a matter of time. In Guatemala the export tax on coffee has been lowered, and the position of the coffee planters has also been improved by economies in production costs. A period of unsettled political conditions in the Republic terminated in February last with the election to the Presidency of General Ubico. Salvador is confronted with stringency in the national finances, and the outlook in that country is somewhat obscure. Conditions in the West Indies are generally depressed, although fair trade activity is observable in some directions. In regard to Trinidad, an adverse circumstance has been the low level of prices of cocoa. Banana shipments from Jamaica last year showed a reduction on those of 1930, and prices realised were also lower. In the Dominican Republic, in Haiti and in Porto Rico commercial conditions have been depressed. There is little sign of trade improvement in Costa Rica; the yield of the coffee crop was less last year, and, in order to improve the position of the national finances, the Government has proposed an increase in certain of the import duties.

MALAYA AND THE DUTCH EAST INDIES.

The incidence of the world depression has been particularly severe in Malaya and in the Dutch East Indies. The population of these countries is largely dependent for its income on just those raw materials which have fallen most in price during the last year. The fortunes of Malaya are intimately bound up with the rubber and tin industries. The prosperity of these industries during recent years has been accompanied by a considerable influx of foreign labour from India and China. Since the end of 1930 this movement has been reversed, but, emigration was not large enough to balance the increase in unemployment. The volume of rubber exported during the first eleven months of 1931, at 395,200 tons, only shows a reduction of 13,000 tons as compared with the preceding year. On the other hand, rubber prices in terms of gold continued to decline, though the increase in sterling prices, following the suspension of the gold standard by the United Kingdom, brought a small measure of relief to Malaya. At present prices hardly an estate can produce rubber at a profit. Nevertheless output has scarcely been curtailed and world stocks show an increase each month. There have recently been negotiations between British and Dutch interests on the question of output restriction, but so far no definite agreement appears to have been reached. Undoubtedly costs of production have been reduced substantially during recent years, and a slight advance in prices might therefore improve the position of the more efficient producers. Tin, too, has suffered a heavy drop in value, though this has been less pronounced than in the case of rubber, partly owing to the approximate adjustment of supplies to demand by an international restriction scheme. When it is remembered that Malaya has to buy abroad a very large proportion of her food and almost all her clothing and raw materials, the gravity of the present situation becomes evident. Malayan exports from January to October, 1931, at \$363,680,000 show a re-

duction of \$198,070,000 as compared with the preceding year. Imports declined from \$603,230,000 during the first ten months of 1930 to \$592,860,000 in 1931. Until the latter part of the past year, the Dutch Possession suffered slightly less than its neighbour. The following table shows the foreign trade of the Dutch East Indies during the last three years:—

	Thousands of Guilders.		
	1929.	1930.	1931.
Exports.....	1,488,000	1,191,000	802,000
Imports.....	1,166,000	922,000	608,000

The position of the country has been weakened by the depreciation in the currency of those countries which compete with it in the production of rubber, tin and tea.

JAPAN.

During 1931 trade and finance were in a desperate position, which eventually culminated in the abandonment of the gold standard, announced on December 13th. Public finance suffered from a huge deficit.

Public Finance.—The revised Budget for 1931-32 estimated expenditure at 1,453,840,000 yen, a saving of 35 millions on the original estimates and a decrease of 119.7 millions upon the preceding year. The national accounts for the first six months, ended on September 30th last, disclosed revenue amounting to 433,837,000 yen and expenditure to 487,168,000 yen, as compared with 395,024,000 yen and 493,900,000 yen respectively for the corresponding period of 1930. The increase in revenue is mainly accounted for by the transfer of 55.7 millions from the preceding year's surplus and reparations payments, while tax receipts are down by 80 millions. The Budget estimates for the next fiscal year show estimated expenditure of 1,479.1 million yen, against estimated revenue of 1,307.1 millions, with a deficit of 172.1 millions to be met by raid on the sinking fund and a new loan.

Money.—The general monetary trend, which remained easy during the first half of the year, underwent a change after mid-summer, and the heavy gold shipments following the British suspension of gold payments caused extreme stringency. The Bank rate was raised twice in October and November to 6.57 per cent. and the banks' deposit rate was advanced in December by one-half of 1 per cent. to 4.7 per cent. The note circulation rose to 1,125 million yen in mid-December which was only 27 millions less than a year ago, despite the Bank's loss of 334.5 millions of gold during the year. The yen exchange fluctuated within very narrow limits during the better part of the year. But since the departure from the gold standard the yen collapsed rapidly. Though foreign currencies were officially unquoted, 39½c. for the dollar and 2s. 3¼d. for sterling were the approximate spot quotations on December 22nd as far as they can be indicated.

Trade.—From January 1st to December 20th imports were valued at approximately 1,182,811,000 yen and exports at 1,108,353,000 yen. As compared with the corresponding period of 1930, imports and exports contracted respectively by 329 millions and 321.8 millions, the apparent adverse balance being 7.3 millions lower at 73.9 millions. As the fall in prices recorded during the year was less than 10 per cent., these changes show that a sharp shrinkage in volume has also taken place.

Production and Prices.—The year's rice crop is officially estimated at 55,027,000 koku, a decrease of 11,847,000 koku on the actual yield of the preceding year and 5,858,000 koku below the five years' average. The wheat crop is better at 19,987,000 koku, as against 18,952,000 koku in 1930. The output of cocoons totalled 92,893,000 kamme, a decline of 18,572,000 kamme upon the preceding year. The Bank of Japan's index number of wholesale prices (July, 1914 = 100) was 116.9 for November, as against 129.0 a year ago.

III.—TRADE REPORTS.

	Page		Page		Page
HOME PRODUCE.		Rubber	40	METAL AND COAL	
The Corn Trade	35	The Oil Industry	40	TRADES.	
Fruit and Potatoes	36			The Coal Industry	48
Livestock	36	BEER, WINES, AND		Iron and Steel.....	50
Poultry.....	36	SPIRITS	42	Minor Metals—	
Fish	37			Silver.....	50
		RAW MATERIALS.		Copper.....	51
COLONIAL AND		Cotton	42	Lead	52
FOREIGN PRODUCE.		Wool	43	Spelter.....	52
Tea	38	Flax, Hemp, and Jute..	44	Tin.....	54
Coffee.....	38	Silk	45		
Cocoa	39	Hides and Leather	45	SHIPBUILDING AND	
Sugar.....	39	Chemicals.....	46	SHIPPING.	
Frozen Meat.....	39	Vegetable Oils & Oilseeds	47	Shipbuilding	54
Tobacco	40	Timber	48	Shipping	55
				MISCELLANEOUS.	
				Engineering.....	56
				Building Trades	58
				TEXTILES.	
				The Cotton Trade	58
				Woollen and Worsted	
				Trades	60
				The Rayon Industry....	61
				Linen Trade	61
				Jute Trade	62

I.—HOME PRODUCE.

THE CORN TRADE.

No large or disastrous failure marked the British corn trade in 1931. In the case of wheat, it is true, the home crop declined, but the decline was slow.

Canada had a small crop of high quality. The United States had a good wheat crop, but the winter-sown which Old World buyers least appreciate was over the average, while spring-sown, which sells well both here and on the Continent, was comparatively scarce. Figures for the eight chief producing countries follow (millions of cwt.) :—

	1914.	1926.	1927.	1928.	1929.	1930.	1931.
British Isles	33-4	27-6	29-9	26-0	23-0	22-0	21-0
Canada	86-0	219-1	243-0	268-0	180-0	195-0	160-0
India	171-2	174-6	175-0	180-0	173-0	186-3	180-0
Australia	20-0	90-0	68-0	80-0	72-0	115-0	90-0
Empire	310-6	511-3	515-9	534-0	428-0	518-3	451-0
U.S.A.	427-3	453-6	457-0	480-0	556-0	440-0	477-0
Argentina	85-6	117-0	120-0	140-0	112-0	135-0	126-6
France	154-8	135-0	152-0	160-0	192-0	144-0	150-0
Germany	77-4	60-0	70-0	75-0	59-4	64-0	82-0
Foreign	745-1	765-6	799-0	855-0	919-4	783-0	815-6
Total	1,055-7	1,276-9	1,314-9	1,389-0	1,347-4	1,301-3	1,266-6

The Russian wheat sales to the British Isles, over twenty nine million cwt., were not in accord with crop estimates which were eight and a half million quarters smaller for 1931 than for 1930.

SUPPLIES OF BREADSTUFFS.

In 1931 the imports for July to November were unprecedented for that particular period of five months.

	1925.	1927.	1928.	1929.	1930.	1931.
January.....	409	466	382	456	379	401
February.....	321	427	416	386	320	291
March.....	451	524	644	502	462	516
April.....	421	538	521	547	335	467
May.....	455	623	468	526	464	433
June.....	442	654	476	420	405	447
July.....	512	475	494	487	529	646
August.....	492	565	506	530	461	618
September.....	405	535	397	660	638	859
October.....	440	410	380	650	658	780
November.....	407	519	460	535	554	612
December.....	609	431	662	369	740	434
Total.....	5,265	6,067	5,696	6,068	5,840	6,507

The sales of home-grown wheat are now usually reckoned at twenty million cwt., but the price paid for poultry food is so good (or that paid by millers so bad) that the calculations of authorities are far less precise than they were. Pig breeding is progressive and wheat is a food of such high feeding value that this demand has become appreciable.

THE PRODUCTION OF SPRING CORN.

The world's maize trade, which was spoken of a year ago as passing to Argentina, in 1931 had been almost wholly centred at Buenos Aires. Of rather over fifty-three million cwt.s. imported into this country, 43,233,723 cwt.s. came from Argentina. Barley nearly held its own in Great Britain but the wet summer was adverse. Germany did well in France but indifferently. The American crop was unexpectedly small, as was that of oats, but when we note that American spring wheat was disappointing, while winter wheat was satisfactory, it seems clear that the weather for the spring-sown grain in general was very unpropitious. Canada fell under the same unseasonable influences, as both barley and oats gave yields well below the average. A circumstance of in some ways even more unsatisfactory

character was the decline in the mean quality of both U.S.A. and Canadian oats. The poor yield of potatoes in the British Isles and also over large Continental areas was an agricultural disaster, which has not yet been at all adequately estimated in its effect on the production of the year.

PRODUCTION (in Millions of Cwts.).

	Malta.			Barley.			Oats.		
	1929.	1930.	1931.	1929.	1930.	1931.	1929.	1930.	1931.
British Isles	None	None	None	19.0	15.0	14.0	50.0	46.0	44.0
United States	1,224.9	1,102.4	1,419.0	138.8	143.8	129.4	365.0	400.0	350.0
Canada	2.0	2.2	2.0	48.2	60.0	50.0	107.0	125.0	100.0
Australia	2.0	4.8	5.5	3.0	3.5	5.5	2.5	3.0	3.0
Argentina ...	175.0	225.0	172.0	15.4	17.0	20.0	35.0	40.0	45.0
Germany	None	None	None	60.0	64.0	68.0	158.0	154.0	169.4
France	14.0	12.0	10.5	29.7	26.7	25.0	117.6	110.0	110.0
Total ...	1,421.1	1,346.4	1,608.0	314.1	330.0	309.9	835.1	878.0	831.4

The Empire regions, fitting as they are to produce maize, fail to enter the arena to any extent worth considering. The barley area of the world is not increasing, but Argentina slowly adds to its area and Germany is nearly independent of other countries for its malt.

MARKET PRICES.

The decline in English wheat was small, but from a price which wages fixed by the State already rendered incompatible with good arable farming it meant a further plunge into the abyss. Canadian wheat rallied, and Canadian flour made a still larger recovery. The so-called market anomaly may possibly be explained by the fact that the British wheat is sold by the grower, the Canadian breadstuffs by men of means (merchants) who have bought the produce off the producer and are holding it for a profit. Bread was unchanged on the year. Other changes are headed by the great rise in potatoes, which added to the call for bread. Sound oats were appreciably dearer on the year, the result of even fair average quality being scarce.

MARK LANE PRICES PER CWT. AT THE BEGINNING OF YEARS NAMED.

	1914.	1927.	1928.	1929.	1930.	1931.	1932.
Wheat, English	7/3	12/3	11/-	9/9	9/9	6/3	6/-
" Canadian	8/6	13/6	13/-	10/9	12/-	6/6	7/-
" English	9/-	17/-	16/6	13/3	14/-	9/3	9/3
Flour, English	10/-	17/9	17/6	15/-	15/-	9/6	9/6
" London	10/6	18/6	17/9	14/3	16/-	9/9	10/6
" Canadian	9/-	18/-	18/-	14/-	14/-	13/-	12/6
Barley, malting	9/-	9/6	10/6	9/3	8/-	6/-	6/9
" feeding	7/-	9/-	10/-	8/-	8/-	5/6	7/-
Oats, English	5/9	8/6	8/3	9/-	7/6	5/-	6/9
" Argentine	5/6	7/6	8/9	10/-	7/6	4/6	4/-
Maize, F.A.Q.	8/6	15/6	15/6	15/9	14/6	12/6	11/-
Rice, feeding	12/-	18/6	16/-	17/-	15/-	12/6	10/-
Peas, maples	8/-	15/9	12/-	10/-	9/-	6/6	6/9
Sugar, feeding	4/-	7/-	5/6	4/6	4/-	6/6	8/6
Potatoes, F.A.Q.	14/-	22/2	21/-	18/8	21/-	16/4	16/4
Bread, household ..							

The users of wheat in 1931 have not altered their views as to a mixture of strong and mild types making the best loaf, and prices therefore reflect the market need of both descriptions. The East eats more wheat; China, despite troubles of politics and finance, has increased its purchases. India probably eats more wheat also, but here information is difficult to procure. Barley is a staple like oats which is dependent largely on the supplies of maize.

The following table shows the quantity and value of our imports of wheat, etc., in 1913, 1930 and 1931:—

	Quantity.			Value.		
	1913.	1930.	1931.	1913.	1930.	1931.
Wheat from—						
Russia	5,011,100	18,717,260	28,934,088	1,984,964	5,751,955	6,594,333
Germany	447,600	...	...	162,036	...	...
Romania	38,600	...	...	14,962	...	...
Turkey	41,000	...	...	11,261	...	...
United States	34,067,944	21,035,743	11,238,768	13,953,072	9,126,985	3,014,250
Chile	765,100	...	...	326,244	...	...
Argentina Rep.	14,756,200	15,188,752	20,733,061	6,137,518	6,788,152	5,074,101
Brit. East Ind.	18,766,100	3,341,551	481,665	7,998,552	1,391,356	133,302
Australia	10,126,658	12,712,993	23,248,312	4,426,629	5,645,775	6,028,845
New Zealand	56,200	...	...	23,210	...	...
Canada	21,787,900	26,178,553	27,085,958	8,803,949	11,370,653	7,687,899
Other countries	13,700	7,599,886	7,642,619	6,774	2,989,287	1,812,427
Total wheat	105,878,102	104,774,738	119,374,471	43,849,173	43,064,163	30,345,157
Wheat meal & flour:						
Germany	455,800	...	...	241,825	...	...
Belgium	32,100	...	...	17,144	...	...
France	301,700	1,184,101	1,012,956	137,800	525,188	275,056
Austria	99,691	...	...	74,217	...	...
Hungary	...	...	...	...	...	...
United States	6,157,644	3,175,752	2,078,783	3,247,423	2,010,459	905,853
Argentina Rep.	191,300	586,728	718,527	78,173	192,728	188,821
Australia	349,075	1,709,630	2,559,691	188,218	947,502	876,435
Canada	4,168,563	4,488,382	3,894,610	2,261,783	2,725,498	1,639,683
Other countries	222,280	583,641	487,102	101,185	244,832	151,364
Total	11,978,153	11,728,234	10,751,669	6,347,771	6,646,207	4,037,212
Barley	22,439,248	15,207,759	15,456,316	8,077,100	4,593,812	4,143,413
Oats	18,162,663	9,631,091	8,766,247	5,671,957	2,409,111	1,925,696
Peas	1,978,315	1,360,142	1,706,928	1,006,735	1,039,786	1,144,141
Beans	1,853,468	732,852	929,144	806,874	722,558	502,702
Total of grain and flour*	220,704,110	184,920,873	217,528,851	84,403,247	72,803,831	55,816,753

* Including other items not given above.

FRUIT AND POTATOES.

The past year was one of strenuous activity in production and distribution against adverse trade and climatic conditions. Apples were not a big crop and maintained a good price level, especially for the better grades and those marketed under the National Mark; the plum crop was of a medium size, which did not result in the ruinous market of 1930; black currants, red currants and gooseberries were a slightly better trade than last year; the pear crop was not a great one on the whole; cherries, too, were only fair to moderate; and with strawberries the market was not on an economic level. Potatoes, owing largely to the greatly reduced yield, proved a better trade than for the past three years, but vegetables as a whole did not show any marked recovery. As for the glasshouse industry, the year just ended was even worse than 1930.

In 1931 the fruit acreage showed more variation than in 1930. Whereas last year the total differed from the previous year only by about 100 acres, there is an estimated total loss in the acreage, at 306,500 acres, of 6,700, of which 4,200 acres were from the area under small fruit and 2,500 acres from land returned as orchards. Five years ago (1926) the grand total was 240,600, so that the situation is still satisfactory. The drop in small fruit is understandable, and not unexpected. The reduction in orchard acreage was most pronounced in Middlesex (a decrease of 700 acres) and in the South-Eastern and West Midland divisions (net reductions of 600 acres and 1,200 acres respectively). In the latter division Worcester returned 600 acres less, and Hereford had 360 acres fewer than in 1930. In the acreage under small fruit, the most notable changes were seen in Kent (1,500 acres less) and Norfolk (600 acres down). Small fruit totalled 62,000 acres, as against 66,200 acres in 1930; and the comparative figures for orchards were 244,500 and 247,000 acres.—*The Fruit Grower.*

The following table shows the area and yield of potatoes in the last three seasons for this country and some of the largest of the world's producing areas, as estimated by the International Institute of Agriculture:—

	Area (Thousand Acres).			Yield (Thousand Cents of 100 Lbs.).		
	1929.	1930.	1931.	1929.	1930.	1931.
England and Wales	519	425	447	80,371	61,443	53,917
Germany	7,005	6,950	6,979	883,553	1,038,372	955,224
Poland	6,813	6,602	6,715	699,965	681,282	724,882
Czechoslovakia	1,880	1,690	1,779	235,801	197,324	189,641
U.S.A.	3,338	3,038	3,382	215,429	199,926	225,749
Totals for 26 countries ...	26,002*	24,341	25,093	2,876,367*	2,752,700	2,693,151

* 27 countries.

LIVESTOCK.

By the courtesy of the Ministry of Agriculture we are able to give the following provisional figures, subject to revision, showing the numbers of livestock in England and Wales halfway through 1929, 1930 and 1931 respectively, as compared with the average for the years 1921-30. The figures are collected annually as on June 4th:—

	Average 1921-30.	1929.	1930.	1931.
Horses—				
Horses used for agriculture (a)	No. 761,055	No. 706,765	No. 682,830	No. 666,540
Stallions being used for service	4,382	2,845	3,320	2,830
Unbroken horses:				
One year and above	146,480	89,274	84,780	82,330
Under one year	53,703	37,583	37,910	37,796
Other horses on agricultural holdings	195,170	162,806	152,510	149,010
Total of horses	1,160,790	999,273	961,350	938,490
Cattle—				
Cows and heifers in milk	2,014,939	2,054,073	2,033,380	2,043,080
Cows in calf, but not in milk ..	287,659	293,715	288,770	321,720
Heifers in calf	363,949	364,763	352,690	425,330
Bulls being used for service ..	83,247	80,271	82,920	90,840
Other cattle	...	...	...	...
Two years and above	924,929	918,878	888,320	845,330
One year and under two	1,131,445	1,143,640	1,117,060	1,130,400
Under one year	1,142,048	1,102,254	1,086,540	1,208,340
Total of cattle	5,948,216	5,957,594	5,849,680	6,065,040
Sheep—				
Ewes kept for breeding	6,275,247	6,717,258	6,810,180	7,262,510
Rams and ram lambs to be used for service	178,518	187,209	192,450	216,060
Other sheep:				
One year and above	2,445,327	2,266,762	2,236,670	2,567,770
Under one year	6,568,400	6,934,224	7,098,500	7,702,900
Total of sheep	15,467,492	16,105,453	16,337,800	17,749,240
Pigs—				
Sows kept for breeding	348,860	307,144	315,230	402,420
Boars being used for service ..	24,576	21,925	20,770	26,720
Other p	2,209,369	2,037,474	1,970,940	2,354,870
Total of pigs	2,582,805	2,366,543	2,306,940	2,783,010

(a) Including mares kept for breeding.

POULTRY.

That the World's Poultry Congress of 1930 gave a great impetus to British poultry husbandry is evident. That great gathering, together with the publicity of the Empire Marketing Board in their "Buy British" campaign, and of the Ministry of Agriculture regarding national mark eggs, has stimulated consumption. It has also led to a considerable increase in the poultry population of the country. Many specialised commercial farms have been established and others extended.

There has been a steady advance in farm poultry keeping. The Poultry Census, taken on June 4, 1931, revealed the fact that on holdings of an acre and upwards in England and Wales adult fowls had increased from the previous year by 2,143,500, fowls under six months by 2,525,280, adult ducks by 12,580, ducks under six months by 103,520. Geese had decreased by 53,890 and turkeys by 149,930. The increase in consumption has, however, been accompanied by a reduced price of eggs. In the earlier months of the year under review the low costs of feeding-stuffs were about equal to the drop in returns. When the Government abandoned the gold standard there was an immediate increase in the cost of feed without any corresponding advance in prices of poultry products.

Imports of eggs in shell during the last two years were as follows:—

Country of Origin.	1930.	1931.
Soviet (Russia)	Great hundreds. 84,842	Great hundreds. 262,444
Sweden	491,168	339,003
Denmark	6,728,383	7,548,245
Poland (including Danzig)	3,612,564	2,687,069
Netherlands	3,680,696	3,835,698
Belgium	2,333,656	2,072,337
France	658,731	96,680
Egypt	451,479	220,937
China	1,712,568	1,499,989
Irish Free State	4,781,096	4,575,107
British South Africa	474,079	589,302
Australia	554,653	914,474
Other Countries	977,365	1,278,423
Total	26,541,280	25,920,308

China is still the chief source of supplies of dried and liquid eggs, of which 98.5 per cent. came from that country, including Hong Kong, as against 99.2 per cent. in 1930. The figures are:—

Year.	Quantities.	Values.	Per Cwt.
1929	Cwts. 680,086	£ 3,103,403	s. d. 92 6
1930	760,669	3,006,153	79 0
1931	744,435	2,646,287	71 10

The imports of live and dead poultry into Great Britain and Northern Ireland in 1931 were:—

Country.	Quantities. No.	Values. £
Irish Free State	1,054,561	185,304
Other Countries	90,026	8,544
Total alive	1,144,587	193,848
Dead—		
Soviet Union (Russia)	Cwts. 182,745	£ 630,276
France	38,476	250,785
Austria	48,682	250,742
Hungary	118,200	619,103
United States of America	14,149	85,786
Irish Free State	109,118	618,978
Other Countries	155,567	695,284
Total dead	666,837	3,130,954
Less re-exports	13,237	65,268
Net total dead	653,600	3,065,686
Gross total poultry	...	3,259,534
Increase over 1930	...	£173,118

The net values of eggs and poultry imported in 1931 were:—

	£
Eggs in shell	13,768,338
Eggs not in shell, less re-exports	2,646,287
Poultry, less re-exports	3,259,534
Total	19,674,159
Decrease from 1930	£2,809,145

Estimates, which have been scrutinised in every detail as to the values of home and imported supplies of eggs and poultry, based upon Census figures and the lower average prices of eggs and poultry, are submitted below:—

	£
Estimated production in England and Wales	23,658,000
Estimated production in Scotland	2,471,000
Estimated production in Northern Ireland	3,182,500
Total production in Britain and Northern Ireland	29,311,500
Imports of eggs and poultry, inclusive of dried and liquid eggs, less re-exports	19,674,159
Total wholesale values consumption, 1931	£48,985,659

In respect to values, the home supplies represent 60 per cent., and imports 40 per cent. of the total consumption. On the basis of quantities imports are nearer equality with the home output.—*Sir Edward Brown, Secretary, National Poultry Council.*

FISH.

The Board of Trade returns for the landings of sea fish of British taking in 1930 and 1931 include the following:—

TWELVE MONTHS ENDED DECEMBER 31st.

Kinds of Fish (England and Wales).	Quantity.		Value.	
	1930.	1931.	1930.	1931.
Cods—				
Cods	Cwts. 4,333,652	Cwts. 4,588,840	£ 2,966,200	£ 2,918,410
Haddock	2,445,408	1,925,409	2,131,582	1,850,340
Hake	687,293	700,694	1,551,352	1,425,410
Halibut	143,906	159,290	524,909	529,338
Lemon sole	80,337	96,099	259,960	264,116
Ling	183,539	174,487	114,038	90,872
Plaice	650,251	594,642	1,497,901	1,394,128
Skate and ray	435,817	434,056	638,896	614,387
Sole	66,046	66,295	586,746	515,836
Turbot	72,535	63,743	330,950	280,241
Whiting	306,296	336,492	224,280	228,192
Herring	3,997,358	3,220,669	1,928,060	884,639
Mackerel	110,247	140,834	97,867	102,879
Total wet fish*	15,677,628	14,616,118	14,143,301	12,206,040
Oysters	69,374	70,447	58,080	61,689
Total shell fish*	...	...	377,731	349,896
Total value†	...	...	14,521,032	12,555,936
Scotland: Wet fish	6,199,821	5,173,362	4,177,775	3,661,982
Great Britain: Wet fish	21,877,610	19,789,480	18,321,076	15,868,022
Great Britain: Total imports of fresh and frozen fish	3,418,471	2,957,442	4,615,097	4,162,458

* Including other items not given above.
† Fish of all kinds.

Billingsgate has had a much better year than might have been expected, and, taking everything into consideration, the decrease in supplies as compared with last year is too small to be alarming. The official figures show a total of 154,352 tons of land-borne and 14,284 tons of sea-borne fish delivered to Billingsgate Market during the first eleven months of 1931, compared with 155,305 and 19,032 tons respectively in the corresponding period of 1930. Foreign-caught fish have been well to the fore this year, especially during the latter part, and their regular arrivals have certainly been a good tendency towards the stabilisation of the market when supplies of British-caught fish have fallen

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short. The sales of frozen salmon, which had shown an almost continuous rise between 1921 and 1930, declined somewhat during 1931, but unsold stocks at the present time are very much smaller than at this period last year. Prices generally showed little alteration from the previous year. It has been a bad year for oysters, as the cold weather resulted in a complete absence of spat. As the previous season was also a failure, there is no prospect of any immediate recovery in the British oyster fisheries.

The Grimsby trade has not been sufficiently remunerative to justify the launching of the fleet expansion programme. Hull also has placed no new orders, but record landings have been enjoyed. Fleetwood and Aberdeen report the worst year for a long period. The East Anglian herring fisheries have had a far from satisfactory year.—*The Fish Trades Gazette*.

II.—COLONIAL AND FOREIGN PRODUCE.

TEA.

After two years of acute anxiety, those engaged in tea production were faced, during the year just closed, with misfortunes greater than in any year of this century. During January, prices realised for teas sold in London public auction were about equal to those of the preceding January. For the remainder of the year, there was a steady decline and the average for the year showed a drop of 3d. per lb., resulting in a loss of revenue of upwards of £4,000,000.

Imports of Indian tea into Great Britain and Northern Ireland amounted to 277,142,000 lbs., compared with 290,183,000 lbs. in 1930. Again the quality of the crop has been most disappointing, and it is particularly noticeable how volatile has been the flavour of high grown teas. Producers of Assam teas have suffered least. A rather heavier percentage of the crop has been sold than in the previous year, at a fall in price of only 1½d. per lb. From the Darjeeling and Dooars districts, realisations, however, have been less than the small figure for the previous year, and the drop in value for Darjeeling teas amounted to nearly 4½d., and for the Dooars 2½d. per lb. Slightly more Cachar and Sylhet teas were sold, but at a loss in value of 3½d. per lb. As compared with a drop in value of all tea sold in London public auction of 3d. per lb., the decline in value of Northern Indian tea was only a little over 2½d. From Southern India some very good quality teas were offered, but, on the year, results to producers must have been disappointing. The average value of lots actually sold in public auction showed a decline of 3½d. per lb.

Imports of Ceylon tea into Great Britain and Northern Ireland amounted to 158,888,000 lbs., compared with 152,097,000 lbs. in 1930. The quality generally throughout the year was hardly equal to that of 1930. A further contraction occurred during the year in the off-take by markets other than the United Kingdom. The total shipments for the year showed an increase on those of 1930 of approximately 5,000,000 lbs., but the shipments to the United Kingdom an increase of fully 11,000,000 lbs.; and Ceylon tea is the only growth showing an increase in stock between December 31, 1930 and 1931. The fall in average price realised in London public auction for the year was 3½d. per lb. Ceylon producers, however, had the satisfaction of realising that, as compared with other growths, a larger proportion of their crop secured a margin above actual cost.

The imports of Java and Sumatra tea into Great Britain and Northern Ireland amounted to 85,885,000 lbs., as compared with 84,600,000 lbs. in 1930. The general average quality was fully equal to that of the previous year. A recovery took place in the quantity of these growths re-exported from the United Kingdom, the figures for 1931 being fully equal to those of 1929. The fall in average prices realised in London public auction for the year was Java 2½d. and Sumatra 3½d. per lb. The offerings of both showed a very substantial increase over those of previous years.

The imports of China tea into Great Britain and Northern Ireland amounted to 8,594,000 lbs., as compared with 8,741,000 lbs. in 1930. The quality of the Keemun early arrivals was quickly appreciated by London buyers, and offerings met a ready sale at full prices. Later arrivals, however, were more difficult of realisation, and, although the crop generally showed a marked improvement upon that of the previous year, those best able to judge regarded it as inferior to that of 1929. The quality of Foochow teas was distinctly disappointing.—*Messrs. McMickin and Co.*

The Board of Trade figures for the United Kingdom for 1913, 1930 and 1931 are as follows:—

Imports—	1913.	1930.	1931.
British India.....	203,459,657	290,183,244	277,142,000
Ceylon.....	110,936,427	152,097,341	158,888,000
China (including Hong Kong and Macao).....	16,272,548	8,740,961	8,593,716
Java, Sumatra, and other Dutch possessions in the Indian Seas, and Netherlands.....	32,052,717	84,599,547	85,884,867
Other countries.....	4,322,115	5,417,233	5,140,278
Total imports.....	365,043,464	541,038,326	535,649,309
Stocks of all kinds at December 31st	138,005,000		
Re-exports total.....	57,555,651	88,274,862	90,054,085

COFFEE.

The past crop year, ending in June, 1931, has been disastrous for the coffee grower. Supplies were altogether out of proportion to demand. The average price of Rio No. 7 in New York declined from 11.92 cents per lb. for the year ended June 30, 1930, to 6.90 cents per lb. in the past coffee year. During the year ended June 30, 1929, the average price was 17.61 cents per lb.

The enormous increase in supplies of Brazilian coffee has been caused partly by the policy of the Brazilian Government. By its valorisation schemes, prices were kept at a high level and the plantation of new coffee trees was thereby furthered. The following table shows the production and apparent consumption of coffee with prices during recent years:—

Crop Year ending June 30th.	(Thousands of Bags).						Rio No. New York Cents per lb.
	Production.			Consumption.			
	Brazil.	Other Countries (Mild Coffee).	Total.	Brazilian	Mild.	Total.	
1924.....	19,456	6,868	26,324	15,322	6,714	22,036	12.55
1925.....	10,915	6,762	17,677	13,682	6,824	20,506	20.30
1926.....	15,161	7,052	22,213	14,565	7,140	21,705	19.27
1927.....	14,663	7,068	21,731	14,276	7,022	21,298	16.42
1928.....	25,960	8,003	33,963	15,766	7,770	23,536	17.61
1929.....	9,690	8,660	18,350	13,890	8,361	22,251	18.07
1930.....	30,186	8,273	38,459	15,232	8,322	23,554	17.61
1931.....	12,978	8,633	21,611	16,546	8,545	25,091	11.92
						26,091	6.90

It will be seen that the Brazilian crop varies enormously from year to year, while the production of mild coffee in other countries shows a steady rise roughly proportionate to the increase in demand. The huge crop of 1930 entirely dislocated the coffee market and prices declined sharply. The past year's crop has been deficient and visible supplies on June 30, 1931, show a decrease on the preceding year. Nevertheless prices continued to decline, mainly because of the pressure of the unwieldy stocks. The lowest point was touched in April, 1931, when the average price for Rio No. 7 was 5.3 cents per lb. in New York. In view of the energetic measures taken by the Brazil Government an improvement took place in May. At the beginning of the 1931-32 crop year it became evident that the yield was again in excess of current demand, and prices slipped back until October, when Rio No. 7 was quoted at 5.8 cents per lb. Since then the movement of prices has again shown some improvement, and on December 30, 1931, Rio No. 7 had recovered to 7 cents per lb.

This improvement has been brought about by the determination of the Brazilian Government to prevent the further accumulation of stocks. The National Coffee Council has been reorganised. It will destroy 12,000,000 bags of coffee at the rate of 1,000,000 bags a month, and the export tax on coffee has been increased from 10s. to 15s. per bag.

Despite this drastic policy an advance of prices to the level of 1929-30 cannot be expected in the near future. As will be seen from the next table, even if this year's excess of production is burnt, supplies will probably still equal about one year's demand at the present rate of consumption at the end of the current crop year.

STOCKS OF COFFEE AT END OF SEASON.				
(Thousand bags.)				
June 30th.	"Visible" Supply.			"Interior" Stocks in Brazil.
	Brazilian.	Mild.	Total.	
1924.....	3,766	1,260	5,026	4,592
1925.....	3,805	1,198	5,003	1,786
1926.....	3,354	1,110	4,464	2,833
1927.....	3,262	1,156	4,418	3,312
1928.....	3,916	1,389	5,305	12,852
1929.....	3,647	1,639	5,286	8,921
1930.....	3,934	1,639	5,573	23,588
1931.....	4,657	1,727	6,384	19,297

At the end of December interior stocks in Brazil amounted to about 28,000,000 bags, as against 24,500,000 bags in 1930 and "visible" supplies to roughly 7,000,000 bags, against 5,200,000 bags on the corresponding day a year earlier.

COCOA.

INCREASED CONSUMPTION.

Cocoa prices declined during the first six months of the year under heavy shipments from West Africa, whence more than half of the world's supply is produced. Late in 1930 Gold Coast producers decided to hold up supplies in the hope of an improvement in prices, but they were ultimately forced to release this cocoa and probably suffered additional financial loss by their action, as the value of Accra, fair fermented, fell from 26s. f.o.b., in January to 17s. 6d. per cwt., f.o.b., in May. Prices improved later on adverse crop news and smaller shipments. Values rose further when the gold standard was suspended in September, but the closing f.o.b. quotation for fair fermented of 23s. per cwt. is relatively the lowest of the year if taken on a gold basis. Other growths moved to a great extent in sympathy with Accra, but fine quality Trinidad and Ceylon generally found a good market. The Bahia crop mostly went to the United States at the African price parity.

World production for the year is estimated at 528,000 tons, compared with about 480,000 tons in 1930. Of this quantity the Gold Coast contributed about 230,000 tons and the whole of Africa about 340,000 tons. Bahia harvested about 70,000 tons, Trinidad 28,000 tons, and Venezuela 20,000 tons. The most encouraging feature of the year was the expansion in world consumption, due, for the most part, to the low level of values ruling generally. This is estimated to have risen from 486,000 tons in 1930 to 522,300 tons in 1931. America, as the chief supporter of the industry, took roughly 180,000 tons, against 165,000 tons a year ago. World stocks are fairly heavy, but production tends to decrease rather than to increase.—*The Times Annual Financial and Commercial Review*.

The Board of Trade returns for 1913, 1930 and 1931 are as follows:—

IMPORTS, CONSUMPTION AND STOCKS.

	Quantity.			Value.		
	1913.	1930.	1931.	1913.	1930.	1931.
Raw cocoa—	Owts.	Owts.	Owts.	£	£	£
Imports.....	669,639	1,186,538	1,315,380	2,282,573	2,646,383	1,953,329
Home consumption.....	543,227	1,139,838	1,205,811	...	...	...
Re-exports.....	135,560	98,882	89,415	475,013	175,442	140,922
Stocks.....	198,000	561,000	585,000	...	...	...
Cocoa or chocolate prepared—						
Imports.....	...	195,470	207,233	...	1,193,226	1,031,220
Re-exports.....	...	535	949	...	5,992	5,490
British exports.....	...	193,361	179,024	...	965,360	761,573

SUGAR.

The rapid expansion of the production of sugar cane in Cuba and Java and of sugar beet in Europe led to a sharp decline in prices during 1930. In order to adjust supplies to consumption, an international sugar convention was signed by the principal producing countries on May 9, 1931, at the initiative of Mr Chadbourne. This convention, (known as the "Chadbourne Plan") provides for the regulation of exports over a period of five years. Among the principal countries not adhering to the convention is Russia. The scheme is based on a system of export quotas, and the total quantity to be exported is based on a calculation of current consumption. Flexibility has been secured by permitting an increase in exports in the event of an advance in prices above a certain limit. The Chadbourne Plan is controlled by an International Sugar Council, presided over by Mr F. E. Powell, formerly chairman of the Anglo-American Oil Company. Each country has been allotted a number of votes, roughly proportional to its output.

The Chadbourne scheme undoubtedly achieved a greater steadiness of sugar prices until the end of the past year. The average price of raw sugar in New York (96° centrifugal) during 1931 was 1.35 cents per lb., against 1.4 cents per lb. in 1930. Early in May last year the quotation had fallen to 1.14 cents per lb., but the signing of the Convention quickly brought about a rise in prices. In July the quotation stood at 1.58 cents per lb. During the remainder of the year, however, values receded, and at the end of December the quotation was 1.15 cents per lb. It became evident that consumption had been over-estimated. The United States was unable to absorb the Cuban quota allotted to her. Java, too, found it impossible to dispose of her quota in the Far East. Chinese imports suffered a severe contraction in view of her economic and political difficulties,

and purchases by India were discouraged by an increase in the sugar duty from 6 rupees to 9½ rupees per cwt.

The world's visible supplies have therefore shown a tendency to increase. On December 1, 1931, they amounted to 8,922,000 tons, against 7,630,000 in 1930 and 6,223,000 in 1929. In view of this situation, negotiations have already been started in order to deal with the surpluses of Cuba and Java and to bring about an adjustment of supplies to the current demand.

THE MEAT TRADE.

In contrast to other primary products, meat has scarcely been affected by the world economic depression until the autumn of 1931. The average price in London of beef and mutton during recent years is shown in the table below:—

(Shillings per 8 lbs.)

Period.	Beef.		Mutton.	
	English Long Sides.	Argentine Chilled Hindquarters.	English Wethers.	New Zealand Frozen Wethers.
1928 Average.....	5.66	4.75	7.40	4.90
1929 ".....	5.50	4.88	6.92	4.68
1930 ".....	5.69	4.89	7.28	4.21
1931 ".....	5.15	4.31	6.13	3.35

The relative stability of meat prices is partly explained by the fact that consumption of meat, contrary to that of other commodities, has remained steady throughout the past year. Ever since the war, Argentina, the principal beef exporting country, has pursued a policy of substituting cereal farming for meat growing as the former appeared to be more profitable. On the other hand, demand has been increasing steadily. When the price of cereals and other agricultural produce begun to decline in 1930, meat growing became once more more profitable, but production in this industry cannot be increased very rapidly. As the demand has not fallen off, prices remained relatively stable. It should be borne in mind that this country provides



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the only important market for foreign meat. The following table, showing the quantity of beef, mutton and lamb imports over the past three years and the total value of meat imports, has been compiled from the Board of Trade returns:—

	1929. Cwts.	1930. Cwts.	1931. Cwts.
Beef—			
Fresh—			
Total	45,331	22,688	8,906
Chilled—			
From Brazil	332,656	506,976	600,453
" Uruguay	795,465	866,685	778,437
" Argentine Republic	8,174,800	7,713,349	7,911,175
" Other countries	2,005	...	...
Total	9,304,926	9,087,010	9,290,065
Frozen—			
From United States of America	36,015	45,959	60,367
" Uruguay	152,003	276,114	239,124
" Argentine Republic	900,393	750,082	658,902
" Australia	593,490	810,170	1,532,041
" New Zealand	125,271	311,220	382,178
" Other countries	226,671	310,591	215,182
Total	2,364,719	2,490,950	2,697,086
Salted—			
Total	6,452	8,885	5,840
Tinned, canned, &c. (including tongues), and extracts and essences, &c.	943,710	1,188,366	1,140,440
Total of beef	12,665,138	12,797,899	13,142,337
Mutton and lamb—			
Fresh—			
Total	23,017	19,546	25,007
Frozen—			
From Uruguay	366,757	423,327	283,922
" Argentine Republic	1,545,162	1,452,043	1,553,309
" Australia	593,490	810,170	1,532,041
" New Zealand	2,746,087	3,292,842	3,469,460
" Other countries	379,412	406,526	273,490
Total	5,630,908	6,384,908	7,112,222
Total of mutton and lamb, fresh and frozen	5,653,925	6,404,454	7,137,229
Tinned or canned (including tongues), other descriptions (tongues, hearts, livers, kidneys, &c.)	32,406	49,827	47,347
Other descriptions (tongues, hearts, livers, kidneys, &c.)	81,636	95,439	116,743
Total of mutton and lamb	5,767,967	6,549,720	7,301,319
Total value of meat*	£ 110,305,436	£ 108,378,266	£ 90,536,444

* Including other items not given above.

It will be seen that imports have continued to increase in 1930 and 1931.

As this country is almost the only outlet for meat exports, the suspension of the gold standard did not cause an advance in prices. On the contrary, when towards the end of 1931 meat supplies began to be slightly in excess of demand, prices declined.

TOBACCO.

The following table, compiled from the Board of Trade Returns, show our overseas trade in tobacco during the last three years:—

	Quantities.			Value.		
	1929.	1930.	1931.	1929.	1930.	1931.
IMPORTS—						
Unmanufactured tobacco:						
From United States of America	205,376,067	197,764,709	157,188,102	14,958,296	12,376,819	8,338,813
From Nyassa-land Protectorate	10,671,895	12,810,101	11,118,259	694,572	764,799	629,390
From British India	9,180,662	13,040,807	9,350,012	334,408	456,719	304,512
From Other Countries	14,797,483	13,412,240	16,483,264	1,200,158	1,043,990	1,130,803
Imports entered for home consumption	240,026,107	237,027,857	194,139,637	17,187,434	14,642,327	10,403,518
Manufactured tobacco:						
Imports	1,475,173	1,306,318	1,194,594	1,311,097	1,077,495	980,475
Entered for home consumption	827,300	750,837	703,702	...	...	...
RE-EXPORTS—						
Unmanufactured	9,402,786	13,534,843	8,049,230	684,153	870,274	547,132
Manufactured	124,293	134,784	129,606	73,328	68,801	60,143
EXPORTS, total	47,607,996	49,141,946	34,581,240	9,556,327	8,482,673	5,216,380

RUBBER.

Last year was one of very great difficulty and anxiety to all connected with the rubber industry. It was expected that during the latter half of the year production would have shown some falling off, but with the exception of Ceylon, no country shows any appreciable reduction. This is accounted for by the further considerable cutting down of costs, upon which estates have been concentrating and

which have now reached a very low figure. With few exceptions, directors have chosen to tap their most prolific areas, rather than stop tapping and put their estates on a care and maintenance basis.

The continued financial crisis, and in the autumn suspension of the gold standard by Great Britain and others, have naturally affected the consumption of rubber, and the decline in American consumption is greater than that in any other. Russia and Japan show a good increase, and England has used rather more than last year. The total net exports for the year are 789,000 tons, and the consumption we estimate to be 669,000 tons. The increase in the stocks is chiefly in America, who has been buying the surplus during the past few months; her stocks show an increase from 201,000 tons to 323,000 tons, but she has kept her manufactured inventories low, and her stocks on October 31, 1931, are returned for casings and tubes as 16,621,000, against 19,002,000 at the end of December, 1930.

The year commenced with the price of spot standard sheets at 4½d. to 4½d., which was the highest of the year, with a dull market it fell to 3½d. by the end of February, recovering early in March to 4½d., but falling again quickly to 3½d., and by the end of April to 2½d. At the end of June the market became firmer, up to 3½d., but by the end of July it went back again to 2½d., and on August 27 down to 2½d., which was the lowest price of the year for new spot standard sheet. On the Government's announcement of September 21 that England had to go off the gold standard the price rose from 2½d. to 3½d. by September 25. Since then we have fluctuated between 2½d. and 3½d., mostly remaining about 3d. per lb.

The consumption of the principal countries has been as follows, partly estimated:—

	1929. Tons.	1930. Tons.	1931. Tons.
America	470,000	376,000	349,000
England	72,000	74,000	77,500
France	62,000	67,000	50,000
Germany	49,000	45,000	39,000
Belgium	9,000	11,000	11,500
Canada	35,000	29,000	24,000
Japan	34,000	32,000	41,500
Russia	13,000	5,000	7,000
Australia	16,000	15,000	10,000
Italy	16,000	15,000	10,000
Other Countries	29,080	30,635	29,000

Para is now practically the only wild rubber that is collected. Receipts in para show a further considerable falling off, being 13,680 tons against 17,137 tons during 1930. These figures include Caucho Ball, which has not completely ceased coming even at this very low price, though no doubt a good part has been old stock. Caucho Ball was quoted at 3½d. in January, but to-day the nominal quotation is only 1½ to 1½. Nothing is offering at the moment. At the beginning of the year the price for fine para was 5½d., declining in February to 4½d., and it remained at 4d. to 4½d. until July, when it rose to 4½d., but declined in August to 3½d. and in September to 3½d., the lowest price of the year. From the end of September to December it was quoted at 3½d., but rose on December 11 to 4½d., at which price it now stands. Very little market business has been done, and for many months together there has been little change in the quotations.

UNITED KINGDOM STATISTICS, 1931.

	Imports.	Deliveries.	Stock.
January	12,831	6,777	124,286
February	9,729	7,219	126,796
March	13,978	7,810	132,964
April	11,101	9,577	137,088
May	9,558	8,770	138,876
June	8,595	11,175	136,198
July	8,666	8,993	135,771
August	10,124	9,075	136,920
September	5,235	7,635	134,320
October	8,427	9,491	133,456
November	5,056	2,277	129,235
December	8,748	10,459	127,524
Totals	112,046	102,658	...

—Messrs Figgis and Company.

THE OIL INDUSTRY.

The restriction movement in the American oil industry last year was successful in that the total new supply of oil (domestic production and imports) was brought down below the level of total demand (domestic consumption and exports) for the second year in succession, but it will be found that the only big dent in the crude oil production curve occurred in the August-September period when the Governors of Texas and Oklahoma resorted to illegal methods and shut down production in their respective States by force of arms. There were times, indeed, when the restriction movement seemed to be on the point of breaking down. The development of the prolific shallow field in East Texas, with high quality oil and cheap drilling, was the great menace to the production industry. In July and

August the unrestricted production in East Texas—reaching nearly one million barrels of crude oil per day—threw the whole oil industry into chaos, forcing prices to the lowest levels on record. It then seemed that the restriction movement was killed and that the American oil industry would never combine for its own good. It was at this point that the Governors of Oklahoma and Texas came to the rescue, the first closing down the wells in the Oklahoma City Field and the second in the East Texas field by sending the militia out to enforce their illegal orders. The Governor of Oklahoma even threatened to go into the petroleum business in open competition with the large oil combines, declaring that he would not remove his troops until the price of oil in Oklahoma had risen to the price of \$1 per barrel. However, by October 12th he appeared satisfied with a price of 66 cents per barrel and the embargo was lifted. The Governor of Texas followed suit, but continued to restrict the output of the East Texas field by limiting the amount each well could produce per diem. At the end of the year, the total daily average production of the American oilfields was 2,292,900 barrels as compared with 2,082,180 barrels a day at the beginning of the year. In the hectic period of July, production had risen as high as 2,544,650 barrels a day, as the next table will show:—

	Oklahoma.	California.	East Texas.	U.S. Total.
High level for 1930	707,550	806,000	...	2,722,050
Beginning of 1931	448,900	537,500	Nil	2,082,100
High levels in July-August	632,450	523,000	848,450	2,544,650
End of December, 1931	534,950	499,500	316,000	2,292,900

The total production in America last year is estimated at 860,000,000 barrels, a decline of 5.33 per cent. The following are the estimates of world-production in 1931, as compared with 1930:—

WORLD PRODUCTION OF CRUDE OIL.

	1930.	1931.	% dec.
United States	898,000	850,000	- 5.33
Venezuela	137,675	118,000*	- 14.29
Russia	135,165	164,000*	+ 20.59
Mexico	39,550	34,000*	- 14.03
Persia	45,420	47,000*	+ 3.48
Netherland East Indies	40,150	39,000*	- 2.86
Roumania	41,680	46,000*	+ 10.36
Colombia	20,346	18,000*	- 11.53
Peru	12,458	11,500*	- 7.69
Other countries	48,299	49,500*	+ 2.49
Total	1,418,723	1,377,000	- 2.94

* Estimates of Mr Garfias, Foreign Oil Department of Henry L. Doherty and Company.

World oil consumption can only be estimated, but it appears from the figures of oil supply and demand in America published by the United States Bureau of Mines that for the second year in succession the consumption of oil products showed a decline. We give below the estimates for 1931 based on the actual figures for the eleven months ending November 30:—

U.S. OIL SUPPLY AND DEMAND.

	1930 12 months.	1931 12 months. (est.)	Percentage rise or fall.
Supply—			
Domestic production	953,331	892,786	- 6.35
Imports	105,618	86,033	- 18.54
Total new supply	1,058,949	978,819	- 7.57
Demand—			
Domestic consumption	926,450	904,846	- 2.33
Exports	156,499	128,009	- 18.20
Total demand	1,082,949	1,032,855	- 4.62

On the basis of the import figures, less exports and re-exports, the total consumption of oil products in Great Britain declined last year by 7.1 per cent. On the basis of a yield of 30 per cent. of petrol from the crude oil refined, we estimate the petrol consumption in Great Britain last year at 993,744,000 gallons, as against 1,075,135,000 gallons in 1930, a decline of 7.57 per cent., as the following table will show:—

ESTIMATED PETROL CONSUMPTION IN GREAT BRITAIN.

	In Imperial gallons. 1930	1931.
Derived from crude oil imported and refined (30%)	138,290	103,194
Refined imports	954,609	906,492
Total imports	1,092,899	1,009,686
Less re-exports	77,764	75,942
Indicated consumption	1,015,135	933,744
Benzol	60,000	60,000
Total	1,075,135	993,744

The record of prices in the various oil markets last year was the most dismal which the oil industry has ever experienced. It is literally true to say that both crude oil and gasoline on many occasions were given away in America. After the forcible shut-down of production, prices improved, but at the close of the year mid-continent crude oil prices

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were 19 per cent. and gasoline prices 38½ per cent. below the levels ruling at the beginning of the year, as the following figures will show:—

	GASOLINE PRICES.		CRUDE OIL PRICES.	
	"U.S. Motor" Grade ex Oklahoma refinery, 1931. Cents per U.S. gallons	Santa Fe Springs Crude (Gravity 36° A.P.I.). 1931. Dollars per barrel.	Mid-Continent Crude (Gravity 36° A.P.I.). 1931. Dollars per barrel.	
January ..	6-25	4-25	1-15	1-45
June	6-25	2-50	1-37	0-73
December ..	4-00	2-625	1-28	0-73
Yearly av.	5-85	3-53	1-24	0-73

Taking the average for the year, gasoline prices were 40 per cent. below the level of 1930 and crude oil prices from 41 per cent. to 46 per cent. Prices in Great Britain reflected the American markets. Allowing for the tax of 8d., the retailer's 2d. commission, and the distributing charges of 3d. or, say, 4d., it would appear that little or no profit is being made by the producer of the raw material. The cheapness of ocean transport costs was, no doubt, a contributory cause in the decline in petrol prices.

The earnings of oil companies show the inevitable result of the slump in oil prices. For the first nine months of 1931, the majority of the leading American oil companies reported heavy losses through the writing-down of their stocks to current market values. Others showed a fall in profits ranging from 60 per cent. to 75 per cent. Difficult trading conditions forced the large oil companies into mergers, marketing combinations, and other rationalisation schemes designed to curtail their marketing expenditures. In the British market, the Royal-Dutch Shell group and the Anglo-Persian Company pooled their petrol marketing organisations in a new company called Shell-Mex and B.P. Limited, a combination which should undoubtedly lead to very large economies and cement the close trading relations already existing between the two groups. In the American industry the policy of rationalisation took shape in various oil mergers—the Standard Oil Company of New York with the Vacuum, and the Standard Oil Company of New Jersey with the Standard Oil Company of California. Another large merger is pending between the Sinclair Consolidated, Prairie Oil and Gas, and Prairie Pipeline Company.

III.—BEER, WINES AND SPIRITS.

The first Budget involved no change in the beer duty, but in the second Budget an increase of 31s. per standard barrel, representing 1d. per pint on beer of average gravity and price, was introduced as from September 11th. The additional yield was estimated at £2½ million this year and £10 million in a full year.

The following table gives the rate of duty, output, and average gravity for the years shown:—

Year to Mar. 31.	Duty.* s. d.	Standard Barrels. Great Britain and N. Ireland.	Bulk Barrels. Great Britain and N. Ireland.	Average Gravity.
1923.....	100 0	10,564,212	25,425,017	1,042.72
1924.....	100 0	19,890,033	25,425,017	1,043.04
1925.....	100 0	20,954,392	26,734,825	1,043.12
1926.....	100 0	21,034,419	26,765,610	1,043.23
1927.....	100 0	19,745,199	25,100,461	1,043.28
1928.....	100 0	19,962,997	25,359,754	1,043.61
1929.....	100 0	19,252,986	24,530,155	1,043.63
1930.....	100 0	19,525,732	24,984,168	1,042.52
1931.....	103 0†	14,461,000	—	1,042.54

* Less a rebate of 20/- per bulk barrel since 1923.
† 134/- since September 11th.

The yield of beer duty in 1930-31 was £75,698,043, against £77,155,000 in 1929-30.

The acreage, estimated yield, and average price of hops are set out in the following table:—

Year.	Acreage.	Produce. Cwts.	Yield per Acre. Cwts.	Average Price. £ s. d.
1923*	24,893	229,000	9.2	14 10 0
1924*	25,897	476,916	17.2	10 5 0
1925.....	26,256	355,000	13.5	10 15 0
1926.....	25,599	332,000	13.0	11 15 0
1927.....	23,004	255,500	11.1	12 10 0
1928.....	23,800	242,100	10.2	11 16 0
1929.....	23,986	359,100	15.0	5 0 0
1930.....	19,997	253,000	13.1	—

* Hop Controller's figures.

—Messrs. White, Tomkins & Courage, Ltd.

Wines and Spirits.—The year opened in the wine and spirit trade in an atmosphere of disquietude which became intensified as the months went by. Business tended to contract after the Budget, although no additional duties had been imposed. The national crisis in late August quickened activity in the trade to the extent that imports increased, and stocks were cleared because of fears of heavier taxation and of a luxury imports ban. The abandonment of the gold standard threw the wine trade into a turmoil. Foreign

exchanges reacted against importers to this country, and overseas shippers changed their quotations from sterling to their own currency, which meant obviously increased prices to this country. However, it was soon realised that increased quotations to the consumer in this country would only result in heavily decreased buying, and eventually most firms devised means whereby prices could in the main be kept at the prevailing level, at least until the existing stocks were exhausted.

The importation of all wines during the year is shown in the table below. In addition to the amount of wines cleared for consumption, there was a considerable quantity of British wines on which excise duty was paid, the complete statistics for which are not yet available. The nine months' total was 1,903,753 gallons, compared with 1,865,860 gallons, and on this basis it can be assumed that during the whole year between 2½ and 2¾ million gallons of British wines were consumed.

The extremely adverse circumstances of high duties and stringent financial conditions under which business in the foreign and Empire spirits market has to be conducted has prevented any expansion, and, in fact, there has been some contraction as is shown by the statistics below. The excise statistics relating to the home consumption of British spirits are not yet available, but an estimate may be made by adding the figure for the last quarter of 1930 to the first three-quarters of 1931. This shows a total of 9,892,806 gallons, which compares unfavourably with the 1930 quantity of 10,085,518 gallons.

Exports of British spirits have likewise shown a continuation of the downward trend of recent years, owing to a variety of unfortunate circumstances in the overseas markets during the year. The actual quantity shipped was 5,830,195 gallons, a decline of 387,700 gallons as compared with the 1930 total of 6,217,895 gallons.

The following table shows the imports and clearances for the past two years of wines and spirits:—

	1930.		1931.	
	Imports. Gallons.	Clearances. Gallons.	Imports. Gallons.	Clearances. Gallons.
French (still)	1,849,659	1,801,829	1,733,139	1,709,250
Do. (sparkling)	592,727	609,975	487,534	460,082
Portuguese	5,091,345	5,072,208	5,622,930	4,734,575
Spanish (red)	971,790	925,008	882,315	863,146
Do. (white)	1,632,323	1,516,135	2,100,077	1,726,174
Italy	724,196	683,099	667,186	658,469
Germany	230,594	235,579	268,316	257,636
Madagascar	37,618	27,089	27,703	27,092
Empire wines	2,639,142	2,784,009	3,297,187	3,222,324
Other countries	69,264	58,120	58,303	73,542
Total	13,838,658	13,747,051	15,144,693	13,732,290
Brandy	456,172	487,751	464,937	462,013
Rum	1,752,534	651,470	1,464,225	607,680
Other sorts	740,634	294,006	534,064	277,715
Total	2,949,340	1,433,227	2,463,224	1,347,408

—Exports of British and Northern Irish spirits were only 5,830,195 gallons, against 6,217,895 and 7,779,002 gallons in 1930 and 1929.—*Ridley's Wine and Spirit Trade Circular.*

IV.—RAW MATERIALS. COTTON.

American cotton for the first four months of the year kept fairly steady in the neighbourhood of 5½d. to 6d. per lb. From 5.65d. in July it shed a penny per pound before the completion of that month, and in August, following the first Bureau report of the season, touched the lowest point of the year—3.60d. An estimated crop of 15,584,000 bales, compared with an actual yield of 13,932,000 in 1930-31, was more or less according to general expectations in view of the consistently favourable weather conditions which had prevailed in the belt. The September report gave the revised figure of an additional hundred thousand bales, and the October one a further increase to 16,284,000, but by this time Great Britain had gone off the gold standard, and the consequent movements in exchange, together with the announcement that the Federal Farm Board had come to an agreement with the Southern Banks to finance the retirement of approximately 7,000,000 bales until July 31, 1932, or longer if necessary, more than counteracted any tendency towards a reaction in values. The preliminary final estimate published in December was 16,918,000 bales, and this was the only surprise in the series of the official reports as a larger increase had been anticipated. The final quotation was 5.39d., which compares with 5.34d. twelve months previously.

In Egyptian cotton there has been a fairly wide margin between the highest and lowest points. The opening rate for F.G.F. Sakellariadis was 7.70d., and by the end of January this had risen to 8.95d. In February the highest price of the year was reached—10.35d.—but during the interval between that date and the close of April more than 2d. per pound had been lost. Three months later the rate was under 7d., and in August the lowest quotation—5.50d.—was recorded, but in the latter part of September it had risen again to 7.90d., only to fall 1d. three days afterwards. There was a recovery to 7.45d. in October, and since that time fluctuations have been comparatively slight. The final quotation stands at 7.05d., compared with 7.70d. on December 31, 1930. Unlike the American growth, the official crop estimate points to the smallest total since 1927, and in Sakellariadis for a much longer time.—*Messrs. Robert Barbour and Brothers, Limited.*

American Cotton.—The following table shows the production and consumption of American cotton during a number of years, and is based on the annual statements of the Liverpool Cotton Association, Ltd.:—

THOUSANDS OF RUNNING BALES.									
	Total Crop.	Total Deliveries.	American Consumption.		Exports to—				
			North.	South.	Great Britain.	France.	North Europe.	Other Countries.	Total Exports.
1885-86 ...	6,550	6,509	1,825	340	2,620	410	968	345	4,344
1905-06 ...	11,320	11,569	2,576	2,413	2,903	778	1,978	920	6,580
1921-24 ...	11,327	11,566	1,829	4,059	1,719	720	1,866	1,372	5,678
1924-25 ...	14,716	15,022	2,505	4,474	2,547	905	2,617	1,974	8,044
1925-26 ...	15,452	15,470	2,722	4,801	2,291	917	2,423	2,316	7,947
1926-27 ...	19,282	19,150	2,756	5,435	2,582	1,025	4,016	3,336	10,359
1927-28 ...	14,373	15,037	2,071	5,357	1,447	897	3,049	2,206	7,599
1928-29 ...	15,858	16,214	2,469	5,771	1,857	802	2,732	2,583	7,974
1929-30 ...	14,631	13,894	2,008	5,252	1,272	826	2,317	2,219	6,634
1930-31 ...	13,869	12,781	1,696	4,372	1,090	938	2,135	2,550	6,713

† Including linters. ‡ Including 204,215 bales sent to Canada. || Including 16,512 bales sent to Mexico.

The following table shows the Board of Trade figures of total imports of raw cotton and the value thereof during the years 1913, 1930 and 1931:—

Cotton, Raw (except Linters).	Quantity.			Value.		
	1913.	1930.	1931.	1913.	1930.	1931.
Imports from—						
Centals of 100 lbs.	Centals of 100 lbs.	Centals of 100 lbs.	£	£	£	£
Egypt	4,026,694	2,107,438	2,560,540	17,642,358	9,328,944	7,327,310
United States of America	15,847,695	5,903,386	4,409,233	47,307,766	19,427,892	9,940,900
Peru	618,036	694,563	374,216	1,992,268	2,871,487	1,685,692
Other foreign countries	531,421	521,883	1,460,407	1,696,192	1,753,247	3,376,165
Total from foreign countries	21,023,846	10,067,110	9,470,469	68,638,584	35,928,857	23,167,052
British India	173,891	815,889	347,666	490,484	4,210,048	1,009,815
British West Indies	514,102	1,216,737	1,055,954	1,128,831	3,355,103	1,903,285
Other British Possessions	29,895	21,035	19,341	209,422	191,570	152,900
Total from British Possessions	717,988	2,053,661	1,422,961	1,838,737	4,756,718	1,163,000
Total	21,741,834	12,120,771	10,893,430	70,477,321	40,685,575	24,330,052

* Not shown separately.

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Branches and Agencies (888) in all the Australian States, New Zealand, Fiji, Papua, and Mandated Territory of New Guinea.

Paid-up Capital	£8,780,000
Reserve Fund	6,150,000
Reserve Liability of Proprietors	8,780,000
Total	£23,710,000

Aggregate Assets to 30th September, 1931, £90,111,427 : 9 : 6
Head Office: SYDNEY, NEW SOUTH WALES.

General Manager: A. C. DAVIDSON.

LONDON DIRECTORS:

H. L. M. TRITTON, Esq., Chairman.

I. C. GEDDES, Esq.

CHAS. L. DALZIEL, Esq.

OSCAR LINES, Esq., Hon. Director.

J. S. CAMPBELL, Manager. D. GEDDES, Assistant Manager. A. L. KENNEDY, Secretary. G. S. KITT, Accountant.
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Average value of the Colonial bale:—1914, £17; 1920, £52; 1921, £18; 1923, £28; 1924, £39; 1925, £29; 1927, £27; 1928, £30; 1929, £23; 1930, £14½; 1931, £11½.—Messrs. Schwartz Buchanan and Company.

The following table, compiled by *The Weekly Wool Chart*, shows the amount of wool retained in the United Kingdom in the years stated, the figures for 1931 being for the twelve months ending November:—

(In million lb.)	1913.	1929.	1930.	1931.
Imports, foreign and colonial wool	801	814	783	836
Re-exports, ditto	307	331	288	262
Retained	494	483	495	574
British clip retained	95	66	85	84
Total retained by trade	589	549	580	658

The quantity of wool retained was very large, and implied a substantial increase in stocks. The actual consumption for 1931 may be estimated at about 525 million lb., compared with 500 million lb. in 1930, 515 million lb. in 1929, 525 million lb. in 1928, and 580 million lb. in 1924. These figures are, of course, only approximate.

FLAX, HEMP AND JUTE.

Fibres.—A noticeable feature of the fibre industry for the year 1931 is the reduction in area of jute by approximately one-half, bringing the crop from about 11 to 5.5 million bales. It is indeed indicative of the deplorable state of trade that no changes of any consequence have resulted. The production of hard fibres is still on the decrease, but apparently the reduced quantities are adequate for the limited consumption under present world conditions.

Italian Hemp.—Spinning hems were in poor demand, on account of the quality of the 1930 crop, but cordage types were more readily selected, and there was a steady inquiry for machine tows, carded hems, and strappatura. Early samples of the new crop were excellent, but later arrivals showed a falling off in colour. The market at the beginning of the year was quiet and the price of S.B. remained fairly steady at £29-£30 c.i.f. United Kingdom. Prices strengthened in March to £33, but from April to September there was very little inquiry, and at the beginning of September prices had again fallen to £30 for S.B. Activity during October caused a sharp advance in prices in Italy, which was maintained up to the end of November. The market at the end of the year is showing remarkable steadiness, with the value of S.B. at £41 10s. to £42 per ton c.i.f. United Kingdom, equivalent to a gold price of about £31.

Indian Hemp.—Bombay.—The year has been remarkable for the narrow fluctuations in the price of Bombay fibres. Fine Jubblepore, for example, varied between £13 10s. and £15 15s. during the ten months ending with October, and it was not until the departure of this country from the gold standard, with the consequent necessity for a readjustment of values, that prices moved beyond this range. Supplies were small, and shippers resisted to the utmost any attempt to promote a larger turnover by a reduction in prices. Spinners, on the other hand, felt little necessity to make concessions to obtain Bombay hems, as they were well supplied at low prices with a wide assortment of European hems. The result was a purely nominal market, with only a small business during the greater part of the year.

Flax.—The demand for linens from the United States of America was much below normal, and sales there were disappointing throughout the whole year. In the United Kingdom the position was really critical for the first nine months of the year, particularly amongst spinners of the finer sizes of yarn, and even those spinners producing the heavier numbers who took advantage of the very low prices ruling for Russian flax and tow during the first three months of the year found it impossible to make a profit on their yarns. The departure from the gold standard was of immediate and considerable benefit to the linen industry in the United Kingdom, where spinners were able to book orders for yarns, providing work for several months ahead.

In January the price of BKKO was £35 per ton, basis I, and of Livonian flax £36, basis R. Prices gradually advanced until April, when BKKO was quoted at £42 and Livonian at £41 c.i.f. United Kingdom. There was a slight improvement in the situation during March, when a fair amount of yarn business was placed by weavers and spinners were encouraged to replenish their stocks of raw material. This improvement was not maintained, and from then until the autumn business was of a hand-to-mouth character.

Operations in new crop Russian flax commenced in October, when the Soviet representatives in Berlin concluded the sale of 16,000 tons of flax and tow for November-December shipment, and further sales during November

brought the total quantity up to about 30,000 tons. These sales were concluded on a very much lower basis of price than that ruling for old crop, and at the close of the year the value of BKKO is about £31 to £32 gold per ton, basis I, c.i.f. United Kingdom.

Manila.—This fibre has experienced one of the most difficult periods in its history, the adverse factors ruling in most countries having counter-balanced any bullish extent. How far deflation has been carried is explained by the following table, which depicts the highest and lowest of the most important grades:—

Highest	"S1."	"S2."	"G."	"K."	"L2."	"M1."
(Jan.)	£35 10s.	£28 10s.	£23 10s.	£22	£21 10s.	£21 10s.
Lowest:						
(Sept.)	£26	£21	£15 10s.	£14	£12	£13 10s.

Decreased production is but a natural sequence to these conditions. Receipts fell from 1,300,640 bales to 1,084,000 bales. Stocks from 112,802 bales to 106,000 bales.

FIBRE VALUES IN THE UNITED KINGDOM.

	Jan. 1, 1913.	Jan. 1, 1928.	Jan. 1, 1929.	Jan. 1, 1930.	Jan. 1, 1931.	Jan. 1, 1932.
Italian P.C.S.B. per ton	45 0	63 10	67 0	64 0	31 10	40 0
Flax, Livonian Z.K.	42 0	94 0	96 0	60 0	34 0	12 0
Flax, Bejetyak	44 0	98 0	95 0	65 0	36 0	15 0
Kotelnitch Tow	23 15	87 0	80 0	56 0	30 0	45 0
Bombay Hemp H.J.F.	28 0	28 0	28 10	24 10	14 0	17 0
Bengal Sunn	17 10	19 0	23 0	34 0	23 0	19 0
Benares	26 0	31 0	32 10	20 10	13 0	13 0
Jute, first natives	35 5	42 0	39 10	35 10	15 10	20 10
Manila, J. U.K.	32 0	33 10	34 10	30 10	23 0	20 10
New Zealand, fair	36 10	37 0	42 0	36 10	19 0	19 0
African sisal, No. 1	32 0	33 10	34 10	30 10	23 0	20 10
Cebu Magney, No. 2	32 0	33 10	34 10	30 10	23 0	20 10
Manila Magney, No. 2	32 0	33 10	34 10	30 10	23 0	20 10
Mauritius Hemp, prime	31 10	32 0	34 0	28 0	18 0	15 10
Mexican Hempen	7½c.	6½c.	5½c.	7½c.	4-80c.	2½c.
Ootton, Spot, Liverpool ..	7-11d.	11-10d.	10-5d.	9-50d.	5-34d.	5-59d.

ESTIMATED PRODUCTION OF HARD FIBRES.

	1929.	1930.	1931.
Philippine Manila	196,000	162,000	136,000
Philippine Magney	16,250	11,450	6,700
Mexican Hempen	101,000	104,000	70,000
African sisal	70,000	76,000	83,000
Java and Sumatra sisal	52,000	55,000	66,000
Cuba and Haiti sisal	3,000	4,000	10,000
Jamaica sisal	500	300	6,000
Bahama sisal	500	300	250
New Zealand hemp and tow	14,000	11,650	3,135
Mauritius	2,400	1,300	600
	454,650	436,000	381,685

—Messrs Wigglesworth and Company, Ltd.

The following figures show our imports of flax, hemp and jute in 1913, 1930 and 1931:—

	Quantity.			Value.		
	1913.	1930.	1931.	1913.	1930.	1931.
FLAX.						
Russia	68,181	1,557	3,310	2,806,829	94,107	122,148
Ethiopia	...	1,463	250	...	88,194	8,926
Latvia	...	13,689	12,219	...	823,533	434,150
Netherlands	1,442	1,293	545	87,059	98,488	21,684
Belgium	14,194	12,942	11,989	1,262,141	1,458,221	969,812
Other countries	473	1,524	867	24,100	99,453	35,299
Total	84,270	32,468	28,900	4,180,129	2,661,996	1,591,999
FLAX TOW OR CODILLA.						
Russia	13,416	592	2,763	503,160	20,169	64,091
Ethiopia	...	423	40	...	17,722	733
Latvia	...	5,634	9,890	...	237,846	212,269
Belgium	3,812	598	839	65,335	28,031	28,638
Other countries	955	1,092	749	22,595	39,584	18,088
Total	18,183	8,339	14,281	591,090	343,352	323,809
HEMP.						
Russia	12,818	...	...	432,201	...	...
Germany	4,186	...	...	129,299	...	...
German East Africa	949	...	...	...	...	...
Italy	9,102	6,029	6,094	31,210	...	...
Philippine Islands	64,579	50,220	43,383	376,044	297,626	197,648
British East Africa	283	4,516	8,946	2,000,450	1,444,293	853,344
British East Indies	17,390	3,788	1,765	7,279	139,213	191,200
New Zealand	21,824	2,938	417	386,680	95,083	32,478
Other countries	6,571	9,544	17,107	649,170	50,521	8,507
Total	137,702	77,035	77,712	4,191,825	2,357,470	1,649,621
HEMP TOW OR CODILLA.						
Russia	2,208	...	...	51,686	...	...
Italy	754	...	...	22,020	...	...
New Zealand	4,906	1,795	2,989	69,789	76,136	70,394
Other countries	708	4,564	3,914	14,909	104,485	56,101
Total	8,576	6,359	6,903	158,404	180,621	126,495
JUTE, Raw.						
Total of flax, hemp and jute	350,826	136,654	147,783	9,246,598	5,300,801	3,548,869
	599,557	260,855	275,659	18,368,046	8,844,240	6,240,793

SILK.

For the third year in succession the silk market has been most disappointing, and silk is now worth, in gold, one-half of what it was worth in 1920. Production will have to be readjusted to a reduced consumption and this readjustment will force out of business those firms which are weakest technically and financially.

Between January and March prices were more or less upheld by a large consumption of silk in the United States, but the year ended with business almost at a standstill.

SILK SUPPLY FROM ALL COUNTRIES.

	Seasons.					
	1913-14	1927-28	1928-29	1929-30	1930-31	1931-32*
Export from Shanghai (including Tussah)	5,800	6,025	6,420	6,480	4,820	3,000
Do. Canton	2,780	2,635	2,795	2,845	3,310	2,000
Do. Yokohama	12,120	31,225	33,600	28,745	33,595	37,000
Do. Pavia and Central Asia	435	165	180	325	330	170
Do. India and Indo-China	115	140	110	60	20	20
European crop	4,235	5,005	5,120	5,095	5,080	3,352
Levant crop	1,880	875	960	1,025	890	615
Total	27,365	46,070	49,185	44,575	48,045	46,157

* Estimates.

RAW SILK PRICES—END OF DECEMBER.

	1913.	1928.	1929.	1930.	1931.
Italian, Extra, 13/15	...	305-310	245-250	150-155	115-118
Syrian, 2nd class, 9/11	45-46	290-295	245-250	130-135	113-116
Shanghai, steam fire, best 9/11	33-34	400-410	340-350	185-190	150-155
Tussah R. R. merit Fegawa, 1.2.3	41-43	270-275	235-240	75	65
Szechuen fire, best to good	81-9	...	...	160-170	140-145
native Tussah, 10/12	45	310-315	280-285	145-150	130-135
Japan fire, 13/15	42½	285-290	260-265	130-135	112-115
Canton fire, best 13/15	40	235-240	180-185	110-115	100-105

—Extracted from the Annual Review of Messrs Chabrières, Morel et Cie., Lyons

HIDES AND LEATHER.

Although the leather and allied industries may not have been so adversely affected by economic conditions as many others, the past year has been one of considerable anxiety and trouble to all concerned. Lack of employment in the large industrial areas resulted in a further diminution in the home demand for most descriptions of leather during the greater part of the year, and, in spite of the low prices which have ruled for raw materials, such as hides and tanning materials, the reductions have not been sufficient to compensate for the lost turnover. In addition, overseas trade has been made more difficult through the imposition of increased duties by several countries, a notable instance of this being Canada, where the tariff on certain kinds of dressed upper leather has been increased to over 50 per cent.

At the same time, during the whole of the period under review home manufacturers of both sole and upper leather have had to face very severe competition in the home market from foreign competitors, who, in not a few instances, have sent leather here to sell at prices which in many instances would not cover the cost of the raw material. This is demonstrated by the net imports of all kinds of leather, which, in spite of the low values ruling throughout the whole of the year, were valued at £3,206,000, as compared with £8,077,000 for 1930. These figures, considered in conjunction with the fact that the value of our exports of leather dropped from £4,006,000 to £2,460,000, show the difficulties with which the trade has had to contend.

Taking Manchester auctions as a standard of values, prices of first clear ox and heifers in that market at the end of the year showed a decline of from ½d. to ¾d. per lb. as compared with those at the commencement of 1931. Seconds recorded a similar reduction, while first warbled were lower by from ¾d. to 1½d., and seconds in the same class by from ¾d. to 1d. per lb. Reduced prices also ruled for cow hides, the decline for first and second clears being from ¾d. to 1½d., while first and second warbled were cheaper by from ¾d. to 1½d. to ¾d. per lb. respectively. Calfskins followed the downward tendency, first at the end of the year being from 1½d. to 2½d. per lb., and seconds from 1½d. to 2½d. per lb. cheaper. The feeling now seems to be gaining ground that bottom has been touched in regard to values for hides and skins from domestic sources, and an upward turn is now awaited. The departure from gold last September was soon felt in the

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market for foreign hides. Trade for the first eight months of the year had been uninteresting, with prices weak, but afterwards a stronger demand became evident and values began to move up. Here, also, the increased demand for finished leather did not last sufficiently long to maintain quotations for any length of time, and the result of this is seen in a comparison of the January-December prices for several of the more popular lines of imported hides. For instance, B.A. Frigorifics, at 6½d. were 1½d. per lb. cheaper at the end of the year than they were at the commencement, while B.A. Americanos showed a decline of 1½d. Dry Capes were about 1d. per lb. and Mombasas and Nigerians 1d. per lb. cheaper, while wetsalted N.S.W. Meats, in which little trade was being done at the close of the year, were inclined to be slightly dearer than at the opening.

Buying during most of the year was confined to small parcels, and it seemed that no matter what amount of energy was put into business it was impossible to persuade consumers of leather to take anything more than was required for immediate or near future needs. This, combined with the import position, made values very insecure, and for the first eight months of the year hardly any tanner in this country obtained a reasonable profit on his sales, while at the same time stocks in warehouse were accumulating. The end of September and the commencement of October, however, witnessed a marked change in the position of trade. With the passing of the excitement caused by the departure from gold, however, trade once again settled down to more normal conditions and demand began to slacken. Sales to the public showed no expansion, and the increased purchases on the part of the distributing and retail end of the shoe industry remained unsold. This naturally was responsible for a slowing down in the call for sole leather, and during the last month of the year new business was very difficult to negotiate. In fact, the close witnessed a very poor demand for practically all descriptions, and so far there has been nothing in the trend of trade to warrant an optimistic outlook being taken.

Conditions in the upper leather market were very similar to those ruling for bottom stock; home producers experienced a very lean time until September, owing to the demand from shoe manufacturers running on small quantities, and foreign competition. Brisk business was then experienced for all the staple lines.

The following is a statement of imports and exports of hides and leather during 1913, 1930 and 1931:—

Imports.	Quantity.			Value.		
	1913.	1930.	1931.	1913.	1930.	1931.
Wet Hides—						
Ox, 32,942	Owts.	Owts.	Owts.	£	£	£
Other sorts, including Ox and Cow	27,610	...	...	145,451	187,212	130,489
Russia	92,170	...	...	259,774	...	...
Germany	27,610	...	...	94,588	...	...
Netherlands	...	28,809	18,556	74,116	40,439	...
Belgium	10,007	2,839	4,169	33,691	11,993	...
France	36,754	12,233	5,639	122,879	31,919	13,711
Italy	119,702	97,215	118,756	513,509	363,875	393,636
Argentine Republic and Uruguay	188,097	138,627	188,217	874,781	421,482	473,159
Irish Free State	...	81,176	70,993	...	202,238	133,715
British South Africa	68,118	64,964	31,003	242,883	189,189	75,172
British East Africa	113,331	32,787	39,753	435,464	85,476	81,908
Australia	142,592	244,892	329,639	436,812	734,158	767,268
Other countries	...	...	...	...	...	...
Total	798,381	701,542	806,715	3,014,381	2,110,543	1,991,001
Total of Wet Hides	831,323	741,849	842,713	3,159,830	2,297,755	2,121,490
Dry and Dressed—						
Ox, 17,313	Owts.	Owts.	Owts.	£	£	£
Other sorts, including Ox, Cow, and Kips	...	4,291	2,909	134,257	20,765	11,820
Russia	57,300	...	...	207,761	...	...
Argentine Republic and Uruguay	...	32,356	32,621	...	110,796	95,470
British South Africa	124,223	103,848	83,143	580,705	442,604	243,502
British East Africa	...	44,169	34,406	...	150,632	95,161
British India	70,554	26,025	18,774	263,951	75,795	43,951
British Settlements and Fed. Malay States	40,371	17,513	9,602	134,516	48,418	22,877
Australia	36,253	38,923	23,236	171,107	127,747	60,263
Other countries	276,665	291,303	224,380	1,195,585	1,055,089	626,178
Total	605,376	554,137	426,162	2,554,210	2,011,081	1,187,402
Total of Dry and Dressed	622,689	558,428	429,071	2,688,467	2,031,846	1,199,222
Leather, Total	1,414,012	1,260,277	1,271,784	5,742,841	4,149,589	3,320,713

Under the designation of "Leather" are comprised the following articles, viz.: Hides, tanned, tawed, curried or in any way dressed; Goatskins, tanned or dressed as leather; Sheepskins, tanned or dressed as leather.

Imports.	Quantity.			Value.		
	1913.	1930.	1931.	1913.	1930.	1931.
Exports						
Boots and shoes (wholly or mainly of leather)	33,666	...	...	122,206	...	...
Germany	...	24,436	18,880	...	80,060	67,928
Sweden, Norway, and Denmark	...	33,491	38,559	...	91,318	92,014
Netherlands	50,550	12,239	3,614	78,291	53,103	19,364
Egypt	...	32,823	11,995	...	266,161	141,309
United States	...	302,215	294,022	...	1,506,676	1,365,089
Irish Free State	...	154,990	108,551	...	842,237	329,910
British South Africa	387,510	189,656	16,708	1,160,800	78,768	42,062
British India	...	...	9,705	...	...	...
British Settlements, Malay States and Ceylon	...	10,763	7,130	...	53,588	34,489
Australia	210,353	9,563	645	317,788	38,599	4,020
New Zealand	99,523	111,369	65,570	308,399	513,882	235,093
Canada	...	56,169	27,518	...	183,192	106,572
Brit. West India Islands (including Bahamas) and British Guiana	...	...	...	...	...	...
Other countries	37,384	50,479	42,061	73,094	195,083	149,107
Total	1,452,815	896,963	690,747	4,194,276	4,048,166	2,903,969

CHEMICALS.

Along with all other branches of industry the chemical industry suffered severely during 1931. The Board of Trade Index of Production average figure for 1930 and the figures for the first three-quarters of 1931 for the chemical industry were respectively (1924 = 100) 102.2, 101.4, 96.1, and 91.1. The figures show that at the beginning of the year anticipations that the chemical industry was gaining on industry as a whole proved to be well founded, but that later on the chemical industry suffered more severely with the continuance of the depression. Exports of ammonium sulphate fell from 557,930 tons in 1930 to 402,012 tons in 1931, while the value fell from £4,419,000 to £2,586,000.

The decrease in the demand for ammonium sulphate, together with unremunerative prices, has put many by-product makers out of production, with the result that the consumption of sulphuric acid has very seriously declined. In the third quarter of 1931 the sulphuric acid industry was working to only 43.8 per cent. of capacity.

Exports of creosote oil fell in value from £671,000 to £307,000, very largely as a result of the decrease in demand for the purpose of wood preservation in the United States. A very encouraging feature of the trade returns is the increase in the exports of coal tar dyes from 106,119 cwts. in 1930 to 117,272 cwts. in 1931, the respective values being £879,000 and £1,016,000.

The Dyestuffs Import Regulation Act of 1920 continued in operation throughout the year without the price factor, which was discontinued at the suggestion of the manufacturers. With the consent of the Colour Users' Association, the Act was again included in the Expiring Laws Continuation Act and extended for another year. Very few licences were granted this year on price grounds. The British dyestuffs industry is undoubtedly gradually coming into its own; it was further consolidated in 1931 by the absorption of the British Alizarine Company in the Dyestuffs Group of Imperial Chemical Industries. A noteworthy British discovery was Duratol Green G, which enabled a green to be produced by the ice-colour process for the first time.

On the import side it is significant that during last November the imports of Chilean nitrate were 27,500 tons, as against only 38,800 tons during the whole of the first eleven months of 1930. This is not the place to discuss whether these large imports come within the meaning of the recent Abnormal Importations Act, but it is not without interest to place in juxtaposition with this the fact that during 1931 synthetic sodium nitrate was manufactured in this country for the first time and marketed at competitive prices.—Based on an article in the *Manchester Guardian Commercial Annual Review*.

Nitrates.—During the past year the economic position of agriculture has deteriorated still further, and the decreased purchasing power of farmers has been reflected in the decline in consumption of fertilisers. The fall has with few exceptions affected every form of nitrogen, whether for fertiliser or for industrial use, in every continent. The biggest reductions in tonnage consumed have been in the U.S.A., Germany, Holland, France and Poland, and the largest percentage decline in Cuba. The greatest increase in tonnage was in Russia, and as a percentage in Portugal. But whereas the world consumption of Chile nitrate has declined by 33 per cent., the demand for by-product and synthetic nitrogen has fallen off by only 13½ per cent. These figures show that the Convention de l'Industrie de l'Azote

(C.I.A.), the European nitrogen cartel, had a beneficial effect in bringing world production in 1930-31 more nearly into line with consumption, instead of being enormously in excess as in the two previous fertiliser years. Since the breakdown of negotiations in July, however, the nitrogen market has been the playground of unrestricted competition. Most European countries which are both producers and consumers have adopted protection in one form or another and maintained a level of prices slightly lower than that of last season. In the free markets a fall in price of the order of 50 per cent. has taken place. The following table shows estimates, for which strict accuracy is not claimed, of production and consumption during recent years:—

WORLD PRODUCTION AND CONSUMPTION OF PURE NITROGEN.

	(In Metric Tons.)		
	1928-9.	1929-30.	1930-31.
PRODUCTION:—			
By-product sulphate of ammonia	376,000	424,440	359,594
Synthetic sulphate of ammonia	485,000	442,100	349,087
Cyanamide*	861,000	866,540	708,681
Nitrate of lime	210,000	263,800	200,352
Other forms of synthetic nitrogen	136,000	130,500	110,585
Other forms of by-product nitrogen†	365,000	427,300	393,150
Chilean nitrate of soda	51,000	51,400	30,940
Total production	2,113,000	2,203,540	1,694,288
CONSUMPTION:—			
Consumption of manufactured nitrogen	1,452,630	1,586,904	1,377,005
Consumption of Chilean nitrate of soda	419,450	363,893	244,370
Total consumption	1,872,080	1,950,797	1,621,375
Agricultural consumption about	1,684,000	1,760,000	1,455,000

* Excluding part of the cyanamide made in Japan, which is included under Synthetic sulphate of ammonia.
† Including ammonia liquor used for industrial purposes.

—British Sulphate of Ammonia Federation, Limited.

VEGETABLE OILS AND OLSEEDS.

The vegetable oil industry of the United Kingdom experienced a very difficult and trying period, occasioned by the poor trade in oilseed products, almost constantly falling prices, unsettled financial and economic conditions abroad, and the dislocation and fluctuating exchanges following the suspension of the gold standard. World supplies of all

kinds of oil-bearing material and crude vegetable oils were abundant and generally in excess of requirements. There was no shortage anywhere, and the trade had to withstand the competition of excessive production of whale oil besides fish oils and animal fats. One of the most notable features was the plentifulness and cheapness of linseed in striking contrast to the previous twelve months, when it was in limited supply and high prices effectively curbed demand. Argentina, the chief linseed-growing country, had a bumper crop, one of the heaviest on record, and during the year exported over two million tons, or three-quarters of a million tons more than in 1930. The total world shipments were 2,132,000 tons, as against 1,537,000 tons.

Imports of oilseed, nuts and kernels into the United Kingdom in 1931 were somewhat greater than in 1930, the gross receipts being 1,373,145 tons, an increase of 145,448 tons, equal to 11.8 per cent. This was almost entirely due to the large quantity of linseed, which at 339,295 tons gave an advance of 116,000 tons. Cottonseed and castorseed were somewhat behind, but there were compensating increases in rapeseed, soya beans and nuts and kernels. Plate linseed opened at £8 10s. per ton on spot at Hull, advanced to £9 15s. and gradually fell until £7 5s. was touched in September. When Great Britain went off the gold standard a stimulus was given to trade and the price rose to £10 5s. at the end of October, but at least 20s. of this advantage was lost by the end of the year, when the market was influenced by the promise of another big crop in Argentina. Linseed oil followed more or less closely the movements in seed prices and the lowest figures for many years were recorded.

Supplies of cottonseed in the mills of the United Kingdom again exceeded half a million tons and were the largest individual import of all oilseeds. As usual the greater proportion was derived from Egypt and prices throughout the year were comparatively low. Black Egyptian, on spot at Hull, ranged from £5 12s. 6d. to £7 10s. in the first half, and between £4 15s. and £7 in the latter months. Great difficulty was experienced in selling the products at a reasonable margin of profit and complaints were made that much of the oilcake was disposed of at a loss in consequence of the heavy arrivals of Egyptian cottoncake. The oil also met a poor sale.

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The exports of vegetable oils (produce or manufacture of the United Kingdom) summarised from the Board of Trade returns are as under:—

	1928. Tons.	1929. Tons.	1930. Tons.	1931. Tons.
Unrefined oils	96,193	93,463	60,633	53,352
Refined oils	16,370	20,480	17,612	15,957

The production of oil in the mills of the United Kingdom based on the commercial yield of oil from the net imports of oilseeds, nuts and kernels, was 387,760 tons, an increase of 41,312 tons as compared with 1930, the details being as follows:—

	1928. Tons.	1929. Tons.	1930. Tons.	1931. Tons.
Linseed oil	115,774	94,992	74,710	113,017
Cottonseed oil	95,576	94,906	86,635	83,743
Other seed oils	44,549	60,844	40,651	36,308
Palm kernel oil	72,186	67,883	56,608	55,642
Ground nut oil	47,908	52,734	45,532	54,352
Coconut, &c.	24,424	41,137	42,270	44,648
Total	400,597	414,496	346,406	387,710

The position of the vegetable oil supply of the United Kingdom is indicated in the following table:—

	1928. Tons.	1929. Tons.	1930. Tons.	1931. Tons.
Home production	400,597	414,496	346,406	387,710
Deduct British exports	112,923	113,943	78,245	69,289
Net remaining	287,674	300,553	268,161	318,421
Add net imports	208,080	241,639	231,580	205,688
Total remaining in U.K.	495,754	542,192	499,741	524,109

The total supply of oilcakes may be put at 1,320,000 tons, against 1,230,000 tons in 1930. The total c.i.f. value of the gross imports of oilseeds, nuts and kernels, vegetable oils and oilcakes was £18,571,237, as compared with £25,507,866, a decrease of 27 per cent., and the f.o.b. value of exports £2,558,487, as compared with £3,582,556, a decline of 28 per cent. The re-exports of imported produce had a value of £376,134, against £548,667, and in each year were about two per cent. of the total imports.

TIMBER.

Coal Export Trade.—The coal export trade was affected by all concerned, and at the close the position remains serious and the outlook extremely obscure.

The price situation throughout the earlier period was one of great difficulty, the general level of values continuing to fall gradually but steadily, in consequence of which buyers were inclined to limit their purchases as far as possible. With the departure from the gold standard on September 20th the position was immediately changed, and a confused situation arose regarding contracts previously made but still unfulfilled. Values of stocks were based on the current shippers' prices plus the variation on exchange. During October a considerable clearance was effected in stocks, particularly of American woods, these being most affected by the exchange. Enhanced prices were secured all round, although buying was largely confined to medium-priced material. The return of the National Government provided a certain impetus to trade, the effects of which, however, gradually wore off. During the closing months of the year business was again inclined to languish, the adverse rates of exchange, which at times added as much as 50 per cent. to buying prices, having a restricting effect on forward contracting.

In the softwood market the building trade demand was fairly well maintained, but shipbuilding requirements were of the smallest proportions. White and red wood prices continued erratic, while all classes of business were keenly competed for, with the result that values in many cases were unremunerative. In Pacific Coast woods a steady demand continued for Oregon pine in No. 2 clear and better planks and fitches, edge-grained boards, floorings, strips, and in merchantable quality planks and timbers. The volume of forward contract business was at all times of limited proportions, buyers preferring to buy more often but in small quantities owing to the almost steady decline in values. A fairly steady outlet also occurred for Sitka spruce in No. 2 clear and better fitches in both standard and short-length specifications. Port Orford cedar was a more restricted outlet, owing to the scarcity of higher class work. For California yellow and sugar pine the demand was also of limited extent, shipyard requirements being of small proportions.

Yellow pine was in slow movement in Quebec woods owing to the depression in the engineering trades. The demand from shipbuilding sources was at all times of restricted proportions, the scarcity of new work during the earlier half of the year being most pronounced. The demand for pitch pine was of moderate extent, stocks at all times being ample for the requirements. Oregon pine, clear spruce, and other material were in limited request. Among hardwoods teak demands were restricted, and prices tended to fall through-

out the year. Mahogany and other hardwoods were in limited demand.

In the American hardwood market the chief outlets were the furniture manufacturing trades, which maintained a moderate consumption throughout the period. The demand was largely centred on the cheaper classes of materials.—*The Glasgow Herald Trade Review.*

From the statistics below, which are taken from the Board of Trade Returns, it will be seen that the total wood imports last year compared with 1930 decreased considerably, the fall amounting to some £14 millions. As compared with 1929, the decrease is £17 millions:—

	Quantity.			Value.		
	1929.	1930.	1931.	1929.	1930.	1931.
Hewn, hard	Cub. Ft. 6,965,761	Cub. Ft. 5,583,780	Cub. Ft. 3,345,524	£ 1,512,585	£ 1,212,041	£ 645,866
" soft	427,191	496,070	392,514	1,225,813	1,422,549	1,091,726
Sawn, hard	31,471,168	32,457,962	26,622,409	8,087,244	7,585,274	5,264,302
" soft	5,224,082	4,849,159	4,266,746	23,772,367	20,662,712	14,691,868
Planed or dressed	621,156	625,008	588,779	3,405,260	3,304,946	2,668,494
Mining timber	2,692,517	2,783,106	1,896,498	5,029,098	5,192,802	3,061,482
Sleepers	369,101	533,161	334,540	1,675,743	2,405,830	1,043,526
Staves	125,675	...	...	787,084	657,062	368,894
Veneers and panel wood	4,932	5,294	5,517	346,941	331,325	308,284
All other sorts	...	...	...	...	...	...
Totals	...	...	...	45,840,135	42,774,541	29,144,442

V.—METAL AND COAL TRADES. THE COAL INDUSTRY.

United Kingdom.	Output.	Exports (including Bunkers).	Average Export Prices (Board of Trade, F.O.B.).	Unemployment in Coal Mining Industry.
1913	Thous. Tons. 287,430	Thous. Tons. 94,424	£ s. d. 0 13 10	% 0.4†
1924	269,604	76,338	0 13 5	4.3
1925	243,180	67,255	0 13 5	15.8
1926	131,386†	28,184	1 0 0(a)	9.1
1927	251,232	67,986	0 17 10	14.4
1928	257,718	66,876	0 15 7	22.2
1929	256,719	76,686	0 16 1	16.2
1930	243,757	70,495	0 16 8	20.2
1931	220,156	57,360	0 16 2	28.2

• Exclusive of those who ceased work on account of the dispute which commenced on May 1, 1926.

† Trade Union figures.

‡ Coal strike.

(a) May–December figures entirely unrepresentative.

Coal Export Trade.—The coal export trade was affected by the greatly reduced world demand for coal, which has given rise to still keener competition, especially in the Scandinavian markets, which Poland continues to dominate. Russia, too, has been sending coal to Europe, particularly to Italy. At the same time Holland has been increasing her coal output and exporting more of it to neighbouring countries. Further handicaps have been placed on the sale of British coal abroad by the imposing of import restrictions. In August a decree was issued restricting imports of coal into France to 80 per cent. of the average for the years 1928–30. As from December this percentage was reduced to 72. Further, a serious situation has been brought about by the imposition of a 15 per cent. tax on imports of British coal into France. In October the Belgian Government issued a decree limiting future imports to 76 per cent. of the tonnage imported in 1930. Italy has also imposed a 10 per cent. tariff on all imported fuel. It is, therefore, not surprising that the exports of coal from this country in 1931 were only 42,749,740 tons, against 54,874,065 tons in 1930.

South Wales.—The year 1931 was the worst ever experienced in the Welsh steam-coal trade. Shipment trade, including bunkers, declined by about six million tons during the year, while inland business also fell away, because of the industrial depression and the closing of works. Railway needs dropped with the reduction of traffic. The total fall in output was rather over seven million tons, and, as estimated decline of something over eight million tons will be about the measure of lost trade in coal, coke and patent fuel during 1931. Welsh shipment trade was about 18,000,000 tons less than in the record year 1913. The average number of miners employed in 1931 was about 154,400, or 16,300 less than in 1930.

Durham.—Except in the early months of the year there has been practically no activity in any branch of the trade, but at the close of the year a steady improvement was setting in which it was hoped would be maintained during

the ensuing twelve months. Output has been greatly restricted, and full quotas, although usually at a low percentage, have seldom been required. The Durham collieries have had to face many difficulties. The home trade has not at any period been satisfactory, and the fixed minimum prices have at times made it exceedingly difficult to secure trade in the face of foreign competition. Several pits were compelled to close entirely. Contract prices have been low, mostly at the minimum, and, with the volume of trade considerably less than normal, there have been many idle days, which greatly increased costs. The minimum prices fixed at the beginning of the year have been maintained for the most part, although occasional alterations have been made in the case of individual brands.

South Yorkshire.—The industrial depression led to another year of difficulty. The export market was weak and irregular until the suspension of the gold standard, which brought about an improvement, especially in South Yorkshire brands. Apart from the improvement in September, industrial fuel has moved slowly throughout the year. Business in gas coal was of a restricted character and trade in domestic fuel was much below the average.

The following tables, compiled from figures published by the Mines Department of the Board of Trade, covering about 96 per cent. of the industry, show output, costs and proceeds for the first three quarters of 1931, as compared with recent periods:—

Great Britain.	1930.		1931.		
	First Quarter.	First Quarter.	Second Quarter.	Third Quarter.	
Tonnage disposable ... tons	59,957,599	52,174,214	47,532,035	45,307,451	
Wages	27,364,300	29,975,557	22,099,500	21,203,106	
Stores and timber	4,729,910	4,021,211	3,732,349	3,461,948	
Other costs	6,721,543	6,008,869	6,031,219	5,878,868	
Royalties	1,444,828	1,278,429	1,216,493	1,172,008	
Net costs	39,985,536	35,259,378	33,094,540	31,742,316	
Commercial disposals	43,327,072	37,223,513	32,829,974	31,355,746	
Balance	3,341,536	1,964,135	Dr. 264,666	Dr. 386,570	

The destination of our coal exports in 1913, 1930 and 1931 is shown in the following table:—

EXPORTS OF COAL, COKE AND MANUFACTURED FUEL FROM THE UNITED KINGDOM.

To—	Quantity.			Value.		
	1913.	1930.	1931.	1913.	1930.	1931.
Tons.	Tons.	Tons.	£	£	£	
Russia	5,998,434	39,428	26,341	4,336,582	29,286	20,045
Finland	403,262	256,347	...	259,202	155,565	...
Sweden	4,563,076	1,766,510	1,074,319	3,032,459	1,371,470	797,096
Norway	2,298,345	1,202,225	646,888	1,447,356	876,967	435,888
Denmark	3,034,240	1,920,949	1,590,213	1,990,740	1,421,609	1,120,965
Germany	8,952,328	4,926,343	3,769,265	5,327,733	2,082,175	1,553,242
Netherlands	2,018,401	2,859,760	2,274,244	1,260,863	2,391,704	1,276,402
Belgium	2,031,077	3,444,715	1,979,321	1,176,130	1,801,396	660,456
France	12,775,909	12,969,043	10,554,168	8,074,053	8,778,987	802,166
Portugal	1,201,722	1,136,506	1,023,878	877,827	933,987	39,297
Azores & Madeira	154,359	56,136	48,066	126,607	47,689	1,126,393
Spain	2,534,131	1,711,729	1,310,079	1,811,246	1,507,358	279,152
Canary Islands	1,114,629	364,499	341,898	847,085	306,596	...
Italy	9,647,161	7,167,334	5,907,566	6,887,721	6,184,090	4,945,391
Austria	1,056,634	...	...	724,237	...	...
Hungary	...	529,573	354,173	540,875	463,059	310,440
Greece	727,899	1,811,527	1,510,295	2,368,203	1,540,798	1,238,241
Egypt	3,162,477	1,434,908	1,292,072	873,190	1,120,171	932,260
Algeria	1,281,664	145,736	104,787	132,564	127,792	94,156
French W. Africa	149,107	...	...	...	...	...
Portuguese West Africa	233,015	176,973	145,091	203,098	144,511	113,529
United States of America	...	393,172	301,345	...	598,820	452,343
Chile	588,526	2,478	5,891	500,380	2,949	5,219
Brazil	1,886,871	1,204,361	663,761	1,681,475	1,099,967	578,753
Uruguay	723,936	301,311	263,504	616,413	268,852	229,896
Argentine Republic	3,693,572	2,687,941	2,091,218	3,090,000	2,485,103	1,920,443
Irish Free State	2,468,214	2,424,699	...	2,418,971	2,368,438	...
Channel Islands	167,862	238,523	210,554	122,453	275,412	234,997
Gibraltar	354,702	209,910	137,520	256,102	168,331	108,978
Malta	700,111	102,730	92,683	519,089	88,689	79,258
Aden and Dependencies	181,204	31,532	17,556	154,330	29,682	16,094
British India	179,192	17,577	17,149	146,696	17,313	16,739
Ceylon	239,657	80,275	40,520	203,384	77,778	39,923
Canada	...	975,104	906,268	1,310,170	1,140,971	...
Other countries	1,749,877	2,093,781	1,368,060	1,398,359	1,787,706	1,102,344
Total	2,976,389	4,100,628	3,406,454	2,374,353	5,456,152	4,711,085
(a) Anthracite	53,618,922	36,501,048	28,217,809	37,845,546	29,063,927	21,605,402
(b) Steam	11,527,686	6,634,442	5,222,319	7,154,427	5,096,976	3,799,517
(c) Gas	1,769,719	1,931,689	1,799,391	1,164,088	1,902,061	1,809,194
(d) Household	3,507,402	5,706,258	4,103,767	2,188,838	4,142,164	2,727,976
(e) Other sorts	...	...	...	...	...	...
Total of Coal	73,400,118	54,874,065	42,749,740	50,727,252	45,661,280	34,653,774

Coal shipped for the use of steamers, &c., not being an export in the ordinary acceptance of the term, the value thereof is not included in these returns.

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Working results per ton, together with earnings and output per man-shift, are given below:—

Period.	Pro- ceeds per Ton.	Wages per Ton.	Net Cost per Ton.	Net Balance Credit (—) or Debit (+) per Ton.	Output per Man- shift Worked.	Earnings per Man- shift Worked.
1929.	s. d.	s. d.	s. d.	s. d.	Cwt.	s. d.
First quarter	14 0-30	9 0-16	13 3-15	+0 9-15	22-13	9 2-59
Second quarter	13 7-07	9 3-24	13 10-50	+0 3-43	21-45	9 2-59
Third quarter	13 8-77	9 3-29	13 8-99	+0 0-22	21-40	9 2-61
Fourth quarter	14 3-11	9 1-92	13 3-82	+0 11-29	21-78	9 2-78
1930.						
First quarter	14 5-43	9 1-54	13 4-06	+1 1-37	21-94	9 3-25
Second quarter	13 10-82	9 4-98	14 0-76	+0 1-94	21-32	9 3-26
Third quarter	13 9-25	9 5-53	13 11-65	+0 2-40	21-34	9 3-85
Fourth quarter	14 1-74	9 3-14	13 7-54	+0 6-20	21-84	9 3-79
1931.						
First quarter	14 3-23	9 2-29	13 6-19	+0 9-04	21-78	9 2-45
Second quarter	13 9-76	9 3-59	13 11-10	+0 1-34	21-44	9 2-18
Third quarter	13 10-09	9 4-31	14 0-14	+0 2-05	21-35	9 2-43

IRON AND STEEL.

United Kingdom.	Output (Thousands of Tons).		Iron, Steel and Manufactures thereof (Thousands of Tons).		Price of Cleve- land G.M.B. No. 3 per ton.		Unemployment.	
	Pig Iron.	Steel Ingots and Castings.	Imports.	Exports.	Pig Iron.	Steel.	Pig Iron.	Steel.
1913	10,250	7,660	2,230	4,969	3 0 0	...	...	...
1924	7,320	8,220	2,428	3,854	4 7 7	14-3	21-1	...
1925	6,238	7,397	2,721	3,731	3 6 5	20-3	25-8	...
1926	2,444	3,561	3,742	2,988	4 7 0	45-9	41-2	...
1927	7,294	9,100	4,406	4,196	3 12 9	14-6	18-3	...
1928	6,813	8,525	4,896	4,260	3 6 10	16-8	19-8	...
1929	7,580	9,655	2,815	4,379	3 10 6	12-1	31-5	...
1930	6,197	7,298	2,908	3,158	3 6 11	23-9	34-0	...
1931	3,758	5,176	2,852	1,981	2 18 7	39-3	45-9	...

The total output of pig-iron in Great Britain amounted to some 3,758,000 tons and of crude steel to 5,178,000 tons, compared with corresponding figures of 6,190,000 tons and 7,330,000 tons in the previous year. Leaving out of account the years 1921 and 1926—when abnormal conditions prevailed owing to the coal strike in 1921 and the coal and general strikes in 1926—pig-iron production in 1931 was the lowest reached in this country since the fifties of last century, while the crude-steel output was the lowest since the opening years of the present century. Exports of iron and steel in 1931 amounted to only 1,980,000 tons, compared with 4,969,000 tons in 1913. Imports were 2,852,000 tons, against 2,231,000 tons in 1913.

North of England.—In the North of England the decline in output has been more marked in pig iron than in steel. The North-East Coast iron and steel companies, without a single exception, have failed to make any return on the invested capital, and it is therefore not surprising that there have been no new construction or modernisation schemes, though the need for modernisation of plant is not denied.

Scotland.—Any pig-iron plant operating has been run at a loss, and the highest number of blast furnaces working at any time during the year was ten. In the sheet trade an improvement has been maintained during the last quarter of the year, but in other branches of the industry the outlook, while improved, has toned down somewhat from the hopes of two or three months ago.

Sheffield.—The year has been one of the worst, if not the worst, ever experienced, but there was a slight easing of the situation towards the end of the year. Depression was general in pig iron until the last quarter, when there was a slight, though in part only temporary, revival. The steel situation was largely saved by stainless and other special steels, output of which probably reached a new high level.

North-West England.—The year will be remembered in this district less for its record of bad trade than for the efforts of hematite pig-iron makers to prepare for the return of prosperity and to consolidate anew their position in the industry. The United Steel Companies, Limited, spent a large sum of money in building at Workington a new furnace capable of smelting 3,000 tons a week, and the steel-making side is also claiming the company's attention. The interests of the North Lonsdale Iron and Steel Company have been amalgamated with those of the Millom and Askam Hematite Iron Company, Limited, and the Millom and Askam Company is building a furnace capable of yielding an output of from 1,400 to 1,500 tons per week.

South Wales.—The manufacturers of heavy steel products appear to have suffered more than any other branch, and

only one plant worked with anything like regularity. The tinplate industry has had a poor year, but prices at the end of the year were beginning to show more firmness. The galvanised sheet market has been in a most depressed condition throughout the year.—*Iron and Coal Trades Review*

The following tables show world production and British prices of iron and steel:—

WORLD PRODUCTION OF PIG IRON AND STEEL.
(In Millions of Tons.)

	1913.	1927.	1928.	1929.	1930.	1931.
Pig Iron—						
Great Britain	10-26	7-29	6-61	7-59	6-19	3-76
Germany	10-73	12-90	11-62	13-19	9-54	6-04
Saar	1-35	1-74	1-91	2-07	1-88	1-52
France	8-93	1-74	1-91	2-07	1-88	1-52
Belgium	2-45	9-18	9-82	10-20	9-89	8-25
Luxembourg	2-51	2-69	3-84	4-03	3-35	3-14
United States	30-97	36-57	38-16	42-61	31-75	18-60
Steel Ingots and Castings—						
Great Britain	7-66	9-10	8-52	9-64	7-33	5-18
Germany	11-99	16-06	14-29	15-99	11-36	8-36
Saar	2-05	1-86	2-04	2-17	1-91	1-66
France	6-66	8-18	9-35	9-55	9-30	7-90
Belgium	1-31	3-66	3-87	4-07	3-42	3-18
Luxembourg	1-31	2-43	2-53	2-66	2-24	2-04
United States	31-30	44-94	51-54	56-43	40-70	26-41

—Iron and Coal Trades Review.

RANGE OF PIG IRON AND STEEL PRICES.

Grade.	Dec. 31, 1930.	Dec. 31, 1931.
No. 1 Cleveland	£ s. d.	£ s. d.
No. 3 Cleveland G.M.B.	3 6 0	3 1 0
No. 4 Foundry	3 3 6	2 18 6
No. 4 Forge	3 2 6	2 17 6
Common iron bars	10 15 0	10 0 0
Steel boiler plates*	10 0 0	9 15 0
Steel ship plates*	8 17 6	8 17 6
Steel angles*	8 7 6	8 7 6
Steel joists*	8 10 0	8 10 0
Heavy steel rails	12 0 0	12 0 0
Fishplates	5 12 6	5 12 6
Billets—		
Soft	7 2 6	6 12 6
Hard	9 12 6	9 10 0
Black sheets	11 5 0	9 7 6
Galvanised corrugated sheets, 24 gauge		

* Subject to rebate.

SILVER.

An interesting development during 1931 was the initiation of a movement for the remonetisation of silver. Many prominent business men and well-known financial experts supported the movement, which arose as the result of the disastrous fall in prices caused by the cornering of gold and because of the serious effect on the purchasing power of silver-using countries of the heavy fall in the price of silver. Three reports by commercial bodies were made on the subject during the year, one by the Federation of British Industries acting in conjunction with the Empire Economic Union, another by a committee of three appointed by the International Chamber of Commerce, and the third by the Silver Association, which was promoted by the China Association. Both the Federation of British Industries and the Silver Association urged that silver should be used to relieve the pressure on gold. The International Chamber of Commerce, however, rejected resort to silver as a result of inquiries among central bankers and others.

The lowest recorded price of bar silver, 12d. per ounce, was reached on February 9, 1931. Later in the year, following the suspension of gold exports by Great Britain, the price touched 21s. 6d., giving a range of 9s. 6d. in the prices of the year, the widest for many years. President Hoover's proposal for a year's postponement of war debt payments caused a rise in price, while on the suspension of gold payments by Britain in September the price advanced rapidly, the rise being greater than could be explained by the depreciation of sterling in terms of gold currencies.

While sales by the Indian Government are believed to have been larger in 1931, sales of demonetised coin by other countries were smaller. A further reduction from 240,000,000 oz. to 190,000,000 oz. took place in production, according to the estimate of a well-known bullion authority, this following a decline of 8 per cent. in 1930, but the same authority expresses the view that the larger decrease in 1931 was probably more than offset by smaller demands on the part of the silver-absorbing countries.—*The Times Annual Financial and Commercial Review.*

COPPER.

The sharp decline in both copper production and consumption that had set in in 1930, continued during the past year. In the following table comparative figures are shown for past years:—

WORLD'S MINING PRODUCTION OF COPPER.

	1900.	1913.	1928.	1929.	1930.	1931.
(Thousands of Long Tons.)						
Spain	53	35	26	30	27	24
Germany	20	30	22	38	48	45
Russia	28	66	72	71	80	74
Japan	23	47	12	12	15	12
Australia	7	23	135	168	164	136
Africa	8	34	92	113	135	130
Canada	21	52	64	83	67	42
Mexico	34	71	345	374	270	252
South America	263	555	832	900	634	445
United States	15	49	61	71	105	82
Other countries	...	...	...	...	...	...
Total	479	989	1,714	1,920	1,596	1,280

WORLD'S COPPER CONSUMPTION.

	1900.	1913.	1928-1929.	1930.	Estimated.
(Thousands of Long Tons.)					
Great Britain	108	140	151	143	120
France	46	104	130	131	118
Belgium	6	15	25	29	24
Germany	110	260	231	183	140
Austria	19	39	18	13	12
Italy	8	30	65	50	45
Russia	16	40	53	69	60
Japan	18	24	75	69	55
Canada	...	12	19	18	16
United States	172	362	939	722	520*
Other countries	...	26	129	119	100
Total	803	1,052	1,855	1,546	1,210

* Apparent.

Refined stocks in producers' hands, as published until recently by the American Bureau of Metal Statistics, showed a further large increase during the year:—

	Long Tons.
End of 1929	150,000
End of 1930	327,000
End of 1931	510,000 (estimated).

In addition, refined stocks in European warehouses increased by about 40,000 tons, making a total increase for the year of about 230,000 tons. Whilst the above figures, particularly those referring to consumption, are estimated and subject to correction, nevertheless the inaccuracies would not account for the apparent contradiction of an over-supply of mine production over consumption of only about

70,000 tons, against an increase in the refined stock of over three times that amount. This discrepancy is explained by:—

	Tons.
Decrease in blister stock	50,000
American electrolytic copper production from scrap	60,000
European copper production from scrap	50,000
Excess of mine production against estimated consumption	70,000
	230,000

Refined copper production from scrap has dropped considerably during the last two years, and, in the United States, probably amounted to less than 40 per cent. of the high figure reached in 1929.

It is our considered opinion that some time will pass before copper consumption will again reach the dimensions of the boom years. For not only was the consumption of copper over-stimulated, along with that of all other industrial raw materials, by the phenomenon of world-wide inflation, industrial and otherwise, but it had received a special impetus in the United States by the rapid development of light and power companies, as well as public utilities in general, and also by a most ambitious expansion programme of the American Telephone Company. It does not appear probable that there will be another period of electrical expansion within the next few years on the scale witnessed in the United States from 1925 to 1930, either in that country or in Europe. It should be borne in mind also that consumption of copper by the electrical industry does not grow at the same rate as the production of electric power. This is shown by the following figures, partly taken from an interesting table published by the American Bureau of Metal Statistics:—

	New Copper used by Light and Power Com- panies.	Net Copper Re- quirements after deduction of Old Copper taken down.	Power Pro- duction in Million Kilowatt Hours.
1925	110,000	93,000	65,870
1926	122,000	104,000	73,790
1927	103,000	82,000	80,205
1928	115,000	91,000	87,850
1929	127,000	104,000	97,352
1930	130,000	94,000	95,240

All efforts to bring about an equilibrium in the copper industry, by continuous sharp curtailment of production, proved unavailing in face of the ever declining demand. World's production, which two years ago ran at the rate of over 2,000,000 tons a year, has been reduced to about

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1,250,000 tons, without preventing a further heavy increase in the stocks in producers' hands. During the closing weeks of the year another agreement was reached by producing interests contemplating another decrease in production. An outstanding feature is that the unprecedentedly low price level for copper ruling throughout the year has not delayed the rapid development of the new Rhodesian mines, some of which are already in production on an extensive scale, and which will figure far more prominently during the next twelve months. The ore reserves of these undertakings are so vast, their copper contents so high, that it is quite unreasonable to suppose they will be content for any length of time to run at other than full capacity, a factor which will be of prime importance in the determination of copper prices during the next few years. With copper selling but fractionally over six cents, a number of producers undoubtedly find themselves faced with a choice of two evils—i.e., to continue to produce at a loss, or to close down their properties and incur loss in maintaining plant and equipment. The fact is that, with prices lower than was considered possible only a year ago by any but a very few, none of the larger properties have closed down, and even of the smaller mines a surprisingly large percentage have continued in operation.

The point deserves attention, because the importance of the cost of production in determining the selling price is far too commonly overstressed. For, as we have pointed out above, not only is the cost of production a changeable factor and difficult to determine, but even where the absolute minimum of such cost is reached and exceeded by a large portion of the total production, it by no means follows that the selling price may not be forced to an appreciable extent below that minimum for some time.

The price movements of copper during the past year in the main represent the hopeless struggle of the American Export Association to stave off the inevitable.—Messrs. Brandeis, Goldschmidt and Company.

LEAD.

The market for lead declined steadily during the past year in the face of ever falling trade with occasional short-lived recoveries. Statistically, the position has naturally deteriorated both in America and Europe. It is remarkable in some respects that in spite of such low prices as have ruled during the year, the production of lead has kept up as well as it has, especially having regard to the low price of silver, which has usually been an important source of additional revenue to a great many lead mines.

Certainly some mines were forced out of operation by the low prices ruling, but, on the other hand, it is noteworthy that in spite of all adverse circumstances, a large new producer has reached the stage of providing actual supplies. We refer to the Mount Isa Company, which came into effective production in 1931. Naturally this mine—like the other Australian producers—was helped by the additional revenue received from exchange premiums due to the fall in the Australian £. The Mount Isa Company is producing now at the rate of 3,000 tons per month, and hopes before long to achieve a production of 6,000 tons per month, so that this mine will form a not inconsiderable factor in the world's future production of lead. The older Australian Mines at Broken Hill also contributed a fair production of lead again, although there was a reduction in quantity owing to the low metal prices.

There is little doubt that but for the action of the lead pool in effecting a 15 per cent. curtailment from May 1st, the production of lead would have been greater than it was. The arrangements are applied as to groups, the Broken Hill Mines and Burma Mines forming one group. The latter, apparently, decided that with falling prices it would not be able to curtail, as its operations would thereby become unprofitable. The whole curtailment of this group, therefore, had to be shouldered by the Broken Hill Mines, which otherwise would have contributed considerably more to the world's supplies. It is really surprising, having regard to the tremendous fall in values, how large the actual and potential production of lead remains, but it is perhaps more surprising in all the circumstances to note the rate at which consumption has continued. Whilst it is probably true, that during the greater part of the year buyers were somewhat shy and sellers predominated, there has, nevertheless, in our opinion, not been any excessive increase in the stocks of unsold lead in Europe. These are, of course, a little difficult to determine, because a good deal of lead may be stored in private wharves and warehouses, but the fact remains that in a very difficult year consumption does not appear to have suffered so much as had been expected. Russia has been a buyer on and off during the whole of the

period, and has taken quite large quantities, whilst latterly the Far East has appeared as a considerable buyer.

On January 1, 1931, the price of lead stood at £15 for January shipment and £14 15s. for April shipment, and at the beginning of the year the Syndicate made strenuous efforts to maintain the price level, which they considered to be low enough. A different and, we think, better policy was, however, soon adopted, and apparently it was decided to let the metal find its own level. Our opinions on this subject are well known, and we would only like to repeat here that, in our view, had the Lead Producers' Syndicate not followed the aforesaid sound policy, the price of lead would probably have been lower to-day than it is, and the market in far worse shape.

The price fell to £12 15s. February shipment, and £12 16s. 3d. May shipment, during the first week of February, 1931, subsequently recovering substantially to over £14 per ton towards the end of February. Under weak advices from America and a general slackening in demand, the price fell away again, and on rumours of the dissolution of the lead pool there was a sharp recession at the end of March to £12 2s. 6d. March shipment, and £12 6s. 3d. June shipment. The lead pool was then reconstituted and the announcement of a reduction of output caused a temporary rise. By September 19th the price had dropped back to £10 13s. 9d. September shipment, and £10 15s. December shipment. The abandonment of the gold standard by Great Britain in the third week of September caused a sharp rise in the price of lead in common with that of most other imported commodities, and the quotation jumped to £15 10s. for September shipment, which was the highest price of the year. The advance, however, had been overdone, and with a renewed slackening of the demand the price quickly fell back again to around £13 per ton. A slight recovery then took place, and from this point onwards until the end of the year the price remained around £14 10s. per ton, the closing quotation on December 31st being £15 7s. 6d. per ton.

The world's production of lead, shown in thousands of long tons, is as follows:—

	1913.	1928.	1929.	1930.	1931.*
United States	315	551	570	450	274
Mexico	4	49	49	55	74
Spain	62	580	618	534	389
Australia	198	232	245	248	213
Burma	123	121	131	120	83
Canada	...	163	174	164	133
Germany	16	78	80	80	74
Germany and Polish Silesia	151	151	142	148	121
Belgium	195	121	131	149	106
Other countries	53	63	61	60	60
Totals	1,207	1,645	1,726	1,638	1,393

* Our estimate.

In the United States, where the market is practically an independent one owing to the high protective tariff, a continual increase in stocks was registered, and, barring one or two temporary recoveries, the price moved uniformly downwards. The stocks, which at the beginning of the year stood at about 90,000 short tons, increased progressively, until at the end of June they totalled 142,370 short tons. A temporary improvement in the position took place during the next few months, but subsequently the stocks increased again, and at the end of December reached the biggest total of 144,000 short tons. The outlook for this metal, as for everything else, is very obscure.—Messrs. Brandeis, Goldschmidt and Company.

SPELTER.

This is the one market for non-ferrous metals which for a good part of the time was free from the manipulation of cartels or other influences of a similar nature, and here again we are of the opinion that even when it was attempted, no beneficial result accrued through interference with the natural laws of supply and demand. As was only to be expected in the conditions prevailing, the price of this metal suffered a very heavy fall, and touched a price which is the lowest ever recorded. The year had opened with spelter at £13 15s., in itself already a low figure for this metal, but the price had fallen below £10 per ton, the quotation on June 5th standing at £9 18s. 9d. for June shipment.

The price did not long remain as low as this, and by the end of June the quotation again stood at £12 17s. 6d. June shipment and £13 8s. 9d. September shipment. In July there were indications that producers were attempting to jump to £13 3s. 9d. July shipment and £13 16s. 3d. October shipment (gold prices). This, however, could not be maintained because the one thing necessary to cause and sustain rising values, viz., increased consumption, was lacking. The market declined again, and on August 14th

the quotation was down to £11 3s. 9d. August shipment and £11 16s. 3d. November shipment.

America is an independent unit as regards spelter, and here there was also a great fall in price, the quotation falling from 4.15 cents per lb. on January 2, 1931, to 3.15 cents per lb. on December 31, 1931. Naturally, as will be seen from the adjoining table, the lower values obtainable had the effect of reducing output. The number of retorts in operation fell steadily, and we estimate the production in 1931 at 274,000 tons, compared with about 450,000 tons in 1930.

The following table shows the world production of spelter during recent years:—

	1913.	1928.	1929.	1930.	1931.*
United States	315	551	570	450	274
Australia	4	49	49	55	74
Japan	...	19	19	21	20
Belgium	194	205	197	181	137
United Kingdom	58	55	55	50	45
Germany, Poland and Silesia	278	255	256	270	184
Scandinavia	17	11	12	12	10
France	67	95	90	89	62
Holland	24	25	26	23	19
Canada	...	73	73	108	109
Sundries	24	64	77	130	147
Totals	981	1,403	1,424	1,389	1,081

* Estimated.

Belgium shows a marked falling off, the production in 1930 having been 181,000 tons, whilst we estimate that in 1931 not more than 137,000 tons were produced there. Custom smelters everywhere are no doubt finding it more difficult to obtain supplies of ore, as there has been an increasing tendency of late years for mines to treat their ores locally in order to save heavy freight charges and costs in sending the ores long distances to be treated. This is a tendency which will, no doubt, become intensified by the lower prices ruling.

Stocks of spelter do not seem to have shown any great increase except on the Continent. The actual figures of stocks so far as they can be estimated, or are available, are as follows:—

December 31, 1931	Great Britain	21,100 tons.
December 31, 1930	Great Britain	11,829 "
December 31, 1931	U.S.A.	115,000 "
December 31, 1930	U.S.A.	128,000 "
December 31, 1931	Continent of Europe	184,000 "
December 31, 1930	Continent of Europe	94,000 "

This table does not take into account any stocks of sheet metal, oxide of zinc, etc., which may be on hand. There is an increasing tendency for zinc-producing concerns, wherever possible, to take their operations a step further and turn out semi-manufactured products, in order to be able to get the advantage of the profit made in this way as a set-off against losses which they may make and, we believe, in many cases are making on the production of spelter itself. There is, of course, a considerable set-back in both production and consumption compared with the record years 1928 and 1929, when the production totalled over 1,400,000 tons, as against 1,081,000 tons in 1931.

Just before Great Britain went off the gold standard the price of spelter on the London Metal Exchange was £10 10s., but following thereon the price jumped to over £14 per ton. Of course the movement—owing to the concentration of buying at one particular moment—was, as is usually the case, overdone; the price could not be maintained owing to the lack of real demand, and a sharp set-back occurred. Subsequently, towards the end of the year, further steps in the direction of restriction of output were being considered, which kept the market steady to firm.

The quotation on December 31st was £14 6s. 3d. December shipment and £14 15s. March shipment. This would be the equivalent of about £10 gold, which we regard as a very low price for this metal. As in the case of lead, the production of spelter in certain cases, for instance, Australia, was helped by a depreciated currency, whereby producers received a premium in their own money of 30 per cent., without any corresponding increase in their costs. Australian production during 1931, we estimate, amounted to about 74,000 tons, compared with 55,000 tons in the previous year, and 49,000 tons in the three years before that. All metals are low in price, but spelter, we think, is now—reckoned in terms of gold—decidedly below its intrinsic value. Even allowing for all the cheapening of the average production costs, through the increased recovery of zinc as a by-product in lead production, and taking into account all other factors, we still arrive at the conclusion that the ruling price on a gold basis of about £10 per ton is extremely low. The previous lowest, according to the records before us, was £13 5s. in 1885, and the average from 1881 up to the period immediately preceding the war was well over £20 per ton.—Messrs. Brandeis, Goldschmidt and Company.

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TIN.

This metal has been the subject of continuous manipulation aimed at price maintenance. The attempts to maintain prices were made by two methods. The first was the so-called quota system, to which all the producing countries consented to adhere. The Dutch East Indies, Bolivia, Nigeria and the Federated Malay States were all included in the scheme, and under its provisions each of these producing countries was to control the export of tin, and was not allowed to ship more than an agreed quantity so long as the price was below a certain figure. The scheme provided that a basic world output should be agreed upon of 145,000 long tons a year, with allotments to the participating countries as follows:—

Malay States.....	53,850 tons.
Bolivia.....	34,260 "
Dutch East Indies.....	29,910 "
Nigeria.....	7,750 "

and any alterations which might be agreed upon in regard to the basic tonnage were to be apportioned in the same ratio. Each Government undertook to allot its quota amongst its own producers and to control exports. Meantime, there had been carried over from the previous year a large tonnage of tin, the amount of which had been variously estimated, but which it was impossible exactly to determine, as without doubt it included large quantities of unsold tin shipped to the United States, which entirely disappeared from any published statistics. Some people had already put the figure as high as 20,000 tons at the end of 1930, and probably the quantity was increased during the past year. Various interested parties were then concerned in holding these stocks, and in July, 1931, an International Tin Pool was formed to take up and finance the world's excess tin production. How much this included of the stocks already existing it is difficult to say, but additional purchases were made, and it seems to us highly probable that the total amount of tin thus kept off the market may easily be a good deal in excess of the aforementioned figure of 20,000 tons. In spite of a further reduction in output, undertaken by the Tin Producers' Association, the available tin still proved in excess of the world's requirements, which steadily diminished, as the following figures disclose:—

	Supplies.	Deliveries.
1931.....	118,000 tons.	109,000 tons.
1930.....	142,000 "	128,000 "
1929.....	145,000 "	141,000 "

The stocks in the United Kingdom compare as follows:—December 31, 1931, 31,000 tons; December 31, 1930, 22,000 tons, and December 31, 1929, 12,000 tons.

With the many rumours of different measures which were proposed, and the actual steps which were taken to control the market, it is not surprising that considerable fluctuations were witnessed. The year opened with tin on the London Metal Exchange quoted at £116 10s. to £116 12s. 6d. "cash," from which level the price sagged a few pounds per ton and then rose quickly in February to over £124 per ton three months on the rumoured agreement between the tin producers. The price could not be maintained, and by the beginning of May was back again to £99 15s. "cash," which was the lowest point touched. The year closed with quotations in London at £141 2s. 6d. "cash." It should be noted that £140 per ton, with the depreciation that has taken place in sterling, still represents a gold value of less than £100 per ton. This may be considered a reasonable figure, and it would appear highly probable that, but for the interference of the Tin Producers' Association and the Tin Pool the price might have gone lower.—*Messrs. Brandeis, Goldschmidt and Company.*

Tinplate.—At no time during the past year have the works been running to anything like full capacity, and 60 per cent. would appear to be an outside average of the year's working. 1931 has been a year of constant changes and difficulties, which have overwhelmed many firms, old and new. One of the chief difficulties has been in connection with the international exchanges and the sending of remittances from abroad. This is now so hedged round with restrictions in various countries as to severely limit, if not prohibit, mutual trading relations for the time being. The can-making industry is receiving particular attention in this country, and although the financial results are not invariably of the best, a considerable addition has been made during the year to its productive capacity. This is to cater specially for the canners of fruit, etc., the number of whose factories in this country is reported to have increased from five to forty in two years. The home demand for tinplates has probably shown less shrinkage than the export, owing to the expansion of the home canning industry, as mentioned above, but unfortunately this must to some extent prejudice the export demand, if it means a smaller import of canned goods. One of the notable events

during the year was the collapse of the "pool" among the tinplate makers. It has lasted rather more than two years, and was the successor of two or three other schemes during the last decade. The pact between the American and British makers as to sharing the world's export trade was due to expire on September 30th, and negotiations for a renewal were to begin several months earlier. These were unsuccessful, however, and it was announced in October that the agreement had been allowed to lapse.

Prices.—Starting the year at 15s. 3d., it was not long before the insufficiency of business compelled a reduction to 15s. in February. Strenuous efforts were made to maintain this price, which was said to be getting near cost, and it was not till April that a series of concessions began, failing the improved demand which was eagerly anticipated. The approaching abandonment of the "pool" (which actually occurred in June) emphasised the weakness of the position, and after it became a "fait accompli" the downward process continued till in the middle of September 12s. 9d. was touched. Then came the British departure from the gold standard, which threw so much into the melting pot, and for the time being the trade did not know exactly where it stood. Up to 14s. was quoted for stock plates and 14s. 6d. for plates to be made; but in November things were back at 13s. 6d., rising in December to about 14s., and closing with a tendency to a higher level.

Bars.—There has been very little fluctuation in the price of British bars during the year. It began at £5 and it finished at £5—subject in the latter case to a rebate of 5s. per ton under certain conditions. In the hope of attracting further business the price was reduced at the beginning of June to £4 12s. 6d., and so continued till towards the end of September, when it was put up to £5 upon the abandonment of the gold standard. Even the lower price, however, was still much higher than that of the Continental bar, which has continued to arrive in large quantities, and has in consequence been the subject of one or two deputations to the President of the Board of Trade. The imports of sheet and tinplate bars during the year show a large increase, and for the last three years have been as follows:—1929, 418,838 tons; 1930, 526,956 tons; 1931, 727,918 tons.—*Messrs. Sim and Coventry.*

VI.—SHIPBUILDING AND SHIPPING.

SHIPBUILDING.

United Kingdom.	Output (Gross Tons, 000's omitted).			Price of a New, Ready 7,500 Ton Cargo Steamer.†	Unemployment.
	Commenced.	Under Construction.	Launched.		
1913.....	467	2,002	1,932	(Thou. £) \$	%
1924.....	263	1,439	1,440	61-8	29-4
1925.....	204	1,038	1,085	53-2	34-1
1926.....	145	805	640	55-1	39-7
1927.....	441	1,431	1,226	63-3	25-0
1928.....	325	1,244	1,446	59-0	26-7
1929.....	412	1,455	1,523	60-0	24-2
1930.....	427	1,615	1,694	56-0	23-4
1931.....	230	1,392	1,468	52-5	41-3
January.....	161	39	1,117	41-7	37-5
February.....	132	105	909	48-7	37-5
March.....	132	105	909	48-7	37-5
April.....	132	105	909	48-7	37-5
May.....	132	105	909	48-7	37-5
June.....	132	105	909	48-7	37-5
July.....	132	105	909	48-7	37-5
August.....	132	105	909	48-7	37-5
September.....	132	105	909	48-7	37-5
October.....	132	105	909	48-7	37-5
November.....	132	105	909	48-7	37-5
December.....	132	105	909	48-7	37-5
Total.....	2,388	503	1,258	51-8	39-4

† According to "Fairplay."

‡ Average for four quarters.

|| Average.

The figures contained in the annual summary of the mercantile shipbuilding of the world in 1931, recently issued by *Lloyd's Register*, complete the story of the deep depression whose steady growth has been the main feature of the British yards throughout the past year. In 1931 the output of steamers amounted to 502,487 tons, comprising 98 and 13 barges of 4,623 tons. The aggregate production figure of 1930, and is the lowest recorded since 1888, when *Lloyd's Register* was first issued. The world output in 1931 amounted to 1,617,115 tons—a decline of 1,272,357 tons as compared with 1930—and is the lowest recorded since 1909, with the single exception of the war year 1915. In the following table we show the tonnage output of Great Britain and of foreign

countries during the past three years, together with the average figure for 1909-13, 1922-25 and 1926-29:—

TONNAGE OUTPUT.

Period.	Tons launched. (000's omitted.)			British Percentage.	Output as Percentage of 1909-13.		
	U.K.	Abroad.	World.		British.	Foreign.	World.
Average—							
1909-13.....	1,522	967	2,489	61	100	100	100
1922-25.....	1,050	1,087	2,137	49	69	112	86
1926-29.....	1,208	1,155	2,363	51	79	119	95
1929.....	1,523	1,270	2,793	54-5	100	131	108
1930.....	1,478	1,411	2,889	51	97	146	116
1931.....	502	1,115	1,617	31	33	115	65

The most disquieting feature revealed by the above table is the recent progressive decline in the British percentage of total world production. In 1931, when foreign output still remained at 15 per cent. above the pre-war level, that of British yards had fallen to one-third of that figure. In this connection, however, it should be borne in mind that the shipbuilding industries in those countries in which subsidies are operative have not yet felt the full effects of the slump. In British yards, although the depression in general shipbuilding started in the autumn of 1929, the placing of contracts for tanker tonnage maintained the figure of "commencements" at a comparatively satisfactory level until the second quarter of 1930, following which the decline was progressively intensified, and in the fourth quarter of that year work begun in the United Kingdom amounted to only 132,000 tons, as compared with 289,000 tons begun abroad. By the June quarter of 1931 the figure had fallen to 23,000 tons, but rose to 39,000 tons in the third quarter and to 105,000 tons in the last quarter of the year. It is too early yet to regard this slight improvement as an indication of any real recovery, as the contracts placed are in the majority of cases for small vessels chiefly for replacement purposes. The following table of launchings in various foreign countries shows that in most cases the output of 1931, although below that of 1930, was still well above the level of 1927:—

TONNAGE LAUNCHED ABROAD (Thousand Tons).

	High record since 1920.	1927.	1929.	1930.	1931.
Denmark.....	139	12	111	137	126
France.....	211	44	82	101	103
Germany.....	526	290	249	246	104
Holland.....	232	120	187	153	120
Italy.....	220	101	71	88	165
Japan.....	227	42	164	151	84
Sweden.....	132	67	107	132	113
U.S.A. (coast).....	995	124	101	214	202

But although subsidised contracts continued to be placed long after British shipowners had ceased to order new tonnage, it is evident from the following figures of work in hand that the depression has now reached a point at which even foreign shipbuilders can expect little but complete stagnation:—

WORK IN HAND DECEMBER 31.

(Thousand Tons.)

	1925.	1927.	1929.	1930.	1931.
United Kingdom.....	885	1,580	1,560	909	401
Germany.....	234	472	253	218	104
Italy.....	310	183	78	180	178
France.....	167	115	167	174	164
Holland.....	109	175	232	160	68
Denmark.....	61	98	105	108	52
Japan.....	52	69	184	86	53
Sweden.....	55	101	98	146	95
U.S.A.....	108	97	179	232	208
World total.....	2,069	3,119	3,111	2,326	1,404

Work begun in foreign yards in the first quarter of 1931 amounted to 209,000 tons, but after a slight increase during the second quarter contracts fell off, and by the December quarter "commencements" totalled only 120,000 tons.

SHIPPING.

This year the world economic crisis passed into a new stage and the desperate attempts made during the autumn months by three-quarters of the world's trading nations to maintain the stability of their currencies took a form which was calculated to paralyse world commerce.

A remarkable feature of the depression so far as Great Britain is concerned has been the country's continued ability to pay for a surprisingly large volume of imports, particularly of foodstuffs. This inelasticity of Great Britain's import demand has been a matter for tempered satisfaction to shipowners, although trade between foreign countries

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forms such a large factor in the employment of the British shipping industry that the maintenance merely of British imports is by no means sufficient to offset shrinkage of international trade elsewhere. There is depressing evidence of "frozen" commerce in the returns, published quarterly by the Chamber of Shipping, of laid-up tonnage in the principal ports of Great Britain and Ireland.

Thousand tons net.				
Laid up on —	Average 1926-29.	1930.	1931.	1932.
January 1	368	353	1,331	1,630
April 1	300	892	1,557	...
July 1	539	919	1,694	...
October 1	331	885	1,708	...

It will be seen that after the first onset of the crisis in 1930 there was a period of relative stability between the beginning of April and the end of September in that year, after which a "second round" of depression quickly raised the figure of idle tonnage to over 1½ million tons net. Moreover, the foregoing figures are not comprehensive; including vessels laid up in minor British ports, to which the Chamber of Shipping has this year extended the scope of its returns, the idle tonnage at the beginning of October, 1931, amounted to no less than 2,089,443 tons net, or a dead-weight carrying capacity of approximately five million tons.

In view of these enormous withdrawals of tonnage from active commission, it is not surprising that the Board of Trade statistics of tonnage entered and cleared with cargoes at British ports should show a heavy decline in 1931, as compared with the previous year. In the comparative summary which follows, trade with the Irish Free State is eliminated.

ENTRANCES AND CLEARANCES.

Tons net entered (in thousands) —		Monthly Average.	
1929.	1930.	1931.	1932.
British	3,121	2,895	...
Foreign	1,824	1,904	1,832
Total	4,945	5,015	4,727
Percentage British	63.1	62.0	61.2
Tons net cleared (in thousands) —		Monthly Average.	
1929.	1930.	1931.	1932.
British	3,427	3,185	2,819
Foreign	1,943	1,935	1,679
Total	5,370	5,120	4,498
Percentage British	63.8	62.2	63.1

Entrances, it will be observed, fell in 1931 by 5.2 and clearances by 11.2 per cent.; but, though the traffic on which the returns are based is that of ships "with cargoes," it is impossible to say whether the fluctuations in the volume of goods shipped and discharged correspond to changes in the tonnage volume, since no differentiation is made between whole and part cargoes. The only grain of satisfaction to be derived from the foregoing table is that in the case of clearances "with cargoes," the percentage of British tonnage recovered from the fall recorded in 1930.

Since the trend of shipping freights in any period is the resultant of two variables, volume of trade and supply of tonnage, the picture of 1931 may perhaps be completed by a brief reference to the second of these two factors before the history of the freight market itself is chronicled. Though the economic crisis which began in the autumn of 1929, and still lies heavily upon the world, was bound in any case to throw out of commission a large number of vessels which had managed to find employment in the relatively easier years of 1924-28, the enormous volume of tonnage now idle is attributable in part to the heavy launchings of new tonnage which, as shown in the following table, took place on a growing scale between 1929-30:—

WORLD LAUNCHING OF TONNAGE.

Period.		Tons Gross.	
(000's omitted.)		1929.	1930.
Average 1909-13	2,489	2,137	2,699
Average 1922-25	2,137	2,793	2,889
1928	2,699	2,889	1,617
1929	2,793	...	...
1930	2,889	...	...
1931	1,617	...	...

Allowing for the proportion of the large pre-crisis contracts which represent an increment of tanker tonnage, it is clear that building between 1927-30 was on a scale calculated to leave the world's mercantile marine in a position very vulnerable to the onset of a major depression; for the gross addition to the supply of carrying space was by no means offset by breaking up of older vessels, and in the summer of 1931 the aggregate merchant tonnage in the world of all kinds reached, at 70 million tons, the highest level of all time. With the volume of sea-borne cargoes drastically reduced, there was thus no option for shipowners but to withdraw vessels from service on a gigantic scale unless freights were to fall to a level hopelessly below the figure sufficient to cover running costs.—Based on an article by Mr Aylmer Vallance in Lloyd's List Annual Review.

	Tonnage engaged in British Overseas Trade.		<i>Economist</i> Index of Freight Rates (1913=100).	Unemployment.						
	Entered (With Cargo).	Cleared (With Cargo).		Shipping Services.	Dock Serv.					
1913	Thousand Tons	Thousand Tons.		%	%					
1924	49,064	67,820	100	...	...					
1925	55,370	65,293	113.44	19.5	25.6					
1926	55,513	62,311	102.22	20.6	30.0					
1927	64,141	46,977	109.68 *	20.5	30.0					
1928	60,599	63,500	109.64	16.0	24.3					
1929	60,336	64,444	98.8	16.2	30.5					
1929	62,701	68,680	96.8	17.7	30.7					
	1930.	1931.	1930.	1931.	1930.	1931.				
January...	4,786	4,508	5,788	4,689	81.2	81.2	21.1	34.7	32.0	40.4
February	4,270	4,009	4,956	4,230	76.5	81.9	21.8	34.1	33.5	41.6
March	4,844	4,782	5,341	4,664	75.5	81.3	23.1	34.4	36.1	41.9
April	4,979	4,692	5,259	4,655	77.1	80.8	23.5	34.3	36.0	41.1
May	5,788	5,106	5,981	5,039	76.1	81.8	22.9	32.8	37.1	41.6
June	5,812	5,586	5,335	5,072	75.7	78.1	21.5	29.6	34.5	39.2
July	6,046	5,644	5,714	5,356	78.1	75.0	24.1	31.5	34.7	39.4
August	5,639	5,680	5,889	5,018	82.6	74.4	23.6	31.4	35.7	39.5
September	5,894	5,348	5,963	5,026	83.6	74.7	24.2	32.5	36.0	38.7
October...	5,569	5,218	5,814	5,377	81.7	81.7	29.0	35.3	37.3	39.4
November	4,961	4,984	5,107	4,599	79.3	82.3	32.1	35.0	37.4	37.3
December	5,124	4,762	4,888	4,600	81.5	82.0	33.0	34.7	35.2	36.4
Total...	63,712	60,300	66,036	58,340	79.1	79.6	25.0	33.4	35.5	39.6

* This figure, being based, in part, on averages for May to November, when no coal freights were obtainable, and homeward freights consequently at an abnormal level, is not comparable with the figures for preceding years.

ENGINEERING.

United Kingdom.	Exports of Machinery.	Unemployment.							
		General Engineering.		Electrical Engineering.		Marine Engineering.			
	Tons.	%	%	%	%	%	%	%	
1913	689,389	...	...	...	...	...	...	...	
1924	463,648	15.2	5.5	12.6	5.5	15.5	10.9	10.9	
1925	515,896	12.6	5.5	12.6	5.5	20.9	20.9	20.9	
1926	476,789	15.7	7.7	15.7	7.7	26.9	26.9	26.9	
1927	512,156	10.4	5.2	10.4	5.2	15.8	15.8	15.8	
1928	566,153	9.9	4.9	9.9	4.9	13.6	13.6	13.6	
1929	562,472	9.7	4.5	9.7	4.5	10.4	10.4	10.4	
	1930.	1931.	1930.	1931.	1930.	1931.	1930.	1931.	
January	46,219	32,867	11.7	24.9	5.2	13.9	10.8	33.8	
February	43,653	27,876	12.7	26.0	5.7	14.6	11.2	36.1	
March	41,549	28,438	13.8	26.6	6.0	15.2	11.8	38.8	
April	39,509	27,518	14.7	26.8	6.6	14.9	12.8	41.7	
May	45,988	29,082	14.9	27.4	7.1	14.7	13.8	42.5	
June	38,300	24,804	15.7	28.4	7.4	14.3	15.2	47.6	
July	45,818	26,373	16.7	29.1	7.9	14.3	15.6	47.5	
August	35,634	22,032	18.3	29.1	8.5	14.5	18.6	47.5	
September	30,327	25,034	19.8	30.1	9.3	15.0	18.8	48.0	
October	44,133	27,354	21.5	28.9	10.1	14.9	22.4	49.3	
November	35,590	27,518	22.3	27.6	11.4	14.9	26.2	49.7	
December	34,625	29,462	24.7	26.8	11.1	15.1	27.9	50.0	
	481,345	328,358	17.2	27.6	8.0	14.7	18.2	44.7	

General Engineering.—Trading conditions have been extraordinarily difficult in the heavy sections. Some firms experienced an increased home demand for machinery during the last two months, but this was offset by a decreased demand from foreign manufacturers, who normally produce largely for the British market. The locomotive and aircraft industries also are feeling the depression acutely. The state of the machine tool trade is still poor. Textile engineering has profited recently from the fall in sterling, but national economy has further reduced activity in the structural section. There has been little activity in the agricultural machine trade.

Electrical Engineering.—Though depressed, this industry has suffered somewhat less than many others. The increase in electricity consumption continued, and the work of the Central Electricity Board went steadily ahead. Standardisation of frequency provided much work for the motor section in certain districts. The equipping of textile mills with electric power proceeded actively. There has also been a rapid development of the electric welding industry. The following is an index of activity in the electrical industry of Great Britain, and is copyright by the Economic and Statistical Department of the British Electrical and Allied Manufacturers' Association:—

1930.	(1920 = 100.)		1931.	(1920 = 100.)	
	Home.	Export.		Home.	Export.
January	68	220	January	69	150
February	69	240	February	66	123
March	71	236	March	62	126
April	72	214	April	60	130
May	70	209	May	63	137
June	59	212	June	65	128
July	55	232	July	61	142
August	63	245	August	51	132
September	63	221	September	47	130
October	64	181	October	48	119
November	61	171	November	53	119
December	75	152	December	46	114

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EDWIN FISHER. HENRY THOMAS MITCHELL.
ANTHONY WILLIAM TUKE. NORMAN SHILLINGFORD JONES.
FOREIGN GENERAL MANAGER: WALTER OSBORNE STEVENSON.

Authorised Capital ...	£20,000,000
Issued and Paid-up Capital ...	£15,858,217
Reserve Fund ...	£10,250,000
Deposits, etc. (31st December, 1931) ...	£335,565,144

EXECUTORSHIPS AND TRUSTEESHIPS UNDERTAKEN.

EVERY DESCRIPTION OF BRITISH AND FOREIGN BANKING BUSINESS TRANSACTED.

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CHIEF FOREIGN BRANCH: 168, Fenchurch Street, London, E.C.3.

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BARCLAYS BANK (FRANCE), LIMITED. Chief Office: Paris. Branches in France and Algeria.
BARCLAYS BANK S.A.I.: Rome and Genoa.
THE BRITISH LINEN BANK. Head Office: Edinburgh. 206 Branches in Scotland.
THE UNION BANK OF MANCHESTER LIMITED. Head Office: Manchester. 168 Branches in Lancashire, Cheshire and the West Riding of Yorkshire.

Orders received were beginning to show an improvement by December. The following average figures of electricity production are based on the index numbers which are regularly published in the monthly supplement to the *Economist*:—

INDEX OF PRODUCTION OF ELECTRICITY.*
(Monthly average, 1923-24 = 100.)

Date.	Britain, excluding London and Wales.	Coal Mining, Iron and Steel, Shipbuilding, Heavy Engineering.	General Engineering and Automobile Construction.	Chemicals.	Marine Transport, Docks, &c. Date.	Textiles, Cotton and Wool.
<i>Monthly Average.</i>						
1925	121	124	130	151	126	111
1926	119	100	138	162	134	120
1927	146	143	158	210	163	139
1928	156	150	177	237	190	147
1929	171	164	211	260	196	160
1930	167	152	235	235	215	156
1931	165	145	231	209	228	171

* Prepared by the economic and statistical department of the British Electrical and Allied Manufacturers' Association.

There was a very marked increase during the last two months of the year.

Motor Vehicle Manufacture.—Reduced purchasing power, both at home and abroad, reacted very unfavourably upon the motor industry. The tendency to transfer to cheaper makes led to an increased concentration of orders in the principal manufacturing centres. Foreign competition was less effective in the home market. This country's share in the greatly diminished export trade was reduced by the instability of sterling, but British manufacturers made headway with the development of markets in South Africa, Japan and China. Total exports of cars were 17,104, valued at £2,644,409, compared with 19,226 and £3,373,255 in 1930. The expansion of the previous year in the overseas demand for commercial vehicles did not continue. Both the home and foreign demand for motor bicycles was greatly diminished, and motor cycles and tricycles exported amounted to only 23,247, against 42,631 in 1930.

BUILDING TRADES.

The percentage of unemployed increased to 23.3, against 17.3 in 1930. A further reduction in wages of $\frac{1}{4}$ d. per hour in all trades was effected in February under the existing agreement. There was a diminution in housing activity during the early part of the year, and later general building schemes were also held up. The trade has suffered severely from the necessity for economy on the part of the local authorities. No important changes in the prices of building materials have taken place during the year. In July, the 1931 form of contract, which clearly defines the obligations of the contractor, came into force, superseding all previous forms.

VII.—TEXTILES.

THE COTTON TRADE.

United Kingdom	Imports of Raw Cotton.		Exports.		Prices—Middling American.		Unemployment.		Average Earnings per Week.					
			Yarn.	Piece Goods.										
	Thousands Centals.	Million Lbs.	Million Sq. Yds.	Per Lb. d.	%	Per Week. s. d.								
1913	19,167	210-1	*7,057-3	7-27	1-7†	20 5								
1924	15,777	163-1	4,444-0	16-87		37 5								
1925	18,912	189-5	4,433-7	12-2		36 11								
1926	17,371	168-5	3,834-5	9-30		34 10								
1927	15,483	200-4	4,118-9	9-38		35 9								
1928	15,076	169-2	3,866-5	10-95		34 6								
1929	15,598	166-6	3,671-6	10-33		34 6								
	1930.	1931.	1930.	1931.	1930†	1931†	1930.	1931.						
Jan.	1,740	1,113	13-1	11-3	313-2	155-6	9-37	5-50	20-0	43-9	33	7	29	10
Feb.	1,247	734	12-2	9-3	299-5	146-3	8-56	5-97	24-1	41-4	32	6	30	9
Mar.	914	1,023	12-7	10-8	281-3	136-4	8-30	5-93	27-1	36-5	31	9	34	2
April	758	708	11-5	10-7	217-0	135-2	8-73	5-58	50-7	38-2	32	3	32	7
May	1,019	685	12-4	10-7	118-1	141-5	8-61	5-13	39-1	37-5	31	13	32	7
June	826	746	10-7	9-6	158-7	132-8	7-87	4-42	54-0	43-0	30	6	31	4
July	410	543	10-4	11-3	197-4	177-3	7-60	5-10	44-7	42-5	29	8	31	1
Aug.	490	622	10-2	11-2	168-0	143-6	6-88	3-87	45-5	74-3	8-8	0	31	10
Sept.	574	431	9-1	9-0	142-7	128-5	6-29	4-02	43-7	74-5	8-29	3	31	7
Oct.	1,056	583	11-7	12-8	150-3	143-1	5-85	4-08	41-1	33-4	31	3	33	4
Nov.	1,364	1,700	11-0	11-8	130-3	126-0	6-00	5-00	40-3	32-9	33	4	34	2
Dec.	1,913	2,007	11-7	14-9	130-2	149-7	5-46	5-22	47-4	27-4	31	3	33	8
Total	121,011	108,959	136-7	133-5	2406-7	1716-2	7-46	5-08	37-1	38-4	31	2	32	2

* Million linear yards. † Beginning of each month. a End of year.
 ‡ Trade Union figure; other figures are Unemployment Insurance returns.

During the last three months of 1931 there was an improvement in the amount of business done in the Lancashire cotton industry, but taking the year as a whole it was another period of depression and unsatisfactory trade. The revival of demand which began in September was almost entirely due to this country's departure from the gold standard, the consequent advance in raw cotton prices and the rise in the value of silver.

On January 2, 1931, the quotation for middling American cotton on the spot in Liverpool was 5.33d. per lb. By February 25th there was a rise to 6.29d., the highest point of the year. At the end of March the quotation was 5.83d. After a further decline to 4.80d. on May 28th there was a recovery to 5.43d. at the end of June. An easier movement occurred during July and in August owing to the big estimate of the crop and the price fell on the 20th to 3.60d., that being the lowest quotation of the year. By September 25th there had been a reaction to 5.19d., but a fall to 4.36d. occurred on October 6th. The figure on November 30th was 4.95d., and the year closed at 5.39d. According to the returns of the International Federation the world consumption of American cotton during 1930-31 was 10,907,000 bales. The carryover at the end of last July was estimated at 9,000,000 bales. It is anticipated that the current crop will be about 17,000,000 bales. The total supplies for the twelve months, therefore, should be about 26,000,000 bales. There are indications of a larger consumption of American cotton this season and the amount is estimated at 12,500,000 bales. The carryover, therefore, at the end of next July should be about 13,500,000 bales, or an increase of 4,500,000 bales on the same date in 1931. On January 2, 1931, the quotation for fully good fair Sakellaridis Egyptian cotton on the spot in Liverpool was 7.70d., and the price at the end of March was 9.40d. On June 30th the quotation was 8.25d., and by September 30th there had been a fall to 6.95d., the quotation on December 31st being 7.05d. The Egyptian cotton crop for last season amounted to 7,552,000 cantars, against 8,447,000 cantars in the previous year. According to latest advices, the Egyptian crop for this season will be about 6,250,000 cantars.

The following table gives cotton and yarn prices for the year:—

1931.	Cotton Middling American.	American Yarns.		Cotton F.G. Fair Sakellaridis Egyptian.	Egyptian Yarn. 60's Twist.
		32's Twist.	40's Wett.		
	Per lb. d.	Per lb. d.	Per lb. d.	Per lb. d.	Per lb. d.
January 7	5-39	9	9½	7-80	16
February 4	5-64	9	9½	7-80	16½
March 4	6-15	9½	9½	8-30	17½
April 8	5-62	9½	10½	10-10	16½
May 6	5-35	9	9½	8-30	15½
June 3	4-65	8½	9	7-40	14½
July 1	5-40	9½	9½	8-35	15½
August 5	4-35	8½	8½	6-65	14½
September 2	3-66	8	8½	5-65	13½
October 7	4-49	8½	9	7-00	16
November 4	5-07	9½	9½	7-65	16
December 2	5-12	9½	9½	7-30	15½
December 30	5-34	9½	9½	7-10	15½

During the first nine months of 1931 spinners met with a very dragging demand and there was a tendency for most firms to lose ground. Despite the extensive curtailment of production the supplies on the market were more than equal to the requirements of users. A distinct change occurred at the end of September as a result of the suspension of the gold standard. There was a sharp rise in raw material rates and in the following fortnight a very big business was done in yarn. Numerous users were caught short and had to secure cover, and many manufacturers of cloth bought speculatively.

Spinners took advantage of this increased activity to put up their prices and there was a distinct improvement in margins and order lists. In the middle of September the production in spinning was from 50 to 55 per cent. of full capacity, but by the middle of November the output had increased to 80 per cent. of full time. Demand then began to taper off and during December the sales were much smaller. A feature of interest during the year was the big buying in yarns for China. This business was of record dimensions. An attempt was made by spinning employers to form a convention for regulating production and prices, but when a ballot was taken on the proposals the figures showed that only 25 per cent. were in favour of the scheme, and the committee of the employers decided to take no further action.

The trade done in piece goods for export during the year was disappointing, and a further fall in shipments has to be recorded. To a greater extent than ever manufac-

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Capital	£1,080,000
Reserve Fund	530,000
Current and Deposit Accounts	32,104,080
Cash in Hand and at Bank of England	6,071,502
Money at Call and Short Notice	6,102,450
Investments	7,098,767
Advances, etc.	12,135,175
Balances with, and Cheques in course of Collection on, other Banks in the United Kingdom	1,284,790

31st December, 1931

42, GRACECHURCH STREET, E.C.3

(Temporary Head Office during rebuilding of 67 Lombard Street, E.C.3).

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turers felt the competition of other countries. On the whole it was a fairly healthy year for makers and distributors of goods suitable for home consumption. Until the end of the summer curtailment of production in all weaving districts was on a large scale and output was less than 60 per cent. of full capacity. Since then there has been more industrial activity with a reduction in unemployment, and latterly the output has been about 80 per cent. of full time.

The relation between yarn and cloth prices is indicated below:—

Beginning of	American Yarn, 32's Twist. Per Lb.			Egyptian Yarn, 60's Twist. Per Lb.			36-in Shirts, 75 yards, 19 by 19, 32's and 40's.			39-in. Shirts, 37½ yards, 16 by 15, 8½ lbs.		
	1929	1930	1931	1929	1930	1931	1929	1930	1931	1929	1930	1931
Jan. ...	154	137	d.	28	d.	d.	s.	d.	s.	d.	s.	d.
Feb. ...	151	132	9 1/2	23 1/2	16 1/2	16 1/2	28	6	26	6	20	0
March ...	16	12 1/2	9 1/2	26 1/2	21 1/2	17 1/2	28	0	26	0	20	0
April ...	15	12 1/2	9 1/2	27	21 1/2	16 1/2	28	6	24	10 1/2	20	0
May ...	15	12 1/2	9	25 1/2	21 1/2	15 1/2	27	7 1/2	24	6	19	10
June ...	15	12 1/2	8 1/2	25 1/2	21 1/2	14 1/2	27	9	24	3	19	21 1/2
July ...	15	11 1/2	9 1/2	25 1/2	20	15 1/2	27	9	23	3	19	9 1/2
Aug. ...	15 1/2	11 1/2	8 1/2	26	20	14 1/2	28	0	23	0	18	9 1/2
Sept. ...	16	10 1/2	7 1/2	27	19	13 1/2	28	9	22	6	17	6
Oct. ...	15 1/2	10	8 1/2	25 1/2	18	16	28	0	21	9	19	6
Nov. ...	14 1/2	10	9 1/2	24 1/2	18	16	27	0	21	2	20	0
Dec. ...	14 1/2	9 1/2	9 1/2	24	17 1/2	15 1/2	26	9	20	9	19	7 1/2
End of Dec.	13 1/2	9 1/2	9 1/2	23 1/2	16	15 1/2	26	6	20	0	19	4 1/2

WOOLLEN AND WORSTED TRADES.

United Kingdom.	Imports.	Exports.		Price of Raw Wool* per Lb.	Unemployment (Woolen and Worsted).	Earnings (Ministry of Labour Figures) Woolen Trade per Week.
	Sheep's & Lambs' Wool.	Woolen Tissues.	Worsted Tissues.			
	Thous. Centals.	Thous. Sq. Yds.	Thous. Sq. Yds.	s. d.	%	s. d.
1913	21,743	105,884a	62,490a	2 1	...	40 10½
1924	7,650	164,752	56,832	5 6	6.9	41 10½
1925	7,291	130,295	47,206	4 8½	14.6	41 2½
1926	8,157	120,832	43,136	3 9	15.9	41 4½
1927	8,220	130,914	39,980	3 11	9.0	41 6½
1928	7,793	128,339	42,111	3 10½	11.7	41 0½
1929	8,139	108,185	47,281	3 2½	13.9	40 6½

	1930.	1931.	1930.	1931.	1930.	1931.	1930.	1931.	1930.	1931.	1930.	1931.
Jan.	954	1,032	9,695	6,717	4,394	3,678	2	1 4	20.5	31.3	39	0 13 9½
Feb.	819	822	8,882	5,556	4,167	3,033	2	1 7	21.1	30.0	38	10 13 4
Mar.	1,006	998	6,995	4,482	2,849	2,346	0	1 11	21.9	27.2	39	6 13 5 10½
April	856	1,316	5,000	3,301	1,986	1,696	0	1 10	21.3	25.7	39	8 13 5 ½
May	903	962	5,304	3,373	2,626	1,827	2	1 10	22.3	27.0	37	8 16 1 ½
June	711	752	4,807	3,962	1,834	1,156	2	1 9	24.5	33.0	37	9 13 4 ½
July	492	435	7,231	5,655	2,885	3,055	2	1 8	26.1	38.3	38	3 13 5 ½
Aug.	390	195	7,944	5,283	3,055	2,156	2	1 8	26.1	38.3	38	3 13 5 ½
Sept.	256	291	6,843	4,642	2,750	2,156	2	1 8	26.1	38.3	38	3 13 5 ½
Oct.	292	284	6,175	4,375	2,536	2,295	1	10 1	26.4	38.2	38	4 17 4 ½
Nov.	403	513	5,245	4,158	3,025	2,193	1	10 11	25.1	37.9	37	6 13 4 ½
Dec.	752	958	4,921	4,817	2,604	2,686	1	10 1	27.7	36.6	36	10 13 6 9½
Total	7,334	8,558	79,042	56,331	34,711	29,749	2	0 1 8½	24.0	32.8	38	3 34 10½

* Queensland sourced, super combing. † End of year. a Thousand linear yards.

The year opened with the wool market in a state of confusion owing to the depreciation of the Australian, New Zealand and South American exchanges, while the pressure of heavy offerings at a time when buyers were in a somewhat nervous mood caused prices to slump until a good average 64's top could be bought in Bradford at under 20d. Before the end of January, however, low prices began to attract speculative buyers, and the Australian market received useful support from large firms outside the trade who used wool as a medium for transferring funds to this country. This started an upward movement which continued without a check for fully two months. Subsequent events proved, however, that there had not been sufficient business in fully-manufactured goods, either on home or export account, to support the advance, and prices began to recede.

By September, the prices of all qualities had fallen back to the low level of January, but after the suspension of the gold standard the decline in the value of sterling caused a compensatory advance in the price of wool and the upward tendency at once stimulated demand in the primary markets and in London. The first effect upon machinery activity in the West Riding was that fine yarn spinners received large orders from the Midlands for hosiery yarns because the lower value of the £ gave them a substantial advantage over foreign suppliers, and in a very short time the majority of them were fully booked up months ahead. The approach of the General Election and the anticipated return to power of a Government pledged to tariffs on imports, also had the effect of diverting a good deal of new business in dress goods to British manufacturers.

After the election, in anticipation of a tariff, Continental manufacturers greatly accelerated shipments of all kinds of light-weight goods into this country. This led to the application of a prohibitive *ad valorem* duty of 50 per cent. on woollen and worsted tissues and other fabrics, under the Abnormal Importations Act, and during the three months prior to this measure coming into operation about 12 million square yards in excess of the average for preceding months were imported. In November there was the unique experience of imports of woollen and worsted tissues exceeding exports. Imports of yarns were not increased to anything like the same extent as imports of fully manufactured goods, but the 50 per cent. duty was applied at a later date to all yarns made wholly or in part of wool.

In consequence of these developments spinners and manufacturers of all types of women's wear were exceedingly busy at the end of the year. The fine worsted trade in men's wear showed very little expansion, and was nothing like so busy as the other sections referred to. In spite of the fact that the depreciation of sterling had the effect of a bounty on exports the overseas trade in yarns and piece goods continued to be very poor, and it was made worse than it might otherwise have been by the restrictions imposed by certain foreign Governments on payments for imported goods. The increase in machinery activity in this country was due entirely to the large volume of home trade, which could only be accounted for, having regard to the heavy imports already mentioned, by a desire on the part of distributors to build up stocks in anticipation of rising prices under a tariff regime.

Raw Material Situation.—The average value of wool during the year showed a further fall. The 1930-31 clip in Australia reached a total of 2,798,000 bales, a decrease of 69,000 bales on the record production of the previous season, whilst in New Zealand there was a total production of 785,000 bales, an increase of 70,000 bales. The average price per lb. in Australia was 8½d., as compared with 10½d. in the preceding season and 20d. for the 1927-28 season. In New Zealand the average price per lb. was 5½d., as compared with 8½d. in the preceding season, and 16½d. for the 1927-28 clip. Notwithstanding the unsatisfactory condition of trade throughout the world, the Australian clip was disposed of and there was only a moderate carry-forward of 54,000 bales at the end of June. The South African clip was about 880,000 bales, a substantial decrease on the previous season, and this also met with a good demand at the prevailing prices. At the end of July, there were only 43,700 bales, mostly between-season's clips, left at the Cape. The low level of values, together with the trend of fashion, continued to favour merinos and the finer crossbreds to the disadvantage of the medium and coarse grades. Consequently, there was a carry-forward in New Zealand of about 200,000 bales, together with an unusual accumulation in London. There was no appreciable change in the South American production.

The following table shows the prices of tops on the dates given:—

AVERAGE PRICES OF TOPS.											
In Pence per lb.	Aver. Year 1913.	Dec. 1924.	Dec. 23, 1929.	Dec. 23, 1930.	Sept. 17, 1931.	Dec. 28, 1931.	Dec. 28, 1931, as % of July, 1914.	Dec. 28, 1931, Gold Basis.			
70's average...	30½	84	34½	25½	22	25½	77	17½			
64's average...	29½	81	31	22	20	23	71	16			
60's super ...	28½	79	30	22	20	23	71	16			
58's crossbred	25	66	26	21	19	22½	72	15½			
55's crossbred	23	45	25	17	15½	20	75	14			
50's crossbred	20½	45	21	12½	14½	18½	76	13			
46's carded...	17	34	18½	10½	11	14	67	9½			
40's prepared	15½	34	18	10	9	11	65	7½			

Prices of tops at the end of the year, reckoned in paper, showed an appreciable advance from the lowest point just reckoned in gold they were at the lowest point in modern history (taking merinos and crossbreds together).

The following shows the trend of prices for certain qualities of yarns:—

AVERAGE PRICES OF YARNS.							
Per lb.	July, 1914.	Dec. 27, 1928.	Dec. 23, 1929.	Dec. 23, 1930.	Sept. 17, 1931.	Dec. 28, 1931.	
1/16's super	s. d. 1 7	s. d. 2 5½	s. d. 2 0	s. d. 1 2½	s. d. 1 1½	s. d. 1 2½	
*1/60's botany (70's/80's)	8 1½	14 6	11 9	9 4	8 0	9 3	
2/16's worsted, med. (44's carded)	1 8	2 5½	2 1½	1 3½	1 1½	1 3½	
2/24's worsted, low (40's crossbred)	1 8	2 7	2 3	1 4½	1 3	1 5	
2/32's worsted, med. (46's/48's)	1 10	3 0	2 7	1 7½	1 7	1 9	
2/40's (56's super)	2 10½	4 1	3 3	2 3	2 1½	2 6	
2/48's botany (64's)	3 3	5 3	3 11	3 1	2 10	3 3	

* Per gram.

Yarns generally were below the pre-war level, despite the increased cost of conversion.—Extracted from the *Annual Review of the Weekly Wool Chart, Bradford*.

THE RAYON INDUSTRY.

The past year has been notable for the rapid increase in home consumption, which for the whole year has been substantially larger than in any previous period, in spite of the low level of the textile markets generally, and the fact that exports of mixture fabrics have shown a further serious decline. Actually the total production for the year has been slightly smaller than the 1929 total, the largest on record, but this is more than accounted for by the sharp decline in exports of yarns. That rayon, despite adverse factors, should become substantially more important in the United Kingdom is due to several causes. In the first place prices have been at an exceedingly low level, and have remained remarkably steady in contrast to the many cuts of the previous years. Yarns have been improved in quality, and the consuming industries, with their greater experience of the fibre, have been enabled to use rayon for many purposes for which it was previously considered unsuitable. In the early months of the year demand for rayon was relatively poor, but the weaving trade gradually took greater quantities and accounted for a very high consumption in the second quarter. There was a seasonal decline in August, but since then demand has steadily increased and the last quarter of the year saw both production and consumption substantially larger than ever before. The price stability referred to above has been on the viscose side, and viscose accounts for the bulk of the production. Acetate prices fell steadily until the brisk buying movement in the closing months of the year, and by that time special cheap grades which sell at the level of the cheap quality viscose had been introduced. The two yarns, however, are scarcely competitive with each other, and acetate remains a speciality product. The Bemberg factory at Doncaster has been in operation since February and has gradually increased production. Cuprammonium yarns produced at this factory are also selling in cheap grades at the same prices as viscose and acetate, and interesting developments are foreshadowed. Economies have been made on all sides by the yarn producers, and in every direction with a view to bringing costs down in accordance with the low level of prices. The leading firm has relentlessly maintained prices at a steady low level, and though market conditions would have justified an increase in the closing months of the year, this was withheld as it would only have led to a recurrence

of weak competition. The leading firm put their reserve Wolverhampton factory into operation in September and have been responsible for a very large share of the vastly increased output in the last quarter. Several of the smaller companies have been increasing their output and have kept their machinery running much more fully than formerly. Time will show how many of these have approached an economic level of working. While for most of the year the weaving trade has been responsible for the bulk of the consumption, conditions on the hosiery side have been much more favourable in the closing months of the year.

LINEN TRADE.

In 1931, imports of flax averaged slightly less than £55 per ton. This is the lowest price recorded in the import returns for the last seventeen years, and compares with £81½ for 1930, £91½ for 1929, £99½ for 1928, and about £50 for the three years prior to the war. At a price so reasonable, considerable recovery in exports of manufactures would have resulted in normal times, but world conditions have been so adverse that overseas business was as follows:—

EXPORTS AND IMPORTS OF LINEN MANUFACTURES. (Not including Yarns.)

	1913.	1927.	1928.	1929.	1930.	1931.
EXPORTS—						
Piece goods { Thous. sq. yds. †	193,681½	73,911	66,134	71,540	61,451	65,342
Handkerchiefs { Thous. doz. †	5,969	5,215	4,965	4,986	3,983	3,129
Finished thread { Thous. cwts. †	24	22	22	21	18	15
Damaak table linen Thous. £	350	637	642	604	495	381
All other goods Thous. £	1,929	1,427	1,375	1,398	1,238	766
Total Thous. £	8,248	9,801	9,290	9,240	7,445	5,431
IMPORTS—						
Total Thous. £	1,194	1,174	1,007	1,101	908	708
Re-exports Thous. £	74	122	198	141	69	46
Net imports Thous. £	1,120	1,052	809	960	839	662

* Not recorded. † Linear yards in 1913. ‡ Linen-lace and embroidery has been added to imports in 1920 and after. § Included in "All Other Goods."

THE UNION BANK OF AUSTRALIA Limited.

Established 1837. Incorporated 1880.

CAPITAL AUTHORISED AND ISSUED - £12,000,000
Capital Paid-up - £4,000,000 } together £7,350,000
Reserve Fund - £3,350,000 }
Currency Reserve - £1,500,000
Reserve Liability of Proprietors - £8,000,000

DIRECTORS:

The Hon. EDMUND W. PARKER, Chairman.
The Rt. Hon. LORD EMBURY, SOMERVILLE R. LIVINGSTONE-LEARMONTH, Esq. D.S.O., M.C.
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HEAD OFFICE:

71, Cornhill, London, E.C. 3.

Manager:—W. A. LAING. Assistant Manager:—G. S. GODDEN.
Secretary:—F. H. MCINTYRE.

BRANCHES THROUGHOUT AUSTRALIA AND NEW ZEALAND, viz.:

	In VICTORIA	...	51
	" SOUTH AUSTRALIA	...	16
	" NEW SOUTH WALES	...	58
	" WESTERN AUSTRALIA	...	24
	" QUEENSLAND	...	18
	" TASMANIA	...	3
	" NEW ZEALAND	...	47
			—
		Total	211

Drafts upon the Branches are issued by Head Office, and may be obtained from the Bank's Agents throughout England, Scotland and Ireland.

Commercial and Circular Travelling Credits issued—available throughout the World.

Telegraphic Remittances are also made.

Bills on the Australian States and Dominion of New Zealand are purchased or sent for collection.

Deposits are received at Head Office at rates of interest and for periods which may be ascertained on application.

VIEWS

Imperial & Parochial

Soundness of judgement usually rests upon an ability to combine the 'close up' with the bird's-eye view. To encourage the wide angle, the Westminster Bank issues a periodical 'Review' of current trade conditions, with surveys based on local reports drawn from all over the country. Readers of the *Economist* may obtain copies monthly, without cost, on addressing a request to the Manager

WESTMINSTER BANK LIMITED

41 LOTHBURY, LONDON, E.C. 2

The United States took over 9 million square yards more piece-goods than in the preceding year, while Germany, Switzerland, the Dutch East Indies, Japan and New Zealand all increased their purchases, but there were heavy falls elsewhere, and shipments to British South Africa, British India, Australia and Canada showed a drop of 2½ million square yards in the aggregate. The net result was a rise in the total of rather more than 5 million square yards. In spite of this improvement, the value of the shipments fell, owing to the reduction in prices following on the decline in raw material. Average prices of exports of piece goods dropped from about 1s. 3½d. per square yard in 1930 to rather under 11½d. in 1931, while handkerchiefs fell only from 3s. 5d. to 3s. 3½d. per dozen. In value, total exports declined by 27 per cent., and net imports by 21 per cent.; so that if our manufacturers have not done so well abroad as they hoped, they have not been overwhelmed with a flood of imports.

JUTE TRADE.

After a series of unfortunate years more hope and encouragement has returned in the jute trade. When this country went off the gold standard, business immediately commenced at advancing prices. It was the largest business done for a very long time, permitting of the employment of more machinery, longer working hours, and also the restarting of one or two mills. From the depths of depression trade took on an encouraging outlook. In six weeks jute advanced £8 per ton, though during the subsequent fortnight it dropped £3 per ton, and this accounted for a pause in general operations. The volume of trade secured provided work over the winter for increased machinery just as steps were being taken further to restrict output.

Another unlooked-for incident followed. Jute piece goods were put upon the list as dutiable from December 4th. This did not include Calcutta fabrics, as all Empire productions remained duty free. This brought orders to manufacturers which they had lost sight of for a very long time, and business in the home trade was stirred in a manner that was not expected to recur again.

At the beginning of 1931 the price of best first marks was £19, and Daisee-2/3 at £14 10s., and in February the prices were the lowest of the whole year at £18 and £14 respectively. With the gold standard suspended, the price of first rapidly advanced to £23 and Daisee to £19, in the latter part of September, reaching £26 10s. and £23 respectively in November, to, however, drop £3 by the end of that month. Following this the former tendency reappeared, with Calcutta most emphatic that a very much higher level would be recorded before the end of the season.

For the first nine months of the year, yarns were most depressing. In January common 8-lb. cops fell from 2s. to 1s. 10d., and the lowest of the year was 1s. 9½d. in March, a price of 1s. 10d. practically thereafter ruling till the third week of September, when the price mounted to 2s. 2d., and kept on advancing till by the middle of November the value was established at 2s. 5d. The course of hessian cloth was similar. From January to the middle of September, 10½ oz. 40 in. was of little interest at 2½d., and 8 oz. at 1½d. By the end of September, however, 10½ oz. was selling at 3½d., and 8 oz. at 2½d., and by the end of November the prices were firmly established at 3½d. for 10½ oz., and at 2½d. for 8 oz., and pointing higher. The improvement of trade was crushed into a very small part of the year, and the impetus came from home trade demand.—*Glasgow Herald Trade Review.*

Exports.	Quantity.			Value.		
	1929.	1930.	1931.	1929.	1930.	1931.
Jute yarn ... Thou. lbs.	57,952	35,886	28,399	£ 1,316,012	£ 718,914	£ 440,474
Jute carpets and rugs ... Thou. sq. yds.	551	305	220	63,252	33,292	24,727
Piece goods ... Thou. sq. yds.	171,037	109,860	78,290	2,979,565	1,644,611	982,104
Jute sacks and bags, empty, new Thou. doz.	1,229	1,194	1,038	561,289	437,040	301,648
Other sorts ... Thou. cwts.	281	245	288	464,684	317,793	283,493
Total, jute manufactures	...	...	...	4,068,790	2,432,736	1,593,972

* Other than cordage, cables, ropes, and twine.

APPENDIX.

(A) WHOLESALE PRICES OF COMMODITIES.—31 DECEMBER, 1925-1929; AND MONTHLY, 1930.

CEREALS AND MEAT.

	Wheat.		Flour.	Barley.	Oats.	Maize.	Rice.	Potatoes.	Beef.	
	No. 2 Northern Manitoba.	English Gazette Average.	London Standard, Ex-Mill.	English Gazette Average.	English Gazette Average.	La Plata, Landed.	No. 2 Burma.	Good English.	English Sides.	Argentine Chilled Hind-Qrs.
	Per Qr.	Per Cwt.	Per 280lb.	Per Cwt.	Per Cwt.	Per Qr.	Per Cwt.	Per Ton.	Per 8 Lb.	Per 8 Lb.
End of 1925	s. d. 66 0	s. d. 12 5	s. d. 51 0	s. d. 10 6	s. d. 9 3	s. d. 38 3	s. d. 15 6	£ 6.25	s. 5.67	s. 3.92
End of 1926	56 6	11 10	44 0	10 7	8 2	32 0	14 1½	6.50	4.83	4.00
End of 1927	58 0	9 10	41 0	11 4	9 3	32 0	14 3	6.00	4.67	4.17
End of 1928	49 3	9 6	35 6	10 2	8 11	42 3	13 9	6.00	5.33	4.17
End of 1929	55 6	9 6	40 0	8 8	7 0	31 0	12 6	3.75	5.67	5.17
End of 1930	24 6	6 0	23 6	8 3	5 6	17 9	8 0	6.00	5.25	4.67
End of January, 1931	26 9	5 5	22 0	8 6	5 9	16 3	8 3	6.50	4.75	3.67
February, "	27 9	5 1	23 0	8 1	5 10	18 6	7 9	6.50	4.83	3.83
March, "	25 6	5 2	21 0	7 3	5 10	20 6	8 1½	7.00	5.00	4.08
April, "	27 6	5 3	22 6	7 3	6 0	22 0	7 3	8.50	5.00	4.42
May, "	25 9	5 10	21 3	6 7	6 11	16 9	7 0	8.50	5.33	4.00
June, "	26 0	6 1	21 3	6 5	6 9	17 0	7 0	9.00	5.17	3.75
July, "	23 3	6 5	19 9	6 4	6 8	16 6	7 9½	7.00	5.33	4.75
August, "	23 3	6 3	18 9	9 2	6 3	15 9	8 0	6.00	5.00	5.00
September, "	26 9	4 6	19 9	9 5	5 7	17 3	9 0	7.00	4.58	4.33
October, "	29 9	6 0	18 9	9 0	6 5	19 3	8 6	8.25	4.67	4.58
November, 1931	31 6	6 10	23 3	9 1	7 0	18 9	8 6	9.50	4.50	3.92
End of 1931	30 9	6 1	23 9	8 3	6 8	18 6	8 7½	10.25	4.50	3.75

CEREALS & MEAT (Cont.)

OTHER FOOD PRODUCTS.

	Mutton.		Bacon.	Tea.	Coffee.	Cocoa.	Sugar.		Cheese.	Butter.	Coconut Oil.
	English Wethers.	N.Z. Frozen Wethers.	Danish.	Indian Auction Average.	Costa Rica, Good to Fine.	Trinidad.	B.W.I. Crystallised.	Refined Granulated, London.	Canadian.	Danish.	Crude.
	Per 8 Lb.	Per 8 Lb.	Per Cwt.	Per Lb.	Per Cwt.	Per Cwt.	Per Cwt.	Per Cwt.	Per Cwt.	Per Cwt.	Per Ton.
End of 1925	s. d. 6.50	s. d. 4.75	s. d. 129 6	s. d. 20.50	s. d. 172 6	s. d. 67 6	s. d. 24 1½	s. d. 28 7½	s. d. 104 0	s. d. 173 0	£ 48.00
End of 1926	7.83	4.25	88 0	15.75	132 6	76 0	34 9	34 1½	94 0	185 0	45.50
End of 1927	6.67	4.75	79 6	18.62	177 0	74 0	31 3	29 9½	101 0	181 0	42.50
End of 1928	7.00	5.00	98 0	17.50	160 0	60 6	24 3	24 7	105 0	200 0	39.00
End of 1929	7.00	4.83	105 0	13.12	165 0	62 6	22 3	22 9	97 0	180 0	34.00
End of 1930	6.83	3.92	61 6	14.25	122 6	49 6	20 6	19 6	76 0	142 0	25.50
End of 1931	6.83	3.33	60 0	13.37	120 0	48 0	20 0	19 9	76 0	138 0	26.00
End of January, 1931	6.17	3.00	55 0	10.75	120 0	46 0	20 0	19 9	76 0	142 0	27.00
February, "	6.50	2.92	56 0	10.75	115 0	45 0	20 0	20 6	75 0	122 0	27.00
March, "	6.50	3.00	64 0	11.75	107 0	44 0	20 0	20 3	75 0	119 0	26.00
April, "	7.00	3.42	60 0	10.25	102 6	37 0	20 0	20 9	71 0	114 0	20.00
May, "	6.50	3.67	59 0	7.75	99 0	44 0	20 0	20 4½	70 0	112 0	19.50
June, "	6.17	3.58	64 0	8.62	98 0	42 0	20 0	20 0	69 0	123 0	19.00
July, "	6.17	4.08	68 0	15.00	95 0	40 6	20 0	20 9	70 0	136 0	23.00
August, "	5.67	3.83	62 0	15.62	103 6	45 0	20 0	20 9	69 6	139 0	23.00
September, "	5.17	3.58	53 0	12.91	103 6	46 0	19 10½	19 11½	70 0	126 0	24.50
October, "	4.67	3.00	48 0	11.27	105 6	45 0	19 10½	19 10½	65 0	136 0	25.00
November, "	5.17	2.83	45 0	10.18	112 6	46 0	19 10½	20 8	65 0	136 0	25.00
End of 1931	5.17	2.83	45 0	10.18	112 6	46 0	19 10½	20 8	65 0	136 0	25.00

TEXTILES.

EXPORTS.											
	Cotton.				Wool.			Silk.	Flax.	Hemp.	Jute.
	American Middling.	Egyptian, f.g.f., Sak.	Yarn—32's Twist.	Cloth—39-inch Shirtings.	English, South-down, Washed.	Queensland, Scoured Super Combing.	Tops, 64's.	Italian, Raw, fr. Milan.	Livonian Z.K.	Manila.	Native Firsts.
	Per Lb. d.	Per Lb. d.	Per Lb. d.	Per Piece. s. d.	Per Lb. d.	Per Lb. d.	Per Lb. d.	Per Lb. s. d.	Per Ton. £	Per Ton. £	Per Ton. £
End of 1925	10.26	17.30	16.62	14 1½	24.00	50.0	48	28 9	71.5	46.00	59.00
End of 1926	6.90	14.00	12.37	12 0	21.00	45.0	45	26 3	54.0	47.00	31.25
End of 1927	11.06	17.75	15.25	14 0	28.50	48.0	51	20 3	92.0	41.50	31.75
End of 1928	10.59	19.45	15.50	14 0	27.50	44.0	46.0	22 6	91.0	36.00	32.25
End of 1929	9.42	14.15	13.87	13 0	23.00	33.0	31.0	18 9	58.0	35.50	27.75
End of 1930	5.34	7.70	9.00	10 1½	13.50	22.0	22.0	10 9	35.0	23.00	15.50
End of 1931	5.69	8.95	9.12	10 3	12.00	16.0	21.0	11 3	32.0	19.50	15.25
Jan., 1931	6.02	9.85	9.75	10 6	13.00	18.0	22.0	11 0	31.0	17.50	15.00
Feb. "	5.83	9.40	9.50	10 6	14.00	23.0	26.0	11 0	36.0	19.50	15.00
Mar. "	5.41	8.10	9.12	10 0	13.00	22.0	24.0	10 3	35.0	18.25	16.25
Apr. "	4.80	7.80	8.63	9 8	11.50	22.0	24.0	9 0	34.5	17.42	16.00
May "	4.80	7.80	8.63	9 8	11.50	22.0	24.0	9 0	34.5	17.42	16.00
June "	5.43	8.25	9.00	9 10	10.50	21.0	22.0	9 3	33.5	18.00	16.00
July "	4.62	6.95	8.50	9 7	12.00	20.0	23.5	9 9	34.5	17.00	15.12
Aug. "	4.62	6.95	8.50	9 7	12.00	19.0	22.5	9 6	33.0	16.50	16.25
Sept. "	3.96	5.95	7.25	8 7	12.00	19.0	24.5	11 9	32.0	19.00	19.00
Oct. "	4.44	6.95	8.25	9 9	12.50	20.0	25.5	11 9	41.0	20.00	20.25
Nov. "	5.03	7.40	9.12	9 11	12.50	20.0	25.5	11 9	41.0	20.00	20.25
End of 1931	4.97	7.40	9.12	9 11	13.00	23.0	25.0	12 3	39.0	21.00	21.50
End of 1931	5.34	7.10	9.12	9 9	13.50	22.0	23.5	11 9	41.0	20.25	19.25

ANGLO-PORTUGUESE COLONIAL AND OVERSEAS BANK LIMITED.

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Capital Issued
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The State Land Bank transacts banking business of every description. The 7 per cent. Mortgage Bonds and Debenture Bonds of the State Land Bank are expressed in gold zlotys and in foreign currencies, are secured by the total assets of the Bank, by land mortgage, and the payment of principal and interest is secured by the joint guarantee of the State Treasury.

A.—WHOLESALE PRICES OF COMMODITIES—Continued.

MINERALS.

	Pig Iron.	Steel Rails.	Iron Bars.	Tin Plates.	Coal.			Lead.	Tin.	Copper.	Spelter.
	Cleveland, G.M.B. No. 3.	Middlesbrough.	Middlesbrough.	I. C., S. Wales.	Welsh, Best Ad'ty.	Durham, Best Gas.	Sheffield, Best House.	English Pig.	Standard.	Standard.	G.O.B.
	Per Ton.	Per Ton.	Per Ton.	Per Box.	Per Ton.	Per Ton.	Per Ton.	Per Ton.	Per Ton.	Per Ton.	Per Ton.
	s. d.	£	£	s. d.	s. d.	s. d.	s. d.	£	£	£	£
End of 1925	66.5	8.00	11.25	20 0	22 9	16 6	28 0	36.50	287.25	59.31	38.30
End of 1926	87.5	8.50	12.25	21 9	29 3	23 0	30 0	30.25	300.37	56.19	32.75
End of 1927	65.0	8.25	10.25	18 6	19 4½	14 9	20 6	23.75	265.12	60.91	26.25
End of 1928	66.0	8.50	10.25	18 0	19 1½	15 0	21 0	22.25	225.75	74.00	26.67
End of 1929	72.5	8.50	10.75	18 9	20 1½	16 9	21 0	23.25	178.12	68.00	19.87
End of 1930	63.5	8.50	10.75	15 6	20 0	15 3	23 0	16.25	116.50	46.50	13.75
End of Jan., 1931	58.5	8.50	10.75	15 3	20 0	15 3	23 0	14.50	113.87	44.19	12.44
Feb., "	58.5	8.50	10.75	15 3	20 0	15 3	23 0	15.50	121.75	46.50	13.00
Mar., "	58.5	8.50	10.50	14 9	20 0	14 9	23 0	13.50	119.25	43.00	12.00
Apr., "	58.5	8.50	10.50	14 4½	20 0	14 6	21 0	13.00	104.50	41.25	10.87
May, "	58.5	8.50	10.50	13 6	20 0	14 6	19 6	12.00	100.75	36.13	10.75
June, "	58.5	8.50	10.50	13 3	20 0	14 6	19 6	15.00	113.12	37.25	13.37
July, "	58.5	8.50	10.00	13 0	20 0	14 6	19 6	14.00	108.12	32.62	12.03
Aug., "	58.5	8.50	10.00	14 6	20 0	14 6	21 0	13.25	121.00	33.00	12.03
Sept., "	58.5	8.50	10.00	14 6	19 3	14 7½	22 0	15.50	122.75	33.50	13.00
Oct., "	58.5	8.50	10.00	14 0	19 6	14 7½	22 0	15.00	127.25	36.03	13.50
Nov., "	58.5	8.50	10.00	14 0	19 6	14 7½	22 0	16.25	137.18	33.78	14.12
End of 1931	58.5	8.50	10.00	14 6	19 6	14 7½	23 0	17.00	141.18	38.53	14.59

MISCELLANEOUS.

	Timber.	Cement.	Hides.	Leather.	Petrol.	Petroleum.	Fuel Oil.	Linseed Oil.	Rubber.	Crystals.	Creosote.
	Eng. Oak Planks.	Best Portland.	Market, Best Ox.	Sole Bends 8/14Lbs.	No. 1 Spirit.	Paraffin.	Inland Furnace Bx. Inst.	Naked, net.	Plant. Sheet.	Soda.	London.
	Per C. Ft.	Per St.	Per Ton.	Per Lb.	Per Gal.	Per Gal.	Per Ton.	Per Ton.	Per Lb.	Per Ton.	Per Gal.
	s. d.	£	s. d.	d.	d.	d.	s. d.	£	£	£	d.
End of 1925	7 0	19	60 9	8.75	23½	15½	12	77 6	33.50	46.00	7.12
End of 1926	7 0	19	60 9	7.69	23½	15½	13	85 0	31.25	19.12	9.00
End of 1927	7 0	19	54 0	9.62	31	11½	12	75 0	28.00	20.00	8.87
End of 1928	7 0	19	47 0	8.25	26	15½	10½	67 6	29.00	8.69	5.12
End of 1929	7 0	19	47 0	6.31	21	17½	12	67 6	45.00	8.06	5.12
End of 1930	7 0	18	47 0	5.81	22	15½	11½	67 6	22.50	4.25	4.25
Jan., 1931	6 6	17	47 0	5.56	22	15½	11½	67 6	18.00	3.94	3.75
Feb., "	6 6	17	47 0	5.56	22	15½	11½	67 6	20.75	3.87	3.62
Mar., "	6 6	17	47 0	5.06	22	13½	10½	65 0	18.50	3.44	3.50
Apr., "	6 6	17	47 0	4.69	22	15½	10½	65 0	18.00	2.75	3.50
May, "	6 6	17	47 0	4.87	22	14½	10½	65 0	15.75	3.13	3.50
June, "	6 6	17	47 0	4.87	21	14½	10½	65 0	18.00	3.25	3.50
July, "	6 6	17	47 0	5.50	21	13½	10½	62 6	17.00	2.81	3.50
Aug., "	6 6	16	47 0	5.50	20½	13½	10½	62 6	17.00	2.25	3.50
Sept., "	6 6	16	47 0	6.00	22	15½	9½	60 0	17.12	2.91	4.00
Oct., "	6 6	16	43 0	6.06	22½	15½	9½	60 0	15.87	2.97	3.50
Nov., "	6 6	16	43 0	6.12	22½	15½	9½	60 0	14.62	3.31	4.00
End of 1931	6 6	16	43 0	5.12	22	15½	9½	60 0			

STOCKHOLMS ENSKILDA BANK

BANK WITH UNLIMITED LIABILITY.

Established in 1856.

TELEGRAPHIC ADDRESS:
NITTON-STOCKHOLM.

STOCKHOLM.

HEAD OFFICE:
STOCKHOLM 16

CAPITAL AND RESERVES Kr. 110,000,000:—

Banking and Exchange Business of every description.

Bills negotiated or forwarded for Collection.

Letters of Credit issued available in the principal Cities of the World.

Remittances made by Telegraphic Transfer.

Deposits received for fixed periods or at notice.

LONDON AGENTS:

WESTMINSTER BANK LIMITED, LOTHBURY, E.C.; HAMBROS BANK LIMITED; FREDK. HUTH & CO.

WHOLESALE PRICES.

ECONOMIST INDEX NUMBER, 1928-1930.

1927=100.							1913=100.						
Date.	Cereals and Meat.	Other Foods.	Textiles.	Minerals.	Miscellaneous.	Complete Index.	Date.	Cereals and Meat.	Other Food.	Textiles.	Minerals.	Miscellaneous.	Complete Index.
1929.							1930.						
End Jan. ...	96.7	89.4	101.3	94.8	91.2	94.7	End Jan. ...	135.3	142.4	155.9	115.3	113.6	130.3
Feb. ...	101.2	88.5	99.9	96.4	91.4	95.6	Feb. ...	141.6	141.0	153.8	117.2	113.8	131.5
March ...	100.9	87.3	100.8	99.7	91.4	96.1	March ...	141.3	139.2	155.2	121.3	113.9	132.3
April ...	99.1	86.5	96.7	96.7	90.0	94.0	April ...	138.7	137.9	148.9	117.6	112.1	129.3
May ...	92.6	84.3	94.9	95.7	89.5	91.5	May ...	129.6	134.4	146.1	116.3	111.5	126.0
June ...	95.1	84.1	92.7	96.3	89.3	91.7	June ...	133.1	134.0	142.8	117.1	111.3	126.2
July ...	103.5	84.7	91.6	96.1	91.0	93.7	July ...	144.8	135.0	140.9	116.9	113.3	129.0
Aug. ...	101.3	86.2	91.7	96.3	91.0	93.6	Aug. ...	141.7	137.3	141.2	117.0	113.3	128.7
Sept. ...	95.8	86.6	87.7	96.2	91.5	91.8	Sept. ...	134.1	138.0	135.0	117.0	114.0	126.4
Oct. ...	94.4	85.0	85.2	94.6	90.7	90.2	Oct. ...	132.0	135.4	131.2	115.0	113.0	124.3
Nov. ...	90.6	84.0	83.6	92.4	89.8	88.3	Nov. ...	126.9	133.9	128.6	112.4	111.9	121.6
Dec. ...	92.3	83.6	82.6	92.4	89.2	88.3	Dec. ...	129.2	133.2	127.2	112.3	111.1	121.5
1930.							1931.						
End Jan. ...	89.2	83.1	76.7	92.6	88.0	86.1	End Jan. ...	124.8	132.3	118.1	112.7	109.6	118.5
Feb. ...	85.4	83.0	74.7	90.5	87.0	84.2	Feb. ...	119.5	132.3	115.1	110.1	108.4	115.9
March ...	84.7	82.7	73.0	89.8	85.5	83.1	March ...	118.5	131.8	112.3	109.1	106.4	114.4
April ...	84.9	80.8	72.9	85.6	83.2	81.6	April ...	118.8	128.6	112.3	104.0	103.6	112.3
May ...	82.0	79.0	71.1	84.3	84.4	80.6	May ...	114.7	125.9	109.5	102.5	105.2	110.9
June ...	82.2	77.8	66.5	82.8	84.1	78.8	June ...	115.1	124.0	102.4	100.7	104.7	108.5
July ...	84.2	76.3	73.6	82.1	81.5	77.6	July ...	117.9	121.5	97.9	99.8	101.5	106.9
Aug. ...	82.5	75.2	61.7	81.5	79.7	76.1	Aug. ...	115.5	119.9	94.9	99.1	99.3	104.8
Sept. ...	79.5	74.5	56.9	79.5	76.7	73.2	Sept. ...	111.3	118.7	87.7	96.6	95.5	100.8
Oct. ...	76.8	73.7	55.8	79.1	77.7	72.4	Oct. ...	107.4	117.4	86.0	96.2	96.8	99.7
Nov. ...	73.2	70.2	55.1	79.0	77.8	70.9	Nov. ...	102.4	111.8	84.8	96.0	96.9	97.6
Dec. ...	70.0	71.0	51.4	78.0	75.2	68.7	Dec. ...	98.0	113.2	79.1	94.8	93.7	94.6
1931.							1931.						
End Jan. ...	67.4	69.5	49.2	75.3	72.6	66.3	End Jan. ...	94.3	110.8	75.8	91.5	90.4	91.3
Feb. ...	66.4	68.0	50.6	76.9	72.7	66.5	Feb. ...	92.9	108.4	78.0	93.5	90.5	91.6
March ...	66.9	67.0	53.7	74.5	69.9	66.2	March ...	93.6	106.8	82.7	90.6	87.1	91.1
April ...	70.0	66.6	50.8	72.0	68.6	65.4	April ...	98.0	106.1	78.2	87.5	85.4	90.0
May ...	69.0	63.5	48.2	69.5	68.2	63.6	May ...	96.6	101.2	74.2	84.5	84.9	87.5
June ...	68.8	60.2	48.4	72.4	68.7	63.6	June ...	96.3	95.9	74.5	88.0	85.6	87.5
July ...	68.5	60.0	47.1	69.7	67.6	62.5	July ...	95.9	95.6	72.5	84.7	84.2	86.0
Aug. ...	69.7	63.5	44.1	70.0	66.2	62.3	Aug. ...	97.5	101.2	67.9	85.1	82.4	85.7
Sept. ...	68.0	68.1	49.5	72.9	68.9	65.1	Sept. ...	95.2	108.5	76.2	88.6	85.8	89.6
Oct. ...	70.2	66.9	52.5	73.7	65.8	65.5	Oct. ...	98.2	106.6	80.8	89.6	81.9	90.1
Nov. ...	70.4	65.4	53.7	74.5	66.6	65.9	Nov. ...	98.5	104.2	82.7	90.6	82.9	90.7
Dec. ...	69.0	65.7	52.8	76.7	66.2	65.8	Dec. ...	96.6	104.7	81.3	93.3	82.4	90.6

English, Scottish & Australian Bank, Limited.

Head Office: 5, GRACECHURCH ST., E.C.3.
and 417 Branches and Agencies throughout Australia.

Subscribed Capital - £5,000,000
 Paid-up Capital - £3,000,000
 Further Liability of Proprietors £2,000,000
 Reserve Fund - £1,605,000
 Special Currency Reserve - £1,585,000

Board of Directors:

ANDREW WILLIAMSON, Esq., Chairman.
JOHN PATTERSON, Esq., Deputy Chairman.

C. L. BAILLIEU, Esq., C.M.G. SIDNEY M. WARD, Esq.
 THE RIGHT HON. LORD THE RIGHT HON. LORD
 FORSTER OF LEPE, P.C. WENLOCK, G.C.S.I.
 G.C.M.G.
 THE HON. WALTER D. GIBBS SIR FREDERICK W. YOUNG.

Manager & Secretary—E. M. JANION.
 Asst. Mgr.—A. A. SHIPSTON. Sub-Mgr.—J. A. ROBERTSON.
 Accountant—F. C. HOUNSFIELD.

Bankers: Bank of England; Westminster Bank Limited.

Chief Office in Australia:

COLLINS STREET, MELBOURNE.

Letters of Credit and Drafts on the Branches and Agencies of the Bank in Australia can be obtained at the Head Office, or through the Agents of the Bank in the Chief Provincial Towns throughout the United Kingdom.

Remittances made by Telegraphic Transfer.
 Bills Negotiated or forwarded for Collection.
 Banking and Exchange Business of every description transacted with Australia.

ITALO-BELGIAN BANK.

(Banque Italo-Belge, Société Anonyme).
Incorporated in Belgium with Limited Liability.

Capital subscribed and paid - Frs. 100,000,000
 Reserve Funds - Frs. 100,000,000

Head Office: ANTWERP.

London Office:

100 OLD BROAD STREET, E.C.2

Branches:

FRANCE—Paris. ARGENTINE—Buenos Aires.
 URUGUAY—Montevideo.
 BRAZIL—Sao Paulo, Rio de Janeiro, Santos, Campinas.

Correspondents in all the Principal Places in South America.

(C) RATES OF EXCHANGE ON LONDON—SELECTED DATES, 1924-1930;—MONTHLY, 1931;
AND HIGHEST AND LOWEST OF 1930 AND 1931.

	Paris.	Brussels.	Milan.	Zurich.	Madrid.	Amster- dam.	Stock- holm.	Oslo.	Copen- hagen.	Berlin.	Vienna.
	Francs to £1.	Belgas to £1.	Lire to £1.	Francs to £1.	Pesetas to £1.	Florins to £1.	Kroner to £1.	Kroner to £1.	Kroner to £1.	Marks to £1.	Schillings to £1.
Par level ...	124.21	35.00	92.46	25.22½	25.22½	12.107	18.159	18.159	18.159	20.43	34.58½
Highest, 1930	124.34	34.96½	93.22	25.22	51.00	12.13½	18.15½	18.21½	18.15½	20.43	34.68
Lowest	123.50	34.73½	92.62	24.99½	35.65	12.04	18.08½	18.14½	18.15½	20.35½	34.40
Highest, 1931	124.48	34.98½	93.03	25.26	62.25	12.12½	18.12½	19.12½	19.12½	30.00	34.80
Lowest	82.62½	23.25	62.62½	16.62½	38.75	8.00	16.62½	13.75	16.50	13.68½	25.00
Beginning of—											
January, 1924	87.85	99.45	100.1	24.63½	33.58½	11.36½	16.26½	29.82½	24.44½	18.21	305,500s
January, 1925	87.40½	94.79½	112½	24.36½	33.95½	11.71½	17.62½	31.37½	26.85½	19.94½	337,500s
January, 1926	129.31	107.00	120	25.08½	34.31½	12.05	18.08	23.83½	19.60½	20.37½	34.37½
January, 1927	122.68	34.89	107½	25.11½	31.75½	12.12½	18.16	19.22½	18.19	20.40½	34.37½
January, 1928	124	34.92½	92.32½	25.27½	28.24	12.08	18.13	18.34½	18.20½	20.45½	34.52
January, 1929	124.10½	34.88½	92.64	25.18½	29.74	12.08	18.13	18.19	18.17½	20.45½	34.52
January, 1930	123.91	34.88½	93.22	25.13½	36.62½	12.09½	18.13½	18.20½	18.20½	20.38½	34.44½
January, 1931	123.66½	34.76½	92.74	25.04½	46.30½	12.05½	18.13½	18.16½	18.16½	20.43½	34.65½
February, "	123.91	34.82½	92.80	25.14½	48.14½	12.09½	18.13½	18.16½	18.16½	20.38½	34.48½
March, "	124.01	34.85	92.73	25.23½	45.27½	12.12½	18.13½	18.16½	18.16½	20.42½	34.56½
April, "	124.47	34.78½	92.92	25.24½	47.10	12.10½	18.15½	18.16½	18.16½	20.40½	34.54½
May, "	124.25	34.93	92.96	25.08½	50.87	12.09½	18.14½	18.16½	18.16½	20.42½	34.57½
June, "	124.24	34.90½	92.91	25.11½	51.40	12.09½	18.15½	18.16½	18.16½	20.50½	34.62½
July, "	123.88	34.82	92.82½	24.85	56.62½	12.04½	18.15½	18.16½	18.16½	20.50½	34.60
August, "	123.95	34.94	92.91	24.91½	53.92½	12.04½	18.16	18.16½	18.16½	20.50½	34.55
Sept., "	100.00	28.12½	77.12½	24.91½	43.75	9.78	16.87	17.87	17.87	16.87	30.00
October, "	95.31½	23.84	72.25	19.21½	42.62½	9.28	17.31½	17.68½	17.37½	15.78	28.00
Nov., "	86.25	24.25	65.67½	17.18½	40.37½	8.34½	18.12½	18.25	18.25	14.25	29.00
Dec., "	86.37½	24.37½	66.62½	17.37½	40.18½	8.44½	17.75	18.25	18.12½	14.25	30.00
January, 1932	86.37½	24.37½	66.62½	17.37½	40.18½	8.44½	17.75	18.25	18.12½	14.25	30.00

a Krone to £.

b Billions.

c Francs to £.

	New York.	Buenos Aires.	Rio de Janeiro.	Monte Video.	Valpar- aiso.	Bombay.	Hong Kong.	Shanghai.	Kobe.	Singapore.
	Dollars to £1.	Pence to Dollars.	Pence to Milreis.	Pence to Dollars.	Dollars to £.	Sterling to Rupee.	Sterling to Dollar.	Sterling to Tael.	Sterling to Yen.	Sterling to Dollar.
Par level ...	4.86½	47.62	16	51	40.00	s. d.	s. d.	s. d.	s. d.	s. d.
Highest, 1930	4.88½	46½	5½	46½	40.02	1 6	1 8½	2 1½	2 0½	2 4½
Lowest	4.85½	44½	5½	35	39.57	1 5½	1 0½	1 4½	2 0½	2 3½
Highest, 1931	4.86½	41½	4½	38½	40.10	1 6½	1 7	2 1½	2 0½	2 4½
Lowest	3.23	28½	2½	19½	26.80	1 5½	0 10½	1 1½	2 0½	2 3½
Beginning of—										
January, 1924	4.29½	40½	5½	43½	40.30	1 5½	2 4½	3 4½	2 1½	2 4½
January, 1925	4.74½	46½	5½	50½	40.30	1 6½	2 3½	3 2½	2 1½	2 4½
January, 1926	4.85½	46½	5½	50½	39.80	1 6½	2 4½	3 1½	2 1½	2 4½
January, 1927	4.85½	46½	5½	50½	39.63	1 6½	2 4½	3 1½	2 1½	2 4½
January, 1928	4.88½	47½	5½	50½	39.35	1 6½	2 4½	3 1½	2 1½	2 4½
January, 1929	4.85½	47½	5½	50½	39.64	1 6½	2 4½	3 1½	2 1½	2 4½
January, 1930	4.87½	45½	5½	46½	39.80	1 6½	2 4½	3 1½	2 1½	2 4½
January, 1931	4.85½	35½	4½	35½	39.89	1 5½	1 8	2 1½	2 1½	2 3½
February, "	4.85½	34½	4½	33½	39.93	1 5½	1 1½	2 1½	2 1½	2 3½
March, "	4.85½	37½	4½	35½	39.93	1 5½	1 1½	2 1½	2 1½	2 3½
April, "	4.85½	39½	3½	35½	39.95	1 5½	1 1½	2 1½	2 1½	2 3½
May, "	4.86½	35½	3½	31	39.98	1 5½	1 1½	2 1½	2 1½	2 3½
June, "	4.86½	33½	3½	29	39.90	1 5½	1 1½	2 1½	2 1½	2 3½
July, "	4.86½	35½	3½	28½	39.95	1 5½	1 1½	2 1½	2 1½	2 3½
August, "	4.85½	31½	3½	20	40.05	1 5½	1 1½	2 1½	2 1½	2 3½
September, "	4.85½	31½	3½	22½	39.69	1 5½	1 1½	2 1½	2 1½	2 3½
October, "	3.94	32½	3½	22	32.50	1 5½	1 1½	2 1½	2 1½	2 3½
November, "	3.74½	36½	4½	28½	31.20	1 5½	1 1½	2 1½	2 1½	2 3½
December, "	3.37½	40½	4½	31½	28.00	1 6½	1 4½	1 9½	2 7½	2 4½
January, 1932	3.38½	40½	4½	31½	28.00	1 6½	1 4½	1 10½	2 11½	2 4½

(D) VARIATIONS IN VOLUME OF IMPORTS AND EXPORTS OF
GREAT BRITAIN AND NORTHERN IRELAND.

(Average of year 1930 = 100.)

Period.	Total Imports.	Exports of Imported Merchandise.	Net Imports.	British Exports.
1930—January—March.....	100.7	103.3	100.5	111.4
April—June.....	97.5	111.2	96.3	96.3
July—September.....	94.2	87.8	94.7	96.0
October—December.....	107.6	97.7	108.5	94.3
Year.....	100.0	100.0	100.0	100.0
1931—January—March.....	95.2	95.2	95.2	77.7
April—June.....	97.6	107.6	96.6	74.0
July—September.....	99.2	80.8	100.9	74.4
October—December.....	117.3	98.9	119.0	78.8
Year.....	102.3	95.6	102.9	76.2

VARIATIONS IN AVERAGE VALUES OF IMPORTS AND EXPORTS.
(Average values of year 1930 = 100.)

(Average values of year 1930 = 100.)

	Total Imports.	Exports.		Wholesale Prices Index No.
		British Produce.	Imported Merchandise.	
1930—January—March.....	107.9	103.2	109.2	106.9
April—June.....	101.5	100.3	102.7	102.1
July—September.....	99.0	99.5	96.6	98.3
October—December ...	92.2	96.4	90.3	93.1
Year	100.0	100.0	100.0	100.0
1931—January—March.....	84.4	93.2	83.8	89.0
April—June.....	81.7	90.4	78.7	87.3
July—September	78.6	87.8	71.5	84.0
October—December ...	78.6	86.0	73.5	88.3
Year	80.7	89.4	77.1	87.1

(E) DAILY AVERAGE MONEY RATES.

Years.	Bank Rate.	Market Rate, 3 Months' Bills.	Deposit Rate, Banks.	Short Loans.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1921	6 2 4	5 4 3	4 2 4	4 12 8
1922	3 13 10	2 13 0	1 13 10	2 5 11
1923	3 9 9	2 14 1	1 9 9	1 16 8
1924	4 0 0	3 10 9	2 0 0	2 12 5
1925	4 11 0	4 2 0	2 11 0	3 9 3
1926	5 0 0	4 10 3	2 13 0	3 15 0
1927	4 13 0	4 4 10	2 10 0	3 12 6
1928	4 10 0	5 5 4	3 10 0	4 12 3
1929	5 10 0	2 12 3	1 8 5	2 9 6
1930	3 8 5	3 11 0	2 1 0	3 0 10
1931	3 18 7	3 11 0	2 1 0	3 0 10

(F) STOCK MARKET PRICES IN 1931.

		Prices.		Rise or Fall.	Highest & Lowest of Year 1931.	
		End of Year 1930.	End of Year 1931.		Highest.	Lowest.
British Funds.						
War	5%, Redeemable 1929-47	103	96	- 7	104½	90½
Loans	4% Funding, 1960-90	94½	84	- 10½	97½	78
	4% Victory Bonds	96½	90½	- 6	98½	85
	4% red. at Govt. option	97½	55½	- 2	60½	49½
Consols	2½%, red. at Govt. option	91½	81½	- 9½	97	77½
	Consolidated Loan, 4%	81½	73½	- 8	85½	67½
	Conversion Loan, 3½%	91½	83½	- 8	85½	67½
	Conversion Loan, 4½%, 1940-1944	101½	93½	- 8	104½	88½
	Local Loans, 3%	67½	61	- 6½	70½	57
	India 3½%	63	50	- 13	64½	41
	Do 3%	54	43	- 11	55½	34
Foreign Govt. Stocks.						
	Argentine Republic 4%	87	78	- 9	88	53
	Austrian 6% Sterling Bonds	102	89	- 13	105½	87
	Belgian 3%	89	75½	- 13½	91½	72
	Do 7% Stabilisation Loan	109½	93½	- 16	112½	89
	Brazilian 5% Funding Bonds, 1914	80	56½	- 23½	75½	43
	Chilean 4½% Gold Loan, 1889	92½	30	- 62½	92	20
	Chinese 5% Gold Loan, 1912	51	40	- 11	52½	33
	Czechoslovakia 8%	111	80	- 31	113½	78
	Dutch East Indies, 5%	102	80	- 22	103½	72

(F) STOCK MARKET PRICES IN 1931.—contd.

	Prices.		Rise or Fall.	Highest & Lowest of Year 1931.	
	End of Year 1930.	End of Year 1931.		Highest.	Lowest.
Egyptian Unified	70½	80½	+ 10	85	66½
Finland 6%, 1923	92½	70	- 22½	92½	70
French 3% Rentes	17½	23	+ 5½	23½	17½
Do 5%	20½	29	+ 8½	30½	20½
German 7% Sterling Bonds, 1924	100	56	- 44	106	53
Greek 7% Refugee Loan	101	71½	- 29½	104½	73
Guatemala New Ext.	44½	33½	- 11	52	35
Hungarian 7½%, 1924	102	51½	- 51½	103½	42
Italian 3%	18	26	+ 8	28	17½
Japanese 6%, 1924	101	79½	- 22	105½	77½
Mexican 5% Cons. Ext., 1899.....	13½	4	- 13½	5	5
Portuguese 3%	44	43	- 1	45½	38
Spanish 4%	59	45	- 14	62	38½
Turkish Unified 4%	8	5	- 3	10½	4
British Railways					
Great Western Cons. Ord. Stock...	68	44	- 24	69½	38
London & North-Eastern Def. Stk.	6	6	...	8½	2½
Do Preferred Ord. Stock	16½	12½	- 4	19½	6½
London, Mid. & Scottish Ord. Stk.	33	18	- 15	34	13
Metropolitan Cons. Stock.....	68	35½	- 32½	68½	34 1
Metropolitan District Ord. Stock...	77	60½	- 16½	77½	57½
Southern Railway Def. Ord.	22½	10½	- 12	23½	9½
American & Dominion Ry's.					
Canadian Pacific	40½	17	- 23½	46½	15½
Atchafalpa Shares.....	184½	125	- 59½	206	120
New York Central.....	119½	42½	- 77	137	38
Pennsylvania \$50 Shares	58½	26½	- 32	66	24
Union Pacific	184½	104½	- 80	211½	104½
Bengal & North-Western, Ord. Stk.	274	185	- 89	300	60
Rohilkund & Kumaon, Ord. Stock	251	182	- 69	249	182
Foreign Railways.					
Antofagasta (Chile, Bolivia) Cons. Stk	43½	18	- 25½	51½	15½
Argentine North-Eastern Ord. Stock	24	9	- 15	22½	8½
Buenos Ayres Great Southern Stock	67	37	- 30	71½	27
Buenos Ayres Pacific Stock.....	49½	22	- 27½	53	21
Buenos Ayres Western Stock.....	50	27	- 23	55	21
Central Argentine Ordinary Stock...	54	38	- 16	65	29
Do. Deferred Stock.....	39	25½	- 13½	38½	14½
Central Uruguay Ordinary Stock...	56½	17½	- 39	72	14
Cordoba Central Ordinary Stock...	11½	5½	- 6	16	4
Entre Rios Ordinary Stock.....	60	36½	- 23½	70½	32
Great Western of Brazil (£10).....	1½	1½	- 1	2½	1
Leopoldina Ordinary Stock.....	20½	13½	- 7	26½	11
Mexican 1st Preference Stock.....	5	3½	- 1½	5½	1
San Paulo Stock	140½	98½	- 42	150	94½
United of Havana Stock.....	6½	5	- 1½	9½	2½

SWISS BANK CORPORATION

(A COMPANY LIMITED BY SHARES, INCORPORATED IN SWITZERLAND)

1872.

BASLE, ZURICH, ST. GALL,
GENEVA, LAUSANNE,
LA CHAUX-DE-FONDS,
NEUCHÂTEL, SCHAFFHOUSE.Capital paid-up - - £6,400,000
Reserves - - - £2,120,000LONDON OFFICE - 99, GRESHAM STREET, E.C.2
WEST END BRANCH: 11, REGENT STREET, (WATERLOO PLACE) S.W.1All descriptions of Banking, Trustee and
Foreign Exchange Business Transacted.Correspondents in all
Parts of the World

	Prices.		Rise or Fall.	Highest & Lowest of Year 1931.	
	End of Year 1930.	End of Year 1931.		Highest.	Lowest.
Miscellaneous Shares.					
Midland Bank (£12, with £2½ paid)	9½	6½	- 3½	9½	5½
Anglo-Dutch Plantations, Java (£1)	1½	1½	-	1½	1½
United Serdang Rubber (2½-)	1½	1½	-	1½	1½
Jorahaut Tea (£1)	2½	1½	- 1½	2½	1½
Chartered (British S. Africa) (15/-)	1½	1½	-	1½	1½
Forestral Land, Ord. (£1)	1½	1½	-	1½	1½
Hudson's Bay (£1)	1½	1½	-	1½	1½
Peruvian Corporation Ord. Stock.	4	2½	- 1½	4	1½
Do. Pref. Stock	22½	11	- 11½	23	8
Brazilian Traction Co. (No. par)...	21½	15	- 6½	29	9½
Gas Light and Coke Ord. (£1).....	1	1½	-	1½	1½
J. and F. Coats (£1)	2½	2½	-	2½	1½
Courtaulds (£1)	1½	1½	-	1½	1½
English Sewing Cotton (£1)	1½	1½	-	2½	1½
Birmingham Small Arms, Ord. (£1)	1½	1½	-	1½	1½
Guest, Keen & Nettelfolds, Ord. (£1)	1½	1½	-	1½	1½
Vickers (6/8)	1½	1½	-	1½	1½
Anglo-Persian Oil, Ord. (£1)	2½	1½	- 1½	2½	1½
Shell Transport (£1)	3½	1½	- 2½	3½	1½
Imperial Chemical Indus. Ord. (£1)	1½	1½	-	1½	1½
Onward Steamship (£1)	1½	1½	-	1½	1½
P. and O., Deferred (£1)	1½	1½	-	1½	1½
Royal Mail, Ord. Stock.	10	3½	- 6½	10	1½
Dunlop Rubber (6/8)	1½	1½	-	1½	1½
Guinness (A.), Ord. (£1)	5½	4½	- 1½	5½	3½
Watney Deferred (£1)	2½	1½	- 1½	2½	1½
Mines.					
Burma Corporation (Rs. 10)	7	7	-	7	1½
De Beers Deferred (£2½)	4½	3½	- 1½	5½	2½
Modderfontein (10/-).....	3½	2½	- 1½	3½	2½
Rand Mines (5/-)	2½	2½	-	2½	2½

(G) NEW CAPITAL.

Years.	DESTINATION OF NEW CAPITAL.		
	United Kingdom.	British Possessions.	Foreign Countries.
1913	35,951,200	76,137,200	84,448,600
1920	328,021,400	31,639,800	7,188,400
1921	276,176,500	90,577,800	22,223,900
1922	443,518,300	74,924,200	55,233,100
1923	133,915,600	72,722,900	44,754,700
1924	84,612,400	60,919,000	52,436,800
1925	155,018,300	53,174,300	16,276,500
1926	129,175,700	99,812,400	48,432,600
1927	206,883,600	63,158,400	48,470,000
1928	263,583,100	60,977,000	42,316,600
1929	198,026,500	61,448,200	35,708,400
1930	170,646,100	54,502,000	9,133,900
1931			

THE EASTERN BANK LIMITED.

HEAD OFFICE: CROSBY SQUARE, BISHOPSGATE - LONDON, E.C.3

Subscribed Capital - £2,000,000
 Paid-up Capital - £1,000,000
 Reserve Fund - £480,000
 Reserve Liability of Shareholders £1,000,000

Branches—
 BOMBAY, CALCUTTA, KARACHI, MADRAS,
 COLOMBO, SINGAPORE, BAGHDAD, BASRA,
 AMARA, KIRKUK, MOSUL, BAHREIN.

BOARD OF DIRECTORS.

Chairman.

J. S. HASKELL, Esq.

Deputy Chairman.

Sir JAMES LEIGH-WOOD, K.B.E., C.B., C.M.G.

J. H. BATTY, Esq.

G. BROMLEY-MARTIN, Esq.

EMILE FRANCOU, Esq. Sir PERCY WILSON NEWSON, Bt.

Sir THOMAS J. STRANGMAN.

Conducts all descriptions of Banking Business with the East.

Current Accounts are opened and interest is allowed at 2 per cent. per annum on minimum monthly balances.

Fixed deposits are received at rates of interest which may be ascertained on application.

Executor and Trustee business undertaken.

F. H. SUTTON, General Manager.

NEW CAPITAL APPLICATIONS (since 1906).					
Year.	Total for Whole Year. £	Year.	Total for Whole Year. £	Year.	Total for Whole Year. £
1908	192,203,700	1916	585,436,400	1924	209,326,100
1909	182,356,800	1917	1,318,596,000	1925	232,214,500
1910	267,439,100	1918	1,393,381,400	1926	230,782,600
1911	191,759,400	1919	1,036,059,400	1927	355,166,000
1912	210,850,000	1920	367,549,600	1928	369,058,100
1913	196,537,000	1921	388,978,200	1929	285,239,400
1914	512,522,600	1922	573,675,600	1930	267,800,700
1915	685,241,700	1923	271,393,200	1931	102,144,500

	Whole Year 1928.	Whole Year 1929.	Whole Year 1930.	Whole Year 1931.
British Government Loans	83,861,000	65,400,000	65,640,000	10,700,000
Colonial Government Loans	40,223,000	26,366,100	49,081,300	30,571,600
Foreign Government Loans	15,938,900	3,650,000	21,330,000	1,740,000
British Corporations, &c.	14,871,000	8,316,000	41,657,600	8,007,300
Colonial Corporations	7,286,100	3,859,900	3,001,500	Nil
Foreign Corporations	4,332,000	472,500	Nil	Nil
British Railways	2,080,900	1,920,000	16,119,500	Nil
Foreign Railways	Nil	10,200,000	2,875,600	Nil
Australasian Mines	3,070,000	7,835,000	7,615,000	2,910,000
South African Mines	695,000	12,000	Nil	Nil
Other mines	1,766,000	1,811,600	493,500	371,900
Exploration, Financial, &c.	4,810,300	11,971,700	4,597,500	8,963,300
Breweries	42,513,700	27,872,500	6,316,000	2,949,500
Merchants, Importers, &c.	5,789,900	4,346,500	2,078,500	112,500
Stores and Trading	5,101,500	425,300	Nil	337,500
Estate and Land	2,817,100	3,839,700	3,220,300	10,401,300
Rubber	3,125,000	3,979,200	445,400	139,700
Oil	5,623,400	2,075,100	1,150,000	174,800
Iron, Coal, Steel & Engineering ..	2,413,000	4,320,800	8,050,000	81
Elect. Light, Power & Teleg.	15,179,200	15,028,400	3,728,400	4,217,100
Tramway and Omnibus	1,381,700	276,700	Nil	98,000
Motor Traction & Manufg.	4,623,600	380,700	681,600	7,102,300
Gas and Water	1,368,000	1,476,100	3,393,300	428,000
Hotels, Theatres, and Entertainments	14,650,700	4,011,000	20,000	82,500
Patents and Prop. Articles	8,582,800	7,107,400	357,500	300,000
Docks, Harbours, & Shipping	2,900,000	544,500	Nil	3,120,000
Banks and Insurance	9,404,600	6,273,100	3,023,600	136,400
Manufacturing & Miscellan's ...	62,502,700	66,978,800	21,361,700	9,212,200
	369,058,100	285,239,400	267,800,700	102,144,500

THE PIONEER LIFE ASSURANCE COMPANY, LTD.

Chief Offices:

67, Dale Street, LIVERPOOL.

Established 1891.

Life Assurance Funds:
 Exceed £800,000
 Total Claims Paid:
 Exceed £1,300,000

THE BANK OF ADELAIDE

(Incorporated with Limited Liability in Australia.) EST. 1865

Paid-up Capital - £1,250,000
 Reserve Fund - 1,000,000
 Reserve Liability of Shareholders - £2,250,000
 1,250,000
 £3,500,000

Head Office: Adelaide, South Australia.

MELBOURNE OFFICE: 267, COLLINS STREET.

SYDNEY OFFICE: 279, GEORGE STREET.

BRISBANE OFFICE: 305, QUEEN STREET.

PERTH (Western Australia) OFFICE: ST. GEORGE'S TERRACE.

FREMANTLE OFFICE: 78/80, HIGH STREET.

London Office:

11, LEADENHALL STREET, E.C.3.

Bills on Australia purchased or collected.
 Drafts and Letters of Credit issued, and Remittances cabled. Accounts opened in Australia for Overseas Banks. Every other description of Banking and Exchange business transacted.
 Enquiries regarding Australian Trade invited.

A. BUTTERWORTH, Manager.

The National Bank of New Zealand, Ltd.

AUTHORISED & SUBSCRIBED CAPITAL - £6,000,000
 PAID-UP CAPITAL - £2,000,000
 RESERVE FUND & UNDIVIDED PROFITS - £2,168,457 } £4,168,457

Directors:

SIR AUSTIN E. HARRIS, K.B.E. (Chairman).
 THE RT. HON. LORD BALFOUR OF BURLEIGH.
 HENRY F. FRESHWATER, Esq.

THE RT. HON. VISCOUNT HAMPDEN, K.C.B., C.M.G.
 HON. W. PEMBER REEVES
 RICHARD DURANT TROTTER, Esq.

Head Office:—8, MOORGATE, LONDON, E.C.2.
 Manager: ARTHUR WILLIS.

Chief Office in New Zealand:—WELLINGTON.
 General Manager: J. T. GROSE.

The National Bank of New Zealand, Limited, Receives Deposits for fixed periods at rates which may be ascertained on application, and conducts every description of Banking Business connected with New Zealand.
 91 Branches and Agencies.

IONIAN BANK, LIMITED

ESTABLISHED 1839.

CAPITAL AUTHORISED - £1,000,000
 CAPITAL PAID UP - £600,000
 RESERVE FUND - £100,000
 TOTAL ASSETS - £4,908,344

HEAD OFFICE: 25/31, Moorgate, LONDON, E.C. 2.

EGYPT:
 Central Office—ALEXANDRIA.
 9 Branches and Agencies.

GREECE:
 Central Office—ATHENS.
 23 Branches and Agencies.

CYPRUS:
 Central Office—NICOSIA.
 4 Branches and Agencies.

EVERY FORM OF INTERNATIONAL BANKING SERVICE.

THE BRITISH BANK FOR THE NEAR EAST.

THE BRITISH LINEN BANK

Incorporated by Royal Charter, 1746.

Capital and Reserve Funds - £3,600,000

London Office - 38 Threadneedle Street, E.C.2,
 where accounts may be opened on usual London terms.

Head Office: 38 St. Andrew Square, Edinburgh.
 Over 200 Branches throughout Scotland.

Every Description of Banking Business transacted.

THE P. & O. BANKING CORPORATION LIMITED.

Head Office: 117-122, LEADENHALL STREET, LONDON, E.C.3.

Authorised Capital - £5,000,000
 Paid-up Capital - £2,594,160
 Subscribed Capital - £2,594,160
 Reserve Fund - £180,000

Every description of Banking Business transacted.

Correspondents in all parts of the World.

BRANCHES: 14 Cockspur Street, London, S.W.1; Bombay; Calcutta; Calicut; Colombo; Hongkong; Madras; Shanghai; Singapore

Affiliated Bank:

ALLAHABAD BANK, LIMITED.

Head Office:

CALCUTTA; with 36 Branches and Sub-Agencies in India.

Authorised Capital - Rs. 40,00,000
 Paid-up Capital - Rs. 35,50,000

Subscribed Capital - Rs. 40,00,000
 Reserve Fund - Rs. 38,50,000

ROYAL BANK OF SCOTLAND

Capital (fully paid), £3,780,192

Deposits, £49,416,137

Reserve Fund, £3,780,926

Total Number
of Offices
247.

OVER
200 YEARS OF COMMERCIAL BANKING

Correspondents
throughout
the World.

A COMPLETE BRITISH COLONIAL AND FOREIGN BANKING SERVICE.

CORRESPONDENCE INVITED.

LONDON OFFICES—City: 3, BISHOPSGATE, E.C.2.

West End: DRUMMONDS—49, CHARING CROSS, S.W.1.

WESTERN—1, BURLINGTON GARDENS, W.1. (formerly branch of Bank of England.)

and BOND STREET—64, NEW BOND STREET, W.1.

HEAD OFFICE

EDINBURGH.

General Manager—SIR ALEXANDER KEMP WRIGHT, K.B.E., D.L., LL.D.

Associated Bank—Williams Deacon's Bank, Ltd. (Members of the London Bankers' Clearing House).

BANK OF SCOTLAND

CONSTITUTED BY ACT OF PARLIAMENT, 1695.

AUTHORISED CAPITAL	£4,500,000
PAID-UP CAPITAL	£1,500,000
RESERVE FUND and BALANCE CARRIED FORWARD	£2,300,076
DEPOSITS and CREDIT BALANCES as at 28th February, 1931	£32,535,468

Governor: The Rt. Hon. LORD ELPHINSTONE, K.T. Deputy Governor: Sir RALPH ANSTRUTHER OF BALCASKIE, Bart.
GEORGE J. SCOTT, Treasurer.

Head Office: THE MOUND, EDINBURGH.

GLASGOW, Chief Office: 2, ST. VINCENT PLACE. A. W. M. BEVERIDGE, Manager.

LONDON OFFICES: City Office—30, BISHOPSGATE, E.C.2. J. W. JOHNSTON, Manager.

Piccadilly Circus Branch—16/18, PICCADILLY, W. C. D. ALLISON, Manager.

243 Branches and Sub-Branches in Edinburgh, Glasgow, and throughout Scotland.
Every description of British and Foreign Banking Business transacted.

THE NATIONAL BANK OF SCOTLAND, LIMITED.

Incorporated by Royal Charter and Act of Parliament.

Affiliated with Lloyds Bank Limited.

Established 1825.

Capital Subscribed, £5,000,000.

Paid-up, £1,100,000.

Uncalled, £3,900,000.

RESERVE FUND

DEPOSITS, 31st October, 1931 : £1,550,000

£29,077,192

Head Office: EDINBURGH.

JOHN TAYLOR LEGGAT, GENERAL MANAGER.

FREDERICK GEORGE DRYBURGH, SECRETARY.

LONDON OFFICES:

City Office—37 Nicholas Lane, E.C.4.

JOHN COWAN, MANAGER.

W. R. GILCHRIST, ASSISTANT MANAGER.

West End Office—18/20 Regent Street, Piccadilly Circus, S.W.1.

JAMES MOIR, MANAGER.

Branches in all the Principal Cities and Places in Scotland.

Every description of Banking Business transacted. The Bank undertakes the duties of Trustee or Executor under Wills, Trustee under Marriage and other Settlements, and Trustee for Debenture and other issues, etc.

BANK GOSPODARSTWA KRAJOWEGO

(NATIONAL ECONOMIC BANK).

JEROZOLIMSKA 1, WARSAW.

Telegraphic Address: KRAJOBANK, WARSAW.

Paid-up Capital: Zł. 150,000,000

Reserve Fund: Zł. 64,216,730

Total of Balance Sheet, as on October 31, 1931.

Zł. 2,189,397,591.

19 Branches in Poland. Correspondents all over the World.

HANDLING OF BANKING TRANSACTIONS OF EVERY DESCRIPTION

BANK OF BRITISH WEST AFRICA LIMITED.

ESTABLISHED 1894.

Authorised Capital	£4,000,000
Subscribed Capital	£3,000,000
Paid-up Capital	£1,200,000
Reserve	£400,000

Bankers to the Governments of the Gambia,
Sierra Leone, Gold Coast and Nigeria.

Chairman:

THE EARL OF SELBORNE, K.G., G.C.M.G.

HEAD OFFICE:

37, GRACECHURCH STREET, LONDON, E.C.3.

GENERAL MANAGER:

D. W. PATERSON.

Liverpool, Manchester, Hamburg,
West Africa, Canary Islands, Morocco.Agents in New York:
Standard Bank of South Africa, Ltd.

PRINCIPAL SHAREHOLDERS:

Lloyds Bank Limited; National Provincial Bank
Limited; Standard Bank of South Africa, Limited;
Westminster Bank Limited.

NATIONAL DISCOUNT COMPANY, LIMITED.

ESTABLISHED 1856.

35, CORNHILL, LONDON, E.C.3

Telegraphic Address:
"NATDIS, STROOK, LONDON."Telephones:
MANSON HOUSE 5241 (3 lines).

SUBSCRIBED CAPITAL	£2,153,335
PAID-UP CAPITAL	£1,000,000
RESERVE FUND	£1,000,000

DIRECTORS:

Col. The Hon. SIDNEY PEEL, C.B., D.S.O., Chairman.

Lt. Col. The Hon. GEORGE AKERS-DOUGLAS.

FREDERICK W. GREEN.

H. S. H. GUINNESS.

The Hon. ARTHUR M. ASQUITH, D.S.O.

Sir SIGISMUND F. MENDEL, K.B.E.

FRANCIS GOLDSMITH.

CHARLES D. SELIGMAN.

Manager—FRANCIS GOLDSMITH.

Sub-Managers—SYDNEY N. LIGHTON, ROBERT E. de B. BATH.

Asst. Sub-Manager:

H. R. W. BROWN.

Chief Accountant:

SEYMOUR S. JOHNSON.

Secretary—CHARLES H. GOUGH.

Auditors:

FRANCIS W. PICKLEY (Jackson, Pickley & Co.).

Sir ALBERT W. WYON, K.B.E. (Price, Waterhouse & Co.).

Bankers:

BANK OF ENGLAND.

NATIONAL PROVINCIAL BANK, LIMITED.

Treasury Bills, Bank and Mercantile Bills negotiated.

Money received on Deposit at Call and Short Notice at the
Current Market Rates of Interest, and for longer periods
upon specially agreed terms.

Loans granted upon approved securities.

All communications to be addressed to the Manager.

The Hongkong and Shanghai Banking Corporation

(Incorporated in the Colony of Hongkong. The liability of members
is limited to the extent and in manner prescribed by Ordinance No. 6 of
1929 of the Colony.)

AUTHORISED CAPITAL	£50,000,000
ISSUED AND FULLY PAID UP	£20,000,000
RESERVE FUNDS—STERLING	£6,500,000
SILVER	£10,000,000
RESERVE LIABILITY OF PROPRIETORS	£20,000,000

Head Office - HONGKONG.

BOARD OF DIRECTORS:

Hon. Mr. C. G. S. MACKIE, Chairman.

Hon. Mr. J. J. PATERSON, Deputy-Chairman.

W. H. BELL.

A. H. COMPTON.

G. MISKIN.

T. E. PEARCE.

J. A. PLUMMER.

T. H. R. SHAW.

J. P. WARREN.

CHIEF MANAGER - V. M. GRAYBURN.

BRANCHES:

Amoy, Bangkok, Batavia, Bombay, Calcutta, Canton, Chefoo,
Colombo, Dairen (Dai-ny), Foochow, Haiphong, Hamburg,
Hankow, Harbin, Hongkew (Shanghai), Ipoh, Johore, Kobe,
Kowloon, Kuala Lumpur, London, Lyons, Malacca, Manila,
Moulken, Muar, New York, Peiping (Peking), Penang, Rangoon,
Saigon, San Francisco, Shanghai, Singapore, Sourabaya, Sungei
Patani, Tientsin, Tokyo, Tsingtao, Yloilo, Yokohama.

COMMITTEE IN LONDON:

Sir Charles Addis, K.C.M.G., Chairman.

A. H. Barlow.

D. G. M. Bernard.

C. A. Campbell.

Sir George Macdonagh.

G.B.E., K.C.B., K.C.M.G.

The Rt. Hon.

Lord Revelstoke.

Sir George Sutherland.

A. M. Townsend.

C. F. Whigham.

MANAGERS IN LONDON:

H. D. C. Jones.

R. E. N. Paddfield.

Accountant, A. Moncur.

9, GRACECHURCH ST., LONDON, E.C.3

THE Commercial Banking Company of Sydney, LIMITED

(with which is amalgamated the BANK OF VICTORIA, LTD.)

ESTABLISHED 1834. INCORPORATED IN NEW SOUTH WALES WITH
LIMITED LIABILITY.

Authorised Capital	£12,000,000	0 0
Capital Paid up	£4,739,012	10 0
Reserve Fund	£4,300,000	0 0
Reserve Capital	£4,739,012	10 0
	£13,778,025	0 0

Total Assets
30th June, 1931 ... £54,351,877 0 0

Head Office: Sydney—343 George Street.

General Manager: J. R. Dryhurst.

432 Offices and Branches in New South Wales,
Queensland, Victoria, South Australia and Federal
Capital Territory. Agencies throughout Australia
and New Zealand, and all other parts of the world.
Drafts payable on demand and Letters of Credit
are issued by the London Branch on the Head
Office, Branches and Agencies of the Bank.
Bills on Australasia negotiated and collected.
Remittances cabled and mailed.

LONDON OFFICE:

18 BIRCHIN LANE, LOMBARD STREET, E.C.3

V. B. JONES, Manager.

THE BANK OF NOVA SCOTIA

(Incorporated in Canada in 1832 with limited liability.)

Capital Authorised	\$15,000,000.00
Capital Paid Up	\$12,000,000.00
Reserve Fund	\$24,000,000.00

GENERAL MANAGER'S OFFICE - - - TORONTO.
J. A. McLEOD, General Manager.

ONE HUNDREDTH ANNUAL REPORT.

Statement of the result of the business of the Bank for the year ending December 31st, 1931.

PROFIT AND LOSS.

Balance December 31st, 1930	\$ 534,830.98
Net Profits for year, losses by Bad Debts estimated and provided for	2,599,802.29
	<u>\$3,134,633.27</u>
Dividend No. 245 at 16 per cent. per annum paid 1st April, 1931	\$480,000.00
Dividend No. 246 at 16 per cent. per annum paid 2nd July, 1931	480,000.00
Dividend No. 247 at 16 per cent. per annum paid 1st October, 1931	480,000.00
Dividend No. 248 at 16 per cent. per annum payable 2nd January, 1932	480,000.00
Dominion Government Tax on circulation to December 31st, 1931	120,000.00
Contribution to Officers' Pension Fund	115,000.00
Written off Bank Premises Account	400,000.00
Balance carried forward December 31st, 1931	559,633.27
	<u>\$3,114,633.27</u>

GENERAL STATEMENT AS AT DECEMBER 31st, 1931.

LIABILITIES.		ASSETS.	
Capital Stock paid in	\$12,000,000.00	Current Coin	\$ 9,245,968.87
Reserve Fund	24,000,000.00	Dominion Notes	13,538,015.75
Balance of Profits, as per	559,633.27	United States and other foreign currencies	1,479,051.92
Profit and Loss Account	482,204.00	Notes of other Banks	913,157.96
Dividends declared and un-	37,041,837.27	Cheques on other Banks	8,857,999.70
paid		Balances due by Banks and Banking Corre-	6,408,657.12
Notes of the Bank in circula-	\$12,702,832.75	spondents elsewhere than in Canada	
tion		Deposit in the Central Gold Reserves	\$40,440,851.32
Deposits not bearing interest	\$34,975,949.04	Dominion and Provincial Government	2,000,000.00
Deposits bearing interest,		securities, not exceeding market value	37,233,330.87
including interest accrued	168,471,010.62	Canadian municipal securities and British,	
to date	203,446,959.66	Foreign and Colonial public securities	
		other than Canadian, not exceeding	
Balances due to other Banks	\$216,149,792.41	market value	16,169,933.29
in Canada		Railway and other bonds, debentures and	
Balances due to Banks and	2,313,789.44	stocks, not exceeding market value	9,779,162.75
Banking Correspondents		Call and short (not exceeding thirty days)	
in the United Kingdom	1,987,647.80	loans in Canada on stocks, debentures	
and foreign countries	187,405.43	and bonds and other securities of a	
Bills Payable	\$220,638,635.08	sufficient marketable value to cover	13,314,708.97
Letters of Credit outstanding	4,606,871.69	Call and short (not exceeding thirty days)	
Other Liabilities not included	209,111.03	loans elsewhere than in Canada on stocks,	
in the foregoing		debentures and bonds and other securities	
		of a sufficient marketable value to cover	4,669,654.78
		Other current loans and discounts in Canada	\$123,607,641.98
		(less rebate of interest) after making full	
		provision for all bad and doubtful debts	\$107,513,948.83
		Other current loans and discounts elsewhere	
		than in Canada (less rebate of interest)	14,586,191.95
		after making full provision for all bad	
		and doubtful debts	4,606,871.69
		Liabilities of Customers under Letters of	410,024.83
		Credit, as per contra	8,293,954.66
		Non-current loans, estimated loss provided	2,696,391.72
		for	566,102.33
		Bank Premises at not more than cost, less	215,327.48
		amounts written off	
		Shares of and Loans to Controlled Companies	
		Deposit with the Minister of Finance for the	
		purpose of the circulation fund	
		Other assets not included in the foregoing	
			<u>\$262,496,455.07</u>

S. J. MOORE, President.

J. A. McLEOD, General Manager.

AUDITORS' REPORT TO THE SHAREHOLDERS.

We have examined the above General Statement of Liabilities and Assets as at December 31st, 1931, and compared it with the books at the Chief Office and with the certified returns from the Branches. The Bank's investments and cash on hand at the Chief Office and at the Toronto and Montreal Branches were verified by us at the close of business on December 31st, 1931. We have obtained all the information and explanations that we have required, and in our opinion the transactions of the Bank which have come under our notice have been within the powers of the Bank. We certify that in our opinion the above statement discloses the true condition of the Bank and is as shown by the books of the Bank.

TORONTO, CANADA, 16th January, 1932.

D. McK. McLELLAND, F.C.A., of Price, Waterhouse & Co.
W. D. GLENDINNING, C.A., of Kiddell, Stead, Graham & Hutchinson } Auditors.

LONDON OFFICE: 108, OLD BROAD STREET, E.C. 2.

The Bank of Nova Scotia conducts a general banking business. Fully equipped for Exchange, Collection and Letter of Credit Transactions with all parts of the world. Particular attention is devoted to business with Canada, Newfoundland and the West Indies, where Branches of the Bank have long been established—332 Branches.

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The Economist

BUDGET SUPPLEMENT.

SATURDAY, APRIL 9, 1932.

CONTENTS.

	PAGE		PAGE
FOREWORD	1	LOCAL AUTHORITIES	10
THE NATIONAL ACCOUNTS, 1931-32... .. .	2	SOCIAL SERVICES	10
REVENUE	3	THE NATIONAL DEBT... .. .	10
EXPENDITURE	7	LOCAL LOAN DEBT	12

FOREWORD.

THE picture presented by our Budget Supplement of a year ago was one of a situation dominated by the rapid increase of Civil Supply expenditure, offset only in small part by economies in respect of the Defence Forces. Tax revenue had nominally been made to cover the requirements of the Exchequer and to make some small provision towards debt redemption, but this result had been realised only at the cost of recurrent raids upon "nest-eggs," and the real position had, in fact, been concealed by allowing the Unemployment Insurance Fund to accumulate a debt, repayment of which could not be considered as a probability, but for which no budgetary provision had been made.

In the pages which follow, we review in detail the recent course of revenue and expenditure, showing the effects produced by the second Emergency Budget of 1931, whereby borrowing for the Unemployment Insurance Fund and the Road Fund was terminated and provision made—partly by fresh taxation and partly by economies—to fill the gap that then yawned between prospective expenditure (augmented by substituting votes of Supply for borrowing) and tax revenue inevitably diminished by the repercussions on this country of the world financial crisis. In an earlier issue of the *Economist** we have ventured a tentative forecast that on the basis of existing taxation, supplemented by the somewhat incalculable yield of existing and prospective import duties, Mr Chamberlain can look forward, when he opens his Budget on April 19th, to a surplus amounting at most to £25 millions as compared with a bare balance anticipated (*vide* page 12) by Mr Snowden last September. It may be that the Chancellor's expert advisers will be inclined to take a less optimistic view. Though the income tax and surtax payers in the past financial year have proved a remarkably fruitful source of revenue, the assessments on which next year's receipts from direct taxation will depend may well be expected to prove even less favourable than Mr Snowden assumed would be the case last September. Moreover, it is well known that in many instances taxpayers were able to meet the demands made on them during the past quarter only by recourse to banking accommodation. It may not be possible a second time to repeat fully the effort, stimulated by a general sense of patriotic obligation, which was made in the past year. In any case, the fact which emerges from our analysis of the past four years' history of debt redemption, that we have been reducing debt at the rate of less than £10 millions a year, suggests strongly that fortification of the sinking fund should have priority over remissions of taxation.

This being so, the taxpayer is clearly faced with the prospect of little relaxation in 1932-33 of the burden which he is now carrying. It is a burden whose magnitude requires little emphasis. If we include as part of it the whole yield of motor licences and the Post Office surplus, we find that in 1931-32 revenue amounted to £744.5 millions, as compared with less than £695 millions in 1924-25, while tax revenue proper—i.e., excluding the foregoing items—amounted to £710.5 millions or £37 millions more

than seven years ago. In addition, local rates amount to over £165 millions a year. Although of recent years the proportion between direct and indirect taxation has remained relatively constant in the proportion of 3:2, the absolute increase under both heads, as compared with the last pre-war year, is enormous. In comparison with 1913-14 the increase in direct taxation has been 460 per cent., while indirect taxation has risen by about 220 per cent. A year ago we suggested that the national income in 1930 might have been of the order of £4,000 millions, and that tax revenue (including the total yield of motor duties, but not the Post Office surplus) at £704 millions bore to national income a ratio of over 17 per cent. as compared with 7 per cent. in 1913. For 1931 an estimate of national income must necessarily, in view of the violent change in values and chaotic conditions of business, be more than ever a matter of guess-work. If the figure be taken tentatively at £3,500 millions, the ratio of tax revenue to national income works out at approximately 21 per cent., and on the prospects for 1932 it looks as though the figure might reach the serious proportions of 25 per cent.

In these circumstances the need for an unrelaxed drive towards economy is paramount. Although the relief afforded by this country's suspension of the gold standard has led to an increase in employment which has enabled a saving of £13½ millions, as compared with last September's forecast, to be made in the 1932-33 estimates for the Ministry of Labour, the total estimated expenditure on the Supply Services amounts to £447 millions, as compared with £438 millions in 1931-32. Approximately £5½ millions of economies have been effected in the cost of the Defence Services, but on the Civil Services only £8 millions have been retrenched, apart from the savings on the Ministry of Labour vote, as aforesaid, and a reduction of about £7½ millions in the expenditure of the Road Fund, whose borrowing powers, like those of the Unemployment Insurance Fund, were terminated in the Emergency Budget. If the taxpayer is to obtain any substantial alleviation of a burden whose indefinite continuance cannot be lightly contemplated, it is evident that a rigorous pruning of expenditure on all hands must be effected.

It may be that a successful result of the Disarmament Conference will enable Mr Chamberlain to lighten substantially the cost of the Defence Forces. But in this direction, as in others, the data on which the 1932 Budget must be based are liable to so many chances and changes that the Chancellor, we suggest, can do little more this month than make tentative provision for the situation with which he is at this moment confronted. Apart from the incalculable future trend of industrial employment, on which next year's Budget balance so largely hangs, it still remains to be seen what budgetary adjustments will finally be necessary in respect of receipts and payments on account of reparations and war debts, not to mention contingent exchange losses on the repayment of last summer's Franco-American Treasury credits. It might, in fact, be a wise course to present, on April 19th, a provisional Budget for the coming year, to be followed in October, as was the case in 1931, by a revised statement of accounts.

* March 19, 1932.

THE NATIONAL ACCOUNTS, 1931-32.

The picture which is presented by the accounts for the past year cannot readily be appreciated without reference to the two Budgets introduced respectively in April and September, 1931. Last April Mr Snowden found himself faced with prospective expenditure, other than the self-balancing items, of £803.3 millions, including a fixed debt charge reduced from £360 to £355 millions, whereas his estimated revenue on the existing basis of taxation was £37.3 millions below that figure. This gap he filled by increasing the duty on petrol from 4d. to 6d. per gallon, (estimated to yield £7.5 millions), by gaining £10 millions through making three-quarters instead of one-half of 1931-32 income tax assessed under Schedules B, D and E payable on January 1, 1932, and by transferring to Miscellaneous Receipts £20 millions from the Dollar Exchange Reserve Fund, in addition to accrued interest on this Fund also taken into revenue. These arrangements left him with a prospective modest surplus of £200,000.

Since he was left with a prospective automatic shrinkage of revenue for 1932-33, amounting, when the exhaustion of the Rating Relief Suspense Account was allowed for, to £37 millions, and since he was making no provision for the growing indebtedness of the Unemployment Insurance Fund, the impression created by this temporising Budget was far from encouraging, but by September, when the Emergency Budget was introduced, the financial situation clearly called for drastic action. On the one hand the Government's decision to terminate borrowing for the Unemployment Insurance and Road Funds had the effect of raising estimated supply expenditure by £34 millions, in addition to Supplementary Estimates already sanctioned amounting to £800,000. Thus, though the provisions for debt interest and sinking fund could be reduced by £13.5 millions and £5.8 millions respectively as a result of the Hoover moratorium plan, total prospective expenditure amounted to £818.9 millions, against which estimated revenue of only £744.2 millions was in sight, owing to (1) an anticipated short-fall of £4 millions in Customs and Excise, and of £25 millions in Inland Revenue, and (2) a prospective reduction of £30.3 millions in miscellaneous revenue from reparations and war debts in suspense during the Hoover "holiday" year. Altogether, Mr Snowden was faced with a deficit for 1931-32 of £74.7 millions, which he met by reducing the provision for sinking fund to £32.5 millions, by anticipating economies to save £22 millions, and by budgeting for £29 millions from increased income tax and surtax and £11.5 millions from additional duties on beer, tobacco, petrol and entertainments.

In the following table are compared the realised results of 1931-32 with the actual 1930-31 receipts, and with the original and final 1931-32 estimates:—

ORDINARY REVENUE, 1931-32.
(000's omitted.)

EXPENDITURE.	Exchequer Receipts.	Larger (+) or Smaller (-) than 1930-31 Receipts.	Larger (+) or Smaller (-) than Original 1931-32 Estimates.	Larger (+) or Smaller (-) than Final 1931-32 Estimates.
Customs	£ 136,152	+ 14,751	+ 10,502	+ 4,382
Excise	119,900	- 4,100	+ 50	- 1,330
Total Customs and Excise ...	256,052	+ 10,651	+ 10,553	+ 3,052
Income Tax	287,367	+ 31,320	+ 29,367	+ 15,367
Surtax	76,700	+ 8,870	+ 4,700	+ 3,700
Estate, &c., Duties	65,000	- 17,610	- 25,000	- 18,000
Stamps	17,070	- 3,580	- 6,930	- 2,930
E.P.D., &c.	2,500	+ 500	+ 300	+ 300
Land Tax, &c.	850	+ 20	+ 50	+ 50
Total Inland Revenue	449,487	+ 18,520	+ 2,487	- 1,513
Motor Vehicle Duties (Exchequer Share)	4,961	+ 35	- 39	- 39
Total Tax Revenue	710,500	+ 29,206	+ 13,000	+ 1,500
Crown Lands	1,250	- 30	- 50	- 50
Sundry Loans	13,810	- 19,081	- 19,690	- 1,590
Miscellaneous Receipts	29,913	- 4,417	- 25,087	- 12,887
Appropriation from Rating Relief Suspense Account	3,990	- 12,010	- 10	- 10
Post Office, net receipts	11,500	+ 1,400	- 700	- 700
Total Non-Tax Revenue ...	60,463	- 34,138	- 45,537	- 15,237
Total Ordinary Revenue	770,963	- 4,932	- 32,537	- 13,737

EXPENDITURE, 1931-32.
(000's omitted.)

EXPENDITURE.	Exchequer Receipts.	Larger (+) or Smaller (-) than 1930-31 Expenditure.	Larger (+) or Smaller (-) than Original 1931-32 Estimates.	Larger (+) or Smaller (-) than Final 1931-32 Estimates.
National Debt Services: Interest and Management	£ 289,492	- 3,678	- 13,458	- 92
New Sinking Fund (1928)	32,508	- 34,322	- 19,542	- 92
Total Debt Services	322,000	- 38,000	- 33,000	...
Northern Ireland Exchequer ...	6,347	- 78	- 3	- 3
Local Taxation Accounts, Other Consolidated Fund Services ...	3,052	+ 156	+ 52	+ 52
Total	9,399	+ 78	+ 49	+ 49
Total Supply Services (excluding Post Office)	439,200	+ 9,350	- 629	- 13,141
Total Expenditure	770,599	- 28,572	- 33,580	- 13,092

SELF-BALANCING REVENUE AND EXPENDITURE, 1931-32.
(000's omitted.)

	Actual Receipts and Issues, 1931-32.	Larger (+) or Smaller (-) than 1930-31 Receipts and Issues.	Larger (+) or Smaller (-) than Original 1931-32 Estimates.
Post Office	£ 58,000	- 1,000	- 232
Motor Vehicle Duties apportioned to Road Fund	22,519	- 347	- 831
Total	80,519	- 1,347	- 1,063

So far as revenue is concerned the yield from Customs was augmented by about £2 millions through tariff duties imposed after the Emergency Budget. Inland revenue, on account of the great fall in the yield from estate duties, would have failed badly to reach even Mr Snowden's second forecast had it not been for the unexpectedly fruitful yield of income and surtax. The shortfall of £12.9 millions, as compared with the final estimate, in Miscellaneous receipts is due mainly to the fact that only £12½ millions instead of a contemplated £23 millions was transferred from the Dollar Exchange Reserve Fund. It appears that by March 31, 1932, the accumulated interest in this Fund amounted to £4 millions, against an estimate of £3 millions in the April, 1931, Budget. Hence the transfer properly to be regarded as on capital account was only £8½ millions.

On the other side of the ledger, the under-expenditure on account of Supply, as compared with the final estimates, is attributable to the fact that whereas in September Mr Snowden budgeted on the assumption of an unemployment figure of three millions, the past winter's average has in fact been less than 2½ millions. The amount shown as allocated to sinking fund is, of course, a nominal figure, which does not reflect the real position of debt redemption during the year. This aspect of the accounts is dealt with fully on page 12.

Before proceeding to examine revenue and expenditure in greater detail, we show below the grand totals of receipts and outgoings, including self-balancing expenditure, over the past eight years in comparison with the last pre-war year:—

(000's omitted.)

	Revenue.	Expenditure.*	Surplus.	Deficit.
1913-14	£ 198,243	£ 197,493	£ 750	£ ...
1924-25	799,436	795,777	+ 3,659	...
1925-26	812,062	826,100	...	- 14,038
1926-27	805,701	842,395	...	- 36,694
1927-28	842,824	838,585	+ 4,239	...
1928-29	836,435	818,041	+ 18,394	...
1929-30	814,970	829,494	...	- 14,524
1930-31	857,761	881,037	...	- 23,276
1931-32	851,482	851,118	+ 364	...

* Includes allocations to Sinking Fund.

The payments on sinking fund account included in the foregoing figures of expenditure are analysed in greater detail in the section of this Supplement dealing with the national debt.

REVENUE.

Before proceeding to examine the salient features of the trend of revenue under its various heads, we show below a comparison of realised receipts during the past three years with those of 1924-25 and 1913-14:—

REVENUE (£ Mn.).

	1913-14	1924-25	1929-30	1930-31	1931-32
Customs	35.5	99.3	119.9	121.4	136.2
Excise	39.5	135.1	127.5	124.0	119.9
Total	75.0	234.4	247.4	245.4	256.1
Income Tax	43.9	273.8	237.4	256.0	287.4
Surtax	3.3	62.7	56.4	67.8	76.7
Estate, etc., Duties	27.4	59.5	79.8	82.6	65.0
Stamps	10.0	22.9	25.7	20.7	17.1
E.P.D.	...	7	2.3	3.0	2.5
Corporation Profits Tax	...	18.1	...	...	...
Land Tax, etc.	3.4	1.4	.8	.8	0.8
Total Inland Revenue	88.0	439.1	402.4	430.9	449.5
Motor Vehicle Duties	...	(a)	4.9	4.9	4.9
Tax Revenue	163.0	673.5	654.7	681.3	710.5
Crown Lands	0.5	0.9	1.3	1.3	1.3
Sundry Loans	1.6	11.9	32.6	32.9	13.8
Miscellaneous	2.3	41.4	36.4	34.3	29.9
Post Office, Net	6.2	5.1	9.2	10.1	11.5
Rating Suspense Account	...	...	...	16.0	4.0
Non-Tax Revenue ...	10.6	59.3	79.5	94.6	60.5
Total Ordinary Revenue	173.6	732.8	734.2	775.9	771.0
Self-balancing Revenue: Post Office	24.6	50.4	58.9	59.0	58.0
Road Fund	...	16.2	21.9	22.9	22.5
Total Revenue	198.2	799.4	815.0	857.8	851.5

(a) Whole yield allocated to Road Fund.

Comparisons of tax revenue in 1929-32 with that of 1913-14 and 1924-25 are complicated by the change in the form of the National Accounts made by Mr Churchill in 1928, whereby Post Office receipts (other than the net surplus accruing to the Treasury) and the share of the motor vehicle duties apportioned to the Road Fund are shown as self-balancing revenue. In the above table, in order to make the figures comparable, we have re-cast the 1924-25 accounts on the same basis as those for the past three years. If, however, total Road Fund receipts and Post Office surplus are included with taxes, the total tax revenue would show the following increase between 1924-25 and 1931-32:—

	1924-25.	1931-32.
Tax revenue as above	£ Mn. 673.5	£ Mn. 710.5
Road Fund receipts	16.2	22.5
Post Office surplus	5.1	11.5
Total	694.8	744.5

The following analysis of the main heads of revenue shows the trend up to the latest date for which particulars are available.

Customs and Excise.—The original Budget estimate for 1931-32 was £245.5 millions, as compared with £245.4 millions realised in 1930-31. Last September Mr Snowden reduced the estimate, on the basis of existing taxation, to £241.5 millions, but raised his prospective revenue to £253 millions by additional duties on beer, tobacco, petrol and entertainments, estimated to yield £11.5 millions in 1931-32 and £24 millions in a full year. In the following table we show the recent course of Exchequer receipts as compared with Budget estimates:—

(Million £.)

	CUSTOMS.		EXCISE.	
	Budget Estimate.	Exchequer Receipts.	Budget Estimate.	Exchequer Receipts.
1924-25	101.8	99.3	135.9	135.1
1928-29	120.6	119.0	140.8	134.0
1929-30	119.8	119.9	130.6	127.5
1930-31	122.7	121.4	129.9	124.0
1931-32	131.8	136.2	121.2	119.9

During the four years 1928-32 the failure of Excise to live up to expectations was a consistent feature. In 1931-32 Customs receipts were augmented by £2 millions through the various Protectionist duties noted below.

Apart from Acts of the present Parliament, the following are the chief remissions and additions which have taken place in Customs and Excise duties in recent years, together with the estimated cost or yield of the modifications in a full year:—

	DUTIES REMITTED.	Estimated Cost in Full Year. £ Mn.
1924	Tea duty reduced from 8d. to 4d. per lb.	5.4
	Sugar duty (maximum rate) reduced from 25s. 8d. to 11s. 8d. per cwt.	18.4
	Coffee and cocoa duties reduced from 28s. to 14s. per cwt.	1.3
	Entertainments duty reduced on seats up to 2s.	4.0
1925	Increased Preference on Empire sugar and tobacco	1.6
1928	Sugar duty reduced on grades not exceeding 98° polarisation; also increased Preferences	2.9
1929	Tea duty of 4d. per lb. repealed	6.2
	DUTIES ADDED.	Estimated Yield in Full Year. £ Mn.
1925	Silk duties imposed (e.g., raw silk and yarn, 1s. 6d. to 6s. 8d. per lb.; rayon, 3s. per lb.; made-up articles, 33½ per cent. <i>ad valorem</i>)	7.0
1927	Tobacco duties increased (main duty from 8s. 2d. to 8s. 10d. per lb.)	3.4
	Wine duties increased (e.g., on wine, 25° to 42° proof, from 6s. to 8s. per gallon)	1.5
1928	Hydrocarbon oil duty of 4d. per gallon	16.3
1930	Beer duty increased by 3s. per standard barrel ...	3.1
1931	(April Budget) Hydrocarbon oil duty increased from 4d. to 6d. per gallon	8.3
1931	(September Budget) Hydrocarbon oil duty increased from 6d. to 8d. per gallon	7.5
	Beer duty increased by £1 11s. per 36 gallons, 1055° gravity	10.0
	Tobacco duties increased (main duty from 8s. 10d. to 9s. 6d. per lb.)	4.0
	Entertainment duties raised	2.5

Besides duties mainly for revenue, there remain the McKenna Duties of 33½ per cent. on imported cinematograph films, clocks and watches, motor cars and cycles and musical instruments, together with the "Safeguarding" duties, which include the Key Industry Duty (mainly certain chemicals and scientific glass and instruments) re-imposed for ten years in 1926; a duty of 28s. per cwt. on translucent or vitrified pottery; a 33½ per cent. *ad valorem* duty on buttons and a 25 per cent. *ad valorem* duty on wrought enamelled hollow-ware. The three last-named duties are due to expire—pottery, April 19, 1932; buttons, April 28, 1933; hollow-ware, June 13, 1933.

These alterations in duties must be borne in mind in reading the next table, which shows Customs and Excise net receipts (these differ slightly from Exchequer receipts because of variations in retained balances) analysed in greater detail. The areas referred to are the United Kingdom in 1913-14 and Great Britain and Northern Ireland since the war:—

CUSTOMS AND EXCISE DUTIES—NET RECEIPTS (000's omitted.)

	1913-14.	1924-25.	1928-29.	1929-30.	1930-31.
Spirits	£ 23,976	£ 51,054	£ 45,667	£ 42,599	£ 40,639
Beer	13,655	81,987	75,825	77,151	75,698
Wine	1,152	3,752	4,248	4,881	4,096
Tea	6,499	5,971	5,740	43*	...
Sugar, &c.	3,329	20,532	15,288	13,549	14,881
Tobacco	18,284	51,913	59,087	62,794	64,077
Matches and mech. lighters	...	3,295	3,960	4,170	4,153
Hydrocarbon oils	†	...	12,982	15,042	15,909
Betting duty	...	...	2,245	286*	16*
Liquor licences, &c.	4,517	4,658	4,571	4,586	4,582
Other revenue duties	3,815	11,259	11,003	10,309	10,850
Total revenue duties	75,227	234,421	240,616	235,110	234,901
Hops	...	...	290	206	159
Silk and artificial silk	...	...	6,063	6,243	6,642
"McKenna" duties	...	110	3,515	3,692	2,768
Safeguarding of Industry duties	...	476	2,335	2,431	1,575
Total protective duties	...	586	12,203	12,572	11,144
Grand total	75,227	235,007	252,819	247,682	246,045

* Duty repealed in April, 1929.

† There was no duty on hydrocarbon oils in 1913-14, but the motor spirit duty (repealed finally as from January 1, 1921) yielded in that year £841,000 which is included with "other revenue duties."

‡ Including British wine, table waters, cider and perry, cocoa, coffee, chicory and substitutes, dried or preserved fruits, entertainments, railway passenger duty, patent medicines, other licences, and miscellaneous.

In 1930-31 the quantity of tobacco retained for consumption was over 154 million lbs., against 129 million in 1924-25. On the other hand, the consumption of spirits has fallen steadily in that period from 14.5 to 11.7 million proof gallons, while in terms of standard barrels (36 gallons at gravity of 1055 degrees) beer consumption has also declined—from 21.9 to 19.6 million barrels. The quantity of imported and home-grown sugar consumed rose, in terms of refined sugar equivalent, from 32.2 cwt. in 1924-25 to 39.4 million cwt. in 1930-31.

A word in conclusion must be added regarding the Protective duties imposed by the present Parliament. The Abnormal Importations Act, which provided for emergency duties up to 100 per cent. to be imposed on foreign manufactured articles for six months from the passage of the Bill, became law on November 20th last.

On November 21st, Mr Runciman imposed by Order a duty of 50 per cent., effective from November 25th, on a large range of manufactured goods imports whereof from foreign countries had totalled £26 millions in value in 1930 and £28 millions in 1929. At the beginning of December a second Order, covering about £5½ millions of manufactured imports on the 1930 basis, was issued, the rate of duty being again 50 per cent. On this occasion Protection was extended to woollen yarns. A third Order, which became operative just before Christmas, brought (on the 1930 basis) another £20 millions of manufactured imports—including, notably, cotton piece-goods—within the scope of these 50 per cent. duties, which were superimposed on all existing duties. Finally, under the Horticultural Products Act, various duties, applicable at specified rates to different portions of the year, were imposed by Order of the Minister of Agriculture. This Act expires in December, 1932.

Motor Vehicle Duties.—In 1931-32 gross Exchequer receipts (i.e., including the "self-balancing" portion allocated to the Road Fund) amounted to £27,480,000, as compared with a Budget estimate of £28.4 millions. The distribution of revenue from this source is shown below:—

MOTOR VEHICLE DUTIES.
(000's omitted.)

Year.	Exchequer Receipts.*	Payments to Road Fund.	Exchequer Appropriations.
	£	£	£
1924-25	16,164	...	...
1928-29	25,357	21,131	4,226
1929-30	26,802	21,882	4,920
1930-31	27,792	22,866	4,926
1931-32	27,480	22,519	4,961

* Before the Local Government Act of 1929 about £600,000 annually was earmarked for statutory payments to local authorities in lieu of previous carriage licence duties.

Since 1926-27 instead of allocating the entire yield of the motor vehicle duties to the Road Fund the Exchequer has appropriated a portion for general purposes.

In 1930-31 the chief items of payments by the Road Fund were:—

	£
Grants for maintenance, &c., of Class I. and Class II. Roads and Bridges	8,500,256
Grants for major improvements and other road purposes	4,559,320
Special Unemployment Programmes	5,727,319

At March 31, 1931, the Fund had a credit balance of £1.6 millions, as compared with £6.5 millions a year ago, whereas commitments in respect of approved future grants totalled £62 millions, as compared with £48½ millions in March, 1930 and £23.2 millions in March, 1929. The April Budget of 1931-32 provided for the Road Fund borrowing £10 millions in that year, but this authorisation was cancelled in the September Budget.

Income Tax.—Exchequer receipts from income tax amounted last year to £287,367,000, as compared with a final Budget estimate of £272 millions and an original estimate of £258 millions. The course of Exchequer receipts from income tax for 1913-14 and from 1924-25

onwards, together with the standard rate of tax for each year, is shown below:—

INCOME TAX.*

Year.	Exchequer Receipts.	Standard Rate of Tax in the £.	Net Yield† per Penny.	Year.	Exchequer Receipts.	Standard Rate of Tax in the £.	Net Yield† per Penny.
1913-14	£ Mn. 43.9	s. d. 1 2	£ Mn. 3.11	1927-28	£ Mn. 250.6	s. d. 4 0	£ Mn. 4.73
1924-25	273.8	4 6	5.06	1928-29	237.6	4 0	4.91
1925-26	259.4	4 0	4.92	1929-30	237.4	4 0	4.87
1926-27	234.7	4 0	4.87	1930-31	256.0	4 6	4.57†
				1931-32	287.4	5 0	...

* For 1913-14 the United Kingdom; from 1924-25 onwards, Great Britain and Northern Ireland only.
† Calculated on basis of net produce of tax.
‡ Estimate.

In his first 1931 Budget Mr Snowden made no alteration in the rate of income tax, but increased his 1931-32 receipts under this head by an estimated non-recurrent sum of £10 millions by raising the instalment of income tax due on January 1st under Schedules B, D and E from one-half to three-quarters of the total annual payment, the remaining quarter to be paid on July 1st. In his September Budget, Mr Snowden raised the standard rate of tax from 4s. 6d. to 5s. in the £, and made the following changes in allowances:—

- The allowance in respect of earned income was increased from one-sixth of the income, with a maximum of £250, to one-fifth, with a maximum of £300.
- The personal allowances for individuals, other than married persons, was reduced from £130 to £100.
- The personal allowance for married persons was reduced from £225 to £150.
- The allowances in respect of children was reduced from £60 to £50 for the first child and from £50 to £40 for each subsequent child.
- The housekeeper allowance was reduced from £60 to £50.
- The deduction of tax authorised by the Finance Act, 1930 (i.e., five-ninths of the standard rate of the first £250 of taxable income), was altered to a deduction of tax at half the standard rate on an amount of income not exceeding £175.

It was estimated that these measures, together with the increase in the standard rate of tax, would produce additional revenue of £25 millions in 1931-32 and £51.5 millions in a full financial year.

"Actual" income (i.e., gross income, less exemptions and reductions for depreciation, etc., but before deducting "earned" and other personal allowances) coming under the review of the Inland Revenue Department has in recent years been in the neighbourhood of £2,500 millions. In the following table we analyse into the five schedules the estimated actual income in 1930-31, as compared with the figures for 1928-29, 1929-30 and 1913-14:—

ANALYSIS OF ACTUAL INCOME.
(000's omitted.)

Schedule.	Income from	1913-14.	1928-29.	1929-30.	1930-31. Estimates.
A.	Ownership of lands, houses, &c.	£ 175,662	£ 254,108	£ 258,716	£ 268,000
B.	Occupation of lands, &c.	5,373	27,433	27,821	26,000
C.	British, Dominion & Foreign Government Securities, &c.	47,776	153,446	154,952	161,000
D.	Business, Professions, &c.	584,346	1,064,927	1,077,674	1,000,000
E.	Salaries of Government, Corporation and Public Company Officials and Employments.*	137,884	710,043	721,898	725,000
	Ditto, weekly wage-earners		284,492	289,696	260,000
	Total	951,041	2,494,449	2,530,757	2,440,000

* Prior to 1923-24, employments (including weekly wage-earners) were assessed under Schedule D.

The total "taxable" income, that is "actual" income, less earned income and personal allowances, amounted in 1929-30 to £1,347 millions, as compared with a pre-war figure of £792 millions. For 1930-31, "taxable" income is provisionally estimated at £1,300,000, and the number of persons chargeable at 2,200,000, as compared with 1,130,000 in 1913-14.

Surtax.—Exchequer receipts from surtax totalled £76.7 millions last year, as compared with a final Budget estimate of £73 millions, and an original estimate of £72 millions. The number assessed to surtax (as revised at April 30, 1931), the total chargeable income (including the first portion on which no surtax is payable), and the Exchequer receipts in 1913-14 and since 1924-25 are shown in the following table:—

SURTAX.

(1913-14 United Kingdom; thereafter Great Britain and Northern Ireland.)

Year	Income Limit.	Number Chargeable.	Total Income Chargeable.	Exchequer Receipt.
	£		£ Mn.	£ Mn.
1913-14	5,000	14,008	176	3.32
1924-25	2,000	96,682	560	62.68
1925-26	2,000	98,030	560	68.51
1926-27	2,000	99,321	559	65.91
1927-28	2,000	99,380	550	60.60
1928-29	2,000	103,027	570	56.15
1929-30	2,000	*	*	56.39
1930-31	2,000	*	*	67.83
1931-32	2,000	*	*	76.7

* Not available.

In his Emergency Budget of last year Mr Snowden increased by 10 per cent. the rates of surtax operative since 1930-31, which ranged from 1s. for every pound of the first £500 above £2,000, to 7s. 6d. for every pound in excess of £50,000. This revision of the rates was estimated to yield £4 millions of revenue in 1931-32, and £6 millions in a full year.

Of the total number chargeable with surtax in 1928-29, over 74,000 persons, with an aggregate income of £224 millions, had individual incomes ranging between £2,000 and £5,000 per annum.

Income and Surtax Combined.—We print below an extract from a schedule issued by the Treasury last autumn showing the amount of tax now payable on certain specimen incomes, as compared with the sum payable in 1929-30:—

INCOME TAX AND SURTAX.

Total Income.	Single Persons.			
	Earned Income.		Investment Income.	
	1929-30.	1931-32.	1929-30.	1931-32.
£	£ s. d.	£ s. d.	£ s. d.	£ s. d.
130.....	...	0 10 0	...	3 15 0
150.....	...	2 10 0	1 10 0	6 5 0
200.....	3 3 4	7 10 0	6 10 0	12 10 0
500.....	33 16 8	53 2 6	50 10 0	78 2 0
1,000.....	117 3 4	153 2 6	150 10 0	203 2 6
2,000.....	300 10 0	378 2 6	350 10 0	453 2 6
5,000.....	1,131 15 0	1,465 0 0	1,181 15 0	1,540 0 0
10,000.....	3,031 15 0	3,897 10 0	3,081 15 0	3,972 10 0
50,000.....	22,156 15 0	28,335 0 0	22,206 15 0	28,410 0 0

Total Income.	Married Couples with Three Children.			
	Earned Income.		Investment Income.	
	1929-30.	1931-32.	1929-30.	1931-32.
£	£ s. d.	£ s. d.	£ s. d.	£ s. d.
130.....	...	...	...	...
150.....	...	...	...	...
200.....	...	...	...	...
500.....	3 3 4	15 0 0	11 10 0	33 2 6
1,000.....	67 3 4	108 2 6	100 10 0	158 2 6
2,000.....	250 10 0	333 2 6	300 10 0	408 2 6
5,000.....	1,081 15 0	1,420 0 0	1,131 15 0	1,495 0 0
10,000.....	2,981 15 0	3,852 10 0	3,031 15 0	3,927 10 0
50,000.....	22,106 15 0	28,290 0 0	22,156 15 0	28,365 0 0

In the case of wholly investment incomes of single persons, the effective rate of income and surtax rises from 4s. 1d. in the £ on an income of £1,000 per annum to 11s. 4½d. in the £ on £50,000.

Death Duties.—The Exchequer received £65,000,000 from death duties in 1931-32, as compared with a final Budget estimate of £83 millions and an original estimate of £90 millions. The short-fall is a striking reflection of the depreciation of securities. The following table shows the receipts from death duties in 1913-14 and since 1924-25:—

ESTATE, &c., DUTIES.

(In Million £'s.)

	Exchequer Receipts.		Exchequer Receipts.
1913-14	27.36	1927-28	77.31
1924-25	59.45	1928-29	80.57
1925-26	61.20	1929-30	79.77
1926-27	67.32	1930-31	82.61
		1931-32	65.00

With the exception of 1925-26, when there was a short-fall of £5.3 millions, Exchequer receipts from death duties up to 1929-30 consistently exceeded Budget estimates. In the last three years, however, receipts fell below the Budget estimates by £2.2 millions, £400,000 and £18 millions respectively.

Of the seven death duties on the Statute Book, only three are applicable to deaths occurring at the present time, namely, the estate duty, the legacy duty and the succession duty. The estate duty yields about 89 per cent. of the total receipts. In the following table we show the rates of estate duty operative at the present time, as compared with those prevailing in 1909-14, 1919-25 and 1925-30:—

RATES OF ESTATE DUTY.

Net Value.	1909-14.	1919-25.	1925-30.	Since 1930.
Exceeding	%	%	%	%
Not Exceeding	%	%	%	%
£ 100	1-3	1-3	1-3	1-3
£ 5,000	4	4	4	4
£ 10,000	5-6	5-7	5-9	5-9
£ 25,000	6-7	8-10	10-14	10-14
£ 50,000	7-8	11-14	15-19	15-19
£ 100,000	9-10	14-18	20-23	20-24
£ 200,000	11-12	19-25	24-27	26-32
£ 500,000	12-14	26-28	28-29	34-38
£ 1,000,000	15	30-40	30-40	40-50

The increases in the scale imposed by Mr Snowden in 1930-31 were estimated to yield £7 millions in a full year.

The total number of estates paying estate duty in 1930-31 (the latest year for which figures are available) was 125,741, as compared with 130,042 in 1929-30. These estates represented a net capital value of £516,800,000, as compared with £538,376,000 in 1930-31, and yielded net receipts of £73,704,000, against £69,548,000 in the previous year. In the following table the 1930-31 figures are analysed to show their distribution as between estates of varying size:—

ESTATE DUTY, 1930-31.

	Numbers.		Net Capital Value.		Net Receipts.	
	—	% of Total.	Thous. £.	% of Total.	Thous. £.	% of Total.
Small Estates*	49,078	39.03	13,507	2.61	94	0.13
Exceeding						
£ 100	61,455	48.87	94,311	18.25	2,554	3.47
£ 5,000	7,035	5.59	52,246	10.11	2,078	2.82
£ 10,000	5,093	4.05	81,655	15.80	5,565	7.54
£ 25,000	1,793	1.43	63,476	12.28	7,301	9.90
£ 50,000	790	0.63	54,799	10.60	9,221	12.62
£ 100,000	307	0.24	43,616	8.44	9,286	12.60
£ 200,000	136	0.11	41,928	8.12	11,075	15.02
£ 500,000	32	0.03	23,496	4.55	7,271	9.86
£ 1,000,000	22	0.02	47,766	9.24	19,267	26.15
Settlement Estate Duty	...	...	...	...	8	0.01
Total	125,741	100.00	516,800	100.00	73,704	100.00

* Estates whose gross value does not exceed £500. These pay duty at a fixed rate under £300, 30s.; £300-£500, 50s.

Of the total gross capital values, namely, £556 millions (from which £99.3 millions in deductions were allowed in arriving at the net capital value of £517 millions), Government and municipal securities represented 22.9 per cent., other stocks and shares 31.6 per cent., house and business property 13.4 per cent., and cash and money owing 16 per cent.

The current rates of legacy and succession duty, each of which is a duty payable with reference to the acquisition of property by beneficiaries, are as follows:—

Relationship of Beneficiary.	Rate of Duty Per Cent.
Husband, wife or child and descendants.....	1
Brother or sister and descendants.....	5
And others.....	10

In 1930-31 the legacy duty yielded £8.22 millions and the succession duty £1.08 millions. The total capital values assessed to legacy duty in that year amounted to £232.5 millions, of which £128.7 millions paid at the rate of 1 per cent., and £28.5 millions at the maximum rate of 10 per cent.

Stamp Duties.—Receipts from Stamp Duties (excluding fee and patent stamps) amounted to £17,070,000 in 1931-32, as compared with a final Budget estimate of £20 millions and an original estimate of £24 millions.

The following table shows the net receipts from the main heads in recent years and in 1913-14:—

	STAMP DUTIES: NET RECEIPTS. (In thousand £'s.)			
	1913-14.	1928-29.	1929-30.	1930-31.
Land and property	1,879	4,856	4,849	4,431
Stocks and shares, &c.....	3,125	11,695	7,270	5,890
Company Capital Duty ..	698	4,416	3,771	1,135
Cheques and bills	2,322	5,122	4,837	4,521
Receipts	669	2,286	2,686	2,641
Other	955	1,759	1,840	1,717
Total	9,648	30,134	25,253	20,335

The shrinkage in receipts in 1931-32, which followed short-falls of £6 millions and £5 millions respectively in the two previous years, was an eloquent reflection of the continued trade depression and inactivity of the Stock Exchange, which in 1930-31 had already reduced by over 50 per cent. the revenue received in 1928-29 from the stamp duties on stocks and shares and company capital.

E.P.D. and Corporation Profits Tax.—Following the repeal of Corporation Profits Tax by the Finance Act of 1924, revenue under the above head has represented the collection of outstanding arrears, subject to adjustments. In 1931-32 Exchequer receipts amounted to £2,500,000, or £800,000 more than the Budget estimate, while in the previous year the yield at £3 millions exceeded the Budget estimate by £1.3 millions.

Receipts from Sundry Loans.—The original estimate for this item of revenue in 1931-32 was £33,500,000, but under the Hoover plan the estimate was revised to £15,400,000. The actual yield in 1931-32 was £13,810,000, or £1,590,000 short of the amended estimate. The following table shows the main heads of receipts in recent years:—

	RECEIPTS FROM SUNDRY LOANS. (000's omitted.)			
	1924-25.	1928-29.	1929-30.	1930-31.
Interest, &c., on War Loans:				
Dominions and Colonies ..	6,429	8,967	9,813	7,684
France	2,082	8,043	10,921	12,500
Italy	...	4,000	4,000	4,000
Other Allied Powers	24	850	1,050	1,200
Interest, &c., on Relief, Recon- struction, &c., loans	810	1,794	1,817	1,965
Suez Canal shares	1,090	1,697	1,834	1,871
Other receipts	1,506	2,760	3,205	3,670
Total	11,941	28,111	32,640	32,890

Of the £7.7 millions received in 1930-31 on account of war loans to the Dominions and Colonies, £5.5 millions were contributed by Australia and £1.7 millions by New Zealand. It is to be noted that £2 millions which were due from Australia on March 31, 1931, were not received until April 1st, and therefore were included in the 1931-32 receipts. The large effect of the annual rise in the French

schedule of war debt payments should be observed. The greater part of the revenue received under the heading "Other Receipts" is on account of sundry contributions towards the expenses of the war, advances under the Land Settlement (Facilities) Acts and shares held in the Anglo-Persian Oil Company. No division is made in the inter-Ally war debt receipts between interest and principle redemption, but in 1930-31 the repayment of principal on other items in this category of revenue totalled £2.7 millions.

The amounts due from July 1, 1931, to March 31, 1932, and from April 1, 1932, to June 30, 1932, which would have been included under receipts from sundry loans but for the operation of the Hoover Plan, are summarised below:—

	1931-32 Budget.	1932-33 Budget.
	£ million.	£ million.
War contributions (India)	0.4	0.4
War Loans:—		
Dominions.....	4.8	0.9
France	9.4	3.1
Italy	3.0	1.0
Other Allies	0.6	0.6
Relief, Reconstruction, &c., loans	1.9	0.4
Total	20.1	6.4

South Africa voluntarily consented to continue payment of her war loan annuity. For Australia, only £3.9 millions of interest has been included, as £1.6 millions of principal repayment had already been postponed. No considerable change appears next year in the schedules of payments due to Great Britain on account of war and reconstruction debts, so any extension of the moratorium would affect the Budget on much the same note as last year. Complete postponement of payment for nine months or more would reduce the receipts in this category to the total of roughly £5 millions covered by the last two items in the first table.

Other Non-Tax Revenue.—This category includes the profits of the Post Office, the net income from Crown lands, the appropriation from the Rating Relief Suspense Account and "Miscellaneous Receipts." In accordance with the estimate, £4 millions were taken in last year from the de-rating account, which was created out of the surpluses of 1927-29, and is now exhausted. The profits of the Post Office, which have been steadily rising of recent years, amounted in 1931-32 to £11,500,000, or £700,000 less than the estimate of £12,200,000. Crown lands brought in almost exactly the estimated yield of £1,300,000. The estimate for miscellaneous receipts, originally £55,000,000, was reduced to £42,800,000 to allow for the effect of the Hoover moratorium. The actual yield was £29,913,100, of which the Dollar Exchange Reserve provided £12½ millions, in place of the £23 millions budgeted for. Miscellaneous receipts include, *inter alia*, Bank of England profits on the fiduciary note issue, the surplus interest earned by the Post Office and Trustee Savings Banks over and above the amounts paid to their depositors, various receipts by Public Departments, and receipts from reparations. Special appropriations—for instance, raids on the Road Fund in 1926 and 1927 and the balance of the Currency Note Account in 1928—have made the aggregate of such receipts very variable. Sale of surplus war stores has ceased to bring in any substantial amount, and easily the most important items in 1930-31 were £3,500,000 from the surplus of the clearing office for ex-enemy debts and £16,810,000 from reparations. The clearing office accounts were wound up under the Hague agreements, and property not yet liquidated was to be returned, hence that item can have produced only a residuary balance in 1931-32. As for reparations and similar receipts, the Hoover Plan suspended the following payments due to the British Exchequer:—

	1931 Budget.	1932 Budget.
	£ million.	£ million.
German reparations.....	10.8	3.6
Czechoslovakia, Liberation Debt	0.1	0.0
Hague annuities (France, Belgium, Italy)	1.4	0.0
Total	12.3	3.6

The above obligations were all couched in terms of gold standard currencies, but conversion has been made at par of exchange.

EXPENDITURE.

The national expenditure in the past two years, compared with that in 1924-25 and 1913-14, together with estimates for the current year, is shown below. In 1924-25 Road Fund repayments were included in the Consolidated Fund. In order to make the figures comparable with those of later years, we have adjusted the accounts for 1913-14 and 1924-25 accordingly. No official estimates will be available in respect of the bracketed items until Budget day, but for the purposes of this table we have assumed that Road Fund and "other consolidated fund" payments are unchanged and have inserted the figure given in Mr Snowden's Emergency Budget for the national debt services.

EXPENDITURE (£'s million).

	1913-14.	1924-25.	1930-31.	1931-32.	1932-33. (Est.)
National Debt services..	24.5	357.2	360.0	322.0	(335.5)
Other Consolidated Fund services	12.8	20.8	9.3	9.4	(9.4)
Total Consolidated Fund services	37.3	378.0	369.3	331.4	(344.9)
Navy, Army, Air	77.2	114.7	110.5	107.3	104.4
Civil services	53.9	226.1	307.4	331.9	330.2
Customs and Excise and Inland Revenue	4.5	11.0	11.9		12.6
Total supply services (excluding P.O.)	135.6	351.8	429.8	439.2	447.2
Total ordinary	172.9	729.8	799.1	770.6	(792.1)
Self-balancing— Post Office	24.6	50.4	59.0	58.0	59.2
Road Fund	...	15.6	22.9	22.5	(22.5)
Total self-balancing ...	24.6	66.0	81.9	80.5	(81.7)
Grand total	197.5	795.8	881.0	851.1	(873.8)

In view of the marked decrease during the past six months in short-term rates of interest and the cost of financing Treasury bills, it is probable that Mr Chamberlain may be able to revise in a downward direction last September's estimate of the 1932-33 cost of the National Debt services. But this item must necessarily remain a matter of great uncertainty until it is known whether provision is to be made, or not, in the Budget for payment of the December, 1932, instalment due under our debt funding agreement to the United States.

In the following paragraphs we examine in greater detail the trend of the main heads of expenditure.

Consolidated Fund Services.—The chief item falling under this head is the cost of the National Debt, which is discussed in a later section of this supplement. The reduction in "other" Consolidated Fund Services as compared with the sum expended in 1924-25 is due to the operation of the Local Government Act of 1929, whereby payments to Local Taxation Accounts were transferred to Supply Votes and fused with the new grants in relief of local rates. The total of £9.4 millions in 1931-32 was made up of £6.3 millions paid to the Northern Ireland Exchequer and £3.1 millions on account of the Civil List and several minor miscellaneous charges, *e.g.*, payments under the Trade Facilities and the Tithe Acts.

Defence Services.—The total estimated expenditure on the Defence Services in 1932-33 amounts to £104,364,000, as compared with actual expenditure of £107,280,000 in 1931-32 and a pre-war figure of £77,179,000. The economies imposed on these services in Mr Snowden's Supplementary Budget were estimated to amount in 1932 to £8.6 millions, including a saving of £3.6 millions on account of pay and pensions. These reductions have in the main been realised, although, as compared with the 1931-32 estimates, amounting to £109,635,000, the actual total saving is only £5½ millions. This apparent discrepancy, as will be seen below, is chiefly accounted for by a normal increase in naval expenditure to cover the 1930 and 1931 new construction programmes, and by the realisation of only a part of the saving anticipated in the

Air Force. We show below the recent course of defence expenditure as compared with 1924-25 and the pre-war level:—

DEFENCE SERVICES EXPENDITURE (EXCHEQUER ISSUES).
(000's omitted.)

	Navy.	Army.	Air Force.	Total.
1913-14	£ 48,833	£ 28,346	£ ...	£ 77,179
1924-25	55,625	44,765	14,310	114,700
1928-29	56,920	40,500	16,050	113,470
1929-30	55,750	40,500	16,750	113,000
1930-31	52,574	40,150	17,800	110,524
1931-32	51,605*	39,930*	18,100*	107,280†
1932-33 (estimate)	50,476	36,488	17,400	104,364

* Budget estimate.

† Actual.

It should be borne in mind that the post-war Army and Navy estimates have to make provision for substantial non-effective charges, *i.e.*, pensions, retired pay, etc. These charges in 1932-33 are estimated to amount to £17.2 millions, as compared with £6.9 millions in 1913-14.

In the following table we show effective charges only for 1913-14 and recent years:—

	Navy.	Army.	Air Force.
1913-14	£ Mn. 43.3	£ Mn. 24.3	£ Mn. ...
1928-29	48.7	32.5	15.9
1929-30	47.4	32.4	16.7
1930-31	43.6	31.4	17.4
1931-32*	42.8	31.2	17.8
1932-33*	41.6	28.2	17.1

* Estimates.

Effective charges in 1932-33 are estimated at £86.9 millions, an increase—including the Air Force—of approximately 27 per cent. above the pre-war level.

The next table shows the strength (or establishment) of the three forces in 1913-14 and from 1924-25 onwards:

	Navy (a).	Army. (b)	Air Force. (c)
1913-14	142,960	185,600	...
1924-25	99,453	161,600	31,429
1928-29	100,680	153,500	30,467
1929-30	99,300	150,500	31,070
1930-31	94,921	148,900	32,118
1931-32	93,650*(d)	148,800*	32,000*
1932-33	91,410*(d)	148,700	32,000*

* Estimate.

(a) Exclusive of Royal Marine Police.

(b) Establishment exclusive of India.

(c) Including about 2,000 paid for by the Government of India.

(d) Maximum for year.

Navy.—The estimates for 1932-33 amount to a net total of £50,476,800, showing a reduction of £11,287,700 on the estimates for 1931-32. The recommendations of the Committee on National Expenditure, which were subsequently embodied in the September Supplementary Budget, provided for a total cut of £3,828,700 in naval expenditure, of which £1,828,700 was to be effected through reductions in pay and pensions and other administrative economies. The Committee recognised, however, that as compared with 1931-32 expenditure an additional sum of £2,700,000 would be required in 1932-33 to cover the normal upward curve of expenditure on the 1930 and 1931 new construction programmes as already approved by Parliament. The First Lord of the Admiralty, in presenting the current estimates, maintained that this figure could not be regarded as "an adequate provision for the needs of the Navy," but had been fixed with strict reference to the needs of the present financial position. Of the total estimates for the coming year, £6,773,545 represents provision for new construction, and compares with an anticipated expenditure in 1931-32 of £5,426,855. The building-programme for 1932 is practically identical with that of

April 9,
1932.

last year, and provides for two six-inch gun cruisers, one cruiser of 5,000-6,000 tons, nine destroyers, four sloops, three submarines and several minor vessels. It was anticipated in last year's estimates that personnel would have fallen to 91,840 by the end of March, 1932, and, as will be seen from the table printed above, the estimated reduction of 2,240 brings the total for 1932 well within this figure.

Army.—The Army estimates for 1932-33 amount to £36,488,000 net, or £3,442,000 less than the estimate for 1931-32. This saving corresponds very closely to the reduction of £3,500,000 in Army expenditure ordered by the Government last autumn, but the Secretary of State for War remarks, in his Memorandum accompanying the estimates, that it has only been achieved "with the greatest difficulty by resorting to a drastic suspension or retardation of many services which are essential to the well-being and efficiency of the Army." Apart from cuts in pay and pensions, economies have been achieved through the cancellation of the annual camp training of the Territorial Army and the Supplementary Reserve, the curtailment of the field training of the Regular Army, the postponement of improvement and replacement of barracks, etc. It is estimated that of the savings effected approximately £2 millions are of a permanent character, while £1.5 millions can only be regarded as temporary economies. Non-effective charges in the present estimates amount to a little more than £8½ millions, and show a reduction of £444,000 on those of last year. In effective charges the largest economy contemplated is a cut of £1½ millions in Territorial and Reserve Forces expenditure. The strength of the Army, including British troops in India, is now approximately 8,000 below establishment, and the provision for pay in the 1932 estimates is £304,000 less than in 1931 and £1,350,000 less than in 1925.

Air.—The Air estimates for 1932-33 amount to a net total of £17,400,000, and show a decline of only £700,000 as compared with those of last year, whereas under the Government's economy schemes expenditure should have shown a reduction of £1.3 millions. The gross total, however, at £19,702,700, is £1.5 millions lower owing to a reduction of nearly £800,000 in appropriations in aid. As in the case of the other two Defence Services, it is pointed out by the Secretary of State for Air that the economies achieved have only been possible "by the postponement of many services, which, under normal conditions, would be regarded as essential, and by makeshift expedients which cannot be repeated." As compared with last year, effective charges have been reduced by £732,000. Vote I., covering the pay of the Force, shows an increase of £23,000, and Civil Aviation a rise of £3,000. All other effective charges have been reduced, technical and war stores showing a fall of £322,000, and works, buildings and lands a decline of £140,000. Non-effective charges, however, are estimated at £32,000 higher than in 1931-32. In accordance with the Armaments Truce, no new units are being formed this year. The present total strength of the Force is 75½ regular squadrons, including 13½ squadrons in the Fleet Air Arm.

Civil Service.—For 1932-33 the Civil Service estimates (excluding revenue departments) show a reduction of £9.3 millions as compared with the final estimates for 1931-32, and an increase of £12.4 millions over the original Budget estimates for that year. We show below the course of expenditure, divided into its main heads, during the last five years in comparison with 1924-25:—

CIVIL SERVICES EXPENDITURE.							
	Education.	Health.	Pensions.		Labour.	Other Heads.	Total.
			War.	Others.			
	£ Mn.	£ Mn.	£ Mn.	£ Mn.	£ Mn.	£ Mn.	£ Mn.
1924-25	46.5	21.8	69.5	25.0	14.1	51.3	228.2
1928-29	47.3	23.5	56.7	38.1	11.8	45.9	223.3
1929-30	47.8	24.5	53.5	39.9	19.5	62.0	247.2
1930-31	52.7	22.0	52.0	45.8	36.8	98.1	307.4
1931-32	55.9	22.3	50.0	49.2	44.9	95.5	317.8
1932-33*	55.9	22.3	50.0	48.2	58.6	104.5	339.5
1932-33†	45.6	22.0	47.2	50.8	64.5	100.1	330.2

* Revised estimates.

† Budget estimates.

The increase, as compared with the original estimates for 1931-32, of nearly £20 millions in the vote for the Ministry of Labour is a reflection of the increased cost to the Exchequer of the Unemployment Insurance Fund, borrowing for which ceased under Mr Snowden's Emergency Budget. As will be seen from the fuller analysis of the Class V. Vote below, the effect of limiting the Fund's borrowing powers to the total of £115 millions already authorised meant that the Exchequer had to make good any deficiency on the Fund proper, in addition to meeting the steadily rising cost of providing transitional benefit to those whose claims to benefit had lapsed. The increase in expenditure under "other" heads between 1929-30 and 1930-31 represents mainly the effects of the Local Government Act, 1929.

Central Government, and Imperial and Foreign (Classes I. and II.).—The all-round reduction of salaries, helped by a reduction in repayments to the Local Loans Fund, has enabled the Class I. Estimates, which cover such items as the Houses of Parliament, the Treasury, the Mint, etc., to fall again below the £2 millions mark. Class II. Estimates, which include the cost of official representation abroad, both in foreign countries and in the Empire, and the corresponding departments at home, have fallen by as much as one-fifth, from £6,045,000 to £4,836,000. The cost of Colonial and Middle Eastern Services is to be reduced by £432,000 to £1,318,000. The vote for the Empire Marketing Board is cut by about one-half its former amount, and the practical cessation of emigration causes the Overseas Settlement vote to fall from £265,000 to £91,000; two years ago £833,000 was provided for this item. The Imperial War Graves Commission is also to cost considerably less. On the other hand, the Disarmament Conference has caused the League of Nations contribution to rise by £64,500, and the diplomatic and consular services will also absorb more next year.

Justice and Police (Class III.).—These estimates total £15,495,000 for 1932-33, against £16,344,000 a year ago. The Police Force, which accounts for £11.2 millions of the estimate, has provided the chief economy, £768,000 having been cut from the grants-in-aid, mainly through reductions of pay and allowances. In 1924-25 the Police Vote was £6.8 millions, but the Local Government Act, 1929, had the effect of increasing Exchequer grants for police by £3 millions. Law charges have also been substantially cut down.

Education (Class IV.).—The total estimate for this class has been cut by £6,371,000 to £52,006,000 for 1932-33. The total is made up as follows:—Board of Education, £42.9 millions (against £48.4 millions); Public museums, university subsidies, etc., £2.3 millions (£2.4 last September, education votes were to be cut by £10.3 millions and university grants by £150,000. The recent course of expenditure on English education is summarised below:—

ENGLAND AND WALES.					
	Board of Education.		Total Expenditure† by L. E. A.'s.		Cost per Elementary Pupil
	Total Vote.	Grants to L. E. A.'s.	Elementary Education.	Higher Education.	
	£ Mn.	£ Mn.	£ Mn.	£ Mn.	s. d.
1913-14	14.7	12.8	25.6	4.4	95 2
1924-25	41.9	37.5	57.5	11.4	233 3
1928-29	41.2	39.0	61.5	14.5	250 5
1929-30	41.6	39.2	63.1	15.3	255 6
1930-31	45.5	42.6	64.7	16.4	262 6
1931-32	48.4	45.2*	66.3*	17.4*	267 9*
1932-33	42.9	39.0*	62.4*	16.6*	251 7*

* Provisional.

† Including proportion borne by the rates.

The reduction of the Board's vote in 1932 is accounted for as to £4.2 millions by the reduction of teachers' salaries by 10 per cent., and the revision of the grant formula for elementary education, and as to £1.4 millions by the abolition of the 50 per cent. minimum limit of the grant

April 9,
1932.

for elementary education. The number of teachers employed by local education authorities is assumed to be 171,500, at an average salary of £224.

Health, Civil Pensions and Labour (Class V.).—The total estimate for this class continues to rise; at £141,294,000 it is £8,196,000 higher than the final estimate for last year and £21,796,000 higher than the original estimate. The following table shows the recent course of expenditure:—

HEALTH, LABOUR AND INSURANCE. (In Millions.)						
	Ministry of Health.*	Pensions.		Ministry of Labour.	Other Items.	Total.
		Old Age.	Widows', Orphans', etc.			
	£	£	£	£	£	£
1924-25...	21.8	25.0	...	14.1	1.5	62.4
1925-26...	22.2	27.1	...	13.6	1.4	64.3
1926-27...	21.4	30.0	4.0	10.7	2.5	68.6
1927-28...	23.1	32.9	4.0	11.1	2.6	73.7
1928-29...	23.5	34.1	4.0	11.8	2.9	76.3
1929-30...	24.4	34.9	4.0	19.5	2.7	85.5
1930-31...	22.0	36.8	9.0	36.8	3.1	107.7
1931-32 (est.)....	22.3	38.2	10.0	44.9	4.0	119.4
1931-32 (est.)†...	22.3	38.2	10.0	58.6	4.0	133.1
1932-33 (est.)....	22.0	39.8	11.0	64.5	4.0	141.3

* Including Scottish Department of Health.

† Revised Estimates.

In reading the foregoing table it should be borne in mind that the Local Government Act, 1929, relieved the estimates for Health to the extent of £3.7 millions, and that the Acts of 1930 and 1931 altered the basis of unemployment insurance finance (see below).

Health.—Divided into its main heads, estimated gross expenditure on Health (including Scotland) has recently been as follows:—

	MINISTRY OF HEALTH.		
	Housing Grants.	Contributions to Health Insurance Fund.	Administration and Miscellaneous Grants.
	£ Mn.	£ Mn.	£ Mn.
1924-25	9.1	7.1	6.1
1929-30	13.0	6.2	6.4
1930-31	13.7	6.7	3.0*
1931-32	14.6	6.4	2.7
1932-33	15.3	6.4	2.6

* Reduction due to Local Government Act, 1929.

Pensions.—The increase in the cost of Old Age Pensions, supplemented since 1926-27 by Widows', Orphans' and Old Age Contributory Pensions, is a significant feature of the main table shown above. The estimated number of pensions payable under the Acts of 1908-24 and 1925-29 was estimated at 1,440,000 in 1931.

Labour.—This is the division most affected by the changes imposed by the Supplementary Budget of last September. The net estimate of £64,458,000 is reached after deducting an appropriation-in-aid of £7,205,000, practically all of which represents expenses of administering unemployment insurance, recoverable from the insurance fund. Up to last September the Exchequer was responsible only for its share of contributions to the fund, in proportion to payments by employers and employed, and (after 1930) for the cost of transitional benefit to those whose insurance rights had expired; any deficit on the insurance fund was met by borrowing. The course of estimated expenditure under those circumstances is shown below:—

UNEMPLOYMENT INSURANCE.			
	Ordinary Contribution.	Transitional Benefit.	Total.*
	£ Mn.	£ Mn.	£ Mn.
1924-25	13.2	...	13.3
1928-29	11.9	...	12.0
1929-30	15.4	4.0	19.7
1930-31	15.0	22.0	37.2

* Adjusted for minor items.

The changes made by the National Government in the finance of unemployment insurance included the reduction of benefits by 10 per cent., the increase of contributions by all parties, the imposition of the means test upon claimants for transitional benefit, and the immediate assumption by the Exchequer of the whole burden of the deficit on the Insurance Fund. The estimated effect of these changes on the Budget (including the saving of £3 millions through the Anomalies Act) is shown in the following table:—

UNEMPLOYMENT INSURANCE.				
	Ordinary Contribution.	Transitional Benefit.	Deficiency Grant.	Total.*
	£ Mn.	£ Mn.	£ Mn.	£ Mn.
1931-32				
Original estimate ...	15.1	30.0	...	45.4
1931-32—				
Revised estimate ...	16.8	33.0	9.0	59.1
1932-33—				
September forecast...	19.3	37.5	22.0	79.3
1932-33—				
Estimate	20.2	41.7	3.1	65.8

* Adjusted for minor items.

The provisional estimate put forward in September by Mr Snowden was based on an unemployment live register of 3,000,000, and the more optimistic figures now issued, involving a saving of £13½ millions to the Exchequer, are due to the improvement in employment conditions in the past six months. The total cost of unemployment insurance in 1932-33, as estimated in September, was £117.5 millions, and would have been £143.3 millions but for the various economies, whereas the present estimate implies a total cost of £105.2 millions, including £92.4 millions for benefit, £5.7 millions for interest on debt, and £7.1 millions for administration.

Trade and Industry (Class VI.).—The estimates in this class total £11,082,000, against £16,065,000 last year, and £1,218,000 in 1913-14. By far the greater part of the cut is accounted for by the Road Fund grant, which falls from £7,000,000 to £2,750,000. Development grants, on the other hand, at £650,000, show a rise of £250,000. The beet sugar subsidy rises by £25,000 to £2.4 millions, but all the other items suffer reductions except the grant to the Department of Scientific and Industrial Research. The votes for the Ministry of Agriculture and the Scottish Department of Agriculture are cut by nearly £400,000.

Pensions (Class VIII.).—The decline of this vote from £52,680,000 in 1931-32 to £49,856,000 in 1932-33 is due almost entirely to the automatic reduction in the cost of war pensions, which has been shown in a previous table. The other items are £335,000 for merchant seamen's war pensions, £665,000 for Royal Irish Constabulary pensions (after deduction of an appropriation-in-aid of £1,117,000 from the Irish Free State), and £1,612,000 for official superannuation and retired allowances.

Contributions to Local Revenues (Class IX.).—This vote, which totals £45,046,000, compared with £45,446,000 in 1931-32, covers the general Exchequer grants to local authorities under the Local Government Act of 1929 and the corresponding Act for Scotland. It is arrived at after deducting from the gross grant contributions from the Road Fund amounting to £6,474,000.

Revenue Departments.—The cost of the revenue departments in recent years is given in the following table:—

REVENUE DEPARTMENTS EXPENDITURE. (£'s thousands.)					
	1913-14.	1924-25.	1930-31.	1931-32. Estimates	1932-33. Estimates.
Customs & Excise	2,431	4,640	4,929	4,846	5,330
Inland Revenue	2,052	6,316	6,952	7,088	7,300
Total.....	4,483	10,956	11,881	11,934	12,630

Exchequer issues to 1930-31; 1931-32 Estimates, including supplementaries; 1932-33 Estimates.

Debt Redemption.—The following table analyses sinking fund allocations during the five years ended March 31, 1931. In this connection it will be recalled that in the Budget of 1928 Mr Churchill established a fixed charge of £355 millions to cover both interest charges and sinking fund:—

SINKING FUND.
(000's omitted.)

	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.
<i>Specific Sinking Funds—</i>					
Principal of Terminable Annuities	£ 1,044	£ 1,027	£ 991	£ 968	£ 939
Sinking Fund for—					
3½% Conversion Loan	15,099	14,701	16,538	16,113	15,692
4% Consolidated Loan	...	9,210	10,000	10,000	10,000
4% Funding Loan	2,762	2,892	3,026	3,162	3,308
4% Victory Bonds	2,320	2,413	2,510	2,610	2,714
U.S.A. Government Loan	5,141	5,137	5,548	5,548	5,753
Depreciation Fund for 5% and 4% War Loan	2,720	1,666	1,744	...	...
Deficiency on Funding Loan and Victory Bonds surrendered for Death Duties	8,405	12,340	11,489	9,347	12,084
Total of above.....	37,491	49,386	51,846	47,748	50,490
Balance.....	22,509	15,614	5,663	...	16,340
Nominal Sinking Fund	60,000	65,000	57,509	47,748	66,830
Deduct deficit	36,694	...	...	19,343*	23,276
Actual Sinking Fund	23,306	65,000	57,509	28,405	43,554

* Actual deficit amounted to £14,524,000; the remaining £4,819,000 represents excess interest on Savings Certificates met by borrowing.

Of the "balance" nominally available in 1930-31, after providing for specific sinking funds, £16 millions was used to purchase, for cancellation, \$7.2 millions of the 5½ per cent. 1937 United Kingdom Loan in the United States, while the remainder was employed mainly in extinguishing £11 millions of Treasury Bills and £3.7 millions of 3½ per cent. Treasury Bonds. On the other hand, the Budget deficits in both 1929-30 and 1930-31 had, of course, to be covered by temporary borrowing.

In fact, the real history of our recent efforts at debt redemption has been far other than would appear from the foregoing tables, showing "nominal" and "actual" sinking fund allocations. Adding to the totals shown above the "actual" sinking fund appropriation of £24.5 millions in 1931-32 we find that £242 millions have been provided out of revenue for sinking fund in the past six years. Apart, however, from the consideration that we have been crediting to revenue capital repayments on account of our war debts due from our late Allies—whereas the repayments of principal due under our debt funding agreement with the United States are debited not to current outgoings, but to sinking fund—a proper calculation of real debt reduction must take into account not only various specific capital assets used for revenue, but also borrowings for the Unemployment Fund, for which no budgetary provision has yet been made. We summarise below the true position of the past four years:—

DEBT REDUCTION, 1928-29.

Specific Sinking Funds	£'000.
Balance	50,102
Nominal total Sinking Fund	7,407
Deduct—	
Capital asset used for revenue (Currency Note Account Balance)	57,509
Net borrowing Unemployment Fund	13,423
Real debt reduction	11,430
	32,656

DEBT REDUCTION, 1929-30.

Specific Sinking Funds	£'000.
Balance	47,748
Nominal total Sinking Fund	47,748
Deduct—	
Budget deficit.....	14,524
Borrowing for Savings Certificate interest not covered by Debt Charge	4,819
Net borrowing Unemployment Fund	2,990
Real debt reduction	25,415

DEBT REDUCTION, 1930-31.

Specific Sinking Funds	£'000.
Balance	50,490
Nominal total Sinking Fund	16,340
Deduct—	
Budget deficit.....	66,830
Increase in accrued interest Savings Certificates	23,276
Net borrowing Unemployment Fund	3,500
Real debt reduction	36,440
	3,614

DEBT REDUCTION, 1931-32.

Nominal total Sinking Fund	£'000.
Budget Surplus	32,508
Total	364
Deduct—	
Borrowing for Savings Certificate interest not covered by debt charge.....	32,872
Net borrowing Unemployment Fund	8,431
Capital withdrawn from Dollar Reserve Fund*	39,610
Real debt reduction	8,750

* The total sum paid to Miscellaneous Revenue from this Fund was £12½ millions, but £4 millions represented accrued interest which could legitimately be reckoned as a revenue item.

Thus during the first four years of Mr Churchill's New Sinking Fund, instead of redeeming debt at the rate of over £50 millions a year as Mr Churchill foreshadowed, we have, in fact, achieved an aggregate debt reduction in the whole period of only £37.7 millions, or less than £10 millions a year. In addition it has to be borne in mind that, save in the event of the pound being stabilised finally at a figure enabling the sterling value of our gold reserves to be written up in a proportion sufficient to offset the exchange losses involved in the repayment of last summer's Franco-American credits, a further subtraction from our real debt reduction may have to be made on this account.

LOCAL LOAN DEBT.

At March 31, 1929, the loan debt of local authorities in England and Wales had reached the figure of £1,175 millions, an increase of £355 millions in comparison with 1924:—

LOAN DEBT OF LOCAL AUTHORITIES IN ENGLAND AND WALES at March 31st (£'s millions).	1914.	1924.	1928.	1929.
1. Education (elementary & higher)	52.1	42.6	50.0	53.2
2. Sewers and sewage disposal	44.1	46.2	57.1	57.9
3. Housing	12.5	199.5	382.7	416.9
4. Main trading services	363.4	426.5	507.4	519.5
5. Other undertakings	90.5	105.5	124.1	127.5
6. Total	562.6	820.3	1,121.3	1,175.0

Sinking funds at March 31, 1929, had £67.6 millions standing to their credit, of which nearly half was applicable to the loans outstanding on account of trading services.

THE 1932-33 BUDGET.

We append for reference Mr Snowden's preliminary forecast, last September, of the 1932-33 accounts:—

Estimated Revenue.	£ Mn.	Estimated Expenditure.	£ Mn.
Customs and Excise	265.5	Con. Fund Services	312.3
Inland Revenue	459.5	Supply Services	456.0
Motor Duties	5.0	Sinking Fund	32.5
Non-Tax Revenue	71.7	Surplus	0.9
Total*	801.7	Total*	801.7

* Excluding Self-balancing Items.

The Economist BANKING SUPPLEMENT.

VOL. CXIV]

SATURDAY, MAY 14, 1932

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Contents include

The Past Twelve Months

British Banking Accounts

The Ebb and Flow of Short Money

Fifteen Months' Gold Movements

Recent Monetary Statistics

Banking in the United States and Germany

The Supplement also includes a complete record of the position of the Bank of England, and of the English, Scottish and Northern Irish joint-stock banks, together with the latest balance sheets, both of these institutions, and of the chief private banks, discount houses and all Dominion and Foreign banks possessing offices in London.

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Issued and Paid-up Capital	£15,858,217
Reserve Fund	£10,250,000
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The Economist Banking Supplement

A SURVEY OF BRITISH AND FOREIGN BANKING

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CONTENTS.

The Past Twelve Months	4
British Banking Accounts	6
The Ebb and Flow of Short Money	6
Fifteen Months' Gold Movements	7
Some Statistics Relating to Recent Monetary History	8
Banking Conditions in the United States	9
Banking in Germany	10
Bank Shares	13
A Record of Banking Profits	15
Position of the Bank of England from April 15, 1931, to April 20, 1932	16
Bank of England	17
Bank Rate since 1848	17
Comparative Statements—	
Joint Stock Banks of England and Wales (excluding Bank of England)	18
Private Banks	18
Joint Stock Banks of Scotland	19
Joint Stock Banks of Ireland	19
English Joint Stock Banks	20
Scottish Banks	20
Northern Irish Banks	20
Private Banks	20
Discount Companies	21
JOINT STOCK BANKS OF ENGLAND AND WALES.	
Barclays Bank, Limited	22
British Mutual Banking Co., Lim.	22
Baring Brothers & Co., Limited	24
Coutts and Company	24
District Bank, Limited	24
Glyn, Mills and Company	25
Isle of Man Bank, Limited	25
Lloyds Bank Limited	26
London Merchant Bank, Limited	26
Martins Bank, Limited	27
Midland Bank, Limited	27
Manchester and County Bank, Lim.	28
National Provincial Bank, Limited	31
Union Bank of Manchester, Limited	31
Westminster Bank, Limited	32
Williams Deacon's Bank, Limited	32
Erangers, Limited	33
Yorkshire Penny Bank, Limited	33
PRIVATE BANKS.	
B. W. Blydenstein and Co., London	33
Hoare (Chas.) and Co.,	34
Baker, Duncombe and Co., Limited	34
Grace Brothers and Co., Limited	34
S. Japhet and Co., Limited	34
LONDON DISCOUNT COMPANIES.	
Alexanders Discount Company, Lim.	34
National Discount Company, Lim.	36
Union Discount Company of London, Limited	36
Gillet Brothers Discount Co., Lim.	36
JOINT STOCK BANKS OF SCOTLAND.	
Bank of Scotland	38
The British Linen Bank	38
The Clydesdale Bank, Limited	38
Commercial Bank of Scotland, Lim.	39
National Bank of Scotland, Lim.	40
Royal Bank of Scotland	40
Union Bank of Scotland, Limited	42
JOINT STOCK BANKS OF NORTHERN IRELAND.	
Belfast Banking Co., Limited	42
Northern Bank, Limited	44
Ulster Bank, Limited	44
LATEST BALANCE SHEETS OF DOMINION BANKS HAVING LONDON OFFICES.	
IRISH FREE STATE BANKS.	
Bank of Ireland	46
Hibernian Bank, Limited	46
Munster and Leinster Bank, Lim.	46
National Bank, Limited	46
Provincial Bank of Ireland, Limited	48
Royal Bank of Ireland, Limited	48
AFRICAN BANKS.	
Barclays Bank (Dominion, Colonial and Overseas)	48
Bank of British West Africa, Lim.	48
Netherlands Bank of South Africa	49
Standard Bank of South Africa, Lim.	49
AUSTRALASIAN BANKS	
Australian Bank of Commerce, Lim.	49
Bank of Adelaide	50
Bank of Australasia	50
Bank of New South Wales	50
Bank of New Zealand	50
Commercial Bank of Australia	51
Commercial Banking Company of Sydney, Limited	52
CANADIAN AND W.I. BANKS.	
Bank of Montreal	54
Bank of Nova Scotia	54
Canadian Bank of Commerce	54
Dominion Bank	55
Royal Bank of Canada	56
INDIAN BANKS.	
Chartered Bank of India, Australia and China	56
Eastern Bank, Limited	56
Imperial Bank of India	56
Mercantile Bank of India, Limited	57
National Bank of India, Limited	57
P. & O. Banking Corporation, Lim.	57
LATEST BALANCE SHEETS OF FOREIGN BANKS HAVING LONDON OFFICES AND OF BRITISH BANKS TRADING ABROAD.	
Anglo-Czechoslovak and Prague Credit Bank	58
Anglo-French Banking Corp., Lim.	58
Anglo-International Bank, Limited	60
Anglo-Portuguese Colonial and Overseas Bank, Limited	58
Anglo-South American Bank, Lim.	60
Banca Commerciale Italiana	60
Banco de Bilbao	62
Bank of Athens	62
Banco de Chile	62
Banco Espanol del Rio de la Plata	62
Banco di Roma	62
Bank of London and South America, Limited	62
Bankers' Trust Company	62
Bank of Roumania, Limited	64
Bank of Taiwan, Limited	64
Banque Belge pour l'Etranger	64
Banque Commerciale du Congo	64
Banque du Congo Belge	64
British Bank for Foreign Trade, Lim.	64
British and Continental Banking Company, Limited	64
British Overseas Bank, Limited	66
British Bank of South America, Lim.	64
Chase National Bank	66
City Bank Farmers Trust Company	66
Commercial Bank of the Near East, Limited	66
Thos. Cook and Son (Bankers), Lim.	66
Commercial National Bank and Trust Company of New York	66
Com. Nat. d'Escompte de Paris	67
Commercial Bank of Spain—America, Limited	66
Crédit Foncier d'Algérie et de Tunisie	67
Crédit Lyonnais	66
Credito Italiano	67
Guaranty Trust Co. of New York	68
Hambros Bank, Limited	68
Hongkong and Shanghai Bkg. Corp.	68
Imperial Bank of Persia	68
International Banking Corp.	69
Ionian Bank, Limited	68
Italo-Belgian Bank	68
London and Eastern Trade Bank, Limited	69
Mitsubishi Bank, Limited	69
Mitsui Bank, Limited	69
Moscow Narodny Bank, Lim.	69
National Bank of Egypt	69
National City Bank of New York	69
Ottoman Bank	70
Société Belge de Crédit Industriel et Commercial	70
Société Générale et de Dépôts	70
Société Générale de Crédit Industriel et Commercial	70
Sumitomo Bank, Limited	70
Swiss Bank Corporation	70
Yokohama Specie Bank, Limited	70

THE PAST TWELVE MONTHS.

IN the Banking Supplement to the *Economist* published a year ago, we began by saying that "the year ended March 31st last has proved to be one of extreme difficulty for the banks." Had it then been possible to foresee what the twelve months ending March 31, 1932, held in store for the banking world, this comment would certainly have been expressed in terms of greater moderation, for nothing could have surpassed the difficulties of the year 1931-32. It began and ended with rates at an unremunerative level, it witnessed a progressive shrinkage in the banks' resources, and it subjected the banks to the need of making abnormal provision for depreciation, bad debts and other capital losses. It is, in fact, a high testimony both to the strength of the British banking system and to the confidence deservedly reposed in it by the public that not only did not a single banking failure occur—and in this we are almost unique among all the countries of the world—but that there was never the slightest sign of any loss of confidence, or of the withdrawal of deposits or hoarding of notes by the British public.

Even so, it was in general a year of heavy loss to the banks, and most of them very properly marked their sense of that loss by a moderate reduction in their dividends. Their losses took two main forms. First came the need for abnormal provision for bad and doubtful debts, a need intensified by the cumulation of many years of bad trade. Allied with this was the freezing-up of otherwise good debts and other engagements owing to the conclusion of the standstill agreements with Germany and other Central European countries. The great British joint-stock banks, it is true, were only involved in the standstill agreements to a moderate extent, but several Accepting Houses and especially some of the newer international banking houses founded in London during the past decade were seriously implicated, and the latter also had to face a sudden and wholesale withdrawal last autumn of their foreign deposits, which formed the bulk of their resources. With many of their assets immobilised, they had to meet these withdrawals by sales of securities at a time when the gilt-edged market was abnormally depressed.

The other serious capital loss which the banks had to meet arose from the depreciation of their investments. Last year's withdrawal of foreign funds from England, the suspension of the gold standard and the imposition of a 6 per cent. Bank rate forced the prices of British Government securities down to extremely low levels, at which they still remained on December 31st at the close of the banking year. In accordance with their customary procedure, the banks wrote their investments down to the full extent of their depreciation, even though to a large extent the loss only occurred "on paper." There were two reasons why in many respects this loss has proved to be only illusory. One is to be found in the subsequent recovery of security prices in the early months of 1932, but the other lies in the fact that the bulk of the British banks' investments consist of "shorts," that is, of Treasury bonds and similar short-dated British Government securities which are redeemable in due course at their par value. Hence the banks would have only had to await the maturity of these stocks—at the most a matter of a few years—in order to recoup their losses.

In discussing how these capital losses were met, it is necessary to recall the banks' traditional methods of accumulating reserves. They do this in two ways—through the medium of "published" and "inner" reserves, or in banking parlance "through the front door" and "back door." Before the profits for the half-year are declared, adequate toll is always levied upon them for the benefit of inner reserves, and even after their declaration further appropriation is often

made through the back door in the form of an allocation to contingencies. Drafts upon inner reserves are never revealed, but both allocation to and drafts upon published reserves are announced.

Provision for bad and doubtful debts always takes the form of a draft upon inner reserves, and as a rule the same course is followed when it is necessary to provide for a depreciation of investments. Conversely, investments are never written up in conformity with any appreciation, though if their sale or redemption yields a profit over their book values, such profit automatically goes through the back door to inner reserves. Last year, however, the majority of the banks provided for part at least of the depreciation of their investments by drafts upon their published reserves, but any profits that have since arisen through the recovery in these values have been appropriated to inner reserves. As stated, such profit can only arise in the case of investments realised since December 31st at values greater than those obtaining at that date, but in so far as such profits have accrued, the fall in investment values last autumn and their recovery of this spring have between them resulted in a transfer from published to inner reserves. It therefore follows that notwithstanding last December's drafts upon published reserves, British banks are to-day as strong as ever.

Coming now to current earnings, the first point to notice is the shrinkage in the banks' resources, deposits having fallen from £1,698 millions in April, 1931, to £1,643 millions a year later. This means a proportionate decrease in the bank's gross earnings, subject, of course, to fluctuations in interest rates. As the banks' expenses are to a large extent fixed, though some adjustment of rates and conditions of bank officers' remuneration has proved practicable, this means a still greater proportionate reduction in the banks' net earnings.

The contraction in deposits was due to events beyond the banks' control. Heavy revenue collection, coupled with the progressive contraction of the volume of Treasury bills, was one leading cause, while another was the heavy withdrawals of foreign funds from England, and the consequent gold efflux prior to the suspension of the gold standard. The March and April averages, however, reveal some improvement in deposits, which is evidence of the return of funds from abroad.

Rates have varied greatly during the past twelve months, for in the summer of 1931 Bank rate was down to 2½ per cent. and it was doubtful if the net average margin between the interest cost of deposits (allowing for money lodged on current account and not ranking for interest) and the yield on the banks' assets (including cash which earned nothing) was greater than 2 per cent. From September 21 to February 18, 1932, on the other hand, Bank rate was 6 per cent., and advances earned up to 7 per cent. Allowing for the rise in deposit rates, the banks could then probably obtain a net margin between interest payable and receivable of practically 3 per cent. Next came the fall in Bank rate to an average of just over 4 per cent. in March, and this probably reduced the margin of net earnings to about 2½ per cent. In April, when Bank rate averaged 3.33 per cent., the margin may have been no better than 2½ per cent.

These wide variations, both in rates and in the value of the banks' investments, make it extremely difficult to say how they are faring, and in view of the policy of the banks in not writing up their investments or revealing any profit on their sale, it is not likely that the June 30th balance sheets will reveal much. Still there are steadily strengthening their position, and that they fully merit the confidence so strikingly placed in them during last autumn's crisis by the British public.

BRITISH BANKING ACCOUNTS.

THE wider influences upon the fortunes of the leading British banks have already been discussed, but the analysis of their results can be usefully supplemented by an examination of their balance sheets. The leading features are reproduced in the table given at the foot of this page, which represents the aggregate monthly averages for the nine English clearing banks, namely, Barclays, Coutts, Glyn Mills, Lloyds, Martins, Midland, National Provincial, Westminster and Williams Deacon's. The figures for investments include shares in subsidiary and associated banks.

Beginning with capital and reserves, the main change was the decline of £9.3 millions at the beginning of the current year. This represents the appropriations from published reserves made by the majority of the banks in order to provide in part for the depreciation of their investments. The recovery in the value of the bank's investments since the New Year has served to strengthen their inner reserves, so what has virtually happened since a year ago is a transfer from published to inner reserves.

Until last September the fall in acceptances would largely be attributed to the fall in commodity prices, for even if acceptances in September, 1932, had represented the same volume of goods as in January, 1929, they would have amounted in value to barely £160 millions. The subsequent decline, however, from £118 to £99 millions cannot be attributed to this cause, as since the suspension of the gold standard sterling commodity prices have fluctuated above the level of September last. There is no doubt, therefore, that there has been a substantial decrease in drawings upon London, and in view of the parlous state of world finance and trade, expressed in the conclusion and maintenance of standstill agreements, in the whole new system of import and exchange restrictions and "blocked accounts," and in the many serious banking and commercial difficulties abroad, little surprise can be felt at this further regression.

Banking deposits held their ground until the middle of last year, for the shrinkage in the spring of 1931 was seasonal, being due to the collection of taxation and the redemption of Treasury bills. The decline during the rest of the year, however, was abnormal, and can

only be explained by the large withdrawal of foreign funds, and still more by the Bank of England's gold losses and the consequent contraction of credit. This is proved by the fact that the contractions in deposits and cash during the year ended February, 1932, are both in the neighbourhood of 9 per cent. March, 1932, witnessed an upturn in deposits, due undoubtedly to the return of short money from abroad.

The fall in discounts is the inevitable consequence of the dearth of trade bills, especially of those of a type which the banks care to hold, and the reduction up to February last in the volume of Treasury bills. Advances, too, have contracted with the growing stagnation of trade, and so the banks had in the middle of last year to add to their holdings of investments. Latterly these, too, have contracted owing to the fall in deposits. It may be added that the bulk of the banks' investments consist of Treasury bonds and other short-dated Government securities (except Treasury bills which are included under discounts), and whatever the fluctuations in their market price, these ultimately end up at their redemption value upon maturity. Any profit on redemption over the lowest price to which they may have been written down automatically goes to inner reserves, and does not appear in the profit and loss account.

The composition of the banks' assets is illustrated below:—

Assets.	PER CENT. OF DEPOSITS.				
	Jan., 1928.	Jan., 1929.	Jan., 1930.	Jan., 1931.	Jan., 1932.
Cash	14.3	14.1	14.0	13.3	13.4
Call money	8.3	8.0	7.9	7.7	6.8
Discounts	14.7	14.2	13.8	17.8	14.1
Investments	15.4	15.2	14.7	16.7	17.5
Advances	52.9	51.1	54.8	49.4	53.1

It appears that the banks have been running for the past two years upon a smaller cash ratio, but that in January, 1932, the normal proportion of advances to deposits was restored. The increase in the banks' investments to 17.5 per cent. last January will be noticed. The ratio of capital and reserves to deposits was 7.4 per cent. at the beginning of 1928 and 7.3 per cent. four years later.

(In £ million)

Date.	Capital and Reserves.	Acceptances.	Deposits.	Cash.	Call Money.	Investments.	Discounts.	Loans and Advances.	Cover for Acceptances, Premises, &c.
1928.									
January	129.3	136.0	1,747.4	249.3	145.0	268.8	257.2	923.0	169.4
1929.									
January	130.8	232.4	1,809.6	255.1	145.1	274.3	274.2	956.1	268.0
April	130.8	206.3	1,743.4	251.0	140.8	269.2	191.5	985.8	242.2
July	130.8	187.4	1,778.5	246.2	139.9	266.9	233.6	985.3	224.8
October	130.8	203.2	1,764.7	247.1	144.9	265.5	226.9	974.0	240.4
1930.									
January	130.5	164.4	1,767.2	248.0	139.9	259.6	242.9	969.1	202.9
April	130.5	159.0	1,712.2	244.7	131.7	251.7	207.5	968.0	198.1
July	131.8	124.5	1,794.2	242.6	141.7	267.0	284.5	950.4	164.3
October	132.1	116.4	1,791.2	239.3	141.9	283.3	296.0	922.3	156.9
1931.									
January	132.1	114.9	1,836.1	243.9	141.1	306.9	327.7	907.4	156.1
February	132.1	121.4	1,782.2	233.6	121.9	319.3	299.0	908.1	162.8
March	132.1	121.5	1,726.2	227.3	110.7	320.9	238.5	919.4	163.0
April	132.1	115.2	1,698.3	224.0	113.5	318.2	209.1	923.8	157.0
May	132.1	114.1	1,700.0	222.7	127.8	299.6	222.1	918.0	156.0
June	132.1	115.9	1,744.6	236.2	129.9	298.1	263.9	906.6	157.9
July	132.1	113.0	1,750.5	228.9	126.9	308.7	279.2	899.7	155.2
August	132.1	112.6	1,708.6	223.0	110.5	311.2	261.3	892.4	154.9
September	132.1	118.3	1,675.7	218.2	104.2	313.4	234.5	895.0	160.8
October	132.1	111.2	1,687.8	223.5	111.7	313.0	235.0	894.4	153.5
November	132.1	102.5	1,670.4	221.3	106.6	309.0	238.2	884.6	145.3
December	130.0	102.1	1,700.5	237.1	116.6	305.9	244.1	884.0	144.9
1932.									
January	122.8	98.7	1,677.3	224.0	113.9	292.7	237.0	889.3	141.9
February	122.8	90.6	1,621.7	214.2	106.5	288.9	205.3	886.3	133.9
March	122.8	98.7	1,639.3	218.0	109.2	290.9	214.7	886.0	142.0
April	122.8	98.1	1,643.4	214.2	108.9	296.6	238.2	864.8	141.6

THE EBB AND FLOW OF SHORT MONEY.

WHETHER it be a symptom or a cause of the world's recent financial troubles, there is no doubt that the mass of short money that has been moving about the world during the last few years and the extent of international short-term indebtedness are factors of primary importance in recent economic history. It is, therefore, of interest firstly to try to obtain some idea of the size of this indebtedness, and secondly to recapitulate the action which three of the leading countries have been driven to take in order to combat the effects of the sudden efflux or influx of short money.

Information as to the extent of world short-term indebtedness is inevitably very scanty, but some information can be gleaned both from the Macmillan Report and from the report of the Basle Committee appointed last August to inquire into Germany's immediate further credit needs. The Macmillan Report contains the following estimates:—

England.

End of Year	Deposits and sterling bills held in London on foreign account £ mill.	Sterling bills accepted on foreign account £ mill.	Net liability of London £ mill.
1927	419	140	279
1928	503	201	302
1929	451	176	275
1930	435	161	274
1931 (March) ...	407	153	254

United States.

End of Year	Deposits and bills held in U.S.A. on foreign account \$ mill.	Dollar bills accepted on foreign account \$ mill.	Net liability of New York \$ mill.
1927	637	83	554
1928	595	104	491
1929	632	171	461
1930	573	168	405

The Basle Committee's Report gives the following estimates:—

Germany.

End of Year.	Foreign short-term investments in Germany. Rm. mill.	German short-term investments abroad. Rm. mill.	Net German short-term liabilities. Rm. mill.
1927	6,600	3,900	2,700
1928	9,000	4,500	4,500
1929	11,700	5,500	6,200
1930	10,300	5,300	5,000
1931 (July).....	8,000	3,500	4,500

The net liabilities of London and Germany were of the same order of magnitude, while that of New York was considerably less.

As Germany was the first to be affected by the crisis, it is convenient to begin with her attempts to solve the problem. First came the crisis of June-July, which was met in part by the Reichsbank and Golddiskontbank rediscount credits of Mks. 630 millions arranged in June, and in part by the temporary closing of the banks and by the moratorium of July 13th. These events led up to the appointment of the Basle Committee referred to above and also to the appointment of the first Standstill Committee. Following the investigations of the latter body, the first Standstill Agreement was signed on September 9th.

Under this agreement, which remained in force until February 29, 1932, foreign banks agreed to maintain all outstanding acceptances, time deposits, cash advances, etc., *vis-à-vis* German banks and business undertakings, German banks, in turn, obtaining from their clients (the ultimate "credit takers") security as prescribed by the agreement, and agreeing to remit to the foreign creditor banks all encashments received

from their clients provided that such remittance was practicable. The foreign creditor could also require the Golddiskontbank to take over 10 per cent. of acceptances granted by him through German banks, and 5 per cent. of other forms of indebtedness due to him by German banks. The Golddiskontbank could further be required to guarantee 10 per cent. of foreign bank credits granted direct to German business houses. Outstanding forward exchange contracts were to be settled out of Reichsbank balances as they fell due. Reichsmark bank balances belonging to foreign banks were to be released as to 25 per cent. at once, followed by further releases of 15 per cent. each month.

This agreement worked reasonably well, though it involved a continual drain upon German holdings of *devisen*. From the end of July up to November 7th over one milliard of reichsmarks of foreign credits were repaid, of which standstill repayments accounted for Rm. 350 millions. Net losses of *devisen* during this period amounted to Rm. 464 millions.

Towards the end of January, a month before the expiry of the first agreement, the second Standstill Agreement was signed. It prolonged the period of standstill for a further twelve months up to February 28, 1933, and was designed to be a flexible plan so as to correlate further repayments with the transfer facilities of the Reichsbank. There was to be an initial reduction of 10 per cent. in credit lines, but further repayments were to be determined by a special Advisory Committee in consultation with the German authorities. A general control was to be exercised by the German Government over all payments in respect of German external indebtedness, whether within or without the Standstill Agreement. Foreign creditors could also convert their cash advances to German banks either into ten-year 6 per cent. notes or, under certain restrictions, into "blocked" investments in Germany. The signatories of the report concluded by insisting that the only real solution of the standstill problem was the restoration of Germany's credit-worthiness.

Coming now to the experience of England, between the end of June and the suspension of the gold standard, it was estimated that the efflux of funds from London amounted to £200 millions. This did not involve an equivalent reduction in London's short-term indebtedness, for the efflux also included withdrawals of foreign long-term capital. The efflux was met as to £30 millions by gold shipments, as to £50 millions by the Bank of England's Paris and New York credits, as to £80 millions by the Treasury's Paris and New York credits, and as to the remaining £40 millions by the disposal of *devisen* held in official or private hands. Finally, the efflux forced the suspension of the gold standard and the temporary control of foreign exchange purchases on capital account.

Confidence was naturally slow in returning, and the efflux persisted for several months, as a result of the continued repatriation of external balances by foreign banks and the general abandonment of the gold exchange standard, which meant that many foreign central banks hurriedly turned their *devisen* into gold. Some consequences of this movement are illustrated on the opposite page. Early in the New Year, however, the tide turned, and foreign short money began to return to London.

This brought the British authorities face to face with a new problem, namely, that of preventing an over-rapid and disruptive appreciation of sterling. The first steps taken were to remove the exchange restrictions of the previous autumn, and to repay the bulk of the Bank's and Treasury's foreign credits. This operation involved a net loss of about £30 millions, which falls finally upon the taxpayer, subject to any eventual compensa-

tory gains accruing from revaluation of our stocks of gold. Next there is reason to believe that the Bank made substantial purchases of *devisen* on its own account, but ultimately the limit was reached, and the attempt to hold down sterling had to be relaxed. During February and March the pound appreciated from \$3.48 to over \$3.80 despite a steady reduction of Bank rate from 6 to 3½ per cent.

In April came a further reduction of Bank rate to 3 per cent., and the establishment of the exchange equalisation account under Treasury control. This is a fund, with a limit of £175 millions, whose main purpose is to provide a reserve partly of sterling and partly of *devisen*, out of which abnormal demands for or offerings of sterling can be met. The immediate consequence of its establishment was to check the bull movement in favour of sterling. Positions still open were rapidly closed down, and the New York rate receded to \$3.66. It is clear that the object of the Government is to have at the disposal of the Treasury a fund sufficient to offset any sudden movements of short money into or out of Great Britain upon any scale that past experience shows can be reasonably expected.

The United States have also had to deal with an efflux of short money, but the size of their gold reserves

rendered the problem less acute. The main step taken to deal with it was to pass new legislation giving the Reserve Banks the same freedom of action as is accorded to most central banks. Thus they were permitted for the first time in their history to hold Government securities behind their note issues. Hitherto the power possessed by them to allow the gold backing to their note issues to fall to a minimum of 40 per cent. had been rendered nugatory by the fact that the remainder of the backing had to consist of approved commercial acceptances or other paper, and that a sufficient quantity was not available to provide backing for the remaining 60 per cent. of the notes. Now that Government securities are eligible as backing to the note issue, the Reserve Banks are free to let their ratio of gold to notes drop to 40 per cent., and so a considerable quantity of gold has been set free for export, if so required.

This completes the summary of the special measures taken by these three countries to offset abnormal movements of short money. It must be emphasised that they are only palliatives. The real remedy is to restore world trade and confidence to the point where much of this short money will voluntarily seek long-term employment, and where the remainder will cease to be subject to sudden panic movements.

FIFTEEN MONTHS' GOLD MOVEMENTS.

SHORTLY after the suspension of the gold standard and again at the New Year the *Economist* published an analysis of changes in the gold holdings and other principal assets and liabilities of the leading central banks. The four dates selected were the weeks ending January 10, 1931, and January 9, 1932, these being the weeks marking the beginning and end of last year, though just clear of end-of-the-year balance sheet preparations and movements of funds; the week ending September 19th, the week immediately preceding the British suspension of the gold standard; and the week ending October 31st, which marks the termination of the big autumn gold outflow from the United States. These tables are reproduced herewith, and are also extended to carry the analysis up to the end of the first quarter of 1932. This last period covers the restoration of financial confidence in London, the temporary recovery of sterling to a "peak" of \$3.80, and the return of large quantities of funds to London.

GOLD.

(£ millions : foreign currencies converted at par of exchange.)

Week ending :—	1931.			1932.	
	Jan. 10.	Sept. 19.	Oct. 31.	Jan. 9.	Apr. 2.
Bank of England ...	710	660	660	588	588
U.S. Reserve Banks	2,994	3,486	2,738	2,986	3,018
Banque de France...	2,118	2,296	2,534	2,715	3,005
Reichsbank	527	321	266	234	209
Netherlands Bank...	171	267	336	354	356
National Bank of Belgium	191	224	357	354	349
Swiss National Bank	138	234	422	464	471
Bank of Sweden ...	65	61	57	55	55
Bank of Norway ...	39	39	32	32	32
Bank of Italy	279	285	294	297	294
Bank of Japan	412	407	342	234	213

The first table deals with gold. It brings to light the wide gold movements of last year, first from England and Germany, and then from the Scandinavian countries, and finally from the United States. It shows the steady growth in French gold stocks by nearly a billion dollars during the fifteen months under review. It shows how the American gold losses were checked during the past five months and how France has derived her fresh gold partly from Germany and

Belgium and partly from fresh supplies, including both newly-mined gold and that from the dispersal of hoards in India and elsewhere. Finally, it shows that since October 31st the gold held by the eleven central banks included in the table has risen from \$8,038 to \$8,590 millions.

DEVISEN.

(£ millions : foreign currencies converted at par of exchange.)

Week ending :—	1931.			1932.	
	Jan. 10.	Sept. 19.	Oct. 31.	Jan. 9.	Apr. 2.
Bank of England ...	(a)	(a)	(a)	(a)	(a)
U.S. Reserve Banks	(a)	(a)	(a)	(a)	(a)
Banque de France...	1,038	1,078	1,082	824	491
Reichsbank	95	85	31	39	34
Netherlands Bank...	99	92	35	34	34
National Bank of Belgium	132	116	...	...	...
Swiss National Bank	66	109	19	19	21
Bank of Sweden ...	101	26	7	16	30
Bank of Norway ...	9	2	3	4	4
Bank of Italy	221	175	134	115	80
Bank of Japan	(a)	(a)	(a)	(a)	(a)

(a) Details not shown separately.

The next table deals with *devisen*, in so far as these returns render it possible to trace the holdings of central banks. The one fact brought out by the table is that those central banks who reveal their holdings have been disposing of their *devisen* as fast as they can, mainly by turning it into gold. The heavy disposals by the Banque de France during the past quarter are particularly striking.

NOTE CIRCULATION.

(£ millions : foreign currencies converted at par of exchange.)

Week ending :—	1931.			1932.	
	Jan. 10.	Sept. 19.	Oct. 31.	Jan. 9.	Apr. 2.
Bank of England ...	1,771	1,710	1,733	1,770	1,755
U.S. Reserve Banks	1,625	2,006	2,384	2,651	2,546
Banque de France...	3,042	3,040	3,279	3,325	3,250
Reichsbank	1,032	1,010	1,130	1,092	1,010
Netherlands Bank...	335	380	417	424	402
National Bank of Belgium	453	464	500	516	510
Swiss National Bank	188	246	288	297	293
Bank of Sweden ...	136	145	143	136	142
Bank of Norway ...	80	76	79	86	83
Bank of Italy	820	766	762	752	726
Bank of Japan	556	455	545	536	527

Few striking changes have occurred in note circulation during the past quarter. The recession in the United States circulation coincides with the partial restoration of confidence in her banking system, but a comparison of the latest figures with those of fifteen months ago suggests that there is ample room for further dishoarding. The French note circulation is at last beginning to contract, but the abnormally large proportion of high denomination notes still in circulation shows that much hoarding is still taking place. The growth in the note circulations of Holland, Belgium and Switzerland have also apparently been checked.

PRIVATE DEPOSITS.

(\$ millions : foreign currencies converted at par of exchange.)

Week ending :—	1931.			1932.	
	Jan. 10.	Sept. 19.	Oct. 31.	Jan. 9.	Apr. 2.
Bank of England (bankers' deposits)	335	285	309	399	266
U.S. Reserve Banks (member bank accounts)	2,444	2,418	2,229	2,036	1,911
Banque de France (comptes courants et comptes de dépôts de fonds)	384	709	879	822	891
Reichsbank (daily maturing obligations)	155	91	123	100	138
Netherlands Bank	69	68	69	46	46
National Bank of Belgium	33	39	40	25	17
Swiss National Bank (sight engagements)	57	131	180	206	218
Bank of Sweden	5	5	6	9	18
Bank of Norway (deposits at sight)	14	15	26	17	23
Bank of Italy (other deposits and drafts)	104	80	76	92	73
Bank of Japan (other deposits)	127	110	65		34

The chief features of the table dealing with private deposits is the increase in those of the Banque de France and Reichsbank, which accept deposits direct from the general public. These increases reflect the

growing lack of confidence in the commercial banks which is causing a steady transfer of accounts to the central bank itself.

REDISCOUNTS.

(\$ millions : foreign currencies converted at par of exchange.)

Week ending :—	1931.			1932.	
	Jan. 10.	Sept. 19.	Oct. 31.	Jan. 9.	Apr. 2.
Bank of England (discounts and advances)	70	41	51	97	57
U.S. Reserve Banks	292	263	717	818	633
Banque de France	305	268	437	256	154
Reichsbank (bills and cheques)	500	673	955	923	790
Netherlands Bank (loans)	35	36	51	47	39
National Bank of Belgium (bills)	118	116	133	132	134
Swiss National Bank (bills and Lombard loans)	24	16	25	19	14
Bank of Sweden (Swedish bills and advances on Government securities)	74	84	111	131	119
Bank of Norway (discounts and loans)	49	50	62	66	69
Bank of Italy (discounts)	193	163	195	242	241
Bank of Japan (bills discounted)	320	310	337	379	378

Rediscounts on the whole reflect a general contraction during the past quarter in the demand for central bank credit, the chief exception being Belgium, where financial stringency has lately prevailed. The reduction of \$183 millions in rediscounts at the American reserve banks has been accompanied by a bigger reduction of \$217 millions in bills bought in the open market and by an increase of \$119 millions in United States Government securities, this last movement being a reflection of the greater freedom conferred upon the Reserve System by recent legislation. Even so, there has been a net reduction of about \$300 millions in bills and securities, reflected in the decreases of \$105 millions in the note circulation and \$125 millions in member bank deposits recorded in previous tables.

SOME STATISTICS RELATING TO RECENT MONETARY HISTORY.

In view of the important and catastrophic events of the past few years it has been decided to restore a precedent set in the Banking Supplement of May, 1924, and to bring together in a table the most important banking and monetary statistics of the past three years. The period covered opens in March, 1929, immediately before the world crisis reached the acute stage, and so the whole of the crisis which began with the collapse of the Wall Street boom in the autumn of 1929 is reflected. The statistics relate almost entirely to Great Britain, and are purposely confined to the banking and monetary field, to the exclusion of such matters as production and internal and external trade.

The first two columns link up the seasonal fluctuations in the margin between national revenue and expenditure with changes in the volume of outstanding Treasury bills, and in particular bring to light the net reduction in the Treasury bill issue. They are followed by the salient items from the Bank of England's return, in which gold is compared with outside liabilities as represented by notes in circulation and bankers' deposits. This last item, in addition to being the generally accepted index of the supply of credit to the money market, links up with the next five columns, which between them give the situation of the nine English clearing banks. Here the decline in deposits and the still greater relative decline in advances is brought to light, and also the gradual transfer of the banks' earning assets first into discounts, and then, as the volume of Treasury and commercial bills declined, into investments. Bank clearings come

next, the figures for Manchester being given in addition to those for London, with the object of determining the velocity of circulation of money in a commercial and industrial, as opposed to a mainly financial centre. It is significant that the decline in Manchester clearings agrees reasonably closely with the fall in British wholesale prices shown in a later column, but in view of the greater stability of retail prices, and also of finished goods prices, it must not be assumed that the volume of trade in Manchester has remained unchanged. Money rates are covered by the next two columns, and it may be added here that "prime" bank bills and not to standstill renewals. The New York and Paris exchange rates are then given, and finally the course of wholesale prices in England, the United States and France. These index numbers are all based upon 1913, but the French index has been scaled down to allow for the revaluation of the franc from a parity of Frs. 25.22 to one of Frs. 124.21 a few years ago. The majority of the figures relate to the end of the month in question, but those relating to the clearing bank balance sheets and to the London and Manchester figures are only given quarterly; while the revenue and sums of money are in millions of pounds sterling. In interpreting the Bank of England's figures, due allowance must be made for the increase in the fiduciary note issue on August 1, 1931, from £260 to £275 millions.

Date.	Public Finance.		Bank of England			Nine Clearing Banks (monthly averages)					Bank Clearings (average weekly figures).		Money Rates.		Foreign Exchanges.		Wholesale Prices. (1913 = 100).		
	Excess of Revenue (+) or Expenditure (-) Quarterly totals.	Treasury Bills outstanding.	Gold in Issue Department.	Note Circulation.	Bankers' Deposits.	Proportion.	Deposits.	Cash.	Discounts.	Investments.	Advances.	London.	Manchester.	Bank Rate. "Market" Rate (3 months' Bank Bill).	New York.	Paris.	United Kingdom.	United States.	France.
1929.																			
March	+165.4	700.3	153.3	361.8	58.2	45.4	1,739.3	239.5	214.3	268.9	980.3	892	13.6	5	4.853	124.18	132.3	139.7	129.8
April	...	705.5	158.2	361.4	60.7	52.1	1,743.4	251.0	191.5	269.2	985.8	861	12.5	5	4.853	124.18	132.3	138.7	127.2
May	...	708.3	162.5	360.1	56.3	54.4	1,732.3	245.3	194.9	269.3	976.4	786	12.0	5	4.850	124.05	126.0	137.2	126.3
June	-74.2	757.0	154.5	359.1	75.6	33.0	1,770.4	254.9	216.1	268.6	977.2	717	15.3	5	4.849	123.90	126.2	138.1	123.8
July	...	756.3	141.4	371.8	60.3	28.2	1,778.5	246.2	233.6	266.9	985.3	889	12.6	5	4.852	123.81	129.0	140.4	124.3
Aug.	...	771.2	137.0	365.4	55.8	29.2	1,758.8	237.2	225.0	266.6	981.3	798	9.3	5	4.847	123.85	128.7	140.0	121.1
Sept.	-31.5	792.4	131.9	361.1	57.0	29.7	1,754.0	242.5	221.7	266.4	971.9	788	11.3	5	4.854	123.87	126.4	139.7	121.2
Oct.	...	794.4	131.0	358.8	58.1	30.1	1,764.7	247.1	226.9	265.5	974.0	869	12.4	5	4.878	123.83	124.3	138.0	119.6
Nov.	...	797.0	134.7	354.6	58.2	35.7	1,751.4	242.0	230.7	259.5	973.0	910	12.4	5	4.879	123.85	121.6	135.2	118.3
Dec.	-64.0	780.2	146.0	369.7	110.3	22.6	1,773.3	266.3	226.7	260.4	972.7	833	11.0	5	4.880	123.90	121.5	135.0	117.1
1930.																			
Jan.	...	738.9	150.1	348.0	67.5	52.7	1,767.5	248.0	242.9	259.6	969.1	847	11.0	5	4.866	123.96	118.5	133.8	114.8
Feb.	...	645.6	151.3	346.8	50.7	65.7	1,714.2	234.6	218.3	255.3	972.2	847	12.8	4	4.860	124.27	115.9	131.1	114.5
March	+155.3	588.9	155.1	352.3	54.9	58.1	1,682.0	235.3	181.5	251.8	974.7	964	11.8	3	4.866	124.27	114.4	130.1	112.6
April	...	570.2	163.3	358.8	66.2	52.9	1,712.2	244.7	207.5	251.7	968.0	862	11.0	3	4.862	123.92	112.3	129.9	111.6
May	...	581.7	157.2	356.1	59.0	57.3	1,742.4	259.3	246.1	257.9	955.8	876	10.6	5	4.860	123.93	110.8	127.7	110.2
June	-82.4	614.6	156.3	363.6	84.3	40.0	1,788.3	249.8	273.1	259.1	956.2	859	9.1	5	4.860	123.77	108.5	124.4	108.3
July	...	637.8	152.3	368.4	61.0	41.7	1,794.2	242.6	284.3	267.0	950.4	902	10.2	3	4.871	123.79	106.9	124.0	109.3
Aug.	...	641.7	154.8	350.9	62.6	48.0	1,767.4	235.4	279.3	276.5	934.3	772	8.7	3	4.870	123.77	104.8	120.3	108.2
Sept.	+0.4	680.1	155.6	359.4	61.3	48.7	1,764.1	232.6	283.8	281.3	925.4	788	8.5	3	4.860	123.79	100.8	120.6	106.6
Oct.	...	663.3	159.5	355.6	55.7	58.2	1,791.2	239.3	296.0	283.3	922.3	846	9.5	3	4.859	123.82	99.7	118.3	103.2
Nov.	...	681.7	156.6	351.1	55.9	59.5	1,800.8	237.8	309.5	291.0	918.7	821	9.8	3	4.856	123.59	97.6	115.2	100.3
Dec.	-99.6	690.2	147.6	368.8	132.4	22.5	1,839.1	262.0	319.7	295.7	912.2	720	9.0	3	4.856	123.66	94.6	112.3	99.0
1931.																			
Jan.	...	672.4	139.5	346.8	55.2	49.4	1,835.1	243.9	327.7	306.9	907.4	852	10.5	3	4.850	123.91	91.3	110.3	98.2
Feb.	...	605.9	140.8	347.7	59.1	49.6	1,782.2	233.6	299.0	319.3	908.1	799	9.4	3	4.857	123.95	91.6	108.2	97.9
Mar.	+157.4	563.8	144.5	357.1	58.8	46.5	1,726.2	227.3	238.5	320.9	919.4	758	9.5	3	4.839	124.17	91.1	106.7	97.9
April	...	561.0	146.3	349.8	48.9	55.3	1,698.3	224.0	209.1	318.2	923.8	909	8.9	3	4.864	124.44	90.0	105.0	98.2
May	...	586.7	151.0	354.9	54.8	53.9	1,700.0	222.7	222.1	299.6	918.0	824	8.8	2	4.864	124.48	87.5	102.1	95.6
June	-88.1	616.9	163.3	357.4	99.4	46.2	1,744.6	236.2	263.9	298.1	906.6	697	8.4	2	4.865	124.29	87.5	100.3	93.9
July	...	643.4	132.0	359.4	55.8	32.4	1,750.5	228.9	279.2	308.7	899.7	802	9.3	4	4.860	123.91	86.0	100.3	92.8
Aug.	...	644.6	133.3	350.3	53.6	56.1	1,708.6	223.0	261.3	311.2	892.4	664	6.3	4	4.851	123.98	85.7	100.6	90.5
Sept.	-30.1	618.1	134.8	357.2	62.6	37.1	1,675.7	218.2	234.5	313.4	895.0	612	7.6	6	3.895	98.75	89.6	99.0	87.0
Oct.	...	612.9	135.7	356.0	53.5	41.9	1,687.8	223.5	235.0	313.0	894.4	579	9.5	6	3.867	98.37	90.1	98.0	84.2
Nov.	...	637.8	120.7	354.4	59.8	33.7	1,670.4	221.3	238.2	309.0	884.6	536	9.0	6	3.596	91.94	90.7	97.9	83.0
Dec.	-85.5	664.5	120.7	364.2	126.4	18.4	1,700.5	237.1	244.1	305.9	884.0	519	8.7	6	3.390	86.44	90.6	95.0	82.2
1932.																			
Jan.	...	604.5	120.8	345.9	74.3	39.4	1,677.3	224.0	237.0	292.7	889.3	580	9.8	6	3.470	88.12	90.0	93.2	82.5
Feb.	...	553.4	120.8	346.4	67.9	43.7	1,621.7	214.2	205.3	288.9	886.3	513	9.9	5	3.481	88.41	92.2	91.8	83.7
March	+204.1	604.5	120.8	360.5	54.6	30.9	1,639.3	218.0	214.7	290.9	886.0	639	9.9	3	3.770	96.00	88.5	91.3	85.1

BANKING CONDITIONS IN THE UNITED STATES.

BY A CORRESPONDENT.

At the middle of the spring season, American banking finds itself entering upon what appears to be a new position. The year 1931 could hardly be characterised otherwise than as a period of disaster. The closing of 2,300 banks, the fact that not a few others were known to be in danger, and the rapid curtailment of banking accommodation on the part even of those that were known to be in vigorous and strong condition, had left the community doubtful and uncertain of the future. Gloomy thoughts were entertained and the lack of confidence of the community was reflected in the hoarding movement which was officially estimated (at its height) to have resulted in placing some \$1,500,000,000 in strong boxes and other places of supposed safety.

The four months which have elapsed since the opening of the current year have altered the outlook in no small degree. Starting with the completion of the organisation of the Reconstruction Finance Corporation, one of whose primary duties was understood to be the restoration of American banking to a more satisfactory status, the decline in the number of bank failures has been substantial. During January the number of such failures was 342, but the March figure was only 45. With the great body of failures that has been characteristic of recent weeks, it is difficult to be sure of the precise statistical position, owing to the repeated corrections of earlier statements that have been common of late. What is sure is that the number now is not more than a small fraction of what it was some time ago, while the official testimony of the Governor of the Federal Reserve Board, recently given before a congressional committee, indicates that some 1,800 banks, most of them in the smaller towns and cities, but some at least in the larger places, have received aid through the good offices of the Reconstruction Finance Corporation. Doubtless there is truth in the statement that the weakest of the institutions have failed, or have been helped over their difficulties for

the time, and in either case are out of the picture so far as current problems go.

Where does this leave the banks at the present moment? That question can best be answered by considering the review of conditions of reporting member banks, which is issued weekly. The latest such announcement, giving data for the week ending April 6th, and representing the condition of about 600 banks in the larger cities, is as follows. Figures represent millions of dollars:—

	April 6, 1932.	Increase or Decrease since April 8, 1931.
Loans and investments, total	19,173	- 3,672
Loans, total	12,060	- 3,152
On securities	5,222	- 1,924
All others	6,838	- 1,228
Investments, total	7,113	- 520
United States Government securities	3,882	+ 34
Other securities	3,231	- 554
Reserve with Federal Reserve banks ...	1,475	- 322
Cash in vault	201	- 10
Net demand deposits.....	10,875	- 2,803
Time deposits	5,656	- 1,617
Government deposits.....	381	+ 78
Due from banks	1,010	- 766
Due to banks	2,561	- 1,346
Borrowing from Federal Reserve banks	313	+ 293

thinkers have, as usual, been inclined to "put the cart before the horse," and to attribute the business difficulties of the time to "deflation." Such explanations are difficult to accept, the obvious fact being that, in most cases, the decline of bank loans and bank accommodation is the direct consequence of reduction in actual business demand. The shrinkage of deposit accounts, especially those classified as "time deposits," is also due to the demands of the population, out of work or only partly employed, which draws upon its savings for the wherewithal for paying current expenses, and looks to the banks to provide such funds by selling securities or otherwise liquidating assets—a process which inevitably brings further strain to bear upon the security holders of the country and upon the exchanges where values are traded in.

It is now necessary to turn for the moment to the Reserve Banks in order to complete the general sketch of current conditions in American Banking. Like the commercial institutions, the Reserve Banks have passed through a troubled twelvemonth. Starting with a year ago, when it seemed to many as if a revival was imminent, the Reserve Banks found themselves obliged, first of all, to face the conditions growing out of the so-called "Hoover Moratorium" at the opening of summer, with the suspension of payments on the great body of American holdings of German acceptances—holdings which had been accumulated to so great an extent upon the assurance and with the moral guarantee of the Reserve institutions. This was followed and aggravated by the necessity of making large gold advances to the Reichsbank. Then followed the large gold advance to the Bank of England, and, finally, the severe gold drain to France and other European countries which distrusted the position of the United States. The fact that these adverse conditions and this growth of uncertainty and lack of confidence were fundamentally attributable to the Reserve Banks' own faults, including the reduction of discount rates to 1½ per cent. and the resort to a confessed inflation policy, does not alter, though it helps to explain, the severity of the conditions which had to be encountered. After the loss of over \$700,000,000, during hardly more than seven weeks in the early autumn, the Reserve Banks found it needful to raise their rates, with a tacit agreement to keep them up for a period of three months. Then followed the intense hoarding movement, with the raising of the outstanding circulation (partly in consequence thereof) to near \$3,000,000,000—a much larger figure than any for a decade—and finally the necessity, or what was alleged to be such, of changing the terms of the Reserve Act by the adoption of the Glass-Steagall Act.

At the close of this series of remarkable events, the position of the Reserve Banks is indicated by the statement of April 15, as follows:—

BANKING IN GERMANY.

(BY A CORRESPONDENT.)

Since February 22, 1932, Germany has had only three large deposit banks to a population of over 60 millions, and all three are more or less dependent upon the Government. Two of the great branch banks renounced their independence as early as 1929, when the Disconto-Gesellschaft and the Mitteldeutsche Creditbank amalgamated with other banks, and now the Darmstädter und Nationalbank has passed into the control of the Dresdner and the Barmer Bankverein into that of the Commerz-und Privatbank. The capital of the three surviving banks, which between them conduct most of Germany's deposit business, is now divided as follows:—

	Millions of Reichsmarks.		
	D.D. Bank.	Dresdner Bank.	Commerz-bank.
Share capital:			
Held by public	99	20	23.84
Held by Golddiskontbank	45	50	45
Held by Reich	0	150	11.16
Total	144	220	80

RESOURCES.		
	April 15, 1931.	April 13, 1932.
Gold reserves	\$ 3,141,858,000	\$ 3,018,312,000
Total bills discounted	132,004,000	628,602,000
Bills bought in open market	131,479,000	51,809,000
Total U.S. Government securities	598,635,000	985,024,000
Total bills and securities	862,118,000	1,669,911,000
LIABILITIES.		
F.R. notes in actual circulation ..	1,515,716,000	2,537,075,000
Deposits:—		
Member bank—reserve account ..	2,356,415,000	2,010,899,000
Government	18,859,000	52,494,000
Foreign bank	5,183,000	41,137,000
Other deposits	25,733,000	19,435,000
Total deposits	2,406,190,000	2,123,965,000

Ratio of total reserves to deposit and F.R. note liabilities combined 84.6% 69.4%

In glancing over this statement, it is worth while to observe carefully the immense increase in outstanding circulation (67 per cent.) that has occurred since a year ago, the decline in gold holdings and in gold (or reserve) ratio, the falling off of member banks' reserve deposits, and the practical doubling of the total of Treasury obligations bought and held, as well as other noteworthy alterations in general conditions; and, without going in detail into the causes for such changes, to inquire generally what are the factors that are to-day acting powerfully upon the system.

Of these, the first is obviously the continuation of the effort to produce inflation and thereby to bring about "easy money" conditions, and presumably a trend toward higher prices for commodities and for securities. Of late the Reserve institutions have once more given to the public notice of their intention to force out into current use a large amount of reserve credit, by the well-worn devices of buying Government securities, cutting bill rates, and reducing discount rates. In fact, notice has been given that it is the intent to go to the full limit allowed by the liberal provisions of the Glass-Steagall Act, which permitted a large release of gold, in the expectation that it would be availed of in case of a further foreign drain. In lieu of that, the credit is now to be released at home, notwithstanding the already vast volume of currency put out to meet hoarding calls, which, however, to-day appear to be in process of reduction, though still leaving an immense circulation outstanding. Perhaps the next most significant influence in the case is the growth of bills discounted since a year ago, due to the increasing calls on the part of member banks during the past year for help (latterly also reduced). Exports of gold, though partly offset by imports from the Far East, have left their mark on the volume of reserve.

The Reserve Banks are passing through a crucial period, leading to a new banking situation; but in the opinion of most will have to alter their expansion policy radically.

There are, however, other banking houses in Germany besides the three big deposit banks. The Berliner Handelsgesellschaft and the Reichskreditgesellschaft carry on in Berlin a business without branches, which is mainly concentrated on a few large customers. The large private bankers conduct a business on a similar scale. Of these the most important are Mendelssohn and Company and the Bleichröder Arnhold group. The Reich, as the holder of the entire capital of the Reichskreditgesellschaft, is also represented in this section of the banking world.

Among the banks which operate exclusively in the provinces are two fairly large Bavarian banks, the Bayerische Hypotheken und Wechselbank, and the Bayerische Vereinsbank, both of which have succeeded in keeping their private character even during the crisis. Frankfurt-am-Main and Hamburg also have private banks of moderate size, but the big deposit banks of Saxony (the Allgemeine Deutsche Credit Anstalt) and Bremen (the Norddeutsche Creditbank, formerly Schröderbank) are now dependent upon the Reich and the Reichsbank.

How has this complete transformation in German banking come about? As late as 1929 and 1930 the Treasury was obliged, at a time of great difficulty, to avail itself of the help of the big German banks, which were then still liquid. Two combinations of circumstances have since brought about a complete transformation. The first was the withdrawal of foreign credits. Between the autumn of 1930 and that of 1931 foreign banks withdrew about Rm. 5,000 million short-term credits from the German banks. The repayment of these inordinately large sums was for the most part achieved by the use of the banks' own liquid resources, and by the rediscounting of trade bills at the Reichsbank. In the summer of 1931, however, the foreign drain threatened to become still worse and to create a panic among the home creditors of the banks. The Government was therefore obliged, on July 13th, and in the weeks following, to come to the help of some

of the banks, and the conclusion of the Standstill Agreement and the State support of the Danat and the Dresdner Bank followed.

During the summer of 1931 the second series of circumstances still went almost unheeded. This was that the German banks sustained exceptionally heavy losses in the crisis years of 1930 and 1931. They always held large quantities of industrial shares, and they added to these during the crisis in order to counteract the decline in Stock Exchange quotations. They lost heavily on their advances to industrial and commercial companies. Some of their debtors went bankrupt; others had to have part of their advances cancelled in order to avoid insolvency; and other advances could only be recovered in part and after a long delay. A further source of losses to the banks was the decline in their own shares; until the summer of 1931 they had tried to keep the quotations steady, and in order to do so had been obliged to take up large quantities of their own shares at high prices.

It is idle to ask now whether the banks themselves were to blame for these losses on securities and advances or whether they were inevitable owing to the acuteness of the crisis. One thing only is certain, that almost all the banks suffered equally heavy losses. The big banks were together obliged to provide in their balance sheets for 1931 for about Rm. 1,000 millions losses in the preceding two years. The Danatbank's share in these losses must, in proportion to its turnover, have been only very little larger than that of the other banks.

Must the reorganisation of the banks be completed immediately? Many serious students of German economic conditions say no, and take the view that last February was an unsuitable time for valuing the actual losses. In their view the right course would have been to wait until the crisis was over in order to reorganise the banks. The Government took a different view. They were anxious to avoid the publication of balance sheets for the end of 1931 which must have

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appeared inaccurate. It also seemed to them necessary in the interests of the activity and effectiveness of the banks, to write off the losses at once, and to increase the liquidity of the banks by an infusion of new capital.

The capital and reserves of the banks were in most cases insufficient to cover the losses, and the addition of new capital could not be effected by the issue of new shares in the open market. For these two reasons intervention by the Reich was necessary. In order to cover the losses the Reich has given the banks Treasury bills which are only to be redeemable after the lapse of some years, out of their surplus earnings. New capital was provided by the Reichsbank, which has at its disposal enormous reserves which increased still further during the crisis. This accounts for the co-operation between the Reich and the Reichsbank, and the inevitable consequence of their sacrifice has been the loss of the private character of the banks.

Unlike the Dresdner, the Danat and the Commerzbank, the D.D. bank was able to meet its Rm. 275 millions losses on securities and loans without external help. A reduction in its share capital yielded a book profit of 108 millions, and 146 millions were withdrawn from open reserves and 21 millions from the working profits of 1931, to cover the losses.

The Dresdner and the Danat, which have only published a combined balance sheet for 1931, announced losses of Rm. 416 millions. Part of these losses was borne by the Reich; in July, 1931, it undertook a guarantee for all the obligations of the Danatbank, and was obliged in February to make sacrifices in order to relieve itself of this obligation, which it was impossible to support for any length of time. The amalgamated Dresdner-Danat had therefore to be sufficiently strengthened to command the confidence of creditors without any Government guarantee. To this end the Reich gave the Danat, before the amalgamation, Rm. 115 millions of Treasury bills, for which it required no compensation, and allowed the 300 million preference shares of the Dresdner, which it had purchased in July, 1931, to be converted into 200 million ordinary shares of the amalgamated bank. For the rest, the losses were covered by the writing down of the old share capital of the earlier reserves, but the Reich placed at the disposal of the banks further large sums in Treasury bills in order to increase their liquidity. These Treasury bills, and also those which the Commerzbank has received, are repayable. Of future net profits 15 per cent. are to be handed over to the Reich; the rest is to be used for the payment of an 8 per cent. dividend to the shareholders. Profits over and above this are to be divided between the Reich and the shareholders in the proportion of 60 to 40 per cent.

The balance sheet of the Commerzbank for the end of 1931 shows losses of Rm. 107 millions. It was one of the great surprises of February 22 that this bank, which had maintained its reputation during 1931 by remaining liquid, was unable to meet its losses without outside help. The Reich had to come to the rescue, and bought 37.2 million shares which the bank itself had been holding, at par, writing them down immediately to 11.2 millions. This showed a book profit of 26 millions, and in addition the Reich had to place about 40 million Treasury bills at the disposal of the bank for the purpose of building up fresh reserves.

The changes in the share capital and reserves of the big banks are set out in the table below:—

	Million Reichsmarks.					
	D.D.	Dresd- ner.	Da- nat.	Com- merz.	Bar- mer.	Adca.
Capital, end 1930	285	100	60	75	36	40
Reserves, end 1930	160	34	60	40	18	11
Bought up, 1930-31 ...	105	55	35	37.2	23.5	22
Of these, there were						
sold to Reich	...	22	...	37.2	...	...
Capital in circulation...	180	67	25	75	12.5	18
Reduced in ratio	10.4	10.3	10.3	10.3	...	10.3
Reduced to	72	20	7.5	22.5	12.5	6
New issue	72	200	...	45	...	14
New capital	144	220	...	80	...	20
New reserves	25.2	30	...	30	...	6

The new shares of the Commerzbank and Adca were all taken over by the Golddiskontbank, but of the 72 million new shares of the D.D. Bank the Golddiskontbank took only 45 million, while the rest were taken up by private friends of the bank. The 200 million new Dresdner shares were substituted for the preference shares.

The only large German credit banks which have distributed dividends for 1931 were the Reichscreditgesellschaft and the Berliner Handelsgesellschaft, each of which paid 4 per cent. The shareholders of the Reichsbank received an unchanged dividend of 12 per cent. on the share capital of Rm. 150 millions. The profits of the Reichsbank have increased very much, as the banks have been obliged to rediscount far more bills than in earlier years and the discount rate was higher. The bank was therefore able, besides maintaining its dividend, to add no less than Rm. 94 millions to reserve out of last year's profits. This brought the reserves to over Rm. 400 millions, of which 200 millions are now being handed over to the Reichsbank's subsidiary, the Golddiskontbank, and used to take over the new shares of the reconstituted banks. The unusual circumstance of a central bank of issue taking shares in private banks is justified by the Reichsbank on the ground that the profits of last year, which arose out of the intensification of the crisis, should only be used for the alleviation of the crisis. By taking up the shares of the banks, which are its principal debtors, the Reichsbank at the same time improves the state of its bill portfolio. If it had not placed these large sums at the disposal of the banks it would have had to write down its bills in order to balance the losses which would have resulted from the suspension of payments by its debtors. The Reichsbank does not regard the present situation as permanent, and is prepared to part with the shares under its control at any time. Unfortunately, however, it is improbable that the banks will in the near future be in a position to place these shares.

The following table, giving the position at the end of 1930 and 1931, shows the effect of the withdrawals by creditors on the balance sheets of the individual banks:—

	(Million Reichsmarks.)									
	Creditors.		Acceptances.		Total Liabilities.		Debtors.		Cash, balances with other banks and bills of exchange.	
	1930.	1931.	1930.	1931.	1930.	1931.	1930.	1931.	1930.	1931.
D.D. Bank	4,137	2,993	245	273	4,382	3,266	2,293	1,981	1,469	862
Dresdner (inc. Danat)	4,511	2,742	291	438	5,002	3,440	2,185	1,734	1,589	956
Commerzbank	1,489	1,047	109	150	1,805	1,392	809	667	551	398
Reichscreditgesellschaft	597	482	30	21	695	570	267	218	269	234
Berliner Handelsgesellschaft	397	293	25	36	468	369	168	124	137	116

The Dresdner Bank naturally shows the most serious decline in "creditors"; it had about 40 per cent. less deposits at the end of 1930 than the Dresdner and Danat combined the year before. The decline in the those of the D.D. Bank 28 per cent., and in those of the Berliner Handelsgesellschaft 26 per cent., and the "creditors" of the Reichscreditgesellschaft 19 per cent. A large part of the decline in "creditors" was balanced by an increase in acceptances and a reduction in liquid assets, while "debtors" could only be reduced to a relatively small extent. A further reduction of the credits granted to industry and trade, which would mean a further pressure of deflation on German economy, is not, however, necessary. The great advantage of the reorganisation is the equipping them to maintain their "debtors," or even to increase them.

The reorganisation of German banking in the middle of the severe economic crisis is an act of almost unexampled courage and determination whose wholesome effect on German economic life has yet to be seen.

The rectification of the bank balance sheets has been completed, and all losses and predictable risks have been provided for. The real seat of the crisis is, however, in economy and not in banking, and a sound banking system will not alone suffice to overcome the crisis. The future task of the banks has not been made easier by the reorganisation. It, along with the future of German economy, depends mainly upon the accumulation of capital in Germany. The German banks will not be able to attract foreign funds as they

did in the period 1926-30 (it would be a great triumph if even the foreign money which still remains in Germany were left here without standstill agreements), so that the accumulation of new deposits and the formation of a German capital market depends on German thrift. Not until capital accumulation in Germany has advanced so far that industrial companies and local authorities can once more issue long-term loans and thereby repay their bank credits will the German banking system function normally.

BANK SHARES.

DAY-TO-DAY market movements in bank share prices, on the Stock Exchange, not infrequently follow those of gilt-edged stocks. This is both a high compliment to the banks and a recognition of the dual fact that they are themselves large holders of gilt-edged securities and that their credit is vitally bound up with that of the nation generally. Between the beginning of August and the end of September last year, the prices of long-term British Government stocks, according to the Actuaries' Index, fell by 13 per cent. During the same period market quotations for representative bank shares declined by 18 per cent. The greater severity of the latter decline was the resultant of various factors—currency fears, exaggerated unofficial reports of the extent of the banks' frozen assets in Central Europe, and a deliberate discounting of a reduction in bank dividends expected at the end of the year.

Once confidence had been restored in the soundness of Britain's financial position as a whole, however, the majority of these "bear points" were seen to have been over-stressed. This impression was confirmed when the annual reports of the leading banks for 1931 were published. Bank share quotations as a whole thereafter showed a healthy and gratifying recovery. Investors were impressed by the ability of the banks to offset accrued European losses without serious depletion of their contingencies funds, to take up the depreciation in the market values of their investments by moderate drafts on free reserves, and to pay only slightly reduced rates of dividend without infringing the canons of conservative finance. Representative bank share values, consequently, have risen by 26 per cent. since the end of last year and are now appreciably higher than on the eve of Britain's departure from gold.

The following table shows the recent course of market prices and yields on eleven British bank and discount company shares, as compared with those of a group of industrial ordinary shares, according to the Actuaries' Index:—

	PRICES AND YIELDS ("ACTUARIES' INDEX" FIGURES). (December 31, 1928 = 100.)				
	Dec. 31, 1929.	Dec. 30, 1930.	Sept. 15, 1931.	Dec. 29, 1931.	May 3, 1932.
Market prices:—					
Eleven bank and discount co. ord. shares	90.2	96.8	78.1	68.2	84.9
132 industrial ord. shares...	81.9	64.3	46.7	49.3	47.6
Average yields on dividends:—					
Eleven bank and discount shares	5.78	5.38	6.42	7.43	5.52
132 industrial shares	6.81	7.21	7.90	6.94	5.87
Average yields on earnings:—					
Eleven bank and discount shares	6.82	6.33	8.80*	9.17	6.11†
132 industrial shares	8.05	9.87	6.03*	3.04	0.51†
* September 29, 1931.				† March 29, 1932.	

Holders of British bank shares have had a far more favourable experience than investors in industrial securities. Since December 31, 1928 (which marked almost the peak point of the market boom), their holdings have suffered a depreciation, on the average, of only 15 per cent., compared with a drop in industrial securities of 52½ per cent. At present prices, bank ordinary shares yield under 6 per cent. on an income basis, as they have done throughout the market depres-

sion, except for a relatively short period before and after the crisis of last autumn. The table suggests that, during that abnormal interval, investors were discounting much more than a moderate fall in dividends. That, to-day, both the dividend and earnings yields on bank shares are slightly lower than, say, two years ago, is the more reassuring. It suggests that the limited decline which has taken place, on balance, in market values, has been slightly less than proportionate to the reductions made in bank dividends. The market clearly regards the intrinsic security of bank shares as being as unquestionable as ever.

As regards banks whose operations are mainly carried on in the Dominions or in foreign countries, however, a somewhat more conservative view is being taken by investors. On the whole, Australian bank shares have maintained their prices comparatively well over the last twelve months, assisted, in part, by the improvement in Australia's credit since the assumption of office by Mr Lyons' Government in the Commonwealth. A



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Share.	Dividends Last Two Years.		Price, April 30, 1931.	Price, April 28, 1932.	Yield.
	Year 1.	Year 2.			
<i>British Banks.</i>					
Bank of England (Stock)	12	12	264½	272	4.41
Bank of Scotland (Stock)	18	18	362½	345	5.21
Barclays "A" (£4)	10	10	8	8½	4.85
Barclays "B" (£1)	14	14	54½	57½	4.87
Commercial of Scotland "B" (£1) ..	10	10	41½	40½	4.90
District "B" (£1)	10	10	2½	2	5.00
Lloyds "A," £5 with £1 pd.	15	15½	57½	48½	5.50
Martins, £20 with £2½ pd.	16	14	6½	5½	5.95
Midland, £12 with £2½ pd.	18	16	8½	7½	5.16
National Provincial, £20 with £4 pd.	18	16	12½	12	5.33
Royal Bk. of Scotland (Stock)	17	17	346½	348	4.86
Westminster, £4 with £1 pd.	20	18	72½	70½	5.15
<i>New Zealand.</i>					
Bank of Australasia (£3)	13½	9	7½	8	5.62
Bank of New South Wales (£20) ..	14½	8	20	21½	7.44
Bank of New Zealand (£1)	14½	14½	2½	1½	7.64
English, Scottish and Australian, £5 with £3 pd.	12½	8½	3½	3½	6.40
Nat. Bank of Australasia, £8 with £5 pd.	8½	6	4	4	7.50
Nat. Bank of New Zealand, £7½ with £2½ pd.	12½	10½	4½	2½	8.70
Union Bank of Australia, £15 with £5 pd.	11½	7½	6	5½	6.66
<i>Indian Banks.</i>					
Chartered Bank of India (£5)	20½	14	14½	11	6.36
Eastern Bank, £10 with £5 pd.	9	6	5½	5	6.00
National Bank of India, £25 with £12½ pd.	20½	20½	34	34	7.32
<i>Canadian Banks.</i>					
Bank of Montreal (\$100)	14	12	£59½	£44½	6.56
Canadian Bank of Commerce (\$100)	13	12	£46½	£37½	7.78
Royal Bank of Canada (\$100)	14	12	£57½	£39½	7.38
<i>Other Banks.</i>					
Agricultural Bank of Egypt (£5) ..	10	7	6½	5½	6.09
Anglo-French Banking (£1)	3	Nil	14/-	4/6	Nil
Anglo-International Bank (£1)	Nil	Nil	11/-	9/-	Nil
Anglo-South American, £10 with £5 pd.	10	6	5½	2	40.00
Bank of British West Africa, £10 with £4 pd.	6	4	3	2	8.00
Bank of London and South America (£5)	9	5	6½	3½	6.66
Bank of Roumania (£5)	Nil	Nil	2½	1½	Nil
Barclays Bank (Dominion, Colonial & Overseas) (£1)	4½	4½	1½	1½	3.90
British Overseas Bank "A" ord. (£5)	6	6	5½	4	7.50
Hong Kong and Shanghai (\$125) ..	7	6	£109	£97	6.20
Imperial Bank of Persia (£6½)	10½	10½	8½	8½	7.20
Ionian Bank (£5)	6	2	4	1½	6.66
National Bank of Egypt (£10)	18	15	27½	25	6.00
Standard Bank of South Africa, £20 with £5 pd.	17	15	13½	9½	7.88

† Free of income tax. (t) On basis of 4-11 dollars to £1. (s) Based on last year's dividend of 6 per cent. No interim paid this year.

year ago, however, market values had already suffered severe depreciation, and the relatively high yields obtainable to-day, in some instances, suggest that the market, while remaining assured of the stability of the leading institutions, recognises that their re-attainment of normal prosperity may depend on factors beyond their own control. Similarly, the fall in Canadian bank shares may be regarded as an index, mainly, of the economic difficulties of the period through which the whole Dominion is passing. The value of Indian bank shares, on the whole, has been well maintained during the last year, such declines as have occurred being no more than proportionate to reductions in dividend rates.

The trend of market quotations for the shares of banks operating mainly outside the Empire has been downward for some time past. Investors have been influenced less by actual rates of dividend than by industrial, currency and exchange uncertainties in some areas, like South America, where economic conditions have given rise to difficulties as regards remittance, etc., of a somewhat abnormal character, and by special factors in areas like Central and South-Eastern Europe, where the possibility of "frozen" assets is considerable. Broadly, the market has tended stringently to differentiate between the shares of individual banks operating abroad according to the size of their relative stake in the world's contemporary "devastated areas."

British bank shares, in the near future, may continue to derive benefit from their investment association with British Government stock, which, by current indications, may remain a firm market for some little time. The outlook for other bank shares, however, must needs be governed by the manner in which imponderable forces, let loose in a harassed world, work out their own, and the world's, salvation. In the meantime, shareholders may be required to take due cognisance of changes in local, as well as in more general, conditions.

PROFITS OF BANKS FOR LAST COMPLETED FINANCIAL YEAR.

FINANCIAL YEAR.										
BANK.	Year Ended.	Profits.	Dividend.	Rate.	Reserve.	Premises.	Staff.	To Carry Forward		Profits a Year Ago.
								Increase.	Decrease.	
ENGLISH.										
Barclays.....	Dec. 31	£ 1,794,825	£ 1,588,239	{ A 10 B } { & C 14 }	£ 200,000	£	£	£ 6,586	£	£ 1,821,207
British Mutual	Dec. 31	24,315	14,400	12	10,000	...	...	...	...	27,191
District	Dec. 31	424,239	347,600	{ A 16½ } { B 10 }	...	20,000	40,000	...	85	451,239
Lloyds	Dec. 31	1,926,904	1,516,048	{ A 13½ } { B 5 }	400,000	...	...	16,639	...	2,129,516
London Merchant.....	Dec. 31	42,799	...	...	73,122	...	...	10,856	...	50,838
Manchester and County ..	Dec. 31	154,312	150,155	13½	...	...	...	...	30,323	171,255
Martins	Dec. 31	703,154	582,406	14	100,000	...	...	4,157	...	793,551
Midland.....	Dec. 31	2,056,986	1,738,257	16	320,000	...	...	20,748	...	2,318,690
National Provincial.....	Dec. 31	1,747,008	1,516,706	16	...	...	100,000	130,302	1,271	1,930,854
Union of Manchester	Dec. 31	140,097	68,625	12	36,000	5,000	30,000	472	...	145,880
Westminster.....	Dec. 31	1,601,822	1,184,867	{ A 18 } { B 12½ }	250,000	...	...	...	...	1,821,888
Williams Deacon's	Dec. 31	275,465	234,375	12½	40,000	...	200,000	...	33,045	278,627
Totals.....		10,891,926	8,941,678	...	1,429,122	25,000	370,000	1,090	...	11,940,736
SCOTTISH.										
Bank of Scotland	Feb. 28	268,180	202,500	18	...	50,000	...	190,850	64,724	366,870
British Linen	Jan. 15	293,530	150,000	16	100,000	20,000	...	...	...	327,420
Clydesdale	Dec. 31	330,920	208,000	16	75,000	20,000	...	23,530	...	336,488
Commercial of Scotland ...	Oct. 31	385,736	251,625	{ A 16 } { B 10 }	50,000	50,000	30,000	...	2,080	389,857
National of Scotland	Nov. 1	270,433	132,000	16	100,000	20,000	30,000	4,111	...	276,928
North of Scotland	Dec. 31	254,414	193,970	17	75,000	5,000	20,000	...	1,567	281,473
Royal of Scotland	Oct. 12	611,116	490,007	17	71,109	20,000	15,000	...	34,556	533,665
Union of Scotland	Apr. 2	329,911	216,000	18	100,000	30,000	30,000	...	41,089	354,667
Totals.....		2,744,240	1,844,102	...	571,109	215,000	150,000	...	...	2,867,368
IRISH.										
Belfast Banking	Dec. 31	111,394	66,000	11	100,000	...	...	43,321	79,292	118,054
Northern.....	Aug. 31	129,253	72,656	{ A 15 } { B 7½ }	55,000	2,935	...	...	54,606	129,107
Ulster	Nov. 30	198,981	138,667	16	50,000	...	...	...	1,338	215,472
Totals.....		439,628	277,323	...	205,000	2,935	...	10,314	...	462,633

A RECORD OF BANKING PROFITS.

As the table at the foot of the page shows, 1931 witnessed a further decline in the net profits of British banks, while, in addition, they had to make some provision for the depreciation of their investments. The contraction in profits was in most cases offset by a proportionate reduction in dividends, as is shown by the fact that the ratio of dividends to profits fell from 83 to 82 per cent. Allocations to reserves include those made from the profit and loss account to inner reserves.

Scottish banks were less affected by the international situation, and so profits only fell by a relatively small amount, and the total sum paid in dividends was increased. It also proved practicable to reduce published allocations to reserve, premises and staff funds. The net profits of Irish banks recorded a moderate decline, but their ratio to resources increased, so that clearly the shrinkage in profits was due to a still greater shrinkage in resources. Comparatively heavy allocations had to be made to reserves, mainly at the expense of the amount carried forward. It may be recalled that the amount distributed in dividends in 1930 was increased by £100,000 above normal by a special distribution by the Belfast Banking Company.

ENGLISH.

Year	Profits.	Per Cent. of Resources.	Dividends.	Per Cent. of Profits.	Investments Depreciation.	Reserve Funds.	Premises.	Staff.	Movement of Carry Forward.	
	£		£		£	£	£		£	
1914	9,120,656	94	6,697,295	73	1,190,900	112,000	317,200	109,728	+ 693,633	
1915	9,328,732	86	6,288,456	64	3,647,607	20,100	132,500	40,687	- 300,618	
1916	10,734,850	82	5,937,606	55	4,406,101	18,000	256,500	66,582	+ 50,061	
1917	11,678,477	73	5,915,733	46	224,000	3,354,500	417,500	284,000	+ 148,274	
1918	12,578,524	71	6,106,495	48	167,500	4,247,960	747,000	740,101	+ 569,468	
1919	14,639,643	69	7,014,262	48	3,421,500	2,103,896	742,500	867,500	+ 489,985	
1920	17,399,028	79	8,426,466	49	4,930,000	1,930,718	945,000	520,000	+ 646,844	
1921	13,740,616	63	8,642,260	63	...	3,153,560	1,445,000	320,000	+ 179,796	
1922	12,028,280	58	5,934,266	74	...	1,514,868	1,225,000	270,000	+ 84,146	
1923	11,690,549	57	5,168,298	79	...	937,500	1,080,000	320,000	+ 184,761	
1924	13,023,593	62	6,456,273	73	...	1,338,021	1,585,000	645,000	- 707	
1925	13,892,452	67	8,856,930	71	...	1,208,000	1,390,000	965,000	+ 472,622	
1926	13,843,451	66	10,098,602	73	...	1,429,312	1,485,000	910,000	+ 79,483	
1927	13,348,772	62	8,554,313	74	...	1,269,000	1,380,000	900,000	- 54,541	
1928	13,783,812	59	10,274,012	75	...	990,040	1,480,000	941,000	+ 96,760	
1929	13,977,765	63	10,461,206	75	...	1,281,000	1,475,000	885,000	- 124,441	
1930	11,940,736	53	9,912,622	83	...	862,500	725,000	665,000	- 224,387	
1931	10,891,926	53	9,941,678	82	...	2,500,142	622	25,000	370,000	+ 126,126

SCOTTISH.

Year.	Profits.	Per Cent. of Resources.	Dividends.	Per Cent. of Profits.	Investments Depreciation.	Reserve Funds.	Premises.	Staff.	Movement of Carry Forward.
1914.	£ 1,907,077	1.13	£ 1,352,075	71	£ 269,118	20,000	46,500	30,000	+ 189,384
1915.	1,937,952	1.09	1,188,967	61	682,779	...	46,500	38,935	- 19,229
1916.	2,015,154	0.97	1,108,141	55	690,132	80,000	51,500	30,000	+ 55,381
1917.	2,127,076	0.85	1,075,015	49	140,000	557,500	135,000	65,000	+ 154,561
1918.	2,250,466	0.82	1,074,188	48	40,000	785,000	170,000	85,000	+ 96,278
1919.	2,387,941	0.75	1,086,424	46	646,085	383,805	100,000	100,000	+ 71,627
1920.	2,392,978	0.71	1,136,124	47	986,491	50,000	120,000	105,000	+ 4,640
1921.	2,437,024	0.71	1,204,430	49	...	877,501	170,000	140,000	+ 46,093
1922.	2,545,370	0.79	1,277,110	50	...	861,959	220,000	170,000	+ 16,308
1923.	2,600,745	0.87	1,334,683	51	...	737,226	245,000	210,000	+ 73,836
1924.	2,438,964	0.82	1,308,388	54	...	546,432	285,000	240,000	+ 69,144
1925.	2,441,469	0.82	1,377,099	56	...	542,310	260,000	246,392	+ 15,668
1926.	2,695,911	0.90	1,608,510	60	...	581,545	270,000	235,000	+ 856
1927.	2,732,256	0.92	1,720,510	63	...	386,977	330,000	250,000	+ 44,769
1928.	2,793,449	0.91	1,669,845	59	...	587,561	285,000	245,000	+ 16,043
1929.	2,793,534	0.90	1,708,180	61	...	532,032	260,000	230,000	+ 63,322
1930.	2,867,368	0.90	1,824,839	64	...	520,606	265,000	230,000	+ 26,923
1931.	2,744,240	0.90	1,844,102	67	...	496,109	215,000	150,000	+ 35,971

IRISH.

Year.	Profits.	Per Cent. of Resources.	Dividends.	Per Cent. of Profits.	Investments Depreciation.	Reserve Funds.	Premises.	Staff.	Movement of Carry-Forward.
	\$		\$		\$		\$		\$
1914..	1,104,836	-03	750,033	68	150,000	165,000	22,678	10,605	6,520
1915..	1,255,992	-17	712,284	58	438,000	6,299	7,500	13,100	18,000
1916..	1,103,499	-96	639,060	58	361,000	75,000	8,230	13,100	7,100
1917..	1,193,190	-88	616,377	51	110,000	370,000	30,318	5,000	61,49
1918..	1,401,660	-79	662,432	47	15,608	537,500	12,000	64,030	110,09
1919..	1,428,444	-68	690,251	48	298,000	355,309	14,920	65,300	2,33
1920..	1,701,534	-71	699,946	41	383,000	618,003	25,781	40,000	36,80
1921..	1,632,966	-75	725,300	42	102,500	627,069	69,429	40,000	54,41
1922..	1,827,480	-75	768,754	42	...	923,502	11,907	52,000	52,00
1923..	539,507	-82	187,994	35	...	270,000	84,907	40,000	43,39
1923*	547,274	-89	197,082	36	...	300,000	14,342	20,000	15,85
1924*	466,600	-77	206,511	44	...	200,000	9,434	30,000	20,65
1925*	442,693	-75	222,342	50	...	200,000	5,083	50,000	34,70
1926*	483,949	-76	225,300	50	...	90,000	5,937	152,800	19,63
1927*	461,280	-75	225,300	50	...	...	5,521	...	...
1928*	470,499	-78	277,100	59	...	150,000	5,088	...	19,44
1929*	463,891	-78	277,100	60	...	140,000	1,386	...	45,40
1930*	462,633	-72	376,278	81	...	130,000	6,628	...	50,27
1931*	439,628	-74	277,323	63	...	205,000	2,935	...	45,63

POSITION OF THE BANK OF ENGLAND FROM APRIL 15, 1931, TO APRIL 20, 1932.

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Bank Rate.	Issue Department.		Both Depts.		Banking Department.				
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.			Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Discounts and Advances.	Other Securities.	Reserve and the "Proportion."		
1931.	£	£	£	£	£	£	%	£	£	£	%	£	£	£	£	%
April 15	405,313	354,364	8,372	61,230	35,131	816 out	3	243,684	12,225	146,202	31½	34,335	8,376	27,852	51,839	49½
22	405,864	348,444	13,864	54,785	35,403	546 in	3	241,683	14,241	146,740	32½	30,950	5,982	26,500	58,295	56
29	406,280	349,815	17,678	48,924	37,029	408 in	3	242,465	13,442	147,227	32½	31,090	7,198	25,647	57,413	55½
May 6	407,506	356,217	5,999	58,572	35,512	1,217 in	3	243,965	11,943	148,483	32½	34,415	5,635	25,524	52,265	52½
13	408,977	353,127	10,324	62,199	33,966	1,462 in	3	242,082	13,825	150,004	32½	35,665	6,362	25,343	56,877	53½
20	410,173	351,541	14,966	56,634	34,026	1,190 in	3	242,136	13,775	151,206	33½	31,880	5,956	25,890	59,665	56½
27	411,017	354,860	17,449	54,761	33,820	684 in	2½	245,727	10,177	152,078	32½	31,215	6,825	28,553	57,218	53½
June 3	411,876	356,371	6,545	72,209	33,920	856 in	2½	244,194	11,707	152,934	32½	38,496	7,106	28,311	56,563	50½
10	415,256	354,251	9,627	69,561	33,267	3,375 in	2½	244,624	11,275	156,288	33½	33,121	6,597	28,526	62,037	55½
17	420,926	352,266	15,017	71,446	33,681	5,640 in	2½	243,701	12,207	161,987	34½	30,846	9,395	28,044	69,721	58
24	422,894	352,832	25,249	61,664	33,520	1,863 in	2½	243,227	12,685	164,014	34½	30,401	9,633	27,129	71,182	59½
July 1	423,272	357,429	11,490	99,402	34,091	362 in	2½	242,372	13,535	164,421	32½	32,931	34,319	28,746	66,992	46½
8	424,619	359,258	15,734	64,543	34,946	1,344 in	2½	243,426	12,483	165,811	33½	31,826	7,102	27,837	66,553	57½
15	423,991	358,913	15,676	66,429	33,705	634 out	2½	243,254	12,656	165,200	34½	30,021	7,407	30,165	66,287	57½
22	408,774	356,098	16,373	60,179	32,764	15,220 out	2½	244,283	11,626	150,045	32½	34,376	7,099	31,977	53,946	49½
29	392,035	359,362	15,219	55,798	33,687	16,842 out	3½	250,260	5,647	133,310	28½	52,561	9,696	26,604	33,948	32½
August 5	408,517	365,252	11,438	63,437	33,175	1,479 in	4½	268,330	2,577	134,828	28½	49,311	9,019	23,283	44,576	41½
12	406,998	360,051	19,434	58,163	34,879	1,522 out	4½	269,310	1,593	133,304	28½	53,226	7,051	22,097	48,253	42½
19	408,560	354,129	19,726	61,755	40,099	1,521 in	4½	267,729	3,182	134,870	29½	48,881	6,863	28,286	55,742	45½
26	408,341	350,311	26,323	53,593	48,708	221 out	4½	268,801	2,114	134,645	28½	50,176	9,296	28,052	59,334	46½
Sept. 2	409,336	354,976	12,925	60,352	51,838	992 in	4½	268,110	2,798	135,668	28½	53,736	7,262	26,678	55,692	44½
9	410,895	353,931	21,808	54,845	50,533	1,557 in	4½	266,150	4,771	137,206	28½	51,146	8,291	27,743	58,276	45½
16	410,574	351,618	16,574	58,437	50,459	333 out	4½	261,135	9,811	136,880	28½	49,391	8,321	25,788	60,263	48
23	408,628	352,676	23,018	64,915	50,963	3,165 out	6	238,845	32,113	134,974	27½	60,176	13,579	26,141	57,298	41½
30	409,818	357,209	30,089	62,642	52,565	2 in	6	246,455	24,502	136,100	27½	68,976	14,774	25,876	53,951	37½
Oct. 7	410,239	359,324	10,594	78,859	51,879	Nil	6	243,793	27,175	136,565	26½	64,126	16,898	25,715	52,240	36½
14	410,359	356,710	14,441	70,099	51,310	Nil	6	245,200	25,787	136,744	27½	57,626	14,078	26,775	55,034	40½
21	410,674	355,231	19,094	60,515	52,777	Nil	6	251,599	19,371	137,035	28½	53,801	10,422	29,047	56,804	42½
28	410,677	356,031	17,254	63,478	52,645	Nil	6	254,529	16,430	136,937	27½	50,536	10,548	34,063	55,906	41½
Nov. 4	395,690	358,857	19,877	60,936	40,209	14,999	6	251,288	19,671	121,909	25½	57,826	10,751	32,090	38,052	31½
11	395,698	357,195	19,143	60,461	38,343	Nil	6	254,945	16,001	121,837	25½	54,996	11,677	29,356	39,641	33½
18	395,704	354,615	21,213	59,662	37,617	Nil	6	254,242	16,720	121,156	25½	51,006	12,068	31,000	42,156	35½
25	395,710	354,401	27,034	59,844	38,140	Nil	6	254,804	16,147	121,684	25½	56,581	12,698	31,233	42,283	33½
Dec. 2	395,711	358,458	8,594	86,176	39,296	Nil	6	256,324	14,624	121,599	24½	70,016	12,344	31,407	38,142	28½
9	395,712	358,850	10,674	75,140	38,543	Nil	6	255,611	15,343	121,517	25½	60,616	12,551	31,401	37,667	30½
16	395,714	363,534	12,027	73,338	38,179	Nil	6	257,032	13,918	121,428	24½	61,466	12,872	34,209	32,894	26½
23	395,719	370,031	14,641	72,282	38,721	Nil	6	253,136	17,814	121,353	24½	67,606	13,537	36,076	26,322	20½
30	395,746	364,150	7,733	126,398	40,341	Nil	6	253,725	17,222	121,349	22½	95,341	27,291	37,613	32,199	18½
1932.																
Jan. 6	395,750	362,859	15,681	81,824	38,503	Nil	6	253,982	17,167	121,324	24½	64,891	19,899	35,789	33,465	24½
13	395,762	354,744	22,361	68,702	37,912	Nil	6	254,113	17,039	121,331	25½	53,561	15,846	36,046	41,587	32½
20	395,763	347,879	20,813	77,482	38,444	Nil	6	254,469	16,684	121,321	25½	52,431	14,031	39,920	48,442	35½
27	395,763	345,869	15,321	74,304	38,208	Nil	6	256,167	14,983	121,350	25½	45,311	12,947	37,196	50,481	29½
Feb. 3	395,765	347,666	14,802	77,326	32,845	Nil	6	257,599	13,547	121,313	25½	40,701	13,634	40,120	48,647	38½
10	395,765	346,519	16,435	66,998	32,727	Nil	6	260,090	11,057	121,294	26½	34,626	13,008	36,910	49,775	42½
17	395,766	344,883	15,359	70,456	31,989	Nil	6	262,309	8,842	121,318	26½	33,496	11,945	39,124	51,435	43½
24	395,773	346,404	14,125	67,924	32,198	Nil	5	264,589	6,563	121,348	26½	33,676	11,493	37,321	44,667	36½
Mar. 2	395,801	351,786	7,023	80,483	33,476	Nil	5	258,549	12,623	121,453	25½	47,236	11,357	35,948	44,667	36½
9	395,802	354,475	7,836	93,565	33,182	Nil	5	260,038	11,168	121,455	24½	54,371	11,545	44,930	41,980	31½
16	395,805	353,714	9,477	73,054	32,433	Nil	4	257,968	13,231	121,461	25½	40,296	11,380	38,797	42,747	37½
23	395,807	358,836	10,439	73,449	32,970	Nil	3½	252,810	18,380	121,410	25½	37,616	11,273	48,644	37,574	32½
30	395,807	360,529	27,231	54,566	34,381	Nil	3½	251,879	19,315	121,432	25½	35,696	11,725	51,087	35,903	30½
April 6	395,807	359,792	9,993	79,542	33,644	Nil	3½	245,402	25,797	121,437	25½	51,111	12,164	40,910	36,646	29½
13	395,808	356,753	12,259	78,447	32,824	Nil	3½	234,309	36,892	121,449	25½	55,386	11,267	34,834	39,696	32½
20	395,815	354,271	9,149	72,840	34,585	Nil	3½	219,696	51,487	121,430	25½	57,606	11,198	23,283	42,158	36½

BANK OF ENGLAND.
END OF YEAR POSITION.

Last Return of Year.	Number of Branches.	LIABILITIES.										Total Liabilities or Assets.	ASSETS.							
		Capital.		Per Cent.	Rest.		Per Cent.	Note Circulation.	Per Cent.	Post Bills.	Per Cent.		Deposits.	Per Cent.	Coin and Bullion.	Per Cent.	Govt. Securities.	Per Cent.	Other Securities.	Per Cent.
1910.....	11	£ 14,553,000	14.2	£ 3,187,804	3.1	£ 28,610,215	28.0	£ 24,848	...	£ 55,962,860	54.7	£ 102,338,727	£ 31,355,727	30.6	£ 34,349,568	33.6	£ 36,633,614	35.8		
1920.....	10	14,553,000	4.3	3,338,587	1.0	132,851,150	39.0	7,639	...	189,859,334	55.7	340,610,710	128,267,670	37.6	126,314,798	37.2	86,028,242	25.2		
1921.....	10	14,553,000	5.4	3,334,313	1.2	126,520,245	47.4	14,362	...	122,589,335	46.0	267,011,255	128,434,359	48.1	55,411,987	20.7	83,164,909	31.2		
1922.....	10	14,553,000	5.2	3,345,073	1.2	124,877,670	45.1	16,064	...	133,227,231	48.5	276,019,038	127,443,007	46.1	70,417,900	25.5	78,158,131	28.4		
1923.....	10	14,553,000	5.2	3,279,847	1.2	128,142,780	46.1	9,185	...	132,462,063	47.5	278,446,875	128,019,382	46.1	69,354,532	31.4	81,072,961	36.5		
1924.....	10	14,553,000	4.5	3,342,741	1.0	128,295,915	40.1	7,675	...	174,290,577	54.4	320,489,908	128,560,002	40.1	88,329,552	27.6	103,500,354	32.3		
1925.....	10	14,553,000	4.4	3,344,666	1.1	144,730,510	43.6	2,021	...	169,044,292	51.0	331,674,489	144,556,367	43.6	83,837,526	25.3	103,280,396	31.1		
1926.....	10	14,553,000	4.8	3,380,348	1.1	140,784,940	46.7	1,959	...	142,974,783	47.4	301,695,030	151,118,648	50.1	53,917,539	19.9	96,658,843	32.0		
1927.....	10	14,553,000	4.9	3,382,834	1.1	138,711,420	47.0	2,515	...	138,536,802	47.0	295,186,571	152,408,849	51.6	59,594,092	20.2	83,183,630	28.2		
1928.....	10	14,553,000	2.8	3,381,508	0.6	388,242,899	73.8	2,500	...	119,970,102	22.8	526,150,059	159,306,490	30.3	311,882,028	59.2	54,961,541	10.5		
1929.....	10	14,553,000	2.8	3,390,838	0.7	379,573,841	74.0	1,984	...	115,666,738	22.5	513,186,401	150,548,712	29.4	311,761,133	60.6	50,876,556	10.0		
1930.....	9	14,553,000	2.7	3,400,255	0.6	368,801,566	65.5	1,264	...	175,189,157	31.2	561,945,243	152,640,787	27.2	325,174,789	57.8	84,129,666	15.0		
1931.....	9	14,553,000	2.6	3,417,512	0.6	364,150,462	65.4	1,071	...	174,471,468	31.4	556,593,093	125,401,728	22.6	349,065,659	62.7	82,125,706	14.7		

COMPARATIVE STATEMENTS.

JOINT STOCK BANKS OF ENGLAND AND WALES (EXCLUDING BANK OF ENGLAND).

Year.	Banks.	No. of Brchs.	Capital and Reserves.	% of Liabilities.	Deposits.	% of Liabilities.	Acceptances.	% of Liabilities.	Total Liabilities.	Cash in Hand and Money at Call & Notice.	% of Liabilities.	Investments.	% of Liabilities.	Discounts and Advances.	% of Liabilities.
1890	104	2,203	£ 67,825,000	14.5	£ 368,663,000	79.4	£ 22,693,000	4.9	£ 464,075,000	£ 83,955,000	18.0	£ 182,816,000	17.8	£ 269,507,000	58.0
1895	99	2,690	69,213,000	12.4	455,561,000	81.6	23,724,000	4.2	558,744,000	111,208,000	19.9	107,498,000	19.2	311,678,000	56.7
1900	77	3,757	73,847,000	11.3	586,726,000	84.0	21,530,000	3.0	698,762,000	144,400,000	20.7	127,766,000	18.3	395,313,000	56.6
1905	59	4,558	82,010,000	10.8	627,529,000	82.6	39,225,000	5.2	758,712,000	179,530,000	23.6	131,731,000	17.3	401,485,000	52.9
1909	46	5,022	81,255,000	9.9	685,040,000	84.0	41,303,000	5.0	815,767,000	199,749,000	24.4	137,253,000	16.8	433,595,000	53.1
1910	45	5,202	80,946,000	9.4	720,687,000	83.6	52,263,000	6.0	862,134,000	199,724,000	23.0	137,711,000	16.0	467,880,000	54.3
1911	44	5,410	79,775,000	9.0	748,641,000	84.6	48,839,000	5.5	885,058,000	211,064,000	23.8	133,757,000	15.1	485,415,000	55.0
1912	44	5,577	81,154,000	8.8	773,974,000	83.6	61,295,000	6.6	925,927,000	216,110,000	23.4	127,645,000	13.7	515,902,000	55.7
1913	43	5,797	82,068,000	8.5	809,352,000	84.0	61,705,000	6.4	963,051,000	235,958,000	24.3	121,238,000	12.6	539,800,000	56.0
1914	38	5,869	81,904,000	7.9	895,561,000	86.6	47,802,000	4.6	1,034,486,000	276,046,000	27.6	146,493,000	14.2	553,499,000	53.5
1915	37	6,027	81,731,000	7.1	992,555,000	86.4	62,512,000	5.5	1,146,807,000	262,453,000	22.9	310,771,000	27.0	503,617,000	43.9
1916	35	5,993	81,089,000	6.2	1,154,877,000	87.9	68,726,000	5.2	1,316,220,000	369,460,000	28.0	323,002,000	24.6	542,773,000	41.4
1917	34	6,004	84,475,000	5.5	1,365,297,000	89.2	65,775,000	4.3	1,528,631,000	427,855,000	28.0	339,631,000	22.2	685,677,000	44.9
1918	26	6,501	92,902,000	5.3	1,583,412,000	90.9	58,850,000	3.4	1,742,724,000	481,220,000	27.6	347,230,000	20.0	834,668,000	47.9
1919	21	7,195	106,273,000	5.0	1,874,184,000	87.9	151,138,000	7.1	2,137,908,000	452,755,000	21.3	398,611,000	18.7	1,129,582,000	53.0
1920	20	7,612	128,154,000	5.8	1,961,527,000	89.0	102,920,000	4.7	2,200,317,000	449,153,000	20.4	368,734,000	16.7	1,263,091,000	57.4
1921	20	7,963	129,131,000	5.9	1,974,898,000	90.0	74,166,000	3.4	2,185,438,000	438,519,000	20.0	375,564,000	17.1	1,280,171,000	58.3
1922	20	8,235	129,173,000	6.3	1,833,971,000	89.0	85,687,000	4.2	2,056,242,000	423,092,000	20.6	424,413,000	20.6	1,102,643,000	53.7
1923	19	8,491	129,004,000	6.2	1,822,067,000	88.1	111,490,000	5.4	2,069,847,000	413,532,000	20.0	404,392,000	19.5	1,116,866,000	54.0
1924	18	8,676	132,103,000	6.3	1,813,513,000	86.9	132,318,346	6.3	2,085,016,802	437,889,000	20.9	361,416,000	17.3	1,132,070,000	54.3
1925	18	8,873	134,846,000	6.5	1,806,810,000	87.1	125,005,000	6.0	2,073,810,000	441,787,000	21.3	317,572,000	15.3	1,167,952,000	56.3
1926	18	9,105	138,717,000	6.6	1,848,174,000	87.9	108,686,000	5.2	2,102,747,000	444,014,000	21.1	307,661,000	14.6	1,208,975,000	57.5
1927	17	9,381	139,444,000	6.4	1,892,948,000	86.8	140,159,000	6.4	2,179,372,000	492,652,000	22.6	290,544,000	13.3	1,220,983,000	56.0
1928	16	9,595	141,516,505	6.1	1,951,477,697	83.5	237,140,923	10.1	2,337,234,765	493,841,201	21.1	293,156,061	12.5	1,268,803,457	54.3
1929	16	9,815	141,593,545	6.3	1,911,007,360	85.4	179,295,205	8.0	2,238,855,706	481,341,704	21.5	285,176,223	12.7	1,250,763,477	55.8
1930	16	10,082	144,323,133	6.4	1,976,805,092	87.6	128,023,846	5.7	2,255,681,859	472,358,357	20.9	329,286,947	14.6	1,281,039,732	56.8
1931	16	10,178	134,472,636	6.5	1,820,986,812	87.9	109,740,433	5.3	2,071,539,059	414,540,355	20.0	329,472,822	15.8	1,165,818,695	56.3

PRIVATE BANKS.

Year.	Number of Banks.	LIABILITIES.								Total Liabilities or Assets.	ASSETS.					
		Capital and Reserves.	Per Cent. of Liabilities.	Notes.	Per Cent. of Liabilities.	Miscellaneous.	Per Cent. of Liabilities.	Deposits.	Per Cent. of Liabilities.		Cash in Hand and Money at Call and Notice.	Per Cent. of Liabilities.	Investments.	Per Cent. of Liabilities.	Discounts and Advances.	Per Cent. of Liabilities.
		£		£		£		£		£		£		£		
1895	38	11,834,400	13.9	412,600	0.5	2,864,800	3.4	70,372,000	82.2	85,483,700	20,476,300	23.9	£			
1900	19	6,192,800	12.8	151,750	0.3	1,264,100	2.6	40,420,500	84.3	48,029,200	10,523,400	21.8	25,099,700	29.4	36,320,000	
1905	12	4,393,900	13.2	83,500	0.3	1,018,000	3.1	27,775,000	83.4	33,270,400	7,271,500	21.8	14,633,700	30.5	20,919,600	
1909	9	3,507,100	11.6	62,650	0.2	1,110,000	3.7	25,690,100	84.5	30,369,900	7,017,600	23.2	10,150,500	30.5	14,738,600	
1910	9	5,535,100	11.2	57,920	0.2	1,096,700	3.5	26,808,000	85.1	31,497,700	6,478,000	20.6	8,119,000	26.8	14,234,200	
1911	9	3,561,000	11.1	54,920	0.2	1,309,000	4.1	27,099,300	84.6	32,024,500	6,865,700	21.4	8,113,100	25.8	15,912,700	
1912	9	3,637,760	11.4	55,900	0.2	1,473,900	4.6	26,753,380	83.8	31,920,940	7,113,230	22.4	7,975,100	24.8	16,071,700	
1913	8	3,616,590	11.2	45,810	0.1	1,522,370	4.7	27,089,810	84.0	32,274,570	6,468,700	20.0	7,243,510	22.7	16,403,540	
1914	8	3,269,406	8.8	58,990	0.2	955,795	2.6	32,874,025	88.4	37,158,216	6,641,997	17.8	8,018,873	21.5	21,360,580	
1915	7	3,180,707	8.6	60,400	0.2	786,018	2.1	32,890,739	89.1	36,917,864	8,038,863	21.7	8,879,329	24.0	18,635,160	
1916	7	3,182,584	7.4	77,495	0.2	591,666	1.4	39,183,354	90.9	43,035,099	12,007,542	24.6	8,785,019	20.3	22,855,849	
1917	7	3,189,219	6.6	93,755	0.2	675,379	1.4	44,696,800	91.8	48,655,153	16,249,863	29.0	10,190,618	21.0	25,135,069	
1918	7	3,735,082	6.7	122,930	0.2	821,153	1.5	51,271,230	91.6	55,950,395	13,183,181	21.4	13,356,332	23.9	24,625,406	
1919	6	3,536,591	5.8	153,690	0.3	1,188,226	1.9	56,246,064	92.0	61,124,571	11,537,610	21.3	14,325,897	25.4	24,625,406	
1920	5	3,123,098	5.7	...	...	1,024,656	1.9	50,864,631	92.4	55,012,385	8,484,742	16.2	6,108,554	11.6	35,501,368	
1921	5	3,186,738	6.1	...	...	970,412	1.9	48,306,822	92.0	52,463,972	8,593,043	15.4	11,524,744	20.6	33,301,819	
1922	8	3,813,420	6.8	...	...	1,124,254	2.0	50,955,682	91.2	55,893,356	3,185,610	8.2	5,159,713	13.3	33,301,819	
1923	5	2,816,442	7.2	...	...	2,557,537	6.6	33,485,334	86.2	38,859,363	2,590,161	7.2	6,021,018	16.7	22,912,522	
1924	4	2,575,000	7.1	...	...	4,431,214	12.3	29,151,063	80.6	36,157,277	2,809,784	7.9	5,131,034	14.5	22,287,452	
1925	4	2,625,000	7.4	...	...	4,968,029	14.1	27,780,929	78.5	35,373,958	3,613,589	9.3	6,470,175	12.6	24,104,002	
1926	4	2,675,000	7.2	...	...	4,573,707	12.3	29,928,971	80.5	37,177,678	4,072,927	9.8	5,820,754	13.9	22,912,522	
1927	4	2,775,000	7.2	...	...	5,530,068	14.3	30,366,826	78.5	38,671,894	4,263,007	10.7	4,194,537	10.6	23,970,437	
1928	4	3,300,000	7.9	...	...	7,398,759	17.7	31,004,479	74.4	41,703,238	3,794,203	10.3	6,081,262	16.6	20,131,124	
1929	4	3,450,000	8.7	...	...	7,077,700	17.8	29,182,776	73.5	39,710,476	2,059,269	6.8	2,219,390	7.4	20,908,349	
1930	4	3,475,000	9.5	...	...	6,414,745	17.5	26,790,315	73.0	36,680,061	...	...	...	...	...	
1931	4	3,175,000	10.5	...	...	4,663,988	15.5	22,246,034	74.0	30,085,022	...	...	...	...	...	

JOINT STOCK BANKS OF SCOTLAND.

Year.	Banks.	No. of Branches.	Capital and Reserves.	% of Li- abil- ities.	Deposits.	% of Li- abil- ities.	Notes.	% of Li- abil- ities.	Total Liabilities.	Cash in Hand and Money at Call.	% of Li- abil- ities.	Investments.	% of Li- abil- ities.	Discounts and Advances.	% of Li- abil- ities.
			£		£		£		£	£		£		£	
1890	10	975	14,755,000	12.6	91,610,000	77.9	6,468,000	5.5	117,874,000	21,427,000	18.2	29,349,000	24.9	60,103,000	51.4
1895	10	1,013	15,090,000	12.3	94,592,000	77.8	7,264,000	5.9	122,525,000	22,795,000	18.6	30,770,000	25.3	62,241,000	51.1
1900	10	1,075	16,217,000	11.8	107,154,000	77.9	8,056,000	5.9	137,498,000	26,438,000	19.2	33,401,000	24.3	70,395,000	51.2
1905	11	1,159	17,246,000	13.0	100,643,000	76.1	7,545,000	5.7	132,261,000	23,937,000	18.1	31,396,000	23.7	68,714,000	51.9
1909	9	1,185	17,472,000	12.5	106,736,000	77.5	7,192,000	5.2	139,246,000	25,749,000	18.6	34,479,000	24.7	69,411,000	49.9
1910	9	1,221	17,559,000	12.7	106,652,000	77.5	7,126,000	5.2	137,850,000	25,604,000	18.6	33,322,000	24.2	70,661,000	51.5
1911	9	1,225	17,670,000	12.2	112,209,000	77.5	7,331,000	5.0	145,043,000	30,129,000	20.8	33,944,000	23.4	71,559,000	49.5
1912	9	1,225	17,350,000	11.3	118,795,000	77.6	7,651,000	5.0	153,228,000	33,882,000	22.1	36,617,000	23.9	72,437,000	47.3
1913	9	1,240	17,296,000	10.8	125,887,000	78.8	7,744,000	4.8	159,803,000	33,961,000	21.3	38,049,000	23.9	77,764,000	48.7
1914	9	1,253	16,684,000	10.0	132,504,000	79.0	9,502,000	5.7	167,841,000	34,598,000	20.6	44,815,000	26.8	78,363,700	46.7
1915	9	1,251	16,205,000	9.1	140,569,000	82.0	12,555,000	7.1	177,004,000	36,730,000	20.7	67,019,000	37.9	64,621,000	36.5
1916	8	1,243	15,631,000	7.5	166,620,000	80.2	15,461,000	7.5	207,376,000	42,026,000	20.3	69,693,000	33.5	85,136,000	41.1
1917	8	1,242	16,064,000	6.7	196,538,000	81.7	19,023,000	7.9	240,550,000	47,788,000	19.8	71,584,000	29.6	112,159,000	46.5
1918	8	1,249	16,577,000	6.6	222,055,000	81.1	25,141,000	9.2	273,658,000	57,250,000	20.9	93,889,000	34.3	113,961,000	41.6
1919	8	1,264	17,009,000	5.3	259,610,000	81.2	28,032,000	8.8	318,754,000	65,556,000	20.6	111,985,000	35.0	129,962,000	40.6
1920	8	1,283	17,911,000	5.3	279,228,000	82.1	29,363,000	8.7	339,167,000	72,974,000	21.5	102,968,000	30.4	153,122,000	45.0
1921	8	1,352	18,521,000	5.4	291,060,000	84.6	25,188,000	7.3	344,974,000	70,232,000	21.0	114,531,000	32.2	150,850,000	43.9
1922	8	1,417	19,751,000	6.1	267,791,000	83.2	23,321,000	7.3	321,781,000	63,814,000	19.8	126,025,000	39.2	122,366,000	38.1
1923	8	1,468	20,468,000	6.8	247,226,600	82.5	22,106,500	7.4	299,359,100	64,015,300	21.4	112,137,800	37.5	114,277,300	38.1
1924	8	1,536	22,632,000	7.6	242,572,000	81.3	22,181,000	7.4	298,693,000	61,330,000	20.5	103,927,000	34.8	122,977,000	41.2
1925	8	1,565	23,947,000	8.0	240,945,000	81.0	21,668,000	7.3	297,839,000	60,341,000	20.3	95,204,000	32.0	131,309,000	44.1
1926	8	1,589	24,578,200	8.4	238,821,400	81.4	20,716,800	7.1	293,678,000	59,592,900	20.3	91,208,300	31.1	133,057,000	45.3
1927	8	1,614	25,165,200	8.4	241,965,600	81.1	21,165,000	7.1	298,421,400	61,223,800	20.5	88,592,300	29.7	138,745,500	46.5
1928	8	1,633	25,884,288	8.4	248,800,347	80.7	21,053,087	6.8	308,091,180	63,322,077	20.5	83,378,875	27.0	149,622,489	48.5
1929	8	1,659	27,766,320	9.2	250,853,396	80.5	21,361,931	6.9	311,356,958	62,307,357	20.0	83,657,183	26.9	154,134,948	49.5
1930	8	1,718	30,099,368	9.5	256,083,505	80.6	21,405,253	6.7	317,490,148	63,804,561	20.1	98,092,554	30.9	146,104,641	46.1
1931	8	1,663	30,717,118	10.1	243,568,271	80.0	21,373,373	7.0	304,444,942	60,416,949	19.8	101,410,598	33.3	133,060,315	43.7

ENGLISH JOINT STOCK BANKS.

1 Name of Bank.	2 Date.	3 No. of Branches & sub-branches.	4 Capital Subscribed.	5 Uncalled Capital.		6 Capital Paid up.	7 Reserve Funds.	8 Un-divided Profits.	9 Notes in Circulation (d)	10 Drafts, &c.	11 Acceptances and Endorsements.	12 Miscellaneous Credits, Rebates, Staff Funds, &c.
				Callible.	Reserved.							
1 Barclays Bank ...	Dec 31	2,080	£ 15,858,217	£ Nil	£ Nil	£ 15,858,217	£ 102,500,000	£ ...	£ ...	£ ...	£ 10,796,794	£ ...
2 Baring Bros. & Co.	Dec 31	1	2,050,000	Nil	Nil	2,050,000	1,000,000	20,540	...	...	2,735,714	...
3 Brit.Mut.Bnkg. Co.	Dec 31	None	300,000	180,000	Nil	120,000	102,500	23,073	...	...	...	...
4 Coutts & Co.	Dec 31	4	1,000,000	Unlimited	...	1,000,000	1,000,000	...	...	...	497,316	...
5 District Bank	Dec 31	400	9,796,000	1,264,000	6,320,000	2,212,000	2,000,000	391,703	...	...	1,796,045	...
6 Glyn Mills & Co. ..	Dec 31	2	1,060,000	Unlimited	...	1,060,000	530,000	...	...	...	2,339,290	230,000
7 Isle of Man Bank..	Dec 31	9	300,000	Nil	200,000	100,000	180,000	17,152	84,881	4,682	...	...
8 Lloyds Bank.....	Dec 31	1,963	73,302,076	3,593,239	53,898,585	15,810,252	7,500,000	126,765	5,636	...	36,134,878	...
9 London Merchant Bk	Dec 31	None	1,350,000	525,000	Nil	825,000	...	...	...	...	1,403,036	...
10 Manchester City Bk.	Dec 31	190	5,460,200	273,010	4,095,150	1,092,040	750,000	157,821	...	...	70,019	...
11 Martins Bank	Dec 31	578	20,602,272	5,167,558	11,274,672	4,160,042	2,900,000	422,027	16,642	...	4,750,674	...
12 Midland Bank	Dec 31	2,128	41,504,262	7,172,697	20,083,553	14,248,012	11,500,000	170,489	...	...	19,222,279	...
13 National Provincial	Dec 31	1,374	43,617,080	5,839,611	28,298,053	9,479,416	8,000,000	804,116	...	...	9,229,529	...
14 Union Bk of Mchstr	Dec 31	164	1,500,000	750,000	Nil	750,000	500,000	12,830	...	...	641,973	...
15 Westminster Bank	Dec 31	1,083	30,533,127	7,070,990	14,141,980	9,320,157	7,500,000	101,397	16,144	...	18,561,389	...
16 Williams Deacons Bk	Dec 31	202	8,125,000	1,562,500	4,687,500	1,875,000	800,000	145,405	...	...	1,561,497	...
Totals		10,178	256,358,234	33,398,605	14,299,493	7,996,013	54,512,500	5,981,193	123,303	4,682	109,740,433	230,000

(d) In Isle of Man.

SCOTTISH BANKS.

1 Bank of Scotland...	Feb. 28	196	2,250,000	750,000	Nil	1,500,000	2,100,000	317,007	3,063,722	235,434	500,094	...
2 British Linen Bank	Jan. 15	207	1,250,000	Nil	Nil	1,250,000	2,350,000	161,677	2,703,927	309,798	573,211	...
3 Clydesdale Bank....	Dec. 31	201	5,300,000	Nil	4,000,000	1,300,000	1,600,000	246,462	2,713,516	626,395	619,136	...
4 Com. Bk. of Scot. ..	Oct. 31	262	7,500,000	2,450,000	2,800,000	2,250,000	2,850,000	199,520	3,309,634	505,289	135,354	...
5 Nat. Bk. of Scotland	Nov. 1	181	5,000,000	900,000	3,000,000	1,100,000	1,550,000	204,727	2,299,133	...	1,532,653	...
6 N. of Scotland Bk...	Dec. 31	158	3,260,000	163,000	1,956,000	1,141,000	1,165,000	158,472	2,159,647	...	...	...
7 Royal Bk. of Scot...	Oct. 13	248	3,780,192	Nil	Nil	3,780,192	1,650,000	240,987	2,780,755	402,026	933,148	...
8 Union Bk. of Scot...	Apr. 2	210	5,200,000	Nil	4,000,000	1,200,000	1,800,000	348,632	2,343,039	8,101	528,057	...
Totals.....		1,663	33,540,192	4,263,000	15,756,000	13,521,192	17,195,926	1,877,484	21,373,373	2,087,043	4,821,653	...

NORTHERN IRISH BANKS.

1 Belfast Banking Co.	Dec. 31	50	2,500,000	200,000	1,500,000	800,000	700,000	75,256	735,721	...	...	1,800,000
2 Northern Bnkg. Co.	Aug. 31	92	3,500,000	700,000	2,100,000	700,000	500,000	47,557	1,157,120	...	...	227,086
3 Ulster Bank	Nov. 30	116	3,000,000	200,000	2,000,000	800,000	1,050,000	70,436	1,300,219	...	...	46,536
Totals.....		258	9,000,000	1,100,000	5,600,000	2,300,000	2,250,000	193,249	3,193,060	...	...	2,073,622

PRIVATE BANKS.

	Date.	Partners' Capital and Reserve.	Deposits and Current Accounts.	Miscellaneous.	Total Liabilities.	Cash on Hand, &c., at Call and Short Notice.	Investments.	Advances, Bills, Loans, and Other Securities.	Miscellaneous (Premises, &c.).	Total Assets.
1 Baker, Duncombe and Co.	Mar. 31	£ 275,000	£ 9,492,731	£ ...	£ 9,767,731	£ 105,150	£ 875,000	£ 8,763,328	£ 24,253	£ 9,767,731
2 Blydenstein (B. W.) & Co.	Dec. 31	700,000	7,851,622	99,922	8,651,544	119,913	...	8,503,454	28,177	8,651,544
3 Hoare (Chas.) and Co.	July 5	500,000	2,629,718	...	3,129,718	825,480	769,328	1,434,910	100,000	3,129,718
4 S. Japhet & Co.....	Dec. 31	1,700,000	2,271,963	4,564,066	8,536,029	1,008,726	575,062	2,206,658	4,745,583	8,536,029
Totals.....		3,175,000	22,246,034	4,663,988	30,085,022	2,059,269	2,219,390	20,908,350	4,898,013	30,085,022

ENGLISH JOINT STOCK BANKS.

12 Deposit and Current Accounts.	13 TOTAL LIABILITIES.	14 Cash.		15 Investments.		16 Discounts and Advances.		17 Building and Sundries, including Cover for Acceptances.	18 TOTAL ASSETS.	19 Name of Bank.
		In Hand and at Bank of England(x).	At Call and Short Notice.	British Govt. Secs. Where Stated Separately.	Bonds, Stocks and Other Investments.	Discounts Where Stated Separately.	Advances, Loans, &c.			
£ 335,565,144	£ 372,470,155	£ 56,910,345	£ 21,766,450	£ 53,376,719	£ 9,881,242	£ 40,791,393	£ 172,197,631	£ 17,546,375	£ 372,470,155	Barclays.
17,640,574	23,446,828	6,073,108	...	2,238,088	677,136	6,998,954	...	7,459,542	23,446,828	Baring.
750,885	996,458	124,781	...	82,770	85,203	...	660,732	42,972	996,458	Brit. Mutual.
17,030,426	19,527,742	2,445,055	2,213,000	3,375,002	526,794	1,220,312	8,870,763	876,816	19,527,742	Coutts & Co.
50,322,361	56,722,109	7,108,669	4,274,545	18,216,249	676,957	3,887,726	19,952,329	2,605,634	56,722,109	District.
32,104,080	36,263,370	7,356,292	6,102,450	6,211,423	884,343	539,397	12,135,175	3,034,290	36,263,370	Glyn, Mills & Co.
2,253,825	2,640,540	411,358	...	1,269,288	379,433	...	550,461	30,000	2,640,540	Isle of Man.
333,735,455	394,453,873	51,134,804	22,188,477	42,152,242	14,507,116	42,587,499	177,861,605	44,022,130	394,453,873	Lloyds.
247,138	2,475,174	37,676	308,113	...	41,748	57,290	539,732	1,490,615	2,475,174	Lon. Merchant
16,148,807	18,218,687	2,804,997	...	4,091,339	766,988	280,476	9,604,868	670,019	18,218,687	Man. & County
75,927,392	88,176,777	11,166,374	7,094,914	16,876,379	2,070,930	7,313,868	36,098,900	7,555,412	88,176,777	Martins.
360,247,498	406,922,686	53,711,865	16,129,800	40,620,608	9,613,716	57,132,250	197,637,464	32,076,983	406,922,686	Midland.
261,925,540	289,438,601	39,047,981	18,792,624	28,080,542	8,161,601	36,689,130	142,379,044	16,287,679	289,438,601	Nat. Prov.
15,638,409	17,543,212	5,365,020	...	2,567,686	188,800	334,889	8,000,858	1,085,959	17,543,212	U.Bk. of Man.
272,405,692	308,817,359	40,857,454	23,628,294	49,836,337	4,607,257	34,206,193	131,366,485	24,315,339	308,817,359	Westminster.
29,043,586	33,425,488	4,211,102	3,274,807	6,577,317	831,569	2,042,323	13,880,948	2,607,422	33,425,488	Wms. Deacon.
182,098,681	207,153,905	288,766,881	125,773,474	275,571,989	53,900,833	234,081,700	931,736,995	161,707,187	207,153,905	Totals.

* Includes investments in affiliations.

SCOTTISH BANKS.

30,828,264	38,544,521	4,541,078	2,505,000	13,606,864	170,422	1,740,129	15,080,934	900,094	38,544,521	Bk. of Scotld.
25,905,371	33,253,984	7,755,922	...	12,550,250	428,520	11,500,940	...	1,008,352	33,253,984	Brit. Lin. Bk.
28,219,064	35,324,573	5,206,603	2,197,800	9,200,925	499,595	2,501,510	14,422,130	1,296,010	35,324,573	Clydesdale Bk.
32,112,042	41,361,839	5,858,670	2,165,130	12,491,737	771,753	2,310,514	16,808,628	955,407	41,361,839	Com. Bk. of Scot.
29,077,192	35,763,705	3,951,714	2,728,000	11,173,737	509,726	1,768,609	13,477,967	2,153,952	35,763,705	Nat. Bk. of Scot.
19,704,992	24,329,111	4,353,390	...	9,536,179	320,132	306,797	9,610,803	201,810	24,329,111	North of Scot.
49,416,138	61,334,172	5,124,665	6,848,140	15,108,994	4,396,552	5,033,691	22,815,588	2,006,542	61,334,172	Ryl. Bk. of Scot.
28,305,208	34,533,037	2,562,629	4,618,208	7,870,031	2,765,181	3,602,151	12,079,924	1,034,913	34,533,037	Union Bk. of Scot.
243,568,271	304,444,942	39,354,671	21,062,278	91,548,717	9,861,881	28,764,341	104,295,974	9,557,080	304,444,942	Totals.

NORTHERN IRISH BANKS.

13,289,883	17,400,860	1,587,440	...	4,556,351	810,595	249,080	10,146,923	50,471	17,400,860	Belfast Bkg.
14,317,975	16,949,738	1,471,845	...	3,854,790	941,626	10,137,391	...	544,086	16,949,738	Northern Bk.
21,467,434	24,734,625	2,716,570	...	10,333,950	981,684	10,445,891	...	256,530	24,734,625	Ulster Bank
49,075,292	59,085,223	5,775,855	...	18,745,091	2,733,905	20,832,362	10,146,923	851,087	59,085,223	Totals.

(x) Includes balances with, and cheques in course of collection on, other banks in the United Kingdom.

DISCOUNT COMPANIES.

	Date.	Capital and Reserves.	Loans, Deposits, &c. (inc. Undivided Profits).	Bills Rediscounted.	Rebate, &c.	Total Liabilities.	Cash at Bankers.	Investments.	Bills Discounted.	Loans and Sundry Accts.	Total Assets.
Alexanders	Dec. 31	£ 2,000,000	£ 23,398,699	£ 3,404,939	£ 289,062	£ 29,092,700	£ 612,911	£ 5,139,221	£ 22,821,215	£ 519,353	£ ...
National	Dec. 31	2,000,000	26,262,422	20,801,933	497,442	49,561,797	713,099	2,533,104	46,053,915	131,805	129,874
Union of Lond.	Dec. 31	3,000,000	36,721,128	9,480,539	600,568	49,802,235	1,086,835	5,992,401	42,311,352	212,007	199,640
Totals		7,000,000	86,382,249	33,687,411	1,387,072	128,456,732	2,412,845	13,664,726	111,186,482	863,165	329,514

JOINT STOCK BANKS OF ENGLAND AND WALES.

BARCLAYS BANK, LIMITED.

ESTABLISHED AS A PRIVATE BANK PRIOR TO 1729. INCORPORATED 1896 AS BARCLAY AND COMPANY, LIMITED,
NAMED CHANGED AS ABOVE FEBRUARY 1917.

1896—Formed by amalgamation of 20 private banks.
1897—Absorbed Woods and Co.
1899—Swaledale and Wensleydale Banking Co., Limited, taken over.
1900—Milbanke, Woodbridge, and Co., Woodbridge, Lacy, and Co., and Parsons, Thomson, and Co. absorbed.
1902—York Union Banking Co., Limited, Marten Part and Co., J. and J. W. Pease, and Roper and Priestman absorbed.
1904—Absorbed Thomas Ashby and Co., Staines, & Co.
1905—Absorbed Bolitho, Williams, Foster, Coode, Grylls, and Co., Limited, Hammond and Co., Newmarket.
1906—Absorbed Leatham, Tew, and Co.
1909—Wootton and Co., Oxford, absorbed.
1911—Stamford, Spalding, and Boston Banking Co., Limited, acquired.
1913—Absorbed Messrs J. and C. Simonds and Co.
1914—Messrs Nevile, Reid, and Co. acquired.
1916—Absorbed United Counties Bank, Limited.
1918—Absorbed London, Provincial and South-Western Bank, Limited (see below).
1919—Absorbed Gillett and Co., Oxford, & Co. Affiliated with Union Bank of Manchester, Limited, and The British Linen Bank.
1920—Absorbed Tubb and Co., Bicester.
1922—Sole control secured of Cox and Co. (France), Limited, and business now conducted under the title of Barclays Bank (France), Limited.

1925—Barclays Bank, S.A.I., Rome and Genoa, established. (See page 473, *Economist*, March 7, 1925.)
1925—Affiliation with Barclays Bank (Dominion, Colonial and Overseas), formerly the Colonial Bank, with which are amalgamated the Anglo-Egyptian Bank, Limited, and the National Bank of South Africa, Limited.
1864—Provincial Banking Corporation Ltd., formed to take over the firm of Day, Nicholson and Stone and the East of England Bank.
1870—Incorporated in the Bank of Wales.
1871—Name changed to London and Provincial Bank Ltd.
1872—Absorbed Fincham and Simpson.
1872—Absorbed J. and J. W. Walters.
1878—Absorbed North Kent Bank.
1918—Amalgamated with London and South Western Bank Ltd.

	Subscribed.	Paid-up.	Callable.	Reserved.
"A" Shares	3,430,356	3,430,356	NIL	NIL
"B" Shares	11,760,811	11,760,811	NIL	NIL
"C" Shares	667,050	667,050	NIL	NIL
Per Share	£4	£4	NIL	NIL
Share	£1	£1	NIL	NIL

PROFITS AND DIVIDENDS.									
Year Ended June 30.	Net Profits.	Per Cent. of Resources.	Dividends Amount.	Rate.	Reserve, Investments, &c.	Carried Forward.			
1921	2,201,651	0.61	1,432,002	A Shs 10 B & C 14	800,000	535,251			
1922	1,873,731	0.56	1,508,717	A Shs 10 B & C 14	350,000	500,266			
1923	1,891,066	0.57	1,572,646	A Shs 10 B & C 14	300,000	518,686			
1924	2,067,281	0.61	1,585,431	A Shs 10 B & C 14	480,000	520,536			
1925	2,289,837	0.66	1,623,789	A Shs 10 B & C 14	660,000	536,584			
1926	2,427,162	0.69	1,651,462	A Shs 10 B & C 14	800,000	512,285			
1927	2,306,329	0.65	1,666,349	A Shs 10 B & C 14	600,000	552,265			
1928	2,301,285	0.60	1,666,349	A Shs 10 B & C 14	550,000	537,201			
1929	2,331,580	0.65	1,666,349	A Shs 10 B & C 14	650,000	552,432			
1930	1,821,207	0.47	1,614,275	A Shs 10 B & C 14	200,000	559,364			
1931	1,794,825	0.48	1,588,239	A Shs 10 B & C 14	200,000	565,950			

Dec. 31	Number of Branches.	LIABILITIES.					Total Liabilities or Assets.	ASSETS.												
		Capital and Reserves.	Per Cent.	Acceptances and Endorsements.	Per Cent.	Deposit and Current Accounts.		Per Cent.	Cash in Hand and at Bank, &c. (a).	Per Cent.	Cash at Call and Short Notice.	Per Cent.	Investments. (b)	Per Cent.	Discounts.	Per Cent.	Advances.	Per Cent.	Buildings and Sundries, including Cover for Acceptances.	Per Cent.
1921	1578	23,842,372	6.6	6,239,151	1.7	330,942,299	91.7	361,021,822	58,283,897	16.1	20,041,300	5.6	63,668,610	17.6	74,839,526	20.6	133,350,925	37.1	10,339,564	3.0
1922	1660	23,842,372	7.2	5,458,603	1.6	303,185,535	91.2	332,486,510	53,611,311	16.1	19,950,450	6.0	78,606,182	23.6	83,568,119	25.1	126,374,955	38.1	10,877,493	3.0
1923	1741	23,842,372	7.2	7,677,388	2.3	301,549,963	90.5	333,069,723	52,773,538	15.8	18,654,259	5.6	77,661,180	23.3	83,623,075	25.1	132,520,239	39.8	12,837,133	3.9
1924	1778	23,842,372	7.1	11,308,303	3.4	301,026,825	89.5	336,177,500	55,840,097	16.6	20,347,095	6.0	70,261,832	20.9	83,248,646	25.1	140,078,977	41.7	16,400,453	4.9
1925	1837	24,842,372	7.1	17,175,922	4.9	306,259,816	88.0	348,278,110	55,490,009	15.9	21,284,818	6.1	62,172,062	17.8	83,617,279	24.3	153,028,485	44.0	22,627,726	6.6
1926	1894	26,108,217	7.5	12,446,160	3.6	309,883,690	88.9	348,438,067	55,248,882	15.9	21,284,818	6.1	62,172,062	17.8	83,617,279	24.3	153,028,485	44.0	22,627,726	6.6
1927	1945	26,108,217	7.3	12,830,669	3.6	318,373,472	89.1	357,312,358	59,635,277	16.7	22,041,049	7.3	59,010,287	16.5	83,518,234	23.9	161,867,906	45.3	17,660,231	5.1
1928	1979	26,108,217	6.8	24,874,317	6.8	335,081,222	86.7	386,063,756	60,914,638	15.8	23,988,400	6.2	63,906,320	16.7	83,518,234	23.9	161,867,906	45.3	18,263,605	5.1
1929	2032	26,108,217	6.8	21,991,928	7.3	339,439,214	87.5	385,539,359	62,668,721	16.3	23,582,200	6.1	63,010,605	15.6	83,518,234	23.9	161,867,906	45.3	18,263,605	5.1
1930	2090	26,108,217	6.7	12,710,524	3.3	349,273,283	90.0	388,092,024	63,109,418	16.3	22,316,100	5.7	63,061,611	16.3	83,501,977	23.9	169,672,248	43.7	27,856,512	7.2
1931	2080	26,108,217	7.0	10,796,794	2.9	335,565,144	90.1	372,470,155	56,910,345	15.3	21,766,450	5.8	63,257,960	17.0	40,791,393	10.9	172,197,631	46.3	17,546,375	4.7
Weekly Averages March, 1932		26,108,000	7.3	7,136,000	2.0	326,193,000	90.7	359,437,000	42,254,000	11.7	19,645,000	5.5	64,762,000	18.0	41,555,000	11.5	177,347,000	49.4	18,570,000	5.2

(a) Includes balances with, and cheques in course of collection on, other banks in the United Kingdom.

(b) Includes investments in affiliations.

BRITISH MUTUAL BANKING COMPANY, LIMITED.

ESTABLISHED 1857.

CAPITAL.			
Subscribed.	Paid-up.	Callable.	Reserved.
300,000	120,000	180,000	NIL
Per Share.	Per Share.	Per Share.	Per Share.
£5	£2	£3	NIL

This Bank has no branches.

PROFITS AND DIVIDENDS.									
Year Ended Dec. 31.	Net Profits.	Per Cent. of Resources.	Dividends Amount.	Rate.	Reserve Investments, &c.	Carried Forward.			
1921	8,141	1.22	6,000	10	2,000	1,639			
1922	9,317	1.37	6,000	10	3,000	1,956			
1923	10,172	1.53	6,000	10	4,500	1,628			
1924	9,814	1.37	6,000	10	3,611	1,830			
1925	14,192	1.83	7,200	12	5,000	3,822			
1926	15,010	1.86	7,200	12	5,000	6,632			
1927	16,363	1.94	9,600	12	5,000	8,398			
1928	17,760	1.99	9,600	12	8,000	8,578			
1929	20,292	1.93	14,400	12	6,000	8,467			
1930	27,191	2.72	14,400	12	12,500	8,758			
1931	24,315	2.44	14,400	12	10,000	8,673			

Continued on page 24.

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THE CRISIS
BY
SIR HENRY STRAKOSCH

Bound reprints of this Memorandum, which was published as a Supplement to the
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PRICE 1/-.

BRITISH MUTUAL BANKING COMPANY, LIMITED—Continued from page 22.

Year Ended December 31.	LIABILITIES.						Total Liabilities or Assets.	ASSETS.							
	Capital and Reserves.	Per Cent.	Un-divided Profits.	Per Cent.	Deposit and Current Accounts.	Per Cent.		Cash in Hand and at Bankers.	Per Cent.	Investments.	Per Cent.	Loans and Advances.	Per Cent.	Premises and Sundries.	Per Cent.
1921	124,603	18.6	7,639	1.1	535,682	80.3	667,924	91,880	13.8	124,923	18.6	447,081	67.0	4,040	0.6
1922	127,603	18.7	7,956	1.2	544,901	80.1	680,460	102,242	15.0	169,420	24.9	404,908	59.5	3,740	0.6
1923	130,603	19.6	7,628	1.1	526,648	79.3	664,879	84,211	12.6	158,925	23.8	418,003	63.0	3,890	0.6
1924	130,603	18.2	7,830	1.1	579,465	80.7	717,898	101,267	14.2	125,456	17.5	487,585	67.9	3,590	0.5
1925	135,603	17.5	11,022	1.4	630,238	81.1	776,863	113,039	14.6	125,456	17.5	487,585	67.9	3,590	0.5
1926	140,604	17.5	13,832	1.7	650,880	80.8	805,316	99,728	12.4	118,291	14.0	594,436	76.5	3,440	0.4
1927	155,000	18.3	17,995	2.1	671,217	79.6	844,212	118,291	14.0	78,126	11.3	611,156	75.9	3,290	0.4
1928	163,000	18.2	18,175	2.1	713,599	79.7	894,774	68,361	7.6	110,482	12.6	644,655	76.3	3,140	0.4
1929	200,000	19.3	22,867	2.2	814,460	78.5	1,037,327	103,727	10.0	151,041	14.6	665,366	64.2	2,990	0.3
1930	212,500	21.3	23,158	2.3	759,625	76.4	995,283	108,014	10.8	126,199	12.7	712,834	71.6	48,436	4.9
1931	222,500	22.3	23,073	2.3	750,885	75.4	996,458	124,781	12.5	167,973	16.9	660,732	66.3	42,972	4.3

BARING BROTHERS AND CO., LIMITED.

ESTABLISHED 1890.

Year ended Dec. 31.	Number of Branches.	LIABILITIES.						Total Liabilities or Assets.	ASSETS.							
		Capital and Reserves.	Per Cent.	Balance Carried Forward.	Per Cent.	Acceptances.	Per Cent.		Cash in Hand, at Call and Short Notice.	Per Cent.	Investments.	Per Cent.	Bills Receivable.	Per Cent.	Advances & Liabilities of Customers on Acceptances.	Per Cent.
1921	1	2,025,000	6.8	13,836	0.1	8,101,960	27.2	29,765,651	6,572,050	22.0	984,079	3.3	12,119,467	40.6	9,963,055	33.7
1922	1	2,025,000	7.5	13,765	0.1	6,642,222	24.6	26,936,797	7,046,782	26.2	2,007,210	7.5	9,793,788	36.3	7,962,017	29.6
1923	1	2,025,000	8.5	14,080	0.1	5,276,455	22.2	23,727,350	7,067,110	29.8	2,861,040	12.1	9,793,788	36.3	7,962,017	29.6
1924	1	2,025,000	6.5	15,060	0.1	8,558,955	28.5	20,275,491	7,301,244	33.4	1,153,924	3.7	10,288,493	33.0	10,288,493	33.0
1925	1	2,025,000	5.3	16,146	0.1	10,029,740	26.0	26,406,295	32,214,911	103.4	1,024,797	2.7	11,533,059	42.0	11,533,059	42.0
1926	1	2,025,000	6.3	16,839	0.1	7,661,022	23.8	22,512,055	32,142,596	142.5	7,651,115	25.6	1,058,237	3.7	11,550,267	50.0
1927	1	2,025,000	6.3	16,964	0.1	7,638,264	23.8	22,462,368	32,142,596	142.5	7,651,115	25.6	1,058,237	3.7	11,550,267	50.0
1928	1	2,025,000	6.1	17,266	0.1	9,253,107	27.8	22,096,857	33,392,230	150.0	7,393,421	22.1	2,088,308	6.5	12,549,739	56.4
1929	1	2,025,000	7.0	18,440	0.1	6,695,344	23.2	20,069,156	28,807,940	142.5	6,822,887	23.7	1,066,301	3.2	11,331,487	53.9
1930	1	3,050,000	11.6	19,283	0.1	5,508,494	21.1	17,537,057	26,134,834	142.5	6,233,562	24.2	3,715,247	14.2	7,000,415	26.8
1931	1	3,050,000	13.0	20,540	0.1	2,735,714	11.7	17,640,574	23,446,828	132.5	6,073,108	25.9	2,915,224	12.4	6,998,954	29.8

COUTTS AND COMPANY,

440 Strand, W.C.

(Members of London Clearing.)

(Affiliated with National Provincial Bank, Limited.)

City Office: 15 Lombard Street (formerly Robarts, Lubbock, and Co.). Branches: 1 Park Lane, 16 Cavendish Square; Sloane Street (1 Cadogan Place) and 1 Brook Gate, Park Lane.

Established 1692, and incorporated 1892 as a Joint Stock company, with unlimited liability. The businesses of Coutts and Company and Robarts, Lubbock, and Co. were amalgamated in 1914.

Year Ended Dec. 31.	LIABILITIES.						Total Liabilities or Assets.	ASSETS.									
	Capital and Reserve.	Per Cent.	Acceptances.	Per Cent.	Deposit and Current Accounts.	Per Cent.		Cash in Hand and at Bank, &c.	Per Cent.	Cash at Call and Short Notice.	Per Cent.	Investments.	Per Cent.	Discounts and Advances.	Per Cent.	Buildings & Structures, Including Contingent Acceptances.	Per Cent.
1921	\$ 1,600,000	7.6	\$ 193,666	0.9	\$ 19,283,951	91.5	21,077,617	\$ 2,430,623	11.5	\$ 3,503,025	16.6	\$ 4,581,290	21.6	\$ 10,022,583	47.8	\$ 540,096	2.5
1922	1,600,000	8.4	58,745	0.3	17,489,879	91.3	19,148,624	2,773,721	14.5	2,717,750	14.2	4,660,588	24.4	8,591,390	44.8	405,175	2.1
1923	1,600,000	8.7	62,997	0.3	16,705,946	91.0	18,368,943	2,790,975	15.2	2,717,750	14.2	4,660,588	24.4	8,591,390	50.2	409,427	2.2
1924	1,600,000	8.5	20,555	0.1	17,164,935	91.4	18,785,490	2,807,370	14.9	2,502,700	13.3	4,130,775	22.8	9,202,609	47.7	366,985	1.7
1925	1,600,000	8.6	983	0.0	17,083,565	91.4	18,684,548	2,635,667	14.1	1,932,600	10.3	4,293,483	23.0	9,475,385	50.7	347,413	1.6
1926	1,600,000	8.4	265,272	1.4	17,119,599	90.2	18,984,871	2,908,814	15.3	1,548,450	8.1	4,257,807	22.4	9,658,098	51.0	611,702	3.2
1927	2,000,000	10.4	270,456	1.4	16,996,453	83.2	19,266,909	2,730,859	14.2	1,635,950	8.5	4,226,708	21.9	10,036,098	52.1	642,456	3.3
1928	2,000,000	9.9	463,613	2.3	17,715,988	87.8	20,179,601	2,938,070	14.6	1,717,000	8.5	3,774,434	18.7	10,914,484	54.0	835,613	4.2
1929	2,000,000	9.0	400,020	1.8	19,801,165	89.2	22,201,185	3,098,242	14.0	1,717,000	8.5	3,774,434	18.7	10,914,484	54.0	835,613	4.2
1930	2,000,000	9.1	534,018	2.4	19,487,171	88.5	22,021,189	2,951,895	13.4	3,525,920	16.0	3,787,454	17.0	12,440,419	55.0	876,816	4.5
1931	2,000,000	10.2	497,316	2.5	17,030,426	87.3	19,527,742	2,445,055	12.5	2,213,000	11.3	3,901,796	20.0	10,091,075	51.7	876,816	4.5
Yearly Averages, 1921-1932.	2,000,000	10.4	449,000	2.4	16,664,000	87.2	19,113,000	1,992,000	10.4	1,523,000	8.1	4,226,708	21.9	10,036,098	52.1	642,456	3.3

a Includes balances with, and cheques in course of collection on, other banks in the United Kingdom.

DISTRICT BANK LIMITED.

ESTABLISHED 1829.

1863—Business of Loyd, Entwisle, Bury, and Jervis, of King Street, Manchester, acquired.

1891—Business of Wm. John and Thos. Brocklehurst, Macclesfield, acquired.

1907—Amalgamation with Lancaster Banking Co., Limited.

1916—Absorbed Bank of Whitehaven, Limited.

1924—Title shortened from Manchester and Liverpool District Banking Company Limited, to above.

Year ended Dec. 31.	CAPITAL.				Market Value.	PROFITS AND DIVIDENDS.						Reserve, etc.	Carried Forward.
	Subscribed.	Paid-up.	Callable.	Reserved.		Per Cent. of Resources.	Amount.	Rate.	Per Cent. of Dividends.	Amount.	Rate.		
1921	9,796,000	2,212,000	1,264,000	6,320,000	5,727,500	53.9	275	18.0	100.0	236,406	18.0	236,406	1.4
1922						46.5	245	18.0	100.0	287,833	18.0	287,833	1.3
1923						428,606	0.69	347,600	18.0	348,480	18.0	348,480	1.3
1924						448,073	0.73	347,600	18.0	309,313	18.0	309,313	1.3
1925						458,993	0.76	347,600	18.0	280,706	18.0	280,706	1.2
1926						450,139	0.78	347,600	18.0	297,245	18.0	297,245	1.2
1927						452,521	0.77	347,600	18.0	258,167	18.0	258,167	1.2
1928						452,521	0.77	347,600	18.0	258,167	18.0	258,167	1.2
1929						452,521	0.77	347,600	18.0	258,167	18.0	258,167	1.2
1930						452,521	0.77	347,600	18.0	258,167	18.0	258,167	1.2
1931						424,239	0.75	347,600	18.0	217,903	18.0	217,903	1.2

† Including capitalised bonus of £200,000.
‡ Expenditure on bank properties, formerly charged against net profits, is now charged to Bank Property Account.

Continued on page 25.

DISTRICT BANK LIMITED Continued from page 26.

Year ended Dec. 31.	Number of Branches.	LIABILITIES.						Total Liabilities or Assets.	ASSETS.							
		Capital and Reserves.	Per Cent.	Un-divided Profits.	Per Cent.	Acceptances.	Per Cent.		Cash in Hand and at Bank.	Per Cent.	Cash at Call and Short Notice.	Per Cent.	Investments.	Per Cent.	Bills of Exchange.	Per Cent.
1921	339	3,546,000	5.2	410,206	0.6	1,493,834	2.2	67,566,817	7,912,384	11.7	3,689,490	5.5	12,162,796	18.0	12,918,934	19.1
1922	343	3,546,000	5.7	441,534	0.7	1,602,899	2.3	62,139,592	8,431,414	13.6	5,003,490	8.1	17,475,779	28.1	5,073,270	8.2
1923	351	3,546,000	5.7	522,640	0.8	1,136,927	1.7	61,753,120	8,078,025	13.1	3,363,890	5.4	17,446,779	28.2	4,917,289	8.0
1924	361	3,546,000	5.9	483,113	0.8	2,486,753	3.7	61,402,828	9,335,374	15.2	4,782,240	7.8	16,381,628	26.7	3,668,431	6.0
1925	367	3,746,000	6.2	454,506	0.8	2,035,112	3.4	60,286,159	7,997,848	13.3	5,331,360	8.9	14,565,211	24.1	4,101,395	6.8
1926	378	3,792,000	6.6	471,045	0.8	899,450	1.6	57,484,027	7,791,947	13.6	4,590,420	8.0	14,544,836	25.3	4,768,582	8.3
1927	382	3,896,000	6.6	431,967	0.7	1,029,527	1.7	59,078,861	8,246,430	14.0	5,786,620	9.8	14,793,705	25.1	3,402,174	5.8
1928	387	3,896,000	6.6	499,499	0.8	2,464,878	4.2	59,115,326	8,043,460	13.6	4,724,125	8.0	14,786,850	25.0	5,146,318	8.7
1929	391	4,212,000	7.1	378,825	0.6	2,400,469	4.0	59,231,747	8,063,750	13.6	5,837,140	6.1	14,827,230	25.0	5,029,778	8.5</

MIDLAND BANK LIMITED.—Continued from page 27.

1899—City of Birmingham Bank Limited.
 1900—Leicestershire Banking Co. Limited.
 1901—Sheffield Union Banking Co. Limited.
 1901—Yorkshire Banking Co. Limited.
 1905—Nottingham Joint Stock Bank Limited.
 1908—North and South Wales Bank Limited.
 1910—Bradford Banking Co. Limited.
 1913—Sheffield and Hallamshire Bank Limited.
 1913—Lincoln and Lindsey Banking Co. Limited.
 1914—Metropolitan Bank (of England and Wales) Limited.
 1917—Belfast Banking Co. Limited. Purchase of share capital.
 1918—London Joint Stock Bank Limited. New title—London Joint City and Midland Bank Limited.
 1920—Clydesdale Bank Limited. Purchase of share capital.

1923—New title—Midland Bank Limited.
 1924—North of Scotland Bank Limited. Purchase of share capital.
 1893—London Joint Stock Bank amalgamated with Imperial Bank Limited.
 1909—London Joint Stock Bank amalgamated with York City and County Bank Limited.

PROFITS AND DIVIDENDS.

Year Ended Dec. 31.	Net Profits, less tax—Amount	% of Resources at end of Year.	Dividend, less tax—Amount.	Rate.	Allocations to Reserve and other Funds.	Carried Forward.
1921	2,454,084	0.59	1,368,449	18	1,050,000	777,253
1922	2,253,492	0.56	1,441,778	18	800,000	788,967
1923	2,210,972	0.53	1,502,870	18	700,000	797,069
1924	2,424,993	0.58	1,670,594	18	750,000	801,467
1925	2,522,469	0.61	1,760,770	18	750,000	813,166
1926	2,535,730	0.59	1,823,874	18	700,000	825,022
1927	2,554,650	0.58	1,823,874	18	720,000	835,797
1928	2,656,554	0.53	1,923,788	18	720,000	848,563
1929	2,665,042	0.60	1,934,347	18	720,000	859,258
1930	2,318,690	0.51	1,976,560	18	350,000	851,286
1931	2,056,986	0.51	1,738,257	16	320,000	850,016

December 31.	Number of Offices, Dec. 31.	LIABILITIES.						Total Liabilities or Assets.	ASSETS.													
		Paid-up Capital and Reserve Fund.	Per Cent.	Profit Balance and Dividend Payable.	Per Cent.	Accept- ances, &c.	Per Cent.		Current Deposit and Other Accounts.	Per Cent.	Cash in Hand and at Bank of England.	Per Cent.	Money at Call and Short Notice. (a).	Per Cent.	Invest- ments.	Per Cent.	Bills Dis- counted.	Per Cent.	Ad- vances.	Per Cent.	Premises, Cover for Accept- ances, &c., & Invest in Affili- ations.	Per Cent.
		£		£		£		£		£		£		£		£		£		£		
1921	1,595	21,721,705	5.2	1,461,487	0.3	19,848,322	4.7	375,117,092	89.8	418,148,606	59,989,012	14.3	24,454,204	5.8	56,758,809	13.6	72,118,034	17.2	176,779,261	42.4	28,049,286	6.8
1922	1,669	21,721,705	5.4	1,522,075	0.4	19,852,341	4.7	384,406,336	87.8	403,512,457	54,254,534	13.5	30,735,949	7.6	55,454,831	13.7	46,066,631	11.4	182,507,521	45.2	34,692,991	8.4
1923	1,744	21,721,705	5.7	1,554,613	0.4	19,552,607	4.5	360,267,722	85.7	420,096,647	54,298,126	12.9	31,147,328	7.4	41,890,168	10.0	58,418,747	13.9	188,737,732	45.0	40,815,944	10.1
1924	1,804	23,953,645	5.7	1,636,851	0.4	19,203,319	4.3	355,774,878	84.6	420,568,687	50,876,592	12.1	34,640,797	8.2	42,725,269	10.2	50,818,762	12.1	190,691,323	45.3	48,762,911	11.8
1925	1,855	25,330,768	6.2	1,725,074	0.4	19,747,790	4.3	348,662,135	84.7	411,485,767	53,590,604	13.1	35,705,406	8.7	34,791,276	8.5	41,888,022	10.2	196,747,548	47.7	50,815,944	12.1
1926	1,904	25,331,596	5.9	1,736,959	0.4	19,065,445	4.3	366,423,103	85.1	430,557,103	52,994,044	12.3	34,009,343	9.5	38,853,582	9.0	41,888,022	10.2	196,747,548	47.7	50,815,944	12.1
1927	1,969	25,331,596	5.8	1,747,735	0.4	19,997,594	4.4	374,375,147	85.4	438,452,072	49,763,778	11.4	46,150,346	10.5	35,435,530	8.1	49,314,778	11.2	205,487,910	47.1	50,815,944	12.1
1928	2,013	26,865,936	5.4	1,815,737	0.4	17,441,134	4.3	394,591,227	79.3	497,714,034	45,440,918	9.1	47,928,380	9.6	36,866,698	7.4	63,347,503	12.8	214,050,972	43.0	50,815,944	12.1
1929	2,044	26,865,936	5.0	1,826,432	0.4	17,474,366	4.4	379,622,758	85.2	445,789,492	46,918,243	10.6	40,046,111	9.0	32,928,890	7.4	58,783,657	13.2	212,338,674	47.6	50,815,944	12.1
1930	2,090	28,496,024	6.3	1,845,086	0.4	25,310,193	5.6	399,605,549	87.7	455,256,852	47,219,369	10.4	36,835,769	8.1	38,671,576	8.5	83,922,558	18.4	205,470,167	45.1	50,815,944	12.1
1931	2,128	25,748,012	6.3	1,704,897	0.4	19,222,279	4.7	360,247,498	88.6	406,922,686	38,505,989	9.4	31,335,676	7.7	42,940,262	10.6	57,132,250	14.0	199,885,856	49.1	50,815,944	12.1
Weekly Averages.																						
Mar. 1932	25,748,000	6.5	...	...	...	14,965,000	3.8	354,573,000	89.7	395,286,000	37,614,000	9.5	26,268,000	6.6	42,554,000	10.7	56,943,000	14.4	198,807,000	50.3	33,100,000	8.4
(a) Including balances with, and cheques in course of collection on, other banks in Great Britain and Ireland.																						

(a) Including balances with, and cheques in course of collection on, other banks in Great Britain and Ireland.

THE MANCHESTER AND COUNTY BANK, LIMITED.

ESTABLISHED 1862.

1866—Absorbed Saddleworth Banking Co.
 1871—Absorbed the Bank of Stockport.
 1897—Absorbed Bank of Bolton, Limited.

CAPITAL.				Market Value.
Subscribed.	Paid-up.	Callable.	Reserved.	
£	£	£	£	£
5,460,200	1,092,040	273,010	4,095,150	April 29, 1932.
				£1,911,070
Per Share.	Per Share.	Per Share.	Per Share.	Per Share.
£20	£4	£1	£15	£7

Year Ended Dec. 31.	Net Profits.	Per Cent. of Resources.	PROFITS AND DIVIDENDS. Dividends—Amount.	Rate.	Reserves, &c.	Carried Forward.
1921	260,953	0.90	177,456	16½	100,000	89,735
1922	226,108	0.86	177,456	16½	50,000	88,386
1923	190,105	0.78	177,456	16½	10,000	91,035
1924	193,393	0.81	177,457	16½	15,000	91,971
1925	199,319	0.86	177,457	16½	20,000	93,834
1926	186,116	0.85	177,457	16½	20,000	82,493
1927	188,860	0.87	177,456	16½	15,000	78,897
1928	188,681	0.84	177,456	16½	12,040	72,082
1929	181,225	0.86	177,456	16½	...	75,851
1930	171,255	0.85	163,806	15	...	83,299
1931	154,312	0.84	150,155	13½	...	87,456

Year ended Dec. 31.	Number of Branches.	LIABILITIES.						Total Liabilities or Assets.	ASSETS.									
		Capital and Reserves.	Per Cent.	Un-divided Profits.	Per Cent.	Acceptances.	Per Cent.		Cash in Hand, at Call, and Short Notice.	Per Cent.	Investments.	Per Cent.	Bills of Exchange, less Rebate.	Per Cent.	Advances.	Per Cent.	Buildings and Sundries, including Cover for Acceptances.	Per Cent.
1921	154	1,942,040	6.7	286,598	1.0	323,119	1.1	...	26,378,177	91.2	28,929,934	6.1	5,564,613	19.2	2,069,532	7.1	14,386,963	49.8
1922	158	2,042,040	7.8	235,193	0.9	337,784	1.3	...	23,760,827	90.0	26,375,844	6.4	4,841,103	18.4	1,595,902	6.1	13,212,944	55.0
1923	160	2,092,040	8.5	190,992	0.8	611,229	2.5	...	21,560,559	88.2	24,454,820	5.9	5,339,397	19.2	1,010,470	4.1	13,443,246	55.1
1924	163	2,102,040	8.8	197,412	0.8	664,072	2.8	...	20,991,160	87.6	23,954,684	5.4	4,448,397	18.6	1,141,792	4.7	12,980,265	54.1
1925	167	2,117,040	9.2	205,796	0.9	674,419	2.5	...	20,211,047	87.4	23,108,302	5.3	4,065,898	17.6	1,071,659	4.6	13,017,569	56.4
1926	172	2,137,040	9.8	192,902	0.9	337,857	1.5	...	19,248,593	87.8	21,916,392	5.1	3,782,697	17.9	866,833	4.0	12,464,118	56.7
1927	176	2,157,040	9.9	184,345	0.8	305,850	1.4	...	19,178,500	87.9	21,825,735	5.0	4,215,897	19.3	771,310	3.8	12,132,317	55.6
1928	182	2,172,040	9.7	174,597	0.8	660,071	2.5	...	19,587,527	87.0	22,494,235	4.9	4,221,639	19.9	849,083	3.8	10,995,681	48.9
1929	188	2,184,080	10.3	166,423	0.8	499,103	2.4	...	18,281,581	86.6	21,131,187	4.6	4,386,990	20.7	670,558	2.7	10,952,898	51.8
1930	190	2,184,080	10.8	167,331	0.8	139,426	0.7	...	17,745,272	87.7	20,236,109	4.6	4,615,147	22.8	4,221,268	2.0	10,200,956	50.4
1931	190	2,184,080	10.1	157,821	0.9	70,019	0.4	...	16,148,807	86.6	18,218,687	4.2	2,804,997	15.4	4,858,327	26.7	9,604,868	52.7

ESTABLISHED 1809.

NORTH BRITISH & MERCANTILE

INSURANCE COMPANY, LTD.

FIRE

LIFE

BURGLARY - ACCIDENT - ANNUITIES - MARINE

TOTAL FUNDS - - - - £40,697,400

TOTAL INCOME - - - - £9,901,800

Chief Offices:

LONDON: 61, Threadneedle St., E.C.2. EDINBURGH: 64, Princes St.

SCOTTISH AMICABLE

LIFE ASSURANCE SOCIETY

Founded 1826.

PRESIDENT:
 The Right Hon.
 THE EARL OF ELGIN & KINCARDINE, C.M.G.

At the latest Division of Profits on
 31st December, 1930, the Bonus Ad-
 ditions to participating Policies ranged
 from

£2 2 6% to £5 17 6% per annum

and the reserves for future profits were
 further strengthened.

Head Office:
 35, ST. VINCENT PLACE, GLASGOW.
 London Office:
 17, TOKENHOUSE YARD, E.C.2.



The "Royal" Shield

symbolises

Security First

TOTAL FUNDS EXCEED - £42,000,000
 TOTAL CLAIMS PAID, OVER - £200,000,000

Head Offices:

LIVERPOOL:
 North John St.

LONDON:
 Lombard St.

Assurance!

REPORT FOR 1931

Again

THE STANDARD LIFE ASSURANCE COMPANY

has declared the
ANNUAL COMPOUND BONUS
OF

42 1/2%

The same stringent basis as before used in the Valuation of the Assets and Liabilities.

Record New Business, £4,746,506

Copy of Annual Report supplied post free on request.

The **STANDARD LIFE**
ASSURANCE COMPANY

LONDON ESTABLISHED 1825 DUBLIN
46 QUEEN VICTORIA ST. E.C.4 59 DAWSON STREET
15a PALL MALL S.W. HEAD OFFICE - 3 GEORGE STREET
EDINBURGH

HOW WOULD YOU ANSWER THESE QUESTIONS?

Are you likely to save money for investment as regularly as you would pay an insurance premium?

Can you invest as wisely and as well as the experts of a first-class insurance company?

Is there any investment, other than life insurance, which enables you to SAVE income tax?

What will be your income when you give up work?

Can you say for certain how long you will live?

Answer these questions for yourself and then make provision for an income on retirement of, say,

£100, £200 OR £300 A YEAR

and at the same time protect your dependants in the event of earlier death.

ANY AGE, ANY TERM, ANY AMOUNT

The
PRUDENTIAL
ASSURANCE COMPANY LTD

Chief Office: HOLBORN BARS, LONDON, E.C.1.

FOR ALL CLASSES OF INSURANCE



THE
LIVERPOOL AND LONDON AND GLOBE
INSURANCE CO., LTD.

LIVERPOOL
(Head Office)
1 Dale Street

LONDON
(Chief Office)
1 Cornhill, E.C.3

REFUGE ASSURANCE CO. LTD.

Chief Office:
OXFORD STREET MANCHESTER

ANNUAL INCOME EXCEEDS
£11,500,000

ASSETS EXCEED
£52,000,000

CLAIMS PAID EXCEED
£70,000,000

NATIONAL PROVINCIAL BANK LIMITED.

Member of London Clearing.

Established in 1833 as the National Provincial Bank of England, and registered as limited in 1880; the Union of London and Smiths Bank was established in 1839, and registered as limited in 1882. Amalgamation took place under title of National Provincial and Union Bank of England, Limited, as from December 31, 1917, and on February 15, 1924, name changed as above. As from December 31, 1917, the Bradford District Bank, Limited, as from December 31, 1918, the Sheffield Banking Company, Limited, and as from December 31, 1919, the North-

amptonshire Union Bank, Limited, were acquired. From January 1, 1920, Messrs. Coutts and Co. became affiliated, December 31, 1919, Messrs. Richards and Co., Llangollen, and June 30, 1920, Messrs. Shilson, Coode and Co., St. Austell, and as from June 30, 1921, Messrs. Dingley and Co., of Launceston, and Messrs. Dingley, Pearse and Co., of Okehampton, were acquired. December 31, 1923, the Guernsey Banking Co., Limited, and the business of Messrs. Grindlay and Co., December 31, 1923, were acquired, the latter undertaking being continued as a private limited company.

CAPITAL					Market Value, April 29, 1932	Year Ended Dec. 31.	Net Profits.	PROFITS AND DIVIDENDS.		Reserves, &c.	Carried Forward.
Subscribed.	Paid-up.	Callable.	Reserved.	Per Cent. of Resources.				Amount.	Rate.		
£	£	£	£	£	1932				%		
43,617,080	9,479,416	5,839,611	28,298,053	£29,037,698	1921.....	2,054,686	0-70	1,489,507	16	500,000	889,250
					1922.....	1,854,190	0-64	1,489,507	16	321,959	931,975
					1923.....	1,791,287	0-61	1,489,507	16	300,000	933,755
					1924.....	1,974,043	0-68	1,516,707	16	479,416	911,675
					1925.....	2,161,580	0-77	1,706,295	18	450,000	916,950
					1926.....	2,115,654	0-73	1,706,295	18	450,000	876,319
					1927.....	2,093,452	0-69	1,706,295	18	400,000	863,476
					1928.....	2,108,664	0-64	1,706,295	18	400,000	865,345
					1929.....	2,189,704	0-72	1,706,295	18	500,000	849,255
					1930.....	1,930,854	0-60	1,706,295	18	400,000	673,814
					1931.....	1,747,008	0-60	1,516,706	16	100,000	804,116

Year Ended Dec. 31.	Number of Branches.	LIABILITIES.						Total Liabilities or Assets.	ASSETS.											
		Capital and Reserves.	Per Cent.	Un-divided Profits.	Per Cent.	Acceptances.	Per Cent.		Deposit and Current Accounts.	Per Cent.	Cash in Hand and at Bank, &c.	Per Cent.	Cash at Call and Short Notice.	Per Cent.	Investments.	Per Cent.	Discounts and Advances.	Per Cent.	Buildings and Sundries including Cover for Acceptances.	Per Cent.
		£		£		£		£		a		b		£		£		£		
1921.....	1,005	18,187,457	6-2	889,250	0-3	2,863,921	1-0	272,933,344	92-5	294,873,972	45,050,674	15-3	12,294,328	4-2	48,109,727	16-4	182,666,169	61-8	6,753,074	2-3
1922.....	1,070	18,309,416	6-3	931,974	0-3	7,909,282	2-7	263,037,483	90-7	290,188,155	41,613,577	14-3	13,900,102	4-8	55,317,905	18-9	167,334,766	57-8	12,021,805	4-2
1923.....	1,098	18,309,416	6-2	933,755	0-3	10,708,228	3-6	263,786,055	89-9	293,737,454	40,806,749	13-9	15,872,368	5-4	54,188,932	18-4	167,918,446	57-2	14,950,959	5-1
1924.....	1,116	18,958,832	6-6	911,675	0-3	12,948,373	4-5	254,921,144	88-6	287,740,024	40,427,702	14-0	15,997,119	5-5	45,750,570	15-9	168,317,808	58-6	17,227,826	6-0
1925.....	1,130	18,958,832	6-7	916,960	0-3	10,025,151	3-5	252,737,817	89-5	282,638,760	38,188,662	13-5	18,358,868	6-5	42,115,503	14-9	169,491,176	60-0	14,477,551	5-1
1926.....	1,171	18,958,832	6-6	876,319	0-3	9,166,822	3-2	259,249,807	89-9	288,251,780	37,930,824	13-2	18,769,651	6-5	40,098,804	13-9	177,297,858	61-5	14,161,643	4-9
1927.....	1,217	18,958,832	6-2	863,476	0-3	12,024,760	3-9	273,597,202	89-6	305,444,270	41,816,515	13-7	21,817,455	7-1	38,640,115	12-7	185,708,682	60-8	17,461,503	5-7
1928.....	1,277	18,958,832	6-2	865,846	0-3	19,563,740	5-9	290,310,253	88-0	329,698,671	44,170,901	13-4	25,920,942	7-9	40,217,198	12-2	194,071,259	58-8	25,318,371	7-7
1929.....	1,308	18,958,832	6-2	849,255	0-3	15,174,188	5-0	271,712,337	88-5	306,694,612	41,884,704	13-7	19,413,495	6-3	39,276,379	12-8	184,868,967	60-3	21,251,066	6-9
1930.....	1,363	18,958,832	6-9	673,814	0-2	10,089,723	3-1	292,379,793	90-8	322,102,162	42,733,078	13-3	20,298,534	6-3	41,760,563	13-0	200,553,859	62-2	16,756,128	5-2
1931.....	1,374	17,479,416	6-0	804,116	0-3	9,229,529	3-2	261,925,540	90-5	289,438,601	39,047,981	13-5	18,792,624	6-5	36,242,143	12-5	179,068,174	61-9	16,287,679	5-6

Weekly Averages, Mar., 1932	...	17,480,000	6-5	...	...	6,796,000	2-6	243,976,000	90-9	268,252,000	£32,290,000	12-0	15,544,000	5-8	36,839,000	13-7	169,704,000	63-3	13,875,000	5-2
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a Includes balances with, and cheques in course of collection on, other banks in the United Kingdom.

b Includes investments in affiliations.

UNION BANK OF MANCHESTER, LIMITED.

ESTABLISHED 1836.

1888—Sewell and Nephew absorbed.

1904—E. W. Yates and Co., Liverpool, absorbed.

1906—Blackburn Bank, Limited, absorbed.

1917—Halifax and District Permanent Banking Co., Limited, absorbed.

1918—East Morley and Bradford Deposit Bank, Limited, acquired.

1919—Affiliated with Barclays Bank, Limited.

CAPITAL										1929				1930				1931			
Subscribed. £		Paid-up. £		Callable. £		Reserved. £				176,167		176,167		145,880		145,880		140,097			
500,000		750,000		750,000		Nil.				0-93		96,000		16		80,000		12,041			
Per Share. £5		Per Share. £2 10s.		Per Share. £2 10s.		Per Share. Nil.				0-74		75,563		13		70,000		12,358			
										0-80		68,625		12		71,000		12,830			

Year ended Dec. 31	Number of Branches.	LIABILITIES.							Total Liabilities or Assets.	ASSETS.																			
		Capital and Reserves.	Per Cent.	Un- divided Profits.	Per Cent.	Accept- ances, &c.	Per Cent.	Deposit and Current Accounts.		Per Cent.	Cash in Hand, at Call, and Short Notice.	Per Cent.	Invest- ments.	Per Cent.	Bills of Exchange.	Per Cent.	Advances.	Per Cent.	Buildings and Sundries, including Cover for Accept- ances.	Per Cent.									
1921 ...	145	£	1,425,000	5-3	£	73,183	0-3	£	1,990,302	7-5	£	23,002,017	86-8	£	26,490,502	4,209,575	16-0	£	2,799,702	10-6	£	1,263,316	4-8	£	15,827,607	59-6	£	2,390,302	9-0
1922 ...	149	£	1,425,000	6-4	£	17,246	0-1	£	1,524,181	6-8	£	19,522,479	86-7	£	22,488,906	2,425,802	10-8	£	2,595,828	11-5	£	1,016,288	4-5	£	14,526,807	64-6	£	1,924,181	8-6
1923 ...	162	£	1,425,000	6-3	£	18,980	0-1	£	1,539,752	6-8	£	19,591,486	86-8	£	22,575,218	1,607,848	7-1	£	2,654,121	11-8	£	934,667	4-1	£	15,438,830	68-4	£	1,939,752	8-6
1924 ...	158	£	1,425,000	6-0	£	19,125	0-1	£	1,287,714	6-0	£	18,840,503	87-3	£	21,572,342	1,710,381	7-9	£	2,678,774	12-4	£	1,091,966	5-1	£	14,403,507	66-8	£	1,687,714	7-8
1925 ...	162	£	1,425,000	6-9	£	18,284	0-1	£	917,857	4-5	£	18,283,110	88-5	£	20,644,250	2,608,341	12-6	£	2,659,160	12-9	£	1,010,940	4-9	£	13,047,953	63-2	£	1,317,857	6-4
1926 ...	162	£	1,425,000	7-2	£	19,046	0-1	£	818,391	4-2	£	17,434,522	88-5	£	19,696,959	3,478,419	17-7	£	2,870,102	13-6	£	754,596	3-8	£	11,548,019	58-6	£	1,245,823	6-3
1927 ...	165	£	1,425,000	7-2	£	11,329	0-1	£	643,162	3-2	£	17,734,302	89-5	£	19,813,793	4,551,541	23-0	£	2,664,208	13-4	£	743,228	3-8	£	10,780,258	54-4	£	1,074,544	5-4
1928 ...	165	£	1,425,000	7-0	£	11,874	0-1	£	713,185	3-5	£	16,069,360	89-4	£	20,219,419	6,557,651	32-4	£	2,637,659	13-0	£	619,913	3-1	£	9,258,142	45-8	£	1,146,054	5-7
1929 ...	169	£	1,425,000	7-5	£	12,041	0-1	£	633,788	3-4	£	16,798,273	89-0	£	18,869,102	5,514,919	29-2	£	2,877,592	15-2	£	469,466	2-5	£	8,926,801	47-4	£	1,080,323	5-7
1930 ...	169	£	1,425,000	7-3	£	12,358	0-1	£	518,050	2-6	£	17,861,719	90-0	£	19,817,127	7,292,869	36-8	£	2,299,180	11-6	£	429,427	2-2	£	8,832,515	44-5	£	963,136	4-9
1931 ...	164	£	1,250,000	7-1	£	12,830	0-1	£	641,973	3-7	£	15,638,409	89-1	£	17,543,212	5,365,020	30-6	£	2,756,486	15-7	£	334,889	1-9	£	8,000,858	45-6	£	1,085,959	6-2

† Includes bills.

WESTMINSTER BANK LIMITED.

ESTABLISHED 1836.

Members of London Bankers' Clearing House.

1834—London and Westminster Bank established.
 1836—London and County Banking Co. established.
 1864—Jones, Loyd and Co. absorbed by London and Westminster Bank Limited.
 1865—Parr's Banking Co. established.
 1891—Fuller, Banbury and Co. amalgamated with Parr's Banking Co., Limited.
 1892—Alliance Bank, Limited, amalgamated with Parr's Banking Co., Limited, under title of Parr's Banking Co. and the Alliance Bank, Limited.
 1894—Sir Samuel Scott, Bart., and Co. amalgamated with Parr's Banking Co. and Alliance Bank, Limited.
 1896—Title changed to Parr's Bank, Limited, and amalgamated with Consolidated Bank, Limited.
 1909—Stuckey's Bank, Limited, amalgamated with Parr's Bank, Limited.

1909—London and Westminster Bank and London and County Banking Co. amalgamated as London, County and Westminster Bank, Limited.
 1913—Crompton and Evans' Union Bank, Limited, Derby, amalgamated with Parr's Bank, Limited.
 1917—Ulster Bank, Limited, affiliated with London County and Westminster Bank, Limited.
 1918—Parr's Bank, Limited (established 1865), amalgamated under combined title of London County Westminster and Parr's Bank, Limited.
 1919—Nottingham and Nottinghamshire Banking Co., Limited, absorbed.
 1921—Beckett and Co. absorbed.
 1923—Title changed to Westminster Bank, Limited.
 1923—Stilwell and Sons absorbed.
 1924—Guernsey Commercial Banking Co., Limited, absorbed.

CAPITAL					Market Value.
Subscribed.	Paid-up.	Callable.	Reserved.		
£	£	£	£	£	April 30, 1932.
25,283,980	7,070,990	7,070,990	14,141,980		£24,748,465
2,249,167	2,249,167	Nil	Nil		£5,904,063

* In February, 1929, the £20 shares of the Bank were sub-divided into five shares of £4 each (£1 paid).

Year Ended Dec. 31.	Number of Branches.	LIABILITIES.						Total Liabilities or Assets.
		Capital and Reserves.	Per Cent.	Un-divided Profits.	Per Cent.	Acceptances and Endorsements.	Per Cent.	
1921...	896	18,007,436 5-1	1,099,234 0-3	16,755,101 4-7	*505,452 0-1	317,655,838 89-8	354,923,061	44,491,298 12-6
1922...	899	18,007,436 5-8	1,157,506 0-4	9,923,238 3-2	*276,642	280,820,292 90-6	310,185,114	42,501,014 13-7
1923...	901	18,007,436 6-0	1,210,098 0-4	12,099,401 4-0	*244,019	269,502,093 89-6	301,063,047	41,616,836 13-8
1924...	906	18,103,436 5-9	1,238,038 0-4	16,430,325 5-3	*14,616	272,832,400 88-4	308,618,815	44,494,145 14-4
1925...	909	18,103,436 5-9	1,695,168 0-6	13,566,790 4-5	*15,487	271,379,668 89-0	304,756,539	42,343,822 13-9
1926...	932	18,640,314 5-9	1,186,660 0-4	11,543,530 5-6	*13,728	285,406,068 90-1	316,790,400	42,657,508 13-5
1927...	956	18,640,314 5-9	1,230,333 0-4	12,572,869 4-0	*13,534	280,612,020 89-6	313,052,337	42,727,387 13-6
1928...	1009	18,640,314 5-9	1,230,333 0-4	12,572,869 4-0	*13,534	280,612,020 89-6	313,052,337	42,727,387 13-6
1929...	1050	18,640,314 5-9	1,184,442 0-4	27,599,679 8-3	*7,794	285,160,311 88-7	340,508,305	47,313,929 13-9
1930...	1075	18,640,314 5-9	1,121,246 0-3	17,814,562 5-4	*16,223	291,579,675 88-3	332,592,440	45,980,673 13-8
1931...	1083	18,620,157 5-4	1,013,977 0-3	18,561,389 6-0	*16,144	272,405,692 88-3	308,817,359	40,857,454 13-2

* Includes balances with, and cheques in course of collection on, other banks in the United Kingdom.

* Includes notes in circulation in the Isle of Man.

Includes investments in affiliations.

WILLIAMS DEACON'S BANK, LIMITED.

ESTABLISHED 1836.—Member of London Clearing.

1874—Absorbed Heywood Brothers and Co., Manchester.
 1878—Absorbed Hardcastle, Cross, and Co., Bolton.
 1881—Absorbed Clement Roys and Co., Rochdale.
 1890—Manchester and Salford Bank amalgamated with Williams, Deacon and Co. New title—Williams Deacon and Manchester and Salford Bank, Limited.

1901—Title changed to Williams Deacon's Bank, Limited.
 1907—Sheffield and Rotherham Joint Stock Banking Co., Limited, absorbed.
 1930—Associated with the Royal Bank of Scotland.

CAPITAL				Market Value.
Subscribed.	Paid-up.	Callable.	Reserved.	
£	£	£	£	£
8,125,000	1,875,000	1,562,500	4,687,500	

Per Share.	Per Share.	Per Share.	Per Share.
A £5	A £1	A £1	A £3
B £1	B £1	B Nil	B Nil

Year Ended Dec. 31.	Net Profits.	Per Cent. of Resources.	Dividends		Reserves and other Appropriations.	Carried Forward.
			Amount.	Rate.		
1921	365,231	0-83	234,375	12 1/2	125,000	30,086
1922	337,175	0-81	244,140	12 1/2	80,000	43,121
1923	327,247	0-80	253,906	12 1/2	80,000	36,462
1924	338,893	0-82	253,906	12 1/2	80,000	41,449
1925	344,859	0-90	253,906	12 1/2	90,000	42,402
1926	330,856	0-88	253,906	12 1/2	75,000	44,352
1927	310,588	0-83	253,906	12 1/2	75,000	26,031
1928	305,340	0-82	253,906	12 1/2	50,800	27,465
1929	297,901	0-85	244,141	12 1/2	50,000	31,226
1930	278,627	0-78	234,375	12 1/2	50,000	25,478
1931	275,465	0-82	234,375	12 1/2	40,000	26,568

Continued on page 33.

WILLIAMS DEACON'S BANK, LIMITED—Continued from page 32.

Year Ended Dec. 31.	Number of Branches.	LIABILITIES.								Total Liabilities or Assets.	ASSETS.											
		Capital and Reserves.	Per Cent.	Un- divided Profits.	Per Cent.	Accept- ances, etc.	Per Cent.	Re- bate Ac- count.	Per Cent.		Deposit and Current Accounts.	Per Cent.	Cash in Hand and at Bank, etc.	Per Cent.	Cash at Call and Short Notice.	Per Cent.	Invest- ments.	Per Cent.	Discounts and Advances.	Per Cent.	Build- ings and Sundries, including Cover for Accept- ances.	Per Cent.
£																						
1921 ...	162	2,975,000	6-7	149,343 0	3	1,243,847	2-8	...	...	39,917,598	90-2	44,285,788	7,222,552	16-3	4,930,831	11-1	5,746,798	13-0	24,495,282	55-3	1,890,325	4-3
1922 ...	170	3,025,000	7-3	172,498 0-4		751,121	1-8	...	...	37,626,708	90-5	41,575,327	6,964,704	16-7	2,934,895	7-1	7,353,780	17-7	22,910,683	55-1	1,411,265	3-4
1923 ...	170	3,075,000	7-5	165,490 0-4		3,104,970	7-6	...	...	34,372,244	84-5	40,716,804	6,297,354	15-5	5,220,461	7-9	6,310,770	15-8	21,083,867	51-8	3,804,332	9-3
1924 ...	184	3,125,000	7-6	170,748 0-4		2,970,674	7-2	...	...	34,836,370	84-8	41,102,792	6,034,050	14-7	5,514,495	8-5	5,631,107	13-7	22,108,176	53-8	3,814,964	9-3
1925 ...	188	3,175,000	8-2	171,417 0-4		2,359,452	5-1	...	...	32,787,663	85-2	38,493,532	5,434,461	14-4	2,985,794	7-8	4,745,249	12-3	22,008,402	57-2	3,210,626	8-3
1926 ...	192	3,225,000	8-6	173,488 0-4		1,800,918	8-8	...	...	32,418,363	86-1	37,637,769	5,481,713	14-6	2,957,233	7-9	5,049,670	13-4	21,425,732	56-9	2,723,421	7-2
1927 ...	197	3,225,000	8-6	155,188 0-4		1,393,259	3-7	...	...	32,662,567	87-3	37,436,014	6,093,211	16-3	2,952,915	7-9	5,284,671	14-1	20,749,553	55-4	2,356,664	6-3
1928 ...	197	3,225,000	8-7	156,696 0-4		1,520,117	4-1	...	...	32,221,395	86-8	37,123,208	5,219,565	14-1	2,871,374	7-7	5,349,678	14-4	21,194,159	57-1	2,488,432	6-7
1929 ...	201	2,875,000	8-0	151,123 0-4		1,023,094	2-9	...	...	31,792,589	88-7	35,842,006	5,208,318	14-5	3,412,190	9-5	5,017,161	16-8	19,199,898	53-6	2,004,439	5-6
1930 ...	202	2,875,000	8-0	144,565 0-4		736,522	2-1	...	...	32,009,087	89-5	35,765,174	5,156,125	14-4	2,488,863	7-0	8,306,444	23-2	18,082,989	50-6	1,730,753	4-8
1931 ...	202	2,675,000	8-0	145,405 0-4		1,561,497	4-7	...	...	29,043,586	86-9	33,425,488	4,211,102	12-6	3,274,807	9-8	7,408,886	22-1	15,923,271	47-6	2,607,423	7-8
£																						
Weekly Averages. March, 1932		2,675,000	8-6	...	...	1,888,442	6-1	...	...	26,594,660	85-3	31,158,102	3,574,147	11-5	2,636,574	8-5	7,470,110	24-0	14,539,651	46-6	2,937,619	9-4

(a) Includes balances with, and cheques in course of collection on, other banks in the United Kingdom.

ERLANGERS, LTD.

BALANCE SHEET—December 31, 1931.

LIABILITIES.		ASSETS.	
Capital issued: 600,000 £ per cent. Cumulative Preference shares of £1 each, £600,000; 950,000 Ordinary shares of £1 each, £950,000; 5,000 Management shares of £10 each, £50,000	1,600,000	Cash in hand and on current account at bankers in the United Kingdom	134,770
Special reserve account: Premium on ordinary shares	250,000	Cash at call and short notice	575,000
General reserve account	75,000	Bills receivable	217,238
Current, deposit and other accounts, including balance of profit and loss account	1,191,808	Investments: British Government securities (including £350,000 Treasury bills), £547,571; dominion, colonial and foreign government, provincial and municipal stocks and bonds, £1,744,000; share capital of Erlangers Estate Company, Limited (4, Moorgate, London, E.C. 2) at cost, £60,000; share capital of Moorgate Nominees, Ltd., at cost, £100; other investments, £424,583	1,329,694
Current accounts of subsidiary companies	9,757	Advances to customers and other accounts, including balances with customers abroad	904,647
Acceptances on account of customers	2,540,860	Liabilities of customers for acceptances, less sums received on account	2,606,076

NOTES.—I. There are contingent liabilities in respect of: (a) Investments not fully paid, £133,091; (b) endorsements on bills discounted, £287,958; (c) commitments in respect of confirmed credits, forward exchange contracts and other engagements.
 II. "Advances to Customers, &c." and "Liabilities of Customers for Acceptances" totalling £3,510,722 include accounts in Austria 6-4%, in Germany 28-3%, in Hungary 5-6%, governed by "Standstill" and similar arrangements, which are treated as recoverable in full.

5,767,425

5,767,425

YORKSHIRE PENNY BANK, LIMITED.

BALANCE SHEET—December 31, 1931.

LIABILITIES.		ASSETS.	
Capital paid up—250,000 £ shares, £3 paid	750,000	Cash in hand, at Bank of England and at short notice	£1,122,721
250,000 £1 shares, fully paid	250,000	Investments at or below market price—	
Reserve fund	1,000,000	British Government redeemable securities—	
Amount due to depositors and other accounts (including provisions for contingencies)	28,305,769	4½ per cent. Treasury Bonds, 1934-36	1,213,390
Amount due to subsidiary company	100	4½ per cent. Conversion Loan, 1940-44	5,216,435
Uncalled capital, £500,000.		5 per cent. War Loan, 1929-47	5,612,072
		Colonial Government and English Corporation redeemable stocks and Bank of England stock	1,022,602
		Loans to local authorities	2,597,697
		Loans on security and other accounts (including Sundry Properties at cost, less amounts written off)	2,081,852
		Shares in subsidiary company	100
		Bank premises (at cost, less amounts written off)	550,000

30,305,869

30,305,869

PRIVATE BANKS OF ENGLAND AND WALES.

B. W. BLYDENSTEIN AND CO., LONDON.

Year Ended Dec. 31.	LIABILITIES.					Total Liabilities or Assets.	ASSETS.							** Per Cent.	
	Partners' Capital and Reserves.	Per Cent.	Miscellaneous.	Per Cent.	Deposit and Current Accounts.		Per Cent.	Cash in Hand and at Bank.	Per Cent.	Investments.	Per Cent.	Advances, Loans, Rills, &c.	Per Cent.		Premises, &c.
	£		£		£	£	£					£			
1921	625,000	4·6	155,302	1·1	12,810,760	94·3	13,591,062	90,461	0·7	362,598	2·7	*13,114,076	96·4	23,927	0·2
1922	625,000	4·7	65,104	0·5	12,525,787	94·8	13,215,891	122,380	0·9	2,348,370	17·8	*10,722,252	81·1	22,889	0·2
1923	625,000	4·7	106,926	0·8	12,607,170	94·5	13,339,096	171,057	1·3	234,185	1·8	*10,720,005	96·7	27,517	0·2
1924	625,000	4·6	106,554	0·8	12,954,867	94·6	13,686,421	102,913	0·7	2,829,170	20·7	*10,720,005	78·4	34,333	0·2
1925	625,000	4·6	118,776	0·9	12,899,571	94·5	13,643,347	89,638	0·7	1,415,610	10·4	*12,102,582	88·7	35,517	0·2
1926	625,000	4·6	126,311	0·9	12,986,426	94·5	13,737,737	115,707	0·8	1,067,425	7·8	*12,520,440	91·1	34,165	0·3
1927	625,000	4·7	103,680	0·8	12,525,450	94·5	13,254,130	186,997	1·4	2,755,149	20·8	*10,279,114	77·6	32,870	0·2
1928	700,000	5·1	92,387	0·7	12,872,108	94·2	13,664,492	200,049	1·5	1,869,084	13·7	*11,563,769	84·6	31,600	0·2
1929	700,000	5·7	113,228	0·9	11,490,770	93·4	12,303,998	114,951	0·9	305,247	2·5	*11,852,385	96·4	30,415	0·2
1930	700,000	6·8	62,665	0·5	9,889,817	93·0	10,752,482	105,437	0·9	2,592,173	23·8	*8,065,598	75·0	29,274	0·3
1931	700,000	8·1	99,922	1·2	7,951,622	90·7	8,651,544	119,913	1·4	...	...	*8,503,454	98·3	28,177	0·3

HOARE (CHAS.) & CO.

Year Ended July.	LIABILITIES.				Total Liabilities or Assets.	ASSETS.									
	Partners' Capital and Reserves.	Per Cent.	Deposits and Current Accounts.	Per Cent.		Cash in Hand, at Bank, and at Call and Short Notice.	Per Cent.	British Government Securities.	Per Cent.	Other Securities and Investments.	Per Cent.	Discounts and Advances.	Per Cent.	Premises, &c.	Per Cent.
1921	500,000	11.4	3,889,230	88.6	4,389,230	993,370	22.6	1,812,349	41.3	232,486	5.3	1,251,025	28.5	100,000	2.3
1922	500,000	11.7	3,791,627	88.3	4,291,627	1,029,307	24.0	1,703,660	39.6	185,964	4.3	1,274,687	29.8	100,000	2.3
1923	500,000	13.7	3,152,521	86.3	3,652,521	829,174	22.6	1,036,875	28.3	526,156	14.4	1,160,316	32.0	100,000	2.7
1924	500,000	14.0	3,066,343	86.0	3,566,343	867,916	24.3	928,760	26.3	480,935	13.5	1,188,742	33.3	100,000	2.8
1925	500,000	13.4	3,236,729	86.6	3,736,729	1,029,176	27.3	1,150,625	30.5	586,399	15.6	901,253	23.9	100,000	2.7
1926	500,000	13.4	3,051,358	85.9	3,551,358	1,163,360	31.1	1,166,500	31.2	362,381	9.7	944,488	25.3	100,000	2.7
1927	500,000	14.1	3,093,254	86.1	3,593,254	1,097,214	30.5	972,632	28.3	377,482	10.6	1,015,876	28.7	100,000	2.7
1928	500,000	13.9	3,093,254	86.1	3,593,254	1,097,214	30.5	972,632	28.3	377,482	10.6	1,015,876	28.7	100,000	2.7
1929	500,000	14.3	2,994,121	85.7	3,494,121	1,018,670	29.1	995,521	28.5	181,001	5.2	1,198,923	34.3	100,000	2.9
1930	500,000	15.5	2,718,857	84.5	3,218,857	720,808	22.4	850,004	26.4	185,457	5.8	1,361,888	42.3	100,000	3.1
1931	500,000	15.9	2,629,718	84.1	3,129,718	825,480	26.4	647,550	20.7	121,778	3.9	1,434,910	45.8	100,000	3.2

BAKER, DUNCOMBE, AND CO., LIMITED.
BALANCE SHEET—March 31, 1932.

LIABILITIES.		ASSETS.	
Capital Account—Authorized and Issued—	£	Investments—	£
32,000 fully-paid "A" shares of £5 each	160,000	Treasury Bonds, Indian Government Bonds and Indian Railway Debentures	875,000
8,000 fully-paid "B" shares of £5 each	40,000	Bills discounted (including re-discounts)	8,763,328
Reserve	75,000	Sundry accounts	24,253
Liability on deposits and loans and bills re-discounted (including Contingency, rebate and sundry accounts)	9,492,731	Assets to the value of £3,479,502 are held by bankers and others as cover for liabilities, per contra.	
		Cash in hand and at bankers	105,150
	9,767,731		9,767,731

GRACE BROTHERS AND CO., LIMITED.
ESTABLISHED 1889. INCORPORATED 1899.

Dec. 31.	Number of Branches.	LIABILITIES.				Total Liabilities or Assets.	ASSETS.									
		Capital and Reserves.	Per Cent.	Acceptances.	Per Cent.		Cash at Call, at Bankers, and in Hand.	Per Cent.	Foreign Bankers—Balances on Loan, Current, & Deposit Accounts.	Per Cent.	Investments, including Treasury Bills.	Per Cent.	Bills Receivable.	Per Cent.	Properties and Sundries, including Cover for Acceptances.	Per Cent.
1924	1	1,065,000	48.7	749,622	34.2	1,814,622	451,466	20.6	309,143	14.1	443,449	20.2	984,092	45.1		
1925	1	1,065,000	43.9	696,387	28.7	1,761,387	387,061	15.9	33,388	1.4	341,487	14.1	394,672	16.3	1,270,177	52.0
1926	1	1,065,000	40.3	1,001,200	37.9	2,066,200	400,512	15.2	239,879	9.1	400,568	15.1	305,702	11.6	1,296,243	49.2
1927	1	1,065,000	36.5	1,061,578	36.3	2,126,578	349,393	12.0	354,462	12.1	322,046	11.0	283,028	9.7	1,611,695	55.9
1928	1	1,065,000	27.6	1,996,099	51.8	3,061,099	356,166	9.2	300,030	7.8	378,874	9.8	369,269	9.7	2,467,912	63.3
1929	1	1,115,000	27.0	2,061,609	50.0	3,176,609	397,795	9.6	189,217	4.6	358,550	8.7	434,950	10.5	2,746,096	68.6
1930	1	1,115,000	31.2	1,796,927	50.3	2,911,927	466,371	13.1	62,311	1.7	345,188	9.7	345,210	9.7	2,354,591	65.8
1931	1	1,115,000	50.3	526,928	23.7	1,641,928	232,656	10.4	18,574	0.8	640,386	28.9	138,240	6.2	1,190,458	53.7

S. JAPHET AND CO., LIMITED.
BALANCE SHEET—December 31, 1931.

LIABILITIES.		ASSETS.	
Share capital issued—1,300,000 shares of £1 each, fully paid.	£1,300,000	Cash in hand and at bankers in United Kingdom	£215,566
Reserve account, as per last Balance Sheet, £700,000; less amount applied as a provision for Depreciation of Investments and Doubtful Debts, £300,000	400,000	Cash at call and at short notice	792,060
Deposits, current and other accounts, including Balance on Profit and Loss Account (including \$500,000 secured)	2,271,963	Treasury bills and other British Government securities at market value	361,350
Acceptances for customers, per contra	4,564,066	Colonial, Foreign Government and other securities at market value	213,712
		Notes.—There is a Contingent Liability in respect of Uncalled Capital.	
		Advances to customers, balances at bankers abroad, and other accounts less reserves (including £1,198,027 in Germany, Austria and Hungary).	75,011
		Liability of customers for acceptances, per contra (including £3,394,110 in Germany, Austria and Hungary)	2,131,647
		Freehold premises at cost, less amount written off	4,564,066
	£8,536,029		181,517

Notes.—(1) There are contingent liabilities in respect of bills re-discounted, and guarantees and confirmed credits of £233,531 (of which £170,400 had run off by February 17, 1932), and in respect of unutilised credit obligations in Germany under the "Standstill" Agreement. (2) The value of the "Advances to Customers, etc." and "Liabilities of Customers for Acceptances" in Germany, Austria and Hungary is dependent upon the satisfactory solution of the present financial problems in the countries concerned. (3) The company has in the ordinary course of business entered into forward contracts for the purchase and sale of foreign exchange.

LONDON DISCOUNT COMPANIES.
ALEXANDERS DISCOUNT COMPANY LIMITED.
(Formerly Alexanders and Company, Limited.)
ESTABLISHED 1810. REGISTERED 1891.

CAPITAL.				PROFITS AND DIVIDENDS.					
Subscribed.	Paid-up.	Callable.	Reserved.	Year Ended Dec. 31.	Net Profits.	Per Cent. of Resources.	Ordinary Dividends.	Reserves, &c.	Carried Forward.
Ordinary	1,600,000	800,000	NIL	1922	141,015	0.63	76,500	55,000	30,087
Preference	200,000	200,000	NIL	1923	138,202	0.91	100,000	80,000	32,289
				1924	136,208	0.62	100,000	30,000	32,496
				1925	136,510	0.59	100,000	30,000	33,006
				1926	106,113	0.45	100,000	...	33,119
				1927	106,045	0.43	100,000	...	33,165
				1928	109,051	0.41	100,000	...	36,216
				1929	138,773	0.47	100,000	...	47,989
				1930	132,100	0.51	112,000	...	53,089
				1931	198,682	0.67	115,125	...	60,398
					134,388	0.46	112,000	...	62,784

Price of Ordinary Shares, April 29, 1932 (now £2, with £1 paid), £3 1/4;
Market Value, £2,500,000

Year Ended Dec. 31.	LIABILITIES.						Total Liabilities or Assets.	ASSETS.					
	Capital and Reserves.	Per Cent.	Un-divided Profits.	Per Cent.	Loans, Deposits, and Other Accounts.	Per Cent.		Cash at Bankers.	Per Cent.	Investments.	Per Cent.	Bills Discounted.	Per Cent.
1921	870,000	3.9	75,837	0.3	18,931,993	83.7	19,877,830	22,596,497	2.1	2,511,776	11.1	18,955,449	83.9
1922	1,000,000	4.8	97,788	0.5	17,756,879	85.6	18,922,619	20,739,276	2.1	2,553,308	12.4	17,412,608	83.8
1923	1,030,000	4.7	97,997	0.4	18,393,625	83.3	19,423,622	22,084,100	2.2	3,063,586	13.8	17,733,836	80.4
1924	1,060,000	4.6	98,506	0.4	17,862,592	76.7	18,931,098	23,293,212	2.2	2,900,383	12.4	19,473,923	83.6
1925	1,060,000	4.5	98,619	0.4	17,525,655	74.0	18,595,270	24,409,943	2.1	2,726,828	11.5	19,683,115	83.6
1926	1,060,000	4.3	98,665	0.4	17,344,837	71.1	18,413,682	26,528,278	2.1	2,544,915	10.4	21,021,784	86.1
1927	1,350,000	5.1	101,716	0.4	19,109,251	72.0	20,459,967	29,753,448	1.9	3,335,269	12.6	21,995,533	82.9
1928	1,350,000	4.5	125,864	0.4	21,374,593	71.9	22,725,187	26,067,119	2.2	5,107,044	17.2	23,827,160	80.9
1929	1,350,000	5.2	130,964	0.4	19,385,468	74.4	20,735,932	29,742,712	2.0	5,590,176	15.4	24,191,547	81.3
1930	2,000,000	6.7	166,396	0.6	23,207,444	78.0	24,214,840	29,092,700	2.1	5,139,221	17.6	22,821,215	78.5
1931	2,000,000	6.9	128,784	0.4	23,269,915	80.0	24,298,699						

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BERTRAM LOWNDES, London Manager.

NATIONAL DISCOUNT COMPANY, LIMITED.

ESTABLISHED 1856.

CAPITAL					Market Value, April 29, 1932.	PROFITS AND DIVIDENDS.					Reserves, &c.	Carried Forward.
Subscribed.	Paid-up.	Callable.	Reserved.	Year Ended Dec. 31.		Net Profits. \$	Per Cent. of Resources.	Dividends Amount. \$	Rate. %			
\$	\$	\$	\$	\$	1921	165,305	0.42	94,826	A 10 B 23	16	10,000	137,760
2,153,336	1,000,000	1,153,335	NIL.	3,114,500	1922	190,682	0.47	100,330	A 10 B 23	16	15,000	213,112
					1923	108,225	0.26	107,526	A 10 B 23	...		213,810
					1924	159,545	0.30	108,267	A 10 B 23	...	50,000	215,088
					1925	147,588	0.29	139,060	A 10 B 23	...		223,615
Per Share.	Per Share.	Per Share.	Per Share.	Per Share.	1926	153,081	0.27	139,973	A 10 B 23	...		226,723
A \$2 10s.	\$2 10s.	NIL.	NIL.	£5	1927	178,007	0.32	139,973	A 10 B 23	60,000		204,757
B \$7 10s.	\$2 10s.	5	NIL.	£9½	1928	175,860	0.39	139,973	A 10 B 23	25,000		215,644
					1929	179,861	0.28	144,587	A 10 B 24	39,076		211,842
					1930	219,414	0.44	140,068	A 10 B 24	115,000		176,188
					1931	131,524	0.27	135,406	A 10 B 24	...		172,306

Year Ended Dec. 31.	LIABILITIES.								Total Liabilities or Assets.	ASSETS.								Total Liabilities or Assets.			
	Capital and Reserves.	Per Cent.	Un- divided Profits.	Per Cent.	Deposits and Sundry Balances.	Per Cent.	Bills Re-dis- counted.	Per Cent.		Rebate.	Per Cent.	Cash at Bankers.	Per Cent.	Secur- ities.	Per Cent.	Loans at Call, Short and Fixed Dates.	Per Cent.		Bills Dis- counted.	Per Cent.	Buildings and Sundries.
1921	\$	3-4	\$	0-5	\$	57-2	\$	37-5	\$	1-4	\$	1-3	\$	4-8	\$	87-2	\$	87-2	\$	1-1	
1922	1,346,665	3-3	197,027	0-7	22,412,026	57-2	14,703,190	37-5	547,243	1-4	39,206,151	530,082	1-3	1,890,717	4-8	2,223,457	5-6	34,125,925	87-2	435,970	1-1
1923	1,346,665	3-3	276,612	0-7	21,852,475	53-4	16,911,235	41-4	491,332	1-2	40,878,319	644,119	1-2	3,138,439	7-7	1,465,118	3-6	35,497,409	86-8	133,234	0-3
1924	1,346,665	2-6	276,146	0-7	23,333,716	55-3	16,673,991	39-5	546,147	1-3	42,176,665	667,985	1-6	2,138,452	5-1	1,886,469	4-5	37,363,756	88-5	120,003	0-3
1925	1,800,000	3-5	277,424	0-5	26,826,096	49-7	24,785,957	46-0	624,073	1-2	53,910,215	661,308	1-2	1,728,854	3-2	2,860,633	5-4	43,543,686	90-1	115,754	0-2
1926	1,800,000	3-5	305,136	0-5	28,681,949	55-4	20,339,298	39-3	611,302	1-2	51,737,685	624,527	1-2	1,912,008	3-7	2,434,628	8-2	44,848,452	86-7	118,170	0-2
1927	1,850,000	3-3	308,243	0-5	29,135,662	50-7	23,706,910	44-7	597,479	1-0	57,530,294	702,662	1-2	2,277,647	4-0	2,033,556	3-5	52,393,603	91-1	122,806	0-2
1928	1,850,000	4-1	297,164	0-7	28,182,037	55-6	17,526,606	38-6	597,965	1-1	56,143,765	595,713	1-1	2,847,684	5-1	2,213,187	3-9	50,357,207	89-7	129,974	0-2
1929	1,850,000	3-6	297,976	0-6	26,570,013	50-8	23,001,203	44-1	443,890	0-9	52,203,082	604,311	1-3	3,205,021	7-1	1,225,388	2-7	40,239,735	88-6	120,318	0-3
1930	2,000,000	4-0	259,829	0-5	26,858,059	53-2	20,883,210	41-4	429,585	0-9	50,430,483	659,417	1-3	2,911,915	5-6	1,360,007	2-6	47,141,632	90-3	130,111	0-2
1931	2,000,000	4-0	251,085	0-5	26,011,337	52-5	20,801,933	42-0	497,442	1-0	49,561,797	713,099	1-4	2,533,104	5-1	131,805	0-3	46,053,915	92-9	129,874	0-3

UNION DISCOUNT COMPANY OF LONDON, LIMITED.

ESTABLISHED 1885.

CAPITAL					Market Value. April 30, 1932. \$	PROFITS AND DIVIDENDS.					Allocations to	
Authorized and Subscribed. \$	Paid-up. \$	Callab. \$	Reserved. \$	Per Share. \$5		Year Ended Dec. 31. \$	Net Profit. \$	Per Cent. of Resources.	Dividend— Amount. \$	Rate. %	Reserves, &c. \$	Carried Forward. \$
2,500,000	1,250,000	1,250,000	NIL		8½-9½	1921	244,606	0.50	135,000	18††	115,000	149,651
						1922	316,070	0.72	160,625	20**	138,596	166,499
						1923	248,993	0.51	165,312	20**	60,000	190,180
						1924	253,753	0.47	172,487	20**	70,000	201,486
						1925	221,275	0.41	190,195	20**	...	232,566
						1926	220,240	0.40	191,250	20**	10,000	251,556
						1927	232,915	0.39	191,250	20**	70,000	223,221
						1928	245,365	0.36	196,980	20**	30,000	241,607
						1929	260,186	0.42	212,500	20**	20,000	269,292
						1930	268,177	0.40	207,813	20**	30,000	299,658
						1931	203,856	0.42	189,843	20†	10,000	303,669

† Dividend of 15 per cent. + bonus of 5 per cent., both less tax.
** Bonus of 5 per cent., free of tax. †† Bonus of 3 per cent., free of tax.

LIABILITIES.										Total Liabilities or Assets.	ASSETS.											
Year Ended Dec. 31.	Capital and Reserves.	Per Cent.	Un- divided Profits.	Per Cent.	Loans and Deposits.	Per Cent.	Bills Redis- counted.	Per Cent.	Rebate.		Cash at Bankers.	Per Cent.	Securi- ties.	Per Cent.	Loans at Call and Short Date, and Other Accounts.	Per Cent.	Bills Dis- counted, &c.	Per Cent.	Buildings and Sundries.	Per Cent.		
1921 ..	\$ 2,254,609	4.6	\$ 235,651	0.5	\$ 33,417,986	67.8	\$ 12,660,346	25.8		\$ 643,535	1.3	\$ 49,812,127	1,256,490	2.6	\$ 4,517,666	9.2	\$ 2,339,478	4.8	\$ 40,882,932	83.0	\$ 215,561	0.4
1922 ..	\$ 2,377,005	5.4	\$ 272,749	0.6	\$ 34,139,416	77.7	\$ 6,795,272	15.4		\$ 393,404	0.9	\$ 43,977,846	1,274,375	2.9	\$ 4,819,974	11.0	\$ 2,390,940	0.5	\$ 37,484,422	85.2	\$ 168,135	0.4
1923 ..	\$ 2,437,689	5.0	\$ 298,305	0.6	\$ 36,345,007	75.2	\$ 8,694,704	18.0		\$ 564,761	1.2	\$ 46,340,466	1,293,887	2.7	\$ 5,088,622	10.5	\$ 569,859	1.2	\$ 41,208,472	85.2	\$ 179,626	0.4
1924 ..	\$ 2,798,732	5.1	\$ 315,848	0.6	\$ 40,100,868	73.3	\$ 11,053,918	20.2		\$ 423,485	0.8	\$ 48,692,851	1,320,632	2.4	\$ 5,724,642	10.5	\$ 474,524	0.9	\$ 47,023,680	85.9	\$ 149,322	0.3
1925 ..	\$ 2,800,111	5.2	\$ 356,316	0.7	\$ 40,794,107	76.3	\$ 8,840,656	16.5		\$ 688,583	1.3	\$ 53,479,773	1,303,690	2.4	\$ 5,868,991	11.0	\$ 695,564	1.3	\$ 45,464,614	85.0	\$ 146,914	0.3
1926 ..	\$ 2,803,673	5.0	\$ 375,306	0.7	\$ 41,455,141	74.4	\$ 10,467,234	18.8		\$ 608,861	1.1	\$ 55,710,215	1,311,175	2.4	\$ 5,985,282	12.5	\$ 124,716	0.2	\$ 47,088,122	84.5	\$ 200,920	0.4
1927 ..	\$ 2,650,000	4.5	\$ 346,971	0.6	\$ 44,801,420	75.8	\$ 10,554,812	17.8		\$ 786,228	1.3	\$ 59,139,431	1,328,062	2.2	\$ 7,494,791	12.7	\$ 1,175,192	2.0	\$ 48,908,891	82.7	\$ 232,495	0.4
1928 ..	\$ 3,000,000	4.6	\$ 371,086	0.6	\$ 45,875,810	70.0	\$ 15,634,655	23.9		\$ 585,005	0.9	\$ 65,466,586	1,339,129	2.0	\$ 8,963,231	13.8	\$ 1,233,311	0.2	\$ 52,574,107	85.0	\$ 198,455	0.3
1929 ..	\$ 3,000,000	4.8	\$ 406,792	0.7	\$ 45,591,128	73.6	\$ 12,310,529	19.9		\$ 634,034	1.0	\$ 61,942,482	1,328,877	2.1	\$ 7,629,621	12.3	\$ 208,768	0.3	\$ 52,574,107	85.0	\$ 201,109	0.3
1930 ..	\$ 3,000,000	4.5	\$ 434,812	0.6	\$ 47,521,063	70.8	\$ 15,527,441	23.1		\$ 678,184	1.0	\$ 67,161,500	1,350,871	2.0	\$ 8,601,576	12.8	\$ 516,522	0.8	\$ 56,595,142	84.3	\$ 97,389	0.1
1931 ..	\$ 3,000,000	4.0	\$ 420,856	0.8	\$ 36,300,272	72.8	\$ 9,480,539	19.2		\$ 600,568	1.2	\$ 49,802,335	1,086,835	2.2	\$ 5,992,401	12.0	\$ 212,007	0.4	\$ 42,311,352	85.0	\$ 199,640	0.4

GILLET BROTHERS DISCOUNT CO., LIMITED.

BALANCE SHEET—JANUARY 31, 1932.

LIABILITIES.		ASSETS.	
Capital, issued, fully paid—20,000 "A" shares of £5 each	£100,000	Cash at bankers and in hand	£
10,000 "B" shares of £10 each	100,000	British and Indian (Government) securities (maturing 1931-1938)	145,929
Reserve fund	120,000	Bills discounted (including re-discounts)	876,900
Deposits, loans, bills re-discounted and sundry accounts, including rebate on bills, investments reserve and balance of profit and loss account	11,797,562	Loans on security and sundry accounts	10,819,144
		Assets of the face value of £11,960,498 3s. 6d. are held by de-	275,589
		positors and others as cover for liabilities per contra.	
			12,117,562

LLOYDS BANK LIMITED

Head Office: 71, LOMBARD STREET, LONDON, E.C.3

Chairman:
J. W. BEAUMONT PEASEDeputy-Chairman:
Sir AUSTIN E. HARRIS, K.B.E.

Every description of British
and Foreign Banking
business transacted

Over 1,900 Offices in England and Wales, and others
in India and Burma
Agents and Correspondents throughout the World

Chief General Managers:—F. A. BEANE, G. F. ABELL

Joint General Managers:—W. G. JOHNS, D.S.O., R. A. WILSON, S. PARKES, S. P. CHERRINGTON

Commonwealth Bank of Australia

HEAD OFFICE - - - SYDNEY.
E. C. RIDDLE, Governor. H. T. ARMITAGE, Deputy-Governor.

Guaranteed by the Australian Commonwealth Government.

BRANCHES IN

The Principal Cities and Towns of Australia
and at
8 Old Jewry, E.C., and Australia House, Strand, W.C.
LONDON.

Agents and Correspondents throughout the World.

BANKING AND EXCHANGE BUSINESS OF
EVERY DESCRIPTION TRANSACTED.Bankers to:
GOVERNMENT OF THE COMMONWEALTH OF AUSTRALIA.
GOVERNMENT OF THE STATE OF QUEENSLAND.
GOVERNMENT OF THE STATE OF SOUTH AUSTRALIA.
GOVERNMENT OF THE STATE OF TASMANIA.

COMMONWEALTH SAVINGS BANK OF AUSTRALIA

Branches in the Chief Centres and 4,400 Agencies
at Post Offices throughout Australasia.

As at 31st December, 1931.

General Bank Balances	..	..	£62,577,595
Savings Bank Balances	..	..	117,675,937
Note Issue Department	..	..	54,862,356
Rural Credits Department	..	..	1,871,158
Other Items	..	..	11,169,144

£248,156,190

Head Office: Sydney, New South Wales.

LONDON BRANCH: 8 OLD JEWRY, E.C.2.
J. S. SCOTT, Manager.

JOINT STOCK BANKS OF SCOTLAND.

BANK OF SCOTLAND.

ESTABLISHED 1865.

1868—Acquired the business of the Central Bank of Scotland. | 1907—Absorbed Caledonian Banking Co., Limited.

Year Ended Feb. 28.	Number of Branches.	CAPITAL				Year Ended Feb. 28.	Net Profits.	PROFITS AND DIVIDENDS.			Reserves, Investments, &c.	Carried Forward.
		Subscribed.	Paid-up.	Callab'e.	Reserved.			Per Cent. of Resources.	Dividends.	Rate.		
1921	167	1,875,000	1,500,000	750,000	Nil.	1921	309,603	0.68	148,400	16	140,000	76,137
1922	170	2,000,000	1,500,000	750,000	Nil.	1922	320,242	0.71	148,400	16	175,000	72,978
1923	175	2,125,000	1,500,000	750,000	Nil.	1923	345,172	0.83	157,955	16	175,000	85,202
1924	180	2,250,000	1,500,000	750,000	Nil.	1924	355,727	0.88	163,779	16	175,000	102,149
1925	183	2,375,000	1,500,000	750,000	Nil.	1925	365,975	0.94	164,300	16	175,000	128,824
1926	186	2,500,000	1,500,000	750,000	Nil.	1926	370,119	0.93	171,641	16	175,000	150,347
1927	187	2,625,000	1,500,000	750,000	Nil.	1927	372,335	0.95	172,000	16	175,000	153,466
1928	188	2,750,000	1,500,000	750,000	Nil.	1928	374,283	0.95	172,000	16	175,000	166,801
1929	189	2,875,000	1,500,000	750,000	Nil.	1929	365,872	0.91	172,000	16	175,000	170,084
1930	190	3,000,000	1,500,000	750,000	Nil.	1930	366,870	0.90	172,000	16	175,000	172,456
1931	191	3,125,000	1,500,000	750,000	Nil.	1931	368,180	0.90	172,000	16	175,000	200,077
1932	196	3,600,000	1,500,000	750,000	Nil.	1932	268,180	0.70	202,500	18	130,000	215,757

Authorised note issue, £396,852.

LIABILITIES.

ASSETS.

THE BRITISH LINEN BANK.

ESTABLISHED 1746. 1919—AFFILIATED WITH BARCLAYS BANK, LIMITED.

Year Ended Jan. 15.	Number of Branches.	CAPITAL				Year Ended Jan. 15.	Net Profits.	PROFITS AND DIVIDENDS.			Reserves, Investments, &c.	Carried Forward.
		Subscribed.	Paid-up.	Callab'e.	Reserved.			Per Cent. of Resources.	Dividends.	Rate.		
1921	167	1,875,000	1,500,000	750,000	Nil.	1921	340,428	0.89	140,000	16	140,000	76,137
1922	170	2,000,000	1,500,000	750,000	Nil.	1922	285,646	0.73	140,000	16	140,000	54,104
1923	175	2,125,000	1,500,000	750,000	Nil.	1923	294,340	0.84	147,767	16	140,000	58,457
1924	180	2,250,000	1,500,000	750,000	Nil.	1924	309,666	0.94	153,884	16	150,000	56,475
1925	183	2,375,000	1,500,000	750,000	Nil.	1925	317,812	0.90	155,000	16	150,000	69,270
1926	186	2,500,000	1,500,000	750,000	Nil.	1926	320,234	0.94	158,883	16	170,000	85,621
1927	187	2,625,000	1,500,000	750,000	Nil.	1927	317,750	0.93	160,000	16	170,000	94,371
1928	188	2,750,000	1,500,000	750,000	Nil.	1928	321,361	0.94	160,000	16	170,000	104,732
1929	189	2,875,000	1,500,000	750,000	Nil.	1929	330,040	0.94	160,000	16	170,000	114,772
1930	190	3,000,000	1,500,000	750,000	Nil.	1930	325,954	0.96	160,000	16	170,000	124,772
1931	191	3,125,000	1,500,000	750,000	Nil.	1931	327,420	0.94	155,000	16	170,000	134,772
1932	196	3,600,000	1,500,000	750,000	Nil.	1932	293,530	0.88	150,000	16	170,000	144,772

Fully-paid stock, April 25, 1932, price £362½.

Note issue, £438,024.

LIABILITIES.

ASSETS.

THE CLYDEDALE BANK, LIMITED.

ESTABLISHED 1838.

Affiliated with Midland Bank, Limited, 1920.

Year Ended Dec. 31.	Number of Branches.	CAPITAL				Year Ended Dec. 31.	Net Profits.	PROFITS AND DIVIDENDS.			Reserves, Investments, &c.	Carried Forward.
		Subscribed.	Paid-up.	Callab'e.	Reserved.			Per Cent. of Resources.	Dividends.	Rate.		
1921	141	2,600,000	1,300,000	4,000,000	Nil.	1921	331,009	0.74	180,000	18	180,000	47,571
1922	142	2,600,000	1,300,000	4,000,000	Nil.	1922	334,855	0.81	180,000	18	180,000	52,426
1923	143	2,600,000	1,300,000	4,000,000	Nil.	1923	330,971	0.87	180,000	18	180,000	53,398
1924	144	2,600,000	1,300,000	4,000,000	Nil.	1924	345,643	0.88	180,000	18	180,000	51,041
1925	145	2,600,000	1,300,000	4,000,000	Nil.	1925	341,567	0.90	180,000	18	180,000	67,608
1926	146	2,600,000	1,300,000	4,000,000	Nil.	1926	334,191	0.91	180,000	18	180,000	76,799
1927	147	2,600,000	1,300,000	4,000,000	Nil.	1927	335,485	0.91	180,000	18	180,000	82,284
1928	148	2,600,000	1,300,000	4,000,000	Nil.	1928	340,136	0.91	180,000	18	180,000	92,420
1929	149	2,600,000	1,300,000	4,000,000	Nil.	1929	331,634	0.93	180,000	18	180,000	92,544
1930	150	2,600,000	1,300,000	4,000,000	Nil.	1930	336,488	0.90	180,000	18	180,000	90,462
1931	151	2,600,000	1,300,000	4,000,000	Nil.	1931	330,920	0.93	180,000	18	180,000	90,462

LIABILITIES.

ASSETS.

COMMERCIAL BANK OF SCOTLAND, LIMITED.

ESTABLISHED 1810.

Year Ended Oct. 31.	Number of Branches.	CAPITAL				Year Ended Oct. 31.	Net Profits.	PROFITS AND DIVIDENDS.			Reserves, Investments, &c.	Carried Forward.
		Subscribed.	Paid-up.	Callab'e.	Reserved.			Per Cent. of Resources.	Dividends.	Rate.		
1921	167	1,875,000	1,500,000	750,000	Nil.	1921	341,896	0.65	166,250	15	170,000	57,817
1922	170	2,000,000	1,500,000	750,000	Nil.	1922	349,600	0.71	182,285	10	170,000	55,132
1923	175	2,125,000	1,500,000	750,000	Nil.	1923	347,217	0.78	191,129	10	155,000	56,220
1924	180	2,250,000	1,500,000	750,000	Nil.	1924	335,117	0.78	193,750	10	125,000	72,587
1925	183	2,375,000	1,500,000	750,000	Nil.	1925	334,897	0.78	197,336	10	135,000	75,149
1926	186	2,500,000	1,500,000	750,000	Nil.	1926	326,695	0.79	200,000	10	125,000	76,844
1927	187	2,625,000	1,500,000	750,000	Nil.	1927	335,126	0.80	200,000	10	130,000	81,970
1928	188	2,750,000	1,500,000	750,000	Nil.	1928	344,600	0.81	200,000	10	175,000	51,570
1929	189	2,875,000	1,500,000	750,000	Nil.	1929	367,983	0.81	232,000	10	125,000	62,552
1930	190	3,000,000	1,500,000	750,000	Nil.	1930	389,857	0.90	255,750	10	125,000	71,659
1931	191	3,125,000	1,500,000	750,000	Nil.	1931	385,736	0.91	251,625	10	130,000	75,770

Note issue, £3,070,995. Authorised issue, £374,880.

LIABILITIES.

ASSETS.

Year ended Oct. 31.	Number of Branches.	CAPITAL				Year ended Oct. 31.	Net Profits.	PROFITS AND DIVIDENDS.			Reserves, Investments, &c.	Carried Forward.
		Subscribed.	Paid-up.	Callab'e.	Reserved.			Per Cent. of Resources.	Dividends.	Rate.		
1921	250	2,875,000	1,500,000	750,000	Nil.	1921	5,874,263	7.4	1,083,326	2.1	1,042,286	52,731,870
1922	271	3,350,000	1,500,000	750,000	Nil.	1922	6,374,381	7.1	1,040,927	2.1	1,004,429	49,091,595
1923	289	3,450,000	1,500,000	750,000	Nil.	1923	7,324,556	7.3	1,040,927	2.1	1,004,429	49,091,595
1924	301	3,500,000	1,500,000	750,000	Nil.	1924	8,133,929	7.6	1,040,927	2.1	1,004,429	49,091,595
1925	310	3,550,000	1,500,000	750,000	Nil.	1925	8,212,271	7.2	1,040,927	2.1	1,004,429	49,091,595
1926	317	3,600,000	1,500,000	750,000	Nil.	1926	8,305,315	7.2	1,040,927	2.1	1,004,429	49,091,595
1927	328	3,650,000	1,500,000	750,000	Nil.	1927	8,370,995	7.3	1,040,927	2.1	1,004,429	49,091,595
1928	335	3,750,000	1,500,000	750,000	Nil.	1928	8,313,671	7.4	1,040,927	2.1	1,004,429	49,091,595
1929	339	3,800,000	1,500,000	750,000	Nil.	1929	8,313,671	7.4	1,040,927	2.1	1,004,429	49,091,595
1930	342	3,800,000	1,500,000	750,000	Nil.	1930	8,313,671	7.4	1,040,927	2.1	1,004,429	49,091,595
1931	362	3,800,000	1,500,000	750,000	Nil.	1931	8,313,671	7.4	1,040,927	2.1	1,004,429	49,091,595

National Provincial Bank

LIMITED

ESTABLISHED 1833.

Subscribed Capital - - - - £43,617,080
 Paid-up Capital - - - - 9,479,416
 Reserve Fund - - - - 8,000,000
 Deposits, &c. (31st Dec., 1931) - 262,729,655

DIRECTORS:

Sir HARRY GOSCHEN, Bart., K.B.E., Chairman.
 COLIN FREDERICK CAMPBELL, Esq., Deputy Chairman.

Sir ARTHUR BALFOUR, Bart., K.B.E.
 Sir HARCOURT BUTLER, G.C.S.I., G.C.I.E.
 CHARLES CAVE CAVE, Esq.
 JOHN C. DENISON DENISON-PENDER, Esq.
 CHARLES GIPPS HAMILTON, Esq.
 The Right Hon. LORD ILLINGWORTH, P.C.

The Right Hon. The EARL OF INCHCAPE,
 G.C.S.I., G.C.M.G., K.C.I.E.
 FRANCIS ALEXANDER JOHNSTON, Esq.
 Sir ALFRED EDWARD LEWIS, K.B.E.
 Sir JOHN BUCK LLOYD.
 Sir AUSTIN LOW, C.I.E.
 RONALD MALCOLM, Esq.

CHIEF GENERAL MANAGER:
 Sir ALFRED E. LEWIS, K.B.E.

JOINT GENERAL MANAGERS:
 F. WALLER.

B. CORNWALL. G. H. WHITEHURST. A. S. TAWELL. W. HADWICK.

Head Office: 15, BISHOPSGATE, LONDON, E.C.2.
 OVER 1,350 OFFICES. AGENTS EVERYWHERE.

EVERY DESCRIPTION OF BRITISH AND OVERSEAS BANKING BUSINESS TRANSACTED.

AFFILIATED BANKS:
 COUTTS & CO. GRINDLAY & CO., LTD.

THE NATIONAL BANK OF SCOTLAND, LIMITED.

ESTABLISHED 1825.

CAPITAL				PROFITS AND DIVIDENDS.																			
Subscribed.	Paid-up.	Callable.	Reserved.	Year Ended Nov. 1.	Net Profits.	Per Cent. of Resources.	Dividends Amount.	Rate.	Reserve, etc.	Carried Forward.													
£	£	£	£		£	%	£	%	£	£													
5,000,000	1,100,000	900,000	3,000,000	1921	285,458	0.63	123,200	16	160,000	66,461													
				1922	291,063	0.69	128,263	16	165,000	64,261													
				1923	296,229	0.77	134,531	16	160,000	65,959													
				1924	291,583	0.79	136,400	16	155,000	66,142													
				1925	288,397	0.79	138,926	16	151,392	64,221													
				1926	284,777	0.79	140,800	16	140,000	68,198													
				1927	286,060	0.79	140,800	16	140,000	68,458													
				1928	291,222	0.77	140,800	16	145,000	68,580													
				1929	280,686	0.74	140,800	16	150,000	68,880													
				1930	276,928	0.71	136,400	16	135,000	73,766													
				1931	270,433	0.76	132,000	16	140,000	72,727													
STOCK																							
£500	£110	£90	£300																				
LIABILITIES.														ASSETS.									
Year Ended Nov. 1.	Number of Branches.	Capital and Reserves.	Per Cent.	Notes.	Per Cent.	Acceptances.	Per Cent.	Drafts Outstanding.	Per Cent.	Deposit and Current Accounts.	Per Cent.	Total Liabilities or Assets.	Cash in Hand and at Bank.	Per Cent.	Cash at Call and Short Notice.	Per Cent.	Investments.	Per Cent.	Discounts and Advances.	Per Cent.	Buildings and Sundries, including Cover for Acceptances.	Per Cent.	
1921	130	2,200,000	4.9	3,065,644	6.8	861,788	1.9	51,713	0.1	38,590,983	85.9	44,959,789	£ 4,823,594	10.7	5,754,159	12.8	12,378,915	27.5	20,513,533	45.7	1,489,588	3.3	
1922	133	2,300,000	5.5	3,654,630	6.3	1,210,397	2.9	84,797	0.2	35,636,251	84.7	42,080,599	£ 5,636,251	8.6	4,320,088	10.3	15,715,620	37.4	16,607,014	39.4	1,827,197	4.3	
1923	134	2,350,000	6.1	2,476,488	6.5	1,004,587	2.6	67,034	0.2	32,314,689	84.1	38,413,288	£ 3,610,680	9.3	4,092,709	10.7	14,149,691	36.9	14,997,605	38.9	1,608,197	4.2	
1924	136	2,400,000	6.5	2,590,657	7.0	674,313	1.8	90,732	0.2	31,018,368	83.9	36,976,612	£ 3,710,916	10.0	3,951,467	10.7	12,372,084	33.5	15,673,292	42.4	1,268,853	3.4	
1925	138	2,450,000	6.7	2,446,797	6.7	313,349	0.9	71,639	0.2	31,200,756	85.0	36,685,689	£ 3,722,639	8.9	4,229,378	11.5	11,885,064	32.1	16,338,608	44.7	906,000	2.5	
1926	139	2,500,000	6.9	2,312,536	6.4	300,217	0.8	57,173	0.2	30,884,577	85.2	36,263,500	£ 3,119,351	8.6	4,528,022	12.5	11,433,452	31.5	16,338,608	44.7	906,000	2.5	
1927	140	2,550,000	7.0	2,349,470	6.5	380,902	1.1	51,626	0.1	30,745,611	84.7	36,286,867	£ 3,119,351	8.6	4,264,426	11.7	10,920,445	30.1	16,241,254	44.8	913,387	2.5	
1928	142	2,600,000	7.0	2,501,044	6.7	1,033,779	2.7	...	...	31,652,172	83.4	37,998,774	£ 4,641,518	12.2	3,057,000	8.1	10,919,060	28.7	17,001,243	46.7	1,821,079	4.3	
1929	143	2,650,000	6.8	2,503,143	6.2	1,475,182	3.8	...	...	32,154,808	82.0	39,095,600	£ 4,457,508	11.4	2,760,500	7.1	11,033,067	28.2	18,732,342	47.9	2,112,183	5.4	
1930	176	2,650,000	6.7	2,419,782	6.2	1,446,679	3.7	...	...	32,266,197	83.3	38,994,352	£ 4,494,206	11.5	3,058,000	7.8	11,760,915	30.2	17,642,852	45.3	2,036,379	5.2	
1931	181	2,650,000	7.5	2,299,133	6.4	1,532,653	4.3	...	...	29,077,192	81.3	35,763,705	£ 3,951,714	11.1	2,728,000	7.6	11,683,463	32.7	15,246,576	42.6	2,153,952	6.0	

NORTH OF SCOTLAND BANK LIMITED.

ESTABLISHED 1836.

1906—North of Scotland Bank amalgamated with Town and County Bank, Limited, and the title changed to North of Scotland and Town and County Bank, Limited.

1923—Title shortened as above.

1924—Controlling interest acquired by Midland Bank, Limited.

1925—Transfer of capital to Midland Bank, Limited, completed.

CAPITAL			
Subscribed.	Paid-up.	Callable.	Reserved.
£	£	£	£
3,260,000	1,141,000	163,000	1,956,000
Per Share.	Per Share.	Per Share.	Per Share.
£20	£7	£1	£12

PROFITS AND DIVIDENDS.									
Year Ended Sept. 30.	Net Profits.	Per Cent. of Resources.	Dividends Amount.	Rate.	Reserve, &c.	Carried Forward.			
	£	%	£	%	£	£			
1921	186,792	0.65	107,580	17	68,000	82,998			
1922	202,020	0.76	110,840	17	85,000	89,178			
1923	206,062	0.84	117,360	18	85,000	92,880			
1924 and 1925	Profits and appropriations not disclosed.								
*1926	268,084	1.11	152,568	18	75,000	97,462			
*1927	270,407	1.11	152,568	18	75,000	102,149			
*1928	274,368	1.039	158,436	18	75,000	103,472			
*1929	277,563	1.07	205,380	18	75,000	100,655			
*1930	281,473	1.11	205,380	18	75,000	101,748			
*1931	254,414	1.05	193,970	17	95,000	67,192			

* Dec. 31.

Year Ended Sept. 30.	Number of Branches.	LIABILITIES.										Total Liabilities or Assets.	ASSETS.																			
		Capital and Reserves.		Per Cent.	Un- divided Profits.		Per Cent.	Notes.	Per Cent.	Miscel- laneous Credits, etc.	Per Cent.		Deposit and Current Accounts.	Per Cent.	Cash in Hand and at Bank.	Per Cent.	Cash at Call and Short Notice.	Per Cent.	Invest- ments.	Per Cent.	Discounts and Advances.	Per Cent.	Build- ings and Sundries.	Per Cent.								
1921	152	£	1,304,000	4.6	£	222,066	0.8	£	2,436,027	8.6	£	258,954	0.9	£	24,359,195	85.1	£	28,580,242	3,683,682	12.9	£	...	...	£	17,278,577	60.5	£	7,407,853	25.9	£	210,130	0.7
1922	156	£	1,352,000	5.1	£	246,224	0.9	£	2,242,993	8.4	£	320,683	1.2	£	22,428,517	84.4	£	26,590,417	3,001,440	11.3	£	...	...	£	17,631,896	66.3	£	5,719,145	21.5	£	237,936	0.8
1923	158	£	1,402,000	5.7	£	253,675	1.0	£	2,137,550	8.7	£	269,681	1.1	£	20,528,331	83.5	£	24,591,237	3,481,365	14.2	£	...	...	£	16,069,256	65.3	£	4,808,697	19.6	£	231,919	0.8
1924	158	£	1,909,500	7.8	£	94,227	0.4	£	1,668,431	8.9	£	...	...	£	20,285,257	82.9	£	24,457,415	3,078,985	12.6	£	...	...	£	13,502,320	55.2	£	7,638,034	31.2	£	238,076	1.0
1925	157	£	1,974,500	7.9	£	95,078	0.4	£	1,351,600	9.4	£	...	...	£	19,853,442	81.8	£	24,959,988	3,210,092	12.9	£	...	...	£	10,838,482	43.4	£	10,738,802	43.0	£	172,612	0.7
1926	157	£	2,024,500	8.3	£	192,807	0.8	£	2,208,853	9.1	£	...	...	£	19,791,999	81.5	£	24,287,362	3,152,093	13.0	£	...	...	£	10,319,753	42.5	£	10,644,409	43.8	£	163,347	0.7
1927	155	£	2,074,500	8.5	£	197,504	0.8	£	2,223,345	9.2	£	...	...	£	21,811,626	82.5	£	26,398,042	3,016,216	12.4	£	...	...	£	10,001,913	41.2	£	21,094,493	45.7	£	174,726	0.7
1928	158	£	2,206,000	8.4	£	206,162	0.8	£	2,174,254	8.3	£	...	...	£	21,277,613	82.1	£	25,903,837	3,578,531	13.6	£	...	...	£	9,754,284	37.0	£	12,880,905	48.8	£	184,322	0.7
1929	158	£	2,256,000	8.7	£	203,345	0.8	£	2,166,779	8.4	£	...	...	£	21,993,837	83.7	£	26,398,042	3,578,531	13.6	£	...	...	£	9,754,284	37.0	£	12,880,905	48.8	£	184,322	0.7
1930	158	£	2,306,000	9.1	£	204,438	0.8	£	2,166,772	8.5	£	...	...	£	20,682,403	81.6	£	25,359,613	3,728,555	14.7	£	...	...	£	9,914,320	38.9	£	12,326,872	47.6	£	194,285	0.8
1931	158	£	2,306,000	9.5	£	158,472	0.6	£	2,159,647	8.9	£	...	...	£	19,704,992	81.0	£	24,329,111	4,353,390	17.9	£	...	...	£	9,856,311	40.6	£	9,917,600	40.7	£	201,810	0.8

* December 31

* December 31.

ROYAL BANK OF SCOTLAND.

ESTABLISHED 1727.

1924—Acquired Messrs Drummonds Bank.

1930—Acquired Williams Deacon's Bank Ltd. (shares).

CAPITAL				Market Value.
Subscribed.	Paid-up.	Callable.	Reserved.	
£	£	£	£	£
3,780,192	3,780,192	Nil	Nil	13,060,563

Fully-paid stock; Market price on April 28, 1932, £345½%.

PROFITS AND DIVIDENDS.						
Year Ended October.	Net Profits.	Per Cent. of Resources.	(Dividends Amount.)	Rate.	Reserve, &c.	Carried Forward.*
			£	%	£	£
1921	377,501	0.78	168,000	12	50,000	1,241,777
1922	401,959	0.83	190,000	13	50,000	1,403,736
1923	426,226	0.92	214,000	14	50,000	1,565,962
1924	452,370	0.94	280,938	14 ¹ / ₂	50,000	2,347,394
1925	472,623	0.92	305,313	15 ¹ / ₂	50,000	2,464,704
1926	476,545	0.96	320,000	16	50,000	2,571,250
1927	481,977	0.89	420,000	21	50,000	2,683,227
1928	502,561	0.91	340,000	17	50,000	2,795,788
1929	504,532	0.89	340,000	17	50,000	2,910,320
1930	533,665	0.82	413,059	17	50,000	3,580,928
1931	611,116	0.89	490,007	17	50,000	3,780,928 ¹ / ₂

* Includes "Bank"

NORTHERN BANK, LIMITED.

ESTABLISHED 1824.

1838—Absorbed Ball and Co., Dublin.

CAPITAL				PROFITS AND DIVIDENDS									
Year Ended Aug. 31.	Number of Shares.	Subscribed. £	Paid-up. £	Callible. £	Reserved. £	Year Ended Aug. 31.	Net Profits. £	Per Cent. of Resources.	Dividends Amount. £	Rate. % "A" "B"	Reserves, £.	Carried Forward. £	Per Cent. of Resources.
1922	86	1,200,000	6-4	50,043	0-3	1,643,266	8-7	53,553	0-3	15,864,697	84-3	18,811,560	2,247,027
1923	86	1,250,000	7-0	50,247	0-3	1,597,347	9-0	55,819	0-3	14,893,423	83-4	17,846,836	2,402,764
1924	86	1,500,000	8-6	62,221	0-4	1,554,591	8-9	58,202	0-3	14,259,107	81-8	17,438,121	2,048,218
1925	87	1,500,000	8-7	47,065	0-3	1,569,848	9-1	59,204	0-3	14,114,283	81-6	17,290,401	1,850,181
1926	87	1,500,000	8-7	47,065	0-3	1,491,658	8-5	60,911	0-3	14,428,394	82-3	17,532,113	1,805,251
1927	88	1,500,000	8-6	51,150	0-3	1,416,003	8-4	62,134	0-4	13,810,351	82-0	16,842,311	1,714,756
1928	90	1,500,000	8-9	53,823	0-3	1,445,857	8-5	62,976	0-4	13,907,790	82-0	16,962,781	1,591,621
1929	91	1,500,000	8-8	46,158	0-3	1,445,857	8-5	62,976	0-4	14,200,841	82-0	17,304,079	1,968,956
1930	91	1,500,000	8-7	46,001	0-3	1,492,946	8-6	64,291	0-4	14,122,187	82-4	17,149,652	1,728,629
1931	92	1,500,000	8-7	48,402	0-3	1,413,272	8-2	65,821	0-4	14,122,187	82-4	16,930,129	1,302,288
1931†	92	1,500,000	8-9	47,064	0-3	1,196,834	7-1	439,945	0-3	14,146,286	83-4	16,949,738	1,471,845
1931†	92	1,200,000	7-1	47,557	0-3	1,157,120	6-8	427,086	1-3	14,317,975	84-5	16,949,738	1,471,845

* Excluding agencies.

† Includes cover for acceptances.

‡ Dec. 31.

§ Endorsements.

ULSTER BANK, LIMITED.

ESTABLISHED 1836.

Affiliated to Westminster Bank, Limited, in October, 1917.

CAPITAL				PROFITS AND DIVIDENDS									
Year Ended Nov. 30.	Number of Shares.	Subscribed. £	Paid-up. £	Callible. £	Reserved. £	Year Ended Nov. 30.	Net Profits. £	Per Cent. of Resources.	Dividends Amount. £	Rate. % "A" "B"	Reserves, £.	Carried Forward. £	Per Cent. of Resources.
1921...	113	1,200,000	4-3	93,013	0-3	2,075,418	7-5	99,735	0-4	24,287,432	87-5	27,755,598	3,660,175
1922...	114	1,200,000	4-5	90,397	0-3	2,088,182	7-9	81,724	0-3	23,039,108	87-0	26,499,411	2,873,133
1923...	114	1,300,000	5-1	92,555	0-4	2,113,502	8-2	78,357	0-3	22,050,621	86-0	25,535,035	2,719,182
1924...	114	1,400,000	5-6	91,589	0-4	2,037,707	8-1	159,207	0-7	21,567,007	85-2	25,255,510	5,016,798
1925...	114	1,500,000	6-2	73,895	0-3	1,779,184	7-4	66,688	0-3	20,720,742	85-8	24,140,509	2,414,263
1926...	114	1,500,000	6-2	49,621	0-2	1,703,922	7-0	77,488	0-3	20,823,751	86-3	24,154,782	2,560,243
1927...	115	1,500,000	6-6	75,439	0-3	1,660,984	6-8	61,026	0-2	20,997,853	86-1	24,385,302	2,684,047
1928...	114	1,600,000	7-0	72,215	0-3	1,535,367	6-3	44,609	0-2	21,037,705	86-2	24,389,896	2,387,110
1929...	114	1,700,000	7-1	62,650	0-3	1,346,926	5-4	52,702	0-2	21,588,158	87-0	24,800,436	2,645,010
1930...	115	1,800,000	7-3	60,122	0-2	1,389,716	5-6	46,654	0-2	21,444,824	86-7	24,741,316	2,293,351
1931†	116	1,850,000	7-5	70,436	0-3	1,300,219	5-3	46,536	0-2	21,467,434	86-7	24,734,625	2,716,570

* Excluding agencies.

† December 31.



Hambros Bank Limited.

41. Bishopsgate,
London E.C.2

The BRITISH OVERSEAS BANK LIMITED

CAPITAL AUTHORISED £5,000,000 ISSUED AND PAID UP £2,000,000
RESERVE FUND £225,000

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LATEST BALANCE SHEETS OF DOMINION BANKS HAVING LONDON OFFICES.

IRISH FREE STATE BANKS.

BANK OF IRELAND.

BALANCE SHEET—December 31, 1931.

LIABILITIES.	£	ASSETS.	£
Capital paid up	2,769,231	Cash at head office, branches and Bank of England	1,939,172
Reserve fund	3,180,000	Cash at call and short notice	3,120,020
Notes and post bills in circulation :—Consolidated bank notes outstanding, £880,000, less held by bank, £99,411	780,589	British Government debt	2,630,769
Other notes and post bills in circulation	1,123,808	Irish Free State Government bills	600,000
Government and other public accounts	2,620,514	Government securities (including stocks lodged with the Currency Commission as security for consolidated bank notes outstanding, per contra)	11,970,944
Deposit, current and other accounts, including reserves for contingencies	29,045,288	Other securities	3,723,845
Acceptances, endorsements, &c.	35,416	Advances to customers, bills discounted, &c.	14,935,774
Profit and loss account, balance as below	293,576	Liabilities of customers for acceptances, endorsements, &c., as per contra	35,416
	39,848,422	National City Bank, Ltd.—406,000 shares of £1 each, 10s. paid, £203,000; 18 shares of £1 each, fully paid, £18	203,018
		Bank of Ireland Nominees, Ltd.	20,000
		Bank premises, head office and branches— at cost, less amounts written off	669,464
			39,848,422

PROFIT AND LOSS ACCOUNT.

For the Year ended December 31, 1931.

DR.	£	CR.	£
Amount transferred to reserves for contingencies	400,000	Balance brought forward from last year	81,481
Interim dividend paid August 1st of 8½ per cent., less income tax	200,077	Net profit for the year, after meeting all charges, and providing for bad and doubtful debts (other than those provided for out of the reserves for contingencies), interest on deposits, and rebate on bills not at maturity, pensions, &c. Depreciation of securities and bad and doubtful debts have been fully provided for out of the reserves for contingencies made in this and previous years	512,172
Proposed final dividend for the year ended December 31st, of 9 per cent., less income tax	202,760	Transfer from reserve	300,000
Balance carried forward to next year	90,816		893,653
			893,653

THE HIBERNIAN BANK, LIMITED.

BALANCE SHEET—December 31, 1931.

LIABILITIES.	£	ASSETS.	£
Capital—100,000 shares of £20 each, £2,000,000; amount paid up, £5 per share	500,000	Cash in hand and with bankers	967,161
Reserve fund	610,000	Investments, viz.:—	
Special reserve for contingencies	100,000	War Loan, Irish Free State national loans and other Government stocks (including stock lodged with the Currency Commission by way of security for consolidated bank notes outstanding, per contra)	6,003,379
Consolidated bank notes outstanding, £550,000; less held by the bank, £95,226	454,774	Corporation stocks, railway debenture stocks and other securities	230,686
Deposit, current and other accounts, including interest due on deposits	11,665,084	Bills discounted, advances on current accounts, loans, &c.	6,014,172
Sundry agents	28,020	Sundry agents	11,445
Rebate on bills discounted not at maturity	7,228	Bank premises and furniture (head offices and 58 branches), written down to	213,401
Profit and loss account, £85,138; less transferred to reserve fund, £10,000	75,138		13,440,244
	13,440,244		13,440,244

PROFIT AND LOSS ACCOUNT.

For half-year ending December 31, 1931.

DR.	£	CR.	£
Expenses of management, including directors' fees, salaries, pensions and allowances, bonuses and grants to staff, rents, rates, repairs, revenue taxes and all other outlay	104,164	Balance from last account	41,246
Amount transferred to reserve fund	10,000	Gross profit for half-year, after providing for rebate on bills, interest on deposits, bad and doubtful debts and contingencies	148,056
Dividend to be paid in February, 1932, subject to deduction of income tax	31,250		
Bonus of 1 per cent. for year 1931, ditto	5,000		
Bank premises account	33,888		
Balance to next account	189,302		189,302

MUNSTER AND LEINSTER BANK, LIMITED.

According to the report of the directors for the half-year ended December 31, 1931, the profits, after deducting expenses, providing for interest on deposits, rebate on bills, and for all bad and doubtful debts, amount to £91,223; to which has to be added the balance from the last account, £45,903, making a total of £137,126. The directors recommend the payment of a dividend for the half-year at the rate of 14 per cent. per annum, free of income tax, £52,500; and after transferring to contingencies account, £15,000; and applying in reduction of premises account, £15,000; and placing to staff pension fund, £10,000; there will remain to be carried to next account, £44,626.

BALANCE SHEET—December 31, 1931.

LIABILITIES.	£	ASSETS.	£
Capital: 375,000 shares of £5 each, £2 paid	750,000	Cash on hand and with other bankers	1,941,927
Reserve fund	820,000	Money at call and at short notice	1,300,000
Special reserve fund	180,000	Investments:—	
Notes in circulation: Consolidated Bank notes outstanding, £900,000; less held by bank, £105,003	794,997	War Loan and other British and Irish Government stocks (including securities lodged with the Currency Commission as security for Consolidated bank notes outstanding, per contra)	11,922,034
Deposit, current and other accounts	25,307,562	Corporation stocks, railway debenture and preference stocks, and debenture bonds	194,239
Profit and loss: Balance from June 30, 1931, £45,903; net profit for half-year ended December 31, 1931, £91,223—£137,126; less amount transferred to contingencies account, premises account and staff pension fund, £40,000	97,126	Advances on securities and current accounts	11,012,451
	27,949,685	Bank premises, head office and branches	364,149
			27,949,685

THE NATIONAL BANK, LIMITED.

BALANCE SHEET—December 31, 1931.

LIABILITIES.	£	ASSETS.	£
Capital, authorised and issued, 1,500,000 shares of £5 each, £1 paid	1,500,000	Cash on hand at head office, branches, and Bank of England	4,082,742
Reserve fund (Government securities)	1,000,000	Money at call and at short notice, including Stock Exchange loans and Treasury bills	2,517,374
Notes in circulation: Consolidated bank notes outstanding, £924,447, less held by bank, £98,909	825,538	Government securities (including securities lodged with the Currency Commission as security for consolidated bank notes outstanding, per contra)	14,854,068
Other notes in circulation	404,152	Corporation, railway and other investments	584,259
Amount due by the bank on deposit, current and other accounts	36,978,320	(NOTE.—There is a contingent liability of £45,500 for uncalled capital in respect of the shares of the Agricultural Credit Corporation, Ltd., which are guaranteed by the Government of the Irish Free State both in regard to capital and interest.)	
Acceptances to bankers' drafts and on security	23,813	Advances on securities at sundry dates, and current accounts	15,722,683
Net profit for the half-year	128,359	Bills discounted	2,336,737
Brought forward from June 30, 1931	31,125	Bankers' guarantee and securities held against acceptances, per contra	23,813
	40,891,308	Bank premises—London, Dublin, and branches, freehold and leasehold (at cost, less depreciation)	769,632
			40,891,308

PROFIT AND LOSS ACCOUNT.

For Half-Year ended December 31, 1931.

DR.	£	CR.	£
Half-year's dividend to December 31, 1931, being at the rate of 14 per cent. per annum	105,000	Amount brought from last account	31,126
Amount carried to reserve fund	15,000	Net profit for the half-year after payment of all expenses (including directors' fees and income tax thereon amounting to £5,345, and making full provision for bad and doubtful debts and income tax (other than income tax on dividend)	128,359
Amount carried to contingencies account	10,000		
Balance to credit of profit and loss new account	29,485		159,485
	159,485		

BARCLAYS BANK (DOMINION, COLONIAL AND OVERSEAS)

OVER 400 BRANCHES IN
THE UNION OF SOUTH AFRICA
NORTHERN & SOUTHERN RHODESIA
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POUR FAVORISER LE DÉVELOPPEMENT DU COMMERCE ET DE L'INDUSTRIE EN FRANCE

ESTABLISHED 1864
(Incorporated in France with Limited Liability)

SUBSCRIBED CAPITAL Frs. 625,000,000
PAID-UP CAPITAL Frs. 320,977,750
RESERVE FUND & UNDIVIDED PROFITS Frs. 416,913,014
DEPOSITS (31st December, 1931) Frs. 11,912,323,619

EVERY DESCRIPTION OF BANKING BUSINESS TRANSACTED.
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11, WATERLOO PLACE, S.W.1.
The West End Branch has Safe Deposits for the use of Customers.

PROVINCIAL BANK OF IRELAND, LIMITED.

BALANCE SHEET—December 31, 1931.

LIABILITIES.	£	ASSETS.	£
Capital—Authorized and issued: 40,000 shares of £100 each, £12 10s. paid, £500,000; 4,000 Shares of £20 each, £10 paid, £40,000	540,000	Cash at head office, branches, and in London	1,094,664
Reserve fund	440,000	Money at call and short notice	280,000
Notes in circulation: Consolidated bank notes outstanding, £465,300; less amount held by Bank, £77,356	387,944	British Government Treasury bills	600,000
Other notes in circulation	486,021	Investments, viz.:—	
Deposit receipts, current and other accounts, including reserves	14,796,606	War Loan and other British and Irish Government stocks and colonial securities (including securities lodged with the currency commission as security for Consolidated Bank notes outstanding per contra)	7,612,210
Amount due to subsidiary nominee companies	200	Corporation stocks and other investments	203,243
Net profits for the half-year, including £38,706 brought forward from June 30, 1931, £87,052; less £20,000 added to reserve fund, £20,000	67,053	Shares in subsidiary nominee companies	200
Normal—There is a contingent liability of £21,600 in respect of partly paid-up shares in the Agricultural Credit Corporation, Ltd.		Advances to customers, secured interest on investments and sundry debt or balances	5,789,018
		Bills discounted	931,791
		Bank premises, freehold and leasehold, at cost, less amounts written off	206,698
			16,717,824

PROFIT AND LOSS ACCOUNT.

DR.	£	CR.	£
Dividend at the rate of 14½ per cent. per annum, for the half-year to December 31, 1931 payable on and after February 1 next, less income tax at 5s. in the £	29,363	Balance, June 30, 1931	38,707
Added to reserve fund	20,000	Profits for the half-year after providing for interest on deposits, income tax, Corporation profits tax in Irish Free State, duty on notes and post bills in circulation, law costs, rebate on bills discounted not yet due, and bad and doubtful debts and expenditure at head office and branches, including remuneration to directors and income tax thereon, £4,000	48,346
Carried to new account	37,690		87,053
			87,053

THE ROYAL BANK OF IRELAND, LIMITED.

The directors report that the net profits of the bank for the sixteen months to December 31, 1931, after making provision for bad and doubtful debts, amounted to £80,910, which, with the amount brought forward from last year of £10,662, make together £91,572. From this interim dividends at the rate of 10 per cent. per annum (less tax) for the twelve months to August 31, 1931, have been distributed to the shareholders, £25,500, leaving a balance of £66,072, out of which the board have appropriated to reserve fund, bank premises, officers' superannuation and other contingencies, £48,000, leaving available a balance of £18,072, which they recommend should be appropriated as follows: A further dividend at the rate of 10 per cent. per annum (less tax) for the four months ended December 31st last, £7,892. The balance to be carried forward to the credit of next year's account, £10,180.

BALANCE SHEET—December 31, 1931.

LIABILITIES.	£	ASSETS.	£
Proprietors' capital, £1,500,000, divided into 30,000 shares of £50, on each of which £10 has been paid up	300,000	Investments—British Government securities (including stock lodged with the Currency Commission by way of security for consolidated notes outstanding, as per contra), at market value	2,023,225
Reserve fund	260,000	Colonial Government stocks, railway debenture stocks, &c., at market value	307,120
Consolidated notes outstanding, £273,000; less held by the bank, £42,023	230,977	British Treasury bills	394,924
Current, deposit and other accounts, including officers' superannuation fund	6,650,104	Bankers' balances and cash at head office and branches	446,353
Profit and loss, balance after paying interim dividends at the rate of 10 per cent. per annum (less tax), £66,072; less appropriated to reserve fund, bank premises, officers' superannuation and other contingencies, £48,000	18,072	Bills discounted	115,270
Note.—There is a contingent liability of £9,100 in respect of partly paid-up shares in the Agricultural Credit Corporation, Ltd.		Advances on current and other accounts	3,922,261
		Bank premises (head office and 43 branches)	250,000
			7,459,153

AFRICAN BANKS.

BARCLAYS BANK (DOMINION, COLONIAL AND OVERSEAS).

The directors report that after payment of all charges, full provision having been made for bad and doubtful debts, the net profit for the year ended September 30, 1931, amounted to the sum of £402,754, to which has to be added

the sum of £164,731 brought forward from September 30, 1930, making a total of £567,485, which has been appropriated as follows: Provision for income tax, &c., £100,000; interim dividends paid July 16, 1931, at the rate of 8 per cent. per annum on the cumulative preference shares, and at the rate of 4½ per cent. per annum on the "A" and "B" shares, less income tax, £111,078; final dividend at the rate of 8 per cent. per annum on the cumulative preference shares of £1 each fully paid, less income-tax, payable January 22, 1932, £51,997; final dividend at the rate of 5 per cent. per annum on the "A" shares of £1 each fully paid, and the "B" shares of £5 each, £1 paid, less income tax, payable January 22, 1932, £59,672; balance to be carried forward, £244,738—£567,485.

BALANCE SHEET—September 30, 1931.

LIABILITIES.	£	ASSETS.	£
Current, deposit and other accounts, including reserve for income tax and contingencies and balance of profit and loss	68,462,423	Cash in hand and with bankers, and gold bullion	13,546,300
Notes in circulation	781,343	Money at call and short notice	2,075,000
Acceptances and other liabilities on account of customers	3,558,843	Remittances in transit	1,039,017
Capital, viz.: 1,793,000 8 per cent. cum. pref. shares of £1 each, fully paid, £1,793,000; 2,562,500 "A" shares of £1 each, fully paid, £2,562,500; 500,000 "B" shares of £5 each, £1 paid, £500,000	4,975,500	Bills discounted	13,102,662
Reserve fund	1,650,000	Investments: Securities of the British and of the Dominion and Colonial Governments (including securities lodged with the Crown Agents for the Colonies as security for note issue, and with other investors, £297,941)	14,509,263
Liability on bills rediscounted, £22,494, of which £11,802 has since run off		Advances to customers and other accounts	29,261,707
		Liability of customers for acceptances, &c.	3,558,843
		Bank premises account	2,235,317
			79,428,109

STANDARD BANK OF SOUTH AFRICA, LIMITED.

BALANCE SHEET—September 30, 1931.

LIABILITIES.	£	ASSETS.	£
Capital authorised and issued, 500,000 shares of £20 each, £10,000,000; called up £5 per share	2,500,000	Cash in hand and with bankers (including deposit of £2,103,400 with South African Reserve Bank in terms of the Union of South Africa "Currency and Banking Act, 1930")	4,879,382
Reserve fund	3,164,170	Cash at call and short notice	3,450,000
Notes in circulation	488,967	Native gold in hand and in transit	64,927
Deposit, current and other accounts (including profit and loss account and contingencies account)	50,404,572	Investments: British Government securities, Colonial Government, Municipal and other securities (including £437,500: Stock deposited with the Southern Rhodesian Government as security for note issue)	6,931,017
Drafts outstanding and acceptances under credits	1,153,702	Bank of British West Africa, Ltd., 33,334 £10 shares £4 paid	56,251
Customers' bills for collection, per contra	9,349,389	Bills of exchange purchased and current at this date	3,688,634
(Contingent liability on bills rediscounted £289,101, of which £286,978 has since run off.)		Bills discounted, advances to customers and other accounts	34,894,672
The liabilities and assets in South Africa are included in this statement at par of exchange, but provision for the difference in exchange has been met out of contingencies account.		Remittances in transit	1,840,533
		Customers' bills for collection, per contra	9,349,389
		Bank property and premises (including furniture and fittings) at cost, less amounts written off	1,836,225
		Stamps, stationery, and open policies	69,770
			67,060,800

* These investments appear at, or under, cost, and in the aggregate below market value at September 30, 1931, depreciation having been met out of contingencies account.

BANK OF BRITISH WEST AFRICA, LIMITED.

The directors' statement for the year ended March 31, 1931, shows that after providing for current charges (including the contribution to the staff profit-sharing fund) and rebate on bills, there remains a balance of £24,568, to which must be added £53,433 brought forward from last year, making a total amount available of £78,001. Of this sum, £30,000, being an interim dividend of 2½ per cent, has already been distributed, less income tax, and the directors now recommend the payment of a final dividend of 1½ per cent., absorbing a further sum of £18,000, less income tax, making a total distribution for the year of 4 per cent., less income tax, leaving a balance of £30,000 to be carried forward. Due provision has been made for all bad and doubtful debts. The investments held stand in the balance sheet at less than their market value as at March 31, 1931.

BALANCE SHEET—March 31, 1931.

LIABILITIES.	£	ASSETS.	£
Capital issued—300,000 shares on which £4 per share has been paid up	1,200,000	Cash in hand and at bankers, including branches and agencies	1,512,639
Reserve	400,000	Cash in transit	11,760
Current, deposit and other accounts, including reserve for contingencies	5,907,716	Investments—	
Balances in account with subsidiary companies	1,729	British Government securities	1,269,431
Drafts issued	191,065	Indian, Dominion and Colonial government securities	487,970
Bills for collection	816,276	Other securities	129,884
Rebate on bills	5,565	Shares in subsidiary companies	
Liability on acceptances for customers	315,071	—West Africa Buildings Co., Ltd. (50,000 shares of £1 each, fully paid, at cost), £50,000; Portland Buildings, Ltd. (1,000 shares of £1 each, fully paid, at cost), £11,000	61,000
Final dividend payable (less income tax) June 25, 1931	18,000	Bills of exchange—	
Balance of profit carried forward	30,001	Treasury bills	545,000
		Other bills	781,922
		Loans, advances and other accounts	2,606,295
		Balances in account with subsidiary companies	9,521
		Bills for collection contra	816,276
		Liability of customers for acceptances	315,071
		Premises and furniture, at cost, less amount written off	338,654
			8,885,423

There are contingent liabilities on outstanding forward exchange contracts, most of which have since run off, also in respect of engagements on behalf of customers.

NETHERLANDS BANK OF SOUTH AFRICA.

BALANCE SHEET—December 31, 1930.

LIABILITIES.	£	ASSETS.	£
Capital subscribed and paid up	468,542	Cash in hand and with bankers (including obligatory balance with the South African Reserve Bank)	407,402
Reserve fund	176,667	South African Treasury bills	175,000
Current accounts, deposits and other liabilities (including contingency fund)	1,898,809	Bills discounted	1,015,621
Acceptances	109,160	Securities	39,025
Acceptances by correspondents	157,652	Investments	10,309
Bills payable	39,469	Acceptances—	
Bills for collection per contra	7,093	Customers	179,459
Appropriation account for 1930 (including taxes)	36,202	Banks	69,234
Balance carried forward	1,135	Loans and Advances to customers	873,919
All the bills discounted, amounting to £1,015,621, and also all bills rediscounted, amounting to £158,223, have since been paid with the exception of about £55,069, which will mature shortly. Contingent liability on guarantees, £228,189.		Bank premises	116,567
		Properties in South Africa	1,000
		Bills for collection	7,093
			2,894,729

PROFIT AND LOSS ACCOUNT.

DR.	£	CR.	£
Expenditure, including rent, taxes, salaries and all other expenses at head office and branches	125,410	Balance from last account	246
Written off—		Gross profits, after deducting interest accrued on deposits and rebate on bills not yet due, also after providing for bad and doubtful debts and for contingencies	176,927
Furniture	265		
Bank premises	5,460		
Properties	367		
Balance	45,671		
	177,173		177,173

The directors state that for the year 1930, after payment of all expenses, making provision for bad and doubtful debts and for contingencies and writing down furniture, bank premises and properties accounts, the accounts show a profit of £45,424, which, added to the balance brought forward from last year of £246, makes an available total of £45,670, which they recommended should be applied as follows: 6 per cent. dividend to shareholders (last year follows: £28,113; tantième to directors, £2,256; reserve 7 per cent.), £28,113; tantième to directors, £5,833; provision for taxes in Europe and South Africa, £5,833; balance carried forward to next account, £1,135—£45,670.

AUSTRALASIAN BANKS.

THE AUSTRALIAN BANK OF COMMERCE, LIMITED.

BALANCE SHEET—June 30, 1931.

LIABILITIES.	£	ASSETS.	£
Capital paid up	2,208,000	Coin, bullion, Australian notes and cash with Common-wealth Bank	1,976,585
Reserve fund	1,111,880	Cash at London bankers and at short call in London	45,798
Customers' deposits and other liabilities	11,086,065	British Treasury bills and other Government and municipal securities	460,492
Government deposits	104,643	Balances due by other banks	209,496
Bills in circulation and other amounts payable	578,963	Bills receivable and remittances in transit	747,756
Balances due to other banks	116,619	Bills discounted, loans, advances, all other debts due to the bank, and other assets	11,420,845
Profit for the year, £84,904; less interim dividend at rate of 5 per cent. per annum paid Jan., 1931, £55,200	29,704	Bank premises	404,705
Brought forward from June 30, 1930	29,803		15,265,677
	15,265,677		
Contingent liabilities, consisting of letters of credit, &c., for which customers are responsible to the bank	421,662		



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CHARLES LAURENT (Vice-Chairman).

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R. M. HOLLAND-	K.C.M.G., K.C.V.O., C.B.
MARTIN, C.B.	
PIERRE MIRABAUD	HENRIPOUYANNE Joint
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PROFIT AND LOSS ACCOUNT.

Dr.	£	Cr.	£
Interim half-yearly dividend at rate of 5 per cent. per annum paid	55,200	Profit for the year ended June 30, 1931, £152,546; less graduated land and income taxes, £67,642.....	84,904
Final half-yearly dividend at rate of 5 per cent. per annum recommended, making 4 per cent. for the year	33,120	Balance brought forward from last year	29,803
Balance to be carried down.....	26,387		114,707
	114,707	To be carried forward	26,387

THE BANK OF ADELAIDE.

According to the annual report of the directors to the shareholders, the balance of profit and loss for the year ended March 30, 1931 (including the balance brought forward from the previous year, £49,482), amounts to £141,295, out of which an interim dividend at the rate of 8 per cent. per annum was paid in November last, £50,000, leaving available £91,295, out of which the directors have declared a dividend for the half-year ended March 30, 1931, at the rate of 6 per cent. per annum, payable after the general meeting on May 13, 1931, £37,500, leaving a balance to carry forward of £53,795.

BALANCE SHEET—March 30, 1931.

LIABILITIES.	£	ASSETS.	£
Capital paid up	1,250,000	Specie, bullion and cash	45,874
Reserve fund	1,000,000	Australian notes and cash with Commonwealth Bank of Australia	1,038,514
Profit and loss	91,295	Government securities	602,234
Notes in circulation	6,661	Commonwealth Government Treasury bills	174,137
Bills in circulation and other liabilities	42,771	Municipal debentures	2,150
Deposits	235,714	Money at short call	170,000
Interest accrued on fixed deposits and rebates on bills discounted	5,762,326	Deposits	192,710
	64,938	Notes of other banks	1,602
		Bills receivable in London and remittances in transit	426,574
		Bank premises and furniture	345,067
		Bills receivable in Australia, bills discounted and all other advances	5,454,843
	8,453,705		8,453,705
Contingent liabilities, consisting of letters of credit, &c.,	324,440	Liabilities of customers on letters of credit, &c., as per contra	324,440

PROFIT AND LOSS ACCOUNT.

Year from March 31, 1930, to March 30, 1931.

Dr.	£	Cr.	£
Reserve fund, as below	15,000	Balance, March 31, 1930.....	114,482
Dividend in May, 1930.....	50,000	Net profit, including recoveries, and after making provision for bad and doubtful debts, interest accrued on fixed deposits, and rebate on bills discounted, and deducting expenses at head office and 60 branches, including salaries, rents, &c.	91,813
Dividend in November, 1930	50,000		
Balance, March 30, 1931.....	91,295		206,295

BANK OF AUSTRALASIA.

The report for the year to October 12th states that, after providing for rebate on bills current, for British, Australian and New Zealand rates and taxes, the net profit for the year amounted to £217,536. To this has to be added £192,027 brought forward from the previous year's account, and the directors have transferred to profit and loss account from exchange adjustment account a sum of £85,000, set aside prior to October, 1930, the full amount of the depreciation having been provided from the published reserves. A total of £494,563 is thus available, and from it £174,375 was paid as an interim dividend on October 2nd last. The directors have now appropriated a further sum of £169,125 to pay a final dividend of 4s. per share, less income tax at 1s. 2½d. in the £, making, in all, £343,500, equal to 9s. per share less tax, and representing for the year a distribution at the rate of 9 per cent., less tax. There will remain £151,063 to be carried forward to the next account. Bad debts and investment depreciation have been provided for out of contingency funds. Of the reserve fund, of £4,475,000, a sum of £2,000,000 has been specially allocated to currency reserve to cover the depreciation in the Australian and New Zealand assets in relation to sterling as on October 12, 1931. As the result of this allocation, it has been possible to transfer to profit and loss account the sum of £85,000, referred to above, provided in past years for exchange fluctuations, and to re-transfer to internal reserve the balance of the amount transferred from other contingency funds to exchange suspense account, as stated in the balance sheet of October, 1930.

BALANCE SHEET—October 12, 1931.

LIABILITIES.	£	ASSETS.	£
Circulation	333,079	Specie, bullion, Government notes and cash balances.....	8,180,221
Deposits at interest	26,639,561	Loans at call and at short notice	50,000
Current accounts	11,039,013	British Government securities	2,034,176
Bills payable, drafts in transit and other liabilities, including provision for contingencies	3,310,327	Government securities of Australasia and other investments	4,707,418
Acceptances for customers, as per contra	103,751	Bills receivable and remittances in transit	2,336,954
Capital—900,000 shares of £5 each, fully paid (there is under the charter a reserve liability of the proprietors of £5 per share)	4,500,000	Advances on securities, and other assets	32,834,379
Reserve fund, £4,475,000; less transfer to currency reserve to provide for depreciation in Australian and New Zealand currencies, £2,000,000	2,475,000	Liability of customers for acceptances as per contra.....	103,751
Dividend payable April 1, 1932	2,000,000	Bank premises and sites in Australia, New Zealand and London, at cost, less amounts written off	474,020
Profit and loss account balance	151,063	NOTE.—The Australian and New Zealand assets and liabilities are included at the par rates of exchange and the net difference which would have arisen had they been converted at the rates ruling at the date of the balance sheet is covered by the currency reserve.	
	50,720,919		50,720,919

BANK OF NEW SOUTH WALES.

BALANCE SHEET—September 30, 1931.

LIABILITIES.	£	ASSETS.	£
Notes in circulation	481,455	Coin, bullion, Government legal tender notes and cash at bankers	12,705,235
Deposits, accrued interest, and rebate	69,388,093	Notes of other banks	12,197
Bills payable and other liabilities (which include Reserves held for doubtful debts, and other contingencies)	4,264,758	Notes at short call in London	1,260,000
Capital	7,500,000	Short-dated Treasury bills—British and Commonwealth Investments	8,700,000
Reserve fund	6,150,000	British and Colonial Government Securities	4,090,096
Profit and loss, £732,163; less interim dividends to June 30, 1931, £487,500	244,663	Municipal and other securities	439,136
Contingent liabilities	2,082,458	Due by other banks	502,842
Outstanding credits, as per contra	90,111,427	Bills receivable in London and remittances in transit	3,410,223
		Bills discounted, and loans and advances to customers	55,109,240
		Bank premises	1,800,000
		Liabilities of customers and others on letters of credit, as per contra	2,082,458
			90,111,427

PROFIT AND LOSS ACCOUNT.

Dr.	£	Cr.	£
Interim dividends as under, paid in terms of Clause 105 of Deed of Settlement out of the year's profits:—		Amount from last account	166,928
For Quarter ended—		Balance of year's profits after deducting rebate on current bills, interest on deposits, paying income, land and other taxes amounting to £457,821, reducing valuation of bank premises, providing for bad and doubtful debts, and fluctuations in the value of investment securities, and including recoveries from debts previously written off as bad	565,235
December 31, 1930, at 9s. per share, Australian currency	168,750		
March 31, 1931, at 9s. per share, Australian currency	168,750		
June 30, 1931, at 8s. per share, Australian currency	150,000		
Balance proposed to be dealt with as follows: Quarter's dividend to September 30, 1931, at the rate of 6s. per share, Australian currency, £112,500; Quarter's dividend to September 30, 1931, at the rate of 6s. per share, Australian currency, on the new share capital, £1,280,000, to be issued in terms of the agreement for amalgamation with the Australian Bank of Commerce, Ltd., £19,200	131,700		
Balance carried forward	112,963		732,163

THE BANK OF NEW ZEALAND.

According to the report of the directors, the profits for the year ended March 31st last, after providing for expenses of management, all bad and doubtful debts, and other contingencies, and after making provision for the annual donation to the provident fund, also for bonus to staff, are £867,013. From this has to be deducted interest on guaranteed stock, £21,199, leaving balance of profit for the year £845,814, to which has to be added balance brought forward from last year, £623,156—£1,468,970; from which has been paid: Dividend on preference "A" shares, £50,000; interim dividend on "C" long-term mortgage shares, £7,031; interim dividend on "D" long-term mortgage shares, £17,578; interim dividend on preference "B" shares, £41,867; interim dividend on ordinary shares, £250,000—£366,276; leaving available for distribution, £1,102,694. This the directors propose should be disposed of as follows: Dividend on "C" long-term mortgage shares at 6 per cent. per annum, £7,031; dividend on "D"

long-term mortgage shares at 7½ per cent. per annum, £17,578; dividend on preference "B" shares (making £162,600 for the year), £120,833; bonus on preference "B" shares, £18,750; dividend of 1s. 4d. per share on ordinary shares (making £500,000 for the year, equal to 2s. 8d. per share), £250,000; bonus of 1 per cent. on ordinary shares, £37,500; transfer to reserve fund (making £3,575,000) £25,000; leaving balance to be carried forward, £626,001.

BALANCE SHEET—March 31, 1931.

LIABILITIES.	£	ASSETS.	£
Capital—4 per cent. guaranteed stock	529,989	Coin, cash balances, and deposits with bankers	7,106,498
Preference "A" fully-paid £1 shares issued to the New Zealand Government	500,000	Government notes—Commonwealth, Fijian and Samoan administration	119,597
"C" long-term mortgage fully paid £1 shares issued to the New Zealand Government	234,375	Notes of other banks (legal tender)	22,903
"D" long-term mortgage fully-paid £1 shares	468,750	Balances due by other banks	50,370
Preference "B" fully paid £1 shares issued to the New Zealand Government	1,375,000	Bullion on hand and in transit	3,340
Ordinary fully paid £1 shares	3,750,000	Money at call and short notice	4,170,785
Reserve fund	3,550,000	Government securities and other securities in London	1,749,353
Long-term mortgage debenture stock	607,050	Bills receivable in London and in transit	1,749,353
Notes in circulation	3,679,957	New Zealand Government securities (not including £148,222 held in London)	3,467,262
Deposits	32,324,685	Australian Government securities	3,548,443
Balances due to other banks	17,613	Municipal and other local bodies' securities	1,093,846
Bills payable and other liabilities (including provision for contingencies)	4,331,328	Bills discounted	1,112,960
Reserve for taxes	426,000	Other advances and securities and debts due to the bank, after deducting provision for bad and doubtful debts	27,287,253
London office acceptances under credits	19,455	Remittances in transit between branches	1,296,262
Transfers from long-term mortgage department	42,366	Landed property, premises, &c.	600,759
Balance of profit and loss	1,102,694	Liabilities of customers for acceptances per contra	19,455
		Long-term mortgage department	1,310,175
			52,959,262

THE COMMERCIAL BANK OF AUSTRALIA, LIMITED.

BALANCE SHEET—June 30, 1931.

LIABILITIES.	£	ASSETS.	£
211,735 preference shares paid in cash to £10 per share	2,117,350	Coin, bullion, Australian notes and cash at bankers	4,122,037
4,000,000 ordinary shares paid in cash to 10s. per share	2,000,000	Money at call and short notice in London	125,000
Reserve fund	2,250,000	British War Loan stock and Commonwealth Treasury bills in London	453,332
Profit and loss account	207,683	Short-dated Commonwealth Treasury bills in Australia	1,300,000
Notes in circulation	184,082	Government, municipal and other public stocks and funds, and other debentures, less provision for contingencies	910,493
Bills payable and other liabilities, including reserves for contingencies	1,161,111	Bills receivable in London and balance of remittances and drafts in transit	1,244,752
Government deposits—		Notes and bills of other banks	87,555
Not bearing interest	81,058	Balances due from other banks	147,288
Bearing interest	235,326	Stamps	15,459
Other deposits—		Bills discounted, and other advances, exclusive of provision for bad or doubtful debts	19,260,841
Not bearing interest	7,182,649	Real estate, consisting of bank premises	1,107,895
Bearing interest	13,354,752	Liabilities of customers and others in respect of contingent liabilities, as per contra	567,324
Balances due to other banks	641		
Contingent liabilities, as per contra	567,324		29,341,976
			29,341,976

PROFIT AND LOSS ACCOUNT.

Dr.	£	Cr.	£
Salaries and allowances—head office, and 591 branches and agencies	597,342	Amount of profits, after deducting interest accrued on deposits and rebate on bills current; paying income, land and other taxes, and providing for bad and doubtful debts, and other contingencies	1,078,773
Rent and other charges	172,981		
Net profit for the year	308,450		1,078,773
		Balance from last year	95,548
Reserve fund	13,399	Net profit for the year	308,450
Reduce bank premises	20,000		403,998
Interim dividend at 4 per cent. per annum on preference shares paid February, 1931	42,347		
Interim dividend at 12½ per cent. per annum on ordinary shares paid February, 1931	120,569		
Balance	207,683	Balance	207,683
	403,998		

According to the report for the year ended June 30, 1931, the net profits amount to £308,449, to which is added amount brought forward, £95,549, making a total of £403,998. From this amount the directors have made the following appropriations, viz.: Reserve fund, £13,399; reduction of bank premises, £20,000; interim dividend at 4 per cent. per annum on preference shares, paid February, 1931, £42,347; interim dividend at 12½ per cent. per annum on ordinary shares, paid February, 1931, £120,569—

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43, SPRING GARDENS.CAPITAL PAID UP AND RESERVES .. £7,190,866
DEPOSITS, ETC., AT 31st DEC., 1931 £75,927,392The Bank has 565 Offices, and Agents in
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£196,315, leaving a balance of £207,683, which it is proposed to apportion as follows: Dividend for six months on the preference shares at 4 per cent. per annum, £42,347; dividend for six months on the ordinary shares at 10 per cent. per annum, £100,000; carry forward to next year, £65,336—£207,683. In addition to the amount of £13,399, transferred to reserve fund, the sum of £76,000, being premium received on the new issue of shares, has been credited to that account, thus increasing the reserve fund to £2,250,000.

THE COMMERCIAL BANKING COMPANY OF SYDNEY, LIMITED.

BALANCE SHEET—June 30, 1931.

LIABILITIES.	£	ASSETS.	£
Capital paid up	4,739,012	Coin, bullion, Australian notes and cash at bankers	7,829,237
Reserve fund	4,300,000	Money at short call	700,000
Notes in circulation	13,868	Short dated Treasury bills of the Commonwealth of Australia	1,550,000
Bills in circulation	971,105	British and Australian Government stocks and other securities	5,019,119
Deposits and other liabilities	44,014,106	Bills receivable in London and remittances in transit	1,774,309
Profit and loss account	313,786	Notes and bills of other banks	269,513
		Bills discounted, and other debts due to the bank	35,890,979
		Bank premises, furniture, &c.	1,318,720
			54,351,877
			54,351,877

PROFIT AND LOSS ACCOUNT.

£	£
Interim dividend for the half-year ended December 31, 1930, at the rate of 9 per cent. per annum, paid on January 27, 1931	213,256
Balance proposed to be dealt with as follows: Dividend for the half-year ended June 30, 1931, at the rate of 8 per cent. per annum	189,556
Balance carried forward	124,222
	527,042
Amount brought forward from June 30, 1930	85,226
Profit for the year ended June 30, 1931	441,816
	527,042

ENGLISH, SCOTTISH AND AUSTRALIAN BANK, LIMITED.

BALANCE SHEET—June 30, 1931.

LIABILITIES.	£	ASSETS.	£
Paid-up capital—1,000,000 shares (£3 per share)	3,000,000	Cash in hand and bullion and cash at bankers, including cheques in course of collection	8,589,192
Reserve fund (used in the business of the bank), £3,175,000, less allocation to special reserve for depreciation in Australian currency, £1,585,000	1,590,000	Investments at or under cost (British, Dominion and Colonial Government securities)	1,464,130
Special reserve for depreciation in Australian currency	1,585,000	Investment in subsidiary company at cost	14,250
Perpetual stocks:—		Bills receivable and remittances in transit	2,097,482
Debenture stock	983,547	Advances and other assets (after deducting provision for bad and doubtful debts and contingencies reserves)	25,699,024
Preferred inscribed deposit stock	889,419	Security for note issue (Dominion Government securities)	3,625
Deposits at interest (including Government balances)	18,735,567	Bank premises and furniture at cost, less amounts written off	711,987
Current accounts	9,786,854		
Bills payable, rebate on bills, and other liabilities	1,552,930		
Amount owing to subsidiary company	18,210		
Notes in circulation	1,028		
Profit and loss—Balance as per last balance sheet, £725,478; less transferred to reserve fund, £65,000; E. S. & A. bank officers' Provident fund, £10,000; final dividend, free of income tax, £225,000; contingency account, £70,000; reduction in bank premises, £50,000—£420,000	305,478		
Balance for the year, as per profit and loss account	131,657		
	38,579,690		38,579,690

The report of the directors states that the sum of £1,585,000 has been allocated from the reserve fund to a special reserve for depreciation in Australian currency, but the directors consider it probable that this depreciation is only a temporary phase, and that the amount now allocated will ultimately be restored to the general reserve fund. The gross profits, as shown by the profit and loss account, amount to £1,275,825, less expenses of management, £781,832, and income and other taxes, £227,336—£1,009,168, leaving £268,657. From this the following deductions have been made:—An interim dividend of 4 per cent., free of income tax, £120,000; reserve fund, £15,000—£135,000, leaving £131,657. Brought forward from June 30, 1930, £305,478—£437,135. And it is proposed to make further appropriations as follows:—To reserve fund, additional, making £30,000 for the year, £15,000; to the E.S. and A. Bank officers' provident fund, £5,000; to a further dividend of 4 per cent., free of income tax, making 8 per cent. free of income tax for the year payable out of the profits of the year, £120,000—£140,000; leaving a balance to be carried forward of £297,135.

COMMONWEALTH BANK OF AUSTRALIA.

BALANCE SHEET—December 31, 1931.

LIABILITIES.	£	ASSETS.	£
Capital account	4,000,000	Coin, bullion and cash balances	621,800
Reserve fund	1,290,818	Australian notes	6,565,230
Rural credits department:—		Money at short call in London	12,039,192
Capital account	1,637,837	Short-term loans in Australia	9,982,441
Reserve fund	146,751	Investments:—	
Development fund	86,570	British, Colonial and Government securities (face value, £10,537,900)	10,533,750
Deposits, accrued interest and rebate, £51,987,989; deferred portion, capitalised deposits taken over from rural bank, £8,154,465 (since decapitalised and converted to fixed deposits)	60,742,454	Commonwealth Government securities (face value, £17,764,930)	17,668,974
Bills payable and other liabilities	1,835,141	Fixed deposits of other banks	875,000
Contingent liabilities—Outstanding credits per contra	534,739	Bills receivable in London and remittances in transit	1,239,415
		Bills discounted, loans and advances to customers and other sums due to the bank	9,249,873
Total general bank and rural credits departments	70,274,310	Bank premises	962,816
Note issue department	54,862,356	Liabilities of customers and others on letters of credit per contra	534,739
	125,136,666	Total general bank and rural credits departments	70,274,310
		Note issue department	54,862,356
			125,136,666

THE NATIONAL BANK OF AUSTRALASIA, LIMITED.

BALANCE SHEET—March 31, 1931.

LIABILITIES.	£	ASSETS.	£
Proprietors' capital—200,000 £10 shares fully paid up, £2,000,000; 600,000 £8 shares paid up to £5 per share, £3,000,000	5,000,000	Coin, bullion, Australian notes and cash at bankers	6,453,263
Reserve fund account	3,300,000	Government, municipal, and other public stocks, debentures and funds	1,773,859
Profit and loss account	349,112	Bills and remittances in transit	1,480,720
Notes in circulation	47,827	Notes and bills of other banks	90,483
Government deposits—Not bearing interest, £236,687; bearing interest, £325,909	562,596	Notes due from other banks	98,147
Other deposits—Not bearing interest, £29,827,849; bearing interest, £22,915,632	52,743,481	Duty stamps	41,204
Interest accrued and rebate on current bills	427,215	Real estate, consisting of bank premises	1,217,844
Balances due to other banks	359,544	Other real estate	133,816
Contingent liability, as per contra, in regard to obligations of customers and others on letters of credit and guarantees, £1,010,518	1,010,518	Bank furniture	67,096
	43,027,837	Bills discounted and other advances exclusive of provision for bad and doubtful debts	31,671,405
		Liabilities of customers and others on letters of credit, drafts, and guarantees, as per contra, £1,010,518	
			43,027,837

The report of the directors states that the net profit, after deduction of all expenses, etc., including £193,682 for income, land and note taxes, amounted to £561,206; add balance brought forward from previous year, £162,907; making

available, £724,113. From this sum the following appropriations have been made: Interim dividend of 9 per cent. per annum, paid in November last, for the half-year ended September 30, 1930, £225,000; transfer to reserve fund account, £100,000 (making it £3,300,000); reduction of bank premises, £50,000. And it is recommended that a dividend be paid on the £10 and on the £8 shares for the half-year ended March 31, 1931, at the rate of 8 per cent. per annum, £200,000; carry forward, £149,113.

THE NATIONAL BANK OF NEW ZEALAND, LIMITED.

BALANCE SHEET—March 31, 1931.

LIABILITIES.	£	ASSETS.	£
Capital issued—800,000 shares of £7 10s. each, £2 10s. paid	2,000,000	Coin and bullion at head office and branches	897,126
Reserve fund	2,000,000	Cash at bankers	975,975
Notes in circulation	940,476	Investments—	
Deposits and current accounts	11,657,303	British Treasury bonds and British Government securities (at market value in London)	1,308,875
Bills payable and other liabilities and provision for doubtful debts and other contingencies	1,062,541	New Zealand Government securities (at market value in New Zealand)	1,112,527
Profit and loss account	248,457	Australian Government securities (at market value in Australia)	111,239
		Bills receivable in London and in transit	1,387,557
		Remittances in transit between branches	255,620
		Bills discounted	568,056
		Advances on securities and other accounts	10,638,587
		Landed property, premises and furniture, at cost less amounts written off	653,215
			17,908,777
			17,908,777

NOTE.—At exchange rates current at March 31, 1931, the capital employed in New Zealand and Australia shows a depreciation of approximately £269,000.

PROFIT AND LOSS ACCOUNT.

DR.	£	CR.	£
Interim dividend for the half-year ended September 30, 1930, at the rate of 12 per cent. per annum, free of income tax	120,000	Balance at April 1, 1930	174,171
Pension and gratuity funds	14,000	Gross profits for the year ended March 31, 1931, after making provision for bad and doubtful debts, £646,037; less expenses of management, directors' remuneration (£5,451), and charges at head office and 95 branches and agencies, £437,751	208,286
Proposed allocation of balance—Dividend for the half-year ended March 31, 1931, at the rate of 8 per cent. per annum, free of income tax	80,000		
To be carried forward	168,457		382,457
	382,457		382,457

THE QUEENSLAND NATIONAL BANK, LIMITED.

According to the report, the net profit for the year ended June 30th last, after allowing for rebate on bills current, income taxes, land taxes, interest accrued on deposits and interminable inscribed deposit stock, reducing bank premises and furniture accounts £10,000, making provision for bad and doubtful debts, and including recoveries, amounts to £132,291, to which is to be added amount brought forward from year ended June 30, 1930, £18,516, making a total of £150,807, out of which interim dividends were paid at the rates of 8 per cent. per annum for the quarter ended September 30, 1930, and 6 per cent. per annum for the quarters ended December 31, 1930, and March 31, 1931, amounting to £87,500, and a transfer made to reserve fund of £20,000, leaving for distribution, £43,307; which it is proposed to deal with as follows: Dividend at the rate of 6 per cent. per annum for the quarter ended June 30, 1931, (free of Queensland income tax and without deduction in respect of Federal income tax payable by the bank), £26,250; balance to be carried forward, £17,057.

BALANCE SHEET—June 30, 1931.

LIABILITIES.	£	ASSETS.	£
Capital paid up	1,750,000	Coin, bullion, Australian notes, and cash at bankers	1,915,756
Reserve fund	860,000	Commonwealth Treasury bills (short dated)	550,000
Profit and loss	43,307	Commonwealth and State Loans	1,000,330
Interminable inscribed deposit stock	3,091,669	(This item stands in the balance sheet well under cost or face value and provision is held to adjust it to market value.)	
Bills payable and other liabilities	437,459	Cash balances	77,635
Deposits	8,332,164	Bills remitted and in transit	568,385
		British Treasury bills (short dated)	100,000
		Money in London at call and on short notice	80,000
		Advances to customers on current account, bills discounted and other debts due to the bank	9,697,570
		Bank premises, furniture and stationery (of the bank premises figures £170,000 is revenue producing)	524,923
			14,514,599
			14,514,599

THE UNION BANK OF AUSTRALIA, LIMITED.

The report of the directors presented at the annual general meeting on Monday, July 27, 1931, stated that the sum of £1,600,000 had been allocated from the reserve fund against depreciation in the Australian and New Zealand currencies.

CREDITO ITALIANO

(LIMITED COMPANY INCORPORATED IN ITALY.)

Capital fully paid Lire 500,000,000
Reserve " " Lire 300,000,000

HEAD OFFICE OF THE BANK: MILAN.

230 Branches throughout Italy.

REPRESENTATIVE OFFICES:

NEW YORK—87 Wall Street.
BERLIN—56 Unter den Linden.
PARIS—44 Avenue des Champs Elysées.

LONDON BRANCH:

2, Royal Exchange Avenue, E.C.3.
(Correspondent of the Royal Italian Treasury.)

Telegrams: "ITALOCREDI, LONDON." Telephones: AVENUE 3031-6

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BANCA D'ALMATA DI SCONTO - Zara, Sebenico and Spalato.
BANCA UNIONE DI CREDITO - Lugano and Chiasso.
BANCO ITALO EGIZIANO - Alexandria, Cairo, Benha, Beni-Mazra, Beni-Souef, Fayoum, Mansourah, Minieh, Mit-Ghamr and Tanta.
BANQUE ITALO BELGE - Antwerp, Rio de Janeiro, São Paulo, Santos, Campinas, Montevideo and Buenos Aires.
BANQUE ITALO FRANÇAISE DE CREDIT - Paris, Nice and Tunis.
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Apart from currency depreciation, provided for as stated above, and after making provision for doubtful debts and contingencies, the accounts show a profit for the year of £283,019, to which was added £86,991 brought forward from the previous year, making £370,010. The interim dividend paid in January last at the rate of 10 per cent. per annum, equal to 5s. per share, having absorbed £200,000, the amount available was £170,010, out of which the directors declared a final dividend at the rate of 4 per cent. per annum, equal to 2s. per share, making 7 per cent. for the year, free of United Kingdom income tax, payable to proprietors registered in the books of the bank on July 8th. The final dividend will absorb £80,000 and leave £90,010 to be carried forward.

BALANCE SHEET—February 28, 1931.

LIABILITIES.	£	ASSETS.	£
Capital paid up	4,000,000	Specie on hand and cash balances	7,902,777
Reserve fund, £4,850,000, less allocation to special reserve against depreciation in Australian and New Zealand currencies, £1,500,000	3,350,000	Bullion and advances on money at call and short notice in London	92,826
Current reserve—see above	1,500,000	Investments on account of reserve fund—British Government securities	1,000,000
Balance of undivided profits	170,010	Other investments—British Government, Commonwealth of Australia, Government and New Zealand Municipal securities	1,407,598
Circulation	544,041	Balance of remittances and drafts in transit, and bills receivable at London office	2,043,524
Deposits	33,184,413	Bills discounted, loans and other securities at the branches and in London (after making provision for bad and doubtful debts and contingencies)	30,930,304
Bills payable and other liabilities	1,451,091	Bank premises in Australia and New Zealand at cost, less amounts written off	286,600
		London leasehold premises at cost, £142,304; less reserves against same and accrued interest, £46,378	95,926
	44,199,555		44,199,555

CANADIAN AND W.I. BANKS.

BANK OF MONTREAL.

BALANCE SHEET—October 31, 1931.

LIABILITIES.	£	ASSETS.	£
Capital stock	36,000,000	Gold and subsidiary coin current	27,750,310
Reserve fund	38,000,000	Dominion notes	47,875,605
Balance of profits carried forward	1,103,427	Deposit in the central gold reserves	8,000,000
Unclaimed dividends	9,178	Deposits made with and balances due from other banks in Canada	200
Quarterly dividends payable December 1, 1931	1,080,000	United States and other foreign currencies	281,667
Notes of the bank in circulation	38,028,370	Balances due by banks and banking correspondents elsewhere than in Canada	22,270,112
Deposits not bearing interest	116,940,465	Call and short, not exceeding thirty days, loans in Canada on bonds, debentures and stocks and other securities of a sufficient marketable value to cover	9,243,922
Deposits bearing interest, including interest accrued to date of statement	539,922,594	Call and short, not exceeding thirty days, loans in Great Britain and United States on bonds, debentures and stocks and other securities of a sufficient marketable value to cover	28,252,802
Deposits made by and balances due to other banks in Canada	1,739,227	Dominion and Provincial Government securities, not exceeding market value	169,089,426
Balances due to banks and banking correspondents elsewhere than in Canada	10,444,966	Railway and other bonds, debentures and stocks, not exceeding market value	11,095,421
Bills payable	220,119	Canadian municipal securities, and British, Foreign and Colonial public securities other than Canadian, not exceeding market value	58,034,199
Letters of credit outstanding	8,943,524	Notes of other banks	3,418,407
Liabilities not included in the foregoing	2,091,464	Cheques on other banks	32,094,437
		Current loans and discounts in Canada, less rebate of interest, after making full provision for all bad and doubtful debts	291,111,569
		Loans to cities, towns, municipalities and school districts	31,320,743
		Current loans and discounts elsewhere than in Canada, less rebate of interest, after making full provision for all bad and doubtful debts	23,002,010
		Non-current loans, estimated loss provided for	3,090,827
		Bank premises, at not more than cost, less amounts written off	14,500,000
		Real estate other than bank premises	390,887
		Mortgages on real estate sold by the bank	1,344,579
		Liabilities of customers under letters of credit as per contra	8,943,524
		Deposit with the Minister for the purposes of the circulation fund	1,692,109
		Shares of and loans to controlled companies	1,573,506
		Other assets not included in the foregoing	147,072
	794,523,334		794,523,334

The annual report shows the following result of the bank's business for the year ended October 31, 1931:—Balance of profit and loss account, October 31, 1930, \$947,047; profits for the year ended October 31, 1931, \$5,386,380—\$6,333,427. Quarterly dividend, 3 per cent., paid March 2, 1931, \$1,080,000; quarterly dividend, 3 per cent., paid June 1, 1931, \$1,080,000; quarterly dividend, 3 per cent., paid September 1, 1931, \$1,080,000; quarterly dividend, 3 per cent., payable December 1, 1931, \$1,080,000—\$4,320,000. Provision for taxes, Dominion Government, \$610,000; reservation for bank premises, \$300,000—\$5,230,000. Balance of profit and loss carried forward—\$1,103,427.

THE BANK OF NOVA SCOTIA.

The annual report contains the following statement of the result of the business of the bank for the year ending December 31, 1931:—Balance, December 31, 1930, \$534,831; net profits for year, losses by bad debts estimated and provided for, \$2,579,802—\$3,114,633. Dividend No. 245 at 16 per cent. per annum paid April 1, 1931, \$480,000; dividend No. 246 at 16 per cent. per annum paid July 2, 1931, \$480,000; dividend No. 247 at 16 per cent. per annum paid October 1, 1931, \$480,000; dividend No. 248 at 16 per cent. per annum payable January 2, 1932, \$480,000; Dominion Government tax on circulation to December 31, 1931, \$120,000; contribution to officers' pension fund, \$115,000; written off bank premises account, \$400,000; balance carried forward, December 31, 1931, \$559,633—\$3,114,633.

LIABILITIES.	£	ASSETS.	£
Capital stock paid in	12,000,000	Current coin	9,245,969
Reserve fund	24,000,000	Dominion notes	13,536,016
Balance of profits, as per profit and loss account	559,633	United States and other foreign currencies	1,479,052
Dividends declared and unpaid	482,204	Cheques on other banks	913,158
Notes of the bank in circulation	12,702,833	Balances due by banks and banking correspondents elsewhere than in Canada	8,858,000
Deposits not bearing interest, \$34,975,949; deposits bearing interest, including interest accrued to date, \$168,471,011	203,446,960	Deposits in the Central gold reserves	6,408,657
Balances due to other banks in Canada	2,313,789	Dominion and Provincial Government securities, not exceeding market value	37,233,331
Balances due to banks and banking correspondents in the United Kingdom and foreign countries	1,987,648	Canadian municipal securities and British, foreign and Colonial public securities other than Canadian, not exceeding market value	16,169,933
Bills payable	187,405	Railway and other bonds, debentures and stocks, not exceeding market value	9,779,163
Letters of credit outstanding	4,606,872	Call and short (not exceeding thirty days) loans in Canada on stocks, debentures and bonds and other securities of a sufficient marketable value to cover	13,314,709
Other liabilities not included in the foregoing	209,111	Call and short (not exceeding thirty days) loans elsewhere than in Canada on stocks, debentures and bonds and other securities of a sufficient marketable value to cover	4,669,655
		Other current loans and discounts in Canada (less rebate of interest) after making full provision for all bad and doubtful debts	107,513,949
		Non-current loans, estimated loss provided for	14,586,192
		Bank premises at not more than cost, less amounts written off	4,606,872
		Shares of and loans to controlled companies	410,024
		Deposit with the Minister of Finance for the purposes of the circulation fund	8,293,954
		Other assets not included in the foregoing	2,696,392
	262,496,455		566,102
			215,327
			262,496,455

THE CANADIAN BANK OF COMMERCE

The statement of the result of the business of the bank for the year ending November 30, 1931, converted into sterling at par of exchange, shows:—Balance at credit of profit and loss account, brought forward from last year, £108,099; profits for the year ending November 30th, full provision having been made for all bad and doubtful debts, follows: Dividends Nos. 176, 177, 178 and 179, at 12 per cent. per annum, £739,726; Dominion and Provincial Government taxes and tax on bank-note circulation, £123,287; donations and subscriptions, £10,274; transferred to pension fund, £52,519; written off bank premises, £51,370; balance carried forward, £110,072—£1,087,248.

BALANCE SHEET—November 30, 1931.
(Converted into sterling at par of exchange.)

LIABILITIES.	£	ASSETS.	£
Notes of the bank in circulation	5,414,943	Gold and silver coin current on hand	4,075,694
Deposits not bearing interest, £25,104,998; deposits bearing interest, including interest accrued to date, £77,447,519	102,552,317	Gold deposited in Central gold reserves	1,643,836
Balances due to other banks in Canada	244,267	Dominion notes on hand	8,110,333
Balances due to banks and banking correspondents in the United States, the United Kingdom and foreign countries	5,193,274	Notes of other banks	409,140
Advances under the Finance Act	3,082,192	United States and other foreign currencies	228,491
Bills payable	13,279	Cheques on other banks	4,052,864
Letters of credit outstanding	2,542,657	Balances due by banks and banking correspondents elsewhere than in Canada	8,039
Dividends unpaid	1,538	Dominion and Provincial Government securities, not exceeding market value	4,577,034
Dividend No. 179, payable December 1st	184,931	Canadian Municipal Securities and British, foreign and Colonial public securities, not exceeding market value	4,111,264
Capital paid up (shareholders' contingent liability, \$100 per share)	6,164,383	Railway and other bonds, debentures and stocks, not exceeding market value	2,331,925
Reserve fund	6,164,384	Call and short loans (not exceeding 30 days) in Canada on stocks, debentures and bonds and other securities of a sufficient marketable value to cover	8,359,350
Balance of profits, as per profit and loss account	110,072	Call and short loans (not exceeding 30 days) elsewhere than in Canada on stocks, debentures and bonds and other securities of a sufficient marketable value to cover	9,120,243
		Deposit with the Minister of Finance for the purposes of the circulation fund	256,849
		Other current loans and discounts in Canada (less rebate of interest) after making full provision for all bad and doubtful debts	4,159,889
		Non-current loans (estimated loss provided for)	2,542,657
		Real estate other than bank premises	480,344
		Mortgages on real estate sold by the bank	465,144
		Bank premises at not more than cost, less amounts written off	428,293
		Shares of and loans to controlled companies	3,149,011
		Other assets not included in the foregoing	808,642
			71,497
			131,668,237

THE DOMINION BANK.

LIABILITIES.	£	ASSETS.	£
Capital stock paid in	7,000,000	Gold and silver coin, current	1,018,694
Reserve fund	9,000,000	Dominion notes	9,367,641
Balance of profit and loss account carried forward	465,209	Deposit in the central gold reserves	1,000,000
Dividend No. 197, payable January 2, 1932	210,000	Notes of other banks	686,390
Former dividends unclaimed	945	United States and other foreign currencies	42,360
Notes of the bank in circulation	6,262,303	Cheques on other banks	6,789,815
Deposits not bearing interest	20,173,273	Balances due by banks and banking correspondents elsewhere than in Canada	2,122,778
Deposits bearing interest, including interest accrued to date, \$85,275,816	105,449,095	Dominion and Provincial Government securities, not exceeding market value	19,222,379
Balances due to other banks in Canada	963,835	Canadian municipal securities, and British, Foreign and Colonial public securities other than Canadian, not exceeding market value	4,374,813
Balances due to banks and banking correspondents elsewhere than in Canada	1,534,617	Railway and other bonds, debentures and stocks, not exceeding market value	2,756,484
Liabilities not included in the foregoing	366,948	Call and short (not exceeding thirty days) loans in Canada on stocks, debentures and bonds and other securities of a sufficient marketable value to cover	13,011,679
Letters of credit outstanding	1,622,126	Call and short (not exceeding thirty days) loans elsewhere than in Canada on stocks, debentures and bonds and other securities of a sufficient marketable value to cover	1,183,401
		Deposit with the Minister of Finance for the purposes of the circulation fund	334,950
		Other current loans and discounts in Canada (less rebate of interest) after making full provision for all bad and doubtful debts	61,248,987
		Non-current loans, estimated loss provided for	1,643,043
		Bank premises, at not more than cost, less amounts written off	222,810
		Real estate other than bank premises	6,031,161
		Mortgages on real estate sold by the bank	59,035
		Other assets not included in the foregoing	15,706
		Liabilities of customers under letters of credit, as per contra	120,829
			1,622,126
			132,875,079

THE COMMERCIAL BANK OF AUSTRALIA, LIMITED.

(INCORPORATED IN VICTORIA, AUSTRALIA.)

Registered Capital - £5,000,000 Os. Od.
Subscribed Capital - £4,117,350 Os. Od.
Reserve Fund (used in the business) - £2,250,000 Os. Od.

DIRECTORS:

John L. Webb, Esq., Chairman.
R. C. Meares, Esq. A. W. Palfreyman, Esq.
W. H. Swanton, Esq. A. S. Baillieu, Esq.
General Manager: C. H. Tranter.
Chief Inspector: E. T. Bailey.

HEAD OFFICE: 335-7-9, COLLINS ST., MELBOURNE.

Manager: R. D. Kennan. Accountant: G. A. Malloch.

LONDON OFFICE: 17, MOORGATE, E.C.2.

LONDON BOARD:

George Niven, Esq. Joseph White, Esq.
Manager: P. H. Gardner.

DRAFTS AND LETTERS OF CREDIT are issued by the London Office on the Head Office of the Bank and the Branches throughout Australia and New Zealand.

REMITTANCES made by CABLE TRANSFER, BILLS NEGOTIATED or sent for COLLECTION, BANKING and EXCHANGE BUSINESS of every description transacted with the various Australian States and New Zealand.

STATE BANK OF THE U.S.S.R.

Created by Decree of the Soviet Government of October 12th, 1921.

Chervonets.

Capital .. 25,000,000
Bank Note Issue on 1st May, 1932 273,977,887
Issue Dept.'s Gold, Platinum and Silver Reserve on 1st May, 1932 66,462,002
Issue Dept.'s Foreign Currency Reserve on 1st May, 1932 3,238,955

N.B.—1 Chervonets contains (19.4826 grains of pure gold and equals £1 ls. 12d. or 35.144s.)

Head Office and Foreign Department, MOSCOW.
500 BRANCHES.

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Deposits and Current Accounts in Foreign and Soviet Currency. Mail and Cable Remittances effected throughout the territories of the Soviet Union. Collections. Letters of Credit. Bills of exchange. The Bank is specially interested in facilitating trade with the Soviet Republics.

AGENTS AND CORRESPONDENTS IN ALL PARTS OF THE WORLD.

LONDON CORRESPONDENTS.—Lloyds Bank Ltd.; Barclays Bank Ltd.; Midland Bank Ltd.; National Provincial Bank Ltd.; Westminster Bank Ltd.; Bank for Russian Trade Ltd.; Chase National Bank of the City of New York; Hambros Bank Ltd.; Fredk. Huith & Co.; S. Japhet and Co., Ltd.; Kleinwort, Sons and Co.; Samuel Montagu and Co.; Moscow Narodny Bank Ltd.; National City Bank of New York; N. M. Rothschild and Sons; J. Henry Schröder and Co.

The directors present the following statement of the result of the business of the bank for the year ended December 31, 1931:—Balance of profit and loss account, December 31, 1931, \$444,219. The net profits for the year ended December 31, 1931, amounted to \$1,322,287—\$1,766,506, which amount has been disposed of as follows: Dividends (quarterly) at 12 per cent. per annum, \$840,000; contribution to officers' pension fund, \$50,000; Dominion and Provincial Government taxation, \$211,297; provision for depreciation in securities \$200,000—\$1,301,297; balance of profit and loss account carried forward, \$465,209—\$1,766,506.

THE ROYAL BANK OF CANADA.

The result of the business of the bank for the year ended November 29, 1931, was as follows: Balance of profit and loss account, November 29, 1931, \$4,106,778; profits for the year ended November 30, 1931, \$5,448,327—\$9,555,105. Appropriated as follows: Dividends Nos. 174, 175, 176 and 177 at 12 per cent. per annum, \$4,200,000; contribution to officers' pension fund, \$200,000; appropriation for bank premises, \$400,000; reserve for Dominion Government taxes, including tax on bank note circulation, \$600,000; balance of profit and loss carried forward, \$4,155,105—\$9,555,105.

BALANCE SHEET—November 30, 1931.

LIABILITIES.	ASSETS.
Capital stock paid up	Gold and subsidiary coin on hand
Reserve fund	Dominion notes on hand
Balance of profits carried forward	Deposits in the central gold reserves
Dividends unclaimed	United States and other foreign currencies
Dividend No. 177 (at 12 per cent. per annum), payable December 1, 1931	Notes of other Canadian banks
Deposits not bearing interest	Cheques on other banks
Deposits bearing interest, including interest accrued to date of statement	Balances due by other banks in Canada
Notes of the bank in circulation	Balances due by banks and banking correspondents elsewhere than in Canada
Advances under the Finance Act	Dominion and provincial government securities (not exceeding market value)
Balances due to other banks in Canada	Canadian municipal securities and British, foreign and colonial public securities other than Canadian (not exceeding market value)
Balances due to banks and banking correspondents elsewhere than in Canada	Railway and other bonds, debentures and stocks (not exceeding market value)
Bills payable	Call and short (not exceeding thirty days) loans in Canada on bonds, debentures and stocks and other securities of a sufficient marketable value to cover
Liabilities not included in the foregoing	Call and short (not exceeding thirty days) loans elsewhere than in Canada on bonds, debentures and stocks and other securities of a sufficient marketable value to cover
Letters of credit outstanding	Current loans and discounts in Canada (less rebate of interest) after making full provision for all bad and doubtful debts
	Current loans and discounts elsewhere than in Canada (less rebate of interest) after making full provision for all bad and doubtful debts
	Non-current loans, estimated loss provided for
	Bank premises at not more than cost, less amounts written off
	Real Estate other than bank premises
	Mortgages on real estate sold by the bank
	Liabilities of customers under letters of credit as per contra
	Shares of and loans to controlled companies
	Deposit with the Minister for the purposes of the circulation fund
	Other assets not included in the foregoing
\$25,702,437	\$25,702,437

INDIAN BANKS.

THE CHARTERED BANK OF INDIA, AUSTRALIA AND CHINA.

The directors' report states that the profit and loss account of the bank for the year ending December 31st last shows a net profit of \$569,385, inclusive of \$187,597 brought forward from the previous year. An allocation of £1,000,000 from the reserve fund has been made to provide for exceptional losses in exchange, due to this country going off the gold standard, and bad and doubtful debts have been met out of contingency account. The interim dividend at the rate of 14 per cent. per annum paid in September last absorbed £210,000. The amount now available is, therefore, \$359,385, and the directors propose to pay a final dividend at the rate of 14 per cent. per annum, less income tax, and to carry forward the balance of £149,385. Government and

other securities, of which the major portion are short dated, have been taken into the balance sheet at book value, on which there was on December 31, 1931, a depreciation of \$856,866, as compared with the market value. A valuation on March 11th shows that the depreciation has been reduced to about \$41,000, and, under these circumstances, the directors do not consider it necessary to make a special allocation to meet the depreciation.

BALANCE SHEET—December 31, 1931.

LIABILITIES.	ASSETS.
Capital authorised and issued, 600,000 shares of £5 each, paid up	Cash in hand and at bankers
Reserve fund	Cash lodged against note issue
Notes in circulation	Bullion on hand and in transit
Current and other accounts, including provision for bad and doubtful debts and contingencies	Government and other securities
Fixed deposits	Securities lodged against note issue and Government deposits
Bills payable	(Market value December 31, 1931, £10,660,742)
Acceptances on account of customers	P. and O. Banking Corporation, Ltd., 211,314 shares of £10 each, fully paid, at cost
Loans payable, against security, per contra	Bills of exchange, including Treasury bills
Due to agents and correspondents	Bills discounted and loans
Sundry liabilities, including interest	Liability of customers for acceptances, per contra
Profit and loss	Due by agents and correspondents
Liability on bills of exchange re-discounted, £2,417,779, of which £1,729,288 has run off at March 14, 1932	Sundry assets, including exchange adjustments
Outstanding forward exchange contracts for purchase and sale of bills and telegraphic transfers, &c., £40,962,642	Bank premises and furniture at the head office and branches
53,129,794	53,129,794

THE EASTERN BANK, LIMITED.

According to the report of the directors, the net profit to December 31, 1931, including the balance brought forward from the last account, amounts to £169,292, full provision for bad and doubtful debts having been made from contingencies account. An interim dividend at the rate of 3s. a share was paid in October, absorbing £30,000, and the directors now recommend a final dividend of 3s. a share, less income tax, at 3s. 10-305d. in the £ (after allowing for relief in respect of Dominion income tax). They propose to transfer to the reserve fund a sum of £20,000, which will then stand at £500,000, to set aside £55,000 on account of contingencies, leaving a balance of £34,292 to be carried forward to the next account. The securities of the bank have been taken into the balance sheet at book value, on which there was on December 31, 1931, a depreciation of £298,730, as compared with the market value. A large proportion of these securities are short dated, and the directors have not thought it necessary to make any special appropriation. A valuation taken at the end of February shows that the depreciation has been reduced to less than £90,000.

BALANCE SHEET—December 31, 1931.

LIABILITIES.	ASSETS.
Capital paid-up, £5 per share	Cash on hand and at bankers
Reserve fund	British Government, Indian Government and other securities (of which £25,000 4 per cent. consolidated loan has been deposited as security for Government accounts), at book value
Current and deposit accounts, including provision for contingencies	(Market value, December 31, 1931, £2,985,426)
Bills payable	Bills receivable
Acceptances on account of customers	Customers' liability for acceptances as per contra
Loans payable against bills and securities	Loans receivable and advances
Due to agents and correspondents	Due by agents and correspondents
Sundry accounts, including exchange adjustments	Sundry accounts, including exchange adjustments
Profit and loss account	Premises and furniture at cost, less amount written off
Bills receivable, re-discounted, £443,025, of which up to March 2, 1932, £236,588 had run off	
Forward contracts outstanding for the purchase and sale of bills and telegraphic transfers, £5,606,686	
9,727,371	9,727,371

THE IMPERIAL BANK OF INDIA.

LIABILITIES.	ASSETS.
Capital paid up	Government securities
Reserve	Other authorised securities under the Act
Public deposits	Ways and Means advances to the Government of India
Other deposits	Cash credits
Loans from the Government of India under Section 20 of the Paper Currency Act, against inland bills discounted and purchased per contra	Inland bills discounted and purchased
Sundries	Foreign bills discounted and purchased
86,255,175	86,255,175
The above balance sheet includes—	
Deposits in London	
Advances and investments in London	
Cash and balances at other banks in London	
1,298,993	
1,355,766	
124,729	

THE MERCANTILE BANK OF INDIA, LIMITED

The report of the board of directors shows that the profits for the year, including £166,845 brought forward from last account, amount to £318,927. From this sum has to be deducted £73,500, being the interim dividend of 7 per cent., less income tax, on the "A," "B" and "C" shares paid in September last. The directors have added £15,000 to the officers' pension fund, and written £10,000 off freehold banking premises. They now recommend a final dividend on the "A," "B" and "C" shares of 5 per cent., less income tax (making 12 per cent. for the year), leaving a balance of £167,927 to be carried forward. In view of the depreciation in the bank's investments in Government securities at December 31, 1931, the directors have transferred £450,000 from the reserve fund to inner reserves. Provision has been made for this depreciation, for all bad and doubtful debts and for non-recurring losses on exchange due to the suspension of the gold standard, out of these inner reserves.

BALANCE SHEET—December 31, 1931.

LIABILITIES.	ASSETS.
Capital issued: 30,000 "A" shares, £12 10s. paid, £375,000; 30,000 "B" shares, £12 10s. paid, £375,000; 60,000 "C" shares, £5 paid, £300,000	Cash in hand and at bankers
Reserve fund	Bullion
Notes in circulation	Securities and coin deposited against note issue
Current, fixed deposit and other accounts, including rebates and provision for bad and doubtful debts	British and Indian Government and other securities
Balances due to subsidiary cos.	Shares in subsidiary agency and nominee companies
Bills payable:—	Bills receivable
Drafts on London bankers against cash and security per contra	Loans receivable and advances
Drafts on head office and branches	Freehold banking premises at cost less amounts written off
Drafts on Continental bankers and other agents	Liabilities of customers for acceptances per contra
Loans payable against security, per contra	Sundry accounts, including amounts due by agents
Acceptances on account of customers, per contra	
Profit and loss account	
14,668,281	14,668,281

Contingent liability on bills receivable re-discounted £1,712,901, of which up to March 7, 1932, £1,105,240 have run off. Forward Exchange Contracts outstanding for purchase and sale of bills and telegraphic transfers, £9,108,633.

NOTE.—Currency assets and liabilities for which no par rates of exchange exist have been converted at the following rates:—1s. per Hong Kong dollar, 1s. 6d. per tael, 1s. 8d. per tical and 1s. 8d. per guilder.

P. & O. BANKING CORPORATION.

BALANCE SHEET—March 31, 1931

LIABILITIES.	ASSETS.
Capital issued—259,415 shares of £10 each, fully paid up	Cash at bankers and in hand
Reserve fund	Bullion in hand and in transit
Current, deposit and other accounts, including provision for bad and doubtful debts, contingency reserve, &c.	Money at call and short notice
Loans payable against security	Bills receivable in hand and in transit, including Treasury bills
Balance of accounts with subsidiary companies	Investments at or below market value:—
Acceptances, endorsements, &c., as per contra	British Government securities
Bills receivable for collection, as per contra	Indian Government securities
Profit and loss account—balance brought forward from March 31, 1930, £25,668; net profit for the year ended March 31, 1931, £108,450	Foreign Government and municipal and other securities
134,118	Indian Railway debentures, guaranteed by Indian Government
Contingent liability in respect of bills re-discounted amounting to £5,508,251 of which £4,307,965 had run off by June 30. Outstanding forward exchange contracts for purchase and sale of bills and telegraphic transfers, &c., £16,455,644. The rupee, tael, Straits dollar and Hong Kong dollar assets and liabilities are converted at the rates of 1s. 6d., 1s. 4d., 2s. 4d. and 1s. respectively, with the exception of the Allahabad Bank Ltd., Investment, which is at cost, viz., 1s. 5d.	Investment in subsidiary company, at cost: Allahabad Bank Ltd., 23,403 ordinary shares of Rs. 100 each, of which 14,665 are fully paid and 8,738 are paid up to the extent of Rs. 50 per share
18,685,974	Loans receivable against security
	Advances to customers, and other accounts
	Bank premises and furniture at cost, less amounts written off
	Liabilities of customers for acceptances, endorsements, &c., as per contra
	Bills receivable for collection, as per contra
	18,685,974

PROFIT AND LOSS ACCOUNT.

DR.	CR.
Directors' fees and income tax thereon	Profit, after providing for bad and doubtful debts and payment of income tax
Net profit carried down	
112,259	112,259
Proposed dividend at the rate of 5 per cent. per annum for the twelve months ended March 31st, less tax	Net profit brought down
Balance to be carried forward	Balance brought forward from March 31, 1930
134,118	134,118

THE NATIONAL BANK OF INDIA, LIMITED.

The report for the year ended December 31st last states that the net profits for the year, after providing for all bad

THE BANK OF INDIA

LIMITED

ESTABLISHED 7th SEPTEMBER, 1906.

CAPITAL SUBSCRIBED .. Rs. 2,00,00,000
CAPITAL PAID UP 1,00,00,000
RESERVE FUND 92,00,000

HEAD OFFICE:—ORIENTAL BUILDINGS, BOMBAY.

BRANCHES:—BULLION EXCHANGE (Shankar Memon Street, Bombay), BANDRA, AHMEDABAD, AHMEDABAD (Station Branch), CALCUTTA, POONA, POONA CITY, SURAT.

LONDON AGENTS:
The Westminster Bank, Ltd.

DIRECTORS:

Sir Cowasjee Jehangir, Baronet (Messrs. Cowasjee Jehangir & Co., Ltd., Bombay), Chairman.
Mr. F. B. Dinshaw (Messrs. Payne & Co., Bombay).
Mr. Ambalal Sarabhai (Ahmedabad).
Sir Joseph Kay, Knight, (Messrs. W. H. Brady & Co., Ltd., Bombay).
Mr. Andrew Geddis (Messrs. James Finlay & Co., Ltd., Bombay).
Sir Dinshaw Petit, Baronet (of Messrs. D. M. Petit Sons & Co., Bombay).
Sir Chunilal V. Mehta, K.C.S.I., of Bombay.
Mr. Palliram Mathradas (Messrs. Ramnarain Sons, Ltd., Bombay).

Current Deposit Accounts.—From 25th December to 25th June, interest is allowed at 2½% on daily balance, Rs. 300 to Rs. 1,00,000. From 25th June to 25th December interest is allowed at 2% on daily balance. On sums exceeding Rs. 1,00,000 interest is allowed by special arrangement. No interest will be allowed which does not amount to Rs. 8 per half-year.

Fixed Deposits.—Deposits are received fixed for one year or for shorter periods at rates of interest which can be ascertained on application.

Savings Bank.—Accounts opened on favourable terms. Rules on application.

The Bank undertakes Executor and Trustee Business.—Rules may be obtained on application.

General Banking Business transacted, rules for which can be obtained on application.

A. G. GRAY, Manager.

THE IMPERIAL BANK OF PERSIA

(Incorporated by Royal Charter, 1889.)

And under a Special Concession Bankers to the Imperial Government of Persia.

CAPITAL FULLY CALLED UP - £850,000
(With power to increase to £4,000,000)
RESERVE ACCOUNT - £670,000
RESERVE LIABILITY OF PROPRIETORS UNDER THE CHARTER - £1,000,000

LONDON OFFICE:

33/36, King William Street, London, E.C. 4.

CHIEF OFFICE IN PERSIA: TEHERAN.

BRANCHES IN PERSIA:

Abadan, Ahwaz, Bunder Abbas, Bushire, Hamadan, Isfahan, Kerman, Kermanshah, Meshed, Mohammerah, Pehlevi, Reshi, Shiraz, Sultanabad, Tabriz, Yezd, Zahedan (Duzdab).

BRANCHES IN IRAQ:

Baghdad, Basra.

BRANCH IN INDIA: Bombay.

The Bank is prepared to transact Banking business of every description in and connected with Persia, Mesopotamia, India and the Near East.

and doubtful debts, amount to £470,019, and, adding £278,791 brought forward, the available total is £748,810. From this sum an ad interim dividend at the rate of 20 per cent. per annum was paid on September 18th last, absorbing £200,000, and the directors now recommend a further dividend at the same rate, less income tax. (After allowing for Dominion tax relief, income tax was deducted from the interim dividend at the rate of 4s. 1½d. in the £ only. In respect of that dividend the bank is bearing the additional 6d. in the £ imposed by the Finance (No. 2) Act, 1931.) They propose to add £50,000 to the officers' pension fund and to transfer £20,000 to contingencies account, leaving a balance of £278,810 to be carried forward. The whole of the bank's investments (all redeemable at par and mostly shortdated) have been written down to or below market prices on December 31st last, and for this purpose a sum of £800,000 has been taken from the reserve fund, leaving that fund at £2,200,000. Since December 31st there has been a very appreciable rise in the value of the bank's investments.

BALANCE SHEET—December 31, 1931.

(The rupee assets and liabilities have been converted at the rate of 1s. 6d. per rupee.)

LIABILITIES.	£	ASSETS.	£
Capital paid up, £12 10s. per share	2,000,000	Cash on hand, at call and at bankers	3,796,408
Reserve fund	2,200,000	Bullion on hand and in transit	23,054
Current, fixed deposits and other accounts, including provision for bad and doubtful debts and contingencies	27,804,029	Indian Government rupee securities	4,590,655
Bills payable	757,989	British Government securities, Indian Government guaranteed debentures and other securities (of which £300,000 War Loan lodged with Bank of England as security for Government accounts)	8,365,709
Acceptances for customers	193,249	House property and furniture (at cost, less amounts written off)	649,470
Loans payable against securities	1,759,500	Bills of exchange, including Treasury bills	5,632,313
Profit and loss account, as under	548,810	Discounts, loans receivable, and other sums due to the bank	12,012,719
		Customers for acceptances per contra	193,249
			35,263,577
To bills receivable, re-discounted, £5,138,595, of which up to March 16, 1932, £2,132,909 have run off. Forward contracts outstanding for the purchase and sale of sterling bills and telegraphic transfers, £4,664,864.			
			35,263,577

LATEST BALANCE SHEETS OF FOREIGN BANKS HAVING LONDON OFFICES AND OF BRITISH BANKS TRADING ABROAD.

ANGLO-CZECHOSLOVAK AND PRAGUE CREDIT BANK.

BALANCE SHEET—December 31, 1930.

LIABILITIES.	Kc.	ASSETS.	Kc.
Share capital authorised, issued and fully paid	235,000,000	Cash in hand	123,289,405
Reserves	140,786,211	Balance at call with National Bank and local banks	198,082,518
Staff pension fund	54,959,262	Balances with banks abroad	117,461,367
Deposit accounts	1,345,331,989	Foreign currency bills and cheques	77,305,244
Current accounts—		Bills receivable	426,016,742
Banking institutions	1,062,347,947	Investments—	
Others	1,618,095,373	Czechoslovak	319,130,350
Acceptances on account of clients	93,400,239	Foreign	38,719,026
Items in transit	60,729,412	Sundries	1,135,182
Unclaimed dividends	162,323	Participations	209,000,000
Net profit—Brought forward from 1929, Kc. 6,252,586; net profit for 1930, Kc. 14,580,448	20,833,034	Debtors—	
		Advances against securities	220,094,280
		Others	2,700,374,816
		Liability of customers for acceptances, per contra	93,400,239
		Bank premises at head office and branches	
		Buildings, Kc. 87,898,693; fittings, Kc. 2,766,414	90,665,107
		Items in transit	16,971,514
			4,631,645,790
Contra accounts..... Kc. 1,032,231,341		Contra accounts..... Kc. 1,032,231,341	

THE ANGLO-FRENCH BANKING CORPORATION, LIMITED.

The report for 1931 shows that the current trading profit for the year, after making full provision for all expenses, rebate of discount and commission and directors' fees (the management committee receives no remuneration for 1931), but before making provision for bad and doubtful debts, amounts to £72,672. Out of this amount there has been set aside: Provision for bad and doubtful debts, £48,518; for taxation, £5,500—£54,018, leaving a net trading profit of £18,654. To this must be added the balance brought forward from last account, £2,578, making a total of £21,232. From this fall to be deducted: Loss incurred in the realisation of British Government and kindred securities, £146,545; depreciation written off miscellaneous securities, £42,235; loss incurred in re-purchase of dollars sold against maturing assets in reichmarks covered by gold or dollar guarantees,* £14,688—£203,468. Balance of loss, £182,236; transferred from reserve and contingencies accounts, £40,000; leaving a debit balance to be carried to the balance sheet, £142,236.

* The dollars were repurchased when it transpired that payment in Reichsmarks could not be expected at maturity. (See footnote to profit and loss account.)

BALANCE SHEET, December 31, 1931.

LIABILITIES.	£	ASSETS.	£
Capital issued—1,250,000 shares of £1 each fully paid	1,250,000	Cash in hand, and at clearing banks	59,848
Unclaimed dividends	47	Money at call and short notice	400,000
Deposit by subsidiary company	9,972	Available balances with banks abroad	29,952
Current, deposit and other accounts, including provision for taxation	258,170	Debtors for exchange and securities	24,723
Due for exchange and securities purchased	40,584	Investments at or under market value—Dominion Corporation short term securities, £2,910; German State and Corporation short term securities, £55,098; other foreign government, corporation and public utility securities, £44,519	102,527
Acceptances, confirmed credits, guarantees, &c., for account of customers, £1,860,623; against which cover in cash has been received, £16,203—£1,844,420, less own acceptances held, £82,448	1,761,972	Other Investments—Sundry securities, £5,319; shares in subsidiary company (see statement below), £10,000	15,319
Contingent liabilities in respect of: Forward Exchange Contracts, £128,513; Endorsements, £193,966		Securities purchased (not delivered) at market price	4,700
		Loans, advances and other accounts	105,771
		Foreign assets subject to extended credit arrangements and/or exchange restrictions—Balances with banks abroad, £10,274; German municipal bills discounted, £174,276; bills or notes of or guaranteed by Chilean Government, £128,634; loans and advances, £278,064	591,248
		Liability of customers for acceptances, confirmed credits, guarantees, &c., per contra—General	208,073
		Subject to extended credit arrangements—German, (£145,940 under guarantee of Deutsche Gold-discountbank, Berlin), £1,215,367; Austrian, £239,221; Hungarian, £181,758	1,636,346
		Furniture and fittings	1
		Profit and loss account	142,237
		(See footnote to profit and loss account.)	
	3,320,745		3,320,745

† Option Certificates which entitled the holders to take up at par 500,000 shares at £1 each at any time up to and including December 31, 1931, have ceased to have any value, the time limit having expired. No shares have been taken up in virtue of these certificates.

DR.	£	CR.	£
Amounts written off and provided for bad and doubtful debts	48,518	Balance brought forward on December 31, 1930	2,578
Provision for taxation	5,500	Trading profit after providing for all expenses including rebate of discount and commission and directors' fees £5,750 (The management committee does not receive any remuneration in respect of the year 1931)	72,672
Net loss realised on sale of—British Government and Corporation securities (of which £98,556 is in respect of short term securities), £103,859; Dominion and Colonial Government Corporation short term securities and French Government guaranteed bonds, £42,688	146,545	Transfer of reserve accounts	40,000
Depreciation of investments still held	42,235	Balance carried to balance sheet	142,236
Cost of undoing forward dollar contracts against Reichsmark bills with gold guarantees (see footnote)†	14,688		
	257,486		257,486

† A profit amounting to £43,958 could be shown by valuing German Municipal Bills in Reichsmarks at the current market rate of exchange, but in view of the uncertainty as to the date on which the Reichsmarks will be received no part of this profit has been included in profit and loss account.

ANGLO-PORTUGUESE COLONIAL AND OVERSEAS BANK, LIMITED.

BALANCE SHEET—January 31, 1932.

LIABILITIES.	£	ASSETS.	£
Capital issued—1,000,000 ordinary shares of £1 each, fully paid	1,000,000	Cash at bankers, at call and in hand, England	208,259
Loans at call (secured)	55,000	Balances with banks abroad—Austria, Germany, Hungary, £2,424; other countries, £57,218	59,642
Current, deposit and other accounts	427,176	Bills discounted—United Kingdom, £82,575; foreign, £38,773	114,348
Acceptances and confirmed credits (as per contra)	137,514	Investments—	
Profit and Loss		British and Indian Government securities	166,212
NOTE—There are contingent liabilities in respect of—Forward exchange contracts, purchases and sales, £1,442,703; endorsements on bills discounted, £752,321; guarantees given, £24,130		Investment in associated company	42,045
		Other securities	25,110
		Advances to customers and other accounts—Austria, Germany, Hungary, £9,448; other countries, £255,861	265,309
		Banco Nacional Ultramarino, Lisbon and Branches, accounts	487,775
		Liability of Banco Nacional Ultramarino and other customers for acceptances and confirmed credits (as per contra)	137,514
		Preliminary expenses	95,000
		Goodwill at cost	18,476
		Profit and loss account—as per attached account	
	1,619,690		1,619,690

The NATIONAL BANK of NEW ZEALAND Limited

DIRECTORS:
SIR AUSTIN E. HARRIS, K.B.E. (CHAIRMAN).
THE RIGHT HON. LORD BALFOUR OF BURLEIGH.
HENRY F. FRESHWATER, ESQ.
THE RIGHT HON. VISCOUNT HAMPTON, K.C.B., C.M.G.
HON. WILLIAM PEMBER REEVES.
RICHARD DURANT TROTTER, ESQ.

HEAD OFFICE:
8, MOORGATE, LONDON, E.C.2
Manager: Arthur Willis.

CHIEF OFFICE IN NEW ZEALAND:
WELLINGTON
General Manager: J. T. Grose.

Authorised & Subscribed Capital - £6,000,000
Paid-up Capital - £2,000,000
Reserve Fund and Undivided Profits - £2,168,457

The Bank conducts every description of banking business connected with New Zealand.

91 Branches and Agencies in NEW ZEALAND.

English, Scottish & Australian Bank, Limited.

Head Office: 5, GRACECHURCH ST., E.C.3, and 417 Branches and Agencies throughout Australia.

Subscribed Capital - £5,000,000
Paid-up Capital - £3,000,000
Further Liability of Proprietors £2,000,000
Reserve Fund - £1,605,000
Special Currency Reserve - £1,585,000

Board of Directors:

ANDREW WILLIAMSON, Esq., Chairman.
JOHN PATERSON, Esq., Deputy Chairman.

C. L. BAILLIEU, Esq., C.M.G. SIDNEY M. WARD, Esq.
THE RIGHT HON. LORD FORSTER OF LEFE, P.C., THE RIGHT HON. LORD WENLOCK, G.C.S.I.
G.C.M.G.
THE HON. WALTER D. GIBBS. SIR FREDERICK W. YOUNG.

Manager & Secretary—E. M. JANION.

Asst. Mgr.—A. A. SHIPSTON. Sub-Mgr.—J. A. ROBERTSON
Accountant—F. C. HOUNSFIELD.

Bankers: Bank of England; Westminster Bank Limited.

Chief Office in Australia:

COLLINS STREET, MELBOURNE.

Letters of Credit and Drafts on the Branches and Agencies of the Bank in Australia can be obtained at the Head Office, or through the Agents of the Bank in the Chief Provincial Towns throughout the United Kingdom.
Remittances made by Telegraphic Transfer.
Bills Negotiated or forwarded for Collection.
Banking and Exchange Business of every description transacted with Australia.

SWISS BANK CORPORATION

(A COMPANY LIMITED BY SHARES, INCORPORATED IN SWITZERLAND)

1872.

BASLE, ZURICH, ST. GALL,
GENEVA, LAUSANNE,
LA CHAUX-DE-FONDS,
NEUCHÂTEL, SCHAFFHOUSE.

Capital paid-up - £6,400,000
Reserves - £2,120,000

LONDON OFFICE - 99, GRESHAM STREET, E.C.2

WEST END BRANCH: 11, REGENT STREET, (WATERLOO PLACE), S.W.1

All descriptions of Banking, Trustee and Foreign Exchange Business Transacted.

Correspondents in all Parts of the World

National Central Savings Bank of Hungary

UNGARISCHE LANDES CENTRAL SPARKASSA.

Budapest IV.

Deák Ferenc-utca 7.

Cable Address: MOKTÁR.

Foreign Exchanges:

'Phone: Budapest Automat 825-18.

Established 1872.

Every description of Banking Business transacted.
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Eleven Branches in Budapest, and Branches in Debrecen, Miskolc and Diósgyőr.

Exchange Offices:

Central Exchange Office, Limited, Budapest, IV. Apponyi-tér 1, and V. Szabadság-tér 3 (opposite the Stock Exchange Building), and

Central Wechselstuben A.G. Niederlassung Vienna, I. Kärntnerstrasse 43.

PROFIT AND LOSS ACCOUNT.

DR.	CR.
Loss for the year, after charging all expenses including directors' fees (£2,796) and providing for bad and doubtful debts	Balance brought forward from last year, after writing off preliminary expenses (£17,637) Balance as per balance sheet ..
22,286	3,810
22,286	18,476
	22,286

ANGLO-INTERNATIONAL BANK, LIMITED.

The directors state that the profit for the year ended December 31, 1931, after charging losses on investments realised, but before making provision for doubtful debts and depreciation of investments still held, amounted to £82,470; to which has been added the balance brought forward from the previous year's accounts, £23,702, making a total of £106,172. From this sum there has been appropriated, as set out in the profit and loss account, an amount of £100,000, leaving a balance to be carried forward of £6,172.

BALANCE SHEET—December 31, 1931.

LIABILITIES.	ASSETS.
Share capital issued—1,960,000 shares of £1 each fully paid	Cash with bankers in London and cash in hand
Reserve account	Money at call
Current, deposit and other accounts—Including reserve for Depreciation of Investments	Balances with bankers abroad—Available, £82,210; subject to exchange restrictions, £6,336
Acceptances and guarantees for account of customers	Bills receivable
Profit and loss account, balance per account	British Government securities (at market price) and Treasury bills
	Foreign Government sterling bonds (at London market price)
	Investments—in banking, industrial and other undertakings in England and abroad (at cost less amounts written off)
	Investment in subsidiary company (in England)
	Advance to subsidiary company (in England)
	Foreign Government and State treasury bills and notes, &c. (subject to extended credit arrangements and exchange restrictions)
	Advances to customers and other accounts (of which £1,134,741 is subject to "standstill" or other extended credit arrangements and exchange restrictions)
	Customers for acceptances and guarantees on their behalf (of which £1,592,428 is subject to "standstill" or other extended credit arrangements and exchange restrictions)
	Premises abroad and furniture and fittings (at cost, less amounts written off)
5,576,817	5,576,817

PROFIT AND LOSS ACCOUNT.

DR.	CR.
Directors' Provision (additional to that allocated out of reserves for contingencies) for doubtful debts, depreciation of investments and special expenses in connection with the liquidation of various branches	Balance brought forward from last year
100,000	23,702
6,172	
108,188	84,486
	108,188

THE ANGLO-SOUTH AMERICAN BANK, LIMITED.

The report of the directors states that the net profit, to June 30, 1931, amounts to £461,383, which, together with £207,150 brought forward, makes a total of £668,533, of which £174,613 was absorbed by the interim dividend on the "A" and "B" shares paid on April 27th last, leaving an available balance of £493,920. After careful consideration of the situation at June 30th last and also of subsequent events, the directors have transferred from the reserve fund to a special reserve for depreciation of capital employed abroad and other possible losses a sum of £2,275,000, which they believe to be sufficient to cover such losses and to leave intact the balance of £1,000,000 remaining to the credit of the reserve fund. The directors accordingly recommend that £84,490 be applied to the payment of a final dividend of 2s. per "A" share, and of 4s. 8d. per "B" share, both less income tax, making a total distribution for the year of 6 per cent.; £30,000 be added to the staff pension fund; £26,360 be placed to legal reserves in Chile, Colombia and Ecuador; £100,000 be transferred to investment reserve account; £100,000 be transferred to contingency account, and that the balance of £153,070 be carried forward.

BALANCE SHEET—June 30, 1931.

LIABILITIES.	ASSETS.
Issued capital—873,466 "A" shares of £10 each, £8 paid	Cash in hand, at bankers and at short notice
1,265,340 "B" shares of £1 each, fully paid	Balances with subsidiary banks
Reserve fund	British Government securities
Legal reserves in Chile, Colombia and Ecuador	Foreign Government, railway and other securities
Special reserve for depreciation of capital employed abroad and other possible losses	Bills receivable
Sight drafts on head office and branches	Holdings in subsidiary companies—British Bank of South America, Limited, 100,000 shares of £20 each, £10 paid, at £23 10s. £2,350,000; Commercial Bank of Spanish America, Limited, 499,063 shares of £1 each, fully paid, at cost, £463,986; other subsidiary companies at cost (uncalled liability, £125,000), £749,791
Bills payable	Holdings in foreign banks at cost
Drafts on head office and branches at usance	Liability of customers for acceptances and engagements
Acceptances and engagements per contra	Liability of subsidiary companies for acceptances and engagements for account of their customers
Current, deposit and other accounts	Advances to customers and other accounts, less bad and doubtful debts reserve
Current accounts of subsidiary companies	Advances to subsidiary companies
Bills for collection	Bank premises and office furniture at cost, less amounts written off
Rebate of interest on bills, &c., not due	Bills for collection per contra
Profit and loss, as per appropriation account below	Certain of the above assets have been lodged with other parties on which a lien exists to the amount of £63,622
£68,533; less interim dividend paid on April 27, 1931, £174,613; transfer to legal reserves, £26,360; transfer to contingency account, £100,000; transfer to investment reserve account, £100,000—£400,973	
To liability on bills re-discounted, and on uncalled capital on investments held, £7,125,238, of which £7,073,583 has run off	
70,707,814	70,707,814

PROFIT AND LOSS ACCOUNT.

DR.	CR.
Charges at head office and branches, including British and other income taxes	Gross profits after providing for current bad and doubtful debts, an estimate of possible special losses being covered by a transfer from reserve fund
Directors' remuneration, £19,725; less amount paid by subsidiary companies, £3,088	
Rebate of interest on bills, &c., not due	
Balance transferred to appropriation account	
1,349,022	1,920,827
16,637	
93,785	
461,383	
1,920,827	1,920,827

BANCA COMMERCIALE ITALIANA.

The following allocation, based on a reduction of the dividend from 12 per cent. to 8 per cent., was proposed: Net profit as per balance sheet, Lire 61,558,683. Dividend of 5 per cent. on the capital of Lire 700,000,000, Lire 35,000,000—Lire 26,558,683. To the board of directors, 5 per cent. Lire 1,327,934, less 25 per cent., Lire 331,983—Lire 995,951, leaving Lire 25,562,732; out of which an additional dividend of 3 per cent. on the capital was proposed, Lire 21,000,000, which will leave a balance of Lire 4,562,732; to which is to be added the amount carried forward from previous years, Lire 29,694,275, leaving a balance to be carried forward of Lire 34,257,007.

BALANCE SHEET—December 31, 1931.

LIABILITIES.	ASSETS.
Capital	Cash in hand
Reserve funds	Bills receivable, Treasury bonds and Government securities (Littorio loan)
Bills payable	Contango and loans
Commercial acceptances	Participations in other banks and syndicates
Deposits and current accounts	Government securities and other bonds and shares
Guarantees	Current accounts
Other liabilities	Bank premises
Rebate on bills	Guarantees as per contra
Net profit (including Lire 29,694,275 brought forward from December 31, 1930)	
91,252,958	91,252,958
Securities deposited	
10,903,458,648	10,903,458,648
6,366,154,085	6,366,154,085
17,269,612,733	17,269,612,733

BANK OF ATHENS.

BALANCE SHEET—December 31, 1931.

LIABILITIES.	ASSETS.
Capital fully paid	Cash in hand and at banks
Statutory and special reserves, 226,200,000, less written off securities, 77,000,000	Treasury bonds and coupons
Deposits, current and other accounts	Balances with banks abroad
Cheques payable	Bills receivable
Unclaimed dividends	Advances and other accounts
Additional dividend for 1931	Investments and participations
Profit and loss (balance forward)	Freehold premises, &c.
5,738,312	5,738,312
	2,702,961,609
	2,702,961,609

* Securities quoted in London converted at rate of exchange on December 31 (1930). Securities quoted in Athens converted at 20 per cent. below rate on September 18.

ESTABLISHED 1871.

THE DOMINION BANK.

Incorporated in Canada with Limited Liability.

Head Office: TORONTO.

CAPITAL PAID UP - \$7,000,000.00
RESERVE FUND and UNDIVIDED PROFITS - \$9,700,000.00

A. W. AUSTIN, President.

C. A. BOGERT, Vice-President & General Manager.

C. S. BLACKWELL, Chairman of the Board.

BRANCHES THROUGHOUT CANADA.

Agents and Correspondents throughout the World.

Agency in NEW YORK: The Dominion Bank, 49, WALL STREET.

The LONDON BRANCH, at 3, King William St., E.C.4,
undertaking monetary business of every description, offers you prompt and efficient service.
THOMAS WILDING, Acting Manager, London Branch. E. W. BOOTH, Assistant Manager.

THE BANK OF AUSTRALASIA.

(Incorporated by Royal Charter, 1835.)

Head Office: 4 THREADNEEDLE STREET, LONDON, E.C.2.

West End Branch: 17 NORTHUMBERLAND AVENUE, W.C.2.

Paid-up Capital	£4,500,000
Reserve Fund	2,475,000
Currency Reserve	2,000,000
Reserve Liability of Proprietors under the Charter	4,500,000
	£13,475,000

DIRECTORS:

RIGHT HON. LORD ALDENHAM, Esq. T. R. JOHNSON, Esq. HAROLD NELSON, Esq.
CHARLES EDWARD BARNETT, Esq. FREDERICK V. C. LIVINGSTONE-
J. F. G. GILLIAT, Esq. LEARMONTH, Esq., D.S.O. HOBACE PEEL, Esq.
KENNETH GOSCHEN, Esq. RIGHT HON. THE EARL OF JOHN SANDERSON, Esq.
CHARLES GIPPS HAMILTON, Esq. MIDDLTON, K.P. ARTHUR WHITWORTH, Esq.

Numerous Branches throughout the States of VICTORIA, NEW SOUTH WALES, QUEENSLAND, SOUTH AUSTRALIA, WESTERN AUSTRALIA, TASMANIA, and the Dominion of NEW ZEALAND.

Letters of Credit and Bills of Exchange granted. Bills Negotiated or sent for Collection. Telegraphic Transfers made. Banking Business of every description transacted with Australia and New Zealand.

Deposits received in London at interest for fixed periods on terms which may be ascertained at the Office.

ANGLO-INTERNATIONAL BANK, LIMITED.

24-28, Lombard Street, London, E.C.3.

Telephones: MANSON HOUSE 6543 (9 lines).

Telegrams: "ANGLANK, LONDON."

CAPITAL:

Authorised £2,000,000.

Paid Up - £1,960,008.

London Clearing Agents: Bank of England. Glyn, Mills & Co. National Provincial Bank, Ltd.

BOARD OF DIRECTORS:

GENERAL THE HON. SIR HERBERT A. LAWRENCE, G.C.B. (Chairman).

H.E. PETER BARK, G.C.V.O. (Managing Director).

E. W. H. BARRY, Esq. THE LORD FARINGDON, C.H. SIR GORDON NAIRNE, BART.
JULIAN DAY, Esq., M.C. ZOLTAN HAJDU, Esq. SIR OTTO NIEMEYER, G.B.E., K.C.B.
A. G. M. DICKSON, Esq. SIR BERTRAM HORNSBY, C.B.E. SIR WILLIAM PEAT, C.V.O.

Every description of Home and Foreign Banking transacted. Special facilities for business with the Continent of Europe.
Current accounts opened and deposits for short periods accepted at rates which may be obtained on application

BANQUE BELGE POUR L'ETRANGER, S.A.

Limited Company Incorporated in Belgium.

(Filiale de la Société Générale de Belgique.)

CAPITAL (subscribed)	Fra. 200,000,000
CAPITAL (paid up)	Fra. 158,424,125
RESERVES	Fra. 130,000,000

HEAD OFFICE: BRUSSELS, 66, rue des Colonies.

[Branches:—PARIS (12, Place de la Bourse), NEW YORK (67, Wall Street), PEKING (PEIPING), SHANGHAI, TIENTSIN, HANKOW.]

LONDON OFFICE ... 4, Bishopsgate, E.C.2.

Manager: A. S. Donnay (Director).

London Committee: Messrs. J. S. Haskell, A. F. Buxton, Emile Francoqui, F. Haegler (Honorary General Manager), and A. S. Donnay.

AFFILIATED BANKS throughout BELGIUM and LUXEMBURG, and also in FRANCE and GERMANY.
ALLIED BANKS in Austria, Bulgaria, Czechoslovakia, Egypt, Holland, Hungary, Italy (Tyrol), Morocco, Poland, Rumania, Spain and Yugo-Slavia.

CORRESPONDENTS IN ALL PARTS OF THE WORLD.

AGENTS IN THE UNITED KINGDOM FOR THE BELGIAN POSTAL CHEQUE SERVICE.

LETTERS OF CREDIT. COLLECTION OF CLEAN AND DOCUMENTARY DRAFTS.
FOREIGN EXCHANGE business a speciality; FOREIGN CURRENCIES bought and sold for immediate or forward delivery, enabling traders to secure the exchange for their contracts in the currency of the country of their customers.
ALL KINDS OF BANKING BUSINESS UNDERTAKEN.

BANCO DE BILBAO.

BALANCE SHEET—December 31, 1931.

LIABILITIES.	Pesetas.	ASSETS.	Pesetas.
Capital	100,000,000	Cash in hand and at Bank of Spain	90,551,164
Reserve funds	83,305,513	Foreign money and notes, cash value	631,934
Deposits	809,908,235	Cash at other banks and banks	102,548,042
Bills payable	19,063,717	Bills receivable	89,703,100
Acceptances for account of customers, as per contra	5,492,448	Government securities	257,641,364
Sundry creditors	77,650,274	Railway and other industrial debentures	72,115,955
Profit and loss	...	Advances to customers against security	52,418,735
Depositors of securities, nominal value, as per contra	3,179,933,511	Other loans	26,309,730
		Banking correspondents, &c.	79,936,405
		Banking correspondents, &c., in foreign money (equivalent)	57,012,579
		Premises account	19,974,502
		Furniture and fittings	2,377,143
		Shareholders' liability	6,005,350
		Unissued shares	25,000,000
		Liabilities of customers for acceptances, as per contra	5,492,448
		Sundry debtors	96,007,203
		Securities deposited, nominal value	3,179,933,511
			4,275,353,698

BANCO DE CHILE.

According to the half-yearly report the general balance of the operations of the bank for the half-year ended December 31, 1931, after writing-off and providing for bad and doubtful debts shows a net profit of \$5,203,488, which added, to the shareholders' fund of \$8,216,324, gives an available tota of \$13,419,812. The board proposed to distribute the sum in the following form:—To pay a dividend of \$6 per share, \$6,000,000, and to carry forward to shareholders' fund, \$7,419,812.

BALANCE SHEET—December 31, 1931.

LIABILITIES.	Chilean Currency	ASSETS.	Chilean Currency
Public obligations, at sight or 30 days' notice	126,221,265	Cash	...
Current accounts	13,780,255	Cash and deposit with Central Bank	19,246,177
Sight deposits, judicial deposits, &c.	414,969	Cash, foreign currency	10,437,886
Guarantees at sight	...	Cheques on local banks	5,609,905
Other obligations (dividends, drafts and telegraphic transfers pending)	4,765,742	Foreign banks and correspondents	9,726,807
Public obligations, at over 30 days	...	Loans and Advances	...
Term deposits	126,263,791	Advances in account current and loans	176,220,154
Guarantees	19,488,584	(a) Loans, guaranteed special guarantee	157,718,774
Other obligations	2,519,179	(b) Loans, without special guarantee	31,397,102
Obligations to bankers and correspondents	...	Discounts	...
Obligations to bankers abroad	2,705,115	Loans to directors and employees	5,322,344
Other credit accounts	...	Obligations against guarantees given	25,113,939
Re-discounts with Banco Central	59,079,759	Other advances	68,477,111
Income tax retained	59,487	Investments	...
Exchange operations	6,625,457	Buildings and real estate	31,291,704
Letters of credit	1,292,729	State and municipal bonds	19,749,164
Operations pending, &c.	29,881,611	Shares—Banco Central de Chile	23,603,583
Profit and loss	5,203,488	Other bonds and shares	13,715,800
Capital and reserves	...	Deposits with superintendency of banks	675,000
Paid-up capital	100,000,000	Furniture and office material	900,000
Statutory reserve	25,000,000	Other accounts	...
Other reserves	101,216,324	Branches	1,246,354
		Exchange operations	4,184,189
		Clients for letters of credit	1,286,130
		Operations pending, &c.	18,595,632
	624,517,755		624,517,755

BANKERS TRUST COMPANY.

BALANCE SHEET—March 28, 1932.

LIABILITIES.	\$	ASSETS.	\$
Capital	25,000,000	Cash on hand and due from banks	86,446,938
Surplus fund	50,000,000	Exchanges for clearing house	12,203,112
Undivided profits	26,307,946	U.S. Government securities	137,330,753
Contingency fund	12,000,000	Demand loans	102,356,045
Deposits	457,879,123	Time loans and bills discounted	197,672,322
Outstanding and certified checks	9,916,593	State and Municipal bonds	13,205,079
Dividends declared and unpaid	1,877,109	Stocks of Federal Reserve Bank, New York Clearing House and Bank for International Settlements	2,313,696
Accrued interest payable	555,566	Other bonds and securities	3,749,603
Unearned interest	788,295	Real estate bonds and mortgages	4,460,300
Reserve for taxes and expenses	814,894	Bank premises, including estimated cost of new building under construction, \$29,825,068; less new construction costs not yet expended, \$6,870,040	22,955,028
Outstanding acceptances	39,326,400	Accrued interest and accounts receivable	3,456,602
Acceptances, &c., sold with our endorsement	6,997,799	Customers' liability on acceptances	38,316,448
	631,463,725	Liability of others on acceptances, etc., sold with our endorsement	6,997,799
			631,463,725

BANCO DI ROMA.

BALANCE SHEET—December 31, 1931.

LIABILITIES.	Lire	ASSETS.	Lire
Share capital	200,000,000	Cash and funds with Central Bank	247,079,501
Ordinary reserve fund	19,000,000	Funds with other banks in Italy and abroad	232,901,783
Special reserve fund	40,000,000	Portfolio and Treasury bills	768,946,737
Deposits on current and savings accounts	422,870,237	Investments	225,641,725
Deposits of securities	109,106,700	Securities on deposit	109,106,700
Current account	84,206,639	Banking participations and sundries	96,472,757
Circular cheques	2,992,277	Contingencies	185,775,289
Balance due to correspondents	1,692,201,345	Bank premises	29,500,000
Sundry creditors	9,852,043	Secured advances	110,832,794
Rediscouts	6,778,132	Advances due by correspondents	578,855,934
Acceptances on behalf of customers	58,604,269	Sundry debtors	15,485,723
Guarantees for third parties	105,193,665	Cover for acceptances	59,604,269
Profits brought forward	1,103,409	Liabilities of customers per guarantees	105,193,665
Net profits for current year	13,488,161	Contra accounts	...
Contra accounts	...	Staff provident fund	22,822,168
Staff provident fund	22,822,168	Sundry deposits	1,104,761,871
Sundry deposits	1,104,761,871	Deposits with third parties	437,765,618
Deposits with third parties	437,765,618		4,330,746,534

BANCO ESPANOL DEL RIO DE LA PLATA.

Argentine paper dollar equal to 44 cents gold and gold dollar converted to sterling at 5-04 per £.

BALANCE SHEET—June 30, 1931.

LIABILITIES.	£	ASSETS.	£
Capital	4,365,080	Shareholders (liability on uncalled capital)	1,890,391
Reserve funds	43,067	Cash	3,397,149
Contingency fund	1,391,084	Bills discounted, receivable and advances in current account	24,682,636
Deposits	27,045,197	Advances on mortgages	2,601,534
Rediscouts	6,459,726	Loan on Bolsa de Comercio premises in Buenos Aires	514,394
Rebate—Corresponding to next half-year	133,150	Accounts overdue and in process of liquidation	2,588,770
Sundries	577,322	Furniture and fittings	101,805
Operations in suspense (branches and agencies)	222,216	Bank premises	1,181,912
Profit and loss—less amortisation	82,120	Freehold properties received in payment of advances	1,451,206
Argentine Government Treasury bills	2,837,301	Head office	81,508
Other accounts (as per contra)	...	Branches	1,725,727
Shares deposited in guarantee (board of directors)	7,856	Investments in national loans	43,062
Securities deposited for safe custody	28,994,894	Account contingency fund	28,868
Securities deposited in guarantee	5,798,930	Argentine Government Treasury bills	2,837,301
Branches and correspondents, account letters of credit	920,280	Other accounts (as per contra)	7,856
Bills for collection for account of third parties	2,985,116	Shares deposited in guarantee (board of directors)	28,994,894
Credits secured on mortgage for collection for account of third parties	1,070,478	Wustody	5,798,930
Sundry internal accounts	1,117,296	Securities (account) received as collateral	920,280
	84,021,113	Letters of credit issued	2,985,116
		Bills for collection for account of third parties	1,070,478
		Mortgage loans for account of third parties	1,117,296
		Sundry internal accounts	84,021,113

PROFIT AND LOSS ACCOUNT.

DR.	£	CR.	£
Amortisations: Bad and doubtful debts and furniture and fittings	108,254	Balance brought forward	1,707
General charges, legal expenses, salaries and rents	787,676	Interest, discount, commission and exchange, less rebate corresponding to next half-year	799,679
Taxes	44,318	Rebate brought forward from previous account	132,897
Balance	82,120	Dividends and interest on securities	88,085
	1,022,368		1,022,368

BANK OF LONDON AND SOUTH AMERICA, LIMITED.

BALANCE SHEET—September 30, 1931.

LIABILITIES.	£	ASSETS.	£
Share capital, 708,000 shares of £5 each, fully paid	3,540,000	Cash in hand, at bankers and at call	10,575,052
Reserve, £3,000,000; less transfer to contingency reserve, £1,500,000	1,500,000	Bills receivable	9,473,798
Current and deposit accounts, &c., and contingency reserve	34,311,626	Advances and other accounts receivable, securities, &c., after making provision for all bad and doubtful debts	20,155,669
Deposit by Brazilian Trust and Loan Corporation, Ltd.	68,970	Investment in Brazilian Trust and Loan Corporation, Ltd.	36,797
Bills payable	2,212,261	Liability of customers for acceptances, per contra	1,513,097
Acceptances on account of customers	8,569,100	Bills for collection, per contra Bank premises and furniture, at cost, less amounts written off	1,929,218
Bills for collection on account of customers	1,513,097		
Rebate of interest on bills not due	130,534		
Profit and loss account, as per statement below	407,143		
NOTE.—Contingent liability as endorser of foreign bills discounted £1,761,753, of which £1,247,337 has since run off.	52,252,731		52,252,731
Charges at head office and branches	1,104,712	Balance brought forward	181,445
Interim dividend	106,200	Gross profit	1,454,610
Directors' fees	18,000		
Balance carried down	407,143		1,636,055
	1,636,055		

PROFIT AND LOSS ACCOUNT.

£	£
Balance brought forward	181,445
Gross profit	1,454,610
	1,636,055

THE YOKOHAMA SPECIE BANK, LIMITED.

(Incorporated in Japan.)

Established 1880

Capital Subscribed and Fully Paid - Yen 100,000,000

Reserve Fund - „ 117,300,000

Head Office - YOKOHAMA

BRANCHES AT

ALEXANDRIA.
BATAVIA.
BERLIN.
BOMBAY.
CALCUTTA.
CANTON.
CHANGCHUN.
DAIREN (Daiy).
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HAMBURG.
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HARBIN.
HONOLULU.
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KAI YUAN.
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The Bank buys and receives for collection Bills of Exchange issues Drafts and Telegraphic Transfers and Letters of Credit on above places and elsewhere, and transacts General Banking Business.

Deposits received for fixed periods at rates to be obtained on application.

LONDON OFFICE:

7, BISHOPSGATE, LONDON, E.C.2. D. NOHARA, Manager.

THE PIONEER LIFE ASSURANCE COMPANY, LTD.

Chief Offices:

67, Dale Street, LIVERPOOL.

Established 1891.

Life Assurance Funds:
Exceed £800,000
Total Claims Paid:
Exceed £1,300,000

THE BANK OF ADELAIDE

(Incorporated with Limited Liability in Australia.)

EST. 1865

Paid-up Capital - £1,250,000
Reserve Fund - „ 1,000,000
Reserve Liability of Shareholders - £2,250,000
£3,500,000

Head Office: Adelaide, South Australia.

MELBOURNE OFFICE: 267, COLLINS STREET.

SYDNEY OFFICE: 279, GEORGE STREET.

BRISBANE OFFICE: 305, QUEEN STREET.

PERTH (Western Australia) OFFICE: ST. GEORGE'S TERRACE.

FREMANTLE OFFICE: 78/80, HIGH STREET.

London Office:

11, LEADENHALL STREET, E.C.3.

Bills on Australia purchased or collected.
Drafts and Letters of Credit issued, and Remittances cabled. Accounts opened in Australia for Overseas Banks. Every other description of Banking and Exchange business transacted.
Enquiries regarding Australian Trade invited.

A. BUTTERWORTH, Manager.

THE UNION AUSTRALIA Limited.

Established 1837.

Incorporated 1880.

CAPITAL AUTHORISED AND ISSUED - £12,000,000

Capital Paid-up - £4,000,000 } together £7,350,000

Reserve Fund - £3,350,000 }

Currency Reserve - „ - „ £1,500,000

Reserve Liability of Proprietors - „ - „ £8,000,000

DIRECTORS:

The Hon. EDMUND W. PARKER, Chairman.
The Rt. Hon. LOED EBURY, Brigadier-General Sir ARTHUR D.S.O., M.C.
D.S.O., M.C. MAXWELL K.C.B. C.M.G., D.S.O.
ROBERT C. NESBITT, Esq.
HUGH D. FLOWER, Esq. The Rt. Hon. LORD STONEHAVEN, P.C., G.C.M.G., D.S.O.
The Rt. Hon. LORD HILLINGDON. P.C., G.C.M.G., D.S.O.
Sir MALCOLM HOGG. ALFRED W. TURNBULL, Esq.
SOMERVILLE R. LIVINGSTONE-LEARMONTH, Esq.

HEAD OFFICE:

71, Cornhill, London, E.C.3.

Manager:—W. A. LAING. Assistant Manager:—G. S. GODDEN.

Secretary:—F. H. MCINTYRE.

BRANCHES THROUGHOUT AUSTRALIA AND NEW ZEALAND, viz.:

In VICTORIA ... 51
" SOUTH AUSTRALIA ... 15
" NEW SOUTH WALES ... 18
" WESTERN AUSTRALIA ... 24
" QUEENSLAND ... 18
" TASMANIA ... 4
" NEW ZEALAND ... 37

Total 211

Drafts upon the Branches are issued by Head Office, and may be obtained from the Bank's Agents throughout England, Scotland and Ireland.

Commercial and Circular Travelling Credits issued—available throughout the World.

Telegraphic Remittances are also made. Bills on the Australian States and Dominion of New Zealand are purchased or sent for collection.

Deposits are received at Head Office at rates of interest and for periods which may be ascertained on application.

BANK OF ATHENS

Head Office: ATHENS.

(Incorporated in Greece with Limited Liability.)

Paid-up Capital and Reserves,
Drs. 327,000,000

With offices in all the principal towns in Greece, Egypt and Cyprus, the Bank extends Facilities for Export and Import Trade between Great Britain and the Near East generally.

ENQUIRIES INVITED.

NEW YORK:

Bank of Athens Trust Company, 205 West 33rd Street.

BOSTON:

Athens Bankers' Corporation, 320 Tremont Street.

LONDON: 22 FENCHURCH STREET, E.C.3

CHICAGO:

Mr. J. Kokinatos, Representative,
33 South Clark Street.

The report for the year ended September 30, 1931, states that in view of the prevailing situation the directors have augmented the contingency reserve by a transfer from the published reserve of £1,500,000 to provide for depreciation in capital employed abroad, all bad and doubtful debts, and possible future contingencies. The profit for the year, after deducting all expenses and charges other than bad and doubtful debts, which have been provided for out of contingency reserve, amounts to £331,898, to which has to be added £181,445 brought forward from last year, making a total of £513,343. The interim dividend of 3 per cent., paid in June last, amounted to £106,200. From the unappropriated balance, viz., £407,143, the directors recommend the following distribution: To final dividend of 2 per cent., payable December 21, 1931, making 5 per cent. for the year, subject to income tax, £70,800; to contingency reserve, £150,000; to profit and loss carried forward, £186,343.

BANK OF ROUMANIA, LIMITED.

BALANCE SHEET—December 31, 1930.

LIABILITIES.	£	ASSETS.	£
Capital.....	500,000	Cash in hand and at bankers, London.....	18,639
Reserve account, old, £19,693; new, £60,307; less transfers to profit and loss account, £50,000.....	30,000	British Treasury Bills.....	50,000
Current accounts, sight drafts, balance of contingency account, etc.—Sterling.....	139,875	Investments (at market value), £99,428; Lei 2,085,800 at 817 per £, £2,553.....	101,981
Current accounts, sight drafts, etc.—Lei 251,137,664 at 817 per £.....	307,390	Subsidiary companies—Investments, £12,755; Lei 400,000 at 817 per £, £490.....	13,245
Subsidiary companies current accounts.....	2,293	Bills receivable, loans, current accounts, etc.—Sterling.....	91,413
		Bills receivable, loans, current accounts, etc.—Lei 205,544,046 at 817 per £.....	251,584
		Cash in hand and at bankers, Bucarest—Lei 55,219,546 at 817 per £.....	67,588
		Property account at cost, less depreciation—Lei 2,702,820 at 817 per £.....	3,308
		Furniture at cost, less amounts written off.....	1,800
	779,558		779,558

PROFIT AND LOSS ACCOUNT.

Dr.	£	Cr.	£
Provision for depreciation of investments, doubtful debts and contingencies	55,743	Balance after charging current expenses, income tax, &c.	5,743
		Transfer from reserve	50,000
	<u>55,743</u>		<u>55,743</u>

Provision has been made in the books of the bank for a subsidiary company's loss of £19, and no profit of the other subsidiary company has been brought into these accounts.

THE BANK OF TAIWAN, LIMITED.

BALANCE SHEET—December 31, 1931.

LIABILITIES.	Yen.	ASSETS.	Yen.
Capital subscribed.....	15,000,000	Cash account—	
Reserve funds.....	1,214,000	In hand.....	5,980,747
Notes in circulation.....	44,419,504	At banks.....	8,941,978
Deposits, &c.....	236,425,814	Bullion.....	12,057,392
Bills payable.....	54,731,963	Bills discounted, loans, &c.....	262,343,957
Bills rediscounted.....	85,458,212	Interest bills, bills bought and export advances.....	50,948,889
Acceptances and guarantees, &c.....	6,636,390	Acceptances and guarantees, as per contra, &c.....	6,636,390
Due to correspondents.....	1,809,525	Government bonds, &c.....	87,243,743
Dividends unclaimed.....	33,116	Due from correspondents.....	1,081,612
Profit and loss account—Brought forward from previous term, Yen 61,016; profit for current term, Yen 334,449.....	397,465	Bank premises and real estate, &c.....	8,730,281
	445,825,989	Capital uncalled.....	1,875,000
			445,825,989

PROFIT AND LOSS ACCOUNT.

Dr.	Yen.	Cr.	Yen.
Current expenses, interest, &c.	27,898,148	Balance brought forward	
Reserve funds	330,000	from last account.....	61,016
Balance carried forward to		Amount of gross profits for	
next account.....	67,465	the half-year ending Decem-	
		ber 31, 1931	26,234,597
	28,295,613		28,295,613

BANQUE BELGE POUR L'ÉTRANGER, S.A.

BALANCE SHEET—June 30, 1931.

LIABILITIES.	Frs.	ASSETS.	Frs.
Capital: 280,131 shares of Frs. 500 each, fully paid, Frs. 144,565,500; 60,869 shares of Frs. 500 each, 25% paid, Frs. 7,608,625; 250,000 shares of Frs. 100 each, 25% paid, Frs. 6,250,000.....	158,424,125	Shareholders' liability.....	11,379,938
Reserves.....	130,000,000	Cash in hand and with bankers.....	691,324,213
Sundry creditors.....	3,861,760,493	Bills receivable.....	1,382,379,030
Note issue in China.....	4,296,563	Sundry debtors.....	1,625,446,169
Bonds.....	4,500,000	Investments at or under market value.....	253,618,801
Acceptances.....	672,000,311	Shares in allied and affiliated banks.....	142,962,844
Profit and loss.....	24,693,309	Financial participations.....	39,923,530
		Shares in subsidiary company—Bishopsgate Estates, Ltd., 1,000 shares of £1 each at cost.....	175,000
		Balances in account with subsidiary company.....	28,093,435
		Bank premises at cost, less proceeds of sales and amounts written off.....	8,371,490
		Liability of customers on acceptances.....	672,000,311
	4,855,674,761		4,855,674,761

Sundry accounts (Comptes d'ordre), per contra..... 7,868,824,160
Directors' remuneration amounted to Frs. 1,264,484-84. Profit of Subsidiary Company has not been brought into this account, undistributed balance of such has been carried forward in the accounts of the said Company.

According to the report for the year ended June 30, 1931, the net profit of the business year amounts to Frs. 23,098,594; add balance brought forward from the previous year, Frs. 1,594,715—Frs. 24,693,309. Appropriations: Provision for taxes, Frs. 1,500,000; dividend at the rate of 8 per cent. (Belgian tax free), Frs. 12,673,930; directors' and auditors' fees, Frs. 1,337,534; leaving a balance forward of Frs. 9,181,845.

BANQUE COMMERCIALE DU CONGO.

BALANCE SHEET—June 30, 1931.

LIABILITIES.	Francs.	ASSETS.	Francs.
Capital.....	25,000,000	Property and premises.....	3,495,000
Reserves.....	15,000,000	Furniture and fixtures.....	288,000
Dividend due.....	3,012,048	Cash in hand and at bank.....	23,763,473
Sundry creditors.....	117,411,326	Government securities.....	59,337,000
Advances against securities.....	1,010,034	Sundry debtors.....	51,679,765
Bills payable.....	7,724,789	Bills receivable.....	13,475,157
Balance of profit and loss.....	6,364	Investments.....	10,524,166
		Liabilities of customers for acceptances.....	6,602,000
	169,164,561		169,164,561

BANQUE DU CONGO BELGE.

BALANCE SHEET—June 30, 1931.

LIABILITIES.	Francs.	ASSETS.	Francs.
Capital.....	20,000,000	Property and premises.....	8,500,000
Reserves.....	47,300,000	Furniture and fixtures.....	1,200,000
Notes.....	164,983,424	Gold and gold exchange.....	80,017,723
Due to Colonial Treasury.....	2,001,837	Cash in hand and at bank.....	459,159,002
Dividend due.....	2,409,639	Government securities.....	58,815,526
Creditors.....	640,562,367	Bills receivable.....	196,018,489
Bills payable.....	14,577,725	Sundry debtors.....	86,143,419
Profit and loss.....	19,137		
	891,854,129		891,854,129

BRITISH BANK FOR FOREIGN TRADE, LIMITED.

BALANCE SHEET—April 30, 1931.

LIABILITIES.	£	ASSETS.	£
Capital—Issued, 340,000 shares of £1 each.....	340,000	Cash in hand, at bankers in London and abroad.....	21
Current, deposit and other accounts, including loans and deposits against security, £156,215.....	348,749	Premises account at written down value.....	46,000
Investment depreciation reserve.....	42,031	Investments—at cost.....	43,641
		Loans and advances (less reserve).....	533,633
		Subsidiary company—Shares, at cost, £5,923; advances against security, £72,001.....	77,924
		Profit and loss account—Loss for year now ended, £30,860; deduct balance at April 30, 1930, £1,299.....	29,561
	730,780		730,780

BRITISH AND CONTINENTAL BANKING COMPANY LIMITED.

BALANCE SHEET—September 30, 1931.

LIABILITIES.	£	ASSETS.	£
Paid-up capital—34,211 shares of £10 each, fully paid.....	342,110	Cash in hand and at bankers, and money at call and at short notice in London and abroad.....	78,457
Reserve account.....	60,000	In London.....	293,050
Current accounts—Sterling.....	221,906	Abroad.....	139,258
Foreign currencies.....	19,297	Treasury bills and other bills discounted.....	66,009
Deposit and other accounts—Sterling.....	83,611	Investments (valued at prices current on September 30, 1931).....	195,762
Foreign currencies.....	52,673	Deposits abroad, advances to customers and other accounts.....	12,956
NOTE.—Contingent Liabilities in respect of bills re-discounted, not matured at September 30, 1931, amounted to £22,686, and in respect of partly paid shares to French francs 11,250.....		Profit and loss account—Net loss for year ended September 30, 1931, £15,678, less balance at September 30, 1930, £2,722.....	787,492
	787,492		787,492

THE BRITISH BANK OF SOUTH AMERICA, LIMITED.

BALANCE SHEET—December 31, 1930.

LIABILITIES.	£	ASSETS.	£
Capital issued: 100,000 shares of £20 each, £10 paid.....	1,000,000	Cash in hand and at bankers.....	2,357,868
Reserve, as per balance sheet of December 31, 1929.....	1,000,000	Cash on deposit account dissentient shareholders.....	2,157
Amount due on current and deposit accounts.....	4,363,677	Bills receivable in hand.....	1,031,359
Dissentient shareholders' account.....	2,157	Investments.....	162,477
Bills payable.....	3,961	Other accounts.....	4,115,642
Other accounts.....	1,756,733	Balance in account with subsidiary company.....	28,781
Bills for collection.....	1,038,756	Shares in subsidiary company at cost.....	1,999
Profit and loss account, as per statement below.....	148,760	Freehold and leasehold premises and furniture at cost, less amounts written off.....	576,605
		Bills for collection as per contra.....	1,034,756
	9,314,044		9,314,044

PROFIT AND LOSS ACCOUNT.

£	CR.	£
General charges at head office and the branches, including Government taxes in Brazil, &c.....		Balance from last account
Directors' remuneration.....	195,820	Gross profits, after allowing for rebate of interest on current bills and drafts, interest on deposits, and after making ample provision for bad and doubtful debts and contingencies.....
Dividend on account for the half-year ended June 30, 1930.....	6,145	
Balance carried down	50,000	
	148,760	
	400,725	

BANKING

SERVICE

ASSOCIATED WITH THE
ROYAL BANK OF SCOTLAND

Developed to meet modern conditions, the services available at Williams Deacon's Bank Ltd. cover every reasonable requirement in reference to financial and commercial problems.

Up-to-date reports and memoranda are readily prepared, and information can also be supplied relative to the financial standing of individuals, firms or companies in any part of the world.

WILLIAMS DEACON'S BANK LTD.

PRINCIPAL LONDON OFFICES: 20, BIRCHIN LANE, E.C.3, and 9, PALL MALL, S.W.1.
PRINCIPAL MANCHESTER OFFICES: MOSLEY STREET and ST. ANN STREET.

Offices throughout London, Lancashire, Yorkshire, Cheshire, Derbyshire, Staffordshire and North Wales.

PANSTWOWY BANK ROLNY
(THE STATE LAND BANK).

Head Office: 50, Nowogrodzka str., WARSAW.
Branches throughout Poland.

Telegraphic Address: "Centropobrol."

Capital paid up - - - Zlotys 130,000,000
(over £3,000,000)

THE STATE LAND BANK
promotes the rural economic development;

Supplies to the rural holdings long-term credit for agricultural investments and improvements, as well as short-term credit for turnover.

The State Land Bank transacts banking business of every description. The 7 per cent. Mortgage Bonds and Debenture Bonds of the State Land Bank are expressed in gold zlotys and in foreign currencies, are secured by the total assets of the Bank, by land mortgage, and the payment of principal and interests is secured by the joint guarantee of the State Treasury.

STOCKHOLMS ENSKILDA BANK

BANK WITH UNLIMITED LIABILITY.
Established in 1856.

TELEGRAPHIC ADDRESS:
NITTON-STOCKHOLM.

STOCKHOLM.

HEAD OFFICE:
STOCKHOLM 16

CAPITAL AND RESERVES - - - Kr. 110,000,000:—

Banking and Exchange Business of every description.
Bills negotiated or forwarded for Collection.
Letters of Credit issued available in the principal Cities of the World.
Remittances made by Telegraphic Transfer.
Deposits received for fixed periods or at notice.

LONDON AGENTS:

WESTMINSTER BANK LIMITED, LOTHBURY, E.C.; HAMBROS BANK LIMITED; FREDK. HUTH & CO.

The report for the financial year ended December 31st last states that the gross profits, after allowing for rebate of interest on current bills and drafts, for interest on deposits, and after making ample provision for bad and doubtful debts and contingencies, amount to £292,100; this, with the balance of £108,625 brought forward from the previous year, makes £400,725. After deducting all charges at the head office and branches, including directors' remuneration, government taxes in Brazil, &c., amounting to £201,965, there remains £198,760 available. A dividend on account of 10s. per share, amounting to £50,000, was paid in September, 1930, and it is recommended that a further dividend of 6s. per share, amounting to £30,000, be declared, making, for the year, a distribution of 16s. per share, or 8 per cent., subject to income tax, on the paid-up capital of the bank of £1,000,000. After making this transfer and paying this dividend, there will remain the sum of £118,760, which the directors propose to carry forward.

THE BRITISH OVERSEAS BANK, LIMITED.

BALANCE SHEET—October 31, 1931.

LIABILITIES.	£	ASSETS.	£
Capital subscribed and paid in full:		Cash in hand and at bankers...	196,844
200,000 "A" ordinary shares of £5 each	1,000,000	Money at call and short notice	1,266,850
200,000 "B" ordinary shares of £5 each	1,000,000	Balances with bankers abroad	201,258
Current, deposit and other accounts, including provision for contingencies, depreciation on investments and for bad and doubtful debts, and \$363,117 secured	3,046,880	Bills discounted	205,056
Amounts owing to subsidiary companies	100	Government securities	469,628
Reserve fund	225,000	Investments in subsidiary companies	56,925
Acceptances, &c., for account of customers (per contra)...	4,277,291	Other investments, including shareholding interests in foreign banks	565,727
Balance of profit and loss account	59,707	Bankers Industrial Development Co., Ltd., one "A" ordinary share of £100,000, £100 paid	100
NOTES.—(1) Contingent liability on account of endorsements on bills discounted, £1,254,673.		Advances to customers and other accounts	1,981,370
(2) "Advances to customers" and "Liability of customers for acceptances" include the balances which come under European "Standstill" agreements.		Amounts owing from subsidiary companies	52,192
		Liability of customers for acceptances, &c. (per contra)...	4,277,291
		Bank premises—freehold at cost—less amounts written off	335,737
			9,608,978

PROFIT AND LOSS ACCOUNT.

Dr.	£	Cr.	£
Interim dividend on the "A" ordinary shares at the rate of 6 per cent. per annum, and income tax thereon	30,000	Balance brought forward	73,577
Final dividend on the "A" ordinary shares at the rate of 6 per cent. per annum, and income tax thereon	30,000	Profit, after allowing rebate of interest and providing for all bad and doubtful debts (other than provided for out of contingencies account), and income tax, for the year ended October 31, 1931, £174,531; less directors' fees, £8,401	166,130
Dividend on the "B" ordinary shares at the rate of 2 per cent. per annum, and income tax thereon	20,000		
Contingencies account	100,000		
Balance carried to balance sheet	59,707		
	239,707		239,707

THE CHASE NATIONAL BANK.

BALANCE SHEET—March 31, 1932.

LIABILITIES.	\$	ASSETS.	\$
Capital	148,000,000	Cash and due from banks...	327,674,097
Surplus	124,000,000	United States Government securities	176,552,988
Undivided profits	20,789,412	Short term municipal securities maturing within two years	11,906,733
Reserve for taxes, interest, contingencies, &c.	28,649,854	Other State and municipal securities	7,011,194
Dividend payable April 1, 1932	5,550,000	Federal Reserve Bank stock	39,174,487
Deposits	1,328,736,789	Other bonds and securities	8,160,000
Circulating notes	16,132,150	Loans and Discounts	1,025,865,725
Acceptances, \$149,987,023; less amount in portfolio, \$3,375,280	146,611,742	Real estate	33,754,507
Liability as endorser on acceptances and foreign bills	35,027,928	Redemption fund—United States treasurer	809,632
Other liabilities	13,190,319	Customers' acceptance liability, \$141,157,157; less amount in portfolio, \$3,375,280	137,781,877
	1,866,688,194	Other assets	11,813,049
			1,866,688,194

CITY BANK FARMERS TRUST COMPANY.

BALANCE SHEET—December 31, 1931.

LIABILITIES.	\$	ASSETS.	\$
Capital	10,000,000	Cash on hand and due from banks and bankers	20,153,106
Surplus	10,000,000	Loans and other secured advances	13,300,245
Undivided profits	941,670	United States Government bonds	7,254,439
Reserves	2,669,116	Other bonds, mortgages and securities	20,651,184
Deposits	46,830,430	Bank premises	5,521,375
		Other assets	3,560,867
	70,441,216		70,441,216

COMMERCIAL BANK OF THE NEAR EAST, LIMITED.

The following is a statement of the profits for the year 1931: Net profit for the year, £9,893; add balance brought forward from the year ended December 31, 1930, £389—

£10,282; deduct interim dividend at 5 per cent. per annum, less income tax, for the half-year ended June 30, 1931, £3,875—£6,387. From this amount the directors have transferred to reserve fund, including the 5 per cent. required by the articles of association, £6,300, leaving a balance of £87.

BALANCE SHEET—December 31, 1931.

LIABILITIES.	£	ASSETS.	£
Share capital issued and fully paid: 40,000 shares of £5 each	200,000	Cash in hand and at London bankers	27,299
Reserve fund as at December 31, 1930, £15,500; add transfer from profit and loss account, £6,300; total applied against value of investments, per contra, £21,800	148,523	Money at call	20,000
Current, deposit and other accounts	432,335	Remittances in transit	1,030
Bills for collection, per contra	148,523	Balances with foreign bankers and correspondents	66,518
Acceptances, endorsements, &c., on behalf of customers	52,570	Treasury bills	125,000
Profit and loss account—Balance brought forward as at December 31, 1930, £369; add profit for year to date, £9,893—£10,262; less interim dividend at 5% per annum, less tax, paid for half-year to June 30, 1931, £3,875—£6,387; less transferred to reserve fund, £6,300	87	Bills discounted (including British Government securities, £35,004; foreign government securities, £69,177; bonds and shares of foreign banks, £21,463; securities held by branches, £16,234—£141,878; less reserve fund applied to reduce total to estimated market value at date, £21,800—	120,078
Contingent liability on bills re-discounted £5,029 which has since run off		Advances to customers and other accounts	206,277
		Bills for collection (including £50,000 Treasury bills)	148,523
	833,515	Liability of customers for acceptances, endorsements, &c., per contra	52,570
		Furniture and fittings (at cost less amounts written off)	1,743
			833,515

THOS. COOK & SON (BANKERS), LIMITED.

BALANCE SHEET—October 31, 1931.

LIABILITIES.	£	ASSETS.	£
Capital issued, 250,000 shares of £1 each, 10s. paid	125,000	Cash in hand and balances with bankers	398,136
Reserve fund	125,000	Currencies in hand	22,229
Current, deposit and other accounts, including liability on travellers' cheques, letters of credit, and drafts sold; rebate on bills not due, provision for bad and doubtful debts, investment reserve, contingencies, etc., and the balance of profit and loss account	2,623,860	Remittances in transit	345,486
Liability to customers on account of engagements, &c., as per contra	13,580	Money at call and short notice	120,000
	2,887,440	Bills discounted—	
		British Government Treasury bills	535,000
		Indian Government Treasury bills	541,875
		Bank and other acceptances	1,751
		Investments (at below market value, depreciation having been provided out of the year's profits)—	
		British Government securities	473,247
		Corporation and county stocks (Great Britain)	6,341
		Indian and Colonial Government securities	50,417
		U.S.A. Government and other securities	4,922
		Advances to customers and other accounts	85,212
		Bank premises and furniture, at cost less amounts written off	224,551
		Liability of customers for engagements, &c., as per contra	64,693
			13,580
	2,887,440		2,887,440

THE COMMERCIAL NATIONAL BANK AND TRUST COMPANY OF NEW YORK.

BALANCE SHEET—March 31, 1932.

LIABILITIES.	\$	ASSETS.	\$
Capital	7,000,000	Cash on hand, in Federal Reserve Bank and due from banks and bankers	15,221,164
Surplus and undivided profits	9,330,662	United States Government securities	19,059,916
Reserve for taxes, interest, &c.	1,464,310	Other bonds	4,480,764
Dividend payable, April 1, 1932	140,000	Federal Reserve Bank stock	480,000
Acceptances	6,783,541	Loans and discounts	41,290,888
Liability as endorser on acceptances of other banks and bills of exchange	1,535,488	Customers' liability on acceptances (exclusive of acceptances discounted and anti-dicipations)	6,556,542
Other liabilities	1,782,825	Acceptances of other banks and bills of exchange sold with our endorsement	1,535,488
Deposits	61,444,525	Interest accrued and other assets	886,589
	89,481,351		89,481,351

COMMERCIAL BANK OF SPANISH AMERICA, LIMITED.

BALANCE SHEET—June 30, 1931.

LIABILITIES.	£	ASSETS.	£
Capital issued, 500,000 shares of £1 each, fully paid	500,000	Cash at bankers and in hand	504,031
Sight drafts	285	Advances, &c.	12,739
Bills for collection	64,941	Bank premises	173
Current, deposit and other accounts (including balance of profit and loss account)	16,829	Bills for collection, per contra	64,941
	582,055	Bills receivable	171
			582,055

CRÉDIT LYONNAIS.

BALANCE SHEET—February 29, 1932.

LIABILITIES.	France.	ASSETS.	France.
Deposits at call	5,556,461,742	Cash in hand and at banks	5,259,433,261
Current accounts	8,447,434,757	Bills discounted & French Treasury bills	6,884,958,487
Accounts payable after collection	244,927,324	Loans and advances	310,732,157
Acceptances	169,118,459	Current accounts	3,595,339,186
Deposits for fixed periods	366,463,090	Investments	4,632,800
Sundry liabilities	233,673,243	Sundries	146,226,846
Profit and loss	10,244,122	Premises	35,000,000
Reserve fund	800,000,000		
Capital fully paid	408,000,000		
	16,236,322,737		16,236,322,737

COMPTOIR NATIONAL D'ESCOMPTE DE PARIS.

BALANCE SHEET—March 31, 1931.

LIABILITIES.	Fr.	ASSETS.	Fr.
Current and deposit accounts	9,020,173,906	Cash in hand and at bank	900,981,471
Fixed deposits	133,547,280	Bills of exchange discounted	5,131,416,571
Acceptances	246,895,980	Treasury bills	2,171,471,232
Sundry accounts	138,438,709	Credit balances with banking correspondents	384,970,246
Shareholders' account	23,213,678	Advances against collateral	7,652,412
Reserves	433,585,159	Investments	16,978,000
Capital	400,000,000	Branches abroad	1,445,214,955
	10,395,854,712	Current accounts	246,808,525
		Liability of customers on acceptances	75,361,300
		Sundry accounts	15,000,000
		Bank premises	15,000,000
			10,395,854,712

CREDIT FONCIER D'ALGERIE ET DE TUNISIE.

BALANCE SHEET—December 31, 1930.

LIABILITIES.	France.	ASSETS.	France.
Capital	150,000,000	Cash	99,209,059
Reserves	30,099,667	Bills	1,481,531,063
Superannuation fund	410,000	Correspondents	112,473,654
Credit Foncier de France	245,262,355	Investments	57,161,480
Credit Foncier d'Algérie	19,212,750	Premises, &c.	52,209,308
Caisse Hypoth. d'Egypte	30,000,000	Caisse de Prêts Immobilier de Maroc	2,083,333
Deposits and deposit accts.	1,461,213,064	Credit Foncier de France	245,262,355
Currents	561,684,394	Credit Foncier d'Algérie	43,451,040
Correspondents & creditors	148,906,090	Advances against securities	134,662,593
Acceptances, &c.	25,423,714	Current accounts	383,245,460
Sundry accounts	3,876,066	Syndicates	50,468,517
Dividends payable	9,391,775	Cover for acceptances	16,434,111
Profit and loss	712,098		2,678,191,973
	2,678,191,973		2,678,191,973

CREDITO ITALIANO.

The directors proposed the following distribution of the net profit for the year, which amounted to Lire 34,068,869:— Three per cent. to the board of directors, Lire 1,022,066; brought forward from 1930, Lire 13,888,382; to shareholders' dividend 6 per cent., Lire 30,000,000; balance carried forward, Lire 16,935,185.

BALANCE SHEET—December 31, 1931.

LIABILITIES.	Lire.	ASSETS.	Lire.
Capital	500,000,000	Cash and balances at call	383,158,121
Reserve fund	300,000,000	with banks	
Deposits and savings accounts	1,140,188,624	Bills receivable on Italy, England and other countries	4,031,229,736
Current accounts	5,324,674,020	Loans against collateral securities	392,959,811
Acceptances on account of customers	176,425,118	Current accounts	1,909,573,061
Cheques outstanding	181,843,218	Liabilities of customers for acceptances	176,425,118
Sundry creditors	72,685,375	Investments—	
Guarantees on account of customers	393,020,307	Government securities	379,543,592
Rebate on bills receivable	21,317,343	and debentures	33,600,896
Balance brought forward from 1930	13,888,382	Insurance companies, &c.	147,008,580
Net profit	34,068,869	Shares in other banks	12,500,000
Clerks' provident fund	56,880,272	Freehold bank premises	299,092,034
Collateral securities	10,821,815	Sundry debtors	393,020,307
Safe custody securities	7,379,584,040	Liabilities of customers for guarantees	
		Clerks' provident fund, collateral and safe custody securities, as per contra	7,447,286,127
	15,605,397,383		15,605,397,383

* Excluding premises of the late Banca Nazionale di Credito.



NATIONAL BANK OF GREECE

Established in 1841.

Capital paid-up and Reserves Drs. 1,205,000,000. —
Deposits (31 Dec. 1931) - 7,709,000,000. —
Total Resources (31 Dec. 1931) - 9,470,000,000. —

HEAD OFFICE IN ATHENS.

Branches throughout Greece.

New York Agency: 51 MAIDEN LANE. Affiliated Institution in New York: Hellenic Bank Trust Company, 51 Maiden Lane. Correspondents in all parts of the world.

COMPLETE INTERNATIONAL BANKING SERVICE OF EVERY DESCRIPTION.

THE SUMITOMO BANK, LIMITED

(INCORPORATED IN JAPAN).

Head Office: OSAKA, JAPAN.

Capital Subscribed - - - - Yen 70,000,000.00
Capital Paid-up - - - - Yen 50,000,000.00
Reserve Fund - - - - Yen 26,680,000.00

HOME OFFICES:—Fukuoka (2), Hiroshima (3), Kobe (3), Kokura, Kumamoto, Kure, Kurume (2), Kyoto (8), Moji, Nagoya (2), Niihama, Okayama, Onomichi, Osaka (27), Shimonoeki, Tokyo (19), Wakamatsu, Wakayama, Yanai and Yokohama.
OFFICES IN PACIFIC LINES:—M.S. "Asama Maru," M.S. "Chichibu Maru" and M.S. "Tateyama Maru."

Correspondents in all important places at Home and Abroad.

GENERAL BANKING AND EXCHANGE BUSINESS.

London Office: 67, BISHOPSGATE, E.C.2.

Telephone: London Wall 1511 and 1512.

Cable Address: "Sumitbank, London."

NATIONAL BANK OF EGYPT

INCORPORATED IN EGYPT. LIABILITY OF MEMBERS IS LIMITED.

Head Office - - - - CAIRO.

FULLY PAID CAPITAL - - - - £3,000,000
RESERVE FUND - - - - £3,000,000

LONDON AGENCY:

6 & 7, KING WILLIAM STREET, E.C.4.

Branches in all the Principal Towns in EGYPT and the SUDAN.

GUARANTY TRUST COMPANY OF NEW YORK.

BALANCE SHEET—March 28, 1932.

LIABILITIES.		ASSETS.	
Capital	90,000,000	Cash on hand, in Federal Reserve Bank, and due from banks and bankers	171,738,704
Surplus funds	170,000,000	U.S. Government bonds and certificates	285,767,079
Undivided profits	24,963,384	Public securities	38,142,829
Accrued dividend	4,350,000	Stock of the Federal Reserve Bank	7,800,000
Accrued interest, miscellaneous accounts payable, reserve for taxes, &c.	8,585,075	Other securities	21,572,323
Acceptances	81,672,151	Loans and bills purchased	641,634,028
Liability as endorser on acceptances and foreign bills	4,898,416	Real estate bonds and mortgages	2,029,649
Deposits	881,731,659	Items in transit with foreign branches	3,301,060
Outstanding checks	11,199,989	Credits granted on acceptances	81,672,151
		Bank buildings	14,497,506
		Accrued interest and accounts receivable	9,245,345
			1,277,400,674

HAMBROS BANK, LIMITED.

According to the report submitted at the general meeting on May 28, 1931, after payment of all expenses, making provision for rebate on bills discounted, bad and doubtful debts, and income tax, the accounts show a profit of £810,303. Deducting the directors' remuneration of £15,182 and adding the balance brought forward from last year of £91,792, there remains an available total of £386,913. After setting aside £100,000 to contingency reserve account and allowing the sum of £58,125 for the interim dividend on the £10 shares and £9,300 for the interim dividend on the £1 "A" shares paid on October 29, 1930, the directors now recommend the payment of a further dividend of 15 per cent., less income tax, on the £10 shares, making a total of 22½ per cent. for the year, less income tax, and a further dividend of 3 per cent., less income tax, on the £1 "A" shares, making a total of 6 per cent. for the year, less income tax, and that the balance of £93,938 be carried forward.

BALANCE SHEET—March 31, 1931.

LIABILITIES.		ASSETS.	
Capital—£2 10s. per share on 400,000 shares of £10 each, £1,000,000; £1 per share on 400,000 "A" shares of £1 each, £400,000	1,400,000	Cash in hand, at bankers and at call	7,456,034
Reserve	1,050,000	Bills of exchange	3,987,264
Profit and loss account	219,488	Investments: Valued at or below prices current at March 31, 1931: British Government securities, £3,136,039; other investments, £1,011,319	4,147,358
Current, deposit and other accounts (including reserve for contingencies)	18,350,652	Hambros Bank (Nominees) Ltd., shares at cost	98
Hambros Bank (Nominees) Ltd., current account	26,115	Loans, advances and other accounts	5,002,014
Acceptances	10,988,551	Liabilities of customers for acceptances as per contra	10,988,551
Memorandum: Contingent liability as endorser of bills discounted, £2,322,106, and on guarantees given covered by counter guarantees or securities, £1,109,692.		Bank premises, at cost, less amounts written off	453,487
	32,034,806		32,034,806

PROFIT AND LOSS ACCOUNT.

DR.		CR.	
Interim dividend of 7½% less income tax, on £10 shares	58,125	Balance brought forward from last account	91,792
Interim dividend of 3% less income tax, on £1 "A" shares	9,300	Net profit for the year	310,303
Directors' remuneration	15,182		
To contingency reserve account	100,000		
Balance carried to balance sheet	219,488		
	402,095		402,095

HONGKONG AND SHANGHAI BANKING CORPORATION.

BALANCE SHEET—December 31, 1931.

LIABILITIES.		ASSETS.	
Issued and paid-up capital—160,000 shares of £125 each	1,437,500	Cash (including \$57,500,000 coin lodged with the Hongkong Government and \$6,700,000 coin lodged with H.K.M. Consul-General, Shanghai, against authorized and/or excess note circulation)	10,188,904
Reserve liability of proprietors: \$125 per share on 160,000 shares issued, \$20,000,000.		Bullion in hand and in transit (including \$47,400,000 bullion lodged with Hongkong Government against authorized and/or excess note circulation)	5,221,591
Sterling reserve	6,500,000	British Government, Indian, Colonial and other securities	17,553,860
Silver reserve	718,750	Bills discounted, loans and credits	31,070,580
Notes in circulation (authorized and additional issue against securities, bullion, and coin amounting to \$151,819,589, deposited with the Crown Agents for the Colonies, their trustees, and the Hongkong Government)	9,288,789	Bills receivable and balance of remittances and drafts in transit	9,939,863
Current accounts	40,108,025	Liabilities of constituents for acceptances, per contra	78,395
Fixed deposits	15,485,950	Bank premises	1,409,488
Bills payable (including call loans and short sight drawings on London office and drafts on London bankers)	1,083,413		
Acceptances on account	78,395		
Profit and loss account	761,859		
Liability on bills of exchange re-discounted, £1,864,778, of which £1,697,469 have since run off.			
	75,462,681		75,462,681

Sterling exchange taken at 1s. 5d.

PROFIT AND LOSS ACCOUNT.

DR.		CR.	
Interim dividend—Paid on August 10, 1931, of £3 per share on 160,000 shares, £480,000 at 1s. 6d.	9,216,000	Balance of undivided profits, December 31, 1930	3,429,094
Remuneration to directors—£5,000	5,000	Amount of net profits for the year ending December 31, 1931, after making provision for bad and doubtful debts and contingencies, deducting all expenses and interest paid and due	16,469,461
Balance to be appropriated—Final dividend of £3 per share on 160,000 shares, £480,000, at 1s. 6d.	6,678,261		
Transfer to bank premises account	500,000		
Balance forward to next year	3,421,511		
	19,898,555		19,898,555

THE IMPERIAL BANK OF PERSIA.

According to the directors' report, the profits for the year ended March 20, after making provision for expenses of management, general charges in London and at chief office and branches, income tax, royalty, and bad and doubtful debts, amount to £93,013, to which has to be added £44,880 brought forward from last account, making a total of £137,893. The assets and liabilities of the branches in Persia have been converted at the rate of the exchange of 89½ Krans. per £ sterling, being the rate on March 20, 1931, as fixed by the Control Commission appointed by the Persian Government. The rate last year was Krans. 59½. The directors now recommend payment of a final dividend of 7s. per share, and a bonus of 2s. per share, making, with the interim dividend of 4s. per share, a total for the year of 13s., free of income tax. It is also proposed to add £20,000 to reserve, which is thereby increased to £870,000; to write off bank premises £10,000, and to carry forward £42,893.

BALANCE SHEET—March 20, 1931.

LIABILITIES.		ASSETS.	
Capital—99,800 ordinary shares of £6 10s.; 200 founders' shares of £6 10s.	650,000	Cash in hand, at bankers, and in transit and money at call and short notice, and bullion	3,030,434
Amount received from the Persian Government for surrender of note issue	200,000	Investments in British Government and other securities taken at or under prices ruling at March 20, 1931	3,306,309
Reserve account	670,000	Bills discounted, loans and advances, past due bills, adjustments, and sums due from other banks	1,010,265
Notes in circulation	1,681,761	Bills receivable	532,154
Deposits	2,895,227	Liability of customers for acceptances, &c., on behalf of customers	103,937
Bills payable, endorsements, adjustments, and sums due to other banks	1,697,244	Bank premises, furniture and stationery	2,963
Acceptances, &c., on behalf of customers	87,937		
Profit and loss account	103,937		
	7,986,062		7,986,062

* This includes £44,173 4s. 2d. value of funding loan deposited at Bank of England under Government regulations.

IONIAN BANK, LIMITED.

BALANCE SHEET—August 31, 1931.

LIABILITIES.		ASSETS.	
Issued capital—120,000 shares of £5 each, fully paid	600,000	Cash in hand, at bankers and in transit—London, £196,091; branches, £280,055	476,146
Reserve fund, £225,000; less transfer to investments reserve, £75,000; transfer to profit and loss account, £50,000—£125,000	100,000	Balances with banking correspondents, including remittances in transit	138,348
Investments reserve	100,000	Investments—British Government securities, £718,967; British Dominions and foreign Government securities and other investments, £537,491	1,256,458
Current and deposit accounts	4,413,070	Bills receivable	517,638
Bills payable	94,903	Loans and advances	1,987,785
Outstanding advances, exchange contracts, letters of credit, unclaimed dividends and reserves for taxation, pensions and contingencies	452,846	Outstanding advances, exchange contracts, expenses prepaid, and goods under realization	174,123
Liabilities for acceptances on account of customers	121,622	Liabilities of customers for acceptances	121,622
Rebate on bills discounted not due	5,200	Mortgaged property in possession, at or below valuation	13,447
Profit and loss—balance of account as below	20,703	Bank premises, including installations, at cost, less amounts written off	222,878
	4,908,344		4,908,344

PROFIT AND LOSS ACCOUNT.

DR.		CR.	
Charges of management for the period	177,543	Gross profits, before providing for bad and doubtful debts	355,767
Directors' fees and remuneration for special services, including tax thereon	3,835		
Interest on current and deposit accounts	127,275		
Balance carried down	47,114		
	355,767		355,767
Provision for bad and doubtful debts	105,000	Balance brought down	47,114
Dividend at 2s. per share, subject to income tax at 5s. in the £, payable on December 31, 1931, £12,000; balance carried forward, £8,703	20,703	Balance brought forward from last account	28,589
	125,703		125,703

ITALO-BELGIAN BANK.

The report for the year ended June 30, 1931, stated that the profits amount to Frs. 16,007,676, to which has to be added the amount carried forward from the previous year, Frs. 4,961,465—Frs. 20,969,141. The directors proposed to

distribute the profits as follows:—Dividend, Frs. 50 per share, Frs. 10,000,000; directors' fees, Frs. 1,651,151; provision for taxes, Frs. 500,000; balance forward, Frs. 8,817,990—Frs. 20,969,141.

BALANCE SHEET—June 30, 1931.

LIABILITIES.		ASSETS.	
Capital	100,000,000	Cash in hand and with banks	365,148,384
Reserves	100,000,000	Bills receivable	859,376,313
Current and deposit accounts	1,144,660,827	Securities:—Government stock and Treasury bonds, Frs. 68,449,861; shares and bonds, Frs. 14,645,851	83,095,712
Bankers and correspondents	895,605,218	Bankers and correspondents	353,375,827
Bills payable	229,782,471	Current accounts	813,047,944
Dividends unclaimed	246,542	Premises	21,000,000
Re-discount on bills	3,773,882	Furniture and fittings	1
Profit and loss	20,969,141		
	2,495,044,181		2,495,044,181

Depositors and sundry accounts as per contra 5,238,238,339 Securities deposited and sundry accounts as per contra 5,238,238,339

INTERNATIONAL BANKING CORPORATION.

BALANCE SHEET—December 31, 1931.

LIABILITIES.		ASSETS.	
Capital	2,500,000	Cash on hand and in local depositories	7,993,228
Surplus	2,500,000	Due from banks and bankers	3,610,275
Undivided profits	4,826,400	Loans, discounts and advances	4,132,835
Deposits	9,311,882	Bonds and securities	5,820,815
Notes in circulation in China	1,678,014	Customers' liability account of acceptances	1,817,609
Items in transit with branches	76,773	Other assets	145,385
Reserves for:			
Taxes, accrued interest and expenses	343,907		
Contingencies	454,501		
Other liabilities	11,062		
	23,520,148		23,520,148

THE MITSUBISHI BANK, LIMITED.

BALANCE SHEET—June 30, 1931.

LIABILITIES.		ASSETS.	
Deposits	647,439,349	Cash on hand and in banks	48,211,649
Foreign bills sold	293,977	Money at call and short notice	11,245,000
Due to foreign banks	5,638,931	Government and municipal bonds	145,192,035
Due to inland correspondents	349,641	Other bonds	158,516,501
Acceptances and guarantees	754,886	Stocks and shares	35,892,930
Interest accrued on deposits	6,586,303	Loans and bills discounted	313,659,753
Rebate on bills discounted not yet due	1,204,340	Bonds loaned to customers	859,430
Suspense accounts	468,976	Foreign bills bought	27,775,142
Outstanding cheques	211,254	Due from foreign banks	16,367,268
Account en route	338,140	Due from inland correspondents	401,717
Capital	100,000,000	Acceptances and guarantees as per contra	754,886
Reserve funds	43,395,930	Bank premises and real estates	14,802,748
Balance brought forward from last profit and loss account	2,617,894	Temporary payments	15,738
Profit for the current half year	4,121,588	Money in trust (pension fund)	2,226,472
	813,421,269	Capital uncalled	37,500,000
			813,421,269

APPROPRIATION OF PROFIT.

DR.		CR.	
Legal reserve funds	500,000	Profit for the half year	4,121,588
Pension reserve funds	250,000	Balance brought forward from last profit and loss account	2,617,894
Bonus	200,000		
Dividends at 10% p.a.	3,125,000		
Balance carried forward to next half year	2,664,482		
	6,739,482		6,739,482

THE MITSUI BANK, LIMITED.

BALANCE SHEET—December 31, 1931.

LIABILITIES.		ASSETS.	
Deposits (current, fixed, &c.)	637,443,079	Cash in hand and at the Bank of Japan, &c.	58,310,094
Foreign bills sold	1,983,007	Money at call and short notice	17,150,000
Due to foreign banks (including discounts)	15,941,401	Japanese and Foreign Government bonds	85,240,056
Due to inland correspondents	47,469	Municipal and other bonds	104,085,778
Outstanding cheques	220,108	Stocks	769,804
Liabilities under L/C, &c.	3,547,241	Loans and discounts	434,993,809
Interest accrued on deposits not due	6,871,747	Foreign bills purchased	33,825,035
Rebate on bills not due	2,103,537	Due from foreign banks	33,501,285
Provisional receipts, &c.	288,941	Due from inland correspondents	368,678
Capital	100,000,000	Customers' liabilities under L/C, &c., per contra	3,547,241
Reserve funds	50,800,000	Provisional payments	25,911
Pension fund	4,028,170	Bank premises and real estates	16,473,750
Profit for the half year	4,593,743	Capital uncalled	40,000,000
Including—Balance from last account, Yen 1,661,457; transferred from reserve funds, Yen 14,900,000; transferred from pension fund, Yen 323,311.			
	828,291,443		828,291,443

APPROPRIATION OF PROFIT.

DR.		CR.	
Pension fund	548,000	Profit for the half year	4,593,743
Dividend to shareholders	2,400,000		
Balance carried forward to next account	1,645,743		
	4,593,743		4,593,743

THE LONDON AND EASTERN TRADE BANK, LIMITED.

The directors' report for the year ended June 30, 1931, states that after making provision for bad and doubtful debts, income tax, expenses of management and all other charges, and including £19,637 brought forward, there remains to the credit of profit and loss account a balance of £85,200. The directors consider it prudent to conserve the bank's resources, and therefore recommend the placing

of £25,000 to reserve for contingencies and the carrying forward of £10,200.

BALANCE SHEET—June 30, 1931.

LIABILITIES.		ASSETS.	
Capital—60,000 shares of £10 each, fully paid	600,000	Cash in hand and at bankers in London	104,705
Current, deposit and other accounts	1,004,795	Money at call and short notice	650,000
Acceptances per contra	1,200,950	Treasury bills	100,000
Profit and loss account	35,200	Bills discounted	14,114
Note.—Contingent liabilities: Rediscouted bank bills, £53,633; guarantees, confirmed credits and forward foreign exchange contracts, £78,463.		Sundry securities (at under market value)	81,177
		Loans, overdrafts and other balances (including currency with bankers abroad, £109,234) (less reserve for doubtful debts)	689,999
		Customers' liabilities for acceptances	1,200,950
			2,840,945

MOSCOW NARODNY BANK, LIMITED, AND BANK FOR RUSSIAN TRADE, LIMITED.

COMBINED BALANCE SHEET—December 31, 1931.

LIABILITIES.		ASSETS.	
Share capital issued—Moscow Narodny Bank, Ltd.: 50,000 shares of £10 each, fully paid	500,000	Cash at banks on current accounts and in hand	943,843
50,000 shares of £10 each, fully paid	385,000	Investments—British and Foreign Government securities	37,377
Bank for Russian Trade, Ltd.: 750,000 shares of £1 each, fully paid	750,000	European trading banks	293,891
Reserves	435,000	Correspondents of the Bank	931,898
Clients' current and deposit accounts	787,597	Bills discounted	1,653,188
Correspondents of the Bank	1,285,616	Advances against—Goods and documents	1,547,918
Bills re-discounted	1,296,684	Bills of exchange	830,000
Bills discounted (collateral security)	79,441	Advance as at June 30, 1931, under agreement to finance shipments of merchandise to be made from U.S.S.R.	833,000
Advances against goods	348,391	Miscellaneous debtors	9,9

OTTOMAN BANK.

According to the report, the accounts made up to December 31, 1930, after providing for bad and doubtful debts out of revenue and provisions previously made, show an amount available of £138,271, including £27,319 brought forward from the previous year. The committee recommend that a distribution be made at the rate of 3s. per share, payable in Istanbul, London and Paris on June 29, 1931, and that, of the surplus, the sum of £40,000 be appropriated as provision for contingencies, leaving £23,271 to be carried forward to the current year.

BALANCE SHEET—December 31, 1930.

LIABILITIES.	£	ASSETS.	£
Capital, £10,000,000; less not called up, £5,000,000	5,000,000	Cash in hand and at bankers	3,039,997
Statutory reserve	1,250,000	Bills receivable	1,244,783
Bank notes in circulation	376,657	Investments	4,062,510
Bills payable and sight drafts	254,416	Current accounts and sundries	1,394,941
Current accounts and sundries	11,334,979	Advances on securities	8,138,810
Deposits for fixed terms	1,985,152	Advances on securities	1,779,661
Acceptances	1,602,984	Clients for acceptances	1,602,984
Profit and loss account	138,271	Bank premises and real estate	678,773
	21,942,459		21,942,459

SOCIÉTÉ BELGE DE CRÉDIT INDUSTRIEL ET COMMERCIAL ET DE DEPOTS.

BALANCE SHEET—December 31, 1930.

LIABILITIES.	Francs.	ASSETS.	Francs.
Subscribed capital	20,000,000	Cash	5,637,065
Statutory reserve	2,000,000	Due from other banks	28,365,210
Extraordinary reserve	6,000,000	Bills receivable	55,272,818
Deposit and current accounts	106,207,681	Coupons for collection	378,677
Profit and loss	2,347,530	Current accounts	7,750,345
Other accounts	470,299	Sundry assets	9,392,991
Unclaimed dividends	149	Loans and advances	15,649,961
	137,025,659	Uncalled capital	13,441,200
		Buildings and furniture	1,037,392
			137,025,659

SOCIÉTÉ GÉNÉRALE.

(Pour Favoriser le Développement du Commerce et de l'Industrie en France.)

BALANCE SHEET—February 29, 1932.

LIABILITIES.	Francs.	ASSETS.	Francs.
Capital	625,000,000	Cash in hand and at Bank of France	3,561,487,752
Reserves	387,000,000	At banks and correspondents	363,750,425
Statutory reserve	3,423,532,301	Bills and National Defence Bonds	5,071,021,168
Cheque accounts	429,532,400	Coupons for encashment	89,841,614
Deposits for fixed periods	137,391,056	Contingencies	9,499,945
Acceptances due or to be met	7,708,170,357	Advances on security	385,710,081
Diverse current accounts	4,861,754	Diverse current accounts	2,952,753,374
Interest and dividends	25,901,623	Government stocks, shares, bills and debentures	33,333,358
Undivided profits	205,282,044	Investments	26,508,276
Sundry accounts		Real Estate and "Immobilier Parisienne et Départementale"	71,397,039
		Sundry accounts	64,908,253
		Calls on shares	303,960,250
		Interest on shares	12,500,000
	12,946,671,535		12,946,671,535

SOCIÉTÉ GÉNÉRALE DE CRÉDIT INDUSTRIEL ET COMMERCIAL.

According to the report for the year ended December 31, 1931, the balance of profit and loss account amounts to Frs. 10,047,967, which the board, at the general meeting in Paris on March 22, 1932, has appropriated as follows:—Interim dividend of 5 per cent. on paid-up capital, viz., Frs. 6.25 net on 150,000 shares (Frs. 125 paid up), Frs. 937,500; Frs. 25 net on 50,000 shares fully paid, Frs. 1,250,000; Frs. 2,187,500, leaving Frs. 7,860,467; 10 per cent. to the board, Frs. 786,047, leaving Frs. 7,074,420. Add amount carried from previous years, Frs. 3,338,559—Frs. 10,412,979. Dividend of Frs. 28.75 on 200,000 shares, Frs. 5,750,000. Balance to be carried to new account, Frs. 4,662,979. Dividend, 1931=28 per cent. free of French tax on shares Frs. 125 paid up.

BALANCE SHEET—December 31, 1931.

LIABILITIES.	Frs.	ASSETS.	Frs.
Deposit accounts	380,000,527	Cash in hand	125,899,640
Current accounts	901,697,323	Due from other banks	104,526,830
Fixed deposits	301,280,021	Coupons for collection	8,633,406
Acceptances	39,420,905	Bills receivable and "Bons de la Défense Nationale"	1,079,002,729
Unclaimed interest and dividends	266,640	Advances guaranteed	135,715,621
Transitory and sundry accounts	23,270,775	Acceptances	95,238,587
Reserve fund—Statutory, Frs. 10,000,000; extraordinary, Frs. 60,000,000	70,000,000	Payments made on account of interest and dividends for 1931	1,912,606
Capital subscribed	100,000,000	Transitory and sundry account	2,229,873
Brought forward from previous years	3,338,559	Investments	54,599,827
Profit and loss account for 1931	10,047,967	Shares of affiliated societies	105,892,693
	1,829,322,717	Bank premises	20,000,000
		Uncalled capital	56,250,000
			1,829,322,717

SWISS BANK CORPORATION.

The report states that, after deduction of expenses and taxes, and making provision for bad and doubtful debts, etc., the net profit for the year ended December 31, 1931, amounts to £504,341. The board propose to allocate to pension fund £20,000; to pay a dividend of 5 per cent.

on the paid-up capital (according to Article 36 of the articles of association), £320,000—£340,000, leaving a balance of £164,341. After deduction of the statutory participation of directors, £16,434, the remainder, £147,907, together with the amount carried forward from last year, £41,017, viz., in all, £188,924, is at the disposal of the general meeting. The board propose to pay a further dividend of 2 per cent. (making in all 7 per cent. for the year 1931), which will absorb £128,000, and to carry forward £60,924.

BALANCE SHEET—December 31, 1931.

LIABILITIES.	£	ASSETS.	£
Share capital	6,400,000	Cash	14,164,905
Reserves	2,120,000	Banks and Bankers	5,272,511
Fixed deposits	9,894,106	Bills receivable	9,054,302
Current accounts, &c.—Sight deposits, £23,469,205; time deposits, £13,639,005	37,108,213	Loans at short dates on securities	456,800
Acceptances	2,301,833	Advances to customers, &c.	25,206,080
Profit	545,358	Permanent investments	804,700
	58,369,510	Government, railway and other securities	2,074,673
		Syndicates	611,798
		Bank premises and other property	723,741
			58,369,510

PROFIT AND LOSS ACCOUNT.

DR.	£	CR.	£
General expenses and taxes	1,077,411	Balance from 1930	41,017
Provision for bad and doubtful debts (less return of amounts previously written off), depreciation on buildings	108,802	Discounts	649,807
Net profit available	545,358	Interest	418,140
	1,731,571	Commissions	527,835
		Coupons, foreign money, &c.	94,772
			1,731,571

THE SUMITOMO BANK, LIMITED.

BALANCE SHEET—December 31, 1931.

LIABILITIES.	Yen.	ASSETS.	Yen.
Deposits	667,131,547	Cash in hand	49,793,511
Exchange sold	10,868,164	Money at call and short notice	11,900,000
Due to other banks	4,187,625	Bonds, debentures and other securities	247,840,677
Foreign credits, acceptances and guarantees	5,051,194	Bills discounted	49,170,111
Accrued interest, unearned discount, &c.	10,281,848	Loans	365,322,879
Capital subscribed	70,000,000	Securities lent	1,333,751
Reserve fund	24,000,000	Exchange purchased	17,740,653
Pension reserve	1,880,837	Due from other banks	9,958,524
Balance of profit brought forward from previous half-year	1,833,789	Customers' liabilities on foreign credits, acceptances and guarantees	5,051,194
Net profit for this half-year	2,616,768	Bank premises	19,740,472
	797,851,772	Capital unpaid	20,000,000
			797,851,772

The decrease in the item "Reserve fund," as compared with the preceding report, is due to the writing off out of this fund the depreciation in bonds and securities caused by the general fall in market price.

PROFIT AND LOSS ACCOUNT.

DR.	Yen.	CR.	Yen.
Reserve fund	500,000	Balance of profit brought forward from previous half-year	1,833,789
Dividend	1,750,000	Net profit for this half-year	2,616,768
Pension reserve	300,000		4,450,557
Bonus	80,000		
Balance carried forward to next half-year	1,820,557		
	4,450,557		

THE YOKOHAMA SPECIE BANK, LIMITED.

The report for the half-year ending December 31, 1931, states that the net profit of the bank for the past half-year, after providing for all bad and doubtful debts, rebate on bills, &c., shows Yen 10,977,876, inclusive of Yen 5,637,930 brought forward from last account. The directors propose that Yen 1,100,000 be added to the reserve fund, and annum, which will absorb Yen 5,000,000. The balance, Yen 4,877,876, will be carried forward to the credit of next account.

BALANCE SHEET—December, 1931.

LIABILITIES.	Yen	ASSETS.	Yen
Capital issued and fully paid	100,000,000	Cash account	21,831,563
Reserve fund	116,200,000	In hand	93,506,469
Reserve for doubtful debts	3,739,500	At bankers	
Notes in circulation	11,329,974	Investments in public securities and debentures at current market price	344,548,685
Deposits (current, fixed, &c.)	570,589,377	Bills discounted, loans, advances, etc.	400,985,580
Bills payable, bills rediscounted, acceptances and other sums due by the bank	484,018,520	Bills receivable and other sums due to the bank	412,613,317
Dividends unclaimed	4,223	Bullion and foreign money	405,646
Balance of profit and loss brought forward from last account	5,637,930	Bank's premises, properties, furniture, &c., estimated at cost price, less allowance for depreciation	22,968,210
Net profit for the past half-year	5,339,946		1,296,859,470
	1,296,859,470		

PROFIT AND LOSS ACCOUNT.

		BALANCE ACCOUNT.	
	Yen		Yen
Reserve fund	1,100,000	Balance brought forward June 30, 1931	5,637,931
Dividend—		Net profit for the half-year ending December 31, 1931 (After making provision for bad and doubtful debts, rebate on bills, &c.)	5,339,94
Yen 5.00 per share for 1,000,000 shares	5,000,000		
Balance carried forward to next account	4,877,877		
	<u>10,977,877</u>		<u>10,977,877</u>

IONIAN BANK, LIMITED

ESTABLISHED 1839.

CAPITAL AUTHORISED	£1,000,000	RESERVE FUND	£100,000
CAPITAL PAID UP	£600,000	TOTAL ASSETS	£4,908,344

HEAD OFFICE: 25/31, Moorgate, LONDON, E.C. 2.

EGYPT:
Central Office—ALEXANDRIA.
9 Branches and Agencies.

GREECE:
Central Office—ATHENS.
23 Branches and Agencies.

CYPRUS:
Central Office—NICOSIA.
4 Branches and Agencies.

EVERY FORM OF INTERNATIONAL BANKING SERVICE.

THE BRITISH BANK FOR THE NEAR EAST.

THE BRITISH LINEN BANK

Incorporated by Royal Charter, 1746.

Capital and Reserve Funds - £3,600,000

London Office - 38 Threadneedle Street, E.C.2,
where accounts may be opened on usual London terms.

Head Office: 38 St. Andrew Square, Edinburgh.
Over 200 Branches throughout Scotland.

Every Description of Banking Business transacted.

BANK OF NEW SOUTH WALES

Incorporated in New South Wales with Limited Liability.

(ESTABLISHED 1817.)

With which are amalgamated the Western Australian Bank and the Australian Bank of Commerce, Ltd.
Branches and Agencies (688) in all the Australian States, New Zealand, Fiji, Papua, and Mandated Territory of New Guinea.

Paid-up Capital	£8,780,000
Reserve Fund	6,150,000
Reserve Liability of Proprietors	8,780,000
	£23,710,000

Aggregate Assets to 30th September, 1931, £90,111,427 : 9 : 6
Head Office: SYDNEY, NEW SOUTH WALES.

General Manager: A. C. DAVIDSON.
LONDON DIRECTORS:
H. L. M. TRITTON, Esq., Chairman. I. C. GEDDES, Esq. CHAR. L. DALZIEL, Esq. OSCAR LINES, Esq., Hon. Director.
J. S. CAMPBELL, Manager. D. GEDDIE, Assistant Manager. A. L. KENNEDY, Secretary. G. S. KITT, Accountant.
The London Office issues drafts on demand on its Head Office (Sydney, N.S.W.) and all Branches. Makes Mail and Cable Transfers, Negotiates and Collects Bills of Exchange. Arranges Wool and other Produce Credits. Receives Deposits for Fixed Periods on terms which may be known on application, and transacts every description of Australasian Banking Business.

London Office: 29, THREADNEEDLE STREET, E.C. 2.

STOCKHOLMS INTECKNINGS GARANTI AKTIEBOLAG

STOCKHOLM

ESTABLISHED 1869.

Paid-up Capital and Reserve Funds Kr. 35,000,000

Telegraphic Address: SIGAB, STOCKHOLM.

London Agents:

HAMBROS BANK, Ltd., LAZARD BROTHERS & Co., Ltd., WESTMINSTER BANK, Ltd.

All kinds of Banking Business transacted.

THE EASTERN BANK LIMITED.

HEAD OFFICE: CROSBY SQUARE,
BISHOPSGATE, LONDON, E.C.3

Subscribed Capital ... £2,000,000
Paid-up Capital ... £1,000,000
Reserve Fund ... £500,000
Reserve Liability of
Shareholders £1,000,000

Branches—
BOMBAY, CALCUTTA, KARACHI, MADRAS,
COLOMBO, SINGAPORE, BAGHDAD, BASRA,
AMARA, KIRKUK, MOSUL, BAHREIN.

BOARD OF DIRECTORS.

Chairman.
J. S. HASKELL, Esq.
Deputy Chairman.
Sir JAMES LEIGH-WOOD, K.B.E., C.B., C.M.G.
J. H. BATTY, Esq.
G. BROMLEY-MARTIN, Esq.
EMILE FRANCOU, Esq.
Sir PERCY WILSON NEWSON, Bt.
Sir THOMAS J. STRANGMAN.

Conducts all descriptions of Banking Business with
the East.

Current accounts are opened and interest is allowed
at 2 per cent. per annum on minimum monthly balances.
Fixed deposits are received at rates of interest which
may be ascertained on application.

Executor and Trustee business undertaken.

F. H. SUTTON, General Manager.

THE UNION BANK OF SCOTLAND, Ltd.

ESTABLISHED OVER 100 YEARS.

SUBSCRIBED CAPITAL - £5,200,000
PAID-UP - £1,200,000
RESERVE FUND - £1,800,000
DEPOSITS - £28,305,000

HEAD OFFICES:
GLASGOW—St. Vincent Street. EDINBURGH—George Street.
210 Branches throughout Scotland.

LONDON OFFICES: 62, CORNHILL, E.C.3.

Manager: JOHN THOMSON. Asst. Manager: JOHN A. MORRISON.

HAS FOREIGN EXCHANGE DEPARTMENT.
332, Oxford Street, W.1 - J. M. S. Lambie, Manager.
1, Regent Street, S.W.1 - John Macdonald, Manager.
Kensington High Street, W.8 (to be opened shortly).

Adapted in every way to carry through all forms
of Banking Business in London and Scotland.

Every description of Home and Foreign Banking transacted.
Letters of Credit issued on all places at Home and Abroad;
Cable Remittances, Freight Collections, Ship's Disbursements
Credits, Commercial Credits, &c. arranged. Bills of Exchange
and Shipping Documents collected or negotiated subject to
approval.

The Bank also undertakes the duties of TRUSTEE and
EXECUTOR.

SMALL DEPOSIT ACCOUNTS BEARING INTEREST.
Sums of 1/- and upwards received. PASS BOOKS
and HOME SAFES ISSUED. Strictest Secrecy is
observed by the Bank's Officials.

At London Offices Current Accounts and other business
conducted on the usual terms of London Banks.
Deposits received at interest.

NORMAN L. HIRD, General Manager.

HUNGARIAN COMMERCIAL BANK OF PEST (Pesti Magyar Kereskedelmi Bank) BUDAPEST

Royal Charter 1841.

Telegrams: "Commerz"

Oldest Bank in Hungary.

50 Branches and Affiliated Banks in Hungary.

AFFILIATED BANKS IN
BULGARIA, CZECHOSLOVAKIA, POLAND, ROUMANIA and YUGOSLAVIA.

CORRESPONDENTS ALL OVER THE WORLD.
EVERY KIND OF BANKING BUSINESS TRANSACTED.



ZEMSKÁ BANKA (FORMERLY ROYAL BANK OF BOHEMIA)

PRAGUE, CZECHOSLOVAKIA.

Branch at BRATISLAVA.

CAPITAL ... Kc. 40,000,000
WORKING CAPITAL OF THE BRANCH
AT BRATISLAVA ... Kc. 16,000,000
RESERVE FUNDS ... Kc. 166,000,000
DEPOSITS ... Kc. 3,200,000,000
SECURITIES IN CUSTODY ... Kc. 7,770,000,000
COMMUNAL LAND DEVELOPMENT
AND RAILWAY LOANS ... Kc. 2,010,000,000

All business transactions are guaranteed by the Country of Bohemia, the most developed Province of the Czechoslovak Republic. Mortgage Loans.
Credit for Construction of Buildings. All Banking, Discount and Stock Exchange Transactions. Transfers effected on all places of the Republic
and abroad. Safe custody of Securities, Legal Safe Custody, Safes.

Issue of 4% and 4½%

Communal, Land Development, and Railway Bonds guaranteed by the Country of Bohemia.

The Communal Bonds issued for the purposes of the Municipalities in Slovakia and Carpathian Ruthenia are also guaranteed by the
Republic.

ROYAL BANK OF SCOTLAND

Incorporated by Royal Charter, 1787.

Capital (fully paid), £3,780,192

Reserve Fund, £3,780,926

Deposits, £49,416,137

Total Number
of Offices
248.

OVER
200 YEARS OF COMMERCIAL BANKING

Correspondents
throughout
the World.

A COMPLETE BRITISH COLONIAL AND FOREIGN BANKING SERVICE. CORRESPONDENCE INVITED.

LONDON OFFICES—City: 3, BISHOPSGATE, E.C.2.
West End: DRUMMONDS—49, CHANCERY CROSS, S.W. 1.
WESTERN—1, BURLINGTON GARDENS, W.1. (formerly branch of Bank of England.)
and BOND STREET—64, NEW BOND STREET, W.1.

HEAD OFFICE EDINBURGH.

General Manager—SIR ALEXANDER KEMP WRIGHT, K.B.E., D.L., LL.D.

Associated Bank—Williams Deacon's Bank, Ltd. (Members of the London Bankers' Clearing House).

BANK OF SCOTLAND

CONSTITUTED BY ACT OF PARLIAMENT, 1695.

AUTHORISED CAPITAL - £4,500,000
PAID-UP CAPITAL - £1,500,000
RESERVE FUND and BALANCE CARRIED FORWARD - £2,315,756
DEPOSITS and CREDIT BALANCES as at 29th February, 1932 - £30,828,263

Governor: The Rt. Hon. LORD ELPHINSTONE, K.T. Deputy Governor: Sir RALPH ANSTRUTHER OF BALCASKIE, Bart.
GEORGE J. SCOTT, Treasurer.

Head Office: THE MOUND, EDINBURGH.

GLASGOW, Chief Office: 2, ST. VINCENT PLACE. A. W. M. BEVERIDGE, Manager.

LONDON OFFICES: City Office—30, BISHOPSGATE, E.C.2. J. W. JOHNSTON, Manager.
Piccadilly Circus Branch—16/18, PICCADILLY, W. C. D. ALLISON, Manager.

243 Branches and Sub-Branches in Edinburgh, Glasgow, and throughout Scotland.
Every description of British and Foreign Banking Business transacted.

The Commercial Bank of Scotland Ltd.

ESTABLISHED 1810.
Subscribed Capital - £7,500,000
Paid up - £2,250,000
Reserve Fund - £2,850,000
Deposits (31st October, 1931) - £32,112,042

Head Office: 14 GEORGE STREET, EDINBURGH.

General Manager, JOHN M. ERSKINE. Secretary, GEORGE HAY.

London, City Office: 62 LOMBARD STREET, E.C.3.

Joint Managers, ANDREW W. RUSSELL and JAMES W. ALSTON.

Kingsway Branch: IMPERIAL HOUSE, 15 KINGSWAY, W.C.2.

Manager, JOHN ARCHIBALD.

Glasgow, Chief Office: 113-115 BUCHANAN STREET.

Manager, ANDREW SCOTT. Asst. Manager, WILLIAM COCHRANE.

Princes Street, Edinburgh, Branch: 118 PRINCES STREET.

Agent, JAMES THOMSON.

The Bank has 260 Branches and numerous Sub-Branches throughout Scotland, and Banking Correspondents in the principal Towns in the World.
Every description of British Banking and Foreign Exchange business transacted.
The Bank is prepared to undertake the duties of Executor or Trustee under wills and settlements, and to act as Trustee for Debenture Holders
and for Public Bodies and Institutions.

THE NATIONAL BANK OF SCOTLAND LIMITED.

Incorporated by Royal Charter and Act of Parliament.

Affiliated with Lloyds Bank Limited.

Capital Subscribed, £5,000,000. Paid-up, £1,100,000. Uncalled, £3,900,000.

RESERVE FUND - £1,550,000
DEPOSITS, 31st October, 1931 - £29,077,192

Head Office: EDINBURGH.

JOHN TAYLOR LEGGAT, GENERAL MANAGER. FREDERICK GEORGE DRYBURGH, SECRETARY.

LONDON OFFICES:

City Office—37 Nicholas Lane, E.C.4.

JOHN COWAN, MANAGER.

West End Office—18/20 Regent Street, Piccadilly Circus, S.W.1.
JAMES MOIR, MANAGER.

Branches in all the Principal Cities and Places in Scotland.

Every description of Banking Business transacted. The Bank undertakes the duties of Trustee or Executor under Wills, Trustee under
Marriage and other Settlements, and Trustee for Debenture and other Issues, etc.

The Hongkong and Shanghai Banking Corporation

(Incorporated in the Colony of Hongkong. The liability of members is limited to the extent and in manner prescribed by Ordinance No. 6 of 1929 of the Colony.)

AUTHORISED CAPITAL	...	...	\$50,000,000
ISSUED AND FULLY PAID UP	...	...	\$20,000,000
RESERVE FUNDS	STERLING	...	£6,500,000
	SILVER	...	\$10,000,000
RESERVE LIABILITY OF PROPRIETORS	...	...	\$20,000,000

Head Office - - HONGKONG.

BOARD OF DIRECTORS:
Hon. Mr. J. J. PATERSON, *Chairman*.
T. E. PRARCE, *Deputy-Chairman*.
W. H. BELL. G. MISKIN.
A. H. COMPTON. J. A. PLUMMER.
M. T. JOHNSON. T. H. R. SHAW.
J. P. WARREN.

CHIEF MANAGER - - V. M. GRAYBURN.

BRANCHES:

Amoy, Bangkok, Batavia, Bombay, Calcutta, Canton, Chefoo, Colombo, Dairen (Dalny), Foochow, Haiphong, Hamburg, Hankow, Harbin, Hongkew (Shanghai), Ipoh, Johore, Kobe, Kowloon, Kuala Lumpur, London, Lyons, Malacca, Manila, Moukden, Muar, New York, Peiping (Peking), Penang, Rangoon, Saigon, San Francisco, Shanghai, Singapore, Sourabaya, Sungei Patani, Tientsin, Tokyo, Tsingtao, Yioilo, Yokohama.

COMMITTEE IN LONDON:

Sir Charles Addie, K.C.M.G., *Chairman*.
A. H. Barlow. The Rt. Hon.
D. G. M. Bernard. Lord Revelstoke.
C. A. Campbell. Sir George Sutherland.
Sir George Macdonagh. A. M. Townsend.
G.B.E., K.C.B., K.C.M.G. C. F. Whigham.

MANAGERS IN LONDON:

H. D. C. Jones. R. E. N. Padfield.
Accountant, A. Moncur.

9, GRACECHURCH ST., LONDON, E.C.3

NATIONAL DISCOUNT COMPANY, LIMITED.

ESTABLISHED 1856.

35, CORNHILL, LONDON, E.C.3

Telegraphic Address: "NATDIS. STOCK, LONDON." Telephones: MANSON HOUSE 5241 (3 lines)

SUBSCRIBED CAPITAL	-	£2,153,335
PAID-UP CAPITAL	-	£1,000,000
RESERVE FUND	-	£1,000,000

DIRECTORS:

Col. The Hon. SIDNEY PEEL, C.B., D.S.O., *Chairman*.
Lt. Col. The Hon. GEORGE FREDERICK W. GREEN.
AKERS-DOUGLAS. H. S. H. GUINNESS.
The Hon. ARTHUR MASQUITH, D.S.O. Sir SIGISMUND F. MENDEL, K.B.E.
FRANCIS GOLDSMITH. CHARLES D. SELIGMAN.

Manager—FRANCIS GOLDSMITH.

Sub-Managers—SYDNEY N. LIGHTON, ROBERT E. de B. BATE.

Ast. Sub-Manager:
H. R. W. BROWN.

Chief Accountant:
SKYMOOR S. JOHNSON.

Secretary—CHARLES H. GOUGH.

Auditors:

FRANCIS W. PIXLEY (Jackson, Pixley & Co.).
SIR ALBERT W. WYON, K.B.E. (Price, Waterhouse & Co.).

Bankers:

BANK OF ENGLAND.
NATIONAL PROVINCIAL BANK, LIMITED.

Treasury Bills, Bank and Mercantile Bills negotiated.
Money received on Deposit at Call and Short Notice at the Current Market Rates of Interest, and for longer periods upon specially agreed terms.

Loans granted upon approved securities.

All communications to be addressed to the Manager.

HUNGARIAN LAND MORTGAGE INSTITUTE

Crédit Foncier de Hongrie.
Magyar Földhitelintézet.

BUDAPEST.

THE OLDEST FARM MORTGAGE BANK AND MORTGAGE BOND ISSUING HOUSE IN HUNGARY.

ESTABLISHED 1863.

Every Description of Banking Business transacted.

Telegraphic Address:—HUMUS.

LONDON CORRESPONDENTS:

Swiss Bank Corporation, Hambros Bank Limited, Anglo-International Bank Limited, M. Samuel & Co., Ltd.

NEW YORK CORRESPONDENTS:

Guaranty Trust Company of New York, Irving Trust Company.

ISSUES from 1st January, 1926, to 30th JUNE, 1931.
£2,000,000 7½% Series "A" Sterling Land Mortgage Bonds (there from outstanding £1,865,800).
£780,000 7½% Series "B" Sterling Land Mortgage Bonds (there from outstanding £780,000).
Paying Agents: Hambros Bank Limited, London; and Anglo-International Bank Limited, London.
\$3,000,000 7½% Series "A" Sinking Fund Land Mortgage Gold Bonds (therefrom outstanding \$2,888,000).
\$3,000,000 7½% Series "B" Sinking Fund Land Mortgage Gold Bonds (therefrom outstanding \$2,880,000).
Paying Agents: Guaranty Trust Company of New York, New York.

NATIONAL ECONOMIC BANK

(BANK GOSPODARSTWA KRAJOWEGO)

Head Office:

1, Jerozolimska, WARSAW, Poland.

Telegraphic and Cable Address: KRAJOBANK, WARSAW

AGENTS AND CORRESPONDENTS IN ALL PARTS OF THE WORLD.

Paid-up Capital: Zl. 150,000,000
Reserve Fund: - Zl. 64,501,965
Total of Balance Sheet, as on Nov. 30th, 1931, Zl. 2,194,649,480

Offers complete banking facilities to individuals and institutions. Issues of 7½% Mortgage Bonds, 7½% Communal Debentures and 7½% Bank Debentures. All these securities are at one and the same time expressed in Gold Zlotys in U.S.A. Dollars, in Pounds, in Dutch Florins and in Swiss Francs.
Attention is drawn to the fact that all bonds and debentures of the National Economic Bank, which are both secured by a first charge on mortgage loans on properties or by communal loans as well as by a special reserve fund, formed by the allocation of 35% of the annual net profit of the Bank, and a first charge on all the assets and on the whole of the reserve fund of the Bank, and carry in addition to this a guarantee of the State Treasury, afford a perfect security to holders.
Incidentally it should be observed that at the present quotation the actual yields of the aforesaid securities are: the 7½% Mortgage Bonds yield 8.50%; the 7½% Communal Debentures, 8.57%; and the 7½% Bank Debentures, 8.96%.

Full Terms of Business on Application.



THE DAI-ICHI GINKO LIMITED

TOKYO, JAPAN
(FORMERLY THE FIRST NATIONAL BANK.)
Established 1873.

CAPITAL	-	-	Yen 57,500,000.00
RESERVE FUND	-	-	Yen 57,500,000.00
SPECIAL RESERVE FUND	-	-	Yen 3,250,000.00

K. ISHII, President.
S. SUGITA, Managing Director.
Y. OHSAWA, Managing Director.
T. AKASHI, Managing Director.

Head Office:

No. 1 1-CHOME, MARUNOUCHI, KOJIMACHI-KU, TOKYO
S. KODAIRA, Manager.

City Branches:

Akasaka, Asakusa, Azabu, Fukagawa, Ginza, Gofukubashi, Hibiya, Hongo, Honjo, Horidome, Kabutocho, Kanda, Komagata, Kyobashi, Marunouchi, Mita, Murotsuchi, Otsu, Sanya, Setomonocho, Shibuya, Shinjuku, Ushigome.

Home Branches:

Ashikaga, Fukuoka, Fushimi, Gojo (Kyoto), Hakodate, Hiroshima, Honmachi (Osaka), Hyogo (Kobe), Imabashi (Osaka), Kiryu, Kobe, Kokura, Kumamoto, Kurume, Kyomachi (Kobe), Kyoto, Marutamachi (Kyoto), Minamiku (Osaka), Moji, Nagoya, Naniwa (Kyoto), Nishiku (Osaka), Osaka, Otaru, Sano, Sapporo, Shimonoaki, Shinsabashi (Osaka), Tamayacho (Nagoya), Tatebayashi, Tochigi, Toyohashi, Utsunomiya, Yokkaichi, Yokohama.

Branches in Korea:

Fusan, Seoul.

London and New York Agents:

LONDON. NEW YORK.
Westminster Bank, Ltd. The National City Bank of New York.
Midland Bank Ltd. Guaranty Trust Co. of New York.
The Yokohama Specie Bank, Ltd. The Yokohama Specie Bank, Ltd.

Correspondents:

The Bank, in addition to its own Branches, has numerous Agents or Correspondents in the principal Cities and Towns at Home and Abroad.

THE Commercial Banking Company of Sydney, LIMITED

(with which is amalgamated the BANK OF VICTORIA, LTD.)

ESTABLISHED 1834. INCORPORATED IN NEW SOUTH WALES WITH LIMITED LIABILITY.

Authorised Capital	£12,000,000 0 0
Capital Paid up	£4,739,012 10 0
Reserve Fund	£4,300,000 0 0
Reserve Capital	£4,739,012 10 0
	£13,778,025 0 0

Total Assets
31st Dec., 1931 ... £56,055,914 0 0

Head Office: Sydney—343 George Street.
General Manager: J. R. Dryhurst.

431 Offices and Branches in New South Wales, Queensland, Victoria, South Australia and Federal Capital Territory. Agencies throughout Australia and New Zealand, and all other parts of the world. Drafts payable on demand and Letters of Credit are issued by the London Branch on the Head Office, Branches and Agencies of the Bank. Bills on Australasia negotiated and collected. Remittances cabled and mailed.

LONDON OFFICE:
18 BIRCHIN LANE, LOMBARD STREET, E.C.3
V. B. JONES, Manager.



Pre-eminent in the
PITTSBURGH
District

MELLON
NATIONAL BANK

PITTSBURGH • PENNSYLVANIA

Correspondence Invited

Cable Address: Mellonson, Pittsburgh.
London Agts. National Provincial Bank, Ltd.

THE P. & O. BANKING CORPORATION, LIMITED.

Head Office: 117-122, LEADENHALL ST., LONDON, E.C.3

AUTHORISED CAPITAL £5,000,000
SUBSCRIBED CAPITAL £2,594,160
PAID-UP CAPITAL £2,594,160
RESERVE FUND £180,000

Every description of Banking Business transacted.
Correspondents in all parts of the World.

BRANCHES:

14, Cockspur Street, London, S.W.1;
Bombay; Calcutta; Calicut;
Colombo; Hongkong; Madras;
Shanghai; Singapore.

AFFILIATED BANK:

THE ALLAHABAD BANK, LTD.

Head Office: CALCUTTA; with 38 Branches and
Sub-Agencies in India.

AUTHORISED CAPITAL Rs. 40,00,000
SUBSCRIBED CAPITAL Rs. 40,00,000
PAID-UP CAPITAL Rs. 35,50,000
RESERVE FUND Rs. 32,00,000
9, GR.

UNITED DOMINIONS TRUST LTD.

LONG TERM CREDIT facilities with convenient payments to suit individual requirements for the distribution and acquisition of all kinds of plant and equipment.

SPECIAL PLANS for small priced merchandise.
PLANS for financing improvements of buildings, both domestic and commercial. (Structural alterations, Central Heating, Parquet Flooring, etc.)

UNITED DOMINIONS TRUST (ELECTRIC) LTD.,

is organised specially for all the credit requirements of the Electrical Industry (assisted Wiring and the disposal of all types of machinery and appliances).

J. GIBSON JARVIS,
Chairman & Managing Director.

69233
KING'S HOUSE, 100 ST., LONDON, E.C.4
and BRISTOL, GLASGOW,
LEEDS, BIRMINGHAM,
NEWCASTLE-ON-TYNE,
SOUTHAMPTON, and
NOTTINGHAM.

NATIONAL ANDERS DISCOUNT CO. LIMITED.

Lombard Street, E.C.3.

Capital Authorised - - £1,800,000
Subscribed - - - - 1,800,000
Paid-up Preference Shares 200,000
Paid-up Ordinary Shares - 800,000
Reserve Fund - - - - 1,000,000

DIRECTORS.

COLIN FREDERICK CAMPBELL, Chairman.
GEORGE CLEVERLY ALEXANDER.
ERIC GORE BROWNE, D.S.O.
SIR AUSTIN EDWARD HARRIS, K.B.E.
FRANK NEWCOMB.

Manager—F. NEWCOMB.

Sub-Manager—B. F. CREWDSON, C.B.E.

Secretary—P. C. TONG.

Approved Mercantile Bills discounted. Loans granted on negotiable securities. Money received on deposit at call and short notices at current market rates, as advertised from time to time in the daily papers. For longer periods on specially agreed terms.

The Company deals in British Treasury Bills of any maturity.

NETHERLANDS BANK OF SOUTH AFRICA

(Incorporated with limited liability under the laws of the Netherlands.)

Authorised Capital - £750,000
Subscribed and
Paid-up Capital - £468,541 13s. 4d.
Reserve - - - £176,666 13s. 4d.

Head Office:

AMSTERDAM, HEERENGRACHT, 546.

London Office:

201, SALISBURY HOUSE, FINSBURY CIRCUS, E.C.2.

LONDON MANAGER: J. COST BUDDE.

Hamburg Office:

SCHAUENBURGERSTRASSE 32, HAMBURG.

Head Office in South Africa:
PRETORIA.

London Bankers: NATIONAL PROVINCIAL BANK, LTD.,
MIDLAND BANK LIMITED and Messrs. B. W. BLYDENSTEIN & CO.

BRANCHES IN SOUTH AFRICA:

Bethlehem, Bloemfontein, Brits, Capetown, Dullstroom, Durban, East London, Ermelo, Hartbeestfontein, Johannesburg, Pietersburg, Port Elizabeth, Potchefstroom, Pretoria, Worcester.

The Bank is prepared to issue Drafts and Letters of Credit, and to make Telegraphic Transfers upon its branches, as well as upon its Agencies in the Cape Province, Natal, Orange Free State, and Transvaal. Bills negotiated and collected, and every description of Banking business transacted in connection with South Africa. Current Accounts kept and Deposits received for fixed periods.